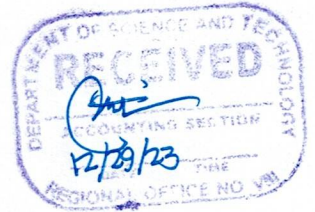




Republic of the Philippines  
**COMMISSION ON AUDIT**  
Team R8 21, Cluster 6  
Department of Science and Technology  
Candahug, Palo, Leyte

December 29, 2023



### **CERTIFICATION**

THIS IS TO CERTIFY that the Department of Science and Technology, Regional Office No. VIII (DOST RO8) ), per "Validation of Implementation of CY 2022 and Prior Years' Audit Recommendations" as of December 29, 2023, has complied a total of 14 out of 31 audit recommendations or 45% compliance.

This certification is issued for whatever legal purpose it may serve.

  
BEVERLY E. BACABAC  
State Auditor IV  
OIC-Audit Team Leader



**DEPARTMENT OF SCIENCE AND TECHNOLOGY**  
**Regional Office No. VIII**

**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2022**  
**As of December 31, 2023**

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/Office Responsible	Target Implementation Date				
					From	To			
Paragraph No. 11	The Accountable Officer (AO) continued to perform her duties and functions as Special Cash Collecting Officer (SCCO) despite with an expired fidelity bond, thus posing to risk of being unreturned the funds under her accountability once lost.	We recommend that management stop in allowing accountable officers to perform duties and functions whether or not merely designated, when the fidelity bond issued to such personnel has already expired.	Management to stop from allowing accountable officers to perform duties and functions as designated when its fidelity bond has already expired and has not been renewed.	DOST8 Management / Special Cash Collecting Officers	AUG 2022	DEC 2022	FULLY IMPLEMENTED		-Special Order No. 100 dated August 9, 2022, to formally designate Mr. Mark Anthony Degamo as Special Cash Collecting Officer of PSTC Southern Leyte, along with the other Special Cash Collecting Officers of the different PSTCs of DOST Region VIII  -DOST8 Management to no longer allow SCCO to perform their duties with expired fidelity bonds.
Paragraph No. 12	The liquidation of transferred funds (FTs) to various Implementing Agencies (IAs) for GIA projects during CY 2021 and up to September of CY 2022 amounting ₱10,472,917.81 were found with various deficiencies inconsistent with the requirements prescribed under COA Circular Nos. 94-013 and 2012-001 as well as DOST Administrative Order (AO) No. 011 series of 2020; thus said transactions: a) could not be ascertained whether their utilizations were towards intended purposes and; b) if proper accounting and reporting pertaining	We recommend that management require the GIA Project Division:  a. to send demand letters to the IAs for the refund of the unexpended balance of the funds granted to them; b. to submit the lacking documentary requirements in support to the liquidation of funds transferred to IAs; and c. to conduct close monitoring of project implementation/status and strictly enforce the guidelines provided under DOST AO No. 011 series of 2020 dated September 2, 2020. This should include the conduct of dialogue with the recipients during which these vital	GIA RPMO to comply with the recommendations	DOST8 GIA RPMO & PSTCs	DEC 2022	SEPT 2023	FULLY IMPLEMENTED  FULLY IMPLEMENTED  FULLY IMPLEMENTED		-PSTOs are always sending demand letters to IAs for the liquidation of funds and return of any unexpended balances, if any;  - lacking documentary requirements as mentioned in the Audit Observation were already submitted.  -Project Monitoring and Evaluation of programs and projects are being implemented by the region and PSTOs.

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	thereto were duly rendered by the concerned agencies.	<p>information are to be relayed: i) need for the carrying out of urgent liquidation or settlement of the FTs preferably prior to the receipt of any audit decision as liabilities will automatically arise as consequence; and ii) the liabilities shall be shouldered by authorities of the SA and IAs that were directly in-charge in the transfer as well as receipt of funds, respectively. In the case of liquidation, the production of documents shall be made such as Fund Utilization Report and authenticated copies of Disbursement Vouchers, among others. For the settlement, the intact return of unused funds shall be carried out.</p> <p>All foregoing are proposed to be carried out, otherwise, any unaccounted FTs will be suspended or disallowed in audit on ground of absence of proofs if already used or still unutilized but the funds remained not returned yet.</p>							
Paragraph No. 13	The existence, accuracy and completeness of the Inventories account totaling ₱8,012,436.35 as of December 31, 2022 could not be ascertained due to non-recognition of the supplies and materials issued in CY 2022, non-maintenance of records on the Fuel, Oil and Lubricants Inventory by the Supply and Property Unit and non-reclassification of tangible items below ₱50,000.00 as semi-expendable property in consonance with the COA Circular No. 2022-004 dated May 31, 2022, thus, may result to concealment of lost or	<p>We recommend that management:</p> <p>a) Require the Accountant to record the issued inventories in CY 2022 based on submitted RSMIs duly supported with RISs by the Supply and Property Unit;</p> <p>b) Require the Supply &amp; Property Unit to maintain a record for the Fuel and Oil Lubricants Inventory to ensure that the supply and utilization thereof are properly monitored; and</p> <p>c) Require the Accountant as well as the concerned personnel of Supply and Property Unit to reclassify the acquired tangible assets of the agency with a cost of less than ₱50,000.00 to semi-</p>	DOST8 Accountant and Supply&Property Unit to comply with the recommendations	DOST8 Accountant & DOST8 Supply and Property Unit	JAN 2023	DEC 2023	FULLY IMPLEMENTED		2022 RSMIs already recorded in June2023 General Journal.
							FULLY IMPLEMENTED		Supply and Property Unit is already maintaining a record for Fuel, Oil, and Lubricants Inventory starting 2023.
							PARTIALLY IMPLEMENTED		Accounting Unit to identify PPEs below ₱50,000.00 and make

