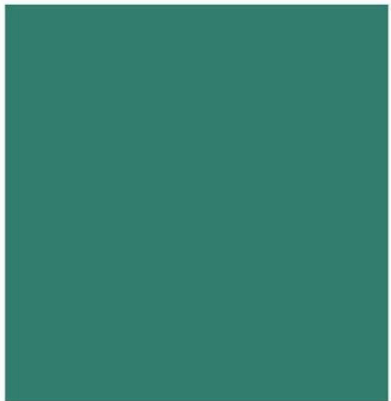


AUDIT COMMITTEE MEETING REPORT

20 March 2024 | via ZOOM Application



TPB AUDIT COMMITTEE MEETING REPORT

20 March 2024 / 10:30 am – 11:30 am

via Zoom Application

ATTENDEES	
INTERNAL AUDIT COMMITTEE MEMBERS:	
<u>Present:</u>	
1. Atty. Enrique Antonio J. Esquivel III	Alternate Member of the Board of Directors and Assistant Secretary, Department of Transportation
2. Mr. Eduardo F. Pelaez	Appointive Director (Other Tourism Enterprises) and President, Mapawa Nature Park
<u>Absent:</u>	
1. Mr. Jetro Nicolas F. Lozada	Alternate Member of the Board of Directors and Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority

TPB KEY OFFICIALS:	
1. Mr. Jerson C. Tomoling	Acting Head, Internal Audit Office
2. Atty. Gregory A. Nueva, LL.M.	Acting Head, Legal Department
3. Mr. Emmanuel A. Zarate	Acting Head, Management Information Systems Department
4. Mr. Jomar D. Tagao	Acting Manager, Finance Department

TPB OFFICE OF THE CORPORATE BOARD SECRETARY (SECRETARIAT):	
5. Atty. Jemimah Nissi M. Tiambeng	Board Secretary V
6. Benjamin Jose G. Gutierrez	Board Secretary II
7. Precious Anne G. Terceño	Administrative Assistant
8. Lyka A. Bactong	Agenda/Minutes Officer I

TPB PERSONNEL:	
9. Rossandra Amythea Q. Cayago	Acting Head, Personnel and Human Resources Development Division
10. Jennifer A. Alor	Acting Chief, Accounting Division

I. CALL TO ORDER

The Board Secretary V, Atty. Jemimah Nissi M. Tiambeng (Atty. Tiambeng), request the committee members to allow her to preside just until after the committee elects the chairperson, which is the fifth matter in the agenda. As approved by the members, Atty. Tiambeng called the meeting to order at 10:10 am.

II. INVOCATION

Atty. Tiambeng led the opening prayer.

III. DETERMINATION OF QUORUM

Ms. Lyka A. Bactong, from the TPB Secretariat, certified the existence of a quorum for the transaction of business; and confirmed that the Notice of Meeting, Agenda, and other pertinent board materials were timely sent to the committee.

IV. APPROVAL OF THE AGENDA

Atty. Tiambeng manifested the request of Atty. Gregory A. Nuega (Atty. Nuega), to include the Liquidation of Inter-Agency Funds of the DOT Regional Office IX in an Executive Session as part of Other Matters.

Upon the motion of Asec. Antonio Enrique J. Esquivel III (Asec. Esquivel), which was duly seconded by Dir. Eduardo F. Pelaez (Dir. Pelaez), the Committee approved the agenda of the TPB Audit Committee Meeting on 20 March 2024.

	<u>AGENDA</u>	COMMITTEE'S ACTION
I	Call to Order	
II	Invocation	
III	Determination of Quorum	
IV	Approval of the Agenda	
V	Election of the Committee Chairperson and Vice-Chairperson	
VI	Matters Arising	
	A. Status of IAO Workforce	For information / discussion
	B. Creation of a Procurement Management Division	For information / discussion
	C. Notice of Cessation re: Integrated Human Resource Information System (HRIS) with DBP Data Center, Inc.	For information / discussion
	D. Procurement of subscription services through a Multi-Year Contract (MYC)	For information / discussion
	E. Overpayment of Withholding Taxes for the Contract of Service/Job Order	For information / discussion
VII	For the Committee's Information	
	A. Results of the Management Audit: Personnel and Human Resource Development Division	For information / discussion
	B. Results of the Management Audit: ISO Quality Management System- Internal Quality Audit	For information / discussion
	C. Result of the Audit of Unliquidated Inter-Agency Fund Transfer of Selected Implementing Agencies (Domestic Promotions Department)	For information / discussion
	D. Overall Performance of the IAO for CY 2023	For information / discussion
VII I	Other Matters	
	A. Liquidation of Inter-Agency Funds of DOT Regional Office IX	
IX	Schedule of Next Meeting	
X	Adjournment	

V. ELECTION OF THE COMMITTEE CHAIRPERSON AND VICE-CHAIRPERSON

Dir. Pelaez was elected as the Chairperson of the Audit Committee. However, the nomination and election for the position of the Vice-Chairperson was parked as requested by Asec. Esquivel.

VI. MATTERS ARISING

VI. A. STATUS OF IAO WORKFORCE

Ms. Rossandra Amythea Q. Cayago (Ms. Cayago), Acting Chief of the Personnel and Human Resources Development Division (PHRDD), discussed that the Internal Auditor II position was filled-up as of January 2, 2024.

With regard to the possibility of Tourism Promotions Board (TPB) seniors to certify relative to the years of service and supervisory experience that the current Internal Auditor IV has performed within the past years, Ms. Cayago stated that the CSC has issued its reply dated 6 March 2024. As opined by the CSC, the Internal Auditor IV of the Internal Audit Office has performed supervisory or managerial functions during his designation as the office's Acting Head, notwithstanding that the positions under his supervision are vacant. In this regard, the Internal Auditor V position will be included in the agenda of the next Human Resource Management Promotion Selection Board (HRMPSB) meeting for the publication and posting of vacant positions.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. B. CREATION OF A PROCUREMENT MANAGEMENT DIVISION

Ms. Cayago discussed that as of 19 March 2024, the GCG will be releasing its recommendation by April, and the TPB shall continue to coordinate and monitor the progress of its request.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. C. NOTICE OF CESSATION RE: INTEGRATED HUMAN RESOURCE INFORMATION SYSTEM (HRIS) WITH DBP DATA CENTER, INC.

Atty. Nueva explained that the Legal Department has issued its opinion on 3 January 2024, and the PHRDD has emailed its rejoinder on 14 February 2024. The Legal Department is awaiting the PHRDD's submission of the written

instruction on the release of the 15% contract price payment to DBP Data Center, Inc. (DBP DCI).

Asec. Esquivel inquired about the status of the contract with DBP DCI. Atty. Nuega explained that it was already terminated in the previous year due to the non-delivery of the deliverables to the end-user.

Asec. Esquivel asked the percentage paid by the TPB on the entire contract price. Atty. Tiambeng replied that a total of 25% has been paid, with 10% and 15% payment for the first and second tranche. Asec. Esquivel then requested clarification on why the Management is trying to find out who authorized the release of 15% payment for the second tranche. Atty. Nuega explained that since the deliverables are not working, there is a need to reconcile the matter regarding the administrative liabilities.

Asec. Esquivel suggested that the Committee should wait for the final findings of the Legal Department to decide whether the matter be recommended to the Board. He added that **the findings and recommendation of the matter shall be submitted and reported to the Committee on 15 April 2024 for the Special Audit Committee Meeting.**

There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VI. D. PROCUREMENT OF SUBSCRIPTION SERVICES THROUGH A MULTI-YEAR CONTRACT (MYC)

Mr. Emmanuel A. Zarate (Mr. Zarate), the Acting Head of the Management Information System Department (MISD), discussed that based on the directives from the Committee, the MISD had reached out to the Bids and Awards Committee (BAC) to seek guidance and expertise on procurement law to ensure the execution of the multi-year contract for the following year. In addition, the department shall collaborate with the Finance Department, primarily the Budget Division, to establish the budget allocation for the MYC.

Asec. Esquivel asked Mr. Zarate what types of subscriptions services will be availed by TPB, to which the latter answered that most of the subscriptions are software and Cloud-based services like the Microsoft 365, Adobe Creative Cloud Teams, Adobe Key products, etc. In addition, the MYC shall be for a period of three years, approximately.

Dir. Pelaez instructed the MISD to provide a matrix of subscriptions at the Special Audit Committee Meeting.

There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VI. E. OVERPAYMENT OF WITHHOLDING TAXES FOR THE CONTRACT OF SERVICE/JOB ORDER

Mr. Jomar D. Tagao (Mr. Tagao), the Acting Head of the Finance Department, reported the matter to the Committee.

He discussed that the Finance Department was still in the process of evaluating the availability of the options to address the concern. **Dir. Pelaez requested for the findings to be reported at the Special Audit Committee Meeting.**

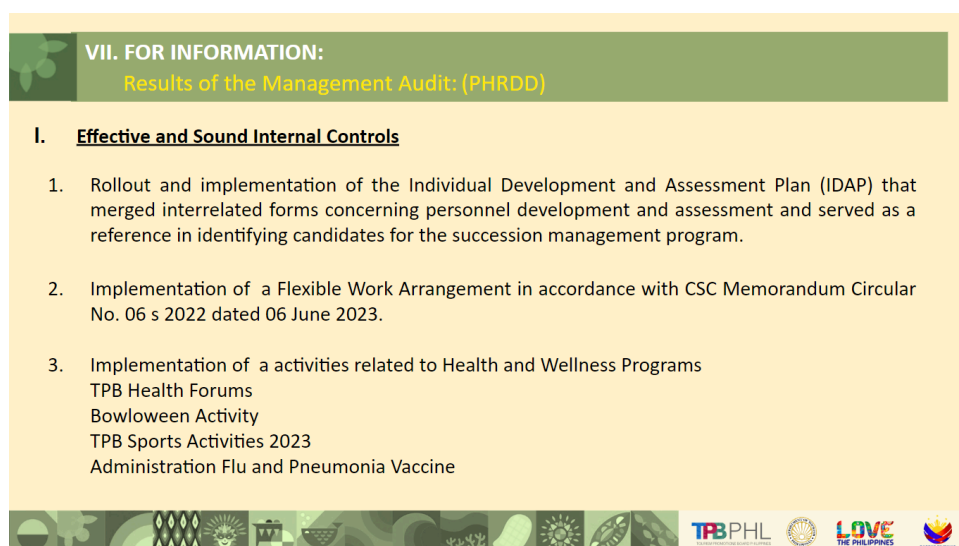
Asec. Esquivel shared that the matter shall be addressed as soon as possible since the JOs/COS are greatly affected.

There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VII. FOR THE COMMITTEE'S INFORMATION

VII. A. RESULTS OF THE MANAGEMENT AUDIT: PERSONNEL AND HUMAN RESOURCE DEVELOPMENT DIVISION

Mr. Jerson C. Tomoling (Mr. Tomoling), Acting Head of the Internal Audit Office (IAO), reported the matter to the Committee, as follows:



The screenshot shows a presentation slide with a green header and a yellow body. The header contains the text 'VII. FOR INFORMATION: Results of the Management Audit: (PHRDD)'. The body contains a section titled 'I. Effective and Sound Internal Controls' with three numbered points. The first point describes the rollout of the Individual Development and Assessment Plan (IDAP). The second point describes the implementation of a Flexible Work Arrangement. The third point describes activities related to Health and Wellness Programs, including TPB Health Forums, Bowloween Activity, TPB Sports Activities 2023, and Administration Flu and Pneumonia Vaccine. At the bottom of the slide, there is a row of logos, including TPBPHL, the Philippine Department of Health logo, and the 'LOVE THE PHILIPPINES' logo.

VII. FOR INFORMATION:
Results of the Management Audit: (PHRDD)

I. Effective and Sound Internal Controls

1. Rollout and implementation of the Individual Development and Assessment Plan (IDAP) that merged interrelated forms concerning personnel development and assessment and served as a reference in identifying candidates for the succession management program.
2. Implementation of a Flexible Work Arrangement in accordance with CSC Memorandum Circular No. 06 s 2022 dated 06 June 2023.
3. Implementation of activities related to Health and Wellness Programs
TPB Health Forums
Bowloween Activity
TPB Sports Activities 2023
Administration Flu and Pneumonia Vaccine

VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

I. Effective and Sound Internal Controls

4. Based on 4 samples of recruited/promoted applicants, significant compliances with the 2017 Omnibus Rules on Appointments and Other Human Resource Actions (ORAOHRA)
 - a. Posting of vacancies in three conspicuous places within ten (10) days in compliance with section 7 a.11 of Rule III of the ORAOHRA
 - b. Posting of Notice of Appointments in three (3) conspicuous places for the period of fifteen (15) days.
 - c. Supported with a competency assessment conducted by a third-party supplier, and PSB recommendations and resolutions.

Payroll

5. Strict monitoring of Daily Time Records was demonstrated for the period January to June 2023.
 - Reporting to Office : Use of Biometrics Finger Scan or Bundy Click
 - Work from Home: Use Online Time and Attendance Monitoring (TAMS)



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

I. Effective and Sound Internal Controls

6. Based on samples, the claim for Overtime (OT) Pay for permanent personnel is supported with complete documentation such as DTR, Accomplishment Report, Authority to render Overtime services, and Daily Trip Ticket, in accordance with COA Circular 2012-001 dated 14 June 2012 and CSC-DBM Joint Circular No. 02, s. 2015.
7. Effective monitoring control on the submission of the IPCR/DPCR/OPCR was demonstrated as evidenced by the withholding of the Mid-Year Bonuses for CY 2023 of the two personnel who did not submit their IPCR within the stipulated deadline.



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

I. Effective and Sound Internal Controls

8. Effective process and review control was demonstrated as evidenced by the accurate computation of the Year-End Bonus for CY 2022 and a Mid-Year Bonus for CY 2023, and were given to qualified/eligible employees only, in accordance with GCG Memo. Circular No. 2018-03 dated 09 May 2018 and CPCS Circular 2021-001 dated 12 Jan 2021.
9. Thirteen (13) out of fourteen (14) samples of Application for Leaves were duly approved by the authorized signatory which represents ninety-three percent (93%). Corrective measure was implemented by imposing a salary deduction of the concerned personnel which is equivalent to the leaves taken but without approval.



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

I. Effective and Sound Internal Controls

10. The TPBs Learning and Development Plan for Calendar Years (CYs) 2022-2024, and the corresponding Annual Training Plan for CY 2023 were established, approved, and implemented
11. Conducted a Competency Assessment in the month of December 2022 to identify gaps and eventually close them through various interventions such as capacity building, seminars, and coaching.



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

1. Based on samples, the duly signed Payroll Sheet for the processing of payroll for permanent personnel, in the month of December 1-31 2022 and March 16-31 2023 was not attached, as required in step no. 9 of the process "Payroll Preparation" (QOM-PHRD-04).

Management Reply:

- a. *The PHRDD followed the TPB Manual of Signing Authority, Item G "Payroll Summary Sheet (General Basic, Allowances and Bonuses /incentives)*
- b. *The ISO Step no. 9 of the process "Payroll Preparation" (QOM-PHRD-04) was complied on the bank-related document particularly the Payroll Registry.*



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

2. The following TPB officers were designated to management positions without an incumbent for more than two (2) years which is not aligned with the provision of 2017 ORAOHRA.

Name	Designation	Original Officer Order (OO)			Latest Extension Office Order			Length to date
		No.	Date	Effectivity	No.	Date	Effectivity	
J. Tomoling	Acting Head, Internal Audit Office	2021-001	04-Jan-21	04-Jan-21	2022-071G	01-Aug-22	onwards	2 years and 10 months
M. Ochoa	Acting Head, ASPAC, IPD	2021-036E	26-Jul-21	01-Aug-21	2023-077D	13-Sep-23	until 31 July 2024	2 years and 4 months
M. N. Miranda	Acting Head, Brand Management and Advertising, MARCOM	2021-041B	11-Aug-21	23-Aug-21	2023-077D	13-Sep-23	until 31 July 2024	2 years and 3 months

Section 13. C. 4 of the 2017 ORAOHRA provides:

"For positions without incumbents, a designation may be made only for a maximum of one (1) year. However, the designation of employees may be renewed every year in the exigency of the service but not to exceed two (2) years."



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

- As discussed during the exit meeting with the PHRDD and Administrative Department, the designation were extended beyond two years as this is the most advantageous and favorable to the TPB wherein a vacuum of these positions would have a negative impact on the operation, particularly, the effective and efficient implementation of the processes, programs, projects, and activities.

Management Reply:

Please note that TPB Management is endeavoring to fill up vacant items. And as represented, Management retained the designations of the concerned employees in the exigency of the service and that extending their designation is most advantageous and favorable to the Corporation.



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

Samples on Personnel under Probationary

- There was no available Performance Evaluation Report from the Performance Management Team(PMT) to demonstrate that a performance review was conducted within ten (10) days before the end of every rating period during the probationary period (Section 15 of the 2017 ORAOHRA 2017 ORAOHRA)

Management Reply:

The PHRDD developed an evaluation form to be used as basis for the action to be taken during the probationary period.

Moving forward, we shall apply the appropriate SPMS form to evaluate the performance of concerned individuals during the probationary period.



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

- Based on samples, a weakness in the process and monitoring control was observed as the timeline of the processing of Recruitment, Selection, and Promotion of the below personnel exceeds the target turn-around time of sixty (60) to seventy- five (75) working days (wd) from the initial assessment to the approval of the appointment.

Plantilla Item No.	Position	SG	Initial Assessment	Signed Appointment	Asses. to Signed Appointment	Turn Around time	Variance
97	Market Specialist II	15	09-Mar-23	16-Jun-23	74 wd	60 wd	14 wd
40	Senior Con. Services Officer	18	05 Jan. 2023	08-May-23	80 wd	65 wd	15 wd
90	Secretary 1	7	16 Feb. 2023	16-Jun-23	78 wd	60 wd	18 wd
157	Admin. Services Officer III	15	04 Jan. 2023	20-Apr-23	71 wd	60 wd	11 wd



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

4. Relative to the above-presented, there was a delay in the submission of the result of the deliberations by the TPB Human Resource Merit Promotion and Selection Board (HRMPSB) such as the Recommendation Form and the candidate Rating Sheet as presented in the table below.

Plantilla Item No.	HRMPSB Interview	Date received HRMPSB Compete Recommendation	No. of WD	WD per process	Variance
97	20-Apr-23	01-Jun-23	29	5	24
40	21-Feb-23	09-Mar-23	11	5	6
90	04-Apr-23	22-May-23	21	5	16
157	21-Feb-23	09-Mar-23	11	5	6

The Management has initiated and implemented corrective actions until December 2023.



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

Management Reply:

Based on the Corrective Action submitted for the recruitment process, the HRMPSB will strictly observe the specific actions identified such as the submission of the accomplished Recommendation and Rating Forms prior to the end of the deliberation.



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

5. Based on the Recruitment, Selection, and Promotion Monitoring Sheet, there was a delay in the submission of the assessment report by the supplier People Dynamics, Inc. which is not compliant with the provision of the Term of Reference (TOR)/Contract.

Name of Applicant	Position	Dept. / Div.	Date of Online Assessment	Date Received Full Assessment Report	No. of Days	Per TOR	No. of Days Delay
F.E. Padillo	Information Officer II	MARCOM	13-Apr-23	04-May-23	21	14	7
J.A. Cunanan	Budget Officer II	Finance	18-Mar-23	12-Apr-23	25	14	11
S. Fajardo	Administrative Services Officer III	PGSD	19-Mar-23	12-Apr-23	24	14	10

Per TOR: "Within 2 weeks or 14 calendar days turnaround time for the completion of online assessment with submission of full reports and comparative matrix of assessment."



VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

Management Reply:

PHRDD has instituted a tool to monitor real time the turn around submission of the report. The service provider, as required by the PHRDD RSP Team, improved how the two (2) assigned psychologists can facilitate evaluation and processing of the reports. PHRDD shall continue to monitor and reiterate the timely submission of reports.



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

II. Highlights of Weakness of Controls /Deficiencies

1. Sustain and maintain the positive findings and measures noted by the IAO, and ensure its continuous and effective implementations.

Management Reply:

Thank you and noted on the recommendation

2. Coordinate with the Finance Department to impose penalty during the processing of payment in accordance with the penalty clause stated in Purchase Order No. 2023.04.051, to the supplier People Dynamics, Inc. The penalty is attributable to the everyday delay in the submission of the full assessment report of the candidates not beyond fourteen days from the assessment examination.

Management Reply:

Noted on the recommendation. PHRDD RSP to coordinate with the Finance Department on the imposition of penalty to the service provider prior to processing the October and November billing statements.



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VII. FOR INFORMATION:

Results of the Management Audit: (PHRDD)

III. Highlights: Audit Recommendations

3. The PHRDD should require the submission of the Performance Evaluation Report as reviewed by the PMT for all newly recruited personnel under the probationary period of six (6) months in compliance with the provision of the 2017 ORAOHRA.

Management Reply:

Noted on the recommendation.



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VII. FOR INFORMATION:
Results of the Management Audit: (PHRDD)

III. Highlights: Audit Recommendations

4. The HRMO should ensure the effective implementation of the identified corrective actions relative to the issuance of the Corrective Action Reports during the internal quality audit to prevent the recurrence of the delay in the processing of recruitment, selection, and promotion of permanent personnel. As underscored, these are the following but not limited to:
 - The HRMO should strictly monitor and follow up on the timely submission of recommendations and results of the deliberations by the TPB HRMPSB within 5 working days from the interview of the applicant.
 - The PHRDD should inform the supplier of the services for the conduct of assessment examinations that the TPB will impose penalties for the delayed submission of the full assessment report.

Management Reply:
Noted on the recommendation.



Dir. Pelaez inquired as to why the extension of the designation of personnel is advantageous to the TPB. Mr. Tomoling replied that the failure of the Management to extend the designation will be more problematic since it will create a vacuum in the position, rather than just extending the period of the personnel currently designated to hold the subject positions.

Dir. Pelaez instructed the IAO to create an overall performance scorecard for the next Management Audits.


VII. B. RESULTS OF THE MANAGEMENT AUDIT: ISO QUALITY MANAGEMENT SYSTEM- INTERNAL QUALITY AUDIT

Mr. Tomoling reported the Results of the Management Audit: ISO Management System – Internal Quality Audit to the Committee, as follows:

VII. FOR INFORMATION:
Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

I. Effective and Sound Internal Controls

1. Supportive Leadership from the TPB Management towards the Quality Management System:
 - a. The Internal Quality Audit was successfully conducted from 26-28 July and 24 August 2023.
 - b. Internal Quality Auditors were provided with Training and Workshops.
 - c. Conducted Management Review on 06 September 2023.
 - d. Pre-Surveillance audit to examine the readiness of the QMS for an external audit was conducted by the ISO Consultant from 11-14 and 18 September 2023.



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

I. Effective and Sound Internal Controls

2. The Internal Quality Audit (IQA) conducted on 26-28 July and 24 August 2023 has demonstrated compliance with the QMS ISO Standards 9001: 2015 and, exhibited sound process controls in place.
 - a. All Internal Quality Auditors met the required qualifications criteria in terms of education, training, work experience, and skills as required by the ISO Standard.
 - b. The Internal Quality Audit (IQA) Plan and Program were established for the Calendar Year (CY) 2023 and duly signed by the IQA Head, Quality Management Representative (QMR), and Chief Operating Officer.
 - c. The IQA Checklists for all audited processes were established and served as a guide for the IQA auditors during the conduct of the audit.
 - d. All documented processes contained in the approved IQA Plan were audited during the conduct of IQA for the 1st Semester CY 2021.



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

I. Effective and Sound Internal Controls

3. There was no on-conformity noted during the second surveillance audit conducted on 24 October 2023 by the TUV Nord Philippines and the TPB has been recommended to retain its ISO QMS certification 9001. 2015.



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

II. Weakness of Controls and Deficiencies

1. Recurring deficiencies from the previous year's audit:
 - a. The TPB's Corporate Strategic Risk and Opportunities Matrix, and Corporate Risk/Opportunity Control Plan were not included in the IQA Plan and Program during the conduct of the Internal Quality Audit. Thus, these identified risks and their corresponding controls and activities were not verified, evaluated, and validated by the IQA Team.

Management Reply:

For the next Internal Audit Schedule, we will include the abovementioned process in the Audit Plan.



