

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
Regional Office No. XIII (Caraga)

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2020
As of March 31, 2021

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial / Delay / Non-Implementation, if applicable	Action Taken / Action to be Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date	From To			
ML 2020 No. 1	Payment for monthly internet and fuel expenses amounting to ₱343,720.32 were made through issuance of MDS checks instead of the required disbursement procedure in the form of LDDAP-ADA, which is not compliant with DBM Circular Letter No. 2018-14, thus hindering the attainment of a more transparent and efficient payment scheme.	We recommend that Management ensure the full implementation of the Modified Direct Payment Scheme for payment of the Agency's accounts payable duesuppliers/creditors/payees. Direct the Chief Administrative Officer, the Accountant and the Cashier to faithfully observe the guidelines of the payment scheme provided under DBM Circular Letter No. 2018-14 dated December 28, 2018					Fully Implemented		Management decided to stop transacting with J & M Petron Service Station starting. December 2020, since the proprietor of the said store is not cooperative with the Management's request of the former's Landbank account. The Management has already contracted with other fuel supplier that has a Landbank account to cater to the needs of fuel consumption for the month of December 2020. For the internet expense of the agency, PLDT Inc. has already provided their Landbank account allowing the Management to directly deposit their payment. The said payment/transaction started last November 2020.

ML 2020 No. 2	Fund amounting to ₱5,000,000.00 transferred by DILG to the City Government of Butuan for the construction of Halfway House under the E-CLIP program remained unliquidated as of December 31, 2020 despite the lapse of more than one (1) year from fund released due to non-availability of lot that suit for the project contrary to Section 4.6 of COA Circular No. 94-013.	We recommend that the DILG Butuan City, through the City Director, shall coordinate/follow-up from LGU Butuan City the submission of Liquidation Report pertaining to fund utilization for the project in the ensuing year.					On-going		<p>The delayed implementation of the project was due primarily to the delay in the signing of the Memorandum of Agreement between the City Government represented by Mayor Ronie Vicente C. Lagnada and the AFP represented by Secretary Delfin Lorenzana of DND. The layers of bureaucracy in the AFP contributed in the lengthened processing of the MOA.</p> <p>Comments on the provisions on the MOA were relayed to the City Government depending on whose layer was on hold and conducting review thereof. Several meetings with the AFP representatives and the City Government representatives were conducted to thresh out concerns of the AFP with regards to some provisions of the MOA. Likewise, the City Government had to negotiate with the AFP on the conditions the latter want to be included in the MOA which were disadvantageous to the former. It took more than a year for the MOA to be finally approved and signed by the AFP.</p> <p>The Memorandum of Agreement was finally signed and approved by the AFP last April 21, 2020. With the approval of the MOA, the procurement activity for the construction of the half way house immediately commenced. The groundbreaking ceremony took place last December 28, 2020. As of March 11, 2021, based on the submitted report to COA Auditor that per physical accomplishment, the project has already 18.34% and on the financial accomplishment, the LGU submitted liquidation report as of March 31, 2021 with an amount of disbursement P1,235,066.86 for the payment of mobilization fund to contractor. Rest assured that the office will continue to follow up liquidation report until the project will be fully implemented.</p>
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ML 2020 No. 3	Payment of meals and catering services totaling ₱72,770.00 for the conduct of meetings/seminars relative to the implementation of Agency's program were made by DILG Agusan del Norte and Agusan del Sur on reimbursement basis instead of the required disbursement procedure in the form of cash advances by duly designated Disbursing Officers which is not compliant with the principle of Imprest System required in government disbursement pursuant to Section 2 of COA Circular 97-002.	We recommend that Management resort to the cash advance system as a facilitative tool in the financial operations of the government following the rules and regulations on the granting, utilization and liquidation of cash advances laid down under COA Circular No. 97-002 dated February 10, 1997.						Fully Implemented		This level acknowledges and conforms with the recommendation of the Auditor to resort to the cash advance system as a facilitative tool in the financial operations of the government following the rules and regulations on the granting, utilization and liquidation of cash advances laid down under COA Circular No. 97-002 dated February 10, 1997 or even have all purchase transactions undergo the process of the proper alternative procurement mode. Further, this level commits to ensure all future disbursements in the office conforms with the required disbursement procedure pursuant to government accounting rules and regulations and other COA pertinent guidelines.
ML 2020 No. 4	Purchased of Office Supplies of the Accounting Section of DILG Agusan del Norte to book/record purchases of Office totaling ₱198,091.25 were directly expended and not supported with Requisition and Issue Slip (RIS) for Office Supplies contrary to certain provisions in Chapter 8 of Government Accounting Manual Volume I thus, actual issuances were not properly accounted.	We recommend that Management instruct the Accounting Section of DILG Agusan del Norte to book/record purchases of Office Supplies initially as inventories and not recognize the corresponding expense based on the Report of Supplies and Materials Issued (RSMI) with copies of Requisition and Issue Slip (RIS) prepared and submitted by the Provincial Supply Officer to ensure that what is recorded as expense is the representative of actual issuances of office supplies to end-users in a given period.						Fully Implemented		The Management already instructed the concerned accounting and admin staff to book/record the office supplies expended with complete supporting documents. Further, the office had already provided the Audit Team a copy of Journal and Entry Voucher (JEV) of the said office supplies to ensure that they are consolidated and well recorded in the books of accounts with assurance that all of the procured Office Supplies in the Provincial Office will be supported with Requisition and Issue Slip (RIS) beginning January 2021. The Regional Accountant further commented during the DILG-COA Exit Conference on March 11, 2021 that the fair presentation of the consolidated Financial Statements were not affected by this lapse as the recording in the books of accounts was properly done except that it is not supported with RIS.

Agency Sign-Off:


LILIBETH A. FAMACION, CESO III
Regional Director

April 8, 2021
Date