

**AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations**

For the Calendar Year 2022
As of 15 December 2023

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
2022 Annual Audit Report under Part II – Observations and Recommendations, Accounting Errors – Misclassification of Accounts, page 47	The accounts Traveling Expenses – Foreign, Traveling Expenses – Local, Training Expenses and Representation Expenses were used interchangeably in recording expenses incurred in relation to the attendance/participation and/or conduct of trainings, conventions, seminar and workshops, meetings and conferences and other official	We recommend that the Management instruct the Accountant to: 1. determine the nature of the transactions/activities to ensure that the expenses incurred for these transactions/activities are properly classified and recorded in their correct account classification pursuant to the Revised Chart of Accounts under Chapter 3 of the GAM, Volume III as updated by COA Circular No. 2020- 001; and	Management through the FPMO commits to implement the discussions made in the COA Exit Conference. Entries made and to be made for FY 2023 onwards shall reflect the proper expenditure in accordance with the nature of the transaction and the provisions of GAM.	FPMO-Accounting Division/ Budget Division	April 2023	Onwards	Fully Implemented	N/A Entries made for FY 2022 were explained on the management’s reply to the issued COA-Audit Observation Memorandum as well as during the COA Exit Conference. In addition, for FY 2023, management committed to implement the recommendation of the COA on recognizing and reflecting the “Training Expense” account for the conduct of internal activities such as the “Mid-year	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
	functions conducted locally or abroad thereby affecting the fair presentation of the account balances as presented in the Financial Statements.	2. make the necessary adjusting entries to correct the misclassified accounts.						Assessment and Catch-up Planning". Adjusting entries as well as the issuance of NORSAs to correct the expense code were also executed to comply with the COA AOM.	
2022 Annual Audit Report under Part II – Observations and Recommendations, Accounting Deficiencies, page 52	Non-reversion of Accounts Payable amounting to P52,443.97 which remain outstanding for more than 2 years contrary to Section 1 of Executive Order No. (EO) 87 and COA-DBM Joint Circular No. 1, s. 2021 mandating automatic reversion to Accumulated Surplus.	We recommend that the Management instruct the Accountant to: 1. conduct periodical review and analysis of all the recognized A/Ps to determine their validity and if the same is still valid, the same should be paid immediately and if no longer valid, the same should be automatically reverted to the Accumulated	Formal Notices were given by the FPMO-Accounting Division to the respective end-user Office informing them of the outstanding balances due to their suppliers/ contractors. Appropriate Journal Entry Voucher shall also be made to reflect the adjustment in the books of accounts.	FPMO-Accounting Division/ End-user Office	April 2023	Onwards	Fully Implemented	N/A JEV No. 101-2023-03-00419 reflecting the reversion of the Accounts Payable was issued to adjust the balances per books. In addition, management has also committed to include the said adjustment once the List of Reverted Accounts Payable for FY 2023 is issued.	



Management System
ISO 9001:2015



www.tuv.com
ID 9108652446

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
		<p>Surplus/Deficit account observing the procedural and reporting requirements prescribed under JC 1; and</p> <p>2. ensure timely payment of A/Ps by monitoring outstanding A/Ps so that timely coordination to creditors is made for the collection of their check payments.</p>	<p>A/Ps per subject Audit Memorandum shall also be reflected in the "List of Reverted A/Ps per Annex A of COA-DBM JC 1, 2021 for FY 2023.</p>						
2022 Management Letter on the Compliance Audit Conducted on the Obligations and Repayment of Obligations	Two (2) out of the fourteen (14) scholarship awardees who had completed and graduated from their post-graduate programs abroad had reneged their obligation to return to the Philippines after	<p>We recommend that the management to instruct the PMU to:</p> <p>1. coordinate with the Project Steering Committee- Technical Working Group (PSC-TWG) to revisit the GSDPC Guidelines</p>	<p>In connection with the imposition of interest for scholars who wish to settle the amount granted to them due to non-completion of their service obligation, the PCC through the ADB TWG Chair committed to the COA Audit Team that the provisions</p>	PMU; AO-HCMD; FPMO-AD and BD; ADB TWG Secretariat	March 2023	November 2023	Fully Implemented	N/A	<p>1. GSDPC Updated Guidelines (Annex A) for Masteral and PhD programs was approved by the Project Steering Committee last September 26, 2023.</p> <p>Said guidelines includes the</p>

