



Department of Labor and Employment  
**Matrix of Audit Observations, Recommendations and Management Comments**  
 For Calendar Year Ending December 31, 2009

Observations	Recommendations	Management Comments
<b>A. Program Evaluation</b>		
<p><b>The efficiency in the utilization of program funds and the DOLE’s effectiveness in addressing the perceived needs and ultimately achieving the stated program objectives cannot be accurately gauged due to</b></p> <ul style="list-style-type: none"> <li>• Retention of the significant amount of program funds in the depository accounts of the regional offices denotes DOLE’s inability to fully implement some programs;</li> <li>• Inadequate assessment of the capability of recipients to implement the funded projects resulting in the very low repayment rate and the delinquent and dormant status of loans granted to program beneficiaries;</li> <li>• Release of funds even without the requisite documentary support attesting to the eligibility and entitlement of the recipients to receive assistance granted and failure to monitor the project implementation resulting the non-submission or extremely delayed submission of reports of fund utilization;</li> <li>• Continuous release despite default in complete disregard of prescribed limitations and sanctions resulting in the accumulation of significantly high level unliquidated financial assistance; and</li> <li>• Absence of guidelines in the proper accounting of program funds resulting in the too liberal classification of fund releases</li> </ul>	<p>To ensure a uniform accounting classification of the utilization of program funds, we recommend to DOLE Management the following courses of action</p> <ol style="list-style-type: none"> <li>1. Revise existing guidelines in the implementation of each project to include the accounting treatment of fund releases to ensure uniformity and thus facilitate the monitoring of the rate of financial delivery under each program.</li> <li>2. Require strict compliance by the recipient LGU/NGOs/POs of the prescribed time frame for the submission of the required Fund Utilization Reports. Apply the prescribed sanction on defaulting NGOs/POs</li> <li>3. Require project offices/personnel to closely monitor the status of project implementation. Towards this end, monitoring reports detailing the extent of project implementation; recommended corrective measures to put the project on track or punitive actions to be imposed for unreasonable slippages, should be complied and reviewed by higher</li> </ol>	<p>Existing guidelines for DOLE’s programs/projects will be reviewed and necessary revisions will be proposed through the preparation of revised guidelines.</p> <p>A DOLE Memorandum dated June 16, 2010 was issued to all Regional Offices directing/instructing them to, among others:</p> <ul style="list-style-type: none"> <li>• Enforce the submission of fund utilization reports by LGUs/NGOs/POs;</li> <li>• Conduct monitoring of the project implementation; and</li> <li>• Prescribe the corresponding sanctions or penalties.</li> </ul> <p><u>For NCR –</u></p>

Observations	Recommendations	Management Comments									
<p>under accounts where no reporting is required paying no heed to accountability and practically waiving the monitoring of fund utilization.</p> <p>1. <i>The remarkably high level of reported balances of Cash-in-Bank, Local Currency Current Account (Account Code 111), when viewed in relation to the mode adopted in the transfer of funds to the regional offices and the reported balances of related accounts, denotes DOLE's inability to fully implement its programs and projects and consequently, its failure to achieve its stated program objectives.</i></p> <p>Excessively high level of cash deposit in authorized government depository banks</p> <p>Absence of specific guidelines resulted in diverse accounting treatment of program fund releases thus the extent of financial assistances released under the various programs cannot be readily and accurately established.</p> <p><i>The DOLE's performance indicators as shown in the Annual Accomplishment Report are not reflective of actual program results as it does not consider the qualitative status of the accounts under which the program funds were reported.</i></p>	<p>officials to ensure compliance and appropriate evaluation or assessment.</p> <p>4. Re-evaluate all existing loans to determine the appropriate action to be done in order to dispose of these delinquent and long dormant accounts</p> <p>5. Require the project personnel concerned to ensure complete documentation before the initial release of fund to any approved project is made and to comply strictly with the requirement that no additional release be made unless the Fund Utilization Report for the earlier release had been submitted</p> <p>6. Lastly, conduct a re-evaluation of the implementation strategies currently in place and devise alternative measures to prevent the recurrence of the cited deficiencies in the different programs being implemented and thus make the programs more responsive in addressing the perceived needs of the program beneficiaries.</p>	<p>The DOLE NCR has formed a Task Force to update SPES data and bank reconciliation statements from 2004 to the present. Please refer to the attached Office Order No. 164, Series of 2010.</p> <p>The DOLE NCR conducted a Re-Orientation Seminar last August 11-13, 2010 for all personnel involved in the DOLE Integrated Livelihood Program (DILP) to re-enforce proper procedures in the Accreditation of Co-Partners, Evaluation and Approval of Livelihood Projects, Monitoring and Liquidation of Funds. Lecturers from FMS and BWSC provided latest guidelines applicable to this Program.</p> <p><u>For CAR -</u></p> <p>Understatement of Cash in Bank-Local Currency, Current Account – P755,965.67.</p> <p>The Accountant adjusted the understatement of P755,965.67 and prepared bank reconciliation statements relative thereto. The Cashier will maintain the required reports.</p> <p><u>For RO 1-</u></p> <p>As of December 31, 20009, Cash-In-Bank, Local Currency Current Account has a balance of P4,303,569.10 broken down as follows:</p> <table data-bbox="1360 1377 1780 1469"> <tr> <td>P 2,136,276.98</td> <td>-</td> <td>ECLTI Fund</td> </tr> <tr> <td>976,136.97</td> <td>-</td> <td>SPES Fund</td> </tr> <tr> <td>567,243.80</td> <td>-</td> <td>Money Claims</td> </tr> </table>	P 2,136,276.98	-	ECLTI Fund	976,136.97	-	SPES Fund	567,243.80	-	Money Claims
P 2,136,276.98	-	ECLTI Fund									
976,136.97	-	SPES Fund									
567,243.80	-	Money Claims									

Observations	Recommendations	Management Comments																		
<p>2. <i>Loans Receivable - Others (Account 126)</i></p> <p><i>The delinquent status of loans granted to the program beneficiaries under various program of DOLE, aside from highlighting the inadequate assessment of the capability of the loan recipients; inadequate monitoring of program implementation and lack of sustained effort to effect collection, denotes DOLE's failure to achieve its program objectives.</i></p> <p>3. <i>Due from LGUs (Account 138)/Due from NGOs/POs (Account 139)</i></p> <p><i>Release of financial assistance even without the required documentation ; failure of the oversight and implementing DOLE offices to enforce the prompt submission of Fund Utilization Reports as well as the continuous release of additional funds despite thereof have resulted in the accumulation of unliquidated financial assistance to LGUs and NGOs/POs, a deficiency that has the adverse effect of overstating the reported balance of these accounts and understating the project expenditures. Moreover, the efficiency of the use of the assistance granted cannot be assessed and the effectiveness of the program in addressing the stated program objectives cannot be gauged.</i></p> <p>4. <i>Donations (Account 898)</i></p> <p><i>The recording of financial assistance to the</i></p>		<table border="0"> <tr> <td style="text-align: right;">62,242.11</td> <td>-</td> <td>Publication Fee</td> </tr> <tr> <td style="text-align: right;">237,739.21</td> <td>-</td> <td>NARS Fund</td> </tr> <tr> <td style="text-align: right;">323,930.03</td> <td>-</td> <td>Centrally-managed funds</td> </tr> <tr> <td colspan="3"><hr/></td> </tr> <tr> <td style="text-align: right;"><b>P 4,303,569.10</b></td> <td></td> <td></td> </tr> <tr> <td colspan="3"><hr/></td> </tr> </table> <p>ECLTI is a special project funded by a Swiss Foundation to be implemented by the Regional Office for a duration of 3 years (2007 up to 2009). The unused fund at the end of the year need not be returned to the funding agency since this will be used in preparation for the ECLTI Phase III Project.</p> <p>As regards the SPES fund, the amount was allotted for Christmas 2009. Rest assured that any unutilized balance will be remitted to the BTR after all claims have been paid.</p> <p>Money claims and Publication Fee are funds held in trust for the settlement of cases under Article 128 and 129 of the Labor Code and for the purchase of equipment to be used in the preparation of AEP's and ID's respectively, hence, remittance to the BTR is not required.</p> <p>NARS Fund is intended for the payment of stipend of nurse-trainees under the DOLE's Project NARS Batch I and II. The amount at year-end includes the fund given by 2 NGO sponsors, PHAPCares and GSKF and also the balance of Project NARS Batch I. The unutilized amount will be returned to the sponsors through the Central Office and to the BTR as soon as the Bank Reconciliation Statement will be prepared for this account.</p> <p>The Centrally-managed funds consist of fund balances transferred by Central Office to cover</p>	62,242.11	-	Publication Fee	237,739.21	-	NARS Fund	323,930.03	-	Centrally-managed funds	<hr/>			<b>P 4,303,569.10</b>			<hr/>		
62,242.11	-	Publication Fee																		
237,739.21	-	NARS Fund																		
323,930.03	-	Centrally-managed funds																		
<hr/>																				
<b>P 4,303,569.10</b>																				
<hr/>																				

Observations	Recommendations	Management Comments
<p><i>various beneficiaries of DOLE programs as outright donations provide no assurance that the same were indeed utilized for the purpose for which these were intended.</i></p> <p>5. <i>Other Professional Services (Account 799) / Scholarships (Account 754)</i></p> <p><i>Classification of program fund releases as Other Professional Services and/or Scholarships aside from its being inappropriate resulted in the gross misstatement of these accounts and a misleading financial information on the operations of DOLE.</i></p>		<p>payment of our continuing allotment for CY 2010. However, after payment of all obligations, the remaining balance will be remitted to the BTR.</p> <ul style="list-style-type: none"> <li>On the Delayed Submission of Liquidation Documents for Financial Assistance given to LGUs, NGOs/POs</li> </ul> <p>A follow-up memorandum dated July 7, 2010 was issued by the Regional Director to the Chief of TSSD, Heads of Field Offices and the concerned staff directing them to give priority in causing the liquidation of these accounts and further ordering them to submit their reports pursuant to a previous memorandum issued to them.</p> <p>The balance of Cash-In-Bank, LCCA at the end of the year does not reflect the efficiency or inefficiency in the utilization of program funds in as much as this account consists not solely of program funds but deposits under Trust Account. In the case of this region, P2,765,762.9 or 64% of the December 2009 balance consists of Trust deposits.</p> <p>In recording financial assistance to various beneficiaries of DOLE Programs, this Office adopts the prescribed accounting policies using the account “Due from” upon release and “Subsidy to” or “Prior Year’s Adjustment” upon liquidation and not outright “Donations”.</p> <p>With the Memorandum issued by the Regional Director to concerned staff and letter reminder to LGUs, NGOs and POs, liquidation documents were submitted as follows:</p>

