



Republic of the Philippines
COMMISSION ON AUDIT
NGS, Cluster 5 – Education and Employment
Regional Office No. XIII
Butuan City

Ref. No.: ML- DOLE-ROXIII-2017-01
Date: March 14, 2017

ATTY. EVELYN R. RAMOS
OIC-Regional Director
Department of Labor and Employment
Region XIII, Butuan City

Dear Director Ramos:

**Management Letter on the Audit of the
Department of Labor and Employment
Regional Office No. XIII, Butuan City
for the period January 1 to December 31, 2016**

1. Pursuant to Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of the Government Auditing Code of the Philippines (PD 1445), we have audited the accounts and operations of the Department of Labor and Employment (DOLE), Regional Office XIII for the period ended December 31, 2016. The audit was conducted in accordance with applicable legal and regulatory requirements, and generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.
2. The audit was conducted to (a) verify the level of assurance that may be placed on management's assertions on the financial statements; (b) recommended agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.
3. The Agency's statements financial position and financial performance for calendar year 2016 are shown in the attached audited financial statements labeled as Annexes A.1 – A.6.
4. Deficiencies observed in the course of the audit were earlier communicated through Audit Observations Memoranda (AOMs) and discussed with concerned DOLE-RO XIII officials and employees in an exit conference conducted on March 14, 2017. Their comments were incorporated in this Management Letter, where appropriate. The significant audit observations and the recommendations shall be incorporated in the Consolidated Annual Audit Report (CAAR) of DOLE for CY 2016.

A. INTRODUCTION

Agency Mandate

5. The Department of Labor and Employment (DOLE) became a department on December 8, 1933 with the passage of Act 4121. A national government agency mandated to formulate policies, implement programs and services, and serve as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The organization and functions of the DOLE are provided under Executive Order No. 126, as amended by the Labor Code of the Philippines, and other relevant and pertinent legislations.

6. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws and such other laws as specifically assigned to it or to the Secretary of Labor and Employment.

7. Consistent with the National Development Plan, the Department of Labor and Employment's vision is to attain a full decent and productive employment for every Filipino worker. DOLE is also mandated to promote gainful employment opportunities, develop human resources, protect workers and promote their welfare and maintain industrial peace.

Personnel Complement

8. As of December 31, 2016, the DOLE, RO XIII was manned by 37 regular and 13 contractual personnel headed by the Regional Director, who oversees the operations of DOLE in the Region including the four (4) provincial field offices, namely: Agusan del Norte; Agusan del Sur; Surigao del Norte and Dinagat Island Province (DIP); and Surigao del Sur:

Name	Position/Designation
Atty. Evelyn R. Ramos	OIC-Regional Director
Genebelle B. Bal	OIC-Assistant Regional Director
Raymond Fel F. Sajor	Chief, TSSD
Estrello B. Espina	Chief, IMSD/ Budget Officer
Giovanni S. Paredes	Accountant III
Ana B. Delos Reyes	Cashier-Designate
Ruth N. Sanchez	Supply Officer
Dorothy Jill D. Peros	Planning Officer III
Herminigildo L. Daytoc	Chief, ADNFO
Keith C. Duran	Chief, ADSFO
May C. Velonta	OIC, SDSFO
Jocelyn L. Bastareche	Chief, SDNFO
Verlan V. Diaz	Chief, PDISO

Major Accomplishments

9. During the year, the DOLE XIII reported the following accomplishments, among others, which were focused on three Major Final Outputs (MFOs):

By Organizational Outcome:

ORGANIZATIONAL OUTCOME				
1. Employability of Workers and Competitiveness of Enterprise Enhanced				
PERFORMANCE INDICATORS (PIs)	ACTUAL ACCOMPLISHMENTS (CY 2016)	2016 TARGETS (CY 2016)	(SHORT)/ OVER (CY 2016)	
<ul style="list-style-type: none"> Percentage of Special Program for the Employment of Students (SPES) beneficiaries graduated from Tech-Voc or college 				
<ul style="list-style-type: none"> Percentage of jobseekers placed for employment 	13,697	9,291	1,471	
2. Cooperation between Labor and Employers Sustained				
<ul style="list-style-type: none"> Compliance rate with labor laws of establishments that employed 10 or more 	100%	100%	100%	
<ul style="list-style-type: none"> Increase in number of Industry Tripartite Councils (ITCs) established in industries reached by labor Education 	7	2	5	
<ul style="list-style-type: none"> Percentage increase in Industrial Tripartite Councils adopting Voluntary Code of Good Practices (VCGPs) 	1	1		
3. Social Protection for Vulnerable Workers Strengthened				
<ul style="list-style-type: none"> Percentage of beneficiaries provided livelihood formation assistance with continued employment and income after six months of availment 	15%	15%		

By Major Final Output (MFO):

MFO	KEY PERFORMANCE INDICATORS (PIs)	ACTUAL ACCOMPLISHMENT (CY 2016)	2016 TARGETS	(SHORT)/ OVER (CY 2016)
MFO 2:	<p>EMPLOYMENT FACILITATION AND CAPACITY BUILDING SERVICES</p> <ul style="list-style-type: none"> ▪ No. of qualified persons referred for placement ▪ No. of individual reached through Labor Market Information (LMI) ▪ Percentage of individual who rate the services provided as satisfactory or better ▪ Percentage of individuals provided services within the prescribed process cycle time (PCT) ▪ No. of beneficiaries provided of livelihood assistance (P6,700 on the average capital cost/project) ▪ No. of beneficiaries under Special Program for the Employment of Student (SPES) ▪ Percentage increase in livelihood income due to improved production for the first year of implementation ▪ Percentage of beneficiaries who rate the services provided as satisfactory or better ▪ Percentage of workers provided services within the prescribed PCT 	<p align="center">129,447</p> <p align="center">72,218</p> <p align="center">93%</p> <p align="center">6,647</p> <p align="center">13,697</p> <p align="center">97%</p>	<p align="center">91,500</p> <p align="center">61,500</p> <p align="center">70%</p> <p align="center">3,196</p> <p align="center">9,291</p> <p align="center">70%</p>	<p align="center">37,947</p>
MFO 3:	<p>LABOR FORCE WELFARE SERVICES</p> <ul style="list-style-type: none"> ▪ No. of workers served ▪ Percentage of workers who rate the services provided as satisfactory or better ▪ Percentage of affected workers provided services within the prescribed PCT 	<p align="center">542</p> <p align="center">85%</p>	<p align="center">200</p> <p align="center">70%</p>	

MFO	KEY PERFORMANCE INDICATORS (PIs)	ACTUAL ACCOMPLISHMENT (CY 2016)	2016 TARGETS	(SHORT)/ OVER (CY 2016)
MFO 4:	EMPLOYMENT REGULATION SERVICES <ul style="list-style-type: none"> ▪ No. of establishments inspected ▪ No. of workers covered as a result of inspections conducted ▪ Percentage of establishments with deficiencies given appropriate assistance leading to compliance ▪ Percentage of appealed labor disputes disposed (SpeEd) ▪ Percentage of application for permits/licenses/registrations processed within prescribed PCT ▪ Percentage of complaints and request for assistance settled within 30 days from filing (Single Entry Approach) 	<p style="text-align: center;">1,235</p> <p style="text-align: center;">100%</p> <p style="text-align: center;">100%</p> <p style="text-align: center;">97%</p>	<p style="text-align: center;">1,135</p> <p style="text-align: center;">100%</p> <p style="text-align: center;">100%</p> <p style="text-align: center;">77%</p>	

Financial Profile

10. The DOLE Regional Office XIII comparative financial condition and sources and allocation of fund, as well as the sources and utilization of fund and the notice of cash allocation for CY 2016 are presented below:

a. Financial Condition

Account	2016	2015	Increase (Decrease)	
			Amount	%
Asset	P122,220,901.23	P116,783,191.18	P 5,437,710.05	4.66%
Liabilities	23,901,397.57	20,522,078.79	3,379,318.78	16.47%
Net Assets/ Equity	98,319,503.66	96,261,112.39	2,058,391.27	2.14%

b. Sources and Application of Funds

Account	2016	2015	Increase (Decrease)	
			Amount	%
Revenue	P 691,920.00	P 1,349,280.12	P (657,360.12)	(48.72%)
Less: Current Operating Expenses	158,427,365.70	90,334,334.39	68,093,031.31	75.38%
Surplus/(Deficit) from current operations	(157,735,445.70)	(88,985,054.27)	68,750,391.43	77.26%
Net Financial Assistance/Subsidy	176,649,645.75	92,913,976.21	83,735,669.54	90.12%
Surplus/(Deficit) for the period	P 18,914,200.05	P 3,928,921.94	P 14,985,278.11	381.41%

c. Sources and Utilization of Funds

c.1. Current Year Appropriations

Source of Funds	Amount in Pesos			
	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
A. Agency Specific Budget				
Personal Services	20,989,972.69	20,989,972.69	20,622,934.95	367,037.74
Maintenance and Other Operating Expenses	186,723,178.09	186,723,178.09	157,703,816.84	29,019,361.25
Capital Outlay	2,117,000.00	2,117,000.00	1,953,950.00	163,050.00
B. Special Purpose Funds				
Personal Services	3,987,917.00	3,987,917.00	2,531,372.83	1,456,544.17
C. Automatic Appropriations				
RLIP	1,837,376.16	1,837,376.16	1,684,813.96	152,562.20
Total	215,655,443.94	215,655,443.94	184,496,888.58	31,158,555.36

c.2. Continuing Appropriations

Source of Funds	Amount in Pesos			
	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
A. Agency Specific Budget				
Personal Services	-	-	-	-
Maintenance and Other Operating Expenses (MOOE)	6,306,157.07	6,306,157.07	6,228,065.63	78,091.44
Capital Outlay	-	-	-	-
B. Special Purpose Funds				
MOOE	180,761.00	180,761.00	112,916.09	67,844.91
C. Automatic Appropriations				
RLIP	-	-	-	-
Total	6,486,918.07	6,486,918.07	6,340,981.72	145,936.35

d. Notice of Cash Allocation

Particulars	Amount Received	Disbursements	Unutilized Balance	Reverted to National Treasury
Personal Services	26,815,265.85	25,015,478.15	1,799,787.70	1,799,787.70
MOOE	273,584,500.54	147,985,582.83	125,598,917.71	125,598,917.71
Capital Outlay	285,000.00	253,000.00	32,000.00	32,000.00
Total	300,684,766.39	173,254,060.98	127,430,705.41	127,430,705.41

B. SUMMARY OF RECOMMENDATIONS

11. For the deficiencies observed in the course of the audit, we have recommended that Management:
- a. Direct the Provincial Focal Point Persons to prioritize and manage their time wisely in the performance of their functions and request for overtime, if necessary. Likewise, order the Regional Livelihood Focal Person to continuously monitor the submission of the required monthly reports from field offices and to undertake corrective measures or coaching, if needed, to facilitate preparation and submission of the same.
 - b. Instruct the concerned focal persons to strategize and devise mechanisms to fast track the preparation and immediate submission of the requested Project Profile and the Monthly Progress Reports per ACP/beneficiary within 10 days upon receipt of this observation.
 - c. Issue an Office Memorandum to the Provincial officers and all others concerned indicating therein the timelines in the submission of the required project profile and progress reports of all on-going projects for submission at the BWSC, DOLE Central Office.
 - d. Instruct the Regional focal person on the timely submission of status reports of all project proposals with complete documentation that entail immediate release of funds at DOLE-Central office, and along with the Budget Officer, make constant follow-up thereafter.
 - e. Stop the practice of processing and issuing checks just to evade the reversion of funds even with incomplete documentation in order to avoid the issuance of Notice of Suspension in the future covering such transactions.
 - f. Require the Provincial focal persons to conduct regular monitoring of all implemented and on-going projects within their jurisdiction and to submit at the Regional Office a quarterly or semi-annually Project/Program Status Report indicating therein the issues/problems encountered during the implementation and any corrective measures/technical services provided;
 - g. Instruct the Provincial focal person and all others concerned to ensure that all ACP's (LGU's; POs) as well as the beneficiaries shall undertake the pre-implementation phase before the approval and release of the financial assistance.
 - h. Henceforth, require the concerned personnel to conduct an in-depth and actual validation of all project proposals, verify the program beneficiaries' equity and see to it that the project as proposed will aid them in the necessities.

