



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

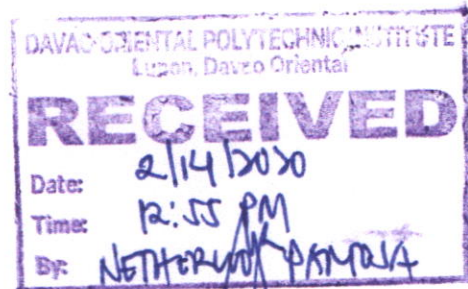
NATIONAL GOVERNMENT SECTOR
Cluster 5 – Education and Employment

13 February 2020

MS. NIMFA M. LIM

Acting Vocational School Administrator
TESDA – Davao Oriental Polytechnic Institute
Lupon, Davao Oriental

Madam:




We are pleased to transmit the Summary of Audit Observations and Recommendations (SAOR) of the Technical Education and Skills Development Authority (TESDA) – Davao Oriental Polytechnic Institute (formerly Lupon School of Fisheries), for the calendar year 2019, 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 12, 2020. Management's comments and Auditor's rejoinder were incorporated therein, where appropriate.

Pursuant to Section 99 of the General Provisions of the General Appropriations Act of 2019 (RA 11260), 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

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2019
As at _____

Audit Observations	Audit Recommendations	Action Plan	Agency Action Plan			Status of Implementation	Reasons for Partial Delay / Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Person/Dept. Person Responsible	Target Implementation Date				
				From	To			

Agency sign-off:

Name and Position of Agency Officer

Date

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



Republic of the Philippines
COMMISSION ON AUDIT
NGS, Cluster 5-A, 5-G, Team R11-16

Office of the Audit Team Leader
TESDA – Provincial Offices of Davao Oriental and Davao del Norte
Davao Oriental Polytechnic Institute
Government Center, Dahican, City of Mati, Davao Oriental

13 February 2020

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) – Davao Oriental Polytechnic Institute (formerly Lupon School of Fisheries), for Calendar Year 2019 with information that out of fifteen (15) prior years' audit recommendations, fourteen (14) are fully implemented while one (1) is 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
 DAVAO ORIENTAL POLYTECHNIC INSTITUTE**

SUMMARY OF AUDIT OBSERVATIONS AND RECOMMENDATIONS (SAOR)
 For the Calendar Year Ended December 31, 2019

Ref./AOM No./Date	Observation	Recommendation	Management Comment	Auditor's Rejoinder
1 AOM No. 2020-004 January 15, 2020	The agency did not observe the timely submission of the Interim Financial Reports, Supporting Schedules and Monthly Trial Balance contrary to Section 122 of PD 1445 and Chapter 19 of the Government Accounting Manual (GAM) Volume I, thus hindering the Auditor from performing timely review of the financial reports and recommending corrective measures if there were deficiencies found in audit.	<ul style="list-style-type: none"> • Direct the Accountant to immediately submit the already due Interim Financial Reports and Trial Balances with complete supporting documents. • Submit explanation/justification on the late/non-submission of the required reports and why no administrative sanctions should be instituted against the officers concerned for failure to submit the same. 	The Accountant has committed to submit on time the Financial Reports and Trial Balances together with complete supporting documents such as journals, Report of Checks Issued (RCI) and Report of Collections and Deposits. An explanation letter was submitted justifying that due to tight implementation of UAQTEA scholarships with 1325 slots for 2018 Qualification Map and 400 slots for 2019 Qualification Map, all trainings to be conducted and finished on December 2019. Committed to UAQTEA physical and financial targets	The Audit Team has yet to validate the implementation of the recommendation.

				<p>(including payroll for allowances), some required reports was submitted late. The Accountant also had her maternity leave from August - November 2019.</p> <p>The management made a commitment to immediately submit the already due Interim Financial Reports and Trial Balances with complete supporting documents.</p>	
2	<p>AOM No. 2020-008</p> <p>January 23, 2020</p>	<p>The non-withholding of taxes on the various procurement transactions of the Agency totaling P905,081.93 was contrary to the Revenue Memorandum Order No. 23-2014 of the Bureau of Internal Revenue (BIR), thus failing to observe the directive of the of the BIR to act as</p>	<ul style="list-style-type: none"> • Strictly comply with the aforementioned BIR rules by withholding income taxes in the procurement of goods and/or services. • Endorse/ Recommend all personnel assigned in the disbursement process to attend trainings and updates on withholding of taxes and applications of 	<p>The Accountant already withheld taxes (VAT/ Percentage Tax and/or Creditable Withholding Tax) on every applicable purchases of goods and services especially on electricity consumption. Strict compliance to BIR Regulation was observed last December 2019 when DOPI was included in the Taxpayers Account</p>	<p>The Audit Team has yet to validate the implementation of the recommendation.</p>

