

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	14	16
Not Implemented	73	84
Total	87	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, Omissions and Deficiencies</i>			
<i>Accounting Errors</i>			
<p>1. The Calendar Year (CY) 2016 corresponding figures presented in the CY 2017 Financial Statements (FSs) were not restated to reflect prior year's errors and adjustments totaling ₱15,055,451.47, which is not in compliance with Sections 42(b) and 43, Chapter 19 of the Government Accounting Manual (GAM), Volume I.</p> <p>We recommended that the Management require the Accounting Division to properly present prior period errors and adjustments by restating the prior year balances of the concerned accounts shown as corresponding figures for the current year FS, in compliance with the requirements of Section 42 (b) and 43, Chapter 19 of the GAM for NGAs, Volume I.</p>	<p>Pages 43-44 CY 2017 AAR</p>	<p>Management already restated the complete set of FS for the Fiscal Year (FY) 2016.</p>	<p>Fully Implemented</p> <p>The complete set of financial statements for the FY 2016 were already restated and submitted to the COA Resident Auditor and COA-GAS on July 10, 2018 and July 15, 2018, respectively.</p>

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<p>2. Penalties for late remittances of collections to the National Treasury (NT) amounting to ₱137,349,594.35 for the period May 12, 2017 to December 31, 2017 excluding interest by the Development Bank of the Philippines-Data Center, Inc. (DBP-DCI) as the service provider of the PRC on its online collection system of fees on annual registration and examinations including surcharges. In addition, there was an unauthorized collection by Dragonpay Corporation of ₱100,703,643.00 for the period January 1, 2017 to May 11, 2017 instead of the DBP-DCI collecting, of which ₱12,115,300.00 remained undeposited to the NT.</p> <p>We recommended that the Management:</p> <p>a. strictly monitor compliance with the salient provisions of the MOA between the PRC and the DBP-DCI;</p> <p>b. reconcile the discrepancy found on the unremitted collections of ₱12,115,300.00 with the Dragonpay Corporation, and demand immediate remittance to the BTr by the DBP-DCI and Dragonpay</p>	<p>Pages 34- 40 CY 2017 AAR</p>	<p>Management explained that they had already sent a letter to DBP-DCI requesting explanation why Dragonpay is still collecting despite the expiration of MOA on November 16, 2016. Based on the reply made by DBP-DCI, they justified that DBP-DCI had challenges along the way in obtaining from Dragonpay a copy of the software architecture and codes so that DBP-DCI can migrate, make transition and takeover the system of the software architecture and codes. Management added that it has neither knowledge, nor participation when DBP-DCI used the system of Dragonpay.</p> <p>Management also commented that they have sent DBP-DCI several communications and demand letters since last year to address the issues on</p>	<p>Fully Implemented</p> <p>No longer enforceable since contract with DBP-DCI already expired on May 31, 2018.</p> <p>Not Implemented</p> <p>A further demand from DBP and DBP-DCI was made by PRC to reconcile and settle the discrepancy noted.</p>

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<p>Corporation of the undeposited collections; and</p> <p>c. require DBP-DCI to:</p> <p>c.1.submit proof of guaranty deposit equivalent to the average total daily collections of PRC fees or ₱4,000,000.00, whichever is higher from which DBP automatically debits any unremitted collections;</p> <p>c.2.submit copy of Letters of Instructions (LOI) duly stamped posted by DBP and bank statements issued by DBP;</p> <p>c.3.secure and submit BTr Certification of the daily deposits and bank deposit slips with machine validation showing the dates of deposit to PRC's account for the period from January 2017 to December 2017; and</p> <p>c.4.for the late remittances, require DBP-DCI to pay: penalty equivalent to five percent of the total amount of PRC Fees collected daily totaling ₱137,349,594.35; and interest compounded daily based on BSP's overnight lending rate</p>		<p>collections and deposits, but their repeated demands were not heeded. PRC developed an in-house LERIS through the ICT office in anticipation of the termination of DBP-DCI as service provider with the assistance of the Department of Information and Communication Technology and the Management is contemplating of filing a case against DBP-DCI for failure to perform its obligations under the MOA.</p>	<p>Not Implemented</p> <p>DBP-DCI was not able to present any documents to present the proof of guaranty deposit.</p> <p>Fully Implemented</p> <p>LOIs were already submitted to the Audit Team.</p> <p>Not Implemented</p> <p>Collections for CY 2017 were not all supported with BTr Certification.</p> <p>Not Implemented</p> <p>PRC sent demand letters to DBP-DCI for the penalties, but the latter has no action yet. Same finding is reiterated in Part II of the Report for additional</p>

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for deposit to the National Treasury.			penalties for late remittances from January 2018 to May 2018.
<p>3. Non-adherence to the provisions of Section 89 of PD No. 1445 and COA Circular No. 97-002 dated February 10, 1997 and other pertinent regulations on the granting, utilization and liquidation of cash advances, and the absence of proper monitoring mechanism resulted in the accumulation of ₱38,589,508.28 unliquidated or unsettled cash advances, which likewise, misstated the expenses and income accounts for refund as at year-end.</p> <p>We recommended that the Management:</p> <p>a. require the Accountable Officers to immediately liquidate all cash advances including the refund of any unexpended balance upon completion of the purpose for which these were granted and strictly comply with the provisions provided under COA Circular No. 97-002 and PD No. 1445;</p> <p>b. stop the practice of granting additional cash advances unless the previous ones are settled;</p>	<p>Pages 47-56 CY 2017 AAR</p>	<p>Management agreed with the recommendations and replied that several liquidation reports were submitted by the different ROs and recorded in the books of accounts in January 2018. As of March 31, 2018, a total of ₱36,068,248.37 or 93 percent were already liquidated.</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 reglementary period to liquidate.</p> <p>The Accounting Division is strictly implementing that no additional cash advance shall be granted for employees with unliquidated cash advance except for cash advances for</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>

