



**Procurement Service**  
**Department of Budget and Management**  
**AGENCY ACTION PLAN and STATUS IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2017**  
**As of December 28, 2018**

Ref.	Audit Observation	Recommendation	Action Plan			Status of Implementation	Reason for Partial/Non-Implementation if	Action Taken / Action to be taken
			Action Plan	Person /Department Responsible	Target Implementation From To			
<b>AOM# 2018-01 received January 05, 2018</b>	Accountable Officers are not bonded and insufficient bond coverage of the Collecting Officer.	Treasury Division to process immediately the application for bond and increase of the amount of the concerned accountable officers;	To perform the bond requirements of the AOs in compliance with Section 101 of PD No. 1445 and Section 4.1 of Treasury Circular No.02-2009	Admin and Finance Division	January , 2018	December , 2018	Implemented	PS Management has already submitted to COA - PS Residents copy of Bureau of Treasury's confirmation letter (Transmittal No. 1A-18-02-0107 dated February 08, 2018 ) * for the bonding of the concerned PS Accountable Officers.
		Ensure all accountable officers are adequately bonded;	Comply with the requirements	Admin and Finance Division			Implemented	PS Management has directed the Treasury Division under Admin and Finance Group to comply with bonding requirements.

	Non-maintenance of Petty Cash Fund Record(PCFR) and procedural lapses on the utilization of PCF.	Direct the Petty Cash Fund custodian to maintain PCF record easily on the balance;	To establish the Petty Cash Fund pursuant to Chapter 6,Section 35 of Government Accounting Manual 1 (GAM Volume 1)	Treasury Division		Implemented	Submitted a copy of the PCF records to COA - PS Residents.
		PS to observe proper procedures in the utilization / liquidation of the PCF.				Implemented	The Management already issued Office Order no. 147-17 dated December 29, 2017 * reiterating that the use of PCF shall be in accordance with the existing rules and policies prescribed under Chptr 6, Sec. 35 of GAM Vol.1

<p><b>AOM# 2018-02 received March 02, 2018</b></p>	<p>The accuracy of the P4,573,812.04 year-end balance of the account Advances for Operating Expenses is doubtful due to: unliquidated cash advances of P1,452,436.49 for special purpose/time-bound undertaking; long outstanding fund transfer for operating expenses of P148,578.52; and, the amount of P74,529.44, without supporting documents.</p>	<p>Require the concerned personnel to liquidate immediately the balances of funds received for special purpose/time-bound undertaking;</p>	<p>To perform the required liquidations per COA findings and prepare the necessary reports immediately</p>	<p>Operational Group / Regional Depot / Comptroller Division</p>			<p>Implemented</p>		<p>Pertinent documents which fully liquidated the said balances were submitted as follows:  <b>1. Tacloban Depot</b>  - JEV No. 18-06-0343 for the P 110,292.39 Calbayog sub-depot painting and furnishing  - JEV No. 18 -03-0199 for the 50K Calbayog sub-depot blessings and inauguration;  - JEV No. 18 -09-0896 for the P74,529.44 RIABAC was already booked;  <b>2. Zamboanga Depot</b>  Post Audit Report of COA region 9 for the P5K depot inauguration;  <b>3. Tuguegarao Depot</b>  JEV No. 18-06-0343 for the P50K construction of motorized hoist;  <b>4. Cebu Depot</b>  JEV No. 18-06-0341 for the P62, 536.10 refund of agency advances;</p>
									<p><b>5. Pampanga Depot</b>  JEV No. 18 -02-0109 for the P600K construction of Records Room;  <b>6. Bacolod Depot</b>  JEV No. 18 -06-0342 for the P571, 608 refund of paid but unserved items</p>

								<b>7 Iloilo Depot</b> Liquidation Report no,2018-07-0065 for the P148,578.52 working fund balance for the Laptop ng Bayan Project
		Institute measure that would ensure that CAs for special purpose/time-bound undertaking are reported under the account Cash Advances to Special Disbursing Officer and liquidated as soon as the purpose of which has been completed and/or the CA is no longer needed;	To perform the necessary action/s	Operation Group / Treasury Division			Implemented	Instruction was issued to all Regional Depot Managers to comply with this recommendation. All cash advances for special purpose/time-bound undertaking shall be processed and paid by PS Central Office subject to accounting and auditing rules and regulations on cash advances. Granting cash advances for special purpose/time-bound undertaking thru the working fund will be stopped.

