

**PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR’S
AUDIT RECOMMENDATIONS**

Of the 39 audit recommendations embodied in the prior year’s Annual Audit Report (AAR), 15 were fully implemented and 24 were not implemented. Details as follows:

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTIONS TAKEN/ COMMENT
2022 AAR Financial Audit Observation (AO) No. 1, Page 45	The faithful representation in the financial statements of the balance of the Receivables account in the gross amount of P489.168 million and net book value of P177.085 million, as of December 31, 2022, could not be ascertained in view of: (a) non-maintenance of Subsidiary Ledgers (SLs) and unavailability of supporting documents/records for the recorded receivables aggregating P326.251 million; (b) existence of abnormal or negative balances in the total amount of P15.356 million; (c) variances between balance per books and the confirmed amount totaling P2.379 million while several accounts were either tagged as ‘return to sender’ or had no reply at all; (d) impairment on AR – Trade and Other Receivables accounts were not updated as of December 31, 2022; and (e) inclusion of dormant accounts totaling P311.514 million or 66.68 percent of the total Accounts Receivable – Trade account, contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1 - Presentation of Financial Statements, Section 12 of Volume I of	We reiterated our prior year’s recommendations that Management direct the Accounting Section to: a. Maintain complete SLs for the receivables account and locate/provide supporting documents of the recorded receivables totaling P326.251 million; b. Analyze the Receivables account to ascertain the cause of abnormal or negative balances and reclassify to payable accounts, if warranted; and c. Submit Request for Authority to Write-off dormant accounts amounting to P311.514 million to COA, following the guidelines and procedures prescribed under COA Circular No. 2016-005 dated December 19, 2016. We further recommended that Management: a. Ensure that complete information/addresses of clients are indicated in the SLs for purposes of monitoring	Not Implemented Reiterated in Part II Observation and Recommendation No. 2 of this Report. Not Implemented Not Implemented Not Implemented

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	the Government Accounting Manual (GAM), COA Circular No. 2020-002 dated January 28, 2020, Paragraph 67 of the IPSAS 29 – Financial Instruments: Recognition and Measurement, and COA Circular 2016-005 dated December 19, 2016.	collections of receivables;	
		b. Reconcile with the clients the variances noted in the confirmation of AR and make the necessary adjustments as applicable;	Not Implemented
		c. Make the necessary adjusting entries to update the provision and recording of Allowance for Impairment on 'AR-Trade' and 'Other Receivables' accounts; and	Not Implemented
		d. Establish written policies or guidelines governing the provision or computation of Allowance for Impairment which shall include among others, rates or percentage to be used in the computation and which accounts are to be provided with impairment.	Not Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTIONS TAKEN/ COMMENT
AO No. 2, Page 50	The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account in the total amount of P23.265 million as of December 31, 2022 could not be ascertained due to: (1) the inclusion of non-existing bank account with a balance of P8.994 million, and (2) the presentation of abnormal or negative balance of Cash Collecting Officer account amounting to (P9.651 million) as of December 31, 2022 due to non-reconciliation of records between the Treasury and Accounting Section, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.	We reiterated our prior year's recommendation that Management direct the Accounting Section to effect the necessary adjustments and submit pertinent documents relative to the non-existing bank account amounting P8.994 million to the Audit Team for review to reflect the correct cash in bank balance in the books. We further recommended that Management:	Not Implemented Reiterated in Part II Observation and Recommendation No. 3 of this Report.
		a. Designate an accounting personnel to properly handle and monitor the Cash Collecting Officer account; and	Fully Implemented
		b. Require the Accounting and Treasury Section to conduct regular reconciliation of the Cash Collecting Officer account.	Not Implemented
AO No. 3, Page 53	The faithful presentation in the financial statement of the balance of Property, Plant and Equipment (PPE) account with carrying amount of P255.702 million as of December 31, 2022, could not be established due to: (a) variances between the balance per Accounting records and the Report on the Physical Count of PPE amounting to P2.849 million; and (b) errors in providing depreciation resulting in overstatement of PPE	We reiterated our previous year's audit recommendation that Management instruct the:	
		a. Accounting and APM to confirm the causes of the variances noted between the books and the RPCPPE and effect necessary adjustments/corrections on the affected records;	Not Implemented Reiterated in Part II Observation and Recommendation No. 1 of this Report.
		b. Accounting Section to drop the semi-	Fully Implemented