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

II. Weakness of Controls and Deficiencies

2. Non-availability of the below documents:

- a. Monitoring Tool or a similar document that monitors the timely submission of the IQA Reports within five (5) days from the last day of the audit as stipulated in step 11 IQA Process SPM-04.
- b. Minutes of the Entry and Exit Meeting for the IQA conducted on 26-28 July and 24 August 2023

Management Reply:

- a. *The Internal Audit Team will ensure the improvement of the existing monitoring tool.*
- b. *Attached is the minutes of the meeting for the entry meeting for 26 to 28 July 2023. No minutes of the meeting was prepared during the exit meeting. We will prepare on the next Internal Audit Schedule.*



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

II. Weakness of Controls and Deficiencies

3. The below CAR forms were not properly filled out as the date of issuance, review and acceptance was not indicated therein thus the timeliness of its execution cannot be ascertained.

CAR No.	Date of Issuance	Signed		
		Date Issued	Date Reviewed	Date Accepted
2023-02-001	01 August 2023	01 August 2023	None	23 August 2023
2023-02-002	01 August 2023	01 August 2023	None	None
2023-02-003	None	01 August 2023	None	None
2023-02-004	None	17 August 2023	None	None
2023-02-005	None	01 August 2023	None	None

Management Reply:

- a. *The CAR issued during the Internal Audit Meeting will be review and close during the next Internal Audit, whichever is applicable, thus, for the presented CAR, the document will be filled out on the next Internal Audit.*



VII. FOR INFORMATION:

Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

II. Highlights: Audit Recommendations

1. Sustain and maintain the positive findings noted by the IAO and ensure its continuous and effective implementations.

Management Reply:

The IQA Team will sustain and maintain the positive findings noted by the IAO and ensure its continuous and effective implementations.



VII. FOR INFORMATION:
Results of the Management Audit: ISO QMS 9001:2015 - Internal Quality Audit

II. Highlights: Audit Recommendations

2. The ISO Team should exercise due diligence in implementing the Internal Quality Audit to strengthen the process, supervision, and management controls to ensure the following:

- Strictly monitor the timely submission of the IQA Report within five (5) days from the last day of the audit.
- Timely preparation of the minutes of the meeting.
- Include in the IQA Plan the audit of the SPM process "Risk Identification, Evaluation and Control" (SPM-06) so that identified corporate-level risks and the corresponding management action plans are verified, validated, and evaluated.
- Ensure that the Corrective Action Reports are fully filled out for audit

Management Reply:
Based on the audit result of the IAO, the ISO Team including the Secretariat, QMR and IQA Team will exercise due diligence in implementing the Internal Quality Audit and other ISO related activities for improvement of our QMS especially in the abovementioned audit findings.

Dir. Pelaez asked whether the Management passed. Mr. Tomoling confirmed the same and informed the committee that the TPB was recertified.

Dir. Pelaez inquired if there are any certifications higher than the ISO 9001:2015 Quality Management System that the TPB could avail, to which Mr. Tomoling replied that there seems to be no other certifications and most government agencies avail the ISO 9001:2015 certification.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. C. RESULT OF THE AUDIT OF UNLIQUIDATED INTER-AGENCY FUND TRANSFER OF SELECTED IMPLEMENTING AGENCIES (DOMESTIC PROMOTIONS DEPARTMENT)

Mr. Jerson C. Tomoling reported the Result of the Audit of Unliquidated Inter-Agency Fund Transfer of the Selected Implementing Agencies to the Committee, as follows:

VII. FOR INFORMATION:
Results of Audit of Unliquidated Inter-Agency Fund Transfer of Selected Implementing Agencies (Domestic)

The audit has contributed to the reduction of unliquidated inter-agency fund transfer in the total amount of **P20,466,086.16 (49.31%)**.


AUDITEE	Unliquidated Funds	Total Reduction	Balance	% of Reduction
Municipality of Badian, Cebu	897,960.00	897,960.00		100%
DOT RO VII	2,096,133.52	2,096,133.52		100%
DOT RO X	4,829,543.45	4,829,543.45		100%
Municipality of Lucban, Quezon	10,000,000.00	9498829.93	501170.07	94.98%
DOT RO XI	13,946,036.74	3143619.26	10,802,417.48	22.54%
City Gov't of Baguio	8,850,721.11		8,850,721.11	0%
DOT RO IV-A	879,077.48		879077.48	0%
Total	41,499,472.30	20,466,086.16	21,033,386.14	49.31%

VII. FOR INFORMATION:
Results of Audit of Unliquidated Inter-Agency Fund Transfer of Selected Implementing Agencies (Domestic)

Issues and Concerns:

1. DOT RO XI:
 The Finance Department issued a certification dated 29 September 2015 certifying that they received Liquidation Report amounting to P5,002,689.42 for project "Mindanao Communication Plan 2014 and still subject for COA review.

But this amount is still unliquidated per TPBs record. To date, The Finance Department is exerting all efforts to locate the liquidation documents




VII. FOR INFORMATION:
Results of Audit of Unliquidated Inter-Agency Fund Transfer of Selected Implementing Agencies (Domestic)

Issues and Concerns:

2. City Government of Baguio
 The following were implemented beyond the implementation period but without a supplemental MOA/Addendum Agreement:

PPA	For Processing	Approved Extension	Implementation
Promotional and/or Informational Signage at Tourism Sites	6,178,260.00	Until December 2021	13-Jun-23
Financial assistance for COVID 19	1,167,475.20	03 Nov. 2021	To be completed April 2024
Total	7,345,735.20		

TPB received a letter from CGB on 19 February 2024 requesting the execution of a Supplemental Memorandum Agreement.



Mr. Tomoling agreed with Dir. Pelaez's comment that it would be difficult to reconcile the matter since it happened way back in 2015. Dir. Pelaez suggested the preparation of a write-off of the unliquidated fund transfer, but Mr. Tomoling stated that the same is still subject to certain criteria.

Dir. Pelaez instructed the Legal Department to check what other documents shall be acceptable to request the write-off of unliquidated fund transfers, in coordination with the Finance Department.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. D. OVERALL PERFORMANCE OF THE IAO FOR CY 2023

Mr. Tomoling presented the Overall Performance of the IAO for CY 2023, as follows:

VII. FOR INFORMATION:

Overall Performance of the IAO for CY 2023

Internal Audit Activities and Accomplishments:

TARGETS				ACTUAL ACCOMPLISHMENTS			
Audit Activities/ Auditee	Reference Doc.	Audit Type	Tentative Period	Implementatio n Period /Ref. Memo	No. of Audit Findings		Audit Recom.
					Positive	Deficiencies	
Field Audit with DOT Regional Offices- With Highest amount of Unliquidated Funds	Annual Audit Plan 2023	Special Audit	January – February 2023	Agoncillo/ DOT RO 4A/ LGU Iloilo: Jan-Feb 2023			15
International Promotions Department		Operations Audit	February-March 2023	20-Mar-23	8	15	6
Marketing Communications Department			April- May 2023	24-Apr-23	8	10	7
Domestic Promotions Department			May-June 2023	31-May-23	8	10	6



VII. FOR INFORMATION:

Overall Performance of the IAO for CY 2023

TARGETS				ACTUAL ACCOMPLISHMENTS			
Audit Activities /Auditees	Reference Document	Audit Type	Tentative Period	Implementatio n	No. of Audit Findings		Audit Recom.
					Positive	Deficiencies	
TPB's Quality Management System ISO 9001:2015	Annual Audit Plan	Management Audit	July-August 2023	21-Dec-23	11	5	5
Finance Department	Annual Audit Plan	Management Audit	July-August 2023	12-Sep-23	6	13	11
Conduct of Audit with Personnel and Human Resource Development Division	Annual Audit Plan	Management Audit	October-Nove mber 2023	06-Dec-23	15	9	10
Conduct of Audit in Procurement and General Services Division (PGSD)	Annual Audit Plan	Management Audit	September to October	25-Oct-23	23	15	8

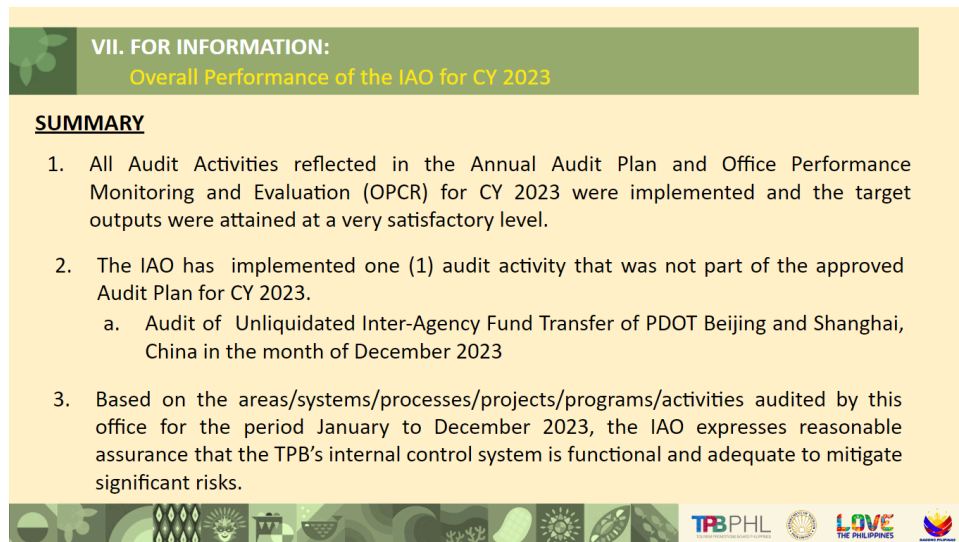


VII. FOR INFORMATION:

Overall Performance of the IAO for CY 2023

TARGETS				ACTUAL ACCOMPLISHMENTS			
Audit Activities/ Auditees	Reference Document	Audit Type	Tentative Period	Implementation Period /Ref. Memo	No. of Audit Findings		Audit Recom.
					Positive	Deficiencies	
Financial Audit- Unliquidated Funds of PDOT Beijing and Shanghai China	Request from Management	Financial Audit	Dec-23	December 14-22, 2023			
Audit Committee Meeting	Annual Audit Plan 2023	Non-Audit Activities	Year Round	Year Round	Initiated four (4) Audit Committee Meetings		
Attend Training and Seminars	Annual Audit Plan		Year Round	Year Round	Attended Trainings/Seminars		
Review of Internal Audit Manual and Charter, and revise as applicable,	Annual Audit Plan 2023		November- December 2023	November-Dece mber 2022	There was no significant new policies and procedures nor has an urgency that warrants its amendments.		





Dir. Pelaez asked about the status of hiring personnel in the IAO, to which Mr. Tomoling answered that two Internal Auditors are currently hired.

VIII. OTHER MATTERS

VIII. A. LIQUIDATION OF INTER-AGENCY FUNDS OF DOT REGIONAL OFFICE IX

Atty. Nueva presented a concern on the Liquidation of Inter-Agency Funds of DOT Regional Office IX in an Executive Session. Dir. Pelaez instructed the Legal Department to provide an update on the 15 April 2024 Special Audit Committee Meeting.

No other matters were raised by the Committee.

IX. SCHEDULE OF NEXT MEETING

The proposed Regular Audit Committee Meetings are scheduled on 19 June 2024, 18 September 2024, and 9 December 2024, 10:30 am - 11:30 am via Zoom Application.

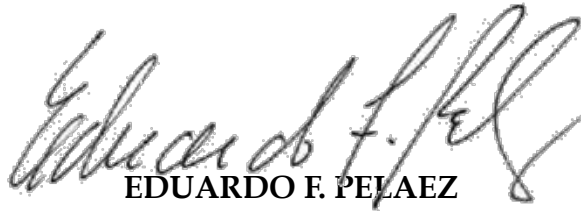
X. ADJOURNMENT

There being no other matters for discussion, the meeting was adjourned at 11:56 am.

Prepared by:

ATTY. JEMIMAH NISSI M. TIAMBENG
Board Secretary V

Approved by the TPB Audit Committee:



EDUARDO F. PELAEZ

*Chairperson, TPB Audit Committee and
Appointive Director (Other Tourism Enterprises)*

ENRIQUE ANTONIO J. ESQUIVEL

*Member, TPB Audit Committee and
Alternate Member of the Board of Directors and
Assistant Secretary, Department of Transportation*

Did not attend

JETRO NICOLAS F. LOZADA

*Member, TPB Audit Committee and
Alternate Member of the Board of Directors and
Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority*



SPECIAL AUDIT COMMITTEE MEETING REPORT

29 April 2024 | via ZOOM Application



TPB SPECIAL AUDIT COMMITTEE MEETING REPORT

29 April 2024 / 2:00 pm – 3:00 pm
via Zoom Application

ATTENDEES	
INTERNAL AUDIT COMMITTEE MEMBERS:	
<u>Present:</u>	
1. Mr. Eduardo F. Pelaez	Appointive Director (Other Tourism Enterprises) and President, Mapawa Nature Park
2. Mr. Jetro Nicolas F. Lozada	Alternate Member of the Board of Directors and Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority
<u>Absent:</u>	
1. Atty. Enrique Antonio J. Esquivel III	Alternate Member of the Board of Directors and Assistant Secretary, Department of Transportation

TPB KEY OFFICIALS:	
1. Mr. Jerson C. Tomoling	Acting Head, Internal Audit Office
2. Atty. Gregory A. Nueva, LL.M.	Acting Head, Legal Department
3. Mr. Emmanuel A. Zarate	Acting Head, Management Information Systems Department
4. Mr. Jomar D. Tagao	Acting Manager, Finance Department

TPB OFFICE OF THE CORPORATE BOARD SECRETARY (SECRETARIAT):	
5. Atty. Jemimah Nissi M. Tiambeng	Board Secretary V
6. Benjamin Jose G. Gutierrez	Board Secretary II
7. Precious Anne G. Terceño	Administrative Assistant
8. Lyka A. Bactong	Agenda/Minutes Officer I

TPB PERSONNEL:	
9. Rossandra Amythea Q. Cayago	Acting Chief, Personnel and Human Resources Development Division
10. Karen A. Padolina	Training Specialist III, Personnel and Human Resources Development Division

I. CALL TO ORDER

The Committee Chairperson, Dir. Eduardo F. Pelaez (Dir. Pelaez), called the meeting to order at 2:03 pm.

II. INVOCATION

Atty. Jemimah Nissi M. Tiambeng (Atty. Tiambeng) led the opening prayer.

III. DETERMINATION OF QUORUM

Atty. Tiambeng certified the existence of a quorum for the transaction of business; and confirmed that the Notice of Meeting, Agenda, and other pertinent board materials were timely sent to the committee.

IV. APPROVAL OF THE AGENDA

Upon the motion of ACOO Jetro Nicolas F. Lozada (ACOO Lozada), which was duly seconded by Dir. Pelaez, the Committee approved the agenda of the TPB Audit Committee Meeting on 29 April 2024, as follows:

	<u>AGENDA</u>	AUDIT COMMITTEE'S ACTION
I	Call to Order	
II	Invocation	
III	Determination of Quorum	
IV	Approval of the Agenda	
V	Matters Arising	
	A. Result of the Audit of Unliquidated Inter-Agency Fund Transfer of Selected Implementing Agencies	For information / discussion
	B. Liquidation of Inter-Agency Funds of DOT Regional Office IX	For information / discussion
	C. Procurement of subscription services through a Multi-Year Contract (MYC)	For information / discussion
	D. Notice of Cessation re: Integrated Human Resource Information System (HRIS) with DBP Data Center, Inc	For information / discussion
	E. Overpayment of Withholding Taxes for the Contract of Service/Job Order	For information / discussion
VI	Other Matters	

VI	Other Matters	
VII	Schedule of Next Meeting	
VIII	Adjournment	

V. MATTERS ARISING

VI. A. RESULT OF THE AUDIT OF UNLIQUIDATED INTER-AGENCY FUND TRANSFER OF SELECTED IMPLEMENTING AGENCIES

In relation to the Committee's instruction to explore or check what other documents are considered acceptable by the Commission on Audit (COA) in requesting a write-off of unliquidated fund transfers, Mr. Jerson A. Tomoling (Mr. Tomoling), Acting Head of the Internal Audit Office (IAO), discussed that TPB only follows the guidelines and procedure in the writing off and/or proper disposition of dormant accounts under COA Circular 2023-008, dated the 17 August 2023, as amended.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. B. LIQUIDATION OF INTER-AGENCY FUNDS OF DOT REGIONAL OFFICE IX

Mr. Tomoling discussed that the TPB will just wait for the result of the audit conducted by COA Regional Office IX, if there are any disallowances relative to the Liquidation of Funds. This is in accordance with COA Circular 94-013 dated 13 December 1994 which governs Inter-Agency Fund Transfer. He added that as of date, there are no disallowances or suspensions received from COA Regional Office IX.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. C. PROCUREMENT OF SUBSCRIPTION SERVICES THROUGH A MULTI-YEAR CONTRACT (MYC)

Mr. Tomoling discussed the matter to the Committee, as follows:

V. MATTERS ARISING FROM PREVIOUS MEETINGS



Proposed Subscription Procurement Matrix/List for Multi-Year Contract or CBI

List of PPAs	QUANTITY	ESTIMATED UNIT COST
Systems Subscription and Cloud Services		
Cloud Infra Subscription	1	1,000,000.00
Sub Total		1,000,000.00
Internet Subscription Expenses		
Internet Service Provider	1	2,400,000.00
Sub Total		2,400,000.00
VAPT System Services		
Vulnerability Assessment and Penetration Testing Services	1	2,000,000.00
Sub Total		2,000,000.00
Website Maintenance		
Corporate Website	1	1,000,000.00
PHITEX Website	1	1,000,000.00
Domain name subscriptions	1	60,000.00
Sub Total		2,060,000.00



V. MATTERS ARISING FROM PREVIOUS MEETINGS



List of PPAs	QUANTITY	ESTIMATED UNIT COST
ICT Software Subscriptions and Licenses		
Microsoft Licenses	1	3,371,000.00
Google Workspace Business Standard	300	12,000.00
Graphics Editing Software (Adobe CCT)	22	75,000.00
Professional PDF Software (Adobe Acrobat Pro)	140	20,000.00
Video Conferencing Software (Zoom)	1	450,000.00
Form Creator (Jotform)	2	120,000.00
Newsletter (Sendinblue)	1	240,000.00
Firewall license (NGF)	1	500,000.00
Antivirus (Malwarebytes)	250	4,000.00
Remote Support Software	1	150,000.00
Social Media Tool	1	850,000.00
QR Code Software	1	500,000.00
Internet Access Management (IAM)	1	600,000.00
Sub Total		6,892,000.00



There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VI. D. NOTICE OF CESSATION RE: INTEGRATED HUMAN RESOURCE INFORMATION SYSTEM (HRIS) WITH DBP DATA CENTER, INC.

Mr. Tomoling discussed that the Legal Department issued a Legal Opinion on 06 April 2024 that recommends the creation of a Fact-Finding Committee to gather enough evidence to prove whether there is enough probable cause to initiate administrative proceedings for the TPB officers involved in the transaction. Thereafter, the Administrative Department issued a Rejoinder dated 22 April 2024 to the aforesaid Legal Opinion.

In answering Dir. Pelaez's query on whether the Fact-Finding Committee is already established, Atty. Gregory A. Nueva (Atty. Nueva), Head of the Legal Department, stated that the body has not yet been created since the same would depend on the Board's recommendation. In addition, the composition of the committee will depend on the availability of personnel, but the same has to be

transferred to the Administrative Department as the Legal Department will be having its own independent investigation on the matter.

ACOO Lozada requested clarification on the status update since the directive was relative to possible damages that may be imposed against the contracting party, rather than an administrative case against TPB officers. Atty. Nuega stated that the investigation would reflect the results of all applicable liabilities.

Dir. Pelaez confirmed that the Committee recommends the creation of a Fact-Finding Committee to enforce the Legal Opinion.

There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VI. E. OVERPAYMENT OF WITHHOLDING TAXES FOR THE CONTRACT OF SERVICE/JOB ORDER

Mr. Tomoling discussed the Finance Department's evaluation on how to go about the overpayment of taxes, to wit:

V. MATTERS ARISING FROM PREVIOUS MEETINGS



Over Deduction /Overpayment of Withholding Taxes for JO/COS Personnel

BACKGROUND

Section 13 of the Republic Act No. 11534 dated 27 July 2020 or otherwise known as the "Create Law", has amended section 116 of the National Internal Revenue Code of 1997 wherein the rates for Other Percentage tax shall be **one percent (1%) effective July 1,2020 until June 30, 2023**

The Internal Audit Office issued a report to the Finance Department on 12 September 2023 wherein it was recommended to refund the over deduction /withholding of Other Percentage Tax from the salary of JO/COS Personnel for the period July 1,2020 until June 30, 2023 .

During the committee meeting held last 20 March 2024, the Audit Committee requested the Finance Department to present the management action taken relative to over deduction of OPT from the JO/COS personnel.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



ACTUAL OPT WITHHELD VERSUS SHOULD BE

Period Covered	Actual Tax Withheld - OPT (3%)	Should Be Tax Withheld - OPT (1%)	Difference (PHP)
July 2020 - December 2020	231,207.78	77,069.26	154,138.52
January 2021 - December 2021	589,408.32	196,469.44	392,938.88
January 2022 - December 2022	599,350.13	199,783.38	399,566.75
January 2023 - June 2023	251,008.93	83,669.64	167,339.29
GRAND TOTAL	1,670,975.16	556,991.72	1,113,983.44



V. MATTERS ARISING FROM PREVIOUS MEETINGS



OPTION 1

Process the refund or tax credit for the over deduction/withholding of Other Percentage Tax (OPT) from the salary of the TPB COS/JO Personnel, and consequently amend the BIR Form 1600 and submit to the Bureau of Internal Revenue (BIR).

ISSUES AND CONCERNS:

1. May lead to an investigation by the BIR as there were some regulatory requirements that our Job Order Personnel did not comply with such as but not limited to a) non-submission of Sworn Declarations, and b) Non-registration to the BIR as JO/COS.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



OPTION 1

ISSUES AND CONCERNS:

2. Penalties for Non-filing of BIR quarterly Returns for JO/COS Personnel

Period Covered	Actual Tax Withheld - OPT (3%)	Compromise Penalty	Surcharge – 25%
July 2020 - December 2020	231,207.78	260,000.00	57,801.95
January 2021 - December 2021	589,408.32	544,000.00	147,352.08
January 2022 - December 2022	599,350.13	488,000.00	149,837.53
January 2023 - June 2023	251,008.93	220,000.00	62,752.23
GRAND TOTAL	1,670,975.16	1,512,000.00	417,743.79



V. MATTERS ARISING FROM PREVIOUS MEETINGS



OPTION 1

ISSUES AND CONCERNS:

3. Tax Deficiencies for the non-submission of Sworn Declaration for Gross Receipts for JO/COS

Period Covered	Actual Tax Withheld - Expanded (2%) PHP	Should Be (10%) PHP	Tax Deficiency – Expanded
July 2020 - December 2020	154,633.95	770,692.60	616,058.65
January 2021 - December 2021	144,389.32	1,964,694.40	1,820,305.08
January 2022 - December 2022	246,891.72	1,997,833.80	1,750,942.08
January 2023 - June 2023	238,869.22	836,696.40	597,827.18
GRAND TOTAL	784,784.21	5,569,917.20	4,785,132.96



V. MATTERS ARISING FROM PREVIOUS MEETINGS



OPTION 1

ISSUES AND CONCERNS:

2. Tax Deficiencies for TPB as a Withholding Agent

Period Covered	Tax Deficiency - Expanded	Interest – 20% (PHP)
July 2020 - December 2020	616,058.65	123,211.73
January 2021 - December 2021	1,820,305.08	364,061.02
January 2022 - December 2022	1,750,942.08	350,188.42
January 2023 - June 2023	597,827.18	119,565.44
GRAND TOTAL	4,785,132.96	957,026.61



V. MATTERS ARISING FROM PREVIOUS MEETINGS



OPTION 2

Status Quo but implement corrective measures prospectively to prevent the recurrence of the deficiencies. This is to prevent from expanding a portal wherein the BIR may conduct special audit and discover more deficiencies that will have a negative impact on the TPB and the COS/JO Personnel.

Management Action Taken:

1. The Finance Department conducted orientation with the COS/JO Personnel on 03 August 2023 to discuss and guide them on the processing of BIR Requirements.
2. All COS/JO Personnel have registered to the BIR and submitted to the TPB their Certificate of Registration together with the BIR-received Sworn Declaration of Gross Receipts/Sales last January 31, 2024.
3. The Finance Department assisted all JO/COS personnel in filing their quarterly BIR Returns.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



CONCLUSION

We hereby conclude that Option two (2) would be more advantageous to our JO/COS Personnel and the TPB.

