

DEPARTMENT OF ENERGY
Energy Center, Rizal Drive corner 34th Street Bonifacio Global City, Fort Bonifacio, Taguig City

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observation and Recommendations
For the Calendar Year 2021
As of June 30, 2022

Ref.	Audit Observation	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-implementation applicable	Action Taken / Action to be Taken
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					From	To			
FINANCIAL AUDIT Accounting Errors and Improper Accounting Treatment of Transactions	<p>Accounting Deficiencies Affecting Reliability of Account Balances</p> <p>1. Accounting deficiencies affecting the Receivables and Property, Plant and Equipment (PPE) accounts to the extent of P504,113,228.48 were noted due to the inability of agency officials concerned to implement the controls required under existing regulations in the reconciliation and validation of account balances posing possible/potential effects on the reliability of the reported balances of the affected accounts.</p> <p>a) Unreliable balance of the Receivables account</p> <p>The accuracy of the reported balance of P1,550,705,602.27 of the Inter-Agency and Other Receivables accounts is unreliable due to (i) unreconciled difference in the amount of P89,863,148.39 on fund transfers of DOE with the IAs' records; and (ii) existence of negative balance in the Subsidiary Ledger of the Due from LGUs account amounting to P324,009.00 which is attributed to the DOE's delay and error in the recording of liquidations made by various IAs.</p>	<p>We recommended and Management agreed to:</p> <p>a. direct the Accounting Division to verify if the IAs concerned actually submitted the liquidation documents and prepare journal entry/ies, as necessary, to take up the liquidation of the fund transfers.</p>	<p>To comply with the recommendation.</p>	<p>AD-FS</p>			<p>Fully Implemented</p>	<p>Out of P1,550,705,602.27 reported Inter-Agency and Other Receivables accounts as of December 31, 2021, P130,302,504.96 were liquidated / settled and already adjusted through Journal Entry Vouchers (JEVs) leaving the balance of P1,426,016,310.00.</p> <p style="text-align: center;">(Annex 1)</p>	

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		b. instruct the Accounting Division to review the negative balance noted in the SL in the amount of P324,009.00 and prepare journal entry/ies, as warranted.	To comply with the recommendation.	AD-FS			Fully Implemented	The necessary adjusting entries have been prepared through JEVs.	
	<p>b) Unreliable PPE account balance due to unreconciled variance between the accounting record and the RPCPPE – P413,926,071.09</p> <p>The accuracy of the reported year-end balance of P1,835,719,985.70 of the PPE account could not be ascertained in view of the unreconciled variance of P413,926,071.09 between the accounting records and the RPCPPE, mostly attributable to prior years' unreconciled amounts because of the inability of the Accounting Division and the Supply and Property Section to perform periodic reconciliation of the accounting and property records.</p>	<p>We recommended and Management agreed to require the Accounting Division and the GSD to:</p> <p>a) identify the nature and details of the PPEs with unreconciled difference;</p> <p>b) make the necessary adjustments/corrections affecting their respective records for the reconciling items noted; and</p> <p>c) thereafter, periodically reconcile their respective records to ensure accurate balances of PPE accounts as at year-end.</p>	To comply with the recommendation.	AD-AD GSD-AS	Continuously		Fully Implemented	Proper identification of equipment per account already reconciled with the Accounting Division based on NGAS.	
					On-going		Partially Implemented	Reconciliation of accounts already conducted. Reconciling items shall reflect on the next RPCPPE (CY2022).	

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<i>Unobligated Allotments - P406,485,294.88</i>	2. DOE obligated P1,924,934,032.92 or 82.56 percent of its total allotments of P2,331,419,327.80 and disbursed P1,154,456,424.33 or 59.97 percent thereof as authorized under Section 62 of Republic Act (RA) No. 11640 or the General Appropriation Act (GAA) for FY 2021. Moreover, P1,630,993,969.87 or 79.71 percent of the total received cash allocation of P2,046,107,530.00 were utilized, indicating improvement in CY 2021 to last year's utilization rate of 61.59 percent of its cash allocation.	We recommended that the Management consider ways and strategies to improve its absorptive/spending capacity for the efficient utilization of fund releases for its operation and attainment of the mandate of the Agency giving due regard to the continuing challenges of the present times and in doing business under the new normal.	To comply with the recommendation.	AD-FS BD-FS EPPB	2022	Onwards	<i>Fully Implemented</i>	On the Financial side: DOE through the Budget Division together with Planning Division will conduct mid-year and third quarter Physical/Financial Review to appraise the operating units of their physical/financial performance; They will also include Monthly Financial Status Report provided to all operating units the disbursement rate of their actual obligations for them to facilitate processing of payment for delivered goods/services; and Monitor status of their PR/RFS or earmarked activities.	

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<p><i>Control lapses in the grant and liquidation of Cash Advances – P24,577,549.19</i></p>	<p>3. Lapses in the implementation of proper controls such as lack of enforcement on the liquidation of cash advances within the reglementary period resulting in past due accounts of P635,626.12; dormant and non-moving accounts for over three (3) years in the amount of P150,993.97; and non-provision of Subsidiary Ledgers to monitor the grant and liquidation of cash advances for Field Offices (FOs) with outstanding balance of P18,391,365.22, contributed to the unliquidated cash advances at year-end aggregating to P24,577,549.19 contrary to COA Circular Nos. 97-002 and 2012-001.</p>	<p>We recommended and Management agreed to:</p> <p>a) consider the issuance of internal guidelines aligned with the COA Circular on the granting and liquidation of its cash advances providing internal policies to strictly monitor compliance by DOE officials and Field Offices concerned;</p> <p>b) prepare and maintain Subsidiary Ledgers of cash advances for operating expenses and henceforth, comply with the provisions of PD No. 1445 relative to the complete preparation of Financial Reports and its supporting schedules;</p> <p>c) exhaust all possible means to locate the whereabouts and status of retired/resigned officials and employees with outstanding advances which includes coordination with other government agencies such</p>	<p>To comply with the recommendation</p>	AD-FS			Fully Implemented	
			<p>Complied</p>				Fully Implemented	<p>Subsidiary Ledgers for Advances for Operating Expenses are maintained for each Field Offices.</p>
			<p>To comply with the recommendation</p>				Partially Implemented	<p>Out of P150,993.97 past due accounts as of December 31, 2021, P10,020.00 were settled/adjusted through Journal Entry Vouchers (JEVs) leaving a balance of P140,973.97. (Annex 2)</p>

