

SUMMARY OF ACTIONS TAKEN ON 2011 COA ANNUAL AUDIT FINDINGS AND RECOMMENDATIONS

As of April 25, 2013

Office/Region: DOLE - Region IV-A

AUDITOR'S OPINION:

SUMMARY OF COA FINDINGS	COA RECOMMENDATIONS	AGENCY ACTION/COMMENTS
<p><b>Current</b> FY 2011</p> <p><b>1) The Loans Receivables, Due from LGUs and NGOs/POs of P 50,875,456.59 remained uncollected for more than 1 to 10 years due to failure of the Management to designate an official or employee to conduct periodic monitoring on the status of its liquidation and evaluation of the project implementation in violation of items 5.3 and 5.4 of COA Circular 97-001, thereby tying up the financial resources of the Agency.</b></p> <p>Section 5.3 of COA Circular 2007-001 states that: " The signing official of the GO to the Memorandum of Agreement (MOA) shall cause close monitoring and inspection of projects implementation and verification of financial records and reports of the NGO/PO and shall ensure compliance with the provisions of the MOA and this Circular.""</p> <p>Section 5.4 of COA Circular 2007-001 states that: "Within sixty (60) days after the completion of the project, the NGO/PO shall submit the Final Utilization Report certified by its Accountant and approved by its President/Chairman to the GO together with inspection report and certificate of project completion rendered/issued by the GO authorized representative, list of beneficiaries with their acceptance/ acknowledgement of the projects/funds/goods/services received. The validity of these documents shall be the basis of the GO in accounts. These documents shall support the liquidation of funds to the NGO/PO."</p> <p>Liquidation reports for fund entrusted to different LGU, and NGOs/POs for the implementation of various DOLE projects were not submitted within the prescribed period contrary to the above mentioned regulations.</p> <p>The accumulation of unpaid loans and unliquidated fund transferred to LGUs and NGOs/POs over the years shows laxity in the monitoring of said Funds and enforcement of the required submission of the Fund Utilization Reports from the proponents.</p>	<p>Management to :</p> <ol style="list-style-type: none"> <li>a. Instruct the Regional Monitoring Team to intensify collections of the Loans Receivables; and designate a key personnel who can monitor the loan granted and the project implementation and enforce repayment thereof;</li> <li>b. Enforce the provision of COA Circular 2007-011 and MOA for the submission of the Final Utilization Report/Liquidation Report to decrease the outstanding balance;</li> <li>c. File appropriate charge against erring LGUs, NGOs/POs who continuously failed to settle their obligations. The actual status of the projects and funds will result in a more accurate and reliable financial information of DOLE; and</li> <li>d. Instruct the Regional Accountant to evaluate the status of the outstanding obligations and to request for writing off of the unpaid loans amount by the beneficiaries, if collection is not feasible anymore.</li> </ol>	<p>The Regional Monitoring Team already conducted actual project site visits and documented the monitoring activities including the provision of technical assistance in collecting the loans receivable and was able to partially secure necessary documents needed to support the management's request for dormant accounts to be written-off. Said requests are now with the DOLE IAS consisting of sixty nine (69) ACP's amounting to P7,519,098.78 (including interest receivables of P 567,369.00) for evaluation and recommendation.</p> <p>As of December 31, 2012, (3) ACP's refunded a total amount of P25,631.41. Likewise, the entire record of (1) ACP under the name of Women's Group amounting to P81,632.96 was endorsed to DOLE-RO3 having jurisdiction.</p> <p>Out of P 8,374,058.00 and P 35,227,631.75 unliquidated balances of Due from LGUs and NGOs/POs as of December 31, 2011, the liquidated amount as of this date for Due from LGUs and NGOs/POs is P 2,459,008.32 and P 4,932,796.12, respectively.</p> <p>The TSSD focal person is still conducting monitoring activities, inspection of projects implementation and verification of financial records and reports to ensure compliance with the provisions of the MOA and COA Circular 2007-001.</p>