		Require the account to reclassify the amount of P1,452,436.49 from Advances for Operating Expenses to Advances to Special Disbursing Officer, in case of non-submission of liquidation of documents;	To perform the necessary action/s	Comptroller Division			Implemented		All long outstanding balances have been fully liquidated as of date.
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	Require the Depot Coordination Office (DCO) Head to cause extensive analysis of unliquidated amount of operating expenses/working fund for Iloilo Laptop ng Bayan project aiming to establish accountable person thereof and demand immediately the liquidation and/or return of unexpended cash advances;	To perform the necessary liquidations	Comptroller and Depot Operation Division			Implemented		Liquidation Report No. 2018-07-0065 for the P148,578.52 working fund balance for the Laptop ng Bayan Project was submitted
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		<p>Require the Comptroller and DCO Head to cause the reconstruction of documents for the amount of P74,529.44 without available supporting documents.</p>	<p>To closely coordinate with the responsible personnel for the reconstruction of the needed supporting documents</p>	<p>Comptroller and Depot Operation Division</p>			<p>Implemented</p>		<p>The Comptroller and Depot Operation Divisions were directed to trace and reconstruct the pertinent documents in coordination with the Tacloban Depot. A team will be fielded to the Tacloban Depot in this regard upon the availability of the depot management and concerned personnel.</p>
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<p><b>AOM# 2018-03 received March 20, 2018</b></p>	<p>The Bids and Awards Committee(BAC) did not prepare Procurement Monitoring Report(PMR) and did not post the same in the appropriate government website as required under Section 12.2 of the Implementing Rules and Regulations(IR) of the Republic Act No.(RA) 9184, respectively, thus the benefits of procurement tracking and monitoring are not realized.</p>	<p>Require its Bids and Awards Committees to prepare Procurement Monitoring Reports as required under Section 12.2 of the IRR of RA 9184; Require the respective BACs to publish the PMRs in the PS website as mandated under EO 662, series of 2007;</p>	<p>Perform what is required by the Section 12.2 of R.A 9184 and EO 662 and per recommendations of COA.</p>	<p>Procurement Groups</p>			<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>		<p>The 2017 PMR was already submitted to GPPB and posted the same to PS website.</p>
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		Require each BAC members to include preparation and publication of the PMRs to their Performance Commitment.	To inform all the responsible personnel for this requirements	Procurement Groups & Human Resource Division	March 20, 2018	June 13, 2018	Implemented		Management has issued memorandum to enforce the required action and the corresponding administrative sanction for non-compliance.
		Institute administrative sanction againsts BAC members who refused to prepare and publish the PMRs.	To inform all the responsible personnel for this requirements	Human Resource Division			Implemented		Management has issued memorandum to enforce the required action and the corresponding administrative sanction for non-compliance.

<p><b>AOM# 2018-04 received March 26, 2018</b></p>	<p>Delayed Submission of Monthly Trial balance and other financial reports by 25 to 123 days and non-submission of Bank Reconciliation Statements. Report of Physical Count of Inventories as of June 30, 2017 and Report of Physical Count of Property Plant and Equipment as of December 31, 2017, deprived the agency the benefit of prompt review, early detection and correction of error and</p>	<p>Direct the Comptroller and the concerned accountable officers to submit the Monthly Trial Balance, Bank Reconciliation Statements and other financial and inventory reports within the prescribed deadlines;</p>	<p>To establish a strategies and adequate measures to meet the required date of report submission</p>	<p>Admin and Finance Group</p>			<p>Implemented</p>		<p>The Comptroller and Accountable Officers were directed accordingly;</p> <p>A Contract of Service was hired and assigned solely for preparation of Bank Reconciliation Statement;</p>
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									5.Inclusion of the task to the IPCR of concerned staff will start in 2019 since 2018 IPCRs were already submitted and approved in January.Mid year changes are allowed on OPCR's up to June only
		Consider enforcement of the sanctions provided for under Section 122.2 of PD 1445.	To comply with the required action	Admin and Finance Group				Implemented	Concerned staff were strictly admonished and informed that a second offense will mean application of the sanctions provided under Section 122.2 of PD No.1445.
									<p>Management has also recognized the need to support the Comptroller Division with additional manpower to adequately undertake the tasks required.</p> <p>PS is a high transaction agency and there is a huge imbalance between work load and staff. Structural and staffing reforms are being undertaken to address this problem with the recent rounds of reorganization already approved by DBM (Phases 1 and 2).</p> <p>A third phase has been submitted and is under review. Six Contract of Service personnel was hired to the Comptroller Division recently to immediately respond to this AOM which was traced to be largely attributable to the problem of delayed submission of needed reports.</p>
									The reforms being implemented will provide a separate book of accounts for PS Main and the depots. Deployment of additional manpower to the depots shall establish accountability and timeliness of reports.

<p><b>AOM# 2018-05 received March 26, 2018</b></p>	<p>The PS management failed to strictly comply with the five-day submission period for contracts, purchase orders required under COA Circular No. 2009-001, thus precluding the timely conduct of auditorial review and the possible implementation of appropriate corrective measures for any defects and/or deficiencies that may be noted in the process.</p>	<p>Require its Bids and Awards Committees or personnel/unit/office assigned thereof submit the procurement contracts within five days upon approval as required under COA Circular 2009-001 dated February 12, 2009;</p>	<p>To comply with the required Five-day submission period for contracts under COA circular no. 2009-001</p>	<p>Procurement Group Comptroller Division</p>			<p>Implemented</p>		<p>A Memo was issued requiring all concerned to comply with this audit requirement with sanctions for non-compliance ;</p>
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		Revise procurement procedures to include submission of procurement contracts to COA;	The five-day submission of procurement contracts to COA -PS Residents will be given emphasis after the procurement timelines	Procurement Groups / Comptroller Division			Implemented		The five-day submission of procurement contracts to COA -PS Residents will be given emphasis after the procurement timelines
		Designate specific personnel from each procurement division or designated office/unit tasked to submit procurement contracts to COA;  Include the compliance of each submission timelines to the respective Performance and Commitment Review template of the concerned official/employees.	Assign / designate specific person / unit	Procurement Groups / Comptroller Division			Implemented		The PDs as well as the Comptroller Division has already designated personnel to be in charge of submitting procurement contracts.  A Memorandum was issued by management in this regards.

