

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 68 audit recommendations embodied in the Calendar Year (CY) 2020 Annual Audit Report, 25 were fully implemented, 29 were partially implemented, seven were not implemented and seven 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 2020 AAR, Audit Observation (AO) No. 1, Page 44	The correctness and fair presentation of the Members' Contributions (MC) Payable and Estimated Liability on Earnings of MC accounts amounting to P4.360 billion and P1.393 billion, respectively, could not be established due to the presence of unreconciled amount of P745.483 million between the general ledger (GL) and Integrated Financial Management System (IFMS) subsidiary ledger (SL) balances of the said accounts.	a. Reconcile the IFMS SLs with the books of accounts/GL maintained by the Accounting Department (AD) in preparation for the transfer of MC records to the Government Financial Institution (GFI) Trustee in accordance with Executive Order Nos. 590 and 590-A, as amended by Memorandum Order (MO) No. 90; and	Partially implemented As at December 31, 2021, a total of P4.367 billion was already reconciled or 87.98 per cent of the initial unreconciled amount of P4.964 billion. The remaining unreconciled amount of P596.622 million is targeted to be finished in CY 2022 pursuant to the AFPRSBS' plan of refunding the remaining MC to its members by the end of CY 2022. The AO was updated and reiterated under Observations and Recommendations No. 3 of this report.
		b. Submit a quarterly report on the status of reconciliation of the AFPRSBS' IFMS SLs with the books of accounts.	Fully implemented
CY 2020 AAR, AO No. 2, Page 47	The correctness and fair presentation of the balance of the Investments in Real Estate account amounting to P1.730 billion as at December	a. Reconcile the noted variance between the total land area per physical inventory of TCTs with those recorded under the Investments in Real	Partially implemented The AFPRSBS has initially submitted the reconciliation for five (5) projects, namely Greenland Antipolo,

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	31, 2020 could not be ascertained due to the net variance totaling 2,517,453 square meters of raw lands, with equivalent cost of P651.925 million, in the total land area per books against the physical inventory of Transfer Certificates of Title (TCTs).	Estate account to ensure correctness of the account balance;	San Lorenzo South I-D, Hermosa, Bataan, Sta. Rosa, Nueva Ecija, and General Santos or two (2) per cent of the total unreconciled variances noted. The AO was updated and reiterated under Observations and Recommendations No. 2 of this report.
		b. Accordingly adjust the books of accounts based on the result of reconciliation; and	Partially implemented Adjustment was made for discrepancy noted related to the Sta. Rosa, Nueva Ecija Property. The AO was updated and reiterated under Observations and Recommendations No. 2 of this report.
		c. Prioritize the submission of the updated reconciliation pertaining to Investments in Real Estate account for the Audit Team to validate and verify the nature of the variance in the land area totaling 2,517,453 square meters.	Partially implemented The AFPRSBS submitted reconciliation for only two (2) per cent of the total variance of 59,919 square meters. The AO was updated and reiterated under Observations and Recommendations No. 2 of this report.
CY 2020 AAR, AO No. 3, Page 50	Deficiencies were noted in the accounting treatment for transactions related to	a. Enforce collection of the adjusted balance of commercial loan to the spouses who are key	Not implemented Latest demand letter sent to enforce

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	the foreclosed properties consisting of a parcel of land and 329 units in Royal Plaza Twin Tower amounting to P361 million.	officers of the Corporation in accordance with the Joint and Several Suretyship;	collection was in year 2012. The AFPRSBS continually calls the BIR Assessment Division for updates and any development.
	A. A parcel of land and 329 units in Royal Plaza Twin Tower which were previously foreclosed by the AFPRSBS amounting to P361 million were recorded as part of Loans Receivable-Accounts under Litigation instead of Investment Property, contrary to Paragraphs 5 and 16 of Philippine Accounting Standard (PAS) 40, understating the Investment Property and Accumulated Depreciation accounts as at December 31, 2020, and Depreciation Expense account for CY 2020.	b. Reclassify in the books of the AFPRSBS the foreclosed properties consisting of a parcel of land and 329 units in Royal Plaza Twin Tower amounting to P361 million from Loans Receivable- Accounts Under Litigation to the Investment Property account;	Reconsidered The property is now subject of a pending litigation before the Regional Trial Court (RTC) of Manila, Branch 21 for the annulment of the foreclosure sale for the issuance of a writ of preliminary injunction.
		c. Provide annual depreciation;	Reconsidered Since the property is under litigation, the account was not yet reclassified to Investment Property, hence, no depreciation is provided.
	B. The waived penalties amounting to P248.607 million on the restructured commercial loan account were not reinstated despite the borrower's failure to comply with the terms and conditions of the Amendment to Loan Agreement dated December 21, 2001,	d. Cause the consolidation of the land title in the name of the AFPRSBS;	Partially implemented The AFPRSBS is processing the consolidation of title over the units in Royal Plaza Twin Tower in its name. Among the initial steps undertaken by the AFPRSBS is to settle first the deficiency capital gains tax (CGT) arising from the extra-judicial foreclosure which is a pre-requisite to the

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	thus, understating the Loans receivable – Past Due Commercial Loan account and the related income account by the same amount.	e. Finalize the terms of the amicable settlement with the borrower in relation to the annulment of foreclosure sale filed by the latter against AFPRSBS; and f. Provide the Audit Team with a copy of the case filed by the borrower against the AFPRSBS including its current status.	consolidation of title. Partially implemented The Management is continuously negotiating with the borrower. Fully implemented
CY 2020 AAR, AO No. 4, Page 53	Various adjustments totaling P92.527 million in the Retained Earnings (RE) account were noted to be without the required supporting schedules and documents, contrary to Paragraph 15 of PAS 1 and Paragraphs 2.12-2.14 of the Conceptual Framework for Financial Reporting (CFFR), thus, casting doubt on the accuracy of the balances reflected in the Financial Statements (FS) as at December 31, 2020.	Facilitate the preparation of the related schedules of the adjustments made on RE account, and submit the same to the Audit Team together with the necessary supporting documents.	Fully implemented
CY 2020 AAR, AO No. 5, Page 56	The faithful representation of the balance of the Property and Equipment (PE) account with a carrying value of P32.940 million as at December 31, 2020 could not be	a. Reconcile the discrepancy between the accounting records and the RPCPPE, which as at December 31, 2020 amounted to P79.648 million, and prepare and submit a	Partially implemented The discrepancy of P79.648 million was reduced to P69.682 million or a reduction of 12.51 per cent. Concerned units

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	<p>ascertained due to the variance of P79.648 million between the GL balance and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE), contrary to Paragraph 15 of the PAS 1. Likewise, the GL balances of the PE accounts differed by P6.536 million from their SL balances, contrary to Section V, Item No. 4 of Commission on Audit (COA) Circular No. 80-124 dated January 18, 1980.</p>	<p>copy of the corresponding report to the Audit Team for its validation;</p> <p>b. Reconcile the variances between the GL and the SL balances amounting to P6.536 million as at December 31, 2020 and submit copies of the updated and reconciled SLs and GL to the Audit Team for verification;</p> <p>c. Prepare the RPCPPE, showing the results of physical inventory for each PE category instead of per Department to facilitate reconciliation of the PE account with the accounting records;</p> <p>d. Effect the necessary adjusting entries, if any, to reflect the correct balance of the PE account in the FS; and</p> <p>e. Maintain PPE Ledger Cards (PPELCs) to record the acquisition, description, custody, estimated useful life, depreciation, impairment loss, disposal and other information about the PE items.</p>	<p>continuously reconcile the account.</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 5 of this report.</p> <p>Partially implemented</p> <p>Concerned units continuously reconcile the account.</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 5 of this report.</p> <p>Fully implemented</p> <p>Not implemented</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 5 of this report.</p> <p>Partially implemented</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 5 of this report.</p>

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CY 2020 AAR, AO No. 6, Page 59	The FS of the AFPRSBS and that of its active subsidiaries where it has invested a total of P993.927 million were not consolidated. Accordingly, the parent and subsidiary reciprocal accounts were not eliminated, contrary to the pertinent provisions of Philippine Financial Reporting Standards (PFRS) 10 - Consolidated Financial Statements. Hence, the AFPRSBS FS do not present reliable and accurate financial condition and results of its operations as at and for the year ended December 31, 2020.	a. Prepare the consolidated FS to include the assets, liabilities and results of operations of its active subsidiary in compliance with the provisions of PFRS 10; and b. Eliminate all parent and subsidiary reciprocal account balances during the process of consolidation to ensure accurate presentation of the Investment in Subsidiary account in the FS.	Both audit recommendations were not implemented and reiterated under Observations and Recommendations No. 4 of this report.
CY 2020 AAR, AO No. 7, Page 63	Revenue from the sale of real estate properties and real estate rentals amounting to P47.519 million and P131.664 million, respectively, were not subjected to Value-Added Tax (VAT), contrary to the pertinent provisions of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law, and Revenue Regulation (RR) No. 16-2005, as amended by RR No. 13-2018, thus, exposing the AFPRSBS to possible	Register under the VAT system to comply with pertinent provisions of RA No. 8424, or request for VAT exemption from the BIR for the possible issuance of VAT Exemption Certificate (VEC).	Partially implemented In a letter dated December 13, 2021, the AFPRSBS expressed its intention to register under the VAT system. However, the application cannot proceed due to one remaining open case with the BIR.

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	financial and legal consequences.		
CY 2020 AAR, AO No. 8, Page 66	The development of a 571,479 square meters lot into a residential subdivision project was not completed, contrary to Article 1.3 of the Joint Venture Agreement (JVA) between the AFPRSBS and a certain Developer although the shares in the property were already transferred and titled in the name of the Developer. The termination of the JVA was not implemented in accordance with the AFPRSBS Board Approval Sheet Meeting No. 03-2014 dated March 31, 2014, thus, the property remained undeveloped and idle, which may adversely affect the sale of all the AFPRSBS real estate in line with its winding up activities.	<p>a. Implement the abrogation of the JVA as approved by the then Board of Trustees (BOT), or consider filing an action for damages against the Developer for breach of contract;</p> <p>b. Submit all the relevant documents such as letters and other means of communications to support the actions undertaken related to the termination of JVA; and</p> <p>c. Since the AFPRSBS is already under liquidation, consider disposing the AFPRSBS' share through public bidding.</p>	<p>Not implemented</p> <p>The AFPRSBS received offers from the JV partner to buy its share in the project.</p> <p>Fully implemented</p> <p>Partially implemented</p> <p>The AFPRSBS' share is scheduled for disposal in June 2022.</p>
CY 2020 AAR, AO No. 9, Page 69	The approved Fidelity Bonds (FB) of the AFPRSBS's Accountable Officers (AOs) were not immediately renewed before the expiration of its effectivity date for two consecutive years, as required under Treasury Circular (TC) No. 2-2009 dated August 6, 2009, thus, the AFPRSBS may not	<p>a. Apply for the increase of the amount of the fidelity bond of the Head Cashier to cover the excess cash accountability based on its historical average daily collections; and</p> <p>b. Strictly monitor the effectivity and expiry dates of the AFPRSBS' AOs fidelity bonds to ensure that renewal of</p>	<p>Fully implemented</p> <p>Fully implemented</p>

Reference	Observations	Recommendations	Actions taken/comments
	<p>be indemnified in case of loss or on acts of fraud, dishonesty or irregularity during the period after the FB has expired. Moreover, the amount of bond of the Head Cashier is insufficient to cover the actual accountability based on her daily average collections, hence, exposes the AFPRSBS to risk of loss as it will not be fully indemnified in case of loss or on acts of fraud, dishonesty or irregularity.</p>	<p>the same is made prior to its expiration/cancellation.</p>	
<p>CY 2020 AAR, AO No. 10, Page 72</p>	<p>Cash advances totaling P1.396 million for current operating expenditures were granted to 13 employees who were not duly bonded, contrary to Section 101 of Presidential Decree (PD) No. 1445, Item 7.1 of COA Circular No. 97-002 dated February 10, 1997 as amended by COA Circular No. 2006-005 dated July 13, 2006, and Section 4.1 of TC No. 02-2009 dated August 6, 2009, thus, the AFPRSBS is not protected and would not be indemnified in case of loss or on acts of fraud, dishonesty or irregularity.</p>	<p>a. Stop the practice of granting cash advances to employees without the approved fidelity bond;</p> <p>b. Ensure that only duly designated and bonded AFPRSBS employees are authorized to perform the disbursing functions; and</p> <p>c. Strictly comply with the regulations on the Granting, Utilization and Liquidation of Cash Advances as required under Section 101 of PD No. 1445 and other related issuances of the COA and the Bureau of the Treasury (BTr).</p>	<p>Fully implemented</p> <p>Fully implemented</p> <p>Fully implemented</p>
<p>CY 2020 AAR, AO</p>	<p>The grant, utilization and liquidation of cash</p>	<p>a. Ensure the timely liquidation of all cash</p>	<p>Fully implemented</p>

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No. 11, Page 76	advances for the monthly divisional allowances totaling P492,800 were not in accordance with the provisions on the granting, utilization and liquidation of cash advances.	<p>advances;</p> <p>b. Refrain from granting additional cash advance without proper liquidation of the previous cash advance;</p> <p>c. See to it that the Official Receipts (ORs) submitted to support the liquidation reports have no erasures and must be dated within the period covered by the cash advance granted; and</p> <p>d. Strictly comply with Section 89 of PD No. 1445 and pertinent Sections of COA Circular No. 97-002 on the granting, utilization and liquidation of cash advances to avoid possible audit suspension and/or disallowance.</p>	<p>Fully implemented</p> <p>Fully implemented</p> <p>Fully implemented</p>
CY 2020 AAR, AO No. 12, Page 79	Representation Allowance and Transportation Allowance (RATA) in the total amount of P0.876 million paid in CY 2016 to the lawyers of the Office of the Government Corporate Counsel (OGCC) in the guise of fixed monthly compensation/out-of-pocket expenses, which were considered irregular expenditures under COA Circular No. 2012-003 dated October 29, 2012, have	<p>a. Submit receipts and other documents which will prove that actual travels were undertaken and expenses for representation purposes were incurred to avoid audit suspension and/or disallowance; and</p> <p>b. Require the concerned OGCC lawyers who are receiving RATA from the AFPRSBS to refund the amount of</p>	<p>Both recommendations were reconsidered.</p> <p>The noted observation was originally issued in CY 2016 and was reiterated with modification in CY 2020 to include recommendation letter a. However, our audit was based on the notion that the allowance granted to OGCC lawyers were RATA as supported by a certification claiming</p>

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	not yet been properly documented nor refunded to the AFPRSBS, contrary to Item No. 4 of National Compensation Circular (NCC) No. 67 dated January 1, 1992.	P876,000 corresponding to an additional compensation.	the same. But based on the justification submitted, the amount collected were authorized additional allowance and not RATA, which were directly remitted to the OGCC starting CY 2017. The practice of granting fixed monthly compensation as supported by a certification claim for RATA was already corrected by AFPRSBS. Since the payment of the subject allowances granted to OGCC lawyers were duly authorized under RA No. 6000 and are now made directly to OGCC instead to individual OGCC lawyers since CY 2017, which was recorded as consultant and retainer fees expense, we have decided to reconsider the said recommendation.
CY 2020 AAR, AO No. 13, Page 82	The AFPRSBS Bids and Awards Committee (BAC) Secretariat was not able to publish in the Government Procurement Policy Board (GPPB) online portal various procurements related to the response and recovery interventions to Corona Virus	a. Immediately post unpublished procurements in the GPPB online portal; and b. Strictly comply with Section 4 (u) of the Bayanihan to Recover as One Act in relation to Section 4 (k) of Bayanihan to Heal as	Fully implemented Fully implemented

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	<p>Disease 2019 (COVID-19) totaling P381,410, contrary to Section 4 (u) of the Bayanihan to Recover as One Act in relation to Section 4 (k) of Bayanihan to Heal As One Act and other pertinent sections of relevant GPPB issuances on the mandatory publication requirement, thus, affecting the reportorial requirements by the GPPB under the Bayanihan Acts and the non-achievement of the primary purpose of promoting accountability and transparency in the procurement of goods during the State of Public Health Emergency.</p>	<p>One Act and relevant GPPB issuances on the mandatory publication requirement in the GPPB online portal in all succeeding COVID-19 related procurements to be entered into by the AFPRSBS.</p>	
<p>CY 2020 AAR, AO No. 14, Page 86</p>	<p>The AFPRSBS liquidation and winding down may be prolonged as planned due to: (a) non-transfer of the 1,365 TCTs in the name of AFPRSBS despite acquiring ownership over the assets; and (b) insufficiency of its liquid assets to fully cover its obligations to members, thus, affecting/delaying the prompt disposal of its properties at the highest recoverable value and to raise funds as part of their liquidation plan.</p>	<p>a. Require the department/division concerned to expedite the process of consolidating the titles of various properties in favor of the AFPRSBS to safeguard its ownership and facilitate its disposal in pursuance to its winding down and liquidation plan;</p> <p>b. Submit copies of the communications between the Management and the officials of the Department Agrarian Reform (DAR) and</p>	<p>Partially implemented</p> <p>The AFPRSBS started to pursue the titling of some of the lots.</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 11 of this report.</p> <p>Not implemented</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 11 of this report.</p>

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CY 2020 AAR, AO No. 15, Page 90	The Certificate of Sale (COS) for the 329 units of Royal Plaza Twin Tower was already registered in the Registry of Deeds on March 14, 2013. However, the transfer of the said properties to AFPRSBS was not yet effected to date, thus, depriving the AFPRSBS of their right and interest over the property as well as the actual possession of the same.	<p>Department of Environment and Natural Resources (DENR) for evaluation of the Audit Team;</p> <p>c. Make a representation and appeal with the DAR and DENR to consider the continuous conversion of the remaining acquired agricultural lands until such time that the issues on the TCTs are properly addressed to facilitate the land transfer to AFPRSBS; and</p> <p>d. Maintain enough liquid assets such as cash, cash equivalents, short-term investments, and receivables to fully cover its obligations to members.</p> <p>Expedite the transfer to the possession of the AFPRSBS the 329 units of Royal Plaza Twin Tower because the redemption period has already lapsed for almost seven years.</p>	<p>Not implemented</p> <p>The AO was updated and reiterated under Observations and Recommendations No. 11 of this report.</p> <p>Fully implemented</p> <p>Partially implemented</p> <p>The AFPRSBS is processing the consolidation of title over the units in Royal Plaza Twin Tower in its name. Among the initial steps undertaken by the AFPRSBS is to settle first the deficiency Capital Gains Tax (CGT) arising from the extra-judicial foreclosure which is a pre-requisite to the consolidation of title.</p>

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CY 2019 AAR, Audit Observation (AO) No. 1, Page 45	Seventy-one 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 PD No. 1445 and Paragraph 15 of 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 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 AFPRSBS had already submitted the schedules of 56 out of the 71 GL accounts or 79 per cent of the identified accounts without schedules. Reconciliation of the account balances are also ongoing particularly on the Installment Contract Receivable (ICR), Buyers Deposit, Receivable, Payable and Allowance accounts. Partially implemented The AFPRSBS has already made adjustments in the books pertaining to various accounts. Additional adjustments, if any, will be made once the reconciliation of the accounts is completed.
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 AFPRSBS of funds for its accelerated refund and payment of other obligations, contrary to COA Circular No. 2016- 005.	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; b. Devise other options and if warranted, resort to legal means to enforce settlement of	All the recommendations were partially implemented, and for monitoring. Legal proceedings are currently ongoing for 79.54 percent of the dormant receivables. The related collaterals for the same have already been foreclosed and the

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		accounts including those pertaining to prior years without request for write-off;	consolidation of the titles in the name of AFPRSBS are ongoing.
		c. Document all efforts to collect the dormant accounts; and	In addition, demand letters are being sent to defaulting borrowers.
		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.	
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 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.	a. Review documents supporting the payables to determine their validity and completeness and recognize all the 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; and c. Prepare an aging schedule for the proper recognition of the corresponding income accounts.	Partially implemented The Management's continuous compliance with the recommendation significantly decreased the long outstanding unapplied receipts, deferred credits and abnormal balance of unearned income from P23.387 million to P10.893 million or about 53.42 per cent. Partially implemented The AFPRSBS has already made adjustment in the books amounting to P1.106 million pertaining to the Deferred credits of P10.316 million. Partially implemented The Aging Schedule is prepared simultaneously with

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CY 2019 AAR, AO No. 5, Page 54	The AFPRSBS did not exercise due diligence in the examination of the title and documents presented by the former owner in 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 MDC and an AFPRSBS' subsidiary realty corporation in 1999, thus, unfavorable to the Members of the AFPRSBS and is inconsistent with Section 2 of PD No. 1445.	a. Make the officers directly and indirectly involved in the corporates swap liable for the loss of P284.237 million; and	the reconciliation of accounts. Partially implemented A Fact-finding Committee was 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. As of reporting date, the Committee is in the process of preparing the initial draft of the report which is taking some time due to unavailability/tracing of documents related to the approval of the swap.
		b. 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.	Partially implemented 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

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			Development Corporation (RGVDC) once the Supreme Court renders its decision.
CY 2019 AAR, Audit Observation (AO) No. 8, Page 70	The deposit/placement maintained by the AFPRSBS in a private commercial bank and non-GFI amounting to P4.628 million and P14.228 million, respectively, without first securing authority to open deposit accounts from duly authorized official of the 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.	a. Secure the requisite DOF approval as provided in DOF Department Circular No. 001-2017 dated May 11, 2017 on its deposit with private banks; and b. Pending approval of the same, the AFPRSBS has to transfer its funds from the current depository private commercial banks to government depository banks.	Reconsidered The bulk of the deposits/placements were already withdrawn and transferred to Land Bank of the Philippines as of January 29, 2021. 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. Reconsidered The capital contribution account, which remained deposited with the Armed Forces and Police Savings and Loans Association, Inc. (AFPSLAI), is currently being used as bond collateral for a case filed against the AFPRSBS.
CY 2017 AAR, 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	Provide proof of collection on the remittance of P2.659 million by Armed Forces of the Philippines to ensure the correctness of the refund made to the	Fully implemented

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	incomplete and unreliable records of the AFPRSBS contrary to Paragraphs 4.46 and 4.49 of the CFFR, Section 4 of PD No. 361, as amended by PD No. 1656, AFPRSBS' Standard Operating Procedure Nos. 11-92 and MAG-96-05-001 dated February 25, 1992 and April 22, 1996, respectively, and AFPRSBS' BOT Meeting No. 8 dated November 4, 2010.	members or their authorized representative, as the case may be.	
CY 2017 AAR, AO No. 12, page 71	The AFPRSBS 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 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>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> <p>b. Continue to initiate public bidding of the AFPRSBS' property pursuant to MO No. 90; and</p> <p>c. Resolve the legal and documentation issues relative to Investments in real estate accounts to protect the rights and ownership of the AFPRSBS over the subject properties.</p>	<p>Fully implemented</p> <p>Fully implemented</p> <p>Partially implemented The declaration of the AFPRSBS as an abolished government-owned and/or controlled corporation delayed and prevented the transfer of the titles in its name.</p>

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			The AFPRSBS anticipates that the creation of the Technical Working 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.
CY 2016 AAR, No. 3, page 45	The negative/ abnormal AO 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 CFFR.	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.	Fully implemented
CY 2015 AAR, No. 3, page 38	The presentation and measurement of ICR are not in accordance with the pertinent provisions of PAS and PFRS. The AFPRSBS has not maintained an updated Subsidiary Buyers' Ledger (SBL)	Update regularly the posting to the SBLs supporting the ICR GL control account for proper accounting control to ensure the accuracy of the amounts presented in the FS and in	Fully implemented

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	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 FS as of and for the year ended December 31, 2015.	compliance with the provisions of Section 114 (2) of PD No. 1445.	
CY 2015 AAR, No. 6, page 47	Joint Venture (JV) AO 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 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 and all cancellations of contracts to sell;	Partially implemented The AFPRSBS has partially adjusted a total amount of P47.577 million representing 64 per cent of the P74.560 million unreported sales cancellations/unremitted collections. On the other hand, the remaining ICR-Past Due accounts are still subject to 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;	Fully implemented
		c. Investigate/reconcile the unaccounted	Partially implemented

Reference	Observations	Recommendations	Actions taken/comments
		<p>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:</p> <p>i. Adjust the books and records to reflect cancellations made by buyers and any other discrepancies noted; and/or</p>	<p>Out of the P74.560 million alleged unremitted collections, 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 the absence of the buyer's individual SL reflecting the payments made and the status of each account. In October 2019, the Management made an additional adjustment of P9.077 million out of the remaining P22 million for reconciliation per JV RE-1050-OCT19.</p>
		<p>ii. Demand from the JV partner any unremitted collections with the appropriate penalties, interests and/or sanctions;</p>	<p>The AFPRSBS 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.</p>
		<p>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</p>	<p>Fully implemented</p>
		<p>e. Institute proper legal action against the JV partner should it withhold the requested documents without</p>	<p>Fully implemented</p>

Reference	Observations	Recommendations	Actions taken/comments
CY 2014 AAR, No. 7, page 55	2014 Deposits or Advances AO 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 AFPRSBS.	<p>legal and reasonable grounds.</p> <p>Retrieve/produce all documents relative to the deposits made including proof of accomplishments then make personal representation with MERALCO for the following:</p> <ul style="list-style-type: none"> i. The status of each service connection projects completed to determine the propriety of a refund; and ii. Any offsets made to be able to update its accounts. 	<p>Partially Implemented</p> <p>Reconciliation of the advances made to MERALCO is continuously being done. In November 2018, the AFPRSBS' officers were given authority pertaining to the refund of its advances to MERALCO for the installation of electric posts at the Riviera Residential Estates, Villa Segovia and Villa De Toledo Subdivision Projects.</p> <p>In August 2021, a total refund of P4.251 million was received by the AFPRSBS from MERALCO.</p> <p>Based on the agreement with MERALCO, the AFPRSBS 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 based on MERALCO's collection from the residential owners.</p>
CY 2013 AAR, No. 19	The AFPRSBS' hard disk server crashed and untested data back-up	Exert effort to establish correct account balances, taking prior	Reconsidered Continuous efforts are

Reference	Observations	Recommendations	Actions taken/comments
page 65	<p>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>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>being undertaken by the AFPRSBS to establish the correct account balances of the affected accounts.</p> <p>Audit observations on affected accounts are issued, as appropriate/ necessary.</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 its inability to maintain backup and recovery plans and procedures.</p>		