



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Cluster 5-Education and Employment  
Office of the OIC-Audit Team Leader  
Team R5-20, NGS-5-E & F

April 18, 2017

**ATTY. MA. KARINA P. TRAYVILLA**

Regional Director  
Department of Labor and Employment  
Regional Office No. V  
Legazpi City

Dear Director Trayvilla:

**Management Letter on the Audit of the  
Department of Labor and Employment - Regional Office No. V  
For the Calendar Year 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 No. 1445), we have audited the accounts and operations of the Department of Labor and Employment, Regional Office (DOLE-RO) No. V, Legazpi City, 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) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.
3. The Agency's financial conditions, results of operations and cash flows as of December 31, 2016 are shown in the attached audited financial statements (*Annexes A-F*).
4. Deficiencies observed in the course of the audit were earlier communicated through Audit Observations Memoranda (AOMs) and discussed with concerned DOLE-RO V officials and employees in an exit conference conducted on April 17, 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's Mandate

5. The DOLE promotes gainful employment opportunities and optimizes the development and utilization of the country's manpower resources, advances the welfare of workers by providing just and humane conditions and terms of employment, and maintains industrial peace by promoting harmonious, equitable and stable employment relations.

6. The Department consists of the Office of the Secretary, 7 bureaus, 6 services, 12 attached agencies, 36 overseas offices and 16 regional offices, one of which is DOLE-RO V.

### Personnel Complement

7. For CY 2016, DOLE-RO V was ably headed by Atty. Ma. Karina P. Trayvilla, the OIC-Regional Director upon reassignment of Regional Director Nathaniel V. Lacambra to DOLE-CAR effective April 1, 2016. There were 77 plantilla positions, of which 73 were filled up, one (3) remained unfilled and one (1) item abolished during the year under audit.

### Financial Profile

8. The RO's financial condition, results of operations, and sources and uses of funds for CY 2016 are presented below:

Particulars	CY 2016
<b>A. Financial Position</b>	
Assets	140,803,183.91
Liabilities	10,158,580.71
Accumulated Surplus	130,644,603.20
<b>B. Sources of Funds</b>	
SING	224,482,526.27
Subsidy from CO	346,512.40
Others	430,170.00
<b>Total Income</b>	<b>225,259,208.67</b>
<b>C. Application of Funds</b>	
Personal Services	38,299,363.48
MOOE	109,257,761.79
<b>Total Expenses</b>	<b>147,557,125.27</b>
<b>Excess of Income over Expenses</b>	<b>77,702,083.40</b>

## B. SUMMARY OF RECOMMENDATIONS

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

### Financial and Compliance

- a. Management send demand letters to the LGUs and NGOs/POs with long overdue fund transfers, especially the prior years' unliquidated balances and require the concerned officials of the LGUs and NGOs/POs for the immediate settlement of their accounts with agency by submitting the liquidation reports and refunding the unutilized balances of completed projects.
- b.
  - Require the Accountant III to make representations with the concerned personnel of OWWA RWO 5 and reconcile the outstanding balance of the account to comply with the pertinent provisions of COA Circular 94-013 and thereafter;
  - b. Require the Accountant III to make the necessary adjustments in the books of DOLE RO V.
- c.
  - Enforce the immediate settlement of the unliquidated cash advances granted to all concerned DOLE RO V officials and employees/SDOs, otherwise, cause the withholding of their salaries pursuant to Section 5.1.3 of COA Circular No. 97-002. Henceforth, ensure that all cash advances of this nature are fully liquidated at the end of the year pursuant to Section 5.8 of COA Circular No. 97-002.
  - No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made as provided for in Section 89 of PD 1445 and in Section 4.1.2 of COA Circular No. 97-002 .
  - Require the Accountant III to strictly monitor that the liquidation of these cash advances are well within the prescribed period of liquidation and that they are fully, and not partially liquidated.
- d.
  - Require the Accountant III to immediately submit the RCIs, paid DVs and supporting documents pursuant to Section 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009.
  - Require the Accountant III to coordinate with the Cashier III to ensure the prompt submission of the RCIs, paid DVs and supporting documents.
  - Require the Accountant III to install measures that will facilitate the timely submission of the RCIs, paid DVs and supporting documents within the first 10 days of the ensuing month as required under Section 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009.

## C. DETAILED OBSERVATIONS AND RECOMMENDATIONS

### FINANCIAL AND COMPLIANCE

**Out of the ₱110,628,033.05 unliquidated fund transfers to various LGUs and NGOs/POs as of December 31, 2016, ₱91,045,186.10 or 82.30 per cent remained outstanding for more than six (6) months to over three (3) years due to the failure of management to strictly enforce liquidation contrary to Sections 4.3 and 4.6 of COA Circular No. 94-013 dated December 13, 1994; Section 5.4 of COA Circular No. 2007-001 dated October 25, 2007; and the terms and conditions provided for in the Memorandum of Agreement (MOA), pursuant to DOLE Department Order No. 137-14, series of 2014.**

10. The following pertinent provisions of COA Circular No. 94-013 dated December 31, 1994, which provides for the rules and regulations on the grant, utilization and liquidation of funds transferred to implementing agencies, are presented for easy reference:

