

# ACTION PLAN MONITORING TOOL

Sector : CORPORATE GOVERNMENT AUDIT SECTOR

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OIC ATL – Team 1

Date : November 25, 2024

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Agency Audited : Philippine Charity Sweepstakes Office (PCSO)  
Audit Period : January 1 to December 31, 2023 ( CY 2023 AAR)  
AAR Date : June 21, 2024

Reviewed by : Celia L. Nazareno, SA  
Approved by : Celia L. Nazareno, SA

Date : November 26, 2024  
Date :

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION														
Ref	Audit Observations	Audit Recommendation	Action Plan	Person/ Dept. Respon sible	Target Implementation Date		Status of Implementation	Reason for Partial/Delay /Non-Implementati on, if applicable	Action Taken/Action to be taken	Date of Follow-up	Status of Implementati on	Actual Implementation Date		Remarks
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2023 AAR AO No. 1, p. 101	The accounts Guaranty Security Deposits Payable-Cash Bond-STL, Accounts Receivable-STL, and Other Deposits-Lotto/Keno-STL Cash Bond were overstated by P847.369 million, P391.050 million and P847.369 million, respectively, and the accounts Cash-in-Bank, Other Business Income-Operating Fund-STL and Retained Earnings were understated by P847.369 million, P456.319 million and P456.319 million, respectively, contrary to Paragraph 15 of Philippine	a) Direct the ABD to prepare the necessary entries to correct the overstatement of Guaranty Security Deposits Payable-Cash Bond-STL, Accounts receivable-STL and Other Deposits – Lotto/Keno-STL Cash Bond account by P847.369 million, P391.050 million and P847.369 million, respectively, and understatement of Cash in Bank account and Other Business Income – Operating Fund – STL/Retained Earnings account	BOS and ABD to coordinate to fully implement COA's recommen dation	Accounti ng and Budget Manage ment (ABD)  Branch Operatio ns Sector (BOS)	March 1, 2024	Ongoing	Not implemented		A collection of P72.818 million has been made on the outstanding liabilities of the operational AACs based on the reconciled amounts from the BOS and ABD. Moreover, the forfeiture and refunds of cash bonds for the 6 AACs that withdrew from the Agency Agreement and the seven (7) terminated AACs were processed after deducting all outstanding liabilities with the PCSO amounting to P72.685 million, or a total of P145.503 million	Nov 12, 2024	Not Implemented			Only partial adjusting entries are prepared, On going reconciliation of the Departments concerned.



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	Accounting Standard 1 due to the failure of PCSO to charge the outstanding liabilities of 55 Authorized Agent Corporations (AACs) totaling P391.050 million against their respective cash bond and to forfeit the cash bond of 18 AACs in total amount of P456.319 million in favor of PCSO, caused by the absence of procedural guidelines to enforce the same, thus, defeating the purpose of cash bond as performance security.	by P847.369 million and P456.319 million, respectively;  b) Charge the outstanding liabilities of the 55 AACs in the amount of P391.050 million against their respective cash bond and process the cash bond forfeiture of the 18 terminated AACs in the amount of P465.319 million, or a total of P847.369 million;			March 1, 2024	Ongoing	Not implemented			Nov. 12, 2024	Not Implemented	June 27, 2024	Ongoing	A collection of 72.818 million was made on the outstanding liabilities of the operational AACs based on their reconciliation. Refund of cash bond of 6 AACs who withdraw and 7 terminated AACs were processed. Forfeiture of cash bond started on June 27, 2024.
		c) Provide a guideline/policy in implementing the charging of liabilities against AACs' cash bond, as well as, the forfeiture of their cash bond in line with Sections 15.d(ii), 19.i(ii) and Paragraph 2(b) Section 26 of the 2020 RIRR for STL, with			March 1, 2024	Ongoing	Not implemented		Guidelines on the process of cash bond forfeiture have already been crafted by the BOS and is currently under review.	Nov. 12, 2024	Not Implemented	June 27, 2024	Ongoing	Guidelines not yet finalized as of validation date



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		timelines for each procedure to meet the purpose of the cash bond as performance security;												
		d) Demand the immediate collection of the remaining liabilities from the terminated AAC amounting P121.556 million that can no longer be covered by its cash bond; and			March 1, 2024	Ongoing	Not implemented		Demand letters for collection have already been issued to the account with remaining liabilities, after considering the cash bond noted in the AOM, and payment schemes were approved for some AACs.	Nov. 12, 2024	Not Implemented			No documents were provided to validate that demand letters were sent
		e) Ensure the strict compliance with Sections 15.d (ii) and 19.i (ii) and Paragraph 2(b) Section 26 of the 2020 RIRR for STL on the charging of AACs liabilities against their respective cash bond and the forfeitures of cash bond to protect the interest of PCSO.			March 1, 2024	Ongoing	Not implemented		BOS is currently practicing monthly collection of the CY2024 Excess Prize Fund to avoid the accumulation of liabilities.  The PCSO assures compliance with the provisions of Sec. 15 d(ii) and 19(ii) and paragraph 2(b) Section 26 of the 2020 RIRR for STL.	Nov. 12, 2024	Not Implemented	March 1, 2024	Ongoing	As of validation date, there were still liabilities not charged to cash bond.



