

**PHILIPPINE COCONUT AUTHORITY**

**AGENCY ACTION PLAN and STATUS of IMPLEMENTATION**

**Audit Observations and Recommendations**

**For the Calendar Year 2017**

**As of October, 2018**

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 (mm/yy)					
					From	To				
FINANCIAL OPERATIONS										
1	The reliability of the Property, Plant and Equipment (PPE) account with carrying balance of P704,108 million as at year-end could not be ascertained due to: a) absence of subsidiary ledgers (SLs) for PPE with carrying amount of P158,344 million; b) non-reconciliation of the discrepancy of P11,98 million between the General Ledger (GL) balance and the Report of Physical Count of Property, Plant and Equipment (RPCPPE); and c) non-conduct of inventory of PPE with carrying amount of P29,000 million. Moreover, the PPE was overstated by P15,403 million, due to: (a) non-recording of the transfer of equipment to farmer-beneficiaries of Philippine Coconut Authority (PCA) projects in the total amount of P11,904 million and disposal of equipment with carrying amount of P1,043 million; and (b) incomplete application of change in accounting policy where PPE items in the amount of P2,456 million are below capitalization threshold were still recorded as PPE.	Direct the:  a. Accounting Division of CO and Accounting Unit of the Region VIII with coordination of the Property Division to prepare and maintain complete PPE GLs/SLs to support the PPE GL balances under various Funds.  b. Accounting Division and Property Division of the CO to exert effort to reconcile the discrepancy of P11,980 million between accounting records and the RPCPPE;	- Accounting Division to maintain complete PPE GLs/SLs  - Property Division to provide support to Accounting Division as need arises	Accounting Division – CO, RO No. VIII, and Property Division	May 2018	Dec. 2018	CO – Partially Implemented		CO - Close coordination of Accounting Division and Property Division	
			Property Division to update RPCPPE to reflect adjustment in threshold amount	Accounting Division – CO, and Property Division	VIII – Apr. 2018	VIII – Aug. 2018	Ongoing analysis and reconciliation by Accounting Division with Property Division-	Use of new COA prescribed forms; -Discharge of intervening functions such as BAC Sec task, Procurement	-Adopted the use of new COA prescribed forms. -Extensive review of documents incidental to maintenance of RPCPPE Inventory	

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	c. Regional Manager of RO No. VII to cause the conduct of complete physical count of PPE, preparation of the RPCPPE, and reconciliation of the said Report with the Property and Accounting records;	Conduct of complete physical count of PPE, and preparation of RPCPPE and reconciliation of reports between Property and Accounting Units	RO No. VII	Apr. 2018	Dec. 2018	Conducted Physical Inventory on April 17-20 for PCA Cebu Provincial Office; June 6-8 for PCA Bohol; June 20-22 for Negros Oriental, and partial physical inventory at the Regional Office	Monitoring, and inventory of PCA real assets - Property Officer engaged in various procurement activities both under alternative modes and competitive bidding-	Complete physical inventory at Regional Office by November 20-23; and Prepare reconciled RPCPPE before the end of the year.					
	d. . Accounting Sections of RO Nos. V and XI to derecognize in the books the machineries and equipment procured under the KEDP that were already distributed to farmer-beneficiaries		Accounting Units of: RO No. V RO No. XI	V- Sept. 2018	V – Sept 2020	V – For Implementation	V and XI - Agricultural Equipment and Machines purchased and distributed during CY 2017 are still recorded in the books and will be derecognized after the lapse of three (3) year period which is						

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		e. Accounting Section of RO No. V to derecognize in the books the unserviceable PPE items that were already disposed;			RO No. V			Implemented as of February 2018	pursuant to the guidelines under Section IV on the implementation of the KAANIB Enterprise Development Project (KEDP)	
		f. Accounting Division of the CO and Accounting Section of RO No. V to prepare the necessary adjusting entries to derecognize tangible items below the capitalization threshold of P15,000 from the PPE account as these were already issued to end-users;			Accounting CO and RO No. V	V – Sept. 2018	V – Dec. 2018	CO – Implemented V – For implementation	V – The Supply Unit is still on the process of finalizing the List of Semi-Expendable items.	
		g. Internal Audit Division to formulate standard operating procedures, for approval of the Governing Board, on the procurement and distribution of equipment and machineries under the KEDP-CHLCP, to include, among others, recording in the books of accounts and control measures to establish accountability over the assets prior to distribution/donation to farmer-beneficiaries, in accordance	Internal Audit Department to: (1) review and study the existing Corporate policies and guidelines in the implementation of the project (KEDP-	Internal Audit Services				IAD is in the process of (1) conducting performance audit on the procurement process and project implementation being undertaken by the regional		



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			Action Plan CHLCP), as well as, applicable auditing and accounting rules and regulations; and (2) gather information from the Central Office and regional offices operating units on the procedures of procurement, accounting and distribution of equipment and machineries under the project.	Person/ Dept. Responsible	Target Implementation Date (mm/yy)				
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		h. Accounting Division of the CO and all Accounting Sections of the ROs/Centers to, henceforth, strictly observe the PPSAS and GAM on the proper accounting of PPE.	IVA – Strictly observe the PPSAS and GAM on the proper accounting of PPE DRC – The management of PCA-DRC will comply the Audit Recommendation	Accounting Units of CO, Field Offices, and Centers	IVA - Jan. 2017	IVA Dec. 2017	CO – Fully Implemented IVA – Fully Implemented		IVA – After the training for PPSAS last 2016, the accounting unit strictly observed the proper accounting of PPE in accordance with PPSAS and GAM VI – The Accounting Unit



