



Republic of the Philippines  
Department of Agriculture  
**PHILIPPINE FIBER INDUSTRY DEVELOPMENT AUTHORITY**  
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Tel Nos. 273.AGRI(2474)/928-8756 to 65 Loc. 2653(AFMD), 2654(Budget/Accounting Section), 2658(Cashier)  
Website: www.philfida.da.gov.ph

July 30, 2021

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

THRU : **MS. EDWINA C. DOLLENTE**  
State Auditor III  
Audit Team Leader

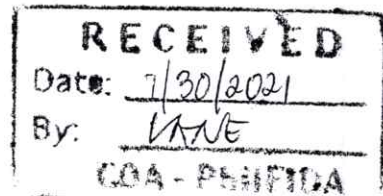
Dear Auditor Pancho:

In compliance to the Management Letter for the Year Ended December 31, 2020, 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 *KS*





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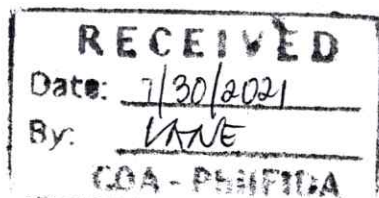
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**AGENCY ACTION PLAN and STATUS of IMPLEMENTATION (AAPSI)**  
 Audit Observations and Recommendations  
 For the Calendar Year 2020

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/Non-Implementation action, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
CY 2020 ML pg. 10-11	1. The agency failed to submit the reports/ documents/ schedules for CY 2020 to enable the Audit Team to perform its audit functions contrary to various rules and regulations and which is not in line with the agreed upon terms of audit engagement.	We recommended and Management agreed to submit the above-mentioned reports the soonest possible time and ensure that the deadlines for the submission of documents to the Audit Team be observed for the ensuing audit period.		Accounting Section				Late submission was due to pandemic and documents from the regional offices were forwarded late for recording in the Central Office due to the status of quarantine in some regions.	Various Reports and schedules were submitted on May 25, 2021 and the SCABA on June 04, 2021. ( ANNEX A )
CY 2020 ML pg. 11-13	2. Cash advances for official local and foreign travels and special purpose/time-bound undertakings amounting to ₱0.293 million or 20 percent of the cash advances granted during the year amounting to ₱1.494 million were not liquidated contrary to COA Circular Nos. 97-002 and 2012-001 dated February 10, 1997 and June 14, 2012, respectively. Also, there were still unliquidated cash advances in prior years amounting to ₱0.731 million or 74 percent of prior years' balance of ₱0.985 million.	We recommended and Management agreed to:  a) require the accountable officers to liquidate their cash advances to preclude the withholding of their salaries pursuant to the provision of Section 5.1 of COA Circular No. 97-002; and  b) return the unutilized amounts of cash advances to the Collecting Officer for the issuance of official receipt which shall be attached to the liquidation reports to be submitted to the accountant.		Accounting Section				a.) Your audit recommendation will be complied with.  b.) Refunds were made on unliquidated cash advances for current / prior years and dormant account as per attach schedule of refund . ( ANNEX B )  Demand letters will be issued to all concerned officials/employees who still have unliquidated cash advances.	
CY 2020 ML pg. 13-14	3. Fund transfers to NGAs during the year for the implementation of agency's project amounting to ₱1.493	We recommended and Management agreed to:  a) direct the Chief Accountant to coordinate with the IAs		Accounting Section				The Chief Accountant will send letters and coordinate the the implementing agencies immediately.	



