



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. XI, Davao City

Office of the OIC – Regional Supervising Auditor
NATIONAL GOVERNMENT SECTOR
Cluster 5 – Education and Employment

13 February 2019

MS. RUTH R. PUNDANG, LPT, MAVE
Vocational School Administrator III
TESDA – Lupon School of Fisheries
Lupon, Davao Oriental

RECEIVED
2/12/19
RUTH R. PUNDANG

Madam:

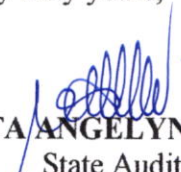
We are pleased to transmit the Summary of Audit Observations and Recommendations (SAOR) of the Technical Education and Skills Development Authority (TESDA) – Lupon School of Fisheries, for the calendar year 2018, in compliance with COA Memorandum No. 2014-011 dated October 21, 2014.

The attached report consists of audit observations and recommendations, which were discussed with Management officials during the Exit Conference on February 6, 2019. Management's comments and Auditor's rejoinder were incorporated therein, where appropriate.

Pursuant to Section 93 of the General Provisions of the General Appropriations Act of 2018 (RA 10964), we request for a status report on the actions taken on our audit recommendations within 60 days from receipt of this report by accomplishing the attached form on Agency Action Plan on the Status of Implementation (AAPSI- Annex A) as required under COA Memorandum No. 2014-002 dated March 18, 2014.

We express our appreciation for the valuable support and cooperation extended by the officials and staff of the Agency to the Audit Team.

Very truly yours,


RITA ANGELYN T. TORINO
State Auditor IV
OIC-Regional Supervising Auditor



Republic of the Philippines
COMMISSION ON AUDIT
NGS, Cluster 5-A, 5-G, Team R11-16
Office of the Audit Team Leader
DepEd – Division of Davao Oriental and City of Mati
TESDA – Provincial Offices of Davao Oriental and Davao del Norte
Lupon School of Fisheries
Government Center, Dahican, Mati City, Davao Oriental

11 February 2019

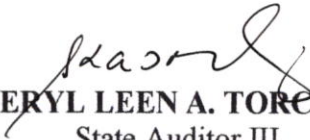
MS. RITA ANGELYN T. TORINO
State Auditor IV
OIC-Regional Supervising Auditor
COA NGS Cluster 5 – Education and Employment
This Region

Madam:

We are submitting herewith the Status of Audit Observations and Recommendations and Status of Implementation of Prior Years' Audit Recommendation on the audit of the Technical Education and Skills Development Authority (TESDA) – Lupon School of Fisheries, for Calendar Year 2018 with information that out of five (5) prior years' audit recommendations, three (3) are fully implemented while two (2) are partially implemented.

Please acknowledge receipt hereof.

Very truly yours,


SHERYL LEEN A. TORCULAS
State Auditor III
OIC- Audit Team Leader

**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY XI
PROVINCIAL OFFICE OF DAVAO ORIENTAL**

**SUMMARY OF AUDIT OBSERVATIONS AND RECOMMENDATIONS (SAOR)
For the Calendar Year Ended December 31, 2018**

Ref./AOM No./Date	Observation	Recommendation	Management Comment	Auditor's Rejoinder
1 AOM No. 2019-003 dated January 14, 2019	Collections were not deposited daily and intact contrary to existing provisions of law, hence exposing government funds to risk of loss or misuse.	<p>In view of the foregoing, we request Management to:</p> <p>a. Direct the Cashier to deposit her collections intact and daily or in the next banking day and observe the applicable provisions of PD 1445;</p> <p>b. Draft/Issue a policy addressed to both the Clients and the Bank that direct deposits made by the Clients in the account of the School must only be accepted by the Bank if there is an attached Certification duly signed by the School's authorized official that the</p>	<p>The Cashier have already made sure that this recommendation will be properly and religiously followed.</p> <p>Management will comply with this recommendation.</p>	The Audit Team has yet to validate the implementation of the recommendation.

