

Department of Labor and Employment EXECUTIVE SUMMARY

Introduction

1. The Department of Labor and Employment (DOLE) started as a small bureau in 1908. It became a department in 1933 with the passage of Act 4121.

2. DOLE stands as the national government agency mandated to formulate policies, implement programs and services, and serve as the policy-coordinating arm of the Executive in the field of labor and employment. Consistent with the national development plan, its vision is the attainment of full decent and productive employment for every Filipino worker. It is mandated to promote gainful employment opportunities, develop human resources, protect workers and promote their welfare and maintain industrial peace. To contribute in the attainment of the national employment goals, it adopts the following strategies:

- Support for Employment Generation
- Employment Facilitation
- Employment Enhancement
- Employment Preservation

3. To carry out its mandate, the Department has 16 regional offices, 34 overseas posts, six bureaus, seven staff services and 11 agencies attached to it for policy and program supervision and/or coordination.

Financial Highlights

4. During FY 2005, DOLE had a total appropriation of ₱1,252.89 million per the General Appropriations Act of 2005. Total allotments received amounted to P1,324.71 million with expenditures of P1,310.14 million, leaving an unexpended balance of P14.57 million. Details of the distribution of sources and application of funds are shown below.

| Particulars | 2005 (in million pesos) | 2004 (in million pesos) | Increase/ Decrease (in million pesos) | Percentage |
|---|----------------------------|----------------------------|---|------------|
| A. Major source of funds | | | | |
| Annual Appropriations – GAA - GAA (RA No. 9336) | 1,252.89 | 1,038.24 | 214.65 | 20.67 |
| Subsidy Income from National Government Notice of Cash Allocation | 1,227.76 | 1,417.42 | (189.66) | (13.38) |

| Particulars | 2005 (in million pesos) | 2004 (in million pesos) | Increase/ Decrease (in million pesos) | Percentage |
|--------------------------------|----------------------------|----------------------------|---|------------|
| Tax Remittance Advice | 0.00 | 2.60 | (2.60) | (100.00) |
| Continuing Appropriations | 53.41 | | | |
| B. Application of Funds | | | | |
| Expenses | 1,292.72 | 1,243.99 | 48.73 | 3.91 |
| Personal Services | 668.57 | 636.55 | 32.02 | 5.03 |
| MOOE | 624.15 | 607.44 | 16.71 | 2.75 |
| Acquisition of PPE | 17.42 | | (17.42) | |

5. For CY 2005, the DOLE reported income of ₱97.65 million from the verification of individual contract of employment, recruitment agreement, manning agreement, master/model contract of employment, job order/manpower request, special power of attorney, proof of visa availability and other related documents and from miscellaneous sources amounting to P6.83 million. During the year under audit, DOLE received P1,225.03 million subsidy from the national government.

| Sources of Income | 2005 (in million pesos) | 2004 (in million pesos) | Increase/ Decrease (in million pesos) | Percentage |
|---|----------------------------|----------------------------|---|---------------|
| Subsidy Income from National Government | 1,225.63 | 1,303.11 | (77.48) | (5.95) |
| Seminar Fees | 0.96 | 0.00 | 0.96 | |
| Other Service Income | 97.65 | 97.17 | 0.48 | 0.49 |
| Printing and Publication Income | 2.26 | 1.92 | 0.34 | 17.71 |
| Fines and Penalties - Business Income | 0.01 | 0.06 | (0.05) | (83.33) |
| Income from Grants and Donations | 3.00 | 13.11 | (10.11) | (77.12) |
| Interest Income | 0.57 | 0.81 | (0.24) | (29.63) |
| Miscellaneous Income | 0.04 | 0.02 | 0.02 | 100.00 |
| Gain/Loss on Disposed Assets | (0.01) | | (0.01) | |
| Gain/Loss on Foreign Exchange (FOREX) | 1.05 | 28.60 | (27.55) | (96.33) |
| Total | 1,331.16 | 1,444.80 | (113.64) | (7.87) |

