

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	24	50
Not Implemented	24	50
Total	48	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:

Out of the 24 audit recommendations that were not implemented in previous years, 10 were reiterated in Part II of this report. Below shows the 24 audit recommendations that were implemented and 14 that were not implemented as at yearend, as shown in the results of the validation presented hereunder:

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
Financial Audit			
<i>Accounting Errors and Omissions</i>			
1. Errors and omissions in the recording of financial transactions resulted in misstatements on Assets, Liabilities and Equity accounts totaling ₱306,353,562.35, thus affecting the fair presentation thereof in the financial statements (FSs) of the PRC as at December 31, 2020.	PRC AAR 2020 Par. 1.1- 1.64 PRC AAR 2019		
a) Unrecorded savings/unutilized amount of ₱2,356,989.32 from various completed projects already remitted by PITC to the BTr,	Par. 6.1- 6.10 PRC AAR		

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<p>thereby overstating the Due from GOCCs account while understating Cash – Treasury /Agency Deposit, Regular.</p> <p>b) Unrecorded Interest earned on deposit of PRC with DBP-PITC-PRC for the 4th Quarter ending December 31, 2020 - ₱2,327.00</p> <p>c) Unreconciled difference between PRC books and DPWH - RO No. V – ₱88,263.60</p> <p>d) Inclusion of Semi-Expendable Items below ₱15,000.00 capitalization threshold in the PPE accounts - ₱32,439.00.</p> <p>e) Completed Building and Information Technology (IT) projects totaling ₱57,987,887.21 and ₱22,396,358.91, respectively, still recorded in the Construction in progress (CIP) - Buildings and Other Structure account, which overstated the same and understated the appropriate PPE account/s.</p> <p>f) Direct Labor Cost of completed building</p>	<p>2018</p> <p>Par. 1.7 – 1.17</p>		

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<p>projects recorded in CIP-Buildings and Other Structure account- ₱4,739,427.31.</p> <p>g) Erroneous computation of Accumulated Depreciation and Depreciation Expense resulted in the overstatement of PPE accounts and understatement of non-cash expenses amounting to ₱214,023,372.56 and ₱6,208,693.75, respectively.</p> <p>h) Existence of PPE items without acquisition cost subjected to depreciation amounting to ₱175,797.74 thereby overstating the Non-cash expenses and understating the PPE accounts.</p> <p>i) Unreverted dormant Accounts Payable - ₱1,319,509.69</p> <p>j) Proceeds from the sale of bid documents totaling ₱1,338,208.75 were recorded as Other Payables account instead of Trust Liabilities account, contrary to the DBM-BC No. 2004-5A, thereby overstating the Other Payables account.</p>			

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<p>k) Payment of Honoraria amounting to ₱130,910.68 was debited to Due to Officers and Employees account instead of the Honoraria Expenses account.</p> <p>l) Recording of the prior year's expenditures as current expenses totaling ₱1,762,070.58, thus overstating the affected expense accounts in CY 2020.</p> <p>We recommended that the Management:</p> <p>Inter-Agency Receivables-</p> <p>a. require the Accounting Division to adjust the Due from GOCCs and Cash – Treasury /Agency Deposit, Regular accounts to reflect the savings from completed procurements remitted by PITC to the BTr. and the interest earned; and to coordinate with DPWH RO V and request for a copy of the deposit slip and effect the adjustment to arrive at correct balance at yearend.</p>		<p>The interest income earned amounting to ₱2,327.00 and the reversion of savings generated to BTR amounting to ₱2,356,989.33 were already recorded with JEV No. 2021-03-000009 and JEV No. 2021-03-000010, respectively. Furthermore, as of March 19, 2021, the SL has a reconciled balance with the PITC amounting to ₱8,751,515.00. On the other hand, a</p>	<p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV Nos. 2021-03-000009-10.</p>

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<p>Inventories-</p> <p>b. require the Accounting and Procurement and Supply Divisions to reclassify the items of PPE account costing less than the ₱15,000.00 threshold to their proper classification in accordance with the GAM for NGAs.</p>		<p>letter was received from PRC-RO V in response to the letter sent by Accounting Division requesting the latter for the OR, validated deposit slip. Report of Collection and Deposit and Bank Confirmation of the check refund made by DPWH-ROV. Therein stated was that the check was not sent to them but instead to CO. Hence, a letter was sent to ARD and Cash Division on July 2, 2021 to confirm if the check was received in the CO and provide the Accounting Division the OR, Report of Collection and Deposit, validated deposit slip and Bank Confirmation.</p> <p>The appropriate reclassification entries were already prepared amounting to ₱4,264.00, ₱14,175.00 and ₱14,000.00 in JEV Nos. 2021-03-000021, JEV Nos.</p>	<p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV Nos. 2021-03-000021-000023.</p>

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<p>PPE-</p> <p>c. require the Accounting Division to make the necessary adjustments to correct the understatement of recorded Accumulated Depreciation and Depreciation Expenses.</p>		<p>2021-03-000022, and JEV Nos. 2021-03-000023, respectively.</p> <p>Management commented that preliminary analysis of the PPE Schedule for Motor Vehicles (MV) disclosed that indeed a system error in electronic New Government Accounting System (e-NGAS) was one of the factors which contributed to the erroneous computation of Depreciation Expense resulting in an understatement of the Accumulated Depreciation. Initial analysis has shown that there was no corresponding Depreciation Expense generated by the system for property numbers labeled as letters f,g,h, and i, when compared to the same property number labeled as number 6,7,8 & 10. Hence, the new e-NGAS discontinued</p>	<p>Not Implemented</p> <p>Reiterated in this Report.</p> <p>The Accounting Division already started to adjust the Accumulated Depreciation and Depreciation Expenses in the books based on AOM No. 2021-011 (2020). Most of the remaining issues were due to system error in the e-NGAS.</p>

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<p>Accounts Payable-</p> <p>d. require the Chief Accountant to revert the Accounts Payable that have been outstanding for more than two years pursuant to</p>		<p>generating Depreciation Expense for the PPEs that were procured before the year 2015 which resulted in the understatement of Depreciation Expenses and Accumulated Depreciation for 2015 and years thereafter.</p> <p>The COA-ASDOSO was already informed regarding the erroneous computation of Accumulated Depreciation and Depreciation Expense and they are still waiting for the feedback. Further, there is an ongoing reconciliation of the records between the Report on the Physical Count of PPE (RPCPPE) and PPE Ledger Cards for the year 2020.</p> <p>See Schedule 3 for the reconciliation prepared subject to review.</p>	<p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV</p>

