Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CORPORATE GOVERNMENT AUDIT SECTOR
Cluster 6 – Social, Cultural, Trading, Promotional and Other Services

June 7, 2023

MARIA MARGARITA MONTEMAYOR NOGRALES
Chief Operating Officer (COO)
Tourism Promotions Board
Legaspi Towers 300
Roxas Boulevard, Manila

Dear COO Nograles:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the **Tourism Promotions Board (TPB)**, for the years ended December 31, 2022 and 2021.

The report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, and the Status of Implementation of Prior Year's Audit Recommendations, and Annex.

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the TPB for the years ended December 31, 2022 and 2021 in view of the following:

1. Fair presentation of the Accounts Receivables with a carrying value of P650.481 million as of December 31, 2022, could not be established due to: (a) a discrepancy of P13.986 million between the General Ledger (GL) and the Subsidiary Ledgers (SL); (b) variance of P21.838 million between the amount confirmed by the Implementing Agencies (IAs) and SL balances; and (c) undistributed collections totaling P19.084 million that could represent return/refund of funds transferred to various IAs, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and Item 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

RECEIVED BY:
mariane anghilo
JUNE 8, 2023

2. Non-submission of the liquidation documents on completed programs or projects covered by the fund transfer to various implementing agencies amounting to P643.058 million in CY 2022 and prior years resulted in the non-recording of the expenses, consequently understating the expenses and overstating the accumulated surplus/(deficit) of the TPB for an undetermined amount contrary to Paragraph 27 of IPSAS 1.

3. The fair presentation of the account Financial Liabilities - Accounts Payable (AP) as of December 31, 2022 amounting to P105.675 million was overstated by P36.980 million since the said amount was recognized as AP even if the related goods were not delivered and/or services were not completely rendered/completed contrary to Paragraph 27 of IPSAS 1 Department of Budget and Management (DBM) Circular No. 2013-16 dated December 23, 2013, and the Revised Chart of Accounts (2019).

For the afore-cited observations, which caused the issuance of a qualified opinion, we recommended that Management:

1.1. Direct the Finance Department (FD), particularly the Accounting Division (AD) to:

   a. Continue the reconciliation of the noted variance between (i) GL and SLs; and (ii) reconcile the differences noted as confirmed by the IAs against accounting balances/records;

   b. Follow up the request of credit memos with the concerned depository bank; and

   c. Make the corrections/adjustments in the records/books of the TPB, if necessary;

1.2. We further recommended and Management agreed to incorporate as a part of the policy of the TPB that accountable officers/employees, bidders, and implementing agencies to immediately inform the TPB of direct deposits to the account as well as improve/devise a process that would expedite the proper identification of these direct deposits in order to avoid accumulation of unidentified collections;

2.1. Direct the FD to:

   a. Demand from the IAs the immediate liquidations of Fund Transfers (FTs) for the completed projects/programs amounting to P643.058 million;

   b. Instruct the AD to immediately process and record the liquidation documents upon receipt thereof, and prepare the appropriate adjusting entries; and

   c. Designate personnel who would fully monitor all the FTs of the TPB, their immediate liquidation, and the return/refund of the excess funds, if any; and

3.1. Direct the:

a. AD to reverse the entry in the amount of P36.981 million unless deliveries of goods and/or services were made or rendered; and

b. Adhere to 6.1.2 of DBM Circular No. 2013-06 dated December 23, 2013, in recording AP.

The other significant audit observations and recommendations that need immediate action are as follows:

4. Funds received from the Department of Tourism amounting to P196.853 million for the implementation of its various programs and projects which have remained idle for more than three to six years have not been remitted/reverted to the Source Agency (SA)/Bureau of Treasury (BTr), contrary to COA Circular No. 94-013 and the pertinent provisions of the General Appropriations Act (GAA) for Fiscal Years 2015 to 2018. Likewise, the non-remittance of the amount to the BTr had deprived the National Government of additional funds to finance other vital projects.

4.1. We recommended and Management agreed to:

a. Direct the AD to cancel/disregard the lost Disbursement Voucher and draw a new one for the reversion or remittance of the funds in the total amount of P196.853 million; and

b. Thereafter, comply with COA Circular No. 94-013 and the general provisions of the GAA particularly on the return/reversion of funds to the SA/BTr.

5. Payments of two incentives to all regular employees of the TPB under the Program on Awards and Incentives for Service Excellence (PRAISE) totaling P7.288 million were not supported with (1) the detailed outstanding/excellent performances, suggestions, inventions and innovations of each of the recipients; and (2) proof that the contributions of the recipients generated savings and only 20 percent thereof were disbursed as required in Paragraph 6 of Civil Service Commission (CSC) Memorandum Circular (MC) No. 1, s. 2001. Moreover, the practice of granting incentives to all regular employees without considering their specific contributions is not aligned with the very nature and purpose of PRAISE Incentives and hence may be considered as irregular expenditure as defined in COA Circular No. 2012-03.

5.1. We recommended that Management refrain from granting monetary PRAISE incentives to all its regular personnel beyond the ambit of CSC MC No. 1 s. 2001 and other pertinent rules and regulations.

6. Dividends for CYs 2020, 2021, and 2022 totaling P16.166 million were not declared and remitted by the TPB to the BTr contrary to the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 7656, otherwise known as the Dividend Law, thereby depriving the National Government of additional funds to carry out its various project and programs.

6.1. We recommended and Management agreed to direct the FD to compute the final amount of net earnings for CYs 2020 to 2022 as a basis for the Board of Directors to declare the 50 percent dividends, and thereafter comply with the provisions of the 2016 RIRR of RA No. 7656 on dividend declaration and remittance.

7. Unutilized funds totaling P349.188 million representing prior years' receipt of funds from the National Government for capital infusion; accumulated income from participation/registration fees; and the income derived from Investments in Trust accounts remained idle contrary to Section 51 (e), Chapter V – Funding, Rule III – The Tourism Promotions Board of the Implementing Rules and Regulations of RA No. 9593.

7.1. We recommended that Management:

a. Make representation with the DBM to determine the proper procedures for these unused funds that may be utilized as one of the sources of funds in the next budget year;

b. Thereafter, include the projected income from investment in trust accounts as one of the sources of funds of the COB, to avoid build-up; and

c. Comply with RA No. 9593 particularly on the unallocated portion of the TPB funds.

The other observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on May 15, 2023 are discussed in detail in Part II of the report. We also invite your attention to the prior year's partially and unimplemented audit recommendations embodied in Part III of the report.

We request that appropriate actions be taken on the observations and recommendations contained in the report and that we be informed of the action(s) taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation form (copy attached) within 60 days upon receipt hereof.

We acknowledged the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

COMMISSION ON AUDIT

By:

Chito Janaban

Atty. CHITO C. JANABAN
Director IV

Copy furnished:

The President of the Republic of the Philippines
The Vice President
The President of the Senate
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee
The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission for Government-Owned or Controlled Corporations
The Presidential Management Staff, Office of the President
The UP Law Center
The National Library
The COA Central Library

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

TOURISM PROMOTIONS BOARD

For the Years Ended December 31, 2022 and 2021

EXECUTIVE SUMMARY

INTRODUCTION

The Tourism Promotions Board (TPB), with legal address at 4th Floor, Legaspi Towers 300, Roxas Boulevard corner Vito Cruz, Manila, is a stock corporation created by virtue of Republic Act (RA) No. 9593, otherwise known as the Tourism Act of 2009.