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	misused items, at the same time denying the government the true worth of the particular assets as of any given period.	expendable property and provide the prescribed forms, registry and reports to ensure controls over the related assets in accordance with the implementing guidelines under COA Circular No. 2022-004 dated May 31, 2022.							adjustments to record them as inventories / semi-expendable items.
Paragraph No. 14	The existence, accuracy and completeness of the Property, Plant and Equipment (PPE) accounts as of December 31, 2022 in the amount of ₱243,526,826.83 are uncertain due to incomplete physical inventory and non-reclassification of PPE items costing less than the threshold of ₱50,000.00 as semi-expendable property, thereby, depriving the government of the true worth of the assets at the same time hinting lack of basis to disclose any loss or misused items.	We recommend that management:  a) Direct the Inventory Committee to conduct a thorough physical inventory taking on all PPE items annually, which shall be reported through a duly prepared RPCPPE being the basis for the updating of records specifically, the PCs and PPELCs supposedly maintained by the Property as well as Accounting Units, respectively, so that both can attain accurate as well as reliable reconciliation of records. Also, submit the RPCPPE to COA for examination not later than January 31 of each year in accordance with Section 39 of Chapter 10 of the GAM for NGAs, Volume I;  b) Require the Accountant to provide and maintain records of the machineries and equipment that were purchased for the SETUP Projects that are still owned by the agency in accordance with the signed MOA related to the project's implementation; and  c) Require the Supply and Property Custodian and Accountant to reclassify the various PPE of the agency with a cost of less than ₱50,000.00 to semi-expendable property and provide the prescribed forms, registry and reports to ensure controls over the related assets.	DOST8 Accountant and Supply&Property Unit to comply with the recommendations	DOST8 Accountant & DOST8 Supply and Property Unit	JAN 2023	DEC 2023	FULLY IMPLEMENTED		Inventory Committee and Property and Supply Unit already conducting annual physical inventory and reported through the RPCPPE.
							PARTIALLY IMPLEMENTED		Ongoing Implementation.
							PARTIALLY IMPLEMENTED		Ongoing Implementation.

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		Additionally, given that the reclassification results in a change in accounting policy that is applicable retroactively in line with COA Circular No. 2022-004 dated May 31, 2022, require the Accountant to provide adjusting entries covering the affected accounts.							
Paragraph No. 15	Donated land by the Provincial Government of Leyte in June 1994 remained unrecorded since not supported with complete documentation contrary to Section 63 of P.D. No. 1445 and pertinent provisions of the GAM for NGAs, Volume I, thus, the subject property appeared not owned by the agency.	<p>We reiterate the previous audit recommendation for the management:</p> <p>a) To get a copy of the Tax Declaration (TD) from the Provincial Assessor’s Office, Province of Leyte or Municipal Assessor’s Office in the Municipality of Palo as an initial action for the recording in the books of accounts and titling of the land.</p> <p>b) Based on the value of the land in the TD, record it in the books of accounts in accordance with the requirements of the Philippine Public Sector Accounting Standards (PPSAS) and relevant provisions of the GAM for NGAs. In the absence of any reference as to its cost or fair value, management should have the property appraised.</p> <p>c) Cause the transfer and registration of the title over the property under the name of DOST.</p> <p>d) For the property to be registered as owned by the agency, and while without sufficient proofs of ownership thereof, its existence shall be disclosed in the Notes to Financial Statements.</p>	The Management to Coordinate with the Philippine Science High School Management in order to resolve the issue.	DOST8 Management	JAN 2023	DEC 2023	<b>PARTIALLY IMPLEMENTED</b>	Ongoing coordination with PSHS makes it hard for DOST8 to obtain needed documents to move forward with this audit observation	<ul style="list-style-type: none"><li>- To Coordinate with PSHS</li><li>- Facilitated the requirements in Registry of Deeds for the transfer of Land</li><li>- Submitted a letter to CENRO last Sept. 14, 2018 to assist DOST for the titling of the Land</li><li>- As per RTC Br. 9, Tacloban CityN-327, there is a case archived for court order dated July 10, 2012</li><li>- 6/11/2019: Asked legal advice from Atty. Gula: go back to CENRO and inquire whether the lot with archived case is already titled.</li><li>- Upon meeting with CENRO Palo, it was found out that they too were having problems with titling the lot where their office is situated. Apparently, the whole Government Center in Candahug, Palo has a pending case. DOST8 was then requested to acquire a copy of the original certificate of Title with No. N-327 as indicated in the court order from the RTC.</li><li>- CENRO Palo advised DOST8 to wait as they will still have to verify the details with their own legal counsel.</li><li>- Upon DOST8’s knowledge, PSHS already has a land TD and they have</li></ul>