- i. Instruct the focal point to request from CHED and DepED offices the names of HEI displaced workers and validate if they were indeed absorbed or provided with scholarship grants; and find out the reason/s for the non-availment of the program.
- j. Send information/invitation letter to HEI displaced workers who remained unemployed to avail of the program, if there's any in order to serve the fund's purpose.
- k. Instruct the DOLE-AMP focal point to prepare the Status of Program Implementation and submit a copy at DOLE-CO, copy furnished the audit team.
- l. Issue an Office Memorandum requiring both the Regional and Provincial focal persons to execute and properly fill-up the MOU and submit all other necessary documents of the GIP beneficiary before the internship takes effect.
- m. Instruct the focal persons to conduct regular monitoring on the status of all on-going GIP beneficiaries, check their current place of assignment and nature of work per MOU and undertake timely corrective measures for any issues/problems encountered.
- n. Hereafter, submit the required monitoring form and list of beneficiaries at BLE, DOLE-Central office, as stipulated.
- o. Issue an Office Memorandum to all Provincial Offices, the Regional focal person and others concerned on the necessity to inform the partner government offices on the need to duly fill-up and sign DTRs of all interns, the application forms, accomplishment reports and approved transmittal letter addressed to the Provincial Head of each respective provinces before processing of payments be effected.
- p. Nonetheless, a timeframe shall be enforced for the monthly submission of claims from the partner government offices to the provincial and up to the Regional offices.
- q. Instruct the Regional and Provincial focal persons to conduct regular monitoring on the status of GIP claims submission and payments.
- r. Direct the Property Officer- Designate to prepare a list of all insurable properties and have it insured under the Property Insurance Fund of the GSIS as prescribed.
- s. Stop the practice of purchasing plane tickets without verifying first the agency's calendar of activities or checking the workload of the concerned employees to ensure that the regular duties and responsibilities will not be affected by the scheduled travel; and
- t. Confirm that a Travel Authority has been issued first before buying the airfare tickets and/or avoid booking too early to ensure that no conflicting activities will

arise that may lead to the cancellation of the travel and the eventual incurrence of unnecessary travelling expenses.

- u. Require for the immediate submission of the lacking documents to avoid suspension of the transaction;
- v. Instruct the Accountant to process and allow the monetization of 50% or more of the accumulated leave credits only for valid and justifiable reasons, which should be substantiated with relevant documents, and upon the favorable recommendation of the Agency Head; and
- w. Hereafter, process only those applications for monetization with complete documentary requirement as required under Section 23 of the Omnibus Rules on Leave and Section 5.14 of COA Circular No. 2012-001.
- x. Demand for the immediate refund of the amount overpaid from DBM-PS, or else it shall be disallowed in audit;
- y. Strengthen the internal control system over procurement of goods and services. No payment shall be done unless there is complete delivery of items attested by the Inspection and Acceptance committee members in order to avoid issuance of suspension or disallowance in the future; and
- z. Instruct the Accountant to strictly adhere with the provisions of COA Circular No. 2012-001 requiring submission of mandatory supporting documents to establish validity of claims.
- aa. Instruct the SPES focal person to undertake corrective measures or strategies to facilitate the timely submission of required documents from partner educational institutions.
- bb. Direct the Accountant and Cashier to submit the aforementioned reports and DVs within ten (10) days upon receipt of this observation.
- cc. Similarly, failure on the part of the concerned personnel in the timely submission of the required documents shall automatically cause the suspension of payment of their salaries until they shall have complied with the requirements of the Commission in accordance with paragraph (2) of Section 122 of PD 1445.
- dd. Instruct the concerned SDO to comply with all the necessary documentations and submit the liquidation report immediately or else withholding of salary shall be enforced.

- ee. Direct all SDOs and all others concerned to strictly observe the rules and regulations on the grant, utilization, liquidation as provided for in COA Circular No. 97-002 and pertinent provision of the GAM.
- ff. Instruct the Accountant to stop the practice of granting cash advances without full liquidation of the previous advances. Require to use the prescribed RCD for the submission of its liquidation.
- gg. Direct the SDOs and all others concerned to adhere with the prescribed guidelines covering the liquidation of cash advances as stipulated in Section 14 Chapter 6 of the GAM.
- hh. Management should prepare their APP in accordance with the guidelines set forth in Section 7, Rule II of the IRR of RA9184 taking into consideration the different PAPs to ensure that supplies, materials and equipment needed in the operation of the agency are included in the programmed procurement for any given calendar year.
- ii. Direct the BAC to immediately update/prepare a supplemental APP to include other necessary procurements pursuant to Section 7.4 of RA 9184, as prescribed.
- jj. Instruct the BAC Secretariat to adhere with the provisions of IRR of RA 9184 with regards to the posting requirement of Notice of Award and Notice to Proceed. Likewise, attach all required supporting documents of perfected contracts, arranged in chronological manner, and furnish the Auditor within five (5) working days upon approval.
- kk. Henceforth, require the BAC Secretariat to attend trainings and seminars and any updates on RA 9184 and its IRR to equip her of the necessary technical competence in the performance of her functions.
- ll. Observe the provisions of RA 9184 or the “Government Procurement Reform Act” in all its procurement activities.
- mm. Direct the Budget Officer to attend in DBM-sponsored trainings and seminars on the latest DBM issuances to equip himself with the needed information pertaining to the disbursement of funds;
- nn. Instruct the Budget Officer and the Accountant to adhere with the aforesaid regulations on the proper procedure in the payment of any monetization claims.
- oo. Henceforth, refrain from obligating transactions to other object of expenditures that has no corresponding allotment, unless otherwise prior request for realignment has been made and approved.

pp. Direct the Accountant to strictly withhold taxes on government money payments to suppliers.

qq. Adhere on the provisions of BIR Revenue Regulations No. 2.98 to avoid penalties arising from non-withholding of taxes as stipulated.

C. DETAILED OBSERVATIONS AND RECOMMENDATIONS

I. VALUE-FOR-MONEY AUDIT

Efficiency and Effectiveness

Project Profile and Monthly Progress Reports for the Department of Labor and Employment Livelihood and Emergency Employment Program (DILEEP) Programs consisting of Livelihood or the KABUHAYAN and the Tulong Panghanap buhay sa Ating Disadvantaged/Displaced Workers or TUPAD Programs with actual disbursements of Php2,598,055.00 and Php1,380,460.00 respectively, as of November 30, 2016, were not prepared nor submitted in disregard of Section 26 of DOLE Department Order No. 137-14 series of 2014. As a result, the risk of potential trouble spots needing closer supervision could not be identified and acted upon in a timely manner which further affect the attainment of the envisioned programs objectives.

12. Section 1 of DOLE Department Order No. 137-14 series of 2014 states that:

“The DOLE Integrated Livelihood and Emergency Employment Program (DILEEP) is the Department’s contribution to the government agenda of inclusive growth through massive job generation and poverty reduction.”

“Livelihood or KABUHAYAN Program- is a grant assistance for capacity-building on livelihood for the poor, vulnerable and marginalized workers. It provides a working capital solely for the purchase of equipment, tools and jigs, raw materials, among others, to be used in their livelihood undertakings.”

“Tulong Panghanapbuhay sa Ating Disadvantage/Displaced Workers or TUPAD- A community-based package of assistance that provides emergency employment for displaced workers, underemployed and unemployed poor, for a minimum of 10 days, but not to exceed a maximum of 30 days, xxx”

13. Moreover, Section 26 of the same Department Order also pointed that:

“For standardized monitoring and reporting system, all Regional Offices shall use the system prescribed:

- A. *Project Profile (to be submitted three (3) days after the release of fund);*
- B. *Monthly Progress Report (to be submitted seven (7) days after the reference month;*
- C. *Annual Report (for KABUHAYAN Program only- based on the monthly progress report, the Regional Office shall submit the annual report thirty (30) days after the reference year.”*

14. Review of 13 paid transactions under the DILEEP Programs (KABUHAYAN and TUPAD Programs) which amounted to Php2,598,055.00 and Php1,380,460.00, respectively, as of November 30, 2016 disclosed that the required Project Profile and Monthly Progress Reports were not regularly prepared nor submitted at the Regional Office by the concerned Provincial Office Heads/ Focal Point Persons as prescribed. Detailed lists are herein attached as Appendix 1 and 2.

15. Further, it was also disclosed that some of the KABUHAYAN Provincial Focal Point Persons failed to execute and closely monitor the necessary three (3) implementation phases for the KABUHAYAN and TUPAD Programs, namely: Pre-Implementation, Implementation and Post-Implementation Phases. These three (3) phases are essential to an efficient, effective and sustainable implementation of the DILEEP Programs.

16. Annent thereto, a letter inquiry was sent to Management dated Sept. 15, 2016 relative to the deficiencies noted as aforementioned. Likewise, the audit team also requested submission of the List of Accredited Co-Partners (ACP) and Status of Implementation together with the interventions and strategies undertaken to meet the desired targets or results within the timeframe.

17. In response, the Regional Livelihood Focal Person furnished the audit team the requested documents with exclusion of the required Project Profile and Monthly Progress Reports. Several verbal follow-ups were made thereafter, still to no avail.

18. Interview with one of the Provincial Focal Point Persons revealed that the non-submission was attributed to the voluminous transactions that he needs to attend to. Presently, he is also the focal person of two major programs and his time is prioritized on the on-going documentation of the beneficiaries under the Government Internship Program (GIP). Nonetheless, he assured that he will do his best to prepare and submit the requested documents soonest.

19. The non-preparation nor submission of the Project Profile and the Monthly Progress Reports under the DILEEP Programs could increase the risk that potential trouble spots needing closer supervision could not be identified and immediately acted upon in a timely manner, which further affect the attainment of the programs objectives as envisioned.

20. *Direct the Provincial Focal Point Persons to prioritize and manage their time wisely in the performance of their functions and request for overtime, if necessary.*

Likewise, order the Regional Livelihood Focal Person to continuously monitor the submission of the required monthly reports from field offices and to undertake corrective measures or coaching, if needed, to facilitate preparation and submission of the same.

21. *Instruct the concerned focal persons to strategize and devise mechanisms to fast track the preparation and immediate submission of the requested Project Profile and the Monthly Progress Reports per ACP/beneficiary within 10 days upon receipt of this observation.*

22. The Management submitted to the Audit Team the Project Profile and the Monthly Progress Reports for projects supervised by Agusan del Sur Field Office only. Likewise, the Management pointed out that due to the lack of manpower, the monitoring of programs was not properly enforced, however, promised that starting 2017 the Management will see to it that programs are properly monitored.

Delayed release of the remaining funds for DILEEP and BUB-Kabuhayan programs from DOLE Central Office in CY 2016 attributed to the low utilization of funds of only 47% or Php11,247,056.41 out of total appropriation of Php24,158,000 and 56% or Php7,700,000 out of BUB total appropriations of Php13,716,600, respectively, thus, the non-attainment of the set targets and accomplishments in the implementation of the said priority poverty reduction projects.

23. Section 1 of DOLE Department Order No 137-14 prescribes the program description of DOLE Integrated Livelihood and Emergency Employment Program (DILEEP) as *“the Department’s contribution to the government agenda of inclusive growth through massive job generation and poverty reduction.”*

24. Likewise, Section 1 of DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 6 dated Feb. 27, 2015 provides for the BUB Policy, as follows:

“In pursuit of attaining the Philippine Development Plan's goal of inclusive growth and poverty reduction, and promoting good governance at the local level, the Human Development and Poverty Reduction Cluster (HDPRC), through the Bottom-up Budgeting (BuB) Oversight Agencies, shall implement the Bottom-up Budgeting (BuB) program. This program seeks to increase citizens' access to local service delivery through a demand-driven budget planning process and to strengthen government accountability in local public service provision.”

“The BuB oversight and participating agencies are tasked to ensure the implementation of priority poverty reduction projects as identified at the city/municipal level through a participatory planning and budgeting process.”

25. Moreover, in regards to the release of funds, Sections 1 and 2 of NBC 562 dated Jan. 4, 2016 explicitly pointed out that:

“1.1 The government continues to explore measures to ensure the timely delivery of goods and services to the public. These include the adoption of the General Appropriations Act as a release document (GAARD), a reform initiative authorizing implementation of programs and projects in the GAA immediately upon its enactment.”

“2.2 To synchronize fund release with the implementation of the overall physical and financial plans, targets and schedules submitted by the departments, agencies, and/or operating units (OUs).”

26. Review of the Agency’s accomplishment reports and other pertinent records disclosed low utilization of funds both for DILEEP-Kabuhayan and BUB-Kabuhayan due to the delayed release of the remaining Funds from DOLE Central Office in CY 2016. It was observed that the fund utilization was only 47% or Php11,247,056.41 out of the appropriated amount of Php24,158,000 for DILEEP-Kabuhayan , while only 56% or Php7,700,000 out of Php13,716,000 for BUB-Kabuhayan. Details of which is reflected in the table below:

Table A. Schedule of Fund Utilization

Particulars	Appropriation/Allotment	Amount obligated/paid	% utilization	Target Beneficiaries	Accomplishment	% Accomplishment	Remarks
DILEEP Kabuhayan	24,158,000	11,247,056.41	47%	2,317	1,429	62%	NCA of Php30,000.00 received only on Dec. 15, 2016
BUB-Kabuhayan	13,716,000	7,700,000.00	56%	879	130	15%	
Total	37,874,000	18,947,056		3,196	1,559		

27. Similarly, the noted deficiencies further affected the non-attainment of targets set both for DILEEP-Kabuhayan and BUB-Kabuhayan, respectively in CY 2016. The table showed that only 62% or 1,429 beneficiaries in 5 provinces were provided with DILEEP-Kabuhayan programs out of 2,317 target beneficiaries, while only 15% or 130 beneficiaries were afforded with BUB-Kabuhayan programs out of 879 target beneficiaries.

