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| DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT  Notes to Financial Statements  Fund Cluster 7  For the year ending December 31, 2023   1. General Information/Agency Profile   The financial statements of Department of Social Welfare and Development Regional Office X were authorized for issue on January 31, 2024 as shown in the Statement of Management Responsibility for Financial Statements signed by Ramel F. Jamen, the Regional Director.  On 15 February 1915, upon creation of the Public Welfare Board during the American Regime, the government started to get involved in social welfare. The board was established to coordinate, regulate and supervise social services activities and other charitable works rendered by religious orders and organizations. Finally, in 1917, the first government orphanage was established. As a result of several changes by the government in its bureaus and departments, the original Public Welfare Board of the year 1915 became The Department of Social Welfare and Development (DSWD). After which, The Social Welfare Administrator was formally created by virtue of Executive Order No. 396 dated 13 January 1951. Republic Act No. 5416 known as the Social Welfare Act was approved in 1968. It was made into a Department, whose responsibility was to provide comprehensive program of social welfare services designed to ameliorate the living conditions of distressed Filipinos, particularly those who are handicapped by reason of poverty, youth, physical and mental disability, illness and old age, or who are victims of natural calamities including assistance to members of the cultural minorities.  With the provision of DSWD Mandate under Executive Order No. 15, DSWD was transformed from the rowing to steering role that usher in the new vision, mission and goals for the Department.  The Department’s vision is directed towards the attainment of a “society where the poor, vulnerable and disadvantaged individuals, families and communities are empowered for an improved quality of life”.  In the pursuit of its vision, the DSWD mission is to “provide social protection and promote the rights and welfare of the poor, vulnerable, and disadvantage individuals, family and community to contribute to poverty alleviation and empowerment through SWD policies, programs, projects and services implemented with or through Local Government Units (LGUs), Non-Government Organizations (NGOs), Peoples’ Organization and other members of civil society”.   * 1. Programs/Projects/Activities   Regional Juvenile Justice and Welfare Committee  (RJJWC)  RJJWC was created pursuant to Republic Act No. 10630 or An Act Strengthening the Juvenile Justice System in the Philippines, Amending for the Purpose Republic Act No. 9344, Otherwise Known as the “Juvenile Justice and Welfare Act of 2006 ’’   * Institutionalization of a restorative justice and welfare system for children at risk and children in conflict with the law through the effective implementation of the law and coordination among stakeholders in a protective and enabling environment. * Prevention for the children at risk (CAR) from committing crimes and to ensure that children in conflict with the law (CICL) are rehabilitated and reintegrated with their families and communities. * Strengthening the institutional partnerships in pursuing collectively and effectively the Council’s mission.   DSWD KALAHI CIDDS – CONSTRUCTION OF CLASSROOMS for LUMADS (KC-CCL)  The KC – CCL project is facilitated by field staff with technical directions from the Regional Program Management Office. Processes and procedures employed are based on a standard field guide crafted in accordance to indigenous knowledge, systems and practices and have undergone series of consultation with key government agencies and tribal representatives. Procurement, on the other hand, follows the government procurement law otherwise known as Republic Act 9184.  Construction of Classrooms for Lumads is one of the complimentary projects implemented by Kalahi CIDSS National Community Driven Development Program. This initiative aims to provide far-flung indigenous cultural communities with classrooms to address educational needs. Classrooms constructed under this project are strategically located in sites where indigenous people reside, thus, encouraging children to enroll to schools since classrooms are already accessible.  SOCIO-ECONOMIC PROGRAM FOR THE TRANSITIONING OF THE MNLF MEMBERS  The socio-economic programs for the transitioning of the MNLF members is the DSWD’s contribution to the Government of the Philippines’ efforts in sustaining the peace and development gains under the Six-Point Peace and Development Agenda.  The following socio-economic programs are designed to assist and empower the MNLF members and their families in their transition:   1. The Bangsamoro Transitory Family Support Package (BTFSP) 2. The Bangsamoro Transitory Family Support Package (BTFSP) is a one-time outright cash assistance to profiled and verified MNLF members or their next of kin.   During their settlement and transition phase from armed combatants to productive civilians, this intervention utilizes the Emergency Cash Transfer (ECT) strategy designed to address, for the time being, the need for food and non-food items (NFIs) and other necessary basic support of the MNLF members and their families.   1. The BTFSP provides MNLF members or their next kin with the flexibility to choose from among their priority needs such as, but not limited to the following: food and non-food items, shelter, livelihood, special needs of family members with prime consideration of their socio-cultural background, medical needs or other needs determined by the MNLF member to be instrumental in their transition back to mainstream society, 2. Each MNLF member shall receive financial assistance through the Bangsamoro Transitory Family Support Package (BTFSP) in the amount of Php 45,000,000.00, subject to increase based on the availability of funds and agreements between the GPH and the MNLF. This is a one-time outright cash assistance, which may also be received by the MNLF member’s next of kin. 3. Cash for Work 4. The Cash for Work is a short-term intervention to provide temporary employment to the MNLF members or their next of kin by participating in or undertaking preparedness, mitigation, relief, rehabilitation, or risk reduction projections and activities in the MNLF Peace and Development Communities (PDC). Work areas/programs are identified by the PDCs under the leadership of local leaders.   DSWD Regional Office X registered office address is located in Masterson Avenue, Carmen, Cagayan de Oro City. |  |
| 1. **Statement of Compliance and Basis of Preparation of Financial Statements**     1. Statement of Compliance with International Public Sector Accounting Standards (IPSAS).   The financial statements have been prepared in compliance with IPSAS, formerly the Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) in COA Resolution No. 2014-003 dated January 24, 2014.The PPSAS was renamed to IPSAS per COA Resolution No. 2020-01 dated January 9, 2020.  The financial statements are prepared by fund cluster in compliance with the requirements of COA Circular No. 2016-006.  The accounting policies have been consistently applied throughout the year presented.   * 1. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method. |  |
| 1. **Summary of Significant Accounting Policies** 2. **Basis of accounting**   The financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). |  |

