

INSURANCE COMMISSION
1071 United Nations Avenue, Ermita Manila

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2022

As of 26 June 2023

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
I. Current Year									
2022 AAR Pages 39-40	Various accounting errors in the keeping of accounts resulted in the misstatements of some asset, equity, income and expense accounts in the FSSs.	Management agreed to require the Manager, Accounting Division (AD) to: (a) prepare the necessary adjusting entries to correct the aforementioned errors; and (b) observe the proper/correct recognition of transactions in accordance with the Government Accounting Manual (GAM) for National Government Agencies (NGAs) and other applicable rules and regulations.	The AD will prepare the necessary adjusting entries to correct the classification of CY 2022 transactions. For CY 2023 and years thereafter, the AD shall continue to observe the proper accounting treatment for such transactions, consistent with the provisions of the GAM for NGAs.					The AD prepared the adjusting entries to effect the Audit Team's recommendation on the proper account classification for CY 2022 transactions. For 2023, the Accounting Division recorded the transactions under the correct accounts.	
	a. Security services for December 2021 recognized under Janitorial Services instead of Accumulated Surplus/(Deficit), by ₱60,791.30			Accounting Division	Feb 2023	Feb 2023	Implemented		Journal Entry Voucher (JEV) No. 2023-02-000087 dated 22 February 2023
	b. Payments to Contract Of Service workers recognized under <i>Other General Services</i> instead of <i>Other Professional Services</i> , overstated <i>Other General Services</i> and understated <i>Other Professional Services</i> by ₱11.261 million.			Accounting Division	Feb 2023	Mar 2023	Implemented		JEV No. 2023-02-000100 dated 28 February 2023

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	c. Errors in the adjustment of supervision fees from the Pre-Need and Health Maintenance Organization (HMO) industries understated the <i>Fines and Penalties – Service Income</i> and overstated the <i>Other Service Income</i> by ₱ 2.87 million.	Management agreed to require the Manager, Accounting Division (AD) to: (a) prepare the necessary adjusting entries to correct the aforementioned errors; and (b) observe the proper/correct recognition of transactions in accordance with the Government Accounting Manual (GAM) for National Government Agencies (NGAs) and other applicable rules and regulations.		Accounting Division	Feb 2023	Mar 2023	Implemented		JEV No. 2023-03-000145 dated 03 March 2023
	d. Errors in the recognition of receivables and fines and penalties from the insurance companies by ₱477,473.33			Accounting Division	Mar 2023	Mar 2023	Implemented		JEV No. 2023-03-000146 dated 03 March 2023
	e. Service Recognition Incentive (SRI) recognized under Other Personnel Benefits instead of Other Bonuses and Allowances overstated Other Personnel Benefits and understated Other Bonuses and Allowances by ₱4.102 million.		The AD will seek advice from the COA-Government Accounting Sector (GAS) on the proper accounting treatment for SRI since the Other Bonus and Allowance account has no sub-account applicable to SRI.	Accounting Division	Mar 2023	Jun 2023	Implemented		In a letter dated 11 May 2023, the COA-GAS recommended that the SRI be recorded as Other Personnel Benefits. Consequently, the Audit Team was informed of this recommendation and agreed for the Accounting Division to reverse its initial adjusting entry and continue to record the SRI under Other Personnel Benefits.

