

**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:

Status of Implementation	No. of Recommendations	Percentage
Fully Implemented	21	31.82
Not Implemented	45	68.18
Total	66	100.00

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

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<i>CY 2019</i>			
1. Discrepancies of ₱10,136,687.84 between the Due from NGAs - Department of Budget and Management – Procurement Service (DBM-PS) account balance of ₱10,788,372.93 and the DBM-PS record of only ₱651,685.09 as of December 31, 2019 remained unaddressed in both agency books, which in the POEA books consist of unrecorded DBM-PS deliveries worth ₱7,780,408.24 in CYs 2016 to 2019 and reconciling items in prior years of ₱1,759,107.22, or a total amount of ₱9,539,515.46; while the DBM-PS failed to record in its books the POEA advance payments of ₱589,799.98 in 2017 to 2019 and the returned goods totaling ₱7,372.40 in prior years.	2019 AAR pars. 1.a to 1.20; 2018 AAR pars 1.e to 1.46; 2017 AAR pars. 10- 10.8; 2016 AAR pars. 20- 20.8		
We recommended that the POEA Management require:			

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<p>a. the Property Officer to forward promptly to the Accounting Division all pertinent documents pertaining to the receipt of goods/services from DBM-PS and issuances thereof, for proper recording in the accounting books;</p> <p>b. the Chief Accountant and Property Officer to reconcile at least quarterly their respective records/reports to ensure the equality of balances in the records of the POEA and the DBM-PS; and</p> <p>c. the Chief Accountant to immediately bring to the DBM-PS attention the reconciling items in their books for correction.</p>		<p>Accounting Division initially discussed with General Services and Property Division (GSPD) about this discrepancy and requested for copies of Delivery Receipt (DR) of unrecorded deliveries.</p> <p>POEA intends to follow up and request for the quarterly subsidiary ledger (SL).</p> <p>Accounting and GSPD staff will be tasked to coordinate with each other to avoid recurrence of the same situation.</p> <p>Documents on deliveries from PS are regularly submitted to Accounting Division.</p> <p>DBM-PS provided us already with copies of Delivery Receipts (DR) of unrecorded deliveries. Such deliveries were recorded in the POEA books per the following Journal Entry Vouchers (JEVs): 2020-12-03825-03826; 2020-12-03828-03829; and</p>	<p>Fully Implemented The Management has already submitted data/disbursement vouchers (DVs) from January to March 2020 pertaining to current year transactions. Prior Year's unrecorded DRs have yet to be forwarded to the Audit Team.</p> <p>Fully Implemented DBM-PS had already provided POEA the statement of account for the period 2012-2020. Accounting Division is also in regular contact with their counterpart in DBM-PS for reconciliation of account.</p> <p>Fully Implemented The Agency already informed DBM-PS of payments that were not recorded in the books as well as unrecorded return of deliveries thru letters dated February 18 and December 9, 2020.</p>

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		<p>2020-12-03831.</p> <p>In addition to letters dated February 18, Dec. 9, 2020, & March 9, 2021, calls and emails were made to DBM-PS to follow up recording of payments not reflected in their statement. They assured us to make adjustments as soon as they have finished their reconciliation.</p>	
<p>2. As at year-end, the Inventories - Semi-Expendable Properties accounts balances totaling ₱273,172.00 are still carried in the books despite their issuance to end-users during the year due to absence of Report of Supplies and Materials Issued (RSMI), hence overstated the accounts Inventories and Accumulated Surplus/(Deficit) and understated the Expenses for the year.</p> <p>We recommended that the Management require:</p> <p>a. the Property/Supply Officer to prepare monthly RSMIs for all semi-expendable properties issued for a given month and submit the same to the Accounting Division for recording; and</p> <p>b. the Chief Accountant to immediately make the necessary adjustments in the</p>	<p>2019 AAR pars 1.b to 1.29;</p> <p>2018 AAR pars. 1.f to 1.56;</p> <p>2017 AAR pars. 13-13.12;</p> <p>2016 AAR pars. 23-23.13</p>	<p>As part of regular tasks, a point person will be assigned in both Accounting Division and GSPD to ensure timely preparation and recording of RSMI.</p> <p>The Accounting Division was instructed to make</p>	<p>Fully Implemented The GSPD regularly submits to Accounting Division copies of RSMI.</p> <p>Fully Implemented The RSMI was recorded in the books</p>