The Implementing Rules and Regulations for this Act was issued on November 10, 2009. Under this Act, the Philippine Convention and Visitors Corporation was reorganized as the TPB, and the Bureaus for Domestic and International Tourism Promotions and the Office of Tourism Information of the Department of Tourism (DOT) were absorbed into the TPB.

The TPB is attached to the DOT based on Section 28 of RA No. 9593 and shall formulate and implement an integrated domestic and international promotions and marketing program for the DOT.

The Governance Commission for Government Owned and/or Controlled Corporations has approved a new Organization Structure and Staffing Pattern (OSSP) for the TPB effective June 30, 2014. Accordingly, all positions under the old OSSP of the TPB were deemed abolished.

As of December 31, 2022, the TPB had total personnel complement of 153 composed of 105 regular employees, and 48 job order personnel. It is governed by a Tourism Board composed of a Chairman, Vice Chairman, and 13 Members of the Board. Its Management is headed by a Chief Operating Officer.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2022	2021 (As Restated)	Increase (Decrease)
Assets	2,976,732,880	2,742,894,684	233,838,196
Liabilities	1,273,183,633	1,327,138,789	(53,955,156)
Net assets/equity	**1,703,549,247**	**1,415,755,895**	**287,793,352**

II. Comparative Financial Performance

	2022	2021 (As Restated)	Increase (Decrease)
Revenue	17,415,866	9,967,179	7,448,687
Current operating expenses	1,011,954,570	778,115,855	233,838,715
Surplus/(deficit) from current operations	(994,538,704)	(768,148,676)	226,390,028
Other non-operating income	1,413,718	2,765,325	(1,351,607)
Gains	10,150,328	5,063,255	5,087,073
Losses	(382,261)	(2,212,300)	1,830,039
Assistance and subsidy	1,284,566,683	828,394,574	456,172,109
Net Surplus for the period	301,209,764	65,862,178	**235,347,586**

III. Comparison of 2022 Budget and Actual Amounts

	Approved COB	Actual	Difference Final budget vs Actual
Receipts	1,774,552,000	1,850,205,661	(75,653,661)
Payments:			
Personnel services	150,000,000	143,721,414	6,278,586
Maintenance and other operating expenses	1,599,096,000	1,274,012,477	325,083,523
Capital expenditures	25,257,000	22,645,970	2,611,030
Net Receipts/(Payments)	199,000	409,825,800	(409,626,800)

SCOPE OF AUDIT

Our audit covered the examination, on a test basis of transactions and accounts of the TPB for Calendar Year (CY) 2022 to enable us to express an opinion on the financial statements for the years ended December 31, 2022 and 2021 in accordance with the International Standards of Supreme Audit Institutions. It was also conducted to determine the Agency's compliance with pertinent laws, rules and regulations and adherence to prescribed policies and procedures.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of the presentation of the financial statements of the TPB for the year ended December 31, 2022 and 2021 in view of the following:

1. Fair presentation of the Accounts Receivables with a carrying value of P650.481 million as of December 31, 2022, could not be established due to: (a) a discrepancy of P13.986 million between the General Ledger (GL) and the Subsidiary Ledgers (SL); (b) variance of P21.838 million between the amount confirmed by the Implementing Agencies (IAs) and SL balances; and (c) undistributed collections totaling P19.084 million that could represent return/refund of funds transferred to various IAs, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and Item 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

2. Non-submission of the liquidation documents on completed programs or projects covered by the fund transfer to various implementing agencies amounting to P643.058 million in CY 2022 and prior years resulted in the non-recording of the expenses, consequently understating the expenses and overstating the accumulated surplus/(deficit) of the TPB for an undetermined amount contrary to Paragraph 27 of IPSAS 1.

3. The fair presentation of the account Financial Liabilities - Accounts Payable (AP) as of December 31, 2022 amounting to P105.675 million was overstated by P36.980 million since the said amount was recognized as AP even if the related goods were not delivered and/or services were not completely rendered/completed contrary to Paragraph 27 of IPSAS 1 Department of Budget and Management

(DBM) Circular No. 2013-16 dated December 23, 2013, and the Revised Chart of Accounts (2019).

For the afore-cited observations, which caused the issuance of a qualified opinion, we recommended that Management:

1.1. Direct the Finance Department (FD), particularly the Accounting Division (AD) to:

a. Continue the reconciliation of the noted variance between (i) GL and SLs; and (ii) reconcile the differences noted as confirmed by the IAs against accounting balances/records;

b. Follow up the request of credit memos with the concerned depository bank; and

c. Make the corrections/adjustments in the records/books of the TPB, if necessary;

1.2. We further recommended and Management agreed to incorporate as a part of the policy of the TPB that accountable officers/employees, bidders, and implementing agencies to immediately inform the TPB of direct deposits to the account as well as improve/devise a process that would expedite the proper identification of these direct deposits in order to avoid accumulation of unidentified collections;

2.1. Direct the FD to:

a. Demand from the IAs the immediate liquidations of Fund Transfers (FTs) for the completed projects/programs amounting to P643.058 million;

b. Instruct the AD to immediately process and record the liquidation documents upon receipt thereof, and prepare the appropriate adjusting entries; and

c. Designate personnel who would fully monitor all the FTs of the TPB, their immediate liquidation, and the return/refund of the excess funds, if any; and

3.1. Direct the:

a. AD to reverse the entry in the amount of P36.981 million unless deliveries of goods and/or services were made or rendered; and

b. Adhere to 6.1.2 of DBM Circular No. 2013-06 dated December 23, 2013, in recording AP.

OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

The other significant audit observations and recommendations that need immediate action are as follows:

4. Funds received from the Department of Tourism amounting to P196.853 million for the implementation of its various programs and projects which have remained idle for more than three to six years have not been remitted/reverted to the Source Agency (SA)/Bureau of Treasury (BTr), contrary to COA Circular No. 94-013 and the pertinent provisions of the General Appropriations Act (GAA) for Fiscal Years 2015 to 2018. Likewise, the non-remittance of the amount to the BTr had deprived the National Government of additional funds to finance other vital projects.

4.1. We recommended and Management agreed to:

   a. Direct the AD to cancel/disregard the lost Disbursement Voucher and draw a new one for the reversion or remittance of the funds in the total amount of P196.853 million; and

   b. Thereafter, comply with COA Circular No. 94-013 and the general provisions of the GAA particularly on the return/reversion of funds to the SA/BTr.

5. Payments of two incentives to all regular employees of the TPB under the Program on Awards and Incentives for Service Excellence (PRAISE) totaling P7.288 million were not supported with (1) the detailed outstanding/excellent performances, suggestions, inventions and innovations of each of the recipients; and (2) proof that the contributions of the recipients generated savings and only 20 percent thereof were disbursed as required in Paragraph 6 of Civil Service Commission (CSC) Memorandum Circular (MC) No. 1, s. 2001. Moreover, the practice of granting incentives to all regular employees without considering their specific contributions is not aligned with the very nature and purpose of PRAISE Incentives and hence may be considered as irregular expenditure as defined in COA Circular No. 2012-03.