<p><b>AOM# 2018-06 received April 11, 2018</b></p>	<p>Receivables corresponding to the service income earned by the PS as a Procurement Agent of some government agencies were offsetted from their respective account balances, resulting to the understatement of the Due from National Government Agencies account by P273,655,356.17 and understatement of Due to National Government Agencies account by the same amount, as of December 31,</p>	<p>Revisit PPSAS 1 and ensure that appropriate accounts are recognized in the accounting of income earned from other services rendered by the PS, and ensure that these are properly reflected in the financial statements.</p>	<p>To perform the necessary adjustments in the book of accounts</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>The reclassification entry to set-up Due From National Agencies was already booked.</p>
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<p><b>AOM# 2018-07 received April 19, 2018</b></p>	<p>a) Unauthorized use of Revolving Fund account  b) Unnecessarily excessive, extravagant expenses charged against the Profit Share  c. Unlawful Provisions under the Depot Operation Manual</p>	<p>Issue a directive that would stop the distribution of profit share to depot/sub-depot in the absence of legal basis and GPPB approval</p>		<p>Comptroller / Depot Operation Division Aand Operation Group</p>			<p>Implemented</p>		<p>PS Management did not release any Income Share for CY 2017 operations in compliance with this AOM.</p>
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	Instruct concern division/unit to conduct extensive review of the depot/sub-depot 'business model in order to come up with the appropriate income sharing arrangement without violating the rules in the use of Revolving Fund, subject to GPPB approval		Comptroller / Depot Operation Division Aand Operation Group			Imlemented		Proposal of a new business model was already presented to The Secretary - DBM.
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	Instruct the Depot Coordination Office to revise the Depot Operations Manual by aligning to the rationale and ideals envisage in the creation of the Procurement Service, wherein cost of government operation can be substantially reduced through greater efficiency in the procurement of supplies and materials, and present the same to the GPPB deliberation		Comptroller / Depot Operation Division Aand Operation Group			Ongoing		For further discussion and coordination with Depot Managers ,  Ongoing revision of the depot manual for submission to GPPB.
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		Required the concerned officials and employees to submit an explanation for the disbursement of amounts without legal basis/authority and/or considered irregular, unnecessary and excessive		Comptroller / Depot Operation Division Aand Operation Group			Implemented		During the meeting attended by Depot Managers, the Auditor instructed to liquidate/deposit any undisbursed balance of the income share received to date to the PS Main bank account.
		Initiate disciplinary actions applicable under the circumstances		Human Resource Division			Implemented		During the meeting attended by Depot Managers, the Auditor instructed to liquidate/deposit any undisbursed balance of the income share received to date to the PS Main bank account.

	Direct the Depot Coordination Office to conduct an extensive review of the Depot Coordination Office to conduct and extensive review of the Depot Operation Manual to GPPB for review, deliberations and approval	Comptroller / Depot Operation Division Aand Operation Group		Ongoing	For further discussion and coordination with Depot Managers ,  Ongoing revision of the depot manual for submission to GPPB.
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<p><b>AOM# 2018-08 dated April 27, 2018</b></p>	<p>The PS-DBM procured, thru Repeat Order, 189 units of Patrol Jeep with a total cost of P166,880,000 without conforming to Section 51, Rule XVI, of the Implementing Rules and Regulations (IRR) of the Republic Act (RA) 9184, due to: a) absence of thorough assessment whether the procured items are clearly superior to the other bids in terms of equipment reliability; b) availability of Repeat Order</p>	<p>Require written explanations from concerned members of the Bids and Awards Committee and agency officials on (i) using Repeat Order without conduction superiority test; (ii) availment of the Repeat Order beyond six (6) months reglementary period; and (iii) Repeat Order of three (3) units Patrol Jeep for the City of Zamboanga not in accordance with the APP and without</p>	<p>To provide written justification / explanation for the deficiency observed by COA - PS residents</p>	<p>Comptroller Division / Procurement Division</p>			<p>Implemented</p>		<p>Clarifications / response of the concerned personnel to the rejoinder were already submitted to COA -PS residents.</p> <p>Several meetings were also convened with concerned PNP officials and former PS Executive Director Thomas Syquia wherein it was likewise reported that the Repeat Order is in order and compliant to RA 9184 and its pertinent IRR</p>
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		<p>Ensure strict compliance of the agency officials and members of the BAC to the conditions set-forth under RA 9184 and its IRR, particularly in the procurement thru Repeat Order.</p>	<p>To provide the corresponding clarifications / comments</p>	<p>Procurement Division</p>			<p>Implemented</p>		<p>Based on the clarifications made by the BAC in their 2 responses and consultations with PNP and former ED Syquia, PS Management deems that the audit observations were clarified.</p>
		<p>Institute disciplinary actions against the concerned members of the BAC and the agency officials who approved the transaction, if warranted.</p>	<p>To provide the corresponding clarifications / comments</p>	<p>Human Resource</p>					