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<p>books to record the semi-expendable properties as expenses upon issuance based on the monthly RSML.</p>		<p>timely adjustment in the books for semi-expendable properties.</p>	<p>on December 31, 2020 per JEV No. 2020-12-003844.</p>
<p>3. The Accounts Payable account balance was overstated by ₱6,055,101.87 due to the erroneous recording of progress billings paid to the contractor for the renovation of the POEA Ground Floor, Mezzanine Floor, and Sixth Floor - Governing Board Room and the non-recognition of collected income for the liquidated damages for CYs 2018 and 2019, thereby understating the Accumulated Surplus/(Deficit) and Miscellaneous Income accounts balances by ₱3,717,421.84 and ₱2,337,680.03, respectively. Moreover, there were taxes due totaling ₱404,262.11 not withheld from the contractor's billings in CYs 2018 and 2019.</p> <p>We recommended that Management direct the Chief Accountant to:</p> <p>a. make the necessary entries to adjust the overstatement of recorded Accounts Payable paid to the contractor and to recognize the income from Liquidated Damages for CYs 2018 and 2019, respectively; and</p> <p>b. withhold the unpaid taxes totaling ₱404,262.11 from the next progress payment of Verzontal Builders Inc.</p>	<p>2019 AAR pars 1.c to 1.45</p>	<p>The Management commented that the Accounting Division has adjusted the Accounts Payable and recognized the Income from Liquidated Damages. Since the recording date is during the current year 2020, the Accumulated Surplus/(Deficit) account has been used</p>	<p>Fully implemented Adjustments for liquidated damages for 2018 & 2019 were already prepared per JEV-2020-07-001500.</p> <p>Not Implemented The Management has already reviewed payments to Verzontal.</p>

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		<p>for CYs 2018 and 2019 instead of Miscellaneous Income.</p> <p>Further, the Management assured that the unpaid taxes totaling ₱404,262.11 will be withheld from the next progress payment to Verzontal Builders Inc.</p> <p>Proper entries will be done for 2020 payments to contractors.</p> <p>Per GSPD, there is remaining payable to Verzontal. From this, POEA will withhold the unpaid tax.</p>	<p>The unpaid taxes will be deducted in the next billing.</p>
<p>4. Erroneous recording of remittances to the Bureau of Treasury (BTr) of CYs 2018 and 2019 Employee Guarantee Trust Fund (EGTF) collections aggregating ₱1,712,022.90 understated the balances of Trust Liabilities account and overstated the Processing Fees Account by the same amount at yearend.</p> <p>We recommended that Management direct the Chief Accountant to prepare the adjusting journal entries to correct the deficiencies noted in the recording of transactions under Trust Liabilities.</p>	<p>2019 AAR pars. 1.d to 1.50;</p> <p>2018 AAR pars. 1.b to a.26</p>	<p>Entries made on the following JEV will be reviewed and adjusted accordingly: JEV-2019-06-000518 JEV-2019-09-000620 JEV-2019-10-000527 JEV-2019-12-004955</p>	<p>Not Implemented Only the amount of ₱1,322,904.06 unremitted balances as of December 31, 2019 was remitted to BTr and OWWA per JEV Nos, 2020-01-000014, 2020-01-000013,</p>

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		Audit Observation (1.48-entries on DV) will be reviewed further.	2020-07-000175, and 2020-01-000012 .
<p>5. The reliability of the account Income - Processing Fees with a total balance of ₱307,859,369.32 cannot be relied upon due to errors and omissions in the recording of collections and income resulting into a net overstatement of ₱11,580,828.81 of the income for the year.</p> <p>We recommended that the Management require:</p> <p>a. the Accountant to strictly adhere to the concept of accrual basis of accounting in recording collections and income transactions of the Agency so that transactions and events are recognized in the accounting records and recognized in the FSs in the period to which they relate;</p> <p>b. the Information and Communication Technology (ICT) Branch to submit the verified Reports of Collections and Deposits (RCDs) generated from electronic transactions to the Accounting Division within the set deadline for their timely recording in the Agency books;</p>	<p>2019 AAR pars. 1.e to 1.68;</p> <p>2018 AAR pars. 1.a to 1.16;</p> <p>2016 AAR pars. 13-13.8;</p> <p>2016 AAR par. 15.9;</p> <p>2016 AAR pars. 25-25.7</p>	<p>The Accounting staff, in particular those assigned in recording collections, are reminded to be always mindful of the concept of accrual accounting.</p> <p>Philippine Overseas Labor Offices (POLO)/ Labor Attachés (Labbats) are always reminded to submit their reportorial requirements on time. However, there are circumstances beyond the control of POEA and POLO that prevent the latter to follow the rules.</p>	<p>Fully Implemented The Accountant in-charge of collections records collection report on time and is able to submit the Report of Income on or before the due date. Collecting Officers are also reminded to submit reportorial requirement on time</p> <p>Fully Implemented In 2020, ICT branch submitted regularly Collection Reports for BM-online, LB & SB e-payment.</p>

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<p>c. the Accountant to make adjustments, as necessary, to take up the unrecorded collections and income as well as the Cashier to remit all income to the BTr; and</p> <p>d. the designated POLOs' Collecting Officers to deposit/remittance to the POEA's AGDB account the balances of the OEC collections and the Accountant to ensure that all income from fees collected will eventually accrue to the unappropriated surplus of the GF of the Government pursuant to the General Provisions in the annual General Appropriation Act (GAA).</p>			<p><i>Fully Implemented</i> Unrecorded OEC collections (Table 18-collections from e-payment/online) were already recorded per JEV-2020-01-001470 -₱7,483,000.00; JEV-2020-01-001474 - ₱1,641,400.00; and JEV-2020-01 001478-₱315,800.00</p> <p><i>Fully Implemented</i> All POLO collections for 2019 were already deposited to BTr per: LBP JEV-2020-01-001/chk 567607; and DBP JEV-2020-03-000363.</p>
<p>6. The SLs for the CIB-LCCA were not updated resulting in a difference of ₱303,750.00 from that of the General Ledger (GL), pertaining to identified reconciling item-unrecorded disbursement, hence not compliant with the provisions of Sections 12 and 20, Chapter 2 of the GAM for NGAs, Vol. I and Appendix 6 of GAM for NGAs, Vol. II. Further, a refund of cash advance for the operational fund of the Regional Offices (ROs) was</p>	<p>2019 AAR pars. 2 to 2.11</p>		

