



Republic of the Philippines
Department of Agriculture

PHILIPPINE FIBER INDUSTRY DEVELOPMENT AUTHORITY

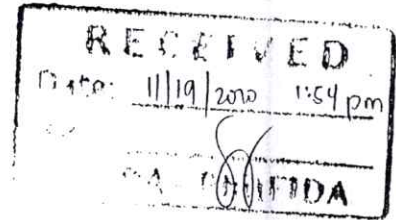
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Administrative, Financial and Management Division

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November 18, 2020

MS. ELEANOR G. PANCHO
State Auditor IV
OIC – Supervising Auditor



THRU : **MR. MARK IANFRED B. GLOR**
State Auditor III
Audit Team Leader

Dear Auditor Pancho:

In compliance to the Annual Audit Report for the Year Ended December 31, 2019, please find attached Agency Action Plan and Status of Implementation, and Status of Implementation of Prior Years' Audit Recommendations together with its supporting documents.

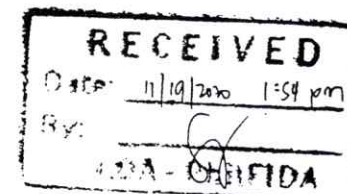
For your reference.

Very truly yours,

KENNEDY T. COSTALES
Executive Director III

Philippine Fiber Industry Development Authority
 Elliptical Road, Diliman, Quezon City

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
 Audit Observations and Recommendations
 For the Calendar Year 2019



Ref. (Observation No.)	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Action Plan Taken
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1	Overall, the PhilFIDA's fund utilization/ obligation for CY 2019 of P415.395 million is 86.26 percent compared to its appropriations/ allotment of P481.534 million, leaving a balance of P66.139 million due to some projects and activities which were not implemented, and obligations not within the cutoff date for 2019. Also, it registered a utilization rate of 78.47 percent or P234.860 million of the allotment of P299.284 million for its major program, the Fiber Development	We reiterated our previous recommendation and Management agreed to ensure: a. that appropriated funds for the agency's programs, projects and activities are fully utilized the soonest possible time/within the budget year to hasten socio-economic development and benefits to intended stakeholders/ beneficiaries; and b. effective programming of funds to warrant the		Chief Accountant				A regular assessment is needed to effectively monitor the process of the agency's programs, projects and activities as well as immediately address all problems encountered in the timely delivery of its service for their intended stakeholders / beneficiaries.	

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	Program, which were in accordance with its purpose. The non-utilization in full of the allotment for this program resulted in the non-implementation of various activities aimed to rejuvenate the cotton industry.	c. implementation of various projects and activities.							
2	Of the total cash allocation of P538.681 million received during the year, only P480.128 million or 89.13 percent was utilized/dispensed resulting in the reversion of P58.553 million to the National Treasury.	We recommended and Management agreed to ensure that funds requested from the DBM are maximized and fully utilized to avoid or minimize the lapsing of NCA and reversion to the Bureau of the Treasury.		Chief Accountant				Effective programming of funds and early procurement activities will be strictly assured to address this recurring problem.	
3	The total audit suspensions and disallowances of transactions of the agency for prior and current years amounted to P23.461 million and P18.999 million,	We recommended and Management agreed to: a. direct the persons responsible and liable to settle the audit suspensions and		Chief Accountant				a. Attached are demand letters sent to officers and employees having outstanding balances	

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	respectively, with total settlement of ₱22.920 million, leaving a total unsettled balance of ₱19.540 million as of year-end.	<p>disallowances within the reglementary period by sending demand letters or by resorting to other legal modes for the extinguishment of obligations as provided in Section 1231 of Civil Code; otherwise legal action may be undertaken against those persons solidarily liable, particularly the certifying/approving officers and those no longer in the service as provided in Section 35 of Presidential Decree (P.D.) No. 1445; and</p> <p>b. ensure compliance with laws, rules and regulations to avoid audit suspensions, and disallowances.</p>						<p>on disallowed COLA and CNA and most of them were RTS (return to sender) Please refer to ANNEX A.</p> <p>b. We will comply with your audit recommendations</p>	
4	The agency did not revert to the General Fund the unauthorized bank account consisting	We reiterated our prior year's recommendations and Management agreed to:		Chief Accountant					

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	of Trust Receipts and Performance Bonds received in CY 2019 amounting to ₱9.867 million and ₱0.275 million, respectively, contrary to DOF-DBM-COA Permanent Committee Resolution No. 4-2012 dated September 11, 2012. Also, the balance of Trust Receipts and Performance bonds collected in CY 2017 and 2018 amounting to ₱15.521 million remained not deposited with the National Treasury, inconsistent with the General Provisions of the GAA for CY 2019.	<p>a. immediately remit the balances of the unauthorized bank account with the National Treasury and thereafter close the bank account, pursuant to DOF-DBM-COA Permanent Committee Resolution No. 4-2012; and</p> <p>b. strictly adhere with the provisions set forth in Sections 6 and 7 of the General Provisions of the GAA for CY 2019 where all trust receipts, performance bonds and deposits collected/ received shall be deposited with the National Treasury.</p>						<p>a) Reconciliation will be done and recommendation will be complied with.</p> <p>b) We will comply prospectively this 2020.</p>	
5	Cash advances amounting to ₱0.878 million remained unliquidated, of which the amount of ₱0.863 million or 98.18 percent	<p>We reiterated our prior year's recommendations and Management agreed to:</p> <p>a. send demand letters to all officials and</p>		Chief Accountant					

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	are aged from one to 33 years. Moreover, additional cash advances were given to officers and employees with unliquidated cash advances which is not in accordance with COA Circular Nos. 97-002 and 2009-002.	<p>employees concerned and impose sanctions to those who continue to neglect their obligations in accordance with the provisions of COA Circular No. 2012-004; and enforce the liquidation/settlement of unliquidated cash advances and immediate refund/return of any excess amount, if any;</p> <p>b. stop the practice of granting additional cash advances to officers and employees with unliquidated cash advances in conformity with Section 4.1.2 of COA Circular No. 97-002; and</p> <p>c. exert extra effort in locating the employees no longer connected with the agency and take necessary actions for the liquidation, if not, refund</p>						<p>a. We will comply with your audit recommendations</p> <p>b. We will comply with your audit recommendations</p> <p>c. - do -</p>	