Particulars	JO/COS	TPB
Tax Deficiencies- EWT for Non-Submission of Sworn Declaration	4,785,132.96	
Twenty percent (20%) interest per annum.		957,026.61
Twenty five percent (25%) surcharge	417,743.79	
Compromise Penalty for Non-filing of BIR Returns/Forms	1,512,000.00	
Total	6,714,876.75	957,026.61
Less: Tax Refund to JO/COS Personnel	1,113,983.44	
Difference /Loss	5,600,890.31	957,026.61



V. MATTERS ARISING FROM PREVIOUS MEETINGS



RECOMMENDATION

Given the foregoing and after a thorough evaluation, the Finance Department is hereby recommending Option Two (2): "Status Quo" as the most advantageous action plan in order to protect the interests of our COS/JO Personnel and the TPB.



ACOO Lozada commented that Option 2 is the best decision, based on what was presented. Dir. Pelaez agreed and stated that this should be presented to the Board for the directors' information.

The committee delegated the presentation of the matter to Mr. Tomoling.

There being no further comments and/or concerns raised, the Committee proceeded to the next item in the agenda.

VI. OTHER MATTERS

Atty. Tiambeng reminded the committee that the election of the Vice-Chairperson will be held at the Regular Audit Committee Meeting in June.

No other matters were raised by the Committee.

VII. SCHEDULE OF NEXT MEETING

The schedule of the next meeting is on 19 June 2024, 10:30 am - 11:30 am, via Zoom Application.

VIII. ADJOURNMENT

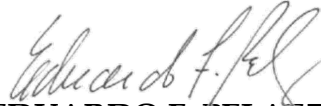
There being no other matters for discussion, the meeting was adjourned at 2:34 pm.

Prepared by:

ATTY. JEMIMAH NISSI M. TIAMBENG

Board Secretary V

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140 Approved by the TPB Audit Committee:
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146 **EDUARDO F. PELAEZ**

147 *Chairperson, TPB Audit Committee and*
148 *Appointive Director (Other Tourism Enterprises)*
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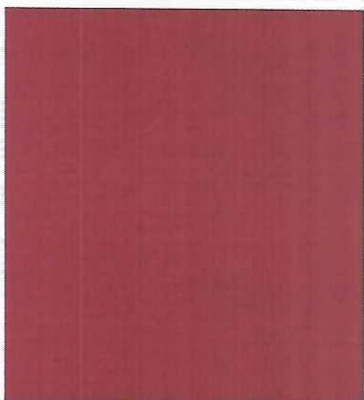
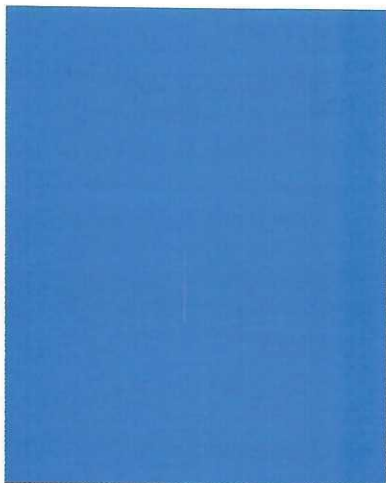
153 **JETRO NICOLAS E. LOZADA**

154 *Member, TPB Audit Committee and*
155 *Alternate Member of the Board of Directors and*
156 *Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority*
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158
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160 *Did not attend*
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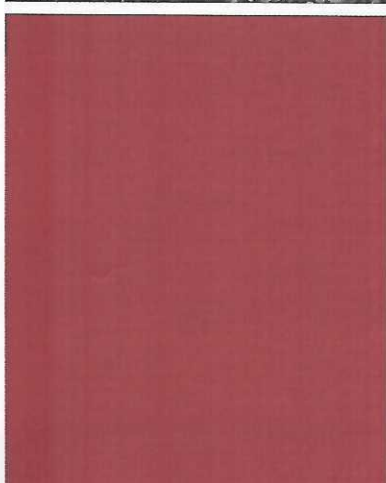
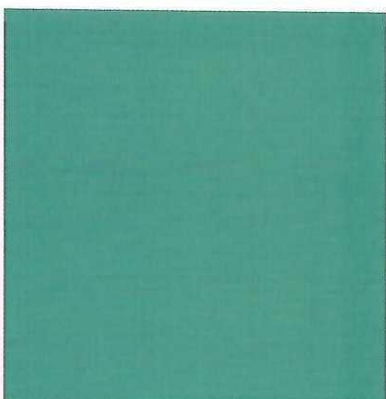
162 **ENRIQUE ANTONIO J. ESQUIVEL**

163 *Member, TPB Audit Committee and*
164 *Alternate Member of the Board of Directors and*
165 *Assistant Secretary, Department of Transportation*



AUDIT COMMITTEE MEETING REPORT

29 August 2024 | via ZOOM Application



TPB AUDIT COMMITTEE MEETING REPORT

29 August 2024 / 10:00 a.m. – 12:00 p.m.

via Zoom Application

ATTENDEES	
INTERNAL AUDIT COMMITTEE MEMBERS:	
<u>Present:</u>	
1. Mr. Eduardo F. Pelaez	Chairperson, Board Audit Committee; Appointive Director (Other Tourism Enterprises) and President, Mapawa Nature Park
2. Atty. Enrique Antonio J. Esquivel III	Alternate Member of the Board of Directors and Assistant Secretary, Department of Transportation
<u>Absent:</u>	
1. Mr. Jetro Nicolas F. Lozada	Alternate Member of the Board of Directors and Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority

TPB KEY OFFICIALS:	
1. Mr. Jerson C. Tomoling	Acting Head, Internal Audit Office
2. Ms. Janet W. Canoy	Manager, Administrative Department

TPB OFFICE OF THE CORPORATE BOARD SECRETARY (SECRETARIAT):	
3. Atty. Jemimah Nissi M. Tiambeng	Board Secretary V
4. Precious Anne G. Terceño	Administrative Assistant
5. Lyka A. Bactong	Agenda/Minutes Officer I

TPB PERSONNEL:	
9. Rossandra Amythea Q. Cayago	Acting Head, Personnel and Human Resources Development Division
10. Karen A. Padolina	Training Specialist III, Personnel and Human Resources Development Division

1 **I. CALL TO ORDER**

2
3 The Chairperson, Dir. Eduardo F. Pelaez (Dir. Pelaez), called the meeting to
4 order at 10:01 am.

5
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7 **II. INVOCATION**

8
9 The Board Secretary V, Atty. Jemimah Nissi M. Tiambeng (Atty. Tiambeng)
10 led the opening prayer.

11
12
13 **III. DETERMINATION OF QUORUM**

14
15 Atty. Tiambeng certified the existence of a quorum for the purpose of
16 transacting business; and confirmed that the Notice of Meeting, Agenda, and
17 other pertinent board materials were timely sent to the committee.

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19
20 **IV. APPROVAL OF THE AGENDA**

21
22 Upon the motion of Asec. Antonio Enrique J. Esquivel III (Asec. Esquivel),
23 which was duly seconded by Dir. Pelaez, the Committee approved the agenda of
24 the TPB Audit Committee Meeting on 29 August 2024, to wit:
25
26

	<u>AGENDA</u>	COMMITTEE'S ACTION
I	Call to Order	
II	Invocation	
III	Determination of Quorum	
IV	Approval of the Agenda	
V	Election of the Committee Vice-Chairperson	
VI	Matters Arising	
	A. Updates on the Creation of Fact-Finding Committee: Notice of Cessation re: Integrated Human Resource Information System (IHRIS) with DBP Data Center, Inc.	For information / discussion
VII	For the Committee's Approval	
	A. Audit Rating Form for the Auditee	For approval / discussion
VIII	For the Committee's Information	
	A. Results of the Operations Audit: International Promotions Department	For information / discussion
	B. Results of the Operations Audit: MICE Department	For information / discussion
	C. Result of the Operations Audit: Domestic Promotions Department	For information / discussion
	D. Onsite Audit of Unliquidated Inter-Agency Fund Transfers	For information / discussion
VIII	Other Matters	
	A. Interview of Internal Auditor V Applicants	For appropriate action
IX	Schedule of Next Meeting	
X	Adjournment	

V. ELECTION OF THE COMMITTEE VICE-CHAIRPERSON

Assistant Chief Operating Officer, Mr. Jetro Nicolas F. Lozada (ACOO Lozada), was elected as the Vice-Chairperson of the Audit Committee.

38 **VI. MATTERS ARISING**

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40 **VI. A. UPDATES ON THE CREATION OF FACT-FINDING**
41 **COMMITTEE: NOTICE OF CESSATION RE: INTEGRATED HUMAN**
42 **RESOURCE INFORMATION SYSTEM (IHRIS) WITH DBP DATA**
43 **CENTER, INC.**
44

45 Atty. Tiambeng reported that the Fact-Finding Committee tasked to
46 investigate the HRIS contract was established through Office Order No. 2024-058F
47 on 20 June 2024, with the goal of determining any potential respondents who may
48 be liable for any irregular transactions. Due to the office relocation and an ongoing
49 ISO Audit, the chairperson of the fact-finding committee, Ms. Jennifer A. Alor,
50 requested an extension for submitting the investigation report until 5 September
51 2024, which is 30 days after the order's expected cessation. Atty. Tiambeng noted
52 that the timing of the committee's formation coincided with these transitional
53 challenges and mentioned that the investigation results would be available by the
54 extended deadline.
55

56 There being no further comments and/or concerns raised, the Committee
57 noted the report and proceeded to the next item in the agenda.
58

59
60 **VII. FOR THE COMMITTEE'S APPROVAL**

61
62 **VII. A. AUDIT RATING FORM FOR THE AUDITEE**
63

64 Mr. Jerson C. Tomoling (Mr. Tomoling), Acting Head of the Internal Audit
65 Office (IAO), presented the Audit Rating Form for Auditees to the Committee as
66 requested in the previous meeting, as follows:
67

VII. FOR APPROVAL



AUDIT RATING FOR AUDITEE

Numerical Rating	Adjectival Rating
4.01-5.00	Excellent
3.51-4.00	Very Satisfactory
2.51-3.50	Satisfactory
1.51-2.50	Needs Improvement
0 - 1.50	Poor

Area	Rating
1. Positive Findings and Compliances	
2. Deficiencies / Weaknesses of Controls	
3. Recurrence of Deficiencies from previous Audit	
4. Implementation of Management Action Plan and Audit Recommendation	
5. Support to TPBs Internal Control System and Internal Audit Function	
Average Rating	
Adjectival Rating	



VII. FOR APPROVAL

AUDIT RATING FOR AUDITEES



SI	Areas	Rating Guide				
		1	2	3	4	5
1	Positive Findings	Zero Positive Finding				With Positive Finding
2	Deficiencies/Weaknesses of control	With Six (6) and above and with at least one (1) material finding	With Six (6) and above Deficiencies and w/o material finding	With one (1) to five (5) and has at least one (1) material finding	With one (1) to five (5) and has No material finding	Zero Deficiencies/Weaknesses of Controls
3	Recurrence of Deficiencies from previous Audit	21% and above of the previous audit findings has recur	11% to 20 % has recur	6%-10% has recur	1%-5% has recur	Zero recurrence of the previous audit findings
4	Implementation of Management Action Plan and Audit Recommendation	50% and below implementation	51% to 79%	80% to 89% Implementation	90% to 99% Implementation	100% implementation

AUDIT RATING FOR AUDITEE

SI	Areas	Rating Guide				
		1	2	3	4	5
5	Attendance to the Entry and Exit Meeting	Not well represented				Well represented
	Timeliness in providing the requested documents and Records	69% and below were provided on or before the stipulated deadline	70% to 89% the were provided on or before the stipulated deadline	90% to 99% were provided on or before the stipulated deadline	100% were provided on the stipulated deadline	100% were provided before the stipulated deadline
	Full, free, and unrestricted access to documents and records	At least 1 incident of restriction				Zero incident of restricted access
	Timely response to audit query categorized as simple	Responded 5 WD and beyond upon receipt	Responded 4 WD working days upon receipt	Responded 3WD upon receipt	Responded 2 WD days upon receipt	Responded within 1 WD upon receipt
	Timely response to audit query categorized as	Responded 16 WD and beyond upon receipt	Responded 11 to 15 WD days upon receipt	Responded 8 to 10 WD upon receipt	Responded 4 to 7WD upon receipt	Responded within 3 WD upon receipt
	Timeliness of the Management reply to the report	Replied beyond the stipulated deadline				Replied on or before the deadline
	Response to Customer Satisfaction Survey	Zero Response from the respondents				At least two (2) responses from the respondents

EXAMPLE

Auditee	ABC Department
Audit Period	January 2024
Audit Type	Operations Audit

Area	Rating
1. Positive Findings and Compliances	4.0
2. Deficiencies / Weaknesses of Controls	1.0
3. Recurrence of Deficiencies from previous Audit	4.0
4. Implementation of Management Action Plan and Audit Recommendation	3.0
5. Support to TPBs Internal Control System and Internal Audit Function	3.0
Total	15.0
Average Rating	3.0
Adjectival Rating	Satisfactory

RECOMMENDATION

The ABC Department should strengthen the monitoring control by assigning an officer who could strictly supervise each transaction prior to approval, etc.

**REQUESTED ACTION FROM THE TPB BOARD
AUDIT COMMITTEE**



The Internal Audit Office(IAO) respectfully requests the TPB Board Audit Committee to approve the Audit Rating Form for the Auditee.



Dir. Pelaez inquired if the form was distributed to department heads, to which Mr. Tomoling stated that it was reviewed by Ms. Janet W. Canoy, Manager of the Administrative Department, and the two Deputy Chief Operating Officers, Atty. Venancio C. Manuel III and Ms. Teresita D.L. Landan; and received approval from Chief Operating Officer Maria Margarita Montemayor Nograles. He further explained that the form underwent a second revision, expanding the rating scale from one (1) to five (5).

Asec. Esquivel sought clarification on two items that only allowed for a rating of either one or five, indicating a pass or fail situation. Mr. Tomoling explained that the items such as the "well represented" designation could still be achieved if a division chief sent a proxy to meetings, otherwise resulting in a score of one, to which the former noted.

Dir. Pelaez suggested to review previous policies to ensure alignment with the new audit rating system, to which Mr. Tomoling noted.

Upon the motion of Asec. Esquivel, which was seconded by Dir. Pelaez, the Committee hereby approves the Audit Rating for Auditees.

VIII. FOR THE COMMITTEE'S INFORMATION

VII. A. RESULTS OF THE OPERATIONS AUDIT: INTERNATIONAL PROMOTIONS DEPARTMENT

Mr. Tomoling reported the matter to the Committee, as follows:

VIII. FOR INFORMATION



POSITIVE FINDINGS:

- Based on the thirty-six (36) samples of Program/Projects/Activities (PPAs):
 - All sample PPAs were supported with approved Project Proposal (PPF) / Brief Forms (PBF), Budget Breakdown Forms (BBF), Certificates of Funds Availability (CAF), and Work Financial Plan (WFP).
 - 35 out of 36 were compliant in terms of the implementation agreement as required by the Memorandum of Agreement (MOA) / Supplemental / Addendum contract.
 - All sample PPAs were compliant in terms of the signatories and approval as required by the Manual of Signing Authority (MOSA) and the Revised Consolidated Signing Authority; under Board Resolution No. 200 s. 2019.



VIII. FOR INFORMATION



POSITIVE FINDINGS:

- Estimated Projected Economic Impact (PEI) exceeded the targets:

Division	PPAs	PEI / ROMI	
		Per PBF	Per T. Report
North Asia	Philippine Business Mission to Japan	1316.44%	1457.00%
	Tourism Expo Japan (TEJ)	1540.14%	3922.20%
	ESL Fam-tour for School Board Representatives from West Japan	1120.02%	1255.74%
	Xi'an Silk Road International Tourism Expo & Consumer Activation Event	2600.37%	5562.73%
ASPAC	Beijing International Tourism Expo (BITE)	4963.20%	5045.33%
	Philippine Specialist Training Program	1112.27%	1181.10%
Americas	FamTrip for Travel Agents in the USA and Canada in Partnership with an Airline	1136.54%	1244.66%
	FamTrip for Dive Operators	829.63%	1329.68%
	Canada Roadshow and FamTrip in Partnership with Asian Tourism Organization	1186.50%	3443.63%
EAMI	World Travel Market 2023	1170.38%	1572.45%
	Arabian Travel Market 2023	1136.00%	6191.60%



VIII. FOR INFORMATION



POSITIVE FINDINGS:

- Philippine Travel Exchange 2023

3.1. ROMI

ROMI Project Brief Form	ROMI per Terminal Report
616.23%	737.52%

3.2. Solicited Sponsorship

Nature of Sponsorship	Amount (PHP)
In Kind	2,941,842.00
Cash	150,000.00
Total	3,091,842.00

- Generated Press Release Values amounting to P 48,436,215.49 (Prints and online media).



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. The expected PEI per Project Brief Form (PBF) was not achieved for the PPAs due to the inconsistency of the factors used in the formula in computing the targets.

Division	PPAs
ASPAC	Asia Dive Expo 2023
	DRT Malaysia
	125th Philippine Independence Day Celebration in Australia
Americas	International Tourism and Travel Show 2023
EAMI	Connections Wellbeing Philippines 2023
	Holiday & Travel Show London 2023
	International Tourismus Borse (ITB)-Berline Now 2023
	Four City Roadshow in India



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

Moving forward:

- The team will only reflect the estimated sales leads of the co exhibitors in the PBF since the PEI in the Terminal Report is already based on actual sales leads generated.
- For the succeeding events, we will encourage our participant sellers to diligently reflect their estimates based on the leads they gathered from the event.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

2. The below documented information/records were undated thus the timeliness of its preparation and approval cannot be determined.

Division	Project/Program	Document	
		Particulars	Section
ASPAC	DRT Malaysia	PBF	Preparation, Review and Approval
		Terminal Report	Preparation and Approval
	MATTA Fair	PPF	Review and Approval
		Terminal Report	Preparation and Approval Date
Americas	A Halal Journey Through Filipino – Malaysian Flavors	Terminal Report	Preparation and Approval Date
	Filipino Restaurant Month in Canada 2023	Terminal Report	Preparation and Approval
	Conduct of Consumer Targeted Activation Events and PTF	Terminal Report	Preparation and Approval
	ASTA Global Convention 2023	Project Brief Form	Recommending and Approval
EAMI	Connections Wellbeing Philippines 2023	Terminal Report	Preparation and Approval
	Holiday & Travel Show London 2023	Terminal Report	Recommending and Approval
	International Tourismus Borse (ITB) – Berline Now 2023	Terminal Report	Preparation and Approval
	World Trade Market 2023	Terminal Report	Preparation and Approval



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

The Americas Division will be submitting the updated Terminal Reports reflecting the date when the documents were received from the DOT Overseas Offices in North America. **Moving forward, the team will ensure that the dates are indicated in the above documents.**

The ASPAC Division moving forward, the team will diligently apply the dates on the reports for future PAPs.

The EAMI Division will backtrack its logbook to identify the dates submitted to the signatories and resubmit to CPBD for reference.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. The PEI / ROMI stated on the Project Brief Form cannot be monitored nor evaluated as this information was not reflected in the respective terminal report:

Division	Project/Program	Lacking Information
ASPAC	MATTA Fair	PEI / ROMI
Americas	Consumer Activation in West Canada	Actual Budget Utilization
	Proudly Philippines: Food and Travel Fair in Vancouver	PEI
	Conduct of Consumer Targeted Activation Events and Philippine Travel Fair	PEI
	Filipino Restaurant Month in Canada 2023	Actual Budget Utilization
		PEI



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

Americas Division:

The projects were implemented by the DOT Overseas Office in North America. The submitted Terminal Report is based on their standard DOT template.

Moving forward, we will be advising our DOT Overseas Office counterparts to include the PEI/ ROMI in their Terminal Reports.

ASPAC Division:

The MATTA Fair event was implemented by the TPB Market Representative in Malaysia. The submitted Terminal Report is based on their standard DOT template. Moving forward, the team will advise our counterparts to include the PEI/ ROMI in their Terminal Reports.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. Implementation of Philippine Travel Exchange (PHITEX) 2023

3.1. Sponsorship

There was no available document such as a Detailed Report or equivalent document that will show how the Solicited Sponsorships in kind and cash were utilized during the implementation of PHITEX 2023, thus, the evaluation and assessment of the total realized benefits from the sponsorships cannot be ascertained.



VIII. FOR INFORMATION



Management Reply:

Sponsorship in cash was deposited to TPB's account and will form part of TPB's Corporate Funds in 2024. While the sponsorship in kind were utilized based on the indicated purpose of the request, such as:

- 2GO: shipment of TPB materials to Cebu as coordinated with 2GO.
- Cebu Pacific: 2 tickets for Seoul-Manila-Seoul and 2 tickets for HK-Manila-HK and were raffled off during the Korea Travel Show last October 2023 and ORT Show in Hong Kong last December 2023, respectively.
- Fili Hotel: Brunch Cocktail at Villa for 50 pax to include the Tourism Secretary, Congressional Guests, Cebu Province Officials, Media and Influencers.

Above are just a few of sample and moving forward will require the Sponsorship Committee to include in the terminal report the usage of the secured sponsorship.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. Implementation of Philippine Travel Exchange (PHITEX) 2023

3.2. Airfare Reimbursement for Fully Hosted Buyers

- a. The Air Ticket of a buyer includes an unnecessary connecting flight that should have been deducted from the total cost of the ticket reimbursed .
- b. The departure of one buyer was dated 08 October 2023 which is not compliant with the PHITEX 2023 Guidelines on Airfare Reimbursement as Fully- Hosted Buyers should depart not later than 27 Sept. 2023 . Further, the reimbursed amount was inclusive of medial insurance which is also not aligned with the guidelines.

Management Reply:

These observations are noted and will include in the preparation of the PHITEX 2024 Guidelines on Airfare Reimbursement for Fully- Hosted Buyers to tighten the guidelines and will advise the committee to ensure that strict implementation of the same.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. 3. Hotel Accommodation

The PHITEX 2023 incurred a total amount of P426,000.00 attributable to No-Show Charges for room accommodation w/ two or more room nights for seventeen expected guests that did not arrive.

Hotel	Name	No. of Nights	Name	No. of Nights
Fili Urban Resort -Fili Hotel Nustar	S. Fukao	7	R. Wong	4
	S. Amarnani	4	N. Yacoub	4
	D. Baxi	4	A. Yadav	4
	L. Chen	4	P. Yadav	4
	W. Huang	4	S. Rehman	4
	E. Kim	4	S. Chea	4
	A. Maaz	4	S. Tamano	6
	I. Song	4	M. Abubakar	2
	J. Spatz	4		
	Sub Total No. of Nights	39		32
	Total	71	P6,000.00	P 426,000.00

VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. 3. Hotel Accommodation-No Show Charges

Notwithstanding if the charging scheme for No-Show guests is part of the company policy, the TPB should exercise prudence wherein sound preventive control dictates that No-Show/ Cancelled Guests should not be charged for more than one room night, otherwise, this may be considered an irregular expenditure which is prone to COA disallowances. Further, this circumstance may be construed as a weakness of management and process controls during the preparation of the Technical Specifications / TOR, and the Negotiation Stage with the supplier during the procurement process.

VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

3. 3. Hotel Accommodation-No Show Charges

Management Reply:

The published rate of accommodation in Fili Hotel NUSTAR is at PhP 12,880.00 per room per night, excluding taxes and fees. However, since they saw the advantage of being the Official Venue and Accommodation of PHITEX 2023, they extended their special rate to the TPB for as low as PhP 6,000.00 per room per night.

Based on the proposal of Fili Hotel NuStar under the cancellation policy, cancellation of room nights 0-30 days prior to the event is not allowed, 100% forfeiture as a cancellation charge. 100% of the Banquet deposited amount forfeited and/ or 100% cancellation charge shall be imposed. Due to this, the TPB paid for the full amount of the reserved rooms

VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

Given the above, it is deemed disadvantageous to the hotel if we do not pay the reserved accommodation of the no-show guests since these are already guaranteed rooms based on a special rate. The hotel already turned down other bookings to accommodate our requirements and they can no longer sell these to other clients, given the limited time. If we will impose the no-show/cancelled guests not being charged for more than one room night, it is highly possible that there will be no suppliers who will be willing to bid for future events

Moving forward, the PHITEX Team will incorporate in the Technical Specifications a final room cancellation or washdown of five (5) days, at the latest, from the date of the first check-in of the event guests. Moreover, the team will require the fully hosted buyers to formally inform the TPB in writing citing the reasons for cancellation. Also, the team will demand whatever reasonable cost to compensate for the no-show charges and all other related expenses.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

4. Implementation of Marine Diving Fair 2023

The total budget of Marine Diving Fair 2023 was charged to a multi-year COB funding source without the necessary supporting documents which is not aligned with the issuances from the DBM and other relevant agencies in terms of the standard budgeting process.