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7.1. We recommended that Management:

a. Make representation with the DBM to determine the proper procedures for these unused funds that may be utilized as one of the sources of funds in the next budget year;

b. Thereafter, include the projected income from investment in trust accounts as one of the sources of funds of the COB, to avoid build-up; and

c. Comply with the RA No. 9593 particularly on the unallocated portion of the TPB funds.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, CHARGES AND DISALLOWANCES

As of December 31, 2022, there were no unsettled audit charges. The details and status of the unsettled suspension and disallowance at year-end in the amount of P11.809 million and P1.641 billion, respectively is presented in Table 13, Part II of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 19 audit recommendations embodied in the prior year's Annual Audit Report, 11 were fully implemented, seven were partially implemented, and one was not implemented. Details are presented in Part III of this Report.

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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE TOURISM BOARD
Tourism Promotions Board
Legaspi Towers 300
Roxas Boulevard, Manila

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Tourism Promotions Board (TPB)**, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the TPB as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified of Opinion

Fair presentation of the Accounts Receivables with a carrying value of P650.481 million as of December 31, 2022, could not be established due to: (a) a discrepancy of P13.986 million between the General Ledger and the Subsidiary Ledgers (SL); (b) variance of P21.838 million between the amount confirmed by the Implementing Agencies (IAs) and SL balances; and (c) undistributed collections totaling P19.084 million that could represent return/refund of funds transferred to various IAs, contrary to Paragraph 27 of IPSAS 1 and Item 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

Non-submission of the liquidation documents on completed programs or projects covered by the fund transfer to various implementing agencies amounting to P643.058 million in CY 2022 and prior years resulted in the non-recording of the expenses, consequently understating the expenses and overstating the accumulated surplus/(deficit) of the TPB for an undetermined amount contrary to Paragraph 27 of IPSAS 1.

The fair presentation of the account Financial Liabilities - Accounts Payable (AP) as of December 31, 2022 amounting to P105.675 million was overstated by P36.980 million since the said amount was recognized as AP even if the related goods were not delivered and/or services were not completely rendered/completed contrary to Paragraph 27 of IPSAS 1 Department of Budget and Management Circular No. 2013-16 dated December 23, 2013, and the Revised Chart of Accounts (2019).

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the TPB in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

In our report dated May 27, 2022, we expressed a modified opinion on the Calendar Year 2021 financial statements because the faithful representation in the financial statements of the balance of the Inventories account with a carrying amount of P30.642 million as of December 31, 2021 was not established due to the variance of P8.323 million between the General Ledger (GL) balance of Other Supplies and Materials Inventory sub-account of P28.119 million and the balance per Report on Annual Inventory on Promotional Materials and Giveaways of P19.796 million contrary to Paragraph 27 of IPSAS 1.

Moreover, the balance of the Inter-Agency Payable account of P24.226 million is not fairly presented in the books due to: (a) derecognition of the Due to National Government Agencies (NGAs) account of P196.853 million despite the non-reversion/remittance of the fund to the National Treasury; and (b) variance totaling P1.037 million between the amounts per book and amounts confirmed by the concerned Government-Owned and/or Controlled Corporations (GOCCs), contrary to Paragraph 27 of IPSAS 1.

In CY 2022, diligent efforts were made by TPB Management in reconciling the variance between GL balance and the annual inventory. Appropriate adjustments were made to accounts Inventories, Due to NGAs, Due to GOCCs, and Accumulated Surplus/Deficit. Accordingly, our present opinion on the restated 2021 financial statements, as presented herein is no longer modified concerning these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the TPB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the TPB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the TPB's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TPB's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TPB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the TPB to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022, required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT

CDTenorio

CORAZON D. TENORIO
Supervising Auditor
Audit Group E - Trading and Promotions Group
Cluster 6, Corporate Government Audit Sector

May 15, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Tourism Promotions Board (TPB) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the TPB's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the TPB or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the TPB's financial reporting process. The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to stakeholders and other users.

The Commission on Audit has examined the financial statements of the TPB in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.

MARIA MARGARITA MONTEMAYOR NOGRALES
Chief Operating Officer, Tourism Promotions Board Philippines
Date: 15 May 2023

JOMAR D. TAGAO
Acting Head, Finance Department
Date: 15 May 2023

MA. ESPERANZA CHRISTINA GARCIA FRASCO
Tourism Secretary and Chairperson, Tourism Promotions Board Philippines
Date: 15 May 2023