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<p>Section 98 of PD. No. 1445 and EO No. 87 dated August 13, 2019.</p> <p>Other Payable-</p> <p>e. reclassify the proceeds from the sale of bid documents as Trust Liabilities account and remit to the BTr the remaining balance of the proceeds per Section 6.2 of DBM BC No. 2005-4A.</p> <p>Operating Expenses-</p> <p>f. make the necessary adjustment for the accounts Honoraria and the Due to Officers and Employees to correct the noted understatement of ₱130,910.68.</p> <p>g. consider the period in which the expenses were incurred in recording the same in the books; and restate the FSs of CYs 2019 and 2020 accordingly.</p>		<p>The reconciliation of Other Payables Account from 2015-2020 shall commence after the receipt of requested Bank Statement from Landbank of the Philippines.</p> <p>The appropriate adjusting entry was prepared to reclassify the erroneous entry amounting to ₱130,910.68 with Journal Entry Voucher (JEV) No. 2021-03-000004.</p> <p>The Financial Statements of the CY 2019 was already restated to reflect the expenses which were recorded in 2020.</p>	<p>Nos. 2021-12-005628, 2021-12-005631 and 2021-12-005634.</p> <p>Not Implemented</p> <p>Reiterated in this report.</p> <p>Reconciliation is still ongoing.</p> <p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV No. 2021-03-000004.</p> <p>Fully Implemented</p> <p>CY 2019 was already restated to reflect the expenses which were recorded in 2020.</p>
Accounting and Property Controls Deficiencies			
Deficiencies totaling ₱686,719,197.52 observed in the recording and reporting of financial transactions such as:	PRC AAR 2020		

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<p>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.</p> <p>Cash and Cash Equivalents</p> <p>2. The Cash and Cash Equivalents account balance of ₱7,296,383.09 cannot be ascertained due to the: i) unreconciled negative /abnormal SL balances; ii) undeposited collections per COs' SLs not reflected in the RCD; iii) unreconciled differences due to non-preparation of BRS; and iv) existence of dormant or inactive Trust accounts.</p> <p>i. Unreconciled negative/ abnormal SL balances of accountabilities in the SLs of six COs totaling ₱1,734,114.68</p> <p>ii. Undeposited collections per CO's SLs not reflected in RCDs</p> <p>iii. Unreconciled difference of ₱5,063,737.70 noted between the books and bank balances due to non-preparation of BRSs</p>	<p>Par. 2.3-2.13</p> <p>PRC AAR 2019</p> <p>Par. 3.1-3.10</p>		

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<p>on three bank accounts maintained by the Agency</p> <p>iv. Existence of dormant or inactive Trust accounts- ₱4,977,345.09</p> <p>We recommended, and Management agreed, to require the:</p> <p>a. Accounting Division to reconcile and determine the cause of the negative balances in the SLs of the COs;</p> <p>b. prepare and submit regularly the BRSs for all bank accounts together with the JEVs taking up the reconciling items; and</p> <p>c. make the necessary reconciliation of the dormant Trust accounts and transfer the remaining balance thereof to the BTr.</p>		<p>The Accounting Division has already issued a Memorandum dated March 18, 2021 requesting the concerned COs to reconcile their respective SL transactions. To date, Ms. Juanita Domogen and Ms. Divinia Ramos already submitted reconciliation and supporting documents to be validated by the Accounting Division and shall be the basis to prepare the appropriate adjusting entry, if any.</p> <p>The Accounting Division was unable to start the reconciliation due to the unavailability of records from the database of old e-</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reiterated in this report.</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reiterated in this report</p> <p>Reconciliation is still ongoing.</p>

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		<p>NGAS which covered the transactions of CY 2014 and prior years. We already sought assistance from our ICT Division and COA-ASDOSO as well, but to no avail. The Commission will send a letter before the COA Proper to inform them and elevate the matter for any intervention/assistance that may be extended.</p> <p>The Accounting Division has already requested an electronic copy of the BRS from Landbank on March 19, 2021 for the transactions covering the period from 2015-2020 to aid the reconciliation process. A reconciliation of the available records shall be immediately started and appropriate adjusting entry prepared, if any, including the reversion of unutilized remaining balance as mentioned in the</p>	

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<p>Inter-Agency Receivables</p> <p>3. The balance of the account Due from NGAs of ₱57,609,070.84 as of December 31, 2020, is doubtful due to unreconciled differences between the books of PRC and with the DBM - PS totaling ₱32,365,829.44.</p> <p>We therefore reiterate our recommendations that Management require the:</p> <p>a. Property Officer to reconcile their records with the PS-DBM and request offsetting of the balances with the succeeding purchases; if warranted; and</p>	<p>PRC AAR 2020</p> <p>Par. 2.14 – 2.25</p> <p>PRC AAR 2019</p> <p>Par. 4.1- 4.6</p>	<p>comment of observation letter b. Pending the retrieval of the old e-NGAS database, the Accounting Division will exert effort to locate the available documents that may be of help in the reconciliation process.</p> <p>The Accounting Division was unable to start the reconciliation due to unavailability of records from the database of old e-NGAS which covered the transactions of CY 2014 and prior years. They already sought assistance</p>	<p>Not Implemented</p> <p>Reiterated in this report.</p> <p>Reconciliation is still ongoing.</p>

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		<p>from their ICT Division and COA-ASDOSO as well, but to no avail. The Commission will send a letter before the COA Proper to formally inform them and elevate the matter for any intervention/ assistance that may be extended. Nonetheless, the reconciliation of the books of accounts from year 2015 and years thereafter are already being addressed by the Accounting Division.</p> <p>Further, the deliveries (liquidation) by DBM-PS amounting to ₱146,314.40 represents DRs issued for the procurement of plane fare which remained unrecorded due to discrepancies in its corresponding SI issued by the Philippine Airlines (PAL). This was already coordinated by PSD with DBM-PS sometime last year, but to no avail.</p>	