28. Further, it was also found out that the Agency opted to issue quite a number of checks despite the absence of some documentary requirements to prevent reversion of

funds before the year-ended. These checks were issued between Dec. 15 and Dec. 27, 2016 totalling to Php9,798,850.41 for DILEEP-Kabuhayan, and a total of Php6,700,000 for BUB-Kabuhayan. Summary of which is shown below:

Table B. Schedule of Checks Issued but Unreleased

Program	Date Issued	Amount	Remarks/Lacking Documents:
DELEEP-Kabuhayan	Between Dec.15-27, 2016	Php9,798,85.41	a. Project appraisal; b. application for fund assistance ;c. AIP; d. RPMT Evaluation; e. MOA; f. application letter signed by LCE
BUB-Kabuhayan	Between Dec.15-27, 2016	Php6,700,000.00	a. Financial Statements; b. List of raw materials; c. proof of ownership; contract of lease
Total		Php16,498,850.41	

29. Verbal inquiry with the concerned officers revealed that the delayed released of the remaining funds for CY 2016 coupled with the Agency's direction towards a higher annual accomplishments vis a vis targets on programs implementation, enforced them to decide in the issuance of various checks due from BLGU's and other Local Government Units (LGUs) despite the absence of complete documents. However, with the rationale that the checks will not be released until submission of the lacking documentary requirements and further assured that they will install corrective measures to immediately address the problems and deter the occurrence of the same in CY 2017 and hereafter.

30. Nonetheless, the forgoing conditions implied risks to the financial aspect of the Management as well in its program implementation. These may involve untimely submission of documents; change in project proposal due to price change and other factors transpiring over time, thus may result to stale or cancellation of checks implicating further delay in the efficient delivery of the program's livelihood financial assistance to intended beneficiaries.

31. Furthermore, the noted deficiencies could also be attributed by the Management's weakness of internal control system in the handling of various programs. It was noted that the Regional office failed to require the field offices timely submission of monthly and quarterly project profile, progress reports of on-going projects as well as the status reports of projects still awaiting fund releases, thus affecting the delayed submission at the Bureau of Works with Special Concerns (BWSC), DOLE Central office. Likewise, the Regional focal person was lenient enough to receive project proposals of beneficiaries with incomplete documentation.

32. Issue an Office Memorandum to the Provincial officers and all others concerned indicating therein the timelines in the submission of the required project

profile and progress reports of all on-going projects for submission at the BWSC, DOLE Central Office.

33. *Instruct the Regional focal person on the timely submission of status reports of all project proposals with complete documentation that entail immediate release of funds at DOLE-Central office, and along with the Budget Officer, make constant follow-up thereafter.*

34. *Stop the practice of processing and issuing checks just to evade the reversion of funds even with incomplete documentation in order to avoid the issuance of Notice of Suspension in the future covering such transactions.*

35. The Management issued memorandum to FO Heads indicating the timelines on the submission of Project Profile. The Management also ensured “timely submission of the status reports of all project proposals; and will comply all necessary requirements before the issuance of checks.”

Absence of regular monitoring and evaluation of the livelihood projects coupled with insufficient delivery of basic information to the beneficiaries contributed to the dissolution of four (4) programs amounting to Php1,302,935.02 or 12% of the 29 selected DILEEP-Kabuhayan programs totaling Php11,096,467.14 implemented from CY 2013 up to the first quarter of CY 2016, thereby affecting the efficiency, productivity and sustainability of the identified livelihood programs.

36. Section 1 of DOLE Department Order No 137-14 prescribes the program description:

“The DOLE Integrated Livelihood and Emergency Employment Program (DILEEP) is the Department’s contribution to the government agenda of inclusive growth through massive job generation and poverty reduction.”

37. Likewise, Section 8.C of the same regulation explicitly pointed out that:

“Post-Phase Implementation - Period or stage during which beneficiaries shall be provided with continuing technical and business advisory services to ensure efficiency, productivity and sustainability of the business/enterprise.”

38. Verification of the records revealed that as of December 31, 2016 the total number of DILEEP - Kabuhayan programs implemented from CYs 2010 to 2016 has reached to 234 projects totaling to Php 79,212,145.66. However, per interview conducted, we gathered that DOLE RO XIII has not conducted any regular monitoring and evaluation of all the projects implemented nor they have any updated status report as of the end of the year. Hence, the audit team conducted a random inspection of selected 29 projects implemented in CY 2013 up to the 1st quarter of 2016 as shown below:

Schedule of DILEEP - Kabuhayan programs implemented in CYs 2010 to 2016

Year Granted	No.	Amount	Sample Inspection Conducted			
			No.	Amount	% in No.	% in Amount
2010	23	4,629,185.91	-			
2011	20	4,629,185.91	-			
2012	22	9,153,059.82	-			
2013	24	13,354,528.27	6	1,594,385.17	3%	2%
2014	49	15,712,429.67	8	4,987,494.00	3%	6%
2015	38	9,621,969.97	5	1,379,297.97	2%	2%
2016	58	22,111,786.11	10	3,135,290.00	4%	4%
Total	234	79,212,145.66	29	11,096,467.14	12%	14%

39. Validation of the above 29 selected DILEEP - Kabuhayan programs implemented in the four provinces of Caraga Region from CY 2013 up to the first quarter of CY 2016, was undertaken in order to get at least any information and status of the said projects. It was found out that four (4) programs totaling Php1,302,935.02 were already dissolved or 12% out of the total released amount of Php11,096,467.14 for the 29 validated livelihood projects. Detailed schedule of which is presented below:

Table A. Schedule of Livelihood Projects Validated

Location/ Provincial Office	Date Validat ed	Year Granted	# of project s validat ed	Total amount granted	# of dissolve d project	Total amount	% of dissolved project (to total amount granted)
Surigao Del Sur	Nov. 28-29, 2016	2013 to- 2015	7	1,931,125.17	1	97,085.17	1%
Surigao Del Norte	Dec.5- 6, 2016	2013 to 2016	6	2,727,341.00	1	588,949.85	5%
Agusan Del Sur	Dec.1- 2, 2016	2013 to 2016	11	5,049,350.97	2	616,900.00	6%
Agusan Del Norte	Jan. 16, 2017	1 st quarter of CY 2016	5	1,378,650.00	0	-	12%
Total			29	11,096,467.14	4	1,302,935.02	12%

40. Interview conducted with the chairman and the organization's representative of the 29 livelihood programs confirmed that no technical assistance has been provided by the concerned Provincial livelihood focal person after the amount was granted and released to the beneficiaries through the concerned Barangay Local Government Unit (BLGU) or LGUs, as DOLE's Accredited Co-Partner (ACP). A dialogue with the representatives of the four (4) livelihood projects opined that the dissolution was due to

flood and other calamities that curtailed the projects existence. Nonetheless, should there be a regular monitoring and evaluation conducted by the concerned focal persons of these programs, corrective measures and any technical assistance could have been afforded on a timely manner.

41. The failure to conduct monitoring and evaluation of the implemented projects was due to the Agency's misconception that their responsibility and technical advisory services stops after the financial assistance was granted to the concerned organization/beneficiaries.

42. Moreover, representatives of the two (2) projects in Agusan del Norte disclosed that BLGU-Villa Kananga acting as the ACP after receiving the official receipts, thereafter released the financial assistance to the beneficiaries and directed them to commence their own procurement contrary to Section 23.D of the same regulation, which provides that:

“Any procurement arising from the implementation of a particular project shall comply with the provisions of RA 9184 and its revised Implementing Rules and Regulations and subject to the procurement procedures under COA Circular No. 2012-001.”

43. Hence, DOLE RO XIII's insufficient provision of the so-called pre-implementation phase or the needed basic information on the program's implementation affected the efficiency of both the ACP and the beneficiaries in handling their respective responsibilities in the implementation of the livelihood projects. This includes the information on the role of the LGU's as an accredited co-partner of which the financial assistance is being coursed through to be deposited in a separate account, the conduct of the procurement process in behalf of the beneficiaries, the release of the procured materials to the organizations/ beneficiaries and thereafter, the submission of the liquidation reports.

44. Similarly, various trainings should have been introduced to the beneficiaries such as the training on how to plan, set-up and operate the livelihood projects, business management and productions skills training, among others. As a result, necessary assistance for the productivity and sustainability of the livelihood projects was not well afforded.

45. Based on the results of our random inspection that four (4) out of 29 or 14% of the total projects implemented on the last five (5) years has been dissolved, there is a big possibility that more projects are already non-existing. Thus, there is a necessity for a close monitoring and evaluation of every project implemented so that any corresponding corrective measures or assistance for improvement can be provided to help prevent dissolution.

46. *Require the Provincial focal persons to conduct regular monitoring of all implemented and on-going projects within their jurisdiction and to submit at the*

Regional Office a quarterly or semi-annually Project/Program Status Report indicating therein the issues/problems encountered during the implementation and any corrective measures/technical services provided;

47. Instruct the Provincial focal person and all others concerned to ensure that all ACP's (LGU's; POs) as well as the beneficiaries shall undertake the pre-implementation phase before the approval and release of the financial assistance.

48. Henceforth, require the concerned personnel to conduct an in-depth and actual validation of all project proposals, verify the program beneficiaries' equity and see to it that the project as proposed will aid them in the necessities.

49. The Management guaranteed that they will conduct an in-depth and actual validation of all project to ensure its sustainability and all ACPs and beneficiaries shall undertake the pre-implementation phase before approval and release of fund.

Of the 23 HEI personnel reported affected in the region due to the implementation of the K to 12 Curriculum, no one has availed of the DOLE-AMP Program for Displaced Workers, thus, there was a low utilization of the fund pertaining to administration cost and salaries only totaling Php72,135.00 or 17% of the total appropriation of Php413,757.56 for CY 2016, due to the absence of strategies and measures in its implementation, resulting in the inability to address the transition to self or fulltime employment which defeats the purpose of the program.

50. Section 4 of the Special Provisions, General Appropriations Act of 2016 provides that:

"The amount of Five Hundred Million Pesos (P500,000,000.00) appropriated herein shall be used for the implementation of the Adjustment Measures Programs for displaced workers under the K to 12 Program".

51. Likewise, Section 2 of DOLE Department Order No. 152-16 defines the program as:

"The K to 12 OLE AMP is part of the government's Inter-Agency Mitigation Measures for affected HEI personnel during the transition period of the implementation of K to 12 Program. It serves as a safety-net linked to active labor market programs (ALMP) and provides unemployment-related benefit schemes to displaced HEI personnel who will not qualify or avail of the Department of Education (DepED) and the Commission on Higher Education (CHED) mitigation measures. The K to 12 DOLE AMP aims to support the displaced HEI in their transition to self or full-time employment thru: 1) Financial support, 2) Employment Facilitation and 3) Training Livelihood."

52. The implementing Agencies are guided by the following guidelines:

- The Program Management Office (PMO) through the BLE is the over-all oversight body for the implementation of the program
- The Quick Response Team undertakes an assessment of the displacement reports and transmits the said report to the PESO and DOLE-ROs
- The DOLE ROs evaluates the applicant's documents and conduct assessments, recommendation and orientation about the program components and their duties and responsibilities in order to properly and continuously avail the program
- Monitoring and evaluation of program implementation will be made every six months to ensure the effectiveness of the program and its guidelines

53. Report of the Commission on Higher Education (CHED) RO XIII estimated a total of 23 HEI personnel who will be displaced under the K to 12 Program from 2016 to 2018 in CARAGA Region with the following breakdown:

Table A. Breakdown of Displaced workers (HEIs)

Classification	Number of Estimated Displaced HEI Personnel
Full-Time Teaching	13
Part-time Teaching	6
Non-Teaching	4
Total	23

54. Of the above 23 HEI personnel affected and validated from the collated Displaced Reports, none availed of the DOLE-AMP Program thus, attributed to the low utilization of funds of only 17% or Php72,135.00 out of the total appropriations of Php413,757.56 for CY 2016 as shown in the table below:

Table B. Schedule of Fund Utilization

Particulars	Appropriation	Allotment	Obligation	Balance	% of Utilization
Financial Support	200,000.00	200,000.00		200,000.00	0%
Administrative Cost	87,757.56	87,757.56	2,925.00	84,832.56	3%
Salary of K-12 technical staff	126,000.00	126,000.00	69,210.00	56,790.00	55%
Total	413,757.56	413,757.56	72,135.00	341,622.56	17%

55. A letter inquiry dated December 12, 2016 was sent to Management requesting submission of DOLE-AMP Status of Program Implementation for CY 2016; the explanation on the reasons of the low utilization of funds, and corrective measures/strategies undertaken to effectively implement the program.

56. Management responded that the low utilization of fund is due to the non-availment of the displaced HEI workers of the program in spite of having it publicized, thus, indicates that the implementation of K to 12 curriculum in CARAGA has a minimal effect. Further, during the NEDA RDC full council meeting dated December 14, 2016, CHED RO XIII reported that no displaced workers availed of the program for reason that either they were already absorbed for another job or were provided with scholarship grants. Request for the status report on the implementation of the program has been made and it will be provided to the Audit Team when already available.

57. The foregoing condition could also be attributed to Management's lack of regular monitoring and evaluation of the program. It was noted that the focal point had no lists of the names of the displaced workers and their whereabouts. Likewise, there were no validation reports and non-preparation and submission of the required DOLE AMP Status of Program Implementation to DOLE-Central Office.

