

DOLE – REGION IV-A  
 Updates/Status of Actions Taken/Management Comments/Compliance/Implementation  
 On the 2014 COA Annual Audit Report and Prior Years Audit Findings and Recommendations  
 As of September 30, 2015

COA Audit Findings	COA Audit Recommendations	Actions Taken/Management Comments/Compliance/ Implementation	Timeline	Supporting Documents Attached	Internal Audit Service (IAS) Validation
<p><b><u>Prior Year/s</u></b></p> <p><b>1. <i>Unliquidated fund releases to NGAs, LGUs and NGOs/POs</i></b></p> <p>Fund releases 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 Utilization Report and inability to conduct regular monitoring of projects implementation. Moreover, although most of the projects have long been completed, disbursements were not taken</p>	<p>Immediately require the BSU to submit liquidation report and/or refund the unutilized funds for its aborted projects;</p>	<p><i>As of September 30, 2015, BSU has an outstanding balance of P41,970.00. Monitoring will be scheduled to fully liquidate said amount and submission of required liquidation report will be on or before 15 November 2015.</i></p> <p><i>Likewise, P37,666,470.30 of the outstanding balance of Due from NGAs/LGUs/NGOs/POs as of December 31, 2014 has already been liquidated as of this quarter ending September 30, 2015. Breakdown of liquidation as follows:</i></p> <ul style="list-style-type: none"> <li>- NGAs - P 478,567.18</li> <li>- LGUs - 23,734,403.70</li> <li>- NGOs/POs - 13,453,499.42</li> </ul> <p style="text-align: center;"><b><i>TTL - P37,666,470.30</i></b></p>		<p>Batangas Provincial Ofc. action taken as of 30 Sept. 2015.</p> <p>Schedule/Summary of Unliquidated Grants Per Province/Liquidation Rate of Grants per Prov.  - Due from NGAs/LGUs and NGOs/POs.</p>	

<p>up in the books, overstating receivables and undertaking expenses, thus, materially affecting the reliability of the financial statements. Finally, Management 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>Prepare an inspection/monitoring schedule covering current and prior year's 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; and</p> <p>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 sanctions against Proponents violating the same.</p>	<p><i>Follow up inspection/monitoring schedule by the Province of Batangas covering current and prior years' projects will be scheduled for the month of November 2015.</i></p> <p><i>Also, Laguna Provincial Office already conducted monitoring activity for a total of (74) proponent, of which, (18) submitted their liquidation reports as of October 7, 2015, (9) dormant accounts with required documents needed for write off.</i></p> <p><i>For the Provinces of CPO/RPO/QPO (see attached reports).</i></p> <p><i>To date, management through TSSD-E/W and Provincial Offices strictly enforce terms and conditions provided for in the MOA .</i></p> <p><i>For those proponents who were dissolved or cannot be located despite all means of possible measures in locating the same, provincial offices through TSSD-E/W will secure documentary requirements needed in support for the request for write off.</i></p>		<p>Batangas Provincial Ofc. action taken as of 30 Sept. 2015.</p> <p>Laguna Prov'l. Office Summary/Status of Monitoring Report</p> <p>Rizal Prov'l. Office Monitoring Report on status of liquidation of grants and action taken as of 30 Sept.2015.</p> <p>Quezon Prov'l. Office report on status of unliquidated grants.</p> <p>Cavite Prov'l. Office report on status of monitoring.</p>	
---	--	---	--	---	--

<p><b>2. Dormant Receivables</b></p> <p>Receivables accounts totaling P654,871.20 that remained dormant for over 10 to 15 years have not been verified/validated and requested for write-off, if warranted, pursuant to COA Circular No. 97-001, thus affecting the fairness of the RO's financial position.</p>	<p>Institute all measures to document and collect the remaining dormant receivable accounts.</p> <p>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 rules and regulations.</p>	<p><i>As of September 30, 2015, the total balance of Due from Officers and Employees and Receivables- Disallowances/Charges is P37,911.34 and P619,787.75 respectively.</i></p> <p><i>To date, the management, with the recommendation of the Accountant, is in the process of collating data/documents of (2) accountable officers who already passed away with an outstanding balance of P29,066.45. Thus, our office is requesting one of the required documents needed for dormant accounts to be written off at the Office of the Philippine Statistics Authority-RO IV-A.</i></p> <p><i>Once the data/required documents are complete, adjustment in the books of account will be made this CY 2015.</i></p>		<p>Schedule of Due from Officers and Employees/Trial Balance as of September 30, 2015.</p> <p>Copy of the letter to <b>MS. ROSALINDA P. BAUTISTA</b>, Interim Regional Director of Phil. Statistics Authority-RO IV-A Re: request for issuance of death certificate of (2) accountable officers who already passed away.</p>
<p><b>3. Disbursement with incomplete documentation</b></p> <p>The validity and correctness of payments totaling P3,033,578.79 for purchases of starter kits/negokarts and raw materials for the sustainable</p>	<p>Require the TSSD personnel responsible for these defective/irregular transactions to rectify the deficiencies and submit the necessary documentary</p>	<p><i>Provincial Offices of Cavite/Rizal/Quezon submitted their needed/required supporting documents to IMSD on the fabrication of negokart with</i></p>		<p>Required supporting documents on the fabrication of negokart.</p>

<p>livelihood projects under the Bottom-Up Budgeting (BUB) recorded under Donations account could not be ascertained due to insufficient supporting documents in violation of Section 4(6) of PD 1445 and COA Circular No. 2012-001.</p>	<p>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;</p> <p>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 occurrences of similar deficiencies and irregularities in the future; and</p> <p>Appropriate sanctions be imposed against all parties concerned, as may be necessary.</p>	<p><i>total of (14) beneficiaries. For submission to COA this CY 2015.</i></p> <p><i>Other concerned offices have not submitted their necessary supporting documents yet as required by COA.</i></p> <p><i>The accounting personnel are now strictly observing and implementing COA rules &amp; regulations and ensuring accurate review and evaluation of supporting documents before processing such claims.</i></p> <p><i>This office has also established Quality Management System (QMS) with (13) frontline processes including livelihood &amp; (9) support processes including disbursement as enrolled processes where quality standards are observed.</i></p> <p><i>Recommendations have been noted.</i></p>			
<p><b>4. Delayed/non-submission of contracts and other reports</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</p>	<p>Management agreed for the submission of contract agreements, purchase orders, delivery documents of goods and services and report of fuel</p>	<p><i>Recommendations have been noted and to submit reports/documents within the prescribed period.</i></p>			

<p>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 systematic and effective review of the procurement process.</p>	<p>consumption to the Auditor within the period prescribed by existing regulations for a systematic, effective and timely review of contracts and financial transactions.</p>	<p><i>The management through Acting Supply Officer will submit a copies of Fuel Consumption Report for the period covering January 2013 to December 2014 to COA this CY 2015.</i></p>		<p>Copies of Fuel Consumption Report for the period covering January 2013 to December 2014.</p>	
<p><b>5. Delayed payment of students' salaries</b></p> <p>Efficient implementation of the SPES was not fully achieved due to delayed payments ranging from 7-193 days made in CY 2013 to at least 9,084 students amounting to P34,411,777.78 for the 40 percent share of DOLE, reversion to the National Treasury of stale checks totaling 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>Ensure that student beneficiaries are paid their 40% salaries within the 11 days prescribed period;</p> <p>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;</p> <p>Require the TSSD and the Provincial Offices to closely monitor the PESOs to ensure that the lists of checks were actually posted and student beneficiaries were informed of their claims; and</p>	<p><i>With the implementation of Quality Management System (QMS), including SPES, we are monitoring the compliance of process cycle time (PCT) for the payment of the 40% share of DOLE.</i></p> <p><i>The management through the Heads of the Provincial Offices have already required employers and PESOs to comply with the recommendations.</i></p> <p><i>TSSD and the Provincial Offices have already reminded the PESOs to ensure posting of list of student beneficiaries with checks.</i></p>			

