

PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA)  
 Audit Observations and Recommendations  
 For the Calendar Year 2015  
 as of March 31, 2017

Ref	Audit Observations	Audit Recommendations	Action Plan	Person/ Department Responsible	Target Date to Implement		Status of Implementation	Reason for Partial/Delay/ Non-Implement	Action Taken
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1	<p><b>VALUE FOR MONEY AUDIT</b></p> <p>A total amount of P12,669,758.02 in claims from 123 cases filed with writ of execution against 116 recruitment agencies remained unpaid at year-end due to insufficiency of escrow funds, thus depriving 234 applicant-workers of money due them. Moreover, partial and delayed settlement of claims to 337 complainants were also noted.</p>	<p>COA recommended that management:</p> <ol style="list-style-type: none"> <li>1. Conduct/undertake a thorough study to increase the escrow deposits of recruitment agencies to forestall similar cases in the future;</li> <li>2. Require the agency's responsible official to explain for the numerous cases of unsettled claims for refund due to various reasons; and</li> <li>3. Institute appropriate sanctions against the erring recruitment agencies.</li> </ol>	<p>Approval of the revised 2016 POEA Rules and Regulation which will require additional escrow deposit for agencies with pending cases.</p>	<p>Adjudication Office Licensing Regulation Office</p>	May 2016		(b)	<p>There may have been instances that the escrow deposit of agencies including their surety bonds were fully depleted specially so where there are numerous claims against the Agencies and their respective licenses had long been cancelled.</p> <p>Another point of consideration is that garnishments on the escrow account are shared between the National Labor Relations Commission and the Administration. Simply put, the escrow deposit and bond of an Agency answers to both the monetary awards issued by the NLRC and the refund to Complainants through the Order issued by the POEA Administrator.</p> <p>In these instances, the garnishable amount in escrow would likely be depleted and would result to either: full satisfaction, partial satisfaction or non-satisfaction of claims. As provided in Section 5, Rule VI Part VI on Garnishment, 2002 POEA Rules: "In cases where several writs of execution are issued against the same agency, satisfaction of claims of workers against the escrow deposit or surety bond shall be on a 'first come first served' basis, irrespective of the date of filing of the case or date of the decision or date of the writ of execution.</p>	

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									<p>Provided that where the orders of garnishment are served simultaneously, the escrow deposit or surety bond shall be prorated among the claimants.” Regarding the audit finding that it took a very long time from the issuance of the writ of execution to the date of check or payment to claimants that may further prejudice workers of their rights over their money. May we refer to the procedure observed from the issuance of a writ of execution until the release of the check to the worker, this on the assumption that there are remaining amount in escrow in the custody of the Bank.</p> <ol style="list-style-type: none"> <li>a. Immediately, upon the receipt by the Sheriff of the Writ, a notice of garnishment is prepared for service to the Bank. Worthy of note is the period stated in the notice of garnishment that the bank is given five days within which to reply. However, the reply of the bank may vary from less than two weeks to three months from receipt of the notice of garnishment.</li> <li>b. Upon a favorable reply from the bank or surety company, an Order to Release is thereafter prepared and upon signing thereof by the Administrator, service shall be made to the bank or surety company.</li> <li>c. The bank shall prepare a voucher and issue a manager’s or cashier’s check payable to the POEA. However, the bank’s reply would take two weeks to 2 months depending on the availability of its signatory to prepare the check.</li> <li>d. Once informed that the check is available for pick-up, the check shall be deposited to the POEA cashier, and the check would be</li> </ol>

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									<p>immediately released to the worker upon request to release to avoid the check from being stale.</p> <p>e. A sheriff's report shall be made and the records will be indorsed to the Records Division for safekeeping.</p> <p>The interval of time from the assignment of the Writ of Execution until the issuance of the check to the worker oftentimes have been caused by the delayed reply from the bank and its subsequent release of the check. For emphasis, unlike the NLRC, the Administration has no power to require the bank or surety company, under penalty of contempt, to reply within five days from service of notice of garnishment. Neither does the POEA have authority to sanction the bank if it failed to released the check as soon as possible. Despite the absence of the contempt powers, the POEA is continuously monitoring and making a follow-up to the banks for the immediate release of the check.</p> <p>As to the other audit finding: "A number of refunds made by recruitment agencies were more than their escrow deposit, the licenses of most recruitment agencies involved with complaints have already been cancelled to date." This is the reason why they cannot be required to replenish their escrow deposit.</p> <p>"However, the numerous complaints received against agencies, non-settlement and/or partial payments of refunds due to insufficiency of escrow deposit, and the delayed settlement for the same reason, would necessitate a review of the agency rules on escrow deposit and bonds."</p> <p>The issue of insufficiency of the escrow deposit has</p>

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									<p>already been addressed in the new 2016 POEA Rules and Regulations. Section 15 of the Rules provides:</p> <p>Section 15. Renewal of License. – A licensed recruitment agency should submit an application for the renewal of its license within three months before the expiration of its license. The application shall be supported by the following documents: xxx</p> <p>b. Renewed/New escrow agreement with a commercial bank authorized to handle trust accounts by the Bangko Sentral ng Pilipinas, supported by a bank certification; Provided that, if during renewal, the applicant has pending recruitment violation case/s before the Administration, an additional escrow deposit shall be required in accordance with the following schedule:</p> <table border="0"> <tr> <td style="text-align: center;"><u>No. of Pending Cases</u></td> <td style="text-align: center;"><u>Additional Escrow Deposit</u></td> </tr> <tr> <td style="text-align: center;">1 to 5</td> <td style="text-align: center;">50,000 per case</td> </tr> <tr> <td style="text-align: center;">6 to 10</td> <td style="text-align: center;">75,000 per case</td> </tr> <tr> <td style="text-align: center;">11 or more</td> <td style="text-align: center;">100,000 per case</td> </tr> </table> <p>The total escrow deposit shall in no case exceed Two Million Pesos (P2,000,000.00)  Provided, further, that it in the succeeding renewal, the licensed recruitment agency, has no pending case, the Administration shall allow the withdrawal of the additional escrow deposit.”</p>	<u>No. of Pending Cases</u>	<u>Additional Escrow Deposit</u>	1 to 5	50,000 per case	6 to 10	75,000 per case	11 or more	100,000 per case
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2	The alarming increase in the number of 5,629 from 4,668 five years ago in the number of	We recommend that the Head of the Agency direct the Repatriation Unit personnel to act	Development of an online system to document and	Repatriation Unit in coordination with ICT	Oct. 2016	Dec. 2016	(b)		At the outset, we wish to underscore that the Administration remains committed to its mandate of protecting OFWs, especially on the matter of repatriation. This mandate is shared with other								

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	Overseas Filipino Workers (OFWs) requesting for repatriation in Calendar Year 2015, with 170 OFWs still awaiting repatriation at year end, that may further expose them to the risks of abuse/maltreatment, would indicate a need for a swift and stricter implementation of the Repatriation Guidelines.	immediately on all repatriation requests and monitor completion of the procedures until the workers are safely repatriated back home.	monitor progress of all requests for repatriation.						<p>government agencies responsible for providing protection to OFWs at various stages of the migration process, including the POLO, the OWWA and the DFA. POLO coordinates with foreign placement agencies/employers. OWWA, takes responsibility in case of default of employers/recruitment agencies, or when the licenses of such agencies have been either suspended or cancelled. The DFA repatriates migrants in irregular status and victims of human trafficking.</p> <p>It bears stressing, however, that pursuant to the 2002 POEA Rules and Regulations governing the recruitment and employment of Land-based Overseas workers and the 2003 POEA Rules for Seafarers, the primary responsibility to repatriate workers rests upon the employer and the recruitment agency. Such responsibility is also contained in standard employment contracts and in the Affidavit of Undertaking executed by the recruitment/manning agencies during their application for license. The role of POEA in this whole continuum is ensuring that recruitment agencies and employers responsible for the repatriation of workers comply with their obligation. Allow us then to clarify and update you on the 170 repatriation cases reported as pending at the close of 2015. Based on our records, the breakdown of the 170 cases and their current status is as follows:</p>

