

**OVERSEAS WORKERS WELFARE ADMINISTRATION**  
**MATRIX OF AUDIT OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT COMMENTS**  
**For Calendar Year Ending December 31, 2009**

COMMENTS AND OBSERVATIONS	RECOMMENDATIONS	MANAGEMENT COMMENT
<p>1. Unliquidated cash advances increased from P143,631.281 in 2008 to P170,982.691 in 2009 despite the change in the method of releasing funds to overseas posts from cash advance to revolving fund.</p>	<p>Recommend that:</p> <ol style="list-style-type: none"> <li>1. Require all accountable officers to liquidate their cash advances within the period prescribed by PD 1445; and</li> <li>2. Instruct the Head of RWO IX, XII and CARAGA to refrain from granting cash advance to officers and employees within unliquidated cash advances.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>2. Program Funds of Regional Welfare office (RWO) III totaling P5.13 million had remained dormant and idle for more than five years.</p>	<p>Recommend that:</p> <ol style="list-style-type: none"> <li>1. The head of RWO III coordinate with the Head Office for the proper disposition of the idle fund; and</li> <li>2. The Head of the Regional Operations Coordination Service (ROCS) issue instruction to all RWOs to transfer to the Head Office all unutilized funds of the previous programs, if there are any, so that the same can be utilized for other programs or invested to earn higher interest.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>3. Donations for the Tuloy-Aral Program received by RWO V amounting to US\$300 were neither remitted to the</p>	<p>Recommend that the Tuloy-Aral Program Coordinator in coordination with the Director of ROCS:</p>	

<p>agency's depository account nor recorded in the RWOs books of accounts. Moreover, the same were disbursed directly to the scholars.</p>	<ol style="list-style-type: none"> <li>1. Require the Cashier of RWO V to remit all collections for the Tuloy- Aral Program to the designated depository account of the Program;</li> <li>2. Instruct the Director of RWO V to stop the practice of releasing directly to the scholar the amount collected from foster parents;</li> <li>3. Issue guideline to all RWOs on how and where to deposit collections in foreign currency; and</li> <li>4. Devise ways to avoid delay in the release of financial support to the scholars.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>4. The accuracy of the inventories account balance of P14,060.225 as at December 31, 2009 at the Head Office was doubtful due to the failure of the agency to reconcile the discrepancy of P13,270.318 between the book balance and the actual physical count.</p>	<p>Recommend that:</p> <ol style="list-style-type: none"> <li>1. The Accounting Division (AD) and PPMD reconcile the physical inventory report with accounting records and prepare the reconciliation report; and</li> <li>2. The AD make the necessary adjustments in the books of accounts based on the reconciliation report so that the correct amount of Inventories can be reported in the financial statements.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>5. The costs of accountable forms used by the collecting officers of Head office and the office supplies at the</p>	<p>Recommend that:</p> <ol style="list-style-type: none"> <li>1. The Cash Division in coordination with</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p>

<p>RWO-NCR were not recognized as expenses in the books of accounts, resulting in the overstatement of inventories account and understatement of expenses in the amount of P3,172.306.</p>	<p>Procurement and Property Management Division prepare a report of all issuances of accountable forms in two copies and submit the original to the Accounting Division. A monthly report should be prepared and submitted thereafter;</p> <p>2. The Accounting Division upon receipt of the report, prepare the necessary adjusting entries by debiting the Accountable Forms Expense Account for current year consumption and Prior Period Adjustment for prior years, and crediting the Accountable Forms Inventory account in order that the correct balance of Inventory accounts and the corresponding expense can be reported in the financial statements;</p> <p>3. The property Officer of RWO NCR submit the Accounting and Finance Division (AFD) copy of RSMI regularly; and</p> <p>4. The AFD of RWO NCR record all issuances of supplies and materials based on the RSMI.</p>	<p><b>Implemented</b></p> <p><b>Implemented</b></p> <p><b>Implemented</b></p>
<p>6. Errors in recording of interest income resulted in the overstatement of Income and Receivable accounts in the amount of P4,584.877.</p>	<p>Recommend that the Accounting Division effect the necessary adjusting entries to correct the overstatement of affected accounts.</p>	<p><b>Implemented</b></p>
<p>7. The agency had not submitted the Consolidated Annual Physical Inventory Report and the</p>	<p>Recommend that management require the Inventory Committee to:</p>	

