

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 72 prior years' audit recommendations, 16 were fully implemented, three of which are no longer enforceable, 16 were partially implemented and 40 were not implemented, details of which are presented below:

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>1. Lack of proper planning in the procurement of equipment and intangible software for the improvement of the computerization of PRC processes resulted in unutilized allotment of ₱23,050,194.85 or 76 percent of the total allotment of ₱30,359,000.00 for Capital Outlay (CO) for CY 2016, thus, slowed down the PRC's program towards an enhanced and efficient computerized system for its clientele.</p> <p>We recommended and Management agreed to require the Bids and Awards Committee (BAC) and concerned personnel to immediately plan and expedite the procurement of the IT and other related equipment to avoid the reversion of the capital outlay allotment.</p>	<p>Pages 29-30 of CY 2016 AAR</p>	<p>Prepared a catch-up plan for the unutilized budget and already conducted several biddings and already approved three Purchase Orders (POs).</p>	<p>Fully Implemented</p>
<p>2. Funds transferred to the Department of Public Works and Highways (DPWH) amounting to ₱24,000,000.00 and ₱484,300,000.00 for the bidding of the Architectural</p>	<p>Page 30-32 of AAR CY 2016</p>	<p>Ongoing budget deliberation in the Lower House and Senate. However according to DPWH, the 2018</p>	

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<p>and Engineering Design and construction of new PRC Building, respectively, remained idle for more than three years due to the significant delays of PRC on the revision of the Memorandum of Agreement and Terms of Reference with the DPWH.</p> <p>We recommended that the Management:</p> <p>a. revisit its operating and monitoring strategies on project implementation to ensure achievement of the objectives that it envisioned to realize based on its set goals and commitments;</p> <p>b. strictly follow timelines in the implementation of projects to avoid wastage of funds; and</p> <p>c. follow up with the DPWH the immediate return of the unutilized fund transfers of ₱508,300,000.00.</p>		<p>NEP already includes the PRC Building in the National Building Program.</p> <p>The Commission already sent letters to DPWH dated February 2, 2017 and April 4, 2017 requesting the return of the transferred funds amounting to ₱24 million for the cost of A& E Design and ₱484 million for the cost of the building construction.</p>	<p>Partially Implemented</p> <p>There is still delay in the procurement process in the implementation of the Agency's project.</p> <p>Not Implemented</p> <p>Bidding for the construction materials for the renovation of PRC was only conducted in December 2017.</p> <p>Partially Implemented</p> <p>Only ₱24,000,000.00 was refunded by</p>

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			DPWH-NCR to PRC per Check No. 603396 dated July 1, 2016.
<p>3. The accuracy of recorded collections from business and service income derived thru e-payment system provided by Dragonpay Corporation could not be ascertained due to material variances noted between the collection reports posted in the on-line system and the Dragonpay's Fund Transfer Instructions to PRC. Settlement by the Service Provider of its unremitted collections was not immediately enforced despite the necessary actions to be done by PRC as stipulated in the agreement. Further, after the expiration of the agreement on November 16, 2016, Dragonpay continued to collect fees as a payment facility for the Development Bank of the Philippines Data Center Inc. (DBP DCI), the new service provider effective December 1, 2016. In addition, collections of ₱15,718,111.00 for the month of March 2017 were not recognized in the books of accounts.</p>	<p>Page 33-37 of AAR CY 2016</p>	<p>Continuous communication with the Service Provider and the necessary adjustments and modifications in the system are still on-going. Service Provider have yet to secure the BTR certificates to validate deposits made.</p> <p>The understatement of collections in March 2016 amounting to ₱15,718,111.00 was an inadvertence in recording but was properly reflected in the DCI's Online collection report. This was eventually taken up in the books of accounts in January 2017 per JEV #2017-01-000704.</p>	

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<p>We recommended that the Management:</p> <p>a. review the existing reporting and monitoring controls within the electronic payment collection system to address the recurring deficiencies noted;</p> <p>b. enforce the collections of the unremitted fees derived thru e-payment system made by Dragonpay Corporation, SMI and DBP DCI using the agreed guaranty facility; and</p> <p>c. strictly monitor compliance of the service providers on the terms and provisions of the contract agreement and enforce appropriate sanctions for breach thereof.</p>			<p>Not Implemented</p> <p>AOM No. 2018-001 dated February 28, 2018 was issued for the new service provider because of unreconciled variances of collections.</p> <p>Partially Implemented</p> <p>Reconciliation with the accounts of Dragonpay Corporation is still ongoing.</p> <p>Not Implemented</p> <p>The new service provider is not complying with the terms and provisions stated in the MOA.</p>
<p>4. The reliability of the accounts Cash in Bank-Local Currency, Current Account and Cash in Bank-Local Currency, Savings Account totaling P1,268,167.01 as of December 31, 2016 cannot be ascertained due to</p>	<p>Page 37-40 of AAR CY 2016</p>	<p>Management already submitted the required BRS.</p> <p>It is not yet possible to close the non-moving trust account</p>	

