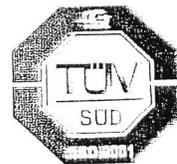




TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

ISO 9001 : 2008 CERTIFIED

*Tutal ng Integridad, Serbisyo ng Dekalidad, Kaangapay sa Pag-unlad*



9 August 2017

**RAQUEL P. LAUDE**

Director III

Legislative Budget Research Monitoring Office  
Room 208, Senate of the Philippines  
GSIS Financial Center, Roxas Blvd., Pasay City

Dear **Director Laude**:

Greetings from TESDA!

We are pleased to submit the updated Compliance with COA Audit Findings and Recommendations – Agency Action Plan and Status of Implementation (AAPSI) as of June 30, 2017, one of the requirements for Senate Finance Committee requested from TESDA per letter dated May 16, 2017.

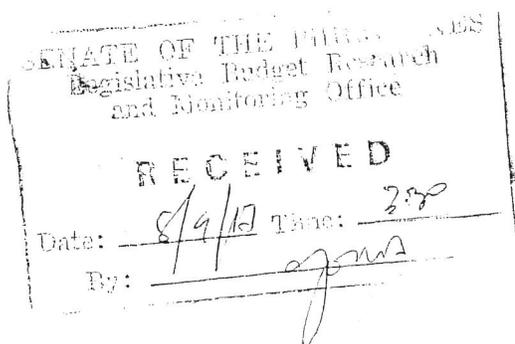
Thank you very much and best regards.

Very truly yours,

*Magdalena P. Butad*  
**MA. MAGDALENA P. BUTAD**

Director IV

Financial and Management Services



SENATE OF THE PHILIPPINES  
 Legislative Budget Research  
 and Monitoring Office

RECEIVED

Date: 8/4/17 Time: 2:57

By: [Signature]

TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA)

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION  
 Audit Observations and Recommendations  
 For the Calendar Year 2016  
 As of June 30, 2017

OFFICE OF THE AUDITOR

TESDA

RECEIVED BY: [Signature]