ABQ450

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TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,334,556,083	1,209,862,469
Other investments	7	16,734,939	13,550,918
Receivables - net	8	650,481,274	544,976,393
Inventories	9	7,359,855	23,514,471
Other current assets	10	36,160,139	21,802,828
Total Current Assets		**2,045,292,290**	**1,813,707,079**
Non-Current Assets			
Other investments	7	123,600	123,600
Property, plant and equipment - net	11	42,257,841	45,011,070
Intangible assets	12	11,473,872	6,467,658
Other non-current assets	13	877,585,277	877,585,277
Total Non-Current Assets		**931,440,590**	**929,187,605**
TOTAL ASSETS		**2,976,732,880**	**2,742,894,684**
LIABILITIES			
Current Liabilities			
Financial liabilities	14	119,757,291	175,836,356
Inter-agency payables	15	218,051,646	217,778,429
Trust liabilities	16	34,137,403	34,983,071
Other payables	17	23,652,016	20,955,656
Total Current Liabilities		**395,598,356**	**449,553,512**
Non-Current Liabilities			
Trust liabilities	16	877,585,277	877,585,277
Total Non-Current Liabilities		**877,585,277**	**877,585,277**
TOTAL LIABILITIES		**1,273,183,633**	**1,327,138,789**
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		**1,703,549,247**	**1,415,755,895**
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	31	1,465,839,988	1,164,630,224
Government equity	30	250,000,000	250,000,000
Unrealized gain from changes in the fair value of the financial instruments	29	(12,290,741)	1,125,671
TOTAL NET ASSETS/EQUITY		**1,703,549,247**	**1,415,755,895**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
REVENUE			
Service and business income	18	17,415,866	9,967,179
TOTAL REVENUE		**17,415,866**	**9,967,179**
CURRENT OPERATING EXPENSES			
Personnel services	19	144,371,988	110,452,789
Maintenance and other operating expenses	20	856,804,641	654,416,323
Financial expenses	21	345,461	373,945
Non-cash expenses	22	10,432,480	12,872,798
TOTAL CURRENT OPERATING EXPENSES		**1,011,954,570**	**778,115,855**
SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		**(994,538,704)**	**(768,148,676)**
Other non-operating income	23	1,413,718	2,765,325
Gains	24	10,150,328	5,063,255
Losses	25	(382,261)	(2,212,300)
DEFICIT BEFORE SUBSIDY		**(983,356,919)**	**(762,532,396)**
Net assistance/subsidy	26	1,284,566,683	828,394,574
NET SURPLUS/(DEFICIT) FOR THE PERIOD		**301,209,764**	**65,862,178**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Accumulated surplus Note 31	Government equity Note 30	Unrealized gain from changes in the fair value of the financial instruments Note 29	Total
BALANCE AT JANUARY 1, 2021	1,460,386,043	250,000,000	1,048,477	1,711,434,520
ADJUSTMENTS:				
Add/(Deduct):				
Change in accounting policies	(2,310,976)	-	-	(2,310,976)
Prior year's adjustments	(199,825,074)	-	-	(199,825,074)
Other adjustments	-	-	77,194	77,194
RESTATED BALANCE AT JANUARY 1, 2021	**1,258,249,993**	**250,000,000**	**1,125,671**	**1,509,375,664**
Changes in Net Assets/Equity for CY 2021				
Add/(Deduct):				
Surplus/(Deficit) for the period, as previously stated	284,148,272	-	-	284,148,272
Prior year's adjustments	(218,286,094)	-	-	(218,286,094)
Surplus/(Deficit) for the period, as restated	65,862,178	-	-	65,862,178
Other Adjustments	(159,481,947)	-	-	(159,481,947)
RESTATED BALANCE AT DECEMBER 31, 2021	**1,164,630,224**	**250,000,000**	**1,125,671**	**1,415,755,895**
Changes in Net Assets/Equity for CY 2022				
Add/(Deduct):				
Surplus/(Deficit) for the period	301,209,764	-	-	301,209,764
Other adjustments	-	-	(13,416,412)	(13,416,412)
BALANCE AT DECEMBER 31, 2022	**1,465,839,988**	**250,000,000**	**(12,290,741)**	**1,703,549,247**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of revenue		2,116,999	2,473,826
Receipt of assistance/subsidy		1,284,566,683	828,394,574
Trust receipts		1,783,868	2,226,333
Other receipts		107,377,944	51,627,910
Total cash inflows		**1,395,845,494**	**884,722,643**
Adjustments		82,548,453	22,057,598
Adjustment Cash Inflows		**1,478,393,947**	**906,780,241**
Cash outflows			
Payment of expenses		524,181,161	279,857,370
Purchase of inventory		3,199,771	2,252,138
Grant of cash advance		31,887,183	5,014,165
Prepayments		257,339	9,416,454
Payment of accounts payable		444,625,255	236,456,920
Payment of tax refunds payable		232,142	-
Remittance of personnel benefit contributions and mandatory deductions		46,493,522	21,480,824
Release of inter-agency fund transfers		297,008,015	423,539,577
Other disbursements		2,598,369	116,259,945
Total cash outflows		**1,350,482,757**	**1,094,277,393**
Adjustments		-	159,481,947
Adjustment Cash Outflows		**1,350,482,757**	**1,253,759,340**
Net cash provided by (used in) operating activities		**127,911,190**	**(346,979,099)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflow			
Proceeds from sale/disposal of property, plant and equipment		793,619	84,701
Total cash inflow		**793,619**	**84,701**
Cash outflow			
Purchase/construction of property, plant and equipment		6,414,619	10,074,675
Purchase of intangible assets		7,256,214	3,719,383
Total cash outflow		**13,670,833**	**13,794,058**
Net cash provided by (used in) investing activities		**(12,877,214)**	**(13,709,357)**
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		115,033,976	(360,688,456)
Effects of exchange rate changes on cash and cash equivalents		9,659,638	2,626,323
Cash and cash equivalents, January 1		1,209,862,469	1,567,924,602
Cash and cash equivalents, December 31	**6**	**1,334,556,083**	**1,209,862,469**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2022
(In Philippine Peso)

	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget vs. Actual
	Original	Final		
	Note 32			
RECEIPTS				
Service and business income	49,035,000	49,035,000	17,415,866	31,619,134
Assistance and subsidy	1,725,517,000	1,725,517,000	1,725,517,000	-
Other non-operating income	-	-	1,904	(1,904)
Refund of Cash Advances	-	-	6,525,357	(6,525,357)
Others	-	-	100,745,534	(100,745,534)
Total receipts	**1,774,552,000**	**1,774,552,000**	**1,850,205,661**	**(75,653,661)**
PAYMENTS				
Personnel services	150,000,000	150,000,000	143,721,414	6,278,586
Maintenance and other operating expenses	1,599,220,000	1,599,096,000	1,274,012,477	325,083,523
Capital outlay	25,332,000	25,257,000	22,645,970	2,611,030
Total payments	**1,774,552,000**	**1,774,353,000**	**1,440,379,861**	**333,973,139**
NET RECEIPTS/(PAYMENTS)	**-**	**199,000**	**409,825,800**	**(409,626,800)**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
(*All amounts in Philippine Peso, unless otherwise stated*)

1. GENERAL INFORMATION

The Tourism Promotions Board (TPB), a Government-Owned and/or Controlled Corporation (GOCC) and an attached agency of the Department of Tourism (DOT), was created by virtue of Republic Act (RA) No. 9593, otherwise known as the "Tourism Act of 2009" and its Implementing Rules and Regulations provided for the reorganization of the Philippine Convention and Visitors Corporation (PCVC). The Tourism Board under Resolution No. 16, series of 2010, also confirmed during its June 21, 2010 meeting, the reorganization of the PCVC into the TPB.

The TPB is responsible for marketing and promoting the Philippines domestically and internationally as a major global tourism destination, highlighting its uniqueness and assisting the development of its tourism products and services, with the end in view of increasing tourist arrivals and tourism investments; marketing the Philippines as a major Meetings, Incentives, Conventions, and Exhibitions destination; attracting, promoting, facilitating and servicing large scale events, international fairs and conventions, congresses, sports competitions, expositions and the like; ensuring the regular local and international advertisement of the country's major tourism destinations and other tourism products, including Tourism Economic Zones; and providing incentives to travel agencies, tour operators, wholesalers, and investors abroad capable of drawing a sizeable number of tourists and tourism investments to the country.

The TPB shall have all the general powers of a corporation as provided under the Corporation Code. In addition, it shall have the following functions:

(a) Organize the Philippine TPB in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;

(b) Develop and implement a plan to market the Philippines as a premier tourist destination;

(c) Direct and coordinate the resources and efforts of the government and the private sector in the tourism and allied fields for the full realization of the tourism marketing plans and programs;

(d) Develop and promote the Philippines as a center for international meetings, incentive programs, conventions, exhibitions, sports and wellness, medical tourism and other special events;

(e) Engage in the business of tourism and perform acts in consonance therewith, such as, but not limited to, creating subsidiaries in support of its marketing functions in partnership with the private sector; as well as attending conventions and other events abroad in representation of the country, encouraging sales promotions and advertising, and implementing programs and projects with the objective of promoting the country and enticing tourists to visit its tourism destinations and to enjoy its tourism products;

(f) Contract loans, indebtedness and credit, and issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations;

(g) Execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives, subject to the provisions of the Constitution [Article VII, Section 20 and Article XII, Section 2, paragraphs (4) and (5)];

(h) Receive donations, grants, bequests and assistance of all kinds from local and foreign governments and private sectors and utilize the same;

(i) Extend loans through government banks and financial assistance for manpower training, heritage preservation, infrastructure development and other programs of the Department;

(j) Obtain the services of local and foreign consultants and enter into contracts locally and abroad in the performance of its functions; and

(k) Perform all other powers and functions of a corporation.

