

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, 37 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 No. 59 series of 2020, as follows:

| Cluster | Cluster Heads | Agency/Bureau/Support Services |
|---|---|--|
| 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 <i>Attached Agency</i> -Occupational Safety and Health Center -Employment Compensation Commission -Professional Regulatory Commission -Institute for Labor Studies <i>Staff Services</i> -Planning Service |
| II. Productivity, Legislative, and Media Affairs Cluster | OIC-USEC Joji V. Aragon ASEC Federico V. Abuan, Jr. | <i>Attached Agency</i> -National Wages and Productivity Commission <i>Staff Services</i> -Department of Legislative Liaison Office (DLLO) -Internal Auditing Services -Information and Publication Service |
| III. Employment and General Administration Cluster | USEC Renato L. Ebarle ASEC Mariano R. Alquiza, CESO III | <i>Bureau</i> -Bureau of Local Employment <i>Attached Agency</i> -National Maritime Polytechnic <i>Staff Services</i> -Administrative Service -Financial and Management Services -Human Resource Development Services |
| 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 Workers with Special Concern -All Regional Offices <i>Attached Agency</i> -National Conciliation and Mediation Board |
| V. Legal and Overseas Operations Cluster | USEC Claro A. Arellano OIC-ASEC Atty. Philip A. Paredes | <i>Bureaus</i> -International Labor Affairs Bureau -Philippine Overseas Labor Offices <i>Attached Agency</i> -National Labor Relations Commission -Philippine Overseas Administration Office (POEA) -Overseas Workers Welfare |

| Cluster | Cluster Heads | Agency/Bureau/Support Services |
|---------|---------------|---|
| | | Administration (OWWA) Staff Services -Legal Service |

In implementing its vision, mission and goals, the DOLE and its ROs have a total personnel complement of 2,835 consisting of 2,377 regular employees and 458 hired contractual personnel as of December 31, 2020.

B. Operational Highlights

The Department reported the following major accomplishments per Organizational Outcome (OO) and Performance Indicator (PI) for Calendar Year (CY) 2020:

| Organization Outcome and Performance Indicators | Baseline (2019) | Physical Accomplishment | | % of Accomplishment |
|---|-------------------------------------|-----------------------------------|-----------|---------------------|
| | | Target | Actual | |
| OPERATIONS | | | | |
| OO1: Employability of workers and competitiveness of Micro Small Medium Enterprises (MSMEs) enhanced | | | | |
| EMPLOYMENT FACILITATION PROGRAM | | | | |
| Outcome Indicators | | | | |
| 1. Placement of qualified jobseekers | 87.4% | 82% | 87.2% | 106 |
| 2. Placement rate of youth assisted under JobStart Philippines* | 33.6% | 70% | 0 | |
| 3. Percentage of SPES beneficiaries completed Tech-Voc or College | From 7,925 in 2015 to 9,279 in 2019 | 1% increase from FY 2015 Baseline | 1.18% | 118 |
| Output Indicators | | | | |
| 1. Number of youth-beneficiaries assisted | 128,271 | 28,640 | 42,055 | 147 |
| 2. Number of qualified jobseekers referred for placement | 2,441,536 | 1,156,495 | 1,603,069 | 139 |
| 3. Number of individuals reached through labor market information | 4,067,527 | 1,156,495 | 2,259,362 | 195 |
| OO2: Protection of workers' rights and maintenance of industrial peace ensured | | | | |
| EMPLOYMENT PRESERVATION AND REGULATION PROGRAM | | | | |
| Outcome Indicators | | | | |
| 1. Compliance rate of establishments inspected | 76.9% | 70% | 80% | 114 |
| 2. Settlement rate | 77% | 70% | 71% | 101 |
| 3. Enforcement rates of decisions/orders | | | | |
| - Certification Election | 95.5% | 90% | 93% | 103 |
| - Labor Standards Cases | 93.1% | 50% | 76% | 152 |