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<p>delayed/non-preparation of Bank Reconciliation Statements (BRS) contrary to Section 3, Volume I of the GAM for National Government Agencies (NGAs) and Section 74 of Presidential Decree No. 1445.</p> <p>We recommended and Management agreed to direct the Accounting Division to:</p> <p>a. prepare monthly BRS of all bank accounts maintained by the agency in compliance with Section 3, Chapter 21, Volume I of GAM for NGAs and Section 74 of PD No. 1445 to ensure correctness of the reported cash in bank balances and to detect possible fraud or errors committed;</p> <p>b. ensure the timely submission of BRS for immediate review and correction/adjustment of reconciling items in the books of accounts; and</p> <p>c. look into the status of non-moving Cash-Treasury Agency/Deposit, Trust account and transfer the balance of Cash to the General Fund, where appropriate.</p>		<p>particularly CHED funds or transfer it to the general fund because there is on-going appeal with the CHED to resume the transfer of funds to PRC pursuant to an existing MOA</p> <p>Reconciliation of the BAC funds was completed and updated. The necessary adjustments and reversion of excess funds shall be effected by year end.</p>	<p>Fully Implemented</p> <p>The Management already submitted the BRS.</p> <p>Fully Implemented</p> <p>Management submitted BRS on time.</p> <p>Not Implemented</p> <p>Reconciliation of the account is still ongoing.</p>

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<p>5. Excess balances of the proceeds from the sale of bid documents after the authorized payment of honoraria to BAC members at the end of the year were not deposited to the National Treasury, in violation of Budget Circular (BC) No. 2004-5A and Republic Act (RA) No. 9184. Moreover, disbursements totaling ₱1,498,087.82 were charged.</p> <p>We recommended that the Management:</p> <p>a. remit to the National Treasury the excess of the proceeds deposited over the actual payments for honoraria and overtime of BAC and other personnel involved in the procurement at the end of the year; and</p> <p>b. use the BAC Fund solely for the honoraria and overtime as authorized under RA No. 9184 and explain/justify the incurrence of other expenses totalling ₱1,498,087.82.</p>	<p>Page 40-42 of AAR CY 2016</p>	<p>The negative balances in the Subsidiary Ledger of some Collecting Officers have already been adjusted prior to the closing of the books of accounts for 2016. The remaining negative balances pertain to prior years' unverified collections and deposits of Mr. Noel Potenciano, former PRC Zamboanga Cashier. The amount could not be verified due to lacking documents.</p>	<p>Partially Implemented</p> <p>Verification of the SL balance of the account showed that it has yet an outstanding balance of ₱2,095,868.29 as of December 31, 2017.</p> <p>Fully Implemented</p> <p>The BAC Fund was used only for the payment of honoraria and overtime of the BAC.</p>

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<p>6. The Cash – Collecting Officer account balance of ₱5,231,264.07 as of December 31, 2016 was doubtful due to negative balances totaling ₱1,594,505.78 in the Subsidiary Ledgers (SLs) of some Collecting Officers (COs) indicative of questionable accountabilities. Moreover, undeposited collections at year-end aggregating ₱17,931.88 remained on hand with the COs.</p> <p>We recommended that the Management require:</p> <p>a. the Accounting Division to analyze and determine the causes of the negative balances in the accounts of the Collecting Officers and make the necessary adjustments in the books; and</p> <p>b. Collecting Officers to cause the immediate deposit of the outstanding unremitted collections.</p>	<p>Page 42-44 of AAR CY 2016</p>	<p>Office Memorandum No. 2017-03 dated March 30, 2017 was issued directing all Cash Disbursing Officers in the Central and ROs to refund any excess amount of cash advance and to refrain from using excess amount for the next scheduled board examinations.</p>	<p>Partially Implemented</p> <p>The accountable officer has already been required to submit his explanation for the noted deficiency but has resigned without submitting his response. No clearance was given to the AO.</p> <p>Fully Implemented</p>

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			The undeposited collections of ₱17,931.88 were already deposited in January 2017.
<p>7. The laws, rules and regulations in the granting, utilization and liquidation of cash advances were not strictly observed resulting in unliquidated cash advances totaling ₱10,793,499.88 of officers and employees as of December 31, 2016 in violation of PD No. 1445 and COA Circular No. 97-002. Further, unutilized/unused amount of cash advances were not immediately refunded but kept by some Accountable Officers (AO) for future purposes.</p> <p>We recommended that the Management require all concerned officers and employees to:</p> <p>a. liquidate/settle immediately their outstanding cash advances and/or refund all unexpended balances, otherwise impose appropriate actions against erring accountable officers; and</p>	Page 44-47 of AAR CY 2016		<p>Partially Implemented</p> <p>Replies on the Demand Letters issued by the Audit Team revealed that several liquidation reports were already sub-</p>

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<p>b. strictly comply with Section 89 of PD No. 1445 and COA Circular No. 97-002 and 2012-004 on the granting, utilization and liquidation of cash advances.</p>			<p>mitted/forwarded to the PRC Main Accounting Division but not yet recorded in the books of accounts.</p> <p>Partially Implemented</p> <p>Additional cash advances were granted despite non-liquidation of previous cash advances.</p>
<p>8. The validity, accuracy, and existence of the Inventory accounts are doubtful due to unreconciled discrepancies of ₱44,006,400.88 as of December 31, 2016 between Accounting and Property records and inventory reports which showed variances between the actual physical count, non-inclusion of board certificates totalling 3,075 certificates in the Report of Physical Count of Inventories (RPCI), and non-submission of the monthly Report of Accountability for Accountable Forms (RAAF). Moreover, the RPCI submitted is not in accordance with the format prescribed in the GAM.</p>	<p>Page 48-50 of AAR CY 2016</p>	<p>The board certificates for Pharmacists were issued to end-user because it was included in the RIS No.777 dated August 3, 2012. The board certificates of Real Estate Brokers were requested for disposal.</p> <p>Conducted Physical Inventory-Taking in December 2017 and reconciliation between Property and Accounting</p>	