- *“Section 4.3 - The fund to be transferred or sub-allotted to the Implementing Agency (IA) shall be (a) in an amount sufficient for three months operation subject to replenishment upon submission of the reports of disbursements by the IA, or (b) the total project cost, as may be determined by the Heads of the two agencies in either case.*
- *Section 4.6 - Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the Implementing Agency.”*

11. Likewise, Section 5.4 of COA Circular No. 2007-001 requires that within sixty (60) days after the completion of the project, the National Government Organization/People’s Organization (NGO/PO) shall submit the final Fund Utilization Report certified by its Accountant and approved by its President/Chairman to the GO authorized representative, list of beneficiaries with their acceptance/acknowledgement of the project funds/goods/services received. The validity of these documents shall be verified by the internal auditor or equivalent official of the GO and shall be the basis of the GO in recording the fund utilization/expenses in its books of accounts.

12. Under DOLE Department Order (DO) No. 137-14 series of 2014, the DOLE Integrated Livelihood Program or DILEEP seeks to contribute to poverty reduction and reduce vulnerability to risks of the poor, vulnerable, and marginalized workers, either through: (1) transitional emergency employment; and (2) promotion of entrepreneurship and community enterprises. It

has two component programs, namely: (1) Livelihood, or the KABUHAYAN program; and (2) Emergency Employment Program (EEP), or the *Tulong Panghanapbuhay sa Ating Disadvantage/Displaced Workers* or TUPAD. In line with the DILEEP, DOLE RO V entered into a memorandum of Agreement (MOA) represented by the Regional Director referred to as the DOLE with some qualified Local Government Units (LGUs) and NGOs/POs referred to as the proponents. The MOA provides, among others, that:

*“The DOLE as the Source Agency (SA) provided fund assistance to qualified proponents/Implementing Agencies (IA) in the form of grant as capital assistance to qualified and deserving LGUs/federations/organizations/workers association or individuals.*

*The proponent/implementing agency shall implement the livelihood project which shall be for a period of three (3) months from the date of actual release of funds.”*

13. Moreover, the parties to the MOA agree to bind themselves, among others, to the following terms and conditions:

The DOLE/grantor shall:

- a. Regularly monitor project implementation by the proponent and inspect/verify pertinent records and reports;
- b. Demand the submission of project/financial liquidation report from the proponent including the return of any disallowed disbursement after financial audit by the DOLE and issue Official Receipt (OR) corresponding to the amount returned by the grantee;
- c. Institute appropriate action/remedy against the proponent for any violation of the provision of the MOA or for misuse of transferred equipment/tools, the litigation cost of which shall be borne by the proponent;

The Proponent/grantee shall:

- a. Return any amount not utilized and refund any disallowances to DOLE/grantor immediately upon project completion;
- b. Keep and maintain financial accounting records pertinent to the project;
- c. Submit required project financial/liquidation report within 60 days upon completion of the project including financial and physical status report in the prescribed forms to the DOLE together with the required supporting documents.

14. As of December 31, 2016, the reported balances of Due from LGUs and Due from NGOs/POs accounts amounted to ₱107,920,039.51 and ₱2,707,993.54, respectively, or a total of ₱110,628,033.05. Aging of the accounts disclosed that out of the total balances as at year-end, ₱91,045,186.10 or 82.30 per cent remained outstanding for six (6) months to more than three (3) years, summarized as follows:

Account	Balance 12/31/16	Aging of Unliquidated Fund Transfers (Livelihood Grants) to LGUs and NGOs/POs (In Philippine Peso)						
		Below 6 months	6 months to 1 year	1 year to less than 2 years	2 years to less than 3 years	3 years and over	TOTAL	%
	a	b	c	d	e	f	g=c+d+e+f	
Due from LGUs	107,920,039.51	19,582,846.95	15,986,689.98	31,689,698.10	33,520,467.27	7,140,337.21	88,337,192.56	81.85%
Due from NGOs/POs	2,707,993.54				30,000.00	2,677,993.54	2,707,993.54	100.00%
<b>TOTAL</b>	<b>110,628,033.05</b>	<b>19,582,846.95</b>	<b>15,986,689.98</b>	<b>31,689,698.10</b>	<b>33,550,467.27</b>	<b>9,818,330.75</b>	<b>91,045,186.10</b>	<b>82.30%</b>
Per cent (%)	100.00%	17.70%	14.45%	161.82%	209.87%	30.98%	82.30%	

15. The status of liquidation of funds transferred to LGUs and NGOs/POs in prior years and during CY 2016, as of December 31, 2016 is presented below:

Particulars	Status of Liquidation of Fund Transfers (Livelihood Grants) to LGUs and NGOs/POs (In Philippine Peso)		
	Due From LGUs	Due From NGOs/POs	Total
<b>Cash Advances</b>			
PY	122,255,449.68	2,707,993.54	124,963,443.22
CY	36,037,280.18		36,037,280.18
<b>Total</b>	<b>158,292,729.86</b>	<b>2,707,993.54</b>	<b>161,000,723.40</b>
<b>Liquidation/Settlement (including refunds and adjustment)</b>			
PY	49,904,947.10	-	49,904,947.10
CY	467,743.25		467,743.25
<b>Total</b>	<b>50,372,690.35</b>	<b>-</b>	<b>50,372,690.35</b>
<b>Unliquidated Cash Advances</b>			
PY	72,350,502.58	2,707,993.54	75,058,496.12
CY	35,569,536.93		35,569,536.93
<b>Total</b>	<b>107,920,039.51</b>	<b>2,707,993.54</b>	<b>110,628,033.05</b>
<b>Percentage of Liquidation</b>			
PY	40.82%	0.00%	39.94%
CY	1.30%		1.30%