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	million or 100 percent of the funds transferred were not liquidated. Also, 100 percent of prior years' balance of fund transfers amounting to ₱8.719 million were not liquidated, contrary to COA Circular No. 94-013 dated December 13, 1994.	concerned to require the submission of liquidation reports/documents of the expended fund transfers and return the unutilized balances for unimplemented/ completed projects, if any; and  b) send demand letters on a periodic basis, and cause the monitoring and enforcement of the liquidation of fund transfers in accordance with COA Circular No. 94-013.							
CY 2020 ML pg. 14-15	4. Fund transfers to Procurement Service-DBM for office supplies and equipment requirement amounting to ₱6.722 million or 84 percent of the funds transferred were not liquidated, contrary to COA Circular 94-013. Also, there were still unliquidated fund transfers in prior years amounting to ₱6.022 million or 100 percent of prior years' balance.	We recommended and Management agreed to direct the Chief Accountant and Procurement Officer to coordinate with the PS-DBM to reconcile the remaining difference between their respective books and for undelivered goods to be delivered and/or refunded or replaced with new items.		Accounting Section				The Chief Accountant is currently gathering the needed documents to determine the unrecorded deliveries so that said deliveries will be taken up in the books, and to coordinate with the Procurement Officer & PS-DBM on the status of undelivered goods.	
CY 2020 ML pg. 15-16	5. Copy of 56 government contracts, purchase orders and their supporting documents with corresponding amount of ₱46.158 million were either not submitted or were not submitted within the prescribed period, with	We recommended and Management agreed to submit the copy of contracts, purchase orders and their supporting documents to enable the Audit Team to review the same.		BAC				Please see attached compliance submitted to COA. ( ANNEX C )	

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	delays ranging from two to 134 days, inconsistent with Items 3.1.1 and 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009.								
CY 2020 ML pg- 16-17	6. The PhilFIDA withheld contributions and loans amounting to P21.724 million from its employees and remitted to the GSIS the amount of P21.269 million, or a difference representing a net under-remittance of P0.455 million. Also, prior year's balance amounting to P0.373 million remained unremitted as of year-end.	We recommended and Management agreed to direct the Chief Accountant to:  a) review the GSIS monthly deductions and ensure that remittances of premiums are the exact amount of contributions withheld to avoid administrative sanctions, as provided in RA No. 8291; and  b) diligently continue the determination of the employee/s to whom the unremitted GSIS premiums and loans in the total amount of P0.373 million pertain and cause the remittance of the same.		Accounting Section				a) This was due to unsubmitted liquidations on personnel services of some regional offices resulting to under remittance of GSIS premiums and loans for 2020. If submitted, it will be recorded in the books on 2021. Reconciliation will be done and the result will be adjusted accordingly.  b) The audit recommendation will be complied with. A staff was assigned by the Chief Accountant to make a thorough review and reconciliation of accounts.	
CY 2020 ML pg- 17-19	7. The PhilFIDA withheld contributions of P1.663 million from its employees and remitted to the PhilHealth the amount of P1.592 million for CY 2020. However, the monthly remittance of contributions is not the exact amount of contributions withheld	We recommended and Management agreed to require the Chief Accountant to:  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		Accounting Section				a) Same with GSIS, this was due to the unsubmitted liquidations on personnel services of some regional offices resulting to under remittance of PhilHealth	

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					From				To
	showing an under-remittance of ₱0.071 million. Also, prior year's contributions amounting to ₱0.022 million remained unremitted as of year-end.	<p>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 in the total amount of ₱0.022 million pertain and cause the remittance of the same.</p>						<p>premiums for 2020. If submitted, it will be recorded in the books on 2021. Reconciliation will be done and whatever result will be adjusted accordingly.</p> <p>b) The audit recommendation will be complied with.</p>	
CY 2020 ML pg. 19-20	8. The PhilFIDA withheld contributions and repayment of loans amounting to ₱4.222 million from its employees and remitted to the Home Development Mutual Fund (HDMF) the amount of ₱3.988 million, leaving an unremitted amount of ₱0.233 million. Also, prior years' contributions amounting to ₱0.028 million remained unremitted as of year-end.	<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; and</p> <p>b) diligently continue the determination of the employee/s to whom the unremitted HDMF contributions pertain amounting to ₱0.028 million and cause the remittance of the same.</p>		Accounting Section				Same with GSIS and PhilHealth.	
CY 2020 ML pg. 20-21	9. The taxes on gross compensation income from officials and employees and government procurement of goods, consultancy services and infrastructure projects from suppliers/ contractors during the year amounting to	<p>We recommended and Management agreed to direct the Chief Accountant to:</p> <p>a) determine the cause of the over-remittance for taxes on gross compensation income from officials and employees;</p>		Accounting Section				Reconciliation is being made to determine the reason for discrepancy and to take the appropriate action as recommended.	