Observations	Recommendations	Management Comments
		<p>a. From recipient NGAs - 945,321</p> <p>b. From recipient LGUs - 8,839,355</p> <p>c. From recipient NGOs/POs - 3,063,780</p> <p>The rate of liquidation will surely increase at the end of this year considering the regularity of written reminders and follow-ups being done by the Regional Office and Field Offices.</p> <p><u>For RO II</u></p> <p>For the past three (3) years, it should be noted that Region 02 had a high utilization rate showing that we have efficiently utilized our funds. From 85.30% utilization rate in 2008, DOLE RO 02 increased its utilization rate in 2009 to 92.14%. We were able to fund more livelihood projects with stronger linkages of RO and Field Offices with LGUs, PESOs and other government agencies such as DTI and BFAR.</p> <p>SPES funds were only transferred based on the actual obligations of SPES beneficiaries; thus we had no SPES fund balance at year-end. For the past 3 years, SPES funds were utilized and we were able to exceed target beneficiaries.</p> <p>Attached is a List of Liquidation of LGUs and NGOs/POs for years 2008 and 2009 totaling P8,986,350.50.</p> <p>We recognize the observation of the piling-up of unliquidated cash advances, hence, we came up with a project named “Liquidation Blitz” in order to fast track the liquidation. An assessment on the Action Plan of Provincial Offices and Re-planning</p>

Observations	Recommendations	Management Comments
		<p>was also done on April 13, 2010 to monitor the progress of Liquidation of Cash Advances. As a result of this Liquidation Blitz, 15 Fund Utilization Reports of LGUs and NGOs/POs with a total amount of P2,182,612.00 were already forwarded to our Resident Auditor (List attached). Also, 21 Fund Utilization Reports of LGUs/NGOs/POs with a total amount of P5,489,682.12 were already submitted by Field Offices to TSSD for evaluation (List attached). With the marked increased of Fund Utilization Reports as the Regional Office, we can say that the Liquidation Blitz is effective with the active support of the Field Offices.</p> <p>We also have intensified project monitoring and for those projects which were not fully implemented, we require the ACPs to submit reports within 30 days.</p> <p>As a measure to facilitate implementation of newly released project funds, the Field Offices are required to conduct Action Planning on project implementation within 15 days after release and to regularly monitor projects.</p> <p>The amounts shown under the account Donations are payments of Salaries/Stipend for SPES/Project NARS/K-ITO and reimbursement of tuition fees for WODP scholars which we believe can only be charged under Donations as prescribed in the Revised Chart of Account of the new Government Accounting System. Accounting records for these projects include training contracts, payrolls and performance validation.</p> <p><u>For RO IV-A –</u></p>

Observations	Recommendations	Management Comments																												
		<p>We had already complied with the provisions of COA/DBM/DOF Joint Circular No. 1-97 requiring us the transfer of cash balances of MDS account to the National Treasury.</p> <p>The reported balances of the account CIB-LCCA for the last three years were as follows:</p> <table border="1" data-bbox="1339 423 2018 483"> <thead> <tr> <th>Office</th> <th>As of 12-31-09</th> <th>As of 12-31-08</th> <th>As of 12-31-07</th> </tr> </thead> <tbody> <tr> <td>RO 4-A</td> <td>4,940,261.74</td> <td>11,334,698.61</td> <td>7,033,450.00</td> </tr> </tbody> </table> <p>These includes balances of accounts maintained at Land Bank of the Philippines for a specific purpose. Mainly, deposits from Guaranty Deposits Payable such as collection of Writ of Execution/Cash Bond for back wages and Publication for Alien Employment Permit (AEP) application, grants for Special Program for the Employment of Students (SPES) beneficiaries and Interfund for special programs and projects.</p> <p>The total funds transferred by the DOLE-FMS to the Regional Office thru funding checks during the same period and recorded in the books under the account CIB-LCCA were as follows:</p> <table border="1" data-bbox="1339 1062 2018 1122"> <thead> <tr> <th>Office</th> <th>CY 2009</th> <th>CY 2008</th> <th>CY 2007</th> </tr> </thead> <tbody> <tr> <td>RO 4-A</td> <td>28,230,739.00</td> <td>13,483,080.31</td> <td>1,746,997.00</td> </tr> </tbody> </table> <p>Using the above data, it may be noted from the table below, that the funds utilization rate by the Regional Office for CY 2008 ranged to 33.97%.</p> <table border="1" data-bbox="1339 1299 2018 1409"> <thead> <tr> <th>Balances 12-31-07</th> <th>Funds received from CO</th> <th>Total funds available</th> <th>Balances</th> <th>Amount Disbursed</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>7,033,450.20</td> <td>13,483,080.31</td> <td>20,516,530.51</td> <td>13,547,886.88</td> <td>6,968,643.63</td> <td>33.97</td> </tr> </tbody> </table> <p>Using the balance in item #2, the actual balance</p>	Office	As of 12-31-09	As of 12-31-08	As of 12-31-07	RO 4-A	4,940,261.74	11,334,698.61	7,033,450.00	Office	CY 2009	CY 2008	CY 2007	RO 4-A	28,230,739.00	13,483,080.31	1,746,997.00	Balances 12-31-07	Funds received from CO	Total funds available	Balances	Amount Disbursed	%	7,033,450.20	13,483,080.31	20,516,530.51	13,547,886.88	6,968,643.63	33.97
Office	As of 12-31-09	As of 12-31-08	As of 12-31-07																											
RO 4-A	4,940,261.74	11,334,698.61	7,033,450.00																											
Office	CY 2009	CY 2008	CY 2007																											
RO 4-A	28,230,739.00	13,483,080.31	1,746,997.00																											
Balances 12-31-07	Funds received from CO	Total funds available	Balances	Amount Disbursed	%																									
7,033,450.20	13,483,080.31	20,516,530.51	13,547,886.88	6,968,643.63	33.97																									

Observations	Recommendations	Management Comments																																
		<p>of interfund Account as of Dec. 31, 2007 is only P1,134,004.09 and the utilization rate is 61.73%.</p> <p>The utilization rate for CY 2009 registered a remarkable increase from 33.97% in CY 2008 to 89.30%.</p> <p>The actual balance as of December 31, 2008 for item #4 is P5,593,416.43 and the utilization rate is 93.60% as compared to CY 2008 rate of 61.73%.</p> <p>Given the beginning and ending balances as well as the liquidations recorded under the account Subsidy to NGOs/POs for CY 2008, the release made during the said year, by deduction, is as follows:</p> <table border="1" data-bbox="1339 755 2020 831"> <thead> <tr> <th>Balances 12-31-07</th> <th>Releases during the year</th> <th>Reported Liquidation</th> <th>Balances 12-31-08</th> </tr> </thead> <tbody> <tr> <td>8,398,957.18</td> <td>24,365,303.68</td> <td>5,200,140.29</td> <td>27,564,120.5</td> </tr> </tbody> </table> <p>The correct balance of the account Due from NGOs/POs for the beginning and ending balance for CY 2008 is as follows:</p> <table border="1" data-bbox="1339 1011 2020 1088"> <thead> <tr> <th>Balances 12-31-07</th> <th>Releases during the year</th> <th>Reported Liquidation</th> <th>Balances 12-31-08</th> </tr> </thead> <tbody> <tr> <td>8,398,957.18</td> <td>21,893,724.56</td> <td>2,728,561.17</td> <td>27,564,120.5</td> </tr> </tbody> </table> <p>By the same method of deduction, the releases for CY 2009 distributed as follows:</p> <table border="1" data-bbox="1339 1230 2020 1307"> <thead> <tr> <th>Balances 12-31-08</th> <th>Releases during the year</th> <th>Reported Liquidation</th> <th>Balances 12-31-09</th> </tr> </thead> <tbody> <tr> <td>27,564,120.57</td> <td>13,873,517.53</td> <td>4,201,970.00</td> <td>37,235,668.</td> </tr> </tbody> </table> <p>For CY 2009, the correct balance of account Due from NGOs/POs is as follows:</p> <table border="1" data-bbox="1339 1450 2020 1474"> <thead> <tr> <th>Balances 12-</th> <th>Releases during</th> <th>Reported</th> <th>Balances 12-</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Balances 12-31-07	Releases during the year	Reported Liquidation	Balances 12-31-08	8,398,957.18	24,365,303.68	5,200,140.29	27,564,120.5	Balances 12-31-07	Releases during the year	Reported Liquidation	Balances 12-31-08	8,398,957.18	21,893,724.56	2,728,561.17	27,564,120.5	Balances 12-31-08	Releases during the year	Reported Liquidation	Balances 12-31-09	27,564,120.57	13,873,517.53	4,201,970.00	37,235,668.	Balances 12-	Releases during	Reported	Balances 12-				
Balances 12-31-07	Releases during the year	Reported Liquidation	Balances 12-31-08																															
8,398,957.18	24,365,303.68	5,200,140.29	27,564,120.5																															
Balances 12-31-07	Releases during the year	Reported Liquidation	Balances 12-31-08																															
8,398,957.18	21,893,724.56	2,728,561.17	27,564,120.5																															
Balances 12-31-08	Releases during the year	Reported Liquidation	Balances 12-31-09																															
27,564,120.57	13,873,517.53	4,201,970.00	37,235,668.																															
Balances 12-	Releases during	Reported	Balances 12-																															

Observations	Recommendations	Management Comments			
		31-08	the year	Liquidation	31-09
		27,564,120.57	18,912,498.58	16,498,679.25	29,977,939.90
		<p>For CY 2009, the Management strictly required the proponents to comply with the requirements needed in the submission of Fund Utilization Reports and to liquidate prior releases before granting of additional funds. The creation of Regional Task Force to focus in the monitoring of projects is being undertaken.</p> <p><u>For RO IV-B –</u></p> <p>On high level of CIB-LCCA balance:</p> <p>The high level of cash deposit in our depository banks were mainly due to funding checks that we received from Central Office for different emergency employment projects which were eventually utilized/disbursed.</p> <p>The payment of SPES beneficiaries were usually done in bulk at the Region. It has been a practice within regional offices the monthly transfer of funds to SPES account not exceeding the commitment for the year. Without employing this method, funds for the current month shall be adversely affected when payment of SPES beneficiaries begins considering that our monthly cash allocation ranges from P1.9M to P2.5M only.</p> <p>The practice of releasing funding checks to operating units was addressed during the third quarter of 2009, when funds are released through Notice of Transfer of Allocation (NTA).</p> <p>The problem we encountered in this mode is the</p>			