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		of the said cash advances.							
6	The fourth quarter cash requirements of the ROs and RSO exceeded the two-month operational requirement limit, contrary to COA Circular No. 97-002, thus, the total funds held by them amounted to a total of its five-month cash requirements.	We recommended and Management agreed to observe the two-month cash requirement limitation for fund transfers to ROs and RSO by not replenishing their funds for the liquidations made for the third quarter of the calendar year.		Chief Accountant				Strict implementation shall be required in every regional offices and will be reiterated in the form of a memorandum.	
7	The rules and regulations in the grant, utilization and liquidation of fund transfers to NGAs and GOCCs were not enforced/monitored, hence, resulted in the long-outstanding fund transfers amounting to ₱7.226 million, contrary to COA Circular No. 94-013. On the other hand, fund transfers received by the defunct Fiber	We reiterated our previous year's recommendation and Management agreed to: a. enforce the submission of liquidation reports within the period prescribed under COA Circular No. 94-013; b. send demand letters to the IAs for the liquidation of the fund transfers and require the refund of the unutilized		Chief Accountant				Updating of a schedule of accounts will be done first prior to the implementation of the Auditor's recommendation set forth. - do -	

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	Industry Development Authority (FIDA) from other agencies amounting to P33.075 million had not been liquidated or refunded to the source agency, resulting in the accumulation of outstanding balance of the account Due to NGAs, contrary to Section 6.7 of COA Circular No. 94-013 dated December 13, 1994. Moreover, the negative balance of P0.776 million decreased the outstanding balance of the account.	<p>fund transfers for completed projects, if any;</p> <p>c. require the Chief Accountant and the Cashier to return to the source/funding agencies the unutilized funds and/or unspent balance of the fund transfer pertaining to the completed project or project that is no longer implemented; and</p> <p>d. liquidate the fund transfers by submitting the Status of Funds and Reports of Disbursement, and to review, analyze and adjust accordingly the negative balance of the Due to NGAs account.</p>							
8	Fund transfers to Procurement Service-DBM for procurement of common office	We recommended and Management agreed to direct the Accountant and Procurement Officer to						The Procurement Officer is working on the reconciliation with the Procurement Service and	

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	supplies, equipment and plane fare amounting to ₱6.022 million, and to the National Printing Office (NPO) for the printing of accountable forms amounting to ₱0.44 million remained outstanding/undelivered as of year-end.	coordinate with PS-DBM and the NPO to reconcile the remaining difference between their respective books and for undelivered goods to be delivered and/or refunded or replaced with new items.							whatever result will be adjusted in the books.
9	Dormant accounts amounting to ₱10.250 million were not requested to be written off, as required under Section 8.2 of COA Circular No. 2016-005 dated December 19, 2016.	<p>We reiterated our previous recommendations and Management agreed to:</p> <p>a. require the Chief Accountant to conduct a thorough review and evaluation of the dormant accounts and, if warranted, request for write-off in accordance with COA Circular No. 2016-005.</p> <p>b. direct the active officers and employees of the agency with outstanding balances to immediately settle the amount of</p>							<p>a. We are already working on the request for write-off on dormant accounts. Confirmation letters will be sent to some accounts to support the request for write off.</p> <p>b. We will comply with your audit recommendation.</p>

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		<p>overpayment of salaries and per diem, tax deficit and over remittance of premium contributions or initiate the withholding of salaries for the settlement of their accountabilities; and</p> <p>c. assign personnel primarily tasked to help the Accounting Section in the preparation / collating of the required documents needed for the preparation of the request for write-off of dormant accounts.</p>						c. We will comply with your audit recommendation.	
1	The PhilFIDA CO insured its property amounting to ₱179.945 million with insurance premium amounting to ₱0.593 million without conducting a complete physical count of the same, hence, casting doubt on whether all the insurable assets of the	<p>We reiterated the previous recommendation and Management agreed to:</p> <p>a. conduct a complete physical count of PPE to ensure reliability of the RPCPPE which serve as basis in the preparation</p> <p>b. of the PIF for submission to GSIS for</p>		Property Officer				a. Presently, we are conducting complete physical count of Agency's Plant, Property and Equipment from October 26 - 30, 2020 and November 02 - 06, 2020 to ensure reliability of the 2020 RCPPE as our basis in the	

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	agency were covered or not or still exist.	<p>the insurance coverage of all PPE; and</p> <p>c. insure all insurable assets of the agency with the General Insurance Fund of the GSIS to indemnify losses that may arise from fire, theft and other causes.</p>						<p>preparation of the Property Inventory Form to be submitted to GSIS for the insurance coverage. (ANNEX B)</p> <p>b. We will comply with your audit recommendation.</p>	
12	Procurement of goods and services amounting to ₱20.540 million were included in the Annual Procurement Plan as submitted to the DBM and was in accordance with R.A. No. 9184. However, creation of BAC Secretariat in the Regional Office does not include the designation of the head of the Secretariat, contrary to Section 14.2 of R.A. No. 9184. Opening of bids were	<p>We recommended and Management agreed to:</p> <p>a. require the members of the BAC to prioritize their attendance on every BAC meeting to ensure that quorum is met to avoid delay in the procurement process, in compliance with Section 38.1 of the RIRR of R.A. No. 9184; and</p> <p>b. designate the head of the BAC Secretariat in the ROs for delineation of</p>		BAC Secretariat				<p>a. Your audit recommendation will be strictly observed.</p> <p>b. We will comply with your audit recommendation.</p>	

