

### PART III – STATUS OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

Of the 44 prior years’ audit recommendations, 23 were implemented, of which one audit recommendation was overtaken by subsequent events, thus considered closed. The remaining 21 audit recommendations were not implemented as at audit date, as presented hereunder:

| Status of Implementation | No. of Recommendations | Percentage |
|--------------------------|------------------------|------------|
| Implemented              | 23                     | 52         |
| Not Implemented          | 21                     | 48         |
| <b>Total</b>             | <b>44</b>              | <b>100</b> |

The results of validation by the Audit Teams on the implementation of the 44 audit recommendations are as follows:

| Observations and Recommendations   | Ref.                               | Management Actions | Status of Implementation and Result of Auditor’s Validation |
|--|------------------------------------|--------------------|---|
| <b>Financial Audit</b>   |                                    |                    |   |
| 1. The Commission’s consolidated FS were misstated by P8,934,654.74 due to accounting errors and omissions that are considered a departure from the International Public Sector Accounting Standards (IPSASs) but not material to affect the overall fair presentation of the FSs as at December 31, 2022. | PRC CAAR 2022<br><br>Par. 1.1-1.68 |                    |   |
| <b>Accounting Errors and Omissions</b>   |                                    |                    |   |
| <b>Cash and Cash Equivalents</b>   | PRC CAAR 2022                      |                    |   |
| a) <i>Non-inclusion/ Omission of current account for payroll</i>   | Par. 1.5-1.13                      |                    |   |
| b) <i>Unrecorded deposits and disbursement (net effect) on trust receipts and unrecorded bank service charge</i>   |                                    |                    |   |

| Observations and Recommendations  | Ref.                         | Management Actions  | Status of Implementation and Result of Auditor's Validation  |
|---|------------------------------|---|--|
| <p><i>c) Negative                      Subsidiary<br/>Ledgers of Cash Collecting<br/>Officers</i></p> <p><b>We recommended and the Management of CO agreed to:</b></p> <p><b>a. from the monthly report of reconciliation of the Accounting for the variance between the books and bank balances, instruct the Payroll Section to determine the payees with unsuccessful payments or overpayments per pay period and submit the details to Accounting Division (AD) for proper recording of liability (in case of underpayment) or receivable (in case of overpayment); and</b></p> <p><b>b. instruct the Payroll Section and Cash Division to prepare the Disbursement Voucher (DV) to revert the amount in excess of the P30,000.00 on the payroll account for deposit to the account of the BTr.</b></p> |                              | <p>The AD is still waiting for the coordination made by the HRDD with LandBank – Intramuros Branch in obtaining the prior years' bank statements that will aid the reconciliation of the account.</p> | <p><b>Not implemented</b></p> <p>Reconciliation has not been made by the concerned Divisions to identify the payees with unsuccessful payments or overpayments.</p> <p><b>Not implemented</b></p> <p>The amount in excess of the maintaining balance of P30,000.00 remained unremitted to the BTr.</p> |
| <p><b>Inventories</b></p> <p><i>a) Unrecorded                      inventory<br/>items</i></p>  | <p>PRC<br/>CAAR<br/>2022</p> |   |  |

| Observations and Recommendations   | Ref.                                       | Management Actions                                     | Status of Implementation and Result of Auditor's Validation   |
|--|--|--|---|
| <p>b) <i>Unrecorded issuances of inventories to end-users</i></p> <p>c) <i>Inventories delivered at year-end recorded as expenses</i></p> <p><b>We recommended and the Management of CO, ROs II and VI agreed to instruct the Property Division/Custodian and Accountant to reconcile their records and make the necessary adjustments in the books supported by required documents.</b></p> | <p>Par. 1.14-1.20</p>                      |  | <p><b>Not implemented</b></p> <p>There are still discrepancies observed in the records of AD and Property Division. Likewise, no adjusting entry was recorded in RO II.</p> |
| <p><b>Property, Plant and Equipment (PPE)</b></p> <p><i>Properties below the P50,000.00 capitalization threshold remained recorded as PPE</i></p> <p><b>We recommended and Management of RO III agreed to instruct the concerned Accountant to make the necessary adjustments in the books to correct the misstatements.</b></p>   | <p>PRC CAAR 2022</p> <p>Par. 1.21-1.23</p> |  | <p><b>Implemented</b></p> <p>The RO III reclassified the properties to their proper account.</p>  |
| <p><b>Expenses</b></p> <p><i>Unrecorded differential for the payment of honoraria amounting to P373,716.00</i></p> <p><b>We recommended and the Management of CO agreed to instruct the Accountant to make the appropriate</b></p>   | <p>PRC CAAR 2022</p> <p>Par. 1.24-1.25</p> | <p>Already set-up payable (JEV No. 2023-09-003150)</p> | <p><b>Implemented</b></p> <p>Journal entry was already recorded in CO to adjust the</p>   |

