

Ref.	Audit Observations and Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation	Action Taken/Action To Be Taken
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		<p>3. Not yet in database (7.1M):</p> <ul style="list-style-type: none"> - Require concerned branches to encode the MBLA of newly taken-out projects - Periodic reversal of payments not included in the prior collection distribution reports 	Corporate Accounts Division, FCD	Monthly	Ongoing	-	<p>directed to us for us to closely monitor the UCs per branches.</p> <p>Continue periodic reversal of payments.</p>
		<p>4. MBs not in masterlist (3.8M):</p> <ul style="list-style-type: none"> - Send out list of names and receipts to branches/collection unit; - Inform branches/collection unit to advise community associations or would-be-substitute to use original MBs account number in paying amortizations so that their payment can be posted - Provide all branches the list of MBs not in the masterlist/hanging names(with no account numbers or would be substitutes) 	Corporate Accounts Division, FCD	Monthly	Ongoing	-	Continue monitoring of CAs with would-be substitute and advise them not to use their name instead of MBs original name in paying their monthly amortization.
		<p>5. Restructured accounts (2.3M):</p> <ul style="list-style-type: none"> - Make a periodic reversal to prevent accumulation or possible elimination - New restructuring loan applications will be monitored through OSIS post-take out Loan Management System 	Corporate Accounts Division, FCD	Monthly	Ongoing	-	Continue periodic reversal of payments.

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		<p>6. NHMFC (14.8M):</p> <ul style="list-style-type: none"> - Coordinate with NHMFC to continue with the reconciliation as we did before; - Require NHMFC to submit electronic or photo copy of DCR which will be used in the reconciliation activity; - Identified receipts will be verified from our database for possible posting or existence; - Abstract of collections will be coordinated with the branches to oblige CA to provide AOC pertaining to identified remittances with NHMFC 	Corporate Accounts Division, FCD	Monthly	Ongoing	-	<p>Continue sending letters to CAs to provide us with AOC for their UC pertaining to identified remittances with NHMFC</p> <p>Continue coordination with NHMFC</p>
		<p>7. Uncategorized (63.4M):</p> <ul style="list-style-type: none"> - Corporate Accounts Division was a newly created Division to do the reconciliation activity so that this account may be reduced or eradicated once categorized. - Make a reversal for possible compliance or adjustments 	Corporate Accounts Division, FCD	Monthly	Ongoing	Corporate Accounts Division was created only in January 2020 followed by pandemic	Conduct work back reconciliation.
		<p>8. Remedial (149.2M):</p> <ul style="list-style-type: none"> - Apply the newly approved restructuring loan scheme for 2020 under RA 9507 to those paying member-beneficiaries. 	Corporate Accounts Division, FCD	<i>Status quo due to pandemic</i>	Not Implemented yet	<i>Status quo due to pandemic</i>	<i>Status quo due to pandemic</i>
		<p>9. HDH (97.8M):</p> <ul style="list-style-type: none"> - FCD has already initiated piloting the posting of billing and payments using the advanced interim ledgering worksheet. 	Corporate Accounts Division, FCD	On going	On going	For outsourcing	Continue implementation of interim ledgering worksheet in the absence of an IT

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	<p>c. Require the information and Communication Technology Department (ICTD) to enhance the database to include the HDH Projects and all other accounts not yet in the database.</p> <p>d. Formulate written policy on the number of days within which to distribute/allocate payments made to avoid the accumulation of UC.</p>	<p>10. OTHERS (1.6M): - Conduct work back reconciliation</p> <p>The decision of the management is to outsource the development of the system for HDH accounts.</p> <p>Payments are now posted/distributed and allocated at once. With the ICTD's implementation of the CAIS KIOSK and SHFC Portal facilities to generate Statement of Accounts (SOA) and Abstract of Collection (AOC) online, all relevant and necessary information is now available and will avoid accumulation of UC. CAIS KIOSK is now already installed in SHFC head office and all regional offices.</p>	<p>Corporate Accounts Division, FCD</p> <p>-</p>	<p>On going</p> <p>-</p>	<p>On going</p> <p>Fully Implemented</p>	<p>Lack of manpower complement (only 1 staff)</p> <p>-</p>	<p>System. Majority of HDH projects have now their subsidiary ledgers.</p> <p>Continue work back reconciliation.</p> <p>-</p>
(2)	<p>Observation: Absence of accounting policy on financial instruments that harmonizes with the provisions of the Philippine Financial Reporting Standard (PFRS) 9 with mandatory implementation effective January 1, 2019, pursuant to COA Resolution No, affects the fair presentation of the financial statements as provided under PAS 1-</p>	<p>Formulate policy on Financial Instruments in conformity with the provisions of the PFRS with the assistance of the consultant once the procurement on hiring is done.</p>	<p>Finance and Comptrollership Department (FCD)</p>	<p>3 to 6 months after the consultant is hired.</p>	<p>Ongoing</p>	<p>Delay in the procurement</p>	<p>Follow up the status of procurement</p>

