

NATIONAL WAGES AND PRODUCTIVITY COMMISSION
2nd Flr. DY International Bldg., San Marcelino corner Malvar St., Malate, Manila

Agency Action Plan and Status of Implementation
Audit Observations and Recommendations
For the Calendar Year 2015 (Current Year)
As of June 30, 2016

Reference No. (ML/CAAR)	Category	Audit Subject	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
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Op iv	Value for Money	Reported Accomplishment Against Target	While the NWPC reported a high overall average accomplishment of 113 percent and 152 percent vis-à-vis its target under MFOs 1 and 2, respectively however due to inadequate monitoring and supervision, accomplishments in RTWPBs I, IV-B and VIII under MFO 1 ranged only from 55 to 70 percent, and in RTWPBs I, II, IV-B, VI, VIII, IX, XI and XII for MFO 2, ranged from 11 to 79 percent.	Management to closely supervise and continuously monitor the implementation of targeted programs and activities in order to attain an overall 100 percent accomplishment of its MFOs in all regions.				100% implemented		<p>RTWPBs which are good performers expressed gratitude for recognizing their good performance in achieving the targeted programs and activities of the Agency. RTWPBs performing below their targets committed to accomplish their targeted programs and activities in the succeeding year so that the objectives of the agency will be fully attained.</p> <p>> The NWPC accomplishments presented during our recent exit conference constituted both the accomplishments of the Commission and the Regional Boards. The presentation followed the template of the agency's budget presentation. Being considered as one entity, the overall performance of NWPC and its 16 RTWPBs should be reviewed and evaluated in its entirety and not as separate units.</p> <p>> The Central Office primary tasks focus on policy formulation/enhancement and program development while the Regional Boards serve as its implementing arm through the discharge of its wage determination function and promotion and conduct of productivity improvement orientation/training programs and other wage and productivity related activities</p> <p>> However, to ensure that these mandates are efficiently implemented, key performance indicators and targets are set on the identified major deliverables of the CO and the RBs.</p>

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										<ul style="list-style-type: none"> > Indicators under the two MFOs are not homogenous, some are in absolute value, percentage (e.g. disposition rate), and some targets are dependent on the result of previous activity or other program indicator. For instance, on your observations as indicated in items 1.5 on MFO2, the conduct of wage consultations/public hearings is apart of wage fixing procedure that may end in issuance of wage order where necessary. Moreover, the rules also provided that an existing wage order cannot be disturbed within the period of its one year of effectivity unless there is an occurrence of supervening condition. This explains why some RBs have not conducted wage public consultations/hearings. Moreover, considering the nature of the indicators, simple averaging of the performance is not applicable and statistically correct. > The numerical targets for the productivity toolbox are also indicatives since the Regional Boards are given the flexibility as to which productivity technologies to promote and conduct given the demographic profile of their region. For example, regions which have alarge number of microenterprises focus on conducting the ISTIV training programs while Service Quality for Tourism Value Chain Training Program are for regions with buge number of tourism establishments. 	

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CAAR p. v	Financial and Compliance Audit	Non-remittance to the Bureau of the Treasury (BTr)	Collections/Receipts from bid security, refund of salaries and rental deposits, performance bonds, among others, of NWPC Main amounting to ₱455,987.67 were not deposited to the BTr as required under Section 2.1 of Joint Circular No. 4-2012 dated September 11, 2012. (Observation No. 2)	> Management to require the Accountant to deposit to the BTr the outstanding and unused cash accounts amounting to ₱455,978.67.					100% implemented	<ul style="list-style-type: none"> > In terms of evaluation and monitoring of regional accomplishments, the NWPC has established monitoring and feedback mechanism that regularly check the accomplishments of the regional boards - these are done on a monthly (Statistical Performance Reporting System of DOLE), quarterly (Office Performance Commitment Report and Physical Report of Operations to DOLE), DBM and COA), semestral 9MYPA, YEPA reports) and yearly basis (Regional Performance Audit, OPCR). > During MYPA and YEPA, the Boards individual accomplishment are presented and validated. Issues and concerns that impede the realization of their targets are raised and discussed and consequently, they are asked to come up with reformulated action plan and catch up plans/agreements. > On those occasions, performing RTWPBs/CO units are recognized while those in which performance are below par are provided with technical and capacity building assistance to enable them to catch up. > The Management sent a letter to COA, submitting a copy of the Disbursement Voucher and Official Receipt No. 8204076 dated 6 April 2016 issued by the BTr.

