Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Blvd. corner P. Ocampo St., 1004 Manila

BAGONG PILIPINAS

11 August 2025

MS. MARIA THERESA S. YAMBAO
Director IV, Cluster 2 – Oversight and Public Debt Management Agencies
National Government Sector
Commission on Audit (COA)
Quezon City

Thru: **MS. ANGELITA C. LOMENTIGAR**
State Auditor IV and Supervising Auditor
DOF Audit Group

Dear **Director YAMBAO**:

Pursuant to Section 99 of the General Provisions of the FY 2024 General Appropriations Act (GAA), we are submitting herewith the management comments and actions taken on the audit observations and recommendations as contained in the Annual Audit Report (AAR) of the Department of Finance – Office of the Secretary (DOF-OSEC) for CY 2024. Attached are the duly accomplished Agency Action Plan and Status of Implementation (AAPSI) pursuant to COA Memorandum No. 2014-002 dated 18 March 2014, and its supporting documents.

The DOF will comply and continue to pursue actions to implement the audit observations and recommendations for management's action including those from prior years' audit observations.

We hope the foregoing satisfies your requirements.

Thank you.

Very truly yours,

NIÑO RAYMOND B. ALVINA
OIC Undersecretary

Copy furnished: *Department of Budget and Management (DBM)*
Speaker of the House of Representatives
President of the Senate of the Philippines
House Committee on Appropriations
Senate Committee on Finance

DEPARTMENT OF FINANCE

7th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2024

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial /Delay /Non-Implementation, If applicable	Action Taken/Actions To be taken
			Action Plan	Person / Office Responsible	Target Implementation Date				
					From	To			
Annual Audit Report (AAR)									
AAR 2024 Page 42	1. Petty cash expenses totaling ₱17,613.75 incurred in CY 2024 were not reported nor replenished for recording in the books of account as at December 31, 2024, contrary to the provisions of Section 35(c), Chapter 6, Volume I of Government Accounting Manual (GAM) for National Government Agencies (NGAs). This resulted in the understatement of the affected	Management agreed to instruct: a. Petty Cash Fund Custodians (PCFCs) to report and replenish all expenses charged to Petty Cash Fund (PCF) as at year-end to enable the recognition of the expenses at the correct reporting period; and b. Accounting Division (AD) to review the transactions and prepare adjustments, as necessary for fair presentation of the affected accounts in the Financial Statements	Issue a memorandum to PCFCs before year-end	Accounting Division (AD) PCFCs Accounting Division	08 November 2025	Continuous	Ongoing Fully Implemented		a. The AD shall issue a memorandum every second (2nd) week of November starting CY 2025 to remind the PCFCs to report and replenish all PCF expenses incurred as at year-end. b. The replenishment of the petty cash was made on 11 February 2025 per JEV No. 2025-02-000683, attached as ***Annex A.***

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	accounts as at year-end.	(FSs) as at December 31, 2024.							
AAR 2024 Pages 42-44	2. The unreconciled balances between Property, Plant, and Equipment Ledger Cards (PPELC) and Report on Physical Count on Property, Plant & Equipment (RPCPPE) of ₱0.743 million affected the accuracy and reliability of *Information and Communications Technology Equipment* and *Furniture and Fixtures* balances reported in the FSs at year-end.	Management agreed, through the AD and General Services Division (GSD), to verify and reconcile the noted difference between the RPCPPE and PPELC, and adjust the affected records/reports as necessary.		Accounting Division General Services Division			Fully Implemented		The balances between PPE Ledger Cards and RPCPPE reported in the Financial Statements as of 31 December 2024 have been reconciled.
		Management agreed, through the GSD to: a. require the concerned employee to present the unaccounted item; and	Continuous Accounting of subject assets	General Services Division			Fully Implemented		All the eleven (11) assets have already been accounted for by GSD.