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									<table border="1"> <thead> <tr> <th>Classification</th> <th>No. of cases</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Repatriation of human remains</td> <td>9</td> <td>All 9 human remains were repatriated</td> </tr> <tr> <td>With pending cases (absconding, theft, manslaughter)</td> <td>15</td> <td>3 were repatriated 1 released from detention and opted to continue overseas employment 11 under detention and undergoing trial</td> </tr> <tr> <td>Waiting repatriation/for dispatch/personal family matter</td> <td>146</td> <td>127 repatriated as of March 20 19 opted to continue working</td> </tr> </tbody> </table> <p>From the above, out of the 170 cases, 139 have already been repatriated, 20 opted to continue working, and 11 could not be possibly repatriated as their cases are still being heard. In sum, only 11 of the 170 cases have not been repatriated for the reason stated above.</p> <p>We wish to stress that the notices to agencies/employers for these 170 cases were prepared at the earliest within the day of the request, or within a week from receipt of request. While notices are immediately sent to the PRAs concerned, there are certain repatriation requests that take longer time to process due to some external factors, not attributable to POEA. These factors contribute to the delay in repatriating workers, and they include:</p>	Classification	No. of cases	Status	Repatriation of human remains	9	All 9 human remains were repatriated	With pending cases (absconding, theft, manslaughter)	15	3 were repatriated 1 released from detention and opted to continue overseas employment 11 under detention and undergoing trial	Waiting repatriation/for dispatch/personal family matter	146	127 repatriated as of March 20 19 opted to continue working
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									<p>a. Cases in which the worker has absconded and could not be located. There are workers who abscond and their whereabouts could not be located. In these cases, POEA coordinates with POLO or Philippine Embassy, and requests their assistance in determining the whereabouts of the workers. We also get in touch with the agency to assist in locating the worker, and the next-of-kin to ascertain if the worker has communicated with them.</p> <p>b. Uncooperative employers/foreign placement agency and unnecessary delay in the issuance of exit visa (especially in some Middle East countries) In some countries in the Middle East like Saudi Arabia, a final exit visa is necessary before a worker can be repatriated. The final exit visa is issued primarily by the employer-sponsor; hence, his cooperation is necessary and crucial in facilitating immediate repatriation. In most cases, there is difficulty in securing the cooperation of the employer because of pre-existing employment-related issues. These issues include payment of recruitment and deployment costs and replacement of worker. Unless and until these issues are settled, the employer will not usually cooperate in issuing the final exit visa of the worker.</p> <p>c. Pendency of a case filed by the worker or against the worker In cases where a worker institutes/files a complaint against the employer or vice-versa,</p>

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									<p>the worker cannot be repatriated as his presence is required during investigation and hearing. Thus, the worker involved cannot be repatriated during the pendency of the case. Further, when an adverse decision is issued against the worker, he/she will serve the penalty imposed by the court. Only after the service of sentence has been completed will the repatriation efforts commence.</p> <p>d. Cases involving repatriation of human remains The repatriation of human remains of the deceased workers takes a longer time. Various clearances must be secured prior to repatriation. In these cases, the RU immediately coordinates with the POLO or Philippine Embassy. Upon notice of death, the Post within reasonable time shall issued a Report of Death and forward it to the Office of Consular Affairs, which in turn shall transmit it tot eh Philippine Statistics Authority for registration of death in the Civil Registry. Post shall further authenticate the death certificate, mortuary certificate, quarantine certificate, or other certificate necessary for shipment of remains. If the deceased worker is documented, it is the Labor Attache (POLO) who makes the necessary negotiation, coordination and arrangements with the employer, the FRA, PRA, and the local authorities for the exit requirements, airport/travel assistance, repatriation ticket and other documents required by the host country. If worker is covered by the Mandatory Insurance under RA 8042, as</p>



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									<p>amended, the insurance provided will be responsible for the repatriation of human remains. On the other hand, if the deceased worker is undocumented, the Philippine Embassy thru its assistance to National Unit shall handle the shipment of human remains. These processes take time as the laws of the host country have to be observed. The police authorities of the host country have to be observed. The police authorities of the host country also conduct investigation. Some documentary requirements need to be verified/authenticated.</p> <p>e. Medical cases In cases where the worker to be repatriate has a medical condition or confined in the hospital, medical clearance for travel is required from the attending physician. Sometimes medical clearance is withheld depending on the status of health/condition of the worker, or his/her fitness to travel.</p> <p>On top of these external factors, the sheer volume of requests received vis-à-vis the number of case officers also affect the timely notification and updating of the repatriation efforts by agencies. Beyond the mere issuance of the notice are internal processes that include verification of status of worker and deploying agency; evaluation of the requests and determination of grounds to repatriate; and preparation of notice and internal review. When notice has been issued, compliance reports are assessed; verification with POLO as regards the compliance is made, and clarificatory meeting is</p>

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									<p>conducted, when necessary. If it is found out that the agency/employer has not exerted earnest effort or failed unnecessary to repatriate the worker, a documentary suspension is recommended.</p> <p>In 2015, the POEA has imposed 231 orders of documentary suspension against Philippine recruitment agencies and foreign placement agencies that have failed to comply with their obligation to repatriate a worker. Of these orders, nine agencies and employers included in the 170 cases had been imposed such suspension for failure to repatriate the workers.</p> <p>Recognizing all this, we are undertaking improvements in our repatriation processes. We are finalizing with our Information and Communication Technology (ICT) Branch an online system to document and monitor progress of all requests for repatriation. This will have a facility to alarm aging requests, track progress and updates, as well as generate information useful for policy reforms and program development. This will replace the manual, spreadsheet type of case documentation and tracking. A more systematic way of filing repatriation requests and reports from agencies is also being put in place, with each staff in the RU given a specific area of responsibility. We are also undertaking a time and motion study, taking into consideration the volume of requests received over a period of time and the number of personnel in the RU, to justify the need for additional personnel as may be necessary.</p> <p>Rest assured that the Administration will continually assess our performance and introduce enhancements</p>

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									to be able to fulfill the overarching goal of protecting migrant workers from abuse and exploitation.
3	Unserviceable properties with a total cost of P41,023,324.66 and net book value of P4,682,671.35 have not been disposed of depriving the agency of additional income, as prescribed under Section 79 of PD 1445 and hence, the sizeable space occupied in the stockrooms/basement area could have been cleared and put to use for other purposes.	We recommend that the Head of the Agency direct the Disposal Committee to: <ul style="list-style-type: none"> <li>• Devise a program for disposal of unserviceable property and with time schedules</li> <li>• Revisit the existing procedures followed in disposal of property;</li> <li>• Verify their status in order to justify their disposal</li> <li>• Set the final appraised value of the property considering obsolescence, market demand, physical condition and result of previous bidding for similar property;</li> <li>• Recommend to the Head of the Agency</li> </ul>	Regularly dispose promptly items that do not have economic value.	Property Disposal and Appraisal Committee Administrative Branch -GSPD Finance Branch - Accounting Division			(b)		The management instructed the PDAC and the Property Officer to conduct accurate IIRUP to fully comply with Section 79 of PD No. 1445 which provides that when government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the Head of the Agency or his duly authorized representative in the presence of the Auditor concerned, and if found to be valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor concerned or other duly authorized representative of the commission. The Disposal Committee set the final appraised value giving consideration on the current market value, its physical condition and its obsolescence thru its IIRUP. The Committee recommended to the Head of Agency mode of disposal through a Disposal Resolution, hence, the transfer of service vehicles to Valenzuela Polytechnic College via Invoice Receipt for Property (IRP), Transfer of some furniture (tables and chairs) to LGU – Marikina City, also, through Invoice Receipt for Property. Some furniture (tables and gang chairs were also transferred to DOLe-NCR Pamamarisan Field Office. The rest of the unserviceable properties