Observations	Recommendations	Management Comments
		<p data-bbox="1323 133 2018 243">lapsing of cash from bank at the end of the month. To avoid the lapse, we transfer the cash to our trust account.</p> <p data-bbox="1323 276 2018 316">On Due from LGUs/Due from LGUs/POs:</p> <p data-bbox="1323 349 2018 576">Beginning second quarter of 2010, we have been vigilant in ensuring that all Disbursement Vouchers are complete with pertinent documents before processing. Also, we conducted monitoring of projects implemented across the Region to fast track the submission of liquidation reports.</p> <p data-bbox="1323 609 2018 722">As of March 31, 2010, we managed to complete the liquidation in the total amount of P4,560,806.10 which were due from LGUs/NGOs/POs.</p> <p data-bbox="1323 755 2018 982">We had adopted a policy of “No Liquidation-No Release” for those proponents with previous grant releases and for new beneficiaries, we are ensuring that all documentary requirements and supporting documents are complied with before processing of check.</p> <p data-bbox="1323 1015 2018 1055">On Donations:</p> <p data-bbox="1323 1088 2018 1380">The increase in total program funds of P22,683,741.50 released to DOLE program as of December 31, 2009 was mainly due to the implementation of NARS Project of which this Region received P17,858,140.72. The remaining P4,825,600.78 are for SPES (P4,237,686.88), K-ITO (P200,798.80), WODP (P52,715.10) and WIN-AP (P334,400.00).</p> <p data-bbox="1323 1412 2018 1490">Disbursements of above reported funds are duly supported with payroll and other pertinent</p>

Observations	Recommendations	Management Comments
		<p>documents, received by eligible beneficiaries and attested by our Field Officers to assure the achievement of program objectives and targets.</p> <p><u>For RO V –</u></p> <p>On high level of CIB-LCCA balance:</p> <p>Regarding the unutilized NARS Project Fund of P5,478,884.51 as of December 21, 2009, we received the interfund transfer for this project up to December 2009 but documents for payment were received in 2010 hence said fund was only utilized in 2010.</p> <p>As to the SPES Fund of P2,175,378.53 as of December 31, 2009, there were some beneficiaries that have not yet submitted their complete documents that’s why payments cannot be done yet. We will also fast track the preparation of Bank Reconciliation Statement in order that we can return the excess amount as of Year 2009.</p> <p>The P11,254,984.84 also includes P2,602,366.90 which represents balance of the amount which was transferred from our MDS Account to DOLE Trust Fund Account. The transfer was made with the approval of our COA Auditor with the explanation that this will be done while still waiting for some proposals regarding LIVELIHOOD Project. However, the fund was not completely used-up to avoid overdraft since we do not have enough allotment in CY 2009. In view of this, we will ask permission if we can be allowed to use the P2,602,366.90 to purchase vehicles since our two existing vehicles consumed great part of our budget for MOOE in year 2008 and 2009 for</p>

Observations	Recommendations	Management Comments												
		<p>repair and maintenance. We hope that this request be approved.</p> <p>A Regional Project Monitoring Team under Office Order No. 10-19 Series of 2010 was created. The team shall be responsible for the monitoring of the livelihood projects and will submit reports and recommendations to the Regional Director about the status of the livelihood projects. With this RPMT, we will also be able to monitor the beneficiaries that have not yet submitted liquidation reports.</p> <p>The following are our Projects and opposite are the account name that we are debiting upon release of the grant. Please notify us of any correction, if any.</p> <table border="1" data-bbox="1339 792 2018 935"> <tr> <td>1. Release of Livelihood grant to NGOs/POs</td> <td>-</td> <td>Due from NGOs/POs</td> </tr> <tr> <td>2. Release of Livelihood grant to LGUs</td> <td>-</td> <td>Due from LGUs</td> </tr> <tr> <td>3. Release of SPES Grants</td> <td>-</td> <td>Donations</td> </tr> <tr> <td>4. Release of NARS Stipend</td> <td>-</td> <td>Donations</td> </tr> </table> <p>To date, we submitted to the Development Bank of the Philippines a position paper stating that we will withdraw our MDS Account from them in order for us to transfer to Land Bank of the Philippines in order for the Central Office to avoid issuance of funding checks to our region. This is also in response to the Memorandum from OIC Internal Affairs Cluster Amuerfina R. Reyes relative to the implementation of LBP E-card.</p> <p>The unutilized P35,000.00 as of December 31, 2009 for the Starter Kits of OFWs will be used this year for the OFW beneficiaries of Albay Province.</p>	1. Release of Livelihood grant to NGOs/POs	-	Due from NGOs/POs	2. Release of Livelihood grant to LGUs	-	Due from LGUs	3. Release of SPES Grants	-	Donations	4. Release of NARS Stipend	-	Donations
1. Release of Livelihood grant to NGOs/POs	-	Due from NGOs/POs												
2. Release of Livelihood grant to LGUs	-	Due from LGUs												
3. Release of SPES Grants	-	Donations												
4. Release of NARS Stipend	-	Donations												

Observations	Recommendations	Management Comments
		<p>On Due from LGUs/Due from NGOs/POs:</p> <p>As stated above, we see to it that we do not release financial assistance to those with incomplete documents and to those ACPs that still have unliquidated previous grants. We are now also requiring our beneficiaries for the prompt submission of Fund Utilization Reports.</p> <p>We are now also following the prescribed accounting entries related to the financial assistance.</p> <p>On Donations:</p> <p>We are debiting the Donation Account on our releases to SPES beneficiaries, NARS, WODP Union scholars and releases that the region took charge in purchasing of tools and equipments since no liquidation reports will be expected anymore.</p> <p><u>For RO VI –</u></p> <p>On high level of CIN-LCCA balance:</p> <p>The cash balance at the end of the year of CY 2009 amounting to P17,578,528.80 represents accumulated balances of various cash in bank account of the Region. This July 2010, P2,977,467.96 were remitted to the Bureau of Treasury lowering the remaining balance of P14,601,060.84.</p> <p>On Due from LGUs/Due from NGOs/POs:</p> <p>Of the total unliquidated balance as of 2009 for Projects for NGOs/POs and LGUs, P1,639,084.00</p>

Observations	Recommendations	Management Comments
		<p>were already liquidated for the first semester of 2010. Demand letters were already sent to concerned NGOs/POs and management already sought the assistance of Department of Interior and Local Government (DILG) for LGUs with unliquidated projects.</p> <p>Project monitoring will be conducted to NGOs/POs and LGUs to determine the status of the project implementation and subsequently require the submission of the Fund Utilization Paper.</p> <p>The region has been complying with the proper accounting treatment of financial assistance granted to LGUs/NGOs and POs.</p> <p>On Donations:</p> <p>The account is being used in recording payment of stipend of nurses under the NARS Program and 40% government share on the salaries of student beneficiaries under the SPES Program. Proper accounting of releases for grants for LGUs and NGOs/POs are being observed.</p> <p><u>For RO VII</u></p> <p>On high level of CIB-LCCA balance:</p> <p>Management to comply COA recommendations. Remitted P3,005,120.04 from SPES unused funds and p4 Million from Alien Publication Funds to the National Treasury for the year 2009. Interfund transfer received from Central Office for the implementation of special projects are deposited in Cash In Bank-LCCA. Likewise, other funds such as Workers Award, Alien</p>

Observations	Recommendations	Management Comments
		<p>Publication Fund, NARS Stipend and LTCE collections are deposited on this account.</p> <p>Utilization rate of our region increased from 60.63% to 74.36% for the year 2006 to 2009. Region's absorptive capacity to implement its programs and projects is remarkably high compared to the overall utilization rate of 44.98%.</p> <p>On Due from LGUs/Due from NGOs/POs:</p> <p>The office strengthen the monitoring of projects through the project implementers. Demand letters were sent to project beneficiaries who have not submitted the liquidation papers for the livelihood grants released to them. Additional livelihood grants will not be released to those who still have unliquidated grants.</p> <p>We will create task force for the speedy submission of Fund Utilization Reports.</p> <p>The accountant shall prepare adjusting journal entries in conformity with COA rules and recommendations.</p> <p><u>For RO VIII –</u></p> <p>On high level of CIB-LCCA balance:</p> <p>The fund utilization rate for year 2008 of 35.75% was brought about by the late releases of funds for projects under WINAP which was received by this Office early part of December 2008.</p> <p>For year 2009 the bulk of funds was for project</p>

Observations	Recommendations	Management Comments
		<p>NARS which amounted to P33,831,200.00, and stipend for whole month of December 2009 totaling an estimated amount of P4.9 Million was only paid early January 2010, the reasons why the reported balances was relatively high.</p> <p>All unused balances will be reverted to Bureau of Treasury within the year.</p> <p>On Due from LGUs/Due from NGOs/POs:</p> <p>The fund releases for financial assistance for LGUs were not immediately liquidated due to the following factors:</p> <ol style="list-style-type: none"> <li>1. Funds for CY 2008 were actually released only on the first quarter of 2009 due to the long year-end/Christmas vacation on that year;</li> <li>2. The insufficient number of manpower in some field offices 2009 due to the long year-end/Christmas vacation on that year makes it difficult to undertake monitoring activities on livelihood projects of the Office;</li> <li>3. The inability of some LGUs to fully cooperate with DOLE in the liquidation process despite a duly forged MOA requiring them on the submission of liquidation reports in accordance with DO 36-02 and COA Circular 2007-07;</li> <li>4. The delay in the procurement of tools and equipments by the proponent due to the change in the procurement process at the LGU; and</li> <li>5. The fabrication and delivery of nego-karts</li> </ol>

Observations	Recommendations	Management Comments
		<p>ad other equipment were affected by the frequent brown-outs in the provinces.</p> <p>DOLE RO 8 properly complied with the accounting treatment for financial assistance to NGOs/POs and LGUs, that is account code 138 and 139 only.</p> <p><u>For RO IX –</u></p> <p>On high level of CIB-LCCA balance:</p> <p>RO 9’s utilization rate for CY 2009 (Items 2, 3 4 &amp; 5) registered allegedly a low of 51.25%. However, based on the SAOB as of December 31, 2009, funds disbursed by this Office amounted to P24,708,501 or 99.01% out of the P24,955,430 funds received from the Central Office.</p> <p>The difference can be attributed to the fact that the Cash Balance of P6,967,885.20 as reflected in the AOM included the amount of P5,565,391.80 transferred to our Field Offices. The said amount was already disbursed and no longer deposited in the bank.</p> <p>We have directed our Accountant to submit the updated bank reconciliation statements for all depository accounts and to make corresponding adjustment for reconciling items in the books to ensure correctness of the balance of the Cash in Bank account.</p> <p>Rest assured, the Bank Reconciliation Statements will be submitted as soon as we finalize them.</p>

