

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS'
AUDIT RECOMMENDATION**

Out of the 34 audit recommendations contained in the 2013 Annual Audit Report, five or 14.70 percent were implemented, 15 or 44.12 percent were only partially implemented and 14 or 41.18 percent were not implemented at all. Details of partially and not implemented recommendations are reiterated/discussed in Part II of the report. For the CY 2011 AAR, one audit recommendation had only been partially implemented and another one was not implemented at all.

Observations/ Recommendations	Ref.	Management's Action/Reply	Status (Full, Partial, NI)	Reason for Partial or Non- Implementation
<p>1. The payment in the amount of ₱27,614,308.08 made by the agency to the LBP Service Corporation for the hiring of 186 personnel exceeded its contract cost of ₱26,525,969.06 by ₱1,088,339.02 due to billing adjustments, increase in number of personnel and claims for overtime services, depleting its funds for Maintenance and Other Operating Expenses (MOOE). Moreover, this contract of service which represented 34.38% of the agency's total manpower complement even included personnel performing clerical and administrative functions contrary to the provisions of Section 81 of RA No. 10352 or the General Appropriations Act for Fiscal Year 2013.</p> <p>We recommended that: (i) the Service Contractor and/or the agency officials responsible for this transaction be made to refund the payments made in excess of the contract</p>	<p>CY-2013 AAR Pages 22- 25 Para. 1-8</p>	<p>The hiring of service contractors exceeded the allowed number due to exigency of the need to hire additional personnel in order to augment the lack of manpower in some offices.</p>	<p>Not Implemented</p>	<p>Responsible officials have not refunded payments made in excess of the contract cost. The number of service contractors even increased to 190 in CY 2014. This audit observation is reiterated in Part II of this report. (Paragraphs 23-31)</p>

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<p>cost; and discontinue the hiring of personnel under a Contract of Service where the functions to be performed are clerical or administrative in nature or similar to work being performed by the regular personnel of the agency.</p>				
<p>2. The inspection of recruitment agencies prescribed under Part III, B (2) and C (4) of the POEA Inspection Manual to validate compliance with POEA Rules and Regulations appeared to have not been strictly conducted as sanctions imposed against a number of erring agencies for recruitment and other violations have not been implemented, resulting in the continued recruitment of workers by these agencies.</p> <p>We recommended that the Administrator direct the strict implementation of the Rules and Regulations Governing the Recruitment and Deployment of Overseas Workers of the POEA. Attention in particular is invited to the imposition of sanctions against erring recruitment agencies for the protection of Overseas Filipino Workers.</p>	<p>CY-2013 AAR Pages 26- 30 Para. 9- 25</p>	<p>Delisting of licensed agencies was undertaken pursuant to standard procedures and long-established practice.</p>	<p>Partially Implemented</p>	<p>Posting of a notice in the office of recruitment agencies that have been delisted, suspended or cancelled is not sanctioned by existing rules and regulations. The posting of notice is only allowed in cases of closure of establishments for illegal recruitment.</p>

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<p>3. The agency stands to lose ₱787,875.00 in rental income year after year due to inadequate information covering the implementation of Computer - Based Test (CBT) under an agreement entered with the Human Resource Development – Korea (HRD-Korea), where the POEA shall provide the space requirements for the CBT. Moreover, the application of the monthly rental fee to the renovation cost of the venue, until fully recovered have resulted in automatic appropriation of funds for the purpose.</p> <p>We recommended that Management direct:</p> <ul style="list-style-type: none"> • the HRD Korea pay for the rental expenses; • the Memorandum of Agreement with the POEA renting out the venue for the conduct of Computer- Based Test be properly documented; • the application/offsetting of the rental fees against expenses incurred by the lessee for renovation be discontinued and the officials responsible be made to explain; • responsible officials justify renting out its 	<p>CY-2013 AAR Pages 30-33 Para. 26- 32</p>	<p>With the structural capacity of the POEA building still uncertain during that period and for safety purposes, additional dead load or the weight of the OFW records is best not to be stocked at the 6th floor of the POEA building, which is the only available vacant space then. For such reason, the services for storage were considered.</p>	<p>Not Implemented</p>	

