

**STATUS OF IMPLEMENTATION OF PRIOR YEARS’  
AUDIT RECOMMENDATIONS**

We made a follow-up on the actions taken by the POEA in the implementation of prior years’ audit recommendations and noted the following:

<b>Status of Implementation</b>	<b>No. of Recommendations</b>	<b>Percentage</b>
Fully Implemented	65	43.05
Not Implemented	86	56.95
<b>Total</b>	<b>151</b>	<b>100.00</b>

The results of our validation were discussed in the exit conference and we recommended to Management the continuing corrective/remedial actions to fully implement the unimplemented recommendations. The details are as follows:

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor’s Validation</b>
<b><i>CY 2018</i></b>			
<p>1. Fees for Overseas Employment Certificate (OEC) collected by 17 Philippine Overseas Labor Offices (POLOs), in various foreign currencies or total equivalent of ₱1,644,517.95 remained unremitted to the POEA’s Authorized Government Depository Banks (AGDBs) as at year end, contrary to the provisions of Section 69 (1), Presidential Decree (PD) No. 1445, Section 44, Chapter 5, Book VI of Executive Order (EO) No. 292 s. 1987 and FY 2018 General Appropriations Act (GAA) General Provisions, hence resulted in the understatement of the reported collections.</p> <p><b>We recommended that the Management, through representation with the Department of Labor and</b></p>	<p>2018 AAR pars. 1.a to 1.16</p>	<p>Management commented that for POLOs like Australia, Geneva, Toronto, USA</p>	<p><b><i>Not Implemented</i></b> Validation made per Bank Remittance for Calendar Year (CY)</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>Employment (DOLE) Secretary, require the concerned POLO Collecting Officers to remit to the POEA's AGDBs the remaining balances of the OEC collections and henceforth, remit regularly and intact all fees collected so that the same could eventually accrue to the unappropriated surplus of the GF of the Government pursuant to the provisions of FY 2018 GAA General Provisions; Section 69 (1), PD No. 1445, and Section 44, Chapter 5, Book VI of EO No. 292 s. 1987.</b></p>		<p>and Vancouver, which have small amounts of collections, they remit their collections either on a quarterly or yearly basis due to the high cost of bank charges which maybe more than the amount to be remitted, thus the delay in the remittance of collection. Accounting Division was instructed to prepare a Memorandum to the POLOs concerned to comply with the reportorial requirements to be signed by Undersecretary Claro A. Arellano.</p> <p>Further, the Management commented that they will propose, through representation with the DOLE Secretary, to incorporate in the Guidelines and Procedures for the Financial and Administrative Operations of the POLOs, the securing of clearance from POEA as a requisite before the POLO-Labor Attachés' reassignment to another</p>	<p>2019, only ₱588,033.14 were remitted while the balance of ₱1,056,484.81 remained unremitted.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>post/recall/retirement in order to ensure that all the fees collected for OEC were remitted</p> <p>Sent demand letters to POLO requiring the immediate remittance of remaining balances of OEC collections.</p>	
<p>2. Erroneous recording of Employers' Guarantee Trust Fund (EGTF) remittances to the Bureau of Treasury (BTr) aggregating ₱2,565,451.49 for CYs 2017 and 2018 understated both the Trust Liabilities and Cash, Agency/Treasury Deposit, Trust Account by the same amount each, thus reflected an inaccurate balance of the EGTF.</p> <p><b>We recommended that the Chief Accountant make the necessary adjusting entries to correct the recording of the remittances of EGTF maintained with the BTr to reflect the accurate balance of the EGTF.</b></p>	<p>2018 AAR pars. 1.b to a.26</p>	<p>The Accounting Division committed to exert effort to analyze this account by tracing back the entries affecting the said account so that correcting entries may be effected.</p>	<p><i>Not Implemented</i></p> <p>Verification per e-NGAS, no record of adjustment has been made in the books.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>3. Non-adherence to the guidelines in recording disallowances as set forth in Section 22.6 of COA Circular No. 2009-006 dated September 15, 2009 and Section 2, Chapter 1 of the GAM for NGAs, Volume I, resulted in net overstatement of the account Receivables-Disallowances/Charges by ₱1,196,337.97, thus affecting the fair presentation of</p>	<p>2018 pars. 1.c to 1.33</p>		

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<p>the financial statements and will result in inefficient monitoring of disallowance/charge settlements.</p> <p><b>We recommended, and the concerned Accounting officials agreed, to make necessary adjustments to:</b></p> <p><b>a. reflect the correct balance of the account “Other Receivables-Disallowance/Charges” in accordance with the provisions of Section 22.6 of COA Circular No. 2009-006 dated September 15, 2009, which prescribes the Rules and Regulations on Settlement of Accounts (RRSA) and</b></p> <p><b>b. effectively and efficiently monitor settlement of disallowances.</b></p>		<p>The recommended adjusting entries will be prepared to correct the balance of the affected account.</p>	<p><i>Not Implemented</i> Verification per e-NGAS no record of adjustment has been made in the books.</p> <p><i>Fully Implemented</i> The Management has already exerted continuous effort to expedite the settlement of disallowances through regularly sending follow-up and demand letters to accountable person/liable person.</p>
<p>4. Untimely action of Management to impose strict settlement of other receivables-unsettled disallowances and Cash Advances (CAs)/rentals/other charges totaling ₱857,490.57 affected the fair presentation of the financial condition of the assets and accumulated surplus accounts; and</p>	<p>2018 AAR pars 1.d to 1.38</p>		

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<p>increased the chance of becoming uncollected.</p> <p><b>We recommended, and the concerned Management officials agreed, to:</b></p> <p><b>a. always and strictly enforce timely settlement of accounts from the liable/accountable persons/ debtors for a fair presentation of the financial statements and to prevent the occurrence of the same situation wherein receivables/ disallowances/ unsettled CAs could not be collected/ recovered as the liable persons/ accountable officers/ debtors are no longer available;</b></p> <p><b>b. advise the Chief Accountant to send another set of demand letters to liable persons /accountable officers/debtors whose whereabouts are still traceable; and</b></p> <p><b>c. in case after all efforts have been exerted to collect the same and still remained uncollected, consider requesting for write-off following the guidelines set forth in COA Circular No. 2016-005 dated December 19, 2016. The said Circular, however, does not cover receivables from disallowances.</b></p>		<p>The POEA Finance Branch – Accounting Division will comply with all the COA recommendations regarding this account</p>	<p><b><i>Fully Implemented</i></b> In CY 2019, all current accounts are being settled accordingly.</p> <p><b><i>Not Implemented</i></b> Per Verification no Demand Letters were sent to persons liable to settle their outstanding cash advance balances.</p> <p><b><i>Not Implemented</i></b> The Management agreed to consider requesting for write-off in case all efforts have been exhausted to settle the remaining uncollected cash advance balances. As of to date, no request</p>

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			for write-off have been submitted.
<p>5. Discrepancy of ₱10,067,295.00 between Department of Budget and Management – Procurement Services (DBM-PS) and POEA records due to: a) non-recording of DBM-PS deliveries worth ₱7,769,352.20 and advance payments/returned goods to DBM-PS totaling ₱571,907.60; and b) non-reconciliation with DBM-PS of previous years' balances affects the accuracy and reliability of the account Due from DBM-PS, which has a year-end balance of ₱14,315,730.07.</p> <p><b>We reiterated our PYs' recommendations and the Management agreed to:</b></p> <p><b>a. require the Chief Accountant and Property Officer to reconcile their respective records/reports to establish the correct balance of the reported deliveries made by DBM-PS and adjust them accordingly;</b></p> <p><b>b. ensure, in the meantime that reconciliation has not yet been effected, that the discrepancy in the amount per Accounting and per DBM-PS books remains at ₱1,726,035.22; and</b></p>	<p>2018 AAR pars. 1.e to 1.46</p>	<p>The POEA Finance Branch – Accounting Division will comply with all the COA recommendations regarding this account.</p>	<p><i>Not Implemented</i> Verification per e-NGAS, a partial reconciliations and adjustments has been made in the books.</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><i>Not Implemented</i> Reconciliation of Accounting Books with DBM-PS Books is ongoing, thus, the audit team cannot determine if the discrepancy remains</p>

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<p><b>c. require the Chief Accountant to continuously reconcile the Accounting books with DBM-PS' books to establish the correct amounts of undelivered items and ensure that the items in the PYs' Schedule supporting the General Ledger (GL) account of Due from NGAs, DBM-PS are properly recorded and reconciled.</b></p>			<p>by the same amount in the books.</p> <p>Restated in Part II of this CY 2019 Report.</p> <p><i>Not Implemented</i> Reconciliation of Accounting Books with DBM-PS Books is ongoing.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>6. Unsupported/Unreliable book entries amounting to ₱367,377.31, classification of Intangible Assets - Computer Software worth ₱6,626,211.10 as Semi-Expendable Information and Communications Technology (ICT) Equipment, Semi-Expendable Equipment amounting to ₱8,355,778.82, already issued but remained unrecorded due to absence of Reports of Supplies and Materials Issued (RSMIs) for inventory issuances totaling ₱14,981,989.92 and non-conduct of periodic reconciliation of the Supplies Ledger Cards (SLCs) and Stock Cards (SCs) rendered the Inventory account balance of ₱17,953,394.40 unreliable.</p> <p><b>We recommended that the Management to require:</b></p>	<p>2018 AAR pars. 1.f to 1.56</p>		

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<p>a. the Chief Accountant to look into the unsupported/unreliable prior years' entries and beginning book balance amounting to ₱367,377.31 and prepare the necessary adjusting entries; and reclassify the misclassified inventories totaling ₱6,626,211.10 to its proper account, Computer Software under the Intangible Assets and compute the corresponding amortization thereto;</p> <p>b. the Property Officer to submit monthly RSMI for all issued Inventories and Semi-Expendable Equipment, as basis for recording the same in the books; and</p> <p>c. both Accountant and Property Officer to conduct periodic reconciliation of their SLCs and SCs, respectively, to arrive at an accurate and reliable balances of their respective records.</p>		<p>The account Other Supplies and Materials Inventory or Other Supplies Inventory in the prior years amounting to ₱362,087.31 is for review. The FSs showed that there is a relevant increase in the balance of Inventories from years 2008 to 2013. Thus, they will trace back its movement even prior to year 2008 from available documents at hand.</p> <p>Moreover, the erroneous entries for the purchase of construction materials amounting to ₱5,290.00 and receipt of computer software from Procurement Service amounting to ₱6,626,211.10 were adjusted on April 1, 2019 with JEV Nos. 2019-04-000136 and 2019-04-000137, respectively.</p> <p>Further, the Semi-Expendable Equipment and Furniture and Fixtures amounting to ₱8,355,778.82 and receipt of computer</p>	<p><b>Fully Implemented</b> Verification made per e-NGAS, adjustment was already recorded per JEV 2019-12-004215.</p> <p><b>Fully Implemented</b> Submission of RSMI is already made on a monthly basis.</p> <p><b>Not Implemented</b> Periodic Reconciliation of SLC and SCs has yet to be effected by the agency.</p>



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		software from Procurement Service will be expensed upon submission of the RSMI by the Supply and/or Property Division to Accounting Division. The conduct of periodic reconciliation of the SLC and SC will be done regularly by the two divisions.	
<p>7. Several PPE items were not appropriately recognized in accordance with their account classification under the Revised Chart of Accounts (RCA) of the GAM for NGAs, Volume III, or have not been reclassified as semi-expendable property, for tangible items below the capitalization threshold of ₱15,000.00, hence overstated and understated some items/classes of PPEs for an aggregate amount of ₱7,457,384.68, and likewise understated the Inventory accounts by ₱173,207.38.</p> <p><b>We reiterated our previous audit recommendation and the Management agreed to direct the Chief Accountant to reclassify the items in the PPE and prepare adjusting entries in the book of accounts to correct the balances.</b></p>	<p>2018 AAR pars. 1.g to 1.62</p>	<p>The Accounting Division and General Services Division conducted reconciliation of records to effect the adjusting entries and reclassify the items in the PPE to its correct account.</p>	<p><b>Fully Implemented</b> Adjusting Entries were already recognized in the books to correct the account balance.</p>

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		Reclassification was made at yearend (2019)	
<p>8. Supply and installation of air-conditioning units, including fabrication of outdoor units steel platform amounting to ₱12,334,691.52 were either erroneously recorded or not reclassified in the books, and not subjected to depreciation, thus understated the Office Equipment, Accumulated Depreciation – Office Equipment and Depreciation Expenses and Accounts Payable and overstated the Construction in Progress (CIP) - Buildings and Other Structures and Accumulated Surplus accounts.</p> <p><b>We recommended and the Management agreed to direct the Chief Accountant to make the necessary adjusting entries to reclassify the completed project to the proper PPE account, recognize the corresponding depreciation, and correct errors in recording payables.</b></p>	2018 AAR pars. 1.h to 1.67	This will be adjusted to reclassify the completed project to the proper PPE account as well as adjust the depreciation account.	<i>Not Implemented</i> Verification per e-NGAS, no adjustment has been made in the books to correct the balances.
<p>9. Discrepancies of ₱177,461,276.53 were noted between the balances of the account PPE as against the inventory reports due to: a) PPEs counted but not recorded, recorded PPEs not found in inventory, and some PPE amounts per books were inconsistent with the Report on the Physical Count of PPE (RPCPPE), resulting in a net discrepancy of ₱4,123,510.66; b) PPE valued at</p>	2018 AAR pars. 1.i to 1.76		