Observations	Recommendations	Management Comments
		<p>In so far as SPES 2009 implementation is concerned, we have completed the processing of our 40% counterpart as early as September last year (2009) in the amount of P8,313,061.41, a 100% utilized in 2009. We have ceased from the practice of transferring SPES funds to a special account as early as CY 2008 in compliance to our Resident Auditor's recommendations.</p> <p>On Due from LGUs/Due from NGOs/POs:</p> <p>On the total amount Due from LGUs representing financial assistance granted amounting to P15,097,745.37 (Items 7,8,9,10,11,12 &amp; 13): Management has required the concerned agencies to submit liquidation documents. Among those submitted by various government entities amounting to P1,166,143.00 were returned to the respective government entities on March 4, 2010 through our Provincial/City Offices for failure to comply with the provisions of COA Circular No. 94-013. A follow-up letter was sent on May 18, 2010 requesting the Provincial and City Heads to facilitate retrieval of the said documents.</p> <p>Recognizing its importance, management has included the retrieval of liquidation reports in the Priority Thrusts for Calendar Year 2010 as contained in Advisories dated 12 January 2010 and 24 March 2010 giving importance to monitoring and evaluation of livelihood releases and projects particularly for the years 2008 and 2009.</p> <p><u>For RO X</u></p>

Observations	Recommendations	Management Comments
		<p>On high level of CIB-LCCA balance:</p> <p>The cash balance of P2,454,063.42 as of December 31, 2009 represents the following:</p> <p>NARS Account amounting to P367,271.93 was utilized in January 2010 for unpaid payroll of nurses from the prior year.</p> <p>The Trust Fund Account of P997,215.13 represents fund transfer from CO for DOLE Kabuhayan Starter Kit of OFW received dated December 23, 2009. The amount was utilized/released to LGUs/NGOs for the first quarter.</p> <p>SPES Account amounting to P1,089,501.35. Initially, NARS fund was deposited to this account pending the release of NARS account checks by LBP. We used the SPES checks in paying the nurse payroll which has the balance as of to the date in the amount of P326,056.98</p> <p>The balance of P763,444.37 was utilized in the first quarter of 2010 for the settlement of unpaid obligations for CY 2009.</p> <p>The increase of Fund transfer thru funding checks releases from Central Office for CY 2009 represent the funding requirements of NARS program and while the 2008 releases represent ISLA Project. The amount was fully utilized within the two years period.</p> <p>Due from LGUs/Due from NGOs/POs:</p> <p>From the total unliquidated amount of P15,727,164.14, 47% were settled with the amount</p>

Observations	Recommendations	Management Comments				
		<p data-bbox="1323 133 2018 170">of P7,331,187.28 for CY 2008.</p> <p data-bbox="1323 203 2018 284">The total unliquidated balance of P10,658,551.03 represents the following:</p> <table border="1" data-bbox="1323 316 2018 397"> <tr> <td data-bbox="1323 316 1701 357">PY (2000-2008)</td> <td data-bbox="1701 316 2018 357">8,395,976.86</td> </tr> <tr> <td data-bbox="1323 357 1701 397">2009</td> <td data-bbox="1701 357 2018 397">2,262,574.17</td> </tr> </table> <p data-bbox="1323 430 2018 576">A settlement of 45% from the total unliquidated of P2,262,574.17 for CY 2009 releases with the amount of P1,020,074.56 and no settlement for PY 2000-2008.</p> <p data-bbox="1323 609 2018 649">On Donations:</p> <p data-bbox="1323 682 2018 836">This entry represents the payment of 40% of SPES beneficiaries. More than 80% of our total budget of this program was utilized for this purpose and the remaining was charged to accounts payable.</p> <p data-bbox="1323 868 2018 909"><u>For RO XII</u></p> <p data-bbox="1323 941 2018 1201">As regards to COA findings on the compliance of required documents on the funds released for livelihood assistance to the different NGOs/POs, we have already directed the concerned project implementers to comply/submit as soon as possible all the necessary documents for submission to the Resident Auditor.</p> <p data-bbox="1323 1234 2018 1458">On the NARS Program Fund balance of Eighty Nine Thousand Seven Hundred Fifty Seven pesos and 93/100 (P89,757.93), this amount was savings generated due to absences, tardiness and termination of contracts of NARS Trainees in the middle of implementation due to some personal</p>	PY (2000-2008)	8,395,976.86	2009	2,262,574.17
PY (2000-2008)	8,395,976.86					
2009	2,262,574.17					

Observations	Recommendations	Management Comments																						
		<p>reasons.</p> <p>On the other hand, the large amount of Cash in Bank balance reflected in COA report represents the judgment award as a result of Labor cases and this is being kept in trust by the cashier for release to individual claimant. Further, part of this amount is publication fees.</p> <p><u>For RO XIII</u></p> <p>Based on the above cited deficiencies and as per evaluation on said AOM, the reported balances of Account Code 111, funds transferred by DOLE FMS, funds utilization rate, and other financial records of our region for the last three years were as follows:</p> <table border="1" data-bbox="1339 792 2018 1055"> <thead> <tr> <th>Year</th> <th>Balances</th> <th>Funds received from CO</th> <th>Total Funds Available</th> <th>Amount Disbursed for 2 yrs</th> <th></th> </tr> </thead> <tbody> <tr> <td>Balance as of 12-31-09</td> <td>8,037,160.01</td> <td></td> <td></td> <td rowspan="2">} 28,298,413.22</td> <td rowspan="2">} 77</td> </tr> <tr> <td>Balance as of 12-31-08</td> <td>8,775,214.10</td> <td>27,560,359.13</td> <td>36,335,573.23</td> </tr> <tr> <td>Balance as of 12-31-07</td> <td>6,401,661.11</td> <td>10,728,342.41</td> <td>17,130,003.52</td> <td>} 8,354,789.42</td> <td>} 48</td> </tr> </tbody> </table> <p>The data presented above shows that in terms of funds utilization rate, our region registered a remarkable increase form 48.77% in CY 2008 to 77.88% in CY 2009. Such increased utilization rate was not hindered despite the 256.89% increased amount of funds received from central office for CY2009 compared to CY 2008. The figures revealed the region's commitment to fully implement its programs and projects for the last two (2) years.</p>	Year	Balances	Funds received from CO	Total Funds Available	Amount Disbursed for 2 yrs		Balance as of 12-31-09	8,037,160.01			} 28,298,413.22	} 77	Balance as of 12-31-08	8,775,214.10	27,560,359.13	36,335,573.23	Balance as of 12-31-07	6,401,661.11	10,728,342.41	17,130,003.52	} 8,354,789.42	} 48
Year	Balances	Funds received from CO	Total Funds Available	Amount Disbursed for 2 yrs																				
Balance as of 12-31-09	8,037,160.01			} 28,298,413.22	} 77																			
Balance as of 12-31-08	8,775,214.10	27,560,359.13	36,335,573.23																					
Balance as of 12-31-07	6,401,661.11	10,728,342.41	17,130,003.52	} 8,354,789.42	} 48																			

Observations	Recommendations	Management Comments																																													
		<p data-bbox="1323 133 2018 381">Another issue raised on said AOM was on the financial assistance granted to NGOs/POs which are initially recorded under the account Due from NGOs/PPOs and liquidations recorded under the account Subsidy to NGOs/POS for CY 2008 to CY 2009 which our region were computed below:</p> <table border="1" data-bbox="1323 381 2018 868"> <thead> <tr> <th data-bbox="1323 381 1470 462">Account Title</th> <th data-bbox="1470 381 1606 462">Year</th> <th data-bbox="1606 381 1764 462">Balances</th> <th data-bbox="1764 381 1900 462">Releases during the year</th> <th data-bbox="1900 381 2018 462">Reported Liquidati</th> </tr> </thead> <tbody> <tr> <td data-bbox="1323 462 1470 641" rowspan="3">Due from NGOs/PO</td> <td data-bbox="1470 462 1606 511">Balance as of 12-31-09</td> <td data-bbox="1606 462 1764 511">3,747,740.85</td> <td data-bbox="1764 462 1900 511" rowspan="3">} 2,290,563.93 } 4,087,509.17</td> <td data-bbox="1900 462 2018 511" rowspan="3">} 3,156,04</td> </tr> <tr> <td data-bbox="1470 511 1606 560">Balance as of 12-31-08</td> <td data-bbox="1606 511 1764 560">4,613,221.17</td> </tr> <tr> <td data-bbox="1470 560 1606 641">Balance as of 12-31-07</td> <td data-bbox="1606 560 1764 641">3,139,270.00</td> </tr> <tr> <td colspan="2" data-bbox="1323 641 1606 690"></td> <td data-bbox="1606 641 1764 690">Total</td> <td data-bbox="1764 641 1900 690"></td> <td data-bbox="1900 641 2018 690"></td> </tr> <tr> <td data-bbox="1323 690 1470 787" rowspan="3">Due from LGUs</td> <td data-bbox="1470 690 1606 738">Balance as of 12-31-09</td> <td data-bbox="1606 690 1764 738">6,131,248.94</td> <td data-bbox="1764 690 1900 738"></td> <td data-bbox="1900 690 2018 738"></td> </tr> <tr> <td data-bbox="1470 738 1606 787">Balance as of 12-31-09</td> <td data-bbox="1606 738 1764 787">5,129,648.65</td> <td data-bbox="1764 738 1900 787"></td> <td data-bbox="1900 738 2018 787"></td> </tr> <tr> <td data-bbox="1470 787 1606 868">Balance as of 12-31-07</td> <td data-bbox="1606 787 1764 868">1,748,600.00</td> <td data-bbox="1764 787 1900 868"></td> <td data-bbox="1900 787 2018 868"></td> </tr> <tr> <td data-bbox="1323 868 1470 950" rowspan="3">Subsidy to NGOs/POs</td> <td data-bbox="1470 868 1606 917">CY 2009</td> <td data-bbox="1606 868 1764 917">3,156,044.25</td> <td data-bbox="1764 868 1900 917"></td> <td data-bbox="1900 868 2018 917"></td> </tr> <tr> <td data-bbox="1470 917 1606 966">CY 2008</td> <td data-bbox="1606 917 1764 966">2,613,558.50</td> <td data-bbox="1764 917 1900 966"></td> <td data-bbox="1900 917 2018 966"></td> </tr> <tr> <td data-bbox="1470 966 1606 1015">CY 2007</td> <td data-bbox="1606 966 1764 1015">0.00</td> <td data-bbox="1764 966 1900 1015"></td> <td data-bbox="1900 966 2018 1015"></td> </tr> </tbody> </table> <p data-bbox="1323 901 2018 1485">Given the data above, liquidated amounts were only P2.6 Million out of the total P4.09 Million releases or 63.94% of the total fund releases for CY 2008. This was due to the delayed submission of liquidation reports coming from out Accredited Co-Partners (ACP). The same reason why the balance of the account Due from LGUs under account code 138 was increasing. This was acted and facilitated by the region through sending one of our personnel to visit each LGUs/NGOs/POs and gather the necessary liquidation reports of the released fund assistance. By 2009, reported liquidation increased to P3.1 Million inclusive of this amount were liquidations of those released livelihood assistance whose funds came from our MDS account. That's why, the balance for liquidated amount for CY</p>	Account Title	Year	Balances	Releases during the year	Reported Liquidati	Due from NGOs/PO	Balance as of 12-31-09	3,747,740.85	} 2,290,563.93 } 4,087,509.17	} 3,156,04	Balance as of 12-31-08	4,613,221.17	Balance as of 12-31-07	3,139,270.00			Total			Due from LGUs	Balance as of 12-31-09	6,131,248.94			Balance as of 12-31-09	5,129,648.65			Balance as of 12-31-07	1,748,600.00			Subsidy to NGOs/POs	CY 2009	3,156,044.25			CY 2008	2,613,558.50			CY 2007	0.00		
Account Title	Year	Balances	Releases during the year	Reported Liquidati																																											
Due from NGOs/PO	Balance as of 12-31-09	3,747,740.85	} 2,290,563.93 } 4,087,509.17	} 3,156,04																																											
	Balance as of 12-31-08	4,613,221.17																																													
	Balance as of 12-31-07	3,139,270.00																																													
		Total																																													
Due from LGUs	Balance as of 12-31-09	6,131,248.94																																													
	Balance as of 12-31-09	5,129,648.65																																													
	Balance as of 12-31-07	1,748,600.00																																													
Subsidy to NGOs/POs	CY 2009	3,156,044.25																																													
	CY 2008	2,613,558.50																																													
	CY 2007	0.00																																													

