

EXECUTIVE SUMMARY

A. *Financial Highlights*

The financial condition, results of operations and sources and application of funds of the Department of Transportation and Communications (DOTC) for Calendar Year (CY) 2009 with comparative figures for CY 2008 were as follows:

	2009	2008	Increase (Decrease)
Financial Condition			
Assets	P 74,321,399	P 72,458,665	1,862,734
Liabilities	10,553,009	10,946,176	(393,167)
Government Equity	63,768,390	61,512,489	2,255,901
Results of Operation			
Income	19,861,557	16,921,932	2,939,625
Expenses	8,628,799	10,775,975	(2,147,176)
Sources and Application of Funds			
Allotment	27,082,965	22,286,466	4,796,499
Obligations	23,761,430	18,907,400	4,854,030
Balance	3,321,535	3,379,066	(57,531)

The Notice of Cash Allocation (NCA) received by the DOTC for CY 2009 totaled P19.04 billion.

B. *Scope of Audit*

Financial and Compliance Audit as well as Value for Money Audit were conducted on the accounts, transactions and operations of the DOTC for Calendar Year 2009. It included analysis of accounts of the financial statements, review of transactions and test of compliance with financial rules and regulations. The objectives of the audit were to ascertain the fairness and reliability of the Agency's financial position and results of operations, and to determine whether the Agency's operations were conducted in compliance with applicable law, rules and regulations and in the most economical, efficient and effective manner.

C. Auditor's Report

The auditor rendered an adverse opinion on the fairness of presentation of the consolidated financial statements of the DOTC as of December 31, 2009 due to the following:

1. Various accounting errors noted in the audit of Receivables, Inventories, Property, Plant and Equipment and Accounts Payable accounts, summarized below:

Obs. No.	Nature of Errors/Deficiencies	Accounts Affected	Amount and Effect in the FS (Under) Overstated (in millions)	% of Error to Account Balance	% of Account Balance to Total Assets/Liabilities
Errors Affecting Asset Account					
11	Unliquidated long outstanding cash advances	Advances to Officers and Employees	7.42	.21%	4.78%
14	Non-dropping of the cost of returned, damaged and disposed inventories	Various Inventory accounts	1.10		
	Erroneous/non-submission of RSMI		5.57		
	Inclusion of obsolete/unusable inventories		.65		
	Various errors in recording of inventories		(.16)		
	Non-application of the Moving Average Method in the costing of inventories		2.33		
	Total Errors-Inventory		9.49	1.09%	1.17%
15	Expired Deposit on Letter of Credit remained in the books despite partial delivery of equipment	Deposit on Letter of Credit Watercrafts and Other PPE Cash in Bank	18.92 (18.71) (.21)	Zero effect to total assets	
16	Unreclassified and undisposed unserviceable and damaged properties	Various PPE accounts	8.30		
	Unbooked donated equipment		40.63		
	Erroneous land valuation		8.49		

Obs. No.	Nature of Errors/Deficiencies	Accounts Affected	Amount and Effect in the FS (Under) Overstated (in millions)	% of Error to Account Balance	% of Account Balance to Total Assets/Liabilities
	Inclusion of the cost of non-existing building/ repair and rehabilitation cost of buildings not owned by LTO		22.32		
	Lack of or inadequate provision for depreciation		.78		
	Misclassification of expenditures for land improvement and major repair of equipment		1.62		
	Completed or discontinued projects not reclassified from CIP accounts to the proper PPE accounts	CIP accounts Various PPE accounts	17,668.11 (17,668.11)	Zero effect to total assets	
	Total Errors-PPE		82.14	.13%	86.05%
	Net Overstatement to Assets		99.05		
	Total Assets		74,321.40		
	% of Errors to Total Assets		.13%		
Errors Affecting Liability Account					
17	Non-reversion of APs aging 2 years and more	Accounts Payable (AP)	743.52		
	Inclusion of paid APs under the Direct Payment Scheme		4,541.70		
	Undocumented and unconfirmed/disputed balance		.46		
	Total Errors-AP		5,285.68	83.44%	60.03%
	Inactive/dormant accounts	Other Payables (OP)	81.48		
	Unclaimed/unutilized retention monies		31.70		
	Abnormal balance		(4.43)		
	Total Errors-OP		108.75	3.77%	27.32%
	Misclassified accounts	Accounts Payable	1.59		
		Due to Officers and Employees and Inter-agency payables	(1.59)	Zero effect to total liabilities	

