PHILIPPINE HEALTH INSURANCE CORPORATION

STATUS OF AUDIT OBSERVATION MEMORANDA

As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
17-001 (HO)	20-Feb-17	22-Feb-17	**Unreconciled Balance of Annual Physical Inventory Count of PRID for Property and Equipment in comparison with the Balance of Accounting Record**	PRID Comptrollership	Considering the material discrepancy of P199,023,083.98, Management cause the conduct of an immediate reconciliation of the balance per accounting records with the balance of the results of the annual physical inventory count. Thereafter, necessary adjusting/correcting entries should be effected in order to ensure that the balance of the Proeprty and Equipment account shall be fairly presented in the financial statements as of December 31, 2016. Moreover, if there were indeed missing/lost items, determine the personnel who should be held accountable therefore and take the necessary administrative and/or legal actions, if the circumstances warrant.	On-going validation of all properties reported shortage during 2016 Physical Inventory (PI) Out of 1596 items (with total acquisition cost of P107,159,059.64) reported shortage during 2016 PI, 802 items (with total acquisition cost of P20,584,234.53) were found. Largest portion of the remaining shortage properties are IT equipment/peripherals which are installed inside those IT equipment (i.e. servers/storage) at the Comclark Data Center. The said items are for confirmation with the ITMD since these equipment were operational during inventory taking. We will schedule the validation of shortage IT equipment at Comclark Data Center within the month of August subject to availability of in-charge personnel from ITMD. Immediately after the validation at Comclark, we shall issue the notice of un-located properties to concerned PAOs.	Implemented.	06-Mar-17
17-002 (HO)	21-Feb-17	22-Feb-17	**Contracts amounting to P1 million and below were not being submitted**	SBAC PRID	Immediate submission of copies of the subject contracts/POs together with all its supporting documents. Henceforth, faithful compliance with the pertinent provision of COA Circular No. 2009-001 dated February 12, 2009 is hereby enjoined.	PRID submits copy of the procurement documents, including POs to COA a day after the receipt of the delivery.	Implemented.	06-Mar-17
17-003 (HO)	28-Feb-17	01-Mar-17	**Dormant Receivable Accounts**	Comptrollership	Management cause the cleaning of the books of PhilHealth of dormant receivable accounts in accordance with the guidelines provided under COA Circular No. 2016-005 dated December 19, 2016, particularly paragraphs 6.0 to 8.0 thereof, so that the long-term receivables shall be fairly presented in the financial statements. In the meantime, provide sufficient allowance for doubtful accounts based on the written policy of PhilHealth taking into consideration the actual circumstances, so that the amount that shall be reflected in the books would relate to the net realizable value of the subject receivables.	Comptrollership Dept will clean up the AR in accordance with COA Circular No. 2016-005 and will setup ADA for Accounts Receivable which are long outstanding. We shall make the ncesesary policy for the purpose and make the adjustments on allowance in our FS for CY 2017	Implemented. Implemented.	08-Mar-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
17-004 (HO)	01-Mar-17	02-Mar-17	**Due from National Government Agencies account**	MMG	Effect the necessary adjusting entry to correct the overstatement of P625,713,600.00 Cause the cleansing of the databases of PhilHealth from time to time to eliminate duplicate records; and Instruct the concerned personnel to reconcile its databases with the source/s of the corresponding information in order to be assured of the integrity of data being maintained by PhilHealth.	Done per JV#2202837 dated December 31, 2017. Done. Done.	Implemented.	11-Apr-17
17-005 (HO)	02-Mar-17	03-Mar-17	**Salary Adjustment of regular officials and rank & file as well as casual employees**	ILD	The subject salary adjustments be discontinued in the absence of a Presidential approval while those that were already received shall be disallowed in audit so that the refund of the persons that may be determined to be liable therefor may be effected. Adhere to the inherent duty of the Governing Board to exercise extraordinary diligence of a good father of a family in managing the affairs of PhilHealth at all times.	Discontinued the salary adjustments.	Implemented.	31-Mar-17
17-006 (HO)	09-Mar-17	10-Mar-17	**Prepayments**	Comptrollership PRID	Necessarry adjusting entry to correct the P19,986,476.09 overstatement of the Procurement-PS-DBM account be effected so that the same shall be fairly presented in the financial statements. Reconcile the remaining discrepancy of P2,408,632.89 with the records of PS-DBM and effect the corresponding correcting/adjusting entry thereafter so that the amount to be reflected in the financial statements shall be a faithful representation of the transactions with PS-DBM.	Currently, coordinating with the PS-DBM to verify and reconcile some pertinent documents to them.	Complied. Necessary adjusting entry already effected per JV#2190809 dated February 28, 2017. Implemented.	20-Mar-17
17-007 (HO)	15-Mar-17	16-Mar-17	**Travelling Expenses**	Comptrollership	Compliance with EO 298 and PhilHealth Corporate Order No. 2016-0044 requiring certification duly signed by the Head of the Agency that the incurrence of actual travel expeses are necessary in the performance of an assignment. Submission of the subject certification for the local travels of the officials and staff enumerated in the schedule so that the total amount of P205,666.54 shall no longer be disallowed in audit.	Corporation will implement strict compliance to Sec. 4 of EO 298 dtd march 23, 2004 and PHIC Corporate Order No. 2016-0044	Complied.	07-Apr-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

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17-008 (HO)	23-Mar-17	23-Mar-17	**Externally Managed Fund (EMF)**	Treasury	Consider the possibility of amending the terms of the IMA entered into with the EFM and delete the provision under paragraph B.1 of the Investment Guidelines under Schedule A allowing the EFM to invest in common stocks, which was contrary to the PhilHealth Charter.	PhilHealth Board directed the PhilHealth Management in its meeting on Macrh 7, 2017 to implement the following: a. Liquidation of the existing common stocks invstment of the External Local Fund Manager provided that the total Net Asset Value of the portfolio at the time of liquidation is higher than the Book Value net of previously paid and prospective management fees. b. Cancellation of the hiring of additional four (4) local fund managers to manage the remaining P4.0 billions funds earmarked for the Fund Manager Project. PhilHealth has already sent the letter to BDO Trust and Investment Group advising the liquiadtion of the externally managed fund at a Net Asset Value higher than the original Book Value on May 15, 2017.	Implemented.	07-Apr-17
17-009 (HO)	23-Mar-17	24-Mar-17	**Procurement of Office Chairs under ITB No.VOC 2016-16-GS in the amount of P1,432,490.00**	SBAC	Management ensure compliance with the pertinent provisions of RA 9184 and COA Circular No. 2009-001 dated February 12, 2009 to avoid suspension/disallowance in audit and in order to have transparent procurement activities that are compliant with existing laws, rules and regulations.	Recommendation duly noted and to be adopted accordingly.	Implemented.	11-Apr-17
17-010 (HO)	28-Mar-17	29-Mar-17	**Gender and Development (GAD) Expenses**	GAD	Management ensure compliance with the reportorial requirements of PCW-NEDA-DBM Joint Circular No. 2012-01, PCW Memorandum Circulars and COA Circular No. 2014-001 to enhance transparency and facilitate monitoring of the GAD activities of PhilHealth. Coordinate with the proper officials of the PCW and seek guidance on the implementation of the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01, particularly on the requirement that 5% of the COB to be allocated for GAD-related activities. Seek adequate guidance from the concerned officials of PCW on how to best implement the provision on the utilization of funds for GAD PPAs, in line with the requirements of the subject regulations.	Reportorial requirements as prescribed in the said circulars has been complied with, however, PCW allowed us to submit the 2016 GAD Accomplishment Report and 2018 GAD Plans and Budget, but we were advised that they shall no longer review nor endorse it. The document shall be kept in the system for future reference only. This was agreed during the PCW and PhilHealth GAD Focal Point System (GFPS) meeting last May 4, 2017.	Implemented.	11-Apr-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
17-011 (HO)	28-Mar-17	29-Mar-17	**Other Assets**	PRID	Subject the unserviceable and serviceable equipment having balances of P29,059,637.34 and P5,375,515.91, respectively, as of December 31, 2016 to the year-ed annual physical inventory count pursuant to Section 490.a of the GAAM, Volume I, in order to prove its existence and to validate the amounts presented in the financial statements; Cause the conduct of impairment tests on the subject equipment to determine its recoverable amounts. Thereafter, effect the necessary adjusting entry so that the amounts to be presented in the financial statements shall not be more than its net recoverable values in accordance with PAS 16; and Implement the disposal programs with dispatch to avoid further deterioration and loss in value of the subject equipment and to stop the incurrence of additional expenses in the storage and safekeeping thereof.	Recommendation duly noted. We have scheduled in May 2017 the conduct of Physical Inventory of PPE subject to disposal and will perform the said activity on a yearly basis. Recommendation duly noted. We will conduct impairment tests on the subject equipment to determine its recoverable amounts. Complied. Disposal activities are being performed according to this year Disposal Plan.	Implemented. Implemented. Implemented.	11-Apr-17
17-012 (HO)	20-Apr-17	21-Apr-17	**Travelling Expenses of Reassigned Officers**	HRD	Compliance with CSC Resolution No. 961478 dated February 27, 1996 and Executive Order (EO) No. 298 dated March 23, 2004 insofar as payment of relocation allowance is concerned. In addition, we recommend that Management exercise prudence at all times and observe the due diligence of a good father of a family in the disbursements of government funds by avoiding the incurrence of excessive expenditures.	Recommendation duly noted. Our existing policy will be amended to conform with CSC Resolution No. 961478 dated February 27, 1996 and EO No. 298 dated March 23, 2004.	For Implementation.	12-May-17
17-013 (HO)	20-Apr-17	21-Apr-17	**Premium Contributions**	Treasury	Management require the ACAs to submit a Monthly Report of Inventory and Distribution of PAR, in addition to the reports that were being required to be submitted presently, while the system to monitor the said accountable form is still under construction/development. Concerned PhilHealth personnel should be assigned to counterchecks the said report with the Abstract of Daily Collection Report in order to establish the accuracy and completeness of the collections being remitted by each ACA. Moreover, we recommend that Management expedite the development and operation of the PARMS for a more efficient and effective monitoring and control of PAR distributed to each ACA.	The Collection Remittance Agreement (CRA) entered and agreed upon by PhilHealth and each ACA provides the scope, guidelines and responsibilities of ACA in the collection, reporting and remittance of all its collections to PhilHealth. Among the responsibilities provided therein is the submission of the required collection (RF2) and remittance (RF2A) reports to PHIlHealth within set deadlines. The other required reports for submission by the ACA to PhilHealth such as PhilHealth Agent Receipt (PAR) Inventory and Distribution Reports are mentioned under Article IV of the Operating Guidelines attached as Annex "C" to the CRA.	Implemented.	05-May-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
						Since the PAR was mandated to be used by ACAs in CY 2010 as recommended by the COA, PhilHealth diligently accounted its utilization as an accountable form. Thus, PhilHealth requires all concerned ACAs to submit the PAR Inventory and Distribution Report for all PARs released to them. Monitoring the utilization of PAR is being done manually wherein the PARs distributed to ACAs were matched with the PAR transactions reported by the ACAs in the RF2, reported lost/missing and cancelled to determine the PARs that remained unaccounted and unreported by the ACA.		
						Considering the remarkable increase in the volume of PAR transactions brought by the full outsourcing of collections to ACAs in 2015, a system / module was developed to be used in the monitoring and management of the PARs. The PAR Management System / Module was initially deployed in 2016 and is now being enhanced to be fully deployed within third quarter of this year. Since most ACAs are now compliant with the daily reporting of collections, thus, collection made by the ACA for a certain date maybe determined. However, collections can only be validated and reconciled upon remittance of collection and submission of the green copies of the validated PARs by the ACA. During the reconciliation process, penalties and interests computed are assured correct since amounts and dates were verified with the documents and confirmed with the remittance. Other reports such as PAR inventory and Distribution are also being monitored for compliance by the ACAs. Attached herewith is the monitoring of PAR distributed to ACAs within CY 2016 with dates of the submission of PAR reports from those ACAs. Recommendation is duly appreciated and implemented. In fact, Treasury Department has already revised the Collection and Remittance Agreement of Union Bank, UCPB, China Bank and China Bank Savings to include the due date of submission of the Monthly Inventory and Distribution of PAR as indicated in the Article III, item # 4 thereof. For other accredited collecting agents, we shall notify them through a formal letter for compliance.		

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

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17-014 (HO)	03-May-17	04-May-17	**Non Remitting and Non-Reporting Employers**	MMG	Management take immediate appropriate action on the subject erring employers to protect the interest of its member-employees as well as to prove that PhilHealth is keen in fulfilling its mandate of providing universal health care to all Filipinos. Moreover, impose the appropriate penalties provided under paragraph c.1, Article X of the National Health Insurance Act of 2013 to show that Management is serious in running after employers who are violating the said law.	There are two actions that PROs shall undertake after the publication of the list: 1.Collect the arrears and corresponding penalties from employers who will come forward as a result of the said publication; or 2. Permanently close them in the MCIS if they did not report after the 30-day grace period. For the particular publication of 3,325 employers from 12 PROs, only 103 employers (partial) came forward. Except for those who came forward, imposition of penalties (as suggested by the COA) for those (employers) that are already non-existent as evidenced by the absence of any activity in the last five years, and their non-appearance within the grace period, shall become moot and academic as they are already closed and retired in our database. However, if and when an employed member from any of those erring employers availed of their benefits during those period, the IRR guarantees their entitlement to their claim.	Implemented.	18-May-17
17-015 (HO)	9/22/2017		**Provisions of RA No. 9184 and its Revised IRR and Sec. 3.1.1 & 3.1.2 of COA Circular No. 2009-001 dated February 12, 2009 were not observed and /or complied with in the procurement of goods and services.**	SBAC	Submit the copies of contracts and all supporting documents to this Office within five working days from contract execution; Strictly observe the provisions of R.A. 9184 and its Revised IRR on the maximum period allowed for each procurement activity to efficiently and effectively carry out the procurement activities; Explain and/or provide reasons on the different amounts of ABC as shown in the supporting documents of contracts; and	We adhere to the 5-working day reglementary period on the submission of the contract and supporting documents, the same encountered challenges due to various reasons. The delays were attributed to various factors. The basis of the APP/PPMP is the approved COB. To ensure that the procurement will redound to the benefit of the Corporation, market prices are validated prior to procurement to determine the actual Approved Budget for the Contract (ABC) which should not be more than the approved COB. On the other hand, the Purchase Request is based in the updated ABC.	Partially Implemented.	

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
					Submit the following supporting documents for the abovementioned contracts: a. Proof of Posting of Advertisement/ITB; b. Minutes of Pre-bid COnference; c. Minutes of Bid Opening; d. Posting of NOA in the PhilGEPS, website of the Procuring Entity, if any, and any conspicuous place in the premises of the Procuring Entity; e. Posting of NTP and the approved contract in the PhilGEPS and the website of the Procuring Entity, if any.	Attached are the lacking documents in fulfillment of the requirements.		
17-016 (HO)	10/2/2017	10/3/2017	**Month-to-month extension of contract with Maximus Training Inc. (MTI) for the supply of gasoline, oil and lubricant for more than a year which is not in accordance with Section 4.1 of GPPB Resolution No. 23-2007.**	SBAC PRID	Comply with the provision of Section 4.1 of GPPB Resolution No. 23-2007.	We will conduct a thorough study and prepare the necessary documents to substantiate the option for presentation to the Bids and Awards Committee for Goods and Services (BAC-GS).	Partially Implemented.	10/19/2017

Prepared by:

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PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017
PRO NCR

AOM NO.	AOM DATE	DATE RCVD BY OVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	Updates	DATE SUBMITTED TO COA
17-001 (NCR)	08-Mar-17	March 13,2017	Report of Dishonored Checks	COLLECTING OFFICERS, COLSEC & LEGAL	1. Exert extra effort to expedite settlement of the 907 dishonored checks amounting to P11,390,425.92 as of December 31, 2016. Refer the matter to the PHIC NCR and Rizal Legal Unit for appropriate legal action, if warranted. Impose penalties/interests to the erring payor in accordance with Section 44 Penal Provisions, Article X of Republic Act No. 7875 or the National Health Insurance Act of 1995.	Noted the said recommendations. We would like to inform you however, that the 907 dishonored checks submitted were not the actual report on dishonored checks. Some of these were already settled in other Local Health Insurance Offices (LHIOs) or Accredited Collecting Agents (ACAs). The actual report will be submitted in April 2017 including the status of each unsettled dishonored checks.	Partially complied	On going monitoring (see attached as of December 31, 2017 Report on Dishonored Checks).	27-Mar-17
					2. Implement the guidelines on the treatment of premium contributions relating to dishonored checks uniformly to all the affected members in the spirit of fairness and equity.	To ensure that the said guidelines will be implemented, this will be one of their commitments in Individual Performance Scorecard of the Cashiers.	Partially complied	On going monitoring. During the Cashier's Conference conducted conducted on February 03, 2016, all errors committed by the Collecting Officers in handling cheks in CY 2017 were presented so that the supervisors as well as other collecting officers will be aware.	
					3. Ensure full compliance with the existing Guidelines relating to dishonored checks by all those concerned officials and employees so that there will be an effective monitoring of unsettled dishonored.	A detailed guidelines on the manner of handling dishonored checks will be issued for the effective monitoring of all concerned personnel.	Partially complied	On going monitoring.Same as above.	
17-002 (NCR)	17-Mar-17	21-Mar-17	Z Benefit Package	BENEFIT ADMINISTRATION SECTION, BENEFIT MONITORING UNIT	We recommend that Management require the submission of SOA or BS as one of the documents to support the claims for Z Benefit Package reimbursements by the HCIs pursuant to Section 4 (b) of PD 1445 and COA Circular No. 2012-001 dated June 14, 2012. Accordingly, said requirement should be embodied in the existing policy of PhilHealth for the guidance of those concerned.	Per PhilHealth Circular No. 2015-035, Statement of Account is not among the requirements in the filing of claims for Z Benefit Package. However, this will be elevated to Head Office for their comment or possible amendment of existing policy.			04-Apr-17
					In view hereof, we recommend that Management re-evaluate the present guidelines on the implementation of the Z Benefit package and consider the possibility of including a provision that reimbursements should be based on member-patient's actual hospitalization charges plus PF or the amount of the Z Benefit package, whichever is lower, in order to protect the interest of the government. In addition, we recommend that a provision allowing the excess amount of the Z benefit package be deducted from the amount of co-pay or out-of-pocket expenses of the member-patient be included, if feasible.	Based on PhilHealth Circular No. 046,s-2012, the amount for Z Benefit is fixed per illness and per tranche payments. Again, this will be endorsed to Head Office for their comment or possible amendment of existing policy.	Not complied	Policy issue. Already referred to Head Office.	
					We recommend compliance with the payment conditions embodied under PhilHealth Circular No. 2015- 035 to protect the interests of the member-patients. Require the doctor/evaluator of the HCI to put a check mark on each mandatory service on the Checklist that was given or NA if not applicable and have them affix their signature. Deny payment if there was no proof that the required mandatory services were adequately provided to the member-patient by the contracted HCI in accordance with Item A Part VIII of PhilHealth Circular No. 2015- 035.	Noted the said recommendations. We will ensure that the check list of mandatory services will be complied by the HCIs.	Complied	HCI and BAS personnel have been instructed to be more careful and diligent in reviewing and accomplishing respectively the claims forms to avoid similar incident.	
					We recommend that Management strive to improve on the processing period of claims by the HCIs to ensure the smooth and adequate delivery of health services to the PhilHealth members pursuant to its mandate.	Some Z Benefit Package claims were processed beyond 30 days due to the following: 1. Awaiting system enhancement 2. Deficiencies of supporting documents. The claims will be processed as soon as the above-mentioned issues will be resolved.	Partially complied	Good Z benefits claims are processed within the 30 working days. Monthly monitoring report of pending claims due to system error or policy issue are being forwarded to concerned office in the Head Office.	

