



# BUREAU OF CUSTOMS

MAKABAGONG ADUANA, MATATAG NA EKONOMIYA



PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

August 22, 2023

**ATTY. ARNEL P. BACARRA**

State Auditor V  
Supervising Auditor  
Office of the COA Auditor

THRU : **REBECCA Q. TUGAY**  
State Auditor IV  
Audit Team Leader

Dear **Auditor Bacarra**:

We respectfully submit our comments on the Agency Action Plan and Status of Implementation of Audit Observations and Recommendations for CY 2022, for your validation and remarks.

The Bureau of Customs (BOC) , has the following statistics of compliance:

	No.	%
Audit Recommendations	45	100%
Fully Implemented	23	51%
Not Implemented	22	49%

Of the forty-five (45) Audit Recommendations, we have fully implemented twenty-three (23) while twenty-two (22) are not implemented. The BOC have already complied with the 51% of COA recommendations as of 22 August 2023. All the remaining items with status of "Not Implemented" are with on-going compliance.

Thank you.

Very truly yours,

  
**MICHAEL C. FERMIN**  
Acting Deputy Commissioner  
Internal Administration Group

**BUREAU OF CUSTOMS**

South Harbor, Port of Manila

**AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2022**  
**As of August 22, 2023**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, If applicable	Action Taken/ Action to be taken	Audit Remarks
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2022 AAR Pages 48-49	1. Various accounting errors/omissions in keeping the accounts of the BOC had affected the fair presentation of account balances reported in the FSSs.	Management agreed to instruct the Accountants to analyze the related transactions and prepare the necessary adjusting entries to correct the aforementioned errors/omissions.								
2022 AAR Pages 49-51	a. Erroneous recognition of remittances of collections	Management agreed to direct the Chief, RAD to recognize remittances of collections, whether of prior or current year, under the appropriate Cash-Treasury/Agency Deposit.	To adapt the new proforma entry	RAD	July 2023	Dec 2023	Implemented		Errors caused by old prescribed pro forma entries. Adapted the new pro forma for CY2023.	
2022 AAR Pages 51-53	b. Unrecognized interests and surcharges	Management agreed to assign an office/division to: (a) monitor the collection of unpaid accounts after shipments were released and to compute interests and surcharges as applicable; and (b) coordinate with the RAD and provide the schedule of unpaid accounts including interests and surcharges.	The Liquidation Assessment and Audit Division (LAAD), Collection Service, to monitor the collection of unpaid accounts after the shipments were released and to compute interests and surcharges as applicable and to coordinate the same with RAD.	RAD	July 2023	Dec 2023	Implemented		For CY2022, Interest & surcharge for actual Port validation and to be recorded as receivable for CY 2023.  The Bureau allocated at least ten (10) plantilla positions for the LAAD. However, only three (3) personnel are currently assigned at the LAAD.	
2022 AAR Pages 53-55	2. The existence, completeness, and accuracy of the balances of several asset, and liability accounts were not ascertained due to non-maintenance/incomplete documentation on financial transactions for recognition in the books, dormant and negative account balances, and non-compliance with accounting standards and other relevant issuances.	Management agreed to require the concerned offices/divisions to address the accounting deficiencies noted, in accordance with the relevant provisions of the PD No. 1445 and COA Circulars, and the GAM for NGAs.	To comply with the Audit recommendations	AD RAD GSD Iloilo MICP General Santos Puerto Princesa Mariveles AOCC	July 2023	Dec 2023	Implemented		<b>AD/RAD</b>  <i>a) Undeposited collections from 2 months to 21 years</i> COA was already provided with the necessary adjustments for the errors and deficiencies identified.  <i>b) Dormant and/or closed bank accounts without documentation</i>	