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<p>office space to outsiders while simultaneously paying rental/ storage fees to outside contractors; and</p> <ul style="list-style-type: none"> all documents and requested information be submitted to the COA Audit Team for technical review. 				
<p>4. Unserviceable properties valued at ₱9,024,541.06 at the Central Office and at the Regional Extension Unit VI of undetermined amount have not been disposed of depriving the agency to earn additional income had disposal been made thru sale, as prescribed under Section 79 of PD No. 1445 and hence, the sizeable space occupied in the stockrooms/basement area could have been cleared and put to use for other purposes.</p> <p>We recommended that the Head of the Agency direct the creation of a Disposal Committee to perform the following:</p> <ul style="list-style-type: none"> device a program for disposal with time schedules; inspect the unserviceable equipment to verify its status in order to justify its disposal; 	<p>CY-2013 AAR Pages 33-34 Para. 33-39</p>	<p>The reclassification of the unserviceable equipment to Other Assets account is taking time because of the unreconciled records of the Accounting Division and the General Services and Property Division and unavailability of some documents.</p>	<p>Not Implemented</p>	<p>The Management had not disposed of its unserviceable properties. This audit observation is reiterated in Part II of this report. (Paragraphs 73-78)</p>

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<ul style="list-style-type: none"> • set the final appraised value of the property considering obsolescence, market demand, physical condition and result of previous bidding for similar property; • recommend to the head of the agency for approval the manner of disposal; and • dispose promptly items that do not have economic value which are recommended for immediate condemnation or destruction. 				
<p>5. Representation expenses of ₱5,083,824.11 could have been considerably reduced had meetings and related activities been conducted with restraint and funds utilized instead for more essential purposes.</p> <p>We recommended that Agency officials responsible for the above activities exercise restraint in the disbursement of government funds.</p>	<p>CY-2013 AAR Pages 34-37 Para. 40- 45</p>		<p>Partially Implemented</p>	<p>Total of representation expenses was reduced.</p>

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<p>6. The agency's Repatriation Unit took 79 days to act on requests for repatriation of 119 distressed OFWs awaiting repatriation as of the end of the year that may have further exposed them to further abuse/maltreatment and other risks that were the subject of complaint.</p> <p>We recommended that the Head of the Agency direct the Repatriation Unit personnel to act immediately on all repatriation requests and monitor completion of the procedures until the worker is safely repatriated back.</p>	<p>CY-2013 AAR Pages 38-40 Para. 46- 60</p>		<p>Partially Implemented</p>	<p>The major factor that affected repatriation proceedings during the period in question was the inadequate staff complement in the Repatriation Unit as against the volume of repatriation cases. There are also cases that repatriation cannot be possibly undertaken despite notice.</p>
<p>7. The accountability over the implementation of the Employment Permit System – Test of Proficiency in Korea (EPS-TOPIK) which is a special government to government hiring program covering the period CY 2005 to CY 2011 had not been transparent due to non-recording of financial transactions, including collections estimated at US\$515,436.00 as well as disbursements made out of the funds.</p>	<p>CY-2013 AAR Pages 41-43 Para. 61- 72</p>		<p>Not Implemented</p>	<p>The International Korean Language Foundation which was the designated agency of Korea, had ceased to operate and that the liquidation documents of the 1st to 5th Korean Language Test, known as EPS-</p>

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<p>We recommended that the POEA officials responsible in implementing the Employment Permit System – Test of Proficiency in Korea (EPS-TOPIK) from 2005 to 2011 account for the funds received. That complete recording/ accounting of the funds be submitted as well as all the documentary requirements covering the expenses incurred to implement the program.</p> <p>We also recommended submission of all Memoranda of Understanding covering the 1st up to the 7th EPS-TOPIK and the Service Commitment Agreements executed pursuant to the MOU.</p> <p>Henceforth, all funds received by the POEA to implement the EPS-TOPIK and similar programs be treated as government funds and utilization thereof be subjected to all pertinent laws, and accounting and auditing rules and regulations.</p>				TOPIK could not be recovered, as claimed by the Management.
8. Management commitment to put to use thru donation/ transfer to another government agency, one unit of server valued at ₱8,129,266.45 purchased out	CY-2013 AAR Pages 43-46 Para. 73- 79	Although the server and licenses that were procured were not utilized for	Not Implemented	

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<p>of the ₱72,919,000.00 funds intended for the OFW e-Link Project, that had been terminated prior to full implementation five years ago, had not been accomplished to date.</p> <p>We recommended that the Head of the Agency thru the Director of the Information and Communication Technology Branch coordinate with counterparts at the Bureau of Immigration for the transfer of one unit server. Henceforth, conduct a judicious planning and ensure complete documentation with identified partners before implementing similar projects in the future.</p>		<p>the original e-Link project, the POEA had done its best to reach the desired outcome of the e-Link project, which is the connectivity of POEA databases and operations with other agencies to improve the services of the OFWs.</p>		
<p>9. Unliquidated Advances to Officers and Employees as of December 31, 2013 in the total amount of ₱458,956.85 aged eight to 17 years, contrary to Section 89 of Presidential Decree No. 1445 and of COA Circular No. 97-002 resulted in the overstatement both of assets and of government equity accounts year after year.</p> <p>We recommended that the Head of the Agency-</p> <ul style="list-style-type: none"> strictly enforce liquidation of all cash 	<p>CY-2013 AAR Pages 46-48 Para.80- 87</p>	<p>As to cash advances of prior years, these were granted to employees who have already resigned/retired and demand letters have already been sent.</p>	<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 79-87)</p>

