

PART III-STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

We have followed up the actions taken by the Agency to implement the prior years' audit recommendations and noted the following:

Status of Implementation	No. of Recommendations	
	Quantity	Percentage
Fully Implemented	32	54
Not Implemented	27	46
Total	59	100

Partially and not implemented recommendations with impact on the financial statements are reiterated in Part II of this report. The results of our validation are as follows:

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
Financial Audit			
<i>Accounting Errors and Omissions</i>			
1. Errors and omissions in the recording of financial transactions resulted in misstatements on the Assets, Liabilities and Equity accounts totaling ₱290,634,445.04 as at December 31, 2019, thus affecting the fair presentation thereof in the Financial Statements (FSs) of PRC.	Pages 38-46 CY 2019 AAR		
a. Erroneous entries made for the cancellation of stale checks during the year- ₱8,316.24	Pages 60-68 CY 2017 AAR		
b. Unrecorded deliveries to PRC by the Department of Budget and Management-Procurement Service (DBM-PS)- ₱1,212,305.20	Pages 50-55 CY 2016 AAR		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>c. Unrecorded purchases by PRC – Central Office (CO)- ₱739,320.57</p> <p>d. Erroneous computation of Accumulated Depreciation/ Depreciation Expense- ₱221,998,490.08</p> <p>e. Non-derecognition of unserviceable/inexistent Computer Software- ₱66,594,236.11</p> <p>f. Non-reversion of stale checks to Cash in Bank- Modified Disbursement System (MDS), Regular and Payable accounts- ₱81,776.84</p> <p>We recommended that the Management:</p> <p>Expense/Accumulated Surplus and Payable-</p> <p>a. require the Accounting Division to make the necessary adjusting entry in the books of account to record the correction in the cancellation/reversion of stale check;</p>	<p>Pages 43-46 CY 2015 AAR</p>	<p>The erroneous entries noted herein are indeed cancellation entries. The JEV Nos. 2019-02-002852, 2019-03-003353 and 2019-04-003445 were cancelled by JEV Nos. 2019-12-008997, 2019-03-003353 and 2019-04-003445, respectively. The said check should be the payment for renewal of annual LTO registration for the motor vehicle (MV) with Plate No. SJP-122. The Property and Supply</p>	<p>Not Implemented</p> <p>Adjusting entries are for preparation and waiting for the transmittal of unissued checks from the concerned Region.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Receivables-</p> <p>b. require the Accounting Division to make the necessary adjustments in the books of accounts to record the deliveries received from the DBM-PS;</p>		<p>Division (PSD) as the end-user has requested for the check payment, but eventually requested for cancellation due to unavailability of the MV which was under repair in a car repair shop. On the other hand, the JEV Nos. 2019-05-003739 and 2019-05-003738 are check payments for the annual registration fee of MV with Plate No. SFG-536 were cancelled by JEV Nos. 2019-12-009001 and 2019-12-009000, respectively, because the said MV was already for disposal.</p> <p>We already informed the DBM-PS of the late transmittal to PSD of the DR/SI concerned. The two (2) of DR/SI which we received last year were overlooked in recording to the system. An aggregate delivery amounting to ₱1,065,990.8 were already recorded with JEV Nos. 2020-01-000628, 2020-01-000632, 2020-01-000724, 2020-01-</p>	<p>Fully Implemented</p> <p>Only the remaining unrecorded deliveries totaling ₱146,314.40 remained unadjusted as of December 31, 2020.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Inventories-</p> <p>c. require the PSD to immediately furnish the Accounting Division the Delivery Receipts (DRs) of all deliveries of supplies and materials upon receipt and the Report of Supplies and Materials Issued (RSMI) upon issuance;</p> <p>PPE-</p> <p>d. require the Accounting Division to make the necessary adjustments to correct the understatement of recorded accumulated depreciation and depreciation expenses; and</p>		<p>000629, 2020-01-000630 and 2020-01-000631. The remaining unrecorded deliveries amounting to ₱146,314.40 were DRs for the procurement of plane fare are subject to verification with DBM-PS due to variances between their SI and attached DR from the airline service provider.</p> <p>The PSD was informed to submit the DR/SI for timely recording in the books.</p> <p>The Accounting Division will strive harder to reconcile the differences between PPE Ledger Cards (PPELC) and Property Cards (PC) maintained by the PSD. To better carry out the reconciliation, the Management has issued Memorandum Order (MO) No.15 dated March 11, 2020 prescribing the guidelines on the conduct of physical inventory of properties, equipment, semi-</p>	<p>Fully Implemented</p> <p>PSD is religiously submitting the DR and RSMI after every receipt and issuance of inventories.</p> <p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>Management's concerns about the system error in the e-NGAs and lack of access to old data thereof need to be looked into and assistance from COA-ASDOSO is</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>expendable items, and supplies and materials. It is most respectfully requested for an ample time to fully implement the noted observations. With regard to erroneous computation of depreciation expense and accumulated depreciation amounting to 21,761,688.27 and 221,998,490.08, while the Depreciation Expense is automatically generated by the e-NGAS on a monthly basis, it was observed that Depreciation Expense from year 2015 to present for the PPE procured prior to data migration to the new eNGAS in 2015 was missing. A report will be sent to COA-ASDOSO pertaining to the observed system error once the e-ticketing system is back online.</p> <p>The ICT Service Unit had submitted the required Certification to PRC-COA Team</p>	highly needed to help resolve the material discrepancies noted.

