

National Labor Relations Commission  
**STATUS OF IMPLEMENTATION OF AUDIT RECOMMENDATIONS**  
 As of March 30, 2015

COA - N.L.R.C.  
**RECEIVED**  
 BY: *mev*  
 DATE: *4.15.15*  
 TIME: *3:37*

OBSERVATIONS/FINDINGS	COA RECOMMENDATIONS	COMMENTS AND/OR ACTIONS TAKEN BY MANAGEMENT
<p style="text-align: center;"><b>2014</b></p> <p><b>AOM No. 2015-01(2014) dated Feb. 23, 2015</b></p> <p>An unreconciled discrepancy exists between the Cash In Bank – LCCA per books and bank in the amount of P10,864,795.15 due to non-updating and absence of Subsidiary Ledgers for accounts maintained with the Land Bank of the Philippines (LBP) and the United Coconut Planters Bank (UCPB) respectively, as required under Section 403 of the Government Accounting and Auditing Manual (GAAM) Volume II. Further, Bank Reconciliation Statements (BRS) for each bank accounts was not completely updated in 2014 contrary to Section 74 and 122 of P.D. 1445 which rendered the account unreliable.</p>	<p>Prepare and update the subsidiary ledgers of each bank account in compliance with Section 403 of the GAAM Vol. II;</p> <p>Reconcile the general ledger balance of the Cash In Bank – LCCA with that recorded/stated in the individual bank account composing the account;</p> <p>Prepare and submit the corresponding monthly BRS of each bank account to reconcile and verify the correctness of the amount stated and recorded in the books not later than 15 days from the end of each month as required under Section 74 and 122 of P.D. 1445; and,</p> <p>Effect the necessary adjusting/journal entries for reconciling items and cleared accounts.</p>	<p><b>There are two bank accounts maintained: the LBP account and UCPB account.</b></p> <p>Cash In Bank – LCCA account maintained at UCPB were supported with complete subsidiary records maintained for each labor case controlled using the case number and respondent company with cash bonds deposits and/or deposits from garnishments/execution of judgment awards.</p> <p>Cash In Bank – LCCA account maintained at LBP were also supported with subsidiary records but it is still subject for further verification of posting of transactions for 2006 up to 2010.</p> <p>The Accounting Unit is updating the BRS and the adjustments in the books are made for books reconciling items.</p>
<p><b>AOM No. 2015-002-101(2014) dated February 25, 2015</b></p> <p>Collective Negotiation Agreement (CNA) Incentive granted and paid to Officers and Employees including Job Orders (JOs) of the National Labor Relations Commission (NLRC) in December 2014 amounting to P17,891,894.00 was made even without the approval of the Department of Budget and Management (DBM) for the use of available MOOE allotments for FY 2014 and</p>	<p>Management shall submit the following:</p> <ol style="list-style-type: none"> <li>a. Copy of the approval of the Department of Budget and Management for the use of the aforementioned available MOOE allotments for payment of CNA Incentives</li> <li>b. Copy of the approved CNA and supplemental thereto including cost-cutting measures</li> </ol>	<p>The Collective Negotiation Agreement Incentives are sourced from the savings generated from the stipulated cost-cutting measures between the management and the rank and file employees. The NLRC CNA Incentive was based on the approved CNA in 2012 and this was certified by the Civil Service Commission.</p> <p>The approved CNA and its accreditation were already</p>