The agency's office is located at Fourth Floor, Legaspi Towers 300, Roxas Boulevard corner Vito Cruz, Manila.

The financial statements of the TPB was authorized for issue on May 15, 2023, as shown in the Statement of Management's Responsibility for Financial Statements signed by the DOT Secretary Maria Esperanza Christina Garcia Frasco, representing the Chairperson of the Board of Directors (BOD).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance with International Public Sector Accounting Standards (IPSASs)

The financial statements have been prepared in compliance with IPSASs, formerly the Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) in COA Resolution No. 2014-003 dated January 24, 2014. The PPSASs was renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

The financial statements are prepared by fund cluster in compliance with the requirements of COA Circular No. 2016-006.

The accounting policies have been consistently applied throughout the year presented.

2.2 Preparation of Financial Statements

The TPB's financial statements have been prepared under the historical cost unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in the Philippine Peso, the TPB's functional and presentation currency, and amounts are rounded off to the nearest peso unless otherwise stated.

The preparation of financial statements in compliance with the adopted IPSASs requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of Accounting*

The TPB's financial statements are prepared on an accrual basis in accordance with the IPSASs.

3.2 *Financial Instruments*

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of IPSAS 29 *Financial Instruments*: *Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans, and receivables or available-for-sale financial assets, as appropriate. The TPB determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the TPB commits to purchase or sell the asset.

The TPB's financial assets include cash and cash equivalents, receivables from employees and other agencies, and investments.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

   Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

2. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the TPB has the positive intention and ability to hold it to maturity.

Held-to-maturity investments, which consist of special contingency fund deposited at a government short-term high-yield savings account, are initially measured at the principal amount and adjusted for any interest income that accrues therefrom. Upon maturity of a high-yield savings account, the principal amount plus the interest are redeposited for another term.

iii. Derecognition

The TPB derecognizes a financial asset or where applicable, a part of a financial asset or part of the TPB of similar financial assets when:

1. The contractual rights to the cash flows from the financial asset expired or waived; and

2. The TPB has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29 *Financial Instruments: Recognition and Measurement*; and either the entity has:

    - Transferred substantially all the risks and rewards of ownership of the financial asset, or

- Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset

iv. Impairment of financial assets

The TPB assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty;

2. Default or delinquency in interest or principal payments;

3. The probability that debtors will enter bankruptcy or other financial reorganization; and

4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the TPB first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the TPB determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the TPB. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. The request for the write-off of accounts is based on the guidelines prescribed in COA Circular No. 2016-005 dated December 19, 2016. If a future write-off is later recovered, the recovery is credited in surplus and deficit.

The estimated allowance for impairment loss on a given period is computed following a certain percentage determined based on the experience of Management on the collectability of loans and receivables, as follows:

Age of Accounts	**Percentage**
1– 60 days	- 1%
61-180 days	- 2%
181 days to 1 year	- 3%
More than 1 year	- 5%

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The TPB's financial liabilities include payables to suppliers, employees, and other contractors, inter-agency payables, and trust liabilities such as guarantee deposits and retention fees.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

1. Financial liabilities at fair value through surplus or deficit

   Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

   Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

   This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

2. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.3 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash in bank, high-yield savings account with an original maturity of three months, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Dollar collections are translated into the local currency based on the Bangko Sentral ng Pilipinas daily rate.

3.4 *Inventories*

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the TPB.

3.5 *Property, Plant, and Equipment*

a. Recognition

An item is recognized as Property, Plant, and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

i. Tangible items;

ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

iii. Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;

ii. The cost or fair value of the item can be measured reliably; and

iii. The cost is at least P50,000.

b. Measurement at recognition

An item recognized as PPE is measured at cost.

A PPE acquired through a non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through the non-exchange transaction, its cost is its fair value as at the recognition date.

Cost includes the following:

i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

ii. Expenditure that is directly attributable to the acquisition of the items; and

iii. Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

c. Measurement after recognition

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the TPB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expenses in surplus or deficit as incurred.

d. Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation starts in the second month from the date of acquisition.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the TPB's operation.

iii. Estimated useful life

The TPB uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Buildings	- 30 years
Motor vehicles	- 10 years
Furniture and fixtures	- 10 years
Office equipment	- 5 years
Information, communication, and technology equipment	- 5 years
Other PPE	- 5 years

iv. Residual value

The TPB uses a residual value equivalent to at least 10 percent of the cost of the PPE.

e. Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

f. Derecognition

The TPB derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 *Intangible Assets*

a. Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in IPSAS 5, *Borrowing Costs*.

b. Recognition of an expense

Expenditure on an intangible item is recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

c. Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life is not to be amortized.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

3.7 *Provisions, Contingent Liabilities, and Contingent Assets*

a. Provisions

Provisions are recognized when the TPB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the TPB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent liabilities

The TPB does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent assets

The TPB does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the TPB in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.8 *Changes in Accounting Policies and Estimates*

The TPB recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The TPB recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The TPB corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and net assets/equity for the earliest prior period presented.

3.9 *Foreign Currency Transactions*

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

a. Foreign currency monetary items are translated using the closing rate;

b. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

c. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.10 *Revenue from Non-Exchange Transactions*

a. Recognition and measurement of assets from non-exchange transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset is recognized as an asset if the following criteria are met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

b. Recognition of revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As the TPB satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

c. Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity unless a corresponding liability is recognized.

d. Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

e. Gifts and donations

The TPB recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced, and revenue is recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which is ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

The TPB recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

g. Services in-kind

Services in-kind are not recognized as assets and revenues considering the complexity of the determination of and recognition of assets and revenues and the eventual recognition of expenses.

h. Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the TPB and can be measured reliably.

3.11 ***Revenue from Exchange Transactions***

a. Measurement of revenue

Revenue is measured at the fair value of the consideration received or receivable.

b. Rendering of services

The TPB recognizes revenue from the rendering of services by full completion or the outcome of the transaction can be measured reliably.

c. Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

d. Dividends

Dividends or similar distributions are recognized when the TPB's right to receive payments is established.

3.12 ***Budget Information***

The annual budget is prepared on a cash basis and is published on the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on a comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on a comparable basis to the budget. Explanatory comments are provided in *Note 32*.

3.13 *Related Parties*

The TPB regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the TPB or vice versa.

Members of key management and the members of the TPB Board are regarded as related parties.

3.14 *Employee Benefits*

The employees of the TPB are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The TPB recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as an expense unless capitalized, and as a liability after deducting the amount paid.

