

## EXECUTIVE SUMMARY

### A. Introduction

The Department of Labor was established by virtue of Act No. 4121 enacted on December 8, 1933. It became a Ministry in 1978 and was reorganized and expanded into the Ministry of Labor and Employment in 1980. In 1986, it was renamed as the Department of Labor and Employment (DOLE) to suit the presidential form of government re-established after the EDSA Revolution in 1986.

The DOLE is mandated to formulate policies, implement programs and services, and serve as the policy-coordinating arm of the Executive Branch in the field of labor and employment. It is also mandated to promote gainful employment opportunities, develop human resources, protect workers and promote their welfare and maintain industrial peace. Consistent with the national development plan, its vision is the attainment of decent and productive employment for every Filipino worker.

To ensure inclusive development, prosperity, and labor justice, the Labor Secretary came up with an Eight-Point Labor and Employment Agenda as a contribution of the Department to help achieve President Rodrigo R. Duterte's overall vision for our workers and their families, as well as for employers, as follows:

- To continuously enhance and transform DOLE into an efficient, responsive, purposeful, and accountable institution;
- To address the persistent problems of unemployment and underemployment;
- To continuously strengthen protection and security of Overseas Filipino Workers (OFWs);
- To ensure full respect of labor standards and the fundamental principles and rights at work;
- To bring more focus and accessibility to workers' protection and welfare programs;
- To achieve a sound, dynamic, and stable industrial peace with free and democratic participation of workers and employers in policy and decision-making processes affecting them;
- To have a labor dispute resolution system that ensures just, simplified, and expeditious resolution of all labor disputes; and
- To have responsive, enabling, and equitable labor policies, laws, and regulations.

The Department has 16 Regional Offices (ROs) with 83 Field Offices (FOs) and four Satellite Offices, 36 Philippine Overseas Labor Offices (POLOs), six Bureaus, and seven Support or Staff Services. There are also 10 Agencies attached to it for policy and program supervision and/or coordination, namely: Employees' Compensation Commission (ECC), Institute for Labor Studies (ILS), National Conciliation and Mediation Board (NCMB), National Labor Relations Commission (NLRC), National Maritime Polytechnic (NMP), National Wages and Productivity Commission (NWPC), Occupational Safety and

Health Center (OSHC), Overseas Workers Welfare Administration (OWWA), Philippines Overseas Employment Administration (POEA), Professional Regulation Commission (PRC). The Department is headed by Secretary Silvestre H. Bello III, assisted by five Undersecretaries (USEC) and five Assistant Secretaries (ASEC), who shall head the five Clusters, through Administrative Order Nos. 59, 59-A, 59-B dated January 31, 2020, February 11, 2020, and February 21, 2020, respectively, as follows:

<b>Cluster</b>	<b>Cluster Heads</b>	<b>Agency/Bureau/Support Services</b>
I. Labor Relations, Social Protection and Policy Support Cluster	OIC-USEC Benjo Santos M. Benavidez  ASEC Alex V. Avila, CESO IV	<i>Bureaus</i> -Bureau of Labor Relations (BLR) <i>Attached Agency</i> - ECC -OSHC -PRC -ILS <i>Staff Services</i> Planning Service
II. Wages and Productivity, Legislative, Advocacy and Internal Auditing Cluster	OIC-USEC Joji V. Aragon  ASEC Federico V. Abuan, Jr.	<i>Attached Agency</i> -NWPC <i>Staff Services</i> -Internal Audit Service (IAS) -Information and Publication Service (IPS) -Department Legislative Liaison Office (DLLO)
III. Legal and Overseas Operations Cluster	USEC Claro A. Arellano  OIC-ASEC Atty. Philip A. Paredes	<i>Bureaus</i> -International Labor Affairs Bureau (ILAB) -POLOs <i>Attached Agency</i> -NLRC -POEA -OWWA <i>Staff Services</i> -Legal Service (LS)
IV. Regional Operations, Labor Standards and Special Concerns Cluster	USEC Ana C. Dione, CESO III  OIC-ASEC Ma. Teresita S. Cucueco, M.D., CESO III	<i>Bureaus</i> -Bureau of Working Conditions (BWC) -Bureau of Workers with Special Concern (BWSC) -All ROs <i>Attached Agency</i> NCMB

Cluster	Cluster Heads	Agency/Bureau/Support Services
V. Employment and General Administration Cluster	USEC Renato L. Ebarle  ASEC Mariano R. Alquiza, CESO III  OIC-ASEC Dominique R. Tutay	<i>Bureau</i> -Bureau of Local Employment (BLE) <i>Attached Agency</i> - NMP <i>Staff Services</i> -Administrative Service (AS) -Financial and Management Services (FMS) -Human Resource Development Services (HRDS)

In implementing its vision, mission and goals, the DOLE and its ROs have a total personnel complement of 2,845 consisting of 2,608 regular employees and 487 hired contractual personnel as of December 31, 2019.

## B. Operational Highlights

The Department reported the following major accomplishments per Organizational Outcome (OO) and Performance Indicator (PI) for Calendar Year (CY) 2019:

Programs/projects	Physical Accomplishment		% of Accomplishment
	Target	Actual	
<b>OPERATIONS</b>			
<b>1. Employability of workers and competitiveness of Micro Small Medium Enterprises (MSMEs) enhanced</b>			
• Promotion of Local Employment – No. of policies reviewed/updated/issued and disseminated	2	2	100
• Youth Employability – No. of youth assisted			
- Special Program for Employment of Students (SPES)	85,518	123,351	144
- JobStart Philippines Program	380	556	146
• Job Search Assistance – No. of qualified jobseekers referred for placement			
- Public Employment Service	1.714M	2.430M	142
- Labor Market Information	2.426M	4.026M	166
- Career Guidance Employment Coaching (CGEC)		691,942	
- No. of students/parents		4,517	
- No. of schools/ universities/colleges		6,846	
- No. of career guidance advocacies			
- Job Fairs		1,176	
- PhilJobNet			
- No. of posted registered jobseekers		76,407	
- No. of posted job vacancies		131,800	