Charged to	Amount
2022 COB-Japan- Marine Diving Fair 2023	5,000,000.00
2023 COB-Japan- Marine Diving Fair 2023	1,500,000.00
Total Budget	6,500,000.00

The GOCC / Agency shall be allowed to use multi-year funding sources for a single project if it is supported with a Multi-Year Obligational Authority (MYOA) or an equivalent document such as the Certificate of Budget Inclusion (CBI) duly approved by the TPB Governing Board. The CBI shall be submitted to the DBM during the submission of the budget proposal.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

4. Implementation of Marine Diving Fair 2023

Section 3.14.4 of National Budget Circular 587 dated 03 January 2022:

"Savings may be used to augment actual deficiency/ies incurred **for the current year** in any existing item activity or project within the respective appropriations of each authorized constitutional officer cited in Section 74 GPs of the FY 2022 GAA.

Management Reply:

We acknowledge these observations. Moving forward, we shall work closely with the Finance Department on the guidelines for the use of savings whenever there are instructions for realignment.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

5. PHITEX Implementation

5.1. No Show Charges

- a. The TPB should implement stricter Terms of Agreement (TOA) to be agreed upon by the fully hosted buyers upon registration such as but not limited to:
 - The TPB should require the submission of confirmed Air Tickets to the Philippines at least ten (10) days before the event to facilitate the final booking of room accommodation.

Management Reply:

Will consider including this in the Guidelines for Buyer Participation but perhaps to start with 5 days instead of 10 days before the event as an introduction of this guideline



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

5.1. No Show Charges

- In the event of a last-minute cancellation, the fully hosted buyer should formally inform TPB in writing citing thereof reasons and justification for the cancellation. Otherwise, TPB may demand whatever reasonable cost incurred such as the no show charges for room accommodation and other related expenses.

Management Reply:

Imposition of cancellation fee will not be welcomed by invited buyers and might backfire to TPB. However, the team is already considering lowering down the cap rate for airline ticket reimbursement to ensure a material amount will be invested by buyer as part of his/her airline ticket.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

- b. The TPB management should incorporate in the Contract/Term of Reference/ Specifications and negotiate with the suppliers that the charges for no-show guests should be applicable/chargeable for one (1) room night only. Otherwise, the charging of no-show guests for more than 1 night would expose the TPB Management to a higher risk of receiving COA disallowances as this may be deemed classified as irregular expenditure.

Management Reply:

Budget for hotel accommodation is way below the industry rate (preferential rate). Including this in the Technical Specification might result to having no interested bidder.

Moving forward, the PHITEX Team will incorporate in the Technical Specifications a final room cancellation or washdown of five (5) days, at the latest, from the date of the first check-in of the event guests. Moreover, the team will require the fully hosted buyers to formally inform the TPB in writing citing the reasons for cancellation. Also, the team will demand whatever reasonable cost to compensate for the no-show charges and all other related expenses.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS:

5.2. Reimbursement of Air Tickets

- a. Consider revising the Guidelines for the Reimbursement of Air tickets for Full Hosted Buyers and incorporate the following:
 - If there is a direct flight from the origin country, the air tickets availed with connecting flights shall only be reimbursed 50% of the total cost or whatever reasonable cost as may be determined by the committee in-charge
 - For origin countries with no direct flights available, the gap between interconnecting flights should not go beyond 2 days for each flight, so that it can be considered as one flight.
- b. The Committee in charge should exercise due diligence during the pre-audit of the presented documents to ensure that the guidelines are being adhered to.

Management Reply:

Noted and will implement.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

6. The TPB Management should refrain from using funds from multiple years to finance a single project that is implementable within a calendar year without a TPB Board-approved Certificate of Budget Inclusion (CBI) as this negates the normal budgeting process and is not aligned with the DBM issuance on the Guidelines of the Release of Funds. Otherwise, secure a TPB Board-approved CBI to be submitted to the DBM during the submission of Budget Proposals.

Management Reply:

Answer: Noted and will raise during the next MANCOM Meeting.



Asec. Esquivel commented that the two-day window for cancellations is quite generous, and stated that most destinations typically see transit times of less than 24 hours, even in areas with poor connectivity. He acknowledged that while this flexibility benefits travelers, it poses challenges for hotels, which risk losing revenue if they cannot sell unsold rooms. He expressed concern regarding the Fili Hotel NUSTAR Cebu's policy of not allowing cancellations up to 30 days before an event, suggesting that a two-day notice would likely allow hotels to resell rooms. Dir. Pelaez added that tariff rates often appear inflated for the sake of discounts and that in cases of no-shows, any partial payment typically results in no reimbursement, as it constitutes a lost opportunity for the hotel.

Asec. Esquivel inquired whether TPB would cover transit accommodations for delegates attending fully hosted events, particularly if they were coming from countries without nonstop flights to the Philippines, to which Mr. Tomoling replied in negative. The latter explained if a delegate had to stay overnight at a

transit location, those hotel costs would not be reimbursed by TPB, as reimbursement was limited to contracted hotels in the Philippines only, to which Asec. Esquivel noted.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. B. RESULTS OF THE OPERATIONS AUDIT: MICE DEPARTMENT

Mr. Tomoling reported the Results of the Management Audit for MICE Department, as follows:

VIII. FOR INFORMATION



POSITIVE FINDINGS:

1. Based on the 20 samples of Program/Projects/Activities (PPAs):

All sample PPAs were supported with approved Project Proposal (PPF) / Brief Forms (PBF), Budget Breakdown Forms (BBF), and Work Financial Plan (WFP).

All were compliant in terms of the implementation agreement as required by the Memorandum of Agreement (MOA) / Supplemental / Addendum contract.

All sample PPAs were compliant in terms of the signatories and approval as required by the Manual of Signing Authority (MOSA) and the Revised Consolidated Signing Authority; under Board Resolution No. 200 s. 2019.



VIII. FOR INFORMATION



POSITIVE FINDINGS:

2. The estimated Projected Economic Impact (PEI) based on actual implementation for the following PPAs exceeded the targeted PEI:

Type	PPAs
Assistance to Booked Events	Freedom of Information Summit and Awards 2023
	26 th Worldbex 2023
Special Event	Asia 7's Event



VIII. FOR INFORMATION



POSITIVE FINDINGS:

3. The Return of Marketing Investment (ROMI) of the following projects were reported on the Terminal Report:

PPA	ROMI
SMU International	Estimated revenue amounting to Php89.8 M
MICE Road Show Korea	PEI: 499.44%
	PR value amounting to 5.6M
	Total Leads: 169
Incentive Travel & Conventions, Meeting Asia (IT&CMA)	TPB Meetings: 10
	Estimated revenue amounting to Php144. 76M
Asia Pacific Incentives and Meetings Event (AIME) 2023	PEI: 7,275.54%
M&C Asia Connections	PEI: 6,141.35%
	Total Meetings: 108
Association Summit	Buyer Companies: 28
	Seller Companies: 30



VIII. FOR INFORMATION



POSITIVE FINDINGS:

1. Philippine MICE Conference (MICECON) 2023
 - a. Based on the report, generated a total PR and media Values amounting to P55.3million the following breakdown:

Particulars		PR/Media Values
Press Releases	Total No. of Pickups 91	54,849,112.68
Social media	Based on CPE / Engagement based on Facebook/Instagram/Twitter/ Linked In	422,414.80
Influencers	Based on CPE / Engagement based on Facebook/Instagram/ Tiktok	29,401.35
Total		55,300,928.83



VIII. FOR INFORMATION



POSITIVE FINDINGS:

1. Philippine MICE Conference (MICECON) 2023
 - b. Solicited sponsorships in the total amount of P1,800,000.00 (In kind: P1,575,000.00 and Cash: P225,000.00.);
 - c. Compensating controls were observed as evidenced by the prompt action taken by the respective committees to mitigate, if not resolved the Issues and concerns identified and encountered during the preparation and implementation stage of the projects. These were documented which can be a good learning opportunities and vital inputs to improve the implementation of MICECON 2023.
 - d. The tasks and responsibilities were decentralized and delegated to the respective committees for efficiency and harmonization, and to strengthen the monitoring and supervision controls.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. The date of preparation and approval of the Terminal Report/Accomplishment Report is undated for the 6 samples project enumerated. Thus, the control effectiveness on the timeliness of preparation and approval cannot be ascertained.

Management Reply:

We acknowledge that the dates of the Terminal Reports for the projects mentioned above were not included.

On the other hand, we do not have control over terminal reports prepared and submitted by external project proponents. We can provide the external project proponent's submission email as an alternative instead. Moving forward, we will ensure that all terminal reports prepared include dates.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

2. The date of preparation, recommendation, and or approval of the Project Proposal/Brief Form is undated for the 2 samples evaluated.

Management Reply:

We acknowledge the missing dates for the abovementioned projects. Going forward, we will ensure compliance to guarantee timely preparation and approval of projects.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. The 90 days requirement for the submission of financial request from the proponent was not met for the following projects in compliance with section VIII of the TPB Unified Guidelines in the Availment of Financial Incentive/ Support for Projects / Events that states:

Nature	PPA	Proponents	No. of days
Booked Events	7 th Davao Investments Conference	Davao City Chamber of Commerce and Industry Inc	65
	Southeast Asia Iron and Steel Institute (SEASI) Conference and Exhibition	Philippine Iron and Steel Institute	40
	Freedom of Information Summit and Awards 2023	Presidential Communications Office	28
	ABA Financial Group 2022	DOT- Korea	46
	26 th Worldbex 2023	Worldbex International Services	22
Special Event	Asia 7's Event	7x7 Holdings	73



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

We generally require a 90-day lead time for projects involving procurement or financial assistance. However, we may consider providing assistance to projects with less than 90 days' notice if the requested materials or support are readily available, such as giveaways and cultural entertainment. As mentioned during the IAO Exit Meeting, we will work on updating the guidelines to incorporate this provision.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. The expected Projected Economic Impact (PEI) reported in the Project Brief Form (PBF) / Project Proposal Form (PPF) for the following PPAs was not achieved as presented below:

Type	PPAs	PEI / ROMI	
		Per PBF / PPF	Per MICE Monitoring Sheet
Special Event	Hosting of World Chefs Asian President Forum 2023	2,866.00%	232.95%
Assistance to Booked Events	8th International Conference of Asian Special Libraries (ICoASL)	17,039.46%	No report
	7th Davao Investments Conference	5,553.00%	3,439.00%
	ABA Financial Group CY 2022	21,645.00%	20,964.00%
	SouthEast Asia Iron and Steel Institute (SEASI) Conference and Exhibition	53,798.35%	33,856.00%
	7th Philippine Women Engineers' Summit 2023	17,429.44%	10,031.00%



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

We acknowledge that the anticipated PEI as outlined in the PPF/PBF for the projects mentioned above was not met.

Please note that the Return on Marketing Initiatives (ROMI) stated in the Project Proposal Form is an estimated figure based on the "target" number of delegates specified by the proponent. it does not guarantee that the actual ROMI will match the "target" ROMI, as we cannot control event attendance. Our role is to support and enhance the event, but we do not manage event promotion.

We may need to reassess ROMI as a marketing measure to see if it is beneficial for TPB in evaluating projects.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. Philippine MICE Conference (MICECON) 2023

- a. The total budget of MICECON 2023 was taken from a multi-year funding source which is not aligned with the issuances from regulatory body in terms of the standard budgeting process.

Particular	Approval Date: BBF/PPMP	Amount (PHP)	Fund Source 2022 and 2023
Original	04-Aug-22	31,000,000.00	COB MICE SIPP and ODCOMP FY 2022
Supplemental Budget	03-Oct-22	7,733,376.25	Realigned from Domestic Department "Wayfinder and Concierge Project COB 2022
Supplemental Budget	27-Feb-23	21,168,008.60	FY 2023 MICE COB SIPP Phil MICEON Davao



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. Philippine MICE Conference (MICECON) 2023

- Section 3.14.4 of National Budget Circular 587 dated 03 January 2022:
"Savings may be used to **augment actual deficiency/ies incurred for the current year** in any existing item activity or project within the respective appropriations of each authorized constitutional officer cited in Section 74 GPs of the FY 2022 GAA."
- Basic Concepts in Budgeting by DBM:
"Continuing Appropriations - are the authorizations to support obligations for a specific purpose or project, such as multi-year construction projects which require the incurrence of obligations even beyond the budget year."



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

The original budget amounting to P31,000,000.00 and the supplemental budget amounting to P7,733,376.25 for MICECON Davao were charged to MICE COB 2022 in preparation for the event **originally scheduled on 16-18 November 2022**. The event requirements, namely, the Services of a Speakers Management

Bureau and the Services of an Event Management Company were on top of the list of items for early procurement through public bidding; however; both procurement activities resulted in **failed biddings**.

The Davao Organizing Committee (DOC) saw the need for more preparation time and agreed with TPB to **re-schedule the event to 01-03 March 2023** which would coincide with the celebration of Davao's 10th anniversary since it hosted MICECON 2013 and the festivities for Araw ng Davao.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

Given that there will be expenses to be incurred in 2023, TPB secured approval for the MICECON Davao Supplemental Budget amounting to P21,168,008.60 charged to MICE COB 2023.

The TPB Organizing Committee for MICECON Davao did not secure approval of a Multi-Year Obligational Authority (MYOA) for "continuing appropriations" for MICECON Davao. This is based on the MICE Department's annual practice of charging the budget for MICE shows that TPB will participate in the first quarter of the year from two (2) fiscal years. The booth space rental/participation fees are charged to the current MICE COB while the travel expenses and administrative expenses are charged to the MICE COB for the succeeding year. This is being done to secure the booth space for Philippine Sellers in the international MICE shows with a deadline that usually falls in the last quarter of the preceding year of the show.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

- b. A Cash Advance (CA) was granted and released on 02 February in the total amount of P500,000 to cover the Central Information Committee requirement expenses.
 - The actual amount incurred for the purchased of Gifts/Tokens and Prizes for the delegates exceeded the budget allocation per approved Budget Breakdown of the Cash Advance in the total amount of P144,926.25.

Particulars	Approved Budget (PHP)	Actual (PHP)	Balance (PHP)
Coordination Meetings and Miscellaneous/Incidental Expenses	90,000.00	-	90,000.00
Pillow Gifts, Additional tokens and Prizes for the conference Delegates	250,000.00	394,926.25	-144,926.25
Coordination Meetings during the conference proper	80,000.00	-	80,000.00
Office Supplies, Additional Equipment Rentals and other miscellaneous/ Contingency Expenses	80,000.00	2,737.00	77,263.00
Total	500,000.00	397,663.25	



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

Management Reply:

It is acknowledged that there was poor market study during the preparation of the Cash Advance Budget Breakdown. Given the wide-range impact of the pandemic to the suppliers, the inflation brought about by the Russo-Ukrainian War and other factors which led to the price increase of raw materials, logistics and man hours, the actual amount incurred for the tokens/prizes exceeded the allocated budget based on the Cash Advance Budget Breakdown.

We note the importance of more thorough market study in procuring future requirements.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

1. The MICE Officers and Staff should exercise extra due diligence to ensure that the below control objectives are achieved in monitoring, evaluating, reviewing, and approving transactions related to MICE Activities:
 - a. The preparation, review, and approval of Terminal Reports/Accomplishment Reports/Post Event Reports, including the Project Brief Form should be dated, so that an audit trail can be established relative to its timeliness.
 - b. The Post Event Report is submitted within thirty (30) working days after the completion of the event for projects supported with financial assistance, particularly, in-kind assistance, in compliance with the ISO Procedure: Assistance to Booked Events (QOM-MPRO).

Management Reply:

We will ensure that all terminal reports/accomplishment reports/post event reports prepared include dates and implement measures to ensure timely submission of these reports and establish additional guidelines to improve this process.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

2. Review the relevance of the 90-day requirement for the submission of financial requests from the proponent if this is still applicable for Assistance in Kind wherein promotional materials, tokens, and the like are already procured by TPB and available for release at the time of the request by the proponent. Recommend to the TPB Management to revise the TPB Unified Guidelines in the Availment of Financial Incentive/ Support for Projects / Events to incorporate additional provisions relative to this matter, depending on the necessity and applicability.

Management Reply:

We will work on updating the guidelines to incorporate this provision.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

3. Refrain from granting Cash Advance for the purchase of Gifts/Tokens/Prizes to be used during the implementation of the project, as these items should be procured through the PGSD under the standard procurement process in accordance with RA 9184. Otherwise, secure a resolution from the Bids and Awards Committee to delegate the authority to the Special Disbursing Officer (SDO)/ End User in conducting procurement activities

Management Reply:

We will refrain from granting Cash Advance unless extremely necessary.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

4. Prudent fiscal management and strict adherence to the regulatory guidelines are essential when using multiple funding sources across different years to avoid repercussions such as COA Disallowance. Thus, the TPB Management **should refrain from using funds from multiple years to finance a single project that is implementable within a calendar year** without a TPB Board-approved Certificate of Budget Inclusion (CBI) as this negates the normal budgeting process and is not aligned with the DBM issuance on the Guidelines of the Release of Funds. Otherwise, secure a TPB Board-approved CBI to be submitted to the DBM during the submission of Budget Proposals.

Management Reply:

We agree.



Dir. Pelaez inquired about the follow-up process to ensure management's commitments were being fulfilled by the concerned departments. Mr. Tomoling responded that the effectiveness of those commitments would be assessed in the next audit, which would verify whether previous findings had recurred. The former suggested that an unsatisfactory rating could be applied immediately to encourage improvement. However, Mr. Tomoling clarified that such a rating would be prospective and could not be applied retroactively from the beginning. Dir. Pelaez shared that in the private sector, audits are conducted monthly, and results are discussed in committee meetings before being presented to the board.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. C. RESULT OF THE OPERATIONS AUDIT: DOMESTIC PROMOTIONS DEPARTMENT

Mr. Tomoling presented the matter to the Committee, as follows:

VIII. FOR INFORMATION



POSITIVE FINDINGS:

Based on the samples:

1. Twenty-four (24) samples were compliant in terms of the signatories and approval as required by the Manual of Signing Authority (MOSA) as of 2023 and the Revised Consolidated Signing Authority per Board Resolution No. 200 s. 2019.
2. Twenty-four (24) samples were supported with approved Project Proposal Form (PPF) / Project Brief Form (PBF), Budget Breakdown Form (BBF), Certificate of Availability of Funds, Corporate Operating Budget (COB) / Work Financial Plan (WFP), Project Procurement Management Plan (PPMP).
3. The DPD has prepared quarterly the Quality Objectives Monitoring and Evaluation Report (QOMER) which is the basic management monitoring control mechanism to evaluate and measure performance targets as reflected in the Functional Quality Objectives (FQO).



VIII. FOR INFORMATION



POSITIVE FINDINGS:

4. The below PPAs achieved a budget utilization rate of above ninety percent (90%):

PPA	Budget Utilization Rate
Seminars on Digital Marketing, Capacity Building and Skills Development- Hybrid Membership Seminar Regional IV-A	98.23%
PMT Motovloggers / bloggers Familiarization and Content Creation Rides- Juan Ride 2023	98.43%
Philippine Vespa Days 2023	99.99%
Bisita Be My Guest- London	95.20%
TPB Members Familiarization Trip- Metro Manila	99.00%
Regional Travel Fair- Ilocos	93.64%
Hybrid Conduct of Tourism Marketing Educational Seminar	91.05%
360 VR-Western Visayas Region	99.90%
360 VR-Western Caraga and Davao	100.00%
MICE Roadshow in Korea 2023	95.59%
Regional Travel Fair Cebu	94.41%



VIII. FOR INFORMATION



POSITIVE FINDINGS:

5. The Return of Marketing Investment (ROMI) attributable to the following projects were achieved and or reflected in the Terminal Report:

PPA	ROMI
PMT Motovloggers / bloggers Familiarization and Content Creation Rides- Juan Ride 2023	· P6,580,000.00 Estimated Domestic Tourist Receipts in the 1-day ride
Bisita Be My Guest- London	· 153.33% or Php 17,807,902.00 based on the 148 OFW · 701.77% or Php 45,581,636.80 based on sales lead
Regional Travel Fair Ilocos	· 5,082.00% with business sales lead of P484,378,850.00 and actual sales of P4,632,857.00
MICE Roadshow in Korea 2023	· 499.44%
Regional Travel Fair-Cebu	· 2,797.00%



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

1. There was no available document nor a specific procedure in place to evaluate the effectiveness of the training to assess the knowledge and skills of the participants before and after the training such as the administration of Pre and Post Test for the following PPAs

PPA	Implementation Date	Amount
Seminars on Digital Marketing, Capacity Building and Skills Development- Hybrid Membership Seminar Regional IV-A	11-Jan-23	2,000,000.00
Hybrid Conduct of Tourism Marketing Educational Seminar	4th Quarter of 2022	8,200,000.00

Management Reply:

The DPD concurs with the recommendation to include a Pre and Post Test, exclusive of the Post-Training Evaluation Form (QF-DPRO-01 Rev-01) for participants, to validate or assess the knowledge and skills of the participants/attendees.



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

- The Project Proposal Form and Terminal Report / Post Event Report of the following marketing support lacks information on the Return on Marketing Investment (ROMI) which constitutes thirty percent (30%) of the evaluation criteria as per the TPB Unified Guidelines for Availing Financial Incentives/Support for Projects/Events held in the Philippines:

Activities	ROMI	
	Per PPF	Per Terminal / Post Event Report
Hosting of Networking Dinner- Launching of PAL Cebu-Laoag Flight	Not Indicated	Not Indicated
Provision of Collaterals for JCI Baliwag Buntal Induction	Not Indicated	Not Indicated

Management Reply:

The organizer or proponent of a project requesting financial assistance support is considered the best party to predict the event's outcomes. Therefore, the TPB relies on the proponent to calculate the project's Return on Marketing Investment (ROMI). **We commit to being stricter in collecting these vital information to make the evaluation process even more effective and efficient.**



VIII. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES:

- The Terminal Report / Post- Event Report for the following PPAs lacks dates in terms of the preparation, review, and approval by the concerned TPB officers and the Implementing Agencies (IA). Thus, the control effectiveness on the timeliness of preparation and approval cannot be ascertained.

Activity	Prepared by
PMT Philippine Vespa Days 2023	TPB
Seminars on Digital Marketing, Capacity Building and Skills Development- Hybrid Membership Seminar Regional IV-A	TPB
Hosting of Networking Dinner- Launching of PAL Cebu-Laoag Flight	IA/ Proponent
Provision of Collaterals for JCI Baliwag Buntal Induction- JCI Baliwag	IA/ Proponent
PMT-Mindanao Confederation of Big Bike Clubs (MCBBC)	TPB

Management Reply:

It was not intentional to omit the date, therefore, the DPD will exercise due diligence in securing both the signature and dates in its succeeding the Terminal Reports/Post-Event Reports.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

- As a matter of control mechanism in granting assistance such collateral materials and the like, the DPD should require the requesting party to submit the following but not limited to depending on its applicability to properly account these items.
 - Distribution List or List of Recipients,
 - Acknowledgment Receipt /Inspection and Acceptance Report upon receipt thereof,

Management Reply:

We concur with the recommendation of the Internal Audit Office (IAO) to implement control mechanisms for granting assistance and collateral materials. Specifically, we will require the requesting party to submit a Distribution List or List of Recipients, as well as an Acknowledgment Receipt or Inspection and Acceptance Report, before the DPD releases the items.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

2. The DPD Officers and staff should exercise extra due diligence to ensure that the below control objectives are achieved:
 - a. Ensure that the preparation, review, and approval of Terminal Reports, Accomplishment Reports, Post Event Reports, and the Project Brief Form are dated to establish an audit trail for timeliness.
 - b. Ensure that the required documentation to the submitted Post Event Report is attached, as outlined in the confirmation letter, including the list of participants, photos, videos, event materials, and other necessary documentation.

Management Reply:

DPD Officers and staff will ensure that date fields are filled out for Terminal Reports, Accomplishment Reports, Post Event Reports, and the Project Brief Form to ensure an audit trail for timeliness. A checklist will be created for required documentation, including the list of participants, photos, videos, event materials, and other necessary documents as outlined in the confirmation letter



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

3. Review the relevance of the 90-day submission requirement for financial requests from proponents, especially for Assistance in Kind, where promotional materials, tokens, and similar items have already been procured by TPB and are ready for release at the time of the request. If necessary, recommend that TPB Management revise the TPB Unified Guidelines for Availing Financial Incentives/Support for Projects/Events to include additional provisions addressing this issue, based on its necessity and applicability.