DATE: 8/8/17

TIME: 2:02 PM

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	VALUE FOR MONEY AUDIT								
	<p><i>Implementation of Special Training for Employment Program (STEP)</i></p> <p>The fund amounting to P566,245,000.00 appropriated under Republic Act (RA) No. 10717 or the General Appropriations Act (GAA) for Fiscal Year (FY) 2016 and prior years, intended for the implementation of the Special Training for Employment Program (STEP) for the identified beneficiaries was not appropriately carried out as envisioned, therefore the objective of the program to provide skills training opportunities to make the beneficiaries in the barangays/communities employable and productive was not fully attained, indicative of deficiencies as follows:</p> <p>a) Delayed procurement action;</p> <p>b) Huge balances of starter toolkits reflective of late/non-distribution to scholars/graduates/unutilized training slots; and</p>	<ul style="list-style-type: none"> <li>speed up procurement action/process, and follow the timetable in the delivery of toolkits to coincide with the graduation of the scholars to ensure that toolkits are distributed to the scholars on graduation day/after the end of the training period; and</li> <li>review the existing guidelines, procedures and terms of reference on the procurement of toolkits, assess the problems, specifically the reasons behind the continuous delays encountered in the procurement of toolkits from CYs 2014 to 2016 to streamline procurement procedures.</li> <li>monitor, evaluate and account for the number of undistributed/unclaimed starter toolkits per qualification, prepared by Regions/Provincial Offices/District Offices/implementers as of December 31, 2016 to assess on the necessity/allocation of each ROs/P/DOs of additional toolkits before another contract</li> </ul>				On-going	<p>The agency exercised extreme caution and due diligence in coming up with the qualifications/programs to be offered under STEP vis-à-vis the starter toolkits to eventually arrive at the Approved Budget for the Contract. As such, the Director General took the liberty of securing the guidance by way of issuance of legal opinions of the Department of Justice and the Department of Budget and Management relative to the implementation of STEP.</p> <p>For FY 2016, TESDA was given a total budget of Php566.245 Million for the implementation of Special Training for Employment Program (STEP), out of which Php336.647 Million was released comprehensively while the Php229.598 Million was subject for later release.</p> <p>From the comprehensively released budget, the total amount of <b>Php151,365,211.441</b> was allotted for the procurement of starter toolkits with a total number of 24,957 target beneficiaries for the fifty two (52) identified qualifications/cluster of competencies under the eleven (11) sectors. TESDA started its bidding process as early as February 4, 2016. Notices of Award were issued to ACMI Office System Philippines, Inc. and to Welcome Export, Inc. last April 4, 2016. Starter toolkits were delivered to the</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	c) Funds not fully utilized/Unutilized Scholarship Vouchers/Training Slots	<p>on procurement of toolkits is conducted to avoid overstocking of toolkits;</p> <ul style="list-style-type: none"> <li>• assess the situations/problems/lapses affecting the implementation of the STEP, starting from determination on the number targeted beneficiaries per training programs before Form 1 is approved; determine the reasons/ explanations on the late/non-conduct of training; late delivery/distribution of toolkits in order to come up with doable solution to such address deficiencies noted;</li> <li>• distribute the remaining balance of the starter toolkits as of December 31, 2016 to entitled recipients first, to determine the actual needs of implementers/ROs/POs/TTIs to minimize accumulation of huge balances of toolkits stockpiled in its "bodega" and to prevent toolkits to further risk of exposure to deterioration/obsolescence/loss /theft and damage; and adhere to TESDA Circular No. 22, series of 2016 and be guided on the distribution of unclaimed/undistributed starter toolkits under STEP for FY 2014; and</li> <li>• strictly require focal persons to monitor the conduct of every stage of the program and</li> </ul>					<p>concerned Regional Offices within ninety (90) calendar days upon receipt of the Notice to Proceed last April 26, 2016.</p> <p>The delay in the procurement of STEP starter toolkits for the second tranche was due to the late issuance of Special Allotment Release Order (SARO) For Later Release from DBM. TESDA started the bidding process for the Procurement of Starter Toolkits for STEP 2016 – Phase II last May 10, 2016 upon receipt of SARO amounting to Php229.598 Million dated April 5, 2016. Out of the total amount, Php127.658,070.858 was allotted for the procurement of starter toolkits with a total number of 20,152 target beneficiaries for the fifty-one (51) identified qualifications/cluster of competencies under the same eleven (11) sectors. The Notice of Award was issued to ACMI Office System Philippines, Inc. last September 22, 2016 and said toolkits were delivered to concerned ROs before end of December 2016.</p> <p>District Office of MuntiParLasTaPat in the first quarter of 2017 had distributed balances in CYs 2014 to 2016 toolkits of 2,335 to STEP beneficiaries.</p> <p>Management of Region V commented that in spite of the delayed deliveries to the POs of CYs 2014, 2015 and 2016 STEP toolkits in 2015 and 2016, respectively, the same were released immediately to the concerned POs upon inspection and finally released to the graduates thru an Acknowledgement Receipt which were currently filed in the POs.</p> <p>Management of the TESDA PO of Davao Oriental commented that the remaining STEP CY 2014 toolkits will be utilized for Community Based Programs by TESDA</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		requiring the TVIs to conduct the trainings without delay and require the TESDA Focal Person on STEP to fast-track the distribution of the starter toolkits to beneficiaries.						<p>Training Institutions while for the unutilized STEP CY 2015 toolkits, they are still waiting advice from Central Office.</p> <p>Management of the Agusan Del Norte and said that the undistributed toolkits will be distributed to the scholars on March 31, 2017 and toolkits for beneficiaries of Surigao Del Norte Provincial Training Center (PTC) will be released in CY 2017</p>	
	<p><i>Training for Work Scholarship Program for CY 2016</i></p> <p>Effective and efficient implementation of Training for Work Scholarship Program (TWSP) for CY 2016 was affected by the following lapses: a) unutilized funds by TESDA NCR and Regions I, II, IV-A, VI and XII in the total amount of P218,200,773.00, revealing delayed/non-conduct of training b) reported low absorption employment rate and c) non-conduct of mandatory assessment, resulting to inadequate/insufficient application and execution of the requirements of the program and thus, optimum objective in support of rapid, inclusive and sustained economic growth through course offerings in priority industries and key employment generators was not fully realized.</p> <p>a) Unutilized Funds/delayed/non-conduct of training</p> <p>b) Low Absorption Employment Rate/Insufficient</p>	<ul style="list-style-type: none"> <li>require the TESDA DOs/POs to coordinate with TESDA RO for the release of available allotments to avoid delay in the receipt of funds that consequently lead to non-implementation of programs;</li> <li>speed up implementation of projects not undertaken yet to maximize utilization of funds/allotment; and strengthen strategies and processes to come up with timely and value-added accomplishment of trainings based on targeted slots per QMs and/or RFTs;</li> <li>facilitate the implementation of the TWSP and made a careful review on the implementing guidelines of the TWSP; assist in a making well planned and coordinated effort with the fellow PO/DOs, implementers and stakeholders in coming up with a doable, efficient and effective strategies to fully attain the objectives of the program;</li> <li>strengthen the monitoring</li> </ul>				On-going	<p>On the delayed and non-completion of trainings, Region IV-A commented that the supervision and monitoring of the conduct of trainings was intensified and called the attention of the TVIs with on-going and unimplemented trainings to fast track its implementation and to start the training as indicated in the approved QMs.</p> <p>Davao del Norte PO commented that they will closely coordinate with the RO on the release of funds. They will request TVIs to ensure that there are ready scholar-applicants while awaiting approval of the RFTs by the Central Office and they will fast track implementation of scholarship program once approved RFTs are received.</p> <p>NCR - The TVIs were not paid for graduates who did not undergo mandatory assessment. Despite efforts, some scholars did not take the assessment, especially those who found immediate work prior to the scheduled assessment.</p> <p>Management of Region I admitted the poor monitoring system of their graduates. Management also informed the Audit Team that with the roll-out of the new TESDA training monitoring information system (T2MIS), the actual figures of graduates and employment can be realistically ascertained.</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
c)	Report/Data Non-conduct of Mandatory Assessment	<p>system particularly in the truthfulness of the information contained in the MIS and the whereabouts of the graduates for easy access when their expertise are needed by the labor market and to facilitate verification on the effectiveness of TESDA training program;</p> <ul style="list-style-type: none"> <li>conduct close monitoring of employment reports by training providers in order to properly measure the employment/absorption rate of its graduates and require the TVIs to strictly submit the employment reports within six months to one year from graduation;</li> <li>require TESDA – CaMaNaVa to make representation with the Central Office to revisit their policy to specify time frame on the assessment period of scholars which will be beneficial to the graduates and the TVIs/TTIs; and</li> <li>require mandatory assessment of their scholars and fast track issuance of National Certificates to graduates right after assessment and/or request Assessment Centers to facilitate the issuance of National Certificates to graduates whose residences are</li> </ul>						<p>Management of Region V commented that each PO together with the TVIs in their areas are instructed to have a mandatory/continuous monitoring of their respective graduates after six month of training and onward.</p> <p>In NCR, Management commented that the non-assessment of those who did not undergo mandatory assessment were not included in the payment made to TVIs. They said that despite their efforts, some scholars did not avail of the free assessment, especially those who already landed a job prior to the scheduled assessment (NCR)</p> <p>Likewise, the TESDA Cagayan PO Management already informed the graduates who have not been assessed yet and the respective TVIs and said that assessment will be done at the designated assessment centers as required.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<p><b>Implementation of Bottoms-Up-Budgeting (BuB)</b></p> <p>Deficiencies on implementation of the Bottoms-Up-Budgeting (BuB) were noted in TESDA NCR, Regions IV-A and V such as non-conduct of training, delays encountered by the partner LGU, unutilized funds, undistributed toolkits affected the benefits that could have been derived by the intended beneficiaries.</p>	<ul style="list-style-type: none"> <li>• coordinate with the LGU for prompt submission of required documents in order that timely procurement of tools, supplies and materials needed in the conduct of trainings within the prescribed period;</li> <li>• facilitate the close coordination between LGUs and implementing agencies to speed up the implementation of BuB projects;</li> <li>• closely monitor the implementation of BUB programs and oblige the TVIs/TTIs to strictly comply with TESDA Circulars; and require submission of necessary report on the status of implementation of BUB projects;</li> <li>• expedite the distribution of toolkits to the bonafide beneficiaries and ensure compliance with TESDA Circulars on the delivery of toolkits to the recipients to achieve the ultimate goal of the programs;</li> <li>• evaluate implementation of BUB projects by TVIs/TTIs and justify the causes of unimplemented trainings out of prior years' appropriations that resulted to non-utilization of</li> </ul>				On-going	<p>Despite efforts to implement the BUB program in TESDA NCR, there have been several technical difficulties encountered in the project including delays brought about in changes in personnel of LGUs, election related delays and difficulty to get complete and accurate listing and equipment specification. There was likewise a failure of bid for the project. Funds for this shall be reverted.</p> <p>They further commented that the concerned LGU failed to comply with documentary requirements within the validity period of allotment. Said project was a training-cum production with a total of 631 target beneficiaries or 15.84 percent of the total target. Total unused fund was remitted to the BTr.</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<p>funds allotted for the programs and consequently non-attainment of its objectives; and</p> <ul style="list-style-type: none"> <li>revert the unutilized/unexpended BuB funds to the National Treasury.</li> </ul>							
	<b>FINANCIAL AND COMPLIANCE AUDIT</b>								
	<p><b>Non-preparation/Late Submission of Bank Reconciliation Statement</b> The non-preparation and/or late submission of Bank Reconciliation Statements (BRS) pursuant to Section 74 of PD No. 1445, Section 5, Chapter 21 Volume 1 of the GAM, COA Circular No. 96-011 and 92-125A by Regions II, IV-A, V, VI, VIII and NCR as of December 31, 2016 rendered it difficult to ascertain the reliability and fair presentation of account balances in the financial statements.</p> <p><b>Unreliable balance of the account Cash in Bank</b> The balance of the account Cash in Bank-Local Currency of Regions II, VIII and NCR showed unreconciled amount of ₱ 6,864,722.39 as against the Bank as of December 31, 2016, not in compliance with Section 74 of PD 1445, thus affecting the accuracy and reliability of the balances presented in the Financial Statements.</p>	<p>Management of Regions IV-A, V, VI, VIII and NCR strictly require the Financial Analysts/Accountants of the ROs/POs to prepare and submit within 15 days after the end of each month the monthly BRS pursuant to Section 74 of PD No. 1445, . Section 5, Chapter 21 Volume 1 of the GAM, and Item 2.1.4 of COA Circular No. 92-125A.</p> <p>Management of regions II, VIII and NCR direct the officers concerned to exert more effort to reconcile the book and bank balances in compliance with Section 74 of PD No. 1445 and other pertinent rules and regulations.</p>	<p>Prepare and submit the transmittal of the Bank Reconciliation Statements to the COA within 15 days after the end of each month.</p> <p>Submit the BRS transmittal to the COA which are outstanding as of Dec 31, 2016</p>	Accountants and Financial Analysts		July 28, 2017		<p>NCR – Already submitted the Bank Reconciliation Statement to COA.</p> <p>Regularly prepare the BRS and submit to COA within 15 days after the end of each month.</p> <p>Submitted the Bank Reconciliation Statement to COA which are outstanding as of Dec 31, 2016.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<b>Delayed Remittance of Collections</b> Collections ranging from P10,000 to P7,897,799.70 in Regions I, II, and V were not deposited intact on a daily basis or not later than the next banking day contrary to the provision of Section 69, Item No. 1 of Presidential Decree 1445, COA Circular 97-002 dated February 10, 1997, Section 2 of Joint Circular No. 1-81 of COA and Ministry of Finance (MOF), Section 4 Volume 1 of GAM.	Management of Regions I, II, and V require the Cashier/Accountable Officer to remit or deposit intact all collections daily or not later than the next banking day to safeguard against loss and improper disposition of funds pursuant to Section 69, Item No. 1 of P.D. 1445, COA Circular 97-002 dated February 10, 1997 and Section 2 of Joint Circular No. 1-81 of COA and Ministry of Finance (MOF).	Record all collections on a daily basis and deposit collections not later than the next banking day  Submit the Summary of remittances to COA which are outstanding as of Dec 31, 2016	Cashier		July 7, 2017		Deposits all collections on a daily basis not later than the next banking day  Submitted the summary of remittances to COA which are outstanding as of Dec 31, 2016	