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		b. in the event of failure to do so, notify the AD for the recognition of receivable from the concerned employee.		Accounting Division					
AAR 2024 Pages 44-50	3. Deficiencies in the grant, utilization and liquidation of the PCF and Cash Advances (ADs) to Special Disbursing Officers (SDOs), exposed public funds to the risks of loss and/or misuse, and non- indemnification thereon, in case of loss and/or misuse.								
	a) Excessive grant of PCFs to PCFCs	Management agreed to further evaluate the sufficiency of the PCFs considering the actual monthly expenses, and consider to reduce the amount, as necessary to avoid unutilized funds in the custody of the PCFC.		Top Management			Fully Implemented		The Management has evaluated and decided to maintain the granted PCF per office for their recurring monthly expenses.

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	b) Unexpended CAs to SDOs, totaling ~~P~~0.515 million not immediately refunded by the Accountable Officers (AOs) upon liquidation of their CAs	Management agreed, through the AD and SDOs, to: a. ensure that CA is reported/liquidated as soon as the purpose it was granted has been served; and b. require the immediate refund of unexpended CAs upon liquidation of expenses, in compliance with Sections 5.7, 5.8 and 4.1.3 of COA Circular No. 97-002.		Accounting Division SDOs Accounting Division			Fully Implemented Fully Implemented		a. The AD has implemented an additional control mechanism by monitoring the monthly status of all unliquidated CAs and reminding the AOs of their due date for liquidation. b. The AD informed the AOs of their refunds once the submitted liquidation has been reviewed, and the accounting computation is final and approved by the Chief Accountant.

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	c) *Insufficient bond coverage of the AOs*	Management agreed to: a. through the GSD, provide the copy of the approved fidelity bond of the AOs to the AD and Budget Division (BD) for their reference before granting additional CAs to AOs; b. the BD and AD, ensure that CAs granted to AOs are sufficiently covered with their approved fidelity bonds for full indemnification in case of loss/misuse.		GSD Budget Division Accounting Division			Fully Implemented Fully Implemented		The GSD provided the AD a copy of the fidelity bond of the corresponding AOs for their reference before granting additional CAs.
	d) *Maintenance of PCFs in the personal bank account of the PCFCs instead of keeping in an appropriate safe or vault*	Management agreed to provide the PCFCs with a safety box/ vault for the safekeeping of the PCF in compliance with Section 101 of Presidential Decree (PD) No. 1445 and Section 38, Chapter 6 of the Volume I, GAM for NGAS and instruct the PCFCs to refrain		GSD	01 July 2025	31 December 2025	Ongoing		In coordination with the PMD, a secured cash box for every petty cash custodian will be provided by 3rd Quarter.

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		from keeping the fund in personal bank accounts to avoid the possibility of being misappropriated.							
	e) Non-preparation of the required Petty Cash Fund Record (PCFR)by the PCFCs	Management agreed, through the AD, to conduct orientation and briefing, and give appropriate trainings to the PCFCs on the handling and keeping of PCF to ensure effective and efficient performance of their tasks and adherence to reporting requirements. Management to require the PCFC to prepare and maintain the PCFR in compliance with Section 37, Chapter 6, Volume I of GAM for NGAs.	Awareness training to be conducted annually	HRMDD Accounting Division	October 2025	31 December 2025	Ongoing		The COA Professional Development Office Training Team has already provided the Training Agreement and Course Agenda for the upcoming Seminar on Cash Management and Control System. Submission of new budget proposal following COA guidelines on mode of payments is in process. The training is tentatively scheduled on October 2025.
	f) Petty Cash Vouchers (PCVs) for expenses totaling ₱41,917.00 were not duly accomplished and signed	Management agreed, through the PCFC, to ensure that PCVs are properly and completely accomplished, duly signed by the requesting personnel, and approved by their immediate supervisor prior		Accounting Division PCFC	01 July	31 December 2025	Ongoing		Awareness training, which will be initiated by HRMDD, will be conducted annually beginning in the 3rd Quarter of 2025 to cover in detail the policies, rules, regulations, and

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		to the release of petty cash and acceptance of liquidation. This is to ensure the validity and proper authorization of expenses charged to PCF.							guidelines governing the PCF.
AAR 2024 Pages 50-53	4. Various deficiencies were noted in the management of PPE and keeping of records of disposed properties, which may result in the wastage of government resources and errors in reporting disposed properties in the books of accounts and property records.								
	a) Non-preparation of Inventory and Inspection Report of Unserviceable Property (IIRUP) and non-disposal of unserviceable properties	Management agreed, through the: a. Property Officer, to report all unserviceable properties in the IIRUP; and	Unserviceable Assets to be reported in the IIRUP as recommended	GSD - Asset Section	Quarterly	31 December 2025	Ongoing		GSD has started the physical inventory of all unserviceable assets that were turned in to GSD. IIRUP as of 30 June 2025 to be submitted to COA for inspection.