<p>reconciliation with accounting and property records to the Auditor, thus the accuracy of the balance of Property, Plant and Equipment account of P276,816.154 could not be ascertained.</p>	<ol style="list-style-type: none"> <li>1. Finish the preparation of the consolidated inventory report;</li> <li>2. Reconcile the consolidated report with accounting and property records; and</li> <li>3. Submit to the Auditor the consolidated physical inventory and reconciliation reports.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>8. The amount of disposed property totaling P2,040,300 had not yet been derecognized in the books of accounts, resulting in the overstatement of Property, Plant and Equipment (PPE) and the Accumulated Depreciation accounts by the same amount.</p>	<p>Recommend and management agreed that the:</p> <ol style="list-style-type: none"> <li>1. PPMD will see to it that copies of I and I Report are immediately submitted to the Accounting Division after disposal of unserviceable property; and</li> <li>2. Accounting Division will effect the necessary accounting entries to derecognize from the books of accounts the amount of the property disposed as reported in the I and I Report submitted by PPMD and its accumulated depreciation, in order that the overstatement of the affected accounts can be corrected.</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p> <p style="text-align: center;"><b>Implemented</b></p>
<p>9. Property items at RWOs I, III, X and XII amounting to P16,726, P784,853, P397,272 and P66,262, respectively, or totaling P1,265,113 already unserviceable for several years, were not yet disposed.</p>	<p>Recommend that the Property Officers at RWOs I, III, X and XII:</p> <ol style="list-style-type: none"> <li>1. Undertake the immediate disposal of unserviceable property; and</li> </ol>	<p style="text-align: center;"><b>Implemented</b></p>

	<p>2. Furnish the respective Accounting Divisions with a copy of the I and I Report after disposal in order that the carrying amount of property disposed can be derecognized in the books of accounts and the correct balance of the Property, Plant and Accumulated Depreciation accounts can be presented in the financial statements.</p>	<p><b>Implemented</b></p>
<p>10. Not all property and equipment issued to officers and employees of RWO I were covered by <b>Property Acknowledged Receipts (PAR)</b>, thus accountability for the same could not be fixed and monitored.</p>	<p>Recommend that the Property Officer of RWO I prepare and issue PAR for all property items issued and renew the same three years after its issue so that accountability for all property can be fixed and monitored.</p>	<p><b>Implemented</b></p>
<p>11. There were differences between the reciprocal accounts Due from RWO and Due to HO, and Subsidiary to RWO and Subsidiary from HO in the amount of P911,812.80 and P1,681,007.39, respectively, due to errors in recording inter-office transactions.</p>	<p>Recommend that:</p> <p>1. The Accountants of the HO and the RWOs ensure that all accounting entries affecting reciprocal accounts are based on the entry stated in the Debit/Credit Memorandum (DM/CM). The DM/CM should be prepared by the office that initiated the transaction;</p> <p>2. The Head of Regional Operations Coordination Services instruct all Accountants at the RWOs to prepare reconciliation statement of reciprocal accounts to be furnished the Head Office Accounting Division before preparing their financial statement; and</p>	<p><b>Implemented</b></p> <p><b>Implemented</b></p>

	<p>3. The Accountants of both the HO and RWO make the necessary adjusting entries for reconciling items identified in the reconciliation process.</p>	<p><b>Implemented</b></p>
<p>12. No liability was recognized for employees' cumulative vacation and sick leave benefits.</p>	<p>Recommend that:</p> <ol style="list-style-type: none"> <li>1. The Human Resource Management and Development Division (HRMDD) compute the cost of cumulative vacation and sick leave benefits of all employees and submit the same to the Accounting Division;</li> <li>2. The Accounting Division recognize the liabilities and the corresponding expenses for the total expected cost of cumulative vacation and sick leave benefits based on the computation prepared by the HRMDD. The cost of leave earned for the current year should be charged to expenses, and those earned in prior years to Prior Period Adjustment; and</li> <li>3. Both the HRMDD and Accounting Division see to it that the liability and the corresponding expense for the unused leave credits are updated annually.</li> </ol>	<p style="text-align: center;"><b>90% Updated</b></p> <p style="text-align: center;"><b>Not yet implemented</b></p> <p style="text-align: center;"><b>Not yet implemented</b></p>
<p>13. Not all member OFWs were issued the Certificate of Membership Coverage (COMC) upon payment of</p>	<p>Recommend that the Membership Processing Division:</p>	

<p>membership fees, thus, the purpose of issuing the same was not fully attained.</p>	<ol style="list-style-type: none"><li>1. Provide COMC forms to all collecting officers assigned at POEA-HO and the airports; and</li><li>2. Instruct all collecting officers to:<ol style="list-style-type: none"><li>a. Issue COMC to all OFWs who were issued manual ORs upon payment of membership fees; and</li><li>b. Indicate the corresponding OR number in the COMC.</li></ol></li></ol>	<p><b>Implemented</b></p>  <p><b>Implemented</b></p>  <p><b>Implemented</b></p>
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