

Audit Findings and Management Responses

August 2021



2020 CPDE Project: Civil Society Continuing Campaign for Effective Development Cooperation in SDGs *(SIDA Jan 2020 - Dec 2021)*

	Observations	Implication	Recommendation	Management's Response
1	Ensure that unexpended funds are remitted back to the Foundation on a timely manner			
	<p>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.</p> <p>During our current audit, we noted that some CSO partners were not able to remit back the unexpended funds, beyond thirty (30) after the conduct of last activity and as at the date of this report, to the Foundation amounting to \$4,233.</p> <p>Moreover, the Foundation has also erroneously transferred funds to APRN amounted to \$13,619. APRN is no longer a CSO partner of the Foundation, subsequent after the reporting period. As of July 22, 2021, the amount is still outstanding from APRN.</p>	<p>Funds not remitted on a timely basis may result to inefficient cash flow management of the Company. The cash could have been used to other purposes relevant to the project of the Foundation.</p> <p>Moreover, there is also a risk that the unexpended funds will not be able to be recovered by the Foundation, especially for partners who were no longer contracted by the Foundation on subsequent project implementation.</p>	<p>The Foundation should ensure strict adherence and execution of its MoU with CSO partners. It should exhaust all efforts to collect unexpended funds within 30 days after the conduct of last activity.</p> <p>The foundation should improve its existing controls when transferring funds to Partners to avoid erroneous transfer.</p>	<p>The Management notes the recommendation.</p> <p>At the time of the conduct of the audit, the Foundation has communicated with the Asia Pacific Research and other CSO partners to collect erroneous payment made and unexpended funds.</p>
2	Ensure and establish timely reporting of the Foundation's partners			
	<p>During the audit, we have noted that the Foundation's partners had difficulty in providing the narrative reports detailing the status of the projects' implementation and financial reports due to the impact of COVID-19.</p> <p>Moreover, we have also noted that the narrative reports provided by the Foundation's implementing partners did not include the amounts of unexpended funds still outstanding as of December 31, 2020, particularly for partners who have not implemented their respective projects.</p>	<p>The untimely reporting from the Foundation's partners resulted to a delay in the audit of the Foundation's books as of December 31, 2020.</p>	<p>The Foundation should ensure and monitor its implementing partners' compliance with the timely reporting of its financial reports to ensure that the Foundation's books are also updated on a timely manner to assist in efficient and effective audit of its financial reports.</p> <p>The Foundation should also require its implementing partners, particularly those that has not yet implemented their projects, to report the amount of unexpended funds to establish a common understanding, between the Foundation and the partners, of an accurate amount that is still outstanding for implementation.</p>	



2019 CPDE Project: Civil Society Continuing Campaign for Effective Development

(SIDA May 2018 - Dec 2019)

Item no.	Priority level*	Comments and recommendations	Management's response' Client officers responsible
Addendum	A	<p>Ensure that all expenditures recorded by the Project are actual eligible costs based on the Agreement with the Swedish International Development Cooperation Agency (the "Contracting Authority")</p> <p>As part of the General Conditions applicable to Grants, criteria for eligible costs are set out by the Contracting Authority as follows:</p> <ul style="list-style-type: none"> incurred during the Activity Period, whatever the time of actual disbursement by the Cooperation Partner and/or its Implementing Beneficiaries; indicated in the estimated overall budget of the Project/Core Activities and further detailed in the approved work plan and Budget; must be necessary for the implementation of the Project/Core Activities; identifiable and verifiable, being recorded in the accounting records of the Cooperation Partner and determined according to the applicable accounting standards of the country where the Cooperation Partner is established or according to the International Financial Reporting Standards (IFRS) and according to the usual cost accounting practices of the Cooperation Partner; must be recorded throughout the duration of the Project/Core Activities in a systematized way and verified by supporting documentation for salary costs debited to Project/Core Activities; and must be reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency. <p>During the audit, the Project recorded and reported foreign exchange losses and provision of losses relating to uncollectible advances and receivables from implementing partners amounting to \$8,899 and \$19,478 as eligible costs of the Project.</p> <p>However, in the verification of expenditures performed, we have noted that the following amounts do not qualify as eligible costs, thus, should not be included and reported as expenses of the Project per General Conditions applicable to the Grants above. These were subsequently adjusted as ineligible costs in the final schedule of actual expenses.</p> <p>Recommendation</p> <p>The Foundation should ensure that the expenditures recorded by the Project are actual eligible costs in accordance with the Agreement with the Contracting Authority to prevent the recording of ineligible expenses that may misstate the total expenses of the Project.</p> <p>Recording expenditures that are determined to be eligible will properly indicate how the funds received from the Contracting Authority are expended in accordance with the Project's programs and activities.</p>	<p>Management's response</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 and were audited in accordance with Philippine Standards on Auditing. Hence, expenses of the project were recorded and reported as they were incurred under each budget item including foreign currency translation losses and provision of losses relating to uncollectible advances and receivables from implementing partners in accordance with the related accounting practice and standards.</p> <p>The Management notes, in compliance with Sida agreement, to keep diligent identification of eligible costs of the Project and to minimize losses and manage risks related to the forex losses and impairment of receivables. Beginning 2019, the Project has maintained minimum cash in foreign currency to avoid foreign exchange losses. In 2020, CPDE and IBON International have implemented standard procedures of selection of implementing partners to ensure that the partner organizations have the financial management capacity to ensure the implementation of Project activities, among other criteria.</p> <p>Client officers responsible</p> <p>Ms. Jennifer Malonzo <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>