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	sometimes postponed and rescheduled due to the lack of quorum among the BAC members, in contrast to Section 38.1 of the Revised IRR of R.A. No. 9184.	duties and to ensure compliance with the 2016 RIRR of R.A. No. 9184.							
13	The quarterly reports of the Programs, Projects and Activities (PPA) were regularly submitted; however, there is no information on the posting of 16 PPAs with total project cost of ₱37.719 million in the appropriate signboards and the list of all on-going government PPAs and those that are to be implemented at the start of the year with the brief description of the projects were not submitted, contrary to COA Circular No.	We recommended and Management agreed to: a. submit the complete list of all on-going government PPA and those that are to be implemented during the year; and inform the audit team of the posting of appropriate project on signboards and/or public notices within ten (10) days after award of infrastructure project or before the start of the program/activity pursuant to COA Circular No. 2013-004; and		Planning Division				a. Please see attached complete list of on-going government PPAs (ANNEX C in separate Folder)	

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	2013-04 dated January 30, 2013.	b. require the Planning Officer to revisit the said COA Circular and to closely coordinate with the Regional Office for submission of the ongoing projects to be implemented during the year.							b. Memorandum No. 177 dated October 7, 2020 "Strict Compliance to COA Circular 2013-04 Re: Information and Publicity on PPAs of Gov't. Agencies" was issued to all operating Units / Divisions / Regional Offices / Regional Satellite Offices Offices with the instruction to comply with the provisions of the said COA Circular (ANNEX C)
14	Accounting and Property reports with their supporting documents were not submitted or submitted late by the Accounting and Property Section incurring delays of 1 to 206 days, contrary to the provisions of GAM for National Government Agencies. Moreover, bank accounts maintained in the Ros and RSO with a balance amounting to ₱174.815	We reiterated our previous recommendations that Management: a. require the Chief Accountant to devise a strategy to enable him to timely submit all accounting and financial reports/statements to the Office of the Auditor within the timeline set forth to avoid delays; b. initiate the penal sanctions as provided in		Accounting / Property Section					We will strictly follow all recommendations stated herein by the Auditor.

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	million pertaining to the cash requirements received from the Central Office (CO) were not supported with BRSs, contrary to Section 74 of P.D. No. 1445.	<p>Section 122 (2) of PD No. 1445 for failure to comply with the provisions of the aforementioned rules and regulations and the repeated failure to comply with the submission of financial documents particularly to those who are in charge in the preparation, recording and submission of financial and accounting reports;</p> <p>c. instruct the RO Disbursing Officers to prepare the monthly BRS for all the bank accounts maintained and immediately forward a copy of the same to the Accounting Section for taking up the reconciling items in the books;</p> <p>d. expedite the application for the we-Access to</p>							

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		<p>reduce delays in the submission of BRSs; and</p> <p>e. make a strong representation with the DBM for the creation of an additional plantilla positions so that management can hire competent personnel or appoint assistants who can take over in case of reassignment of officers.</p>							
16	<p>The PhilFIDA withheld contributions and loan payments amounting to P27.704 million from its employees and remitted the amount of P27.697 million in CY 2019, leaving a balance of P0.391 inclusive of the beginning balance. However, the monthly remittance of contributions is not the exact amount of contributions withheld</p>	<p>We recommended and Management agreed to direct the Chief Accountant to:</p> <p>a. review the GSIS monthly deductions of the CO and the ROs and ensure that remittances of monthly premiums are the exact amount of contributions withheld to avoid imposition of interest on delayed remittances and</p>		Chief Accountant				<p>a. Memorandum No. 143 dated August 17, 2020 was issued regarding proper withholding and remittance to the GSIS, (ANNEX D)</p> <p>For the under / over remittance in Central Office, attached are the GSIS Official Receipts as payment of the concerned</p>	

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	which is not in accordance with Section 14 of the Implementing Rules and Regulations (IRR) of R.A. No. 8291 or the GSIS Law. On the other hand, the 12 percent government share and employees compensation insurance premium (ECIP) amounting to ₱15.303 million were remitted without delay.	<p>administrative sanction that affects the eligibility to benefits of members, as provided in Section 16 of R.A. No. 8291; and</p> <p>b. exert all efforts to determine the employee/s to whom the unremitted GSIS premiums and loans amounting to ₱0.366 million pertain and cause the remittance of the same.</p>						<p>employees who paid directly to GSIS. (ANNEX D)</p> <p>b. The accounting section is in the process of updating / reconciling said account (currently working back prior years' balances) and whatever result will be effected for adjustment / remittance.</p>	
17	The PhilFIDA withheld contributions of ₱1.574 million from its employees and remitted the amount of ₱1.576 million for CY 2019, leaving a balance of ₱0.024 million inclusive of the beginning balance. However, the monthly remittance of contributions for the months of August and December 2019 is not	<p>We reiterated our prior year's recommendations and Management agreed to:</p> <p>a. ensure that the remittance of monthly premiums are the exact amount of contributions withheld to avoid administrative sanction as provided in R.A. No. 10606; and</p>		Chief Accountant				<p>a. Reconciliation is in process and whatever result, will be remitted / adjusted in the books.</p>	

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	the exact amount of contributions withheld which is not in accordance with Section 18(b) of R.A. No. 7875. On the other hand, government share amounting to ₱1.479 million was remitted on time.	b. require the Chief Accountant to exert extra efforts to determine the employee/s to whom the unremitted PhilHealth contributions pertain amounting to ₱0.027 million and the over remittance of ₱0.001 million in CY 2018 in order not to deprive them of the benefits to be derived from the PHIC, then, cause the remittance/deduction of the same.							b. Your recommendation will be complied.
18	The PhilFIDA withheld contributions and loan amortizations amounting to ₱5.318 million from its employees and remitted to the Pag-IBIG Fund the amount of ₱5.322 million, leaving an unremitted amount of ₱0.030 million which pertain to prior years' balances and over/under	We reiterated our previous year's recommendation and Management agreed to: a. remit to Pag-IBIG all deducted contributions including government share intact in compliance with R.A. No. 9679 (Pag-IBIG Fund Law of 2009) to avoid the imposition of		Chief Accountant					a. Your recommendation will be complied.

