



Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 2, page 49	The faithful representation of the Receivables account, with a balance of P32.385 million as at December 31, 2024, could not be established due to: (a) negative balances in Accounts Receivable (AR) and Other Receivable accounts totaling P6.916 million; (b) absence of supporting schedules and documents for long-outstanding accounts totaling P7.445 million; (c) discrepancies between confirmed balances and book records totaling P13.463 million; and (d) incorrect entries in Due From National Governments Agencies account totaling P2.523 million, contrary to Paragraph 27 of International Public Sector Accounting Standard 1, and Chapter 3 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	<p>misstatements in the financial records.</p> <p>b. Require the Cashier to prepare schedule of unreleased/ unclaimed checks duly certified as true and correct at year-end.</p> <p>We recommended, and Management agreed, to:</p> <p>a. Direct the Controllership Division to:</p> <ol style="list-style-type: none"> <li>1. Evaluate and trace supporting documents for all negative balances;</li> <li>2. Exert efforts in retrieving the documents for transactions with incomplete supporting documentation;</li> <li>3. Reconcile records with the exhibitors to address the confirmation variances;</li> <li>4. Coordinate with the Operations group and issue periodic confirmation or demand letters, as deemed necessary, for all outstanding receivables; and</li> <li>5. Prepare the adjusting entries to correct the balances</li> </ol>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 3, page 54	The fair presentation of the Property, Plant and Equipment (PPE) account, with a net book value of P17.324 million as at December 31, 2024, could not be reasonably established due to: (a) net variance of P2.899 million between the balances per Report on Physical Count of PPE and accounting records, resulting from: (i) unrecorded disposals, (ii) unbooked properties, (iii) inclusion of semi-expendable items, (iv) discrepancies in costing, (v) negative balances, (vi) obsolete IT software; and (b) errors in the computation of Depreciation Expense and Accumulated Depreciation, amounting to P209,259 and	<p>of the accounts affected;</p> <p>b. Instruct all concerned personnel to exercise and observe due diligence in recording of transactions, and the preparation/review/ approval of financial documents and reports;</p> <p>c. Strengthen the internal controls on the review process of the journal entries to prevent errors and misclassifications; and</p> <p>d. Intensify collection efforts from agencies with outstanding commitments to support CITEM operations.</p> <p>We recommended, and Management agreed, to:</p> <p>a. Direct the Controllership Division (CD) to:</p> <ol style="list-style-type: none"> <li>1. Closely coordinate with the General Services Division (GSD) for timely and regular PPE reconciliation;</li> <li>2. Investigate the negative balances in the PPE schedules;</li> <li>3. Maintain the PPELC in accordance with Annex 8, GAM Vol. II; and</li> </ol>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

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	P441,592, respectively, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1, and Paragraphs 26, AG24, and AG27 of IPSAS 45.	4. Prepare the necessary adjusting entries.	Fully Implemented
	<i>Other observation</i>		
	The General Services Division was not able to: (a) invite the Audit Team to witness the physical inventory-taking of PPE; and (b) prepare the Property Acknowledgement Reports for newly acquired motor vehicles and IT equipment. These lapses may result in issues concerning accountability, maintenance, returns, or replacement of assets, contrary to Section V.1 of COA Circular No. 80-124, in relation to Section 38, Chapter 10 of Government Accounting Manual (GAM) Volume I, and Section 21, Chapter 10 of GAM Vol. I.	<p>b. Assign additional personnel to the GSD to support asset management, and conduct capacity-building/training on proper asset management procedures;</p> <p>c. Direct the GSD to:</p> <ol style="list-style-type: none"> <li>1. Reflect PPE costs per Subsidiary Ledger and report accurate unit values in the RPCPPE;</li> <li>2. Ensure RPCPPE only includes items classified as PPE per Annex C of COA Circular no. 2020-002;</li> <li>3. Notify the Audit Team in advance of inventory-taking activities; and</li> <li>4. Prepare and issue PARs for all newly acquired PPE;</li> </ol> <p>d. Initiate the procedures outlined in COA Circular</p>	<p>Fully Implemented</p> <p>Not Implemented. Reiterated with updates as discussed in Part II – Observations and Recommendations, Observation No. 1 of this Report.