58. *Instruct the focal point to request from CHED and DepED offices the names of HEI displaced workers and validate if they were indeed absorbed or provided with scholarship grants; and find out the reason/s for the non-availment of the program.*

59. *Send information/invitation letter to HEI displaced workers who remained unemployed to avail of the program, if there's any in order to serve the fund's purpose.*

60. *Instruct the DOLE-AMP focal point to prepare the Status of Program Implementation and submit a copy at DOLE-CO, copy furnished the audit team.*

61. The Management agreed with the recommendations. Necessary measures were already undertaken and guaranteed that monthly status report will be furnished to the team.

Of the total 119 validated GIP beneficiaries in CY 2016, 13 were re-assigned in private entities while 92 were transferred in local and national government agencies due to defects in the MOU and absence of regular monitoring and evaluation of the program, contrary to pertinent provisions of DOLE D.O. No. 260 s. 2015, thus, the non-attainment of the objectives in providing opportunities for the poor/indigent and young workers and attracting the best and the brightest for a career in public service.

62. Section 1.1 of DOLE DO No. 260 s. 2015 prescribes the objective of GIP:

“To provide young workers, particularly the poor/indigent and young workers, opportunity to demonstrate their talents and skills in the field of public service with the ultimate objective of attracting the best and the brightest who want to pursue a career in government service, particularly in the fields and disciplines related to labor and employment; and xxx”

63. Section 2.4 Duties and Functions of GIP beneficiaries:

Beneficiaries of the DOLE-GIP shall perform the following duties and functions:

- 1) *Profiling of child laborer/s in the barangay;*
- 2) *Encoding of registrants in the Skills Registry System;*
- 3) *Assisting public school personnel/staff;*
- 4) *Assisting LGU personnel/staff;*
- 5) *Assisting public hospitals personnel/staff;*
- 6) *Performing duties assigned by the government agencies-program partner;*
- 7) *Other functions not highly-technical*

64. Likewise, Section 3.2 provides for the functions of the Regional Office which include:

“3.2(2) Execute with recipient government agencies and/or instrumentalities, including public schools or institutions, a Memorandum of Understanding (MOU) on the implementation of the DOLE GIP”

65. Validation of the on-going internship of GIP beneficiaries in the provinces of Region XIII conducted on November 28 and Dec. 5, 2016, respectively disclosed that 13 out of 119 DOLE-GIP beneficiaries were assigned in private cooperative offices, while 92 beneficiaries were re-assigned to other government agencies that are not related to labor and employment, as shown in the table below:

Table A. Schedule on the Status of Validated GIP Beneficiaries

Provincial Office	LGU	No. of GIP Beneficiaries	Date of Internship	Place of Assignment on record	Actual assignment per validation	% of GIP assigned in private entity	% of beneficiaries re-assigned
Surigao del Sur	Tandag City	49	June 13- Dec. 13, 2016	Congressional office	13 were assigned at Surigao del Sur Police Cooperative (SURPOCO) 36 were reassigned at other offices (DAR; BIR due to political reason)	27%	73%
	Cagwait	1	June 6 - Dec. 6, 2016	PESO office	Peso Office		
	Liangga		June 16- Dec. 16, 2016	PESO Office	PESO Office		
	Barobo	15	Sept. 13, 2016- Feb. 13, 2017	PESO Office	3 are assigned at other offices within the LGU		20%
ADS	Date of internship already completed prior to validation						

Provincial Office	LGU	No. of GIP Beneficiaries	Date of Internship	Place of Assignment on record	Actual assignment per validation	% of GIP assigned in private entity	% of beneficiaries re-assigned
SDN	Provincial office	53	Sept. 13, 2016- Feb. 13, 2017; Nov. 15, 2016-May 15, 2017		51 interns are assigned in different Barangay offices within the Province ; 2 are assigned at PESO office		100%
ADN	Date of internship already completed prior to validation						
Total		119				11%	77%

66. Likewise, it was noted that the Memorandum of Understanding (MOU) was not primarily executed, filled up, and notarized, hence, non-enforceable, which may have also caused the inconsiderate movement of GIP beneficiaries.

67. Interview conducted with some of the beneficiaries currently assigned at SURPOCO, a private cooperative, revealed that they were primarily assigned at the Congressional office but they were automatically ousted, together with the program in-charge when the newly elected Congressman took office. Thus, they were transferred at SURPOCO, and performed functions like market research, housing Investments, coop collectors, etc. Likewise, they were not properly briefed nor informed on the consequences of being a GIP beneficiary.

68. The foregoing deficiencies may be caused by the Agency's laxity in the enforcement and execution of the Memorandum of Understanding (MOU), which is an indication in the weakness of the internal control system. The MOU should primarily be executed and agreed upon between DOLE-RO XIII and the GIP Government Office partner/employer, to set forth the duties and obligations of both parties in the implementation of the program, before the internship commences. However, evaluation disclosed that MOU for each government office partner/employer was not executed beforehand, and remained non-notarized as of date.

69. Furthermore, the non-conduct of regular monitoring and evaluation of the GIP program both by the Regional and the Provincial focal persons also contribute to the foregoing conditions. It was observed that the concerned GIP focal person in Surigao del Sur was not aware of the re-assignment that transpired in the said province or any knowledge in the whereabouts of the beneficiaries. The audit team demanded for the GIP monitoring reports, but only the office record was available. Necessary information required such as the current office/place of assignment, nature of work performed, status of salary payments, among others were not presented for validation. Likewise, the GIP Monitoring Form and the List of GIP beneficiaries were not regularly submitted at the Bureau of Local Employment, DOLE-Central Office on a monthly basis, as prescribed.

70. Issue an Office Memorandum requiring both the Regional and Provincial focal persons to execute and properly fill-up the MOU and submit all other necessary documents of the GIP beneficiary before the internship takes effect.

71. *Instruct the focal persons to conduct regular monitoring on the status of all on-going GIP beneficiaries, check their current place of assignment and nature of work per MOU and undertake timely corrective measures for any issues/problems encountered.*

72. *Hereafter, submit the required monitoring form and list of beneficiaries at BLE, DOLE-Central office, as stipulated.*

73. The Management commented that due to limited manpower, the monitoring of GIP is tapped to the PESO, who are only designated persons and have their own primary functions in their respective LGUs. Hence, the Management requested for consideration for CY 2016 GIP implementation, and ensured that in CY 2017, GIP implementation will be strictly monitored and will be implemented in accordance with the guidelines and regulations.

Payment of stipend/allowance for GIP beneficiaries in the total amount of ₱45,602,174.87 were 3 to 247 days delayed due to non-implementation of proper guidelines and timeframe in the submission of monthly required documents, which deprived the beneficiaries for the timely use of the much need stipend for services rendered.

74. Section 3.2 of DOLE Administrative Order No. 260 s. 2015 explicitly pointed out the responsibilities of the Regional Office in the implementation of the program and one of which is on the payment of stipend/allowance:

“(5) Determine, process, and facilitate the payment of the stipend/allowance of the interns equivalent to 75% of the prevailing minimum wage in the Region where the interns are assigned. The DOLE-ROs may adopt the payroll system, or any other form or mode of payment for the intern’s stipend/allowance as they deem efficient and effective”

75. Paragraph 4 in the Internship Agreement (DOLE-GIP Form B) stipulates that:

“The intern shall be entitled to receive an allowance/stipend equivalent to 75% of the existing Regional minimum wage where the internship agreement shall be enforced, payable every 15th and 30th of each month based on the intern’s actual attendance, and that absences, tardiness or under time incurred shall be deducted accordingly xxx”

76. Review of various disbursement vouchers and liquidation reports of Special Disbursing Officers (SDOs) in the payment of GIP stipend/allowances in CY 2016 disclosed that the Agency’s non-implementation of proper guidelines and timeframe set in the submission of required documents (DTR, accomplishment reports, etc) which attributed to the delayed payment of stipend/allowance to 12,876 beneficiaries in the 5

provinces in CARAGA Region in the total amount of P45,602,174.87 ranging from 3 to 247 days as shown below:

Table A. Payment of Stipend/Allowance to GIP Beneficiaries

Province	No. of Beneficiaries	Total Amount paid	No. of days delayed
Agusan del Norte	3,060	Php8,216,699.68	6-52
Agusan del Sur	3,835	13,900,803.73	4-247
Surigao del Norte	1,328	5,151,659.43	7-101
Surigao del Sur	2,587	9,957,366.73	3-104
Dinagat Province	2,066	8,375,645.30	25-149
Total	12,876	Php45,602,174.87	

77. Moreover, it was also found out that neither of the interns received the stipend/allowance regularly, or on the 15th and 30th of each month as prescribed. Similarly, the submitted GIP application forms were not duly filled up and approved by the Provincial focal persons.

78. Verbal inquiry from the program's Regional focal person revealed that it would take days or even months before the required documents for the monthly payment of the interns' stipend/allowance from the provinces reach their end. Likewise, the provincial focal persons opined that the partner government offices would partly be blamed in the delays since the submitted documents are always deficient of the needed data, so they have to return the same. They further confirmed that they lack standing guidelines relative to the GIP's basic documents as requisite for stipend/allowance payment along with the timeframe set for its submission from field offices.

79. The noted deficiencies may also be caused by the Agency's weakness in internal control system over the procedure in processing of all GIP claims. The absence of office guidelines/memoranda on the efficient means to facilitate payments coupled with the laxity and lack of proper information of the focal persons contributed the instant predicament.

80. Consequently, the foregoing conditions effected the delayed receipts of the interns' monthly stipend/allowances thereby the needed financial support was not efficiently and effectively facilitated.

81. Issue an Office Memorandum to all Provincial Offices, the Regional focal person and others concerned on the necessity to inform the partner government offices on the need to duly fill-up and sign DTRs of all interns, the application forms, accomplishment reports and approved transmittal letter addressed to the Provincial Head of each respective provinces before processing of payments be effected.

82. Nonetheless, a timeframe shall be enforced for the monthly submission of claims from the partner government offices to the provincial and up to the Regional offices.

83. *Instruct the Regional and Provincial focal persons to conduct regular monitoring on the status of GIP claims submission and payments.*

84. The Management replied that the delayed payment of stipend is due to delayed compliance/submission of DTRs and accomplishment reports of some interns. And some interns assigned in remote barangays preferred to submit the said requirements on a monthly basis due to transportation cost and other personal reasons.

II. FINANCIAL AND COMPLIANCE AUDIT

Compliance Audit

Compliance with Section 5 of RA 656 or the “Property Insurance Law”

The properties of the Agency with the total acquisition cost of Php12,818,491.51 were not insured with the Property Insurance Fund administered by the Government Service Insurance System (GSIS) pursuant to Section 5 of RA 656 or the “Property Insurance Law” and COA Circular No.92-390, thereby the government is denied of protection and any indemnification for any damage to or loss of properties due to fire, earthquake, storm or other unforeseen events.

85. Section 5 of RA 656 explicitly provides that:

“Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies. xxx”

86. Likewise, COA Circular No. 92-390 dated November 17, 1992 prescribes the Inventory of Physical Assets, Insurance and Bonding of Risks with the general Insurance Fund of the GSIS.

87. The aforesaid Circular was issued to assist the General Insurance Fund and the Property Replacement Fund of the GSIS in:

1. Determining the physical assets of the national and local government including those of government owned and/or controlled corporations and their subsidiaries and affiliates; and
2. Ensuring that all insurable assets and properties of the Government are adequately covered/ insured with the General Insurance Fund of the GSIS.

88. The Agency Head has the responsibility to insure government property under the General Insurance Fund administered by the GSIS. This fund covers all insurable assets,

contracts, rights of actions, and other insurable risks to protect the government against property losses.

89. The procedure in insuring government properties are as follows:

1. The Agency Head prepares a Property Inventory of his/her office every end of the fiscal year, using the form prescribed by the GSIS.
2. The inventory is submitted to the COA Auditor concerned for verification.
3. Agency Head submits the verified inventory to the GSIS not later than October 31 of the ensuing year.

90. Evaluation of records disclosed that except for motor vehicles, other properties and equipment of the Agency were not insured under the General Insurance Fund of the GSIS. The uninsured properties are summarized in the table below;

Table A. Summary of Uninsured Properties

Properties/Accounts	Acquisition Cost
Office Equipment	1,343,462.70
Furniture and Fixture	539,264.00
ICT Equipment and Software	5,964,499.71
Communication Equipment	54,596.95
Firefighting Equipment	27,000.00
Other PPE	4,889,668.15
Total	12,818,491.51

91. A letter inquiry dated January 5, 2017 was sent to Management on their compliance with the aforementioned regulations. The concerned officers then responded and admitted that only the office vehicles were duly insured under the GSIS Insurance Fund. Further, as part of their corrective action, they already coordinated with the GSIS regarding specific properties that are insurable. Nevertheless, they promised that all the PPEs will be insured under the Property Insurance Fund of the GSIS by CY 2017 and thereafter.

92. The foregoing deficiency could also be caused by Management's lack of information relative to the provisions stipulated under RA 656.

93. As a result, the Agency is not protected nor compensated of the value of the properties in case of fire, theft and other unforeseen events.

