



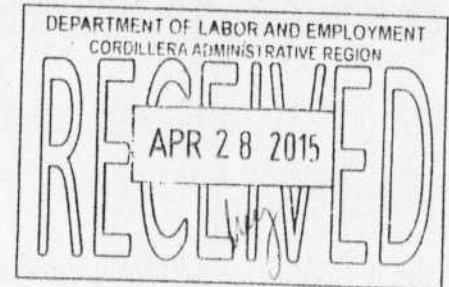
Republic of the Philippines
COMMISSION ON AUDIT
Cordillera Administrative Region
Km. 6, La Trinidad, Benguet

NATIONAL GOVERNMENT SECTOR
Cluster 5 – Education and Employment

CONFIDENTIAL

Ref. No. DOLE-CAR 2015-01
March 31, 2015

MR. HENRY JOHN S. JALBUENA
Regional Director
Department of Labor and Employment
Cordillera Administrative Region
Baguio City



Dear Director Jalbuena:

**Management Letter on the Audit of the
Department of Labor and Employment
Cordillera Administrative Region
For the period January 1 to December 31, 2014**

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, 2014. The audit was conducted in accordance with applicable legal and regulatory requirements and generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.
2. The audit was conducted by the audit team 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. The agency's financial position and performance, and cash flows as of December 31, 2014 are shown in the attached audited financial statements (*Annexes "A" to "G"*).
4. Deficiencies observed in the course of the audit were earlier communicated through Audit Observations Memoranda (AOMs) and discussed in an exit conference with concerned CHED-CAR officials and employees on March 11, 2015. Their comments were incorporated in this Management Letter, where appropriate. The significant

audit observations and recommendations shall be incorporated in the Consolidated Annual Audit Report (CAAR) of DOLE for (CY) 2014.

A. Introduction

5. The DOLE started as a small bureau in 1908. It became a department on December 8, 1933 with the passage of Act 4121. It is the national government agency mandated to formulate and implement policies and programs, and serve as the policy-advisory arm of the Executive Branch in the field of labor and employment.
6. In line with the 1986 Constitutional mandate and the policies set forth in the National Development Plan, its mission is to promote social justice and protect human rights and respect for human dignity through the insurance of workers' protection and welfare; promotion of full employment and manpower development; maintenance of industrial peace; and enhancement of workers' participation in policy making. It consists of the Office of the Secretary, seven bureaus, six services, 12 attached agencies, 36 overseas offices and 16 regional offices, including DOLE-CAR.
7. The Regional Office is under the leadership of Regional Director Henry John S. Jalbuena. For CY2014, it was manned by 54 permanent personnel and 3 Job Orders assigned to the different divisions/units, namely: Internal Management and Service Division (IMSD); Technical Support Services Division for Employment and Welfare (TSSD I); Technical Support Services Division for Labor Relation and Standards (TSSD II); Med-Arbitration Unit; and Provincial Extension Offices of Abra, Baguio-Benguet, Ifugao, Kalinga-Apayao, and Mt. Province.
8. For CY 2014, the DOLE-CAR reported the following accomplishments vis-a-vis their targets for the same year:

Major Thrusts/Activities	Targets	Accomplishments	Percentage of Accomplishments
<i>MFO 2: Employment Facilitation and Capacity Building Services</i> • Productivity toolbox for Medium Small Micro Enterprises (MSMEs) in Key Employment Generators (KEGS)	688	785	114%

• Special Program for Employment of Students (SPES)	4,257	4,541	106%
• Government Internship Program (GIP)	668	782	117%
• Public Employment Service Office (PESO)	73,614	95,551	129%
• National Job Fairs	100% of applicants	100% (19,184 applicants)	100%
• Labor Market Information			
∞ Individuals	96,915	111,936	115%
∞ Institutions	527	586	111%
• Phil-Jobnet	17,529	19,555	111%
• Skills Registry System (SRS) in LGUs	37	37	100%
• Career Guidance Advocacy Program	1	1	100%
• DOLE Integrated Livelihood and Emergency Employment Program (DILEEP)	7,437	7,651	102%
<i>MFO 3: Labor Force Welfare Services</i>			
• Tripartism			
• Workers Organization and Development (WODP)	27	27	100%
∞ Training grants	80	125	156%
∞ Scholarship grants	2	2	100%
• Labor and Employment Education Program			
∞ Labor Relations, Human Relations and Productivity (LHP) – seminars	42	48	114%
∞ Continuing Labor Education Seminars (CLES)	68	90	132%
∞ Labor Education for Graduating Students (LEGS)	715	10,964	1533%
• DOLE Integrated Livelihood and Emergency Employment Program (DILEEP)	6,925	8,987	129%
• Child Labor Prevention and Elimination Program (CLPEP)	22	37	168%
• Family welfare Program	5	23	460%
• DOLE Adjustment Measures program (DOLE-AMP)	100% of affected workers who sought assistance	100% (33 affected workers sought assistance)	100%
• 10K Livelihood Assistance (NRCO)	92	94	102%
• Balik Pinay! Balik Hanapbuhay!	63	76	120%