| Observations and Recommendations   | Ref.                                       | Management Actions        | Status of Implementation and Result of Auditor's Validation  |
|--|--|---------------------------|--|
| adjustments in the books of accounts to correct the total amount of the Honoraria Account in the FS.   |  | dated September 30, 2023) | balance of the affected accounts.  |
| <b>Accounting Deficiencies</b>   |  |                           |  |
| <p>a.) Payments/Transfers to Implementing Agency without acknowledgement - P26,956,461.65</p> <p><b>We recommended and the Management agreed to require the concerned Accountant to secure the necessary ORs and submit them to us in compliance with the COA Circular No. 94-013 and other pertinent provisions and do the same for succeeding transactions.</b></p>  | <p>PRC CAAR 2022</p> <p>Par. 1.31-1.33</p> |                           | <p><b>Implemented</b></p> <p>ORs were already submitted and validated by the AT.</p>                           |
| <p>b.) Unreconciled balance between the books and Report on the Physical Count of Inventories (RPCI)/ Report on the Physical Count of Semi-Expendable Property (RPCSP)</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. require the AD of CO to provide a copy of the JEV to PSD for every issuance of inventory per RSMI and RSPI to facilitate easier reconciliation in succeeding periods.</b></p> | <p>PRC CAAR 2022</p> <p>Par. 1.34-1.36</p> |                           | <p><b>Implemented</b></p> <p>The copy of JEV for the RSMI and RSPI were now provided by the AD to the PSD.</p> |

| Observations and Recommendations   | Ref.                                       | Management Actions  | Status of Implementation and Result of Auditor's Validation   |
|--|--|---|---|
| <p>c.) Lapses in the recording of procured Inventories - P3,849,541.06</p> <p><b>We recommended and the Management agreed to instruct the ROs to recognize the pre-printed PICs delivered to them and record the expenses of their utilization.</b></p>  | <p>PRC CAAR 2022</p> <p>Par. 1.37-1.38</p> |   | <p><b>Not implemented</b></p> <p>Accountable forms transferred from CO were not recorded in the ROs' books. Intra-agency accounts are still subject for reconciliation.</p> |
| <p>d.) Unreconciled General Ledger (GL) controlling account and subsidiary records – P2,367,000.00</p> <p><b>We recommended and the Management of RO VI agreed to require the Accountant and other officials concerned to exert effort in tracing the supporting documents to establish the details, ascertain the accuracy of the account Other Personnel Benefits, maintain the SL and conduct monthly reconciliation of the SL and the GL per Section 111 (1) of PD No. 1445 and Appendix 6, Volume II of the GAM for NGAs.</b></p> | <p>PRC CAAR 2022</p> <p>Par. 1.48-1.51</p> | <p>The RO Management assures the COA that subsidiary ledgers are kept up to date and that it would follow recommendations to undertake SL and GL reconciliation on a monthly basis.</p> | <p><b>Implemented</b></p> <p>The RO VI already updated their SL and reconciled with the GL.</p>   |
| <p>e.) Inconsistencies and variances in collection reports and records between PRCs collection systems /platform, collecting officer, intermediaries, and Authorized Government</p>  | <p>PRC CAAR 2022</p> <p>Par. 1.52-1.68</p> |   |   |

| Observations and Recommendations  | Ref. | Management Actions   | Status of Implementation and Result of Auditor's Validation   |
|---|------|--|---|
| <p>Depository Bank -<br/>P1,796,954.31</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. require the Cashier of RO VI to reconcile her records and the reports generated by the ECMS, ensure that all discrepancies are identified and corrected, and make representation with the CO ICTS to determine further and resolve the issues in the variances in the collection reports;</b></p> <p><b>b. strengthen internal control measures, procedures, and units in CO that will address the inconsistencies, and variance in reported transactions and collections with the Commission's online platform with the intermediaries for the prevention of possible losses in income and to protect the interest of the government; and</b></p> |      | <p>The RO VI Management will strictly abide by the Commission on Audit's advice to carry out monthly reconciliation in order to guarantee that all discrepancies are found and resolved. Moreover, a copy of the inaccuracies the ECMS has made during report generation and to give solutions to prevent recurrence of the same situation.</p> <p>The Management has issued OO No. 746 dated July 05, 2023 to help in the implementation of COA Recommendations with regard to AOM.</p> | <p><b>Implemented</b></p> <p>The discrepancies identified during the generation of reports were already reconciled by the RO.</p> <p><b>Implemented</b></p> <p>The Management issued OO No. 746 to strengthen the internal control.</p> |