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
under Item VII- Terms and Conditions of the GSDPC Operational Guidelines page 4	their authorized period of study abroad resulting in the breach of their return service obligation required under the GSDPC Guidelines and as incorporated in the individual Scholarship Contract.	<p>particularly on the eligibility requirements of applicants and further scrutinized the selection criteria of the sending agency to ensure that all selected applicants will fulfill their return service obligations;</p> <p>2. coordinate with the defaulting scholars for the fulfillments of their remaining obligations i.e. Knowledge Sharing Session and Mentoring at least one or two staff of his/her sending agency pursuant to Paragraph Nos. 12 and 13, Obligations of Item</p>	<p>of said guidelines shall carefully be scrutinized and revisited by the management.</p> <p>Said re-assessment shall include the rate of interest to be used as well as the reckoning period of the recognition of the interest to be imposed against the renegeing scholar.</p> <p>These shall be presented to the PSC through the PCC Chairperson for their final approval.</p> <p>For item 2, it was discussed during the exit conference that the PCC through the ADB TWG shall revisit the guidelines and scholarship service contracts in</p>					<p>provision for penalties and interest in case of failure to render the required service obligation.</p> <p>Additionally, corresponding penalties shall also be imposed in case of non-fulfillment the required Knowledge Sharing Session per item 3 of the Payment of Obligations provision per updated guidelines.</p> <p>Also discussed during the Exit Conference was the legal limitation on imposing an "interest" penalty for the 2 scholars who already settled their dues/penalty using as reference, their original</p>	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
		VII of the GSDPC Guidelines.; and sent demand letters to the defaulting scholars for the payment of deficiency interest.	order for Management to properly impose a corresponding fine and/or penalty for the failure to conduct KSS in addition to the scholarship amount to be refunded by a renegeing scholar. As part of knowledge management measures, the scholarship contract shall be revised to mandate the submission to PCC of major research or thesis paper on competition law or competition policy by all GSDPC degree grantees.					contract as well as the previous GSDPC Guidelines.	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
	Delay in the payment of Establishment Allowance (EA) and Contribution to Living Expenses (CLE) ranging from 5 days to 38 days and 4 day to 45 days, respectively, contrary to the timeline prescribed under the Revised Operational Guidance on the processing of allowable expenses of the Government Staff Development Program for Competition Law and Policy (GSDPC) Guidelines	We recommend that the management to instruct the PMU to closely coordinate with the scholars and remind them of their duty to submit all the required supporting documents relative to their scholarship entitlements before the set deadlines to give ample time for the PMU to evaluate and review their documents before submitting the same to the finance/accounting division for processing for a smoother and faster processing and avoid unnecessary delays in the processing of these claims.	Management acknowledges the delays in the processing of the CLE and EA. To this end, the PCC and PMU, endeavors to strengthen its coordination mechanism with the scholars and their respective agencies to ensure the timely submission of the documentary requirements. Likewise, PCC commits to revisit the GSDPC Guidelines to possibly include provisions that will address these matters except those matter beyond the control of the PCC and the scholar.	PMU, ADB TWG Scholarship and Training; ADB TWG Finance-Accounting and Budget	March 2023	December 2023	Fully Implemented	As noted during the exit conference, the PCC has significantly improved the release of both CLE and EA to the scholars. This is mainly due to the establishment of a more organized system and process of the PMU to actively monitor and assist the scholars as well as to coordinate with the implementing agencies in order to secure the proper documentation needed for the release of payments and other entitlements.	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