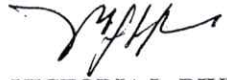
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	P9.118 million and P4.368 million, respectively, were withheld for CY 2020. However, remittance of the taxes withheld showed differences representing a net under remittance of P0.035 million.	<ul style="list-style-type: none"> <li>b) remit immediately all unremitted taxes withheld; and</li> <li>c) remit the taxes withheld intact and on time to avoid the imposition of surcharge and penalty.</li> </ul>							
CY 2020 ML pg. 21-22	10. GAD Plan and Budget (GPB) were not submitted to the Audit Team within the period prescribed under Item V of COA Circular No. 2014-001 dated March 18, 2014. Moreover, the GAD Accomplishment Report (AR) shows low utilization rate of 3.65 percent of the total agency budget contrary to Section 31 of the General Provisions (GP) of the General Appropriations Act (GAA) of FY 2020.	<p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> <li>a) strictly adhere to Item V of COA Circular No. 2014-001 dated March 18, 2014 for the timely submission of the said reports to the COA Audit Team; and</li> <li>b) ensure that all activities to address GAD issues and concerns are conducted during the year that it was planned.</li> </ul>		Planning Division				Please see attached response of the Planning Division on ANNEX J.	
CY 2020 ML pg. 22-23	11. The agency failed to submit plans, programs, projects and accomplishment reports intended to address concerns of Senior Citizens and persons with disability (PWDs). Thus, it cannot be determined whether such plans, programs, projects were indeed formulated as required under Section 32 of the GP of the GAA FY 2020.	We recommended and Management agreed to, henceforth, prepare and submit the plans, programs, projects and accomplishment reports intended to address concerns of Senior Citizens and PWDs and strictly adhere to the provisions of GAA relative to Senior Citizens and PWDs.		Planning Division				- do -	

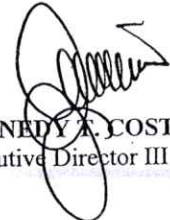
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CY 2020 ML pg. 23-26	12. Notices of Suspension (NSs) and Notices of Disallowance (NDs) were issued for transactions audited during the year amounting to ₱575.433 million due to non-compliance with various laws, rules and regulations. Moreover, only the amount of ₱447.833 million was settled with corresponding Notices of Settlement of Suspension, Disallowance and Charge (NSSDCs) issued during the year, leaving unsettled suspensions, disallowances and charges amounting to ₱147.139 million as of the end of the year.	We recommended and Management agreed to:  a) ensure compliance with laws, rules and regulations to avoid audit suspensions, disallowances and charges; and  b) direct the persons responsible and liable to settle the audit suspensions, disallowances and charges within the reglementary period by sending demand letter 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.		Accounting Section				a) The audit recommendation will be strictly implemented.  b) All ND's are under appeal with the Commission on Audit	

Certified Correct:

Noted by:

  
**HONESTO C. TABUZO, JR.**  
 Chief Accountant

  
**MA. VICTORIA L. RIVERA**  
 Chief, Adm., Financial & Management Division

  
**KENNEDY A. COSTALES**  
 Executive Director III *TS*



**STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT  
RECOMMENDATIONS**

Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>1. The total audit suspensions and disallowances of transactions of the agency for prior and current years amounted to ₱23.461 million and ₱18.999 million, respectively, with total settlement of ₱22.920 million, leaving a total unsettled balance of ₱19.540 million as of year-end.</p> <p>We recommended and Management agreed to:</p> <p>a. ensure compliance with laws, rules and regulations to avoid audit suspensions, and disallowances.</p>	<p>CY 2019 AAR pages 7-9</p>	<p>a. will strictly comply with the audit recommendation. Appeal to these NDS issued were already filed with the COA Commission.</p>	
<p>2. The agency did not revert to the General Fund the unauthorized bank account consisting 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> <p>We reiterated our prior year's recommendations and Management agreed to:</p> <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>CY 2019 AAR pages 9-11</p>	<p>a) The Chief Accountant has sought the assistance of a staff to finish the pending job of reconciliation, statement preparation and eventual remittance and closing of bank balances to the National Treasury</p>	
<p>3. Cash advances amounting to ₱0.878 million remained unliquidated, of which the amount of ₱0.863 million</p>	<p>CY 2019 AAR pages 12-14</p>		

Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>or 98.18 percent 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> <p>We reiterated our prior year's recommendations and Management agreed to:</p> <ul style="list-style-type: none"> <li>a. send demand letters to all officials and 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;</li> <li>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</li> <li>c. exert extra effort in locating the employees no longer connected with the agency and take necessary actions for the liquidation, if not, refund of the said cash advances.</li> </ul>		<p>a) Various employees with outstanding cash advances during the current and prior years have already refunded their unliquidated cash advances. Please see ANNEX C</p> <p>Also, a Virtual Policy Review, Assessment and Updates was recently conducted upon Management's directive to address items a. to c. A regular meeting will also be conducted to ensure compliance and to avoid deviations from existing rules and regulations. PhilFIDA is presently in the process of improving and harmonizing its systems and processes thru ISO 9001:2015 Quality Management System (QMS). This will help in the proper control and management of government funds and resources and its personnel.</p>	
<p>4. 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.</p> <p>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.</p>	<p>CY 2019 AAR pages 14-15</p>	<p>This was discussed in a recent Policy Review and Assessment by the Management.</p>	
<p>5. 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 Industry Development Authority from other agencies</p>	<p>CY 2019 AAR pages 15-18</p>		



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>₱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> <p>We reiterated our previous recommendations and Management agreed to:</p> <ul style="list-style-type: none"> <li>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.</li> <li>b. direct the active officers and employees of the agency with outstanding balances to immediately settle the amount of 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</li> <li>c. assign a 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.</li> </ul>	<p>AAR pages 20-23</p>	<p>We have filed our request for write-off amounting to P7,583,758.51 on March 03, 2021, but was returned by the previous auditor due to lack of supporting documents on some accounts. ( ANNEX D )</p>	
<p>8. 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 agency were covered or not or still exist.</p> <p>We reiterated the previous recommendation and Management agreed to:</p> <ul style="list-style-type: none"> <li>a. conduct a complete physical count of PPE to ensure reliability of the RPCPPE which serve as basis in the preparation of the PIF for submission to GSIS for the insurance coverage of all PPE; and</li> <li>b. 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.</li> </ul>	<p>CY 2019 AAR pages 23-25</p>	<ul style="list-style-type: none"> <li>a) Please see attached ANNEX E for the submission of RPCPPE.</li> <li>b) The Property Officer assures that he will comply with your audit observation and recommendation</li> </ul>	



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>9. 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 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.</p> <p>We recommended and Management agreed to:</p> <ul style="list-style-type: none"> <li>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</li> <li>b. designate the head of the BAC Secretariat in the ROs for delineation of duties and to ensure compliance with the 2016 RIRR of R.A. No. 9184.</li> </ul>	<p>CY 2019 AAR pages 25-27</p>	<p>Memorandum No. 142 dated May 29, 2019 was issued; Re: reiterating of the jury duty assignment during BAC Meetings. ( ANNEX F )</p>	
<p>10. 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 million pertaining to the cash requirements received from the CO were not supported with BRSs, contrary to Section 74 of P.D. No. 1445.</p> <p>We reiterated our previous recommendations that Management:</p> <ul style="list-style-type: none"> <li>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;</li> </ul>	<p>CY 2019 AAR pages 28-32</p>	<ul style="list-style-type: none"> <li>a) Various reports and supporting documents for CY 2020 were already submitted. Please refer to ( ANNEX A )</li> </ul> <p>Also, the PhilFIDA has recently conducted a Virtual Review, Assessment and Updates to address the issues and concerns under items a. to e.</p>	

Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>b. initiate the penal sanctions as provided in 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 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>			
<p>11. The PhilFIDA withheld contributions and loan payments amounting to ₱27.704 million from its employees and remitted the amount of ₱27.697 million in CY 2019, leaving a balance of ₱0.391 inclusive of the beginning balance. However, the monthly remittance of contributions is not the exact amount of contributions withheld which is not in accordance with Section 14 of the Implementing Rules and Regulations 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> <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</p>	<p>CY 2019 AAR pages 32-34</p>	<p>a. an accounting staff was already instructed to do the task.</p>	



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>and 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>b. an accounting staff was already instructed to do the task.</p>	
<p>12. 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 the exact amount of contributions withheld which is not in accordance with Section 18(b) of RA No. 7875. On the other hand, government share amounting to ₱1.479 million was remitted on time.</p> <p>We reiterated our prior year's recommendations and Management agreed to:</p> <p>a. ensure that the remittance of monthly premiums is the exact amount of contributions withheld to avoid administrative sanction as provided in RA No. 10606; and</p> <p>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.</p>	<p>CY 2019 AAR pages 34-36</p>	<p>a. An accounting staff was already assigned to do the monitoring and reconciliation and, also, to address the non-recording/errors and late recording of transactions.</p> <p>b. same as letter a. above</p>	
<p>13. 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 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>	<p>CY 2019 AAR pages 36-38</p>		



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>We reiterated our previous year's recommendation and Management agreed to:</p> <ul style="list-style-type: none"> <li>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 fines and penalty charges embodied under Section 3 thereof; and</li> <li>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.</li> </ul>		<ul style="list-style-type: none"> <li>a. An accounting staff was already assigned to do the task.</li> <li>b. an accounting staff was already assigned to do the task.</li> </ul>	
<p>14. 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 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.</p> <p>We reiterated our prior year's recommendation and Management agreed to require the:</p> <ul style="list-style-type: none"> <li>a. Chief Accountant to remit immediately the remaining prior year withheld taxes due after reconciliation of records; and</li> </ul>	<p>CY 2019 AAR pages 38-41</p>	<ul style="list-style-type: none"> <li>a. Taxes withheld were already remitted thru check payments.</li> </ul>	
<p>15. The Job Order (JO) and Contract of Service (COS) individuals hired by PhilFIDA are not the type contemplated under COA, DBM and CSC Joint Circular No. 1, s. 2017, and their hiring is violative of the limitations under Section 7 thereof, which provides for the specific jobs/functions for JO/COS individuals. Furthermore, hiring of JO/COS individuals was made despite vacancies in the plantilla of</p>	<p>CY 2019 AAR pages 41-44</p>		

Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>personnel.</p> <p>We reiterate our prior years' recommendations 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 under JO/COS and determine whether or not they are 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>a) The agency is in the process of fastracking the filling – up of vacant positions. However, there are still vacancies because of the CSC policy that vacancies resulting from promotion should not be filled-up until the promotional appointment has been approved or validated by the CSC.</p> <p>b) We will comply with the audit recommendation.</p>	
<p>16. 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> <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 them with adequate knowledge and understanding on GAD issues.</p>	<p>CY 2019 AAR pages 44-46</p>	<p>a. We will comply with the audit recommendation.</p> <p>b. The GAD accomplishment report duly supported with financial details for 2019 was already submitted together with the compliance to AAR 2019 on November 19, 2020, with 5 folders and its supporting documents. Please see attached No. 21 of AAPSI 2019. (ANNEX G)</p> <p>c. We will comply with the audit recommendation.</p>	



