

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 58 audit recommendations embodied in the CY 2019 Annual Audit Report, 12 were fully implemented, 35 were partially implemented, 5 were not implemented and 6 were reconsidered. Of the partially and unimplemented recommendations, 13 were reiterated in Part II of this Report. The details are presented as follows:

Reference	Observations	Recommendations	Actions Taken/Comments
CY 2019 AAR, Audit Observation (AO) No. 1, Page 45	Seventy-one General Ledger (GL) accounts amounting to P9.873 billion are of doubtful validity due to non-submission of reliable schedules to support the accounts' balances, contrary to Sections 112 and 121 of Presidential Decree (PD) No. 1445 and Paragraph 15 of Philippine Accounting Standard (PAS) 1.	a. Make a timetable for the preparation of Schedules and reconciliation of the said schedules with the controlling accounts to determine the correct and reliable account balances and strictly comply with the established timetable; and	Partially implemented The AFPRSBS had already submitted the schedules of 37 GL accounts, out of the 71 GL accounts identified without schedules. There was a significant decrease of approximately P9.201 billion or about 93.19 per cent in the amount of GL accounts without updated schedules. The completion and submission of the remaining 34 accounts without updated schedules amounting to P672.435 million is still on-going.
		b. As a result of reconciliation, effect the necessary adjustments in the books for fair presentation of the accounts in the FS.	Partially implemented The System has already made adjustments in the books pertaining to long outstanding payables and accrued expenses. Additional

Reference	Observations	Recommendations	Actions Taken/Comments
CY 2019 AAR, AO No. 2, Page 46	<p>The unreconciled balances of Member's Contributions (MC) and Estimated liability on MC earnings account, amounting to P7.268 billion and P2.294 billion, respectively, representing collections of capital contribution and earnings on members' capital contribution, respectively, have no updated SLs, thereby rendering doubtful the accuracy and correctness of presentation of members' data in the SLs, contrary to Paragraph 15 of PAS 1, Section 111 of PD No. 1445 and Office of the President's issuances, particularly, Executive Order (EO) Nos. 590 and 590-A and Memorandum Order (MO) No. 90 series of 2016.</p>	<p>a. Update and reconcile the SLs of the IFMS with the books of accounts maintained by the AD in preparation for the transfer of the records of MC to the GFI Trustee in accordance with EO Nos. 590 and 590-A, as amended by MO No. 90.</p> <p>b. Continue the disposal of individual residential units, in addition to the Bonds and commercial papers, to fully cover the obligation to refund members' contributions and interests thereon.</p> <p>c. Provide timetable showing that the reconciliation of members' SLs will be completed ahead of the MD's projected completion of the</p>	<p>adjustments, if any, will be made once the reconciliation of the accounts is completed.</p> <p>Partially implemented</p> <p>Although there was a significant reduction in the amount of unreconciled balances, the Audit Observation (AO) embodied in the CYs 2018 and 2019 AARs was updated, reiterated and consolidated under Observations and Recommendations No. 1 of this report, considering the materiality of the remaining unreconciled amount.</p> <p>Fully implemented</p> <p>Partially implemented</p> <p>The work limitations due to the pandemic are delaying the</p>

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		refund of the members' contributions and corresponding interests.	reconciliation process since the Integrated Financial Management System (IFMS) where the reconciliation was based can only be accessed on site.
CY 2019 AAR, AO No. 3, Page 49	Dormant Accounts Receivables as at December 31, 2019 totaling to P955.148 million have remained outstanding for 11 to more than 20 years, thus, deprives the System of funds for its accelerated refund and payment of other obligations, contrary to Commission on Audit (COA) Circular No. 2016-005.	<p>a. Exhaust all available remedies to collect all long outstanding/dormant/past due accounts and ensure proper documentation of accounts and coordination of concerned Agencies;</p> <p>b. Devise other options and if warranted, resort to legal means to enforce settlement of accounts including those pertaining to prior years without request for write-off;</p> <p>c. Document all efforts to collect the dormant accounts; and</p> <p>d. When all efforts have failed, request the COA for write-off as provided for under COA Circular No. 2016-005 dated December 19, 2016.</p>	All the recommendations are partially implemented, and for monitoring.
CY 2019 AAR, AO No. 4, Page 53	The account balance of Unapplied receipts and Deferred credit amounting to P1.683 million and P10.316 million, respectively, under the deposit and	a. Review documents supporting the payables to determine their validity and completeness and recognize all the	Partially implemented The amount significantly decreased from P23.387 million to

