**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATIONS**

Out of the 54 audit recommendations embodied in the previous year’s Annual Audit Report (AAR), 33 were implemented, 19 were partially implemented and two were not implemented. Details as follows:

| **REFERENCE** | **OBSERVATIONS** | **RECOMMENDATIONS** | **ACTION TAKEN/ COMMENTS** |
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| **Financial Audit** | | | |
| Audit Observation (AO) No. 1  Page 92-94 | The accounts Charity Expenses - Other Health and Welfare Related Program in Calendar Year 2021 and Accounts Payable – Charity Fund were both overstated by P200 million and the Retained Earnings was understated by the same amount, thus affecting the fair presentation of these accounts in the Financial Statements, contrary to paragraph 15 of the Philippine Accounting Standard No. 1, due to the recorded transfer of fund to the Office of the President that did not push through amounting to P200 million for the procurement of Coronavirus Disease-2019 vaccines, for being not authorized nor fully documented contrary to Section 4, Item Nos. 5 and 6 of Presidential Decree No. 1445, Section 3.1.1 of COA Circular No. 2012-001 dated June 14, 2012 and Section 3 of Republic Act No. 115251 dated July 27, 2020. | We recommended and Management agreed to instruct the concerned Accounting personnel to:   1. Cancel the Check No. 457233 dated November 5, 2021 and the corresponding DV No. CF2111017913 to correct the overstatement of the affected accounts by debiting Accounts Payable – Charity Fund and crediting Retained Earnings – Charity Fund by P200 million; and 2. Ensure that transfer of funds are duly authorized and documented in compliance with of Section 4, Item Nos. 5 and 6 of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 2  Page 95-96 | Approved financial assistance under the Integrated Health for Over-All Productivity and Empowerment program in Calendar Year 2019 amounting to P110.349 million remained as outstanding payable as of December 31, 2021 despite the revocation of its approval in February 2020, thereby overstating the Accounts Payable – Miscellaneous-Charity Fund and understating the Retained Earnings by the same amount, contrary to paragraph 15 of the Philippine Accounting Standard No.1. | We recommended and Management agreed to instruct the concerned personnel of the Accounting and Budget Department (ABD) to consider the following adjusting entry to correct the overstatement of the Accounts Payable-Miscellaneous-Charity Fund and understatement of the Retained Earnings account caused by the revocation of the B.R. No 454 s. 2019/cancellation of the approval of the grant of financial assistance under I-HOPE program, to faithfully represent the accounts and transactions in compliance with paragraph 15 of PAS No. 1, to wit:  Debit – Accounts Payable- Miscellaneous- Charity Fund P110,348,874.00  Credit – Retained Earnings – Charity Expenses – Other Charity Expenses – Integrated Health for Over-all Productivity and Empowerment P110,348,874.00 | Fully Implemented |
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| Audit Observation (AO) No. 3  Page 97-98 | The recognition of the liability for the 2021 Performance-Based Bonus in the amount of P31.353 million pending receipt of the overall and favorable assessment of the Governance Commission for Government-Owned or Controlled Corporations (GCG) and the non-reversal of the accrual for the Calendar Year 2020 PBB with unfavorable results of assessment of the GCG in the amount of P14.748 million, resulted in the overstatement of the Due to Officers and Employees, and the Other Bonuses and Allowances and understatement of Retained Earnings accounts of P46.101 million, P31.353 million and P14.748 million, respectively. | We recommended that Management direct the concerned accounting personnel to:   1. Draw a JEV to reverse the accrual made for CYs 2021 and 2020 PBB, as follows:   Debit – Due to Officers and Employees P46,101,108.59  Credit – Retained Earnings P46,101,108.59  *Proposed adjusting journal entry to correct the misstatement of the accounts due to the accrual of the CY 2021 and non-reversal of the accrual for CY 2020 PBB.*   1. Disclose the related information in the Notes to FS in accordance with Paragraph 86 of PAS No. 37. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 4  Page 98-107 | The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account in the amount of P16.130 billion as of December 31, 2021 cannot be ascertained due to: (a) variance between the balances per books and the confirmed bank balances of the Main and Operating Fund (OF) accounts in the total amount of P14.851 million; (b) variance of P36.780 million between the balances per books and the confirmed bank balances of the Charity Fund (CF) and Prize Fund (PF) accounts; (c) stale checks and spoiled checks for OF, CF and PF were reported as Outstanding Checks in the Bank Reconciliation Statement (BRS); and (d) closed accounts still having outstanding balances in the books amounting to P3.088 million and P0.689 million, contrary to Paragraph 15 of Philippine Accounting Standard No. 1.  