

EXECUTIVE SUMMARY

Introduction

The Department of Labor and Employment (DOLE) Region IV-B or MIMAROPA is composed of Island Provinces namely: Mindoro (Occidental and Oriental), Marinduque, Romblon and Palawan. It was created by virtue of Executive Order No. 103 dated May 17, 2002; thus dividing Region IV Southern Tagalog into Region IV-A CALABARZON (Cavite, Laguna, Batangas, Rizal and Quezon) and Region IV-B MIMAROPA. Department Order No. 51 dated June 23, 2003, which caused the establishment of its Regional Office in Quezon City. In 2006, it finally became an independent agency in its funding from the Department of Budget and Management. In 2009, as per approved Rationalization Plan, it has forty two (42) plantilla positions and thirty eight (38) positions filled up. In July 2010, in effect of Executive Order No. 682 dated November 17, 2007 designating Calapan City as the Regional Center for MIMAROPA Region, DOLE Regional Office No.IV-B MIMAROPA had transferred to its present address at 2nd Floor Homemark Building, J.P. Rizal St., Camilmil, Calapan City. It has five (5) Provincial Offices which are located in key cities/municipalities in all provinces except for Oriental Mindoro which office is attached to the Regional Office.

Financial Highlights

For the CY 2010, DOLE IV-B had a total appropriations of P34,617,099 per the General Appropriations Act of 2010. Total allotments received amounted to P36,887,486 with expenditures of P35,478,598, leaving an unexpended balance of P1,408,888.

The total assets, liabilities government equity, income and expenses for CY 2010 compared with that of the preceding year are as follows:

	CY 2010	CY 2009	Increase (Decrease)
Assets	P42,421,090	P39,288,838	P3,132,252
Liabilities	11,555,898	5,259,178	6,296,720
Equity	30,865,192	34,029,660	(3,164,468)
Income	46,275,656	49,138,094	(2,862,438)
Expenses	40,655,439	37,070,474	3,584,965

Scope of Audit

Financial and Compliance Audit was conducted on the accounts, transactions and operations of the DOLE Region IV-B for the CY 2010. It included analysis of accounts of the financial statements, review of transactions and test of compliance with financial rules and regulations. The objectives of the audit are to ascertain the fairness and reliability of the Agency's financial position and results of operations and to determine whether its operations were conducted in compliance with applicable laws, rules and regulations.

Audit Opinion on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of the financial statements presentation due to the non-preparation and delayed submission of the Bank Reconciliation Statements that resulted to unreconciled balances of P841,823.12 rendering the Cash in Bank-Local Currency, Current Account (LCCA) accounts of the Agency amounting to P8,334,008.09 unreliable. Also, the year-end balance of the Loans Receivable account of P3,393,289.78 is doubtful due to its dormant status for more than five years and remote possibility of collection because no other pertinent records/documents were available in order to locate the debtors.

Significant Observations and Recommendations

Due to the effect of the deficiencies cited above on the balances of the accounts:

- a. We recommended that the Regional Accountant prepare the BRS and effect the necessary adjustment/s in the books of accounts, if there is any, in order to establish the correct balance of the Cash in Bank-LCCA accounts reflected in the financial statement of the Agency and submit the same to the Auditor within the reglementary period.
- b. We recommended that the Regional Accountant coordinate with the Regional Chief Accountant of DOLE Region IV-A in order to transfer all existing records/ documents that will show the details of the above account. If this is no longer possible, the Agency Head should request for authority from the Commission on Audit, to write-off the accounts whose balances were determined to be dormant and uncollectible. To facilitate approval, the request should be properly supported by a list of available records pertaining to the accounts, the number of years these have remained dormant and certification as to the extent of validation made on the accounts and the reasons why the records/documents/schedules could not be located.

In addition, the following is the summary of the other significant audit observations and recommendations noted for the year 2010:

1. Advances to Officers and Employees amounting to ₱1,584,375.28 at year-end were not liquidated promptly contrary to Sections 4.1.2 and 5.1.3 COA Circular No. 97-002 dated February 10, 1997 thus, expenses were not properly reflected during the period to which they relate.

We reiterated our prior year's recommendation that the Management should require the concerned officers and employees with outstanding cash advances to immediately liquidate all cash advances.

Failure on the part of the concerned officer/employee to liquidate his cash advances within the prescribed period shall constitute a valid cause for Management to withhold his salary as provided by COA Circular No. 97-002.

2. Grants released to various Local Government Units (LGUs) amounting to ₱14,074,278.15 remained outstanding at year-end due to the failure of Management to properly monitor the performance of the partner LGUs in accordance with their commitment stated on the Memorandum of Agreement (MOA), thus proper evaluation of the projects implemented could not be made.

We recommended that Management formulate alternative measures to effect the immediate submission of the liquidation report of the partner LGUs in order to ascertain that the funds released were properly utilized in accordance with the provisions stated in the MOA and evaluation of the project implemented could be made.

3. Financial assistance granted to various Non-Governmental Organizations/People's Organizations (NGOs/POs) totaling to ₱12,170,108.89 remained outstanding at year-end due to non-enforcement of prompt submission of Fund Utilization Report (FUR) contrary to Section 4.5.5 and 5.4 of COA Circular No. 2007-001 dated October 25, 2007, thus proper utilization of funds and effectiveness of the program implemented could not be determined.

We recommended that Management exert effort to demand the immediate submission of the FUR from the concerned NGOs/POs. If the liquidation of the funds granted to the delinquent organizations is really remote, instigate procedures necessary to have the accounts written-off. Further file legal action against the defaulting NGOs/POs.

4. The Annual Gender and Development (GAD) Budget for the CY 2010 of DOLE Region IV-B amounting to ₱214,750.00 was not utilized and the targets relative to GAD were not achieved contrary to Section 4.6 and 4.8 of DBM/NEDA/NCRFW

Joint Circular No. 2004-1, hence the programs, projects and activities that promote gender-responsive governance, protect and fulfill women's human rights and promote women's economic empowerment were not fully accomplished.

We recommended that the Management utilize the budget appropriated for GAD programs/projects/activities and advise the GAD Focal Person, as much as possible, to properly report its targets and accomplishments in order to monitor and facilitate appraisal of performance of the Agency relative to GAD related activities. Also, this will ensure that the activities are undertaken and resources are being used in accordance with the plans previously set.

Status of Implementation of Prior Year's Audit Recommendations

Of the six prior year's audit recommendations embodied in the 2009 Annual Audit Report, four were fully implemented, one was partially implemented and one was not implemented by the Agency.