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		Also, Management agreed to address the issue on the lack of personnel in the AD in order to lessen if not eliminate accounting errors, among others.	On 07 March 2023, the vacant IC Accountant IV position was filled up with the appointment (promotion) of Ms. Valina. The remaining vacant positions, i.e., IC Accountant III [Item No. IC-A3-1-2012] and IC Accountant I [Item No. IC-A1-1-2012] were published/posted on 10 February 2023.	Human Resource Division	Mar 2023	Dec 2023	Partially Implemented	The Human Resource Division (HRD) received no applications for the IC Accountant I position, and same is recommended for republication/ reposting together with the position vacated by Ms. Valina [IC Accountant III with Item No. IC- A3-2-2014].	The HRD shall facilitate the republication/reposting of the vacant IC Accountant I position, together with the vacated IC Accountant III position. Subsequently, received applications shall be evaluated and presented to the HRMPSB for deliberation.
2022 AAR pages 40-41	Non-disclosure in the Notes to FSs of the ₱0.603 million credited by the Land Bank of the Philippines (LBP) to the IC CA (Payroll Account) remitted by the International Association of Insurance Supervisors (IAIS), Switzerland, did not provide the users or readers of the FSs significant information on <i>Cash in Bank-Local Currency, Current Account</i> in the FSs.	Management agreed to require the Manager, HRD to: (a) verify from their files/records if the IC had served as host in a training conducted by the IAIS; (b) inquire from the IAIS regarding the nature of the amount of ₱0.603 million that it remitted to the IC thru the LBP; and (c) advise the Cashier to remit the ₱0.603 million to the Bureau of the Treasury(BTr) after confirmation with the IAIS that the amount is due to the IC.	The HRD willl formally request the ASEAN Insurance Training and Research Institute (AITRI) and International Association of Insurance Supervisors (IAIS) to confirm the nature and purpose of the transferred fund amounting to ₱603,040.29. The AD will include the disclosure in its revised Notes to Financial Statement for CY 2022. After confirmation of the fund transfer, the collection and remittance will be recorded in the books of IC.	Accounting Division, Human Resource Division	Mar 2023	Jun 2023	Implemented		The AD disclosed the amount ₱603,040.29 in the revised CY 2022 Notes to the Financial Statements submitted on 17 March 2023, pending the confirmation from the IAIS. On 05 June 2023, the HRD received a copy of the proof of payment from the IAIS Secretariat, through the Insurance Authority of Hong Kong, indicating a sum of CHF 11,629 paid to the Insurance Commission for the Regional Seminar held in Manila, Philippines in October 2019.

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		Also, Management agreed to require the Manager, AD to: (a) verify from their records/files if expenses had been incurred as host in the conduct of an IAIS training; (b) disclose the P0.603 million in the Notes to FSs; and (c) recognize the amount of P0.603 million under the appropriate accounts after confirmation that such amount is due to the IC.		Accounting Division, Human Resource Division	Mar 2023	Jun 2023	Implemented		Following the confirmation, the Administrative Division - Cashier Section remitted the amount P603,040.29 to the BTr - Insurance Commission Pre-Need Fund SAGF. Accordingly, the AD recorded the collection from the IAIS and the corresponding remittance in the books of IC as per JEV No. 2023-06-000890 and 2023-06-000891 both dated 21 June 2023.

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2022 AAR pages 41-49	The payments of awards and incentives under IC Program on Awards and Incentives for Service Excellence (PRAISE) with a total amount of ₱7.059 million in CY 2022 were unauthorized and irregular .								
	<i>a. Absence of budget for PRAISE awards not in accordance with item 7 of Civil Service Commission (CSC) Memorandum Circular (MC) No. 1, s. 2001.</i>	Management to require the Manager, Budget Division to allocate at least 5 per cent of the HRD budget for PRAISE to be incorporated in the IC’s Annual Work and Financial Plan and Budget only for accomplishments that merit awards under PRAISE.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	Management, Budget Division, Human Resource Division			The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.
		Management to: (a) cause the refund of the irregular and unauthorized payments of awards and incentives under IC PRAISE totaling P6.659 million; and (b) henceforth, stop the grant of monetary awards for PRAISE without allocated budget.		Management					