<p>contrary to the guidelines on the grant of CAN as prescribed under DBM Budget Circular No. 2014-2 dated December 2, 2014.</p>	<p>Program/Activities/Projects</p> <p>d. Report of Accomplishments to DBM (Physical and Financial Plan)</p> <p>e. Performance Targets vs. Accomplishments at least an average of 70% of its FY 2014 targets under the Major Final Outputs (MFOs) as specified in Form A (Annex I) of Memorandum Circular (MC) No. 2014-01 dated April 21, 2014, issued by the Inter-Agency Task Force (IATF) created under AO No. 25</p> <p>f. Annual Report on the Expenditure for CNA Incentive submitted to DBM (Annex A of CL 2011-9)</p> <p>g. Likewise the amount of P352,020.00 for the payment of CNA Incentive for the Job Orders should be refunded for lack of legal basis</p>	<p>implementation in 2012. During the period from 2012 until declaration and the actual release of the incentive in 2014, the NLRRC has not received any copy of the circular requiring the approval of the DBM.</p> <p>On the refund of the CNA of the JOs, the management will justify the granting being part of the manpower complement that cooperated and participated in the strict observance of the cost-cutting measures while performing their assigned tasks and their support has contributed to the NLRRC's accomplishments for CY 2014.</p> <p>Other requirements for compliance of the NLRRC.</p>
<p><b>2013</b></p> <p><b>1. Unclaimed Cash Bonds</b></p> <p>Unclaimed cash bonds for RABs 2, 6-Iloilo and 11 amounting to P12,110,431.39 aged 5-19 years remained in the Fiduciary Trust Accounts due to lack of information on the whereabouts of claimants/awardees, while out of the balances of unclaimed cash bonds and Other Payables accounts of RABs 2 and 3 the amount of P21,025,538.92 were not supported with detailed schedules, records and documents to establish validity of the balances.</p>	<p><b>We recommended that NLRRC:</b></p> <ul style="list-style-type: none"> <li>• establish monitoring strategies to enable claimants to receive what is due them within reasonable period after preparation and approval of claims;</li> <li>• conduct inventory of all pending cases, submit the complete list and status of cases to facilitate the maintenance and updating of the complete record of all cases; and</li> <li>• require the concerned Accountants to reconcile records with the inventory list of cases with the account balances per books and subsidiary records of valid claimants</li> </ul>	<p>Submitted comment/justification that parties are properly informed of the release of judgment awards pursuant to the NLRRC Rules of Procedure.</p> <p>Parties are served with all Notices, Orders and Resolutions regarding the outcome of the complaint filed. Under the NLRRC Rules of Procedure, a writ of execution or an order of release of fiduciary funds are issued upon motion of the party-claimant. Section 6, Rule XI provides: "Within two (2) working days from receipt of a motion for the issuance of a writ of execution which shall be accompanied by a computation of a judgment award, if necessary, the Commission or the Labor Arbiter may schedule a pre-execution conference to thresh out matters relevant to execution including the final computation of monetary award. The</p>

pre-execution conference shall not exceed fifteen (15) calendar days from initial schedule, unless the parties agreed to an extension.

The NLRRC Trust funds shall not, at any given time, be declared dormant considering these are collections to cover judgment awards of cases during the pendency of the final judgment of the case. These collections are to be released to the prevailing party.

The conduct of inventory of cases is actually being done by offices of the Labor Arbiters and the Commissioners, and the reports are being monitored by the Research Information and Publication Division.

The recommendation to require the Accountants to reconcile records of trust funds balances with the inventory list of cases is not feasible due to the following facts:

1. The NLRRC handles and disposes about 33,000 cases in a year. The decided cases at the level of the arbitration branch are being elevated by way of appeal to higher courts: Commission Proper, Court of Appeals and to the Supreme Court of the Philippines.
2. The name of Labor Arbiters and Commissioners are not indicated in the subsidiary records maintained by the Accounting Unit, thus, the difficulty of tracing all the trust funds with the inventory of cases pending before the Commissioners and Labor Arbiters plus the fact that most of the decided cases are appealed to the Commission/ Court of Appeals/Supreme Court. Appealed cases may not be included in the Inventory of cases as of the given date since

**2. Cash and cash accounts**

The confirmed balance of Cash in Banks-LCCA of Main and NCRAB amounting to P776,068,072.95 for accounts with the Land Bank of the Philippines (LBP) and United Coconut Planters Bank (UCPB) was not yet reconciled to date affecting the reliability of the book balance of P758,012,157.71 as of December 31, 2013 with a difference of P22,920,296.30. Further, for prior years' transactions reconciled with the bank records up to December 31, 2011 on LBP accounts, the amount of (P13,562,529.63) was unaccounted and P2,559,333.14, net, was still subject to adjustments in the books for errors covering the periods from 2004 to 2011.

**3. Deposit of Collections not monitored**

The Daily Collection Reports prepared by the NCRAB Cashier with Order of Payments as reference were not tallied with the amounts directly deposited by payors with the bank resulting to errors in captured collections and deposits data since there were transactions unpaid/undeposited or deposited in other dates. Further, the Order of Payments issued by the Cashier were not pre-numbered resulting to double/multiple use of assigned numbers manually encoded. Collections of RAB 6 Bacolod were not deposited intact the next banking day following its receipt with the Authorized Government Depository Bank (AGDB).