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<p>c. require the Accountant to monitor and strictly enforce the liquidation of cash advances within the prescribed period enumerated in COA Circular No. 97-002, and must see to it that no additional cash advances shall be allowed unless the previous cash advance given to him/her is first settled or proper accounting thereof is made;</p> <p>d. require the Accounting Division-Main to immediately review all liquidation reports already submitted and cause the preparation of JEV to recognize liquidations thereof; and</p> <p>e. designate additional Disbursing Officer for each RO depending on the frequency of examination/activities being undertaken based on previous records, provided that the officer/employee to be designated is a holder of regular plantilla position, must be sufficiently bonded and must undergo training in cash management and proper handling of records/reports before discharging the function.</p>		<p>licensure examinations.</p> <p>The assumption of the new personnel rendered the immediate recording of the complete liquidation reports in time for the closing of books.</p> <p>PRC is in the process of filling-up regular plantilla positions and transition period of decentralization which resulted in difficulty of designating additional Disbursing Officer.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>No additional Disbursing Officer was employed in the ROs.</p>

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<p>4. The Procurement and Supply Division (PSD) did not submit the Report on the Physical Count of Inventories (RPCI) as of December 31, 2017 and failed to maintain accurate recording, safe storage and proper disposal of supplies and materials inventory, in violation of Section 13, Chapter 8 of the GAM for NGAs, Volume I, resulting in unreliable balances of the Office Supplies Inventory and Accountable Forms, Plates and Stickers Inventory accounts totaling ₱80,656,369.77 in the financial statements as of year-end and variances of negative ₱85,725.81 noted between the report on the physical inventory of supplies and materials and the Supplies Ledger Cards (SLCs).</p> <p>We recommended that the Management:</p> <p>a. require PSD to:</p> <p>a.1. reconcile the variances noted in the year-end report of physical inventory as against the SLC;</p> <p>a.2. follow the prescribed guidelines in the proper disposal of unusable supplies, materials or accountable forms;</p>	<p>Pages 56-59 AAR CY 2017</p>	<p>Management commented that the reconciliation of variances and the preparation of inventory of unused cartridges and summary of unused Optical Media Reader (OMR)/AS are in progress.</p> <p>The board certificates for Pharmacists were issued to end-user because it was included in the Requisition and Issue Slip (RIS) No. 777 dated August 3, 2012. The board certificates of Real Estate Brokers were requested for disposal.</p> <p>Conducted physical inventory-taking in December 2018 and reconciliation between Property and Accounting records is still ongoing. The Commission will assign personnel from Accounting and Property to monitor the inventory and PPE accounts and</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Fully Implemented</p> <p>PSD already sent inventory of supplies for disposal to the Audit Team</p>

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<p>a.3. submit the RPCI as of year-end; and</p> <p>a.4. submit documents to show disposal/issuance of various ink cartridges found inside the cabinet; and</p> <p>b. issue necessary guidelines in the procurement of OMR/Answer Sheets and issuance thereof to facilitate the proper way of safeguarding accountable forms.</p>		<p>reduce, if not eliminate, the discrepancy.</p> <p>The various ink cartridges were not yet disposed. The printer is no longer existing and unavailable in the market.</p>	<p>Fully Implemented</p> <p>PSD already submitted the RPCI for CY 2017.</p> <p>Not Implemented</p> <p>No RSMI was submitted to the Audit Team</p> <p>Fully Implemented</p> <p>PRC issued Memorandum Order No. 42 dated August 17, 2018 to address the audit observation.</p>
<p>5. The accuracy and existence of the reported balances of PPE totaling ₱326,323,664.41 as of December 31, 2017 are unreliable due to: (a) difference between the Report on the Physical Count of PPE (RPCPPE) and the General Ledgers (GLs) of ₱113,149,456.88; (b) prior years' unreconciled and negative balances of ₱4,664,797.55 and ₱27,823,577.27, respectively; (c) items below the ₱15,000.00 capitalization threshold still included in the PPE accounts; (d) no provision for depreciation of some PPE accounts; and (e) understatement of Accumulated Depreciation and Depreciation Expense by ₱196,188,766.34 and ₱10,374,932.44, respectively. Furthermore, there were system flaws noted by the Audit Team</p>	<p>Page 60-68 of AAR CY 2017</p>	<p>The lack of a personnel both from the Accounting and Property who can be exclusively assigned to the reconciliation of the accounts has derailed the completion of the task.</p>	

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<p>during the conduct of year-end physical inventory count of properties, which may render the report doubtful.</p> <p>We recommended that the Management:</p> <p>a. analyze, verify, reconcile and identify the unreconciled and negative accounts of the PPE and make the necessary adjustments in the books of accounts to correct the balances of the PPE accounts;</p> <p>b. require the PSD to reconcile their records with those of the Accounting to ensure completeness and accuracy of the recorded PPE;</p> <p>c. compute the Accumulated Depreciation based on the formula or the guidelines provided in Section 27, Chapter 10 of the GAM for NGAs, Volume I on the computation of depreciation;</p> <p>d. make the necessary journal entries to correct the Accumulated Depreciation and Depreciation Expenses</p>		<p>The PSD has submitted a draft memo to Administrative Service for the review and finalization to address the noted audit observation.</p>	<p>Not Implemented</p> <p>Verification of the SLs of PPE accounts revealed that there were still negative and unreconciled balances.</p> <p>Not Implemented</p> <p>No reconciliation were made since there were variances between the SL and RCPPE.</p> <p>Not Implemented</p> <p>Recomputation of the Accumulated Depreciation/Depreciation Expense for CY 2018 showed that PRC still did not comply with the required formula in computing depreciation.</p> <p>Not Implemented</p>