16. It can be gleaned from the above table that the fund transfers to LGUs for prior years were liquidated by 40.82 per cent as at year end, compared to last year's 31.61 percent or an increase of 9.21 per cent. However, we noted that the liquidation for current year's fund transfers is only a meager 1.30 per cent, over last year's zero per cent. Likewise, there was no liquidation as at year-end for the prior years' remaining balance of the fund transfers to NGOs/POs amounting to ₱2,707,993.54.

17. Relative thereto, our perusal of the reported Inventory of Unliquidated Livelihood Grants to LGUs as of December 31, 2016 disclosed the prior years' unliquidated balances totaling ₱72,350,502.58 consists of the following:

<b>Year Released</b>	<b>Grants</b>	<b>Liquidation</b>	<b>Balance</b>
2006	276,601.60	-	276,601.60
2008	1,110,855.00	763,741.39	347,113.61
2009	975,650.00	382,843.00	592,807.00
2010-2011	167,400.00	-	167,400.00
2013	12,123,375.00	6,366,960.00	5,756,415.00
2014	53,268,969.79	19,748,502.52	33,520,467.27
2015	54,332,598.29	22,642,900.19	31,689,698.10
<b>Total</b>	<b>122,255,449.68</b>	<b>49,904,947.10</b>	<b>72,350,502.58</b>

18. Based on the data above, we noted that as of December 31, 2016, the unliquidated fund transfers to LGUs for prior years were granted from CY 2006 to CY 2015 and has been outstanding for the past 10 years to one year.

19. Likewise, our scrutiny of the reported Inventory of Unliquidated Livelihood Grants to NGOs/POs as of December 31, 2016 disclosed that the prior years' unliquidated balances totaling ₱2,707,993.54 consists of the following:

<b>Year Released</b>	<b>Grants</b>	<b>Liquidation</b>	<b>Balance</b>
2002	153,400.00	-	153,400.00
2003	99,450.00	-	99,450.00
2004	10,287.00	-	10,287.00
2007	879,218.00	397,694.45	481,523.55
2008	2,284,041.50	1,028,807.94	1,255,233.56
2009	1,139,203.00	511,103.57	628,099.43
2011	495,824.00	445,824.00	50,000.00
2012	139,000.00	139,000.00	-
2014	115,000.00	85,000.00	30,000.00
<b>Total</b>	<b>5,315,423.50</b>	<b>2,607,429.96</b>	<b>2,707,993.54</b>

20. Based on the data above, we noted that as of December 31, 2016, the unliquidated fund transfers to NGOs/POs for prior years were granted from CY 2002 to CY 2014 and has been outstanding for the past 14 years to two years.

21. In this regard, the Audit Team requested for the status of completion of the unliquidated fund transfers (livelihood grants) to LGUs and NGOs/POs as at year end for us to determine the completed projects for prior and current year which remain unliquidated as of December 31, 2016 but we have yet to receive a complete report from Management.

22. Upon inquiry, the Accountant III informed the Audit Team that Management would like also to have a complete report on the status of completion of the unliquidated fund transfers (livelihood grants) to LGUs as of December 31, 2016 to facilitate the preparation and issuance of

demand letters, particularly for the completed projects, if any, with unliquidated balances as at year end.

23. **We recommended that Management send demand letters to the LGUs and NGOs/POs with long overdue fund transfers, especially the prior years' unliquidated balances and require the concerned officials of the LGUs and NGOs/POs for the immediate settlement of their accounts with agency by submitting the liquidation reports and refunding the unutilized balances of completed projects.**

24. During the exit conference, Management informed the Audit Team that demand letters will be sent to the LGUs and NGO/POs with long overdue fund transfers particularly those that are already completed based on the status report prepared by the TSSD of DOLE RO V.

25. The Audit Team inform Management, during the exit conference, that preferential attention should be given to this account considering that the unliquidated balance of the account Due from Local Government Units as of December 31, 2016 amounting to ₱107,920,039.51 alone consists of 75.49% of the total assets of DOLE RO V and 90.11% of its total current assets.

26. In her letter reply dated April 18, 2017, Atty. Ma. Karina P. Trayvilla, Regional Director commented that demand letters will be sent to LGUs and NGOs/POs based on the status of Implementation of the Project prepared by TSSD by May 2017.