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<p>b. Accounting Division to make the necessary adjustments in the books of accounts to record the deliveries and perform the procedures stated in Chapter 3, GAM for NGAs, Volume III.</p> <p>Inventories</p> <p>4. The balances of two Inventories accounts totaling ₱79,189,404.93 are unreliable due to the i) variance of ₱33,075,665.87 between the Inventory Schedule and the Report on the Physical Count of Inventory (RPCI); ii) unaccounted Inventory items of ₱25,148,237.30; iii) unrecorded Inventory items per Accounting records of ₱2,391,129.61; iv) unreconciled CY 2004 SL carry-over balance of the account Office Supplies Inventory of ₱5,400,962.07;</p>	<p>PRC AAR 2020</p> <p>Par. 2.26– 2.37</p> <p>PRC AAR 2019</p> <p>Par. 5.1- 5.12</p>	<p>A follow-up shall be made regarding the matter.</p> <p>The Accounting Division strictly adheres to the provisions set forth in Chapter 3, Volume III, GAM for NGAs. However, there may be instances that DBM-PS was delayed in transmitting the concerned DRs for items procured from them which could be one of the factors of discrepancies between their records.</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

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<p>and v) existence of negative quantity and unit cost in the Inventory Schedule of ₱1,499,281.32.</p> <p>i. Variance between the Inventory Schedule and RPCI – ₱33,075,665.87;</p> <p>ii. Unaccounted Inventory items – ₱25,148,237.30;</p> <p>iii. Unrecorded Inventory items per Accounting records - ₱2,391,129.61;</p> <p>iv. Unreconciled CY 2004 SL carry-over balances of the account Office Supplies Inventory– ₱5,400,962.07;</p> <p>v. Existence of negative quantity and unit cost in Inventory Schedule amounting to ₱1,499,281.32, understating the appropriate Inventories account.</p> <p>We recommended that Management require the Accounting Division and PSD to:</p> <p>a. reconcile regularly their respective records and effect the adjustments to arrive at reliable balances at yearend;</p>		<p>Since the concerned accounts are real or permanent accounts wherein the beginning balances are cumulative balances resulting</p>	<p>Not Implemented</p> <p>Reiterated in this report.</p> <p>Reconciliation is still ongoing.</p>

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<p>b. record the receipt and issuance of inventory items on time and keep the detailed records thereof; and</p> <p>c. coordinate to ensure that inventories are recorded in the appropriate Inventories account or Expenses account when an item of inventory is delivered or issued.</p>		<p>from previous years' transactions, reconciliation of those would require records of prior years' transactions to aid the process. The earliest available records are from the year 2015; hence, it entails difficulty in attaining reconciled SLC and SC records. An email was sent to COA-ASDOSO on November 16, 2020 to seek assistance from them in retrieving the old e-NGAS back-up database.</p> <p>The lack of dedicated personnel in the Accounting Division who can be exclusively assigned to the reconciliation of the accounts has affected the completion of the reconciliation.</p> <p>A meeting with the TWG-AOM was conducted on March 30, 2021, which was participated by the various concerned officials and employees. Among</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

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<p>Construction in Progress – Buildings and Other Structures</p> <p>5. The Construction in Progress – Building and Other Structures of ₱124,311,914.16 is of doubtful validity due to the inclusion of: i) DPWH-undertaken projects with unknown status of ₱31,328,577.89; ii) non-moving projects from CY 2015-2020 totaling ₱6,968,602.00; and iii) undocumented unreconciled balance of ₱891,060.84.</p> <p>i. Inclusion of DPWH-undertaken projects with unknown status;</p> <p>ii. Non-moving projects</p>	<p>PRC AAR 2020</p> <p>Par. 2.38- 2.43</p>	<p>the discussion was the proposal to seek assistance from Regional Accountants in recording JEVs in e-NGAS while on remote to give ample time for the Accounting Division to focus in reconciliation of records from CY 2015 and years thereafter as a strategy to address this matter promptly and fully.</p>	

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<p>from CY 2015- 2020 - ₱6,968,602.00;</p> <p>iii. Undocumented and “Unreconciled balance” of ₱891,060.84.</p> <p>We recommended, and Management agreed, to require the Administrative Division, End-user, and Accounting Division to coordinate on the submission of documents on completed projects and locate pertinent records regarding the dormant projects, DPWH projects, and unreconciled balances for proper recording in the books.</p>		<p>The Accounting Division will coordinate with Administrative Service to request the latter to provide Management with the copies of Certificates of Completion and serve as their basis in preparing the necessary reclassification entry to record them to their appropriate PPE accounts.</p> <p>The amounts included in the CIP account are the cumulative balance of progress payments made amounting to ₱1,361,520.00 and ₱5,607,082.00 for the contractors MC Torio Construction and Melda Madrid Hardware Center, Inc. for the labor and materials, respectively, concerning the</p>	<p>Not Implemented</p> <p>Reiterated in this report</p> <p>Reconciliation is still ongoing.</p>

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		<p>construction of RO No. II Office Building located at Regional Government Center, Carig Sur, Tuguegarao City, Cagayan. Further clarification with the concerned RO was made by the Planning, Management and Financial Service in its email message on December 14, 2020, for the submission of additional documents for reference and recollection due to the lapse of time.</p> <p>The unreconciled amount is the beginning balance since the implementation of e-NGAS way back year in 2004. The Accounting Division was unable to validate the existence of the said completed infrastructure project due to the unavailability of source documents. The Commission is also looking into requesting the write-</p>	

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<p>PPE Accounts</p> <p>6. The PPE account balance of ₱565,142,339.94 is unreliable as it includes: i) an account labeled as “Unreconciled Balance” with negative carrying amount of ₱23,060,857.52; ii) PPE items with no acquisition dates amounting to ₱98,868.40; and iii) PPE items with erroneous/negative acquisition costs of ₱3,019,563.87.</p> <p>i. Unreconciled balance with negative carrying amount of ₱23,060,857.52;</p> <p>ii. PPE items with no acquisition dates – ₱98,868.40;</p> <p>iii. PPE items with erroneous/negative acquisition cost – ₱3,019,563.87.</p> <p>We recommended and Management agreed to require the:</p> <p>a. Accounting Division</p>	<p>PRC AAR 2020</p> <p>Par. 2.44- 2.51</p> <p>PRC AAR 2019</p> <p>Par. 6.1- 6.10</p>	<p>off of the various unreconciled beginning balance accounts and may seek guidance from your good office.</p> <p>A meeting with the</p>	<p>Not Implemented</p>