Moreover, the late submission of the BRS precluded the timely verification of the transactions affecting the cash account, and is not in accordance with Section 7, Chapter 21 of the Government Accounting Manual, Volume I. | We recommended and Management agreed to direct the concerned Accounting personnel to:   1. Effect the necessary adjustments, after a thorough evaluation of the reconciling items for each of the bank accounts. 2. Intensify the efforts in coordinating with the corresponding depository banks to clear out the details of the bank reconciling items giving priority to investigate the cause/s of the alleged unposted deposits with a total amount of P2.102 million under the Operating Fund accounts so that appropriate action may be taken thereafter. 3. Prepare the necessary adjusting entries to correct the understatement of the Cash in Bank account resulting from the non-reversal/cancellation of stale and spoiled checks reported as outstanding checks amounting to P29.568 million by debiting the Cash in Bank and crediting the AP by the same amount. 4. Regularly coordinate with the TD for the immediate reconciliation of accounts, verification of reports and timely adjustments of stale and spoiled checks and exert effort to call the attention of the payees who are holding stale checks for cancellation and reissuance of new checks. 5. Verify the reported book balance of P3.778 million for the closed bank accounts, after which make the necessary adjusting entries in the books in order to correct the overstatement of the Cash and Cash Equivalents account. 6. Make proper representation with the depository bank for the regular and timely receipt of the monthly bank statements, and update the Subsidiary Ledgers on a monthly basis.     Moreover, we recommended that Management address the issue on manpower constraints to ensure the timely preparation of monthly BRS for all the bank accounts of the PCSO and facilitate the prompt reconciliation of discrepancies. | Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 4 of this Report. |
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| Audit Observation (AO) No. 5  Page 108-112 | The faithful representation of the balance of the Accounts Receivable (AR) with a carrying value of P6.400 billion as of December 31, 2021 was not established due to a) variance of P499.782 million between the balance per General Ledger and the aging schedule of the AR; b) abnormal/credit balances of some accounts totaling P29.070 million, and c) five AR-sub-accounts totaling P239.595 million were without adequate records and supporting documents, contrary to Paragraph 15 of the Philippine Accounting Standard No. 1: | We reiterated our previous year’s recommendations that Management directs the concerned personnel of ABD and the BOS to:   1. Determine the causes of the P499.782 million variance between the balance per GL and the aging schedule, after which make the necessary adjustments to ensure that the balance of AR account presented in the FS faithfully represents the effects of transactions on the said account and properly supported with reliable financial records pursuant to Paragraph 15 of PAS No. 1; 2. Conduct thorough evaluation/analysis of transactions relating to the receivable accounts with credit or abnormal balances to determine the cause/s thereof and to effect the necessary adjusting entries; 3. Draw a JEV to reclassify from AR to AP account the over remittance from GMOC by debiting the AR – Peryahan account and crediting the AP account, each by P26.581 million. 4. Submit to the Audit Team the complete supporting schedules and aging of the AR with credit balances totaling P29.070 million, in compliance with COA Circular No. 2015-004; and     Moreover, we recommended that Management demand the daily remittance/deposit the amount due to PCSO from the sale of lotto tickets otherwise, impose the remedies provided under the covering agency agreement to minimize the accumulation of the AR and increase collection efficiency. | Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report. |