Observations	Recommendations	Management Comments
		<p>2009 was greater the fund releases during the period.</p> <p>Moreover, fund transfers received from central office were released by this region in tranches. It was not a one time give out but liquidation reports of first tranche was necessary for the release of second tranche. With the existence of COA Circular No. 2009-02 dated May 18, 2009 re: Reinstating Selective Pre-Audit on Government Transactions, which subjects the releases of livelihood assistance, balances of the accounts namely: Cash-in-Bank, Due from LGUs/NGOs/POs and Subsidy to LGUs/NGOs/POs were really affected. Cash inflows and outflows as well as usage of said accounts depends on whether supporting documents of livelihood releases and liquidation reports passed or was approved by the COA auditor before payments be made or succeeding fund releases be given.</p> <p>The use of the account Loans Receivable with constant balance for the three consecutive years came from the records of Regions 10 and 11 (Cagayan de Oro and Davao City) prior to the existence of DOLE Caraga Regional Office XIII. Due from LGUs/NGOs/POs and Subsidy to LGUs/NGOs/POs were used for releases of livelihood programs. Our region has zero balance for the account Scholarship Expenses since we do not use said account. Payments for Special Program for Employment of Students (SPES) grants were debited to account Donations. Such mentioned seven (7) accounts excluding the account Scholarship Expenses were used by this region for every fund transfers received from central office with its corresponding use and to other financial</p>

Observations	Recommendations	Management Comments
		<p>transactions which requires its related treatment.</p> <p><u>For BLR –</u></p> <p>Some of BLR’s actions undertaken were reflected in their response to your audit observations and findings including their recommendations dated 20 July 2009. To cite a few: representatives of the organizations were called to meetings to discuss their problems and some advice/s were also given; dialogues were conducted and letter reminders/demand letters were sent in November 2009; and cases were also filed against five organizations.</p> <p>Administrative Order Nos. 247 and 247-A were issued by former Secretary Roque creating the DOLE Task Force on Loans Repayment/Collection and Due Liquidation of Cash Allowances Granted to Non-Governmental Organizations (NGOs) and People’s Organizations (POs) under the Workers Organization Development Program (WODP) and the Promotion of Rural Employment through Self-Employment and Entrepreneurshio Development (PRESEED)/other livelihood programs including Working Youth Centers (WYCs), and Tulong Alalay sa mga Taong may Kapansanan (TULAY).</p>

Observations	Recommendations	Management Comments
<p><i>Absence of specific guidelines resulted in diverse accounting treatment of program fund releases thus the extent of financial assistance released under the various programs cannot be readily and accurately established</i></p> <p><b>B. DOLE – CGMA Project</b></p> <p><b>Donations from Overseas Filipino Workers (OFWs) totaling P116 million inclusive of interest income of P1.6 million as of December 31, 2009, solicited by DOLE and DFA since CY 2003 under the project “Classroom Galing sa Mamamayang Pilipino Abroad (DOLE – CGMA Project) were treated as private funds and did not pass through the usual accounting and auditing process pursuant to Section 26 of PD 1445.</b></p> <p><b>The completeness and accuracy of the reported donations cannot be ascertained due to the absence of control over the receipt of donations from various sources.</b></p>	<p><b>We recommend:</b></p> <p>Require the Manager/Director of DOLE – CGMA Project to submit to COA pertinent original documents pertaining to collections and disbursements of the project fund for audit by the Commission pursuant to paragraph 1 of Section 39 of PD 1445 which states that “The Commission shall have the power, for purposes of inspection, to require the submission of the original of any order, deed, contract or other document under which any collection of, or payment from, government funds may be made, together with any certificate, receipt or other evidence in connection therewith. If an authenticated copy is needed for record purposes, the copy shall upon demand be furnished.”</p> <p>DOLE’s continued refusal to submit the transaction of the DOLE – CGMA Project which funds came from OFW</p>	<p>It may be recalled that in November 2007 and May 2009, the FMS requested clarification from the Auditors on the proper account to use for financial assistance to SPES grantees and stipend of nurse-trainees under the NARS project. As of now, we have not received COA’s reply on the matter.</p> <p>We hope to resolve the issue during the Consultation Meeting between DOLE and COA Auditors this coming September 2010.</p> <p>It may be recalled that during the exit conference with the COA Auditors last 28 August 2008, it was agreed upon that the issue on whether the donated funds for the CGMA Project be elevated to the Legal and Adjudication Sector of the COA for decision on whether these are private or public in nature.</p> <p>In a letter to Asst. Commissioner Elizabeth Zosa, through then Audit Team Leader, Ms. Rosemarie Valenzuela, dated 11 March 2009, we followed up the decision of the COA, but as of date, we have not received it.</p>

Observations	Recommendations	Management Comments
	<p>donations, to the audit of the Commission is a violation of Section 26 of PD 1445 is a ground for filing administrative disciplinary action to those concerned DOLE officials.</p>	<p>We would like to assure the Auditor that we will comply/abide with whatever decision the COA makes on the matter.</p>
<b>B. Audit of Cash Accounts</b>		
<p>1. <b>Cash – Collecting Officers (Account 102)</b></p> <p><b>The delayed submission of verification fee collection reports due to inadequate monitoring and enforcement of the submission of collection reports by the different POLO as well as the delayed recording of submitted collection reports resulted in the systematic annual gross misstatement of the reported income, a condition that is contrary to the provisions of Joint Circular 3-99 which requires that monthly collections be submitted to DOLE-CO (Attn: FMS) within five (5) working days after the end of each reporting month and the provisions of Section 12 of PD 1445 that requires the prompt recording of financial transactions.</b></p> <p><b>Collections are retained in the personal bank accounts of some Labor Attaches despite the existence of official POLO depository bank accounts</b></p>	<p>On the delayed reporting and recording of collections, we recommend that Management:</p> <ul style="list-style-type: none"> <li>• develop a system for monitoring reports coming from the POLOs;</li> <li>• enforce timely submission of Monthly Report of Collections, duly supported at all times by duplicate ORs and validated deposit slips together with the Monthly Report of Accountability for Accountable Forms to DOLE – CO (Attn: FMS) within five (5) working days after the end of the reporting month;</li> <li>• impose appropriate sanctions and/or measures on defaulting LABATTs</li> </ul> <p>On the retention of POLO collections in the personal accounts of some LABATT's:</p> <ul style="list-style-type: none"> <li>• require immediate withdrawal of retained collections including</li> </ul>	<p>May we respectfully inform the Auditors that at present, almost all POLOs collecting verification fees are current in the submission of reports.</p> <p>Please be informed also that in a Memo dated 16 August 2010, the undersigned reminded the POLOs to submit the required reports/documents to DOLE-CO within five (5) working days after the end of the reporting month, pursuant to Jt. Circular 3-99 and that failure to comply with the order shall mean the withholding of salaries and allowances and possible recall to the Home Office.</p> <p>As of 30 April 2010, the FMS has already recorded ₱21,884,730.73 representing prior period verification fee collections per various Journal Entry Vouchers.</p> <p>To monitor the collections, we will ask the posts to submit daily, thru e-mail, a report of collections.</p> <p><i>On the account "Cash-Collecting Officer"</i></p> <p>Please be informed that as of 31 March 2010, the 31 December 2009 book balance of the account</p>

