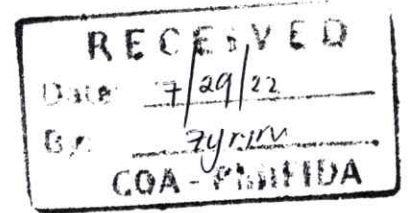




Republic of the Philippines  
Department of Agriculture  
**PHILIPPINE FIBER INDUSTRY DEVELOPMENT AUTHORITY**  
3/F DA-PCAF Bldg., Department of Agriculture, Elliptical Rd., Diliman, Quezon City  
Email: [oed@philfida.da.gov.ph](mailto:oed@philfida.da.gov.ph), Website: [www.philfida.da.gov.ph](http://www.philfida.da.gov.ph)  
Trunk line: 928-8756 Local 2681; Tel/Fax: 441-4606



July 29, 2022



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

THRU : **MS. EDWINA C. DOLLENTE**  
Audit Team Leader

Dear Auditor Pancho:

In compliance to the Annual Audit Report for the Year Ended December 31, 2021, please find the following attached:

1. Agency Action Plan and Status of Implementation and its supporting documents
2. Folder for the Property Inventory Form (PIF) in compliance to Audit Observation NO. 9 Letter b

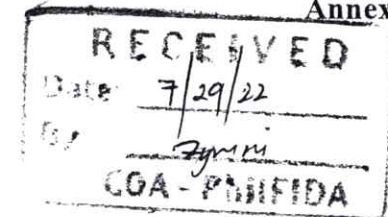
For your reference.

Very truly yours,

  
**KENNEDY T. COSTALES**  
Executive Director III

**PHILIPPINE FIBER INDUSTRY DEVELOPMENT AUTHORITY**  
3/F DA-PCAF Building, Elliptical Road, Diliman, Quezon City

**AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION**  
**Of the Audit Observations and Recommendations**  
**For the Calendar Year 2021**



Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
	<b>CY 2021</b>								
	<b>A. Financial Audit</b>								
	<p><i>Unadjusted accounting errors/omissions and uncorrected accounting deficiencies</i></p> <p>1. Various accounting errors/omissions amounting to ₱6,652,750.70 misstated the affected accounts in the financial statements and exceeded the materiality level of ₱5,347,455.59. On the other hand, accounting deficiencies on 37 accounts with an aggregate amount of ₱276,621,491.76 were also noted.</p> <p>a) <i>Unrecorded delivery of application software from PS-DBM - ₱2,550,697.21</i></p> <p>b) <i>Non-derecognition of disposed unserviceable PPE reported in IIRUP - ₱4,102,053.49</i></p>	<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a) effect the necessary adjustments on the errors/omissions</p> <p>b) prepare and maintain SLCs for each type of supplies where all receipts and issuances shall be recorded promptly to facilitate reconciliation; and</p>	Chief Accountant				<p>a) Delivery of application of software were taken up under JEV # 2022-02-000214 dated February 28, 2022. (ANNEX A)</p> <p>b) Disposal of unserviceable PPE was taken under JEV # 2022-07-002198 dated July 14, 2022 (ANNEX B)</p>		

