

## STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 20 audit recommendations embodied in the past year's Annual Audit Report, five were fully implemented, 12 were partially implemented and three were not implemented.

Reference	Observation	Recommendations	Status of Implementation
2015 AAR AO No. 1, p. 22	1. PPI's results of operation and financial position show losses and negative equity since its inception that indicates its difficulty and inability to sustain operations, carry out its mandated functions and continue as a going concern.	a. Conduct an assessment of the conditions affecting the consistent unfavorable operating performance of PPI to include the following: (1) Evaluation of pricing methods so that gross margin will at least be enough to cover operating expenses; (2) Periodic review of operating performance with concern not only on the volume of sales but also its profitability; and (3) Evaluation of existing procedures and controls for improvements in the different stages of operations;	Partially implemented  Reiterated in Audit Observations and Recommendations No. 1.
		b. Formulate and establish the specific courses of action to implement the business plans discussed in paragraph 1.7 and disclosed in Note 2 of the Notes to Financial Statements;	Partially implemented  Reiterated in Audit Observations and Recommendations No. 1.
		c. Initiate more effective and efficient strategies to intensify collection of trade receivables; and	Partially implemented  Reiterated in Audit Observations and Recommendations No. 1.
		d. Formulate policies emphasizing sound internal controls and ensure proper	Partially implemented  Reiterated in Audit

Reference	Observation	Recommendations	Status of Implementation Observations and Recommendations No. 1.
2015 AAR AO No. 2, p. 25	2. PPI has not developed an effective profitability strategy resulting in consistent losses since the start of operations.	a. Formulate, develop and install effective business policies and strategies for profitability, necessary in its trading business;	Partially implemented
		b. Conduct a careful study of the prevailing market prices aside from the historical sources of information before setting and offering the selling prices to DOH so that the ABC in the procurement of products for sale may likewise be reasonably obtained; and	Partially implemented
		c. Estimate a reasonable and competitive selling price and gross margin to maximize profit and consider the effect of input tax charged to cost of sales.	Partially implemented
2015 AAR AO No. 3, p. 30	3. The correctness of the ₱3.201 million balance of the Merchandise Inventory (MI) account cannot be ascertained due to absence of schedule as basis for inventory count, adjustments to tally the General Ledger (GL) and Subsidiary Ledger (SL) balances with the inventory count, non-correlation of GL entries with SL	a. GL and SL entries are cross referenced, that is, the GL and the SL have the same document reference. The SL may have other references for the data entries but the common reference for the GL entry shall be emphasized;	Fully implemented
		b. GL entries as well as postings in the SL are updated so that the GL balance and the totals of the SL balances agree at any given period;	Fully implemented

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	entries, numerous adjustments of previous accounting entries and the lack of supporting documents.	c. All accounting entries are supported by adequate and valid documents;	Fully implemented	
		d. Correction of errors on previous entries has to be done or effected through a properly approved JEV;	Fully implemented	
		e. Physical inventory count be based always on a schedule of SL balances;	Fully implemented	
		f. Accountability for accomplished RRs as well as recording thereof is established;	Partially implemented	
		g. Maintain an automated inventory system if feasible; and	Not implemented	
		h. Require the Internal Audit Department to review the existing system and recommend the necessary procedures and control measures.	Partially implemented	
2015 AAR AO No. 4, p. 34		4. The procurement of three units Non-Invasive Blood Pressure (NIBP) Simulator amounting to ₱2.997 million was not supported by necessary documents contrary to Section 4 of Presidential Decree No. 1445 and appeared to be overpriced by ₱2.504 million.	a. Submit documents to justify the procurement of the three NIBP units prior to receipt of the DOH PO on October 27, 2015;	Partially implemented
			b. Prove reasonableness of the price of ₱2.997 million paid for the three units NIBP;	Partially implemented
	c. Submit proof of payment by the supplier of taxes/customs duties on		Not implemented	

Reference	Observation	Recommendations	Status of Implementation
2015 AAR AO No. 5, p. 35	5. PPI was not able to implement any of the approved training courses for its Gender and Development (GAD) program with a total cost of ₱350,000.	<p>the importation of the NIBP units as required in AO No. 200; and</p> <p>d. Require the supplier to post a special bank guaranty equivalent to at least ₱299,700.</p> <p>We reiterated our recommendation that Management ensure the formulation and implementation of a doable annual GAD plan, allocate budget according to financial capacity and exert best efforts to comply with Philippine Commission on Women (PCW), National Economic Development Authority (NEDA) and Department of Budget and Management (DBM) Joint Circular No. 2012-1.</p>	Not implemented
			Partially implemented