

INSURANCE COMMISSION
1071 United Nations Avenue, Ermita Manila
AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2023
As of 31 October 2024

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									
2023 AAR Pages 38-39	Unrecognized income from e-collections directly remitted to the Bureau of Treasury by Landbank of the Philippines amounting to P95,451.00 due to erroneous accounting treatment resulted in understatement of account accumulated surplus/deficit in the same amount in the FSs.	We recommended and Management agreed to require the AD to:	The Accounting Division will prepare the necessary adjusting entry and henceforth, comply with recommendation of the COA on the recording of e-collections.	Accounting Division	Apr 2024	Apr 2024	Implemented	The Accounting Division prepared Journal Entry Voucher (JEV) No. 2024-02-000873 dated 29 February 2024 and JEV No. 2024-04-000351 dated 03 April 2024 to reflect the recommended adjustments of the COA . Starting October 2024, e-collections are debited directly to Cash - Treasury/Agency Deposit, Special Account, consistent with the recommendations of the COA. JEV No. 2024-10-001797 dated 01 October 2024 and JEV No. 2024-10-001798 02 October 2024 are attached for reference. The Management has approved the use of Electronic Official Receipts and its procurement from the National Printing Office (NPO) and Bureau of the Treasury (BTr). The Administrative Division - Cashier Section will meet with the Accounting Division, the Landbank of the Philippines, and the Commission on Audit on 06 November 2024 to discuss the process and requirements on the issuance of electronic receipts. The IS Division has completed the following development stages: 1. Updated the cashier module to integrate online payment 2. Integration of LBP Link Biz Portal Payment Application Programming Interface (API) 3. ELS OPF Integration 4. Testing of different payment options using the Landbank staging server	
		(a) analyze the accounting deficiency/ies and prepare the necessary adjusting entries in order to correctly present the affected accounts in the books of accounts; and							
		(b) henceforth, recognize the e-collections directly remitted to the BTr by a debit to Cash-Treasury Agency Deposit, Special Account and credit to the appropriate income account.							
		We also recommended and Management agreed to direct the:	The Administrative Division-Cashier Section shall issue an advisory on the issuance of electronic ARs in lieu of manual ORs for payments made through the Link.Biz Portal.	Administrative Division - Cashier Section	Dec 2024	Dec 2024	Not Implemented	Partial Implementation. Lack of manpower in the Cashier Section and pending implementation of the Online Billing and Collection System (OBCS).	
		(a) Cashier Section to stop the issuance of manual ORs for e-collections; and							
		(b) ISD to integrate in the IC's OPS the issuance of electronic Acknowledgement Receipt, with the minimum data content prescribed in Section 5.2.2 (a) of COA Circular No. 2021-014, for payments made by clients via the Link.BizPortal.	The IC, through the Information Systems Division, shall integrate the issuance of electronic Acknowledgement Receipts (ARs) to the IC's Order of Payment System, consistent with Section 5.2.2 of COA Circular No. 2021-014 dated 22 December 2021.	Information Systems Division	Dec 2024	Dec 2024	Not Implemented		
2023 AAR pages 37-38	Non-recognition and non-reconciliation of collections and deposits on a daily basis and thus, accumulation of unreconciled collections and deposits cast doubt its accuracy, correctness and completeness in the books of accounts as at December 31, 2023.	We recommended and Management agreed to require the:	The Accounting Division, in coordination with the Administrative Division-Cashier Section, shall comply with the recommendation of the Audit Team to record collections on a daily basis.	Administrative Division-Cashier Section	Aug 2024	Aug 2024	Implemented	A newly-hired personnel of the Accounting Division, who assumed position on 01 August 2024, has been assigned to focus on the monitoring and recording of collections on a daily basis. The following JEVs are attached for reference: 1. JEV No. 2024-07-001214 dated 01 July 2024 2. JEV No. 2024-07-001218 dated 02 July 2024 3. JEV No. 2024-07-001223 dated 03 July 2024	
		(a) CS to submit the RCDs daily to the AD;							
		(b) AD to prepare the JEVs for the collections and deposits based on the daily RCDs in order to reflect in the books the actual transactions and the actual balances of the related accounts as the transactions have occurred; and							
		(c) AD to reconcile the daily collections and deposits of IC.		Administrative Division-Cashier Section and Accounting Division	Aug 2024	Aug 2024	Implemented		

