

Philippine Carabao Center
Science City of Muñoz, Nueva Ecija

PHILIPPINE CARABAO CENTER
Office of the Auditor
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MAR 07 2018

**AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION**
Audit Observations and Recommendations
For the Calendar Year 2016
As of December 31, 2017

BY: 

| Ref. | Audit Observations | Audit Recommendations | Agency Action Plan | | | | Status of Implementation | Reason for Partial/Delay/Non-Implementation, if applicable | Action Taken/Action to be Taken |
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| AOM No. 2016-009 | Several deficiencies were observed during the cash examination conducted on the cash and accounts of Mr. Victorino T. Capiral, Administrative Officer V/Collecting Officer on September 15, 2016 such as (a) improper/non-maintenance of Cash Receipts Records (CRR) and Cash Disbursements Records (CDR); (b) non-preparation of Report of Accountability for Accountable Forms (RAAF); (c) delayed deposit of collections; and (d) | We recommended and Management agreed to (a) instruct the Accountable Officers to (i) maintain cash records and reports in conformity with the prescribed forms in the GAM for NGAs; (ii) prepare monthly Report of Accountability for Accountable Forms to report on the movement and status of accountable forms in his possession and submit copy to the COA Audit Team; (iii) deposit all collections with authorized depositories daily | The concerned officials/staffs already maintained all the prescribed forms enumerated in the recommendations. The management designated another Cash Collecting Officer for the operation of Milka Krem/DPP and PCC Hostel. Likewise, the change fund of P5,000 was already | Accounting and Cash units | Jan. 2017 - onwards | | a.(i) Fully Implemented a.(ii) Fully Implemented a.(iii) Fully Implemented | All recommendations have been implemented. | |

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| | other internal control weaknesses in violation of various laws and regulations; thus, may result in misappropriation of funds if not given attention. | or not later than the next banking day; and (iv) issue Official Receipts dated at the point of actual sales; (b) designate collectors who are holding permanent plantilla positions with appropriate provision for fidelity bond coverage therefor; (c) review the duties and responsibilities assigned to the hostel manager and bookkeeper and make appropriate action/(s) to resolve the noted conflict; and (d) ascertain the source of change fund and effect the necessary adjusting entries, if any, otherwise issue an Official Receipt and make a journal entry to account for the overage. | recorded/accounted in the book. Lastly, all the recommendations were implemented to strengthen the existing internal control on the accounting of collections and deposits. | | | | a.(iv) Fully Implemented b. Fully Implemented c. Fully Implemented d. Fully Implemented | | |
| AOM No. 2016-010 | Various rules and regulations in the granting, utilization and replenishment/liquidation of cash advances for petty operating expenses and special time-bound undertakings were not observed such as (a) non-maintenance of Petty Cash Fund | We recommended and Management agreed to (a) instruct the Petty Cash Custodians in PCC Head Office to maintain Petty Cash Fund Records to monitor petty cash transactions; (b) limit the amount of the fund to what is | The accounting unit will conduct re-orientation on rules and regulations in the granting, utilization and replenishment/liquidation of cash | Accounting unit and Petty Cash Custodians | Jan. 2017 - onwards | | a. Partially Implemented. b. Fully Implemented | Petty Cash Fund records will be fully maintained by Petty Cash Custodians in | |