Observations	Recommendations	Management Comments
<p><b>Absence of proper turn-over and clearance from money and property accountability upon transfer of post or recall to Home Office</b></p>	<p>interest income from their accounts personal and remittance of the same to the National Treasury retaining only the authorized buffer fund to ensure the uninterrupted operation of the concerned POLOs</p> <p>On the turn-over and clearance from property and money accountability of transferred/recalled LABATTs:</p> <ul style="list-style-type: none"> <li>• strictly require all transferred/recalled LABATTs to secure clearance from all property and money accountability and to furnish the same to DOLE – CO for the proper monitoring, adjustment and recording of the accountabilities.</li> <li>• For the twelve LABATTs especially mentioned, require them to immediately submit a copy of their turn-over report and clearance from their accountabilities from their previous post to FMS.</li> </ul>	<p>“Cash-Collecting Officer” has been reduced from ₱26,942,829.44 to ₱17,355,885.59 and the account of the following Labatts have already zero balances:</p> <ul style="list-style-type: none"> <li>• Manzala, Teresita (as then Labatt to POLO-Israel)</li> <li>• Cuasay, Merriam (POLO-Israel)</li> <li>• Sodusta, Arturo (as then Labatt to POLO-Washington)</li> <li>• Young, Romeo (POLO-Oman)</li> </ul> <p><i>On the deposit to personal account of the Labatts:</i></p> <p>As represented by the concerned Labatts, the reason why the collections are deposited in the personal account of the Labatts is that there are host country banking restrictions on the number of accounts which the office can maintain, thus, the POLOs have no option but to follow.</p> <p>Reconciliation of POLO and CO records on verification fee collections is being undertaken by the FMS. Once we have identified posts with excess collections, we will require them to remit the same to the Philippines.</p> <p>We will comply with the Auditors’ recommendation to enforce strictly the turn-over of property and money accountability and clearance from the Labatts before reassignment/recall to HO.</p>
<p><b>2. Petty Cash Fund (Account 104)</b></p> <p>Disbursements were not reported as expenditures and balances were not</p>	<p>We recommend that Management require strict compliance with</p>	<p>Out of the twenty eight (28) Petty Cash Custodians per AOM, twenty one (21) custodians</p>

Observations	Recommendations	Management Comments
<p>refunded at end of year as prescribed in the Memorandum Order authorizing the setting up of Petty Cash Fund. Moreover, details of the balance include advances to officials who are not authorized to handle Petty Cash Funds</p>	<p>prescribed regulations on the proper handling of Petty Cash Funds particularly the reporting of disbursements at year end in order to reflect the actual operating results for the period. Those not authorized or no longer authorized to handle Petty Cash Funds must be required to immediately liquidate their outstanding balances. Henceforth, only authorized and duly designated Petty Cash Custodians should be granted petty cash advances. Likewise, Management should limit the number of personnel authorized to handle Petty Cash Funds.</p>	<p>have settled in full their outstanding petty cash advances as of June 21, 2010 amounting to Php177,935.20 or 69.57% settlement rate.</p> <p>A memo was issued to the five Petty Cash Custodians to settle their account within ten days from receipt of the memo, otherwise, we will cause the withholding of their salaries.</p> <p>The account of the two retired DOLE employees will be reclassified to “Other Receivables” and likewise, a demand letter will be sent to them to settle their accounts.</p> <p>Please be informed also that it is the policy of the Department to grant PCF to those who are duly authorized and designated as such by the Secretary or the Acting Undersecretary for Internal Affairs.</p> <p>The Management has reduced the amount of Petty Cash Fund for Bureaus and Services from P40,000.00 to P20,000.00 in August 2010.</p>
<p><b>3. Cash-in-Bank, Local Currency Current Account (Account 111)</b></p> <p>The continued non-compliance by DOLE FMS of the prescribed discontinuance of the practice of releasing funding checks to operating units and the manner of recording the same in the books is negating the objective of National Budget Circular (NBC) No. 488 as it allows the DOLE thru its regional offices to avoid the automatic</p>	<p><b>To correct the noted deficiencies, we recommend</b></p> <p>1 The DOLE Accountants be instructed to analyze the composition of the reported balances to determine the amount of cash that can legitimately be maintained in the authorized depository banks and require the</p>	<p>The DOLE will request for exemption from the DBM on the use of NTA for fund transfers to nine Regional Offices.</p> <p>On 09 February 2009, we requested authority from the DBM to open MDS accounts with Land Bank of the Philippines for ROs 2, 5, 6,7,8,10,11, 12 and 13 pursuant to the COA’s advise to discontinue the</p>

Observations	Recommendations	Management Comments						
<p>reversion of unused funds at the end of the year, a condition that is evidenced by the excessively high level of cash on deposit reported in the books of DOLE Central and Regional Offices</p>	<p>immediate remittance of the excess to the National Treasury in conformity with existing regulations.</p> <p>2. Consider the designation of Disbursing Officers in the DOLE field offices to expedite the release of financial assistance to the beneficiaries of the different livelihood projects.</p>	<p>practice of releasing funding checks to ROs and instead issue NTA for fund transfers.</p> <p>At present, however, we have tied up with Development Bank of the Philippines for the acquisition of building to house our regional offices. Hence, we may not be able to close the existing MDS accounts of said ROs with DBP.</p>						
<p><b>4. Cash-in-Bank, Local Currency Savings Account (Account 112)</b></p> <p>Excess verification fee collections remitted by thirteen (13) collecting officers totaling P404,303,652.60 during the period May 18, 2008 to August 10, 2009 and one remittance from an undisclosed source amounting to P23,414,590.50 posted in the Development Bank of the Philippines (DBP) passbook have not been recorded in the books as of today due to an apparent inaction on the part of officials concerned to inform or forward to the Accounting Division the documents covering these transactions for appropriated recording or the failure of the Accounting Division to record the same. These omissions render the reported balances, not only of this account but also the fourteen affected foreign bank accounts, grossly inaccurate and misleading.</p> <p>The amount required to be remitted by</p>	<p><b>We recommend:</b> Transfer to the verification fee collections deposited with DBP to the National Treasury as required under the covering Joint Circular. Henceforth, require all excess collections of verification fee to be remitted to the BSP for credit to the account of the National Treasury.</p>	<p>Journal Entry Voucher (JEV) No. 2009-12-013928 dated 31 December 2009 was prepared to record the various remittances from POLOs, to wit:</p> <table border="1" data-bbox="1339 829 1919 935"> <tr> <td>Gross</td> <td>P 428,325,616.10</td> </tr> <tr> <td>Less-Bank Charges</td> <td>607,373.00</td> </tr> <tr> <td>Net</td> <td>P 427,718,243.10</td> </tr> </table> <p>With regard to the Php23,414,590.50, a photocopy of the credit advice was secured from DBP covering the remittance from POLO-Lebanon. This amount is already included in the above JEV.</p> <p>It may be noted that only the fourth quarter interest income for CY 2009 was not recorded due to the absence of documents.</p> <p>Attached is the original debit advice from DBP for the revision of P430,595,000.00 to the Bureau of Treasury.</p> <p>The basis for the order to remit excess verification</p>	Gross	P 428,325,616.10	Less-Bank Charges	607,373.00	Net	P 427,718,243.10
Gross	P 428,325,616.10							
Less-Bank Charges	607,373.00							
Net	P 427,718,243.10							

Observations	Recommendations	Management Comments
<p>five(5) POLOs were grossly at variance with the reported balances of the bank accounts of the said offices denoting the existence of unrecorded verification fee collections, information about which are withheld by DOLE officials knowledgeable about it.</p> <p>The DBP passbook issued to DOLE contain unexplained gaps, improperly coded transactions and erroneous balance extension casting doubt on the reliability of said record given the stringent internal control requirements for banks.</p> <p>Unexplained drop in the reported interest and absence of any supporting documents to support and explain the incident cast doubt on the accuracy, validity and reliability of the reported interest for CY 2008 given the relatively constant computation base.</p> <p>Unexplained nature of bank debit to DOLE’s account amounting to P8,184,165.50.</p> <p>The reported remittance of POLO – Hongkong in CY 2008 is understated by the amount of service charges paid to the servicing bank at the Post and the amount charged by DBP which, based on the Credit Memorandum issued, represented documentary stamp charges on the transactions. The probability that the same</p>		<p>fee collections was the bank statement of POLOs and not the balance per books since the collection reports were not updated resulting to the understatement of income in the books, hence the discrepancies.</p> <p>Attached are the original Bank Statements showing the transactions for the period March 2008 to December 2008.</p> <p>Per inquiry from DBP staff, the gap was due to the late update of the passbook such that said transactions were no longer available for printing at the time the passbook was updated.</p> <p>Per DBP, the drop in the reported amount of interest was due to the drop of the interest rate for the period.</p> <p>We have already submitted to COA the original Debit and Credit Advices from DBP to support the said unexplained transactions.</p> <p>Per inquiry from DBP staff, the error was due to the non-inclusion of documentary stamps on the first transaction, hence, the need for adjustment/reversal.</p> <p>Service charge for the POLO-Hongkong remittance will be recorded in CY 2010 together with the charges for the other 13 POLO remittances.</p>

Observations	Recommendations	Management Comments
<p>error will again be committed when the unrecorded remittances for CY 2009 will be finally recorded in the books is highly likely given the fact that the said understatement in CY 2009 was not corrected.</p> <p>Interest income earned on the deposits with DBP was not remitted to the National Treasury as required under existing regulations.</p> <p>Deposit to the DBP account of the P28,319.20 reportedly representing excess of the cash advance granted for the insurance of POLO-Brunei is contrary to existing rules and regulations.</p> <p>Lastly, the remittance of excess verification fee collections to a regular savings account maintained by DOLE with DBP is contrary, not only in the provisions of DOLE/DFA/DBM/DOF and COA Joint Circular No 3-99 dated September 28, 1999 but also to the provision of EO 338 dated May 17, 1996.</p>		<p>All interests earned from CY 2008-2009 and first quarter of CY 2010 were already reverted to the BTr per JEV No. 2010-5-2686 dated May 26, 2010.</p> <p>This deposit from POLO Brunei was erroneously deposited to said DBP account but the same has been reverted to the Bureau of the Treasury in 2010.</p> <p>It should be noted that the Joint Circular for Verification Fee Program was issued in CY 1999.</p> <p>Based on our experience, remittances directly credited to BTr were not properly documented by the latter, hence, we find it hard to reconcile with BTr and monitor the exact amount remitted by POLOs.</p> <p>It is also noted that transactions from POLO undergo several conversion of currencies and bank charges in the Post and in the Philippines. Hence, recording of the said transactions is quite difficult, not to mention also the non-availability of some documents.</p>