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									already recorded their Land on their books. However, DOST8 has yet to obtain a copy of the said document. As far as DOST8 is concerned, DOST8 and PSHS only has 1 TD.
Paragraph No. 16	The propriety of the allowed Hazard Allowance to DOST Region VIII personnel for CYs 2020 to 2022 amounting ₱14,690,415.40 cannot be ascertained due to the disclosed use of erroneous formula in computing the rates and the uncertainty of the determined level of risk, thus, may have resulted to grant of undue benefits to the agency personnel.	In order for the Audit Team to reach a conclusion in the audit, we recommend for management to:	Management and HRM Office to submit necessary documents to justify the formula used and computations based on DBM-DOST JC No. 1 series 2013	DOST8 Management & HRM Office	JAN 2023	DEC 2023	FULLY IMPLEMENTED		- DOST8 adheres to the guidelines set from the prescribed table of rates based on item 9.2 of DBM-DOST JC No. 1 s. 2013
		a) Provide a report on determined personnel level of risk, justifying therein those that are assessed as of high-level covering CYs 2020 to 2022;					FULLY IMPLEMENTED		- The rates are initially assessed by DOST8 by filling up the Hazard Allowance Forms to determine the personnel level of risk and to justify the appropriate risk percentage based on individual exposure from their day-to-day tasks and functions. The forms are then submitted to the DOST S&T Hazard Allowance Committee for their further deliberation. The Committee would then finalize the rates to be used and issue a certificate for the approval of the DOST Secretary
		b) Communicate to the Office of the Secretary the necessity of issuing accurate information as to levels of hazard risks only excluding therefrom any hazard allowance percentage; and					FULLY IMPLEMENTED		- Hazard Allowance Forms already submitted to COA as attachment to the AOM response.
		c) Henceforth, strictly adhere to the guidelines provided under Item 9.0 of the DBM-DOST JC No. 1 series 2013 dated June 25, 2013 in granting Hazard Allowance.							
Paragraph No. 17	The grant of reimbursable hospitalization services and annual mental, medical-physical examination-related expenses in CYs 2020 to 2022 to permanent personnel of DOST8, pursuant to DOST AO No. 003 dated August 6, 2014 cannot be concluded as valid since without the approval of the President of the Philippines contrary to Section 5 of PD No. 1597, not in accordance with the mandate of AO No. 402 dated June 2, 1998 and	We recommend for management to coordinate with DOH relative to the availing of free medical examination for all permanent personnel and discontinue the grant of reimbursable expenses such as hospitalization services and annual mental, medical-physical examination-related expenses. For the particular expenses, we propose adherence to the provisions of RA 8439 and its IRR.	Management and HRM Office to explain the grant of reimbursable hospitalization expenses.	DOST8 Management & HRM Office	JAN 2023	DEC 2023	FULLY IMPLEMENTED		DOST8 mentioned the following rules and regulations:
									- Section 1 of Administrative Order No. 402 dated June 2, 1998, the President of the Philippines authorized agencies to establish an annual medical check-up for government officials and employees, therefore, there is no need for DOST Region VIII to seek approval by the President relative thereto
									- Item 1(a) of the Civil Service Commission's Memorandum Circular No. 33, s. 1997 dated December 18, 1997 mandate the heads of all government agencies to provide a health program for

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	inconsistent with Republic Act (RA) No. 8439 and its Implementing Rules and Regulations (IRR), thus, the payments made therefor thru reimbursement amounting ₱1,171,283.06 appear as illegal and irregular.								<p>all of its employees which include any or all of the following: (1) hospitalization services, and (2) annual mental, medical-physical examinations</p> <p>- Item 2.8 of the Implementing Rules and Regulations of Republic Act No. 8439, otherwise known as the Magna Carta for Scientists, Engineers, Researchers and Other Science and Technology Personnel in Government, as amended, provides for a compulsory free medical examination once a year and immunizations to all DOST officials and employees.</p> <p>- DOST Administrative Order No. 003, series of 2014 dated August 6, 2014 titled “Amended Guidelines in the Grant of Reimbursable Hospitalization Services and Annual Mental, Medical-Physical Examination-Related Expenses for DOST Personnel” provides for the annual hospitalization services and annual mental, medical or physical examinations to all DOST officials and employees</p> <p>During the exit conference, DOST8 also clarified that:</p> <p>- DOST8 stopped the granting of medical assistance as an allowance to its employees and required employees to submit receipts as attachment to their reimbursements.</p> <p>- Purchase of prescription drugs and expenses on emergency and special cases beyond the coverage of AO No.402 is not allowed by DOST8 management.</p>
Paragraph No. 18	The DOST RO 8 did not first go through a negotiated procurement process using the Agency-to-Agency method in order to negotiate contracts with academic sectors or other government agencies for the	We recommend that for the succeeding engagements, management should strictly adhere to the provisions under Item V (D) (5) of the 2016 RIRR of RA 9184 on obtaining consultancy services from another agency of the government.	DOST8 to adhere to the audit recommendations	DOST8 Management & Technical Consultancy	JAN 2023	DEC 2023	FULLY IMPLEMENTED		Starting 2023, Technical Consultancy Services are already adhering to RA 9184 thru negotiated procurement / agency-to-agency process.

