

TOURISM PROMOTIONS BOARD
CONCRETE AND TIMEBOUND ACTION PLAN ON COA OBSERVATIONS

AOM No.	Subject	Audit Observations	Action Plan	Management Reply
2016-01 March 2, 2016	Submission of Financial Documents/Reports, POs and Contracts to COA within the Prescribed Period	<p>a. Financial documents/reports, including Journal Entry Vouchers (JEVs) and Disbursement Vouchers (DVs), were not submitted within the prescribed period contrary to Section 41.2 & 41.3 and 122 of the PD No. 1445, COA Circular No. 95-006 dated May 18, 1995, Section 5.0 of COA Circular No. 92-89E Section 3 of Accounting Circular No. 2007-001 and Note 8, Section 71 of the MNGAS, Volume I, thus, affecting the timely verification of accounts as well as communication of results thereof.</p> <p>b. Copies of contracts/Purchase Orders (POs), together with the supporting documents, were not submitted to the Auditor within five (5) working days upon approval/perfection thereof contrary to Section 3.1.1 of COA Circular 2009-001.</p>	<p>a. Financial Statements for the year ended December 2015 will be submitted to the Office of the Auditor. Other related financial documents such as Check Disbursement Journal, Cash Receipts and Deposits Journal, Cash Disbursement Journal, General Journal, General Ledger, Subsidiary Ledgers (Payables, Receivables, and Cash Advances) will likewise be submitted to support the Financial Statements.</p> <p>b. Hire an Administrative Officer, designated to monitor the submission of all contracts/agreements within the prescribed period. Meantime, designate an officer, in an ad interim capacity, to oversee the timely submission of copies of contracts and agreements.</p> <p>c. Direct all project officers to immediately submit all perfected contracts/ agreements to the designated officer.</p>	<p>a. TPB is still in the process of reorganization. The exodus of seven (7) Finance personnel left the remaining staffs to handle the vital functions of the department. Also, financial transactions for the last quarter of 2014 to 2015 have significantly increased and from 3rd to 4th quarter of CY 2015, TPB is working on its ISO 9001:2008 certification.</p> <p>With the urgent request for immediate hiring of additional job order employees to assist the regular personnel in the Finance Department, we endeavor to submit on time the required financial reports to the Office of the Auditor.</p> <p>b. Management will designate an officer to monitor the timely submission of the contracts.</p> <p>c. Management will issue a memorandum directing the project officers to immediately submit perfected contracts to the designated officer.</p>

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2016-02 May 11, 2016	Implementation of Rationalization Plan	TPB has not completely implemented its rationalization plan and has not filled up the available plantilla positions approved by the Governance Commission for Government Owned and Controlled Corporations (GCG) under its Memorandum Order (MO) No. 2014-07, thus affecting the operations of TPB.	<p>a. Vacant positions will be posted at website [i.e. Jobstreet, TPB Website and Civil Service Commission (CSC)] to fast track the hiring of applicants.</p> <p>Invitation letters will be sent to eligible applicants from the list provided by CSC.</p> <p>Continuous assessment of applicants with complete documents.</p>	<p>a. Vacant positions have been posted at website (i.e. Jobstreet, TPB Website and Civil Service Commission (CSC) to fast track applicants.</p> <p>Invitation letters were sent to eligible from the list provided by CSC.</p> <p>We contracted an external service provider (University of the Philippines) to handle Psychological Test).</p> <p>Schedule applicants who met the CSC minimum requirements for interview and if qualified to go to the prescribed recruitment process.</p>
2016-03 May 17, 2016	Budget Utilization and Grant of Milestone Financial Assistance	<p>a. The budgets set by the TPB Management were not prudently set since budget exceeded actual expenses for projects/activities and operations in a material amount of P126.426 million and P71.571 million respectively as of CY 2015, thus, exposing the corporation to unnecessary risk of misuse of funds.</p> <p>b. Because of the availability of so much funds we noted excessive</p>	<p>a. Budget Division will ensure timely submission of the budget proposals and Corporate Operating Budget (COB) based on the DBM budget calendar;</p> <p>Budget will also ensure the implementation of projects under its work program</p>	<p>a. The basis for the computation of the variance is the TPB-proposed budget which was approved by the Board of Directors, not the Department of Budget and Management's (DBM) approved budget (see Annex "A). The Budget Division used the forward estimates as proposed in 2014 as basis (column as "Approved Budget") since the DBM only released its approved COB only in December 2015, despite of</p>