| Observations and Recommendations  | Ref.   | Management Actions | Status of Implementation and Result of Auditor's Validation  |
|---|--|--------------------|--|
| c. require the Cash Division to demand the intermediary to deposit the collection of P1,132,753.00 to the AGDB account of the Commission.   |  |                    | <b>Implemented</b><br><br>The amount involved was already deposited by the Maya to the BTr on May 9, 2023. |
| <b>Other Audit Areas</b>  |  |                    |  |
| <p><i>Computer Based Licensure Examination (CBLE)</i></p> <p>2. Despite being indicated as one of the primary offerings of the Commission over a while, the CBLE Project's operational capacity is minimal, resulting in only six computerized/digitalized board examinations implemented in CY 2022 and an offering of ten tests in CY 2023 prolonging the maximum benefits that could be derived from the Program for the Commission and its end users.</p> <p>a.) Delayed implementation due to non-readiness of the Commission for its establishment; and</p> <p>b.) Lack of funding for the non-inclusion of its proposed budget in the GAA further caused a delay in the performance of at least 70% of the planned computerized/digitalized board exams.</p> | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 2.1-<br/>2.18</p> |                    |  |

| Observations and Recommendations   | Ref. | Management Actions   | Status of Implementation and Result of Auditor's Validation   |
|--|------|--|---|
| <p>We recommended and the Management of CO agreed to:</p> <p>a. continue to establish a computerized/digitalized examination process, as it is one of the explicit mandates of the Commission while focusing on improving this frontline service to gain its recognition and acceptance until the Commission is rendered ready for full computerization of all its examinations;</p> <p>b. revisit the ISSP to include the addressing of favorable operational and financial impact of the CBLE in comparison with the traditional pen and paper examinations with consideration to the target of catering 510,000 examines annually or the full computerization of all examinations; and</p> <p>c. continue to make representation with the DBM relative to the funding of the CBLE for its inclusion in the annual appropriations.</p> |      | <p>The amended PRC ISSP 2021-2023 which includes the CBLE Project was favorably endorsed by the DICT.</p> <p>The budget for CBLE for 2024-2025 for the full implementation of the CBLE for all 16 regional testing Centers was included again in budget proposal of PRC.</p> | <p><b>Implemented</b></p> <p>Implementation of computerized/digitalized examination process by the PRC is still on-going.</p> <p><b>Not Implemented</b></p> <p>The Management pointed out that the computerization of examination process was not due to the ISSP as it was duly endorsed by the DICT, but rather on the approval of budget.</p> <p><b>Implemented</b></p> <p>The budget for the implementation of CBLE was continuously included the budget proposal of PRC.</p> |



| Observations and Recommendations  | Ref.   | Management Actions | Status of Implementation and Result of Auditor's Validation |
|---|--|--------------------|---|
| <p><i>Delivery of service to the public</i></p> <p>3. Various deficiencies in the delivery of services to the clientele of the Commission affected its objective of adopting a simplified government requirements and procedures that will reduce red tape and expedite business and nonbusiness-related transactions in government as embodied under RA No. 11032 of CY 2018 or the "Act promoting the ease of doing business and efficient delivery of government services".</p> <p>a) Difficulty in securing an appointment through an online platform for services in the NCR, including renewal of Professional Identification I.D. Cards, certification, and authentication services due to the limiting of available slots.</p> <p>b) Non-availability of online applications for certification/ authentication on several board ratings of professionals and for the replacement of Certificate of Registration resulting from slow automation and digitization process, lack</p> | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 3.1-<br/>3.28</p> |                    |   |

| Observations and Recommendations  | Ref. | Management Actions | Status of Implementation and Result of Auditor's Validation   |
|---|------|--------------------|---|
| <p>of workforce, and non-utilization of available resources, which also puts the records of the Commission on the risk of loss, damage, and tampering</p> <p>c) Non-availability of online applications to replace Certificate of Registration and its extended processing time, especially for regional applications</p> <p><b>We recommended and the Management agreed to:</b></p> <p><b>a. instruct the personnel concerned:</b></p> <p><b>i. that in the online application process to avoid presenting the "no slots available" in the results; instead, notify the public of the availability of succeeding slots in the following days for every service center in the NCR to avoid confusion that services are not offered in the said service centers therefore, the applicants will not have to guess when will the subsequent availability of slots;</b></p> |      |                    | <p><b>Not implemented</b></p> <p>The applicants cannot view the available slots per service center. For the certification of rating, the applicant will be asked to check later or select a different service center once it reached the maximum appointment slots.</p> |