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		<p>as the Government Service Insurance System or the Philippine Statistics Authority, and demand that they liquidate and/or refund immediately their unliquidated cash advances; otherwise, execute any legal remedy to collect the amount; and</p> <p>d) initiate request for write-off for unliquidated cash advance balances of accountable officers determined to have the collections already futile in accordance with the provisions of COA Circular No. 2016-005 dated December 19, 2016, as necessary.</p>	To comply with the recommendation .					<p>The request for write-off is ongoing in coordination with Accounting Division and Legal Services.</p> <p>Resort to personal service of demand letters; alternatively in the event the persons liable are no longer residing in the last known addresses request the proper barangay of the municipality/city to issue "Certificate of No Residence".</p>	

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Dormant Cash in Bank accounts	<p>4. Dormant and other unnecessary cash in bank accounts maintained under Local Currency, Current Account (LCCA) with a total amount of P2,727,071,884.18 were not remitted to the National Treasury contrary to Section 6 of the General Provisions of RA No. 11465, or the GAA for FY 2021, and the Permanent Committee Joint Circular No. 4-2012, thus, depriving the National Government of the proper disposition and productive use of the funds.</p> <p>a) Non-Reversion of the Mirant Sustainable Solar Market Package (Mirant-SSMP) account to the Bureau of the Treasury - P1,374,254.75</p> <p>b) Non-Reversion of the GSTLF and its corresponding accounts to the Bureau of the Treasury - P76,947,194.83</p> <p>c) Non-Reversion of the Capacity Building for Removal of Barriers to Renewable Energy Development (CBRED) - Project Preparation Fund - P19,515,184.11</p>	<p>We recommended and Management agreed to:</p> <p>a) coordinate with the fund manager (DBP-TS) to revisit and amend the GSTLF loan requirements to encourage more loan borrowers; and</p> <p>b) otherwise, consider the transfer of funds to BTr special account so that it can be used for the GSTLF project upon approval of the submitted program of activities/expenditures by the DOE.</p> <p>Moreover, we reiterated our prior year's audit recommendation that Management:</p> <p>a) require the Official/s concerned for the -</p>	<p>To comply with the recommendation.</p>	RMMSCD-OIMB	May 2022	Nov. 2023	Partially Implemented	<p>GSTLF Program Activities</p> <ol style="list-style-type: none"> 1. Overall Program Review 2. Revisit and enhance the requirements to make the loan more attractive to potential loan participants 3. Issued Revised Guidelines (loan coverage, evaluation and approval of applications, functions of Project Review Committee, etc.) 4. Updated Requirements for the Program Manager based on revised guidelines 5. Negotiation with DBP to continue as Program Manager based on the updated requirements <p>The DOE-Mirrant SSMP account was closed and the remaining balance was remitted to the Bureau of</p>	
			<p>To comply with the recommendation</p>				Fully Implemented		

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	d) Non-Reversion of the Training Commitment Fund (TCF) - P147,107,612.08	<p>i. immediate deposit to the National Treasury of the inactive, dormant and unnecessary funds in bank accounts including the trust receipts and the training commitments cash balances, pursuant to Section 6, General Provisions of the GAA for FY 2021; and</p> <p>ii. closing of the inactive and unnecessary bank accounts;</p> <p>b) seek authority from the Permanent Committee of maintaining the Mirant-SSMP, UNDP-CBRED funds with the various Fund Managers and the TCF special account; otherwise, remit the said funds to the BTr.</p>	<p>To close inactive unnecessary bank accounts.</p> <p>Complied</p>	<p>AD-FS</p> <p>REAMD-EPIMB ERDB REMB AD-FS</p>			<p>Fully Implemented</p> <p>Fully Implemented</p>	<p>Treasury in the amount of P1,374,532.67 per JEV No. 2022-05-004087 dated May 4, 2022.</p> <p style="text-align: center;">(Annex 3)</p> <p>Implementing Rules and Regulations (IRR) for the Training Commitment Fund are being finalized.</p> <p>Mirant-SSMP account has been closed and remitted to BTr.</p> <p>TCF special account has been remitted to BTr Clearing account No. 3402-2456-61 under Special Account in the General Fund (Fund 151).</p>	