</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 4, page 59	The fair presentation of the Trust Liabilities account, with a balance of P3.995 million as at December 31, 2024, could not be ascertained due to the absence of supporting documents for long-outstanding commitment and retention fees related to completed events, totaling P1.417 million. This creates uncertainty as to CITEM's obligation to refund the said amount, contrary to Paragraph 27 of the IPSAS 1 and Chapter 3 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	<p data-bbox="906 260 1230 407">No. 2020-006 for the one-time cleansing and reconciliation of the GSD and CD records.</p> <p data-bbox="850 449 1230 512">We recommended and Management agreed to:</p> <ul style="list-style-type: none"> <li data-bbox="850 548 1230 1010">a. Direct the Controllership Division to make diligent efforts to locate the relevant documents related to the commitment fees. If, after exhaustive verification, and the liability cannot be established, consider closing the account and transferring the amount to the Accumulated Surplus/ (Deficit) account; and</li> <li data-bbox="850 1052 1230 1430">b. Establish a clear policy governing the refundability or non-refundability of commitment fees, to ensure proper classification and consistent treatment of similar transactions in the future.</li> </ul>	<p data-bbox="1256 548 1425 611">Fully Implemented</p> <p data-bbox="1256 1052 1425 1115">Fully Implemented</p>
AO No. 5, page 61	The fair presentation of the Accumulated Surplus/ (Deficit) account, with a year-end balance of P511.454 million, could not be established due to: (a) inadequate disclosure of prior period adjustments totaling P12.133 million; and (b) unclear transactions and/or insufficient supporting documents in the total	<p data-bbox="850 1472 1230 1535">We recommended that Management:</p> <ul style="list-style-type: none"> <li data-bbox="850 1577 1230 1839">a. Hire qualified personnel to fill vacant positions in the Controllership Division, and consider temporary reassignments pending completion of the hiring process;</li> </ul>	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>amount of P7.900 million, contrary to the requirements of Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1, in relation to Chapter 3 of the Conceptual Framework for General Purpose Financial Reporting for Public Sector Entities, and Paragraph 53 of IPSAS 3.</p> <p>Other observation</p> <p>Significant internal control deficiencies in record-keeping and ledger maintenance relative to the Accumulated Surplus/(Deficit) account adversely affected the transparency and accuracy of its reported balance in CITEM's financial reports.</p>	<p>b. Direct the CD to:</p> <ol style="list-style-type: none"> <li>1. Submit to the Audit Team the: (i) justifications and complete documentation for all prior period adjustments totaling P7.900 million; and (ii) Enhanced Notes to Financial Statements disclosing narrative explanations and itemized adjustments under the Accumulated Surplus/(Deficit) account;</li> <li>2. Ensure accuracy in recording adjustment and payments, particularly in relation to fund transfers, collections, and corrections of erroneous entries;</li> <li>3. Implement monthly reconciliation procedures to promptly detect and correct errors;</li> <li>4. Maintain General Ledger for the Accumulated Surplus/(Deficit) account and corresponding Subsidiary Ledgers for its sub-accounts;</li> </ol>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

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AO No. 6, page 69	CITEM incurred financial losses, missed opportunities for revenue generation, and experienced operational disruptions, while the government was deprived of the optimal use of its properties due to the following: (a) unfulfilled conditions stipulated in the lease contract between the National Government and private lessees; (b) hasty demolition of HallOne, CITEM's Investment Property, in 2018 to make way for the construction of a commercial building by the private lessee, which was subsequently abandoned few years later; and (c) precarious condition of CITEM's existing office building, contrary to Section 2 of Presidential Decree No. 1445.	5. Correct the use of account titles and codes in accordance with the Revised Chart of Accounts; and	Fully Implemented
		6. Prepare both Pre-Closing and Post-Closing Trial Balances, properly reflecting all adjusting entries.	Fully Implemented
		We recommended that Management:	
		a. Elevate matter to the Governing Board, particularly to the DTI Secretary, who serves both as the Chairperson of CITEM and the Government's representative in the Lease Agreement;	Fully Implemented
		b. Submit to the Audit Team a report on the actions taken and those planned by CITEM, through its Board of Governors, concerning the unfulfilled conditions of the Lease Agreement;	Fully Implemented. Submitted to the Audit Team were the Minutes of Meeting of the CITEM Board Meeting held on August 15, 2025, and the Position Paper dated July 4, 2024, re: Unfulfilled Lease Agreement
		c. If necessary, initiate legal action to compel the lessees to comply with the terms of the Lease Agreement and claim indemnity from Private	Not Implemented. CITEM did not initiate any legal action, as it is not privy to the existing contracts.