Observations	Recommendations	Management Comments
		<p>To remedy the deficiency of the Joint Circular, a Current Account was opened with PNB- Escolta, then an Authorized Government Depository Bank (AGDB), for the purpose of remittance of POLO excess verification fees and excess MOOE.</p> <p>Starting CY 2008, however, excess VF collections were remitted initially to DBP, pursuant to the MOA between DOLE and DBP, for eventual remittance to the BTr.</p>
<p><b>5. Cash-in-Bank, Foreign Currency Savings Account (Account 116)</b></p> <p>The accuracy and validity of the reported Cash-in-Bank, Foreign Currency Savings Account is highly questionable given the number of accounts with abnormal balances which under the prevailing practice are not susceptible to validation due to the absence of bank reconciliation.</p> <p>The utilization of the Verification Fee Fund is not covered by Special Budget approved by the DBM which should then be DOLE CO's basis in issuing the corresponding SARO and CDC as prescribed under Section 5.5.21.1 of the DOLE/DFA/DBM/DOF and COA Joint Circular No 3-99 dated September 28, 1999. As a result, the propriety of the fund allocation cannot be ascertained.</p>	<p>To correct the noted deficiencies, we recommend that a committed be created to re-study the provisions of Joint Circular 3-99 and recommend simplifications or amendment that would correct the noted deficiencies in the handling of verification fee collections particularly the following issues:</p> <ol style="list-style-type: none"> <li>1. Delayed reporting of collections – identify the valid constraints that prevent the prompt submission of collection reports and recommend alternative procedures that may be adopted to facilitate the reporting process.</li> <li>2. Absence of bank statements – to provide documentary proof</li> </ol>	<p>May we respectfully inform the Auditors that reconciliation of POLO and CO records on verification fee collections is being undertaken by the FMS.</p> <p>Of the reported nine accounts with abnormal balances, five accounts (Tokyo, Spain, Greece, Korea and Vancouver) have been reconciled and the corresponding adjustments were already made per various Journal Entry Vouchers (JEVs). As to the four remaining accounts, the FMS has already requested the concerned posts to submit the bank statements to complete the reconciliation.</p> <p>We have already submitted to COA the schedule showing the adjusted balances of the reconciled accounts and the corresponding JEVs.</p>

Observations	Recommendations	Management Comments
	<p>against which to validate the completeness and accuracy of the reported collections, withdrawals as well as interest earning of bank deposits, require the submission of certified copies of the monthly bank statements together with the collection reports and other required documents. Also require the regular and periodic reconciliation of the book balances with the bank balances.</p> <ol style="list-style-type: none"> <li data-bbox="835 613 1306 971">3. Use of personal accounts – validate the veracity of claims that it’s the only option available; categorize the post according to the constraints and recommend revisions of the guidelines to suit the foreign countries; policies; over which the posts have no option but to follow.</li> <li data-bbox="835 980 1306 1377">4. Delayed deposit of collections – validate the veracity of the constraints being cited by the concerned posts and if found to be valid, likewise, recommend alternative rules to be adopted by these posts. Otherwise, require strict compliance with the prescribed manner and frequency in the deposit of collections.</li> <li data-bbox="835 1386 1306 1484">5. For Posts with existing bank depository accounts, require the prompt deposit of collections.</li> </ol>	

Observations	Recommendations	Management Comments
	<p>6. Retention of collections – include sanctions to be imposed for non-compliance which could include recall to Home Office, disqualification from posting to foreign posts, withholding of the salaries, allowances and other benefits of the erring officials.</p> <p>7. Recall/transfer of assignment – reiterate and strictly require clearance from all money and property accountability, that is, all collections must be remitted to the DOLE – CO and all cash advances be liquidated in full. Stop the practice of transferring accountability to the incoming officials.</p> <p>8. Collections in excess of authorized retention – require the immediate remittance to the National Treasury of all excess deposits and regularly thereafter in accordance with the prescribed time frame. In consideration of their distance from the DOLE Central Office and in order not to prejudice the Posts’ operation, establish a reasonable buffer fund that may be allowed to be maintained.</p>	
<p><b>C. Audit of Reciprocal Accounts</b></p> <p>The balances of the reciprocal accounts Due</p>	<p>To ensure the proper accounting and</p>	<p>The Department will conduct a consultation-</p>

Observations	Recommendations	Management Comments
<p>from Regional Offices and Due to Central Office do not tally by P10,432,398.60 as of December 31, 2009, a deficiency that remained uncorrected due to the absence of a systematic feedback and monitoring system that would allow the timely detection of variances.</p>	<p>recording of reciprocal transactions between the DOLE-CO and DOLE Regional Offices, we recommend that the DOLE-CO adopt a system whereby receipt of all fund transfers to the regional offices be confirmed from the regional accountants in the same manner that all liquidation reports submitted by the regional accountants must be acknowledged to ensure that no reports are waylaid. It is further recommended that the same be furnished the Auditor of DOLE – CO and ROs for validation.</p>	<p>meeting among its accountants and budget officers in the Central Office (CO) and Regional Offices (ROs), together with the Supervising Auditors this October 2010 and we hope that this issue will be resolved during the meeting.</p>
<p><b>D. Inventory and Property Management</b></p> <p>1. The accuracy of the reported Office Supplies Inventory as of December 31, 2009 is extremely doubtful due to the irregular and incomplete recording of deliveries and issuances not only in the current year but in the prior years as well. The extent of misstatement cannot be accurately established due to the absence of physical inventory of actual office supplies on hand.</p> <p>Absence of inventory schedule to support the reported inventory accounts.</p> <p>Absence of numerical control over completeness of RSMIs and RIS recorded.</p>	<p>To ensure accuracy and completeness of the reported balance of Office Supplies Inventory, we recommend that the DOLE Management to conduct annual physical inventory of supplies on hand and reconcile the result with the accounting records for the timely adjustment of any discrepancy. Likewise, instruct the Supply/Property Officials concerned to number the RIS and indicate the date on which the supplies were issued, number and indicate the period to which the RSMI relate to and to submit the same regularly to the Accounting Unit for costing and recording in the books.</p> <p>We recommend that Property Division provide Accounting copies of the</p>	<p>Due to lack of manpower and considering the voluminous workloads of concerned offices, the conduct of physical inventory, including the reconciliation of records of the accounting division and property division, will be undertaken through outsourcing. The proposal for the purpose is currently being prepared and will later be sought for approval from the DOLE Secretary.</p>

Observations	Recommendations	Management Comments
<p>2. Properties purchased from the GSIS and SSS at P7.4 million in September 1988 but with a fair market value of P251 million as of CY 2003, based on the appraisal made by the Philippine Appraisal Company, Inc. upon request by DOLE and the condominium unit with a total floor area of 3,052.65 square meters located at the 6th floor of the BF Condominium Bldg., the title to which have been transferred, ceded and conveyed in a manner absolute and irrevocable by the Department of Finance to DOLE thru a Memorandum of Agreement dated August 3, 2004 and which, based on BIR data, has a zonal value of P83.3 million have not been recorded in the books as of December 31, 2009, thereby understating the reported land and building by P334.3 million.</p>	<p>documents as mentioned for their recording in the books of DOLE. The Property Officer should likewise initiate the processing of the documents necessary for the transfer and registration of the donation by Department of Finance. The Accounting Division should consider the materiality of the appraised/fair market value in recording in accordance with the aforementioned regulation and for their fair presentation in the financial statements.</p>	<p>JEVs with Nos. 2010-05-3030 and 2010-5-3044 dated 24 May 2010 (copy attached) were prepared taking up the adjustment of Land and Building accounts based on the appraised and zonal values and the corresponding accumulated depreciation.</p>
<p>3. Items in Transit amounting to P13.8 million which has been dormant since CY 2003 and for which no supporting documents are available to attest to its validity remains in the books due to Management's failure to request for write-off pursuant to COA Circular No 97-001, affecting in the process the fairness of DOLE's financial position as of December 31, 2009.</p>	<p>Considering the dormant status and the absence supporting documents to support the reported balance of the account Items-in-Transit and given the nature of the account, we recommend that the Chief Accountant follow the procedures enumerated in Section III of COA Circular No. 97-001 to clear the DOLE books of non-existent assets and/or invalid accounts.</p>	<p>We will include the 'Items in Transit' in the scope of work to be undertaken in the proposed outsourcing for the conduct of physical inventory and reconciliation of accounts thereto.</p>
<p><b>E. Audit of Liabilities</b></p> <p>1. <b>Accounts Payable (Account 401)</b></p>		

Observations	Recommendations	Management Comments
<p>In the verification of the reported Accounts Payable in DOLE-CAR, it was noted that P457,607.43 or 60.08% of the reported balance of P761,642.51 as of December 31, 2009 were without creditors' names and not supported by sufficient documents as evidence of the existence of valid claims.</p>	<p>We recommend that:</p> <ol style="list-style-type: none"> <li>1. Management cause the submission of documents to prove the existence.</li> <li>2. The Accountant be required to revert the reported payables without the required supporting documents.</li> <li>3. The Accountant should be instructed to recognize and record Accounts Payable only when the goods/services have been received/rendered and that the supplier/creditor's bills have been received.</li> </ol>	<p>Management agrees to revert to unappropriated surplus P242,290.00 of the recorded Accounts Payable but requested that the remaining amount be retained since these pertain to projects that are still to be implemented.</p>
<p><b>2. Due to Other NGAS (Account 416)</b></p> <p>Lack of monitoring of the accounting and reporting of funds received from other national government agencies resulted in the accumulation of P 11,410,531.45 unliquidated/idle trust liabilities in the DOLE-CO books, the validity and accuracy of which are highly questionable. The balances in three (3) regional offices registered no movement denoting non-compliance with reportorial requirements.</p> <ul style="list-style-type: none"> <li>• Dormant status of reported balances of the regional offices</li> <li>• Delayed reporting of fund utilization/improper retention of unutilized funds</li> </ul>	<p>To correct the noted deficiencies, we recommend that Management:</p> <ol style="list-style-type: none"> <li>1. Require the accounting personnel and the Project Monitoring Office personnel in charge to immediately prepare an updated Funds Utilization Reports and submit the same to the Office of the Auditor for verification prior to submission to the source agency as required under existing regulations.</li> <li>2. Require the Chief Accountant to review and assess, based on the prepared Fund Utilization Reports, the status of all funds</li> </ol>	<p>Please be informed that analysis of the accounts is currently being undertaken by the FMS. As of date, seven (7) bank accounts totaling to ₱2,731,581.87 were already analyzed and the balances were requested to be reverted to the Bureau of the Treasury (BTr).</p> <p>On 19 August 2010, the Land Bank of the Philippines issued six Manager's Checks totaling to ₱2,613,973.79 and same were subsequently deposited to the account of the BTr.</p> <p>Attached are photocopies of the Official Receipts (3099234 to 3099239) showing proof of the reversion.</p>