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	other liabilities account, cannot be relied upon because it has been long outstanding with no aging schedule. Also, Unearned income-commutation account has an abnormal balance amounting to P11.388 million. These are contrary to Section 112 of PD No. 1445 and Paragraph 15 of PAS 1.	undocumented payables which have been long outstanding as income; b. Make the necessary adjusting entries in the books as a result of the reconciliation for fair presentation of the accounts in the FS; c. Prepare an aging schedule for the proper recognition of the corresponding income accounts; and d. Prepare a timetable for the reconciliation of the debit balance of the Unearned income-commutation account amounting to P11.388 million and strictly implement the established timetable.	P10.893 million or about 53.42 per cent. The Management's continuous compliance to the recommendation will be closely monitored. Partially implemented The System has already made some adjustments in the books pertaining to the long outstanding payables. Partially implemented The Aging Schedule is prepared simultaneous with the reconciliation of accounts. Fully implemented
CY 2019 AAR, AO No. 5, Page 54	The System did not exercise due diligence in the examination of the title and documents presented by the former owner in	a. Submit all BOT's directives, decisions, minutes of meeting and preliminaries to establish the true intention of the swap;	Fully implemented

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	<p>connection with the acquisition of the 150 hectares agricultural lot. Further, it did not consider the possible disadvantages amounting to P284.237 million on the swapping of shares of stocks between Monterossa Development Corporation (MDC) and an AFPRSBS' subsidiary realty corporation in 1999, thus, unfavorable to the Members of the System and is inconsistent with Section 2 of PD No. 1445.</p>	<p>b. Make the officers directly and indirectly involved in the corporates swap liable for the loss of P284.237 million; and</p> <p>c. Prepare the necessary accounting of the sales price of the 120 condominium units and the interest from 1999 to present to expedite the execution of judgment in case it becomes final and executory.</p>	<p>Partially implemented</p> <p>The appropriate body was already created by the AFPRSBS under Human Resource Office Order dated February 15, 2021 to investigate and identify the persons responsible and determine the extent of their liabilities and accountabilities.</p> <p>Partially implemented</p> <p>The AFPRSBS is currently undertaking the validation of titles for the 120 China Steel Tower, Inc. (CSTI) condo units since the actual selling price per unit was annotated in the title. The amount will be used as reference in computing the sales of the 120 CSTI condo units which will be attached to the AFPRSBS counter claim against the RGV Development Corporation (RGVDC) once the Supreme Court render its decision.</p>

Reference	Observations	Recommendations	Actions Taken/Comments
CY 2019 AAR, AO No. 6, Page 65	The System did not register the certificate of sale of the foreclosed properties from the real estate corporation thereby depriving it of economic benefits including but not limited to receiving rental income and consolidation of title under its name, contrary to the Section 6 of Act No. 3135 or the Real Estate Mortgage Law and Article 428 of the Civil Code.	Pay the deficiency tax assessments and cause the registration of certificate of sale with the RD.	Partially implemented The AO embodied in CYs 2017 and 2019 was updated, reiterated and consolidated with modification under Observations and Recommendations No. 3 of this report.
CY 2019 AAR, Audit Observation (AO) No. 7, Page 68	Monthly rental payments were not remitted and collected from January 1, 2017 to December 31, 2019, contrary to Sections 3.2.1 and 3.3.2 of the lease contract between AFPRSBS and its subsidiary, thus, deprives the System of additional funds for its operations amounting to P3.600 million. Moreover, rental receivables, if not collected is prejudicial to the interest of System upon the eventual disposal of the subsidiary.	Collect the amount of P3.600 million representing lease rental payments for the period January 2017 to December 2019.	Fully implemented
CY 2019 AAR, Audit Observation (AO) No. 8, Page 70	The deposit/placement maintained by the AFPRSBS in a private commercial bank and non-government financial institution amounting to P4.628	a. Secure the requisite DOF approval as provided in DOF Department Circular No. 001-2017 dated May 11, 2017 on its deposit with private	Partially implemented The bulk of the deposits/ placements were already withdrawn