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<p>balances of the various PPE accounts as of December 31, 2017;</p> <p>e. conduct orientation of employees on the accountability and proper transfer of accountability of properties;</p> <p>f. require PSD to review and update accountabilities of all properties and ensure prompt recording of returned PPEs and cancelled Property Acknowledgment Receipts (PARs).</p>			<p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Per verification, no orientation was conducted by PSD.</p> <p>Not Implemented</p> <p>There were still instances that PPE were already disposed by PSD, but PARs are not yet cancelled.</p>
<p>6. The Accounts Payable was overstated by ₱14,624,351.24 due to: a) inclusion of payables totaling ₱13,508,047.49 which have been outstanding for more than two years and remained unreverted to Accumulated Surplus/(Deficit), contrary to Section 98 of PD No. 1445; and b) erroneous entries totaling ₱1,116,303.75 which remained unadjusted in the books of accounts, thus the Accounts Payable in the financial statements were not fairly presented as of year-end.</p> <p>We recommended that the Management require the Accountant to prepare necessary journal entries to effect the reversion of long outstanding accounts and</p>	<p>Pages 68-70 AAR CY 2017</p>	<p>The Accounting Division has started and still in the process of the reconciliation of the accounts.</p> <p>Appropriate adjusting entries were recorded at year-end which resulted in decrease of the account for the years 2015, 2016 and 2017 totaling ₱5,643,560.21.</p>	<p>Not Implemented</p> <p>Accounts Payable which have no actual claim and are more than two years are</p>

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<p>adjustments to those accounts which should have been dropped from the books to reflect the accurate balances of the Accounts Payable for the fair presentation in the FS.</p>			<p>not yet dropped from the books of accounts.</p>
<p>7. Oath-taking fees totaling ₱36,286,250.00 from 53,849 oath takers out of the 202,347 successful examinees in the Professional Licensure Examinations given by the PRC for the period January to December 2017 were still collected by the different Professional Regulatory Boards (PRBs), instead of the PRC as provided in Section 12 of the General Provisions of the General Appropriations Act (GAA) of FY 2017, thus collections and disbursements were not properly monitored, accounted and reported; and any excess of the fees are not deposited with the National Treasury.</p> <p>We recommended that the Management:</p> <p>a. immediately issue a Resolution on the revised guidelines in the conduct of oath-taking activities, especially in the collection and use of the oath-taking fees; and</p>	<p>Pages 40-42 AAR CY 2017</p>	<p>The Commission sought for legal opinion from the Department of Justice (DOJ) on the nature of oath-taking activity and the fees collected. On August 30, 2018, DOJ issued a letter of its opinion that the funds collected for the ceremony or social event incidental to the oath-taking of new professionals cannot be considered public fund and therefore deemed as private in character.</p>	<p>Fully Implemented</p> <p>The Commission issued Resolution No. 1130 s. 2018 on the “Revised Guidelines on the Conduct of Oath-taking of new Professionals.</p>

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b. require all PRBs to make and submit an accounting of all fees collected from January to December 2017 and the disbursements thereof; and to turn over the excess of the fees collected, if any, to PRC, for remittance to the National Treasury.			Fully Implemented
<p>8. The rates for the fees collected for the accreditation of Service Provider and its CPD Program in relation to RA No. 10912 was not coordinated with the Task Force on Fees and Charges created under Administrative Order (AO) No. 255 series of 1996. It was not established whether the new fees and charges are just, reasonable and uniform for similar or comparable services offered by other government agencies and the private sector.</p> <p>We recommended and Management agreed to coordinate with the Task Force on Fees and Charges for the evaluation of the rates of PRC CPD fees and charges to ensure reasonableness and uniformity; and publish the new/revised rates as required in AO No. 31, s. 2012 and its IRR and DOF-DBM-NEDA Joint Circular No. 1-2013.</p>	Pages 44-47 AAR CY 2017	<p>Management commented that the fees for CPD accreditations were lifted from Resolution No. 990, series of 2016 entitled "Amendments to the Revised Guidelines on the Continuing Professional Development Program for All registered and Licensed Professionals". Consultations were made prior to the approval and publication of the said guidelines on the required submission with the Task Force on Fees and Charges through its Secretariat, the National Tax Research Center, the Commission has issued a Notice of Meeting requiring</p>	<p>Not Implemented</p> <p>PRC has not yet received reply from the Task Force on Fees and Charges.</p>

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		the members and secretariat of the Technical Committee on Fees and Charges to submit a terminal report on all its activities and accomplishments since its creation.	
Other Compliance Issues			
<i>Gender and Development (GAD)</i>			
<p>9. The Agency allocated only ₱22,652,850.00 or three percent of the Agency's total annual budget of ₱799,515,000.00 for GAD programs and projects which is below the requirement of at least five per cent of the appropriation authorized under the GAA. Out of the said allocation, only ₱2,597,779.40 or 11.47 percent was utilized for GAD related activities, which is inconsistent with Section 6.1 of Philippine Commission on Women (PCW)-National Economic Development Authority (NEDA) and Department of Budget and Management (DBM) Joint Circular No. 2012-01 and Section 30 of the GAA for FY 2017. Likewise, targeted activities in the GAD Plan were not fully accomplished or achieved, particularly on the Organization Focused projects.</p>	<p>Pages 71-74 AAR CY 2017</p>		

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for FY 2017, Batas Pambansa Blg. 314 and RA No. 7277.			
<i>Enforcement of Settlement of Accounts</i>			
<p>11. Out of the total suspensions and disallowances of ₱13,245,066.39 and ₱45,933,770.04, respectively, at the beginning of the year, a total of ₱4,277,631.70 was issued and only a total of ₱6,711,012.27 was settled, leaving a balance of ₱10,749,871.87 and ₱45,935,583.99, respectively, as of year-end.</p> <p>We recommended and the Management agreed to exert effort to enforce immediate settlement of the suspensions and the refund of disallowance which are already final and executory, and in case of failure, cause the withholding of salaries or money claims of the concerned employees or officers. Moreover, settle immediately the audit suspensions to prevent the same from maturing into disallowance.</p>	<p>Pages 78-80 AAR CY 2017</p>		<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>
2016 Audit Recommendations			
<i>Program Implementation</i>			
<p>12. Funds transferred to the DPWH amounting to ₱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</p>	<p>Pages 30-32 AAR CY 2016</p>	<p>A Contract Management Committee was created who shall perform but not limited to, monitor compliance with and the implementation of the terms and conditions as</p>	

