

Agency Action Plan and
Status of Implementation
Audit Observations and Recommendations
As of December 31, 2021

Reference	Audit Observation	Recommendation	ACTION PLAN	PERSON/DEPT. RESPONSIBLE	TARGET DATE IMPLEMENTATION		STATUS OF IMPLEMENTATION	REASON FOR PARTIAL/ DELAY/ NO IMPLEMENTATION IF APPLICABLE	ACTION TAKEN/ ACTION TO BE TAKEN
					FROM	TO			
AOMNo.2021-001-101(2020)DOLE R02 Date : January 12, 2021	1. The copy of the Memorandum of Agreement executed between the agency and Michel J. Lhuillier Financial Services, Inc. was not submitted to COA within the prescribed period contrary to COA Circular No. 2009-001 dated February 12, 2009, thereby causing the delay in the review and evaluation of the same.	We recommend that management shall accomplished a duly notarized MOA to ensure a valid and binding agreement and furnish a copy thereof to COA for audit purposes pursuant to COA Circular No. COA Circular No. 2009-001 dated February 12, 2009.		IMSD	JANUARY 2021	MARCH 2021	FULLY IMPLEMENTED		Accomplished a duly notarized MOA and furnished copy given to COA for audit purposes pursuant to COA Circular No. 2009-001 (Annex 2021-001-101(2020))
	2. There is an unclaimed amount of P2,238,050.00 by the beneficiaries and still in the custody of Michel J. Lhuillier Financial Services, Inc., Service Provider for a period of more than two to nine months. Further, said balance was not yet turned-over or returned to DOLE up to this time.	We recommend that management require Michel J. Lhuillier Financial Services, Inc. to return the unclaimed amount of P2,238,050.00 for proper accounting thereof. Likewise, provide a provision in the MOA a prescriptive period in the distribution of the financial assistance to beneficiaries and refund of the unclaimed amount if any, to DOLE.		IMSD	JANUARY 2021	MARCH 2021	FULLY IMPLEMENTED		Michel J. Lhuillier Financial Services already returned the unclaimed amount to DOLE R02 for proper accounting
AOM No. 2021-002-101(2020) DOLE R02 Date: January 29, 2021	Late submission of monthly financial reports together with official receipts issued, paid payrolls and disbursement vouchers and supporting documents	We recommend Management to require the Cashier to submit immediately the accounts and financial reports covering the period October 1 to December 31, 2020 to the accounting unit for recording in the books of accounts and for submission to the audit team pursuant to Section7 of COA Circular No. 2009-006 dated September 15, 2009.		IMSD	JANUARY 2021	DECEMBER 2021	FULLY IMPLEMENTED		Financial Reports were already submitted and disbursement vouchers were already submitted. (Annex 2021-002-101)