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	purpose of providing technical consultancy services to identified firms or beneficiaries of SETUP, thus raising the issue whether: a) such agreements would be more efficient, effective and economical for the government and; b) the Servicing Agencies had the capacity to carry out the intended project.			Services RPMO					
Paragraph No. 19	Trust receipts in the aggregate amount of ₱96,083,705.35 from the Science Education Institute (SEI) were not deposited with the National Treasury (NT) during CY 2022 contrary to Section 6 of the General Provisions of RA No. 11639 and Section 2 of EO No. 338 dated May 17, 1996, thereby, impairing the government’s efforts to pool cash resources in order to facilitate the implementation of its various programs and projects.	We thus, continually reiterate for management to transfer the balance of the SEI Scholarship Fund as mandated and strictly enforce the deposit of all incoming inter-agency transferred funds to the appropriate Trust Account with the NT in compliance with Section 6 of the General Provisions of RA No. 11639 and Section 2 of EO No. 338 dated May 17, 1996.	DOST8 to adhere to the audit recommendations	DOST8 Scholarship Unit / Accountant / Cashier	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED		DOST8 to close the current account intended for SEI and subsequently use the MDS-Trust Account.
Paragraph No. 31	Deposited collections totaling ₱24,216,270.89 for the months of January to December 2022 were incorrectly recorded to Accumulated Surplus/(Deficit), instead of Cash-Treasury/Agency Deposit, Regular, inconsonant with Chapter 3 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III – Revised Chart of Account, thus, the latter account provides inaccurate information with regard to the actual collections that were remitted to the BTr, resulting in understatement of	We recommend for management to require the Accountant to ensure that in the remittance/deposit to the account of the BTR of the particular collections, the same must be properly recorded as debit to Cash-Treasury/Agency Deposit, Regular in accordance with the above-cited provisions indicated in Chapter 3 of the GAM for NGAs, Volume III – Revised Chart of Account (Updated 2019) as prescribed by COA Circular No. 2020-001 dated January 8, 2020.	DOST8 to adhere and comply with the audit recommendations	Accountant	JAN 2023	DEC 2023	FULLY IMPLEMENTED		-2022 transactions already closed to Accumulated Surplus/(Deficit) account as required in the closing of books at year-end  -2023 deposited collections are already initially recorded thru Cash-Treasury/Agency Deposit, Regular account and will be closed to the Accumulated Surplus/(Deficit) account at year-end.

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	the account per books and yearend Financial Statements (FSs)																				
Paragraph No. 32	The Accounting Unit has not yet recorded any issuances of inventory for CY 2022 with an undetermined amount because he is yet to verify the accuracy of the data in the Report of Supplies and Materials Issued (RSMI) that the Supply and Property Unit has submitted, thereby, rendering the balances of the inventory accounts as well as supplies and materials expenses misstated by undetermined amounts at year-end per books and Financial Statements (FSs).	We recommend that management require the Accountant to record the issued inventories in CY 2022 based on submitted RSMIs duly supported with RISs by the Supply and Property Unit. On the other hand, through duly drawn Journal Entry Voucher (JEV) the Accounting Unit shall record the expenses pertaining to the said issuances as a debit to Accumulated Surplus/(Deficit) instead of debiting the affected Supplies and Materials Expense accounts so as not to overstate the expenses in the subsequent year.	DOST8 Accountant and Supply&Property Unit to comply with the recommendations  (same with Paragraph 13)	DOST8 Accountant & DOST8 Supply and Property Unit	JAN 2023	DEC 2023	FULLY IMPLEMENTED		2022 RSMIs already recorded in June2023 General Journal.												
Paragraph No. 33	Out of the ₱875,000.00 payments made covering the period January to December 2022 for the different consultancy and technical support programs and services under the SETUP, ₱840,000.00 was fully released to Consultancy Teams (CTs) for the academic sector, but instead of being recognized per books as Due From NGAs, the said transactions were immediately booked up as Consultancy Services, thus, misstating all affected accounts per books as well as yearend FS, in the process, concealing the need of CTs to give proofs that expected commitments were already rendered.	<div>We recommend for the management to: a. require the Accountant to draw the following adjusting entry for certain project durations of the technical consultancy services that are still ongoing based on the Terms of Reference (TOR) of the MOA:<table><tr><th>Account</th><th>Account Code</th><th>Debit</th><th>Credit</th></tr><tr><td>Due from NGAs</td><td>10303010</td><td>735,000</td><td></td></tr><tr><td>Accumulated Surplus (Deficit)</td><td>30101010</td><td></td><td>735,000</td></tr></table></div> <div>To adjust the improper recognition of the immediate payment of full financial assistance to the Consultancy Teams under academe sector as Consultancy Services for the period January to December 2022.</div>	Account	Account Code	Debit	Credit	Due from NGAs	10303010	735,000		Accumulated Surplus (Deficit)	30101010		735,000	DOST8 Accountant and Technical Consultancy Services RPMO to comply with the Audit Recommendations	DOST8 Accountant & Technical Consultancy Services RPMO	JAN 2023	DEC 2023	FULLY IMPLEMENTED		<div>-JEV#23-01-018 (01/2023 General Journal) already recorded to make adjustments on the Consultancy Services.</div> <div>-Consultancy Services RPMO to subsequently adhere to the liquidation requirements as stated in their MOA.</div> <div>-Accounting Unit already recording Consultancy Services as a Receivable subject to Liquidation.</div>
Account	Account Code	Debit	Credit																		
Due from NGAs	10303010	735,000																			
Accumulated Surplus (Deficit)	30101010		735,000																		