	<b>Unremitted unexpended Funds to the Bureau of Treasury</b> Unexpended Funds in NCR, Regions II, III, IV-A, and VI amounting to P30,823,838.77 were not remitted to the BTr contrary to EO no. 338 s. 1996 and reiterated in EO no. 431 s. 2005 and Section 5 and 11 of the General Provisions of the GAA 2016 Section 10.8, TESDA Circular Number 33, series of 2012 dated November 23, 2012	Management of NCR, Regions II, III, IV-A, and VI to remit all unexpended balances to the BTr in compliance with Section 99 of PD No. 1445, Section 29(3) Article VI of the Constitution, and the General Provisions of the GAA 2016	Prepare and submit the transmittal of remittances to Bureau of Treasury representing the unremitted unexpended funds	Accountants				NCR - For the unused funds/unexpended balances of PNoy Bayanihan Project, the Management refunded the amount of P402,038.68 to the TESDA CO on March 9, 2017 with Official Receipt No. 171378.  As of March 24, 2017, the Management refunded the amount of P 127,318.41 to the Bureau of Treasury with Official Receipt No. 2545281 O dated March 23, 2017 for the unexpended cash balance for sale of unserviceable equipment's and bid documents.  The CaMaNaVa District Office reverted the amount of P 3,768,535.10 with check no. 68559 dated June 30, 2017 to be deposited to the National on July 5, 2017.  Region VI deposited the unutilized amount of P3,580,226.54 to the BTr on April 27, 2017 and related documents were transmitted to COA on May 9, 2017.	
	<b>Deficiencies in handling the Petty Cash Fund (PCF)</b> Deficiencies in handling the Petty Cash Fund were noted in Central Office, Regions III and XI.	Management of Central Office, Regions III and XI adhere to the above cited regulations/guidelines to guide them in the proper handling of the PCF						Management submitted the Liquidation Report of Mr. Buenaventura to COA on February 28, 2017. Liquidation of cash advance was recorded under JEV No. 2017-	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	resulting to unreliable balance of the Petty Cash account and the improper matching of expense and revenue accounts, contrary to Sections 5.7 and 5.8 of COA Circular No. 97-002 dated February 10, 1997, and Section 35, Chapter 6, Volume I GAM.							01-0124 on January 30, 2017.  The Management assured the Audit Team that they will strictly adhere to the rules and regulations on PCF disbursements. They also said that unnecessary expenses will no longer be charged to the PCF and timely submission of PCF liquidation will be observed.	
	<b>Non-restoration of Unreleased and Stale checks</b> Unreleased and Stale checks in NCR, Regions III and IV-B amounting to ₱1,657,511.20 as of year-end were not restored and/or adjusted resulting in the understatement of Cash and the corresponding Payable account, Section 56 Volume I of Government Accounting Manual and Section 97 of PD 1445	Management of NCR, Regions III and IV-B strictly adhere to the guidelines set forth in GAFMIS Circular Letter No. 2002-001 dated December 16, 2002, Section 56 Volume I of GAM and Section 97 of PD 1445.	Prepare and submit the adjusting JEV for the restoration of unreleased and stale checks	Accountants		July 3, 2017		NCR - The Financial Analyst draw a JEV to adjust the amount in the books with JEV No. 01-2016-12-0653 dated December 31, 2016.  Submitted the adjusting Journal Entry Vouchers for the restoration of unreleased and stale checks	
	<b>Receivables amounting to P30,205,122.99 is of doubtful validity due to the following deficiencies:</b> <ul style="list-style-type: none"> <li>Accounts Receivable was understated by P1,748,150.00 due failure to recognize revenue from completed trainings but not yet collected under TWSP, STEP and BuB in Region I, the existence and correctness of the amount of P1,137,750.00 cannot be ascertained due to non-reconciliation of reciprocal accounts in Region II;</li> <li>Other Receivables of P14,467,650.00 in Jacobo Z.</li> </ul>	Accountants recognize the revenue from completed training not yet collected in the books to reflect the correct amount of revenue and accounts receivable in the Statement of Financial performance and Financial Position respectively	Prepare and submit the adjusting JEV for the Accounts Receivable  Submit request for Write off of accounts to COA  Recognize the revenue upon completion of training regardless of whether it is already paid or not			July 28, 2017		The Regional Office VI has again issued follow-up letters to seven municipalities of 2nd District of Iloilo. The Municipality of New Lucena has submitted liquidation documents and the JEV for the P500,000.00 liquidation will be reflected in the 1st Quarter 2017 FS. The Regional Office will continue to follow up and demand the submission of documents.  The Regional Office VI will file a request for write-off the unliquidated funds transferred to NGOs/POs in accordance with COA Revised Rules and Procedures  The funds transferred to Operating Units amounting to P87,523.00 has been liquidated and JEV dated January 31, 2017 was issued and shall be reflected in 1st Quarter FS of 2017.	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	<p>Gonzales Memorial School of Arts and Trades (JZGMSAT) from TESDA Laguna Provincial Office of Region IV-A, was erroneously recognized as receivables and income in 2015 for training costs and assessment fees for the implementation of scholarship programs such as TWSP, STEP and BuB, which was not adjusted in 2016 thereby overstating the Other Receivable Account and the Accumulated Surplus under Equity Account.</p> <ul style="list-style-type: none"> <li>Other Receivables of P84,000.0 in Region IV-A for the training costs and assessment fees by the Cavite Provincial Training Center (PTC) of Rosario due from TESDA Cavite Provincial Office were unrecorded consequently understating the receivables and income accounts.</li> <li>Transfer of funds to NGOs/LGUs/POs, Operating Units (OUs) and training providers totaling P10,772,447.73 from Regions VI and XIII intended for livelihood training program, implementation of various projects, training programs and allowances for trainees and for the Provincial</li> </ul>							<p>Submitted the adjusting JEV to the COA</p> <p>Submitted the request for write-off to COA</p> <p>To recognize the revenue upon completion of training regardless of whether it is already paid or not</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<p>Offices' operating expenses remained unliquidated as of December 31, 2016;</p> <ul style="list-style-type: none"> <li>Receivables from LGU balance of P5,870,000.00 for trainings conducted remained uncollected as of December 31, 2016, thus depleting the meager resources of Puerto Princesa School of Arts and Trades (PPSAT) in Region IV-B in terms of the honoraria, allowances, instructional materials and other expenses incidental to the trainings; and</li> <li>Receivables under accounts Due from NGAs/NGOs/POs and Receivable-Disallowances and Charges in the books of TESDA CO. NCR and Region VI totaling P1,995,125.26 have been outstanding, inactive and non-moving, dormant for more than ten to 22 years, which collectability/and or settlement remain uncertain, and which could not be validated in the absence of records/documents, thereby render the balances unreliable.</li> </ul> <p><i>Non-recognition of Accounts Receivable</i>  Pangasinan Technological Institute (PTI), Pangasinan School of Arts and Trades (PSAT) and Luciano Millan Memorial School of Arts</p>								
								PTI, PSAT and LMMSAT had recorded Income and Accounts Receivable after submission of billings and other documentary requirements for the completed trainings	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<p>and Trades (LMMSAT) failed to recognize revenue from training completed under TWSP, STEP and BuB Scholarship program but not yet collected amounting to P1,478,150.00, thus, Accounts Receivable were understated.</p> <p><i>Unrecorded Receivables</i> Receivables in the amount of P84,000.00 were not recorded, thus, receivables and income accounts were understated</p> <p><i>Uncollected receivables for training conducted</i> Due from LGUs account of Puerto Princesa, Palawan of Region IV-B in the amount of P5,870,000.00 remained uncollected thus, depleting the meager resources of Puerto Princesa School of Arts and Trades (PPSAT) in terms of honoraria, allowances, instructional materials and other expenses incidental to the trainings.</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>cause the immediate collection of long outstanding receivables aged 180, 360 days and over; as well as those aged less than 30 days, and henceforth, strategize prompt collection of receivables;</li> <li>instruct the Acting Financial Analyst to prepare adjustment/s on the understatement of receivables and affected accounts/s;</li> <li>direct the training focal to reconcile records on a regular basis with the Accounting Unit to enhance the agency's collection system.</li> </ul> <p>Vocational School Administrator (VSA) of PPSAT:</p> <ul style="list-style-type: none"> <li>make representation with the concerned officials of the Provincial Government of Palawan for the renewal of the MOA/contract and for the immediate settlement of their liability amounting to P5,870,000.00 to sustain the scholarship program; and</li> </ul>						conducted.	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<ul style="list-style-type: none"> <li>instruct the Acting Registrar to closely coordinate with the bookkeeper to prepare the bill to the concerned agency/office regularly or as soon as the services/training were consummated to avoid accumulation of the receivables regardless of the amount involved.</li> </ul>							
	<p><b>Unreconciled reciprocal accounts</b> Existence and correctness of Accounts Receivable from TESDA Isabela Provincial Office (PO) in TESDA Isabela School of Arts and Trades (ISAT) amounting to P1,137,750.00 and TESDA Southern Isabela College of Arts and Trades (SICAT) amounting to zero as of December 31, 2016 cannot be ascertained due to non-reconciliation of reciprocal accounts between the entity and the PO.</p>	Accountants of TESDA SICAT, TESDA ISAT and TESDA Isabela PO and other TESDA Offices/Institutions should conduct an annual reconciliation of reciprocal accounts before the preparation of the year-end Financial Statements to ensure that the Consolidated PS is reliable and correct.	Regularly reconcile reciprocal account for all operating units.		June 30, 2017			Reconciliation of reciprocal accounts will be regularly conducted.	
	<p><b>Overstated Assets and Equity Accounts</b> Other Receivable accounts of Jacobo Z. Gonzales Memorial School of Arts and Trades (JZGMSAT) of Region IV-A in the amount of P14,467,650.00 was erroneously recognized as receivables and income in 2015 the training costs and assessment fees for the implementation of scholarship under TWSP, STEP and BuB which was not adjusted in 2016, thereby overstating the Other Receivable Account and the Accumulated Surplus under Equity Account.</p>	Management instruct the Bookkeeper to analyze the components of the receivables and prepare adjustment/s on the misstatement of receivable, training fees and equity accounts; and direct the training focal to reconcile records on a regular basis with the Accounting Unit to enhance the agency's collection system.				Fully Implemented		The Management commented that the Bookkeeper has already drawn a JEV No. 161-17-03-039 dated March 28, 2017 the amount of P14,467,650.00. for the adjustment on the misstatement of Other Receivables and other affected accounts.	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<i>Unliquidated Due from LGUs</i> Due from LGUs account of TESDA Surigao del Norte Provincial Office (SdNPO) of Region XIII in the amount of P263,527.64 aged more than two (2) years remained unliquidated due to non-adherence of the Agency to the specific procedures in the implementation of the project, thereby exposing public funds to possible loss and/or misuse for other purpose	Management of TESDA Surigao Del Norte PO to: <ul style="list-style-type: none"> <li>issue demand letter to identified officers of LGU-Surigao City and Dapa, Siargao Island to enforce the full liquidation of the respective fund transfers in CY 2014 which are already due and demandable and cause the refund of the unexpended balance, if any; and</li> <li>observe the prescribed procedures in the implementation of GPB projects. Transfer of funds without the submission beforehand of the required documentary requirements is not within the scope of the rules provided for the implementation of the said projects. Monitoring on the utilization of the funds should be done regularly to ensure that the same was indeed used for the specific purpose it was intended</li> </ul>	Prepare and submit the copy of JEV, partial liquidation and demand letter to COA				On-going	Submitted the copy of JEV, partial liquidation and demand letter to COA	
	<i>Unliquidated Cash Transfers</i> Transfer of funds to NGOs/LGUs/POs, and Operating Units (OUs) and training providers totaling P10,772,447.73 from Regions VI and XIII intended for a livelihood training program, implementation of various projects, training programs and allowances	Management: <ul style="list-style-type: none"> <li>continue to demand from the LGUs the issuance of Inspection Report and Certificate of Project Completion or submission of liquidation documents. Demand the refund of the fund</li> </ul>	Prepare and submit the copy of JEV, partial liquidation and demand letter to COA				Partially Implemented	The Regional Office VI has again issued follow-up letters to seven municipalities of 2nd District of Iloilo. The Municipality of New Lucena has submitted liquidation documents and the JEV for the P500,000.00 liquidation will be reflected in the 1st Quarter 2017 FS. The Regional Office will continue to follow up and demand the submission of documents.	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	for trainees remained unliquidated as of December 31, 2016.	<p>transferred in case of failure to liquidate. The Agency should revise its strategies in effecting the liquidation should they appear ineffectual:</p> <ul style="list-style-type: none"> <li>file a written request for write-off for the P6,598,67.09 unliquidated fund transferred to NGOs/POs in accordance with the 2009 Revised Rules of Procedure of the Commission on Audit;</li> <li>coordinate with the Provincial Offices in order to fully liquidate the amount of P87,523.00 outstanding Due from Operating Units;</li> <li>require the Local Chief Executive of LGUs with the unliquidated fund transfers from TESDA Surigao del Norte and Surigao del Sur Provincial Offices to submit the liquidation documents, as agreed upon in the Memorandum of Agreement (MOA); and</li> <li>observe strictly the provisions of COA Circular No. 94-013 dated December 13, 1994 on the grant, utilization and liquidation of fund transfers.</li> </ul>						<p>The Regional Office VI will file a request for write-off the unliquidated funds transferred to NGOs/POs in accordance with COA Revised Rules and Procedures</p> <p>The funds transferred to Operating Units amounting to P87,523.00 has been liquidated and JEV dated January 31, 2017 was issued and shall be reflected in 1st Quarter FS of 2017.</p> <p>Management of Region XIII commented that demand letters has been issued and sent to the concerned LGUs.</p> <p>Submitted the copy of JEV, partial liquidation and demand letter to COA</p>	
	<b>Dormant and Unsupported Receivables</b> Receivables under accounts Due from NGAs/NGOs/POs and Receivable-Disallowances and	<p>The Management:</p> <ul style="list-style-type: none"> <li>exert more effort to locate the documents pertaining to the dormant accounts to</li> </ul>	Submit request for Write off of accounts to COA				Ongoing		The Accounting Division has exerted all diligent efforts in locating the documents pertaining to the P730,339.61 balance of SPCD subsidiary ledger under the Due from National Government Agencies account, but