AOM No. 2021-003-101(2020) DOLE RO2 Date: February 11, 2021	Non-adjustment of stale checks under Cash-Modified Disbursement System (MDS) and Regular and Cash in Bank-Local Currency, Current Account in the books amounting to P77,780.52 and P84,910.77, respectively.	a. Direct the Accountant to prepare a Journal Entry Voucher to adjust the stale checks in the books amounting to P77,780.52 and P84,910.77 for MDS, Special Account and Trust Fund-RCC, respectively in order to reflect the correct balances of Cash in Bank, Liabilities and Accumulated Surplus accounts;		IMSD	JANUARY 2021	MARCH 2021	FULLY IMPLEMENTED		Adjustments were already reflected in March 31, 2021 Financial Statements.
		b. Send a written notice to the payees concerned to return the stale checks in their possession for replacement; and		IMSD	JANUARY 2021	MARCH 2021	FULLY IMPLEMENTED		Written notice were already given to the concerned payees. (Annex 2021-003-101)
		c. Henceforth, advise payees to negotiate the checks in their possession within the prescriptive period to prevent them from becoming stale.		IMSD	JANUARY 2021	MARCH 2021	FULLY IMPLEMENTED		Prior to the release of check to the payees, they were advised to negotiate the same before it become staled as indicated in the face of the check.
AOM No. 2021-004-101 (2020)DOLE RO2 Date: March 10, 2021	Some beneficiaries availed more than one DOLE program under the Bayanihan 1 resulting in the overpayment of P292,150.00 contrary to the guidelines provided in Department Order Nos. 209 (DOLE-AKAP), 210 (CAMP), 212 (TUPAD-BKKB) issued by DOLE; and MRC No. 2020-06-17-183 issued by the BWSC; which deprived other qualified beneficiaries from receiving financial assistance to mitigate the economic effects of the COVID-19 pandemic.	We recommend that Management require the beneficiaries concerned to refund the corresponding overpayment of P292,150.00 otherwise Notice of Disallowance will be issued. Further, Management should conduct thorough verification of applicants and be more prudent in approving of applications to avoid overpayment of financial assistance pursuant to Department Order Nos. 209 (DOLE-AKAP), 210 (CAMP), 212 (TUPAD-BKKB) issued by DOLE; and MRC No. 2020-06-17-183 issued by the BWSC.		TSSD	JANUARY 2022	DECEMBER 2022	ONGOING		Justification were already communicated to our resident auditor and demand letters to the concerned beneficiaries were already issued. (Annex AOM 2021-004-101)
AOM NO: DOLE R02-101-2021-005, Date September 20, 2021	Liquidated Damages of P 473, 136.95 was not imposed and deducted from the claim of the dealer/supplier with a delay of 37 days to 84 calendar days in the delivery of the 100 units motorized banca, in vilolation of the provisions of the provisions of Sections of Section 3.1 - Annex D of the Revised IRR of Republic Act No. 9184	We recommend that management submit valid justification for the non-deduction of said liquidated damages against the supplier for the delay ranging from 37 to 84 days, otherwise require the supplier/contractor to refund the amount of P 473, 137.00 representing liquidated damges due to delay in the delivery of te100 units motorized banca, nit deducted from its claim pursuant to Section 3.1 - Anne D of the Revised IRR of REpublic Act No. 9187		R02	SEPTEMBER 2021	DECEMBER 2021	FULLY IMPLEMENTED		During our monitoring of the project implementation in November 2020, the supplier stated his predicament that it takes a longer time to produce the fishing bancas due to cold and rainy weather. Typhoon Ulysses also struck the region in November 2020 which hindered the production of the bancas. However , the supplier was validly justified to extend the period for additional three (3) months to deliver the bancas coupled with the latter's unwavaring commitment to complete the project despite the challenges. (Annex 2021-005- 101)