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<p>Instructions to PRC. Settlement by the Service Provider of its unremitted collections was not immediately enforced despite the necessary actions to be done by PRC as stipulated in the agreement. Further, after the expiration of the agreement on November 16, 2016, Dragonpay continued to collect fees as a payment facility for the Development Bank of the Philippines Data Center Inc. (DBP- DCI), the new service provider effective December 1, 2016. In addition, collections of ₱15,718,111.00 for the month of March 2017 were not recognized in the books of accounts.</p> <p>We recommended that the Management:</p> <p>a. review the existing reporting and monitoring controls within the electronic payment collection system to address the recurring deficiencies noted;</p> <p>b. enforce the collections of the unremitted fees derived thru e-payment system made by Dragonpay Corporation, SMI and DBP DCI using the agreed guaranty facility; and</p> <p>c. strictly monitor compliance of the service providers on the terms and provisions of</p>		<p>the DBP Bank Statements pertaining to DCI collections have been submitted to PRC. DBP-DCI has yet to secure the BTr Certification to validate deposits made.</p> <p>Terms of Reference has been rigorously prepared in accordance with Joint Department Administrative Order No. 10-01 and Joint Department Administrative Order No. 06-02 which prescribe the</p>	<p>Not Implemented</p> <p>There were variances in the collections noted between the e-NGAS and LBP (service provider).</p> <p>Not Implemented</p> <p>The unremitted fees from DBP-DCI were not yet deposited to BTr, however SMI has a negative balance in the SL.</p> <p>Fully Implemented</p>

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the contract agreement and enforce appropriate sanctions for breach thereof.		guidelines for the use of Electronic Payment and Collection System to acknowledge collection of income and other receipt of the government.	In-house collection system was already created by PRC.
<p>14. The reliability of the accounts Cash in Bank-Local Currency, Current Account and Cash in Bank-Local Currency, Savings Account totaling ₱1,268,167.01 as of December 31, 2016 cannot be ascertained due to delayed/non-preparation of BRS contrary to Section 3, Volume I of the GAM for National Government Agencies (NGAs) and Section 74 of Presidential Decree No. 1445.</p> <p>We recommended and Management agreed to direct the Accounting Division to look into the status of non-moving Cash-Treasury Agency/Deposit, Trust account and transfer the balance of Cash to the General Fund, where appropriate.</p>	Pages 37-40 AAR CY 2016	Management already submitted the required BRS.	<p>Not Implemented</p> <p>Documents/ reports were not yet located from the files.</p>
15. Excess balances of the proceeds from the sale of bid documents after the authorized payment of honoraria to BAC members at the end of the year were not deposited to the National Treasury, in violation of Budget Circular (BC) No. 2004-5A and Republic Act (RA) No. 9184. Moreover, disbursements totaling ₱1,498,087.82 were charged.	Pages 40-42 AAR CY 2016	The Accounting Division has already received a reply for the clearance of reversion of the excess BAC funds, however, the bank statement and the general ledger account are yet to be reconciled.	

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<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>Not Implemented</p> <p>Verification of the SL balance of the account showed that it has still an outstanding balance of ₱1,843,353.29 as of December 31, 2018.</p>
<p>16. 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>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>Pages 42-44 AAR CY 2016</p>	<p>Office Memorandum No. 2017-03 dated March 30, 2017 was issued directing all Cash Disbursing Officers in the Central and ROs to refund any excess amount of cash advance and to refrain from using excess amount for the next scheduled board examinations.</p>	<p>Not Implemented</p> <p>The accountable officer has already been required to submit his explanation for the noted deficiency but has resigned without submitting his response. No clearance was given to the AO.</p>
<p>17. 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</p>	<p>Pages 44-47 AAR CY 2016</p>		

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<p>officers and employees as of December 31, 2016, in violation of PD No. 1445 and COA Circular No. 97-002. Further, unutilized/unused amount of cash advances were not immediately refunded but kept by some Accountable Officers (AO) for future purposes.</p> <p>We recommended that the Management require all concerned officers and employees to:</p> <p>a. liquidate/settle immediately their outstanding cash advances and/or refund all unexpended balances, otherwise, impose appropriate actions against erring accountable officers; and</p> <p>b. strictly comply with Section 89 of PD No. 1445 and COA Circular No. 97-002 and 2012-004 on the granting, utilization and liquidation of cash advances.</p>			<p>Not Implemented</p> <p>Replies on the Demand Letters issued by the Audit Team revealed that several liquidation reports were already submitted/forwarded to the PRC-Main Accounting Division but not yet recorded in the books of accounts.</p> <p>Not Implemented</p> <p>Additional cash advances were granted despite non-liquidation of previous cash advances.</p>

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<p>18. The validity, accuracy, and existence of the Inventory accounts are doubtful due to unreconciled discrepancies of ₱44,006,400.88 as of December 31, 2016 between Accounting and Property records and inventory reports which showed variances between the actual physical count, non-inclusion of board certificates totalling 3,075 certificates in the Report of Physical Count of Inventories (RPCI), and non-submission of the monthly Report of Accountability for Accountable Forms (RAAF). Moreover, the RPCI submitted is not in accordance with the format prescribed in the GAM.</p> <p>We recommended that the Management require the Supplies and Property Division to:</p> <p>a. update the Property Cards and regularly reconcile with the Accounting Division's Supplies Subsidiary Ledger balances and make the necessary adjustments on the discrepancies noted;</p> <p>b. observe stricter implementation of effective internal controls on the issuance of supplies and accountable forms such as prompt recording of inventory issuances to ensure accurate inventory balances and safeguard the accountable</p>	<p>Pages 48-50 AAR CY 2016</p>	<p>The board certificates for Pharmacists were issued to end-user because it was included in the RIS No.777 dated August 3, 2012. The board certificates of Real Estate Brokers were requested for disposal.</p> <p>Conducted Physical Inventory-Taking in December 2017 and reconciliation between Property and Accounting records is still ongoing.</p> <p>The Commission will assign personnel from Accounting and Property to monitor the inventory and PPE accounts and reduce, if not eliminate, the discrepancy.</p>	<p>Not Implemented</p> <p>Balances per books and RPCPPE are not yet reconciled.</p> <p>Not Implemented</p> <p>AOM No. 2018-003 dated March 10, 2018 was issued reiterating this recommendation.</p>

