## PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 44 audit recommendations embodied in the prior years' Annual Audit Report (AAR), 23 were fully implemented and 21 were not implemented. Details are as follows:

| REFERENCE | OBSERVATIONS | RECOMMENDATIONS | ACTIONS TAKEN/ COMMENT |
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| **2024 AAR** Financial Audit Observation (AO) No. 1, page 46 | The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account, with a carrying amount of P294.167 million as at December 31, 2024, could not be established due to: (a) a variance of P18.684 million between the balance per books and the Report on the Physical Count of PPE, not in accordance with Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1; and (b) the recorded revaluation increment of land and buildings under the Revaluation Surplus account amounting to P422.186 million as at December 31, 2024 remained unadjusted, not in accordance with the Philippine Application Guidance No. 2 of IPSAS 17.<br><br>Further, unserviceable PPE items costing P26.884 million, with a residual value of P590, had not yet been disposed of as at December 31, 2024, contrary to Section 79 of Presidential Decree No. 1445. The continued delay in their disposal increases the risk of further deterioration, | We recommended that Management: | |
| | | a. Direct the APMO to ensure the completion of the annual physical inventory count of PPE, the preparation of an updated RPCPPE, and the submission of a copy thereof to the Audit Team for review and evaluation; | Fully Implemented |
| | | b. Direct the AS and APMO to determine the cause(s) of the variances noted between the accounting records and the RPCPPE, and effect the necessary adjustments to the affected records; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 5, Part II - Observations and Recommendations of this Report. |
| | | c. Develop a comprehensive Reconciliation Plan to address the noted variance between the accounting records and the RPCPPE, which shall include specific activities, the responsible office, and clearly defined timelines; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 5, Part II - Observations and Recommendations of this Report. |

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| | obsolescence, and/or potential misappropriation of the subject assets. | d. Pending guidance from the Government Accountancy Sector (GAS) concerning the recorded Revaluation Surplus account, exert diligent efforts to locate all relevant documents supporting said account; | Fully Implemented |
| | | e. Initiate appropriate actions to comply with the requirements of COA Circular No. 2020-006 dated January 31, 2020, to avail of the one-time cleansing of PPE; and | Not Implemented<br><br>Reiterated, as discussed under Observation No. 5, Part II - Observations and Recommendations of this Report. |
| | | f. Direct the Disposal Committee to facilitate immediate disposal of the unserviceable properties. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 5, Part II - Observations and Recommendations of this Report. |
| AO No. 2, page 52 | The faithful representation in the financial statements of the balance of the Receivables account, with a carrying amount of P112.504 million as at December 31, 2024, could not be ascertained due to: (a) non-maintenance of Subsidiary Ledgers and unavailability of supporting documents for the recorded receivables aggregating P330.113 million; (b) a variance of P66.888 million | We recommended that Management direct the AS to:<br><br>a. Maintain SLs for the Network's clients to facilitate effective monitoring of receivables, and exert diligent efforts to locate the supporting documents for the recorded Receivables account | <br><br><br>Not Implemented<br><br>Reiterated, as discussed under Observation No. 1, Part II - Observations and Recommendations of this Report. |

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| | between the balance per books and the confirmed balance; (c) existence of negative balances in the total amount of P17.540 million; and (d) non-updating of the Allowance for impairment on Other Receivables accounts as at year-end, which are not in accordance with Paragraphs 27 and 48 of International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 67 of IPSAS 29.<br><br>Moreover, dormant accounts totaling P317.477 million, which could have been submitted to the Commission on Audit (COA) for Request for Authority to Write-off as prescribed by COA Circular No. 2023-008 dated August 17, 2023, remain recorded in the books as at December 31, 2024. | totaling P330.113 million; | |
| | | b. Exert diligent efforts to locate supporting documents that would establish the validity of the receivable amounting to P459,052; thereafter, if warranted, make the necessary adjusting entries to derecognize the same from the books; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 1, Part II - Observations and Recommendations of this Report. |
| | | c. Analyze the cause(s) of the negative balances and make the necessary adjusting entries to correct the accounts; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 1, Part II - Observations and Recommendations of this Report. |
| | | d. Assess the adequacy and appropriateness of the Allowance for Impairment on Other Receivables accounts, and make the necessary adjusting entries, if warranted; and | Not Implemented<br><br>Reiterated, as discussed under Observation No. 1, Part II - Observations and Recommendations of this Report. |
| | | e. Fast track the completion of the required documentation and resubmit the Request for Authority to Write-off Dormant Accounts to COA for consideration. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 1, Part II - Observations and Recommendations of this Report. |

