

09 July 2018

DIR. SOFIA C. GEMORA

Officer-in-Charge

NGS Cluster 1, Commission on Audit
Commonwealth Avenue, Quezon City

Thru: **Ms. Caridad A. Sarmiento**
Supervising Auditor

Mr. Archemedes D. Quirante
State Auditor IV
Audit Team Leader

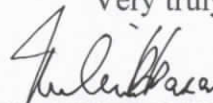
Dear **Director Gemora**:

Pursuant to Section 88 under the General Provisions of the General Appropriations Act of 2017 (R.A. No. 10924), we are pleased to submit the duly accomplished PCC Agency Action Plan and Status of Implementation (AAPSI) for the observations and recommendations in the Annual Audit Report¹ for Calendar Year 2017.

We hope you find our submission in order.

Thank you very much.

Very truly yours,



ATTY. JOSEPH MELVIN B. BASAS

Director IV

Finance, Planning and Management Office

Attachment: As stated.

Copy Furnished:

- Department of Budget and Management
- The Speaker, House of Representatives
- Committee on Appropriations, House of Representatives
- The President, Senate of the Philippines
- Committee on Finance, Senate of the Philippines

¹ Officially received by PCC on 21 May 2018.

**AGENCY ACTION PLAN and
 STATUS of IMPLEMENTATION
 Audit Observations and Recommendations
 For the Calendar Year 2017
 As of 30 June 2018**


No.	Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken
				Action Plan	Person/Unit Responsible	Target Implementation Date				
						From	To			
1	COA AAR FY 2017, pp. 27-28	<u>Trust Receipts improperly deposited in a savings account</u> Trust receipts amounting to ₱2,728,093.88, inclusive of interest income, received from the Foreign Commonwealth Office for the implementation of a project was deposited at the Land Bank of the Philippines (LBP) under Savings Account No. 0671-0904-20 and recognized under the account Cash in Bank-Local Currency, Savings Account (CIB-LCSA), contrary to the provisions of Volume III of the Government Accounting Manual (GAM) or the Revised Chart of Accounts (RCA).	Recommended and Management agreed to transfer and close the CIB-LCSA account to a current account and record the same in the Cash in Bank-Local Currency, Current Account (CIB-LCCA).	N/A	FPMO-AD	N/A	N/A	Fully Implemented	N/A	The PCC's CIB-LCSA was closed on 21 May 2018 and the unutilized balance was deposited to the Bureau of the Treasury on 11 June 2018.

No.	Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken
				Action Plan	Person/Unit Responsible	Target Implementation Date				
						From	To			
2	COA AAR FY 2017, pp. 28-29	Unliquidated balance of fund transferred to Development Academy of the Philippines (DAP) Due from GOCCs of ₱2,262,571.87 representing the fund transferred to the DAP remained unliquidated as of December 31, 2017 despite the completion and end of the duration of the project, which is inconsistent with COA Circular No. 94-013 dated December 13, 1994, due to non-submission of the Report of Disbursement (RD) that serves as a basis for the recognition in the books of the agency the related expenses, thus, reliability of the account balance could not be established.	Recommended and Management agreed to instruct the Accounting Office to send a demand letter to DAP on the liquidation of the remaining balance of the transferred funds; and if such was unutilized, to return the same to the Source Agency (PCC) consistent with COA Circular No. 94-013 dated December 13, 1994.	Send demand letter to DAP and ensure that the unutilized balance of the fund transfer amounting to ₱5,894,630.13 is received on or before EOY.	FPMO-AD	Jun 2018	Dec 2018	Partially Implemented	The DAP submitted the final audited liquidation report amounting to ₱17,342,001.04 but is yet to refund (return to PCC) the unutilized balance amounting to ₱5,894,630.13. The balance was increased from ₱2,262,571.87 because the previously submitted Report of Disbursement was still unaudited at that time.	The PCC sent a demand letter to DAP on 28 February 2018 for the submission of the liquidation report for the funds transferred to DAP. On 22 June 2018, the PCC sent a demand letter to DAP for the immediate settlement/refund of the unutilized balance.
3	COA AAR FY 2017, p. 30	Lack of documentary requirements for Foreign Travels Various liquidation reports (LRs) for foreign travels for CY 2017 totaling ₱9,895,451.66 as of December 31, 2017 were not supported with complete documentary requirements under Section 4 of Presidential Decree (PD) No. 1445 and COA Circular No. 2012-001 dated June 14, 2012, thus, casting doubt on its validity and propriety.	Recommended and Management agreed to instruct the Accounting Office to strictly require the Accountable Officers to attach certificates of appearance/attendance for training/seminar/participation in accordance with Item 1.2.4.2 of COA Circular No. 2012-001 dated June 14, 2012.	Non-acceptance of secondary evidence for attendance to foreign trainings/seminars/conference.	FPMO-AD	Jan 2018	Onwards	Fully Implemented	N/A	The FPMO - Accounting Division strictly enforces COA's recommendation for all travels undertaken during the current year.
4	COA AAR FY 2017, pp. 31-32	Cutting short of official foreign travel incurred additional costs The Agency incurred additional expenses amounting to ₱24,252.15 due to lack of coordination on the delegation of tasks of an Accountable Officer whose official travel was cut short, hence, non-compliant with PCC Commission Resolution No. 11-2017 dated June 8, 2017.	Recommended that Management require said Accountable Officer and the officials determined to be liable to refund the additional cost of cancellation fees and additional charges.	N/A	FPMO-AD/ MAO	N/A	N/A	Fully Implemented	N/A	The concerned Accountable Officer has already refunded the additional expenses incurred on 11 April 2018.

