



Republic of the Philippines
Department of Labor and Employment
NATIONAL WAGES AND PRODUCTIVITY COMMISSION



08 May 2019

Auditor LORELIE R. VILLANUEVA
State Auditor IV
Commission on Audit – Resident Auditor
National Wages and Productivity Commission

Dear **Auditor Villanueva**:

Per your Management Letter dated 29 March 2019, we are submitting herewith our Agency Action Plan and Status of Implementation of Audit Observations and Recommendations as of 30 April 2019.

We hope you find them in order.

Thank you and our warmest regards.

Very truly yours,


MARIA CRISELDA R. SY
Executive Director IV



NATIONAL WAGES AND PRODUCTIVITY COMMISSION
2nd Flr. DY International Bldg., San Marcelino corner Malvar St., Malate, Manila

Agency Action Plan and
Status of Implementation
Audit Observations and Recommendations
As of April 30, 2019

Reference No.	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				
					From	To			
ML p. 7-10	The NWPC-Main satisfactorily accomplished its plans and targets for the year achieving over 100 percent of their commitment and spending P214,541.93 more than their allotment.	We commended the Management for its satisfactory performance and recommend to continue the same in the ensuing years.					POSITIVE AOM		The Management expressed gratitude for the positive comments on NWPC's targets and accomplishments for the year 2018. Relative to the review and evaluation of the CY 2018 financial reports, Management informed the COA Auditor that obligations incurred for Personnel Services has exceeded the allotment due to the payment of more than three million pesos for the terminal leave benefits of the RTWPB Board Secretary who retired mandatorily. The payment was charged to the PS fund of NWPC without the corresponding adjustments in its allotment. The consolidated report, however, showed that it did not exceed the total amount of allotment
ML p 10-12	The year-end balance of due from National Government Agencies account does not present fairly due to advance payments not taken in the books and unrecorded deliveries amounting to P35,419.78 and P37,004.57, respectively and Agency's long standing unreconciled beginning balance of	We recommend the Management to direct the: a. Property Unit to: (i) submit/attach delivery receipts every time deliveries are received whether constructive or actual transfer;					Fully Implemented		Management comments: Relative thereto, please be informed that NWPC entered into a Memorandum of Agreement-Government Fares Agreement with the Procurement Service (PS) on July 2, 2018 on procuring of airline ticket requirements for travel through the PS. Article 4 Section 4.2 of the MOA stipulates that: "The Client commits that it shall replenish the Fund once it reaches fifty percent (50%) utilization, or upon notice by the PS through a Statement of Account (SOA)."

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	P75,706.56 as a result of inadequate (i) coordination between the accounting and procurement units (ii) monitoring of payments to DBM-PS.	(ii) coordinate with the Accounting Unit to record P37,004.57 worth of deliveries; and (iii) record the P35,419.78 worth of advance payments and unrecorded deliveries; and					Fully Implemented		Thus, the alleged unrecorded advance payments and unrecorded deliveries amounting to P35,419.78 and P37,004.57, respectively, were actually replenishments made and sales invoices issued for airline travel under the GFA fund. The replenishments were recorded directly as traveling expenses, hence, will not be reflected in the due from NGAs account. With regard the sales invoices issued, the amounts of P2,542.64 and P13,623.08 dated 30 October 2018 and 13 December 2018 respectively, have been requested to be deleted due to incorrect charging. Attached are the communications made relative thereto.
		b. Accounting Unit to exert more effort to coordinate with DBM-PS regarding unreconciled beginning balance		Accountant			Partially Implemented		As to the unreconciled beginning balance, may we reiterate that PS-DBM has not yet effected the reconciliation made during CY 2014 pertaining to 31 December 2013 balances. This is inspite of the assistance sought with the office of Supervising Auditor Alma A. Baculi to request PS-DBM COA to call the attention of their accounting unit to effect the reconciliation made during CY 2014 (Annex "C"). Nonetheless, the NWPC Procurement Unit Head, thru telephone, discussed the concern with Ms. Marichu A. Martinez, AO IV of PS-DBM's accounting, regarding the long-standing unreconciled beginning balance. She committed that they will do the reconciliation in coordination with NWPC's Procurement Head and Accountant beginning CY 2012 up to present to finally reconcile respective reported balances.
ML p 12-13	The year-end balance of Property, Plant and Equipment (PPE) account is not fairly presented due to (a) discrepancy with the Report on the Physical Count of PPE (RPCPPE) amounting to P1,542,616.12 and (b) inconsistent provision of residual value of five percent	We recommend the Management require: a. the Property Unit to conduct periodic physical count of PPE and present property numbers or codes in a manner that would facilitate efficient record keeping;		Supply Officer			Fully Implemented		Management directed the Property Unit to conduct periodic physical count of PPE and make necessary adjustments in the RPCPPE per reconciliation using property numbers or codes that would facilitate efficient record keeping. On the other hand, the Accountant already coordinated with the Property Officer to effect the changes.