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<p>not remitted back to the BTr but instead used to pay POEA salaries, contrary to Section 89, PD No. 1445 and Section 4.1.7 of COA Circular No. 97-002.</p> <p>We recommended that the Management require the Accountant to:</p> <p>a. determine the cause of the difference between the GL and SL balance of Cash in Bank. If it is due to accounting system error, refer the matter to the COA to resolve the deficiency; and</p> <p>b. submit the necessary documents/evidence to support the validity and regularity of the disbursement made by POEA to charge the salaries of POEA employees to the refunded cash advance intended for the operational fund of the Regional Centers and to remit the excess balance of ₱21,813.76 to the BTr.</p>		<p>The Accounting Division asked the assistance from COA ICT with regards to this particular disbursement not showing up in the SL of CIB-LCCA despite being already recorded in GL. (Chk. No. 567732 dated April 2019, Fortune Group Corporation, ₱303,750.00)</p> <p>Accounting Division will review transactions and make adjustment.</p> <p>Corresponding entry for deposit to BTr will be prepared.</p> <p>POEA will exert extra effort in monitoring NCA and transactions like these to avoid recurrence.</p>	<p>Fully Implemented On POEA's request, COA ICT was able to resolve the issue. As of March 23, 2021, the particular transaction was both reflected in GLs and SLs.</p> <p>Fully Implemented Adjustment already posted per Electronic New Government Accounting System (e-NGAS) per JEV-2020-02-000026/Check No. 567627 dated 2/4/2020.</p>
<p>7. The validity of the Accounts Receivable (AR) account balance totalling ₱3,566,051.25 cannot be relied upon due to the doubtful</p>	<p>2019 AAR pars.</p>		

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<p>collectability of ₱2,946,088.51 dormant balances aged more than 10 years, for which Management has not adopted alternative measures to enforce collection.</p> <p>We recommended that Management to:</p> <p>a. require the concerned Agency officials to submit the required documents to facilitate the approval of the request for write-off; and</p> <p>b. adopt alternative measures to enforce the collection of the dormant receivables including applicable legal action against the debtor foreign employers in coordination with the Philippine foreign offices in the countries of the employers.</p>	<p>3 to 3.8</p>	<p>The Accounting Division will gather necessary documents and prepare the request for write-off.</p> <p>Alternative measures will be referred to Legal and Government Placement Branch (GPB).</p>	<p><i>Not Implemented</i> The Accounting Division is still locating records pertaining to this old accounts.</p> <p><i>Not Implemented</i> The Management is currently locating records for indorsement to the Legal Counsel.</p>
<p>8. The Advances to Officers and Employees account balance of ₱238,441.45 as of December 31, 2019 is doubtful due to: a) inclusion of ₱107,567.41 Revolving Funds (RF), without supporting details; b) understatement of the account by ₱29,437.38 due to erroneous entries; and c) unascertained discrepancy of ₱11,222.48 between the reported balance as per GL and the Monthly Schedule/Report of Aging.</p>	<p>2019 AAR pars. 4 to 4.6;</p> <p>2018 AAR pars. 1.j to 1.83;</p> <p>2018 AAR pars. 1.k to 1.89;</p>		

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<p>We recommended that the Management require the Accountant to:</p> <p>a. take up the necessary adjustments to correct the balances of Advances to Officers and Employees account and affected accounts;</p> <p>b. exhaust efforts to locate the supporting documents to establish the validity, legality and reliability of the unsettled advances allegedly consisting of “revolving funds”; and</p> <p>c. review the details and balances reported in the Schedule of Aging of Cash Advances and reconcile with the balance as per GL to determine the correct accountabilities of the accountable officers concerned.</p>	<p>2016 AAR pars. 19- 19.5;</p> <p>2017 AAR pars. 9-9.7</p>	<p>As to revolving funds, the Accounting Division will exert efforts to find documents relating to these accounts.</p>	<p>Fully Implemented Adjustments were already posted per JEV # 2019-11-0404799, 2019-11-004800 and 2019-11-004801.</p> <p>Not Implemented The Accounting Division is still locating records pertaining to this old accounts.</p> <p>Fully Implemented The discrepancy between the monthly schedule/report of aging and GL was already determined and corrections were already made.</p>
<p>9. Comparison of the balances of the Property Plant and Equipment (PPE) account as against the Report on the Physical Count of PPE (RPCPPE) showed a) PPEs totaling ₱43,054,994.04 were counted but not recorded in the books; b) PPE items totaling ₱24,950,784.99 were recorded in the books but not counted; and c) some PPE amounts per books differ with the Report, resulting in significant discrepancies totaling ₱21,102,776.27, thereby casting doubts on the existence and</p>	<p>2019 AAR pars. 5 to 5.7;</p> <p>2018 AAR pars. 1.g to 1.62;</p> <p>2018 AAR pars.</p>		