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		<p>for approval the manner of disposal</p> <ul style="list-style-type: none"> <li>Dispose promptly items that do not have economic value which are recommended for immediate condemnation or destruction.</li> </ul>							<p>were sold through public auction. Please see below schedule of disposal activities for your perusal.</p> <table border="1"> <tr> <td colspan="2">POEA Disposal and Appraisal Committee (PDAC) Schedule Disposal Activities:</td> </tr> <tr> <td>March 2, 2016</td> <td>Completed IIRUP for ACU, computers, printers, CPU, Monitors, UPS, furniture and office equipment</td> </tr> <tr> <td>March 11, 2016</td> <td>Meeting of POEA Disposal and Appraisal Committee</td> </tr> <tr> <td>March 16-23</td> <td>Posted of Invitation to Bid at POEA We posted in conspicuous places such as Bulletin Board, POEA, Barangay Wack-Wack, Mandaluyod City Hall and DOLE NCR Pamamarisan Office.</td> </tr> <tr> <td>March 23</td> <td>Opening of bids</td> </tr> <tr> <td>March 30</td> <td>Issuance of approved Disposal Resolution 01 series of 2016 and Notices of Award for RRDA Trading</td> </tr> <tr> <td>April 15</td> <td>Issuance of approved Deed of Sale and Notice to Proceed to RRDA Trading</td> </tr> <tr> <td>April 18-21</td> <td>Hauling</td> </tr> <tr> <td>April 22</td> <td>Dropping of disposed assets from the books and accounts.</td> </tr> </table> <p>Lastly, the Management through the PDAC shall regularly dispose promptly items that do not have economic value which are recommended for immediate condemnation or destruction. Dropping of disposed assets from the books will be effected upon setting up of the e-NGAS which will be completed in the third quarter of 2016.</p>	POEA Disposal and Appraisal Committee (PDAC) Schedule Disposal Activities:		March 2, 2016	Completed IIRUP for ACU, computers, printers, CPU, Monitors, UPS, furniture and office equipment	March 11, 2016	Meeting of POEA Disposal and Appraisal Committee	March 16-23	Posted of Invitation to Bid at POEA We posted in conspicuous places such as Bulletin Board, POEA, Barangay Wack-Wack, Mandaluyod City Hall and DOLE NCR Pamamarisan Office.	March 23	Opening of bids	March 30	Issuance of approved Disposal Resolution 01 series of 2016 and Notices of Award for RRDA Trading	April 15	Issuance of approved Deed of Sale and Notice to Proceed to RRDA Trading	April 18-21	Hauling	April 22	Dropping of disposed assets from the books and accounts.
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4	The construction of covered waiting area and other agency process improvement which is funded through Cash	COA recommended that the Management direct responsible officials to expedite the implementation of the	The project was already awarded to a contractor who started work on June 8,	Administrative Branch - GSPD	June 8, 2016	Dec. 5, 2016	(b)		After receiving the complete amount on May 8, 2014 and as part of the commitment of the Metropolitan Bank and Trust Company, we were on a constant meetings/coordination with their designated designer who finalized the design and																		

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	donation amounting to P6,000,000.00 received as early as May 8, 2014 from three commercial banks renting out space at the POEA premises had been delayed, thus depriving the immediate benefits of the project to POEA clients including OFWs.	project which is the subject of the Agreement to immediately address the purpose of improving the facilities for the benefit of the POEAs clients including OFWs.	2016.						estimate of the proposed project.  The Terms of Reference, final plans and cost estimates were forwarded to our Bid and Awards Committee on March 19, 2015 for bidding process. The project was then subjected to public bidding last June 22, 2015. However, said bidding was declared a failure citing that the bid offer was found to be non-responsive. In such case, another public bidding is scheduled to be conducted on March 2, 2016.
5	<b>FINANCIAL AND COMPLIANCE AUDIT</b> Excess seminar fees of P2,909,952.87 maintained under the Trust Liabilities account as of December 31, 2015 were not deposited with the National Treasury contrary to the General Provisions of Republic Act 10651 or the (General Appropriations Act for FY 2015), that prevented the government use of these funds for other purposes. Moreover, proper reporting on collections and expenses	We recommended that the Management direct: <ul style="list-style-type: none"> <li>the immediate remittance of cash balances from seminar and training fees to the National Treasury, unless otherwise authorized, in compliance with the above-cited provisions of law; and</li> <li>the submission either in printed or electronic form a report to the DBM on the fees collected</li> </ul>	Evaluation of the conduct of the CAEP is being done.	LRO			(b)		The unused balance of the seminar fee was already remitted to the Bureau of the Treasury per LBP check no. 507880 dated 04-25-2016. However, the total amount remitted for CAEP and PLOS is only P1,312,147.69 which is net of the refund of seminar fees in March 2016 to participants who were not able to attend due to suspension of the conduct of the CAEP seminar, disbursement in 2016 and seminar fees to be refunded under PLOS . The balance of the EPS Training Fee will also be remitted to the Bureau of Treasury.

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	over said activities to the DBM had not been complied with.	and expenses incurred on the conduct of seminars, conferences and training programs of the agency.							
6	Long outstanding cash advances to officers and employees aged ten year to over 19 years totaling P1,372,118.62 as of December 31, 2015 were still not liquidated resulting in the overstatement of both the asset and government equity accounts as of the end of the year.	We recommend that Management: <ul style="list-style-type: none"> <li>request for write off of long overdue accounts if warranted, and following the guidelines prescribed under existing regulations;</li> <li>Strictly enforce liquidation of all cash advances immediately after the purpose of which they were granted have been served;</li> <li>Refrain from granting additional cash advances to AOs with unsettled cash advances;</li> </ul>	1. Continue sending demand letters to concerned accountable officers 2. Request for write off	Finance Branch-Accounting Division		3 <sup>rd</sup> qtr of 2016	(b)		Liquidation of cash advances is strictly being implemented thus all cash advances issued for the current year are fully liquidated. For the cash advances granted in the prior years, request for write off was already submitted because those who were granted cash advances could no longer be located in their last known addresses.
7	Total collection in the amount of P13,306,400.00 from the BM online processing system in CY 2015 is	We recommend that Management: <ul style="list-style-type: none"> <li>Discuss with the ICT Head regarding online processing</li> </ul>							1. <u>Low percentage of Overseas Filipino Workers Availing of the Online Services.</u> 1.1 <u>Balik Manggagawa Online Processing System</u> The Balik Manggagawa Online Processing System was officially launched on 16 October 2014. The

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	unreliable due to insufficient information/data as basis for recording in the books of account. Moreover, the intended purpose of the designed processing system may not have been fully attained due to longer processing time and low percentage of Overseas Filipino Workers availing of the on-line services.	<p>system for adequate check and balance, proper monitoring and improved operations to achieve its intended purpose;</p> <ul style="list-style-type: none"> <li>• Instruct ICT Head to submit the Report of Collections to the Accounting Division on a monthly basis to avoid delay in the recording and submission of reports to the COA; and</li> <li>• Instruct the ICT Head and the Chief Accountant to ensure accuracy in recording of actual collections with sufficient documentation as a basis of BM processing online system</li> </ul>							<p>system is a web-based facility that enables the Balik-Manggagawa (BM) or vacationing OFW to apply online for Overseas Employment Certificate (OEC) and have the approved OEC printed by the worker anytime anywhere. It may be availed by workers on vacation who are returning to the same employer/principal and jobsite, with employment visa/work permit, and previously issued Overseas Employment Certificate OEC/E-Receipt under the same employer/principal.</p> <p>The system provides two (2) services, to wit: 1) the <i>Straight Online Facility</i>, where workers can secure and self-generate their OECs online; and 2) the <i>BM Online Appointment System</i>, a built-in feature of the existing BM Online Processing System that caters to those who cannot proceed to the straight online processing of OEC for any of the following reasons:</p> <ol style="list-style-type: none"> <li>1. No POEA record / No record found/Discrepancy in any record;</li> <li>2. Undocumented workers (i.e., Tourist to OFW, Dependent to OFW, Student to OFW, etc.);</li> <li>3. Change employer and/or jobsite;</li> <li>4. Watchlisted worker and/or OFW with watchlisted employer;</li> <li>5. OFW returning to restricted or non-compliant country; and</li> <li>6. Seabased to Landbased Worker;</li> </ol> <p>All returning workers situated in the above foregoing reasons are automatically directed by the system thru its appointment page for regular processing of their OECs at any preferred POEA/POLO processing sites on their appointed date and time. The appointment of the worker is not</p>