3.15 *Measurement Uncertainty*

The preparation of financial statements in conformity with IPSASs requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, impairment of assets, etc.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. PRIOR PERIOD ADJUSTMENTS

4.1 *Due to Change in Accounting Policies*

In accordance with COA Circular No. 2022-004 date May 31, 2022, the P50,000.00 capitalization threshold for PPE was applied. A total of P2,310,976 were reclassified and booked as adjustment in the prior year financial statements that were reported for a change in accounting policy in *Note 31.*

4.2 *Due to Prior Period Errors*

Prior period errors consist of unrecorded advertising, marketing and promotional expenses, accrued expenses, depreciation, and other correction of errors in the financial statements. Details were provided in *Note 31*.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The TPB is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest/Market risks
- Operational risk

This note presents information about the TPB's exposure to each of the above risks, the TPB objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

5.1 *Risk Management Framework*

The TPB Board has overall responsibility for the establishment and oversight of the TPB's risk management framework. The Board is expected to establish and institute adequate control mechanisms for good governance in the TPB. The minimum internal control mechanisms for the Board's oversight responsibility include but shall not be limited to:

1. Formulation and adoption of organization and procedural controls through an effective management information system and risk management reporting system.

2. Appropriation of remedial measures when a conflict of interest situation may arise.

3. Institute adequate selection, appointment, and retention policies and procedures for qualified and competent Management.

4. Ensure the development and review of personnel and human resource policies of the Agency, compensation plan, and management succession plan as may be provided.

In view of the foregoing and in accordance with the Governance Commission for GOCCs (GCG) Memorandum Circular No. 2012-07 (Code of Corporate Governance and Section 17 of the TPB Manual of Corporate Governance), the Board has created the TPB's Executive Committee, Governance Committee, Audit Committee, and Risk Management Committee where each committee is composed of three board members and one executive or manager knowledgeable in audit, accounting, and finance while the Executive Committee is headed by the Chief Operating Officer (COO), the Deputy COOs, and all Department Managers as members.

The Risk Management Committee is specifically responsible for the following:

1. Perform oversight risk management functions specifically in the areas of:

    a. Management of financial liquidity, solvency and viability, organizational and operational stability and sustainability, legal, reputational, and other risks.

b. Crisis management includes receiving from Senior Management periodic information on risk exposures and risk management activities.

2. Develop the Risk Management Policy and ensure that the risk management processes and compliances are embedded throughout the operations of the TPB, especially at the Board and Management levels.

3. Provide reports and updates on key risk management issues as well as ad hoc reports and evaluations on investment proposals.

Generally, the maximum risk exposure of financial assets and financial liabilities is the carrying amount of the financial assets and financial liabilities as shown in the Statements of Financial Position, as summarized below.

	Note	2022	2021 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	1,334,556,083	1,209,862,469
Other investments	*7*	16,734,939	13,550,918
Receivables – net	*8*	650,481,274	544,976,393
		2,001,772,296	**1,768,389,780**
Financial liabilities			
Financial liabilities	*14*	119,757,291	175,836,356
Inter-agency payables	*15*	218,051,646	217,778,429
Trust liabilities	*16*	34,137,403	34,983,071
		371,946,340	**428,597,856**

5.2 *Credit Risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the TPB. The TPB has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or security deposit where appropriate as a means of mitigating the risk of financial loss from defaults. The TPB defines counterparties as having similar characteristics if they are related entities.

Also, the TPB manages its credit risk by depositing its cash with the Land Bank of the Philippines (LBP), an authorized government depository bank. Further, the TPB ensures timely liquidation of cash advances/accountabilities.

The carrying amount of financial assets recognized in the financial statements represent the TPB's maximum exposure to credit risk.

a. Credit risk exposure

The following table shows the gross maximum exposure to credit risk of the TPB as of the years ended December 31, 2022, and 2021, without considering the effects of credit risk mitigation techniques.

	Note	2022	2021 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	1,334,556,083	1,209,862,469
Other investments	*7*	16,734,939	13,550,918
Receivables – net*	*8*	650,481,274	544,976,393
		2,001,772,296	**1,768,389,780**

**Receivables at net of allowance for impairment amounting to P25,591,978 and P27,003,792 for the years ended December 31, 2022, and 2021, respectively.*

b. Management of credit risk

The management of credit risk is covered by the Risk Remedial and Management Committee. The Finance Department and Cash Unit of the Agency are in charge of controlling, monitoring, and collecting payments of all its receivables due from employees, foreign offices, and clientele. Receivables from employees consist of cash advances for project implementations and travel allowances. The status of outstanding receivables is summarized quarterly in a schedule and is submitted to COA. Should there be no payments received, the Accounting Division follows up either through phone calls or demand letters for collection until settled. Failure of employees and foreign offices to liquidate and refund the balances, if any, would result in the withholding of salaries and future remittances.

c. Settlement risk

The TPB's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For certain types of transactions, the TPB mitigates this risk by ensuring that an obligation is settled only when both parties have fulfilled their contractual deliverables.

d. Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, concentrations indicate the relative sensitivity of the TPB's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the TPB's financial strength and undermine public confidence.

e. Aging analysis

An aging analysis of the TPB's receivables as of the year ended December 31, 2022, is disclosed in Note 8.3.

f. Impairment assessment

The TPB recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of objective evidence of impairment.

The two methodologies applied by the TPB in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the TPB assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the TPB when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of the collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment.

A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write-offs; (b) losses that are likely to occur but have not yet occurred; and (c) the expected receipts and recoveries once impaired.

5.3 *Liquidity Risk*

Liquidity risk is the risk that the TPB might encounter difficulty in meeting obligations from its financial liabilities.

a. Management of liquidity risk

The TPB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and, stressed conditions, without incurring unacceptable losses or risking damage to the TPB's reputation.

The TPB maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans, and advances to the TPB and other facilities, to ensure that sufficient liquidity is maintained within the TPB as a whole.

b. Exposure to liquidity risk

The liquidity risk is the adverse situation when the TPB encounters difficulty in meeting unconditionally the settlement of its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored, and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory, and other external factors that may affect the liquidity position of the TPB.

The liquidity management policy of the TPB is conservative in maintaining optimal liquid cash funds to ensure the capability to adequately finance its mandated activities and other operational requirements at all times. The TPB's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior Management is actively involved in the Executive Committee headed by the COO with the Deputy COOs for Marketing and Corporate Affairs and Managers of all departments.

The table below summarizes the maturity profile of the TPB's financial liabilities as at December 31, 2022.

As at December 31, 2022	Within 1 Year	Over 1 – 5 Years	Over 5 Years	Total
Financial liabilities	119,757,291	-	-	119,757,291
Inter-agency payables	218,051,646	-	-	218,051,646
Trust liabilities	34,137,403	877,585,277	-	911,722,680
Other payables	23,652,016	-	-	23,652,016
Total	**395,598,356**	**877,585,277**	**-**	**1,273,183,633**

5.4 *Market Risks*

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's issuer's credit standing) will affect the TPB's income, liquidity or the value of its holdings of financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Management of market risk

The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of the TPB's financial assets and liabilities to various standard and non-standard interest rate scenarios.

5.5 *Operational Risks*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the TPB's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the TPB's operations and are faced by all business entities.