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<i>Late and Non-submission of Bank Reconciliation Statements</i>	5. Monthly Bank Reconciliation Statements (BRSs) for the eight (8) bank accounts maintained by the DOE with the Land Bank of the Philippines (LBP) were not submitted to the Office of the Auditor contrary to Section 60 of Chapter 19, Sections 3, 5 and 7 of Chapter 21 of the GAM for NGAs, Volume I, and Section 74 of PD No. 1445, thus, preventing the timely review of cash transactions and early detection of errors, if any.	We recommended and Management agreed to:							
		a) direct the designated staff at the Accounting Division to make representations and/or closely coordinate with LBP for the timely issuance of the monthly bank statement and/or consider availing of the bank's we-Access online facility to view and download or print needed statement to facilitate the preparation of BRS;	Complied	AD-FS			<i>Fully Implemented</i>		
		b) require the Accountant to immediately submit the unsubmitted monthly BRS to the Office of the Auditor; and	To comply with the recommendation.	AD-FS			<i>Fully Implemented</i>		The required BRS has been submitted to COA. (Annex 4)
	c) henceforth, strictly adhere with Section 60 of Chapter 19, and Sections 3, 5 and 7 of Chapter 21 of the GAM for NGAs, Volume I for the prompt preparation and submission of BRS to the Office of the Auditor to facilitate timely audit of cash accounts.	Strict Adherence to Sec. 60 of Chapter 19, and Sections 3, 5 and 7 of Chapter 21 of the GAM for NGAs, Volume I.	AD-FS	Continuously		<i>Fully Implemented</i>		Monthly BRS submitted to the Office of the Auditor.	

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<i>Dormant Receivable Accounts – P97,570,580.53</i>	6. Long outstanding fund transfers to 84 Implementing Agencies amounting to P97,570,580.53 remained unliquidated/unrefunded for 10 to 38 years, hence, considered dormant accounts as defined under Sections 5.4 and 5.6 of COA Circular No. 2016-005. The dormant accounts imply the inability of the DOE to strictly enforce the submission of fund utilization report and any unutilized balance by project implementers pursuant to Sections 4.6 and 4.9 of COA Circular No. 94-013 as a tool in monitoring completion or progress of the projects.	We recommended and Management agreed to: a) implement other remedies/strategies in addition to sending of demand letters to collect the outstanding balances such as assigning of focal office/person who will constantly coordinate with the IAs/NGOs in resolving issues which hinders the liquidation and/or refund of outstanding fund transfers; and	To coordinate with Project Implementers for settlement.	AD-FS Concerned Implementing Units (End Users)	Continuously		<i>Partially Implemented</i>	<p>The Financial Services in coordination with the concerned implementing units is seriously taking actions to expedite the liquidation of various fund transferred accounts and continuously strengthening the department’s monitoring system.</p> <p>Out of long outstanding fund transfers to 84 Implementing Agencies amounting to Php97,570,580.53, Php2,480,706.31 were already liquidated/adjusted through JEVs leaving the balance of Php95,089,738.28. (Annex 5)</p> <p>The account of Dr. Filomena San Juan Rural Health Env. And Livelihood was endorsed to Legal Services. Accordingly, the case was submitted for resolution and with the on-going Hearing on the Counter-Claim of Ricardo San Juan.</p>	
			To await final judgement by the court. On-going trial	Legal Services					

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		b) request the write-off of dormant accounts after exhausting reasonable efforts in accordance with Section 8 of COA Circular No. 2016-005.	To comply with the recommendation.	AD-FS Legal Services Concerned Implementing Units (End Users)	On going		<i>Partially Implemented</i>		

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<i>Inability to update and/or properly accomplish some of the required forms related to Inventories</i>	7. The DOE Supply and Property Section does not regularly update and/or properly accomplish the Inventory forms as prescribed under Chapter 8, Volume I of the GAM for NGAs to assist Management in the monitoring and control related to procurement and issuance of office inventories.	We recommended and Management agreed to update and properly accomplish the prescribed forms for Inventories in accordance with the guidelines set forth under the GAM for NGAs.	Complied	SPS-AS AD-FS	Continuously		<i>Fully Implemented</i>		All prescribed forms for inventories are properly accomplished in accordance with the guidelines set forth under the GAM for NGAs.

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<i>Delayed submission of the RPCPPE, and non-update/preparation of the required forms</i>	8. The General Services Division incurred a delay of 29 days in the submission of the RPCPPE for CY 2021 to the Audit Team as required under Section 38, Chapter 10 of the GAM for NGAs Volume I. Moreover, deficiencies were noted in the preparation of the Property Card (PC), Property Acknowledgement Receipt (PAR) and Inventory and Inspection Report of Unserviceable Property (IIRUP). The Report of Lost, Stolen, Damaged and Destroyed Property (RLSDDP) was also not prepared and submitted by the Accountable Officer to the Accounting Division, GSD and COA to report a lost property.	We reiterated our previous year's recommendations to require the GSD to:							
		a) strictly comply with the submission of the RPCPPE on or before January 31 of each year to the Office of the Auditor as required under Section 38, Chapter 10 of the GAM for NGAs Volume 1;	To comply with the recommendation	GSD-AS			Fully Implemented	Delayed submission is due to COVID-19 surge in January 2022 resulting in lockdown. Maximum 10% manpower per office	
		b) expedite the renewal of PARs and ensure that the PARs issued are renewed once every three (3) years or every time there is a change in custodianship/user of the property to establish accountability over the properties;	To comply with the recommendation	GSD-AS	December, 2022		Partially Implemented		PARs had been renewed in all DOE Field Offices. Ongoing for DOE Main Office
c) update the PCs and IIRUP and ensure that all the required data pertaining to all unserviceable PPEs are indicated in the report so	To comply with the recommendation	GSD-AS	June 2022		Fully Implemented	The IIRUP is updated as of 30 June 2022.			