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	<i>b. Absence of evidence of monetary savings from the suggestions, inventions, superior accomplishments, and other personal efforts to justify the grant of monetary awards for PRAISE, not in accordance with item 6 of CSC MC No. 1, s. 2001.</i>	Management to: (a) stop the grant of monetary awards for PRAISE without proof that the suggestions, inventions, superior accomplishments, and other personal efforts have resulted in monetary savings; and (b) ensure that monetary awards granted do not exceed 20 percent of the savings generated.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	Management			The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.	The IC will submit a separate letter in response to the Auditor's Rejoinder in the AAR.
	<i>c. Grant of gift certificates (GCs) to CY 2021 Loyalty Incentive Awardees instead of memorabilia/souvenirs, not in accordance with Item 5 and 6 of CSC MC 6, s. 2022 or the Revised Policies on the Grant of Loyalty Award</i>	Management to: (a) cause the refund of the payment of GCs under IC PRAISE totaling ₱400,000 ; and (b) henceforth, stop the grant of GCs which do not take the form of a souvenir or memorabilia in accordance with Item 5 and 6 of CSC MC No. 6, series of 2002 or the Revised Policies on the Grant of Loyalty Award.		Management					

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2022 AAR pages 49-51	Approval of disbursements totaling ₱122.558 million by officials other than the designated signing/approving authorities rendered said disbursements unauthorized and excluded the proper signing/approving authorities as persons liable in case of any audit disallowances and suspensions.	Management agreed to require the Deputy Insurance Commissioner of the Management Support Services Group (MSSG), the Manager, Administrative Division, and the Supervising Administrative Officer or Manager, HRD to: (a) observe the proper delegation of signing/approving authorities under IC Office Order (OO) No. 2019-152; and (b) revise the IC Manual of Approvals (MOA) to consider the changes in the signing/approving authorities under IC OO No. 2019-152.	The Administrative Division shall strictly adhere to the proper delegation of signing and approving authorities. The IC shall also review and update the MOA considering the issuance of Office Order No. 2019-152.	Human Resource Division, Administrative Divison, Office of the Deputy Insurance Commissioner for Management Support Services Group	Apr 2023	onwards	Implemented		<p>The IC issued Office Order No. 2023-026-B dated 03 March 2023 amending the MOA, such that the Approving Authority for Payroll of Salary and Other Statutory Benefits/Incentives shall be whoever is the Designated Approving Authority for the corresponding Disbursement Voucher.</p> <p>With the said Office Order and the Office Order No. 2019-152 dated 15 April 2019, the Deputy Insurance Commissioner-Management Support Services Group (MSSG) shall be the approving authority for payroll and other statutory benefits/incentives exceeding Php150,000.00, while the Division Manager/Officer-in-Charge shall approve those with amounts not exceeding Php150,000.00, considering that they were the designated approving authority for the corresponding Disbursement Voucher, respectively.</p>

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2022 AAR pages 51-52	The delegation of approving/signing authorities for payments through Petty Cash Vouchers (PCVs) to other than the immediate supervisors of the requesting personnel as indicated in the IC Memorandum Of Approval (MOA) had removed from the immediate supervisors the direct /immediate supervision, responsibility, and accountability over the petty cash payments.	Management agreed that the Deputy Insurance Commissioner, MSSG revise the IC MOA to update approving authority for the PCVs to the immediate supervisors of requestors of funds for disbursement.	The IC will reconsider the delegation of authority in the MOA and submit a copy of the revised MOA to the COA once it has been approved by the Insurance Commissioner.	Administrative Division	Jul 2023	Aug 2023	Partially implemented		The Administrative Division is currently working on the draft Office Order for the revision of the IC MOA re: delegation of approving/signing authorities for payments through Petty Cash Voucher from requestor's Division Manager to the Immediate Supervisor.