**Liquidations made by OWWA RO 5 amounting to ₱770,000.00 were not taken up in the books of DOLE RO V, contrary to Sections 4.6 and 5.4 of COA Circular No. 94-013, thus, the account Due from NGAs-OWWA RO 5 is overstated as of the period under audit.**

27. COA Circular No. 94-013 dated December 31, 1994, which provides for the rules and regulations on the grant, utilization and liquidation of funds transferred to implementing agencies. The following pertinent provisions are enumerated herein for easy reference:

- *Section 4.3 - The fund to be transferred or sub-allotted to the Implementing Agency (IA) shall be (a) in an amount sufficient for three months operation subject to replenishment upon submission of the reports of disbursements by the IA, or (b) the total project cost, as may be determined by the Heads of the two agencies in either case.*
- *Section 4.6 - Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the Implementing Agency.*
- *Section 5.4 - Require the IA to submit the reports and furnish the IA with a copy of the journal voucher taking up the expenditures XXX*

28. Our review of the Financial Statements as of September 30, 2016 disclosed that the account Due From NGAs - OWWA RO 5 has an outstanding balance of ₱1,010,000.00 which



consists of NRCO Livelihood Program granted by DOLE RO V to OWWA RO 5 in CY 2013 and 2014. The details of which are shown in the table below.

Check No.	Date of Check	Amount Granted	Purpose	Unliquidated Balance as of September 30, 2016 (per DOLE RO V books)
2385810	12/27/13	80,000.00	NRCO Livelihood Program (for 8 individuals)	70,000.00
2396139	1/29/14	130,000.00	NRCO Livelihood Program (for 14 individuals)	130,000.00
2396140	1/29/14	810,000.00	NRCO Livelihood Program (for 81 individuals)	810,000.00
<b>TOTAL</b>		<b>1,020,000.00</b>		<b>1,010,000.00</b>

29. We sent Confirmation Request (CR) No. 2017-01 dated January 18, 2017 to the Audit Team Leader of OWWA RO 5 to confirm if the balance of ₱1,010,000.00 per DOLE RO V books agrees with the balance per OWWA RWO 5 books. However, the confirmation disclosed that the liquidations totaling ₱770,000.00 were already made by OWWA RO V in CY 2014. Hence, the outstanding balance in OWWA RWO 5 books is only ₱240,000.00. The details of which are shown below.

Check No.	Date of Check	Amount Granted	Date Liquidated	Amount Liquidated
2385810	12/27/13	80,000.00		0.00
<b>Sub-total</b>				<b>0.00</b>
2396139	1/29/14	130,000.00	Feb. 5, 2014	110,000.00
			Feb. 7, 2014	20,000.00
<b>Sub-total</b>				<b>130,000.00</b>
2396140	1/29/14	810,000.00	Feb. 7, 2014	70,000.00
			Feb. 13, 2014	100,000.00
			Feb. 14, 2014	50,000.00
			Feb. 17, 2014	30,000.00
			Feb. 24, 2014	10,000.00
			Feb. 28, 2014	40,000.00
			March 3, 2014	20,000.00
			March 4, 2014	80,000.00
			March 13, 2014	10,000.00
			March 18, 2014	10,000.00
			March 31, 2014	40,000.00
			Apr. 4, 2014	20,000.00
			May 9, 2014	20,000.00
			June 23, 2014	20,000.00
			June 24, 2014	20,000.00
			July 3, 2014	100,000.00
<b>Sub-total</b>				<b>640,000.00</b>
<b>TOTAL</b>		<b>1,020,000.00</b>		<b>770,000.00</b>

30. Considering the liquidations made by OWWA RWO 5 in CY 2014 as enumerated above, it can be gleaned that DOLE RO V has not taken up in their books of accounts for the past two years, such liquidations, hence the account Due From NGAs-OWWA RWO 5 is overstated by ₱770,000.00, the details of which are shown below.

Check No.	Unliquidated Balance		Variance (Overstatement)
	Per DOLE RO V books	Per OWWA RWO 5 Books	
2385810	70,000.00	70,000.00	0.00
2396139	130,000.00	0.00	(130,000.00)
2396140	810,000.00	170,000.00	(640,000.00)
<b>TOTAL</b>	<b>1,010,000.00</b>	<b>240,000.00</b>	<b>(770,000.00)</b>

31. Had DOLE RO V been more vigilant in the receipt and recording of the liquidations of these grants to OWWA RWO V, the outstanding balance of the account could have already been adjusted in CY 2014.

32. **We recommended that Management:**

- a. **Require the Accountant III to make representations with the concerned personnel of OWWA RWO 5 and reconcile the outstanding balance of the accountant to comply with the pertinent provisions of COA Circular 94-013 and thereafter;**
- b. **Require the Accountant III to make the necessary adjustments in the books of DOLE RO V.**

33. In her letter reply dated April 12, 2017, Atty. Ma. Karina P. Trayvilla, Regional Director informed the Audit Team regarding their letter to OWWA RO 5 asking to provide DOLE RO V a copy of the liquidation if it has already liquidated so as to make reconciliation with their books. This management action was reiterated during the exit conference.

**Cash advances to Officers and Employees and Special Disbursing Officers for Special Activities/Projects totaling ₱4,945,278.36 remained unliquidated as of December 31, 2016 contrary to Section 89 of PD 1445 and Sections 5.1.3 and 5.8 of COA Circular Nos. 97-002 dated February 10, 2007.**

34. Section 89 of PD 1445 provides that no cash advance shall be given unless for a legally authorized specific purpose. A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served. No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.