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| 1. Financial instruments 2. Financial assets   *Initial recognition and measurement*  Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables as appropriate. The Department of Social Welfare and Development determines the classification of its financial assets at initial recognition.  The DSWD's financial assets include cash and other receivables.  *Subsequent measurement*  The subsequent measurement of financial assets depends on their classification.  *Loans and receivables*  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.  *De recognition*  The DSWD derecognizes a financial asset or, where applicable, a part of a financial asset or part of DSWD of similar financial assets when:   * The rights to receive cash flows from the asset have expired or is waived * The DSWD has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the DSWD has transferred substantially all the risks and rewards of the asset; or (b) the DSWD has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. |  |
| ***Impairment of financial assets***  The DSWD assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.  Evidence of impairment may include the following indicators:   * The debtors or a group of debtors are experiencing significant financial difficulty; * Default or delinquency in interest or principal payments; * The probability that debtors will enter bankruptcy or other financial reorganization; * Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults). |  |
| 1. **Financial liabilities**   ***Initial recognition and measurement***  Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit. The entity determines the classification of its financial liabilities at initial recognition.  The DSWD’s financial liabilities include other payables.  ***Subsequent measurement***  The measurement of financial liabilities depends on their classification. |  |
| ***De recognition***  A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.  When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit. |  |
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| 1. **Cash and cash equivalents**   Cash and cash equivalents comprise cash on hand, cash in bank for local and foreign currencies, and treasury/agency accounts. |  |
| 1. **Inventories**   Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.  After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.  Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.  Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the DSWD. |  |
| 1. **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. |  |
| When significant parts of property, plant and equipment are required to be replaced at intervals, the DSWD recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.  All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred. |  |
| ***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***  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.  The straight line method of depreciation shall be adopted unless another method is more appropriate for agency operation. |  |
| ***Estimated Useful Life***  The DSWD uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA. |  |
| The DSWD uses a residual value equivalent to at least five percent (5%) of the cost of the PPE. |  |
| ***Impairment***  An asset’s carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset’s carrying amount is greater than its estimated recoverable service amount. |  |
| ***De recognition***  The DSWD derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.   1. **Leases**  |  | | --- | | *Operating lease*  Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the DSWD. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. | | *DSWD as a lessor*  ***Operating Lease***  Leases in which the DSWD does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.  Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.  The depreciation policy for PPE is applied to similar assets leased by the entity. | |  |
| 1. **Intangible Assets**   ***Recognition and Measurement***  Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably. |  |
| Intangible assets acquired separately are initially recognized at cost. |  |
| ***Intangible Assets Acquired through Non-Exchange Transactions***  The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these were acquired. |  |
| ***Internally Generated Intangible Assets***  Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. |  |
| ***Recognition of an Expense***  Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset. |  |
| ***Subsequent Measurement*** |  |
| The useful life of the intangible assets is assessed as either finite or indefinite.  Intangible assets with a finite life is amortized over its useful life: |  |
| The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential. |  |
| An intangible asset with indefinite useful lives shall not be amortized. |  |
| Intangible assets with an indefinite useful life or an intangible asset not yet available for use are assessed for impairment whenever there is an indication that the asset may be impaired. |  |
| The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset. |  |
| Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized. |  |