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									<p>for the purpose of what has been cited by the AOM that the worker need to set an appointment for consultation to POEA personnel for deficient documentation and validation of the completion of documents.</p> <p>Subsequently, the workers processed thru appointment need not come to any POEA processing centers the next time they would get an OEC since they need only to log in at their existing BM online account for straight online processing.</p> <p><u>1.2 Full Implementation of BM Online Appointment System</u></p> <p>The POEA has fully implemented the BM Online Processing System in all its processing sites, accommodating only workers with appointment set through the BM Online system to expedite the processing of OEC, as follows:</p> <table border="1"> <thead> <tr> <th>Date of Implementation</th> <th>Processing Centers</th> <th>POEA/DOLE Issuance</th> </tr> </thead> <tbody> <tr> <td>25 May 2015</td> <td>BM Mall Processing Centers (SM Manila, Duty Free, Trinoma and Pag-ibig Makati)</td> <td>Advisory No. 08, Series of 2015</td> </tr> <tr> <td>01 July 2015</td> <td>Regional Center for Visayas – Cebu City</td> <td>Advisory No. Series of 2015</td> </tr> <tr> <td>01 Oct. 2015</td> <td>POEA Regional Centers, Extension Units and Satellite Offices</td> <td>Advisory No. 30 Series of 2015</td> </tr> <tr> <td>02 Nov. 2015</td> <td>POEA Main Office</td> <td>Advisory No. 27 Series of 2015</td> </tr> <tr> <td>01 Dec. 2015</td> <td>POLO Offices</td> <td>AO No.</td> </tr> </tbody> </table>	Date of Implementation	Processing Centers	POEA/DOLE Issuance	25 May 2015	BM Mall Processing Centers (SM Manila, Duty Free, Trinoma and Pag-ibig Makati)	Advisory No. 08, Series of 2015	01 July 2015	Regional Center for Visayas – Cebu City	Advisory No. Series of 2015	01 Oct. 2015	POEA Regional Centers, Extension Units and Satellite Offices	Advisory No. 30 Series of 2015	02 Nov. 2015	POEA Main Office	Advisory No. 27 Series of 2015	01 Dec. 2015	POLO Offices	AO No.
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									<p>As of 31 March 2016, the BM Online users totaled to at least 704,259. 133,118 availed their OEC's thru straight online while 571,141 were processed thru appointment.</p> <p>2. <u>Collections from BM Online accounted for only nine percent (9%) or Php13,306,400.00 or from the total collections of Php145,382,176.89 for CY 2015.</u></p> <p>The collections for BM Online accounted for only nine per cent (9%) or Php13,306,400.00 for CY 2015 represents only collections made or reported through straight online. The collections made at the Central Office, Regional Extension Centers/Units and POLO Offices would also account for BM Online collections since the BM Online Processing System is fully implemented.</p> <p><b>TOP 10 BM ONLINE IMPLEMENTORS (PROCESSING CENTERS)</b></p> <table border="1"> <thead> <tr> <th>Rank</th> <th>Central Office, Field Processing Centers and Regional Offices</th> <th>Philippine Overseas Labor Offices (POLO)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>POEA Main Office</td> <td>Singapore</td> </tr> <tr> <td>2</td> <td>Region 3 (Pampanga)</td> <td>UAE (Dubai)</td> </tr> <tr> <td>3</td> <td>Region 7 (Cebu)</td> <td>UAE (Abu Dhabi)</td> </tr> <tr> <td>4</td> <td>Region 4A (Calamba)</td> <td>Qatar (Doha)</td> </tr> <tr> <td>5</td> <td>POEA Field Office (Trinoma Mall)</td> <td>Oman (Muscat)</td> </tr> <tr> <td>6</td> <td>Region 1 (La Union)</td> <td>Saudi Arabia (Jeddah)</td> </tr> <tr> <td>7</td> <td>Region 11 (Davao)</td> <td>Israel (Tel-Aviv)</td> </tr> <tr> <td>8</td> <td>POEA Field Office (SM Manila)</td> <td>Malaysia (Kuala Lumpur)</td> </tr> <tr> <td>9</td> <td>CAR (Baguio)</td> <td>Taiwan (Taipei)</td> </tr> <tr> <td>10</td> <td>POEA Field Office (DutyFree Paranaque)</td> <td>Hong Kong</td> </tr> </tbody> </table>	Rank	Central Office, Field Processing Centers and Regional Offices	Philippine Overseas Labor Offices (POLO)	1	POEA Main Office	Singapore	2	Region 3 (Pampanga)	UAE (Dubai)	3	Region 7 (Cebu)	UAE (Abu Dhabi)	4	Region 4A (Calamba)	Qatar (Doha)	5	POEA Field Office (Trinoma Mall)	Oman (Muscat)	6	Region 1 (La Union)	Saudi Arabia (Jeddah)	7	Region 11 (Davao)	Israel (Tel-Aviv)	8	POEA Field Office (SM Manila)	Malaysia (Kuala Lumpur)	9	CAR (Baguio)	Taiwan (Taipei)	10	POEA Field Office (DutyFree Paranaque)	Hong Kong
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									<p>Thus, the BM Online users for 2015 totaling to 399,845 generates a collection of Php27,457,300.00 representing 274,573 workers processed from the REU and Central Office. The collections for the remaining 125,272 workers would be traced to workers processed thru the POLO.</p> <p><u>No adequate information as basis to ensure the accuracy of the reported collections.</u></p> <p>It was cited that there is lack of information/data on the actual collections for BM Online system as basis to ensure collections. It is worthy to note that the payment gateway for the BM Online System is Dragon Pay which is authorized by the Bureau of Treasury. Dragon Pay sends a daily collection report to ICT Branch and the Accounting Unit of POEA. The said collection report is validated by ICT thru the Reference Numbers issued by the system to processed workers. The validated report is the reported collections furnished by ICT to Accounting Unit Head of POEA. As to date, the Accounting Unit has access to the BM Online System to corroborate reports.</p> <p>The POEA wishes to assure the Commission that collections made for BM Online Processing System are accurate and are all in accordance with existing</p>																				

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									<p>rules and regulations.</p> <p>4. <u>The system is limited to the processing of OEC only that workers have to secure and pay for OWWA membership fees, Philhealth, SSS and Pagibig separately which resulted in the long processing time and crowded lines at the POEA Central Office.</u></p> <p>It was mentioned that the BM Online system was limited to OEC processing and that workers has still to come to POEA to pay their membership with partner agencies resulting to crowding at the POEA Central Office, contrary to the intended purpose of the designed processing system.</p> <p>Information is hereby respectfully offered to the Commission that the BM Online System was designed to fully automate the issuance of OEC to vacationing workers online. While the system was designed to include payment of OWWA, Pagibig and Philhealth, the partner agencies are at the meantime not ready for automation of their collections as originally designed, nevertheless, talks of their joining the system is in place. The workers are advised however that they can pay separately their membership at any office of the partner agencies without the need of coming to POEA.</p> <p>Further, the high number of OFWs at the POEA central office is due to the setup by POEA of the BM Online Kiosk at the POEA lobby. The intention of the kiosk was to accommodate returning workers and to encourage new users to register thru the BM Online system for online processing of their OEC. Furthermore, the kiosk was temporarily made</p>

