

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of 32 audit recommendations submitted in the CY 2021 Annual Audit Report, 19 have been implemented, 12 are not implemented, and 13 have not been implemented. The details of the recommendations are provided in Part II of the Report. The details of the implementation of the recommendations are given in the following table:

Reference	Observation	Recommendations	Status
CY 2021	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
AAK	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
Observation	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
No 1, page 22	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

CY 2021	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
AAK	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
Observation	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:
No 2, page 31	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:	1. The following recommendations were submitted in the CY 2021 Annual Audit Report:

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of 32 audit recommendations embodied in the CY 2021 Annual Audit Report, 15 were implemented, four were reconsidered, and 13 were not implemented of which five recommendations were reiterated in Part II of this Report. The results of our evaluation of the implementations are shown in the following table:

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
CY 2021 AAR, Observation No. 1, page 29	Non-monitoring of a. collections received via bank deposits/credits resulted in delayed and non-issuance of Official Receipts (ORs) amounting to P46.111 million and P4.305 million, respectively, indicating an unsound internal control on the collection system, contrary to Sections 68(1) and 124 of Presidential Decree (PD) No. 1445, thereby exposing PDGCC to the risk of undetected errors and irregularities in the preparation of financial statements.	Strengthen PDGCC's internal control on collection system by:	
		i. Closely monitoring the collections received via bank deposits/credits;	Implemented
		ii. Regularly reminding the unit owners/tenants to immediately provide PDGCC with a copy of credit advice for payments made; and	Implemented
		iii. Immediately issuing OR for every receipt of payment of any nature pursuant to Section 68 (1) of PD No. 1445; and	Implemented
		b. Provide adequate supporting documents and detailed breakdown of all transactions recorded in the GJ.	Implemented
CY 2021 AAR, Observation No. 2, page 31	Deficiencies noted on various negotiated procurements:	a. Submit the following documents:	Implemented
	<u>Emergency Cases</u> The procurement of high voltage switchgear and replacement of busted	Procurement of high voltage switchgear • Invitation to submit bid/RFQ;	

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
	electrical distribution panel board through negotiated procurement (emergency cases) amounting to P6.152 million and P0.516 million, respectively, were not made strictly in accordance with the provisions of Republic Act (RA) No. 9184 and its Revised Implementing Rules and Regulations (RIRR).	<ul style="list-style-type: none"> • Mayor's Permit; • Income/Business Tax Return; • Omnibus Sworn Statement; • Supplier/Contractor submitted quotations; and • Performance Security. 	
	<u>Small Value</u> The procurement of various goods and services through small value procurement were not made strictly in accordance with the provisions of RA No. 9184 and its RIRR.	Procurement of electrical distribution panel board <ul style="list-style-type: none"> • Contract Agreement; • Notice of Award; and • Notice to Proceed. 	
	<u>Extension of service contracts</u> The grant of extension of contract for security and janitorial services was not in accordance with the conditional and procedural requirements provided under RA No. 9184 and its RIRR.	b. Strictly observe the procedures provided under Paragraph 2(b), Item V(D) of Annex "H" of the RIRR of RA No. 9184 on the procurement thru emergency cases, particularly in ascertaining the capabilities of the supplier/contractor;	Implemented
		c. Prospectively, require the contractor to submit performance security;	Implemented
		d. Impose appropriate liquidating damages for the delays in the performance of the agreement and timely monitor the implementation of the project;	Implemented
		e. Require the bidder to submit their PhilGEPS Registration Number or Certificate of Platinum Membership	Implemented

Reference	Observations	Audit		Status/ Action Taken
			Recommendations	
			and other eligibility documents;	
		f.	Strictly observe the posting requirements and issuance of RFQ to at least three suppliers as provided under the RIRR of RA No. 9184;	Implemented
		g.	Submit documents to support the grant of extension; and	Reconsidered The procurement activities for the extension of contract services were affected by the pandemic.
		h.	Strictly observe the conditional and procedural requirements provided under Appendix 24 of the RIRR of RA No. 9184.	Implemented
CY 2021 AAR, Observation No. 3, page 38	The non-formulation of Gender and Development (GAD) Plan and non-submission of GAD Plan and Budget (GPB) to oversight agencies of the PDGCC are contrary to Executive Order (EO) No. 273, Philippine Commission on Women (PCW) – National Economic and Development Authority (NEDA) – Department of Budget and Management (DBM) Joint Circular No. 2012-01 and COA Circular No. 2014-001, thus, GAD-related issues and concerns, if any, have not been	a.	Attend seminars and trainings on GAD for capacity building; and	All not implemented
		b.	Formulate annual GPB and submit the same together with the GAD Accomplishment Review to PCW for review and endorsement to DBM.	PDGCC employees are scheduled to attend a seminar on GAD Planning and Budgeting and Harmonized Gender and Development Guidelines in CY 2023.