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		VI – The Management will require the Accountant to strictly observe the PPSAS and GAM on the proper Accounting of PPE		XIV – Nov. 2018	XIV – Dec. 2018	VI – Fully implemented  ARC – Implemented as of Sept. 30, 2018 DRC – Complied		is strictly observing the PPSAS and GAM on the proper accounting of PPE  XIV – For reconciliation of regional PPE reports and accounting report	
2	The reliability of due from Government Owned and Controlled Corporations (GOCCs), due from National Government Agencies (NGAs), and Due from Non-Government Organizations (NGOs)/People's Organizations (POs) accounts of P290,992 million, P46,373 million, and P1,311 million, respectively, or aggregating P38,676 million as at December 31, 2017 was doubtful in view of discrepancies of P42,236 million between PCA and Implementing Agencies (IAs)/NGO records which could be attributed to non-recording of liquidation of fund transfers in the books of PCA. Likewise, the Due from	Direct the Accounting Division to:	a. Closely coordinate with the concerned IAs for the reconciliation of their records to reflect the accurate balances of the Due from NGAs, Due from NGOs/POs and Due from GOCCs accounts;		Accounting Division - CO		Partially Implemented		We already sent letters to concerned IAs and are currently preparing letter to be sent to PEACE Foundation and UPLB-Banana
			b. Demand from the IAs the submission of the LRs for the expended portion of the fund transfers and/or return of the unutilized fund transfers;		Accounting Division - CO		Partially Implemented		We already sent letters to concerned IAs.

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	GOCCs-Philippine International Trading Corporation (PITC) account was overstated by P102,563 million in view of the non-recording of delivered fertilizers in CY 2016, since the PITC, the procurement agent of PCA, did not submit the corresponding Liquidation Reports (LRs) as basis in recording thereof in the PCA books.	c. Request from FNRI copy of documents to show that the unexpended balance of fund transfer was returned to the BTr; d. Prepare the necessary correcting entry on the recording of the return of the remaining balance of fund transfer by the UP-Los Baños; and e. Make persistent demands from PITC for the full liquidation of the fund transfers and the submission of lacking documents to support the utilization of funds for the procurement of fertilizers.		Accounting Division - CO			Implemented as of September 2018		A letter dated September 11, 2018 was sent to FNRI.
				Accounting Division - CO			Implemented		Correcting entries were made with JEV/#503-1807-306
				Accounting Division - CO			Implemented		A letter dated October 12, 2018 which was addressed to Mr. Yap was sent.
3	The reciprocal accounts Intra-agency Receivables and Intra-agency Payables were not completely eliminated at year-end due to inadequate reconciliation that resulted in the remaining balance of P64,824 million under the Intra-agency Receivables account; thereby misstating the total Receivables and other affected accounts. The difference was attributed mainly in the recording of Advice of Sub-Aliement (ASA) by the ROs without actual cash transfers from CO, which is not in accordance with PPSAS 1 and COA Circular No. 2015-10.	a. Direct the Internal Audit Division to immediately revise the existing guidelines in recording fund transfers from CO to ROs/Centers for the implementation of projects funded under the GAA, to be uniformly applied by the Accounting Division of CO and Accounting Section of ROs;	CO - This was already agreed upon during the Financial Consultative Meeting last August 27 to September 1, 2018. Further, this is Item A.1 of the memorandum dated issued by the Administrator dated September 7, 2018.	Finance Department			Fully Implemented as of September 30, 2018.		
		b. Direct the Accounting Division of CO and Accounting Section of ROs to:	September 7, 2018. IVA – To prepare reversal of entry of Due from CO and Due to CO and		IVA – Sept. 2018	IVA – Sept. 2018	IVA – Fully implemented		IVA – Prepared the reversal of entry of previous ASA and records the cash transfer for current year as Subsidy from



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			record the cash transfers as Subsidy from CO instead of due to CO <b>IVB</b> – The unfunded ASA wa no longer recorded as Due from CO and Due to CO effective Jan. 2018. Further, JEV No. 07-18-215 was prepared to reverse the recorded balance of unfunded ASA as per Trial Balance as of Jun. 30, 2018. <b>VI</b> – The Management will require the Accountant to exert efforts to reconcile the Intra-Agency Receivables and payable accounts to completely eliminate the balance of the Financial Statement, stop the practice of		<b>VI</b> – Nov. 2018 <b>XIV</b> – Nov. 2018 <b>XIV</b> – Dec. 2018	<b>VI</b> – Dec. 2018 <b>XIV</b> – Dec. 2018	<b>ZRC</b> – fully implemented as of Sept. 30, 2018		Central Office as required by the CO Accounting Division <b>XIV</b> – Reconciliation still ongoing and appropriate entries shall be made upon further review and analysis
		b.1. Exhaust all efforts to analyze, review and reconcile the Intra-agency Receivables and Payable accounts to completely eliminate the balance in the financial statements;	Accounting Unit – CO, ROs, and RCs				<b>CO</b> – ongoing analysis <b>VI</b> – Partially implemented		<b>VI</b> – The Accountant will exert extra effort to reconcile the intra-agency Receivables and Payable accounts to completely balance the Financial Statements (FS).
		b.2. Stop the practice of recording ASA without actual fund transfer; and	Accounting Unit – CO, ROs, and RCs				<b>CO</b> - Implemented as of September 30, 2018. <b>IVB</b> – Fully implemented as of January 2018 <b>VI</b> – Implemented		<b>VI</b> – The Accountant is strictly observing the recording of ASA without actual fund transfer. <b>IX</b> – Never booked up ASA without actual cash transfer.