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	<p>Recommendation: Formulate a policy on financial instruments that harmonizes with the provisions of PFRS 9 for the fair presentation of the financial statements as provided under PAS 1.</p>						
(3)	<p>Observation: The variance of P1.077 billion between the balances of the General Ledger (GL) of the Mortgage Contracts Receivable - Community Mortgage Program (MCR-CMP) and Subsidiary ledger (SL) of the Community Associations (CAs) account as at December 31, 2019, casts doubt on the accuracy, reliability and validity of the account, contrary to Section 11 1 of PD 1445 and Par 15 of PAS 1.</p> <p>Recommendations:</p> <p>a. Reconcile the variances between SL of CA and SL of MBs, as well as SL and GL balances of P{ .077 billion by at least:</p> <p>i. 65 percent of the variance by CY 2020</p> <p>ii. 35 percent of the variance by CY 20211</p> <p>b. Require the Information and Communication Technology Department (ICTD) to assist the Finance and Comptrollership Department (FCD) in enhancing and developing an accurate and updated database.</p>	<ol style="list-style-type: none"> 1. Conduct accounting of all loans disbursed as against those loans posted in the new system (Zeus OSIS); 2. Conduct adjustment of the previously made reversal/distribution of UC which used the old system (DOS-based) as against actual reversal/distribution using the new system 	FCD	December 2020	Ongoing	-	<ol style="list-style-type: none"> 1. Gather data regarding LIR from disbursement journal 2. Generate annual summary of reversal/distribution of UC from raw database 3. Account monthly reversal/distribution of UC which were previously made using the old system 4. Adjust any variances prevailing balances from new system 5. Adjust balances of transferred NHMFC accounts
(4)	<p>Observation: The present value of expected payments to cover future retirement benefits of SHFC's employees was not measured and recognized regularly in the books as benefit cost and benefit obligation, contrary to PAS 19 on Employee Benefits and PAS 1 on Presentation of Financial Statements, resulting in the understatement of both the expense and liability accounts. This defeats the purpose of spreading out the expense over years in service so that the benefit expense</p>						

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	<p>recognized in the financial statements does not differ materially with the benefit expense at the reporting/availability period and which likewise has a significant impact on cash flows.</p> <p>Recommendations:</p> <p>a. Recognize in the books the present value of expected payments to cover future retirement benefits as expense and liability, pursuant to PAS 19.</p> <p>b. Disclose in the Notes to Financial Statements pertinent and necessary information required under Paragraph 135 of PAS 19 on Employee benefits; and</p> <p>c. Seek assistance from a qualified actuary services in the measurement of all material post-employment benefit obligations to carry out a detailed valuation of the obligation before the end of the reporting period.</p>	<p>Prepare annual computations of expected payments covering future retirement benefits of concerned employees for purposes of recognizing the present value of expected payments in SHFC books.</p> <p>Discuss the matter with the consultant once hired and effect the adjustments in the books of accounts including its disclosure in the Notes to Financial Statement.</p> <p>Assistance from a qualified actuary services will be sought to facilitate the proper measurement and accounting of future retirement benefits. This will enable us to present the retirement benefits pursuant to the provisions of PAS 19.1.</p>	<p>Resources-Services and Benefits Division (HRSB)</p> <p>FCD</p> <p>FCD and HRSB</p>	<p>Yearend 2020</p> <p>Yearend 2020</p> <p>Yearend 2020</p>	<p>Not yet implemented</p> <p>Not yet implemented</p> <p>Not yet implemented</p>	<p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>Follow up the status of procurement.</p> <p>-</p>
(5)	<p>Observation:</p> <p>The money value of the accumulated unused leave credits amounting to P12.307 million paid to SHFC employees was not recognized regularly in the books as expense and accrued liabilities at the end of the reporting period when leave credits are earned, contrary to PAS 19 on Employee Benefits, resulting in the overstatement of expenses in current year and the understatement of liabilities in prior years. This defeats the purpose of recognizing the expected cost of employee benefits when services are rendered.</p>	<p>Take up as accrual the money value of accumulated unused leave credits at the end of the year and recognize it in the books of accounts.</p> <p>Submit to the concerned Group/Department the money value of accumulated unused leave credits of the employees at yearend or at the end of</p>	<p>FCD</p> <p>HRSB</p>	<p>December 2020</p> <p>Yearend 2020</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>-</p> <p>-</p>	<p>Seek further advice from the consultant once hired.</p> <p>Coordinate with and submit required reports to the</p>