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							<p>A request for write-off will be resubmitted to COA.</p> <p><i>c)Accounts with negative balances.</i> Continuous reconciliation is being made. Adjustments for identified balances were already forwarded to COA.</p> <p><i>d)Non-conduct of physical count of Property, Plant and Equipment (PPE)</i>  Memo was issued for the submission of Reports to COA. One time cleansing of PPE under COA Circular No. 2020-006 will be implemented as per COA recommendations.</p> <p><b>Aparri-</b> has already conducted the inventory of PPE as of Dec 2023 last April 25, 2023</p> <p><i>e)Incomplete/non-maintenance of Property Cards (PCs)</i>  <b>GSD and Iloilo-</b> Preparation of Property Card.</p> <p><i>f)Undisposed unserviceable properties</i>  <b>MICP-</b> The Personnel assigned/designated as Supply and PPE Officer already complete the proper training for the disposal of MICP unserviceable equipment and semi-expandable equipment. (CPO No. C-167-2023.)</p> <p>As of date, the PPE Officer is in process of drafting a committee relevant to the disposal of properties and</p>		

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								equipment.  <b>General Santos-</b> is taking steps to address the issue of undisposed unserviceable properties. The Sub-port is in close coordination with the COA (Commission on Audit) for an inventory and disposal schedule.  <i>g)Uninsured PPE with the GSIS</i>  <b>Puerto Princesa-</b> conducted inventory of PPE and had identified which PPE are to be insured. An initial list was forwarded to GSIS to request for the appraisal value and/or insurable value to the properties. <b>Mariveles-</b> submitted the application and its required attachment for the insurance of Properties. The evaluation of the Port's overall insurable assets was then carried out by GSIS. The concerned personnel subsequently processed and paid the Insurance of properties and equipment of this Port.  <i>h)Non-conduct of appraisal of confiscated assets</i>  <b>AOCG-</b> Reiteration was made by AOCG to various Ports to strictly comply with OCOM Memo No. 38-2021 particularly the inclusion of fair market value of legally abandoned and/or forfeited articles.		
2022 AAR Pages 55-56	3. Delayed procurement of the PSQA Consultancy by 326 days hindered the implementation of other major components of the PCMP.	Management agreed to require the PMU to: (a) continuously seek clear and direct guidance from the OSG on how to move forward with the project given the Manila RTC case; and	Communicate the Audit Observation to the Office of the Solicitor General	PMU	May 2023	Dec 2023	Implemented	Prepared Letter dated May 3, 2023, which the OSG received on May 18, 2023. OSG has a reply dated May 29, 2023,		

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		(b) expedite the procurement of the PSQA to immediately implement the project.	To comply with all the requirements of the World Bank			Jan 2023	Dec 2023	Implemented		addressed to the BOC Commissioner.  SBAC complied with all the revisions required by World Bank. Once World Bank approves the submitted revisions, all the documentary requirements for the award shall be posted to the World Bank procurement system (STEPS). Target Date of Signing Contract with Winning Bidder: September 30, 2023
2022 AAR Pages 56-53	4. Issuance of BCORs by the LBP for collections and remittances of ₱7.871 billion for the period January 1 to December 31, 2022, and the incomplete submission of the BCORs with SDs, and the RCD precluded the Auditors examination of the details of the transactions and determination of the completeness and accuracy of the balance of Cash-Collecting Officers and related revenue accounts at year-end.  a. Issuance of the BCORs by the LBP  b. Non-submission of BCOR and SDs, and periodic collection reports to the ATs	Management agreed to instruct the Chief, General Services Division (GSD) to: (a) stop the issuance of blank BCORs to the LBP; and  (b) retrieve unissued BCORs from the LBP.  Management agreed to require the in-house LBP to submit to the Port ATs the blue copies/quadruplicates of the issued remaining BCORs, with the SDs, and other reports supporting the recognized collections from the LBP in-house banks.	GSD to refrain from issuing blank BCORs to GSD  To retrieve unissued BCORs from the LBP  To comply with the Audit Recommendations	GSD RAD POM MICP NAIA		Sept 2022	Dec 2023	Implemented		<b>RAD</b> Collections made by LBP are properly recorded and accounted. Issuance of BCOR by LBP are no longer allowed. To ensure accounting of collections, they will issue e2m computer generated payment acknowledgement receipt in lieu of the BCOR.  Memo dated Sept 28, 2022, was issued. RAD requested GSD for the Audit of Accountable Forms . CPO No. A-307-2022 has been signed relative to the conduct.  Ongoing coordination with the LBP South Harbor Branch on the schedule of retrieval of unused BCOR  Submission of Report of Collections and Deposits to COA ATs are periodically made