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| AO No. 3, page 59 | The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P107.216 million as at December 31, 2024, could not be ascertained due to: (a) inclusion of a non-existing bank account with a reported balance of P8.994 million; and (2) the presence of negative balance of P4.917 million in the Cash Collecting Officer account, mainly resulting from the unreconciled prior years' variances between the said account per General Ledger maintained by the Accounting Section vis-à-vis the Monthly Cashier's Report prepared by the Treasury Section, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.<br><br>In addition, payments totaling P395,995 made through the IBC-13 corporate credit card were not duly supported by the required documentation, contrary to Section 5.3.2 of COA Circular No. 2021-014 dated December 22, 2021. Also, absence of written guidelines governing the use of corporate credit card is contrary to Section 5.3.5(c)(i) of the same Circular. These deficiencies expose IBC-13 to the risk of misuse and misappropriation of government funds. | We reiterated our prior years' recommendations that Management direct the FD to require the AS to: | |
| | | a. Assess the propriety of derecognizing the non-existing bank account, taking into consideration the opinion of the COA-GAS. Afterwards, effect the necessary adjusting entries and disclosures, if warranted; and | Fully Implemented |
| | | b. Determine the nature of, and locate, the pertinent documents relative to the variance from prior years, and make the necessary adjusting entries to address the discrepancies between the Cash Collecting Officer account per GL and the corresponding balances per MCR. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 2, Part II - Observations and Recommendations of this Report. |
| | | We further recommended that Management direct the FD to require the AS to: | |
| | | a. Submit supporting documents for the credit card expenses in the total amount of P395,995; and | Fully Implemented |
| | | b. Develop and implement written guidelines on the use of credit cards to ensure adequate | Fully Implemented |

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| | | safeguards against misuse and misappropriation. | |
| AO No. 4, page 65 | The fair presentation of the Tax Withheld at Source account, with a reported balance of P17.930 million as at December 31, 2024 could not be established due to the unavailability of the Certificates of Creditable Tax Withheld at Source supporting taxes totaling P17.881 million, contrary to Paragraph 27 of International Public Sector Accounting Standard 1. | We recommended that Management direct the FD to: | |
| | | a. Analyze the beginning balance of the Tax Withheld at Source account and prepare the necessary adjustment to reflect its accurate balance; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 3, Part II - Observations and Recommendations of this Report. |
| | | b. Closely coordinate with the BIR to confirm whether the balances of the Tax Withheld at Source account, particularly those pertaining to prior years, may still be revalidated and applied as tax credit; | Fully Implemented |
| | | c. Following BIR confirmation, assess the propriety of derecognizing the CTW without the required BIR forms; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 3, Part II - Observations and Recommendations of this Report. |
| | | d. Demand from the concerned IBC-13 clients to submit copies of BIR Form No. 2307; and | Not Implemented<br><br>Reiterated, as discussed under Observation No. 3, Part II - Observations and Recommendations of this Report. |

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| | | e. Ensure, moving forward, that copies of BIR Form No. 2307 are secured for all collections of the Network. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 3, Part II - Observations and Recommendations of this Report. |
| AO No. 5, page 69 | The faithful representation of various Liability account balances totaling P4.248 million as at December 31, 2024, could not be established due to: (a) negative balances in the total amount of P2.174 million; and (b) the absence of Subsidiary Ledgers and inadequate documentation, contrary to Paragraph 27 of International Public Sector Accounting Standard 1. | We reiterated our prior years' recommendations that Management direct the AS to: | |
| | | a. Exert all efforts, establish a clear timeline, and assign responsible personnel to locate the relevant documents, conduct a thorough analysis of prior years' transactions that resulted in the negative balances of various liability accounts, and prepare the necessary adjusting entries; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 4, Part II - Observations and Recommendations of this Report. |
| | | b. Send formal confirmation requests to Pag-IBIG and PhilHealth to determine the correct amounts payable by the IBC-13. Thereafter, reconcile the negative balances of the pertinent liability accounts based on the confirmed amounts; | Not Implemented<br><br>Reiterated, as discussed under Observation No. 4, Part II - Observations and Recommendations of this Report. |

| REFERENCE | OBSERVATIONS | RECOMMENDATIONS | ACTIONS TAKEN/ COMMENT |
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| | | c. Fast-track the preparation of SLs to enable proper monitoring of the subject accounts; and | Not Implemented<br><br>Reiterated, as discussed under Observation No. 4, Part II - Observations and Recommendations of this Report. |
| | | d. Coordinate with the Payroll Section to reconcile the recorded year-end unremitted balance of the Due to SSS – Salary Loan account and make the necessary adjustment(s), if warranted. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 4, Part II - Observations and Recommendations of this Report. |
| <u>Non-Financial</u><br>AO No. 6, page 72 | Inadequate documentation to support the payments totaling P454.503 million for Security Services, Per diem for Board and Committee Meetings, and Separation Pay of retired or resigned employees covering the period January 1 to December 31, 2024, is contrary to Sections 9.1.3.2, 5.7.3, and 5.12 of COA Circular No. 2012-001 dated June 14, 2012, thereby casting doubt on the propriety of the transactions involved. | We recommended that Management:<br><br>a. Direct the FD to submit the lacking documentary requirements; and | <br><br>Fully Implemented |
| | | b. Moving forward, institutionalize and implement a mandatory pre-audit checklist to ensure strict compliance with the documentary requirements prescribed under COA Circular No. 2012-001 dated June 14, 2012, particularly for disbursements relative to Security Services, Per Diem for Board and Committee | Fully Implemented |