Obs. No.	Nature of Errors/Deficiencies	Accounts Affected	Amount and Effect in the FS (Under) Overstated (in millions)	% of Error to Account Balance	% of Account Balance to Total Assets/Liabilities
19	Unclaimed contractor's retention monies	Guaranty Deposits Payable (GDP)	59.50		
	Non-application of amount withheld from progress billing and payment of lot to unrecovered advances		11.74		
	Abnormal balance		(38.88)		
	Total Errors-GDP		32.36	5.06%	6.06%
	Net Overstatement to Liabilities		5,426.79		
	Total Liabilities		10,553.01		
	% of Errors to Total Liabilities		51.42%		

Accounting Deficiencies

(a) The validity, completeness and accuracy of most of the recorded balances of Cash in Bank LCCA and LCSA were not established because (a) of the non-reconciliation of the book and bank balances either due to the absence of bank reconciliation statements or unavailable bank statements; (b) failure to record the necessary adjustments in the book balance of the fund transfer that had long been in transit and other book reconciling items; and (c) presence of abnormal balances totaling P8.71 million in eight Digital accounts. **(Observation No. 10)**

(b) The receivable accounts of DOTC-OSEC, LTO, LTFRB and DOTC-CAR totaling P663.53 million as of December 31, 2009 were unreliable because of long outstanding inter-agency receivables and Receivables – Disallowances and Charges aged more than one to twenty years which records do not reconcile with that of the concerned agencies nor with their confirmation replies. **(Observation No. 12)**

(c) There was an unreconciled difference of P17.57 million between the physical count and the general ledger balance of inventory accounts; and inventory ledgers/stock cards were not prepared or subsidiary ledger cards and stock cards were not updated. **(Observation No. 14)**

(d) There were also unreconciled PPE account balances caused by the absence of complete physical count and unupdated property cards and property, plant and equipment ledger cards. **(Observation No. 16)**

(e) Individual subsidiary ledger account balances of the Due to Other NGAs account amounting to P185.16 million as of December 31, 2009 of the DOTC OSEC show a total

variance of P91.89 million against their contra accounts and/or related documents.
(Observation No. 18)

For the above mentioned errors and deficiencies, we recommended to the concerned management the following remedial measures:

a. *To correct errors in the Cash account:*

- Request from concerned banks to submit bank statements and enforce reconciliation of the book and bank balances of all cash in bank accounts to validate the said balances and remit to BTr those balances included in the buy-out;
- Adjust the misstatement of the ending balance of the payroll account; verify the deposit in transit reconciling item of Digital account with the concerned banks where the amounts were withdrawn to establish the veracity of the alleged transfer or whether they were not really received by the main account maintained at Greenhills;
- Conduct an investigation to determine the persons authorizing the withdrawals and hold them responsible on the whereabouts of the amounts reported as in-transit; and,
- Verify the abnormal cash balances by tracing back the transactions and prepare adjusting entries to correct the account balances.

b. *To correct errors in the Advances to Officers and Employees account:*

- Adhere strictly to pertinent provisions of Circular No. 97-002 on the grant of cash advance;
- Write the concerned officials and employees to liquidate their outstanding cash advances immediately and, if warranted, cause the withholding of the accountable officers' salaries in conformity with the pertinent provisions of Section 5.1.

c. *To correct errors in the Inter-agency Receivables and Receivables – Disallowances/Charges accounts*

- Strictly enforce the liquidation/settlement of fund transfers from the IAs in accordance with COA Circular No. 94-013 so that transactions from the fund transfers could be recorded to the proper asset or expense accounts;
- Refrain from granting additional fund transfer to IAs with outstanding balances;
- Obtain certification from the IAs that the intended projects/purpose of fund transfer were already completed/accomplished, if submission of the liquidation reports is now improbable, conduct verification/inspection and if found valid, record the assets constructed/acquired and expenses incurred by the IAs to the

appropriate accounts so that closure of the corresponding receivable accounts could be made in the DOTC books;

