

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
For the Calendar Year 2023
As of December 13, 2024
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 13, 2024)
			ACTION PLAN	PERSON/ DEPT RESPONSIBLE	TARGET IMPLEMENTATION DATE				
					From	To			
Financial and Compliance Audit									
2024-001	Several deficiencies were noted in the implementation of Enhanced Comprehensive Local Integration Program (ECLIP), such as: (a) Incomplete documentation of DILG-administered package of assistance totalling to P3,888,096.59; (b) Delayed processing of payment of immediate, livelihood, and firearm remuneration assistance totalling to P3,147,395.49 ranging from three (3) to 31 days; (c) Overpayment of firearms remuneration amounting to P61,818.23 due to cost valuation of firearms more than the provided price ceiling; and (d) Lapses in the grant of reintegration assistance, contrary to the various provisions of DILG-DND Joint Memorandum Circular No. 01 s. 2021 dated September 22, 2021.	Submit the original copies of lacking documents of the transactions amounting to P3,888,096.59 and ensure that the required supporting documents under DILG-DND JMC No. 01 s. 2021 are properly attached to vouch the validity, propriety and regularity of disbursements of DILG-administered package of assistance;	Management to submit the original copies of lacking documents of the transactions amounting to P3,888,096.59 and ensure that the required supporting documents under DILG-DND JMC No. 01 s. 2021 are properly attached to substantiate the validity, propriety and regularity of disbursements of DILG-administered package of assistance to FRs/FVE pursuant to Section 4(6) of P.D 1445		February 27, 2024	March 31, 2024	Fully Implemented		Management thru Local Government Monitoring and Evaluation Division and concerned DILG provincial Offices submitted the original copies of lacking documents of the transactions of Provincial Offices to the Office of the Resident Auditors amounting to P3,888,096.59 and ensured that the succeeding transactions are supported with the required documents under DILG-DND JMC No. 01 s. 2021 to substantiate the validity, propriety and regularity of disbursements of DILG-administered package of assistance to FRs/FVE pursuant to Section 4(6) of P.D 1445
		Ensure immediate transfer of funds to the Provincial Offices, and timely preparation and turn-over of checks to the concerned LGUs so that the assistance of the FRs/ FVEs are paid in accordance with the prescribed timeline provided under DILG-DND JMC No. 01 s. 2021, thus, fully achieving the objectives of the program;	Management to ensure that the assistance of the FRs/ FVEs are processed and paid in accordance with the prescribed timeline provided under DILG-DND JMC No. 01 s. 2021 to achieve the objectives of the program;				Fully Implemented	Management through the LGMED prepared and issued Memo reminding the concerned provinces to ensure timely processing and release of checks for the payment of immediate, livelihood, firearms remuneration, reintegration and other types of assistance to the FRs/FVEs Management through the LGMED submitted to NBOO Central Office inputs and comments for the extension of the processing time and other related concerns	
		Instruct the Provincial Offices to coordinate with the AFP/ PNP to ensure that the surrendered firearms are assessed at its proper condition as contained in the TIR and that cost valuation thereon is in accordance with Annex D of DILG-DND JMC No. 01 s. 2021;	Management to submit the PNP's assessment of the surrendered firearms regarding the state and condition in accordance with the cost valuation in Annex D of DILG-DND JMC No. 01 s. 2021;				Fully Implemented	Province of Isabela submitted the justification report from PNP.	
		Direct the Provincial Offices and Regional Focal Person to evaluate properly the submitted documents by the receiving units, and exercise prudence in the verification of the reimbursement of reintegration expenses incurred for the benefit of the FRs/ FVEs;	Management to direct the Regional and Provincial Focal Persons to evaluate properly the submitted documents by the receiving units, and exercise prudence in the verification of the reimbursement of reintegration expenses incurred for the benefit of the FRs/ FVEs;				Fully Implemented	Management through the LGMED prepared and issued memorandum reminding the provinces to evaluate properly the submitted documents by the receiving units and exercise prudence in the verification of the reimbursement of reintegration expenses incurred for the benefit of the FRs/FVEs	
		Consider coordination with the DILG CO and propose remedial policies to modify existing guidelines in order to address the gaps identified by the Audit Team;	Management to consider coordinating with the DILG CO and propose remedial policies to modify existing guidelines in order to address the gaps identified by the Audit Team;		April 30, 2024	Fully Implemented	The Management through the LGMED and FAD - Budget Officer coordinated and discussed with the NBOO policy recommendations and revisions on the guidelines for the Implementation of ECLIP particularly on the audit findings during the Training on ECLIP Implementation on April 16-19, 2024 in Baguio City. NBOO acknowledged all the inputs, comments and recommendations of the region.		