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		b. direct the Technical Consultancy Services Coordinator to submit the required reports and documentation, specifically for the technical consultancy services that have already ended as proofs of the compliance of the concerned CTs with their obligations as stated in the MOA; and  c. henceforth, record correctly per the agency’s books as receivables the payment of the full amount of financial assistance to the CTs upon signing of the MOA in accordance with the above-cited provisions indicated in Chapter 3 of the GAM for NGAs, Volume III – Revised Chart of Account (Updated 2019) as prescribed by COA Circular No. 2020-001 dated January 8, 2020.					FULLY IMPLEMENTED  <		

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	accounting and property records resulted to a total variance of ₱6,018,462.84 due to incomplete physical inventory and non-reclassification of PPE items costing less than the threshold of ₱50,000.00 as semi-expendable property, thereby, rendering as unreliable the valuations per books and FSs for the particular assets.	to update their property records and regularly reconcile them including the undertaking of analysis to identify the cause of the differences between their respective records and effect the necessary adjustments.	comply with the recommendations  (same with Paragraph 13)	& DOST8 Supply and Property Unit					adjustments to record them as inventories / semi-expendable items.	
ML CY 2021 Paragraph No. 13	The existence, accuracy and completeness of the Inventories accounts in the total amount of ₱5,129,537.77 as of December 31, 2021 could not be ascertained due to non-conduct of physical inventory at year-end, delayed and non-submission of the Reports of Supplies and Materials Issued (RSMI) as well as non-maintenance of records on the Fuel, Oil and Lubricants Inventory by the Supply and Property Unit, thus, may result to concealment of lost or misused items, at the same time denying the government the true worth of the particular assets as of any given period.	We recommend that management:	DOST8 Accountant and Supply & Property Unit to comply with the recommendations	DOST8 Accountant & DOST8 Supply and Property Unit	JAN 2022	JUNE 2022	FULLY IMPLEMENTED		2021 RSMIs already recorded	
		a) Require the Supply & Property Unit to henceforth prepare and submit monthly the RSMIs which shall be duly supported with RISs, otherwise, recording of expenses per books would end up as baseless;						FULLY IMPLEMENTED		Supply and Property Unit is already maintaining a record for Fuel, Oil, and Lubricants Inventory starting 2023.
		b) Require the Supply & Property Unit to maintain a record for the Fuel and Oil Lubricants Inventory to ensure that the supply and utilization thereof are properly monitored; and  c) Create an Inventory Committee that will conduct the physical count/inventory of various supplies and materials of the agency every semester which shall be reported through the RPCI and reconciled the latter with the SLCs and SCs maintained by the Accounting Division/Unit, and Property and/or Supply Division/Unit, respectively. Also, submit the said report to the COA for examination not later than July 31 and January 31 of each year for						FULLY IMPLEMENTED		Inventory Committee and Property and Supply Unit already conducting annual physical inventory and reported through the RPCPPE.

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		the first and second semesters, respectively.							
ML CY 2021 Paragraph No. 14	The existence, accuracy and completeness of the Property, Plant and Equipment (PPE) items disclosed per records as amounting to ₱235,158,302.51 as of December 31, 2021 are unassured due to incomplete conduct of physical inventory and improper reconciliation of property records between the Property and Accounting Units contrary to Sections 38 and 42 of Chapter 10 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs) as well as the provisions in Item 6.3 of COA Circular No. 2020-006 dated January 31, 2020, Volume I, thereby depriving the government of the true worth of the assets at the same time hinting lack of basis to disclose any loss or misused items.	<p>We recommend that management:</p> <p>a) Require the Supply and Property Custodian to include in his property records the ICT equipment as well as furniture and fixtures amounting to ₱215,715.40 and ₱57,000.00, respectively, including the adjustment of the value of the scientific and academic equipment for the Eastern Visayas Science Centrum from ₱1,059,756.00 to its total acquisition cost of ₱4,697,500.00 for relevant records specifically the PCs to be reconciled with the PPELCs maintained by the Accounting Unit;</p> <p>b) Direct the Inventory Committee to conduct a complete physical inventory taking of all PPE items annually which shall be reported through duly prepared RPCPPE being basis for the updating of records specifically, the PCs and PPELCs maintained by the Property as well as Accounting Unit, respectively. Also, submit the said report to COA for examination not later than January 31 of each year in accordance with Section 38 of Chapter 10 of the GAM for NGAs, Volume I; and</p> <p>c) Henceforth, as a matter policy, require the Property Officer to regularly reconcile its property records based on the actual results of physical inventory as reflected per the prepared RPCPPE.</p>	<p>The Supply and Property Unit will make the necessary adjustments to be reconciled with the Accounting Unit.</p> <p>The Supply and Property Committee will comply with the said recommendations and will henceforth submit the reconciled records not later than January 31, 2022.</p> <p>The Property/Supply Office will be closely working with the Accounting Office in order for both of their records to be</p>	Supply and Property Unit & Accounting Unit	Jan 2022	May 2022	FULLY IMPLEMENTED		The Supply and Property Unit already made adjustments on their records. Both the Accounting Unit and Supply&Property Units will be constantly updating and reconciling their records.

