

Department of Labor and Employment, Region IV-A
ACTION PLAN and STATUS of IMPLEMENTATION
of Prior Year's Audit Recommendations
As of June 30, 2022

ANNEX E

Reference	Audit Observations	Audit Recommendations	Action Plan			Status of Implementation	Reason for Partial or Non-Implementation	Action taken/ To be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date From To			
1 (AOM No. 2021-003)	The Revised Chart of Accounts (RCA) and modified account codes prescribed under Volume III- Revised Chart of Accounts (Updated 2019) replacing Volume III-The Revised Chart of Accounts (Updated 2015) of the Government Accounting Manual (GAM) for National Government Agencies (NGAs) was not adopted by the Agency, contrary to COA Circular No. 2020-001 dated January 8, 2020, thus financial transactions for certain accounts were not properly	We recommend that the Regional Director require the Accountant to amend the account title and account code being used for the involved accounts in compliance with the New Revised Chart of Account (Updated 2019) and adhere strictly with COA Circular No. 2020-001 dated January 8, 2020.		IMSD Chief Regional Accountant			Fully Implemented	In compliance with the New Revised Chart of Account (Updated 2019) and to adhere with COA Circular No. 2020-001 dated January 8, 2020, please be informed that we already amended the account title/code of the involved accounts last January 31, 2021 per JEV# 2021-01-004A