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<p><b>2) The validity of gasoline expenses amounting to P 296,699.58 could not be ascertained due to failure of the Management to enforce proper preparation of the Daily Trip Tickets before the use of government vehicle in violation of COA Circular No., 75-6, resulting to inadequate control in gasoline consumption.</b></p> <p>Section I of COA Circular 75-6 provides that :</p> <p><i>" The use of government motor vehicles by the bureaus and offices enumerated under Section 12 of Presidential Decree No. 733 shall be authorized only through the issuance of each trip ticket, duly signed by the Chief or the Administrative Officer of the bureau, office or entity concerned in Form A, Driver's Trip Ticket. At the end of each month, the date shown on all the trip tickets issued during the month should be transcribed or summarized in chronological order in a Monthly Report of Official Travel, Form B to be accomplished by the driver of each car concerned. The Monthly Report of Official Travels should be accomplished in triplicate, the original thereof supported by all the Driver's Trip Ticket to be submitted, thru the Administrative Officer of the bureau, office or entity concerned to the auditor thereof, the duplicate to be kept by the bureau, office or entity and the triplicate to be retained by the driver."</i></p> <p><b>3) Cash advances of officers and employees amounting to P436,997.70 for travels and projects/programs were not liquidated within the prescribed period pursuant to Section 4.1.3, 5.1.3 and 56.9 of COA Circular No. 97-002 dated February 10, 1997, resulting to the accumulation of outstanding balances as at year end.</b></p> <p><i>"Section 4.1.3 - A cash advance shall be reported on as soon as the purpose for which it was given has been served."</i></p> <p><i>"Section 5.1.3. Official Travel - within sixty (60) days after return to the Philippines in the case of foreign travel or within thirty (30) days after return to his permanent official station in the case of local travel, as provided for in EO 248 and COA Circular No. 96-004."</i></p>	<p>Management to :</p> <p>&gt; strictly enforce the use of the Driver's Trip Tickets before authorizing the use of a vehicle. The Supply Officer should ensure that the Trip Ticket is properly accomplished to support the payment of gasoline and fuel expenses. Also, direct the designated personnel to submit regularly the Monthly Report of Fuel Consumption and the Monthly Report Official Travel.</p> <p>Management to :</p> <p>&gt; instruct the Regional Accountant to enforce liquidation of cash advances on the prescribed frequency and impose sanctions by withholding their salaries pursuant to Section 4.1.3, 5.1.3 and 5.9 of COA Circular 97-002;</p> <p>&gt; exert extra effort to locate the whereabouts of the accountable officer and cause the liquidation of the long outstanding cash advances in compliance with the existing rules and regulations.</p>	<p>To date, the Management is strictly observing COA Circular No. 75-6 on proper preparation of the Daily Trip Tickets before the use of government vehicle. The Property Officer on the other hand, is now submitting Monthly Report of Fuel Consumption and Monthly Report of Official Travel.</p> <p>As of December 31, 2012, cash advances of officers and employees amounting to P 373,626.35 for travels and projects/programs were already liquidated except for advances of seven (7) personnel amounting to P 63,371.35. These involving advances of accountable officers who were already deceased, retired, transferred/resigned and dropped from the rolls. This Office is in the process of gathering documents to support the request for writing-off.</p> <p>Further, out of this P63,371.35 unliquidated amount, P7,000.00 of which, involving relocation expenses of (2) accountable personnel were erroneously recorded in the books of account as "Advances to Officers and Employees" which should have been direct expense.</p> <p>As of this date, adjustment of record has been made on this account and reclassified as "Prior Years' Adjustment".</p>