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	<p>c) <i>Non-maintenance of Supplies Ledger Cards (SLCs) - ₱14,272,876.18</i></p> <p>d) <i>Non-maintenance of PPE Ledger Cards (PPELC) - ₱262,348,615.58</i></p>	<p>c) prepare and maintain PPELCs for each type of PPE where all receipts and issuances shall be recorded promptly to facilitate reconciliation thereof and take up the reconciling items in the books, if any.</p>						<p>c) We will comply with your audit recommendations.</p> <p>d) - do -</p>	
	<p>Various accounting reports were not submitted within the required period; thus, affecting the timely verification and communication of audit results to Management, which could have served as an aid in management decisions and inputs in enhancing financial accountability.</p>	<p>We recommended and Management agreed to instruct the Chief Accountant to devise a strategy for the timely submission of all financial reports within the prescribed timelines.</p>		Chief Accountant				<p>A deadline tracker has been devised and is presently utilized to monitor the submission of various accounting reports.</p>	
	<p><b>B. Compliance with Other Legal and Regulatory Requirements</b></p> <p><i>Fundutilization / obligation, disbursement and cash utilization</i></p>								
	<p>3. Of the agency's appropriation / allotment for CY 2021 of ₱471,699,979.57, the agency registered a high utilization rate of 97.91 percent or ₱461,839,189.55 while ₱377,250,830.53 or 81.68 percent</p>	<p>We recommended and Management agreed to:</p> <p>a) instruct the Budget Officer to request funds for the settlement of prior year's payables and coordinate with</p>		Chief Accountant				<p>a) Requested fund (NCA) for the settlement of prior years' payables was already released in the first quarter of 2022 and</p>	



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	only was disbursed until December 31, 2021. While the agency's total cash allocation of ₱427,492,473.00 received during the year was 99.99 percent utilized, the balance of ₱43,412.27 was reverted to the National Treasury. Also, of the agency's total appropriation/allotment, 61 percent or ₱284,237,021.57 was appropriated for Fiber Development Program, of which fund utilization/obligation amounted to ₱275,891,930.85 or 97.06 percent while the disbursement rate was posted at 76.96 percent or ₱212,323,724.73.	the DBM for the timely release of NCA; and  b) ensure full utilization of cash allocated for the implementation of various activities in accordance with the programs/projects or purposes for which the fund was intended.						prior years payables were duly settled.  b) Fund utilization is strictly monitored on a daily basis to ensure that funds are properly and fully utilized as programmed.	
	<b>Reversion, closure, transfer of balances of dormant cash, unauthorized accounts and unnecessary funds</b>  4. Unnecessary trust fund for performance bonds posted by various suppliers amounting to ₱259,219.53 which remained dormant since CY 2017 were not reverted to the National Treasury.	We reiterated our previous recommendation and Management agreed to immediately remit all the performance bonds posted by various suppliers with the National Treasury pursuant to Section 7 of the GP of GAA 2021.		Chief Accountant				We will immediately comply with the recommendation. Said amount will be remitted to the National Treasury.	



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	<p><i>Granting, utilization and liquidation of cash advances</i></p> <p>5. Cash advances for official local and foreign travels and special purpose/time-bound undertakings amounting to ₱137,606.91 or three percent of the cash advances granted during the year amounting to ₱4,263,666.45 were not liquidated. Also, there were still unliquidated cash advances in prior years amounting to ₱821,202.58 or 81.26 percent of prior year's balance of ₱1,010,661.83.</p>	<p>We recommended and Management agreed to:</p> <p>a) adhere strictly to the rules and regulations on the grant, utilization and liquidation of cash advances pursuant to COA Circular No. 97-002</p> <p>b) send demand letter to retired/inactive accountable officers with outstanding cash advances; if found futile, request for authority to write-off dormant cash advances pursuant to COA Circular No. 2016-005; and</p> <p>c) require the concerned accountable officers and employees in active service to liquidate/refund their outstanding balances or effect deduction from their salaries until full recovery of the amount.</p>		Chief Accountant					<p>a) We will comply with your audit recommendation.</p> <p>b) We have sent demand letters for some inactive employees as shown under ANNEX C</p> <p>c) We will comply with your audit recommendation.</p>
	<p><i>Granting, utilization and liquidation of fund transfers to implementing agencies</i></p> <p>6. Fund transfers in prior years for the implementation of agency's projects amounting to</p>	<p>We recommended and Management agreed to direct the Accountant to:</p>		Chief Accountant					<p>We will write all implementing agencies (IAs) concerned and require them to submit</p>



