

NAME OF AGENCY: CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS

Golden Shell Pavilion, Roxas Blvd. cor. Sen Gil Puyat Ave., Pasay City

AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION

For Calendar Year 2020

| Reference | 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 / Mangement Comments | Person/ Dept. Responsible | Target Implementation Date | | | | |
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| AAR 2020 Audit Observation (AO) No. 1, page 47 | The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account with carrying amount of P22.997 million as of December 31, 2020 was not established due to: (a) variance of P7.679 million between the cost of PPEs per Accounting records and the Report on the Physical Count of PPE (RPCPPE); and (b) non-maintenance of complete and updated PPE Ledger Cards (PPELCs) by the Controllership Division, thus reconciliation with Property records could not be facilitated, contrary to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1. | a. Direct the Controllership Division and the General Services Division to: (i) determine the causes of the variances between their records, (ii) regularly reconcile the PPE account balances and (iii) effect necessary adjustments or corrections on the affected records in order to fairly present the PPE account in the financial statements; b. Instruct the Controllership Division to maintain complete and updated PPELCs in accordance with Section 42, Chapter 10, GAM, Volume I; and | - The Controllership has assigned a staff to do the reconciliation of the PPE account, which started in 2019. The details of the PPE per accounting record must be established first before a reconciliation with the GSD can be done. Due to the pandemic, which resulted to alternative work arrangements, the reconciliation was put on hold because the allowed time for the physical reporting in the office was very limited. The needed records are bulky, hence the need to do it onsite. | Controllership, GSD | Jul-21 | Dec-21 | Partial | Health Quarantaine Protocol | Partial adjusting entries involving PPE were made in July 2021. |
| | | | - PPELCs for current purchases is already being maintained and a staff has been assigned and instructed to trace back and reconstruct previous PPE purchases and adjustments for encoding to their respective PPELCs while waiting for the ENGAS implementation which offer electronic maintenance of the PPELCs. | Controllership | Apr-21 | Dec-21 | Partial | Computerized Accounting System / E-NGAS / Digitalization | Ongoing reconstruction of PPELCs starting from most recent purchases. |

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| | | c. require the Inventory Committee to conduct complete inventory count of all the CITEM's properties to establish existence thereof. | - The CITEM Inventory Committee is composed of members from different divisions and has their own assigned tasks and responsibilities in their respective divisions. With the declaration of health quarantine protocols during the inventory taking period and the consequent Alternative Work Arrangement implemented by CITEM, the members of the Committee were constraint in taking the physical inventory on time. | Inventory Committee | Apr-21 | Apr-21 | Full | | The Report is submitted on April 8, 2021. The Committee shall start its physical inventory for CY 2021 by October-November in order to finish the inventory and its report on time. |
| AAR 2020 Audit Observation (AO) No. 2, page 50 | The reliability of the balance of the Cash in Bank account in the amount of P436.012 million as of December 31, 2020 could not be ascertained due to the variance of P1.767 million (in absolute amount) between the balance per books and confirmed bank balances on four depository accounts in view of the unrecorded/unadjusted bank credit/debit memos and long outstanding deposits in transit, contrary to Paragraph 27 of IPSAS 1. | a. Determine the cause(s) of the variances between the book balances and the confirmed bank balances on the four depository accounts and effect the necessary adjustments to arrive at reconciled balances; b. Send confirmation letters regularly to debtors/exhibitors with outstanding balance to inquire if payments have been made via online facility of the CITEM's depository banks and require them to submit proofs of payment to facilitate recording of the unidentified bank credits; | -The Controllership Division continues to exert all efforts to reconcile with Landbank branches. With reference to last year's findings on unidentified deposits, the CITEM was able to trace and identify at least 72% of the said deposits. -We only reverted to Cash-in-Bank the unreleased checks of 2020, as stated in the Government Accounting Manual. -Out of the P6.7M variance in the table shown in the AOM, P4.9M represents outstanding and released checks, P.8M represents the amount restricted for Building Fund deposited in Landbank (Income) Peso Corporate Account and P1.0M is identified and issued with OR. - As of date, the Controllership was able to send confirmation letters to various exhibitors with outstanding balances per book records. | Controllership Controllership | Apr-21 Apr-21 | Dec-21 Dec-21 | Partial Partial | Lack of supporting documents on banks' end. Employee turnover and ongoing reconciliation | - Accounting Division will continue to match the bank credits to the actual matrix/records used in the actual exhibition which were cleared for ingress and egress. - The Controllership will continue its efforts in sending out regular confirmation letters to exhibitors. |

