

SUGAR REGULATORY ADMINISTRATION
 North Avenue, Diliman, Quezon City
CONSOLIDATED
Agency Action Plan and Status of Implementation
Audit Observations and Recommendations
 For Calendar Year 2014
 As of December 7, 2015

Ref	Audit Observation	Audit Recommendation	Agency Action Plan	Person/Dept. Responsible	Plan		Status of Implementation	Reason for Partial/Delay/Non-implementation, if applicable
					From	To		
AAR 2014 Observation No.1	The accuracy of nine asset accounts with total year-end balance of P 17.755 million could not be ascertained at any given period since the Subsidiary Ledgers (SLs) are not completely maintained for these accounts, contrary to Section 12 of the Manual on the New Government Accounting-System (MNGAS), Volume II	We recommended and Management agreed to direct the Accounting Division, SRA HO to prepare SLs for each of the asset accounts and reconstruct the entries by analyzing prior years transactions including supporting documents; and to reconcile the SLs and GL balances on a regular basis to ensure correctness of the balances of the accounts at any given period.	1) Starting May 2015, the Accounting Division, SRA - Quezon City Office has already begun its reconstruction activities of SLs; 2) to date, more or less 40% of the reconstructed SLs is completed; and 3) reconstructions and analysis of the SLs accounts are continuously performed, and are also among the top priorities of the Division to complete the reconstruction before the 1st Quarter of 2016 ends.	Ms. Erlinda J. Abacan, Chief Accountant, Accounting Division	1-May-15	31-Mar-16	on-going	Partial implementation and/or completion due to voluminous financial accounts and transactions, and accounting adjustments of entries.
AAR 2014 Observation No.2	The probability of being able to recover from the nine receivables accounts which have been dormant from 22 to more than 30 years with total year-end balance of P 65.201 million is very uncertain due to absence of sufficient records/documents and/or the debtors no longer exist or could no longer be located, to the detriment of the government.	We recommended and Management agreed to re-examine the strategy being employed to maximize effort on the possible recovery of the dormant receivables; but, if thereafter, the same will still prove futile, comply with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 97-001.	1) The Accounting Division has started already its collection and gathering of the documentary requirements pursuant to COA Circular No. 97-001; 2) Priority is focused on the largest amount of dormant accounts receivables, say for example, the NASUTRA, OCI Silangan and DA; 3) Miscellaneous dormant receivables which were the consolidated small amounts from various debtors shall be acted upon completion of all the notices of the demand letters to the concerned	Ms. Erlinda J. Abacan, Chief Accountant, Accounting Division	1-May-15	1-Mar-16	on-going	Delay in the compliance of the observation due to the difficulty in the collection and gathering of supporting documents considering that the dormant accounts were 20 to 40 years in the books of accounts.

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AAR 2014 Observ No.3	The remittance made on March 18, 2014 to Sugar Master Plan Foundation, Inc. (SMPFI), a private organization, of the remaining collections on anti-smuggling fees amounting to P 15.800 million is contrary to Section 63 of Presidential Decree (PD) No. 1445 and Sugar Order (SO) No. 3, Series of 2013-2014 considering that the fees collected are government funds.	We recommended and Management agreed to make a follow up of their petition filed on December 11, 2014 at the Court of Appeals in Cebu City, praying that the order of granting the respondent's Petition for Mandamus, be vacated and set aside.	Copy of the Appeal will be submitted to COA by the Legal Department	Atty. Ignacio Santillana, Attorney VI, Legal Department	1-May-15	1-Dec-15	complied	Implementation or compliance will depend on the Court action or decision.
AAR 2014 Observ No.4	All procurement activities for CY 2014 were deemed not authorized since only Project Procurement Management Plans (PPMPs) were prepared instead of the Annual Procurement Plan (APP) required under Republic Act (RA) No. 9184. Further, although not included in the PPMP and in the Corporate Budget, two projects with total cost of P 24.759 million were changed against the budget for Maintenance and Other Operating Expenses (MOOE) which were later reclassified and charged against the budget for Capital Outlay.	a) Direct the operating units to carefully determine their needs and incorporate in the PPMP so that appropriate funding can be included in the proposed agency budget, and, for the Bids and Awards Committee to consolidate these PPMPs into the Agency's APP; and b) Ensure that all procurements are included in the APP to avoid possible disallowance of the disbursements in audit.	This COA observation has already been complied. All the actions, documents and supporting papers such as Board Resolutions approving the realignment from MOOE to Capital Outlay, and the GPPB - TSO approved PPMPs and APPs for the year 2014 were already submitted to COA - SRA Resident Auditor in various dates.	Property and Procurement Section, and Bids and Awards Committee (BAC), SRA-Quezon City Office and Regional Bids and Awards Committee (RBAC), SRA - Bacolod City Office.	1-May-15	7-Dec-15	Complied	complied