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<p>completeness of recorded PPE and rendered the year-end balances unreliable.</p> <p>We recommended that the Management require the:</p> <p>a. Chief Accountant to:</p> <ul style="list-style-type: none"> • maintain PPELC per account category instead of on a lump-sum basis and reconcile with the Property records and reports to support the controlling PPE account GL balances; • make adjusting entries to reflect the PPEs found existing but not recorded in the books of accounts; <p>b. Property Officer to:</p> <ul style="list-style-type: none"> • come up with a strategic plan, which may involve support from other personnel, for the conduct of complete annual physical count of all PPE, and submit the corresponding RPCPPE to concerned agency officials; • look into the whereabouts of the PPE which were recorded in the books but not found at the time of PPE physical inventory and determine the 	<p>1.i to 1.76;</p> <p>2017 AAR pars. 11-11.6;</p> <p>2017 AAR pars. 12-12.9</p> <p>2016 AAR pars. 22-22.11</p>	<p>An Accounting staff is assigned for reconciliation of PPE accounts. GSPD already provided Accounting Division with copies of RPCPPE.</p> <p>As agreed on November 25, 2020 meeting, service contractors were hired to assist the Property Officer in the conduct of the physical count of PPE in the Office.</p> <p>The Motor Vehicle account has been reconciled. Adjustments to the account to bring it into its proper balance were made per JEV Nos. 2020-08-002941, 2020-08-002944, 2020-11-003202, and 2020-11-003207.</p>	<p><i>Not Implemented</i> The Accounting staff assigned is currently gathering documents pertaining to this account.</p> <p><i>Not Implemented</i> The Accounting staff assigned is currently gathering documents pertaining to this account.</p> <p><i>Not Implemented</i> The Accounting staff assigned is currently gathering documents pertaining to this account.</p> <p><i>Not Implemented</i> Physical count of furniture in the 5th Floor has already started to account for</p>

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<p>accountable/responsible persons to whom the unaccounted items were issued; and</p> <p>c. Accountable/Responsible Officer for the PPE items not found during the inventory to account the same and in case of loss, to file the necessary request for relief from property accountability pursuant to Section 73 of PD No. 1445 and 2009 Revised Rules of Procedure of the COA.</p>			<p>the whereabouts of the PPE.</p> <p><i>Not Implemented</i> The Accounting staff assigned is currently gathering documents pertaining to this account.</p>
<p>10. For CY 2019, POEA Central Office (CO) and Regional Centers (RCs) had substantially complied with the Bureau of Internal Revenue (BIR) revenue regulations on the remittance of taxes withheld from suppliers, compensation and judgement awards within the prescribed period, except that its Due to BIR account has year-end balance of ₱593,184.33, which is still for reconciliation and adjustment. However, non-compliance with the prescribed journal entries to record the constructive receipt of the Notice of Cash Allocation (NCA) for Tax Remittance Advice (TRA) and constructive remittance of taxes withheld as prescribed in Chapter 5, Section 38 (d) and Chapter 6, Section 61 of GAM for NGAs, Volume I was observed.</p>	<p>2019 AAR pars. 6 to 6.9;</p> <p>2018 AAR pars. 1.0 to 1.113;</p> <p>2016 AAR pars. 36-36.6</p>		

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<p>We recommended that Management require the Chief Accountant to:</p> <p>a. analyze/ determine the causes of the unaccounted/unreconciled/unremitted balance of ₱593,184.33, if found as unremitted tax collections, remit the same to the BIR or make the necessary adjustments, if warranted, to correct the account balance; and</p> <p>b. strictly comply with the procedures and prescribed journal entries to recognize constructive receipt of NCA for TRA and constructive remittance of taxes withheld as provided under Section 38(d) of Chapter 5 and Sections 60 and 61 of Chapter 6 of GAM for NGAs, Volume I.</p>		<p>A staff will be assigned to analyze/reconcile the account Due to BIR. Once reconciled, and documentary requirements are available, adjustment will be done.</p> <p>On our request, COA-ICT has already created the template for recording the constructive receipt of NCA-TRA. Accounting started using the template in March 2020 remittance.</p>	<p>Not Implemented The Accounting staff assigned is currently gathering documents pertaining to this account.</p> <p>Fully Implemented Cash Tax Remittance Advice account is already being used by the Accounting Division to recognize constructive receipt of NCA-TRA.</p>
<p>11. For year 2019, the POEA has complied with the provisions of RA No. 8291, otherwise known as the "Revised Government Service Insurance Act of 1997" on the withholding of GSIS contributions and repayment of loans from its employees and the remittance thereof within the prescribed period. The year-end balance of the Due to GSIS account totaling ₱9,445.65 is attributed to the prior years' unaccounted balances carried forward as beginning balance, which is unreliable.</p>	<p>2019 AAR pars. 7 to 7.5;</p> <p>2017 AAR pars. 20-20.8;</p> <p>2017 AAR pars.</p>		

