OBSERVATIONS AND RECOMMENDATIONS

***Delayed liquidation of Payroll Fund***

1. **The delay in the submission of liquidation documents for payment of salaries/wages and allowances of the Tribunal’s Secretariat and coterminous employees, Representation and Transportation Allowance, Extraordinary and Miscellaneous Expenses and other allowances and benefits, ranges from 3 to 55 days, which affected the timely verification and audit of the documents.**

1.1 Section 100 of PD 1445 states that, *“Reports of disbursing officers in a government agency.- Disbursing officers in any government agency shall render monthly reports of their transactions pursuant to regulations of the Commission to be submitted not later than the fifth day of the ensuing month to the auditor concerned who shall conduct the necessary examination and audit within thirty days from receipt hereof.”*

1.2 Further, Section 5 of COA Circular No. 97-002 dated February 10, 1997 states that:

“*5. LIQUIDATION**OF CASH ADVANCES*

*5.1 The AO shall liquidate his cash advance as follows:*

*5.1.1 Salaries, wages, etc. – within five (5) days after each fifteen (15) day/end of the month pay period.”*

1.3 Review of the Cash Disbursement Record (CDR) showed that liquidation of all cash advances for payrolls of salaries and allowances of Secretariat employees and coterminous, Representation and Transportation Allowance (RATA), Extraordinary and Miscellaneous Expenses (EME), cellular service expense and all other allowances and benefits with a total amount of P60,135,595.95, were delayed contrary to the abovementioned Circular. The delay ranged from 3 to 55 days from the due date and such delayed submission of liquidation reports for Payroll Fund precluded timely review and evaluation of accounts and financial transactions of the agency and errors or misstatement/s, if any, were not corrected immediately.

1.4 **We recommended that the Cash Management Service and the Accountant submit promptly the liquidation reports for Payroll Funds as provided in Section 100 of PD 1445 and Section 5 of COA Circular No. 97-002.**

**Management Comment**:

1.5 Management commented that the same observation has been previously made and that they were verbally allowed to make quarterly liquidation of all cash advances. As such, they have faithfully complied with such arrangement in the past year up to the end of CY 2014.

1.6 Nevertheless, with the implementation of the Expanded Modified Direct Payment Scheme, Management anticipated that by April 2015, they shall have converted to the ATM payroll system; thereby eliminating the problem of delayed liquidation of payroll fund.

***Advance payment for repair of vehicles***

1. **Repairs of motor vehicles were paid in advance out of Petty Cash Fund prior to acceptance of the services contrary to Section 88(1) of PD 1445.**

2.1 Section 88(1) of PD 1445 states:

*“Except with the prior approval of the President (Prime Minister) the government shall not be obliged to make an advance payment for services not yet rendered or for supplies and materials not yet delivered under any contract therefor. No payment, partial or final, shall be made on any such contract except upon a certification by the head of the agency concerned to the effect that the services or supplies and materials have been rendered or delivered in accordance with the terms of the contract and have been duly inspected and accepted. x x x”*

2.2 Review of the replenishments of the Petty Cash Fund (PCF) for the month of October 2014 showed that repairs of motor vehicles were paid out of PCF in advance, contrary to the above provision of law:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | | | |  | **Date** | | |
| **PCF No.** | **Date** | **Amount** | **Supplier** | **Description** | **Inspected** | **Accepted** | **Official Receipt** |
| 14-10-07 | Undated | 3,800.00 | RHIJ Car Aircon & Auto Electrical | Repair of 1 lot aircon system of vehicle with Plate No. SEW 411 | 10/23/14 | 10/20/14 | 10/15/14 |
| 14-10-16 | Undated | 4,850.00 | RHIJ Car Aircon & Auto Electrical | Repair of aircon system of Mitsubishi L300 with Plate No. SGS 327 | 10/23/14 | 10/20/14 | 10/16/14 |

2.3 As can be gleaned from the table above, payments were made first before the repairs were done by the private supplier, for the official receipt issued by them were earlier than the date of inspection and acceptance. Also, the repaired vehicles were accepted first before inspection, which is the reverse of the customary procedures in the receipt, inspection, acceptance and recording services and deliveries of supplies and materials.

* 1. **We recommended and Management agreed to refrain from paying in advance services not yet rendered pursuant to Sec. 88(1) of PD 1445, and that the repaired vehicles be inspected first before acceptance.**

1. **Status of Audit Suspensions, Disallowances and Charges (SASDC)**

3.1 A motion for reconsideration was filed by Management on July 23, 2014 for audit disallowances issued for CY 2013 amounting to P215,248.44. No settlement yet for this amount were made in CY 2014. For CY 2014, there were no Notice of Suspension (NS), Notice of Charge (NC) and Notice of Disallowance (ND) issued.