- Follow-up with LTFRB request for confirmation to PS so that reconciliation of its balances could be made and thereafter exhaust the remaining amount of advances with the PS before any new advance/prepayment is made;
- Reconcile the differences noted in the account balance confirmed by the DND, PAF and the Provincial Government of Oriental Mindoro and of the pertinent records of LTO and DOTC CAR accounts as against the amounts appearing in the Agencies' respective records;
- Enforce the settlement of disallowances/charges of the employees who are still active by deducting the corresponding amount thereof from their salaries since these charges have become final and executory;
- Request authority from the Commission on Audit to write-off long outstanding accounts in case the liquidation reports could no longer be rendered by the IAs or persons concerned to do away with inactive/dormant accounts; and
- Reclassify the amounts due from ATO/CAAP and OSG to Due to GOCCs and Due to NGAs account, respectively.

d. *To correct errors in the Inventory accounts*

- Instruct the concerned Supply Officers to submit to the regional Accountants the necessary reports on obsolete, damaged, returned and disposed accountable forms, plates, and validation tags and stickers as basis for the preparation of the Journal Entry Voucher (JEV) crediting or dropping the cost of the said inventories from the Accountable Forms Inventory and the Other Supplies Inventory accounts to ensure that the accounts are not overstated;
- Require the concerned accountable officers to apply immediately for relief from accountability for the damaged accountable forms, plates, tags and stickers and dispose them immediately in accordance with Section 99 of the GAAM, to prevent their illegal use;
- Direct the LTO and LTFRB Supply Officers to record daily issuances of supplies and materials and require both the concerned Accountants and Supply Officers to reconcile their SLCs vis-à-vis SCs monthly and Supply Officers to submit regularly and on time the correct RSMIs to the respective Accountants to record the value/cost of the inventory items already issued to ensure accuracy and reliability of the balances of the affected Inventory accounts;
- Require proper coordination between the Accountant and Supply Officer of LTO CO and ROs on the deliveries of inventories to various districts and extension offices to facilitate identification of errors and correction of the same; and
- Instruct the LTFRB and LTO Inventory Committees to conduct physical count of all inventory items, facilitate the submission of the

Physical Inventory Report, reconcile the report with the stock cards and subsidiary and general ledgers of the Accounting Unit and take up the necessary adjustments in the accounting and property records to correct the erroneous balances of the inventory accounts.

e. *To correct errors in the Deposit on Letters of Credit account*

- Immediately resolve the issue on the Letter of Credit to make use of the idle equipment and submit the documents on the procurement to the Office of the Auditor;
- Impose liquidated damages and have the supplier banned from transacting business with PCG; and
- Confirm the balance of the Letter of Credit with the bank and prepare the necessary adjusting entries to record the delivered equipment.

f. *To correct errors in the PPE accounts*

- Conduct complete physical inventory of properties at least once a year;
- Monitor the proper implementation of the activity up to the submission of inventory report properly classified by type and fund to facilitate reconciliation between the accounting and property records;
- Maintain and update the PPELCs and PCs for each items of property and equipment;
- Prioritize and provide the necessary assistance and support for traveling expenses necessary for the inventory taking and reconciliation of records in PCG;
- Coordinate with the PPC to determine the cost of buildings already taken up by the latter for the eventual dropping thereof from the DOTC-CAR books of accounts;
- Facilitate the reclassification of the obsolete and unserviceable properties to the Other Assets account with appropriate disclosure in the Notes to Financial Statements;
- Expedite the appraisal and undertake immediate disposal of the unserviceable properties;
- Record all the donated properties in the books of accounts; effect the necessary adjustments in the Land account by using the assessed values provided by the Local Government Units or the Assessor's Office;
- Drop from the PPE account the cost of repairs/rehabilitation of district offices buildings not owned by LTO-NCR and the cost of the demolished LTO-Regional Office and Pasig District Office to correct the overstatement of the related account;
- Ensure that only expenses for repair/rehabilitation of buildings owned by LTO-NCR will be capitalized;
- Recognize depreciation for all PPEs;

- Reclassify from the Office Building account to the Land Improvement account the cost incurred for the improvement of the Tabaco City District Office amounting to P1.27 million and adjust expenses for the major repair of the same District Office including those incurred for the repair and fabrication of furniture and fixtures;
- Strictly enforce the guidelines established by the Department regarding the sending of notice to the contractors to claim the remaining value of work accomplishment within a reasonable time and to record the value based on the cost incurred if no final billing was made in order to avert the increasing level of the CIP account balances;
- Obtain certification of project completion from the concerned implementing agencies if submission of liquidation reports for fund transfers is nil and record the cost of completed projects corresponding to the amount of fund transfer based on said certification; and
- Analyze the CIP accounts and immediately effect the reclassification of the costs of completed projects to the respective asset accounts and the adjustments of the erroneously recorded transactions.