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<p>forms from any unauthorized use;</p> <p>c. submit Report on Accountability for Accountable Forms in compliance with the provision of Section 7(k), Volume I of GAM;</p> <p>d. explain the incurrence of double serial numbers for pharmacists and real estate brokers board certificates.</p>			<p>Fully Implemented</p> <p>The PSD religiously submits RAAF monthly.</p> <p>Not Implemented</p> <p>AOM No. 2018-003 dated March 10, 2018 was issued reiterating this recommendation.</p>
<p>19. The existence and accuracy of the reported PPE totaling ₱521,953,406.58 as at December 31, 2016 cannot be relied upon due to: a) the reporting difference amounting to ₱445,559,939.58 on the cost of PPE between the balances per accounting books as against the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); b) misclassification of some PPE accounts; c) completed projects still recorded under account Construction in Progress; d) inclusion of unreconciled/ dormant accounts totaling ₱14,864,649.49; e) existence of PPE with negative balances of ₱6,312,515.83; and f) non-provision of depreciation contrary to the pertinent provisions of PD No. 1445 and the GAM for NGAs.</p>	<p>Pages 50-55 AAR CY 2016</p>	<p>Depreciation has been recognized for the year 2016 as well as for the year 2017 in the financial statements.</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>We recommended that the Management direct:</p> <p>a. the Accountant and the Property Officer to regularly monitor and reconcile their records and make the necessary adjustments on the discrepancies to reflect the correct balances of the PPE accounts in the financial statements;</p> <p>b. the Accountant to make detailed analysis and categorize PPE accounts on their proper account classification in accordance with the GAM and effect the necessary adjustments to correct the reported balances of the affected PPE accounts in the financial statements;</p> <p>c. the Accountant to exert all efforts to analyze, verify, reconcile and identify the unreconciled and negative accounts by referring to the earliest available records and make necessary adjustments in the books of accounts;</p> <p>d. the Accountant to provide the accumulated</p>			<p>Not Implemented</p> <p>The lack of personnel both from Accounting and Property Divisions who can be exclusively assigned to the reconciliation of the accounts has derailed the completion of the task.</p> <p>Not Implemented</p> <p>Verification of the SLs of PPE as of December 31, 2017 showed some PPEs are still unadjusted to their proper account classification.</p> <p>Not Implemented</p> <p>Verification of the SLs of PPE as of December 31, 2017 showed that there are still unreconciled and negative balances of various PPE accounts.</p> <p>Not Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>depreciation based on the formula or the guidelines provided by the GAM on the computation of depreciation; and</p> <p>e. the SPD and the Inventory Team to reconcile the RPCPPE items, quantity and balances with those recorded in the PPE SL.</p>			<p>AOM No. 2018-003 dated March 10, 2018 was issued reiterating this recommendation.</p> <p>Not Implemented</p> <p>There were still variances noted between the SL and the RPCPPE balances.</p>
OTHER COMPLIANCE ISSUES			
Gender and Development			
<p>20. Out of the proposed PRC GAD budget of ₱31,540,552.00, six percent or ₱1,888,001.50 was utilized and only 0.3 percent instead of the five percent of the PRC annual budget of ₱677,523,000.00 was programmed for GAD programs and projects which is inconsistent with Section 6.1 of PCW-NEDA-DBM JC No. 2012-01 and Section 35 of the GAA for FY 2015.</p> <p>We recommended that the GAD Focal Committee:</p> <p>a. strictly comply with the requirements of the PCW-NEDA-DBM JC No. 2012-01 and fully attain the 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</p>	<p>Pages 56-57 AAR CY 2016</p>		<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>among employees and clients; and</p> <p>b. closely monitor the implementation of the GAD Plan endorsed by the PCW.</p>			<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>
2015 AUDIT RECOMMENDATIONS			
Program Evaluation			
<p>21. The Service Provider contracted by the PRC failed to provide a faster renewal and issuance of professional licenses due to defective pictures submitted by SM Mart, Inc. and the lack of personnel to print the large volume of identification cards (IDs). The Commission failed to observe compliance on the provision of the MOA entered into by and between the PRC, BTr and the SMI by allowing the SMI to continue with the renewal of professional licenses of applicants without any documents or resolution.</p> <p>We recommended that Management:</p> <p>a. ensure compliance of either party in any agreement affecting the delivery of services to clients to fully benefit from the opportunity granted for the improvement of services;</p> <p>b. submit proof/document supporting the validity of transactions derived from</p>	<p>Pages 29-31 AAR CY 2015</p>	<p>Management had already terminated the services of the SMI in 2016 in time for the soft opening of the Dragonpay Corporation on-line system. The validity and correctness of the deposits made by SMI will be validated by requesting certification from the BTr. Any undeposited collections will be demanded from the Service Provider, SMI.</p>	<p>Not Implemented</p> <p>Reconciliation of records regarding the unremitted collections is still ongoing.</p> <p>Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>continuous operation of the Service Provider until December 31, 2015 which was beyond the lapse of the MOA; and</p> <p>c. facilitate the monitoring of the validity/correctness of the deposits as reported by the Service Provider and if discrepancy has occurred demand from the Service Provider the amount equivalent to such discrepancy.</p>			<p>No longer enforceable.</p> <p>Not Implemented</p> <p>The PRC is still in the process of reconciling with SMI the discrepancy in the collections.</p>