We recommended that the Chief Accountant of NLRC Main and NCRAB prioritize the updating of the bank reconciliation statements for Cash in Bank-LCCA with LBP and UCPB to cover the period up to December 31, 2013, adjust the books for reconciling items or notify the banks for any adjustments/corrections and determine items affecting the total cash accountability of the dismissed Cashier.

We also recommended that the final accountability of the dismissed Cashier be incorporated in the charges filed by the NLRC and that the events pertaining to such accountability be fully disclosed in the Notes to Financial Statements of the agency.

We recommended that the Cashier-NCRAB reconciles the Daily Report of Collections prepared with the Bank Daily Abstract of Collections (UCPB) and make the necessary corrections/adjustments to the report before the transmittal to the Accounting Unit. The Cashier shall report on the issued Order of Payments that were not presented with the bank for deposit.

We likewise recommended that the NLRC management cause the preparation of pre-numbered Order of Payments for NCRAB that the Cashier will issue to payors to eliminate the occurrence of double

the records are being elevated to the Office handling appealed cases.

The Accountant already submitted the updated reconciliation reports, as of June 2014, for trust fund maintained at Land Bank of the Philippines. All adjustments shall be effected in the year 2014, completion of the reports. The reconciliation of trust funds maintained at UCPB is updated however not yet submitted to the Office of the Audit Team Leader (ATL), COA, since it is still being reviewed by the Accountant.

The recommendation of the ATL is complied, the accountability of the dismissed Cashier is already established and being disclosed in the Notes to Financial Statements.

Implemented

<p>4. <b>Cash Advances unliquidated/unadjusted balances</b></p> <p>Cash advances under accounts Advances to Officers and Employees and Due from Officers and Employees of Main and NCRAB, were unadjusted for errors in recording, non-recording of refunds/liquidations in the net amount of ₱169,454.84 and with unreconciled subsidiary balances while cash advances totaling ₱47,053.00 granted from July to October 2013 for RAB 6</p>	<p>or multiple numbering of the form.</p> <p>The Accounting Unit shall likewise keep track of Order of Payments (OPs) issued, e.g., series assigned and actually presented with the AAB and employ control process to ensure that issued OPs that were not used by payors are monitored if presented at later dates.</p> <p>We also recommended that NLRRC management continuously monitor the collections deposited with the AAB to ensure that all monies due the government and in trust are fully accounted for.</p> <p>We likewise recommended that NLRRC monitor that all collections are deposited regularly and intact and that another personnel be designated either as collecting or disbursing officer for proper segregation of duties and responsibilities.</p> <p>We recommended that the Chief Accountant of Main and NCRAB:</p> <ul style="list-style-type: none"> <li>• Determine the adjustments to be made on the erroneous cash advance balances per books</li> <li>• Adjust the books for the errors/over/understatements of the individual cash advance balances</li> <li>• Evaluate the beginning non-moving balances</li> </ul>	<p>RAB-VI has complied on the timeliness of deposits of their collections.</p> <p>Adjustments in Cash Advance Account were done in the records.</p> <p>The RAB 6 had fully complied and all cash advances were fully liquidated as of December 31, 2014.</p> <p>RAB III had</p>
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<p>Bacolod were not liquidated at the end of the year.</p>	<p>as to individual accounts and impose settlements</p> <ul style="list-style-type: none"> <li>• Issue corrected/adjusted and certified statement of unliquidated cash advances; and</li> </ul> <p>The Accountants of RAB Bacolod and RAB XIII:</p> <ul style="list-style-type: none"> <li>• Monitor the liquidation of the cash advances outstanding at year-end and cause the proper recording of liquidation in the General Journal.</li> </ul> <p>We reiterate our prior year's recommendations that the Accountants and Property Officers:</p> <ul style="list-style-type: none"> <li>• observe proper classification of all PPE items carried in their respective records;</li> <li>• reconcile the accounting and property records to arrive at the correct balances of each PPE account;</li> <li>• update the records for all transfers to RABs that were not properly taken up either in Accounting records or in the inventory reports of both the recipient and originating offices.</li> </ul> <p>For the current year's transactions we recommended that</p> <ul style="list-style-type: none"> <li>• the Accountants review the propriety of the values reported as disposal of, as well as the errors in the book up of PPEs, in the current year and take up the necessary adjustments in the accounting records.</li> </ul>	<p>Partially Implemented.</p> <p>There is an on-going reconciliation of the records of Property Officer and the Accountant. Adjustments and reclassification will be done.</p>
<p><b>5. Property, Plant And Equipment Unreconciled</b>  Property, Plant and Equipment account balances of Main and NCRAB, RABs 4, 10 and 13 had a difference of ₱20,182,677.31 when compared with the Property inventory balances due to unreconciled transfers to Regional Arbitration Branches, unrecorded disposal of PPE and misclassification of items while the PPE accounts of RABs 1,2,5,9 and 12 had unreconciled balances with the property records and those of RAB 5 were not insured with the General Insurance Fund of the GSIS</p>	<p>Partially implemented, adjustments for the transferred PPE to RABs were made.</p>	

