

Audit Findings and Management Responses

22 March 2019



2018

Review of Internal Management and Control of IBON International (SIDA)

	Observations and Risks	Recommendations (Report Reference)	Priority	Management Response
Management and Organisation				
1	None of the policies have a version number, date of the last revision or a policy owner. There is a risk that staff members may not be aware of the most recent policy version.	IBON should ensure all current policies include a version number, date of last revision and policy owner. (4.b)	Low	
2	Some deficiencies were noted in the supporting documentation related to incur costs. For example, travel expenses were not supported with approved Travel Authorisation Forms to justify the travel. There is a risk that ineligible expenses are paid.	All financial transactions recorded must have proper supporting documents attached in order to verify the nature and validity of the expense/payment. If part of the supporting documentation is filed elsewhere, the filing location of the supporting documentation should be included in the expenditure vouchers and the proper filing period of all supporting documentation should be ensured. IBON is recommended to ensure a proper audit trail. The authorisation and approval procedures should be adhered to in full. (4.f)	Medium	
3	IBON has established clear internal guidelines for central administrative and financial procedures. However, the guidelines do not include guidance on the use of credit cards. IBON also entitles staff to claim travel allowance which is a fixed sum depending on the destination but irrespective of the duration of travel. There is a risk of inappropriate use of funds	IBON should consider using standard daily rates for travel allowances per country/continent, and not a fixed sum per destination. IBON should establish guidelines for the use of credit cards. (4.g)	Low	
Anti-Corruption				
4	The whistleblowing policy does not adequately describe a detailed mechanism on how it works in practice. Without adequate whistleblowing procedures, there is a risk that not all incidents are reported.	The Procedures Manual should be updated to reflect the practical steps that make up the whistle blower mechanism. This should include, for example, the contact person and method of contact (such as a secure email address and/or phone number), the steps to be taken for an investigation, and the required documentation. (6.a)	Medium	
Audit, Procurement and Financial Management				
5	IBON has not established a documented follow-up for audit issues and recommendations. Management responses and action plans are not collected in a summary table to track corrective actions. As a result, significant findings and associated risks may not be adequately considered.	IBON should establish and document follow-up procedures for audit observations and recommendations (an audit log) with management responses, an action plan and status update. The status of the audit log should be reported to the Board on an annual basis. (7.a)	Low	
6	IBON has an established procurement guideline that outlines the general	IBON is recommended to tender possible service contracts between EUR	Low	



	procedures for procurements. IBON has not however establish a list of approved/preferred vendors/service providers. This can lead to procuring vendors with personal interest or even the staff gaining side income from choosing certain vendor.	60,000 and less than EUR 300,000 and establish a list of approved/preferred vendors/service providers and use these as a first choice. (7.b)		
Forwarding of funds/sub-granting				
7	In the MoUs between IBON and its implementing partner organisations, the retention period for accounting documents differs from the retention period stipulated in the grant agreement between Sida and IBON. If the partner organisations are not obligated to retain project-related accounting materials for the same period of time that Sida is allowed to carry out verifications, there is a risk that projectrelated documentation will not be available and it will be impossible to verify the validity of reported expenses.	IBON is recommended to align the terms in its partner MoUs with the Sida terms regarding the retention period of projectrelated accounting materials. (8.b)	Medium	
8	IBON maintains an overview of the status of all reporting received from implementing partner organisations. However, this monitoring tool does not include information about the review of reports, issues raised during the review, or whether the issues have been resolved. As a result, there is an increased risk that issues noted in the reporting may not be addressed in a timely and sufficient manner.	IBON is recommended to establish guidelines and a check-list/routine for the review of partner reporting and to document the review performed. (8.c)	Low	
9	KPMG noted deficiencies in the financial reporting and supporting documentation received from partner organisations. Without appropriate supporting documentation and justifications, there is a risk that ineligible expenses are paid for with grant funds.	IBON should ensure the validity of the financial reports received from partner organisations and demand a proper audit trail from the expenditure vouchers to the financial report. Reported expenses without proper supporting documentation should not be recorded as an expense of the project. (8.c)	High	
10	The reporting requirements of implementing partner organisations are not adhered to, which causes IBON to fail in its own reporting obligations. As a result, fund disbursements to IBON and onward to the implementing partners are delayed, and there is a risk that project implementation will be delayed and the objectives will not be achieved.	IBON should establish procedures that will ensure it is able to report to donors in a timely manner. (8.c)	High	