					We recommend that Management ensure that all supporting documents to Z Benefit Package claims that were already reimbursed be stamped "PAID" or any indications that payment therefore has already been made to avoid the possible risk of reusing the same documents to support fraudulent claims.	Noted the said recommendation. We will see to it that all documents will be stamped "PAID".	Complied	All the nineteen (19) Z benefit package claim mentioned in the audit were already stamped "paid" as well as other claims. Stamping of "PAID" on the paid claims is continuously being done.	
17-003 (NCR)	17-Mar-17	21-Mar-17	Salary Adjustments for the period July 2011 to December 2016	Legal	In view of the foregoing, we strongly recommend that the subject salary adjustments be discontinued in the absence of a Presidential approval while those who already received shall be disallowed in audit so that refund of persons that may be determined to be liable therefor may be effected.	We pose our disagreement to the foregoing observations and thus request that the AOM be liftedThe disbursement has legal basis being based on Joint Resolution No. 4, s. 2009 and Executive Orders prescribing the tranches of salary increases from 2009 to 2012.	Partially complied	Corporate Order No. 2017-0032 dated June 05, 2017 was already issued suspending Corporate Order No. 2016-0079 (re: Implementing Guidelines on the Salary Adjustment Approved Under PhilHealth Board Resolution No. 2157 s-2016 Revision 2). Suspension was effected in June 2017.	04-Apr-17
						RA 10149 will not apply as the Joint Resolution No. 4, s. 2009 and Executive Order No. 40, s. 2011 prescribing the third tranche of salary increases from 2009 to 2011 took effect before the effectivity of said RA.			
						EO 76, s. 2012 did not require GCG approval before a salary adjustment is implemented.		Refund of received salary adjustments is still under appeal.	
17-004 (NCR)	27-Mar-17	29-Mar-17	Due from LGUs and Other Assets-LGU Receivables	FOO, COLSEC, LHIOS	Establish an efficient premium collection mechanisms that will require the concerned units of Local Governements to pay the premium contributions in accordance with the prescribed period. Consider the possibility of incorporating in the Guidelines the imposition of penalties/surcharges in cases of delays or non-payment of premium contributions.	Noted the said recommendation. This will be referred to the Head Office for their comment or possible enhance of existing policy.	Not complied	as per MMG letter dated October 27, 2017, they will seriously consider both recommendations in the guidelinesof the Sponsored Program.	Request extenstion until April 29, 2017; advance info on April 12, 2017 Reply submitted on 4/17/2017
					Ensure full compliance with the existing Guidelines relating to the Coverage of LGU sponsored members before the approval of application for LGU sponsorship, particularly on the submission of MOA. LOC, CbR and other documentary requirements, in order to facilitate adequate monitoring. Generate billing statements and transmit to LGUs within the period provided in the guidelines to facilitate prompt collection thereof.	This will be incorporated in the Individual Performance Scorecard of the concerned employees to ensure that they will comply with the existing guidelines.	Partially complied	Ongoing monitoring.	
					If feasible, require both the LOC and the MOA from the concerned LGUs as mandatory initial requirements before they could formally participate in the PhilHealth Sponsored Program, considering that they serve different purposes.	This will be referred also to Head Office for their comment and policy enhancement.	Not complied	as per MMG letter dated October 27, 2017, they will seriousit consider both recommendations in the guidelinesof the Sponsored Program.	
17-005 (NCR)	27-Mar-17	29-Mar-17	Gender and Development Expense Acount	GAD Focal Point Systems	We recommend that the Branch Management make representation with the GAD Focal Point System (GFPS) of the PhilHealth Head Office on the matter considering that they are the ones allocating the budget for GAD-related activities.	Noted the said recommendation. This was already elevated to the Chairman of the GAD Focal Point System (see attached memorandum).	Complied.	The matter was already endorsed to the GAD chairperson in our two letters. As of this date, we have not received any response from the latter.	3-Apr-17
					We recommend Branch Management to elevate the matter to the GAD Focal Point System (GFPS) of the PhilHealth HO, who will seek proper guidance from the concerned officials of the PCW on how to best implement the provision on the utilization of the funds for GAD PPAs, in line with the requirements of the subject regulations.	The PRO NCR GAD Advocate reported that lack of staffing complement was the main reason why the activities under GAD were not fully conducted.	Complied.	Same as above.	
						For CY 2017, we will ensure that the approved GAD plans, programs and activities will be duly conducted.			

17-006 (NCR)	03-Apr-17	04-Apr-17	**Cash in Bank as of December 31, 2016**	**FMS**	Investigate the cause/s of the P844,540.85 and P984,850.13 discrepancy between the balances per banks relating to the subject current and savings accounts as of December 31, 2016 and the corresponding balances reflected in the books of accounts as of the same date. Thereafter, effect the necessary adjusting/correcting entries in order to reflect the correct balance of the Cash in Bank account in the books of accounts.	A careful review of the discrepancy between the balances per banks and per books as of December 31, 2016 revealed the following: Cash-Current Account - book reconciling items such as stated checks, interest income & tax, reverted back salaries, cost of CFCs, various misread checks and other reconciling items that were already adjusted in the books of accounts in CY 2017 (see attached). - bank reconciling items bank errors, no debit/credit advice submitted from current to prior years that were already requested from Land Bank of the Philippines and Fund Management Sector for the submission of supporting documents. Cash -Savings Account - book reconciling items such as dishonored checks, misposting and late report that were already adjusted in the books of accounts in CY 2017 (see attached).	Partially compl	Discrepancies already identified. Reconciling items with supporting documents already adjusted. Still awaiting documents from LBP for the remaining reconciling items.	10-Apr-17
					Cause the immediate coordination by the concerned Branch personnel with the proper bank personnel relative to the bank reconciling items which were not yet acted upon by the respective banks. Future bank reconciling items should be promptly brought to the attention of the concerned banks so that immediate action may be undertaken.	We have already forwarded to Land Bank of the Philippines (LBP) our letter of request for proper documentation and settlement of the bank reconciling items from prior years up to present. We have also requested the assistance of the Fund Management Sector in the settlement of our request to LBP.	Complied.	Bank reconciling items were properly coordinated with LBP in our several follow-up letters. But only documents pertaining to current reconciling items have been addressed by LBP West Avenue Branch. We have not received any response from other LBP branches.	
					Instruct the concerned Branch personnel to revert back to the Cash in Bank account all checks that had been staled during the month to correct the understatement of the said account.	All staled checks as of March 2017 were already reverted back to the Cash in Bank account. Please see attached Journal Voucher #2143316 dated March 31, 2017.	Complied.	Adjusted accordingly.	
					Ensure that the necessary adjusting/correcting entries should be promptly effected for all reconciling items contained in the monthly bank reconciliation statements (BRS), which is the very purpose of the preparation of a BRS, to ensure that the Cash in Bank account shall be fairly presented in the books of accounts.	We agree with the said recommendation. As soon as the document will become available, the necessary adjusting/correcting entries will be effected in the books of accounts for the fair presentation of Cash in Bank accounts.	Complied.	Adjustments are effected as soon as the documents become available.	
17-007 (NCR)	3-Apr-17	4-Apr-17	**Property, Plant and Equipment Account as of December 31, 2016**	**PSMU/FMS Disposal**	We recommend that Management cause the conduct of an immediate reconciliation between the balances per books and the results of the CY 2016 annual physical inventory count in order to identify the causes of the noted discrepancies totaling P9,421,604.35. Thereafter, necessary adjusting/correcting entries should be effected so that the P&E account shall be fairly presented in the financial statements.	The discrepancy noted in Communication Equipment are not yet recorded in the Property and Supply Management Unit (PSMU) database pending the receipt of the Invoice Receipt of Property (IRP) from PhilHealth Central Office We have already submitted our request for copies of the IRP of all property, plant and equipment transferred to PhilHealth Regional Office-NCR to the Physical Resources and Infrastructure Department (PRID) of the Central Office. As soon as we have received the IRP, we will immediately record all transferred property, plant and equipment in the PSMU database Upon review of our SRPCPPE, the balance per Physical Count for Furniture and Fixture we indicated in the report was P29,341,783.39 and not P19,285,890.74. Thus, resulting to a discrepancy of P2,793,290.48 P1,231,400.88 worth of Furniture and Fixtures is not yet recorded in the PSMU database pending the receipt of the Invoice Receipt of Property (IRP) from PhilHealth Central Office. P1,702,923.00 worth of Furniture and Fixtures was recorded in PSMU database after the inventory report was prepared P139,833.40 worth of Furniture and Fixtures was already recorded in the PSMU database, the IRP of the equipment will be endorsed to FMS for Journal Voucher preparation. The flagpole was reclassified to Furniture and Fixtures amounting to P1,200.00 making the total amount of Furniture and Fixtures to P32,136,253.87. P421,180.20 worth of office equipment is not yet recorded in the PSMU database pending the receipt of the Invoice Receipt of Property (IRP). The change in unit price of Digital Mailing Machine and Sony Video Camcorder amounting to P96,407.14 will also be effected in the PSMU database.	Partially complied	On going retrieval of IRPs from Central Office for the remaining P1,963,940.05 discrepancies.	24-Apr

						The payment for the Supply and Installation of Airconditioning Units (installation cost) amounting to P539,405.00 will be included in the unit price and will be effected in the PSMU database. The Accruals for 2016 under JV#2143221 dated December 31, 2016 amounting to P436,873.00 will be recorded in the PSMU database The Panasonic Fax Machine and Panasonic 21'Colored TV Set with a total amount of P16,450.00 are not yet recorded in the book of accounts pending the receipt of the IRP. An additional adjustment amounting to P2,269,542.00 for the Pitney Bowes Glue Folder Self Mailer, Standard 18'Industrial Stand Fan and Ivana Evaporative Air Cooler will also be effected in the book of accounts and PSMU database Due to reclassification of Multimedia LCD Projector to IT equipment and Flagpole to Furniture and Fixtures an adjustment will also be effected in the book of accounts and PSMU database with amount of P68,200.00 P1,033,267.20 worth of IT equipment is not yet recorded in the PSMU database pending the receipt of the invoice Receipt of Property (IRP). The total Accruals for 2016 under JV#2143221 dated December 31, 2016 is P4,276,471.07 which was not recorded in the PSMU database due to late inspection report. P1,832,571.16 worth of IT equipment were already transferred under JV#2143197 dated December 31, 2016. Two (2) Impact Dot Matrix Printers amounting to P608,725.12 were not recorded in the PSMU database prior to the preparation of the inventory report. An additional adjustment amounting to P67,000.00 for the Multi Media Projector will be effected both in the book of accounts and PSMU database. Due to double recording of various IT equipment amounting to P93,996.80 and a Pitney Bowes Glue Folder Self Mailer amounting to P2,126,152.00 which is already for disposal, an adjustment will also be effected both in the book of accounts and PSMU database. The total amount of motor vehicles is P17,632,850.00, the three (3) unserviceable motor vehicles with total appraised value of P1,496,000.00 which are already for disposal and not in the book of accounts were already dropped from PSMU database.			
					In the event that a discrepancy pertained to lost/missing items, we recommend that appropriate administrative and/or legal actions be taken under the circumstances.		Not complied	Is yet to be determined pending IRP	
					We recommend that Management undertake immediate steps towards the disposal of the above-mentioned five (5) units of unserviceable motor vehicles to avoid its further deterioration and loss in value as well as to stop the incurrence of additional expenses in the storage and safekeeping thereof.	We have coordinated with the Motor pool personnel of the General Services Unit, and we were informed that they are in the process of completing all the required documents for the five unserviceable motor vehicles which tentatively shall be finished by end of the second quarter. Once endorsed to the Disposal Unit, we shall immediately amend the Disposal Plan and Program of PRO NCR to include the disposal of the above subject property and calendar its disposal activity before the end of CY 2017.	Partially complied	Already conducted the Public Bidding for the disposal of the ive (5) units of unserviceable motor vehicle but resulted in a failure of bidding. A rebidding shall be conducted on February 27, 2018 per recommendation of COA representative. Complete staff work and posting of the Invitation to Bid is currently being undertaken by Herminio Perlado and Ms. Marvy Lopez of Disposal Unit.	
17-008 (NCR)	19-Apr	21-Apr	Due to BIR account as of December 31, 2016	FMS	We recommend that Management instruct the concerned FMS personnel to effect the necessary adjusting entries relating to the tax refunds so that the Due to BIR account shall be fairly presented in the financial statements and to avoid having the impression that withheld taxes were not remitted within the prescribed period.	Please be informed that the balance of Due to BIR account as of December 31, 2016 in the total amount of P19,070,335.23 was already reduced to P98,199.86 broken down as follows:	Partially complied	Ongoing monitoring.	3-May-17
					In addition, cause the immediate conduct of validation/reconciliation for the total amount of P542,691.93 to determine the appropriate adjustments to be made. Thereafter, ensure that taxes withheld are regularly evaluated and monitored so that necessary adjustments may be promptly effected in the books.	The reconciliation is ongoing for the remaining balances. This will form part of the Individual Performance Scorecard of the concerned employees. Succeeding remittances will be monitored regularly evaluated and monitored as recommended.	Partially complied	Ongoing monitoring.	

17-009 (NCR)	19-Apr	21-Apr	Due to GSIS acccount as of December31, 2016	FMS/HRU	In view of the foregoing, we recommend that Management prepare and submit the required Agency Remittance Advice and remit the amount still due to GSIS. Reclassify to the appropriate GSIS accounts the remittances that were erroneously misposted to other accounts. Moreover, ensure that GSIS premiums withheld and loan payments deductions are regularly evaluated and monitored so that proper adjustments may be promptly effected.	Please be informed that out of P 1,496,309.83 balance as of December 31, 2016, P173,201.82 of which were already remitted in March 2017. A total amount of P957,899.61 were already adjusted in the books of accounts in February and March 2017. P296,334.65 will be remitted in May 2017. While remaining P68,873.55 are still for reconciliation	Partially complied	Only the remaining P2,601.88 are being reconciled	26-Apr
17-010 (NCR)	19-Apr	21-Apr	Per Family Payment claims for CY 2016	BAS	We recommend that Management comply with the prescribed period of release of the PFP claims provided under item 4 Section IX PhilHealth Circular No. 015 s. 2014 so as not to affect the financial operations of the PCB Providers as well as the delivery of prompt health care services to the enlisted program members.	The delay in the payments of Per Family Rate (PFR) was due to the following: 1. All LHIOs in PRO NCR are conducting a manual validation process and computation necessary for the preparation of the disbursement voucher per PCB Provider before submitting to the Benefits Administration Section for processing and payment. The manual verification is being done to determine if the names submitted by the PCB provider assigned to the health centers were really included in the National Household Targeting System (NHTS) list as to indigent and sponsored. This manual validation process is an initiative of LHIOs to validate if the declared NHTS members are really included in the list so as to avoid incorrect payment, however this took more time before hence resulted in prolonged processing. 2. Enlisted program members were not deprived of the delivery of prompt health care services since the health care services were given continuously even if there was delayed release of PFPR during the periods mentioned in the audit memorandum. 3. As per communication with the representatives of the LGU by the PhilHealth personnel in LHIOs in charge with the PCB program, the portion of the honoraria was commonly used as compared to the operational cost since they still have existing fund for their operation. 4. The transition of processing of the Outpatient Benefit (OPB)/Capitation fund to the Primary Care Benefit (PCB)/ Per Family Payment through the issuance of succeeding circulars such as PC No. 27, s. 2012, PC No. 42, s. 2012 and PC No. 007, s. 2013 pertaining to the computation and required documents to be submitted thereby amending PC No. 10, s. 2012 contributed to the delay of processing of PFP claims. 4. The processing of PFPR for CY 2012 to 2015 was being done manually using the old PCB Check Printing Module. This module was enhanced on the second quarter of 2016 by the Information Technology Management Department which took more time and resulted in prolonged processing. 5. Discrepancies in the official forms submitted by the Rural Health Units 6. Manual submission of reports is still being practiced by the LGUs instead of electronic submission. Their application for the implementation of PhilHealth Portal are still on process. 7. The reshuffling or change in place of assign of nurse-in charge for the submission of the reports However, effective immediately and to ensure compliance, the processing of PFR shall be incorporated in the individual/Supervisor Performance Scorecard of concerned personnel.	Partially complied	Ongoing monitoring.	3-May-17
					In addition, require the submission of acknowledgement receipt of the reports submitted by the PCB Providers/LGUs to the respective LHIOs for the proper implementation of item no. 5, paragraph VII of PC No. 015, s. 2014.	The Benefit Administration Section will require all LHIOs to submit an acknowledgement receipts of reports or the stamped "received" transmittal report effective immediately.	Partially complied	Ongoing monitoring.	
					We recommend that the proper officials of the PHIC NCR and Rizal make representations with the PhilHealth Head Office to revisit the existing guidelines relating to the Tamang Serbisyo para sa kalusugan ng Pamilya (TseKap) and consider the inclusion of the PFP Disposition and Allocation Form (DAF) as one of the supporting documents to the DVs in the processing of PFP for each quarter.	Per PhilHealth Advisory No. 2016-0046, non-submission of Fund Utilization Report (FUR) shall not render denial of Per Family Payment reimbursement but shall be construed as non-compliance in Item No. 13 of the Performance Commitment, to wit: "That we shall promptly submit reports as may be required by PhilHealth, DOH and all other government agencies and instrumentalities governing the operation of HCIs". Which means that non-submission of reports may affect the renewal of accreditation of concerned LGUs/Rural Health Units. In compliance to the above PhilHealth Advisory, the Benefit Administration Section shall submit a report to the Sub-Accreditation Committee of PRO NCR the first week of June 2016 concerning LGUs/Rural Health Units who failed to submit the required FUR. The said advisory is being disseminated for their information and compliance. However, the recommendation to include DAF in the processing of PFP will still be endorsed to Head Office for their comment and/or possible enhancement of existing policy.	Fully complied	Fund Utilization Reportis is now being required in the processing of PFPR	
17-011 (NCR)	14-Sep	14-Sep	Procurement of Office Space of Expiring Contract of Lease	BAC, GSU & MSD	1. Comply with the guidelines prescribed by Items 4.1 and 5 of Government Procurement Policy Board (GPPB) Resolution No. 23-2007 Annex A (The Revised Guidelines on the Extension of Contracts) relative to the non-extension of contracts beyond one year and if the proposed contract extension exceeds six (6) months, the Head of the Procuring Entity shall report to GPPB in writing its intent beyond six months, respectively. 2.. In relation to the contracts of lease with extensions beyond one year after its expiration:	To comply with GPPB Resolution No. 23-2007	Partially complied	On going monitoring	letter of extension to submit on September 28, 2017 ; reply letter submitted on October 11, 2017

					a. Show proof of the adequacy of the Agency's overall planning with regards to the relocation of these Offices following its expiration. There must be satisfactory showing that the Management had extensively organized a systematic planning program by formulating a responsive procurement mechanism and had allocated sufficient period for the procurement activities	As part of the management plan with regard to relocation or renewal of offices, request for the approval of MYOA's were done prior or immediately after expiration of the contracts.	Complied.	
					b. Submit documents showing that procurement activities were duly performed prior to the expiration of the original contract of lease till first year of its contract extension for NCR Central Branch and LHIO's POEA, Manila, Mandaluyong and Quezon City	Please refer to the above table and attached approved MYOA's and other documents pertaining to procurement activities	Complied.	
					c. Submi to the audit team letter to the GPPB stating the Management's intent to extend the expired contracts if the proposed contract extension exceeds six (6) months; and	Same as the answer for Audit Recommendation No. 1	Not complied	On going monitoring
					d. Fast tract the undertaking of procurement activities for these expired contracts of lease to expedite the approval and awarding of a new contract of lease to avoid the risk that the owner/lessor may terminate anytime the contract without prior notice and to vacate the leased premises.	Negotiated Procurement for the offices mentioned were already undertaken. NCR Central Branch Office and LHIO Quezon City is scheduled to tranfer to Columbia Estate Properties at Corporate 145 Building, Mother Ignacl Avenue, QC in December 2017. PRO NCR is scheduled to transfer at WESCO Building, Kalayaan Avenue, Quezon City before the end of October 2017. LHIO Mandaluyong is scheduled for Pre-Procurement Conference on October 16, 2017. POEA Express Contract is being discussed with the Management of POEA. To date several meetings have already been conducted. LHIO Manila's MYOA is in process, targeted to be submitted to SBAC before the end of November 2017.	Partially complied	New contracts were already awarded to lease of office space of OVP, NCR Central Branch and LHIO-QC. LHIO-Mandaluyong is expected to award the contract early in 2018. On planning for POEA and LHIO-Manila

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PHILIPPINE HEALTH INSURANCE CORPORATION
Audit Observation Memorandum(AOM)
Status Report as of December 2017
PhilHealth Regional Office 2

AOM No.	Date of AOM	Date Received by ORVP	Particulars/Subject	Concerned Sector/Department/Office	COA Recommendation	Action taken	STATUS	Date Submitted to COA
2017-002	28-Jun	14-Jul	No safety vault	Business Center-Batanes	strengthen internal control	A memo was given to the concerned Special Collecting Officer to comply with the Audit Findings	Awaiting for the purchace of Safety vault the SCO is advised to deposit his collection daily	42940
2017-001	28-Jun	14-Jul	MRAAF and RCD were not submitted to COA	Business Center-Batanes	Ensure that the said reports will be submited regularly	A memo was given to the concerned Special Collecting Officer to comply with the Audit Findings	implemmeted	42940
2017-006- (2017	7/15/2017	8/17/2017	Discontinue payment/granting the said benefits	Discontinue payment/granting the said benefits	Discontinue payment/granting the said benefits	Discontinue payment/granting the said benefits	Discontinue payment/granting the said benefits	Discontinue payment/granting the said benefits
2017-001-(2016)	1/27/2017	2/9/2017	Organizational Performance Based Bonus (OPBB)	OPBB was a duplicate of the CY 2015 Performance Based	Discontinue payment/granting the said benefits	Endorsed to Legal	Management continue to grant the said benefits	3/7/2017
2017-002-(2016)	2/1/2017	2/9/2017	Special Representation Allowance	The SRA does not fall to any compensation and Position Classification System	Discontinue payment/granting the said benefits	Endorsed to Legal		3/7/2017
2017-003-(2016)	2/3/2017	2/14/2017	Salay and Beenfit/Allowances Differential	Granted Without the approval of the President	Discontinue payment/granting the said benefits	Endorsed to Legal		3/7/2017
2016-001(2015)	3/11/2016	3/16/2016	Failure to monitor claims particularly of the Ambulatory Hospitals	HCDMD	Strictly monitor and evaluate system	Endorsed to HDMD head for her comment on March 15, 2016	policy issue	3/28/2016
2016-002(2015)	3/1/2016	3/15/2016	RATA exceeds the allowable limit	Legal Unit	Adopt the RATA rate prescribed in the 2014 and 2015 GAA	Endorsed to Legal	COA issued Notice of disallowance on this.	3/28/2016
2016-003(2015)	3/1/2016	3/15/2016	The PFPR/PCB were recorded as expense should be receivable to LGUs	Fund Mangement Section	Treated as Cash transfers or cash advances	Endorsed to Central	policy issue	3/28/2016
2016-004(2015)	1/27/2016	2/1/2016	Collecting Officers were not sufficient ly bonded	Cashiering Unit	Management post the correct ammount	paid the correct amount	done	2/27/2016
2015-001(2014)	1/24/2015	2/4/2015	Collective Negotiation Agreements (C.N.A) in excess of 25,000	Legal Unit	Discontinue payment/granting the said benefits	Endorsed to Legal	Under Appeal	2/23/2015
2015-002(2014)	1/24/2015	2/4/2015	Public Health Workers Benefits	Legal Unit	Discontinue payment/granting the said benefits	Endorsed to Legal	Under Appeal	2/23/2015
2015-003(2014)	1/30/2015	2/17/2015	Failure to construct building in the 2,897 sq.m donated lot	MSD	Management consider the construction of the Office Building	Endorsed to MSD/ADMIN	A&E Design was already awarded	2/27/2015
2015-004(2014)	2/27/2015	2/27/2015	PPE recorded in the books do not reconcile with Physical Count conducted	ADMIN Unit/ Comptrollership Unit	description, custody, estimated life, depreciation, disposal and other Reconciliation of record should be done	Endorsed to ADMIN	on going reconciliation	2/27/2015
2015-005(2014)	3/16/2015	3/27/2015	PS WE Care	Legal Unit	Discontinue payment/granting the said benefits		Management continue to	2/25/2015