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| | Records and Cash Disbursements Records; (b) granting of Petty Cash Fund in excess of one month requirement for petty operating expenses of the agency; and (c) other internal control weaknesses thus, may expose the fund to loss or misuse. | sufficient to cover the recurring petty operating expenses of the agency for one month; and (c) require AO in PCC at CMU to stop the practice of paying out from her PCF disbursements above ₱15,000.00, otherwise such will be disallowed in audit. | advances among concerned officials/employees. Also, maintenance of Petty Cash Fund Record and Cash Disbursements Record for Petty cash transactions will be implemented this 2017. | | | | c. Fully Implemented | the ensuing years. | |
| AOM No.20 17-001 dtd. 2/08/17 | Deficient inventory management processes resulted in the difficulty in sustaining the reliability of the reported balance of supplies and materials inventory reported at ₱802,035.30 as at December 31, 2016, which was not harmonized with Sections 9 and 17, Chapter 8, Volume I of Government Accounting Manual for National Government Agencies (GAM for NGAs) and Section 490, Volume I of Government Accounting and Auditing Manual (GAAM) | We recommended and Management agreed to instruct the (a) Inventory Team to (i) conduct the physical count of inventories at least every six months and prepare the RPCI for the inventory counted; and (ii) work with the Supply and Accounting Offices for the reconciliation of the RPCI with the latter's records; (b) Supply Officer to maintain the required records and reports for inventories; and (c) Accounting Office to (i) observe perpetual inventory and the weighted average cost | The concerned personnel/inventory team have been instructed to (i) conduct physical count of inventories at least every six months; (ii) maintain the required records and reports for inventories; and make reconciliation of the accounts after the said inventory. Moreover, perpetual inventory method was adopted starting April, 2017. | Accounting and Property units | April 2017 - onwards | | a.(i) Partially Implemented a.(ii) Fully Implemented b. Partially Implemented c. (i) Fully Implemented | Semi-annual inventory of physical count of inventories was accomplished. Since this is the first time we do the semi-annual counting, some problems are encountered during the process. | The inventory team conducted physical count of inventories last July and December, 2017. |

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| | | in accounting for these assets; and (ii) coordinate with the Supply Office for the regular reconciliation of inventory balances. | | | | | c. (ii) Fully Implemented | | |
| AOM No.20 17-002 dtd. 2/08/17 | Unserviceable Property, Plant and Equipment (PPE) amounting to ₱2,252,849.95 or 0.31% of the total PPE of ₱728,387,258.24 as of December 31, 2016 were not yet converted to their specific PPE accounts which overstated the balance of Other Assets account and collectively understated the affected PPE accounts by the said amount as of year-end, contrary to COA Circular Nos. 2014-003 and 2013-002 dated April 15, 2014 and January 30, 2013, respectively. Moreover, these were still not disposed of inconsistent with Section 79 of Presidential Decree No. 1445 hence, failed to maximize benefits that could have been derived from the sale of said | We recommended and Management agreed that the Executive Director instruct the (a) Accountant to reclassify each unserviceable property to its specific PPE account; (b) Accounting and Property Offices to identify the composition of the unreconciled beginning balance amounting to ₱1,035,302.45; (c) Property Officer to prepare and submit IIRUP in the format prescribed by GAM for NGAs and with complete details such as appraised value and mode of disposal to the Audit Team for appropriate action thereon; and (d) Disposal Committee to undertake appropriate disposal | The property officer submitted the Inventory and Inspection Report of Unserviceable Property (IIRUP) to the COA office for appropriate action. | Property and Supply Unit and Disposal Committee | April 2017 | Dec. 2017 | a. Partially Implemented b. Partially Implemented c. Fully Implemented d. Partially Implemented | Since last year, proper recording for unserviceable property is maintained. The balance of unserviceable property will be derecognized from the books upon disposal. As of July, 2017, P587,605.32 or 57% was identified and derecognized from the books. Partial disposal of the unserviceable items was done last July, 2017. P938,668.20 or 42% of the unserviceable PPE was disposed on July 5, 2017. Disposal of remaining unserviceable items will be made after we received the submitted IIRUP. | |

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| | unserviceable assets and from the alternative use of storage space currently occupied by said property. | proceedings in accordance with regulations. | | | | | | Disposal of remaining unserviceable items will be made after we received the submitted IIRUP. | |
| AOM No.2017-004 dtd. 2/1/17 | The PCC Head Office recorded the income from the rental of hostel rooms and other facilities of PCC Head Office amounting to ₱6,185,324.50 in the Trust Liabilities account instead of Rent Income in violation of Government Accounting Manual for National Government Sector (GAM for NGAs). Moreover, expenditures incurred for the operations of the said facilities were also charged to Trust Liabilities instead to its proper accounts resulting to the understatement of income, expenses and accumulated surplus accounts in the amount of ₱6,185,324.50, ₱2,111,622.09 and ₱8,047,681.52, respectively. | We recommended and Management agreed that the Executive Director instruct the OIC, Chief of Administration and Finance Division to (a) stop the practice of using the account Trust Liabilities in recording the income, expenditures and assets of the hostel building and other facilities; (b) reclassify to proper accounts all erroneous journal entries made in the Trust Liabilities - Hostel Fund account; (c) maintain separate books of accounts, as revolving fund, for the operations of hostel building and other facilities; and (d) report the income and expenditures incurred | The recommendations will be implemented after the corresponding funding source code is given by DBM for the Hostel operations. | Accounting unit | June 2017 | Dec. 2017 | a. On-going. b. On-going. c. On-going. d. On-going. | Request of funding source code is still at DBM Level. Proper recording of income and expense of the Hostel will be done when the funding source code is received. | Request of funding source code to be used in PCC Hostel operations was requested to DBM thru DA last September 5 2017. All recommendations will be implemented in the ensuing years. |

