

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS
As of Dec. 31, 2012

OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of December 31, 2012	AUDITOR'S VALIDATION
A. VALUE FOR MONEY AUDIT			
1. A.1 Insufficient management of TESDA Development Fund			
<p>The objectives of the TESDA Development Fund (TDF) to award grants and provide assistance to training institutions, industries, and local government units to upgrade their capabilities and to develop and implement training-related activities have not yet been realized for nine years now because the expert group's recommendation that a ₱5B seed capital is needed to make the fund sustainable has not yet been achieved. As of December 31, 2010, the fund only amounted to ₱87,751,605.60. The slow receipt of annual collections and income being set aside for the said fund would render the TDF an idle fund and exposes the same to possible misuse if not well managed. Moreover, the annual contribution from Overseas Workers Welfare Administration (OWWA) to augment the said fund as provided under Item b of Section 31 of RA 7796 was not complied with.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> request the TESDA Board to revisit the implementing guidelines set forth for the management of the fund to reach the required seed capital; 	<p>The TESDA Secretariat will recommend to the TESDA Board to revisit the implementing guidelines and to be able to raise the seed capital to an amount, which the experts have recommended for ₱5B. Further, this amount will then be invested so as to make the TDF sustainable and in order for it to start providing grants and assistance from the earnings of investment to the intended beneficiaries.</p> <p>That they will find a way to negotiate with OWWA, directly or thru appropriate channels (e.g., Congress, etc.) the beneficial effects of contributing to the TDF seed capital as provided for in the TESDA Act of 1994.</p> <p>A particular office in the TESDA Secretariat will be assigned (e.g., IPDU) or CAO) as focal unit to ensure the operationalization of the TDF within a reasonable period and/or to take an informed action to mitigate or eliminate the risk described in the audit observation.</p> <ul style="list-style-type: none"> During the last 61st Finance-TESDA Board-Secretariat Consultation Meeting held last September 11, 2012, herein attached as Annex A, the following agreement were reached: 	<ul style="list-style-type: none"> Fully Implemented 	

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<ul style="list-style-type: none">• remind the officials of OWWA on the agency's obligation to contribute to the seed capital; and Consider finding a better way to increase the seed capital to sustain the viability of the program. Otherwise, the fund will remain unutilized for hundreds of years, thus, defeating the very objective of its existence.	<ul style="list-style-type: none">• Four (4) points to be part of the Complete Staff Work (CSW) by the TESDA Secretariat: Legal interpretation of the seed capital; Study the revision of the TESDA Board policy and the accumulation of the seed capital; Establish a procedure for allocation and disbursing of the fund by dividing it into components (Retail Treasury Bonds (RTBs) and High-Yield Savings Account); and Policy on how to make the seed money grow.• The TESDA Secretariat shall submit a report and recommendation on the abovementioned matters to the Finance Committee during its next meeting.	<ul style="list-style-type: none">• Fully Implemented	
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OBSERVATIONS AND RECOMMENDATIONS		MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2012	AUDITOR'S VALIDATION
2.	A.2 Inefficient management of Canteen under the Sariling Sikap Program (SSP) Fund			
<p>Weak internal control system on the management of the TESDA canteen poses great risk on the proper use of government funds and resources due to Management's failure to prescribe the implementing rules, guidelines, and policy requirements for its operations.</p> <p>We recommended that management:</p> <ul style="list-style-type: none"> • issue the implementing guidelines and policy requirements for the operations and management of canteen funds, on the following aspects, among others: • Administration – to clearly delineate responsibilities for overseeing the management/daily operations of the canteen, including levels of responsibility and lines of authority; and • Financial – to include procedures for the recording of income/collections and disbursements; recording of transactions in the books of accounts; reporting financial statements; etc. <p>direct the Canteen Manager to –</p>		<p>We would like to indicate that as early as 2006 internal controls were already instituted in the canteen operations. To further strengthen the existing policies, rules and regulations for canteen operations, the Office of the Chief for Services and Administration (OCSA) has recommended to the top management that for catering services, the following rules and regulations shall be observed by all operating units:</p> <p>Meetings shall be scheduled appropriately to do away with the serving of meals and/or snacks;</p> <p>Catering services during official meetings and activities shall have to be authorized under approved Terms of Reference (TOR). Otherwise, such expenses shall be charged against the extraordinary and miscellaneous expenses of the respective officers; and</p> <p>During the National Directorate and General Directorate Conferences, TESDA Board Meetings and other official conferences and meetings, only light meals and snacks shall be served with the following ceiling on food expenses:</p> <p>Regular meals at ₱150/head Special meals at ₱400/head Regular snacks at ₱75/head</p>	<ul style="list-style-type: none"> • Partially implemented. The implementing guidelines will be submitted to the Office of the Director General for approval, please refer to Annex B. • Fully implemented. This is clearly indicated in the implementing guidelines • Fully implemented. This is clearly specified in the implementing guidelines 	

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<ul style="list-style-type: none"> • undergo training on collecting and disbursing systems, government accounting and other appropriate courses; and • ensure that all requests for catering services for official occasions charged against TESDA funds bear the Director General's approval. • provide separate sub-meters for water and power supply to the canteen area to determine canteen expenditures on utilities for proper charging and identification of cost center. 	<p>Special snacks at ₱150/head</p> <p>The ceiling may not be observed in exceptional cases when guests include dignitaries and other VIPs.</p> <p>Moreover, the TWC is at present reviewing the existing policies, rules and procedures with the end view to further strengthen the existing controls and thereby improve the operations and management of the canteen as recommended.</p> <p>Management agrees with the observations but they would like to indicate that starting July 2011, they are maintaining subsidiary ledgers for each account to record the transactions. The OCSA – Accounting Division lacks staff who will maintain the complete and separate books of accounts for canteen funds and other SSP components. Meanwhile, they will maintain the manual subsidiary ledgers for CY 2011. For CY 2012, a separate accounting and set of books of canteen funds shall be made thru the assistance of COA Main Information Technology Office upon installation and/or setting-up of separate books under e-NGAS.</p> <p>Starting 1st week of June 2011, the Canteen Manager has been closely coordinating with the Officer-in-Charge of the Accounting Division on the appropriate and proper recording and accounting of sales, collections, expenses and financial statements for TWC canteen.</p>	<ul style="list-style-type: none"> • Fully implemented • This is already delegated to all heads of the Executive Office concerned. • Fully implemented 	
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The Director General need not approve the requests for catering services on official occasion in as much as there are approved Work and Financial Plans (WFP) of each office for the year and the respective Deputy Director Generals, Executive Directors or Directors-in-Charge are authorized to sign expenditures within their limits as stipulated in the approved Delegation of Authority on administrative matters.

The General Services Division (GSD) maintenance group had installed separate sub-meters for water consumption last June 11, 2011 and for power consumption on May 6, 2011.

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3.	A.3 Non-attainment of objectives of Pangulong Gloria Scholarship (PGS) Program			
<p>The "Pangulong Gloria Scholarship's" (PGS) objective of ensuring that at least 60 percent of the graduates of the said project are immediately employed after graduation or within twelve months after the completion of training, was not attained due to :</p> <p>weak implementation of standards set for the program specifically in the programming, training and training evaluation stages ;</p> <p>non-enforcement of the monitoring/control and reporting system strategies by the agency;</p> <p>violation of Section 8 of the Memorandum of Agreement entered into by and between TESDA and the TekBok Providers (TBPs) which states that the latter shall provide TESDA with monthly progress reports on the utilization of scholarship, disbursement of funds and other required data for monitoring and evaluation purposes;</p> <p>failure of the TBPs to establish purposive tracking system to ensure that the employment rate target is attained;</p> <p>absence of penalty clause in the agreement</p>		<p>The targeted employment rate of at least 60 percent of the 2010 PGS graduates after graduation or within twelve months after the completion of training can only be ascertained after the completion of Impact Evaluation Study (IES) this year. This study generally aims to evaluate the relevance and effectiveness of TVET Programs. The results of the study will serve as basis in determining policy recommendations that will guide TESDA in its planning and policy making. In particular, the study aims to generate national and regional data/information in order to:</p> <ol style="list-style-type: none"> 1. Estimate the employment and skills utilization of TVET graduates; 2. Estimate the length of job search from graduation; 3. Analyze the types of employment; 4. Identify TVET qualifications that have better chances of employment for the graduates; and 5. Assess the impact of TWSP programs in terms of assessment/certification, employment and income levels of its graduates. 		

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<p>between TESDA and TBPs in case the latter failed to attain the targeted 60% employment rate;</p> <p>lack of evaluation procedures on whether to continue or discontinue the courses with less enrollees;</p> <p>laxity in the selection process of TBPs and screening of the would be scholars;</p> <p>fictitious conduct of training of some TBPs by submitting names of scholars with incorrect address and contact numbers as well as similar strokes of signatures;</p> <p>double entry of names in the same training program;</p> <p>overlapping of training schedules of participants; and</p> <p>submission of list of scholars with the same pictures but different names appearing in the same training or different training programs</p> <p>We recommended that management:</p> <ul style="list-style-type: none"> • <i>take appropriate actions against the officials accountable for the weak implementation of program standards;</i> 			
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<ul style="list-style-type: none"> • <i>explain the reason why the TBPs were able to continue their undertaking despite violation of Section 8 of the MOA entered into by and between TESDA and TBPs and considering that the MOA with them is renewed on a quarterly basis;</i> 		<ul style="list-style-type: none"> • Fully implemented. 	
<ul style="list-style-type: none"> • <i>create an investigating team to probe on the authenticity of the existence of scholars majority of whom provided invalid/fictitious contact numbers as submitted by the training providers;</i> • <i>include in the MOA for future similar programs, not only the responsibilities of both parties but also the appropriate sanctions for non-compliance by the training providers;</i> 	<ul style="list-style-type: none"> • An Investigating Team was created through the issuance of TESDA Order No. 172 Series of 2011 to verify the findings of the TESDA Audit Team and come up with the recommendation/s and corrective action/s in the implementation of the scholarship program. • The reforms instituted in the TWSP starting in 2011 were made to ensure that partner industry or TVET 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	

