

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

Of the 15 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 12 were fully implemented and three were not yet implemented. Details as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2022			
Financial			
Audit Observation (AO) No. 1, page 46	<p>The faithful representation of the account Property, Plant and Equipment (PPE) with a total acquisition cost of P88.798 million and a carrying amount of P17.235 million as of December 31, 2022, was not established due to: a) variance of P3.003 million between the balance per books and per Report on the Physical Count of PPE; b) non-derecognition of the damaged and unserviceable properties of P5.957 million 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 International Public Sector Accounting Standard 1 and COA Circular No. 2020-006 dated January 21, 2020.</p> <p>Moreover, the late preparation of the IIRUP has caused a delay in the disposal of the unserviceable properties, consequently diminishing its disposal value.</p>	<p>We recommended and Management agreed to:</p> <p>a. Direct the CD and the GSD to:</p> <p>(i) exert effort to fully reconcile their PPE records, locate the documents/reports on the disposed unserviceable PPE of P6.591 million and effect the necessary adjustments or corrections; and</p> <p>(ii) regularly reconcile the GL records and Property records (PPE);</p> <p>b. Instruct the GSD to submit to the CD the IIRUP and other related documents of the unserviceable PPE costing P5.957 million for its derecognition in the books; and</p> <p>c. Instruct the CD to maintain complete and updated PPELCs in</p>	<p>Not Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
Other Observations	Item 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.		
AO No. 4, page 56	CITEM was able to implement 18 projects on trade fairs through physical, hybrid, and digital platforms for the Calendar Year (CY) 2022. Export sales from these projects exceeded its target by \$758.229 million or P42.221 billion while the cost directly attributable to these projects was lower by P16.921 million than its budgeted amount. Likewise, CITEM was able to lower its net loss from P14.998 million in CY 2021 to P5.087 million in CY 2022 or a decrease of P9.911 million as shown in its Statement of Financial Performance.	We recommended and Management agreed to continue introducing 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.	Fully Implemented
AO No. 5, page 58	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.	We recommended that Management 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.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 6, page 60	<p>The propriety and validity of the payments of postpaid plan subscriptions and reimbursements for Extraordinary and Miscellaneous Expenses amounting to P223,492 and P0.613 million, 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 No. 2021-13 and inadequate documentation as per Item No. 7 of COA Circular No. 2012-001.</p>	<p>We recommended that Management:</p> <ol style="list-style-type: none"> a. Adhere to the prescribed rate provided in CPCS Circular No. 2021-10 relative to postpaid subscription plans; b. Refrain from paying expenses that are not in accordance with the nature and purposes set forth in the CPCS Circular No. 2021-13; 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 d. Henceforth, strictly follow the payment thru a non-commutable or reimbursement basis. 	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p>
AO No. 7, page 66	<p>CITEM allocated funds for Gender and Development (GAD) totaling P25.294 million or 10.07 percent of the total CY 2022 Corporate Operating Budget of P251.252 million, and its GAD Plan and Budget was duly endorsed by the Philippine Commission on Women. Likewise, CITEM utilized 96.48 percent of its allocated GAD Budget with total expenditures amounting to P24.402 million as shown in its GAD Accomplishment Report.</p>	<p>We recommended and Management agreed to continue attributing at least five percent of its total COB for GAD and properly implement the PAPs.</p>	<p>Fully Implemented</p>