Management Reply:

We agree with IAO's recommendation to evaluate the relevance of the 90-day submission rule for financial requests. Particularly for Assistance in Kind, when TPB has already procured promotional materials, we will work with TPB Management to consider revising the guidelines.



VIII. FOR INFORMATION



AUDIT RECOMMENDATIONS

4. Request the service provider to develop a Training Effectiveness Evaluation Tool that includes conducting pre- and post-tests/assessments of the participants as an additional deliverable in the Memorandum of Agreement (MOA). Furthermore, require the service provider to submit the results of the training effectiveness evaluation to the TPB within ten (10) working days after the training program's completion.

Management Reply:

We agree with the IAO's recommendation to implement a Training Effectiveness Evaluation Tool, which includes pre- and post-tests/assessments for participants, as part of the MOA requirements. Additionally, we will ensure that the service provider submits the results of the training effectiveness evaluation to TPB within ten (10) working days following the completion of the training program.



Asec. Esquivel inquired why the Bisita Be My Guest (BBMG) event held in London is under domestic promotions. Mr. Tomoling explained the reason is due to the involvement of the Domestic Promotions Department (DPD), regardless of the event's location. Asec. Esquivel noted the explanation but expressed that it seemed illogical to label an international event as domestic. Dir. Pelaez suggested consulting the Department of Tourism (DOT) to align definitions and avoid discrepancies. Atty. Tiambeng relayed that this is due to a Department Order and an Office Order's designation which tasked the DPD with preparing and executing a marketing plan to promote the BBMG program. Consequently, the budget for the program was categorized under domestic promotions. Dir. Pelaez mentioned that there was an incentive related to the program involving raffle tickets for participants, which Atty. Tiambeng confirmed it was intended to encourage participation. Asec. Esquivel noted and explained that as long as the classifications were backed by the appropriate authorities, he felt it was not for the board to question the decisions of DOT and TPB regarding those classifications.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. D. ONSITE AUDIT OF UNLIQUIDATED INTER-AGENCY FUND TRANSFERS

Mr. Tomoling presented the Overall Performance of the IAO for CY 2023, as follows:

VIII. FOR INFORMATION



4. AUDIT OF UNLIQUIDATED INTER-AGENCY FUND TRANSFERS

SUMMARY

From 08 July 2024 to 01 August 2024, the Internal Audit Office conducted an onsite audit of the unliquidated inter-agency fund transfer of the selected 8 implementing agencies.

As a result, there was an **overall deduction of 35.5 million which represents 79%** of the total unliquidated interagency fund transfers.



VIII. FOR INFORMATION



4. AUDIT OF UNLIQUIDATED INTER-AGENCY FUND TRANSFERS

Auditee	Unliquidated Funds	Reduction	Balance	Reduction %
Municipality of Botolan, Zambales	2,010,097.33	2,010,097.33	-	100.00%
Municipality of Panglao, Bohol	450,000.00	450,000.00	-	100.00%
Clark Development Corporation	11,241,121.47	11,241,121.47	-	100.00%
DOT Regional Office V	2,798,741.88	2,460,410.00	338,331.88	87.91%
City Government of Iloilo	3,844,460.00	3,844,460.00	-	100.00%
Province of Negros Occidental	4,454,000.00	4,454,000.00	-	100.00%
DOT Regional Office VIII	17,601,005.50	8,784,246.81	8,816,758.69	49.91%
Province of Samar	320,000.00	320,000.00	-	100.00%
TOTAL	42,719,426.18	33,564,335.61	9,155,090.57	78.57%



There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

IX. OTHER MATTERS

There were no further comments and/or concerns raised by the Committee and proceeded to the next item in the agenda.

Mr. Tomoling was requested to leave the meeting room in order for the committee members to prepare for the interview of Internal Auditor V applicants.

X. INTERVIEW OF INTERNAL AUDITOR V APPLICANTS

Atty. Tiambeng briefed the Committee that they will interview two candidates, and that the profiles of the interviewees, candidate rating sheets, and recommendation forms have been distributed to the committee members in advance. She added that completed forms should be submitted by 3 September 2024 to facilitate HR in their hiring processes.

The Committee interviewed first Ms. Ma. Khenna Mae G. Dela Cruz (Ms. Dela Cruz). Asec. Esquivel asked Ms. Dela Cruz on the substantial salary reduction from her current position and the Internal Auditor V position. Ms. Dela Cruz expressed that she valued peace of mind over the compensation because of the demanding nature of her current roles in Audit, Human Resource (HR), and Legal functions at Knutsen Corporation. Asec. Esquivel inquired about the corporation and the latter's role within it. Ms. Dela Cruz explained that Knutsen is a manning agency which specializes in deploying seafarers abroad. Unlike other agencies that serve multiple clients, Knutsen exclusively supplies seafarers to the Knutsen

227 Group, based in Norway, which owns and manages the vessels. She stated that her
228 career started as an auditor but transitioned into HR after a crisis due to the
229 resignation of the entire HR team. She added that after the company noticed her
230 pursuit of a Juris Doctor degree, they offered her a dual role, which expanded to
231 include legal functions. At present, she disclosed that she conducts audits across
232 all business units in the Philippines and oversees HR processes from recruitment
233 to employee benefits. Additionally, she prepares memoranda for corporate
234 lawyers before they proceed with legal reviews. Asec. Esquivel inquired whether
235 the corporate lawyers were in-house or external, and Ms. Dela Cruz responded
236 that they are from a Filipino firm. She further clarified that while Knutsen operates
237 independently in the Philippines, it utilizes the Knutsen name and serves
238 international clients.

239
240 Dir. Pelaez asked Ms. Dela Cruz about her choice to pursue a position at
241 TPB instead of other government agencies that might be aligned with her
242 qualifications. The latter shared that she expressed that working in tourism would
243 fulfill her childhood aspirations while providing better prospects for career
244 development. Dir. Pelaez inquired about her plans if she is not hired. The latter
245 explained that she was actively seeking new opportunities and would not resign
246 until she secured a new position. Asec. Esquivel inquired if Ms. Dela Cruz also
247 considering the airline industry, to which the latter replied in negative and
248 explained that she is inclined more in the public sector.

249
250 Dir. Pelaez posed a hypothetical situation to Ms. Dela Cruz, asking how she
251 would handle a scenario in which she was hired but required by the Board to set
252 aside her bar examination due to more pressing matters at TPB. Ms. Dela Cruz
253 responded that she would have no issue postponing her plans and explained that
254 she had been pursuing her studies since 2019, first earning a master's degree and
255 then starting her Juris Doctor program. She added that taking a year off would not
256 pose any problems for her.

257
258 There being no further questions, the Committee ended the interview and
259 requested Mr. Tomoling to re-enter the meeting room.

260
261 Asec. Esquivel inquired about Mr. Tomoling's tenure in TPB. The latter
262 explained that he joined the agency in August 2017, initially as an Internal Auditor
263 IV, and later took on the role of Acting Finance Manager for a year before reverting
264 back to the Internal Audit Office. He added that he was also an Internal Auditor
265 IV at the Credit Information Corporation and explained that he made a lateral
266 transfer to the TPB to continue in the same role. Asec. Esquivel asked about the
267 latter's working relationships with the management and other employees at TPB.
268 Mr. Tomoling discussed that auditors often maintain a professional distance from
269 management and colleagues to ensure objectivity and avoid conflicts of interest.
270 While he does have some personal acquaintances in the other departments such as
271 in the Finance Department, OCBS, and Legal Department, he emphasized the
272 importance of maintaining limitations in relationships, especially when audit

273 findings could involve those colleagues. Asec. Esquivel further inquired how Mr.
274 Tomoling maintains his independence. The latter elaborated that true
275 independence in auditing requires refraining from participation in operational
276 activities, as involvement could compromise the integrity of the audit outcomes.
277

278 Asec. Esquivel inquired if the Internal Audit Office has further powers
279 beyond noting audit findings and making recommendations to the management.
280 Mr. Tomoling clarified that after presenting audit findings to management, the
281 Internal Audit's role is primarily to recommend solutions rather than take direct
282 action against findings. He explained that any major deficiencies would be
283 escalated to the Audit Committee, which would then determine further steps,
284 potentially involving the Board. Mr. Tomoling also stated that the Internal Audit
285 function does not report directly to external agencies like the Commission on
286 Audit (COA) and emphasized that the office's role is to act as a third line of defense
287 against such external scrutiny. This structure is designed to preserve the integrity
288 of internal controls and allow the organization to address deficiencies
289 independently before external intervention occurs.
290

291 Dir. Pelaez inquired the current personnel in the Internal Audit, to which
292 Mr. Tomoling responded that there is only one plantilla position to be filled up.
293 Asec. Esquivel then asked the latter about the number of auditors present when he
294 joined the organization in 2017. Mr. Tomoling confirmed that he was the only
295 auditor at that time and added that over the years, staffing changes occurred,
296 including the hiring of staff members in 2020, who subsequently left later. Asec.
297 Esquivel asked Mr. Tomoling about whether he had taken initiative to advocate
298 for filling the vacant positions, to which the latter explained that the Audit
299 Committee had requested that Management fill the positions multiple times.
300 However, challenges in finding suitable candidates hampered these efforts. It was
301 confirmed that there were consistent attempts to fill the vacancies, but applicants
302 did not meet the hiring criteria.
303

304 There being no further question from the Committee, the interview with
305 Mr. Tomoling ended.
306

307 After the interview, the Committee proceeded with its deliberation. Asec.
308 Esquivel asked if Mr. Tomoling was considered for promotion and why did the
309 Management open the position only recently. Ms. Canoy explained that due to civil
310 service qualifications, Mr. Tomoling had previously lacked the necessary
311 supervisory experience, but recent decisions allowed for an interpretation of his
312 solo management of the Internal Audit Office as sufficient experience, to which the
313 former noted. Asec. Esquivel expressed his support for promoting from within,
314 acknowledging Mr. Tomoling's long tenure while also noting the impressive
315 qualifications of the other candidate, Ms. Dela Cruz. Both Dir. Pelaez and Asec.
316 Esquivel agreed to promote choose Mr. Tomoling as qualified for the Internal
317 Auditor V position.
318

319 They were requested once more to complete the Recommendation Form
320 and the Candidate Rating Sheet on or before 3 September 2024.
321
322

323 **XI. SCHEDULE OF NEXT MEETING**
324

325 The proposed Regular Audit Committee Meetings are scheduled on 18
326 September 2024, 10:30 am - 12:00 pm via Zoom Application.
327


328
329 **XII. ADJOURNMENT**
330

331 There being no other matters for discussion, the meeting was adjourned at 12:49
332 pm.
333
334

335 Prepared by:

336
337
338 
339 **ATTY. JEMIMAH NISSI M. TIAMBENG**
340 Board Secretary V
341
342

343
344 Approved by the TPB Audit Committee:
345

346
347 
348 **EDUARDO F. PELAEZ**
349 Chairperson, TPB Audit Committee and
350 Appointive Director (Other Tourism Enterprises)
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358 *Did not attend*
359 **JETRO NICOLAS F. LOZADA**
360 Vice-Chairperson, TPB Audit Committee
361 Alternate Member of the Board of Directors and
362 Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority
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ENRIQUE ANTONIO J. ESQUIVEL

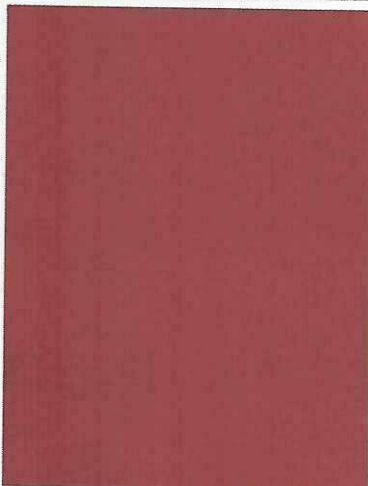
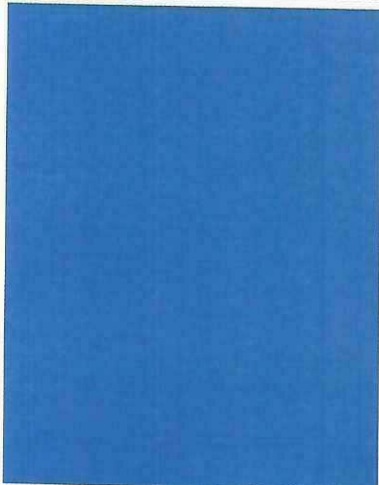
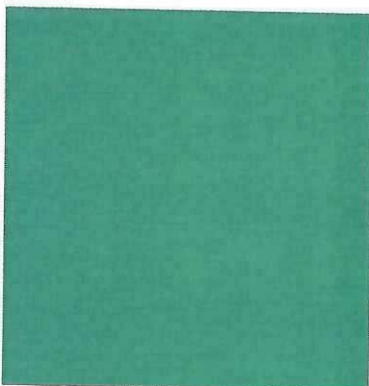
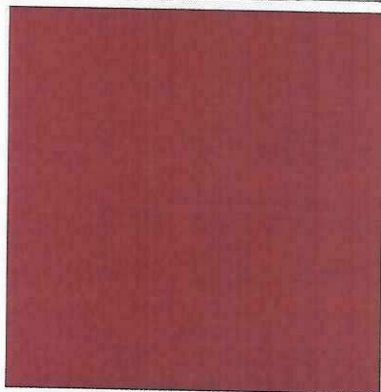
Member, TPB Audit Committee

*Alternate Member of the Board of Directors and
Assistant Secretary, Department of Transportation*



AUDIT COMMITTEE MEETING REPORT

19 November 2024 | via ZOOM Application



TPB AUDIT COMMITTEE MEETING REPORT

19 November 2024 / 10:00 a.m. – 12:00 p.m.

via Zoom Application

ATTENDEES	
INTERNAL AUDIT COMMITTEE MEMBERS:	
<u>Present:</u>	
1. Mr. Eduardo F. Pelaez	Chairperson, Board Audit Committee; Appointive Director (Other Tourism Enterprises) and President, Mapawa Nature Park
2. Mr. Jetro Nicolas F. Lozada	Vice-Chairperson, Board Audit Committee; Alternate Member of the Board of Directors and Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority
3. Mr. Joel C. Laguerta	Alternate Member of the Board Audit Committee; Alternate Member of the Board of Directors and Director, Department of Transportation

TPB KEY OFFICIALS:	
1. Mr. Jerson C. Tomoling	Manager, Internal Audit Office
2. Atty. Gregory A. Nueva LL.M	Manager, Legal Department
3. Jennifer A. Alor	Acting Head, Accounting Division, Finance Department

TPB OFFICE OF THE CORPORATE BOARD SECRETARY (SECRETARIAT):	
4. Atty. Jemimah Nissi M. Tiambeng	Board Secretary V
5. Jelissa Bei P. Galvez	Board Secretary II
6. Precious Anne G. Terceño	Administrative Assistant
7. Lyka A. Bactong	Agenda/Minutes Officer I

TPB PERSONNEL:	
10. Marvin David M. Velayo	Legal Researcher, Legal Department

1 I. CALL TO ORDER

2
3 The Chairperson, Dir. Eduardo F. Pelaez (Dir. Pelaez), called the meeting to
4 order at 10:01 am.
5

6
7 II. INVOCATION

8
9 The Board Secretary V, Atty. Jemimah Nissi M. Tiambeng (Atty. Tiambeng)
10 led the opening prayer.
11

12
13 III. DETERMINATION OF QUORUM

14
15 Atty. Tiambeng certified the existence of a quorum for the purpose of
16 transacting business; and confirmed that the Notice of Meeting, Agenda, and
17 other pertinent board materials were timely sent to the committee.
18

19
20 IV. APPROVAL OF THE AGENDA

21
22 Upon the motion of Assistant Chief Operating Officer Jetro Nicolas F.
23 Lozada (ACOO Lozada), which was duly seconded by Dir. Joel C. Laguerta (Dir.
24 Laguerta), the Committee approved the agenda of the TPB Audit Committee
25 Meeting on 19 November 2024.

	<u>AGENDA</u>	COMMITTEE'S ACTION
I	Call to Order	
II	Invocation	
III	Determination of Quorum	
IV	Approval of the Agenda	
V	Matters Arising	
	A. Updates on the Creation of Fact-Finding Committee: Notice of Cessation re: Integrated Human Resource Information System (IHRIS) with DBP Data Center, Inc.	For information / discussion
VI	For the Committee's Information	
	A. Results of the Operations Audit: Marketing Communications Department	For information / discussion
	B. Results of the Management Audit: Procurement and General Services Division	For information / discussion
	C. Results of the Management Audit: Finance Department	For information / discussion
VII	Other Matters	
VIII	Schedule of Next Meeting	
IX	Adjournment	

V. MATTERS ARISING

V. A. UPDATES ON THE CREATION OF FACT-FINDING COMMITTEE: NOTICE OF CESSATION RE: INTEGRATED HUMAN RESOURCE INFORMATION SYSTEM (IHRIS) WITH DBP DATA CENTER, INC.

Atty. Tiambeng reported the matter, as follows:

V. MATTERS ARISING FROM PREVIOUS MEETINGS



Quick Background

- Contract between TPB and the DBP Data Center, Inc. - executed in 2021
- Issuance of TPB with a Notice of Cessation to DBP DCI - 04 February 2022
- DBP-DCI seemed to have executed its deliverables before the execution of the contract
- TPB accepted and paid DBP-DCI's second milestone of deliverable despite the knowledge that the HRIS had initial features or system build-up that are not ideal for an integrated automated system.
- Customization Requirements and Specifications (CRS) - was not submitted to TPB, as no customization was needed for the HRIS.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



- Finance Department saw it fit and appropriate to facilitate the payment for both milestones.
- The Audit Committee discussed the implications of this cessation and potential legal remedies.
- The Legal Department recommended the creation of the Fact-Finding Committee in order to gather enough evidence to warrant administrative remedies.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



Report of the Fact Finding Committee

The main issues of the fact-findings are:

1. Whether or not the payment for the 1st and second milestones of deliverables were proper in accordance with the laws, rules and regulations; *and*
2. Whether or not there is a *prima facie* evidence as a ground for administrative actions against TPB personnel.



V. MATTERS ARISING FROM PREVIOUS MEETINGS



The Fact Finding Committee reached the following conclusion:

On the first issue

- a. The deliverables of the 1st milestone were completely delivered.
- b. The deliverables for the 2nd milestone were also fully completed.

On the second issue

- a. There is no ground to file an administrative case against the TPB employees.



36 Dir. Pelaez asked if the Committee needs to resolve the matter at hand, to
37 which Atty. Tiambeng affirmed. ACOO Lozada inquired if the contract with DPB
38 Data Center Inc. has been terminated. Atty. Tiambeng explained that the contract
39 expired and was not terminated, thus, the Management issued a notice of
40 cessation instead of termination, to which ACOO Lozada noted.

41
42 Dir. Laguerta inquired about the Management's proposed course of action
43 on the report's findings, specifically regarding the HRIS system's usability and the
44 financial losses TPB faced due to the inability to use the system's delivered
45 milestones. Atty. Gregory A. Nueva (Atty. Nueva), the Manager of the Legal
46 Department, explained that the contract was not fully implemented and TPB had
47 not received the full system. However, there is no specific recommended action
48 yet, but to terminate the contract to proceed with bidding for a new HRIS was
49 suggested. Atty. Tiambeng elaborated that the HRIS system was initially procured
50 in milestones; but currently, the Management Information Systems Department
51 (MISD) procured a new HRIS based on modules wherein the system could still
52 function independently even if some modules are not completed. She added that
53 the Management shifted from milestone-based procurement to module-based
54 procurement to prevent similar issues in the future, to which Dir. Pelaez noted.
55 Mr. Jerson C. Tomoling (Mr. Tomoling), Manager of the Internal Audit Office,
56 mentioned that with regard to the financial losses, the Accounting Division had
57 written off the system's value after determining it was no longer usable and
58 offered no future economic benefit. Ms. Jennifer A. Alor (Ms. Alor), Acting Chief
59 of the Accounting Division, confirmed this statement and added that TPB was
60 able to justify before the Commission on Audit (COA) its decision to write off the
61 system when it no longer met the criteria for asset recognition due to the lack of
62 future economic benefits. After the explanation, the COA had no further
63 questions, which was also included in the fact-finding report. Dir. Pelaez inquired
64 if COA had accepted the Management's explanation, to which Ms. Alor affirmed
65 and added that COA had not issued any audit observations on the matter. The
66 former noted and commented that if COA was satisfied, there should be no need
67 to complicate things further for TPB.

68
69 Dir. Laguerta agreed with the sentiment. However, he pointed out that
70 there has been an issue with how the Terms of Reference (TOR) for the project was
71 prepared. He also inquired the involvement of TPB personnel, specifically, Ms.
72 Karen A. Padolina (Ms. Padolina), Ms. Hazel Francisco-Silva, and Mr. Emmanuel
73 A. Zarate (Mr. Zarate) in preparing the TOR. Mr. Tomoling clarified that Ms.
74 Padolina was partly involved in the preparation; while Mr. Zarate was not,
75 because the point person was the previous Acting Head of the MISD who
76 subsequently transferred to another agency. Dir. Pelaez asked if these individuals
77 are still with TPB, and Mr. Tomoling confirmed the same. ACOO Lozada
78 suggested that moving forward, TPB should find another provider to proceed
79 with the HR automation system. Dir. Pelaez suggested that the Audit Committee
80 to adopt the recommendations of the Fact-Finding Committee and to relay to TPB

Management that a new provider should be sought while noting the lapses from the previous procurement process to prevent its occurrence.

ACOO Lozada inquired whether a performance bond had been provided by DCI to TPB for the contract. Atty. Tiambeng replied that according to the committee report, no performance security had been requested because the contract was through agency-to-agency procurement. ACOO Lozada noted and suggested that, moving forward, a performance bond should be required to ensure that there is something to hold against the provider. Dir. Pelaez agreed with the suggestion and asked Atty. Tiambeng to include it as part of the Committee's recommendation.

In sum, the Committee resolved to:

1. Adopt the recommendations of the Fact-Finding Committee; and
2. Communicate to the TPB Management its comment to note the lapses from the previously procured HRIS to prevent its reoccurrence; and ensure that a performance bond is required from the new HRIS provider.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. FOR THE COMMITTEE'S INFORMATION

VI. A. RESULTS OF THE OPERATIONS AUDIT: MARKETING COMMUNICATIONS DEPARTMENT

Mr. Tomoling reported the matter to the Committee, as follows:

VI. FOR INFORMATION

Results of the Operations Audit: Marketing Communications Department



POSITIVE FINDINGS: OPERATIONS AUDIT MARCOM

1. All 18 sample projects were supported with approved Project Proposal/Brief Form , Budget Breakdown Form (BBF), Certificate of Availability of Funds, Corporate Operating Budget (COB) / Work Financial Plan (WFP).
2. All samples were compliant in terms of the signatories and approval as required by the Manual of Signing Authority (MOSA) as of 2023 and the Revised Consolidated Signing Authority per Board Resolution No. 200 s. 2019.



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT MARCOM

3. Return of Marketing Investment (ROMI)

PPA	ROMI
Full-Service Agency Global Media Planning, Buying and Placements 2022 z	244% ROMI
Digital Marketing Agency- Integrated Marketing Communications Campaign (2022)	4,560.77% ROI based on the total PR investment
Full-Service Agency for TPBs 2022 Local Media Planning, Buying and Placements	Media values: P114,994,921.31 Projected Economic Income (PEI): 246.22%
Media and Influencers for Badian Wayfinder Launch	Total PR value of P10,195,860.00
Media and Influencers for RTF Cebu	Total PR value of P2,972,488.00 ROI: 301.69%
Media and Influencers for RTF Ilocos	Total PR value of P27,427,639.20 ROI: 2,952%
Media and Influencers Appreciation Day (TPB Pasasalamat)	Total PR value of P2,545,419.00 Advertisement value of P848,473.00

VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

1. The preparation and approval of the Terminal Report are undated.

Type	PPA	Preparation	Approval
Local Tactical Support to Events	TPB Media Appreciation Day (TPB Pasasalamat)	Undated	Undated

MANAGEMENT REPLY

Preparation of the Terminal Report was finalized on 19 February 2024 and was approved by then DCOO Bautista on 20 February 2024. The preparation was delayed due to the manual mileage monitoring since we no longer had a PR agency on board by that time. We had to request from a different onboarded media monitoring agency if they could validate for us; thus, we had to wait for their report. Once it was submitted, we finalized the document, and had it routed. Henceforth, we will endeavor to ensure that all terminal reports are dated as to the preparation and approval of the concerned officers

VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

2. The Post-Event Report was submitted beyond twenty (20) days after the event which is not compliant with the ISO Process

PPA	EVENT DATE	Report Submission	No of days
Media and Influencers for RTF Cebu	21 – 24 July 2023	29 August 2023	36
Media and Influencers for RTF Ilocos	12 – 16 October 2023	20 December 2023	65

MANAGEMENT REPLY

For RTF Cebu, the post-event report cannot be submitted without the agency's monitoring report for press pick-ups and influencer outputs. This is important because this is where we compare the investment versus ROMI. The agency submitted the validation report for the media mileage late.

