

DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
International Bank for Reconstruction and Development (IBRD)
Consolidated Central Office and Field Offices
Notes to Financial Statements for the Year Ended December 31, 2019

1. General Information/Agency Profile

PPSAS 1

The financial statements of Department of Social Welfare and Development Office of the Secretary were authorized for issue on February 14, 2020 as shown in the Statement of Management Responsibility for Financial Statements signed by Director Wayne C. Belizar, Director for Finance and Management Service and Undersecretary Jose Ernesto B. Gaviola, Office of the Undersecretary for General Administration and Support Services Group.

PPSAS
1.63(b)
PPSAS

14.26

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.

PPSAS
1.150

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 "all Filipinos free from hunger and poverty, have equal access to opportunities, enabled by a fair, just, and peaceful society".

In the pursuit of its vision, the DSWD mission is to "lead in the formulation, implementation, and coordination of social welfare and development policies and programs for and with the poor, vulnerable and disadvantaged".

1.1 Programs/Projects/Activities

❖ Foreign Assisted Program

- KALAHY-CIDSS National Community Driven Development Project (NCDDP) - a poverty alleviation program of the National Government implemented by the DSWD. It is supported by the Philippine Development Plan (2011-2016). Approved on 18 January 2013, it is the expansion into a national scale of the operations of community-driven development (CDD), a strategy that has been tried and proven effective

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in Kalahi-CIDSS (Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services), the parent project of KC-NCDDP. The development objective of KC-NCDDP is to have barangays/communities of targeted municipalities become empowered to achieve improved access to services and to participate in more inclusive local planning, budgeting, and implementation. KC-NCDDP will also be aligned into a program to support community-driven post-disaster response and development in Typhoon Yolanda-affected municipalities within provinces covered by KC-NCDDP.

DSWD Central Office registered office address is located in Constitution Hills, Batasan Pambansa Complex, Main Road, Quezon City, Philippines.

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

2.1 The financial statements have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014. The financial statements are presented in Philippine Peso, which is the functional and reporting currency of the DSWD. PPSAS 1.129 PPSAS 2 PPSAS 6

2.2 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.

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).

3.2 Financial instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of PPSAS 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.

PPSAS
29.10
PPSAS
30.31

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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.

PPSAS 29.10
PPSAS 29.48(a)
PPSAS 29.65

Derecognition

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.

PPSAS 29.19
PPSAS 29.20-22

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

PPSAS 29.67-68
PPSAS 30.PAG5(f)

b. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PPSAS 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.

PPSAS 29.10

The DSWD's financial liabilities include other payables.

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Subsequent measurement

The measurement of financial liabilities depends on their classification.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. PPSAS 29.41

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 derecognition 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. PPSAS 29.43

1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in bank for local and foreign currencies, and treasury/agency accounts. PPSAS 2.8
 PPSAS 2.9
 PPSAS 2.56

3.4 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. PPSAS 12.15
 PPSAS 12.17(a)

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. PPSAS 12.35
 PPSAS 12.20
 PPSAS 12.21

PPSAS 12.9

3.5 Property, Plant and Equipment**Recognition**

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An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE. PPSAS 17.13

The characteristics of PPE are as follows:

- tangible items; PPSAS 17.14
- 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. PPSAS 17.26

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition. PPSAS 17.27

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. PPSAS 17.37

Cost includes the following: PPSAS 17.30

- 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. PPSAS 17.43
PAG2 of PPSAS 17

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. PPSAS 17.24
PPSAS 17.25

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All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred. PPSAS 17.23

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. PPSAS 17.59

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset. PPSAS 17.64

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. PAG3 of PPSAS 17

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. PAG4 of PPSAS 17

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. PAG5 of PPSAS 17

The DSWD uses a residual value equivalent to at least five percent (5%) of the cost of the PPE. PAG6 of PPSAS 17

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.

