

## Philippine Carabao Center

Science City of Muñoz, Nueva Ecija

### AGENCY ACTION PLAN and STATUS of IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2021

As of June 30, 2022

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/Dept Responsible	Target Implementation Date				
					From	To			
No. 1	<i>The reported balance of the Receivables account with a carrying amount of ₱94,079,515.45 was not fairly presented in the year-end financial statements due to (a) unrecognized receivables totaling ₱24,802,735.06 from sales made on account by the Philippine Carabao Center (PCC) National Headquarters and Gene Pool (NHGP) and Regional Centers at Central Luzon State University (CLSU) and Visayas State University (VSU); (b) failure to set up receivables totaling ₱1,008,118.75 due from the accountable officers (AOs) concerned at the PCC at University of the Philippines-Los Baños (UPLB) and Central</i>	We recommended and the OIC - Executive Director agreed to instruct the:  a) Accounting Unit of PCC at NHGP, CLSU and VSU to (i) prepare and submit the Schedule of Accounts Receivable (SAR); (ii) strictly comply with the accrual basis of accounting on the recognition of financial transactions in the books of accounts; (iii) exert more effort in the collection of long outstanding accounts; (iv) continue to issue demand letters to the individual debtors on a regular basis; and (v) effect the necessary adjustments in the books, as warranted;	The Accountant in PCC NHGP will prepare policies concerning Receivables account such as but not limited to guidelines as to who can avail of the credit sales, payment terms and limits for outstanding credit accounts. Likewise, assessment for Allowance for Impairment Loss will be considered.	Accountants and staffs of PCC NHGP, CLSU, VSU, CSU and MLPC, and Property and Accountable Officers of PCC UPLB and CMU	June 2022	Dec. 2022	a.i) Partially Implemented  a.ii) Partially Implemented  a.iii) Partially Implemented  a.iv) Partially Implemented  a.v) Partially Implemented	The Accountants, bookkeepers and officers-in-charge in dairy outlet will meet to discuss the audit recommendations of Receivables account. Policy concerning receivables from dairy outlets will be crafted.	

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	<p>Mindanao University (CMU) on account of dead animals subject of requests for relief from property accountability; (c) inclusion of dormant accounts totaling ₱1,688,925.61 as reported by the PCC at Cagayan State University (CSU); and (d) non-provision of Allowance for Impairment on receivables totaling ₱1,089,869.07 by the PCC at Mindanao Livestock Production Center (MLPC), inconsistent with pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I and COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>b) Center Director of PCC at MLPC to direct the Accounting Unit to (i) assess the collectability of the Other Receivables account and provide the necessary Allowance for Impairment Loss based on the assessment made; (ii) provide documents to support the claim of incorrect recording of credit collection as sales; and (iii) intensify collection efforts and send demand letters to debtors on a regular basis;</p> <p>c) Center Director of PCC at UPLB and CMU to (i) direct the accountable officers (AOs) concerned to (1) file for relief from property accountability duly supported with complete documentations; and (2) submit to the Bookkeeper/Accountant the requisite documents supporting the loss, thru death of animals; and (ii) instruct the Bookkeeper/Accountant to recognize in the books of accounts the amount of liability of each particular AO to the value of deceased animals; and</p>	<p>In connection to filing of request for relief from property accountability, PCC at UPLB and CMU will monitor the submission of complete documentations. Also, the bookkeeper /Accountant will recognize in the books of accounts the amount of liability of each particular AO equivalent to the value of deceased animals.</p>			<p>b.i) Partially Implemented</p> <p>b.ii) Partially Implemented</p> <p>b.iii) Partially Implemented</p> <p>c.i.1) On-going</p> <p>c.i.2) Partially Implemented</p> <p>c.ii) Partially Implemented</p>			



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		d) Center Director of PCC at CSU to initiate efforts in requesting for authority from the COA to write-off dormant receivables that are deemed uncollectible after all remedies have been exhausted, pursuant to COA Circular No. 2016-005 dated December 19, 2016.	The Property and Accounting Office of PCC NHGP will assist in the review of Guidelines and Procedures on the Write-off of Dormant Receivable Accounts as per COA Circular No. 2016-005.				d) On-going		
No. 2	Deficiencies were noted on the accounting and management of Biological Assets of the PCC Regional Centers such as (a) unrecognized gains on initial recognition of harvested milk and meat totaling ₱3,889,153.20 by the PCC-CLSU and calf drops totaling ₱151,000.00 by the PCC at Don Mariano Marcos Memorial State University (DMMMSU); (b) inconsistent application of the policy on the valuation of biological assets resulting to understatement of Assets and Accumulated Surplus/(Deficit) accounts by ₱472,700.00; (c) unreconciled variance of ₱1.04	We recommended that the OIC-Executive Director agreed to undertake the following courses of action:  a) instruct the Accounting Unit of (i) PCC-CLSU to (1) consistently apply the valuation policy established on Biological Assets; (2) secure the Carabeef Meat Processing and Dairy Production Reports as basis for the recognition of Gain on Initial Recognition of Agricultural Produce account; (3) draw the necessary adjustments in the books to correct the undervaluation of the animals; (ii) PCC-DMMMSU	Accounting and Property Units of concerned PC regional centers were instructed to consistently apply the valuation policy established on Biological Assets. Moreover, necessary adjustments in the books will be made if there is movement or changes in the amount that will affect the Biological Assets account. Reconciliation of records on a periodic basis will be monitored and regular update and submission of Biological Assets Property Card	Accounting and Property Units of concerned PC regional centers	June 2022	Dec. 2022	a.i.1) On-going  a.i.2) On-going  a.i.3) Partially Implemented  a.ii) On-going	The Accounting and Property Units of PC NHGP will conduct an online coaching/seminar to its 12 regional centers to address the audit observations regarding Biological Assets.	