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	Charges in the books of TESDA CO, NCR and Region VI totaling P1,995,125.26 have been outstanding, inactive and non-moving, dormant for more than ten to 22 years, which collectability/and or settlement remain uncertain, and which could not be validated in the absence of records/documents, thereby render the balances unreliable.	<ul style="list-style-type: none"> <li>substantiate their balances; and comply with the guidelines as set forth in COA Circular No. 2016-005 for dormant accounts.</li> <li>prepare JEV to reclassify the Other Receivables account amounting to P1,212,569.76 back to its previous original account, Receivables-Disallowance/Charges as prescribed in Volume III of the Government Accounting Manual;</li> <li>enforce the immediate settlement of the said disallowances and send demand letters to concerned accountable persons requiring them to settle their respective disallowance; and</li> <li>the Provincial Director, Financial Analyst and other person liable in Capiz-PO in CY 2006 when the transaction occurred should settle the disallowance by payment/restitution using COA Resolution stated above or by any of the modes of extinguishment of obligation.</li> </ul>						<p>to no avail and considered to request writing off the account, following the guidelines in COA Circular No. 2016-005.</p> <p>The Accounting Division had exerted effort in locating the documents of dormant accounts, and after which, considered the filing of request for write off, following the guidelines in COA Circular No. 97-001.</p> <p>TESDA CaMaNaVa District Officials said that they will request write off of the amount of P44,850.75 transferred to ATVSAMMN in 1995. Despite efforts, they cannot locate any document related to this transaction which happened even before the district office become fully operational. As for the presentation of financial reports for the year 2017, the amount of P44, 850.75 stated on the account Due from GOCC had been reclassified to the account Due from NGO supported by JEV No. 17-01-007 dated January 31, 2017.</p> <p>The Provincial Office of Capiz is still locating pertinent documents for the disallowances.</p>	
	<b>Unreliable Inventory Balances</b> Inventory balances in the total amount of P377,591,544.44 is unreliable due to the failure of Management of NCR, Regions I, II, IV-A, VI, VIII and XIII to	<p>The Management of NCR, Regions I, II, IV-A, VI, VIII and XIII:</p> <ul style="list-style-type: none"> <li>the Accountant to reclassify inventory items below the capitalization threshold of</li> </ul>	Prepare and submit adjusting JEV to COA				Ongoing	The Financial analyst of Manila District Office commented that she follows the rules in recording the purchases as inventory as evidenced by the drawn JEV and the General Ledger maintained by the agency.	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	comply with the rules and regulations on the recognition, physical inventory taking, preparation of required reports and issuances of inventories pursuant to the provisions of Sections 9, 10, 11, and 17, Chapter 8, Volume I of the GAM	<p>P15,000 from PPE accounts to the affected accounts listed in page 7 of the Revised Chart of Accounts of GAM Volume III in pursuant to Section 10 of Chapter 8, Volume I of GAM to fairly present the PPE accounts in the financial statements;</p> <ul style="list-style-type: none"> <li>require the Accountant to record all purchases in the Inventory account and the issuances thereof shall be recorded based on the RSML, supported with duly approved and acknowledged RIS to comply with the provisions of the GAM;</li> <li>require the Supply Officer and the Financial Analyst to be more vigilant in conducting regular reconciliation of their records so that deficiencies can be immediately addressed and/or adjusted while the inventories and the documents supporting it are still available;</li> <li>the Supply Officer should issue an ICS to the end user of semi-expendable properties to establish accountability over them in accordance with Section 11 of Chapter 8, Volume I of GAM.</li> </ul>						<p>In Region I, the Accountant reclassified from PPE accounts to the affected accounts and prepared JEV for adjustment.</p> <p>The Management of Region IV-A commented that the bookkeepers of the training centers justified that there was instruction from the Regional Office not to book up the transactions for toolkits at the level of the training centers, however, they committed to comply with the recommendations as the Audit Team emphasized to establish accountability over the control of the assets.</p> <p>Submitted the adjusting JEV to COA</p>	
	<i>Deficiencies Affecting Accuracy, Reliability and Existence of Property, Plant and Equipment</i>	Management and concerned officers:	Prepare and submit the adjusting JEV and RCPPE to				Partially Implemented	Submitted the adjusting JEV and RCPPE to COA	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	<p><b>Account</b> The reliability, accuracy, and existence of the accounts Property, Plant and Equipment (PPE) in NCR and Regions I, II, III, IV-A, IV-B, V, VI, VIII, and XIII totaling P1,581,392,388.88 as of December 31, 2016 could not be ascertained due to: (a) failure to conduct physical count of PPE totaling P1,581,392,388.88 and absence of the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); (b) difference of P52,706,577.39 between inventory report and the PPE account balances per books; (c) unrecorded PPE/errors in recording and inclusion of obsolete/unserviceable property resulting to net overstatement of P4,146,223.27; (d) misclassification of PPE accounts of P1,613,500.00 to other PPE accounts; and (e) recording as PPE of semi-expendable items with a total acquisition cost of ₱14,240,947.31, each item costing below the capitalization threshold of P15,000.00, which are considered as Inventories.</p>	<ul style="list-style-type: none"> <li>require the Inventory Committee to strictly comply with the annual physical inventory taking of PPE and prepare the RPCPPE report thereon, reconcile the report with the accounting records, submit to the Accounting Office to update records of property/equipment subsidiary/general ledger accounts and submit to the Office of the Auditor and other officials for verification;</li> <li>require the Accountant and Property Officer to maintain an updated property cards and property and equipment subsidiary ledgers, respectively;</li> <li>require the Accountant to effect the necessary adjusting entries for misclassified, erroneous entries to reflect a more reliable balance of PPE accounts in the financial statements; and</li> <li>require the Accountant and Property Officer to regularly monitor the movement/increases or decreases of PPE accounts to facilitate reconciliation of respective records to show true balances of each PPE account in the financial statements; and</li> <li>require the Accountant to</li> </ul>	COA					<p>NCR - The District Office of Quezon City submitted the Report on Physical Count of PPE as of December 31, 2016 on March 23, 2017. The District Office of PaMaMaRiSan submitted the Report on Physical Count of PPE as of December 31, 2016 on May 19, 2017. The Financial Analyst draw JEV for the reclassification of account with JEV No F161-17-03-009 dated March 31, 2017.</p> <p>Region I – on going reconciliation between Property and Accounting.</p> <p>CAR – Submitted the copy of transmittal of the Report on the Physical Count of Property, Plant and Equipment to their resident auditor.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		reclassify tangible items below the capitalization threshold of P15,000.00 from PPE accounts to the appropriate inventory accounts listed in page 7 of the Revised Chart of Accounts of GAM Volume III in pursuant with Section 10 of Chapter 8 – Inventories of GAM Volume I to fairly present the PPE accounts in the Financial Statements.							
	<p><i>Unreliable balances of Accounts Payable</i></p> <p>The validity of the Accounts Payable account balances of TESDA-CO.NCR, Regions II, IV-A, IV-B,V,VIII and XI totaling P285,214,010.68 as of December 31, 2016 is unreliable due to: a) inclusion of undocumented and unclaimed payables, claims with no valid claimants which are outstanding for over two years or more amounting to P54,680,798.18; b) recorded payable balances aggregating to P220,927,806.55 without complete supporting documents; and c) non-recognition of payable/liability accounts resulting to understatement of P9,605,405.95.</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>require the TESDA-NCR, Regions II, IV-B and V to revert the outstanding amount which has been in the books for more than two years, against which no valid claims have been filed, to the unappropriated surplus of the general fund of the National Government pursuant to Section 98 of PD No. 1445 and COA Circular No. 99-004 dated August 17, 1999;</li> <li>require the TESDA Regions II, III and IV-A to strictly adhere to the provisions of the GAM in recognizing Accounts Payable in the books of accounts, adopt the accrual method of accounting in all its transactions and maintain the necessary SL to facilitate the verification and examination of the accounts payable account</li> </ul>	<p>Request to COA for write-off of dormant accounts</p> <p>Prepare and submit the JEV for the reversion of inexistence accounts</p> <p>Prepare and submit the JEV for the misclassified accounts</p>			Partially Implemented	<p>Central Office - The cost of starter toolkits recorded under Other Supplies and Materials for Distribution amounting to P126,645,474.00 was recognized as receipt of goods on account as of December 31, 2016. This represents various Delivery Receipts for the CY 2016 toolkits received by the ROs from November to December 31, 2016. The actual supporting documents were attached in the DV No. 2017-031247 which was paid under List of Due and Demandable Accounts Payable No. 01101-03-074-2017.</p> <p>NCR - The District office of Pasay-Makati reverted the amount of P 24,000.00 on June 28, 2017.</p> <p>The District Office of CaMaNaVa reverted the amount with check no. 68560 dated June 30, 2017 and deposited to the National Treasury on July 5, 2017</p> <p>TESDA Regions agreed to comply with the recommendations.</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<p>balances: and</p> <ul style="list-style-type: none"> <li>require the TESDA-CO, Regions I, II, VIII and XI to attach the necessary supporting document for the validity of the claim in the issuance of the Obligation Request Status. The Budget Officer shall ensure that all obligations are valid by determining the propriety of the documents supporting the claims. Likewise, the Accountant should record the valid payables in the ledger only upon ascertaining the completeness of documents</li> </ul>							
	<p><i>Other Payables</i> The validity of the Other Payables account amounting to P1,137,013.97 as of December 31, 2016 could not be ascertained due to absence of supporting documents and inclusion of dormant/long-outstanding payables totaling P634,967.03. Likewise, misclassification of accounts resulted to understatement of the account by P502,046.94</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>require the Accountants of TESDA-NCR, Regions VI and XI to exert more efforts in locating supporting schedules/documents pertaining to the said account. If valid claims are confirmed and are no longer existing, request for write-off may be initiated in accordance with the guidelines and procedures prescribed under COA Circular No. 97-001 dated February 5, 1997;</li> <li>require the TESDA-Region XI to revert the outstanding Other Payables account to the Unappropriated Surplus of the General Fund in accordance</li> </ul>	<p>Request to COA for write-off of dormant accounts</p> <p>Prepare and submit the JEV for the reversion of inexistence accounts</p> <p>Prepare and submit the JEV for the misclassified accounts</p>				Fully Implemented	<p>NCR - The RO cannot locate all the supporting documents/schedules pertaining to the said accounts, thus, validation cannot be applied, thus, RO requested for the write-off of the dormant accounts (Other Payables).</p> <p>TESDA Region XI have reverted said amount to the BTr last March 3, 2017 since they have already exhausted much effort to release said allowances to the payees.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<p>with Section 98 of PD No. 1445; and</p> <ul style="list-style-type: none"> <li>instruct the Accountant of TESDA-Region VIII concerning booking up of transactions using appropriate account codes and titles pursuant to the GAM for NGAs Volume III and prepare the necessary adjusting entries to reflect the correct balances of affected accounts for the fair presentation of the financial statements</li> </ul>							
	<p><i>Non-recognition/Misclassification of revenue/income accounts</i> Non-recognition and misclassification of revenue/income accounts of TESDA Regions I, II, III and IV-A resulted to understatement of the Income account by ₱7,298,140.00. Moreover, collections of income of General Fund by Region XIII amounting to ₱20,190.00 were erroneously deposited to National Treasury as Trust Receipts</p>	<p>The Management in the Regional Offices and Provincial Offices:</p> <ul style="list-style-type: none"> <li>take up collections and revenues in accordance with the provisions of PPSAS 1 and Section 7(3), Chapter 5, Volume I of the GAM for National Government Sector;</li> <li>recognize the revenue from completed training not yet collected in the books to reflect the correct amount for proper presentation of revenue and accounts receivable accounts in the financial statements; and</li> <li>require the Financial Analyst to make the necessary adjusting entries to reflect the actual collections/income received and the deposits made and direct the Cashier to properly classify and account all its</li> </ul>	<p>Prepare and submit to COA the remittances to General Fund</p> <p>Prepare and submit adjusting JEV for the recognition of income accounts to COA</p>		July 28, 2017	Fully Implemented		<p>Region I – Already recorded Income and Accounts Receivable for completed trainings.</p> <p>Region IV-A - The Bookkeeper has already drawn JEV Number 161-17-03-039 dated March 28, 2017 of P14,467,650.00, for the adjustment on the misstatement of Other Receivables and other affected accounts. Also, the Bookkeeper and the Training Focal made a reconciliation of their records to arrive at the correct amount of CY 2016 receivables not recognized as at year end totaling P391,150.00 and they committed to continue the reconciliation process on a regular basis.</p> <p>Region XIII - During the exit conference, Management commented that they have already reminded the cashier to properly classify all the collections and deposit it in the corresponding Bureau of Treasury Accounts.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		collections and ensure that these are appropriately deposited to its corresponding National Treasury Account in accordance with the provisions of RA 10717, Joint Circular No. 7-85 and EO 939, s. 1984							
	<p><b>Incomplete Documentations</b> Disbursements incurred by TESDA-CO, NCR, Regions III, IV-B, VI, VIII, XI and XIII for the payments of various expenses totaling ₱28,471,104.06 were not supported with adequate documentation.. thus, casting doubts on the veracity of the transactions.</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>submit immediately the required documents to support the propriety and validity of the payments made; and</li> <li>direct the Accountants to exercise prudence in the disposition of funds and make sure that all claims are supported with complete documentation to ensure their validity and legality in compliance with Section 4 (6) of PD 1445 and COA Circular No. 2012-001.</li> </ul>	Submit the TOR, Certifications, and other lacking documents to COA		July 28, 2017	Partially Implemented		<p>TESDA Central Office Management recognized the issuance of AOM as it will serve as proper venue to explain their side. According to them: a) the final report was not attached to the disbursement voucher as these are considered to be architectural designs/plans that must be protected by against copywriting, however said plans/designs are stored at the Office of the General Services Division which COA could access for audit purposes. b) billings were attached to every payment with corresponding certification by the end-user; c) resume/curriculum vitae (CV) was submitted as marked received by the first party and certification from GSD and Architect Dimaandal that there is no existing business relation interest with any employees of the TESDA; d) the CV indicated among others, the list of projects completed; and e) attached PRC website where Arch. Dimaandal was included in the Architect Registry Books.</p> <p>Also, they admitted that execution of the Project was delayed due to some difficulties encountered in its initial phase. The rehabilitation of the TESDA Canteen was already awarded through PS-DBM.</p> <p>The management of Region III will provide Copy of the COA Circular No. 2012-001 to the concerned officials and employees to ensure compliance with the recommendation.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
								<p>Similarly, the Accounting Unit will strictly check the completeness of supporting documents before processing of payments of claims to ensure validity and legality.</p> <p>TESDA Region VI had submitted the needed documents to support the payment of such disbursements.</p> <p>Management of Region XIII commented that they have already called the attention of the concerned personnel and discussed with them the matter at hand; and submitted the lacking supporting documents in the payment of RATA. Also during the exit conference, they commented that they will comply with the audit recommendations.</p> <p>Submitted the TOR, Certifications, and other lacking documents to COA</p>	
	<p><i>Improper/Non-recording/misclassification of accounts</i> Improper/non-recording/misclassification of accounts of TESDA-NCR, Regions II, III, IV-B, V, VI, VIII and XIII resulted to net overstatement of expenses account by ₱9,986,202.81.</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>direct the Accountant to observe prudence in recording its transactions and to properly classify the operating expenses transactions based on the description of accounts in the RCA for NGAs and carefully review the JEV before posting the same to the journals and ledgers to ensure fairness in the presentation of the accounts in the financial statements;</li> <li>instruct the Financial Analyst concerning the drawing of Journal Entry Vouchers (JEV) for purposes of preparing necessary adjusting accounting</li> </ul>	<p>Prepare and submit to COA adjusting JEV for the improper/not recording/reclassification of accounts</p>		<p>July 14, 2017</p>	<p>Fully Implemented</p>	<p>Management of TESDA NCR commented that it was already their practice to take up as inventory in the book all purchases of office supplies based on the information given by the Supply Officer and the Management will continue to abide in COA's recommendation.</p> <p>In TESDA Region VI, JEV No. 2017-01-005 was prepared to record the adjusting entry to correct affected accounts in CY 2016.</p> <p>Management of Region XIII explained that the accounting personnel was already directed to record the receipts of ICT Equipment and other properties to its appropriate inventory account; record expense only upon issuance of the procured items to present an accurate and reliable balance of related asset and expense accounts in the financial statements and a strict adherence to the specific provisions on inventories in the GAM. The Supply Officer-</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<p>entries, in effect, ensure proper as well as accurate disclosure of transactions per the books of accounts.</p> <ul style="list-style-type: none"> <li>reconstruct the subsidiary ledgers for the affected PPE accounts to compute correct and appropriate depreciation expenses. Prepare schedule of depreciation in order to effect adjusting journal entries to rectify the accounting errors; and</li> <li>top allowing charges of prior year's expenses against the current allocations including their erroneous booking up as expenses during the present year in the agency's books of accounts.</li> </ul>						<p>designate was also directed to prepare the corresponding ICS for every property to be issued to the end-user so as to establish accountability over such property. Furthermore, they commented that the Bookkeeper Designate recorded the transaction as Salaries and Wages/Casual/Contractual Account for the payments of the JO personnel considering that the school has an allocation of Two Million Seven Hundred Fifty-Nine Thousand Pesos (P2,759,000.00) in the PS of the National Expenditure Program (NEP), without the intent of committing any fraudulent act. During the exit conference, Management assured that they will adhere to the aforementioned recommendations and carry out the proposed adjusting journal entries.</p> <p>Submitted to COA adjusting JEV for the improper/not recording/ reclassification of accounts</p>	
	<p><i>Irregular/unnecessary/excessive expenditures</i> TESDA-CO, Regions II, III, IV-B, VI, VIII and XI incurred a total of P2,822,276.64 which are considered irregular, unnecessary and excessive expenditures. Further, disbursements totaling P4,703,723.91 for various expenses by Regions II and XIII were made on reimbursement basis contrary to governing laws, rules and regulations</p> <p>TESDA Regions II and XIII showed that for CY 2016, payments for various expenditures were done on reimbursement basis instead of direct payment thru</p>	<p>The Management:</p> <ul style="list-style-type: none"> <li>require the concerned officials to refund the excess/disallowed payments. Henceforth, management should refrain from paying personnel benefits without legal basis to avoid audit disallowances;</li> <li>strictly comply with the prescribed rates in the grant of travel expenses and prohibit the grant of claims for travelling expenses to JO personnel;</li> <li>strictly comply with the provisions of Sections 22 and 23 of the Omnibus Rules on</li> </ul>				On-going		<p>In Region VI, a total amount of P2,243.87 was refunded for taxi fares claimed during overtime work and purchases for mass offerings.</p> <p>In Region VIII, partial payments of excessive and unauthorized claims on travel of employees with a total amount of P7,820.00 were implemented beginning February 22, 2017, the same verified by the audit team on March 14, 2017.</p>	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	ADA/check, to suppliers/creditors, thus, the regular processes/procedures on procurement under RA 9184 was not complied	<ul style="list-style-type: none"> <li>Leave in the granting of monetization; and</li> <li>stop the practice of granting cash advances and/or reimbursements for the procurement of goods and services. Procurement should be meticulously and judicially planned by the procuring entity rather than when the need arises.</li> </ul>							
	<p><b>GENDER AND DEVELOPMENT</b></p> <p>Gender and Development (GAD) related programs, activities, and projects were favorably implemented in TESDA CO, NCR and certain POs of Regions I, II, III, IV-A, V, VI, VIII and XI in accordance with the General Provisions of GAA for FY 2016 and JC No. 2012-01 of the DBM, NEDA and Philippines Commission on Women (PCW). However, POs of Regions II, IV-B, V, and XIII spent their budget for GAD below the required five percent allocation of their appropriations. Camarines Sur PO failed to submit their GAD Plan and GAD Accomplishment Reports.</p>	<ul style="list-style-type: none"> <li>TESDA GAD Focal Executive Committee of CO and the ROs should apportion at least five per cent of the agency's total budget and utilize the funds for GAD related activities in accordance with the provisions set forth in the GAA;</li> <li>The GAD Focal Point System in the POs to prepare an annual GAD Plan guided by the JC No. 2004-1 dated April 5, 2004 issued by the DBM, NEDA, and PCW designed to address gender issues within their concerned sectors or mandate and implement applicable provisions under RA No. 9710 or the Magna Carta for Women.</li> </ul>						Management agreed to comply with the recommendations.	
	The grant of Collective Negotiation Agreement (CNA) amounting to ₱4,164,750.00 to TESDA-NCR and Regions II, III, IV-B, VIII and XI could not be ascertained due to	<ul style="list-style-type: none"> <li>Submit the documentary requirements as called for under item 4.0 of Budget Circular 2016- 7 and item 1.6 of COA Circular 2012-001;</li> </ul>						The employees of Region II agreed that the amount disallowed is deducted from their 2016 CNA Incentive. This will be returned to the Bureau of Treasury. However, the payment of those retired employees was not	