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<p>We recommended that the Management require the Supplies and Property Division to:</p> <p>a. update the Property Cards and regularly reconcile with the Accounting Division's Supplies Subsidiary Ledger balances and make the necessary adjustments on the discrepancies noted;</p> <p>b. observe stricter implementation of effective internal controls on the issuance of supplies and accountable forms such as prompt recording of inventory issuances to ensure accurate inventory balances and safeguard the accountable forms from any unauthorized use;</p> <p>c. create a method on proper segregation of inventories available for issuance and inventories already issued and issue immediately the inventories to end-user upon approval of the RIS;</p>		<p>records is still ongoing. The Commission will assign personnel from Accounting and Property to monitor the inventory and PPE accounts and reduce, if not eliminate, the discrepancy.</p>	<p>Partially Implemented</p> <p>Reconciliation between the accounting and property records is still ongoing.</p> <p>Not Implemented</p> <p>AOM No 2018-003 dated March 10, 2018 was issued reiterating this recommendation.</p> <p>Not Implemented</p> <p>During the physical inventory-taking, the COA Representative found supplies not included in the Inventory Report.</p>

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<p>d. submit Report on Accountability for Accountable Forms in compliance with the provision of Section 7(k), Volume I of GAM;</p> <p>e. explain the incurrence of double serial numbers for pharmacists and real estate brokers board certificates; and</p> <p>f. use the prescribed format for RPCI in accordance with Appendix 66, Volume I of GAM.</p>		<p>The PSD religiously submits RAAF monthly</p>	<p>Fully Implemented</p> <p>Monthly RAAF were submitted by the PSD on time.</p> <p>Not Implemented</p> <p>AOM No. 2018-003 dated March 10, 2018 was issued reiterating this recommendation.</p> <p>Fully Implemented</p> <p>The RPCI for 2016 was submitted in February, 2017.</p>
<p>9. The existence and accuracy of the reported Property, Plant and Equipment (PPE) totaling ₱521,953,406.58 as at December 31, 2016 cannot be relied upon due to: a) the reporting difference amounting to ₱445,559,939.58 on the cost of PPE between the balances per accounting books as against the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); b) mis-</p>	<p>Page 50-55 of AAR CY 2016</p>	<p>Depreciation has been recognized for the year 2016 as well as for the year 2017 in the Financial Statements.</p>	

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<p>classification of some PPE accounts; c) completed projects still recorded under account Construction in Progress; d) inclusion of unreconciled/dormant accounts totaling ₱14,864,649.49; e) existence of PPE with negative balances of ₱6,312,515.83; and f) non-provision of depreciation contrary to the pertinent provisions of PD No. 1445 and the GAM for NGAs.</p> <p>We recommended that the Management direct:</p> <p>a. the Accountant and the Property Officer to regularly monitor and reconcile their records and make the necessary adjustments on the discrepancies to reflect the correct balances of the PPE accounts in the financial statements;</p> <p>b. the Accountant to make detailed analysis and categorize PPE accounts on their proper account classification in accordance with the GAM and effect the necessary adjustments to correct the</p>			<p>Not Implemented</p> <p>The lack of personnel both from the Accounting and Property who can be exclusively assigned to the reconciliation of the accounts has derailed the completion of the task.</p> <p>Not Implemented</p> <p>Verification of the Subsidiary Ledgers of PPE as of December 31, 2017 showed some PPEs are</p>

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<p>reported balances of the affected PPE accounts in the financial statements;</p> <p>c. the Accountant to exert all efforts to analyze, verify, reconcile and identify the unreconciled and negative accounts by referring to the earliest available records and make necessary adjustments in the books of accounts;</p> <p>d. the Accountant to provide the accumulated depreciation based on the formula or the guidelines provided by the GAM on the computation of depreciation; and</p>			<p>still unadjusted to their proper account classification. AOM No. 2018-005 dated March 12, 2018 was issued reiterating this recommendation.</p> <p>Not Implemented</p> <p>Verification of the Subsidiary Ledgers of PPE as of December 31, 2017 showed that there are still unreconciled and negative balances of various PPE accounts. AOM No. 2018-005 dated March 12, 2018 was issued reiterating this recommendation.</p> <p>Not Implemented</p> <p>AOM No. 2018-005 dated March 12, 2018 was issued reiterating this recommendation</p>

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<p>e. the SPD and the Inventory Team to reconcile the RPCPPE items, quantity and balances with those recorded in the PPE SL.</p>			<p>Not Implemented</p> <p>AOM No. 2018-005 dated March 12, 2018 was issued since there were still variances noted between the SL and the RPCPPE balances.</p>
<p>10. Out of the proposed PRC GAD budget of ₱31,540,552.00, six percent or ₱1,888,001.50 was utilized and only 0.3 percent instead of the five percent of the PRC annual budget of ₱677,523,000.00 was programmed for GAD programs and projects which is inconsistent with Section 6.1 of Philippine Commission on Women - National Economic Development Authority and Department of Budget and Management (PCW-NEDA-DBM) Joint Circular No. 2012-01 and Section 35 of the GAA for FY 2015.</p> <p>We recommended that the GAD Focal Committee:</p> <p>a. strictly comply with the requirements of the PCW-NEDA-DBM JC No. 2012-01 and fully attain the</p>	<p>Page 56-57 of AAR CY 2016</p>		<p>Not Implemented</p>