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	<p>million between the Accounting and Property records as reported by the PCC at CMU and VSU; (d) unsubstantiated derecognition of sold, transferred and dead animals totaling ₱13,588,237.50 as reported by the PCC at UPLB, VSU and CLSU; and (e) non-preparation of Quarterly Report on Biological Assets (QRBA) and non-maintenance of Biological Assets Property Card (BAPC) by the PCC at CMU, DMMMSU and Mariano Marcos State University (MMSU), inconsistent with the pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I.</p>	<p>to regularly monitor the recording of the amount of PCC shares in the calf drops under the Paiwi Scheme;</p> <p>b) advise the Property Officer or the accountable officers concerned of the PCC at CLSU, UPLB and VSU to submit to the Bookkeeper the requisite documents to support the sale, transfer, dispersal and death of identified breeding stocks to justify the derecognition from the books of accounts;</p> <p>c) direct the Property and Accounting Units of PCC at CMU and VSU to reconcile their records on a periodic basis to come up with accurate data for recognition in the books of accounts; and</p> <p>d) advise the Property Unit of PCC at CMU, DMMMSU and MMSU to regularly update the Biological Assets Property Card (BAPC) and prepare and submit the required Quarterly Report of Biological Assets (QRBA).</p>	<p>(BAPC) and Quarterly Report of Biological Assets (QRBA) will be made.</p>				<p>b) On-going</p> <p>c) On-going</p> <p>d) On-going</p>		



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No. 3	<p>Deficiencies were noted on the accounting and management of Property, Plant and Equipment (PPE) accounts of the PCC Regional Centers at NHGP, CLSU, CMU, MLPC, and UPLB with carrying amount totaling ₱873,738,579.48 as of December 31, 2021, such as (a) unrecognized equipment and other structures valued at ₱1,748,635.00; (b) under-depreciation of some PPE items by ₱1,751,235.45; (c) unreconciled variance of ₱5,159,326.04 between the General Ledger (GL) controlling account balance and the Report on the Physical Count of PPE (RPCPPE); (d) non-derecognition of 12 units of donated PPE items totaling ₱244,788.85; (e) unsubstantiated derecognition of some PPE items totaling ₱1,825,834.45; (f) non-disposal of unserviceable properties valued at ₱1,544,927.66, exposing the same to further deterioration; and (g) non-adoption of uniform property identification system, which is</p>	<p>We recommended and the OIC-Executive Director agreed to undertake the following courses of action:</p> <p>a) Direct the Accounting Unit of the PCC at NHGP, CLSU and MLPC to (i) revisit the Schedule of PPEs to ensure the accuracy of recognized costs and depreciation for each PPE item; and (ii) draw the necessary adjusting entries in the books of accounts;</p> <p>b) Instruct the Property Unit and Disposal Committee of the PCC at NHGP, CLSU, MLPC and UPLB to (i) expedite the request for the timely disposal of unserviceable PPE items to prevent further loss and deterioration of the same; (ii) prepare the Inventory and Inspection Report of Unserviceable Property (IIRUP) for the said unserviceable properties carried in the PPE accounts and submit the same together with necessary supporting documents for review and verification of the</p>	<p>The concerned personnel were instructed to institute measures on how to address the audit recommendations regarding PPE. Also, proper scheduling of physical count and reconciliation of PPE accounts will be made to give time to Accounting Unit to take up necessary adjustments in the books at year-end.</p>	Accounting and Property Units of PCC NHGP, CLSU, CMU, MLPC and UPLB	June 2022	Dec. 2022	<p>a.i) Partially Implemented</p> <p>a.ii) Partially Implemented</p> <p>b.i) Partially Implemented</p> <p>b.ii) Partially Implemented</p>	<p>Last April 2022, the Schedule of PPEs was started to analyze to ensure the accuracy of the computed depreciation of each item. Some adjustments were already recorded under JEV nos. 2022-04-000636, 662 and 1693, JEV nos. 2022-05-000699, 701-704, 711, 721, 724, 725 2022-06-002206 . PCC will consult to COA-GAS regarding this perennial concern of depreciation computation in e-NGAS.</p> <p>There is continuous effort of Property Units and Disposal Committee to dispose unserviceable PPE of the agency.</p>	

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	<i>not in harmony with the standards called for under certain provisions of Chapter 10 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I and COA Circular No. 2020-006 dated January 31, 2020.</i>	<p>Audit Team; and (iii) update the Inventory Tag or Property Numbers based on the prescribed format under Section 5 of COA Circular No. 2020-006 dated January 31, 2020; and</p> <p>c) Advise the Accounting and Property Units of the PCC at NHGP, CLSU and CMU to conduct regular reconciliation of the balances of PPE per GL Controlling accounts with their respective subsidiary records.</p>					<p>b.iii) Partially Implemented</p> <p>c) On-going</p>		This year, updating of the Inventory Tag or Property Numbers based on the prescribed format will be made for the new PPE item(s) that the agency will purchased.
No. 4	<i>The reported balances of the Cash and Cash Equivalents accounts of the PCC at VSU and UPLB were not fairly presented in the year-end financial statements due to (a) accumulation of unrecognized reconciling items in the Bank Reconciliation Statements (BRS) resulting in a net overstatement of the Cash in Bank account by ₱1,371,017.41; (b) unadjusted stale checks totaling ₱261,677.03 and (b)</i>	<p>We recommended and the OIC-Executive Director agreed to instruct the Center Director of the:</p> <p>a) The PCC at VSU to direct the Bookkeeper to: (i) record/adjust immediately the reconciling items found valid to ensure correctness of the Cash in Bank, LCCA; (ii) investigate the unsupported/undocumented reconciling items to determine their validity so that the</p>	The concerned personnel were instructed to observe prudence in preparation of bank reconciliation statements. Also, they should investigate the reconciling items and look for adequate documentation to adjust the balance of Cash in Bank and other affected accounts in the books so that the necessary	Bookkeeper of PCC at VSU and UPLB	June 2022	Dec. 2022	<p>a.i) Partially Implemented</p> <p>a.ii) Partially Implemented</p>		JEV nos. 2022-01-000068-000088 are the recorded adjustments in eNGAS for some reconciling items.