Reference	Observations	Audit		Status/ Action Taken
		Recommendations		
	addressed.			
CY 2020 AAR, Observation No. 1, page 29	A total of 21.18 square meters was not included in the computation of assessment dues for the area occupied by the Bureau of the Treasury (BTr) and Office of the President of the Philippines (OP) due to miscalculation, contrary to Sections 4 (a) and (b), Part II of the Master Deed with Declaration of Restriction (MDDR), Section 1, Article V of the, Amended Bylaws of the PDGCC. Thus, each unit owner is not contributing to the maintenance and operating expenses based on proprietary interest.	a. Issue a Statement of Account to BTr and OP for the over/underbilled assessment dues for the current and prior years;		Not implemented
		b. Recognize in the books the over and underbilled assessment dues;		Not implemented
		c. Collect the assessment dues from OP on the underbilled portion for the current and prior years; and		Not implemented Recommendations a, b and c are reiterated with modifications in Observation No. 4, Part II of this Report.
		d. Observe proper review of the PDGCC transactions, particularly on assessment dues.		Reconsidered Same tenor as Recommendations a, b and c.
CY 2020 AAR, Observation No. 2, page 31	The Corporation bills and collects assessment dues, electricity and water consumption directly from the lessees/occupants of the unit owners which are outside of its mandate as stated in Section 4 (a) and (b), Part I of the MDDR, Section 1, Article V of the Amended Bylaws, Letter (k) of Articles of Incorporation, and contrary to Section 2 - Concepts and Pervasive Principles of PFRS for SE, resulting	a. Observe the limitations set forth in Section 4(a) and (b), Part II of the MDDR, Section 1, Article V of the Amended Bylaws and Letter (k) Articles of Incorporation by refraining from levying and collecting assessment dues, electricity and water consumption from the lessees of unit owners; and		All were reconsidered PDGCC became a party to the contract upon signing conforme in the MOA.
		b. Reclassify the receivables from the		

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
	in the misrepresentation of the Due from National Government Agencies (NGA) and Government Corporations (GC) accounts.	tenants/lessees of BTr and OP to receivables from BTr and OP.	
CY 2020 AAR, Observation No. 3, page 34	The Corporation is charging the unit owners/occupants on a monthly basis the amount of P60 per square unit area occupied based on Board Resolution No. 01, series of 2018, contrary to Section 1, Article V, Amended By-Laws of the Corporation resulting in Management's limited action on repair, rehabilitation, among others, on the aging building.	<p>a. Prepare a short-term, mid-term (three years), and long-term plan (at least five years), for repairs and maintenance of the building. The plan should be responsive to the requirements of the aging building;</p> <p>b. Based on the plan, prepare a budget of monthly expenses of the Corporation for maintenance and operating expenses; and</p> <p>c. Bill the unit owners in an amount that will raise the common fund to a balance equivalent to at least three months estimate of expenses of the Corporation on maintenance and operating expenses as provided in Section 1, Article V, Amended Bylaws of the Corporation.</p>	<p>Implemented</p> <p>Not implemented</p> <p>Not implemented</p>
CY 2020 AAR, Observation No. 5, page 37	Annual physical count of Inventories and Property and equipment (PE) accounts with balances of P237,851 and P10.724 million, respectively, were not conducted and lack	a. Maintain and update the Subsidiary Ledger, Property Card and PAR for each item of PE and ICS for semi-expendable inventories;	Not implemented Property Cards are still not prepared and maintained by PDGCC.

Reference	Audit		Status/
	Observations	Recommendations	Action Taken
	proper documentation, contrary to the pertinent provisions of PD No. 1445, COA Circular Nos. 80-124, 2016-006, 2020-006 and Treasury Circular No 02-2009.	b. Assign property numbers to all PE; and c. Include the accountability on PE and Inventory on the fidelity bond calculation.	Implemented Not implemented
CY 2020 AAR, Observation No. 6, page 40	Unserviceable/obsolete property and equipment (PE) with net book value of P79,875 were not yet disposed, contrary to Section 79 of the PD No. 1445, thus, exposing them to further deterioration and depriving the Corporation of additional funds from the proceeds of sale thereof.	a. Conduct physical inventory of the PE to determine the disposable/ unserviceable items and report them in the Inventory and Inspection Report of Unserviceable Property (IIRUP); and b. Establish the Corporation's policies and guidelines on the disposal of unserviceable assets, and immediately dispose the items for disposal.	Not implemented The PDGCC identified the unserviceable properties and reclassified such to Other Assets account, but the IIRUP is not yet submitted. Not implemented
CY 2020 AAR, Observation No. 7, page 41	The Chief Executive Officer and Appointive Directors of the PDGCC did not pass through the process of review and nomination of the GCG and approval of appointment by the President of the Philippines due to inconsistency between Section 1, Article III of the Amended Bylaws and Sections 3b and 5e, Chapter 1 and Sections 15 and 16 of Chapter IV, RA No. 10149, resulting	a. Submit a list of nominations for the chief executive officer and appointive directors of the PDGCC to the GCG in accordance with the provisions of RA No. 10149; and b. Bring to the attention of the BOD the amendment of the PDGCC's Bylaws effecting the provisions of Section 15, Chapter IV of RA	All not implemented Reiterated in Observation No. 3, Part II of this Report.

Reference	Observations	Audit Recommendations	Status/ Action Taken
	in the Corporation's inability to exercise check and balance.	No. 10149.	
CY 2019 AAR, Observation No. 6, page 40	The PDGCC Electrician a. 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.	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	Implemented
		b. Send the electrician to relevant capacity building activities to strengthen his knowledge and skills in performing his assigned tasks.	Implemented