

Republic of the Philippines
COMMISSION ON AUDIT
Cordillera Administrative Region
NGS 5 – Education and Employment
La Trinidad, Benguet

March 15, 2019

Exequiel Ronie A. Guzman
Regional Director
Department of Labor and Employment
Cordillera Administrative Region
Baguio City

Dear Director Guzman:

We are pleased to transmit the Management Letter on the audit of the Department of Labor and Employment - Cordillera Administrative Region for the period January 1 to December 31, 2018 in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and we believe that it provided reasonable basis for the results of our audit.

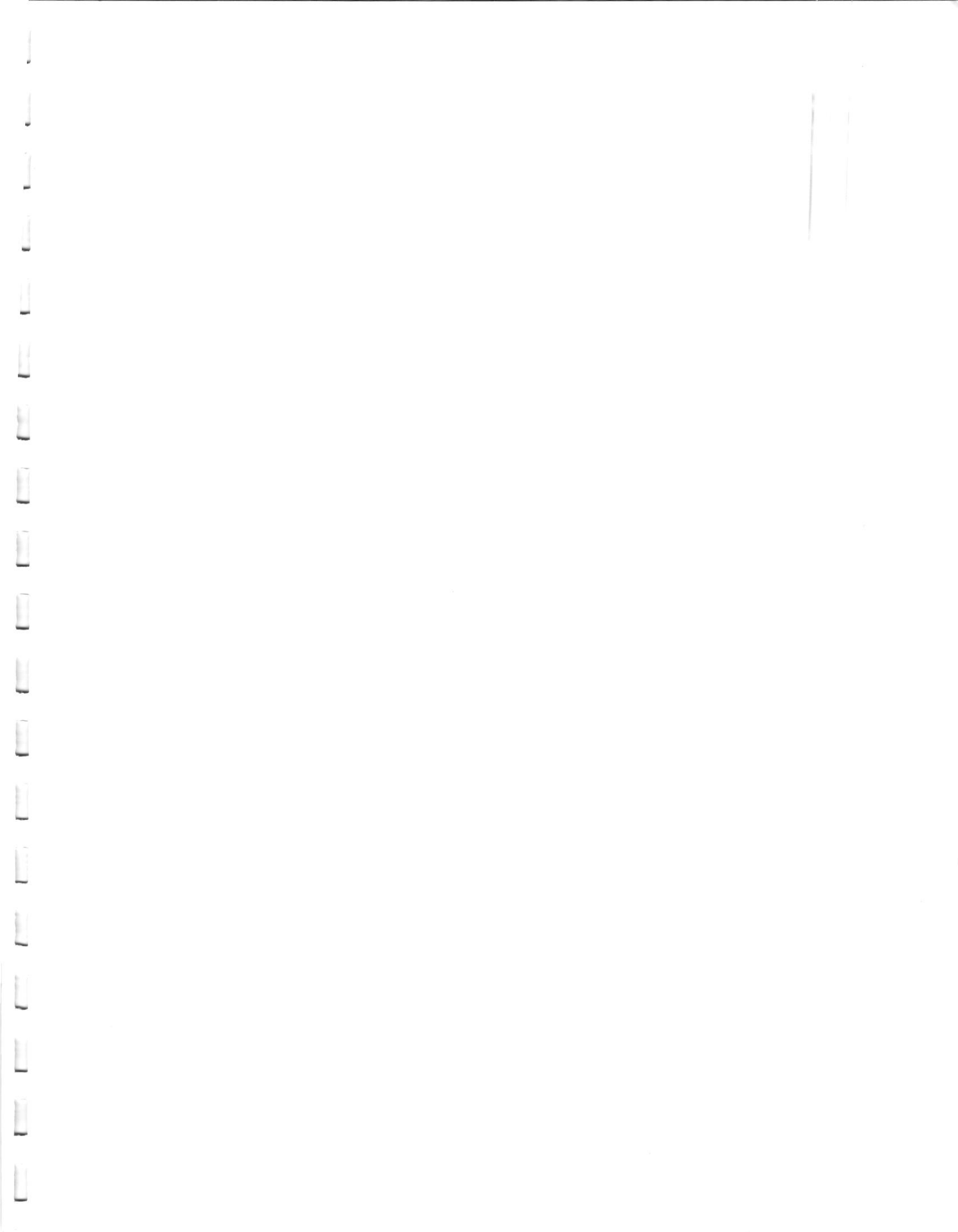
The letter consists of Summary of Recommendations, Detailed Observations and Recommendations, Status of Implementation of Prior Year's Unimplemented Audit Recommendations, and Audited Financial Statements. The observations and recommendations were discussed with the management officials and staff during the exit conference held on March 13, 2019, whose comments were incorporated in the letter, where appropriate.