g. *To correct errors in the Accounts Payable and Other Payables accounts*

- Revert immediately all payables that remained outstanding for two years or more, those undocumented accounts payable and APs involving non-ongoing construction projects;
- Adjust/close all those account payables falling under the direct payment which were already covered by NCAA;
- Determine the respective shares of the DOTC, PLDT and other parties from the collections generated from the operation of telecommunication facilities and immediately remit the same so that the related liability accounts could now be closed;
- Make strong representation with the concerned government units for the waiving of interest/penalties/surcharges and to pay the costs to be incurred in the transfer of ownership of the acquired properties up to the amount of retention money;
- Investigate the existence of negative balances and make the necessary adjustments in the books; and,
- Reclassify to the appropriate liability accounts the amount due to other government units.

h. *To correct errors in the Due to Other NGAs account*

- Prioritize and exert more effort in reconciling (a) the Legal Research Fund account with the Due from National Treasury – LRF to resolve the doubtful presentation of the account and (b) the difference of the SL balances of the NRSF fund balance;
- Verify the related documents of the DOE M'lang Airport Development Project and the San Antonio Airport; and

- Prepare the JEV to effect corrections on the overstatements in the books, as applicable.
- i. *To correct the errors in the Guaranty Deposits Payable account*
- Cause the forfeiture or reversion of the contractor's retention money which were unclaimed for two years or more from the time they became due in compliance with Section 98 of PD 1445;
 - Facilitate the application of the contractors' retention money against unrecouped advances so that closure of the affected accounts could be made;
 - Initiate the transfer of titles of the acquired properties in the name of the government and offset the costs incurred by the Department against the retention money of the lot owner; and
 - Analyze the negative balances and accordingly make adjustments in order to fairly present the balance of the Guaranty Deposits Payable account in the financial statements.

D. Other Significant Observations and Recommendations

Value for Money Audit

1. The incurrence of government expenditures amounting to P368.36 million due to the delayed attainment of the expected benefits from the New CNS/ATM Project could have been avoided had the project been implemented as originally planned. Moreover, a Joint Venture, of which one partner has a record of abandoning a DOTC project, was allowed to participate in the bidding of CNS/ATM Project thereby affecting the integrity of the bidding process. (***Observation No. 1***)

We recommended that DOTC-OSEC re-evaluate and make the necessary modifications in the CNS/ATM Project's scope of works taking into consideration the locally-funded project/procurements and most importantly, the costs thereof. Identify another site wherein the proposed ATM system under the CNS/ATM Project could be installed if back-up/redundancy of the system is really necessary rather than transferring the newly established Manila ACC ATM system and constructing again a new one in the same location. The upgrading/enhancement of the new Manila ACC ATM system could be made, however, in order to fully comply with the ICAO standards and requirements. Likewise, the locally-funded equipment intended for the above-enumerated sites need not be procured in the CNS/ATM Project nor transferred to other sites but should now be deleted from the Project's scope. In the future, make strong representation with the Department of Budget and Management for the release of funds necessary to cover its priority projects. Explain why Sumitomo-Thales was allowed to participate in the bidding for the CNS/ATM Project when Thales has unsatisfactory record in the DOTC for abandoning a previous project.

2. The DOTC incurred litigation expenses amounting to P39 million due to its failure to promptly and properly address the consensual unwind and Equity Value Buy Out Notices. Moreover, the DOTC did not enforce the provision in the BLT Agreement requiring its consent relative to the DBP/LBP buyout of the MRTC's economic interest in the MRT 3 System. (*Observation No. 2*)

We recommended that DOTC-OSEC explain why: (a) the consensual unwind was not pursued; (b) no action was taken by the DOTC on the issues raised by the Commission in the initial review of the proposed MOA for consensual unwind; (c) there was inaction on the Equity Value Buyout Notices issued by MRTC; (d) it did not interfere in the buy-out transaction between DBP/LBP and MRTC considering that the DOTC has the right to purchase the MRTC's interest in MRT 3 and being the one involved in the operation of the system and in payment of the loan; (e) it did not enforce the provision of the BLT Agreement requiring its prior written consent relative to the DBP/LBP buyout of the MRTC's economic interest; and, (f) the arbitration cases has not been terminated/dismissed yet despite the acquisition of the MRTC's majority stake and submit latest status report on the arbitration cases.