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<p>targeted activities and develop a GAD plan or program projects and activities that will be more responsive to the gender issues envisioned to promote gender equality among employees and clients; and</p> <p>b. closely monitor the implementation of the GAD Plan endorsed by the PCW.</p>			<p>Same finding was reiterated in Part II of AAR for CY 2017. Amount spent for GAD for CY 2017 was only 4% of the total PRC appropriation of ₱740,629,000.00.</p> <p>Partially Implemented</p> <p>Conducted various activities for GAD.</p>
<p>11. The Service Provider contracted by the PRC failed to provide a faster renewal and issuance of professional licenses due to defective pictures submitted by SM Mart, Inc. and the lack of personnel to print the large volume of identification cards (IDs). The Commission failed to observe compliance on the provision of the MOA entered into by and between the PRC, BTr and the SMI by allowing the SMI to continue with the renewal of professional licenses of applicants without any documents or resolution.</p>	<p>Page 29-31 of AAR CY 2015</p>	<p>Management had already terminated the services of the SMI in 2016 in time for the soft opening of the Dragonpay Corporation on-line system. The validity and correctness of the deposits made by SMI will be validated by requesting certification from the BTr. Any undeposited collections will be demanded from the Service</p>	

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<p>We recommended that Management:</p> <p>a. ensure compliance of either party in any agreement affecting the delivery of services to clients to fully benefit from the opportunity granted for the improvement of services;</p> <p>b. submit proof/document supporting the validity of transactions derived from continuous operation of the Service Provider until December 31, 2015 which was beyond the lapse of the MOA; and</p> <p>c. facilitate the monitoring of the validity/ correctness of the deposits as reported by the Service Provider and if discrepancy has occurred demand from the Service Provider the amount equivalent to such discrepancy.</p>		<p>Provider, SMI.</p>	<p>Partially Implemented</p> <p>Reconciliation of records regarding the unremitted collections amounting to ₱3,630,921.00 is ongoing.</p> <p>Not Implemented</p> <p>No report submitted</p> <p>Partially Implemented</p> <p>The PRC is still in the process of reconciling with SMI the discrepancy in the collections.</p>
<p>12. Oath-taking for successful Professionals were administered and conducted by the PRBs in coordination with Professional Associations without a comprehensive set of guidelines to implement the provisions of PRC Resolution</p>	<p>Pages 31-34 of AAR CY 2015</p>	<p>The Management commented that they will make representation with the DBM for the creation of a Trust Fund out of the oath-taking</p>	

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<p>No. 2012-657 dated May 9, 2012. Fees collected by the Professional Associations/ PRBs were not properly accounted for.</p> <p>We recommended that the Management:</p> <p>a. immediately promulgate and issue the guidelines and procedures, criteria, and standards that shall guide the PRBs and/or the PRC in the implementation of the provisions of the above cited resolution after consultation with the PRBs, PAPRBM, APOs/ IPOs, other government agencies, and non-government organizations; and</p> <p>b. conduct an immediate consultation with the Department of Budget and Management (DBM), the BTr, and the COA for the purpose of creating a Trust Fund pursuant to Resolution No. 2012-657.</p>		<p>fees from which related expenses shall be charged. Pending approval of a Trust Fund, the Commission shall include in its 2017 Budget proposal the financial requirements for the conduct of mass oath-taking for successful examinees.</p>	<p>Not Implemented</p> <p>AOM No. 2017-010 dated September 11, 2017 was issued since PRC is still in the process of preparing the guidelines for the conduct of oath-taking ceremonies.</p> <p>Fully Implemented</p> <p>Management already consulted the DBM and will prepare the guidelines for the conduct of oath-taking ceremonies including the collection of the fees in</p>

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			consonance with the guidelines of GAA on trust receipts.
<p>13. The accuracy of reporting the agency's collections on service and business income derived from applications of licensure examination and its registrations amounting to ₱1,073,758,173.06 cannot be established due to material variance of ₱29,646,704.52 noted between the records of the Cash Division as against that of the Planning and Monitoring Division (PMD). The collections from PRC-Zamboanga Field Office amounting to ₱35,996.00 remained unrecorded in the PRC books resulting in an understatement of collections by the same amount.</p> <p>We recommended that the Management instruct the PMD to come up with the report format that will capture possible causes of variances required to be submitted by the Application/Registration Division and the PRC Field Offices to come up with an accurate balance with that of the Report of Collections submitted to the Accounting Division as bases of recording in the books of accounts. We also</p>	<p>Pages 34-36 of CY 2015 AAR</p>	<p>The Management directed the PMD to come up with a standard manner of reporting for all the operating units to eliminate discrepancies in the amount of collections when matched with the physical transactions. Discrepancies occurred because of timing differences in reporting a transaction or when there is a double recording when a single transaction is reported by both Central and Field Offices such as when a particular examinee who applied in the Central Office will actually take the examination in the Regional Office.</p>	<p>.</p> <p>Fully Implemented</p> <p>The PRC already entered into agreement with Dragonpay Corporation as their new Service Provider for their collections.</p>

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<p>recommended that the Management require the PMD to reconcile their records with the Accounting and Cash Divisions.</p>			
<p>14. The accuracy and validity of deposits/remittances of Shoe Mart Inc. (SMI) collections totaling ₱144,879,449.96 from September 5, 2012 to December 31, 2015 could not be ascertained due to lack of documentations submitted and the certification of actual deposits from Land Bank of the Philippines (LBP) and the Bureau of the Treasury (BTr) as required under Section 3.7 to 3.9 of the MOA with SMI. Regular reconciliation of the reported collections by the Accounting Division as against the remittances of the SMI was not achieved due to delay in submission of required reports from SMI, thus rendering such amount doubtful.</p> <p>We recommended that the Management:</p> <p>a. verify/ensure the veracity of the collections recorded in the books of the PRC. Assign responsible personnel, if necessary, to take charge of the responsibility of verifying/monitoring remittances of SMI</p>	<p>Pages 37-39 of CY 2015 AAR</p>	<p>The Management said that they will enforce the submission of complete Reports of Collections from the SMI and will request for LBP and the BTr Certifications to ascertain the correctness of deposited collections.</p>	<p>Not Implemented</p> <p>The Management is still in the process of reconciling the variances noted</p>