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2023 AAR AO No. 2, p. 108	The balance of Prizes-STL-Lower Prize 10,000 and Below expense account for calendar year 2023 totaling P9.910 billion was overstated by P71.394 million due to (a) erroneous recognition of STL Prize Fund expense account on the over remittance of the excess Net Prize Fund (NPF) by Authorized Agent Corporations totaling P22.063 million and (b) understatement of excess NPF recorded by the Accounting and Budget Department totaling P49.326 million; thus, resulting in the understatement of the Retained Earning-Prize Fund, Accounts Receivable and Other Payable account by P71.394 million, P72.057 million and P0.663 million, respectively, contrary to Paragraph 15 of Philippine	Direct the ABD personnel to:	For compliance to COA recommen- dation	ABD										Adjustments were drawn under JV Nos. 2401366 to 2401371
		a) Prepare the necessary adjusting entry by debiting Accounts Receivable account by P72.057 million, and crediting Retained Earnings-Prize Fund and Other Payable account by P71.394 million and 0.663 million, respectively, to correct balance of the subject accounts; and			June 1, 2024	July 31, 2024	Fully Implemented		ABD has already complied with the COA's recommendation to prepare the necessary adjusting entries to correct the balances of the affected accounts.	Nov. 12, 2024	Fully Implemented	June 14, 2024-	July 14, 2024	
		b) Ensure that all transactions are properly and completely recorded in the books for fair presentation of the account in compliance with PAS 1.			June 1, 2024	July 31, 2024	Fully Implemented		The Agency ensures that all transactions are recorded in the books for the fair presentation of the accounts.	Nov. 12, 2024	Fully Implemented	June 14, 2024-	June 14, 2024	



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	Accounting Standard 1.													
2023 AAR AO No. 3, p. 113	The Cash-in-Bank-Prize Fund (PF) account was overstated by P397,591 million and the Cash-in-Bank-Charity Fund (CF) account was understated by the same amount as of December 31, 2023 due to the delay in the transfer of cash pertaining to forfeited prizes of Lotto and Keno games from March to December 2023; and, the accounts Cash-in-Bank-CF and Retained Earnings-CF were overstated, and the accounts Cash-in-Bank-PF and Accounts Payable-Miscellaneous-PF were understated, each by P10.908 million due to the discrepancy in reporting amount of forfeited prizes between accounting records and the Data Center Division for the month of February 2023 by P10.908	a) Instruct ABD on the strict compliance with Section 6(A) of RA No. 1169 on the immediate transfer of cash to Charity Fund pertaining to the forfeited prizes to augment PCSO funds for various charity programs;	To comply fully with the COA recommendations	ABD  Gaming Technology Department (GTD)  Treasury Department (TD)	May 1, 2024	September 30, 2024	Fully implemented		The ABD will strictly comply with Section 6(A) of RA No. 1169 on the immediate transfer of cash from forfeited prizes to Charity Fund to ensure that PCSO has available funds for various charity programs.	Nov. 11, 2024	Fully Implemented	May 1, 2024	May 1, 2024	Transfer of cash was recorded under GJ No. 24020221 dated February 29, 2024
		b) Direct the TD to transfer cash from CF account to PF account amounting to P10.908 million pertaining to the overstatement of the forfeited prizes;			May 1, 2024	September 30, 2024	Fully implemented		The amount of P10.908 million has already been deducted from the funds transferred to the Charity Fund for the forfeited prizes from January to March 2024. The fund transfer was recorded on August 31, 2024, under JEV No. 24081738.	Nov. 11, 2024	Fully implemented	Aug. 31, 2024	Aug. 31, 2024	Transfer of cash was recorded under GJ No. 24081738 dated August 31, 2024
		c) Direct the ABD to effect the necessary adjustments in the books to correct the overstatement of the Cash-in-Bank-CF account and RE-CF account both by 10.908 million and the understatement of Cash-in-Bank-PF			May 1, 2024	September 30, 2024	Fully implemented		ABD has adhered to the COA's recommendation and recorded the adjustment entries under GJ Nos. 24030439 and 24030555 on March 31, 2024 amounting to P10,908,360.00	Nov. 11, 2024	Fully implemented	May 1, 2024	May 1, 2024	Adjustment were drawn under GJ No. 24030439/24030555 dated March 31, 2024



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	million as at December 31, 2023, contrary to Section 6(A) of Republic Act No. 1169, as amended, and Paragraph 15 of the Philippine Accounting Standard 1.	account and Accounts Payable-Miscellaneous-PF also both by P10.908 million; and,  d) See to it that measures are in place both in DCD and ABD to ensure the correctness and completeness of data on forfeited prizes.			May 1, 2024	September 30, 2024	Fully implemented		The ABD instructing the DCD through meeting to correct and strictly follow the existing internal controls and policies and always exercise due diligence to ensure the accurate preparation and on-time submission of all DCD reports.	Nov. 11, 2024	Fully implemented	May 8, 2024	May 8, 2024	
2023 AAR AO No. 4, p. 117	The fair presentation of the Accounts Payable (AP) totaling P10.052 billion as at December 31, 2023 could not be ascertained due to: (a) Non-maintenance of Subsidiary Ledger for each payee/creditor to support the General Ledger balances of the AP-Miscellaneous accounts amounting to P8.758 billion; (b) Discrepancies between the	Direct the concerned ABD personnel to:  a) Prepare SL per payee/creditor to support the balance of AP-Miscellaneous accounts totaling P8.758 billion and to reflect the correct balance of outstanding payable per payee/creditor;  b) Analyze and determine the causes of the discrepancies totaling P332.399	To comply with COA recommendations	ABD	January 1, 2023	Ongoing	Not implemented		There were already adjustments made and presented during the Exit Conference.  The ABD is diligently exerting effort to establish individual SL (per payee/creditor) to support the GL balances.	Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD.
					January 1, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD.