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	Recommendation: Recognize in the books the money value of accumulated unused leave credits at the end of the reporting period when the employees render service, in accordance with PAS 19.	the reporting period when the employees render service for appropriate recognition of such in SHFC books.					concerned Group/Department.
(6)	Observation: The long outstanding Receivables - Due from Officers and Employees account amounting to P2.294 million aged from one to more than four years as at December 31, 2019 and the negative balance amounting to P144,206 with no receivable set-up in the books due to absence of supporting documents are not in accordance with Section 6.1 of COA Circular No. 2016-005 and Sections 111 and 114 of PD No. 1445, casting doubt on the validity of the account that results in the inability of SHFC to collect the funds which could have been used for its operations. Recommendations: a. Deduct the amount due from the salary of employees who are still in the active service; b. Check whether the money accountability of former personnel is cleared, and send demand letters to last known address on file, if necessary; c. Exert effort in locating the records and pertinent supporting documents in order to record and collect the long outstanding receivables and reconcile the abnormal balances in the account.	Continue coordinating with other departments to facilitate collections of the remaining balance amounting to P 1.4 as of July 31, 2020	FCD, Facilities and Administrative Division and Legal Department	December 2020	Ongoing	-	Send memorandum to active employees concerned and collaborate with the Legal Department regarding issuance of demand letters to resigned employees.
A. OTHERS							
(7)	Observation: The Gumameta Neighborhood Housing Cooperative (GNHC) Project amounting to P551.020 million under the High Density Housing Program (HDHP) was not completed within the scheduled date of completion despite the approved extension period until June 30, 2018, contrary to the provisions of the Building Construction and Site Development Agreement, thus depriving the intended 1,406						

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	<p>Informal Settler Family (ISF)-beneficiaries living in waterways and danger zones of decent and affordable housing and defeating the objectives of the Program including the non-recovery of funds invested in housing.</p> <p>Recommendations:</p> <p>a. Conduct a re-survey to determine the actual lot area intended for the housing project less any encroachment, if any;</p>	<p>Issue on Lot owned by Jose Abella</p>	<p>HDH / Marcelino Bautista, Jr., Justin Tolentino</p>	<p>Q4 2020</p>	<p>Ongoing</p>	<p>-</p>	<p>Issue on encroachment has already been addressed. The Deed of Absolute Sale is due for revision and the landowner agreed to deduct the value of the encroachment from the remaining 20% receivables of the Landowner.</p>
		<p>Issue on Lot owned by Borcena Family</p>	<p>HDH / Marcelino Bautista, Jr., Justin Tolentino / DOE</p>	<p>Q4 2020</p>	<p>Ongoing</p>	<p>-</p>	<p>There is a variance between the findings of SHFC Dept. of Engineering (DOE-SHFC) and that of the Private Geodetic Engineer of the Landowner as to the actual encroachment area. Technical evaluation is ongoing.</p>

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	<p>b. Require the CA to compute for and demand the liquidated damages from the Contractor, pursuant to Article XI of the Building Construction and Site Development Agreement;</p> <p>c. Require the CA to implement the following remedies against the Contractor as provided in the Agreement</p> <p>d. Give written notice to the Contractor to proceed with the work and perform in accordance with the agreement; and if the Contractor fails to do so within seven days from receipt thereof, the CA and SHFC shall have the option to proceed against the bond, enter the premises and employ other contractor to complete the work at the expense of the original Contractor.</p>	Elevation of Technical and Organizational Issue of the Project	HDH Unit/DOE/SHFC Management	Q4	Ongoing	<p><i>Organizational Issue</i> – The membership of the project is being validated since in the last General Assembly in June 2019, less than 20% of the supposed members attended. To ensure that the beneficiaries of the project are truly the ones in the masterlist of DILG (those residing in the waterways of Metro Manila), the current validation is being done in coordination with the Quezon City LGU (since the beneficiaries of the GNAHC are residents of a particular waterway in Quezon City). Despite the prevailing community quarantine rules,</p>	<p>The SHFC Board and the Executive Committee had taken an active role in resolving the issues surrounding the project. The project stakeholders (the contractor and ESCA) have been directed to explain the delay in the project and the Management has been instructed to come up with ways to resolve the issues.</p> <p>Pending the resolution of the issues, the Corporation cannot proceed yet to the proposed actions to be taken (i.e. liquidated damages and proceeding against the bond) for it might give rise to concomitant legal actions by the project stakeholders which could further delay the project completion. However, the same are already noted by the Corporation as courses of action</p>

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						<p>validation meeting have been conducted via Zoom. The timeline to resolve this issue is 3rd Quarter of 2020.</p> <p><i>Technical Issue</i> – The Department of Engineering had repeatedly requested the contractor and the ESCA to submit documents to address the discrepancy in the accomplishment reports.</p> <p>The reconciliation and determination of the actions to be taken to resolve the technical issues is still for deliberation and final resolution by the Board.</p>	when the appropriate circumstances arise.

