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

Of the 21 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 14 were fully implemented, six (6) were partially implemented and one (1) was not implemented.

			Actions Taken/
Reference	Observations	Recommendations	Comments
2017 AAR Financial Audit Audit	The existence, validity and reliability of the net book balance totaling P44.133	We recommended that Management:	
Observation (AO) No. 1 page 29		a. require the Inventory Committee to complete RPCPPE for CY 2017 and submit the same to Finance Division and Property Unit for purposes of reconciliation with the books of accounts, copy furnish COA;	Partially Implemented
	threshold of P15,000 as prescribed under Chapter 10 of the GAM; (d) some of the adjusting entries made on the account could not be substantiated due to lack of	b. require concerned offices to prepare, and regularly update recording in the PPELC and PC;	Partially Implemented
	supporting documents; and (e) absence of a detailed schedule to support the recorded computation of the Accumulated Depreciation for the PPE accounts.	c. require the Accounting Division to observe the criteria for recognition of PPE under Section 3, Chapter 10 of the GAM on the	Fully Implemented
		capitalization threshold of P15,000.00; reclassify to expense accounts items recorded in the PPE accounts that did not meet the capitalization	

			Actions Taken/
Reference	Observations	Recommendations	Comments
		threshold; and require the Property Officer to issue the corresponding Inventory Custodian Slip in lieu of Property Acknowledgement Receipt to establish accountability on these semi-expendable items;	
		d. submit all the lacking documents and submit justification as to propriety of the entries recorded; and	Partially Implemented
		e. furnish COA copy of the schedule of Accumulated Depreciation.	Not Implemented
2017 AAR Financial Audit	Due to Other Government Agencies account disclosed	Management analyze the	Partially Implemented
AO No. 2 page 32	a negative balances of P82,897.77 which indicate overpayment/over remittance or erroneous adjustment.		Updated and reiterated in Part II — Audit Observation and Recommendation No. 4 of this Report.
			Verification disclosed that in CY 2018 the negative balances still existed but were reduced to P74,408.00.

			Actions Taken/
Reference	Observations	Recommendations	Comments
2017 AAR Compliance Audit AO No. 3 page 32	Proper procedure and documentation to support the procurement of high-end electronic gadgets and computers during CY 2017 were not observed such as: (a) absence of sufficient justification for the need to procure high-end gadgets pursuant to COA Circular No. 2012-009; (b) non-observance of "Reference to Brand Name" prohibition under RA No. 9184, (c) realignment of Budget was not supported with Realignment Advice Form as prescribed by DBM, and (d) Amendment of Annual Procurement Plan (APP) not submitted to GPPB.	We recommended that Management: a. submit justification for the need to procure high-end gadgets and exercise prudence in the utilization of government resources to prevent the incurrence of unnecessary, excessive, or irregular expenditures in the conduct of its operation; and b. observe proper documentation for every procurement of property and obtain from higher authorities the requisite prior approval on any government transaction.	Fully Implemented Fully Implemented
2017 AAR Compliance Audit AO No. 4 page 35	The Center continued to maintain three Philippine National Bank (PNB) accounts as at the end of CY 2017 contrary to DOF Department Circular No. 001-2015 dated June 1, 2015 and DOF Department Circular No. 002-2016 dated July 8, 2016 which provide that government agencies should deposit and maintain accounts with GFIs or Authorized Government Depository Banks (AGDBs).	We recommended that Management: a. inquire from DOF the status of their request to maintain the two PNB Accounts; and b. comply with existing regulations to maintain and deposit the bulk of CITEM's funds in AGDBs.	Fully Implemented Partially Implemented

			Actions Taken/
Reference	Observations	Recommendations	Comments
2017 AAR Compliance Audit AO No. 5 page 36	CITEM disposed of three motor vehicles with an appraised value of P226,039.62 without complying with: (a) requisite advertisement in any newspaper of general circulation as required under Section 79 of P.D. No. 1445; and (b) did not furnish COA the required documents 20 days before the advertisement or call to public auction.	We recommended that Management: a. comply with the publication requirements (P.D. No. 1445) for the disposal of properties to attract as many bidders as possible to obtain price most advantageous to the government; and	Fully Implemented
		b. furnish the COA Team at least twenty days before the advertisement of the call to public auction so that COA may conduct the necessary audit procedures on the disposal of government properties.	Fully Implemented
2017 AAR Compliance Audit AO No. 6 page 38	Important provisions of the Memorandum of Agreement (MOA) between CITEM and National Commission for Culture and Arts (NCCA) for the holding of the Design Week Philippines 2016 were not complied with by CITEM, thus, placing the Center under the risk of possible cancellation of the remaining grant by NCCA in the amount of P785,693 which CITEM had already paid in advance.	We recommended that Management submit all the requirements provided in the MOA and notify NCCA in writing, specifying the causes of the delay that may have adverse implications and consequences on the fulfillment of the remaining two tranches of the grant.	Fully Implemented