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2022 AAR Pages 60-62 1	5. Various deficiencies in the handling of cash and cash advances exposed cash to the risks of misappropriation, loss or theft, among others.	Management agreed to require the Petty Cash Custodians and AOs to address the deficiencies in the handling of cash and cash advances in accordance with the relevant provisions of PD No. 1445, COA and Treasury Circulars, and the GAM for NGAs.	To comply with the Audit recommendations	AD GSD IG Isabel NAIA POM Basilan Nasipit Jolo San Fernando Batangas	July 2023	Dec 2023	Implemented		<p><i>a) No secured vault</i></p> <p><b>Isabel</b></p> <p>Complied. The agency already procured four steel cabinet with safety vault last July 10,2023 and delivered on July 24,2023.</p> <p><b>NAIA</b></p> <p><i>b) Issuance of pre-signed official receipt</i></p> <p><b>POM</b></p> <p>The Training unit of the Port of Manila will coordinate with the ITDD to conduct refresher course/ seminar/ training for all Accountable Officers. And the accountable officer who admittedly pre-signed Accountable Forms no longer signs BCOR before payment from the importer.</p> <p><b>NAIA-</b></p> <p>c) No proper turnover of accountable forms of outgoing to incoming accountable officers (AOs)</p> <p><b>Basilan- Nasipit- complied Jolo- complied</b></p> <p><i>d) Inadequate fidelity bond of AOs</i></p> <p><b>NAIA- San Fernando- complied Batangas- complied</b></p> <p><i>e) Non- maintenance of Petty Cash Fund Record and Cash Disbursement Record at BOC CO</i></p>	

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								<p>Complied. Upon the receipt of the results of the cash examinations of the concerned PCF Custodian, coordination was made with the Accounting Division which in turn reminded them of the GAM forms and the records to be maintained to monitor the actual balance of their accountabilities.</p> <p><i>f) Unsubmitted SDs for the liquidation of Petty Cash Fund (PCF) at BOC-CO</i></p>		
								<p>Complied. Previous PCF Custodian already submitted the Liquidation report and was already recorded by AD</p> <p><i>g) Liquidation of cash advance not properly documented at BOC-CO</i></p> <p>Complied. Lacking documents were already submitted to COA.</p> <p><i>h) Irregular transfer of cash advances to other employees at BOC-CO</i></p> <p>Recommendation is duly noted, and we'll strictly abide by them</p> <p><i>i) Excessive granting of PCF at BOC-CO</i></p> <p>GSD PCF Custodian is in the process of preparation of the Liquidation of the excess PCF.</p> <p><i>j) Establishment of Field Operating Expenses (FOE) Fund for payment of traveling allowance of BOC personnel at BOC-CO</i></p>		