No.	Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken
				Action Plan	Person/Unit Responsible	Target Implementation Date				
						From	To			
5	COA AAR FY 2017, pp. 33-34	<p>Erroneous accounting entries Transactions amounting to a total of ₱85,155.51 were inadvertently debited to Traveling Expenses-Foreign. This included the refund of cash advance amounting to ₱63,092.16 which was deposited to the LBP under Savings Account No. 0671-0904-20, resulting in the overstatement of the Accumulated Surplus and the understatement of the CIB-LCSA by the same amount. Moreover, the amount should be deposited to the National Treasury not to the LBP.</p>	Recommended and Management agreed to:	N/A	FPMO-AD	N/A	N/A	Fully Implemented	N/A	The adjusting entry was recognized in the books per JEV No. 101-2018-01-0130 dated 30 January 2018.
			<p>a) Instruct the Accountant to effect the necessary adjusting entries on the erroneous charging of Traveling Expenses-Foreign account in order to reflect the correct balances of the affected accounts; and</p> <p>b) Require the Cashier to deposit the refund of cash advance to the National Treasury which was inadvertently deposited to the LBP Savings Account.</p>	N/A	FPMO-AD/ AO-GSD (Cash Unit)	N/A	N/A	Fully Implemented	N/A	The cash advance refund was deposited to the Bureau of Treasury on 09 March 2018.
6	COA AAR FY 2017, pp. 34-35	<p>Government faces risk of inability to compel settlement of liabilities for Training Service Contracts in case of default The Training Service Contracts (TSCs) stipulating the service obligation of employees who underwent government sponsored training programs included guarantors who were not officials or employees of PCC. Management is unlikely to be able to compel said guarantors to be accountable should the grantee employees be in default of the service agreement. Moreover, certain officials and employees served as guarantors to multiple grantees.</p>	Recommended and Management agreed that:	Formulate policies regarding the acceptability of guarantors for training service contracts (TSCs) taking into consideration the following, consistent with COA recommendations:	AO-HRDD	Apr 2018	Oct 2018	Ongoing	The PCC is currently reviewing its guidelines and conducting research on how to implement limitations on guarantors' liability.	<p>Pending issuance of a set of guidelines on guarantors, the PCC has undertaken the following actions:</p> <p>(1) For contracts executed in April 2018, guarantors are, as far as practicable, the immediate superiors (or those holding higher positions) of PCC officials or employees attending programs abroad; and</p> <p>(2) On 27 April 2018, the PCC's Personnel Development Committee agreed to have two (2) guarantors in PCC's TSCs consistent with the COA's recommendations and the provisions of Executive Order No. 161, s. 1994 - Prescribing the Adoption of New Standard Forms to be Accomplished by Officials and Employees for Overseas Training.</p>

No.	Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
				Action Plan	Person/Unit Responsible	Target Implementation Date				
						From				To
		As such, said guarantors may not be able to settle by means of salary deduction within a reasonable amount of time should the grantees be in default. In such cases, the very purpose of having a guarantor is defeated and undue risk is placed upon resources of the Agency.	c) TSC should expressly stipulate whether the service obligation is for PCC, in particular, or for the government, in general. In the case of training programs specifically geared towards PCC's mandate, it is recommended that service obligations be specific to the Agency.	(3) TSCs should expressly stipulate whether the service obligation is for PCC, in particular, or for the government, in general.					Hence, contracts executed starting end of May 2018 required two (2) guarantors. The PCC employee's relative serves as the primary guarantor while the employee's superior (as far as practicable) serves as the secondary guarantor. Superiors guaranteeing for the grantees hold permanent appointments unless the grantees are directly under the Office of the Chairman or Commissioners. Upon completion of its review and research, the PCC shall draft a set of guidelines governing guarantors of TSCs to fully comply with COA's recommendations.	

Agency sign-off:


ARSENIO M. BALISACAN, PhD
 Chairman *gn*

_____ Date

Note: Status of implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed.