

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 16 audit recommendations embodied in the prior years' Annual Audit Reports, 10 were fully implemented, five were partially implemented, and one was not implemented. Two observations with unimplemented/partially implemented recommendations are reiterated in Part II of this Report. Details of audit observations with corresponding partially implemented recommendations that are not reiterated in Part II of this Report are presented below:

OBSERVATIONS AND RECOMMENDATIONS	ACTIONS TAKEN
<u>2019</u>	
<p>1. The Philippine Postal Bank, Inc. (PPSBI), now Overseas Filipino Bank, Inc. (OFB), did not declare and remit the dividend for dividend year 2016 amounting to P43.083 million, notwithstanding the absence of approval by the President of the Philippines of the adjustment of its dividend rate to zero, hence, OFBI had not complied with Republic Act No. 7656 in 2016.</p>	<p>Partially implemented</p> <p>A letter dated August 19, 2020 was submitted by OFB to DOF requesting for the exemption from the 50% dividend remittance under RA No. 7656 and Section 5 of its IRR on the CY 2016 net earnings. In a letter dated May 19, 2021 of the DOF Secretary to OFB, the recommendation for zero per cent dividend rate on OFB's earnings in CY 2016 was endorsed to the President.</p>
<u>2018</u>	
<p>2. Accounts Receivable amounting to P55.130 million remained outstanding for more than one year, contrary to Philippine Accounting Standards (PAS) 1, which cast doubt to its collectability, thus depriving the Bank of much needed funds for its operation.</p>	
<p>a. Collect from depositors the outstanding receivables for over a year pertaining to deposits and ATM transactions made through the Bank amounting to</p>	<p>Partially implemented.</p> <p>As of December 31, 2020, the outstanding receivables from depositors was reduced</p>

OBSERVATIONS AND RECOMMENDATIONS	ACTIONS TAKEN
P278,517.57; and	to P252,251.44.

b. Collect from loan borrowers the outstanding receivable arising from fees and other expenses advanced by the Bank amounting to P359,930.29.

Partially implemented.

As of December 31, 2020, the outstanding receivables from loan borrowers was reduced to P343,442.26.

2013

3. The loan balance of P241.883 million of the Project D.R.I.V.E. (Dagdag Regular Income Via Entrepreneurship) Fund (released as loans in 2009 and 2010) remained past due as at December 31, 2013 and of doubtful collectability.

Exhaust all the necessary means to collect from the borrowers.

Partially implemented.

For CY 2020, OFB has collected P1,000.00 that made eleven accounts totaling P2,145,000.00 fully paid.