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| | | thereon in the Financial Accountability Reports for submission to DBM and COA. | | | | | | | |
| AOM No.20 17-005 dtd. 2/1/17 | The PCC Head Office failed to remit to National Treasury various income collections with no specific authority or legal basis and dormant trust fund which are no longer necessary in an aggregate amount of ₱32,823,064.39 in violation of Section 5 of General Provisions of FY 2016 General Appropriations Act, thus depriving the National Government additional resources to finance other priority projects. | We recommended and Management agreed to (a) cause the immediate remittance to the Bureau of Treasury the amount of ₱32,655,259.76 representing the proceeds from sales of AI supplies and liquid nitrogen; and (b) instruct DIC, Chief of Administration and Finance Division to: (i) stop the practice of using the account Trust Liabilities in recording sales; and (ii) draw journal entry to adjust the errors noted in the recording of revenue. | The remittance to Bureau of Treasury will be made after the reconciliation of accounts. The rest of the recommendations will be made this August, 2017. | Accounting unit | June 2017 | Dec. 2017 | a. Partially Implemented b.(i) Fully Implemented b.(ii) Fully Implemented | Partial remittance of the proceeds from sales of AI supplies and LN2 was made last Dec. 22, 2017. | Adjustment of the errors noted in recording of revenue was made last Dec. 29, 2017. |

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| AOM No.20 17-006 dtd. 2/17/17 | The amount of ₱13,880,783.78 or 88.15% in the Due from NGAs account of PCC representing balances fund transferred to various Implementing Agencies (IAs) had remained unliquidated despite lapsed contract period in violation of the provisions of Memorandum of Agreement (MOA) between PCC and the IAs and COA Circular No. 94-013 dated December 13, 1994. Moreover, discrepancies of ₱467,115.65 were noted between PCC books and those of the IAs, thus rendering the account balance doubtful as of year-end. | We recommended and Management agreed that the Executive Director instruct the Finance Division to (a) require regular and prompt submission of the Report of Disbursements and related financial reports from the IAs in order to validate the use of the funds transferred in accordance with the provisions of COA Circular No. 94-013; and (b) make reconciliation with the three IAs that reported differences in the unliquidated balances and effect the necessary adjustments in the books of PCC, if any. | Immediate submission of the report of disbursements/refund of the IAs will be communicated to Implementing Agencies (IAs) to close the said Due from NGAs account. Moreover, concerned personnel was instructed to make reconciliation and record the variance that will be identified with the three IAs of the noted discrepancies. | Accounting unit | May 2017 | Dec. 2017 | a. Partially implemented. b. Partially implemented. | There is ongoing follow-up of submission of the Report of Disbursement. Fund transferred to NRCP was already reconciled. There is ongoing reconciliation of the remaining two; adjustment will be made in the ensuing years. | Of the noted balance, 73% or ₱10,178,129.15 have been liquidated by IAs as of Dec. 31, 2017 (see Annex A). |

