

**MASAGANANG SAKAHAN, INC. ACTION PLANS & STATUS OF IMPLEMENTATION
OF AUDIT OBSERVATIONS AND RECOMMENDATIONS
As of December 31, 2018**

Ref.	Audit Observations	Audit Recommendations	MSI ACTION PLAN				Status of Implementation	Reason for Partial Delay/ Non-Implementation, If Applicable	Action Taken/ Action to be Taken
			Action Plans	Person Responsible / Immediate Supervisor	Target Date of Implementation				
					From	To			
1.	The balance of the Prepaid Expenses – BIR account was understated by ₱0.508 million due to the non-recording of taxes withheld by clients applied as tax credits in the payment of income tax payable.	We recommended and Management agreed to require the Corporate Services Department to conduct a thorough analysis of the Prepaid Expense-BIR account and prepare the necessary adjusting journal entry for fair presentation of the affected accounts in the financial statements.	Conduct analysis of the Prepaid Expense-BIR account.	Honeyleth Pangan / Accountant II Cecilia Pagulayan / Cashier Blesilda Macalalad / OIC/Corporate Services Manager		1 st qtr 2019	On-going Implementation		Management is conducting a thorough analysis of the Prepaid Expense - BIR account.
2.	The faithful representation of the balance of Office Supplies Inventory account amounting to ₱382,254 as at December 31, 2017 was not established due to the unreconciled variance of ₱961,383 between the general ledger and stock cards.	We recommend that Management require the Accountant and the Warehouse Supervisor at MSI-ADC to: a. Reconcile the variances between the GL and stock cards and effect immediately the necessary adjustments to present the correct balances of the inventory account in	Reconcile the variances between the GL and stock cards.	Fernando Dela Cruz / Classifier Crisanto Galvan / Warehouse Supervisor			On-going Implementation		Management has reviewed the process for the issuance and recording of sacks and has implemented the appropriate actions to ensure that postings in the stock cards and general ledger are accurate and are completely supported with documents. Reconciliation is on-going for the variances noted as of December 31, 2017.

		<p>the accounting records and report, and</p> <p>b. Review the process of issuing sacks and recording the same in the stock cards to identify causes of variances, and ensure that postings in the stock cards are completely supported with documents.</p>							
3.	<p>The absence of periodic reconciliation of balances between the general ledger and Schedule of Inventories/Stock Cards resulted in discrepancy between the general ledger and stock cards balances of Inventories – Palay and Inventories – By – Products of ₱282,082 and ₱4,966, respectively, as at December 31, 2017.</p>	<p>We recommended that Management require the concerned MSI-ADC bookkeeper to reconcile the balances between the general ledger and Schedule of Inventories to ensure accuracy and completeness of recording of transaction in the accounting records, and prepare the necessary adjusting entries for fair presentation of the affected accounts in the financial statements.</p>	<p>Conduct of periodic reconciliation of the Inventory Account balances in the General Ledger vis-à-vis stock cards.</p>	<p>Ria Cahiwat / MSI-ADC / Warehouse Accounting Asst</p> <p>Honeyleth Pangan / Accountant II</p>		1 st qtr 2019	On – going Implementation		<p>Reconciliation is on-going. After which, adjusting journal entries will be prepared if necessary.</p>
4.	<p>The absence of a careful review of disbursement vouchers and its supporting documents before approval of payment resulted in erroneous payments to rice suppliers which were not collected as of December 31, 2017.</p>	<p>We recommended that Management:</p> <p>a. Collect the amount of ₱63,302 from the concerned payee. In case of non-recovery, the responsible personnel shall be made liable for the loss of money, and</p>	<p>Collect ₱63,302 from the concerned payee.</p>	<p>Danilo P. Pasia / Institutional Sales Specialist I</p> <p>Dionisio M. Huerto Jr. / Business Department Manager</p>			On-going Implementation		<p>Regular follow-up is being done to collect the amount of ₱63,302 from the concerned payee.</p>

		b. Require the processor to carefully review the disbursement vouchers and all supporting documents before approve for payment.						
5.	The GAD Plan and Budget (GPB) for calendar year 2017 was not submitted to PCW, hence, not endorsed to the DBM for approval and the GAD budget for the year is below five percent of the Corporate Operating Budget (COB) contrary to Joint Circular No. 2012-01.	We recommended and Management agreed to submit GAD plans and budgets to PCW and allocate the GAD Budget in accordance with the provisions in Sections 6 and 8 of the PCW-NEDA-DBM Joint Circular No. 2012-01.	Comply with the submission of GAD Plans and Budgets to PCW and allocation of five percent of the COB to GAD budget in accordance with Sections 6 and 8 of the PCW-NEDA-DBM Joint Circular No. 2012-01.	Blesilda R. Macalalad / OIC/Corporate Services Manager				Management will comply with the submission of GAD Plans and Budgets to PCW and the allocation of the five percent of the COB for the GAD Budget.
	Acquired assets amounting to ₱4.351 million remained undisposed for more than 18 years, thereby, causing delay in the recovery of the amount paid by MSI to LBP for the account of the LBP Assisted Farmer-Cooperatives.	We recommended that Management work for the disposal of the acquired assets with book value of ₱4.351 million to recover the amount paid to LBP for the account of the Assisted-Farmer Cooperatives.	Disposal of the acquired assets with book value of ₱4.351 million.	Dionisio M. Huerto Jr./ Business Department Manager Blesilda R. Macalalad / OIC/Corporate Services Manager			On – going Implementation	MSI ROPA at South Cotabato is for disposal with interested buyer. The sale proposal of MSI ROPA South Cotabato was approved by the Board through BOD Resolution No. 2017-24. The above ROPA was sold last June 2018 in the amount of P440,000. The remaining balance amounting to P211,116.25 is payable in two amortizations, the last not later than December 31, 2019.

Prepared by:



HONEYLEYH V. PANGAN
Accountant II

Noted by:



BLESILDA R. MACALALAD
Officer-in-Charge / Corporate Services Manager