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	<p>₱10,256,144.21 or 100 percent of the funds transferred remained unliquidated at year-end contrary to COA Circular No. 94-013 dated December 13, 1994.</p>	<p>a) require the IAs to submit liquidation documents of expended fund transfers and return unutilized balances for completed projects, if any, and send demand letters on a periodic basis</p> <p>b) refrain from releasing additional funds unless fund utilization and accomplishment reports of the previous fund transfers are submitted in accordance with COA Circular No. 94-013; and</p> <p>c) request for authority to write-off dormant unliquidated fund transfer following the guidelines in COA Circular No. 2016-005.</p>						liquidations of fund transfers and likewise require them to return unutilized balances for completed projects.	
	<p><b>Granting, utilization and liquidation of advances to PS-DBM</b></p> <p>7. Advances to Procurement Service-DBM for its common-use office supplies, equipment and application software amounting to ₱8,975,008.15 were not liquidated and remained undelivered as at year-end.</p>	<p>We recommended and Management agreed to direct the:</p> <p>a) Accountant and Procurement Officer to send demand letter and coordinate with the PS-DBM to reconcile the remaining difference between both records, if any</p>		Chief Accountant				a) The Accountant and the Procurement Officer will set a meeting with PS-DBM to reconcile the agency's records with them.	



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		b) Property Officer to demand the delivery of or replace the requested items  c) Accountant to demand the refund of unutilized balance; and  d) Property Officer to monitor all deliveries made and reflect the same in the books of accounts.						b) The meeting with PS-DBM will likewise discuss the delivery and/or replacement of the requested items.  c.) After the reconciliation of records, refund of unutilized balance will be demanded.  d) The Property Officer has assigned a staff to monitor the deliveries made from PS-DBM and other suppliers.	
	<b><i>Dormant accounts for write-off</i></b>  8. Dormant receivable accounts, unliquidated cash advances, and fund transfers amounting to ₱96,703,937.12 which have long been outstanding for ten years and over were not requested for write-off, thus, depriving the government of the proper disposition of these funds and affecting the fair presentation of accounts in the FS.	We recommended and Management agreed to require the Chief Accountant to:  a) validate and evaluate the existence of receivables, unliquidated cash advances and fund transfer aged ten years or more  b) exert extra effort to locate the necessary supporting documents and known address of the recipients of the loans; and  c) request authority to write-off dormant accounts in		Chief Accountant				The agency is presently working on the process of validation, evaluation of dormant receivable accounts; necessary supporting documents are being gathered as well as the known addresses of the recipients of the loans.	

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		accordance with the procedures under COA Circular No. 2016-005.							
	<p><b>Non-insurance of physical assets with GSIS</b></p> <p>9. Physical assets of PhilFIDA Central Office (CO) and four Regional Offices (ROs), except motor vehicles, amounting to ₱419,119,761.30 were not insured against fire or theft with the General Insurance Fund of the GSIS, contrary to Republic Act (RA) No. 656, otherwise known as the "Property Insurance Law", as amended by Presidential Decree No. 245 dated July 13, 1973, thus, the agency is at risk of not being indemnified in case of damage or loss of property. On the other hand, six ROs insured its property amounting to ₱46,297,927.36 with corresponding insurance of ₱455,887.85.</p>	<p>We recommended and Management agreed to require the Property Officer to:</p> <p>a) conduct a complete physical count of PPE and prepare the RPCPPE on a regular basis; and</p> <p>b) prepare Property Inventory Form of all insurable assets based on a complete RPCPPE and adequately insure with the GIF of the GSIS in compliance with RA No. 656 and to ensure indemnity in case of loss or damage to property.</p>						<p>a) We will comply with your audit recommendation.</p> <p>b) Attached is the Property Inventory Form of insurable assets (in a separate folder)</p>	
	<p><b>Delayed/Non- submission of government contracts</b></p> <p>10. Copy of government contracts, purchase orders and their supporting documents totaling 71 with corresponding amount of ₱5,154,832.62 were not submitted</p>	<p>We recommended and Management agreed to direct the Property Officer to submit copies of perfected contracts, POs/JOs with all its supporting documents</p>		BAC Chairman / Property Officer				<p>Submission Of government contracts, purchase orders and their corresponding documents were submitted under the following attached documents</p>	

