

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
For the Calendar Year 2022
As of December 31, 2023
Department of the Interior and Local Government, Region 02

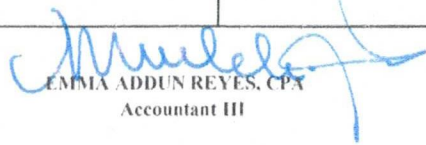
AOM No.	AUDIT OBSERVATION	AUDIT RECOMMENDATION	DILG ACTION PLAN			STATUS OF IMPLEMENTATION	REASON FOR PARTIAL / DELAY / NON-IMPLEMENTATION	ACTION TAKEN/TO BE TAKEN (As of December 31, 2023)	
			ACTION PLAN	PERSON/ DEPT RESPONSIBLE	TARGET IMPLEMENTATION DATE				
					From				To
Financial and Compliance Audit									
2023-001	Lapses were noted on the fund utilization of the agency such as: (a) Low budget utilization rates of certain locally funded Projects/ Programs/ Activities (PPAs); (b) Low fund utilization rate of fund transferred to the Provincial Offices (POs) for implementation of certain PPAs; (c) Unauthorized disbursements by the Provincial Offices amounting to ₱1,784,459.47; and (d) Expenses incurred by the Provincial Offices were not in accordance with the object of expenditure in the Obligation Request and Status (ORS), thereby indicating delayed and/ or partial implementation of PPAs and excessive fund allocation to POs.	<p>1. Management to facilitate the completion of PPAs and utilize the remaining PPA funds for its intended purpose by the end of CY 2022 to avoid its reversion;</p> <p>2. Require the Provincial Offices to maximize the utilization of transferred funds within the year these are budgeted through proper planning and timely implementation of PPAs, and ensure that expense incurred is in accordance with purpose and object of expenditure to which it was obligated;</p> <p>3. Instruct the program implementers/ officials concerned to the PPAs to monitor utilization of funds, not only in the Regional Office but also the utilization of the Provincial Offices, and see to it that programmed activities are implemented on time; and</p> <p>4. Direct the Budget and Accounting Section to assist in determining the amount to be transferred to the POs for their operating and program funds, and adjust the same based on actual utilization.</p>	<p>Management shall direct Division Chiefs and Provincial Directors thru the Regional and Provincial Focal persons to facilitate the completion of PPAs and utilize the remaining PPA funds for its intended purpose by the end of CY 2022 to avoid its reversion.</p> <p>Management shall require the Provincial Offices to maximize the utilization of transferred funds within the year these are budgeted through proper planning and timely implementation of PPAs, and ensure that expense incurred is in accordance with purpose and object of expenditure to which it was obligated.</p> <p>Management shall instruct the program implementers/ officials concerned to the PPAs to monitor utilization of funds, not only in the Regional Office but also the utilization of the Provincial Offices, and see to it that programmed activities are implemented on time.</p> <p>Management shall direct the Budget and Accounting Section to assist in determining the amount to be transferred to the POs for their operating and program funds, and adjust the same based on actual utilization.</p>	All Provincial Directors, Chief Administrative Officer, Regional Budget Officer and Regional Accountant	March 7, 2023	March 31, 2023	Fully Implemented	Fully Implemented	Fully Implemented
<p>Management had created an Ad-Hoc Committee dedicated in monitoring, evaluating, and ensuring the effective and timely implementation of DILG PPAs. This committee was formed in accordance with DILG Circular No. 2023-005 dated February 10, 2023 entitled: "Guidelines on the Operationalization of the DILG FY 2023 Plans and Priorities". The main objective of the committee is to promptly address issues or concerns that could negatively impact the successful completion of the PPAs. This proactive measure demonstrates the commitment to ensuring the smooth and efficient implementation of all the PPAs.</p> <p>Moreover, Management had furnished a copy to the Office of the Resident Auditor of the submitted Operation Plans and Budget for FY 2022 Unobligated Balances to the DILG- Central Office to maintain transparency and accountability in the operations and ensuring that the agency is using the resources in the most efficient and effective way possible. This will help the agency achieve the organizational objectives and deliverables while maintaining consistency with DILG's overall goals and priorities.</p> <p>Management ensures that all PPA implementers and Finance personnel at the Regional and Provincial Offices strictly adhere to the Regional Circular No. 2022-13 dated October 28, 2022 entitled: "Amendment to Regional Circular No. 2022-04: Policy Guidelines on the Utilization and Liquidation of Fund Transfers to Provincial Offices" which provides policy guidelines on the proper utilization and liquidation of fund transfers to Provincial Offices.</p> <p>Management had submitted justifications on the low utilization rate for various PPAs which caused by challenges encountered in the procurement processes, existing health restrictions and protocols brought by the COVID-19 pandemic, and belated release and/or receipt of the sub-allotted funds. Also, catch-up plans were submitted by concerned Divisions and Provincial Offices for the PPAs with low utilization rate.</p>									