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		<p>that the proper dropping from the records are attained; and</p> <p>d) inform the AOs to prepare and submit the RLSDDP every time that there are lost, stolen, damaged, or destroyed PPE, the report shall be prepared and submitted to the Office of the COA Auditor and Accounting Division.</p>	To comply with the recommendation	AD-FS			Fully Implemented		The RLSDDP is already in use since 03 May 2022

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		<p>We recommended and Management agreed to:</p> <p>a) further improve its collection strategies/schemes to collect the amount of TC and DA, and other fees due from the energy operators, regardless of their contract status;</p> <p>b) consider drafting and issuance of an internal guidelines relative to monitoring of collections derived from energy explorations which include provisions for the assigning of a focal office/person who will handle the preparation of billings, the reporting</p>	To comply with the recommendation.	REMB ERDB LS FS	Continuous		<i>Partially Implemented</i>	<p>The DOE through ERDB sent Demand letters to terminated Service Contractors (SC 50,52,61,64,65,66,68.70 and 73) to settle their outstanding financial obligation on DA.</p> <p>Letter dated 28 January 2022 was sent / forwarded to the Office of the Solicitor General for the endorsement of the Collection Case.</p> <p>SC74 - 76 paid their financial obligation pertaining to DA.</p> <p>GEMD-REMB to continue updating of TC-DA database pertaining to the renewable energy service contractors.</p> <p>IRR for the TCF is being finalized.</p>	
			To Draft Implementing Rules and Guidelines of the Training Commitment Fund. .	FS LS REMB ERDB	On-going				<i>Partially Implemented</i>

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		of the extent of compliance by energy operators/service contractors and the consolidation of financial reports; c) submit to the Audit Team all existing service contracts; and d) henceforth strictly comply with the timely submission of perfected contracts within (5) five days from its execution.	Complied To comply with the recommendation				<i>Fully Implemented</i>		

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<i>Implementation of RA No. 9513 or the "Renewable Energy Act of 2008"</i>	10. The Work and Financial Plan (WFP) and the Annual Line-Item Budget (ALIB) of three (3) Affiliated Renewable Energy Centers (ARECs) for the implementation, promotion, and commercialization of Renewable Energy (RE) were not in accordance with paragraph c, Section 8 of Department Order (DO) No. 2013-12-0019 dated December 9, 2013. Moreover, the DOE was not able to secure an official receipt (OR) from the three (3) existing ARECs for the amount transferred to them pursuant to Section 4(2)(a) of the same DO.	We recommended and Management agreed to:							
		a) consider the revision/amendment of the DO No. 2013-12-019 dated December 9, 2013 to include the salaries and wages of additional personnel for the effective and efficient operation of the ARECs;	To comply with the recommendation.	SWEMD-REMB	2 nd Quarter 2022	4 th Quarter 2022	<i>Partially Implemented</i>		Department Order No. DO2013-12-019 dated December 09, 2013 was already amended by Department Order No. DO2019-03-0007 dated March 08, 2019. However, salaries and wages of additional personnel (contract of service) were not explicitly mentioned but rather reflected in the Work and Financial Plan (WFP) of the Memorandum of Agreement (MOA) between the DOE and concerned AREC. Moreover, the REMB in coordination with the Financial Services and Legal Services is currently reviewing the Department Order No. DO2019-03-007 dated March 08, 2019 and template MOA of AREC to successfully integrate Audit Recommendation.
		b) henceforth, strictly observe the provision of paragraph c, Section 8 of said DO on the allocation of the 5 percent fund; and	To comply with the recommendation.	SWEMD-REMB	Continuously		<i>Fully Implemented</i>	The proponent will strictly adhere with the Audit Recommendation ensuring that allocation of funds (as reflected in the WFP and LIB) shall be consistent with the MOA, DO and applicable accounting and auditing rules and regulations.	

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		c) require the ARECs to issue ORs for the amount received from the DOE pursuant to the MOA.	To comply with the recommendation	SWEMD-REMB			<i>Fully Implemented</i>	<p>The DOE through REMB secured the original copies of ORs from ARECs to wit:</p> <p>c.1) PSAU-AREC on 31 March 2022 with OR No. 0467001 dated 28 December 2021</p> <p>c.2) UEP-AREC on 31 March 2022 with OR No. 0234740 dated 06 January 2022</p> <p>USTP-AREC on 08 June 2022 with OR No. 1018931 dated 19 January 2022, received by the Treasury Division-AS on 07 July 2022.</p> <p>A copy of ORs was transmitted to COA on 04 April 2022. (Annex 6)</p>	

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<i>Implementation of RA No. 11285 or the "Energy Efficiency and Conservation Act"</i>	11. DOE substantially complied with the provisions of RA No. 11285 otherwise known as the "Energy Efficiency and Conservation Act" and It's Implementing Rules and Regulations (IRR) by formulating rules, regulations, and guidelines to implement the provision of the said Act. However, there are policies/guidelines issuances which are still in the process of development.	We recommended to the Management to expedite the implementation of the four (4) remaining unimplemented provisions of RA No. 11285 and its IRR, namely, the guidelines for the: 1) National Energy Efficiency and Conservation Plan; 2) Visitorial Powers and On-Site Inspections for Designated Establishments and Energy End Users;	Finalization of the Draft NEECP thru Public Consultation (PubCon).	EPMPD-EUMB	1 st Quarter of 2023	Continuing	<i>Partially Implemented</i>	The UK-LCEP, who was providing technical assistance to EUMB, needed considerable time in drafting the NEECP. Moreover, other DCs under RA 11285 were drafted that diverted the time and effort of EPMPD staff away from the completion of the NEECP.	NEECP has been drafted. For PubCon by 4Q 2022.
			For further editing and finalization of the draft DC on visitorial powers of the DOE.	EPMPD-EUMB EPRED-EUMB	4 th Quarter 2023	Continuing	<i>Partially Implemented</i>	Other DCs had to be promulgated first such as DC2021-05-0011 and DC2022-03-0004 (Guidelines for the Endorsement of Energy Efficiency Projects to the Board of Investments for	Continuous coordination with ERIA. For completion of the draft circular and eventual conduct of PubCon for its finalization and eventual approval of the DOE Secretary. (Annex 7)