We request that the recommended remedial measures be immediately implemented and we will appreciate being informed of the actions taken thereon by submitting within 60 days from receipt hereof the duly accomplished Agency Action Plan and Status of Implementation form herein attached.

We express our appreciation for the cooperation extended to the audit team by the officials and staff of the agency.

Very truly yours,

Queemy F. Nadunop
Regional Supervising Auditor





Republic of the Philippines
COMMISSION ON AUDIT
CORDILLERA ADMINISTRATIVE REGION
NGS Cluster 5 – Education and Employment
Audit Team No. CAR-19 – DOLE CAR
Baguio City

CONFIDENTIAL

March 13, 2019

MR. EXEQUIEL RONIE A. GUZMAN

Regional Director
Department of Labor and Employment
Cordillera Administrative Region
Baguio City

Dear Director Guzman:

Management Letter on the Audit of the
Department of Labor and Employment
Cordillera Administrative Region
For the period January 1 to December 31, 2018

1. Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (PD 1445), we have audited the accounts and operations of the Department of Labor and Employment - Cordillera Administrative Region (DOLE CAR) for the period ended December 31, 2018. The audit was conducted in accordance with applicable legal and regulatory requirements, and the Philippine Public Sector Standards on Auditing. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.
2. The audit was conducted to (a) verify the level of assurance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.
3. Deficiencies observed, in the course of the audit, were earlier communicated through Notices of Suspension and Audit Observations Memoranda (AOMs), and discussed in an exit conference conducted on March 13, 2019, with concerned DOLE CAR officials and employees. Their comments were incorporated in this letter, where appropriate. The significant audit observations and recommendations shall be incorporated in the Consolidated Annual Audit Report (CAAR) of the DOLE for CY 2018.

A. Summary of Recommendations

4. For the significant deficiencies observed in the course of the audit, we recommend that:

- the Accountant and the other responsible officials to strictly comply with the prescribed period of submission of reports and disbursement vouchers in order for the audit team to timely verify and audit the accounts.
- the Property Unit prepare the IIRUP for all unserviceable property of the Agency based on the Report on the Physical Count of PPE as of December 31, 2018.
- management cause the disposal of unserviceable property based on the IIRUP prepared by the Property Unit.
- the Accounting Unit drop the PPE reported in the IIRUP from the books of accounts in accordance with Section 40, Chapter 10 of the GAM.
- the Accounting Unit drop from the books, the cost of the PPE together with the accumulated depreciation upon receipt of the IIRUP.
- the Accountant adjust the balance of Accounts Payable for obligations for which goods and services have not been delivered or rendered amounting to ₱329,355.00.
- the Accountant record the liquidation of the funds transferred to LGU Calanasan and Barangay Marag amounting to ₱1,032,278.00.
- the Accountant recognize the cost of the ICT and other PPE of ₱595,145.05 and the corresponding accumulated depreciation amounting to ₱198,922.14.
- the Property Unit verify through physical count the existence of the property and equipment costing ₱1,976,285.62 that were not in the RPCPPE, and report any losses discovered during the physical count to the Accounting Unit for proper recording.
- the Accountant reclassify the four units of netbooks costing ₱50,800.00 from ICT Equipment to the appropriate account.
- the Property Custodian prepare the PAR to support the issuance to the end-users of the ICT equipment costing ₱553,150.00.