

...of the ... Texas ...

... of the ... Texas ...

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

... of the ... Texas ...

... of the ... Texas ...

... of the ... Texas ...

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of 42 audit recommendations embodied in the CY 2023 Annual Audit Report, 18 were implemented, and 24 were not implemented, of which five recommendations were reiterated in Part II of this Report. The results of our evaluation of the implementation are shown in the table below:

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
CY 2023 AAR, Observation No.1	<i>Palacio del Gobernador</i> Condominium Corporation (PDGCC) has been filing income tax returns (ITRs) as a tax-exempt entity, even in the absence of a valid Certificate of Tax Exemption and has been reporting zero gross income in its ITRs despite having sources of income that are subject to applicable taxes, contrary to the relevant provisions of Republic Act (RA) No. 8424, otherwise known as the "Tax Reform Act of 1997".	a. Ensure accurate completion of quarterly and annual ITRs to reflect the correct gross income and allowable deductions;	Implemented
		b. Reconcile the net income per books against the taxable income; and	Implemented
		c. If deemed taxable, promptly review and, where applicable, amend the previously filed income tax returns.	Implemented
CY 2023 AAR, Observation No.2	Creditable Withholding Taxes totaling P142,646 corresponding the amounts withheld from the rental payments made by the lessees of PDGCC are not duly supported with BIR Form 2307 or Certificate of Creditable Tax Withheld, contrary to Section 2.58 of BIR Revenue Regulations (RR) No. 2-98, as amended, which may hinder PDGCC from claiming tax credits on its income tax due.	Demand from the lessees, as the withholding agents, the copies of BIR Form 2307 to support taxes withheld by them and thereafter, regularly secure copies of such form.	Implemented
CY 2023 AAR, Observation	The non-filing and non-payment of the percentage tax dues on	a. Calculate the percentage tax due on the gross income	Implemented

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
No.3	the gross income from the leasing of PDGCC properties and the sale of bidding documents exposes the Corporation to potential assessments by the BIR.	<p>derived from the leasing of properties and the sale of bidding documents;</p> <p>b. For the calculated outstanding tax due, file and settle them with the BIR to reduce potential assessments; and</p> <p>c. Moving forward, file quarterly percentage tax returns within 25 days after the end of each taxable quarter, as required by Section 128 of the NIRC.</p>	Implemented
CY 2023 AAR, Observation No.4	Absence of an internal policy on the grant and manner of compensation for the rendered overtime (OT) work amounting to P119,370 is contrary to Implementing Guideline No. 2021-01 of Executive Order (EO) No. 150, s. 2021 on Compensation and Position Classification System (CPCS), resulting in lapses in the substantiation of documentary requirements as prescribed under COA Circular No. 2023-004, and non-conformity with the guidelines on overtime services provided under Civil Service Commission (CSC)-Department of Budget and Management (DBM) Joint Circular (JC) No. 02 s. 2015; thus, the validity and propriety of	<p>a. Ensure that the drafted internal guidelines on the grant and manner of compensation for OT services are compliant with the provisions of CSC-DBM JC No. 02, s. 2015, and COA Circular No. 2023-004 on the required documentary requirements;</p> <p>b. Fast-track the preparation and make a representation to the Board of Directors (BOD) for the immediate approval and implementation of the PDGCC Policy on OT Work;</p> <p>c. Strictly comply with the required eight regular working hours before rendering OT services;</p>	Implemented

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
	said monetary claims cannot be ascertained.	d. Submit the lacking required documents for overtime work paid such as OT Work Program and Quantified Accomplishment Reports;	Implemented
		e. Improve the form of the OT Authorization as prescribed by the CSC-DBM JC No. 02, s. 2015 and COA Circular No. 2023-004; and	Implemented
		f. Secure Board approval for the work arrangement guidelines of the PDGCC employees.	Not implemented The Management drafted work arrangement guidelines but has not yet presented them to the PDGCC BOD for approval.
CY 2023 AAR, Observation No.5	Absence of internal guidelines on the grant of leave credits, monetization thereof, and computation of terminal leave benefits is contrary to Chapter IV of the CPCS Implementing Guideline No. 2021-01 of EO No. 150, s. 2021, indicating poor internal control in the monitoring of employees' leave credits which may lead to inconsistencies in the computation of leave credits and corresponding benefits.	a. Formulate internal guidelines on the grant of leave credits and the monetization thereof, and on the computation of terminal leave benefits, pursuant to the requirements set forth by the Omnibus Rules on Leave and other applicable laws, rules, and regulations; and b. Submit the aforementioned internal guidelines to the Governance Commission for GOCCs (GCG) for the	All recommendations are not implemented. The drafted guidelines in CY 2023 are not yet presented to the PDGCC BOD for approval.