PHILIPPINE HEALTH INSURANCE CORPORATION
Audit Observation Memorandum(AOM)
Status Report as of December 2017
PhilHealth Regional Office 2

AOM No.	Date of AOM	Date Received by ORVP	Particulars/Subject	Concerned Sector/Department/Office	COA Recommendation	Action taken	STATUS	Date Submitted to COA
2015-005(2014)	3/16/2015	3/27/2015	Grant of benefit and allowances to job order contractors and Project -based personnel	Legal Unit	Discontinue payment/granting the said benefits	Endorsed to Legal	Management continue to grant the said benefits	2/25/2015
2014-001(2012)	3/10/2014	3/15/2014	Grant of C.N.A of P30,000 for CY 2012 but paid in 2013 included in the computaion and payment of PIB	Legal Unit	1. Submit the requirements necessary for the yearly grant or payment of C.N.A, Incentive	endorsed to Legal	Management continue to grant the said benefits	21-Mar-14
					2. Discontinue payment of the amount in excess of what is allowed by existing DBM Circular	endorsed to Legal		
2014-002'(2012)-	3/10/2014	3/17/2014	The "Due from LGUs" account remained uncollected for 5 to 9 years due to failure of PRO2 in prepararing, issuing and delivering Billing Satement to concened LGUs/Sponsors	Collection Section	Necessary billing statements should be issued and delivered to the concerned LGUs or Sponsors to compel them to remit the subsidy income to PRO2	billed the concerned LGUs	Colsec endorsed to Legal	
2014-003(2012	3/12/2014	3/7/2014	Payment of Case Rate Benefit Packages amount in excess of what had been actually incurred	HCDMD	1. Reimbursement should be based on the case rates or the total amount of the expenses indicated in the SOA whichever is lower	endorsed to HCDMD	policy issue	
					2. The case Rates Guildelines should be revisited to favor the memebers and not the HCPs			
2014-004(2012)	4/8/2014	4/14/2014	The Gender and Develoment (GAD) budget was lower than the required budget at least 5% of the total PRO2 budget	HR Unit	The annual GAD Budget of at least 5% of the PRO2 COB for the year should be provided and utilized	endorsed to HR	GAD expenses were incorporated in every program of Philhealth	22-Apr-14

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PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
September 30, 2017	October 2, 2017	PhilHealth Region 3 failed to submit 850 claims vouchers amounting to P 9,267,990.00 contrary to Section 39 of PD 1445 and Section 7.2.1 of the COA Circular No. 2009-006 dated September 15,2009	BAS A & B	Comply with the requirements of the Commission and submit the remaining claims vouchers subject to audit in order to avoid the suspension and possible disallowance of the subject vouchers.	In compliance to the recommendation of the Commission, BAS A has already made a pertial submission as of the subject vouchers while BAS B has been advised of the required submission. Claims vouhcers were already pulled out scheduled for submission.	**Partially Implemented.**	October 17, 2017
August 31, 2017	September 7, 2017	BAS, Branch A, RO III failed to store and secure properly about 1,440 boxes (about 72,000) un-submitted and unaudited Claims Vouchers, which have been pre exposed for several months in the corridor of the 2nd floor of PhilHealth building contrary to ISO 9001:2008 and PhilHealth Quality Procedure-01 Revision NO. 1.0 dated 01 June 2017.	BAS A	a) prioritize to provide appropriate storage for the claims vouchers and their supporting documents; b) assess the volume of claims for at least 5 years or more.	>PRO III has already included in its proposed budget for CY 2018 the rental of warhouse for additional storge to house the boxes of benefit payment claims vouchers and supporting documents; >Also, , PRO III had already made a proposal for the construction of new building in Maimpis, CSFP which will serve as our long term solution for the lack of storage for PRO III documents.	**Partially Implemented.**	September 18, 2017

PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM NO	AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-06	June 28, 2017	June 30, 2017	Benefit Administration Section (BAS) Branch A and B acted and approved 1,884 benefit claims amounting to P21,583,12000 from 16 Health Care Institutions (HCIs) despite the gap in accreditation contrary to Section 55 and 56 of RA 7875, as amended, and V.5 of PhilHealth Circular No. 054 series of 2012.	BAS	a) strictly comply with the guidelines prescribed under Section 55 and 56 of RA 7875, as amended and PhilHealth Circular No. 054 series of 2012 b) require BAS A and B to regularly coordinate with AQAS on the monitoring, review and revalidation of benefit claims versus hospitals with accreditation gaps c) if warranted, prepare necessary demand letters to identified hospitals to refund invalid claims, d) record any receivable that may result in the review and revalidation of benefit claims, e)monitor, review and revalidate hospital accreditations and any affected claims for years prior to CY 2015 where extensions were provided under PhilHealth Advisories, f)submit to COA all questionable benefit claims original vouchers and supporting documents for audit purposes	BA SA and B already submitted the necessary requirements to the Comptrollership Unit for proper recording of the receivables and the same were already recorded and booked through Journal entry for the month of December 2017. Also, payment of corresponding receivables had already been by some of the concerned hospitals with gap accreditation.	**Implemented.**	December 31, 20
						> requested for 30 days extension for submission of final reply.		July 14, 2017
						Submitted initial reply with details as stated below >PRO III has already sbmitted demand letters to some of the concerned hospitals as mentioned in the AOM and continuous efforts are being made to cover all hospitals concerned and issue corresponding demand letters > Corresponding receivables for HCIs covered by Branch B offie were already recorded through Journal Entry for the month of June 2017. Receivables for HCIs covered by Branch A office will likewise be taken up in the books within the month of July 2017 upon preparation of the financial reports. >PRO III has already requested AQAS to monitor, review nad revalidate hospital accreditations and affected claims for years prior to CY 2015. >We have already requested BAS A and B to retrieve copy of original vouchers and supporting documents on the subject benefit claims However, due to the volume of said claims, BAS A and B are requesting for a three-month period to pull out the necessary documents.	**Partially Implemented.**	July 14, 2017

PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM NO	AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED COA
2017-05	February 28, 2017	March 7, 2017	Phil health Regional Office No. III failed to record in its book receivables from LGU's on prior year's accounts amounting to P7,802,682.00, which remained uncollected for more than 3 years, causing understatement of the Other Assets-Accounts Receivable-Due from LGU, contrary Par.7 of the Philippine Public Sector Accounting Standard (PPSAS)1.	COLSEC A & B, MMG	(a) Strictly comply with Par.7 PPSAS 1 adopting IPSAS 1 in accruing LGU Receivables of the Corporation; (b) issue billing statements to concerned LGU's for recording and demand their collection from these Congressmen/women concerned.	Already referrefed the matter to AREA I for their comment/opinion and possible recommendation.		
						> Request for extension to COA - 15 calendar days		3/7/2017
						Please be informed that following Office Order No. 0077, s.2012, billing statements duly acknowledged by the concerned LGU's shall be the basis for recording LGU receivables. As such, the Comptrollership Unit is constrained to follow the said provision and recording of such cannot be made without the proper basis such as the billing statements submitted by the Collection Section duly acknowledged by concerned LGUs. Also a letter was issued addressed to the MMG regarding the matter and we are still waiting for their opinion pending the implementation of the COA's recommendation.	**Not Implemented.**	3/23/2017

PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM NO	AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED COA
2017-04	February 6, 2017	February 13, 2017	The Property, Plant and Equipment (PPE) accounts totaling P165,335,974.94 included tangible items below the capitalization threshold of P15,000.00, overstating the accounts and the related Accumulated Depreciation accounts, contrary to Section 10, Chapter 8, and Sections 3 and 4, Chapter 10, of the Government Accounting Manual (GAM) Volume III.	Central Office	(a) comply with the prescribed criteria for recognition of PPE assets and application of the capitalization threshold of P15,000; (b)reconcile the PPE accounts balances with that of the GSU records and make necessary adjustments on the overstated PPE accounts; (c) obtain copies of the necessary transfer documents such as the JEV and Invoice from the Head Office and prepare journal entries to recognized the transferred IT equipment	> **Issued Supplemental Reply:** In addition to our previous reply to AOM No. 2017-04, we would like to inform your esteemed office that our Central Office has already issued a letter addressed to COA Central Office requesting for reconsideration on classification of PHIC from Non-GBE to GBE per COA Circular No. 2015-003 last November 2016. However, we have yet to receive their reply as of this date. Also, as per COA Central Office a new guidelines pertaining to GBEs will be released and, as such, corresponding adjustment of PPE account will be implemented depending on what provisions to follow based on our category as identified under the new guidelines. As of now, PPE amounting to P15, 000 and below are already being identified by the Comptrollership Unit pending for reclassification, if necessary.	**Partially Implemented.**	3/2/2017
						PRO III will comply accordingly with the prescribed criteria for the recognition of PPE assets and capitalization threshold of P15,000.00 and the necessary adjustments on the overstated PPE accounts will be taken up. Likewise, transfer of IT equipment amounting to P1,718,418.64 we're already recognized and were taken up per JV# 2219568 dated January 31, 2017.		2/16/2017

PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM NO	AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-03	February 1, 2017	February 7, 2017	PHIC PRO III paid differential totaling P89,386,619.67 for the salary, allowances and benefits, prior years monetized leaved credits, provident fund share, GSIS and Phil health share, covering the periods between 01 July 2011 to July 2016, contrary to Sections 8 and 9 of RA 10149 of the GOCC Governance Act of 2011.	PRO III Legal Unit / Central Office	(a) stop the implementation on the salary adjustment authorized under Phil health Corporate Order No.2016-0069; and (b) secure the approval of the Modified Salary Schedule of PhilHealth Personnel from GCG from the Office of the President in accordance with RA 10149.	Followed Corporate Order No.2017-0032 pursuant to Phil health Board Resolution No. 2233, s-2017 dated March 8, 2017 suspending the release of disallowed benefits and allowances and the implementation of salary adjustment effective June 2017.	**Implemented**	6/1/2017
2017-02	January 30, 2017	February 3, 2017	Out of the Other Receivables-Others totaling P25,259,054.79, P24,894,759.93 remained outstanding for over one year as of December 2016, depriving the agency from the use of its funds, which should have been used to its programs/projects/activities in the attainment of its goals and objective as mandated under RA 9875.	PRO III Legal Unit / BAS A	(a) issue demand letters to the concerned hospitals to recover the tax deficiencies paid to the BIR; and (b) ensure to properly withhold taxes to avoid any future deficiency/delinquency of tax payments with the BIR.	BAS A is already coordinating with the PRO III Legal Unit for the drafting of demad letters to be sent to the concerned hospitals	**a)Not Implemented.**	10/31/2017
						> Endorsed to Legal Unit		2/7/2017
						We have already endorsed the said AOM to PRO III Legal Unit subject for their comment and proper coordination to our Central Office. To issue demand letters to concerned Health Care Providers (HCPs) for the collection of the said receivables	**b.)Implented.**	

PHILIPPINE HEALTH INSURANCE CORPORATION
AUDIT OBSERVATION MEMORANDA
PhilHealth Regional Office III
For Calendar Year 2017
December 31, 2017

AOM NO	AOM DATE	DATE RECEIVED by PRO	SUBJECT	CONCERNED SECTOR/DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED T COA
2017-01	January 30, 2017	February 1, 2017	The balance of P 1,413,706,501.51 of the account Accounts Payable – Benefit Payments could not be substantiated and ascertained by Management, casting doubt on the reliability of this account, contrary to Par. 27-29 of Philippine Public Sector Accounting Standards 1 and 3 (PPSASs), adopting the International Public Sector Accounting Standards 1 and 3 (IPSASs) on the fair presentation of balances in the Financial Statements and standards on Accounting Policies, Changes in Accounting Estimates and Errors.	FMS/BAS A/BAS B	(a) PPSAS 1 and 3n adopting IPSAS 1 and 3 on fair presentation of the Account Payable-Benefit Payment accounts reported in the Financial Statements and Changes in Accounting Estimates; (b) provide subsidiary ledgers for each accounts and reconcile the Accounts Payable-Benefit Payment accounts with BAS A and B to properly support the balances in the Financial Statements; and (c) make representation with the PHIC Head Office and conduct regular assessment of accrued benefit payments to provide more realistic and reliable balances.	Accounts Payable-Benefit Payment per book is already with that of BAS A & B	Implemented.	12/31/2017
						>Endorsed to Health Policy Sector - Central Office		3/2/2017
						> Request for extension to COA - 30calendar days		2/6/2017
						Please be informed that we have already referred the matter to our Central Office and we were informed accordingly to forward the said AOM to the Office of the Health Finance Policy Sector (HFPS) for their information and corresponding action. Rest assured that a supplemental reply will be issued to your esteemed office upon receipt of any feedback regarding the matter or official reply from our Central Office particularly from the HFPS.	Not Implemented.	3/3/2017

Prepared by:

LEONIDAS A. LUMBA
OIC, Fund Management Section Head

Certified correct by:

GRACE M. MAMAWAL
Chief, Management Services Division

Approved by:

WALTER R. BACAREZA
Vice President for PRO III

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
as of December 31, 2017

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	MANGAEMENT ACTION		STATUS
							Date	Reply	
AOM No. 2015-001 (2014)	12-Jan-15	12-Jan-15	Payments of Special Representation Allowance (SRA) to Attorney IV position amounting to P51,470.58 were not supported with the requirements provided for under Section 3.0 of National Budget Circular No. 546 dated January 17, 2013, rendering the expenditures irregular.	Legal	We recommended that Management stop the practice of granting SRA to those not qualified and strictly comply with the provisions of Sections 3.1, 3.2 and Section 4.1 of National Budget Circular No. 546. We also recommended that the Regional Vice President require the concerned PHIC personnel to refund the amount of P51,470.58.	23-Jan-15	22-Jan-17	The Supreme Court in its recent decision on PhilHealth's petition upheld the locus standing of PhilHealth to prove its authority to grant disallowed benefits and allowances up to the Supreme Court. Thus, PhilHealth will exhaust all available remedies to defend the grant of the benefits and allowances, taking into consideration the SC decision	All grants which are disallowed are being appealed to the appropriate offices of COA. The corporation shall abide with the decision of the Supreme Court.
ML 2014 AOM No. 2015-002 (2014)	12-Jan-15	25-Mar-15	Payment of Anniversary Gift to Philhealth Regional Office IV-A employees was not in compliance with the provisions of Section 2.5, Administrative Order No. 263 dated March 28, 1996, rendering the payments irregular and resulting in the Agency's incurrence of unnecessary expenditures totaling P1,240,168.34.	Legal	We recommended that Management stop the practice of granting benefits in excess of the authorized amount and require the concerned recipients to refund the overpayment totaling P1,240,168.34.	23-Jan-15	22-Jan-17	The Supreme Court in its recent decision on PhilHealth's petition upheld the locus standing of PhilHHealth to prove its authority to grant disallowed benefits and allowances up to the Supreme Court. Thus, PhilHealth will exhaust all available remedies to defend the grant of the benefits and allowances, taking into consideration the SC decision	All grants which are disallowed are being appealed to the appropriate offices of COA. The corporation shall abide with the decision of the Supreme Court. Anniversary Gift has been discontinued as of February 2017.

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2015-003 (2014)	24-Mar-15	25-Mar-15	The Agency's Project called the "BRIGADA ESKWELA" implemented last May 2014 and financed using GAD Funds was not among the activities included in the GAD guidelines, thus, rendering the expenses of P13,000.00, incurred relative thereto, irregular.	Comptrollership	We recommended that the OIC - Regional Vice President: a.- Require the persons responsible for the payment to refund the amount - of P13,000.00, otherwise, the same will be disallowed in audit; and henceforth, b. - Ensure that all activities charged against the GAD funds are within the purview of the GAD's guidelines, in support of its advocacy program.	20-Apr-15		To highlight the PhilHealth employees participation in the critical economic, cultural, political and social role in every sphere of our nation's life as endorsed in our PhilHealth Annual Gender and Development (GAD) plan and budget for CY2014 Office of the President, Philippine Commission on Women as per attached.	Additional supporting documents were already submitted to COA on May 9, 2017 to support legality of the said activity. Implemented as per COA Resident Auditor Report subject for review of Regional Supervising Auditor
ML 2014 AOM No. 2015-004 (2014)	27-Mar-15	14-Apr-15	The Philippine Health Insurance Corporation's (PHIC) granting of a supplemental health insurance assistance in the form of PhilHealth Self-Insurance We Care (PS We Care) benefit to its employees and their dependents from January 1, 2014 to December 31, 2014 was without the approval of the Department of Budget (DBM) or the Office of the President, hence, resulting in unauthorized expenditures totaling P1,387,439.32.	Legal	We recommended that Management stop the granting of this benefit to their employees, until approval for the grant of the aforementioned health assistance is sought from the Office of the President.	10-Jun-15	09-Jun-15	The Supreme Court in its recent decision on PhilHealth's petition upheld the locus standing of PhilHealth to prove its authority to grant disallowed benefits and allowances up to the Supreme Court. Thus, PhilHealth will exhaust all available remedies to defend the grant of the benefits and allowances, taking into consideration the SC decision	All grants which are disallowed are being appealed to the appropriate offices of COA. The corporation shall abide with the decision of the Supreme Court.

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
ML 2014 AOM No. 2015-007 (2014)	27-May-15	01-Jun-15	The collectability of premium contributions totalling P14,124,485.00 under the PDAF Sponsored Membership Agreement of the three Congressmen of the 2nd, 3rd and 4th Districts of Quezon is nil, as the said fund was declared unconstitutional by the Supreme Court, hence, resulting in the Agency's incurrence of medical expenditures with no corresponding paid premiums and in the undue depletion of funds earmarked for the medical expenses of its legitimate paying members.	Collection Section/ Fund Management Section	We recommended that the OIC - Regional Vice President make representations with the PHIC higher officials for the formulation and implementation of a nationwide policy guideline relative to these receivables.			Corporate Order No. 2017-0010 had been issued by the corporation to set up allowance for doubtful accounts for estimated uncollectible trade receivables to allow fair presentation in the financial statements.	Allowance for Doubtful Account for this PDAF collectibles were set up on April 2017 upon implementation of CO 2017-0010
AOM No. 2015-008 (2014 & 2015)	27-Nov-15	05-Jan-16	Some of the provisions of PhilHealth Office Order No. 07, s. 2009 re: Grant of Nominal Housing Allowance for CY 2014 in the amount of ₱67,562.61 for Re-Assigned Officials and Employees are not in accordance with the provisions of Section 56 of the General Appropriations Act, FY 2014 and Paragraphs 5.1, 5.2 and 5.4 of Department of Budget and Management (DBM) National Budget Circular No. 456 dated November 11, 1996, resulting in inadequate internal control over the implementation of the said privilege	MSD	We recommended that Management align the provisions of PhilHealth Office Order No. 07, s. 2009 with the provisions prescribed under Section 56 of GAA 2014 and DBM Circular 456, to wit: a)The contract of lease shall be entered into by and between the agency (PhilHealth) concerned and the lessor; b) The monthly rental payment shall be paid directly by the agency (PhilHealth) to the lessor and not commuted/reimbursed in favor of the officials concerned; and c) The provision on rental rates should read "15% of the monthly basic salary, but not to exceed the prevailing rental rate within the locality	18-Jan-16		The Audit Observation of the Honorable on the grant Of Nominal Housing Allowance for CY 2014 and January to March 2015 is a question of policy. A copy of the AOM will be forwarded to the Central Office for their information and appropriate action. PRO IVA is only tasked to implement the said office order, thus, is in good faith. Likewise, the employee receiving the said allowance is also in good faith. Foregoing considered, it is respectfully requested that the AOM on nominal housing for CY 2014 and January to March 2015 be resolved declaring the payment thereof as a lawful transaction.	The last payment for Nominal Housing Allowance of Eloisa Tagbo was made last March 2015. After that, and up to present, PhilHealth did not enter into any contract with any lessor for this purpose, as there are no more reassignment of personnel. Should there be a reassignment that would necessitate granting of Nominal Housing Allowance again in the future, the lease contract will be entered into by PhilHealth and payment will be made directly to the lessor.