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	<p><i>unsupported/undocumented book reconciling items in the BRS totaling ₱738,197.38, inconsistent with the pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I.</i></p>	<p>necessary adjustments/corrections could be made; (iii) coordinate with the VSU Cashier for the year-end submission of the Schedule of Unreleased Checks which serves as basis for their restoration to the cash accounts; and (iv) henceforth, resolve the reconciling items and immediately draw the necessary adjusting entries to correct the Cash in Bank balances. Bank errors, if any, should likewise be immediately reconciled with the bank; and</p> <p>b) The PCC at UPLB to advise the Bookkeeper to (i) secure and verify from the UPLB Accountant the pertinent documents for the reconciling items of ₱342,390.00 as basis for recording in the books of accounts; and (ii) draw necessary adjusting entries for all reconciling items including stale checks duly supported with adequate documentation to adjust the balance of Cash in Bank and other affected accounts in the books.</p>	<p>adjustments could be made.</p>				<p>a.iii) Fully Implemented</p> <p>a.iv) Partially Implemented</p> <p>b.i) Partially Implemented</p> <p>b.ii) On-going</p>	<p>The reconciling items of 200.00 for salaries and 340,000.00 for fund transfer will be verified to UPLB Accounting office. Also, the bookkeeper is still looking for some documents to be used as basis in recording adjustments.</p>	

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No. 5	<p><i>Deficiencies in Inventory Management were observed during the validation of the Report on the Physical Count of Inventories (RPCI) of the PCC at NHGP, MLPC and VSU as of December 31, 2021, such as (a) unreconciled variances of ₱6,250,846.54 noted between the Accounting records and the RPCI; (b) non-recognition of milk products as Finished Goods Inventory totaling ₱202,239.00; and (c) non-observance of the Perpetual Inventory Method in the recognition of some inventories, inconsistent with the related provisions under the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and II and the cardinal principles of internal control.</i></p>	<p>We recommended and the OIC-Executive Director agreed to direct the Center Directors concerned to undertake the following courses of action:</p> <p>a) instruct the (i) Chief of Administrative and Financial Management Division (AFMD) of PCC-NHGP to identify the accountable officers for each Division/Unit which may require proper designation clearly specifying their respective duties and responsibilities similar to a Property Custodian; and (ii) Inventory Committee to properly plan the execution of a complete physical inventory-taking of supplies and materials for the succeeding semesters;</p> <p>b) Direct the Accounting and Property Units of the PCC at NHGP and VSU to (i) reconcile the balances of their respective records on a periodic basis; and (ii) Accounting Unit to take up the necessary adjustments in the books as noted from the reconciliation performed; and</p>	<p>The accountable officer/s for each division/unit will be properly identified. The Property Unit will conduct orientation/seminar to them to explain their respective duties and responsibilities similar to proper custodian and also to discuss the inventory management of supplies and materials that are accounted to them. The Inventory Committee of PCC NHGP and VSU will properly plan the execution of and completion of physical inventory taking of supplies and materials thru coordination of designated officer/s and staff/s from each division/unit. Likewise, proper scheduling for reconciliation of accounts will be made to give time to Accounting Unit to take up necessary adjustments in the books at year-end. Also,</p>	<p>Chief, AFMD, Accounting and Property Units of the PCC at NHGP, VSU and MLPC</p>	<p>June 2022</p>	<p>Dec. 2022</p>	<p>a.i) Partially Implemented</p> <p>a.ii) Partially Implemented</p> <p>b.i) On-going</p> <p>b.ii) On-going</p>	<p>Memorandum No. 00-68-2022 dated July 11, 2022 was issued to inform the accountable officers regarding their duties and responsibilities as Property Custodian.</p>	



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		c) Advise the Accounting Unit of PCC-MLPC to (i) see to it that purchases for supplies and materials out of fund transfers shall be accounted under the Perpetual Inventory Method; and (ii) prepare the appropriate adjusting entries to reflect the unrecognized inventories.	Perpetual Inventory Method will be observed in PCC at MLPC.				c.i) On-going  c.ii) On-going		
No. 6	<i>The accuracy, existence and completeness of the Computer Software account of the PCC-NHGP amounting to ₱5,765,932.48 could not be ascertained due to erroneous (a) capitalization of subscription for software licenses with one-year expiration amounting to ₱811,828.50; and (b) provision of amortization amounting to ₱647,492.69 charged to various computer software packages with perpetual licenses, inconsistent with the pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and III.</i>	We recommended and the OIC-Executive Director agreed to instruct the Accountant to draw the necessary adjustment in the books on the (a) reclassification of subscription for short-term software licenses to the appropriate Prepaid Subscription account and take into consideration the related expenses for the expired portion of the same; and (b) reversal of the recorded amortization erroneously charged to the cost of computer software packages with indefinite useful life.	The Accounting Unit will coordinate to Property Unit and ICTS in determination of short-term software licenses to be used as basis in recording of purchased subscription. Likewise, we will strategize that during the recording of transaction in eNGAS, proper document will be attached to determine the category of software licenses.	Accounting Unit of PCC NHGP	May 2022	June 2022	a) Fully Implemented  b) Fully Implemented	Reclassification of subscription to the appropriate Prepaid Subscription account and adjustment for the expired portion and reversal of recorded amortization was recorded as per JEV nos. 2022-06-002567, 2569 and 2572 dated June 1 and 30, 2022.	