| 1. **Changes in accounting policies and estimates**   The DSWD 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 DSWD recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.  The DSWD correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:   * Restating the comparative amounts for prior period(s) presented in which the error occurred; or * If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.     ***Increase in the Capitalization Threshold from P 15,000.00 to P 50,000.00***  The new capitalization threshold of P 50,000.00 shall be applied for all tangible items purchased in calendar year (CY) 2022 onwards and in the prior years.  For issued tangible items acquired prior to CY 2022 with amount from P 15,000.00 to below P 50,000.00 previously classified as PPE:   1. The carrying amount shall be expensed/charged to the following accounts, as applicable: 2. Accumulated Surplus/(deficit) for NGAs and GCs classified as Non-Commercial Public Sector Entities; 3. Retained Earnings/(Deficit) for GCs classified as Commercial Public Sector Entities; or 4. Prior Period Adjustment and Government Equity for LGUs. 5. The corresponding accumulated depreciation and accumulated impairment loss shall be closed in the books of accounts. 6. The existing Property Acknowledgement Receipts (PARs) for these items may be retained by the end-users and shall serve as the ICS until their accountabilities for such items are extinguished. Thus, the existing PARs need not be replace with new ICSs.   For additional control and to safeguard the semi-expandable property considering that more valuable items shall be covered by the new capitalization threshold, the semi-expendable property shall be classified into two categories:   1. Low-valued items - cost of each item is P 5,000.00 or less; and 2. High-valued items – cost of each item is more than P 5,000.00 but less than   P 50,000.00.  The accountability for semi-expendable property shall also be segregated based on a categorization, as follows:   1. Low-valued items – accountability shall be extinguished upon expiration of the estimated useful life, or upon return of the property before the end of its useful life, whether serviceable or non-serviceable, to the Property and/or Supply Division/Unit; and 2. High-valued items – accountability shall only be extinguished upon return o the item to the Property and/or Supply Division/Unit or in case of loss, upon the approval of the request for relief from property accountability, regardless of the expiration of the estimated useful life.   To serve as a guide, a range of estimated useful life per class is provided, as follows:   * Semi-Expendable Machinery and Equipment – 5 to 15 years * Semi-Expendable Furniture, Fixtures and Books – 2 to 15 years   The above life span of semi-expendable property may be used unless a more appropriate estimated useful life of semi-expendable property is determined by the agency based on the nature of its operation and mission, among others.  Based on the above life spans, the entity shall prepare the specific estimated useful life for each semi-expendable property based on its experience on the life of its asset, and copy furnished the COA auditors. |  |
| 1. **Foreign currency transactions**   Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the function currency and the foreign currency at the transaction.  At each reporting date:   * Foreign currency monetary items are translated using the closing rate; * Nonmonetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and * Nonmonetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.   Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation. |  |
| 1. **Revenue from non-exchange transactions** |  |
| ***Recognition and Measurement of Assets from Non-Exchange Transactions***  An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:   * It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and * The fair value of the asset can be measured reliably.   An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.   |  | | --- | | *Recognition Revenue from Non-Exchange Transactions*  An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.  As DSWD satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction. | | ***Measurement of Revenue from Non-Exchange Transactions***  Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized. | | ***Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions***  The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date. |   ***Fees and fines not related to taxes***  The DSWD recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met.  Other non-exchange revenues were recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. |  |
| ***Gifts and Donations***  The DSWD recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.  Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.  On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value is ascertained by reference to quoted prices in an active and liquid market.  ***Transfers***  The DSWD recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.  ***Services in-Kind***  Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.  ***Transfers from other government entities***  Revenues from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably. |  |
| 1. **Budget information**   The annual budget is prepared on a cash basis and is published in the government website.  A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget.   1. **Impairment of Non-Financial Assets**   ***Impairment of non-cash-generating assets***  The DSWD assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the DSWD estimates the asset’s recoverable service amount. An asset’s recoverable service amount is the higher of the non-cash generating asset’s fair value less costs to sell and its value in use.  Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The DSWD classifies assets as cash-generating assets when those assets are held with the primary objective generating a commercial return. Therefore, non-cash generating assets would be those assets from which the DSWD does not intend (as its primary objective) to realize a commercial return.   1. **Employee benefits**   The employees of DSWD are member of the Government Service Insurance System (GSIS) which provides life and retirement insurance coverage.  The DSWD recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense and as a liability after deducting the amount paid.  The DSWD recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.   1. **Measurement uncertainty**   The preparation of financial statements in conformity with IPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets.  Estimates were based on the best information available at the time of preparation of the financial statements and were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates. |  |