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<p>We recommended that Management require the Chief Accountant to trace/analyze the details of the prior years' balance of the Due to GSIS account and remit immediately thereafter or make the necessary adjustments, as necessary, to correct the account balance.</p>	<p>15-15.11</p>	<p>Accounting staff were already assigned (as part of Work-from-Home (WFH) tasks in the analysis/reconciliation of accounts: Due to HDMF, Due to PHIC, Other Payables (Coop & Provident). These are still subject to review and gathering of documentary requirements to support adjustments/JEV preparation.</p> <p>The analysis/reconciliation of these accounts will be a regular task and will be assigned to an Accounting staff to limit error and/or late remittance.</p>	<p><i>Not Implemented</i> As part of their WFH tasks, the Accounting staff were already designated to do the analysis and reconciliation of accounts.</p> <p>Initial phase of reconciliation is for the period March 2016 to December 2020, which is ongoing. This is also subject to review and gathering of documentary requirements to support the adjustments/JEV preparation.</p>
<p>12.For CY 2019, the Management has substantially complied with the provisions of RA No. 9679 on the withholding and remittances of the required Pag-IBIG Premium share of employees, Government Share, and Employee Loans Repayment/ Amortization, except that POEA has existing unreliable Due to Pag-IBIG Account balance as of December 31, 2019 of ₱7,691.97, pertaining to prior years' unaccounted balances carried forward as beginning balance.</p>	<p>2019 AAR pars. 8 to 8.5; 2017 AAR pars. 15-15.11</p>		

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<p>We recommended that Management require the Chief Accountant to trace/analyze the details of the prior years' balance of the Due to Pag-IBIG account and remit immediately thereafter or make the necessary adjustments, as necessary, to correct the account balance.</p>		<p>Accounting staff were already assigned (as part of WFH tasks) in the analysis/reconciliation of accounts: Due to HDMF, Due to PHIC, Other Payables (Coop and Provident). These are still subject to review and gathering of documentary requirements to support adjustments/JEV preparation.</p> <p>The analysis/reconciliation of these accounts will be a regular task and will be assigned to an Accounting staff to limit error and/or late remittance.</p>	<p><i>Not Implemented</i> As part of their WFH tasks, the Accounting staff were already designated to do the analysis and reconciliation of accounts.</p>
<p>13.For CY 2019, Management has substantially complied with the withholding and remittances of the required PhilHealth Premium share of employees, and Government Share in accordance with the provisions of RA No. 7875. However, the Due to PhilHealth account balance of ₱77,299.85 as of December 31, 2019 pertains to unreliable prior years' carried forward beginning balance.</p> <p>We recommended that Management require the Chief Accountant to trace/analyze the details of the prior years'</p>	<p>2019 AAR pars. 9 to 9.5</p>	<p>Accounting staff were already assigned (as part of WFH tasks) in the</p>	<p><i>Not Implemented</i> As part of their WFH tasks, the Accounting staff were already</p>

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<p>balance of the Due to PhilHealth account and remit immediately thereafter or make the necessary adjustments as necessary to correct the account balance.</p>		<p>analysis/reconciliation of accounts: Due to HDMF, Due to PHIC, Other Payables (Coop and Provident). These are still subject to review and gathering of documentary requirements to support adjustments/JEV preparation.</p> <p>The analysis/reconciliation of these accounts will be a regular task and will be assigned to an Accounting staff to limit error and/or late remittance.</p>	<p>designated to do the analysis and reconciliation of accounts.</p>
<p>14.The Trust Liabilities account balance of ₱277,263,240.25 could not be relied upon due to the following: a) unaccounted discrepancy of ₱73,074,815.88 between the Trust Liabilities account balance and the reciprocal accounts CIB - LCCA and CTAD, Trust accounts which represent the available cash for payment of trust liabilities; b) inclusion of unremitted income to the BTr from the Processing fees and other fees paid by foreign employers for the hiring of OFWs under POEA Government Placement Branch (GPB); and c) absence of details in the SLs, and subsidiary records to support the accuracy of the forwarded beginning balance in 2016 in the amount of ₱206,914,880.20.</p>	<p>2019 AAR pars. 10 to 10.13</p>		

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<p>We recommended that Management direct the Chief Accountant to:</p> <p>a. reconcile the discrepancies in the balances of the Trust Liabilities accounts with the reciprocal cash accounts to establish the correct balance of trust liabilities and the available cash for payment of claims against the funds held in trust;</p> <p>b. observe proper recording of transactions and carefully review the journal entries before posting to ensure correctness of account balances and completeness of entries made;</p> <p>c. exert effort to trace records supporting the migrated beginning balances from prior years' as these have been carried over cumulatively up to the present records;</p> <p>d. make the necessary adjusting entries to correct the deficiencies noted in the accounts; and</p> <p>e. maintain subsidiary records for each of the TL accounts complete with all details of the transactions for each trustor/creditor.</p>		<p>The Accounting staff in-charge of processing of DV and encoding in e-NGAS are reminded of properly recording transactions.</p> <p>An Accounting staff will be assigned to reconcile balances from March 2016 (start of e-NGAS) to the present.</p> <p>As to balances before March 2016, we are requesting for longer reconciliation timeline as the records are still not available.</p> <p>A Service Contractor will be hired to assist the Accounting Division in reconciliation of this account.</p> <p>The Management requested for a longer timeline, since the transactions involved in this account go back as far as 1983.</p>	<p>Not Implemented The Service Contractor tasked for reconciliation has yet to report for duty.</p> <p>Fully Implemented The Accounting staff in-charge of processing of DV and encoding in eNGAS are reminded of properly recording transactions.</p> <p>Not Implemented Accounting Division is currently fixing/organizing their stockroom. Some records pertaining to trust liabilities were found.</p> <p>Not Implemented Reconciliation is still ongoing</p> <p>Not Implemented Some of the funds, especially the recent ones, have existing SLs.</p>