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<p>• <i>plan viable or alternative solutions to meet the objectives of the project, if at the initial or during the implementation stage, difficulties are encountered in attaining its objective/s; and</i></p>	<p>institutions (TVIs) comply with requirements of the program, including MOAs. At present, all the scholarship programs implemented have been mainstreamed in the regional and provincial operations, including the monitoring. This is a way to strengthen our TWSP implementation and monitoring system.</p> <p>At present, scholarship vouchers are released only to the participating TVIs based on approved Qualification Maps (QMs). Payments are also made directly to the TVIs upon billing and submission of required documents.</p> <p>Scholarship utilization, disbursement of funds and other monitoring reports are now part of the responsibilities of the Provincial/District and Regional Offices and these are being consolidated by the Scholarship Program Management Office.</p> <ul style="list-style-type: none"> • An audit team was organized to validate the said findings. • In most of the MOAs, there is a general provision which states that failure of either party to comply with any of the terms and conditions of the Agreement shall constitute a valid cause for the termination of the Agreement. On the other hand, the TWSP implementing guidelines need to be strictly followed including programs covered by the MOAs. 	<ul style="list-style-type: none"> • Fully implemented 	
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	<p>Monitoring of status of implementation of the MOA is also being done through the MIS reports being submitted after the completion of each training program.</p> <p>A completion report is now being asked from the parties who have forged MOAs with TESDA. At present, all the TWSP programs covered with MOAs are still on-going. Once these are completed, the partners will be required to submit the report.</p> <p>The completion report will be the basis of evaluation of compliance with the MOA and also a basis for future partnership arrangements, if any.</p> <ul style="list-style-type: none"> • Continuous improvement is being done in the management and to ensure increase in access and equity, to increase employability of target beneficiaries in all TESD program initiatives and enhance efficiently and effectively. Under the 700M 2012 TWSP funding, there are 64,095 enrollees and 36,979 graduates as of November 30, 2012. <p>To improve the level of employability of TWSP graduates, since 2011 policy improvements on the following areas were initiated:</p> <ol style="list-style-type: none"> 1. TESDA programs are more focused. The focus of TESD programs with WTRs is supportive of the seven (7) sectoral winners and key employment generators identified by DOLE, including the five (5) area-based, sector-focused and employment generation identified by DBM (Agri-fisheries; 		
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<ul style="list-style-type: none"> • <i>devise an effective and continuous monitoring scheme for both the agency and TBPs that would be essential in bringing together data/reports that will gauge the achievement of the project's goal.</i> 	<p>BPO/Creative Industries; Tourism; General Infrastructure; and Electronics and semi-conductor.</p> <ol style="list-style-type: none"> 2. As to the target beneficiaries, priorities and requirements were identified, i.e., unemployed, including those from families qualifying for the CCT; employable age (18); and educational attainment based on industry requirements. 3. TVET participants offer TESDA – registered priority programs performance metrics of at least 55% employment rate while certification rate shall be 84% and they should establish functional career guidance and referral office to facilitate tracking. 4. More participatory engagement of industry/private employers which include partnership agreements to ensure industry's responsibility were laid down in: <ul style="list-style-type: none"> • Identifying critical skills requirements through the conduct of regular industry consultations; • Selection of training providers and scholars; • Establishing and maintaining talent development fund for their respective sectors (in case of BPAP); and • Direct involvement in the monitoring of the program including employment status after graduation. <ul style="list-style-type: none"> • The monitoring and reporting system which is the core in obtaining administrative TESD and other TESD-related data is tightened and strengthened with 	<ul style="list-style-type: none"> • Fully implemented 	
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	<p>the introduction and implementation of the Unique Learner Identified (ULI), learner tracking forms. Mechanisms to ensure that field offices complied with deadlines and consistency, and accuracy of data are religiously observed. This is to ensure that reports and studies requiring TESD data are available to the stakeholders. More importantly, corrective measures could be immediately implemented by the management as required.</p>		
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In support to the generation of, and to validate administrative data, the Impact Evaluation Study (IES) which has been institutionalized since 2002, is being conducted regularly. This study provides comprehensive data and information on the employment of TVET graduates. The recent IES was conducted in 2011 covering 2009 TVET graduates. Higher certification and employment rate for TWSP graduates were recorded at 87.4% and 61.5, respectively.

For the 2011 TWSP graduates, the Impact Evaluation Study (IES) is now on-going to determine their level of employability. The study is expected to be completed within the 1st quarter of 2013.

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FINANCIAL AND COMPLIANCE AUDIT				
6.	B.1 Doubtful Cash in Bank balance			
<ul style="list-style-type: none"> Doubtful validity and accuracy of the balance of Cash-in-Bank account totaling ₱886,395,212.41 as of December 31, 2010 due to un-reconciled difference between book and bank balances of ₱56,256,448.64 which may be attributed to: <ul style="list-style-type: none"> unrecorded deposit of TESDA Development Fund of ₱25,976,616.31; 		<p>Central Office –</p> <p>A. Recent Management actions:</p> <ul style="list-style-type: none"> A JEV has been drawn to record adjustments of ₱25, 976,616.31 last April 4, 2011 with JEV Nos. 2011-04-009480; 2011-04-009494; 2011-04-009485; 2011-04-9495; 2011-04-009486; 2011-04-9490; 2011-04-009491 and 2011-04-009489. All were dated April 4, 2011. Also the bank reconciliation under the TDF for the period from January 2011 to December 2012 has been prepared and submitted to COA already. Moreover, the unrecorded deposit/adjustments are actually the matured investments inclusive of the interests for three months period, unrecorded deposits and collections and the reconciling items. A JEV amounting to P5, 084,070.87 has been drawn to adjust the amount. A journal entry voucher number 2012-02-003902 dated Feb. 29, 2012 was prepared for the corresponding adjustments under the accounts on guaranty deposits payable and prior year's 	<ul style="list-style-type: none"> Fully implemented Fully implemented Fully implemented 	

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<ul style="list-style-type: none"> ➤ unadjusted stale checks amounting to ₱5,084,070.87; • unauthorized payment of ₱11,439,927.96 on the purchase of various equipment for eTESDA Centers Project due to deficiency of allotment; • unrecorded cash advance of ₱108,237.00; • inaccurate income from TESDA Canteen operation amounting to ₱7,137,168.56; and 	<p>adjustments. Moreover, another JEV number 2012-09-8877 dated Sept. 18, 2012 was likewise taken up to correct the error made.</p> <ul style="list-style-type: none"> • Staled checks were already adjusted. • The amount in the Disbursement Vouchers was inadvertently change/label to Fund 101 while the Obligation Request is Fund 102. As a result, when the check was issued, the charging was made against Fund 101 following the marginal note indicated in the Disbursement Voucher. A journal entry voucher number 2012-09-8877 dated Sept. 18, 2012 was drawn/taken up to correct the error committed, attached as Annex C. • Adjusting entry was prepared to record the amount of P108, 237.00 representing the cash advance. • As regards the accuracy in recording of income from TESDA Canteen operation, the Accounting Division has started already its maintenance of separate subsidiary ledger. The error in posting were due to the following reasons: <ul style="list-style-type: none"> ➤ Income derived from catering services were taken up as receivables based from the catering form as instructed by the former Resident Auditor; ➤ Accrual basis in recording 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented • Fully implemented 	
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<ul style="list-style-type: none">• Non-submission of disbursement vouchers amounting to ₱57, 740,735.91.• The accuracy of the same could not be ascertained because of non-preparation/submission of bank reconciliation by the Accounting Section contrary to COA Circular No. 96-011 dated October 2, 1996.	<p>➤ Adjusting entry was already prepared to record the discrepancies.</p> <ul style="list-style-type: none">• The amount of un-submitted vouchers by the Central Office and Regional Offices to COA is broken down as follows: <table><tr><th>OFFICE</th><th>Un-submitted Amt.</th><th>Submitted to COA Amount</th><th>Balance for submission to COA</th></tr><tr><td>C.O.</td><td>₱13,159,867.11</td><td>₱4,801,692.33</td><td>₱</td></tr><tr><td>Reg. II</td><td>919,500.00</td><td>919,500.00</td><td>0.00</td></tr><tr><td>Reg. VI</td><td>42,631,417.20</td><td>42,631,417.20</td><td>0.00</td></tr><tr><td>Reg. 8</td><td>1,029,951.36</td><td>1,029,951.36</td><td>0.00</td></tr><tr><td>Total</td><td>₱57,740,735.91</td><td>₱</td><td>₱</td></tr></table> <ul style="list-style-type: none">• Of the total amount of un-submitted vouchers at Central Office, ₱8, 358,174.78 was subsequently cancelled and supposedly payment for National Printing Office (NPO); hence the total submission to COA was only ₱4, 801,692.33, as per Annex D.• The submission of the following bank reconciliations by fund, were already submitted to COA, as follows: <table><tr><th>Fund</th><th>Period Covered</th></tr><tr><td>SSP</td><td>Jan. to Dec. 2012</td></tr><tr><td>Fund 101</td><td>Jan. to Dec. 2012</td></tr><tr><td>Fund 101 GWP</td><td>Jan. to Dec. 2012</td></tr><tr><td>Fund 101 - ALIVE</td><td>Jan. to Dec. 2012</td></tr><tr><td>Fund 101 - ILO</td><td>Jan. to Dec. 2012</td></tr></table> <ul style="list-style-type: none">• Except for Fund 102-Imprest Account, wherein an	OFFICE	Un-submitted Amt.	Submitted to COA Amount	Balance for submission to COA	C.O.	₱13,159,867.11	₱4,801,692.33	₱	Reg. II	919,500.00	919,500.00	0.00	Reg. VI	42,631,417.20	42,631,417.20	0.00	Reg. 8	1,029,951.36	1,029,951.36	0.00	Total	₱57,740,735.91	₱	₱	Fund	Period Covered	SSP	Jan. to Dec. 2012	Fund 101	Jan. to Dec. 2012	Fund 101 GWP	Jan. to Dec. 2012	Fund 101 - ALIVE	Jan. to Dec. 2012	Fund 101 - ILO	Jan. to Dec. 2012	<ul style="list-style-type: none">• Fully implemented• Fully implemented• Fully implemented
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<p>We recommended that Management:</p> <ul style="list-style-type: none">consider assigning more staff to perform the bank reconciliation;require the Accounting Division to fast track the reconciliation process and effect adjustments in the books, if warranted, on the discrepancies noted in the amount of ₱56,256,448.64. Henceforth, submit BRS to the Audit Team as required under COA Circular No.96-011; andremit to the Bureau of the Treasury the unutilized bank balances in Region XI and CARAGA amounting to ₱4,223,313.04 and ₱245,843.53, respectively in accordance with Executive Order No. 338 dated May 17, 1996. Likewise, either remit to the Bureau of the Treasury or revert to the Trust Fund under account no. LBP 2812-1001-76 the ₱5M unauthorized deposit to PVB.	<p>amount of US\$206,769.45 representing unutilized/unexpended balance of the above-said account was deposited to the Treasurer of the Philippines Dollar Account and other US\$36,865.21 refunded to the Asian Development Bank (ADB), please refer Annexes E and F for validation. Moreover, the Fund 102-Imprest Account was totally closed last June 2009.</p> <p>Two staff were assigned to fast track the preparation of Bank Reconciliation Statements</p> <p>The submission of the following bank reconciliations by fund, were already submitted to COA, as follows:</p> <table><tr><th>Fund</th><th>Period Covered</th></tr><tr><td>SSP</td><td>Jan. 2011 to Dec. 2012</td></tr><tr><td>Fund 101</td><td>Jan. 2011 to Dec. 2012</td></tr><tr><td>Fund 101 GWP</td><td>Jan. 2011 to Dec. 2012</td></tr><tr><td>Fund 101 - ALIVE</td><td>Jan. 2011 to Dec. 2012</td></tr><tr><td>Fund 101 - ILO</td><td>Jan. 2011 to Dec. 2012</td></tr></table> <p>The regional offices concerned have already remitted the amount to the Bureau of Treasury.</p>	Fund	Period Covered	SSP	Jan. 2011 to Dec. 2012	Fund 101	Jan. 2011 to Dec. 2012	Fund 101 GWP	Jan. 2011 to Dec. 2012	Fund 101 - ALIVE	Jan. 2011 to Dec. 2012	Fund 101 - ILO	Jan. 2011 to Dec. 2012	<ul style="list-style-type: none">Fully implementedFully implementedFully implemented	
Fund	Period Covered														
SSP	Jan. 2011 to Dec. 2012														
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	<p><u>NCR –</u></p> <ul style="list-style-type: none"> • The bank account which contains idle Cash-LCCA in the amount of ₱72, 219.00 under bank account 1982-1028-000 of Fund 161 had already been closed effective September, 2011. • Some of the district offices failed to revert to the unappropriated surplus of the General Fund to the National Treasury the unexpended balance of PS and MOOE funds. • The unreleased checks and stale checks had been properly restore to Cash LCCA/MDS account and Accounts Payable, but the stale checks of more than three years should already be reverted to the National Treasury. Some reconciliation statements are incorrectly prepared so that AOM has been issued to correct the same. <p><u>ROI –</u></p> <p>Cash balance of the accounts Fund 101 and SSP Fund were already reconciled between the books of the Cashier and the Accountant as of April 30, 2011 and the succeeding months. Furthermore, Bank Reconciliation Reports for Fund 101 and SSP as of December 2010 were already submitted on March 23, 2011.</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented • Fully implemented 	
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	<p><u>RO IVA –</u> Bank Reconciliation Statements was reconciled with the cash balance.</p> <p><u>RO V –</u> Has prepared and submitted the FY 2011 Bank Reconciliation Statements under MDS, SSP and Trust Accounts to COA as of December 31, 2012.</p> <p><u>RO VI –</u> Submitted to COA on July 8, 2011 are the following reports/documents, as follows:</p> <ul style="list-style-type: none"> ➤ Management Comments ➤ General Ledger for Cash in Bank-LCCA ➤ Working Paper (Nov. 2007 - Dec. 2010) ➤ Journal Entry Vouchers (Adjusting Entries) <p>The Accountant had maintained the subsidiary Ledgers for the Cash in Bank for five (5) bank accounts as of December 31, 2011.</p> <p>The BRS in CY 2011 were also prepared and submitted regularly.</p> <p><u>RO XII –</u></p> <ul style="list-style-type: none"> • As far as the 2010 BRS are concerned, the management was able to submit the same and made an assurance for the regular and prompt submission of the reports required before them. The latest BRS submitted to the Audit Team was December 31, 2011. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented • Fully implemented 	
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9.	B.4 Unliquidated Cash Advances			
<p>Long outstanding unliquidated cash advances still remained at ₱15, 286,832.57 or 49 percent of the total cash advances of ₱31, 121,400.57 as of year-end because of the practice of the agency in granting additional cash advances although previous cash advances were not yet liquidated. Likewise, cash advances of two accountable officers in TESDA–Central Office were not recorded and misclassification of accounts receivables from officers and employees to Advances to Officers and Employees remained unadjusted at this period. These affect the reliability and accuracy of account Advances to Officers and Employees and Prior Years Adjustments and the appropriate expense accounts by the same amount.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • evaluate its current practices in the granting, utilization and liquidation of cash advances to ensure a more efficient and effective control over its cash advance (CA) system. Henceforth – • stop the practice of granting new/additional cash advances to accountable officers/employees unless their previous CA have been accounted for/liquidated; and strictly enforce the submission of liquidation documents 		<p><u>TESDA – CENTRAL OFFICE:</u></p> <ul style="list-style-type: none"> • A policy on “<i>no liquidation, no cash advance</i>” is being instituted to settle the long overdue outstanding cash advances. • We would like to indicate that Central Office has settled an amount of <u>₱6,199,426.41</u>, thereby decreasing the outstanding cash advances to <u>₱397, 330.18</u>. Of the total outstanding balance, <u>₱325,008.23</u> has been requested for writing-off at 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	