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| Audit Observation (AO) No. 6  Page 112-116 | PCSO did not provide the allowance for impairment loss of the Account Receivables for the period 2016 to 2021 which is not in accordance with Paragraph 9 of the Philippine Accounting Standards No. 36 and Paragraph 5.5.15(a) of the Philippine Financial Reporting Standards No. 9 on the Expected Credit Loss model, thus, the Account Receivables for the Calendar Years 2016, 2017, 2018, 2019, 2020 and 2021 amounting to P1.224 billion, P1.167 billion, P1.217 billion, P1.095 billion, P6.297 billion and P6.400 billion, respectively, were not stated at its true Net Realizable Value. Likewise, PCSO’s accounting policy on the age classification of outstanding receivables was not uniformly adopted and applied, thus, the doubtful reliability in the measurement of impairment losses. | We recommended that Management:   1. Provide annually the measurement of loss allowance for financial assets in compliance with Paragraph 9 of PAS No. 36 and see to it that this is uniformly adopted and applied by the ABD, BOS and PCSO branches.      1. Direct the concerned personnel of ABD and BOS to adopt the PCSO accounting policy on the age classification of outstanding receivables to ensure reliability in the measurement of loss allowances for financial assets. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 7  Page 116-117 | Claims for disallowed payments of employees’ benefits of P12.965 million and P26.720 million representing payments to various advertising agencies were accounted as Other Asset – Contingent Asset contrary to the Updated Revised Chart of Accounts for Government Corporation (2019) resulting in the understatement of the Account Receivables – Disallowances/Charges and overstatement of the account Other Asset each by a total amount of P39.685 million. | We recommended that Management direct the concerned ABD personnel to:   1. Draw a JEV to reclassify the claim for disallowed payments from Other Asset account to Receivable – Disallowances/Charges in compliance with the Updated Revised Chart of Accounts. 2. Disclosed in the Notes to FS the nature and the details of the Receivable – Disallowances/Charges account to provide adequate information on the nature of the transactions as required in Paragraph No. 112 of PAS No.1. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 8  Page 117-120 | The faithful representation in the financial statements of the account Receivables – Disallowances/Charges totaling P9.716 million as of December 31, 2021 could not be established due to the discrepancy of P21.532 million between the balance per books and the Schedule of Notice of Disallowances with Finality of Decision per audit, and the non-maintenance of Subsidiary Ledgers supporting the balance of the account. | We recommended and management agreed to:   1. Adjust the Receivable – Disallowances/Charges account as of December 31, 2021 based on the outstanding balances of the Notice of Disallowances with Notice of Finality of Decisions and the corresponding affected expense accounts to correct the discrepancy of P21.532 million and to comply with Item 6 of COA Circular No. 2009-006 dated September 15, 2009. 2. Maintain Subsidiary Ledger for Receivable – Disallowances/Charges account for each official/employee determined to be liable/responsible for the amount disallowed/charged/suspended to properly monitor and update audit suspensions, disallowances and charges including settlements to comply with Section 7.2.1 (c) (d) (e) of the 2009 RRSA. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 9  Page 120-124 | The balance of the Property, Plant and Equipment account having a carrying value of P1.105 billion as of December 31, 2021 could not be ascertained due to the unaccounted discrepancy of P394.050 million and P211.003 million, respectively, compared with the balance per lapsing schedule and the balance per Report on Physical Count of PPE/Physical Inventory Report, thus affecting the fair presentation of the account in the Financial Statements contrary to paragraph 15 of Philippine Accounting Standard No. 1. | We reiterated our prior years’ recommendation and Management agreed to direct the concerned Accounting personnel to:   1. Conduct an immediate reconciliation of the balances per books with the balances in the corresponding lapsing schedules/ PPELCs to determine the causes of the net discrepancy of P394.050 million as of December 31, 2021; 2. Coordinate with the concerned personnel of ASMD and conduct immediate reconciliation of the balance per books with the balances per RPCPPE/inventory report as of December 31, 2021 in order to determine the causes of the discrepancy of P211.003 million, conduct deeper investigation considering that the balance per books was greater than the balance per physical count, which may indicate missing items of PPE and undertake the appropriate legal and/or administrative actions under the circumstances; and 3. Effect the necessary adjusting entries to correct the balances of the affected accounts so that the PPE account shall be fairly presented in the financial statements;   We also recommended that Management: (i) conduct physical inventory taking of PPE for PCSO Branches and submit inventory reports to the Audit Team not later than January 31 of each year in compliance with COA Circular No. 80-124 dated January 18, 1980 and (ii) maintain lapsing schedule/PPELCs for Other Land Improvements and Leased Assets, Buildings and Other Structures to comply with Paragraph 6.1.2 of COA Circular No. 2020-006 dated January 31, 2021. | Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 7 of this Report.  Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 7 of this Report.  Not Implemented  Not Implemented |
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| Audit Observation (AO) No. 10  Page 124-130 | The faithful representation in the financial statements of the balances of the Leased Assets, Buildings and Other Structures, Interest Expense, Depreciation Expense, Accumulated Depreciation and Lease Liability accounts in the amounts of P316.184 million, P9.089 million, P177.711 million, P445.779 million, and P285.121 million, respectively, cannot be ascertained due to: (a) misapplication of the Philippine Financial Reporting Standard (PFRS) No. 16; (b) non-recognition of Depreciation Expense and (c) no proper classification of finance lease payable, contrary to Paragraphs 22, 23, 26 and 32 of PFRS No. 16 and Paragraphs 60 and 69 of Philippine Accounting Standard No. 1. | We recommended and Management agreed to direct the concerned Accounting personnel to:   1. effect the necessary adjusting journal entries to correct the above-stated misstatements as follows:   Debit – Leased Assets, Buildings and Other Structures P895,381.05  Credit – Finance Lease Payable P895,381.05  Debit – Prepaid Rent P2,521,935.90  Credit – Leased Assets Buildings and Other Structures P2,521,935.90  *To record adjustment on the recognition of Lease Asset and Liability accounts for the CY 2021*  Debit – Finance Lease Payable P895,375.27  Credit – Retained Earnings – Interest Expense P895,375.27  *To record adjustment of interest on lease payments for CY 2021.*  Debit – Accumulated Depreciation – Lease Asset, Buildings and Other Structures P542,184.96  Credit – Retained Earnings – Depreciation Expense – Lease Asset, Buildings and Other Structures P542,184.96  *To record adjustment on the recorded depreciation of Lease Asset for the CY 2021.*   1. Recognize and record the depreciation expense on the additional lease asset for CY 2021 as follows:   Debit – Retained Earnings - Depreciation Expense – Lease Asset, Buildings and Other Structures P3,188,583.53  Credit – Accumulated Depreciation – Lease Asset, Buildings and Other Structures P3,188,583.53  *To record Depreciation on the additional lease asset for the CY 2021.*     1. Present and classify the current and non-current portion of the Finance Lease Payable as separate items in the Statement of Financial Position as required under Paragraphs 60 and 69 of PAS No. 1. | Fully Implemented  Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 11  Page 130-131 | The unclaimed and forfeited prizes for Keno games in CY 2021 amounting to P16.115 million were not transferred to the Charity Fund, contrary to Section 6(A) of Republic Act No. 1169, depriving the PCSO of the increase in Charity Fund that could have been used for the various charitable programs. Likewise, P3.820 million of the P16.115 million were still recorded as Retained Earnings - Prize Fund (RE-PF), instead of Retained Earnings -Charity Fund (RE-CF), thus overstating the RE-PF and understating the RE-CF by the same amount. | We recommended that Management direct the concerned officials/personnel of the ABD to immediately process the transfer of the unclaimed/forfeited prizes of P16.115 million from PF to CF; likewise draw a JEV to recognize the transfer of the remaining amount of P3.820 million from the RE-PF to RE-CF. | Fully Implemented |
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| Audit Observation (AO) No. 12  Page 132-134 | The excess prize fund for Small Town Lottery (STL) held in trust by the Authorized Agent Corporations (AACs) amounting to P4.248 million in CY 2021 was not remitted to PCSO at year-end, contrary to Section 18 (d) of the 2020 Revised Implementing Rules and Regulations for STL. Moreover, the Accounting and Budget Department failed to record the said excess prize fund, resulting in the overstatement of expenses for prize pay-outs and understatement of the receivable account from the AACs as of December 31, 2021, by the same amount. | We recommended that Management:   1. Cause the immediate collection of the excess prize fund held in trust, in compliance with Section 18 of the 2020 RIRR for STL; and 2. Direct the concerned ABD personnel to prepare adjusting entry at year-end for all unutilized prize fund held in trust by the AACs to reflect the correct expense for prize pay-outs in CY 2021 and the receivable from AACs as of December 31, 2021. | Partially Implemented  Fully Implemented |
