

**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	15	52
Not Implemented	14	48
Total	29	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.

Moreover, out of the 60 audit recommendations, 28 were reiterated in Part II of this report while three were considered closed. Discussed below are the 15 audit recommendations that were implemented and 14 that were not implemented as at yearend, as shown in the results of the Auditor’s validation:

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor’s Validation
<i>CY 2020</i>			
<p>1. The reported balance of the account Due from NGAs (DBM-PS) as of December 31, 2020 amounting to ₱6,512,833.92 is misstated by ₱3,296,595.02 due to unrecorded deliveries in CYs 2019 to 2020 amounting to ₱3,306,595.02 and correcting entry of ₱10,000 which was recorded twice.</p> <p>We recommended that the POEA Management require:</p> <p>a. the Property Officer to forward to the Accounting Division promptly all pertinent documents pertaining to receipts of goods and issuances made</p>	<p>2020 AAR paras. 1.8-1.24;</p> <p>2019 AAR paras. 1.a to 1.20;</p> <p>2018 AAR paras. 1.e to 1.46;</p> <p>2017 AAR</p>	<p>Conducted meeting with General Services and Property Division and Accounting Division to remind them of their</p>	<p>Fully Implemented</p> <p>GSPD forwards to Accounting Division records of deliveries on a monthly basis.</p>

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<p>thereto, particularly the deliveries made by DBM-PS, for proper recording in the Accounting books;</p> <p>b. the Chief Accountant to make adjustments in the books for the unrecorded current and prior year DBM-PS deliveries to establish the correct account balance; and</p> <p>c. the Chief Accountant to immediately bring to the DBM-PS' attention the reconciling items determined for correction in</p>	<p>paras. 10-10.8;</p> <p>2016 AAR paras. 20-20.8</p>	<p>responsibilities, in particular to ensure proper recording of advance payments and deliveries/receipts of goods.</p> <p>Point persons of GSPD and Accounting Division are planning to meet quarterly to reconcile each Divisions' record.</p> <p>Gather supporting documents and prepare adjusting entries.</p> <p>The unrecorded deliveries were already recorded per the following JEVs: 2021-05-001093 2021-05-001092 2021-05-000120 2021-05-000119 2021-05-000878 2021-05-000089 2021-05-000878</p> <p>Double recording of correcting entry for CAEP transaction (par. 1.16) was already adjusted per JEV No. 2021-05-000081.</p> <p>Since the last quarter of 2020, the POEA Accounting is in constant communication with</p>	<p><i>Fully Implemented</i></p> <p>The recorded JEVs were already verified in e-NGAS.</p> <p><i>Fully Implemented</i></p> <p>The unrecorded POEA's advance payments in DBM-PS</p>

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<p>their books.</p>		<p>DBM-PS Accounting. The DBM-PS has also provided POEA with Subsidiary Ledger ending December 31, 2020. The Accounting personnel assigned is in the process of reconciling the account.</p>	<p>books for 2017-2020 (as shown in par. 1.19 Table 5) were already reflected in the Subsidiary Ledger as of May 31, 2021 provided by DBM-PS.</p>
<p>2. Accounts Payable paid in CY 2020 for the 5th to 8th Progress Billings for the renovation of the POEA Blas F. Ople (BFO) Building Ground Floor, Mezzanine Floor, and Sixth Floor - Governing Board Room were erroneously recorded net of liquidated damages (LDs), hence resulted in the overstatement of the Accounts Payable by ₱3,120,211.85, and understatement of Miscellaneous Income account balance by the same amount.</p> <p>We recommended that Management direct the Chief Accountant to:</p> <p>a. observe the proper recording of the progress payments of contracts previously set up as Accounts Payable following the prescribed entries in the GAM for NGAs; and</p>	<p>2020 AAR paras. 1.25- 1.35</p>	<p>Management recorded payments of progress billing as prescribed in the GAM for NGAS.</p> <p>In 2021, for the 9th billing of OCM Steel Corporation, in particular, liquidated damages was already recorded as Miscellaneous</p>	<p>Fully Implemented</p> <p>As of November 30, 2021, progress payments for 2021 with liquidated damages were properly recorded and recognized as income in e-NGAS.</p>

