

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

Of the 14 audit recommendations embodied in the prior year's Annual Audit Report (AAR), two (2) were fully implemented and 12 were partially implemented. Details as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
Financial AAR 2019 Audit Observation (AO) No. 1, page 42	The faithful representation of the balance of the Cash in Bank account as of December 31, 2019 in the amount of P324.102 million was not established due to the variance of P21.290 million between the balance per books and confirmed bank balances and unrecorded/unadjusted bank credit/debit memos and book errors totaling P10.096 million, on four depository accounts, contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1.	We recommended that Management instruct the Chief, Accounting Division to: <ul style="list-style-type: none"> 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 creditors/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; c. Provide a system of check and balance to ensure that all payments made by exhibitors are recorded in the books; and d. Make representation with the concerned 	Partially Implemented. Reiterated with updates under Part II – Observation and Recommendation No. 2 of this Report. Partially Implemented. Partially Implemented. Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2019 AO No. 2, page 45	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>CITEM's depository bank Management on ways to resolve the issue on the banks' inability to provide bank credit and debit memos.</p> <p>We recommended and Management agreed to direct the Chief, Accounting Division to:</p> <ol style="list-style-type: none"> a. Exert all efforts in tracing/analyzing prior years' erroneous posting/recording of adjustments in the books to totally resolve the negative balances; and b. Henceforth, exercise due care and diligence in the recording of transactions in the books of accounts to ensure accuracy and avoid errors/mispostings. 	<p>Partially Implemented.</p> <p>Fully Implemented.</p>
AAR 2019 AO No. 3, page 46	The existence, reliability and accuracy of the balance of Inventories account in the aggregate amount of P2.029 million as of December 31, 2019 could not be ascertained due to: (a) the Report on the Physical Count of Inventories (RPCI) submitted was incomplete and lacked significant data, i.e. unit value, quantity or balance and shortage/overage; (b) non-maintenance by the	<p>We recommended that Management:</p> <ol style="list-style-type: none"> 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; b. Require the Chief, Accounting Division to: <ol style="list-style-type: none"> (i) assign personnel 	<p>Partially Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 5 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	Accounting Division of the Supplies Ledger Cards (SLCs) to substantiate the General Ledger balance of Inventories; (c) non-maintenance by the Property Custodian of Stock Cards (SCs) as required under Section 17, Chapter 8 of the Government Accounting Manual (GAM), Volume I; and (d) non-adoption of the weighted average method for costing Inventory as required by Philippine Application Guidance (PAG) 2 of IPSAS 12.	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; and 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.	Partially Implemented.
<u>Other Observations</u> AAR 2019 AO No. 4, page 50	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.	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.	Partially Implemented.
AAR 2019 AO No. 5, page 51	CITEM was able to fully accomplish and implement its targeted number of projects on trade fairs. Export sales from these projects exceeded by USD271.976	We recommended and Management agreed to review their expenditures on projects with significant increases vis-à-vis the impact on target accomplishments so as to	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2019 AO No. 6, page 54	<p>million or 181 per cent of the Center's targeted export sales and the cost directly attributable to these projects was lower by P2.107 million than the budgeted amount. However, based on the Statements of Financial Performance for the years ended December 31, 2019 and 2018, the Center's net surplus of P33.627 million in CY 2019 was lower by P24.674 million or 42.32 per cent than its net surplus of P58.301 million in CY 2018.</p> <p>The CITEM's GAD Plan and Budget (GPB) for CY 2019 submitted to the Philippine Commission on Women (PCW) totaling P10.861 million was only 3.90 per cent of the total Corporate Operating Budget (COB) of P278.228 million, contrary to the five per cent minimum requirement under PCW-NEDA-DBM Joint Circular No. 2012-01. Likewise, the Center's implemented programs, activities and projects (PAPs) with total expenditures of P91.082 million as shown in the GAD Accomplishment Report (AR) could not be validated whether these really addressed the gender issues of the Center as the GPB and AR were not endorsed and reviewed by PCW. Further, the identified PAPs were not assessed</p>	<p>minimize cost in the implementation of these projects.</p> <p>We recommended and Management agreed to:</p>	<p>Fully Implemented.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p>
		<p>a. Mainstream GAD on the operations and regular PAPs of the Center to be able to attribute at least five per cent of the total COB;</p> <p>b. Coordinate with PCW for the training of the GFPS on the use of HGDG Tool; and</p> <p>c. Henceforth, follow-up with PCW the endorsement of the GPB and GAD AR to ensure that the PAPs identified are fully carried out and really address the gender issues of the Center.</p>	

Reference	Observations	Recommendations	Actions Taken/ Comments
	using the Harmonized Gender and Development Guidelines (HGDG) since the GAD Focal Point System (GFPS) of the Center has not been trained on the HGDG.		