



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila



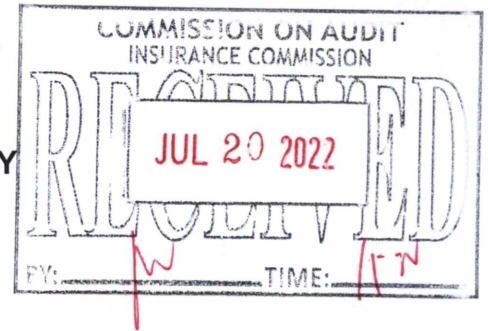
19 July 2022

**Ms. DARIA B. SISON**  
Director IV  
COMMISSION ON AUDIT  
National Government Audit Sector  
Cluster 2 – Oversight and Public Debt Management Agencies  
Commonwealth Avenue, Quezon City

THROUGH:

**Ms. CONCEPCION C. REYES**  
State Auditor IV  
OIC – Supervising Auditor  
Commission on Audit

**Ms. ERLINDA T. OTADOY**  
State Auditor IV  
Audit Team Leader  
Commission on Audit



**SUBJECT: CY 2021 Annual Audit Report (AAR) for  
the Insurance Commission**

Dear **Director Sison**:

Relative to your letter dated 24 May 2022 and in compliance with Section 43 of Presidential Decree No. 1445, or the Government Auditing Code of the Philippines, as well as Section 91 of the General Appropriations Act of 2021, we respectfully submit the Insurance Commission's Agency Action Plan and Status of Implementation (AAPSI) for AAR CY 2021 as of 18 July 2022.

Thank you.

Very truly yours,

  
**DENNIS B. FUNA**  
Insurance Commissioner

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION  
Audit Observations and Recommendations  
For the Calendar Year 2021  
As of 18 July 2022

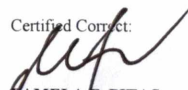
Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/ Non-Implementation, if applicable	Action Taken/ Action to be Taken	
			Action Plan	Person/ Department Responsible	Target Implementation Date				
					From				To
<b>I. Current Year</b>									
pages 38-39	Uncollected receivables from the SSS for IC services totaling ₱5.378 million resulted in unremitted funds to the National Treasury for the IC's SAGFs with the BTR to finance the Agency's operations.	We recommended and Management agreed to direct the Manager, Administrative Division to immediately collect the receivables from the SSS totaling ₱5.378 million.	The Accounting Division coordinated with the SSS Audit Secretariat on the collection of receivable from SSS.	Accounting Division	31-May-22	Onwards	Partially Implemented	On-going. As per latest communication through email, the Controllership Division of the SSS is awaiting clearance from their Legal Services before processing the payment to IC.	Continuous coordination with SSS Audit Team and the SSS for the settlement of the billing statement.
pages 39-40	The utilization of the Insurance Fund (Fund 151) to pay RATA totaling ₱427,500.00 to IC officials designated as OICs, notwithstanding the availability of funds from the Pre-need Fund (Fund 152), had not reflected the correct charges against the budgets for RATA and Other MOOE and their balances under the appropriate funds.	We recommended and Management agreed to require the Division Manager, Budget Division, to charge the payments for the reimbursable monthly RATA of OIC officials to the budgets for RATA under the Pre-need Fund (Fund 152) unless it is determined that there is deficiency in the budget for PS under this fund.	For the Budget Division to charge the payments for the reimbursable monthly RATA of OIC officials to the budgets for RATA under the Pre-Need Fund (Fund 152), unless it is determined that there is deficiency in the budget for PS under this fund.	Budget Division	Jul-22	Onwards	Implemented	N/A	Budget Division accordingly charged the payments for the reimbursable monthly RATA of OIC officials to the budgets for RATA under the Pre-Need Fund (Fund 152), beginning 7 March 2022
pages 49-51	Non-preparation and non-submission to the GSIS of the PIF for ICT equipment totaling ₱16.531 million exposed the Agency to the risks of non-indemnification against any damages to or losses of its properties due to fire, earthquake, storm, or other fortuitous events/casualty.	We recommended and the Insurance Commissioner agreed to direct the Head, Inventory Committee to (a) prepare the PIF for any additional procurements of insurable assets after the purchase of insurance coverage for the Agency's properties had been made; and (b) to submit the same to the GIF of the GSIS to provide the basis for the insurance of the Agency's properties and to the Audit Team not later than April 30 of each year for verification.	On 13 April 2022, the Administrative Division coordinated with the COA Resident Auditor and informed the coverage of general insurance of PPEs and its corresponding renewal period. Considering that renewal period of IC's general insurance falls ahead of 30 April of each year, for purposes of compliance to AOM No. 2022-01 (2020-2021) dated 14 February 2022, it was advised that a comprehensive PIF for both Fund 151 and Fund 101 based on the Report on Physical Count of Property, Plant and Equipment (RPCPPE) as of 31 December 2021 and Supplemental PIF as of 15 March 2022 shall be submitted to the COA on or before 30 April 2022. Succeeding submissions every 30th of April shall no longer be required provided that copies of all PIFs and supplemental PIFs, if necessary, shall be submitted to the COA.	Administrative Division	04/21/2022	Onwards	Implemented	N/A	Supplemental PIFs shall be submitted to the COA and GSIS immediately upon receipt of insurable assets, while a Comprehensive PIF as of 31 October of each year shall be submitted to the COA and GSIS in time for the renewal of the general insurance cover of IC every 31st of December.