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	<p>e. Submit updated Accomplishment Report from the Contractor duly validated by the Department of Engineering of SHFC;</p> <p>f. As part of due diligence for future projects, ensure that the performance of the contractor/developer is properly evaluated and that loan releases are made only on the basis of duly validated Statement of Work Accomplishment pursuant to Corporate Circular HDH No. 14-002 dated March 31, 20141 and</p> <p>g. Conduct the necessary geo-hazard assessment and evaluation on the lot proposed to be used in the HDH project to determine if it is suitable for housing and safe from hazard before the approval of its acquisition.</p>	The accomplishment of the contractor is part of the issues under deliberation by the SHFC Governing Board.	HDH Unit/DOE/SHFC Management	Q4	Ongoing	-	<p>This has been addressed. As pre-emptive measure and due diligence, the SHFC Board of Directors through its Board Resolution No. 807, Series of 2019 adopted a new construction scheme to resolve issues involving unfinished site development and building construction and further protect the interest of the Community Association through a by-phase based construction scheme. In this scheme, site development and building construction shall be done by phase or a number/set of buildings shall be constructed first before the Contractor can proceed with another set of buildings until all are constructed.</p> <p>This is to ensure that the contractor will finish a number of buildings first before</p>

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							<p>continuing with the remaining buildings.</p> <p>In fact, this have been implemented with the ongoing Vertical CMP project, particularly, Ciudad de Strike 1 Homeowners Association located at Molino Road, Molino 1, City of Bacoor, Cavite, with a total of 20 buildings for 1,440 beneficiaries. On the 1st phase of the housing project, it was agreed upon that the contractor shall construct five (5) buildings first before proceeding with another 5 buildings and so on and so forth, until all buildings are constructed.</p>
(8)	<p>Observation: The Alyansa ng Mamamayan sa Valenzuela Multi-Purpose Cooperative (AMVAMPC) Project completed at a cost of P704.082 million under the HDHP, is inhabited by 853 occupants or 60 per cent of the 1,440 total Member Beneficiaries (MBs) approved by the Department of the Interior and Local Government (DILG), without the necessary documentary requirements prescribed under</p>						

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	<p>Corporate Circular No. 16-046 and Corporate HDH Circular No. 17-013, thus, casting doubt on the eligibility of the occupants as the intended rightful recipients of the Program. This would deprive the original MBs living along waterways and danger zones of their right to own decent and affordable housing units, failing to achieve the objectives of the Program.</p> <p>Recommendations: a. Conduct a thorough validation of occupants in the HDH units as against the original masterlist of MBs from DILG, and submit an Updated Masterlist of Beneficiaries to the latter for Certification;</p>	Attend and participate in the Interim AMVA Management Council (IAMC) Meetings	Joseph Eisma/ James Mabulay/ Mona Ordonez/ Gerald Arawag/ HDH LAD	January 2020	Continuing	-	<p>The Interim AMVA Screening Committee (IAMC) conducted meetings last December 9 and 12, 2019, January 6 and 30, 2020, February 3, 7, 13, and 17. 2020.</p> <p>SHFC and CDA Meeting was also conducted at CDA Head Office regarding categorization of members of AMVA MC.</p> <p>DHSUD Meeting with AMVA Members and Mr. Solito Monsod to discuss the issues and complaints against Ms. Catayong. A meeting with DHSUD scheduled last March 7, 2020 but was cancelled due to the pandemic.</p>

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		<p>Conduct the validation and identification (HDH LAD together with LGU Valenzuela) of MBs according to the following criteria:</p> <ul style="list-style-type: none"> - member-occupants - non-member occupants - member-non-occupants - possible substitutes 	Gerald Arawag/ Mona Ordonez	August 2019- February 2020	Fully Implemented	-	<p>Validation Done with the Validation. The IAMC created a Screening Committee, composed of SHFC, LGU-HRO and CDA to determine the number of MBs occupants and non-occupants, non-members, status of membership and those who are qualified. The results of the screening was reported before the Council last February 17, 2020 which were as follows:</p> <p>1. Actual Occupants: Out of the initial 600 listed, 582 are in the DILG, SHFC and CDA List while 18 is in the DILG and SHFC List only.</p> <p>While out of 825 listed, 667 are listed in all agencies while 158 is not listed.</p>