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<p>against the Summary Report of Collections because of the significance of the amounts of discrepancies noted; and</p> <p>b. request certifications from the LBP and the BTr on the total actual deposits made by SMI to PRC.</p>			<p>in the collections recorded in the books of PRC with that of the remittances of SMI.</p> <p>Partially Implemented</p> <p>The Accounting Division is still reconciling the actual deposits based on the certification from the LBP and BTR.</p>
<p>15. Unrecorded deliveries of office supplies purchased thru the DBM-PS totaling ₱8,284,786.94 in CY 2015 resulted in the overstatement of the account Due from NGAs and understatement of the Inventories accounts by the same amount. The validity of the balance of account Due from NGAs amounting to ₱615,176,322.12 as of December 31, 2015 could not be ascertained due to unreconciled difference of ₱31,573,913.10 between the records of the PS-DBM and the PRC books from CYs 2004 to 2015.</p>	<p>Pages 39-41 of CY 2015 AAR</p>	<p>Management has made representation with the PS-DBM to facilitate the bidding of supplies and capital outlay for which funds have been advanced by the Commission. The reconciliation of purchases and subsequent deliveries will be conducted by dedicated personnel from the Accounting and Property Division. The Accounting Division already</p>	

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<p>We recommended that the Management:</p> <p>a. refrain from transferring funds to DBM-PS until the available funds are utilized, the purchased items were served and purchase only the much needed supplies and IT requirements for the agency;</p> <p>b. require the Accounting Division to record immediately in the books of accounts the deliveries in order to present an accurate balance of the account Due from NGAs in the FS; and</p> <p>c. require the Property Office to ask from DBM-PS for copies of the Delivery Receipts (DRs) and other pertinent documents supporting</p>		<p>effected recording of payments to Procurement Service upon processing of the voucher for each Agency Purchase Request.</p>	<p>Not Implemented</p> <p>Verification of the SL for Due from National Government Agencies showed that there were still advances made to PS despite non-delivery of items of previous fund transfers.</p> <p>Partially Implemented</p> <p>According to the Accounting personnel, there was already an agreement with the Property Division to immediately furnish them with DRs every time there is delivery from DBM-PS.</p> <p>Not Implemented</p> <p>No result of reconciliation was forwarded to</p>

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thereon to facilitate matching of payments against the corresponding deliveries.			the Audit Team.
<p>16. The total balance of Inventory accounts amounting to ₱59,660,691.60 is of doubtful validity due to: a) failure of the Accounting Division to take up the delivery of supplies and some of its issuances amounting to ₱8,284,786.94; b) the inclusion of dormant balance of ₱5,401,274.03 before the implementation of e-NGAS with no documents to support its existence; and c) the non-reconciliation of the records of the Accounting and Property Divisions.</p> <p>We recommended that the Management require the:</p> <p>a. Property Division to submit on time documents pertaining to deliveries of supplies and materials to the Accounting Division as basis for recognizing in the books of accounts the receipts of supplies and materials and the issuances thereof;</p> <p>b. Accountant and the Property/Supply Officer</p>	<p>Pages 41-43 of CY 2015 AAR</p>	<p>Management will assign the reconciliation of accounts to dedicated personnel from Accounting and Property Divisions. The Property Division had already caused the prompt submission to Accounting Office of the delivery receipts for immediate recording of supplies and materials delivered to proper inventory accounts.</p>	<p>Fully Implemented</p> <p>Property Division immediately submitted the Delivery Receipts and RIS to the Accounting Division.</p> <p>Not Implemented</p>

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<p>to update and reconcile regularly their records and effect necessary adjustments on the discrepancies noted to reflect the correct balances of the Inventory accounts in the Financial Statements; and</p> <p>c. Property/Supply Officer to exert extra effort to locate documents that will support the existence of the balance of ₱5,401,273.03 which remained dormant in the books for so many years.</p>			<p>Same finding is reiterated in Part II of AAR CY 2017 per Observation No. 6, page 56.</p> <p>Not Implemented</p> <p>No report submitted</p>
<p>17. The existence, validity and correctness of the reported carrying amount of the PPE accounts for CY 2015 in the total amount of ₱290,225,018.86 is unreliable due to accounting errors resulting to a net overstatement of ₱29,572,438.55. Computation of the depreciation expenses for buildings and other machineries and equipment and the non-availability of records for the old building occupied by PRC.</p> <p>We recommended that the Management:</p> <p>a. require the Accountant to correct the erroneous</p>	<p>Pages 43-46 of CY 2015 AAR</p>	<p>Management commented that they will assign dedicated personnel from the Accounting and Property Offices to do the reconciliation and monitoring of PPE equipment.</p>	<p>Not Implemented</p>