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Derecognition

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 derecognition 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.	PPSAS 17.82 PPSAS 17.83 PPSAS 17.86
	PPSAS 13.42
The depreciation policy for PPE are applied to similar assets leased by the entity.	PPSAS 13.13 PPSAS 13.63 PPSAS 13.66

3.6 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. PPSAS 31.26

Intangible assets acquired separately are initially recognized at cost. PPSAS 31.31

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. PPSAS 31.42-43

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. PPSAS 31.49
PPSAS 31.55

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. PPSAS 31.87
Intangible assets with a finite life is amortized over its useful life: PPSAS 31.96
PPSAS 26.22

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The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.	PAG3 of PPSAS 31 PPSAS 31.117
An intangible asset with indefinite useful lives shall not be amortized.	PPSAS 31.106
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.	PPSAS 31.107
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.	PPSAS 31.103 PPSAS 31.108
Gains or losses arising from derecognition 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.	PPSAS 31.112

3.7 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.	PPSAS 3.27 PPSAS 3.30
The DSWD recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.	PPSAS 3.41
The DSWD correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by: <ul style="list-style-type: none"> ● 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. 	PPSAS 3.47

3.8 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.	PPSAS 4.24
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At each reporting date:

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- Foreign currency monetary items are translated using the closing rate; PPSAS 4.27
- 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. PPSAS 4.32

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.

3.9 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 recognize 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.

PPSAS 23.31

PPSAS 23.42

PPSAS 23.44

PPSAS 23.45

PPSAS 23.48-49

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<p><i>Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions</i></p> <p>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.</p>	<p>PPSAS 23.57</p>
<p><i>Fees and fines not related to taxes</i></p> <p>The DSWD recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met.</p> <p>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.</p>	<p>PPSAS 23.89</p>
<p><i>Transfers from other government entities</i></p> <p>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 [Name of Entity] and can be measured reliably.</p>	<p>PPSAS 23.95 PPSAS 23.96 PPSAS 23.97 PPSAS 23.96 PPSAS 23.98 PAG3 of PPSAS 23 PPSAS 23.42 PPSAS 23.44</p>
<p>3.10 Budget information</p>	
<p>The annual budget is prepared on a cash basis and is published in the government website.</p>	<p>PPSAS 24</p>
<p>A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was 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. Explanatory comments are provided in the notes to the annual financial statements.</p>	
<p>3.11 Impairment of Non-Financial Assets</p>	
<p><i>Impairment of non-cash-generating assets</i></p>	
<p>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.</p>	<p>PPSAS 21.26 PPSAS 26.14</p>

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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.

PPSAS 26.14

3.12 Measurement uncertainty

The preparation of financial statements in conformity with PPSAS, 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.

4. Changes in Accounting Policies

DSWD has not adopted any change in Accounting Policies for CY 2015. The 25 PPSAS had been adopted beginning January 1, 2014 as per COA Resolution No. 2014-003 dated January 24, 2014.

5. 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.

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6. Cash and Cash Equivalents

Account Name	2019	2018
Cash – Collecting Officer	2403.20	148,714.51
Petty Cash	90.00	90.00
Cash in Bank - Local Currency, Current Account	283,721,756.03	1,250,362,272.69
Cash in Bank - Foreign Currency, Savings Account	602,204,296.26	530,308,510.97
Total	885,928,545.49	1,780,819,588.17

Cash in Bank- Local Currency Current 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:

- National Community Driven Development Project (Peso)- WB IBRD

Cash in Bank Foreign Currency Savings Account includes the deposits of loan proceeds received by DSWD from the following:

- National Community Driven Development Project (Peso)- WB IBRD

7. Inter- Agency Receivables**7.1 Due from National Government Agencies**

Accounts	2019	2018
Due from National Government Agencies	347,295.78	347,094.85
Due from Local Government Units	61,796,749.64	
TOTALS	62,144,045.42	347,094.85

Due from National Government Agencies pertains to advance payments to Procurement Service for the purchase of commonly use office supplies.