1. **Changes in Accounting Policies**

DSWD has not adopted any change in Accounting Policies for CY 2023. The IPSAS had been adopted beginning January 1, 2021 as per COA Resolution No. 2020-001 dated January 9, 2020.

1. **Prior Period Adjustments**

The DSWD has determined transactions relating to the previous year which have cumulative effect on surplus/deficit of the prior year.

The description of the prior period adjustments, including peso amount, its effect for each financial statement line item affected in current and prior year, and cumulative effect on opening accumulated surplus/(deficit) in current and prior year, and cumulative effect on surplus/deficit in prior year are shown on this notes to financial statements.

1. **Cash and Cash Equivalents**

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| --- | --- | --- |
| **Account Name** | **2023** | **2022 as Restated** |
| Cash - Collecting Officers | 571.50 | 0.50 |
| Cash in Bank - Local Currency, Current Account, DBP | 3,936,268.67 | 4,504,644.67 |
| Cash in Bank - Local Currency, Current Account, LBP | - | 56,833.75 |
| Cash - Treasury/Agency Deposit, Trust | 1,753,999.45 | 1,753,999.45 |
| **Total** | **5,690,839.62** | **6,315,478.37** |

Cash in Bank- Local Currency Account includes the funds that were deposited with Authorized Government Depository Bank (AGDB) in accordance with GAFMIS Circular Letter No. 2003-005 dated November 21, 2003, as follows:

1. Donation Account for Specific Purpose

* Donation Account (Fund 101) - Grants and Donations from various donors intended for disaster and calamities various donations and other programs/activities (Fund 101)

1. Trust Accounts/Funds from National Government Agencies (NGAs)

* Implementation of Department of Education for Construction of 605 Classrooms (KC- CCL)
* BAC Honoraria, Payroll Account, Training Fund, and Bidders Bond
* Kapatiran
* RJJWC

1. **Receivables**

**7.1 Loans and Accounts Receivables**

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| --- | --- | --- |
| **Accounts** | **2023** | **2022 as Restated** |
| Loans Receivable - Others | 2,972,203.00 | 2,972,203.00 |
| **Total** | **2,972,203.00** | **2,972,203.00** |

Loans Receivable - Others represents assistance to identified beneficiaries under the PGMA Microfinancing and Enterprise Development Program and those funded thru the National Livelihood Support Fund which was reclassified from fund cluster 1.