94. *Direct the Property Officer- Designate to prepare a list of all insurable properties and have it insured under the Property Insurance Fund of the GSIS as prescribed.*

95. The Management commented in their letter reply dated February 10, 2017 that the inventory of PPEs was submitted to GSIS for assessment and computation of fire insurance premium. The application for fire insurance to GSIS was already prepared and

payment of premium shall be made upon the result of GSIS assessment. The Management also assured that all the PPEs in the Regional Office, including the five (5) Provincial Offices, will be insured yearly.

Compliance with PD 1445 and Existing COA Rules and Regulations

Airfare tickets totaling Php29,629.00 were purchased without checking first the agency’s calendar of activities nor the workload of the concerned employees that resulted to the cancellation of the scheduled travels due to conflicting activities and the eventual incurrence of unnecessary expenses as defined under Section 4 of COA Circular No. 2012-003.

96. Section 4 of COA Circular 2012-003 dated Oct. 29, 2012 prescribed the definition for “Unnecessary Expenditures” as:

“The term pertains to expenditures which could not pass the test of prudence or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service. Unnecessary expenditures are those not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation.xxx”

97. Evaluation of the pertinent documents disclosed that the Agency spent for two (2) round trip tickets in the total amount of Php29,629.00 in CY 2016 but were not used as the scheduled travel were cancelled. There was no refund of the said tickets as there was a statement explaining that they were non-cancellable. The said tickets were non-cancellable, hence, no refund of the amount was received.

98. Further review revealed that the airfare tickets were booked too early from the scheduled date of travel particularly the ticket for the attendance of the Regional Youth Advisory Council National Convention on March 30 to April 1, 2016 which was bought on March 4, 2016 prior to the issuance of the Travel Authority on March 11, 2016. In addition, the reason for the cancellation of tickets were due to conflicting activities of the employees concerned, thus, the tickets may have been purchased without checking first his/her lined-up activities. Details of the cancelled tickets are shown in the table below:

Table A. Schedule of Cancelled Travels

Check No.	Amount	Name of personnel	Destination	Date Tickets were booked/ Purpose	Date of travel	Reason for cancellation of travel
1005860 dated 03/30/16	P18,367.00	RD Johnson Canete	Butuan-Cebu and Cebu-Caticlan (roundtrip)	03/04/2016/ Per communication from National Youth Commission re Regional Youth Advisory Council	03/30/2016-04/01/2016	Opted to attend the Special RCC Meeting cum Turn-over and Welcome Ceremony for the new DOLE Caraga Regional

Check No.	Amount	Name of personnel	Destination	Date Tickets were booked/ Purpose	Date of travel	Reason for cancellation of travel
				National Convention received on Feb 29, 2016. Authority to travel was dated Mar 11, 2016.		Director which was held on March 30, 2016
1006096 dated 05/03/16	11,262.00	Giovanni S. Paredes	Butuan-Manila (roundtrip)	04/21/2016/ Tickets were booked based on Authority to Travel dated Apr 14, 2016	04/26/2016- 04/29/2016	Due to various urgent concerns in the Accounting Unit since it's nearing month end
Total	P29,629.00					

99. The noted deficiency can be attributed to Management's lack of proper planning and absence of control measures in its disbursement of funds which may result to unnecessary travelling expenses.

100. The foregoing condition could have been avoided, had proper scheduling of activities were prepared, verification/confirmation of lined-up activities and employees' workload were properly checked that resulted to unnecessary expenses.

101. Stop the practice of purchasing plane tickets without verifying first the agency's calendar of activities or checking the workload of the concerned employees to ensure that the regular duties and responsibilities will not be affected by the scheduled travel; and

102. Confirm that a Travel Authority has been issued first before buying the airfare tickets and/or avoid booking too early to ensure that no conflicting activities will arise that may lead to the cancellation of the travel and the eventual incurrence of unnecessary travelling expenses.

103. The Management replied, in a letter dated February 6, 2017, that they are amenable with the recommendation and provided some control measures.

Monetization of leave credits in the total amount of Php1,060,139.19 were not completely supported with the necessary supporting documents as required under COA Circular 2012-001 dated June 14, 2012, thus the regularity and validity of the claims could not be ascertained.

104. Section 5.14 of COA Circular No. 2012-001 dated June 14, 2012 prescribes the following documents as necessary to support the payment of monetization of leave credits:

- a. *Approved leave application (ten days) with leave credit balance certified by the Human Resource Office;*
- b. *Request for leave covering more than ten days duly approved by the Head of Agency; and*
- c. *For monetization of 50 percent or more:*
 - o *Clinical abstract/medical procedures to be undertaken in case of health, medical and hospital needs;*
 - o *Barangay certification in case of need for financial assistance brought about by calamities, typhoons, fire, etc*

105. Likewise, Sections 22 and 23 of the Omnibus Rules on Leave, Rule XVI of the Omnibus Rules Implementing Book V of Executive Order No. 292, provides:

“Sec. 22. Monetization of leave credits. – Officials and employees in the career and non-career service whether permanent, temporary, casual, or coterminous, who have accumulated fifteen (15) days of vacation leave credits shall be allowed to monetize a minimum of ten (10) days: Provided, that at least five (5) days is retained after monetization and provided further that a maximum of thirty (30) days may be monetized in a given year. (Provided for under CSC MC No. 41, s. 1998)

‘+. 23. Monetization of 50% or more of vacation/sick leave credits. – Monetization of fifty percent (50%) or more of the accumulated leave credits may be allowed for valid and justifiable reasons such as:

- a. *Health, medical and hospital needs of the employee and the immediate members of his/her family;*
- b. *Financial aid and assistance brought about by force majeure events such as calamities, typhoons, fire, earthquake and accidents that affect the life, limb and property of the employee and his/her immediate family;*
- c. *Educational needs of the employee and the immediate members of his/her family;*
- d. *Payment of mortgages and loans which were entered into for the benefit or which inured to the benefit of the employee and his/her immediate family;*

e. In case of extreme financial needs of the employee or his/her immediate family where the present sources of income are not enough to fulfill basic needs such as food, shelter and clothing;

f. Other analogous cases as may be determined by the Commission.

The monetization of 50% or more of the accumulated leave credits shall be upon the favorable recommendation of the agency head and subject to availability of funds.”

106. Section 4 of Presidential Decree No. 1445 provides that:

“Claims against government funds shall be supported with complete documentation; and all laws and regulations applicable to financial transactions shall be faithfully adhered to.”

107. Evaluation of the disbursement vouchers for payment of monetization of leave credits to various employees of DOLE RO XIII disclosed that the Agency paid a total of Php1,060,139.19 in CY 2016. It was observed that the same were not supported with the required documentary requirements such as approval by the Agency Head for request of more than 10 days, justification /reason necessary for the grant/approval of 50 percent or more of accumulated leave credits, among others. Detailed summary of which is presented below:

Table A. Schedule of Monetization of Leave Credits

Date	Check/ADA No.	Payee	Amount	No. of Days Monetized
3-29-2016	101101-03-09-2016	Michael C. Montejo	Php7,996.48	5 days
		Keith C. Duran	27,398.21	10 days
		Raymond Fel F. Sajor	18,057.82	10 days
		Giovanni S. Paredes	26,110.00	15 days-no request for leave covering more than ten days duly approved by the Head of Agency
		Ana B. Delos Reyes	13,896.07	10 days
		Marylyn B. Saludo	13,740.22	10 days
		Olga Virginia A. Demata	13,585.80	10 days
		Maida Lynn J. Sanchez	13,896.08	10 days
		Herminigildo L. Daytoc	23,246.98	10 days
		Jocelyn L. Bastareche	26,684.27	10 days (excess payment of P4,000, separate ND was issued)
		Nida A. Baybay	8,806.36	10 days
		Pedrito B. Aliñabon	5,503.74	10 days
		Ruth N. Sanchez	15,992.97	10 days
		Estrello B. Espina	17,620.85	10 days

Date	Check/ADA No.	Payee	Amount	No. of Days Monetized
		Jessielinda O. Plandano	10,674.73	10 days
		Salvador A. Galado	15,992.96	10 days
		John Ritche A. Tangpos	17,838.38	10 days
		Maria Chelo R. Lucero	13,585.80	10 days
3-30-2016	1005853	Felibeth C. Bonono	13,896.08	10 days
	1005856	Orlando C. Rosit	16,357.75	10 days
	1005858	Francisco A. Mira, Jr.	5,896.24	10 days
6-3-2016	101101-06-03-2016	Estrello B. Espina	35,524.76	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Salvador A. Galado	32,242.84	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Ruth N. Sanchez	32,242.84	50% mlc-no justification
		John Ritche A. Tangpos	35,963.32	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Nida A. Baybay	17,754.19	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Ana B. Delos Reyes	28,015.00	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Michael C. Montejo	16,121.42	More than 50%-no justification
		Olga Virginia A. Demata	27,389.84	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Jessielinda O. Plandano	21,520.93	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Marylyn B. Saludo	27,701.16	More than 50%-no justification
		May C. Velonta	35,963.32	20 days- no request for leave covering more than ten days duly approved by the Head of Agency

Date	Check/ADA No.	Payee	Amount	No. of Days Monetized
6-6-2016	101101-06-05-2016	Giovanni S. Paredes	26,319.72	15 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Norman C. Bersalote	27,389.84	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Jenelibeth E. Manzanares	14,812.51	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Keith C. Duran	55,236.54	More than 50%-no justification
		Maximo C. Magallen	17,546.48	10 days
6-7-2016	101101-06-07-2016	Maida Lynn Jaguit Sanchez	28,015.38	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
6-8-2016	101101-06-08-2016	Genebelle B. Bal	56,607.14	20 days- no request for leave covering more than ten days duly approved by the Head of Agency; Application form not approved
6-15-2016	101101-06-14-2016	Herminigildo L. Daytoc	46,867.40	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Romelyn B. Bactol	13,694.92	10 days
		Felibeth C. Bonono	14,007.69	10 days
		Orlando C. Rosit	32,591.52	20 days- no request for leave covering more than ten days duly approved by the Head of Agency
		Rhium Truce C. Salvador	27,389.84	More than 50%-no justification
		Francisco A. Mira, Jr.	5,943.61	10 days
7-27-2016	101101-07-32-2016	Johnson G. Cañete	40,377.77	10 days
9-20-2016	101101-09-70-2016	Michael C. Montejo	16,121.42	more than 50%-no justification
Total			Php1,060,139.19	

108. Moreover, review of the disbursement vouchers showed that the supporting documents were only the approved application for MLC, copies of statement of accounts of credit cards, notice of collection from bank, list of approved loans from GSIS. Hence,

based upon our assessment DOLE RO XIII failed to substantiate the basic requirements in the grant of monetization covering more than ten days, and 50% or more of accumulated leave credits. The lacking documents are as follows:

- a. Duly Approved AFL for monetization of leave credits of more than 10 days;
- b. Approved request from the Head of Agency for leave covering more than 10 days;
- c. Justification or valid reason for monetization of fifty (50%) or more, such as:
 - I. Clinical abstract/ medical procedures to be undertaken in case of health, medical and hospital needs;
 - II. Barangay Certification in case of need for financial assistance brought about by calamities, typhoons, fire, etc.

109. This condition could also be caused by the Agency's weakness of internal control system over processing of claims with incomplete documentation. Along with the laxity of concerned officers in the implementation of the regulations herein stipulated.

110. As a result, the regularity of the transactions and the validity of the claims could not be readily ascertained.

111. *Require for the immediate submission of the lacking documents to avoid suspension of the transaction;*

112. *Instruct the Accountant to process and allow the monetization of 50% or more of the accumulated leave credits only for valid and justifiable reasons, which should be substantiated with relevant documents, and upon the favorable recommendation of the Agency Head; and*

113. *Hereafter, process only those applications for monetization with complete documentary requirement as required under Section 23 of the Omnibus Rules on Leave and Section 5.14 of COA Circular No. 2012-001.*

114. The Management agreed with the recommendations and partially submitted the required lacking documents.

There was short delivery office of supplies procured from DBM-PS which resulted in an overpayment amounting to Php7,326.05, hence, shall be disallowed in audit if refund of the amount cannot be collected. Further, the validity of the transactions cannot be established as the supporting documents were found deficient as required under COA Circular 2012-001 dated June 14, 2012.

115. Section 88.1 of PD 1445 provides that:

“The government shall not be obliged to make advance payment for services not yet rendered or for supplies and materials not yet delivered under any contract therefor.”

116. Likewise, Section 4.6 of PD 1445 states that claims against government funds shall be supported with complete documentation.

117. Whereas, COA Circular 2012-001 specifies the minimum documentary requirements necessary to establish the validity of the claims which include, among others, the following:

- Purchase Request
- Request for Quotation
- Purchase Order
- Delivery receipt
- Inspection and Acceptance Report

118. Evaluation of relevant documents disclosed that the Agency incurred an overpayment for the purchase of commonly-used office supplies from DBM-PS in the amount of Php7,326.05 in CY 2016. It was noted that Management paid the DBM-PS a total of Php134,767.85, however as evidenced stated in the delivery receipt, the amount of delivered supplies was only Php127,441.80, therefore incurring an overpayment of Php7,326.05.