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<p>advances immediately after the purposes for which they were granted have been served;</p> <ul style="list-style-type: none"> • refrain from granting additional cash advances to Accountable Officers with unsettled cash advances; • institute appropriate sanctions against Accountable Officers who fail to liquidate cash advances within the period prescribed by law and regulations; and • request for write off of long overdue accounts if warranted, and following the guidelines prescribed under existing regulations. 				
<p>10. Stale Checks amounting to ₱47,635.10 at the Regional Center for Luzon have remained as reconciling items in the bank (Outstanding Checks) for over six months to five years, thus keeping idle cash in the bank.</p> <p>We recommended that the Accountant- Designate prepare a JEV for the cancellation of the check in the Head Office.</p> <p>It is further recommended that Management should</p>	<p>CY-2013 AAR Pages 48-49 Para. 87- 94</p>	<p>Stale check was already returned to the POEA-Central Office and refunded under OR No. 0562292 dated January 22, 2015.</p>	<p>Fully Implemented</p>	

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<p>inform the bank that the stale checks which have remained outstanding be reverted back to the Bureau of Treasury.</p>				
<p>11. The amount of ₱7,692,352.00 that formed part of the total year-end cash balance of ₱13,043,409.72 maintained in a trust fund had not been remitted to the National Treasury contrary to Sections 4 and 8 of the General Provisions of RA No. 10352 or the General Appropriations Act for FY 2013, depriving the government use of dormant cash balances.</p> <p>We recommended that the officials responsible for these lapses render a satisfactory explanation on the non-remittance of the trust funds to the National Treasury.</p> <p>We also recommended that henceforth, the Agency's Cashier deposit all trust collections to the National Treasury, unless otherwise authorized, in compliance with the above-cited provisions of law.</p>	<p>CY-2013 AAR Pages 49-52 Para.95- 101</p>	<p>Trust account especially for projects whose implementation/ purpose has not ended yet such as the fund for the Continuing Agency Education Program, Pre-Licensing Orientation Program, EPS Training Fund, EPS-Computer Based Training and EPS-TOPIK, GPB-Employers' Guarantee Trust Fund, Presidential Task Force on Anti Illegal Recruitment will be retained with the LBP.</p>	<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 104-111)</p>

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<p>12. Credits totaling ₱915,681.77 were posted to the subsidiary ledger of an Accountable Officer in settlement of cash advances for intelligence purposes, without the covering Credit Advice issued by the COA Chairman or authorized representative, contrary to COA Circular No. 2003-002 dated July 30, 2003 that in effect understated the balance of account Advances to Officers and Employees (148) by the same amount.</p> <p>We recommended that the Head of the Agency direct the Chief Accountant to restore the amount of ₱915,681.77 under the accountability of the AO and explain settlements made without Credit Advices.</p> <p>We also recommended that the Management exert effort in locating the whereabouts of the AO for filing of necessary charges/sanctions.</p>	<p>CY-2013 AAR Pages 52-54 Para. 102-114</p>	<p>The amount was restored to the account Advances to Officers and Employees under JEV No. 14-023 dated March 31, 2014.</p>	<p>Fully Implemented</p>	
<p>13. Collections and deposits at the POEA Regional Extension Units and Satellite Offices in the amount of ₱3,265,179.00 have not been recorded in the books as of December 31, 2013 due to late submission of Reports of Collections and Deposits resulting in the</p>	<p>CY-2013 AAR Pages 54-57 Para. 115-127</p>	<p>The regional offices as well as the POLOs are regularly being reminded through letters of the submission of reports. For</p>	<p>Partially Implemented</p>	<p>Number of POEA Regional Extension Units and Satellite Offices failed to submit reports and remittances</p>