6. The DOLE reported its financial condition for the year in audit, as follows:

| Accounts | 2005 (in million pesos) | 2004 (in million pesos) | Increase/ Decrease (in million pesos) | Percentage |
|--------------|----------------------------|----------------------------|---|------------|
| Total Assets | | | | |
| Cash | 660.64 | 480.93 | 179.71 | 37.37 |

| Accounts | 2005 (in million pesos) | 2004 (in million pesos) | Increase/ Decrease (in million pesos) | Percentage |
|----------------------|----------------------------|----------------------------|---|------------|
| Receivables | 1,044.04 | 484.65 | 559.39 | 115.42 |
| Inventories | 15.93 | 14.67 | 1.26 | 8.59 |
| Prepaid Expenses | 9.36 | 11.23 | (1.87) | (16.65) |
| Other Current Assets | 1.67 | 0.71 | 0.96 | 135.21 |
| PPE | 205.14 | 206.80 | (1.66) | (0.80) |
| Other Assets | 1.43 | 1.50 | (0.07) | (4.67) |
| Total Liabilities | | | | |
| Current Liabilities | 247.54 | 230.92 | 16.62 | 7.20 |
| Deferred Credits | | 3.71 | (3.71) | (100.00) |
| Equity | 1,690.67 | 965.86 | 724.81 | 75.04 |

Scope of Audit

7. The audit covered the review of accounts and operations of the Agency for the period 01 January to 31 December 2005. It was aimed at determining whether the financial statements present fairly the financial position and results of operations of the DOLE for the year then ended, and at determining the extend of compliance with existing law, rules and regulations.

Audit Opinion on the Financial Statements

8. We rendered a qualified opinion on the fairness of presentation of financial statements in view of the accounting deficiencies noted as presented in the attached Audit Certificate, and discussed in detail in Part II of the report.

Summary of observations and Recommendations

9. We acknowledged the improvement in the financial operations of the Department as shown by an increase in income generated from verification fees from ₱97.17 million in 2004 to ₱97.65 million in 2005. We also noted a decrease in total expenditures from ₱1,243.99 million in 2004 to ₱1,155.34 million or 7.05 per cent

10. Below is a summary of significant audit observations and recommendations, together with the management responses/actions which were discussed in detail in Part II of the report

- 10.1. Income derived from verification fees for CY 2005 amounting to approximately ₱46.71 million was not booked up and hence not included in the reported CY income due to delays and/or non-submission of the Reports of Collections and Deposits by the various POLOs in accordance with 3.9a of Joint DOLE-DFA-DBM-DOF- COA Circular No. 3-99,

resulting in the understatement of income and the corresponding cash accounts.

We recommended that Management direct the designated Collecting Officers from the various POLOs to submit their Monthly Reports of Collections and Deposits, together with duplicate copies of official receipts and validated deposit slips to DOLE-CO within the prescribed period for timely accounting for collections, proper monitoring of cash accountabilities and complete reporting of the financial operations.

(paragraphs 3.1 to 3.5)

- 10.2. In recording collections from verifications fees, the Department adopted the conversion rate of ₱41.00 to USD1.00 rather than the prevailing foreign exchange rate at the time of the transaction as required under Section 4.1.2 of the Joint DOLE/DFA/DBM/DOF/COA Circular No. 3-99 and the International Public Sector Auditing Standards 4, thereby understating income accounts by of ₱29.84 million.

We recommended that the Chief Accountant draw necessary adjustments to record the correct amount of income from verification fees for CY-2005 in order to bring the account to correct balance. We also recommended the regular use of BSP prevailing foreign exchange conversion rate as basis for recomputing the amount of income to be recorded on the particular transaction period being reported on in the RCD.

(paragraphs 4.1 to 4.10)

- 10.3. Disbursements of POLOs totaling ₱51.96 million covered by Advice of Disbursement Limit were charged against the DOLE Verification Fees Fund maintained by the DFA in behalf of DOLE due for remittance to the National Treasury, and not against the checking account maintained for POLO's Working Fund, as prescribed by Section 4.4.1 of DOLE-DFA-DBM-DOF-COA Joint Circular 3-99.

We recommended that the Chief Accountant reconcile with the DFA the total verification fees collected in behalf of the DOLE and immediately remit the same to the National Treasury in accordance with Item 1 of the Special Provision in the 2005 General Appropriations Act.

We also recommended strict adherence with Section 4.4.1 of the Joint Circular 3-99, requiring that ADLs issued by the DOLE be withdrawn only from the savings account of DOLE at the post and shall be deposited to the checking account with the same depository bank of the Philippine Embassy/Consulate under the name of the latter.