Programs/projects	Physical Accomplishment		% of Accomplishment																											
	Target	Actual																												
<ul style="list-style-type: none"> <li>National Skills Registry System <ul style="list-style-type: none"> <li>No. of registered jobseekers</li> <li>No. of establishments</li> <li>No. of posted job vacancies</li> </ul> </li> </ul>		1.422M 25,076 1.160M																												
<b>2. Protection of workers' rights and maintenance of industrial peace ensured</b> – No. of policies updated, issued and disseminated																														
<ul style="list-style-type: none"> <li>Promotion of Good Labor-Management Relations</li> </ul>	2	3	150																											
<ul style="list-style-type: none"> <li>Promotion of Rights at Work and Labor Standards</li> </ul>	4	7	175																											
<ul style="list-style-type: none"> <li>Tripartism and Social Dialogue – No. of Dialogues/Meetings and Resolutions</li> </ul>		36 meetings/ 2 dialogues/ 6 Resolutions																												
<ul style="list-style-type: none"> <li>Workers Organization Development and Empowerment <ul style="list-style-type: none"> <li>Registration of Union – No. of applications served</li> </ul> </li> </ul>	100%	<ul style="list-style-type: none"> <li>133 certificates of registration within 7 days Process Cycle Time</li> <li>4 certificates of registration for newly registered workers organizations in the private sector:</li> </ul>	100																											
<ul style="list-style-type: none"> <li>Workers Organization Development Program (WODP) – No. of union members trained</li> </ul>	1,915	3,976	208																											
<ul style="list-style-type: none"> <li>Labor and Employment Education Services (LEES) – No. of Workers Employers and Students reached</li> </ul>	441,572	771,600	175																											
<ul style="list-style-type: none"> <li>Labor Laws Compliance <ul style="list-style-type: none"> <li>Labor Inspection Program – No. of establishments</li> </ul> </li> </ul>	64,000	70,298	110																											
<ul style="list-style-type: none"> <li>Accreditation of OSH Personnel and Organization – No. of trainings</li> </ul>	4	9	225																											
<ul style="list-style-type: none"> <li>Case Management <ul style="list-style-type: none"> <li>Conciliation-Mediation – Single Entry Approach (SENA)</li> </ul> </li> </ul>	77%	86% settlement rate																												
<ul style="list-style-type: none"> <li>Adjudication of Labor Cases</li> </ul>		<table border="1"> <thead> <tr> <th colspan="3">Inter-Intra Union Cases</th> </tr> <tr> <th></th> <th>Handled</th> <th>Disposition rate</th> </tr> </thead> <tbody> <tr> <td>BLR</td> <td>121</td> <td>93 or 77%</td> </tr> <tr> <td>ROs</td> <td>324</td> <td>309 or 95%</td> </tr> <tr> <th colspan="3">Labor Standard Cases</th> </tr> <tr> <td>BWC</td> <td>605</td> <td>134 or 22%</td> </tr> <tr> <td>ROs</td> <td>30,026</td> <td>20,979 or 70%</td> </tr> <tr> <th colspan="3">Legal Service</th> </tr> <tr> <td>Cases</td> <td>629</td> <td>468 or 74.40%</td> </tr> </tbody> </table>	Inter-Intra Union Cases				Handled	Disposition rate	BLR	121	93 or 77%	ROs	324	309 or 95%	Labor Standard Cases			BWC	605	134 or 22%	ROs	30,026	20,979 or 70%	Legal Service			Cases	629	468 or 74.40%	
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<b>3. Social protection for vulnerable workers strengthened</b>																														
<ul style="list-style-type: none"> <li>Promotion of Rights and Welfare of Workers with Special Concerns – No. of policies</li> </ul>	5	5	100																											
<ul style="list-style-type: none"> <li>Promotion of International Labor Affairs</li> </ul>	100%	<ul style="list-style-type: none"> <li>7 Ratified ILO Conventions and 8 Unratified ILO Conventions complied</li> </ul>	100																											

Programs/projects	Physical Accomplishment		% of Accomplishment
	Target	Actual	
		• 2 BLAs forged and concluded.	
• Livelihood and Emergency Employment - No. of workers			
- DOLE Integrated Livelihood Program (DILP)	34,345	69,035	201
- Tulong Panghanapbuhay sa Ating Disadvantaged/ Displaced (TUPAD) Workers		32,690	
- Government Internship Program (GIP)	30,889	45,121	146
- Adjustment Measures Program (AMP)		1,789	
- K-12		85	
• Welfare Services			
- Child Labor Prevention and Elimination Program		Profiled 188,577 children	
- Family Welfare Program and Kasambahay Program		Covered 240,445 workers	
- On-site Welfare Services for OFWs	840,000	844,397	101
• Reintegration Services for OFW Returnees – No. of OFWs			
- Promotion of Reintegration of OFW Returnees – No. of policy	1	1	100
- Livelihood Development Assistance Program	1,630	1,614	99
- Balik-Pinas, Balik-Hanapbuhay Program	1,800	1,770	98
- Financial Awareness Seminar (FAS) and Small Business Management Training (SBMT)	3,279	5,019	153

### C. Financial Highlights

For CY 2019, the DOLE has a total appropriation of ₱12,036,756,510.00 as provided for in the General Appropriations Act (GAA) for Fiscal Year (FY) 2019, or Republic Act (RA) No. 11260. This includes the amount of ₱230,760,000.00 sourced from collection of Verification Fees earned in foreign posts recorded as income under the Special Account in the General Fund (formerly Fund 151). During the year, the Department received total allotments of ₱12,018,329,834.00, including releases for Automatic Appropriations for Retirement and Life Insurance Premiums (RLIP). Of the total allotments, total obligations of ₱11,045,547,089.81 were incurred, leaving an unexpended balance of ₱972,782,744.19 as at yearend, details as follows:

Source of Funds	Amount (in Pesos)			
	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
<b>A. Current Year Budget</b>				
Agency Specific Budget				
Personnel Services (PS)	2,420,755,863.11	2,402,329,187.11	2,335,136,883.93	67,192,303.18
Maintenance and Other	9,069,686,000.00	9,069,686,000.00	8,191,387,086.83	878,298,913.17

Source of Funds	Amount (in Pesos)			
	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
Operating Expenses (MOOE)				
Financial Expenses (FE)	3,000,000.00	3,000,000.00	2,838,304.29	161,695.71
Capital Outlay (CO)	95,920,000.00	95,920,000.00	90,765,351.61	5,154,648.39
<b>Sub - Total</b>	<b>11,589,361,863.11</b>	<b>11,570,935,187.11</b>	<b>10,620,127,626.66</b>	<b>950,807,560.45</b>
Special Accounts - Locally Funded (VF)				
MOOE	205,160,000.00	205,160,000.00	185,418,527.17	19,741,472.83
CO	25,600,000.00	25,600,000.00	24,963,874.66	636,125.34
<b>Subtotal</b>	<b>230,760,000.00</b>	<b>230,760,000.00</b>	<b>210,382,401.83</b>	<b>20,377,598.17</b>
Automatic Appropriations				
RLIP	152,671,136.89	152,671,136.89	151,310,467.77	1,360,669.12
<b>Sub-Total</b>	<b>152,671,136.89</b>	<b>152,671,136.89</b>	<b>151,310,467.77</b>	<b>1,360,669.12</b>
Special Purpose Funds				0.00
Miscellaneous Personnel Benefits	44,011,709.00	44,011,709.00	43,794,803.79	216,905.21
Pension and Gratuity Fund	19,951,801.00	19,951,801.00	19,931,789.76	20,011.24
<b>Sub-Total</b>	<b>63,963,510.00</b>	<b>63,963,510.00</b>	<b>63,726,593.55</b>	<b>236,916.45</b>
<b>Total Current Year Budget</b>	<b>12,036,756,510.00</b>	<b>12,018,329,834.00</b>	<b>11,045,547,089.81</b>	<b>972,782,744.19</b>
<b>B. Continuing Year Budget</b>				
Agency Specific Budget				
MOOE	213,748,662.29	213,748,662.29	187,945,756.72	25,802,905.57
FE	1,147,008.96	1,147,008.96	1,094,111.01	52,897.95
CO	31,619,961.25	31,619,961.25	27,142,792.85	4,477,168.40
<b>Sub - Total</b>	<b>246,515,632.50</b>	<b>246,515,632.50</b>	<b>216,182,660.58</b>	<b>30,332,971.92</b>
Special Purpose Funds				0.00
MOOE	2,890.44	2,890.44	2,438.46	451.98
<b>Sub-Total</b>	<b>2,890.44</b>	<b>2,890.44</b>	<b>2,438.46</b>	<b>451.98</b>
<b>Total Continuing Year Budget</b>	<b>246,518,522.94</b>	<b>246,518,522.94</b>	<b>216,185,099.04</b>	<b>30,333,423.90</b>
<b>Grand Total</b>	<b>12,283,275,032.94</b>	<b>12,264,848,356.94</b>	<b>11,261,732,188.85</b>	<b>1,003,116,168.09</b>

The total 2018 Continuing Budget totaling ₱246,518,522.94, pertains to the following:

Programs/Projects	Amount (Php)
General Administration and Support	25,172,051.72
Support to Operations	7,419,067.14
Promotion of Local Employment	14,515.10
SPES	4,325,513.93
JobStart Philippines Program	1,410,983.11
Job Search Assistance	4,068,894.44
National Skills Registry System (NSRS)	2,736,081.24
Promotion of Good Labor-Management Relations	8,247.15
Promotion of Rights at Work and Labor Standards	3,735.95
Tripartism and Social Dialogue	272,871.33
Workers Organizations Development and Empowerment	886,059.24
Labor Laws Compliance	3,338,915.06

<b>Programs/Projects</b>	<b>Amount (Php)</b>
Case Management	95,602.03
Promotion of Rights and Welfare of Workers with Special Concern	377,028.28
Promotion of International Labor Affairs	273,369.38
DILP	4,338,331.66
GIP	10,334,856.33
TUPAD Workers Program	167,966,200.77
AMP	3,034,958.39
Child Labor Prevention and Elimination Program (CLPEP)	2,264,497.82
Family Welfare Program and Kasambahay Program	226,498.77
On-Site Welfare Services for OFWs	5,423,289.91
Promotion of Reintegration of OFW Returnees	2,524,063.75
Boracay Emergency Employment Program (BEEP) – AMP	2,890.44
<b>Total</b>	<b>246,518,522.94</b>

Out of the Continuing Budget with an allotment of ₱246,518,522.94, the amount of ₱216,185,099.04 was obligated, of which ₱216,182,660.58 was sourced from Agency Specific Budget, while the ₱2,438.46 was from the balance of the Special Purpose Funds. The said fund was released FY 2018 in the total amount of ₱448M thru Department of Budget and Management's (DBM) issuance of Special Allotment Release Order (SARO) for the implementation of BEEP-AMP.

The DOLE, thru the BWSC, also administers a Special Project Fund (SPF) under the Social Amelioration Program (SAP) for the benefit of workers in the sugar industry pursuant to RA No. 6982, the Sugar Amelioration Act of 1991.