2023-002	The disbursements made to different barangays in Isabela Province totaling P136,300.00 for reimbursement of gasoline covering the period January 1, 2022 to December 31, 2022 revealed the following deficiencies: (a) there were no written agreement between the Provincial office and the Barangays; (b) there is no legal basis or authority; (c) they were improperly charged to Training Expenses; and (d) the Drivers' Trip Tickets were not properly Accomplished, contrary to Section 2 of P.D. No. 1445 and specific rules and regulations provided on Item B of the Manual on Audit for Fuel Consumption of Government Motor Vehicles prescribed under COA Circular No. 77-61, hence the regularity of the transactions cannot be determined and the authorized vehicle used cannot be ascertained.	1. Management to submit any legal basis as well as supporting documents, if any, for the reimbursement of gasoline by the different barangays of Isabela Province and ensure that all transactions are duly supported with the documentary requirements in strict compliance to the applicable rules and regulation on disbursement of government funds.	Management shall require PO-Isabela to submit any legal basis as well as supporting documents, if any, for the reimbursement of gasoline by the different barangays of Isabela Province and shall direct management of said operating unit to ensure that all transactions are duly supported with the documentary requirements in strict compliance to the applicable rules and regulation on disbursement of government funds.	Provincial Director, Program Manager and Accounting Clerk of PO Isabela	March 7, 2023	April 30, 2023	Fully Implemented		Management thru FAD Accounting Section had already submitted the original copies of the certification from the concerned field officers of DILG-PO Isabela on April 4, 2023 as one of the legal basis to support disbursements made particularly on the reimbursement of gasoline expenses incurred by the different barangays for the implementation of Retooled Community Support Program (RCSP) activities for further evaluation of the audit team.
2023-003	The unexpended balance of transferred funds to the Provincial Offices (POs) amounting to P6,902,100.33 as of December 31, 2022 were not remitted to the Bureau of Treasury, and were improperly recorded as Cash in Bank-Local Currency Current Account (LCCA) instead of Advances for Operating Expenses account contrary to the guidelines set out in the Letter dated May 13, 2022 from the Office of the Deputy Treasurer of the Philippines to the DILG Secretary granting the request of DILG to maintain the Local Currency, Current Accounts (LCCA) of the POs, thereby increasing the risk of possible misuse of funds and affecting the fairness and reliability of the balances of accounts reflected in the financial statements.	1. Management to require the POs to remit all unexpended balances of the funds transferred to the BTr at the end of each year, efficiently manage the funds transferred to their accounts, and strictly adhere to the specific guidelines and responsibilities set out in Item 4.1 of the above-mentioned letter from the Office of the Deputy Treasurer, specifically on the compliance with liquidation requirements and submission of reports following applicable COA rules and regulations on cash advances.	Management shall direct the Accounting Section to maintain the current practice of recording the transferred funds to its Provincial Offices (Pos) as Cash in bank-Local Currency Current Account instead of Advances for Operating Expenses and shall require POs to remit all unexpended balances of the funds transferred to the BTr at the end of each year.	All Provincial Directors, Chief Administrative Officer and Regional Accountant	March 7, 2023	June 30, 2023	Fully Implemented		Management issued Regional Circular No. 2022-13 dated October 28, 2022 amending Regional circular No. 2022-04 relative to the Policy Guidelines on the Utilization and Liquidation of Fund Transferred to Provincial Offices of which one of the policy content and guidelines is to refund all unexpended balances of the funds transferred after its validity and/or upon completion of the intended purpose to the Regional Office for remittance to the National Treasury. Likewise, the main purpose of said issuance is to recognize the importance of the efficient and effective utilization of the Fund Transfer. The DILG Provincial Offices had already remitted to the National Treasury the amount of P812,040.94 for unexpended 2022 and prior years fund transfer.