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>a) Unascertained discrepancy between the book balance and the bank confirmed balance due to absence of BRS- ₱5,229,589.06</p> <p>b) Dormant bank account - ₱4,977,345.09</p> <p>We recommended that Management require the Accountant to:</p> <p>a) prepare and submit the BRS for all bank accounts, together with the JEVs taking up the reconciling items, if any, to substantiate the yearend book balances; and</p> <p>b) facilitate the closing of the dormant Trust accounts and the transfer of the remaining balances thereof to the account of the BTr after the necessary</p>	AAR	<p>The balances of the dormant accounts were forwarded to the new e-NGAS without the prior years' record of transaction. Hence, the preparation of the Bank Reconciliation Statement (BRS) is in pendency due to the availability of records from the old e-NGAS. The matter, however, was already coordinated with ICTS and in its reply to our letter seeking assistance from them. They were not able to retrieve the old e-NGAS due to incompatible configuration utility, obsolescence and others. In-charge personnel from</p>	<p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>The Accounting Division was unable to start the reconciliation due to the absence of the old e-NGAs data. As per COA-ASDOSO reply to Accounting Division's query, the database from the obsolete HDD could not be retrieved hence was advised to get IT support from the manufacturer.</p> <p>Not Implemented</p> <p>Reiterated in this Report.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>reconciliation has been made.</p> <p>Due from NGAs</p> <p>3. The failure of the Accountant and the Property Officer to regularly reconcile their records and monitor deliveries of procured items from DBM-PS resulted in unreconciled beginning balance difference between the books of PRC and DBM-PS of ₱55,590,370.32, and delayed recording of deliveries which rendered the yearend balance of Due from NGAs unreliable.</p>	<p>Pages 51-52 CY 2019 AAR</p> <p>Pages 39-41 CY 2015 AAR</p>	<p>COA-ASDOSO also informed us that they could not retrieve the data from obsolete HDD. Thus, we will seek assistance from the manufacturer. Lastly, a memo was also sent to the concerned Collecting Officers of ROs and COs for the purpose of submitting their deposit slips and Report of Collections and Deposits for reference purposes. Accounting will immediately submit the BRS and effect the necessary adjusting entry to close the Cash balances once the preparations are completed.</p>	<p>The Commission, in its comments, is looking into the issue of the BAC Fund and ensure compliance once pending requests for BAC Honoraria were obtained.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>a) Unreconciled difference between the books of PRC and DBM-PS - ₱55,590,370.32</p> <p>b) Late recording of prior year deliveries in the amount of ₱198,506.22</p> <p>We recommended and Management agreed to require the Accountant and the Property Officer to reconcile their records with DBM-PS and request offsetting of the balances with the succeeding purchases; and to record promptly all deliveries received for the year.</p>		<p>As to the unreconciled beginning balances, since the accounts affected in the reconciliation are permanent (real) accounts, it is much more difficult as the balance was forwarded from previous years wherein no reconciliation was prepared. However, the Accounting Division is exerting effort to reconcile at the minimum in the current year.</p> <p>A letter was sent to DBM-PS on July 24, 2020 informing them of the late transmittal to PRC- PSD of the DR/SI. Late recording of deliveries was also affected by the discrepancies between their SI and attached DR necessitating further verification with DBM-PS. In, addition we also informed PSD to immediately submit the DR/SI for timely recording in the books.</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Inventories account</p> <p>4. Two Inventory accounts with balances totaling ₱92,211,144.75 are unreliable due to: a) unreconciled balance of ₱24,137,913.21 between Accounting records and the RPCI of the PSD; b) inclusion of doubtful CYs 2014 to 2019 non-moving inventory items amounting to ₱6,575,934.49; c) unreconciled CY 2014 forwarded balances of Office Supplies Inventory of ₱5,400,962.07; d) variances of P40,826.46 between the Schedule of Inventories and SLs; e) inventory purchases amounting to ₱525,693.01 recorded as outright expense; and f) unaccounted/missing inventory items of PRC-CO amounting to ₱22,615,711.31.</p> <p>We recommended that Management require the:</p> <p>a. Accounting Division and PSD to reconcile their records of the Inventory accounts and effect the corrections/adjustments thereon to arrive at a reliable balance at yearend;</p>	<p>Pages 52-57 CY 2019 AAR</p> <p>Pages 48-50 CY 2016 AAR</p> <p>Pages 41-43 CY 2015 AAR</p> <p>Pages 42-43 CY 2014 AAR</p>	<p>The Accounting Division and PSD will strive harder to reconcile the records of inventory. To better carry out the reconciliation, the Management has issued Memorandum Order (MO) No.15 dated March 11,</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>b. PSD to adopt the Weighted Average Method for costing of Inventories, immediately furnish the Accounting Division of all deliveries of supplies and materials upon receipt and RSMI upon issuance;</p>		<p>2020, prescribing the guidelines on the conduct of physical inventory of properties, equipment, semi-expendable items, and supplies and materials. The Management is requesting for an ample time to fully implement the noted observations.</p> <p>The PSD was already informed to immediately furnish the Accounting Division of DRs most importantly during the cut-off period so as not to cause variances in the records. However, it has been observed in some instances, that there were delayed transmittal of DRs to PSD, e.g., DRs of DBM-PS and as such, the delivered items were included during the conduct of actual physical count but not recorded in the books, hence causes variances in between records. We already sent a letter</p>	<p>Fully Implemented</p> <p>Upon verification, the PSD was already using the Weighted Average Method for costing of inventories.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>c. Accounting Division to log to e-ticket for the discrepancies noted in the eNGAS; and</p> <p>d. RO concerned to furnish the Accountant in PRC-CO copies of their RPCI to provide as a basis in adjusting the Inventories account and to derecognize in its books the unserviceable semi-expendable inventories.</p>		<p>to DBM-PS informing the same.</p> <p>As of this writing, the COA web page for e-ticketing system for the reports of eNGAS related issues and concern is under maintenance. The Accounting Division will immediately report the noted variances per schedule and sub-ledger once the web page is back online.</p> <p>The concerned region commented that although it has been a practice to record purchases of supplies and materials as an outright expense rather than the appropriate inventory accounts, going forward, these items will be recorded as inventory and expensed when utilized as evidenced by the accomplished Requisition and Issue Slip and summarized in the Report of Supplies and Materials Issued (RSMI).</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>ROs V and VII -have no update.</p> <p>RO XI – The Management is nearly done with the IIRUP and making the necessary coordination with PRC-CO in the receipt and disposal of PPE items.