**Aging/Analysis of Receivables**

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| --- | --- | --- |
| **Accounts** | **Total** | **Past due** |
| **> 60 days** |
| Loans Receivable - Others | 2,972,203.00 | 2,972,203.00 |
| **Total** | **2,972,203.00** | **2,972,203.00** |

**7.2 Other Receivables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Name** | **2023** | | **2022 as Restated** | |
| **Particulars** | **Current Year** | **Non- Current** | **Current Year** | **Non- Current** |
| Due from Non-Government Organizations/People's Organizations | **-** | 10,581,405.85 | - | 10,617,354.81 |
| Other Receivables | **-** | - | - | 840,000.00 |
| **Total** | **-** | **10,581,405.85** | **-** | **11,457,354.81** |

**Due from NGOs/POs** includes funds released to various Non-Government and People’s Organizations of current year and prior years for the implementation of KC – CCL (Kalahi – CIDSS Construction of Classrooms). The decrease in the amount under the said account was due to the liquidation being recorded by the agency for the year 2023 in the amount of 875,948.96.

**Other Receivables** includes funds released to 1st tranche of livelihood assistance to SAF 44 victims' beneficiaries which was then fully liquidated last March 2023 resulting to zero balance FY 2023.

1. **Inventories**

Inventory items of the Department include the following:

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| **Accounts** | **2023**  **(in thousand pesos)** | | | |
| **Inventories carried at the lower of cost and net realizable value** | **Inventories carried at fair value less cost to sell** | **Inventory write-down recognized during the year** | **Reversal of Inventory write-down recognized during the year** |
|  |  |  |  |  |
| **Inventory Held for Distribution** |  |  |  |  |
| Carrying Amount, January 1, 2023 | 995,500.00 |  |  |  |
| Additions/Acquisitions during the quarter (Subsidy from Central Office) | 14,339,444.00 |  |  |  |
| Expensed during the quarter except write-down | - |  |  |  |
| Reversal of Write-down during the year | - |  |  |  |
| **Carrying Amount, December 31, 2023** | **15,334,944.00** |  |  |  |
| **Inventory Held for Consumption** |  |  |  |  |
| Carrying Amount, January 1, 2023 | - |  |  |  |
| Additions/Acquisitions during the quarter | 1,260,913.32 |  |  |  |
| Expensed during the year except write-down | - |  |  |  |
| Reversal of Write-down during the year | - |  |  |  |
| **Carrying Amount, December 31, 2023** | **1,260,913.32** |  |  |  |
| **Semi-Expendable Machinery and Equipment** |  |  |  |  |
| Carrying Amount, January 1, 2023 | **-** |  |  |  |
| Additions/Acquisitions during the quarter | 1,926,875.85 |  |  |  |
| **Carrying Amount, December**  **31, 2023** | **1,926,875.85** |  |  |  |
| **Semi-Expendable Furniture and Fixtures** |  |  |  |  |
| Carrying Amount, January 1, 2023 | **-** |  |  |  |
| Additions/Acquisitions during the year | 549,216.65 |  |  |  |
| **Carrying Amount, December**  **31, 2023** | **549,216.65** |  |  |  |
| **TOTAL CARRYING AMOUNT, INVENTORIES DECEMBER 31, 2023** | **19,071,949.82** |  |  |  |