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		Income. Succeeding payments for progress billings of contractors will be recorded in the books using the prescribed entries in the GAM for NGAs.	
<p>3. The accounting entries made to record the remittances of the penalties of ₱63,213.98 to the BIR were found erroneous, which reduced the balance of the account Due to BIR and overstated the Trust Liabilities by such amount.</p> <p>We recommended that Management direct the Chief Accountant to make the necessary adjusting entries to correct the error in recording of remittances of penalties to the BIR.</p>	2020 AAR paras. 1.36-1.40	<p>JEV No. 2021-05-000090 was already prepared to adjust the erroneous entry.</p>	<p>Fully Implemented</p> <p>JEV No. 2021-05-000090 dated May 14, 2021 was already verified in e-NGAS.</p>
<p>4. The POEA income from Processing Fees for CY 2020 included prior year's collection from Philippine Overseas Labor Offices' (POLO) Overseas Employment Certificate (OEC) of ₱2,311,458.73, which were recorded only in CY 2020, hence resulted in the overstatement of the reported income at yearend.</p> <p>We recommended that the Management require the Chief Accountant to make adjustments as necessary, to take up the misstatements in the recorded Processing Fee and Accumulated</p>	2020 AAR paras. 1.41-1.49	<p>Accountant in-charge was already instructed to review entries pertaining to prior year transactions, particularly POLO collections.</p>	<p>Fully Implemented</p> <p>Remittance of Interest Income for December 2020 under JEV No. 2021-01-000009 was already verified in e-</p>

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<p>Surplus/(Deficit) account and to also take up the unrecorded interest income earned through the depository accounts and remit the same to the BTr.</p>		<p>4th Quarter Interest Income from LBP-0552-1002-20 was also already remitted per JEV No. 2021-01-000009. Interest Income from DBP was already debited from the account on January 4, 2021.</p>	<p>NGAS.</p>
<p>7. Several PPE items were not appropriately recorded in their proper account classification as prescribed under the RCA of the GAM for NGAs, Volume III, hence either overstating or understating some items/classes of PPEs including their respective accumulated depreciation in the aggregate amount of ₱7,197,226.62 in CY 2020.</p> <p>We recommended that Management direct the Chief Accountant to reclassify the abovementioned PPEs to their proper accounts to correct the PPE balances in the books of accounts.</p>	<p>2020 AAR paras. 5 - 5.5</p>	<p>Management verified the original entries made, gathered supporting documents and prepared adjusting entries.</p>	<p>Not Implemented The Accountant in-charge is currently verifying original entries made for these transactions.</p>
<p>8. Discrepancies of ₱63,598,694.12 were noted between the balances of the account PPE as against the Report on the Physical Count of PPE (RPCPPE) due to: a) PPEs physically counted but not recorded totaling ₱11,249,081.03, b) recorded but not existing valued at ₱27,676,284.99, and c) some</p>	<p>2020 AAR paras. 6 - 6.9; 2019 AAR paras. 5 to</p>		

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<p>recorded value/costs in the books differ with the amounts in RPCPPEs by ₱47,171,490.16, aside from the unidentified items of Building, Other Equipment, and Other PPE recorded as part of beginning balances in the POEA books in CY 2016 upon transition to e-NGAS and named as 'For reconciliation' with a net book value of ₱81,278,940.09, hence cast doubt on the existence and completeness of recorded PPE and rendered the year-end balances unreliable. Furthermore, Property Cards (PCs) were not properly maintained for all items of PPE.</p> <p>We recommended that the Management require the:</p> <p>a. Chief Accountant to:</p> <p>a.1 maintain PPELC to present the details of the PPE per account category instead of a lump sum basis;</p> <p>a.2 make adjusting entries to reflect the PPEs found existing but not recorded in the books of accounts;</p>	<p>5.7; 2018 AAR paras. 1.g to 1.62; 2018 AAR paras. 1.i to 1.76; 2017 AAR paras. 11- 11.6; 2017 AAR paras. 12- 12.9 2016 AAR paras. 22- 22.11</p>	<p>Due to numerous PPE owned by POEA, as of report date, only soft copies of the schedule of some PPEs are available. Ledger cards for those PPE categories with reconciled records with GSPD will be prepared.</p>	<p><i>Not Implemented</i></p> <p>The Accounting staff assigned is currently gathering documents pertaining to this account.</p> <p><i>Not Implemented</i></p> <p>Only Motor Vehicles account has been reconciled. Adjustments to the account to bring it into its proper balance were made per JEV Nos. 2020-08-002941,</p>

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			2020-08-002944, 2020-11-003202, and 2020-11-003207.
<p>9. The unutilized funds under Trust Liabilities amounting to ₱15,727,638.67 recorded under the Cash in Bank (CIB) - Local Currency, Current Account (LCCA) intended to cover expenditures for Employment Permit System (EPS) – Test of Proficiency in Korean (TOPIK), EPS-Training Fees, CAEP and Pre-Licensing Orientation Seminar (PLOS) remained unremitted to the Bureau of the Treasury (BTr) as at December 31, 2020, contrary to the provisions provided in Sections 4 and 65 of PD No. 1445 that resulted in unrealized and unrecognized Miscellaneous Income accruing to the General Fund of the government.</p> <p>We recommended that Management require:</p> <p>a. the concerned Officers to remit promptly to the BTr all unutilized trust funds for EPS-TOPIK, EPS-Training Fees, CAEP and PLOS and henceforth, require strict adherence to the provisions stated in Section 65 of PD No. 1445; and</p>	2020 AAR paras. 10 - 10.9	The concerned officers checked details of the balances of Trust Liabilities accounts and the Work & Financial Plan of the program implementors and recommended for remittance to BTr the unutilized/excess fund.	<p>Fully Implemented</p> <p>The e-NGAS balances and the manual SL are presently being reconciled by the Accounting Division. Partial remittance had been made for the unutilized trust funds as of December 31, 2021. The remaining unutilized balance was earmarked for the</p>