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		b.3. Record cash transfers from the COS for the implementation of projects funded under the GAA as Subsidy from CO instead of Due to CO.	transfers from CO as subsidy from CO instead of Due to CO	Accounting Unit – CO, ROs, and RCs				IX – Fully implemented ARC – fully implemented as of Sept. 2018		VI – The Accountant already observed the recording of funds from CO as Subsidy from CO instead of Due to CO. IX – Already recorded the cash transfers from CO AS Subsidy from CO starting October 2018
4	The Financial Liabilities – Accounts Payable (AP) account of CO and RO No. V aggregating P360,296 million, which represented 47.75 per cent of the total AP account balance of P754,481 million at year-end, was overstated by P102,491 million due to the inclusion of liabilities that did not meet the recognition criteria under PPSAS 19 such as (a) liabilities in the amount of P84,822 million for benefits of officers and employees that have no legal basis to be granted; (b) cancelled payment in the amount of P1,450 million as the supplier was already paid was erroneously reverted back to payable; (c) undocumented payables without pending claims totaling P12,832 million; and (d) long-	a. Direct the Accounting Division of CO and Accounting Unit of RO No. V to:  a.1. Ensure that accruals and payables pertained to valid claims, supported with complete documents and compliant with the recognition criteria provided under PPSAS 19; and  a.2. Prepare the necessary adjusting journal entries to close/revert back to Accumulated Surplus account the long outstanding payables without supporting documents and valid legal basis, and have been outstanding for two years or more and against which no actual claims have been filed or which are not covered by perfected contracts.		Accounting Unit CO and RO No. V				CO – Implemented V – implemented as of Jan. 2018		CO - Adjusting journal entries were made with JEV Numbers:503-1807-326 and 503-1810-450

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5	<p>The reliability of the year-end balance of Inter-agency Payables – Due to Other National Government Agencies (NGAs) account of P44,490 million representing fund transfers from different source agencies (SAs) for the implementation of 43 programs/projects by the ROs/Centers was doubtful due to unreconciled net discrepancies of P46,721 million between the records of PCA and SAs, which could be attributed to late or non-submission of Reports of Disbursement (RDs) to the concerned SAs. Moreover, the transfer of dormant Due to NGAs account totaling P13,369 million to Accounts payable (AP) account understated the Due to NGAs account and overstated the AP account by the same amount.</p>	Direct the Accounting Division - CO to:  a. 1. Prepare and submit separate RD on the expenditures incurred by CO, require Accountants of concerned ROs/Centers to submit their respective RDs to support timely liquidations of fund transfers to SAs;		Accounting Units CO, ROs, and RCs	IVA – To prepare and submit Report of disbursement to CO and SA	IVA – Jan. 2018	IVA – Sept. 2018	IVA – Fully implemented	CO - Ongoing analysis	CO - Submission to SA (DA) was made on August 2018. RD was also submitted to COA for audit on June 13, 2018. IVA – In reference to PCAARRD Projects downloaded to Region IVA in previous years, we have complied with the submission of Report of Disbursement (ROD) to Central office and SA. For the current year, we have already prepared the ROD duly verified by our resident COA

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			VI – The Management require the Regional Accountant to submit RD to support timely liquidations of fund.			VI – Fully implemented		auditor, for the newly downloaded PCAARRD Project for Hybridization. VI – RDs were already submitted to timely support the liquidation of funds transfer	
		a.2. Conduct regular and periodic verification and analysis of fund transfers to ensure that outstanding balances are reconciled with SAs' records;		Accounting Division CO			ARC – Implemented as of September 30, 2018 ZRC – Submits to CO the ROD of all projects on a monthly basis		Journal Entry Vouchers have been made for the adjustment. Preparation of RDs for submission to SAs is ongoing.
		a.3. Cause the remittance to SAs of the unexpended balances of dormant/non-moving funds for completed projects; and		Accounting Division CO			Ongoing analysis and reconciliation		



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		a.4. Revert the Due to Other NGAs account transferred to AP Account		Accounting Division CO				Implemented		Journal Entry Vouchers were made with JEV No. 503-1807-306 and 503-1810-448
		b. Direct the concerned ROs/Centers to immediately submit the RDs and henceforth, ensure timely submission of RDs to Accounting Division CO to facilitate the liquidation of fund transfers to SAs.		Accounting Division CO				Partially implemented		A memorandum dated September 7, 2018 was issued to ROS and RCS
6	Coconut palms and other fruit bearing trees numbering 55,749 and their agricultural produce or products were not recognized in the books of Davao Research Center (DRC), Albay Research Center (ARC) and Zamboanga Research Center (ZRC) as either Biological Assets, PPE or Inventories as required in PPSASs 27, 17 and 12, thereby understating the total assets of undetermined amount as at December 31, 2017.	a. Instruct the Managers of ARC, DRC, and ZRC to determine the fair value of the coconut palms and other fruit bearing trees in accordance with the applicable mode of measurement prescribed in the PPSAS 27; and	CO to conduct study on the appropriate valuation of existing biological assets	Research Development Branch				ARC – Ongoing inventory of coconut palms and other fruit-bearing trees DRC – Ongoing	DRC – PCA DRC is waiting for directive from CO concerning the costing of biological assets	DRC - The management-assigned personnel has already finished the physical count of coconut trees
								ZRC – Already booked up the Biological Assets (coconut palms) using the DPWH assessed value of coconut trees		