2017

CPDE Project (Multi-Donor): Civil Society Continuing Campaign for Effective Development

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible
Reiteration of prior period comments			
1	A	<p>Ensure liquidation reports are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to the Foundation by its respective Civil Society Organization (CSO) partners were unaccompanied by the related supporting documents, and were not properly signed by the preparer, reviewer and approver. Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Foundation exist and are properly recorded, liquidation reports should be accompanied by supporting documents that are properly signed by the preparer and approved by the reviewer.</p> <p>Recommendation</p> <p>The Foundation should continuously ensure that all liquidation reports are accompanied by supporting documents that are duly signed by the individuals responsible for its preparation, review and approval.</p> <p>Moving forward, management should continually remind its CSO partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses.</p>	<p>Management's response</p> <p>During the period, there is a significant improvement on the number of liquidation reports submitted by CSO partners which were properly supported by accompanying documents. The management will continue to ensure that all liquidation reports received were accompanied by appropriate supporting documents and were properly signed by the respective preparer, reviewer and approver.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac, <i>Director</i> Ms. Angelita Jimenez, <i>Finance Manager - IBON</i> Ms. Maria Teresa Dominong, <i>Finance Manager - CPDE</i></p>
2	A	<p>Ensure the strict implementation on submission of liquidation reports and remittance of unexpended funds in a timely manner</p> <p>As part of the Foundation's Policy, CSO partners who avail cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the finance manager after all activities of the Project have been implemented.</p> <p>In addition, per Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to Foundation within thirty (30) days after the conduct of last activity. However, there were still six (6) CSO partners submitted their liquidation reports only after the lapse of prescribed period of submission.</p> <p>Failure to submit liquidation reports in a timely manner would result to delayed recognition of adjustments in the Project's books.</p>	<p>Management's response</p> <p>The management has improved its policies to ensure that liquidation reports are submitted on time with complete and proper documentation such as indicating the deadline on the submission of liquidation reports in the MoU.</p> <p>Furthermore, the management established a CPDE Accountability and Transparency Policy and CPDE Compliance Measures and Processes which was disseminated and agreed upon with all CSO partners to monitor the submission of the liquidation reports.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac, <i>Director</i> Ms. Angelita Jimenez, <i>Finance Manager - IBON</i> Ms. Maria Teresa Dominong, <i>Finance Manager - CPDE</i></p>



		<p>Recommendation The Foundation should maintain strict implementation of its policy regarding timely submission of liquidation reports and remittance of unexpended funds, as stated in the respective MoUs. Moving forward, the Foundation should ensure constant communication with its CSO partners and representatives so as to be updated about the status of advances made to partners</p>	
Regulatory and other matters			
3	A	<p>Enhance cybersecurity capabilities to better protect the Coordinator of the Project from cyberattacks</p> <p>The world has changed over the last few years within various not-for-profit organizations. Its processes have been transformed by technology and continue to evolve. Coupled with changing demographics, speed-to-market pressures and expansion into emerging markets, the challenge for managing cyber risks is significant. Cyberattacks have grown in breadth and sophistication, and have risen to the top of many companies' board agenda. In fact, recent incidents point to the increasing reality that any organization, anywhere in the world, may be hacked one day – if it has not been hacked already. One therefore must be ready for this eventuality.</p> <p>A recent global survey conducted by SGV or EY showed that most companies have traditionally been investing in cyber risk management solutions. However, despite the progress in these solutions, the survey also revealed that globally:</p> <ul style="list-style-type: none"> • 57% of organizations have had a recent significant cybersecurity incident • 74% consider the actions of careless employees to be the most likely source of an attack • 42% have no formal incident response plans in the event of an attack • 86% do not have a cybersecurity function that fully meets their organizations' needs <p>Organizations that fail to establish a balanced security strategy run the risk of significant financial losses due to fraud, regulatory sanction or prolonged operational downtime. Damage to brand reputation in the aftermath of an attack is also a critical risk that should be addressed.</p> <p>Recommendations The Foundation should enhance its cybersecurity capabilities and develop an investment program that balances the need to sense, resist and react to cyber threats. Depending on the level of maturity of the Foundation's cybersecurity capabilities, management may consider the following steps:</p>	<p>Management's response The management has employed security measures for websites and emails which are being monitored daily by the IT Officer and maintains firewall server against cyberattacks or hacking. Moreover, the Foundation was provided with domain names which are registered in authorized domain provider and registered in Internet Corporation for Assigned Names and Numbers. Lastly, the Foundation and the Project have their respective secure sockets layer/transport layer security that provide communications security over the computer network.</p> <p>Client officers responsible Ms. Amerina Padilla Ac-ac, <i>Director</i> Ms. Angelita Jimenez, <i>Finance Manager - IBON</i> Ms. Maria Teresa Dominong, <i>Finance Manager - CPDE</i></p>



