

Republic of the Philippines  
**DEPARTMENT OF LABOR AND EMPLOYMENT**  
 Regional Office No. V  
 Legazpi City

**COA ANNUAL AUDIT REPORT 2012**  
**MANAGEMENT COMMENTS/ACTIONS TAKEN**  
 For the Quarter Ending March 31, 2014

| Observations   | Recommendations   | Comments/Actions Taken   |
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| 1. The delayed submission of Purchase Orders (POs) totaling ₱2,210,315.36, contrary to existing guidelines and procedures, deprived the Auditor of the timely conduct of review and evaluation of the procurement process. | We recommended that Management require the accountable official to comply with existing guidelines in the submission of POs and to notify the Auditor of the time and date of the scheduled deliveries, within 24 hours from acceptance.  | All Purchase Orders totaling to P2,210,315.36 were already submitted to COA. At present, we are submitting all purchase orders to COA upon acceptance of suppliers.  |
| 2. Incomplete documentation for long distance calls totaling ₱86,584.61 incurred by the Provincial Field Offices of Camarines Sur, Sorsogon and Masbate cast doubt on the validity of the expenses paid.                   | We recommend that Management require the Provincial Field Offices to maintain logbooks to record all telephone calls that will evidence the validity and propriety of the claims, photocopies of the pages duly certified should be attached as supporting documents to the claims filed for payment. | A memorandum dated February 21, 2013 was issued on the maintenance of logbooks for long distance telephone calls. Duly certified photocopies of the pages are now being attached as supporting documents to disbursement vouchers for payment. |
| 3. Acknowledgement Receipts for Equipment (ARE) were not properly accomplished and not renewed every three (3) years or every time there is a change in accountability contrary to Section 56                              | We recommend that Management require the Property Custodian to issue and properly accomplish the ARE for every property/equipment issued to every employee to readily   | Acknowledgement Receipt of Equipments issued last CY2010 has already been renewed. This year, due to the transfer of accountability of equipment from one employee to another, Acknowledgement Receipts for Equipments issued were             |

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| of the National Government Accounting System (NGAS) Manual, Volume II.  | pinpoint actual custody and responsibility thereof.  | updated. AREs are now being issued for every purchase of property and equipment with its corresponding property numbers.   |
| <p>4. Payment by the DOLE-RO V of its 40% share in the salaries or wages of SPES beneficiaries were delayed by two (2) to 390 days or not paid at all as evidenced by the stale and unreleased checks amounting to ₱ 217,854.41 and ₱ 41,652.32, respectively, as of December 31, 2012, thus affecting the attainment of the program objective of helping the poor but deserving students pursue their education by providing income or augment their income.</p> | <p>We recommended that Management:</p> <ul style="list-style-type: none"> <li>• Ensure that student beneficiaries are paid their 40% salaries within the 11 day prescribed period;</li> <li>• Require the PESOs to ensure the completeness and regularity of the documents supporting the claims before forwarding them to the Accounting Unit for processing;</li> <li>• Require the TSSD and DOLE Field Office to closely monitor the PESOs to ensure that the student beneficiaries are adequately notified of their claims and</li> <li>• Instruct the Accounting Unit to exclude from processing the payrolls of</li> </ul> | <p>The following actions were taken:</p> <ol style="list-style-type: none"> <li>1. Issued Memo to all PFOs and Employment Focal Persons to comply with the COA Audit Findings on SPES 2012. (Annex A);</li> <li>2. Wrote the LGU Executives/PESO Managers and employers requiring them to submit the SPES pre-employment documents at least two (2) weeks before the start of employment period. (Annex B);</li> <li>3. Provincial PESO Federation meetings were conducted in every province and it was attended by RD Nathaniel V. Lacambra or ARD Exequiel Ronie A. Guzman who personally discussed the new policies and the strict compliance to the Office Order No. 14-06, series of 2014 issued to all the Provincial Field Officers/Employment Focals relative to the implementation of SPES. (Annex C) and;</li> <li>4. Called an emergency meeting of all the provincial employment focal persons and concerned staff involved in the SPES program and discussed the strict implementation</li> </ol> |