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	the absence of proof of compliance of certain conditions set forth in Budget Circular No. 2016-07 dated December 1, 2016 and documentary requirements prescribed in item 5.16 of COA Circular 2012-001 dated June 14, 2012	<ul style="list-style-type: none"> <li>Should refrain from paying allowances and incentives to employees not within the prescribed guidelines, to avoid disallowance in audit;</li> <li>Management of TESDA Region II, to require the officials and employees to refund the excess amount of CNA which is considered unauthorized.</li> </ul>						<p>yet collected but this shall likewise be returned to Bureau of Treasury. The entity has been coordinating with the concerned former employees for the refund.</p> <p>Management to submit documentary requirements and to strictly follow the guidelines in paying such allowances and incentives.</p>	
	<p><i>Delayed/Non-submission of Financial Reports, Disbursement Vouchers and Supporting Documents</i></p> <p>Validity, correctness and propriety of the recorded transactions for CYs 2016 totaling 114,537,475.87 could not be ascertained due to the failure of the concerned officers to submit the disbursement vouchers (DVs) and supporting documents contrary to Section 4 of PD 1445 and COA Circular No. 95-006 dated May 18, 1995. Likewise, a total of P 339,417,858.85 of submitted DVs were not supported with complete documentations. Furthermore, there were delay or non-submission of Financial Reports/Statements and supporting documents ranging from two to ten months, contrary to Section 100 of Presidential Decree No. 1445.</p>	<ul style="list-style-type: none"> <li>Submit the Reports with all supporting documents to the Accounting Division not later than the 5th day of the following month and the official concerned shall turn over the disbursement records with all paid vouchers and documents evidencing the transactions to the Auditor within (10) days pursuant to Section 100 of Presidential Decree No. 1445 and COA Circular No. 94-006; and</li> <li>Direct the Acting Accountant/Finance Officer to exercise prudence in the disposition of funds and make sure that all claims are supported with complete documentation to ensure their validity and legality in compliance with Section 4 (6) of PD 1445 and COA Circular No. 2012-001</li> </ul>				On-going		<p>TESDA CO - On the finding on the need to attach a certification as to completeness of delivery issued by the team and duly approved by the Regional Director, they said this certification required in the Memorandum of Agreement was not among requirements included in under COA Circular No. 2012. However, they will make corrections on the MOA provision.</p> <p>The amount of P6,880.86 underpaid taxes was already paid by the concerned suppliers.</p> <p>The TESDA CAMANAVA District Officials said that to date, all financial reports for the year were already been submitted to the office except for the disbursement vouchers of TESDA Quezon City Lingkod Bayan Skills Development Center due to the checks that had not yet been pick-up and the Bank Reconciliation Statements from August-December 2016. They will strive to observe the submission of our monthly, quarterly and year-end financial reports and documents that it may not deprive the team's timely audit and reports.</p> <p>TESDA Manila District is presently tracing the Disbursement Vouchers and its supporting</p>	