| Organization Outcome and Performance Indicators | Baseline (2019) | Physical Accomplishment | | % of Accomplishment |
|--|--|-------------------------|-----------|---------------------|
| | | Target | Actual | |
| Output Indicators | | | | |
| 1. Number of establishments inspected | 70,298 | 64,000 | 86,537 | 135 |
| 2. Number of beneficiaries/workers served | 775,748 | 443,590 | 671,980 | 151 |
| 3. Disposition rate of cases handled | 87.9% | 100% | 85% | 85 |
| OO3: Social protection for vulnerable worker strengthened | | | | |
| WORKERS PROTECTION AND WELFARE PROGRAM | | | | |
| Outcome Indicators | | | | |
| 1. Percentage of livelihood projects still operational after two years of grant** | 84% group projects and 87% individual projects still operational | 10% | 0% | |
| 2. Percentage of OFW Labor cases resolved | 88% | 88% | 88% | 100 |
| Output Indicators | | | | |
| 1. Number of beneficiaries provided with livelihood assistance | 72,419 | 34,350 | 56,866 | 166 |
| 2. Number of beneficiaries/workers served | 2,056,902 | 1,195,505 | 6,055,380 | 507 |
| 3. Percentage of individual provided services within the prescribed process cycle time (PCT) | 100% | 100% | 100% | 100 |

The FY 2020 JobStart Philippines Program implementation was deferred due to restrictions under community quarantine. The Memorandum on deferment of the program was signed by Secretary Bello and disseminated to ROs on May 29, 2020. While program implementation was deferred, DOLE-BLE is enhancing the Manual of Operations and developing online materials to prepare for JobStart resumption in the new normal as follows:

- Online module on LST and incorporation of Chatbot support in its delivery, with the help of ADB and Plan International
- Incorporate online training on Work Ethics for a Productive Workforce (in partnership with NWPC)

The deferment of the livelihood projects was due to limitations/ restrictions in local travels that limited the conduct of monitoring of livelihood projects at the regional level.

C. Financial Highlights

For CY 2020, the DOLE has a total appropriation of ₱30,680,603,318.00 as provided for in the General Appropriations Act (GAA) for Fiscal Year (FY) 2020, or Republic Act (RA) No. 11260. This includes the amount of ₱18,400,000,000.00

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 ₱30,456,203,318.00, including releases for Automatic Appropriations for Retirement and Life Insurance Premiums (RLIP). Of the total allotments, total obligations of ₱26,059,280,188.52 were incurred, leaving an unexpended balance of ₱4,396,923,129.48 as at yearend, details as follows:

| Source of Funds | Amount in PhP | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------|
| | Appropriations | Allotments | Obligations Incurred | Unobligated Balance |
| A. Current Year Budget | | | | |
| Agency Specific Budget | | | | |
| Personnel Services (PS) | 2,559,435,430.05 | 2,559,435,430.05 | 2,556,157,617.01 | 3,277,813.04 |
| Maintenance and Other Operating Expenses (MOOE) | 9,384,293,870.26 | 9,174,893,870.26 | 8,466,980,103.26 | 707,913,767.00 |
| Financial Expenses (FE) | 8,000,000.00 | 8,000,000.00 | 7,998,561.34 | 1,438.66 |
| Capital Outlay (CO) | 141,379,000.00 | 126,379,000.00 | 99,081,095.06 | 27,297,904.94 |
| Sub - Total | 12,093,108,300.31 | 11,868,708,300.31 | 11,130,217,376.67 | 738,490,923.64 |
| Special Accounts - Locally Funded (VF) | | | | |
| MOOE | 18,400,000,000.00 | 18,400,000,000.00 | 14,743,017,395.39 | 3,656,982,604.61 |
| Subtotal | 18,400,000,000.00 | 18,400,000,000.00 | 14,743,017,395.39 | 3,656,982,604.61 |
| Automatic Appropriations | | | | |
| RLIP | 43,827,598.00 | 43,827,598.00 | 43,827,597.82 | 0.18 |
| Sub-Total | 43,827,598.00 | 43,827,598.00 | 43,827,597.82 | 0.18 |
| Special Purpose Funds | | | | |
| Miscellaneous Personnel Benefits Pension and Gratuity Fund | 143,339,932.69 | 143,339,932.69 | 141,890,332.27 | 1,449,600.42 |
| | 327,487.00 | 327,487.00 | 327,486.37 | 0.63 |
| Sub-Total | 143,667,419.69 | 143,667,419.69 | 142,217,818.64 | 1,449,601.05 |
| Total Current Year Budget | 30,680,603,318.00 | 30,456,203,318.00 | 26,059,280,188.52 | 4,396,923,129.48 |
| B. Continuing Year Budget | | | | |
| Agency Specific Budget | | | | |
| PS | 85,562,807.74 | 67,972,404.74 | 63,610,206.92 | 4,362,197.82 |
| MOOE | 878,298,913.18 | 878,298,913.18 | 801,112,712.37 | 77,186,200.81 |
| FE | 161,695.71 | 161,695.71 | 159,776.45 | 1,919.26 |
| CO | 5,154,648.39 | 5,154,648.39 | 3,214,903.75 | 1,939,744.64 |
| Sub - Total | 969,178,065.02 | 951,587,662.02 | 868,097,599.49 | 83,490,062.53 |
| Automatic Appropriations | | | | |
| RLIP | 56,171.44 | 56,171.44 | 56,171.44 | - |
| Sub-Total | 56,171.44 | 56,171.44 | 56,171.44 | - |
| Special Purpose Funds | | | | |
| PS | 20,004.04 | 20,004.04 | - | 20,004.04 |
| Sub-Total | 20,004.04 | 20,004.04 | - | 20,004.04 |
| Total Continuing Year Budget | 969,254,240.50 | 951,663,837.50 | 868,153,770.93 | 83,510,066.57 |
| Grand Total | 31,649,857,558.50 | 31,407,867,155.50 | 26,927,433,959.45 | 4,480,433,196.05 |

The total 2019 Continuing Budget totaling ₱969,254,240.50, pertains to the following:

| Programs/Projects | Amount in PhP |
|---|-----------------------|
| General Administration and Support | 47,372,955.07 |
| Support to Operations | 10,272,519.40 |
| Promotion of Local Employment | 50,533.01 |
| Youth Employability | 10,228,477.72 |
| Job Search Assistance | 26,210,397.56 |
| National Skills Registry System (NSRS) | 3,083,149.69 |
| Promotion of Good Labor-Management Relations | 36,135.99 |
| Promotion of Rights at Work and Labor Standards | 2,195.05 |
| Tripartism and Social Dialogue | 80,027.90 |
| Workers Organizations Development and Empowerment | 989,184.99 |
| Labor Laws Compliance | 6,131,989.70 |
| Case Management | 138,073.64 |
| Promotion of Rights and Welfare of Workers with Special Concern | 651,611.18 |
| Promotion of International Labor Affairs | 351,083.79 |
| Livelihood and Emergency Employment | 760,919,216.86 |
| Welfare Services | 94,028,255.27 |
| Reintegration Services for OFW Returnees | 8,632,258.20 |
| Retirement and Life Insurance Premium | 56,171.44 |
| Special Purpose Fund – PS | 20,004.04 |
| Total | 969,254,240.50 |

Out of the Continuing Budget with an allotment of ₱969,254,240.50, the amount of ₱868,153,770.93 was obligated, of which ₱868,097,599.49 was sourced from Agency Specific Budget, while the ₱56,171.44 was from Automatic Appropriations.

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 2020, with comparative figures from CY 2019, are as follows:

| Particulars | 2020 | 2019 (Restated) |
|---------------------------|---------------------|------------------------|
| Financial Position | | |
| Assets | ₱ 13,268,033,451.81 | ₱ 7,669,793,916.08 |
| Liabilities | 3,064,668,486.47 | 2,648,229,558.19 |
| Net Assets/Equity | 10,203,364,965.34 | 5,021,564,357.89 |