7.2 Other Receivables

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Accounts	2019	Restated 2018
Due from Officers and Employees	770.00	770.00
Due from Non Government Organizations/People's Organizations	791,522,641.27	386,426,954.10
Other Receivables	286,655.54	410,219.28
Total	791,810,066.81	386,837,943.38

The account **Due from Officers and Employees** in **FO VII**, amounting to P770.00 represents claims from agency's officers and employees for overpayment, cash shortage, loss of assets and other bills issued by the agency.

8. Inventories

Inventory items of the Department includes the following:

Inventory Held for Consumption	2019	Restated 2018
Office Supplies Inventory	5,744,214.08	15,554,677.98
Accountable Forms, Plates and Stickers Inventory	21,500.00	548,745.00
Construction Materials Inventory	140.00	
Other Supplies and Materials Inventory	1,268,846.11	1,366,971.11
Sub-total	7,034,700.89	17,470,394.09
Semi Expendable Inventories		
Semi Expendable Office Equipment	438,135.00	454,679.81
Semi Expendable Information and Communications Technology Equipment	1,891,455.01	1,891,455.01
Semi Expendable Sports Equipment	4,100.00	4,100.00
Semi Expendable Other Machinery and Equipment		19,768.00
Semi Expendable Furniture and Fixtures	1,329,293.55	1,238,693.55
Sub-total	3,662,983.56	3,606,696.37
Total Inventories	10,697,684.45	21,079,090.46

9. Property, Plant and Equipment

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	Machinery and Equipment	Transportation Equipment	Furnitures, Fixtures and Books	Other Property, Plant and Equipment	TOTAL
Carrying Amount, January 1, 2019	42,545,608.05	10,543,426.06	2,721,295.01	139,298.07	55,949,627.19
Additions/Acquisitions			112,752.00		112,752.00
Reclassification	(424,925.63)		-	(1,382.25)	(426,307.88)
Total	42,120,682.42	10,543,426.06	2,834,047.01	137,915.82	55,636,071.31
Disposals					
Depreciation (As per Statement of Financial Performance)	(12,078,659.83)	(1,831,523.61)	(463,375.57)	(46,817.28)	(14,420,376.29)
Adjustments		(10,888.60)	72,563.32		(61,674.72)
Impairment Loss (As per Statement of Financial Performance)					
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	30,042,022.59	8,701,013.85	2,443,234.76	91,098.54	41,277,369.74
Gross Cost (Asset Account Balance per Statement of Financial Position)	79,414,689.26	16,193,734.28	3,962,792.49	246,407.00	99,817,623.03
Less : Acc. Depreciation	(49,372,666.67)	(7,492,720.43)	(1,519,557.73)	(155,308.46)	(58,540,253.29)
Allowance for Impairment					
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	30,042,022.59	8,701,013.85	2,443,234.76	91,098.54	41,277,369.74

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).

10. Other Current Asset

10.1 Advances

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Accounts	2019	Restated 2018
Advances to Special Disbursing Officer	164,750.00	194,965.92
Advances to Officers and Employees		6,329.28
Total	164,750.00	201,295.20

10.2 Prepayments

Account Name	2019	2018
Prepaid Rent	288,878.57	310,620.00
TOTAL	288,878.57	310,620.00

The **Prepaid Rent** in **FO I** of **P 54, 000.00** pertains to the Rent Deposit of the office space for RPMO- KALAHI CIDSS-NCDDP employees

11. Financial Liabilities

Account Name	2019	Restated 2018
Accounts Payable	13,073,940.24	116,792,282.05
Due to Officers and Employees	123,965.24	584,211.20
Tax Refund Payable	281,279.66	281,279.66
Total	13,479,185.14	117,657,772.91

The **Accounts Payable, in Central Office** of P5,940,865.71 includes unreleased checks of P79,732.77 subject for reversion on the ensuing year and the balance represents the various claims of creditors as of December 31, 2019.

Due to Officers and Employees in Central Office consist of unpaid salaries and reimbursement of transportation and per diem as of December 31, 2019.

