

## STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of 16 audit recommendations embodied in the CY 2019 Annual Audit Report, 12 were fully implemented, one was partially implemented, two were not implemented, and one was reconsidered. The results of our evaluation of the implementations are shown in the following table:

| Reference                               | Audit  |   | Status/<br>Action Taken |
|---|--|---|-------------------------|
|   | Observations   | Recommendations   |                         |
| CY 2019 AAR, Observation No. 1, page 31 | The propriety and validity of the recorded collections in the Cash Receipt Journal (CRJ)/ Report of Collections and Deposits (RCD) amounting to P64.426 million and transactions in the General Journal (GJ) totalling to P117.396 million, cannot be ascertained due to improper and incomplete documentation, contrary to Sections 111 and 4(6), Presidential Decree (PD) No. 1445, thus, the transactions are not faithfully represented in the financial records. Also, the Journal Entry Voucher (JEV) form was not used/maintained to record the transactions, as required in paragraph 5.5(e) of COA Circular No. 2017-004 dated December 31, 2017. | Use and maintain the JEV form in recording transactions supported with complete and proper documentation to ensure their propriety, validity and faithful representation in the financial statements. | Fully implemented       |
| CY 2019 AAR, Observation No. 3, page 33 | Lack of proper monitoring and coordination with the lessees and the absence of provision in  | a. Determine the actual date Telecommunication company 1 and the coffee shop vacated  | Fully implemented       |

| Reference | Audit   |   | Status/<br>Action Taken |
|-----------|---|---|-------------------------|
|           | Observations  | Recommendations   |                         |
|           | the contract of lease (COL) on penalties for late payments to protect the interest of PDGCC, resulted in unpaid rentals and electric consumption amounting to P1.144 million and P189,791, respectively, thus, an opportunity loss to use the collection to fund necessary projects, programs and/or activities of PDGCC. | and turned-over the lease premises to PDGCC and collect the corresponding rentals and electric consumption by sending demand letter with statement of account;                          |                         |
|           |   | b. Coordinate with Telecommunication company 1 by sending formal letter on the disposition of telecommunication facility left on the roof deck of PDGCC;                                | Fully implemented       |
|           |   | c. Collect the two year unpaid rental and electric consumption of Telecommunication company 2 and evaluate if renewal of its lease contract will be feasible and advantageous to PDGCC; | Fully implemented       |
|           |   | d. Closely monitor the duration of all lease contracts/ agreements so as to timely execute the proper documentation in case of contract renewal; and                                    | Fully implemented       |
|           |   | e. When entering into contract of lease, include provision for penalties in case of default in payment and other provision necessary to protect the interest of PDGCC.                  | Fully implemented       |

| Reference                               | Audit  |   | Status/<br>Action Taken  |
|---|--|---|--|
|   | Observations   | Recommendations   |  |
| CY 2019 AAR, Observation No. 4, page 38 | The lease agreements entered into by PDGCC with various entities were not properly documented, contrary to Article 1358 of the Civil Code of the Philippines (CCP).  | Reduce in writing, lease exceeding P500.00, in accordance with Article 1358 of the Civil Code of the Philippines.   | Fully implemented  |
| CY 2019 AAR, Observation No. 5, page 39 | The Daily Time Records (DTRs) of the PDGCC staff were not properly documented, contrary to Sections 51 and 53, Rule XVI and Section 5, Rule XVII of the Omnibus Rules Implementing Book V of Executive Order No. 292 (Omnibus Rules on Leave), casting doubt on the veracity of the actual services rendered and salaries/wages paid to the employees. | <p>a. Require every employee to punch his/her timecard daily and record the coming in and out to/from work both in the morning and in the afternoon. In case of attendance to official activities outside the office, support the DTR with proof documenting the official business performed; and</p> <p>b. Strictly comply with the rules on filing and approval of applications for leave of absence.</p> | Fully implemented  |
| CY 2019 AAR, Observation No. 6, page 40 | The PDGCC Electrician possesses a Technical Education and Skills Development Authority (TESDA) National Certificate (NC) II Certificate that expired on September 30, 2019 and has no training relevant to his duty/functions.   | a. Require and assist the electrician to apply and undergo the competency assessment based on new competency standards and assessment tools conducted by the TESDA Accredited Competency Assessor to comply with the renewal requirements for NCII; and   | Not implemented<br><br>Management explained that the training was postponed due to the lockdown in the National Capital Region caused by the pandemic. |