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	balances per PCSO books and the supporting schedules of the AP accounts in total amount of P332.399 million; (c) Existence of long outstanding payables in the total amount of P3.367 billion; and (d) Existence of abnormal/debit balances of AP accounts in the total amount of P88.120 million, contrary to Paragraph 15 of the Philippine Accounting Standard 1.	million between the balances of PCSO books and the supporting schedules, and prepare the necessary adjusting entries;  c) Verify the validity of the long outstanding AP totaling P3.367 billion and prepare the necessary adjusting entries; and  d) Analyze the abnormal/debit balances of the AP accounts in total amount of P88.120 million and book up the necessary adjusting entries.			January 1, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD.
					January 1, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD.
2023 AAR AO No. 5, p. 125	The faithful representation in the financial statements of the balance of the Accounts Receivable (AR) with a carrying amount of P4.293 billion as at December 31, 2023 cannot be ascertained in view of (a) Unreconciled	Direct the concerned personnel of the ABD and BOS to:  a) Conduct a thorough examination to determine the causes of the unreconciled balance of P389.732 million and P(2.389)	For compliance with COA recommendations	ABD  Branch Operations Sector (BOS)	January 1, 2023	Ongoing	Not implemented		A Reconciliation Team has been created to address the issue of discrepancies on the AR balances between GL and SL balances, as well as the Schedule of AR Balances with Aging.	Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD



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	balances of AR in the General Ledger and the Subsidiary Ledger or the Schedule of AR with Aging report amounting to P389.732 million and P(2.389) million, respectively, (b) two (2) AR sub-accounts had abnormal (credit) balances amounting to P(1.610) million, (c) three (3) AR sub-accounts were not provided with allowance for impairment loss and (d) the accounting policy of PCSO on the age classification of outstanding receivables was not uniformly adopted and applied contrary to Paragraph 15 of the Philippine Accounting Standard (PAS) No. 1, Paragraph 9 of PAS No. 36 and Paragraph 5.5.15 (a) of the Philippine Financial Reporting Standards No. 9 on the Expected Credit Loss model.	million, respectively, between AR balance per GL and the SL/Schedule of AR with Aging Report and make the necessary adjustments duly supported with reliable financial records;  b) Effect the necessary adjusting entries on the abnormal (credit) balances totaling P1.610 million which pertained to prior years' errors in posting.  c) Ensure that the allowance for impairment loss on all financial assets that are already past due for two to three years and onwards is provided in compliance with Paragraph 9 of PAS No. 36 and is uniformly adopted and applied by the ABD and BOS, and uniformly			January 1, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD
					January 1, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	Jan. 1, 2023	Ongoing	Ongoing reconciliation by ABD



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		adopt the PCSO accounting policy on the age classification of outstanding receivables to ensure reliability in the measurement of impairment loss allowances for financial assets.												
2023 AAR AO No. 6, p. 130	The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account with a carrying amount of P5.859 billion as at December 31, 2023, excluding Land and Other Land Improvements accounts was not established due to unaccounted discrepancy of P130.413 million and P207.396 million, respectively, when compared with the balance per Lapsing Schedules/PPE Ledger Cards and the Report on the Physical Count of PPE of the Head Office and various	Direct the concerned ABD personnel to:	To comply with COA recommendations	ABD Assets and Supply Management Department (ASMD)	August 13, 2023	Ongoing	Not implemented		On August 13, 2024, the PCSO established the Inventory Committee (IC) to oversee all activities related to the one-time cleansing of PPE. General Manager Melquiades A. Robles approved the Physical Inventory Plan (PIP) based on the IC's recommendation. The committee has been conducting a physical inventory of PPE at the head office and various branches. As of November 5, 2024, the inventory process is scheduled to be completed by the end of November 2024, in	Nov. 11, 2024	Not Implemented	August 13, 2023	Ongoing	Ongoing Physical count and Reconciliation
		a) Conduct an immediate reconciliation of the balances of the items of PPE per books with the balances in the corresponding lapsing schedules/PPELCs to determine the causes of the discrepancy of P130.413 million as at December 31, 2023;  b) Coordinate with the concerned ASMD personnel and conduct immediate reconciliation of the balances of the items of PPE per books with the			August 13, 2023	Ongoing	Not implemented			Nov. 11, 2024	Not Implemented	August 13, 2023	Ongoing	Ongoing Physical count and Reconciliation



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	Branch Offices, thus affecting the fair presentation of the balance of the account in the Financial Statements contrary to Paragraph 15 of the Philippine Accounting Standard No. 1 and Section 6.3 of COA Circular No. 2020-006 dated January 31, 2021.	balances per RPCPPE as at December 31, 2023 in order to determine the causes of the discrepancy of P207.396 million and conduct an investigation considering the balance per book is greater than actual physical count which may indicate missing items of PPE; and  c) Effect the necessary adjustments in the books or corrections in the lapsing schedule and RPCPPE to arrive at reconciled balances.			August 13, 2023	Ongoing	Not implemented		accordance with the PCSO's PIP.	Nov. 11, 2024	Not Implemented	August 13, 2023	Ongoing	No adjusting entries were prepared yet
2023 AAR AO No. 7, p. 130	The accounts Leased Assets, Buildings and Other Structures, Finance Lease Payable, Depreciation Expense, Accumulated Depreciation, Interest Expense and Interest Payable were understated by	Direct the concerned ABD personnel to effect the necessary adjusting journal entries to correct the understatement of the accounts Leased Assets, Buildings and Other Structures, Finance Lease Payable, Interest Expense, Interest	For compliance with COA recommendation	ABD	June 5, 2024	July 31, 2024	Fully implemented		Corrected and taken in the books on June 10, 2024.	Nov. 11, 2024	Fully implemented	June 10, 2024	June 10, 2024	Adjustment drawn under JEV Nos. 24061157 to 24061159



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	P0.634 million, P0.634 million, P95,959, P95,959, P356,156 and P356,156, respectively, thus, affecting the fair presentation of these accounts in the financial statements due to misapplication of the Philippine Financial Reporting Standard No. 16 for the lease of GSIS Pasig Central Business Park Warehouse Office Complex.	Payable, Depreciation Expense and Accumulated Depreciation in the amount of P0.634 million, P0.634 million, P356,156, P356,156, P95,959 and P95,959, respectively.												
2023 AAR AO No. 8, p. 140	Finance Lease Payable was not properly classified and presented as Current and Non-Current Liabilities in the Statement of Financial Position as at December 31, 2023 contrary to Paragraphs 60 and 69 of the Philippine Accounting Standard No. 1 on the Presentation of Financial Statements.	Instruct ABD to properly 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.	For compliance with COA recommendation	ABD	June 5, 2024	July 31, 2024	Fully implemented		Corrected and taken in the General Journal with JEV No. 24061160 dated June 10, 2024 amounting to P1,044,352,310.16.	Nov. 11, 2024	Fully implemented	June 10, 2024	June 10, 2024	Adjustment drawn under JEV No. 24061160 dated June 10, 2024 amounting to P1,044,352,310.16.