			<p>transaction has occurred; and</p> <p>c. Monitor deposits which were directly credited to LSF account so that deposits can be traced to those clients who still have outstanding accounts with LSF.</p>	<p>The Accountant made a commitment that she will implement this recommendation.</p>	
2	<p>AOM No. 2019-003 dated January 14, 2019</p>	<p>Cash Advances were allowed/ granted even if the previous cash advances were not yet liquidated/ settled contrary to Section 89 of Presidential Decree 1445, thus resulting in overlapping of cash advances and exposing government resources to possible loss and misuse.</p>	<p>In view of the foregoing, we request Management to:</p> <p>a. Demand from the Cashier the immediate liquidation of unliquidated cash advances and to refund the undisbursed portions of any cash advance that pertains to delayed claims of students;</p> <p>b. Stop granting additional cash advances unless the previous cash advance granted is first settled or a proper accounting thereof is</p>	<p>The Cashier is amenable to the recommendation and will make sure this will be followed. It was also practiced by LSF to announce the names of those who have not claimed their allowances during flag ceremonies.</p> <p>Management will take note of this recommendation.</p>	<p>The Audit Team has yet to validate the implementation of the recommendation.</p>

			<p>made;</p> <p>c. Make representation to the Landbank of the Philippines for possible issuance of Automated Teller Machine (ATM) cards for payroll account for those students who regularly claim UAQTEA daily allowance; and</p> <p>d. While the ATM cards is still to be processed, minimize issuing checks for cash advances which basically have the same purpose.</p>	<p>Management have made verbal inquiries on this matter and they have yet to formalize this through a letter addressed to the Landbank of the Philippines.</p> <p>The Cashier will adhere to this recommendation.</p>	
3	AOM No. 2019-025 dated January 24, 2019	The composition of the Center's Bids and Awards Committee did not fix the term of one (1) year for the members, contrary to the Implementing Rules and	We recommend that Management issue an Office Memorandum/ Office Order providing for the composition of the BAC with a fix term of one year. The HOPE may reappoint BAC members who have shown	Management will comply with the recommendation.	The Audit Team has yet to validate the implementation of the recommendation.

		<p>Regulations (IRR) of R.A. 9184, hence risking that the procurement activities undertaken by a legally impaired BAC will be open to questions of validity and legality.</p>	<p>efficiency and probity in the performance of their duties.</p>		
4	<p>AOM No. 2019-035 dated February 4, 2019</p>	<p>The 414 enrolled student learners for CY 2018 under the UAQTEA bundled program did not receive the benefits of the Instructional Materials Allowance at P5,000 each, Starter Toolkits (no amount specified) and Accident Insurance Coverage of P150.00 each or a total of P2,132,100 (excluding the starter tool kit) due to inefficient and ineffective implementation of the said program, hence making</p>	<p>In view of the foregoing, we request Management to:</p> <p>a. Direct the Disbursing Officer of the LSF to release the Instructional Materials Allowance to all qualified enrolled learners in a timely manner;</p> <p>b. Direct the UAQTEA Focal person/s to establish a system that will ensure the timely preparation of the required lists of the instructional materials needed by enrolled learners;</p>	<p>Management will comply with the recommendations</p>	<p>The Audit Team has yet to validate the implementation of the recommendation.</p>

		<p>it impossible for the learners to maximally avail all of the benefits offered by UAQTEA.</p>	<p>c. Follow up from the TESDA Regional Office the status of the Accident Insurance Coverage and Starter Toolkits of the learners; and</p> <p>d. Submit to COA the legal basis of TESDA Regional Office for not downloading to LSF the amount intended for the Starter Toolkits of the learners.</p>		
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**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY XI
PROVINCIAL OFFICE OF DAVAO ORIENTAL**

**STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS
As at December 31, 2018**

Out of the five audit recommendations contained in the previous Summary of Audit Observations and Recommendations, three (3) fully implemented during the year, and two (2) were partially implemented.

	Observation and Recommendation	Ref	Action Taken By The Management	Result of Auditor's Validation
1.	<p>Accounts receivable from officers and employees with a total amount of P315,802.13, arising from purchase on credit of school's IGP products, remained uncollected as of December 31, 2017.</p> <p><i>Require the Administrative Officer to cause the collection thru salary deduction from January to December 2018.</i></p> <p><i>Minimize granting additional purchases on credit unless all previous accounts have been fully settled.</i></p>	SAOR 2017	<p>VSA conducted a planning activity and included in the agenda was the audit observations. They have agreed that they will minimize additional purchases on account unless previous accounts were fully settled.</p> <p>During the year, salary deductions were made to settle these accounts. This resulted to a decreased by 49.62% of the accounts receivable balance as at December 31, 2018.</p>	<p>Partially Implemented.</p> <p>Although the accounts receivable balance have decreased there were still some accounts that were unmoving and some have been allowed to purchase on account even if they still have existing balances.</p>
2.	<p>The completeness, accuracy and reliability of the Inventory and PPE Account balances is inadequate due to the</p>	SAOR 2017	<p>During the year, the Supply Officer have prepared and maintained Stock and Property Cards. While the Subsidiary</p>	<p>Fully implemented.</p>