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<p>understatement of income by the same amount. Moreover, Accountable Officers from 15 Philippine Overseas Labor Offices (POLOs) have similarly failed to submit their reports and remittances for an undetermined amount of collections made.</p> <p>We recommended that the Agency Head</p> <ul style="list-style-type: none"> • require the Chief Accountant and other officials performing accounting and/ or bookkeeping functions of the agency to ensure that the financial reports required to be submitted by the Accountable Officers are forwarded to the Accounting Unit on the prescribed period and financial information be recorded in the books promptly to avoid the repetition of the deficiencies noted in audit; and • direct the Chief of the ROCO to closely monitor submission of monthly Reports of Collections and Deposits/Remittances from the Regional Centers and Satellite/ Extension Units and coordinate immediately with the concerned 		<p>regional offices, withholding of the salaries of the accountable officers for the submission of reports is being done.</p>		<p>were reduced.</p>

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<p>Accountable Officers of the 15 identified POLOs to remit immediately all collections to the account of POEA and submit the collection reports together with the supporting documents right after the deposit of collections to avoid delay in the submission of such to the Accounting Office.</p>				
<p>14. The Former Collecting Officer at the Regional Center for Mindanao failed to render accounts contrary to Section 64 of PD No. 1445 and Sections 57, 60 and 68 of the MNGAS-National, Volume II, which is punishable under Article 218 of the Revised Penal Code, thus resulting to the non-completion of the cash examination conducted and the unaccounted discrepancy in her reported remittances against the amount confirmed with the Bureau of Treasury amounting to ₱73,175.40.</p> <p>We recommended that the POEA top Management institute the necessary administrative action against the concerned Accountable Officer for failure to render complete accounting of her accountability, which caused the delay in the</p>	<p>CY-2013 AAR Pages 57-58 Para. 128-141</p>		<p>Partially Implemented</p>	<p>Based on the reconciliation of the reported collection with the certification issued by the Bureau of Treasury (BTr), it was found out that there was an error in the summation in one of the certificates issued by the BTr. This was already communicated to the BTr for the issuance of the corrected certification.</p>

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<p>completion of the audit on the cash accounts COA.</p> <p>We also recommended that Management direct the Accountant to record the said unreconciled remittances amounting to ₱73,175.40 as debit to the Account Cash Collecting Officer and credit to the Account Due to Bureau of Treasury.</p>				
<p>15. Non-recording of audit disallowance of ₱797,500.00 with Notice of Finality of Decision (NFD) and COA Order of Adjudication (COE), as receivable was contrary to Section 22.6 of COA Circular No. 2009-006 and Section 53 of the Manual on the New Government Accounting System, Volume I resulting in the understatement of the Receivables-Disallowances/Charges and understatement of the Prior Years' Adjustment account by the same amount.</p> <p>We recommended that the Chief Accountant record the audit disallowance with Notices of Finality of Decision in the books of accounts pursuant to Section 22.6 of COA Circular No. 2009-006 and Section 53 of the MNGAS, Volume I so that the financial statements will be fairly presented.</p>	<p>CY-2013 AAR Pages 58-60 Para. 142- 148</p>	<p>The audit disallowance with the Notice of Finality of Decision and COA Order of Execution was already recorded to the Receivable-Disallowance/Charges account under JEV No. 14-030 dated April 30, 2014.</p>	<p>Fully Implemented</p>	

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<p>16. The unreconciled discrepancy of ₱1,889,757.78 between the records of the POEA and of the Procurement Service rendered unreliable the Due from NGAs (DBM-PS) account balance of ₱7,043,470.46.</p> <p>We recommended that: (i) the Supply Officer and the Accountant exert effort in reconciling their records with that of the Procurement Service covering prior years' transactions; and (ii) henceforth, undertake periodic reconciliation to immediately identify and settle reconciling transactions.</p>	<p>CY-2013 AAR Pages 60-61 Para. 149- 156</p>	<p>A meeting with the DBM-PS will be set for the reconciliation of this account.</p>	<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 143-152)</p>
<p>17. Out of the balance of ₱12,713,119.22 in Accounts Receivable in the Agency's National Government (NG) books, ₱10,757,967.91 or 85% have been dormant from over 3 to 30 years, making collection almost nil due to management failure to intensify efforts toward settlement thereof. Hence, the government had been denied of additional funds to finance its priority projects.</p> <p>We recommended that the Head of the Agency direct the Chief Accountant and other responsible officials to: (i) resort to legal means</p>	<p>CY-2013 AAR Pages 61-62 Para. 157- 164</p>		<p>Partially Implemented</p>	<p>Demand letters are continuously being sent to the employers and subsequently be requested for write-off if it already qualified as dormant accounts receivable.</p>