(paragraphs 5.1 to 5.13)

- 10.4. Internal controls in the collection, deposit and recording of verification fees and on the use of accountable forms by the POLOs were weak and not in accordance with the Joint DOLE/DFA/DOF COA Circular No. 3-99, Section 77 of PD 1445, and Sections 91 and 68 of the GAAM, Volume I. This resulted in the unreliability of the accounting records and reports for collections from verification fees and for accountable forms issued.

In view of the foregoing deficiencies noted and to strengthen the proper handling of collection, deposit and recording of verification fees and the pertinent Report of Accountabilities by the LABATTs in the different POLOs, we recommended that the concerned Labor Attaches:

- 1) Deposit collections intact and daily or not later than the following banking day in accordance with Section 3.7.2 of the Joint DOLE/DFA/DBM/DOF/COA Circular No. 3-99 in order to avoid risk of loss or misappropriation of government funds;*
- 2) Strictly comply with Section 77 of PD 1445 regarding submission of the invoice of transfer of accountability between the outgoing and incoming accountable officers in order to ensure proper accountabilities over government funds; and*
- 3) Complete all data entries required in the official receipts issued and properly accomplish the Monthly Report of Accountability for Accountable Forms indicating therein the precise official receipts issued and balances thereof to ensure that controls over the accountable forms are in place as prescribed under Section 91 of the GAAM, Volume I.*

We also recommended that the Chief Accountant submit the Reports of Collections and Deposits to COA within ten days after receipt of such records from the Accountable Officer in accordance with section 68 of the GAAM, Volume I.

We further recommended that the Management review existing reporting system for the collections and deposits of the POLOs in order to ensure prompt reporting of the collections made by the POLO and proper monitoring of the cash accountabilities of the Labor Attaches accruing to the DOLE

(paragraphs 6.1 to 6.12)

- 10.5. Unused Cash-in-Bank Balance aggregating ₱353.64 million representing 7.43 percent of the year-end account balance were not remitted to the

National Treasury, contrary to Executive order No. 338 and Item 1 of the Special Provision in the 2005 General Appropriations Act.

We recommended that the Accountable Officers of DOLE-OSEC, DOLE-NCR and DOLE Region X remit all unused collections to the National Treasury in compliance with Executive Order No. 338 to maximize utilization of scarce government funds.

(paragraphs 7.1 to 7.4)

- 10.6. The validity of Cash-in-Bank, Local Currency Account with balance of ₱51.67 million representing 28.53 percent of the account balance could not be ascertained due to non-submission/delayed submission of disbursement vouchers and bank reconciliation contrary to Sections 74 and 75 of PD 1445 and other pertinent rules and regulations. Also, financial statements including disbursement vouchers for CARP for CYs 2004 and 2005 were not submitted in violation of Section 122 of P.D. 1445.

We recommended that:

- 1) The Chief Accountant immediately submit the financial reports for CARP Fund which are for the required consolidation of all CARP Funds administered by other agencies;*
- 2) The Regional Accountants concerned be required to prepare and submit the Monthly Reconciliation Statements for all accounts maintained by the agency in accordance with Section 74 of PD 1445;*
- 3) The Regional Cashier concerned be directed to immediately submit the Report of Checks Issued and all missing/unsubmitted vouchers together with their supporting documents for audit in accordance with Section 100 of PD 1445;*
- 4) For DOLE-CAR, the Regional Accountant follow-up from the bank the validation and adjustments made by the agency per bank reconciliation statements to bring the cash account to correct balance.*
- 5) The Regional Accountant of DOLE Region III make necessary reconciliation with the banks concerned to be able to establish the correct cash balance of the account.*
- 6) the Accountable Officer of DOLE Region VI be required to submit the Report of Accountability for Accountable forms at*

least once a month in the prescribed form pursuant to Section 98 of the GAAM, Volume I.

(paragraphs 8.1 to 8.6)

- 10.7. Weak monitoring of project implementation and inefficiency of collection pursuant to the provisions of the MOA resulted in huge outstanding loans receivables including interest thereof aged three to over 12 years in the aggregate amount of ₱164.57 million representing 96.11 percent of total loans and interests receivables.