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					From	To			
		In addition, the accounting records, specifically PPELCs shall reflect balances that are reconciled with the Property Cards maintained by the Property Officer, for the valuation per item to be assured reflective of the true worth of the pertinent assets. Of most significant likewise is that every monthly RSMI shall be duly supported with RISs for all issued items to be accurately reflected per PCs as well as PPELCs. This is in addition to protecting every of the said transaction from being suspended or disallowed during post-audit.	constantly updated and reconciled.						
ML CY 2021 Paragraph No. 15	Donated land by the Provincial Government of Leyte in June 1994 remained unrecorded since not supported with complete documentation contrary to Section 63 of Presidential Decree No. 1445 and pertinent provisions of the Government Accounting Manual, thus, the subject property appeared not owned by the agency.	<p>Hence, we reiterate the previous audit recommendation for the management:</p> <p>a) Get a copy of the Tax Declaration (TD) from the Provincial Assessor’s Office, Province of Leyte as an initial action for the recording in the books of accounts and titling of the land.</p> <p>b)Based on the value of the land in the TD, record it in the books of accounts in accordance with the requirements of the Philippine Public Sector Accounting Standards (PPSAS) and relevant provisions of the Government Accounting Manual (GAM). In the absence of any reference as to its cost or fair value, management should have the property appraised.</p> <p>c) Cause the transfer and registration of the title over the property under the name of DOST.</p>	<p>The Management to Coordinate with the Philippine Science High School Management in order to resolve the issue.</p> <p><i>(same with Paragraph 15)</i></p>	DOST8 Management	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED	<p>Ongoing coordination with PSHS makes it hard for DOST8 to obtain needed documents to move forward with this audit observation</p>	<ul style="list-style-type: none"><li>- To Coordinate with PSHS</li><li>- Facilitated the requirements in Registry of Deeds for the transfer of Land</li><li>- Submitted a letter to CENRO last Sept. 14, 2018 to assist DOST for the titling of the Land</li><li>- As per RTC Br. 9, Tacloban CityN-327, there is a case archived for court order dated July 10, 2012</li><li>- 6/11/2019: Asked legal advice from Atty. Gula: go back to CENRO and inquire whether the lot with archived case is already titled.</li><li>- Upon meeting with CENRO Palo, it was found out that they too were having problems with titling the lot where their office is situated. Apparently, the whole Government Center in Candahug, Palo has a pending case. DOST8 was then requested to acquire a copy of the original certificate of Title with No.</li></ul>

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									N-327 as indicated in the court order from the RTC. - CENRO Palo advised DOST8 to wait as they will still have to verify the details with their own legal counsel. - Upon DOST8's knowledge, PSHS already has a land TD and they have already recorded their Land on their books. However, DOST8 has yet to obtain a copy of the said document. As far as DOST8 is concerned, DOST8 and PSHS only has 1 TD.
ML CY 2021 Paragraph No. 18.d	The Procuring Entity (PE) did not impose liquidated damages (LD) on the supplier's failure to complete the delivery, installation and commissioning of 36 interactive science exhibits within the contract duration, in violation of Section 3.1 of Annex "D" of the 2016 RIRR of R.A. 9184, hence, depriving the government of indemnification as consequence thereof.	We recommend that management collect from SCFI the amount of ₱469,750.00 as LD covering the delay incurred by them in the performance of the contract.	DOST8 to ensure that the provision for liquidated damages will be incorporated in future contracts.  However, DOST8 Management has decided not to impose the liquidated damages.	Bids & Awards Committee / DOST8 Management / PSTC Leyte	Jan 2022	Dec 2022	PARTIALLY IMPLEMENTED		>The delay on the fabrication, delivery and installation of science interactive and education equipment was due to effect of lockdowns and other government restrictions imposed during the erratic and unpredicted attack or infections of COVID-19 virus during Pandemic period which started on year 2020 up to the present. >The DOST-8 Management is aware of the fact that the most affected business establishment during the COVID-19 Pandemic are the micro, small and medium enterprises operating in the Philippines. More so to this supplier SCFI, which is a non-stock, non-profit Science Foundation that operates as self-liquidating institution. > Lastly, DOST-8 Management has recognized the fact that SCFI is a partner of the Department of Science and Technology (DOST) in promoting science awareness and education among Filipinos especially

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									<p>the children and youth; hence, harshly and arbitrarily imposing liquidated damages on a non-stock, nonprofit and science partner institution like SCFI would likewise be self-defeating, as it will greatly affect the SCFI limited and self-liquidating financial capacity, and ultimately defeat this science project and the succeeding science promotional partnership activities.</p> <p>Moreover, the PLGU Leyte, end user, and DOST VIII - PSTC Leyte are well-informed of the delay of the commissioning of the interactive exhibits through SCFI via various calls. Hence, the Management has decided not to pursue SCFI for liquidated damages.</p>
ML CY 2021 Paragraph No. 20	Trust receipts in the aggregate amount of ₱92,896,819.84 from the Science Education Institute (SEI) were not deposited with the National Treasury (NT) during CY 2021 contrary to Section 6 of the General Provisions of RA No. 11518 and Section 2 of EO No. 338 dated May 17, 1996, thereby, impairing the government's efforts to pool cash resources in order to facilitate the implementation of its various programs and projects.	Consequently, we reiterate the previous audit recommendation for management to transfer the balance of the SEI Scholarship Fund and henceforth deposit all incoming inter-agency transferred funds as well as trust receipts to the appropriate Trust account/s with the NT in compliance with Section 6 of the General Provisions of RA No. 11465 and Section 2 of EO No. 338 dated May 17, 1996. To resolve the issue and shed light on whether the Regional Office may be allowed to maintain its current LBP deposit account, management should seek the assistance of the DBM and the Bureau of Treasury. To be specific, we recommend that DOST RO 8 request the Bureau of Treasury to validate the basis for maintaining the LBP account for the Scholarship Fund in consonance with Sec.	DOST8 to adhere to the audit recommendations  <i>(same with Paragraph 19)</i>	DOST8 Scholarship Unit / Accountant / Cashier	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED		DOST8 to close the current account intended for SEI and subsequently use the MDS-Trust Account.

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		1.2.1 of the Treasury Circular No. 01-2013 dated January 23, 2013.							
ML CY 2021 Paragraph No. 34.a	The Inventories account in the total amount of ₱5,129,537.77 as of December 31, 2021 were not reconciled with the Supply and Property Records due to non-conduct of the physical count at year end and the delayed or non-submission of RSMI by the Supply and Property Units concerning issuances to end-users, thus, affecting the reliability of the reported balances per the related accounts in the FSs.	We recommend that management direct the Accounting and Supply and Property Units to update their inventory records, perform thorough and periodic reconciliation of their respective reports, and make necessary adjustment for any identified discrepancy in order to arrive at the correct balance per books and FSs during any period of the year.	DOST8 Accountant and Supply&Property Unit to comply with the recommendations	DOST8 Accountant & DOST8 Supply and Property Unit	JAN 2022	JUNE 2022	FULLY IMPLEMENTED		2021 RSMIs already recorded
ML CY 2021 Paragraph No. 34.b	Reconciliation of the balances of the PPE accounts between the accounting and property records resulted to a total variance of ₱23,777,992.26 due to lack of physical inventory on various items and improper reconciliation of records between the Property and Accounting Units, thereby, rendering as unreliable the valuations per books and FSs for the particular assets.	We recommend that management direct the Accounting and Supply and Property Units to update their property records and regularly reconcile them including the undertaking of analysis to identify the cause of the differences between their respective records and effect the necessary adjustments.	The Supply and Property Unit will make the necessary adjustments to be reconciled with the Accounting Unit.	Supply and Property Unit & Accounting Unit	Jan 2022	May 2022	FULLY IMPLEMENTED		The Supply and Property Unit already made adjustments on their records. Both the Accounting Unit and Supply&Property Units will be constantly updating and reconciling their records.
CY 2020 ML pp. 17-20 reiterated herein in paragraph	Trust receipts in the aggregate amount of ₱68,626,283.56 from the Technology Application and Promotion Institute (TAPI) and the Science Education Institute (SEI) were not deposited with the National Treasury (NT) during CY 2020 contrary to Section 6 of the General	We recommend for management to transfer the balance of the SEI Scholarship Fund and henceforth deposit all incoming inter-agency transferred funds as well as trust receipts to the appropriate Trust account/s with the NT in compliance with Section 6 of the General	DOST8 to adhere to the audit recommendations  (same with Paragraph 19)	DOST8 Scholarship Unit / Accountant / Cashier	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED		DOST8 to close the current account intended for SEI and subsequently use the MDS-Trust Account.