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to enforce collection of long overdue accounts or coordinate with foreign offices like embassies and POLOs; and (ii) send follow-up letters on the status of the request for write-off of the dormant receivable accounts submitted to COA.				
<p>18. Uncollected rental fees from seven concessionaires at the end of the year amounted to ₱900,505.18 which is contrary to Section 120 of the General Accounting and Auditing Manual, Volume I, denying the government use of added funds to finance priority programs/projects.</p> <p>We recommended that the Head of the Agency:</p> <ul style="list-style-type: none"> • direct the Accountant to follow-up demand letters to the delinquent tenant/s to settle their accounts with the agency; and • direct the Accountant to strictly monitor billings issued and demand letters sent and if possible, institute appropriate sanctions against delinquent tenants such as non-renewal of lease contract. 	CY-2013 AAR Pages 62-64 Para. 165- 171		Partially Implemented	Out of the seven concessionaries, four of them have already settled their outstanding accounts as of December 2013 in CY 2014.

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<p>19. Advance payments of Insurance Premiums and Fidelity Bond Premiums amounting to ₱748,109.67 were recorded as outright expense during the year instead of taking up Prepaid Insurance for the unexpired portion of ₱373,042.68, contrary to COA Circular No. 2004-008 dated September 20, 2004, thus, overstating expense account and understating the asset account at the end of the year.</p> <p>We recommended that the Chief Accountant adjust insurance expenses to exclude the unexpired portions in the books by drawing a Journal Entry Voucher (JEV) to take up the necessary adjustments. Henceforth, faithfully comply with the provisions of the MNGAS regarding Asset/Expense adjustments at the end of accounting period.</p>	<p>CY-2013 AAR Pages 64-65 Para. 172- 176</p>	<p>The unexpired portion of the Insurance premiums and Fidelity Bond premiums paid was already recognized as Prepaid Insurance per JEV No. 14-023 dated March 31, 2014.</p>	<p>Fully Implemented</p>	
<p>20. The accuracy of the reported balances of inventory accounts totaling ₱2,520,646.83 could not be ascertained due to the discrepancy of ₱801,760.32 between the physical count and book balances of inventory accounts as well as other lapses noted over inventory management.</p>	<p>CY-2013 AAR Pages 66-68 Para. 177- 186</p>		<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 169-177)</p>

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<p>We recommended that the Head of the Agency direct - (i) the Accountant and the Supply Officer to update and reconcile their records and make necessary adjustments on the discrepancies noted to reflect the correct balances of their inventory account in the financial statements; (ii) the Accountant to record on a monthly basis the value of inventories issued based on the submitted Report of Supplies and Materials Issued; (iii) to take up the cost of medicines as well as oil, lubricants and similar items for stocks, under appropriate inventory accounts until issuance of the items to end-users; and (iv) update postings to supplies ledger cards and stock cards.</p>				
<p>21. The existence and accuracy of the Property, Plant and Equipment (PPE) account balances in the aggregate amount of ₱381,493,833.98 could not be reliably established due to the absence of inventory report on two property accounts valued at ₱8,346,096.06, a net discrepancy of ₱146,666,245.73 between the book balance and physical count of PPE accounts with inventory reports, as well as other lapses noted over property management.</p>	<p>CY-2013 AAR Pages 69-71 Para. 187- 199</p>		<p>Partially Implemented</p>	<p>Certain account requires time for adjustment because it involve numerous small and identical items, thus it is being done on a year to year basis.</p>

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<p>We recommended that the Head of the Agency direct –</p> <ul style="list-style-type: none"> • the Inventory Committee to complete the physical stock-taking and inventory reporting on all PPE units of the Agency; • the Accountant and the Property Officer (i) exert efforts for the immediate reconciliation of their respective records to determine the causes of the noted discrepancies in the balances of the PPE accounts so that the necessary adjustments could be effected; and (ii) henceforth, conduct periodic reconciliation of their records to detect any errors and/or discrepancies in the PPE balances and the causes thereof for correction; • the GSPD to submit a complete inventory list of fabricated cabinets/shelves with proper costing to the Accounting Division for recording in the books of accounts, assign Property Numbers and prepare/issue Acknowledgment Receipt of Equipment (ARE) to end-users; and 				

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<ul style="list-style-type: none"> • both the Accountant and the Property Officer to record all properties of the agency and ensure correct balances thereof. 				
<p>22. Donations of various items listed in the Agency's Report on the Physical Count of PPE, valued at ₱2,003,527.00 have not been recorded in the books of accounts contrary to Section 7 of the General Provisions of RA 10352, and the Budgetary Act of each year, rendering both the asset accounts and income from grants and donation both understated by the same amount. Conversely, recorded donations of various properties worth ₱1,242,330.00 were not listed in the inventory report. Moreover, the Agency had not to date prepared and submitted a quarterly report of all donations received, whether in cash or in kind, as required under the same law.</p> <p>We recommended that the Property Officer (a) furnish the Accountant with copies of all documents covering the donations; and (b) obtain value of all donated items using the price lists of suppliers of similar items as references.</p> <p>We also recommended that the Accountant (a) after</p>	<p>CY-2013 AAR Pages 71-73 Para. 200- 209</p>	<p>Some of the items in the list totaling ₱1,135,292.00 were already recorded as of December 31, 2013.</p>	<p>Partially Implemented</p>	<p>Other items are not recorded in the books due to non-availability of documents as basis for recording.</p>