AOM NO.	AOM DATE	DATE RCVd by OKVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2015-009 (2014)	15-Dec-15	05-Jan-16	Extraordinary and Miscellaneous Expenses paid to the official of Philhealth Regional Office No. IV A, exceeded the amount authorized under Section 41 of the General Provision of General Appropriation Act of 2014 by P93,450.99 making this excess amount unauthorized. Further, P22,009.85 of the actual amount paid were incurred during Saturdays and Sundays, rendering the expenses of doubtful validity	Legal	We recommended that the Regional Vice President: a) ensure that reimbursements of EME are limited to the amount provided for under the GAA; refund the amount of P93,450.99 which exceeded the amount authorized; b) justify the expenses amounting to P22,009.85 incurred during Saturdays and Sundays, allegedly for public relations and official entertainment; stop the practice of entertaining clients and stakeholders on Saturdays and Sundays; and c) for future public relations and entertainment to be made for Philhealth's guest and stakeholders, indicate in every receipt for meals the name of the persons entertained and his business relation with Philhealth.	18-Jan-16		The grant of EME is based on the corporate fiscal autonomy over PhilHealth compensation system granted under Republic Act 7875, as amended. The PhilHealth Board has passed and approved several resolutions authorizing the grant and release of EME to qualified PhilHealth officials since the inception of the corpoartion in 1995. PhilHealth Regional Office IVA, in compliance to the office orders of the Corporation implementing the grant of EME and setting guidelines therefore, released the questioned amount of EME. Thus, PhilHealth Regional Office IVA is acting in good faith when it released the EME for CY 2014. Its officials receiving the benefit/allowance are likewise in good faith.	All grants which are disallowed are being appealed to the appropriate offices of COA. The Corporation shall abide with the decision of the Supreme Court.
AOM No. 2015-010 (2015)	15-Dec-15	05-Jan-16	The format in Annex- D under Philhealth Circular No. 15 s. 2014 does not provide a breakdown of the Total Per Family Payment (PFP) available from the last Quarter, making it difficult to determine not only the breakdown of the Total PFP available for the Current Quarter for Drugs and Medicines (40%), Re agents, Supplies and Equipment (40%), and Professional Fee (20%), but also, the allocation of the Total PFP available after the current Quarter.	HCDMD	We recommended that the OIC - Regional Vice President make representations with higher Management for the proposed revisions of Annex D as shown in Annex I to indicate the detailed breakdown of the total amount of the PFP at the beginning and at the end of the quarter, and the Allowable Allocation and the List of Expenditures incurred during the quarter. 40. In addition, we also request that we be furnished with a copy of the financial report (PCB-1 Philhealth) including that of ANNEX D, submitted by the LGU accountants of the concerned LGUs, in as much as the provision of a copy of Annex D to the Auditor of the Philhealth was not mentioned in Par. XII of Philhealth Circular No. 15 s 2014, which states: "The PFP Disposition and Allocation Form (Annex D) shall be accomplished quarterly by the concerned LGU for review by the Local Auditor. A copy of this report shall be provided for each PCB-1 provider."	11-Jan-16		Follow COA recommendation.	Findings were already addressed as per Advisory No. 2016-0046 and copies of compliance by PCB1 provider were submitted to your office. Hence, your AOM recommendation were already complied with.

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2016-001 (2015)	11-Feb-16	12-Feb-16	The Agency's GAD activities called the "FAMILY DAY " celebrated last November 28, 2015 and financed using GAD Funds was not among the activities included in the GAD guidelines, thus, rendering the expenses incurred amounting to P150,976.27, irregular.	GAD Committee	We recommended that the OIC - Regional Vice President: a) require the persons responsible for the payment to refund the amount of P150,976.27, to avoid audit disallowance; and henceforth b) ensure that all activities charged against the GAD funds are within the purview of the GAD's guidelines, in support of its advocacy program.			-As per PhilHealth GAD Focal Point System response, PhilHealth Board Resolution No. 713 s.2004 has been the reference for conduct of an annual corporate-wide PhilHealth Family Day. As per Special Order no. 2010-2015, the GAD Focal Point System in collaboration with the PHICEA organize a Family Day on November 7, 2015 in the Central Office and enjoin the PhilHealth Regional Office to conduct similar activities consistent with the theme and may be conducted until November 28, 2015.	Additional supporting documents were already submitted to COA on May 9, 2017 to support legality of the said activity. Implemented as per COA Resident Auditor Report subject for review of Regional Supervising Auditor
AOM No. 2016-002 (2015)	11-Feb-16	24-Feb-16	A number of claims were Returned to Hospitals (RTH) due to incomplete documentary requirements in spite of the seminars conducted by Philhealth PRO-IV A for various Health Care Providers' (HCPs) officers and staff, resulting in additional postage expenses and man-hour losses, and in hampering the smooth processing of hospital claims.	HCDMD	We recommended that the Regional Vice President: a) instruct the Accredited Quality Assurance Section (AQAS) to conduct a meeting with the Health Care Providers (HCPs), discuss with them the specific problems they encountered in accomplishing the Claim Forms and the reasons for their failure to promptly submit other documentary requirements; and b) • revisit the existing policies and procedures for the possible inclusion therein of the requirement that submitted claims for reimbursements be supported with HCPs' certification that claims being submitted are substantiated with properly/completely accomplished CF Forms and other required documents/medical requirements, and a statement to the effect that they will shoulder the handling and all other incidental costs for returned claims, and claims found not compliant, will no longer be processed/reimbursed.	28-Mar-16		Accreditation and Quality Assurance Section (AQAS) together with Benefits Administration Section (BAS) continuously hold quarterly dialogues with all the facilities to address policy issues and concerns. Specifically, reasons for RTH and ways on how they can be avoided are discussed again and again to lessen those that are returned to facilities. Moreover, BAS accommodates facility requests for further reorientation of staff to assist HCIs in correct and proper claims filing.	Fully implemented. Reachout will continuously provide activities and various strategic approaches to assist IHCP to name which some are Quarterly Dialogue and orientation for newly accredited facility. Yet, please be reminded that if the above strategies were not implemented, there's a possibility that RTH claims are much higher than what it is now. Further, as an auditor, what strategies do you suggest/recommend for us to address such concerns, as you have visited/audited other institutions?

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AAR 2014 AO No. 22			Philhealth's financial assistance granted to RHU-LGUs for the Primary Care Benefits of its members amounting to P84,121,193.02 were charged directly to the Expense Account of the Corporation, making the control and discretion of fund shifted to the LGU, thus, Philhealth cannot enforce strict compliance of their guidelines on fund allocations provided for under Philhealth Circular No. 10 series of 2012. In addition, the release of funds were made without setting up a criteria as to the effectiveness of the program, thus, rendering it difficult to evaluate whether or not the prevention of illness and diseases had really been achieved by the members in that community.	HCDMD	We recommended that the following alternative actions be considered for better control of these funds and monitoring of the outcome or effect of the program: a. - Treat the financial assistance to LGU as Cash Advances; ensure that additional assistance is granted only after the liquidation of the previous releases, to give Philhealth the opportunity to conduct physical inspection or inventory and to scrutinize the documents relative to the LGU-RHU's procurement of the drugs and medicines, medical supplies, reagents and laboratory equipment; b. - Instead of giving the funds directly to the LGU, require the RHU to prepare requisitions for common drugs and medicines and other medical equipment for the program and to submit the same to the Philhealth Regional Office, through the LHIO; c. - Ensure that other benefits granted to Professional and non medical staff are based on requests after Philhealth had verified that			a.The audit recommendation has no legal basis and not circularized. Hence the initial action for this request is to endorse this recommendation to Health Finance Policy Sector (HFPS) for policy enhancement. We shall re-endorse this concerns to HFPS b. We treated this as a policy recommendation hence we shall again refer this concern to HFPS for policy enhancement/review c. The recommendation has no legal basis hence we considered this for policy review. We shall re-endorse this to HFPS d. We treated this recommendation for possible enhancement of our current policy. We shall re-endorse this to HFPS e. This is already done. Quarterly reports are already being submitted by LGU concerned to our nearest LHIOs. However we noticed that many of these report were not properly assessed by local auditors and they only indicate the word "subject to post audit"	
					services had been rendered, to limit the Chief Executive's discretion and control over said funds; d. - Set up a criteria through which the effectiveness of the program can be gauged, in order that further enhancements to the program, if necessary, can be implemented to ensure that the millions of pesos granted to the LGUs were actually used for the preventive care of its members; and			d. We treated this recommendation for possible enhancement of our current policy. We shall re-endorse this to HFPS e. This is already done. Quarterly reports are already being submitted by LGU concerned to our nearest LHIOs. However we noticed that many of these report were not properly assessed by local auditors and they only indicate the word "subject to post audit"	
					e. - Require the LGUs to accomplish the Report-PFP Disposition and Allocation Form every quarter and submit the same for review by the Local Auditor.				

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2017-001 (2016)	10-Apr-17	18-Apr-17	15. The Labor Management Relations Gratuity (LMRG) in the amount of P7,573,528.02 was granted to the PHIC regular employees in CY 2016, despite the issuance of Notice of Disallowances for previous payment due to lack of legal basis, as decided under Commission Proper's (CP) Decision No 2013-208 dated Novermber 20, 2013, sustaining the disallowances, and a resolution dated April 4, 2014 by the COA CP en banc, denying petitioner's motion for reconsideration, thus resulting in the Agency's incurrence of irregular expenditures totalling P7,573,528.02.	FMS	We recommend that the Regional Vice President: Compel the recipient of the LMRG to refund the amounts received; and stop the granting of benefits that do not conform to the compensation and position classification standard, pursuant to the provisions of Presidential Decree No. 985, its 1978 amendment, Presidential Decree No. 1597, and Republic Act Nos. 6758 and 10149.	21-Apr-17	21-Apr-17	In PhilHealth vs. Commission on Audit , G. R. No. 213453, November 29, 2016, the Supreme Court ruling that the issuance of the LMRG was "in sheer and utter absence of the requisite law or DBM authority, the basis thereof being merely PHIC's alleged "fiscal autonomy" un Section 16(n) of RA 7875 xxx" exonerated PHIC officials and employees from refunding the LMRG they received because they merely received the subject LMRG but had no participation in the approval and release theoref, xxx"' Thus, the Supreme Court upheld the claim of good faith of PhilHealth officials and employees who just rely on the authority of the PhilHealth Board in granting the same. PhilHealth officials were implementing the issuances of the Board, while PhilHealth employees were merely receiving in the honest belief that the grant is with legal basis. In the advent of the said ruling, PhilHealth is mindful that grant and release, as well as acceptance of the LMRG from theorem, is without legal basis, and thus, should discontinued. Therefore, PhilHealth officials and employees who received the LMRG in the total amount of P7,573,528.02 in CY 2016 should not be compelled to refund the amounts they received.	From the time the decision in COA vs. PhilHealth, GR No. 213453 was received by PhilHealth in January 2017, no grant and release has been made by the Corporation because of the lack of legal basis of the LMRG
AOM No. 2017-002 (2016)	12-Apr-17	18-Apr-17	Salary differential totaling P27,459,188.04 was granted to the PHIC RO IV A regular and casual personnel despite lack of legal basis and incomplete supporting documents, contrary to the pertinent provisions of Executive Order 203 s.2016 and COA Circular No.2012-001, thus, resulting in the incurrence of irregular expenditures totaling P27,459,188.04	FMS	We recommend that the Regional Vice President: required the recipients of the salary differential to refund the amounts received; and discontinue the granting of salary increases that do not conform to the compensation and position classification standard, pursuant to the provisions of Republic Act No. 10149 and Executive Order No. 203.	21-Apr-17	20-Apr-17	We referred your Audit Observation Memo to our Internal Legal Department and we are providing you thier comment on the AOM issued to our Head Office involving the same issue. "The disbursement has legal basis being based on Joint Resolution No. 4, s. 2009 and Executive Orders prescribing the tranches of salary increases from 2009 to 2012. RA 10149 will not apply as the joint Resolution No. 4, s. 2009 and Executive Order No. 40, s. 2011 prescribing the third tranche of salary increases from 2009 to 2011 took effect before the effectivity of said RA. EO 76, s. 2012 did not require GCG approval before a salary adjustment is implemented. ... Evidently, since PhilHealth needs to comply with the SSL, its implementation of the salary adjustments authorized by JR No. 4 (SSL 3) and EO No. 40 and 76 is in order. To claim that PhilHealth is still required to secure presidential approval for the assailed salary adjustments based on EOs is verging on redundancy. It is also glaring that in 2012, despite the effectivity of RA 10149 since June 1, 2011, EO 76 did not mention GOCCs covered by RA 10149 as one of the exclusions to the salary adjustment. Hence, it is	The grant of salary differential has been suspended by PhilHealth Board in PBR No. effective June 1, 2017.

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2017-003	21-Apr-17	26-Apr-17	Allowances granted to the officers and employees of the PRO IV A totaling P25,851,119.45 were not in accordance with the provisions of Republic Act No. 6758, Section 8 of Republic Act 10149 and Section 2 of Executive Order No. 203, thus resulting in the Agency's incurrence of irregular expenditures amounting to P25,851,119.45, despite the notices of Disallowances issued in the previous years.	FMS	We recommend that the PHIC management: a. Discontinue the granting of these benefits until approval for the grant of the above mentioned allowances is sought from the office of the President upon favorable recommendation by the GCG; and b. Require the officials and employees to refund the amount received.	28-Apr-17	27-Apr-17	The allowances and benefits involved in this AOM are the following: Anniversary Gift, Birthday Gift, Educational Assistance Allowance, Shuttle Service Allowance, all granted in CY 2016. The Supreme Court in the case PhilHealth vs. Commission on Audit, G.R. No.213453, November 29, 2016, ruled that PhilHealth, as petitioner, must be given the opportunity to justify its issuances by preseting the basis on which they are made. The court said: "In fact, in light of the numerous disallowances being made by the COA, it is rather typical for government entity to come before the Court and challenge the COAs decision invalidating such entity's disbursement of funds." The Court acknowledges the right of PHIC, aggrieved by the decision of COA proper, to file a petition for certiorari before the court to assail the same. The rules and the law allow the aggrieved party remedies to prove the validity and legality of the grant of the questioned benefits and allowances up to the Supreme Court. PhilHealth will exhaust all available remedies to appeal the validity of the grant of the all benefits and allowances already disallowed. Therefore, PhilHealth employees should not be required to refund. Moreover, the officials of PhilHealth who are merely implementing the Board Resolutions granting the said allowances and the employees receiving the same are in good faith, knowing that the board has the authority to grant said allowances. As such, they should not be held liable and should not be required to refund. PhilHealth officials and employees received the said allowances in 2016 before the promulgation of the decision in PHIC vs. COA in November 29, 2016. Hence, they were in the honest belief that the grant of allowances based on the PhilHealth Charter was proper and legal.	Birthday Gift has been discontinued as of June 2017. Anniversary Gift has been discontinued as of February 2017. All NDs concerning the grants of these benefits are being appealed to the proper COA offices. Once the Supreme Court decides with finality, the Corporation will abide.

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2017-004 (2016)	21-Apr-17	28-Apr-17	The PhilHealth Regional Office No. IV-A failed to meet its target collection efficiency of 80 percent from private and migrant sectors for CY 2016, depriving the Philippine Health Insurance System of its much needed premiums	ColSec	We recommend that management exert more efforts to improve its collectiuon efficiency and ensure that the full potential of both private employers and migrant workers sector is taken advantage of.	02-May-17	02-May-17	1. As of last extraction of the Member Management Group in the Central Office, the collection performance of PRO IVA for the Private Sector is 2.3 Billion Pesos representing 63% of the target. 2. Target for Private Employers with above 10 Employees is 80%, these are the Macro Employers from Small to Extra Large being handled by our PhilHealth Accounts Information Management Specialists (P-AIMS). In our latest report, the collection efficiency of PRO IV-A is 96%. 3. The target for CY 2016 as projected by the Actuary Department is based on potential Collection, basis of which is the current membership and Collection Database. 4. PhilHealth is currently undergoing database clean- up, one of the highlight is the clean-up of the 8521 employers under PRO IV-A with no reported payment and submitted remittance report for the last five years and are due for validation and subsequently for tagging as closed in the database. Said employers were still included/counted during the targeting for CY 2016 as they are still tagged as active in the database. Once tagged as closed or inactive, this will make the targeting of collection more realistic. 5. The attached corporate-wide collection accomplishment sets the tone that the target for collection should be adjusted net of records in the database that are due for clean-up. 6. Likewise the target for the collection for the Migrants Workers still includes those that are no longer on-board as OFWs. With the elimination of Overseas Employment Certificate affected. However for those inactive OFWs, they are encouraged to enroll as Voluntary Members of the Individually Paying Program (IPP) of which in CY 2016 PRO IV-A registered a 110% efficiency in Collection Accomplishment. Further collection target for Migrant Workers should be adjusted based on registered members who are still on board and those who are due for departure.	The recommendation with the Member Management Group and actuary Department to review/re-calibrate target for potential collection

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	Date	Reply	STATUS
AOM No. 2017-005 (2016)	21-Apr-17	28-Apr-17	The agency failed to submit copies of perfected contracts, purchases order and supporting documents totaling P12,040,435.50 to the Commission on Audit within five working days from its issuance, contrary to COA Circular No. 2009-001, thus, deterring the timely conduct of review and evaluation of the procurement process.	ASS	We recommend that the Regional Vice President instruct the persons responsible to submit copies of perfected contracts, purchase orders and supporting documents to the Office of the Auditor within five days from approval or issuance to facilitate conduct of auditorial review and evaluation thereof.	04-May-17	25-May-17	Relative to issued Audit Observation Memorandum (AOM) with control no. 2017-005 (2016) dated April 21, 2017, we made an investigation and consequently have found the following reasons to the delays in the submission of some perfected contracts and Purchase Orders (PO) with supporting documents to our resident auditors. - Suppliers from Metro Manila and nearby provinces rarely able to return immediately the Contracts and Purchase Orders (P.O.) sent to them for signature and notarization. SOmetimes, it takes a week or two with several follow-up from Procurement Unit personnel before they were able to send back notarized, signed contracts/P.O. to our Office. - Administrative Officers (AO) and AO-Designates especially fron our Local Health Insurance Offices (LHIO) in Laguna, Cavite and Gumaca, Quezon sometimes fails to immediately submit it to Procurement Unit as they depend on the availability of our service vehicle scheduled to deliver and pick-up documents and/or supplies to/from them. - In few instances, delays were found to be caused by the concerned personnel having overlooked it due to heavy load of tasks. In view thereof, Administrative Services Section of Management Service Division immediately addressed the issue by facilitating issuance of Regional Memorandum to all Division Chiefs, LHIO Heads and AO Designates to submit to the Administrative Services Section - Procurement unit all Procurement Contracts within two (2) days upon its receipt and confirmation of contracting parties.. Also, a memorandum was issued to concerned personnel reminding him to strictly comply with the requirement of COA on the submission of Purchased Orders or Contracts.	MSD immediately addressed the issue by facilitating issuance of Regional Memorandum to all Division Chiefs, LHIO Heads and AO Designates to submit to the Administrative Services Section - Procurement unit all Procurement Contracts within two (2) days upon its receipt and confirmation of contracting parties.. Also, a memorandum was issued to concerned personnel reminding him to strictly comply with the requirement of COA on the submission of Purchased Orders or Contracts.