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<p>as soon as the purpose of the CA has been served, within the prescribed period or when a new CA is necessary, which ever period is shorter.</p> <ul style="list-style-type: none"> • adopt stricter measures to account for outstanding unliquidated CAs including – imposing sanctions against accountable officers/employees who continue to neglect their obligations in accordance with the provisions of COA Circular No. 97-002 dated February 10, 1997 and E.O. No. 298 dated March 23, 2004; and • demanding the submission of records regarding the outstanding CAs pertaining to the defunct National Youth Commission and those of two accountable officers (Mesdames Dabu and Lim) • require the Accounting Division to reclassify the transactions for personal calls of various employees from account Advances to Officers and Employees to account Other Receivables; 	<p>COA Commission Proper, while the other ₱72, 321.96 are being settled in a form of refund thru mandatory salary deductions, Annex G. Full payment of refund is expected to be completed by end of 1st Quarter of CY 2013 to completely or 100 percent settlement of the outstanding cash advances.</p> <ul style="list-style-type: none"> • The Management has issued two Memoranda reminding the concerned employees/officers to settle their unliquidated travels. Aside from the MEMO issued, OCSA called for a meeting with the officers/employees concerned regarding the settlement and the amount to be deducted from their salaries as their monthly refund/payments. In that meeting, the employees concerned voluntarily signed an authority to deduct the corresponding amount from their salaries. However, this practice was suspended and deduction will resume this month of August 2011. • The DV and pertinent documents of Ms. Dabu and Ms. Lim were already submitted to COA. • A letter to the COA-Resident Auditor had been submitted requesting for the write-off of the account. In response, COA requires additional documents to substantiate the request and the Accounting Division is working on the available supporting documents that may warrant the said request. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	
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<ul style="list-style-type: none"> • effect automatic deduction of the cost of the personal calls made by the concerned employees from their salaries or any claim from TESDA on the following month upon receipt of the billing statement; and • require the Accounting Division to take up the cash advance granted to Mesdames Dabu and Lim in the books of accounts. 	<ul style="list-style-type: none"> • Reclassification of transactions for personal call of various employees has been made per JEV No. 2011-04-04001 dated April 26, 2011. Please refer to the attached Status of Cash Advances and Liquidations for Prior Years, <i>Annex H.</i> <p>NCR –</p> <ul style="list-style-type: none"> • As of December 31, 2012, all outstanding cash advances in the prior years were 100% settled/liquidated. <p>ROI –</p> <ul style="list-style-type: none"> • Of the original amount, an updated balances amounting to P9,022.40 is being continuously deducted from the respective employees' monthly salaries thru payroll deductions. Full settlement is expected by end of 3rd Quarter 2013. <p>ROI IVA –</p> <ul style="list-style-type: none"> • As of December 31, 2012, a total of P21,929.50 represents the outstanding cash advances in the prior years. However, like in any other regions, these balances are being deducted from the monthly salaries of the concerned employees thru payroll deductions. Full settlement is expected by end of 3rd Quarter of 2013. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented • Fully implemented 	
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	<p>RO V –</p> <ul style="list-style-type: none"> • 100 percent settlement of the outstanding prior year's cash advances was made. <p>RO VI –</p> <ul style="list-style-type: none"> • A total of ₱4,058,029.45 represents 75.52% liquidation/settlement as of December 31, 2012. The remaining balance of ₱1,315,177.19 will be completely settled by FY 2013 thru monthly salary deductions. <p>Since August 12, 2011, the Regional Office had started to send letters of demand to concerned personnel.</p> <p>The Chief Administrative Officer was required to convey in writing all reminders for settlement of cash advances. The office will abide by the rules specified in Section 5, COA Circular No. 97-002 and Section 89 of P.D. No. 1445.</p> <p>RO IX –</p> <ul style="list-style-type: none"> • Only 62.75 percent of the outstanding prior year's cash advances as of December 31, 2011 remained unliquidated. The balances will be completely settled by FY 2013 thru mandatory monthly salary deductions. 	<ul style="list-style-type: none"> • Fully implemented • Partially implemented • Fully implemented 	
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	<p>RO XII –</p> <p>The Management agreed to strictly implement the Audit Team’s Recommendation. The Regional Accountant mentioned that included in this account were cash advances totaling P30,000.00 granted to former Director of TESDA RO XII, Bayani Saparri, who died last May 28, 2006.</p> <p>The management affirmed the audit recommendation to closely monitor cash advances and part of it. Notices were sent to concerned personnel informing them of their advances. Likewise salary deductions were then effected to Officers and Employees concerned. <u>As of December 31, 2012, 100 percent</u> of the total outstanding prior year’s cash advances were settled or liquidated.</p> <p>RO XIII/CARAGA –</p> <ul style="list-style-type: none"> • Management requires employees concerned to liquidate their cash advances and imposes stricter control in the granting of cash advances. However, a balance amounting to P199,301.99 represents an unliquidated prior year’s cash advances. These remaining balances are expected to be completely settled thru mandatory monthly salary deductions. The deductions have been religiously implemented. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	
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10.	B.5 Irregular transfer of funds to Tagipusuon Cooperative and Tagipusuon Foundation, Inc. - ₱ 58.12M			
<p>Transfer of funds to Tagipusuon Cooperative and Tagipusuon Foundation, Inc. consisting of ₱20M from TESDA Central Office in 2005 and ₱38.12M from TESDA Region VI in 2008 and 2009, which were intended for the implementation of the "Education for All Projects of the Second Congressional District of Iloilo", are not within TESDA's mandated function and contrary to NBC No. 476 dated September 20, 2001 rendering the said transactions highly irregular. Out of the ₱20M fund from TESDA Central Office, ₱5, 297,818.84 remained unliquidated as of December 31, 2010.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • take appropriate actions against the responsible officials who authorized the release of the fund to the Tagipusuon Cooperative, and Tagipusuon Foundation, Inc. for the described program which is not within the scope of TESDA's mandate; • require the Tagipusuon Cooperative to return the unexpended balances based on authorized expenditures; and • require TESDA Region VI to submit the liquidation reports and supporting documents with regard to the ₱5 million transfer as required under Section 3.10 of COA Circular No. 96-003. 		<ul style="list-style-type: none"> • The balance of more than Php4.0M is with the Resident Auditor of TESDA Region VI for final review and or post audit. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Partially implemented 	<p>With case filed under the ombudsman – Case No. CPL-C-11-2413</p>