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<p>₱171,629,393.84 were recorded in lump-sum and not per PPE account category, resulting in a net discrepancy of ₱161,873,531.31; and c) PPE totaling ₱11,464,234.56 was not supported with inventory reports, hence casts doubts on the existence of recorded PPE and rendered the year-end balances unreliable. Furthermore, Property Cards (PCs) were not maintained by the Property Officer.</p> <p><b>We recommended, and the Management agreed, to require the:</b></p> <p><b>a. Chief Accountant and Property Officer to conduct periodic reconciliation of their respective records and reports.</b></p> <p><b>b. Chief Accountant to</b></p> <ul style="list-style-type: none"> <li><b>maintain PPELC to present the details of the PPE per account category instead of in a lump sum basis, to arrive at more accurate book balances reconciled with the Property records and reports; and</b></li> </ul>		<p>Chief Accountant and Property Officer to conduct periodic reconciliation. Accounting Division to request from Property Officer the documents to record the properties.</p> <p>Accounting Division maintains SL for PPE from e-NGAS.</p>	<p><b><i>Fully Implemented</i></b> Accounting Division and General Property Division already conducted periodic reconciliation of respective records and reports.</p> <p><b><i>Not Implemented</i></b> Although the Accounting Division maintains SL to keep the details of the PPE account per e-NGAS, it is not the prescribed form to be used. All current procurements of POEA are recorded per account and no longer in a lump sum basis.</p>

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<ul style="list-style-type: none"> <li>• make adjusting entries to reflect the existing PPE valued at P13,745,296.50 found unrecorded in the books of accounts.</li> </ul> <p><b>c. Property Officer to:</b></p> <ul style="list-style-type: none"> <li>• maintain PCs to account for the receipt and disposition of PPE;</li> <li>• come up with a strategic plan, which may involve support from other personnel for the conduct of annual physical count of all PPE, and submit the corresponding RPCPPE to concerned agency officials and to the Audit Team; and</li> <li>• look into the whereabouts of the PPE valued at P17,693,243.72 which were recorded in the books but not included in the RPCPPE.</li> </ul>			<p><i>Not Implemented</i> Per e-NGAS verification adjustments has yet to be recorded in the books.</p> <p><i>Fully Implemented</i> The General Services and Property Services Division (GSPD) already maintains PC to account for the receipt and disposition of PPE.</p> <p><i>Not Implemented</i> On-going implementation of the suggested recommendation.</p> <p><i>Not Implemented</i> Per e-NGAS verification, no record of adjustment has been made in the books.</p>
10. Cash Advances (CAs) to officers and employees, aged 13 to over 22 years, totaling P1,253,400.21, which settlement/liquidation is slim/uncertain affected the fair presentation of the year-end financial statements, as these are	2018 AAR pars. 1.j to 1.83		

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<p>still considered as assets in the POEA books of accounts.</p> <p><b>We reiterated our last year's recommendation and the Management agreed to consider requesting for write-off of the unliquidated/unsettled CAs, which are recognized in the books as asset but which collectibility is almost slim/uncertain, following the requirements set forth under COA Circular No. 2016-005 dated December 19, 2016, to arrive at a fair presentation of the financial statements</b></p>		<p>Accounting Division will try to send demand letters to the concerned accountable officer and if settlement is uncertain, then we will consider requesting for the write-off of cash advances.</p>	<p><b><i>Not Implemented</i></b>  The Accounting Division has agreed to request for write-off the unliquidated cash advance aging for more than 10 years after all efforts have been exhausted to settle the remaining balance. However, no request for write-off has been submitted.</p>
<p>11. Unliquidated CAs totaling ₱1,360,967.62 granted to POEA officers and employees who were already separated from the service, thus no longer considered as POEA officials, and revolving funds in the amount of P107,567.41, recognized in the books as account Advances to Officers and Employees were not reclassified to Other Receivables account, contrary to the prescribed proper account classification in the GAM for NGAs, thus overstated the Other Assets-Advances to Officer and Employees account by ₱1,360,967.62 and understated the account Other Receivables by the same amount. Moreover, the validity and reliability of the said revolving funds could no longer be determined, as these were unsupported with pertinent schedules and documents.</p>	<p>2018 AAR pars. 1.k to 1.89</p>		

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<p>We recommended, and the Management agreed, to:</p> <ul style="list-style-type: none"> <li>• effect the necessary adjustments to reclassify the misclassified Other Assets-Advances to Officers and Employees accounts to their proper account classification; and</li> <li>• exhaust efforts to locate the supporting documents to establish the validity, legality and reliability of the revolving funds.</li> </ul>			<p><i>Fully Implemented</i> Verification made per e-NGAS, this was already adjusted per JEV no. 2019-06-001634 dated June 30, 2019.</p> <p><i>Not Implemented</i> The Management is still in the process of locating/tracing the documents related to this transaction. Records showed that this has been reflected in the books since the adoption of e-NGAS in April 2016.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>12. Advances to Contractors account includes CY 2016 balances amounting to ₱3,224,836.76 that had no subsidiary records and were not supported with particulars/details such as name of contractor/projects and the pertinent documents thereto, thus the validity of the said prepayments could not be ascertained, which rendered the year-end account balance unreliable.</p>	<p>2018 AAR pars. 1.1 to 1.96</p>		

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<p>We recommended that the Management require the Chief Accountant to:</p> <p>a. review/analyze entries in the SL of the Advances to Contractors account "Others" with balances of ₱3,224,836.76, trace back all available records, and submit details/breakdown of the said advances; and</p> <p>b. ensure that the account Advances to Contractors shall represent only prepayments to contractors with outstanding mobilization fees.</p>		<p>On CY 2016, the amount of ₱3,224,836.76 was set up temporarily so as to proceed with the implementation of the e-NGAS on April 1, 2016. The amount is still subject to review given that the available SLs as of March 31, 2016 to be used as beginning balance in the e-NGAs were not updated. The accumulated balance represents only prepayments to contractors as mobilization fees. Accounting Division will exert effort to trace back the said account to establish the correct SL balance.</p>	<p><i>Not Implemented</i> Per e-NGAS verification, no record of adjustment has been made in the books. As such, this account will be analyzed by the Accounting Division and traced back to obtain the details of the account.</p> <p><i>Fully Implemented</i> Based on the subsequent recordings made by the Accounting Division, only mobilization fee of the contractors are included in the Advances to Contractors account.</p>
<p>13. Accounts Payable amounting to ₱33,892,145.59, or 32 percent of the total balance of ₱105,660,046.70, which had been outstanding for more than two years and against which no actual claims have been filed, whether administrative or judicial, or are not covered with perfected contracts, were not reverted to the Unappropriated Surplus of the General Fund (GF) of the National</p>	<p>2018 AAR pars. 1.m to 1.100</p>		

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<p>Government (NG), as provided in Section 98 of PD No. 1445.</p> <p><b>We recommended and the Management agreed to require the Accounting Division to strictly observe the provision of Section 98 of PD No. 1445, i.e., to revert to the unappropriated surplus of the GF of the NG, any unliquidated balance of accounts payable in the books of the NG, which has been outstanding for two years or more and against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts on record, for a more accurate and reliable financial statements.</b></p>		<p>Analyzed the account and effected the reversion of the accounts payable.</p>	<p><b><i>Fully Implemented</i></b>  Reversion of AP was made at yearend (2019) per JEV-2019-12-004967.</p>
<p>14. The liability arising from Retention Money deducted from every progress billing payment to contractors and performance bonds posted by the contractors were not established under Guaranty/Security Deposits Payable, but the account was debited upon release and refund of the same, hence resulted in negative balances totaling ₱759,549.30 in the respective SL accounts of the contractors and understated the total account balance. Further, the account also includes CY 2016 balances amounting to ₱3,055,887.57 which were not supported with particulars/details and pertinent documents, thus the validity of the trust liabilities could not be</p>	<p>2018  AAR  pars.  1.n to  1.105</p>		



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<p>ascertained, rendering the Guaranty/Security Deposits Payable balance unreliable.</p> <p><b>We recommended and the Management agreed to direct the Chief Accountant and Staff to:</b></p> <p><b>a. make adjusting entries to recognize as Guaranty/Security Deposits Payable the liability arising from the Retention Money deducted from progress billings and the performance bonds posted by contractors, from which eventual releases and refunds are recorded, to reflect accurate balances of the liability account; and</b></p> <p><b>b. review/analyze entries in the SL account "Others" with balances of ₱3,055,887.57, and trace the supporting documents proving such liabilities, otherwise, effect the necessary adjustments, should there be no claimants.</b></p>		<p>As per COA recommendation, the correcting entries to record the Retention Money as Guaranty Deposit Payable will be prepared.</p>	<p><i>Not Implemented</i> Verification made per e-NGAS, adjusting entries has yet to be recorded in the books.</p> <p><i>Not Implemented</i> Verification made per e-NGAS, adjusting entries has yet to be recorded in the books.</p>
<p>15. Unrecorded, unremitted taxes withheld and erroneously recorded remittances, with net discrepancies of ₱1,467,240.44 in 2018 and ₱4,422,879.93 in CY 2017 and prior years were not adjusted, hence rendered the account Due to BIR year-end balance of ₱9,678,033.27 of doubtful validity.</p>	<p>2018 AAR pars. 1.0 to 1.113</p>		

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<p>We recommended that the Management direct the Chief Accountant to:</p> <p>a. ensure that the assigned Accounting staff prepare the monthly reports of remittances of withheld taxes based on paid payrolls/ vouchers, properly reviewed and reconciled with the recorded tax withheld/remitted in the books of accounts;</p> <p>b. make the necessary adjusting entry to correct the errors in recording and discrepancies of ₱1,467,240.44 noted for the year 2018; and</p> <p>c. review, analyze and reconcile the discrepancies noted in the transactions and balances of account Due to BIR in 2017, 2016 and prior years, totaling ₱4,422,879.93 and make the necessary adjustments.</p>		<p>The Accounting Division will prepare the correcting entries.</p>	<p><b>Fully Implemented</b> The Accounting Staff assigned in the preparation of reports related to taxes withheld and remittances already prepares the reports properly.</p> <p><b>Fully Implemented</b> Validation made by the audit team disclosed that this was already adjusted per JEV No. 2019-05-000694 and 2019-05-000695 dated May 3, 2019.</p> <p><b>Fully Implemented</b> Verification made by the audit team disclosed that this was already adjusted per JEV No. 2019-05-000694 and 2019-05-000695 dated May 3, 2019.</p>
<p>16. The account Due to Government-Owned and Controlled Corporations (GOCCs) with a balance of ₱4,201,393.97 as at December 31, 2018 had long been outstanding for 11 years, which existence and validity could no longer be ascertained due to</p>	<p>2018 AAR pars. 1.p to 1.119</p>		

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<p>absence or lack of supporting documents and settlement thereof could no longer be determined, thus affecting the fair presentation of the account in the FSs.</p> <p><b>We recommended and the Management agreed to direct the concerned Accounting Division officials and employees to continuously conduct verification and analysis, trace supporting documents establishing the nature and purpose of the payables to GOCCs.</b></p> <p><b>In case, the analysis conducted proved futile and that no documents were obtained to support the Due to GOCCs, we recommended and the Accounting officials agreed to request for authority for the necessary adjustments in the books, following the prescribed requirements.</b></p>		<p>As per COA recommendation, this account will be verified and traced back to obtain the breakdown. In case there were no more available documents, request for authority for the necessary adjustments will be submitted to COA.</p>	<p><b><i>Not Implemented</i></b> Due to difficulty of obtaining documents from previous years' transactions, the Accounting Division has yet to verify and trace back the supporting documents to established the breakdown of the account. However, in case all efforts have been exhausted and no available documents were found, they will request for authority for the necessary adjustments will be submitted to COA.</p> <p><b><i>Not Implemented</i></b> Same as above.</p>
17. The Accounting Division failed to report to Dragonpay and the BTr the discrepancy noted aggregating	2018 AAR pars.		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>₱12,204,700.00 in the remittances under the Balik Manggagawa Online Processing System (BMOPS), per POEA books and per BTr Confirmation, thus reconciliation and correction were not immediately conducted and cast doubts on the reliability on the accuracy and existence of the reported income of ₱13,188,300.00 that should accrue to the unappropriated surplus of the GF of the Government pursuant to Section 44, Chapter 5, Book VI of EO No. 292 s. 1987 and Section 65 of PD No. 1445, as referred to in the General Provisions of the FY 2018 GAA.</p> <p><b>We recommended that the Chief, Accounting Division and staff exert efforts to reconcile the discrepancy noted in the remitted processing fee collections per POEA books and that with the BTr, in adherence to its obligation in the Memorandum of Agreement (MOA), to arrive at accurate and complete financial reports.</b></p>	<p>2 to 2.11</p>	<p>Management commented that they will exert earnest efforts to reconcile the discrepancies and revise the MOA to include in the obligations of the Land Bank of the Philippines (LBP) the submission of Collection Report to POEA as a proof of remittance by the Dragonpay.</p> <p>Further, the certification of deposited collections will be available before the end of April 2019 per verification with the BTr.</p>	<p><b><i>Fully Implemented</i></b> This was already reconciled with the BTr. They have also issued certification of deposits dated April 12, 2019 by the BTr amounting to ₱13,841,300.00.</p>