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<p>15. Delays were noted in the submission of the required financial and accounting reports and documents for CY 2019, which is not in accordance with Section 60, Chapter 19 of the GAM for NGAs, Volume I, Section 7.1 and 7.2 of the Revised Rules and Regulations on the Settlement of Accounts (RRSA) and Section 32 of Chapter 3, of the GAM for NGAs, Volume I, thus precluded the timely audit, review and evaluation of the Agency's financial transactions and reporting of audit results thereof.</p> <p>We reiterated the prior years' audit recommendation that the Management require the concerned Accounting and Budget officials and employees to submit within the prescribed period the monthly, quarterly and yearly financial reports and the pertinent supporting documents to provide the Audit Team ample time to review the reports, audit related transactions and to report the corresponding results of audit.</p> <p>We also recommended that Management remind the concerned officials of their responsibilities in rendering financial reports and the disciplinary action that may be instituted against official or employee who have not</p>	<p>2019 AAR pars. 11 to 11.12;</p> <p>2016 AAR pars. 24-24.11</p>	<p>The Accounting staff are reminded to be always mindful of deadlines.</p> <p>Measures are in place to catch up with the submission of the financial reports.</p> <p>Workloads of each staff will be reviewed to align with the current work schedule and manpower complement.</p> <p>Conceptualize catch-up strategies and to implement these whenever needed.</p>	<p>Not Implemented</p> <p>The Audit Team had constantly reminded the Management on the prompt submission of the required reports and avoid incurrence of delays which hinders the Audit Team from performing timely audit of transactions. Nevertheless, the financial statements for 2020 were submitted on March 19, 2021.</p> <p>Fully Implemented</p> <p>POEA had always reminded the Accounting and other Divisions to be always mindful of deadlines on the submission of the required reports.</p>

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<p>complied with the requirements and to implement the withholding of salaries, if warranted, as provided by Section 122 of PD No. 1445.</p>			
<p>16.No guidelines has been issued/established yet for the administration and utilization of the Foreign Employer's Guarantee Fund (FEGF) – which shall be used for the Overseas Filipino Workers (OFWs) monetary claims arising from the breach of contractual obligations for OFWs recruited through a government to government (G2G) arrangement, which requirement is provided in Section 131 of Rule I, Part IV of the 2016 Revised POEA Rules and Regulations Governing the Recruitment and Employment of Land-based OFWs.</p> <p>We, therefore, restated our audit recommendation that POEA Management require the Technical Working Group (TWG) to review the status of the proposed guidelines under study/revision by the TWG, and set a plan and timetable of activities to be done, which can be implemented immediately or, on a long term basis, to come up with appropriate guidelines on the fees chargeable to the foreign employers and workers to sustain the EGTF and the proper utilization thereof.</p>	<p>2019 AAR pars. 12 to 12.12;</p> <p>2017 AAR pars. 4-4.15;</p> <p>2016 AAR pars. 10-10-7</p>	<p>Already calendared for discussion in Directorate's meeting and to designate FEGF and prepare guidelines.</p>	<p><i>Not Implemented</i> TWG for FEGF was reconstituted per Special Order (SO) 23 S. 2021.</p>
<p>17.Submission of the POLO OEC RCD was delayed or not yet submitted, contrary to the</p>	<p>2019 AAR pars.</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>requirements under DOLE AO No. 190, series of 2012.</p> <p>We recommended that the Management require the POLOs' Collecting Officers to forward to the POEA the unsubmitted RCDs and ensure monthly submission of the reports in accordance with the provisions under DOLE Administrative Order (AO) No. 190, series of 2012 for the timely recording of deposits and collections in the books of POEA.</p>	<p>13 to 13.3</p>	<p>Schedule of submission of POLO RCD was already forwarded to the concerned offices to remind them on the deadlines of the said report.</p> <p>POEA will send out demand letters to POLOs who are late in the submission of RCD.</p> <p>They will meet with Regional and Overseas Coordinating Office (ROCO) and International Labor Affairs Bureau (ILAB) to discuss/conceptualize monitoring system here in PHL and compliance at the Posts that can be implemented.</p>	<p>Fully Implemented</p> <p>POLO RCD for CY 2019 already submitted. POEA issued a memo to POLOs reminding them of submission of documents and remittance of collections.</p>
<p>18.Out of the total allotment of ₱529,624,970.19 for Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) for CY 2019, the amount of ₱510,199,445.32 was obligated leaving ₱19,425,524.87 or 3.67% unutilized due to the prudent utilization of resources that led to savings generated from operating expenses and the non-implementation of some</p>	<p>2019 AAR pars. 14 to 14.8</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>Agency's programs/projects/activities (PPAs).</p> <p>Moreover, the Budget Division has not yet been able to update the eBudget System preventing the generation of all the required registries for appropriation, allotment, obligation and disbursement for CY 2019 and full utilization of the system for efficient and up-to-date monitoring, accounting and reporting of budget utilization.</p> <p>We recommended that Management to:</p> <p>a. continue the prudent utilization of budget resources generating savings in its operations while ensuring achievement of the target agency performance on its mandated programs, projects and activities; and</p> <p>b. direct the Budget Division to update the eBudget system for the generation of required budget registries which will facilitate efficient monitoring of budget utilization and preparation of corresponding reports thereon.</p>			<p><i>Fully Implemented</i> The Management continuously exercises prudence and due diligence "as a good father of a family" in disbursing government funds consistent with its intended purposes as identified in the GAA.</p> <p><i>Fully Implemented</i> The Budget Division is currently using the latest version of e-Budget System. Ms. Lara dela Torre, COA Central Office, with the assistance of POEA ICT, reconfigured and updated the system.</p>