35. The following pertinent provisions of COA Circular No. 97-002 dated February 10, 2007 on the granting, utilization and liquidation of cash advances, are presented for easy reference, viz:

- “Section 4.1.2 - no additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.
- Section 5.1.3 - For official travel – xxx cash advance shall be liquidated within thirty (30) days after return to his permanent official station in the case of local travel, as provided for in EO 248 and COA Circular No. 96-004. Failure of the AO to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding of his salary and the instruction of other sanctions provided for under paragraphs 9.2 and 9.3 hereof.
- Section 5.8 - All cash advances shall be fully liquidated at the end of the year. Except for petty cash expenses, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipts.”

36. Our audit disclosed that cash advances to officers and employees, special disbursing officers for special activities/projects totaling ₱4,945,278.36 remained unliquidated as of December 31, 2016. Aging of the accounts disclosed that as at year-end, **₱731,150.00 or 14.78** per cent remained outstanding for six months to one year, summarized as follows:

Account	Balance 12/31/16	Aging of Advances to Officers and Employees/SDOs/Payroll (In Philippine Peso)			
		Below 6 months	6 months to 1 year	TOTAL	%
	a	b	c	d=c	
Advances to Officers & Employees	49,913.48	49,913.48	-	-	0.00%
Advances to Special Disbursing Officers ( SDOs)	4,895,364.88	4,164,214.88	731,150.00	731,150.00	14.94%
<b>TOTAL</b>	<b>4,945,278.36</b>	<b>4,214,128.36</b>	<b>731,150.00</b>	<b>731,150.00</b>	<b>14.78%</b>
<b>Per cent (%)</b>	<b>100.00%</b>	<b>85.22%</b>	<b>14.78%</b>	<b>14.78%</b>	

37. Based on the above Aging of Unliquidated Cash Advances as of December 31, 2016, we noted the following:

- a. Out of the ₱49,913.48 Outstanding Cash Advances to Officers and Employees , ₱49,042.56 were liquidated in January 2017;
- b. Out of the ₱731,150.00 Advances to Special Disbursing Officers (SDOs) for Special Projects/Activities which remained outstanding for six months to one year already, the amount of ₱17,600.00 and ₱713,550.00 were granted in March and June 2016, respectively.

38. The status of liquidation of Advances to Officers and Employees and SDOs for Special Activities/Projects in prior years and during CY 2016, as of December 31, 2016 is presented below:

Particulars	Status of Liquidation of Advances to Officers and Employees/SDOs for Special Activities/Projects (In Philippine Peso)			
	Advances to Officers & Employees (For Local Travel)	SDOs for Special Activities/Projects	Advances for Payroll	Total
<b>Cash Advances</b>				
PY	69,880.60	1,455,245.83	2,998,691.82	4,523,818.25
CY	1,258,200.36	18,350,269.39	7,257,610.71	26,866,080.46
<b>Total</b>	<b>1,328,080.96</b>	<b>19,805,515.22</b>	<b>10,256,302.53</b>	<b>31,389,898.71</b>
<b>Liquidation/Settlement (including refunds and adjustment)</b>				
PY	69,880.60	1,455,245.83	2,998,691.82	4,523,818.25
CY	1,208,286.88	13,454,904.51	7,257,610.71	21,920,802.10
<b>Total</b>	<b>1,278,167.48</b>	<b>14,910,150.34</b>	<b>10,256,302.53</b>	<b>26,444,620.35</b>
<b>Unliquidated Cash Advances</b>				
PY	-	-	-	-
CY	49,913.48	4,895,364.88	-	4,945,278.36
<b>Total</b>	<b>49,913.48</b>	<b>4,895,364.88</b>	<b>-</b>	<b>4,945,278.36</b>
<b>Percentage of Liquidation</b>				
PY	100.00%	100.00%	100.00%	100.00%
CY	96.03%	73.32%	100.00%	81.59%

39. Based on the table above, it is noteworthy to mention that the cash advances granted to DOLE RO V Officials and Employees/SDOs/Payroll for prior year were 100% or fully liquidated. Overall, 81.59% of the cash advances granted in prior years and in CY 2016 were liquidated as at year-end, thereby posting a 31.59% increase over the 50% liquidation in CY 2015. However, only 73.32% of the cash advances granted to SDOs for Special Activities/Projects and for Payroll in CY 2016, the details of which are presented below.