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	(5%) to PPE items pursuant to COA Circular No. 2017-004 dated December 13, 2017	b. the Accounting Unit and the Property Unit to reconcile the PPE account balances per books and in the RCPPE to fairly present the PPEs; and		Accountant & Supply Officer			Fully Implemented		The Accounting Unit already reconciled the PPE accounts between the balances per book and RCPPE. Adjustments are being taken up by the Supply Officer in the Physical Report. As to the discrepancy in the accounting records, there are items which were previously recorded under Other Asset account (net of accumulated depreciation) but reclassified as PPE accounts pursuant to the Revised Chart of Accounts prescribed under the GAM, Volume III. In view thereof, may we request that the submitted two reports of the Supply Unit, namely, Report on Physical Count of PPE and Inventory and Inspection Report of Unserviceable Property due for disposal on January 31 and 30, 2019 respectively, be combined to determine the discrepancy of balances between accounting and supply records.
		c. the Accountant to review the estimated useful life of the PPEs, recognize the appropriate depreciation thereon, and make the necessary adjustments to effect the revised residual value of five percent (5%) to other PPE items to be accounted for as a change in accounting estimates in accordance with PPSAS 17 as discussed in COA Circular No. 2017-004 dated December 13, 2017.		Accountant			Fully Implemented		The Accounting Unit prepared the following journal entries for the adjustment of recorded accumulated depreciation to conform with the 5% residual value: JOURNAL ENTRY PARTICULARS AMOUNT ANNEX JEV-2019-01-000257 Motor Vehicles P 15,981.46 JEV-2019-01-000258 Office Equipment 109,159.33 JEV-2019-01-000259 ICT Equipment 246,317.85 JEV-2019-01-000260 Communication Equipment 46,353.39 JEV-2019-01-000261 Furniture and Fixtures 4,729.07 JEV-2019-01-000262 Other PPE 1,863.91 TOTAL 424,405.01 With the above journal entries, recorded book values of fully depreciated items will be equivalent to 5% residual value pursuant to COA Circular No. 2017-004 dated December 13, 2017.

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ML p. 14	Loyalty awards for eight (8) employees of the NWPC-Main totaling P50,000.00 in cash were granted without complete necessary documentary requirements as prescribed in Item S.15 of COA Circular 2012-001 dated June 14, 2012.	We recommend that: Management to submit the Certification from HRO to prove the validity of claim and strictly comply with the provisions of COA Circular and other rules and regulations.		Chief-Admin Division			Fully Implemented		Submitted to COA on February 21, 2019 copies of Certificate duly signed by the Acting HRMO and approved by the Chief of the Administrative Division indicating that the 8 NWPC employees have not incurred more than 50 days authorized vacation leave without pay within the 10-year period or aggregate of more than 25 days authorized vacation leave without pay within the last 5-year period.
ML p. 15-17	Except for one activity not included in the Agency's Gender and Development Accomplishment Report (GAD AR), programs, projects and activities identified in the GAD Plan and Budget (GPB) for CY 2018 were properly implemented and addressed gender issues with total actual expenditure of P10,549,000.00 or 5.05% of the Agency's total appropriation.	We recommend the Management to: a. furnish the COA Office of the PCW-endorsed and agency-approved GAD AR to facilitate audit of GAD programs and budget since the Agency claimed to follow correct timeline as indicated in PCW-NEDA-DBM Joint Circular 2012-01; and b. continue to design programs and activities that would address gender issues that is within budgeted amounts.		Chief-PID Chief-FMD Chief-AD			Fully Implemented		Management comments: Submission of the PCW-endorsed GAD AR copy was inadvertently overlooked by the concerned staff knowing that they already provided all the respective agencies/units with copies of the GAD AR. For a more improved GAD database on gender related issues and concerns raised during trainings and consultations, we will monitor the implementation and consolidate GAD related information in 2019 as indicated in the 2019 GPB. We have again furnished your office a copy of the PCW-endorsed 2018 and 2019 GAD Plan and Budget along with a copy of the PCW-endorsed GAD AR on March 19, 2019. We will continuously seek technical advice with PCW regarding programs and strategies that would address gender issues and concerns relative to the mandate of the Office.
ML p 18	For CY 2018, NWPC-Central Office implemented programs and activities for Senior Citizen and Persons with Disability amounting to P22,366.41 pursuant to Section 31 of the General Provisions of Republic Act No. 10964 or General Appropriations Act for Fiscal Year 2018.	We commended the Management for continuously formulating programs and providing support for the implementation of projects and activities intended to address the concerns of senior citizens and persons with disability pursuant to Section 31 of R.A. No. 10964.					Fully Implemented		Continue formulate programs and provide support for the implementation of projects and activities pursuant to Section 36 of RA No. 1071 Positive AOM