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AO No. 7, page 75	CITEM has taken initial steps to address the concerns previously raised regarding the P304.573 million restricted funds. However, the absence of an official document or policy outlining a comprehensive and actionable plan, including clear specifications, timelines, targets, cost estimates, and a cost-benefit analysis for the utilization of the Fund, undermines the rationale for maintaining the restriction and contravenes Section 2 of Presidential Decree No. 1445, which mandates the effective and efficient use of government resources for their intended purpose.	<p>Lessees as provided under EO No. 294, to ensure that CITEM is compensated for demolished or damaged improvements, including HallOne and GSP; and</p> <p>d. Through the DTI Secretary, renegotiate the Lease Agreement and formally request that a portion of the idle and undeveloped property be allocated to CITEM to facilitate the construction of its's own office building and exhibition halls.</p> <p>We recommended that Management:</p> <p>a. Through the TWG, conduct a cost-benefit analysis of all identified options, including renovation, new construction, leasing, etc., and consult relevant regulatory bodies to determine: (i) budgetary implications, and possible supplemental budget allocation; (ii) operational costs and feasibility of each option; and (iii) required regulatory clearances and permits;</p> <p>b. Prioritize compliance with DPWH and NHCP recommendations to ensure the safety, legality, and suitability of any future facility; and</p>	<p>Nevertheless, the issue has been referred to the Governing Board.</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 8, page 79	<p>CITEM has yet to initiate the required procedures under COA Circular No. 2023-008 and formally request the write-off of receivables totaling P2.441 million, which have remained inactive or non-moving in the books for over ten years and are deemed to have a remote possibility of collection.</p>	<p>c. Require the TWG to submit regular progress reports to management, which should, in turn, be presented to the Board to facilitate informed, transparent, and timely decision-making.</p>	Fully Implemented
	<p>Moreover, persistent issues in the management of receivables, including unclear identification of debtors and the absence of effective collection mechanisms, are contrary to the provisions of Section 10.2 of the same Circular. These deficiencies increase the risk for bad debts, compromise the accuracy of financial reporting, and may potentially deprive CITEM of additional funds that could be otherwise be utilized for its operations.</p>	<p>We recommended and Management agreed to:</p>	
		<p>a. Direct the Controllership Division to:</p>	
		<p>1. Seek clarification from the COA Central Office as to whether requests for write-off will still be accepted beyond the one-year period prescribed under COA Circular 2023-008 dated August 17, 2023; and</p>	Fully Implemented. COA Circular No. 2025-005 dated December 18, 2025 provides continuing authority to act on Requests for Write-Off/Derecognition pursuant to the provisions of COA Circular No. 2023-008.
		<p>2. Strictly comply with Section 10.2 of COA Circular No. 2023-008 and prepare the SDA for submission to the Audit Team on or before 15th day of the ensuing month;</p>	Not Implemented
		<p>b. Establish a formal collection and monitoring policy to enhance collection efforts for overdue receivables and coordinate with the Legal Unit to initiate legal remedies, if warranted.</p>	Not Implemented