<p style="text-align: center;">2 (AOM No. 2021-005)</p>	<p>recognized in the books of accounts and resulted in the misuse of accounts.</p> <p>The accuracy of the amounts reported in the Statement of Cash Flows (SCF) as well as affected accounts in the other financial statements could not be ascertained due to the failure of the Accountant to: a) provide complete information and adequate disclosures on the Notes to Financial Statements per Section 31c, Chapter 19, Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I; b) provide Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)</p>	<p>We recommend that the Regional Director instruct the Accountant to provide all the information and disclosure requirements necessary in the Notes to Financial Statements in compliance with the above cited provisions under Government Accounting Manual for NGAs, Volume I.</p>		<p>IMSD Chief Regional Accountant</p>			<p style="text-align: center;">Fully Implemented</p>	<p>Although Management had complied with the (a) by way of note disclosure, an explanation of the material differences between the budget and actual amounts, which are not included in the financial statements shall be presented and (b) disclosure on the explanation of whether the changes between the original and final budget are a consequence of reallocations within the budget by way of note disclosures in the FSs, the Management still failed to comply with Sections 24 and 28, Chapter 3 of</p>	<p>All the information and disclosure requirements necessary in the Notes to FS in compliance with COA recommendations have been made and submitted to the Office of the COA Resident Auditor on 20 August 2021.</p> <p>To date, the Regional Accountant submitted to the Office of Resident Auditor on May 23, 2022 the appropriate information and/or disclosure requirements necessary in the Notes to Financial Statements (copy of transmittal attached).</p>
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	<p>per Section 24, Chapter 19 of the same manual and volume and Section 27, Chapter 3 of the said manual, Volume I; c) to provide explanation of the material differences between the budget and actual amounts per Section 26.c, Chapter 3 of the same manual and volume; and d) to provide Reconciliation of Actual Amounts on a Comparable Basis (Budget) and Actual Amounts in the Financial Statements per Section 28, Chapter 3 of the same manual and volume, thus, casting doubts as to the reliability of the financial statements.</p>							<p>GAM for NGAs, Vol. I. <i>Reiterated in AOM No. 2022-003</i></p>	
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<p>3 (AOM No. 2021-004)</p>	<p>Receivables account with a total amount of P512,910,487.41 composed of fund transfers to National Government Agencies (NGAs), Local Government Units (LGUs), Non-Government Organizations/People's Organizations (NGO/POs) and Accredited Co-Partners (ACPs), in the amount of P312,206,476.81 remained unliquidated for over one year to 10 years and P9,773,608.60 for over 10 years due to the laxity in the monitoring of management of program/project completion and liquidation by implementing agencies contrary to COA Circular Nos. 94-013 and 2007-001 dated December 13, 1994 and October 25, 2007, respectively, casting doubt on the</p>	<p>a) strictly comply with the requirements prescribed under COA Circular Nos. 94-013 and 2007-001 on the implementation, monitoring and liquidation of funds released to LGUs, NGAs, NGOs/POs and other ACPs;</p> <p>b) ensure compliance with the requirements prescribed under DOLE DO 173, s. 2017;</p> <p>c) instruct the Program Officers concerned to cause the immediate submission of terminal/liquidation reports within the prescribed periods by the ACPs and to closely monitor the implementation of projects to ensure that the objective of the projects is attained, and that any deviations are addressed immediately; and</p> <p>d) send demand letters to NGAs, LGUs,</p>		<p>TSSD Chief</p> <p>RO-Program Manager</p> <p>PO-Heads</p> <p>PO-Focal Persons</p>			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>As of December 31, 2021 the Agency's receivables from NGAs, LGUs, NGO/POs, and ACPs still amounts to P402,932,314.61.</p> <p>Reiterated in AOM No. 2022-005</p>	<p>TSSD E/W, Cavite/ Rizal/ Quezon Provincial Offices submitted their actions taken and action plan for the said AOM (copy attached). As part of the action plan, TSSD E/W constantly coordinating with the partner LGUs and ACPs thru the Provincial Offices to follow up and assist them in their liquidation reports.</p> <p>As of June 30, 2022, the total amount of liquidation for Due from NGAs, LGUs and NGOs/POs is P97,664,914.50 broken down as follows:</p> <p><i>Due fr. NGAs - P -</i> <i>Due fr. LGUs - 92,651,269.00</i> <i>Due fr. NGOs/POs - 5,013,645.50</i></p> <p style="text-align: right;">P 97,664,914.50 =====</p> <p>For Cavite Provincial Office, ten (10) demand letters were</p>