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No. 7	<i>The unexpended fund balances for 19 completed projects totaling ₱4,676,601.45 were not remitted to the respective Source Agencies (SAs) contrary to Section 63(g), Chapter 6 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, and the related Memorandum of Agreement (MOA) entered into by and between the PCC-NHGP and the SAs. Moreover, the source of funds received in CY 2021 amounting to ₱2,984,520.00 has yet to be identified, causing uncertainty in the execution of the project.</i>	We recommended and the OIC-Executive Director agreed to instruct the Administrative and the Financial Management Division of the PCC-NHGP to (a) strictly comply with Section 63 (g) of the GAM for NGAs, Volume I, and the terms and conditions of the MOA; (b) expedite the (i) updating and reconciliation of Accounting and Budget records to facilitate the preparation of liquidation reports; (ii) coordinate with the concerned Project Leaders for the submission of Project Terminal Reports; (iii) properly indicate the name of the source agency on the Subsidiary Ledger of the project identified as "Others"; and (iv) immediately remit the unexpended fund balances of completed projects to Source Agencies (SAs).	The concerned personnel were instructed to strictly comply with the terms and conditions of the MOA and to expedite the updating and reconciliation of records to facilitate the preparation of liquidation reports and/or refund of unexpended balance to Source Agency. The Admin and Financial Management Division recommended to hire additional staff to assist in the reconciliation and preparation of the required reports.	Accounting Unit of PCC NHGP	June 2022	Dec. 2022	a) On-going  b.i) On-going  b.ii) On-going  b.iii) Fully Implemented  b.iv) Partially Implemented	Initial review and checking of completed projects were done. Proper scheduling of reconciliation by Accounting staffs will be made in order to liquidate and/or refund the completed projects.  The source agency of the project recorded as "Others" at year-end was already identified as fund transfer from DSWD Region 4B and it was recorded and adjusted as per JEV nos. 2022-02-000828 and 2022-06-002219 dated Feb. 17 and June 20, 2022, respectively.	

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No. 8	<i>Management's failure to monitor and enforce timely reporting and liquidation of the funds transferred to various Government Agencies resulted in the accumulation of long outstanding Inter-Agency Receivables amounting to ₱1,525,770.61, inconsistent with the related provisions of the Memorandum of Agreement (MOA) between the PCC-NHGP and the Implementing Agencies (IAs) concerned and Section 63, Chapter 6 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I.</i>	We recommended and the OIC-Executive Director agreed to instruct the (a) Chief of AFMD of the PCC-NHGP and the Accountant to (i) coordinate with the counterpart Accounting Unit of the concerned IAs for the immediate submission of liquidation reports pertaining to the utilized funds; and (ii) continue to issue demand letters on a regular basis to other concerned IAs to remind them of their duties to liquidate the funds transferred to them; and (b) Project Leaders or staff concerned to coordinate with the IAs for updates on the status of project implementation and request for copy of Progress/Terminal Report, as warranted.	The concerned personnel were instructed to coordinate with counterpart Accounting Unit of the concerned IAs for the immediate submission of liquidation reports pertaining to the utilized funds and/or refund of the unexpended balance.	Accounting Unit and Project Leaders of PCC NHGP	June 2022	Dec. 2022	a.i) On-going  a.ii) On-going  b) On-going	NDA project will be prioritized to issue a demand letter this third quarter since its represents the 90% of the Inter-Agency Receivables balance.	

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No. 9	<i>Various expenses incurred in CY 2021 which remained unpaid as of year-end totaling ₱1,229,499.32 were not taken-up in the books of PCC Regional Center at La Carlota Stock Farm (LCSF) and University of the Philippines- Los Baños (UPLB), inconsistent with Section 119 of Presidential Decree (PD) No. 1445 and the accrual basis of accounting as prescribed by International Public Sector Accounting Standards (IPSAS) 1- Presentation of Financial Statements, understating the Accounts Payable and the corresponding Expenses accounts.</i>	We recommended and the OIC-Executive Director agreed to instruct the Center Director of the PCC at LCSF and UPLB to advise their respective Accounting Unit to (a) determine and account all valid unpaid obligations by prompting the concerned personnel/claimants to submit the required documents before the year-end; (b) ensure that all expenditures incurred which could not be paid during the year they were incurred are recognized as Accounts Payable before the close of the year; and (c) comply with the accrual basis of accounting for complete reporting of all financial transactions in the financial statements as required in Section 119 of Presidential Decree (P.D.) No. 1445. Otherwise, the unbooked obligations, which were improperly charged to the current year's appropriation/allotment, would be questioned in the post audit of the PCC's accounts and transactions.	The Accounting Unit of PCC at LCSF and UPLB will strategize to ensure the recording of all valid unpaid obligations before the year-end. Likewise, Accountant of PCC NHGP will remind the PC centers to strictly comply with the accrual basis of accounting for complete reporting of all financial transactions in the financial statements of the agency.	Accounting Unit of PCC at LCSF and UPLB	June 2022	Dec. 2022	a) Fully Implemented  b) Fully Implemented  c) Fully Implemented	The recognition as Accounts Payable were recorded in the books as per JEV nos. 2022-01-000009 to 48 last January 2022.	



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No. 10	Deficiencies were noted on the accounting treatment of animals used for research purposes by the PCC-NHGP such as (a) non-recognition of 40 heads of animals totaling ₱437,000.00 as semi-expendable properties; and (b) non-capitalization of 15 heads of animals valued at ₱312,000.00 to the appropriate Asset account, specifically Work, Zoo and/or Other Animals account, all of which are deviations from the pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and III and the related PCC Program Management Committee (PMC) Resolution dated March 24, 2018 which provides the Guidelines on the Valuation, Acquisition and Sale/Disposal of Imported and Island Born Breeding and Non-Breeding Stocks of Water Buffaloes.	We recommended and the OIC-Executive Director agreed to instruct the (a) Chief of AFMD of the PCC-NHGP to coordinate with the Genetic Improvement Program (GIP) Coordinator on the need to update the policy on proper valuation of animals used for research purposes; (b) Accountant to provide necessary adjustment in the books on the (i) recognition of 40 heads of animals totaling ₱437,000.00 as semi-expendable properties; and (ii) capitalization of 15 heads of animals valued at ₱312,000.00 to the appropriate Work, Zoo and/or Other Animals account; and (c) Property Unit to ensure preparation of corresponding Inventory Custodian Slip (ICS) or Property Acknowledgement Receipt (PAR) to establish accountability over research animals.	The Executive Director instructed to create committee to review and update the policy on proper valuation of animals used for research purposes and present it to PMC for discussion and approval. The Accounting and Property Units will ensure that necessary adjustment will be made in the books for the recognition of research animals as semi-expendable properties and to appropriate Work, Zoo and/or Other Animals account. Also, Property Unit will ensure the issuance of corresponding ICS or PAR to establish accountability over research animals.	Chief, AFMD, and GIP Coordinators of PCC NHGP	June 2022	Dec. 2022	a) On-going  b.i) Partially Implemented  b.ii) On-going  c) On-going	COA Circular No. 2022-004 dated May 31, 2022 was issued to revised the capitalization threshold of semi-expendables. This will serve as guidelines in preparation of necessary adjustments in the books for recognition of research animals.	