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	<p>million and P14.228 million, respectively, without first securing authority to open deposit accounts from duly authorized official of the Bureau of the Treasury (BTr)/Department of Finance (DOF) is contrary to DOF Department Circular Nos. 001-2015 and 001-2017 dated June 1, 2015 and May 11, 2017, respectively.</p>	<p>banks; and</p>	<p>and transferred to Land Bank of the Philippines as of January 29, 2021.</p> <p>The remaining balance of P3 million was not yet transferred as it is currently used as bond collateral for a case filed against the AFPRSBS.</p> <p>This AO is not reiterated but will be closely monitored by the Audit Team as the AFPRSBS is still working on the possibility of replacing the remaining untransferred deposit balance with AFPRSBS' asset/property that can be used as bond collateral.</p>
		<p>b. Pending approval of the same, the System has to transfer its funds from the current depository private commercial banks to government depository banks.</p>	<p>Partially implemented</p> <p>The capital contribution account with Armed Forces and Police Savings and Loans Association, Inc. (AFPSLAI) which remained deposited is currently being used as bond collateral for a case filed against the System.</p>

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			Moreover, verification disclosed that said officers are not receiving any compensation related thereto.
	b. As to the excess in allowable number of board seats, appoint another officer/s to represent the interest of AFPRSBS in its subsidiaries and affiliates.		<p data-bbox="1179 520 1360 552">Reconsidered</p> <p data-bbox="1179 590 1442 982">The officers of the System were only appointed for the sole purpose of extending assistance in the dissolution process until such time those concerned subsidiaries are legally and officially closed.</p> <p data-bbox="1179 1024 1442 1455">The President's board membership will be reduced to the required two board seats due to the privatization of SUMSI on August 24, 2020 and the scheduled privatization of Marilaque Land, Inc. in the second quarter of 2021.</p>

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CY 2018 AAR, AO No.2, page 49	The difference between the inventory of Transfer Certificate of Title (TCTs) and recorded real estate per books amounting to P651.925 million and the presence of negative/ abnormal balance in some accounts amounting to P555.620 million cast doubt on the propriety and reliability of the account balance as at December 31, 2018, contrary to the Philippine Conceptual Framework for Financial Reporting (PCFFR) 2018 and Section 112 of PD No. 1445.	<p>a. Require the department/division concerned to expedite the process of consolidating the titles in favor of the System to safeguard its ownership and facilitate its easy disposal in pursuance to its winding down and liquidation plan;</p> <p>b. Reconcile the listed TCTs with the recorded Investment in real estate to ensure ownership and correctness of the account balance; and</p> <p>c. Record in the books all the listed assets stated in Paragraph No. 2.7a, Part II of 2018 AFPRSBS' Annual Audit Report (AAR) that are supported with proofs of ownership to correct the understatement of the said account.</p>	<p>Partially implemented</p> <p>The AO is reiterated with modification under Observations and Recommendations No. 14 of this report.</p> <p>Partially implemented</p> <p>The AO is reiterated with modification under Observations and Recommendations No. 2 of this report.</p> <p>Partially implemented</p> <p>The AO is reiterated with modification under Observations and Recommendations No. 2 of this report.</p>
CY 2018 AAR, AO No.3, page 55	Several TCTs relating to Installment Contract Receivables (ICR) and ICR-Past Due accounts were not found in the System's custody during the conduct of inventory, thus, the installment payable of buyers to the System are unsecured and is contrary to the policy of AFPRSBS.	Strictly comply with the AFPRSBS' policy by ensuring that buyers' SLs are verified, any discrepancy thereon are resolved, and the fully paid buyers' SL are removed in the ICR general control account, before the release of the TCTs are authorized pursuant to the	Fully implemented