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<p><i>"Section 5.9. At the start of an ensuing year, a new cash advance maybe granted, provided that lists of expenses against previous cash advance is submitted. However, when no liquidation of the previous cash advance is received on or before January 20, the Accountant shall cause the withholding of the accountable officer's salary."</i></p> <p>The accumulation of unliquidated cash advances is the non-liquidation within the prescribed period or when the purpose has been served. This also includes advances granted for travel."</p> <p>It is reminded that fiscal responsibility of any government agency rest with the Head of the agency. As such, he is the very person who is responsible for all government funds and property pertaining to the agency.</p> <p><b>Prior Years</b> <i>FY 2010</i></p>		<p>The Regional Accountant strictly enforces liquidation of cash advances on the prescribed frequency and impose sanctions pursuant to Section 4.1.3, 5.1.3 and 5.9 of COA Circular 97-002. Hence, no cash advance is granted unless the previous cash advance is already liquidated.</p> <p>On the part of the outstanding cash advances of accountable officers who were already separated from this office, the Management is still exerting extra effort to locate their whereabouts to send demand letters and still in the process of gathering information and secure necessary documents needed to support the request for write-off.</p>
<p><b>4) Funds released to NGOs/POs for CY 2010 for livelihood projects in the amount of P 7,029,174.42 were not supported with Official Receipts (ORs) contrary to the provisions of the Memorandum of Agreement (MOA), thus exposing the government funds to loss or misappropriation.</b></p>	<p>Management to require the proponents to comply with the guidelines as stipulated in the MOA and Department Order No. 36-02 and to affix their signatures on the documents before checks are released.</p>	<p>As of December 31, 2012, fourteen (14) ACPs involving the amount of P 3,555,442.50 have complied with the guidelines as stipulated in the MOA and Dept. Order No. 36-02. The remaining balance is still uncompleted as of this date.</p> <p>Management committed that all other documentary requirements will be submitted as soon as the documents from other proponents are completed.</p>
<p><b>5) Disbursements totaling P 1,794,984.03 cannot be ascertained due to the Management failure to support the claims with proper and complete documentation and lack the signatures of responsible signing officials contrary to Section 4(6) of PD 1445 and COA Circular No. 97-004 dated July 1, 1997, hence, the validity of the said transactions is doubtful.</b></p>	<p>Management to instruct the Accountant to strictly observe the provisions of Section 4(6) of PD 1445 and COA Circular 97-004 dated July 1, 1997 in the processing of claims to determine the validity, legality and in conformity with existing rules and and regulations.</p>	<p>The Management had settled the amount of P 1,746,249.64 claims and partially submitted the necessary documents in compliance to COA requirements. The remaining balance of P 48,734.39 will be complied as soon as the documentary requirements are available.</p>
<p><b>6) Disbursement vouchers, copy of approved purchase orders/work orders and other related financial reports and their supporting documents were not submitted on time for audit/review, contrary to Section 100 of PD 1445 and COA Circular No. 96-010, thereby timely, relevant and efficient audit were not rendered.</b></p>	<p>Management require the Accountant and Supply Officer to comply strictly within the reglementary period, the submission of financial reports, vouchers and their supporting document for audit/review in compliance with existing rules and regulations.</p>	<p>The Accountant and Supply Officer assure compliance for the timely submission of financial/procurement reports with complete supporting documents for audit/rerview.</p> <p>To date, Management is observing prompt submission of reports to comply with the COA rules and regulations.</p>

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<p><i>Prior Years</i> <i>FY 2009</i></p> <p><b>7) Total payments of P 597,720.00 for the rental of buildings for Batangas and Quezon Field Offices for the period January to October 2008 were not supported by Official Receipts (ORs) contrary to Section 34 of the New Gov't. Accounting System (NGAS) Manual, Volume 1, and Section 237 of Chapter II of the Internal Revenue Code.</b></p> <p><b>8) Funds of P 3,071,458.60 were released to (14) NGOs/ POs for livelihood projects without supporting documents which is not in accordance with COA Circular No. 2007-001 dated 25 Oct. 2007 and DOLE Department Order No. 36-02.</b></p>	<p>Management to enforce the issuance of Official Receipts for the rental payments to establish validity of the expenses in compliance with Section 34 of Vol. I - NGAS Manual and Section 237, Chapter II of the Internal Revenue Code.</p> <p>Management to reject project proposals of proponents without the required documentations or direct them to comply with the guidelines and Dept. Order before processing the claims and checks are released.</p>	<p>The Official Receipts (ORs) for the rental of the Quezon Field Office were already submitted in compliance with Section 34 of Vol. I - NGAS Manual and Section 237, Chapter II of the Internal Revenue Code. As to the ORs for the rental of Batangas Field Office (BFO) for January to October 2008, an update report from former BFO Director Milagros Mata dated December 27, 2011 revealed that Ms. Tess Macatangay, in charge of receiving payments from the tenants of the building previously occupied by DOLE - BFO, explained that they cannot issue ORs due to the following reasons :</p> <ul style="list-style-type: none"> <li>- building owner, Mr. Manolito Aldovino, has no legal business to be granted authority to print official receipts;</li> <li>- MAJ building was completed only from the two million pesos borrowed by Mr. Aldovino from Ms. Macatangay;</li> <li>- as payment for the borrowed funds, Mr. Aldovino agreed that Ms. Macatangay will be the one to receive payment for the rentals; and</li> <li>- Ms. Macatangay is an OFW and cannot issue ORs also.</li> </ul> <p>The proponents for the thirteen (13) livelihood projects released to NGOs/POs had complied with all the documentary requirements in accordance with COA Circular No. 2007-001 dated 25 October 2007 and DOLE Department Order No. 36-02 except for the one (1) ACP under the name of Sikap Mahirap Multi Purpose Cooperative amounting to P 150,000.00 which is still unliquidated.</p>