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>PPE accounts</p> <p>5. The PPE account balance of P58,098,905.87 is unreliable as it includes PPEs with a) unreconciled balances of ₱7,757,712.67 since CY 2004; b) abnormal balances totaling ₱3,019,563.87; c) no acquisition dates to ascertain correctness of depreciation totaling ₱12,832,819.19; d) unserviceable items totaling ₱9,413,384.42; and e) items of Semi-expendable inventories totaling ₱25,075,425.72.</p> <p>We recommended and Management agreed to require the Accounting Division and PSD to:</p> <p>a. reconcile the balances of the PPE accounts appearing in their records, provide the relative information on the cost and acquisition date of the identified PPEs and effect the corrections/adjustments to arrive at a reliable balance;</p>	<p>Pages 57-61 CY 2019 AAR</p> <p>Pages 56-59 CY 2017 AAR</p>	<p>The Accounting Division will strive harder to reconcile the differences between PPELC and PC maintained by the PSD. To better carry out the reconciliation, the Management has issued MO No.15 dated March 11, 2020, prescribing the guidelines on the conduct of physical inventory of properties, equipment, semi-expendable items, and supplies and materials. It is most respectfully requested for an ample time to fully</p>	<p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>Reconciliation is still on going. The Accounting Division was unable to start the reconciliation due to the absence of the old e-NGAs data.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>b. identify the unreconciled and negative/abnormal balances of the PPE and require the Accountant to prepare the necessary accounting entry to drop from the books, if warranted;</p>		<p>implement the noted observations. As regards to erroneous computation of depreciation expense and accumulated depreciation amounting to 21,761,688.27 and 221,998,490.08, while the Depreciation Expense is automatically generated by the e-NGAS on a monthly basis, it was observed that Depreciation Expense from year 2015 to present for the PPE procured prior to data migration to the new e-NGAS in 2015 was missing. A report will be sent to COA-ASDOSO pertaining to the observed system error once the e-ticketing system is back online.</p> <p>The Accounting Division will strive harder to reconcile the noted negative balances and immediately start the reclassification of items entered in the books as PPE to Semi-Expendable.</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>c. cause the disposal of unserviceable properties and thereafter provide the Accounting Division PRC-Central Office a report of such disposal for the latter to record in the books of accounts; and</p> <p>d. reclassify the items of PPE account costing less than the ₱15,000.00 threshold to their proper classification, in accordance with Section 4, Chapter 10 of GAM for NGAs, Volume I.</p> <p>Service and Business Income</p> <p>6. The lapses of reconciliation and recording procedures</p>	<p>Pages 61-66</p>	<p>As of this writing, the COA web page for e-ticketing system where the e-NGAS-related issues and concerns are reported is under maintenance.</p> <p>The concerned regions agreed to dispose the unserviceable properties after proper coordination with the Supply and Property Division, PRC CO and thereafter submit the documents on the disposal made to enable the latter to drop from the books of accounts the properties that were disposed.</p> <p>The Accounting Division will immediately start the reclassification of items entered in the books as PPE to Semi-Expendable Property.</p>	<p>Fully Implemented</p> <p>The concerned regions have already done the required steps in the disposal such as preparation of Inventory and Inspection Report of Unserviceable Properties (IIRUP), actual inventory, tagging and accounting, and requesting COA Technical Inspector to verify appraisal of the assets to be disposed.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>resulted in variances in the balance of Service and Business Income account, to wit: a) ₱11,649,209.67 between the Report of Revenue and Other Receipts (RROR) (FAR No. 5) and the GL for CY 2019; b) ₱73,137,699.65 between the Electronic Collection Management System (ECMS) generated report and the NCR-RO Report of Collections (RC) covering the period January to March and August 2019; c) ₱886,752.00 between LBP ePayment Facility (Link.BizPortal) reported collections and confirmed bank balance, contrary to accepted internal control practice of reconciliation; and d) misclassification of the income collected during the year amounting to ₱669,638.00. Moreover, the completeness and validity of the reported collections totaling ₱70,343,782.27 from PayMaya Online Checkout Services (POCS) cannot be ascertained due to lack of viewing/downloading access constituting scope limitation in an audit.</p> <p>We recommended and Management agreed to:</p> <p>a. require the reconciliation of records and reports</p>	<p>CY 2019 AAR</p>	<p>Amended FAR No. 5 was already encoded</p>	<p>Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>prepared by Budget, Cash and Accounting Divisions to ensure that a) the aforesaid discrepancies are immediately identified and corrected; and b) only correct information should be reported in compliance with existing rules and regulations;</p> <p>b. require the Accounting Division to verify on a monthly basis the reported income per Landbank Linkbiz Portal and the deposits per LBP BS for BTR-Clearing Account No. 3402-2696-09 and investigate discrepancies if any, for proper disposition thereof;</p> <p>c. observe proper recording of revenues as at yearend to faithfully represent the effects of transactions in accordance with Section 15 of GAM for NGAs, Volume I, and make the necessary adjustments in the SLs of the affected Income accounts;</p> <p>d. require the reconciliation of records and reports prepared by Cash Division and Accounting Division to ensure that all discrepancies</p>		<p>and submitted by the Accounting Division to the Department of Budget and Management (DBM) on August 24, 2020. The final amount of Income is 1,525,582,013.78 excluding interest amounting to 449,665.67.</p> <p>No reply yet as Cash Division is still in the process of reconciliation.</p> <p>Cash Division was informed of the observations. A series of meetings were conducted by Cash Division with the Service Provider to inform of noted variances against the Report of Collection.</p> <p>No reply yet as Cash Division is still in the process of reconciliation.</p>	<p>Upon verification, Amended FAR No. 5 was already encoded and submitted by the Accounting Division to the DBM on August 24, 2020.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reiterated in this Report.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>are immediately identified and corrected; and</p> <p>e. allow the Audit Team the viewing access to payment transactions processed by all the payment channels of the PRC.</p>		<p>A new viewing access was already sent to the Office of the Resident Auditor.</p>	<p>Reconciliation is still ongoing.</p> <p>Fully Implemented</p> <p>COA Audit Team was already given access to the different payment channels.</p>
COMPLIANCE AUDIT			
<i>Budget Utilization</i>			