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		3) Minimum Energy Performance for Sectors; and	Setting-up of MEPs, starting with MEPs for the cold chain sector/industry	EPMPD-EUMB and EPRED	2021	Continuing	<i>Partially Implemented</i>	<p>Fiscal Incentives) and DC2020-09-0018 (ESCO Registration) and IAEECC Resolutions 1 to 5 among others to guide EPMPD and EPRED on what to include in the draft DC so that their visits would be complete, comprehensive and incoherence with these circulars and guidelines</p> <p>MEPs will be set in many sectors and energy-consuming products, we need to take it one by one and we are starting with the cold chain sector/industry.</p> <p>We will continue our cooperation with the Economic Research Institute for ASEAN and East Asia (ERIA) for collating the baseline data as a starting point for the MEP for Sectors and with the MERALCO Power Academy and Philippine Institute of Energy Management Professionals, Inc. for the conduct of the survey for the energy efficiency index of buildings in the country, while the MEPs for the cold chain will be set thru the cooperation of UNIDO. UNIDO has engaged a consultant last June 2022 that will conduct the MEP assessment and will cover two (2)</p>	

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								<p>components:</p> <ol style="list-style-type: none"> 1. Cost benefit analysis on the development of the minimum energy performance (MEP) for the cold chain sector; and 2. Institutional and political assessment on the development of the minimum energy performance policy for the cold chain sector and the minimum energy performance for the commercial refrigeration products (MEPP). Setting the MEPP for the cold chain must thoroughly be studied to determine not only its socio-economic impact but also its contribution to mitigating climate change. This endeavour for one energy sector alone would entail considerable time and effort, hence the MEP for Sectors is only partially implemented. <p>DOE will also continue the parallel conduct of capacity buildings on DC2020-12-0026 (Energy Conserving Design Buildings).</p> <p>With regards to PELP (Philippine Energy Labelling Program), the PELP System online registration started on 26 November 2021 for</p>	

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		4) Waste Management Collection, Recycling, and Disposal.	Draft the updated version of JAO2013-09-0001	EPMPD-EUMB	4 th Quarter 2022	Continuing	<i>Partially Implemented</i>	Updated JAO still for drafting. Formulation and	<p>Lighting Products and 10 January 2022 for Air-conditioning, Refrigerating appliances and Television sets. As of June 30, 2022, a total of 52 companies covering manufacturers, importers, and dealers of energy-consuming products were registered in the system of which 1,343 product models were recorded. Likewise, a total of 1,124 product models were issued with energy labels categorized as follows:</p> <p>a. 460 air-conditioner b. 284 lighting products c. 184 refrigerating appliances d. 196 television sets (Annex 8)</p> <p>The proposed PELP IG for the PELP/MEPP expansion covering washing machines and electric fans hopefully to be approved in the 4th Quarter of 2022, altogether with transport vehicles, flat irons, video monitors and rice cookers in the year of 2023.</p> <p>Update the JAO and conduct PubCons accordingly. If an updated JAO is not possible, a</p>

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							PubCons for other department circulars /guidelines such as assessment and registration of energy officers; endorsement of EE projects to BOI and under RA 11285 were drafted first because not all guidelines under the said law can be drafted all at once. Moreover, the Waste Management Collection, Recycling and Disposal Guidelines, as stated in Section 28 of RA 11285, states that the said guidelines is supposed to be established by DENR, in coordination only with the DOE and the DILG, consistent with Republic Act No. 6969, otherwise known as the "Toxic Substance and Hazardous and Nuclear Wastes Control Act of 1990" and that a Waste	separate New Department Circular will be drafted.	

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							Management Collection, Recycling and Disposal Strategy (WMCARDS) shall be submitted to the National Solid Waste Management Commission in accordance with Republic Act No. 9003, otherwise known as "Ecological Solid Waste Management Act of 2000" for coordination with pertinent government agencies and units for implementation.		

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<i>Non-observance of the rules and regulations on the hiring of Job Order (JO) personnel</i>	12. There were deficiencies noted in DOE's hiring of Job Order (JO) personnel, such as: a) 13 JOs were hired with same position title as regular plantilla position and perform duties and responsibilities similar to the said position contrary to Section 7.2 of COA-DBM JC No. 2, s. 2020; and b) submission of perfected contracts and other documentary requirements of JO personnel to the Office of the Auditor was delayed contrary to the provisions of COA Circular No. 2009-001 dated February 12, 2009.	We recommended and Management agreed to ensure compliance with the provision of: a) Section 7.2 of COA-DBM JC No. 2, s. 2020 on the hiring of JO personnel; and b) COA Circular No. 2009-001, particularly on the submission of government contracts and other required documents including contracts for all hired JO personnel to the Office of the Auditor within five (5) working days from execution, to facilitate review thereof.	Complied	HRMD-AS	July 1, 2022	Fully Implemented		The 13 Job Order personnel were no longer renewed as Job Order; hence, there will be no more delayed submission of Job Order contracts. As directed by Management, HRMD-AS way forward is to change the employment status of Job Order employees to outsourced manpower, in compliance with COA-DBM Joint Circular No. 2 s. 2020.	
			Non-renewal of contracts on the 13 Job Order Personnel.			Fully Implemented			

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COMPLIANCE WITH OTHER GOVERNMENT LAWS, RULES, AND REGULATIONS	13. Presented below is DOE's extent of compliance with laws, rules and regulations that are regularly monitored by the Audit Team: <i>Gender and Development (GAD) Programs and Activities</i> a) Low utilization of allocated budget and non-accomplishment of majority of the planned Programs/Activities/ Projects (PAPs) on GAD.	We recommended and Management agreed to: a) consider other possible recourse on how to implement GAD activities despite having the current COVID-19 situation so that the GAD plans and programs will not be hampered; b) instruct the GAD focal person to properly and completely accomplish the GAD Accomplishment Report by including the status of implementation and actual cost incurred of each GAD programs/activities/ projects reflected in the approved GAD Plan and Budget including its attributed activities.	Complied	GAD			Fully Implemented	a) GAD-FPS will ensure to work towards the proper and timely implementation of GAD activities which are scheduled for the year. [Annex 9]	
			Complied	GAD			Fully Implemented	b) GAD-FPS will ensure the complete submission of required details in the GAD Accomplishment Reports, including actual costs incurred for each programs/activities and attributed projects/activities, by coordinating closely with the respective Bureaus/Services.	

