

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S  
AUDIT RECOMMENDATIONS**

Of the 30 audit recommendations embodied in the prior year's Annual Audit Report (AAR), eight were fully implemented and 22 were partially implemented. Details as follows:

<b>Reference</b>	<b>Observations</b>	<b>Recommendations</b>	<b>Actions Taken/ Comments</b>
<b>Financial</b>		We recommended and Management agreed to:	
AAR 2020 Audit Observation (AO) No. 1, page 44	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 General Services Division to: (i) determine the causes of the variance between their records, (ii) regularly reconcile the PPE account balances and (iii) effect necessary adjustments or corrections on affected records in order to fairly present the PPE account in the financial statements;	Partially Implemented.  Reiterated with updates under Part II – Observation and Recommendation No. 1 of this Report.
		b. Instruct the Controllership Division to maintain complete and updated PPELCs in accordance with Section 42, Chapter 10, GAM, Volume I; and	Partially Implemented.
		c. Henceforth, require the Inventory Committee to conduct complete inventory count of all the CITEM's properties to ensure existence thereof.	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 AO No. 2, page 47	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 balances 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.	<p>We reiterated our previous year's recommendations that Management instruct the Chief, Controllership Division to:</p> <p>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;</p> <p>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;</p> <p>c. Provide a system of check and balance to ensure that all payments made by exhibitors are recorded in the books; and</p>	<p>Partially Implemented.</p> <p>Update on the amount for CY 2021 as follows: Variance of P1.498 million due from unrecorded bank credit/debit memos of P1.459 million (absolute amount) and outstanding deposit in transit of P41,840.</p>
			Partially Implemented.
			Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		d. Continue to coordinate with the concerned banks to resolve the issue on their inability to provide bank credit and debit memos.	Fully Implemented.
		We further recommended that Management:	
		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; and	Partially Implemented.
		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.	Fully Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 AO No. 3, page 51	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.	<p>We recommended that Management require the Controllership Division to:</p> <ul style="list-style-type: none"> <li>a. Maintain SLs for AR-PF Local, AR – Extension Charges and AR – Others;</li> <li>b. Determine the nature of the negative balances and prepare the necessary adjustments;</li> <li>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</li> <li>d. Determine the nature and the concerned debtors/clients for AR –Extension Charges account of P443,447 and take appropriate action thereon.</li> </ul>	<p>Partially Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 3 of this Report.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 No. 4, page 56	AO 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 million 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.	We recommended and Management agreed to: <ul style="list-style-type: none"> <li>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.</li> <li>b. Require the General Services Division and the Disposal Committee to facilitate disposal of the unserviceable properties</li> </ul>	Fully Implemented.
AAR 2020 No. 5, page 58	AO The existence, reliability and accuracy of the Inventories account amounting to P1.231 million as of	We reiterated our previous year's recommendations and Management agreed to:	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>December 31, 2020 were 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>	<p>a. Henceforth, 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>Partially Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 AO No. 6, page 61	<p>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 as 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.</p>	<p>We recommended and Management agreed to direct the Controllership Division to:</p> <ol style="list-style-type: none"> <li>a. Review and analyze the MOAs between the SA-NGAs and CITEM particularly on the unexpended/excess funds totaling P12.934 million; and</li> <li>b. 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.</li> </ol>	<p>Fully Implemented.</p> <p>Fully Implemented.</p>
AAR 2019 AO No. 2, page 45	<p>The Inter-agency Payables sub-accounts, Due to Government Service Insurance System (GSIS) and Due to Home Development Mutual Fund (Pag-IBIG), disclosed negative (abnormal) balances in the aggregate amount of P42,965 due to erroneous posting/ recording of adjustments in the books, contrary to Paragraph 3.11 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities that requires financial reports should be free from error, as possible.</p>	<p>We recommended and Management agreed to direct the Chief, Accounting Division to:</p> <ol style="list-style-type: none"> <li>a. Exert all efforts in tracing/analyzing prior years' erroneous posting/recording of adjustments in the books to totally resolve the negative balances; and</li> <li>b. Henceforth, exercise due care and diligence in the recording of transactions in the</li> </ol>	<p>Partially Implemented.</p> <p>Fully Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		books of accounts to ensure accuracy and avoid errors/mispostings.	
<b>Other Observations</b>			
AAR 2020 AO No. 7, page 63	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.	<p>We recommended and Management agreed to:</p> <p>a. Submit the necessary documents to support the action taken to collect the dormant/long outstanding receivables; and</p> <p>b. Comply with the documentary requirements for writing off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>Partially Implemented.</p> <p>Partially Implemented.</p>
AAR 2020 AO No. 8, page 65	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, Chapter 6 of the GAM, Volume I.	<p>We recommended and Management agreed to direct the Controllership Division to:</p> <p>a. 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; and</p>	Partially Implemented.



Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 AO No. 9, page 67	<p>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 deficit (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.</p>	<p>b. Exert all efforts to locate the MOAs for excess/unutilized transferred fund balances totaling P1.739 million.</p> <p>We recommended and Management agreed to continue implementing strategies and innovations that will adapt to the challenges and changes in trade industry due to COVID-19 and other pandemics that might happen in the future, with the end view of optimizing revenue and minimizing cost to improve CITEM's financial performance.</p>	<p>Partially Implemented.</p> <p>Fully Implemented.</p>
AAR 2020 AO No. 10, page 71	<p>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.</p>	<p>We recommended that Management 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.</p>	<p>Partially Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2020 AO No. 11, page 72	<p>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, the Center's GAD AR was not reviewed by the PCW.</p>	<p>We recommended that Management 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.</p>	Fully Implemented.
AAR 2019 AO No. 4, page 50	<p>Cash advances totaling P1.379 million remained unliquidated and dormant for more than 17 years, contrary to COA Circular Nos. 97-007 dated February 10, 1997 and 2016-005 dated December 19, 2016.</p>	<p>We recommended and Management agreed to prepare all the required supporting documents prescribed in Section 8.3 of COA Circular No. 2016-005 and refile the request for write-off.</p>	Partially Implemented.