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13.	B.8 Understatement of account Due from NGAs			
<p>The account Due from NGAs amounting to ₱44,911,996.24 is understated by ₱6,845,815.56 due to erroneous recording of various items delivered by the Procurement Service (PS) in the amount of ₱40,026,756.64 and misclassification of transferred funds of ₱3,948,100.00 to a private entity, hence, debit to accounts Other Receivables, Library Books, Office Equipment, IT Equipment and Software and Depreciation Expense are understated as well as the corresponding credit to accounts of Prior Years Adjustments and Accumulated Depreciation.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • continuously communicate with the PS to fast track the processing of the reconciliation of deliveries as against TESDA's records particularly on the items charged to Fund 102 since the projects have already been completed; 		<p>Central Office –</p> <ul style="list-style-type: none"> • As recommended, the OCSA-PSD has continuously coordinated with the Procurement Service to fast track the reconciliation of the records of the deliveries between TESDA and DBM-PS, please refer to Annex I for reference. Per Invitation to Bid issued by the DBM-Procurement Service Bids and Awards Committee, Annex J indicated that a total of Php15,665,000.00 is scheduled for public bidding. The opening of Bids of the former is scheduled on March 12, 2013 at 2:00 p.m. and while the other bidding amounting to Php463,000.00 is scheduled to conduct their opening of bid on February 26, 2013 at 4:00 p.m. 	<ul style="list-style-type: none"> • Fully implemented 	

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<ul style="list-style-type: none"> • require the PSD to regularly submit reports to the Accounting Division on the deliveries by the PS with corresponding pertinent documents for recording in the books of accounts of TESDA as well as reconciliation of the same with the PS; and • require the Accounting Division to make the necessary adjusting entries not only on the cited errors but also on the fund transfers to Department of Social Welfare and Development (DSWD), Southern Philippines Council for Peace and Development (SPCPD) and the unreconciled amount of ₱18,239.43 to show the correct balance of the account Due from NGAs as of a given period. 	<ul style="list-style-type: none"> • The PSD has submitted the reports and other pertinent documents on the deliveries made by Procurement Service to the Accounting Division for appropriate recording in the books of accounts of TESDA as well as reconciliation of the same with the Procurement Service. • Request to write-off the amount of <u>₱18,239.43</u> as part of the un-reconciled transactions will be submitted to COA for consideration because this represents prior year's accounts while the account of DSWD amounting to Php295.00 has been refunded as part of the unutilized cash advance with JEV No. 2012-06-005425 dated June 5, 2012. In the case of SPCPD, there is an on-going reconciliation/review is being made prior to JEV preparation and posting to the ledgers and e-NGAS. 	<ul style="list-style-type: none"> • Fully implemented • Partially implemented 	
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14.	B.9 Inaccurate balance of Inventories			
<p>The accuracy and existence of the six Inventory account balances amounting to ₱32, 982,857.35 in TESDA- Central Office are doubtful due to incomplete recording of issuances of supplies because the Procurement and Supply Division (PSD) has not yet completed the submission of the Monthly Report of Supplies and Materials Issued (MRSMI) to the Accounting Division. Moreover, the reliability of the said accounts could not be ascertained due to non-conduct/submission of physical count of inventory to reconcile the same with the reported balance at year end.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • strengthen its property management system by ensuring that it adheres strictly to the policy of timely and accurately recording of purchases and issuances of supplies inventories; • direct the Procurement and Supply Division (PSD) to coordinate with the Accounting Division to retrieve the source documents of the transactions to adequately support the adjustments of the inventory accounts; 		<ul style="list-style-type: none"> • Recording and posting on the issuances of supplies is on-going. The inventory account on the prior year's adjustment had been undertaken with the advice and assistance from the COA Central Office, Resident Auditor. • This is on-going activity starting January 2011. In fact, starting July payments, the PSD will already attach the required stock cards copy. However, posting in the e-NGAS will take effect only after the COA-ICT has re-configured the appropriate variables or account codes for the inventories. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	

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<ul style="list-style-type: none"> • require the Accounting Division to maintain and update regularly the stock cards and supplies ledger cards for monitoring purposes; and • instruct the PSD to conduct inventory taking periodically and submit an inventory report on time to support the validity and reliability of the account balances of the Supplies Inventories. 	<ul style="list-style-type: none"> • The OCSA –PSD is already maintaining all the required stock cards and supplies ledger cards for all procurements. • The PSD has conducted already an inventory taking on a yearly basis and likewise has submitted to accounting division a copy of the inventory report. <p>NCR –</p> <ul style="list-style-type: none"> • The management had conducted seminars to reconcile balances of the Inventory accounts and PPE accounts to correct the discrepancies noted due to wrong classification of accounts or transfer of PPE from districts to schools and failure of some districts to prepare report of inventory. <p>RO II –</p> <p>The Regional Accountant made verification on this account, thus the reclassification of accounts were done.</p> <p>RO IVA –</p> <ul style="list-style-type: none"> • The Financial Analyst had already updated the recording of purchases and issuances of supplies as of December 31, 2011. 	<ul style="list-style-type: none"> • Fully implemented • Partially implemented • Fully implemented • Fully implemented • Fully implemented 	
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	<p>RO VI –</p> <ul style="list-style-type: none"> • The Regional Office Inventory Committee will start with the physical count at the earliest time possible. • This is an ideal system but requires manpower. To record, maintain and update the Supplies Ledger Cards and PPE Ledger cards at the Accounting Section, there is a need to assign one worker, and also to record, maintain and update the Stock Cards at the Property and Supply Office. One worker is likewise needed to perform the task. Despite of the problem in the manpower, the Regional Office will implement the recommendations. <p>RO XIII –</p> <p>Reconciled the Accounting and Supplies Unit records. As of June 30, 2011, balances of supplies inventory account were reconciled with the accounting records.</p> <p>The Supplies Ledger Cards were updated.</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	
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15.	B.10 Unreconciled differences between accounting and property records			
<p>The correctness of the balance of account Property, Plant and Equipment (PPE) amounting to ₱5,727,377,142.30 as of December 31, 2010 is doubtful due to unreconciled difference of ₱1,498,502,583.06 between the Report on the Physical Count of PPE and the accounting records which may be brought by the following:</p> <ul style="list-style-type: none"> •unrecorded equipment from TESDA Central and from other regional offices or vis-à-vis worth ₱380,877,769.94 and ₱151,063,824.44, respectively; • non-capitalization of major repairs of PPE account amounting to ₱4,922,236.06; • capitalization of repairs and maintenance of building even without the ownership of the building in Region IV-A, Laguna Provincial Office – ₱697,947.20; • non-adjustment of completed buildings to proper PPE account totaling ₱1,680,284.38; • non-classification of account PPE to account Other Assets which are no longer serviceable amounting to ₱3,819,174.60; • error in recording the cost of disposed properties and 10% scrap value of unserviceable 		<ul style="list-style-type: none"> • The Financial Analyst draws JEV for the adjustment of erroneous capitalization of building under JEV#12-01-03 by debiting the PYA (684) and crediting the building account. • The Financial Analyst draws JEV for the adjustment of erroneous capitalization of building under JEV#12-01-03 by debiting the PYA (684) and crediting the building account. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	

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<p>assets in Region IV-A - ₱547,530.69;</p> <ul style="list-style-type: none"> • non-maintenance nor updated property ledger cards for PPE account amounting to ₱9,451,978.48; • double recording of vehicle amounting to ₱1,182,636.00; • failure to report missing properties – ₱2,443,306.22; • purchase of equipment treated as an outright expense amounting to ₱518,654.94; and • non-submission of Report on the Physical Count of Property nor inventory taking conducted by some regional offices with PPE worth ₱317,284,551.70 <p><u>We recommended that Management:</u></p>	<p>Central Office –</p>		
<ul style="list-style-type: none"> • direct the concerned officers to account for the difference of ₱1,498,502,583.06 between the physical count and the accounting records; <ul style="list-style-type: none"> • adopt a systematic updating on the backlog of PPE reconciliation; 	<ul style="list-style-type: none"> • OCSA- PSD in close coordination with OCSA-Accounting Division had already started checking/verifying the difference between the physical counts and accounting records to reconcile the differences. The reconciliation has started already and as of December 31, 2012, an initial amount of Php has been reconciled, Annex K. The complete reconciliation is expected on March 31, 2013 • A systematic updating on the backlog of PPE reconciliation has been put in place. As such, portion of the amount has been reconciled as indicated above. 	<ul style="list-style-type: none"> • Partially implemented • Fully implemented 	

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<ul style="list-style-type: none"> • require the Procurement and Supply Division to have a complete and proper documentation for PPE transfers pursuant to Section 77 of PD 1445 ; • require the Accounting Division to prepare Journal Entry Vouchers (JEVs) with complete documentations to reflect the correct balances of PPE accounts and the affected appropriate accounts for: <ul style="list-style-type: none"> ➤ unrecorded equipment; major repairs of properties which were not capitalized; ➤ repair of building which were capitalized but the said building is not owned by the agency; ➤ completion of construction of building; ➤ unserviceable properties still recorded under PPE accounts; ➤ disposed properties still recorded under PPE accounts; ➤ procured equipment recorded as an outright expense; and ➤ double recording of equipment; • For regions VI, VII and XI, instruct the PSD to conduct inventory taking periodically and submit an inventory report on time to support the validity and reliability of the account balances of the PPE. 	<ul style="list-style-type: none"> • As of December 31, 2012, the Procurement and Supply Division has already the complete and proper documentation of the PPE transfers. • This is an on-going activity and we are awaiting the issuance of NNCA from DBM and thereafter will prepare a JEV-out to all regional offices for booking purposes. 	<ul style="list-style-type: none"> • Fully implemented • Partially implemented • Fully implemented 	
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<ul style="list-style-type: none"> • take appropriate actions against accountable officers who failed to account for all missing properties 	<ul style="list-style-type: none"> • The Property and Supply Section has already conducted a physical inventory for the period required in regions VI, VII and XI. <p>RO I –</p> <p>The RFASD has been reconciling their records and has made the necessary adjustments. Management had already updated the PPE ledger cards of all properties and equipment including the specific items.</p> <p>Unrecorded TESDA equipments transferred from TESDA CO brought up in the Regional Office implementation were immediately booked-up upon receipt of the required documents.</p> <p>RO II –</p> <p>The Regional Accountant and the Supply Officer have already completed the reconciliation and this is now properly recorded in the books of accounts.</p> <p>RO VI –</p> <p>The Regional Office issued on June 14, 2011 an Office Order No. 18 Series of 2011 on the "Reconstitution of the Regional Office Inventory Committee.</p> <p>The Accountant will be required to prepare the PPE Ledger Cards while the Chief Administrative Officer will monitor the preparation of Report on the physical count of PPE.</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented • Partially implemented 	
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	<p>RO XIII/CARAGA–</p> <p>Reconciliation was undertaken, Updating of subsidiary ledgers and preparation of Inventory Custodian Slip (ICS) has been completed as of December 31, 2012</p>	<ul style="list-style-type: none">• Fully implemented	
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20.	B.15 Erroneous recording of Guaranty Deposit Payables and unauthorized payment of IT equipment and software			
<p>The ten percent guaranty deposit amounting to ₱2, 927,892.14 deducted from payment on the purchase of additional various IT equipment for e-TESDA Centers Project was recorded twice in the books of accounts of TESDA, one under Fund 101 and the other under Fund 102, thereby overstating the accounts Guaranty Deposit Payable and understating the accounts Prior Years Adjustment by the same amount. Relative thereto, payment for the reorder of such IT equipment worth ₱24,939,366.96 net of taxes and the 10% retention fee which was taken from Fund 101 with an allotment of ₱13,503,439.00 resulted to an unauthorized payment of ₱11,439,927.96 which is contrary to Section 86 of PD 1445.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • explain the payment made under Fund 101 in the amount of ₱24,939,366.96 while it was only obligated in the same Fund for only ₱13,503,439.00; • explain why the payment was made under Fund 102 in the amount of ₱2,927,892.14 for 		<p>Central Office –</p> <ul style="list-style-type: none"> • The amount in the Disbursement Vouchers was inadvertently change/label to Fund 101 while the Obligation Request is Fund 102. As a result, when the check was issued, the charging was made against Fund 101 following the marginal note indicated in the Disbursement Voucher. A journal entry voucher number 2012-09-8877 dated Sept. 18, 2012 was drawn/taken up to correct the error committed. • The payment was made in Fund 102 –GOP, because the amount obligated was the net of the savings 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	