| Observations and Recommendations   | Ref. | Management Actions | Status of Implementation and Result of Auditor's Validation  |
|--|------|--------------------|--|
| <p>ii. develop an option in the application process showing the availability of slots for every application for a given period (month) so that the public is informed of the status and availability of applications or processes that the service centers are offering and processing;</p> <p>iii. prioritize and complete the digitization of remaining MLs and TORs, and other pertinent records that are being utilized in the frontline service to eliminate the manual retrieval of documents by accessing the records vault; and</p> <p>iv. complete the automation of grades and needed data and information in the system for the faster processing of certification and authentication requests by the Records Section and to fully enable the application for the</p> |      |                    | <p><b>Not implemented</b></p> <p>The earliest available date of appointment was automatically selected. The professional may change the appointment given but he/or she cannot view all the available slots/schedules.</p> <p><b>Not implemented</b></p> <p>On-going digitization of MLs, TORs and other pertinent records.</p> <p><b>Not implemented</b></p> <p>The automation grades and needed information is still on-going.</p> |



| Observations and Recommendations   | Ref. | Management Actions  | Status of Implementation and Result of Auditor's Validation   |
|--|------|---|---|
| <p>expenditures totaling P8,803,411.33.</p> <p><b>We recommended and the Management agreed to instruct the:</b></p> <p><b>a. Disbursing Officers and Accountants of all ROs concerned to refrain from paying expenditures or claims without complete and proper process and documentation in compliance with COA Circular 2012-001;</b></p> <p><b>b. concerned personnel of RO III to submit the necessary lacking supporting documents such as official receipts, Certificates of Attendance/ Participation and Invitation from host agencies for the conduct of seminar/ training, pursuant to Section 4(6) of PD 1445; and</b></p> <p><b>c. Supply Officer of RO VIII to include all data/ information required by applicable rules in the preparation of the Purchase Order; otherwise, the document may be deemed to be void and unable to be accepted as a contract; and the concerned</b></p> |      | <p>The Management of RO VIII has instructed the Supply Officer to ensure that the data or information needed to be filled out in the Purchase Order are complete.</p> | <p><b>Implemented</b></p> <p>The Disbursing Officers and Accountant of ROs complied with the recommendation.</p> <p><b>Implemented</b></p> <p>The lacking documents were already submitted to the AT.</p> <p><b>Not implemented</b></p> <p>Some of the purchase orders still do not have complete information especially as to the date of conformance by the supplier.</p> |

| Observations and Recommendations   | Ref.   | Management Actions  | Status of Implementation and Result of Auditor's Validation  |
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| <p><b>personnel to Submit the duly accomplished Trip Tickets and Monthly Report of Official Travels and Monthly Report of Fuel Consumption.</b></p>  |  |   |  |
| <p><i>Non-compliance with laws, rules and regulations on cash management</i></p> <p>5. Inadequate internal controls on cash management led to deficiencies, such as lapses of controls in granting and enforcement of liquidation of CAs, and unauthorized maintenance of bank accounts of several ROs, contrary to laws, rules, and regulations relevant thereat.</p> <p>a) Lapses of controls in granting and enforcement of liquidation of cash advances</p> <p>b) Unauthorized maintenance of bank account</p> <p><b>We recommended and the Management agreed to:</b></p> <p><b>a. instruct the Accountant of RO II to ensure complete documentation, such as the required certifications, before granting another CA to avoid overlapping /</b></p> | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 5.1-5.8</p> | <p>The Management of RO II instructed the AOs to secure Certification from the Accountant prior to the request of CA.</p> | <p><b>Implemented</b></p> <p>The AOs are now securing certification from the accountant that their previous CA was already liquidated.</p> |