The Department's financial position and financial performance for CY 2019, with comparative figures from CY 2018, are as follows:

<b>Particulars</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>Financial Position</b>		
Assets	₱ 9,071,399,389.40	₱ 6,484,916,003.45
Liabilities	2,606,244,780.00	1,753,628,909.17
Net Assets/Equity	6,465,154,609.40	4,731,287,094.29
<b>Financial Performance</b>		
Revenue	3,199,467,165.88	1,718,339,621.00
Less: Current Operating Expenses		
PS	2,484,682,612.78	2,155,508,546.81
MOOE	1,555,286,400.28	1,290,775,275.31
Financial Expenses	7,850,240.42	5,622,628.11
Non-Cash Expenses	110,729,266.68	80,590,219.62
<i>Surplus (Deficit) from Current Operations</i>	<i>(959,081,354.28)</i>	<i>(1,814,157,048.85)</i>
Financial Assistance/Subsidy from the National Government	5,305,339,216.27	4,545,645,721.90

<b>Particulars</b>	<b>2019</b>	<b>2018 (Restated)</b>
Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs		
Net Financial Assistance/ Subsidy	5,305,339,216.27	4,545,645,721.90
Other Non-Operating Income	(33,128,859.21)	(11,463,573.94)
<b>Surplus for the Period</b>	<b>₱ 4,313,129,002.78</b>	<b>₱ 2,720,025,099.11</b>

#### **D. Scope of Audit**

The audit covered the review of accounts and operations of DOLE and its ROs for CY 2019, except RO No. XII, for which the Audit Team has not yet transmitted the respective Management Letter. The audit was conducted to: a) ascertain the level of assurance that may be placed on Management's assertions on the financial statements; b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; and c) determine the extent of implementation of prior years' audit recommendations.

#### **E. Independent Auditor's Report on the Financial Statements**

The Auditor rendered an unqualified opinion on the fairness of presentation of the financial statements of DOLE for CY 2019 considering that the misstatement of ₱79,952,499.02 due to errors and omissions in the accounts under the Assets, Liabilities and Equity Categories is below the materiality threshold of ₱83,170,970.40 or two percent of the total current operating expenses of ₱4,158,548,520.16, as stated in the Independent Auditor's Report and discussed in detail in Part II of this Report.

#### **F. Significant Audit Observations and Recommendations**

Among the audit observations and corresponding recommendations discussed in Part II of this report, the significant observations are summarized as follows:

1. The DOLE's consolidated financial statements (FSs) were misstated by ₱79,952,499.02, which is below the materiality threshold of ₱83,170,970.40 or two percent of the total current operating expenses of ₱4,158,548,520.16. (Observation No. 1)

#### **CASH AND CASH EQUIVALENTS**

**We recommended that the Management require the concerned Accountants to:**

- a) **exert effort to verify the closed account amounting to ₱545,293.13 and submit to the Audit Team the necessary adjustments with supporting documents; and**



- b) recognize all reconciling items in the Bank Reconciliation Statement (BRS) that require adjustment/correction in the books of accounts and revert back to Cash accounts all unreleased checks at year-end.

RECEIVABLES

- a) We recommended that the concerned Accountant immediately effect the necessary adjustments to correct the disclosed misstatements in the Due from Local Government Units (LGUs) account; and
- b) require the Accounting Unit of the BWSC-SAP/ Social Amelioration and Welfare Program (SAWP) – Central Office (CO) to prepare the necessary adjusting entry, as follows:

Account Name	Debit	Credit
Trust Liabilities	107,500.00	
Accumulated Surplus/(Deficit)	1,511.35	
Due from ROs		109,011.35

INVENTORIES

We recommended that the Managements of ROs II, III, and V to instruct their respective Accountants to make the necessary adjustments pursuant to Section 10, Chapter 8, of the Government Accounting Manual (GAM) for National Government Agencies (NGAs) Volume I, for the fair presentation of the Inventories account and the corresponding Expense accounts in the FSs.

PROPERTY, PLANT AND EQUIPMENT

We recommended and the Management of concerned Offices agreed to instruct the Accountant and the Property Officer to reconcile and effect the necessary corrections in the books and Report on the Physical Count of Property, Plant and Equipment (RPCPPE) for the unrecorded, misclassified, unserviceable, disposed and transferred Property, Plant and Equipment (PPE) as well as the misstatements in Accumulated Depreciation and Accumulated Surplus/(Deficit) accounts duly supported with proper documentation.

INTANGIBLE ASSETS

We recommended and the Management agreed to require the concerned Accountants reclassify the account Information and Communication Technology (ICT) Equipment to Intangible Assets-Computer Software.

## FINANCIAL LIABILITIES

**We recommended and the Management agreed to require the concerned Accountants of the:**

- b) CO to further reconcile and make the necessary adjustments in the books for the following:**
  - **unrecognized liability and errors of the amounts recorded totaling ₱343,744.17 and ₱121,654.69, respectively; and**
  - **the authorized amount of ₱205,043.44 to be written-off under COA Decision No. 2020-001 dated January 17, 2020;**
- c) RO VIII to revert the accounts payable that have been outstanding for more than two years to the Accumulated Surplus/(Deficit) of the General Fund in compliance with relevant provisions of laws; and**
- d) RO XIII and CAR to prepare the adjusting entry to present the correct balance of the Accounts Payable as at year-end.**

## INTER-AGENCY PAYABLES

**We recommended and the Management agreed to require the Chief Accountant to reconcile and prepare necessary adjustments to the account.**

2. Other accounting deficiencies totaling ₱500,736,731.57 were observed in the recording and reporting of financial transactions due to insufficient reconciliation of Accounting/Property records, non-preparation of the required records/reports, unsupported prior year balances, and inadequate monitoring of project completion and settlement of receivables; thus, affecting the reliability, accuracy, completeness and existence of the reported account balances of the Assets and Liabilities in the FSs of the Department as of December 31, 2019. (Observation No.2)

## CASH IN BANK – LOCAL CURRENCY, CURRENT ACCOUNT

**We recommended and the Management of RO XIII agreed to make necessary adjustments in the books for the erroneous recording of deposits.**

**We also recommended and the Management of RO X agreed to transfer the records and documents of the Development Bank of the Philippines (DBP) account to the Accounting Division and recognize the said bank account in the books of the RO; prepare and submit BRS; and issue Official Receipts (ORs) immediately upon collection.**

### LOANS RECEIVABLE - OTHERS

**We recommended that Management direct the Accounting Unit to reconcile/account for the discrepancy between the book balance and the aging schedule/status of Loans Receivable - Others account.**

### DUE FROM NGAs

**We recommended that Management require the Chief Accountant to:**

- a) reconcile the books with the Implementing Agencies (IAs) records and request proof that liquidation reports were duly submitted; and**
- b) make the necessary adjustment for the account with Bureau of Internal Revenue (BIR) for the over remittance of the tax withheld.**