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2022 AAR pages 52-55	Non-/late submission by the IC of its financial and budgetary reports and documents affected the timely conduct of audit of the agency's operations and transactions.	Management agreed to require: (a) the Manager, AD to: i. submit to the Audit Team the Trial Balances, checks, LDDAP-ADA and Journal Entry Vouchers for CY 2022 not yet submitted, ii. henceforth, submit the required financial reports and documents within the period prescribed in the Volume I, GAM for NGAs and COA Circular No. 2009-006, and iii. submit the Monthly Report of Disbursements (or FAR No. 4) on or before the 10th day of the following month covered by the report;	The Administrative Division - Cashier Section shall closely coordinate with the AD for further actions to be taken in relation to unreleased checks. The AD and Cashier Section will also request the filling up of vacant positions in their division/section to ensure the timely submission of reports.	Accounting Division, Administrative Division;	Feb 2023	Dec 2023	Partially Implemented	The remaining JEVs and checks for 2022 had been submitted to COA, except for a few LDDAP-ADA and DVs where the suppliers have yet to issue an official receipt. The HRD received no applications for the IC Accountant I position, and same is recommended for republication/ reposting together with the IC Accountant III position.	The remaining trial balances and quarterly financial statements for CY 2022 were submitted to the COA Resident Auditor. The Cashier Section and AD are closely coordinating on how to proceed with the recording of Checks and LDDAP ADA that have not yet been claimed by the suppliers. Checks will also be issued in lieu of the LDDAP ADA to suppliers who do not issue the official receipts on time.
		(b) the Manager, Planning and Management Division, in coordination with the Officer-In-Charge, Budget Division, to submit the Quarterly Physical Report of Operations (or BAR No. 1) within thirty (30) days after the end of each quarter.	The Planning and Management Division will submit a copy of the BAR 1 (QPRO) directly to the Resident COA Auditor. On the other hand, five (5) copies will be forwarded to Budget Division who shall be responsible in submitting to various oversight agencies.	Budget Division, Planning and Management Division	Apr 2023	onwards	Implemented		The 2023 First Quarter report was submitted by the Planning and Management Division to the COA Resident Auditor on 17 April 2023. Other copies were also forwarded to Budget Division.


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AAR 2022 pages 55-57	Unfilled date of receipt in the “Conforme” portion of the Purchase Orders/Job Orders (POs/JOs) by suppliers precluded the determination of any delay in the delivery of goods/services for imposition of liquidated damages, and the compliance by the IC with the submission of the POs/JOs to the COA within five working days as required.	Management agreed to instruct the Division Manager, Administrative Division to: (a) require the concerned personnel of the Supply and/or Property Section to ensure that the suppliers or their authorized representatives indicate the date of their receipt and approval of the terms of the POs/JOs; and (b) to submit to the Audit Team, the signed and dated POs/JOs within five working days after conformity by the supplier.	The Administrative Division will ensure that the supplier/s or any of its authorized representatives indicate the date of receipt and conforme on the terms of the POs and JOs. Likewise, the duly signed POs and JOs shall be submitted to the Audit Team within five (5) working days after the conformity by the supplier.	Administrative Division	Feb 2023	onwards	Implemented		

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AAR 2022 pages 58-61	Six (6) out of the twenty (20) planned Gender and Development (GAD) activities in the unendorsed GAD Plan and Budget (GPB) were either not accomplished or partially accomplished, thus, the respective gender issues were not properly addressed.								
	<i>a. GAD activities not accomplished or partially accomplished</i>	Management agreed to require the Chairperson, GAD Focal Point System to ensure that all planned activities in the IC’s GPB are fully implemented to address all the gender issues identified.	The IC GADFPS will ensure that all activities in the IC’s GPB are fully implemented to address the gender issues identified. The IC GADFPS TWG shall work closely with the project/program proponents and monitor the implementation of such projects/programs	GAD Focal Point System	Mar 2023	Dec 2023	Partially Implemented	Some programs, activites and projects (PAPs) of the IC GADFPS TWG for CY 2023 were already implemented, pending the endorsement of the 2023 GPB by the PCW. Morover, the IC GADGFPS will ensure the continuous conduct and implementation of the remaining PAPs for CY 2023.	1. A Harmonized Gender Development Guidelines (HGDG) Activity for the Health and Wellness (H&W) Programs was conducted in May 2023 which was subsequently reviewed by the PCW. The IC GAD-FPS is consistently coordinating with the HRD and BAC Secretariat with regard to the conduct of the H&W Program Procurement Activities and Procurement of Talent Assessment Tool. 2. On the conduct of surveys for IC clients and IC workforce regarding their specific gender concerns, preliminary questions were drafted for both surveys and will be submitted to a PCW-endorsed Technical Expert for review and recommendation.