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<p>and PSD to reconcile the balances of the PPE accounts, provide the relative information on the acquisition cost and date of the identified PPE and after the review/ reconciliation, effect the correction/adjustments to arrive at reliable balances at yearend; and</p> <p>b. Accountant to identify the unreconciled and negative balances by referring to the earliest available records.</p>		<p>TWG–AOM was conducted on March 30, 2021, which was participated by the various concerned officials and employees. Among the discussion was the proposal to seek assistance from Regional Accountants in recording JEV in e-NGAS remotely to give ample time for the Accounting Division to focus on the reconciliation of records from CY 2015 and years thereafter as a strategy to address this matter promptly and fully.</p> <p>Aside from the errors that might have been committed in the encoding of the JEVs in the derecognition of the PPE, the Commission is also looking into the possibility that the property number was not made available, mismatched or incorrectly supplied, particularly for items</p>	<p>Reiterated in this Report.</p> <p>Reconciliation is still ongoing.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

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<p>Advances</p> <p>7. 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 ₱16,013.16 between the Unliquidated Cash Advance Report and FSs as at December 31, 2020 and b.) presence of unreconciled/negative balances totaling ₱579,317.27 in the accounts' subsidiary ledgers.</p> <p>i. Discrepancy of</p>	<p>PRC AAR 2020</p> <p>Par. 2.52- 2.59</p>	<p>that were procured way back. Thus, the recording was not properly done on the already disposed items, leaving as such, which still exists in the books. Nonetheless, the reconciliation of the record for 2015 and years thereafter are being handled by the Accounting Division and shall submit a report to COA to address the noted observations not later than April 19, 2021.</p>	

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<p>₱16,013.16 between Unliquidated Cash Advance Report and FSs;</p> <p>ii. Presence of unreconciled/negative balances totaling ₱579,317.27 in the accounts' subsidiary ledgers.</p> <p>We recommended and Management agreed to require the Chief Accountant to reconcile the negative balances noted and determine the nature thereof.</p>		<p>Management commented that the Accounting Division, Central Office 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 Accounting Division 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</p>	<p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

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<p>Liabilities</p> <p>8. The reliability of the Liabilities totaling ₱83,077,445.53 cannot be ascertained as it included Accounts Payable and Other Payables with combined negative balances of ₱(121,124.68) and Inter-Agency Payables Inter-Agency Payables with unreconciled/abnormal debit balances in SLs totaling ₱170,058,599.07 due to insufficient analysis and reconciliation of the recorded transactions.</p> <p>i. Accounts Payable and Other Payables with negative balances – ₱(121,124.68);</p> <p>ii. Inter-Agency Payables with unreconciled/abnormal debit balances in SLs totaling ₱170,058,599.07.</p> <p>We recommended, and Management agreed, to</p>	<p>PRC AAR 2020 Par. 2.60- 2.74</p>	<p>adjustment in the liquidation. A corrected SUCA shall be submitted by the Accounting Division to coincide with the correct account balance in the books of accounts.</p> <p>Management commented that one</p>	<p>Not Implemented</p>

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<p>require the Accounting Division 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.</p>		<p>of the procedures in the pre-audit, which the Accounting Division strictly observes is the correctness and appropriateness of the amount of DV being processed. The said observation of accounts with negative balances does not result from overpayment of expenses but perhaps under recording of amounts as payable. We shall prepare the required adjusting entry after the reconciliation of available records has been completed.</p> <p>Management further commented that in CY 2018, with the objective of making the reconciliation easier, recording the establishment of payable and subsequent remittances for the abovementioned statutory contributions was improved utilizing the SL features of e-NGAS for each officer and</p>	<p>Reconciliation is still ongoing on the unreconciled/ abnormal debit balances in SLs.</p>

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		<p>employee. The recording of remittances to the SL account which is different from the SL where the establishment was originally posted might be one of the factors which contributed to the negative balances noted in the SLs. Likewise, due to various types of loan which a member can avail, it would entail a high probability that an error might have been encountered in recording the establishment and remittances to two different SLs but will never decrease the exact actual outstanding payables as at reporting period as these would still be recorded within the same general ledger (GL) account contrary to the noted exceptions as mentioned.</p> <p>Prospectively, to prevent a repetition of this, the personnel in-charge of recording payments</p>	

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<p>Service and Business Income</p> <p>9. Internal control weaknesses in the recording/accounting of online collections and deposits resulted in the: i) unreconciled difference of ₱24,922.00 between Landbank ePayment Facility (Link.BizPortal) reported collections from successful transactions and Landbank List of Deposits; and ii) discrepancy of ₱1,620.00 in the amount reported by the NCR Cash Division and recorded per e-NGAS. Also, the recording of remittances with the BTr from Electronic Payment Service Providers and over-the-counter collections totaling ₱331,862,533.73 were not supported by Certifications of Remittance to validate the receipt thereof by the BTr and the accuracy of recording made by PRC. Moreover, the Service and Business Income account is rendered doubtful due to the current practice of</p>	<p>PRC AAR 2020</p> <p>Par. 2.75 – 2.89</p> <p>PRC AAR 2019</p> <p>Par. 7.1- 7.18</p>	<p>shall validate first the SL account used in the establishment of payable. The reconciliation is already being undertaken by the Accounting Division to address this observation.</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>recording income from online collections based on the List of Deposited Collection.</p> <p>i. Unreconciled difference of ₱24,922.00 between Landbank ePayment Facility (Link.BizPortal)-reported collections from successful transactions and Landbank List of Deposited Collections;</p> <p>ii. Discrepancies in the amount reported by the NCR Cash Division and recorded per e-NGAS;</p> <p>iii. Absence of Certifications of Remittance of remitted collections with the BTr. totaling ₱331,862,533.73;</p> <p>iv. Doubtful balance of Service and Business Income accounts— Examination Fees, Registration Fee, Licensing Fees, Fines and Penalties – Service Income, Verification and Authentication Fees, Other Service Income, and Legal Research Fee of ₱6,024,000.37 caused by recording of collections based on the Report of Deposits instead of the Consolidated Daily Report of Collection.</p> <p>We recommended, and</p>			