For RTF Ilocos, the post-event report cannot be submitted without the data from the supplier's SOA since we have to compute the amount spent vs. returns. With multiple follow-ups, the tour operator was only able to respond late on 15 December 2023, and thus, the final report was finished and submitted after three working days. Henceforth, we will endeavor to ensure that all terminal reports are submitted within the stipulated deadline in compliance with the ISO Procedure.

VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

- There were Projects that were implemented beyond the validity period of the Corporate Operating Budget which are not compliant with laws and regulatory issuances governing the release, obligation, and disbursement of funds.

Projects	Fund Source	Funds Validity	Implementation Period
Full-Service Media Agency-Global Media Placement: P199,986,214.03	FY 2022 MARCOM COB	COB 2022-MOOE shall be available for release, obligation, and disbursement until 31 December 31, 2023 (Sec 3.3 NBC 587, Sec 68 of GAA prov and &TPB COB)	Extended until 31 March 2024 per addendum agreement date 29 Dec 2023
Full-Service Agency for TPBs 2022 Local Media Placements: P48,750,000.00			Extended until 31 March 2024 per Addendum Agreement dated 29 Dec 2023
Conceptualization and Development of the Phil. MICE Brand and Campaign: P12,997,600.00			Extended until 31 July 2024 per Addendum Agreement dated 13 Feb 2024
Digital Marketing Agency- Integrated Marketing Communications Campaign (2022): P24,953,700.00			Extended until 31 March 2024 per addendum agreement acknowledge on 08 Jan 2024



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

- There were Projects that were implemented beyond the validity period of the Corporate Operating Budget which are not compliant with laws and regulatory issuances governing the release, obligation, and disbursement of funds.

PPA	Fund Source	Funds/ Appropriation Validity	Implementation Period
Maintenance, Enhancement, Marketing and Promotion of the Travel Philippine Application: P19,975,191.00	FY 2021 MARCOM COB	Available for release and obligation until December 31, 2022 (Section 62 of RA 11640)	Extended until 30 December 2023 per addendum agreement date 14 Dec 2023 and 03 May 2023



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

MANAGEMENT REPLY

The project implementation was based on the duly approved / executed addendum contracts wherein prior to its execution, it went to the proper review by the appropriate and concerned departments. Nonetheless, for all future projects, MARCOM will ensure that the corresponding budget source are still valid prior to the request of an extended implementation through the execution of an addendum agreement



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

4. Deficiencies were noted for the below project

Project	Full-Service Media Agency-Global Media Placement
Contract Price	P 199,986,214.03
Funding Source	FY 2022 MARCOM COB: Strategic Communications Campaign - Global Media
Supplier	Universal Mccan Owned and Operated by IPG Media Brands Phils Inc.
Implementation	October 2022- March 2024

4.1. Failed to revise and finalize the Term of Reference (TOR) nor incorporate the revisions in the Special Condition of the Contract based on the result of the Bid Negotiation conducted on 08 July 2022 resulting to the discrepancies in the foreign exchange rate.

FOREX Per section IX of TOR	FOREX Per Original Media Plan
Php55.00 =1USD	Php 59=1USD



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

MANAGEMENT REPLY

MARCOM shall remind the BAC Procurement Officer and Legal Department to include all negotiations discussed moving forward in the Contract Agreement. Since the 2019 media campaign project, MARCOM has been requesting a comprehensive contract covering all the agreed terms and conditions; however, the same contract template has been applied and used for all the media campaign projects.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

- 4.2. There was a discrepancy in the amount of the Contract Price Vis-à-vis Final Media Plan dated 19 March 2024.

Particular	Per Contract	Final Media Plan	Variance
Total Cost	P199,986,214.03	P199,927,497.49	P58,716.54

MANAGEMENT REPLY

Per IPG (supplier), the variance is to accommodate or anticipate any unforeseen charges.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

4.3. A Local Business Tax (LBT) in the total amount of P1,636,597.59 was added as a cost chargeable against the TPB. The tax rate used was 1.25% which is based on Ordinance No. 34 series of 2017 of the City Government of Taguig which imposes an annual tax for businesses established, operated, conducted, or maintained within the City.

- LBT is a business expense that is deductible against the taxable income of IPG Media Brand and does not apply to the TPB.
- As per section 18 and 53.2 of the GCC, the remuneration of IPG Media Brand Phil. Inc comprise of 10% Agency Service Fee and Creative Fees where in the supplier should already factored the LBT as part of the overall expenses attributable to the business operation



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

MANAGEMENT REPLY

Per IPG, The LBT the agency is charging is not for the remuneration of services done by the Agency but for the taxes of the 3rd party vendors coursed through the agency.

Declaration of LBT is included in the bid documents submitted per Contract Agreement under section 2.g "Bid forms, including all the documents/statements submitted" and the LBT amount is finalized in the media plan approved by Tourism Promotions Board.

TPB may refer to FPF 3 which was aligned with the signed hard copy submitted during bidding. Note that the LBT during the bidding was different from the approved media plan because of the assumption that most of the digital media costs were through IPG affiliates (e.g. MTK Philippines) which were not charged with LBT.

Furthermore, per TPB's Terms of Reference (TOR) there is an allocation in the total project amount that should cover the 10% ASF, VAT, bank charges, and other fees that may be incurred in the process.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

4.4. The Local Business Tax (LBT) was added with a 12% Value Added Tax

Particulars	Amount (PHP)	Per Final Media Plan -VAT (PHP)	VAT Per Audit (PHP)	Variance
Local Business Tax	1,636,598.00	196,391.76	-	196,391.76

MANAGEMENT REPLY

Per IPG, the agency is a VAT-registered entity, consequently, the costs of the local business tax on 3rd party vendors are also subject to 12% VAT. (Please refer to the attached 2303 of the Company).



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

4.5 The implementation period was extended three times through the execution of the 2nd & 3rd addendum agreements wherein the reason cited therein is the inability of the IPG Media Brand Phil. to deliver the services within the period as agreed per original contract.

Liquidated damages should have been applied in accordance with the provision of the contract (section 56 of the GCC), and no execution of the second and third addendum agreement as the original implementation period is only for six (6) months only, but it took eighteen (18) months to complete which is an increase by 200% of the overall period of implementation.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: MARCOM

MANAGEMENT REPLY

IPG was unable to deliver the required output within the extended timeline due to several changes in DOT's branding directives for media placements. During this period, the branding of materials had to be revised twice—first to remove IMFITP and then to apply LTP to all ad materials.

Additionally, there was a pause following the LTP branding issue as TPB waited for DOT's directives on using materials moving forward. The delay was also impacted by TPB's lead time in reviewing and approving multiple materials simultaneously.

Furthermore, the 2022 media campaign was recommended to be extended by TPB Management since the originally allocated 2023 media budget was allocated for the 2025 Expo Osaka construction. Extending the placement ensured the continuous promotion and sustaining of the presence of PH in its key markets.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

1. Sustain and maintain the positive findings and measures noted and ensure its continuous and effective implementation.

MANAGEMENT REPLY

Noted on this

2. Initiate the issuance of Corrective Action Reports for the unmet targets of the Divisions, depending on the applicability and adherence to the ISO Documented Procedure and Standards.

MANAGEMENT REPLY

Noted on this and MARCOM will endeavor to issue a Corrective Action Report within the prescribed work turn-around as specified in the ISO Procedure. There are no unmet targets for Q4 under "100% of concept designs served within the deadline". The log sheet with correct input has been uploaded in the Google Drive.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

3. Review and revise as necessary, the respective Quality Objectives Monitoring and Evaluation Report (QOMER) based on the deficiencies noted by this Office, to ensure accuracy, completeness, and validity of data and information

MANAGEMENT REPLY

Noted on this and MARCOM will endeavor to review and revise as necessary immediately upon the advice of the CPBD on the deficiencies seen in the submitted QOMER.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

4. Review and revisit the ISO-documented processes Design and Development of Collateral Materials (QOM-MCOM-01) and Content Creation for Press Releases and Media-Related Outputs (QOM-MCOM-03) and consider incorporating specific timeline on the submission of Job Order Request Forms (JORF) based on historical average turn-around time to ensure that the department can timely deliver the required concept designs and media-related outputs before the deadline as specified by the end user.

MANAGEMENT REPLY

In previous years, Marcom has incorporated the specific turnaround time in the Design and Development of Collateral Materials and Content Creation for Press Releases and Media-Related Outputs processes. However, this was ineffective as each request is unique, and most of the projects of the different MP Departments are approved at the last minute, causing delay on the timeline of their request for event requirements. The prescribed turnaround time is not being followed by the project officers, yet Marcom cannot reject the requests. Therefore, Marcom usually negotiates the deadline with the project officer.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

5. Prudent fiscal management dictates that the TPB Management should refrain from extending the implementation period of the PPAs through the execution of an addendum agreement that is beyond the validity period of the Corporate Operating Budget in compliance with the DBM Issuances and GAA provisions that governed the budgetary process to avoid any legal repercussion such as COA Disallowance.

MANAGEMENT REPLY

The recommendation is noted. Henceforth, MARCOM Department will closely coordinate with the Finance Department to ensure that funding sources of the budget is still valid before the execution of any addendum agreement to extend the project implementation of the PPAs to avoid any regulatory non-compliances and legal complications.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

6. TPB Management should strictly impose the applicable Liquidated Damages for the failure of the Consultant to deliver any or all the Services within the period specified in the contract. Refrain from the execution of an addendum agreement to accommodate the inability of the supplier to timely deliver the services as expected as this defeats the purpose of having a penalty clause in the contract in compliance with RA 9184 and its Implementing Rules and Regulations.

MANAGEMENT REPLY

This is noted. The requested extensions or addendums were mainly caused by DOT or TPB management's change of directives as well as the approval timelines.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

7. Coordinate with the Finance Department and IPG Media Brand Phils. to reconcile financial records relative to the implementation of Full Full-Service Media Agency-Global Media Placement and refund to the TPB any applicable amount pertaining to the below deficiencies:
 - 7.1. Improper charging of Local Business Tax (LBT) to the TPB which is not part of the remuneration as stated in the contract. Further, the 1.25% LBT is not considered as a directly applicable tax to the services rendered by the IPG Media Brand Phil Inc

MANAGEMENT REPLY

The TPB MARCOM had a series of meetings with IPG Finance, TPB Finance and Legal Departments, the two agencies have settled an agreement last October 18, 2024 on the following actions:



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

MANAGEMENT REPLY

- As agreed, IPG to offset the VAT of the LBT paid invoices to the unbilled cost of LBT of IPG. While the remaining amount will be billed to TPB.
- Last October 29, 2024, IPG Finance provided the listing of those invoices and the remaining unbilled LBT charges to TPB. This was forwarded to the Finance team and was acknowledged by last November 4, 2024. Last November 5, 2024, the Finance Department will go through the list to counter check and will revert back to BMAD-MARCOM on their findings and ways to move forward.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

7.2. Inaccurate computation of the 12% Output Tax added in the computation of Local Business Tax

MANAGEMENT REPLY

TPB MARCOM will defer to TPB Finance and Legal's advice to settle pending invoices due to IPG and media vendors and this matter. "Nonetheless, the Finance Department will reconcile discrepancies, if there are any, before a final payment is made to the supplier."

Per Legal Opinion:

Conclusively, in line with the contract agreement and TPB to shoulder the payment of IPG's local business tax, the determination of the amount subject for payment shall exclude the imposition of output VAT.

Thus, TPB cannot be held to pay or be liable for the VAT included and computed in the amount subject for the payment of local business tax.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

8. The management should exercise due diligence in the monitoring and supervision of the timely preparation and submission of the Terminal Report and other reportorial requirements.

MANAGEMENT REPLY

This is duly noted. The department is requesting additional personnel through the HR Department to avoid overlapping workload of the staff, causing delay in the submission of administrative requirements.



VI. FOR INFORMATION



HIGHLIGHTS: AUDIT RECOMMENDATIONS

9. The management should ensure that all documentary requirements such as Addendum Agreements and other relevant documents are timely prepared, executed, and perfected prior to the expiration of the original MOA to avoid any legal complications and the issuance of a notice of disallowances by the Commission of Audit (COA).

MANAGEMENT REPLY

This is duly noted. The MARCOM does not have an administrative assistant and there are not enough project officers. The department is requesting additional personnel through the HR Department to avoid overlapping workload of the staff, causing delay in the submission of administrative requirements.



Dir. Pelaez commented that according to the findings, the delay was caused by the Department of Tourism (DOT), noting that TPB was only an attached agency. Mr. Tomoling explained that TPB should align with DOT. The former added about the potential reoccurrence of the problem, to which Mr. Tomoling referenced a previous situation involving a sudden change in the "Love Philippines" branding, which replaced the "It's More Fun in the Philippines" campaign. ACOO Lozada affirmed that the findings were clear, and TPB was indeed subject to the directives of the DOT. He mentioned the importance of the audit team's attention to the minor changes and commented that these points should be noted to avoid any future observations from the COA, to which Dir. Pelaez noted.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. B. RESULTS OF THE OPERATIONS AUDIT: PROCUREMENT AND GENERAL SERVICES DIVISION (PGSD)

Mr. Tomoling presented the report, as follows:

VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

1. Timely submission of mandatory reportorial requirements.
 - a. Agency Procurement Compliance and Performance Indicator System (APCPI) FY 2023
 - b. Procurement Monitoring Report for 2nd Semester FY 2023
 - c. Annual Procurement Plan (APP) FY 2023 (Updated/Final)
 - d. Annual Procurement Plan FY 2024 (First Submission)
 - e. Annual Procurement Plan – Common Use Supplies and Equipment (APP-CSE) FY 2024
 - f. Procurement Monitoring Report for 1st Semester FY 2024



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

2. Effective implementations of the following monitoring controls.
 - a. 100% compliance with the requirement that the requested office supplies and promotional materials are issued within two (2) Working days upon receipt of the approved RIS
 - b. Timely updating and recording of items received and issued in the respective stock cards for the 10 samples selected for Office supplies and
3. 27 procurement transactions were found to be compliant with the Revised Consolidated Signing Authority under Board Resolution No. 200 s. 2019 and the Manual of Signing Authority (MOSA) which was approved on 28 November 2022. These samples were also verified as part of the Project Procurement Management Plan (PPMP) of the respective departments/units/office and the TPBs Annual Procurement Plan (APP) and Corporate Operating Budget for CY 2023 and 2024.



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

4. For Cashiering, process and management controls were found to be effective:
 - a. The Petty Cash Fund amounting to P150,000.00 were all accounted for during the cash count conducted on 13 August 2024.
 - b. 12 Petty Cash Vouchers that were subjected to audit were dully filled out and approved by the authorized signatory.
 - c. All accountable forms such as Checks and Official Receipts (Used and Unused) were verified on 04 October 2023 and found to be complete and accounted for.
 - d. The Report on Paid Petty Cash Vouchers for the period October 2023 to June 2024 were timely prepared.
 - e. The Reports of Checks Issued and Disbursement Reports for the period July 2023 to June 2024 were timely prepared.



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

5. Non-Recurrence of the following deficiencies previously noted
 - a. Purchased of office supplies in three separate transactions using the same quotations from the three different suppliers
 - b. For the payment of Daily Subsistence Allowance (DSA), the end user is no longer the one preparing the Letter to the Bank once the Disbursement Voucher is approved, and likewise the DSA cannot be claimed directly from Landbank without prior validation and evaluation from the Cashier.



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

6. For Property Management,
 - a. A year-end annual inventory count of the TPB's Assets and Equipment was conducted in the month of December 2023 to verify and validate its existence for the Calendar Year 2023.
 - b. The Annual Preventive and Corrective Maintenance for TPBs Vehicle, Equipment, Furniture, and Fixture were implemented in accordance with crafted Annual Plan for CY 2024.



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

7. Training relative to the Procurement Law was regularly/annually provided to the key officers in the TPB who are directly involved in the procurement transactions in compliance with RA 9184
8. Based on samples, the PGSD is compliant in terms of the implementation of the documented process "External Providers Performance Evaluation (QOM-PGSD-06).
9. The members of the Bids and Awards Committee (BAC) including the Technical Working Group and the Secretariat, was reconstituted on 27 December 2023 through Office Order No. 2023-112A
10. Based on samples audited, there was no deficiency noted on the transactions procured through Agency to Agency and Small Value Procurement (SVP).



VI. FOR INFORMATION



POSITIVE FINDINGS: OPERATIONS AUDIT PGSD

11. Ninety-Eight Percent (98%) of the procurement transactions under Competitive Bidding and Alternative Mode of Procurement were processed within the prescribed processing timeline as per the Functional Quality Objectives (FQO).
12. The PGSD has faithfully prepared monthly and quarterly the Quality Objectives Monitoring and Evaluation Report (QOMER) which is the primary monitoring control mechanism used and implemented by the management to evaluate and measure performance targets as reflected in the Functional Quality Objectives (FQO).
13. The PGSD Management has exhibited a supportive leadership and attitude towards the internal audit activity as evidenced by the timely access to the records and documents, attendance to audit meetings, and timely replies to queries and interviews.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Property Management

1. The Inventory Records as of 31 December 2023 was not updated as evidenced by the existence of names of separated TPB personnel as assignee/Accountable Officer. Likewise, there were Non TPB Personnel who were assigned as the accountable officer/employee even if there is no employer-employee relationship.

MANAGEMENT REPLY

We have taken note of the comment. PGSD is currently updating the records on the status of the properties and the Accountable Officers for each item.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

2. As of the audit date, there was no separate inventory record of the TPBs' Property Plant and Equipment (PPE) with the following information as physical inventory count is conducted annually in the last quarter of the current year:
 - PPEs that were transferred to the new office- Five E-Com
 - PPEs that remained in the old office- TPB Legaspi Tower 300
 - Newly Purchase PPE situated in the new office

MANAGEMENT REPLY

A physical inventory starting 10 September to 20 September 2024 is currently being conducted by the Procurement and General Services Division (PGSD), together with representatives from Finance Department, Internal Audit Office and COA were invited both in Legaspi Towers 300 and in Five E-Com..



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Cashiering: Petty Cash Management

3. Two sample liquidations were processed beyond the prescribed timeframe of twenty-four (24) hours after the completion of expenses, as required by the the Updated Guidelines on the use of Petty Cash Fund dated 16 August 2023.

MANAGEMENT REPLY

Given the circumstances that some of the petty cash were not liquidated within twenty-four (24) hours, the PGSD will revise the petty cash guidelines to reflect the updated prescribed timeframe for the liquidation of cash advance.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Procurement Transactions and Activities

4. There was no document to show that a revised TPBs Annual Procurement Plan (APP) was submitted to the GPPB on or before 31 July 2023 to reflect any changes in the APP within the first semester of CY 2023, in accordance with section 7.4 of RA 9184

MANAGEMENT REPLY

The BAC Secretariat was not able to submit the updated changes in the APP within the 1st semester of CY 2023 to the GPPB last 31 July 2023. The reference used by the BAC Secretariat was the changes posted in the TPB Transparency Seal.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Mode: Shopping

5. There was no available BAC Resolution that approves the change of the mode of procurement for the below transactions

PO No.	Amount	Mode	
		Per PPMP/BAC Resolution	Per PO
2023-09-167	7,300.00	Shopping	Small Value Procurement
2023-12-302	2,000.00	Shopping	Small Value Procurement

MANAGEMENT REPLY

The Mode of Procurement (MOP) reflected in the PPMP and BAC Resolution for the above requirements were both Shopping. However, there was an oversight in the MOP indicated in the Purchase Order (PO). Moving forward, we will endeavor to ensure relevant documents will indicate the appropriate MOPs.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Mode: Lease of Venue

6. There was no available document as proof that the Notice of Award, Contract/ Purchase Order and Notice to Proceed were posted in the PhilGEPS website, the TPB website, and at any conspicuous place within ten (10) days from their Issuance in accordance with section IV (L) of RA 9184.

PO No.	Supplier	Amount
2023.09.177	Jpark Island Resort and WaterPark	1,350,000.00

MANAGEMENT REPLY

Noted on the observation. Moving forward, we shall exercise due diligence in observing posting timelines



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Mode: Competitive Bidding: Consulting

Contract No	Particulars	Supplier	Amount
2023-027	Consulting Service: Installation, Maintenance and dismantling of Phil Booth at DEMA	TOTAL EXHIBIT AND EXPO SOLUTIONS, INC.	6,988,800.00

7. The contract was perfected 34 days from receipt of NOA which is not compliant with section 37.2 of RA 9184.

NOA		Contract Executed	No of Days
Approved	Received by Supplier		
12 September 2023	14 September 2023	17 October 2023	34

- The winning bidder shall enter contract within 10 days from receipt of NOA
- When the contract requires approval from the higher authority such as the Board, it shall have a maximum period of 20 days from receipt of NOA



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

MANAGEMENT REPLY

Moving forward, the BAC Secretariat will ensure that the contract will be sent to other parties within 10 days upon receipt of NOA and to be signed by the HOPE within 20 days from receipt of NOA.

Mode: Two Failed Bidding

Contract No	Particulars	Supplier	Amount
2023-039	Supply and Delivery of Giveaways and Collaterals for PMT	Elevs Trading and Marketing Corp	2,607,500.00

- The invitation was sent to the observers 2 days before the scheduled date of Negotiation Conference which is not compliant with section 13.3 of the 2016 Revised IRR of RA 9184 that requires 5 calendar days invitation to the observers.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

MANAGEMENT REPLY

Management has taken note of this and hired additional personnel to ensure compliance. As we now have an additional member of the BAC Secretariat dedicated to performing above duties, all our invites are being sent to observers at least five (5) days before the scheduled date of procurement activities.

- Notice of Award (NOA) was issued 21 days after Post Qualification which is not compliant with Annex C of the Revised IRR of RA 9184 that requires 15 calendar issuance of NOA.

MANAGEMENT REPLY

Moving forward, the BAC Secretariat will ensure that the Notice of Award will be issued within 15CD after post qualification.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Contract No	Particulars	Supplier	Amount
2024-027B	Tour Operator Services for North Asia Media and Influencers Trip	Amazing Trails Travel Co. LTD	968,800.00
2024-027C	Research Company to Create Market Brief	Premier Value Provider, Inc	1,566,880.00

- There was no available document such as Post Qualification Evaluation Report to prove that a post qualification was conducted with evaluate further the qualification of the winning bidder prior to the issuance of a Notice of Award as required by section 14 of the IRR RA 9184.

MANAGEMENT REPLY

Moving forward, the Procurement Officers and TWG will conduct a post qualification to all awards made thru Negotiated Procurement – Two Failed Biddings.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Mode: Direct Contracting

11. There was no available Warranty Security for the PO Nos. 2023-10-200, 2023-10-210, 2023-11-224, and 2023-11-238 as required by Section 54.5 of the 2016 Revised Implementing Rules and Regulations of RA 9184..

MANAGEMENT REPLY

The Procurement Team will look and resolve this matter moving forward by reviewing the Warranty Security provisions and to elevate to the BAC for final approval and will require the winning bidder to post warranty security if necessary.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PGSD

Mode: Competitive Bidding- Infrastructure

Contract No.	Particulars	Supplier	Amount	Completion of Work	Expiration	Extension Request
2023-038	Design and Renovation of New TPB Office	AIA Construction	5,797,686.15	Sixty (60) WD beginning 7WD from receipt of NTP - Dec 27 2023	April 03 2024	June 27 2024

12. The request letter for the extension on the completion of works of the TPB office renovation was submitted after the original contract has already expired as shown below. Further, the request letter to extend the contract implementation for thirty (30) days was approved on 03 July 2024.

MANAGEMENT REPLY

Based on the Bidding Documents, which is an attachment to the contract, the counting of the 60 days should be from the approval of the plan and not from the receipt of NTP. Please note that the plans were only approved by Five-ECOM Administration on the first week of May 2024, thus, expiration was on the 1st week of July 2024. Subsequently, the first request for renewal was within the provisions on the bidding documents.