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| | | c. Provide a system of check and balance to ensure that all payments made by exhibitors are recorded in the books; and | This is noted and shall be complied with as soon as possible. | Controllership | Apr-21 | Dec-21 | Partial | Ongoing development of online platforms and employee turnover | -The Management is positive that the online platforms currently being developed for exhibitor application, approval, invoicing, and payment will address this recommendation. -The Controllership's billing process will be enhanced and communicated to units concerned accordingly. Also, the documented procedure on billing will be revised to reflect the changes in the billing process. -The bank credits from third parties will now be closely monitored by the accounting personnel who are issuing invoices and/or statement of accounts and handling the receivables account. -The Controllership will also ensure that after each event/trade show, confirmation letters and/or Statement of Accounts will be prepared and sent to exhibitors with outstanding balances per book records. |
| | | d. Continue to coordinate with the concerned banks to resolve the issue on their inability to provide bank credit and debit memos. | -The Controllership Division continues to exert all efforts to reconcile with Landbank branches. | Controllership and Cashier | Apr-21 | Dec-21 | Partial | Lack of supporting documents on banks' end. | - The Controllership and Cashier continues to coordinate With Landbank re reconciling items. |
| | | e. Require the Cash Department to immediately verify the long outstanding deposit in transit amounting to P53,540 and if found to be a valid deposit, make the necessary representation with the concerned depository bank for proper credit to the account of CITEM; | This is noted and shall be complied with as soon as possible. | Controllership | Apr-21 | Dec-21 | Partial | Lack of supporting documents on banks' end. | Currently, Controllership is in coordination with the Cashier to record this properly. |
| | | f. Furnish the Audit Team with a copy of the Board Resolution authorizing the setting up of Restricted Fund for the Building Fund and basis for the reclassification of the Cash in Bank account amounting to P2.763 million to Other Asset – Restricted Fund. | This is noted and shall be complied with as soon as possible. | Controllership and Legal | Apr-21 | Dec-21 | Partial | Health Quarantime Protocol | Board Resolution on the original restriction to be re-submitted to COA once retrieved. |