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| Audit Observation (AO) No. 13  Page 134-136 | Release of two Emergency Medical Service Vehicles (EMSV) to beneficiaries in CYs 2020 and 2021 were not recorded in the books which resulted in the overstatement of Other Assets-Mobile Clinics/Ambulances for Donation amounting to P4.696 million and understatement of Charity Expenses-Other Charity Expenses-Ambulance Donation Program by P2.348 million for the unrecorded distribution of EMSV in CY 2021 and Retained Earning – Charity Fund also by P2.348 million for the unrecorded distribution in CY 2020, contrary to Paragraph 15 of the Philippine Accounting Standard No 1. | We recommended and Management agreed to direct the ABD to record the release of the two units of EMSV in the books amounting to P4.696 million. Moreover, we recommended proper coordination between the CAD and the ABD for the timely recording of the releases of EMSVs to the intended beneficiaries. | Fully Implemented |
| **Compliance Audit** | | | |
| Audit Observation (AO) No. 14  Page 137-140 | The selection process of media proponents for advertising, placement and sponsorship activities of PCSO is not in accordance with the specific guidelines and procedures set forth under Annex ‘’H” of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184, thus, affecting the transparency, efficiency and economy of the agency’s procurement process. | We recommended and Management agreed to strictly adhere to the guidelines provided in Annex H and other pertinent provisions of the 2016 RIRR of RA No. 9184 in the procurement of media services for advertising, sponsorship, and other activities of PCSO. | Partially Implemented |
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| Audit Observation (AO) No. 15  Page 140-145 | Thirteen out of the 35 financial assistance granted under the Financial Assistance for the Procurement of Medical Equipment Program for Calendar Years 2017-2021 amounting to P144.674 million remained unliquidated as of December 31, 2021, contrary to the provisions stipulated in the Memorandum of Agreement, thereby casting doubt on whether the financial assistance given are utilized for the intended purpose. Likewise, 13 liquidation reports received in CYs 2020-2021 amounting to P189.323 million were received beyond the prescribed period. | We recommended and Management agreed to:   1. Demand from the 13 beneficiaries the immediate submission of their liquidation reports or return the financial assistance granted if it still unutilized; 2. Require the beneficiaries to submit a written explanation on the delayed submission of liquidation reports to further assess whether the beneficiaries should be disqualified from receiving future and other financial assistance from PCSO, otherwise, require the refund of the financial assistance granted, and determine whether there is a need to revisit the policies and procedures relative to the liquidation of the grants; and 3. Intensify the monitoring and reporting controls by conducting an on-site visit by the concerned personnel both in Head Office and Branches to ensure that the financial assistance granted to the beneficiaries were utilized for the purchase of the medical equipment and to validate whether these were indeed used for patients in need. | Fully Implemented  Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 16  Page 145-148 | Seven Liquidation Reports for the financial assistance granted for the procurement of medical equipment, received in Calendar Years 2020-2021 amounting to P116.208 million were not supported with documents required under Item E.4, Section III of the Financial Assistance for the Procurement of Medical Equipment Program Implementing Guidelines. Likewise, monitoring reports required under E.5 of the same guidelines were not submitted, thereby monitoring and evaluation whether the objective of the program was attained could not be satisfied. | We recommended that Management:   1. Strictly impose to the recipients of financial assistance the submission of liquidation and monitoring reports as required in the Implementing Guidelines of the program; 2. Conduct orientation prior to the release of the financial assistance so that the beneficiaries are well informed of the conditions and requirements of the program, specifically the