

27 December 2018

MS. BENILDA L. MERCADO

State Auditor III

Audit Team Leader for the Philippine Competition Commission

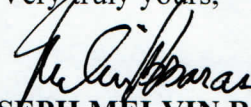
Dear Ms. Mercado:

We are pleased to submit the Philippine Competition Commission Report on Status of Prior Year's (Calendar Year 2017) Recommendations in the Annual Audit Report.

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: **Dir. Sofia C. Gemora**
NGS Cluster 1, Commission on Audit

Ms. Nenita C. Rendon
State Auditor IV
Supervising Auditor

**REPORT ON STATUS OF IMPLEMENTATION
OF THE RECOMMENDATIONS IN THE
ANNUAL AUDIT REPORT
For Calendar Year 2017
As of 20 December 2018**

Out of the six (6) audit recommendations embodied in the Annual Audit Report for Calendar Year 2017, **five (5) or 83.33%** were **fully implemented** and one (1) is partially implemented. There are no observations and recommendations from the said audit report that the Philippine Competition Commission has not acted upon.

No.	Ref.	Audit Observations	Audit Recommendations	Status of Implementation and Actions Taken
1	COA AAR FY 2017, pp. 27- 28	<u>Trust Receipts is 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).	<u>FULLY IMPLEMENTED</u> 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.
2	COA AAR FY 2017, pp. 28- 29	<u>Unliquidated balance of fund transferred to Development Academy</u>	Recommended and Management agreed to instruct the Accounting Office to send a demand letter to DAP on the	<u>PARTIALLY IMPLEMENTED</u> ▪ The PCC sent a demand letter to DAP on 28

No.	Ref.	Audit Observations	Audit Recommendations	Status of Implementation and Actions Taken
		<p><u>of the Philippines (DAP)</u></p> <p>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.</p>	<p>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.</p>	<p>February 2018 for the submission of the liquidation report for the funds transferred to DAP.</p> <ul style="list-style-type: none"> ▪ On 22 June 2018, the PCC sent a demand letter to DAP for the immediate settlement/refund of the unutilized balance. ▪ On 03 September 2018, the PCC sent its second demand letter to DAP for the immediate settlement/refund of the unutilized balance. ▪ On 26 November 2018, the PCC sent its third letter reiterating its demand to DAP for the settlement/refund of the unutilized balance. ▪ On 17 December 2018, the PCC Finance Team met with concerned DAP Officers to discuss ways forward regarding financial accountabilities of both parties including the settlement of the unutilized balance.
3	COA AAR FY 2017, p. 30	<p><u>Lack of documentary requirements for Foreign Travels</u></p> <p>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,</p>	<p>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.</p>	<p><u>FULLY IMPLEMENTED</u></p> <p>The FPMO - Accounting Division strictly enforces COA's recommendation for all travels undertaken during the current year.</p>

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		2012, thus, casting doubt on its validity and propriety.		
4	COA AAR FY 2017, pp. 31- 32	<p><u>Cutting short of official foreign travel incurred additional costs</u></p> <p>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.</p>	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.	<p><u>FULLY IMPLEMENTED</u></p> <p>The concerned Accountable Officer has already refunded the additional expenses incurred on 11 April 2018.</p>
5	COA AAR FY 2017, pp. 33- 34	<p><u>Erroneous accounting entries</u></p> <p>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>	<p>Recommended and Management agreed to:</p> <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>	<p><u>FULLY IMPLEMENTED</u></p> <ul style="list-style-type: none"> ▪ The adjusting entry was recognized in the books per JEV No. 101-2018-01-0130 dated 30 January 2018. ▪ The cash advance refund was deposited to the Bureau of Treasury on 09 March 2018.
6	COA AAR FY 2017, pp. 34- 35	<p><u>Government faces risk of inability to compel settlement of liabilities for Training Service</u></p>	<p>Recommended and Management agreed that:</p> <p>a) Guarantors should be permanent employees of the Agency, preferably</p>	<p><u>FULLY IMPLEMENTED</u></p> <ul style="list-style-type: none"> ▪ As agreed upon by the PCC Personnel Development Committee, contracts executed

No.	Ref.	Audit Observations	Audit Recommendations	Status of Implementation and Actions Taken
		<p><u>Contracts in case of default</u></p> <p>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>	<p>the immediate superior or one who is holding a higher position;</p> <p>b) Limitations should be placed on the amount a guarantor may be held liable for and the number of grantees that he/she may guarantee. An aggregate amount exceeding a guarantor's capacity to settle by means of salary deduction within a reasonable amount of time should be avoided; and</p> <p>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.</p>	<p>starting end of May 2018 already required two (2) guarantors – consistent with the COA's recommendations and the provisions of Executive Order No. 161, s. 1994 (<i>Prescribing the Adoption of New Standard Forms to be Accomplished by Officials and Employees for Overseas Training</i>).</p>

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

Agency Sign-off:


KENNETH V. TANATE, PhD
 Executive Director