



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. IV-A
NATIONAL GOVERNMENT SECTOR
CLUSTERS 6 AND 8

Office of the Regional Supervising Auditor

April 27, 2022

Ms. MARITES P. COSICO
Center Director
Agricultural Training Institute
Regional Training Center IV-A
Trece Martires City, Cavite

Dear **Ms. Cosico**:

We are pleased to transmit the Management Letter (ML) on the Compliance Audit of the COVID-19 Funds on the Agricultural Training Institute – Regional Training Center IV-A during the Period of State of National Emergency for Calendar Year (CY) 2021 prepared by the Audit Team headed by Ms. Remedios M. Reconalla as OIC-Audit Team Leader, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, the Government Auditing Code of the Philippines.

The audit was made to (a) evaluate the extent of compliance with laws, rules and regulations as well as propriety and validity of transactions, and (b) recommend measures to improve the efficiency and effectiveness of the agency's operations. Further, the audit was conducted in accordance with the International Standards of Supreme Audit Institutions. The details of our audit observations, as well as the corresponding recommendations, are discussed/presented in the ML.

We request that this Office be informed of the actions taken on the audit observations and recommendations in the ML within 60 days from receipt of this letter pursuant to Section 89 of the General Provisions of the General Appropriations Act FY 2021 (RA No. 11518) by accomplishing the attached Agency Action Plan and Status of Implementation (AAPSI) form required under COA Memorandum No. 2014-002 dated March 18, 2014.

We express our appreciation for the support and cooperation extended by the officials and staff of that Agency.

Very truly yours,


NORMINDA M. IRICA
State Auditor IV
OIC-Regional Supervising Auditor

Department of Agriculture
Agricultural Training Institute – Regional Training Center IV-A
 Trece Martires City, Cavite

AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION
 Audit Observations and Recommendations on the
Compliance Audit of the
COVID-19 Funds during the Period of State of National Emergency

For the Calendar Year 2021
 As of _____

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			

Agency Signing Officer: _____

Name and Position of Agency Officer _____ Date _____

Note: Status of Implementation may either be (a) Fully Implemented, (b) Not Implemented



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. IV-A
National Government Sector
Cluster 8 – Agriculture and Environment
Department of Agriculture
Agricultural Training Institute – Regional Training Center IV-A
Brgy. Lapidario, Trece Martires City, Cavite

Office of the Auditor – Audit Team No. 43

April 26, 2022

Ms. MARITES P. COSICO.
Center Director
Agricultural Training Institute
Regional Training Center IV-A
Trece Martires City, Cavite

**Management Letter on the Compliance Audit of the
COVID-19 Funds during the Period of State of National Emergency
for Calendar Year (CY) 2021**

I. INTRODUCTION

Dear Ms. Cosico:

1. We have audited the COVID-19 Funds of the Agricultural Training Institute – Regional Training Center IV-A during the Period of State of National Emergency under Republic Act (RA) No. 11469 - Bayanihan to Heal as One Act and RA No. 11494 - Bayanihan to Recover as One Act covering the CY 2021.
2. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions on Compliance Audit. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.
3. The audit of the Covid funds covered the following specific areas:
 - a. Receipt, utilization and disbursement of funds
 - b. Procurement
 - c. Distribution of seeds, fertilizers, livestock, feeds and equipment
 - d. Grant of financial assistance to farmers
 - e. Fund transfers to Implementing Agencies (IAs) and NGOs/POs
 - f. Payment of hazard pay

4. The audit of the Covid funds was conducted to determine compliance of the agency with the following laws, rules and regulations (LRRs):
 - a. RA No. 11520 (an Act extending the validity of the CY 2020 Appropriations to December 31, 2021, amending for the purpose Section 60 of the General Provisions of RA No. 11465 otherwise known as the General Appropriations Act (GAA) of Fiscal Year 2020, Section 62 of RA 11465 (Release and use of Funds for 2021) dated January 6,2020; and Executive Order (EO) No. 91 dated Sept. 9, 2019 on the receipt and utilization of funds; COA Circular No. 2012-001 and its amendments and GPPB Resolution No. 18-2020 on the documentary requirements for disbursements.
 - b. Rule XVI of 2016 RIRR of RA No. 9184 (Procurement Law)
 - c. AO No. 43 which authorizes the grant of hazard pay to government personnel who physically report for work during the period of implementation of an enhanced community quarantine and a modified enhanced community quarantine, amending administrative order no. 26 (s. 2020), and for other purposes.
 - d. DBM Budget Circular (BC) No. 2020-1 dated March 24, 2020, Guidelines on the Grant of the COVID-19 Hazard Pay;
 - e. COA Circular No. 2012-001 and its amendments on the documentary requirements for disbursements
5. We wish to bring to your attention our audit observations and recommendations which were communicated through an Audit Observation Memoranda (AOM). The same were discussed in an exit conference held on April 26, 2022 with concerned Agricultural Training Institute – Regional Training Center IV-A officials and employees. Their comments were incorporated in this letter, where appropriate.

II. BACKGROUND INFORMATION

6. A state of national emergency was declared under RA No. 11469 or the Bayanihan to Heal as One Act (Bayanihan Act One) which was approved on March 24, 2020, in view of the adverse effect and serious threat of the Corona Virus Disease 2-019 (COVID-19) to health, safety, security and livelihood of the Filipinos. In order to sustain COVID-19 response and recovery interventions by the government, RA No. 11494 or the Bayanihan to Recover as One Act (Bayanihan Act Two) was approved on September 11, 2020.
7. In line with the Bayanihan Act One and Two , the Agricultural Training Institute (ATI) – Regional Training Center (RTC) IV-A implemented Programs/Projects/Activities (P/P/A) for CY 2021, which are briefly enumerated in the next page:

Fund per ORS	Description	Amount
Savings from Organic Agriculture (MOOE); UACS Object Code 50202010-02	Procurement of Flu Vaccine, 4 strands	P 48,510.00
	Procurement of Face Mask (disposable, 3-ply, 50s /box and FDA approved), Multivitamins (high quality, micronutrients, sugar free 30 capsules/bottle)	118,440.00
Savings from Corn (MOOE); UACS Object Code 50203010-02	Procurement of Face Mask (disposable, 3-ply, 50s /box and FDA approved), Multivitamins (Vitamin C, B-Complex 30 capsules/bottle)	108,150.00
Savings from Other Extension Support, Education and Training Services (MOOE); UACS Object Code 50502010-02	Procurement of Face mask to be used in various trainings	10,500.00
Other Extension Support, Education and Training Services (PS) per <i>ASA No. 101-2021-12-891 PS</i> ; UACS Object Code 50103010-00	Hazard Pay of regular employees for the period covered August 6 to October 20, 2021	363,000.00
High Value Crops Development Program (MOOE); UACS Object Code 50211990-00	Hazard Pay of JOs/COS for the period covered March 29 to May 14, 2021	76,000.00
	Hazard Pay of JOs/COS for the period covered August 6 to October 20, 2021	81,500.00
Other Extension Support, Education and Training Services (MOOE); UACS Object Code 50211990-00	Hazard Pay of JOs/COS for the period covered March 29 to May 14, 2021	135,000.00
	Hazard Pay of JOs/COS for the period covered August 6 to October 20, 2021	92,580.00
Other Extension Support, Education and Training	Hazard Pay of regular personnel for the period covered March 29 to May 14, 2021	151,000.00

Fund per ORS	Description	Amount
Services (PS); UACS Code 50102110-02		
Rice Program (MOOE); UACS Object Code 50211990-00	Hazard Pay of JOs/COS for the period covered August 6 to October 20, 2021	98,820.00
Corn (MOOE); UACS Object Code 50211990-00	Hazard Pay of JOs/COS for the period covered August 6 to October 20, 2021	13,825.01
Organic Agriculture (MOOE); UACS Code 50211990-00	Hazard Pay of JOs/COS for the period covered August 6 to October 20, 2021	111,274.99
	Total	<u>₱1,408,600.00</u>