3. Pending approval of the Amended Supplemental Agreement on revenue sharing, the government thru the LTO cannot get its share in the IT fees collected thru the implementation of the LTO-IT Project in the absence of appropriate legal basis for its payment. (*Observation No. 3*)

We recommended that the management of LTO take appropriate representation with the DOTC for the immediate action leading to the approval of the Amended Supplemental Agreement so that the government/LTO can start collecting its share in the IT revenue generated thru the implementation of the LTO-IT Project and various interconnectivity projects with STRADCOM. In the meantime, establish complete database on the interconnectivity projects entered by STRADCOM with accredited PETCs, insurance companies and GSIS, drug testing centers and the MMDA to have sufficient bases in computing the government's revenue share upon approval of the agreement on revenue sharing.

4. The implementation of the Frontline Unit Services Enhancement and Upgrading Project (FUSE-UP) which is the computerization of the work processes of the Board was delayed by one year depriving the stakeholders the benefits of automation. (*Observation No. 4*)

We recommended that the project be immediately completed. The defects noted during the walkthrough must be corrected by the contractor. Give utmost attention to its implementation of the computerization project and if necessary, consider amending the original ISSP. We likewise recommended that the amount due to the Procurement Service be immediately paid when supporting documents that would evidence the delivery and acceptance of hardware and software are completed.

5. Standard spoilage rates, or quantity of MV and MC plates spoilages incurred in the manufacture of vehicle plates were not defined as to which level is reasonable and within acceptable limits. Moreover, no proper accounting of spoiled/destroyed vehicle plates and sheeting materials is required from the Plate Manufacturing Plant to monitor spoilages/damages in production. (**Observation No. 5**)

To strengthen controls over the use of sheeting materials and to avoid irregular use and manufacture of vehicle plates, we recommended that management: (a) establish/formulate reasonable spoilage rates for the manufacture of MV and MC plates and specifically identify the persons responsible for damages/spoilages outside of the set standards; (b) require the Chief, PMP to submit monitoring reports to his superiors to ensure proper accounting of produced, damaged and disposed MV and MC plates and sheeting materials; and (c) require actual and regular inspection of spoiled SMs and plates and dispose them properly to ensure that they are not utilized for illegal purposes.

6. Despite implementation of the LTO-IT Project, the processing of admitted/uncontested cases of violations still passes thru the Traffic Adjudication Service for issuance of a resolution thereby prolonging the processing time when payment of fines/penalty is the only requirement to settle the case. (**Observation No. 6**)

We recommended that the management of LTO-SHO study the merits of eliminating the process of issuing resolutions for admitted/uncontested cases to shorten the processing time and eliminate fixing jobs and opportunities for graft and corruption. This will not only lead to savings in terms of supplies but will also make the TAS concentrate/focus in adjudicating contested cases which requires more time to research and investigate, thus reducing backlogs. Provide a separate lane for the settlement of admitted/contested cases; assign a reliable and competent collecting officer who shall be trained and granted access to view the Law Enforcement and Traffic Adjudication System (LETAS) facility; encode and lift alarms/apprehensions from the system to promote check and balance, transparency and good governance; and made responsible and liable over all acts she performs for the use of the LETAS facility. Enforce the immediate uploading/encoding of violations into the LETAS facility within 24 hours to ensure efficient and fast settlement of admitted cases and collection of fines and penalties.

7. Although the Radio Frequency Identification (RFID) facilities of the LTO were not yet completely installed and operating nationwide, fees totaling P29.89 million were already collected from the vehicle registrants. Such fees were however, not refunded to the public despite the issuance of the Status Quo Ante Order by the Supreme Court on January 12, 2010. (**Observation No. 7**)

We recommended the management of LTO to return the RFID fees collected from the various vehicle registrants through the regional and district offices and adopt an effective strategy that will facilitate the efficient distribution and return of the said fees to the public.

8. The failure of the LTO-SHO and LTO Region X to issue written notices to owners of 180 impounded vehicles which have remained unclaimed for over one to eight years, has precluded the agency to dispose of them in accordance with Section 1 of Presidential Decree No. 1729, and free its premises of adequate space needed for storage. (***Observation No. 8***)

We reiterated our recommendation that the management of LTO-SHO and LTO Region X issue written notices to owners of the 180 impounded motor vehicles and inform them of the planned sale of these unclaimed vehicles as required in Section I of PD 1729.