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No. 11	<i>Notwithstanding the continuous commitment of Management towards attaining good animal husbandry practices, the mortality rate of buffaloes under the institutional herd of the PCC-NHGP had increased by 29 percent or from 17 heads in CY 2020 to 24 heads reported in CY 2021. Nevertheless, animal mortalities during CY 2021 were due to various diseases, some of which may be considered as preventable or treatable, resulting in financial losses of at least ₱577,125.00 for the calendar year.</i>	We recommended and the OIC-Executive Director agreed to instruct the National Gene Pool Coordinator to (a) continuously introduce specific solutions to optimize the animals' well-being and minimize mortality rate; (b) conduct a thorough review of the animal care practices to identify areas that need improvement; (c) coordinate with the Agency Engineers for possible repair/renovation of existing floor designs of animal pens, particularly the maternity pens, if the agency budget permits; and (d) implement economically sound medical treatment for animals exhibiting clinical signs of diseases to avoid wastage of funds and resources.	The National Gene Pool Coordinator were instructed to continuously look for specific solutions to optimize the animals' well-being and minimize mortality rate. Audit recommendations will be addressed by management by continuous commitment to attain the good animal husbandry practices.	National Gene Pool Coordinator	June 2022	Dec. 2022	a) On-going  b) On-going  c) Fully Implemented  d) On-going	Special meeting has been conducted between PCC OED Veterinarians where best practices and timely release of laboratory result was tackled. Referral of animal case to expert (e.i. Animal Pathologist) was also conducted for diagnosis of unusual cases. Also, improvement of the Animal Hospital and Isolation Barn was already approved. Maternity barn was also transferred to the newly renovated House No. 4 which has better drainage and has a concrete wall which facilitates ease of cleaning, disinfection and prevention of cross-contamination between pens. One-on-one or group coaching/ mentoring for animal handlers regarding animal health, early disease detection and first aid	



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								is being implemented. Other facility improvement is currently on-going for better efficiency not only for production but also for the prevention of the occurrence of diseases.	
No. 12	Several deficiencies were noted in the post-audit of disbursement vouchers (DVs), mandatory records and reports of some PCC Regional Centers in which requisite documents attached to the DVs totaling ₱33,636,328.34 were either incomplete, lacking of required signatures or not in the prescribed form which was not harmonized with certain relevant provisions of Presidential Decree (P.D.) No. 1445 and COA Circular No. 2012-001 dated June 14, 2012.	We recommended and the OIC-Executive Director and Center Directors concerned agreed to instruct their respective Accounting Unit to (a) submit all the disbursement vouchers (DVs) and their supporting documents; and (b) check the completeness of the DVs and supporting documents prior to the submission to the Audit Team.	The Accounting Units of PCC NHGP and concerned regional centers will ensure the compliance of submission of DVs and their supporting documents in accordance to COA Circular 2012-001.	Accounting Units of PCC NHGP, CSU, MLPC, MMSU, VSU and UPLB	June 2022	Dec. 2022	a) Partially Implemented  b) On-going		

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No. 13	<i>The PCC-LCSF paid administrative cost amounting to ₱878,410.95 to the Bureau of Plant Industry – La Granja National Crop Research, Development and Production Support Center (BPI-LNCRDPSC) out of the funds received for the implementation of the Milk Feeding Program contrary to Section 84(2) of Presidential Decree (P.D.) No. 1445 and COA Circular No. 2012-003, casting doubt on the regularity of the expenditures.</i>	We recommended and Management, thru the Center Director, agreed to henceforth, strictly ensure that the administrative cost paid to the BPI- LNCRDPSC is correctly computed as provided for in the MOA and submit documents authorizing the use of funds intended for the Milk Feeding Program for the payment of administrative costs of the BPI- LNCRDPSC, otherwise the amount of ₱878,410.95 shall be disallowed in audit.	The new center director will review the fund transferred made to BPI. The center will ensure that they submit the necessary documents concerning to payment of administrative cost.	PCC at LCSF	June 2022	Dec. 2022			



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No. 14	<p><i>The computation of Hazard Allowance paid to various Science and Technology (S&amp;T) personnel of the PCC-NHGP for the period covered January to September 2021 was not in accordance with certain relevant provisions of the Department of Budget and Management (DBM)-Department of Science and Technology (DOST) Joint Circular (JC) No. 1 dated June 25, 2013, resulting in an overpayment of ₱73,757.60.</i></p> <p><i>Deficiencies were observed in the management and utilization/liquidation of cash advances such as (a) granting of cash advances totaling ₱570,200.00 to officers and employees who were not duly bonded; (b) liquidations totaling ₱769,500.00 were not properly and completely supported with the necessary documents; (c) non-maintenance of Petty Cash Vouchers (PCVs) and Petty Cash Fund Record (PCFRec); and (d) PCVs were not duly</i></p>	<p>We recommended and the OIC-Executive Director agreed to instruct the (a) Chief of Human Resource Management Section (HRMS) to strictly follow the instructions under Section 9.2 of DBM-DOST Joint Circular No. 1 dated June 25, 2013 in the preparation of the payroll for Hazard Allowance; (b) PCC Hazard Allowance Committee to submit a copy of the Certification issued by the school for S&amp;T personnel concerned who were on study leave; and (c) Accounting Unit to review the accuracy of payroll computation and require the S&amp;T personnel concerned to refund the overpayment of Hazard Pay for CY 2021 to avoid disallowance in audit.</p> <p>We recommended and the OIC-Executive Director agreed to instruct the Center Directors concerned to direct the (a) Accountant/Bookkeeper to (i) review and check the completeness of supporting documents of cash advances</p>	<p>The concerned personnel were instructed to strictly follow the instructions under Section 9.2 of DBM-DOST Joint Circular No. 1 dated June 25, 2013 in the preparation of the payroll for Hazard Allowance. Likewise, they will scrutinize the DTRs of S&amp;T personnel to check the actual days that can be considered in computation of their hazard allowance.</p> <p>The Accountant/Bookkeeper will ensure that guidelines in the grant and liquidation of cash advance are strictly followed. Also, the approved fidelity bond</p>	<p>HRMS, Hazard Allowance Committee and Accounting Unit of PCC NHGP</p> <p>Accountant/Bookkeeper of PCC NHGP, VSU and CMU.</p>	<p>June 2022</p> <p>June 2022</p>	<p>Dec. 2022</p> <p>Dec. 2022</p>	<p>a) Fully Implemented</p> <p>b) Fully Implemented</p> <p>c) On-going</p> <p>a.i) Partially Implemented</p>	<p>The computation of Hazard Allowance was already reviewed. The overpayment will be deducted to the payroll for payment of benefits of S&amp;T personnel until September, 2022.</p> <p>Orientation to PC regional centers regarding guidelines on the grant and</p>	