III. BASIS FOR THE CONCLUSION, CONCLUSION AND RECOMMENDATION

Receipt, utilization and disbursement of funds

8. The receipt of funds of ₱363,000.00 per ASA No. 101-2021-12-891 (Personnel Services) and the re-programmed/re-allocation of funds amounting to ₱1,045,600.00, respectively, for Covid-19 initiatives were fully utilized/obligated/dispensed, in accordance with the purpose of the allocation and were duly accounted for.
9. Based on the audit work performed, we concluded that receipt, utilization and disbursement of funds per ASA No. 101-2021-12-891 (Personnel Services) and realigned funds for the payment of hazard pay, procurement of flu vaccines, disposable face masks and multivitamins were in compliance with the purpose of the allocation/realignment set forth by Republic Act (RA) No. 11469 and 11494, otherwise known as “Bayanihan to Heal As One Act” and “Bayanihan to Recover As One Act”, respectively.
10. We recommended and management agreed to continue its practice of observing the proper utilization of funds in accordance with the allotment/s or allocation/s and for intended purpose/s.

Procurement

11. Procurement of flu vaccines, multivitamins and disposable face masks amounting to ₱48,510.00, ₱118,440.00, and ₱118,650.00, respectively, were in accordance with

Section 53.9 (small value procurement) of Rule XVI of 2016 Revised Implementing Rules and Regulations (RIRR) of Procurement Law (RA 9184).

12. Based on the audit work performed, we concluded that procurement of goods (small value procurement) in the total amount of ₱285,600 were compliant with the provision of Section 53.9 of RIRR of RA 9184.
13. We recommended and management agreed to continue its practice of procurement of goods in accordance with the abovementioned regulation.

Distribution of seeds, fertilizers, livestock, feeds and equipment

14. This specific area is not applicable to ATI RTC IV-A for CY 2021.

Grant of financial assistance to farmers

15. This specific area is not applicable to ATI RTC IV-A

Fund transfers to Implementing Agencies (IAs) and NGOs/POs

16. This specific area is not applicable to ATI RTC IV-A for CY 2021

Payment of hazard pay

17. Payment of COVID-19 Hazard Pay to regular personnel and Job Orders/Contract of Services (JOs/COS) for CY 2021 in the total amount of ₱1,123,000.00 were complete with necessary supporting documents.
18. Based on the audit work performed, initially, of the total hazard pay of ₱1,123,000.00, ATI RTC IV-A was not fully compliant with the provisions of Administrative Order (AO) No. 43 dated June 1, 2021 and Department of Budget and Management (DBM) Budget Circular (BC) No. 2020-1 in the payment of hazard pay of ₱362,000.00 to the regular personnel and JOs/COS member of the designated Skeleton Work Force from March 29 to May 14, 2021 caused by the lacking approved DTRs or photocopies of their attendance logbook. However, Management was able to comply with the required supporting documents as recommended in the Audit Team's issued AOM No. 2021-01 (2021)(Covid19) dated April 12, 2022.
19. We acknowledged the Management for their prompt and satisfactory compliance of the recommendation of the Audit Team and advised that the Center Director direct the Accountant and all persons concerned to ensure that all the necessary supporting documents were attached to their claims.