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<p>19. The POEA formulated GAD Plan and Budget (GPB) designed to address gender issues within its concerned sector or mandate and endorsed to PCW its GPB for CY 2019 of ₱38,809,000.00 or 8.66 percent of its total appropriation which met the minimum five percent allocation required by with Section 8 of PCW-NEDA-DBM Joint Circular No. 2012-01 and Section 32 of the FY 2019 GAA. Furthermore, the target GAD outputs were accomplished, with expenditures incurred within the GPB.</p> <p>We recommended that Management continue developing and implementing more GAD related programs, projects and activities that promote gender equality.</p>	<p>2019 AAR pars. 15 to 15.7;</p>		<p>Fully Implemented POEA continues to develop and implement GAD related programs and activities.</p>
CY 2018			
<p>20. 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 the financial statements and will result in inefficient monitoring of disallowance/charge settlements.</p> <p>We recommended, and the concerned Accounting officials agreed, to make necessary</p>	<p>2018 pars. 1.c to 1.33</p>	<p>The recommended adjusting entries will be prepared to correct</p>	<p>Not Implemented Verification per e-NGAS no record of</p>

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<p>adjustments to 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 RRSA.</p>		<p>the balance of the affected account.</p>	<p>adjustment has been made in the books.</p>
<p>21. 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 increased the chance of becoming uncollected.</p> <p>We recommended, and the concerned Management officials agreed, to:</p> <p>a. advise the Chief Accountant to send another set of demand letters to liable persons/accountable officers/debtors whose whereabouts are still traceable; and</p> <p>b. 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</p>	<p>2018 AAR pars 1.d to 1.38</p>	<p>The POEA Finance Branch – Accounting Division will comply with all the COA recommendations regarding this account.</p>	<p><i>Not Implemented</i> As verified, no Demand Letters were sent to persons liable to settle their outstanding cash advance balances.</p> <p><i>Not Implemented</i> The Management agreed to consider requesting for write-off in case all efforts have been exhausted to settle the remaining uncollected cash advance balances. To date, no request for</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>receivables from disallowances.</p>			<p>write-off has been submitted.</p>
<p>22. 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>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.</p>	<p>2018 AAR pars. 1.h to 1.67</p>	<p>This will be adjusted to reclassify the completed project to the proper PPE account as well as adjust the Depreciation account.</p>	<p><i>Not Implemented</i> Verification per e-NGAS, no adjustment has been made in the books to correct the account balances.</p>
<p>23. 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 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.</p>		<p>In 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 and traced back by the Accounting Division to obtain the details of the account.</p>
<p>24. 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</p>	<p>2018 AAR pars. 1.n to 1.105</p>		

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<p>which were not supported with particulars/details and pertinent documents, thus the validity of the trust liabilities could not be ascertained, rendering the Guaranty/Security Deposits Payable balance unreliable.</p> <p>We recommended and the Management agreed to direct the Chief Accountant and Staff to:</p> <p>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</p> <p>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.</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> Per verification made with e-NGAS, adjusting entries has yet to be recorded in the books.</p> <p><i>Not Implemented</i> Per verification made with e-NGAS, adjusting entries has yet to be recorded in the books.</p>
<p>25.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 absence or lack of supporting</p>	<p>2018 AAR pars. 1.p to 1.119</p>		