| Observations and Recommendations  | Ref.  | Management Actions   | Status of Implementation and Result of Auditor's Validation   |
|---|---|--|---|
| <p>multiple unliquidated cash advances. Ensure that only duly appointed or designated officers are given with CAs that may perform disbursing functions;</p> <p>b. instruct the Accountant and Disbursing Officers of ROs II, V, and IX to monitor and liquidate CAs as soon as the purpose for the said CAs has been served and liquidate the remaining CAs at yearend;</p> <p>c. ensure that CAs do not exceed the maximum accountabilities of the AOs in RO V; and</p> <p>d. require the ROs I, II, IV-A, V, VI, VII, VIII, IX X, and XI to close the savings accounts and remit all the account's remaining balance to BTr.</p> |   | <p>The Management of ROs II, V and IX has instructed to monitor and liquidate CAs as soon as the purpose for the said CAs has been served and liquidate the remaining CAs at yearend as instructed by their respective COA Auditors.</p> <p>The Management has issued Memorandum Order No. 2022-72 dated October 18, 2022 and has reiterated to the Regional Management to comply immediately.</p> | <p><b>Not implemented</b></p> <p>CAs totaling P7,801,021.60 in RO IX remained unliquidated as of December 31, 2023.</p> <p><b>Implemented</b></p> <p>CAs of AO did not exceed the maximum allowed accountabilities.</p> <p><b>Not implemented</b></p> <p>Not all savings account were closed and remitted to the BTr. Balance of savings account per books as of December 31, 2023 amounted to P372,606.04.</p> |
| <p><i>Compliance with the provisions of RA No. 9184</i></p> <p>6. While the procurement could be ultimately pursued through public</p>  | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 6.1-<br/>6.3</p> |  |   |

| Observations and Recommendations   | Ref.  | Management Actions | Status of Implementation and Result of Auditor's Validation  |
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| <p>bidding or other alternative methods of procurement as required under the Revised Implementing Rules and Regulations (RIRR) of RA No. 9184, the use of direct contracting poses the risk of assuring that the costs of the Commission's various projects and activities totaling P5,213,546.50 were economical and advantageous to the government.</p> <p><b>We recommended and the Management of ROs NCR, CAR and IX agreed to require the concerned offices to use competitive bidding in all its procurement activities and resort only to alternative methods in highly exceptional cases as provided in the RIRR of RA No. 9184.</b></p> |   |                    | <p><b>Implemented</b></p> <p>The ROs involved are already conducting their procurement through public bidding and other alternative mode of procurement.</p> |
| <p><i>Non-preparation of property reports/records and other required documents</i></p> <p>7. Non-preparation of the required records, forms, and reports for Inventory transactions in two ROs is contrary to GAM for NGAs and pertinent COA Circulars, hence precluding the prompt audit of transactions involving Inventories.</p>   | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 7.1-<br/>7.3</p> |                    |  |



| Observations and Recommendations  | Ref. | Management Actions | Status of Implementation and Result of Auditor's Validation   |
|---|------|--------------------|---|
| <p>We recommended and Management agreed to:</p> <p>a. require the Supply/Property Officer of ROs NCR and III to maintain a Stock Card for every inventory item to facilitate the review, physical count and reconciliation of inventories;</p> <p>b. require the Accountant of NCR to attach the required IARs, and Contracts/POs in the DVs and other pertinent documents upon submission to the AT;</p> <p>c. require the Property and Supply Unit/Officer of NCR that for every preparation of RSMI before the submission to the Accountant for recording in the books of accounts, ensure that the supplies issued per RSMI corresponds with the details in the RIS; and</p> <p>d. require the Supply/Property Officer and Accountant of RO XII to create and update the required records and forms maintained by the respective unit and submit the same in the manner and period as</p> |      |                    | <p><b>Not implemented</b></p> <p>SCs were not being maintained in NCR.</p> <p><b>Implemented</b></p> <p>IARs, contracts and POs were attached in the submitted DV of NCR.</p> <p><b>Implemented</b></p> <p>Supplies issued that were reported in the RSMI corresponds with the RIS.</p> <p><b>Implemented</b></p> <p>Supply/Property Officer and Accountant of RO XII updated their records of inventories.</p> |

| Observations and Recommendations  | Ref.   | Management Actions | Status of Implementation and Result of Auditor's Validation   |
|---|--|--------------------|---|
| required by rules and regulations.  |  |                    |   |
| <p><i>Gender and Development (GAD)</i></p> <p>8. The Commission and its ROs conducted and integrated GAD Programs, Projects, and Activities (PPAs) in its regular activities. However, deficiencies were noted in the GAD Agenda, PCW-endorsed and agency GAD Plan and Budget (GPB) and GAD Accomplishment Report (AR), thus identified gender issues and concerns were not fully addressed by the Commission.</p> <p><b>We recommended and the Management agreed that:</b></p> <p><b>a. ROs II and IX to prepare the GAD AR with supporting documents in alignment with the GPB endorsed by the CO using the prescribed format / template as provided in Annex B of PCW-NEDA-DBM Joint Circular 2012-01; and</b></p> <p><b>b. RO VII to comply with the GAD annual budget allocation of at least five percent (5%) of the appropriation through regular projects and</b></p> | <p>PRC<br/>CAAR<br/>2022</p> <p>Par. 8.1-<br/>8.10</p> |                    | <p><b>Implemented</b></p> <p>ROs II and IX prepared GAD AR in the prescribed format.</p> <p><b>Implemented</b></p> <p>Budget allotted and expended for GAD-related projects and programs of PRC exceeded the required 5%.</p> |