IV. DETAILED OBSERVATIONS AND RECOMMENDATIONS

Receipt, utilization, and disbursement of funds

20. **The receipt of funds of ₱363,000.00 per ASA No. 101-2021-12-891 (Personnel Services) and the re-programmed/re-allocation of funds amounting to ₱1,045,600.00, respectively, for Covid-19 initiatives were fully utilized/obligated/dispensed, in accordance with the purpose of the allocation and were duly accounted for, thus compliant with RA No. 11520.**
21. RA No. 11520 is an Act extending the validity of the CY 2020 Appropriations to December 31, 2021, amending for the purpose Section 60 of the General Provisions of RA No. 11465 otherwise known as the General Appropriations Act (GAA) of Fiscal Year 2020, Section 62 of RA 11465 (Release and use of Funds for 2021) dated January 6, 2020; and Executive Order (EO) No. 91 dated Sept. 9, 2019 on the receipt and utilization of funds.
22. During the year, the agency's receipt of funds per ASA No. 101-2021-12-891 (Personnel Services) and re-programmed/re-allocated funds of ₱1,045,600.00 for the payment of hazard pay and procurement of Covid-19 initiatives, were fully utilized/obligated/dispensed to provide immediate response and initial recovery steps in response to COVID-19.
23. **We recommended and management agreed to continue its practice of observing the proper utilization of funds in accordance with the allotment/s or allocation/s and for the intended purpose/s**

Procurement

24. **Procurement of flu vaccines, multivitamins and disposable face masks amounting to ₱48,510.00, ₱118,440.00, and ₱118,650.00, respectively, were in accordance with Section 53.9 (small value procurement) of Rule XVI of 2016 Revised Implementing Rules and Regulations of Procurement Law (RA 9184), thus compliant with abovementioned provision of RA 9184.**
25. Section 53.9, Rule XVI of 2016 RIRR of RA No. 9184 provides the criteria for Small Value Procurement where the procurement of goods, Infrastructure Projects and Consulting Services the amount involved does not exceed the threshold prescribed in Annex "H" of this IRR; *Provided*, That in case of Goods, the procurement does not fall under shopping in Section 52 of this IRR.
26. The procurement of flu vaccines (4 strands), multivitamins (C and B-complex) and disposable face masks during the year in the amount of ₱48,510.00, ₱118,440.00, and ₱118,650.00, respectively, did not exceed the threshold prescribed in Annex "H" of the Revised Implementing Rules and Regulations (RIRR) of the RA 9184. It does not also fall under shopping in Section 52 of the same RIRR.

27. **We recommended and management agreed to continue the practice of procurement of goods in accordance with the pertinent provisions of RA 9184.**

Distribution of seeds, fertilizers, livestock, feeds and equipment

28. This specific area is not applicable to ATI RTC IV-A for CY 2021.

Grant of financial assistance to farmers

29. This specific area is not applicable to ATI RTC IV-A.

Fund Transfers to Implementing Agencies (IAs) and NGOs/POs

30. This specific area is not applicable to ATI RTC IV-A for CY 2021.

Payment of Hazard Pay

31. **Payment of COVID-19 Hazard Pay to regular personnel and Job Orders/Contract of Services (JOs/COS) for CY 2021 in the total amount of ₱1,123,000.00 were complete with necessary supporting documents, thus ATI RTC IV-A was compliant with Administrative Order (AO) No. 43 dated June 1, 2021 and Department of Budget and Management (DBM) Budget Circular (BC) No. 2020-1.**
32. AO No. 43 authorizes the grant of hazard pay to government personnel who physically report for work during the period of implementation of an enhanced community quarantine and a modified enhanced community quarantine, amending administrative order no. 26 (s. 2020), and for other purposes.
33. Likewise, Section 4 of the DBM BC No. 2020-1 dated March 24, 2020 provides that the heads of government agencies may grant COVID-19 hazard pay of ₱500 per day to the personnel/workers who have been authorized to physically report for work at their respective offices or work stations on the prescribed official working hours by the head of agency/office during the period of implementation of Enhanced Community Quarantine (ECQ) measures in the area of such office or work station.
34. On March 27, 2021, the President approved the recommendations of the Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases enclosed in the IATF Resolution No. 106-A dated March 27, 2021 series of 2021 placing the National Capital Region (NCR), Bulacan, Rizal, Cavite, and Laguna under enhanced community quarantine (ECQ) which was extended until April 11, 2021.
35. The IATF then issued the IATF Resolution No. 109-A dated April 10, 2021 series of 2021 placing NCR, Bulacan, Rizal, Cavite, and Laguna under modified enhanced community quarantine (MECQ) which was extended until May 14, 2021.