12. Inter-Agency Payables

Account Name	2019	Restated 2018
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Due to BIR	1,379,662.15	3,872,887.60
Due to Pagibig	65,828.39	65,828.39
Due to Philhealth		2,416.00
Total	1,445,490.54	3,941,131.99

In Central Office, **Due to BIR** consists of income tax deducted from employees, consultant, specialist and suppliers to be remitted to the Bureau of Internal Revenue during the first month of the ensuing year.

13. Other Payables

Account Name	2019	Restated 2018
Due to Other Funds		800.00
Other Payables	233,235.18	673,722.92
Total	233,235.18	674,522.92

14. Service and Business Income

Account Name	2019	2018
Fines and Penalties - Service Income	348.10	105,163.84
Interest Income	851,553.30	3,009,218.20
TOTAL	851,901.40	3,114,382.04

The account **Fines and Penalties - Service Income** is the amount charged or being collected by the Department from various contractors/ suppliers for late delivery of goods and services as specified in the Purchase Order.

Interest Income represents income earned from various bank accounts of the Department remitted to the Bureau of the Treasury.

15. Other Non-Operating Income

Account Name	2019	2018
Miscellaneous Income	22.92	106,748.38
Proceeds from Insurance/Indemnities		11,795.55
TOTAL	22.92	118,543.93

16. Maintenance and Other Operating Expenses

11.1 Traveling Expenses

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Particulars	2019	Restated 2018
Traveling Expenses - Local	1,286,176.00	2,987,628.09
Total Traveling Expenses	1,286,176.00	2,987,628.09

Traveling Expenses includes airfare, accommodation and daily subsistence allowance of DSWD Officials and Employees during travels on official business to attend various trainings/seminars, consultation meetings and field monitoring visits for the period January to December 2019.

16.2 Training Expenses

Particulars	2019	Restated 2018
Training Expenses	36,645.50	14,078,165.57
Total Training Expenses	36,645.50	14,078,165.57

16.3 Supplies and Materials Expenses

Particulars	2019	Restated 2018
Office Supplies Expenses	1,424,683.64	497,853.30
Accountable Forms		350.00
Fuel, Oil and Lubricants Expenses		1368681.52
Semi-expendable Machinery and Equipment Expenses		272,634.55
Semi-expendable Furniture, Fixtures and Books Expenses		65'920.00
Other Supplies and Materials Expenses	100,881.31	61,778.24
Total Supplies and Materials Expenses	1,525,564.95	2,267,217.61

16.4 Professional Services

Particulars	2019	Restated 2018
Consultancy Services	227,997.86	5,082,026.23
Other Professional Services	1,322,941.67	45,353,960.47
Total Professional Services	1,550,939.53	50,435,986.70

Consultancy Expenses includes payment to service providers engaged in the development of systems and the program/project consultants and payment to KC-NCDDP Specialists.

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Other Professional Services are payments to DSWD hired workers under Cost of Service Contracts.

16.5 Other Maintenance and Operating Expenses

Particulars	2019	2018
Advertising Expenses		1,344,525.00
Printing and Publication Expenses	15,070.00	453,375.00
Representation Expenses	112,240.00	743,650.00
Transportation and Delivery Expenses		18,144.00
Rent/Lease Expenses		2,317,817.05
Other Maintenance and Operating Expenses		211,700.00
Total Other Maintenance and Operating Expenses	127,310.00	5,089,211.05

Printing and Publication Expenses pertains to the design and printing of compendium of map and the geospatial data products and grievance redress system.

Representation Expenses pertains to the food served during the conduct of meeting with the DSWD stakeholders.

15. Financial Expenses

<u>Account Name</u>	2019	2018
Bank Charges	2,182.58	8,244.95
Total	2,182.58	8,244.95

15. Non-Cash Expenses

15 .1 Depreciation

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Particulars	2019	Restated 2018
Depreciation - Machinery and Equipment	12,078,659.83	13,565,443.70
Depreciation - Transportation Equipment	1,831,523.61	2,053,788.77
Depreciation - Furniture, Fixtures and Books	463,375.57	529,043.80
Depreciation – Other Property, Plant and Equipment	46,817.28	72,721.17
Total Depreciation	14,420,376.29	16,220,997.44