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<p>the eTESDA Centers instead of the eGov Funds; and</p> <ul style="list-style-type: none">• make the necessary adjusting entry to correct the overstatement of account Guaranty Deposit Payables and understatement of account Prior Years' Adjustment.	<p>generated from Fund 102-GOP.</p> <ul style="list-style-type: none">• A journal entry voucher number 2012-02-003902, dated February 29, 2012 was prepared for the corresponding adjustments under the accounts on guaranty deposits payable and prior year's adjustments to correct the discrepancy.	<ul style="list-style-type: none">• Fully implemented	
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OBSERVATIONS AND RECOMMENDATIONS		MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of December 31, 2012	AUDITOR'S VALIDATION																
21.	B.16 Inaccurate balance of account Other Payables																			
<p>The balance of account Other Payables of ₱227, 025,653.87 as of December 31, 2010 is inaccurate because 48 percent or ₱107, 897,512.94 of the said amount pertains to the receipt of income, unexpended balances of SSP Fund, performance/bid bonds and fund transfers from other government agencies covering the period from CY 2006 to 2010, hence, affecting the accuracy of accounts Miscellaneous Operating and Service Income and Due to NGAs by the same amount.</p> <p>We have recommended that Management:</p> <ul style="list-style-type: none">• stop the practice of continuous recording of receipts of income fund transfers , and other related transactions as Other Payables even when such are not really liability account;• prepare a list of legitimate claimants for the account Other Payables every given period;• conduct an in-depth analysis of the account Other Payables to reflect its correct balance as of December 31, 2010 and onward dates;• coordinate and reconcile with the TESDA Regional Offices on the liquidations of fund		<p>Central Office –</p> <p>To comply with the AOM, the Accounting Division has already prepared the following Journal Entry Vouchers (JEVs) to adjust and reclassify the accounts/transactions which were inadvertently recorded as shown below:</p> <table><tr><td colspan="2">JEV Nos.</td></tr><tr><td>2011-05-003859</td><td>2011-05-003842</td></tr><tr><td>2011-05-003843</td><td>2011-05-003851</td></tr><tr><td>2011-01-001554</td><td>2011-01-001555</td></tr><tr><td>2011-01-000902</td><td>2011-05-004237</td></tr><tr><td>2011-05-004598</td><td>2011-02-003106</td></tr><tr><td>2011-05-004215</td><td>2011-05-004600</td></tr><tr><td>2011-05-004606</td><td>2011-05-005054</td></tr></table> <p>The Accounting Division has started preparing a partial list of legitimate claimants for the account Other Payables every given period.</p> <p>The Head of the Accounting Division has already assigned focal persons to do an in-depth analysis of the account Other Payables in order to reflect its correct balance starting December 31, 2010 and ensuing months thereafter.</p> <p>The Accounting Division is presently working on the reconciliation matrix of the fund transfers made to the regional offices to arrive at correct beginning balances</p>	JEV Nos.		2011-05-003859	2011-05-003842	2011-05-003843	2011-05-003851	2011-01-001554	2011-01-001555	2011-01-000902	2011-05-004237	2011-05-004598	2011-02-003106	2011-05-004215	2011-05-004600	2011-05-004606	2011-05-005054	<ul style="list-style-type: none">• Fully implemented• Fully implemented• Fully implemented• Partially implemented	
JEV Nos.																				
2011-05-003859	2011-05-003842																			
2011-05-003843	2011-05-003851																			
2011-01-001554	2011-01-001555																			
2011-01-000902	2011-05-004237																			
2011-05-004598	2011-02-003106																			
2011-05-004215	2011-05-004600																			
2011-05-004606	2011-05-005054																			

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<p>transfers to come up with the correct balances of their reciprocal accounts;</p> <ul style="list-style-type: none">• return any unexpended balances of fund transfers from other national government agencies after the completion of the programs/projects; and• prepare journal entry vouchers to adjust erroneous charging of account Other Payables to accounts Miscellaneous Operating Service Income, Due to NGAs, and appropriate expense/liability account/s using the following suggested adjusting entry for the receipt of income, bid bond and performance bond:	<table><tr><td></td><td>Dr.</td><td>Cr.</td></tr><tr><td>Other Payables – Fund 101</td><td>52,840,99.76</td><td></td></tr><tr><td>Other Payables – Fund 102 – EDEPT</td><td>68,937.00</td><td></td></tr><tr><td>Other Payables – Fund 102 – TESDP</td><td>1,614,870.78</td><td>56,937.00</td></tr><tr><td>Prior Years’</td><td></td><td>53,191,527.</td></tr></table>		Dr.	Cr.	Other Payables – Fund 101	52,840,99.76		Other Payables – Fund 102 – EDEPT	68,937.00		Other Payables – Fund 102 – TESDP	1,614,870.78	56,937.00	Prior Years’		53,191,527.	<p>between the CO and RO reciprocal accounts.</p> <p>The Accounting Division will follow the audit recommendations. However, they will ascertain first that there are no claimants, payable, commitments and that the balance appearing in the Bank Reconciliation Statement is accurate, only then the Cash Unit will be able to return the unexpended balances to the Bureau of Treasury.</p> <p>As a matter of procedure, the Accounting Division always prepares a JEV to adjust erroneous entries and inadvertently recorded prior and current transactions.</p> <p>Furthermore, adjustments on the erroneous charging of account Other Payables to accounts Miscellaneous Operating Service Income, Due to NGAs as recommended, the following actions were undertaken:</p> <ul style="list-style-type: none">• under Fund 101 – Other Payables, some accounts were already identified and were adjusted in the books of accounts. In fact, the balance under this particular account as of Feb. 28, 2013 has decreased to ₱24,193,830.98.• under EDETP the total amount of ₱68,937.00 were already adjusted under JEV No. 2011-05-003843 and - 003859 for the amount ₱56,937.00 and ₱12,000.00, respectively.• under Fund 102-TESDP the whole amount was already adjusted/corrected under JEV No. 2011-05-003842. <p>All the above-mentioned JEVs are attached to herein status report.</p>	<ul style="list-style-type: none">• Fully implemented• Fully implemented	
	Dr.	Cr.																	
Other Payables – Fund 101	52,840,99.76																		
Other Payables – Fund 102 – EDEPT	68,937.00																		
Other Payables – Fund 102 – TESDP	1,614,870.78	56,937.00																	
Prior Years’		53,191,527.																	

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Adjustment		01			
Performance /Bidding Bonds Payable		1,276,343.53			

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OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of December 31, 2012	AUDITOR'S VALIDATION
23. B.18 Weak Monitoring and Reconciliation System adopted by the Agency on the funding of the PGS			
The weak monitoring and reconciliation system adopted by the agency on the funding of the PGS project resulted to unrecorded/unaccounted payables of ₱8, 911,490.00 and unrecorded/unreconciled difference of payments made to Business Processing Association of the Philippines (BPAP) per PGS and accounting reports of P1, 304,680.00; hence the accuracy and reliability of the recorded payable to BPAP of ₱738, 184.00			

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<p>could not be ascertained.</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> • together with BPAP and the PGS Program Office reconcile their respective records to ensure the accuracy and reliability of the data being reported; • re-evaluate the procedures undertaken on the recording of events, from the submission of documents to the payment of liquidation, to determine the factors that may have caused the inaccurate recording of transactions; and • account for the discrepancies noted in the recording of payments and payables to BPAP. 	<ul style="list-style-type: none"> • Jointly, the Accounting Division, BPAP, PMO and TSDO conducted a reconciliation and validation of the figures/data on unrecorded/unaccounted payables. The reconciliation statements were submitted to COA on July 21, 2011. • Re-evaluation of the existing procedures has been made from the time of submission of documents until the payment of liquidation and it was found out that the errors made due to manual recording. • The discrepancies noted in the recording of payments and payables to BPAP were already submitted to COA last July 21, 2011. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION	AUDITOR'S VALIDATION
32. B.27 Improper implementation and monitoring of GAD Programs			
<p>The GAD Programs mandated to be institutionalized in every government agency were not fully implemented because: (a) the cost of implementing the GAD Plan which is at least five percent of the total appropriations allocated thereof and the equivalent funds were not set aside and not spent for the purpose; (b) implementation of Gender and Development Program for CY 2010 was not fully undertaken; (c) Programs/activities to be undertaken were either not laid down in the Work and Financial</p>			

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<p>Plan (WFP) or the actual accomplishments do not match with the original plan.</p> <p>In Central Office, we recommended that Management:</p> <ul style="list-style-type: none"> • submit the basis of the reported accomplishment and expenditures; • explain the disparity of ₱3,228,728,964.00 and the source of fund used in the implementation of GAD activities; • strictly adhere to the provisions of Joint Circular No. 2004-01 issued by DBM, NEDA and NCRFW to allocate at least five percent from its total annual appropriations and; 	<p>The TWC, the focal office in charge of GAD in Central Office, clarified the audit observations as follows: TWC has erroneously included the private TVIs graduates in our GAD Accomplishment Report which explains the marked increase in the budget cost;</p> <p>A total of 46,631 female enrollees were registered in the implementation of CY 2010 GAD programs with corresponding actual incurred budget of P235, 782, and 964.00. The agency opted to prioritize and reprogram its annual work and financial plan to fully integrate women and empowerment strategies;</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	
<ul style="list-style-type: none"> • ensure proper monitoring of the activities in the implementation of the Agency's GAD plan for the year. • In NCR, we recommended that Management implement GAD program in Organization focused plan for its staff as the District Offices is implementing the Client focused GAD Plan. • In Region I, we recommended that Management strictly comply with the provisions of Joint Circular No. 2004-1 of the DBM-NEDA& 	<p>One of the major bases of program implementation is the integration of the Millennium Development Goals (MDGs) affirming the importance of gender equity and women's empowerment (MDG3). This includes the attainment of sub-themes such as gender and poverty, gender and education and women's empowerment (violence against women and families, trafficking); and</p> <p>More than ever, GAD has been mainstreamed in the major programs/projects/activities of TESDA, attached are accomplishments and programs implemented for the Program, Annex L. TESDA</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	