<p>7. The Agency's appropriations for the year increased by 40 percent from CY 2018 appropriations of ₱929,796,405.00 to ₱1,299,275,670.00 which, however, were not fully utilized, as out of the total allotments of ₱1,271,961,920.00 only 93 percent thereof or ₱1,184,642,611.64 was obligated, resulting in a decrease of 5 percent from the 2018 utilization rate of 98 percent, thus signify a need to reassess its operational budget needs. Moreover, the Budget Division failed to maintain the required Registries for monitoring of obligations, allotments and disbursements, contrary to Section 10, Chapter 3, of the GAM for NGAs, Volume I.</p> <p>We recommended and Management agreed to require the:</p> <p>a. Planning Management and Financial Service to explain the gap between the CY 2019 budget and its utilization and formulate a</p>	<p>Pages 66-71 CY 2019 AAR</p>	<p>The Commission managed to achieve an acceptable budget utilization rate of 93 percent in CY 2019</p>	<p>Fully Implemented</p> <p>COA Audit Team already received the</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>more realistic basis in setting up its financial budget vis-a-vis physical targets for consistency; and</p>		<p>despite the deferment and cancellation of some major projects and activities due to delay in the enactment of the FY 2019 GAA, election ban in the second quarter of the year and unforeseen events such as typhoons, and earthquake which incidentally fall on a scheduled inspection and monitoring in Regional Offices.</p> <p>The targets and corresponding budget were duly approved by the DBM as reflected in the FY 2019 GAA. The gap between the targets and budget was a result of the non-inclusion in the GAA of targets for programs and projects that were part of the budget from congressional initiatives which included the Case Decongestion Project, Continuing Professional Development (CPD) and staff support for the growing number of PRC service</p>	<p>reply letter from Budget Division.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
b. Budget Office to strictly comply with the provisions		<p>centers located in rent-free malls nationwide as well as in some Local Government Units. The Commission was able to get an additional amount of ₱80,975,000.00 for the above projects through Congressional initiatives which accounted for the increase in the 2019 budget.</p> <p>It can be said that the Commission would have far more exceeded its targets, were it not for the deferment of some projects and activities as there was already a significant increase in the 2019 physical accomplishments. For instance, there is a noted 60.99 percent increase in disposition of cases reported by the Hearing and Investigation Division due to the implementation of Case Decongestion Project.</p>	
		The RAODs are prepared	Fully Implemented

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>of Section 10, Chapter 3, Volume I of the GAM for NGAs, on the preparation and maintenance of the appropriate Registries.</p>		<p>electronically in the Budget and Management Division (BMD), which provides the data for allotment and obligations and balances as of a given date. The electronic files facilitate the preparation of the FARs (FAR 1, FAR 1-A). It is the Accounting Division which monitors and fills out the disbursement portion of the FARs. The Registries prescribed in the GAM for NGAs are intended for manual system. We no longer maintain a printed copy of the Registries as they are voluminous. However, we can provide the hard copies and soft copies of the Registries upon request for audit purposes.</p> <p>In the meantime, we have a pending request for training with the Government Accounting Sector (GAS) of the COA CO on the enhanced e-NGAS and e-</p>	<p>COA Audit Team already received the letter-reply from Budget Division. Maintenance of Registries is already embedded in the Budget System being used by the Budget Office.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		Budget in preparation for the decentralized financial management systems. The Budget and Treasury Management System (BTMS) is also in the pipeline. Once these are implemented, the current systems will be replaced.	
<i>Altered Official Receipts</i>			
<p>8. Alterations, erasures or corrections on the face of some Official Receipts (ORs) were noted in the audit of collections in PRC-RO No. VI, due to data errors caused by system glitches, indicating lack of policy or procedure to follow in those situations, contrary to Sections 123 and 124 of PD No. 1445.</p> <p>We recommended and Management agreed to:</p> <p>a. call the attention of all personnel involved in cash collections and remind them to immediately cease the practice of manually altering the ORs;</p> <p>b. consider issuing an Office Order detailing the mechanism on cash handling, so that there will be a proper procedure for cash collection to be observed; and</p>	<p>Page 72 CY 2019 AAR</p>	<p>PRC-RO No.VI was informed and awaiting for the reply.</p> <p>To coordinate with Administrative Office for the issuance of Office Order</p>	<p>Not Implemented</p> <p>Awaiting for the reply from the PRC RO Office.</p> <p>Not Implemented</p> <p>No Office Order issued yet</p> <p>Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
c. enroll the Cashiers and Special Collecting Officers (SCO) to training seminar on "Cash Management and Control System" for them to develop an appreciation of control systems based on the existing rules and regulations pertaining to the handling and custody of government funds.		Various Cashiers and Special Collecting Officers from CO and ROs have already attended the "Cash Management and Control System.	Upon verification, Cashiers and SCO have already attended the seminar.
<i>Accountable Officers (AO) not regular employees nor bonded</i>			
<p>9. PRC employees performing collection and deposit functions were not regular employees and/or not sufficiently bonded, contrary to Section 3.b.1, Chapter 3 of GAM for NGAs, Vol. I and Section 101 of PD No. 1445.</p> <p>We recommended and Management agreed to:</p> <p>a. stop the practice of allowing a service contractor or JO personnel to perform collection and deposit functions and, instead, assign a regular appointed and bonded employee; and</p>	<p>Pages 73-75 CY 2019 AAR</p> <p>Pages 47-56 CY 2017 AAR</p>	<p>RO I- They will strictly abide with the mandatory bond requirements for its AOs and all accounting rules and regulations will be strictly followed. As of report date, all AOs were already bonded.</p> <p>RO V- Due to lack of manpower, JO employees were assigned as CO in the PRC Offsite Delivery Center at Robinsons,</p>	<p>Fully Implemented</p> <p>Management already stopped the practice of allowing service contractor or JO to perform collection and deposit functions.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>Naga City, with the supervision of a regular and bonded employee. The assigned Collecting Officer of the PRC Offsite Delivery Center was appointed as a permanent employee effective Feb. 15, 2019. Currently, she is in the process of applying for a bond.</p> <p>In compliance with the audit findings issued, Management will monitor the immediate processing of the bond. They will also implement strict compliance with the other audit findings stated. Management will take serious action on this matter.</p> <p>The finding that the JO performed deposit function is not true as she never deposited collections on or before the time of the cash examination on April 10, 2019. She only started on May 24, 2019 to handle the deposit of collections, which is one of her main</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>b. make representations with PRC-CO to hire additional personnel to augment the manpower needs of the expanding operations of the Regions.</p>		<p>functions. Further, Office Order No. 575 dated September 19, 2018, designating the Job Order (JO) as Special Collection and Disbursing Officer (SCDO) of PRC-RO No. V, gives her the right to certify the RCD.</p> <p>RO VI- PRC Iloilo RO has a manpower complement of 37 personnel, attending to 43 Regulatory Boards, catering to hundreds of clients daily. Aside from the RO, it has three Offsite Service Centers (OSC) under its supervision. As of report date, there was only one appointed Administrative Officer I (Cashier I). Hence, it is inevitable that some personnel are assigned as CO in the exigency of the service. These personnel are either duly bonded SCO or under the direct and close supervision of a duly bonded official.