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<p>receipt of the donation documents, record the cost/value of the donated items in the books of accounts; and (b) submit quarterly report on donations received to the appropriate government agencies as required by law.</p>				
<p>23. The Properties transferred without cost from the North Luzon Growth Quadrangle, City of San Fernando La Union to the Philippine Overseas and Employment Administration- Center for Luzon have not been recorded in the books of the agency as of December 31, 2013.</p> <p>We recommended that Management record the properties transferred in the appropriate PPE Account or to the "Other Asset" Accounts, if these are already unserviceable in order that the accounts are presented fairly in the Financial Statement.</p>	<p>CY-2013 AAR Pages 73-74 Para. 210- 213</p>		<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 206-209)</p>
<p>24. Unserviceable properties valued at ₱6,924,668.86 were not reclassified to Other Assets account as required under Section 143 of the Manual on the NGAS, Volume III thus, overstating the PPE accounts and understating the Other Assets account.</p>	<p>CY-2013 AAR Pages 74-75 Para. 214-221</p>	<p>Reclassification of the unserviceable properties to Other Assets account is taking time because of the unreconciled records of the Accounting</p>	<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 191-197)</p>

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<p>We recommended that the Head of the Agency direct the Accountant to reclassify the value of the unserviceable equipment from PPE to Other Assets account based on the IIRUP.</p>		<p>Division and the General Services and Property Division and unavailability of some documents.</p>		
<p>25. Due to GSIS account posted a negative credit balance of ₱1,042,497.07 for the current and the past years due to errors in recording that rendered the account balance doubtful and unreliable.</p> <p>We recommended that the Chief Accountant direct the review and analysis of the details of the abnormal balance of Due to GSIS account balance of ₱1,042,497.07 and prepare adjusting entries to reflect the correct amount in the balance sheet.</p>	<p>CY-2013 AAR Pages 75-76 Para. 222-227</p>		<p>Partially Implemented</p>	<p>There are numerous transactions and changes in the chart of accounts in 2002, 2003 and 2008</p>
<p>26. Dormant balances of assets and liability accounts in the total amount of ₱10,322,439.33 remain unadjusted in the books of accounts for five to 30 years now, due to the absence of records and supporting documents, contrary to the provisions of COA Circular No. 97-001 dated February 5, 1997 and which may have effect on the fair presentation of the financial statements.</p>	<p>CY-2013 AAR Pages 76-78 Para. 228-236</p>	<p>The reasons for the non-availability of documents is the transfer of office from one floor to another and no proper turnover of documents from previous officers who have already resigned.</p>	<p>Not Implemented</p>	

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<p>We recommended that the Agency Head –</p> <ul style="list-style-type: none"> • direct the Chief Accountant and staff to review, analyze and adjust these dormant accounts, together with other related accounts in the trial balance for those duly supported with documents; • exert effort to locate pertinent records/schedules and supporting documents to verify the nature/purpose of the recorded transactions and determine the existence and validity of the dormant accounts' balances. If the effort proves futile, request from COA Central Office through the COA Audit Team for the write-off and/or adjustment of account balances, supported by a list of available records and extent of validation made on the accounts as well as certification on the reasons for the absence or failure to locate pertinent books of accounts/ records, financial statements/schedules and supporting vouchers/documents; and 		<p>With regards to the Due to BIR account, the difference was caused by the transition from the old system to the Tax Remittance Advice (TRA) system. Reconciliation of this account especially with the Regional Offices will be done immediately.</p>		

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<ul style="list-style-type: none"> institute appropriate sanctions against officials responsible for the non-remittance of taxes withheld and/or trace records if the dormant balances constitute items for adjustment. 				
<p>27. Purchases of common-use supplies worth ₱190,171.58 thru shopping instead of thru the Procurement Service was contrary to Administrative Order (AO) No. 17 dated July 28, 2011. Similarly, procurement of common-use supplies and equipment in the total amount of ₱1,811,511.22 that were not listed in the approved Annual Procurement Plan for CY 2013 was contrary to RA 9184, that defeated the essence of the procurement law which is transparency and competitiveness.</p> <p>We recommended that the Head of Agency direct that:</p> <ul style="list-style-type: none"> the purchase of its requirements for common-use supplies and equipment through the PS to protect the interest of the government and achieve the objectives of AO No. 17 and DBM Circular Letter No. 2011-6; and 	<p>CY-2013 AAR Pages 78-81 Para. 237-240</p>	<p>Common supplies can be found in the APP.</p>	<p>Fully Implemented</p>	

