

Updates/Actions Taken on CY 2016 COA Audit Observations and Recommendations

As of 30 April 2017

AUDIT OBSERVATIONS	RECOMMENDATIONS	STATUS/UPDATE
<p>1. The Implementation of priority poverty reduction projects under the Bottom-up Budget (BuB) Program amounting to ₱75,011,718.92 or 44 % of allocation totaling ₱168,950,205.00 incurred delay due to lack of coordination between NGAs and LGUS, and with conflict in the implementation of other projects of Department of Labor and Employment (DOLE) Region IV-A, contrary to DBM-DILG-DSWD-NAPC Joint Circular No. 7, dated November 3, 2015, Sub-section 5.9.1, thereby depriving qualified beneficiaries to avail working capital for their livelihood, and alternative means of employment.</p>	<p>We recommended that Management require:</p> <ul style="list-style-type: none"> • the Director to formulate strategy to hasten the implementation of the BuB Projects, and identify the reason/s for the delay; • review the list of BuB Projects and ensure that the LGU beneficiaries could access easily, and to avail the benefits on time. 	<p>As early as August 2015, the DOLE RO IV-A initiated the conduct of provincial meetings with the beneficiary LGUs to facilitate the immediate release of fund intended for the 2016 BUB fund project.</p> <p>During the meetings, envelopes were provided to the BUB Focal Persons of the LGUs containing DILEEP brochure, project proposal template, checklist of requirements and individual beneficiary profile form to assist them in the preparation and submission of the documentary requirements.</p> <p>The Office regularly sends follow-up letter to those LGUs who failed to submit project proposals and documentary requirements. The DOLE RO IV-A Technical group consistently attends to RPRAT Meetings, Provincial Forum and other BUB related meetings initiated by the LGUs and DILG. The BUB Focal Persons, both at the provincial and regional level meet on a quarterly basis to discuss the issues and concerns in the implementation of BUB as well as DILP & TUPAD.</p>
<p>2. Cashbook/CRR/CkDR of the Accountable Officer (AO) were not updated contrary to Revised Cash Examination Manual Chapter II, Paragraphs 6 and 7, and Government Accounting Manual (GAM), Volume II, thus,</p>	<p>We recommend that the Accountable/Collecting officer and Provincial Collecting Officer to maintain Cash Receipts Record (CRR) per fund cluster as required in the Revised Cash Examination Manual Chapter, II,</p>	<p>The Accountable Officer sometimes failed to update cashbook regularly because of the voluminous transactions that need to be recorded in cashbook at the same time in the Report of Collections and Deposits (CDR).</p>

<p>cash accountabilities were not properly monitored, and the required quarter-end reconciliation of AO's and accounting records was not observed.</p>	<p>Paragraph 7, and GAM Volume II, as the equivalent of cashbook. Collections may be recorded in the CRR each official receipt individually or the total collections for the day depending on the volume of the transactions.</p>	<p>Assurance was given by the Accountable Officer to adhere to the recommendation cited effective January 2017 and will conform with the existing Rules and Regulations of COA on Cash Examination.</p>
<p>3. Liquidation of transfer of fund in the amount of ₱436,777.68 from the released livelihood assistance from Municipal Government of Amadeo, a Local Government (LGU), to Shoreline Kabalikat sa Kaunlaran Inc. (SKK), a Non-Government Organization (NGO), was contrary to COA Circular No. 2012-001 dated June 14, 2012, Section 3.1.2, COA Circular No. 2012-003 dated October 29, 2012, Section 3.0, and DOLE Department Order No. 137-14, series of 2014, dated March 28, 2014, thus, considered the transaction "Irregular".</p>	<p>We recommended that the Regional Director direct the Proponent to:</p> <ul style="list-style-type: none"> • Submit necessary supporting documents from SKK for the utilization of grants amounting to ₱366,777.68 and Official Receipt or other proof of payments for the ₱70,000.00 • Explain why the SKK did not transfer the supporting documents to Municipal Government of Amadeo, as ACP, for proper liquidation of grants. 	<p>Official from DOLE Cavite directed the SKK to submit the necessary supporting documents and one of the Board of Trustees committed to provide/submit the supporting documents for the liquidation report. However, they are appealing for sufficient time to retrieve the documents since the previous Program Development Officer is no longer connected with SKK, so a 15-day extension is requested within which to submit liquidation.</p>
<p>4. The balance of transferred funds from the DOLE IV-A to Non-Government Organizations/People's Organizations (NGOs/POs) amounting to ₱37,485,621.60 as at December 31, 2016, remained unliquidated over the years contrary to COA Circular 2007-001, Section 5.4, dated October 25, 2007, and DOLE Department Order No. 36-02, series of 2002, dated December 27, 2002, resulting in the difficulty as ascertaining the feasibility of implementation and possibility of liquidation.</p>	<p>We recommend that the Management:</p> <ul style="list-style-type: none"> • direct the program implementers/ facilitators to exert utmost efforts to monitor the implementation of the projects and assist the beneficiaries in the preparation and consolidation of their terminal/liquidation reports to ensure correctness of the liquidation reports and immediate/prompt submission thereof; • conduct regular inspection of the receipt NGOs/POs: prepare an inspection/monitoring schedule 	<p>The Directors of the five Provincial Offices submitted/provided updates on the monitoring of the different projects. They assured the top management that they will adhere to the recommendations cited and comply with the existing rules and regulations.</p> <p>Further, demand letters were sent to forty-four (44) Workers Associations/Cooperatives last August 2016 and during the ManCom Meeting, it was agreed that PO Heads will issue another set of demand letters.</p>