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8	Unrecorded collections and deposits amounting to P3,616,221.16 and 2,761,516.38 from the Philippine Overseas Labor Offices (POLOs) and various Regional Centers/Extension Units, respectively, were noted due to the delay of submission of Report of Collections and Deposits that resulted in the understatement of income as of December 31, 2015.	We recommend that the Management: <ul style="list-style-type: none"> <li>Require the Chief Accountant and other responsible officials to ensure that the financial reports required to be submitted by the Accountable Officers (AO) are forwarded to the Accounting Unit within the prescribed period and financial information be recorded in the books promptly to avoid the repetition of the deficiencies noted in audit and to account for income to the appropriate accounting period;</li> <li>Continue to direct</li> </ul>	Continues follow up of submission of reports from REUs and POLOs ICT to submit the report of collection for BM online on time	Finance Branch-Accounting Division  ICT			(b)		Collections and deposits amounting to P2,761,516.38 from various Satellite Offices/Extension Units were recognized in the December 2015 books. This was due to advance submission of the concerned units through email. Relative to the POLO collections totaling to P3,616,221.16 below is the status: <table border="1" data-bbox="1921 836 2601 1442"> <thead> <tr> <th></th> <th>POLO</th> <th>Period Covered</th> <th>Date recorded to CJ -as per Bank Statement</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Australia</td> <td>Dec-15</td> <td>not yet remitted</td> </tr> <tr> <td>2</td> <td>Bahrain</td> <td>Oct-dec 2015</td> <td>not yet remitted</td> </tr> <tr> <td>3</td> <td>Brunei</td> <td>Nov-15 Dec-15</td> <td>4-Dec-15 6-Jan-16</td> </tr> <tr> <td>4</td> <td>Dubai</td> <td>Nov-15 Dec-15</td> <td>7-Dec-15 4-Jan-16</td> </tr> <tr> <td>5</td> <td>Geneva</td> <td>Sept-dec 2015</td> <td>RCD not yet received</td> </tr> <tr> <td>6</td> <td>Greece</td> <td>Oct-15 Nov-15 Dec-15</td> <td>6-Nov-15 4-Dec-15 12-Jan-16</td> </tr> <tr> <td>7</td> <td>Hongkong</td> <td>Feb - June 2015  July - Dec 2015</td> <td>received March 31, 2016 (not yet recorded) but as per report it was remitted on the month of collection  RCD not yet received</td> </tr> <tr> <td>8</td> <td>Israel</td> <td>Nov-15 Dec-15</td> <td>1-Dec-15 4-Jan-16</td> </tr> </tbody> </table>		POLO	Period Covered	Date recorded to CJ -as per Bank Statement	1	Australia	Dec-15	not yet remitted	2	Bahrain	Oct-dec 2015	not yet remitted	3	Brunei	Nov-15 Dec-15	4-Dec-15 6-Jan-16	4	Dubai	Nov-15 Dec-15	7-Dec-15 4-Jan-16	5	Geneva	Sept-dec 2015	RCD not yet received	6	Greece	Oct-15 Nov-15 Dec-15	6-Nov-15 4-Dec-15 12-Jan-16	7	Hongkong	Feb - June 2015  July - Dec 2015	received March 31, 2016 (not yet recorded) but as per report it was remitted on the month of collection  RCD not yet received	8	Israel	Nov-15 Dec-15	1-Dec-15 4-Jan-16
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		<p>the Chief of the ROCO to closely monitor submission of monthly RCD/Remittances from the Satellite/Extension Units and coordinate immediately with the concerned deputized collecting officers stationed in POLOs, to submit their collection reports together with supporting documents within the prescribed period to avoid delay in the recording of the transaction in the books; and</p> <ul style="list-style-type: none"> <li>Direct the ICT branch to submit the Report of Collections and Deposits to the Accounting Unit on a monthly basis.</li> </ul>							9	Jeddah	Nov-15 Dec-15	10-Dec-15 RCD not yet received
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9	Collections from POLOs were not deposited intact to the depository bank due to utilization for freight and bank charges in the total amount of P197,842.18, contrary to the provisions under DOLE Administrative Order No. 190 series of 2012 and Section 69 of Presidential Decree 1445, understating the income collected for the year.	We recommend the Management direct: <ul style="list-style-type: none"> <li>All designated POLO collecting officers to discontinue the utilization of collections to defray expenses relating to bank and freight charges;</li> <li>The Chief Accountant to prepare the necessary adjusting entries to correct the charging of bank and freight charges to the collections.</li> <li>That the POLOs be provided with funds to cover expenses incurred in the remittances of collections.</li> </ul>	Continue monitoring of submission of reports from POLOs for the immediate remittance of bank charges to the Bureau of the Treasury	Finance Branch-Accounting Division			(b)		Previous remittance in the amount of P45,554.77 was already made to the Bureau of Treasury in 2015 so only the balance amounting to P152,287.41 was remitted to the Bureau of Treasury per check no. 1565896 dated April 27, 2016.
10.	Conduct of cash examination on the Collecting Officer stationed at the POEA Extension Unit -5	COA recommended to Management at the POEA Extension Unit 5 that the Collecting Officer be required to:	Continues monitoring of submission of reports to central office to						<u>POEA Extension Unit 5</u> The delay in the deposit of daily collection is inevitable since only two employees were bonded, the Collecting Officer and the Head of Office for the period audited. Delay is happening when both the

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	showed delay in the deposit of daily collections contrary to Section 69 of PD No. 1445 and Section 21 of the MNGAS, Vol. 1. On the other hand, collections from various fees at the POEA Regional Extension Unit 10 were not deposited intact resulting in the incurrence of an accumulated undeposited balances each month contrary to the provisions of Section 22, of the same Manual, thereby exposing government funds to the risks of loss and misappropriation.	<p>a. Make deposits daily or not later than the next banking day; and</p> <p>b. Adhere to the policy and procedures for timely deposits</p> <p>We also recommended that Management at the POEA Extension Unit – 10 should require the Special Collecting Officer/Disbursing Officer to deposit all collections intact at the end of cash business day or not later than the next banking day to refrain from incurring balances at the end of each month.</p>	check compliance to COA's recommendation.					<p>Collecting Officer and the Head of Office are on meeting/training, official travel and/or on leave. Presently, the Collecting Officer is also the Head of Office.</p> <p><u>POEA Extension Unit 10</u> The Special Collecting/Disbursing Officer reasoned out that the above undeposited collections for the day were those collections which were received after the cut off time set for the deposit of collections which is every 8 to 9 o'clock in the morning, however, assured the Audit Team to comply with the provisions of Section 22, Volume 1 of the MNGAS.</p>	
11.	The AO's working area is not protected against possible intrusion by unauthorized person's contrary to sound internal control.	COA recommended that Management make a consistent follow up to their Central Office to fast tract the procurement of materials necessary for the construction of an adequately safe working area for the Collecting Officer.	AO from REU to request BAC for posting of the request for quotation in the PhilGeps website for possible bidder for the project.	REU 5 AO in coordination with BAC		3 <sup>rd</sup> qtr of 2016	(b)	Management has been consistently making follow-ups on the implementation of the installation of processing counters since the receipt of the approved BAC Resolution No. 351, s. of 2015 on October 20, 2015. On November 16, 2015, BAC Secretariat informed the office of the requirements like registration of the three suppliers first in PhilGEPS prior to the implementation, causing the delay in the completion of the project. Only one supplier is found to be registered with PhilGEPS. Further, only supplies and materials were integrated in the	