Particulars	Status of Liquidation of Advances to Officers and Employees/SDOs for Special Activities/Projects (In Philippine Peso)				Remarks
	Advances to Officers & Employees (For Local Travel)	SDOs for Special Activities/Projects	Advances for Payroll	Total	
<b>Cash Advances</b>					
PY	69,880.60	1,455,245.83	2,998,691.82	4,523,818.25	
<b>Sub-total</b>	<b>69,880.60</b>	<b>1,455,245.83</b>	<b>2,998,691.82</b>	<b>4,523,818.25</b>	
<b>CY</b>					
January	15,680.00	5,000.00			
February	45,372.00	247,350.00	174,926.65		
March	310,791.96	442,900.00	5,173,232.34		
April	66,539.88	190,560.00	75,365.89		
May	97,789.12	232,250.00	135,891.77		
June	105,605.32	448,480.00	5,064,582.54		
July	45,364.72	-	196,989.86		
August	88,059.24	188,516.24	220,112.91		
September	129,623.44	5,642,494.47			
		3,783,491.25	(3,783,491.25)		CY Balance of P3,783,551.38 was reclassified to Advances to SDOs for Special Activities/Projects in September 2016
October	196,015.48	418,357.01			
November	78,045.64	377,756.00			
December	79,313.56	6,373,114.42			
<b>Sub-total</b>	<b>1,258,200.36</b>	<b>18,350,269.39</b>	<b>7,257,610.71</b>	<b>26,866,080.46</b>	
<b>Total</b>	<b>1,328,080.96</b>	<b>19,805,515.22</b>	<b>10,256,302.53</b>	<b>31,389,898.71</b>	
<b>Liquidation/Settlement (including refunds and adjustment)</b>					
<b>PY</b>					
January	26,670.60	210,447.55	264,694.95		
February	42,870.00	139,685.78	1,640,459.02		
March	340.00	149,724.30	-		
April	-	87,000.00	12.42		
May	-	868,388.20	1,093,525.43		
<b>Sub-total</b>	<b>69,880.60</b>	<b>1,455,245.83</b>	<b>2,998,691.82</b>	<b>4,523,818.25</b>	PY Advances to Officers & Employees were fully liquidated in March 2016. PY Advances for SDOs for Special Activities/Projects and for Payroll were fully liquidated in May 2016.
<b>CY</b>					
January					
February	19,634.59	5,000.00	152,666.65		
March	104,984.59	-	71,823.29		
April	178,220.80	211,400.00	711,829.19		
May	142,724.88	357,180.06	493,732.16		
June	111,797.12	218,496.49	2,980,026.81		
July	57,271.32	149,055.77	2,597,755.90		
August	105,700.10	83,975.99	247,776.71		
September	67,293.40	717,451.22			
October	124,251.52	2,703,032.49			
November	148,294.00	4,284,532.70			
December	148,114.56	4,724,779.79			
<b>Sub-total</b>	<b>1,208,286.88</b>	<b>13,454,904.51</b>	<b>7,257,610.71</b>	<b>21,920,802.10</b>	
<b>Total</b>	<b>1,278,167.48</b>	<b>14,910,150.34</b>	<b>10,256,302.53</b>	<b>26,444,620.35</b>	
<b>Unliquidated Cash Advances</b>					
<b>PY</b>					
CY	49,913.48	4,895,364.88	-	4,945,278.36	
<b>Total</b>	<b>49,913.48</b>	<b>4,895,364.88</b>	<b>-</b>	<b>4,945,278.36</b>	
<b>Percentage of Liquidation</b>					
PY	100.00%	100.00%	100.00%	100.00%	
CY	96.03%	73.32%	100.00%	81.59%	

40. It can be gleaned from the table above that the prior years' cash advances granted to officers and employees for local travel were fully liquidated in March 2016. Likewise, the prior years' cash advances granted to SDOs for special activities/projects and for payroll were fully liquidated in May 2016. We also noted that part of the 100% liquidation of the outstanding balance of the Advances for Payroll amounting to P3,783,491.25 were reclassified to the account Advances to SDOs for Special Activities/ Projects in September 2016, which resulted to a zero balance of the Advances to Payroll account as at year-end.

41. We commend Management for exerting their best efforts in attaining full liquidation of the cash advances granted in prior year and for the 96.03% liquidation of the current year's cash advance in CY 2016. However, in our monitoring, we still noted the following areas of concern relative to the liquidation of the cash advances granted in CY 2016:

- There are Cash advances granted to officers and employees for local travel, SDOs for special activities/projects and for payroll that were not liquidated within the prescribed period of liquidation;
- Additional cash advances were still granted to SDOs for special activities/projects even if their previous cash advances were not yet settled;
- Partial liquidation of some cash advances were allowed.

42. In view of the foregoing, we would like to reiterate the strict compliance to the rules and regulations on the granting, utilization and liquidation of cash advances to be minimized, if not totally eradicate the huge outstanding balance of ₱4,945,278.36 as at year-end.

43. **We recommended that Management implement the following:**

- Enforce the immediate settlement of the unliquidated cash advances granted to all concerned DOLE RO V officials and employees/SDOs, otherwise, cause the withholding of their salaries pursuant to Section 5.1.3 of COA Circular No. 97-002. Henceforth, ensure that all cash advances of this nature are fully liquidated at the end of the year pursuant to Section 5.8 of COA Circular No. 97-002.**
- No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made as provided for in Section 89 of PD 1445 and in Section 4.1.2 of COA Circular No. 97-002 .**
- Require the Accountant III to strictly monitor that the liquidation of these cash advances are well within the prescribed period of liquidation and that they are fully, and not partially liquidated.**

44. In her letter reply dated April 12, 2017, Atty. Ma. Karina P. Trayvilla commented that as of March 31, 2017, the Year-End Balances for Cash Advances has the following status:

Account Name	Balance, Dec. 31	Liquidation	Balance, Mar. 31, 2017
Adv. to Officers & Employees	49,913.48	49,913.48	0.00
Advances to SDOs	4,895,364.88	3,614,642.38	1,280,722.50

Ageing Cash Advances as of March 31, 2017 was submitted to the Audit Team last April 10, 2017. Further, the Audit Team was furnished with a copy of the Memorandum dated April 12, 2017 issued to employees with CY 2016 outstanding balances as of March 31, 2017 to know the status of their cash advances. These comments were reiterated by Management during the exit conference.