<p><b>AOM# 2018-09 received April 27, 2018</b></p>	<p>The Procurement Service did not put emphasis on formulating and implementing policies and procedures to expand product list and improve inventory management that would strengthen the centralized procurement operation envisaged under Letter of Instruction No.755 and Executive Order No.359 as evidenced by the 40 items in the PS-PhilGEPS Catalogue that are out-of-stock for a significant</p>	<p>Improve inventory management by establishing Re-order Point and Re-order Quantities and direct the Procurement Divisions to conduct periodic stock level monitoring and follow such re-ordering policy/procedures</p>	<p>To provide the corresponding clarifications / comments</p>	<p>Operation Group</p>			<p>Implemented</p>		<p>1 The major causes of stock outs uncontrollable circumstances such as failed biddings and rejected deliveries instead of poor inventory management. Although the FACT system is not a robust warehouse inventory solution, it provides the data needed for re-order points and quantities.</p>
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									<p>2 The Warehousing and Logistics Division(WALD) also conducts real time physical monitoring of stocks and issues the Demand and Replenishment Form(previously submitted to COA) as the tool for reorder purposes. A weekly inventory report is also submitted to the Executive Director, Operations Group Director, MANCOM and EXECOM.</p>
									<p>3 The stock levels of each Procurement Division(PD) are also reported in the weekly MANCOM-EXECOM meetings by the Sales and Marketing Division (SMD). Issues and solutions are identified. Immediate stocking is difficult if the cause of the problem is failure of biddings. The main reason for failed biddings in 2018 is the increase in prices due to the impact of the TRAIN law</p> <p>4 CUS were also distributed to the 10 PDs for closer monitoring of stocks.</p> <p>5 The procurement of a robust and web-based Warehousing Inventory Management System (ERP WIMS-) is also ongoing.</p>
									<p>6 A predictable and advance procurement strategy was also introduced by management in the last quarter of 2017 to minimize if not solved the stock outs problem due to failure of biddings. The timelines of the advance and predictable procurement strategy factors in a two failed biddings scenario.</p>



		Fast-track actions in updating and approval of technical specifications of Common-use items and ensure the continuous supply of items listed in the PS-PhilGEPS Catalogue	To comply with the required action	Operation Group			Implemented		1 A special Technical Specifications Review Committee (TSRC) and a Technical Specification Review Team were put in place in late 2016 to review the technical specifications of 10 priority CUS. This was to determine whether such favors certain suppliers.
									2 The TSRC was reconstituted with a Technical Specification Review Team thru Office Order No.062-18 dated 16 April 2018 (Annex 2) to continuously act on proposals to revise technical specifications and test parameters for needed improvements or deletions identified during market surveys, pre-bid conferences/consultations with merchants.
									The TSRC is convened to immediately decide on issues and recommendations upon receipt of such.

		<p>Institute standard procedures in establishing reasonable Approved Budget for the Contract (ABC);</p> <p>2. Identify causes on bidding failures;</p> <p>3. Provide a tool to map out more realistic inventory forecasts needed for bidding/acquisition</p>	<p>To establish relevant criteria on ABC Determination</p>	<p>Operation Group</p>			<p>Implemented</p>		<p>The internal guidelines on ABC determination was submitted per attachment in the AOM # 2018 -09 reply.</p> <p>This is currently being enhanced to respond to the issue of failed biddings due to low ABC, among others. The last version was presented in the 07 August MANCOM meeting and is targeted to be finalized within the third quarter.</p>
		<p>2 Identify cause</p>	<p>To conduct cause analysis that can result to the identification of bidding failures causes.</p>	<p>Procurement Group / Operation Group</p>			<p>Implemented</p>		<p>It is mandatory for BACs to review the cause/causes of bid failures and address the same before re-bidding in compliance to IRR 9184. The common reasons for failed biddings are (1) deficient technical specifications, (2) bidders are unable to meet complex specifications, (3) poorly prepared bid documents, (4) incomplete eligibility documents, (5) failure to pass post qualification including testing requirements, (6) no bidders, and (5) low ABC. The effect of the TRAIN law starting early 2018 is a major cause of failed biddings due to low ABC.</p>

		3 Provide a tool to map out more realistic inventory forecasts needed for bidding/acquisition	To perform necessary and applicable action/s	Procurement Group / Operation Group			Implemented	1 The demand forecasting model currently utilized by PS is based on historical trends. This model largely depends on the accuracy of the base figures. Given the historical problem of out of stock, it could be assumed that the base figures on which the forecasts are anchored are deficient given that they do not capture the aggregate demand for the whole of government. This forecasting model, however, takes into account current warehousing capacity which is also limited.
								The demand of the whole of government could be generated by aggregating the APP-CSEs of agencies. Agency compliance to this requirement is, however, historically very low. As a recent compliance strategy, APP-CSE submission was made a PBB requirement starting 2017 alongside the strategy of predictable and advance procurement. For 2018, submission as a PBB requirement was made much earlier, in August, to provide ample lead time for purposes of advance procurement. To date, APP-CSE submission has significantly increased.