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
<p>18. Delays ranging from 161 to 257 days were incurred in the submission of the monthly Bank Reconciliation Statement (BRS), which was not in accord with Section 7 of Chapter 21-Bank Reconciliation, Volume I of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), hence precluded the timely audit/evaluation of the related financial transactions.</p> <p><b>We recommended and the Management agreed to require the Accounting Unit to submit all the monthly BRS to the Audit Team and concerned officials within the set deadline for timely audit/review.</b></p>	<p>2018 AAR pars. 3 to 3.3</p>	<p>The Management commented that the cause of the delays was due to lack of manpower in the Accounting Division.</p>	<p><b><i>Fully Implemented</i></b> All BRS for GF, LBP &amp; MDS trust accounts were submitted in June 2019.</p>
<p>19. There were delays from one month to three months in the recording of collections and remittances made by Dragonpay due to delayed submission of the Reports of Collections and Remittances (RCR) generated from the Electronic Payment and Collection System (EPCS) by the Information and Communication Technology Branch (ICTB).</p> <p><b>We recommended that the concerned ICTB Officials submit on time the RCR to prevent undue delays in the recording of processing fee collections and remittances, to arrive at accurate, complete monthly financial reports.</b></p>	<p>2018 AAR pars. 4 to 4.3</p>	<p>Management commented that they incurred delay in the submission of the RCR generated from the EPCS due to the verification/validation of the daily</p>	<p><b><i>Fully Implemented</i></b> The ICTB has already complied with the submission of the required report regularly to the Accounting Division.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>remittances made by Dragonpay.</p> <p>In addition, Management commented that for CY 2019, they are implementing timely submission of reports since they have assigned a staff for this purpose</p> <p>Based on the records, it showed a one-time submission of a four-month RCR being generated by the ICTB, hence, it resulted in undue delay.</p>	
<p>20. Dragonpay Corporation failed to post surety bond issued by a reputable surety company in the amount of ₱600,000.00 in favor of POEA as required in the MOA entered into among BTr, LBP and Dragonpay.</p> <p><b>We recommended that the Management require the Dragonpay to post a surety bond which shall be issued by a reputable surety company in the amount of ₱600,000.00 in favor of POEA, pursuant to the MOA.</b></p>	<p>2018 AAR pars. 5 to 5.3</p>	<p>Although Dragonpay Corporation failed to post the surety bond, they faithfully complied with their duty of depositing their collections and have maintained an account with LBP with a balance amounting to ₱500,000.00. Moreover, the Management commented that they</p>	<p><b><i>Not Implemented</i></b> No Surety Bond has been posted by Dragonpay as of June 30, 2020.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		will communicate with the Dragonpay Corporation the requirement for a surety bond so they can comply with it.	
<p>21. Failure to update the Schedule of Accounts Payable (SAP), as prescribed in Appendix 54 of the GAM for NGAs, Volume II rendered it difficult to keep track and monitor the details and status of the said accounts.</p> <p><b>We recommended and the Management agreed to require the Accounting Division to update the SAP as at December 31, 2018 as prescribed in Appendix 54, Volume II of the GAM for NGAs and submit to the Audit Team the original copy thereof.</b></p>	2018 AAR pars. 6 to 6.3	As per COA recommendation, the Schedule of Accounts Payable will be updated.	<b>Fully Implemented</b> The SAP as of December 2018 has been submitted in the prescribed form (Appendix 54, Volume II of the GAM for NGAs).
<p>22. Payments for monetization of leave credits with insufficient Vacation Leave (VL) credits and/or without retaining at least five days after monetization are contrary to Sections 22 and 23 of Omnibus Rules on Leave, Rule XVI of the Omnibus Rules Implementing Book V of Executive Order (EO) No. 292, and which is tantamount to unauthorized payments of leave benefits totaling ₱285,100.25.</p> <p><b>We recommended that the concerned POEA officials ensure that payments for monetization of leave credits are in accordance with the pertinent</b></p>	2018 AAR pars. 7 to 7.9	During the Exit Conference, Management commented that they will ensure that	<b>Fully Implemented</b> Verification were made by the concerned official before approving

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>rules and regulations set forth under Sections 22 and 23 of Omnibus Rules on Leave, Rule XVI of the Omnibus Rules Implementing Book V of EO No. 292.</b></p>		<p>payments for monetization of leave credits are in accordance with the law by requiring the employees an "Oath of Undertaking" before availing such monetization.</p> <p>Management allowed the monetization of 10 days to employees despite having less than five days remaining vacation leave balance after monetization due to the consideration that they have already availed of the mandatory five days Forced Leave for the year based on Section 25 (d) of the Omnibus Rules on Leave which states that "Those with accumulated vacation leave with less than ten (10) days shall have the option to go on Forced Leave or not. However, officials and employees with accumulated Vacation Leave (VL) of fifteen (15) days who availed of monetization for ten (10) days, under Section 22 hereof, shall still be required to go on forced leave."</p>	<p>payments thereof. However, an Oath of Undertaking does not exonerate nor relieve the Head of the Agency from paying monetization, which is not in accordance with the pertinent rules and regulations set forth under Sections 22 and 23 of Omnibus Rules on Leave, Rule XVI of the Omnibus Rules Implementing Book V of EO No. 292.</p>



Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>23. Leave cards of officials/employees were not updated, rendering it difficult to monitor available leave balances, hence will cause the payment of salaries, monetization of leave credits and terminal leave without available/with insufficient leave credits, or delaying the deductions of already paid salaries during absences without pay.</p> <p><b>We recommended and the Management agreed to require the Chief, Human Resources and Development Division (HRDD) to regularly update leave cards to facilitate the monitoring of leave credits and the processing of accurate payrolls, monetization of leave credits, terminal leave and other benefits that require information pertaining to leave balances.</b></p>	<p>2018 AAR pars. 8 to 8.4</p>	<p>Management commented that some leave cards of officials and employees were not updated due to the incomplete submission of their Daily Time Records (DTRs).</p> <p>There are months that DTRs are lacking or are not being submitted, thus the HRD Account Officer cannot proceed with the computation of their leave credits and cannot update their individual leave cards. Constant monitoring of the monthly submission of employees' DTRs is being done. Thus, officials and employees who do not submit their monthly DTRs on required dates will be removed/cancelled from the payroll or</p>	<p><b><i>Not Implemented</i></b></p> <p>Some leave cards of officials and employees were not updated due to the incomplete submission of their Daily Time Records (DTRs). There are months that DTRs are lacking or are not being submitted, thus the HRD account officer cannot proceed with the computation of their leave credits and cannot update their individual leave cards. Constant monitoring of the monthly submission of employees' DTRs is being done. Officials and employees who do not submit their monthly DTRs on required dates will be removed/cancelled from the payroll or</p>

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
		<p>their salaries will be temporarily withheld.</p> <p>Management acted immediately and followed-up the submission of the DTRs of the concerned officials and employees and issued a Memorandum to everyone to submit said DTRs. Continuous follow-ups are being made to make sure of their compliance.</p> <p>For the payment of terminal leave benefits of those officials and employees who transferred, resigned or retired from the service, Management likewise commented that the Chief of the HRD Division thoroughly reviews the leave cards of said officials and employees before issuing the final computation and/or final certification for their leave credit balance for the payment of their terminal leave benefits.</p>	<p>their salaries will be temporary withheld.</p>
24. Monetization of 50 percent or more of accumulated leave credits	2018 AAR		

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
<p>totaling ₱5,352,381.83 were paid although same were not supported with complete documentary requirements, contrary to COA Circular No. 2012-001 dated June 14, 2012, hence casting doubts on the validity and propriety of the grants of monetization benefits to the employees.</p> <p><b>We recommended and Management agreed to ensure that claims for monetization of 50 percent of VL are fully supported with the required pertinent documents before approval and payment.</b></p>	<p>pars. 9 to 9.6</p>	<p>Management commented that the 50 percent monetization was granted to some officials and employees on the grounds that they need it for the medication/hospitalization of themselves or for their family members; payment of tuition fees or for the educational support of their children and dependents; and lastly for the renovation/repair of their houses/properties brought about by calamities or disasters.</p> <p>Moreover, officials and employees are now being required to submit additional supporting documents like medical certificates/clinical history for medical reasons and registration cards or</p>	<p><b><i>Fully Implemented</i></b> The Management agreed to fully comply and ensure that claims for monetization of 50 percent of VL are fully supported with the required pertinent documents before approval and payment.</p>

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
		<p>payment of tuition fees for educational purposes as basis for the grant of 50 percent monetization of leave credits. However, Management does not usually require to submit additional documents for the renovation/repair of their houses/properties. A Memorandum was issued to all concerned officials and employees requiring them to submit the corresponding supporting documents to support their claim for 50 percent monetization</p>	
<p>25. The absence of documents supporting the procurement/selection of test venues for the 1st and 2nd Point System of Employment Permit System – Test of Proficiency in Korea (EPS-TOPIK) amounting to ₱254,200.00 and ₱284,700.00, respectively, failed to establish compliance with Section 10, Revised Implementing Rules and Regulations (IRR) of RA No. 9184, known as the Government Procurement Reform Act, thus defeating the objectives of transparency in the procurement process and of obtaining the most advantageous terms and conditions for the government.</p>	<p>2018 AAR pars. 10 to 10.7</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>We recommended and the Management agreed to require the concerned POEA officials and employees to submit the pertinent documents to show that the procurement/selection of the test venues was made in accordance with the provisions and requirements of RA No. 9184 and its Revised IRR.</p>			<p><b>Fully Implemented</b> The Management agreed with the recommendation and they now strictly abide and comply with the requirements of RA no. 9184 and its IRR in the procurement of test venues.</p>
<p>26. Expenses totaling ₱45,495.00 incurred in the preparation and examination in the conduct of Point System for EPS-TOPIK were deemed irregular, unnecessary, excessive and unreasonable as contemplated in COA Circular No. 2012-003 dated October 29, 2012, which cast doubts on the propriety and validity of the disbursement due to: a) lack of legal bases and authority for the payment of allowances; b) double payment made for the services rendered by security guards and janitors; and c) meal expenses incurred for proctors and other staff despite the payment of allowances.</p> <p><b>In view of the foregoing, we recommended that the Management:</b></p> <p><b>a. hold accountable the disbursing officer and the approving officials for the unauthorized, irregular and excessive disbursement of government funds; and</b></p>	<p>2018 AAR pars. 11 to 11.10</p>	<p>Management commented that the Accountable Officers (AOs) were already notified to submit the required documents.</p>	<p><b>Not Implemented</b> Only one employee refunded the amount of ₱500.00. The Audit Team already issued Notice of</p>

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<p><b>b. require them and the payees to refund the corresponding amounts paid.</b></p>		<p>Likewise, the AOs who received allowances after the conduct of the EPS Exam will be required to refund the excess amount received as well as the amount of expenses for the food.</p>	<p>Suspension and Notice of Disallowance on this matter.</p> <p><b>Not Implemented</b> The concerned officials were already notified of the accountabilities and were already required to refund.</p>
<p>27. Although the POEA prepared the GAD Plan and Budget (GPB) for CY 2018, the same was not reviewed and endorsed by the Philippine Commission on Women (PCW), contrary to Section 8 of PCW-NEDA-DBM Joint Circular No. 2012-01, thus the propriety and validity of the total expenditures contained in the GAD Accomplishment Report (AR) amounting to ₱43,108,414.39 could not be fully assured.</p> <p><b>We recommended, and the Management agreed, to:</b></p> <p><b>a. continue developing and implementing more GAD-related programs, projects and activities that promote gender equality; and allocating at least five percent of the total agency appropriations; and</b></p>	<p>2018 AAR pars. 12 to 12.9</p>	<p>The Management commented that the PCW denied their request to accept and encode their GPB for CY 2018 despite their best efforts to enhance it because PCW's Gender Mainstreaming Monitoring System (GMMS) on-line</p>	<p><b>Fully Implemented</b> Based on current report, the management already adheres to the provisions to develop GAD-related activities for the agency and allot five percent of the total appropriations for GAD projects.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>b. instruct the GAD Focal Point System (GFPS) to prepare and submit promptly the GPB for review of the PCW and for endorsement to DBM along with the AR for the previous year, and to submit the reviewed and endorsed GPB and the corresponding AR to the Audit Team within the prescribed period in compliance with COA Circular No. 2014-001 dated March 18, 2014</b></p>		<p>portal is already closed.</p>	<p><i>Not Implemented</i> No PCW endorsed GPB has been submitted to this office for CY 2019.</p>
<p>28. GAD Database to serve as basis for gender-responsive planning, programming and policy formulation has neither been established nor maintained, a requirement of Section 37 (D), Rule VI-Institutional Mechanisms of the IRR of Republic Act No. 9710 or the Magna Carta of Women and Section 4.4 of PCW-NEDA-DBM Joint Circular No. 2012-01, which was not complied by the agency.</p> <p><b>We recommended and the Management agreed to:</b></p> <p><b>a. require the GAD Focal Point System to establish the GAD database with adequate and systematically gathered sex-disaggregated data which will provide the bases for gender analysis, planning, programming and policy formulation;</b></p>	<p>2018 AAR pars. 13 to 13.4</p>		<p><i>Not Implemented</i> According to the GAD Secretariat, the POEA has not established or set up any GAD database/Sex-disaggregated Data. Although there is no GAD database but</p>

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<p><b>b. undertake gender analysis to identify and confirm existing gender-related issues/information and track the results thereof; and</b></p> <p><b>c. ensure that the programs, projects and activities are responsive to the said issues</b></p>			<p>with the existing POEA systems, data as to sex disaggregation can be extracted.</p> <p><i>Not Implemented</i> Same as above.</p> <p><i>Not Implemented</i> Same as above.</p>
<b>CY 2017</b>			
<p>29. The continuous increase in requests for repatriation of Overseas Filipino Workers (OFWs) since CY 2013, which had reached 142.59 percent by CY 2017, is indicative that the Government's policy to uphold the dignity and fundamental rights of Filipino migrant workers and ensure that the freedoms of the Filipino citizens shall not, at any time, be compromised nor violated had not been effectively implemented.</p> <p><b>We recommended that the concerned Management officials:</b></p> <ul style="list-style-type: none"> <li><b>ensure that adherence to the recruitment and deployment policies and procedures is being regularly monitored and that these policies and procedures are being strictly followed by the recruitment</b></li> </ul>	<p>2017 AAR pars. 1- 1.14</p>	<p>Though the Management received voluminous requests for repatriation, it could be inferred that they were not remiss in their duties and</p>	<p><i>Not Implemented</i> Requests for repatriation of OFWs increased to 169.79 percent by CY 2018, data as follows:</p>