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									resolution, labor is not included. Meanwhile, the Management is looking into the possibility of just improving/renovating an area in the office to save resources. It was already discussed with our GSPD on February 5, 2016. Request for supplies, materials and labor is now being prepared with target of completion of the project on March 2016.
12.	Examination of the cash and accounts of the Agency's Cashier disclosed deficiencies in the maintenance of cash records. Moreover, frequent cancellation of ORs had been noted and the required proper notation for the cancellation thereof was not complied contrary to Sections 91 and 99 of Government Accounting and Auditing Manual (GAAM) Volume I which resulted in the inefficient utilization of the use of ORs and difficulty in monitoring collections. Also, the cash accountability of the Agency's Cashier could not be readily	COA recommended that the Management direct/require the Agency's Cashier to: a. Observe the existing rules and regulations on the proper use, reporting and safekeeping of all accountable forms in their custody and exercise caution in the issuance of the same and that the reasons for the cancellations should be duly noted in the face of the ORs and on the report pursuant to Section 99 of GAAM, Volume I, for proper disposition; b. Reconcile	Implementation of COAs recommendation on the proper maintenance of cash book	Administrative Branch-Cash Division			(a)		While it is true that there are spoiled and/or cancelled official receipts for various valid reasons, our collecting officers always affixed a marking (either spoiled or cancelled) in every cancelled or spoiled official receipt while the reasons for such cancellation/spoilage are indicated in the ISO 9001-2008 required Measurement Analysis and Improvement (MAI). Other units, that caused the cancellation of said receipts have likewise been provided with a copy of the MAI for their guidance.  As such and to comply with the GAAM required notation for the cancellation thereof, effective immediately, our Report of Collection and Deposits shall always be supported with a copy of the corresponding MAI.  As to the following COA recommendations, rest assured that these will be strictly implemented immediately.  Reconciliation of the cashbook balances with the Report of Collections and Deposit to establish the correct balances for each month;

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	ascertained at the end of each month and/or at any given time due to inconsistencies in the presentation, preparation and reporting of collections and deposits.	<p>immediately the Cashbook balances with the RCD to establish the correct balances for each month;</p> <p>c. Cashbooks should be properly maintained. Cashbook shall be used to record collections (debit column) and deposits to the bank (credit column) based on the RCD. She shall also, at the end of the month, rule and foot the cashbook. Further, the Cashier should certify immediately below the last entry in the cashbook at the end of the month showing the ending balance for the month;</p> <p>d. Entries in the cashbook should be written in ink rather than in pencil to assure that the entries are not</p>							<ul style="list-style-type: none"> <li>• Proper maintenance of the cashbook</li> <li>• Writing in ink entries in the Cashbook</li> <li>• Avoiding erasures and alterations in the cashbook</li> <li>• Maintaining individual cashbooks by sub-collectors</li> <li>• Observing chronological order in the Report of Collections with respect to the issuance of ORs</li> </ul> <p>With regard to the determination of the appropriate bond of each sub-collectors, please be guided that same will be addressed by our Finance Branch, the unit handling the processing/monitoring of bonds, for necessary adjustments as may be required.</p>

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		<p>temporary;</p> <p>e. Erasures and alterations in the cashbook should be avoided. Diligence in the presentation and recording of entries should at all times be observed. Do not delegate to contractual employees and Job Orders the recording of entries in the cashbook.</p> <p>f. Require the sub-collectors to maintain individual cashbooks where to record their own collections and issuance of ORs issued and determine who should be directly responsible in several unaccounted ORs;</p> <p>g. Issuance of ORs in the Report of Collections particularly Seabased, Landbased,</p>							

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		<p>Government Hired, Seaman's Registration Certificate, Other Income and Trust should be reported in chronological order to ensure that all ORs are properly accounted for and balances of cashbook accurate;</p> <p>h. Check the total cash accountabilities of each sub-collectors against the bracket or schedule of bonds for the determination of the appropriate bond if it is sufficient;</p> <p>i. The inclusive serial numbers should be properly presented on each type of collection in the cashbook and not only the name of the Sub-Collectors or type of collection.</p>							
13.	The provision of Section 77 of PD No. 1445 covering the proper	<p>COA recommended that:</p> <ul style="list-style-type: none"> <li>The agency's</li> </ul>	All accountable officers who will assigned as	Administrative Branch-			(b)		We acknowledge and resolve to implement your recommendation cited in the said AOM. May we also inform you that Ms. Juliet A. Batara, the

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	turnover of accountabilities, was not observed by both the Incoming and Outgoing Collecting Officers stationed at the Labor Assistance Centers, due to lack of supervision/instruction from responsible officials at the POEA Central Office. Moreover, a number of lapses over cash management was noted that did not conform with sound internal control.	responsible officials direct/assist the incoming and outgoing use of itemized receipts of transfer or invoice properly acknowledged by the incoming accountable officer. <ul style="list-style-type: none"> <li>The designated collecting officers stationed in LAC Terminals 2 to 4 should be directed to deposit daily collections to the nearest LBP located within the area</li> <li>The agency's responsible official closely supervise the collecting officer and the Chief Accountant provide orientation regarding his duties and responsibilities.</li> </ul>	collecting officer will be properly informed of their duties.	Cash Division Finance Branch-Accounting Division					outgoing collecting officer, deposited all the collections that she had collected before her retirement as evidenced by the Report of Collections and Deposits submitted for that period. Our Accounting Division will soon arrange a meeting between her and the new collecting officer, Ms. Athena D. Reyes for the formal turnover of accountabilities. As to the designation of Ms. Athena D. Reyes, her duties as collecting officer were enumerated in Special Order No. 315 issued on August 3, 2015. She has been observed to be performing her functions properly and submitting her reports regularly. Nevertheless, we will require her to undergo formal orientation with the Accounting Division. Henceforth, all accountable officers shall be properly given orientation of their functions and accountabilities before actual performance of their designation.
14	The accuracy, reliability and validity of the balance of the account Due from NGAs amounting to	We recommended that the Chief Accountant and the Finance Director to:	Continuous coordination with PS-DBM for the reconciliation of	Finance Branch-Accounting Division		4 <sup>th</sup> qtr of 2016	(b)		We have already coordinated with the PS-DBM and documents are already being gathered for submission to them to reconcile with their books.

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	P5,392,757.52 is doubtful due to the unreconciled difference of P1,945,801.92 against the balance of PS-DBM records of P3,530,670.80 as of December 31, 2015.	<ul style="list-style-type: none"> <li>Exert efforts in reconciling the account Due from NGAs with the PS Party Ledger by coordinating with the Office of the DBM-PS;</li> <li>Analyze thoroughly the inter-agency transactions and effect the necessary adjustments in order to come up with the correct balances</li> <li>Properly maintain the schedule of the corresponding GL account, Subsidiary Ledger and the General Ledger periodically.</li> </ul>	account						
15	Dormant Accounts Receivable and Other Receivables with balances of ₱7,757,547.60 and P570,305.70 respectively, had been overdue from over five to 30 years, making	<p>We recommend that the Management direct the Chief Accountant and other responsible officials to:</p> <ul style="list-style-type: none"> <li>Resort to legal means to enforce collection of long overdue accounts in</li> </ul>	Continue sending demand letters to delinquent tenants and inquire from BIR relative to withholding of taxes on rentals	Finance Branch-Accounting Division		3 <sup>rd</sup> qtr of 2016	(b)		Additional documents required by the Commission On Audit were already submitted for the request for write off of the dormant accounts receivable. For other receivables, these accounts will be further analyzed as basis for the submission of the request for write off for these accounts. Relative to the withholding of taxes on rentals involving government properties, a letter inquiry will be sent to BIR.

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	collection almost nil due to failure to intensify efforts to collect thereof. It also included uncollected rental and other fees of P2,058,036.07 from tenants contrary to Section 120 of the GAAM, Volume 1, hence denying the agency and the government use of additional fund to finance priority programs/projects.	<p>coordination with the foreign offices like embassies and POLOs; and</p> <ul style="list-style-type: none"> <li>• request for write off of the dormant receivable accounts from COA following the requirements prescribed in existing rules and regulations;</li> <li>• follow-up demand letters sent to the delinquent tenants to settle their accounts with the agency;</li> <li>• strictly monitor billings issued and demand letters sent and if possible, institute appropriate sanctions against the delinquent tenants such as non-renewal of their lease contract</li> <li>• coordinate with the BIR on the appropriate rulings on the withholding of taxes on rentals</li> </ul>	involving government properties.						