<p><b>AOM# 2018-10 received May 07, 2018</b></p>	<p>Service Income of P328,014,120.52 is not recognized while Sales Revenue of P8,174,031,012.37 and Cost of Sales of P7,785,182,040.85 are superfluous and unnecessarily presented due to the departure of the Accounting Revenue recognition criteria set forth under Item 12 and Implementation Guidance(IG) 34 of PPSAS 9.</p>	<p>Direct the Comptroller to ensure compliance with the recognition criteria under PPSAS 9 by:</p> <p>a. Recognizing Service Income for the service fees charged to client agencies.</p> <p>b. Eliminating unnecessary accounting entries and presentation of superfluous amount of Sales Revenue and Cost of Sales.</p>	<p>To perform the required action in compliance with the existing PPSAS</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>The Comptroller was directed accordingly; The implementation of PPSAS 9 on PS transactions has also to take into consideration the commercial nature of PS transactions and the ongoing initiative to corporatize PS.</p>
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<p><b>AOM# 2018-11 received May 10, 2018</b></p>	<p>The PS did not put emphasis on project engagement and delivery timelines; did not maintain subsidiary record and reconcile each project/account; did not prepare a report on the utilization of funds; and did not remit unused fund balance upon completion of the project, resulting in the accumulation of IATF totaling P19.9 billion as at December 31, 2017.</p>	<p>Establish procedures that would ensure provisions of engagement and delivery timelines.</p>	<p>To perform the necessary and applicable action/s</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>One-on-one reconciliation of agency accounts started in 2016. Starting 2018, bi-annual portfolio review of agency procurement projects was initiated to regularly:</p> <ol style="list-style-type: none"> <li>1. Reconcile fund balances</li> <li>2. Clean-up portfolio from completed, abandoned and dormant funds/projects</li> <li>3. Clarify outstanding issues</li> </ol>
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								<p>A just-in time delivery policy/strategy is being introduced including the ff procedures:</p> <ol style="list-style-type: none"><li>1. Direct delivery by suppliers within Metro Manila up to a 35-km radius</li><li>2. Elimination of double handling of deliveries thru the creation of a hub in San Fernando, Pampanga to cater to Regions 1, CAR, 2 and 3 requirements</li><li>3. Maximizing the use of Ordering Agreements to calibrate the delivery of supplies</li><li>4. Piloting of the Framework Agreement for longer term contracting</li><li>5. Minimize physical warehousing thru virtual warehousing</li></ol>
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		<p>Observes strictly the accounting policies for the IATF provided under GAM and COA Circular No. 94-003 by:</p> <ol style="list-style-type: none"> <li>1. Designating personnel who will monitor and report the status of each APR;</li> <li>2. Designating personnel or unit to track to track down errors;</li> <li>3. Reconciling each project/account;</li> </ol> <p>Identify projects that have been completed including unused funds thereof</p>	<p>To perform the required action in compliance with the existing COA Circular NO. 94 -003 and GAM</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>Since early 2017, an agency coverage strategy was planned to be implemented in the Comptroller Division as well as Sales Marketing Division to improve agency account management. Immediate implementation was delayed by staffing constraints. Additional 6 staff was recently added to the Comptroller Division to implement this strategy including the recommendations under this AOM.</p>
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		Remit to Bureau of Treasury unused fund from projects that have been completed, abandoned or considered dormant.	To perform the required action in compliance with the existing COA Circular NO. 94 -003	Comptroller Division			Partially Implemented		The one-on-one agency reconciliation of accounts and portfolio reviews resulted to the return of the following agency fund balances:
									2018 P 1,187,544,874.02 2017 184,675,266.62 2016 827,430,036.75 Total 2,199,650,177.39  Agency account balances are continuously being cleaned up for the return of balances from completed, abandoned and dormant funds





	Reprimand personnel accountable thereof or cause administrative sanction, based on existing Civil Service Commission rules, if warrants.	Management to issue memorandum indicating the corresponding action for such deficiency	Human Resource Division			Implemented		A Memo was issued requiring all concerned to comply with this audit requirement with sanctions for non-compliance ;
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<p><b>AOM# 2018-13 received May 10, 2018</b></p>	<p>Bank credits of P65,331,802.53 to PS-Main Bank Account (LBP Acct 1442-xxxx-10) was not recorded in the books due to the absence of depositors' identifier or information, resulting in the understatement of Cash in Bank, Local Currency Current Account (LCCA) by the same amount.</p>	<p>Direct the Accounting Division to account for bank credits not recorded in the books by identifying the depositors through cross-checking with the APRs received covering such period where the bank credits were made;</p>	<p>Obtain copies of bank credits, debit memos, deposit slips and returned checks to Landbank to determine the corresponding depositors of the unaccounted bank credits, thus, Cash in Bank, Local Currency Current Account will be adjusted.</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>Comptroller Division has been directed accordingly. A request letter was sent to Land Bank for copies of bank credits, debit memos, deposits slips and returned checks for reconciliation purposes. Partially complied by Land Bank due to time needed to retrieve all prior year data. Meeting with Land Bank being requested to set completion date.</p>
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		Require the Collection Officer to monitor bank transactions especially receipts through bank deposits to capture the total collections for a particular period;	To require Treasury Division accordingly	Comptroller / Treasury Division			Implemented		Treasury Division has been required to monitor all bank transactions through WE Access and coordinate with Land Bank for unaccounted Credit/Debit Memos. Treasury Division is accordingly monitoring all bank transactions through WE Access and coordinating with Land Bank for unaccounted Credit/Debit Memos. The Comptroller Division will require the Treasury Division to submit this monitoring report on a monthly basis attached to the bank reconciliation report.
		Instruct client agencies to stop paying through LBP without securing first duly validated APR;	Properly instruct the Client Agencies with regards to this matter	Comptroller / Marketing Division			Implemented		Advisory to client agencies for this purpose has been posted in the PS website (Screenshot in Annex B). This will also be in the agenda of the next FGD with agencies. This will be in the agenda of the meeting with Land Bank to instruct them not to accept any deposits without validated APR and agency details.
		Ensure that all payments received are issued with OR;	To provide Official Receipts to all acceptable payments of Client Agencies to PS and properly accounted the same.	Treasury Division			Implemented		Treasury Division started issuing Official Receipts for LDDAP/ADA payments starting September 1, 2018.