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<p>agencies and foreign employers in countries where the OFWs, especially the HSWs, who are most vulnerable to abuses and maltreatment, are or will be deployed;</p> <ul style="list-style-type: none"> <li>• assess the effectiveness of the Pre-Employment Orientation Seminar (PEOS) and Pre-Departure Orientation Seminar (PDOS) given to OFWs prior to their deployment in deterring or minimizing the abuses against OFWs. Otherwise, consider the conduct of additional seminars and other capacity-building activities given last year's comment from the Management that such problems on site can be avoided if the OFWs are fully aware of the complete picture of overseas employment and are able to have a good grasp and process the information from the time they attended PEOS until the time they depart;</li> <li>• conduct an in-depth study on the reasons for the continuous annual increase in the number of abused Filipino workers that need repatriation and address immediately the results thereof; and</li> </ul>		<p>responsibilities as evidenced by their prompt action on the said requests despite limited manpower and resources.</p> <p>The significant number of Documentary Suspension Orders issued reveals that they rightly imposed sanctions to erring Private Recruitment Agencies (PRAs)/Foreign Recruitment Agencies (FRAs)/employers for non-compliance with Sections 2, 3, and 4 of Rule XII of the Omnibus Rules and Regulations Implementing the Migrant Workers and Overseas Filipino Act of 1995, as amended by RA No. 10022.</p> <p>Since its conception and implementation in 1993, the two components, i.e., the Trainings of Trainors (TOT) for program-partners and the PEOS have been continuously improved, enhanced</p>	<table border="1" data-bbox="1195 380 1458 667"> <thead> <tr> <th>Year</th> <th>No. of Requests Received</th> <th>% Increases since CY 2013</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>4,515</td> <td>-</td> </tr> <tr> <td>2014</td> <td>5,490</td> <td>21.59</td> </tr> <tr> <td>2015</td> <td>5,629</td> <td>24.67</td> </tr> <tr> <td>2016</td> <td>9,160</td> <td>102.88</td> </tr> <tr> <td>2017</td> <td>10,953</td> <td>142.59</td> </tr> <tr> <td>2018</td> <td>12,181</td> <td>169.79</td> </tr> </tbody> </table> <p><b>Not Implemented</b> Same as above.</p> <p><b>Not Implemented</b> Same as above.</p>	Year	No. of Requests Received	% Increases since CY 2013	2013	4,515	-	2014	5,490	21.59	2015	5,629	24.67	2016	9,160	102.88	2017	10,953	142.59	2018	12,181	169.79
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<ul style="list-style-type: none"> <li>• <b>conduct regular monitoring, in coordination with other concerned government agencies, such as the Overseas Workers Welfare Administration (OWWA), Department of Labor and Employment (DOLE) and Department of Foreign Affairs (DFA), of the status of OFWs especially those deployed in countries where there are high incidences of abuse and maltreatment of OFWs.</b></li> </ul>		<p>and strengthened. From being merely training partners to becoming PEOS speakers, TOT has evolved into a comprehensive Capability Enhancement Training (CET) on the Overseas Employment Program that intends to equip partners in establishing and maintaining a functioning OFW Help Desk.</p> <p>From its original form of being mass-based for community awareness and public information campaign in 2014, the PEOS modules were transformed into computer-based learning platforms, which used to be voluntary. In 2016, the completion of the PEOS online became a mandatory education intervention for overseas worker-applicants.</p> <p>Although the number of independent studies on PEOS had been conducted, none had correlated the effectiveness of the</p>	<p><i>Not Implemented</i> Same as above</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>program with the increase in the number of repatriated OFWs. Hence, should there be a call for an assessment of the PEOS at this point in time, the Administration would welcome it. To ensure objectivity, an independent auditing group should therefore be commissioned for the purpose.</p>	
<p>30. Delayed action by the Management on requests for repatriation is contrary to Section 214 of Part VIII, Rule II of the 2016 Revised POEA Rules and Regulations Governing the Recruitment and Employment of LandBased (LB) OFWs; thus, OFWs were exposed to risks of further abuses and maltreatment. Moreover, appropriate sanctions were not imposed on recruitment agencies/foreign employers who failed to observe timeliness of repatriation.</p> <p><b>We recommended that the concerned Management officials:</b></p> <ul style="list-style-type: none"> <li>• <b>ensure strict compliance by the recruitment agency/principal/foreign employer with Section 214 of the 2016 Revised POEA Rules and Regulations, specifically pertaining to the 48 hours and</b></li> </ul>	<p>2017 AAR pars. 2-2.9</p>	<p>Work demands in this division could not be met due to lack of manpower, as this is manned by only one (1) regular employee. To temporarily augment the work</p>	<p><b><i>Not Implemented</i></b> Management assured the Audit Team of the strict compliance by the recruitment agency/principal/foreign employer with</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>the 15-day repatriation process;</p> <ul style="list-style-type: none"> <li>• hold accountable the concerned RU officials and personnel found remiss in their duty of timely handling repatriation requests; and</li> <li>• impose appropriate sanctions on erring recruitment agency/principal/ employer.</li> </ul>		<p>force and while the hiring of additional employees is ongoing; a project based employee was hired.</p>	<p>Section 214 of the 2016 Revised POEA Rules and Regulations.</p> <p><i>Not Implemented</i> Same as above</p> <p><i>Not Implemented</i> Same as above</p>
<p>31. Insufficient balance of escrow deposits failed to satisfy claims totaling ₱32,763,453.48, thus, defeated its purpose to answer for all valid and legal claims arising from contracts of employment and violations of the conditions for the grant and use of the license, including fines imposed by the Administration.</p> <p><b>We recommended that the concerned POEA officials:</b></p> <ul style="list-style-type: none"> <li>• conduct further study on the possibility of increasing the escrow deposit during the pendency of the case and not merely upon renewal of licenses of recruitment agencies; and</li> </ul>	<p>2017 AAR pars. 3- 3.19</p>	<p>The Management will be endorsing the recommendation on the conduct of a further study on the possibility of increasing the escrow deposit during the pendency of the case as opposed to increasing the same upon the renewal of the licenses of recruitment agencies to the Licensing and</p>	<p><i>Not Implemented</i> The Management has yet to conduct further study on the increasing escrow deposit, they are still in the process of endorsing the recommendation to the Officer in Charge. Amendments are required to the 2016 POEA Rules and</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<ul style="list-style-type: none"> <li>• <b>revisit the guidelines on escrow deposits to make them exclusively for the satisfaction of the POEA's money claims cases.</b></li> </ul>		<p>Regulation Office (LRO). Since the suggestion of the COA requires policy formulation and may call for the issuance of a Governing Board Resolution to amend the 2016 POEA Rules relative to the grant and renewal of license, the same may be made after further study and recommendation by the appropriate office.</p> <p>An escrow deposit cannot be set up exclusively for the satisfaction of the POEA's cases since it cannot exclude other valid and legal claims arising from the contract of employment. It is more of a preventive measure undertaken by the Administration to guarantee payment of judgment obligation in case the ₱1,000,000.00 escrow deposit will not be enough to cover the entirety of the claim.</p>	<p>Regulations Governing the Recruitment and Employment of LB Filipino Workers.</p> <p><b><i>Not Implemented</i></b> The management cannot make the escrow deposit exclusively for the satisfaction of POEA's cases since this serves as a preventive measure undertaken by the Administration.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>32. No guidelines have been issued yet for the administration of the Foreign Employers Guarantee Fund (FEGF), which has a reported balance of ₱8,609,209.28 as of December 31, 2017, contrary to the requirement under Section 131, Rule I, Part IV of the 2016 Revised POEA Rules and Regulations Governing the Recruitment and Employment of Landbased OFWs.</p> <p><b>We reiterated the previous year's (PY's) audit recommendation that the concerned POEA officials prepare guidelines, in accordance with government accounting and auditing rules and regulations, on the administration of the FEGF indicating the eligible expenses that could be charged.</b></p> <p><b>We also recommended that concerned POEA officials either:</b></p> <ul style="list-style-type: none"> <li>• <b>revisit the provision in establishing FEGF to include any equivalent or mechanics similar to guarantee fund scheme; or</b></li> <li>• <b>execute a Supplemental Agreement with Taiwan and Republic of Korea (ROK) to include the provision of FEGF.</b></li> </ul>	<p>2017 AAR Pars. 4- 4.15</p>	<p>Management is continuously exerting all efforts to be able to issue guidelines for the administration of the FEGF. The implementing guideline was being drafted since 2011 and is presently on its 6th revision. There were also some remaining issues that need further discussion/deliberation by the Technical Working Group (TWG) Committee. Despite the issuance of Special Order (SO) No. 163 on April 17, 2017 reconstituting the TWG to review and finalize the FEGF implementing guidelines, the TWG was not able to convene because of the untimely demise of its Chairman. The series</p>	<p><b><i>Not Implemented</i></b> POEA has yet to issue guidelines related to FEGF. The management is still in the process of conducting meetings with different divisions and TWG to establish appropriate policies and guidelines.</p> <p><b><i>Not Implemented</i></b> Same as above</p> <p><b><i>Not Implemented</i></b> Same as above</p>

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
		<p>of turnovers of POEA Officials further contributed to the difficulty in convening the TWG.</p> <p>With the appointment of a new Deputy Administrator for Employment and Welfare and absence of a Welfare Employment Office (WEO) Director, the TWG was convened pursuant to SO No. 156 series of 2018. The TWG will revisit the draft guidelines and will focus on the remaining issues for discussion.</p> <p>Any revisions in the bilateral agreement will have to be discussed during the period of its renewal. In case of ROK, the Memorandum of Understanding (MOU) will be renewed in March 2019 while for Taiwan's MOU, both the Philippines and Taiwan agreed on July 30, 2015 to extend the existing MOU until a new MOU is sign.</p>	

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>33. Licenses were issued and upgraded by the POEA without conducting Continuing Agency Education Program (CAEP) and Pre-Licensing Orientation Seminar (PLOS) to recruitment agencies' officers and personnel as required under the 2016 Revised POEA Rules and Regulations Governing the Recruitment and Employment of LB and Sea-based (SB) OFWs; thereby, the recruitment agencies' technical capabilities and familiarization with POEA's laws, policies, rules and regulations regarding overseas employment are not fully assured.</p> <p><b>We recommended that the Management explain in writing:</b></p> <ul style="list-style-type: none"> <li>• <b>the need to stop or suspend the conduct of PLOS and CAEP without citing any valid reason to do so; and</b></li> <li>• <b>the basis used for issuing and upgrading licenses despite the failure to conduct PLOS and CAEP, which are required under the 2016 Revised POEA Rules and Regulations Governing the Recruitment</b></li> </ul>	<p>2017 AAR pars. 5-5.12</p>	<p>The conduct of PLOS and CAEP was temporarily suspended due to various NS issued by the previous Audit Team questioning the disbursement of expenses. We undertook to review the technical and administrative aspects, taking into account the audit findings.</p> <p>Agencies that were issued licenses or have licenses upgraded during the suspension of the PLOS and CAEP were required to submit Affidavit of</p>	<p><b><i>Fully Implemented</i></b> In a letter submitted by the Management they commented that the conduct of PLOS and CAEP was temporarily suspended due to various NS issued by the previous Audit Team questioning the disbursement of expense.</p> <p><b><i>Fully Implemented</i></b> The recruitment agencies were required to execute an undertaking. As of reporting date, the recruitment agencies</p>



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<p><b>and Employment of LB and SB OFWs.</b></p> <p><b>In case no valid reasons could be cited to stop or suspend the conduct of PLOS and CAEP, we recommended that the Management resume the conduct of the same. On the other hand, if Management decides to forego such Programs, amend the provisions of the 2016 Revised Rules on the matter citing the rationale and valid grounds thereof or an alternative course of action to be undertaken in lieu of PLOS and CAEP to ensure that a good overseas recruitment program will not be compromised.</b></p>		<p>Undertaking that they assume responsibility on the attendance of their officers and staff once the PLOS and CAEP resume.</p> <p>The conduct of PLOS and the CAEP resumed in December 2017.</p> <p>The requested Compliance Report indicating the recruitment agencies that were issued licenses from November 2015 to January 2018 including dates of attendance to PLOS as well as the list of agencies that have yet to comply with PLOS indicating reason for such were submitted to the Audit Team.</p>	<p>whose licenses have been issued and upgraded had already undergone and completed the PLOS and CAEP.</p> <p><b>Fully Implemented</b> The conduct of PLOS and the CAEP resumed in December 2017. Compliance Report was already submitted to the Audit Team.</p>
<p>34. Absence of reports from the Human Resources Development (HRD) Services of Korea showing full accounting of collected test fees for 9th – 14th batches of EPS-TOPIK restricted the full validation of the correctness and completeness of the received shares by the POEA aggregating ₱27,500,698.15 and forfeited the endeavor to implement the Program under the principles of transparency and fairness as embodied in Article 2 (Basic Principles) of the Service Commitment Agreement (SCA).</p>	<p>2017 AAR pars. 6-6.8</p>		