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	within the prescribed period, with delays ranging from 1 to 135 days as of year-end, inconsistent with Items 3.1.1 and 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009.	to the audit team within the prescribed period for timely review and evaluation thereof. Otherwise, enforce the administrative disciplinary action as provided in Section 4.1 of COA Circular 2009-001 for any unjustified failure to comply.							in ANNEX D
	<p><b><i>Withholding and remittance of GSIS contributions, loans and employer's share</i></b></p> <p>11. In CO and ten ROs, the GSIS personal share and loan payments of employees amounting to ₱33,071,334.72 were properly withheld; however, the remittance of ₱31,807,277.18 is not the exact amount of contributions and loan payments withheld in CO and six ROs showing an under remittance of ₱1,264,057.54 inconsistent with RA No. 8291, the GSIS Act of 1997. The employer's share amounting to ₱15,438,598.90 was remitted without delay.</p>	<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a) remit the exact amount of contributions withheld to avoid administrative sanctions, as provided in RA No. 8291; and</p> <p>b) review and identify any reconciling items of the prior years' balance and cause the remittance and/or adjustments on the same, if any.</p>		Chief Accountant					<p>a) We will comply with your audit recommendations.</p> <p>b) Based on the reconciliation made by the Regional Offices, attached are their working papers that shows the unremitted/over remittance for the year 2021. ANNEX E</p>
	<p><b><i>Withholding and remittance of PhilHealth contributions</i></b></p> <p>12. The PhilHealth personal share of</p>	We recommended and							



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	employees amounting to ₱2,155,763.11 were deducted properly and remitted the amount of ₱2,092,177.55 without delay, in accordance with RA No. 7875, as amended by RA No. 9241 (National Health Insurance Act of 1995).. The net under remittance of ₱63,585.56 pertains to prior year's contributions. Likewise, the employer's share amounting to ₱2,092,177.55 was remitted without delay.	<p>Management agreed to require the Chief Accountant to:</p> <p>a) continue to ensure that the amount of contribution withheld is the exact amount remitted; and</p> <p>b) review and identify any reconciling items of the prior years' balance and cause the remittance and/or adjustments on the same, if any.</p>						<p>a) We will comply with your audit recommendations.</p> <p>b) Based on the reconciliation made by the Regional Offices, attached are their working papers that shows the unremitted/over remittance for the year 2021. ANNEX F</p>	
	<p><b><i>Withholding and remittance of Pag-IBIG contributions, loans and employer's share</i></b></p> <p>13. The Pag-IBIG personal share and loan payments of employees amounting to ₱4,848,299.27 were properly withheld and remitted the amount of ₱4,703,717.92 in accordance with RA No. 7875, as amended by RA No. 9679 (Pag-IBIG Fund Law 2009). Of the net under remittance of ₱144,581.35, 99.72 percent or ₱144,181.31 pertains to prior year's contributions. While the employer's share amounting to ₱408,000.00 was remitted without delay.</p>	<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a) continue to comply with the HDMF Law of 2009 in the withholding and remittance of employees' and government share and employees' payment of loans; and</p> <p>b) review and identify any reconciling items of the prior years' balance and cause the remittance and/or</p>		Chief Accountant				<p>a) We will comply with your audit recommendations.</p> <p>c) Based on the reconciliation made by the Regional Offices, attached are their working papers that shows the unremitted/over</p>	