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	<b>Audit Recommendations</b>  b. Require the Accounting Division of the CO and the Accounting Section of the Centers to record in the books the coconut palms and other fruit bearing trees and their agricultural produce or products under appropriate asset accounts (i.e., PPE-Biological Assets, Bearer Biological Assets or Agricultural Product Held for Consumption/sale/distribution) and provide in the Notes to Financial Statements the required disclosure							<b>CO - Will</b> consolidate the reports to be submitted by the ROs and RCs
		<b>DRC – The PCA DRC Management will comply with the COA recommendation</b>						<b>DRC – The</b> PCA DRC personnel involved in the preparation of financial reports are already aware of the recent development
		a. Instruct the Accounting Units of the concerned ROs to record the agricultural and marine supplies and supplies and materials purchased for inventory purpose using the perpetual inventory system as prescribed under Section 9, Chapter 8, GAM, Volume 1; and	Accounting Units RO Nos. V, VIII, XI, XII, XIII, XIV, and ARC		VIII – Nov. 2018	VIII – Dec. 2018	V – Implemented as of Jan. 2018 VIII – Ongoing	<b>XI – Proper</b> recording of the agricultural and marine supplies and supplies and materials purchased using Perpetual Inventory Method will be done upon receipt of the ASA from the CO indicating
7	In RO Nos. V, VIII, XI, XII, XIII, XIV (ARMM) and ARC, procured Agricultural and marine Supplies for distribution to farmers-beneficiaries and Supplies and materials for use in operations were not recorded using perpetual inventory method, but instead were recorded as an outright expense; thus, the undistributed and unused supplies in undetermined amount were not recognized as inventory as at year-end, understating the inventory account and related expense accounts.							

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			XIII – Effect necessary adjustments in the proper recording of agricultural and marine supplies and materials purchased for inventory purpose using the perpetual inventory system.			XIII – Nov. 2018	XIII – Dec. 2018	XII – Fully Implemented  XIII – Partially implemented XIV – Implemented as of Jan. 2018	XII – Supported with terminal reports XIII – Reconciliation of physical and accounting records is ongoing.	XIII – Physical count was already conducted for all provinces as of Oct. 11, 2018. Necessary adjustments to be effected once reconciliation is fully conducted.
		b. Instruct the Regional Managers to cause the conduct of physical count of inventories in their respective Regions and reconciliation of the results thereof with accounting records to ensure that inventories are presented in the financial statements in accordance with the prescribed standards.	XIII – Conduct physical count of inventories and reconciliation of the results thereof with the accounting records			XIV – Oct. 2018	XIV – Nov. 2018	ARC – In process XIV – partially complied		XIV – Physical conduct of inventories already conducted in most of the provincial offices. Reconciliation with accounting records to be undertaken on December 2018.
COMPLIANCE										



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8	Shares of Local Government Units (LGUs) from permit fees for cutting of coconut trees collected by RO Nos. I-IV-B, V, XII and XIV totaling P6,170 million were not remitted to concerned municipalities and barangays within three months from the date of collection, contrary to the provisions of RA No. 8048, as amended by RA No. 10593, thereby depriving the concerned LGUs of funds intended for the rehabilitation of roads damaged by the passage of heavy vehicles used for transporting coco lumber and, might hamper LGUs' cooperation in the preservation of coconut trees.	a. Direct the concerned ROs to strictly observe the remittance of LGUs' shares from the coconut cutting permit fees within three months from date of collection;	IVB – The Cash Unit prepares Disbursement Vouchers for quarterly remittances of RA 8048 LGU shares based on the monthly collection of coconut cutting permit of the province.	RO Nos. I-IV-B, V, XII, and XIV	IVB – Jul. 2018	XIV – Jan. 2019	IVB – Fully implemented V – Implemented as of Jan. 2018 XII – Fully implemented		XIV – Remittance of RA 8048 Municipal and Barangay shares for 2017 to their respective recipients was implemented in May 2018, wherein municipal and barangay shares amounting to P1,742,080 and P871,040 respectively, were already paid last 2016, all the shares with untraced claimants were remitted to Central Office. – Will remit LGU's share per RA 8048	
	b. Direct the Provincial Development Coconut Managers (PCDMs)/Collecting Officers of RO No. I-IV-B to prepare monthly report on coconut cutting permit fees indicating therein, among others, the name of payor, farm location, number of trees cut, OR number, date of issuance, and amount of share of the concerned LGU as an integral part of the monthly Cash Receipts Register.	PCDMs/Collecting officers are already submitting the monthly Coconut Cutting Permit Reports together with the monthly Cash Register	RO No. I-IV-B	Jan. 2018		Fully implemented				

