

**STATUS OF IMPLEMENTATION OF
PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the 31 audit recommendations contained in the prior years' audit reports, 19 were implemented, three were partially implemented and nine was not implemented as of June 30, 2014, as summarized in the following table:

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation	Auditor's Validation									
<p>1. Livelihood assistance amounting to P840,670.00 granted to various Universities and Colleges during CYs 2012 was recorded in the agency's books of accounts as Due from NGOs/Pos instead of Due from NGAs, contrary to the provisions of COA Circular No. 2004-008, resulting in the misstatement of the balances of the two accounts by the same amount as of December 31, 2012.</p> <p>We recommended that the Accountant effect the following adjusting entry in the books of accounts to correct the balances of the two accounts:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Account Title</td> <td style="width: 35%; text-align: center;">Dr.</td> <td style="width: 35%; text-align: center;">Cr.</td> </tr> <tr> <td>Due from NGAs</td> <td style="text-align: right;">P840,670.00</td> <td></td> </tr> <tr> <td>Due from NGOs/Pos</td> <td></td> <td style="text-align: right;">P840,670.00</td> </tr> </table> <p>We further recommended that, henceforth, strictly adhere to the provisions of COA Circular No. 2004-008 dated September 2004 on the chart of accounts in recording transactions.</p>	Account Title	Dr.	Cr.	Due from NGAs	P840,670.00		Due from NGOs/Pos		P840,670.00	<p>ML 2012</p>	<p>Management advised the Accountant to effect the adjusting entry in the books of accounts and to strictly adhere to the provisions of the said circular in recording of transactions.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	<p>The Accountant adjusted in the books of accounts under JEV No. 13-03-24 dated March 31, 2013 and already adhere to the provisions of the stated COA Circular.</p>
Account Title	Dr.	Cr.											
Due from NGAs	P840,670.00												
Due from NGOs/Pos		P840,670.00											
<p>2. The reported book balance</p>	<p>ML</p>												

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<p>of PPE accounts differed from the inventory report balance by P1,579,009.13 due to non-reconciliation of accounting and property records and the non-maintenance of Property, Plant and Equipment Ledger Cards (PPELCs) and Property Cards (PCs), contrary to Section 43 of MNGAS, Volume I, thus affecting the accuracy of PPE account balance of P34,846,838.23 in the financial statements as of December 31, 2012.</p> <p>We recommended that Management require the Accountant and Property Officer to immediately reconcile the balances of PPE accounts, and maintain PPELCs and PCs for proper monitoring and reconciliation of assets of the agency.</p>	2012	Management has required the Accountant and Property Officer to reconcile the balances of PPE accounts and maintain PPELCs and PCs.	Fully Implemented	The Accountant and the Property Officer reconciled the balances of PPE accounts and the Property Officer has maintained PPELCs and PCs.
<p>3. Payments amounting to P803,711.29 were made despite lacking requirements contrary to Section 168 of the Government Accounting and Auditing Manual (GAAM), Volume I; thus, the propriety of the transactions can not be immediately established.</p>	ML 2012			
<p>We recommended and Management agreed to require/instruct:</p> <ul style="list-style-type: none"> • Personnel involved in the evaluation of applications for fund assistance to ensure that all eligibility 		Management has implemented the recommendations in ensuring that personnel involved in	Fully Implemented	Personnel in charge in the evaluation of applications and reviewing of documents for

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<p>requirements have been submitted and reviewed before recommending these for approval by higher authorities;</p> <ul style="list-style-type: none"> The personnel in charge of reviewing documents for payments and liquidations to scrutinize the documents before these are accepted to support claims/liquidations; and DOLE officers certifying that charges to agency funds are necessary and lawful and that supporting documents are complete ensure that the basic requirements prescribed under Section 168 of the GAAM, Volume I, are met before processing claims for payment. 		<p>the evaluation of applications</p> <p>Management required Field Offices to submit lacking documents.</p>	<p>Fully Implemented</p> <p>Partially Implemented</p>	<p>payments are strictly performing their duties and scrutinized the documents in ensuring that all requirements have been submitted.</p> <p>Management partially submitted lacking documents amounting to P225,920.76.</p>
<p>4. Non-submission of paid disbursement vouchers and supporting documents for the period April to December 2012 contrary to the provisions of COA Circular No. 2009-006 dated September 15, 2009 rendered the validity, regularity, propriety and correctness of disbursements recorded in the books of accounts totaling P10,992,929.18 doubtful. We recommended and Management assured the Audit Team to: (a) require the</p>	<p>ML 2012</p>	<p>Disbursement Vouchers and supporting documents</p>	<p>Fully Implemented</p>	<p>Disbursement vouchers with complete</p>