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		adjustments on the same, if any.						remittance for the year 2021. ANNEX G	
	<p><i>Withholding and remittance of taxes</i></p> <p>14. The taxes on gross compensation income from officials and employees and government purchases and contract of services from suppliers/contractors amounting to ₱11,670,076.83 and ₱5,341,305.69, respectively, or a total of ₱17,011,382.52 were properly withheld for CY 2021. However, the remittance of ₱16,981,475.68 is not the exact amount of taxes withheld inconsistent with Revenue Regulation No. 11-2018 dated January 31, 2018.</p>	<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a) determine the cause of the over remittance for taxes from suppliers/contractors on government purchases of goods and consultancy services</p> <p>b) remit immediately all unremitted withheld taxes after reconciliation of records</p> <p>c) strictly follow the rules on the remittance of taxes withheld in full amount to avoid the imposition of surcharge and penalty; and</p> <p>d) direct the ROs to submit immediately the liquidation reports on funds transferred for PS and MOOE on a monthly basis to update the recording of the taxes withheld and remittances thereof in the books of accounts.</p>		Chief Accountant				<p>Analysis and reconciliation of accounts is ongoing. Remittances of the central office and regional offices are being reviewed to determine the difference between the amount withheld and the amount remitted to the BIR.</p> <p>d) timely submission of liquidation reports by the regional offices are now strictly monitored so that the recording of taxes withheld and remitted are updated and possible errors/omissions are detected immediately.</p>	



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					From				To
	<b>GAD Budget, Utilization and Accomplishments</b>								
15.	The agency allocated the amount of ₱34,632,257.44 or eight percent of the total appropriations of ₱420,246,000.00 for GAD programs and activities, however, the PCW-endorsed GAD Plan and Budget and GAD Accomplishment Report for CY 2021 were not submitted to the Audit Team within the prescribed period. Moreover, the advance copy of GAD accomplishment report with fund utilization of ₱30,155,899.30 was not supported with financial details; hence, the correctness of the actual fund utilization could not be verified.	We recommended and Management agreed to: a) require the GAD focal person to strictly adhere to Item V of COA Circular No. 2014-001 dated March 18, 2014 on the timely submission of the PCW-endorsed GPB and Accomplishment Report; and b) prepare and submit a complete/detailed GAD accomplishment report duly supported with financial details to validate the correctness of the fund utilized.		Planning Division				Attached are documents submitted by the Planning Division for your reference. Please refer to <b>ANNEX H</b>	
	<b>Formulation and implementation of programs/activities for SCPD</b>								
16.	The agency formulated and implemented plans and programs with a budget of ₱4,228,603.37 for the Senior Citizen and Person with Disability (SCPD), however, the accomplishment report with fund utilization of ₱15,974,844.00 was not supported with breakdown of expenses and related documents	We recommended and Management agreed to submit accomplishment report with breakdown of expenses and allied documents for evaluation and validation purposes.		Planning Division				Attached are documents submitted by the Planning Division for your reference. Please refer also to <b>ANNEX H</b>	

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					From				To
	of the actual fund utilized; hence, the correctness of the actual fund utilization could not be validated.								
	<p><i>Audit suspensions, disallowances and charges</i></p> <p>17. Notices of Suspension (NSs) were issued for transactions audited during the year amounting to ₱381,120,197.48 due to non-submission of required complete supporting documents. Moreover, only the amount of ₱329,312,018.13 was settled on the suspensions with corresponding Notices of Settlement of Suspension, Disallowance and Charge (NSSDCs) issued during the year while <b>no settlement was made on the disallowances</b>, leaving unsettled suspensions, disallowances and charges amounting to ₱198,947,714.29 as of year-end.</p>	<p>We recommended and Management agreed to:</p> <p>a) require the Accountant to monitor the settlement of audit suspensions, disallowances and charges;</p> <p>b) send demand letters to all persons responsible for audit suspensions and enforce the immediate settlement thru submission of requirements provided in the Notices of Suspensions to avoid maturity into disallowances</p> <p>c) ensure that all disbursements are supported with complete documentation and strictly comply with laws, rules and regulations to avoid disallowances and charges; and</p> <p>d) direct the persons responsible and liable to fully settle/refund the audit disallowances and charges</p>	Chief Accountant				<p>The stated ending balance of NS as of December 31, 2021 amounting to ₱170,878,333.70 was settled under NSSDC #22-001, 002, and 003 dated January 19, 2022.</p> <p>Under this observation, it was noted that during the year there was no settlement made on the prior year's disallowances. Upon review and verification on the Receivable-Disallowances account, the amount of P1,960,920.38 was settled during the year thru salary deduction and Terminal Leave Pay deduction, and no issuance of NSSDC by your office. Schedule is attached to <b>ANNEX I</b></p>		