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2023 AAR pages 40-42	Non issuance of follow-up/demand letter to companies who failed to pay after the lapsed of five days upon receipt of billing statements resulted to uncollected and accumulated fines and penalties, aggregating to P27.587 million as at December 31, 2023.	We recommended and Management agreed to instruct the AD and concerned units to: a) Issue and send follow-up/demand letters after the lapse of five days, upon receipt of the billing statements, to ensure prompt collection and to lessen and avoid further accumulation of uncollected fines and penalties; b) Strictly comply and observe the billing and collection system and procedures specifically the preparation/sending of BS and the sending of follow-up/demand letters after the lapse of five days, among others; and not to collect/inform only during the renewal of licenses of concerned companies to avoid non-collection as in the case of conservatorship/receivership or cease of operation; and c) Send immediately demand letters to those companies with outstanding fines and penalties, hence, lessen and avoid further accumulation of uncollected fines and penalties/accounts receivable.	Assess existing procedures and propose mechanisms to streamline and improve the IC's billing and collection process. The Audit Team shall be furnished with copies of circular letters, office circulars and/or work instructions once finalized and approved. Designate Collection Officers who will follow-up on the collection of Accounts Receivables.	Accounting Division	Oct 2024	Dec 2024	Not Implemented	Partial Implementation. There are ongoing discussions between the Accounting Division and the newly-designated Collection Officers on data sharing and streamlining of the collection process. The Management designated the Cashier Section personnel as Collection Officers through Office Order No. 2024-279-A dated 10 October 2024. They shall conduct regular follow-ups with companies to secure payments, manage aged receivables, and enhance coordination with other divisions to ensure compliance with regulatory requirements.	
			Send demand letters to companies with outstanding fines and penalties	Technical Services Group	Jun 2024	Jul 2024	Implemented		Follow-up letters dated 25 June 2024 were sent out to companies with outstanding fines and penalties.
2023 AAR pages 40-42	Non-strict compliance with the reglementary period to filing request for reduction of penalty resulted in reduced income of IC by approximately P2.667 million in CY 2023.	We recommended and Management agreed to strictly implement and observe that received written application to reduce the amount of penalty, which should be received within 10 calendar days period from the receipt of the notice or order to pay, beyond 10 calendar days shall no longer be received and thus, instill to insurance companies strict compliance with the rules and regulations of IC and that income shall not be unnecessarily be reduced.	The concerned divisions shall strictly monitor requests and comply with IC Circular Letter No. 2019-07 on the ten (10) day reglementary period for applying for reduction.	Technical Services Group and Accounting Division	Apr 2024	Apr 2024	Implemented	The concerned divisions were instructed to strictly comply with the 10-day period as required by CL No. 2016-07.	
2023 AAR pages 44-46	Excessive maintaining balance of e-wallet with PS amounting to P2.687 million instead of only P0.473 million and non-requisition of its return resulted to funds lying idle with PS which deprived IC to maximize the use of scarce funds to finance other important programs/activities.	We recommended and Management agreed to: (a) ensure that the initial deposit cash fund in the e-wallet is equivalent to three (3) months of their APP-CSE; (b) maintain an e-wallet balance of at least eight percent of its allocated budget for CSEs for the budget year, to avoid unutilized excess funds staying idle amount with the PS; and (c) request the refund of the remaining balance in the e-wallet as at end of fiscal year.	The IC will ascertain that the sum transferred to the e-Wallet is in accordance with Appendix 30 of the Updated 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184. Moreover, the IC will request a refund of the remaining balance of the e-Wallet as of the end of the 2024.	Administrative Division	Jun 2024	Jun 2024	Implemented	The Administrative Division did not deposit any cash amount for the year 2024. The Administrative Division will deposit 8% of its allocated budget to the e-wallet to avoid excess/unutilized funds. The Administrative Division will monitor usage and deposit amount if necessary. The remaining balance is Php 450,814.96 as of 31 October 2024 and is expected to be utilized by the end of the year.	
					Jun 2024	Jun 2024	Implemented		
					Dec 2024	Dec 2024	Not Implemented		Partial Implementation. The IC will request for refund at the end of the year, consistent with the recommendation of the COA.

