

National Council on Disability Affairs
Notes to Financial Statements
For the Year Ended December 31, 2019
(in Philippine Peso)

1. General Information/Agency Profile

The financial statements of the National Council on Disability Affairs (NCDA), were authorized for issue on 17 January 2020 as shown in the Statement of Management Responsibility for Financial Statements signed by Mateo A. Lee Jr., Officer-in-Charge.

The National Commission Concerning Disabled Persons (NCCDP) was created on 11 June 1978 by virtue of Presidential Decree No. 1509 as amended. It was on 30 January 1987 when Executive Order No. 123 was issued replacing NCCDP by the National Council for the Welfare of Disabled Persons (NCWDP). It was established to promote a better quality life for disabled Filipinos.

For a more effective and efficient delivery of services to persons with disabilities, a structural and functional reorganization of the Council was undertaken pursuant to Executive Order No. 232 dated 22 July 1987.

The National Council on Disability Affairs, then operating under the umbrella of the Office of the President was renamed and created on 26 February 2008 by virtue of Executive Order No. 709 and amended for the purpose Executive Order 676 and 232. On 05 April 2011, President Benigno Aquino III signed Executive Order No. 33 transferring the NCDA from the Office of the President to the Department of Social Welfare and Development.

Pursuant to Executive Order 709, the functions of NCDA or herein referred to as the Council are as follows:

1. Formulate policies and propose legislations concerning the rights and well-being of persons with disabilities, and lead in the implementation of programs and services concerning the same;
2. Conduct consultative meetings and prepare symposia with all stakeholders, and undertake program evaluation and monitoring to ensure that comprehensive, relevant and timely programs and services are adequate and accessible to persons with disabilities;
3. Conduct researches and studies relevant to formulated policies to promote and enhance at all levels the rights of persons with disabilities;

4. Establish, develop and maintain a data bank on disability in partnership with concerned government agencies and non-government organizations and strengthen the referral services to ensure availability of data to stakeholders and services to persons with disabilities including provision of assistive devices;
5. Establish and maintain linkages and networking with local and international organizations, including organizations of and for persons with disabilities to generate resources and to maximize utilization of existing resources and for purposes of convergence;
6. Serve as a national working body to promote and monitor implementation of national laws and international commitments; and
7. Assist in the establishment of self-help organizations and the setting up of specific projects through the provision of technical and financial assistance to draw out the active participation of persons with disabilities in the social and economic development of the country.

Vision

All persons with disabilities are able to attain their fullest potentials and to become active contributors and participants in nation-building.

Mission

To provide direction and coordinate and monitor the activities of government, non-government, and people's organizations involved in the prevention of the causes of disability, rehabilitation, and equalization of opportunities in partnership with persons with disabilities.

Organizational Outcome and Major Final Output

The NCDA set its organizational outcome of improving the coordination of government actions in the delivery of goods and services in the exercise of the rights of persons with disabilities. Its major final output is policy advisory services on disability affairs.

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

The financial statements have been prepared in accordance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated 24 January 2014.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise and have been prepared based on the best estimates and informed judgment of Management with an appropriate consideration to materiality. The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS) and generally accepted accounting principles.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of petty cash fund and cash in bank.

3.3 Inventories

Inventory is measured at cost upon initial recognition. The cost of ending inventories of supplies and other supplies are computed using the weighted average method of inventory costing.

Inventories are recognized as an expense when issued or deployed for utilization or consumption in the ordinary course of operations of the Council.

3.4 Property, Plant and Equipment

Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

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

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement After Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Initial Recognition of Depreciation

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

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation Method

The straight line method of depreciation shall be adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The NCDA uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA. The NCDA uses a residual value equivalent to at least five (5%) percent of the cost of the PPE.

3.5 Changes in accounting policies and estimates

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

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

3.6 Budget information

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

As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, timing or entity differences. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

3.7 Employee benefits

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

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

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

4. Prior Period Adjustments

Fundamental errors of prior years and recording of liquidation of prior year's cash advances are charged to Accumulated Surplus/Deficit. Those errors affecting the current year's operations are adjusted and charged to current year's accounts.

A prior period error shall be corrected by retrospective restatement, except to the extent that it is impracticable to determine either the period-specific effects or cumulative effect of the error.