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					From				To
		pursuant to COA Circular No. 2009-006.							
	<b>CY 2020</b>								
	<p>1. 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.</p>	<p>We recommended and Management agreed to:</p> <p>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</p> <p>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.</p>		Chief Accountant				<p>a) We will comply with your audit recommendations.</p> <p>b) Based on our records, unutilized amounts of cash advances were refunded during the year as per attached schedule of refunds under <b>ANNEX J</b></p>	
	<p>2. Fund transfers to NGAs during the year for the implementation of agency's project amounting to ₱1.493 million or 100 percent of the funds transferred were not liquidated. Also, 100 percent of prior years' balance of fund transfers amounting</p>	<p>We recommended and Management agreed to:</p> <p>a) direct the Chief Accountant to coordinate with the IAs concerned to require the submission of liquidation</p>		Chief Accountant				<p>a) We will write all implementing agencies (IAs) concerned and require them to submit liquidations</p>	



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	to ₱8.719 million were not liquidated, contrary to COA Circular No. 94-013 dated December 13, 1994.	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.						of fund transfers and likewise require them to return unutilized balances for completed projects.  b) We will also send the IAs demand letters for their immediate compliance.	
	3. 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.		Chief Accountant				The Accountant and the Procurement Officer will set a meeting with PS-DBM to reconcile the agency's records with them.  The meeting with PS-DBM will likewise discuss the delivery and/or replacement of the requested items.	
	4. The PhilFIDA withheld contributions and loans amounting to ₱21.724 million from its employees and remitted to the GSIS the amount of ₱21.269 million, or a difference representing a net under-remittance of ₱0.455 million. Also, prior year's balance amounting to ₱0.373 million	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		Chief Accountant				A staff from the Accounting Section has been assigned to reconcile, review and monitor the account of the GSIS and whatever result, will be remitted /adjusted.	