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STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS
AOM No. 2017-001 (2016)	22-Feb-17	11-Apr-17	**Properties of PhilHealth Regional Office IV-B with a total book value of P 1,422,535.32 were not insured with the GSIS thus, the insurable interest of the government was not adequately protected in case of loss or damage. Moreover, insured properties covered by multiple insurance and those which were already unserviceable or can no longer be located amounted to P 645,250.00 and P 1,953,308.56, respectively.**	MSD / Admin	1. Insure all insurable government properties with the General Insurance Fund of the GSIS; and 2. Update property records to identify properties that were alreday covered by insurance and those which are already unserviceable or can no longer be located to avoid double-insure and wastage of government fund.	The schedule of serviceable / insurable properties of PRO IV-B as of January 31, 2018 is already updated. This schedule was already forwarded to GSIS for computation of insurance premium for CY 2018-2019 renewal of insurance.	On going
AOM No. 2017-002 (2016)	10-Feb-17	22-Mar-17	**The validity, existence and accuracy of recorded balances of PPE accounts amounting to P 70,643,444.92 as of December 31, 2016 of PRO IV-B could not be fully ascertained due to (a) unreconciled difference of P 1,115,239.06 between GL & a ARPC & (b) non-classification of obsolete / unserviceable properties awaiting disposal to Other Assets account totaling P 1,937,375.40 contrary to Sec C.3, Chapter V of the Manual on Property Custodianship, Sec 490 (a) and (b) and 491 of GAAM Vol I and Sec 143 of MNGAS, Vol III**	MSD / FMS/ Admin	1. Reconcile the variance in the amount P 1,115,239.06 and to identify the causes of the differences and to initiate measures to address the discrepancies noted. Also, require the reconciliation of accounting records with the inventory reports on a regular basis so that discrepancies should be immediately corrected. 2. Instruct the personnel concerned in the Accounting Section to prepare the necessary entries for the reclassification of unserviceable properties pending their disposal to Other Assets Account; 3. Create a Disposal Committee to conduct disposal of the assets in accordance with Section 79 of PD No. 1445 to decongest the storeroom, to prevent further deterioration of the unserviceable properties and realize additional revenue from the sale of thereof	1. As of December 31, 2017, The Administrative and Accounting Sections have reconciled the PPE account. Causes of differences have identified. (Please see attached Reconciliation Statement as of December 31, 2017). 2. One of the causes of difference is the transfer from Central Office to PRO IV-B wherein, the equipments are already recorded in the physical count of inventory but not yet recorded in the books of accounts. The Accounting Section is still waiting for the documents from Central Office to support the entry. 3. The IIRUP is expected to be submitted by the Administrative Section on the first week of March 2018. The Disposal and Appraisal Committees will start the appraisal and disposal process immediately after receipt of the said IIRUP.	Done

fm. Ann 2/15/18

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DOPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS
AOM No. 2017-003 (2016)	06-Feb-17	17-Apr-17	**76,361 claims submitted by HCIs were returned to hospitals by PRO IV-B due to incomplete documentations contrary to existing rules and regulations. Of this total, 11,341 or 15% were denied thus, causing delay in the payment of claims**	HCDMD	1. Identify the problems encountered by the HCIs in the filling up of PhilHealth forms and compliance of plocies regarding submission of complete supporting documents for benefit claims. 2. Require the HCIs to submit claims with complete documentation to avoid delay in the processing of claims 3. To revisit policies and guidelines in the processing of claims and to recommend new policies to PhilHealth Central Office for consideration to avoid delay 4. Deny outright those claims of HCIs that have continuously failed to comply with the PhilHealth policies and guidelines with regard benefit claims 5. Charge to HCIs the handling and other incidental cost for their RTH and denied claims	We have conducted dialogues with the Health Care Providers, We reiterated the strict compliance with the policy of Philhealth. For 2018 we have an approved Reach Out activity which aims to keep our HCIs abreast with with the PhilHealth policies and strealime claim submission and processing, reducing RTH and denied claims. (Please see attached approved Calendar of Activities of Reachout)	On going
AOM No. 2017-004 (2016)	24-Feb-17	17-Apr-17	**Receivables from LGUs relative to PhilHealth's partial subsidy scheme were not recorded by PhilHealth Regional Office IV-B hence, misrepresenting its financial position**	MSD/FMS/ColSec	1. The subject receivables be recorded in the book of accounts of PRO IV-B, pursuant to PAS No. 1, in relation to PAS No. 39 2. Efforts must be taken to collect the subject receivables 3. Allowances for Bad Debts should be recognized to reflect the possibility of non-collection of the subject receivables 4. Strictly comply with PAS No. 1 in the recognition and recording of financial assets and financial liability, especially receivables arising from the rendering of services by PRO IV-B	1. As of December 31, 2017, the Accounting Section recorded the amount of P 3,846,000.00 for CY 2017 LGU receivables per JV# 2232940 dtd 12/28/2017. 2. Billing Statements requesting for settlements of their obligations were sent to LGU as hereto attached. 3. We are still waiting for the written policy on the seting up of allowance for doubtful accounts to be issued by the Central Office.	Done Done On going

Jm. Ouco 2/15/18

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS
AOM No. 2017-005 (2016)	06-Feb-17	17-Apr-17	**PhilHealth Regional Office IV-B processed benefit claims beyond 60 calendar days required by RA No. 7875, as amended by RA 10606, thus adversely affecting the timely delivery of health services**	HCDMD	The Management should look into the causes of the delay in the processing of benefit claims and address them properly to meet the required period as provided for in Section 47, Paragraph I of RA No. 7875, as amended by RA No. 10606	The following are the action taken to be able to process claims in less than 60 days: 1. Deployment of additional Job Order Personnel started on July 2017 2. Increased individual output starting July 2017 3. Some staff of other assigned were re-assigned in the Benefit Administration Section from April to June 2017. 4. BAS staff rendered overtime services on January to June 2017 and November 2017	Done Done Done On going
AOM No. 2017-006 (2016)	01-Mar-17	18-Apr-17	**Collections of LGUs as ACAs of PhilHealth were not remitted intact and regularly thereby, exposing the same risk of theft or even misappropriation of funds.**	FOD / ColSec	1. Revisit the provision of the MOA regarding remittance of payments and make appropriate revision in order to conform with the provisions of PD No. 1445 and MNGAS Volume I; 2. Take appropriate actions against LGUs violating the provisions of the MOA, especially with regards to remittance of payments received 3. Transfer the monitoring of LGUs collections and remittances to the LHIOs having jusrisdiction over the accredited collection agents to facilitate prompt action.	Since the function of accrediting PhilHealth Accreding Collecting Agents was decentralized on April 2017, this COA audit recommendation to revisit the provision of our CRA with LGU-ACAs is included in the Agenda in the PRO IV-B Collecting Agent Accreditation Committee. (Please see attached Notice of Meeting) 2. Appropriate actions against LGUs violating the provisions of PD No. 1445 and MNGAS Volume 1 will also be tackled on the meeting. 3. The LHIOs having jurisdiction over the ACAs are monitoring the LGUs coolections and remittance (Please see attached monitoring report of the	On going

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2/15/18

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
STATUS AS OF December 31, 2017
PHILHEALTH REGIONAL OFFICE V

Annex B

AOM No.	Date	Date recvd. by ORVP	SUBJECT	Concerned Sector/ Department /Office	GROUNDS/SUMMARY OF FINDINGS	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-001 (16)	2/21/2017	2/28/2017	**Discrepancy on Inventories and PPE**	**MSD**	The inventories and PPE accounts of Agency are overstated by P398,028.45 and understated by P383, 811.80 respectively due to the non- reconciliation of the records of supply and property section with that of the accounting Unit contrary to Sefion 35d and 53b, GAAM Vol III thus the accuracy and reliability of financial statement cannot be ascertained.	We recommend that the Accounting and Supply/Properly Sections should reconcile their records regularly . We also recommend that a disclosure in the notes to financial statements be made on office supplies inventory equipment already paid or in transit, in order to present a reliable and accurate financial information on the financial statement of the Agency.	Inventories - The difference pertains to paid supplies not yet delivered by DBM. Reconciliation in the Property Plant and Equipment between admin and FMS is still on going.	Replied	March 06, 2017
2017-002 (16)	2/21/2017	2/28/2017	**Lgu Receivable**	**FOD**	The validity and propriety of Other Assets - receivables from LGU account could not be ascertained due to the inclusion of outstanding and odrmant amounts which remained outstanding for more than 10 years totalling to P9,541,681.32 contrary to COA Circular no 2016-005 dated Dec. 19, 2016	We recommend that the agency exert effort for the proper and necessary evaluation of the dormant accounts. Steps should be undertaken for the writeoff of the dormant receivable accounts outstanding in the books for more than ten (10) years in accordance with the guidelines and procedures under COA Circular No. 2016-005 dated Dec. 19, 2016.	Accounts which remained uncollected for many years despite numerous follow ups and best efforts for collection were already requested from the central office to be written off. However there was no any action received regarding the matter, thus, these considered dormant accounts were still reported as receivables.	Replied	March 06, 2017
2017-003 (16)	3/6/2017	3/9/2017	**Collective Negotiation Agreement Benefits**	**MSD**	The PHIC RO V regular employees received CAN benefits for CY 2016 more than what is allowed in the provisions of item 4.2.3 of DBM Budget Circular No. 2016-7 dated Dec. 1, 2016 and Sec. 77 of General Provisions of GAA FY 2016. Hence, excess CAN benefits totalling P2,370,000 were paid in violation of COA Circular Nos. 85-55A and 2012-003 dated OCt. 29, 2012.	We recommend that Management refund the excess amount granted as payment of CAN Incentive and to comply with the provisions of Section 4.2.3 of DBM Budget Circular No. 2014-2 dated Dec. 2, 2014 in the grant of CAN incentives in the future to its officers and employees	Indeed there is a difference between the first release and the 2nd release. What was released last March 22, 2016 was one of the benefits stipulated in the approved CAN for the period 2013-2016 pursuant to Section 16 (n) of RA 7875 as amended, which is separate from the yearly IPIB and the OPIB. The incentive granted last Dec. 2016 was authorized by the GAA and which is known as the CNA bonus. Legal opinion #01 s 2017 attached	Endorsed to Legal Unit last March 9, 2017	With ND issued by COA, appeal filed by Legal
2017-004 (16)	3/6/2017	3/9/2017	**PS We Care Benefits**	**MSD**	The PHIC Region V granted supplemental health insurance assistance in the form of PhilHealth Self Insurance (PS We Care) benefit to its employees and their dependents in the total amount of P1792,554.90 in violation of Section 5 & 6 PD 1597 etc	We recommend that Management stop granting PS We care benefits to its personnel without securing the approval of the President in compliance with Section 5 & 6 of PD 1597 as well as in Section 10 of RA 10149	The PS We care program of PhilHealth is based on Board resolution #696 s. 2004 which is an exercise of the power of the corporation to "organize its office, fix the compensation....". As a valid exercise of an explicit power, disbursement under PS We care are therefore legal. It is noteworthy to note that the grant of additional health insurance is not illegal per se. Section 5 of EO # 7 s 2010 clearly stated. There is no doubt that PS We care falls within the meaning of the term compensation which the Corporation has the power to fix under RA 7875. As it was approved by the Board it is	Endorsed to Legal Unit last March 9, 2017	With ND issued by COA, appeal filed by Legal

AOM No.	Date	Date recvd. by ORVP	SUBJECT	Concerned Sector/ Department /Office	GROUNDS/SUMMARY OF FINDINGS	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-005 (16)	3/8/2017	3/9/2017	PS-Other Compensation Benefits	MSD	Irregular payment of bonuses, allowances and other benefits totalling P54,989,949.27 were granted to the officers and employees of PHIC Region V for CY 2016 contrary to COA Circular No. 2013-003 dated 1/30/13 and without the approval of the President	We recommend that management discontinue the payment of bonuses, allowances and other benefits without legal basis for being contrary to PD 1597 and COA Circular 2013-003 dated January 30, 2013. We also recommend that the Agency require its officers and employees to refund the amount they received.	The aforesaid allowances and benefits were granted by PHIC pursuant to Section 16(n) of RA 7875 as amended empowering it to "organize its office, fix the compensation of and appoint personnel as may be deemed necessary and upon the recommendation of the president of the Corporation". Ther are still covered by board resolutions authorizing the grant to the employees. RA 7875 should be considered as exception to PD 1597. It is upon these provisions of RA 7875 that the Corporation rely in releasing the assailed benefits. The personnel alson received the benefits and allowances in good faith, believing that the Corporation is within its legal authority to release the same	Endorsed to Legal Unit last March 9, 2017	With ND issued by COA, appeal filed by Legal
2017-006 (16)	3/10/2017	3/14/2017	Monetization	MSD	The Agency paid its officers and employees monetization of their leave credits in excess of P154,428.78, by using as basis of the new salary rates without any legal basis, thus constituting an excessive and irregular disbursement as defined in COA Circular No. 85-55.	We recommend that Management require the concerned employees/official to refund the excess amount paid as monetization of leave credits in accordance with provision cited above.	The use of the new rates for monetization of leave credits was brought about by the implementation of the third and fourth tranches of the SSL III. The corporation implemented the first and second tranches only through board resolution #2157 s 2016 dated 8/16/16 and corporate order #2016-0069, the corporation implemented the thirl and fourth tranches of SSL III by adjusting the salaries of its personnel based on the prescribed rates under SSL III.	Endorsed to Legal March 10, 2017	With ND issued by COA, appeal filed by Legal
2017-007 (16)	2/7/2017	3/14/2017	SALAD	MSD	Irregular payment of salary and benefit adjustments/differentials effective July 2011 to Dec. 31, 2016 totalling P39,169,946.24 were granted to the officers and employees of PHIC Region V for CY 2016 without legal basis contrary to COA Circular no. 85-55A dated 9/8/95	We recommend that Management discontinue the payment of salary and other compensation based on the new rates that is without legal basis for being contrary to COA Circular No. 85-55A dated 9/8/95. We recommend that the officers and employees refund the amount they received as salary and benefit adjustment.	The payment of salary and benefit adjustment was based on corporate Order no. 2016-0069 which was issued pursuant to PBR #2157s 2016 dated 8/16/16. The salary adjustment made was to belatedly implement the third and forth tranche of SSL III. The corporation implemented only the first and second tranche but deferred the implementation of the third and fourth tranche due to an unclear interpretation od EO #7 and 19 s 2010. The truth id that even thogh SSL III has just been fully implemented in PhilHealth, employees of the NGAs are still ahead because they are now	Endorsed to Legal March 10, 2017	With ND issued by COA, appeal filed by Legal

AOM No.	Date	Date recvd. by ORVP	SUBJECT	Concerned Sector/ Department /Office	GROUNDS/SUMMARY OF FINDINGS	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-008 (16)	3/10/2017	3/13/2017	RATA	MSD	The Regional Director and Chiefs of Division of PHIC Region V were paid the RATA at the rate which is more than that prescribed for the position under sec 50 of NBC no. 548 dated May 15, 2013 .....hence excess RATA totalling P180,000 were paid in violation of COA circular No. 85-55A and of COA Circular NO. 2012-003 dated Oct. 29, 2012	We recommend that management discontinue the payment of excess RATA to the Regional Director and to the Division Chiefs. We also recommend that the Agency require those concerned to refund the amount of P180,000 representing the irregular payment of excess RATA.	Pursuant to power granted under section 16(n) of RA 7875, the Corporation has granted a compensation package to employees consisting of various benefits and allowances. The grant of the assailed RATA is deemed included in this package. The concerned employees received their RATA in good faith, hence, they may not refund the excess amount in light of existing	Endorsed to Legal Unit last March 14, 2017	With ND issued by COA, appeal filed by Legal
2017-009 (16)	3/13/2017	3/14/2017	GAD	MSD	The agency failed to prepare and implement comprehensive GAD programs as required in the PCW-NEDA-DBM Joint Circular number 2012-01, thus other GAD issues and concerns which could have benefitted PHIC ROVs personnel and clientele were not integrated in the plans and budget of the Agency	We recommend that the PRO V prepare its annual GAD Plan and Budget in accordance with the provisions of the JOint Circular NO. 2012-01 of the PCW, NEDA and DBM in such a wat that it will address the common gender issues which were identified in the guidelines and within the Agency's Mandate. We also recommend that PRO V provide at least 5% budget requirement for GAD related projects and activities from the approved annual budget of PRO V	PCW-NEDA DBM Circular no 2012-01 clearly stated under 6.4 " attribution to the GAD budget of a portion or the whole of the budget of an agency's major program is a means toward gradually increasing the gender responsiveness of govt. programs and budget." This supports our claim that we are allowed to attribute some of our programs and circulars for benefit payment (such as maternity care package, NSD etc., which excedds the 5% of the total COB of the PRO. The Regional office already crafted the Annual GAD plan and budget for 2017.	Replied	March 16, 2017
2017-010 (16)	2/14/2017	3/15/2017	Taxes withheld and remittance	MSD	The taxes withheld from employees and suppliers amounting to P76,379,441.96 were remitted on time as of Dec 31, 2016	We recommend that the Accounting Section continue its practice of remitting the amounts withheld from the employees of PHIC ROV on time. We commend the Management for their observance of the above cited regulations	Thank you for the commendation we really appreciate the above-mentioned observation in our effort to acheive and promote good governance.	Replied	March 16, 2017
2017-011 (16)	2/14/2017	3/15/2017	Mandatory deductions for remittance to GSIS and HDMF	MSD	Mandatory deductions for remittance to GSIS and Pag-ibig amounting to P12,222,439.75 and P3,441,762.46 respectively as of Dec. 31, 2016 were remitted intact and w/in the prescribed period	We commend the Management for their observance of the above regulations thereby providing the government immediate use of funds for its various programs and projects.	We strictly follow the BIR revenue regulations (RR) No. 2-98 issued on May 17, 1998 as well as GSIS and HDMF policies and all other regulations pertaining to the withholding and remittance of taxes, and mandatory contributions to GSIS and HDMF, thereby contributing to the coffers of the national government to provide funds for its operations and the timely delivery of services to the public.	Replied	March 16, 2017

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MSD CHIEF

Approved by:

ORLANDO D. IÑIGO, JR.
Regional Vice President

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
as of December 31, 2017

AOM NO.	AOM DATE	Date Received by ORVP	SUBJECT	Concerned Sector/ Department/ Office	COA Recommendation	Action taken	STATUS	Date Submitted to COA
2017-001 (2016)	February 7, 2017	February 27, 2017	Delivery of goods and servies amounting to P1,403,610.94 were made prior to approval of purchase orders or contracts, contrary to Sections 138 and 168 of Government Accounting and Auditing Manual, Volume 1, thereby resulting to irregularity and inconsistency in the procurement process.	MSD, Comptrollership	We recommend that management should ensure that all delivery of goods and services are in accordance with a valid and existing contract.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - March 21, 2017
2017-002 (2016)	February 8, 2017	February 27, 2017	Various cash advances for travelling expenses and conduct of different activities were not immediatley liquidated, contrary to Section 89 of Presidential Decree (PD) 1445 and Section 5.1 of COA Circular no. 97-002 dated February 10, 1997, thus exposes government fund to misuse.	MSD, Comptrollership	We recommend that Management require the following: Accountable Officers and employees to settle immediately all their cash advances within the period prescribed by PD 1445 and COA Circular 97-002 dated February 10, 1997; Accountant to ensure that all liquidation are made in full and refund for excess cash advances are paid before proper accounting is made.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - March 21, 2017
2017-003 (2016)	February 20, 2017	February 27, 2017	Guaranty Deposits amounting to P1,335,336.60 from contracts which had been already completed remained uncollected, contrary to Section 61 of Government Accounting and Auditing Manual, Volume 1, thus precluded the corporation from the benefits derived if those guaranty deposits were collected and used for its programs and projects.	MSD, Comptrollership	We recommend that Management: Provide justification and status of the guaranty deposits that remained uncollected from the completed contracts. Expedite the collection of the guaranty deposits.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - March 21, 2017

2017-004 (2016)	February 14, 2017	February 27, 2017	Disbursement Vouchers and its supporting documents were not submitted on time, contrary to the provisions of Section 7.2.1(a) of COA Circular no. 2009-006 dated September 15, 2009 and Section 6.05 of COA Circular 95 006 dated may 18, 1995, thereby precluding the auditor from conducting timely audit of the transactions.	MSD, Comptrollership	We recommend that the management require the accountant to submit the Disbursement Vouchers and its supporting documents within the prescribed period to prevent further issuances of notices of suspensions or disallowances.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - March 21, 2017
2017-005 (2016)	March 27, 2017	April 6, 2017	Cash in Bank balance with a net amount of P 292,908,268.13 of various bank accounts were not supported by a bank reconciliation statement, contrary to Section 74 of Presidential Decree 1445 (PD 1445), thus, affects the reliability and verifiability of financial statements.	MSD, Comptrollership	We recommend that the management instruct the Regional Accountant to prioritize the preparation of an updated bank Reconciliation Statement and strictly comply with the provisions of PD 1445 to ensure that all balances presented in the financial statements are duly supported be schedules and necessary supporting documents.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - April 26, 2017
2017-006 (2016)	March 27, 2017	April 6, 2017	Interest Income earned from the Bank Deposits amounting tp P14,558.65 were unrecorded in the books of account as of December 31, 2016, contrary to Section 112 of Presidential Decree 1145 (PD 1445), thus, resulting to understatement of the Cash in Bank and Revenue account.	MSD, Comptrollership	We recommend that the management require the accountant to prepare Journal Vouchers (JVs) to effect the recording of interest income earned from various bank accounts of PHIC, Region VI and LHIOs.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - April 26, 2017
2017-007 (2016)	March 27, 2017	April 6, 2017	Contracts submitted to the Office of the Auditor were not properly supported by necessary supporting documents, contrary to Section 3.1.1 of COA Circular 2009-001 dated February 12, 2009 and other pertinent laws, thus, the objectives of transparency and efficiency in the procurement process were not attained.	MSD, Comptrollership	We recommend that the management: Provide justifications why the necessary documents, as covered in this observation, were not duly attached together with the contracts submitted; Strictly adhere to COA Circular 2009-001 dated February 12, 2009 and submit the lacking supporting	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - April 26, 2017

2017-008 (2016)	March 27, 2017	April 6, 2017	Honoraria paid to the members of BAC, Secretariat and Technical Working Group (TWG) amounting to P238,933.50 were not adequately supported by necessary documentation contrary to Section 4 (6) of PD 1445 and Section 5.7.1 of COA Circular no. 2012-001 dated June 14, 2012 thus, affects the verifiability and validity of the claim.	MSD, Comptrollership	We recommend that management submit the lacking documents to COA and strictly adhere to the provisions of COA Circular No 2012-001.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - April 26, 2017
2017-009 (2016)	March 27, 2017	April 6, 2017	Payments received by PhilHealth PRO VI from Health Care Providers (HCPs) from 2008 until 2013 for unclaimed benefits amounting to P12,689,771.20 were not refunded by Management to member-beneficiaries contrary to Section 3 of PhilHealth Office Order no. 09, s.2008	MSD, Comptrollership	We require that management: Justify why said benefit claims were not immediatley refunded to member claimants; Prioritize the facilitation of informing the member beneficiaries of their respective unclaimed refund and its corresponding payment; Provide explanation on the negative balances that were offset by various HCPs against the total unclaimed refund remitted to PhilHealth.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - April 26, 2017
2017-010 (2017)	June 14, 2017	July 3, 2017	Management paid mailing interest representing penalties for delayed payment of bills incurred for CY 2015 amounting to P75,073.06 to Philippine Postal Corporation, contrary to Section 2 of Presidential Decree (P.D.) 1445, and was considered unnecessary, pursuant to Circular 2012 003 dated October 29, 2012.	MSD, Comptrollership	We recommend that management: (a) Direct the officials concerned to properly monitor its payables and ensure timely payment thereof. (b) Provide justification why the penalties and charges was incurred.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - July 12, 2017
2017-011 (2017)	September 14, 2017	October 02, 2017	Non reconciliation of the cashbook maintanied by the LHIO Special Collecting Officer/Special Disbursing Officer and subsidiary ledger resulted to a net discrepancy of P 599.98 at the time of cash examination, thus affects the reliability of cash balance in the financial statements.	MSD, Comptrollership, LHIO Antique	We recommend management to direct the Accountant and the Accountable Officer to reconcile their records regularly and provide necessary adjusting entries for the discrepancies noted as necessary.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - October 30, 2017