Reiteration of prior year's recommendation			
1	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.</p> <p>During our current and previous audits, we noted a number of CSO partners who were not able to submit their liquidation reports and remit back the unexpended funds to the Foundation as at the period end of the financial statements. Further, the Foundation provided allowance for impairment losses on its due from and advances to partners amounting to \$19,478 after all efforts have been exhausted to collect and liquidate.</p> <p>Failure to submit liquidation reports on a timely manner would result to inaccurate balances in the Project's books at the end of the intended period. While untimely collection of due from partners may lead to inefficiencies in the Project's cash management.</p> <p>Recommendation</p> <p>The Foundation should strictly implement its policies 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 to be updated on the status of advances made to and due from 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 CSO Partnership for Development Effectiveness (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. This is intended to be implemented moving forward on projects pursued by the Foundation.</p> <p>In 2020, in compliance to agreed conditions with Swedish International Development Cooperation Agency (SIDA), CPDE through the Foundation has effected the Guidelines and Procedures in the Selection and Assessment of Implementing Partners which aims to assess the capacity of partners to manage CPDE subgrants and implement the CPDE Programme accordingly. This also aims to systematize ways of working jointly with partners to monitor and review projects and the quality of partner relationship should be devised and continuously improved. Both the Foundation and our partners must commit to improving the quality of relationship as partners and allot make adequate time and resources for this.</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>
Regulatory and Other Matters			
2	A	<p>Enhance cybersecurity capabilities to better protect the Coordinator of the Project from cyberattacks</p> <p>In light of the increase in online digital transactions, organizations that fail to establish a balanced security strategy run the risk of significant financial losses due to fraud 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. In particular, the Foundation should ensure that its Board and senior management, who have oversight over the risks or threats to the Foundation, be made aware of the cyber risks and craft the appropriate policies and measures for the Foundation's cybersecurity. Depending on the level of maturity of the Foundation's cybersecurity capabilities, management may consider the following steps:</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>In addition, through the IBON International Human Rights Desk, the organization shall install necessary security devices to secure its central filing system.</p> <p>Client officers responsible</p> <p>Ms. Amerina Padilla Ac-ac, <i>Director</i></p>



	<ul style="list-style-type: none"> • Develop an enterprise-wide response to cyber threats based on an in-depth understanding of your business and operational landscape. • Map and assess the relationships the organization has across the cyber ecosystem; identify what risks exist and perform a risk assessment. • Determine the critical information assets that need to be protected. • 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. • Establish clear communication, direction and example-setting leadership in the event of an attack. • Create a culture of change readiness through simulation exercises that challenge existing crisis management, command and control center, manuals and plans. 	<p>Ms. Angelita Jimenez, <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong, <i>Finance Manager – CPDE</i></p>
	<p>Leverage technology on the finance processes of the Foundation to work and communicate with continuity</p> <p>With the continuous threat of the COVID-19 pandemic, many countries have experienced limitations on its operations including travel restrictions and quarantine measures. Disruptions like the COVID- 19 pandemic may lead to revisiting the ability of the Foundation’s workforce to work remotely including the finance processes. The Foundation’s ability to work and communicate financial reporting with continuity during a global crisis can maintain the trust of its stakeholders such as investors, employees, creditors and regulators.</p> <p>Recommendation</p> <p>To be able to work and communicate financial reporting with continuity, the Foundation needs to consider:</p> <ul style="list-style-type: none"> • Improving accessibility to secured and safe data by: <ul style="list-style-type: none"> ○ Increasing access/aggregate structured data sources ○ Scanning and creating OCR documents ○ Extracting important data points from data sources such as relevant contract clauses ○ Using a virtual private network • Substituting manual process to automated processes. Examples of which are: <ul style="list-style-type: none"> ○ Implementing robotic process automation ○ Automating purchase- to-pay processes ○ Providing managed services for selected processes ○ Incorporating electronic approval or e-signatures in the Foundation’s processes • Investing in portable wi-fi devices or other technology that will accommodate employees’ stable internet connection for contingency purposes. 	<p>Management’s response</p> <p>Management has noted the recommendations.</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>



