

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

Of the 25 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 14 were fully implemented, nine were partially implemented, and two were not yet implemented. Details as follows:

| <b>Reference</b>                      | <b>Observations</b>   | <b>Recommendations</b>   | <b>Actions Taken/<br/>Comments</b>  |
|---------------------------------------|---|--|---|
| <b>AAR 2021</b>                       |   |  |   |
| <b>Financial</b>                      |   |  |   |
| Audit Observation (AO) No. 1, page 44 | <p>The faithful representation of the account balance of Property, Plant and Equipment (PPE) costing P104.413 million with a carrying amount of P20.497 million as of December 31, 2021 was not established due to: (a) variance of P13.337 million between the amount of PPE per books and per Report on the Physical Count of PPE; and (b) non-maintenance of complete and updated PPE Ledger Cards by the Controllership (Accounting) Division thus reconciliation with General Services Division 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 1.</p> <p>Moreover, the failure of Management to promptly prepare and monitor the required Inventory and Inspection Report of Unserviceable Property for the damaged/obsolete PPE had caused delay of its</p> | <p>We recommended and Management agreed to:</p> <p>a. Direct the CD and the GSD to:</p> <p>(i) reconcile their records, exert effort to locate/identify the documents/records and IIRUP (if any), covering the disposed unserviceable properties that are still outstanding in the books, and effect the necessary adjustments or corrections;</p> <p>(ii) regularly reconcile the GL records and Property records (PPE); and</p> <p>(iii) prepare the IIRUP for PPE amounting P6.258 million identified as damaged/unserviceable and facilitate the disposal thereof through public auction, destruction or other appropriate</p> | <p>Partially Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Partially Implemented</p> <p>Partially Implemented</p> |

| Reference            | Observations  | Recommendations   | Actions Taken/<br>Comments |
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|                      | disposal and/or derecognition or dropping from the books.   | mode of disposal.   |                            |
|                      |   | b. Instruct the CD to maintain complete and updated PPELCs in accordance with Section 42, Chapter 10, GAM, Volume I.  | Partially Implemented.     |
| AO No. 2,<br>page 50 | The faithful representation of the Receivables account totaling P27.625 million and net book value of P20.836 million as of December 31, 2021 is doubtful and could not be ascertained due to: (a) incomplete Subsidiary Ledgers of accounts totaling P12.455 million; (b) amount of P2.603 million were confirmed settled and/or subsidized accounts; (c) presence of negative balances amounting to P2.207 million; and (d) incomplete aging schedule which precludes the determination of the adequacy of the corresponding Allowance for Impairment of P6.790 million, contrary to Items 3.10, 3.12 and 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities. | We recommended that Management direct the CD to:  |                            |
|                      |   | a. Maintain SLs for AR- PF Local, AR – Extension Charges and AR – Others;   | Partially Implemented      |
|                      |   | b. Analyze the individual accounts of the exhibitors particularly the balances which were subsidized by National Government Agencies and prepare the necessary adjustments;                           | Partially Implemented      |
|                      |   | c. Send confirmation letters regularly to exhibitors with outstanding balance to inquire if payments have been made and require them to submit proof of payment to facilitate recording in the books; | Fully Implemented          |

| Reference            | Observations  | Recommendations  | Actions Taken/<br>Comments                        |
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|                      |   | <ul style="list-style-type: none"> <li>d. Prepare the necessary adjusting entries to correct and/or record the following: <ul style="list-style-type: none"> <li>d.1 erroneous recording of transactions which resulted to the negative balances totaling P1.042 million;</li> <li>d.2 recognize income for the P0.708 million for collections not yet billed or invoices cancelled; and</li> <li>d.3 recognize forex gain of P9,292;</li> </ul> </li> </ul> | Partially Implemented                             |
|                      |   | <ul style="list-style-type: none"> <li>e. Determine the nature of the negative balances of P446,988 and prepare the necessary adjustments; and</li> </ul>  | Fully Implemented                                 |
|                      |   | <ul style="list-style-type: none"> <li>f. Prepare and submit a complete Aging of AR on or before the deadline set in accordance with Section 3 of COA Circular No. 2015-004 dated July 16, 2015.</li> </ul>  | Partially Implemented                             |
| AO No. 3,<br>page 54 | The balance of the Accounts Payable of P97.083 million as of December 31, 2021, is overstated by P1.363 million, hence the account is not fairly presented in the Financial Statements contrary to paragraph 27 of International Public Sector Accounting Standard 1. The overstatement covers the cost of the procured motor vehicle accepted on January 10, | <p>We recommended and Management agreed to direct the CD to:</p> <ul style="list-style-type: none"> <li>a. Prepare the necessary adjusting entries on the recorded motor vehicles to correct the Accounts Payable balance as of December 31, 2021; and</li> <li>b. Refrain from recording or recognizing a payable account on purchases that has not been</li> </ul>   | <p>Fully Implemented</p> <p>Fully Implemented</p> |