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| AAR 2020 Audit Observation (AO) No. 3, page 55 | The faithful representation in the financial statements of the Receivables account with net book value of P13.457 million as of December 31, 2020 could not be ascertained due to: (a) incomplete/not updated Subsidiary Ledgers (SLs) to support the receivables totaling P4.809 million; (b) presence of negative/abnormal balances amounting to P3.374 million; and (c) absence of Aging Schedule precluding the determination of the adequacy of the Allowance for Impairment of P6.790 million provided for Receivables account, contrary to Items 3.10, 3.12 and 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities. | a. Maintain SLs for AR- PF Local, AR – Extension Charges and AR – Others; | Management has directed the personnel concerned to encode the contact information to the spreadsheet file of the SL and also maintain/update the balances. | Controllership | Apr-21 | Dec-21 | Partial | Lack of accounting system and employee turnover | Maintenance and update of SL contact information and balances is ongoing. |
| | | b. Determine the nature of the negative balances and prepare the necessary adjustments; | Management has directed the personnel concerned to double-time in preparing the necessary adjusting entries. | Controllership | Apr-21 | Dec-21 | Partial | Lack of accounting system and employee turnover | Partial adjustments were made in July 2021. |
| | | c. Prepare and submit to the Audit Team the Aging of Schedule of the Receivables account on or before the deadline set in accordance with Section 3 of COA Circular No. 2015-004 dated July 16, 2015, to facilitate verification; and | Aging of Accounts Receivable per project were submitted. However, the consolidated per company aging is still underway. | Controllership | Apr-21 | Dec-21 | Partial | Lack of accounting system and employee turnover | Management is optimistic that once an accounting system is in place, it will take lesser time and effort to prepare the required report. Controllership will contact again COA ASDOSO to pursue the E-NGAS implementation since the DBM-BTMS is now put on hold by the DBM. |
| | | d. Determine the nature and the concerned debtor/client for AR –Extension Charges account of P443,447 and take appropriate action thereon. | The backtracking of this account balance has gone as far as year 2009. However, documents beyond 2009 is no longer available. | Controllership | Apr-21 | Dec-21 | Partial | Documents beyond 2009 is no longer available. | If determined that all efforts already exhausted, the Controllerhip will request for write-off of this account. |
| AAR 2020 Audit Observation (AO) No. 4, page 58 | The recording of the unserviceable PPEs with total cost of P8.432 million and accumulated depreciation of P7.588 million or carrying amount of P0.844 under Other Assets-Others account is not in accordance with Annex C- Description of Updated Accounts of COA Circular No. 2020-002 dated January 28, 2020. Likewise, the non-disposal of these unserviceable PPEs recorded under Other Assets-others account delayed the derecognition thereof in the books of accounts, contrary to Paragraph 82 of IPSAS 17. | a. Instruct the Chief, Controllership Division to: (i) properly classify the accounts following Annex C-Description of Updated Accounts of COA Circular No. 2020-002 dated January 28, 2020; (ii) reclassify the unserviceable properties recorded under Other Assets-Others account to appropriate PPE sub-accounts while waiting disposal thereof; and (iii) derecognize in the books the PPE items, where no future economic benefits or service potential is expected from their use or disposal and provide a copy of the Journal Entry Voucher (JEV) to the Audit Team, for verification. | This is duly noted. | Controllership | Jul-21 | Jul-21 | Full | | Reclassification and adjusting entries were made in July 2021. |
| | | b. Require the General Services Division and the Disposal Committee to facilitate disposal of the unserviceable properties. | This is duly noted. | GSD | Apr-21 | Dec-21 | Partial | Document Retrieval | Disposal reports to be retrieved. It is highly likely that these items were already disposed of as they have not been included in the physical count for several years already. |

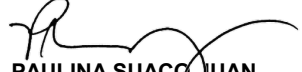
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| AAR 2020 Audit Observation (AO) No. 5, page 60-61 | The existence, reliability and accuracy of the Inventories account amounting to P1.231 million as of December 31, 2020 is doubtful due to: (a) incomplete conduct of physical count; (b) non-preparation/ submission of the Report on the Physical Count of Inventories (RPCI); (c) non-maintenance of Supplies Ledger Cards (SLCs) to substantiate the GLs balances of Inventories sub-accounts; (d) non-maintenance of complete Stock Cards (SCs), contrary to Section 17, Chapter 8 of the GAM, Volume I; and (e) non-adoption of the weighted average method for costing of inventories as required under Philippine Application Guidance (PAG) 2 of IPSAS 12. | <p>a. create an Inventory Committee to be responsible for the complete physical count of Inventories and preparation of the RPCI, following the prescribed form in the GAM.</p> <p>b. Require the Chief, Accounting Division to: (i) assign personnel who will maintain the SLCs for each kind of supply, material or inventory, and (ii) adopt the weighted average method in costing the Inventories in compliance with PAG 2 of IPSAS 12.</p> <p>c. Direct the Property Custodian to: (i) maintain SCs for each inventory item in stock following the prescribed form under the GAM to facilitate reconciliation of the Inventories account with the Accounting records, and (ii) prepare the RSMI monthly to serve as basis of the Accounting Division in preparing the JEV to record the supplies and materials issued.</p> | <p>The CITEM Inventory Committee is composed of members from different divisions and has their own assigned tasks and responsibilities in their respective divisions. With the declaration of health quarantine protocols during the inventory taking period, and the consequent alternative work arrangement implemented by CITEM, the members of the Committee were constrained in taking the physical inventory.</p> <p>We shall continue to accomplish the Subsidiary Ledger Cards for Office Supplies and Semi-Expendable Office Equipment, Furniture and Fixtures.</p> <p>We shall continue to accomplish the Stock Cards for Office Supplies and Semi-Expendable Office Equipment, Furniture and Fixtures. For the RSMI, we have started last year the preparation of the monthly Report in coordination with the Accounting Division, as recommended.</p> | Inventory Committee | May-21 | May-21 | Full | | The Committee has completed the conduct of physical inventory as of May 31, 2021. |
| | | | | Controllership and GSD | Apr-21 | Dec-21 | Partial | Lack of accounting and inventory system. | Henceforth, CITEM shall comply with timely preparation and maintenance of Subsidiary Ledger Cards using the weighted average method (for inventories). To help with this plan, CITEM has scheduled demo of Microsoft Business Central to see if it could function similar to the COA's E-NGAS. |
| | | | | Controllership and GSD | Mar-21 | Mar-21 | Partial | Lack of accounting and inventory system. | Henceforth, CITEM shall comply with timely preparation and maintenance of Stock Cards for both Office Supplies and Semi Expendables Sub-account. To help with this plan, CITEM has scheduled demo of Microsoft Business Central to see if it could function similar to the COA's E-NGAS. |