We recommended that Management institute all measures including legal actions to compel the existing organizations to pay their loans; and after exhausting all possible actions, document all procedures to support any request for write-off.

(paragraphs 10.1 to 10.9)

- 10.8. Of the P151.18 million unliquidated cash advances, P39.22 million or 25.94% remained unaccounted for by the grantees for more than three years, contrary to COA Circular No. 97-002. This resulted in the overstatement of the account and understatement of related expenses as these must have already been expended considering the purposes thereof.

We reiterated our previous year's recommendations that Management :

- 1) Require those accountable officers still connected with the Department to immediately make refund of cash advances which they could not properly account, and strictly implement the provision of COA Circular No. 97-002 on the granting, liquidation and withholding of all money due the defaulting accountable officer and the filing of appropriate cases against the defaulting officers, if warranted.*
- 2) Exhaust all possible measures to compel those accountable officers who are no longer connected with the Department to make a proper accounting of their cash advances.*
- 3) In case of cash advances aged ten years or more, submit a request to the Commission on Audit for the write-off with the justifications and the documentation of the futility of further taking action against the accountable officers concerned, such as failure to locate them despite the diligent efforts taken.*

(paragraphs 11.1 to 11.11)

- 10.9. Non-compliance of some Labor Attaches with the requirements on the utilization and liquidation of cash advances for the operating funds of POLOs under COA Circular 97-002 and DOLE Administrative Order No. 153 series of 2002 may be attributed to the inadequate monitoring of their cash advances for the operating funds of POLOs. Liquidation of cash advances had been delayed by as long as 4,201 days as at year-end.

We recommended that proper monitoring be made jointly by the Financial and Management Service (FMS) and International Labor Affairs Services (ILAS). This would help avoid the risk of unsettled accountabilities through prolonged delays in liquidation. However, in this regard, it is first necessary that updated and correct accountability records be established by the Accounting Division as a take-off point in the monitoring process.

We also recommended that non-compliance with the above cited rules and regulation under COA-Circular 97-002 and DOLE Administrative Order No. 153 series of 2002 be considered a ground for withholding the salaries of the officials concerned in accordance with Section 10 of the subject DOLE AO 153.

We also recommended that should the above sanction fail, the concerned erring officials who are still assigned in foreign post be recalled from their current post to the Head Office until they are able to clear themselves of all accountabilities due them.

(paragraphs 12.1 to 12.9)

- 10.10. No liquidation reports were submitted by the accountable officers concerned to account for the cash advances totaling ₱7.33 million for one year or over, contrary to COA-Circular 97-002. This may result in the overstatement of the account and understatement of expenses as these cash advances must have already been expended.

We recommended that the Management require the concerned accountable officers to liquidate immediately their outstanding cash advances in compliance with the above-cited COA-Circular, and take necessary actions against those who are no longer connected with the Department.

We also recommended that the Regional Accountants concerned be instructed to refrain from processing additional cash advances unless their previous cash advances have been fully accounted for.

(paragraphs 14.1 to 14.9)

10.11. Funds transferred to National Government Agencies (NGAs), Local Government Units (LGUs) and Non-Government Organizations/People's organizations (NGOs/POs) amounting to P 1.06 million, P20.10 million and P65.09 million, respectively, or a total of P 86.25 million representing 8.06 percent of the year-end accounts balance remained unliquidated and no accounting of the disbursements made although the projects have already been completed. This is contrary to COA Circulars No. 94-013 and 96-00.

We recommended that the Project Officers immediately enforce the submission of liquidation reports for funds transferred to NGAs/LGUs and NGOs/POs upon completion of the projects. Factors that cause delay in the submission of liquidation documents should be determined so that remedial measures may be instituted.

We also recommended that the Management:

- 1) Require the workers organizations to return any unused or unliquidated amount of assistance upon the completion of the project and issue certificate of acceptance in favor of the workers organization for completed projects pursuant to Department Order No. 26;*
- 2) Exert diligent efforts in locating the whereabouts of workers organizations which failed to submit liquidations reports.*
- 3) Require the Regional Accountant of the DOLE-NCR to record the amount of ₱781,507.25 that was granted to different labor/workers organizations in 2004 and to prepare subsidiary ledger for each debtor labor/workers' organization, which contains the details of the account to facilitate verification and reconciliation.*

(paragraphs 15.1 to 15.8)

10.12. The "Other Receivables" account with year-end balance of P8.79 million included the amount of ₱3.42 million receivables from various Labor Leaders which represent their cash advances for allowances, per diem, airfare, etc. in connection with their attendance to various International Labor Organization (ILO) conferences. These remained outstanding, the earliest of which was granted in 1998.