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	<p>accomplished for each petty cash transaction, inconsistent with the pertinent provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I and COA Circular No. 97-002 dated February 10, 1997.</p>	<p>granted to officers and employees and their subsequent liquidation; and (ii) refrain from granting cash advances to officers and employees who are not bonded; and (b) require the PCFC to ensure that the (i) grant of petty cash to requesting parties is covered with duly accomplished Petty Cash Voucher (PCV); (ii) PCV is properly approved by the immediate supervisor of the requestor; and (iii) PCVs and Petty Cash Fund Record (PCFRec) are prepared and maintained for close monitoring and tracing of the transactions.</p>	<p>for each disbursing officer should be monitored. On the other hand, with regards to PCF, duly accomplished PCV and maintenance of PCVs and PCFRec will be prepared and maintained by petty cash custodians to closely monitor the expenses charged to their petty cash fund.</p>					<p>liquidation of cash advance and maintenance of petty cash fund will be scheduled on July to August, 2022.</p>	



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No. 15	<i>Various deficiencies were noted in the procurement activities of the PCC-NHGP such as (a) incorrect use of Value Added Tax (VAT) in the computation of the Approved Budget for the Contract (ABC) increasing the contract prices by ₱320,412.02; and (b) Guaranty/Security Deposits Payable totaling ₱4,458,059.27 were not released to the concerned suppliers or contractors despite the lapse of warranty period, inconsistent with certain relevant provisions of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (R.A.) No. 9184.</i>	We recommended and the OIC-Executive Director agreed to instruct the (a) Chief of General Services Section and the Agency Engineers to keep updated on laws, rules and regulations such as DPWH standards, which are relevant to the procurement of infrastructures, to avoid errors during the preparation of budgets which would unnecessarily bloat the contract cost to the disadvantage of the government; and (b) Property Unit to (i) include in the monitoring all retention money withheld beginning CY 2012; (ii) exert more effort in communicating with the proper officials of the suppliers or contractors concerned either thru by phone or email; and (iii) require the regular suppliers of the PCC-NHGP who are still unable to claim the retention money despite several follow-ups to file their claims for refund prior to or during their schedule of supplies delivery; and (c) Accounting Unit to (i) strictly monitor the balances of	The Chief of General Services Section and the Agency Engineers were instructed to keep updated on laws, rules and regulations such as DPWH standards, which are relevant to the procurement of infrastructures, to avoid errors during the preparation of budgets. In the succeeding repairs and infrastructure projects, the correct use of VAT in the computation of ABC will be implemented. On the other hand, the Property and Accounting Units were instructed to review the Guaranty/Security Deposits Payable balances. They will strategize on how to strictly monitor the balances of guaranty/security deposits payable to prevent further	GSS, Agency Engineers, Accounting and Property Units of PCC NHGP	June 2022	Dec. 2022	a) Fully Implemented  b.i) Partially Implemented  b.ii) Partially Implemented  b.iii) Partially Implemented  c.i) Partially Implemented		Last April, the Property Unit started to contact the suppliers concerned thru phone and/or email to inform them about the withheld retention money and performance bond due to them. Out of 87 suppliers with withheld retention money, there is only 2 suppliers that cannot be contacted. With regards to performance bond, only 4 suppliers out of 56 are cannot be contacted. As of July 29, 2022, <u>48.24%</u> or 2,150,488.05 out of 4,458,059.27 guaranty/security deposits payable was already

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		guaranty/security deposits payable to prevent further accumulation of the balances of the said account; and (ii) facilitate release of retention money to the suppliers/contractors concerned in accordance with Sections 39.5 and 62 of the Revised IRR of R.A. No. 9184.	accumulation of balances of the said account.				c.ii) Fully Implemented	refunded to suppliers.	
No. 16	<i>Delayed or non-submission of disbursement vouchers (DVs) and other transaction documents of the PCC at CMU and DMMMSU has precluded the prompt audit of accounts and financial transactions, as well as early detection, and correction of errors/deficiencies, and timely reporting of the audit results to Management, inconsistent with Section 122 of Presidential Decree (P.D.) No. 1445, Section 60, Chapter 19 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs) Volume I, COA Accounting Circular Letter No. 2007-001</i>	We recommended and the OIC-Executive Director agreed to instruct the Center Director of PCC at CMU and DMMMSU to require the Accountant/Bookkeeper to submit immediately the lacking disbursement vouchers (DVs) complete with relevant supporting documents and strictly observe the deadline set for the submission of disbursement vouchers, trial balances and supporting schedules as required by the existing rules and regulations.	The Accountants and Bookkeepers of PCC at CMU and DMMMSU were reminded to strictly observe the deadline set for the submission of disbursement vouchers, trial balances and supporting schedules as required by the existing rules and regulations. Likewise, they were instructed to submit immediately the lacking disbursement vouchers (DVs) complete with relevant supporting documents.	Accountant/Bookkeeper of PCC at CMU and DMMMSU	Jan. 2022	July 2022	Partially Implemented	The remaining two disbursement vouchers of PCC at DMMMSU will be submitted this July.	