**Reports of Checks Issued (RCI), paid disbursement vouchers (DVs) and supporting documents were not submitted or submitted beyond the required period of submission, contrary to Sections 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006, thereby precluding the audit team from conducting timely review of the transactions.**

45. Sections 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009 provide as follows:

*“Section 7.1 Responsibility of the Agency Head*

*7.1.1 The head of the agency, who is primarily responsible for all government funds and property pertaining to his agency, shall ensure that (a) the required financial and other reports and statements are submitted by the concerned agency officials in such form and within the period prescribed by the Commission; (b) the settlement of disallowances and charges is made within the prescribed period; and (c) the requirements of transactions suspended in audit are complied with; and (d) appropriate actions are taken on the deficiencies noted as contained in the NSs, NDs, NCs and AOM.*

*Section 7.2.1 The Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that:*

*(a) The reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten (10) days of the ensuing month.”*

47. Our monitoring of the submission of CY 2016 Reports of Checks Issued (RCI), paid disbursement vouchers (DVs) and supporting documents showed that they were not submitted and/or submitted beyond the prescribed period of submission, viz:

Month	Due Dates	Dates Submitted to COA	No. of Months & Days Delayed
January	2/10/16	11/10/16	9 months
February	3/10/16	11/10/16	9 months
March	4/10/16	11/29/16	7 months & 19 days
April	5/10/16	11/29/16	7 months & 19 days
May	6/10/16	01/23/17	7 months & 13 days
June	7/10/16	01/30/17	6 months & 20 days
July	8/10/16	02/06/17	5 months & 26 days
August	9/10/16	03/7/17	5 months & 25 days
September	10/10/16	03/20/17	5 months & 10 days
October	11/10/16	03/20/17	4 months & 10 days
November	12/10/16	-	3 months & 19 days
December	1/10/17	-	2 months & 19 days

48. The non-submission and/or late submission of required financial and other reports to COA within the reglementary period precluded the audit team from conducting timely and judicious audit of these transactions.

49. **We recommended that Management:**

- **require the Accountant III to immediately submit the RCIs, paid DVs and supporting documents pursuant to Section 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009.**
- **require the Accountant III to coordinate with the Cashier III to ensure the prompt submission of the RCIs, paid DVs and supporting documents.**
- **require the Accountant III to install measures that will facilitate the timely submission of the RCIs, paid DVs and supporting documents within the first 10 days of the ensuing month as required under Section 7.1.1 and 7.2.1(a) of COA Circular No. 2009-006 dated September 15, 2009.**

50. In her letter reply dated January 25, 2017, Atty. Ma. Karina P. Trayvilla, Regional Director commented that the delay in the submission of Report of Checks Issued, Paid Vouchers and supporting documents was due to the late receipt of ORs from Suppliers being paid through LDDAP-ADA. Since payment is being credited directly to their respective accounts, hand in hand exchange of payment and Official receipt can no longer be applied at all times. Aside from that, due to the voluminous transactions of the Agency, segregation of COA File, Accounting File and Cashier File has been difficult because of limited manpower.

51. During the exit conference, Management committed to submit the un-submitted Reports of Checks Issued, paid disbursement vouchers and its supporting documents for the months of November and December 2016 by the end of April 2017.

**GENDER AND DEVELOPMENT (GAD)**

52. For CY 2016, DOLE RO V had a total budget of ₱7,168,100.00 for the implementation of programs and activities reflected in its GAD Plan for the year pursuant to Section 35 of RA 10717 and DBM, National Economic Development Authority and Philippine Commission on Women Joint Circular No. 2004-1 dated April 5, 2004 which requires an allocation of at least five percent of the agency's budget. However, expenses incurred amounted to ₱9,243,044.62 or 128.95 per cent of the GAD budget. The following activities were conducted by DOLE RO V under the GAD:

***For Organization-Focused***

<b>Relevant Agency MFO/PAP</b>	<b>GAD Activity</b>	<b>Actual GAD Utilization (in Philippine Peso)</b>
MFO 2: Capacity Building Service/ MFO 3: Labor Force Welfare Services	Conduct skills and entrepreneurial training/seminars on identified women beneficiaries  Team building activity	196,800.00
MFO 3: Labor Force Welfare	Health and Wellness	4,356.03



<b>Relevant Agency MFO/PAP</b>	<b>GAD Activity</b>	<b>Actual GAD Utilization (in Philippine Peso)</b>
Services	Session/Conduct of Orientation towards healthy lifestyle	
	DOLE Integrated & Emergency Employment Program (DILEEP)  Livelihood intervention provided to 684 women beneficiaries marginalized members of the community and other stakeholders	7,418,400.00
	CLP Project Angel Tree	600,000.00
MFO 2: Capacity Building Service	Seminar for DOLE 5 clients on Kasambahay Law (RA 100361)	10,000.00