Compliance Audit

9. Contract cost of five Infrastructure Contracts of DOTC OSEC exceeded by P15.81 million the allowable limit of the COA Estimated Cost plus ten (10%) percent. (***Observation No. 22***)

We recommended that the management officials concerned exercise prudence in the preparation of the detailed estimates of the program of work to arrive at a reasonable contract cost.

10. Validity of the bidding procedures conducted by DOTC OSEC in the acquisition of computers and printers funded by the Priority Development Assistance Fund (PDAF) totaling P7.84 million was questionable because the invitation to bid was posted in the PhilGEPS website after all the procurement activities including deliveries and receipt of the equipments had already transpired, thus defeating the purpose of competitive bidding. Moreover, splitting of procurement was also resorted to more likely to do away with the advertisement in a newspaper of general circulation as required in RA 9184. (***Observation No. 23***)

We recommended that management explain why the procurement of computers were made in four separate contracts and the ITB posted at the website of PhilGEPS separately considering that they are of the same classification (IT equipment) and were posted on the same day (January 21, 2010); how was a competitive bidding been conducted without the required advertisement in the PhilGEPS and posting in the any conspicuous place; why TWG Evaluation Reports, BAC Resolutions and Purchase Orders relative to the abovementioned transactions were approved/issued before the actual advertisement/posting of the Invitation to Bid in the PhilGEPS website; and why deliveries of goods had been

made by the Supplier on December 29, 2009 when approved POs were not yet served to the supplier.

11. The DOTC-OSEC plans, programs, projects and activities are barely aligned with the approved Philippine Plan for Gender-Responsive Development (PPGD) for 1995-2025 resulting in the non-attainment of its intended benefits and under utilization of the allocated amount. In PCG, GAD programs of the agency were neglected while in DOTC-CARAGA, LTO and LTFRB, several regional offices failed to implement GAD-related activities because of budgetary constraints and non-preparation of the GAD Plan. (*Observation No. 33*)

We recommended DOTC OSEC to prepare/formulate a GAD Plan and Budget based on the guidelines prescribed under Joint Circular No. 2004-1, especially on organization-focused activities; and, formalize the creation of GAD Focal Point. LTO Regions IV-A, VII and IX to formulate a GAD Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provisions in the Convention on the Elimination of all Forms of Discrimination Against Women and to allocate at least five percent of the total allotment for the implementation of GAD activities; and LTO Region X to coordinate with LTO Central Office to secure copy of the GAD Plan reviewed and approved by the NCRFW. PCG management to formulate a more comprehensive GAD Plan, allocate at least five percent of its annual appropriation for the purpose and endeavor to fully implement its programs and activities identified therein. LTFRB Regional Offices provide budget for its GAD activities and implement the same in order to attain the objectives of the GAD program.

12. Out of the total taxes amounting to P108.48 million withheld by the LTO regional offices in CY 2009, P92.32 million or 85.11% was remitted to the Bureau of Internal Revenue and the balance of P16.16 million in January 2010 while LTFRB remitted in CY 2009 a total of P8.17 million or 97% of all taxes it withheld in the same year. On the other hand, the withholding taxes deducted from the official and employees of PCG were not in accordance with the National Internal Revenue Code and R.A. 9497. (*Observation No. 34*)

We recommended that LTO and LTFRB continue to withhold taxes due from agency transactions and remit the same to the BIR pursuant to Revenue Regulation No. 2-98 and its amendments. On the other hand, we reiterated our recommendation that PCG management strictly comply with the provisions of the National Internal Revenue Code by deducting and remitting the right amount of tax due for compensation income of each official and employee and making the necessary adjustment before the last payroll for the year on the total tax due for the entire year.

E. Status of Prior Years' Recommendations

Out of one hundred sixty (160) consolidated audit recommendations, fifteen (15) were fully implemented, seventy one (71) were partially implemented, and fifty three (53) were not implemented, while TELOF management action and status of implementation on the twenty one (21) prior year's recommendations is contained in the CY 2009 AAR on TELOF which is already included as one of the agencies under the Office of the President (Notes to Financial Statements No. 1.9).