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	<p>account balance in the amount of P13.121 million contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1 - Presentation of Financial Statements. Likewise, the inclusion of tangible items below P50,000 aggregating to P667,189, under Furniture, Fixture & Books and Communication Equipment Accounts and the non-derecognition of various unserviceable PPE items costing P99.614 million due to non-disposal thereof are contrary to COA Circular 2022-004 dated May 31, 2022 and Paragraph 82 of IPSAS 17, respectively, thus further resulting in the overstatement of PPE account balance of the same amount.</p>	<p>expendable property from the books in compliance with COA Circular No. 2022-004;</p> <p>c. Disposal Committee to prepare the IIRUP to facilitate the immediate disposal of the unserviceable properties both Central and Provincial Stations and submit the same to the Accounting Section to serve as basis in derecognizing unserviceable property of P99.613 million; and</p> <p>d. Accounting Section to adopt COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies" to establish the PPE balances that are verifiable as to existence, condition and accountability</p> <p>We further recommended that Management instruct the:</p>	<p>Not Implemented</p> <p>Not Implemented</p>
		<p>a. Accounting and APM to conduct reconciliation of their records to facilitate the identification of discrepancies and to establish the accuracy of the recorded balances of the PPE account.</p> <p>b. Accounting Section to:</p>	<p>Not Implemented</p>

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		i. Review and analyze depreciation of each PPE sub-account to make the necessary adjustments in the books; and	Fully Implemented
		ii. Fully adopt COA Circular 2022-004 dated May 31, 2022 relative with the increase in the capitalization threshold from P15,000 to P50,000 of tangible items.	Fully Implemented
AO No. 4, Page 58	The reliability, validity, and accuracy of the balance of the Tax Withheld at Source account in the gross amount of P19.783 million as of December 31, 2022, were doubtful due to unavailability of Certificate of Creditable Tax Withheld At Source (BIR Form 2307) in the total amount of P17.697 million to completely support the Expanded Withholding Tax withheld by the clients from Network's collections.	We recommended that Management direct the Accounting Section to:	
		a. Assign responsible employee to monitor, safekeep, and account for the completeness of BIR Form 2307;	Not Implemented Reiterated in Part II Observation and Recommendation No. 4 of this Report.
		b. Analyze the Tax Withheld at Source account and prepare the necessary adjustment to reflect the accurate balance of the account;	Not Implemented
		c. Review the recorded EWT withheld per client against the submitted BIR Form 2307 kept on file for CY 2022 and identify and coordinate with the clients concerned with regard unsubmitted BIR Form 2307; and	Not Implemented

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	<p>execution thereof, with delays ranging from 21 to 258 working days, contrary to Section 3.1 of COA Circular No. 2009-001 dated February 12, 2009 and hindered the timely auditorial and technical review and communication of any defects/deficiencies noted in audit.</p>	<p>within five (5) working days from execution thereof in compliance with Section 3.1 of COA Circular No. 2009-001 dated February 12, 2009.</p>	
<p>AO No. 7, page 66</p>	<p>IBC-13 was unable to deposit its cash collections to any of the authorized government depository bank (AGDB) contrary to Section 69 of Presidential Decree No. 1445 and Item 32, Chapter 2 of the revised Cash Examination Manual.</p>	<p>We reiterated our prior year's recommendations that the Management require the CO to deposit the cash collections to any authorized government depository bank in strict compliance with Section 69 of PD No. 1445.</p>	<p>Fully Implemented</p>
<p>AO No. 8, page 67</p>	<p>The procurements made by IBC-13 for CY 2022 amounting to P38.812 million could not be established due to non-inclusion in the Annual Procurement Plan for CY 2022 contrary to Item 7.2, Section 7 of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.</p>	<p>We recommended that Management direct the BAC to strictly comply with Item 7.2, Section 7 of the 2016 Revised IRR of RA No. 9184 and meticulously plan the goods, infrastructure, and consulting services needed in the preparation of APP since this approved plan shall serve as control in the Network's procurement and no procurement shall be undertaken unless it is in accordance with the said plan.</p>	<p>Fully Implemented</p>
<p>AO No. 9, page 69</p>	<p>Payments of various expenses of the Intercontinental Broadcasting Corporation (IBC-13) for CY 2022 in the total amount of P1.034 million were not supported with Official Receipts (OR),</p>	<p>We recommended that Management require the concerned provincial stations to submit the OR as proof of payment in compliance with Section 4(6) of PD No. 1445 and COA Circular No. 2012-</p>	<p>Not Implemented For issuance of Notice of Suspension (NS).</p>