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<p>Accounting Unit to immediately submit to the Audit Team the paid DVs totaling P10,992,929.18 together with all the supporting documents pursuant to COA Circular No. 2009-006 dated September 15, 2009; and (b) henceforth, ensure that all paid DVs are submitted within the prescribed period to avoid suspensions/disallowances in audit.</p>		<p>for April to December 2012 has been submitted.</p>	<p>Fully Implemented</p>	<p>supporting documents were already submitted. For 2013 transactions DVs were submitted within the prescribed period.</p>
<p>5. SPES beneficiaries were not fully paid within the period prescribed in the IRR of RA 9547 as payments to at least 3,171 students amounting to P7,833,346.84 in CY 2012 for the 40% share of DOLE were delayed by 17 to 424 days or not paid at all as manifested by stale and unreleased checks amounting to P51,881.87 and P192,597.74, respectively, as of December 31, 2012, 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>ML 2012</p>			
<p>We recommended that Management:</p> <ul style="list-style-type: none"> • Ensure that student beneficiaries are paid their 40% salaries within the 11 days prescribed period. Require the employers, PESO and DOLE-CAR to perform their duties and responsibilities within the 		<p>Management committed to implement the 11 days prescribed period in the payment of 40% salaries to the SPES beneficiaries this CY 2014.</p>	<p>Not Implemented</p>	<p>The cause of delay in the payment of the 40% salaries was the late submission of supporting documents by the student</p>

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<p>period provided in the IRR of RA 9547 for the payment of the 40% share of DOLE;</p> <ul style="list-style-type: none"> • Require the TSSD and DOLE-CAR Field Offices to closely monitor the PESOs to ensure that the list of checks were actually posted and student beneficiaries were informed of their claims; and • Instruct the Accounting Unit to exclude from the payrolls under processing those students with inadequate documentation/deficiencies while the necessary requirements are being completed in order not to deprive the complying students the timely payment of their 40% salaries. 		<p>Management has required TSSD and FOs in monitoring the PESOs to ensure that the list of checks were posted and all student beneficiaries were informed of their claims.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	<p>beneficiaries and some students were studying outside their provinces.</p> <p>TSSD and FOs has monitored the PESOs and ensured that the list of checks were posted, and all student beneficiaries were informed of their claims.</p> <p>The Accountant had complied in excluding those students with inadequate documentation.</p>
<p>6. Livelihood assistance amounting to P6,592,881.94 was granted to 34 associations/organizations in CYs 2011 and 2012 without proper eligibility and accreditation requirements, and Memorandum of Agreement (MOA) contrary to DOLE Administrative Order (AO) No. 78 and Department Order (DO) No. 36-02, thereby affecting the successful implementation and monitoring of the livelihood projects.</p>	<p>ML 2012</p>			

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<p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> Require the 34 group beneficiaries to submit eligibility documents and be accredited or qualified as beneficiaries to have been granted the assistance or as ACPs; and Henceforth, properly establish the eligibility and qualification of groups or associations before similar assistance be granted to ensure the success of future projects and be able to truly deliver assistance where needed. Cause the submission of the MOA entered into between DOLE and the ten beneficiaries, and monitoring reports of the projects to COA for audit purposes; and Henceforth, ensure that a MOA is executed by concerned parties before funds are released for livelihood projects. <p>7. Insufficient identification documents and deficient proofs of acceptance by beneficiaries of requested tools and equipment rendered doubtful the release of livelihood kits costing P376,735.31 to qualified beneficiaries.</p>	<p>ML 2012</p>	<p>Management had required the beneficiaries to submit the eligibility documents.</p> <p>Management assured that they will follow-up the MOA of the ten beneficiaries. The concerned personnel in charge were informed to submit to the Audit Team their monitoring reports.</p>	<p>Partially Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p>	<p>Out of the 34 beneficiaries 20 had submitted the eligibility documents.</p> <p>Management had properly established the eligibility and qualification of groups/associations in granting livelihood assistance.</p> <p>No MOA and project monitoring reports were submitted yet for the ten beneficiaries.</p> <p>For the 2013 transactions, MOA were already executed before funds are released.</p>