		Direct concerned office to stop issuing temporary receipts prohibited under Section 4, Chapter 1, Volume 1 of GAM;	To accordingly direct the Treasury Division to eliminate the issuance of acknowledgment receipts, but instead provide Official Receipts for all valid payments from identified depositors.	Comptroller / Treasury Division			Implemented		Comptroller Division has ceased issuing acknowledgment receipts starting September 1, 2018.
		Request the LBP to render daily collections received by them bearing the date of actual remittance or deposit and indicating from whom and on what account it was received;	Obtain the daily collections record received by Landbank	Comptroller / Treasury Division			Implemented		The daily collections on the Oncoll Account with the agency code, agency name, and APR is received via email from Land Bank on a daily basis.

		Instruct the concerned personnel to remove the PS bank account number from the website to get rid of uncontrolled client deposits;	To ensure that PS bank account number is unexposed to PS website	Operation Group / PhilGEPS			Implemented		The PS bank account number does not appear in the PS website. However, agencies know the PS account number with LBP due to previous transactions with PS.
		Assign personnel in-charge of bank reconciliation.	Opt for additional personnel to be in - charge of bank reconciliation	Comptroller / Human Resource Division			Implemented		Comptroller Division was provided with additional personnel in-charge of reconciling PS Main and Depot bank accounts.
		Establish a mechanism to ensure reconciliation of the APRs, payments made and payments receipt.	To comply as recommended	Comptroller / Treasury Division			Implemented		The Treasury Division has been directed to account all online payments. This will enable the Comptroller Division to have a more complete data for the reconciliation of the APRs and payments.
		Direct Accounting Division to improve its review process	To adopt adequate measures for the improvement of accounting deficiency as observed	Comptroller / Treasury Division			Implemented		The Comptroller Division was accordingly instructed and has prepared an action plan to improve the review process in recording, monitoring and reconciliation of transactions.

	Bank debits of P55,986,172.86, which comprised mainly of dishonored checks, are not accounted for in the due to non-adherence to the COA	Direct the Treasury Division to account for bank debits and obtain documents to identify the nature and reason by the bank		Treasury Division			Implemented		Treasury Division have accounted all the Debit Memos except for P1.6M as per the latest bank recon.  PS is still awaiting reply from Land Bank for the P1.6M.
	prescribed procedures on dishonored checks and the failure of the COA	Require the bank to submit a list or report of dishonored checks;\		Treasury Division			Implemented		Treasury Division has requested to Land Bank for the monthly submission of List of Dishonored Checks.
	prescribed procedures on dishonored checks and the failure of the PS Treasury Division to establish controls to monitor and reconcile bank debits.	Require the Treasury Division to prepare NDC and follow the procedures related thereto;		Treasury Division			Implemented		Treasury Division has requested to Land Bank for the monthly submission of List of Dishonored Checks.
		Initiate investigation following the procedures under Section 32, Chapter 5, Volume 1 of GAM; and,		Treasury Division			Implemented		Treasury Division has included in Individual Performance Commitment Report of Treasury staff.

		Require the Treasury Division to include the reconciliation of bank accounts, particularly of bank debits, to their performance commitment.		Treasury Division			Implemented		Treasury Division has included in Individual Performance Commitment Report of Treasury staff.
<b>AOM# 2018-14 received May 15, 2018</b>	Government assets are not safeguarded due to the failure of the Administrative Division to insure Property, Plant and Equipment and conduct a physical inventory of PPE, while fourteen (14) unserviceable vehicles remain undisposed occupying limited space	Require the Admin to ensure that all insurable property, assets and interest are insured with the General Insurance Fund administered by GSIS;	Perform the required action as recommended	Administrative Division			Partially Implemented		AFG conducted inventory of PPE and is undergoing the insurance of property, assets and interest with the General Insurance Fund administered by GSIS.



