

PHILIPPINE RACING COMMISSION
4th Floor Electra House Building, Esteban St., Legaspi Village, Makati City
AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION (AAPSI)
Audit Observations and Recommendations
For the Calendar Year 2021

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan		Target Implementation Date		Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	From	To			
A. Financial Audit									
	<p>1. Various accounting errors and omissions in recording resulted in the overstatement and understatement of the affected accounts' year-end balances by ₱330,590.76 and ₱4,321.20, respectively; thus, not fairly presented in the Financial Statements (FSs).</p> <p>a. Non-reclassification of PPE. The balance of the PPE account of ₱6,087,269.79 as of December 31, 2021 includes a total of ₱326,269.56 of 512 tangible items below the capitalization threshold of ₱15,000.00, which should be accounted as semi-expandable property, consistent with Section 3(e), Chapter 10 and</p>	<p>a. We recommend the Management to instruct the Chief Accountant to prepare a JEV to effect the necessary adjustments in the books of accounts.</p>	<p>a. Reclassify tangible items below the capitalization threshold of ₱15,000.00 as Semi-Expendable Property in accounting records/books</p>	<p>a. Chief Accountant / Finance and Administrative Division</p>			<p>a. Implemented</p>		<p>a. Accounting records/books were adjusted based on Government Accounting Standards</p>

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	<p>Section 10, Chapter 8, Volume I of the GAM for NGAs.</p> <p>b. Error in recording office supplies purchased from PS-DBM. The payment of office supplies procured from PS-DBM amounting to ₱15,399.18 recorded as Office Supplies Inventory instead of Due from NGAs-PS-DBM and the non-recording of the delivery of the said office supplies of ₱11,077.98 resulted in the net understatement of Due from NGAs-PS-DBM by ₱4,321.20 and overstatement of Office Supplies Inventory by the same amount as of December 31, 2021.</p>	b. We recommend the Management to instruct the Chief Accountant to prepare a JEV to effect the necessary adjustments in the books of account.	b. Reclassify overbooked Office Supplies Inventory as Due from NGAs-PS-DBM in accounting records/books	b. Chief Accountant / Finance and Administrative Division			b. Implemented		b. Accounting records/books were adjusted based on Government Accounting Standards
	<p>2. Various accounting deficiencies that were noted in the recording and reporting of financial transactions aggregating ₱7,976,371.25 had undermined the verifiability characteristics of</p>								

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	information in the FSs. a. Unreconciled balance with PS-DBM. The balance of the account Due from NGAs-PS DBM of ₱467,758.17 as of December 31, 2021 remained unreconciled	a. We recommend the Management to instruct the Chief Accountant to exert extra efforts in reconciling their records with the PS-DBM.	a. Reconcile accounting records based on the statement of account from the	a. Chief Accountant / Finance and Administrative Division			a. On going	a. Awaiting additional documents from PS-DBM	a. Sent a letter to and made follow up with PS-DBM requesting the Statement of Account of PHILRACOM
	with the confirmed balance from the PS-DBM of ₱798,253.87 resulting in a variance of ₱330,495.70 inconsistent with Section 7, Chapter 19 of the GAM for NGAs, Volume I.		Procurement Service – Department of Budget and Management (PS-DBM)						Chief Accountant visited the PS-DBM office personally to request agency statement of account
	b. Unserviceable PPE not disposed. Unserviceable motor vehicle purchased in CY 2002 with a carrying amount of ₱75,000.00 as of December 31, 2021 and fully depreciated IT Equipment amounting to ₱93,300.89 were not disposed due to non-preparation of the IIRUP and the inaction of the former Property Officer to conduct the necessary procedure in the disposal of unserviceable property	b. We recommend the Management to direct the Property Officer to prepare the IIRUP for the unserviceable Motor Vehicle and IT equipment and immediately dispose all unserviceable properties in accordance with existing rules and regulations.	b. Dispose unserviceable property, plant and equipment in accordance to existing rules and regulations	b. PhilRaCom Disposal Committee			b. Implemented		b. Unserviceable property, plant and equipment were disposed thru public sale