2023-004	The reported year-end carrying value for Property, Plant and Equipment (PPE) Accounts totaling P31,964,550.30 which is 76.14% of the total assets was unreliable due to: (a) Variance between the Accounting Records and Report on Physical Count of Property, Plant and Equipment (RPCPPE) with an absolute difference of P862,842.77; (b) Non-disposal of unserviceable PPEs with a book value of P78,282.85; (c) Non-derecognition of missing/ non-existing PPEs costing P54,900.00; (d) Improper classification of various improvements and landscaping to the Building account instead of the proper Other Land Improvements account costing P3,689,522.35; and (e) Inaccurate provision of depreciation expense for various PPEs resulting to understatement of the Depreciation Expenses and Accumulated Depreciation accounts with a total net amount of P266,283.55 and P1,269,326.44, respectively, which are not in accordance with various provisions of Presidential Decree (P.D.) No. 1445, Government Accounting Manual for NGAs, and International Public Sector Accounting Standards (IPSAS) No. 1, thereby affecting the fair presentation of the balances presented in the financial statements.	1. Management to direct the General Services Section to facilitate the completion of the procedures under the COA Circular No. 2020-006 for the One-Time Cleansing of PPE and the immediate disposal/return of the unserviceable properties in order to realize income from the sale thereof and to be derecognized from the accounting records; and	Management shall direct the General Services Section to facilitate the completion of the procedures under the COA Circular No. 2020-006 for the One-Time Cleansing of PPE and the immediate disposal/return of the unserviceable properties in order to realize income from the sale thereof and to be derecognized from the accounting records.	Chief Administrative Officer, Regional Accountant and GSS Chief	March 7, 2023	December 31, 2023	Partially Implemented	Awaiting for the final decision of the COA relative to the request for the derecognition of missing PPEs under Fund 102	Management already submitted the Investigation Report to the Office of Resident Auditor on May 18 and additional documents/requirements on July 4, 2023 with the request for the derecognition of the non-existing/missing PPEs supported by pertinent documents amounting to P862,842.77 under Fund 101 and 102. Missing PPEs from Others PPE accounts under Fund 101 amounting to P446,057.94 were already granted for its derecognition in the agency's books recorded under JEV#01-2023-08-389-00 dated August 30, 2023 while missing PPEs under Fund 102 with the amount of P416,784.93 is still awaiting for the decision from COA Cluster.
		2. Instruct the Accounting Unit to observe the appropriate account in recording PPE items in accordance with the RCA, constantly review and evaluate correctness of depreciation based on the underlying provisions and basis of computation as provided in GAM for NGAs, Volume I, ensure recognition of loss of PPE and the corresponding receivable from the person(s) accountable in case of missing/ non-existing PPEs, and draw the necessary journal entries to adjust the affected accounts.	Management shall instruct the Accounting Section to observe the appropriate account in recording PPE items in accordance with the RCA, constantly review and evaluate correctness of depreciation based on the underlying provisions and basis of computation as provided in GAM for NGAs, Volume I, ensure recognition of loss of PPE and the corresponding receivable from the person(s) accountable in case of missing/ non-existing PPEs, and draw the necessary journal entries to adjust the affected accounts.		March 7, 2023	March 31, 2023	Fully Implemented		Management thru FAD-Accounting Section had drawn Journal Entry Vouchers Nos. 01-2023-02-047 to 01-2023-02-050 dated February 28, 2023 to take up adjustments of the affected accounts and same were submitted to the Office of the Resident Auditor.

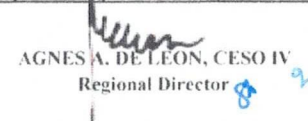
2023-005	The validity and accuracy of year-end balance of the Liabilities account as at December 31, 2022 of P13,412,080.71 cannot be established due to: (a) Improper classification of various payables to Accounts Payable account instead of the proper liabilities accounts totaling P4,923,490.37; (b) Presence of long outstanding accounts payable in the total amount of P61,384.59, aged two (2) years and above; (c) Existence of subsidiary ledgers of inter-agency payables with abnormal negative balances totaling P10,877.05; and (d) Erroneous recording of the replacement of stale checks amounting to P12,000.00 to Subsidy- Others account instead of the proper Accounts Payable account, contrary to the pertinent provisions of Presidential Decree 1445, IPSAS 1, Government Accounting Manual, Volume I and Section 1 of Executive Order No. 87 s. 2019, thereby affecting the reliability and fairness of the financial statements.	1. Management to instruct the Accounting Section to draw Journal Entry Vouchers (JEVs) to correct the erroneous entries made in recording liabilities and the replacement of staled check., and ensure that all transactions are recorded in the appropriate account in order to comply with the requirement of proper accounting;	Management shall instruct the Accounting Section to draw Journal Entry Vouchers (JEVs) to correct the erroneous entries made in recording liabilities and the replacement of staled check., and ensure that all transactions are recorded in the appropriate account in order to comply with the requirement of proper accounting.	Chief Administrative Officer and Regional Accountant	March 7, 2023	March 31, 2023	Fully Implemented	Management thru FAD-Accounting Section had drawn and submitted to the Office of the Resident Auditor the Journal Entry Vouchers Nos. 01-2023-02-051 to 01-2023-02-053 dated February 28, 2023 to correct the erroneous entries previously made in recording liabilities and replacement of staled check and to revert the long outstanding payables to Accumulated Surplus/Deficit.