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		to facilitate computation and remittance of the shares of LGUs; c. Direct RO No. I-IV-B to fully remit LGUs' shares on monthly basis based on the monthly report on coconut cutting permit fees duly validated against the monthly Cash Receipts Register; and d. Direct RO Nos XII and XIV to analyze the unremitted LGUs' shares from cutting permit fees and to cause the immediate remittance thereof to concerned LGUs.			RO Nos. XII and XIV		Fully implemented		XIV – Pls. refer to Action Taken/Actions to be taken in 8.a.
9	The Approved Budget for the Contract (ABC) of two perfected contracts for the supply, handling, transport and delivery of 1,428 kilos Yellow Hybrid Corn Seeds and 3,000 kilos Glutinous Corn Seeds in the total amount of P1,660 million was not determined using the prescribed procedures in the Government Procurement Policy Board (GPPB) – Generic Procurement manual (GPM), Volume II. Consequently the ABC was disadvantageous to the government as it was 64.69 per cent higher than the estimated prevailing prices of the corn seeds, with an estimated overprice of P1,073 million.	a. Management to require the Officer-in-Charge (OIC) RM RO No. I-IV-B to:  a.1. Ensure compliance with the GPM and the Revised IRR of RA No. 9184 in computing the ABC by conducting market surveys, among others, to obtain the most advantageous price for the government and avoid adverse audit action on the procurements of the RO;	The ABC was computed from cost of corn seeds obtained thru phone canvassing from reliable corn seen producers/ breeders/ dealers and distributors plus indirect costs such as insurance, contingency, costs of sacks, loading and unloading from source, and especially the transport costs for the	RO No. I-IV-B			Fully implemented		The RBAC filed the appeal to COA Disallowance No. 2018-01 (2017) dated 8/29/2018 on 10/31/2018

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		provinces of Cagayan, Occidental Mindoro, Romblon, Marinduque, and Palawan.								
	a.2. Henceforth, consider coordinating with other government agencies procuring similar goods/planting materials, such as, the DA, Department of Agrarian Reform (DAR) and Bureau of Plant Industry (BPI) in the conduct of market surveys;	Rest assured that coordination with the other government agencies procuring similar goods/planting materials will further be exercised	RO No. I-IV-B				Fully implemented			
	a.3. Consider procuring seeds/planting materials directly from Accredited Seed Growers of the BPI to maximize, with consideration to economy, the utilization of allocated budget; and	Most of the time, BPI Accredited Seed Growers lack the requirements of the procurement law such as business permits, tax clearance, Philgeps registration certificate and completed government contracts and/or private contracts.	RO No. I-IV-B				Fully implemented			



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		a.4. Instruct the concerned RO Nos. I-IV/B personnel to submit copies of perfected contracts and purchase orders with complete supporting documents within the period prescribed under COA Circular No. 2009-001 dated February 12, 2009.	The Region shall henceforth, submit the perfected contracts and other related procurement documents within the required period	RO No. I-IV-B			Fully implemented		
		b. Management to conduct investigation to determine persons responsible for the overpricing of corn seeds and file appropriate charges, if warranted.	The Region IVB RBAC submitted a signed memorandum explaining the computation of price used in the purchase of corn also emphasizing proper documentation in the bidding process.	IVB			Fully implemented		
10	Properties of RO No. V, DRC and ZRC with carrying amount of P53,585 million were not insured with the Government Service Insurance System (GSIS) in CY 2017, contrary to Section 5 of RA No. 656 or the Property Insurance Law; thus, exposing the Agency to risk of non-indemnification in case of damage to or loss of the uninsured properties due to fire, earthquake, storm or other casualty.	Management to direct RO No. V, ARC and ZRC to insure all insurable properties with the GIF of the GSIS to protect the interest of the Agency and in compliance with Section 5 of RA No. 656.		RO No. V, ARC, and ZRC			V – implemented in RO No. V only as of Apr. 2018  ARC – Implemented last Jul. 2, 2018 ZRC – Delayed	V – implemented on at the different Provincial Offices is still ongoing  ZRC – Allocated budget for insurance for CY	ZRC – To increase the budget for CY 2019 Insurance Expense to

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					From	To			
								2018 does not include equipment purchased and to be purchased this year	Include/consider the insurance premiums of newly-acquired and to be acquired equipment
11	RO Nos. I-IV-B, VII, VIII, X and XII did not strictly observe the prescribed rules and regulations in the handling of cash' hence, there was no assurance that government funds were safeguarded against misuse or loss.	a. Management require the concerned ROs to strictly comply with the prescribed government rules and regulations in the handling and safeguarding of cash by:  a.1 Designating regular employees as Accountable Officers;	VII – Refrain from delegating cashiering and collecting functions of the Cashier to a contractual personnel	RO Nos. I-IV-B, VII, VIII, X, and XII	X - 2016	X – on-wards	X – Fully Implemented	VII – The Negros Oriental Provincial Office immediately stopped the practice of delegating the cashiering and collecting functions to a contractual personnel.	X – Designated accountable officers are properly bonded.  VII – Follow up approval of request for Special Order.
	a.2. Securing adequate bond for the Accountable officers' accountabilities; and	VII - Request for the designation of the Senior			VII – Jun. 2018 VIII – Jul. 2018	VII – Sept. 2018 VIII – Present	IVB – Fully implemented as of Jan. 2018 VII – Partially implemented VIII - Implemented	VII – Request for the bonding of the Senior	