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	as required under Section 40 of the GAM for NGAs, Volume I. Moreover, the said undisposed properties are exposed to further deterioration and losses.								
	c. Idle/Unutilized Other Machinery and Equipment – ₱6,702,500.00. Various laboratory equipment intended for the PhilRaCom's Equine Drug Testing Program, purchased in CY 2018 with a total cost of ₱6,702,500.00 remained idle and unutilized since 2018 due to the failure of Management to procure the screening equipment called Enzyme Linked Immuno Sorbent Assay (ELISA) contrary to Section 58 of the PD No. 1445, resulting in the loss of income to the government.	c. We recommend the Management to procure the screening equipment ELISA to continue the launch of the Agency's Equine Drug Testing Program and ensure that the delivered items were in accordance with the specifications stated in the Contract/Purchase Order.	c. Procure the Elisa Machine needed for the Equine Drug Testing	c. Equine Lab Division / Finance and Administrative Division			c. Implemented		c. The ELISA machine, procured through public bidding, was delivered and installed. The personnel concerned will undergo the required training. The Committee for the Revival of the PHILRACOM Equine Drug Testing Program is currently reviewing the existing guidelines and regulations to ensure the successful implementation of the Program.

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	d. Unreliable Other Payables Account – ₱1,101,249.16. The reliability of Other Payables account of ₱1,101,249.16 as of December 31, 2021 cannot be ascertained due to the absence of the supporting schedule contrary to Sec. 60, Chapter 19 of the GAM for the NGAs, Volume I.	d. We recommend the Management to require the Chief Accountant to submit the required schedule to support the balance as provided under Section 60, Chapter 19 of the GAM for NGAs, Volume I.	d. Reconcile accounting records for the supporting schedule on Other Payables related to stale checks from prior years				d. Implemented		d. Accounting records/books were adjusted based on Government Accounting Standards
B. Compliance Audit									
	3. For CY 2021, the Agency procured only two percent or ₱15,399.18 out of the total purchases of ₱650,433.00 of common-use supplies from the PS-DBM contrary with Administrative Order (AO) No. 17 s. 2011 and the Republic Act (RA) No. 9184.	We recommend the Management to strictly comply with the procurement rules as provided with RA 9184. Likewise, it is recommended that Management submit proof that the common use supplies they purchased from the private suppliers were not available in the PS-DBM.	Check availability of supplies on PS - DBM virtual store for advance procurement	Supply Officer/ Finance and Administrative Division			Implemented		Supply Officer checks availability of supplies in PS - DBM virtual store In case of non-availability of supplies in PS - DBM, PhilRaCom purchases supplies from outside supplier with lowest proposal Certificate of Non-Availability from PS - DBM

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									were provided for outside purchases
	4. Non-submission of paid payroll totaling ₱42,407,095.31 and delayed submission thereof ranging from 33 to 200 days, representing receipt of payment of additional prizes to the prizes recipients released thru the three Racing Clubs, were contrary to Section 10 of the MOA entered into by and between the PhilRaCom and the three Racing Clubs, thus, affected the timely verification of transactions and communication of audit results to Management.	We recommend the Management to require the three Racing Clubs to submit the paid payrolls to the Accounting Unit within 10 days after the release of the checks in accordance with Section 10 of the MOA and register the claimants into an easier system of payments.	Revise existing MOA and monitor strict compliance therewith	Chief Accountant / Finance and Administrative Division			Implemented		Revisions were made on the Memorandum of Agreement Regular meetings between PHILRACOM and Racing Clubs to monitor compliance and status of the submission of the required documents
	5. Non-submission of the documents to establish the validity of the payments on the ₱3,750,114.47 additional prizes released to claimants other than the appropriate recipients in CY 2020 contrary to Item 8.1 of the MOA.	We recommend the Management to instruct the Chief Accountant not to accept the payroll released to claimants other than the appropriate recipients without the required SPA.		Chief Accountant / Finance and Administrative Division			On going	Clubs were unable to submit required documents on time due to limited manpower due to quarantine protocols and the current COVID – 19 health crisis	Revisions were made on the Memorandum of Agreement Regular meetings between PHILRACOM and Racing Clubs to monitor compliance and status of the