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								Accountable Officers who were granted Field Operating Expenses for CY 2023 already liquidated their accountabilities.  <i>k) FOE Fund at BOC-CO were recognized under Advances for Operating Expenses but is maintained using an imprest system</i>  Issued FOE for the year were already liquidated. Issuance of FOE is already discontinued.		
2022 AAR Pages 62-63	6. Lack of specific timelines in the disposition of abandoned/seized and forfeited goods/articles totaling ₱567.265 million resulted in the delayed disposal of the same by 3 days to 265 months, thus, exposing the goods/articles to the risks of further spoilage/deterioration and forgone government revenues.	Management agreed to:  (a) provide specific timelines for disposal of abandoned and forfeited goods/articles; and  (b) require the ports to immediately dispose of the goods/articles subject to disposition to prevent further deterioration and decline of value.	Submission of Disposal Action Plan with specific timelines for disposition.  Issuance of CMO for the Disposition of Goods with specific timelines  Weekly monitoring and coordination with all ports	All Ports  AOCG	July 2023  July 2023	Dec 2023  Dec 2023	Implemented  Not Implemented		Ports have submitted Disposal Action Plan covering July to December 2023 with specific timelines.  Drafted the regulation with specific timelines for the disposition of goods thru Public Auction. Draft regulation is being reviewed and finalized by the Drafting Team for submission to the PMO.  ACDMD conducts weekly monitoring and coordination with all ports in the disposition of all abandoned and/or forfeited goods	
2022 AAR Pages 63-66	7. Unresolved protest cases, for more than 1 to more than 12 years, filed before the BOC CO, covered by cash bonds totaling ₱316.126 million posted by importers deprived the government of the additional resources to fund its programs and projects or delayed the refund of cash bonds to importers.	Management agreed to direct:  (a) the Chief, Appellate Division to expedite the review and issuance of the draft resolution/decision on the protest cases filed before the BOC-CO, specifically those that were turned over by the CVCRRRC; and  (b) the Chief, HRMD to expedite the hiring of handling lawyers for the Appellate Division.	To comply with the Audit recommendations	RCMG Legal Service	July 2023  July 2023	Dec 2023  Dec 2023	Not Implemented (On-going)  Not Implemented	• Lack of personnel • Lacking records  On-going	• Assign cases to existing 3 lawyers • Resolve 10 cases per week  • Hire/assign additional Lawyers to Appellate Division	



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2022 AAR Pages 66-68	8. The continuous performance by the LBD of functions that should be performed and undertaken by the District Collectors as indicated per item 2 of Section 427 of the CMTA has resulted in the overlapping and duplication of work and functions with the PCAG.	<p>Management agreed to:</p> <p>(a) pursue continuously the absorption of the LBD and regionalization of the PCAG at the ports until these are realized; and</p> <p>(b) ensure that the CMO clearly and completely defines the scope, duties, and responsibilities of the regionalized PCAG at the ports.</p>	Drafting of CMO providing PCAG direct operational control and supervision over the LBD/LBU in addition to their present functions in all Collection Districts	PCAG POM MICP NAIA	May 2023	Dec 2023	Not Implemented	For Development	<p><b>PCAG</b> Draft CMO for revision after consultation with the Project Management Office (PMO)</p> <p><b>POM</b> Liquidation and Billing Division would efficiently perform their function if the extent of its jurisdiction is localized, that is the specific collection district considering that they have adequate knowledge and familiarity of the commodities being entered and the profile of its importers. While LBD remains to be in the port, this does not prevent the PCAG from conducting its compliance audit considering their mandate covers all the importations.</p> <p><b>MICP</b> Absorption of the LBD to the PCAG is the prerogative of the higher management</p>	
2022 AAR Pages 68-73	9. The inappropriate tagging in the e2m system of 48,093 consumption entries worth ₱42.068 billion affected the Bureau's efforts in fulfilling its revenue generation, border protection, and trade facilitation mandate.	<p>Management agreed to require the Chief, RMO to review the consumption entries totaling ₱3.558 billion, inappropriately tagged as "Green" "Yellow" or "Orange" and explain the non-compliance with the fixed criteria provided to the AT.</p>	To comply with the Audit Recommendations	RMO	July 2023	Dec 2023	Not Implemented		<p>Proper assessment of duties and taxes does not rely on 100% physical inspection. Revenue issues are generally treated as medium risk in adherence to WCO principle on risk-based compliance management approach for Cargo Selectivity. Only shipments with alert orders are subject to 100% physical inspection. RMO already</p>	