<p>22. Oath-taking for successful Professionals were administered and conducted by the PRBs in coordination with Professional Associations without a comprehensive set of guidelines to implement the provisions of PRC Resolution No. 2012-657 dated May 9, 2012. Fees collected by the Professional Associations/PRBs were not properly accounted for.</p> <p>We recommended that the Management:</p> <p>a. immediately promulgate and issue the guidelines and procedures, criteria, and standards that shall guide the PRBs and/or the PRC in the implementation of the provisions of the above cited resolution after consultation with the PRBs, PAPRBM, Accredited Professional Organizations (APOs)/IPOs,</p>	<p>Pages 31-34 AAR CY 2015</p>	<p>The Management commented that they will make representation with the DBM for the creation of a Trust Fund out of the oath-taking fees from which related expenses shall be charged. Pending approval of a Trust Fund, the Commission shall include in its 2017 Budget proposal the financial requirements for the conduct of mass oath-taking for successful examinees.</p>	<p>Fully Implemented</p> <p>The PRC already issued Resolution No. 1130 s. 2018 on the "Revised Guidelines on the Conduct of Oath-taking of new Professionals.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
other government agencies, and non-government organizations.			
Accounting Deficiencies			
<p>23. 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 37-39 of CY 2015 AAR</p>	<p>The Management said that they will enforce the submission of complete Reports of Collections from the SMI and will request for LBP and the BTr Certifications to ascertain the correctness of deposited collections.</p>	<p>Not Implemented</p> <p>The Management is still in the process of reconciling the variances noted 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>24. 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:</p> <p>a. refrain from transferring funds to DBM-PS until the available funds are utilized, the purchased items were served and purchase only the much needed supplies and IT requirements for the agency;</p> <p>b. require the Accounting Division to record</p>	Pages 39-41 of CY 2015 AAR	<p>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 from the Accounting and Property Division. The Accounting Division already effected recording of payments to Procurement Service upon processing of the voucher for each Agency Purchase Request.</p>	<p>Not Implemented</p> <p>Verification of the SL for Due from NGAs showed that there were still advances made to PS despite non-delivery of items of previous fund transfers.</p> <p>Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>immediately in the books of accounts the deliveries in order to present an accurate balance of the account Due from NGAs in the FS; and</p> <p>c. require the Property Office to ask from DBM-PS for copies of the Delivery Receipts (DRs) and other pertinent documents supporting thereon to facilitate matching of payments against the corresponding deliveries.</p>			<p>PSD immediately furnished the Accounting Division of DRs from DBM-PS.</p> <p>Not Implemented</p> <p>No result of reconciliation was forwarded to the Audit Team.</p>
<p>25. The total balance of Inventory accounts amounting to ₱59,660,691.60 is of doubtful validity due to: a) failure of the Accounting Division to take up the delivery of supplies and some of its issuances amounting to ₱8,284,786.94; b) the inclusion of dormant balance of ₱5,401,274.03 before the implementation of e-NGAS with no documents to support its existence; and c) the non-reconciliation of the records of the Accounting and Property Divisions.</p> <p>We recommended that the Management require the:</p> <p>a. Accountant and the Property/Supply Officer to update and reconcile regularly their records and effect necessary adjustments on the discrepancies noted to reflect the correct balances</p>	<p>Pages 41-43 of CY 2015 AAR</p>	<p>Management will assign the reconciliation of accounts to dedicated personnel from Accounting and Property Divisions. The Property Division had already caused the prompt submission to Accounting Office of the delivery receipts for immediate recording of supplies and materials delivered to proper inventory accounts.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>of the Inventory accounts in the Financial Statements; and</p> <p>b. Property/Supply Officer to exert extra effort to locate documents that will support the existence of the balance of ₱5,401,273.03 which remained dormant in the books for so many years.</p>			<p>Not Implemented</p> <p>No report was submitted to the Audit Team.</p>
<p>26. The existence, validity and correctness of the reported carrying amount of the PPE accounts for CY 2015 in the total amount of ₱290,225,018.86 is unreliable due to accounting errors resulting to a net overstatement of ₱29,572,438.55. Computation of the depreciation expenses for buildings and other machineries and equipment and the non-availability of records for the old building occupied by PRC.</p> <p>We recommended that the Management:</p> <p>a. require the Accountant to correct the erroneous accounts for PPE in accordance with PPSAS 17;</p> <p>b. direct the Accountant and Property Officer to</p> <p>b.1. reconcile/resolve the differences between their records;</p>	<p>Pages 43-46 CY 2015 AAR</p>	<p>Management commented that they will assign dedicated personnel from the Accounting and Property Offices to do the reconciliation and monitoring of PPE equipment.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
b.2. exert effort in locating or producing the documents to support the legitimacy of the undocumented PPE accounts.			Not Implemented Same finding is reiterated in Part II of CY 2018 AAR.
<p>27. The carrying amount of the Construction in Progress (CIP) account amounting to ₱76,316,849.74 is unreliable due to the adjustment made in transferring the Computer Software developed for the modernization program of the PRC in the amount of ₱66,594,236.11 to Intangible Assets account, contrary to Section 4, Chapter 12, of the GAM. The fund transferred to DPWH Tuguegarao amounting to ₱1,862,950.79 was recognized under account Construction in Progress account thereby overstating the said account.</p> <p>We recommended that the Accountant correct/adjust the accounts affecting the CIP, Development in Progress and Due NGAs to reflect the accurate balance of the accounts in the financial statements.</p>	Pages 46-48 CY 2015 AAR	<p>Management said that there was no actual reclassification in the books of accounts for various IT Software from the CIP account to Intangible Asset as earlier suggested by the Resident Auditor because these were not yet completely accepted by the Commission and no property number has yet been assigned. The reclassification was merely done in the Notes to Financial Statements. In 2016, this will be reclassified to the Development in Progress Account in compliance with the Chart of Accounts. The erroneous entry for the take up of funds transferred to DPWH Tuguegarao was properly disclosed in the Notes to Financial Statements and was duly adjusted in February 2016.