5. Cash and Cash Equivalents

Accounts	2019	2018
Petty Cash Fund	45,000.00	35,000.00
Cash-Treasury/Agency Account, Trust	2,266,606.00	2,221,606.00
Total Cash and Cash Equivalents	2,311,606.00	2,256,606.00

Petty Cash Fund refers to the cash releases to petty cash custodian to defray for the small operating requirements of the Council such as supplies and cost of meetings.

Cash, Treasury/Agency Account, Trust consists of the collections from CBR Congress deposited to the National Treasury amounting to ₱96,851.00, remaining balance of fund transferred from DSWD amounting to P2,124,755.00 and proceeds from sale of bidding documents amounting to P45,000.00 intended to be requested from DBM and be used for future disbursements.

6. Receivables

6.1 Inter-Agency Receivables

Accounts	2019			2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Due from NGAS	247,010.47	200,000.00	447,010.47	169,756.90	200,000.00	369,756.90
Due from LGUs	0.00	49,306.00	49,306.00	0.00	49,306.00	49,306.00
Total	247,010.47	249,306.00	496,316.47	169,756.90	249,306.00	419,062.90

Due from NGAs represents amount due from Procurement Service out of the undelivered items from approved Agency Procurement Requests and those covering the advances made for the procurement of airline tickets at P200,000.00.

Due from LGUs account pertains to amount granted to the Provincial Government of Nueva Vizcaya in 1997 for the training of PWDs.

6.2 Other Receivables

Accounts	2019			2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Receivables-Disallowances/Charges	0.00	83,233.67	83,233.67	0.00	83,233.67	83,233.67
Due from NGOs/POs	0.00	730,550.46	730,550.46	0.00	730,550.46	730,550.46
Other Receivables	0.00	12,410.66	12,410.66	2,470.22	12,410.66	14,880.88
Total Receivables	0.00	826,194.79	826,194.79	2,470.22	826,194.79	828,665.01

Receivables- Charges/Disallowances includes 2011 disallowances, telephone charges collectible from employees, and disallowances in 2004 of employees who either resigned or retired before the disallowance was decided with finality.

Due from NGOs/POs account pertains to financial assistance provided to NGOs/POs.

Other Receivables account represents the unaccounted balances from prior years collectible from various suppliers and officers and employees of the Council.

6.3 Aging/Analysis of Receivables

Accounts	Total	Not past due	Past Due		
			< 30 days	30-60 days	>60 days
Receivables-Disallowances/Charges	83,233.67	0.00	0.00	0.00	83,233.67
Due from NGOs/POs	730,550.46	0.00	0.00	0.00	730,550.46
Other Receivables	12,410.66	0.00	0.00	0.00	12,410.66
Total Other Receivables	826,194.79	0.00	0.00	0.00	826,194.79

7. Inventories

Accounts	Inventories carried at the lower of cost and net realizable value	
	2019	2018 Restated
Inventory Held for Consumption		
Carrying Amount, January 1	960,844.82	658,764.10
Additions/Acquisitions during the year	419,809.43	836,369.41
Expensed during the year except write-down	(185,434.49)	(534,288.69)
Write-down during the year	(0.00)	(0.00)
Reversal of Write-down during the year	0.00	0.00
TOTAL CARRYING AMOUNT, DECEMBER 31	1,195,219.76	960,844.82

Office Supplies Inventory account pertains to the common-used office supplies and materials for the agency operations or implementations of programs, activities and projects.

Other Supplies and Materials Inventory account pertains to supplies and materials for donation.