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16	The accuracy of the reported balance of inventory accounts totaling ₱3,777,969.88 is doubtful due to the discrepancy of P2,344,090.36 between the physical count and the book balances, as well as other lapses noted over inventory management.	<p>We recommend that the Head of the Agency direct –</p> <ul style="list-style-type: none"> <li>• The Accountant and the Supply Officer to update and reconcile their records and make necessary adjustments on the discrepancies noted to reflect the correct balances of their inventory account in the financial statement;</li> <li>• The Accountant to record on a monthly basis the value of inventories issued based on the submitted Report of Supplies and Materials Issued;</li> <li>• Update postings to supplies ledger cards.</li> </ul>	Continuous coordination of the GSPD and Accounting Division for the reconciliation of accounts.	Administrative Branch – GSPD Finance Branch – Accounting Division		3 <sup>rd</sup> qtr 2016	(b)		<p>The POEA Accountant and Supply Officer will start on April 26, 2016 to update and reconcile discrepancies noted and scheduled to be completed on or before June 30, 2016.</p> <p>The Accounting Division will complete the updating of records for the value of inventories issued based on the submission of Reports of Supplies and Materials by the Supply Officer on or before June 30, 2016. The Accounting Division will update posting on SLC to be completed on or before June 30, 2016.</p>



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17	The huge discrepancy of P248,428,067.18 between the book balances of Property, Plant and Equipment (PPE) as of December 31, 2015 and of the Report of Physical count of Property, Plant and Equipment (RPCPPE) could have been significantly reduced had the Property and Accounting Division reconciled their records as well as corrected other lapses noted over the property management, such as: a) incorrect account name in the Property records and b) excluded in the RCPPE three accounts amounting to 24,400,529.08.	We recommend that Management direct – <ul style="list-style-type: none"> <li>The Accountant and the Property officer to (i) exert efforts for the immediate reconciliation of their respective records to determine the causes of the noted discrepancies in the balances of the PPE accounts so that the necessary adjustments could be effected; and (ii) henceforth, conduct periodic reconciliation of their records to detect any errors and/or discrepancies in the PPE balances and the causes thereof for correction;</li> <li>Both the Accountant and the Property Officer to record all properties under the revised account titles and ensure correct balances thereof;</li> </ul>	Continuous coordination of the GSPD and Accounting Division with the Inventory Committee for the reconciliation of account.	Administrative Branch-GSPD Finance Branch – Accounting Division		4 <sup>th</sup> qtr 2016	(b)		The POEA Accountant and Property Officer will periodically reconcile their records on PPE immediately to detect discrepancies in the PPE balances and correct affected accounts in the books on or before December 31, 2016. The Accountant will provide GSPD with the revised account titles so that both GSPD and Accounting Division can properly record all entries under the revised account titles and correct balances accordingly. The Inventory Committee will be conducting physical count of inventory and submit reports on PPE after the disposal of the second batch of the unserviceable PPE on June 30, 2016. First batch of the PPEs for disposal was finished through public auction and transferred properties to other government agencies while the second batch will be completed on or before June 30, 2016.

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		<ul style="list-style-type: none"> <li>The Inventory Committee to complete the physical stock-taking and inventory reporting on all PPE unit of the Agency; and</li> </ul>																					
18	The Due to GSIS and the Due to Pag-ibig (HDMF) accounts posted negative balances of P1,057,026.09 and P19,282.45, respectively, due to accumulated errors in recording that rendered such balances doubtful and unreliable.	<p>COA recommend that the Management direct the Director of the Finance Branch and the Chief Accountant to:</p> <p>a. Locate the necessary documents to validate the transactions of the abnormal balances of Due to GSIS and Due to Pag-ibig</p> <p>b. Prepare adjusting entries to reflect the correct amount in the Statement of Financial Position</p> <p>c. Properly maintain Subsidiary Ledger of the said accounts in accordance with COA Circular No. 2013-002</p>	Each of the Accounting Staff was assigned a particular year to be reconciled for each of the account to speed up the reconciliation.	Finance Branch – Accounting Division		4 <sup>th</sup> qtr 2016	(b)		<p>Further verification of these accounts needs to be done and reconciliation involves working back. We hope to reconcile these accounts by end of 2016 based on the following schedule:</p> <table border="1"> <thead> <tr> <th><u>Affected year</u></th> <th><u>Estimated date of completion</u></th> </tr> </thead> <tbody> <tr> <td>2015-2013</td> <td>May 2016</td> </tr> <tr> <td>2012-2010</td> <td>June 2016</td> </tr> <tr> <td>2009-2007</td> <td>July 2016</td> </tr> <tr> <td>2006-2004</td> <td>August 2016</td> </tr> <tr> <td>2003-2000</td> <td>September 2016</td> </tr> <tr> <td>1999 and beyond</td> <td>Oct. to Dec. 2016</td> </tr> </tbody> </table>	<u>Affected year</u>	<u>Estimated date of completion</u>	2015-2013	May 2016	2012-2010	June 2016	2009-2007	July 2016	2006-2004	August 2016	2003-2000	September 2016	1999 and beyond	Oct. to Dec. 2016
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19	The balance of the account Due to BIR amounting to P8,418,175.14 included the amount of P5,607,728,39 that had been dormant for many years now allegedly due to the failure of POEA Regional Extension Offices to remit taxes they withheld and/or adjustments that have yet to be effected, thus overstating the account by the same amount.	We recommend that Management: <ul style="list-style-type: none"> <li>• Direct the officials and staff of the Accounting Division to review, analyze and adjust the Due to BIR account balance.</li> <li>• Exert efforts to locate pertinent records/schedules and supporting documents to verify the nature/purpose of the recorded transactions and determine the existence and validity of the balance. If the effort proves futile, request from the COA Central Office through the COA Audit Team for the write-off and /or adjustment of the account balances, supported by a list of available records</li> </ul>	Each of the Accounting Staff was assigned a particular year to be reconciled for each of the account to speed up the reconciliation.	Finance Branch – Accounting Division		4 <sup>th</sup> qtr 2016	(b)		These accounts shall be reconciled based on the following schedule: <table border="0" style="margin-left: 20px;"> <thead> <tr> <th><u>Affected year</u></th> <th><u>Estimated date of completion</u></th> </tr> </thead> <tbody> <tr> <td>2015-2013</td> <td>May 2016</td> </tr> <tr> <td>2012-2010</td> <td>June 2016</td> </tr> <tr> <td>2009-2007</td> <td>July 2016</td> </tr> <tr> <td>2006-2004</td> <td>August 2016</td> </tr> <tr> <td>2003-2000</td> <td>September 2016</td> </tr> <tr> <td>1999 and beyond</td> <td>Oct. to Dec. 2016</td> </tr> </tbody> </table>	<u>Affected year</u>	<u>Estimated date of completion</u>	2015-2013	May 2016	2012-2010	June 2016	2009-2007	July 2016	2006-2004	August 2016	2003-2000	September 2016	1999 and beyond	Oct. to Dec. 2016
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		and extent of validation made on the accounts as well as certification on the reasons for the absence or failure to locate pertinent books of accounts/records, financial statements/schedules and supporting vouchers/documents							
20	Outstanding Accounts Payable of ₱36,635,285.00 aged more than two years and above were not reverted to the Unappropriated surplus of the General Fund contrary to Section 98 of PD No. 1445 and DBM-COA Joint Circular No. 99-6 dated November 13, 1999. Moreover, the balances of Inter-Agency Payables carried over from the Old Government Accounting System in the total amount of	We recommend and Management agreed to: <ul style="list-style-type: none"> <li>Revert to the Unappropriated Surplus of the General Fund all outstanding payables aged two years and above, without supporting documents/valid claimant or against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts pursuant to Section 98 of PD</li> </ul>	Continuous review of the outstanding accounts payable at the end of the year	Finance Branch – Accounting Division		4 <sup>th</sup> qtr 2016	(b)		The reversion of these outstanding Accounts Payable totaling to P36,635,385.00 was already effected in April 2016 financial statements.