17.3 Impairment Loss

Particulars	2019	2018
Impairment Loss- Property, Plant and Equipment	53,172.16	
Total	53,172.16	

16. Net Financial Assistance/Subsidy**Financial Assistance/Subsidy from NGAs, LGUs, GOCCs**

Particulars	2019	2018
Subsidy from National Government	1,719,735,066.63	2,040,563,460.72
Subsidy from Central Office	1,989,531,905.05	2,243,939,536.79
Total Financial Assistance/Subsidy from NGAs, LGUs	3,709,266,971.68	4,284,502,997.51

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

Particulars	2019	2018
Subsidy to Regional Offices (Staff Bureaus)	1,989,531,905.05	2,243,939,536.79
Subsidies - Others	2,016,392,466.92	3,593,610,337.72
Total Financial Assistance/Subsidy to NGAs, LGUs	4,005,924,371.97	5,837,549,874.51

Net Financial Assistance/Subsidy	(296,657,400.29)	(1,553,049,877.00)
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The account Subsidy from National Government is further broken down as follows:

Particulars	Amount
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Receipt of Notice of Cash Allocation (NCA)	1,719,735,066.63
Tax Remittance Advice (TRA)	
Total	1,719,735,066.63
Less:	
NTA	
Lapsed/Reversion of Lapsed NCA	
Refunds	
Total	1,719,735,066.63

The account Subsidy to Regional Offices/Staff Bureaus pertains to transfer of funds through funding checks charged against Loan Proceeds to Field Offices for the implementation of KC-NCDDP.

17. Non-operating Income, Gain, or Losses

17.1 Non Operating Income/Gain

Particulars	2019	2018
Gain on Foreign Exchange (FOREX)	5,382,939.85	217,826,251.06
Other Gains		75,555.43
Total Non-Operating Income/Gain	5,382,939.85	217,901,806.49

17.2 Non Operating Losses

Particulars	2019	2018
Loss on Foreign Exchange (FOREX)	35,303,496.31	72,626,238.69
Loss on Sale of Property, Plant and Equipment	60,931.27	
Other Losses		15,181.42
Total Non-Operating Losses	35,364,427.58	72,641,420.11

Gains on Foreign Exchange results from the translation of foreign currency into the presentation currency which the Philippine peso was using the prevailing exchange rate at every end of the period. This is the excess of current exchange rate (closing rate) at the reporting date over the rate initially or previously recognized multiplied by the balance of the foreign currency account.

Loss on Foreign Exchange (FOREX) are results from the translation of foreign currency into the presentation currency which was the Philippine peso using the prevailing exchange rate at every

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end of the period. This is the excess of the rate initially or previously recognized over current exchange rate (closing rate) at the reporting date multiplied by the balance of the foreign currency account.

18. Budget Information

The original budget per General Appropriations Act of 2019 is PhP2,770,271,000.00 as well as the total budget allocated/released to the Department.

19. Prior Period Adjustment

Liquidation of prior years' cash advances, other maintenance and operating expenses refunds and adjustments on the payment of prior years' not yet due and demandable are the prior period adjustments resulting to over/under statement of Net Assets/Equity of 2018. The effect of restatement on those financial statements is summarized below. There is an effect on the 2018 Statement of Financial Performance and Financial Position.

Effect on 2018 Statement of Financial Performance

Particular	Amount
Net Decrease in Income Accounts	-
Net Decrease in Expense Accounts	(1,868,009,104.24)
Decrease in Surplus/Deficit	(1,868,009,104.24)

Effect on 2018 Statement of Financial Position

Particular	Amount
Net Decrease in Assets	(1,868,227,407.85)
Net Decrease in Liabilities	(218,303.61)
Decrease in Net Assets/equity	(1,868,009,104.24)

20. Related Party Transactions

20.1 Key Management Personnel

The key management personnel of the DSWD are the Head of the Agency, the members of the Executive Committee which consists of the Undersecretaries and the Assistant Secretaries, and the members of the Management Committee which consists of the Directors of the Offices, Bureaus, and Services.