Observations/ Recommendations	Ref.	Management's Action/Reply	Status (Full, Partial, NI)	Reason for Partial or Non- Implementation
<ul style="list-style-type: none"> • all procurement be meticulously and judiciously planned within the approved budget of the Agency and be listed on its approved APP. 				
<p>28. A significant number of reported cancelled, damaged and spoiled accountable forms for various reasons, that were submitted for inspection and destruction resulted in the wastage of 12,034 sets of forms and exposed the same to the risk of fraudulent use.</p> <p>We recommended that Management (i) monitor the issuance and utilization of accountable forms; (ii) advise the accredited recruitment agency to be prudent in processing documents of workers, to avoid spoilage; and (iii) direct the users of these forms to exercise caution in the use thereof to eliminate errors.</p>	CY-2013 AAR Pages 81-83 Para. 250-257	Management ensured the implementation of closely monitoring of the issuance and utilization of accountable forms and directed the staffs to be extra careful in the issuance of OECs especially during manual processing.	Partially Implemented	The damage/spoilage of the OEC forms is due to error in the printer set up, system breakdowns, rush of BM processing and inadvertent oversight of the big volume of workers, paper jams, typographical error, double printing, obsolescence, among others.
29. Control and monitoring over official receipts dispatched to the Philippine Overseas Labor Office (POLO) in Abu Dhabi had not been strictly observed as the Accountable Officer thereat failed to account for one pad or 50 pieces of Official Receipts as well as the equivalent 50 pieces of	CY-2013 AAR Pages 83-85 Para. 258-265	The POLO in Abu Dhabi through its Labor Attaché was already notified that one booklet of cancelled ORs have not yet been received by POEA.	Partially Implemented	The Labor Attaché has not responded to the communication . A follow up letter was again sent and the amount corresponding to the

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<p>Overseas Employment Certificate (OEC) Forms. In addition, the AO reported 137 ORs to have been canceled and/or spoiled. These and other lapses tend to expose government funds to the risk of possible losses and render the integrity of accountability reports doubtful.</p> <p>We recommended that the Accountable Officer be required to immediately account or explain in writing the missing official receipts as well as the big number of spoiled and damaged ORs in CY 2012, and stop the practice of cancelling the OR and OEC forms when either of the two is cancelled or spoiled.</p>				<p>collections for the receipts was refunded by the accountable officer.</p>
<p>30. Copies of contracts and supporting documents for the procurement of goods and services were not furnished the COA Audit Team within five working days upon approval as required under COA Circular No. 2009-001. Moreover, submission of contract documents and/or information necessary for technical review and inspection of locally-funded projects have not been complied with. As a result, the auditorial review and evaluation thereof particularly on the legal and technical aspects had not been immediately rendered.</p>	<p>CY-2013 AAR Pages 85-87 Para. 266-272</p>	<p>The requested contracts and corresponding supporting documents were submitted to COA on April 16, 2014.</p>	<p>Partially Implemented</p>	<p>Some perfected contracts were not forwarded to the Office of the Auditor within five working days upon approval.</p>

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<p>We recommended that Management strictly adhere to the requirements of COA Circular No. 2009-001 on the submission of advance copies of contracts to the Auditor.</p>				
<p>31. The agency failed to secure fidelity bonds for its Officials authorized to approve Disbursement Vouchers and sign/countersign checks, as well as designated Collecting Officers assigned at the Labor Assistance Centers (LAC) in NAIA Terminals, contrary to Section 101 (2) of Presidential Decree No. 1445 and Treasury Circular No. 02-2009 of the Bureau of the Treasury, preventing possible indemnification in the event of loss/es of government funds.</p> <p>We recommended that the Head of the Agency secure fidelity bonds with the Bureau of Treasury to cover all officers and employees covered by P.D. 1445 and Treasury Circular No. 02-2009.</p>	<p>CY-2013 AAR Pages 87-89 Para. 273-277</p>	<p>Fidelity bonds with the Bureau of Treasury will be secured to cover all the concerned officers and employees.</p>	<p>Not Implemented</p>	
<p>32. Delay in the preparation and submission of financial reports, contrary to existing rules and regulations prevented the Audit Team from conducting a timely and effective auditorial review and</p>	<p>CY-2013 AAR Pages 89-91 Para. 278-283</p>	<p>All the concerned units who are delayed in the submission of their reports such as the</p>	<p>Partially Implemented</p>	<p>Submission of reports depends on the receipt of reports from the Cash Division.</p>