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Management agreed, to require the Accounting and Cash Divisions to:</p> <p>a. effect the necessary corrections/accounting entries for the deficiencies noted on the collections and income to come up with the correct balance in the FSs;</p> <p>b. reconcile the discrepancy found on the unremitted collections of ₱24,922.00 with Landbank and demand immediately to deposit the same to the BTr.; and</p> <p>c. follow up the Certifications of Remittance with the BTr and submit the same to the Audit Team.</p>		<p>Previously, PRC had the Over-the-Counter (OTC) payment as a mode of payment offered only to transacting public in PRC premises. Thus, the entries to record the Collections and Deposit in e-NGAS are as follows:</p> <p>Cash - Collecting Officers (CCO) xxx Income / Revenue xxx <i>To record collection of service income for the month.</i></p> <p>Cash – Treasury/Agency Deposit, Regular xxx Cash - Collecting Officers xxx <i>To record deposit of collection to AGDB.</i></p> <p>Upon the adoption of Electronic Payment and Collection System (EPCS) sometime in 2015, the accounting entry to record online collection is as follows;</p> <p>Cash – Treasury/Agency</p>	<p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV No. 2021-01-001482.</p> <p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV No. 2021-01-001479.</p> <p>Fully Implemented</p> <p>Management already submitted the Certifications of Remittance.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>Deposit, Regular xxx Income / Revenue xxx <i>To record the deposit of online collection to AGDB.</i></p> <p>Since there was no identified accountable CCO for the online collection, we believed that the above cited entry was correct as a logical conclusion. Further, the Accounting Division greatly relied upon to the List of Deposited Collection submitted by the Cash Division for the completeness and correctness of Collection/ Deposit being recorded since they have the access to the Link.biz and PayMaya Online Checkout Services (POCS) portal. It is worthy to note also that a system error with Link.bizPortal was noted by the Cash Division upon generation of report from their system. Likewise, the Cash Division will be</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>submitting a separate response to further elaborate the error and to address the noted deficiencies.</p> <p>The Commission takes cognizance of the recommendation cited and respectfully seek the concurrence of COA on the illustrative entries as shown below to record the online collection prospectively and as reference by the Accounting Division in the preparation of the necessary adjusting entries.</p> <p>Other Receivables xxx Income / Revenue xxx <i>To record the online collection for the month.</i></p> <p>Cash – Treasury/ Agency Deposit, Regular xxx Other Receivables xxx <i>To record the deposit of online collection to AGDB.</i></p> <p>A separate SL</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>account for all Payment Channels will be maintained to monitor the collection and deposit thereof. The Accounting Division will be requesting also for the access to Link.biz and POCS for verification purposes.</p> <p>Anent the issue of non-recognition by the BTr of the collections, they will communicate with the BTr. and request for its recognition of the total reported collection and the corresponding issuance of a BTr certification thereof.</p> <p>In relation to the incorrect classification of income, they informed that the amount recorded in the e-NGAS is reconciled with the revised RCD submitted by PRC-NCR (FAD).</p>	
COMPLIANCE AUDIT			
<i>Incomplete documentation of financial transactions</i>			
10. Financial transactions of NCR, ROs II, V, VIII and XI totaling ₱1,995,026.69 were	PRC AAR 2020		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>recorded in the PRC books despite the lack of documentary requirements, contrary to Section 4(6) of PD No. 1445, Sections 15 and 16, Chapter 8, Section 39, Chapter 5 of the GAM for NGAs, Volume I, and pertinent provisions of COA Circular No. 2012-001 dated June 14, 2012, thus casting doubts on the legality and propriety of the transactions.</p> <p>We recommended, and Management agreed, to require the concerned ROs to:</p> <p>a. submit the lacking documents and the explanation/justification on the deficiencies noted; and</p> <p>b. strictly adhere to the prescribed laws, rules and regulations on the basic requirements before processing claims for payments and in the preparation/maintenance of records/documents.</p>	<p>Par. 3.1-3.6</p>	<p>Management will coordinate with the concerned Regional Offices regarding the matter.</p>	<p>Fully Implemented ROs already submitted the lacking documents and justifications.</p> <p>Fully Implemented ROs will adhere to the prescribed laws, rules and regulations on the basic requirements before processing claims for payments.</p>
<i>Non-submission/preparation and improperly maintained reports</i>			
<p>11. Non-submission/preparation of property reports by the CO and RO V and improperly maintained Registries of Allotment and Obligations and Disbursements (RAOD) – MOOE and the Obligation Request and Status (ORS) by RO XI are contrary to PD</p>	<p>PRC AAR 2020</p> <p>Par. 4.1-4.5</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>No. 1445, Sections 15 and 16, Chapter 3 and Sections 38 and 40.d, Chapter 10 of GAM for NGAs, Volume I and pertinent COA Circulars, thus affecting the timely evaluation of the ROs' property accountabilities during the year and the accuracy of disclosure of budget information in the financial reports.</p> <p>We recommended, and Management agreed, to direct the:</p> <p>a. Property Officers of the CO and RO V to strictly comply with the preparation and submission of property reports in compliance with GAM for NGAs and other relevant COA rules and regulations within the prescribed period and suspend the payments of salaries of those responsible AOs who failed to submit reports on time until they have complied with the requirements on the submission of reports.</p> <p>b. Budget Officer of RO XI to properly fill out the ORS and update RAOD-MOOE for monitoring and appropriate disclosure in the financial reports.</p>		<p>Management will coordinate with the concerned Regional Offices regarding the matter.</p>	<p>Fully Implemented</p> <p>CO - Fully Implemented</p> <p>ROV - Ongoing compliance and coordination with CO</p> <p>Fully Implemented</p> <p>ROII - Properly filled-out ORS and updated RAOD-MOOE.</p>
<i>Unremitted excess BAC Fund to the BTr</i>			