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	remittance for CY 2019, inconsistent with Section 3 of R.A. No. 9679. On the other hand, government share amounting to ₱0.392 million was remitted without delay.	<p>finer and penalty charges embodied under Section 3 thereof; and</p> <p>b. exert extra efforts to determine the employee/s to whom the unremitted Pag-IBIG contributions pertains amounting to ₱0.030 million and cause the remittance of the same in order not to deprive the said employees of the benefits therein; and make the necessary adjustment on the balancing figures made under JEV No. 2018-12-3646.</p>						b. The accounting section is in the process of updating / reconciling Pag-ibig Fund account (currently working back prior years' balances) and whatever result will be effected for adjustment / remittance.	
19	The PhilFIDA withheld taxes from employees' compensation and contractors amounting to ₱21.082 million and remitted the amount of ₱22.642 million, however, taxes withheld from disbursement	<p>We reiterated our prior year's recommendation and Management agreed to require the:</p> <p>a. Chief Accountant to remit immediately the remaining prior year withheld taxes due after</p>		Chief Accountant				a. The accounting section is in the process of updating / reconciling Due to BIR account (currently working	

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	under the Trust Fund amounting to ₱0.627 million remained unremitted, leaving a balance of ₱0.626 million inclusive of the beginning balance. It was also noted that monthly remittance of taxes is not the exact amount of taxes withheld, inconsistent with Section 2.58.2.a of BIR Revenue Regulation No. 2-98. Furthermore, RO V still uses the agency name FIDA.	reconciliation of records; and b. RO V to expedite the application for the change/update of the agency name with the BIR.						back prior years' balances) and whatever result will be effected for adjustment / remittance. b. Various communications were sent to the BIR for the change of agency name and until now no actions were taken. (ANNEX E)	
20	The Job Order (JO) and Contract of Service (COS) individuals hired by PhilFIDA are not the type contemplated under COA-DBM-CSC Joint Circular No. 1, s. 2017, and their hiring is violative of the limitations under Section 7 thereof, which provides for the specific	We reiterate our prior years' recommendations and Management agreed to: a. fast-track the filling up of vacancies in the Plantilla of Personnel by conducting review of the qualifications of the individuals hired under JO/COS and determine whether or not they are		HR Section				a. PhilFIDA is in the process of fast-tracking the filling-up of its vacant plantilla positions wherein the currently hired COS and JOS are given first priority provided they have the appropriate eligibility and are	

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	<p>jobs/functions for JO/COS individuals. Furthermore, hiring of JO/COS individuals was made despite vacancies in the plantilla of personnel.</p>	<p>qualified for the available positions to be filled-up; and</p> <p>b. revisit its policy on the hiring of JO/COS individuals by ensuring compliance with the provisions of Joint Circular No. 1, s. 2017, particularly on the limitations set in Section 7 thereof.</p>						<p>qualified to the positions to be filled-up.</p> <p>b. The COS and JOs were hired to augment the agency's limited manpower. Most of them are performing support functions that are not being done and not covered by the regular employees such as clerical, drivers, laboratory aides, farm workers and laborers.</p> <p>The hiring of COS and JOs was made with the approval from the Office of the Secretary.</p> <p>We will strictly comply with your audit recommendation to ensure compliance with the limitations set under Section 7 of COA-DBM-CSC Joint Circular No. 1 s. 2017 as per your recommendation. (ANNEX F)</p>	

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21	The Agency's GAD Plan and Budget for CY 2019 amounting to ₱54.914 million or 13.38 percent of its total appropriation was submitted to the DBM without the endorsement from the Philippine Commission on Women (PCW). Also, GAD Agenda and accomplishment report for the GAD related projects submitted were not duly supported with financial details and physical data, inconsistent with COA Circular No. 2014-001.	<p>We recommended and Management agreed to:</p> <p>a. secure the PCW approval and endorsement of the GPB to ensure that the GAD activities and expenses are in accordance with the priority agenda for women's empowerment and gender equality and the targets for such;</p> <p>b. submit complete / detailed GAD accomplishment report duly supported with financial details and physical data for evaluation; and</p> <p>c. attend regular training/seminar on GAD to the GAD Focal persons from the Central Office and Regional Planning Units to enable</p>		Planning Division				<p>a. PhilFIDA was not able to secure approval/endorsement of the FY 2019 GPB from PCW due to late revision of the GPB but the Agency thru the GAD Focal Point System (GFPS) prepared the GAD Agenda which is in accordance with the priority agenda for women's empowerment and gender equality.</p> <p>b. Please see attached ANNEX G</p> <p>(Note: Supporting documents on Annex G is in a separate folders 1 to 5)</p> <p>c. A training on GAD will be conducted in November, 2020 to be attended by GAD Focal Persons in the Central and Regional / Regional Satellite Offices</p>	

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		them with adequate knowledge and understanding on GAD issues.							
22	The agency prepared plans, programs and projects for the Senior Citizens and Persons with Disability (SCPD), however, accomplishment report submitted lacks the details and references for review and evaluation which would show that the activities will address the concerns of SCPD.	We recommended and Management agreed to ensure that accomplishment reports are properly supported with complete documentation and reference for evaluation.		Planning Division				Activities for Senior Citizens and Differently-Abled Persons were integrated in the PhilFIDA GAD activities. Please see attached ANNEX G	
24	The retention money for various construction projects in RO VIII was not properly deducted resulting in the overpayment of the final billing amounting to ₱0.960 million. Moreover, liquidated damages were not	We recommended and Management agreed to: a. strictly observe and deduct the proper and correct amount of retention money on infrastructure projects as provided in Annex E of		RO VIII				a. Please see attached action taken by Region VIII. (ANNEX H)	