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	<i>dated January 19, 2007 and COA-Department of Budget and Management (DBM) Joint Circular (JC) No. 2019-1 dated January 1, 2019.</i>								
No. 17	<i>Deficiencies were noted on the requests for relief from property accountability for the loss, through death, of 21 heads of buffaloes with book value totaling ₱2,678,486.53, inconsistent with Section 73(1) of Presidential Decree (P.D.) No. 1445, rendering uncertainty as to the validity and accuracy of the reported information about the loss as well as the proper evaluation of the requests for decision making.</i>	We recommended and the OIC-Executive Director agreed to instruct the Gene Pool Coordinator, the Property and Supply Officer and the accountable officers concerned to (a) strictly adhere to the provisions of Section 73(1) of P.D. No. 1445 on the immediate notification of loss upon death of animal and comply with the prescribed period for the filing of relief from property accountability to avoid technicalities and legal implications and provide the Audit Team adequate time to verify the veracity of the loss; (b) enjoin regular coordination between and among concerned Units on the preparation and maintenance of relevant animal records; and (c) conduct thorough review of the supporting documents to	The concerned personnel were instructed to strictly adhere to the provisions of Section 73(1) of P.D. No. 1445 on the immediate notification of loss upon death of animal and comply with the prescribed period for the filing of relief from property accountability. Likewise, they will ensure the thorough review of the supporting documents as attachment in request for relief from property accountability.	Gene Pool Coordinator, Property and Supply Officer and accountable officers	June 2022	Dec. 2022	a) Partially Implemented  b) On-going  c) On-going	The management, through the Information and Communication Technology Section office of the agency, committed to design a computerized database to facilitate the recording of relevant animal information in the individual animal record to avoid discrepancies/inconsistencies in the supporting documents as attachment in request for relief from property accountability.	

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		ensure that these are complete, consistent and properly filled out to serve as valid supporting evidence.							
No. 18	<i>Responsiveness to gender issues and concerns was properly addressed by the PCC with the implementation of GAD-related programs, activities and projects (PAPs) amounting to ₱33,197,226.00 or 6.70% of the total agency budget of ₱495,758,000.00 for the calendar year (CY) 2021. Notwithstanding said accomplishment, the use of gender mainstreaming tools such as the Harmonized Gender and Development Guidelines (HGDG) checklist was not yet implemented inasmuch as the GAD Focal Point System (GFPS) members are still in the familiarization phase of the tool which was developed in line with the gender analysis prescribed by the Philippine Commission on Women (PCW)-National Economic and Development Authority</i>	We recommended and the OIC-Executive Director agreed to instruct the PCC GAD Focal Point System (GFPS) members concerned to (a) continuously optimize the implementation of direct GAD programs, activities and projects (PAPs) to address gender issues and concerns in pursuit of its mandate; (b) enhance their level of training on the use of the Harmonized Gender and Development Guidelines (HGDG) tool; (c) assess other PAPs of the Agency using the HGDG tool in obtaining more comprehensive inputs or bases in GAD planning and reporting; and (d) ensure timely submission of the PCW-endorsed GAD Plan and Budget (GPB) copy furnished the Audit Team within five working days from date of endorsement.	The agency will attend the training on the use of the Harmonized Gender and Development Guidelines (HGDG) tool. The said training will be participated by the PCC GAD Focal Point System (GFPS) officers, members and program project coordinators. The agency will monitor the timely submission of the PCW-endorsed GAD Plan and Budget (GPB) and it will copy furnished the Audit Team within five working days from date of endorsement.	PCC GAD Focal Point System members	June 2022	Dec. 2022	a) Fully Implemented  b) On going  c) On going  d) On going		



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	<i>(NEDA)-Department of Budget and Management (DBM) Joint Circular (JC) No. 2012-01 and PCW Memorandum Circular (MC) Nos. 2020-05 and 2021-06 dated September 11, 2020 and December 10, 2021, respectively.</i>								
No. 19	<i>The dispersal of 192 heads of female crossbred buffaloes produced thirty heads of calves and generated 7,885.64 liters of raw milk which translated to at least ₱622,064.00 additional income to farmer-beneficiaries of the Carabao-Based Business Improvement Network (CBIN) project of the PCC in three provinces of Region III. Nevertheless, concerns in the implementation of the project were noted such as (a) existence of hard breeders and mortalities; (b) non-compliance with some obligations by the parties under the Dispersal Agreement; and (c) deficiencies in supporting documents which may pose threats on the sustainability of the project and</i>	We recommended and the PCC-CLSU Center Director agreed to undertake the following courses of action:  a) Instruct the CBIN Project Coordinator to: (i) initiate discussions among the concerned Agency officials and stakeholders in order to come up with viable solutions or remedies to minimize the incidence of hard breeders or downers among the animals for distribution; (ii) enjoin compliance by the Cooperatives with their obligations under the Dairy Buffalo Dispersal Agreement (DBDA) to avoid conditions which would warrant the repossession of the dispersed buffaloes and	The concerned personnel will strategize on how to address the audit recommendations for CBIN project of PCC. Continuous monitoring and evaluation of farmer-partners will be made. Experts in breeding and reproduction will be tapped to extend support and recommendations to fully address the problem. They will perform Fixed-timed AI (FTAI) technique which will assure a higher pregnancy rate than the regular AI service. Likewise, the Accounting Unit will conduct thorough review of the	CBIN Project Coordinator and Accounting Unit of PCC CLSU	June 2022	Dec. 2022	a.i) Partially Implemented  a.ii) Partially Implemented	Provision of male breeder buffalo as a means of natural breeding service in support to AI.  PCC will ensure that monitoring team will inspect the animal location indicated in the contract. Also, we will ensure that	