### INTRA-AGENCY RECEIVABLES

**We recommended and the Management agreed to:**

- a) require the Chief Accountant of the CO to coordinate and make the necessary reconciliation with the ROs' Accountants for the noted discrepancy and adjustment in their respective records; and**
- b) reconcile the RO VI books with Provincial/Field Offices (P/FOs) on the remaining balances and the corresponding adjustments be immediately effected.**

### OTHER RECEIVABLES

**We recommended and Management agreed to:**

- a) require the Chief Accountants of the concerned Offices to:**
  - fast-track the analysis and establish the details of the negative balances and prepare the necessary adjusting entry, if warranted;**
  - exhaust all remedies to ensure collectability of the outstanding receivables. In case of failure to comply, impose sanctions such as withholding of salaries or any money due them; and**
- b) secure copies of Death Certificates of those deceased employees and file the necessary request for writing-off the corresponding receivables.**

## INVENTORIES

We recommended and Management agreed to require the:

- a) **Property Officer and the Chief Accountant to:**
  - **reconcile their records to address the discrepancy amounting to ₱6,439,746.19 - (NCR); and**
  - **strictly adopt the Perpetual Inventory Method/Weighted Average Method for the proper costing of Inventories - ROs I and VII; and**
- b) **Property Officer to conduct on time the required physical count of inventory and make the necessary reconciliation with the Accounting records; (NCR and ROs III, VI, VII).**

## PROPERTY, PLANT AND EQUIPMENT

We recommended and the Management agreed to require:

- a) **the Chief Accountant and Chief of Property Division to:**
  - **reconcile their records to address the foregoing discrepancy between the books and property records and make the necessary corrections/adjustments in their records (CO, NCR, BWSC-SAP/SAWP, ROs VI, XI);**
  - **regularly prepare and maintain required Accounting and Property records for PPE as prescribed under Section 42, Chapter 10 of the GAM for NGAs, Volume I. (CO, NCR, ROs I, V, VII X);**
- b) **the Chief of the Property Division to:**
  - **dispose of the three unserviceable kiosks following the prescribed disposal procedures (RO IX); and**
  - **conduct annual physical count of PPE as prescribed under Section 38, Chapter 10 of the GAM for NGAs, Volume I (RO VII).**

## ACCOUNTS PAYABLE

We recommended that Management require the concerned Accountants to:

- a) **immediately submit the necessary documents to support the recognized liability; and**

- b) **exert effort to verify the negative balance and submit to the Audit Team the necessary adjustments with supporting documents.**

#### INTER-AGENCY PAYABLES

**We recommended and the Management of CO and RO VI agreed to direct the Chief Accountant and the accountable officers to fast-track the analysis and reconciliation and prepare necessary adjustments and/ or remittance, if warranted of the following:**

- a) **discrepancy between the amounts recorded in the Subsidiary Ledger (SL) and per records of the accountable officer in-charge;**
- b) **the non-moving account and negative balances; and**
- c) **misclassification within SLs.**

#### TRUST LIABILITIES

**We recommended that Management of the concerned offices to:**

- a) **update/ come up with complete SLs/ records/details and reconcile the same with the corresponding General Ledger (GL) controlling account (CO, ROs VI, IX);**
- b) **CO**
  - **analyze, determine and make necessary adjustments for the negative and unreconciled balances;**
  - **require the Administrative and Planning Services (for Infrastructure Projects and Consultancy/Development of System Projects) to submit the status and condition of the projects by the concerned contractors/supplier and determine if the bonds/retention money are still to be released/refunded to them;**
- c) **CAR**
  - **determine from the archived documents the names and addresses of workers with unclaimed monetary award, and maintain SL for each claimant; and**
- d) **IX**
  - **prepare an aging schedule for Trust Liabilities relating to monetary claims for resolved labor cases to determine if claimants are still eligible to claim it within the three (3) year prescription period;**

otherwise, it may be held as special fund of the Agency following relevant provisions of Presidential Decree (PD) No. 442.

#### OTHER PAYABLES

We recommended that Management require the concerned Accountants to:

- a) investigate specific causes of the negative balances and prepare appropriate adjusting journal entries; and
  - b) maintain SLs for the Other Payables accounts, reconcile the same with the GL control account and prepare and submit a schedule showing the individual account balance of each of the creditors to whom the obligation is due.
3. The balances of the trust receipts and collections of registration fees totaling ₱136,352,339.27 were unremitted to the Bureau of Treasury (BTr), contrary to Section 6 of the General Provisions of GAA, FY 2019 or RA No. 11260, Executive Order (EO) No. 338, s. 1996; thus, depriving the national government of the proper disposition of these funds. (Observation No.3)

**We recommended that the Management remit the amount to the BTr in pursuance of the abovementioned law and regulations.**

**We also recommended that the Management of CO to determine if funds for Trust Liabilities-Disaster Risk Reduction and Management Fund (DRRMF) account are no longer necessary for the attainment of the purposes for which said funds were established and revert the same to the General Fund of the BTr.**

4. Unliquidated Cash Advances (CAs) totaling ₱544,415,251.31, of which, the account of CO amounting to ₱1,628,606.04 was dormant for 10 to 20 years and not requested for write-off as required under COA Circular No. 2016-005 dated December 19, 2016, thus, exposing public funds to possible risk of misuse and non-recording of related expenses within the period these were incurred. Also, the accounting rules and regulations in the granting, utilization, monitoring and reporting of Petty Cash Fund (PCF) was not strictly observed. (Observation No.6)

We recommended that the CO and ROs to:

- a) require the Accountants send demand letters to Accountable Officers (AOs), strictly enforce the submission of liquidation documents as soon as the purpose for which the CA was granted has been served and refund simultaneously any excess amount thereof, otherwise, cause the withholding of salaries pursuant to COA Circular No. 97-002 dated February 10, 1997, and update records to facilitate proper monitoring;