								The revised Operational Guidance on the Processing of Allowable Expenses (Annex B) as approved by the PSC indicated the responsibility of the scholar to fully submit the minimum requirements in order to substantiate the payment of EA and CLE. Deadlines ranging from 5 to 10 working days is also being imposed on the processing of payment provided that the scholar has fully submitted the required documents.	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
2022 Annual Audit Report under Part II – Observations and Recommendations, Fund Utilization, page 68	Low utilization of fiscal year (FY) 2022 budget, PCC has received total allotments of ₱1,035,993,282.68. Of these amounts, only ₱562,072,674.20 were obligated and ₱461,435,870.29 were disbursed equivalent to 54.25% and 82.10% obligation and disbursement utilization rates, respectively.	We recommend that the Management to: <ol style="list-style-type: none"> coordinate with the UP College of Law for the implementation of the project activities and catch-up plan as that Component is significantly behind from the project's planned accomplishment. revisit their budget proposals to ensure that all their budget proposal are implementation ready for that particular budget year and in case of multiyear projects, only the necessary funds to be used for that particular budget year is included to 	Management committed to ramp up on the overall performance and achievement of targets for the CBFC Project in order to improve the overall performance of both the OBUR and the DBUR. Further, management through the FPMO shall revisit the reports to ensure that the amounts reported are reflective of the current requirements of the agency in order to decrease, if not to eliminate the quarterly reversion of cash.	OED/ FPMO/ PMU/ LSD	April 2023	December 2023	Fully Implemented	UP Law's limited operational capacity during the first 2 years of the implementation due to the pandemic and intermittent staffing. The OED through the PMU has already conducted a series of bilateral talks with the UP College of Law to mobilize the output 3 of the project as well as the MOA as signed by both parties (Annex C) Additionally, results of said coordination meeting includes the possible addendum to the original MOA which defines the following: -Identification of the Capacity Building to Foster Competition Project as the long-term project referred to in the 2019 MOA;	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
		<p>avoid the reversion of unused funds due to the project's not being implemented;</p> <p>3. revisit their financial plan, physical plan and monthly disbursement program to ensure that only the estimated disburseable amount is programmed so that the amount of lapsed NCAs is avoided or atleast reduced to a minimal level; and</p> <p>4. coordinate with the Department of Budget and Management, the National Treasury and The Asian Development</p>						<p>-Affirmation of the authority of the Steering Committee to issue rules / guidelines for the guidance of Output III; and</p> <p>-Delegation of authority to UP in the approval of the research guidelines.</p> <p>In addition to this, a Catch-Up Plan (Annex D) as submitted and endorsed by Atty Gwen Grecia-De Vera, Program Director for the UP Competition Law and Policy Program dated 15 December 2023, detailing the progress of the Component 3 as well as providing</p>	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
		Bank for the proper recourse to be done in so far as the irregular release FAPs Fund to the Regular MDS Account instead of the Local Currency Current Account intended solely for the project funds.						<p>the Catch up Strategy and the budgetary requirement as laid out for FY 2024 and 2025.</p> <p>For items 2 and 3, the FPMD through the Budget Division regularly conducts their Internal Budget Consultations (IBC) to update all offices concerned. This is also a venue to air out their concern and queries as well as to recommend possible catch-up plans.</p> <p>In addition to this, a total of P87.72M or a 16% decline in the PCC annual budget was reflected per FY 2024 Budget Proposal per DBM</p>	

Ref.	Audit Observations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be Taken	
		Audit Recommendations	Action Plan	Person/Unit Responsible	Target Implementation Date				
					From				To
								<p>recommended budget ceiling for NEP.</p> <p>For item 4, the release of cash related to the project's activities is now returned to the Local Account maintained solely for the said purpose. NCA BMB-C-23-0001445 dated February 13, 2023 was also issued to PCC, returning the reverted amount last December 31, 2022.</p>	

Agency sign-off:

Kenneth V. Tanate
KENNETH V. TANATE, PhD

Executive Director

15 December 2023

Date