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<p>We reiterated our previous year's recommendations that the Management require the HRD Korea to provide a report showing the full accountability of collections made for each batch of EPS-TOPIK and furnish the Audit Team of the same once available.</p> <p>Further, we recommended that the Management:</p> <ul style="list-style-type: none"> <li>• compare the report received from HRD-Korea with that of the POEA to determine deficiency, if any. In case of deficiency, make appropriate corrective measures/remedies, if necessary;</li> <li>• if the report on the full accounting of collections remains unsubmitted, communicate with HRD Korea regarding the share deficiency based on the POEA records; and</li> <li>• make the necessary action to collect the deficiency.</li> </ul>		<p>HRD Korea already submitted the report on the remittances of POEA share in the entrusted fee being collected for the EPS-TOPIK. This is being reconciled with our records, any deficiencies noted will be communicated to HRD Korea so they can remit the balance to POEA.</p>	<p><b>Fully Implemented</b> HRD Korea has already submitted full accounting of the collections made for each batch of EPS-TOPIK.</p> <p><b>Not Implemented</b> Comparison made on the Reports by HRD Korea and POEA showed deficiencies amounting to ₱45,000.00, which needs to be settled by HRD-Korea.</p> <p><b>Fully Implemented</b> HRD Korea submitted full accounting of the collections made for each batch of EPS-TOPIK.</p> <p><b>Fully Implemented</b> Same as above</p>
<p>35. Desktops worth ₱10.352 million procured from the DBM-PS under the MITHI Project remained undelivered for 215 days as of December 31, 2017, hence the objectives set under the Project have not been timely and efficiently met. Moreover, funds</p>	<p>2017 AAR pars. 7-7.7</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>for the purpose remained idle in the hands of DBM-PS.</p> <p><b>As the procurement was already entrusted to the DBM-PS, we recommended that the Management constantly follow-up the delivery of the desktops.</b></p> <p><b>We also recommended that in the procurement of goods intended for projects which are not considered common-use supplies, consider the procurement of items through competitive bidding following the Guidelines of RA No. 9184 to ensure timely and efficient implementation of projects.</b></p>		<p>The desktops purchased from DBM-PS were already delivered on April 10, 2018 and subsequently distributed to all the concerned operating units.</p>	<p><b>Fully Implemented</b> The desktops were fully delivered in April 2018.</p> <p><b>Fully Implemented</b> Based on current and on-going procurement, the Management strictly adheres with requirements under RA 9184 related to procurement of items through competitive public bidding.</p>
<p>36. Remittances totaling ₱187.858 million made from January 2016 to September 2017 by the LBP to the BTr under the Electronic Payment System (ePS) facility were not sufficiently supported with Reports of Deposits (ROD) and pertinent documents; thus, the completeness of the amounts remitted and the reliability/accuracy of the recorded amounts in the books are compromised and could not be fully established.</p> <p><b>We recommended that the Management demand from the LBP the submission of ROD for remittances made to the BTr and other supporting documents as required by the MOA and the provisions of the GAM to fully</b></p>	<p>2017 AAR pars. 8- 8.14</p>	<p>There were deposits amounting to ₱84,342,000.00 that could not be verified by the BTr which according to LBP may be due to the</p>	<p><b>Not Implemented</b> Of the ₱300,004,200.00 ePS collections covering January 2016-October 2018, ₱296,206,700.00</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>account for all collections and remittances. In case of failure to comply, the appropriate Notice of Charge will be issued to enforce full remittance of collections.</b></p>		<p>incompatibility of the systems. To clear the matter, POEA ICTB and Finance Branch – Accounting Division together with the resident COA auditors met with the Btr and with LBP Branch Manager and IT personnel last April 11, 2018.</p> <p>Another meeting was again conducted with LBP last August 7, 2018 regarding this matter and all the necessary documents were provided them for their reference and verification.</p> <p>The Management are constantly communicating with LBP to finally resolve this problem.</p>	<p>was confirmed by BTr as remitted, leaving an unconfirmed amount of ₱3,797,500.00. The Management will continue coordinating with LBP until the problem is resolved.</p>
<p>37. The uncertainty of settlement of the dormant outstanding CAs totaling ₱1,256,400.21, aged 12 to 21 years adversely affects the fair presentation of the financial statements as the existence and correctness of the recorded asset account could no longer be relied upon.</p> <p><b>We reiterated our prior years' (PY) recommendations that the Management:</b></p>	<p>2017 AAR pars. 9-9.7</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<ul style="list-style-type: none"> <li>• send another set of demand letters to the former officers and employees, except to those who are already deceased, to enforce settlement; and</li>   <li>• in case settlements are still not made by the concerned former officers and employees, consider requesting for write-off of accounts following the requirements set forth under COA Circular No. 2016-005 dated December 19, 2016 to arrive at a more reliable presentation of financial statements.</li> </ul>		<p>Demand letters were again sent to the accountable officers (AOs). However, Mr. Jaylo, An AO with an accountability amounting to ₱1,000,000.00 went on AWOL because of a case filed against him, the demand letters are always stamped "return to sender". Preparation of the required documents is being done for the filing of the request for write off with the COA.</p>	<p><b><i>Not Implemented</i></b> Demand Letter sent to a former employee always return to sender. Out of 11 Accountable Officers (AOs), only four were sent demand letters. One of the AOs was reported deceased</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><b><i>Not Implemented</i></b> The Management has already started gathering and preparing the required documents needed for the request for write-off. There was partial settlement of ₱3,000.00. Validation made per e-NGAS, the outstanding CAs of ₱1,253,400.21 was reclassified from Advances to Officers and Employees to Other Receivables per JEV No. 2019-06-001634.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>38. Lapses in recording and inaction to reconcile prior years' balances of the account Due from National Government Agencies, specifically, DBM-PS, resulted in a discrepancy of ₱7,578,242.79 between the Accounting records of POEA and of DBM-PS.</p> <p><b>We reiterated our PY's recommendations that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>require the Chief Accountant and the Property Officer to reconcile their respective records/reports to establish the correct balance of the reported deliveries made by DBM-PS and adjust them accordingly;</b></li> <li>• <b>ensure, in the meantime that full reconciliation has not yet been effected, that the discrepancy in the amount per Accounting and per DBM-PS books remain at ₱1,726,035.22; and</b></li> </ul>	<p>2017 AAR pars. 10- 10.8</p>	<p>All the recommended adjustments affecting this account will be taken up in the books in the 2018 adjusting entries including the unrecorded deliveries to bring the accounts to its correct balance.</p>	<p><b><i>Not Implemented</i></b> Reconciliation between the Agency's books and DBM-PS is on-going.</p> <p>Reiterated in AAR CY 2019</p> <p><b><i>Not Implemented</i></b> Full reconciliation has not been effected, discrepancy varied from year to year. From ₱7,578,242.79 in CY 2017, the discrepancy in CY 2018 increased to ₱10,067,295.00 or by ₱2,489,052.21.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<ul style="list-style-type: none"> <li>• <b>require the Chief Accountant to continuously reconcile the Accounting books with DBM-PS books to establish the correct amounts of undelivered items and ensure that the PYs' accounts included in the schedules supporting the general ledger (GL) account of Due from National Government Agencies, DBM-PS are properly recorded and reconciled.</b></li> </ul>			<p><i>Not Implemented</i> Full reconciliation has not been effected. Reconciliation with DBM-PS books is yet to be conducted.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>39. Property, Plant and Equipment (PPE) were not accurately recognized: (a) in accordance with their classification under the RCA of the GAM, Volume III; or (b) as inventories despite not meeting the capitalization threshold of ₱15,000.00; hence, overstated and understated classes of PPEs by certain amount each for an aggregate amount of ₱7,457,384.68 and likewise understated the Inventory accounts by ₱173,207.38.</p> <p><b>We recommended that the Management direct the Chief Accountant to:</b></p> <ul style="list-style-type: none"> <li>• <b>reclassify the items in the PPE and prepare adjusting entries in the books of accounts; and</b></li> <li>• <b>correct the balances.</b></li> </ul>	<p>2017 AAR pars. 11- 11.6</p>	<p>The management commented that adjusting entries will be made to reclassify the items in the PPE to its correct account will be effected in the 2018 financial statements and also to correct the</p>	<p><i>Not Implemented</i> Full reclassification of the items in the PPE has yet to be effected.</p> <p><i>Not Implemented</i> Same as above</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>40. Incomplete inventory-taking, improper recording of transactions in the books and non-maintenance of the required Property Cards, contrary to the provisions of applicable COA rules and regulations, resulted in an unreconciled balance of ₱321,765,639.61 between the Accounting and Property records, which casts doubts on the accuracy, completeness, and existence of reported PPE accounts with a gross amount of ₱589,923,927.07.</p> <p><b>We recommended that the Management require the:</b></p> <p><b>Chief Accountant and Property Officer to:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct periodic reconciliation of their respective reports and records;</b></li> <li>• <b>prepare and maintain PCs to account for the receipt and disposition of PPE; and</b></li> </ul>	<p>2017 AAR Pars. 12- 12.9</p>	<p>balances of the affected accounts.</p> <p>The Chief Accountant and the Property Officer are coordinating to reconcile the affected accounts. Affected accounts will be reconciled and adjusted in the books of accounts.</p>	<p><i><b>Fully Implemented</b></i> The Accounting Division and General Property Division already conducted periodic reconciliation of respective reports.</p> <p><i><b>Fully Implemented</b></i> The General Services and Property Services Division (GSPD) already maintains PC to account for the receipt and disposition of PPE.</p>



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<ul style="list-style-type: none"> <li>• maintain PPELC to present the details of the PPE per category instead of in lump sum basis to arrive at a more accurate and reconciled balances of respective Accounting and Property books and records.</li>   <li>• the Chief Accountant to prepare adjusting entries to reflect the PPE worth ₱8,839,390.00, which were counted but not recorded in the books of accounts.</li> </ul> <p><b>Property Officer to:</b></p> <ul style="list-style-type: none"> <li>• conduct 100 percent physical count of all PPE and submit to the Audit Team the corresponding RPCPPE; and</li> </ul>			<p><i>Not Implemented</i> Although the Accounting Division maintains SL to keep the details of the PPE account per e-NGAS, it is not the prescribed form to be used. All current procurements of POEA are recorded per account and no longer in a lump sum basis.</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><i>Not Implemented</i> Per e-NGAS verification, adjustments has yet to be recorded in the books. The amount increased to ₱13,745,296.50 or by ₱4,905,906.50.</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><i>Fully Implemented</i> The Management has already complied with the recommendation and they are now regularly submitting the RPCPPE.</p>

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<ul style="list-style-type: none"> <li>• look into missing PPE amounting to ₱17,997,787.72, which were recorded in the books but were not physically counted.</li> </ul>			<p><i>Not Implemented</i></p> <p>Per e-NGAS verification, no record of adjustment has been made in the books. The amount decreased to ₱17,693,243.72 or by ₱304,544.00.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>41. Unverified and unreliable book entries, recording error and absence of physical inventory-taking, contrary to GAM provisions, affected the reliability, completeness and existence of the Inventory accounts totaling ₱13,356,389.65.</p> <p><b>We recommended that the Chief Accountant and the Property Officer conduct periodic reconciliation of their respective reports and records and make necessary adjustments on the deficiencies noted to reflect the correct balances of the Inventory accounts.</b></p> <p><b>We further recommended that the Property Officer conduct 100 percent inventory-taking of all Inventory accounts and prepare the Report on the Physical Count of Inventories (RPCI).</b></p>	<p>2017 AAR Pars. 13- 13.12</p>	<p>The Management commented that this will be verified and reconciled. As explained by them, this was caused by an error in the system.</p>	<p><i>Not Implemented</i></p> <p>Periodic Reconciliation of SLC and SCs has yet to be effected by the agency.</p> <p><i>Fully Implemented</i></p> <p>The Management has already complied with the submission of the RPCI.</p>

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<p>42. Negative balances in the Subsidiary Ledgers (SLs) totaling ₱26,530,687.34, and setting up of liabilities for undelivered/uncompleted projects were not compliant with the provisions of Volume 1 of the GAM, thus adversely affected the fair presentation in the FS of liability accounts aggregating ₱105,779,361.55.</p> <p><b>We recommended that the Chief Accountant:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct a thorough review of the SL balances and effect the necessary adjustments to reflect the true balances of the accounts;</b></li> <li>• <b>prepare the necessary adjusting entries to set up the liabilities;</b></li> <li>• <b>exercise due care in recording transactions to avoid the incurrence of the noted errors; and</b></li> <li>• <b>refrain from paying prior years' expenses from current year's appropriations.</b></li> </ul>	<p>2017 AAR Pars. 14- 14.10</p>	<p>The Management will analyze and the account and will prepare the necessary adjusting entries to the correct the balances.</p>	<p><b><i>Fully Implemented</i></b> The negative balances of Accounts Payables were already adjusted per JEV-2018-12-004378, JEV-2018-12-004382 and JEV-2018-12-004383.</p> <p><b><i>Fully Implemented</i></b> Same as above</p> <p><b><i>Fully Implemented</i></b> The Management agreed and will continuously exert their best effort to be cautious and mindful of the transactions they recognized in the books.</p> <p><b><i>Fully Implemented</i></b> Same as above</p>