</p>	<p>Not Implemented</p> <p>There were no available records or documents to support the payments and absence of Certificate of Acceptance.</p> <p>The balance of CIP is still recorded in the books of accounts.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>28. 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:</p> <p>a. order the Accountant to send demand letters to all Special Disbursing Officers/ Accountable Officers requiring them to settle immediately their outstanding cash advances in compliance with COA Circular No. 97-002 dated February 10, 1997; and</p> <p>b. instruct the Accountant to strictly monitor liquidation of cash advances granted to Service Contractors who were designated as members of the delegation on licensure examinations and to the Board Members whose term of office has no holding period.</p>	<p>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 prior years and efforts to demand liquidation proved futile due to the resignation, dismissal, death or unknown location of subjects concerned.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Service Contractors are still designated as members of the delegation on licensure examinations.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>29. The PRC contracted 385 Job Orders/Service Contractors (JOs/SCs) more than the number of the 342 regular/permanent employees whose duties and responsibilities are similar with regular employees and even assigned as delegates to examinations conducted in the Field Offices. These JOs/SCs were granted cash advances as Special Disbursing Officers contrary to CSC Resolution No. 020790 dated June 5, 2002 and COA Circular No. 97-002 dated February 10, 1997.</p> <p>We recommended that Management make representation with the DBM to expedite the approval of the agency's reorganization to resolve the hiring of JOs/SCs employed by the Commission and to avoid designating them as SDOs and delegates in the conduct of examinations which duties should be done by regular employees.</p>	<p>Pages 51-52 CY 2015 AAR</p>	<p>Management is hopeful that the Reorganization Plan of the Commission, which is expected to be approved within the year will address the issue at hand.</p>	<p>Not Implemented</p> <p>Despite approval of PRC reorganizational plan by DBM, there were still JOs/SCs who are still handling cash advances and also members of the delegation for the conduct of licensure examinations.</p>
<p>30. 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>Pages 52-54 of CY 2015 AAR</p>	<p>Management explained that rendering of overtime by Job Orders are necessary in the exigency of the service and in light of the shortage of manpower. The Reorganization Plan of the Commission, which is expected to</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<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;</p> <p>b. cause the refund of the Christmas Bonus/Fringe benefits paid to the JOs/SCs; and</p> <p>c. make representation with the DBM on the immediate approval of the PRC reorganization to resolve issues on the large number of JOs/SCs employed by the Commission and to avoid fielding the JOs as SDOs and delegates in the conduct of examinations.</p>		<p>be approved within the year, will address the issue at hand.</p>	<p>Not Implemented</p> <p>PRC is still allowing JOs/SCs to render overtime. A Notice of Suspension was issued.</p> <p>Not Implemented</p> <p>PRC made an appeal to COA Commission Proper on the lifting of the Notice of Disallowance for the said benefits.</p> <p>Not Implemented</p> <p>Although there were more regular employees than JOs/SCs, but the latter are still allowed as members of the delegations in the conduct of licensure examinations.</p>
Other Compliance Issues			
<i>Gender and Development</i>			
31. Only ₱2,509,863.23 or 19.58 percent were utilized of the proposed PRC GAD budget of ₱12,819,206.50 or two percent instead of the five percent of the actual PRC annual budget of ₱633,199,000.00 was allocated	Pages 54-55 CY 2015 AAR	Management will increase the GAD Plan and Budget for FY 2016 to a projected budget of ₱31,540,552.00, which is 4.66 percent	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>for the implementation of the projects/activities related to GAD inconsistent with Section 6.1 of PCW-NEDA-DBM JC No. 2012-01 and Section 34 of the GAA for FY 2015. Targeted activities in the GAD Plan were not fully accomplished or achieved particularly on the Organization Focused projects contrary to Section 34 of the General Provisions of the GAA for FY 2015.</p> <p>We recommended that the GAD Focal Point:</p> <p>a. strictly comply with the requirements of the PCW-NEDA-DBM JC No. 2012-01 to enable it to address gender issued and fully attain the targeted activities and develop more GAD related projects that will promote gender equality among employees and clients; and</p> <p>b. closely monitor the implementation of the GAD Plan endorsed by the PCW.</p>		<p>of the 2016 budget of the agency totaling ₱677,023,000.00.</p> <p>The COA recommendations are incorporated in the 2016 GAD plan and budget.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>
Implementation of Programs for SCPD			
32. The Agency integrated its formulated plans, programs, projects and accomplishments intended to address the concerns of Senior Citizens and Persons with Disability (SCPD) in the GAD program for CY 2015 with	Pages 55-56 CY 2015 AAR		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>no separate plan and programs using one percent of the total budget of the Agency pursuant to Section 35 of RA No. 10651.</p> <p>We recommended that the Management require the Focal Person to include in the PRC Plan programs/projects that will positively benefit the Senior Citizen and Persons with Disability.</p>			<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>
2014 AUDIT RECOMMENDATIONS			
<i>Program Evaluation</i>			