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<p><b>Prior Years</b> <i>FY 2008</i></p> <p><b>9) Uncollected Loans Receivable - Others P 7.3M</b></p> <p>Loans Receivable - Others amounting to P 7,296,766.84 remained outstanding for seven (7) to seventeen (17) years contrary to the Guidelines of DOLE Integrated Livelihood Program and the Loan Contracts.</p> <p><b>10) Unliquidated Fund Assistance to NGOs/POs</b></p> <p>Fund assistance to NGOs/POs under account "Due from NGOs/POs amounting to P 8,398,957.18 of which P 2,409,900.45 or 29% remained unliquidated from three to six years contrary to COA Circular No. 96-003 dated 27 February 1996 and MOA with 23 recipient NGOs/POs of financial assistance for livelihood projects from 2001 to 2004 had not submitted the financial statements and project completion reports for the liquidation of the grants. However, submitted liquidation documents of (14) NGOs/POs amounting to P 1,561,113.25 showed that some proponents did not adhere to the requirements of submitting the certification of statements by independent Certified Public Accountant or verification by the internal auditor of the funding agency. One liquidation report of the 3rd District of Laguna OFW Gulf War Victims, Inc. revealed an official receipt number 2406 in the amount of P 4,200,00 which was tampered. The audited amount should be P 2,800.00. On the other hand, current year releases numbering five were received not by the proponent themselves but by field officers from the province where the project will be implemented even without authority which is not in conformity to sound internal control.</p>	<p>Management to :</p> <p>b. Exhaust all possible means of locating the whereabouts of the debtors and send demand letters accordingly;</p> <p>c. Enforce the settlement of the outstanding accounts through proper legal action.</p> <p>Management to :</p> <p>&gt; Require the proponents to submit the requirements stipulated in the Memorandum of Agreement and in compliance with COA Circular No. 96-003;</p> <p>&gt; Conduct regular monitoring and inspection of project implementation and verification of financial records and reports of the NGOs/POs so that they will be aware of their obligations;</p>	<p>The Regional Monitoring Team already conducted actual project site visits and documented the monitoring activities including the provision of technical assistance in collecting the loans receivable and was able to partially secure necessary documents needed to support the management's request for dormant accounts to be written-off. Said requests are now with the DOLE IAS consisting of sixty nine (69) ACP's amounting to P7,519,098.78 (including interest receivables of P 567,369.00) for evaluation and recommendation.</p> <p>As of December 31, 2012, (3) ACP's refunded a total amount of P25,631.41. Likewise, the entire record of (1) ACP under the name of Women's Group amounting to P81,632.96 was endorsed to DOLE-RO3.</p> <p>Out of P 2,409,900.45 unliquidated fund assistance to NGOs/POs from three to six years, eight (8) proponents amounting to P 928,735.85 had already submitted the liquidation reports/documents as of December 31, 2012. Likewise, records of the two (2) proponents with the amount of P 106,000.00 under Rio Tuba Nickel and Agnipa Bamboo Craft Ass'n. were endorsed to DOLE-Region 4B having jurisdiction.</p> <p>At present, this Office is implementing the "incomplete documents, no release" policy in all livelihood projects. Efforts are still being exerted for the remaining proponents to comply with the required documents.</p> <p>During inspection and monitoring activities, if proponents are not keeping financial records due to absence of technical knowledge, the Monitoring Team provides technical assistance on simple bookkeeping.</p>

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<p><b>11) Dormant Receivables - Disallowances (Charges) - P 619,787.75</b></p> <p>Disallowances (Charges) in the amount of P 619,787.75 have long been outstanding for seven years and have been dormant (not moving) since 2005, due to the failure to enforce collection from former officers and employees of the Agency.</p>	<p>It is recommended that Management exert effort to locate the debtors and enforce collection. In case where debtors cannot anymore be located and collection of the receivables is nil, actions taken thereon and reasons for their being non-collectible should be documented and request for write-off be filed with the Commission on Audit following COA Circular No. 97-001 5 February 1997.</p>	<p>The Management is still sorting the list of dormant accounts subject to request for write-off with the Commission on Audit as per COA Circular No. 97-001 dated 5 February 1997.</p>