Observations/ Recommendations	Ref.	Management's Action/Reply	Status (Full, Partial, NI)	Reason for Partial or Non- Implementation
<p>evaluation of the recorded transactions.</p> <p>We recommended that the Management require the Chief Accountant and other officials responsible, to promptly submit all reports necessary in the exercise of the functions of the Commission on Audit, and enable the Audit Team to render a timely and more effective review of the Agency's financial transactions and evaluation of operations.</p>		<p>Regional Offices, POLOs and some accountable officers are always reminded of the deadline for the submission of reports. Management even resorted to withholding of salaries of accountable officers to ensure compliance.</p>		
<p>33. Out of the ₱368,915,000.00 budget of the POEA for CY 2013, only ₱16,699,400.00 or 4.53% was allotted for the implementation of GAD Plan contrary to Section 28 of RA 10352. Moreover, out of this budget, only ₱8,539,103.40 or 51% was actually utilized for GAD activities.</p> <p>We recommended that the Agency Head direct the GAD Focal Person to allocate at least five percent of the total agency appropriations for GAD Programs, Projects and Activities. In addition, to support, the Accomplishment Report</p>	<p>CY-2013 AAR Pages 81-92 Para. 284-290</p>	<p>Management will ensure to comply with the budgetary requirement for GAD pursuant to the provision in the GAA for the pertinent period.</p>	<p>Partially Implemented</p>	<p>The amount allocated was based on GAD Plan approved by PCW as attached.</p>

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<p>with Fund Utilization Report containing the details of the expenses paid for the implementation of GAD activities.</p>				
<p>34. The Agency had not implemented programs and projects related to Senior Citizens and Differently-abled Persons in CY 2013 contrary to Section 29 of the General Provisions of RA 10352 or the GAA for Fiscal Year 2013.</p> <p>We recommended that the Agency comply with the requirements of the General Appropriations Act of each year of formulating plans, programs and projects intended to address the concerns of senior citizens and differently-abled persons.</p>	<p>CY-2013 AAR Pages 92-93 Para. 291-295</p>	<p>Management will consider programs and projects related to Differently-abled Persons and Senior Citizens for the remaining months of CY 2014 during the preparation of the action plan for the 2nd semester.</p>	<p>Not Implemented</p>	<p>This audit observation is reiterated in Part II of this report. (Paragraphs 261-267)</p>

CALENDAR YEAR 2011		
<p>Eleven accountable officers failed to deposit/remit income collected totaling ₱1,903,902.72 as of December 31, 2011 to the National Treasury within the prescribed period while collections amounting to ₱67,963.22 were not recorded in the books of accounts, thus exposing the funds to possible misuse for personal purposes.</p>	<p>Para. 19-30, Pages 29- 32</p>	<p>Mr. Carlos Cañaberal of the Labor Assistance Center whose collections amounting to ₱990,600.00 was found to be un-deposited, was immediately relieved from accountability and a new collecting officer was designated and deputized. The case is now being investigated by the Administrative and Complaints Committee.</p> <p>On the other hand, Mr. Cañaberal without assuming responsibility, deposited ₱20,000.00 to POEA account on July 2, 2012 and offered the amount of ₱1,000.00 to be deducted from his monthly salary for the recovery of the</p>

<p>We recommended that Management direct:</p> <ul style="list-style-type: none"> ▪ all accountable officers to deposit immediately to the nearest depository bank the remaining funds in their safekeeping through a memorandum or demand letter. Appropriate administrative disciplinary action should be instituted against them for unjustified failure to do so and to comply with Section 69 of PD 1445. 	<p>collections, which started in July, 2012.</p> <p>As to the accountability of Ms. Nelia Barbadillo for the undeposited collection of REU-Legaspi City totaling to ₱845,339.50, this was already reduced to ₱730,339.50 due to the refund of ₱115,000.00, which was acknowledged by Mr. Bernie Bermillo. Said amount was received last Nov 9, 2011 per OR no. 301944 and deposited to the Bureau of Treasury the following day. Ms. Barbadillo was immediately recalled to the main office and her case is now with the DOLE Legal Service.</p> <p>With regard to the balances of the other accountable officers, the same were already deposited to the Bureau of Treasury and reconciled with the Subsidiary Ledger balances in the central office.</p>
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