<p>33. Deficient planning and defects in the implementation of the program of works by the Contractor in the renovation of the old PRC building with contract cost amounting to ₱22.381 million resulted on the delay of project completion to the detriment of the agency. There was an improper charging of expense amounting to ₱2.389 million out of the ₱26.825 million allotted funds for the said major renovation.</p> <p>We recommended that the Management:</p> <p>a. reconcile with the DPWH for any discrepancies on the contract cost and the program of works to be done in the implementation of the project on the repair/renovation of the building to avoid further delay of the project;</p>	<p>Pages 31-34 CY 2014 AAR</p>	<p>The roofing works is to be completed but has to be rectified because of damage caused by adjacent construction. The PRC has not yet accepted the works. Plumbing/water tank-distribution pipes are in place. The 3rd floor and auditorium repair are not yet complete because of the items needed but not included in DPWH work program.</p> <p>Electrical upgrade is still ongoing, panel boards are in place. Location of new generator was identified during meeting with the DPWH people.</p>	<p>Not Implemented</p> <p>No reports submitted by PRC on the status of completion of the renovation of the old PRC building since renovation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>b. formulate a realistic and attainable work plan and budget in the AWP to ensure that the proposed project is implemented within the schedule; and</p> <p>c. ensure that the projects and activities are ready for implementation upon release of the allocated funds to avoid the lapsing of cash allocations.</p>			<p>Not Implemented</p> <p>There were still delays in the implementation in the renovation of PRC building.</p> <p>Not Implemented</p> <p>Renovations of offices in the Annex Building were done before the retrofitting of the same building.</p>
<i>Accounting Deficiencies</i>			
<p>34. The balance of Inventory accounts amounting to ₱53,858,254.72 is of doubtful validity due to failure of the Accounting Division to take up the issuance of supplies and materials; the inclusion of dormant balance of ₱5,401,274.03 before the implementation of e-NGAS with no documents to support its existence; and the non-reconciliation of the records of Accounting Division with the Property Office reports as to balance of Inventory of supplies and materials on hand.</p> <p>We recommended that:</p> <p>a. Property and Supply Officer to maintain updated stock cards to record receipt of deliveries, and issuances thereof summarized in the RSMI to be submitted to the</p>	<p>Pages 42-43 CY 2014 AAR</p>	<p>Efforts of the Accounting Division and the Supply and Property Division to reconcile Inventory Accounts would always be interrupted because of the lack of dedicated personnel to conduct the reconciliation. More often a service contractor would be assigned to perform the task but would eventually resign.</p>	<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Accounting Division for recording;</p> <p>b. Accountant and the Supply Officer to monitor and reconcile their records and effect the necessary adjustments on the discrepancies noted to reflect the true balances of the Inventory accounts in the FS; and</p> <p>c. Property/Supply Officer to exert extra effort to locate documents to support the existence of the balance of ₱5,401,273.03 which remained dormant in the books for so many years.</p>			<p>Not Implemented</p> <p>Same finding is reiterated in Part II of CY 2018 AAR.</p> <p>Not Implemented</p> <p>Same finding is reiterated in Part II of AAR CY 2018.</p>
Compliance Issues			
<p>35. The Agency failed to provide copies of Lease Contracts and other documentary requirements needed to support the Contract of Lease used by the different Regional Offices as basis for the legality and validity of Lease Contracts and is contrary to COA Circular No. 2012-001.</p> <p>We recommended that the Management submit duly authenticated copies of the Lease Contracts and additional documentary requirements pursuant to COA Circular No. 2012-001 dated June 14, 2012 as basis for the auditorial and technical review of the Lease Contract.</p>	<p>Pages 60-62 CY 2014 AAR</p>	<p>To date, copies of Lease Contracts have been furnished the Office of the Resident Auditor. Furthermore, a Commission Memorandum was issued directing all Regional Directors/ BAC Chairpersons to transmit copies of Lease Contracts and supporting documents to the COA Auditor pursuant to COA Circular No. 2012-001.</p>	<p>Not Implemented</p> <p>Some of the PRC ROs are still in the process of conducting public bidding for their lease of office spaces and the Audit Team has not yet received any approved</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
			contract of lease of other ROs.
<p>36. The Commission granted fringe benefits to the PRC Employees, Contractual and Service Contractors totaling ₱43,821,479.60 for CYs 2013 and 2014 with no written authority from the Office of the President which is in violation of RA No. 6758 and COA Circular No. 2013-03.</p> <p>We recommended that the Management require the payees/claimants to refund the amount received as fringe benefits amounting to ₱43,821,479.60 which is not in accordance with RA No. 6758 and COA Circular No. 2013-03 dated January 30, 2013. Thereafter, Management should refrain from giving fringe benefits without any authority issued thereon.</p>	<p>Pages 51-53 CY 2014 AAR</p>	<p>The Commission maintain its position that there is no need for the approval of the President in the granting of fringe benefits considering that RA No. 8981 authorized the Commission to grant the subject benefits.</p> <p>Further, RA No. 6758 and COA Circular No. 2013-03 allows exceptions “if there is legal basis.” RA No. 8981 provides the legal basis.</p>	<p>Not Implemented</p> <p>PRC already submitted an Appeal Memorandum to the COA Commission Proper.</p>
<p>37. Inaccurate balances of Cash-Local Currency Savings Account amounting to ₱109,082.72 and the Cash-Local Currency Current Account of ₱965,688.31 due to failure of the Accounting Division to reconcile and monitor the book balances as against the bank balances of the agency, resulting in discrepancy of the said accounts in the amount of ₱656,118.36 and ₱341,236.01, respectively.</p>	<p>Pages 47-48 CY 2013 AAR</p>	<p>In view of the current set-up of Centralized Accounting System, opening a separate Current Account in the regional/field office will require authority from the BTr. The ROs will be tasked to prepare the monthly bank reconciliation for the savings account maintained in their region.</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>We recommended that Management:</p> <p>a. close the RO/FO Cash Savings Accounts and open a Cash-Current Account where the funding checks intended for Regional Office will be deposited and checks will be drawn for each disbursement; and</p> <p>b. prepare monthly bank reconciliation statement for each bank account maintained by the CO and the RO/FO to monitor the correctness and accuracy of the balances and prepare adjusting entry for discrepancies, if there's any.</p>			<p>Not Implemented</p> <p>Funds for operations of the ROs are still deposited in the Cash Savings Accounts of RO/FO.</p> <p>Not Implemented</p> <p>Prepared and submitted BRS for CO accounts only.</p>