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| AOM No.2017-007 dtd. 2/21/17 | The Agency was not able to adhere to some provisions in the implementation of Gender and Development program for CY 2016 such that: a) the composition of the GAD Focal Point System was not compliant with Philippine Commission on Women (PCW) Memorandum Circular No. 2011-01 dated October 21, 2011; (b) GAD Plan and Budget was not submitted for review and approval by the PCW; and (c) the actual costs/expenditures as reported in the GAD Accomplishment Report amounting to ₱24,200,000.00 or 5.14% of its total appropriation of ₱470,672,000.00 were doubtful due to failure of the GFPS to administer the Harmonized Gender and Development Guidelines to determine the extent of the actual expenditures that can be attributed to the GAD Budget. | We recommended and Management agreed that the Executive Director as GAD Focal Point System (GFPS) Chairperson to (a) modify or reconstitute the GFPS in accordance with PCW Memorandum Circular No. 2011-01; and (b) ensure that the GFPS (i) submit the GAD Plan and Budget and Accomplishment Report to PCW for its review and approval; and (ii) use the Harmonized Gender and Development Guidelines (HGDG) in the attribution of costs of regular program/project to GAD. | The management reconstituted the GAD Focal Point System (GFPS) under Special Order No. 84 dated May 31, 2017. The rest of the recommendations will be implemented in the ensuing years. | GAD Focal Person / GFPS committee | May 2017 | Dec. 2017 | a. Fully Implemented b.(i) Fully Implemented b.(ii) Fully Implemented | | |

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| AOM No.20 17-008 dtd. 2/21/17 | Misclassification of assets resulted to understatement of intangible assets in the PCC Head Office books amounting to ₱2,389,311.36 as of December 31, 2016 and overstatement of Information and Communication Technology Equipment account and Accumulated Surplus by ₱2,468,132.44 and ₱78,821.08 respectively, which was not harmonized with COA Circular No. 2014-003 dated April 15, 2014 and Chapter 12 of GAM for NGAs Volume I. | We recommended and Management agreed that the Finance Division in the Head Office reclassify software items from the Property, Plant and Equipment account to Intangible Assets account and comply with the provisions of GAM Volume I, Chapter 12. | Reclassification from PPE to Intangible Assets of the noted software items was recorded in the book last June 1, 2017. | Property and Acctg unit | June 2017 | June 2017 | Fully implemented. | Reclassification of noted software items was recorded in the book last June 1, 2017 as per JEV-2017-06-002916 & 2917. | |
| AOM No.20 17-009 dtd. 3/07/17 | The Finance Division in the PCC Head Office erroneously booked the milk produced of breeding stocks from CYs 2015 to 2016 to Trust Liabilities - PCC Genepool Fund account instead of income account Gain on Agricultural Produce amounting to ₱12,873,230.00 in violation of GAM for NGAs. Moreover, cost of milk fed to calves and spoilage were not also | We recommended and Management agreed that the Executive Director instruct Finance Division to (a) adjust the erroneous entries made on the account Trust Liabilities - PCC Gene Pool; and (b) recognize the costs of milk (i) sold to Central Dairy Collection and Processing Facility for the months of August to December 2016; (ii) fed to calves and (iii) spoilage. | The concerned staff adjusted the account Trust Liabilities - PCC Gene Pool last Jan. 31, 2017. Also, the rest of the recommendations were recorded last February to June, 2017. | Acctg unit | Jan. 2017 | June 2017 | a. Fully Implemented b.(i) Fully Implemented b.(ii) Fully Implemented b.(iii) Fully Implemented | The concerned staff adjusted the account last Jan. 31, 2017 as per JEV-2017-01-000147. | |