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<p>documents and settlement thereof could no longer be determined, thus affecting the fair presentation of the account in the FSs.</p> <p>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.</p> <p>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.</p>		<p>As per COA recommendation, this account will be verified and traced back to obtain the breakdown. In case all efforts have been exhausted and there are no more available documents, request for authority for the necessary adjustments will be submitted to COA.</p>	<p><i>Not Implemented</i> Due to difficulty of obtaining documents from previous years' transactions, the Accounting Division has yet to verify and trace back the supporting documents to establish the breakdown of the account.</p> <p><i>Not Implemented</i> Same as above.</p>
<p>26.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>We recommended that the Management require the Dragonpay to post a surety bond which shall be issued by a reputable surety company in the</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</p>	<p><i>Not Implemented</i> No Surety Bond has been posted by Dragonpay as of December 31, 2020.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>amount of ₱600,000.00 in favor of POEA, pursuant to the MOA.</p>		<p>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 will communicate with the Dragonpay Corporation about the requirement for a Surety Bond so they can comply with it.</p>	
<p>27. 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>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.</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</p>	<p><i>Not Implemented</i> Some DTRs of the officials and employees were not submitted in a particular month or lacking, making it difficult for the Management to update the leave cards. Nonetheless, Management has continuously exerted efforts to remind concerned officials and employees on the</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		<p>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 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</p>	<p>submission of the DTRs. Monitoring of leave cards were not yet updated to reflect the missing/inadequate data.</p>

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
		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.	
<i>CY 2017</i>			
<p>28. 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>We recommended that the concerned POEA officials:</p> <ul style="list-style-type: none"> 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 	<p>2017 AAR pars. 3-3.19;</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 Licensing and Regulation Office (LRO). Since the</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 Regulations Governing the Recruitment and</p>

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<ul style="list-style-type: none"> revisit the guidelines on escrow deposits to make them exclusively for the satisfaction of the POEA's money claims cases. 		<p>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>Employment of LB Filipino Workers.</p> <p><i>Not Implemented</i> Same as above</p>
<p>29. 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</p>	<p>2017 AAR pars. 6-6.8; 2016 AAR pars. 4-4.6;</p>		

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<p>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>We recommended that the Management 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.</p>	<p>2013 AAR pars. 61-70</p>	<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><i>Not Implemented</i> 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>30. 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>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 account for all collections and</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 incompatibility of the</p>	<p><i>Not Implemented</i> Of the ₱300,004,200.00 ePS collections covering January 2016-October 2018, ₱296,206,700.00 was confirmed by BTr as</p>

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<p>remittances. In case of failure to comply, the appropriate Notice of Charge will be issued to enforce full remittance of collections.</p>		<p>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 on April 11, 2018.</p> <p>Another meeting was again conducted with LBP on August 7, 2018 regarding this matter and all the necessary documents were provided them for their reference and verification.</p> <p>The Management is constantly communicating with LBP to finally resolve this problem.</p>	<p>remitted, leaving an unconfirmed amount of ₱3,797,500.00. The Management will continue coordinating with LBP until the problem is resolved.</p>
<p>31. 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>We reiterated our PY's audit recommendations that the Management direct the</p>	<p>2017 AAR pars. 15- 15.11</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>concerned officials of the Accounting Division to:</p> <ul style="list-style-type: none"> • conduct continuous analysis of accounts with abnormal balances, especially those which are still with available records; • conduct reconciliation of records with GSIS, Pag-IBIG and other government financial institutions/ employees associations regarding over remittances, if there are any; and • reconcile accounts with abnormal balances and immediately prepare necessary adjustments to reflect the correct balances. 		<p>The Management commented that they will reconcile and prepare JEVs for the affected account.</p>	<p><i>Not Implemented</i> Records are no longer available as basis for the analysis of the accounts with abnormal balances.</p> <p><i>Not Implemented</i> Records are no longer available as basis for the analysis of the accounts with abnormal balances.</p> <p><i>Not Implemented</i> Reconciliation may no longer be feasible as there are no longer available records to determine the cause/s of having abnormal balances which existed for several years already.</p>
CY 2016			
<p>32. 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</p>	<p>2016 AAR pars. 8-8.9</p>		

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<p>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>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.</p>			<p><i>Not Implemented</i> A Recruitment Agreement is not yet executed with MOH-KSA.</p>
<p>33. 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> <p>We recommended that the Management:</p> <ul style="list-style-type: none"> • 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 • prepare specific guidelines on the utilization of the FEGTF in accordance with existing government accounting and auditing rules and 	<p>2016 AAR pars. 9-9.8</p>	<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</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 are not yet available.</p>

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regulations.		<p>MOU until a new one is signed.</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 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 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</p>	

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		<p>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>34. 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>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.</p>	<p>2016 AAR pars. 18- 18.4</p>	<p>With the implementation of the enhanced e-NGAS, these SLs will eventually be reconciled. The correct format of the SL is already established in the system.</p>	<p><i>Not Implemented</i> Since there were no separate books for GF and Trust Fund (TF) before the migration of the Agency to e-NGAS in year 2016, all amounts 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>

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<p>35.Land including the Office Building located in Mandaluyong 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>We recommended that the Management:</p> <ul style="list-style-type: none"> • 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 • submit the necessary JEV to the Audit Team. 	<p>2016 AAR pars. 21.5- 21.13</p>	<p>A letter-request 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 their 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>36.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</p>	<p>2016 AAR pars. 25.12</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>depository bank or were not attached to the RCDs, contrary to COA Circular No. 95-006 and the RCEM.</p> <p>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.</p>	<p>- 25.18</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><i>Not Implemented</i></p> <p>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>