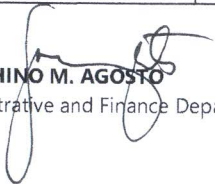
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					Target	Implementation Date			
					From	To			
AAR 2014 Observation No.5	Achieving the objective of Sugarcane Block Farming to increase productivity of sugarcane is affected due to delayed release of funds from the participating agency and also the delayed delivery of desired interventions to the agrarian reform beneficiaries caused by problems in the validation of ownership, profiling of farms and enrollees, block farms not yet ready for productivity assessments, and the like. Besides, the extent of implementation cannot be evaluated due to incomplete inception and progress reports.	a) Expedite validation of land ownership and profiling of block farms and enrollees to facilitate establishment and consolidation of block farms; b) Re-evaluate the block farms who are ready to receive the desired productivity assessment needs; c) Coordinate with DAR to determine the status of funds for Phase II and return to DAR the unexpended funds for Phase I; and d) Prepare status report on the SRA's counterpart fund for Phases I and II vis-a-vis expenses charged against the fund.		1) Partial accomplishments of the program is accounted and reported; 2) the remaining unexpended balance of the fund was already refunded/returned to DAR, copy of the agency's official receipt (OR) is attached; and 3) explanations and/or justifications were also attached for COA's review and evaluation.	Dra. Marietta Dina Padilla-Fernandez, Chief Agriculturist, SRA - Quezon City Office; Atty. Johana S. Jadoc, Attorney V, SRA Legal Department/Focal Person of the Block Farm Project.	1-May-15	1-Dec-15	Partially complied	Delay in the compliance was due to the unforeseen as well as unavoidable circumstances encountered during the implementation.
AAR 2014 Observation No.6	Acceptance by the Collecting Officer from sugar traders of payments of Sugar Quedan Fees amounting to more than P 1,000 in the form of Cash, instead of check, is not only contrary to Section 5.7 of the SRA Memorandum Circular (MC) No. 1, series of 2011, but also exposes the collections to possible loss or misuse.	We recommended and Management agreed to SRA Visayas to disseminate to the sugar traders to pay in the form of check if the fees to be paid already amount to P 1,000 and above.		The compliance of the COA observation is Explanations and/or justifications were already submitted to COA- Resident Auditor, SRA - Bacolod City office. The management agreed to strictly follow the provisions of SRA Memorandum Circular No. 1, series of 2001.	Ms. Mary Antoinette S. Tampo, Manager III, Regulation Department, SRA-Visayas, Negros Island Region, and the rest of the Regulations Officers (ROs) who are directly involved/responsible for the omissions of the policies.	1-May-15	1-Dec-15	complied	complied

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AAR 2014 Observ No.7	Copies of perfected contracts including supporting documents were not submitted for audit within five working days upon execution, contrary to COA Circular No. 2009-001 dated February 12, 2009, thus review and evaluation could not be made and Management could not be informed in case there are noted defects and/or deficiencies.	We recommended and Management agreed to require the Regional Bids and Awards Committee (RBAC) of SRA Visayas to always make it a point to submit perfected contracts and supporting documents to the audit team within the required period so that appropriate actions can be timely taken thereon.	The compliance of the COA observation is Explanations and/or justifications were already submitted to COA- Resident Auditor, SRA - Bacolod City office. The management agreed to strictly follow the provisions of COA Circular No. 2009-001 dated February 12, 2009.	Mr. Dominador T. Villnueva, Jr., Assistant Administrator, and RBAC Chairman, SRA - Visayas/Negros Island Region.	1-May-15	1-Dec-15	complied	complied

Prepared by:


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