| Account Name | 2023 | 2022 as Restated |
| --- | --- | --- |
| Inventory Held for Distribution |  |  |
| Welfare Goods for Distribution | 15,334,944.00 | 995,500.00 |
| Total Inventory Held for Distribution | **15,334,944.00** | **995,500.00** |
| Inventory Held for Consumption |  |  |
| Office Supplies Inventory | 121,478.45 | - |
| Medical, Dental and Laboratory Supplies Inventory | 10,151.50 | - |
| Other Supplies Inventory | 1,129,283.37 | - |
| Total Inventory Held for Consumption | **1,260,913.32** | **-** |
| Semi-Expendable Machinery and Equipment |  |  |
| Semi-Expendable Other Equipment | 561,989.20 | **-** |
| Semi-Expendable Machinery | 52,149.00 | **-** |
| Semi-Expendable Office Equipment | 328,645.30 | **-** |
| Semi-Expendable Communication Equipment | 20,260.00 | **-** |
| Semi-Expendable Information and Communications Tech. Equipment | 655,005.35 | **-** |
| Semi-Expendable Sports Equipment | 74400.00 | **-** |
| Semi-Expendable Technical and Scientific equipment | 234,427.00 | **-** |
| Total Semi-Expendable Machinery and Equipment | **1,926,875.85** | **-** |
| Semi-Expendable Furniture and Fixtures | **549,216.65** | **-** |
| Total Inventories | **19,071,949.82** | **995,500.00** |

The inventory account under the Inventory Held for Distribution in the amount of 995,500.00 is still for subject reconciliation since there is no liquidation report submitted to Accounting Section to date.

All the acquired inventories held for consumption and all semi-expendable inventories for the year 2023 were acquisitions made by the Regional Juvenile Justice and Welfare Committee  - RJJWC for the implementation of support to their Bahay Pag-Asa (BPA) projects subject for distribution to their clients and is also subject for liquidation.

1. **Property, Plant and Equipment**

Property, Plant and Equipment for CY 2023 are summarized as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Office Buildings** | **Information and Communication Technology Equipment** | **TOTAL** |
| Carrying Amount, January 1, 2023 as restated | 3,091,666.31 | 5,150.00 | 3,096,816.31 |
| Additions/Acquisitions  /Adjustments | - | - | - |
| Total | **3,091,666.31** | **5,150.00** | **3,096,816.31** |
| *Disposals* |  |  |  |
| *Depreciation (As per Statement of Financial Performance)* | (122,636.36) | - | (122,636.36) |
| *Impairment Loss (As per Statement of Financial Performance)* |  |  |  |
| **Carrying Amount, December 31, 2023 (As per Statement of Financial Position)** | **2,969,029.95** | **5,150.00** | **2,974,179.95** |
| ***Gross Cost (Asset Account Balance per* Statement of Financial Position***)* | 4,200,000.00 | 103,000.00 | 4,303,000.00 |
| Less : *Acc. Depreciation* | (1,230,970.05) | (97,850.00) | (1,328,820.05) |
| *Allowance for Impairment* | - | - | - |
| **Carrying Amount, December 31, 2023 (As per Statement of Financial Position)** | **2,969,029.95** | **5,150.00** | **2,974,179.95** |

Property, Plant and Equipment is carried at cost less accumulated depreciation. Regular maintenance, repair and minor replacements are charged against Maintenance and Other Operating Expense (MOOE). The carrying amount of the ICT Equipment is its residual value.

| Account Name | 2023 | 2022 as Restated |
| --- | --- | --- |
| Buildings and Other Structures |  |  |
| Office Buildings | 4,200,000.00 | 4,200,000.00 |
| Accumulated Depreciation | (1,230,970.05) | (1,108,333.69) |
| Net Value | **2,969,029.95** | **3,091,666.31** |
| Machinery and Equipment |  |  |
| Information and Communication Technology Equipment | 103,000.00 | 103,000.00 |
| Accumulated Depreciation | (97,850.00) | (97,850.00) |
| Net Value | **5,150.00** | **5,150.00** |
| Total Property Plant & Equipment | **2,974,179.95** | **3,096,816.31** |

1. **Financial Liabilities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Name** | **2023** | | **2022 as Restated** | |
| **Current** | **Non-current** | **Current** | **Non-Current** |
| Accounts Payable | 363,285.00 | - | - | - |
| **Total** | **363,285.00** | **-** | **-** | **-** |

The Accounts Payable of P 363,285.00 represents various claims of creditors as of December 32, 2023 under the Regional Juvenile Justice and Welfare Committee (RJJWC), which includes payables of suppliers for goods delivered and services rendered.