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		<p>claims/charges in the liquidation of cash advances of officers/employees as discussed in a separate AOM.</p> <p>TPB also paid milestone financial assistance for 2016 for regular and JO personnel equivalent to one-month salary inclusive of allowances for regular and P20,000 per JO which were charged to 2015 budget despite absence of legal basis and supporting documents. This is over and above payment of 2016 Anniversary Bonus (milestone) paid to regular and JO personnel.</p> <p>c. Total budget for project costs which amounted to P1,659 million or 81% of the total budget for TPB exceeded actual expenses by P39.82 million. Only budget for market communications and special events incurred a deficit of P11.03 million and P4.91 million respectively. Marketing communications had a budget of 59% of the total budget for projects. Releases to different posts abroad were taken out of the</p>	<p>b. To follow-up the analyst-in-charge of the TPB's budget re: approved-level for the present year.</p> <p>c. In re: charging to the SCF, to certify that the programs/projects/activities (PPA) that were charged therein are either unprogrammed or based on the urgent implementation of the said PPAs.</p> <p>d. To submit legal basis and arguments as well supporting documents.</p>	<p>submission last April 2015 (see Annex "B" for the comparative analysis).</p> <p>As we have no basis at the time, based on our computation, we have exceeded the budget approved by the DBM in the amount of P568 million due to increase in operating expenses.</p> <p>b. The TPB Management recommended to the Board the grant of financial assistance to TPB officers, employees and job order personnel to compensate their exemplary performance towards the implementation of a quality management system that aims to improve the quality of service to TPB stakeholders. Pursuant to R.A. 9593 and its Implementing Rules and Regulations, the TPB Board of Directors has the authority to approve compensation, allowances and benefits of TPB officers and employees having been exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law, as well as other laws, rules and regulations on salaries and compensations.</p>

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		<p>International budget while releases to DOT regional offices were taken from Contingency Fund.</p> <p>d. The unused budget for Personnel services (PS) amounted to P59.753 million due to unfilled regular positions. Productivity Enhancement Bonus also exceeded the budget by P413,287.</p> <p>e. Amount earmarked for the purchase of vehicles exceeded the budget by P0.336 million.</p>		<p>(SCF) ✓ c. The Special Contingency Fund (SCF), created under Republic Act No. 9593, is the TPB's back-up fund for emergency purposes. However, the TPB tapped the SCF in 2015 to augment their budget for the ASEAN Tourism Forum, which was held last January 2016. At present, the DOT is currently replenishing the SCF via presentation of valid documentation and invoices.</p> <p>d. PS levels were estimated based on the submission of the Human Resource Division as to the number of personnel which shall be hired for a specific corporate year. The goal is to regularize some, if not all, the existing job-order contractuels and not to hire external applicants.</p> <p>e. From the year of estimation up to the time of actual procurement, the price of the motor vehicles (being part of the Annual Equipment Procurement Plan) increased due to external factors beyond the control of the TPB. The division in-charge of procurement</p>

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				<p>should also inform that this transaction did not push through since there was no DBM Authority to Purchase Motor Vehicles issued in favor of the TPB.</p> <p>For 2016, the Budget Division shall remind all organizational units to inform us of any cancellations/revisions in the purchase orders/requests.</p>
2016-04 May 17, 2016	Fund Transfers to DOT Regional Offices	Funds transferred to different DOT regional offices for financial assistance and marketing programs were taken up as advances to officers and employees and were not liquidated by concerned Accountable Officers (AOs) within the prescribed period contrary to COA Circular 97-002 dated February 10, 1997 and COA Circular No. 94-013 dated December 13, 1994, thus, resulting in the delay in the recording of expenses.	<p>Accounting will comply with the proper recording and treatment of the fund transfers to Regional Offices.</p> <p>Management will send demand notices to concerned LGUs with outstanding cash advances.</p>	<p>Accounting will take up the fund transfers to Regional offices as Cash Inter-agency by TPB.</p> <p>Accounting will also coordinate with LGUs on the accounting treatment for the fund transfers and reportorial requirements as prescribed in the COA Circular 94-013.</p> <p>Management has already sent demand notice and follow up letters to concerned LGUs to liquidate their outstanding cash advances.</p>