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			Agriculturist as collecting/ disbursing officer with the corresponding bond.					Agriculturist was sent to the Central Office, however, we are still waiting for their issuance of the special Order or approval of the said request.	
		a.3. Directing the Accountable Officers to prepare required financial reports and maintain an updated cash books.	XIII – Secure adequate bond for the sub-collector of Agusan Provinces	XIII – Apr. 2018	XIII – Dec. 2018		XIII – Not implemented	XIII – No Special Order yet assigning Special Collecting Officer	XIII – Special Order to be issued to assign Special Collecting Officer for the Province of Agusan del Sur.
		b. Management direct the Regional Manager of RO No. VII to investigate the alterations on the triplicate copies of the ORs, and hold the person responsible, if warranted.	Explanations/ comments on this AOM were already done by the concerned PCA Region VII units (please see attached documents)	RO No. VII (Negros Oriental Provincial Office)	Mar. 2018	Apr. 2018	Fully implemented		



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12	The Agency has been regularly withholding/deducting taxes from the salaries and other benefits of its officials and employees as well as from cost of goods and services procured. Likewise, the taxes withheld were remitted to the Bureau of Internal Revenue (BIR) within the prescribed deadlines.		Henceforth, extra care will be done in handling the Official Receipts.		From	To			
13	The Agency complied with Section 14.1 of RA No. 8291, which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply.								
14	The CY 2017 GAD Plan and Budget (GPB) of PCA with allocation of P61,594 million was not approved/endorsed by the Philippine Commission on Women (PCW), as required under Section 8.6 of Joint Circular (JC) No. 2012-01 issued by the PCW-National Economic and Development Authority (NEDA)-Department of Budget and Management (DBM), due to late submission thereof; thus, there was no assurance that the programs, activities and projects (PAPs) indicated therein were aligned with the gender issues	<p>a. Strictly comply with EO No. 273, PCW-NEDA-DBM JC No. 2012-01, COA Cite</p> <p>b. Direct the GAD focal person to:</p> <p>b.1. Prepare the Annual GPB and submit the same together with the GAD AR in the prescribed format to PCW for approval/endorsement within the deadline set;</p>		PCA GAD Committee					
			IVB - PCA Central office submitted to PCW the Agency's CY 2016, 2017, and 2018 GPB for review and evaluation on Nov. 26, 2017						
							IVB - Partially implemented		

Ref	<p><b>Audit Observations</b></p> <p>under the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025. Despite the non-approval of its GPB, PCA carried out some of the GAD activities costing P8.379 million; however, there is no assurance that the conducted activities addressed GAD related issues in the absence of CY 2017 GPB duly endorsed by PCW. In addition, the GAD Accomplishment Report (AR) did not conform to the format prescribed under PCW-NEDA-DBM JC No. 2012-01.</p>	<p><b>Audit Recommendations</b></p> <p>b.2. Consolidate GAD ARs of the ROS/Centers with the AR of the CO to facilitate review of the PCA's over-all accomplishment on GAD;</p> <p>b.3. Submit to the Audit Team copy of the approved/duly endorsed GPB within five days from receipt thereof and, GAD AR within five working days from the end of January of the following year; and</p> <p>c. Ensure that the GAD focal persons of the CO and ROS/Centers are adequately trained to prepare GPB and GAD AR</p>		<p><b>Agency Action Plan</b></p> <table><tr><th rowspan="2">Action Plan</th><th rowspan="2">Person/ Dept. Responsible</th><th colspan="2">Target Implementation Date (mm/yy)</th></tr><tr><th>From</th><th>To</th></tr><tr><td>and no reply yet.</td><td></td><td></td><td></td></tr></table>		Action Plan	Person/ Dept. Responsible	Target Implementation Date (mm/yy)		From	To	and no reply yet.				<p>Status of Implementation</p>	<p>Reason for Partial/Delay/Non-Implementation, if applicable</p>	<p>Action Taken/Action to be Taken</p>
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	Budget and Financial Accountability Reports (BFARs) and Budget Execution Documents (BEDs) required by the DBM and, evaluation and monitoring reports required under various projects' guidelines were not prepared; physical accomplishment reports were not reviewed and evaluated; and success indicators were not measured.		and maintain an integrated information system for the PCA and monitor, evaluate, prepare and submit periodic report on status of implementation of Agency's plans and programs for information and decision making of top management, other government agencies, and private organization.						
		b. Require the Budget Division, Corporate Planning Services, and Operations Department to regularly prepare, on the manner prescribed, the consolidated BEDs and BFARs and submit these reports to concerned offices as required under DBM Circular Letter No. 2016-9 dated October 27, 2016 and COA-DBM Joint Circular No. 2014-a dated July 2, 2014; and	To strictly comply the provisions of DBM Circular Letter No. 2016-9 and COA-DBM Joint Circular No. 2014-1	<b>Budget Division, Corporate Planning Services, and Operations Department</b>					Memorandum 611-2018 was issued to all units responsible in the preparation of reports required per DBM Circular Letter No. 2016-9 and COA-DBM Joint Circular No. 2014-1
		c. Instruct the ROs/Centers to regularly submit the monitoring and						Regular reports are being	Memorandum 461-2018 was