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		Moreover, we reiterated our previous year's audit recommendation to direct the GAD Focal Persons to strictly monitor the implementation of GAD programs and activities in accordance with the GAD Plan and Budget to ensure its timely and efficient implementation.						GAD-FPS will strictly monitor and implement GAD programs and activities in accordance with the approved GAD Plan and Budget.	
	b) Non-establishment/development of GAD-SDD and GAD-GSD contrary to PCW Memorandum Circular No. 2014-05. c) Non-submission of GAD Plan and Budget (GPB) for FY 2021 to PCW d) Non-establishment of accounting and budgeting regulations set forth under	c) facilitate the development and implementation of GAD SDD system and GSD as required under PCW Memorandum Circular No. 2014-05; d) strictly observe the set deadlines of submission of reports in the GMMS per PCW issued memorandum circulars and furnish this office the revised and/or endorsed GPB and ARs; and e) instruct the Accounting and Budget Division to create/assign Responsibility Center for	To comply with the recommendation.	GAD	Continuously	<i>Fully Implemented</i>		c) The GAD-TWG is currently undertaking its collection, encoding and processing of its gathered data/information for CY 2020-2021 d) GAD-TWG will ensure the submission of reports in the GMMS within the prescribed deadlines and will furnish PCW, COA of endorsed GPB and AR e) Accomplished. Please see attached DOE Responsibility Center Code for GAD. (Annex 10)	

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	<p>COA Circular No. 2021-008 dated September 6, 2021</p> <p>Senior Citizens (SCs) and Persons with Disability (PWDs)</p> <p>The DOE was not able to formulate more plans, programs, and activities to address the concerns of SCs and PWDs, despite the previous years' observations.</p>	<p>GAD in compliance with COA Circular No. 2021-008 dated September 06, 2021</p> <p>We recommended and Management agreed to conduct adequate and realistic planning and budgeting of related P/P/As and ensure their full implementation to properly address the concerns and welfare of SCs and PWDs as required in Section 33 of the General Provisions of the GAA.</p> <p>However, we reiterated the previous year's audit recommendations to Management to:</p> <p>a) formulate more plans, programs and activities within the mandated functions of</p>	<p>To comply with the recommendation.</p>	<p>HRMD-AS</p>					<p>As our way forward, we will ensure that the P/P/As we propose and implement are "within the mandate of our agency"</p>

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	<p>Compliance with Tax Laws (National Internal Revenue Code as amended)</p> <p>For CY 2021, the DOE withheld a total of P148,093,561.11 of taxes from its CY 2021 payments of goods, services, and compensation of its officers and employees, of</p>	<p>DOE which will address the concerns of both the SCs and PWDs; and</p> <p>b) direct the GSD, or other concerned office to provide the HRMD with the necessary documents in order to include in the accomplishment report the sufficient details of expenses (i.e. vendor name, document ref no. <i>(such as official receipt, billing, disbursement voucher or liquidation report no. and document date)</i>, corresponding cost, etc.) in addition to the reported actual cost of implementation of the SCs and PWDs P/P/As, for reference in audit.</p> <p>We recommended and the Chief Accountant agreed to:</p> <p>a) conduct reconciliation and remit</p>	<p>To comply with the</p>	<p>GSD-AS HRMD-AS</p> <p>AD-FS</p>	<p>Continuously</p>			<p>We will also work closely with relevant offices within the DOE, e.g., GSD, etc. to come up with relevant P/P/As.</p> <p align="center">(Annex 11)</p>	

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	<p>which P120,214,305.92, was remitted to the BIR and the total amount of P5,094,956.48 was refunded to the employees leaving a balance of P22,784,298.71. Management remitted the amount of P20,726,871.47 on January 10, 2022 to BIR which resulted to an under-remittance of P2,057,427.24.</p> <p>Compliance with Government Service Insurance System (GSIS) Law</p> <p>For CY 2021, DOE withheld a total of P82,753,774.04 for premium contribution and loan payments from salaries of its officers and employees of</p>	<p>the unremitted contributions to the BIR amounting to P2,057,427.24 and henceforth comply strictly with the payment/remittance schedule of every 10th of the month following the applicable period in compliance with Revenue Regulations No. 1-2013; and</p> <p>b) conduct monthly verification, reconciliation, and analysis of subsidiary accounts to ensure the timeliness and completeness of amounts to be remitted thereby avoiding delayed and under/over-remittance.</p> <p>We recommended and the Chief Accountant agreed to:</p>	<p>recommendation.</p>	<p>AD-FS</p>					