| Reference                               | Audit  |   | Status/<br>Action Taken  |
|---|--|---|--|
|   | Observations   | Recommendations   |  |
|   |  | b. Send the electrician to relevant capacity building activities to strengthen his knowledge and skills in performing his assigned tasks.   | Not implemented<br><br>Management committed to comply prospectively. They will inquire from TESDA if there are online trainings for electrician. |
| CY 2019 AAR, Observation No. 7, page 41 | The taxes remitted to the Bureau of Internal Revenue (BIR) differ from the withheld amounts, resulting in net under remittance of P13,392; improper filing of BIR Form no. 1601-EQ, the Quarterly Remittance Return of Creditable Income Taxes Withheld (Expanded); and non-filing of BIR Forms No. 1702Q, the Quarterly Income Tax Returns for Corporations, Partnerships and Other Non-Individual Taxpayers, contrary to the Republic Act (RA) No. 8424, as amended. | a. Check the proper withholding and remittance of taxes to ensure the correctness of the amounts being remitted to the BIR; and<br><br>b. Strictly comply with BIR requirements in filing tax returns to avoid penalties. | Fully implemented<br><br><br><br>Fully implemented   |
| CY 2019 AAR, Observation No. 8, page 45 | The PDGCC has no designated focal person and has not created its user account in the Gender Mainstreaming Monitoring system (GMMS) as required in Item 2.1 of Philippine Commission on   | Designate a focal person and create PDGCC's user account in PCW's GMMS to comply with the requirements of online submission, review and endorsement of the succeeding years' GPB ARs and GAD Agenda.                      | Fully implemented<br><br>PDGCC's bookkeeper was designated as the GMMS Focal Person and the administrative                                       |

| Reference                               | Audit   |  | Status/<br>Action Taken   |
|---|---|--|---|
|   | Observations  | Recommendations  |   |
|   | Women (PCW) Memorandum Circular (MC) No. 2016-05, resulting in non-submission of the Gender and Development (GAD) Accomplishment Reports (ARs) for Fiscal Years 2016 and 2018, GAD Plan Budget for FY 2020 and GAD Agenda to PCW for review and approval.                 |  | officer as her alternate.<br><br>PDGCC registered in GMMS on December 16, 2020.   |
| CY 2015 AAR, Observation No. 4, page 24 | The year-end benefits granted by the Board of Directors to the PDGCC officials and employees exceeded the amount authorized by the President of the Philippines by P0.375 million in violation of Section 3(b)(5) of Executive Order (EO) No. 24 dated February 11, 2011. | Furnish the Audit Team with the prior approval of the President of the Philippines for the granting of the year-end cash gift of P20,000 as well as the Christmas grocery allowance granted to the members of the Board of Directors, members of the Administrative Committee, the PDGCC staff and contracted personnel to avoid disallowance. | Partially implemented<br><br>Only three out of 12 personnel have not refunded the excess payment.<br><br>The Management sent another billing letter to the persons concerned for the refund of the amounts given to them. |
| CY 2012 AAR, Observation No. 2, page 16 | Expired lease agreements  | Require the Office of the President for the renewal of the Lease Agreements including the terms and conditions on the use by COMELEC of the Ground Floor – Quadrant D, 7 <sup>th</sup> and 8 <sup>th</sup> floors of the PDGCC building.   | Reconsidered<br><br>PDGCC is not a party to the lease agreement.  |