<p>AOM NO: DOLE R02-101-2021-006, Date September 29, 2021</p>	<p>Retention money was not deducted from the supplier's claim amounting to P899,950.00 and neither was the supplier required to post irrevocable letter of credit or surety bond callable on demand as substitute for said retention money which should have been used to cover the uncorrected discovered defects of some of the delivered bancas to the end-users, in violation of Item 6- Annex E of the Revised IRR of RA No. 9184, thus causing the delay in the use of the bancas intended for their livelihood. Further, some bancas were not operational due to incomplete parts, defects or not assembled, attributed to the lack of periodic monitoring of DOLE on the status of the implementation of the project particularly the condition, completion/delivery of the parts and assembly of the bancas thus, delaying the utilization thereof for livelihood of the intended beneficiaries.</p>	<p>We recommend that management:</p> <p>a) require the supplier to complete the deliveries of the lacking parts of the 100 units bancas, address the deficiencies of the engine defects and such other related deficiencies. Likewise, request the concerned LGUs to provide the pakaways as well as to assemble the bancas, in as much as the beneficiaries could not provide due to lack of funds. Notice of suspension/disallowance will be issued in audit for the unfinished works/defects and undelivered parts and other noted deficiencies as the case may be.</p> <p>b) Further, submit justification why no retention money was deducted from the payment made to the supplier, or required to post irrevocable letters of credit, bank guarantees or surety bond callable on demand as substitute for said retention money to answer for the defects that have been encountered in the use of the bancas pursuant to Item 6- Annex E of the Revised IRR of RA No. 9184.</p> <p>c.) Also, explain why the Inspection and Acceptance Committee signed the IAR, received and accepted the bancas despite the incomplete accessories and non-conduct of tests of the engines.</p> <p>d) Instruct the Cagayan Field Office in charge of the project to conduct immediate inspection of the 100 units bancas to determine the status as to completeness of parts, assembly, operation/utilization thereof, to determine if the project is fully implemented and utilized effectively for livelihood of the beneficiaries.</p>	<p>R02</p>	<p>SEPTEMBER 2021</p>	<p>DECEMBER 2021</p>	<p>FULLY IMPLEMENTED</p>	<p>In response to item A, it is worthy to note that the 100 motorized bancas and the fishing gears, based on the specifications provided, were completely delivered by the supplier to the PESO of the concerned LGU's (Annex A 2021-006)</p> <p>Anent item "b", the supplier's work, being satisfactorily done, does not necessitate the deduction of retention money, and by the same reason that the Inspection and Acceptance Committee signed the IAR. (Annex B 2021-006)</p> <p>Actual testing of the engines in the presence of BFAR Representative was also conducted to verify its good quality and worthiness prior to its eventual turn-over to the intended beneficiaries. (Annex C 2021-006)</p> <p>In compliance to item "d", a Memorandum was issued to the Cagayan-Batanes FO to inspect the subject 100 motorized bancas for the purpose of determining the status as to completeness of parts, assembly, operation utilization of the same. (Annex D 2021-006)</p>
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<p>AOM NO: DOLE R02-101-2021-008, Date September 29, 2021</p>	<p>Provisions of Republic Act No. 9184 and its Revised Implementing Rules and Regulations (RIRR) were not observed and complied with in the procurement of the 100 units Motorized Banca, hence, defeated the purpose of transparency, competitiveness, and economy in the procurement process.</p>	<p>1. We recommend that management enjoin the Bids and Awards Committee to recommend to the HoPE the adoption of public bidding as the general mode of procurement, in accordance with Article IV, Section 10 of the RIRR of RA No. 9184 so that more qualified and eligible bidders can participate and enable the government to obtain the most advantageous price. Stop the practice of adopting direct contracting if the requirement under Section 50 of the RIRR of RA No. 9184 are not met.</p> <p>2. We recommend that management instruct the BAC to observe the holding of the required pre-procurement conference in the procurement of goods with an AEC of above P2,000,000.00 to ensure that the procurement process are done within the timelines set under Annex C of the Revised IRR of RA No. 9184. Likewise, explanation is required as to the inconsistencies of the data/information and why the BAC should not be dealt with accordingly with these deficiencies noted as follows:</p> <ul style="list-style-type: none"> -Notices of Award and Notice to Proceed - no dates -Notice of Proceed was issued and received by the supplier on December 14, 2020, while Purchase Order dated November 23, 2020, was already perfected and received by the supplier in the conformed portion thereof. -Delivery date stipulated in the PO is December 8, 2020, meaning the date of delivery is earlier than the date of receipt of the Notice to Proceed by the supplier which is December 14, 2020. -The opening of bid is November 23, 2020, and the Bid Evaluation is also November 23, 2020. Annex C of the RIRR requires that Bid Evaluation should be done a day after opening of bids. 		R02	SEPTEMBER 2021	DECEMBER 2021	FULLY IMPLEMENTED		<p>1. The management made a valid justification why direct contracting method was adopted instead of public bidding in the procurement of 100 units of motorized banca in the amount of P 8,995,000.00.</p> <p>2. The BAC Resolution as a basis of management in the change of other mode of procurement, particularly to direct contracting, is attached and made part hereof. The said document was not previously submitted due to mere inadvertence on account of sheer volume of documents involving this project.</p> <p>3. While the supplier RG Talaro Motor Sales and Service Center submitted a Certificate of Sole Manufacturer of Fiber Glass Motorized Bangka, the same was not the sole consideration of the procuring entity in awarding the contract. The procuring entity also examines and assesses the track record and ability of the supplier to complete the contract.</p> <p>4. As regards the inconsistencies in the data/information, the same were inadvertently made. The actual data/ information was already provided.</p> <p>Annex 2021-008-101</p>