		<ol style="list-style-type: none"> a. Develop an enterprise-wide response to cyber threats based on an in-depth understanding of your business and operational landscape. b. Map and assess the relationships the organization has across the cyber ecosystem; identify what risks exist and perform a risk assessment. c. Determine the critical information assets that need to be protected. d. Collaborate with industry and national initiatives for information sharing. Share information about risk and threat landscape to understand broader risk landscape and be more aware of security gaps. e. Establish clear communication, direction and example-setting leadership in the event of an attack. f. Create a culture of change readiness through simulation exercises that challenge existing crisis management, command and control center, manuals and plans. 	
4	A	<p>Ensure compliance with the Data Privacy Act (DPA) and its implementing rules and regulations (IRR)</p> <p>In September 2016, the IRR of Republic Act No. 10173, known as the DPA of 2012, went into effect. The IRR set in motion the law that aims to protect the fundamental right to privacy while promoting innovation and growth through the free flow of information. All Philippine entities that control or process personal information have one year to comply with its provisions.</p> <p>The IRR, promulgated by the National Privacy Commission (NPC), supplements the DPA's provisions and provides for specific rules on:</p> <ul style="list-style-type: none"> • Rights of data subjects • Data privacy principles • Outsourcing, subcontracting and data sharing agreements; and • Registration and compliance requirements <p>The DPA, and its IRR, requires the identification of personal information and evaluation of its processes including the conduct of privacy impact assessments and NPC registration. This will serve as a foundation to design and develop specific organizational, physical and technical security measures that personal information controllers and processors are mandated to undertake in relation to the personal information which they process.</p> <p>The DPA has identified specific violations that are sanctioned with both imprisonment and payment of fines. Such violations to personal information include, but are not limited to, access due to negligence, unauthorized processing, malicious disclosure, improper disposal and intentional breach. As applicable, additional penalties may also be imposed such as revocation of rights, deportation, or absolute</p>	<p>Management's response</p> <p>The management has implemented actions and policies such as data protection and security measures in compliance with the requirements of DPA and will continue to ensure the protection of personal information of its donors and employees.</p> <p>Client officers responsible</p> <p>Amerina Padilla Ac-ac <i>Director</i></p> <p>Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>



disqualification from office for corporate officers, aliens, and public officials.

Recommendations

The Foundation should comply with the requirements of the DPA and its IRR in order to protect the personal information of its donors and employees. This is to avoid sanctions that could arise from noncompliance. NPC guidelines recommend that companies perform the following:

Appoint a Data Protection Officer

The Foundation should formally designate its data protection officer (DPO) with the NPC. All privacy related matters should be handled by the DPO and all communications with the NPC are coursed through him or her.

Conduct a privacy impact assessment

The Foundation should identify and document the personal information it controls or processes, evaluate its personal information data flows and assess the risks and controls over collection, processing, sharing, storage and disposal of personal information.

Create a privacy management program

The Foundation should prepare a Privacy Manual which serves to align everyone within the organization along the same culture and direction with regard to privacy. The program should cover the following governance areas: maintenance of personal data inventory, data privacy policy, embedding data privacy into operations, maintenance of privacy training and awareness program, information security risk management, third party risk management, notice maintenance, complaints and inquiries management, new operational practices, breach management, data handling practices and compliance monitoring.