| Particulars | 2020 | 2019 (Restated) |
|---|---------------------------|---------------------------|
| Financial Performance | | |
| Revenue | 1,641,559,532.24 | 3,198,605,273.92 |
| Less: Current Operating Expenses | | |
| PS | 2,740,760,752.11 | 2,501,436,206.63 |
| MOOE | 1,152,858,259.22 | 1,651,286,540.85 |
| Financial Expenses | 2,423,716.60 | 8,068,405.85 |
| Non-Cash Expenses | 92,519,819.33 | 111,931,805.88 |
| <i>Surplus (Deficit) from Current Operations</i> | <i>(2,347,003,015.02)</i> | <i>(1,074,117,685.29)</i> |
| Financial Assistance/Subsidy from the National Government | 27,849,635,730.14 | 10,126,251,340.95 |
| Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs | 18,711,539,265.49 | 5,633,244,349.31 |
| Net Financial Assistance/ Subsidy | 9,138,096,464.65 | 4,493,006,991.64 |
| Other Non-Operating Income | (31,416,162.69) | (33,277,381.69) |
| Surplus for the Period | ₱ 6,759,677,286.94 | ₱ 3,385,611,924.66 |

D. Scope of Audit

The audit covered the review of accounts and operations of DOLE and its ROs for CY 2020, 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 2020 considering that the misstatement of ₱46,322,646.30 due to errors and omissions in accounts Cash and Cash Equivalents, Receivables, Property, Plant and Equipment and Liabilities is below the materiality threshold of ₱79,771,250.95 or two percent of the total current operating expenses of ₱3,988,562,547.26, 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 ₱46,322,646.30, which is below the materiality threshold of ₱79,771,250.95 or

two percent of the total current operating expenses of ₱3,988,562,547.26 for an expense-driven entity. (Observation No. 1)

CASH AND CASH EQUIVALENTS

We recommended and the Management agreed to require the Accountants of the concerned Offices to recognize all reconciling items in the BRSs that require adjustment/correction in the books of accounts and revert back to Cash accounts all unreleased and stale checks.

RECEIVABLES

We recommended and the Management agreed to:

- a) require the Chief Accountant and Property Officer of the CO to effect the adjustments of unrecorded deliveries; and**
- b) direct the Accountant of RO IX to prepare the necessary adjusting journal entries to recognize Other Receivables and disclose in the Notes to FSs the unclaimed and unrefunded financial assistance that are still in custody of the MRC.**

PROPERTY, PLANT AND EQUIPMENT

We recommended and the Management agreed to instruct the Accountant and the Property Officer of the concerned Offices to reconcile and effect the necessary corrections in the books and RPCPPE for the unrecorded, unserviceable, disposed, transferred, lost and damage, and misclassified PPE items, as well as the misstatements in the affected accounts duly supported with proper documentation.

FINANCIAL LIABILITIES

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

- a) NCR and RO XI to revert the Accounts Payable totaling ₱26,883,800.43 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**
- b) CO and RO XI to prepare the adjusting entries to present the correct balance of the Accounts Payable as at yearend.**

OTHER PAYABLES

We recommended and the Management agreed to require the Chief Accountant to make the necessary reconciliation and adjustments in the books to eliminate the erroneous classification of Other Payables totaling ₱13,339,973.08.

2. Other accounting deficiencies totaling ₱754,358,304.82 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/ long outstanding balances, inadequate monitoring of project/activities completion, and inadequate disclosure in the Notes to FSs; thus, affecting the reliability, accuracy, completeness and existence of the reported account balances of the Assets and Liabilities and other related accounts in the FSs of the Department as of December 31, 2020. (Observation No. 2)

CASH IN BANK ACCOUNTS

We recommended and the Management agreed to instruct the Accountant of BWSC SAP/SAWP to:

- a) **maintain separate SL for each bank account and present the same to the Audit Team for validation;**
- b) **furnish the BWSC-CO Audit Team copies of the BRSs submitted by the ROs III, VI and X;**
- c) **require the concerned ROs to submit documents supporting the remittances, penalty on unremitted lien collection and forfeited unclaimed and undistributed cash bonus in compliance with the DO No. 114-11; and**
- d) **submit the analysis of monthly Report of Sugar Production, Withdrawal, Lien Collection and Remittance.**