Ref. (Observation No.)	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Action Plan Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	deducted despite delays noted amounting to ₱0.362 million.	<p>the 2016 RIRR of R.A. No. 9184;</p> <p>b. impose and collect the amount of liquidated damages from the contractors for the delay in the completion of the projects in accordance with Item 8.3 of Annex E of the 2016 RIRR of R.A. No. 9184; and</p> <p>c. coordinate with the DA-OSEC for the release of the second tranche of financial assistance to help alleviate the damage sustained by the PhilFIDA employees affected by Typhoon Yolanda and the 7.2 Magnitude Earthquake.</p>						<p>b. - do -</p> <p>c. Pertinent documents needed for the release of the second tranche will be gathered and will be submitted to DA.</p>	
26	Payments of rental expenses for office equipment amounting to ₱0.473 million were made despite the absence of a contract of	We recommended and Management agreed to submit the contract of lease of equipment and its supporting documents required under COA		Accounting / Budget Section					A Notice of Disallowance No. 2020-02-101(16-19) dated March 2, 2020 was issued and an appeal was already filed to the Commission Proper on Aug. 24, 2020, also an Answer to the

Ref. (Observation No.)	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Action Plan Taken
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					From	To			
	agreement between the PhilFIDA and its lessors which was inconsistent with Section 4 of P.D. No. 1445.	Circular No. 2012-001 to avoid suspension or disallowance in audit of future transactions.							Appeal Memorandum (NGS-CL8-NGS-OD-2020-000853) was issued on October 09, 2020.
27	Guaranty Deposit amounting to ₱0.753 million for the rental of the 7th floor of Sunnymede Land Corporation remained uncollected/ refunded.	We reiterated the previous recommendation that Management demand the immediate refund/return of the Guaranty Deposit of ₱0.753 million or the net amount due after the reconciliations made. If the refund is not feasible, initiate legal action for the recoupment and recovery of the deposits made.		General Services Section					We will set a meeting with the management of the Sunnymede Land Corporation.
28	The rules and regulations on granting, utilizing, handling and recording of cash advances and cash collections were not complied with by the CO and RO VIII which resulted in various deficiencies/weaknesses on cash management	We reiterated our previous recommendations and Management agreed to the following courses of actions: Central Office – Direct the: a. Accountant to be vigilant in application/recording of		Chief Accountant / Region VIII					a. Your recommendation will be strictly complied.

Ref. (Observation No.)	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Action Plan Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	that exposes the funds to the risk of loss and/or misappropriation.	<p>liquidation/refund for each grant to avoid negative/erroneous balances in the SL and to properly monitor the balances of every grant of cash advances;</p> <p>b. AOs to reconcile their records at least quarterly so that errors/deficiencies, if any, can easily be tracked and adjusted in the books; and</p> <p>Region VIII – Direct the Regional Director to:</p> <p>c. send the Accountable Officer to various trainings relevant to her job in order to orient her of the required reports and books to be maintained.</p>						<p>b. Your audit recommendation on quarterly reconciliation with the AOs was already implemented.</p> <p>c. Your audit recommendation will be implemented.</p>	
29	A qualified opinion was rendered on the	We recommended and Management agreed to						We will comply with your audit recommendations on the errors /	

Ref. (Observation No.)	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Action Plan Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	Financial Statements due to various accounting errors/omissions amounting to P190.354 million, which exceeded the materiality level of P12.801 million.	require the Chief Accountant to make the adjustments on the omissions/errors to correct the reported balances of the affected accounts in the Financial Statements. a. APs which are two years and more and without valid claims subject for reversion						omissions on affected accounts and will be adjusted in the books. Rest assure that the restatement of Financial Statements will be submitted soon. a. Reversion will be made and will be submitted soon.	

Certified Correct:


Noted by:

HONESTO C. TABUZO, JR.
Chief Accountant

RHISA V. PEGENIA
Chief, Adm., Financial & Management Division

KENNEDY T. COSTALES
Executive Director III

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT
RECOMMENDATIONS**

Date: 11/19/2020 1:54 pm
By: 
COA - PhilFIDA

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>1. PhilFIDA reported high utilization of funds of ₱538.052 million or 91.85 percent of its budget of ₱585.782 million for the implementation of its programs and projects for CY 2018 which includes obligations in CY 2018 amounting to ₱35.989 million for cash advances on projects to be implemented beyond the budget year or for future expenses and future contractual commitments, contrary to National Budget Circular (NBC) No. 573 which requires that appropriations authorized under CY 2018 are valid for obligation only at the end of the said year.</p> <p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> a. ensure that the reported/recorded obligations are based on current contractual agreement within the budget year as provided in NBC No. 573 to reflect the correct utilization rate of the Agency and ensure effective programming of funds; and b. henceforth strictly comply with the rules for the obligation of funds. 	<p>CY 2018 PhilFIDA AAR pages 4-5</p>	<ul style="list-style-type: none"> a. A review will be made on recorded / reported obligations, corresponding adjustments will be made to reflect the correct utilization rate in accordance with NBC No. 573. b. Your audit recommendation will be strictly observed. 	
<p>2. Trust Receipts and Performance Bonds amounting to ₱34.857 million were not deposited with the National Treasury, contrary to Sections 6 and 7 of the General Provisions of the GAA for CY 2018.</p> <p>We reiterated our prior year's recommendations and Management agreed to:</p> <ul style="list-style-type: none"> a. remit the balances of the unauthorized bank account with the National Treasury or to the source agency and thereafter close the bank account, pursuant to Sections 	<p>CY 2018 PhilFIDA AAR pages 5-6</p>	<ul style="list-style-type: none"> a. Effective immediately the coming CY 2021 reconciliation of bank accounts will be made on all balances of trust receipts, 	