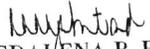
Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
		<ul style="list-style-type: none"> <li>Take appropriate action against the officials and employees responsible for non-submission of subject financial transactions and reports pursuant to the provision of Section 122 of P. D. 1445.</li> </ul>					<p>documents presently and they will submit all as soon they have located it. Initially the management has been holding salaries of all employees to fast track all documents for COA submission.</p> <p>TESDA PMMS District partially settled P3,944,054.39 leaving unsettled balance amounting to P22,210.89 (JANUARY-APRIL 2016). As of February 28, 2017, the submitted disbursement voucher is P10,061,791.55 equivalent to 90 DVs, which result to the balance of P606,340.49; 26 DVs (MAY-NOVEMBER 2016).</p> <p>TESDA PasMak District partially settled P11,825,202.06 leaving unsettled balance amounting to P2,478,640.94. Management said that as of March 28, 2017, for CY 2015 DVs, only one DV for P34,200 remained unsubmitted. As for CY 2016, DVs in the total amount of P12,575,556.23 were already submitted with the balance of 100 DVs amounting to P1,432,857.77 for submission.</p> <p>TESDA QC District partially settled DVs of P8,850,101.60, leaving unsettled DVs amounting to P2,320,746.24.</p> <p>Management of Region II stated that liquidation reports up to June 2016 has been submitted.</p> <p>The Management of Region IV-B took the effort of locating the DVs and supporting documents. Out of the 168 DVs identified by the former audit team which were not included in the submitted accounts, 55 DVs were already found.</p> <p>In Region VI, the vouchers for CY 2016 were already submitted. The management is</p>		