implementation, monitoring and liquidation requirements mentioned in the Implementing Guidelines; and 3. Strictly enforce the rule provided in the approved guidelines for the non-compliant beneficiaries by suspending/revoking their privileges to avail future financial assistance under the program. | Fully Implemented  Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 17  Page 148-151 | Financial assistance for the procurement of medical equipment amounting to P144.011 million were granted to 10 beneficiaries for the Calendar Years 2020 to 2021 despite incomplete documentation, contrary to Item B, Section III of the Financial Assistance for the Procurement of Medical Equipment Program Implementing Guidelines, thus, casting doubt on the impartiality, objectivity and consistency of the evaluation/assessment/recommendation process in the approval of the grant. | We recommended that Management:   1. Submit a written explanation for processing of the grant of financial assistance for the procurement of medical equipment despite the non-compliance by the applicants/ intended beneficiaries with the documentary requirements provided under Item B, Section III of the Implementing Guidelines; 2. Submit the lacking documentary requirements mentioned in the list provided in Table 21; and 3. Create a control mechanism such as preparation of a checklist of documentary requirements with confirmation of complete submission in the Assessment Report to ensure the consistency, and impartiality in the evaluation/ assessment/ recommendation process in the approval of the grant. | Fully Implemented  Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 18  Page 151-153 | Financial assistance (FA) amounting to P5.355 million for the procurement of medical equipment for the 3 beneficiaries were released in Calendar Year (CY) 2020 before the submission of the Terminal Financial and Accomplishment Report or Liquidation Report for the first grant of FA released in CY 2019 amounting to P67.760 million, contrary to Section 4 of the Memorandum of Agreement between PCSO and the beneficiaries and Section III, B.9 of the Implementing Guidelines for Financial Assistance for the Procurement of Medical Equipment Program Implementing Guidelines. | We recommended that Management strictly adhere with the provisions of the MOA on the liquidation of the financial assistance for the procurement of medical equipment before the grant of subsequent financial assistance, to ensure that the previous grants have served its purpose and the beneficiaries have complied with the conditions of the program and deserved to receive an additional FA.  We also recommended and Management agreed to address the causes of the delay in the preparation and submission of the liquidation reports. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 19  Page 153-155 | Disbursements under Financial Assistance for the Procurement of Medical Equipment Program totaling P46.412 million for CY 2020-2021 were processed even without the certified copy of the Abstract of Bids duly signed by the BAC Members and certified true copy of the Purchase Order or Contract, contrary to Item D.1, Section III of Implementing Guidelines of the program. | We recommended that Management submit the certified copy of the duly signed Abstract of Bids and Certified true copy of the PO or Contract, in compliance with Section D.1 of the FAPMEP Implementing Guidelines. Henceforth, ensure that all disbursement vouchers processed are supported with complete documentary requirements and complied with the prevailing implementing guidelines. | Fully Implemented |
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| Audit Observation (AO) No. 20  Page 155-157 | Timelines in the evaluation, assessment, and recommendation of the request for financial assistance for the procurement of medical equipment up to the processing of the disbursement vouchers were not clearly defined in the Implementing Guidelines of the program which resulted to: a) longer lead time from processing and granting of the request, making the fund idle for a long period; and b) accumulation of the long outstanding payables under the program as of December 31, 2021 amounting to P195.947 million. | We recommended and Management agreed to: (a) revisit the process of evaluation/assessment/recommendation and processing of disbursement vouchers stated in the Implementing Guidelines of the FAPMEP and consider the inclusion of timelines on each process for strict monitoring and efficient implementation of the program; and (b) re-evaluate the approved applications under FAPMEP that were accrued amounting to P195.948 million to determine whether the beneficiaries are still interested and eligible to receive the grant. Further, identify the validity of the recorded obligations and effect the adjustments in the books of accounts, if necessary. | Fully Implemented |