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<p>AOM NO: DOLE R02-101-2021-009, Date September 29, 2021</p>	<p>Livelihood projects consisting of 100 units motorized bancas costing P9M granted to 300 beneficiaries or one banca for use of three beneficiaries did not conform with the provisions of Section 9 of D.O. 173-17, particularly on the categorization of livelihood projects, whether group or individual; thus, posing issues on ownership and accountability over the project.</p>	<p>We recommend that management instruct the DOLE Field Offices in-charge of the project to:</p> <ol style="list-style-type: none"> 1. conduct periodic monitoring of physical condition and usage of the bancas and determine problems encountered by the recipient beneficiaries as to maintenance, custody or usage of the same considering that there are three beneficiaries of each banca. Periodic monitoring report be prepared and submitted to management in order to determine the issues that need to be addressed, and evaluate/assess the project if successful or not, that can be used for future decision-making in the preparation of business plan of the same nature of project. 2. Henceforth, management should make representation with DOLE policy making body to make amendment as to the amount of grant to be given to an individual/family depending on the kind/nature and particularly the amount of the project so that one unit be given to one individual/family thus, establishing definite category of the project as well as fix responsibility, accountability and ownership over the property. 		<p>R02</p>	<p>September 2021</p>	<p>DECEMBER 2021</p>	<p>FULLY IMPLEMENTED</p>	<p>Cagayan Batanes Field Office conducted their monitoring activities last October 20-22, 2021 on the 100 motorized bancas granted to 300 beneficiaries. (Annex DOLE R02- 101-2021-009.A)</p> <p>Section 9 of the Department Order 173-17 prescribed the maximum amount of assistance that can be granted under individual and group projects. However, the actual amount of assistance to be granted to beneficiaries may still vary, depending on the needs and requirements of the project. Thus, a standard amount for a specific beneficiary or for a certain nature/type of project cannot be set, just the maximum amount that can be availed of.</p>
<p>AOM NO: DOLE R02-101-2021-010, Date September 30, 2021</p>	<p>Review of the cash advance granted to defray expenses during the awarding of bancas revealed the following deficiencies:</p> <p>a.) Cash advance amounting to P455,000.00 granted on December 18, 2020. to defray expenses during the awarding of bancas remained unliquidated as of September 30, 2021, contrary to Section 89 of Presidential Decree 1445 and Item 1.2 of COA Circular 2012-001, thus propriety, regularity and validity of the cash advance granted, and expenses incurred could not be ascertained. Likewise, actual expenses were not reported in the year it was incurred affecting the fair</p>	<p>We recommend that management:</p> <ol style="list-style-type: none"> 1. require the accountable officer to submit immediately the liquidation reports of the cash advance granted in the amount of P455,000.00 pursuant to Section 89 of Presidential Decree No. 1445 and Item 1.2 of COA Circular 2012-001 dated June 14, 2012; 2. instruct the Accountant to withhold the salary and other money due to the Accountable officer concerned In case of failure to liquidate the cash advance granted in the amount of P455,000.00 pursuant to Item 5 of COA Circular 97-002 dated February 10, 1997; and 3. stop the practice of transferring cash advance to other DOLE/LIGU 		<p>R02</p>	<p>September 2021</p>	<p>DECEMBER 2021</p>	<p>FULLY IMPLEMENTED</p>	<p>Released Memorandum with no. 112-2110-006 re: Submission of Liquidation Report</p> <p>Liquidated the cash advance amounting to P455,000.00 pursuant to Item 5 of COA Circular 97-002 dated February 10, 1997; and</p> <p>Coordination between Accounting Unit and budget had been established regarding the recording of obligation and disbursement of funds so that necessary adjustment be effected accordingly, and ultimately ensure correct amount of actual obligation incurred reported in the budget utilization report by observing the procedures cited in Section 17, Chapter 3, Volume 1 of GAM for NGAs. Annex 2021-010-101</p>

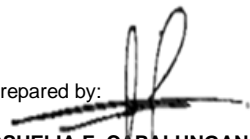
presentation of the financial statements and likewise exposing the fund to the risk of loss or unauthorized use.

b.) Non-adjustment of obligation by the Budget Division in the amount of P20,000.00 on the cash advance granted to defray expenses during the awarding of bancas reveals a weak internal control in the budget and disbursement process, contrary to Sections 13 and 17, Chapter 3, Volume 1 of Government Accounting Manual (GAM) for NGAs.

employees pursuant to Section 4.1.6 of COA Circular No. 97-002 dated February 10,1997


We recommend that management direct both the Accounting and Budget Sections to closely coordinate regarding the recording of obligation and disbursement of funds so that necessary adjustment be effected accordingly, and ultimately ensure correct amount of actual obligation incurred reported in the budget utilization report. Ensure that the amount obligated is the same as the amount disbursed by observing the procedures cited in Section 17, Chapter 3, Volume 1 of GAM for NGAs.

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