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								submitted recommendations thru DF with draft response letter to seek clarification from COA on their criteria for determining which shipments "should be RED" together with the comments and recommendations on the AOM for RMO		
	b) Shipments with assessed duties and taxes of ₱38.510 billion, unnecessarily subjected to inspection/scanning, and stringent process of cargo clearance procedures	Management agreed to direct the Chief, RMO to review the consumption entries inappropriately tagged as "Orange" and "Red" amounting to ₱38.510 billion and explain the non-compliance with the fixed criteria provided to the AT; and			July 2023	Dec 2023	Not Implemented			
		(b) provide the complete list of risk parameters used as the bases in the selectivity system.					Not Implemented	Additional controls after document inspection, X-ray scanning and other stringent process of cargo clearance are already beyond the control of RMO. The Selectivity System serves as a tool for risk assessment and RMO relies on the feedback in order to determine if the criteria and other measures in place are sufficient, if not 100% accurate, to aid in trade facilitation.		
	c) Non-submission of the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion	Management require the Chief, RMO to submit the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion as the basis of the AT in conducting a complete, objective, and timely audit and examination of the risk management operations of the BOC.			July 2023	Dec 2023	Not Implemented	Given the highly sensitive nature of data requested, RMO sought clearance and for coordination with concerned offices to ensure compliance with data governance standards since there were some issues noted such as unofficial e-mail address of COA, the officials who will handle the said data, secured storage and retention policy. As a proactive approach, RMO offered a walkthrough to the auditors where the latter were not deprived of viewing access to the system and any documents to check in order to shed light on the processes and complexity of big data processed in the Selectivity System. RMO was made to		

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	d) Lack of manpower at the RMO	Management agreed to expedite the submission to the DBM of the proposed priority plantilla positions created to strengthen the staff capacity.				July 2023	Dec 2023	Not Implemented	believe that it clarified the issue that the set of fixed criteria alone is not the only source of parameters running in the URMS.  Continuous coordination with IAG-HRMD to work on the "Scrap and Build" program as recommended by DBM for the provision of permanent plantilla positions for RMO.	
2022 AAR Pages 73-75	10. Non-submission by the LBD of the goods declarations and SDs for 761,346 importation entries totaling ₱315.710 billion for CYs 2021 to 2022 precluded the conduct by the AT of an objective examination/evaluation of the Bureau's revenue transactions and the communication to Management of any deficiencies thereon.	Management agreed to require the Ports to submit regularly all goods declarations and the SDs to the AT for safekeeping and audit.	Ports to submit goods declaration and SDs regularly	POM NAIA MICP Legaspi		July 2023	Dec 2023	Implemented	<b>POM</b> As of July 20, 2023, 3,250 out of 4,646 series of 2021 goods declaration have been transmitted to COA. Transmittal of CY 2022 goods declaration will be on a per month basis. COA-POM will review each transmittal and will inform LBD when to transmit new batch of goods declaration. As of July 20, 2023, 3,778 out of 65,550 series of 2022 have been transmitted.  <b>MICP</b> The LBD already submitted / transferred the good declaration CY 2021 – 2023 contained of sack nos. S301 – S850 to the COA resident. on July 26, 2023  <b>Legaspi</b> Submitted the required documents on February 22, 2023 and Received by Resident Auditor on February 27, 2023.  <b>NAIA</b>	
2022 AAR Pages 76-80	11. Non-endorsement of the GPB of ₱206.034 million by the PCW, non-submission of the GAD AR with HGDG PIMME/FIMME Assessment to the PCW, and the									