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<p>We recommended and Management agreed to:</p> <p>a. Advise the employees responsible for evaluating applications for livelihood assistance to strictly require the submission of prescribed identification documents and to validate such documents to ensure authenticity; and</p> <p>b. Require that all issues of livelihood kits be covered by a duly and correctly accomplished RIS.</p> <p>8. Financial assistance of P650,000.00 was granted to a union-beneficiary without following the procedures prescribed under DOLE Administrative Order No. 01-A, s. 2008, resulting in unused funds amounting to P350,000.00 and forgone benefits, thus affecting the successful implementation of the WInAP.</p> <p>We recommended and Management agreed that proper eligibility and capability check be made on applicant beneficiaries before the approval of financial assistance to ensure that grants are utilized for the achievement of program goals and objectives.</p> <p>9. Failure of the DOLE-CAR to monitor project implementation in accordance with the Memorandum of</p>	<p>ML 2012</p> <p>ML 2012</p>	<p>Management had advised the concerned employees to submit the prescribed identification documents and required to prepare correct RIS to cover all livelihood kits.</p> <p>Management has properly checked the eligibility and capability of the applicant beneficiaries.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p>	<p>No prescribed identification submitted as of to date.</p> <p>No RIS was submitted yet.</p> <p>Eligibility and capability of the applicants were already properly assessed.</p>

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<p>Agreement (MOA) resulted in the delayed release of fund assistance of P100,000.00 by the project partner to the beneficiaries, thus program results and benefits were not immediately realized. In addition, the liquidation report for the fund assistance was not supported by documents required under Section 5.4 of COA Circular No. 2007-001; thus, propriety of fund utilization cannot be immediately established.</p> <p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> • Faithfully perform its responsibilities to monitor and inspect the implementation of projects under its various programs to ensure that funds are received and utilized by the beneficiary; • Cause the submission of the lacking documents required under COA Circular No. 2007-001 for audit purposes; and • Instruct the Accountant to require the submission of complete supporting documents before liquidations are considered and recorded in the books of accounts. <p>10. Non-enforcement by management of the terms of loan</p>	<p>ML 2011</p>	<p>Management had reminded the concerned field offices to submit the lacking documents.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>According to the concerned focal person in the Baguio-Benguet Field Office, they failed to follow up the lacking documents and monitoring reports in the utilization of the funds with the University of the Cordilleras.</p> <p>The Accountant has considered all liquidations and recorded in the books upon submission of the complete supporting documents in 2013.</p>

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<p>agreements in case of default in payment by creditors and the non-institution of legal actions resulted in the non-collection of loans granted more than ten years ago amounting to ₱4,301,141.33.</p> <p>We recommended and Management agreed to institute all measures to collect the loans and document such actions to support request for write-off.</p>		<p>Management was able to collect ₱13,500.00 in loan payments and requests have already been made by management for the writing off of loans amounting ₱4,285,595.47 through the IAS of DOLE-Central Office.</p>	Fully Implemented	<p>The Audit Team had forwarded to the Supervising Auditor their comments on the request for write-off which was forwarded to COA Central Office for final decision.</p>
<p>11. Grant and liquidation of fund assistance amounting to ₱1,258,500.00 and ₱1,910,288.00 respectively, were not in accordance with Department Order (D.O.) 36-02, COA Circular Nos. 2007-001 and 94-13; thus, propriety of the transactions can not be immediately determined posing risk to the successful implementation of projects.</p> <p>We recommended and Management agreed to ensure that the release of fund assistance to NGOs/POs and LGUs is supported with documents in accordance with COA Circular No. 2007-001 and DOLE D.O. No. 36-02.</p>	ML 2011	<p>Management committed to implement the recommendations in processing future fund assistance. Fund assistance released to LGUs were supported with complete documents.</p>	Fully Implemented	<p>Release of Fund assistance were already supported with complete documents in accordance with COA Circular No. 2007-001 and DOLE D.O. No. 36-02.</p>
<p>12. Proper accounting and property records for Property, Plant and Equipment (PPE)</p>	ML 2011			

