

OBSERVATIONS AND RECOMMENDATIONS

Favorable Observations

We noted SET's compliance of the following:

- Submitted disbursement vouchers, liquidation reports and payrolls with complete supporting documents and signatures of officials concerned;
- Remittances of contributions to GSIS, PhilHealth, Pag-IBIG and withholding taxes on or before the due dates;
- Renewal of Property Acknowledgement Receipt every three years or whenever there is a change in custodianship or user of the property; and
- Proper maintenance of Property and Stock Cards by the Procurement and Property Management Service, which are periodically reconciled with the records of the Accounting Service.

Accounts Payable aged 2 years and above

1. **Out of the recorded balance of ₱1,181,369.29 of Accounts Payable account, the amount of ₱148,783.91 pertaining to payables to former employees of SET, had been carried in the books of the agency for over two years and has not been reverted to Accumulated Surplus, pursuant to COA Circular No. 99-004 and COA-DBM Joint Circular No. 99-6.**
 - 1.1 Section 3.2(b) of COA Circular No. 99-004 dated August 17, 1999 provides that *“Payable-Unobligated Obligations which have been outstanding for two (2) years or more and against which no actual claims, administrative or judicial has been filed or which is not covered by perfected contracts on record should be reverted to the Cumulative Results of Operations Unappropriated (CROU), now Accumulated Surplus”*.
 - 1.2 Moreover, Department of Budget and Management (DBM) and Commission on Audit (COA) Joint Circular No. 99-6 dated November 13, 1999 states that, *“All documented A/Ps of all funds which have remained outstanding for two (2) years, shall be reverted to the Cumulative Results of Operations-Unappropriated (CROU),”* (now Accumulated Surplus).
 - 1.3 Review and analysis of the account payables of the agency including its supporting schedules with the recorded balance of ₱1,181,369.29 showed that accounts totaling ₱138,030.79 and ₱10,753.12 or a total of ₱148,783.91, have been dormant for over two years and over five years, respectively.

The details are as follows:

Name of Creditor	Total Amount	Aging	
		Over 2 Years	Over 3 Years
1. Arsenio Cerrer	₱ 2,192.03	₱ -	₱ 2,192.03
2. Antonio Gutierrez	913.39		913.39
3. Carlos Ariola	897.70		897.70
4. Joy Retoriano	6,750.00		6,750.00
5. Angelo E. Castañeda	19,176.99	19,176.99	
6. Alberto B. Colasito	15,079.32	15,079.32	
7. Joanne M. De Silva	15,175.98	15,175.98	
8. Ana Liza M. Macalintal	1,307.72	1,307.72	
9. Patricia Jenny A. Moises	14,226.00	14,226.00	
10. Troy Ferdinand G. Obrar	2,296.00	2,296.00	
11. Ma. Estelle Pienenaves	19,965.71	19,965.71	
12. Charlie Delos Santos	3,054.00	3,054.00	
13. Petterson Ko Chua	10,640.58	10,640.58	
14. Caroline Ngsuy Lansang	18,397.88	18,397.88	
15. Jennifer Mary Mercado	17,123.44	17,123.44	
16. Army T. Padilla	1,000.00	1,000.00	
17. Christian Thea Marie V. Murcia	587.17	587.17	
Total	₱148,783.91	₱138,030.79	₱ 10,753.12

1.4 Inquiry with Management revealed that they exerted efforts to contact the above listed creditors, but their present addresses are unknown and that some of them are now living abroad.

1.5 **We recommended and Management agreed to determine the whereabouts of the concerned former employees of SET and to send confirmation letters to provide them an opportunity to claim the amount. If there is no reply received, said accounts should be reverted to the Accumulated Surplus pursuant to DBM-COA Joint Circular No. 99-6 and COA Circular No. 99-004.**

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

2.1 A motion for reconsideration was filed by Management on July 23, 2014 for audit disallowances issued in CY 2013 amounting to ₱215,248.44. Partial settlement was made amounting to ₱71,749.48 per Official Receipt (OR) No. 2183599 dated August 5, 2015. For CY 2015, there was no Notice of Suspension (NS), Notice of Charge (NC) and Notice of Disallowance (ND) issued. Below is the status of ND/NS/NC issued and its settlement:

	ND	NS	NC	Total
Balance as of December 31, 2014	₱ 215,248.44	₱ -	₱ -	₱ 215,248.44
Add: Issued for 2015	0.00	-	-	0.00
Total	215,248.44	-	-	215,248.44
Less: Settlement for 2015	71,749.48	-	-	71,749.48
Balance as of December 31, 2015	₱ 143,498.96	₱ -	₱ -	₱ 143,498.96

Gender and Development (GAD)

3. The SET was able to formulate GAD Plan with a budget of ₱1,650,000.00 and accomplished most of the activities stated therein at a cost of ₱1,149,239.04. Of the four projects/activities accomplished, the conduct of Quarterly Gender Sensitivity Trainings exceeded the budgeted amount by ₱153,734.85. The excess in cost was identified by the Agency as cost still attributable to GAD. The total GAD budget and the attributed expenses were still less than five percent (5%) of the Agency's budget for GAD.

3.1 As specifically stated under Section 34 of the General Provisions of GAA for FY 2015, the GAD plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budget.

3.2 The Philippine Commission on Women (PCW), National Economic and Development Authority (NEDA) and Department of Budget and Management (DBM) Joint Circular 2012-01 provides the following:

Section 2.4 *“The Medium Term Expenditure Framework, which includes the Sector Effectiveness and Efficiency Review and Organizational Performance Indicator Framework, requires agencies to formulate their Major Final Outputs (MFOs) and to link their GAD objectives, programs, activities and projects (PAPs) to their MFOs.”*

Section 6.1 *“At least five percent (5%)....programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal service (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.*

Section 6.4 *“Attributing agency major programs to the GAD budget. Attribution to the GAD budget of a portion or the whole of the budget of an agency's major programs is a means towards gradually increasing the gender responsiveness of the government programs and budgets.”*

3.3 For CY 2015, SET formulated a GAD Plan with a total budget of ₱1,650,000.00 and was approved by PCW. The breakdown by activities with the corresponding budget are as follows:

Project/Activities	Budgeted	Expended	Cost of Major Activities attributed to GAD	TOTAL (c+d)	Percent (c/b)
(a)	(b)	(c)	(d)	(e)	(f)
Organization-focused					
➤ Assess SET performance in the implementation of its GAD Plan and Budget for FY 2015	₱ 50,000.00	₱ -	₱ -	₱ -	-
➤ Conduct GAD Planning and Budgeting Workshop	200,000.00	113,465.17	-	113,465.17	56.73
➤ Quarterly Gender Sensitivity Trainings (GST)++	600,000.00	600,000.00	153,734.85	753,734.85	100.00
➤ 1-2 Issue based Gender Training: Training on Gender Sensitive Facilitation Skills	300,000.00	158,271.77	-	158,271.77	52.76
➤ Women's Month Activities: Family Day Forum on Responsible Parenthood and Raising Gender-Sensitive Children	300,000.00	-	-	-	-
Organization-Focused					
➤ Orientation Session on Gender Fair Language	200,000.00	123,767.25	-	123,767.25	61.88
Total	₱1,650,000.00	₱ 995,504.19	₱ 153,734.85	₱1,149,239.04	60.33

3.4 The Audit Team validated the information stated in the Accomplishment Report and noted that four out of the six activities stated in the approved GAD Plan and Budget for CY 2015 were accomplished by Management within the budgeted amount except for one activity where the cost exceeded the budget by ₱153,734.85. The excess amount was identified by the Agency as cost of major activities attributable to GAD.

3.5 We also noted that the remaining amount of ₱500,760.96 (₱1,650,000 less ₱1,149,239.04) could still cover the two other identified activities which were not conducted by the Agency as of year-end. The total of GAD budget and the attributed expenses were still less than five percent (5%) of SET's budget required for GAD.

3.6 Management commented that the SET Annual GAD Plan and Budget was submitted to the PCW for evaluation because not every office activity may be considered GAD-related. It is only when the PCW is convinced and satisfied that the programs and plans are not only GAD-related, but, more importantly also in line with the mandate of the agency will the GAD Plan and Budget be approved by the PCW and endorsed to the DBM.

3.7 For this reason, before formulating the Annual GAD Plan and Budget, Management undertakes a GAD assessment to determine the GAD-related

needs and concerns of its employees. Based on the results of the assessment, appropriate programs, plans and activities addressing the identified needs and concerns of the employees are conceived and integrated in the Work Plan of the Tribunal.