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<p>4 (AOM No. 2021-001)</p>	<p>validity of the receivables account and posed risk of undisclosed loss or possible misuse of funds.</p> <p>Disbursement Vouchers and its supporting documents amounting to P333,116,472.17 for Report of Checks Issued and P1,036,332.88 for LDDAP-ADA were not submitted to the Office of the Auditor within ten (10) days after the end of each month, contrary to COA Circular No. 2009-06 dated September 15,2009, and Section 100 of</p>	<p>NGOs/POs and ACPs with outstanding balances for the immediate settlement/liquidation of their accounts.</p> <p>We recommend that the Regional Director require the Accountant and Cashier to submit to the Auditor the Disbursement Vouchers together with the supporting documents within the prescribed period as required under COA Circular No. 2009-006 dated September 15,2009 and Section 100 of PD 1445.</p> <p>We also recommend that the Cashier request additional personnel to assists in their clerical</p>		<p>IMSD Chief</p> <p>Regional Accountant</p> <p>Regional Cashier</p>			<p>Fully Implemented</p> <p>Fully Implemented</p>		<p>sent to various recipients with outstanding balances amounting to P24,382,810.42 (copy attached).</p> <p>Likewise, Rizal Provincial Office sent twenty eight (28) demand letters to recipients with outstanding balances amounting to P31,286,089.20 (copy attached).</p> <p>The Management submitted the DVs and its supporting documents to the Office of the Resident Auditor.</p> <p>The Management provided additional staffs in the Cashier's Office.</p>
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<p>5 (AOM No. 19-002)</p>	<p>Presidential Decree (PD) 1445 hence, conduct of audit to determine validity, legality and regularity of the transactions was not promptly undertaken.</p> <p>Laxity in the handling of Official Receipts resulting in the loss of Two Hundred Thirty (230) blank pieces of Official Receipts contrary to par. 2, COA Circular No. 84-233 dated August 21, 1984 on the issuance of Notice of Loss of Accountable Officer and Section 10, Chapter II, Revised Cash Examination Manual on the accountability of Accountable Officer.</p>	<p>functions of filling, sorting and stamping of documents due to the voluminous transactions in their Office.</p> <p>We recommend that the Regional Director instruct the Special Collecting Officer Designate:</p> <p>a. To file a request for the relief of accountability immediately and attached the following documents as follows:</p> <ul style="list-style-type: none"> o In case of the delay in filing of the aforesaid notice and request, satisfactory explanation or reasons for such delay should be 		<p>Special Collecting Officer Designate- CPO</p> <p>PO Head - CPO</p>			<p>Fully Implemented</p>		<p>In compliance with the recommendations, the Management submitted Notice of Loss with Affidavit of Loss by the Accountable Officer and Joint Affidavit of two (2) disinterested persons who have personal knowledge of such fact of loss.</p>
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		<p>submitted, after which the reason(s)/explanation given should be verified or confirmed by the Auditor concerned;</p> <ul style="list-style-type: none"> ○ Copy of Investigation, Inventory and Inspection report of the proper COA personnel on the facts and circumstances surrounding the loss; ○ Affidavit or Sworn Statements of the proper accountable officer on the facts and circumstances surrounding the said loss, supported by the Affidavit of 						<p>Fully Implemented</p> <p>Fully Implemented</p>		
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		<p>two (2) disinterested persons who have personal knowledge of such fact of loss;</p> <ul style="list-style-type: none"> ○ Comment and/or recommendation of the Agency Head concerned on the request; ○ Comment and/or recommendation of the COA Director/OIC and/or Unit Head on the propriety of the request, together with a full statements of material facts; and ○ A categorical determination by the Director/Auditor concerned on the absence of 						<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>		
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<p>7 [AOM No. 2020-01(2019)]</p>	<p>Paid vouchers and their supporting documents were not stamped "PAID", contrary to sound internal control system as provided under Sections 123 and 124 of PD No. 1445 thus, exposing the documents for possible misuse.</p>	<p>We recommend that the Regional Director require the concerned personnel to exercise due care in the release of payments for every transaction and to stamp "PAID" all Disbursement Vouchers and its supporting documents so that double payment and other irregular use of the documents could be avoided.</p>		<p>Regional Cashier IMSD Chief</p>			<p>Fully Implemented</p>		<p>All paid vouchers and its supporting documents were already stamped "PAID" with affixed signature by the Cashier.</p>
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Department of Labor and Employment, Region IV-A
ACTION PLAN and STATUS of IMPLEMENTATION
 Audit Observations and Recommendations
 For the Calendar Year 2021
 As of June 30, 2022