2017-012(2017)	September 14,2017	October 02,2017	Non reconciliation of the cashbook maintained by the LHIO Special Collecting Officer/Special Disbursing Officer and subsidiary ledger resulted to a net discrepancy of ₱ 2,124.97 at the time of cash examination, thus affecting the reliability of cash balance in the financial statements.	MSD, Comptrollership, LHIO Passi	We recommend Management to direct the Accountant and the Accountable Officer to reconcile their records regularly and provide necessary adjusting entries on the discrepancies noted.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - October 30, 2017
2017-013(2017)	September 14,2017	October 2,2017	Management has designated as Special Collecting officer a casual employee who is not a regularly or permanently appointed,contrary to Section 65 of the Government Accounting and auditing manual, Volume I and Section 4.1.4 of COA Circular No. 97-002 dated february 10,1997 , and non reconciliation of cashbook and Subsidiary ledger which resulted to discrepancy in the balances that affects reliability of financial	MSD, Comptrollership, LHIO Aklan	We recommend that management: (a) Stop the practice of assigning a casual employee as collecting officer; (b) Direct the accountant and collecting officers to regularly reconcile their cashbook and subsidiary ledger; and (c) Provide the office of the auditor of the status of the reconciling items and provide adjusting entries, if necessary.	Filed comment on the AOM *(Pls. See attached file)*		*Comment filed - October 30, 2017

Prepared by:

JONNABELLE L. CATIGAN
Clerk III

Certified correct by:

MARJORIE V. FABRIETO
MSD Chief

Approved by:

LOURDES F. DIOCSON
Regional Vice President

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY ORVP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-01 (2016)	27-Sep-17	10-Oct-17	Payment of Honoraria to BAC and TWG chairpersons and a member of BAC on non-participation in bidding conferences	MSD/ORVP	The management shall stop the practice of granting honorarium to persons who have not participated or completed tehir tasks in trhe procurement process.	Refund will be made by concerned employees	Implemented	23-Oct-17
2017-002 (2016)	17-Apr-17	18-Apr-17	Not Keeping Subsidiary Ledgers	MSD/FMS	The management shall maintain subsidiary ledger in accordance with Government Accounting Manual	Financial Accounting and Reporting Utility (FARU) is the system to be deployed and installed by PHIC Central Office to its regional and local health insurance offices for keeping and maintaining subsidiary ledgers	To be implemented as soon as FARU is rolled out by PHIC Central Office	11-May-17
2017-003 (2016)	17-Apr-17	20-Apr-17	Salary Adjustments of Regular and Casual Personnel	MSD/ORVP	Recommend that the subject Salary Adjustments be discontinued	PRO VII has stopped the release of the adjusted salary effective June 1, 2017.	Implemented	25-Apr-17
2017-004 (2016)	25-Apr-17	26-Apr-17	Unnecessary expenses on benefit payments under the PhilHealth Case Rates Sytem	HCDMD/FMS	The management should revisit the existing policy on case rates and make revisions necessary	Referred the AOM to PHIC Central Office	Review has been conducted by appropriate offices in PHIC Central Office	08-May-17

Prepared and certified correct by:

ATTY. GERARDO S. ORTIZ
Division Chief IV-MSD

PHILIPPINE HEALTH INSURANCE CORPORATION REGIONAL OFFICE VIII
P. Burgos Street, Tacloban City

AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
As of December 31, 2017

REF.	DATE	DATE RECEIVED BY ORVP	AUDIT OBSERVATION	AUDIT RECOMMENDATION	PERSON/DEPT. RESPONSIBLE	TARGET IMPLEMENTATION DATE	STATUS OF IMPLEMENTATION	ACTION TAKEN/TO BE TAKEN	DATE SUBMITTED TO COA
2017-008	12/6/2017	1/4/2018	Educational Assistance Allowance (EAA) amounting to P11,596,690.53 was paid to PHIC officers and employees without legal basis , contrary to Section 12, RA 6758, Sec. 4.5, DBM Budget Circular No. 16 dated Nov. 28, 1996 and Section 8 and 9 of RA 10149	Stop the payment of Educational Assistance Allowance (EAA) unless an approval from the Office of the President or the DBM is obtained	FMS/LEGAL		Not implemented. Waiting for official reply from the Office of Fund Management Sector of the Central Office	A. Forwarded the said AOM to the Office of the Fund Management Sector of the Central Office on their stand/position on the matter.	A Letter Request for extension to file PRO 8's answer on the said AOM was received by COA on January 10, 2018.
2017-007	10/18/2017	10/25/2017	The Accountable Officer Mr. Emeterio Nerves of Tacloban LHIO is inadequately bonded contrary to Section 101(2) of PD 1445 and Treasury Circular No 02-2009 dated August 6, 2009, thus government funds are not secured from possible loss through defalcations, shortages, or unrelieved losses.	We recommend the management increase the amount of fidelity bond to correspond with the total cash accountability of the Accountable Officer as prescribed under Treasury Circular No. 02 -2009 dated Aug 6, 2009	FMS/LHIO		Fully Implemented	The amount of fidelity bond of Mr. Nerves Jr. was already adjusted from P37,500.00 to P225,000.00 effective 12/8/17 as per Bureau of the Treasury Risk NO. NL-17-6940.	PRO 8's reply to the said AOM was provided to COA on November 6, 2017.
			The Accountable Officer Mr. Emeterio Nerves of Tacloban LHIO did not regularly record the daily collections and deposits in the Cashbook/Cash Receipts Records (CRR) with the delay ranging from one (1) to three hundred one (301) calendar days contrary to Section 38 of the NGAS Manual, Vol. II and Section 6 of COA Circular 97-002, thus the cash accountabilty as of given date cannot be ascertained .	We recommend that the Collecting Officer should properly maintain his cashbook/CRR by regularly and promptly recording his collections and deposits to ensure a complete and accurate record of his cash accountability at all times and avoid recording errors. Likewise, he should be required to submit the Report of Collections and Deposit together with the transaction documents to the Accounting Unit within the prescribed period. Further, the Collecting Officer and the Accounting Unit should reconcile the collection records on a quarterly basis.		February 10, 2018	Partially Implemented	The collecting officer is already on time in submitting his report of collection and deposit as of to date. The Comptrolleship Unit will conduct its quarterly reconciliation between the cash account balance recorded in books Against the balance in the cashbook set on Feb 10, 2018.	

2017-006(16)	4/21/2017	4/26/2017	The accuracy and reliability of the Other Prepaid Expense (PS-DBM) account of P1,978,424.99 cannot be ascertained due to error in recording delivered items resulting to overstatement in the amount of P489,557.57, unrecorded deliveries amounting to P534,017.50, and prepayments that remained outstanding for more than a year totalling P495,580.26 contrary to Sec. 111(1) of PD 1445 and par. 31 of the FPPFS	We recommend that the Fiscal Controller should prepare the Journal Entry Voucher to effect the necessary adjustments in order to reflect the correct balances of the Other Prepaid Expense and other affected accounts. Henceforth, check the accuracy and correctness of the Monthly Report of Supplies and Materials Received (MRSMR) submitted by the GSU before its recording in the books. We also recommend that the GSU should promptly submit the MRSMR supported with inspection and Acceptance Report to the Accounting Unit for timely recording of delivered items and reconcile their records with PS-DBM and effect adjustments if any.	FMS/ASS	June, 2017	Sept 2017	Partially Implemented. On-going reconciliation between the FMS and GSU.	The comptrollership Unit had already effected the necessary journal entries amounting to P316,225.50 on the noted erroneous recording of deliveries from PS-DBM and private suppliers. In relation to the other items of the said AOM, the GSU was ordered to submit to the Comptrollership Unit the adjusted MRSMR and INAR for the necessary journal entries. In addition, the GSU will strictly monitor all payments made for supplies procured in the PS-DBM. Receipt of check payment for PS-DBM should directly be issued/served to PS-DBM and likewise picked up the supplies procured to avoid discrepancy in the amount	PRO B's reply to the said AOM was provided to COA on April 13, 2017
2017-005(16)	4/10/2017	4/20/2017	Salary adjustments covering the period July 2011 to December 2016 amounting to P56,121,183.40 was paid to PHIC regular and casual employees without legal basis contrary to Section 8 and 9 of RA 10149.	In view of the foregoing, we recommend that the subject salary adjustments be discontinued in the absence of Presidential approval. Moreover, we recommend adherence to the inherent duty of the Governing Board to exercise extraordinary diligence of a good father of a family in managing the affairs of PhilHealth at all times.	FMS/ HRMD			Fully Implemented. Grant of salary adjustment was already suspended	Grant of salary adjustment was already suspended	PRO B's Letter Request for an extension of thirty (30) days was received by COA on April 25, 2017. PRO B's reply to the said AOM was provided to COA on May 25, 2017
2017-004(16)	4/10/2017	4/20/2017	The reliability and existence of Property, Plant and Equipment accounts amounting to P86,160,669.41 could not be ascertained due to variance in the amount of P6,670,818.11 between the General Ledgers (GLs) and Property Cards (PCs) and a variance of P8,167,445.48 between the PCs and Report on Physical Count of PPE contrary to par. 31 of the FPPFS and Sec. C.3. Chapter V of the Manual on Property Custodianship.	We recommend that management should reconcile the variances between the accounting and property records and the physical count of properties. Upon reconciliation of records, the Accounting Unit should prepare the appropriate journal entries to adjust the affected PPE accounts. Likewise, the property unit should submit immediately to the accounting unit, reports or documents relative to movement of the fixed assets account for proper recording thereof. Henceforth, conduct periodic reconciliation of the accounting and property records.	FMS/ASS	June, 2018		Partially Implemented. On-going reconciliation between the FMS and ASS.	The FMS and ASS have already started the reconciliation of PPE balances between the recorded amount in the GL, PC and RPCPPE. The variance of P8,167,445.48 between the PC and RPCPPE have been adjusted by GSU to exclude / reclassify the properties which are considered to be Other Assets in the Equipment Ledger Card of FMS. These equipment are those which are damaged by Typhoon Yolanda and Ruby. These items were previously included in the Report of Physical Inventory of PPE as of Dec. 31, 2016 as shortages. Likewise, constant monitoring of property movements are strictly implemented to account all properties of the Corporation.	PRO B's reply to the said AOM was provided to COA on April 25, 2017.
2017-003(16)	3/10/2017	4/5/2017	Reimbursements to Health Care Providers (HCPs) for Community Acquired Pneumonia (CAP) totalling P13,212,050.00 lacked the necessary documentation, contrary to Sec. 4(b) of P.D. 1445, thus the validity and propriety of the disbursements could not be ascertained.	We recommend that management should require the HCPs to attach the necessary documents enumerated in Item II of PhilHealth Circular No. 2016-003 to prove the validity and propriety of reimbursements for CAP. Henceforth, all disbursements should be supported with complete documentation pursuant to Section 4(b) of P.D. 1445.	HCDMD	June, 2017		Not Implemented: Pending COA evaluation of official reply from HFPS.	A. Forwarded the said AOM to the Health Finance Policy Sector (HFPS) of the Central Office for proper disposition and/or possible policy adjustment/revision. B. Letter response from the Health Finance Policy Sector (HFPS) on the said AOM was already forwarded to COA.	A reply from the Office of the Health Finance Policy Sector regarding AOM Nos. 2017-002 dated March 3, 2017 and 2017-003 dated March 10, 2017 was provided to COA on May 17, 2017.

2017-002(17)	3/3/2017	4/5/2017	PhilHealth Case Rates System reimbursed the full amount of case rates package to Health Care Providers (HCPs) regardless of member-patients actual hospital charges resulting to additional expenses on benefit payments amounting to P5,484,881.48 contrary to PhilHealth Circular No. 11 series of 2011.	We recommend that management should revisit the Guidelines on PhilHealth Case Rates System taking into consideration the primary objective of the program. The system should only pay the actual hospital charges in case the amount is lower than the case rate to avoid additional expenses on the part of PhilHealth.	HCDMD	June 2017		Not implemented: Pending COA evaluation of officer reply from HFPS	A. Forwarded the said AOM to the Health Finance Policy Sector (HFPS) of the Central Office for proper discussion and/or possible policy adjustment/revision B. Letter response from the Health Finance Policy Sector (HFPS) on the said AOM was already forwarded to COA	A reply from the Office of the Health Finance Policy Sector regarding AOM Nos. 2017-002 dated March 3, 2017 and 2017-003 dated March 10, 2017 was provided to COA on May 17, 2017
2017-001(17)	1/31/2017	2/1/2017	Seventeen (17) contracts costing P20,142,959.73 were not submitted within (5) days from execution contrary to Section 3 (g) COA Circular No. 2009-001 dated February 12, 2009, thus depriving Audit Team to generate timely and relevant audit results and hindering efforts towards informing management of measures to correct deficiencies.	We recommend that the Bids and Award Committee should submit to the Audit Team copies of perfected contracts within five (5) days after execution/issuance to facilitate the timely review and evaluation of the procurement contracts as well as the generation of relevant audit results.	ASU/SBAC			Fully implemented: A. All contracts and relevant documents subject to the AOM was already forwarded to COA as of this date. B. Contracts and relevant documents of procurements made for the current year was already forwarded to COA within five (5) days after its execution and/or conclusion of the transaction.	CPO No. 2017-0078 dated December 29, 2016 was issued reconstituting the BAC and SBAC members and the assignment of full-time personnel to SBAC to focus on the procurement process and documentary requirements to address the said COA observations.	
2016-004(15)	5/23/2016	6/9/2016	The accuracy and reliability of the Cash in the Bank account with a book balance of P51,176,921.22 cannot be ascertained due to unrecorded to reconciling with a net amount of **P973,619.37** contary to Sec 11(1) of PD 1445 and par. 31 of the FAPFS.	We recommend that management should conduct review and analysis of the reconciling items to facilitate the preparation of appropriate adjusting entries to correct the Cash in the bank and other related accounts.	FMSU COMPTROLLERSHIP UNIT			Partially Implemented: The Comptrollership Unit already made an adjustment in its books for the period January - December 2017, Giving a balance of (1. Unrecorded Deposit 31,377.00 (2. Unrecorded Fund Transfer P0.00 (3. Unrecorded Returned Checks P71,875.00 (4. Other Reconciling Items P123,237.42	FMS will conduct review and analysis of the reconciling items to support the preparation of appropriate adjusting entries to correct the Cash in Bank Account	PRO 8's reply to the said AOM was provided to COA on June 14, 2016.
			Management failed to provide the Audit Team with adequate storage space for paid expense vouchers, journal vouchers and other financial documents contrary to Section 20(1) 26 and 43(4) of Presidential Decree No. 1445.	We recommend that management provide the Audit Team with adequate storage space to properly preserve and safeguard the paid expense vouchers, journal vouchers and other documents received from the auditee.	MSD/ ASS.			Fully Implemented: The Management Services Division (MSD) have already provided additional storage space for COA documents.	Included budgetary requirement for storage area of COA documents in the CY 2017 budget.	

2016-003(15)	5/17/2016	6/3/2016	Funds released to the Local Government Units for the implementation of PCB1 for CY 2014 AND 2015 amounting to **P14,848,125.00** AND **P71, 518,207.82**, respectively were not supported with Official Receipts. Contrary to Section 4(B) and 6B(1) of P.D 1445 thereby casting doubt on the actual receipt of the receipt of the funds by the recepit LGUs	We recommend that management should submit immediately the required Official Receipt. Henceforth all disbursements should be supported with complete documentation pursuant to Sec. 4(B) of P.D 1445	FMS/PCO/ LHOs			**Fully implemented.** As of December 31, 2016, Official Receipts for fund released to LGUs amounting to P77,258,747.82 were already submitted to COA while **P4,848,500.00** of the said check payments to LGUs was recently replaced by the PRO.	FMS provided LHOs, office concerned, list of LGUs that have not yet submitted Official Receipts included in the said AOM for remedy/compliance	PRO 8's reply to the said AOM was provided to COA on June 14, 2016.
2016-002(15)	5/12/2016	6/3/2016	The accuracy and reliability of the inventory accounts balances totaling **P5,085,697.40** cannot be ascertaine due to discrepancy between the balances per books and per physical count amounting to **P2,188,311.92** and non-maintenance of Supplies Ledger Cards and Stock Cards contrary to Sec. 43 of the new New Government Accounting System Manual and PHIC Office Order No. 15 s. 2007 dated January 22, 2007	We recommend that the Fiscal Controller IV should undertake a thorough analysis of the inventory transactions to determine the required adjustments. Also, require the Accounting and the Supply Sections to maintain Supplies Ledger Cards and Stock Cards, respectively and to conduct periodic reconciliation of the inventory accounts. Further, the Supply Section should ensure that all issuances of inventories are supported with Requisition and Issue Slips and should prepare and submit the report of Supplies and Materials Issued to the accounting Section	ASS/ FMS			**Fully Implemented.** As of December 31, 2016 unreconciled inventory balances of Supply Ledger Card against Stock Cards were as follows: Office Supplies P54.03, IT Supplies (P3.03), ICS P60.00 and Other Supplies P 0.00 or net amount of P111.00, the Comptrollership Unit will make the necessary adjustment in our books	Conducted periodic physical inventory of supplies and equipment, implement the maintenance of Supplies Ledger and Stock Cards in the Comptrollership and Administrative Section respectively	PRO 8's reply to the said AOM was provided to COA on June 14, 2016.
								Implemented the maintenance of Supplies Ledger and Stock Cards as early as July of 2016.		
2016-001(15)	5/11/2017	5/23/2016	Actual traveling expenses amounting to **P904,661.15**, were claimed despite the absence of certification from the Head of the agency that the expenses were necessary in the performance of an assignment contary to COA Cir. 2012-001 dated June 14, 2012 and Section 6 of E.O. 298 dated March 23, 2004, thereby resulting to inadequacy of supporting documents.	We recommend that Management should submit the required certification from the head of the agency that the claims for actual travel expenses exceeding P800.00/ day were necessary in the performance of an assignment. Also, consider revising/amending Office Order No. 078-2015 to be compliant with EO 298	FMS			**Fully Implemented.** Amendment of Office Order No. 00.78-2015 with Corporate Order No. 2016-004 and the submission of subject certification dated 11/10/2016 as required in the said AOM	Management had already complied with the COA recommendation.	PRO 8's reply to the said AOM was provided to COA on May 26, 2016.
2015-04-(2015)	22-May-15	18-Jun-15	Allowances and other bonuses including public health workers' benefit amounting to **P57,835,155.25** were paid to PHIC officers and employees without legal basis, contrary to Sec. 12., RA 6758 and Sec 4.5, DBM Budget circular No. 16 dated Nov 28, 1998	Stop the payment of allowances and other benefits unless an approval from the office of the president or the DBM is obtained pursuant to Sec. 12 RA 6758 and Sec. 4.5, DBM Budget Circ. No. 16 dated Nov. 28, 1998	FMS/ LEGAL			**Not Implemented.** Appeal dated January 31, 2017, was submitted to Commission on Audit.	The recommendation was not implemented pending resolution of the appeal made before the concerned agencies.	

2015-003-(14)	5/20/2015	5/18/2015	The Due from LGUs account balance of P130,979,475.62 is understated by P792,011,580.28 as of year-end due to non-recording/under recording of receivables from LGUs and legislators for the premium contribution of indigent/sponsored enrolled members, contrary to par. 27 of PAS 1.	We recommend that the Regional Vice President A. Requires the collection Unit to furnish the comptrollership Unit with the necessary supporting documents to serve as basis recording the receivables from LGUs and legislators B. Strictly observe the accrual basis in recording receivables pursuant to par. 27 PAS 1 to ensure that the account is correctly presented in the financial statements.	DRVP/FOD/FMS	June 2017		Partially implemented. As of December 31, 2017, additional receivables amounting to **P24,013,136.00** was recorded by the comptrollership Unit	Issuance by the Collection Unit of updated billing statements/confirmation on periodic basis to the concerned LGUs. (Confirmation by the Budget Officer and Accountant serves as basis for the Comptrollership Unit for the recording of receivable).	
									The PRO II management have set for Budget Officers meeting to the concerned LGUs this May 02, 2017	
2013-002-(14)	3/19/2015	5/7/2015	Expenditures for gasoline, oil and lubricants during the year ammounting to **P1,110,813.80** cannot be validated due to non-submission of Monthly Report of Fuel Consumption and the Monthly Report of Official Travels for each vehicle in violation to COA Circ. No. 77-61, thus the propriety and reasonableness of the fuel consumption could not be ascertained.	We recommend that management should A. Require the Drivers to prepare the Monthly Report of Official Travels based on duly approved serially numbered Driver's Trip Tickets. B. Direct the General Services Unit (GSU) to prepare and submit the Monthly Report of Offical Travels	ADS			Fully Implemented.	Requires the Administrative Services Unit to submit the Monthly Report of Official Travel with necessary documents to COA 25 days after end of the month	
2015-001 (14)	16-Mar-15	30-Mar-15	Supplemental health insurance assistance in the form of Phil Healt Self insurance We Care Benefit amounting **P1,225,634.15** to PHIC employees and their dependents without sufficient legal basis contrary to Sec. 12, RA 6758, Sec. 3 Memorandum Order No. 70 dated June 25, 2001 and SeC. 3(b), Admin Order No. 103 dated August 31,2004	It is recommended that management discontinue the grant of PS We Care Benefits to PHIC personnel.	HMS/ LEGAL			Not Implemented. Appeal dated March 09, 2017, was submitted to Commission on Audit.	The recommendation was not implemented pending resolution of the appeal made before the concerned agencies	
CY 2012			Receivables from LGUs in the amount of **P4,118,051.00** remained outstanding as at year end in violation of the provisions of Sec. 3.1.1 and 5.1.1 of PHIC of Office Order No. 0024 s. 2005, thereby depriving the Corporation the use of the fund	We recommendend that management: A. Require the Collection Unit to collect the outstanding receivables from the concerned LGUs. Likewise, management should require the LGUs to settle in full the outstanding balance.	FOD-COLSEC/LHIOs			Partially implemented. As of December 31, 2016, collection of **P2,900,508.00** was made from the account	Issuance by the Collection Unit of updated billing statements/confirmation on periodic basis to the concerned LGUs.	
				B. Withhold the release of the subsequent PCF to those LGUs with outstanding receivables due to delayed or non-payment of premium contributions.						
				C. Communicate with the Local Chief Executives for the termination of the PhilHealth coverage of the identified beneficiaries with unpaid premium contributions. D. Follow strictly the provisions of PHIC Office Order No 0024 s. 2005.						