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTIONS TAKEN/ COMMENT
AO No. 11, page 74	Deficiencies noted relative to Contracts of Service (COS) were as follows: (a) hirings of COS – Consultants for CY 2022 were done without public bidding which were not in accordance with Section 1 of DBM Circular Letter No. 2017-09, Section 2 of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184; and (b) non-submission of Daily Time Records and Accomplishment Reports duly signed by the COS personnel concerned and their immediate supervisors and supported by pertinent documents, as well as the absence of Approved Consultancy Progress/Final Report for COS personnel hired as Consultants, contrary to Section 4(6) of Presidential Decree No. 1445 and Sections 4.1.3 and 9.1.3 of COA Circular No. 2012-001 dated June 14, 2012.	<p>In view of the foregoing, we recommend that Management:</p> <p>a. Strictly adhere to the provisions of Revised IRR of RA No. 9184 in the hiring of consultant;</p> <p>b. Provide a written justification on the hiring of Consultants using negotiated procurement taking into consideration their actual accomplishments against their contractual obligations, and its contribution to the Network's operation as a whole; and</p> <p>c. Instruct the Administrative and Human Resource Division to submit all the lacking documentary requirements such as DTRs and ARs duly signed by the COS personnel and certified by their immediate supervisors concerned and supported by final reports and/or outputs/deliverable that corresponds to their job descriptions thus ensuring that payments made for salaries of COS personnel were rendered in accordance with their assigned tasks and that their services were</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

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		truly necessary otherwise a Notice of Suspension shall be issued accordingly.	
AO No. 12, page 80	The IBC-13 employees are still covered by Social Security System membership, contrary to Government Service Insurance System (GSIS) Memorandum Circular No. 036, s. 2022, which requires the mandatory GSIS membership coverage of personnel of non-chartered Government-Owned and Controlled Corporation.	We recommend that Management to: a. Properly inform and update its employees of the Network present legal personality thus ensuring its smooth transition; b. Make representation with GSIS and SSS for the said transfer requirements; and c. Inform its employees that, aside from GSIS, they may opt to continue paying their SSS contributions as voluntary members so they can enjoy social security benefits under both institutions.	Not Implemented Awaiting for confirmation from the Department of Justice (DOJ) on the present status of the IBC-13. Not Implemented Not Implemented
AO No. 13, page 83	Officers and Employees of IBC-13 did not accomplish and filed their Statement of Assets, Liabilities, and Net Worth (SALN) that consequently should have been submitted by Human Resource Division to Civil Service Commission on or before June 30 of every year which was inconsistent with the pertinent provisions of Republic Act No. 6713.	We recommended that Management strictly require all its officers and employees comply with the requirements provided of R.A. No. 6713 dated February 20, 1989, specifically Section 3 (a & b) and Section 8 (a) thereof so as not to be penalized.	Not Implemented Reiterated in Part II Observation and Recommendation No. 10 of this Report.
AO No. 14, page 85	The Network was unable to allot at least 5 percent of the budget nor prepare its CY 2022 GAD Plan and	We reiterated our prior year's recommendation that Management comply strictly with the	Not Implemented Reiterated in Part II Observation and

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	Budget, contrary to Section 2.3 of the Philippine Commission on Women-National Economic and Development Authority-Development of Budget and Management (PCW-NEDA-DBM) Joint Circular No. 2012-01.	requirements to allot at least five percent of the subsidy received from the National Government on GAD plan and activities and submit its prepared annual GPB to the PCW for review and endorsement in compliance with Section 2.3 of PCW-NEDA-DBM Joint Circular No. 2012-01.	Recommendation No. 11 of this Report.