Major Thrusts/Activities	Targets	Accomplishments	Percentage of Accomplishments
<i>MFO 4: Employment Regulation Services</i>			
• Labor Laws Compliance System			
∞ Joint Assessment	852	1,192	140%
∞ Compliance Visit	100% of SENA referrals	100% (28)	100%
∞ OSH Investigation	100% of incidents	100%	100%
∞ LLCS-MIS	18	18	100%
∞ Technical Safety Inspection	100% of establishments who requested	100% (11)	
∞ Incentivizing Compliance Program	3	3	100%
• Dispute Resolution	75% of requests/cases filed	83.24%	83.24%
∞ SENA			
∞ SpED Cases			
• Efficient Service Delivery	100% of applications received	100%	100%

9. The total appropriations, allotments, and obligations for CY 2014 and the unexpended balances of allotment as of December 31, 2014 are shown below:

Particulars	Appropriation	Allotment Received	Obligations Incurred	Balance of Allotment
I. Agency Specific Budget				
Personal Services	25,040,000.00	25,040,000.00	24,594,057.13	445,942.87
Maintenance and Other Operating Expenses (MOOE)	63,260,000.00	62,301,500.00	60,675,468.80	1,626,031.20
Capital Outlay	3,000,000.00	3,000,000.00	3,000,000.00	0.00
Total	91,300,000.00	90,341,500.00	88,269,525.93	2,071,974.07
II. Automatic Appropriation				
RLIP Premium	2,401,000.00	2,401,000.00	2,313,922.59	87,077.41
Total	2,401,000.00	2,401,000.00	2,313,922.59	87,077.41
Total Current Year Budget	93,701,000.00	92,742,500.00	90,583,448.52	2,159,051.48
III. Continuing Allotment	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
GRAND TOTAL	93,701,000.00	92,742,500.00	90,583,448.52	2,159,051.48

10. Total Notices of Cash Allocation (NCA) and Notices of Transfer of Allocation (NTA) received in 2014, as well as their utilization and balances are presented below:

Particulars	Amount Received	Disbursed	Unutilized Balance	Reverted to National Treasury
Personal Services	30,532,289.00	29,979,268.61	553,020.39	553,020.39
Maintenance and Other Operating Expenses	89,729,557.35	86,906,260.53	2,823,296.82	2,823,296.82
Capital Outlay	3,000,000.00	3,000,000.00	0.00	0.00
Total	123,261,846.35	119,885,529.14	3,376,317.21	3,376,317.21

B. Summary of Recommendations

11. For the significant deficiencies observed in the course of the audit, we recommended that Management implement the following:

a. DOLE Integrated Livelihood and Emergency Employment Program (DILEEP) Not Efficiently Implemented – 13 projects

- Immediately address the identified problems of the projects located in Panopdopan, Lamut, Barangay Bontoc Ili, Barangay Caluttie, Barangay Lower Quirino Hill, Barangay Honeymoon, Barangay Imelda Village, Barangay Dagsian, and Barangay Lucog to make them fully operational for the benefit of the intended beneficiaries.
- Ensure that the project proposals submitted by accredited co-partners are meticulously evaluated and verified to avoid hindrances in the immediate implementation of livelihood projects in the community.
- See to it that the Local Government Units (LGUs) which are accredited as co-partners have their own Bids and Awards Committee and that their members are knowledgeable on the implementing rules and regulations of Republic Act (R.A.) 9184.
- Require a DOLE representative to be present during the delivery of materials and equipment to the beneficiaries so that any problem that may arise in the said deliveries will be addressed immediately; and
- Interact with the accredited co-partners and beneficiaries regularly to ensure that the livelihood projects are properly implemented without any undue impediments.

b. *Overstatement of Receivables - P14.44M*

- Follow-up from the concerned National Government Agencies (NGAs), LGUs, Government- Owned and Controlled Corporations (GOCCs) and Non-Government Organizations (NGOs) the immediate submission of the liquidation reports of funds transferred pertaining to projects that were already completed duly verified by the resident auditor concerned, for proper accounting thereof and to avoid the accumulation of huge uncollected/unsettled amount at the end of the year;
- Consider sending demand letters to the NGAs, LGUs, NGOs with receivables aged over two to 18 years to immediately liquidate/settle their accounts with the agency and state the laws violated including the penal provisions under Section 128 of Presidential Decree (PD) 1445. Ensure that no additional funds are transferred until they have settled their past due accounts. Also, require the Provincial Government of Ifugao to immediately refund the unused funds to avoid misuse of the same;
- Require the Accredited Co-Partners to refund unused fund/balances, if any for deposit to the Bureau of Treasury;
- Monitor and inspect regularly the implementation of livelihood projects to be kept informed of the status of fund transfers;
- Apply the legal remedy stipulated in the Memorandum of Agreement in case of failure by the Implementing Agencies (IAs) to liquidate despite repeated demands from DOLE-CAR; and
- Strictly enforce the terms and conditions set in the Memorandum of Agreement and observe strictly the existing rules and regulations on the grant and liquidation of fund transfers.

c. *Funds transferred to NGOs/Peoples Organizations (POs) and IAs not supported with Accountant's Certification - P27.19M*

- Advise the Accountant to immediately submit the following documents to support the funds transferred to the NGOs/POs and implementing agencies concerned:
 - ∞ Certificate that funds previously transferred to the NGOs/POs and implementing agencies concerned have been liquidated, post audited and accounted for in the books;

