

**DOLE - REGION IV-A**  
**ACTION TAKEN ON CY 2013 COA ANNUAL AUDIT REPORT**  
**As of November 21, 2014**

OBSERVATIONS	RECOMMENDATIONS	COMMENTS/ACTIONS TAKEN
<p><b><i>Unliquidated Fund Releases to NGAs, LGUs and NGOs/POs</i></b></p> <p>Fund releases to NGAs, LGUs and NGOs/POs amounting to P1,360,524.48, P6,350,148.03 and P33,066,098.57, respectively, or a total of P40,776,771.08 comprising 59.94 percent of total outstanding balance of P68,031,572.93 remained unliquidated for six months to over three years as of December 31, 2013 due to the failure of Management to enforce prompt submission of the Final Fund Utilization Report and inability to conduct regular monitoring of projects implementaton. Moreover, although most of the projects have long been completed, disbursements were not taken up in the books, overstating receivables and understating expenses, thus, materially affecting the reliability of the financial statements. Finally, Management's failure to collect unutilized funds of P1,146,245.00 from the Batangas State University for over four years deprived the government of additional resources for its other projects.</p> <p><b><i>Dormant Receivables</i></b></p> <p>Receivable accounts totalling P654,871.20 that remained dormant for over 15 years were not requested for write-off pursuant to COA Circular No. 97-001 dated February 5, 1997, thus affecting the fairness of the agency's financial position.</p> <p><b><i>Misclassified unserviceable PPE</i></b></p> <p>Obsolete and Unserviceable Property Plant and Equipment (PPE) totalling P226,251.00 were still included in the PPE account, instead of Other Assets, contrary to Section 143, Volume III of the Manual on the New Government Accounting System (MNGAS), resulting in the misclassification of these assets. Moreover, these unserviceable properties remained undisposed, contrary to Section 79 of PD 1445, thus, depriving the government of additional revenue that may be generated from their sale.</p>	<p>Management to :</p> <ol style="list-style-type: none"> <li>1. Immediately require the Batangas State University to submit liquidation report and/or refund the unutilized funds for its aborted projects.</li> <li>2. Prepare an inspection/monitoring schedule covering current and prior years' projects and formulate alternative measures to effect immediate submission of the liquidation reports of Proponents to determine if funds released were properly utilized in accordance with the provisions of the MOA;</li> <li>3. Strictly enforce terms and conditions provided for in the MOA particularly on the obligation of the Proponent to immediately refund any unutilized funds and for DOLE RO to institute appropriate actions against Proponents violating the same.</li> </ol> <p>Management to :</p> <ol style="list-style-type: none"> <li>1. Institute all measures to document and collect the remaining dormant receivable accounts. For those the recovery are already remote or nil, require the Accountant to take appropriate action to have the accounts written off pursuant to existing laws, rules and regulations.</li> <li>1. Instruct the Acting Supply Officer to exclude from the RPCPPE obsolete and unserviceable PPE and prepare the IIRUP and submit a copy to COA for inspection and eventual appraisal and disposal.</li> <li>2. Require the Accountant to reclassify unserviceable PPE to the Other Assets account and make appropriate adjustments on the erroneous depreciation provided for unserviceable properties.</li> <li>3. Immediately act on equipment that needs repair and if found to be beyond economical repair, for their proper disposition.</li> </ol>	<p>As of November 21, 2014, the Batangas State University refunded the unutilized fund amounting to Eight Hundred One Thousand Nine Hundred Seventy Four Pesos and 32/100 (P801,974.32) as per OR# 4650805 dated November 19, 2014. Likewise, the amount of One Hundred Seventy Five Thousand Fifty Five Pesos and 68/100 (P175,055.68) due for liquidation this month of November waiting for other documentary requirements and will be recorded and adjusted in the books this CY 2014.</p> <p>The management through the Technical Support and Services Division (TSSD) - Employment and Welfare, prepared and sent memorandum to all Provincial Directors/ Heads to submit inspection/monitoring schedule covering current and prior years' projects and alternative measures to effect immediate submission of liquidation reports and reminded them to strictly enforce the terms and conditions provided for in the MOA particularly on the obligation of the proponent. To date, we are still conducting monitoring of project implementation.