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>12. The balance of CIB-LCCA with an ending balance of ₱1,703,196.54, designated as "BAC Fund," was unremitted to the BTr. contrary to Section 6.2 of Budget Circular No. 2004-5A dated October 7, 2005.</p> <p>We recommended, and Management agreed, to remit to the BTr the remaining balance of BAC Fund in accordance with Section 6.2 of DBM BC No. 2004-5A.</p>	<p>PRC AAR 2020</p> <p>Par. 5.1- 5.3</p>	<p>The reconciliation of CIB-LCCA and the corresponding account of Other Payables from 2015-2020 shall commence after the receipt of requested Bank Statement from Landbank of the Philippines and immediately remit the BAC Fund balance after the completion of reconciliation and full payment of the claims for BAC Honoraria.</p>	<p>Not Implemented</p> <p>Reiterated in this report.</p> <p>Reconciliation is still ongoing.</p>
<i>Deficiencies in the Grant, Utilization and Liquidation of Cash Advances</i>			
<p>13. The Agency's insufficient observance of the laws, rules, and regulations in the granting, utilization, and liquidation of cash advances (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 ₱287,798.78; b)</p>	<p>PRC AAR 2020</p> <p>Par. 6.1 – 6.7</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>granting of additional CAs despite unliquidated previous advances; and c) disbursement for MOOE were paid in cash instead of using checks; d) Cash advances for MOOE deposited in the AOs personal account; and e) grant of cash advance in excess of two-month requirement, thus exposing public funds to possible risk of misuse and recording errors.</p> <p>We recommended, and Management agreed, to direct the concerned Offices to:</p> <p>a. require the AOs concerned to immediately liquidate/settle their CAs and demand the refund of their unused balances;</p> <p>b. exert immediate settlements of long-overdue unliquidated CAs of employees who resigned/are no longer connected with the Agency;</p> <p>c. refrain from granting additional CAs to the AOs with unliquidated balances; and</p> <p>d. open an MDS account with any authorized government depository bank (AGDB) to</p>		<p>CO - A Notice of Unliquidated CA will be sent to the AOs 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>Due to limited AOs designated by the NCR-FAD and the</p>	<p>Fully Implemented</p> <p>AOs concerned liquidated/settled their unused CAs.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p> <p>Fully Implemented</p> <p>Accounting Division already stopped the practice.</p> <p>Fully Implemented</p> <p>ROs already opened a</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>which fund transfers for MOOE will be deposited; use the prescribed DV or Payroll with complete details, instead of the PCV in paying the regular and recurring expenses of the Agency.</p>		<p>urgency of the purpose of CA, it is being allowed provided that the total CA to be requested will not exceed the allowed maximum cash accountability pursuant to Cash Management and Control System. However, the matter was already coordinated with NCR-FAD and was advised of the actions needed to be taken in order to prevent this from happening again. Prospectively, the Accounting Division will strictly adhere to the Circular.</p> <p>RO V- The Management commented that they have already opened an MDS account and awaiting for the CO's approval to use the said account.</p> <p>RO VIII- Management already opened an MDS account with LBP, however, they are still waiting for further instruction</p>	<p>savings account.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>from CO with respect to its implementation.</p> <p>With regard to the non-submission of budget proposal, the recommendations will be presented to the new Budget Officer who assumed his post on January 8, 2021, to regulate budgetary requests, utilization, and monitoring.</p> <p>The underutilization of the cash advances was due to the cancellation of scheduled licensure examinations.</p> <p>CAR- The Regional Director, who was previously the Regional Coordinator of PRC Region 1, requested for the opening of their bank account from PRC CO on February 28, 2019. A follow-up was made on March 13, 2019 and November 25, 2020 through the Planning, Management and Financial Services (PMFS). However, up to this date, PRC-CAR continuously</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>receives CAs for PRC-Region I.</p> <p>Further, the electronic Modified Disbursement System (eMDS) for all PRC ROs has already been approved but still waiting for activation.</p> <p>RO II - Management explained that the weakness in the control system, particularly the grant, replenishment, utilization and liquidation of the PCF. There is a room for improvement in the procurement process, however, for some Programs, Activities and Projects, the RO was only notified by the CO a week before the said activity, thus giving the former insufficient time to prepare and procure the materials needed thereby using the Petty Cash Fund for immediate purchase.</p> <p>The Management</p>	