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<p>b. the Accountant to make the necessary entries to recognize the unutilized funds as income upon remittance to the BTr.</p>		<p>The Accountant recorded with proper entries the remittance to BTr.</p>	<p>proposed projects and activities for CAEP.</p> <p>Fully Implemented Necessary entries were properly prepared for the partial remittance of the unutilized trust funds as of December 31, 2021.</p>
<p>10. Forty (40) Service Agreement contracts with an aggregate budget of ₱3,517,819.73 entered into by the POEA contain provisions for the payment of 13th month pay, service leave incentives and mandatory deductions, which is not in accordance with DBM-Civil Service Commission (CSC)-COA Joint Circular No. 1 s. 2017, as amended. Furthermore, audit of the submitted DVs totaling ₱3,137,220.36 disclosed that no taxes were withheld from the payments of the monthly service fees of the Job Orders/Contractors, nor supported with any document/s showing compliance with the tax laws requirements.</p> <p>We recommended that the Management direct all the concerned POEA officials to:</p> <p>a. revise the pro-forma Service Agreement Contract and provisions to conform to DBM-CSC-COA Joint Circular No. 1 s. 2017, as amended;</p>	<p>2020 AAR paras. 11 - 11.11</p>	<p>Effective March 2021, the Human Resources Development Division revised the pro-forma contract for Job Order/contractors, to</p>	<p>Fully Implemented The provisions reflected in a Contract of Service for July 1, 2021 to December 31,</p>

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<p>b. support the Service Agreement contracts with duly revised project documents with provisions on the basis of monthly rates of the Job Orders/Contractors.</p>		<p>exclude the standard social benefits program and the 13th month pay.</p> <p>Required approved project documentation from units requesting job order/service contractors</p>	<p>2021 was verified and found in accordance with DBM-CSC-COA Joint Circular No. 1 s. 2017, as amended.</p> <p>Fully Implemented</p> <p>Project documentations on the hiring of JOs/Service Contractors were submitted on May 31, 2021. Renewal of contracts and new JOs are now required to submit approved project documentation before contracts are signed.</p>
<p>11.Out of the total allotment of ₱549,659,617.26 for Personal Services (PS), Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) for CY 2020, the amount of ₱534,646,257.05 was obligated, leaving ₱15,013,360.21 or 2.73 percent unutilized or savings generated due to cost-cutting measures and reduced operating expenses, and cancellation/deferment of some programs/activities because of the current Pandemic situation.</p> <p>We commended the Management in its effort in implementing cost-cutting measures and the reduction of related expenses showing an efficient utilization of financial</p>	<p>2020 AAR paras. 12 - 12.9;</p> <p>2019 AAR paras. 14 to 14.8</p>		<p>Fully Implemented</p> <p>The Management continuously exercises prudence in disbursing government funds</p>

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<p>resources. However, in view of the effects of the Pandemic brought about by COVID-19, we recommended that Management continue to monitor activities affected by the Pandemic and to continue to develop initiatives, such as the conduct of services/activities online or limit the activities outside of POEA office premises, which would further enhance prudent utilization of resources in the achievement of the target agency performance on its mandated programs, projects and activities.</p>			<p>consistent with its intended purposes as identified in the GAA.</p>
CY 2019			
<p>12. Erroneous recording of remittances to the Bureau of the 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; 2018 AAR pars. 1.b to a.26</p>		<p>Fully Implemented</p> <p>Adjustment was done thru JEV No. 2021-09-000477. Trust Liabilities account balance was already adjusted pertaining to CYs 2018 and 2019 EGTF remittance to BTr.</p>

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<p>13.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 Employee Guarantee Trust Fund and the proper utilization thereof.</p>	<p>2019 AAR paras. 12 to 12.12;</p> <p>2017 AAR paras. 4-4.15;</p> <p>2016 AAR paras. 10-10-7;</p> <p>2016 AAR pars. 9-9.8</p>	<p>Already calendared for discussion in Directorate's meeting and to designate TWG for FEGF and prepare guidelines</p>	<p><i>Not Implemented</i> TWG for FEGF was reconstituted per Special Order (SO) 23 S. 2021 but.</p>