<p><b>6. Unreconciled Inventory of Supplies and Materials</b></p> <p>Inventory of supplies and materials with year-end balance per books of Main and NCRAB amounting to ₱1,048,048.52 had a variance of ₱358,242.69 when compared with the supply records/physical count of ₱689,805.83 due to unrecorded issuances, direct charges to expenses instead of through inventory account and differing classification of office supplies, accountable forms and construction supplies inventories over/understating the affected account balances. Inventories per books of the 8<sup>th</sup> Division RAB 10 amounting to ₱336,881.70 were not reconciled in the absence of an inventory report and report of issuances for the year overstating the account balance.</p>	<ul style="list-style-type: none"> <li>the Property Officers reclassify the PPEs in agreement with the accounting treatment or to the proper PPE account, as the case may be.</li> </ul> <p>We likewise recommended that Management require the Property Officer-designate of RAB 5 to prepare a list of all insurable properties of the agency and furnish the GISIS with the said list for appraisal of the amount of the premium to be paid for the insurance of the property and ensure compliance with the regulations.</p> <p>We recommended that the Accountants and Supply Officers reconcile and adjust their respective records to arrive at the corrected Inventory balances as of December 31, 2013 and onwards.</p> <p>We likewise recommended that henceforth the proper account treatment shall be consistently applied in the Inventory or Expense account, as the case maybe, by the Accounting and Supply Units.</p> <p>We also recommend that the Supply Officers cause the periodic preparation and submission of the Report of Supplies and Materials Issued to the Accounting Unit as document for the adjustment of the account Inventories.</p>	<p>Complied</p>
<p><b>7. Reimbursement of Expenses for Repairs and Maintenance</b></p>		<p>Complied</p>

In the absence of a plan or agency directives for the regular upkeep of Main and NCRAB's motor vehicles, the Repairs and Maintenance Expenses from January to December 2013 amounting to P716,465.78, a total of P376,164.86 were either reimbursed to end-users or charged to Petty Cash Funds instead of through normal procurement and disbursement processes and were found to be deficient incomplete compliance with the basic documentary requirements of the expenses incurred.

We recommended that NLRRC management establish routine maintenance plan for all the service vehicles, direct a responsible official/personnel to take care of the execution of said plan including securing of budget or funds availability whereby said official shall be responsible for the evaluation of the repairs requested and the reasonableness of the funding requirements.

We likewise recommended the inclusion of repairs and maintenance expenses in the Annual Procurement Plan detailing the schedules for repair and the budgetary allocation for the servicing of vehicles for any given year.

**8. Motor Vehicles not marked**

Motor vehicle of RAB 5 was not properly marked with words "For Official Use Only" contrary to the provisions of COA Circular No. 75-6 dated November 7, 1975.

We also recommended that the Accounting Unit validates that all necessary documentary requirements for the repairs and maintenance of the service vehicles are complied and applied in accordance with the nature and purpose of such expenses.

We recommended that Management strictly comply with the marking requirements of motor vehicles as required under COA Circular No. 75-6 dated November 7, 1975.

RAB 5 complied with the ATL, COA, recommendations.

**9. Fuel Consumption not reported**

Gasoline, Oil and Lubricants Expenses of RABs 1, 5 and 6 Bacolod were not supported with the Monthly Reports of Fuel Consumption and

We recommended that all concerned RABs strictly comply with COA Circular No. 77-61 to ensure that fuel paid by the government is fully accounted, used

The concerned RABs will comply with the COA recommendations.