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J 12/15/2024

2024-002	<p>The validity and accuracy of the year-end balance of the Cash and Cash Equivalents accounts as at December 31, 2023 of P6,758,566.26 cannot be established due to: (a) Non-remittance to the Bureau of Treasury of the unexpended balance of transferred funds to the Provincial Offices (POs) amounting to P5,929,770.44; (b) Non-adjustment of the unreplenished petty cash expenses amounting to P65,715.56; and (c) Existence of unrecorded dormant cash in bank balance amounting to P31,765.85, contrary to the pertinent provisions of Presidential Decree 1445, IPSAS 1, Government Accounting Manual, Volume I and Section 3 of COA Circular No. 2015-001, thereby affecting the reliability and fairness of the financial statements presentation.</p>	Require the POs to remit all unexpended balances of the funds transferred to the Regional Office and thereafter, the RO to refund the consolidated balances to the BTr at the end of each year;	Management to require the POs to remit all unexpended balances of the funds transferred to the Regional Office and thereafter, the RO to refund the consolidated balances to the BTr at the end of each year;	All Provincial Directors, Chief Administrative Officer and Regional Accountant	February 27, 2024	March 31, 2024	Fully Implemented		Management thru the FAD prepared and issued memorandum reminding all Provincial Offices to refund the unexpended fund transfers at year-end to the Regional Office and thereafter the RO to remit to the BTr. The total amount of P1,304,508.18 representing the unexpended 2023 transfers was already remitted to the BTr with JEV Nos. CRJ 01-2024-01-001 01-2024-02-034 and 01-2024-081-001 dated January 31, February 22 and March 18, 2024 respectively.
		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 the provisions of COA Circular No. 97-002 dated February 10, 1997;	Management to 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 the provisions of COA Circular No. 97-002 dated February 10, 1997;				Fully Implemented		Management thru the FAD reiterated to the Provincial Offices thru a memorandum the strict compliance of the Policy Guidelines on the Utilization and Liquidation of Fund Transfers to Provincial Offices which provides guidelines on the proper utilization and liquidation of fund transfers to Provincial Offices in adherence to the provisions of COA Circular No. 97-002 dated February 10, 1997.
		Direct the PCFCs to submit the unreplenished PCVs at year-end to the Accounting Section for proper recording;	Management to direct the PCFCs of Regional and Provincial Offices to submit the unreplenished PCVs at year-end to the Accounting Section for proper recording;				Fully Implemented		Management thru the FAD prepared and issued a memorandum reminding all Petty Cash Fund Custodians to submit the unreplenished PCVs at year-end to the Accounting Section for proper recording.
		Instruct the Accounting Section to ensure that all unreplenished petty cash expenses are accounted at year-end, and prepare the necessary journal entry vouchers for the adjustment of the affected accounts in the financial statements in compliance with Section 35 of Chapter 6 of Government Accounting Manual for NGAs, Volume I;	Management to instruct the Accounting Section to ensure that all unreplenished petty cash expenses are accounted at year-end, and prepare the necessary journal entry vouchers for the adjustment of the affected accounts in the financial statements in compliance with Section 35 of Chapter 6 of Government Accounting Manual for NGAs, Volume I;			January 31, 2025	Partially Implemented	The JEV for the adjustment will be reflected in the Restated 2023 Financial Statement to be submitted on the 1st quarter of CY2025	Accounting Section to ensure the accounting of unreplenished petty cash expenses at year-end and prepare the necessary journal entry vouchers for the adjustment of the affected accounts as instructed by the management.
		Instruct the Accounting Unit to conduct thorough analysis of the cash account, and inform this Audit Team of the status of validation of the unrecorded bank account and in case of its dormancy, take necessary actions for the reversion of the fund balance to National Treasury in accordance with the procedural guidelines set out in Section 3 of COA Circular No. 2015-001 dated January 29, 2015;	Management thru Finance and Administrative Division-Accounting Section to revert the fund balance to National Treasury and to close the dormant bank account.			June 30, 2024	Fully Implemented		Management already reverted the balance of the unrecorded dormant bank account to the National Treasury. Subsequently, a certification for the closure of the dormant account was issued by the Landbank of the Philippines- Tuguegarao Branch. A copy of said certification was forwarded to the Office of the Resident Auditor on May 20, 2024.