We recommended that the management further intensify its efforts to require the respective labor leaders to submit accounting of the cash advance granted them so that the same may be cleared from the books of accounts.

(paragraphs 16.1 to 16.6)

10.13. Financial assistance through donations and grants to NGOs/POs/ACPs/APs/Labor Unions/SPES grantees for ₱7.42 million were directly charged to expense account instead of “Due from NGOs/POs” as required under COA Circular No. 96-003 and the terms and conditions contained in the Memorandum of Agreement entered into by and between the grantees and the DOLE RO VII, as a result of which, compliance with the accounting and reporting requirements of fund utilization may not be properly monitored.

We recommended that Management require strict compliance with the terms and conditions of the MOA and COA-Circular No. 96-003, and that no further grant shall be extended unless the previous assistance are properly liquidated and accounted for.

We also recommended that donations and grants to NGOs/POs/ACPs be recorded as “Due from NGOs/POs” to ensure proper accounting and liquidation thereof and as expenses upon liquidation.

(paragraphs 17.1 to 17.5)

10.14. Accounts Receivables – Disallowances/Charges amounting to ₱29.72 million remained unsettled for over one year due to lack of monitoring on compliance of the accountable officers with the notices of audit disallowances/ suspensions/charges issued in accordance with Sections 82 and 102 of PD 1445.

We recommended that the Head of the Agency issue a directive to all accountable officers to immediately settle their accounts in compliance with Notices of Disallowances/Charges issued them in compliance with Section 82 of PD 1445. Failure to comply with such directive shall cause the withholding of salaries of the erring officials.

(paragraphs 18.1 to 18.7)

10.15. The validity and existence of the Property, Plant and Equipment account totaling P205.15 million as of year-end balance could not be ascertained due to misclassification, non-updating of property cards, and non-physical inventory taking, in violation of the accounting and auditing rules and regulations.

We recommended that the Department strictly enforce the conduct of inventory taking of all property and equipment, submission of inventory reports, maintenance and updating of property ledger cards, provision for depreciation and periodic reconciliation of the records between the Accounting and Property Sections.

We also recommended that the Management coordinate the transfer of PPE from DOLE Region IV-A to DOLE Region IV-B, take up in the books of accounts of DOLE Region IV-B the transferred properties and maintain necessary accounting and property records thereof.

(paragraphs 21.1 to 21.7)

- 10.16. Grant of incentives totaling ₱18.55 million under “Other Personnel Benefits” were obligated and recognized as Accounts Payable at year-end without valid legal basis. These incentives paid in the ensuing year was granted based on the memorandum of the DOLE Secretary authorizing the grant of department-wide incentive of P10,000 to each employee who were in service as of 31 December 2005 on the basis of the DOLE program on Awards and Incentives for Service Excellence (DOLE-PRAISE). Moreover, the amount obligated was sourced from savings generated during the year which was for remittance to the National Treasury as required in EO No. 338 as implemented by (COA-DBM-DOF Joint Circular No. 1-97 dated January 2, 1997.

We recommended that the Department submit valid legal basis that would justify the department-wide grant to the DOLE officers and employees of the subject incentives of P10,000 each for CY 2005.

We also recommended that the Department stop the practice of funding//obligating amounts for personnel benefits without any valid legal basis, and remit any savings generated during the year after payment of all authorized expenses to the National Treasury in accordance with Executive order No. 338 dated May 17, 1996 .

(paragraphs 24.1 to 24.8)

- 10.17. Other Payables Account with year-end balance of ₱75.98 million was overstated by ₱0.71 million due to improper charging of settlements of disallowances to the account rather than remitting to the National Treasury, and due to erroneous charging of the transfer of donations received from private organization to the DSWD to account “Due from NGAS”.

We recommended that the Chief Accountant deposit with the National Treasury the amount of ₱202,996.68 representing cash refunds of disallowances.