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		shall review its current procedures and internal control policies to implement changes and commit to comply with the Audit Team's recommendations the soonest.	
<i>Compliance with RA No. 9184 or the Government Procurement Reform Act</i>			
<p>14. The procurement process by the CO showed various omissions and practices which are not strictly in compliance with the Revised Implementing Rules and Regulations (RIRR) of RA No. 9184 and existing COA rules and regulation, thus affecting the propriety of the procurement activities for five projects of the Agency.</p> <p>i. Lapses in Writing Warranty Conditions;</p> <p>ii. No attached Schedule of Prices in the Financial Bid Forms;</p> <p>iii. Procuring activities not within the mandatory timelines;</p> <p>iv. Performance Security expiring ahead of the completion of contract;</p> <p>v. Internal control weakness noted due to lack of segregation of duty</p>	<p>PRC AAR 2020</p> <p>Par. 7.1- 7.25</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>manifested by the approval of BAC Chairman of payment to suppliers;</p> <p>vi. Non-submission of documents as integral part or as support to the approved contract as required in COA Circular No. 2009-001 dated February 12, 2009.</p> <p>We recommended that Management require the BAC/PSD to:</p> <p>a. review the bid documents as to consistency of the provisions therein prior to issuance to prospective bidders;</p> <p>b. provide explanation as to the:</p> <ul style="list-style-type: none"> • non-submission of bidders of Price Schedule with their Financial Bid Forms; • non-compliance with the procurement timelines in the contract and the discrepancy noted in the date of posting of Performance Security and the date of contract signing; • deficiencies in the NOA and NTP; • Performance security 		<p>As to the lacking contract documents the BAC/Secretariat noted that there was no mention in COA Circular No. 2009-001 dated February 12, 2009 with respect to the submission of the Minutes of the Pre-Procurement Conference or the print-out of web pages where Invitation to Bid (ITB) was posted, hence the same were not included in our submission. As to the photocopy of newspaper clippings for invitation, the BAC believes that the posting of the</p>	<p>Fully Implemented BAC to further enhance the review process in order to avoid similar incident in the future.</p> <p>Fully Implemented Reiterated in this report.</p> <p>BAC already submitted to the Audit Team on April 21, 2021.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>expiring before contract completion</p> <p>c. inspect carefully the documents being submitted by the bidders especially the dates and arithmetical corrections thereof;</p> <p>d. stop the practice of appointing the BAC Chairman as the approver of the payments to suppliers to avoid conflict of interest and maintain the integrity of the procurement process and contract implementation; and</p> <p>e. submit all the lacking documents noted in accordance with COA Circular No. 2009-001.</p>		<p>Invitation to Bid in the PhilGEPS website suffices per RA No. 9184.</p>	<p>Fully Implemented</p> <p>BAC to further enhance the review process in order to avoid similar incident in the future.</p> <p>Fully Implemented</p> <p>BAC Chairman is not the approving authority.</p> <p>Not Implemented</p> <p>Lacking documents were not submitted to the Audit Team.</p>
2019 Audit Recommendations			
Financial Audit			
Accounting Errors and Omissions			
<p>15. Errors and omissions in the recording of financial transactions resulted in misstatements on the Assets, Liabilities and Equity accounts totaling ₱290,634,445.04 as at December 31, 2019, thus affecting the fair presentation thereof in the Financial Statements (FSs) of PRC.</p> <p>a. Erroneous entries made for the cancellation of</p>	<p>PRC AAR 2019 Par. 1.1- 1.23</p> <p>PRC AAR 2018</p> <p>Par. 1.1-</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>stale checks during the year- ₱8,316.24</p> <p>b. Unrecorded purchases by PRC – Central Office (CO)- ₱739,320.57</p> <p>c. Non-derecognition of unserviceable/inexistent Computer Software- ₱66,594,236.11</p> <p>d. Non-reversion of stale checks to Cash in Bank- Modified Disbursement System (MDS), Regular and Payable accounts- ₱81,776.84</p> <p>We recommended that the Management:</p> <p>Expense/Accumulated Surplus and Payable-</p> <p>a. require the Accounting Division to make the necessary adjusting entry in the books of account to record the correction in the cancellation/reversion of stale check;</p>	<p>1.30</p> <p>PRC AAR 2017</p> <p>Par. 7.1 – 7. 17</p> <p>PRC AAR 2016</p> <p>Par. 9.1 – 9.13</p> <p>PRC AAR 2015</p> <p>Par. 7.1- 7.8</p>	<p>The erroneous entries noted herein are indeed cancellation entries. The JEV Nos. 2019-02-002852, 2019-03-003353 and 2019-04-003445 were cancelled by JEV Nos. 2019-12-008997, 2019-03-003353 and 2019-04-003445, respectively. The said check should be the payment for renewal of annual LTO registration for the motor vehicle (MV)</p>	<p>Not Implemented</p> <p>The adjustments are not yet recorded in the books.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		with Plate No. SJP-122. The Property and Supply Division (PSD), as the end-user, has requested for the check payment, but eventually requested for cancellation due to unavailability of the MV which was under repair in a car repair shop. On the other hand, JEV Nos. 2019-05-003739 and 2019-05-003738 are check payments for the annual registration fee of MV with Plate No. SFG-536, which were cancelled by JEV Nos. 2019-12-009001 and 2019-12-009000, respectively, because the said MV was already for disposal.	
Other Accounting Deficiencies			
16. Other accounting deficiencies totaling ₱340,078,838.70 were observed in the recording and reporting of financial transactions due to absence of reconciliation of accounting records, non-preparation of required reports and unsupported prior year balances, thus affecting the reliability, accuracy, and existence of	PRC AAR 2019 Par. 2.1 – 2.2 PRC AAR 2018 Par.		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>account and to derecognize in its books the unserviceable semi-expendable inventories.</p> <p>Service and Business Income</p> <p>2. The lapses of reconciliation and recording procedures resulted in variances in the balance of Service and Business Income account, to wit: a) ₱11,649,209.67 between the Report of Revenue and Other Receipts (RROR) (FAR No. 5) and the GL for CY 2019; b) ₱73,137,699.65 between the Electronic Collection Management System (ECMS) generated report and the NCR-RO Report of Collections (RC) covering the period January to March and August 2019; c) ₱886,752.00 between LBP ePayment Facility</p>	<p>PRC AAR 2019</p> <p>Par. 7.1 – 7.18</p>	<p>supplies and materials as an outright expense rather than the appropriate inventory accounts, going forward, these items will be recorded as inventory and expensed when utilized as evidenced by the accomplished Requisition and Issue Slip and summarized in the Report of Supplies and Materials Issued (RSMI).</p>	<p>RO XI – Fully Implemented</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>(Link.BizPortal) reported collections and confirmed bank balance, contrary to accepted internal control practice of reconciliation; and d) misclassification of the income collected during the year amounting to ₱669,638.00. Moreover, the completeness and validity of the reported collections totaling ₱70,343,782.27 from PayMaya Online Checkout Services (POCS) cannot be ascertained due to lack of viewing/downloading access constituting scope limitation in an audit.</p> <p>We recommended and Management agreed to require the Accounting Division to verify on a monthly basis the reported income per Landbank Linkbiz Portal and the deposits per LBP BS for BTR-Clearing Account No. 3402-2696-09 and investigate discrepancies if any, for proper disposition thereof.</p>		<p>Amended FAR No. 5 was already encoded and submitted by the Accounting Division to the Department of Budget and Management (DBM) on August 24, 2020. The final amount of Income is ₱1,525,582,013.78 excluding interest amounting to ₱449,665.67.</p> <p>No reply yet as Cash Division is still in the process of reconciliation.</p> <p>Cash Division was informed of the</p>	<p>Fully Implemented</p> <p>Adjusting entries were recorded in the books as per JEV No. 2021-01-001479.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>observations. A series of meetings were conducted by Cash Division with the Service Provider to inform of noted variances against the Report of Collections.</p> <p>There is no reply yet as Cash Division is still in the process of reconciliation.</p>	
COMPLIANCE AUDIT			
<i>Altered Official Receipts</i>			
<p>17. Alterations, erasures or corrections on the face of some Official Receipts (ORs) were noted in the audit of collections in PRC-RO No. VI, due to data errors caused by system glitches, indicating lack of policy or procedure to follow in those situations, contrary to Sections 123 and 124 of PD No. 1445.</p> <p>We recommended and Management agreed to:</p> <p>a. call the attention of all personnel involved in cash collections and remind them to immediately cease the practice of manually altering the ORs; and</p> <p>b. consider issuing an Office Order detailing the mechanism on cash</p>	<p>PRC AAR 2019</p> <p>Par. 9.1 – 9.3</p>	<p>PRC-RO No.VI was informed and awaiting for the reply.</p> <p>To coordinate with Administrative Office for the</p>	<p>Fully Implemented</p> <p>As per Regional Auditor, PRC – RO No. VI already stopped the practice.</p> <p>Not Implemented</p> <p>No Office Order</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
handling, so that there will be a proper procedure for cash collection to be observed.		issuance of Office Order	issued yet
<i>Use of cash advances for other purpose</i>			
<p>18. Cash advances granted for Maintenance and Other Operating Expenses (MOOE) of operating/field units totaling ₱1,033,404.62 were utilized for purposes other than for which it was legally granted, contrary to Section 89 of PD No. 1445 and Paragraph 4.1.7 of COA Circular No. 97-002 dated February 10, 1997, thus defeated the purpose for which their cash advances were granted and maybe considered illegal.</p> <p>We recommended that Management release the cash advances to its Field Offices on a timely manner so as the latter can defray the expenses intended to be served thereby and not affect the conduct of their operations and delivery of services.</p>	<p>PRC AAR 2019</p> <p>Par. 13.1 – 13.7</p>	<p>RO V- Management admitted that the CA for MOOE was utilized to defray the expenses for the said examinations due to the delay in the deposit of CA for various licensure examinations by the CO. This matter was already relayed to the Director of the Planning, Management and Financial Service. He assured the Audit Team that the budget for licensure</p>	<p>Fully Implemented</p> <p>As per ROs' SIPYAR, the matter was already closed.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		<p>examination will be given priority.</p> <p>RO IV-A- During the exit conference, the OIC-Director claimed that the CA for MOOE granted to the CDOs includes funds intended for travelling expenses of the employees and same was part of the written instructions issued by the PRC-CO.</p> <p>He further pointed out that it would be financially hard for the employees of PRC to go on travel without cash advance, specifically if the Travel Order is for over a week, since they have to pay for their lodging and other incidental expenses while in the field.</p> <p>Nevertheless, they will abide by the COA rules to address and resolve the COA recommendation.</p>	
<i>Lapses Noted in the Disbursement of Gasoline/Fuel Expenses</i>			
19. Disbursements related to fuel consumption were noted with deficiencies in the RO Nos. I,	PRC AAR 2019		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>II, V and XI, such as non-preparation of Monthly Report of Official Travels and Daily Trip Tickets in violation of Sections 2, 3 and 4 of COA Circular No. 77-61 as well as Section V.1 of COA Cir. No. 75-6, thereby raising doubts as to the reasonableness of the fuel consumption.</p> <p>We recommended that Management prepare and submit the Monthly Reports of Official Travels and Fuel Consumption from January to November 2019 to the Auditor, and thereafter, submit regularly all the subsequent monthly reports.</p>	<p>Par. 15.1 – 15.5</p>	<p>PRC-RO Nos. I, II, V and XI were informed and awaiting for the reply.</p>	<p>Fully Implemented</p> <p>As per ROs' SIPYAR, the matter was already closed.</p>
2018 Audit Recommendation			
Financial Audit			
<i>Misstatements in the Financial Statements</i>			
<i>Income</i>			
<p>20. Collections in the amount of ₱142,730,006.58 were not deposited intact daily and some accountable officers in PRC Tuguegarao City and Davao City are not bonded, contrary to Section 30, Volume I of GAM for NGAs and Section 101 of PD No. 1145. In addition, deposits totaling ₱706,985,497.77 were unrecognized by the BTr.</p> <p>We recommended and Management agreed to:</p>	<p>PRC AAR 2018</p> <p>Par. 4.1 – 4.14</p>		