	<p>non-maintenance of Supplies & Equipment Ledger Cards, Stock & PPE Cards, and Property Cards are not updated as required under Chapters 8 & 10 of the Government Accounting Manual (GAM).</p> <p><i>The Accounting & Supply Units should strictly implement the requirement of GAM pertaining to preparation and maintenance of different accounting forms, records, and reports in order to present fairly the Inventory and PPE accounts in the Financial Statements.</i></p>		<p>Ledgers pertaining to all inventories and PPE were also prepared and maintained by the Accounting Unit.</p>	
3.	<p>Unserviceable equipment with a total cost P1,937,364.06 still carried in the books as of December 31, 2017 affecting the true condition of recorded assets in the financial statements contrary to Section 40, Volume I of the GAM.</p> <p><i>Require the Supply Officer to prepare Report of Unserviceable PPE, and prepare the new RPCPPE after deducting the unserviceable items.</i></p> <p><i>Forward copies to accounting copies to accounting unit for</i></p>	SAOR 2017	<p>The supply officer prepared and submitted the necessary reports. Adjustments in the books were also made during the year and a copy of the IIRUP and RPCPPE as of January 31, 2018 was submitted to COA on March 12, 2018.</p>	Fully implemented.

	<i>proper adjustments in the books and submit reports to COA not later than March 31, 2018.</i>			
4	<p>The scheduled scholarship trainings were not conducted within the prescribed time caused by spilled-over trainings of previous year, shortfall of beneficiaries, overlapping of trainings, handled by one or two trainers, and lack of assessment centers, hence affected the utilization of program funds in an appropriate standard of timeliness and in an economical, efficient and equitable manner.</p> <p><i>We recommend that before the current or 2018 scholarship vouchers/slots be released, prioritize all ongoing trainings from the previous year.</i></p> <p><i>For conducted and completed trainings, submit all documents to the TESDA Provincial Office of Davao Oriental to collect training costs incurred.</i></p> <p><i>As a training provider, the LSF should give urgency to have a Certificate of TVET Program Registration (CTPR), as well as absorption training</i></p>	SAOR 2017	<p>The management have implemented the recommendations through the following course of action:</p> <ol style="list-style-type: none"> 1. They have returned the unutilized funds to the TESDA Davao Oriental Provincial Office; 2. Submitted the necessary documents to TESDA Davao Oriental Provincial Office to process the payment of completed trainings; 3. They have attained the Certificate of TVET Program Registration (CTPR) for all qualifications they have offered. 4. Full support in enhancing the skills of trainers-assessors by sending them to industry immersion conducted by TESDA Central Office and to other workshops, trainings, seminars that are relevant to their qualification for continuing skills development. 	Fully implemented.

	<p><i>capacity in terms of facilities, tools, equipment and trainers, not only for Agricultural Crops Production NC I, but also for other qualifications.</i></p> <p><i>Give full support to applicant-assessors to undergo the required training-immersion for each qualification.</i></p>			
5	<p>The TESDA-LSF has no ownership of the school's Main Campus owned by LGU, Lupon, Davao Oriental.</p> <p><i>Work-out with LGU of Lupon, Davao Oriental, and the transfer of ownership of the area.</i></p>	SAOR 2012	As of last quarter of 2017, management has reported that the Assessor's Office of LGU Lupon has awarded the tax declaration of the LSF Main Campus Area. As of to date, they are processing the land title.	Partially implemented.

ADDITIONAL INFORMATION

Cash Advance

The Audit Team has issued Demand Letters on various dates to various officers who have unliquidated cash advances as at year-end, as follows:

AO	Name of	Amount Granted	Nature of Cash Advance	Amount Liquidated	Date Demand Letter Sent by ATL
	Not-applicable				


Status of Investigation on Anonymous Complaint

Reference No. & Date of Anonymous Complaint	Date Received by ATL	Subject	Status
Not-applicable			

Prepared by:


SHERYL LEEN A. TORCULAS
State Auditor III
OIC-Audit Team Leader

Noted by:


RITA ANGELYN T. TORINO
State Auditor IV
OIC-Regional Supervising Auditor

Name of Agency:

Address:

AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION (AAPSI)

As of _____

Ref.	Audit Observations/ Finding No. per SAOR	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non- Implementation	Action Taken / Action to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation				
					From	To			

Prepared by:

Approved by:

Name and Position of Agency Officer

Name and Signature of Head of Office

Date:

Date:

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