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<p>NCRFW to conduct activities which address gender issues.</p> <ul style="list-style-type: none"> In Region III, we recommend that Management comply with the provisions of the GAA, RA 7192 and Joint Circular No. 2004-1 of DBM, NEDA and NCRFW in formulating a GAD Plan and allocating at least 5% of their total appropriation for GAD activities. In Region X, we recommended that Management prepare an annual GAD Plan and allocate five percent of agency's total budget appropriations so that issues and concerns regarding roles, attitudes, and values of men and women in the organization will be well-defined. Further, formulate or design and implement more GAD activities in compliance with Section 31 of RA 9498. 	<p>monitoring reports disclosed that female and male participation in skills training has been accounted for with the following concerns:</p> <p>The need to qualify existing reports that should reveal the difference in training/qualification areas (i.e. welding, automotive, construction, etc. wherein gender issues exist concerning both female and male. The details will ultimately show the increase in the number of female and male participation in non-traditional courses.</p> <p>To ensure adequate monitoring of GAD activities with a number of newly appointed/designated GAD Focal Persons requires a general orientation on GAD programming and monitoring as well as progress reporting of the agency's GAD plan for the year.</p> <p>In Region I</p> <p>They are continuously mainstreaming GAD programs in its regular programs and activities of TESDA.</p>	<ul style="list-style-type: none"> Fully implemented Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2012	AUDITOR'S VALIDATION
32. FINANCIAL AND COMPLIANCE			
<p>Balance of account Cash with National Treasury as of December 31, 2011 was overstated by ₱18,385,500.23 due to unrecorded payment thru Automatic Debit to Account (ADA) amounting to ₱18,367,242.05 and the overpayment of ₱18,258.18 caused by non-provision of taxes. As a result, accounts Other Machinery and Equipment, Due to BIR and Guaranty Deposit Payable are understated by ₱21, 699,695.24, ₱1, 144,225.49 and ₱2,</p>			

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<p>169,969.52, respectively.</p> <p>We recommended and the Accountant agreed to:</p> <ul style="list-style-type: none"> • set up immediately Accounts Payable for the goods and services delivered and accepted in the current year; •make the necessary corrections/adjustments on the unrecorded payments thru ADA and the erroneous entry taken up as current expenses of account Printing and Binding Expense instead of a Prior Year's Adjustment account as follows: 	<ul style="list-style-type: none"> • A Journal Entry Voucher (JEV) Number 2012-02-004431 was prepared dated February 29, 2012, Annex M, to correct or adjust the recording of entries in the books of accounts for the month of February 2012. JEV No. 2012-07-9934 was drawn to record the delivered items and to set-up the corresponding liabilities. Subsequently, JEV No. 2012-07-9937 was drawn to record the payment thru ADA. While payment for the guaranty deposit was recorded under JEV No. 2012-07-9941. The above-said vouchers are here attached as Annex N. • Letter to Grand C dated 06 June 2012 was sent to demand the immediate refund of overpayment amounting to Php18,258.18. The corresponding Official Receipt No. 174791, dated July 27, 2012 as proof of refund/payment made to TESDA is here attached as Annex O. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	
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<table><tr><td>Account</td><td>Dr</td><td>Cr</td></tr><tr><td>Prior Years' Adjustments</td><td>292,130.87</td><td></td></tr><tr><td>Printing and Binding Expense</td><td></td><td>292,130.87</td></tr><tr><td>Due to BIR</td><td>18,258.18</td><td></td></tr><tr><td>Cash with National Treasury</td><td></td><td>18,258.18</td></tr></table> <p>demand the overpayment of ₱18, 258.18 or require the supplier to remit the withholding tax directly to the BIR and present the receipt to TESDA and comply strictly with the provisions of DBM Circular Letter No. 2005-2 dated January 28, 2005 on the recording of Accounts Payable.</p>	Account	Dr	Cr	Prior Years' Adjustments	292,130.87		Printing and Binding Expense		292,130.87	Due to BIR	18,258.18		Cash with National Treasury		18,258.18			
Account	Dr	Cr																
Prior Years' Adjustments	292,130.87																	
Printing and Binding Expense		292,130.87																
Due to BIR	18,258.18																	
Cash with National Treasury		18,258.18																
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2012	AUDITOR'S VALIDATION															
The balance of account Cash in Bank Local Currency, Current Account amounting to ₱47,211,180.04 was understated by ₱194,519.41 due to non-recording of reconciling items between the book and bank balances. On the other hand, correctness of account balance of Foreign Currency Savings																		

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<p>amounting to ₱4,290,938.10 could not be ascertained because of non-preparation and submission of the Bank Reconciliation Statement/s since 2005.</p> <p>We recommended and the Accountant agreed to:</p> <ul style="list-style-type: none"> • prepare journal entry voucher/s to adjust errors affecting the accounts indicated as reconciling items in the Bank Reconciliation Statements; • assign personnel to handle the preparation and timely submission of the bank reconciliation statements efficiently; • authorize Land Bank of the Philippines to debit the SSP LBP-FTI account number 2812-1001-68 in the amount of ₱35,000.00 in favor of TF 101 LBP-FTI account number 2812-1001-76 and prepare the adjusting entries to correct the balance of the said accounts; and • coordinate with the concerned banks on the possibility of availing the banks' online facility to view and print the agency's bank statements for a given period with the negotiated checks and debit/credit memo to be picked up within five days from the end of the month. 	<ul style="list-style-type: none"> • All reconciling items reflected in the Bank statements has been recorded and adjusted in the books of accounts. • Two accounting staff were assigned to handle the preparation and timely submission of the BRS. • TESDA thru the OCSA-Cash Unit has already made/effectuated the debiting of the amount Php35,000.00 under the TESDA- SSP bank account at LBP-FTI branch and subsequently, crediting the same amount under the TESDA-Trust Fund 101 at LBP-FTI branch. Attached is a copy of authority for fund transfer, Annex P as reference thereof. • Application for WE- access to avail and access the bank's online facility was submitted to LBP on June 13, 2012, as per attached Annex Q. Application for WE-access to avail of and access the bank's online facility was already granted to TESDA by the bank. 	<ul style="list-style-type: none"> • fully implemented • Fully implemented • Fully implemented • Fully implemented 	
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OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Balances of account Due from NGAs in the amount of ₱44,559,067.35 as of December 31, 2011 is inaccurate due to the unrecorded deliveries of supplies of ₱1,571,712.76, advance payment of ₱779,740.88 as well as unreconciled difference of ₱176,104.32 between the balances of TESDA and <u>DBM-</u>			

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<p>Procurement Services. Likewise, account is doubtful due to unliquidated fund transfers to Association of Construction and Informal Workers, Inc. (ACIW) – TVET ALIVE, Department of Social Welfare and Development (DSWD) and Southern Philippines Council for Peace and Development (SPCPD) totaling to ₱4,678,734.61 including the unreconciled balance of ₱18,239.40 since 2005.</p> <p>We recommended that Management direct the concerned officers to:</p> <ul style="list-style-type: none"> • immediately submit the supporting documents on the delivery of items made by the Procurement Services under JEV Nos. 2011-01-007454 and 2011-01-007456 for verification; 	<ul style="list-style-type: none"> • Copy of JEV number 2012-02-003418 dated February 1, 2012 in the amount of ₱779,740.88 was made to record and adjust the total disbursements made in 2011. In addition, an Agency Purchase Request (APR) was already submitted to DBM-Procurement Service in the amount of ₱19,999,087.79 last June 28, 2012 and the same copy was submitted to the TESDA-Main, Resident Auditor on July 17, 2012. Copies of JEV and APR are attached as Annex R. <p>Moreover, per Invitation to Bid issued by the DBM-Procurement Service Bids and Awards Committee, Annex S indicates that a total of Php15,665,000.00 is scheduled for public bidding. The opening of Bids is scheduled on March 12, 2013 at 2:00 p.m. and the other bidding amounting to Php463,000.00 is scheduled to conduct the opening of bid on February 26, 2013 at 4:00 p.m.</p>	<ul style="list-style-type: none"> • Partially implemented 	
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<ul style="list-style-type: none"> • review process flow/procedures on the documentation of purchases of goods, monitoring of deliveries/stocks and distribution of the same as well as submission of pertinent documents to the concerned office/s for proper and timely recording of the said transactions; • determine the cause of the unreconciled difference of ₱176,104.31 between TESDA and PS records, consequently, make the necessary adjustments, if any; • prepare journal entry voucher/s for the unrecorded deliveries of ₱1,571,712.76 and the advance payment of ₱779,740.88 per check No. 172313 dated September 29, 2011 with corresponding supporting documents to reflect the correct balance of the account Due from NGAs – Procurement Services; • require the Association of Construction and Informal Workers, Inc. (ACIW) to submit the pertinent financial reports and supporting documents so that the Accounting Division could record the liquidation of funds in the books of accounts of TESDA and to forward the audited financial reports to DepEd to reduce the balance transferred by the latter to TESDA as shown in the account Due to NGAs; and • exert extra effort to review transactions regarding the remaining balances of DSWD, 	<ul style="list-style-type: none"> • As part of continuous improvement under the ISO 9001:2008, this is being review to further strengthen the process flow/procedures. <p>Reconciliation on the differences of the recording between TESDA and Procurement Service is an ongoing activity.</p> <ul style="list-style-type: none"> • Journal Entry Voucher with number JEV-2012-02-003418 dated February 1, 2012 in the amount of Php779,740.88 has been prepared already to record the correct balance of the account Due from NGAs,– Procurement Service, as evidence in Annex T, hereof. This correction of entries is included in the February 2012 financial reports. • The required pertinent financial reports of ACIW were already submitted to the OCSA-Accounting Division and record the same as liquidation thru JEV No. 2012-06-004489 dated June 13, 2012, please see attached Annex U. Same copies of the documents were submitted to TESDA-Main, Resident Auditor. Moreover, upon the receipt of the post audited financial reports, the said reports will be forwarded to DepEd for recording purposes. • The balance amount of Php295.00 under the DSWD has already been refunded as evidenced in the here 	<ul style="list-style-type: none"> • Fully implemented • Partially implemented • Fully implemented • Fully implemented • Partially implemented 	
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SPCPD and the unreconciled balance and make the necessary adjusting entry.	attached official receipt number 174726 dated June 5, 2012, as per attached receipt in Annex V . On the other hand, the balance under SPCPD amounting to ₱730,339.61 will be reconciled after completing the on-going paper trail.		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Cash advances of prior years and 91-365 days of the current year, totaling ₱9,096,756.89 or 93.81 percent of the account balance of ₱9,696,526.61, remained unliquidated as of year-end even if the purposes for which these were granted had already been served, thus, overstating the Advances to Officers and			