We also recommended that a Journal Entry Voucher (JEV) be drawn to adjust the amount of settlements of disallowances received and deducted from the employees’ terminal leave and the dropping from the account the donations of FAME transferred to the DSWD.

(paragraphs 26.1 to 26.6)

- 10.18. No accounting in the books of the Department was made for the reported donations for the C-GMA project amounting to ₱84.22 million with reported disbursements of P79.71 million.

We recommended that the donations for the C-GMA project be immediately and properly accounted for in the books of the Department, and proper accounting of the funds be submitted to the congressional committees and oversight bodies, pursuant to Section 12 of the General Provisions, General Appropriations Act.

The Management further explained that pursuant to the MOA governing the project, the donations remained to be private in character and thus, were not recorded in the books of the government agencies which are proponents or partners in the project.

We believe otherwise to the Management's comments. When donations came into the possession of the DFA, through its corps of foreign posts, and the DOLE, through its Overseas Labor offices, who solicited for donations from target donors, it (donations/fund) already came into the hands of the government, and therefore is covered by Section 12, General provisions, General appropriations Act. An Official Receipt should have been issued and the respective accountability established. This procedure would provide proper accounting of the donations received and reporting which the OFWs as donors are entitled to.

The designation by the DBP as Fund Administrator does not in effect repeal the provisions of Section 12 of the General provisions of General Appropriations Act, which requires that the cash donations shall be deposited to the National Treasury.

(paragraphs 27.1 to 27.11)

- 10.19. Payment of health and medical assistance to the employees in DOLE-OSEC and DOLE Regional Offices Nos. I, VI and VIII, totaling ₱6.35 million citing the 2004 Collective Negotiation Agreement (CNA) was wanting of the DBM Authority to use the DOLE Allotment, and of compliance with auditorial documentary requirements.

We recommended that the concerned DOLE official responsible for payment of health and medical Assistance to submit the following to ensure the legality and propriety of payments made:

- 1) *authority from the DBM to use the abovementioned amount of allotment for this purpose;*
- 2) *an explanation why a check has to be drawn in the name of DOLE and deposited in a trust account prior to disbursements; and*
- 3) *an explanation as to the delay in the deposit of the check to the trust account.*

In response to the Audit Memorandum Observation issued for the above, Management stood firm that the grant of health and medical assistance to DOLE officials and employees on a reimbursement basis was in accordance with the law, particularly with CSC Memorandum Circular No. 33, s. 1997 and the affirmation of CNA Incentives granted on or after the effectivity of PSLMC Resolution No. 4, series of 2002 and PSLMC Resolution No.2, series of 2003. A computation of the 2004 agency allotment savings as the source of fund was likewise submitted.

It is our view that payment of health and medical assistance differs from the incentive allowance contemplated in the PSLMC Resolution No. 4, series of 2002, which is in contravention of RA 6758 or the Salary Standardization Law. Following the decision rendered by the COA-Legal and Adjudication Office on a similar case of disallowance rendered under LAO-N-2005-017A dated July 22, 2005, we hereby reiterate the pertinent legal provision cited:

“ Section 34 of the General provisions of the GAA on the matter of health insurance benefit should not be interpreted as distinct and apart from the health care which is accorded to DOLE officials and employees thru the MEDICARE/PHILHEALTH, the government arm for insuring the availability of funds to extend hospitalization and sickness benefits to public officials and employees, in line with the Constitutional mandate that the State shall promote and protect the right to health of the people and instill health consciousness among them.”

Further, subject COA-LAO Resolution also cited Section 3, Rule VIII of the Rules and Regulations to Govern the Exercise to Right of Self organization (EO 180) which expressly stated that “Those that require appropriation of funds, such as the increase in salary emoluments and other allowances not presently provided by law are not negotiable.”

(paragraphs 29.1 to 29.14)

- 10.20. Fuel consumption worth P0.95 million was unauthorized as these were used for vehicles not properly identified as government vehicle and recorded in the books of the agency contrary to Sec. 16(D) of 2005 General Appropriations Act as amended.