</p> <p>Nonetheless, the OIC-Director has already issued Office</p>	<p>Fully Implemented</p> <p>Upon verification, the current set-up of PRC is that stakeholders can process their payment with their preferred payment channels (online banking, etc.). thus augmenting personnel for purposes of handling payment transactions was foregone.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>Orders designating the personnel manning the daily collection both in the RO and OSCs as SCO to establish accountability and control over cash accounts. The said Office Orders also detail duties and responsibilities of these SCOs for additional control.</p> <p>On the issue of manual alteration of ORs, Management has already called the attention of all personnel involved in cash collection and reminded them to immediately cease from the identified practice. Likewise, an Office Order shall be issued detailing the mechanism on cash handling, so that there will be a proper procedure for cash collection to be observed.</p> <p>Furthermore, the Cashier I and SCOs shall be enrolled in training on "Cash Management and Control System" for them to develop an</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>appreciation of control systems based on the existing rules and regulations pertaining to the handling and custody of government funds.</p> <p>RO VIII- The Management will follow the recommendations presented, pending the Memorandum Order from the Central Office, allowing Regional Directors to sign on application forms for fidelity bond. This will help facilitate fidelity bonding without the intervention of the Central Office.</p> <p>The Management will likewise expedite the fidelity bonding of the AO in PRC Ormoc Offsite Office, and Mr. Jude Archee M. Go.</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<i>Improperly maintained Cash Receipt Register</i>			
<p>10. Errors and omissions in the recording of daily financial transactions in the Cash Receipt Register (CRReg) totaling ₱426,803.50 in PRC RO No. V, Legaspi City cast doubts on the existence, completeness and accuracy of the recorded cash transactions.</p> <p>We recommended and Management agreed to:</p> <p>a. require the Collecting Officer to record his transactions daily in the cashbook, foot and close the cashbook at the end of each month; and</p> <p>b. strictly observe the guidelines on the handling, custody and disposition of the cashbook as outlined in Section 39 (d), Chapter 5I of GAM for</p>	<p>Pages 75-76 CY 2019 AAR</p>	<p>Management admitted the errors in the recording of transactions in the cashbook because of the voluminous number of clients in January 2019. However, these records were correctly recorded in the CRReg., in conformity with the GAM for NGAs, submitted to the Audit Team in February 2019. The erroneous recording did not lead to understatement/overstatement of deposits.</p> <p>We will implement strict compliance with the aforementioned audit</p>	<p>Fully Implemented</p> <p>Transactions were correctly recorded in the CRReg submitted to the Audit Team in February 2019.</p> <p>Fully Implemented</p> <p>Management is already compliant with Section 39 (d),</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
NGAs, Volume I to ensure the accuracy and completeness of recorded transactions.		recommendations. Rest assured that the Management will take serious action on this matter.	Chapter 5I of GAM for NGAs, Volume I.
<i>Non-submission/preparation of Monthly Reports of Accountability for Accountable Forms (RAAF)</i>			
<p>11. AOs in Regions V and VIII failed to prepare and submit the monthly RAAF, contrary to Section 17 (k), Chapter 8 of GAM for NGAs, Volume I.</p> <p>We recommended and Management agreed to:</p> <p>a. direct the responsible accounting personnel/disbursing officer to submit immediately all the needed financial reports and documents as well as those overdue reports/statements in the required form, together with a valid explanation for the delay in the submission thereof; and</p> <p>b. withhold automatically the salary of responsible officials for their unjustified failure to submit the required report until they complied with the requirements pursuant to the sanctions imposed under Section 122 of PD No. 1445.</p>	<p>Pages 76-77 CY 2019 AAR</p>	<p>Regional Offices V & VIII were already informed and awaiting for their response.</p> <p>Regional Offices V & VIII were already informed and awaiting for their response.</p>	<p>Fully Implemented</p> <p>As per SIPYAR of Audit Team assigned in the concerned Regions, Management already complied with the requirement.</p> <p>Fully Implemented</p> <p>Withholding of salaries not anymore applicable due to compliance of the concerned Regions with the preparation of RAAF.</p>
<i>Use of cash advances for other purpose</i>			
12. Cash advances granted for Maintenance and Other Operating Expenses (MOOE)	<p>Pages 77-79</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>of operating/field units totaling P1,033,404.62 were utilized for purposes other than for which it was legally granted, contrary to Section 89 of PD No. 1445 and Paragraph 4.1.7 of COA Circular No. 97-002 dated February 10, 1997, thus defeated the purpose for which their cash advances were granted and maybe considered illegal.</p> <p>We recommended that Management release the cash advances to its Field Offices on a timely manner so as the latter can defray the expenses intended to be served thereby and not affect the conduct of their operations and delivery of services.</p>	<p>CY 2019 AAR</p>	<p>RO V- Management admitted that the CA for MOOE was utilized to defray the expenses for the said examinations due to the delay in the deposit of CA for various licensure examinations by the CO. This matter was already relayed to the Director of the Planning, Management and Financial Service. He assured the Audit Team that the budget for licensure examination will be given priority.</p> <p>RO IV-A- During the exit conference, the OIC-Director claimed that the CA for MOOE granted to the CDOs includes funds</p>	<p>Not Implemented</p> <p>For preparation of the revised guidelines in the utilization of Cash Advance, although in RO V SIPYAR, this matter was already closed.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>intended for travelling expenses of the employees and same was part of the written instructions issued by the PRC-CO.</p> <p>He further pointed out that it would be financially hard for the employees of PRC to go on travel without cash advance, specifically if the Travel Order is for over a week, since they have to pay for their lodging and other incidental expenses while in the field.</p> <p>Nevertheless, they will abide by the COA rules to address and resolve the COA recommendation.</p>	
<i>Other Deficiencies in the Disbursements of Cash Advances Granted to ROs</i>			
<p>13. Charging of recurring expenses from the Petty Cash Fund, cash advances not covered by Disbursement Vouchers (DVs) or DVs not duly accomplished, failure to stamp "PAID" the supporting documents in the liquidation reports and unauthorized transfer of cash advance from one AO to another indicate weak internal controls, which</p>	<p>Pages 79-82 CY 2019 AAR</p> <p>Pages 47-48 CY 2013 AAR</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>expose government funds to the risk of possible loss or misappropriation.</p> <p>We recommended and Management agreed to instruct the Operating Units/ROs to open a Current Account with any authorized government depository bank (AGDB) to which fund transfers for MOOE will be deposited; use the prescribed DV or Payroll with complete details, instead of the Petty Cash Voucher in paying the regular and recurring expenses of the Agency.</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 BTr. The ROs will be tasked to prepare the monthly bank reconciliation for the savings account maintained in their region.</p>	<p>Fully Implemented</p> <p>Majority of the ROs have opened the MDS except for those newly operational RO (i.e., RO I). The Commission plans the initial direct release of funds (from DBM to ROs) to these MDS account in the 3rd quarter of CY 2020.</p>