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>a. require the COs to immediately deposit their respective accountabilities totaling ₱142,730,006.58 within the prescribed period set and institute penal sanctions for those Accountable Officers (AOs) who will fail to comply with the directive of the Chairman and; henceforth, direct COs to deposit collections intact daily; and require each accountable officer to apply for fidelity bond with BTr;</p> <p>b. reconcile the details of the remaining collections without the BTR's Certification amounting to ₱706,985,497.77 and submit summary of collections from all sources deposited to LBP in the name of BTr-PRC Clearing Account.</p>		<p>A reply letter was sent to COA Resident Auditor which was received on April 3, 2019.</p> <p>The applications for bond of ROs' employees and officials were previously done in the Central Office which prolonged the processing, thus, Regional Offices have been permitted now to process their own application of bond to Regional BTr Offices. Lucena and Davao Regional Offices were already informed of the noted observations and recommendations.</p> <p>Management explained that the remaining ₱706,985,497.77 represents collections by the CO for October to December 2018; in NCR (November to December 2018) and other ROs. Requests for BTr Certifications have been sent to the BTr, however, no response was received to date. A memorandum has</p>	<p>Not Implemented</p> <p>As per Management reply-letter, it stated that the unaccounted deposits were actually deposited. However, there is no proof of deposit attached to the reply. Hence, the Audit Team will verify the said deposit.</p> <p>Not Implemented</p> <p>Reconciliation is still ongoing.</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
		also been sent to all Regional Collecting Officers to submit complete certifications for the year 2018.	
2015 AUDIT RECOMMENDATIONS			
<i>Accounting Deficiencies</i>			
<p>21. 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</p>	<p>PRC AAR 2015</p> <p>Par. 1-1 – 1.13</p> <p>Par. 4.1 – 4.14</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</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</p>

Observations and Recommendations	Ref.	Management Actions/Comments	Status of Implementation and Auditor's Validation
<p>Report of Collections because of the significance of the amounts of discrepancies noted and if discrepancy has occurred demand from the Service Provider the amount equivalent to such discrepancy; and</p> <p>b. request certifications from the LBP and the BTr on the total actual deposits made by SMI to PRC.</p>		<p>correctness of deposited collections.</p>	<p>remittances of SMI.</p> <p>Not Implemented</p> <p>The Accounting Division is still reconciling the actual deposits based on the certification from the LBP and BTr.</p>