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	utilization of only ₱1.052 million or 0.51 percent of the allotted budget had not provided the BOC the opportunity to be advised									
	whether its GPB is compliant with GAD-related rules, including the use of the HGDG, and that the projects/activities therein address GAD gender issues, among others.  a) Unendorsed GPB by the PCW	Management agreed to require the Chairperson, GFPS to attend the PCW GAD Budget Forum to be guided in the preparation of the GPB and the use of the HGDG Tool.	Conduct of capacity building activities for GFPS to address the gap in competencies required to efficiently plan and prepare GPB using HGDG	GFPS thru ITDD	July 2023	Oct 2023	Not Implemented			
		Management direct the Chairperson, GFPS to comply with the requirements in the preparation of the GPB, particularly the use of the HGDG, to ensure its endorsement by the PCW.			July 2023	Oct 2023	Implemented	Initial coordination and documentation are currently being undertaken by ITDD and GFPS Secretariat for the conduct of capacity building activities set on (Aug. 29-31 and Sept 20-22)		
	b) Non-submission of GAD AR and HGDG PIMME/FIMME Assessment to the PCW	Management agreed to:  (a) instruct the Chairperson, GFPS in the Ports to submit the Port ARs 30 days after the end of each quarter; and  (b) submit the succeeding GAD AR with the results of the HGDG PIMME/FIMME Assessment, if applicable, to the PCW on/ before the deadline.	Issuance of Memorandum reiterating the submission of accomplishment report 30 days after end of each quarter	GFPS Secretariat	July 2023	Dec 2023	Implemented			
					July 2023	Dec 2023	Implemented	Issued Memorandum dated May 10, 2023 reiterating the submission of accomplishment report 30 days after end of each quarter.		
	c) Low utilization of ₱1.052 million or only 0.51 percent of the allotted budget	Management agreed to direct the Chairperson, GFPS to: (a) plan efficiently activities that are doable and achievable within the timeframe and budget reasonably the cost of each activity; and  (b) formulate an effective monitoring system/ process to ensure that all identified PAP/s for implementation will be fully and timely undertaken so that the beneficiaries will enjoy the benefits to be derived therefrom.	Conduct workshops to prepare GPB and develop monitoring system	GFPS thru ITDD	July 2023	Dec 2023	Implemented			
					July 2023	Dec 2023	Implemented	Conducted initial meetings with the Budget Division to consult on the preparation of GPB		

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2022 AAR Pages 80-83	12. Non-reconciliation of monthly exception reports among responsible officers resulted in an accumulated unremitted amount to the GSIS totaling ₱20.334 million exposing the employees to the risks of not being able to avail the services and benefits with the GSIS and the incurrence of additional interests or penalties on their loans.	<p>Management agreed to direct the ERF Handler and AAO at the Ports and the CO to:</p> <p>(a) prioritize the reconciliation of Agency remittances and billing by the GSIS to finalize the amount for remittance.</p> <p>(b) remit immediately the amount due to the GSIS as a result of the reconciliation; and</p> <p>(c) require the HRMD to issue a memorandum to those employees concerned that cause the delay in the uploading of data in the eBCS.</p>	To comply with the Audit recommendations	AD HRMD	May 2023	Dec 2023	Implemented		Reconciliation of the monthly billing and remittances is continuously made by the Accounting Division together with all ports and sub-ports. Various steps have been required to avoid any future mismatch between the monthly billing with our remittances.	
							Implemented		the ongoing reconciliation has made it possible for us to remit P3,086,473.88.(JEV No. 23-06-0572, DV No. 23-04-1443) This covers remittances from January 2020 to December 2022. As we continue with the reconciliation, we shall have additional remittances for prior periods.	
2021 AAR Pages 53-54	13. Lack of reconciliation between the records of GSD and AD resulted in 9 unrecorded motor vehicles (MVs) without cost in the books and 29 unaccounted Property, Plant and Equipment (PPEs).	Management agreed to direct the Property Officer and Accountant to comply with COA Circular No. 2020-006 dated January 31, 2020, or the one-time cleansing of PPE accounts to come up with reliable PPE balances that are verifiable as to the existence, condition, and accountability.	-GSD through a memorandum issued to ports/sub-ports dated July 10, 2023, pertinent to inventory count of all PPEs thereat. At the same time, GSD shall conduct inventory count of PPEs in the Central Office. Once consolidated, GSD shall	GSD AD	July 2023	2024	Not Implemented	In progress	<p>Memorandum issued to ports/sub-ports dated July 10, 2023, pertinent to inventory count of all PPEs thereat.</p> <p>Drafted CPO re: Reconstitution of Disposal Committee and BAC for Disposal</p>	