		2. Evaluate and verify the long outstanding payables and revert to the Accumulated Surplus/ (Deficit) all accounts that may warrant reversion pursuant to Section 98 of P.D. 1445 and Section 1 of Executive Order No. 87 s. 2019; and	Management shall instruct the Accounting Section to Evaluate and verify the long outstanding payables and revert to the Accumulated Surplus/ (Deficit) all accounts that may warrant reversion pursuant to Section 98 of P.D. 1445 and Section 1 of Executive Order No. 87 s. 2019.		March 7, 2023	March 31, 2023	Fully Implemented	
		3. Analyze and reconcile the negative abnormal balances of inter-agency payables and make the necessary adjustments in the books to correct the accounts affected.	Management shall direct accountable officers in the Regional and Provincial offices to analyze and reconcile the negative abnormal balances of inter-agency payables and shall make the necessary adjustments in the books to correct the accounts affected.		March 7, 2023	June 30, 2023	Fully Implemented	
2023-006	The non-submission of 975 Disbursement Vouchers (DVs) with their corresponding ADA/ checks and supporting documents amounting to P243,306,488.88, and the delay ranging from 1 to 286 days in the submission of checks/ADAs for the period January to December 2022, precluded the conduct of audit and timely review thereof, consequently, the accuracy, completeness and occurrence of the accounts affected by these transactions and the faithful representation in the Financial Statements could not be established, contrary to the provisions of Sections 7.1.1 and 7.2.1 (a) of COA Circular No. 2009-006 dated September 15, 2009.	1. Management to cause the immediate submission of the DVs for the disbursements totaling P243,306,488.88 and the original copies of cancelled checks to ensure prompt verification and preclude audit suspension and/or disallowance thereof;	Management shall issue memorandum instructing all accountable officers in the Regional and Provincial offices to submit immediately the Disbursement Vouchers and the original copies of cancelled checks to the Office of the Resident Auditor.	All Provincial Directors, Provincial Accounting Clerks, Chief Administrative Officer and Regional Accountant	March 7, 2023	December 31, 2023	Fully Implemented	Management had issued memorandum to all Provincial Offices dated March 6, 2023 to submit immediately all Disbursement Vouchers with the supporting documents and the original copies of cancelled checks for disbursements in 2022 to the Office of the Resident Auditor. The Regional Office and all Provincial Offices have already completed the submission of said DVs and cancelled checks.