The TPB's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the TPB's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transaction
- Requirement for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risk faced, and the adequacy of control and procedures to address the risk identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with corporate standards/processes is supported by a program of periodic reviews undertaken by Internal Audit or the Quality Management System Team Auditors. The results of Internal Audit reviews are discussed with the Management, with summaries to the Audit Committee and Senior Management.

6. CASH AND CASH EQUIVALENTS

This account consists the following:

	2022	2021 (As Restated)
Cash in bank	1,334,401,617	1,209,742,469
Cash on hand	154,466	120,000
	1,334,556,083	**1,209,862,469**

The Cash in bank account includes the: (a) Special Account in the General Fund; (b) Special Contingency Fund; (c) Trust Liability Accounts Fund; and (d) Foreign Currency – Savings Dollar Account converted at P56.120 closing rate.

7. INVESTMENTS

This account consists the following:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Available for Sale Securities	16,734,939	-	16,734,939	13,550,918	-	13,550,918
Investments in Stocks	-	123,600	123,600		123,600	123,600
	16,734,939	**123,600**	**16,858,539**	**13,550,918**	**123,600**	**13,674,518**

7.1 Available for Sale Securities

This account consists of earnings from the TPB Trust Fund with the LBP invested in financial securities at fair value through other comprehensive income.

7.2 Investment in stocks

This account pertains to the investment in securities of service enterprises that represents the agency's preferred shares of stocks with Philippine Long Distance Telephone, Inc. as subscriber's investment for telephone lines as required by Presidential Decree No. 217.

7.3 Other Investments

This account represents the portion of the TPB Trust Fund with the LBP, consisting of investments in financial securities that do not fall under the classification of Financial Assets at Fair Value through Other Comprehensive Income.

8. RECEIVABLES

This account consists the following:

	2022	2021 (As Restated)
Inter-agency receivables		
Due from NGAs	533,008,284	449,645,126
Less: Allowance for Impairment-Due from NGAs	(21,617,964)	(21,373,890)
Net Value	511,390,320	428,271,236
Due from LGUs	115,613,875	110,063,072
Less: Allowance for Impairment-Due from LGUs	(3,574,371)	(428,140)
Net Value	112,039,504	109,634,932
Due from GOCCs	26,547,631	11,368,530
Less: Allowance for Impairment-Due from GOCCs	(354,470)	(5,156,589)
Net Value	26,193,161	6,211,941
Sub-total –Inter-agency receivables, net	**649,622,985**	**544,118,109**
Other receivables		
Due from officers and employees	176,056	176,056
Less: Allowance for Impairment-Due from Officers and Employees	(8,803)	(8,803)
Net Value	167,253	167,253

	2022	2021 (As Restated)
Other receivables	727,406	727,401
Less: Allowance for Impairment- Other Receivables	(36,370)	(36,370)
Net Value	691,036	691,031
Sub-total –Other Receivables, net	**858,289**	**858,284**
Total Receivables, net	**650,481,274**	**544,976,393**

8.1 Inter-agency receivables

8.1.1 Due from national government agencies (NGAs)

Due from NGAs account consists of fund remittances to local and foreign DOT offices for the implementation of various events or projects. The liquidation period for local and foreign fund transfers is 60 days.

This account also includes receivables from the Department of Foreign Affairs (DFA) and the DOT amounting to P4,200,000 each representing unpaid annual contributions from other government agencies represented in the PCVC-BOD covering the period 1988 - 2008 at P200,000 per annum as provided for under Section 14.1 of Executive Order No. 120-A dated July 20, 1978.

Receivables from these two agencies were not accrued since 2009. An allowance for bad debts for these was never provided. The BOD approved the writing off of the receivables from the DOT and the DFA but still needs the submission of approved budgets of these two agencies to prove that there were no appropriations provided for the annual contributions, as advised by the COA Resident Auditor. Once the documents required are complied with, the request for write-off shall be forwarded to COA.

8.1.2 Due from local government units (LGUs)

Due from LGUs account represents financial assistance to LGUs for the response to the COVID-19 pandemic and for the implementation of various events such as, among others, the promotional and/or informational signage at tourism sites in Baguio City and the Municipalities of Badian and Lucban; and the project for the Bike Capital of the Philippines and Safe Cultural Eco-Tourism Destination in Ilolilo City.

8.1.3 Due from GOCCs

Due from GOCCs account represents the share of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), formerly the Philippine Tourism Authority in the ASTA World Congress/other miscellaneous receivables. Also included is the fund transfer to the Philippine Children's Medical Center for the provision of RT-PCR tests to domestic tourists and fund transfers to Duty Free Philippines Corporation (DFPC) and Clark Development Corporation for the implementation of tourism projects.

8.2 Other receivables

8.2.1 Due from officers and employees

Due from officers and employees account refers to receivables from employees' disallowances, personal calls, overpayments of salary, and overtime pay.

8.2.2 Other receivables

Other receivables account represents over-payment made to various suppliers.

8.3 Aging analysis of receivables as at December 31, 2022

	Not Past Due	Past Due < 30 days	Past Due > 60 days	Total
Inter-agency receivables:				
Due from NGAs	37,822,294	78,783,984	416,402,006	533,008,284
Due from LGUs	10,700,000	4,165,000	100,748,875	115,613,875
Due from GOCCs	23,731,000	-	2,816,631	26,547,631
Sub - total – Inter-agency receivables	**72,253,294**	**82,948,984**	**519,967,512**	**675,169,790**
Other receivables:				
Due from officers and employees	-	-	176,056	176,056
Other receivables	-	-	727,406	727,406
Sub- total – Other receivables	**-**	**-**	**903,462**	**903,462**
Less: Allowance for impairment	(722,533)	(1,658,980)	(23,210,465)	(25,591,978)
Total Receivables, net	**71,530,761**	**81,290,004**	**497,660,509**	**650,481,274**

9. INVENTORIES

	2022 Inventories carried at lower of cost and net realizable value	2021 (As Restated) Inventories carried at lower of cost and net realizable value
Office supplies inventory		
Carrying amount, January 1	2,655,422	3,454,473
Additions/acquisitions during the year	4,221,896	2,226,457
Expensed during the year except write-down	(3,712,014)	(3,025,508)
Carrying amount, December 31	**3,165,304**	**2,655,422**
Other supplies and material inventory		
Carrying amount, January 1	20,859,049	67,865,914
Additions/acquisitions during the year	4,300,030	93,068
Expensed during the year except write-down	(20,964,528)	(34,967,257)
Other Adjustments	-	(12,132,676)
Carrying amount, December 31	**4,194,551**	**20,859,049**
Semi-expendable inventory		
Carrying amount, January 1	-	-
Additions/acquisitions during the year	734,315	440,700
Expensed during the year except write-down	(734,315)	(440,700)
Carrying amount, December 31	-	-
	7,359,855	**23,514,471**

Inventories are measured at cost upon initial recognition and are recognized as an expense when issued for consumption in the ordinary course of operation of the TPB.