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2023 AAR pages 46-48	Delayed submission of monthly Trial Balances (TBs), Quarterly FSSs, Journal Entry Vouchers (JEVs) and supporting documents hindered the timely review of IC's financial transactions, and validation of propriety of the financial transactions.	We reiterated our recommendation and Management agreed to require the Division Manager, AD to: (a) submit to the Audit Team the JEVs, checks, LDDAP-ADA; (b) henceforth, prepare and submit the required financial reports and supporting documents within the prescribed period in the Volume I, GAM for NGAs, to enable the timely conduct of audit; and (c) expedite the process of hiring of accountant positions to address the lack of manpower in the AD.	The Accounting Division shall make every effort to comply with the timelines set in Section 60, Chapter 19, Volume I of the Government Accounting Manual for National Government Agencies.	Accounting Division	Jan 2024	Feb 2024	Implemented	The remaining JEVs, checks and LDDAP ADA for CY 2023 were submitted to the COA in January and February 2024. As of 31 October 2024, the Accounting Division was able to submit the following reports: Regular Agency Fund – January to September 2024 Trust Receipts – January to September 2024 Insurance Fund – January to July 2024 Pre-Need Fund – January to July 2024 Three (3) vacant positions under the Accounting Division have been filled up (March 2024 Publication), namely, IC Division Manager, IC Accountant I, and IC Administrative Assistant II, and the two (2) remaining vacant positions of IC Accountant III and IC Accountant II were included in the next cycle of publication (August 2024). These 2 vacant positions are expected to be filled up by end of the year. Presently, the Accounting Division has a warmbody count of five (5) Plantilla and one (1) contracted personnel.	
						Aug 2024	Feb 2025		Not Implemented
			All critical positions at the Accounting Division shall be republished immediately.	Human Resource Division	Aug 2024	Oct 2024	Implemented		
2023 AAR pages 47-49	Six (6) out of the twenty three planned GAD activities in the GAD AR were either not accomplished or partially accomplished, thus, the respective gender issues were not properly addressed.	We reiterated our recommendation and Management agreed to require the Chairperson, GADFPS 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 to undertake the activities that will address the identified gender issue as planned and provided in the approved GPB and ensure complete documentation thereof.	GADFPS	Jan 2024	Dec 2024	Not Implemented	<p>Partial Implementation. Activity 14: We were not able to recommend / conduct HGDG Training for BAC TWG Members due to conflict of schedule of GADFPS TWG Members and BAC TWG Members.</p> <p>Activity 21: Draft survey/questionnaire was forwarded to the Office of the Commissioner for approval. Per OCOM feedback, to make sure that the survey would be effective, questions should be vetted by GAD expert.</p> <p>Unimplemented GAD activities in 2023 were included in the 2024 GPB.</p> <p>Activity 6: Distribute information, education and communication (IEC) materials to regulated entities. Send to their offices with cover letter stating the number of copies provided for dissemination to their employees.</p> <p>Activity 13: Accomplish the Gender Mainstreaming Evaluation Framework (GMEF) tool in GADFPS TWG meetings.</p> <p>Activity 14: Obtained copy of the presentations of Philippine Commission on Women on the Use of the HGDG Tool in Mainstreaming Gender Elements in the Project Development Cycle for reference of GADFPS TWG Members.</p> <p>Activity 15: Already submitted recommendation/s to Management, through the HRD, of the reconstitution of the IC Committee on Decorum and Investigation (CODI) for sexual harassment cases and revision/amendment of its procedural rules.</p> <p>Activity 20: In the process of drafting of issuance on policies open to LGBTQIA beneficiaries.</p> <p>Activity 21: In the process of engaging a GAD consultant.</p>	