Implement data protection and security measures

The Foundation should ensure that its plans and policies are carried into action. The Foundation should ensure that organizational, physical and technical security measures adequately protects personal information it controls or processes.

Setup and regularly exercise breach reporting procedures

The Foundation should establish breach response teams that handle incidents with clearly defined roles and responsibilities.



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CPDE Project (EC): Enhancing Civil Society Role in Development Partnerships Post 2015

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Reiteration of prior period comments			
1	A	<p>Ensure liquidation reports are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to the Foundation by its respective Civil Society Organization (CSO) partners were unaccompanied by the related supporting documents, and were not properly signed by the preparer, reviewer and approver. Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Foundation exist and are properly recorded, liquidation reports should be accompanied by supporting documents that are properly signed by the preparer and approved by the reviewer.</p> <p>Recommendation</p> <p>The Foundation should continuously ensure that all liquidation reports are accompanied by supporting documents that are duly signed by the individuals responsible for its preparation, review and approval. Moving forward, management should continually remind its CSO partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses.</p>	<p>Management's Response</p> <p>During the period, there is a significant improvement on the number of liquidation reports submitted by CSO partners which were properly supported by accompanying documents. The management will continue to ensure that all liquidation reports received were accompanied by appropriate supporting documents and were properly signed by the respective preparer, reviewer and approver.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
2	A	<p>Ensure the strict implementation on submission of liquidation reports and remittance of unexpended funds in a timely manner</p> <p>As part of the Foundation's Policy, CSO partners who avail cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the Finance Manager after all activities of the Project have been implemented.</p> <p>In addition, per Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to Foundation within thirty (30) days after the conduct of last activity. However, there were still two (2) CSO partners who submitted their liquidation reports only after the lapse of prescribed period of submission.</p> <p>Failure to submit liquidation reports in a timely manner would result to delayed recognition of adjustments in the Project's books.</p> <p>Recommendation</p> <p>The Foundation should maintain strict implementation of its policy regarding timely submission of liquidation reports and remittance of unexpended funds, as stated in the respective MoUs. Moving forward, the Foundation should ensure constant communication with its CSO partners and representatives so as to be updated about the status of advances made to partners.</p>	<p>Management's Response</p> <p>The management has improved its policies to ensure that liquidation reports are submitted on time with complete and proper documentation such as indicating the deadline on the submission of liquidation reports in the MoU. Furthermore, the management established a CPDE Accountability and Transparency Policy and CPDE Compliance Measures and Processes which was disseminated and agreed upon with all CSO partners to monitor the submission of the liquidation reports.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
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3	A	<p>Enhance cybersecurity capabilities to better protect the Coordinator of the Project from cyber attacks</p> <p>The world has changed over the last few years within various not-for-profit organizations. Its processes have been transformed by technology and continue to evolve. Coupled with changing demographics, speed-to-market pressures and expansion into emerging markets, the challenge for managing cyber risks is significant. Cyber attacks have grown in breadth and sophistication, and have risen to the top of many companies' board agenda. In fact, recent incidents point to the increasing reality that any organization, anywhere in the world, may be hacked one day – if it has not been hacked already. One therefore must be ready for this eventuality.</p> <p>A recent global survey conducted by SGV or EY showed that most companies have traditionally been investing in cyber risk management solutions. However, despite the progress in these solutions, the survey also revealed that globally:</p> <ul style="list-style-type: none">• 57% of organizations have had a recent significant cybersecurity incident;• 74% consider the actions of careless employees to be the most likely source of an attack;• 42% have no formal incident response plans in the event of an attack;• 86% do not have a cybersecurity function that fully meets their organizations' needs. <p>Organizations that fail to establish a balanced security strategy run the risk of significant financial losses due to fraud, regulatory sanction or prolonged operational downtime. Damage to brand reputation in the aftermath of an attack is also a critical risk that should be addressed.