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			<p>The Administrative Division, in a letter dated 21 April 2022, submitted the comprehensive PIFs for Fund 151 and Fund 101 as of 31 March 2022, together with a copy of the Supplemental PIF for the period covering 01 November 2021 to 15 March 2022. The letter and its attachments were received by COA on 21 April 2022.</p> <p>The Supplemental PIFs submitted to GSIS were already validated and appraised, with payment amounting to P4,071.66 duly settled with GSIS on 05 May 2022.</p>						
<b>II. Prior Years</b>									
2020 AAR page 36-37	<p>Undetermined receipt and recognition of dividends on unredeemed 67,493 shares Series "B" of the Manila Electric Company (MERALCO) Preferred Stock totaling P0.675 million had not enabled the determination of the completeness and accuracy of the balance of Accumulated Surplus/(Deficit) at year-end.</p>	<p>Management agreed to require:</p> <p>a) the Division Manager, Administrative Division to verify the dividends due on the outstanding MERALCO preferred shares with the MERALCO to determine any claim for dividends; and</p> <p>b) the Division Manager, Accounting Division to:</p> <p>i) verify receipts of dividends on the MERALCO shares to determine any outstanding claim for dividends with the MERALCO; and</p> <p>ii) to recognize dividends, if any, under Accumulated Surplus/(Deficit) after receipt of the same.</p>	<p>a.) On 28 March 2022, the IC sent a letter to MERALCO following-up the unredeemed quarterly dividends. In a letter dated 25 April 2022, MERALCO informed that said request is still for validation with BPI and that the computed cash dividends amounts to P320,591.75 less 10% withholding tax. MERALCO further offered to advance the payment of said dividends subject to execution of a quitclaim from IC and undertaking that in the event BPI can confirm payment of said cash dividends, IC shall refund MERALCO of the advanced payment. A copy of said letter was provided to the COA on 18 May 2022.</p> <p>The concern was referred to the Office of the DepCom - Legal Services Group for legal opinion, per Memorandum dated 12 May 2022. To date, we have yet to receive copy of the legal opinion.</p> <p>b) i). Based on the records of the Accounting Division, the IC has not received any dividends from MERALCO since 2004. ii)The Accounting Division will recognize the dividends in its books after receipt.</p>	<p>a)Administrative Division b)Accounting Division</p>	<p>a.) 03/28/2022 b.) 31/05/2022</p>	<p>a.) Onwards b.) Onwards</p>	<p>a) Partially Implemented b) Implemented</p>	<p>a.) In a Memorandum dated 27 May 2022, the ODCLSG opined that:</p> <p>1.) It is more prudent for IC to await the complete and final validation undertaken by BPI, MERALCO's bank to verify the appropriate cash dividends that should be issued to IC for the subscribed preferred shares with the entity;</p> <p>2.) The amount to be received by IC representing the dividends earned arising from the subscription of the preferred shares is not a regular income derived from fees and charges which IC can lawfully retain pursuant to its powers under RA No.10706 and RA No. 9829. Thus, the amount so received will be treated as a regular revenue where IC has the obligation to remit the same to the national treasury to form part of government funds. Failure on the part of IC to do same will be subject of an audit report by the Commission on Audit;</p> <p>3.) IC stands to lose the amount it conditionally received as IC will have to return the same to MERALCO while losing its right to recoup from the national treasury as this will already be reflected as income of the government which is not subject to return. IC would then have to return the amount from its own budget to its detriment and disadvantage.</p>	<p>Coordinate with MERALCO on the position taken by the IC on their offer re Quit Claim, following legal opinion of ODC-LSG</p>

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2019 AAR page 39-41	Out of 18 GAD planned activities, three were not accomplished and one reported as implemented was undocumented, thus, the related gender issues, among others, limited/insufficient knowledge/awareness of IC employees on GAD issues and lack of continuity in the implementation of GAD plans and programs, were not fully addressed.	Management to endeavor to fully implement the activities that will address the identified gender issues as planned and provided in the approved GPB.	The IC GADFPS will ensure to undertake the activities that will address the identified gender issue as planned and provided in the approved GPB and ensure complete documentation thereof.	IC GAD Focal Point System	2022	2022	Partially Implemented. Some GAD activities identified as not accomplished in the 2019 GAD Accomplishment Report were not included in the 2022 GAD Plans and Budget, as follows: a) Establishment of Knowledge Management Framework/Plan on GAD related concepts; b) GAD Orientation and Gender Sensitivity Training for IC District Office Personnel; and c) GST Training for Facilitators organized by CSC.  In relation to the undocumented activity on the other hand, the analysis of the 2019 Gender and Development Survey on IC Employees and Clients was completed in 3rd Quarter of 2020. Moreover, conduct of survey on IC Clients and Workforce regarding their specific gender concerns are likewise included in the 2022 GAD Plans and Budget.	On going. 1) Lack of material time for research and study to develop a Knowledge Management Framework /Plan.  2) Natural disasters and relocation of the District Offices. Hence, the conduct of GST training for District Office personnel was postponed to 2020. Moreover, due to the impact of the COVID-19 Pandemic, conduct of the same training also did not push through in 2020 and 2021.  3) There was no available course organized by the CSC for CY 2019, hence GST Training for Facilitators did not push through.	Continuous monitoring of the implementation or accomplishment of future assigned activity/ies; constant coordination with other concerned Office/Division/Unit regarding said projects/ activities; proper safe-keeping of supporting documents.


Certified Correct:

  
**PAMELA F. PITAS**  
 IC Division Manager  
 Accounting Division

Recommending Approval:

  
**ERICKSON H. BALMES**  
 Deputy Insurance Commissioner  
 Management Support Services Group

Approved by:

  
**DENNIS B. FUNA**  
 Insurance Commissioner