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
								currently coordinating with the former Financial Analyst in order to locate the remaining unsubmitted vouchers for CY 2014 and 2015.	
	<p><i>Non-conformity with Government Accounting Manual (GAM) and Philippine Public-Sector Accounting Standards</i></p> <p>The submitted general purpose Financial Statements for CY 2016 of TESDA Region II, III, VI and VIII and XI were incomplete contrary to Section 11 of Government Accounting Manual (GAM) for National Government Agencies Volume I, thus, it failed to provide the needed information for its users, also, it failed to demonstrate the accountability of the entity for the resources entrusted to it.</p>	Recommended and Management agreed to instruct the Accountant to adhere with the pertinent provisions of the GAM on the preparation of the Notes to FS and follow the sample provided in the Annex F of the said manual.					Fully Implemented	Management agreed to adhere with the pertinent provisions of the GAM on the preparation of the Notes to FS and follow the sample provided in the Annex F of the said manual.	
	<p><b>SENIOR CITIZENS AND DIFFERENTLY ABLED PERSONS</b></p> <p><i>Implementation of Programs and Activities for Senior Citizens and Persons with Disability</i></p> <p>TESDA CO and the ROs I, II, III (except for the Aurora PO), NCR, VI conducted various entrepreneurial skills, livelihood, training programs and activities relative to the concerns of Senior Citizens (SC) and Persons with Disability (PWD) for CY 2016 as required under Section 36 of RA No. 10717 or the GAA for FY 2016. Focused on the programs offered by the TESDA, the amount</p>								