<p>Official Travels contrary to COA Circular No. 77-61 dated September 26, 1977, thus, the reasonableness of fuel consumed during the period was not determined.</p>	<p>for public and intended purpose and not excessive.</p>	<p>The RAB 6 reported that the report of fuel consumptions are religiously prepared and submitted to the Central Office however it failed to furnish the ATL, COA of Region 6 of the said report.</p>
<p><b>10. Non-registration with PHILGEPSS</b></p> <p>RAB 5 was non-compliant with the mandatory use of the Philippine Government Electronic Procurement System (PhilGEPSS) in its procurement activities contrary to Administrative Order (AO) No. 17 dated July 28, 2011.</p>	<p>We recommended that the Property Officer of RAB 5 register with PhilGEPSS and henceforth post all procurement transactions to the said portal.</p>	<p>Complied</p>
<p><b>11. Accountable Officials not properly Bonded</b></p> <p>The Property Officer-designate of RAB 5 was not properly bonded while the fidelity bonds of three Accountable Officers of RAB 6 Iloilo were renewed 41 days after cancellation dates instead of upon expiration contrary to Section 101 of P.D. 1445 and Treasury Order No. 02-2009 dated August 6, 2009.</p>	<p>We recommended that RABs 5 fast track the filing of the application for bond of the Accountable Officer and that bonds of the accountable officers of RAQB 6 Iloilo be carefully monitored and renewed prior to its expiration. Management consider the lead time in the processing of the said renewal in order to safeguard government properties against possible loss and/or misappropriation thereof.</p>	<p>RAB 5 and 6 already complied with the recommendation, all accountable officers with actual possession or access of money and property accountabilities are already bonded.</p>
<p><b>12. Representation Allowances</b></p> <p>A Labor Arbiter of RAB 3 was overpaid of Representation Allowance (RA) and Travelling Allowance (TA) in the total amount of ₱30,000.00 even when the number of working days of actual performance in a month were not fully rendered.</p>	<p>We recommended that RAB 3 cause the refund of the overpaid RATA and the NLRM Management require the Accountants of Main and all other RABs to strictly comply with the provisions of DBM NBC No. 548 dated May 15, 2013 on the Amended Rules and Regulations on the Grant of RATA.</p>	<p>RAB-3 had collected the overpayment of RATA</p>
<p><b>13. Reimbursement of petty expenses</b></p>		

<p>Various recurring expenses of the RAB 4 were reimbursed by the Cashier Designate and the Acting Property/Supply Officer instead of through a Petty Cash Fund.</p>	<p>We recommended that RAB 4 set up Petty Cash Fund sufficient for the recurring petty operating expenses of the Agency for one month subject to replenishment upon disbursement of at least 75% of the fund.</p>	<p>Complied</p>
<p><b>14. Incomplete/unsubmitted documents on disbursements</b></p> <p>RAB 9hadincomplete documentary requirements to support the payments on some common transactions, failed to submit to the Office of the Audit Team Leader copies of purchase orders (POs) issued to various suppliers as provided in COA Circular No. 2012-001 while the Executive Labor Arbiter as Approving Officer designated himself as the Chairman of the BAC contrary to Section 11, Article V of R.A. No. 9184</p>	<p>We recommended that management should adhere to Sections 11 and 13, Article V of R.A. No. 9184</p>	<p>Complied</p>
<p><b>15. The account Due to GSIS of Main and NCRAB with an ending balance of ₱2,058,093.01 had discrepancies of ₱240,553.55 for charges on comprehensive insurance of vehicles without set up of a liability account for the current year while the beginning balance after adjustments amounting to ₱2,298,646.56 did not have subsidiary details if pertaining to unremitted deductions or errors for book adjustments.</b></p>	<p>We recommended that the Accounting Unit</p> <ul style="list-style-type: none"> <li>• adjust the books for the recording of transactions that resulted to negative effect due to the lack of liability account set up for the insurance payments amounting to P240,553.55;</li> <li>• work back on the prior year/s to determine if unremitted deductions exist and cause the settlement with the GSIS of the validated amounts;</li> <li>• adjust the books for any error in recording of the liability or other transactions that may have affected the correctness of the year-end</li> </ul>	<p>Adjustments were already made in the books of accounts</p>