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| | recognized resulting to understatement of income, expense and accumulated surplus by ₱9,984,230.00, ₱5,759,200.00 and ₱8,648,200.00, respectively as of December 31, 2016. | | | | | | | | |
| AOM No.20 17-010 dtd. 3/07/17 | The Agency was able to withheld taxes during CY 2016 amounting to ₱31,873,843.68 and remitted to BIR the amount of ₱31,397,560.65, however some provisions of tax laws were not strictly observed such that (a) PCC Head Office failed to remit within the prescribed period the balance of Due to BIR as of December 31, 2016 amounting to ₱335,075.33; and (b) non-withholding of taxes by PCC Regional Center at DMMMSU for the payment of honoraria amounting to ₱234,300.00. | We recommended that management (a) remit the taxes withheld within the prescribed timelines as required by BIR Revenue Regulations No. 1-2013; and (b) strictly adhere to Revenue Memorandum Order No. 23-2014 in withholding the required taxes from payment of administrative cost alike to honoraria before paying the personnel. | The concerned staff was reminded for the strict implementation of remittance of taxes withheld within the prescribed timelines as required by BIR. Moreover, compliance to Revenue Memorandum Order No. 23-2014 will be strictly observed. | Acctg Unit | Jan. 2017 - onwards | | a. Fully Implemented b. Fully Implemented | Memo was issued to all PC regional centers to strictly comply with the BIR regulations in withholding and remittance of taxes. | |
| AOM No.20 17-011 dtd. | The Agency was found compliant with Section 14 of the Revised Implementing Rules and Regulations (IRR) of the Republic Act No. 8291, | In view of the foregoing, we recommended that the management continue complying with the GSIS regulations on the | The concerned staff was reminded to continue complying with the GSIS regulations on the | Acctg Unit | Jan. 2017 - onwards | | Fully implemented. | Memo was issued to all PC regional centers to strictly comply with the GSIS regulations | |

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| 3/07/17 | otherwise known as the Government Service Insurance System (GSIS) Act of 1997, in the remittance to the GSIS of the withheld premiums/contributions for retirement and life insurance policies (RLIP) from compensation of agency's personnel together with the employer's share and loan amortizations. | withholding and remittance of employees and government share to the GSIS to assure all its members of the social security benefits due them. | withholding and remittance of employees and government share to the GSIS. | | | | | in withholding and remittance of employees and government shares. | |
| AOM No.20 17-012 dtd. 3/14/17 | The reliability of the carrying amount of Due to NGAs account of ₱56,182,253.39 in the PCC Head Office books could not be ascertained due to (a) unexpended balances of completed projects not remitted to the Source Agency (SA) or National Treasury - ₱4,436,827.94; (b) unutilized funds due to delayed or non-implementation of projects - ₱462,240.00; and (c) disbursements from project funds not harmonized with the Work and Financial Plan (WFP) - ₱502,069.92 contrary to COA | We recommended that the Management instruct the (a) Finance Division to strictly comply with COA Circular No. 94-013 dated December 13, 1994 and to remit unexpended balances of completed projects to source agency or National Treasury; and (b) project leaders to observe and strictly follow the Work and Financial Plan (WFP) to ensure implementation of the project pursuant to MOA. | The Finance team will strictly comply with COA Circular No. 94-013. Liquidation reports of the completed projects will be submitted to COA for audit until December, 2017. Also, remittance of unexpended balance of completed projects will be made until Dec. 2017. Moreover, project leaders were reminded to observe | Finance team | June 2017 | Dec. 2017 | a. Partially Implemented b. Fully Implemented | Remittance of unexpended balance will be made after the final reconciliation of the completed projects. There is on-going reconciliation and review of the completed projects. | |

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| | Circular No. 94-013 and the related Memorandum of Agreement entered by and between the SAs and PCC. | | and strictly follow the Work and Financial Plan (WFP) to ensure implementation of the project pursuant to MOA. | | | | | | |
| AOM No.20 17-013 dtd. 3/14/17 | Audit disallowances of the Agency amounting to ₱443,313.00 remained unsettled as of February 28, 2017. | We recommended and the Executive Director agreed to instruct (a) the persons liable to settle the amount disallowed which were not covered by the existing appeal; and (b) Finance Division to ensure regularity of transactions to avoid audit suspensions and disallowances. | Audit disallowances amounting to ₱443,313.00 was already settled last June 30, 2017. | Finance team | June 2017 | | a. Fully implemented b. Fully implemented | | |
| AOM No.20 17-014 dtd. 3/21/17 | The validity, accuracy and existence of the accounts Property, Plant and Equipment (PPE) of the agency totaling ₱1,092,900,197.41 as of December 31, 2016 is doubtful due to: (a) reporting difference between inventory report and the books of account - ₱8,774,642.28; (b) absence of the Report on the Physical Count | We recommended and Management agreed that the (a) Accountants and Property Officers of the identified Regional Centers continue to reconcile their records on PPE to determine the causes of the variance for its proper disposition; (b) Inventory Committee in PCC at VSU to conduct annual physical count | The management created a team from Accounting and Property and Supply Unit in the Head Office to schedule the following: (a) conduct of on-site validation and reconciliation of property records of | Acctg and Property units | April 2017 | Dec. 2017 | a. Fully implemented b. Fully implemented | Reconciliation and adjustments of PPE accounts of PC regional centers was made last January 22-24, 2018. All recommendations have been implemented. | |