Ref	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Actions Taken/Actions to be Taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From				To
	of P6,844,165.53 was utilized and benefitted 4,359 senior citizens and persons with disability. No report, however, was rendered in Regions IV-A, IV-B, V, XI and XIII.								
	<p><b>COMPLIANCE WITH TAX LAWS</b></p> <p><i>Deficiencies in withholding, recording and remittance of taxes in Region VI</i></p> <p>Taxes withheld by TESDA-CO, NCR, Regions I, II, III, IV-A, V, VIII, XIII and certain POs of Region VI had complied with the BIR rules and regulations pertaining to the withholding and prompt remittance of withheld taxes on suppliers'/contractors' goods and services and employee's compensation. However, various deficiencies/lapses were noted from Region VI resulting to unreliable balances of Due to BIR account and unremitted withholding taxes of P532,737.11 as of December 31, 2016.</p>					Fully Implemented		Management of Capiz PO made comments that they strictly adhere to the provisions of the National Internal Revenue Code and its Implementing Rules Specifically Revenue Regulations No. 2-98 and No. 17-2003. Effective 2017, they will implement the withholding of 2% tax from payments to private TVIs.	

Noted by:

Agency sign-off:

  
**MA. MAGDALENA P. BUTAD**  
 Director IV, Financial and Management Services  
 Name and Position of Agency Officer

  
**PILAR G. DE LEON**  
 Director IV, AS  
 Chief of Services for Administration

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