- b) **require the assistance of the ILAB Director on the liquidation/settlement of outstanding advances for those AOs who are currently assigned to POLOs;**
  - c) **stop the practice of granting additional CAs to AOs with outstanding unliquidated CAs;**
  - d) **necessitate adjustment of the AOs' bond application in accordance with their actual monthly average accountabilities and furnish the Audit Team the cancelled bonds of the AOs as a result thereof;**
  - e) **strictly adhere to the accounting rules and regulations in the granting, utilization, monitoring and reporting of PCF in accordance with the aforementioned regulations; and**
  - f) **DOLE CO to require the Chief Accountant to charge the miscellaneous expenses under the Extraordinary and Miscellaneous Expenses (EME) account of the concerned official.**
5. Fund transfers to NGAs, Non-Government Organizations/People's Organization(NGOs/POs), LGUs and Government-Owned or Controlled Corporations (GOCCs) totaling ₱1,801,693,822.82 remained unliquidated for more than one year to less than ten years due to the deficient monitoring of program/project completion and liquidation by the Implementing Agencies , contrary to COA Circular Nos. 94-013 dated December 13, 1994 and 2007-001 dated October 25, 2007. (Observation No.7)

**We recommended that Management:**

- a) **ensure compliance with the requirements prescribed under DOLE Department Order (DO) Nos. 36-02, s. 2002 and 173, s. 2017 and COA Circular Nos. 94-013 and 2007-001 on the implementation, monitoring and liquidation of funds released to LGUs, NGAs, NGOs/POs and GOCCs;**
- b) **direct the Program Officers concerned to cause the immediate submission of terminal/liquidation reports within the prescribed periods by the Accredited Co-Partners (ACPs) and to closely monitor the implementation of projects to ensure that the objective of the projects is attained, and that any deviations are addressed immediately; and**
- c) **continuously exert extra effort to send demand letters to NGAs, LGUs, NGOs/POs and GOCCs with outstanding balances for the immediate settlement/liquidation of their accounts and copy furnish the same to COA.**

6. Dormant balances of Receivables and Payables totaling ₱251,041,509.02 and ₱35,956,708.55; respectively, remained in the books due to insufficient actions by Management on account balances contrary to COA Circular Nos. 2016-005 dated December 19, 2016 and 97-001 dated February 5, 1997, thus, balances of both accounts could no longer be ascertained and collections of Receivables ceased to be probable. (Observation No.8)

**We recommended that Management of CO and ROs:**

**On dormant receivable accounts**

- a) **consider the filing of a request to write-off the dormant accounts following the step-by-step procedure duly supported documents as required under COA Circular No. 2016-005, if warranted;**
- b) **send demand letters to all those with unliquidated accounts for the settlement of the Loans Receivable balances and Due from NGOs/POs and report to the Legal Office those delinquent beneficiaries for proper legal action (CO, RO X);**
- c) **exert effort to identify the concerned ACPs for them to settle/liquidate their accounts, if warranted, take appropriate legal action for unjustified failure to render accounts (RO I);**
- d) **strictly enforce the provisions of COA Circular No. 2007-001 dated October 25, 2007, DOLE DO No. 36-02, and terms and conditions provided in the MOAs on the liquidation, that is, the submission of related disbursement documents and/or immediate refund of any unutilized fund transferred to NGOs/POs and for the DOLE to institute appropriate sanctions for violating the same (BWSC-SAP/SAWP, ROs, IX,XIII);**
- e) **direct the program implementers/facilitators to further maximize efforts in project monitoring, and to assist the beneficiaries in the preparation of liquidation reports to ensure prompt their submission (RO IX); and**

**On dormant payable accounts**

- f) **request for authority to write-off the non-moving accounts duly supported with the list of available records and extent of validation made on the accounts and certification and reasons why the books accounts/records, schedules and supporting documents cannot be located consistent with COA Circular No. 97-001 dated February 5, 1997.**



7. Undistributed Cash Bonus Fund (CBF) from CYs 1991-92 to 2018-2019 totaling ₱336,857,148.95 still for liquidation by Mills, Planters Associations (PAs) /Planters Members (PMs) in violation of Paragraph b Section 7 of RA No. 6982 dated May 1, 1991, thus, defeating the very purpose of the SAP/SAWP in the sugar industry by returning what is due for the sugar workers. Moreover, a noted discrepancy of ₱16,974,226.99 on the reported total shares due to insufficient accounting controls in monitoring the reported shares, distribution, and forfeited CBF; thus, casting doubt on the reported CBF balances and affecting the possible pecuniary savings accruing to the 9% portion of the Socioeconomic Plans and Programs that might be used as additional program funds of the SAP/SAWP. (Observation No.9)

**We recommended that the Management, thru the concerned RDs:**

- a) **demand from the millers/planters for the submission of the required liquidation documents and/or remittance of the undistributed CBF and if unjustifiably disregarded, enforce legal actions or other remedies under RA No. 6982; and**
  - b) **require the Accounting Divisions of both the DOLE ROs and the BWSC-SAP/SAWP-CO to maintain records of the total shares, distributions, balances and forfeited undistributed Cash Bonus per RO for control and monitoring purposes and submit the same to the Audit Team, for verification.**
  - c) **We also reiterated our previous years' audit recommendations to:**
    - **require the establishment of complete database for sugar workers; and**
    - **inform the Sugar Tripartite Council (STC) to include in their regular meetings the issues raised and to come up with a resolution that will monitor and prevent the accumulation of unreleased/undistributed CBF.**
8. Insufficient monitoring, assessment, reporting and lenient implementation of DILP were noted in the CO and four ROs, contrary to the provisions of DO No. 173, Series of 2017, thereby affecting the realization of the programs' objectives of massive job generation and poverty reduction. It was also observed that the unutilized amount of ₱11,514,883.20 was mainly from CO, NCR and Region VI ranging from 6.98% to 81.27%, which could have helped more working poor, vulnerable and marginalized workers in the regional level. (Observation No.10)