1. **Gender and Development (GAD)** 
   1. The agency was able to accomplish programs/activities stated in its GAD plan for CY 2014.
   2. Validation of the transactions for CY 2014 showed that the agency spent P428,711.50, which is 35.72 percent of the allocated P1,200,000 GAD budget for CY 2014. The following are the reported GAD projects/activities accomplished for CY 2014:

|  |  |
| --- | --- |
| Project/Activity | Amount Spent |
| Assessment of SET performance in the implementation of its GAD  Plan and Budget | 1,050.00 |
| GAD Planning and Budgeting Workshop | 63,958.15 |
| Seminar/Workshop on Harmonized GAD Guidelines (HGDG) | 45,726.30 |
| Gender Sensitivity Trainings; orientation on GAD policies, team enhancement exercises and other forum; and review of CEDAW, Magna Carta and other relevant women-related laws (2nd quarter) | 268,161.50 |
| Gender Sensitivity Trainings (3rd quarter) | 49,815.55 |
| **Total** | **428,711.50** |

1. **Senior Citizens and Differently-abled Persons**
   1. **The agency provided facilities/structural features that reasonably aided the mobility, safety and welfare of the differently-abled and senior citizens, as required under Section 34 of the General Provisions of the General Appropriations Act for FY 2014.**
   2. Section 34 of GAA for FY 2014 provides that  *“. . . All agencies of the government shall formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities.”*
   3. For CY 2014, the agency constructed exit doors at the rear side of the building which provided facilities/structural features that aided the mobility, safety and welfare of the differently-abled and senior citizens as well as other employees of SET. The amount attributable to the project totaled P90,274.00.
   4. **We commended Management for their effort in complying to the requirement of the law and recommended continuous study in coming up with relevant projects to address concerns of senior citizens and differently-abled persons.**
2. **Compliance with Tax Laws and Regulations**

6.1. Taxes withheld from 2014 disbursements were remitted to the Bureau of Internal Revenue on or before due dates. The breakdown of the taxes remitted totaling P11,743,857.11 is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Month Deducted** | **Date Remitted** | **Taxes Withheld on** | | | **Total** |
| **Compensation** | **Purchase of Goods and Services** | |
|  | **Expanded tax** | **Final tax** |
| January | Feb. 5 | 594,263.63 | 24,219.62 | 3,114.04 | 621,597.29 |
| February | March 4 | 634,499.49 | 28,704.63 | 8,402.18 | 671,606.30 |
| March | March 31 | 688,674.00 | 23,336.38 | 7,832.82 | 719,843.20 |
| April | May 6 | 683,994.02 | 31,924.45 | 7,613.58 | 723,532.05 |
| May | June 2 | 686,094.50 | 23,335.92 | 9,124.87 | 718,555.29 |
| June | July 1 | 679,797.27 | 24,300.98 | 6,738.07 | 710,836.32 |
| July | August 5 | 650,976.38 | 37,989.75 | 19,093.95 | 708,060.08 |
| August | September 8 | 2,238,277.86 | 22,373.82 | 8,028.34 | 2,268,680.02 |
| September | October 7 | 520,227.08 | 27,458.05 | 12,647.81 | 560,332.94 |
| October | November 6 | 1,647,418.34 | 32,268.92 | 12,997.00 | 1,692,684.26 |
| November | December 3 | 568,856.32 | 64,212.94 | 24,505.67 | 657,574.93 |
| December | January 8 | 1,653,002.33 | 25,503.30 | 12,048.80 | 1,690,554.43 |
| **TOTAL** |  | **11,246,081.22** | **365,628.76** | **132,147.13** | **11,743,857.11** |

1. **Compliance with GSIS Premium Deductions and Remittances (RA 8291)**
   1. GSIS Social Insurance and Employees Compensation Fund (SIF and ECIF) premiums were deducted from the salaries of employees and remitted on time to the GSIS.
   2. The balance of Due to GSIS amounting to P1,151,288.15 represents employees and employer’s share for the month of December 2014 which was remitted in January 12, 2015 with Check No. 214057.
2. **Compliance with Priority Development Assistance Fund (PDAF) Decision**
   1. The agency did not receive releases from PDAF for CY 2014.
3. **Disbursement Acceleration Program (DAP)**

9.1 The agency did not receive releases from DAP for CY 2014.