2019 CPDE Responses to NIRAS Evaluation Recommendations

Recommendation	Response	Responsible
1. CPDE should formulate a short-term plan and a budget as a basis for Sida support in the coming two years (the same period as the EU programme is already agreed on).	A. CPDE will formulate a plan based on a programme framework complementary and aligned to the timeline of the EC Action.	
1a. The plan should include, at a minimum: measures to address identified governance issues, including a simplified consensus process, reassessment of membership definitions and protocol, varying functionality or responsiveness across the sectoral and regional secretariats, strengthened links between the various governance levels as well as addressing the Philippine bias in structures.	1a.1 The Co-chairs and the Global Secretariat met in Manila in May 2019 and agreed to: <ul style="list-style-type: none"> • Clarify roles and responsibilities of members (i.e., both direct and indirect) • Streamline structure and decision-making of the platform • Discuss with Philippine-based constituency FMOs and coordinators the idea to explore alternatives, options to correct financial allocation and platform representation 'imbalance' 	Network Manager Programme Team
1b. Measures to coordinate the Sida support with the EU funding in order to have these two funding streams contributing to one holistic theory of change and a realistic results framework for CPDE. Expected outcomes at country level need to be formulated in a realistic and simple manner.	1b.1 Draft EC Action proposal is already culled from holistic ToC. Sida and other donors support through pooled funding will be sought to complete support for the rest of the programme framework. 1b.2 CPDE will formulate simple and realistic outcome indicators based on the ToC including country level indicators.	Programme Team Programme Team
1c. Measures to address the communication gaps, with a focus on social media, web-page (design, content, language, accessibility) and enhanced outreach via other networks.	1c.1 Coordination Committee will review communications strategy and improve and update communications work and channels; CPDE will continue to improve its communications work based on recommendations from various external and internal evaluation processes.	Comms Team Comms Team
1d. Measures to enhance cooperation with other stakeholders (existing structures) and be more connected to actual SDG processes.	1d.1 Coordination Committee to review partnership and outreach strategy; Better articulate/profile engagement/cooperation with other stakeholders in SDG at different levels	Policy Coordinator, Network Manager, Country Focal Points
1e. Amendments to sub-granting operations, in accordance with KMPG recommendations and adoption of procedures to secure data management to safeguard quality of monitoring data in general, and financial data in particular.	1e.1 Workplan related to KPMG evaluation is already submitted to Sida.	Programme Team
2. CPDE should consider consolidating its work and focus on enabling a smaller number of country level CSOs in each region to sustain their work on monitoring of GPEDC indicator 2 and SDG 17 in cooperation with the Co-chair of GPEDC and with OECD-DAC and UNDP.	2.1 CPDE will develop six (6) pilot country programme focusing on one or two thematic issues.	Programme Team
2a. link up with local research institutions that can provide them with evidence-based research.	2a.1 Noted.	Programme Team
2b. strategize, seek alliances and participate meaningfully in policy dialogue on various issues.	2b.1 See Response 1d.1, to be cascaded at country level.	Programme Team
2c. mobilise a broad local movement to enhance democratic developments and counteract the trends of closing civic space. This includes promoting legitimacy and	2c.1 Mobilisation of broad civil society involving the diversity of sectors will be reiterated with regions and country focal points.	Programme Team



accountability of CSOs and finding allies in communities, culture, faith-based organisations, sports, human rights defenders, media as well as private sector pioneers, etc.		
2d. engage purposefully and constructively with the private sector, as well as mitigation of potential risks.	2d.1 The new EC Action proposal focuses on meaningful engagement with the private sector (PS) – i.e., in alignment with the overall programme framework.	Policy Coordinator
2e. ensure that the voices of women and girls and the most marginalised groups are heard and considered.	2e.1 Global Secretariat will work with the Feminist Group to review and lead in reinvigorating CPDE’s feminist approach to development. 2e.2 Outreach to most marginalized groups not yet covered by CPDE will be discussed in relevant governance bodies – i.e., PWD, LGBTIQ.	Programme Team Policy Team, CPDE constituencies, Country Focal Points
3. CPDE should develop a long-term vision (2030) for a possible future for CPDE with clear objectives and a strategy that can form the basis for buy-in from a broad CSO constituency (and donor funding).	3.1 The Strategic Planning Workshop will be conducted in November 2019 to discuss long-term strategic directions and sustainability plan for CPDE. The Coordination Committee and relevant members will participate in this workshop.	



2018 KPMG

Review of Internal Management and Control of IBON International Foundation Inc. (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></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 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></p> <p>Ms. Angelita Jimenez, <i>Finance Manager - IBON</i></p> <p>Ms. Maria Teresa Dominong, <i>Finance Manager - CPDE</i></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>Regulatory and other matters</p>		
<p>3</p>	<p>A</p> <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</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>	<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>



		<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.



2017 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
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>



Regulatory and other matters			
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>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>



		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) 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 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> 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> 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>Management's Response 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 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><i>Create Privacy Management Program</i> 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.</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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2016

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>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>Recommendation</p> <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</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 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</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



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</p> <p>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</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>Action to be taken</p> <p>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</p> <p>Mr. Antonio A. Tujan Jr <i>Director</i></p> <p>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</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</p>	Immediately



	<p>submit liquidation reports in a timely manner 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>own organizations' schedules of 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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