<i>Lapses Noted in the Disbursement of Gasoline/Fuel Expenses</i>			
<p>14. Disbursements related to fuel consumption were noted with deficiencies in the RO Nos. I, II, V and XI, such as non-preparation of Monthly Report of Official Travels and Daily Trip Tickets in violation of Sections 2, 3 and 4 of COA Circular No. 77-61 as well as Section V.1 of COA Cir. No. 75-6, thereby raising doubts as to the reasonableness of the fuel consumption.</p> <p>We recommended that Management prepare and submit the Monthly Reports of Official Travels and Fuel Consumption from January to November 2019 to the Auditor,</p>	<p>Pages 82-83 CY 2019 AAR</p>	<p>PRC-RO Nos. I, II, V and XI were informed and awaiting for the reply.</p>	<p>Not Implemented</p> <p>Awaiting for the reply from PRC ROs. RO II – Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
and thereafter, submit regularly all the subsequent monthly reports.			RO V – Not implemented RO XI – Fully implemented
<i>Non-disposal of unserviceable Semi-Expendable Inventories/Property</i>			
<p>15. Unserviceable semi-expendable inventories amounting to ₱194,909.74 were not disposed of, contrary to Section 79 of PD No. 1445, thereby limiting the use of storage space and foregoing the miscellaneous income that can be earned from its sale.</p> <p>We recommended that Management plan for the disposal of all unserviceable properties, segregate those which are still economically repairable from those that have to be disposed either by sale, transfer without cost or by destruction.</p>	<p>Pages 83-84 CY 2019 AAR</p>	<p>PRC-RO No. XI was informed and awaiting for the reply.</p>	<p>Fully Implemented</p> <p>The Regional Disposal Team (RDT) has already identified which among the unserviceable properties are to be disposed through sale and transfer without cost.</p> <p>The Management also prepared a request for a COA Technical Inspector to verify the appraisal of these assets. The in-house technical inspectors have already finished appraising their ICT and other equipment.</p>
<i>Non-submission of Liquidation Reports</i>			

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>16. The liquidation reports (LRs) to substantiate the total of ₱98,565,088.30 transactions posted to the account Other General Services were not yet submitted by PRC-CO Accounting Division to the Audit Team, contrary to Section 5.3 of COA Circular No.97-002 dated February 10, 1997, thereby precluding the examination on the propriety and validity of the transactions including the completeness of the supporting documents.</p> <p>We recommended that Management require the Accounting Division to:</p> <p>a. provide justification as to the non-submission of the LRs; and</p> <p>b. submit to the Audit Team the noted LRs to avoid suspension of the same.</p>	<p>Page 84 CY 2019 AAR</p>	<p>Management commented that the LRs for the months of June, July, August and September were already submitted as of July 21, 2020.</p> <p>The remaining LRs for October to December will be ready for submission by July 27, 2020.</p>	<p>Fully Implemented</p> <p>LRs were already submitted to COA Resident Auditor.</p> <p>Fully Implemented</p> <p>LRs were already submitted to COA Resident Auditor.</p>
<i>Irregular, Unnecessary, Extravagant, Excessive, and Unconscionable Expenses (IUEE)</i>			
<p>17. Disbursements totaling ₱252,167.97 were considered illegal, irregular, unnecessary and excessive expenditures due to non-conformity with relevant laws</p>	<p>Pages 85-87 CY 2019 AAR</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>and regulations prescribed under COA Circular No. 2012-003 dated October 29, 2012.</p> <p>We recommended that Management submit to the Audit Team a valid, verifiable and duly supported justifications for the incurrence of the said expenditures and to stop the practice of expenditures without legal basis.</p>		<p>CO- Management commented that the subject ACG is provided in Sec.3, Article VI of Collective Negotiation Agreement (CNA)-12-2015-01, which is not dependent on the availment of retirement benefit, and the same may not be availed by all retiring employees unless the stipulated conditions have been complied with. Management has also stopped granting the said benefit.</p> <p>As to the cost of repairs, Management commented that the same was necessary and the same include replacement of several parts as recommended by Toyota Otis Inc. Technicians.</p> <p>RO XI- Management stated that it will comply with the requirement on the</p>	<p>Fully Implemented</p> <p>Justifications were already submitted to the COA Resident Auditor.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>submission of certification from Regional Accountant before certifying the payment of transportation allowance of the Regional Director.</p> <p>RO II- The receipt of quarterly cash advance for the MOOE of PRC-RO, Tuguegarao is sometimes delayed due to the bulk of transactions being processed in the PRC-CO because of its highly centralized financial systems. Another cause of delay was the lack of manpower in the Administrative, Accounting, Budget and Disbursing Divisions.</p> <p>RO IX- They have no available funds to cope with the payment of utility bills that were due for payment. However, they committed to observe proper monitoring of payments of utility bills to avoid incurrence of</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		penalties in the future.	
<i>Compliance with RA No. 9184 or the Government Procurement Reform Act</i>			
<p>18. Lapses and areas for improvement in the conduct of procurement activities were noted, such as: lacking informational requirements in the bidding documents and failure to follow the timelines provided in the Implementing Rules and Regulations (IRR) of RA No. 9184.</p> <p>We recommended and Management agreed to require the PSD to:</p> <p>a. provide justification as to the:</p> <ul style="list-style-type: none"> • non-disclosure of the funding source and the schedule of delivery or completion in the Invitation to Bid; • non-compliance with the procurement timelines in the contract and the discrepancy noted on the date of posting of Performance Security and the date of contract signing; • deficiencies in the NOA and NTP; • lacking Certification on the Minutes of the Meetings; and 	<p>Pages 87-92 CY 2019 AAR</p> <p>Pages 30-32 CY 2016 AAR</p>	<p>The Instruction to Bidder of the incoming projects was updated to include source of funding and delivery schedule.</p> <p>As to the absence of contract duration or delivery schedule in the Bid Documents, the BAC/Secretariat will be more circumspect to the details in order to fully comply with the procurement guidelines.</p> <p>As to the delays in procurement activities, the project concerned was part of</p>	<p>Fully Implemented</p> <p>Justifications were already submitted and evaluated by the COA Resident Auditor. The evaluation shows that:</p> <ul style="list-style-type: none"> • The Instruction to Bidder was updated to include source of funding and delivery schedule; and • The delays noted were due to the pendency in the approval of GAA for FY 2019.

