

## Summary of Audit Findings, Recommendations, and Management Comments

Reference (AOM No./Date)	Audit Observations	Audit Recommendations	Management Comments
<b>AOM No. 2021-001-(2020)</b> dated February 15, 2021	Payments for the purchase of goods and services amounting to P1,163,221.90 were not subjected to withholding taxes, contrary to Section 2, paragraph (J) of BIR Revenue Regulations No. 11-2018 dated January 31, 2018, thus, depriving the national government of the revenues that could be derived therefrom.	<p>The Protected Area Superintendent (PASu) to require the Bookkeeper to:</p> <ol style="list-style-type: none"> <li>collect from the concerned suppliers/contractors the related taxes and remit the total taxes due to the BIR to avoid imposition of penalties for non-compliance with the obligation as a withholding agent as provided in Chapter VII of Revenue Memorandum Order No. 23-2014; and</li> <li>stop granting cash advances and discourage reimbursement of expenses in the procurement of goods and services, instead, all payments be made by check to assure that taxes from government money payments are withheld and eventually remitted to the BIR.</li> </ol> <p>We recommend that, henceforth, management strictly comply with the provision of Section 2, paragraph (J) of BIR Revenue Regulations No. 11-2018 dated January 31, 2018.</p>	<p>TMO can replied that it could no longer collect taxes from the suppliers for CY 2020 because the payments were already made. However, TMO is already implementing the recommendations made in AOM No. 2021-001-(2020) to collect taxes from suppliers and remit the same to the BIR.</p> <p>TMO commented that the concerned staff has been reminded to desist from granting cash advances and reimbursement of expenses for procurement of goods and services. Also, payments will now be made through checks to ensure that taxes are withheld and remitted to the BIR.</p>
<b>AOM No. 2021-002-(2020)</b> dated February 22, 2021	Expenses totaling P917,895.48 for CY 2020 were improperly classified under Other Maintenance and Operating Expenses (OMOE)	The PASu should require the Accountant to observe the proper recording of expenses, in accordance with Chapter 3, GAM for NGAs, Volume III to ensure fair presentation and	TMO replied that subsistence allowance and honoraria are classified under OMOE for two reasons. First, because our rangers are not government employees therefore, they are not

	<p>account, contrary to Chapter 3 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III, thus, resulting in the misstatement of Expenses accounts in the financial statements.</p>	<p>reliability of the Expenses accounts balance in the financial statement.</p>	<p>covered in Chapter 3, GAM for NGAs, Volume III, Subsistence Allowance (50102050) which ‘recognize[s] the amount granted to <u>authorized government officials/employees</u>’.</p> <p>Second, PS is defined by the DBM as an ‘expenditure category/expense class for the payment of salaries, wages and other compensation... of permanent, temporary, contractual, and casual employees of the government, therefore, Annual Work and Financial Plan of TMO, which is approved by the TPAMB at the end of each year, has no allocation for PS. Further, TMO is yet to be officially approved and acknowledged as a government agency, hence, the absence of appropriations for Personnel Services (PS) under the GAA. Misstatement of the expenses stemmed from the understanding that PS applies only to government employees and must be allocated under the GAA.</p> <p>The management apologized for mistakenly classifying the fire extinguisher tank and motolite battery (3SM), drinking water and Zoom subscription under OMOE. We classified drinking water as under ‘food’. The zoom subscription is not an internet subscription but a meeting application that became necessary only during this time of Covid 19 pandemic, hence, the unfamiliarity with its classification.</p> <p>TMO will take serious note of the audit recommendations.</p>
<p><b>AOM No.2021-003-(2020)</b> dated February 22, 2021</p>	<p>Prior year’s fuel expenses amounting to P599,114.14 was charged against in CY 2020 budget. Moreover, payment thereof was not adequately supported with documentary requirements</p>	<p>The PASu thru the Administrative Officer should:</p> <ol style="list-style-type: none"> <li>instruct the budget officer to stop the practice of charging prior year’s</li> </ol>	<p>The management commented that on July 20, 2018, the DENR-PENRO and Lorenzo Tan Development Co. Inc., entered into a Contract of Agreement amounting to Php1,362,680.48 to procure fuel for official use in Tubbataha.</p>

	<p>prescribed under COA Circular No. 2012-001 dated June 14, 2012, contrary to Section 4(6) of PD 1445, thereby casting doubts on the propriety and validity of the disbursement.</p>	<p>expenses against the current year budget;</p> <p>b. require the driver to properly accomplish for every trip a Driver's Trip Tickets, completely filled up with all the information and data required therein; and</p> <p>c. strictly observe the provisions of COA Circular No. 2012-001 dated June 14, 2012 and submit immediately the aforementioned lacking supporting documents for audit purposes.</p>	<p>In 2019, TMO withdrew fuel amounting to Php599,144.14 out of this contract. Because the original contract for the fuel is between DENR and Lorenzo Tan Development Co. Inc., TMO did not record the expenditure in its books. However, the commitment of DENR did not materialize, hence, TMO was saddled with the obligation to pay its 2019 fuel withdrawals. During the 83rd meeting of the TPAMB held on September 10, 2020, the Board approved the realignment of Php599,114.14 from the TMO 2020 budget to pay Lorenzo Tan Development Co. Inc., for fuel. In an act of good faith, it issued TPAMB Resolution 20-12: 'Approving the Payment of Five Hundred Ninety-Nine Thousand One Hundred Fourteen Pesos &amp; 14/100 (P599,114.14) to Settle the Unpaid Account for the 2019 Fuel Supply for TRNP'.</p> <p>The amount was not previously set-up as Accounts Payable in the books of TMO in CY 2019 because it had a commitment from DENR-PENRO that it will defray the cost of fuel for 2019. TMO recorded the same under Accumulated Surplus/(Deficit) account in CY 2020 because the expense was incurred in 2019.</p> <p>TMO recognize and undertake to abide by COA recommendations. The Budget Officer has been instructed to stop the practice of charging prior year's expenses against the current year's budget. The original copies of the Driver's Trip Tickets (DTT) were submitted to COA office as supporting documents to the disbursement voucher amounting to P599,114.14. However, we take note that said DTT lacks information and data required therein.</p> <p>Further, TMO reiterated that it is unable to constitute a Bids and Awards Committee (BAC) nor completely comply with Republic Act No.</p>
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