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		b. Disposal Committee, to initiate and complete the disposal process for the unserviceable properties.		Disposal Committee					Unserviceable assets reported in the IIRUP will be disposed of in the 3rd Quarter of 2025.
	b) Incomplete accomplishment and lack of required signatures on prescribed documents pertaining to disposal of properties	Management agreed through the: a. GSD, to ensure that all disposal documents are properly accomplished and duly signed; and	Documents to be submitted to COA for verification.	GSD			Fully Implemented		a. Copies of fully accomplished and duly signed documents were submitted to COA on 14 July 2025. Moving forward, the GSD will coordinate with the AD to ensure that the Fund Cluster is filled out in the IIRUP and PTR.
		b. Disposal Committee, to issue the required certification on the disposal of properties and address it to the Chief Accountant.		GSD Disposal Committee			Fully Implemented		b. The GSD will ensure regular submission of disposal documents to AD to comply with the COA requirements.
AAR 2024 Pages 53-55	5. Non-imposition of liquidated damages of ₱14.378 million as at December 31,	Management agreed, through the GSD, to:		GSD Accounting Division					

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	2024 despite the incurrence of delays by the contractor resulted in the agency being not properly compensated for the delayed completion of the project.	a. constantly coordinate with the contractor for the issuance of the required certifications for the completion of the project; and					Fully Implemented		a. The Occupancy Permit has already been secured from the City of Manila.
		b. impose liquidated damages to the contractor based on the applicable provision to fully compensate the agency for the losses caused by the delay in complying its contractual obligations.					Fully Implemented		b. Liquidated damages have been computed and will be deducted to the remaining payment once the contractor files its final billing.
AAR 2024 Pages 55-58	6. Deficiencies were noted in the implementation of the Government Purchase Card (GPC), which precluded the determination of the validity and								

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	regularity of the disbursements and contrary to Sections 4(2) and 4(6), PD No. 1445 and DOF Office Memorandum No. 001-2023.								
	a. Payments for various transactions through the GPC were not supported with the complete documentary requirements	Management agreed to instruct the AD to: a. issue notice of deficiency to cardholders requiring the submission of the required documents on the purchases through the GPC; b. submit to the Audit Team the lacking documents upon receipt from the cardholders to facilitate verification of the validity of procurements made; and		Accounting Division Accounting Division			Fully Implemented Fully Implemented		a. Moving forward, the AD shall issue a notice of deficiency during the processing of payment in case of incomplete supporting documents. b. Lacking documentary requirements were submitted to COA on 30 May 2025, copy attached as ***Annex B.***

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		c. henceforth, ensure that all procurements through the GPC are completely documented before payment is made.		Accounting Division			Fully Implemented		
		Management agreed to instruct the GPC holders to: a. ensure that purchases of eligible goods and services using the GPC are made only after completion of the required procurement documents; and b. henceforth, strictly comply with the submission of complete documentary requirements, as required under COA Circular No. 2012-001 and Section 4(6) of PD No. 1445.		GPC Holders Accounting Division			Fully Implemented Fully Implemented		