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2023 AAR AO No. 9, p. 140	The faithful representation in the financial statements of the balance of the Play/Bet Slips and Thermal Rolls Supplies Inventories account in the amount of P59.348 million as at December 31, 2023, could not be ascertained contrary to Paragraph 15 of the Philippine Accounting Standard 1 due to the: (a) unaccounted discrepancy of P36.342 million between the balances per General Ledger and the Report on the Physical Count of Inventories (RPCI) in Luzon; and (b) absence of RPCI and Report of Supplies and Materials Issued for the supplies inventories for Visayas and Mindanao and Printing Materials amounting to P6.715 million and P360,305.02, respectively.	Require ABD and ASMD personnel to:	PCSO will comply with COA recommendations	ABD  ASMD	June 1, 2024	Ongoing	Not implemented		The ABD has conducted the reconciliation of P36.342 million discrepancies on the supplies inventory account. Various adjustments were also made to correct the errors made on the account, resulting to a discrepancy of P7.792 million.	Nov. 11, 2024	Not Implemented	June 1, 2024	Ongoing	Partial Adjustments were made under JEV Nos. 24061163 to 24061165.
		a) Fast tract the verification/reconciliation of records/documents for the discrepancy of P36.342 million between the GL and RPCI for Luzon and prepare the necessary adjustments or corrections in the books; and  b) Submit to the Audit Team the RPCI of Play/Bet Slips and Thermal Rolls for VISMIN and Printing Materials for Lotto with book balances of P6.715 million and P360,305.02, respectively, to determine the existence and correctness of their reported balances.			June 1, 2024	December 31, 2024	Not implemented		To date, ASMD has not submitted any reports for the RPCI of Play/Bet Slips and Thermal Rolls for VISMIN for the CY2023.	Nov. 11, 2024	Not Implemented	June 1, 2024	Ongoing	No reports were submitted



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2023 AAR AO No. 10, p. 144	The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P20.382 billion as at December 31, 2023 could not be established due various long outstanding book reconciling items totaling P19.669 million that remained unadjusted as at year-end due to absence of supporting documents and closed bank accounts still having outstanding balances in the books amounting to P3.304 million and P(1.019) million, respectively, contrary to Paragraph 15 of Philippine Accounting Standard No. 1 and Qualitative Characteristic No. 12 of the Conceptual Framework for General Purpose Financial Reporting.	Direct the concerned Accounting personnel to:	For the ABD to fast track identification and verification of previous year's book reconciling items and effect the necessary adjusting entries	ABD  Legal Department (LD)	January 1, 2023	Ongoing	Not implemented		The ABD has again significantly addressed some long outstanding book reconciling items and caused a reduction in numbers of reconciling items.	Nov. 11, 2024	Not Implemented	Jan. 1, 2023	Ongoing	PCSO submitted updated bank reconciliation statement to support reduction of long outstanding book reconciling items.
		a) Continue the verification of the long-outstanding book reconciling items of each bank account, thereafter, effect the necessary adjustments supported with complete documents so that the balances of the affected Cash and Cash Equivalents account in the total amount of P20.382 billion shall be presented faithfully in the financial statements as at December 31, 2023;			January 1, 2023	Ongoing	Not implemented		Updates on the 2 PNB accounts:  One account is already closed as of April 30, 2024 the reconciliation of which was presented during the Exit Conference.	Nov. 11, 2024	Not Implemented	Jan. 1, 2023	Ongoing	No adjustments were prepared yet
		b) Effect the necessary adjusting entries, after a through verification of the book reconciling items, in order to correct the balances of the closed/dormant accounts in the amount of P3.304												



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		million and P(1.019) million, respectively; and  c) Intensify the efforts in coordinating with the corresponding depository banks to clear out the details of the bank reconciling items with regard to the remittances not reflected in the bank statements amounting to P2.288 million.			January 1, 2023	Ongoing	Not implemented		On the other hand, there were series of communication between PCSO and PNB re: the remaining account.  Treasury Department is waiting for the letter from the Legal Department to respond to the PNB Letter.	Nov. 11, 2024	Not Implemented	Jan. 1, 2023	Ongoing	Still awaiting for the resolution of the communication from the depository bank
2023 AAR AO No. 11, p.147	The validity and accuracy of the reported net sales totaling P80.558 billion for the Calendar Years' 2021 to 2023 was not established due to cancelled sales totaling P367.207 million for the same period, which were not validated caused by the inadequate internal control procedures on the accounting, monitoring and validating the canceled sales of lotto tickets. Likewise, the 2019 Game Rules and Regulations on the	a) Update the Game Rules and Regulations for lotto and digit games to clearly define conditions of a valid cancelation of tickets and this should be captured by the system accordingly;  b) Enhance the existing internal control policy and adopt measures that will ensure the accuracy, validity and reliability of the reported canceled sales to address	To comply with COA recommendations	Gaming, Product Development and Marketing Sector (GPDM S)  BOS  ABD	October 23, 2023	October 23, 2023	Fully implemented		While there is no final report yet of the actual amount of cancelled ticket sales there is, the cancellation mechanism of the lotto machines is not yet lifted to ensure that no cancellation can be made.	Nov.11 2024	Fully Implemented	Oct, 2023	June, 2024	Audit recommendations were overturned by the PCSO decision to implement no cancelation of ticket policy.
					October 23, 2023	October 23, 2023	Fully implemented			Nov.11 2024	Fully Implemented	Oct, 2023	June, 2024	



