# **STATUS OF IMPLEMENTATION OF PRIOR YEARS’**

**AUDIT RECOMMENDATIONS**

Out of the 13 audit recommendations embodied in the prior years’ Annual Audit Reports, 11 were fully implemented, one was partially implemented, and one was not implemented, of which one was reiterated in Part II of this report. The other observation with the corresponding not implemented audit recommendation is presented below:

| **References** | **Audit** | | **Status of Implementation** |
| --- | --- | --- | --- |
| **Observations** | **Recommendations** |
| **2020** |  |  |  |
| CY 2020 AAR/  AOM No. 01/  Pages 103 to 107 | The transfer of ownership on equity shares of the Northern Foods Corporation (NFC) with cost of P84.905 million from National Livelihood Development Corporation pursuant to Section 2 of Memorandum Order No. 85, series of 2015, was not undertaken, thus, the equity investment in NFC together with the corresponding Allowance for credit losses of the same amount were not recognized in the books of the Bank, and the required disclosure of the investment in NFC was not provided in the Notes to the Financial Statements as at December 31, 2021, contrary to PAS 27, PAS 36 and Philippine PFRS 12. | Recognize the correct cost of equity investment in NFC and the corresponding allowance for credit losses in the LBP books. | Not Implemented. |