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		Posting of notices to 32 closed units	Mona Ordonez/Gerald Arawag	January 21, 2020	Fully Implemented	Fully Implemented	<p>2. Non-occupants: Out of 819 listed, 81 are in the DILG, SHFC & CDA List while 738 is listed in DILG and SHFC.</p> <p>3. Others: 94 is identified with CDA.</p> <p>4. 15 were validated 3 times or more but units are closed</p> <p>Awaiting the decision of the agencies on the extension of IAMC whether to continue its function, certify possible substitutes and process the substitution.</p> <p>Posted Notices and conducted house to house validation on the 32 closed units</p>
		Conduct coordination meetings with LGU Valenzuela and CDA	Joseph Eisma/Mona Ordonez/Gerald Arawag	March 2020	Ongoing	Continuing discussion on the MOA specifically on ejection and removal of the erring officials	<p>Online Meetings Despite the Enhanced Community Quarantine (ECQ) the SHFC through HDH LAD, HRO-Valenzuela City and Barangay Ugong Valenzuela City still</p>

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		Provide inputs and position to the MOA extending the IAMC and delineating its functions.	VP Tristan Tresvalles/ SVP Ronald Saco/ Atty. Melanie Valenciano/ Joseph Eisma	July 2020	Ongoing/ Continuing	Continuing Meetings	maintained communication to monitor the situation and respond to concerns at the AMVA MC project. Coordination meetings with LGU Valenzuela and CDA was conducted online for the months of May, June and July to discuss the issues and the MOA. Consultation meetings with DHSUD to discuss the draft MOA.
	<p>b. Require the CA to submit to SHFC the required documents for substitution of the actual occupants to avoid eviction and unauthorized substitution of the original MBs; and</p> <p>c. Abide strictly with the guidelines on substitution of MBs as provided under Corporate Circular No. 16-046 and Corporate Circular HDH No. 17-013 to ensure that the recipients are the rightful beneficiaries of the Program.</p>	Process substitution of member beneficiaries by qualified occupant substitute. Ensuring strict compliance to SHFC Corporate Circular on Substitution and the ISF-National Technical Working Group (ISF-NTWG) Resolution No. 2 s. 2019 empowering SHFC to issue Certificates of Eligibility and Pre-Feasibility of People’s Plans in coordination with concerned of LGU.	VP Tristan Tresvalles/ SVP Ronald Saco/ Atty. Melanie Valenciano/ Joseph Eisma	To be determined	To be determined	Inputs submitted to IAMC thru LGU Valenzuela last July. 1. Pending MOA of IAMC, Ongoing discussion on ejection clause	Substitution and Removal Of Erring Officers Submitted inputs last July 2020 on the renewal of the MOA of IAMC together with LGU Valenzuela and Cooperative Development Authority. Reiterating

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		Review the substitution process in consideration of the possible massive substitution of members.	Gerald Arawag/ Mona Ordonez/ Joseph Eisma	March 16, 2020 - onwards		<p>2. Organizational issues</p> <p>3. Massive substitution</p> <p>4. The pandemic prevents SHFC to conduct Stringent guidelines of substitution</p> <p>Massive substitution - For further discussion considering the peculiarity of HDH Projects</p>	SHFCs reservation on the ejection clause for being beyond the mandate and authority of SHFC. As a financing agency with a housing function, SHFC does inherently have the power to eject and/or evict its program. Initially discussed with Legal during the loan documents writeshop last July 2020
(9)	<p>Observation: Public bidding was not conducted for the acquisition of insurance provider to manage the Group Mortgage Redemption Insurance (MRI) of loan borrowers of the CMP and other similar home financing programs of SHFC, contrary to RA No. 9184, otherwise known as the Government Procurement Reform Act, thus, defeating the purpose of possibly selecting from among participating insurance brokers a better package for the benefit of the MBs who are low income bracket borrowers that SHFC caters.</p> <p>Recommendations:</p>	Conduct public bidding for the new provider of MRI to SHFC program borrowers.	Technical Working Group/Bids and Awards Committee	October 2020	Ongoing		<p>Contingency Trust Fund Account with Landbank of the Philippines was opened while waiting for the new insurance provider.</p> <p>Notice of Termination was already served to PMRI Pool in July 2020.</p>

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	<p>a. Comply with the provision of RA No. 9184 to conduct public bidding for the provisions of the group MRI to loan borrowers.</p> <p>b. Fast-track the process of procuring the services of an insurance provider through public bidding.</p>						<p>The Terms of Reference (TOR) for the bidding of the new insurer was presented to the Governance, Policy and Nomination Committee of the Board on 19 August 2020.</p> <p>TOR for presentation to the Board in September 2020.</p> <p>Commence the bidding process once the TOR is approved by the Board.</p>
(10)	<p>The granting by SHFC of car loans amounting to P70.831 million to its officers and Board of Directors (BODs) is contrary to the Car Plan approved by the Office of the President (OP) of the Philippines for Government Financial Institutions (GFIs), as the benefit applies only to those that do not receive subsidy from the National Government (NG), thus rendering the car plan irregular. Moreover, loan balance amounting to Pi.794 million of BODS who availed of the car plan after the publication of Executive Order (EO) No. 24 on February 10, 2011, as amended by the Governance Commission for Government Owned or Controlled Corporations (GCG) Memorandum Circular (MC) No. 2016-01, still remain outstanding as at December 31, 2019, but which should have already been due and demandable.</p> <p>Recommendations:</p> <p>a. Secure a post-facto approval from the OP, through the GCG, of SHFC's Car Plan to its officers.</p>	<p>Post facto approval of SHFC's Car Plan from the Office of the President through GCG will be secured.</p>	<p>HRSB/Legal Department</p>	<p>-</p>	<p>Not yet implemented</p>	<p>-</p>	<p>Request approval from the Office of the President.</p>