**We recommended that the DOLE NCR and ROs IV-B, IX and XIII:**

- a) conduct regular validation/inspection and monitoring of the DILP projects to:**
  - **determine the status of implementation of the projects whether these are still operating or had ceased operations and the reasons for its dissolution;**
  - **undertake timely actions to address the problems encountered in the implementation of the program at the earliest time; and**
  - **immediately submit the results of the validation.**
- b) periodically assess the success of the projects in terms of the attainment of its objectives; and**
- c) impose strict compliance with pertinent rules and regulations regarding the implementation of DILP.**

**We also recommended that the:**

- a) BWSC, as the program manager of the DILP, to:**
  - **maximize the allotted/allocated budget in line with the intended purpose in order to assist more working poor, vulnerable and marginalized workers;**
  - **require the ROs to submit the project profile pursuant to Section 25 of DO No. 173, series of 2017 to properly monitor the projects;**
  - **submit the result of the conducted random spot audit ensuring that project funds are used for their intended purpose in accordance with Section 27-Internal Control and Audit Measures;**
- b) NCR to evaluate the manpower requirement and in what manner the concerned offices can improve their mandated tasks;**
- c) DOLE XIII to direct the concerned field personnel to:**
  - **reconsider and recognize lessons learnt from the issues raised by the ACPs/beneficiaries;**
  - **coordinate with Regional KABUHAYAN Program focal in ensuring that the beneficiaries of the KABUHAYAN program are legitimate and does not include members of other governmental programs such**

**as 4Ps of Department of Social Welfare and Development (DSWD), and assure that necessary information on the amount of fund transfer of each category is clearly explained to the proponent LGU/ACPs; and**

- **verify and follow up the ACP's refund or remittance of the unused funds to the RO and/or the BTr.**

9. Incomplete compliance with the DO No. 173-17 and Special Provisions of the DOLE appropriations under RA No. 11260 or the GAA 2019 in the reporting of targets and accomplishments, profiling of beneficiaries and non-allocation of remaining fund balance of the CO to the ROs affected the effective implementation of the TUPAD program. Out of ₱5,029,687,000.00 appropriations, 94.28% or ₱4,742,057,164.94 was obligated and 79.38% or ₱3,992,691,229.16 was disbursed, leaving an unobligated fund of ₱287,629,835.06 or 5.72%, which could have helped more qualified beneficiaries of the TUPAD. (Observation No.11)

**We recommended that the Management require the:**

- a) BWSC to explain why the remaining fund balance of the TUPAD program as of December 31, 2019 at the CO is unutilized; and include in its Office Performance Commitment and Review (OPCR) as one of its targets and success indicators the performance of TUPAD program;**
- b) concerned offices/personnel of DOLE NCR to immediately reconcile the accomplishments as reported in the OPCR and by the Technical Support and Services Division on Employment Promotion and Workers' Welfare (TSSD-EPWW) to come up with a more reliable data;**
- c) DOLE RO II**
  - **require the concerned FO in coordination with the proponent to conduct the interviews/profiling of applicants which would be the basis for the provision of assistance in order to establish accountability and ensure proper profiling of beneficiaries, particularly in accuracy and correctness of entries/signatures in the Profiles, Contracts of Service and Daily Time Records (DTRs);**
  - **to explain the discrepancies noted in the signatures of some beneficiaries in their Profiles, Contracts of Service and DTRs casting doubt of the identities of the recipient beneficiaries;**
  - **to strictly implement the provisions of Section 14 of DO No. 173 Series of 2017 which clearly states that only one member of a household shall be qualified to avail of the TUPAD program in a year;**

- to refund the amount equivalent to the salaries paid to the eight beneficiaries who were ineligible for the program amounting to **₱40,800.00**;
  - to demand the 22 beneficiaries to submit fully accomplished DTRs to ensure reliability and validity thereof;
  - to examine the Liquidation Reports together with the supporting documents by the concerned FO and the Accounting Unit to ensure accuracy, reliability and completeness thereof; and
- d) **DOLE RO XIII to direct its concerned field and Regional focal points to immediately submit the required documents to attest to the regularity of the transactions. Likewise, ensure to identify the possible TUPAD beneficiaries as early as first quarter of CY 2020, and conduct close coordination with the respective LGUs as regards profiling of the same.**
10. Out of **₱1,512,125,000.00** allotment received by the Department for the implementation of GIP for CY 2019, only **₱1,066,809,821.89** or 70.55% was obligated and 72.64% or **₱774,915,293.14** was disbursed, leaving an unutilized allotment balance of **₱445,315,178.11** or 29.45% which could have helped DOLE to fully achieve its objective of providing program beneficiaries, particularly the poor/indigent, opportunity to demonstrate their talents and skills in the field of public service with the ultimate objective of attracting the best and brightest who want to pursue a career in government service in accordance with DO No. 204 series of 2019 dated July 29, 2019, as amended by DO No. 204-A dated October 16, 2019. (Observation No.12)

**We recommended that Management of CO to:**

- a) **explain the cause of unutilized balance of ₱445,315,178.11 or 29.45% of the total allotment and the absence of physical targets for GIP in the OPCR;**
- b) **require the Human Resource Development Service (HRDS) to submit the list of interns hired, office of assignment, and their tentative date of report of work, including beneficiaries absorbed as Permanent, Job Order, Contractual, or Project Based employees; and;**
- c) **require the Chief Accountant to reconcile and make necessary adjustments to reflect the correct balances of Notice of Transfer of Allocations (NTAs);**

**For DOLE- NCR, we recommended and the Management agreed to:**

- a) **to fully utilize the funds for GIP in accordance with its intended purpose; and**

- b) make representation, together with the DOLE CO, with the DBM to allow a certain portion of the Alien Employment Permit (AEP) collections be retained and used by the RO for the administrative expenses relative to its operation.**
11. Non-compliance with COA Circular No. 2012-003 dated October 29, 2012 or Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures resulted in irregular/unnecessary/ excessive expenditures totaling ₱4,382,840.88. (Observation No.13)