CY 2012			Collections in the ammount of **P6,206,472.97** Were not deposited daily and intact in violation of section 21 of the NGAS Manual, Vol. I and section 2 of DBM-DOF joint Circular No. 1-81 thus exposing government funds to possible loss and misuse	We recommended that management follow strictly the provisions under Sec. 21 of the New Government Accounting System Manual Vol. 1 and Section. 2 of DBM-DOF joint Circular No. 1-81 and should deposit the collections daily intact	F&R			Fully implemented (In COA Management Letter For the year ended December 2015)	Management had already complied with the COA recommendation to deposit the collections daily and intact.

Prepared and Certified Correct by:

ARJONEW. GRAGNALI
Division Chief -MSD

Approved by:

RENATO L. LIMS/ACOJR.
Regional Vice President

Annex C

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
AS OF DECEMBER 31, 2017
PHILHEALTH REGIONAL OFFICE IX

AOM No.	AOM Date	Date Rcvd by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-001(16)	1/30/2017	2/6/2017	Submission of paid disbursement vouchers (DVs) and the corresponding supporting documents were not submitted on time as required under Section 7.2.1 (a) of COA Circular No. 2009-006 dated September 15, 2009 which prevented the conduct of a timely audit and corrections or errors or deficiancies if noted, if there is any, cannot be communicated on time.	FMS-Comptrollership unit and FMS-Cashiering unit	Strictly adhere with the above provision of law and regulation to update the submission of financial reports; and review and update the causes of delays / lapses and address the condition and or remind officials responsible to restore adherence of established rules and procedures without the need of demand and reminders.	We will be adhering to specific deadlines as stipulated under Section 7.2.1(a) of COA Circular No. 2009-06 dated September 15, 2009.	Fully Implemented	2/8/2017
2017-002 (16)	2/9/2017	4/18/2017	Discrepancy of P9,631,856.00 exist between the accounting and property records, thus rendering the Property Plant and Equipment account balance of P66,088,120.13 unreliable as of December 31, 2016.	FMS-Comptrollership Unit and General Services Unit	1. Undertake immediate disposal of all properties through public auction/sale or transfer to other government agencies to prevent further deterioration, obsolescence and decline in value 2. Reclassify the unserviceable Office Equipment, Other Equipment, Computer Equipment and Furnitures and Fixtures to Other Assets account.	The sources of the discrepancies are noted and the disposal process is already being fast tracked. Consequently, after the completion of IIRUP the properties will be reclassified to other assets.	On-going	4/25/2017
2017-003 (16)	2/27/2017	4/18/2017	Existence and reliability of the Property Plant and Equipment account with a carrying balance of P66,088,120.13 as of December 31, 2016 could not be ascertained due to the inclusion of Unserviceable Assets of P4,406,000 which is not in accordance with Section 79 of PD 1445.	FMS-Comptrollership Unit and General Services Unit	Management require the persons responsible to reconcile records between accounting and supply in order to come up with a reliable balance as presented in the financial statement; and a proper accountabilities whenever there is a change of Property Officers.	The balances of the PPE as of December 31, 2016 is already reconciled and the reconciliation statement was duly submitted to COA's end last June 23, 2017. Additionally, as specifically instructed by the COA Central to Comptro. Central, the 15,000.00 capitalization treshold per GAM for National Government Agencies will not yet be utilized for purposes of recording and will wait for the issuance of GAM for GOCCS and Governemnt Business Entities.	Partially Implemented	4/20/2017

AOM No.	AOM Date	Date Rcvd by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-004 (16)	2/22/17	2/24/2017	The Philhealth still maintains and conducts its business with the Philippine Veterans Bank as one of its depository banks despite the issuance of Department of Finance Circular No. 001-2015 dated June 1, 2015.	FMS-Comptrollership unit and FMS-Cashiering unit	1. In coordination with their Head Office, consider the transfer of deposits with either Land bank of the Philippines (LBP) or Development bank of the Philippines, both Government Financial Institutions with a universal bank license and a CAMELS rating of at least "3"as required by the Department of Finance. 2. Provide the audit team a reason/justification as to the non-compliance with the Department of Finance (DOF) Circular No. 001-2015 dated June 1, 2015.	1. Per Corporate Memorandum dated August 2, 2016 which underlines DOF Circular 002-2016, the compliance period provided for in Section 6.1 of Department Circular No. 01-2015 is amended and the compliance period has been extended to June 30, 2017 from the previous deadline of September 8, 2016. Thus, affording us ample time to transfer our depository accounts to qualified banks. 2. Further, we heed to your observation, and we are currently determining which bank will be holding our depository account (Land Bank of the Philippines or Development Bank of the Philippines). We would also like to utilize this time to plan the eventual changes to avoid operational inefficiencies in the transition period. Rest assured that the eventual transfer will surely comply with DOF Circular 002-2016.	Fullly implemented based on Department Circular No. 01-2017 Inlcuding Veterans Bank as Authorized Government Depository Bank for GOCCs.	2/28/2017
2017-005 (16)	2/27/2017	4/18/2017	Lack of information system to account for all PhilHealth RO IX issued 7,700 PAR to the different ACAs during the year for which no monitoring on the movement of such accountable forms was made	FOD	That management in coordination with PhilHealth Central Office install a system to monitor and account the PARs distributed to the ACAs to establish collections and the accuracy of remittances of premium contributions and to submit monthly report of inventory and distribution of PAR by ACAs and their respective branches to help them in the monitoring of accountable forms.	Refer AOM to Central Office -Treasury Department and also recommend for the issuance of advisory to compel all ACAs to regularly submit their Monthly Reports of Inventory and Distribution of PAR	Fully implemented	4/25/2017
				FOD		Sending of letters to ACAs requiring them to submit the required reports on PAR as mentioned in the Collection and Remittance Agreement (CRA).(Per memo received from Treasury Department on July 3, 2017)	On-going	
				ITMD/Treasury Dept.		Deployment of Collection Management Information System with PAR Management Module (PARMM)	Partially implemented	

AOM No.	AOM Date	Date Rcvd by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
AOM No. 2017-006 (16)	4/20/2017	4/21/2017	PhilHealth officers and employees continously received bonuses, allowances and other benefits despite the issuance of Notices of Disallowances (NDs) and COA Decisions stating the the receipt of the same were wanting of legal basis. As of December 31, 2016, the disallowed benefits. bonuses and allowances amounted to P218,699,376.53 including the Notices of Disallowances issued for bonuses, allowances and other benfits for CY 2016 amounting to P16,309,189.94	All Offices	a.) Management to stop the grant of these allowances without the required approval from the office of the President of the Philippines	Matter forwarded to Central Office.	Status qou. On appeal	5/9/2017
2013-03(12)	5/10/2013	5/17/2013	Negative balances of Intra-Agency Payable accounts totaling P (256,074,151.52) as of December 31, 2012 and closure of income and expense to the same account, resulted to an abnormal presentation of the agency's financial condition.	FMS-Comptrollership unit	We recommend that Management make representation with Central Office to correct the system of recording of net income and fund transfers to the appropriate accounts in accordance with PAS 1 and other accounting standards for the users of the financial statements to effortlessly understand the transactions entered into these accounts and for fair presentation of financial condition of the agency.	Matter forwarded to Central Office.	Not Implemented.	6/14/2013
2015-003 (14)	1/5/2015	1/19/2015	PHIC has been granting a supplemental health insurance assistance in the form of PhilHealth Self-Insurance We Care (Ps We Care) Benefit to its employees, their dependants and non ex-officio members of the board without sufficient legal basis. From July 2013 to December 2014, a total of 1,314 million was disbursed in PRO-IX for the purpose.	All Offices	In view of the foregoing, it is recommended that management discontinue the grant of PS WE CARE benefits of PHIC Personnel.	Matter forwarded to Central Office.	Not Implemented.	2/10/2015
2015-009 (14)	5/2/2015	4/6/2015	Voluminous request for pull outs of Benefit claim vouchers.	Cashiering Unit and Benefit Administration Section	We recommend that Management devise appropriate measures to address the issue on pull-outs of benefit claim vouchers and consider introducing information technology like heavy duty scanner and software that systematically and efficiently provide copies of the disbursement vouchers and documents on benefit claims. Likewise, we recommend designating or augmenting personnel in the benefit claims section, whether applicable, who will undertake the task of reproduction of documents.	Revised the system of pulling out claims Andto augment personnel subject to availability of funds.	Partially implemented	4/15/2015

AOM No.	AOM Date	Date Rcvd by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2016-01(14)	2/5/2016	2/16/2016	Certain provision of Philhealth Office Order No. 0078-2016 dated September 16, 2015 are inconsistent with the provisions of Executive Order 298. 9. In compliance with EO 298 and to facilitate the liquidation of cash advance and/or reimbursement of travel-related expenses, revisiting/amending Office Order No. 0078-2015 is recommended taking into account the submission of the following: 1. For Local travel that the expenses/reimbursement exceeds P800.00, secure certification from the Head of the Agency that the expenses are necessary in the performance of an assignment; and Travel abroad that expenses/reimbursement exceeds the applicable DSA rate, secure certification from the Head of the Agency that the expense/reimbursement are absolutely necessary in the performance of the assignment and thereafter, the approval of the President.	All Offices	We recommend revisiting/amending Office Order No. 0078-2015, in compliance with EO 298, taking into account the submission of the following: a. For local travel that the expenses/reimbursement exceeds P800.00, secure certification from the Head of Agency that the expenses are necessary in the performance of an assignment; and b. For travel abroad that expenses/reimbursement exceeds the applicable DSA rate, secure certification from the Head of Agency that the expense/reimbursement are absolutely necessary in the performance of an assignment and thereafter, the approval of the President.	As of this date, Office Order 78 series of 2015 is revised and made obsolete by Corporate Order 2016-044 Re: Omnibus guidelines on the Grant, Utilization and Liquidation of Cash Advance and Reimbursement of travel-related expenses. As enumerated under paragraph 1.2.6 and 4.2. The abovementioned Corporate Order is already effective as of June 1, 2016.	Implemented	2/23/2016
2016-05(15)	3/21/2016	3/28/2016	Depreciation of Property, Plant and Equipment (PPE) of PRO IX was not computed in accordance with COA Circular Nos. 2003-007 and 2004-003 thereby understating Total Accumulated Depreciation by P170,670.75 and overstating the net book value of PPE and total assets in the financial statement as of December 31, 2015.	FMS-Comptrollership unit	We recommended that the Comptrollership Division adjusts the affected accounts and henceforth compute the depreciation of PPE in accordance with the provisions of COA Circular Nos. 2003-007 and 2004-003 for an accurate and fair representation of the financial statements.	The amounts of depreciation were adjusted accordingly.	Implemented	4/7/2016

AOM No.	AOM Date	Date Rcvd by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2016-005(15)	21-Mar-16	31-Mar-16	Payments of 44,380 benefit claims were not supported with Official Receipts (ORs) totaling P734,650,526.78, casting doubt on whether or not payments were actually received by the intended claimants.	FMS-Cashiering unit	We recommended and Management agreed that the PRO IX require the submission of Official Receipts of unsupported benefit payments and come up with a mechanism to monitor and follow up faithful compliance of the regulation, thus ensuring that all disbursements for benefit claims are duly supported with proof of receipt by claimants/payees.	We went to our Local Health Insurance Offices in Zamboanga Sibugay, Zamboanga Del Norte and Zamboanga Del Sur to relay to them information about the Audit Observation Memorandum No.2016 – 005 dated March 21, 2016 and Audit Observation Memorandum No. 2016 – 008 dated March 31, 2016. While in the area, we also met with some Hospitals (Mostly the big ones, and those who have missing ORs) We made three advisories, particularly Advisory No. PRO Xi 2016 – 001 dated April 19, 2016 Re: Strict Compliance to the issuance of Official Receipts for PhilHealth Reimbursements by the Accredited Health Care Providers, Advisory No. PRO IX 2016 – 002 dated May 3, 2016 Re: PhilHealth Reimbursements (Check Payments) to be Released through PhilHealth Local Health Insurance Offices and Advisory No. PRO IX 2016 – 003 dated May 13, 2016 Re: Auto Credit Payment Vouchers and Auto Credit Payment Notices to be released also thru PhilHealth Local Health Insurance Offices. With the foregoing information, we expect that the amount of unsubmitted Official Receipts will decrease considerably.	Implemented	4/14/2016
2016-008(15)	31-Mar-16	07-Apr-16	Benefit Payments were continuously released to Health Care Institutions (HCIs) despite their non submission of Official Receipts (OR) for previous payments thereby increasing the risk that payments may not been received or duly acknowledged.	FMS-Cashiering unit	We recommended and management agreed that the PRO IX require the HCIs /payees to submit or issue ORs for payment received especially those with prior years accumulation of unsubmitted ORs. We likewise recommend that the Office strengthens the payment system of benefit claims by ensuring:		Partially Implemented *(90.23% for 2014 and 93.09% for 2015)*	4/14/2016
					a. subsequent payments be released/mailed only upon receipt of ORs of previous payments;		Implemented	
					b. establishment of monitoring tool or mechanism to determine and follow up those HCIs/payees with frequent unsubmitted ORs.		Implemented	

Prepared by:

ROSEMIN E. DAMSID
Fiscal Controller IV

Certified correct by:

1/31/16
MARIA JOY A. FABELLA
Division Chief IV

Approved by:

ROMEO D. ALBERTO
Regional Vice President

Annex B

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
AS OF JANUARY 31, 2018
PHILHEALTH REGIONAL OFFICE - X

AOM No.	AOM DATE	Date received by ORVP	SUBJECT	GROUNDS/SUMMARY OF FINDINGS	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-002	Sept. 7,2017	Jan 6,2018	GAM Volume 1	The RAAF was not prepared by the Head of the Cash Management Unit thus, the movement and status of issuance of the accountable forms in her possession cannot be determined contrary to Chapter 8, Section 17(k) of the Government Accounting Manual	For the Head of the Cash Management Unit to prepare the RAAF monthly and submit a copy to the Auditor. Instruct the Collecting Officers to follow the format of the RAAF prescribed in Appecndix 67 of the GAM	Submitted Reply to AOM		
						Submitted RAAF		Jan. 24,2018
2017-001	Sept. 7, 2017	Jan. 6, 2018	COA Circular 2012-03	The purchase of 9 units Epson Wifi L805 Wifi Photo ink printer in the amount of P198,000.00 was overpriced by P68,190.00 and did not conform with the minimum standard	Request the supplier to replace the items delivered with units that conform with the required specifications or demand for the refund of the amount	clarificatory dicussion with auditor regarding recommendation		Jan 11,2018
						Submitted Reply to AOM		Feb 7,2018
2016-010	November 15,2016	Dec. 19,2016	COA Circular No. 2012-003	Management has incurred Extravagant Expenditure in its conduct of OAVP Area IV Operational Planning at Harold's Hotel, Cebu City on December 21-22,2015 amounting to P 25,800.00	submit a valid justification as to the absolute necessity of the matter.	Submitted Reply to AOM		Jan. 4,2017
2016-009	October 19,2016	Nov. 9,2016	COA Circular No. 2012-001	Payment made to Rotary Club of Butuan North for Advertising Expenses amounting to P10,000.00 lack necessary supporting document.	submit a copy of the Souvenir Porgram	Submitted Reply to AOM		Dec. 6,2016

2015-004	March 22,2016	March 23,2016	PCW-NEDA-DBM Joint Circular No. 2012-001	The GAD Plan and Budget (GPB) and Accomplishment Report (AR) for CY 2015, and the GPB for CY 2016, were not prepared in accordance with the guidelines et by PCW-NEDA- DBM Joint Circular No. 2012- 1; and no proper GAD Focal Point System was established.	submit lacking supporting documents	Submitted Reply to AOM		April 6,2016
2016-003	March 2,2016	March 23,2016	COA Circular No. 2009-001	Copies of Purchase Orders (PO) were not furnished to the Auditor within the period prescribed by existing COA rules and regulations	submit comments/justification	Submitted Reply to AOM		April 6,2016
2016-002	Feb. 24,2016	March 3,2016	EO 298	Some payments for travel expenses are inconsistent with the provision of EO No. 298 s. 2004	submit lacking supporting documents	Submitted Reply to AOM		March 8,2016
2016-001	Feb. 16,2016	Feb. 24,2016	Revised IRR of RA 9184	There were several delays incurred by suppliers in the delivery of items purchased but no liquidated damages have been imposed on the late deliveries	adhere to RA 9184	Submitted Reply to AOM		Feb. 29,2016

Prepared by:

MARIA RHODELLA S. MONSANTO
Chief, Mgmt. Services Division

Certified Correct by:

DATU MASIDING M. ALONTO JR.
Regional Vice President, PRO-X
concurrent Vice President, Area IV

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
AS OF DECEMBER 31, 2017
PHILHEALTH REGIONAL OFFICE XI

Annex C

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	MANAGEMENT ACTION		STATUS
							Date	Reply	
AOM No. 2017-01	1/3/2017	1/12/2017	Management was not able to properly and timely inform the COA Auditor of the change of collecting and disbursing officers which precluded the performance of cash examination upon turn-over of accountabilities by the outgoing accountable officers to the incoming ones contrary to Section 80 of Presidential Decree No. 1445 and Chapters II and III of the Revised Cash Examination Manual	FMS	For Management to comply with Section 80 of PD 1445, as well as paragraph 8, Chapter II of the Revised Cash Examination Manual per COA Memorandum No. 2013-004. A timely notice to Auditor is necessary, whenever circumstances enumerated in paragraph F.2, Chapter III of the above Manual would occur.	1/20/2017		During the Meeting conducted on July 26-27, 2017 at PhilHealth XI Annex Bldg. on the Retooling on Policies related to Cash Management and Control System, the accountable officers were directed that should there be any changes in the SDOs, this would require the closure of the current cashbook on their part and an issuance of a new one. All Section/Unit Heads were again reminded last November 15, 2017 through an advisory to inform COA thru the FMS of the change of Accountable Officers (collecting and disbursing officers), including the exact date of transfer and/or turn-over by the outgoing to incoming AOs prior to the effective date of new designation as cited in Corporate Order	Partially implemented
AOM No. 2017-01A	4/11/2017	4/19/2017	Included in the current receivables account was collectibles from the Local Government Agencies in the amount of P819,000.00 which had been outstanding for more than one (1) year as of December 31, 2016, contrary to paragraph 57 of Philippine Accounting Standards 1, Volume II, thereby affecting the fair presentation of the financial statements.	FMS	a) Make representation with the Comptrollership Department of PhilHealth-Head Office to provide an internal policy/memo/guidelines on the classification of current and non-current receivables, in accordance with par. 57 of the PAS 1, Volume II. B) Accordingly, require the Fiscal Controller IV to reclassify the long outstanding receivables from LGUs of P819,000.00 to Other Assets account for proper classification and presentation in the Financial Statements in conformance with par. 57 of the PAS 1, Volume II, c)Ensure the collection of these long-outstanding receivables.	4/27/2017		Reclassification from Current Receivables to Other Assets was already made per JV No. XI17-04-058 dated April 21, 2017 in the total amount of Seven hundred seventy-one thousand pesos (P771,000.00). The amount of forty-eight thousand pesos (P48,000.00) was not included in the adjustment since this amount was already collected in February 2017. As recommended, we made representation with the Comptrollership Department of PhilHealth-Head Office for the provision of an internal policy/memo/guidelines on the classification of current and non-current receivables, in accordance with par. 57 of the PAS 1, Volume II.	Partially implemented
			Schedule of Aging of Due from LGUs were prepared by the Administration Service Assistant-C of Sponsored Program Unit instead of the PRO Comptrollership Unit contrary to Section 4.0 of the PhilHealth Standard Operating Procedure Reporting, Recording and Monitoring of Receivables of Sponsored Members of Local Government Units dated January 27, 2016	FMS	To strictly observe the policy on which Unit should prepare the Schedule of Aging of Receivables from Sponsored Program. Its policy clearly states that the Comptrollership Unit should prepare a Schedule of Aging of Accounts Receivable.	4/27/2017		We shall abide by COA recommendation that the Comptrollership Unit should prepare the Aging of Accounts Receivable	Fully implemented