119. Verbal query with the Accountant and the Supply Officer revealed that they initially claimed there was complete delivery of supplies and that the delivery receipt amounting to Php7,326.05 was just inadvertently not attached to the voucher. Nonetheless, after few days, the concerned officers justified that by the time the check was ready for payment to DBM-PS, some of the supplies ordered were no longer available, and that they might have forgotten to demand from DBM-PS the undelivered items. However, the supplies amounting to Php7,326.05 remained undelivered by DBM-PS, resulting in overpayment by the same amount and shall be disallowed in audit

120. Moreover, further verification of the vouchers and its supporting documents also disclosed that there were prescribed supporting documents that were not attached. Detailed deficiencies are listed below:

Table A. Lacking Supporting Documents

ADA/Check No.	Check Date	Payee	Particulars	Amount	Remarks
1004942	1/20/16	DBM-PS	Office supplies 1 st Qtr 2016	53,188.40	Lacking supporting documents a. PO; b. IAR;
1005666	3/11/16	DBM-PS	Toner (2 cart) HP 85A Black	5,726.60	Lacking supporting documents a. PR; b. PO; c. IAR

1006460	6/22/16	DBM-PS	Office supplies for 3 rd Qtr 2016	75,852.85	Lacking supporting documents a. PO; b. IAR
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121. The foregoing condition could also be attributed to Management’s weakness of internal control system. The transactions should not have been paid if there were no complete delivery of supplies from DBM-PS to be duly checked by the inspectorate team as well as the required supporting documents were completely attached to the vouchers.

122. Demand for the immediate refund of the amount overpaid from DBM-PS, or else it shall be disallowed in audit;

123. Strengthen the internal control system over procurement of goods and services. No payment shall be done unless there is complete delivery of items attested by the Inspection and Acceptance committee members in order to avoid issuance of suspension or disallowance in the future; and

124. Instruct the Accountant to strictly adhere with the provisions of COA Circular No. 2012-001 requiring submission of mandatory supporting documents to establish validity of claims.

125. The Management submitted the Delivery Receipt from DBM PS, as well as the Inspection and Acceptance Report of supplies equivalent to the short delivery of Php7,325.64.

Submission of Reports of Checks and ADA issued and the corresponding vouchers for payment of 40% SPES and DILEEP- Livelihood financial assistance totaling to Php36,579,325.23 was delayed ranging from 32 to 367 days that hindered the timely conduct of auditorial review and the implementation of corrective measures for any deficiencies that may be noted.

126. Section 100 of PD 1445 provides that:

“Disbursing Officers in any government agency shall render monthly reports of their transactions pursuant to the regulations of the Commission to be submitted not later than the 5th day of the ensuing month to the auditor concerned who shall conduct the necessary examination and audit within thirty days from receipt thereof.”

127. Verification of the monitoring reports for the Regular Fund 101 disclosed significant number of days delayed in the submission of Reports of Checks Issued (RCI) or ADA issued (RADAI) and the relatable disbursement vouchers (DVs) which ranged from 32 to 367 days in CY 2016. It was noted that there were 3,052 DVs for the payment of 40% Special Program for Employment of Students (SPES) and 43 DVs for payment of DILEEP-livelihood financial assistance totaling to Php36,579,325.23 which remained unsubmitted to the office of the auditor as of February 6, 2017. Summary of which is presented below:

Table A. Schedule of Unsubmitted RCI/RADAI and Disbursement Vouchers

Fund	Month (CY 2016)	Amount	# of Days Delayed	Remarks
Fund 101	January	247,511.95	367	unsubmitted DVs for payment of 40% of SPES
	February	20,024.00	338	unsubmitted DVs for payment of 40% of SPES
	March	-	-	-
	April	-	-	-
	May	-	-	-
	June	6,768,700.64	216	Unsubmitted DVs for payment of 40% SPES
	July	446,325.15	185	Unsubmitted DVs for payment of 40% SPES
	August	736,751.60	154	Unsubmitted DVs for payment of 40% SPES
	September	2,774,802.80	124	Unsubmitted DVs for payment of 40% SPES
	October	855,606.40	93	Unsubmitted DVs for payment of 40% SPES
	November	757,059.65	63	Unsubmitted DVs for payment of 40% SPES
	December	23,972,543.04	32	unsubmitted DVs for payment of 40% of SPES; Livelihood Financial Assistance
Total		Php36,579,325.23		

128. Verbal inquiry with the concerned personnel revealed that DVs for the 40% payment of SPES which covers payment of the students' tuition fees and books in any educational institutions for secondary, tertiary, vocational or technical education remained unsubmitted to date due to insufficiency and delayed submission of the partner educational institutions of the required documents such as official receipts, validated master list of students beneficiaries, and statement crediting the amount from the beneficiaries school accounts. Further, the location of some of the participating educational entities in far-flung areas also contributed in the delayed submission of the required documents.

129. As a result, the examination/review by this Office of the transactions and the reconciliation of the account balances were likewise delayed. Thereby, any deficiencies noted could not also be communicated to Management immediately for correction.

130. *Instruct the SPES focal person to undertake corrective measures or strategies to facilitate the timely submission of required documents from partner educational institutions.*

131. *Direct the Accountant and Cashier to submit the aforementioned reports and DVs within ten (10) days upon receipt of this observation.*

132. *Similarly, failure on the part of the concerned personnel in the timely submission of the required documents shall automatically cause the suspension of payment of their salaries until they shall have complied with the requirements of the Commission in accordance with paragraph (2) of Section 122 of PD 1445.*

133. The Management commented that some of the paid vouchers for payment of SPES and DILEEP will be submitted to COA as soon as segregation process is done. Also, a memorandum was issued to FO Heads directing them to submit immediately all paid DVs.

Cash advance granted to Special Disbursing Officer (SDO) amounting to Php160,350.00 remained unliquidated for over 120 days as of December 31, 2016, contrary to the provisions of COA Circular 97-002, hence, proper accounting of the amount granted and recording of the affected accounts was not undertaken and exposed government funds to risk of possible misuse.

134. Section 4.1 COA Circular 97-002 dated February 10, 1997 states that:

“A cash advance shall be reported on as soon as the purpose for which it was given has been served.”

135. It further specifies that all cash advances granted shall be fully liquidated at the end of each year. Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt. The same circular also provides that:

“it shall be the responsibility of the Head of the Agency to ensure the proper granting, utilization and liquidation of cash advances in accordance with these rules and regulations.”

136. Likewise, Section 30 Chapter 6- Disbursements of the Government Accounting Manual (GAM) describes the Cash Advance for Specific Purpose/Time-Bound Undertaking as:

“Cash advance for special purpose/time-bound undertaking shall be granted only to duly authorized accountable officer/special disbursing officer. It shall be accounted for in the books of accounts as “Advances to Special Disbursing Officer.” It shall be liquidated by the accountable officer within a specified period. Any unutilized cash advance shall be refunded and an OR shall be issued to acknowledge collection thereof.”

137. Verification of the cash advance granted to SDO revealed that the amount granted on August 26, 2016 amounting Php160,350.00 remained unliquidated for over 120 days as at December 31, 2016. The cash advance was granted for payment of various

activities conducted for the Byaheng Agri-Preneur Program for OFWs and their families on August 30-31, 2016 at Surigao del Sur, Agusan del Sur and Agusan del Norte.

138. The subject cash advance should have been liquidated right after the culmination of the activity and so that it can be accounted for and expenses can be taken up during CY 2016 for which they were incurred. Likewise, the receivable account and all the related expense accounts can be correspondingly recorded for proper presentation in the financial statements. However, the Accountant disclosed that the liquidation report submitted to the Accounting Section was returned to the concerned SDO due to deficiency of pertinent supporting documentations.

139. The foregoing condition is also caused by the Management's laxity in the enforcement of the rules and regulations of the Circular cited which resulted to an inefficient and ineffective control over the granting, utilization and liquidation of cash advance.

140. *Instruct the concerned SDO to comply with all the necessary documentations and submit the liquidation report immediately or else withholding of salary shall be enforced.*

141. *Direct all SDOs and all others concerned to strictly observe the rules and regulations on the grant, utilization, liquidation as provided for in COA Circular No. 97-002 and pertinent provision of the GAM.*

142. The Management replied that the Liquidation Report of the concerned SDO is already submitted in the Accounting Office. Further, the Management assured that future cash advances to SDOs shall be strictly monitored.

Subsequent cash advances were granted to SDOs for payment of GIP stipend/allowance despite non-liquidation of prior cash advances contrary to Section 14 Chapter 6 of the GAM, thus, resulting in the accumulation of unliquidated cash advances aggregating P13,052,401.80 as of the end of the year.

143. Section 14.C, Chapter 6 of the Government Accounting Manual (GAM) Volume I pointed out that:

“No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him/her is first settled/liquidated or a proper accounting thereof is made xxx”

144. Likewise Section 30 of the same Manual describes the Cash Advance for Specific Purpose/Time-Bound Undertaking as:

“Cash advance for special purpose/time-bound undertaking shall be granted only to duly authorized accountable officer/special disbursing officer. It shall be

accounted for in the books of accounts as “Advances to Special Disbursing Officer.” It shall be liquidated by the accountable officer within a specified period. Any unutilized cash advance shall be refunded and an OR shall be issued to acknowledge collection thereof.”

145. Review of the disbursement vouchers on the grant of cash advances disclosed that Special Disbursing Officers(SDOs) of the five provinces in CARAGA Region were subsequently granted with cash advances up to 18 times in a month totaling P13,052,401.80 despite the non-liquidation of prior cash advances as shown in the schedule below:

Table A. Schedule of Cash Advances Granted to SDOs

Name of SDO	Province	Total Amount of Cash Advance	No. of times granted in a month	No. of Days Liquidated	Remarks
A. Delos Reyes	ADN	4,667,316.86	4-5 times	16-40 days	Report of Cash Disbursement (RCD) was not used to liquidate the cash advance
N.Bersalote	ADN	4,697,578.26	2-18 times	3-64 days	RCD was not used
M. Magallen	ADS	1,680,329.69	2-14 times	31-50 days	RCD was not used
R. Salvador	SDN and PDI	2,084,312.99	3-7 times	16-41 day	RCD was not used
O. Rosit	SDS	12,864.00	1	48 days	RCD was not used
Total		Php13,052,401.80			

146. Moreover, it was observed that due to the frequent granting of cash advances, the SDOs were having a hard time in the submission of the liquidation reports after the grant and incurred delay ranging from 30 to 64 days. Similarly, SDOs failed to use the prescribed Report of Cash Disbursements (RCD) in liquidating their cash advances instead used the Liquidation Report form for travelling expenses.

147. Verbal inquiry from the Accountant revealed that the Management knew of the consequences and the transgression with certain regulations of the aforesaid practice. However, they pursued the same due to the necessity of fast tracking the payment of stipend/allowance to GIP beneficiaries which were already delayed. Nonetheless, assured that the same would be prevented in CY 2017 and thereafter.

148. The foregoing condition may also be caused by the Agency’s weakness in internal control system over the granting of cash advances to SDOs along with the non-implementation of proper guidelines and the timely submission of the required documents from the GIP beneficiaries, as discussed in No. 2 observation.

149. As a result, the SDOs accumulated huge amount of cash advances due for liquidation thereby affecting the timely submission of the liquidation reports and the possibility of lapping may not be avoided.

150. *Instruct the Accountant to stop the practice of granting cash advances without full liquidation of the previous advances. Require to use the prescribed RCD for the submission of its liquidation.*

151. *Direct the SDOs and all others concerned to adhere with the prescribed guidelines covering the liquidation of cash advances as stipulated in Section 14 Chapter 6 of the GAM.*

152. The Management explained that cash advances to SDOs are actually monitored by the Accountant, however, due to bulks of transactions, they allow/grant multi cash advances to ensure immediate processing of payments. Nevertheless, the Management instructed the Accountant to strictly abide on the rules and regulations in granting cash advances, and also directed the SDOs to observe the prescribed guidelines on liquidation of cash advances.

Compliance with RA 9184 and its IRR

Purchases of various supplies and equipment totaling to Php1,560,480.00 were not indicated in the Approved Procurement Plan (APP) contrary to Sections 7.2 and 7.4 of RA 9184 and its Revised Implementing Rules and Regulations (IRR), thus the procured items may not be the actual needs of the agency, further resulting to uneconomical operations.

153. Section 7.2 of the Revised IRR of RA 9184 provides that:

“No government procurement shall be undertaken unless it is in accordance with the approved Annual Procurement Plan of the Procuring Entity. The Annual Procurement Plan shall be approved by the Head of the Procuring Entity and must be consistent with its duly approved yearly budget. xxx”.

154. Likewise, Section 7.4 pointed out that:

“Updating of the individual PPMPs and the consolidated APP for each procuring entity shall be undertaken every six (6) months or as often as may be required by the Head of the Procuring Entity. The updating of the PPMP shall be the responsibility of the respective end-user units of the Procuring Entities, while the consolidation of these PPMPs into an APP shall be lodged with the BAC Secretariat, subject to approval of the Head of the Procuring Entity.”