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II. Prior Years									
AAR 2022 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 financial statements (FSs).	<p>Management agreed to require the Manager, Accounting Division (AD) to 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.</p> <p>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.</p>	<p>The AD prepared the necessary adjusting entries to comply with the recommendations of the audit team.</p> <p>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.</p>	Accounting Division	Feb 2023	Dec 2023	Implemented	<p>The AD submitted the following adjusting entries to effect the Audit Team's recommendation on the proper account classification for CY 2022 transactions:</p> <p>a. Journal Entry Voucher (JEV) No. 2023-02-000087 dated 22 February 2023 b. JEV No. 2023-02-000100 dated 28 February 2023 c. JEV No. 2023-02-000100 dated 28 February 2023</p> <p>For 2023, the Accounting Division recorded the transactions under the correct accounts.</p> <p>Three (3) vacant positions under the Accounting Division have been filled up (March 2024 Publication), namely, IC Division Manager, IC Accountant I, and IC Administrative Assistant II, and the two (2) remaining vacant positions of IC Accountant III and IC Accountant II were included in the next cycle of publication (August 2024). These 2 vacant positions are expected to be filled up by end of the year. Presently, the Accounting Division has a warmbody count of five (5) Plantilla and one (1) contracted personnel.</p>	
				Human Resource Division	Aug 2024	Oct 2024	Implemented		
AAR 2022 pages 41-49	<p>The payments of awards and incentives under IC Programs on Awards and Incentives for Service Excellence (PRAISE) with a total amount of P 7.05 million in CY 2022 were unauthorized and irregular.</p> <p>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.</p> <p>b. 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 No. 6, s. 2022.</p>	<p>Management to require the Manager, Budget Division to allocate at least 5 percent 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.</p> <p>Also, Management to cause the refund of the irregular and unauthorized payments of awards and incentives under IC PRAISE totaling P 6.65 million.</p> <p>Management to cause the refund of the payment of GCs under IC PRAISE totaling P400,000.00.</p>	<p>The IC will submit its appeal to the COA Notice of Disallowance (ND) No. 2024-01-151 (2022-2023) dated 24 January 2024</p>					<p>IC filed an appeal to the ND on 29 July 2024.</p>	

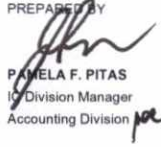
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AAR 2022 pages 49-51	Approval of disbursements totaling P122.558 million by officials other than the designated signing/approving authorities rendered said disbursements unauthorized and excluded the proper signing/approving authorities as persons 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 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.	DC MSSG Administrative Human Resource Planning and Management	Dec 2023	Oct 2024	Implemented		The IC issued Office Order No. 2023-149-A dated 15 August 2023 Designating Alternate Signatories to Sign the Disbursement Documents.
AAR 2022 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 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.	DC MSSG Administrative	Dec 2023	Oct 2024	Implemented		The IC issued Office Order No. 2023-148 dated 14 August 2023 amending the limits of Authority for the Petty Cash Voucher (PCV) on the Manual of Approvals.
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	Dec 2024	Dec 2025	Not Implemented	Partial Implementation. On 06 March 2024, the SSS informed IC the IC to file its claim to COA to validate SSS' obligations and IC's entitlement to payment.	The IC made several follow-ups to the SSS on the collection of aforementioned amount representing payment for the actual expenses incurred by IC in the conduct of the examination. Additionally, the AD and ODC-MSSG met with representatives of the SSS to discuss the collection.

Note: Status of Implementation may either be (a) Implemented or (b) Not Implemented


PREPARED BY


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



__ November 2024

Ms. MARIA THERESA S. YAMBAO
Director IV
COMMISSION ON AUDIT
National Government Audit Sector
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THROUGH: **Ms. ANGELITA C. LOMENTIGAR**
State Auditor IV
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Ms. WILMA P JIZMUNDO
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**SUBJECT: Agency Action Plan and Status of Implementation (AAPSI)
CY 2023 as of 31 October 2024**

Dear **Director Yambao**:

Relative to the request of the COA-IC Audit Team, we transmit the Insurance Commission's Updated AAPSI as of 31 October 2024 and the related supporting documents.

We hope you find our submission in order.

Thank you.

Very truly yours,


REYNALDO A. REGALADO
Insurance Commissioner