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	cancellation of sales of Lotto and Digit games which allows lotto agents to initiate cancelation of valid tickets of significant amounts has exposed the Agency to a material loss of funds. Hence, not in adherence to the policy of the State that government funds and property should be fully protected and conserved under Section 2 of Presidential Decree No. 1445 dated June 11, 1973, as amended.	c) Conduct deeper investigation to determine the cause/s of the large amount of canceled lotto tickets and if warranted, undertake appropriate legal and/or administrative charges against those responsible of the irregularities.			October 23, 2023	October 23, 2023	Fully implemented			Nov.11 2024	Fully Implemented	Oct, 2023	June, 2024	
2023 AAR AO No. 12, p. 154	The non-submission of the detailed monthly Prizes and Winners Summary Report for calendar years (CY) 2018 to 2023, the delay in the submission of the monthly Inventory and Sales Report, and the incomplete submission of the Production Report and its supporting documents by the Powerball Marketing and Logistic Corporation (PMLC) for CYs 2022 and	a) Require the PMLC to submit the PWS Reports pertaining to the five-year contract with PCSO from CY 2018 to CY 2023, including the details such as the number of winners per game variant and the amount of winnings. Henceforth, we recommend the timely submission of the monthly reports required under the	To comply with COA recommendations	Product and Standard Development Department (PSDD) ABD	June 4, 2024	October 30, 2024	Fully implemented		PSDD has submitted the required documents on July 9, 2024 Memorandum to COA.	Nov.11 2024	Fully Implemented	Jul. 10, 2024	Jul. 10, 2024	



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	2023, and the lack of written approval of the PCSO on the production of 2 million tickets of Go for Gold 50 game variant constitute non-compliance of PMLC with Sections 31(b), 34, and 41 of the 2017 Revised Implementing Rules and Regulations (RIRR) for Instant Sweepstakes Program (ISP) and Section 7 of the Memorandum of Agreement between PCSO and PMLC, and inadequate program monitoring by PCSO contrary to Section 47 of the 2017 RIRR for ISP .	approved guidelines for ISP;			June 4, 2024	October 30, 2024	Fully implemented			Nov.11 2024	Fully Implemented	Jul. 10, 2024	Jul. 10, 2024	No sanctions or remedies will be imposed on PMLC, as per the Legal Opinion issued by Legal Department. The non-compliance found by the COA is not quantifiable in character which would
		b) Require the PMLC to submit the Production Reports including its complete supporting documents pertaining to the production/re-printing of the 18 million IS tickets in CY 2022;			June 4, 2024	October 30, 2024	Fully implemented			Nov. 11, 2024	Fully Implemented	Jul. 10, 2024	Jul. 10, 2024	
		c) Require ISAC the strict compliance on the approval of PCSO before the production of IS tickets; and,			June 4, 2024	October 30, 2024	Fully implemented			Nov. 11, 2024	Fully implemented	Oct. 17, 2024	Oct. 17, 2024	
		d) Impose the sanctions or remedies available in the 2017 RIRR for ISP and the MOA between PCSO and PMLC for the above stated non-compliance of PMLC.												



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														warrant the forfeiture of the cash bond of PMLC. Per inquiry with management, Legal opinion dated October 17, 2024 by Atty. Leah Christine Jimenez - PCSO should refund the cash bond of PMLC in full.
2023 AAR AO No. 13, p. 160	The payment of Lottery Draw Service Pay in the amount of P1.095 million to the Members of the Board of Directors who served as Lottery Business Operations Head in the PCSO Lottery Draws for Calendar Year 2023 lacks the necessary approval from the Governance Commission for GOCCs and the Office of the President contrary to Section 23 of the Republic Act No.	a) Secure the approval of the GCG and the Office of the President of BR No. 0147 series of 2022 granting the lottery draw service pay to the Members of the Board of Directors in strict compliance with RA No. 10149 and Section 8 of EO No. 24 to support the payment of the lotto draw service pay of P1.095 million to the Board of	That the ABD considers the COA recommendations with regards to the Lotto Draw Service Pay of the members of the Board of Directors	ABD	April 11, 2024	Ongoing	Not implemented			Nov. 11, 2024	Not implemented	April 11, 2024	Ongoing	The Office of the President responded through a letter dated 14 March 2024 endorsing PCSO's request to the Governance Commission for GOCC's (GCG); PCSO is awaiting for GCG's response



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	10149 or the "GOCC Governance Act of 2011" and Section 8, of Executive Order No. 24 dated February 10, 2011.	b) Refrain from paying Lottery Draw Service Pay to the Members of the Board of Directors, in the absence of a legal basis; and  c) Ensure that the compensation structure for the members of the Board of Directors remain limited to the Per Diems and Performance-Based Incentives as duly provided under Section 8 of EO No. 24 dated February 10, 2011.			April, 2024	May 2024	Fully implemented		The PCSO already excluded the Board of Directors from attending and participating in the Lottery Draw proceedings.	Nov. 11, 2024	Fully implemented	April 2024	May 2024	
					April, 2024	May 2024	Fully implemented		The Management ensure that the compensation structure for the members of the Board of Directors remain limited to the Per Diems and Performance-Based Incentives as duly provided under Section 8 of E. O. 24 dated February 10, 2011.	Nov. 11, 2024	Fully Implemented	April 2024	May 2024	
2023 AAR AO No. 14, p. 162	Disbursements of the cash advances of the Accountable Officer for the payment of Lotto Draw Service Fee for the period June 28, 2023 to September 21, 2023 totaling P13.865 million were assigned to various personnel from the	Direct the concerned Accountable Officer and the Treasury Department to stop the practice of transferring cash advance from one AO to another and ensure that only duly appointed or designated disbursing officers perform the disbursing function as	That the Treasury Department (TD) will comply with the recommendation	ABD TD	March 1, 2024	June 30, 2024	Fully implemented		Per Treasury Department, this has been complied with as of April 15, 2024, when approval of newly recommended TD Paymasters is sought from the General Manager and the corresponding	Nov. 11, 2024	Fully implemented	Mar. 1, 2024	June 30, 2024	