155. Review of the Purchase Order together with other contract documents for the procurement of ICT Equipment amounting to Php1,560,480.00, revealed that said procurement was not enlisted in the Agency’s APP for CY 2016. It was also found out that Management failed to prepare an updated/supplemental APP incorporating the mentioned procurement.

156. Further evaluation of records disclosed that there were several programs, activities and projects (PAPs) as well as other procurements which were not reflected in the Agency's APP. It was noted that the APP was not meticulously nor judiciously prepared since there were numerous PAPs and procurements actually undertaken in CY 2016, lest these were not considered nor indicated in the APP. Moreover, said APP was inconsistent with the Agency's approved budget in CY 2016.

157. The foregoing condition could also be caused by Management's inadequate understanding on the provisions of RA 9184 specifically on the PPMP and APP preparation coupled with laxity in its implementation. Likewise, APP haphazardly prepared indicates a poor procurement planning on the part of the Agency which could affect the proper implementation of its PAPs.

158. *Management should prepare their APP in accordance with the guidelines set forth in Section 7, Rule II of the IRR of RA9184 taking into consideration the different PAPs to ensure that supplies, materials and equipment needed in the operation of the agency are included in the programmed procurement for any given calendar year.*

159. *Direct the BAC to immediately update/prepare a supplemental APP to include other necessary procurements pursuant to Section 7.4 of RA 9184, as prescribed.*

160. The Management agreed with the recommendations and commented that the BAC Secretariat was immediately instructed to regularly update the APP.

Notice of Award and Notice to Proceed for the procurement of ICT Equipment amounting to Php1,560,480.00 were not posted in the PhilGEPS. Likewise, the Purchase Order of said procurement was not supported with complete documentation and is submitted to COA beyond the prescribed period thereby precluding timely review.

161. Section 37.1.6 of the Revised IRR of RA 9184 explicitly provides that:

“The BAC, through the Secretariat, shall post within three (3) calendar days from its issuance, the Notice of Award in the PhilGEPS, xxx, and any conspicuous place in the premises of the procuring entity.”

162. Sec 37.4.2 of the same IRR also pointed out that:

“The procuring, through the BAC Secretariat, shall post a copy of the Notice to Proceed and the approved contract in the PhilGEPS and the website of the procuring entity, if any, within fifteen (15) calendar days from the issuance of the Notice to Proceed.”

163. Moreover, Section 3 of COA Circular No. 2009-001 dated February 12, 2009 provides that the audited agencies are required to furnish the Auditor a copy of perfected

contracts and purchase orders within five (5) working days upon approval together with the supporting documents for review.

3.0 Submission and Review Process

3.1 Contracts

3.1.1 Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. In case of agencies audited on an engagement basis, submission of a copy of the contract and its supporting documents shall be to the Auditor of the mother agency or parent company, as the case may be.

3.1.2 The copies of documents required to be submitted shall include but not limited to the following:

- a. Invitation to Apply for Eligibility and to Bid;
- b. Eligibility Documents and Eligibility Data Sheet;
- c. Eligibility Requirements;
- d. Results of Eligibility Check/Screening;
- e. Bidding Documents (Sec. 17.1, IRR-A, RA 9184);
- f. Minutes of Pre-bid Conference, if applicable;
- g. Agenda and/or Supplemental Bid Bulletins, if any;
- h. Bidders Technical and Financial Proposals;
- i. Minutes of Bid Opening;
- j. Abstract of Bids;
- k. Post Qualification Report of Technical Working Group;
- l. BAC Resolution declaring winning bidder;
- m. Notice of Post Qualification;
- n. BAC Resolution recommending approval;
- o. Notice of Award;
- p. Contract Agreement;
- q. Performance Security;
- r. Program of Work and Detailed Estimates;
- s. Certificate of Availability of Funds, Obligation Request;
- t. Notice to Proceed
- u. Such other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review and in the technical evaluation thereof.

164. Perusal of the documents showed that the Notice of Award and Notice to Proceed for the procured ICT totaling to Php1,560,480.00 were both not posted in the

PhilGEPS nor in any conspicuous place in the premises of the procuring entity. More so, the duly perfected contract was deficient of the relevant supporting documents and was submitted late to the office of the auditor.

165. Verbal query with the BAC Secretariat revealed that she was not that well-acquainted with her functions and she needed to enhance her technical competence on procurement process since her trainings were insufficient to keep her abreast with the various amendments of RA 9184 and its IRR.

166. Thus, transparency of the procurement process was not adhered to. Similarly, the audit team was precluded in the conduct of timely auditorial review of the contract and pertinent documents.

167. *Instruct the BAC Secretariat to adhere with the provisions of IRR of RA 9184 with regards to the posting requirement of Notice of Award and Notice to Proceed. Likewise, attach all required supporting documents of perfected contracts, arranged in chronological manner, and furnish the Auditor within five (5) working days upon approval.*

168. *Henceforth, require the BAC Secretariat to attend trainings and seminars and any updates on RA 9184 and its IRR to equip her of the necessary technical competence in the performance of her functions.*

169. The Management assured that the recommendations will be carried out.

Acquisition of Fuel, Oil and Lubricants (FOL) totaling to Php454,545.24 for the period January to December 2016 were made by drawing fuel thru credit from pre-identified gasoline station without prior Contract Agreement contrary to the provision of RA 9184 and its IRR, thus the government was deprived of the most advantageous price and the economy and regularity of such transactions could not be readily ascertained.

170. Section 3, Article I of RA 9184 states:

“All procurement of the national government, its departments, bureaus, offices and agencies, xxx, shall in all cases, be governed by these principles:

xxx

(b) Competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.

xxx”

171. Section 10, Article IV of the same Act pointed out that:

“All procurement shall be done through competitive bidding, except as provided for in Article XVI of this Act.”

172. Likewise, Section 48, Article XVI provides for the Alternative Methods of procurement.

“Subject to the prior approval of the Head of the Procuring Entity xxx, and whenever justified by the conditions provided in this Act, the Procuring Entity may, in order to promote economy and efficiency, resort to any of the following alternative methods of Procurement:”

- (a) Limited Source Bidding*
- (b) Direct Contracting*
- (c) Repeat Order*
- (d) Shopping*
- (e) Negotiated Procurement*

173. Evaluation of the Agency’s fuel procurement disclosed that it had incurred a total fuel purchases of Php454,545.24 from January to December 2016 from an already identified supplier. Summary of fuel procurement per month is detailed in the table below:

Table A. Summary of fuel purchases:

Month	Payee	Amount
January	Robin Fill ‘N Drive Station	Php22,109.00
	SLSC Caltex Service Station	7,224.25
	Renz Fuel Filling Station	9,572.84
February	Robin Fill ‘N Drive Station	14,707.22
	SLSC Caltex Service Station	26,542.58
March	Robin Fill ‘N Drive Station	23,384.64
	SLSC Caltex Service Station	5,762.38
April	Robin Fill ‘N Drive Station	18,545.16
	SLSC Caltex Service Station	5,997.58
	Renz Fuel Filling Station	3,129.16
	News MPC	4,789.30
May	Robin Fill ‘N Drive Station	27,979.39
	SLSC Caltex Service Station	8,212.73
June	Robin Fill ‘N Drive Station	15,116.70
	SLSC Caltex Service Station	4,519.55
July	Robin Fill ‘N Drive Station	24,198.35
	SLSC Caltex Service Station	11,274.34
	Renz Fuel Filling Station	8,282.30
August	Robin Fill ‘N Drive Station	24,060.87
	SLSC Caltex Service Station	4,209.43
September	Robin Fill ‘N Drive Station	13,343.27

Month	Payee	Amount
October	Robin Fill 'N Drive Station	23,171.18
	SLSC Caltex Service Station	30,207.46
November	Robin Fill 'N Drive Station	17,738.31
	SLSC Caltex Service Station	15,421.65
December	Robin Fill 'N Drive Station	47,056.49
	SLSC Caltex Service Station	12,506.30
	Renz Fuel Filling Station	9,041.96
	News MPC	16,440.85
Total		Php454,545.24

174. More so, review of the approved APP revealed that the Agency intended to procure fuel thru public bidding since the mode of procurement indicated therein is “public bidding”. However, this was not followed since the Agency resorted to other mode not prescribed by RA 9184.

175. Interview with the Supply Officer disclosed that they merely scouted gasoline stations which can extend credit to the Office and no contract agreement was being executed for that matter.

176. As a result, the foregoing practice of the Agency does not promote the ideals of good governance. Further, the government was deprived of the most advantageous price and the economy and regularity of such transactions could not be ascertained.

177. Observe the provisions of RA 9184 or the “Government Procurement Reform Act” in all its procurement activities.

178. The Management commented that they “will act on it immediately”.

Compliance with DBM Circular

Funding source of the Monetization of Leave Credits (MLC) amounting to Php1,060,139.19 In CY 2016 is contrary to the special provisions cited in the General Appropriations Act (GAA) of CY 2016, thus rendering the payment for monetization without any corresponding allocation.

179. Special Provision under Pension and Gratuity Fund (PGF) of the 2016 GAA specifies that the appropriated amount under PGF shall cover the payment for, among others, monetization of leave credits of NG personnel.

180. In addition, Section 3.2 of Budget Circular 2016-2 dated March 29, 2016 provides:

“3.2 On the Funding Source

xxx

3.2.2 For MLC

Pursuant to Special Provision No. 1(d) under PGF, of the 2016 GAA, payment for (1) Monetization of Leave Credits of NG personnel xxx shall be charged against the PGF”

181. Review of the disbursement vouchers disclosed that the Agency obligated the payment for monetization of leave credits from PS Allotment under UACS Expense Code – Other Personnel Benefits (5010499099). However, verification of the Registry of Allotment and Obligation for PS (RAO-PS) revealed that the Agency did not receive an allotment for Other Personnel Benefits (5010499099) in the current year, and, no realignment was made from other PS expense code to Other Personnel Benefits, as shown in FAR1-A submitted to this office.

182. Verbal inquiry with the Budget Officer-Designate disclosed that it has been practiced by the Agency to make one-time realignment every year-end, that is after all transactions for the year were obligated, to avoid confusion and to ensure that there will be no negative balances per object code in the final report.

183. Moreover, the budget officer reasoned that the Office need not request funding from DBM for payment of MLC since the Agency has lots of PS savings for there was PS Allotment for 16 employees of DOLE ROV that was inadvertently tagged to DOLE ROXIII, thereby overstating the fund. This excess PS allotment, which is a guaranteed savings, prompted them to authorize payment of monetization of leave credits.

184. However, as stipulated under Schedule II of NBC No. 561 dated January 4, 2016 which prescribes the Expenditure Items for Later Release (Negative List) through SARO/GARO:

“2. Issuance of SARO for the following appropriation items Requiring submission of Special Budget Request (SBR) supported with Separate/Detailed FP, MDP, physical plan and other required documentary) to DBM;

2.1.2 xxx

2.1.2xxx

2.1.3xxx

2.1.4.1 PGF shall be used to fund the pension requirements, RG and TL benefits of optional retirees including those retiring under RA 1616, monetization of leave credits of government employees xxx”

185. Clearly, the aforesaid regulation clarifies the issue on the payment of monetization which should primarily be requested from DBM upon submission of the so-called SBR along with other required documents.

186. The foregoing practice could also be caused by the concerned officers' lack of adequate information on the latest DBM Issuances and guidelines pertaining to the payment of monetization claims.

187. *Direct the Budget Officer to attend in DBM-sponsored trainings and seminars on the latest DBM issuances to equip himself with the needed information pertaining to the disbursement of funds;*

188. *Instruct the Budget Officer and the Accountant to adhere with the aforesaid regulations on the proper procedure in the payment of any monetization claims.*

189. *Henceforth, refrain from obligating transactions to other object of expenditures that has no corresponding allotment, unless otherwise prior request for realignment has been made and approved.*

190. The Management acknowledged in their letter dated February 28, 2017 that they have no knowledge about the mentioned DBM Circular until December 2016. However, assured the Audit Team that they will abide with the recommendations.

Compliance with BIR Revenue Regulation No. 2-98

Payment for airfare tickets that were paid directly to ticketing outlets were not withheld with appropriate taxes, in disregard with Section 5.116 of BIR Revenue Regulation No. 2-98, thus the government was deprived of a guaranteed income amounting to Php51,137.85

191. Section 5.116 of BIR Revenue Regulation No.2-98 pointed out that:

“Bureaus, offices and instrumentalities of the government, xxx, are required to deduct and withhold the taxes due from the payees on account of such money payments.”

192. Likewise, Section 4.112-2 of RR No. 16-2005 as amended which sets the withholding of the 5% Final VAT on Government Money Payment (GMP) also provides:

“The application of the said provision should be synchronized with the provisions of RR No. 2-98, as amended, on the withholding of income tax of 1% on purchase of goods and 2% on purchase of services.”

193. Audit of the traveling expenses account from January to December 2016 disclosed that the Agency paid a total of Php863,571.76 to ticketing outlets for airfare tickets of DOLE personnel for their official travel during the period. It was noted that the amount appearing in the disbursement vouchers for payment of airfare tickets were not deducted of the required withholding taxes of 5% or 3% for VAT and Other Percentage Tax, and 2% for Expanded Withholding Tax, which does not conform to the above mentioned revenue regulation.