		2. Require the Accounting Section of the RO proper and the Accounting Clerks of the POs to ensure strict compliance with the submission of DVs and their supporting documents pursuant to the pertinent provisions of COA Circular Nos. 95-006 and 2009-006; and	Management shall mandate the Accounting Section of the RO and the Accounting Clerks of the POs to strictly comply with the pertinent provisions of COA Circular Nos. 95-006 and 2009-006; and		March 7, 2023	March 31, 2023	Fully Implemented	
		3. Instruct the Accounting Clerks of the POs to properly accomplish the DVs in accordance with the instructions set out under Appendix 32 of GAM for NGAs, Volume II.	Management thru the FAD shall issue memorandum to the Provincial Offices thru the the Accounting Clerks to properly accomplish the DVs in accordance with the instructions set out under Appendix 32 of GAM for NGAs, Volume II.		March 7, 2023	March 31, 2023	Fully Implemented	

2023-007	Deficiencies were noted on the remittance of mandatory deductions such as: (a) GSIS and PHIC premiums, and HDMF contributions covering various months were not remitted within the prescribed period by Cagayan and Batanes Provincial Offices; (b) Existence of negative balances in the SL of inter-agency payables totaling P10,877.05; and (c) Disbursements Vouchers covering the remittance of mandatory deductions were not supported with original/ readable copy of Official Receipts, contrary to the pertinent rules and regulations issued by GSIS, PHIC and HDMF, which in effect, may cause forfeiture of claims/benefits due the members/employees, deprive the concerned agencies of the timely use of the funds due them and exposes the agency to the risk of being imposed with penalties by the concerned agencies.	1. Management to direct the officials concerned to religiously remit the mandatory deductions withheld and the applicable government's share within the prescribed period to avoid the imposition of penalties;	Management shall direct the officials and accountable officers concerned to religiously remit the mandatory deductions withheld and the applicable government's share within the prescribed period.	All Provincial Directors, Provincial Accounting Clerks, Chief Administrative Officer and Regional Accountant	March 7, 2023	March 31, 2023	Fully Implemented	Management had issued memorandum to all Provincial Offices dated March 6, 2023 to remit religiously the mandatory deductions withheld (BIR, GSIS, HDMF, and BIR) within the prescribed period to avoid the imposition of penalties. Management thru FAD- Accounting Section has been updating the Subsidiary Ledgers of withholding and remittance of mandatory deductions and furnished the same to Provincial Offices for monitoring and reconciliation of the accounts. Also, a memorandum dated March 22, 2023 was issued to all Provincial Offices to update the google drive of Inter-agency payable accounts to facilitate reconciliation with Subsidiary Ledger maintained by the Regional Office. Management had issued memorandum dated March 6, 2023 to the Provincial Directors to attach the original copy of the Official Receipts and other pertinent documents to the Disbursement Vouchers of remittances of all mandatory deductions. Likewise, Management instructed FAD-Accounting Section to strictly comply with the audit recommendation.
		2. Instruct the Accounting Section to monitor the withholding and remittance of mandatory deductions by frequently updating the SLs in order to immediately address issues causing negative balance in the SLs such as failure to withhold and/ or over remittance; and	Management shall instruct the Accounting Section to monitor the withholding and remittance of mandatory deductions and to update the subsidiary ledger of the account and regularly reconcile with the records of the Provincial offices.		March 7, 2023	March 31, 2023	Fully Implemented	
		3. Ensure that DVs for the remittances of mandatory deductions are duly supported by original copy of the Official Receipts and other pertinent documents.	Management shall instruct the accountable officers concerned to ensure that DVs for the remittances of mandatory deductions are duly supported by original copy of the Official Receipts and other pertinent documents.		March 7, 2023	March 31, 2023	Fully Implemented	
2023-008	The accuracy of the reported year-end balances of the Inventory accounts totaling P291,905.70 could not be ascertained due to incorrect valuation method in recording the cost of inventories, resulting to unreconciled balances between the Subsidiary Ledger Cards (SLC) and the Report on the Physical Count of Inventory (RPCI) with an absolute difference of P9,314.03, thereby affecting the reliability and fair presentation of the balances presented in the financial statements.	1. Management to instruct the Accounting Section to adopt/use the weighted average method in the valuation of inventory items and analyze the balances of the Inventory account reflected in the financial statements and reconcile with SLC and RPCI; and	Management thru FAD shall seek guidance/assistance from the audit team on how to adopt/use the weighted average method in the valuation of inventory items and analyze the balances of the Inventory account reflected in the financial statements and reconcile with SLC and RPCI; and	Regional Accountant and GSS Chief	March 7, 2023	April 30, 2023	Fully Implemented	Management thru the General Services Section conducted physical count of inventories with the presence of accounting section representative and two (2) members of the audit team on April 3, 2023. As a result of the physical count conducted, the SLC maintained by the accounting section had already reconciled with the RPCI of GSS and the report was submitted to the Office of the Resident Auditor on April 27, 2023. The weighted average method in the valuation of inventory items per guidance of the audit team shall be adopted by the accounting section in April 2023 using the proper form prescribed in GAM after SLC and RPCI is reconciled as of March 31, 2023.
		2. Instruct the Accounting Section and Supply Section to revisit the forms and instructions under Volume II of the GAM for NGAs for forms and preparation of the RSMI and RIS.	Management shall require the Accounting Section and Supply Section to revisit the forms and instructions under Volume II of the GAM for NGAs for forms and preparation of the RSMI and RIS.					

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