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| | | Meetings, and Retirement/ Separation Pay of employees. | |
| AO No. 7, page 75 | The propriety of procurements made by the Network could not be ascertained due to the following deficiencies: (a) procurements conducted through Shopping and Small Value Procurement, aggregating to P19.913 million, lacked the submission of supporting documents as required under Items V. C.2(b), D.8(b) and Appendix A of Annex H, and Section 53.9 of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184; and (b) procurements amounting to P2.927 million were not included in the approved Annual Procurement Plan (APP) or in any issued Supplemental APP for CY 2024, contrary to Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184. As a result, the related expenditures may be considered irregular, as defined under COA Circular No. 2012-003, dated October 29, 2012. | We reiterated our prior years' recommendations that Management: | |
| | | a. Require the BAC, Purchasing, and AS to immediately submit all the required lacking documents to the Office of the Auditor for review and evaluation; and | Fully Implemented |
| | | b. Moving forward, strictly adhere to Items V. C.2(b) and D.8(b) and Appendix A of Annex H of the 2016 revised IRR of RA No. 9184 and/or the New Government Procurement Act and its IRR, whichever is applicable, particularly on the documentary requirements for procurement through Shopping and SVP. | Fully Implemented |
| | | We further recommended that Management: | |
| | | a. Direct the BAC to strictly comply with Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184 by meticulously planning the procurement of goods and | Fully Implemented |

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| | | infrastructure projects, and ensuring that all such procurements are included in the Network's APP, as no procurement shall be undertaken outside the approved plan; | |
| | | b. Direct the following: | |
| | | i. Purchasing, Treasury, and Finance Departments to strictly comply with Section 7.1, Rule II of 2016 revised IRR of RA No. 9184; and | Fully Implemented |
| | | ii. Internal Audit Department to develop and implement written internal control procedures for the procurement process of the Network to minimize the risk of non-compliance with applicable laws, rules, and regulations; and | Fully Implemented |
| | | c. Direct all concerned personnel to strictly adhere to Section 54.3 of the Updated 2016 Revised IRR of RA No. 9184. | Fully Implemented |
| AO No. 8, page 82 | The non-submission of the Project Procurement Management Plan resulted | We recommended that Management: | |

| REFERENCE | OBSERVATIONS | RECOMMENDATIONS | ACTIONS TAKEN/ COMMENT |
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| | in the non-inclusion of procurement for Contracts of Service (COS) personnel totaling P4.786 million from the approved Annual Procurement Plan for Calendar Year 2024, contrary to Item 7.2 of Section 7 of the 2016 revised Implementing Rules and Regulations of Republic Act No. 9184. Additionally, payments made to the COS personnel were inadequately supported by the required documentations, contrary to Sections 4.1.3 and 9.1.3 of COA Circular No. 2012-001 dated June 14, 2012, thereby casting doubt on the propriety of the subject transactions. | a. Strictly comply with Item 7.2 of Section 7 of the 2016 Revised IRR of RA No. 9184 by meticulously planning the hiring of COS personnel, including but not limited to the preparation and submission of the PPMP for inclusion in the approved APP; | Fully Implemented |
| | | b. Direct the Administrative Division and HRD to submit the required supporting documents noted; and | Fully Implemented |
| | | c. Ensure strict adherence to the provisions of the Procurement Law and its Revised IRR, specifically in the hiring of COS personnel, moving forward. | Fully Implemented |
| AO No. 9, page 84 | The absence of a defined organizational structure and staffing pattern resulted in the hiring of employees without the requisite confirmation or endorsement from the Governance Commission for Government-Owned and/or Controlled Corporations (GCG), contrary to Section 1 of Executive Order No. 150 and GCG Compensation and Position Classification System Notice No. 4, dated January 14, 2022. | We recommended that Management secure confirmation or endorsement from the GCG for all newly created positions, including their corresponding salaries and compensation packages. | Fully Implemented |