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
b. submit all the contracts awarded in CY 2019, together with all documents forming part thereof, in accordance with COA Circular No. 2009-001.		the Early Procurement Activities of the Commission as per Section 7.6 of the 2016 Revised IRR. This provides for the undertaking of the procurement activities pending the approval of GAA for FY 2019, provided that no award shall be made until such GAA has been approved or enacted. Moreover, Government Procurement and Policy Board (GPPB) Circular No. 09-2018 provides for the suspension of the 15-day period for the HOPE to approve the Resolution of the BAC and to issue the NOA provided under Section 37 of RA No. 9184 and the three-month period within which to complete the procurement process.	Fully Implemented All the contracts awarded in CY 2019, together with all documents forming part thereof were already submitted to COA Resident Auditor.
OTHER COMPLIANCE ISSUES			
<i>Gender and Development Plan (GAD)</i>			
19. The GAD budget allocation of ₱39,630,025.00 for CY 2019 represents only four percent of the total Agency budget which falls short of the five percent mandatory requirement under the General Provisions of the	Pages 92-94 CY 2019 AAR		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>GAA for FY 2019. It is noted that the actual expenditures attributed for the Agency's gender-based programs and projects amounting to ₱80,388,273.34 exceeded the GAD budget as well as the mandatory requirement of ₱44,648,890.00.</p> <p>We recommended that the GAD Focal Point Committee:</p> <p>a. provide a reasonable GAD budget as required under the GAA to effectively carry out the GAD programs, activities and projects; and</p> <p>b. submit a justification for the incurrence of expenditures in excess of the GAD budget, to enable the Audit Team to render a decision in audit.</p>		<p>It is only this October 2020 that the reviewer from PCW called the attention of the PRC that any activities fall under the flagship program of the Commission could be placed under Attribution Program and not under Client-Focused Activities. Thus, conduct of licensure examination or any licensure or regulation program of the PRC should be placed under this Attribution Program. Relative to this, the expenses incurred for gender issue no. 1 under PRC's Annual GAD Accomplishment Report for FY 2019 were not actually</p>	<p>Fully Implemented</p> <p>For CY 2020, PRC has allotted a GAD budget compliant with the 5% requirement.</p> <p>Fully Implemented</p> <p>Justification was submitted by Management. The Team also realized that the five percent budget requirement is the minimum amount to be disbursed in relation to GAD programs/projects.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		spent as GAD activity per se but rather as expenses under the licensure program of PRC.	
<i>Remittances to GSIS, Bureau of Internal Revenue (BIR), PhilHealth and Pag-IBIG Fund</i>			
<p>20. For CY 2019, the Agency has faithfully complied with the requirement of deducting from the salaries of its personnel the required taxes and premiums and remitting the same as well as the government share within the prescribed period to the concerned institutions or agencies. However, prior year's statutory deductions of ₱2,389,462.22 and beginning balance of ₱342,355.72 in favor of GSIS and Pag-IBIG remained unremitted and/or subject to verification and reconciliation.</p> <p>We recommended that Management facilitate the reconciliation and eventual disposition of the noted PY's unremitted deductions for GSIS and Pag-ibig contributions.</p>	<p>Pages 95-96 CY 2019 AAR</p>		<p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>Reconciliation is still ongoing.</p>
2018 Audit Recommendation			
Financial Audit			
<i>Misstatements in the Financial Statements</i>			
<i>Income</i>			
21. Collections in the amount of ₱142,730,006.58 were not deposited intact daily and some accountable officers in PRC Tuguegarao City and	<p>Pages 53-58 CY 2018 AAR</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Davao City are not bonded, contrary to Section 30, Volume I of GAM for NGAs and Section 101 of PD No. 1145. In addition, deposits totaling ₱706,985,497.77 were unrecognized by the BTr.</p> <p>We recommended and Management agreed to:</p> <p>a. require the COs to immediately deposit their respective accountabilities totaling ₱142,730,006.58 within the prescribed period set and institute penal sanctions for those Accountable Officers (AOs) who will fail to comply with the directive of the Chairman and; henceforth, direct COs to deposit collections intact daily; and require each accountable officer to apply for fidelity bond with BTr;</p> <p>b. reconcile the details of the remaining collections without the BTR's Certification amounting to ₱706,985,497.77 and submit summary of collections</p>		<p>A reply letter was sent to COA Resident Auditor which was received on April 3, 2019.</p> <p>The applications for bond of ROs' employees and officials were previously done in the Central Office which prolonged the processing, thus, Regional Offices have been permitted now to process their own application of bond to Regional BTr Offices. Lucena and Davao Regional Offices were already informed of the noted observations and recommendations.</p> <p>Management explained that the remaining ₱706,985,497.77</p>	<p>Not Implemented</p> <p>As per Management reply letter, it stated that the unaccounted deposits were actually deposited. However, there is no proof of deposit attached to the reply. Hence, the Audit Team will verify the said deposit.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
from all sources deposited to LBP in the name of BTr-PRC Clearing Account.		represents collections by the CO for October to December 2018; in NCR (November to December 2018) and other ROs. Requests for BTr Certifications have been sent to the BTr, however, no response was received to date. A memorandum has also been sent to all Regional Collecting Officers to submit complete certifications for the year 2018.	