Reference	Audit Observations	Audit Recommendations	Action Plan			Status of Implementation	Reason for Partial or Non-Implementation	Action taken/ To be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date From To			
1 <i>(AOM No. 2022-001)</i>	Copies of Purchase Orders (POs) and/or contracts including supporting documents with a total amount of ₱61,034,033.40 were not submitted to the Office of the Auditor within five days from execution contrary to COA Circular No. 2009-001 dated February 12, 2009 and noted lapses in the accomplishment of prescribed PO form under Appendix 61, Government	<p>We recommended that the Regional Director instruct the Supply Officer Designate to:</p> <p>a. Submit copy of perfected contract/purchase order and all its supporting documents to the Auditor within five days from date of issuance thereof; and</p> <p>b. Strictly comply COA Circular No. 2009-001 dated February 12,</p>		IMSD Chief RO - Supply Officer Designate PO-Heads PO-Supply Officer Designate				<p>To comply with the audit recommendations, this Office issued a memorandum order no. IMSD-S/P-2022-003 dated 24 March 2022 to all Provincial/Division Heads and Focal Persons to remind them to submit the required documents within the prescribed period to the Supply Officer Designate. <i>(copy attached)</i>.</p> <p>Cited recommendations will be observed and implemented immediately.</p> <p>To date, designated Supply Officer of the concerned Provincial Offices religiously complied and submitted the</p>