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CY 2018			
<p>14. 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 paras. 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>Fully Implemented</p> <p>Per verification with e-NGAS, the following JEVs were prepared as adjustments for the affected accounts:</p> <p>*Office Equipment-2019-12-004990</p> <p>*CIP-Building & Other Structures-2016-12-003409, 2019-12-004990, 2019-12-004991, 2018-12-004378</p> <p>*Accounts Payable-2018-12-004378</p> <p>*Accumulated Dep, Accumulated Surplus</p>

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			& Dep. Expense-2019-12-004992.
<p>15.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 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</p>	<p>2018 AAR paras. 1.n to 1.105</p>	<p>As per COA recommendation, the correcting entries to record the Retention Money as Guaranty Deposit Payable will be prepared.</p>	<p>Not Implemented</p> <p>Per verification made with e-NGAS, adjusting entries have yet to be recorded in the books.</p>

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<p>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>An entry was made to transfer Retention Money amounting to ₱605,624.77 from SL balances "Others" to its proper subsidiary ledgers. The balance of ₱2,450,262.80 represents payments for bid bond/bid docs.</p>	<p>Fully Implemented</p> <p>Per verification made with e-NGAS, JEV No. 2021-09-003269 was prepared to</p>
<p>16. Dragonpay Corporation failed to post surety bond issued by a reputable surety company in the amount of P600,000.00 in favor of POEA as required in the MOA entered into among BTr, LBP and Dragonpay.</p> <p>We recommended that the Management require 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.</p>	<p>2018 AAR paras. 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 maintaining 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>Not Implemented</p> <p>No Surety Bond has been posted by Dragonpay as of December 31, 2021.</p>

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<p>17. 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 paras. 8 to 8.4</p>	<p>Constant monitoring of the monthly submission of employees' DTRs is being done.</p>	<p>Fully Implemented</p> <p>Management has continuously exerted efforts to remind concerned officials and employees on the submission of the DTRs. Monitoring of the monthly submission of employees' DTRs is being done.</p>
CY 2017			
<p>18. 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> <p>a. conduct further study on the</p>	<p>2017 AAR paras. 3- 3.19;</p> <p>2016 AAR paras. 2- 2.12</p>	<p>The Management will</p>	<p>Not Implemented</p>

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<p>possibility of increasing the escrow deposit during the pendency of the case and not merely upon renewal of licenses of recruitment agencies; and</p> <p>b. revisit the guidelines on escrow deposits to make them exclusively for the satisfaction of the POEA's money claims cases.</p>		<p>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 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</p>	<p>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 Employment of LB Filipino Workers.</p> <p><i>Not Implemented</i> Same as above</p>

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		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>19. 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>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>2017 AAR paras. 6-6.8;</p> <p>2016 AAR paras. 4-4.6;</p> <p>2013 AAR paras. 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 POEA's records, any deficiencies noted will be communicated to HRD Korea so they can remit the balance to POEA.</p>	<p><i>Not Implemented</i></p> <p>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>20. Remittances totaling ₱187.858 million made from January 2016 to September 2017 by the LBP to</p>	<p>2017 AAR paras.</p>		

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<p>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 remittances. In case of failure to comply, the appropriate Notice of Charge will be issued to enforce full remittance of collections.</p>	<p>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 systems. To clear the matter, POEA ICTB and Finance Branch – Accounting Division, together with the resident COA Auditors met with the BTr and with the 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</p>	<p><i>Not Implemented</i></p> <p>Of the ₱300,004,200.00 ePS collections covering January 2016-October 2018, ₱296,206,700.00 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>

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		constantly communicating with LBP to finally resolve this problem.	
<i>CY 2016</i>			
<p>21. 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 CYs 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>	2016 AAR paras. 8-8.9		<p><i>Not Implemented</i></p> <p>A Recruitment Agreement is not yet executed with MOH-KSA.</p>
22. 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	2016 AAR paras. 9-9.8		

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<p>Employment of Land-based Overseas Workers of 2002.</p> <p>We recommended that the Management 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.</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 MOU until a new one is signed.</p>	<p><i>Not Implemented</i> The Management has yet to submit an explanation/ justification letter regarding this matter.</p>
<p>23.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 account Buildings and Accumulated Depreciation and understating 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>	<p>2016 AAR paras. 21.5- 21.13</p>		

Audit Observations and Recommendations	Ref.	Management Action	Status of Implementation and Auditor's Validation
<p>a. 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>		<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></p> <p>Management sought the assistance of LGU-Mandaluyong but no reply has been received yet.</p>
<p>24.Original copies of canceled 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 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 canceled accountable forms and validated remittance requests to support the RCDs.</p>	<p>2016 AAR paras. 25.12 - 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 canceled ORs/OECs, were not yet submitted to the Audit Teams.</p>