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									3. The drafting of a reporting template incorporating the sex disaggregated data on customers/ policyholders/ insured persons is likewise in process. 4. Several activities were conducted in celebration of the 2023 National Women's Month in March 2023. 5. The GAD-FPS has conducted a number of gender-related seminars/workshops/health fairs, and will conduct some more of the same in the succeeding months of CY 2023.
	b. GAD Plan and Budget not endorsed by the PCW	Management through GADFPS agreed to: (a) ensure that the annual IC GPB is prepared and submitted to the PCW for review and endorsement on or before the deadline set; and (b) conduct the annual GAD planning and budgeting within a period that will ensure submission to the PCW within the prescribed deadline	IC GADFPS TWG will strive to prepare and submit the IC GPB to the Philippine Commission on Women (PCW) for review and endorsement on or before the deadline set. To ensure the timely submission of the IC GPB, the IC GADFPS TWG shall also take additional steps such as periodic coordination meetings with the PCW to swiftly address any comments/feedback.	GAD Focal Point System	Nov 2022	Nov 2023	Implemented		The IC GADFPS TWG has submitted the IC 2023 GPB (Second Revision) to the PCW on 22 May 2023 and is awaiting feedback from the PCW.

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II. Prior Years									
AAR 2021 pages 38-39	Uncollected receivables from the Social Security System (SSS) for IC services totaling P5.378 million resulted in unremitted funds to the National Treasury for the IC's Special Accounts in the General Funds (SAGFs) with the Bureau of the Treasury (BTr) to finance the Agency's operations.	Management agreed to direct the Manager, Administrative Division to immediately collect the receivables from the SSS totaling P5.378 million.	The IC will meet with the SSS Officials to further discuss the collection of IC's billing statement on the audit of SSS, in compliance with the Dispute Resolution as provided in the Memorandum of Agreement between IC and SSS.	Accounting Division, Office of the Deputy Commissioner for Management Support Services	May 2023	Dec 2023	Partially Implemented	On 24 January 2023, the IC received a letter addressed to the Accounting Division regarding their unpaid examination fee. According to SSS, they discovered deficiencies in the Memorandum of Agreement which have been referred to COA-SSS Resident Auditor. The COA-SSS Auditor stated that, "the SSS cannot rightfully make payment for the unpaid examination fees of the IC due to the absence of Certification of Availability of Funds." They also added that the IC may file money claims against the Government under the 2009 Revised Rules of Procedure in the COA.	The AD and Office of the Deputy Commissioner for MSSG sought legal opinion from the Office of the Deputy Commissioner-Legal Services Group on the next steps to be taken in response to the letter received from the SSS Vice President, Financial and Budget Division.

CERTIFIED CORRECT


PAMELA F. PITAS
IC Division Manager
Accounting Division

RECOMMENDING APPROVAL


ERICKSON H. BALMES
Deputy Insurance Commissioner
Management Support Services Group

APPROVED


REYNALDO A. REGALADO
Insurance Commissioner



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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05 July 2023

Ms. MA. THERESA B. FERREROS

Director IV – Officer-in-Charge

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 V

Supervising Auditor

Commission on Audit

Ms. ERLINDA T. OTADOY

State Auditor IV

Audit Team Leader

Commission on Audit

**SUBJECT: Agency Action Plan and Status of Implementation (AAPSI) –
Audit Observations and Recommendations of Calendar Year 2022**

Dear **Director Ferreros**:

Relative to your letter dated 09 May 2023 and in compliance with Section 97 of the General Provisions of the General Appropriations Act of 2022, we respectfully submit the Insurance Commission's Agency Action Plan and Status of Implementation (AAPSI) for CY 2022 as of 26 June 2023.

Thank you.

Very truly yours,

REYNALDO A. REGALADO
Insurance Commissioner



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