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			conduct verification as to completeness and accountability.  -To attend seminar /training re: One Time Cleansing of PPE					AD is coordinating with COA for the conduct of seminar.		
2021 AAR Pages 62-67	14. The delayed implementation of the full automation in the computation of the assessment of automobiles in the e2m system has allowed the examiners and appraisers to manually compute and encode the excise/ad valorem tax resulting in a revenue loss estimated at P1.378 billion, based on sampled transactions in the POM and MICP.	<p>Management agreed to require the:</p> <p>a) Office of the Commissioner (OCOM)/Post Clearance Audit Group (PCAG) to send demand letters to the concerned importers of MICP and POM for the under-assessment of excise tax and VAT;</p> <p>b) MICP and POM to make representation, coordinate and reconcile with BIR to determine the rationale for the discrepancies in the records of BOC and BIR for issued and processed Authority to Release Imported Good (ATRIG); and</p> <p>c) Examiners and appraisers to:</p> <p>i. ensure that all importation of automobiles shall not be released from customs custody without payment of excise/ad valorem tax, and presentation of the original copy of the appropriate ATRIG duly issued by the BIR; and</p> <p>ii. strictly comply with CMO No. 25-2010 dated February 1, 2010, regarding the BOC Function-Specific Code of Conduct in the performance of assessment functions.</p>	To send demand letters to concerned importers	PCAG POM MICP			Not Implemented	Ongoing	<p><b>PCAG</b></p> <p>Demand Letters sent to the concerned importers.</p> <p>ANLs issued against identified car companies, compliance audit ongoing.</p>	
							Implemented		<p>OCOM Memorandum 93-2021 dated 09 June 2021 has been issued by the Commissioner requiring all ATRIG's issued by RDO's to be directly transmitted to the Collection District. The transmittal of ATRIG to the Port directly from the BIR shall ensure the authenticity and regularity of the issued ATRIG.</p>	
							Implemented		<p><b>POM</b></p> <p>The Deputy Collector for Assessment issued Memorandum dated February 8, 2022 instructing the examiners and appraisers to ensure that all importations of automobiles shall not be released from custody without payment of Excise/Ad Valorem Tax and presentation of the original copy of the appropriate ATRIG duly issued by the BIR and strictly comply with CMO No. 25-2010 dated February 1, 2010 regarding the BOC Function Specific Code of</p>	

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								<p>Conduct in the performance of assessment functions.</p> <p><b>MICP</b> The management committed to ensure that the importers have paid the proper Customs duties and taxes, as well as the ad valorem tax and the requisite Authority to Release Imported Goods (ATRIG) is submitted, prior to release of their automobile importations.</p> <p>The section 5 has always been vigilant to ensure that automobile importations are released upon payment of the excise/ad valorem taxes and presentation of the ATRIG. Moreover, being aware of the conditions of CMO 25-2010, we also make sure that we perform our duties and responsibilities particularly in our assessment functions.</p>		
2021 AAR Pages 74-76	15. Lack of effective/strict monitoring and coordination in the process of accreditation of importers, which signifies lack of internal control, resulted in 974 importers who were not suspended/revoked appropriately by the BOC and were allowed to import 77,049 consumption entries with assessed duties and taxes amounting to P28.954 billion despite violations of laws, rules, and regulations.	<p>Management agreed to:</p> <p>a) establish that all seizure/abandonment, smuggling cases and other violations are incorporated in the Offense Management System (OMS) to ensure that all offenses committed by importers are captured for proper monitoring;</p> <p>b) require AMO to:</p> <p>i. maintain an organized and effective monitoring system of all violations of importers and ensure that proper actions are taken, as warranted; and</p>	<p>a) Create an <b>Offense Management System (OMS)</b> to properly guarantee the strict monitoring of all offenses committed by importers.</p> <p>b) AMO to</p> <p>i. Create Team composed of two (2) AMO organic personnel and five (5) AMO COS personnel who would handle and maintain an organized and effective</p>	AMO	Jan 2023	Dec 2023	Not Implemented	For implementation		