2024-003	The Design and Build of the Batanes Provincial Office Building project with a contract cost of P23,965,330.03 was not completed within the specified contract time thereby resulting to significant amount of unpaid obligations amounting to P20,370,530.53 as at year-end that were not translated to much-needed facilities that could have benefitted the agency and the general public.	Follow-up with the DILG- CO the current status of the request for assistance for the grant of Usufruct Agreement with Department of Agriculture;	Management to communicate with DILG- CO relative to the current status of the Usufruct Agreement with the Department of Agriculture.	PD of DILG Batanes, RPDMU Chief, Chief Administrative Officer and Regional Accountant	February 27, 2024	March 31, 2024	Fully Implemented	Management thru the RPDMU has received an unnumbered memorandum signed by Atty. Lord Villanueva, Undersecretary for Operations dated February 26, 2024, requesting a copy of a detailed project briefer. Management has responded to the unnumbered memorandum providing the Central Office with a detailed briefer and narrative report on the implementation of the Design and Build of Batanes Provincial Office on March 8, 2024. A copy of the said communication has been forwarded to the office of the resident auditor.
	Conduct assessment on the feasibility of the Design and Build of the Batanes Provincial Office Building project considering the issues on the usufruct agreement of the project site and the validity of its fund source and assess whether the project will be continued or terminated by reference to the "Guidelines on Termination of Contracts" provided in Annex I of the RIRR of Republic Act No. 9184;	Management to conduct assessment on the feasibility of the project considering the various issues and assess whether the project will be continued or terminated.					Fully Implemented	Management conducted an assessment on the feasibility of the project considering the issues on the usufruct agreement of the project site and the validity of its fund source. With the outcome of the assessment, management decided to partially terminate the contract for the convenience of the government.
	Ensure that necessary permits and other requirements are secured prior to the start of project implementation or construction in order to comply with the provisions of the National Building Code of the Philippines;	Management to ensure that necessary permits and other requirements are secured prior to the start of the project implementation or construction in compliance of the provisions of the National Building Code of the Philippines.					Fully Implemented	Management to ensure the compliance with the recommendations for future projects implemented by the DILG Regional Office.
	Formulate an attainable work plan to ensure that proposed projects are in consonance with the cash-based budgeting system and the provisions of the annual General Appropriation Act (GAA) and address factors impeding timely implementation of projects; and	Management to formulate an attainable work plan to ensure that the proposed projects are in consonance with accounting and budgeting laws and regulations.					Fully Implemented	As to future action, management will formulate an attainable workplan in accordance with the accounting and budgeting laws and regulations. Likewise for future reference, management will review implementation schedules that are greatly affected by the location of the project or factors that may impede the implementation of the project.
	In case the project will be continued, seek/ request for authority from DILG-CO and DBM for the use and disbursement of fund for the Design and Build of the Batanes Provincial Office Building project funded under SARO-BMB-D-22-0010638. Prioritize the monitoring of the project completion within the target contract duration so that desired results and benefits shall be timely derived by the end-users, and other stakeholders.	Management to request for authority from DILG-CO and DBM for the use and disbursement of fund for the project and prioritize the monitoring of the project completion within the target contract duration.				June 30, 2024	Fully Implemented	The request for the authority to use and disburse fund for the project was not favorably considered by DILG-CO. With this, the management issued Notice of Project Termination attributed to fortuitous events specifically the invalidation of Usufruct Agreement dated May 17, 2024 and acknowledged by the bookkeeper of E. M. Cuerpo, Inc on May 29, 2024. Journal Entry Voucher (JEV) no. 2024-05-001986 dated May 31, 2024 was prepared to take up the recoupment of the 15% mobilization cost after deducting the amount of accomplished works of the contractor duly inspected and validated by the office engineer and duly approved by the management. The JEV and its supporting documents were forwarded to the Office of the Resident Auditor on June 11, 2024.

2023-004	The accuracy of the Other Payables account amounting to P1,715,688.83 as of December 31, 2023 could not be ascertained due to the absence of detailed list of specific payee or creditors and non-maintenance of Subsidiary Ledger, contrary to the pertinent provisions of Presidential Decree 1445 and the Government Accounting Manual for NGAs, thereby, affecting the reliability and fairness of the financial statement's presentation.	Instruct the Accounting Unit to submit to the Audit Team a detailed list of payees or creditors/ breakdown of the Other Payables Account. Likewise, instruct the accounting section to maintain Subsidiary Ledger as required by PD 1445 and Appendix 6 of the GAM for NGAs Volume II;	Management to instruct the FAD-Accounting Section to submit to the Audit Team a detailed list of payees or creditors/ breakdown of the Other Payables Account. Likewise, instruct the accounting section to maintain Subsidiary Ledger as required by PD 1445 and Appendix 6 of the GAM for NGAs Volume II;	Chief Administrative Officer and Regional Accountant	February 27, 2024	March 31, 2024	Fully Implemented	Management thru the Finance and Administrative Division-Accounting Section had already submitted to the Audit Team the detailed list of payees or creditors/ breakdown of the Other Payables Account amounting to P1,715,688.83 as of December 31, 2023 on March 1, 2024 with Journal Entry Voucher No.2024-02-038-00 dated February 29, 2024. Likewise, with the implementation of the E-NGAs which was started by the RO last January 2024, Accounting Section is already maintaining Subsidiary Ledgers as required by PD 1445 and Appendix 6 of the GAM for NGAs Volume II.
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Prepared by:

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Approved by:

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Regional Director