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		evaluation reports to the CO for review and as inputs in planning and decision making.					submitted to the AFB and OB from which Management derives inputs in planning and decision-making.		issued to all Regional Accountants and Technical Staffs directing them to submit reports on a prescribed deadline
Kasaganahan sa Niyugan ay Kaunlaran ng Bayan (KAANIB) Enterprise Development Project (KEDP)									
16	In RO Nos. VII, IX, and X, various machineries and equipment distributed to Coconut Based Organizations (CBOs) and Micro, Small and Medium Enterprise (MSMEs) for livelihood projects under the KEDP-Community/Household-Level Coconut Processing Project (CHLCP) were either non-operational, idle or not fully utilized due to inadequate evaluation of the project proposals, thus, resulting in non/delayed attainment of the objectives of the project of increasing farmers' income and improving their entrepreneurial skills.	Require the concerned ROs to:  a. Strictly comply with PCA MC No. 02, series of 2014, in selecting KEDP participants and Enterprise and, conduct adequate review of the project proposals to ensure sustainability of the project; and	VII – Regional Office to refer to Provincial Offices to observe the criteria set in the selection of partner CBOs; include in the discussion during the mid-year assessment X – To remind all PCA field personnel of the implementing guidelines/criteria in selecting KEDP project sites and type of business enterprise to venture	RO No. VII, IX, and X	VII – Jun. 2018	VII – Jul. 2018	VII – Fully implemented IX – Partially Implemented X – Fully implemented		IX – Baseline Surveys were conducted by the region to identify the organizations who are really capable and qualified to handle the project, taking utmost consideration the financial capability of the said organization. X – Reviewed/ reminded field personnel during CY 2017 year-end assessment to strictly comply the guidelines/

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		b. Closely monitor the implementation of the livelihood projects to ensure attainment of objectives and require the Cos and the PCDMs to timely submit the required periodic status reports for RO's evaluation; and	VII – Regional Office to strictly monitor the submission of status reports on actions/ measures undertaken on CBOs with non-operational processing projects	RO No. VII, IX, and X	VII – Apr. 2018	VII – Dec. 2018	VII – Follow ups on the submission of reports regularly done by the Regional Office but partially complied by the Provincial Offices			VII - Ensure 100% compliance by Provincial Offices; increase number of income generating KEDP sites by at least 10% by the end of the year IX – There is assigned specific CDO, tasked to monitor each project released by the region and it is part of his task to timely submit report regarding status of the project he is monitoring. X – Submitted periodic status reports to Regional/ Central Office. Training
			X – Remind field personnel/ KEDP community coordinators to closely monitor							

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			activities of recipients. Conduct appropriate technical trainings to ensure success of the project						conducted to capacitate project participants.
		c. Establish control measures with regard to responsibility/accountability, care and maintenance of the machineries and equipment.	VII – Ensure that all KEDP sites have executed a Deed of Undertaking	RO No. VII, IX, and X	VII – Apr. 2018	VII – Dec. 2018	VII - 90% compliance  IX - Ongoing		VII - 100% compliance by the end of the year IX – To create an evaluation team which will be responsible for the conduct of regular inventory on machineries and equipment X – Regional technical staff conducted evaluation on the utilization of equipments and those found un-operational will be transferred to qualified sites.
17	In RO No. X, the inability of the Supplier to deliver cacao seedlings to the farmer-beneficiaries resulted in non-utilization of 1,320 bags of Wellgrow Organic Fertilizer costing P0.525 million that were not provided with proper storage causing	Require RO No. X to:  a. Plan properly the procurement of agricultural inputs, such as fertilizers and cacao seedlings to ensure timely delivery and use thereof by the farmer-beneficiaries to prevent	To plan properly the schedule in the procurement of agri-inputs in	RO No. X			Fully implemented		Regional Bids and Awards Committee scheduled the procurement of fertilizers after



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	deterioration, to the disadvantage of farmer-beneficiaries of KEDP-Cocconut Intercropping Project (CIP).	wastage of government resources; and  b. Design ways that greater number of poor marginalized Coconut farmers can avail of the livelihood projects provided by the PCA and institute control mechanism in screening the farmer-beneficiaries to avoid duplication of provision of same benefits to same farmers by other government agencies that have similar program with that of the PCA.	To coordinate with other government agencies who are extending similar interventions to avoid duplication of assistance given to particular farmer-recipients	RO No. X			Fully implemented		the procurement of planting materials/seedlings is perfected
Coconut Fertilization Program (CFP)									
18	In RO No. XIII, the inadequacy in monitoring the distribution and utilization of fertilizers under the CFP resulted in non-utilization of 3,960 bags of procured Coco peat fertilizers without proper storage, thereby exposing these agricultural inputs to damage and pilferage to the detriment of the farmer-beneficiaries.	Management to require RO No. XIII to instruct the Coconut Development Officer (CDO) to:  a. Strictly comply with the PCA MC and conduct adequate monitoring of the distribution and application/utilization of fertilizers and submit the required reports on a timely basis to aid the RO in planning the procurement of the fertilizer;	Conduct adequate monitoring of the distribution and application/ Utilization of fertilizers and submit the required reports on a timely basis to aid the RO in planning and procurement of the fertilizer	RO No. XIII	Apr. 2018	Dec. 2018	Partially implemented	Liquidation report still not submitted to the RO	