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2 p. v		Receivable Accounts	Unrecorded audit disallowances with Notice of Finality of Decision (NFD) amounting to P90,000.00 in the books of RTWPB XII resulted in the understatement of the Receivables-Disallowances/Charges and Accumulated Surplus/(Deficit) accounts. While in NWPC Main, RTWPBs IV-B and XI, the balance Due from Officers and Employees account amounting to P36,298.22 remained unliquidated despite the purpose for which the cash advances granted has been served	<ul style="list-style-type: none"> > RTWPB XII <ul style="list-style-type: none"> a. Direct the Accountant to record the audit disallowance amounting to P90,000.00 as Receivables-Disallowances/Charges for a fair presentation of the affected accounts in the financial statements; and b. Require the employees concerned and personnel responsible to settle the noted disallowances. > NWPC main, RTWPB IV-B and XI To issue demand letters to the concerned officers/employees with unliquidated cash advances. 				100% implemented		<ul style="list-style-type: none"> > RTWPB XII Management started deduction on salaries of the refund of the disallowances on Gift Checks/Certificates under ND No. 2013-01-101 (2012) effective April, 2016 to Sept, 2016 at P500.00 per month. Likewise, effective April 2016, to March, 2017 refund on the CNA will be at P 1,250.00 per month under ND Nos. 2013-01-101 and 2013-02-101 (2011), in compliance with the NWPC Memorandum dated April 4, 2016. > NWPC main, RTWPB IV-B and XI Demand letters were issued and sent to the concerned officers/employees
CAAR p. vi		Office Supplies	The accuracy and existence of the the account Office Supplies Inventory amount to P2,087,863.79 could not be ascertained and relied upon due to: a) recording of the undelivered inventory items in RTWPB XII amounting to P324,440.00 resulted in the overstatement of Office Supplies Inventory account and	<ul style="list-style-type: none"> > RWPB XII To instruct the Accountant to strictly adhere to the provisions of Sections 112 and 119 of PD No. 1445 and paragraph 9 of the PPSAS 12 in recording the proper accounting treatment of inventory accounts; and instruct the Disbursing Officer not to release payments to suppliers of goods not yet delivered. 				100% implemented		<ul style="list-style-type: none"> > RWPB XII The Accountant-Designate made the corresponding journal entry to record the undelivered inventory items and reconciled the accounting records with the supply records.

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CAAR p. vi		Property, Plant and Equipment (PPE)	<p>understatement of the Accounts Payable account: b) unreconciled variance between the Accounting and Supplies records of P22,095.10 in RTWPB NCR and P9,428.95 in RTWPB XII.</p> <p>The PPE account amounting to P32,374,978.95 is unreliable due to: a) the existence of various tangible assets in RTWPB XII totaling P462,775.80 which were small enough to be classified as PPE in the Accounting and Property records as required under Chapter 8, Section 10 of Government Accounting Manual (GAM) resulting in the overstatement of the PPE account and understatement of the Accumulated Surplus/(Deficit) by the same amount; and b) obsolete and unserviceable properties in RTWPB IV-B amounting to P54,011.66 were not disposed contrary to Section 79 of PD No. 1445, thereby exposing said assets to further deterioration and depriving an opportunity for the agency to earn additional income and error in recording the</p>	<p>> RTWPB NCR and XII To direct the Accountant and the Supply Officer to continuously reconcile the accounting records and the RPCI to come up with accurate balances of the inventory accounts and prepare the necessary adjusting entries, if any. To require the Supply and Property Section to properly maintain stock cards.</p> <p>> RTWPB XII - Require the accountant to prepare a Journal Entry Voucher to reclassify to the Semi-Expendable all tangible assets with estimated useful life of more than one year but small enough to be considered and recorded as PPE; (ii) record the items as expense upon issuance of the small tangible items and issue the corresponding Inventory Custodian Slip (ICS) to the personnel to whom the items were issued to properly monitor said issuances; and (iii) continuously reconcile the result of the physical count of PPE with the accounting records;</p>				100% implemented	<p>> RTWPB NCR The designated Supply Officer had already updated the Stock Cards and reconciled their Inventory Report with the accounting records.</p> <p>> RTWPB XII - Reconciliation of the accounting records and the physical count was conducted and the necessary journal entries were prepared.</p>	

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			Motor Vehicle and Other Assets accounts in the Report on the Physical Count of Property, Plant and Equipment in RTWPB V resulted to a net variance of P774,247.83 between the property and accounting records	> RTWPB IV-B To create a Disposal Committee to perform the following: (i) device a program for the disposal of unserviceable equipment within the time frame; (ii) inspect the unserviceable equipment to verify its status in order to justify its disposal; (iii) set the final appraised value of the property by considering obsolescence, market demand, physical condition and result of the previous bidding, if there is any for similar property; (iv) recommend to the head of agency for approval of disposal; and (v) dispose promptly items that do not have economic values which are recommended for immediate condemnation or destruction > RTWPB V To require the Supply Officer-Designate to coordinate with the accounting personnel for the immediate reconciliation of the RPCPPE, with the accounting records for the Motor Vehicle and Other Assets accounts.						> RTWPB IV-B The Disposal Committee was already created which will be in charge for the disposal of all unserviceable properties of the year 2016, > RTWPB V The Supply Officer Designate has coordinated with the Accountant Designate for the reconciliation of Other Assets Accounts, including the Motor Vehicle (REVO with Plate No. SFX-122).

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Handwritten initials/signature