Unliquidated Cash Advances			
<p>26. Lapses in the grant and liquidation of cash advances such as granting of new cash advances even though previous cash advances given to some employees have not been settled resulted in accumulation of over-due cash advances amounting to ₱17,435,569.96 and improbable collectability of advances of resigned/retired employees of ₱311,953.64.</p> <p>We recommended and Management agreed to:</p> <p>a. cause the recovery of unliquidated cash advances from any amount due from those who have transferred, retired and separated from government service</p>	<p>Pages 58-62 CY 2018 AAR</p> <p>Pages 44-47 CY 2016 AAR</p>		<p>Not Implemented</p> <p>Reiterated in this Report.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
Other Compliance Issues			
<i>Gender and Development (GAD)</i>			
<p>22. Out of the proposed PRC GAD budget of ₱22,652,850.00, only 14 percent or ₱3,214,174.15 was utilized which is inconsistent with Section 6.1 of Philippine Commission on Women (PCW) - National Economic and Development Authority (NEDA) and DBM Joint Circular (JC) No. 2012-01 and Section 30 of the General Provisions of the GAA for FY 2018. Likewise, targeted activities in the GAD Plan were not fully accomplished or achieved particularly on the Organization Focused projects.</p> <p>We recommended that the GAD Focal Committee strictly comply with the requirements of the PCW-NEDA-DBM JC No. 2012-01 and fully attain the 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;</p>	<p>Pages 69-70 CY 2018 AAR</p> <p>Pages 71-74 CY 2017 AAR</p> <p>Pages 56-57 CY 2016 AAR</p> <p>Pages 54-55 CY 2015 AAR</p>	<p>The PRC is strictly complying with the requirements of the PCW-NEDA-DBM JC No. 2012-01. For the year 2019, the Annual GAD was submitted to PCW with total proposed budget amounting to 39,630,025.00 or 4.44% of the total GAA. Out of the proposed total budget, 100% was utilized.</p>	<p>Fully Implemented</p> <p>For CY 2020, PRC has allotted a GAD budget compliant with the 5% requirement. Moreover, the Agency utilized the amount budgeted for GAD programs and projects.</p>
2016 Audit Recommendations			
<i>Program Implementation</i>			
23. Funds transferred to the DPWH amounting to	Pages 30-32		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>₱24,000,000.00 and ₱484,300,000.00 for the bidding of the Architectural 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 follow up with the DPWH the immediate return of the unutilized fund transfers of ₱508,300,000.00.</p>	CY 2016 AAR	<p>A letter requesting reversion of obligation was sent to DPWH together with pertinent documents on April 8, 2019. The adjusting entry for reversion of obligation amounting to 508,300,000.00 was taken up in the books as per JEV No. 2019-09-007159 which was supported by DPWH-CO JEV No. 2019-04-000408.</p>	<p>Fully Implemented</p> <p>PRC already sent a letter to DPWH to return said funds but funds were not yet reverted back to PRC.</p>
24. 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	Pages 40-42 CY 2016 AAR		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>(RA) No. 9184. Moreover, disbursements totaling ₱1,498,087.82 were charged.</p> <p>We recommended that the Management 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.</p>		<p>The Accounting Division was not able to remit to National Treasury the excess deposit due to pending preparation of Bank Reconciliation Statement (BRS). The ICTS is still finding ways to recover the files of old books of accounts and once the record has been recovered, we shall facilitate the preparation of the BRS and prepare necessary adjusting entry.</p>	<p>Not Implemented</p> <p>Reiterated in this Report.</p>
<p>25. 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 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>Pages 42-44 CY 2016 AAR</p>		<p>Not Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>We recommended that the Management require the Accounting Division to analyze and determine the causes of the negative balances in the accounts of the COs and make the necessary adjustments in the books.</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>The AO 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>26. 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 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>Pages 44-47 CY 2016 AAR</p>	<p>Accounting Division is strictly implementing no additional cash advance shall be granted for employees with unliquidated cash advance.</p>	<p>Fully Implemented</p> <p>A notice of unliquidated cash advance was issued to concerned employees to remind them of their cash advance and inform them of the</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
			reglementary period to liquidate.
2015 AUDIT RECOMMENDATIONS			
Program Evaluation			
<p>27. The Service Provider contracted by the PRC failed to provide a faster renewal and issuance of professional licenses due to defective pictures submitted by Shoe 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>We recommended that Management 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>Pages 29-31 CY 2015 AAR</p>	<p>Management had already terminated the services of the SMI in 2016 in time for the soft opening of the Dragonpay Corporation online 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</p>	<p>Not Implemented</p> <p>The PRC is still in the process of reconciling with SMI the discrepancy in the collections.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		Service Provider, SMI.	
Accounting Deficiencies			
<p>28. 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 LBP and the 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 against the Summary Report of Collections because of the significance of the amounts of discrepancies noted; and</p>	<p>Pages 37-39CY 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 in the collections recorded in the books of PRC with that of the remittances of SMI.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
b. request certifications from the LBP and the BTr on the total actual deposits made by SMI to PRC.			Not Implemented The Accounting Division is still reconciling the actual deposits based on the certification from the LBP and BTr.
<p>29. 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 DBM-PS and the PRC books from CYs 2004 to 2015.</p> <p>We recommended that the Management 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>	Pages 39-41 CY 2015 AAR	Management has made representation with the DBM-PS 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	Fully Implemented Verification of the SL for Due from NGAs showed that there is a need to reconcile the beginning balance and improve the accuracy thereof.

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		from the Accounting and Property Division. The Accounting Division already effected recording of payments to PS upon processing of the voucher for each Agency Purchase Request.	
<p>30. Cash Advances amounting to ₱2,730,338.70 granted to officers and employees of the PRC remained unliquidated as of December 31, 2015, of 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 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>Pages 48-51 CY 2015 AAR</p>	<p>Close monitoring of unliquidated cash advances is being undertaken by the 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</p>	<p>Fully Implemented</p> <p>The Commission has already discontinued the practice of granting cash advances to Board Members. However, there are still cash advances granted to Service Contractor/Job Orders due to exigency of service and lack of regular</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		prior years and efforts to demand liquidation proved futile due to the resignation, dismissal, death or unknown location of subjects concerned.	employees who will handle the function but restricted to travel/per diem only.
<p>31. The Commission allowed JOs/SCs personnel to render overtime services in violation of JC No. 1 dated November 25, 2015 of 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 JC No. 1 dated November 25, 2015 and the payment of Christmas bonus/fringe benefits; and</p> <p>b. cause the refund of the Christmas Bonus/Fringe benefits paid to the JOs/SCs.</p>	<p>Pages 52-54 CY 2015 AAR</p>	<p>The Commission had stopped the practice of granting overtime services with pay except for the employees assigned in Rating Division in accordance with Joint Circular No. 1 s. 2015.</p>	<p>Fully Implemented</p> <p>The Commission had stopped the practice of granting overtime services with pay except for the employees assigned in Rating Division in accordance with Joint Circular No. 1 s. 2015.</p> <p>Fully Implemented</p> <p>PRC made an Appeal to COA Commission Proper on the lifting of the Notice of</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
			Disallowance for the said benefits.