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/ Non-Implementation, If applicable	Action Taken/ Action to be taken	Audit Remarks	
			Action Plan	Person/ Dept. Responsible	Target Implementation Date					
					From					To
		ii. strengthen coordination among concerned BOC offices to ensure that activities of importers/brokers are duly and strictly monitored.	monitoring system of all violations of importers and ensure that proper actions are taken as warranted.  ii. Designate three (3) AMO Personnel to coordinate regularly with concerned BOC Offices to ensure that activities of importers/brokers are duly and strictly monitored.			Jan 2023	Dec 2023	Not Implemented	For implementation	
2021 AAR Pages 77-78	16. Outstanding due and demandable bonds had accumulated to P6.049 billion as at December 31, 2021 due to laxity of management to exhaust all appropriate actions on the collection/settlement, liquidation, cancellation and forfeiture of the importer's matured bonds, thus, depriving the government of additional revenue to finance government operations and projects.	Management agreed to:  a) expedite the forfeiture of bonds of the Surety Companies recommended by the Ports to the Legal Services;	A memorandum requesting list of VCRC Cases has been submitted to the Office of the Deputy Commissioner, RCMG and the Legal Service in order for the Collection Service to include the list of VCRC Cases in the computation of ATBAS threshold.	Collection Service Legal Service		Aug 2023	Dec 2023	Implemented		In line with the directive of the Commissioner, all ports are advised to proceed with the forfeiture of said bonds in accordance with Section 6.1.2. of CAO 01-2021.
		b) take necessary actions to collect the amounts corresponding to the duties and taxes guaranteed by the securities;  c) if the status is active, issue demand letters to the surety companies for the unpaid accounts.	Collection Service in coordination with MISTG, have recommended a procedure to be followed via E2M to effectively monitor the status of bonds from its posting to cancellation to expedite the collection thereof.  Creation of an Ad Hoc Group that will undertake a more focused, coordinated, and effective monitoring of status of bonds from posting, cancellation, forfeiture, and collection of due and	MISTG Collection Service Collection Districts  Collection Service Collection Districts				Not Implemented  Not Implemented	Needed request such as disposition form is being drafted to implement this new function in the E2M to require Customs examiners to follow additional procedure.  Documentations needed are still being drafted for the Commissioner's approval. Report and recommend appropriate sanctions for non-	The Collection Service has drafted the memorandum to be signed by the Commissioner, directing the Collection Districts to implement the new procedur  Currently, the Bonds Audit Division handles the monitoring of the weekly submission of status of bonds, specifically the reports on due and demandable bonds and cancelled bonds.



Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/ Non-Implementation, If applicable	Action Taken/ Action to be taken	Audit Remarks	
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					From					To
			demandable bonds.  Monitoring of issued demand letters should be monitored weekly and be reported to the Office of the Commissioner				compliance such as, but not limited to, submission of weekly due and demandable bonds	Additionally, the Office shall also monitor issuance of demand letters and the action taken by the Port. Non-compliance of the said directive are reported to the BOC ExeCom for appropriate sanction.		
2021 AAR Pages 78-81	17. Collections from cash bonds for the tentative and regular release of shipments amounting to P183.221 million and P53.369 million, respectively, remained outstanding for one to more than 16 years as at December 31, 2021, due to lack of monitoring schedules of Valuation and Classification Review Committee(VCRC) cases and non-forfeiture proceedings conducted even after the lapse of the prescribed period, thus, depriving the government of needed revenue to fund its projects.  a. Cash bonds for tentative release of shipment	Management agreed to:  a) determine the posted cash bond with cases that are already decided in favor of the government and with no appeal from the importer to the Commissioner within the prescribed period and transfer the corresponding amount to the General Fund of the BTr; and  b) inform concerned importers of the cases that were resolved in their favor for them to file for a refund of their posted cash bonds	To comply with the recommendation to submit to AT the inventory of posted Cash Bond.  To comply with the recommendation to submit to AT documents/reports informing importers of the cases resolved.	MICP						
					Jan 2023	Dec 2023	Not Implemented			
					Jan 2023	Dec 2023	Not Implemented	The Acting Deputy Collector for Assessment write a Memorandum for All Section Chief and other concerned that instructing to submit an inventory / report on the status of entries under tentative assessment pending to their sections as per Memorandum dated 15 May 2023 with subject Status Report on Pending Entries Under Tentative Assessment		