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20 under Part II	Provisions of RA No. 11465 and Section 2 of EO No. 338 dated May 17, 1996, thereby, impairing the government's efforts to pool cash resources in order to facilitate the implementation of its various programs and projects.	Provisions of RA No. 11465 and Section 2 of EO No. 338 dated May 17, 1996. To resolve the concern over being delayed in the release of stipends should they deposit the Scholarship Funds as directed, management should explore the possibility of seeking the assistance of the Department of Budget and Management and the Bureau of Treasury.							
CY 2017 ML pp. 8-10 reiterated herein in paragraph 15 under Part II	Due to lack of needed documentary information, Land donated to Department of Science and Technology by the Provincial Government of Leyte in June 1994 was not recorded in the books, contrary to Section 63 of Presidential Decree No. 1445 and pertinent provisions of the Government Accounting Manual, thus, understating the agency's PPE, specifically, Land, and Accumulated Surplus/ (Deficit) by an undetermined amount.	We recommend that management:  b) Based on the value of the land in the TD, record it in the books of accounts in accordance with the requirements of the Philippine Public Sector Accounting Standards (PPSAS) and relevant provisions of the Government Accounting Manual (GAM). In the absence of any reference as to its cost or fair value, management should have the property appraised.  c) Cause the transfer and registration of the title over the property under the name of DOST.	The Management to Coordinate with the Philippine Science High School Management in order to resolve the issue.  <i>(same with Paragraph 15)</i>	DOST8 Management	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED	Ongoing coordination with PSHS makes it hard for DOST8 to obtain needed documents to move forward with this audit observation	<ul style="list-style-type: none"><li>- To Coordinate with PSHS</li><li>- Facilitated the requirements in Registry of Deeds for the transfer of Land</li><li>- Submitted a letter to CENRO last Sept. 14, 2018 to assist DOST for the titling of the Land</li><li>- As per RTC Br. 9, Tacloban CityN-327, there is a case archived for court order dated July 10, 2012</li><li>- 6/11/2019: Asked legal advice from Atty. Gula: go back to CENRO and inquire whether the lot with archived case is already titled.</li><li>- Upon meeting with CENRO Palo, it was found out that they too were having problems with titling the lot where their office is situated. Apparently, the whole Government Center in Candahug, Palo has a pending case. DOST8 was then requested to acquire a copy of the original certificate of Title with No. N-327 as indicated in the court order from the RTC.</li><li>- CENRO Palo advised DOST8 to wait as they will still have to verify the details with their own legal counsel.</li></ul>

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CY 2016 ML pp. 4-8 reiterated herein in paragraph 20 under Part II	The reported balance of ₱8.7M of the Cash in Bank – LCCA account under the Trust Receipts (Fund Cluster Code 07) representing IATFs and other trust receipts were not deposited with the National Treasury as required under EO 338 and Section 7, General Provisions of the FY 2016 GAA consequently affecting the fair presentation of the Cash-Treasury/Agency Deposit, Trust and the related accounts in the financial statements. Moreover, the bank accounts maintained with the depository banks without specific authority and legal basis is contrary with Section 2 of EO 338.	We recommended that management:  1. Direct the Accountant and Cashier to immediately prepare the Disbursement Voucher and draw a check for the withdrawal of the year-end balance of the Cash in Bank – LCCA accounts under RA 7687 of ₱2,813,972.48 and TAPI of ₱5,920,951.22 and deposit these funds and any forthcoming IATFs and trust receipts with the National Treasury;  2. Prepare the necessary Journal Entry Voucher to record the deposit and the reversion of the unused balance of unidentified source of deposits. Thereby, cause the closing of the bank accounts without specific authority and legal basis; and  3. Henceforth, deposit with the National Treasury all the trust receipts deposited with the authorized government depository banks which are intended to be deposited with the former as provided in EO 338 and Section 7, GP of FY 2016 GAA.	DOST8 to adhere to the audit recommendations  (same with Paragraph 19)	DOST8 Scholarship Unit / Accountant / Cashier	JAN 2023	DEC 2023	PARTIALLY IMPLEMENTED		DOST8 to close the current account intended for SEI and subsequently use the MDS-Trust Account.
CY 2016 ML pp.22-27	The DOST Regional Office No. VIII granted Longevity Pay benefits for its officials and employees contrary	For incoming transactions:	Management sustain the computation of the longevity pay used by the department on	DOST8 Management	01/01/ 2022	12/31/ 2022	Not Implemented		Submitted an Appeal with the COA January 29, 2018

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	to Republic Act No. 8439, its Implementing Rules and Regulations, and Section 13.0 of DBM-DOST Joint Circular No. 1, s. 2013 dated June 25, 2013 resulting in excessive and illegal disbursement of public funds in the aggregate amount of ₱2,890,279.47.	<div>1. Instruct the accountant to compute Longevity Pay benefits strictly in accordance with RA 8439, the amended IRR and JC 1 and stop the practice of releasing excessive amounts of LP benefits; and</div> <div>2. Require the submission of all required documents to be attached to the payroll before transactions are processed.</div>	the reason that Longevity pay already received by S&T personnel as of the effectivity of JC No. 1 dated June 25, 2013 pursuant to sub section 9.2 of the IRR of RA No. 8439, shall be continually received and not diminished. Any subsequent adjustment of LP on or after the effectivity of this JC shall be based on the monthly basic salary of the employee as of every 5-year milestone prescribed herein.						
CY 2014 ML pp. 16-19	Payments of Hazard Allowance to officials and employees of DOST RO 8 totaling ₱3,716,413.06 were not in accordance with the provisions of Sections 9.1.1 and 9.2 of DBM-DOST Joint Circular No. 2013-001, series of 2013 dated June 25, 2013 resulting in an overpayment of ₱370,783.01, thus exposing government funds to the risk of loss.	<div>Recommendation:</div> <div><ul style="list-style-type: none"><li>Refund the difference and/or amount of overpayment.</li></ul></div>	The Office to file a request for reconsideration that the actual working days of the month be applied in the computation of Hazard Allowance instead of the fixed working days in a month.	DOST8 Management	01/01/ 2022	12/31/ 2022	Not Implemented		An Appeal has been filed

Agency Sign-off:

Date:

**ENGR. ERNESTO M. GRANADA**  
Regional Director

DEC. 28, 2023

Status of Implementation may be either (a) Fully Implemented; (b) Partially Implemented; or (c) Not-Implemented