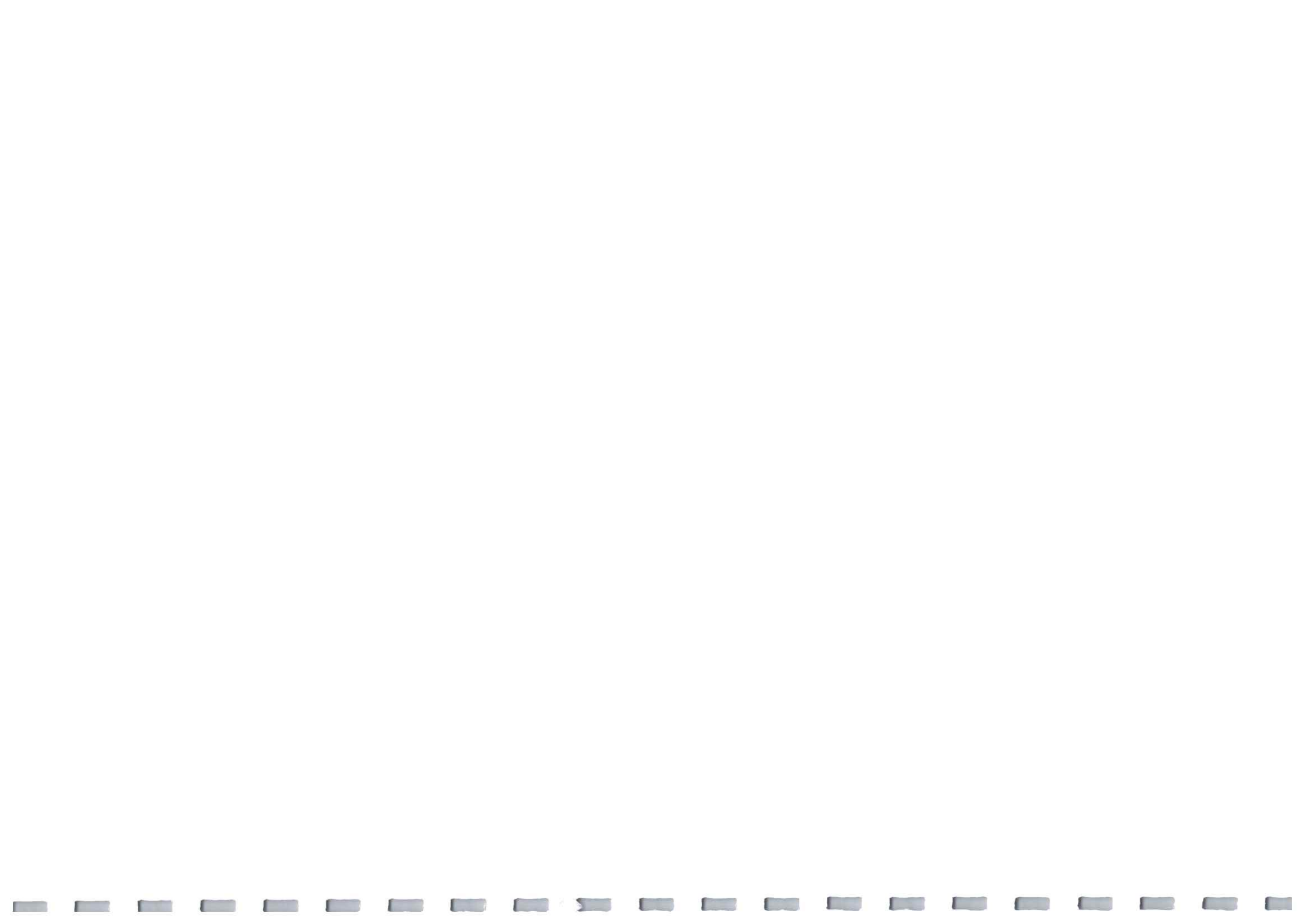
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	remained unremitted as of year-end.	<p>contributions withheld to avoid administrative sanctions, as provided in RA No. 8291; and</p> <p>b) diligently continue the determination of the employee/s to whom the unremitted GSIS premiums and loans in the total amount of ₱0.373 million pertain and cause the remittance of the same.</p>							
5.	The PhilFIDA withheld contributions of ₱1.663 million from its employees and remitted to the PhilHealth the amount of ₱1.592 million for CY 2020. However, the monthly remittance of contributions is not the exact amount of contributions withheld 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>We recommended and Management agreed to require the Chief Accountant to:</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>		Chief Accountant				A staff from the Accounting Section has been assigned to reconcile, review and monitor the account of the PhilHealth.	
6.	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	<p>We recommended and Management agreed to require the Chief Accountant to:</p> <p>a) diligently continue the determination of the employee/s to whom the</p>		Chief Accountant				A staff from the Accounting Section has been assigned to reconcile, review and monitor	