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	P5,034,968.37 have been dormant for over ten years. These resulted in the overstatement of the agency's liability account balances.	No. 1445 and Section 1.1 of DBM-COA Joint Circular No. 99-6; and <ul style="list-style-type: none"> <li>analyze the dormant balances of inter-agency payables, coordinate and confirm with the other government agencies involved in the transactions and effect adjustments, where necessary.</li> </ul>							
21	The delay in the preparation and submission of the required accounting and financial reports, contrary to existing rules and regulations, prevented the Audit Team from conducting a timely and effective auditorial review and evaluation of the recorded transactions.	We recommended that Management require the Chief Accountant and other responsible officials to promptly submit all documents and reports within the prescribed deadlines and implement adequate measures that will enable the Audit Team to render a timely and more effective review of the Agency's financial transactions and evaluation of its operations.	<ul style="list-style-type: none"> <li>Implementation of eNGAS</li> <li>Request for weAccess from LandBank</li> <li>Fill up vacant positions in the Accounting Division</li> </ul>	Finance Branch – Accounting Division Administrative Branch - HRDD		3 <sup>rd</sup> qtr 2016	(b)		<p>There is no computerized accounting system yet thus all the disbursement vouchers are manually encoded which required longer time for the encoding as well as for the analysis of each transaction. This also true with the preparation of the financial statements and reports.</p> <p>The bank reconciliation statement is dependent on the receipt of the bank statement which could not be provided by the bank immediately.</p> <p>With the voluminous transactions being undertaken in the accounting division and still using the manual system, lack of manpower complement is also an issue to consider.</p> <p>We are also pleased to inform your good office that we have already requested the COA for the installation of the electronic Government Accounting System (e-NGAs) which will somehow facilitate the preparation of the said reports promptly and efficiently. As per COA Central Office, this</p>

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									may be installed within the second quarter of 2016. As to the bank statements, we have already requested the Land Bank of the Philippines for the enrolment of our account in the “we access” facility which will allow us to view said account online.
22	<p><b>Audit of POEA deputized Collecting Officers At the Philippine Overseas Labor Offices (POLOs)</b></p> <p><b><u>Tokyo, Japan</u></b></p> <p>The Labor Attache stationed at the POLO – Tokyo who is also the POEA Deputized Collecting Officer (CO) does not prepare the required RCD nor maintain the required Cash Receipts Records (CRR) to monitor collections and deposits for Overseas Employment Certificate collections.</p>	<p>We recommended that the CO maintain the CRR on a monthly basis and prepare the RCD daily for collections and deposits of OECs in accordance with the MNGAS and COA Circular No. 2003-006, for adequate monitoring and reporting of collections and deposits.</p>	<p>Continuous monitoring of submission of collection reports and remittance of collections</p>	<p>ROCO Finance Branch-Accounting Division</p>			(b)		<p>The Labatt expressed her concern that while the required reports shall be accomplished, the most that they can do at the moment is weekly deposit of collections, instead of daily, with only two personnel already rendering overtime work on the daily basis. However, she will definitely comply as soon as additional staff from the DOLE HO is provided.</p>

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	<p><b><u>Athens, Greece</u></b></p> <p>Collections from OECs for the account of the POEA were not deposited intact with the depository bank since part of the collections was utilized for freight (delivery) and bank charges which was deducted outright from the OEC collections, contrary to DOLE Administrative Order No. 190 series of 2012 and Section 69 of PD No. 1445.</p>	<p>We recommended and the AO agreed to abide with Section 69 of PD No. 1445 on the deposit intact with the authorized depository bank of all collections received by it and to make representation with the HO to request for funds for the freight and bank charges incurred in the remittance of OEC collections.</p>	<p>Continuous monitoring of submission of reports and remittance of collections to be able to remit immediately to the Bureau of Treasury the bank charges deducted from remittance.</p>	<p>ROCO Finance Branch-Accounting Division</p>			<p>(b)</p>		<p>The AO commented that the Post remits to POEA's account in Manila the OEC collections, net of the bank charges since POEA does not provide funds for the said expense.</p>

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23	<p><b>GENDER AND DEVELOPMENT (GAD)</b></p> <p>The amount allotted for the implementation of GAD Plan amounted to P21,090,000.00 or 6.03 percent of the agency's total budget of P349,615 in accordance with Section 34 of FY 2015 GAA. It utilized the total amount of P21,117,719.26 or equivalent to 100.13 percent of the GAD Budget. However, there was a delay in the submission of GAD Plan and the corresponding Accomplishment Report to the Audit Team.</p>	<p>We commended the Management of the POEA for accomplishing their commitments to the GAD and recommended to continue allocating at least five percent of the total agency appropriations for GAD Programs, Projects and Activities. We also recommended the Management to instruct the GAD Focal Person to furnish a copy of Annual GAD Plan and the corresponding Accomplishment Report to the Audit Team within the prescribed deadline.</p>	<p>Monitor and continue compliance to GAD program</p>	GAD Committee			(b)		<p>On the delay in the submission of GAD Plan and the corresponding Accomplishment Report to the Audit Team, it is with deep regret that our Office committed an oversight in the submission of these reports. Rest assured that a copy of the PCW endorsed 2016 GAD Plan and budget shall be submitted once we received the same.</p>



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24	<p><b>SENIOR CITIZENS AND DIFFERENTLY-ABLED PERSON</b></p> <p>The Agency had implemented programs and projects related to Senior Citizens and Differently-Abled Persons in CY 2015 pursuant to Section 34 of the General Provisions of the GAA for the same year. Hence, the special needs of senior citizens and differently-abled persons were addressed.</p>	<p>We commended the Management of their accomplishments toward the noble objective of the Program and we recommended that Management continue to accomplish program/projects or activities to address the concerns and enhance the mobility, safety and welfare of senior citizens and differently abled-persons.</p>	<p>Monitor and continue compliance to Senior Citizens and Differently-Abled person program.</p>	<p>Administrative Branch – GSPD and HRDD</p>			(b)		<p>The above-mentioned programs and activities did not entail big budgetary requirements, thus, only minimal expenses were incurred in the conduct of the said programs and activities.</p>

HANS LEO J. CACDAC  
Administrator

June 23, 2016  
Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

Ref	Audit Observations	Audit Recommendations	Action Plan	Person/ Department Responsible	Target Date to Implement		Status of Implementation	Reason for Partial/Delay/ Non-Implement	Action Taken
					From	To			
24	<p><b>SENIOR CITIZENS AND DIFFERENTLY-ABLED PERSON</b></p> <p>The Agency had implemented programs and projects related to Senior Citizens and Differently-Abled Persons in CY 2015 pursuant to Section 34 of the General Provisions of the GAA for the same year. Hence, the special needs of senior citizens and differently-abled persons were addressed.</p>	<p>We commended the Management of their accomplishments toward the noble objective of the Program and we recommended that Management continue to accomplish program/projects or activities to address the concerns and enhance the mobility, safety and welfare of senior citizens and differently-abled persons.</p>	<p>Monitor and continue compliance to Senior Citizens and Differently-Abled person program.</p>	<p>Administrative Branch – GSPD and HRDD</p>			(b)		<p>The above-mentioned programs and activities did not entail big budgetary requirements, thus, only minimal expenses were incurred in the conduct of the said programs and activities.</p>

  
HANS LEO J. CACDAC  
Administrator

June 23, 2016  
Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