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		provisions of Chapter 2, Section 111 of PD No. 1445.	
CY 2018 AAR, AO No.4, page 56	The System's financial statements (FS) and that of its subsidiaries where it has invested a total of P1.729 billion were not consolidated. Likewise, the investment account is erroneously accounted under equity method resulting in the inaccurate presentation of the entity's financial position and dividend income by P583.000 million and P2.500 million, respectively, and overstatement of income from its share in income from equity investment by P5.473 million, contrary to Paragraphs 10 and 12 of PAS 27.	Require the responsible officials to account for and prepare the System's subsidiaries and affiliates FS, otherwise, failure by the officials and employees to comply to such shall be subject to administrative disciplinary action under Section 127 of PD No. 1445.	Not implemented The AO is reiterated with modification under Observations and Recommendations No. 6 of this report.
CY 2018 AAR, AO No.5, page 59	Unreconciled balances between the general ledger (GL) and the SL with the difference of P6.709 million and the Report of Physical Count of the Property, Plant and Equipment (RPCPPE) against accounting records resulted in the unreliability of the balance of Property and Equipment (PE) account, contrary to Item No. 4, Paragraph V of COA Circular No. 80-124 dated January 18, 1980.	a. Require the AD to reconcile the difference between the GL and the SL both maintained in the IFMS and manually recorded; and b. Require the AD and the General Services Department (GSD) to reconcile the	Partially implemented The AO was updated and is reiterated under Observations and Recommendations No. 5 of this report. The P6.709 million remaining balance for reconciliation is still being pursued. Partially implemented The AO was

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		Accounting records with the RPCPPE.	updated and is reiterated under Observations and Recommendations No. 5 of this report.
CY 2018 AAR, AO No.7, page 62	The approved Annual Gender and Development (GAD) Plan and Budget (GPB) was not submitted to the Philippine Commission on Women (PCW) for review and endorsement to Department of Budget and Management (DBM) and to the Audit Team for audit purposes on a timely manner, contrary to Sections 7 and 8 of PCW-NEDA-DBM Joint Circular (JC) No. 2012-01 and Section 5 of COA Circular No. 2014-001 due to the delayed creation of AFPRSBS' GAD Focal Point System (GFPS).	Direct the GAD Focal Person to ensure that the GPB and the corresponding accomplishment reports (ARs) are reviewed and endorsed by PCW to DBM in accordance with PCW-NEDA-DBM JC No. 2012-01 before its implementation, and submit the same to the Audit Team within the prescribed period as required in Section 5 of COA Circular No. 2014-001.	Reconsidered The System had already sent a letter signed by the EVP/COO to the PCW requesting assistance in its registration to the Gender Mainstreaming Monitoring System (GMMS).
CY 2017 AAR, AO No. 2, page 47	Foreclosed properties of the System consisting of a parcel of land and 329 condominium and hotel units amounting to P361.072 million were neither recorded in the books as acquired assets nor in the possession of the System despite the lapse of the one- year redemption period in CY 2014. Thus, the System was deprived of any rentals, income	a. Reduce the past due – commercial loan to the corporation account by P361.072 million and record as investment property the newly acquired asset; and b. Enforce collection of the adjusted past due balance of the commercial loan against the spouses who are key officers of the corporation in	Not implemented Reiterated with modification in Observations and Recommendations No. 3 of this report. Not implemented The AO was updated and is reiterated under Observations and Recommendations