1. **Inter-Agency Payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Name** | **2023** | | **2022 as Restated** | |
|  | **Current** | **Non-Current** | **Current** | **Non-Current** |
| Due to BIR | 201,011.60 | - | 62,138.66 | - |
| Due to National Government Agencies | 3,934,562.67 | - | 1,283,656.04 | - |
| **Total** | **4,135,574.27** |  | **1,345,794.7** | - |

The increase in the current tax amounting for the year 2023 amounting to 138,872.94 is the tax incurred during the quarter which will be remitted on CY 2024.

Due to National Government Agencies include fund transfer of trust fund for RJJWC amounting to 3,727,876.43 and RCWC amounting to 206,686.24.

1. **Intra-Agency Payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Name** | **2023** | | **2022 as restated** | |
|  | **Current** | **Non-Current** | **Current** | **Non-Current** |
| Due to Central Office | 35,206,663.86 | - | 13,553,608.86 | - |
| **Total** | **35,206,663.86** | **-** | **13,553,608.86** | **-** |

**Due to Central Office** represents funds for KC-CCL Community Grants and Regional Implementation, PGMA, and Socio-Economic component of MNLF Transformation Program with balance details as follows, to wit:

|  |  |  |  |
| --- | --- | --- | --- |
| **Program** | **Current** | **Non-Current** | **TOTAL** |
| PGMA | 2,972,203.00 |  | 2,972,203.00 |
| Socio-Economic component of MNLF Transformation Program | 21,653,055.00 |  | 21,653,055.00 |
| KC CCL | 10,581,405.86 |  | 10,581,405.86 |
| **TOTAL** | **35,206,663.86** |  | **35,206,663.86** |

1. **Trust Liabilities**

|  |  |  |
| --- | --- | --- |
| Account | **2023** | **2022 as Restated** |
| Trust Liabilities - Disaster Risk Reduction and Management Fund | 20,823.00 | 20,823.00 |
| Guaranty/Security Deposits | 1,263,901.52 | 1,332,561.77 |
| **Total** | **1,284,724.52** | **1,353,384.77** |

**Trust Liabilities – Disaster Risk Reduction and Management Fund** pertains to fund transfer for CCT beneficiaries amounting to 20,823.00. This account is still for reconciliation since there is no movement as to liquidation.

**Guaranty Security/Payable** pertains to performance and warranty security from various suppliers of SFP, SOCPEN, Centers, KC NCDDP and other Programs.

1. **Grants and Donations**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **2023** | **2022 as Restated** |
| Income from Grants and Donations in Cash | 1,600.00 | 50,000.00 |
| **Total** | **1,600.00** | **50,000.00** |

Income from Grants and Donations in Cash in the amount of 1,600.00 are receipt of cash donation from PSA for affected families in Oroquieta.

1. **Other Income**

|  |  |  |
| --- | --- | --- |
| **Account Name** | **2023** | **2022 as Restated** |
| Other Gains | 1,417,000.00 | 2,507,000.00 |
| **Total** | **1,417,000.00** | **2,507,000.00** |

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Other Gains are bid documents pertaining to income collected from suppliers during the bidding process.

1. **Maintenance and Other Operating Expenses**

**16.1 Traveling Expenses**

| **Particulars** | **2023** | **2022 as Restated** |
| --- | --- | --- |
| Traveling Expenses – Local | 113,055.00 | - |
| **Total Traveling Expenses** | **113,055.00** | **-** |

**Traveling Expenses - Local** includes reimbursement of travelling allowance to MNLF Transformation Program workers in monitoring the implementation of its projects from the period of January to December 31, 2023.