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| AAR 2020 Audit Observation (AO) No. 6, page 62 | The Inter-agency Payables sub-account-Due to National Government Agencies (NGAs) included P12.934 million unutilized funds which were transferred by the Source Agencies (SAs) under agency-to-agency procurement and without provision in the Memoranda of Agreements (MOAs) that the excess funds shall be returned to the SAs, hence the transferred funds should have been recognized as revenue and not a liability upon transfer thereof, thereby resulting in the overstatement of Inter-agency Payables account of P12.934 million and misstating the Service and Business Income account and other affected accounts. | review and analyze the MOAs between the SA-NGAs and CITEM particularly on the unexpended/excess funds totaling P12.934 million; and | The Controllership continuously review and analyze the Due to NGAs account. | Controllership | Jun-21 | Dec-21 | Full | Coordination with source agencies | Reviewed and analyzed. |
| | | prepare the necessary adjustments to recognize revenue for funds transferred under procurement contract, and those covered by MOAs without a provision on the return of excess funds to SA-NGAs. | Most of the accounts mentioned are already reconciled and adjusted accordingly. | Controllership | Jun-21 | Dec-21 | Partial | | Adjusting entries were made in June 2021. Checks were already prepared for agencies with refunds. |
| AAR 2020 Audit Observation (AO) No. 7, page 65 | Other Receivables totaling P2.412 million remained uncollected and dormant for ten (10) years, contrary to Section 6.1 of COA Circular No. 2016-005 dated December 19, 2016 and depriving the CITEM of additional funds for its operations. | Submit the necessary documents to support the action taken to collect the dormant/long outstanding receivables; and | - Accounts in the Other Receivables range from year 1986 to 2009. Some of the letters sent to the last known addresses of these companies have been retrieved. | Controllership | Apr-21 | Dec-21 | Partial | Unavailability of supporting documents beyond 2009. | Some documents, like letters sent to last known addresses were retrieved. |
| | | Comply with the documentary requirements for writing off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016. | - A request for write-off for amount P100,000.00 and below has been prepared and will be submitted upon approval. | Controllership | Apr-21 | Dec-21 | Partial | | Request for write-off is for approval. |