194. Inquiry with the Accountant revealed that the non-withholding of taxes from payments of airfare tickets to ticketing outlets has been practiced by the office even before he assumed office as an Accountant. However, promised that for CY 2017 all payments relating thereto will be subjected to the withholding of tax as prescribed.

195. Moreover, the government could have generated a guaranteed income amounting to Php51,137.85 (Appendix 3) had withholding of taxes been accurately withheld from suppliers. It should be noted that the withholding of taxes ensures the collection of income tax which can otherwise be lost or substantially be reduced through failure of the payee to file the corresponding returns.

196. As a result, the foregoing condition deprived the government of the much-needed funds to finance and sustain worthwhile projects.

197. *Direct the Accountant to strictly withhold taxes on government money payments to suppliers.*

198. *Adhere on the provisions of BIR Revenue Regulations No. 2.98 to avoid penalties arising from non-withholding of taxes as stipulated.*

199. The Management agreed with the recommendation. The Accountant was instructed to adhere with the guidelines of the BIR on withholding of taxes.

Compliance with Tax Laws

200. Except for the Audit Observation cited above, the DOLE-CARAGA considerably complied with EO No. 651 dated February 16, 1981 and its related rules and regulations. In CY 2016, total taxes withheld from employees compensation and from procurement of goods and services amounted to Php 3,408,895.31 and remitted the amount of Php 3,436,464.49.

Month	Taxes Withheld			Date	Remittances to BIR		TRA No.
	From suppliers	From Compensation	Total		Amount		
					In Cash	per TRA	
Beg. Bal	238,112.51	4,433.46	242,545.97		24,254.31		21600014218573 /171600014217866/ 11600014219098
Jan	25,920.32	195,318.22	221,238.54	9-Feb-16	4,970.38	216,268.16	171600014536763/ 11600014537356/ 21600014537078
Feb	12,767.43	200,378.19	213,145.62	3/8/2016	6,813.72	210,765.36	21600014925808/ 171600014917770/ 11600014926051
Mar	135,239.15	236,678.55	371,917.70	4/8/2016	4,723.39	367,214.31	11600015316782/ 171600015316266/ 21600015316510
April	31,872.88	221,734.93	253,607.81	5/6/2016		253,251.72	171600015720377/ 11600015736778/ 21600015735961
May	99,476.77	235,198.62	334,675.39	6/9/2016	117.92	334,913.57	21600015986590/

Month	Taxes Withheld			Date	Remittances to BIR		TRA No.
	From suppliers	From Compensation	Total		Amount		
					In Cash	per TRA	
							11600015987299/ 171600015984256
June	83,069.81	219,180.19	302,250.00	7/7/2016		302,250.00	21600016361795/ 11600016361959/ 171600016361546
July	48,162.12	219,302.49	267,464.61	8/8/2016		267,464.61	171600016734167/ 11600016765400/ 21600016759797
Aug	58,818.32	219,302.49	278,120.81	9/9/2016		278,120.81	171600017062127/ 11600017062809/ 21600017062456
Sept	45,572.71	219,302.49	264,875.20	10/7/2016		264,875.20	21600017447305/ 171600017444915/ 11600017736582
Oct	34,718.93	227,874.93	262,593.86	11/11/2016		262,593.86	171600017734867/ 11600017736582/ 21600017735268
Nov	103,094.57	231,376.82	334,471.39	12/6/2016		334,471.39	171700018156132/ 11700018156413/ 21700018156260
Dec	129,676.15	174,858.23	304,534.38	1/9/2017		303,395.78	21600014218573 /171600014217866/ 11600014219098
Total	1,046,501.67	2,604,939.61	3,651,441.28		40,879.72	3,395,584.77	

Compliance with Gender and Development (GAD) Laws

The tasks and functions of the newly created GAD Focal Point System (GFPS) were not specifically identified and delegated to the members; hence, GAD issues and its causes were not properly determined and analyzed resulting to the non-preparation of the GAD Plan and Budget for DOLE RO XIII as guide in the conduct of GAD-related activities to address issues and concerns in order to accelerate gender mainstreaming towards the promotion of gender equality.

201. Section 3.5 of PCW Memorandum Circular No. 2011-01 defines GAD Focal Point System (GFPS) as “An interacting and interdependent group of people in all government instrumentalities tasked to catalyze and accelerate gender mainstreaming. It is a mechanism established to ensure and advocate for, guide, coordinate, and monitor the development, implementation, review and updating of their GAD plans and GAD-related programs, activities and projects (PAPs).”

202. Section 5.c of the same PCW Joint Memorandum Circular which provides for the structure and composition of the GFPS, to wit:

203. Regional Offices, bureaus and attached agencies may follow the structure of their mother agency or have a modified structure, which may, at a minimum, be composed of a TWG headed by a director or its equivalent.

204. Moreover, Section 5.2 enumerates the functions of the GAD FOCAL Point System as follows:

- a) Lead in mainstreaming gender perspective in agency/department policies, plans and programs. In the process, they shall ensure the assessment of the gender-responsiveness of systems, structures, policies, programs, processes, and procedures of the agency based on the priority needs and concerns of constituencies and employees and the formulation of recommendations including their implementation;
- b) Assist in the formulation of new policies such as the GAD Code in advancing women's status, such as in the case of LGUs;
- c) Lead in setting up appropriate systems and mechanisms to ensure the generation, processing, review and updating of sex-disaggregated data or GAD database to serve as basis in performance-based gender responsive planning;
- d) Coordinate efforts of different divisions, offices, units of the agency and advocate for the integration of GAD perspective in all their systems and processes;
- e) Spearhead the preparation of the agency annual performance-based GAD Plans, Programs and Budget in response to gender issues of their constituencies and clients and in the context of their agency mandate, and consolidate the same following the format and procedure prescribed by PCW, DBM, and NEDA in the Joint Circular 2012-1. The GFPS shall likewise be responsible for submitting the consolidated GAD PLAND AND Budgets of the department/agency, and as needed, in responding to PCW's comments or requests for additional information.
- f) Lead in monitoring the effective implementation of GAD-related policies and the annual GAD Plans, Programs and Budget;
- g) Lead the preparation and consolidation of the annual agency GAD Accomplishment Report and other GAD Reports that maybe required under the MCW;
- h) Strengthen the external link with other agencies or organizations working on women's rights and gender and development to harmonize and synchronize GAD efforts at various levels of governance;
- i) Promote and actively pursue the participation of women and gender advocates, other civil society groups and private organizations in the various stages of the development planning cycle, giving special attention to the marginalized sectors, and;
- j) Ensure that all personnel of the agency including the finance officers (e.g. accountant, budget officer, auditors) are capacitated on GAD. Along this line,

the GFPS will recommend and plan and appropriate capacity development program for its employees as part of and implemented under its regular human resource and development program.

205. Verification of the submitted Office Order dated December 1, 2016 which sets the designation of DOLE RO XIII personnel to comprise the Regional GFPS disclosed absence of GAD committees that should spearhead various GAD activities. Likewise, the corresponding responsibilities and functions of each member was not specified in the submitted GFPS. It was also noted that the aforesaid office order was just issued on December 1, 2016, a week after the audit team forwarded a letter request dated November 22, 2016 on the submission of the composition of the Agency's GFPS and other GAD-related reports.

206. It is our observation that due to the failure to create early the GFPS, the GAD issues and concerns confronting DOLE RO XIII were not duly identified and therefore gender analysis were not undertaken. Thus, the Agency was not able to prepare the GAD-related reports for CY 2016 which are necessary for the conduct of the GAD-related programs, activities and projects, as follows:

- a. GAD Plan and Budget (copy of which duly forwarded at DOLE-Central office for submission to PCW office); and
- b. GAD Accomplishment Reports

207. However, it is worth mentioning that the GAD focal person has submitted to the Audit Team a copy of the Consolidated GAD Plan and Budget for the entire DOLE Office but no particular report was prepared for DOLE RO XIII only. As a result, the GAD issues and concerns enumerated in the consolidated GAD Plan and Budget affecting/applicable at the regional level were not identified and the corresponding programs, activities and projects to address the identified issues were not properly planned.

208. The foregoing condition could also be attributed to the Management's laxity in promoting GAD in the regional level by taking particular attention to the implementation of GAD programs, activities and projects based on the GAD related issuances by the PCW, particularly under PCW Memorandum Circular No. 2011-01 dated October 21, 2011.

209. Thus, the main function of the GFPS as a mechanism for catalyzing and accelerating gender mainstreaming in the agency towards the promotion of Gender Equality and Women's Empowerment was not attained and affecting the effective implementation of the various GAD-related activities to address GAD issues and concerns.

210. Reconstitute the existing Regional GFPS based on the purpose, guidelines and functions as prescribed in the above stated PCW Memorandum Circular in order to conduct gender analysis to effectively identify gender issues to be integrated in the

programs, activities and projects to address the GAD identified issues as presented in the GAD Plan and Budget for DOLE-RO XIII;

211. Submit the GAD Plan and Budget of DOLE-RO XIII to the Philippine Commission on Women for review and endorsement to the DBM and undertake only PAPs that are enumerated in the PCW-endorsed GAD Plan.

212. The Management has not commented yet on the above-mentioned observation.

Compliance with GSIS Law

213. DOLE CARAGA complied with the existing law, rules and regulations particularly on the deductions of GSIS premiums from salaries of its employees and the remittances of these deductions to the GSIS in accordance with RA 8291. The contributions and deductions withheld and amount remitted totaled ₱3,231,354.85 and ₱3,230,788.50, respectively as of December 31, 2016, thereby leaving an unremitted amount of ₱566.35, which shall be remitted in January, 2017.

Month	Contributions/Deductions				Remittance		
	RLIP		EC (gov't share)	Total	Date	OR No.	Amount
	Personal Share	Gov't Share					
Beg. Bal				566.35			
Jan	107,174.10	142,898.80	3,800.00	253,872.90	1/22/16	1150035275	253,872.90
Feb	107,716.68	143,622.24	3,800.00	255,138.92	2/24/16	1150035900	255,138.92
Mar	114,925.59	153,234.12	3,700.00	271,859.71	3/17/16	1150036369	271,859.71
April	109,861.02	146,481.36	3,600.00	259,942.38	4/27/16	1190003471	259,942.38
May	103,206.69	137,608.92	3,500.00	244,315.61	6/9/16	1150038006	244,315.61
June	109,979.28	146,639.04	3,600.00	260,218.32	6/28/16	1150038257	260,218.32
July	110,059.92	146,746.56	3,600.00	260,406.48	7/27/16	1150038831	260,406.48
	19,363.14	25,817.52	0.00	45,180.66	7/29/16	1150038913	45,180.66
Aug	118,377.99	157,837.32	3,600.00	279,815.31	8/22/16	1150039290	279,815.31
Sept	112,091.09	149,454.79	3,600.00	265,145.88	9/16/16	1150039716	265,145.88
Oct	112,822.02	150,429.36	3,600.00	266,851.38	10/25/16	1150040199	266,851.38
Nov	122,777.91	163,703.88	3,700.00	290,181.79	11/28/16	1190003986	290,181.79
Dec	117,539.64	156,719.52	3,600.00	277,859.16	12/20/16	1150041069	277,859.16
Total	1,365,895.07	1,821,193.43	43,700.00	3,231,354.85			3,230,788.50

Settlement of Accounts

214. The Statement of Audit Suspensions, Disallowances and Charges as of December 31, 2016 is presented in the following table:

Audit Action	Beginning Balance (as of Dec. 31, 2015)	Issued this Period (Jan. 1 to Dec. 31) NS/ND/NC	Settlement/Adjustment this Period (Jan. 1 to Dec. 31) NSSDC	Ending Balance (as of Dec. 31, 2016)
Notice of Suspension	8,457,983.28	-	196,074.47	8,261,908.81

Audit Action	Beginning Balance (as of Dec. 31, 2015)	Issued this Period (Jan. 1 to Dec. 31) NS/ND/NC	Settlement/Adjust ment this Period (Jan. 1 to Dec. 31) NSSDC	Ending Balance (as of Dec. 31, 2016)
Notice of Disallowance	15,116,004.78	21,487.00	3,663,357.91	11,474,133.87
Notice of Charge	-	-	-	-
Total	23,573,988.06	21,487.00	3,859,432.38	19,736,042.68

IV. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

215. We have evaluated the extent of implementation of the audit recommendations embodied in the CY 2014 Management Letter (ML) and in the previous years' MLs of the DOLE-Regional Office No. XIII. The status of implementation of these recommendations as of December 31, 2016 are shown below:

Status of Implementation	No. of Recommendations
Fully Implemented	13
Partially Implemented	42
Not Implemented	1
Total	56

216. The Action Plan Monitoring Tool is presented in Annex B.

V. ACKNOWLEDGMENT

217. We wish to express our appreciation to the Management and staff of DOLE-RO XIII for the cooperation and assistance extended to our audit team during the audit.

218. We would appreciate receiving your reply, both hard and electronic copies, within 60 days from receipt of this report, pursuant to Section 96 of the General Provisions of the General Appropriation Act or RA No. 10717.

Very truly yours,

AMY JOANE C. TABINAS
State Auditor III
OIC-Audit Team Leader

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