	<p>covering current and prior years' projects to determine if funds transferred to them were ,properly utilized in accordance with the provisions of the MOAs; and constantly update their addresses and contact numbers to facilitate monitoring of their whereabouts;</p> <ul style="list-style-type: none"> • strictly adhere to the provisions of COA Circular Nos. 2007-001 on the grant and liquidation of fund transfers to NGOs/POs and enforce the terms and conditions provided for in the MOA particularly on the obligation of the Proponent to immediately refund any utilized funds and for the DOLE RO to institute appropriate actions against Proponents violating the same. 	
<p>5. The Department of Labor and Employment (DOLE) Region IV-A allowed LGUs, to implement BuB Projects totaling ₱4.86M, that did not pass the Seal of Good Financial Housekeeping, contrary to GAA of FY 2016, and DILG-DSWD-NAPC Joint Memorandum Circular No.7 dated November 3, 2015, Section 4, thus, financial performance, accountability and transparency in the implementation of BUB Projects was doubtful.</p>	<p>We recommend that Management:</p> <ul style="list-style-type: none"> • explain why funds were allocated to LGU beneficiaries that did not pass the Seal of Good Financial Housekeeping; • review the list of BuB Projects and ensure that the LGU Beneficiaries passed to the subject provision of law and other related rules and regulations. 	<p>As of this date, this Office has not yet released the BUB Projects of the following municipalities: Kawit, Burdeos and Pilila. This Office will coordinate with their respective PGs to implement the BUB projects of the said municipalities in the compliance to DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 7</p> <p>Furthermore, please be informed that the Municipal Government of Majayjay has already complied with the requirement of Good Financial Housekeeping, thus, the LGU is qualified to implement its BUB project.</p>

<p>6. Special Amelioration Program (SAP) Funds were not recorded as trust receipts in the DOLE IV-A's books of accounts as required under Item No. 3 of the Special Provisions of RA No. 10717, the GAA for FY 2016 and Section 9 of RA No. 6982 amounting to ₱2,374,163.45, thereby, understating the account Trust Liabilities and overstating Due to Central Office.</p>	<p>We recommended that Management comply with Item No. 3 of the Special provisions of RA no. 10717 and Section 9 of RA No. 6982 which require that the amount remitted by sugar millers to the DOLE sourced from the unclaimed 80 percent cash bonus of the workers be treated as trust receipts under Trust Liabilities. We likewise recommended that the Management comply with PPSAS 1 for a fair presentation of financial statements.</p>	<p>As of December 31, 2015, the SAP funds' financial reports/records were incorporated/included in the books of the Regional Office in compliance with the Memorandum Order No. AD-134-809 issued by DOLE-Central Office on 13 November 2015 in relation to Guidelines in Recording the Social Amelioration Program (SAP) Funds in the Regional Offices' Books of Accounts and in preparing the corresponding Financial Statements.</p> <p>Out of the fund balance of ₱2,374,163.45 as of December 31, 2016, the amount of ₱1,086,751.09 under the UCBF account of Land Bank of the Philippines (LBP) was returned to Bureau of Workers with Special Concerns (BWSC) on May 2016 representing the unclaimed cash bonus of the workers of Canlubang Sugar Estate. The said amount was adjusted and recorded in the books on 31 January 2017 with JEV#2017-01-007</p> <p>Management will comply with PPSAS 1 for a fair presentation of financial statements and make necessary correcting entries if any.</p>
<p>7. Funds transferred to Local Government Units (LGUs) totaling ₱33.7M or 23% of year-end balance amounting to ₱146,862,510.76 for the CY 2016 remained unliquidated from one year to over three years, contrary to Section 4.6 of COA Circular No. 94-013 and Section VII (A) of DOLE Department Order No. 36-02 resulting in difficulty of ascertaining the</p>	<p>We recommended that the Management:</p> <ul style="list-style-type: none"> • strictly enforce the submission of utilization/liquidation reports for funds granted to LGUs and upon completion of the projects pursuant to COA Circular Nos. 94-013 and 2007-001. Factors that caused the delay in the submission of utilization/liquidation 	<p>The Provincial Offices are continuously monitoring the projects and exhausted all means to address the unliquidated grants of the LGUs.</p> <p>As of the last monitoring and follow-up visits, several projects just recently completed the delivery of items and submissions of liquidation</p>

<p>proper utilization of funds and casting doubt on the liquidation of long outstanding grants/balances.</p>	<p>documents should be identified so that immediate remedial measures can be instituted; and</p> <ul style="list-style-type: none">• continuously send demand letters to all fund recipients with outstanding balances requiring the concerned officials of the IAs particularly those that were more than one year overdue to immediately settle their long outstanding receivables.	<p>reports are being finalized. Some projects are also scheduled for bidding and others are currently under the bidding process.</p> <p>We also sent demand letters to some LGUs who have completed deliveries but failed to submit their liquidation reports yet.</p>
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