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>6 and 7 of the General Provisions of the GAA for CY 2018; and</p> <p>b. strictly adhere with the provisions set forth in Sections 6 and 7 of the General Provisions of the GAA for CY 2018 where all trust receipts, performance bonds and deposits collected/received shall be deposited with the National Treasury.</p>		<p>b. We will comply with your audit recommendation on performance bonds to be deposited to the National Treasury.</p>	
<p>3. The fourth quarter cash requirements of the ROs and RSOs exceeded the two-month operational requirement limit, contrary to COA Circular No. 97-002. Moreover, bank accounts maintained in the ROs and RSOs with a balance amounting to ₱174.815 million pertaining to the cash requirements received from the CO were not supported by BRSs, contrary to Section 74 of PD 1445.</p> <p>We recommended and Management agreed to:</p> <p>a. instruct the Accounting Section to strictly observe the two-month cash requirement limitation for ROs and RSOs;</p> <p>b. consider the available cash held by the ROs/RSOs before providing additional cash advances; and</p> <p>c. instruct the RO and RSO Disbursing Officers to prepare the monthly BRS for all the bank accounts maintained and immediately forward a copy of the same to the Accounting Section for taking up the reconciling items in the books.</p>	<p>CY 2018 PhilFIDA AAR pages 7-9</p>	<p>a. Effective this CY 2021, we will strictly implement on the two-month cash requirement limitation</p> <p>b. Your recommendation will be observed.</p> <p>c. Bank reconciliation statement will be required from the regions.</p>	
<p>4. The intended purpose of the financial assistance amounting to ₱0.850 million to national government workers affected by Typhoon Yolanda and the 7.2 magnitude earthquake, both during CY 2013, was not fully accomplished due to unreleased second tranche, representing 50</p>	<p>CY 2018 PhilFIDA AAR pages 11-13</p>		

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>percent of the assistance from the DA-OSEC amounting to ₱0.425 million. Moreover, it was found that a mandatory provision requiring the grantee to retain the possessory rights over the housing unit acquired/reconstructed/repared under the financial assistance for a period of five years reckoned from the date of release of the full assistance by the DA in the Memorandum of Understanding (MOU) for the grant of financial assistance to one beneficiary of ₱0.050 million was not included; and official receipts on items purchased for the reconstruction/repair, or summary of expenses certified by beneficiary and the Barangay Chairperson by four beneficiaries amounting to ₱0.095 million were not submitted.</p> <p>We recommended and Management agreed to:</p> <p>a. coordinate with the DA-OSEC on the release of the second tranche of financial assistance to help alleviate the damage sustained by the PhilFIDA employees affected by Typhoon Yolanda and the 7.2 Magnitude Earthquake;</p>		<p>a. Pertinent documents needed for the release of the second tranches will be gathered & submitted to DA.</p>	
<p>5. The agency insured its PPE amounting to ₱251.988 million with insurance premium amounting to ₱1.088 million without conducting a complete physical count of the same, hence, casting doubt on whether all the insurable assets of the agency were covered or not.</p> <p>We recommended and Management agreed to:</p> <p>a. create/reconstitute an inventory committee specifying the members thereof who will be responsible for conducting the physical count of all insurable assets and preparing and submitting the RPCPPE, which shall be the</p>	<p>CY 2018 PhilFIDA AAR pages 15-16</p>	<p>a. Presently, we are conducting complete physical count of Agency's Plant, Property and Equipment from October 26 - 30, 2020 and November 02 - 06, 2020 to ensure reliability of the 2020 RCPPE as our basis in the preparation of the Property Inventory Form to be submitted to</p>	

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>basis in preparing the PIF; and</p> <p>b. insure all insurable assets of the agency, based on the PIF, with the General Insurance Fund of the GSIS.</p>		<p>GSIS for the insurance coverage (ANNEX B)</p> <p>b. Your audit recommendation will be complied with.</p>	
<p>6. The objectives of the GAD Program to address the various gender needs and concerns of employees and clients with the end goal of promoting gender equality were not met due to (a) non-allocation of at least five percent of its total appropriation to GAD related activities; (b) the usage of non-adjusted GAD Plan and Budget (GPB) as basis for implementation, monitoring and reporting; and (c) major programs and projects attributed to GAD without using the Harmonized Gender and Development Guidelines (HGDG) checklist.</p> <p>We reiterated our prior year's recommendation and Management agreed to:</p> <p>a. coordinate with the PCW for the endorsement of the GPB to ensure that the GAD activities and expenses were in accordance with the priority agenda for women's empowerment and gender equality and the targets for such; and</p>	<p>CY 2018 PhilFIDA AAR pages 16-18</p>	<p>a. PhilFIDA was not able to secure approval/endorsement of the FY 2019 GPB from PCW due to late revision of the GPB but the Agency thru the GAD Focal Point System (GFPS) prepared the GAD Agenda which is in accordance with the priority agenda for women's empowerment and gender equality. (reiterated in Observation No. 21 of this report)</p>	
<p>7. Targeted activities in the Approved Plan and Budget for Programs for Senior Citizens and Persons with Disability (SCPD) were not fully accomplished and without supporting documents.</p> <p>We recommended and Management agreed to direct the SCPD Focal Person to:</p> <p>a. fully implement all targeted programs, projects and activities which will address the issues and</p>	<p>CY 2018 PhilFIDA AAR pages 18-20</p>	<p>a. Activities for Senior Citizens and Differently-Abled Persons</p>	