36. During the CY 2021, ATI RTC No. IV-A paid hazard pay to regular employees and JOs/COs in the total amount of ₱1,123,000.00. Of this amount, ₱362,000.00 representing hazard pay from March 29 to May 14, 2021 was paid despite lacking approved DTRs or photocopies of the attendance logbook of regular personnel and JOs/COS. The Audit Team issued AOM No. 2021-01 01 (2021)(Covid19) dated April 12, 2022 recommending Management the submission of the required lacking documents. Management upon receipt of the AOM was able to comply with the required supporting documents.
37. We acknowledged the Management for their prompt and satisfactory compliance of the recommendation of the Audit Team and advised that the Center Director direct the Accountant and all persons concerned to ensure that all the necessary supporting documents were always attached to their claims.

V. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

38. We made a follow-up on the action taken by the ATI RTC IV-A to implement the eight prior year's audit recommendations contained in the CY 2020 Compliance Audit of the Covid-19 funds and noted that six were implemented and two were not implemented/closed.
39. The results of the validation of the implementation of prior year's recommendations are presented in *Annex A*.


VI. ACKNOWLEDGMENT

40. We wish to express our appreciation to the Management and staff of the Agricultural Training Institute, Regional Training Center IV-A for the cooperation and assistance extended to our Audit Team during the audit.

Very truly yours,

For the Commission on Audit

By:


REMEDIOS M. RECONALLA
OIC-Audit Team Leader

Copy furnished:

The Supervising Auditor
Department of Agriculture

The Cluster Director
NGS Cluster 8

The Regional Director
COA Regional Office IV-A

The Regional Supervising Auditor
Clusters 8, Region IV-A



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Office of the Auditor – Audit Team No. 43

Agricultural Training Institute
 Regional Training Center IV-A

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATION

For the Year Ended December 31, 2021

Out of the eight audit recommendations embodied in CY 2020 Corona Virus Disease 2019 (COVID-19) Management Letter (ML), six were implemented and two were not implemented/closed.

Reference	Audit Observation	Recommendation	Management's Action	Status of Implementation	Reason for Partial/ Non-Implementation
PY COVID-19 ML, page 5,	Out of the 1,440 heritage chickens procured for P1,148,800.00 there were 1,390 that remained undistributed and housed at the farm of the	We recommended that the Center Director: <ul style="list-style-type: none"> assign another Focal Person to facilitate the distribution of 	The Focal Person was on leave around December 2020, but	Implemented	

Reference	Audit Observation	Recommendation	Management's Action	Status of Implementation	Reason for Partial/ Non-Implementation
<p>paragraph nos. 19-29</p>	<p>supplier as of December 31, 2020 due to the leave absence of the Focal Person, thus the objectives of the Ahon Lahat, Pagkain Sapat (ALPAS) Kontra Covid-19 program under the Department of Agriculture (DA) Memorandum Circular No. 21 were defeated. Moreso, the validity and propriety of payments of chickens and other expenses related to the program totaling ₱1,391,971.00 were doubtful due to defective/lacking documents.</p>	<p>the 1,390 chickens to the selected/evaluated beneficiaries/recipients pursuant to the Department of Agriculture Memorandum Circular No. 21 dated June 2, 2020;</p> <ul style="list-style-type: none"> • instruct the Focal Person to submit to the Audit Team the list of selected beneficiaries/recipient with the number of chickens allocation and the proof/s of acknowledgment/receipt; and • enjoin the Accountant to submit the lacking documents, provide justification for the defective documents 	<p>was already back by the time the AOM was issued, to facilitate the distribution</p> <p>The Accountant and the Focal Person have submitted the lacking documents and the additional proof of receipts by the beneficiaries.</p> <p>Management submitted the lacking documents together with the justification for the defective documents as</p>	<p>Implemented</p> <p>Implemented</p>	