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	and other benefit that can be derived therefrom, contrary to Paragraphs 5 and 16 of PAS 40. Likewise, waived penalties amounting to P248.607 million were not capitalized as part of the outstanding commercial loan, contrary to Paragraph 4.5 of the Amendment to the Loan Agreement dated December 21, 2001.	accordance with the Joint and Several Suretyship (JSS).	No. 3 of this report.
CY 2017 AAR, AO No. 4, page 53	The existence, validity and accuracy of Cash in Bank accounts totaling to P38.199 million as at December 31, 2017 could not be substantiated due to non-preparation/ updating of Bank Reconciliation Statement (BRS) and the inclusion of bank account which was already closed, thereby resulting to a discrepancy of P9.364 million between the bank confirmed amount and the GL balance, contrary to Sections 63 and 74 of PD No. 1445.	<p>a. Reconcile the balances of the accounts and make the necessary adjustments in the books; and</p> <p>b. Prepare the monthly BRS properly for all bank accounts maintained by the System.</p>	Fully implemented
CY 2017 AAR, AO No. 5, page 56	Refund of MCs inclusive of interest resulted in an overpayment of P6.007 million for 100 samples amounting to P17.103 million. The payments were based on an incomplete and unreliable records of	a. Provide proof of collection on the remittance of P2.659 million by AFP to the System to ensure the correctness of the refund made to the members or their authorized representative, as the	<p>Partially implemented</p> <p>Management was able to retrieve the corresponding Remittance Lists of each concerned member to support the manually</p>

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	<p>the System contrary to paragraphs 4.46 and 4.49 of the PCFFR, Section 4 of PD No. 361, as amended by PD No. 1656, System's Standard Operating Procedure Nos. 11-92 and MAG-96-05-001 dated February 25, 1992 and April 22, 1996, respectively, and AFPRSBS' Board of Trustees (BOT) Meeting No. 8 dated November 4, 2010.</p>	<p>case may be;</p>	<p>encoded contributions in the Member Contributions Ledger lodged in the IFMS of the 100 sample accounts. However, not all Remittance Lists were retrieved. Apparently, there were Remittance Lists that are no longer on file.</p> <p>In cognizance of the fact that the unposted contributions were deducted from the salaries of the concerned members through their payslips, the Management sought the approval of the Board of Liquidators to refund the unposted contributions of members.</p>
		<p>b. Recover the excess refund of MCs and the interest paid from concerned members or AFP; and</p>	<p>Reconsidered</p> <p>The System no longer tried to collect the allegedly excess refund of MCs and interest paid from concerned members as it was persistently claimed that these were deducted from their salaries. The Management believes that the</p>

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			members should not be penalized for the inefficiencies of the past.
		c. Accrue interest on its entire MC at the time it has been received/collected.	<p data-bbox="1179 422 1360 447">Reconsidered</p> <p data-bbox="1179 489 1442 951">The interest is computed based on a formula embedded in the System that recognizes the contributions based on the applicable month that it is supposed to be remitted and not on the actual date of receipt by the AFPRSBS.</p> <p data-bbox="1179 993 1442 1356">Doing so entails encoding of date of receipt of each and every contribution of the member and reprogramming of the IFMS, which as of the moment, may hamper the accelerated refund operations.</p>

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CY 2017 AAR, AO No. 11, page 68	The System's limited working capital of P0.563 billion may result in its inability to refund in lump sum the total contributions including earned interest to the officer or enlisted personnel upon separation or retirement from military service under Section 4 of PD No. 361 as amended by PD Nos. 1656 and 1909 or upon liquidation of the System due to the issuance of MO No. 90 dated April 8, 2016 whichever comes first, since the related accumulated MC payable as at December 31, 2017 amounts to P10.244 billion.	<p>a. Continuously work towards conversion of the majority of the investments in real estate, acquired assets into cash and investments in government marketable securities which are easily convertible to cash. Likewise, pursue collections of all indebtedness due to the System so that it can return to the soldiers/members their contributions upon liquidation of the System or upon retirement/separation whichever comes first; and</p> <p>b. Hasten the sale or divestment of the remaining equity shares and real estate properties to expedite the liquidation process in fulfillment of MO No. 90.</p>	<p>Fully implemented</p> <p>Fully implemented</p>
CY 2017 AAR, AO No. 12, page 71	The System did not exercise due diligence and did not consider the limitations on the right of property ownership established by law in the acquisition of various real estate and assets as evidenced in the existence of various vast assets that remained idle and where no income were	a. Implement and take necessary precautions and programs to secure, preserve and enhance the value of acquired assets and prevent the rapid deterioration of the Acquired Asset and Investments in real estate properties;	<p>Partially Implemented</p> <p>The System had undertaken initial steps for the appraisal of the various real estate and acquired assets to determine their optimal values prior to disposal.</p>