</p> <p>The management exerted all means of possible measures in locating the records and documents for dormant receivable accounts but still the same cannot be located.</p> <p>For CY 2014, the Management, with the recommendation of the Accountant, is in the process of collating data needed for dormant accounts to be written off.</p> <p>The management already instructed the Acting Supply Officer on COA's recommendations. The Inventory Team requested all Provincial Offices to prepare and submit a list of all unserviceable PPE so that proper disposal procedures can be done. We will submit a copy of IIRUP this year 2014.</p> <p>As of September 2014, adjustment on unserviceable office vehicle had been made amounting to P5,000.00 as per JEV# 14-09-091 dated Sept. 30, 2014. Other list of obsolete and unserviceable PPE will be reclassified and adjusted this year 2014.</p> <p>The office is in the process of conducting an assessment of IT equipment that needs for repair and as soon as the final list are complete, adjustment in the books will be made this year.</p>

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<p><b><i>Disbursements with incomplete documentation</i></b></p> <p>The validity and correctness of payments for starter kits/negokarts and raw materials for the sustainable livelihood projects under the Bottom-Up Budgeting (BUB) recorded under the account "Donations" totaling P3,033,578.79 cannot be ascertained due to insufficient supporting documents in violation of Section 4(6) of Presidential Decree (PD) 1445 and COA Circular No. 2012-001.</p>	<p>Management to :</p> <ol style="list-style-type: none"> <li>1. Require the TSSD personnel responsible for these defective/irregular transactions to rectify the deficiencies and submit the necessary documentary evidences to support these transactions, without prejudice to the Notices of Suspensions and Disallowances that may be issued by the Commission on Audit if warranted;</li> <li>2. Require the accounting personnel to be more circumspect in their actions in the processing and payment of claims against government funds and adhere to pertinent laws, rules and regulations to forestall occurrence of similar deficiencies and irregularities in the future; and</li> <li>3. Appropriate sanctions be imposed against all parties concerned, as may be necessary</li> </ol>	<p>The management, with the aid of its Provincial Offices already submitted and completed the necessary supporting documents needed as prescribed in Section 4(6) of PD 1445 and COA Circular No. 2012-001.</p> <p>The accounting personnel is strictly verifying that supporting documents are complete before processing such claims.</p>
<p><b><i>Delayed/non-submission of contracts and other reports</i></b></p> <p>Copies of contracts entered into by the RO for CY 2013 were submitted to COA beyond the required period of submission, while financial reports and documents such as purchase orders, delivery documents of goods and services, and Report of Fuel Consumption were not submitted contrary to existing COA regulations, thereby preventing for the initial evaluation of the transactions and the systematic and effective review of the procurement process.</p>	<ol style="list-style-type: none"> <li>1. Ensure the submission of contract agreements, purchase orders, delivery documents of goods and services and report of fuel consumption to the Auditor within the period prescribed by existing regulations for a systematic, effective and timely review of contracts and financial transactions.</li> </ol>	<p>The recommendations have been noted and committed to submit the required reports/documents regularly and within the prescribed period.</p>
<p><b><i>Unauthorized mode of payment for students' salaries</i></b></p> <p>Payment of 40% salary for SPES student-beneficiaries amounting to P40,097,200.27 in CY 2013 were made thru the issuance of checks directly to the student-beneficiaries contrary to the provision of RA 9547 which prescribed the payment through education voucher, resulting in the risk of loss or misuse of funds in the custody of the SPES student beneficiaries.</p>	<p>Management to comply with the prescribed mode for the payment of salaries of student-beneficiaries. Refrain from implementing other modes of payment without covering revisions/amendments to RA 9547</p>	<p>Payments made by this Region through Check is in compliance to the SPES Advisory dated April 16, 2012, a memorandum signed by Undersecretary Lourdes M. Transmonte stating that the "DOLE Regional Offices may opt to facilitate the payment through Automated Check Preparation". To date, we are preparing for the implementation of the new system under Unified Accounts Code Structure (UACS) to enhance the quality and timeliness of financial data for the generation of the required reports and analysis.</p>