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<p>43. Management's failure to immediately determine the cause/s of abnormal negative balances of four GL accounts totaling ₱1,679,076.12, renders the financial statements not compliant with the provisions of Section 7, Chapter 19, Volume I of the GAM and Section 112 of PD No. 1445, and understated the totals of the four affected GL accounts.</p> <p><b>We reiterated our PY's audit recommendations that the Management direct the concerned officials of the Accounting Division to:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct continuous analysis of accounts with abnormal balances, especially those which are still with available records;</b></li> <li>• <b>conduct reconciliation of records with GSIS, Pag-IBIG and other government financial institutions/employees associations regarding over remittances, if there are any;</b></li> <li>• <b>ensure that all withheld and remitted GSIS contributions/loan repayments and Pag-IBIG contributions in a given period are recorded in the books; and</b></li> <li>• <b>reconcile accounts with abnormal balances and immediately prepare</b></li> </ul>	<p>2017 AAR pars. 15- 15.11</p>	<p>The Management commented that they will reconcile and prepare JEVs for the affected account.</p>	<p><b><i>Not Implemented</i></b> Records are no longer available as basis for the analysis of the accounts with abnormal balances.</p> <p><b><i>Not Implemented</i></b> Records are no longer available as basis for the analysis of the accounts with abnormal balances.</p> <p><b><i>Fully Implemented</i></b> All withheld contributions were remitted to GSIS and Pag-IBIG.</p> <p><b><i>Not Implemented</i></b> Reconciliation may no longer be feasible as there are no longer</p>

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<p>necessary adjustments to reflect the correct balances.</p>			<p>available records to determine the cause/s of having abnormal balances which existed for several years already.</p>
<p>44. The Accomplishment Report for GAD was not supported with Philippine Commission on Women (PCW)-reviewed/endorsed Gender and Development Plans and Budgets (GPB), contrary to Section 8 of PCW-NEDA-DBM Joint Circular No. 2012-01; thus, the propriety and validity of the GAD activities and budgets totaling ₱32,215,400.00 and incurred expenses of ₱30,370,901.82 could not be fully assured.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>continue allocating at least five percent of the total agency appropriations for GAD PAP; and</b></li> </ul>	<p>2017 AAR Pars. 16- 16.5</p>	<p>The Management was not able to submit the 2017 GAD Plan and Budget because they did not receive the endorsement of the PCW on the said plan. They were not able to see PCWs comments because their portal on the online submission of the GAD Plan and Budget was already closed. They are now working on the enhancement of the 2018 and 2019</p>	<p><b>Fully Implemented</b> The POEA has already allocated funds for planned GAD-related programs. However, the reported accomplishments did not jibe with the GAD Plan and Budget and the costs incurred for implementing the programs were not presented. They were not able to see PCWs comments</p>

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<ul style="list-style-type: none"> <li>• <b>instruct the GFPS to prepare and submit a GPB to the PCW for endorsement to DBM.</b></li> </ul>		<p>GAD Plan and Budget and are working closely with the PCW to seek their approval and endorsement for the said plans. Likewise, they will continue to allocate five percent of the annual budget for the purpose. Rest assured that we will submit immediately once GPBs have been approved by the PCW.</p>	<p>because their portal on the online submission of the GAD Plan and Budget was already closed.</p> <p><b>Fully Implemented</b> The management are now working on the enhancement of GPB and already instruct the GSPD and they working closely with the PCW to seek their approval and endorsement for the Plans.</p>
<p>45. The Agency complied with Section 36 of the General Provisions of RA No. 10717 or the GAA of FY 2017 in the implementation of several programs and activities for senior citizens and differently-abled persons.</p> <p><b>We recommended that the Management continue to integrate more programs for the benefit of Senior Citizens and PWDs and provide funds in their annual budget to finance the same.</b></p>	<p>2017 AAR Pars. 17- 17.6</p>	<p>For 2017, the following programs, projects and activities were implemented to address the concerns of senior citizens and PWDs:</p> <p>a. Maintenance of three service elevators with voice prompt for the vision-impaired clients and lower location of control systems for persons in wheelchair;</p>	<p><b>Fully Implemented</b> The Management continues to address the concerns of senior citizens and PWD by implementing programs, projects and activities for their welfare.</p>

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		<p>b. Provision of one service elevator with grab bars and control system in Braille;</p> <p>c. Balik-Manggagawa lobby/corridor with ramp for wheelchair and grab bars on both sides of the hallway;</p> <p>d. Public comfort rooms with features:</p> <ul style="list-style-type: none"> <li>• Male CR with grab bars on urinals and closets</li> <li>• Female/Male CR with a standard size for cubicle for person in wheelchair with grab bars</li> </ul> <p>e. Postings of signages near the elevator areas in each floor requesting to prioritize the senior citizens and PWDs</p> <p>f. Provision of special lane in the BM area</p> <p>g. Conduct of training for POEA retirees</p> <p>h. Conferment of awards/recognition for optional and compulsory retirees of POEA employees 60 years and above.</p>	

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<p>46. Concerned POEA officials failed to deduct and remit to the Government Service Insurance System (GSIS) the Consolidated Loans repayments/amortizations totaling ₱4,666,467.37 from 25 out of 38 employees as of February 2018, in disregard of Section 14 of the Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 8291.</p> <p><b>We recommended that the concerned officials act promptly on the GSIS request for POEA's member-borrowers to update their accounts in default and/or settle overdue/matured loans to avoid further accumulation of interests and penalties and the filing of appropriate legal action against responsible POEA officials.</b></p>	<p>2017 AAR pars. 20- 20.8</p>	<p>All the concerned employees who are still employed with POEA have already been notified of their outstanding balances with GSIS. They have been advised to renew their loans with GSIS to waive the penalties and charges. They have already renewed their loans with GSIS to avail of the amnesty offered by GSIS.</p>	<p><b>Fully Implemented</b> Management has already updated the accounts of member-borrowers per GSIS request. Out of its 27 member-borrowers, 20 of their corresponding accounts are being deducted from monthly salaries, two opted to pay cash, two are retired from the service, one is resigned, one is fully paid and one who is presently posted in the POLO was already notified of his unsettled GSIS obligation thru email.</p>
<b>CY 2016</b>			
<p>47. The significant increase by 62.73 percent or 3,531 in CY 2016 of the Requests for Repatriation defeated the Government's policy of upholding the dignity and fundamental rights of Filipino</p>	<p>2016 AAR pars.1 -1.5</p>		



Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>migrant workers and that the freedoms of the Filipino citizens shall not, at any time, be compromised or violated.</p> <p><b>We recommended that the concerned Management officials:</b></p> <ul style="list-style-type: none"> <li><b>conduct an in-depth/thorough study on why abuses against Filipino workers that need repatriation are increasing yearly despite the Pre-Employment Orientation Seminar (PEOS) and Pre-Departure Orientation Seminar (PDOS) given to the Filipino workers before deployment;</b></li> </ul>		<p>The significant increase in the number of requests for repatriation may be attributed to the upsurge of the deployment of HSWs.</p> <p>The POEA is presently implementing the PEOS intended to provide the public, particularly the overseas jobseekers with correct and reliable information on overseas employment. As the government's flagship program for worker empowerment, the PEOS was institutionalized to guide prospective OFWs to make an enlightened decision on whether to pursue overseas or just consider the livelihood opportunities available in the homefront by presenting to him the realities of overseas employment, including</p>	<p><b><i>Fully Implemented</i></b></p> <p>In CY 2016, as part of the government's continuing efforts in protecting and empowering the OFWs and their families PEOS was introduced. This program is a lecture-discussion available online and mandatory to all newly-hired LB workers by virtue of POEA Memorandum Circular (MC) No. 2, Series of 2016. This is a flagship program by the government to continuously educate and safeguard the well-being of the OFWs on the advantages and disadvantages in working overseas.</p>

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<ul style="list-style-type: none"> <li>• <b>immediately address the results of the study.</b></li> </ul>		<p>the advantages and disadvantages. As a tool for worker protection, the PEOS also forewarns the public on the perils of illegal recruitment and trafficking-in-persons.</p> <p>The PEOS was also instituted to complement the PDOS in providing the necessary information that are actually vital in the initial stage of overseas employment. Since, the PEOS is given at the onset of applying it would guide the applicants in decision-making on whether to proceed with his application given the factor presented to him. It is believed that some of the welfare problems onsite could have been avoided had the OFWs been given the complete picture of overseas employment and is able to grasp and process the information from the time he attends PEOS until the time he departs.</p> <p>The PEOS is a lecture-discussion method. In</p>	<p><b><i>Fully Implemented</i></b> Same as above</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>June of 2016, it was made available online and mandatory to all newly-hired LB workers by virtue of POEA Memorandum Circular (MC) No. 2, Series of 2016. This was part of the government's continuing efforts in protecting and empowering the OFWs and their families.</p>	
<p>48. Low satisfaction rate of 18.3 percent or 73 out of 399 cases on money claims by migrant workers defeated the purpose of the escrow to answer for all valid and legal claims arising from contracts of employment and violations of the conditions for the grant and use of the license, including fines imposed by the Administration.</p> <p><b>We recommended that the concerned POEA officials revisit the guidelines on escrow deposits to ensure that the aggrieved workers are sufficiently awarded of their valid and legal claims arising from contracts of employment and violations of the conditions for the grant and use of the license, including fines imposed by the Administration. This will also prevent the aggrieved workers from resorting to another costly and lengthy legal battles of going after the personal and real properties of</b></p>	<p>2016 AAR pars. 2- 2.12</p>	<p>The Management will be endorsing the recommendation on the conduct of a further study on the possibility of increasing the escrow deposit during the pendency of the case as opposed to increasing the same upon the renewal of the licenses of recruitment agencies to the LRO. Since the suggestion of the COA requires policy formulation and may call for the</p>	<p><b><i>Not Implemented</i></b> Amendments to the 2016 POEA Rules and Regulations Governing the Recruitment and Employment of LB Filipino Workers are required.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>the losing recruitment agencies, majority of which have already cancelled licenses.</b></p>		<p>issuance of a Governing Board Resolution to amend the 2016 POEA Rules relative to the grant and renewal of license, the same may be made after further study and recommendation by the appropriate office.</p>	
<p>49. Non-disclosure of actual collections by HRD-Korea under the Service Commitment Agreement (SCA) on EPS-TOPIK and Skills Test entered into by the POEA with HRD-Korea, pursuant to the Memorandum of Understanding (MOU) by and between the Ministry of Employment and Labor of Republic of Korea (Mo/el-ROK) and the DOLE of Republic of the Philippines renders it difficult to determine the rightful share of the agency while the fair sharing by both parties of the eligible expenses that could be charged out of the collections was not clearly defined; thus, the propriety of charged expenses could not be established.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li><b>demand from HRD-Korea the submission of reports showing full accounting of all collections made for each batch of EPS-TOPIK;</b></li> </ul>	<p>2016 AAR pars. 4-4.6</p>		<p><i>Fully Implemented</i> HRD-Korea submitted the reports showing full accounting of all collections made for</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<ul style="list-style-type: none"> <li>• revisit the MOU and the SCA of EPS-TOPIK before it is renewed, and consider to amend the provisions which disclose the actual collections to POEA, such as the fair sharing of expenses; and</li> <li>• ensure that all terms and conditions as well as the responsibilities and obligations of both parties, most specifically on the sharing of eligible expenses, are defined clearly in the MOU and in the SCA.</li> </ul>			<p>each batch of EPS-TOPIK.</p> <p><i>Not Implemented</i> The SCA is still for finalization by/for signature of the POEA and HRD-Korea Representatives.</p> <p><i>Not Implemented</i> Pending the approval of the SCA/MOU, it could not yet be determined if the sharing of the eligible expenses is clearly defined.</p>
<p>50. Part of the unutilized ₱1,173,704.49 test fee shares from 9th batch EPS-TOPIK, deposited in the LBP-Local Currency, Current Account was used to defray the excess expenditures incurred for the 10th, 11th, and 12th batches of EPS-TOPIK and 2016 1st-4th batches of Special TOPIK (S-TOPIK), instead of remitting the same to the National Treasury (NTr), in disregard of Sections 4 and 65 of PD No. 1445 resulting in unauthorized disbursements totaling ₱671,654.90.</p> <p><b>We recommended that the Management remit to the NTr unutilized funds which are intended for each batch of skills test.</b></p>	<p>2016 AAR pars. 5-5.8</p>		<p><i>Fully Implemented</i> Management already remitted to the BTr the amount of ₱900,000.00 and recorded under JEV</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
			No. 2018-09-000404 dated September 17, 2018.
<p>51. The absence of a duly approved Recruitment Agreement between the POEA and the MOH-KSA in the recruitment of workers thru GPB under the Government to Government (G2G) arrangement not only affects its enforceability but also deemed as not binding; thus there is no assurance that the rights of the workers to fair and equitable employment practices are protected. Moreover, the provision on the contribution to the Foreign Employers Guarantee Trust Fund (FEGTF) is at stake as the agreement between the parties was not properly and legally executed, affecting the collection of US\$253,650.00 for CY 2015 to 2016.</p> <p><b>We recommended that the Management ensure that the Recruitment Agreement be immediately signed by the representative of MOH-KSA to make the terms of agreement enforceable and binding.</b></p>	2016 AAR pars. 8-8.9		<p><i>Not Implemented</i> A Recruitment Agreement is not yet executed with MOH-KSA.</p>
<p>52. The establishment of an FEGTF for workers deployed to ROK and Taiwan was not included in the contract agreements entered into by POEA, in violation of Section 3, Part IV, Rule 1 of the POEA Rules and Regulations Governing the Recruitment and Employment of Land-based Overseas Workers of 2002.</p>	2016 AAR pars. 9-9.8		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>We recommended that the Management:</p> <ul style="list-style-type: none"> <li>• explain in writing why the provision for the contribution of employers for the establishment of FEGTF was not included in the contract agreements with ROK and Taiwan despite several renewals of the same; and</li> <li>• prepare specific guidelines on the utilization of the FEGTF in accordance with existing government accounting and auditing rules and regulations.</li> </ul>		<p>Any revisions in the bilateral agreement will have to be discussed during the period of its renewal. In case of ROK, the MOU will be renewed in March 2019 while for Taiwan's MOU, both the Philippines and Taiwan representatives agreed on July 30, 2015 to extend the existing MOU until a new one is signed. Management is continuously exerting all efforts to be able to issue guidelines for the administration of the FEGF. The implementing guideline was being drafted since 2011 and is presently on its 6th revision. There were also some remaining issues that need further discussion/deliberation by the TWG Committee.</p> <p>Despite the issuance of Special Order (SO) No. 163 on April 17, 2017 reconstituting the TWG to review and finalize the FEGTF</p>	<p><i>Not Implemented</i> The Management has yet to submit explanation/justification letter regarding this matter.</p> <p><i>Not Implemented</i> Guidelines pertaining to FEGTF is not yet available.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>implementing guidelines, the TWG was not able to convene because of the untimely demise of its Chairman. The series of turnovers of POEA Officials further contributed to the difficulty in convening the TWG.</p> <p>With the appointment of a new Deputy Administrator for Employment and Welfare and absence of a WEO Director, the TWG was convened pursuant to SO No. 156 series of 2018. The TWG will revisit the draft guidelines and will focus on the remaining issues for discussion.</p>	
<p>53. There are no guidelines issued by the POEA for the administration of the FEGTF with reported cash balance of ₱7,352,324.28 as of December 31, 2016; thus exposing the funds to misuse.</p> <p><b>We recommended that the Management prepare guidelines, in accordance with government accounting and auditing rules and regulations, on:</b></p> <ul style="list-style-type: none"> <li><b>the amount to be levied on foreign employers/principals</b></li> </ul>	<p>2016 AAR pars. 10-10-7</p>	<p>Management is continuously exerting</p>	<p><b><i>Fully Implemented</i></b></p>



Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>as contribution to the FEGTF for uniformity; and</p> <ul style="list-style-type: none"> <li>• administration of the FEGTF indicating the eligible expenses that could be charged therein.</li> </ul>		<p>all efforts to be able to issue guidelines for the administration of the FEGF. The implementing guideline was being drafted since 2011 and is presently on its 6th revision. There were also some remaining issues that need further discussion/deliberation by the TWG Committee.</p>	<p>Amount to be levied will be based on the Agreement signed by the Parties and in the absence thereof, will be based on Memorandum Circular No. 08 Series of 2001.</p> <p><i>Not Implemented</i> Eligible expenses could not be determined due to the absence of guidelines related to FEGF.</p> <p>Reiterated in Part II of this CY 2019 Report.</p>
<p>54. Collections of various currencies by various POLOs were not deposited intact and regularly to the POEA's authorized banks, contrary to the provisions of Section 69(1), PD No. 1445, Section 4, Chapter 5, Book 6 of EO No. 292 series of 1987 and Fiscal Year (FY) 2016 General Appropriations Act (GAA) General Provisions, hence exposing the collections to risks of misuse or losses and resulting in understatement of the income amounting to ₱3.829,651.89.</p> <p><b>We recommended that the Management, through representation with the DOLE Secretary, to require the POLOs with undeposited collections to</b></p>	<p>2016 AAR pars. 13- 13.8</p>	<p>The Management commented that the status of remittances of the listed POLOs was submitted. They</p>	<p><i>Fully Implemented</i> The Management has already required the POLOs to submit the collections on</p>

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
<b>remit the same immediately to POEA's authorized banks.</b>		explained that most of the POLOs could not make timely and regular remittances due to small amount of collections entailing costly remittance charges which are usually much higher than the monthly collections.	time to POEA's AGDB.
<p>55. The correctness and completeness of OEC remittances, in various foreign currencies equivalent to ₱4,571,158.91, made by the POLOs could not be fully recognized in the books due to delayed submission of credit memos (CMs) by the LBP, thus cast doubts on the reliability of the recorded amount in the cash accounts and establish whether all remittances by the POLOs are reflected in the bank records.</p> <p><b>We recommended that in case the LBP could not comply with the timely and complete submission of CMs due to voluminous collections it handled for the POEA, both domestic and foreign, consider the services of the DBP facility, which at the moment handles only 10 out of 36 POLOs remittances of OEC collections.</b></p>	2016 AAR Par 15.9	The Management commented that although the remittances from POLOs credited to the LBP account of the POEA are not immediately verified as to the origin due to non-submission of the credit advices by LBP, these were remitted monthly to the National Treasury and recorded monthly in the books of accounts based on the bank	<b>Fully Implemented</b> The Management have already informed the POLOs that the DBP facility may be considered depending on the availability of the bank service in their locations. However, Some POLOs considered LBP facility to be more convenient than other banks.

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>statement provided by the LBP. Copies of the credit advices are regularly being requested with the LBP but they could not immediately provide the said documents. A schedule of incoming remittance transactions for the period September 2014 to January 2016 was already furnished by the LBP only on January 17, 2017 even with the regular requests for copies of credit advices.</p> <p>They have already informed the POLOs that the DBP facility may be considered depending on the availability of the bank service in their locations.</p> <p>Upon receipt of the Schedule of incoming remittance transactions from the LBP, all remittances were posted in the corresponding SLs of the POLOs concerned to update their records. Out of the total amount of ₱5,293,953.38 in foreign currencies, ₱3,538,074.53 was already remitted. For the unremitted</p>	

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		balance, the concerned POLOs were already notified to remit the collections.	
<p>56. The absence of SL prescribed in Volume II of the GAM for each fund included in the Cash in Bank-Local Currency, Current Account totaling ₱26,466,128.35 maintained by the Accounting Unit renders it difficult to fully account and monitor all receipts and disbursements made out of each fund, as well as to ascertain the accuracy of their respective balances.</p> <p><b>We recommended that the Management direct the Chief Accountant to strictly maintain the prescribed SL and account all the balances for each type of trust fund.</b></p>	2016 AAR pars. 18-18.4	<p>With the implementation of the enhanced E-NGAS (Electronic New Government Accounting System), these subsidiary ledgers will eventually be reconciled. The correct format of the SL is already established in the system.</p>	<p><b><i>Not Implemented</i></b></p> <p>Since there were no separate books for GF and Trust Fund (TF) before the migration of the agency to e-NGAS on year 2016, all amount set-up for beginning balances were recorded initially under GF. The accounting division has yet to update the subsidiary records of the accounts in the TF due to the absence of the necessary data to substantiate the accuracy of the beginning balance recorded under GF.</p>
57. Cash Advances granted to 12 accountable officers became	2016 AAR		

<b>Audit Observations and Recommendations</b>	<b>Ref.</b>	<b>Management Action</b>	<b>Status of Implementation and Auditor's Validation</b>
<p>dormant for 11 to over 20 years due to the: (a) failure of Management to require the accountable officers to settle their accounts within the periods prescribed by COA Circular No. 97-002 or before their separation from the service; and (b) delayed action to consistently send them demand letters, which resulted in a very minimal settlement, slim changes of recovery/collection of unutilized funds, if any, and non-recording in the agency books of the expenses out of the CAs during the period they were incurred.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>send demand letters to all the 11 accountable officers including continuous follow-ups to enforce collection; and</b></li> <li>• <b>consider requesting for the write-off of the accountability of the deceased accountable officers. In case no settlements are made by the other accountable officers despite exhausting all remedies to enforce the same, consider also requesting for write-off of their accounts in accordance with the</b></li> </ul>	<p>pars. 19-19.5</p>	<p>Demand letters were already sent to the 11 Accountable officers with continuous follow ups to enforce collection.</p>	<p><b><i>Not Implemented</i></b> Demand Letters were already sent by the agency to concerned AO, however, there was only partial settlement of ₱3,000.00 in CY 2018.</p> <p><b><i>Not Implemented</i></b> The Management agreed to consider requesting for write-off of unsettled balance however, there is difficulty in obtaining the needed documents/records to request for write-off.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>guidelines of the abovementioned COA Circular.</b></p>			<p>Reiterated in Part II of this CY 2019 Report.</p>
<p>58. Unreconciled balances of account Due from National Government Agencies, DBM-PS per POEA records and per DBM-PS books amounting to ₱22,795,950.57 due to unrecorded advance payments and deliveries; and inaction by the concerned POEA officials to reconcile PYs' discrepancy, cast doubts on the reported year-end book balance of ₱24,155,275.10.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>require the Chief Accountant and Property Officer to reconcile their respective records/reports to establish the correct balance of the reported deliveries made by DBM-PS and adjust them accordingly; and</b></li> <li>• <b>require the Chief Accountant to continuously reconcile the agency books with DBM-PS books to establish the correct amounts of undelivered items and ensure that the CY 2015 Schedule supporting the GL</b></li> </ul>	<p>2016 AAR pars. 20- 20.8</p>		<p><i>Not Implemented</i> Per e-NGAS verification, no record of adjustment was made in the books. On-going Reconciliation of Accounting books with the DBM-PS books.</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><i>Not Implemented</i> On-going Reconciliation of Accounting books with the DBM-PS books thus the audit team cannot determine if the</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>accounts of Due from NGAs, DBM-PS are reconciled;</p> <ul style="list-style-type: none"> <li>• <b>communicate with the DBM-PS regarding the CY 2016 unrecorded payments;</b></li> <li>• <b>demand delivery of the items still due for delivery; and/or</b></li> <li>• <b>demand refund of the advance payments not settled over a long period, if any.</b></li> </ul>			<p>discrepancy in remains in the same amount in the books. Reiterated in Part 2 of this CY 2019 report.</p> <p><b>Fully Implemented</b> The POEA has already communicated with the DBM-PS to require delivery and refund of advance payments.</p> <p><b>Not Implemented</b> Per verification there still items that remain undelivered in CY 2019.</p> <p><b>Fully Implemented</b> The Management has already made a demand with the DBM-PS for the refund of the advance payments. Apparently, the DBM-PS does not refund payments for items which remained undelivered.</p>
59. Deficiencies in recording of transactions in the books, contrary to the provisions of Sections 4.6 and 7, Chapter 19, Volume I and Section 8(f), Chapter 10, Volume III both of the GAM; and Section 112 of PD No. 1445, resulted in	2016 AAR pars. 21-21.13		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>over and understatements of various accounts amounting to ₱7,984,562.58 and ₱29,866,710.70, respectively, and casts doubts on the validity of the account.</p> <p><b>We recommended that the Management require the Accountant to:</b></p> <ul style="list-style-type: none"> <li>• <b>analyze the errors and deficiencies noted; and</b></li> <li>• <b>effect the necessary adjustments to correct the over and under statements.</b></li> </ul>		<p>The Management commented that all necessary adjustments to correct the over and under statements will be effected in CY 2020 books of accounts.</p>	<p><b><i>Not Implemented</i></b> The following deficiencies still exist:</p> <ul style="list-style-type: none"> <li>• DBP account is still recorded as LCCA instead of LCSA</li> <li>• CAs of former POEA Officials and Employees are still recorded in the books as Advances to Officers and Employees.</li> <li>• Abnormal Accounts still existing in the books</li> </ul> <p><b><i>Not Implemented</i></b> Due to uncorrected errors and deficiencies, necessary adjustments have yet to be effected</p>
60. Land including the Office Building located in Mandaluyong	2016 AAR		