**We recommended that the concerned offices:**

- a) provide explanation/justification for the advances and payments made in ROs VII and X;**
- b) provide legal basis on the payment of the following expenses incurred by CO and BWSC-SAP/SAWP:**
- honorarium and the method used on the rate of honorarium to ascertain compliance with the formula guides cited under Item No. 4.3 of DBM Circular No. 2007-1 dated April 23, 2007;**
  - cash gift;**
  - salary and special socio-economic assistance;**
- c) require the officer/employee concerned in RO VII to refund the proportionate amount of Transportation Allowance claimed from the Agency and demand full refund of the remaining unconsumed balance of fuel (prepayment of diesel and gasoline); and**
- d) stop or discontinue the payment of irregular or unnecessary expenses incurred by the ROs and strictly implement the provisions of existing laws, rules and regulations on government expenditures.**
12. The procurement procedures and accounting treatment adopted by the DOLE ROs on the AEPs were not standardized and the custodial function was not protected, in violation of Section 23 of the General Provisions of RA No. 11260, Section 17(k), Chapter 8, of the GAM for NGAs, Volume I and Treasury Order No. 01-95 dated December 5, 1995; respectively, due to lack of specific guidelines by the DOLE-CO on the procurement, accounting and safekeeping of the AEP cards. (Observation No.14)

**We recommended and the Management agreed to issue specific guidelines to address the deficiencies noted in the procurement, accounting treatment and custodial function over the AEP cards and collections, to be adopted by the implementing offices, in accordance with the existing laws, rules and regulations.**

**We also, recommended and the NCR agreed to:**

- a) **require the Accountant to reclassify AEP cards to Accountable Forms, Plates and Stickers Inventory account;**
  - b) **abide by the regulations stated in the Process Manual for the inventory of AEP card;**
  - c) **designate a bonded Property Custodian with fidelity bond who will prepare and submit the monthly Report of Accountability for Accountable Forms (RAAF) using the prescribed format, together with the spoiled AEP cards, to the Audit Team for verification and appropriate disposition of the said cards; and**
  - d) **submit to the BLE a monthly report on the issuance of AEP pursuant to Section 18 of DO No. 186.**
13. Out of the total allotment of ₱12,018,329,834.00 of the DOLE in CY 2019, it was worthy to note that ₱11,045,547,089.81 or 91.91% was utilized, thus leaving a balance or unutilized amount of only 8.09% or ₱972,782,744.19. However, pursuant to Sections 3.4.1 and 3.5 of National Budget Circular (NBC) No. 578 dated January 6, 2020, validity of unobligated allotments for Personnel Services, MOOE and Capital Outlay was extended until December 31, 2020. (Observation No.15)

**We recommended and the Management of NCR and RO MIMAROPA agreed to ensure the full implementation of its programs, activities and projects, and utilize the amounts appropriated/allotted within the prescribed period under the provisions of the NBC No. 577, for the prompt delivery of goods and services to the intended beneficiaries consistent with the Agency's programs/projects.**

14. The year-end balance of Trust Liabilities-DRRMF account in DOLE CO amounting to ₱2,225,541.75 aged over a year was not fully utilized considering the purpose of the financial assistance or donations from the Office of the President under the Presidential Social Fund/various donors which is intended for aid, relief and respond services to the victims who were affected by the calamities, which is subject for reversion, when no longer necessary for the attainment of the purposes for which said funds were established in accordance with Section 10 of the General Provisions of RA No. 11260 or the GAA for FY 2019. (Observation No.16)

**We recommended and the Management agreed to:**

- a) **determine if funds for Trust Liabilities-DRRMF account are no longer necessary for the attainment of the purposes for which said funds were established and revert the same to the General Fund pursuant to Section 10 of the General Provisions of RA No. 11260 or the GAA for FY 2019; and**
  - b) **require the Accounting Division to determine, analyze and make necessary adjustments for the discrepancy noted under Cash-Treasury/Agency Deposit, Trust account vis-à-vis Trust Liabilities - DRRMF of ₱1,195,514.75.**
15. Insufficient documentation and inaccurate data on the residence of beneficiaries were noted in RO X, in the implementation of the DOLE Integrated Livelihood and Emergency Employment Program (DILEEP) and other assistance to the persons affected by Marawi Siege, resulting in uncertainty on whether the 239 Munai LDN-based and 305 Iligan-based beneficiaries were actually Internally Displaced Persons (IDPs) from Marawi City and qualified to receive the emergency employment assistance totaling ₱5,531,820.00. (Observation No.17)

**We recommended to Management the following:**

**For Munai-based beneficiaries:**

- a) **Submit the correct Disaster Assistance Family Access Card (DAFAC) or certification from DSWD that the paid beneficiaries were actually IDPs of Marawi siege with their names and addresses individually listed;**
- b) **Provide justification/s why payment was not in accordance with the approved TUPAD Work Program for Marawi Siege IDPs; and**

**For Iligan-based beneficiaries:**

- a) **Submit certification from DSWD that the paid beneficiaries were actually IDPs from Marawi siege with their names and addresses individually listed.**

The foregoing audit observations and recommendations were communicated through Audit Observation Memoranda (AOMs) and a Matrix of Consolidated Observations and Recommendations issued on August 24, 2020 and were discussed during the Exit Conference with the concerned DOLE officials and employees on September 1, 2020. Their comments were incorporated in this Consolidated Annual Audit Report (CAAR), where appropriate.

### **G. Summary of Audit Suspensions, Disallowances and Charges**

As of December 31, 2019, DOLE had total unsettled suspensions, disallowances and charges of ₱214,031,401.43, ₱41,149,098.55 and ₱23,688.19, respectively.

### **H. Status of Implementations of Prior Years' Audit Recommendations**

Of the 80 audit recommendations embodied in the prior years' CAAR, 29 were fully implemented and 51 were not implemented as shown below. The details of prior year's recommendations are discussed in Part III of the Report.

<b>Status</b>	<b>Number</b>	<b>Percent</b>
Fully Implemented	29	36.25
Not Implemented	51	63.75
<b>Total</b>	<b>80</b>	<b>100.00</b>