INTER-AGENCY RECEIVABLES

We recommended and the Management agreed to require the:

- a) **Chief Accountant and Property Officer to continue reconciling their records with the PS-DBM to eliminate the variance of ₱5,042,021.16; and**
- b) **Accountant of RO VI to analyze and prepare necessary entries to adjust the negative amounts included in each account.**

INTRA-AGENCY RECEIVABLES

We recommended and the Management agreed to require the Accountant of:

- a) **BWSC SAP/SAWP to conduct regular analysis of the account Due from ROs and coordinate with the DOLE ROs Accountants for the reconciliation of the records, effect all necessary adjustments, and establish balance per fund and RO; and**
- b) **RO VI to conduct reconciliation and accordingly effect the necessary adjustments.**

OTHER RECEIVABLES

We recommended and the Management agreed to require the:

- a) **concerned Accountants to expedite the analysis of the unreconciled balances to reflect the accurate balance of the account; and**
- b) **Accountant of RO VI to analyze and effect adjustments on accounts with negative balances.**

PROPERTY, PLANT AND EQUIPMENT

We recommended and the Management agreed to require the:

- a) **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 (NCR, ROs I, III ,VI, VII, X);**
 - **regularly prepare and maintain the required Accounting and Property records for PPE as prescribed under Section 42, Chapter 10 of the GAM for NGAs, Volume I. (NCR, ROs III, VI, VII);**
 - **make necessary adjustment to properly classify PPE items in the books of RO I amounting to ₱352,908.00 and in the books and property records of BWSC-SAP/SAWP amounting to ₱114,360.00;**
 - **analyze and effect adjustments on accounts with negative balances;**
- b) **Chief of the Property Division to:**
 - **ensure that PPE items are with properly accomplished stickers (RO VII);**
 - **conduct disposal of all unserviceable properties in accordance with Section 79 of PD No. 1445, pertinent provisions of COA Circular No.**

89-296, COA Circular No. 86-264, and Manual on Disposal of Government Property (RO IV-B); and

- **conduct annual physical count of PPE and accomplished properly the RPCPPE as prescribed under Section 38, Chapter 10 of the GAM for NGAs, Volume I and Appendix 73 of GAM for NGAs, Volume II, respectively. (BWSC-SAP/SAWP RO I, V, VII).**

FINANCIAL LIABILITIES

We recommended and the Management agreed to direct the Accountants of ROs VI and VII to prepare and maintain individual SL for each GL control account in compliance with Section 12, Chapter 2 of the GAM for NGAs and to regularly update the SL record.

INTER-AGENCY PAYABLES

We recommended and the Management agreed to require the Accountant and other concerned personnel of DOLE CO and RO VI to reconcile their records and make the necessary adjustments to eliminate the:

- a) unsettled prior year's difference in the amounts of deductions and remittances; and**
- b) accounts with negative balances.**

TRUST LIABILITIES

We recommended and the Management agreed to require the Accountant of:

- a) RO IX to analyze and reconcile SLs and to eliminate unreconciled and long outstanding balances; and**
- b) ROs VI and VII to prepare and maintain individual SL for each GL control account in compliance with Section 12, Chapter 2 of the GAM and to regularly update the SL record.**

OTHER PAYABLES

We recommended and the Management agreed to require the Accountant of:

- a) CO and NCR to account the specific causes of the negative balances, reclassify those trust receipts/liabilities with corresponding cash accounts to their proper accounts, and prepare appropriate adjusting journal entries; and**

- b) **ROs VI and VII to prepare/maintain and update the individual SL for each GL control account in compliance with Section 12, Chapter 2 of GAM for NGAs, Volume I.**
3. Insufficient internal control measures in the grant of financial assistance thru COVID-19 Adjustment Measures Program (CAMP); TUPAD #BKBK; and Abot-Kamay ang Pagtulong (AKAP) sa OFWs (AKAP for OFWs) resulted in: a) excessive/multiple payments totaling ₱1,023,750.00; b) denied claims and/or less than the amount stated in the DOLE DOs; c) unclaimed amounts in the possession of Money Remittance Centers (MRCs) totaling ₱22,432,840.00; and d) incomplete and deficient documents on the payment of financial assistance contrary to the pertinent DOLE DOs/AOs relative to the implementation of Bayanihan I or RA No. 11469, thereby casting doubt on the propriety and/or validity of the financial assistance granted to the beneficiaries of the said programs. (Observation No. 3)