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		b. Cause the application of the fertilizers, if needed, or the protection thereof from further damage and loss; and  c. Submit immediately to RO records and reports supporting the receipt and issuances of the 3,960 bags of fertilizers, copy furnished COA, for monitoring and audit purposes.	Fast-track the application of the fertilizers; and  Submit immediately to RO records and reports supporting the receipt and issuances of the 3,960 bags of fertilizers copy furnished COA	RO No. XIII	Apr. 2018	Dec. 2018	Partially implemented	Liquidated report still not submitted to the RO		
19	Efficiency and economy in the implementation of ACPRP in the total amount of P14,865 million in RO Nos. IV-A, I-IV-B, VIII, IX, and XIII were not assured in view of various deficiencies, such as, among others: (a) incomplete and delayed delivery of 377,000 coconut seedlings amounting to P9,987 million under ACPRP – Indigenous People's Outreach Program (IPOP); (b) payment of incentives totaling P4,000 million to farmer-participants who did not meet the pre-condition requirement of the participatory Coconut Planting Project (PCPP); (c) doubtful validity of payment of cash incentives in the total amount of P498,062 and distribution of coconut seedling in the amount of P54,730; and (d) distribution of 9,507 seedlings without soil assessment that resulted in mortality of the seedlings costing P254,046.	Require the concerned ROs to:  a. Cause the immediate delivery of the remaining seedlings from the supplier and impose liquidated damages thereon due to delay in the delivery;		RO No. IV-A, I-IV-B, VIII, IX, and XIII	IVA – April 2018	IV-A Dec. 2018	IVA – Ongoing		IVA – Reference to COA findings re: disparity of signatures of some PCPP farmer-recipients in the different municipalities in CALABARZON, the Region IVA instructed all the PCDMs to conduct an investigation/verification regarding this matter. Each provinces has submitted	

### Accelerated Coconut Planting and Replanting Project (ACPRP)

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					From	To			
					VIII – Aug. 2018	VIII – Dec. 2018	VIII – Ongoing		report of their investigation along with the Affidavit of Discrepancy executed by identified PCPP farmer-recipients attesting the authenticity and legitimacy of their signatures, copy of which will be furnished to COA. Further, the Management has also created an Inter-Provincial Monitoring and Evaluation Team (PMET) who will be responsible in the conduct of verification/ validation, documentation, and screening of PCPP documents for the future undertaking.



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			XIII – Demand immediate delivery of the remaining seedlings from the supplier and impose liquidated damages thereon.		XIII – Apr. 2018	XIII – Dec. 2018	IX – Fully implemented	XIII – Delivery is still incomplete	IX – Suppliers were being charged of 1/10 of 1% penalty for every day of delay XIII – Supplier was already notified to deliver the remaining seedlings
	b. Ensure that Provincial Agriculturist/PDCMs strictly comply with the project's guidelines in the evaluation of the eligibility of the farmer-participants to receive cash incentives and coconut seedlings; and		IVB – This was particularly observed in all parts of Northern Luzon maybe because of the nature of the area and the farmers who are used to engage in producing tobacco, garlic, and mango. As a corrective measure, the Region has adopted Key Products Area Approach in the implementation of CY 2018 Coconut Productivity	RO No. IV-A, I-IV-B, VIII, IX, and XIII		VIII – Jul. 2017	VIII – Aug. 2018	IX – Fully implemented	IX – Coconut farmers were required to submit proof of ownership for land owners and owners consent for tenant recipients and Bigy. Chairman's certification in the absence of all other required documents and submit suitability survey to establish if the area is suitable for coconut planting. However, few had complied

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			Enhancement Program. Hence, only MIMAROPA, Aurora, and parts of Cagayan received coconut planting/replanting allocation this year. The major activity in most part of the Northern Luzon is the conduct of Suitability Survey to determine compact areas where coconut Planting as part our expansion area development shall be implemented in 2019.					due to the following reasons: 1) Some owners of the land were not residing in the place where the project was implemented, others are working outside the country; 2) some recipients partly-owned the land being heirs of the properties which were not yet subdivided; 3) temporary ownership since the land was just mortgaged and others were being encumbered; and 4) some were just tenants of the land they cultivated and they don't have the necessary proof of ownership only agreement of tenancy. Barangay Certifications were also	

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	c. Require the Coconut Development Officers (CDOs) to explain the deficiencies noted in the: (i) payments of cash incentives and (ii) distribution of coconut seedlings with doubtful validity and without conducts of soil suitability assessment. Hold them accountable, if warranted.	IVB – Farmer-recipients in Brgy. Estanza, Bolinao, Pangasinan immediately replaced some of the dead seedlings caused by El Niño phenomenon. The supposed overpayment was actually done during a 3-year period and not as a one-time payment paid within a year. This is in the case of a farmer in Brgy. Saguigui, Pagudpud, Ilocos Norte who participated under PCPP in CYs 2014, 2015, and 2016 covering 0.67, 1.33, and 5.00 hectares, respectively. As per guidelines.	RO No. IV-A, I-IV-B, VIII, IX, and XIII	VIII – Jul. 2017	VIII – Aug. 2018	IVB – Fully Implemented		submitted by CDOs.		
									IX – Provincial meeting was conducted and review of the guidelines was done.	



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			Individual farmer-participants are entitled for five (5) hectares per year. The high mortality rate of coconut seedlings planted under PCPP and CSDP in 2015 and 2016 was due to El Niño phenomenon. In Macabebe, Pampanga, out of the 23 barangays, it was found that only 7 were fairly unsuitable to coconut production while the rest was reported as suitable.							
SUMMARY OF UNSETTLED AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS										
20	As of December 31, 2017, unsettled audit disallowances and suspensions amounted to P71.539 million and P5.199 million, respectively; while no unsettled charges at year-end.		IVA-Management will submit the appeal to the COA						IVA-Current management submitted the appeal for the Notice of Disallowance amounting to P28,079,983 last August 2018 to the	

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					From	To			Commission Proper. We are still awaiting for the decision and we are praying that it will be reversed and set aside.

Agency sign-off:

**ROMULO J. DELA ROSA**  
Administrator

Date \_\_\_\_\_