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	which P78,019,004.11 and P2,711,198.30 were remitted to the GSIS and refunded to the employees, respectively, leaving a balance of P2,023,571.63 as of December 31, 2021 Compliance with Property Insurance Law DOE substantially complied the provisions of RA No. 656	a) conduct reconciliation and remit the unremitted contributions to GSIS amounting to P2,023,571.63:	To comply with the recommendation	AD-FS	Continuously		Fully Implemented	Strict compliance with Government Service Insurance System (GSIS) Law. COA's commendation is highly appreciated.	
b) henceforth comply strictly with the remittance schedule on or before the 10th day following the applicable period pursuant to Section 14.1, Rule III of the Implementing Rules of RA no. 8291, the GSIS Act of 1997; and		To comply with the recommendation	AD-FS	Continuously		Fully Implemented			
c) conduct monthly verification, reconciliation, and analysis of subsidiary accounts to ensure the timeliness and completeness of amounts to be remitted thereby avoiding delayed and under/over-remittance.			AD-FS						
		We commended Management for substantially complying	To comply with the recommendation	GSD-AS	Continuously		Fully Implemented		

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	<p>otherwise known as the "Property Insurance Law", by insuring 134 motor vehicles and various PPEs against all risks with the General Insurance Fund of GSIS except for several donated motor vehicles due to non-transfer of ownership in the name of the DOE.</p> <p>Compliance with Home Development Mutual Fund (HDMF) Law For CY 2021, DOE withheld a total of P3,642,043.73 from salaries of its officers and employees, representing shares in HDMF contribution and loan amortizations, of which P3,296,744.02 and P1,801.23 was remitted to</p>	<p>with the provisions of property insurance under RA No. 656, EO No. 33, and COA-Circular No. 92-390 thereby ensuring that all insurable properties were fully covered with insurance policy for CY 2021.</p> <p>However, we recommended and Management agreed to exert extra effort to coordinate with REMB and facilitate the transfer of ownership.</p> <p>We recommended and the Chief Accountant agreed to:</p> <p>a) comply strictly with the payment/remittance schedule of every 10th to 14th of the month following the applicable period in</p>	<p>The Management though the GSD-AS to exert extra effort and coordinated with REMB and facilitate the transfer of ownership.</p> <p>Complied</p>	<p>GSD-AS REMB</p> <p>AD-FS</p>	<p>On-going</p> <p>Continuously</p>	<p>Partially Implemented</p> <p>Fully Implemented</p>		<p>Strict adherence to Home Development Mutual Fund (HDMF) Law of 2009.</p>	

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	HDMF and refunded to the employees, respectively, leaving a balance of P343,498.48 as of December 31, 2021. The amount of P231,696.97 was remitted on January 12, 2022, leaving an unremitted balance of P111,801.51 which, to date, remained unremitted.	<p>compliance with Section 3, Rule VII of the Implementing Rules of RA No. 9679, the HDMF Law of 2009;</p> <p>b) conduct monthly verification, reconciliation, and analysis of subsidiary accounts to ensure the timeliness and completeness of amounts to be remitted thereby avoiding delayed and under/over-remittance; and</p> <p>c) prepare necessary adjusting journal entries to eliminate discrepancies, negative balances, and to correct the balances in the books.</p>	Complied	AD-FS	Continuously		Fully Implemented		
	Compliance with Philippine Health Insurance Law For CY 2021, DOE withheld a total of P7,839,009.47 from salaries of its officers and employees, representing shares in PhilHealth	For CY 2021, DOE withheld a total of P7,839,009.47 from salaries of its officers and employees, representing	Complied	AD-FS	Continuously		Fully Implemented	To continue strict compliance with Philippine Health Insurance Law.	

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	contribution, P6,769,265.87 of which was remitted to PhilHealth, in CY 2021, leaving a balance of P1,069,743.60 as of December 31, 2021. Management remitted the amount of P528,802.46 on January 19, 2022 to PhilHealth, leaving an unremitted balance of P540,941.14, which to date, remained unremitted.	shares in PhilHealth contribution, P6,769,265.87 of which was remitted to PhilHealth, in CY 2021, leaving a balance of P1,069,743.60 as of December 31, 2021. Management remitted the amount of P528,802.46 on January 19, 2022 to PhilHealth, leaving an unremitted balance of P540,941.14, which to date, remained unremitted.							

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<i>Enforcement of Settlement of Suspensions, Disallowances and Charges</i>	14. Unsettled audit disallowances and charges as at December 31, 2021 amounted to P199,785,043.52, and P186,703,700,804.30, respectively. Of the total unsettled disallowances, P752,980.59 pertains to disallowances issued prior to the effectivity of the RRSA and settlements in the total amount of P109,959.72 were made during the year. No audit suspensions were issued/settled during the year.	We recommended and Management agreed to cause the settlement of the outstanding disallowances and charges which have become final and executory.	The DOE has agreed to cause the settlement of the disallowances which become final and executory.	DOE Officials and Employees FS/LS/AS/REMB/ERTLS/ERDB	On going		<i>Partially Implemented</i>	<p>The unsettled audit disallowances and charges consist of:</p> <ul style="list-style-type: none"> • Efficiency benefits given to DOE personnel in 1992, which is awaiting result of pending resolution from the Supreme Court; • Other employee benefits with Petition for Review on Certiorari dated April 19, 2019 with the Supreme Court and petition for review submitted to COA-CP; • Various charges on the appeal submitted to the Office of the Cluster Director for resolution; • Notice of charge regarding under-collection of the 60% government share from the Malampaya Natural Gas Project under appeal with the NGS Cluster 7 Director/Commission Proper <p>For Notice of Disallowance (ND) with Notice of Finality Decision (NFD) and COA Order of Execution (COE), please refer to LS memo dated 17 February 2022 regarding the Enforcement/settlement of COE. (Annex 12)</p>	

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COVID-19 Funds and Related Expenses for CY 2021	15. DOE incurred expenses totalling P34,461,388.21 to implement health protocols and minimum public health standards in its workplace to mitigate the COVID-19 virus pursuant to Administrative Order (AO) No. 2020-0015 of the Department of Health (DOH) and provide support mechanism to its personnel who physically reported to work during the implementation of Enhanced Community Quarantine and Modified ECQ pursuant to AO No. 26 as amended by AO No. 43.	We commended Management for its compliance with the implementation of minimum public health standards in its workplace and in providing support mechanism to its personnel who physically reported to work during the implementation of ECQ and Modified ECQ.	To comply with the recommendation.	IMT	Continuously	Fully Implemented		We are grateful for the commendation given to the Management. We will continue to implement programs and policies to manage and mitigate COVID -19 in the workplace during the COVID -19 pandemic.	