	<ul style="list-style-type: none"> <li>• henceforth, establish the ending balance of the account Due to GSIS corresponding to the remaining unremitted deductions due for settlement in the ensuing month/period.</li> </ul>	
<p style="text-align: center;"><b>2012</b></p> <p>1. Unserviceable PPE for Main and NCR valued at P9,500,994.75 and Equipment worth P80,000 for RAB-X which have been idle for ten years already were still included in the accounting and inventory records as of year-end and not assessed for disposal and replacement resulting in the overstatement of the PPE balances.</p> <p>2. Advances to officers and employees amounting to P1,585,449.99, aged two to six years for Main and NCR, remained unliquidated as of December 31, 2012 due to non-compliance with Section 89 of PD No. 1445, COA Circular No. 97-002 dated February 10, 1997, COA Circular 2009-002 dated May 18, 2009 and as a result of unrecorded/unadjusted settlements in the accounting records, while cash advance for RAB-IX were granted even in the absence of certification from the Accountant that no previous advances were unliquidated.</p>	<ul style="list-style-type: none"> <li>• Require the Property Officer to prepare an Inventory and Inspection Report on Unserviceable Property (IRRUP) for all the unserviceable, obsolete and disposable items, proceed with the disposal procedures and observe processes for returned unserviceable property; and</li> <li>• Require the Chief Accountant to reclassify the unserviceable items from IT Equipment and Softwares to Other Assets account category on the basis of IIRUP.</li> <li>• To demand submission of liquidation reports by the Disbursing and Accountable Officers with outstanding cash advances for salaries/wages and travels; and</li> <li>• Adjust the books accordingly for the liquidation of the particular cash advances;</li> <li>• Stop granting of additional cash advance to accountable officers who were determined to have outstanding cash advances to date and recommend salary deductions of unsettled amounts;</li> <li>• Require the Chief Accountant to update computation of the funds accountability of the dismissed Cashier of Main-NCR to include the</li> </ul>	<p><b>Partially Implemented</b></p> <p>The Property Officer had submitted the IIRUP in year 2012 and disposal of unserviceable PPE on April 2014. The Accountant had drawn JEV for the reclassification of items listed in IIRUP to Other Assets account.</p> <p><b>Implemented, Notices to Liquidate cash advances and Notices of Payroll Deduction for unliquidated cash advances were issued and implemented.</b></p> <p><b>Implemented</b></p> <p><b>Implemented</b></p> <p><b>Implemented</b></p>

<p>3. Transportation allowances amounting to P1,713,900.00 which were continuously sourced from the personal services allotment, were granted in CY 2012 to 17 officials with issued government vehicles contrary to Section 45 of the General Appropriations Act, FY 2012.</p>	<p>unliquidated cash advances and reclassify the same to proper account.</p> <ul style="list-style-type: none"> <li>• Require Management to comply with the GAA provision prohibiting payment of transportation allowance to officials who use or were assigned service vehicle, and the said officials to refund the total amount of P1,713,900.00; and</li> <li>• Work out with DBM on the revision of the budget for an increase in gasoline allocations to cover the expenses of the service vehicles and come up with internal guidelines on how to allocate gasoline and all other maintenance costs of the service vehicles.</li> </ul>	<p>The expenses were restated to gasoline, recommendation to refund the total amount of P1,713,900.00 were lifted.</p>
<p>4. AOM No. 2012-001 dated March 18, 2013 on the Collection Process, received on March 20, 2013.</p> <p>“The NLCRC did not comply with the previously recommended collection process where, as observed in CY 2012, issuance of Official Receipts (ORs) after payees deposited directly with the bank resulted to deposited amounts more than the receipted collections since not all payees went back to the agency Cashier for the said OR issuance. The process of issuing ORs without receipt of cash did not serve as a control measure to establish the correctness of the collections against deposit.”</p>	<ul style="list-style-type: none"> <li>• Consider a change in the current collection process in accordance with the existing accounting regulations;</li> <li>• Come up with a revised workflow on collections and deposits considering applicability of the previous audit recommendations and/or based on the specific situations/needs of the agency’s operations, e.g., legal requirements on judgment awards; and</li> <li>• Revisit the existing MOA with UCPB to incorporate the adjustments necessary to achieve the revised workflow.</li> </ul>	<p><b>Complied</b></p>
<p>5. AOM No. 2012-002 dated March 18, 2013 on the Transportation Allowance, copy of the</p>		