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	<p>produced therefrom, thereby increasing the risk of losing its properties and monetary burden which is disadvantageous to the government and is repugnant with the mandate of Section 2 of PD No. 1445.</p>	<p>b. Continue to initiate public bidding of the System's property pursuant to MO No. 90; and</p>	<p>In addition, maintenance activities are being done to preserve and enhance the value of the assets.</p> <p>Partially implemented</p> <p>The System has already programmed the assets that are for disposal in CY 2021.</p> <p>In addition, the System has more than enough funds to cover the refund of contributions and payment of its liabilities. The other assets of the System are planned to be turned over to the agency/entity that will be identified to manage the residual assets of the System.</p>
		<p>c. Resolve the legal and documentation issues relative to Investments in real estate accounts to protect the rights and ownership of the System over the subject properties.</p>	<p>Partially implemented</p> <p>The declaration of the AFPRSBS as an abolished GOCC delayed and prevented the transfer of the titles in its name.</p> <p>The AFPRSBS anticipates that the creation of the Technical Working</p>

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CY 2016 AAR, AO No. 3, page 45	The negative/abnormal items in some schedules, the unposted balances to individual ledger of borrowers and several accounts with no schedules totaling to P7.834 billion, cast doubt on the reliability and accuracy of the respective accounts contrary to the PCFFR.	Include in the schedule of Investment in real estate controlling account of the AD the number of lots available for sale in square meters to support the balances booked under Investment in real estate and facilitate the reconciliation of the inventory list available for sale reported with Property Management and Enhancement Department (PMED) or Accounts Management Department (AMD) and at the same time come up with an updated COS;	Group (TWG) who will propose for the issuance of a Memorandum Order to be issued by the President, will allow it to pursue the documentation of the real estate investments for the eventual transfer of titles in its name. Partially implemented The System maintains a schedule for its Investment in Real Estate which includes the remaining book values/carrying cost for each project and the available inventories for sale as of a given cut-off. The schedule is being updated regularly for any disposal or refund made.
CY 2016 AAR, AO No. 8, page 56	Office of the Government Corporate Counsel (OGCC) lawyers were paid Representation and Transportation Allowance in the total amount of P0.876 million in the guise of fixed monthly compensation/out-of-	Require the concerned OGCC lawyers who are receiving representation and travel allowance from the System to refund the amount of P0.876 million corresponding to an additional compensation.	Not implemented The AO was updated and reiterated under Observations and Recommendations No. 12 of this report.

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	<p>pocket expenses contrary to Item No. 4 of National Compensation Circular (NCC) No. 67 dated January 1, 1992, thus, considered irregular expenditures under COA Circular 2012-003. Nine of these lawyers were paid allowances even if they were not assigned/designated to perform additional or special tasks in the System contrary to Section 6 of EO No. 878.</p>		
<p>CY 2016 AAR, AO No. 10, page 63</p>	<p>The development of a 571,479 sq. m lot to a Residential Subdivision project was not completed in accordance with the Joint Venture Agreement (JVA), although the shares in the property were already titled in the name of the Developer. The abrogation of JVA as approved by the BOT was not implemented, thus, the property remains undeveloped and idle, which may adversely affect the sale of all the System's real estate in line with its winding down activities.</p>	<p>Implement the abrogation of the JVA as approved by the BOT or consider filing an action for damages against the Developer for breach of contract.</p>	<p>Partially implemented</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 8 of this report.</p>
<p>CY 2015 AAR, AO No. 3, page 38</p>	<p>The presentation and measurement of Installment Contract Receivable (ICR) are not in accordance with</p>	<p>a. Update regularly the posting to the SBLs supporting the ICR general ledger control account for proper</p>	<p>Partially implemented</p> <p>Continuous updating of</p>

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	the pertinent provisions of PAS and Philippine Financial Reporting Standards (PFRS). The System has not maintained an updated Subsidiary Buyers' Ledger (SBL) contrary to Section 114 (2) of PD No. 1445, thus, casting doubt on the reliability and fair presentation of the ICR balance and other ICR-related accounts in the financial statements as of and for the year ended December 31, 2015.	<p>accounting control to ensure the accuracy of the amounts presented in the financial statements and in compliance with the provisions of Section 114 (2) of PD No. 1445; and</p> <p>b. Formulate policies and procedures for the safekeeping and control of the ICR accounts. Likewise, improve the filing system and properly safekeep SBLs and other related supporting documents.</p>	<p>accounts is being undertaken by Accounting Department to determine proper classification/status of accounts.</p> <p>Compliance to this AO will be closely monitored by the Audit Team.</p> <p>Reconsidered</p> <p>Since the System is already winding down its operation, no new policy was formulated. Instead, the outstanding ICRs are continuously being monitored, collected, and reconciled by the AD.</p> <p>There is also an effort now to collate the records for all ICR accounts for the eventual transfer to a receiving entity.</p>
CY 2015 AAR, AO No. 6, page 47	A Joint Venture (JV) partner has unremitted collections and/or unreported sales cancellations amounting to P74.560 million under a JVA. The recorded balance of ICR-Past Due and Retained Earnings (RE) was understated by P20.702 million as at December 31, 2015.	a. Require the JV partner to produce a report highlighting the remaining outstanding ICR balances as at December 31, 2015 complete with all buyers' information, total payments made by buyers from January 1, 2000 until December 31, 2015	<p>Partially implemented</p> <p>The System has partially reconciled the recorded balance of ICR-Past Due account of the subject ICR project. The remaining ICR-Past Due accounts are still subject to</p>

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		and all cancellations of contracts to sell;	validation by the JV Accountant. Series of letters were sent to the JV Partner requesting for joint review of the remaining accounts.
		b. Demand copies of bank statements/passbooks for all relevant periods pertaining to the mutually agreed account by the JV partner and the AFPRSBS which is under the signature of both;	Partially implemented Four of the five passbooks/bank statements of the JV bank accounts were already transferred to AFPRSBS. The JV Accountant already reconciled the transactions for CYs 2007-2015 for the UBP Cainta account based on the available passbooks/bank statements.
		c. Investigate/reconcile the unaccounted difference of P74.560 million and the understatement of ICR-Past Due and RE of P20.702 million and depending upon the result of such examination:	Partially implemented
		i. Adjust the books and records to reflect cancellations made by buyers and any other discrepancies noted; and/or	Out of the P74.560 million, alleged unremitted collection, a total of P38.500 million pertained to the cancelled, fully and partially paid accounts. These were not previously adjusted in the books due to absence of the buyer's individual SL reflecting the payments made

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			and the status of each account. In October 2019, the System made an additional adjustment of P9.077 million out of the remaining P22 million for reconciliation per JV RE-1050-OCT19.
		ii. Demand from the JV partner any unremitted collections with the appropriate penalties, interests and/or sanctions;	The System will demand for the collection/ remittance of the final amount of receivables from the JV Partner based on the final result of the reconciliation of the account.
		d. Ensure thereafter the effective monitoring of the remaining accounts and the timely remittance and reporting by the JV partner of amounts due to the AFPRSBS; and	Partially implemented The Joint Venture already hired a JV Accountant who is now monitoring the transactions of the JV office. The Accountant is based in the AFPRSBS Office and is being supervised by the AMD.
		e. Institute proper legal action against the JV partner should it withhold the requested documents without legal and reasonable grounds.	Partially implemented The JV Accountant already has in her possession some of the needed documents.

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			The AFPRSBS is continuously coordinating with the JV partner to secure other documents needed.
CY 2015 AAR, AO No. 7, page 49	The amount of P45.657 million was withdrawn from the account of the AFPRSBS in one of its depository banks in the fulfillment of a writ of execution on garnishment without the necessary filing of money claims with the COA contrary to Sections 4 and 26 of PD No. 1445 and COA Circular No. 2001-002 citing Supreme Court Administrative Circular No. 10-2000 issued on October 25, 2000.	Pursue legal remedies available in order to recover the P45.657 million withdrawn from the subject bank account without filing the necessary money claims with COA.	Fully implemented The Motion for Reconsideration filed by the Developer was denied by the Court of Appeals. Hence, the OGCC, on behalf of AFPRSBS, will file a motion for the issuance of order of restitution or reparation of damages.
CY 2014 AAR, AO No. 3, page 38	The BIR Registration of AFPRSBS did not include registration under value-added tax (VAT) system, relative to the lease by AFPRSBS of its properties, contrary to pertinent provisions of RA No. 8424 or the Tax Reform Act of 1997, as amended by RA No. 9337 and RR No. 16-2005, thus exposing itself to possible financial and legal consequences. Further, it collected VAT from one of its lessees despite being registered as a non-VAT entity contrary	Register under the VAT system to comply with pertinent provisions of RA No. 8424 or present proof as to the VAT-exemption of the System, i.e. submission of VAT Exemption Certificate (VEC) from the BIR.	Not implemented The AO was updated and is reiterated under Observations and Recommendations No. 7 of this report.

Reference	Observations	Recommendations	Actions Taken/Comments
	also to the aforementioned law and regulation.		
CY 2014 AAR, AO No. 7, page 55	Deposits or Advances to MERALCO for the installation of new lines and/or additional facilities totaling P12.357 million from 2006 to 2014 remained unrefunded, contrary to the agreements signed for the purpose, thus unfavorable to the System.	<p>Retrieve/produce all documents relative to the deposits made including proof of accomplishments then make personal representation with MERALCO for the following:</p> <ol style="list-style-type: none"> 1. The status of each service connection projects completed to determine the propriety of a refund; and 2. Any offsets made to be able to update the accounts of the System. 	<p>Partially Implemented</p> <p>Reconciliation of the advances made to MERALCO is continuously being done. In November 2018, the System's officers were given authority pertaining to the refund of advances by the System to MERALCO for the installation of electric posts at the Riviera Residential Estates, Villa Segovia and Villa De Toledo Subdivision Projects.</p> <p>On July 22, 2019, a total refund of P1.160 million was received by the System from MERALCO.</p> <p>Based on the agreement with MERALCO, the System will be refunded with the deposits out of the 75 per cent collections from those who will be connected to the MERALCO lines. Thus, refunds will be made on installment basis</p>

Reference	Observations	Recommendations	Actions Taken/Comments
CY 2013 AAR, AO No. 19, page 65	<p>The System's hard disk server crashed and untested data back-up and restore procedures after crash affected the master data records resulting in data loss, inaccurate processing/computation of borrowers' loan balances, interest charges and fines; and further affecting the integrity of data, which may result in the generation of unreliable information and over or under statement of financial records.</p> <p>In relation thereto, the reliability and accuracy of account balances cannot be ascertained in the absence of supporting detailed schedule and SLs of the different accounts due to the AFPRSBS management information system's failure in February 2012 and the System's inability to maintain backup and recovery plans and procedures.</p>	<p>Exert effort to establish correct account balances, taking prior year balances as starting point or at the time prior to the hard disk crash. Reconcile with the current transactions bridging the gap between two periods, considering that hard copies of supporting documents are on hand.</p>	<p>and as MERALCO collect from the residential owners.</p> <p>Partially implemented</p> <p>Continuous efforts are being undertaken by the AFPRSBS to establish the correct account balances of the affected accounts.</p>