</p> <p>Recommendations</p> <p>The Foundation should enhance its cybersecurity capabilities and develop an investment program that balances the need to sense, resist and react to cyber threats. Depending on the level of maturity of the Foundation's cybersecurity capabilities, management may consider the following steps:</p> <ol style="list-style-type: none">a. Develop an enterprise-wide response to cyber threats based on an in-depth understanding of your business and operational landscape.b. Map and assess the relationships the organization has across the cyber ecosystem; identify what risks exist and perform a risk assessment.c. Determine the critical information assets that need to be protected.d. Collaborate with industry and national initiatives for information sharing. Share information about risk and threat landscape to understand broader risk landscape and be more aware of security gaps.e. Establish clear communication, direction and example-setting leadership in the event of an attack. <p>Create a culture of change readiness through simulation exercises that challenge existing crisis management, command and control center, manuals and plans.</p>	<p>Management's Response</p> <p>The management has employed security measures for websites and emails which are being monitored daily by the IT Officer and maintains firewall server against cyberattacks or hacking. Moreover, the Foundation was provided with domain names which are registered in authorized domain provider and registered in Internet Corporation for Assigned Names and Numbers. Lastly, the Foundation and the Project have their respective secure sockets layer/transport layer security that provide communications security over the computer network.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
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4	A	<p>Ensure compliance with the Data Privacy Act (DPA) and its implementing rules and regulations (IRR)</p> <p>In September 2016, the IRR of Republic Act No. 10173, known as the DPA of 2012, went into effect. The IRR set in motion the law that aims to protect the fundamental right to privacy while promoting innovation and growth through the free flow of information. All Philippine entities that control or process personal information have one year to comply with its provisions.</p> <p>The IRR, promulgated by the National Privacy Commission (NPC), supplements the DPA's provisions and provides for specific rules on:</p> <ul style="list-style-type: none">• Rights of data subjects;• Data privacy principles;• Outsourcing, subcontracting and data sharing agreements; and• Registration and compliance requirements. <p>The DPA, and its IRR, requires the identification of personal information and evaluation of its processes including the conduct of privacy impact assessments and NPC registration. This will serve as a foundation to design and develop specific organizational, physical and technical security measures that personal information controllers and processors are mandated to undertake in relation to the personal information which they process.</p> <p>The DPA has identified specific violations that are sanctioned with both imprisonment and payment of fines. Such violations to personal information include, but are not limited to, access due to negligence, unauthorized processing, malicious disclosure, improper disposal and intentional breach. As applicable, additional penalties may also be imposed such as revocation of rights, deportation, or absolute disqualification from office for corporate officers, aliens, and public officials.</p> <p>Recommendations</p> <p>The Foundation should comply with the requirements of the DPA and its IRR in order to protect the personal information of its donors and employees. This is to avoid sanctions that could arise from noncompliance. NPC guidelines recommend that companies perform the following:</p> <p><i>Appoint a Data Protection Officer</i></p> <p>The Foundation should formally designate its data protection officer (DPO) with the NPC. All privacy related matters should be handled by the DPO and all communications with the NPC are coursed through him or her.</p> <p><i>Conduct Privacy Impact Assessment</i></p> <p>The Foundation should identify and document the personal information it controls or processes, evaluate its personal information data flows and assess the risks and controls over collection, processing, sharing, storage and disposal of personal information.</p> <p><i>Create Privacy Management Program</i></p> <p>The Foundation should prepare a Privacy Manual which serves to align everyone within the organization along the same culture and direction with regard to privacy. The</p>	<p>Management's Response</p> <p>The management has implemented actions and policies such as data protection and security measures in compliance with the requirements of DPA and will continue to ensure the protection of personal information of its donors and employees.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
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	<p>program should cover the following governance areas: maintenance of personal data inventory, data privacy policy, embedding data privacy into operations, maintenance of privacy training and awareness program, information security risk management, third party risk management, notice maintenance, complaints and inquiries management, new operational practices, breach management, data handling practices and compliance monitoring.</p> <p><i>Implement data protection and security measures</i> The Foundation should ensure that its plans and policies are carried into action. The Foundation should ensure that organizational, physical and technical security measures adequately protects personal information it controls or processes.</p> <p><i>Setup and regularly exercise breach reporting procedures</i> The Foundation should establish breach response teams that handle incidents with clearly defined roles and responsibilities.</p>	
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CPDE Project (Multi-Donor): Civil Society Continuing Campaign for Effective Development