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|---|---|--------------------|--|
| <p>programs, and ensure the full implementation thereof, to address identified gender-related issues.</p>   |   |                    |  |
| <p><i>Compliance with Property Insurance Law</i></p> <p>9. Insurable assets totaling P52,956,478.10 in RO XII were not insured under the General Insurance Fund (GIF) of the GSIS for CY 2022, contrary to Sections 5 and 4(c) of RA No. 656 or the Property Insurance Law and paragraphs 3.1 and 3.2 of COA Circular No. 92-390, thus exposing said assets to the risk of not being indemnified in the event of loss and/or damage to such properties.</p> <p><b>We recommended and the Management of RO XII agreed to require the RO to prepare the PIF listing of all the insurable properties showing their latest appraised values/valuation, acquisition date, location, and other information and submit the same to the Office of the AT and GSIS not later than April 30 each year as prescribed under COA Circular No. 2018-002 dated May 31, 2018 and strictly comply with the provisions of RA No. 656 or the Property Insurance Law.</b></p> | <p>PRC<br/>CAAR<br/>2022</p> <p>Par.<br/>10.1-<br/>10.5</p> |                    | <p><b>Implemented</b></p> <p>The RO XII already paid the necessary Insurance as per DV No. 01-2023-05-249.</p> |

| Observations and Recommendations  | Ref.  | Management Actions | Status of Implementation and Result of Auditor's Validation |
|---|---|--------------------|---|
| <b>2021</b>   |   |                    |   |
| <b>Financial Audit</b>  |   |                    |   |
| <b><i>Accounting Errors and Improper Accounting Treatment of Transactions</i></b>   |   |                    |   |
| <p>10. Total misstatements of P30,366,859.32 in the consolidated FSs of the PRC due to accounting errors and improper accounting treatment of transactions that are considered departures from the IPSAS. The impact of such errors and omissions significantly affects the overall fairness of the presentation of the FSs as at December 31, 2021.</p> <p>a) Non-inclusion/ Omission of current account for payroll.</p> <p>b) Unrecorded deposits and charges on trust receipts</p> <p>c) Erroneous computation of Accumulated Depreciation- P122,536.48</p> <p>d) Provision of depreciation in prior and current year items that are already fully depreciated and/or derecognized - P29,184,654.11</p> <p>e) Accounts payable aging 2 years has no existing valid or</p> | <p>PRC<br/>CAAR<br/>2021</p> <p>Par.1.1-<br/>1.29</p> |                    |   |

| Observations and Recommendations   | Ref.  | Management Actions   | Status of Implementation and Result of Auditor's Validation   |
|--|---|--|---|
| legitimate claims nor has outstanding judicial or administrative claims-P70,169.37   |   |  |   |
| <p><b>Cash and Cash Equivalents-</b></p> <p><b>We recommended and Management agreed to require the AD to:</b></p> <p><b>a. issue the corresponding demand letters to the concerned employees for the refund of overpayment of salaries/wages amounting to P5,500.40.</b></p> | <p>PRC<br/>CAAR<br/>2021</p> <p>Par.1.5-<br/>1.11</p> | <p>The Management commented that AD has started the preparation of bank reconciliation statement (BRS) for the payroll account and requested to Human Resource Development Division (HRDD) in charge of distribution/transfer of cash from the Agency payroll account to the designated employees' accounts to submit the list of unposted/unsuccessful payments, and for the overpaid salaries/wages, a corresponding demand letter shall be issued to concerned officials and employees after completion of BRS.</p> | <p><b>Not Implemented</b></p> <p>On-going reconciliation.</p> |