<p style="text-align: center;">2 (AOM No. 2022-002)</p>	<p>Accounting Manual (GAM) for National Government Agencies (NGAs), Volume II, hence precluded the Audit Team to conduct timely review and evaluation thereof to determine the completeness and accuracy of the same.</p> <p>Lapses and omissions in the presentation and reporting of several accounts resulting in the misstatements of ₱349,254,297.72 is contrary to pertinent provisions of Government Accounting Manual for (GAM) for National Government Agencies (NGAs), Volume I, COA Circular No. 2020-001 dated January 8, 2020, and Sections 111 and 112 of</p>	<p>2009 and the instructions for Appendix 61, GAM for NGAs, Volume II.</p> <p>We recommended that the Regional Director require the Regional Accountant to:</p> <p>a. Correct and reclassify, pursuant to COA Circular No. 2020-001 or the Revised Chart of Accounts, the recognition of Prepaid Rent and Other Prepayments to their proper account— Guaranty</p>		<p>IMSD Chief Regional Accountant</p>						<p>required copies of Purchase Orders (POs) and/or Contracts including supporting documents to the Regional Supply Officer Designate.</p> <p>The Regional Accountant will reclassify the accounts Prepaid Rent and Other Prepayments to Guaranty Deposits pursuant to COA rules and regulations. A specific journal entry voucher will be assigned to reclassify the said accounts this month of March 2022.</p> <p>As of March 31, 2022, a journal entry voucher with JEV# 2022-03-029 was made to correct and reclassify the said</p>
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	<p>Presidential Decree (PD) No. 1445 thereby, affecting the accuracy, correctness, and reliability of the reported balances of the affected accounts.</p>	<p>Deposits;</p> <p>b. Present properly, under Other Assets – Non-current in the Statement of Financial Position, the Guaranty Deposits that did not satisfy the criteria provided in Sec 16(a), Chapter 19 of the GAM for NGAs, Vol. I;</p> <p>c. Rectify the presentation of Surplus/(Deficit) for the period for CY 2020 in the Statement of Changes in Net Assets/Equity (SCNAE) in accordance with Sec 20, Chapter 19 of GAM for NGAs, Volume I; and</p>							<p>accounts cited in the audit recommendations (copy of JEV attached).</p> <p>The Regional Accountant will adhere with the audit recommendations to properly present the Guaranty Deposits under Other Assets – Non-current in the Statement of Financial Position.</p> <p>Adjustments of the said accounts were made and reflected in the Financial Statements as of March 31, 2022 submitted to COA Resident Auditor on April 29, 2022. (copy of transmittal attached).</p> <p>The Regional Accountant already submitted the revised Financial Statements for the CY 2020 in accordance with Sec 20, Chapter 19 of GAM for NGAs, Volume I on May 23, 2022 (copy of transmittal attached).</p>
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<p>3 (AOM No. 2022-003)</p>	<p>Several lapses and deficiencies were noted in the preparation of the Year-End Financial Statements due to the non-compliance with the pertinent provisions of Government Accounting Manual for (GAM) for National Government Agencies (NGAs), Volume I contrary to Section 1.0 of COA Circular No. 2015-007 dated October 22, 2015, and 2021-004 dated July 21,</p>	<p>d. Correct the discrepancies and misstatements noted to comply with the proper presentation and disclosure requirements in accordance with Sections 30 and 32, Chapter 19 of GAM for NGAs, Volume I.</p> <p>We recommended that the Regional Director require the Regional Accountant to:</p> <p>a. Correct the reporting date or the period covered of the financial statements, presentation of reporting currency, notes to financial statements referencing, and financial statements annexing,</p>		<p>IMSD Chief Regional Accountant</p>					<p>The Regional Accountant already complied with the audit recommendations and submitted the revised Notes to Financial Statements for the CY 2020 on May 23, 2022 (copy of transmittal attached).</p> <p>The Regional Accountant already complied with the recommendations cited and submitted the revised Financial Statements on May 23, 2022. (copy of transmittal attached).</p>
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	<p>2021, thereby, casting doubts as to the understandability and reliability of the presentation of the financial statements.</p>	<p>whichever is appropriate to the component of the financial statements; and</p> <p>b. Provide the appropriate information and/or disclosure requirements necessary for the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Asset/ Equity, Statement of Cash Flows, Notes to Financial Statements, and Statement of Comparison of Budget and Actual Amount in compliance with the above cited provisions under Government</p>							<p>To date, the Regional Accountant submitted to the Office of Resident Auditor on May 23, 2022 the appropriate information and/or disclosure requirements necessary in the Notes to Financial Statements (copy of transmittal attached).</p>
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<p>4 (AOM No. 2022-004)</p>	<p>Gender and Development (GAD) Plan and Budget for CY 2021 endorsed by Philippine Commission on Women (PCW) was not submitted to the Audit Team contrary to Memorandum Circular 2020-05 dated September 11, 2020. Likewise, the GAD Accomplishment Report for CY 2021 was not submitted contrary to PCW-NEDA-DBM Joint Circular No. 2012-01 precluding the Audit Team to conduct timely review of GAD plans and budget as well as GAD Accomplishment Report to determine whether the GAD program/activity/pro</p>	<p>Accounting Manual for NGAs, Volume I and COA Circulars</p> <p>We recommended that the Regional Director require the GAD Focal Person to submit immediately the PCW-endorsed Gender and Development (GAD) Plan and Budget for CY 2021 as prescribed in MC 2020-05 along with the GAD Accomplishment Report for the Year.</p>		<p>IMSD Chief GAD Focal Person</p>					<p>To date, we have not yet receive the documents from the concerned Office. Our GAD focal person made follow up with them the copy of the reports GBP and GAR for CY 2021. We will submit as soon as the said reports are available.</p>
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<p>5 (AOM No. 2022-005)</p>	<p>ject addressed the identified gender issues.</p> <p>Receivables account with a total amount of ₱418,475,169.93 composed of fund transfers to National Government Agencies (NGAs), Local Government Units (LGUs), Non-Government Organizations/People's Organizations (NGO/POs) and Accredited Co-Partners (ACPs), in the amount of ₱281,856,146.84 which remained unliquidated for over one year to 10 years and ₱15,326,586.09 for over 10 years due to the laxity in the monitoring of management of program/project completion and liquidation by implementing agencies contrary to COA Circular Nos.</p>	<p>We reiterated our recommendation that the Regional Director instruct the Regional Accountant, Provincial Office Heads and TSSD-DILEEP Focal Person to:</p> <ul style="list-style-type: none"> a. Strictly comply with the requirements prescribed under COA Circular Nos. 94-013 and 2007-001 on the implementation, monitoring and liquidation of funds released to LGUs, NGAs, NGOs/POs and other ACPs; b. Ensure compliance with the requirements prescribed under DOLE DO 173, s. 2017; 		<p>TSSD Chief</p> <p>RO-Program Manager</p> <p>PO-Heads</p> <p>PO-Focal Persons</p>					<p>Cited recommendations has been noted.</p> <p>TSSD E/W, Cavite/ Rizal/ Quezon Provincial Offices submitted their actions taken and action plan for the said AOM (copy attached). As part of the action plan, TSSD E/W constantly coordinating with the partner LGUs and ACPs thru the Provincial Offices to follow up and assist them in their liquidation reports.</p> <p>This Office, also hired six (6) Livelihood Development Specialist (LDS) deployed at the Provincial offices and TSSD E/W, whose functions, among others, is to assist the Focal Person in facilitating liquidation of grants.</p> <p>As of 30 June 2022, Cavite, Laguna, Batangas, Rizal and Quezon Provinces submitted their liquidation reports for the account "Due from LGUs amounting to P32,276,000.00,</p>
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	<p>94-013 and 2007-001 dated December 13, 1994 and October 25, 2007, respectively, casting doubt on the validity of the receivables account and posed risk of undisclosed loss or possible misuse of funds.</p>	<p>c. Instruct the Program Officers concerned to cause the immediate submission of terminal/liquidation reports within the prescribed periods by the ACPs and to closely monitor the implementation of projects to ensure that the objective of the projects is attained, and that any deviations are addressed immediately; and</p> <p>d. Exert best efforts to continuously send demand letters to NGAs, LGUs, NGOs/POs and ACPs with</p>							<p>P19,903,100.00, P3,167,215.00, 1,343,900.00 and P35,961,054.00 respectively.</p> <p>Likewise, the recipients outstanding balances for the accounts "Due from NGOs/POs in the Provinces of Batangas, Rizal and Quezon submitted their liquidation reports amounting to P651,482.00, P2,795,397.00 and P1,566,766.50 respectively.</p>
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		outstanding balances for the immediate settlement/liqui dation of their accounts.							
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Prepared by:


INA LOU B. FLORENDO
 IMSD Chief *ml*

Approved by:



EXEQUIEL RONIE A. GUZMAN
 Regional Director