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	Treasury Department contrary to Sections 4.1.5 and 4.1.6 of COA Circular No. 97-002 dated February 10, 1997.	required under COA Circular No. 97-002 dated February 10, 1997.							fidelity bonds are processed.  The Treasury Department has submitted its response to COA's recommendation with complete documentation, through a Memo dated June 25, 2024. Attached herewith is a copy (see Annex A) of the said memo with documentation from TD as furnished to the ABD.					
2023 AAR AO No. 15, p. 163	The cash advances granted to Accountable Officer in the amount of P16.815 million for the payment of Draw Service Fee for the period June 28, 2023 to September 21, 2023 was not equal to the net amount of the payroll for the same period in the amount of P13.865 million, contrary to Section 4.2.1 of COA Circular No. 97-002 dated February 10, 1997.	Direct the concerned officials and employees of the ABD and the Treasury Department to grant cash advances for the payroll of Lottery Draw Service Fee equal to the net amount of the payroll for a pay period in strict compliance with Section 4.2.1 of COA Circular No. 97-002 dated February 10, 1997.	That the TD will discuss with concerned staff and Managers of HRD, ABD, and GTD and eventually comply with the recommendation	ABD  TD  Human Resources Department (HRD)  Gaming Technology Department (GTG)	Mar. 1, 2024	April 30, 2024	Fully implemented		Per Treasury Department, this has been complied with a of April 15, 2024, as a concerned Offices/Departments discussed the proper preparation of payroll for Lottery Draw Service Fee.	Nov. 11, 2024	Fully implemented	Mar. 1, 2024	April 30, 2024	



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2023 AAR AO No. 16, p. 164	Upon ceasing to act as an accountable officer (AO), the Report of Accountability of the AO was not submitted to the Office of the Auditor which precluded the Audit Team to examine her accounts before she was relieved from her accountability contrary to COA Memorandum No. 2013-004 dated July 9, 2013 and Section 80 of Presidential Decree No. 1445.	Strictly comply with the provisions of COA Memorandum No. 2013-004 dated July 9, 2013 or the Revised Cash Examination Manual and Section 80 of PD 1445 on the submission of the Report of Accountability by the concerned AO upon ceasing to act as an accountable officer.	To cause the submission of the Report of Accountability by the concerned Accountable Officer upon ceasing to act as an accountable officer	ABD	March 1, 2024	April 30, 2024	Fully implemented		Submitted the Report of Accountability of Ms. Balangue on April 5, 2023.	Nov. 11, 2024	Fully Implemented	June 27, 2024	June 27, 2024	
2023 AAR AO No. 17, p. 165	The handling, custody and disposition of the Petty Cash Fund (PCF) granted to the AO, designated as Petty Cash Fund Custodian (PCFC) , amounting to P2.674 million for the period February 7, 2023 to September 25, 2023 were being done by non-permanent employees who were not designated as PCFC, contrary to Sections 4.1.4, 4.1.5, and 4.1.6 of COA Circular No. 97-002.	Ensure that the duly designated PCFC, shall perform the disbursing functions. He/she shall be responsible for the proper handling, custody and disposition of the PCF and the proper recording and accounting thereof. Transfer of his PCF to another is strictly prohibited under Section 4.1.6 of COA Circular No. 97-002.	To fully comply with COA recommendation.	ABD	March 1, 2024	April 30, 2024	Fully implemented		For close monitoring of its implementation.	Nov. 11, 2024	Fully implemented	May 30, 2024	May 30, 2024	



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2023 AAR AO No. 18, p. 166	Replenishment of Petty Cash Fund as soon as disbursements therefrom reaches 75% was not observed by the Accountable Officer, contrary to Section 1.2 of COA Circular No. 2012-001.	PCF be replenished as soon as disbursements thereof reaches 75% or as needed in compliance with Section 1.2 of COA Circular No. 2012-001.	To fully comply with COA recommen- dation.	ABD	March 1, 2024	April 30, 2024	Fully implemented		PCF Custodians are instructed to abide by the rules on PCF replenishment from time to time.	Nov. 11, 2024	Fully implemented	March 25, 2024	March 25, 2024	
2023 AAR AO No. 19, p. 167	Excessive Petty Cash Fund (PCF) amounting to P100,000.00 were granted to Accountable Officer when her monthly disbursements ranges only from P8,000.00- P36,000.00 or an average of P20,000.00 per month contrary to Sections 1.1.2 and 1.2 of COA Circular 2012-001; thus, a considerable amount of cash remained in the possession of the Petty Cash Fund Custodian, exposing it to the risk of losses or misused.	Reduce the amount of PCF from P100,000.00 to P50,000.00 based on the historical data on the average monthly disbursements charged to the PCF.	To fully comply with COA recommen- dation.	ABD	March 1, 2024	April 30, 2024	Fully implemented		PCF monitoring is done regularly to avoid excessive PCF.	Nov. 11, 2024	Fully implemented	Jul. 02, 2024	Jul. 02, 2024	



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2023 AAR AO No. 20, p. 169	The correctness of the amount attributable to Gender and Development (GAD) as shown in the GAD Accomplishment Report totaling P3.663 billion could not be ascertained due to the inconsistencies of the amount of the Annual Program Expenditure (APE) with the accounting records and the supporting schedules, the incomplete documentations to support the APE and the erroneous computation of the Harmonized Gender and Development Guidelines Project Implementation and Management, and Monitoring and Evaluation score, contrary to Sections 1.6.2 and 1.6.3 of the Philippine Commission on Women Memorandum Circular No. 2023-05 dated December 19, 2023.	Instruct the GFPS to effect the necessary adjustments in the GAD AR, specifically, the APE and the HGDG PIMME scores to reflect the correct amount of expenditures attributable to GAD duly supported with complete documentation.	To fully comply with COA recommendation.	GAD Focal Person	June 10, 2024	October 30, 2024	Fully implemented		The COA appreciated the actions/responses/ accomplishments made by PCSO GAD through the Focal Person	Nov. 11, 2024	Fully implemented	Jul. 08, 2024	Jul. 08, 2024	