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<p>City acquired by the agency at a lump sum price of ₱77,500,000.00 was recognized solely in the Buildings account and the total amount was subjected to depreciation, thus overstating the Land account by the cost of the land to be apportioned.</p> <p>A building located in the land owned by the POEA is not recorded in the respective books and records of the Accounting and Property Units.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>direct the Property Officer and Chief Accountant to obtain the value of the Building and record the same in their respective books and records; and</b></li> <li>• <b>submit the necessary Journal Entry Voucher (JEV) to the Audit Team.</b></li> </ul>	<p>pars. 21.5-21.13</p>	<p>A request letter was already submitted to the Assessor's Office of the Local Government Unit-Mandaluyong in determining the market value of the POEA land and building so that these properties will be adjusted to its proper accounts. All the affected accounts will be adjusted upon the determination of the market value of these properties.</p>	<p><i>Not Implemented</i> Management sought the assistance of LGU Mandaluyong but no reply has been received yet.</p> <p><i>Not Implemented</i> Not yet adjusted pending reply from LGU Mandaluyong.</p>
<p>61. Incomplete inventory-taking, improper recording of transactions in the books and non-maintenance of the required Property Card, contrary to the provisions of Sections 38 and 42 of Chapter 10, Volume I of the GAM and Section</p>	<p>2016 AAR pars. 22-22.11</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>441, Volume II of the Government Accounting and Auditing Manual (GAAM), resulted in an unreconciled balance of ₱279,676,411.21 between the accounting and property records, which cast doubt on the accuracy, completeness, and existence of Property, Plant and Equipment accounts totaling ₱511,965,366.36.</p> <p><b>We recommended that the Management require the:</b></p> <p><b>a. Chief Accountant and Property Officer to:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct periodic reconciliation of their respective reports and records</b></li> <li>• <b>prepare and maintain properly PCs to account for the receipt and disposition of PPE; and</b></li> <li>• <b>maintain PPELC to present the details of the PPE per category instead of in lump sum basis to</b></li> </ul>		<p>The Management commented that all reconciling items noted will be recorded in CY 2020 books to bring the balance to its correct amount.</p>	<p><b>Fully Implemented</b> The Accounting Division and General Property Division already conducted periodic reconciliation of respective records and reports</p> <p><b>Fully Implemented</b> The General Services and Property Services Division (GSPD) already maintains PC to account for the receipt and disposition of PPE.</p> <p><b>Not Implemented</b> Although the Accounting Division maintains SL to keep</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>arrive at more accurate and reconciled balances of respective accounting and property books and records.</p> <p><b>b. Chief Accountant to analyze the PPE accounts and prepare adjusting entries to reflect the PPE worth ₱4,691,665.00 which were counted but not recorded in the books of accounts; and</b></p> <p><b>c. Property Officer to:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct 100 percent inventory-taking of all PPEs and submit to the audit team pending inventory reports; and</b></li> <li>• <b>look into missing PPE amounting to ₱9,114,521.72 which were recorded in the books but not counted.</b></li> </ul>			<p>the details of the PPE account per e-NGAS, it is not the prescribed form to be used. All current procurements of POEA are recorded per account and no longer in a lump sum basis.</p> <p>Reiterated in Part II of this CY 2019 Report</p> <p><i>Not Implemented</i> Per e-NGAS verification adjustments has yet to be recorded in the books.</p> <p>Reiterated in Part II of this CY 2019 Report</p> <p><i>Fully Implemented</i> The Management has already complied with the recommendation and they now regularly submit RPCPPE.</p> <p><i>Not Implemented</i> Per e-NGAS verification, no record of adjustment has been made in the books.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
			Reiterated in Part 2 of this CY 2019 Report.
<p>62. Non-recording of issued inventories in the books of accounts amounting to ₱3,476,012.69, incomplete physical count of inventories and non-maintenance by the Accounting and Property Unit of forms, records and reports prescribed under Chapter 8, Volume I of the GAM, cast doubts on the accuracy, completeness, and existence of the recorded ₱10,034,516.69 inventory accounts as at year-end.</p> <p><b>We recommended that the Chief Accountant and Property Officer conduct periodic reconciliation of their respective reports and records and make necessary adjustments on the deficiencies noted to reflect the correct balances of the inventory accounts.</b></p> <p><b>We also recommended that the Property Officer conduct 100 percent inventory-taking of all inventory accounts and prepare the RPCI.</b></p>	2016 AAR pars. 23- 23.13		<p><i>Not Implemented</i> Per e-NGAS verification, no record of adjustment has been made in the books.</p> <p>Reiterated in Part II of this CY 2019 Report</p> <p><i>Fully Implemented</i> The Property Officer has already conducted 100 percent inventory-taking of all inventory accounts RPCI were already prepared by the management and submitted to the audit team.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p><b>Further, we recommended that the Accountant record all deliveries of inventories and issuances thereof in the books.</b></p>			<p><i>Not Implemented</i> Issuances of semi-expendable equipment were not recognized in accounting records.</p> <p>Reiterated in Part II of this CY 2019 Report</p>
<p>63. The submission of Financial Statements/Financial Reports, records and supporting schedules relative to the financial operation is not compliant with the standards and requirements set forth under Section 122 of PD No. 1445 and pertinent provisions of the Rules and Regulations on the Settlement of Accounts (RRSA), resulting in delayed and incomplete evaluation of the related financial transactions.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li><b>require the official responsible to promptly submit all the Financial Statements/Financial Reports, records/supporting schedules and to strictly comply with the provisions under Section 122 of PD No. 1445 and Section 7.1.1. and 7.2.1. of the RRSA;</b></li> </ul>	<p>2016 AAR pars. 24-24.11</p>	<p>Management commented that the lack of manpower is the primary reason for the delay in the submission of reports. The adoption of the electronic New Government Accounting System entailed long process in encoding transactions as well as approving the JEVs.</p>	<p><i>Not Implemented</i> The official/employees responsible for the submission of the reports will strictly comply with the provisions. The delays in the submission of the financial reports/statements in CY 2016 was due to the conversion from the manual to the</p>

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<ul style="list-style-type: none"> <li>• <b>institute appropriate action against the officials and employees responsible for such deficiencies pursuant to the provisions of Section 122 of PD No. 1445; and</b></li> <li>• <b>require the Regional and Overseas Coordinating Office (ROCO) to monitor closely the POLOs' submissions of monthly RCS and supporting records to avoid delayed recording of transactions and submit immediately the RCDs to the Audit Team for verification.</b></li> </ul>			<p>computerized accounting system which entailed much encoding and also due to the lack of manpower complement. However, delays in the submission of the required reports still exists in CY 2019.</p> <p>Issued AOM No. 2019-002 for CY 2019</p> <p><b><i>Not Implemented</i></b> No appropriate actions were instituted against the accountable officials and employees.</p> <p><b><i>Fully Implemented</i></b> A memorandum on the matter was already prepared and signed by the DOLE Secretary reminding all accountable officer on the timely submission of the financial reports. This was emailed to all the POLOs last June 10, 2017.</p> <p>AOM issued in CY 2019 AOM No. 2020-001-(2019) dated January 15, 2020</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>64. The Rules and Guidelines pertaining to safekeeping, custody, reporting and recording of accountable forms were not strictly complied; thus renders it difficult to monitor the accountabilities of POLOs' Collecting Officers.</p> <p>Unauthorized transfer of accountable forms from one accountable officer to another and errors in reporting accountable form issuances, contrary to Section 91, Volume I of GAAM and Section 17(k), Chapter 8, Volume I of the GAM.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>ensure that accountable forms are issued to correct accountable officers and rightfully reported as their accountabilities to readily monitor and pinpoint accountabilities; and</b></li> <li>• <b>see to it that any transfer of accountable forms from one POLO to another is duly authorized.</b></li> </ul>	<p>2016 AAR pars. 25-25.7</p>	<p>This concern was also included in the Memo signed by the DOLE Secretary and emailed to all POLOs on June 10, 2017.</p> <p>The transfer of accountable forms was only done in the exigency of the service when the supply has gone low while waiting for the arrival of the supplies, but this was properly documented.</p>	<p><b>Fully Implemented</b> The Management has already issued a memo signed by the DOLE Secretary date June 10, 2017 to ensure that issuance of accountable forms comply with the Rules and Guidelines by the agency.</p> <p><b>Not Implemented</b> As explained by the management, the transfer of accountable forms was only due to exigency of service and was properly documented and is</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
			now being addressed accordingly.
<p>65. Missing/cancelled ORs/ OEC issued to POLOs remained unaccounted while various accountable forms were not sequentially issued and were erroneously recorded/not reported in the RAAF, contrary to paragraph 24 of the Revised Cash Examination Manual (RCEM).</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li>• <b>conduct an inquiry and/or look into the causes that led to the missing accountable forms and determine the accountability/liability, if any, of the accountable officers to whom these ORs/OECs were issued; and</b></li> <li>• <b>require accountable officers to adhere strictly with issuances of the accountable forms in numerical sequence</b></li> </ul>	2016 AAR pars. 25.8-25.11		<p><i>Fully Implemented</i> This matter was addressed in a memo signed by the DOLE Secretary on June 10, 2017. Based on the submitted RAAF all missing ORs/OECs were now duly accounted for.</p> <p><i>Fully Implemented</i> This matter was address in a memo signed by the DOLE Secretary on June 10, 2017. Accountable forms being used/issued according to its numerical sequence.</p>
66. Original copies of cancelled ORs/OECs were not attached to the submitted RCDs, and some remittance requests supporting the RCDs were not validated by the depository bank or were not	2016 AAR pars. 25.12 - 25.18		



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<p>attached to the RCDs, contrary to COA Circular No. 95-006 and the RCEM.</p> <p><b>We recommended that Management require the concerned Collecting Officers to prepare and submit originals of cancelled accountable forms and validated remittance requests to support the RCDs.</b></p>		<p>This concern was also included in the Memo signed by the DOLE Secretary and emailed to all POLOs on June 10, 2017.</p>	<p><b><i>Not Implemented</i></b> Only status of compliance of the concerned POLOs was submitted to COA. Originals of cancelled ORs/OECs, were not yet submitted to the audit team.</p>
<p>67. Non-submission of the Philippine Commission on Women (PCW)-endorsed/approved 2016 GAD Plan and Budget and late submission of the corresponding Accomplishment Report, contrary to the provisions of COA Circular No. 2014-001 dated March 18, 2014. Moreover, there were targeted activities, with an allotted budget of ₱820,000.00 in the GAD Plan which were not satisfactorily achieved.</p> <p><b>We recommended that the Management:</b></p> <ul style="list-style-type: none"> <li><b>require the GAD Focal Point Person to submit the endorsed/approved copy of the GAD Plan and Budget and the Report of Accomplishments to the Audit Team within the prescribed period as mentioned in COA Circular No. 2014-001 dated March 18, 2014; and</b></li> </ul>	<p>2016 AAR pars. 34- 34.6</p>	<p>The following corrective actions were made by the Management:</p> <p>a. coordinated with the designated focal person to enable a counterpart Planning Branch</p>	<p><b><i>Fully Implemented</i></b> The PCW denied POEAs request to accept and encode their GPB for CY 2018 despite their best efforts to enhance it because PCW's Gender Mainstreaming Monitoring System</p>

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<ul style="list-style-type: none"> <li>• <b>relocate the room for the lactating/nursing mother in a private area and furnish the room with the facilities needed by the clients.</b></li> </ul>		<p>staff to access the Gender Mainstreaming Monitoring System (GMMS) to ensure prompt monitoring and transmittal of GAD Plan and Budget/Accomplishment Report as well as receive PCW communications/ comments on said submission; and</p> <p>b. requested Administrative Branch to relocate the designated room for lactating/nursing mothers or renovate the existing area to ensure privacy of clients</p>	<p>(GMMS) on-line portal is already closed. Based on current reports, the agency has already complied with the provisions under GAD.</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><b>Not Implemented</b> The POEA Building is currently under renovation.</p>
<p>68. Non-remittance of taxes withheld by the Regional Centers (RCs) in prior years (PYs) amounting to ₱4,364,826.77 and significant amount of ₱2,281,255.36 representing unrecorded and erroneous recording of taxes withheld and remitted rendered the year-end balance of the account Due to BIR totaling ₱9,555,648.15 of doubtful validity.</p> <p><b>We recommended that the Management direct the Chief Accountant to:</b></p>	<p>2016 AAR pars. 36- 36.6</p>		

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<ul style="list-style-type: none"> <li>• review, analyze and reconcile the beginning balance of Due to BIR account; and</li>   <li>• reconcile and prepare necessary adjusting entry to reflect the discrepancies noted amounting to ₱2,281,255.36 for the year 2016.</li> </ul>			<p><i>Fully Implemented</i> Adjustments were already recorded in the books per JEV No. 2019-12-004958 and JEV No. 2019-12-004969</p> <p>Reiterated in Part II of this CY 2019 Report.</p> <p><i>Fully Implemented</i> Adjustments were already recorded in the books per JEV No. 2019-12-004958 and JEV No. 2019-12-004969</p>
<b>CY 2014</b>			
<p>69. In the implementation of the DOLE Department Order No. 107 governing the 30-day mandatory conciliation-mediation period over labor disputes, the agency reported a settlement rate of 57 percent of the 7,077 requests for assistance received during the year. However, settlement of 814 cases was beyond the 30-day mandatory period. On the other hand, out of the 1,942 cases referred to the NCMB, 619 or 32 percent are still pending at the end of the year with the delay ranging from eight to 359 days from date of the Single Entry Approach (SEnA), until the judicious and speedy settlement of labor issues or conflicts is fully attained.</p>	<p>2014 AAR pars. 1-12</p>		

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<p>We recommended that management direct the Single Entry Assistance Desk Officers (SEADO) who provide assessment, evaluation, counseling and conciliation-mediation services to both parties to strictly monitor the status of each case handled and exert effort to address constraints toward the early settlement of labor disputes.</p>		<p>The recommended adjustment will be taken up in the books.</p>	<p><b>Fully Implemented</b> There was an increase of 19 percent in CY 2017 in the settlement rate of cases for mandatory conciliation-mediation proceedings in the succeeding year.</p>
<p>70. Properties transferred without cost from the North Luzon Growth Quadrangle, City of San Fernando, La Union to the Philippine Overseas Employment Administration – Center for Luzon have not been recorded in the books of the agency as of December 31, 2014, resulting in the understatement of corresponding PPE accounts.</p> <p>We recommended that the Management properly itemize the transferred properties in the Invoice and Receipt of Property duly signed and acknowledged by representatives of both agencies, in order to record these properties in the books to present fairly the accounts in the financial statements.</p>	<p>2014 AAR, pars. 206- 208</p>	<p>The Management will exert its best efforts to reconcile the prior years' account by tracing back transactions to bring its balance to the correct amount.</p>	<p><b>Fully Implemented</b> The PPE were already fully depreciated in the financial statements.</p>
<p><b>CY 2013</b></p>			
<p>71. The accountability over the implementation of the EPS-TOPIK which is a special government to government hiring program covering the period CYs 2005 to 2011 had not been transparent due to non-recording</p>	<p>2013 AAR pars. 61-70</p>		

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<p>of financial transactions, including collections estimated at US\$515,436.00 as well as disbursements made out of the funds.</p> <p><b>We recommended that the POEA officials responsible in implementing the 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.</b></p> <p><b>We also recommended submission of all Memoranda of Understanding (MOU) covering the 1st up to the 7th EPS-TOPIK and the Service Commitment Agreements executed pursuant to the MOU.</b></p> <p><b>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.</b></p>		<p>The Management will obtain certification from the HRD-Korea regarding the status of the IKLF, the former implementing agency of the EPS, on the possibility of retrieval of documents.</p>	<p><b><i>Not Implemented</i></b> Full accounting could no longer be made as the officials responsible are no longer connected with POEA.</p> <p><b><i>Not Implemented</i></b> The officials concerned are no longer connected with POEA.</p> <p><b><i>Fully Implemented</i></b> All funds received for the implementation of EPS-TOPIK are now accounted in the books as government funds and utilization of which were subjected to accounting and auditing rules and regulations.</p>