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	₱0.233 million. Also, prior years' contributions amounting to ₱0.028 million remained unremitted as of year-end.	unremitted HDMF contributions pertain amounting to ₱0.028 million and cause the remittance of the same.						the account of the HDMF.	
	7. 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 ₱9.118 million and ₱4.368 million, respectively, were withheld for CY 2020. However, remittance of the taxes withheld showed differences representing a net under remittance of ₱0.035 million.	We recommended and Management agreed to direct the Chief Accountant to: a) determine the cause of the over-remittance for taxes on gross compensation income from officials and employees b) remit immediately all unremitted taxes withheld; and c) remit the taxes withheld intact and on time to avoid the imposition of surcharge and penalty.		Chief Accountant				Analysis and reconciliation of accounts is ongoing. Remittances of the central office and regional offices are being reviewed to determine the difference between the amount withheld and the amount remitted to the BIR.	
	8. 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	We recommended and Management agreed to: a) ensure compliance with laws, rules and regulations to avoid audit suspensions, disallowances and charges		Chief Accountant				a) We will comply with your audit recommendation.	

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	Charge (NSSDCs) issued during the year, leaving unsettled suspensions, disallowances and charges amounting to ₱147.139 million as of the end of the year.								
	<b>CY 2019</b>								
	8. 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				The practice has already been corrected. Rules on the grant and utilization of funds are now being observed.	
	9. 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.	We reiterated the previous recommendation and Management agreed to:  a. ensure 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.		Property Officer				a. We will comply prospectively.	
	a) 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,	We reiterated our previous recommendations that Management:  a. require the Chief Accountant		Chief Accountant / Property Officer				a. A deadline tracker has been	



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	<p>contrary to the provisions of GAM for National Government Agencies. Moreover, bank accounts maintained in the Ros and RSO with a balance amounting to P174.815 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>	<p>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</p> <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>devised and is presently utilized to monitor the submission of various accounting reports.</p> <p>b. All concerned were reminded of the penal sanctions for failure to comply with the provisions of COA rules and regulations. A regular meeting is also conducted to ensure compliance and to address issues encountered.</p> <p>c. All regional disbursing officers were instructed to prepare monthly bank reconciliation statements for all bank accounts maintained and to provide copies of the statements to the Accounting Section.</p> <p>d) The agency has already availed of the application.</p>	



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		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.							
	b) 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 jobs/functions for JO/COS individuals. Furthermore, hiring of JO/COS individuals was made despite vacancies in the plantilla of personnel.	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 qualified for the available positions to be filled-up		HRMDS Section Head				a. The Contract of Service (COS) of PhilFIDA have been with the agency and have been performing well for a long period. However, some of them are not yet eligible. They tried to apply to Civil Service Commission for the examination, but it was postponed due to the pandemic. Thus, we wrote a letter to the CSC to accommodate our more than 20 personnel to take the Civil Service Professional eligibility. Last week we were instructed by	

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								the CSC to submit their requirements for an examination on August 7, 2022. We hope that all of them pass the examination to be considered for the vacant positions. ANNEX K	
	c) 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.		Chief Accountant				The Chief Accountant and the Property Officer will set a meeting with Sunnymede Land Corporation for the settlement of the uncollected guaranty deposit.	
	d) 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.	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 liquidation/refund for each grant to avoid negative/erroneous balances in the SL and to properly		Chief Accountant				a) Accounting staffs were already assigned to do the tasks of monitoring of cash advances.	



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		<p>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 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) The agency has also devised a way to reconcile records of the regional offices via Google Sheet.</p> <p>c) Relevant trainings/seminars are also conducted by the agency for its employees.</p>	
	e) 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.	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.		Chief Accountant				<p>Adjustments on the omissions/errors in the 2020 Financial Statements were made on the following Journal Entry Vouchers (JEVs) attached under ANNEX L:</p> <p>JEV # 2020-06-001070 dated. 3/30/20</p> <p>JEV # 2020-11-002195 dated 11/18/20</p> <p>JEV # 2020-11-002555 dated 11/27/20</p>	



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								JEV # 2020-09-001585 dated 9/15/20  JEV # 2020-11-002175 dated 11/10/20	

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