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Prior Year's Audit Recommendations:														
2022 AAR AO No. 3, p. 96-102	The amount billed to and collected by PCSO from the Instant Sweepstakes Authorized Corporation pertaining to the PCSO guaranteed share, Documentary Stamp Tax and Prize Fund Tax for the remaining six months of its operation was short by P76.661 million due to the understatement of the guaranteed sales by P276.804 million, contrary to Section 58 of the Implementing Rules and Regulations for Instant Sweepstakes Program	Management direct ABD personnel to:	To comply with COA recommendations	Product and Standard Development Department (PSDD)  ABD	May 1, 2023	October 31, 2024	Fully implemented		Based on the Legal Opinion from Legal Department on the issue on the computation of the guaranteed sales, it is clear that the MOA between the PCSO and PMLC is for a Five Billion Pesos guaranteed sales of instant sweepstakes tickets for a period of five (5) years, for which PCSO's guaranteed shares is in the total amount of P650,000,000.00.	Nov. 11, 2024	Fully implemented	Oct. 17, 2024	Oct. 17, 2024	
		a) Prepare an adjusting entry to correct the understatement of the guaranteed sales recorded in December 2022 amounting to P46.134 million, and the understatement of the guaranteed sales recorded for January to May 2023 totaling P230.670 million; and  b) Bill the ISAC, and accordingly collect therefrom, the amount of the understatement of the PCSO guaranteed share and the payments for DST and PFT, totaling P76.661 million.			May 1, 2023	October 31, 2024	Fully implemented		While the second sentence of Section 11 of the 2017 RIRR18 states that the ISAC guarantees a total sale of Instant Sweepstakes tickets of Five Billion Pesos for a period of five (5) years or One Billion Pesos per year at no cost to PCSO, the phrase "or One Billion Pesos per year" should be interpreted in relation to the	Nov. 11, 2024	Fully implemented	Oct. 17, 2024	Oct. 17, 2024	



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									payment of the DST and PFT for the year and not for the purpose of increasing the total amount of the guaranteed sales in case the actual sales in any given year, is more than One Billion Pesos.  Generally, the word "or" is understood to denote an alternative between two options. However, while "or" implies an option, it is essential to consider how it relates to the main purpose or consideration for which the MOA was executed and that is, for Five Billion guaranteed sales of instant sweepstakes tickets for five (5) years.					



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2022 AAR AO No. 10, p. 130-132	The validity and reliability of the Miscellaneous Payable-Congressional Claims (STL) account as of December 31, 2022, amounting to P156.951 million could not be established due to (a) the long outstanding claims by the Congressional Districts (CD) from the STL Charity Fund, and (b) the non-maintenance of Subsidiary Ledgers to support the General Ledger balance of the account with details of the amount due each CD, contrary to Paragraph 15 of Philippine Accounting Standard 1 and Sections 111 and 114 (2) of Presidential Decree No. 1445.	a) Conduct an assessment on the validity of the long outstanding MPCC Claims and accordingly make the necessary adjustments in the books of accounts.	ABD is coordinating with the BOS for the validation of the long outstanding MPCC account	ABD  BOS	May 31, 2023	Ongoing	Not implemented		The Branch Operations Sector (BOS) has instructed the Branches to submit reports/documents pertaining to MPCC (STL), among others, to the Branch Accounting Division of the ABD, who in turn, forwards such to the General Accounting Division for reference in the reconciliation of account balances of Head Office and Branches.  The Branch Operations Sector (BOS) has yet to provide the ABD with confirmation that the Congressional Districts are no longer interested in claiming the said shares for proper reversal of the liability accounts.	Nov. 22, 2024	Not implemented	May 31, 2023	Ongoing	No documents/report were submitted yet
						Nov. 22, 2024				May 31, 2023		Ongoing	-do-	



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2022 AAR AO No. 12, p. 135-138	The expenses recorded under the Prize Fund of Small Town Lottery totaling P14.370 billion for calendar year 2022 were not duly supported with documents required under Section 18 (f.ii and f.iii) of the 2020 Revised Implementing Rules and Regulations for STL, constituting non-conformance with Section 4(6) of Presidential Decree No. 1445	a) Require the ABD to submit the summary of all prizes and winnings paid and charged against the Prize Fund and the summary of the payroll and/or commissions paid to sales representatives.	To be handled by the BOS and ABD	ABD  Branch Operations Sector (BOS)	-	-	Not implemented		Recorded expenses arising from STL Prize Fund are supported with the following documents:	Nov.22 , 2024	Not implemented	-	-	AACs were submitting the summary of all prizes and winnings and list of commission paid to sales representatives, but these reports were mostly in softcopies and submitted to PCSO thru e-mail only. Also we noted that not all the subject reports submitted by AACs were signed by the authorized signatory.
		b) Require the AAC to issue Official Receipt pertaining to the commission from STL Operations paid by PCSO and use it as an attachment to the recorded Agent's			-	-	Not implemented		a) Prize Fund Utilization Report (The Prize Fund Utilization Report is part of the year-end reports and schedules submitted by the BOS to COA on March 10, 2023)  b) Monthly Alphalist for the Sales Force Commission  c) Monthly Alphalist for the Agent's Commission			-	-	