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<p>Employees account and understating the corresponding expense accounts by the same amount.</p> <p>Likewise, the account Advances to Officers and Employees was overstated by ₱2,500,000.00 due to misclassification of account of fund transfer of CARAGA and by ₱ 2,566.48 for the PLDT personal calls of employees. The affected account was Due from Regional/Branch Offices which is understated by the same amount.</p> <p>We recommended and the Accountant agreed to:</p> <ul style="list-style-type: none"> • evaluate its current practices in the granting, utilization and liquidation of cash advances (CA) to ensure a more efficient and effective control over its cash advance system; • stop the practice of granting new/additional cash advances to accountable officers/employees unless their previous CA have been accounted for/liquidated; • strictly enforce the submission of liquidation documents as soon as the purpose of the CA has been served, within the prescribed period or when a new CA is necessary, which ever period is shorter; • adopt a stricter measures to account for outstanding unliquidated CAs by imposing 	<p>The corrected figure of cash advances granted which are aging from 91-365 days for the current year (FY 2011) is ₱9,078,400.58. Of the total amount, ₱6,772,862.79 or 74.6 percent has been settled and or liquidated as of December 31, 2011.</p> <p>Moreover, continuous efforts has been made by the management to reduce the unliquidated cash advance and as of Sept. 12 , 2012 the liquidation has reached to ₱7,930,506.70 or 81.79 percent liquidation for FY 2011 cash advances granted and leaving a balance of ₱1,766,019.91, as of September 12, 2012, please refer to Annex W.</p> <ul style="list-style-type: none"> • Relative to the 2nd to 4th audit recommendations on the granting additional cash advances, the top management has issued a memorandum number 139, series of 2012, dated 20 July 2012, reiterating the rules and regulations on the liquidation of cash 	<ul style="list-style-type: none"> • Fully Implemented • Fully implemented • fully implemented • fully implemented 	
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<p>sanctions against accountable officers/employees who continue to neglect their obligations in accordance with the provisions of COA Circular No. 97-002 dated February 10, 1997 and E.O. No. 298 dated March 23, 2004; and demand the submission of records regarding the outstanding CAs pertaining to the defunct National Youth Commission and those of two accountable officers (Mesdames Dabu and Lim);</p> <p>•prepare a journal entry voucher to adjust the misclassification of account on the fund transfer to CARAGA amounting to ₱2,500,000.00; and</p> <p>reclassify personal calls charged to advances to</p>	<p>advances and corresponding sanctions shall be imposed for non-compliance, please refer to Annex X, for reference.</p> <ul style="list-style-type: none"> • Due to incessant efforts made by OCSA, the unliquidated cash advances for FY 2011 and prior years has tremendously reduced to ₱875,113.44 or leaving a balance of .091 percent as of October 31, 2012, please refer to Annex Y for reference. • We likewise issued a follow-up demand letters to the responsible persons who have still an unliquidated cash advances as of this date, please see attached letters in Annex Z. • In sum, the Central Office has settled an amount of ₱6,199,426.41, thereby decreasing the outstanding cash advances to ₱397,330.18. Of the total remaining balance, ₱325,008.23 has been requested for writing-off at COA Commission Proper. While the other ₱72,321.96 are being settled in a form of refund thru mandatory salary deductions. Full payment of refund is expected to be completed by end of 1st Quarter of CY 2013 to completely or 100 percent settlement of outstanding cash advances. • Copy of the journal entry voucher number 2012-02-004234 dated February 29, 2012 in the amount of ₱2.5 million has been made to record the inadvertently debited amount as Cash Advances to Officers and Employees (148) instead of due from the regional office, as per attached Annex AA. 	<ul style="list-style-type: none"> • fully implemented • fully implemented 	
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account	<ul style="list-style-type: none"> • Copy of the journal entry voucher number 2011-04-004001 dated 26 April 2012 in the amount of ₱4,197.78 has been made to record reclassification of account from advances to officers and employees (credit) to accounts receivable (debit), copy of the JEV is here attached as <i>Annex AB</i>. 		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Doubtful balances of PPE, the correctness, existence, reliability and validity of the balances of account Property, Plant and Equipment (PPE) totaling ₱4,118,554,752.04 net of depreciation as of December 31, 2011 is doubtful and could not be ascertained due to the following deficiencies:			

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<p>Failure to complete year-end physical inventory and to reconcile the same with the accounting records in TESDA-Main.</p> <p>We recommended the Accountant and concerned officials to:</p> <p>In TESDA – Main</p> <ul style="list-style-type: none"> • Fast track the completion of the inventory taking and reconciliation of the inventory report and the books to determine the differences to that appropriate action may be instituted. 	<ul style="list-style-type: none"> • Conducted a physical inventory for the Property/Equipment located at the Central Office, please see attached Annex AC. The reconciliation between the Property and Accounting records on all items classified under IT equipment and Software has been completed. While the reconciliation of the other PPE accounts inventory is on-going and is expected to be completed by end of November 2012 so that the correctness, existence, reliability and validity of the balances of the PPE account both in the accounting records and property records are reconciled. • Of the total Physical Inventory for the PPE located at the Central Office. The following has been set-up already, to wit: • Office Building in the amount of ₱725,697,443.55 with JEV No. 2012-02-004295, as per attached Annex AD. • Accumulated Depreciated – Office Building in the amount of ₱211,060,228.97 with corresponding JEV Number 2012-02-004305, as per attached Annex AE. 	<ul style="list-style-type: none"> • Fully implemented 	
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	<ul style="list-style-type: none"> • JEV No. 2012-07-010784 dated July 31, 2012 was taken up to record the equipment bought from ACMI and WELCOME in the total amount of ₱58M which were transferred to TESDA regional offices. 		
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The existence, reliability and veracity of the account balances of PPE amounting to ₱1,894,554,680.43 are ambiguous as a result of the management's failure to complete year-end physical inventory and to reconcile the same with the accounting records.			

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<p><i>We recommended to the concerned offices to:</i></p> <ul style="list-style-type: none"> • fast track the reconciliation of the inventory report and the books to determine the differences so that appropriate action may be instituted. 	<ul style="list-style-type: none"> • An on-going reconciliation is being made. Consequently, a partial JEV has been made to correct the entries in the books, specifically on the equipment as per attached <i>Annex AF</i>. • The reconciliation is on-going , see attached <i>Annex AG</i>. 	<ul style="list-style-type: none"> • Partially implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Account Other Payables with a balance of ₱81,264,853.17 as of December 31, 2011 is inaccurate because 51 percent or ₱41,362,606.56 of the said amount pertains to the receipts of prior year income, thus, also affecting the accuracy of the account Prior Year's			

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<p>Adjustment. Likewise, legitimacy of claims could not be ascertained due negative net balances with creditors and unidentified/unreconciled balances since 2005 totaling to ₱12,794,376.03 and ₱31,054,130.44, respectively.</p> <p>We recommended the Accountant to:</p> <ul style="list-style-type: none"> • prepare a list of legitimate claimants for the account Other Payables as of given date; • conduct an in-depth analysis of the account Other Payables to reflect the correct balance of the said account, to avoid negative balances with creditors and to eliminate the unidentified/unreconciled balances; and • prepare journal entry voucher to adjust the recording of receipt of proceeds of interest on investments and collections training fees and rentals by debiting the account Other Payables and crediting the account Prior Year's Adjustment both by ₱41,362,606.56. 	<ul style="list-style-type: none"> • A journal entry voucher number 2012-02-004198 was prepared to record the adjustment in the other payables account, specifically under the SSP in the amount of ₱21,980,531.99 due to no more valid claimants appeared to the office for a period of seven (7) years already since in CY 2005, Annex AH. • Two journal entry vouchers were prepared to record the receipt of proceeds of interest on investments and collections based on the suggested accounting entries, Annex AI. 	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Account Due to Other National Government Agency is overstated by a net amount of ₱6,233,965.09 due to erroneous recording of liquidations made by the implementing units and non-remittance of the unexpended balance to grantor. In effect, accounts Cash-in-Bank Local	This is an on-going activity.		

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<p>Currency, Current Account, Scholarship Expense, Prior Years' Adjustments and Other Payables are understated by the same net amount.</p> <p>We recommended to the concerned officials to: submit Liquidation Reports with complete supporting documents of all fund transfers by DepEd, DOLE and NAPC which will be forwarded to the grantors to zero in TESDA's outstanding balances in their books of accounts as well as in TESDA's books; return all unexpended balances to the grantors; and prepare a journal entry voucher/s to take up the necessary adjusting entries to reflect the correct balances of account Due to NGAs.</p>			
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>Balances of accounts Office Supplies Expense, Other Supplies Expense, Scholarship Expense, Transportation and Delivery Expense, Repairs and Maintenance – Office Building and Printing and Binding Expense are overstated by an accumulated amount of ₱6,611,386.13 due to</p>			

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<p>Management's non-recognition of expenses at the time of deliveries and acceptance of procured goods and rendered services. As a result, account Prior Year's Adjustments was overstated by ₱5,902,003.33 while account Construction Supplies Inventory was understated by ₱709,382.80.</p> <p>We recommended the concerned officials to:</p> <ul style="list-style-type: none"> • adhere to the accrual accounting policy on the recording of unpaid deliveries of services/goods particularly at the end of the year; • submit promptly the disbursement vouchers with supporting papers on the accepted goods/services at year end to the Accounting Division for proper and timely recording of liabilities and expenses; and • submit the same to the Commission on Audit for post audit. 	<p>We would like to clarify that this is an unrecorded Accounts Payables (PYAs) in CY 2010 and subsequently recorded in CY 2011 as expense account instead of PYAs. However, this error committed was only discovered in FY 2012. The Accounting Division has already recorded all payables at year-end in order to properly account for the expenses incurred during the year.</p> <p>The Accounting Division has already recorded any accruals that are possible to record at the time the transaction takes place. We will ascertain that all unpaid transactions executed during the year will be recorded accordingly.</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>Payment made by TESDA to ECOS Environmental Foundation, Inc. exceeded by ₱28,000, thus, understates the account Accounts Payable by the same amount.</p> <p>We recommended the concerned officials to demand from ECOS Environmental Foundation,</p>	<p>Per our letter sent to the Resident Auditor dated 18 April 2012, we submitted copies of the Report of Collection and deposit slip dated 15 April 2011 as proof that ECOS Environmental Foundation, Inc. has refunded the whole amount of overpayment amounting to Php28,000.00 to settle the findings</p>	<ul style="list-style-type: none"> • Fully implemented 	

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Inc. the refund of ₱28,000.00.	therein. Also a corresponding corrections or adjustments shall be made in the recording of the affected accounts in the agency's books of accounts for the February 2012 financial reports. JEV No. 2012-02-003903 is attached for reference, <i>Annex AJ</i> .		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Advance payments made by TESDA to one of the Technical Institutions for the training cost amounting ₱1,560,000.00 in February 2011 is contrary to Section 88 of PD 1445. In addition, non-submission of disbursement voucher paid under NCA No. BMB-B-11-0003270 dated			