<p><b>6. 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>Require the student beneficiaries to affix dates of receipt of checks on the payroll.</p> <p>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>Require PESOs, thru the concerned Focal Persons/Provincial Heads to submit the lacking documentary requirements.</p>	<p><i>With the implementation of QMS, the list will also be posted in the DOLE-4A website.</i></p> <p><i>Recommendation has been noted and student beneficiaries are required to affix date of receipt of check in the payroll.</i></p> <p><i>The management through the Provincial Offices ensures to supervise SPES activities of the PESOs that only claims with complete supporting documents are being processed.</i></p> <p><i>Focal persons at the Provincial Offices strictly require the PESOs to submit the lacking documentary requirements before processing of payments.</i></p>	<p>NRCO – RO IV-A updates on the actions taken as of September 30, 2015.</p> <p>Annexes : A, B, C, D, E</p>	
<p><b>7. Implementation of Reintegration Program for OFWs</b></p> <p>The Reintegration Program of the NRCO by RO IV-A lacked the necessary feedback mechanism to determine whether availment of the P10,000.00 financial assistance</p>	<p>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</p>	<p>Pilot tested (3) regions for the assessment of effectiveness of NRCO livelihood assistance (see attached Annexes).</p>		

<p>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 year. Hence, the amount was reverted to the National Treasury on December 31, 2013.</p>	<p>sustainable livelihood undertaking;</p> <p>In coordination with other partner government agencies, provide reasonable number of days for the processing of documents filed by OFWs; and</p> <p>Adopt a more efficient system of payment and of informing OFWs of their claims for financial assistance to avoid unnecessary time lag.</p>	<p>Issuance of Administrative Order No. 180 series of 2015 dated April 2015 (Annex D). But as per reformulated OPCR 2015 the reasonable number of days was adjusted to (45) days (Annex E).</p> <p>Issuance of Administrative Order No. 180 series of 2015 dated April 2015 (Annex D).</p>			
--	--	--	--	--	--

COA Audit Findings	COA Audit Recommendations	Actions Taken/Management Comments/Compliance/ Implementation	Timeline	Supporting Documents attached	Internal Audit Service (IAS) Validation
<p><b><u>Current Year</u></b></p> <p>1. <b><i>Collection not deposit intact, P112,655.00</i></b></p> <p>The Administrative Officer V/Cashier withheld cash collections totaling P112,655.00 for the month of January 2014 thereby violating the provisions of COA-MOF Joint Circular No. 1-81 and COA Circular No. 97-002 as regards the intact and daily or not later than the next banking day deposit of collections that could result in mishandling or misuse of government funds.</p>	<p>Relieve the Administrative Officer V/Cashier and transfer her to a position not involving money or property;</p> <p>Create a fact-finding committee to investigate the reason for the withheld cash collections;</p>	<p><i>A fact finding committee headed by the Assistant Regional Director, this office, was created to review and validate the findings and submit the results/report as soon as the proceedings are complete.</i></p> <p><i>On July 15 and September 15, 2015, the members of the fact finding committee conducted a meeting to review/re-validate records based on the audit findings and recommendations and to comment on their request for clarification on our reply/actions taken made as of June 30, 2015 and the result/minutes of meeting of the committee which convened last 15 July 2015. The result of the meeting will be forwarded to the Committee Chair for comments and recommendations before</i></p>		<p>Office Order No. 087 series of 2015 (creation of Fact Finding Committee).</p> <p>Copy of notice of meeting for the period July 15 and September 15, 2015.</p> <p>Copy of minutes of meeting which convened on July 15, 2015.</p> <p>Copy of memorandum issued to the Cashier relative to the status report on the actions taken on the audit recommendations in CY 2014 Management letter</p>	



<p>2. <b>Unreconciled differences between bank and book balances</b></p> <p>The balances of the current accounts being maintained by DOLE Region IV-A at LBP Parian, Calamba City were overstated by P1,222,257.02 due to the Accountants erroneous treatment of the reconciling items in the Bank Reconciliation Statements contrary to the provisions of GAFMIS Circular Letter No. 2002-001 and the generally accepted accounting principles.</p>	<p>Instruct the Cashier to maximize the amount of collections to be deposited and ensure that all collections are deposited, if possible, before the weekend or a long holiday.</p> <p>Strictly comply with the provisions of GAFMIS Circular Letter No. 2002-001 and the proper treatment of reconciling items;</p>	<p><i>the final report to be issued for submission to COA Regional Office IV-A.</i></p> <p><i>A memorandum dated 11 November 2014 was issued to the Cashier instructing her to strictly comply with the provisions of COA-MOF Joint Circular No. 1-81 and COA Circular No. 97-002.</i></p> <p><i>In compliance to GAFMIS Circular Letter No. 2002-001, the management directed the Cashier to prepare the Monthly Check Disbursement Record and Schedule of Unreleased Checks and ensure its timely submission to the Accounting Unit. Consequently, the Accountant is recording the total amount of unreleased checks to the working paper based on the submitted schedule.</i></p> <p><i>At the end of 2014, entries were prepared per JEV# 2014-12-137 for regular MDS account and JEV# 2014-12-138 for trust accounts (Writ/SPES) to record the recognition of cash</i></p>	<p>and instructed to submit comment on the request for clarification on the reply/actions taken to the COA Resident Auditor.</p>	
--	--	---	--	--