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| | of Property, Plant and Equipment (RPCPPE) - ₱17,407,339.73; (c) inclusions of semi-expendable properties in the PPE account - ₱344,548.22; and (d) unrecorded PPE - ₱21,100,000.00 which were not harmonized with pertinent Sections of Government Accounting Manual for National Government Agencies (GAM for NGAs). | of PPE and submit inventory reports thereof; (c) Accountants in PCC at DMMMSU, CLSU and MLPC to reclassify semi-expendable properties from PPE accounts to their proper accounts; and (d) PCC Head Office Accountant and Property Officer to book the procured machineries and equipment. | its Regional Centers, (b) review the Property and Supply Management System specifically in conducting physical inventory of supplies, inventories and PPE and (c) review and validate the Preparation and Submission of the Report on the Physical Count of Inventories and PPE. Moreover, recognition/booking of the 5 lots mini dairy processing facility was already done as per JEV-2017-03-001429 dated March 13, 2017. Likewise, Property Transfer Report (PTR) was already issued for the Regional Centers and derecognition was | | | c. Fully implemented d. Fully Implemented | | |

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| | | | done last April 10, 2017. | | | | | | |
| AOM No.20 17-015 dtd. 3/21/17 | The reported balance of the biological assets account of the agency amounting to ₱813,133,583.16 as of December 31, 2016 is unreliable due to (a) inconsistent application in the revaluation of biological assets in PCC Head Office and Regional Centers; (b) derecognition of biological assets despite retaining control on the animals - ₱39,641,320.91; (c) discrepancy between the GL and RPCPPE for biological assets - ₱206,179,108.04; (d) non-booking of 250 heads of calves born in CYs 2016 and 2015 - ₱4,308,250.00; (e) inclusions of the cost of 290 dead buffaloes - ₱35,258,927.40; and (f) non-preparation and non-submission of Biological Assets Property Card and Quarterly Report on Biological Assets. | We recommended and Management agreed that the (a) Accountants to apply consistently the revaluation of biological assets on the 12 Regional Centers; (b) for conservatism, Accountants recognize back those transferred buffaloes meantime that there is no written agency policy on the proper accounting treatment of transferring breeding stocks to farmer-recipients; (c) Accountants and Property Officers of the identified Regional Centers to reconcile their records on biological assets in order to eliminate the variance of ₱206,179,108.04; (d) Accountants in PCC Head Office, CLSU and LCSF to book the unrecognized biological assets born during CYs 2016 and 2015 with total book | The management created a team from Accounting and Property and Supply Unit in the Head Office to schedule the following: (a) conduct of on-site validation and reconciliation of the records of biological assets in Regional Centers, (b) review the recognition and derecognition of biological assets in the books, (c) review and validate the Preparation and Submission of the Report on the Physical Count of PPE for Biological Assets and (d) assist in the preparation and submission of | Acctg and Property units | April 2017 | Dec. 2017 | a. Fully Implemented b. Not Implemented c. Fully Implemented d. Fully Implemented | PCC has revised contract of animal as basis of transferring breeding stocks to farmer-recipients. | Reconciliation and adjustments of Biological assets of PC regional centers was made last January 22-24, 2018. |