		<p>withholding agent in behalf of the government, as it is clearly disadvantageous to the government.</p>	<p>our nation's existing tax laws and regulations.</p>	<p>Management Program (TAMP) of the BIR. Under TAMP, the Agency's compliance to Revenue Regulations including withholding and remittance of taxes is monitored by an Account Manager, a BIR Examiner.</p> <p>The Agency was included in the Taxpayers Account Management Program (TAMP) of the BIR last December 2019. As mentioned, it has an account manager that will oversee and brief the agency's duties and responsibilities, proper filing of tax forms, update on relevant new issuance and other matters. The management will endorse/recommend the personnel concerned assigned in the disbursement process to BIR trainings whenever there are trainings</p>	
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				available.	
3	AOM No. 2020-010 January 15, 2020	Disbursement Vouchers (DVs) and their supporting documents (SDs) for CY 2019 were not stamped 'PAID' contrary to COA Circular No. 92-398 dated November 3, 1992 and Section 56, Volume I of the GAM, thus making these documents susceptible to possible re-use for future claims.	We recommend that the Management strictly comply with the procedures required in Item 2(Q) of COA Circular No. 92-389 dated November 3, 1992 and Section 56, Chapter 6, Volume I of GAM especially the process on stamping "PAID" in all of the agency's disbursements and supporting documents; and ensure that an internal control be in place in the disbursement process of the agency.	The Disbursing Officer will stamp 'PAID' all of agency's disbursement vouchers and their supporting documents once paid including those DVs issued on January 2-14, 2020. Vouchers logbook is also maintained for DVs that were already issued with checks/LDDAP-ADA, reconciling approved DVs with the Report of Checks Issued (RCI). Another logbook for outgoing DV's in payment for supplies and materials requested by end-users is also maintained in order to trace the location and the accountable officer of such DV.	The Audit Team has yet to validate the implementation of the recommendation.
4	AOM No. 2020-014 January 23, 2020	The delayed submission of Bank Reconciliation Statement for CY 2019 contrary to	• Strictly observe the timely preparation and submission of BRS pursuant to the provisions of	The Accountant will observe timely preparation and submission of Bank Reconciliation	The Audit Team has yet to validate the implementation of the recommendation.

		<p>Section 74 of PD 1445 and Chapter 21 of GAM, thus the accuracy and completeness of the cash transactions and balances could not be readily established and ascertained.</p>	<p>Section 74 of PD 1445 and the GAM.</p> <ul style="list-style-type: none"> • Make representation to or seek assistance from the Landbank of the Philippines for ways to acquire data to substitute the hardcopy of bank statements for the MDS account of the agency. 	<p>Statement. Snapshots will be requested from LBP on every first week of the month.</p> <p>The management is still in the process to make representation to LBP for ways to acquire data to substitute the hard copy of bank statements for MDS. As of the moment, reconciliation for MDS will be based on e-MDS account of DOPI.</p>	
5	<p>AOM No. 2020-052</p> <p>January 31, 2020</p>	<p>The non-inclusion of the provision of additional monetary and non-monetary benefits to personnel under their Contract of Service resulted to some irregularities in the additional monetary claims of these personnel.</p>	<ul style="list-style-type: none"> • Review the provision in the contract they entered into with personnel under the Individual Contract of Service. • Stop granting additional benefits to hired personnel without the necessary legal basis to back up said payment. 	<p>The Management already reviewed the provision in the Contract of Service of job order personnel. Since approval of contract is through the TESDA Director General/Secretary Isidro Lapeña, TESDA Central Office already provided a format for the Contract of Service. In this case, the management cannot add, delete or change any provision stipulated in the</p>	<p>The Audit Team has yet to validate the implementation of the recommendation.</p>

				<p>contract. As to their travel claims, the contract provided by Central Office states "That the Second Party is allowed to travel on official time in (location) within the country and the liquidation of his/her travel should be made within thirty (30) calendar days upon return pursuant to government accounting and auditing rules".</p> <p>The management will not grant additional benefits, particularly travel allowances, to job order personnel while waiting for TESDA XI Regional Office to issue an order/memorandum clarifying the basis for travel allowances of hired personnel under Contract of Service.</p>	
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**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY XI
 DAVAO ORIENTAL POLYTECHNIC INSTITUTE**

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS
 As at December 31, 2019

The fifteen (15) audit recommendations contained in the previous Summary of Audit Observations and Recommendations were: Fully Implemented - fourteen (14) and Partially Implemented - one (1) during the year, as stated below:

	Observation and Recommendation	Ref	Action Taken By The Management	Result of Auditor's Validation
1.	<p>The TESDA-LSF has no ownership of the school's Main Campus which is owned by LGU, Lupon, Davao Oriental.</p> <p>Work-out with LGU of Lupon, Davao Oriental, and the transfer of ownership of the area.</p>	SAOR 2012	<p>The management had already processed the following documents for the transfer of the land title; a. Tax Declaration, b. History, c. Development Plan, and d. Court Clearance submitted to DENR for the issuance of school site special patent.</p>	Partially implemented.
2.	<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>Require the Administrative Officer to cause the collection thru salary deduction from January to December 2018.</p> <p>Minimize granting additional purchases on credit unless all previous accounts have been fully settled.</p>	SAOR 2017	<p>The receivable accounts as at December 31, 2019 do not include accounts of previous years.</p> <p>The management had been observing the policy of not granting additional purchases on credit unless previous accounts were settled.</p>	Fully Implemented.

3.	<p>Collections were not deposited daily and intact contrary to existing provisions of law, hence exposing government funds to risk of loss or misuse.</p> <p><i>In view of the foregoing, we request Management to:</i></p> <p><i>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;</i></p> <p><i>a. 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 transaction has occurred; and</i></p> <p><i>b. 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.</i></p>	SAOR 2018	<p>Collections are deposited intact and on daily basis or in the next banking day.</p> <p>Direct deposits to agency's account is now properly and regularly monitored.</p>	Fully implemented.
4.	Cash Advances were allowed/granted even if the previous cash	SAOR 2018	The cashier liquidated immediately the cash advances for UAQTEA	Fully implemented.

<p>advances were not yet liquidated/settled (Annex C) 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 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 are still to be</p>		<p>Student's Living Allowance granted to her. Names of the students who has not yet claimed their allowances are announced in the next working day to call their attention. In two weeks time, cash advances are liquidated and accounted properly.</p> <p>Granting of additional cash advances to the Disbursing Officer for UAQTEA Student's Living Allowance has been stopped unless the previous cash advance granted is first settled or proper accounting thereof is made.</p> <p>The management is still in the process of making representation to the LBP for possible issuance of ATM Cards for payroll account for those students who regularly claim UAQTEA daily allowance.</p> <p>Issuance of checks for cash advances had been minimized. Only one check is issued for the payment of UAQTEA Living Allowance of the 14 ongoing qualifications.</p>	
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	<p>processed, minimize issuing checks for cash advances which basically have the same purpose.</p>			
4	<p>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 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>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 efficiency and probity in the performance of their duties.</p>	SAOR 2018	<p>The management issued an Office Order providing the composition of the Bids and Awards Committee (BAC) of Lupon School of Fisheries (now Davao Oriental Polytechnic Institute) with a fix term of one year effective January 3 to December 31, 2019 per Office Order No. 026-19 series of 2019.</p>	Fully implemented.
5	<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</p>	SAOR 2018	<p>The management has released the Instructional Materials of those finished qualifications.</p> <p>The UAQTEA Budget Focal Person already required the instructors to submit the list of the instructional materials needed by the enrolled learners before the start of</p>	Fully Implemented

<p>(excluding the starter tool kit) due to inefficient and ineffective implementation of the said program, hence making it impossible for the learners to maximally avail all of the benefits offered by UAQTEA.</p> <p>In view of the foregoing, we request Management to:</p> <ol style="list-style-type: none"> a. Direct the Disbursing Officer of the LSF to release the Instructional Materials Allowance to all qualified enrolled learners in a timely manner; 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; c. Follow up from the TESDA Regional Office the status of the Accident Insurance Coverage and Starter Toolkits of the learners; and d. Submit to COA the legal basis of TESDA Regional Office for not downloading to LSF the amount intended for the Starter Toolkits 	<p>their classes in order to process the procurement and budget preparation.</p> <p>UAQTEA Budget Focal Person already followed up the status of the Accident Insurance Coverage and the Starter Toolkits of the learners. As to the Accident Insurance Coverage of the learners, the Regional Office already forwarded the list of the Approved GSIS Group Personal Accident Insurance issued on February 19, 2019 with a period coverage of February 19, 2019 to February 19, 2020.</p> <p>The accountant has forwarded a copy of TESDA Circular No. 60 series of 2018 which provides the Guidelines on the Implementation of the UAQTEA in State-run Technical Vocational Institutions to COA.</p>	
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	of the learners.			
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ADDITIONAL INFORMATION

Cash Advance

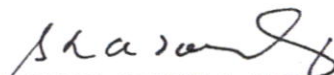
The Audit Team has issued Demand Letters on various dates to various officers who have unliquidated cash advances as at year-end, as follows:

Name of AO	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