We recommended and the Management agreed to:

- a) **require the concerned Offices to conduct further investigation on the noted excessive payments and institute necessary actions;**
- b) **design additional control measures to avoid double payments of financial assistance in the succeeding implementation of the Bayanihan-2 Programs.**
- c) **require POLOs, NCR and RO IV-A to conduct further investigation on the beneficiaries who denied receipt and received less than the approved amount of the financial assistance;**
- d) **require NCR to:**
- **validate if the concerned Security Agency**
 - **claimed the CAMP assistance for their employees;**
 - **made payroll deductions to the concerned employee for the financial assistance received from DOLE; and**
 - **require the concerned Security Agency to refund for any misrepresentation with DOLE;**
 - **verify if the beneficiaries who did not receive the financial assistance were considered in the list of unclaimed amounts to be submitted by the concerned MRCs;**
- e) **require RO IV-B to instruct the remittance center to submit proof of release of financial assistance;**

- f) **require Internal Audit Service to evaluate the adequacy of existing internal controls on the payments of financial assistance by the POLOs to OFWs/beneficiaries and institute additional procedures that would minimize the deficiencies noted;**
 - g) **require all ROs concerned to continue informing the beneficiaries to claim the financial assistance from the respective MRCs;**
 - h) **require all ROs concerned to closely monitor the status of the unclaimed CY 2020 amounts and/or require the MRCs for the immediate refund of the amounts intended for those unknown beneficiaries;**
 - i) **require POLOs, ROs VI, IX and XIII to coordinate with the focal person and submit the lacking documents as required under the pertinent DOLE DOs/AOs;**
 - j) **require RO III to send confirmation letters to other DOLE RO on other benefits that may have been paid to employees who are not residents in Region III and submit immediately to the audit team for validation purposes;**
 - k) **require POLOs, NCR, ROs IV-A, IV-B, V, VI, IX, X, and XI to submit explanation on the deficiencies noted and ensure that supporting documents submitted are properly evaluated in accordance with the requirements of the DOLE DOs/AOs; and**
 - l) **require the concerned Offices to submit the lacking documents on the deficiencies noted.**
4. The Department had utilized ₱2,683,751,158.49 or 93.80 percent out of ₱2,861,113,898.92 allotments for the three regular programs, namely: TUPAD, DILP, and GIP, thereby leaving an unutilized amount of ₱177,362,740.43 or 6.20 percent with 139.47 percent accomplishment over the target beneficiaries for CY 2020, thus, achieving DOLE's contribution to the government's agenda of inclusive growth thru massive job generation and poverty reduction. (Observation No. 4)

We commended the Department for the unconditional efforts in implementing the programs, projects, and activities under its mandated functions despite the threat of the COVID-19 pandemic, to contribute to the government's agenda of inclusive growth thru massive job generation and poverty reduction.

However, we recommended and the Management agreed to require the:

a) RO IX direct the Field Office Focal Persons to:

- coordinate with the respective ACPs and require compliance with the MOA on the submission of the liquidation report with all supporting documents, particularly the submission of the acceptance/acknowledgement receipt by the beneficiaries of the raw materials, and/or equipment, tools and jigs; and
- prepare and maintain a monitoring report of all equipment distributed to the beneficiaries of the concerned ACPs for accounting and accountability purposes;

b) RO X to:

- include in the MOA with the MLFSI provisions on the holding period for the unclaimed amounts and the responsibility of reporting the same to the RO;
- improve their communication and information drive system to ensure that all beneficiaries are duly informed of the availability of payment, including the period within which beneficiaries are allowed to claim; and
- conduct regular monthly monitoring on unclaimed payments.