			Actions Taken/
Reference	Observations	Recommendations	Comments
2017 AAR Compliance Audit AO No. 7 page 40	The Center procured IT Hardware Equipment pursuant to its Information Systems Strategic Plan (ISSP) CYs 2015-2017, but did not submit the terms of reference and/or technical specification of its Information and Communication Technology (ICT) requirements to the Information and Communications Technology Office (ICTO) and did not observe the proper realignment of budget and/or amendment of Annual Procurement,	We recommended that Management: a. observe the requirements of the 2016 GAA to submit to ICTO the terms of reference and/or technical specifications in the procurement of ICT requirements before procuring the same in accordance with CITEM's duly endorsed ISSP; and	Fully Implemented
	contrary to pertinent provisions under the General Appropriations Act (GAA) and the Implementing Rules and Regulations (IRR) of RA No. 9184, thus, casting doubt on the validity of the procurement transactions.	b. observe the prescribed period in realigning budget within or from capital outlay and submit the amended/approved Annual Procurement Plan to the GPPB as required by law.	Fully Implemented
2017 AAR Compliance Audit AO No. 8 page 41		We recommended that Management comply with the existing laws, rules and regulations on the liquidation of cash advances as provided for under Section 89 of PD No. 1445 and Sections 4.4 and 5.3 of COA Circular No. 97-002 dated February 10, 1997.	Fully Implemented

			Actions Taken/
Reference	Observations	Recommendations	Comments
2017 AAR Compliance Audit AO No. 9 page 42	CITEM's accomplishment reports on trade fairs disclosed that it exceeded its target on Domestic and Retail Sales from its	We recommended that Management: a. report negotiated sales as part of its	Fully Implemented
	sponsored projects by the total amount of P344.349 million equivalent to 190.03 per cent of its target; however, we noted the following lapses: (a) the recorded figures on the Export Sales included sales	Export Sales when realized to adhere to the principle of the accounting framework adopted for government transactions; and	
	which were still under negotiations and there was no subsequent report to show that these negotiations were actually realized into perfected sales; and (b) while the costs directly attributable to said trade fairs were favorably lower by P23.519 million than the budgeted amount of P157.782 million, income derived from said projects amounted to P63.656 million only resulting in an unfavorable variance of P70.698 million.	b. review expenditures with significant increases and their impact on target accomplishments to at least minimize the losses attributable to specific projects.	Fully Implemented
2017 AAR Compliance Audit AO No. 10 page 45	Bank Reconciliation Statements (BRS) for the month of December 2017 for various Cash-In-Bank accounts were not submitted to COA on the prescribed period contrary to the provision of Chapter 21, Section 7 of Government Accounting Manual (GAM).	Management submit a copy of its monthly BRS	Partially Implemented

Reference	Observations	Recommendations	Actions Taken/ Comments
2017 AAR Compliance Audit AO No. 11 page 46	The Inventory Committee was not able to submit the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) for CY 2017 to COA contrary to Section 38, Chapter 10 of Government Accounting Manual (GAM), Volume I.	We recommended that Management submit the RPCPPE for each year on or before January 31st of the ensuing year.	Fully Implemented
2017 AAR Compliance Audit AO No. 12 page 46	The annual Gender and Development (GAD) was implemented through participation in trade promotional activities, product development and export coaching program and other women-led activities. Likewise, the annual Gender and Development (GAD) Plan and Budget (GPB) for CY 2017 was submitted to Department of Trade and Industry (DTI) for review and submission to Philippine Commission on Women (PCW) in consonance with the PCW-NEDA-DBM Joint Circular No. 2012-01.	Management continue promoting its GAD related projects and	Fully Implemented