Observations	Recommendations	Management Comments
	<p>received from other government to determine their disposition. All unutilized funds for completed project should be immediately refunded to the source agency or remitted to the National Treasury.</p> <p>3. For on-going projects, the Chief Accountant must see to it that Fund Utilization Reports are prepared and submitted monthly and upon completion of the project, a terminal report must be prepared and any unutilized funds returned to the source to preclude the maintenance of idle accounts in the books.</p>	
<p><b>3. Due to National Treasury</b></p> <p>Given the nature of this account, the propriety and validity of the reported balance is extremely doubtful.</p>	<p><b>We recommend</b></p> <p>Require the Accounting Division of the affected offices to review the exact nature of the transactions posted to this account to determine the appropriate and necessary adjusting entries to correct the errors previously made and thus reflect the correct balance of this account.</p>	<p><u>For CO –</u></p> <p>The account “Due to National Treasury” includes, among others, refund made by Labatts on unutilized MOOE funds, insurance of vehicles, ICT, rental.</p> <p>On 26 June 2010, the DOLE-OSEC already reverted P2,612,787.26 to the Bureau of the Treasury, details as follows:</p> <p>Fund 101: P1,631,362.89 (OR No. 3099196)  Fund 151: 981,424.37 (OR No. 3099295)</p>
<p><b>4. Due to BIR (Account 412)</b></p>		

Observations	Recommendations	Management Comments
<p>Taxes withheld from salaries and wages are not recorded in the books thereby providing no trail to determine compliance with the tax withholding requirement and the timely remittance of the same to the Bureau of Internal Revenue (BIR).</p> <p><b>5. Other Payables</b></p> <p>The general ledger balance of this account does not tally with the subsidiary ledger balance by P395,810.04; unutilized contributions of attached agencies for special DOLE activities were retained instead of returning to donors; high incidence of abnormal balances among the details comprising the account; unverified cash back-up; and irregular transfer of funds for the implementation of regular projects/activities from the general fund to trust funds among other factors cast doubt on the propriety, accuracy and validity of the reported balance of this account.</p>	<p>For a more accurate and informative financial report on the operation of DOLE - CAR, we recommend that the Accountant record all amounts withheld for remittance to the BIR under the account Due to BIR.</p> <p><b>We recommend:</b> Require the Chief Accountant to:</p> <ol style="list-style-type: none"> <li>1. Review the details of this account to determine the nature of the discrepancy between the General Ledger (GL) and Subsidiary Ledger (SL) balances and to effect the necessary adjustment to correct the erroneous record.</li> <li>2. Review the status of the project/activities funded by funds received from other government agencies. For long completed project/activities, return unutilized funds to the donor agency pursuant to existing regulations and thus clear the books of idle accounts.</li> <li>3. Analyze the Subsidiary labeled as Others and Other Activities to come up with the details of the individual accounts. Evaluate the status of said accounts to determine the appropriate action to be done whether to retain in the books, return to the source or</li> </ol>	<p>Management agreed to our recommendation and the Accountant committed to record all taxes withheld under the account Due to BIR.</p> <p>The FMS is still analyzing the composition of the account. Corresponding adjustments will be made once we have determined the nature of the discrepancy.</p>

Observations	Recommendations	Management Comments
<p><b>F. Audit of Income and Expenditures:</b></p> <p><b>1. Subsidy to Regional Offices and Subsidy from Central Office</b></p> <p>The continued non-compliance by the DOLE-FMS of the prescribed discontinuance of the practice of releasing funding checks to operating units and the manner of recording the same in the books is negating the objective of National Budget Circular (NBC) No. 488 as it allows the DOLE thru its regional offices to avoid the automatic reversion of unused funds at the end of the year, a condition that is evidenced by the excessively high level of cash on deposit reported in the books of DOLE Central and Regional Offices.</p> <p>The absence of a regular and periodic reconciliation of the reported balance of the account Subsidy to Regional Offices at the DOLE Central Office with the reciprocal account Subsidy from Central Office at the Regional Offices resulted in the non-detection and adjustment of variances totaling P65,409,391.69.</p>	<p>revert to unappropriated surplus.</p> <p>We recommend that DOLE Management require:</p> <ul style="list-style-type: none"> <li>• The Chief Accountant of the DOLE CO to comply with the prescribed mode of transferring funds to the regional offices;</li> <li>• Compliance with the prescribed method of recording of fund transfers to the regional office; and</li> <li>• The adoption of a feedback and monitoring mechanism to ensure the complete and proper accounting and recording of fund transfers.</li> </ul>	<p>The Department will conduct a consultation-meeting among its accountants and budget officers in the Central Office (CO) and Regional Offices (ROs), together with the Supervising Auditors this October 2010 and we hope that this issue will be resolved during the meeting.</p>
<p><b>2. Excessive expenditures for entertainment</b></p> <p>Entertainment expenses charged against the appropriation for miscellaneous and extraordinary expenses of thirteen (13) out the seventeen offices of DOLE offices exceeded the authorized ceiling by a total of</p>	<p>We recommend that the Accountants re-evaluate the supporting documents to determine exact nature of the expenses reported under these accounts for proper classification, else the amount claimed</p>	<p>We will comply.</p>

Observations	Recommendations	Management Comments
<p>P12,821,058.13 or 427.65% in violation of existing regulation on the subject.</p> <p><b>3. Interest Expenses (Account 975)</b></p> <p>The reported interest expenses of Region V amounting to P492,016.94 is an invalid and therefore irregular transaction as the office has no reported loan obligation that entails the payment of interest.</p>	<p>in excess of the prescribed ceiling will be disallowed in audit.</p> <p>Likewise, we strongly recommend that officials of DOLE exercise prudence in the use of funds for entertainment. To ensure this, all claims should be supported by a list of the officials entertained or had meeting with and the purpose of the meeting. Also, limit the expenses for snacks served to office visitors.</p> <p>Require the Accountant to review the basis or nature of the transaction that gave rise to the recognition of interest expense to determine the appropriate action to take relative to this account.</p>	<p>DOLE Administrative Order No. 301, Series of 2010 was recently issued to all the Department's offices to observe cost-cutting measures which includes the exercise of prudence in the use of government's resources/funds such as limits on meals/food served during meetings.</p> <p><u>For RO III –</u></p> <p>On the reported miscellaneous expenses amounting to P6,471,137.81 as of December 31, 2009, the former resident COA auditor of DOLE-RO III, Ms. Adena Z. David, recommended the use of 'Miscellaneous Expenses' (Account Code 884) in lieu of 'Other Expenses' (Account Code 969).</p> <p>An accounting entry will be made for 2010 charges to replace it with 'Other Expenses' account.</p>
<p><b>G. Gender and Development Plans</b></p> <p>In DOLE Regional Office No. X, the expenses incurred for the implementation and/or</p>	<p>We recommend that Management require the Gender and Development</p>	<p>Attached herewith, is the Preliminary Report of DOLE-Central Office's Gender and Development (GAD) Accomplishment for FY 2009 pursuant to</p>

Observations	Recommendations	Management Comments
<p>institutionalization of Gender and Development of the agency could not be properly determined in the absence of the documents related to its plans and budget and accomplishment reports as required under DBM, NEDA and NCRFW Joint Circular No. 2004-1.</p>	<p>(GAD) Focal Person to prepare their plan and budget as well as the accomplishment report in conformity with the form provided under Joint Circular No. 2004-1</p>	<p>Section 5.2 of DBM/NEDA/NCRFW Joint Circular No. 2004-1 together with the detailed list of transactions to facilitate your audit.</p>
<p><b>H. Compliance Audit</b></p> <p>Payment for claims with incomplete documents totaling P1,498,166.45 were made by DOLE Region XII contrary to the provisions of Section 4 of PD 1445 thus casting doubt on the regularity and correctness of the transactions.</p>	<p>We recommend that the management of DOLE Region XII require the Accountant and Cashier to strictly adhere to the rules and regulations requiring that claims against government funds be supported with complete documentation. In so doing, the regularity and validity/correctness of the claims can be validated and audit suspensions and/or disallowances can be avoided.</p>	<p>The concerned personnel have fully complied and submitted all the lacking supporting documents as indicated in the supporting schedule. The remaining ones are still in the for the 100% compliance.</p>
<p>DOLE Region XIII is using an accounting software developed by a private entity in violation of COA Circular No. 2003-005 dated June 30, 2003 and COA Circular No. 2001-003 dated October 2, 2001. Thus the integrity of the data generated may not be reliable since the software was not validated and/or tested by the experts from COA Information and Communication Technology (ICTC).</p> <p>Disbursement vouchers covering payments made in 2009 totaling P4,996,720.18 have not been submitted as of February 24, 2010 hence</p>	<p>Direct the accountant to do parallel recording of transactions in the books of accounts. In the future, strict observance of the rules and regulations issued by the Commission on Audit as regard accounting and auditing matters is hereby enjoined.</p> <p>We recommend that the Cashier prepares his reports on time to facilitate recording in the books and to allow the Accountant to submit the financial</p>	<p>Management informed that they are willing to submit the present software to COA for review.</p> <p>Management replied that vouchers amounting to P1,173,962.42 were submitted on March 2010 and 29 vouchers in the amount of P2,663,821.47 were</p>

<b>Observations</b>	<b>Recommendations</b>	<b>Management Comments</b>
<p>the timely audit of the transactions to determine propriety cannot be performed in DOLE CAR.</p> <p>In Region V, the disbursement of fund assistance in the MDS and Trust Fund for CY 2009 amounted to P10,826,897.40 and P1,411,700.00, respectively, were not supported with complete documentation contrary to the provision of Section 4 (6) of PD 1445, as such, the authenticity and authority of the claims could not be ascertained.</p>	<p>reports with complete vouchers and supporting documents within ten (10) days from the end of each month as prescribed.</p> <p>We recommend that Management should conduct a pre-qualification conference with the ACPs, beneficiaries and others concerned to discuss the initial supporting documents for the grant of financial assistance. Moreover, the ACPs or proponents should prepare and submit Liquidation Reports. This way the disposition of government funds will be fully substantiated to comply with existing laws, rules, regulations and administrative requirements. In case of loss, the accountabilities and responsibilities for government properties can be immediately pinpointed. The physical, documentary and testimonial evidences will be made available to validate the authenticity of the claims.</p>	<p>submitted to previous audit team.</p> <p>All of the documents needed for the release of most of the livelihood assistance listed in Annex A were already submitted to COA since they were included in the Notice of Suspension Nos. 2009-001 and 002. The documents for the remaining vouchers will be submitted as soon as possible.</p>