| Observations and Recommendations  | Ref.                              | Management Actions | Status of Implementation and Result of Auditor's Validation   |
|---|-----------------------------------|--------------------|---|
| <b>Compliance Audit</b>   |                                   |                    |   |
| <i>Irregular and Excessive Expenditures</i>   |                                   |                    |   |
| 11. Non-compliance with COA Circular No. 2012-003 dated October 29, 2012, or Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant, and Unconscionable Expenditures resulted in irregular and excessive expenditures totaling P13,162,223.64.  | PRC CAAR 2021<br><br>Par. 6.1-6.4 |                    |   |
| <b>For Irregular Expenditures:</b><br><br>a) require the CO and ROs to close the saving accounts and remits all the account's remaining balances to the BTr.  |                                   |                    | <b>Not Implemented</b><br><br>Records of savings account were transferred by the CO to the ROs. However, the savings account was still maintained and the balance were not remitted to the BTr. |
| <i>Internal Control System</i>  |                                   |                    |   |
| 12. Other internal control weaknesses in the processing of disbursements, granting of cash advances and their liquidation, and conduct of licensure examinations in NCR, ROs III, and V were noted in audit contrary to the sound internal control system as provided under Section 123 and 124 of PD No. 1445, thus risk of loss of funds and doubtful | PRC CAAR 2021<br><br>Par. 7.1-7.4 |                    |   |

| Observations and Recommendations   | Ref.  | Management Actions | Status of Implementation and Result of Auditor's Validation                         |
|--|---|--------------------|---|
| transactions may not be prevented.   |   |                    |   |
| <b>Cash Management:</b><br><br><b>a) limit the amount of CAs of the AOs to their maximum cash accountability (RO V).</b>   |   |                    | <b>Implemented</b><br><br>The CAs of AOs did not exceed the maximum accountability. |
| <i>Dormant Asset Accounts</i>  |   |                    |   |
| 13. Dormant balances of asset accounts totaling P12,925,270.89 remained in the books of the CO due to insufficient monitoring actions by Management on account balances, contrary to COA Circular Nos. 2016-005 dated December 19, 2016 and 97-001 dated February 5, 1997, thus balances of the said accounts could no longer be ascertained, and collections of receivables ceased to be probable.<br><br><b>We recommended and Management agreed to instruct the AD to update the status of implementation with programs/projects implementers totaling P4,977,344.45, and revert the trust fund to the general fund if warranted.</b> | PRC<br>CAAR<br>2021<br><br>Par. 8.1-<br>8.8 |                    | <b>Implemented</b><br>(Closed)<br><br>With revised recommendation in 2023 CAAR.     |

| Observations and Recommendations  | Ref.  | Management Actions            | Status of Implementation and Result of Auditor's Validation |
|---|---|-------------------------------|---|
| <b>2020</b>   |   |                               |   |
| <b>Financial Audit</b>  |   |                               |   |
| <i>Accounting and Property Controls Deficiencies</i>  |   |                               |   |
| Deficiencies totaling P686,719,197.52 observed in the recording and reporting of financial transactions such as: a) absence of reconciliation of accounting records, b) late recording of transactions, c) existence of dormant accounts, and d) unsupported prior year balances, thus affecting the reliability of the reported balances of the Assets, Liabilities and Revenue in the FSs as of December 31, 2020.  | PRC<br>AAR<br>2020<br><br>Par. 2.3-2.13<br><br>PRC<br>AAR<br>2019<br><br>Par. 3.1- 3.10 |                               |   |
| <b>Advances</b><br><br>14. Agency's insufficient observance of the laws, rules, regulations in the granting, utilization, and liquidation of cash advances under COA Circular No. 97-002 and Section 6 of COA Circular No. 2016-005 resulted in the a.) discrepancy of P16,013.16 between the Unliquidated Cash Advance Report and FSs as at December 31, 2020 and b.) presence of unreconciled/negative balances totaling P579,317.27 in the accounts' subsidiary ledgers. | PRC<br>AAR<br>2020<br><br>Par. 2.52-2.59  |                               |   |
| <b>We recommended and Management agreed to</b>  |   | Management commented that the | <b>Not Implemented</b>                                      |



| Observations and Recommendations  | Ref.   | Management Actions  | Status of Implementation and Result of Auditor's Validation |
|---|--|---|---|
| <p>require the Chief Accountant to reconcile the negative balances noted and determine the nature thereof.</p>  |  | <p>AD, CO issued a Memorandum on March 19, 2021, requesting the concerned AO (providing copies of their SLs as reference) to reconcile their respective SL transactions. Thereafter, the AD will validate their submitted compliances and prepare the appropriate adjusting entry, if any. They also commented that during reconciliation of the FSs and Statement of Unliquidated Cash Advances (SUCA), the variance has been identified as an adjustment in the liquidation. A corrected SUCA shall be submitted by the AD to coincide with the correct account balance in the books of accounts.</p> | <p>Reconciliation is still ongoing.</p>                     |
| <p><b>Liabilities</b></p> <p>15. The reliability of the Liabilities totaling P83,077,445.53 cannot be ascertained as it included Accounts Payable and</p> | <p>PRC<br/>AAR<br/>2020<br/><br/>Par.<br/>2.60-<br/>2.74</p> |   |   |