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| AAR 2020 Audit Observation (AO) No. 8, page 67 | Unutilized/Excess Inter-Agency Transferred Funds totaling P6.376 million were not returned/refunded to the concerned SA-NGAs upon completion of the projects, while transferred funds of P1.739 million were not supported with MOAs, contrary to COA Circular No. 94-013 and Section 63 of the GAM, Volume I. | Initiate the immediate return/refund to concerned SAs of excess funds covered by MOA with specific condition that any excess shall be returned to the SA; exert all efforts to locate the MOAs for excess/unutilized transferred fund balances totaling P1.739 million | Most of the accounts mentioned are already reconciled and adjusted accordingly. | Controllership | Jun-21 | Dec-21 | Partial | Coordination with source agencies | Adjusting entries were made in June 2021. Checks were already prepared for agnecies with refunds. |
| | | | This is noted. | Controllership | Jun-21 | Dec-21 | Partial | Document retrieval | Some copies of the MOA are already submitted. The assigned personnel shall coordinate with COA of any remaining MOA that needs to be submitted. |
| AAR 2020 Audit Observation (AO) No. 9, page 71 | The CITEM was only able to implement eight trade fairs/projects in CY 2020 due to the postponements/cancellations of events because of the Coronavirus Disease 2019 (COVID-19) pandemic. Noteworthy to mention though that its export sales from these projects exceeded by USD273.741 million or 81.47 per cent from its targeted export sales and the cost directly attributable to the project was lower by P5.554 million of the budgeted amounts. However, based on the Statement of Financial Performance for the year ended December 31, 2020, the Center incurred a net loss of P80.003 million, a decline of 351.62 per cent from its reported net income of P31.795 million for the year ended December 31, 2019. | continue implementing strategies that will adapt to the challenges and changes in trade industry due to COVID-19 pandemic and other similar situations that might occur in the future, with the end view of optimizing revenue and minimizing cost to improve CITEM's financial performance | The CITEM will continue to explore adaptive practices for export promotions as an alternate for physical trade shows. | Various | Apr-21 | Dec-21 | Full | | For 2021, CITEM will be launching another digital trade and community platform (DTCP) for the food sector, IFEX Connect, a new promotional website for food sector and two aggregator websites for the creative and sustainability sectors. Beyond our own technical innovations,we will also be participating in international digital trade fairs and DTCPs and we will be organizing business-to-business matching digital events for specific target countries. For our 2022 work plan, we have included the continuation and expansion of our platforms, including upscaling our digital marketing efforts to target unexplored and favored foreign markets. |
| AAR 2020 Audit Observation (AO) No. 10, page 71 | The Inter-agency Payables sub-account-Due to Bureau of Internal Revenue (BIR) included unremitted amount of P0.874 million pertaining to prior years, contrary to the Section 5 of BIR Revenue Regulation (RR) No. 17-2003 | Direct the Chief, Controllership Division to determine the nature of the unremitted amount by analyzing prior years' transactions and remit to the BIR the resulting amount after adjustments, if any | The Controllership is committed to continue to analyze the accounts. however, duw to the pandemic, the staff had difficulty in reconciling accounts duw to limited time spent in the office where the physical documents can be accessed. | Controllership | Apr-21 | Dec-21 | Partial | Unavailability of supporting documents beyond 2009. | CITEM will coordinate with the BIR and will obtain a tax clearance as proof that CITEM has no outstanding obligation with BIR. |

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| AAR 2020 Audit Observation (AO) No. 11, page 74 | The CITEM's complied with Sections 2.3, 6 and 8 of the Philippine Commission on Women-National Economic and Development Authority-Department of Budget and Management (PCW-NEDA-DBM) Joint Circular No. 2012-01 as its GAD Plan and Budget (GPB) for CY 2020 with total allocation of P28.255 million or 10.47 per cent of the total Corporate Operating Budget (COB) of P269.781 million was duly endorsed by the PCW. However, the Center's GAD Accomplishment Report (AR) which indicated total expenditures of P15.210 million in the implementation of various GAD-related programs, activities and projects (PAPs) was not successfully uploaded to the PCW Gender Mainstreaming Monitoring System (GMMS) due to system's failure; thus, there is no assurance that the Center's GAD AR will be reviewed by the PCW. | direct the GAD Focal Person to continue to coordinate with PCW for the uploading of the Center's CY 2020 GAD AR in the GMMS in order to receive feedback and comments thereon from PCW, for the improvement in the implementation of GAD PAPs within the Center | The GAD AR was submitted before April 11, 2021. However, due to system error of the GMMS during submission attempts, we cannot ascertain the exact date of submission but can only confirmed by the generated GAD AR 2020 submitted report. | CORPLAN | Apr-21 | Dec-21 | Partial | GMMS Error | Due to system error of the GMMS during submission attempts, we cannot ascertain the exact date of submission but can only confirmed by the generated GAD AR 2020 submitted report. It is shown in the screenshot provided that we had accessed the GAD AR 2020 submission function of the GMMS when it was re-opened up to April 11, 2021. However, an error from the system pops up whenever we click the submit button (which is before the system closes and becomes unavailable). Fortunately, we were able to generate the GAD AR 2020 PDF from the GMMS submission function before the User Interface of GAD AR 2020 submission becomes disabled inside the GMMS. |

Agency Sign-Off:


PAULINA SUACO-JUAN
 Executive Director
for mcb

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