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| | | value of ₱4,308,250.00 (e) Accountant at PCC at CLSU to observe the accounting policies on loss of property; and (f) Biological Assets officers in-charge to maintain Biological Assets Property Card and to prepare and submit to Accounting Units and Office of the Auditor the Quarterly Report on Biological Assets. | Biological Assets Property Card and Quarterly Report on Biological Assets. | | | | e. Fully Implemented f. Fully Implemented | | |
| AOM No.20 17-016 dtd. 3/28/17 | The PCC Head Office could have earned additional interests of around ₱4,663,180.21 on bank deposits which could have been used as additional capital on their Revolving Funds had the unutilized funds of ₱114,500,000.00 out of the ₱133,054,009.11 average monthly deposit balance maintained under Current Accounts had been converted to time deposit accounts which offered an interest rate higher than the Current Account. | We recommended and Management agreed to consider the transfer of idle/unused balances of bank accounts from the Current Accounts to Time Deposit accounts or HYSAs to maximize the earning potential of its deposits and thus, boost the financial capacity of the Agency. | The finance team is currently reviewing the Revolving Funds balances and work plan to identify the possible amount to be transfer to Time Deposit accounts or HYSAs to maximize the earning potential of its deposits. | Finance team | June 2017 | Dec. 2017 | On-going. | There is still on-going review for the possible transfer of idle/unused balances of Revolving Funds. | |

| Ref. | 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 | Person/Dept Responsible | Target Implementation Date | | | | |
| | | | | | From | To | | | |
| AOM No.20 17-017 dtd. 3/28/17 | For CY 2016, the Buffalo Loan Program or "Paiwi Program" of the PCC National Impact Zone (NIZ) was able to provide additional income of ₱39,015,233.87 to farmers in terms of milk produced and born buffaloes. However, some inefficiencies in the program implementation were still manifested this year as observed from prior year's audit thus the program was unable to maximize the benefits that could have provided to the rural farming communities. | We recommended and Management agreed to (a) instruct farmer-beneficiaries to ensure continued improvement of the existing housing facilities and forage areas of the buffaloes; (b) reassess the capability and qualifications of the farmer beneficiaries before issuing a new contract; (c) consider hiring veterinarian or assigning technical personnel as support staff in the operation of the "Paiwi Program" to facilitate delivery of technical services to the farmer-beneficiaries; and (d) continue to update Individual Animal Health Records. | See attached Annex B for the management corrective measures for each observation on "Paiwi Program". | NIZ | May 2017 - onwards | | a. Fully Implemented b. Fully Implemented c. Fully Implemented d. Fully Implemented | Work plan for FY 2017-2018 has been appropriately adjusted to ensure implementation of appropriate measures to address the issues noted in the PAIWI program. | |
| AOM No.20 17-019 dtd. 3/31/17 | Lapses were noted in the implementation and accounting of the project re: procurement of one lot milking system and five lots mini dairy processing facility with total cost of ₱32,337,000.00 such as (a) transfer of unused balance of capital outlay from MDS account | We recommended and Management agreed to (a) stop the practice of transferring funds from MDS account to other cash accounts to avoid automatic reversion of any unused cash balances; (b) recognize in the books and include inventory | The concerned staffs recognized in the book the 5 lots mini dairy processing facility last March 13, 2017. Likewise, Property Transfer Report (PTR) was already issued to | Management, Property and Acctg units. | March 2017 | Aug. 2017 | a. Fully Implemented b. Fully Implemented | Recognition/booking of the 5 lots mini dairy processing facility was already recorded as per JEV-2017-03-001429 dated March 13, 2017. | |

| Ref. | 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 | Person/Dept Responsible | Target Implementation Date | | | | |
| | | | | | From | To | | | |
| | to current account on the last day of validity of allotment; (b) non-recognition and exclusions in the physical inventory of the procured machineries; (c) inadequate documents to establish its accountability; and (d) non-utilization of 2 lots mini dairy processing facilities with indications of deterioration thus depriving its farmers cooperator/beneficiaries of increase productivity and income potential waste of government resources. | reports the procured machineries; (c) submit to the Office of the Auditor related documents supporting the property's existence and fixing accountability on the five lots mini dairy processing facility; and (d) utilize the two lots mini dairy facility which had remained idle for several years. | Regional Centers and derecognition was done last April 10, 2017. In addition, one (1) unit of Mini Dairy Processing facility will be transfer and utilize by PCC at CSU. | | | | c. Fully Implemented d. Partially Implemented | One (1) unit of Mini Dairy Processing facility will be transferred and utilized by PCC at USF until June 30, 2018. | |

By:


ARNEL N. DEL BARRIO
 Executive Director

Date: March 6, 2018

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 Office of The AUDITOR
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BY: 