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	<p>b. Require the three members of the Board to immediately settle the amount of P1.794 million to comply with the provisions of GCG MG No. 2016-01; and</p> <p>c. Suspend the granting of car loans until approval from the OP is secured.</p>	<p>Coordinate with the Board of Directors to settle their obligations.</p> <p>Suspend the granting of car loans until approval from the OP is secured.</p>	<p>HRSB</p> <p>HRSB</p>	<p>2020</p> <p>-</p>	<p>Ongoing</p> <p>Fully Implemented</p>	<p>-</p> <p>-</p>	<p>Two of the Board of Directors will issue PDCs to settle the balance and one has signified her intention to return the vehicle.</p> <p>Grant of car loan was suspended.</p>
(11)	<p>Observation: Extraordinary and Miscellaneous Expenses (EME) amounting to P2.990 million were granted to the President of SHFC through cash advance, contrary to COA Circular No. 2006-001, defeating the purpose of regulating the incurrence of said expenditures.</p> <p>Recommendations:</p> <p>a. Limit the allocation and disbursement of funds within the rates prescribed under the GAA;</p> <p>b. Disburse funds for EME strictly on a non-commutable or reimbursable basis pursuant to COA Circular No. 2006-001 ; and</p> <p>c. Exercise prudence in the utilization of funds to ensure that the EME are used only for the purpose for which they are established.</p>	<p>Implement the COA recommendations.</p>	<p>FCD</p>	<p>-</p>	<p>Fully Implemented</p>	<p>-</p>	<p>-</p>

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(12)	<p>Observation: Excess retirement benefits amounting to P426,215 were paid to two personnel due to inclusion in the computation of services rendered during the period of extension upon reaching the compulsory retirement age of 65, contrary to implementing guidelines -of RA No. 7641 or the Retirement Pay Law and section 121 of the 2017 Omnibus Rules on Appointments. Moreover, other personnel allowances were included in the basic salary as retirement pay base, rendering the disbursement excessive pursuant to COA Circular No. 2012-03.</p> <p>Recommendations:</p> <p>a. Require the retirees concerned to retirement gratuity totaling P426,215;</p> <p>b. Establish a retirement plan and formulate policy guidelines harmonized with the provisions of RA No. 7641 to be approved by the governing Board and submitted to GCG for its review and approval; and</p> <p>c. Revisit the composition of 1/2 month salary used as factor in the computation of retirement benefits and ensure future retirement payouts are in accordance with the criteria set forth in the IRR of RA No. 7641.</p>	<p>The SHFC retirement policy/guidelines will be reviewed in consideration of the provisions of RA 7641 before submission to the Board for its approval and subsequent submission to the GCG.</p> <p>SHFC will revisit the ½ month salary factor in the computation of retirement gratuity pay in consideration of the provisions of RA 7641. This will also validate whether there was overpayment on the retirement pay of the subject retirees.</p>	<p>HRSB</p> <p>HRSB</p>	<p>Yearend 2020</p> <p>Yearend 2020</p>	<p>Not yet implemented</p> <p>Ongoing</p>	<p>-</p> <p>-</p>	<p>Craft the SHFC retirement policy/guidelines and present to the Board for approval.</p>
(13)	<p>Observation: Monetization of leave credits was granted at more than the allowable 50 per cent of leave credits without the supporting documents required under sections 22, 23 and 25 of the omnibus Rules on Leave and COA Circular No. 2012. Moreover, non-deduction of the mandatory five day forced</p>						