- 3.8 Management further commented that necessarily, the number, frequency and conduct of the activities are also dependent on the Work Plan of the Tribunal, as it is respectfully submitted that such activities cannot take priority over the main work of the Tribunal.
- 3.9 Management likewise commented that although the budget allotted for the identified GAD activities for FY 2015 is only ₱1,650,000.00, and only ₱995,504.19 or 60.33 percent was actually expended, the GAD Plan and Budget complies with the requirements of the law and other issuances for the following reasons:
- a) it was approved and endorsed by the PCW to the DBM;
 - b) it is aligned with the constitutional mandate of the SET;
 - c) it is consistent with the work program of the Tribunal for the year 2015; and
 - d) it squarely and sufficiently addresses the various identified gender issues/concerns of SET employees, including the age profile of both men and women employees.
- 3.10 **The Audit Team recognized the efforts of Management to comply with the requirements of the law on Gender and Development, however, we still recommended that Management exert effort to accomplish all the planned programs and activities and monitor their implementation. We further recommended that in the preparation of the agency's regular budget and in the formulation of their Major Final Outputs (MFOs), Management should link their GAD objectives, programs, projects and activities to their MFOs to ensure the allocation of budget for GAD following the steps prescribed under PCW, NEDA and DBM Joint Circular No. 2012-01.**

Senior Citizens and Differently-abled Persons

- 4. The agency provided facilities/structural features that reasonably aided the mobility, safety and welfare of the differently-abled and senior citizens, by constructing ramp railing at the rear entrance as required under Section 35 of the General Provisions of the General Appropriations Act for FY 2015.**

- 4.1 Section 35 of GAA for FY 2015 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.”

4.2 For CY 2015, the agency constructed ramp railing for the rear entrance 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 ₱38,803.57.

4.3 **We noted Management’s effort in complying with 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.**

5. Compliance with Tax Laws and Regulations

5.1. Taxes withheld from 2015 disbursements were remitted to the Bureau of Internal Revenue on or before due dates. The breakdown of the taxes remitted totaling ₱12,035,031.52 is as follows:

Month Deducted	Date Remitted	Taxes Withheld on			Total
		Compensation	Purchase of Goods and Services	Expanded Final tax	
January	2/10/2015	₱ 695,238.21	₱ 20,427.76	₱ 2,139.59	₱ 717,805.56
February	3/09/2015	643,260.13	30,702.36	16,808.28	690,770.77
March	4/09/2015	620,209.21	61,485.05	36,411.23	718,105.49
April	5/09/2015	1,471,601.09	37,243.43	19,383.66	1,528,228.18
May	6/04/2015	1,485,452.95	35,530.51	18,300.87	1,539,284.33
June	7/07/2015	1,486,720.46	37,865.68	22,084.65	1,546,670.79
July	8/06/2015	692,909.26	40,682.18	38,481.42	772,072.86
August	9/07/2015	704,523.16	33,888.34	14,025.62	752,437.12
September	10/08/2015	1,778,768.24	47,863.30	30,104.61	1,856,736.15
October	11/03/2015	617,683.15	30,410.71	13,044.23	661,138.09
November	12/09/2015	616,447.54	28,431.07	15,527.26	660,405.87
December	1/07/2016	526,968.91	45,500.16	18,907.24	591,376.31
Total		₱ 11,339,782.31	₱ 450,030.55	₱245,218.66	₱12,035,031.52

6. Compliance with Government Service Insurance System (GSIS) Premium Deductions and Remittances (RA 8291)

6.1 GSIS Social Insurance and Employees Compensation Fund premiums were deducted from the salaries of employees and remitted on time to the GSIS.

Month Covered	Date Remitted	Amount
January	2/4/2015	₱ 1,023,702.70
February	3/4/2015	1,020,401.80

Month Covered	Date Remitted	Amount
March	4/10/2015	1,054,434.65
April	5/5/2015	1,087,845.42
May	6/3/2015	1,081,165.21
June	7/8/2015	1,162,315.85
July	8/5/2015	1,076,837.83
August	9/2/2015	1,175,652.97
September	9/30/2015	1,146,378.14
October	11/3/2015	1,126,270.88
November	12/7/2015	1,104,451.01
December	1/5/2016	1,171,405.38
Total		₱13,230,861.84

7. Compliance with Supreme Court’s Decision on Priority Development Assistance Fund (PDAF) and Disbursement Acceleration Program (DAP)

7.1 The SET has not received PDAF and DAP funds from the Department of Budget and Management or from any agency.