Reference	Audit		Status/ Action Taken
	Observations	Recommendations	
		approval thereof, copy furnished the Audit Team.	
CY 2023 AAR, Observation No.6	The non-establishment of investment parameters, as required by Section 4.1.3 of Article IV of the Memorandum of Agreement (MOA) executed between PDGCC and Bureau of the Treasury (BTr), and the absence of cash flow analysis, indicate weaknesses in internal control for managing liquidity risk, which may result in cash shortages and potentially affect PDGCC's ability to meet its financial obligations while maintaining normal operations.	a. Establish and issue investment parameters in compliance with Section 4.1.3 of the MOA outlining, among others, the criteria for maintaining a safe level of amount of the PDGCC Fund in the Treasury Single Account (TSA) that is readily available for withdrawal;	Implemented
		b. Perform regular cash flow analysis to help mitigate the risk of insufficiency of cash for PGCC's day to day operation; and	Implemented
		c. Secure proper documentation to substantiate the correctness of the interest income earned from the investment in TSA.	Implemented
CY 2023 AAR, Observation No.7	Unserviceable/obsolete property and equipment (PE) totaling P1.265 million remained undisposed, contrary to Section 79 of the Presidential Decree (PD) No. 1445, thus, exposing them to further deterioration and depriving the Corporation of additional funds from the proceeds of sale thereof.	a. Prepare and submit to the Audit Team the IIRUP and IIRUSP for all PE, including semi-expendable property, found unserviceable, obsolete and no longer needed, as at December 31, 2023;	Not implemented Reiterated with modifications in Observation No. 1, Part II of this Report.
		b. Establish and expedite the approval of the Corporation's policy on the disposal of unserviceable assets; and	Implemented

Reference	Observations	Audit		Status/ Action Taken
			Recommendations	
			c. Immediately dispose the items for disposal to avoid further deterioration and possible loss of their value and prevent unnecessary storage costs and accordingly adjust the books.	Not implemented Disposal of unserviceable assets is scheduled for the first quarter of 2025. Reiterated with modifications in Observation No. 1, Part II of this Report.
CY 2023 AAR, Observation No.8	Deficiencies noted on the attribution of Gender and Development (GAD) programs, activities and projects (PAPs) in the PDGCC Corporate Operating Budget (COB), the prescribed templates of GPB and submission thereof, and the non-creation of GAD Focal Point System (GFPS), are contrary to Section 36 (b) of RA No. 9710 and the relevant provisions of PCW-NEDA-DBM JMC No. 2022-01, thus, any GAD-related issues and concerns may not have been sufficiently addressed.	a. Create a GFPS pursuant to Section 36(b) of RA No. 9710;	b. Allocate or attribute at least five per cent of PDGCC's COB to support its GAD programs, activities, and projects in accordance with Paragraph 6.1 of PCW-NEDA-DBM JMC No. 2022-01;	Implemented Not implemented Reiterated with modifications in Observation No. 5, Part II of this Report.
			c. Coordinate with PCW to seek assistance in addressing the errors encountered during the submission of the GPB; and	Not implemented Reiterated with modifications in Observation No. 5, Part II of this Report.
			d. Ensure the timely submission of the GPB to PCW through the Gender Mainstreaming Monitoring System within the prescribed period as stipulated in the recent issuances of PCW.	Not implemented PDGCC submitted the 2025 GAD Monitoring System Plan and Budget on time on December 1, 2024, and the 2024 GAD Accomplishment