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>concerns of SCPD as provided for by the law; and</p> <p>b. support with details and references the expenses incurred to address the concerns of SCPD, for verification.</p>		<p>were integrated in the PhilFIDA GAD activities. Please see attached ANNEX G</p> <p>b. Please refer to Observation No. 22 of this report. ANNEX G</p>	
<p>8. The PhilFIDA withheld contributions amounting to ₱26.079 million from its employees and remitted to the GSIS the amount of ₱25.977 million. However, the monthly remittance of premiums and loans withheld showed differences representing over/under-remittance. Also, GSIS premiums and loans amounting to ₱0.366 million which pertain to prior years and unidentified ROs/RSOs, remained unremitted as of year-end.</p> <p>We recommended and Management agreed to direct the Chief Accountant to:</p> <p>a. review the GSIS monthly deductions of the CO and the ROs and ensure that remittances of monthly premiums are the exact amount of contributions withheld to avoid administrative sanction, as provided in RA No. 8291; and</p> <p>b. exert all efforts and continue the determination of the employee/s to whom the unremitted GSIS premiums and loans amounting to ₱0.366 million pertain and cause the remittance of the same.</p>	<p>CY 2018 PhilFIDA AAR pages 21-22</p>	<p>a. The accounting section is in the process of updating / reconciling said account (currently working back prior years' balances) and whatever result will be effected for adjustment / remittance.</p> <p>b. We will comply with your audit recommendation.</p>	
<p>9. The PhilFIDA withheld contributions of ₱1.514 million from its employees and remitted to the PhilHealth the amount of ₱1.515 million for CY 2018. However, the monthly remittance of contributions is not the exact amount of contributions withheld. Also, contributions amounting to ₱0.026 million, which pertain to prior years, remained unremitted as of year-end.</p>	<p>CY 2018 PhilFIDA AAR pages 22-23</p>		

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a. review the monthly PhilHealth deductions of the CO and the ROs and ensure that the remittances of monthly premiums are the exact amount of contributions withheld to avoid administrative sanction as provided in RA No. 10606; and</p> <p>b. exert all efforts and continue the determination of the employee/s to whom the unremitted PhilHealth contributions pertain amounting to ₱0.026 million and cause the remittance of the same.</p>		<p>a. The accounting section is in the process of updating / reconciling said account (currently working back prior years' balances) and whatever result will be effected for adjustment / remittances.</p> <p>c. We will comply with your audit recommendation.</p>	
<p>10. The PhilFIDA withheld contributions and repayment of loans amounting to ₱5.242 million from its employees and remitted to the Home Development Mutual Fund (HDMF) the amount of ₱5.207 million, leaving an unremitted amount of ₱0.034 million, of which ₱0.032 million pertains to prior years' balances of unidentified employees and ₱0.002 million pertains to current year.</p> <p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a. comply with the HDMF Law of 2009 in the withholding and remittance of employees' and government share within the prescribed period; and</p> <p>b. exert all efforts and continue the determination of the employee/s to whom the unremitted HDMF contributions pertain amounting to ₱0.032 million and cause the remittance of the same.</p>	<p>2018 PhilFIDA AAR pages 23-25</p>	<p>a. We will comply with your audit recommendation.</p> <p>b. We will comply with your audit recommendation.</p>	
<p>11. Taxes amounting to ₱14.459 million were withheld and remitted for CY 2018. However, monthly remittance of taxes is not the exact amount of taxes withheld with unremitted amount of ₱0.051 million as at year-end. Moreover, penalties amounting</p>	<p>CY 2018 PhilFIDA AAR pages 25-27</p>		

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>to ₱0.085 million were included in the total amount of recorded remittances to BIR. Furthermore, ROs I, V, VIII, IX, XI, XIII and RSO VI still use the agency name FIDA.</p> <p>We recommended and Management agreed to require the:</p> <ul style="list-style-type: none"> a. Chief Accountant to: i) remit immediately the remaining prior year withheld taxes due after reconciliation of records; and ii) coordinate with the BIR for the issuance of the credit memo for the penalties erroneously computed in the eFiling and Payment System (e-FPS), then, reflect the refund in the books of accounts; b. ROs I, V, VIII, IX, XI, XIII and RSO VI to expedite the application for the change/update of the agency name with the BIR. 		<ul style="list-style-type: none"> a. The accounting section is in the process of updating / reconciling said account (currently working back prior years' balances) and whatever result will be effected for adjustment / remittances. Reiterated in Observation No. 19 of this report. c. Various communications were sent by Region V to the BIR for the change of agency name and until now no actions were taken. (ANNEX E) 	
<p>12. Accounting reports and supporting documents were not submitted or submitted late by one to 317 days contrary to the pertinent provisions of the GAM Volumes I and II for NGAs due to the poor performance and lack of developmental intervention for the Chief Accountant.</p> <p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> a. require the Chief Accountant to observe the timelines on the submission of all accounting and financial reports/ statements to the Office of the Auditor; b. implement the penal sanctions as provided in Section 122 (2) of PD No. 1445 in case of failure of the concerned officials/personnel to comply with the provisions of the aforementioned rules and regulations; 	<p>CY 2018 PhilFIDA AAR pages 27-32</p>	<ul style="list-style-type: none"> a. Management had given reprimand letter to the Chief Accountant to improve his performance during the first quarter of 2019. As of this time, delays were still noted but it was lessened, the Chief Accountant is trying his best to cope up with his backlogs and trying to comply with your audit recommendations b. We will comply with your audit recommendation 	

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>c. instruct the Human Resources Management Office and the Chief of the Administrative, Financial and Management Division to evaluate the IPCR and DPCR submitted by the Chief Accountant to make timely developmental intervention when necessary; and</p> <p>d. re-assign the Chief Accountant to other offices where his knowledge and experience may be of good use and designate a new Chief Accountant with proven competence, integrity and commitment for public service.</p>		<p>c. We will comply with your audit recommendation</p> <p>d. The Agency has only one regular plantilla position for accountant. Hence, the office cannot hire a CPA to replace the Chief Accountant unless the position is vacated.</p> <p>The Management will recommend additional Accountant positions to the proposed DA Rationalization Plan for possible replacement of the Chief Accountant.</p>	
<p>13. The Job Order (JO) and Contract of Service (COS) hired by PhilFIDA are not the type contemplated by the CSC and their hiring is violative of the limitations set in Section 7 of COA, DBM and CSC Joint Circular No. 1, s. 2017 which provides the specific jobs/ functions for JOs/ COS. Furthermore, hiring of COSs and JOs was made despite vacancies in the plantilla of personnel.</p> <p>We recommended and Management agreed to:</p> <p>a. fast-track the filling up of vacancies in the Plantilla of Personnel by conducting review of the qualifications of the individuals hired on COS and determine whether they may be qualified for the available positions to be filled-up; and</p> <p>b. revisit its policy on hiring of COS by ensuring compliance with the provisions of Joint Circular no. 1, s. 2017, particularly on the limitations set in Section 7 thereof, on the hiring of Job Order.</p>	<p>CY 2018 PhilFIDA AAR pages 32-35</p>	<p>a. Please refer to Audit Recommendation No. 20 of this report. (ANNEX F)</p> <p>b. - do -</p>	
<p>14. The total audit suspensions, disallowances and charges found in the audit of various</p>	<p>CY 2018 PhilFIDA</p>		

Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>transactions of the agency, as of December 31, 2018, is ₱22.426 million due to non-compliance with the laws, rules, and regulations and non-settlement thereof within the reglementary period.</p> <p>We recommended and Management agreed to:</p> <ol style="list-style-type: none"> ensure compliance with laws, rules and regulations to avoid audit suspensions, disallowances, and charges; and direct the persons responsible and liable to settle the audit suspensions and disallowances within the reglementary period by sending demand letters or by resorting to all other legal modes for the extinguishment of obligations as provided in Section 1231 of Civil Code; otherwise legal action may be undertaken against those persons solidarily liable, particularly the certifying/approving officers and those no longer in the service as provided in Section 35 of P.D. No. 1445. 	<p>AAR pages 36-38</p>	<ol style="list-style-type: none"> Reiterated in Observation No. 3 of this report. - do - 	
<p>15. Dormant accounts amounting to ₱2.924 million were not requested to be written off, despite the issuance of COA Circular No. 2016-005 providing the guidelines and procedures for the write-off of dormant accounts.</p> <p>We reiterated our prior year's recommendation and Management agreed to require the Chief Accountant to conduct a thorough review and evaluation of the accounts and request for write-off of the dormant accounts in accordance with Circular No. 2016-005.</p>	<p>CY 2018 PhilFIDA AAR pages 39</p>	<p>We are already working on the request for write-off on dormant accounts. Confirmation letters will be sent to some accounts to support the request for write off. Reiterated in Observation No. 9 of this report.</p>	
<p>16. The rules and regulations on granting, utilizing, handling and recording of cash advances and cash collections were not complied with by the CO and ROs IV and VIII which resulted in various deficiencies/weaknesses on cash management that exposes the</p>	<p>CY 2018 PhilFIDA AAR pages 40-42</p>		

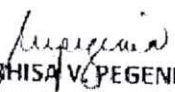
Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>funds to the risk of loss and/or misappropriation.</p> <p>We recommended and Management agreed to the following courses of actions:</p> <p>Central Office – Direct the:</p> <ul style="list-style-type: none"> a. Accountant to be vigilant in application/recording of liquidation/refund for each grant to avoid negative/erroneous balances in the SL and to properly monitor the balances of every grant of cash advances; b. AOs to reconcile their records at least quarterly so that errors/deficiencies, if any, can easily be tracked and adjusted in the books; c. AOs to use the RCDIsb in liquidating the cash advances granted for special purpose/time-bound undertaking in conformance with GAM; <p>Region VIII – Direct the Regional Director to:</p> <ul style="list-style-type: none"> d. send the Accountable Officer to various trainings relevant to her job; 		<ul style="list-style-type: none"> a. Your audit recommendation will be strictly complied. Reiterated in Observation No. 28 of this report b. Your audit recommendation on quarterly reconciliation with the AOs was already implemented. c. Your audit recommendation will be strictly complied. d. Your audit recommendation will be strictly complied. Reiterated in Observation No. 28 of this report 	
<p>17. The reported balances of the accounts in the Financial Statements were not fairly presented due to various unadjusted accounting errors/omissions and deficiencies amounting to ₱79.190 million and ₱54.262 million, respectively.</p> <p>Non-restatement of CY 2017 corresponding figures presented in the CY 2018 FSs - ₱20.839 million</p> <p>We recommended and Management agreed to require the Chief Accountant to:</p>	<p>CY 2018 PhilFIDA AAR pages 42-44</p>		

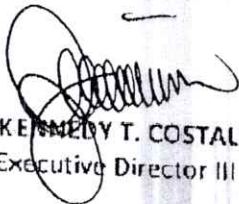
Observations and Recommendations	Reference	Management Action	Auditor's Validation
<p>a. properly present prior period errors and adjustments by restating the prior year balances of the affected accounts shown as corresponding figures for the current year FS</p> <p>Cash advances recognized as Accounts Payable -P35,989 million</p> <p>b. stop the practice of recording as Accounts Payable those cash advances which were not released for the current year and instead, grant a new cash advance if necessary</p> <p>Non-maintenance of complete SLs and SLCs -P54,262 million</p> <p>c. prepare and maintain complete SLs and SLCs</p> <p>Unrecorded liquidation reports - P0.356 million</p> <p>Semi-expendable ICT Equipment issued not recorded as expense - P2.771 million</p> <p>Unreverted Accounts Payable - P1.393 million</p>		<p>a. Accounting errors / omissions and deficiencies will be adjusted and the Financial Statements will be restated as soon as we have done with the adjustments.</p> <p>Rest assure that the restatement of Financial Statements will be submitted soon.</p> <p>b. We will strictly comply with your audit recommendation.</p> <p>c. - da -</p> <p>Adjusted / reverted under JFV # 2020-06-001070 dated June 30, 2020. (ANNEX I)</p>	

Certified Correct:

Noted by:


HONESTO C. TABUZO, JR.
 Chief Accountant


RHISA V. PEGENIA
 Chief, Adm., Financial &
 Management Division


KENNEDY T. COSTALES
 Executive Director III