Annex C

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
AS OF DECEMBER 31, 2017
PHILHEALTH REGIONAL OFFICE XI

AOM NO.	AOM DATE	DATE RCVd by ORVP	SUBJECT	CONCERNED OFFICE	COA RECOMMENDATION	DATE SUBMITTED TO COA	MANAGEMENT ACTION		STATUS
							Date	Reply	
AOM No. 2017-02	4/12/2017	4/19/2017	Disbursements of P45,243,525.72 representing payments for increase in salaries and benefits/allowances of the PHIC RO XI regular employees and casual employees effective July 2011 had no specific authority from the President of the Philippines as required under Section 8 and 9 of the Republic Act No. 10149, thus said disbursements constitute irregular/illegal expenditures disallowable in audit pursuant to COA Circular No. 2012-003 dated October 29, 2012.	FMS	That the subject salary adjustments be discontinued in the absence of authority from the President of the Philippines, while those that were already received may be disallowed in audit so that refund of the P45,243,525.72 by the persons who may be determined to be liable therefor may be effected. Likewise, the Regional Vice President should require the Fiscal Controller IV to ensure complete documentation of claims.	4/27/2017		We sought comment from our Head Office regarding this matter since it also involves policy issue.	Fully implemented
AOM No. 2017-03	4/12/2017	4/19/2017	Several disbursement vouchers pertaining to procurement of goods with an aggregate amount of P20,185,526.40 were not supported by copies of Advertising and Posting of the Invitation to Bid and Notice of Award contrary to COA Circular No. 2012-001 dated June 14, 2012. Further, such omission indicates that the "Advertising and Posting" prcocedure may not have been performed which violates pertinent provisions of the IRR of RA 9184.	BAC	That the Head of the Procuring Entity direct the BAC to strictly adhere to the advertising and posting requirement of RA 9184, and make certain that newspaper clippings, printout copies and certifications from the BAC Secretariat are appended to the disbursement vouchers as required under Section 9.1 and 9.2 of COA Circular No. 2012-001	5/23/2017		Sample newspaper clippings and printouts of PhilGEPs posting of last year's procurement activities as mentioned in the COA findings were attached in our reply. In response to COA recommendation to append copies of newspapers clippings or proof of compliance to advertising and posting requirements to the disbursement vouchers, we will be adopting such procedure for all our future procurement activities.	Fully implemented

Prepared by:

AILEAN G. OPOL
Fiscal Controller IV

Certified Correct by:

ATTY. ARNEIL B. SUBIBI
Chief, MSD

Approved by:

DENNIS B. ADRE
Regional Vice President

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-005(2016)	13-Mar-17	20-Mar-17	**The accuracy of cash and accounts payable balances could be doubtful due to Management's failure to revert stale checks totaling P715,953.47 as of December 31, 2016, resulting to understatement of cash in bank and accounts payable balances, thereby affecting the fair presentation of the Financial Statements.**	FMS	a. The Cashiering Unit confirmed that only check number 66685 payable to the Municipality of Kabacan amounting P21,694.50 was on their custody as of to date due to its "hold order" status; and b. The remaining outstanding stale checks amounting P694,258.97 will be reverted to cash account on the ensuing year. The Accounting Unit will periodically examine and review the records of disbursements specifically the list of cancelled checks to verify the status of the outstanding checks. The Registry of Stale Checks will be maintained and monitored as basis for the preparation of adjusting entries to restore the stale checks to cash accounts.	Recorded in books (JV No. 21703044)	Fully implemented.	24-Mar-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-006(2016)	03-Mar-17	20-Mar-17	**Replenishments of Petty Cash and Operations Revolving Fund were inconsistent with pertinent rules and regulations, thus, resulting to inefficiency and ineffectiveness of handling the fund.**	FMS	To improve the proper handling of Petty Cash and Operations Revolving fund, management shall replenish the fund upon disbursement of 75 percent and 50 percent, respectively. This is to provide ample time for processing thereof and ensure fund availability at any given time to promote efficiency and effectiveness in the PCF and ORF utilization and management.	a. A seminar was conducted for the Orientation of PhilHealth Corporate Order No. 2017-0019, Omnibus Guidelines on the Grant, Utilization of Cash Advance for One Time Activity and Petty Cash Fund (PCF) Granted to Special Disbursing Officers (SDOs) last March 21, 2017 at EMR Center, Koronadal City. This was spearheaded by the Fund Management Section and attended by PhilHealth officers and personnel covered with Corporate Personnel Order No. PRO XII 2017-0223 dated March 14, 2017. b. The disbursing officers were reminded with the guidelines on liquidation of Petty Cash Fund and/or Operations Revolving	Fully Implemented	24-Mar-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-001(2016)	13-Feb-17	15-Mar-17	**The non-recognition of unserviceable properties amounting P2,992,642.72 to Other Assets account, required under Section 143 of New Government Accounting System (NGAS) and Philippine Accounting Standards (PAS) No. 16, overstated the Property, Plant and Equipment, thereby affecting the fair presentation of the Financial Statements.**	FMS	We recommended that Management require the Accountant to reclassify the reported unserviceable and obsolete property as of December 31, 2016 to Other Assets account and effect the necessary adjustments in the affected PPE accounts pending disposal in compliance with pertinent rules and standards on the fair presentation of financial statements.	Management committed to reclassify the unserviceable and obsolete properties to Other Asset accounts and be included in 2017 financial reports.	Partially implemented	24-Mar-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-003(2016)	13-Feb-17	15-Mar-17	**There was improper handling in the disposal of properties due to delay and incomplete information of disposal records contrary to the provisions of PD 1445 and PhilHealth Office Order No. 0079 s. 2014, thus, resulting to ineffectiveness and inefficiency in the disposal system.**	GSU/DISPOSAL COMMITTEE	a. Property and Supply Officer to submit immediately the IIRUP to the Disposal Committee for inventory and disposal of all obsolete and unserviceable properties; b. Inventory Committee to update the items to be included in the IIRUP and secure the necessary data required under Annex A of PhilHealth Office Order No. 0079 s. 2014 and include the waste materials from PPE, Supplies and Motor Vehicles to ensure the completeness of disposal records; and c. Disposal Committee to conduct immediate disposal of all unserviceable properties after inspection and evaluation of the appraised value of the items in accordance with Section 79 of PD No. 1445 and PhilHealth Office Order No. 0079 s. 2014 to avoid further deterioration in order to clear the area and make the space usable for other purposes.	Management replied that the BAC D (Disposal Committee) schedule to dispose through competitive bidding on March 23, 2017, one (1) Unit Isuzu Hi-Lander with Chasis Number PABTBR542Y2016179, Model TBR54DB, Plate Number SFU 903 and will award the item to the highest complying buyer and/or bidder. This is in line with their commitment to fast track the disposal of unserviceable and obsolete properties and semi-expendable items.	Fully Implemented	24-Mar-17

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2017-004(2016)	06-Mar-17	20-Mar-17	**Taxes withheld from compensation, procurement and benefit claims on money payment totaling P24,129,944.16 remained in the books and unremitted as of December 31, 2016 contrary to Section 69(1) of P.D. No. 1445, BIR Revenue Regulation (RR) No. 2-98**	**FMS**	a. The concerned officials be required to ensure that all taxes, being the lifeblood of the government, be remitted within the prescribed period in accordance with existing regulations not to deprive the government of its immediate use; b. Direct the Accountant to be more cautious with the maintenance of the Subsidiary Ledger, analyze the accounting entry made and prepare necessary adjustment to ensure that the Due to BIR account properly pertains to the amount of tax withheld from the hospital, suppliers and employees that are to be remitted to BIR; and c. Require the Accountant to reconcile the accounts with abnormal balances relative to prior years transactions and make the necessary adjusting entries to correct the account balance in the balance sheet.	There were no unremitted taxes. Variances were only due to differences on the use of account codes in recording.	Partially Implemented	24-Mar-17
2016-002	17-Feb-16	30-Mar-16	**The Health Care providers did not fully declare the Philhealth Case Rates Benefit Package**	**HFP**	a. Revisit the policies and guidelines in the implementation of the New PhilHealth Case Rate Payment Scheme to implement the accurate PhilHealth Case Rates Package as reflected the Statement Of Account or Hospital Bill by the Health Care Providers so as not to jeopardize the effectiveness and efficiently of payment mechanism and ensure that its objective of providing members with optimal financial risk protection will be	This was endorsed by HCDMD to HFP for comment	Not Implemented	5/26/2016 (Reply from HFP)

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2016-001	15-Feb-16	30-Mar-16	**Net overpayment to Health Care Providers through Philhealth Case Rates System**	HFP	a. Revisit the policies and guidelines in the implementation of the New PhilHealth Case Rate Payment Scheme to implement a uniform application of policy relative to benefit reimbursements to effectively and efficiently achieve its objective of providing members the optimal financial risk protection through consistent and fixed benefit package. b. Re-evaluate the reimbursements scheme of benefit payment to Health Care Providers (HCPs) to ensure that reimbursements will not exceed with member-patients' actual hospitalization charges in cases when the package will not be fully utilized to protect the interest of the government;	This was endorsed by HCDMD to HFP for comment	Not Implemented	5/26/2016 (Reply from HFP)

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2015-005	22-Dec-15	29-Feb-16	**Processing and Releasing of Philhealth Capitation Fund even without the audited Utilization Report by the Local Government Auditors as required in the Memorandum of Agreement (MOA) by Philhealth and LGUs**	HFP/HCDMD/AQAS	a. Require the LGUs to submit the Disposition and Allocation Report (Annex D) of the fund containing the disbursement/utilization and liquidation of the PCF that are post-audited by the Local COA Auditors before processing the release of the fund. This is necessary to determine if the disbursements conformed to government rules and regulations, policies and agreement between the parties as stated in the PHIC Circular 15 s. 2014, MOA and COA Circular No. 94-013 in order to protect that government funds will not be misappropriated and wasted. b. Evaluate and revisit the c. policies and guidelines in the implementation of the PCB1 program specifically on recognition of the release of funds and the appropriate supporting documents in the DVs to ensure the proper accountability of funds, reliable financial reports and to determine the effectiveness and efficiency of the said program. d. Strictly implement the review of transactions before posting it to the books of accounts by the Head of the Accounting Unit so as to eliminate the erroneous posting of accounts in order to ensure an accurate financial reports and prepare the	The Management has issued an advisory last February 14, 2016 requiring the Health Care Providers to submit Utilization of Funds audited by their COA auditors issued	Fully Implemented	N/A

PHILIPPINE HEALTH INSURANCE CORPORATION

STATUS OF AUDIT OBSERVATION MEMORANDA

As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2015-004	22-Dec-15	29-Feb-16	**Non-submission of Billing Statements or Statement of Accounts from Health Care Providers (HCPs) to support the existence of claims**	HFP/HCDMD/BAS	a. Require the submission of BS or SOA issued to members or their dependents by HCPs as a vital evidence for the payment of benefit claims so as to ensure the validity and existence of the claims in order to protect the interest of the government, otherwise this will be suspended in audit in the future. b. Evaluate and revisit the policies and guidelines in the implementation of the payment mechanism of benefit claims adopted by PhilHealth to warrant that adequate controls are in place in compliance with the fundamental principles of disbursement transactions so as to mitigate the risk that government funds will not be misappropriated.	The Management has issued an advisory last March 17, 2016 requiring the Health Care institutions to submit Billing Statements (BS) or itemized Statement of Accounts (SOA) and properly filled-out Claim Form 2	Fully Implemented	5/26/2016 (Reply from HFP)

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2015-003	22-Dec-15	29-Feb-16	**Insufficient bond coverageof accountable officers in proportion to their average monthly collections**	FMS	a. Increase the fidelity bond of the Accountable Officer to an amount sufficient to cover the maximum accountability to be handled by the AOs for a particular period in accordance with the Annex C of the Revised Schedule of Bonds provided by the Bureau of Treasury Circular No. 02-2009 and all AOs who receive collections should be covered with a bond to protect the interest of the agency in case of losses resulting from the unlawful use of government funds and losses attributable to negligence in the safekeeping of such funds b. Evaluate the bond coverage of its AOs based on the average monthly accountabilities and if possible, reduce and adjust the premium payment, to the advantage of the government; and	We emphasized that the basis of the amount in computing for the coverage is the average daily collections instead of average monthly collections.	Partially implemented	15-Mar-16

PHILIPPINE HEALTH INSURANCE CORPORATION

STATUS OF AUDIT OBSERVATION MEMORANDA

As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2015-002	18-Oct-15		**Delay in deposits of Over-the-counter Cash Collections by the Collecting Officers**	FMS	a. The LHIO Heads to review and check daily the collections and deposits made by the Collecting Officers or Accountable Officers – Cashiers/Tellers to ensure that all collections have been deposited intact to the depository banks of PhilHealth on the next banking day. This is in accordance with existing PhilHealth policy and basic standard in control of cash. b. Assign a control number on the face of the deposit slips to avoid insertion of deposit slips of collections not deposited intact on the following banking day. The LHIO Head to check the deposits and require him/her to sign on the face deposit slip before it will be pick-up by the Bank Teller or presented to the bank and secure the validated deposit slip from the bank. This is a control measure to check that all collections (checks and cash) were completely deposited and credited to the bank account of the agency. c. The LHIO Head and Collecting Officers to duly sign and acknowledge/certified Part I to Part IV of the Detailed RCDs to acknowledge the liability, responsibility and accountability on the required reports, to bring this audit to its final conclusion. d. Submit the Report of Collections and Deposits (RCD) together with the PORs, Validated Deposit Slips and supporting documents to the Office of the	This was endorsed to Legal Department even before AOM 2015-002 was issued because the Comptrollership Unit has initially discovered the delayed deposits through the bank reconciliation	Fully Implemented	No Reply was needed. This was just a reinforcement of the findings of the Audit Committee from the Comptrollership Unit

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
As of December 31, 2017

AOM NO.	AOM DATE	DATE RCVD BY OP	SUBJECT	CONCERNED SECTOR / DEPT / OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
2015-001	18-Jun-15	24-Jun-15	**Report of Collections and Deposits and Supporting Documents**	LHIOs (c/o FOD)	a. The Accountable Officers of each LHIO are required to submit soft copy and hard copies of the RCD on or before 10th of the ensuing month. The Fund Management Section will submit the PORs and other supporting documents after validation on the 10th of the	Endorsed the memo of FOD to COA	Partially implemented	08-Jul-15
2015-004 (2014)	23-Feb-15	27-Feb-15	**PPE Balances (Discrepancy per books and per actual physical inventory**	FMS/GSU	a. The Accounting and Property Officer shall undertake a regular reconciliation of their records and ensure that all discrepancies be immediately investigated, cleared and adjusted in either records; and b. The management shall settle the issue on the misclassification of accounts between the Accounting and Property records to ensure proper treatment in the recording of fixed assets in compliance to the aforementioned rules and regulations.	Replied thru a memo explaining the discrepancies	Partially implemented	03-Mar-15
2015-001(14)	12-Jan-15	28-Jan-15	**PS We Care**	HR/FMS	a. Discontinue the grant of PS We Care benefits to PHIC personnel. Moreover, strict monitoring should be made on the availment of maximum amount of reimbursement so as not to incur excess of benefit payment. b. Submit the appropriate supporting documents on the aforementioned claims to ensure the completeness of documentation and validity of payment.	Submitted the supporting documents	Partially implemented	09-Feb-15

Prepared and certified correct by:

Gerly D. Ighot
Fiscal Controller III

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
Status Report as of December 31, 2017
PHILHEALTH REGIONAL OFFICE – CARAGA

AOM NO.	AOM DATE	DATE RCVD by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT/ OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITT TO CO
2017-01(16)	02-Feb-17	06-Feb-17	Philhealth Regional Office- Caraga filed to furnish the Office of the Auditor copies of purchase orders and perfected contracts, contrary to COA Circular No. 2009-001 dated February 12, 2009 thus, precluding the Audit Team on the timely review and evaluation of its procurement activities.	MSD/GSU	Require the Bids and Awards Committee and the concerned Supply Officer to observe the provisions of COA Circular No. 2009-001 dated February 12, 2009 and to furnish the Auditor copies of contracts and purchase orders with the supporting documents, within five (5) days after their perfection.	Done	Although implemented but lately was delayed due to resignation of the acting Supply Officer	05-Apr
2017-02(16)	14-Feb-17	22-Feb-17	Primary Care Benefits (PCB1) releases to various PCB providers were made despite the absence of and deficiencies on the PFP Disposition and Allocation Form as required by Philhealth Circular No. 15,2014, thus, the propriety of the expenditures and proper accountability relative to the utilization of the Fund could not be ascertained.	HCDMD	Continue the enforcement of Philhealth Advisory No. 03-01-2015 and strictly require the LGUs to submit the Disposition and Allocation Form (Annex D) containing the disbursement/ utilization and liquidation of the Per Family Payment Rate (PFPR) before processing the release of the Fund. Likewise, require them to prepare separate DAFs for each group of PCB1 beneficiaries (whether NHTS-PR, DepEd, LGU Sponsored or OWPs) and for each quarterly period claimed, in order to present the actual utilization and proper accountability of each Fund.	Done	Implemented	28-Feb
2017-03(16)	14-Feb-17	22-Feb-17	Failure of the Supply Office and the Fund Management Section to reconcile inventory records resulted to variance amounting to P4, 533.27, thus casting doubt on the reliability of the inventories account balance of P1, 409,224.86 presented in the CY 2016 financial statements.	MSD/ FMS/ GSU	Direct the Fund Management Section and the General Services Office to conduct reconciliation between the amount per books and per physical count; effect the necessary adjustments on the accounts affected in the books in order to present fairly the Inventories account in the financial statements.	Done	On going reconciliation. IT still processing FMS request to access inventory utility developed by the employees in-charge who had resigned and transferred.	27-Fel

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
Status Report as of December 31, 2017
PHILHEALTH REGIONAL OFFICE – CARAGA

AOM NO.	AOM DATE	DATE RCVD by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT/ OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTI TO COA
2017-04(16)	15-Feb-17	23-Feb-17	The validity and accuracy of the Receivables account balance totaling P111, 364,654.11 presented in the financial statements as of December 31,2016 could not be relied upon due to variances between the balances of the	FOD/MSD	Require the Fund Management Section to record outstanding receivables on a timely basis. If such practice is not viable in a monthly manner, ensure that year-end transactions and events are recorded in the books in the periods when they actually occurred.	Done	Early cut off dates on submission of reports to FMS already implemented	02-Mar-
2017-05(16)	16-Feb-17	27-Feb-17	Supporting schedules and subsidiary ledgers were not maintained or updated due to time and systems constraints of the Fund Management Section, contrary to Section 111 of PD 1445, thus resulted to the doubtful reliability of the Inventories, PPE and Payables account balances presented in the financial statements as of December 31, 2016.	MSD/FMS	Instruct the Fund Management Section to maintain and update at all times Subsidiary Ledgers and schedules supporting in detail the account balances of all its accounts in compliance with Section III of PD 1445.	Done	Awaiting for deployment of Financial Accounting & Reporting Utility (FARU) and Check Payment Utility(CPU)	08-Mar-
2017-07(16)	17-Feb-17	01-Mar-17	Philhealth Regional Office- Caraga failed to furnish the Office of the Auditor copies of RF2A and RF2 reports of the Accredited Collecting Agents (ACAs) – LGUs, contrary to Sections 64 and 122 of Presidential Decree 1445, thus, precluded the Audit Team to perform verification on the property of its collection activities.	FOD	Adhere to the provisions of PD 1445, particularly on the submission of reports and documents deemed necessary by COA in the exercise of their functions.	Done	Implemented	09-Mar

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
Status Report as of December 31, 2017
PHILHEALTH REGIONAL OFFICE – CARAGA

AOM NO.	AOM DATE	DATE RCVD by ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT/ OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITT TO CO
2017-08(16)	24-Feb-17	24-Mar-17	Philhealth Caraga paid a total of P32,173,842.40 on differential for salary increases of its regular and casual employees without legal basis and proper authority, thus, constituting an irregular expenditure as defined under Section 3.1 of COA Circular No. 85-55A dated September 8, 1995.	MSD	Instruct all personnel who were granted payments for salary adjustments to refund the amounts received.	Done	Documents as legal bases for the payment of differential have been gathered and submitted to COA.	28-Mar

Certified Correct by:

SOTICO M. CASCARA
Division Chief IV, MSD

Approved by:

EDUARDO S. GONZALEZ, M.D.
OIC- Regional Vice President

Annex B

PHILIPPINE HEALTH INSURANCE CORPORATION
STATUS OF AUDIT OBSERVATION MEMORANDA
AS OF DECEMBER 31, 2017
PHILHEALTH REGIONAL OFFICE - ARMM

AOM No.	AOM DATE	DATE RECEIVED BY ORVP	SUBJECT	CONCERNED SECTOR/ DEPARTMENT/OFFICE	COA RECOMMENDATION	ACTION TAKEN	STATUS	DATE SUBMITTED TO COA
17-AMS-001	11-Sep-17	20-Oct-17	Delayed Submission of Financial Reports	Administrative Services Section, Fund Management Section	1. Direct concerned employees to submit required reports on time, 2. Streghthen financial reprting, 3. Hire additional staff, 4. Require GSU head to submit MRSI monthly, 5. Require LHIOs to submit bank statements 6. Require timely submission of RCD	Submitted reply.	Transmitted reports to COA on various dates.	December 6, 2017
17-AMS-002	11-Sep-17	20-Oct-17	Failure to reconcile cash accounts	Fund Management Section	1. Require timely submission of bank recon	Submitted reply.	Transmitted reports to COA on various dates.	December 6, 2017
17-AMS-003	11-Sep-17	20-Oct-17	Failure to submit perfected contracts	Administrative Services Section,	Inform and direct concerned about COA Circular 2009-001	Requested extension	Transmitted.	December 2017

Prepared by:
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Certified Correct by:
Allanoden A. Macarimbang
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Approved:
Atty. Khalifuzzaman M. Macabato, CPA, CSEE
Regional Vice President