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<p>accounts for PPE in accordance with PPSAS 17;</p> <p>b. direct the Accountant and Property Officer to</p> <p>b.1. reconcile/resolve the differences between their records;</p> <p>b.2. exert effort in locating or producing the documents to support the legitimacy of the undocumented PPE accounts;</p> <p>c. require the Property Officer to-</p> <p>c.1. prepare the Inventory and Inspection Report of Property (IIRUP) classified by PPE account for disposal of the remaining unserviceable properties to save on rental expenses of storage;</p>			<p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 7, page 60-68.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 7, page 60-68.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 7, page 60-68.</p> <p>Fully Implemented</p> <p>IIRUP already submitted by the Property Division.</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>c.2. secure copies of documents for the ownership of the Land and Buildings occupied by PRC-Main as basis for recording and computation of depreciation expenses;</p> <p>c.3. verify if the other machineries and equipment forwarded balances were already included in the disposed properties, if not, secure data as to the date of each acquisition as basis for the computation of depreciation expense and the adjustment in the books for the disposed properties included in the unreconciled forwarded balance of PPEs.</p>			<p>Fully Implemented</p> <p>The Accounting Division was able to secure the TCT of the Land and Buildings occupied by PRC-Main.</p> <p>Fully Implemented</p> <p>The Property Division already prepared and forwarded to the Audit Team the Inventory and Inspection Report of Unserviceable Property (IIRUP) for disposal.</p>
18. The carrying amount of the Construction in Progress (CIP) account amounting to ₱76,316,849.74 is unreliable due to the adjustment made in transferring the Computer Software developed for the modernization program of the PRC in the amount of ₱66,594,236.11 to Intangible Assets account, contrary to Section 4, Chapter 12, of the	Pages 46-48 of CY 2015 AAR	Management said that there was no actual reclassification in the books of accounts for various IT Software from the Construction in Progress account to Intangible Asset as earlier	

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>Government Accounting Manual. The fund transferred to DPWH Tuguegarao amounting to ₱1,862,950.79 was recognized under account Construction in Progress account thereby overstating the said account.</p> <p>We recommended that the Accountant correct/adjust the accounts affecting the CIP, Development in Progress and Due NGAs to reflect the accurate balance of the accounts in the financial statements.</p>		<p>suggested by the Resident Auditor because these were not yet completely accepted by the Commission and no property number has yet been assigned. The reclassification was merely done in the Notes to Financial Statements. In 2016, this will be reclassified to the Development in Progress Account in compliance with the Chart of Accounts. The erroneous entry for the take up of funds transferred to DPWH Tuguegarao was properly disclosed in the Notes to Financial Statements and was duly adjusted in February 2016.</p>	<p>Not Implemented</p> <p>No available records or documents to support the payments and absence of Certificate of Acceptance.</p>
<p>19. Cash Advances amounting to ₱2,730,338.70 granted to officers and employees of the PRC remained unliquidated as of December 31, 2015, of</p>	<p>Pages 48-51 of CY 2015 AAR</p>	<p>Close monitoring of unliquidated cash advances is being undertaken by the</p>	

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>which ₱169,195.15 pertains to those granted before December 2011 despite the provision of COA Circular No. 2012-004, liquidation of which is uncertain due to resignation, dismissal, death and unknown whereabouts of the persons accountable thereof.</p> <p>We recommended that the Management:</p> <p>a. order the Accountant to send demand letters to all Special Disbursing Officers/Accountable Officers requiring them to settle immediately their outstanding cash advances in compliance with COA Circular No. 97-002 dated February 10, 1997; and</p> <p>b. instruct the Accountant to strictly monitor liquidation of cash advances granted to Service Contractors who were designated as members of the delegation on licensure examinations and to the Board Members whose term of office has no holding period.</p>		<p>Accounting Division to enforce liquidation within the prescribed timeline. Salary deductions are enforced on those who have been notified and yet still failed to liquidate. Unliquidated balances pertain to prior years and efforts to demand liquidation proved futile due to the resignation, dismissal, death or unknown location of subjects concerned.</p>	<p>Partially Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 5, page 47-55.</p> <p>Not Implemented</p> <p>Service Contractors are still designated as members of the delegation on licensure examinations.</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>20. The PRC contracted 385 Job Orders/Service Contractors (JOs/SCs) more than the number of the 342 regular/permanent employees whose duties and responsibilities are similar with regular employees and even assigned as delegates to examinations conducted in the Field Offices. These JOs/SCs were granted cash advances as Special Disbursing Officers contrary to CSC Resolution No. 020790 dated June 5, 2002 and COA Circular No. 97-002 dated February 10, 1997.</p> <p>We recommended that Management make representation with the DBM to expedite the approval of the agency's reorganization to resolve the hiring of JOs/SCs employed by the Commission and to avoid designating them as SDOs and delegates in the conduct of examinations which duties should be done by regular employees.</p>	<p>Pages 51-52 of CY 2015 AAR</p>	<p>Management is hopeful that the Reorganization Plan of the Commission which is expected to be approved within the year will address the issue at hand</p>	<p>Not Implemented</p> <p>Despite approval of PRC reorganizational plan by DBM, there were still more job orders/service contractors than regular employees and who are still handling cash advances.</p>
<p>21. The Commission allowed JOs/SCs personnel to render overtime services in violation of Joint Circular (JC) No. 1 dated November 25, 2015 of</p>	<p>Pages 52-54 of CY 2015 AAR</p>	<p>Management explained that rendering of overtime by Job Orders are</p>	