5. The balances of the trust receipts and collections of registration fees of ROs V and XIII totaling ₱18,694,840.72 were unremitted to the BTr, contrary to Sections 6 and 10 of the General Provisions of GAA, Fiscal Year (FY) 2020 or Republic Act (RA) No. 11465 and EO No. 338, s. 1996; thus, depriving the national government of the proper disposition of these funds. (Observation No. 5)

We recommended and the Management agreed to require ROs V and XIII to remit the amount to the BTr. in pursuance of the abovementioned law and regulations.

6. Insufficient observance of the laws, rules, regulations in the granting, utilization, and liquidation of CAs under COA Circular No. 97-002 and Section 6 of COA Circular No. 2016-005 resulted in unliquidated CAs totaling ₱1,572,152,901.75 even if their purpose had already been served; thus, exposing public funds to possible risk of misuse and non-recording of related expenses within the period these were incurred. (Observation No. 7)

We recommended and the Management agreed to:

- a) require the concerned Accountants to send demand letters to AOs, with outstanding balances as well as to the resigned/retired AOs to 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) stop the practice of granting additional CAs to AOs with outstanding unliquidated CAs;**
- c) 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;**
- d) stop the granting of CA to the Regional Director and Assistant Regional Director for special purposes;**

AO/ILAB Dir. to:

- e) explain why some expenses incurred were charged to her CA even prior to the authority to handle CA was given; otherwise, the said expenses will be disallowed in audit; and**
 - f) regularly monitor the liquidation/settlement of outstanding advances for those AOs who are currently assigned to POLOs.**
7. Fund transfers to NGAs, NGOs/CSOs, LGUs and GOCCs for the regular operations totaling ₱1,106,350,662.13 remained unliquidated for more than one year to less than 10 years due to the deficient monitoring of program/project completion and liquidation by the Implementing Agencies (IAs) contrary to COA Circular Nos. 94-013 dated December 13, 1994, and 2007-001 dated October 25, 2007.

While, fund transfers to LGUs for the implementation of Coronavirus Disease 2019 (COVID-19) program under the Tulong Panghanapbuhay Para sa Ating Disadvantaged/Displaced Workers #Barangay Ko, Bahay Ko! (TUPAD#BKBK) amounting to ₱50,836,476.00 remained unliquidated as of December 31, 2020, which raised doubts in ascertaining whether the allocation for the program was used for its intended purpose. (Observation No. 8)

We recommended and the Management agreed to:

On regular operations:

- a) **ensure compliance with the requirements prescribed under DOLE 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/CSOs and GOCCs;**
- b) **direct the Program Officers concerned to cause the immediate submission of terminal/liquidation reports within the prescribed periods by the 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;**
- c) **instruct the Technical Support and Services Division Chief to compel the concerned LGUs to: i) return the unused balance of the fund of the completed projects to settle the funds transferred, particularly those with long outstanding accounts; and ii) consider instituting appropriate sanctions on defaulting LGUs for non-liquidation of fund transfers (RO IVB);**
- d) **continuously exert extra effort to send demand letters to NGAs, LGUs, NGOs/CSOs and GOCCs with outstanding balances for the immediate settlement/liquidation of their accounts and copy furnish the same to COA;**

On fund transfers for the implementation of TUPAD #BKBK:

- e) **demand for the immediate liquidation by the respective LGUs/ACPs of the fund transferred ; and**
 - f) **immediately refund any unutilized portion of the funds.**
8. Dormant balances of asset and liability accounts totaling ₱167,802,088.61 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. 9)

We recommended and the Management agreed to:

On dormant asset accounts

- a) **consider the filing of a request to write-off the dormant accounts following the step-by-step procedure duly supported with documents as required under COA Circular No. 2016-005, if warranted (CO, BWSC-SAP/SAWP, RO I, IV-B, VI, IX and XIII);**