**16.2 Supplies and Materials Expenses**

| **Particulars** | **2023** | **2022 as Restated** |
| --- | --- | --- |
| Semi-expendable Machinery and Equipment Expenses - Office Equipment | 25,500.00 | - |
| Semi-Expendable Books Expense | 41,900.00 | - |
| Semi-Expendable - Other Machinery and Equipment Expenses | 9,850.00 | - |
| **Total Supplies and Materials Expenses** | **77,250.00** | **-** |

**16.3** **Other Maintenance and Operating Expenses**

| **Particulars** | **2023** | **2022 as Restated** |
| --- | --- | --- |
| Representation Expenses | 58,500.00 | - |
| Other Maintenance and Operating Expenses | 1,775,928.50 | 871,000.00 |
| **Total Other Maintenance and Operating Expenses** | **1,834,428.50** | **9,470.00** |

The account under Other Maintenance and Operating Expenses includes cash incentive granted to DSWD Officials & Employees who are members of Bids and Awards Committee, and BAC Honoraria reclassified to other MOOE per Central Office amounting to 1,409,209.62 FY 2023. The remaining balance of Other Maintenance and Operating Expenses in the amount of 366,718.88 are other expenses incurred by RJJWC and MNLF Transformation Program program FY 2023.

**17. Non-Cash Expenses**

| **Particulars** | **2023** | **2022 as**  **Restated** |
| --- | --- | --- |
| Depreciation – Office Building | 122,636.36 | 133,000.44 |
| **Total Depreciation** | **122,636.36** | **133,000.44** |

The Depreciation of Office Building and Other Property, Plant and Equipment are periodic cost allocation for the wear and tear of the Agency’s Property Plant and Equipment.

1. **Net Financial Assistance/Subsidy**

| **Particulars** | **2023** | **2022 as Restated** |
| --- | --- | --- |
| Subsidy from Central Office | 14,339,444.00 | - |
| **Total Financial Assistance/Subsidy from NGAs, LGUs** | **14,339,444.00** | **-** |

**Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs, NGOs/POs**

| **Particulars** | **2023** | **2022**  **as Restated** |
| --- | --- | --- |
| Subsidies – Others | 21,021,681.00 | 50,000.00 |
| **Total Financial Assistance/Subsidy to NGAs, LGUs** | **21,021,681.00** | **50,000.00** |

|  |  |  |
| --- | --- | --- |
| **Net Financial Assistance/Subsidy** | **(6,682,237.00)** | **(50,000.00)** |

The significant increase in the Net Financial Assistance/Subsidy is due to the liquidation of the MNLF Transformation Program cash advance to Subsidies to Others in the amount of 20,759,556.00 for its program implementation. It also includes Accounts Payable for the year 2023 under RJJWC in the amount of 262,125.00.

The account **Subsidy from Central Office** pertains to the Family Food Packs received by the Field Office from the Agency’s Central office in the amount of 14,339,444.00.

1. **Budget Information**

(Changes from Original to Final Budget. An entity shall present an explanation of whether the changes between the original and final budget are a consequence of reallocations within the budget by way of note disclosure in the FSs.)

The following are the reasons of the variances between the original and the final budget:

Difference of Original and Final Budget 0

Realignments/Augmentation 0

Continuing Appropriations 0

Transfers 0

Total 0

(Reconciliation of Actual Amounts on a Comparable Basis (Budget) and Actual Amounts in the Financial Statements. The actual amounts presented on a comparable basis to the budget shall be reconciled with the actual amounts presented in the FSs identifying separately the differences classified as follows:

a. Basis Differences, which occur when the approved budget is prepared on a basis other than the accounting basis;

b. Timing Differences, which occur when the budget period differs from the reporting period reflected in the FSs; and

c. Entity Differences, which occur when the budget omits program or entities that are part of the entity for which the FSs are prepared.)

The following are the reasons of the variances between the final budget and actual amounts:

Difference of Final Budget and Actual Amounts

Unreleased appropriations/budget 0.00

Unobligated allotments/ unutilized budget 6,515,406.76

Unpaid obligations/ utilizations reflected in the SAAODB/ SABUDB 1,933,222.14

**Net Receipts/(Payments) 8,448,628.90**