8. Property, Plant and Equipment

Particulars	Land	Land Improvements	Buildings and Other Structures	Machinery and Equipment	Motor Vehicles	Furniture, Fixtures and Books	Other PPE	TOTAL
Carrying Amount, January 1, 2019	11,692,500.00	329,267.66	10,787,637.65	5,798,771.44	1,333,783.53	177,768.43	11,774.95	30,131,503.66
Additions/Acquisitions	0.00	0.00	0.00	1,002,078.00	1,123,500.00	155,907.20	0.00	2,281,485.20
Total	11,692,500.00	329,267.66	10,787,637.65	6,800,849.44	2,457,283.53	333,675.63	11,774.95	32,412,988.86
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Depreciation (As per Statement of Financial Performance)	(0.00)	(0.00)	(534,471.24)	(1,854,265.65)	(336,378.30)	(75,237.16)	(0.00)	(2,800,352.35)
Impairment Loss	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Carrying Amount, December 31, 2019	<u>11,692,500.00</u>	<u>329,267.66</u>	<u>10,253,166.41</u>	<u>4,946,583.79</u>	<u>2,120,905.23</u>	<u>258,438.47</u>	<u>11,774.95</u>	<u>29,612,636.51</u>
Gross Cost (Asset Account Balance per Statement of Financial Position)	11,692,500.00	3,292,677.00	15,919,017.41	23,300,703.90	5,416,893.04	1,182,591.20	33,517.45	60,837,900.00
Less : Acc. Depreciation		(2,963,409.34)	(5,665,851.00)	(18,354,120.11)	(3,295,987.81)	(924,152.73)	(21,742.50)	(31,225,263.49)
Allow. For Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Carrying Amount, December 31, 2019	<u>11,692,500.00</u>	<u>329,267.66</u>	<u>10,253,166.41</u>	<u>4,946,583.79</u>	<u>2,120,905.23</u>	<u>258,438.47</u>	<u>11,774.95</u>	<u>29,612,636.51</u>

The *Land* account of **₱11,692,500.00** was acquired on 23 November 2006 through the NCA No. BMB-B-06-0005274 and MOA dated 04 April 2006. It was partly financed by DSWD Trust Fund Assistance in the amount of ₱3,000,000.00. Its ownership by the agency is evidenced by Transfer Certificate of Title Nos. N-298746; N-298749 and N-294450.

The *Land Improvements* account covers all expenses incurred relative to the cost of providing permanent improvements on the property such as fences, sidewalk or pavements.

9. Intangible Assets

Particulars	2019	2018
	Computer Software	
Carrying Amount, January 1	1,312,762.97	297,977.34
Additions-Internally Developed	0.00	0.00
Additions-Purchased/Acquired thru exchange on non-exchange transaction	1,320,186.48	1,209,357.16
Impairment Loss (As per Statement of Financial Performance)	0.00	0.00
Total	2,632,949.45	1,507,334.50
Disposals	0.00	0.00
Amortization recognized (As per Statement Financial	356,296.65	194,571.53

Particulars	2019	2018
	Computer Software	
Performance)		
Impairment Loss (As per Statement Financial Performance)	0.00	0.00
Other Changes	0.00	0.00
Carrying Amount, December 31 (As per Statement of Financial Position)	2,276,652.80	1,312,762.97

Gross Cost (Balance per Statement of Financial Position	2,827,520.98	1,507,334.50
Less: Accumulated Amortization (including accumulated impairment loss)	550,868.18	194,571.53
Carrying Amount, December 31 (As per Statement of Financial Position)	2,276,652.80	1,312,762.97

10. Other Assets

10.1 Current and Non-Current Other Assets

Accounts	2019			2018 Restated		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances	31,017.00	0.00	31,017.00	0.00	0.00	0.00
Prepayments	16,783.91	0.00	16,783.91	10,203.98	0.00	10,203.98
Deposits	0.00	0.00	0.00	0.00	145,014.00	145,014.00
Other Assets	0.00	1,409,652.72	1,409,652.72	0.00	1,409,652.72	1,409,652.72
Total	47,800.91	1,409,652.72	1,457,453.63	10,203.98	1,554,662.72	1,564,869.80

Advances to Special Disbursing Officers account consists of non-travel related cash advances that remained unliquidated as of December 31, 2019.

Prepaid Insurance represents the unexpired portion of insurances paid within the year for the following assets, broken down below:

PARTICULARS	COVERAGE	AMOUNT	EXPIRED PORTION (Insurance Expenses)	UNEXPIRED PORTION (Prepaid Insurance)
L300 Van	10/08/2019 to 10/08/2020	6,231.36	1,557.84	4,673.52
Toyota Innova	03/01/2019 to 03/01/2020	3,427.17	2,855.98	571.19
Ford Everest	06/01/2019 to 06/01/2020	3,753.51	2,189.55	1,563.96
Hi-Ace Commuter	07/01/2019 to 07/01/2020	4,500.24	2,250.12	2,250.12
Nissan Cargo	01/01/2019 to 12/31/2019	8,382.23	8,832.23	0.00
Building	01/01/2019 to 12/31/2019	99,481.56	99,481.56	0.00
Honda BRV	11/01/2019 to 11/01/2020	8,427.40	702.28	7,725.12
TOTAL		134,203.47	117,419.56	16,783.91

Other Assets account amounting to **₱1,409,652.72** consists of obsolete and unserviceable property and equipment.