We recommended that Management require the responsible officials to refund the amount of P189,936.35 representing fuel consumption of the three Ford Everest for the period January – December 2005 such being considered private properties pending recognition in the books of the DOL

We also recommended that the Property Officer review the status of government vehicles not included in the inventory of DOLE. Where these are found to be DOLE vehicles, complete the inventory records and reconcile with the accounting division if the same were properly recorded as agency assets. Otherwise, the responsible officials should be required to refund the amount of P758,617.51 representing fuel consumption non-DOLE vehicles.

(paragraphs 31.1 to 31.7)

- 10.21. Gasoline consumption in CY 2005 was considered excessive by ₱0.33 million due to the consumption beyond allocation limit and the assignment of more than one vehicle to top officials as back-up vehicles contrary to DOLE Administrative Order No. 74 series of 2004, DOLE Memorandum 129 with effectivity date of February 28, 2005, and COA Circular 75-6.

We recommended that the concerned DOLE officials and the Motorpool Supervisor observe proper limit of gasoline utilization viz-a-viz corresponding monthly allocation. Refund of the amount of ₱227,249.89 representing excess fuel consumption for CY-2005 should be required.

We also recommend for every official the need to avail themselves of only one vehicle. The use of back-up vehicles is hereby discouraged for purposes of economy and in compliance with Section III of COA Circular No. 75-6.

(paragraphs 33.1 to 33.8)

- 10.22. Unauthorized expenses of DOLE-NCR amounting to ₱0.74 million were charged to the Alien Employment Permit (AEP) publication fees collections.

We recommended that the DOLE-NCR discontinue charging to AEP publication funds expenses which are not directly related to AEP activities. Overtime pay should only be given to those who are authorized to render overtime services. Contract of services of the five PBEs should be issued prior to payment of salaries.

(paragraphs 34.1 to 34.6)

10.23. Payment for transportation and freight expenses of household effects of DOLE Region XII Regional Employees relative to the transfer of seat of the Regional Office from Cotabato City to Koronadal City amounting to ₱750,000.00 was not adequately documented contrary to Section 4 of PD 1445, hence the validity and accuracy of the expenses could not be ascertained.

We recommended that the concerned personnel be required to submit the mandatory minimum supporting documents for government transactions pursuant to Section 4 of PD 1445.

(paragraphs 38.1 to 38.5)

10.24. The DOLE Regional Office No. XIII incurred double payment of uniform/clothing allowance for CY-2005 to 27 officers and employees amounting to ₱108,000.00.

We recommended that management should require the employees concerned to refund the overpayment of clothing allowance for the year 2005 amounting to ₱108,000.00.

(paragraphs 39.1 to 39.4)

10.25. The implementation of the WODP Scholarship component was not in accordance with the prescribed guidelines due to conflicting provisions, thus, proper direction to the real intent of the program was not adequately provided.

We recommended that Management review the implementing guidelines for scholarship to correct deficiencies that runs in conflict with the intention of the program and with other guidelines. We also recommend that all pertinent provisions be disclosed in the guidelines of implementation in response to the noted deviations and courses of action available both to management and the beneficiaries. Exceptions and approvals must be properly documented.

(paragraphs 44.1 to 44.9)

10.26. Impact evaluation conducted by the Oversight Committee of the Project Management of the beneficiaries who finished/completed their scholarship grants was inadequate contrary to Item f, Administrative Order No. 217 series of 1994 thereby failing to obtain sufficient status/feedback to measure the success of the project.

We recommended that the Project Oversight Committee design a monitoring scheme/feedback mechanism on the scholars in accordance

with Administrative Order (AO) No. 217 series of 1994 to allow proper evaluation of the level success of the project. With proper evaluation, problems encountered could be adequately addressed in order to obtain better results with the rest of the years of implementation.

(paragraphs 45.1 to 45.8)

10.27. Absence of adequate performance standards resulted in the difficulty of assessing the program.

We recommended that Management set up adequate and appropriate performance standards that should be in writing and communicated to all concerned to serve as benchmark to measure the efficiency and effectiveness of WODP projects. An Ad Hoc committee should be created to determine whether the programs are achieving the desired level of program results as set by the agency.

(paragraphs 47.1 to 47.3)

Implementation of Prior Year's Recommendations

11. Of the 31 audit recommendations given in the 2004 Annual audit Report, nine were fully implemented, 15 were partially implemented, seven were unimplemented and one was already corrected when the expense accounts was closed to the Government Equity account at year-end. The details are discussed in Part III of the report.