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible
Reiteration of prior period comments			
1	A	<p>Ensure that all liquidation reports are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to the Foundation by their respective Civil Society Organization (CSO) partners were unaccompanied by the related supporting documents, and were not properly signed by the preparer, reviewer and approver. Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Foundation exist and are properly recorded, liquidation reports should be accompanied by supporting documents that are properly signed by the preparer and approved by the reviewer.</p> <p>Recommendation</p> <p>The Foundation should ensure that all liquidation reports are accompanied by supporting documents that are duly signed by those persons responsible for its preparation, review and approval. Moving forward, management should continually remind its partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses.</p>	<p>Management's response</p> <p>Management has noted the recommendation and will ensure that all liquidation reports have supporting documents that are properly signed and dated.</p> <p>Client officers responsible</p> <p>Mr. Antonio A. Tujan Jr. <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
2	A	<p>Ensure the strict compliance in the submission of liquidation reports and remittance of unexpended funds in a timely manner</p> <p>As part of the Foundation's Policy, CSO partners who avail of cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the Finance Manager after all activities of the Project have been implemented.</p> <p>In addition, based on the Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to Foundation within 30 days after the conduct of last activity. However, most of the CSO partners submitted their liquidation reports only after the lapse of prescribed period of submission.</p> <p>Failure to submit liquidation reports in a timely manner would result to delayed recognition of adjustments in the Project's books.</p> <p>Recommendation</p> <p>The Foundation should ensure the strict compliance with its policy regarding the timely submission of liquidation reports and remittance of unexpended funds, as stated in the respective MoUs. Moving forward, the Foundation should have constant communication with its CSO partners and representatives to be updated of the status of advances made to partners.</p>	<p>Management's response</p> <p>Management stressed that the planning, monitoring and evaluation system of the Foundation includes a policy regarding the timely liquidation of released fund to partners. Specific terms, conditions and sanctions are also stipulated in the MoU agreed and signed by the Foundation and implementing CSO partners. Constant and regular follow-ups are also being done as financial reports are being submitted to the Finance Committee on a monthly basis. Moreover, as the Foundation observed, partners find it difficult to comply with the suggested deadlines as they also have to work with their own organizations' schedules of activities, and more often than not, they follow their own fiscal or annual reporting calendar.</p> <p>Client officers responsible</p> <p>Mr. Antonio A. Tujan Jr. <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>



2016 EC

CPDE Project (EC): Enhancing Civil Society Role in Development Partnerships Post 2015

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible
1	A	<p>Ensure that all liquidation reports submitted to the Coordinator by the respective beneficiaries are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to IBON International Foundation Inc.'s ("Coordinator") by their respective Civil Society Organization (CSO) partners were unaccompanied by the related supporting documents and are not properly signed by the preparer, reviewer and approver.</p> <p>Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Coordinator exist and are properly recorded, liquidation reports should be accompanied by supporting documents that are properly signed by the preparer and approved by the reviewer.</p> <p>Recommendation</p> <p>The Coordinator and Beneficiaries should ensure that all liquidation reports are accompanied by supporting documents that are duly signed by people responsible for its preparation, review and approval. Moving forward, Management should continually remind its partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses.</p>	<p>Management's response</p> <p>Management has noted the recommendation and will ensure that all liquidation reports have supporting documents that are properly signed and dated.</p> <p>Client officers responsible</p> <p>Mr. Antonio A. Tujan Jr. <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>
2	A	<p>Ensure the strict compliance with the submission of liquidation reports and remittance of unexpended funds in a timely manner</p> <p>As part of the Foundation's Policy, CSO partners who avail of cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the Finance Manager after all activities of the Project have been implemented.</p> <p>In addition, based on the Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to the Foundation within 30 days after the conduct of last activity. However, most of the CSO partners submitted their liquidation reports only after the lapse of the prescribed period of submission.</p> <p>Failure to submit liquidation reports in a timely manner will result to a delayed recognition of adjustments in the Project's books.</p> <p>Recommendation</p> <p>The Foundation should ensure its strict compliance with its policy regarding the submission of liquidation reports and remittance of unexpended funds in a timely manner, as stated in the respective MoUs. Moving forward, the Foundation should have constant communication with its CSO partners and representatives to be updated of the status of advances made to the partners.</p>	<p>Management's response</p> <p>Management has stressed that the planning, monitoring and evaluation system of the Foundation includes a policy regarding the timely liquidation of released fund to partners. Specific terms, conditions and sanctions are also stipulated in the MoU agreed and signed by the Foundation and implementing CSO partners. Constant and regular follow-ups are also being done as financial reports are being submitted to the Finance Committee on a monthly basis. Moreover, as the Foundation observed, partners find it difficult to comply with the suggested deadlines as they also have to work with their own organizations' schedules of activities, and more often than not, they follow their own fiscal or annual reporting calendar.</p> <p>Client officers responsible</p> <p>Mr. Antonio A. Tujan Jr. <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>