- b) **send demand letters to all those with unliquidated accounts for the settlement of the funds transferred to NGAs, NGOs/CSOs and LGUs (RO IV-A);**
- c) **direct the Legal Service to file appropriate collection suit against the defaulting AOs, if feasible (CO); and determine if legal action shall be instituted on any of the circumstances, such as failure of the LGU to complete the project and material violations of the MOA or COA Circular No. 2007-001 dated October 25, 2007 in compliance with Item No. K under 4.5.3 of the said Circular (BWSC-SAP/SAWP);**
- d) **instruct the HRDS to locate the whereabouts of AOs with dormant unliquidated advances and explain if clearances for accountability were filed by these defaulting AOs (CO);**

On dormant liability accounts

- e) **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 of accounts/records, schedules and supporting documents cannot be located consistent with COA Circular No. 97-001 dated February 5, 1997 (XIII); and**
 - f) **analyze the dormant Due to BIR, GSIS, Pag-IBIG and Philhealth accounts and make appropriate action thereof (CO).**
9. The insufficient reporting, monitoring, validation, and coordination with the concerned stakeholders by the BWSC on the shares, distribution and balances of the CBF resulted in the accumulation of undistributed CBF of which ₱161,331,914.80 is deemed forfeited in favor of the socioeconomic programs for sugar workers according to Section 9 of RA No. 6982 dated May 1, 1991, thus, affecting the full attainment of the program's objective of augmenting the sugar workers income to enjoy decent living for themselves and their families and the reliability of the status report of the CBF as of December 31, 2020. (Observation No. 10)

We recommended and the Management agreed to:

- a) **coordinate with the ROs on the monitoring of the compliance by the concerned Mills/PAs/Coops/PMs on the distribution of the CBF, validation of the undistributed CBF and forfeited amount, and intensify the distribution and remittance thereof; otherwise institute appropriate actions on the defaulting Mills/PAs/Coops/PMs;**
- b) **require the Accounting Divisions of both the ROs and the BWSC-CO to have a detailed and updated CBF status report per RO for control and**

monitoring purposes and submit the same to the Audit Team, for verification; and

- c) coordinate with the 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.**

10. 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 ₱7,735,157.31. (Observation No. 11)

We recommended and the Management agreed to:

- a) require NCR to grant reimbursable RATA instead of fixed RATA;**
- b) submit explanation and/or make the necessary refund for the following:**
- excess/overpayment on the Hazard pay, amount of relocation allowance in DOLE CO, and meal/food/representation expenses;**
 - excess per diems in RO III;**
 - other related expenses in RO V;**
- c) require the Accountant of RO V to pay the EME strictly on a “non-commutable or reimbursement basis” and not as a regular fixed monthly allowance, supported by receipts and/or other documents evidencing disbursement, if these are available, or in lieu thereof, by a certification executed by the official concerned that the expenses sought to be reimbursed have been incurred for any of the purposes allowed by law pursuant to COA Circular No. 89-300 and Section 42 of the GAA of FY 2020;**
- d) require RO X to submit a copy of the Memorandum issued by DOLE CO, or any supporting documents that may warrant the payment of COVID-19 Hazard Pay to the RO’s personnel whose workstations were not under ECQ; and**
- e) require RO XI to provide legal basis and justification supported by authoritative issuance for the conduct of medical activities and purchase of medical supplies.**

The foregoing audit observations and recommendations were communicated through Audit Observation Memoranda (AOMs) and a Matrix of Consolidated Observations and Recommendations issued on May 28, 2021 and were discussed during the Exit Conference with the concerned DOLE officials and employees on

June 1-2, 2021. 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, 2020, DOLE had total unsettled suspensions, disallowances and charges of ₱206,026,281.88, ₱42,482,920.95 and ₱22,751.75, respectively.

H. Status of Implementations of Prior Years' Audit Recommendations

Of the 131 audit recommendations embodied in the prior years' CAAR, 77 were fully implemented and 54 were not implemented as shown below. The details of prior years' recommendations are discussed in Part III of the Report.

| Status | Number | Percent |
|-------------------|---------------|----------------|
| Fully Implemented | 77 | 58.78 |
| Not Implemented | 54 | 41.22 |
| Total | 131 | 100 |