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| | Consequently, the validity of the appointments and contracts, as well as the corresponding salaries and benefits of the Network's appointed permanent and probationary employees for the Calendar Year 2024, totaling P13.028 million, could not be substantiated. | | |
| AO No. 10, page 92 | Post-audit on the grant and liquidation of Cash Advances (CAs) of IBC-13 for CY 2024 disclosed the following deficiencies: | We recommended that Management: | |
| | | a. Submit the lacking documents noted in this observation; | Fully Implemented |
| | (a) CAs granted for CY 2024 totaling P2.045 million were inadequately supported by the required documentation; | b. Moving forward, strictly comply with the documentary requirements on the grant and liquidation of cash advances, as prescribed by COA Circular No. 2012-001; and | Fully Implemented |
| | (b) the propriety of the purchases and expenses incurred for special purposes paid through CAs in the total amount of P368,098 could not be ascertained due to non-attachment of documentary requirements, such as bills/receipts/sales invoices or approved Certificate of Expenses not Requiring Receipts/Reimbursement Expense Receipts and Canvass from at least three suppliers; and | c. Strictly observe the DTE rates prescribed under EO No. 77. | Fully Implemented |
| | (c) the liquidation of CAs and reimbursement of travelling expenses relative to local travels were inadequately supported with the required documentation, contrary to Sections 1.1, 1.1.4.1, 1.2.2, 1.2.3 and 1.2.4.1 of COA | | |

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| | Circular No. 2012-001 dated June 14, 2012.<br><br>Further, Daily Travel Expenses (DTE) claimed for hotel/lodging exceeded the allowed rates by P13,900, contrary to the allowable DTE rate prescribed by Executive Order (EO) No. 77 dated March 15, 2019. Additionally, inconsistencies in the computation of DTE covering meals and incidental expenses for travels beyond the 50-kilometer radius were noted, contrary with the prescribed rates provided by Section 5(b)(i) of the same EO. | | |
| AO No. 11, page 99 | Inefficient utilization of land and building of the IBC-13 Iloilo Station resulted in the abandonment of the area, leaving assets unprotected, posing an immediate risk, and potentially leading to more significant issues in the future, contrary to Section 2 of Presidential Decree No. 1445. | We recommended that Management take immediate action to protect the properties from informal settlers and include them in the Long-Term Agency Action Plan to ensure the efficient management of government resources. Otherwise, if the Network has no plans to utilize the subject assets, Management should consider the propriety of their disposal. | Not Implemented<br><br>Reiterated, as discussed under Observation No. 8, Part II - Observations and Recommendations of this Report. |
| AO No. 12, page 101 | The Technical Evaluation and Inspection Report issued by the COA Information Technology Audit Office, relative to the Supply, Delivery, | We recommended that Management:<br><br>a. Submit a report on the actions taken by the Network | <br><br><br>Fully Implemented |

| REFERENCE | OBSERVATIONS | RECOMMENDATIONS | ACTIONS TAKEN/ COMMENT |
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| | Installation, Testing, and Commissioning of 5KW Digital Terrestrial Television (DTT) for IBC TV-13 Cebu Station identified the following deficiencies: (a) IBC TV-13 Cebu's 5KW DTT project did not meet the Terms of Reference requirement for an 8-pole configuration in the Band Pass Filter; and (b) non-utilization of the project's cooling system involving two 5HP wall-mounted air conditioning units totaling P0.528 million, thereby defeating the intended purpose of the procurement, and resulting in the wastage of government resources, contrary to Government Procurement Policy Board Technical Support Office Non-Policy Matter No. 42-2015 dated October 8, 2015. | regarding the noted instances of non-compliance, including justifications for accepting the deviations from the TOR requirements and specifications; and | |
| | | b. Immediately utilize the two delivered 5HP wall-mounted air conditioning units. | Fully Implemented |
| AO No. 13, page 104 | Non-reconstitution of the Gender and Development (GAD) Focal Point System resulted in the non-preparation of the Calendar Year 2024 GAD Plan and Budget and the non-allocation at least five percent of IBC-13's total budget to GAD-related Programs, Activities, and Projects (PAPs), contrary to Sections 3.2, 3.5 and 6.1 of the Philippine Commission on Women-National Economic and Development Authority-Department of Budget and Management Joint Circular No. 2012-01, thus, gender | We recommended that Management: | |
| | | a. Immediately reconstitute its Gender and Development (GAD) Focal Point System (GFPS) to facilitate the timely preparation of the GPB and its subsequent submission to the PCW for review and endorsement; and | Not Implemented<br><br>Reiterated, as discussed under Observation No. 10, Part II - Observations and Recommendations of this Report. |
| | | b. Strictly comply with the provisions of PCW-NEDA-DBM | Not Implemented |

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| | perspectives may not have been mainstreamed in the agency's PAPs. | JC No. 2012-01 dated January 18, 2012, specifically the requirement to allocate at least five percent of the agency's total budget to GAD-related PAPs, moving forward. | Reiterated, as discussed under Observation No. 10, Part II - Observations and Recommendations of this Report. |