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>the CSC and the DBM. The Service Contractors were granted fringe benefits and Christmas bonuses in CY 2014 and 2015.</p> <p>We recommended that the Management:</p> <p>a. stop the practice of allowing SCs/JOs personnel in rendering overtime services with pay or compensation in accordance with Joint Circular No. 1 dated November 25, 2015 and the payment of Christmas bonus/fringe benefits;</p> <p>b. cause the refund of the Christmas Bonus/Fringe benefits paid to the JOs/SCs; and</p> <p>c. make representation with the DBM on the immediate approval of the PRC reorganization to resolve issues on the large number of JOs/SCs employed by the Commission and to avoid fielding the JOs as SDOs</p>		<p>necessary in the exigency of the service and in light of the shortage of manpower. The Reorganization Plan of the Commission which is expected to be approved within the year and will address the issue at hand.</p>	<p>Not Implemented</p> <p>PRC is still allowing JOs/SCs to render overtime. A Notice of Suspension was issued</p> <p>Not Implemented</p> <p>PRC made an appeal to COA Commission Proper on the lifting of the Notice of Disallowance for the said benefits.</p> <p>Not Implemented</p> <p>Despite approval of PRC reorganizational plan by DBM, there were still more job orders/</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
and delegates in the conduct of examinations.			service contractors than regular employees
<p>22. Only ₱2,509,863.23 or 19.58 percent were utilized of the proposed PRC GAD budget of ₱12,819,206.50 or two percent instead of the five percent of the actual PRC annual budget of ₱633,199,000.00 was allocated for the implementation of the projects/activities related to GAD inconsistent with Section 6.1 of PCW-NEDA-DBM JC No. 2012-01 and Section 34 of the GAA for FY 2015. Targeted activities in the GAD Plan were not fully accomplished or achieved particularly on the Organization Focused projects contrary to Section 34 of the General Provisions of the GAA for FY 2015.</p> <p>We recommended that the GAD Focal Point:</p> <p>a. strictly comply with the requirements of the PCW-NEDA-DBM JC No. 2012-01 to enable it to address gender issued and fully attain the targeted activities and develop more GAD related projects that will promote gender equality among</p>	<p>Pages 54-55 of CY 2015 AAR</p>	<p>Management will increase the GAD Plan and Budget for FY 2016 – a projected budget of ₱31,540,552.00 which is 4.66 percent of the 2016 budget of the agency totaling ₱677,023,000.00. The COA recommendations are incorporated in the 2016 GAD plan and budget.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 10, page 72-74,</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>employees and clients; and</p> <p>b. closely monitor the implementation of the GAD Plan endorsed by the PCW.</p>			<p>Partially Implemented</p> <p>Conducted various activities for GAD but activities still subject to verification if these activities were properly endorsed by PCW.</p>
<p>23. The Agency integrated its formulated plans, programs, projects and accomplishments intended to address the concerns of Senior Citizens and Persons with Disability (SCPD) in the GAD program for CY 2015 with no separate plan and programs using one percent of the total budget of the Agency pursuant to Section 35 of RA No. 10651.</p> <p>We recommended that the Management require the Focal Person to include in the PRC Plan programs/projects that will positively benefit the Senior Citizen and Persons with Disability.</p>	<p>Pages 55-56 of CY 2015 AAR</p>		<p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017. Observation No. 11, page 75.</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>24. Failure to immediately decide and prepare the Terms of Reference (TOR) and revise the Memorandum of Agreement (MOA) with the Department of Public Works and Highways (DPWH) due to lack of proper planning and failure of biddings conducted, resulted in the delay of hiring a Technical Consultant to perform for the Architectural and Engineering Design of the proposed new building with contract cost amounting to ₱24 million, which contributed further to the delay in the construction of the proposed new PRC building with allocated fund released of ₱484.300 million during the year.</p> <p>We recommended Management to:</p> <p>a. fast-track the preparation/revision of the MOA and the TOR with the DPWH and review/evaluate thoroughly its provisions to avoid further modifications;</p> <p>b. make representation with the DPWH in the pre-</p>	<p>Pages 29-31 of CY 2014 AAR</p>	<p>The Management requested for the release of MYOA which was approved in December 2016, the ₱484,3000,000.00 was transferred to DPWH awaiting the approval of new TOR.</p> <p>The Design and Built proposed TOR could not be possible because the project does not fall under the classifications to qualify for the Design Build mode of procurement.</p> <p>Preliminary plan has been prepared in-house for review by TWG-made up of the PRC chairman and PRBs Review of TOR for A & E design in progress.</p> <p>The new Chairman had already made his inquiry to the DPWH on the project.</p>	<p>Fully Implemented</p> <p>DBM already informed PRC to require DPWH to return the amount transferred for the AED and construction of the building.</p> <p>Fully Implemented</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>bidding conference and the actual public bidding process to make clarifications concerning the projects and to immediately resolve whatever differences in opinion in order to avoid further delay in the implementation of the project;</p> <p>c. ensure that the programs, projects and activities are ready for implementation upon release of the allocated funds to avoid the lapsing of cash allocations.</p>		<p>No longer enforceable.</p>	<p>No longer enforceable.</p> <p>Fully Implemented</p> <p>No longer enforceable.</p>
<p>25. Deficient planning and defects in the implementation of the program of works by the Contractor in the renovation of the old PRC building with contract cost amounting to ₱22.381 million resulted on the delay of project completion to the detriment of the agency. There was an improper charging of expense amounting to ₱2.389 million out of the ₱26.825 million allotted funds for the said major renovation.</p> <p>We recommended that Management:</p> <p>a. reconcile with the DPWH for any discrepancies on</p>	<p>Pages 31-34 of CY 2014 AAR</p>	<p>The roofing works is to be completed but has to be rectified because of damage caused by adjacent construction. The PRC has not yet accepted the works. Plumbing/ water tank – distribution pipes are in place. The 3rd floor and auditorium repair are not yet complete because of the items needed but not included in</p>	<p>Not Implemented</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>the contract cost and the program of works to be done in the implementation of the project on the repair/renovation of the building to avoid further delay of the project;</p> <p>b. formulate a realistic and attainable work plan and budget in the AWP to ensure that the proposed project is implemented within the schedule; and</p> <p>c. ensure that the projects and activities are ready for implementation upon release of the allocated funds to avoid the lapsing of cash allocations.</p>		<p>DPWH work program. Electrical upgrade is still ongoing panel boards are in place. Locator of new generator was identified during meeting with the DPWH people.</p>	<p>No reports submitted by PRC on the status of completion of the renovation of the old PRC building since renovation is still ongoing.</p> <p>Not Implemented</p> <p>Not Implemented</p>
<p>26. The balance of Inventory accounts amounting to ₱53,858,254.72 is of doubtful validity due to failure of the Accounting Division to take up the issuance of supplies and materials; the inclusion of dormant balance of ₱5,401,274.03 before the implementation of e-NGAS with no documents to support its existence; and the non-reconciliation of the records of Accounting Division with the Property Office reports as to</p>	<p>Pages 42-43 of CY 2014 AAR</p>	<p>Efforts of the Accounting Division and the Supply and Property Division to reconcile Inventory Accounts would always be interrupted because of the lack of dedicated personnel to conduct the reconciliation.</p>	