Reference	Audit Observation	Recommendation	Management's Action	Status of Implementation	Reason for Partial/ Non-Implementation
		<p>enumerated in <i>Annex A</i>, and refrain from processing claims with incomplete/ defective papers.</p>	<p>presented in the <i>Annex A</i>.</p>		
<p>PY COVID-19 ML, page 8, paragraph nos. 34-45</p>	<p>The processing/approval of Disbursement Voucher and Check for the payment of Information, Communication and Technology Equipment and accessories for P221,000.00 prior to the delivery and acceptance by the Management, and the lack of other documentary requirements such as PhilGEPS Registration Number and Mayor's/Business Permit, among others, is contrary to Section 36(e)(f) of Chapter 2 of the Government Accounting Manual and</p>	<p>We recommended that the Center Director instruct the:</p> <ul style="list-style-type: none"> • Accountant to: <ul style="list-style-type: none"> (a) ensure that all claims against government funds are completely supported with the necessary documents before processing for payment; and (b) collect from the supplier the liquidated damages of P16,796.00; and 	<p>Verification of documents pertaining to procurement of Covid19 supplies, drugs and other supplies and materials for CY 2021 completely supported.</p> <p>Liquidated Damages were not collected since the delay was due to the</p>	<p>Implemented</p> <p>Not Implemented/ Closed</p>	<p>The audit recommendation is considered closed since the</p>

Reference	Audit Observation	Recommendation	Management's Action	Status of Implementation	Reason for Partial/ Non-Implementation
	<p>(GAM) for National Government Agencies (NGAs), Volume I, and pertinent provisions of the 2016 Revised Implementing Rules and Regulations (RIRR) of RA No. 9184 and casted doubts whether the procurement was made to a legible/qualified supplier. Moreover, the liquidated damages of ₱16,796.00 for late delivery was not collected.</p>	<p>Accountant, BAC and BAC Secretariat to submit the lacking documents.</p> <ul style="list-style-type: none"> Accountant, BAC and BAC Secretariat to submit the lacking documents. 	<p>unavailability of items in the market.</p> <p>The Accountant and the BAC Secretariat have submitted the cited lacking documents.</p>	<p>Implemented</p>	<p>delay in the delivery is due to the unavailability of items in the market caused by the pandemic which is beyond the control of the supplier.</p>
<p>PY COVID-19 ML, page 11, paragraph nos. 47-53</p>	<p>Payment of COVID-19 Hazard Pay to regular personnel and Job Orders/Contract of Services (JOs/COS) in the amount of ₱10,500.00 and ₱31,500.00, respectively were devoid of proofs/documents that they are authorized to report for work and physically reported to</p>	<p>We recommended and the Center Director agreed to direct the:</p> <ul style="list-style-type: none"> Accountant and all persons concerned to submit immediately their Daily Time Records (DTRs), Daily Accomplishment Reports and 	<p>The Accountant has submitted the Daily Accomplishment Reports and Certifications as sufficient documentation for the claiming of each</p>	<p>Implemented</p>	

Reference	Audit Observation	Recommendation	Management's Action	Status of Implementation	Reason for Partial/ Non-Implementation
	<p>work during the Enhanced Community Quarantine (ECQ) from March 17 to May 15, 2020, contrary to Administrative Order (AO) No. 26 and Department of Budget and Management (DBM) Budget Circular (BC) No. 2020-1, thus validity and propriety of expenses could not be properly ascertained.</p>	<p>accreditation order/certification as member of the designated Skeleton Work Force from March 17 to May 15, 2021, for further evaluation; and</p> <ul style="list-style-type: none"> Accountant to refrain from processing claims with incomplete documentation. 	<p>personnel's hazard pay. The Accountant averred that attendance were only recorded through logbooks.</p> <p>Claims for CY 2021 hazard pay were not supported by photocopies of attendance logbook</p>	<p>Not Implemented</p>	<p>Verification of claims for CY 2021 disclosed that approved DTR or certified copy of attendance logbook were still not attached to their claims for hazard pay</p>