11. Financial Liabilities

11.1 Payables

Due to NGAS account represents the balance of P31,017.00 from the fund transferred from Philippine Charity Sweepstakes Office that remained unliquidated as at year-end.

Other Payables account represents the amount deposited to the Bureau of Treasury for the proceeds from sale of bidding documents that are intended to be requested in 2020 for the payment of honoraria and other expenses of the Bids and Awards Committee (BAC).

12. Accumulated Surplus/(Deficit)

Particulars	2019	2018 Restated
Accumulated Surplus/(Deficit)	38,100,062.96	35,625,496.39

13. Personnel Services

13.1 Salaries and Wages

Particulars	2019	2018
Salaries and Wages – Regular	19,148,176.24	20,211,844.65
Salaries and Wages - Casual/Contractual	0.00	0.00
Total Salaries and Wages	19,148,176.24	20,211,844.65

13.2 Other Compensation

Particulars	2019	2018
Personal Economic Relief Allowance (PERA)	1,018,451.62	1,145,090.91
Representation Allowance (RA)	395,500.00	448,750.00
Transportation Allowance (TA)	219,187.28	212,922.91
Clothing/Uniform Allowance	252,000.00	288,000.00
Honoraria	7,000.00	6,000.00
Overtime and Night Pay	53,447.26	62,936.28
Midyear Bonus	1,618,246.00	1,689,127.00
Year End Bonus	1,624,081.00	1,691,512.80
Cash Gift	210,000.00	239,750.00
Performance Enhancement Incentive- Civilian	209,000.00	235,000.00
Collective Negotiation Incentive- Civilian	1,025,000.00	1,200,000.00
Total Other Compensation	6,631,913.16	7,219,089.90

13.3 Personnel Benefit Contributions

Particulars	2019	2018
Retirement and Life Insurance Premiums	2,298,157.14	2,428,929.52
Pag-Ibig Contributions	51,000.00	57,300.00
PHILHEALTH Contributions	192,079.73	212,383.84
Employees Compensation Insurance Prem.	51,000.00	57,300.00
Total Personnel Benefit Contributions	2,592,236.87	2,755,913.36

13.4 Other Personnel Benefits

Particulars	2019	2018
Terminal Leave Benefits	2,220,441.54	679,433.36
Anniversary Bonus	0.00	144,000.00
Other Personnel Benefits	466,000.00	35,000.00
Total Other Personnel Benefits	2,686,441.54	858,433.36

14. Maintenance and Other Operating Expenses

14.1 Traveling Expenses

Particulars	2019	2018
Traveling Expenses – Local	1,354,115.37	988,456.05
Traveling Expenses – Foreign	413,213.98	382,902.26
Total Traveling Expenses	1,767,329.35	1,371,358.31

14.2 Training and Scholarship Expenses

Particulars	2019	2018
Training Expenses	1,114,350.04	1,503,789.01

14.3 Supplies and Materials Expenses

Particulars	2019	2018 Restated
Office Supplies Expenses	678,371.00	834,886.19
Fuel, Oil and Lubricants Expenses	474,424.94	585,466.68
Semi-Expendable Machinery and Equipment	21,429.00	130,793.40
Semi-Expendable Furniture, Fixtures and Books	465,899.00	189,300.00
Other Supplies Expenses	0.00	63,493.50
Total Supplies and Materials Expenses	1,640,123.94	1,803,939.77

14.4 Utility Expenses

Particulars	2019	2018
Water Expenses	110,903.82	212,266.84

Particulars	2019	2018
Electricity Expenses	753,075.26	1,011,858.86
Total Utility Expenses	863,979.08	1,224,125.70

14.5 Communication Expenses

Particulars	2019	2018
Postage and Courier Services	43,662.80	52,753.60
Telephone Expenses-Landline	331,814.93	283,129.58
Telephone Expenses-Mobile	204,615.35	203,957.86
Internet Subscription Expenses	273,840.11	188,784.00
Total Communication Expenses	853,933.19	728,625.04