*For Client-Focused*

<b>Relevant Agency MFO/PAP</b>	<b>GAD Activity</b>	<b>Actual GAD Utilization (in Philippine Peso)</b>
MFO 3: Labor Force Welfare Services	Forum on RA 9262/RA 9710 Conduct of GST++ Women's Month Celebration 2016	157,500.00
	Continuous enhancement of the lactation station by providing stand fan to the area	3,000.00
	Participation in walk to end VAW, tree planting activity and other health related activities	10,740.00
	Conduct of moral enforcement activity in continuity of the previous moral recovery session	35,000.00
MFO 2: Capacity Building Service/ MFO 3: Labor Force Welfare Services	Attendance to inter-agency meetings, trainings, and seminar on GAD	83,073.59
	Conduct of tree planting and gardening with proper waste disposal as its component	49,775.00
	Orientation and provision of livelihood kit	674,400.00
<b>TOTAL</b>		<b>9,243,044.62</b>

## SENIOR CITIZENS AND PERSONS WITH DISABILITY

53. For CY 2016, DOLE RO V had a total budget of ₱496,975.00 or 1% of the 2016 DILEEP Fund per sector for Senior Citizens and Persons With Disability (PWD), of which ₱358,852.27 or 43.87 per cent and ₱459,089.36 or 56.13 percent, respectively, or a total amount of ₱817,941.63 were incurred for 69 senior citizens and 57 PWDs, or a total of 126 beneficiaries for the provinces of Camarines Norte, Catanduanes and Sorsogon. The details of which are shown below.

PROVINCE	PROPONENT	PROJECT	NO. OF BENEFICIARIES		AMOUNT
			SENIOR CITIZENS	PWD	
CAM. NORTE	LGU Daet	Kabuhayan Project to Solo Parent/ Disadvantaged Workers	2	0	13,580.88
	Barangay Local Government Unit of Bakiad	Kabuhayan Project to Disadvantaged Workers	6	0	35,894.25
	Barangay Local Government of Macogon	Kabuhayan Project to Disadvantaged Workers	2	0	13,312.21
	Barangay Local Government Unit of Talobatib, Labo, Camarines Norte	Kabuhayan Project for Home-based/ Self-Employed Workers	2	0	13,490.49
	Barangay Local Government of Bautista, Labo, Camarines Norte	Kabuhayan Project for Home-based/ Self-Employed Workers	6	0	47,681.81
	Barangay Local Government of Tulay na Lupa, Labo, Camarines Norte	Kabuhayan Project for Home-based/ Self-Employed Workers	3	0	13,071.35
CATANDUANES	DOLE CPFO	DKSK for Brgy. Buenavista, Baras	9	0	33,904.71
	DOLE CPFO	DKSK for Brgy. Tilod, San Andres, Catanduanes	6	0	30,379.51
	DOLE CPFO	DKSK for Differently Abled Youth	0	7	37,840.00
	DOLE CPFO	DKSK for Brgy. Progreso	9	0	36,740.07
SORSOGON	BLGU Salog	DKSK	0	2	12,095.20
	Sorsogon PFO	DKSK for Marginalized Sector-Batch 1	18	-	67,408.51
			-	4	14,979.67
	Sorsogon PFO	DKSK (PNP)	6	0	53,388.48
Sorsogon PFO	PWD Access to Livelihood Tool	0	44	394,174.49	
<b>GRAND TOTAL</b>			<b>69</b>	<b>57</b>	<b>817,941.63</b>
TOTAL AMOUNT OF ASSISTANCE FOR SENIOR CITIZENS					358,852.27
TOTAL AMOUNT OF ASSISTANCE FOR PWDs					459,089.36

## COMPLIANCE WITH TAX LAWS

54. DOLE RO V complied with tax laws and it remitted taxes totaling ₱6,120,554.93 for CY 2016 through Tax Remittance Advice (TRAs).

## COMPLIANCE WITH RA 8291 ON PROPER DEDUCTION AND REMITTANCE OF GSIS PREMIUMS

55. For CY 2016, DOLE RO V withheld and remitted a total of ₱2,634,851.69 GSIS premiums.

## SETTLEMENT OF SUSPENSIONS, DISALLOWANCES AND CHARGES

56. For CY 2016, DOLE RO V had no beginning balances of Notices of Suspensions, Disallowances and Charges as well as issuances during the year.

### D. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

57. We made a follow-up on the actions taken by Management to implement the 14 recommendations of prior years and noted the following:


Status of Implementation	No. of Recommendations
Fully Implemented	11
Partially Implemented	3
Ongoing	0
Not Implemented	-
<b>Total</b>	<b>14</b>

58. The results of the validation of the implementation of prior years' recommendations are presented in Annex K.

## E. ACKNOWLEDGEMENT

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

Very truly yours,

  
**MA. GEMMA V. ANTE**  
State Auditor III  
OIC – Audit Team Leader

Copy furnished:

**The Supervising Auditor**  
Commission on Audit  
Department of Labor and Employment  
Intramuros, Manila

**The OIC-Regional Supervising Auditor**  
NGS, Cluster 5 – Education and Employment  
COA Regional Office No. V  
Rawis, Legazpi City

File

# ANNEXES

- Annex A - Statement of Management's Responsibility for Financial Statements
- Annex B - Detailed Statement of Financial Position
- Annex C - Detailed Statement of Financial Performance
- Annex D - Statement of Cash Flows
- Annex E - Statement of Changes in Assets/Equity
- Annex F - Notes to Financial Statements
- Annex G - Status of Implementation of Prior Years' Audit Recommendation