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>17. 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.</p> <p>We recommended and Management agreed to ensure that accomplishment reports are properly supported with complete documentation and reference for evaluation.</p>	<p>CY 2019 AAR pages 46-47</p>	<p>Please refer to ANNEX G.</p>	
<p>18. 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 deducted despite delays noted amounting to ₱0.362 million.</p> <p>We recommended and Management agreed to:</p> <ol style="list-style-type: none"> <li>a. strictly observe and deduct the proper and correct amount of retention money on infrastructure projects as provided in Annex E of the 2016 RIRR of R.A. No. 9184;</li> <li>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</li> <li>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.</li> </ol>	<p>CY 2019 AAR pages 48-53</p>	<ol style="list-style-type: none"> <li>a. All concerned were duly informed thru a recent Virtual Policy Review, Assessment &amp; Updates conducted by Management with all the officers &amp; key personnel of the Central and Regional Offices.</li> <li>b. The amount of ₱0.362 million as liquidated damages was not imposed by the PhilFIDA since the delays incurred by the Contractors were justified and approved by management through an authorized variation orders, suspension and extension of contract time duly approved by the Head of Agency of the Procuring Entity. Please see attached documents submitted on the Appeal filed with the COA Commission on March 24, 2021 under ND No. 2020-003-TF- (18). (ANNEX H)</li> <li>c. PhilFIDA has already submitted the required documents to the DA-OSEC as basis for the release of the second tranche.</li> </ol>	
<p>19. Payments of rental expenses for office equipment amounting to ₱0.473 million were made despite the absence of a contract of</p>	<p>CY 2019 AAR pages 53-54</p>		



Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>agreement between the PhilFIDA and its lessors which was inconsistent with Section 4 of P.D. No. 1445.</p> <p>We recommended and Management agreed to submit the contract of lease of equipment and its supporting documents required under COA Circular No. 2012-001 to avoid suspension or disallowance in audit of future transactions.</p>		<p>Notice of Disallowance No. 2020-02-101 dated March 02, 2020 and Appeal to the Commission was filed on August 24, 2020.</p>	
<p>20. Guaranty Deposit amounting to ₱0.753 million for the rental of the 7th floor of Sunnymede Land Corporation remained uncollected/refunded.</p> <p>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.</p>	<p>AAR page 54</p>	<p>The planned meeting with Sunnymede Land Corp. was stalled due the COVID pandemic. But PhilFIDA will again set an appointment with the Lessor to discuss the matter.</p>	
<p>21. 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 that exposes the funds to the risk of loss and/or misappropriation.</p> <p>We reiterated our previous recommendations and Management agreed to the following courses of actions:</p> <p>Central Office – Direct the:</p> <p>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;</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</p>	<p>AAR page 55</p>	<p>a. The Chief Accountant has assigned a staff for this purpose.</p> <p>d. Concerned AOs were already instructed (via virtual meeting)</p> <p>e. Management has directed the HR to</p>	

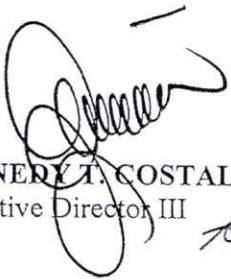
Observations and Recommendations	Reference	Action Taken by Management	Auditor's Validation
<p>various trainings relevant to her job in order to orient her of the required reports and books to be maintained.</p>		<p>have training program for this.</p>	
<p>22. A qualified opinion was rendered on the Financial Statements due to various accounting errors/ omissions amounting to ₱190.354 million, which exceeded the materiality level of ₱12.801 million.</p> <p>We recommended and Management agreed to 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.</p>	<p>CY 2019 AAR pages 56-61</p>	<p>Adjustments were made under the attached Journal Entry Vouchers (ANNEX I)</p> <p>Submission of FS for CY 2020 was on May 25, 2021 and the SCABA was submitted on June 04, 2021. Please refer to ANNEX A.</p>	

Certified Correct:

  
**HONESTO C. TABUZO, JR.**  
 Chief Accountant

Noted by:

  
**MA. VICTORIA L. RIVERA**  
 Chief, Adm., Financial & Management Division

  
**KENNEDY T. COSTALES**  
 Executive Director III