Agency Signing Official:


ROBERTO B. UY
Undersecretary

30 Aug '22
Date

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	b) Unreconciled difference between the DOE accounting records and project implementers' records on fund transfers affecting the Receivables account-P239,356,386.16	We recommended and Management agreed to direct the Accounting Division and responsible bureaus to reconcile, review and coordinate with the project implementers on the variance noted between DOE's books and project implementers' records, and thereafter make the necessary adjusting journal entries.	To comply with the recommendation.	AD-FS All Concerned Bureaus/Units	Continuously		<i>Fully Implemented</i>	Payment and Confirmation of amounts in the Bank Statements. In conjunction with Item No. 6 of CY 2021 AAR	

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As of June 30, 2022

Ref.	Audit Observation	Audit Recommendation	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation applicable	Action Taken / Action to be Taken	
			Action Plan	Person/Dept Responsible	Target Implementation Date				
					From				To
Obs. No. 4 of CY 2020 AAR pages 62-69	2. Uncollected income from Training Commitment and Development Assistance fees	We recommended and Management agreed to:							
		a) immediately resolve as to who shall be the responsible office to submit the Status Report on DA earned from CE and furnish the Audit Team with a copy of their report for CY 2020;	Demand letter sent to terminated Service Contractors (SC 50, 52, 61, 64, 65, 66, 67, 68, 70 and 73) to settle their outstanding financial obligation.	REMB ERDB All concerned bureaus	10 Nov. 2021	30 days upon receipt of the letter			Letter dated 28 January 2022 was sent/forwarded to the Office of the Solicitor General for the endorsement of the Collection Case.
		b) submit the list of non-collected TC and DA on terminated contracts, and the copies of the Semestral Status Reports on Training Commitment mentioned in the DO No. 2006-02-002;	Demand letter sent for existing Service Contractors (SC 74, 75 and 76)		29 Sept. 2021	60 days upon receipt of the letter		Acknowledged the payment of the Service Contractors.	

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					From	To			
Obs. No. 9 of CY 2020 AAR pages 79-84	3. Deficiencies noted in the review of contract covering the Enhanced Energy Virtual One-Stop Shop (EVOSS) project	We recommended to the Management to coordinate with other government agencies to submit the streamlined processes pertaining to them to facilitate the completion and implementation of the enhanced EVOSS system;	To comply with the recommendation.	IPO			Fully Implemented	The delay by the various agencies in streamlining their processes, change of policies and submission of final workflows subsequently caused the delay in the development of the various system modules, conduct of trainings for the users specific for the agencies and enhancement of the EVOSS System.	The EVOSS Secretariat coordinated with the concerned government agencies for the submission of the streamlined processes required for the implementation of the enhancement of the EVOSS System. Certificate of Completion and Acceptance was issued on 28 December 2021. (Attachment 1)

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					From			
Ob. No. 7 of CY 2019 AAR pages 66-69	4. Nationwide Intensification Household Electrification (NIHE) Program	We reiterated prior year's recommendations that Management prioritize and fast track the implementation of the existing approved NIHE projects with the DUs with released funds.	To comply with the recommendation.	REAMD-EPIMB	On-going		<i>Partially Implemented</i>	<p>Constantly, monitoring all projects through DU monthly submission of status reports. On 03 February 2021, the Bureau submitted the status of NIHE projects as of December 2021. (Attachment 2)</p> <p>Relative to DOE's adherence with COA recommendation on terminating all dormant projects, the DOE issued eight (8) termination letters to VECO, SULECO, ESAMELCO, DORELCO, BISELCO, ISELCO I, BUSECO, and ZAMECO II. The terminated projects have an equivalent of 10,755 HHs target beneficiaries and with an approved project of Php40,296,842.90.</p> <p>Overall the NIHE program is 75.71% as of May 2022. However, with the exclusion of the terminated projects the program is now 78.15%</p>

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								<p>completed with 260,495 HH energized.</p> <p>Moreover, considering the COVID-19 pandemic, to expedite project liquidation the DOE issued an Advisory on the Conduct of Technical Inspection on the Completed NIHE and PVM Projects to all concerned DUs. (Attachment 3)</p> <p>To date, five (5) DUs are conducting the inspections namely, FIBECO (for Batch 1), SUKELCO, DASURECO, NORDECO, and SURSECO I.</p> <p>This advisory further expedites project completion and liquidation of the remaining projects.</p>	

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Ob. No. 6 of CY 2018 AAR pages 76-82	5. Implementation of the Provisions of Energy Regulation No. 1-94 - Financial Benefits to Host Communities	We recommended and Management agreed to initiate the immediate collection of all outstanding Accounts Receivable as of August 23, 2018 and include it in the cash balances for distribution to host communities.	Complied.	PCD-FS REAMD- EPIMB			Fully Implemented	FS-PCD to monitor strict compliance of DC No. 2018-08-021. REAMD-EPIMB, upon availability of the said fund will only facilitate the release of fund to host beneficiaries through allocation and preparation of Disbursement Voucher/s (DV).	

Agency Signing Official:



ROBERTO B. UY
Undersecretary

30 Aug '22

Date