| Reference   | Observations  | Recommendations  | Actions Taken/<br>Comments                        |
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| AO No. 4,<br>page 56  | <p>2022 but was recognized in the books as payable in December 2021, contrary to the DBM Circular No. 2013 dated December 23, 2013</p> <p>The existence, reliability, and accuracy of the Inventories account amounting to P1.436 million as of December 31, 2021 was not established due to: (a) incomplete Report on the Physical Count of Inventories amounting to P1.191 million; and (b) non-maintenance of Supplies Ledger Cards precluding verification of the Inventory balances, thereby affecting the fair presentation of the account in the financial statements.</p> | <p>delivered and officially accepted by CITEM, as evidenced by an IAR.</p> <p>We recommended and Management agreed to direct the:</p> <p>a. Supplies Custodian to prepare and submit the RPCI for Semi Expendable Office Equipment and Semi-Expendable Furniture and Fixture following the prescribed form in the GAM; and</p> <p>b. CD to likewise maintain the SLC and prepare the adjustments in the books, as necessary.</p> | <p>Fully Implemented</p> <p>Fully Implemented</p> |
| <p><b>Other Observations</b></p> <p>AO No. 5,<br/>page 59</p> | <p>CITEM was able to fully accomplish and implement its targeted number of projects on trade fairs through digital platforms and hybrid events. Export sales from these projects exceeded by USD 565.776 million or 950.92 per cent of the targeted export sales while the cost directly attributable to these projects decreased by P3.357 million more than its budgeted amount. Likewise, based on the Statements of Financial Performance for the years ended December 31, 2021 and 2020, CITEM was able to lower its net loss to</p>   | <p>We recommended and Management agreed to continue implementing strategies that would 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.</p>   | <p>Fully Implemented</p>                          |

| Reference            | Observations  | Recommendations  | Actions Taken/<br>Comments   |
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| AO No. 6,<br>page 61 | <p>P12.003 million in CY 2021 compared to CY 2020 of P80.003 million, or a decrease of P67.969 million or 84.96 per cent, despite the non-charging of participation fees to its exhibitors.</p> <p>Validity and propriety of the accrual of Collective Negotiation Agreement FY 2021 incentives amounting to P2.189 million as of December 31, 2021 is doubtful due to the lack of requirements and proper approval contrary to Department of Budget and Management Budget Circular No. 2021-3 dated November 17, 2021.</p> | <p>We recommended that Management:</p> <ol style="list-style-type: none"> <li>a. Submit the documents required as per DBM BC No. 2021-3 dated November 17, 2021 to substantiate the grant of CNA FY 2021;</li> <li>b. Reverse the entries made for the accrual of the incentive in case of failure to comply with the submission of valid documentation to reflect the correct balance of the affected account; and/or</li> <li>c. Upon compliance with the requirements, charge the incentive to "Other Benefits" account pursuant to the DBM BC No. 2021-3.</li> </ol> | <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> |
| AO No. 7,<br>page 64 | <p>Payment of salaries to janitorial personnel under Institutional Contract of Service despite being on an on-call or work-from-home basis wherein no actual services were rendered, resulted in overpayment amounting to P0.810 million, contrary to the provisions of</p>   | <p>We recommended that Management facilitate the refund of the overpayment of salaries from the Agency of the janitorial services and henceforth, always observe the rules and regulations on government resources expenditures.</p>   | <p>Not Implemented</p>   |

| Reference            | Observations   | Recommendations  | Actions Taken/<br>Comments |
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|                      | the Contract of Service and Section 2 of Commission on Audit – Department of Budget and Management (COA-DBM) Joint Circular No. 1 Series of 2020 dated March 19, 2020.   | We further recommended that Management make a representation with the DBM for a more authoritative disposition on the matter.  | Partially Implemented      |
| AO No. 8,<br>page 67 | The procurement of the 170 units Blood Pressure Monitor amounting to P238,263.39 issued to all CITEM personnel including job orders and contract workers, is considered unnecessary based on COA Circular No. 2012-003 dated October 29, 2012. The said medical gadget is neither included in the list of common-use supplies and equipment enumerated in Annex B of the Government Procurement Policy Board Resolution No. 03-2020 dated March 9, 2020, nor among the intervention prescribed in Annex A of the Department of Health Administrative Order No. 2020-0015 dated April 27, 2020. | We recommended that Management direct the HRMD to facilitate the refund of P236,687.41 pertaining to the 169 units of BP monitors and henceforth, observe prudence in determining whether or not an expenditure is necessary.          | Not Implemented            |
| AO No. 9,<br>page 70 | CITEM's GAD Plan and Budget for CY 2021 totaling P12.702 million or 5.07 per cent of the total Corporate Operating Budget of P250.560 million was not endorsed by Philippine Commission on Women (PCW) contrary to PCW Memorandum Circular No. 2020-05, thus, could not be validated whether gender issues were addressed.   | We recommended that Management direct the GFPS Focal Person to:<br><br>a. Coordinate with PCW for in-house trainings/webinar of its GFPS Secretariat to further strengthen its capacity in identifying GAD issues and concerns as well | Fully Implemented          |

| Reference | Observations  | Recommendations   | Actions Taken/<br>Comments   |
|-----------|---|---|--|
|           | <p>Nonetheless, CITEM fully utilized its allocated GAD Budget with total expenditures amounting to P17.328 million for the implemented programs, activities and projects as shown in the Accomplishment Report submitted for review to the PCW thru the Gender Mainstreaming Monitoring System.</p> | <p>preparing PAPs relative thereto;</p> <p>b. Follow-up with PCW the endorsement of the GPB to ensure that the PAPs identified fully address the gender issues of CITEM;</p> <p>c. Monitor the return of final GAD AR from PCW and provide the same to the Audit Team; and</p> <p>d. Henceforth, continue to mainstream GAD activities on the regular PAPs to be able to attribute at least five per cent of the total COB.</p> | <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> |