

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 / Management Comments	Person/ Dep't. Responsible	Target Implementation Date				
					From				To
Audit Observation No. 1, p46, Property, Plant and Equipment (PPE)	The faithful representation of the account balance of PPE with a total acquisition cost of P88,798M and a carrying amount of P17,235M as of December 31, 2022 was not established due to: (a) variance of P3,003M between the balance per books and per Report on the Physical Count of PPE; and (b) non-derecognition of the damaged and unserviceable properties of P5,957M caused by the absence of the Inventory and inspection Report of Unserviceable Property (IIRUP) and c) non-maintenance of complete and updated PPE Ledger cards contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-006 dated January 21, 2020. Moreover, the late preparation of the IIRUP has caused a delay in the disposal of the unserviceable properties, consequently diminishing its disposal value.	a. Direct the Controllership Division and the General Services Division to: (i) exert effort to fully reconcile their PPE records, locate the documents/reports on the disposed unserviceable PPE of P6,591M and effect the necessary adjustments or corrections; and (ii) regularly reconcile the GL records and PPE records.	A Fixed Property System is being developed by MIS that would aid in the recording and reconciliation of PPE accounts.	Controllership and GSD	Jun-23	Dec-23	Partial	Lack of Fixed Assets Management System.	A Fixed Property System is being developed by MIS that would aid in the recording and reconciliation of PPE accounts. The initial users would be the GSD, followed by the Controllership.
		b. Instruct the GSD to submit to the CD the IIRUP and other related documents of the unserviceable PPE costing P5,957M for its derecognition in the books; and	Identification of disposed properties and retrieval of related disposal reports is on-going.	GSD	Jun-23	Dec-23	Partial	Retrieval of supporting documents and manual identification of disposed PPE items on printed reports.	On-going identification of disposed items on printed reports and on-going retrieval of other IIRUP.
		c. Instruct the Controllership Division to maintain complete and updated PPELCs in accordance with Section 42, Chapter 10, GAM, Volume I.	Completion and maintenance of PPELCs are on-going.	Controllership	Jun-23	Dec-23	Partial	Lack of Fixed Assets Management System.	A Fixed Property System is being developed by MIS that would generate and maintain PPELCs.
Audit Observation No. 2, p51 Cash in Bank and Cash Equivalents	The balance of the Cash in Bank and Cash Equivalents account amounting to P285,564M as of December 31, 2022, was understated by P2,387M due to the non-recording of various book reconciling items as of year-end, contrary to Paragraph 27 of the IPSAS 1.	a. Record the credit memos of the payments/deposits from unidentified CITEM clients by debiting the Cash in Bank account and crediting undistributed collection;	Partial adjusting entries were made through JEV 2023-06-0035.	Controllership	Jun-23	Dec-23	Partial	On-going issuance of official receipts for unidentified deposits.	All unidentified deposits as of June 30, 2023 Bank Reconciliation Statements will be recorded as Undistributed Collections.
		b. Prepare the necessary adjustments to record the bank debits, interest income, and book errors; and	Partial adjusting entries were made through JEV 2023-06-0035.		Jun-23	Dec-23	Partial	Lack of supporting documents for adjustments.	Controllership to prepare adjusting entries for the remaining reconciling items as of June 30, 2023 Bank Reconciliation Statements
		c. Coordinate with the clients regarding their online payments, and/or require them to promptly submit or notify the concerned CITEM office for every payment/deposit made.	Request for proof of payments are sent thru clients' registered e-mail addresses. The Controllership and Cashier also exert efforts in identifying all deposits during ingress and egress of local signature events.		Jun-23	Dec-23	Full	Clients are instructed to send their proof of payments on billings, briefings and during ingress/egress.	Once the application and approval for trade shows is done online, the process is only completed upon upload of the proof of payment.