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	<p>leave prior to the grant of monetization casts doubt on the reliability of the employee leave records.</p> <p>Recommendations:</p> <p>a. Ensure that the mandatory five-day forced leave is deducted prior to monetization of leave credits for employees with accumulated vacation leave balance of 15 days or more;</p> <p>b. Require the employees who monetized 50 per cent or more of their leave credits to submit the necessary documents to support their claim in compliance with COA Circular No. 2012-001 ; and</p> <p>c. Prospectively, ensure that monetization of accumulated earned leave credits by qualified employees is in accordance with the provisions of COA Circular No. 2012-001 and Sections 22,23, and 25 of the Omnibus Rules on Leave.</p>	<p><i>*The five-day mandatory forced leave is being deducted on an annual basis (at yearend) to the leave credits of the employee prior to his/ her monetization of accumulated leave credits. However, there are cases where employees request Management for non-availment and therefore non-deduction of the mandatory forced leave which is also allowed per Section 25 (b) of the Omnibus Rules on Leave.</i></p> <p><i>*As part of compliance with Section 22 of the Omnibus Rules on Leave, the requests of the employees in availing 50% or more of their unused leave credits are supported by proper justifications as indicated in their Memo requests to be approved by Management. This policy will be reviewed to align with the requirements specified under COA Circular No. 2012-001.</i></p> <p>Implement the recommendation.</p>	<p>HRSB</p> <p>HRSB</p> <p>HRSB</p>	<p>-</p> <p>-</p> <p>2020</p>	<p>Fully Implemented</p> <p>Partially Implemented</p> <p>Ongoing</p>	<p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>Review the policy will to align with the requirements specified under COA Circular No. 2012-001.</p> <p>The monetization of accumulated leave credits will be implemented in accordance with applicable provisions of COA Circular No. 2012-001 and Sections 22,23, and 25 of the Omnibus Rules on Leave.</p>

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(14)	<p>Observation: The actual amount utilized for the Loans Outlay amounting to P2.560 billion exceeded by P50.962 million or two per cent the CY 2019 DBM approved COB amounting to P2.509 billion, contrary to the provisions of Section 15 of Executive Order (EO) No. 518, series 1979, and Section (1) of PD No. 1445, thus, defeating the purpose of ensuring the proper allocation of funds and that the disbursements and/or accruals are within the authorized amounts,</p> <p>a. Explain the causes of the excess of the actual expenses over the budget for loans outlay to ensure that factors attributed to variances are considered in the future budget planning; and</p> <p>b. Ensure that expenditures are incurred and paid within the limit provided under the DBM approved COB.</p>	-	-	-	Fully Implemented	-	Management response/explanation sent to COA on 10 March 2020.
(15)	<p>Observation 1: Dividends remitted to the National Government (NG), through the Bureau of the Treasury (BTr) were not computed in accordance with the provisions of RA No. 7656 and its Revised Implementing Rules and Regulations (RIRR) dated August 5, 1998 and January 26, 2016, resulting in under-remittance of dividends amounting to P13.607 million for CYs 2014 to 2018.</p> <p>Recommendations:</p> <p>a. Compute dividends due the NG strictly in accordance with RA No.7656 and its RIRR;</p> <p>b. Review the allowable expenses deducted against Net Earnings, in accordance with Section 34 of the Tax Code, as amended, pursuant to the RIRR since this has significant impact on dividends and tax remittances to DOF and BIR, respectively; and</p> <p>c. Communicate and seek clarification with the DOF-CAG the underremittance of dividends as a result of recomputation in audit based on Section 11 of the CY 2016 RIRR.</p>	Recomputation is being done by the Corporate Accounting Division.	FCD	December 2020	Ongoing	-	For further reconciliation with the COA computation in the audit observation and communicate any under remittance of dividends to the DOF for their recommendation.

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	<p>Observation 2: Dividends were not remitted to the NG within the period prescribed under the RIRRs, resulting in possible penalty charges equivalent to the prevailing 364-day regular Treasury Bill rate plus five per cent on the outstanding dividends due, which may cause incurrence of unnecessary expenses.</p> <p>Recommendation: Strictly monitor and comply with the timely remittance of dividends to the NG as prescribed in the RIRR of RA 7656 to avoid penalty charges and unnecessary expenses</p>	Strict monitoring and compliance with the timely remittance shall be done prospectively.	FCD	Year 2021			The 2019 dividend was remitted to the National Government on time.
(16)	<p>Observation: SHFC was able to attribute and utilize P{.889 billion, or 75 per cent of its CY 2019 Gender and Development (GAD) Budget of P2.517 billion which is 76 per cent of its DBM approved COB amounting to P3.303 billion, in compliance with the Joint Circular No. 2012-01 of Philippine Commission on Women (PGW), National Economic and Development Authority (NEDA) and DBM, making SHFC a gender responsive agency.</p> <p><i>*We commended Management for being GAD-responsive and for the continuous implementation of its GAD-related activities, including attributions of its projects and programs that are beneficial to its clients and to the Corporation.</i></p>	Not Applicable					
(17)	<p>Observation: Funds amounting to P315.630 million remain idle since CY 2010 with no utilization, except for administrative expenses, resulting in the non-attainment of the objectives for which the Abot-Kaya Pabahay Fund (AKPF) was created, specifically the amortization support and developmental financing component pursuant to RA No. 6846, as amended, defeating the goal of the National Government (NG) program in addressing the urgency of the housing need that caters to low-income bracket families.</p>						