14.6 Confidential, Intelligence and Extraordinary Expenses

Particulars	2019	2018
Extraordinary and Miscellaneous Expenses	117,600.00	117,600.00

14.7 Professional Services

Particulars	2019	2018
Security Services	692,023.50	842,104.20
Other Professional Services	1,344,362.76	1,433,212.77
Total Professional Services	2,036,386.26	2,275,316.97

14.8 Repairs and Maintenance

Particulars	2019	2018
Repairs and Maint. - Buildings and Other Structures	214,246.30	290,433.15
Repairs and Maint. - Machinery and Equipment	80,348.00	188,102.39
Repairs and Maint. - Transportation Equipment	304,493.90	189,387.86
Total Repairs and Maintenance	599,088.20	667,923.40

14.9 Taxes, Insurance Premiums and Other Fees

Particulars	2019	2018
Fidelity Bond Premiums	23,868.75	24,318.75
Insurance Expenses	129,328.54	141,833.89
Total Taxes, Insurance Premiums and Other Fees	153,197.29	166,152.64

14.10 Other Maintenance and Operating Expenses

Particulars	2019	2018 Restated
Advertising Expenses	7,000.00	0.00
Printing and Publication Expenses	309,851.00	232,739.08
Representation Expenses	5,756,577.15	5,593,798.01
Transportation and Delivery Expenses	56,938.12	197,340.50

Particulars	2019	2018 Restated
Subscription Expenses	31,814.00	31,506.00
Donations	154,840.06	382,104.45
Other Maintenance and Operating Expenses	325,477.00	199,535.21
Total Other Maintenance and Operating Expenses	6,642,497.33	6,637,023.25

15. Non-Cash Expenses

15.1 Depreciation

Particulars	2019	2018 Restated
Depreciation - Land Improvements	0.00	296,340.92
Depreciation - Buildings and Other Structures	534,471.24	534,471.24
Depreciation - Machinery and Equipment	1,870,633.01	1,415,762.91
Depreciation - Transportation Equipment	336,378.30	310,965.81
Depreciation - Furniture, Fixtures and Books	75,237.16	28,661.20
Total Depreciation Expenses	2,816,719.71	2,586,202.08

15.2 Amortization, Loss and Impairment

Particulars	2019	2018
Amortization – Intangible Assets	356,296.65	194,571.53
Impairment Loss- Other Assets	145,014.00	0.00
Loss on Sale of Property, Plant and Equipment	0.00	55,731.80

16. Net Financial Assistance/Subsidy

For the year ended 31 December 2019, the Subsidy Income from National Government had a net balance of **₱52,714,376.32** as shown below:

Notice of Cash Allocation	₱60,045,721.00
Add: Tax Remittance Advices	<u>2,917,358.46</u>
Total	62,963,079.46
Less: Reversal of Unutilized NCA	<u>10,248,703.14</u>
Subsidy Income from National Government (Net)	<u>₱52,714,376.32</u>

17. Surplus for the Period

This pertains to the excess of revenue over the current operating expenses, referring to statement of financial performance.

18. Statement of Comparison of Budget and Actual Amount

The Final Budget for Personnel Services was increased from P32,403,000.00 to P34,632,802.00. on account of the following:

1. P1,025,000.00 realignment of MOOE to PS for the payment of Collective Negotiation Agreement Incentive for 2019.
2. P913,602.00 fund releases for the Pension and Gratuity Fund representing payment of terminal leave benefits (net of unreleased allotment of P686,879)
3. P291,200.00 fund releases for the payment of Service Recognition Incentive

The Actual Amounts reflected for Personnel Services differ from the obligated amount by P2.00 due to the overpayment of terminal leave benefits to Carmen Zubiaga which she refunded in November, 2019. There was a recorded payment of Collective Negotiation Agreement Incentive of 2018 amounting to P1,200,000.00 which was obligated in 2018 but was paid only in 2019. Therefore the amount of disbursements for Personnel Services is higher by P1,200,002.00 than the actual obligations.

There was a P284,500.00 difference of Capital Outlay from the obligated and disbursed amount due to the treatment of chairs and tables purchased for the Disability Resource and Development Center (DRDC). The DBM has included this amount under the Capital Outlay class, however, the amount was recorded in the books as Semi-Expendable Furniture and Fixtures because the amount did not meet the threshold of P15,000.00 for capitalization.