<p><b><i>Delayed payment of students' salaries</i></b></p> <p>Efficient implementation of the SPES Program was not fully achieved due to delayed payments ranging from 7-193 days made to at least 9,084 students amounting to P34,411,777.78 for the 40% share of DOLE, reversion to the National Treasury of stale checks totalling P166,800.96 intended for 56 students and the payment of P2,930,679.47 to 704 students who did not meet the qualifications required under the program as of December 31, 2013, thus, affecting the attainment of the program objective of helping poor but deserving students pursue their education by providing income or augment their income.</p>	<p>Management to :</p> <ol style="list-style-type: none"> <li>1. Ensure that student beneficiaries are paid their 40% salaries within the 11 days prescribed period. Require the employers, PESOs and the Heads of the Provincial Offices to perform their duties and responsibilities within the period provided in the IRR of RA 9547 for the payment of the 40% share of DOLE.</li> </ol>	<p>The management instructed our Provincial Offices thru their Focal Persons to coordinate with PESOs for the prompt payment of SPES beneficiaries and to strictly comply within the period provided in the IRR of RA 9547.</p> <p>With the implementation of QMS, including SPES, we are monitoring the compliance of Process Cycle Time (PCT) for the payment of the 40% share of DOLE.</p>

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<p><b>Payments to student beneficiaries despite insufficient documentary requirements</b></p> <p>Payments amounting to P2,930,679.47 were made to 704 students despite lacking requirements/qualifications, thus casting doubt on the validity of the disbursements and affecting the effective implementation of the SPES.</p> <p><b>Implementation of Reintegration Program for OFWs</b></p> <p>The Reintegration Program of the National Reintegration Center for OFWs (NRCO) by the DOLE ROIV-A lacked the necessary feedback mechanism to determine whether availment of the P10,000.00 financial assistance has provided sustainable livelihood undertaking to each OFWs. Moreover, full utilization of the program funds was not achieved as a total of P610,000.00 intended for 61 OFWs remained unclaimed during the. Hence, the amount was reverted to the National Treasury on December 31, 2013.</p>	<p>2. Require the TSSD and the Provincial Offices to closely monitor the PESOs to ensure that the list of checks were actually posted and student beneficiaries were informed of their claims.</p> <p>4. Require the student beneficiaries to affix dates of receipt of checks on the payroll.</p> <p>Management to :</p> <p>1. Closely supervise the SPES activities of the PESOs to ensure that only students whose applications are completely supported with documentary requirements and are qualified under the program will be covered under the program; and</p> <p>2. Require PESOs thru the concerned Focal Persons/Provincial Heads to submit the lacking documentary requirements</p> <p>1. Revisit the program's livelihood assistance component of whether providing financial assistance of P10,000.00 will adequately address the needs of each OFWs to start-up and operate a sustainable livelihood undertaking;</p> <p>2. In coordination with other partner government agencies, provide reasonable number of days for the processing of documents filed by OFWs;</p> <p>3. Adopt a more efficient system of payment and of informing OFWs of their claims for financial assistance to avoid unnecessary time lag.</p>	<p>The management thru TSSD and Provincial Offices already reminded the PESO to ensure posting of list of student beneficiaries with checks.</p> <p>Recommendation have been noted to inform the student beneficiaries on the observations made.</p> <p>Insufficient documentary requirements have been noted and only claims with complete supporting documents are being processed.</p> <p>The management already instructed the Provincial Offices thru their Focal Persons to require the PESOs to submit the lacking documentary requirements prior to processing of payments.</p> <p>NRCO OIC-Director, Violeta N. Munoz issued a memorandum for DOLE ROIV-A Regional Director, Ma. Zenaida A. Angara-Campita for the monitoring tool implemented for the pilot regions RO1, NCR and 4A on the conduct of monitoring and evaluation of the 10K livelihood assistance project. Also, the office already formulated/designed a monitoring tool that will assess the program.</p> <p>DOLE Central Office already issued a Department Order No. 139-14 series of 2014 regarding the processing of documents filed by OFWs.</p>