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		Commission Expense.  c) Ensure that the recorded expenses charged to STL Prize Fund are supported with complete documents evidencing the disbursement of fund.			-	-	Not implemented		<ul style="list-style-type: none"><li>ABD will send soft copies of the monthly Alphalist of the Sales Force Commission and the Agent's Commission for CY 2022.</li><li>PCSO agrees with the COA that STL AACs should issue corresponding Official Receipts for the agent's commissions. Hence, starting September 2024, STL AACs already issued Official Receipt for their commissions on a daily basis.</li></ul>	Nov.22 2024	Not implemented	-	-	Commission from PCSO  No documents/ reports were submitted yet
2022 AAR AO No. 13, p. 138-142	Deficiencies were noted in the grant and releases of the Small Town Lottery Charity Fund Share granted to the Philippine National Police (PNP) and the National Bureau of Investigation (NBI) amounting to P619.618 million in CYs 2017-2022 and P119.863 million in CYs 2019-2022, respectively, thus,	For the STL Charity Fund Share granted to PNP and NBI amounting to P619.618 million in CYs 2017-2022 and P119.863 million in CYs 2019-2022, respectively, Require the immediate submission of the Fund Utilization Reports, otherwise, enforce the remedies provided in the MOA,	For strict monitoring of the releases and utilization of the STL Charity Fund Share by PNP and NBI	Branch Operations Sector (BOS)  Accounting and Budget Management (ABD)	May 31, 2023	Ongoing	Not implemented		As at date, No Fund Utilization Reports are yet to be submitted by the PNP and NBI.  However, the Agency has caused to stop the processing of the STL Charity Fund Shares for NBI, PNP, LGU/Municipality and Provinces, and withhold all checks	Nov. 2s 2, 2024	Not implemented	May 31, 2024	Ongoing	As at validation date, Fund Utilization Reports are yet to be submitted by the PNP and NBI.



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	<p>affecting the evaluation and monitoring of the proper utilization and complete documentation of the funds</p> <p>a) The lack of clear provisions in the MOA on the monitoring of the STL Charity Fund Shares granted to PNP and NBI, and the lack of proper dissemination of the copies of the MOA to the concerned PCSO departments resulted in the continuous release of the STL Charity Fund Share to PNP and NBI despite the absence of Fund Utilization Reports from the date of the execution of the MOA; and</p> <p>b) The rate of the PNP STL Charity Fund Share provided in the MOA was</p>			Legal Department (LD)					for disbursements to the mentioned beneficiaries, pending approval from the Office of the President, of the itemized STL Revenue Allocation. The last remittance from the PCSO Head Office was released in October 2023.					



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	still the old rate of 2.50 percent, instead of the new rate of 0.50 percent as approved per Board Resolution No. 0178 series 2020.													
2022 AAR AO No. 14, p. 142-145	Lotto and Small Town Lottery Charity fund shares granted to 13 out of the 17 Local Government Units in the National Capital Region totaling P166.245 million for calendar years 2021 to 2022 were released despite the absence of Memorandum of Agreement (MOA) for the initial releases and Fund Utilization Reports for subsequent releases, thereby affecting the faithful adherence by the parties of their obligations under Executive Order 357-A series 1996, and the MOA, and the determination of the efficient and effective utilization of the fund.	Ensure Lotto and STL charity fund shares granted to LGUs are covered with MOA for initial releases and Fund Utilization Report for subsequent releases and that the remedies available therein for the non-compliance thereof are enforced. We also recommend that the receipt of the grant other than the collecting officer be supported by proper authority and government-issued ID, as required.	For compliance with COA recommen- dation	National Capital Region (NCR)  ABD  Legal Departm- ent (LD)	May 31, 2023	December 31, 2023	Fully implemented		PCSO shall continue releasing Lotto shares for LGU since the provision is covered under EO 357 & 357-A. Since this is mandatory under the said EO, PCSO shall not require the LGU for the submission of the Fund Utilization Report.  As for the monitoring of the utilization of the funds, the LGUs have their own resident COA auditors to examine the utilization of the funds.	Nov. 12 and 25, 2024	Not implemented	-	-	For STL, PCSO already stopped the granting of STL Charity Fund share to LGUs  For Lotto, PCSO explained that they will continue to release the Lotto LGU Shares since the provision is covered under EO 357 & 357-A. However, upon validation, there is still no revision on BR 0079, s. 2020 which



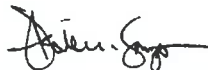
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														requires the MOA upon release of the LGU Shares.
2022 AAR AO No. 15, p. 145-149	Accomplishment and Liquidation Reports for the financial assistance under the Calamity Assistance Program (CAP) granted to 105 beneficiaries totaling P65.005 million and under the Financial Assistance for the Procurement of Medical Equipment Program (FAPMEP) granted to three beneficiaries amounting to P25.705 million were not submitted to PCSO, contrary to Item C(1) Section VI of the Revised Implementing Guidelines for CAP and the Memoranda of Agreement between PCSO and the beneficiaries, thus affecting the PCSO's verification on the proper utilization of the financial assistance. Likewise, two financial assistance grants under	Require the beneficiaries the immediate submission of liquidation reports under CAP and FAPMEP totaling P65.005 million and P25.705 million, respectively; and to submit complete liquidation documents for the partially liquidated financial assistance in the amount of P34.940 million, and/or cause the refund of any unutilized amount.	CAD in continuous coordination with concerned branches to aid them in communicating with the beneficiaries.	ABD  Charity Assistance Department (CAD)	May 31, 2023	Ongoing	Not implemented		Out of 105 beneficiaries, only 57 of the financial assistance under CAP remain unliquidated.  CAD continuously monitors all unliquidated grants under the CAP.  Coordination with concerned BOs for them to follow-up the liquidations was also done.  The Special Projects Division, CAD will prepare Letters of Reminder to the 57 beneficiaries with unliquidated assistance. A copy of the draft letter is hereto attached. (Annex I)  Follow-ups and coordination will be made by CAD to the concerned Branch	Nov. 18, 2024	Not implemented	-	-	57 of the financial assistance under CAP remain unliquidated out of the 105 beneficiaries.



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	FAPMEP amounting to P34.940 million were partially liquidated.								Offices via phone calls and emails thereafter.					

Prepared by:

Approved by:



COA Signed  
2024-11-26  
11:04:14

**NEPHTALI D. GONZAGA**  
OIC – Audit Team Leader  
Team 1 – Operating Fund



COA Signed  
2024-11-26  
11:18:04

**CELIA L. NAZARENO**  
Supervising Auditor