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<p>February 23, 2011 amounting to ₱140,000.00 casts' doubts on the reliability of balances of account Accounts Payable as of December 31, 2011.</p> <p>We recommended and the Accountant agreed to:</p> <ul style="list-style-type: none"> • stop the practice of recording a liability account ahead of the services rendered or delivery of supplies and materials; • submit disbursement voucher with complete supporting documents for post audit; and exert extra care in the preparation of request of payment on Due and Demandable to the DBM to avoid overpayment to creditors. 	<p>The audit recommendations are being followed/adopted immediately. Some disbursement vouchers were initially submitted to COA as shown in the attached status of submission, Annex AK.</p> <p>Additional previously unsubmitted were already submitted to COA as shown in the attached updated status/list, Annex AL.</p> <p>The Officer-in-Charge of the Accounting Division, OCSA has committed to strictly adopt the audit recommendation to preclude recurrence of the same.</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>The ten percent guaranty deposit amounting to ₱2,927,892.14 deducted from payment on the purchase of additional various IT equipment for e-TESDA Centers Project was recorded twice in the books of accounts of TESDA, one under Fund 101 and the other under Fund 102, thereby</p>			

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<p>overstating the accounts Guaranty Deposit Payable and understating the accounts Prior Year's Adjustment by the same amount. Relative thereto, payment for the reorder of such IT equipment worth ₱24,939,366.96 net of taxes and the ten percent retention fee which was taken from Fund 101 with an allotment of ₱13,503,439.00 resulted in an unauthorized payment of ₱11,435,927.96 which is contrary to Section 86 of PD 1445.</p> <p>We recommended and the Accountant agreed to:</p> <ul style="list-style-type: none"> • explain the payment made under Fund 101 in the amount of ₱24,939,366.96 while it was only obligated in the same Fund for only ₱13,503,439.00; • explain why the payment was made under Fund 102 in the amount of ₱2,927,892.14 for the eTESDA Centers instead of the eGov Funds; and • make the necessary adjusting entry to correct the overstatement of account Guaranty Deposit Payables and understatement of account Prior Years' Adjustment. 	<p>On this particular error, both DBM and COA agreed instead to indicate/disclose in the financial statement a "MEMO Entry" to correct the deficiency noted. However, A JEV has been drawn to correct the inadvertence.</p> <p>A journal entry voucher number 2012-09-8877 dated Sept. 18, 2012 was likewise taken up to correct the error, Annex AM.</p> <p>A journal entry voucher number 2012-02-003902 , dated February 29, 2012 was prepared for the corresponding adjustments under the accounts on guaranty deposits payable and prior year's</p>	<ul style="list-style-type: none"> • Fully implemented • Fully implemented • Fully implemented 	
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	adjustments, <i>Annex AN.</i>		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Non-recognition of accrual accounting, In TESDA-Main, balances of accounts Office Supplies Expense, Other Supplies Expense, Scholarship Expense, Transportation and Delivery Expense, Repairs and Maintenance – Office Building and Printing and Binding Expense			

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<p>are overstated by an accumulated amount of ₱6,611,386.13 due to Management's non-recognition of expense at the time of deliveries and acceptance of procured goods and rendered services. As a result, account Prior Year's Adjustments was overstated by ₱5,902,033.33 while account Construction Supplies Inventory was understated by ₱709,382.80.</p> <p>We recommended Management to direct the concerned officials to:</p> <p>adhere to the accrual accounting policy on the recording of unpaid deliveries of services/goods particularly at the end of the year;</p> <ul style="list-style-type: none"> • submit promptly the disbursement vouchers with supporting papers on the accepted goods/services at year end to the Accounting Division for proper and timely recording of liabilities and expenses; and • submit the same to the Commission on Audit for post audit. 	<p>The audit recommendations are presently implemented and monitored.</p> <p>The audit recommendations are presently implemented and monitored.</p>	<ul style="list-style-type: none"> • Partly implemented • Partly implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Sixty Six disbursement vouchers (DVs) pertaining to CY 2005 to CY 2009 transactions amounting to ₱7,969,092.89 remained unsubmitted contrary to Section 4 of PD 1445 and COA Circular No. 89-299-A dated April 3, 1989. Thus, validity of claims for these transactions could not			

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<p>be determined due to the failure of the concerned officials to submit such pertinent documents.</p> <p>We recommended and the Accountant agreed to immediately submit the disbursement vouchers with the necessary supporting documents and for the succeeding claims/payments pursuant to above cited rulings; to strictly adhere on the said policy.</p>	<p>The Accountant has committed and agreed to submit the disbursement vouchers with complete supporting documents within the prescribed period henceforth. There were some vouchers that were already submitted to COA as of October 31, 2012, as per attached Annex AO.</p>	<ul style="list-style-type: none"> • Partially implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>Advance payments to the Procurement Services (PS) amounting to ₱19, 391,647.01 as of December 31, 2011 remained outstanding for six years now due to the failure of the said agency to deliver the goods intended for the operations of the three foreign assisted projects which were</p>			

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<p>already completed in 2006 and 2009. In effect, the opportunity to maximize the utilization of the said amount during the project's implementation became futile.</p> <p>We recommended that the Accountant: make representation to the Procurement Services to remit to the National Treasury the amount of advance payments that remained idle which were intended for the foreign assisted projects that had already been completed in 2006 and 2009; or</p> <ul style="list-style-type: none"> • suspend the issuance of advance payments to PS until the said amount had been consumed by delivering the requested orders of TESDA. 	<ul style="list-style-type: none"> • We have indicated in our letter to the Resident Auditor dated April 18, 2012, the updated remaining balance on the advance payments made to the Procurement Service. The approved Agency Procurement Request (APR) amounting to ₱19,999,087.79 was submitted to the Procurement Service last July 16, 2012 in order to decrease the balance of advance payments, attached Annex AP is here attached for reference. <p>At present, we are no longer issuing advance payments to PS instead all current purchases is accordingly charged against the outstanding balances of the advance payments with the Procurement Service.</p>	<ul style="list-style-type: none"> • Partially implemented 	
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OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
The objectives of the TESDA Development Fund (TDF) to award grants and provide assistance to training institutions, industries, and local government units to upgrade their capabilities			

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<p>and to develop and implement training-related activities have not yet been realized for ten years now because of the alleged expert group's recommendation, that a ₱5B seed capital is needed to make the fund sustainable, has not yet been achieved. As of December 31, 2011, the fund only amounted to ₱102,309,849.40. The slow receipt of annual collections and income being set aside for the said fund would render the TDF an idle fund and expose the same to possible misuse if not well managed. Moreover, the annual contribution from the Overseas Workers Welfare Administration (OWWA) to augment the said fund as stated in item b of Section 31 of RA 7796 was not complied with.</p> <p>We recommended that the Management: request the TESDA Board to revisit the implementing guidelines set forth for the management of the fund to reach the required seed capital;</p> <p>make representation with the officials of OWWA to comply with the agency's annual obligation to contribute to the seed capital from the Overseas Workers Welfare Administration Fund (OWWAF); and</p> <p>tap feasible sources to increase the seed capital to sustain the viability of the program. Otherwise, the fund will remain unutilized for</p>	<p>The management comment on this matter was already submitted to the Resident Auditor. We would like to indicate that the said management comment was a result of a consultation meeting with the Chairman of the TESDA Board – Finance Committee.</p> <p>During the last 61st Finance-TESDA Board-Secretariat Consultation Meeting held last September 11, 2012, the following agreement were reached:</p> <p>Four (4) points to be part of the Complete Staff Work (CSW) by the TESDA Secretariat:</p> <p>Legal interpretation of the seed capital;</p>		
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hundreds of years, thus, defeating the very objective of its existence.	<p>Study the revision of the TESDA Board policy and the accumulation of the seed capital;</p> <p>Establish a procedure for allocation and disbursing of the fund by dividing it into components (Retail Treasury Bonds (RTBs) and High-Yield Savings Account); and Policy on how to make the seed money grow.</p> <ul style="list-style-type: none"> • The TESDA Secretariat shall submit a report and recommendation on the abovementioned matters to the Finance Committee during its next meeting. 		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
Utilization of the appropriated budget of TESDA GAD Plan amounting to ₱141,924,850.00 representing 5 percent of the agency's total budget appropriations pursuant to Executive Order No. 273 and Joint Circular No. 2004-01 was not maximized, since only ₱99,936,406.16			

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<p>was incurred for GAD Programs. Moreover, the TESDA GAD annual plan with budgeted amount of ₱32,706,810.00 was inefficiently prepared because of enormous inconsistencies since the said amount represents 67 percent less than the actual cost incurred of ₱99,936,406.16, thus, some activities set were not achieved nor conducted and instead reprogrammed for CY 2012.</p> <p>We recommended the Management to:</p> <p>allocate at least 5 percent of the total appropriation of TESDA as budget for Gender and Development Program in the succeeding years;</p> <p>plan effectively GAD activities and monitor consistently and efficiently the achievement of its objective; and</p> <p>timely submit accomplishment reports as well as other reports needed by the audit team.</p>	<p>The response/reply including the GAD Plan was already submitted to the office of the Resident Auditor, please refer to the here attached documents, <i>Annex AQ.</i></p>	<ul style="list-style-type: none"> • Fully implemented 	
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>SENIOR CITIZENS AND DIFFERENTLY ABLED PERSONS</p> <p>We recommended the Management to: appropriate budget for the Senior Citizens and differently abled persons' activities;</p>	<p>A committee was organized to study the possibility of implementing the audit recommendation. Attached are accomplishments and programs implemented for Senior Citizens and Differently Abled Persons, please</p>	<ul style="list-style-type: none"> • Fully implemented 	

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<p>inquire and promulgate rulings and policies in the implementation of the program; and</p> <p>formulate plans and programs earlier, to provide the concerned focal office ample time to implement the project.</p>	<p>see Annex AR, for reference.</p> <p>This is being considered in the 2014 Agency Budget Proposal.</p>		
OBSERVATIONS AND RECOMMENDATIONS	MANAGEMENT ACTIONS	STATUS OF IMPLEMENTATION as of Dec. 31, 2013	AUDITOR'S VALIDATION
<p>Ten Million Nine Hundred Ninety-Five Thousand Three Hundred Fifty-Seven & 34/100 (₱10,995,357.34) taxes withheld from various suppliers were not remitted by TESDA- Central Office to the Bureau of Internal Revenue contrary to Joint Circular 1-2000 dated January</p>			

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<p>3, 2000.</p> <p>We recommended the Accountant to:</p> <p>fast track the review and evaluation of the difference of ₱10,995,357.34;</p> <p>ensure that adjustment on the non- or over/under remittances of the said withholding taxes are considered in the following request for issuance of TRA; and prepare a Journal Entry Voucher to effect the necessary adjustment in order to show the correct balance of the account Due to BIR.</p>	<p>This is an on-going reconciliation activity. As of December 31, 2012, a total amount of ₱3,328,839.88 was drawn thru JEV so that corrections and adjustments can be made on the balance of the account Due to BIR, <i>Annex AS.</i></p>	<ul style="list-style-type: none"> • Partially implemented 	
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