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>balance of Inventory of supplies and materials on hand.</p> <p>We recommended that:</p> <p>a. Property and Supply Officer to maintain updated stock cards to record receipt of deliveries, and issuances thereof summarized in the RSMI to be submitted to the Accounting Division for recording;</p> <p>b. Accountant and the Supply Officer to monitor and reconcile their records and effect the necessary adjustments on the discrepancies noted to reflect the true balances of the Inventory accounts in the FS; and</p> <p>c. Property/Supply Officer to exert extra effort to locate documents to support the existence of the balance of ₱5,401,273.03 which remained dormant in the books for so many years.</p>		<p>More often a service contractor would be assigned to perform the task but would eventually resign.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017, Observation No. 6, page 56-60.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017, Observation No. 6, page 56-60.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2017, Observation No. 6, page 56-60.</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>27. The Agency failed to provide copies of Lease Contracts and other documentary requirements needed to support the Contract of Lease used by the different Regional Offices as basis for the legality and validity of Lease Contracts and is contrary to COA Circular No. 2012-001.</p> <p>We recommended Management to submit duly authenticated copies of the Lease Contracts and additional documentary requirements pursuant to COA Circular No. 2012-001 dated June 14, 2012 as basis for the auditorial and technical review of the Lease Contract.</p>	<p>Pages 60-62 of CY 2014 AAR</p>	<p>To date, copies of Lease Contracts have been furnished the Office of the Resident Auditor. Furthermore, a Commission Memorandum was issued directing all Regional Directors/BAC Chairpersons to transmit copies of Lease Contracts and supporting documents to the COA Auditor pursuant to COA Circular 2012-001.</p>	<p>Not Implemented</p> <p>The PRC Regional Offices are still in the process of conducting public bidding for the lease of PRC Regional Offices.</p>
<p>28. The Commission granted fringe benefits to the PRC Employees, Contractual and Service Contractors totaling ₱43,821,479.60 for CYs 2013 and 2014 with no written authority from the Office of the President which is in violation of RA No. 6758 and COA Circular No. 2013-03.</p> <p>We recommended that Management require the payees/claimants to refund the amount received as fringe benefits amounting to ₱43,821,479.60 which is not</p>	<p>Pages 51-53 of CY 2014 AAR</p>	<p>The Commission maintain its position that there is no need for the approval of the President in the granting of fringe benefits considering that RA No. 8981 authorized the Commission to grant the subject benefits.</p> <p>Further, RA 6758 and COA</p>	<p>Not Implemented</p> <p>PRC already submitted an Appeal</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>in accordance with RA No. 6758 and COA Circular No. 2013-03 dated January 30, 2013. Thereafter, management should refrain from giving fringe benefits without any authority issued thereon.</p>		<p>Circular No. 2013-03 allows exceptions "if there is legal basis." RA No. 8981 provides the legal basis.</p>	<p>Memorandum to the COA Commission Proper.</p>
<p>29. Inaccurate balances of Cash-Local Currency Savings Account amounting to ₱109,082.72 and the Cash-Local Currency Current Account of ₱965,688.31 due to failure of the Accounting Division to reconcile and monitor the book balances as against the bank balances of the agency, resulting in discrepancy of the said accounts in the amount of ₱656,118.36 and ₱341,236.01, respectively.</p> <p>We recommended that Management:</p> <p>a. close the RO/FO Cash Savings Accounts and open a Cash-Current Account where the funding checks intended for Regional Office will be deposited and checks will be drawn for each disbursement; and</p>	<p>Pages 47-48 of CY 2013 AAR</p>	<p>In view of the current set up of Centralized Accounting System, opening a separate Current Account in the regional/ field office will require authority from the Bureau of the Treasury. The ROs will be tasked to prepare the monthly bank reconciliation for the savings account maintained in their region.</p>	<p>Not Implemented</p> <p>Funds for operations of the field offices are still deposited in the Cash Savings Accounts of RO/FO.</p>

Observations and Recommendations	Reference	Management Actions	Status of Implementation and Results of Auditor's Validation
<p>b. prepare monthly bank reconciliation statement for each bank account maintained by the CO and the RO/FO to monitor the correctness and accuracy of the balances and prepare adjusting entry for discrepancies, if there's any.</p>			<p>Partially Implemented</p> <p>Prepared and submitted BRS for CO accounts only.</p>