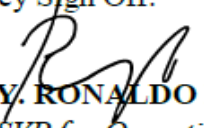
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	<p>Recommendations:</p> <p>a. Make representation with proper authorities and recommend the transfer of the AKPF funds which have been idle for several years, to other housing programs of SHFC, such as the CMP and HDH, to provide more decent and affordable housing units to the intended beneficiaries who are the ISFs;</p> <p>b. Fast-track the transfer of the TCTS of the foreclosed and dacioned properties in the name of SHFC</p> <p>c. Dispose of properties already in the name of SHFG through public bidding.</p>	<p>The SHFC Management is planning to utilize the ₱315.630M to partially finance the CMP modalities of the Corporation. Further, we are presently revisiting the existing guidelines on our loan assistance program to adapt to the changing condition of the market. And to augment these funds, we are planning to tie up with the Local Government Units and other National Government Agencies for the disposition of the AKPF acquired assets.</p>	SHFC Management Committee	2021	Ongoing	-	<p>Initial discussions have been made among the members of the Management Committee starting May 2020.</p> <p>Prepare proposal to be presented to the Board for approval</p>
		<p>1. Undertake immediate legal action to secure/recover the financial exposure on these projects.</p> <p>2. Prioritize the transfer/registration of the foreclosed and dacion en pago projects in the name of SHFC to facilitate disposal</p> <p>3. Initiate disposal of acquired properties and explore some other possibilities of disposition like G to G arrangement (as in the case of DOTr for the relocation of the affected families).</p>	TAD/Legal/GSD	2021	Ongoing	<p>Reasons for delay which are beyond SHFC-AKPF's control:</p> <p>1. Slow processes in other agencies like RD, BIR and Assessor's Office.</p> <p>2. Request for certified true copies of titles as one of the requirements for the assessment of CGT/EWT is</p>	<p>Updates on the transfer process as of 31 July 2020:</p> <p>A. Transferred to SHFC's name</p> <p>1. Evergreen Subdivision</p> <p>- Titles were already consolidated in the name of SHFC as of July 2018, however, the expropriation case involving some lots in this subdivision affected by the Subic-Clark-Tarlac Expressway (SCTEX) is still pending with the Court hence, the</p>

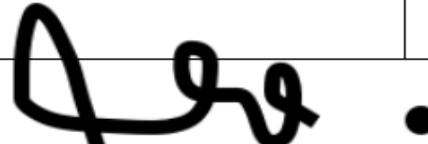
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					<p>limited only to at most 20 titles per day.</p> <p>3. Redundant requirements being asked by different agencies (BIR, RD, Assessor's & Provincial Government for the transfer tax.</p> <p>There are some titles that cannot be found in the file of the Registry of Deeds which may need reconstitution which further delays the transfer process..</p>	<p>same cannot be disposed of at this time.</p> <p>- Tax Declarations were already transferred to SHFC's name</p> <p>2. Cristina Homes 1 Titles were already consolidated in the name of SHFC as of November 14, 2019. Application for the transfer of tax declaration to SHFC's name in January 2020.</p> <p>B. With RD for issuance of new titles</p> <p>1. Olympia Village For resubmission of documentary requirements to RD.</p> <p>C. Submitted to BIR for computation of CGT/DST, for payment of CGT/EWT, for the issuance of CAR</p>	

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							<p>1. Villa Rita Subdivision Awaiting the issuance of CAR</p> <p>2. Juel Country Homes For computation of CGT/DST</p> <p>3. Plainville Homes For computation of CGT/DST</p> <p>4. Cristina Homes 2 For re-computation of CGT/DST</p> <p>D. For securing of remaining documentary requirements (Certified True copy of titles, Certificate of No Improvement, Tax Declaration & Tax Clearance</p> <p>1. UPLB-ONAPUP Village There are only three (3) Certified</p>

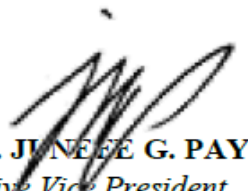
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							<p>True copies of titles that were not secured. Per RD, the 3 titles seem missing.</p> <p>2. Catbalogan City Homes</p> <p>E. For application of abatement – Letter of application of abatement was already received by BIR Head Office</p> <p>1. Malinville Subdivision 2. Villa Felipe Heights Subdivision</p>

Agency Sign Off:


ATTY. RONALDO B. SACO
OIC-SVP for Operations


ATTY. LEO B. DEOCAMPO
OIC-SVP for Legal, Partners and Enforcement


RUBEN C. LASET
OIC-SVP for Corporate Affairs and Governance


ATTY. JUNE G. PAYOT
Executive Vice President


ATTY. ARNOLO RICHARDO B. CABLING
President

Date _____