	<p>Trace the unreconciled differences totaling P(2,921,278.96); and</p> <p>Satisfactorily explain, supported by valid/relevant documents, for the following:</p> <ul style="list-style-type: none"> <li>• The unclaimed, cancelled and stale checks being deducted from the balance per bank instead of being added to the balance per books;</li> <li>• Some stale checks being treated as outstanding checks;</li> <li>• Two LBP current accounts (i.e., LBP Calamba CA 0542-1053-21 and LBP Parian CA 0542-1056-66) with balances per audit totaling P665,694.18</li> </ul>	<p><i>equivalent to the unreleased checks and recognition of the appropriate liability account. In January 2015, JEV# 2015-01-002 for regular MDS account and JEV# 2015-01-003 for trust accounts were prepared to reverse the entries made last year.</i></p> <p><i>The Accountant noted the unreconciled differences and the proper treatment of the reconciling items, thus, submitted a revised Bank Reconciliation Statement for review by the Resident Auditor.</i></p> <p><i>Cancelled/stale checks of the regular MDS account were being deducted from the balance per bank as these checks were previously adjusted to the book balance. The adjustments to the book is in compliance to DBM Circular Letter No. 2013-12 dated November 21, 2013 wherein all notice of cash allocation (NCA) for regular MDS sub-accounts for any month, whether part of the comprehensive releases or constituting additional NCA releases, shall be valid until the last working day of the third month of that quarter. Since the cash allocation for these cancelled/stale checks already</i></p>			
--	--	--	--	--	--

	<p>cannot be traced in the Statement of Financial Position.</p>	<p><i>lapsed, journal entry adjustments as reflected to the Bank Reconciliation Statements were made.</i></p> <p><i>The two CA#'s, 0542-1053-21 and 0542-1056-66, are accounts maintained at the LBP for Social Amelioration Program funds intended for the payment of administrative expenses and unclaimed cash bonus. These funds were incorporated in the Statement of Financial Position of the Bureau of Workers with Special Concern (BWSC).</i></p>			
<p><b>3. No breakdown on the allocation of TUPAD and GIP funds</b></p> <p>The CY 2014 GIP/TUPAD allocation of P80,500,000.00 net of the P805,000.00 or 1% administrative cost, could not be matched with the GIP and TUPAD disbursements of P34,663,325.34 and P43,541,307.16, respectively, due to lack of breakdown of allocation for GIP and TUPAD. Further, the government's goal of inclusive growth through massive job generation and</p>	<p>Regional Director make proper representation, through channels, with the DOLE Secretary as regards the specific allocations for GIP and TUPAD with recommendation for a higher allocation for TUPAD.</p>	<p><i>With regards to GIP and TUPAD, the utilization of each project is based on the commitment/preference and approved project proposal of the requesting partners/stakeholders from the proponents Local Government Units/National Government Agencies (LGUs/NGAs).</i></p> <p><i>Likewise, the total allotted fund for the said projects transferred</i></p>			

<p>poverty reduction could have been achieved if an even higher percentage of the CY 2014 lump sum allocation for GIP/TUPAD was disbursed for TUPAD rather than for GIP.</p>		<p>by DOLE-Central Office was through Advice of Disbursement Limit (ADL) and there was no request coming from our office as to segregation of fund.</p> <p>The office cannot recommend for higher allocation for any of the two projects. As far as job generation is concerned, TUPAD can generate more jobs since it is a short term project (15-30days). However, for poverty reduction, GIP is more advantageous since this lasts for 3-6 months.</p> <p>As per IAS evaluation as of June 30, 2015, the office will request from CO a copy of the WIP for the TUPAD and GIP projects.</p>			
--	--	---	--	--	--

Prepared/Submitted by:

EDGAR M. MAGTAGÑOB  
Accountant III

Date :

Certified by:

MA. ZENaida A. ANGARA-CAMPITA  
Regional Director

Date :