2015

CPDE Project (Multi-Donor): Civil Society Continuing Campaign for Effective Development

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible	Target completion date
NEW COMMENT				
1	A	<p>Ensure proper recognition of expenses in accordance with modified cash basis of accounting</p> <p>The Project's financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the Philippines. On this basis, revenues and related assets are recognized when received rather than when earned while expenses are recognized when incurred.</p> <p>In 2015, the Foundation recognized travel expenses actually incurred in 2016 approximately amounting to \$154,575 due to postponement in implementation of Project's second year activities in relation to Coordination Committee meeting and Global Partnership for Effectiveness Development Coordination Country Focal Points Training for the 2nd Monitoring Process.</p> <p>Recommendation</p> <p>The Foundation to ensure expenses are recognized in accordance with modified cash basis of accounting. Moving forward, management to revisit its accounting policy with regards to its recognition of budgeted expenses not actually incurred in current year.</p>	<p>Management's response</p> <p>Management believed that it is more appropriate to recognize the expenses in 2015 for these activities held in January 2016 as majority of the expenses for these meetings were incurred during December 2015. Moreover, both events were programmed to occur during the latter part of 2015 but was postponed due to security issues and other circumstances beyond the control of the organization.</p> <p>Management to revisit its accounting policy in recognition of expenses.</p> <p>Client officers responsible</p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>	Immediately
REITERATION OF PRIOR YEAR COMMENTS				
2	A	<p>Ensure that all liquidation reports are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to the Foundation by their respective CSO partners were unaccompanied by the related supporting documents and are not properly signed by the preparer, reviewer and approver.</p> <p>Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Foundation exist and are properly recorded, liquidation reports should be accompanied by supporting documents that are properly signed by the preparer and approved by the reviewer.</p> <p>Recommendation</p>	<p>Management's response</p> <p>Management noted the recommendation and will ensure that all liquidation reports have supporting documents that are properly signed and dated.</p> <p>Client officers responsible</p> <p>Mr. Antonio A. Tujan Jr. <i>Director</i></p> <p>Ms. Angelita Jimenez <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>	Immediately



		<p>The Foundation to ensure that all liquidation reports are accompanied by supporting documents that are duly signed by those persons responsible for its preparation, review and approval. Moving forward, management to continually remind its partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses.</p>		
3	A	<p>Ensure strict compliance in the timely submission of liquidation reports and remittance of unexpended fund As part of the Foundation's Policy, CSO partners who avail of cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the Finance Manager after all activities of the Project have been implemented.</p> <p>In addition, based on the Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to Foundation within 30 days after the conduct of last activity. However, most of the CSO partners submitted their liquidation reports only after the lapse of prescribed period of submission.</p> <p>Failure to submit liquidation reports in a timely manner would result to delayed recognition of adjustments in the Project's books.</p> <p>Recommendation The Foundation to ensure strict compliance in its policy regarding the timely submission of liquidation reports and remittance of unexpended funds as stated in the respective MoUs. Moving forward, the Foundation should have constant communication with its CSO partners and representatives to be updated of the status of advances made to partners.</p>	<p>Management's response</p> <p>Management stressed that the Planning, Monitoring and Evaluation System of the Foundation includes a policy regarding timely liquidation of released fund to partners. Specific terms, conditions and sanctions are also stipulated in the MoU agreed and signed by the Foundation and implementing CSO partners. Constant and regular follow ups are also being done as financial reports are being submitted to the Finance Committee on a monthly basis.</p> <p>Moreover, as the Foundation observed, partners find it difficult to comply with the suggested deadlines as they also have to work with their own organizations' schedules of activities and more often than not, they follow their own fiscal or annual reporting calendar.</p> <p>Client officers responsible Mr. Antonio A. Tujan Jr. <i>Director</i> Ms. Angelita Jimenez <i>Finance Manager - IBON</i> Ms. Maria Teresa Dominong <i>Finance Manager - CPDE</i></p>	Immediately