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: PGSD

1. Sustain and maintain the positive findings and measures noted by the IAO and ensure its continuous and effective implementations.

MANAGEMENT REPLY

Noted. Rest assure we will sustain and maintain the positive findings as recommended.

2. To ensure accuracy in reporting, the officer in-charge should strengthen the process controls in terms of the review, monitoring, and updating of Stock Cards and the Monthly Inventory Report to account the movement of the office supplies, and promotional materials/ collaterals, in and out of the PGSD stockroom..

MANAGEMENT REPLY

Noted and rest assure that the PGSD will strengthen the controls of the inventory in terms of recording, monitoring, releasing and updating of records as recommended.



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: PGSD

3. Revisit, review, and revise as necessary, the Guidelines on the Use of PCF, in consideration of the following:
 - a. May consider increasing the 24-hour requirement for the liquidation of Cash Advance depending on the nature of the transaction that may be categorized into simple and complex transactions. Given that the preparation and approval of some of the documentary requirements such as the Minutes of the Meeting and Certification for Payment may require a longer period.
 - b. Given that COA Circular 2023-004 dated 14 June 2023 was suspended, the Management may consider issuing a memorandum to suspend any provision that aligns with it, if there's any, and reinstate previous provisions in accordance with COA Circular 2012-001 dated 14 June 2012 until COA releases new issuance relative to the matter.

MANAGEMENT REPLY

We will update the Guidelines on the Use of Petty Cash Fund dated 16 August 2023 as recommended.



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: PGSD

4. Require the submission of a Warranty Security by contractors and suppliers for all succeeding procurements, specifically for Goods and Services, Infrastructure Projects, and Alternative Modes of Procurement that require Warranty Security, as outlined in Section 54.5 of the RIRR of RA 9184

MANAGEMENT REPLY

The Procurement Team will look and resolve this matter moving forward by reviewing the Warranty Security provisions and to elevate to the BAC for final approval and will require the winning bidder to post warranty security if necessary..



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: PGSD

5. As reiterated, the PGSD Management, BAC, Secretariat, and TWG must at all times exercise due diligence in discharging their duties and responsibilities during the conduct of procurement activities and ensure the following:
 - a. Strict adherence to specific timeframes, maximum allowable turnaround time for each procurement transaction.
 - b. Invitation to observers is received at least 5 cd before each procurement activity.
 - c. Any change of the original procurement modality as stated in the PPMP and APP should be supported with a BAC resolution.
 - d. All supporting documents for the Alternative Mode of Procurement are complied with in accordance with RA 9184 and in the future, RA 12009 once fully implemented.

MANAGEMENT REPLY

Noted on the recommendation. Moving forward the PGSD Management, BAC, BAC Secretariat and TWG will exercise due diligence in performing responsibilities.



Dir. Laguerta mentioned that there are numerous issues related to procurement activities, and acknowledged that one of the reasons given for these issues is the lack of manpower in the PGSD. He inquired whether the existing personnel in the division are new, and if the Head has been with TPB for a long time with expertise in procurement activities. Mr. Tomoling explained that the Acting Head of the PGSD has been in the role since 2019 or 2020. He added that the creation of the Procurement Management Division (PMD) will provide the needed focus on procurement activities. He also mentioned that three personnel from the division are recently certified as Procurement Analysts after undergoing training at the University of the Philippines. Moving forward, with the establishment of the PMD under the Finance Department, TPB will work to address the deficiencies identified by the Internal Audit Office. Dir. Laguerta noted this and reiterated the importance of conducting procurement activities with strict adherence to procurement rules and regulations, especially regarding timelines and requirements. He expressed hope that the proposed corrective actions would ensure these issues would not arise again in the future.

ACOO Lozada congratulated PGSD for achieving a 98% rating in the audit. He mentioned that the inventory system appeared to be done manually and inquired whether there are efforts by Management to automate the process. He also mentioned the importance of requiring a performance bond from all suppliers to ensure that they meet their deliverables, and explained that this would secure TPB and allow for the charging of liquidated damages if the suppliers fail to comply. Dir. Pelaez noted the recommendations.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. C. RESULT OF THE OPERATIONS AUDIT: FINANCE DEPARTMENT

Mr. Jerson C. Tomoling reported the matter, as follows:

VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

1. Based on available records, there were a total of **51 mandatory reportorial requirements** were timely submitted to the regulatory bodies and concerned agencies based on the stipulated deadline.
2. Higher percentage of implementations of the COAs audit recommendations as presented

Status	No. COA Audit Recommendation	Percentage
Implemented	32	84%
On-going implementation	6	16%
Non-Implementation	0	0
Total	38	100%



VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

3. The below-enumerated financial records were timely prepared, reviewed, and approved by the concerned Finance Officers for the period July 2023 to June 2024. These internal records are vital in the reconciliation of records and the preparation of Financial Statements.
 - a. Statement of Bank Reconciliations
 - b. General Journals
 - c. Journal Entry Vouchers
 - d. Special Journals -ADA Disbursement Journals
 - e. Special Journals-Cash Disbursement Journals
 - f. Special Journals- Check Disbursement Journals
 - g. Special Journals- Cash Receipt Journals



VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

4. There was no Notice of Suspension and Disallowances issued by Commission on Audit for the Calendar Year 2023 which is a manifestation that the management has satisfactorily implemented the COA Audit recommendations stated in the recently issued Audit Observation Memoranda.
5. Non-recurrence of the following previously noted deficiencies:
 - a. Non- withholding of Two Percent (2%) Expanded Withholding Tax (EWT) for the Job Order (JO) Personnel/ Contract of Service (COS) who's estimated and expected annual gross income exceeds Two Hundred Fifty Thousand Pesos (P250,000.00.)
 - b. Sworn Declaration for Gross Receipts/Sales of the Job Order (JO) Personnel/ Contract of Service (COS) is on file as required under RMC No. 51-2018.



VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

5. All targets as reflected in the FQO for the period January- June 2024 were met as verified in the Quality Objectives Monitoring and Evaluation Report (QOMER).

Targets	Status
90% of SOA released within 3 working days upon receipt of request for SOA	Met
90% Collection Efficiency	Met
90% Certification of Availability of Funds (CAF) issued within three (3) working days upon receipt of requests for CAF, PO and LOA	Met
90% of Claims processed Within 15 Working Days (with complete supporting documents)	Met
Submit signed Budget Utilization Monitoring Report every fifteenth (15th) of the succeeding month to all Departments/ Offices	Met



VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

6. An effective process, review and monitoring control was demonstrated in the processing of claims
 - a. Thirty-five out of forty-three were compliant in terms of signatories the Disbursement Vouchers (DV), Budget Utilization Status, Purchase Requests (PRs), Purchase Orders (POs)/Contracts, and Checks as required by the TPB Revised Manual of Signing Authority.
 - b. Complete supporting documents were noted in compliance with COA Circular 2012-001 dated 14 June 2012, COA Circular 2023-004 dated 14 June 2023 and other issuances from relevant authorities governing financial claims for the 35 DV samples.
 - c. 5 DV Samples selected were compliant in terms of the accurate computation of applicable taxes as required by the National Internal Revenue Code, the Republic Act 10963 (TRAIN Law), the Revenue Memorandum Circular no. 51-2018 and the Revenue Regulations no. 13-2018:



VI. FOR INFORMATION



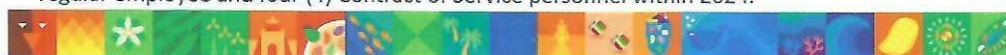
HIGHLIGHTS OF DEFICIENCIES: Finance Department

1. Untimely submission of mandatory reportorial requirements

Particular	No. of Reports
Cash and Investment Balance (CIB) Report	1
FAR No. 4- Monthly Report of Disbursements	5
FAR No. 5 - Quarterly Report of Revenue and Other Receipts	1
Monthly Financial Reports	9

MANAGEMENT REPLY

The above reports were submitted untimely mainly due to the lack of personnel in the Accounting Division since during the mentioned period of compliance there is vacancy in the Finance Department which resulted in some finance officers needing to multitask. Therefore, to ensure timely compliance with reportorial requirements, the Accounting Division hired one (1) regular employee and four (4) Contract of Service personnel within 2024.



VI. FOR INFORMATION



POSITIVE FINDINGS: Finance Department

5. All targets as reflected in the FQO for the period January- June 2024 were met as verified in the Quality Objectives Monitoring and Evaluation Report (QOMER).

Targets	Status
90% of SOA released within 3 working days upon receipt of request for SOA	Met
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90% Certification of Availability of Funds (CAF) issued within three (3) working days upon receipt of requests for CAF, PO and LOA	Met
90% of Claims processed Within 15 Working Days (with complete supporting documents)	Met
Submit signed Budget Utilization Monitoring Report every fifteenth (15th) of the succeeding month to all Departments/ Offices	Met



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

Processing of Financial Claims: 46 Samples

DV No	Supplier	Particulars	Gross
2024-06-1159	Donsol Eco Tour Inc.	Tour Operator Services	2,384,651.86

- There were no documents attached to the DV to support the claim for the actual utilization of the provision for incidental and miscellaneous expenses in accordance with section 9.1.2. of COA Circular 2012-001, thus, this cannot be substantiated

MANAGEMENT REPLY

Moving forward, the Finance Department shall issue a memo to all end-user units directing them to ensure that prior to the certification of payment, the end-user shall ensure that all deliverables under the contract were fully delivered and supported with relevant documents. The Finance Department shall require the submission of necessary documents supporting the actual utilization of the incidental and miscellaneous expenses.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

Processing of Financial Claims: 46 Samples

DV No	Particulars	Gross
2024-06-1218	Communication Allowance May 2024	P 500.00

- The Certification for Payments was not approved by the COO which is not aligned with section 8.M of the TPB Manual of Signing Authority

MANAGEMENT REPLY

The Finance Department has requested the concerned personnel to submit the signed and approved document



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

Processing of Financial Claims: 46 Samples

Check No.	DV		Supplier	Gross
	Date	No.		
99-24-04-0016	16-Apr-24	2024-04-0823	IPG Media brands Philippines, Inc.	562,715.42
		2024-04-0824		3,491,915.00
		2024-04-0825		1,245,771.19
99-24-08-0023	14-Aug-24	202408-1516		6,720,000.00
Total				12,020,401.61

- Notwithstanding an addendum contract executed for the above that extends the implementation period until the 1st Quarter of 2024, the validity of TPBs Corporate Operating Budget for FY 2022 is until December 2023 only, as per Section 3.3 of DBM National Budget Circular 587 and 590, respectively, and the condition no. 4 of TPB COB for FT 2024. Thus, any obligation and disbursement beyond this period is considered without a legal basis.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

MANAGEMENT REPLY

The amended contract, which extended the project's implementation period, was properly signed by both parties and notarized, which serves as a valid and binding agreement between TPB and IPG. Hence, the payments are included in the list of Accounts Payable (AP) as reported in the Financial Accountability Reports (FARs) as of 31 December 2022. The DBM allows TPB to request funds to settle prior years Accounts Payable. This includes obligations or commitment of the national government agencies from both current and previous years, provided that services have been rendered, goods have been delivered, or projects have been completed and accepted.

Certain provisions of the GAA do not apply to TPB. TPB's unexpended or undisbursed appropriations did not revert to the General Fund but reverted to the TPB's Special Account in the General Fund. Condition No. 4 of the TPB's FY 2022 COB should be construed insofar that it is applicable to TPB's operations. Notably, Section 68 of the GAA provision in relation to the reversion of unexpended and undisbursed funds does not apply to TPB. The authority of TPB to release and disburse the funds is based on the DBM's authority which is evidenced by the AP Notice of Cash Allocation (NCA) releases.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

MANAGEMENT REPLY

Additionally, the payments were substantiated by evidence of actual service delivery/rendered, as required by the contract. Supporting documents include copies of media releases, screenshots of social media posts, media mileage monitoring, and more.

To comply with relevant rules and regulations, the Finance Department suggests that the End User and the Legal Department should revisit the DBM's guidelines on the validity of funds and coordinate with the Finance Department prior to extending the implementation period of any contract. This will ensure the availability of funds and help avoid any inconvenience for both parties.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

Processing of Financial Claims: Regular Overtime

DV No	Payee	Particulars	Gross
2024-08-1511	Landbank of the Philippines	Regular Overtime re: Travel Tour Expo Jan-Feb 2024	65,547.54

- Seven personnel from the Domestic Promotions Department were compensated for overtime services for the TPB participation in the Travel Tour Expo held from 02-04 February 2024, even if there are provisions provided for accommodations, meals and transportations as reflected in the Project Proposal and Budget Breakdown Form. This is not compliant with Section 7.0 of the CSC-DBM Joint Circular no. 02 s.2015 wherein personnel granted with travelling allowances and other forms of allowances should not be entitled with an overtime pay for services rendered.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: Finance Department

MANAGEMENT REPLY

No travel allowances were given to the personnel listed above. The project was held at the MOA in Pasay, within a 50-kilometer radius of the TPB office; therefore, it was not classified as travel. Additionally, no Travel Order was issued to these personnel, so they are ineligible to claim travel allowances.

The Finance Department assures the IAO that overtime payments adhere to the DBM-CSC Joint Circular 02 series of 2015.



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: Finance Department

1. Sustain and maintain the positive findings and measures noted by this office and ensure its continuous and effective implementations

MANAGEMENT REPLY

The Finance Department and the concerned Divisions shall sustain and maintain all the positive findings and measures noted by the Internal Audit Office and ensure its continuous and effective implementations



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: Finance Department

2. The Finance Officers must at all times exercise due diligence in the discharge of the monitoring and evaluation to ensure the following:

Controls in the Processing of Financial Claims

Particulars	Recommendations
Validity of Funds/Budgets	Prior to the releasing, obligation and disbursement of funds, ensure that the corresponding budgets of the financial claim are still valid and in accordance with the relevant laws and regulatory issuances.
Completeness of Supporting Documents	Ensure complete documentary requirements in accordance with relevant COA Circulars and provisions of the contracts in the processing of financial claims
Payment for Mobile Allowance	The certification attached should be approved by the authorized signatory, in accordance with the TPB Manual of signing Authority.



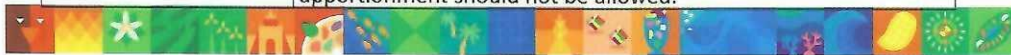
VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: Finance Department

Controls in the Processing of Financial Claims

Particulars	Recommendations
Cash Advance for Onsite Expenses relative to Project Implementation	The attached certification should be accurate and free from error in terms of the details to ensure its validity.
Payment for Overtime Services	Overtime claims should not be allowed if the payee was already granted with other forms of allowances or benefits in with the Section 7.2 of the CSC-DBM Joint Circular no. 02, s.2015.
Payment of Per Diem and other Travel Expenses	Claims for Per Diem and other travel expenses should strictly be in accordance with the apportionment of expenses as required by Executive Order no. 77. Any claims exceeding the prescribed apportionment should not be allowed.



VI. FOR INFORMATION



AUDIT RECOMMENDATIONS: Finance Department

MANAGEMENT REPLY

The Finance Department and the concerned Divisions shall comply with the recommendations of the Internal Audit Office and ensure that internal controls are established in the processing of financial claims.

3. All mandatory reportorial requirements should be timely prepared, approved, and submitted to the relevant authorities /regulatory bodies, and other branches of the government within the stipulated deadline.

MANAGEMENT REPLY

The Finance Department and the concerned Division shall ensure that all mandatory requirements are prepared, approved, and submitted to the relevant authorities /regulatory bodies, and other branches of the government within the stipulated deadline



Dir. Pelaez inquired for the overall rating for the Finance Department. Mr. Tomoling responded that there were four areas evaluated, and overall, the department received a satisfactory rating of 3.10. However, he mentioned that there are deficiencies and weaknesses in control, which were identified as minor negative findings that required improvement. Dir. Pelaez noted the comments.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VII. OTHER MATTERS

There were no matters and/or concerns raised by the Committee.

VIII. SCHEDULE OF NEXT MEETING

The proposed Regular Audit Committee Meetings are scheduled on 9 December 2024, 10:00 am - 12:00 pm via Zoom Application.

IX. ADJOURNMENT

The meeting was adjourned at 11:38 am.

Prepared by:



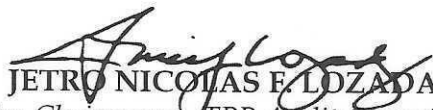
ATTY. JEMIMAH NISSI M. TIAMBENG
Board Secretary V

Approved by the TPB Audit Committee:




EDUARDO F. PELAEZ

Chairperson, TPB Audit Committee and
Appointive Director (Other Tourism Enterprises)



JETRO NICOLAS F. LOZADA

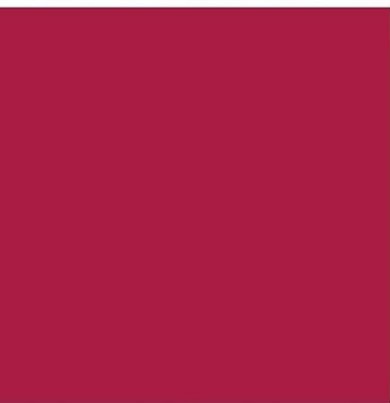
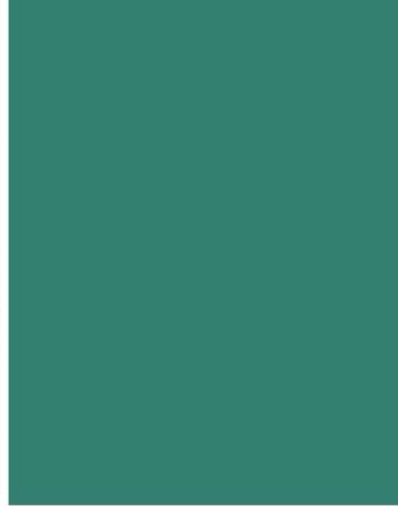
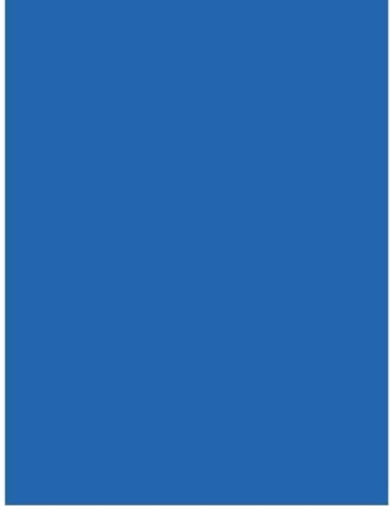
Vice-Chairperson, TPB Audit Committee
Alternate Member of the Board of Directors and
Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority



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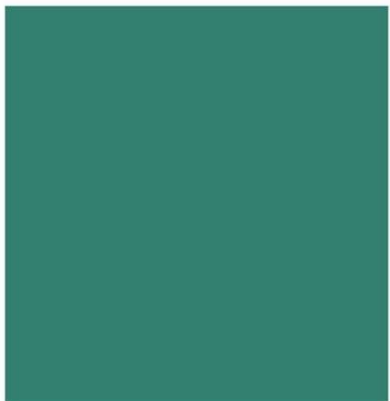
JOEL C. LAGUERTA

Member, TPB Audit Committee
Alternate Member of the Board of Directors and
Director, Department of Transportation



AUDIT COMMITTEE MEETING REPORT

9 December 2024 | via ZOOM Application



TPB AUDIT COMMITTEE MEETING REPORT

9 December 2024 / 10:00 a.m. – 12:00 p.m.

via Zoom Application

ATTENDEES	
INTERNAL AUDIT COMMITTEE MEMBERS:	
<u>Present:</u>	
1. Mr. Eduardo F. Pelaez	Chairperson, Board Audit Committee; Appointive Director (Other Tourism Enterprises) and President, Mapawa Nature Park
2. Mr. Jetro Nicolas F. Lozada	Vice-Chairperson, Board Audit Committee; Alternate Member of the Board of Directors and Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority
3. Mr. Joel C. Laguerta	Alternate Member of the Board Audit Committee; Alternate Member of the Board of Directors and Director, Department of Transportation

TPB KEY OFFICIALS:	
1. Mr. Jerson C. Tomoling	Manager, Internal Audit Office

TPB OFFICE OF THE CORPORATE BOARD SECRETARY (SECRETARIAT):	
2. Atty. Jemimah Nissi M. Tiambeng	Board Secretary V
3. Jelissa Bei P. Galvez	Board Secretary II
4. Precious Anne G. Terceño	Administrative Assistant
5. Lyka A. Bactong	Agenda/Minutes Officer I

TPB PERSONNEL:	
10. Roselle S. Martinez	Internal Auditor II, Internal Audit Office

I. CALL TO ORDER

The Chairperson, Dir. Eduardo F. Pelaez (Dir. Pelaez), called the meeting to order at 10:00 am.

II. INVOCATION

The Board Secretary V, Atty. Jemimah Nissi M. Tiambeng (Atty. Tiambeng) led the opening prayer.

III. DETERMINATION OF QUORUM

Atty. Tiambeng certified the existence of a quorum for the purpose of transacting business; and confirmed that the Notice of Meeting, Agenda, and other pertinent board materials were timely sent to the committee.

IV. APPROVAL OF THE AGENDA

Upon the motion of Dir. Joel C. Laguerta (Dir. Laguerta), the Committee approved the agenda of the TPB Audit Committee Meeting on 9 December 2024, to wit:

	<u>AGENDA</u>	COMMITTEE'S ACTION
I	Call to Order	
II	Invocation	
III	Determination of Quorum	
IV	Approval of the Agenda	
V	For the Committee's Approval	
	A. Internal Audit Annual Plan for CY 2025	For approval / discussion
VI	For the Committee's Information	
	A. Results of the Management Audit: Personnel and Human Resources Development Division	For information / discussion
VII	Other Matters	
VIII	Schedule of Next Meeting	
IX	Adjournment	

V. FOR THE COMMITTEE'S APPROVAL

V. A. INTERNAL AUDIT ANNUAL PLAN FOR CY 2025

Mr. Jerson C. Tomoling (Mr. Tomoling), Manager of the Internal Audit Office, presented the matter, as follows:

V. FOR APPROVAL



ANNUAL AUDIT PLAN FOR CY 2025

RISK RATING TABLE

Area	Risk of Non-Compliance				Support to ICS	Operational Risks/ Contractual Obligations	Financial Risk		Total	Average
	Process & Internal Guidelines	Strategic Risk	Legal and Regulatory	COA AOM			App. Budget	Budget Utilization		
PHRDD	3	1	3	1	2	3	3	3	19	2.111
MARCOM	3	2	3	1	3	3	3	1	19	2.111
PGSD	3	2	3	3	1	3	3	1	19	2.111
Finance Dept.	3	2	3	3	2	3	1	1	18	2.000
IPD	2	2	3	1	2	3	3	1	17	1.889
MICE Dept.	2	2	3	1	1	3	3	1	16	1.778
CORPLAN	2	3	2	1	0	3	2	1	14	1.750
MISD	2	3	2	1	1	3	2	1	15	1.667
DPD	2	2	1	1	1	3	3	1	14	1.556
Legal Dept	2	1	3	1	0	3	1	1	12	1.500

Risk Rating Guide: 1=Low Risk; 2=Medium Risk; 3=High Risk

V. FOR APPROVAL



INTERNAL AUDIT ACTIVITIES

ANNUAL AUDIT PLAN FOR CY 2025

Types of Audits	Auditee/ Areas	Area Coverage	Tentative Timeline	Estimated Budget
Compliance/ Management Audit	1. Unliquidated Inter Agency Fund Transfer	Prior Years Unliquidated Inter-Agency Fund Transfers	January – February 2025	P130,000.00
Operations Audit	2. International Promotions Department	Output, Process, and Input evaluation of implemented Projects/ Activities /Programs for the CY 2022-2023	February - March 2025	Meeting Expenses: P220.00/pax for Entry Meeting
	3. MICE Department		March- April 2025	P330.00/pax for Exit Meeting
	4. MARCOM Department		April-May 2025	
	5. Domestic Promotions Department		May-June 2025	

V. FOR APPROVAL



INTERNAL AUDIT ACTIVITIES

ANNUAL AUDIT PLAN FOR CY 2025

Types of Audits	Auditee/ Areas	Area Coverage	Tentative Timeline	Estimated Budget
Management Audit	6. Management Information System Dept.	Output, Process, and Input evaluation of implemented Projects/ Activities /Programs for the CY 2023-2025	July-Aug. 2025	Meeting Expenses: P220.00/pax for Entry Meeting P330.00/pax for Exit Meeting
	7. CORPLAN Dept.		July-Aug. 2025	
	8. Finance Dept. (Budget/ Accounting / Procurement)		Aug. Sept. 2025	
	9. General Services Division (GSD)		Sept.-Oct 2025	
	10. Personnel and Human Resources Dev. Division		Oct.- Nov.2025	
	11. ISO QMS Internal Quality Audit		Nov.-Dec 2025	

V. FOR APPROVAL



Audit Type	Areas	Area Coverage	Timeline	Budget
Non-Audit Activities	1. Review of Internal Audit Charter and Operations Manual	Considerations: · Best Practices and standards · Laws and Regulatory Issuances	December 2025	Meeting Expenses : P330.00 per person
	2. Conduct of Audit Planning for the CY 2026	Considerations: · Findings and Observations · Management and Stakeholders Expectations · Risk Assessments	November – December 2025	
	3. Conduct of Audit Committee Meeting	The agenda items include: · Internal Audit Reports · Approval of Internal Audit Documents · Other Matters	Year Round (At least four (4) times)	
	4. Professionalizing Workforce	· Capacity Building /Trainings/Seminars · Close Competency Gap	Year Round	C/O PHRDD
Unplanned	May include Audit and Non-Audit Activities- Year-Round			



V. FOR APPROVAL

Gantt Chart



INTERNAL AUDIT ACTIVITIES 2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A. Compliance/ Special Field Audit												
1. DOT RO/FO/ LGU												
B. Operations Audit												
1. IPD												
2. MICE Dept.												
3. MARCOM												
4. DPD												
C. Management Audit												
1. MIS Dept.												
2. Legal Dept.												
3. Corp.Plan												
4. Finance Dept.												
5. GSD												
6. PHRDD												
7. ISO QMS-IQA												
D. Non-Audit Activities												
1. Review of IA Charter and Manual												
2. Audit Planning for the CY 2026												
3. Audit Committee Meeting												
4. Professionalizing Workforce												
E. Others / Unplanned Activities												



V. FOR APPROVAL



PROJECT PROCUREMENT MANAGEMENT PLAN (PPMP) FY 2025		
Particulars	Amount	Remarks
1. Audit Meeting Expenses	80,000.00	Year-round
2. Local Travel Expenses	215,000.00	January-February
4. Administrative Expenses/ Miscellaneous	5,000.00	Year-round
5. Office Supplies and other semi-expendables	C/O PGSD-	
6. Salary and Benefits	C/O PHRDD	
7. Salary for Contract of Service/ Job Order		
8. Training/Seminar Fees		
Total	P300,000.00	



was not included in the previous year's ratings. This new guide rates auditees based on the findings after the audit. Dir. Laguerta mentioned that one noticeable change is in the Operational Risk, where all units have increased ratings compared to the previous year. Mr. Tomoling explained that this increase is due to the identification of non-compliance with contracts, which has been minimal in the previous year. He added that the incorporation of "contractual obligation" in the rating guide, highlights issues like non-compliance by suppliers or other contracting parties, leading to the higher operational risk rating. Dir. Laguerta suggested that the team prepare a "lookout list" of potential risks for the Board's reference, particularly focusing on the risks that management should address to avoid recurrence, to which Dir. Pelaez agreed. Mr. Tomoling emphasized that, although these risks were identified, most of the findings for 2024 have already been resolved. The term "risk" is used to signify that the issues, though resolved, might recur, and the higher ratings serve as a guide for the following year to prevent a recurrence.

