

Republic of the Philippines  
Department of Labor and Employment  
**NATIONAL WAGES AND PRODUCTIVITY COMMISSION**

**SUMMARY OF ACTIONS TAKEN CY 2012 (CENTRAL OFFICE) COA ANNUAL AUDIT FINDINGS AND RECOMMENDATIONS**

SUMMARY OF COA FINDINGS	COA RECOMMENDATIONS As of December 31, 2012	COMMENTS/ACTIONS TAKEN As of July 18, 2013										
<p><b>1. Un-remitted Trust Funds to the National Treasury</b></p> <p>The amount of P1,245,308.25 or 88% of the year-end cash balance of P1,406,840.87 maintained in a trust fund had not been remitted to the National Treasury contrary to Sections 4 and 7 of the General Provisions of R.A. No. 10155 or the General Appropriations Act for FY 2012, depriving the government use of dormant cash balances</p>	<p>We recommended that the officials responsible for these lapses render a satisfactory explanation on the non-remittance of the trust funds to the National Treasury as well as the use of the fund other than its intended purpose.</p> <p>We also recommend that henceforth, the Agency's Cashier deposit all trust collections to the National Treasury in compliance with the above-cited law and the agency officials to refrain from unauthorized use of the same.</p>	<p>The NWPC deposits all trust receipts to the Bureau of the Treasury prior to CY 2007 until it was authorized by the Department of Budget and Management to open a Trust Account in October 2007 with the condition that any excess amount at the end of the year will be deposited to the Bureau of the Treasury.</p> <p>As of 30 June 2013, the balance of Trust Account is P1,076,389.82, broken down as follows:</p> <table style="margin-left: 40px;"> <tr> <td>Performance Bond of contractors</td> <td style="text-align: right;">P270,062.15</td> </tr> <tr> <td>Bid Security to be returned to clients</td> <td style="text-align: right;">194,692.50</td> </tr> <tr> <td>ILO fund for Two-Tiered projects</td> <td style="text-align: right;">279,799.38</td> </tr> <tr> <td>Revolving fund for seminars</td> <td style="text-align: right;">183,136.09</td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right;">148,699.70</td> </tr> </table>	Performance Bond of contractors	P270,062.15	Bid Security to be returned to clients	194,692.50	ILO fund for Two-Tiered projects	279,799.38	Revolving fund for seminars	183,136.09	Miscellaneous	148,699.70
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<p><b>2. Un-reconciled and unreliable balance of inventory accounts</b></p> <p>The accuracy of the year-end balance of inventories amounting to P1,681,431.47 could not be ascertained due to the difference of P369,351.47 between the accounting and property records, contrary to the provisions of Section 41 of the Manual on the New Government Accounting System (NGAS), Volume I.</p>	<p>We recommended that Management require the Accountant and the Supply Officer to monitor and reconcile their records and make necessary adjustments on the discrepancies noted to reflect the correct balances of their inventory account in the financial statements. Also, to secure assistance from COA Central Office to correct balances of inventory accounts.</p>	<p>The considerable portion the discrepancies between the accounting and property records was due to the e-NGAS system error on negative balances. The said error was formally communicated to the COA-IT Department on November 21, 2012. To date, Mr. Esra Palencia of COA-IT Department is working on the system errors in coordination with our FMD and MIS staff</p>										

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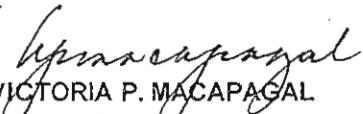
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<p><b>3. Non-moving office supplies</b></p> <p>Non-moving items valued at P288,066.85 in office supplies inventory due to obsolescence and spoilage, have not been disposed of thus depriving the agency the use of additional space inside the stockroom as well as overstating the balance of inventory account by the same amount.</p>	<p>We recommended the disposal of all obsolete and unserviceable office supplies following the guidelines prescribed in the GAAM, to free the stockroom of all these items and to render the office supplies inventory balance more accurate.</p>	<p>The subject obsolete and unserviceable office supplies were disposed thru the Disposal Committee and is scheduled for pick-up by the UP Circuit under its E-Waste PROJECT on July 22, 2013.</p>
<p><b>4. Un-reconciled balances of PPE accounts/absence of physical inventory report</b></p> <p>The existence and accuracy of the Property, Plant and Equipment (PPE) account balances in the aggregate amount of P35,531,755.61 could not be established due to the absence of inventory report for two property accounts and the net difference of P1,384,084.4 between the accounting books and the inventory report for accounts that were inventoried.</p>	<p>We recommended that Management strictly adhere to the provisions of Section 490 and 491 of GAAM, Volume I. Create an Inventory Committee to undertake physical inventory of the agency's properties and render a report to be reconciled with the balance of PPE in the books of accounts.</p>	<p>The physical inventory reports for IT Equipments and Library Books were submitted to the COA on May 24, 2013.</p>
<p><b>5. Unnecessary purchase of gift certificates</b></p> <p>Purchase of gift certificates or gift checks in the total amount of P1,089,000.00 utilizing the agency's trust fund up to 75% of the cost, was an unnecessary item of expenditure as contemplated under COA Circular No. 85-55-A and COA Circular No 2012-003 dated October 29, 2012 as well as it was contrary to Section 122 of the General Accounting and Auditing Manual, Volume I defeating the purpose and depleting funds by the same amount to the jeopardy of programmed activities.</p>	<p>We recommended that agency officials responsible for the transaction -</p> <ul style="list-style-type: none"> <li>&gt; submit justification or legal basis for the purchase of gift checks or gift certificates or refund the total amount of P1,089,000.00; and</li> <li>&gt; henceforth, strictly comply with the provisions of COA Circular 85-55-A and COA Circular 2012-003 dealing on the updated guidelines for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and unconscionable expenditures.</li> </ul>	<p>The NWPC Management already submitted a justification as contained in the Management Comments after the COA recommendation (please refer to Item 50 of AAR).</p>

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<p><b>6. Late submission of financial reports</b></p> <p>A timely and more effective auditorial review and evaluation of the Agency's financial transactions and operations could have been rendered had not its responsible officials and employees failed to submit within the due dates financial and other reports prescribed under existing laws, rules and regulations.</p>	<p>We recommended that the Director direct the prompt submission of all reports necessary in the exercise of functions of the Commission on Audit, to enable it to render a timely and effective review of the Agency's financial transactions and evaluation of operations.</p>	<p>The revised schedule of report submission from one unit to another to complete the required financial reports were implemented. As of July 18, all financial reports for the month of June 2013 were submitted to the COA.</p>

<p>Prepared by:</p>  <p><b>VICTORIA P. MACAPAGAL</b> Division Chief, FMD</p>	<p>Noted by:</p>  <p><b>ELVIRA P. JOTA</b> OIC-DED MSD</p>	<p>Approved by:</p>  <p><b>MARIA CRISELDA R. SY</b> OIC-Executive Director IV</p>
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