		Require the Inventory Committee headed by Admin to conduct a physical inventory, at least once a year, and prepare a report thereon, in accordance with Section 38, Chapter 10, Volume 1 of GAM;	Perform the required action as recommended				On going/Partially Implemented		The PPE Committee was reconstituted on 22 May 2018 and convened on 13 June 2018. The Physical inventory was already conducted in PS main on 27–29 June 2018 and PHiGEPs on 4-6 July 2018. The Report of physical Count of PPE will be completed within this month.
		Require the Admin to dispose of unserviceable vehicles to maximize the parking space.	Perform the required action as recommended				Implemented		The Disposal Management Committee was reconstituted on 22 May 2018. The General Administrative Division (GAD) conducted an inventory of unserviceable vehicles and submitted the list to the Comptroller Division on 14 June 2018 for the determination of carrying amount. Appraisal was ended last 29 June 2018.
									Additional items for disposal were found during physical inventory of PPE. Per directives of the AFG Director, disposal will start immediately with items that can already be processed and will not wait for the consolidation of all items for disposal. Items identified for immediate disposals are unserviceable vehicles, used tires and old car batteries.
									GAD conducted market appraisal of this items and will submit appraisal report within the month.

	<p>Enforce accountability by requiring concerned employees to include the duties and responsibilities of their Performance Commitment.</p>		<p>Administrative and Human Resource Division</p>			<p>Implemented</p>	<p>The DPCRs of the AFG Director and GAD OIC- Division Chief already included the monitoring of supplies and equipment as well as the maintenance of PS vehicles. The Property Custodians and/or officers of the GAD will also be required to include the monitoring of supplies and equipment in their respective IPCRs in 2019.</p> <p>The reconstituted Disposal Management Committee will also start having a series of regular meetings for equipment, vehicles and other items for disposal.</p>
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<p><b>AOM# 2018-15 received May 11, 2018</b></p>	<p>Stale checks totaling P11,536,844.2 were not cancelled contrary to Section 44, Chapter 6, Volume 1 of the GAM, thus, understating Cash in Bank, Local Currency Current Account (LCCA) by P11,536,844.2, Liabilities by P11,251,041.9 and Government Equity by P285,803.31.</p>	<p>Direct Treasury Division to cancel stale checks and report such cancellation in the List of Unreleased Checks that will be attached to the RCI.</p>	<p>Report preparation for the cancelled checks</p>	<p>Comptroller Division / Treasury</p>			<p>Implemented</p>		<p>Comptroller Division has already booked all staled checks as of December 31, 2018.</p>
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	Instruct Accounting Division to locate cancelled checks submitted to them by the Treasury Division and effect correcting entries on the accounts affected.	Require the concerned person/s to locate the subject cancelled checks and perform the necessary adjustments	Comptroller Division / Treasury			Implemented		Comptroller Division has already booked all staled checks as of December 31, 2018.
	Re-orient personnel on their responsibilities as well as on their accountabilities.	Provide appropriate measures to re-orient personnel on their responsibilities and accountabilities	Comptroller Division / Treasury			Implemented		Comptroller Division has already included in the Individual Performance Commitment Report of the concerned staff/s.

<p><b>AOM# 2018-16 received May 15, 2018</b></p>	<p>The PS is short of its measures to protect government resources thereby resulting to unaccounted deliveries of P8,997,138.52 ; (b) losses due to obsolescence and damage of P5,019,637; and (c) the amount of P977,5363.00 rejected items not recovered</p>	<p>Requiring those in-charge of deliveries to account for missing DRs and supplies, materials and equipment thereon.</p>	<p>Coordinate with the concerned Warehousing and Logistics Division and present/ locate the physical copy of DRs</p>	<p>Comptroller Division / Operation Group</p>			<p>Implemented</p>		<p>The total twelve (12) Delivery Receipts (DRs) amounting to P8,997,138.52 that were subjected to AOM were invoiced by the Warehousing and Logistics Division (WALD) and subsequently submitted to the Comptroller Division (Please refer to attached Annex for details.)</p>
		<p>Establishing a mechanism to counter check items delivered to client agencies like confirmation and inspection;</p>	<p>To properly secure copies of signed DRs upon delivery of items to the recipients.</p>	<p>Warehousing and Logistics Division</p>			<p>Implemented</p>		<p>The DR (copy attached as Annex B) is the mechanism in this regard. All deliveries are required to have a signed DR as proof that the item/s were received by the client agency in right quantity and in good condition.</p>

									The DR system bogs down in cases where agency accepting personnel are not around during deliveries and the forwarder avoids repeated deliveries for cost considerations
									This issue has been discussed with the forwarders particularly PHILPOST in many occasions at management level and repeatedly at operational level by WALD. Solutions were identified and agreed with them. Since compliance remains a challenge, sanctions will have to be considered at forwarder and agency levels. This matter will again be included as a major agenda item in the next FGD with agencies. Contracts with forwarders will also include sanctions for non-compliance.

	Maximizing the features of batch tracking provided under the computerized system (FACT system) that could provide aging of consumables inventories, by assigning personnel to monitor inventories particularly those items with short of life;		Operation Group				Implemented		Just in time deliveries are being implemented by maximizing the use of Ordering Agreements to minimize the stocking of consumable items and prevent losses from aging and obsolescence. Under Ordering Agreements, deliveries and payments are made only when there is a demand for the items.
									The obsolescence of the listed items which have actually been already delisted as of 2017, is attributed to the end of life of equipment models and agency shift to newer models. There was less agency demand for items incompatible to these new models. These factors are matters which cannot be fully addressed in demand projections as requirements could drastically change in the span of a year.