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<p>amounting to P31,875,008.70 were not maintained contrary to Sections 12 and 42 of the Manual on the New Government Accounting System (NGAS), volume II, thus, reconciliation was not done rendering the accuracy of the balances doubtful and control over assets weak.</p> <p>We recommended and management agreed to require the:</p> <p>a) Supply Officer and Accountant to prepare and maintain Property Cards and PPELCs/PPELCs (SI), respectively, for each type of PPE;</p> <p>b) Supply Officer and Accountant to reconcile periodically the two records.</p>			<p>Fully implemented</p> <p>Fully Implemented</p>	<p>It was reiterated in ML 2012 Finding no. 2.</p>
<p>13. Not all disposed unserviceable property reported in the Inventory and Inspection Reports of Unserviceable Property (IIRUP) were dropped from the books contrary to Section 64, Manual on the NGAS, Volume II, thus the misstatements of affected PPE accounts.</p> <p>We recommended and Management agreed that the Accountant and the Property Officer reconcile their records to determine which of the disposed assets were recorded in the books so that these could be properly dropped from the books.</p>	<p>ML 2011</p>	<p>Management had required the Accountant and the Property Officer to reconcile their records.</p>	<p>Fully Implemented</p>	<p>The Accountant and the Property Officer had reconciled their records.</p>

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<p>14. Payment of Collective Negotiation Agreement (CNA) Incentive amounting to P1,812,720.00 was not in accordance with DBM Budget Circular Letter Nos. 2006-1 and 2011-5 and DBM Circular Letter No. 2011-9 rendering the expense irregular and resulting in excess payment of P392,160.00.</p> <p>We recommended that Management:</p> <p>a) Cause the refund by its employees of the excessive incentive amounting to P392,160.00;</p>	ML 2011	Management is still preparing for an appeal.	Not implemented	Issued Notice of Disallowance No. 2013-001-101(2011) dated Feb. 24, 2014
<p>15. Payment of wages for Emergency Employment Program (EEP) laborers amounting to P4,758,457.95 lacked the necessary documents and signatures contrary to Section 138, Government Accounting and Auditing Manual (GAAM), Volume I; thereby affecting the propriety of the expenditures.</p> <p>We recommended and Management agreed to prepare the required documents and obtain the proper signatures for future EEP projects.</p>	ML 2011	Contracts of service were prepared for succeeding EEP projects.	Fully implemented	Contracts of service were prepared for EEP projects and payrolls and SDs paid during the year were properly signed.
<p>16. The subsidiary ledger (SL) balances of Other Payables account for Alien Employment</p>	ML 2010			

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<p>Permit (AEP) publication fees and Money Claims (MC) do not tally with the reported cash back-up under Cash in Bank, Local Currency Account (LCCA) and MCs are not supported with details of individual accounts casting doubts on the accuracy and validity of the reported balances of the two accounts.</p> <p>No further action done after the letter request was returned to Management since it was not in accordance with the 2009 COA Rules of Procedure. It was recommended that Management require those in charge of labor cases to review and submit a list of cases with paid and unpaid money claims for reconciliation with accounting records</p>		<p>Management has prepared separate SLs and maintained for money claims amounting to ₱2,261,396.63.</p>	<p>Fully implemented</p>	<p>Balances of Other Payables account were already reverted to the Bureau of Treasury.</p>
<p>17. Disallowances totaling ₱639,147.07 remained unsettled due to the absence of any action towards the settlement of these disallowed payments contrary to Section 102 of Presidential Decree 1445.</p> <p>We recommended that the Agency Head issue a directive to all persons liable to immediately settle the disallowances in accordance with the procedures under the Rules and Regulations on Settlement of Accounts (RRSA) prescribed under COA Circular No. 2009-006 dated September 15, 2009.</p>	<p>ML 2010</p>	<p>Management is still preparing for an appeal.</p>	<p>Not implemented</p>	<p>Management submitted justification/appeal to the previous Audit Team dated February 23, 2012 but eventually returned by the latter due to non authority and recommended to file directly to the</p>

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				Regional Director COA-CAR. However, the appeal was not yet forwarded to the COA-CAR Regional Office.
<p>18. Cash Advances pertaining to previous and current years remained unliquidated at year end due to failure of effective monitoring of liquidations thereof contrary to COA Circular Nos. 97-002, 94-013, 96-003, thus, resulting in overstatement of assets and understatement of expenses.</p> <p>We recommended that Management require focal persons of projects to monitor and assists LGUs and NGOs/POs in the preparation and submission of their liquidation reports. Factors that cause delay in the submission of liquidation documents are to be determined so that remedial measures may be instituted.</p>	ML 2008	Management issued an Office Order No. 22 s. 2012 creating Task Force on Liquidation for this purpose.	Partially implemented	<p>Management found it difficult to require submission of liquidation reports for grants given to national government agencies and NGOs/POs considering that these were granted more than ten years ago.</p> <p>Reiterated in ML 2013 par. Nos. 20-25.</p>

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