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Audit Observation No. 3, p54 Receivables	The accuracy of Accounts Receivables with a net book value of P19.429M as of December 31, 2022 cannot be ascertained due to non-provision/insufficient allowance for impairment of two receivable accounts with a net book value amounting to P11.343M, contrary to PSAS 29 and Items 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities	a. Provide sufficient provision for impairment for the AR-Others and AR-PF international accounts.	Partial adjusting entries were made through JEV 2023-06-0035. A re-evaluation of the provision will be done at year-end.	Controllership	Jun-23	Dec-23	Partial	Evaluation of the collectability of the affected accounts.	The Controllership will review the policy on setting-up provisions for doubtful accounts.
Audit Observation No. 4, p56 Trade Fairs Performance	CITEM was able to implement 18 projects on trade fairs through physical, hybrid, and digital platforms for CY 2022. Export sales from these projects exceeded its target by USD758.229M or P42.221B while the cost directly attributable to these projects was lower by P19.921M than its budgeted amount. Likewise, CITEM was able to lower its net loss from P14.998M in CY 2021 to P5.087M in CY 2022 or a decrease of P9.911M as shown in its Statement of Financial Performance.	Introduce improvements or innovations in implementing the programs and projects of CITEM including its digital platforms while looking for means to cut down expenses that will minimize the losses attributable to the projects.	This is noted.	Controllership	Jun-23	Dec-23	Full		
Audit Observation No. 5, p58 Accrual of Employee Benefits - ENERCON	The recording/Accrual of the expenses for the Energy Conservation Savings Incentives for CY 2021 amounting to P2.586 million is questionable as it lacks the approval from proper authorities as required in Section II of the Compensation and Position Classification System (CPCS) Implementing Guidelines (IG) No. 2021-01 dated January 12, 2022.	Management to make a representation with the DBM for a more authoritative disposition on the matter otherwise, revert the accrued amount of P2.586 million to the Accumulated Surplus account.	An adjusting entry was prepared as per JEV 1-2022-12-0104 dated December 31, 2022. Also, the Management has written letters both to the GCG and DBM and neither responded with authoritative disposition. It can be gleaned, however, that the CPCS was not yet effective for the whole year of 2021.	Controllership	Jun-23	Dec-23	Full		

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Audit Observation No. 6, p60 Postpaid Plan Subscriptions and Reimbursements of Extraordinary and Miscellaneous Expenses	The propriety and validity of the payments of postpaid plan subscriptions and reimbursements for Extraordinary and Miscellaneous Expenses amounting to P0.223M and P0.613M, respectively, is doubtful due to the actual rates of the postpaid plans which exceeded the rates provided in the Compensation and Position Classification System (CPCS) Circular No. 2021-10 and non-conformity with the nature or purpose as prescribed in Section 4.3 of CPCS Circular 2021-13 and inadequate documentation as per Item No. 7 of COA Circular No. 2012-001.	a. Adhere to the prescribed rate provided in CPCS Circular No. 2021-10 relative to postpaid subscription plans;	A letter was sent to GCG to clarify certain provisions of the CPCS Circular 2021-10.	GSD	Jun-23	Dec-23	Full	The GCG has allowed the current communication allowance implemented by the CITEM.  A draft letter to COA containing additional comments and justifications for the CITEM officials reimbursement of Extraordinary and Miscellaneous Expenses is currently for review.	To submit additional comments and justifications from the concerned CITEM officials.
		b. Refrain from paying expenses that are not in accordance with the nature and purposes set forth in the CPCS Circular No. 2021-13;	This is noted.	Management	Jun-23	Dec-23	Full		
		c. Direct the concerned officials to submit the supporting documents to assess the propriety of the reimbursements as per COA Circular No. 2012-001; and	An initial reply with comments and justifications was sent to COA last March 28, 2023.	HRMD	Jun-23	Dec-23	Partial		
		d. Henceforth, strictly follow the payment thru a non-commutable or reimbursement basis.	This is noted.	Controllership	Jun-23	Dec-23	Full		
Audit Observation No. 7, p85 GAD	CITEM allocated funds for GAD totaling P25,294M of 10.07% of the total CY 2022 Corporate Operating budget of P251,252M, and its GAD Plan and Budget was duly endorsed by the Philippine Commission on Women. Likewise, CITEM utilized 96.48% of its allocated GAD Budget with total expenditures amounting to P24,402M as shown in its GAD Accomplishment Report.	Continue attributing at least 5% of its total COB for GAD and properly implement the PAPs.	This is noted.	Corplan and HRMD	Jun-23	Dec-23	Full		

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