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				Coordinate and seek the assistance of the DOT to issue memorandum to its personnel with unliquidated funds.
2016-05 June 2, 2016	Cash Advances of Officers and Employees	<p>Cash Advances (CA) of officers and employees were not liquidated within prescribed period and additional cash advances were granted even with outstanding unliquidated balances contrary to COA Circular No. 97-002 dated February 10, 1997.</p> <p>Expenses were not fully supported by valid documents and the Reimbursement Expenses Receipts (RERs) were used to support various expenses contrary to COA Circular No. 2004-006 dated September 9, 2004, thus, expenses may be considered as either irregular, excessive or unnecessary.</p>	<p>Management will issue demand letters to all concerned TPB employees re immediate liquidation of unliquidated cash advances beyond the prescribed period.</p> <p>Reassuring the submission of official receipts in lieu of RERs; in cases where OR is not available, a written justification will be given.</p>	<p>Demand letters have been issued to concerned TPB employees with outstanding cash advances. Withholding of salaries of officers with over 120 days outstanding cash advances has also been implemented.</p> <p>All TPB officers and employees have been advised on the guidelines on the use of RERs as prescribed in the COA Circular.</p>
2016-06 June 6, 2016	Fund Transfers to Philippine Department of Tourism/Tourism Attaches (PDOT/TAs)	The agreement between the Tourism Promotions Board (TPB) and Department of Tourism (DOT) to implement marketing programs and activities for and in behalf of TPB were not supported by Memoranda	a. Coordinate with DOT to execute a MOA between TPB and DOT with regard to the fund transfers to PDOT/TAs for the implementation of TPB projects;	MOA between TPB and DOT with regard to the Fund Transfers to PDOT/TAs has already been prepared for review/approval. (Please see attached draft of MOA).

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		<p>of Agreements (MOAs). Thus, the procedures and guidelines on remittances cannot be ascertained.</p> <p>The fund transferred to the Philippine Department of Tourism/Tourism Attaches (PDOT/TAs) was recorded as Cash Advances or Promotional and Marketing Expenses instead of Cash Inter Agency Transfer pursuant to Section 4.2 of COA Circular No. 94-013 dated December 13, 1994. Also, Cash Advances totaling P206.617 million were not reported as soon as the purpose for which these were given have been served contrary to Section 4.1 of COA Circular No. 97-002, resulting in the overstatement of advances and understatement of expenses incurred.</p>	<p>b. Comply with Section 4.2 of COA Circular 94-013 dated December 13, 1994 on the grant, utilization and liquidation of fund transfers to PDOT/TAs and establish systems and procedures in the implementation of the said COA Circular;</p> <p>c. Discontinue the granting of funds to non-permanent employees to protect TPB funds; and</p> <p>d. Demand all concerned PDOT/TAs in coordination with the DOT to liquidate their outstanding cash advances. Otherwise, this may be a ground for the issuance of a Notice of Disallowance.</p>	<p>Management will inform Project Officers as well as the Tourism Attaches of the COA Circular 94-013 on the grant, utilization and liquidation of Fund Transfers. Further, we will also establish systems and procedures in the implementation of the said COA Circular.</p> <p>Granting of funds to non-permanent employees will be suspended until such time the Memorandum of Agreement between DOT and TPB has been prepared.</p> <p>The Management has issued demand letters to concerned Tourism Attaches re immediate liquidation of unliquidated cash advances beyond the prescribed period.</p>
2016- (2015-02)- 02 March 3, 2016	Reiteration of Prior Year's Audit Observation	The amendment, renewal and extension of Advertising Services Contract in the total amount of P999.780 million entered into by and among DOT, TPB and the Advertising Consultant to undertake the production of the creative materials	For the Management to submit its Comment/Reply to the Audit Observation Memorandum relating to the Advertising Services Contract	The Management has already submitted its Comments to the subject Audit Observation Memorandum citing factual and legal basis/justification that the Advertising Services Contract were contracted in accordance with law.

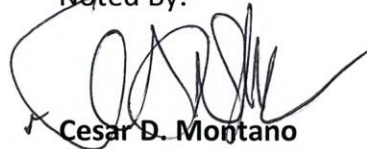
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		necessary for the implementation of the media plan for use in the "It's More Fun in the Philippines", were not in accordance with Section 10 of the IRR of RA 9184 hence the contracts were void/invalid.		

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