2014

CPDE Project (Multi-Donor): Civil Society Continuing Campaign for Effective Development

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible	Target completion date
NEW COMMENT				
1	A	<p>Ensure that all liquidation reports are accompanied by supporting documents that are properly signed and dated</p> <p>Some of the liquidation reports submitted to the Foundation by their respective civil society organizations (CSO) partners were unaccompanied by the related supporting documents. Also some of the reports are not properly signed by the preparer, reviewer and approver.</p> <p>Supporting documents serve as proof that expenses reported in the liquidation reports are valid, complete and accurate. Thus, in order to ensure that all expenses reported by the Foundation exist and are properly recorded, liquidation reports should be accompanied by supporting documents. Moreover, liquidation reports should be properly signed by the preparer and approved by the reviewer, to certify its validity.</p> <p>Recommendation Management should ensure that all liquidation reports are accompanied by supporting documents that are duly signed by those persons responsible for its preparation, review and approval. Management should emphasize the importance of supporting documents to those persons in charge for liquidation reports</p>	<p>Management's response Management has noted the recommendation and will ensure that all liquidation reports have supporting documents that are properly signed and dated.</p> <p>Action to be taken In order to ensure the completeness and validity of supporting documents, management will continually remind its partners of the importance of supporting documents and implement uniform procedures for the proper preparation and approval of expenses</p> <p>Client officers responsible Mr. Antonio A. Tujan Jr <i>Director</i> Ms. Angelita Jimenez <i>Finance Manager (IBON)</i></p>	Immediately
REITERATION OF PRIOR YEAR COMMENTS				
2	A	<p>Ensure strict compliance in the timely submission of liquidation reports and remittance of unexpended fund</p> <p>As part of the Foundation's Policy, partners who avail of cash advances and make advance payments on behalf of the Foundation are required to submit a liquidation report to the Finance Manager after all activities of the Project have been implemented.</p> <p>In addition, based on the Memorandum of Understanding (MoU) between the Foundation and partners, the unexpended funds shall be remitted back to Foundation within thirty (30) days after the conduct of last activity.</p> <p>During our audit, we noted that the partners in-charge of implementing the activities and programs of the Project submitted their liquidation reports only after the lapse of prescribed period of submission. Failure to submit liquidation reports in a timely manner</p>	<p>Management's response</p> <p>Management stressed that the Planning, Monitoring and Evaluation (PME) System of the Foundation includes a policy regarding timely liquidation of released fund to partners. Specific terms, conditions and sanctions are also stipulated in the MoU agreed and signed by the Foundation and implementing partners. Constant and regular follow ups are also being done as financial reports are being submitted to the Finance Committee on a monthly basis.</p> <p>Moreover, as the Foundation observed, partners find it difficult to comply with the suggested deadlines as they also have to work with their own organizations' schedules of</p>	Immediately



	<p>would result to delayed recognition of adjustments in the books of the Foundation.</p> <p>Recommendation Management should ensure strict compliance in its policy regarding the timely submission of liquidation reports and remittance of unexpended funds as stated in the respective MoUs. The Foundation should also have constant communication with its partners and representatives to be updated of the status of advances made to partners.</p>	<p>activities and more often than not, they follow their own fiscal or annual reporting calendar.</p> <p>Action to be taken In order to keep financial records updated and to work better with partners in this regard, mid-year reporting has been implemented this year. A quarterly reporting is also being explored although feedback from initial partners suggests that it might be too much work for them. Current discussions on how to further improve the process is still on-going.</p> <p>Client officers responsible Mr. Antonio A. Tujan Jr. - <i>Director</i> Ms. Angelita Jimenez - <i>Finance Manager (IBON)</i></p>	
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