<p><b>AOM received on March 20, 2013.</b></p> <p>“Transportation Allowance amounting to P1,713,900.00 were granted from January to December 2012 to 17 officials with issued government vehicles contrary to Section 45 of the General Appropriations Act, FY 2012. In view of the deficiency in the deficiency in the budgetary allocation for Maintenance and Other Operating Expenses, the allowances were continuously sourced from the Personal Services allocation.”</p>	<ul style="list-style-type: none"> <li>• Work out with DBM on the revision of the budget for an increase in gasoline allocations to answer for the expenses of the service vehicles</li> <li>• Come up with internal guidelines on how to allocate gasoline and all other maintenance costs of the service vehicles.</li> </ul>	<p><b>Implemented</b></p>
<p><b>6. AOM No. 2012-003 dated March 18, 2013 on account “Advances to Officers and Employees”, copy of the AOM received on March 20, 2013.</b></p> <p>“Advances to Officers and Employees amounting to P1,585,449.99, aged two to six years, remained unliquidated as of December 31, 2012 due to non-compliance of PD 1445 and COA Circular No. 97-002 dated February 10, 1997 and as a result of unrecorded/unadjusted settlements in the accounting records.</p>	<ul style="list-style-type: none"> <li>• Determine whether liquidation reports were submitted by the Disbursing and Accountable Officers with outstanding cash advances for salaries/wages and travels;</li> <li>• Adjust the books accordingly for the liquidation of the particular cash advances;</li> <li>• Notify officers who were determined to have outstanding cash advances to date and recommend salary deductions for unsettled amounts; and</li> <li>• Transmit to NLRRC management the updated computation of the funds accountability of the dismissed Cashier to include the unliquidated cash advances.</li> </ul>	<p><b>Implemented.</b></p>
<p><b>7. AOM No. 2012-004 dated March 18, 2013 on the account “Property, Plant and Equipment.</b></p>		

<p>“After assessment of the Property, Plant and Equipment account with balances per book of P75,280,807.99 and per inventory of P69,299,726.45 as of December 2012 with a difference of P5,981,081.54, the Accounting and Property Sections failed to adjust and correct the corresponding records affected, thus the management was not fully assisted in the programming of the agency’s Capital Outlay requirements in the ensuing year/s.”</p>	<ul style="list-style-type: none"> <li>• Observe proper classification of all PPE items carried in their respective records;</li> <li>• Reconcile the accounting and property records to arrive at the correct balances of each PPE account;</li> <li>• Update the records for all transfers to RABs and inventory values that were not properly taken up either in Accounting records or in the inventory report</li> <li>• Implement the prior year’s recommendations to: <ul style="list-style-type: none"> <li>➤ The Property Officer to prepare an Inventory and Inspection Report on Unserviceable Property (IIRUP) for all the unserviceable, obsolete and disposable items, proceed with the disposal procedures and observe process for returned unserviceable property</li> <li>➤ The Chief Accountant to reclassify the unserviceable items from IT Equipment and Software to Other Assets account category on the basis of IIRUP.</li> </ul> </li> </ul>	<p><b>Implemented.</b></p>
<p><b>8. AOM No. 2012-005 dated 19March 2013, received on 05 April 2013.</b></p> <p>“The Research, Information and Publication Division’s (RIPD) reported actual accomplishment of 19,396 cases disposed as shown in the 2012 Accomplishment Report of the National Labor Relations Commission – National Capital Region arbitration branch (NCR-AB) did not tally with the Report of Status of Cases of 19,465 also from RIPD, showing a difference of Sixty-Nine (69) cases.”</p>	<ul style="list-style-type: none"> <li>• We recommend that the RIPD define the processes and the document flow including the changes/adjustments to the monthly/year-end reports that were generated. Any change should be identified in the reports such as additions/deductions to balances and the effect of transfers of cases including reconciled data, if any.</li> </ul>	<p>Clarifications on the process of RIPD’s validation of report of accomplishments accepted and the adjustments in the figures justified.</p>

	<ul style="list-style-type: none"> <li>• We recommend review of the system related to the data management and controls to test the completeness, validity of information and reliability of reports generated on case disposition.</li> </ul>	
<p style="text-align: center;"><u>2011</u></p> <p>The COA audit findings and recommendations were all implemented and justified except for partial implementation which were reiterated in the Consolidated Annual Audit Report for CY 2012 and 2013.</p>		

Submitted by:

  
 ELVIRA F. CRUZ  
 Accountant IV

Noted by:

  
 ELENITA E. CRUZ  
 Labor Arbitrer/Acting Exec. Clerk