Dir. Laguerta requested if the team could send a file comparing the risk rating tables for 2024 and 2025, highlighting the notable differences for each unit, to which Mr. Tomoling noted.

In sum, the Committee approved the Internal Audit Annual Plan for CY 2025, subject to the submission of a lookout list of all potential risks that the Management should address and avoid repeating; as well as the reference of the Audit Committee of a comparison of the 2024-2025 risk rating with the notable differences.

There being no further comments and/or concerns raised, the Committee noted the report and proceeded to the next item in the agenda.

VI. FOR THE COMMITTEE'S INFORMATION

VI. A. RESULTS OF THE OPERATIONS AUDIT: MARKETING COMMUNICATIONS DEPARTMENT

Mr. Tomoling reported the matter to the Committee, as follows:

VI. FOR INFORMATION

POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

1. Implementation of a Flexible Work Arrangement in accordance with CSC Memorandum Circular No. 06 s 2022 dated 06 June 2023
2. Amendment of the previous memoranda relative to the Internal Guidelines on Overtime Compensation for TPB Permanent and Contract of Service Personnel through Memorandum Circular PHRDD CB2024-01 dated 23 January 2024
3. Continuous implementation of TPB Program on Awards and Incentives for Service Excellence (Praise) that provides recognition, incentives, and awards to qualified employees based on performance, innovative ideas and exemplary behavior



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

4. As part of the TPB health and wellness program, the following activities were implemented but not limited to:

- i. Annual conduct of Bowl-loween activity for all TPB personnel
- ii. Implementation of 2023 TPB Sports Activities for all TPB personnel
- iii. Administration of Flu and Pneumonia Vaccine
- iv. Conduct of Light Moments

5. The TPB Human Resource Merit and Promotion and Selection Board was reconstituted on 03 June 2024 based on the Merit and Selection Plan as approved by the Civil Service Commission on 26 April 2024.



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

6. Based on the below-presented table, effective management and process controls were demonstrated, and significant compliances with the 2017 Omnibus Rules on Appointments and Other Human Resource Actions (ORAOHRA) were noted as enumerated below:

Plantilla Item No.	Position	Department	Posting
2	Agenda/Minutes Officer I	OCBS	Sept 6-16, 2023
90	Secretary I	DPD	Jan 26- Feb 5, 2024
159	Property Officer II	Admin	Sept 6-16, 2023
55	Market Specialist V	IPD	Sept 6-16, 2023
6	Internal Auditor II	IAO	Sept 6-16, 2023



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

6.1. The above plantilla positions were posted in three conspicuous places within ten (10) days in compliance with section 7 a.11 of Rule III of the ORAOHRA.

6.2. The Notice of Appointments for the above-mentioned were also posted in three (3) conspicuous places for the period of fifteen (15) days.

6.3. The processing of recruitment and selection were all supported by a competency assessment conducted by a third-party supplier, likewise with a recommendations and resolutions from the Human Resource Merit Promotion and Selection Board (HRMPSB).

6.4. An orientation was conducted for the newly recruited personnel that apprised them about the history and mandate of TPB, including the basic information as regards the rights and prohibition as a government employee.



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

7. A letter of regrets was sent to the following unsuccessful candidates in compliance with step 3 of the ISO Process: Recruitment and Selection and Promotion for Permanent Employee (QOM-PHRD-03)

Name	Position	JG	Division / Dept.	Letter of Regrets	
				Date	Sent
M. Garchitorena	Project Development Officer V	12	DPD	March 14, 2024	March 19, 2024
M. Bunag	Human Resource Management Officer V	12	PHRDD	March 01, 2024	March 4, 2024
R. Nucup	Information Systems Analyst III	11	MISD	Feb. 20, 2024	Feb. 22, 2024
A. Balute	Department Manager III	14		Feb. 14, 2024	Feb. 20, 2024
M. Peacita	Convention Services Officer III	10	MICE	March 01, 2024	March 04, 2024



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

8. An effective process and review control was noted for the releasing and granting of a Mid-Year Bonus for CY 2024 as the computations were accurate, and were given only to qualified and eligible employees, in accordance with GCG Memo. Circular No. 2018-03 dated 09 May 2018 and CPCS Circular 2021-001 dated 12 Jan 2021.
9. Based on 13 samples, all Applications for Leave were duly certified and approved by the authorized signatory in accordance w/ TPBs Manual of Signing Authority.

Type/Particular	Quantity
Vacation Leave	3
Force Leave	3
Sick Leave	3
Special Privilege Leave	3
Monetization	3
Total	12



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

10. An effective processing control was noted as evidenced by the accurate computation of 3 samples, particularly 20, 30 & 100 days leave monetization in accordance with CSC DBM and complete documentation in compliance with COA Circular 2012-001 dated 14 June 2012.
11. The TPBs Learning and Development Plan for Calendar Years (CYs) 2022-2024, and the corresponding Annual Training Plan for CY 2024 were established, approved, and implemented through the various in-house and public training and capacity building.
12. The TPB's commitment to enhancing the skills of TPB personnel was manifested through the conduct of a Competency Assessment from 19-29 December 2023 to identify competency gaps and eventually close them through various interventions such as capacity building, seminars, and coaching. Furthermore, an Enhanced Competency Assessment Form was used and implemented in accordance with the 2022 calibrated TPB Competency-Based Framework.



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

13. The Learning and Development intervention provided to TPB Personnel has successfully addressed the identified competency gap as evidenced by the increase in the actual competency rating reflected in the Training Effectiveness Evaluation Form:

Empl	Competency Assessment					Intervention		Training Effectiveness Evaluation			
	Type	Particulars	Required	Actual	Gap	Title	Date	Date	Required	Actual	Gap
DVB.	Leadership	Creating and Nurturing a High Performing Organization	1	0	0%	Competency-based Behavioral Event Interview for TPB HRMPSB Members	02 and 04 May 2023	24 June 2024	1	2	150%



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

14. The following yearly Functional Quality Objectives targets of Personnel and Human Resources Development Division (PHRDD) for the year 2023 were met based on the QOMER and respective monitoring log sheets:

Target	Period Covered	Remarks
100% Implementation of the Annual Training Plan 2023	January to December 2023	32 / 32 of the activities were Implemented
100% of Permanent Employees were subjected to Competency Assessment	January to December 2023	107 TPB Personnel as of 31 December 2023 were assessed



VI. FOR INFORMATION



POSITIVE FINDINGS: MANAGEMENT AUDIT PHRDD

15. The below monthly Functional Quality Objectives target of the Personnel and Human Resources Development Division (PHRDD) for the first semester of 2024 were met based on the monthly QOMER and respective monitoring log sheets:

Target	Period Covered					
	Jan	Feb	Mar	Apr	May	June
Release of salary not later than 15 th and 30 th of the month	12 and 29 January 2024	13 and 27 February 2024	14 and 26 March 2024	12 and 26 April 2024	13 and 28 May 2024	14 and 28 June 2024



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

1. A non-segregation of incompatible functions was noted as the Officer in charged for the preparation, review and approval of the certification for leave credit balances was performed by the same personnel.

Type of Leave	Name	Date of Filing	Date Aailed	Leave Credit Balances	
				7.A Certificate of Leave Credits	7. C Approved for
Vacation Leave	R. Umali	18-Jul-24	14-15 August 2024	Acting Head of PHRDD	Acting Head of PHRDD
Force Leave	G. Larosa	11-Jun-24	13-Jun-24		
Sick Leave	M. Sevilla	14-Feb-24	13-Feb-24		
SPL	J. Tagao	19-Feb-24	23-Feb-24		



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

The signatories in Box 7.A and Box 7.C of the Application for Leave was signed by the Acting Head of the PHRDD in view of the leave of absence of the incumbent HRMO III who is tasked to certify the leave balances of employees, Box 7.C represents the approval/disapproval based on the recommended action in Box 7.8 signed by the immediate supervisor, still maintaining the integrity and impartiality of the process.

Nonetheless, we have taken note of the observations on the signatories and shall be improved through an issuance of Office Order to existing PHRDD plantilla personnel to serve as the alternate certifying officer in Box 7.A.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

2. Based on sample and as reiterated during the last year audit, the following TPB officer was designated for a management position without an incumbent for more than two (2) years which is not aligned with the Section 13.c .4 of the 2017 ORAORAH.

Designation	Original Officer Order (OO)			Extension			Extension			Length to date
	No.	Date	Effectivity	No.	Date	Effectivity	No.	Date	Effectivity	
Acting Head, ASPAC, IPD	2021-036E	26-Jul-21	01-Aug-21	2023-077D	13-Sep-23	until 31 July 2024	2024-066C	31-Jul-24	until 31 July 2025	3 years and 2 months

Section 13. C. 4 of the 2017 ORAORAH provides: "For positions without incumbents, a designation may be made only for a maximum of one (1) year. However, the designation of employees may be renewed every year in the exigency of the service but not to exceed two (2) years."



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

Kindly take note that TPB is endeavoring to address the concern by filling up TPB's vacant positions. In the best interest of the service however Management continuously designated Ms. Ochoa in consideration of her very satisfactory performance in managing the operations of the said division.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

3. There is no document available such as the Performance Evaluation Report to prove that a performance review was conducted by the Performance Management Team within ten (10) days before the end of every rating period during the probationary period in accordance with Sec. 15 of 2017 ORAOHRA for the below newly recruited personnel.

Plantilla Item No.	Position	Dept.	Assume to Duty	Probation 6 months
2	Agenda/Minutes Officer I	OCBS	18 Jan. 2024	Jan 18-July 17, 2024
90	Secretary I	DPD	18-Apr-24	April 18-Oct 17, 2024
159	Property Officer II	Admin	05-Jan-24	Jan5- July 4, 2024
55	Market Specialist V	IPD	16-Feb-24	Feb 16- Aug 15, 2024

MANAGEMENT REPLY

The submission of Performance Evaluation Report is based on the memorandum released by the Performance Management Team (PMT) on the call for submission of O/D/I PCR. We have taken note of your observations and we shall establish a process to evaluate probationary employees in coordination with the PMT.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

4. Based on samples, a weakness in the process and monitoring control was observed as there was a delay in the implementation of the process Recruitment, Selection, and Promotion as presented:
 - a. Date of Online Assessment versus Receipt of Full Report
Supplier: People Dynamics, Inc.
Services: Online Competency Based Assessment

Dept	ITEM NO.	POSITION TITLE	JG	DATE OF ONLINE ASSESSMENT	FULL REPORT RECEIVED	Actual Exam vs Report	Step 4 and Contract	No. of Days Delay
OCBS	2	Agenda Minutes Officer I	8	1 Oct 2023	3 Nov 2023	34	14 CD	20
Admin. Dept	159	Property Officer II	9	31 Oct 2023	22 Nov 2023	22		8
IAO	6	Internal Auditor II	10	14 Oct 2023	3 Nov 2023	20		6
MICE	49	Project Development Officer III	11	15 Oct 2023	3 Nov 2023	19		4



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

PHRDD to coordinate with the Finance Department on the penalty based on the number of days of the delayed submission of the full assessment report in compliance with the signed Purchase Order.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

b. Interview versus Recommendation by the TPB HRMPSB

Dept	ITEM NO.	POSITION TITLE	JG	DATE OF HRMPSB INTERVIEW	HRMPSB RECOMMENDATIONS	No of Days: HRMPSB Interview vs recommend	Step 5 of QOM-PHRD-03
OCBS	2	Agenda Minutes Officer I	8	28 Nov 2023	15 Dec 2023	17	The submission of the accomplished Recommendation Forms and Candidate Rating Sheet is within 5 WD from the scheduled interview and deliberation
MICE	49	Project Development Officer III	11	28 Nov 2023	15 Dec 2023	17	
Admin. Dept.	159	Property Officer II	9	28 Nov 2023	15 Dec 2023	17	
IAO	6	Internal Auditor II	10	15 Nov 2023	29 Nov 2023	14	
IPD	55	Market Specialist V	12	6 Dec 2023	18 Dec 2023	12	
Finance Dept.	142	Financial Analyst II	10	6 Mar 2024	13 Mar 2024	7	



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

The PHRDD RSP Team regularly reminds the HRMPSB members to submit their Recommendation Forms. However, due to equally important matters that the members need to attend to, the five (5) working days from the date of interview, in certain instances, were not observed.

The HRMPSB Secretariat shall raise the matter to the HRMPSB for discussion on ways to address the findings. Worthy to note, however that despite the delay in the submission of recommendation forms, the HRMPSB was able to endorse all of the positions to the appointing authority, wherein seventy-five percent (75%) of the positions were in compliance with the approved recruitment processing timelines as reported in the QOMER.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

- There was a discrepancy in the submission timeline of the Training Terminal Report for the following external training/ seminar, as presented below, thus, the criteria on the monitoring control cannot be ascertained:

LAD Intervention	Facilitator	Type	Submission Timeline	
			Per LAD Procedure (QOM-PHRD-01)	Per Memorandum
Competency-based Behavioral Event Interview for TPB HRMPSPB Members	Civil Service Institute	External	Within thirty (30) days from completion of training	Five (5) working days
Capacity Building Training on the Revised Philippine Government Internal Audit Manual (RPGIAM) Batch 9	Department of Budget and Management	Internal		



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

We have taken note of this and the PHRDD to revise the memorandum to align with the ISO LAD Procedure QOM-PHRD-01.



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

- Delayed submission of documents relative to the Learning and Development intervention as required by the Learning and Development Procedure (QOM-PHRD-01) and the corresponding memorandum dated 09 February 2023.

Training/ Seminar	Personnel	Relevant Documents	Step no. (QOM-PHRD-01)	Date	Deadline	Submission		Number of Days delayed
						Should Be	Actual	
Creating and Nurturing a High Performing Organization	D. Veranda	Post Learning Evaluation Form	Step no. 5	02 and 04 May 2023	5 working days after the training	11-May-23	26-Oct-23	120 working days
		Training Effectiveness Evaluation	Step no. 6		6 months after the training	24-Nov-23	24-Jun-24	218 days
2024 Open Water Dive Course	J. Francisco J. Caranza	Training Effectiveness Evaluation	Step no. 6	22-24 February 2024	6 months after the training	24-Jul-24	No Submission	



VI. FOR INFORMATION



HIGHLIGHTS OF DEFICIENCIES: PHRDD

MANAGEMENT REPLY

The observations on the delayed processing of the Post Learning Evaluation Form and Training Effectiveness Evaluation have been duly noted. Moving forward, the PHRDD shall create a monitoring tool/calendar to prompt LAD officers on the submission/notices of relevant documents pertinent to LAD activities.



AUDIT RECOMMENDATIONS: PHRDD



1. Sustain and maintain the positive findings and measures noted by the IAO and ensure its continuous and effective implementations.

MANAGEMENT REPLY

Thank you and rest assure that PHRDD is committed not only to sustain and maintain the positive findings and measures noted by the IAO, but to also explore ways to improve its operations and programs.

2. To strengthen the monitoring control in the reporting of the LAD and Annual Training Plan, the PHRDD should conduct constant follow up on the late submissions and/or non-submission of Post Learning Evaluation Form, Training Terminal Report and Training Effectiveness Evaluation Form.:

MANAGEMENT REPLY

The observations on the delayed processing of the Post learning Evaluation Form and Training Effectiveness Evaluation have been duly noted. Moving forward the PHRDD shall create a monitoring tool/calendar to prompt LAD officers on the submission/notices of relevant documents pertinent to LAD activities.



AUDIT RECOMMENDATIONS: PHRDD



3. Exercise extra due diligence to ensure that the below control objectives are achieved relative to the implementation of LAD and Annual Training Plan activities:
 - a. The Post Learning Evaluation Form is accomplished within the five (5) working day timeframe specified in the memorandum to participate in trainings/ seminars.

MANAGEMENT REPLY

We have taken note of this and the PHRDD to revise the memorandum to align with the ISO LAD Procedure QOM-PHRD-01.

- b. The Training Effectiveness Evaluation Form (TEEF) is forwarded to the PHRDD six (6) months after the training/ seminar and the submission of the duly accomplished TEEF within fifteen (15) working days by the TPB Personnel is strictly monitored.



AUDIT RECOMMENDATIONS: PHRDD



MANAGEMENT REPLY

The observations on the delayed processing of the Post Learning Evaluation Form and Training Effectiveness Evaluation have been duly noted. Moving forward, the PHRDD shall create a monitoring tool/calendar to prompt LAD officers on the submission/notices of relevant documents pertinent to LAD activities.

4. To ensure compliance with the memorandum dated 08 February 2024 with subject "Turnover of Promotional Materials to PGSD", all collateral materials and inventory used as tokens and prizes relative to the implementation of the Gender and Development and other similar activities, should be course through the Procurement and General Services Division and return any unutilized/undistributed inventories with an attached actual distribution list/ list of recipients for transparency and proper recording/accounting.



AUDIT RECOMMENDATIONS: PHRDD



MANAGEMENT REPLY

Noted on the return of any unutilized/undistributed inventories with an attached actual distribution list/list of recipients to the PMGSD. PHRDD to consolidated all undistributed inventories and turnover to PMGSD.

5. As reiterated, henceforth, the PHRDD should coordinate with the Finance Department to impose any possible penalty during the processing of payment in accordance with the penalty clause stated in Purchase Order, to the supplier People Dynamics, Inc. for the everyday delay beyond of submission of the full assessment report of the candidates beyond fourteen days from the examination.

MANAGEMENT REPLY

PHRDD to coordinate with the Finance Department on the penalty based on the no. of days of the delayed submission of the full assessment report in compliance with the signed Purchase Order.



AUDIT RECOMMENDATIONS: PHRDD



6. To ensure that the process for Recruitment, Selection, Promotion are timely implemented, the PHRDD should consider the following as added controls:
 - 6.1. Strictly monitor and conduct follow up on the timely submission of recommendations and results of the deliberations by the TPB-HRMPSB within 5 working days from the interview of the applicant.

MANAGEMENT REPLY

The PHRDD RSP Team regularly reminds the HRMPSB members to submit their Recommendation Forms. However, due to equally important matters that the members need to attend to, the five (5) working days from the date of interview, in certain instances, were not observed.

The HRMPSB Secretariat shall raise the matter to the HRMPSB for discussion on ways to address the findings. Worthy to note, however that despite the delay in the submission of recommendation forms, the HRMPSB was able to endorse all of the positions to the appointing authority, wherein seventy-five percent (75%) of the positions were in compliance with the approved recruitment processing timelines as reported in the QOMER.



AUDIT RECOMMENDATIONS: PHRDD



6.2. Inform the supplier engaged to conduct online competency-based assessment that the TPB may impose penalties for the delayed submission of the full assessment report, in accordance with the penalty clause in the Purchase Order.

MANAGEMENT REPLY

PHRDD to coordinate with the Finance Department on the penalty based on the no. of days of the delayed submission of the full assessment report in compliance with the signed Purchase Order.

7. For the newly recruited personnel under probationary period, the PHRDD should coordinate with the Performance Management Team (PMT) to require the submission of Key Performance Indicators duly approved by the immediate supervisor and the COO within five (5) days upon appointee's assumption to duty, and likewise to submit the Performance Evaluation Report as reviewed by the PMT in compliance with the provision of the 2017 ORAOHRA.

MANAGEMENT REPLY

We have taken note of your observations and we shall establish a process to evaluate probationary employees in coordination with the PMT.



AUDIT RECOMMENDATIONS: PHRDD



8. Refrain from signing "7.a" and "7.c". of the form "Application for Leave of Absence" by one signatory as this may constitute a conflict of interest. The PHRDD may designate an alternate signatory for "7.a" if the officer in charge for the certification of the leave credit balances is absent to avoid incompatible functions.

MANAGEMENT REPLY

The signatories in Box 7.A and Box 7.C of the Application for Leave was signed by the Acting Head of the PHRDD in view of the leave of absence of the incumbent HRMO III who is tasked to certify the leave balances of employees Box 7.C represents the approval/disapproval based on the recommended action in Box 7.8 signed by the immediate supervisor still maintaining the integrity and impartiality of the process.

Nonetheless, we have taken note of the observations on the signatories and shall be improved through an issuance of Office Order to existing PHRDD plantilla personnel to serve as the alternate certifying officer in Box 7.A.



There being no further comments and/or concerns raised, the Committee noted the report.

VII. OTHER MATTERS

There were no matters and/or concerns raised by the Committee.

VIII. SCHEDULE OF NEXT MEETING

The proposed Regular Audit Committee Meetings for FY 2025 are scheduled on 21 January 2025, 22 April 2025, 30 September 2025, and 10 December 2025, 10:00 am - 12:00 pm via Zoom Application.

130 **IX. ADJOURNMENT**

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132 The meeting was adjourned at 11:38 am.

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135 Prepared by:

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139 **ATTY. JEMIMAH NISSI M. TIAMBENG**

140 Board Secretary V¹⁸

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144 Approved by the TPB Audit Committee:

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147 

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149 **EDUARDO F. PELAEZ**

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151 *Chairperson, TPB Audit Committee and*
152 *Appointive Director (Other Tourism Enterprises)*

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159 **JETRO NICOLAS F. LOZADA**

160 *Vice-Chairperson, TPB Audit Committee*
161 *Alternate Member of the Board of Directors and*
162 *Assistant Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority*

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167 **JOEL C. LAGUERTA**

168 *Member, TPB Audit Committee*
169 *Alternate Member of the Board of Directors and*
170 *Director, Department of Transportation*