

## STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 23 audit recommendations embodied in the prior years' Annual Audit Reports, 13 were fully implemented, nine were partially implemented, and one was not implemented, of which two were reiterated in Part II of this Report. The other audit observations with the corresponding partially implemented recommendations are presented below:

OBSERVATIONS AND RECOMMENDATIONS	ACTIONS TAKEN
<b><u>2018</u></b>	
<p>1. Past due loans of P2.246 billion as of December 31, 2018 or 57.35 per cent of the total Loans and receivable account remained uncollected, thereby reducing the amount of resources for the lending and investment operations that could have generated additional income for the Bank.</p>	<p>Partially implemented.</p> <p>As of September 30, 2019, of the ninety-five (95) cases filed in the Small Claims Court in eight branches with outstanding balance of P10.7 million, OFB has collected a total amount of P3.43 million. Twenty-eight (28) accounts with total amount of P2.4 million were fully paid and twenty-three (23) accounts amounting to P1.03 million were partially collected.</p> <p>In compliance with Executive Order No. 44, OFB has transferred all past due account folders and documents to Landbank on September 23, 2019. The Deed of Assignment was executed by OFB and Landbank on 14 January 2020.</p>
<p>2. Accounts Receivable amounting to P55.130 million remained outstanding for more than one year, contrary to Philippine Accounting Standards (PAS) 1, which cast doubt to its collectability, thus depriving the Bank of much needed funds for its operation.</p>	
<p>a. Collect from depositors the outstanding receivables for over a year pertaining to deposits and ATM transactions</p>	<p>Partially implemented.</p> <p>As of December 31, 2019, the outstanding</p>

<b>OBSERVATIONS AND RECOMMENDATIONS</b>	<b>ACTIONS TAKEN</b>
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made through the Bank amounting to P278,517.57; and	receivables from depositors was reduced to P274,017.57, due to adjustment in the books.
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b. Collect from loan borrowers the outstanding receivable arising from fees and other expenses advanced by the Bank amounting to P359,930.29.	Partially implemented.  As of December 31, 2019, the outstanding receivables from loan borrowers was reduced to P357,254.83 due to written-off amounting to P2,675.46.
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3. The Bank's Hanap-Buhay (HB) Loans with an outstanding balance of P2.724 million as of December 31, 2018 has become past due, thus depriving the bank of additional funds that could be used for its operation.

Pursue collection and remedial action on the borrowers of HB Loan Product with past due status.	Partially implemented.  In compliance with Executive Order No. 44, OFB has transferred all past due account folders and documents to Landbank on September 23, 2019. The Deed of Assignment was executed by OFB and Landbank on 14 January 2020.
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## **2016**

4. Sixteen acquired assets with an aggregate carrying amount of P24.213 million and total appraised value of P41.644 million were held for more than five years and were not disposed of contrary to the provisions of the General Banking Act of 2000 and deprived the Bank of generating additional funds for its operations.

Intensify efforts to resolve the problems on the disposal of the properties.	Partially implemented.  OFB has sold four acquired properties in CY 2019.  Further, ROPA account folders were already transferred to Landbank's Special Asset Department (SPAD) on September 16, 2019 in line with Executive Order No. 44.
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<b>OBSERVATIONS AND RECOMMENDATIONS</b>	<b>ACTIONS TAKEN</b>
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**2013**

5. The loan balance of P241.883 million of the Project D.R.I.V.E. (Dagdag Regular Income Via Entrepreneurship) Fund (released as loans in 2009 and 2010) remained past due as at December 31, 2013 and of doubtful collectability.

Exhaust all the necessary means to collect from the borrowers.

Partially implemented.

As of December 31, 2019, the bank has collected a total amount of P304.874.91 that made eleven accounts totaling P2,145,000.00 fully paid.

**2010**

6. Remunerations amounting to P1.118 million was received by the Postmaster General while serving as one of the Board of Directors of the PPSBI, constitute double compensation, thus contrary to existing laws, rules and regulations.

Cause the refund of all the remunerations, allowances, per diems, business development expense granted to the Postmaster General.

Partially implemented.

OFB has sent final demand letters to concerned Board of Directors but no response was received.

**2009**

7. Separation benefits totaling P4.575 million were paid to outgoing members of the Board of Directors contrary to existing laws, rules and regulations.

Comply with DBM Circular No. 2002-2 dated January 2, 2002 re: Grant of Personnel Benefits to Members and Ex-Officio Members of the Board.

Partially implemented.

OFB has sent final demand letters to concerned Board of Directors but no response was received.