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	<i>the enjoyment of optimum benefits by the beneficiaries thereof.</i>	<p>termination of the Agreement; (iii) urge project staff to strengthen its monitoring controls in the field to timely address the various concerns of Cooperatives and farmer-beneficiaries; and (iv) make representations with the concerned agency officials to put in writing the amendments to the DBDA to make it valid and binding among the parties; and</p> <p>b) Advise the Chief of Administrative and Financial Management Division to direct the Accounting Unit and other concerned Units to: (i) conduct thorough review of the supporting documents to ensure that these are valid, complete, consistent and properly filled out; and (ii) continuously comply with the relevant accounting rules and regulations on the proper utilization of the project funds.</p>	supporting documents to ensure that these are valid, complete, consistent and properly filled out. They will strengthen internal control by implementing a checklist mechanism in every voucher to ensure completeness of documents.				<p>a.iii) Partially Implemented</p> <p>a.iv) Partially Implemented</p> <p>b.i) Partially Implemented</p> <p>b.ii) Fully Implemented</p>	there is written request prior to the transfer of animals in case of emergency. Review of the Dairy Buffalo Production handbook and Purchase Agreement will be made.	

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No. 20	<p>At least 170 coconut farmers benefited from the distribution of agricultural interventions amounting to ₱27,239,098.29 due to the implementation of the Coconut Carabao Development Project (CCDP) in six Regional Centers of the PCC. Nonetheless, deficiencies were noted, such as (a) delayed delivery of 204 heads of female crossbred buffaloes totaling ₱12,240,000.00; and (b) non-compliance with the Technical Specifications of buffaloes as observed in 20 heads valued at ₱1,199,600.00 which did not pass the minimum weight requirement and the absence of a Veterinary Inspection Report on ten heads amounting to ₱599,800.00, inconsistent with the project implementing guidelines, compromising the desired benefits accruing to the coconut farmer-beneficiaries.</p>	<p>We recommended and the OIC-Executive Director agreed to undertake the following courses of action:</p> <p>a) Advise the Project Leader to discuss among the Center Directors concerned the need to (i) conduct validation on the reasons cited by a supplier before granting each request for contract time extension to ensure that these extensions are based on meritorious grounds; (ii) strengthen control points in the selection and inspection of animals to ensure conformance with the technical specifications before acceptance of the same; and (iii) enforce appropriate sanctions provided under Republic Act (R.A.) No. 9184 in case of defaulting suppliers or did not meet the minimum requirements as stated under the Technical Specifications of the Contract;</p> <p>b) Direct the CCDP National Coordinator to enjoin regular coordination with the</p>	<p>The Project Leader and CCDP National Coordinator will conduct root cause analysis to assess the main cause of the delay of delivery of animals to all PCC projects involving procurement of animals. All cited audit recommendations will be implemented in the succeeding years of implementation of Coconut Carabao Development Project (CCDP).</p>	<p>Project Leader, CCDP National Coordinator and Accountant of PCC NHGP</p>	<p>June 2022</p>	<p>Dec. 2022</p>	<p>a.i) Fully Implemented</p> <p>a.ii) Partially Implemented</p> <p>a.iii) Fully Implemented</p> <p>b) Fully Implemented</p>	<p>Based on the assessment done, the root cause of the delay of delivery of animals is the reality that the supply of dairy buffaloes nationwide is very limited but the demand is very high, and there are only 5 qualified bidders for the supply and delivery of buffaloes who are also limited by their area of coverage. This scenario was only aggravated by the compounded impacts of the Covid 19 pandemic resulting to the delay of delivery of animals for this project.</p> <p>Moreover, to ensure conformance with</p>	

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		<p>respective project coordinators of the PCC Regional Centers concerned to keep track of the status of delivery of buffaloes; and</p> <p>c) Instruct the Accountant of the PCC-NHGP to review the completeness and accuracy of the supporting documents attached to the disbursement vouchers to ensure the validity of payments to suppliers under the Contract.</p>					c) Fully Implemented	<p>the technical specifications before acceptance of the animals, we will recommend each center to purchase a portable weighing scale which the inspection team can bring in the site to validate body weight of animals being procured by the agency.</p>	
No. 21	<i>The Milk Feeding Program funded by the Department of Social Welfare and Development (DSWD) was not implemented within the period stipulated in the Memorandum of Agreement (MOA) due to the scarcity of raw materials, resulting in unutilized funds of ₱5,959,350.00 as at December 31, 2021.</i>	We recommended and Management agreed to fast track the implementation of the Program so that the beneficiaries will enjoy the intended benefits to be derived therefrom and the funds are fully utilized before the DSWD demands the return of the unutilized fund.	The center concerned will ensure to fast track the implementation of the future transaction related to Milk Feeding Program.	PCC at CSU	June 2022	Dec. 2022	Fully Implemented		



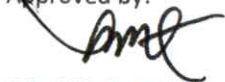
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No. 22	<i>The PCC-NHGP and six Regional Centers reported no unsettled balances of audit suspensions, disallowances and charges as of December 31, 2021. However, the Regional Center at CMU, LCSF and MLPC had outstanding suspensions of ₱13,735,846.07 and audit disallowances of ₱106,418.94 as reflected in the submitted Management Letters (MLs).</i>	The respective Audit Teams recommended that Management (a) enforce the immediate settlement of the audit suspensions to avoid the same from maturing into disallowances; and (b) require persons liable to settle the audit disallowances in the manner prescribed under the RRSA.	The concerned PC centers were instructed to strictly monitor and immediately settle the audit suspensions and disallowances.	PCC at CMU, LCSF and MLPC	June 2022	Dec. 2022	a) Partially Implemented  b) Partially Implemented		PCC at MLPC collected the amount of ₱55,218.39 representing 52% of ₱106,418.94 as partial settlement of their Notice of Disallowance. On the other hand, 17% or 2.3M was already submitted to COA of PCC CMU and MLPC as partial settlement of their Notice of Suspension.

Prepared by:

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Accountant III

Date: August 9, 2022

Approved by:

  
**DR. LIZA G. BATTAD**  
Executive Director III

Date: August 9, 2022