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	b. Ineligible expenses were charged to GPC in CY 2024	Management agreed to: a. instruct the cardholders to refrain from using the GPC for ineligible expenses; and b. conduct training/ orientation for all cardholders on the proper use of the GPC to avoid misappropriation of funds.		GPC Public Administrator Accounting Division	01 September	31 December 2025	Fully Implemented Ongoing		a. The AD has issued a memorandum to GPC cardholders, serving as both a cautionary advisory and a reminder to refrain from utilizing the GPC for personal or ineligible expenses. b. A reorientation for the GPC holders will be conducted once the GPC Guidelines of the DOF has been approved. To date, the proposed revised GPC guidelines are for comments/ suggestions of Principals.
AAR 2024 Pages 58-60	7. The absence of stipulation in the Memorandum of Agreement (MOA) for the provision of manpower services	Management to: a. device a mechanism to verify the propriety and regularity of overtime		GSD Accounting Division	July 2025	December 2025	Ongoing		a. The DOF will devise a mechanism in accordance with the Labor Code as

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	and internal guidelines to control and monitor the propriety and regularity of overtime work hours, resulted in the significant overtime work payments in CY 2024, thus, unduly raised the agency's expenses.	claims and require refund, as necessary; b. re-examine the existing MOA and contract for manpower and other general services and conduct a careful study and evaluation of the necessity of stipulating a control to regulate the number of overtime work hours pursuant to Section 1 of Administrative Order No. 6, s. 2017; and c. through the GSD, to establish internal control and guidelines to ensure the propriety of overtime payments, among others: i. require the CoS drivers to reflect the		GSD GSD PMSD	01 July 2025 July 2025	December 2025 31 August 2025	Ongoing Ongoing		specified in the contract, to verify the propriety and regularity of overtime claims. b. On-going review of the MOA c. Finalization of the proposed guidelines for overtime payments to establish internal control and ensure the propriety of overtime payments.

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		actual work hours and accomplishments in the DTRs; and ii. ensure that data/ information in the DTRs were aligned with the Driver's Trip Tickets.							Through these guidelines, the GSD shall be authorized to evaluate the submitted DTRs by the drivers if the actual work hours and accomplishments are reflected and aligned with the approved Trip Tickets. The approved guidelines on the OT claims of DOF drivers shall authorized the GSD to evaluate the submitted DTRs and check if aligned with the Trip Tickets.
Prior Years'									
AAR 2023 Page 44	1. Various accounting errors/omissions in the keeping of accounts resulted in the misstatements of some assets, liabilities, and expense accounts in the financial statements.	Management agreed to observe the proper recording of accounts and transactions following the provisions of applicable rules and regulations.		Accounting Division			Fully Implemented		

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AAR 2023 Pages 51-52	2. Procured RFID readers already installed remained unutilized and non-operational as at December 31, 2023 due to the non-readiness of the DOF to utilize the same, thus was not able to maximize its usage and had not served its purpose/objectives upon procurement.	Management agreed to instruct the GSD to: a. fast track the preparation of the guidelines in the use of the RFID readers; b. henceforth, ensure readiness the utilization/operation of procured properties to avoid delays in the utilization and thereby maximizing the usability of the procured properties.		GSD GSD			Fully implemented Fully Implemented		a. Department Order No. 010.2025 has been approved for the Guidelines on the Implementation of the Visitor and Physical Access Security System in the DOF, copy attached as ***Annex C***. b. Moving forward, the GSD will ensure that all procured properties/ equipment is ready for utilization/ operation to maximize its usability.
AAR 2022 Pages 60-63	3. Outdated fees and charges imposed on tax exemption applications under DOF Department Order (DO) No. 54-	Management agreed to facilitate the creation of a Committee to conduct careful study and evaluation of fees and charges in the processing of tax exemption							The Department Order regarding the implementation of the revised schedule of filing fees/charges imposed on applications for tax

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	2000 dated December 13, 2000 had not enabled the recovery of the cost of services rendered thereby straining the government's resources and precluding the sharing with the end-users of the cost of providing such services.	applications and consider to: a. impose filing fees on tax exemption applications processed under the Customs and Tariff Division (CTD) as necessary; and b. impose new fees and charges as necessary.		CFMO		31 December 2025 31 December 2025	Ongoing Ongoing		exemption on importations has been approved by the ROG Undersecretary and forwarded to the Office of the Secretary for approval.

Agency sign-off:

NIÑO RAYMOND B. ALVINA
OIC Undersecretary
Policy Development and Management Services Group

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Date