| Observations and Recommendations  | Ref.  | Management Actions   | Status of Implementation and Result of Auditor's Validation  |
|---|---|--|--|
| <p>Other Payables with combined negative balances of (P121,124.68) and Inter-Agency Payables Inter-Agency Payables with unreconciled/abnormal debit balances in SLs totaling P170,058,599.07 due to insufficient analysis and reconciliation of the recorded transactions.</p> <p><b>We recommended, and Management agreed, to require the AD to analyze the accounts with abnormal or debit balances, determine the causes of negative balances in the SLs, make necessary reconciliation and make the necessary adjustments to come up with the corrected balance in the FSs.</b></p> |   | <p>Management commented that adjusting entry shall be prepared after the reconciliation of available records have been completed.</p> <p>The reconciliation is already being undertaken by the AD to address this observation.</p> | <p><b>Not Implemented</b></p> <p>Reconciliation is still ongoing on the unreconciled/abnormal debit balances in SLs.</p> |
| <b>Compliance Audit</b>   |   |  |  |
| <i>Deficiencies in the Grant, Utilization and Liquidation of Cash Advances</i>  |   |  |  |
| <p>16. The Agency's insufficient observance of the laws, rules, and regulations in the granting, utilization, and liquidation of CAs under COA Circular No. 97-002 and Section 6 of COA Circular No. 2016-005 resulted in: a) unsettled balance from employees who resigned or no longer connected with the agency totaling</p>   | <p>PRC<br/>AAR<br/>2020</p> <p>Par. 6.1 – 6.7</p> |  |  |

| Observations and Recommendations   | Ref.   | Management Actions  | Status of Implementation and Result of Auditor's Validation  |
|--|--|---|--|
| <p>P287,798.78; b) granting of additional CAs despite unliquidated previous advances; and c) disbursement for MOOE were paid in cash instead of using checks; d) CAs for MOOE deposited in the AOs personal account; and e) grant of CAs in excess of two-month requirement, thus exposing public funds to possible risk of misuse and recording errors.</p> <p><b>We recommended, and Management agreed, to direct the concerned Offices to exert immediate settlements of long-overdue unliquidated CAs of employees who resigned/are no longer connected with the Agency.</b></p> |  | <p>CO - A Notice of Unliquidated CA will be sent to AO who have resigned/are no longer connected with the PRC thru registered mail or email to the last known address of such AO to demand immediate settlement of long overdue unliquidated CAs and further comply with COA Circular No. 2016-005.</p> | <p><b>Not Implemented</b></p> <p>Ongoing reconciliation.</p> |
| <b>2018</b>  |  |   |  |
| <b>Financial Audit</b>   |  |   |  |
| <b><i>Misstatements in the Financial Statements</i></b>  |  |   |  |
| <b><i>Income</i></b>   |  |   |  |
| <p>17. Collections in the amount of P142,730,006.58 were not deposited intact daily and some accountable officers in PRC Tuguegarao City and Davao City are not bonded, contrary to Section 30,</p>  | <p>PRC<br/>AAR<br/>2018</p> <p>Par. 4.1<br/>– 4.14</p> |   |  |

| Observations and Recommendations  | Ref. | Management Actions  | Status of Implementation and Result of Auditor's Validation  |
|---|------|---|--|
| <p>Volume I of GAM for NGAs and Section 101 of PD No. 1145. In addition, deposits totaling P706,985,497.77 were unrecognized by the BTr.</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. require the Collecting Officers to immediately deposit their respective accountabilities totaling P142,730,006.58 within the prescribed period set and institute penal sanctions for those AOs who will fail to comply with the directive of the Chairman and; henceforth, direct Collecting Officers to deposit collections intact daily; and require each accountable officer to apply for fidelity bond with BTr.</b></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, ROs have been permitted now to process their own application of bond to Regional BTr Offices. Lucena and Davao ROs were already informed of the noted observations and recommendations.</p> | <p><b>Not Implemented</b></p> <p>As per Management's reply letter, it stated that the unaccounted deposits were actually deposited. However, there is no proof of deposit attached to the reply. Hence, the AT will verify the said deposit.</p> |