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|  | <p>student beneficiaries with incomplete documentation or with deficiencies in order not to deprive the complying students the timely payment of their salaries.</p>  | <p>of SPES and SRS programs, including the new reporting forms to be used starting this year. (Annex D)</p>  |
| <p>5. The Emergency Wage Employment Assistance (EWEA) totaling ₱2,717,500.00 for CY 2012 was relatively implemented due to unclaimed wages totaling ₱87,500.00; inadequate controls in the preparation and payment of wages to beneficiaries; and grant of cash advances beyond the limit of accountability.</p> | <p>We recommended that Management:</p> <ul style="list-style-type: none"> <li>a. Instruct the Cashier to immediately deposit the amount of ₱87,500.00 to the account of the Bureau of the Treasury;</li> <li>b. Require the Barangay Captain as co-signatories in the payrolls considering that the rural works are undertaken in the barangays;</li> <li>c. Limit the grant of cash advances to the amount covered by bond; and</li> <li>d. Require that payee to cash advances be limited to the Cashier only who shall facilitate payment in the Provincial Field Offices, together with representative from the Internal Management Services Division.</li> </ul> | <p>COA's recommendation to deposit to Bureau of Treasury the ₱87,500.00 was already implemented.</p> <p>Adopted as part of the procedure that Barangay Captains will be co-signatory in the payrolls for rural works and that cash advances are within the limit covered by the bond. Payee to the cash advances was limited to the Cashier only who shall facilitate payment in the Provincial Field Offices, together with representative from the Internal Management Services Division.</p> <p>Procedures in the DILEEP are being strictly followed.</p> |
| <p>6. The Agency failed to provide programs and projects related to senior citizens as mandated under Section 29 of the General Provisions</p>   | <p>We recommended that Management strictly observe the provisions of Section 29 of the General Provisions of the GAA</p>  | <p>During Strategic Planning Workshop conducted last February 27-28, 2014, the Technical Support and Services Division as well as Provincial Field Offices agreed to</p>   |

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| of the General appropriations Act (GAA) for FY 2012, hence, depriving them to the needed assistance that could have improved their livelihood.   | for FY 2012. Formulate and implement programs and projects to address the concerns of senior citizens in order to improve their well-being and provide means of livelihood.  | touchbase senior citizen organizations when conducting livelihood orientations.<br><br>Summary of senior citizens provided with livelihood financial assistance was already forwarded to COA. (Annex E)  |
| 7. Of the taxes withheld from employees and suppliers amounting to ₱4,895,861.05 (including beginning balance of ₱541,320.79) for CY 2012, only ₱4,113,219.43 was remitted, leaving a balance of ₱782,641.62 as of December 31, 2012, contrary to section 5 of Bureau of Internal Revenue (BIR) Revenue Regulations No. 17-2003 dated March 31, 2003 and Revenue Memorandum Circular No. 5-2006 dated November 2, 2006, thus, hampering the immediate use of income by the government for its various programs and projects. | We recommended that Management strictly adhere to the revenue regulations governing timely and regular remittances of taxes withheld. The agency personnel concerned should be directed/required to immediately remit the taxes withheld to avoid penalties and surcharges and the inconvenience on the part of the employees. | The Accountant already worked back to reconcile taxes withheld and remittances to BIR. Unremitted taxes were already remitted and adjusting entries were already made as of December 31, 2013. The balance of Due to BIR Account per Trial Balance as of December 31, 2013 is P915,801.91 however, the amount remitted on January 8, 2014 was P929,333.37. The over remittance totaling to P13,531.46 was already adjusted in the BIR remittances as well as to books for the month for February 2014. |

Prepared and submitted (by Authority of the Regional Director):

  
 CHERRY B. MOSATALLA  
 Accountant III/Officer-In-Charge