									2 Strict implementation of APP-CSE to enhance the accuracy and precision of forecasting through demand aggregation to complement historical data. Starting 2017, compliance to APP-CSE was made as a requirement to PBB entitlements to improve compliance.
									3 Establishment of a more robust and web-based warehousing system (Warehousing and Inventory Management System or WIMS). A USAID-funded consultant was tapped to provide technical assistance in the preparation of the TOR for the procurement of WIMS which will also be linked to the Virtual Store of PHILGEPS.
		Pursuing the recovery of P977,535 from the supplier who delivered defective items;	To coordinate with the concerned supplier/s with regard to the observed deficiency	Operation Group			Implemented		A letter was sent and acknowledged by the supplier together with a Notice of Rejection Against Warranty to recover the amount. The Inspection Division also issued a Rejection Notice on the defective items. The supplier already agreed to pull out the defective items and refund the amount charged against retention money and performance bond.



<p><b>AOM# 2018-17 received May 15, 2018</b></p>	<p>Advance payments to contractors totalling P127,865,092. 76 were taken up in the books of Receivables, thus, overstating the balance of the account and understating the balance of Advances to Contractors account. Likewise, retention fees totaling P203,256,006. 94 were recorded as Other Payables resulting in the overstatement of the account balance with a corresponding understatement on the</p>	<p>Direct the Accounting Unit/Comptroller Division to (a) revisit accounts' definition under the GAM; (b) adjust the affected accounts.</p>	<p>To reclass the CY 2017 balances of Other Receivables - Suppliers and Other Payables - Retention to perform the necessary adjustments.</p>	<p>Comptroller Division</p>			<p>Implemented</p>		<p>The affected accounts were adjusted accordingly as prescribed under GAM Volume III.A copy of JEV was submitted and received by COA-PS Residents dated June 20, 2018.</p>
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<p><b>AOM# 2018-18 received May 15, 2018</b></p>	<p>The PS Implemented policies, rules and regulations without deliberation and approval of GPPB, hence, found inconsistent with the existing laws, rules and regulations and are not supportive of the principles envisaged in establishing the centralized procurement;</p>	<p>Revisit and evaluate policies and procedures to ensure that these are not in conflict with the existing laws, rules and regulations.</p>				<p>Partial Implementation</p>	<p>On-going discussion and coordination with GPPB. Several meeting were conducted.</p>
		<p>Submit such policies and procedures for the deliberation and approval of the GPPB.</p>				<p>Partial Implementation</p>	<p>On-going discussion and coordination with GPPB. Several meeting were conducted.</p>

	The PS must ensure that all policies and procedures are deliberated and approved by the GPPB.
The PS has no feedback mechanism to keep them informed of the quality of the goods and services they delivered to client agencies and has no formal procedure to manage customer complaints that would help them identify unreliable sources of supplier, aiming to fully achieve economy and optimization of product quality.	Devise a feedback mechanism and formalize procedure to manage customer complaints;

Partial Implementation

Implemented

On-going discussion and coordination with GPPB. Several meeting were conducted.

Marketing Division has created a form to be filled-up for customer complaints / feedback.

		Inform clients of such mechanism and procedures and allow them to submit feedback and complaint, including uploading of photos or evidence, thru the PS website.					Implemented		Marketing Division has created a form to be filled-up for customer complaints / feedback.
		Create Committee or unit that would investigate and penalize suppliers/s of inferior products.					Ongoing		The guidance was given early this year at the Procurement Procurement Planning in Tagaytay and the Management issued guidance on the blacklisting of suppliers with instruction to the Functional Group Head/Unit to recommend blacklisting where applicable. This is also subject for review and recommendation of the Legal Division.

<p><b>AOM# 2018-19 received May 17, 2018</b></p>	<p>A number of gender issues were not addressed due to the failure of the agencies to accomplish four (4) out of the five (5) activities, as reported, in the GAD Accomplishment Report. Moreover, the agency did not submit its GAD Plan and Budget (GPB) for CY 2017 to the Department of Budget and Management (DBM) and Philippine Commission for Women (PCW) for review and endorsement contrary to</p>	<p>We recommend that Management ensure that (a) activities pertaining to identified gender issues are accomplished as planned; and (b) the Annual GPB and the corresponding accomplishment report are submitted to the DBM, PCW and the Audit Team.</p>	<p>Submit the required GAD Plan and Budget for 2017 . Incorporate the GAD activities in the eHRD training Calendar</p>	<p>Administrative Group</p>			<p>Implemented</p>		<p>The PS GFBS in coordination with the Human Resource Division (HRD) shall ensure that the GPB 2018 will be implemented by incorporating the GAD activities in the HRD Training Calendar;</p> <p>HRD is currently inquiring with PCW (copy furnished DBM and COA) on how PS can directly submit its annual GPB to avoid the non-submission of the GPB and GAD Accomplishment Report. Moreover, the HRD shall also prepare a monitoring tool concerning GAD Activities and Compliances;</p>
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