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| Audit Observation (AO) No. 21  Page 158-160 | One hundred ninety-five out of the 472 financial assistance granted under the Calamity Assistance Program (CAP) for CYs 2019-2021 amounting to P251.952 million remained unliquidated, contrary to Item C (1), Section VI of the Operating Procedures of the Implementing Guidelines for CAP and Item 4.8 of the Board Resolution No. 0100 s.2020, thereby casting doubt on whether the financial assistance given were utilized for its intended purpose/s. | We recommended that Management require the beneficiaries for the immediate submission of the liquidation reports of the financial assistance under the CAP together with a written explanation on the delay on submission of the liquidation reports and cause the immediate refund of the unutilized grants. | Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 15 of this Report. |
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| Audit Observation (AO) No. 22  Page 160-162 | The unremitted share of Instant Sweepstakes Authorized Corporation (ISAC) for the payment of CY 2021 Documentary Stamp Tax and Prize Fund Tax totaling P4.148 million were paid out of the PCSO Charity Fund and Prize Fund due to inability of the ISAC to remit the same to PCSO, thus defeating the purpose of the cash bond posted by the ISAC, contrary to Section 24 of the Implementing Rules and Regulation. | We recommended that Management demand the immediate collection from the ISAC of the unremitted shares for the payment of DST and PFT in CY 2021 amounting to P4.148 million or charge the amount against the cash bond of PMLC. Henceforth, ensure that the ISAC complies with Sections 24 and 10 (b.3) of the IRR. | Fully Implemented |
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| Audit Observation (AO) No. 23  Page 162-165 | The Instant Sweepstakes Authorized Corporation incurred an under remittance of P3.669 million on the 13 per cent PCSO guaranteed share for CY 2021 sales of instant sweepstakes tickets to PCSO, contrary to Sections 4(i) and 57 of the Implementing Rules and Regulations for Instant Sweepstakes Program (IRR for ISP), thus depriving the PCSO to utilize the amount for its operations. Likewise, the settlement period for the said under remittance on the 13 per cent PCSO guaranteed share was not clearly provided in the IRR for ISP, resulting in the uncertainty of the collection period. | We recommended that Management:   1. Demand the immediate collection from the ISAC of the under remittance on the 13 per cent guaranteed share from sales of instant sweepstakes tickets amounting to P3.670 million; and 2. Revisit the IRR for ISP and consider the inclusion of a clear settlement period for the under remittance on the guaranteed share from sale of instant sweepstakes tickets to ensure its prompt collections and increase available funds for PCSO’s operations. | Fully Implemented  Fully Implemented |
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| Audit Observation (AO) No. 24  Page 165-167 | The efficiency, competitiveness and propriety of procurement of various drugs and medicines under the Medicine Donation Program totaling P28.877 million cannot be established due to the absence of an Approved Annual Procurement Plan and non-preparation of Project Procurement Management Plan, contrary to Sections 7.2 and 7.3.2 of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184. | We recommended and Management agreed to instruct MSD to include procurement of drugs and medicine under MDP in the preparation of PPMP for its inclusion in the APP, to ensure the consistency of the budget proposals, compliance with the budgeting rules and implementation of appropriate procurement modality. Henceforth, ensure that all procurements are in accordance with the approved APP. | Fully Implemented |
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| **GENDER AND DEVELOPMENT (GAD)** | | | |
| Audit Observation (AO) No. 25  Page 168-169 | PCSO has not submitted a copy of the required Philippine Commission on Women(PCW)-endorsed Gender and Development (GAD) Plan and Budget and the revised GAD Accomplishment Report to the Audit Team, contrary to PCW Memorandum Circular Nos. 2020-05 and 2021-06. | We recommended and Management agreed to strictly comply with the requirements of PCW memorandum circulars and PCW-NEDA-DBM Joint Circular No. 2012-01 relative to the preparation, endorsement, and submission of GPB and GAD AR. | Partially Implemented  Reiterated with updates under Part II – Observation and Recommendation No. 20 of this Report. |