10. OTHER CURRENT ASSETS

This account consists the following:

	2022	2021 (As Restated)
Advances		
Advances to special disbursing officer	6,121,942	331,379
Advances to officers and employees	1,454,390	1,313,397
Sub- total – Advances	**7,576,332**	**1,644,776**
Prepayments		
Prepaid insurance	465,488	73,957
Other prepayments	25,112,502	17,086,703
Sub- total – Prepayments	**25,577,990**	**17,160,660**
Deposits		
Guaranty deposits	3,005,817	2,997,392
Sub- total – Deposits	**3,005,817**	**2,997,392**
Total	**36,160,139**	**21,802,828**

Prepaid insurance pertains to the unexpired portion as of December 31, 2022 of GSIS insurance premiums paid for vehicles.

Other prepayments pertain to the consumable deposit to the Department of Budget and Management (DBM) - Procurement Service relative to the procurement of office supplies and air ticket requirements per the Government Fares Agreement with Philippine Airlines and Cebu Pacific.

Guaranty Deposits represent the lease deposits for the rented office premises of the TPB.

10.1 Aging of advances as at December 31, 2022

	Not Past	Past Due		
	Due	< 30 days	> 60 days	Total
Advances to special disbursing officer	5,484,945	-	636,997	6,121,942
Advances to officers and employees	1,030,422	71,893	352,075	1,454,390
	6,515,367	**71,893**	**989,072**	**7,576,332**

11. PROPERTY, PLANT, AND EQUIPMENT

This account consists the following:

As at December 31, 2021 (Restated)

	Buildings and other structures	Office equipment	Info. & Com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	Books	Motor vehicles	Leased Assets Improvements, Buildings	Total
Carrying amount, January 1, 2021	13,841,009	2,200,403	16,379,754	165,784	1,216,439	6,445	7,927,494	-	41,737,328
Additions/Acquisitions	50,000	505,075	5,362,409	-	-	-	6,659,800	995,000	13,572,284
Total	13,891,009	2,705,478	21,742,163	165,784	1,216,439	6,445	14,587,294	995,000	55,309,612
Disposals	-	(96,039)	(151,691)	(3,285)	-	-	-	-	(251,015)
Depreciation	(461,768)	(705,997)	(5,077,858)	(17,672)	(151,115)	-	(1,511,344)	-	(7,925,754)
Adjustment	(13,987)	(444,247)	(1,118,176)	(116,488)	(422,430)	(6,445)	-	-	(2,121,773)
Carrying amount, December 31, 2021	**13,415,253**	**1,459,195**	**15,394,439**	**28,339**	**642,894**	**-**	**13,075,950**	**995,000**	**45,011,070**
Gross cost	24,039,753	5,139,977	43,218,115	283,390	954,243	-	23,555,652	995,000	98,186,130
Less: Accumulated depreciation	(10,624,500)	(3,680,782)	(27,823,676)	(255,051)	(311,349)	-	(10,479,702)	-	(53,175,060)
Carrying amount, December 31, 2021	**13,415,253**	**1,459,195**	**15,394,439**	**28,339**	**642,894**	**-**	**13,075,950**	**995,000**	**45,011,070**

As at December 31, 2022

	Buildings and other structures	Office equipment	Info. & Com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	Books	Motor vehicles	Leased Assets Improvements, Buildings	Total
Carrying amount, January 1, 2022	13,415,253	1,459,195	15,394,439	28,339	642,894	-	13,075,950	995,000	45,011,070
Additions/Acquisitions	-	169,755	5,398,050	780,000	-	-	-	67,000	6,414,805
Total	13,415,253	1,628,950	20,792,489	808,339	642,894	-	13,075,950	1,062,000	51,425,875
Disposals	-	(9,500)	(210,335)		-	-	(765,719)		(985,554)
Depreciation	(461,318)	(480,248)	(5,009,322)	(58,500)	(253,827)	-	(1,889,080)	(30,185)	(8,182,480)
Adjustment	-	-	-	-	-	-	-	-	-
Carrying amount, December 31, 2022	**12,953,935**	**1,139,202**	**15,572,832**	**749,839**	**389,067**	**-**	**10,421,151**	**1,031,815**	**42,257,841**
Gross cost	24,039,753	5,170,362	46,723,151	1,063,390	954,243	-	18,955,748	1,062,000	97,968,647
Less: Accumulated depreciation	(11,085,818)	(4,031,160)	(31,150,319)	(313,551)	(565,176)	-	(8,534,597)	(30,185)	(55,710,806)
Carrying amount, December 31, 2022	**12,953,935**	**1,139,202**	**15,572,832**	**749,839**	**389,067**	**-**	**10,421,151**	**1,031,815**	**42,257,841**

All acquired assets in CY 2022 are paid as of December 31, 2022. The difference between the total additions/acquisitions/purchases as reflected in Notes 11 and the Statement of Cash Flows is the unremitted withholding tax at year-end.

12. INTANGIBLE ASSETS

	2022	2021
Carrying amount, January 1	6,467,658	2,748,275
Additions – acquisition	7,256,214	3,719,383
Adjustments	(2,250,000)	-
Carrying amount, December 31	**11,473,872**	**6,467,658**

The additions in the account pertains to the acquisition of computer software for procurement and human resources. The adjustment represents the discontinued procurement of computer software for human resources. Thirty percent of the total contract price has already been paid.

Intangible assets are recognized and measured initially at cost. Subsequent measurement is at cost less any accumulated amortization and any accumulated impairment loss. Amortization shall start when the asset is available for use, in the location and condition necessary for the asset to be capable of operating in the manner intended by the Management.

13. OTHER NON-CURRENT ASSETS

This account consists the following:

	2022	2021
Restricted fund	877,585,277	877,585,277
	877,585,277	**877,585,277**

This account consists of the proceeds from the sale of Hilaga Property received from TIEZA. In compliance with Section 54 of RA No. 9593, *otherwise known as the Tourism Act of 2009*, a Tourism Promotions Trust was established for the said proceeds and thereafter invested with the LBP. Investment earnings from the said Trust Fund shall be available to finance the activities of the TPB.

14. FINANCIAL LIABILITIES

This account consists the following:

	2022	2021 (As Restated)
Payables	119,580,025	175,718,498
Tax refunds payable	177,266	117,858
	119,757,291	**175,836,356**

14.1 Payables

	2022	2021 (As Restated)
Accounts payable	105,674,616	165,768,648
Due to officers and employees	13,905,409	9,949,850
	119,580,025	**175,718,498**

14.1.1 Accounts payable

The Accounts Payable account represents outstanding unpaid obligations to suppliers and contractors for the implementation of promotional and marketing projects.

14.1.2 Due to officers and employees

The Due to Officers and Employees account represents unpaid salaries and allowances, terminal leave, and separation incentive packages of the retired employees.

14.2 Tax refunds payable

	2022	2021
Tax refunds payable	177,266	117,858
	177,266	**117,858**

Tax Refunds Payable refers to over withheld taxes from employees during the year and balance of unclaimed tax refunds of employees who have already separated from service.

14.3 Aging of financial liabilities as at December 31, 2022

	< 30 days	< 90 days	<360 days	> 360 days	Total
Accounts payable	103,397,414	506,483	690,122	1,080,597	105,674,616
Due to officers and employees	10,478,950	-	-	3,426,459	13,905,409
Tax refunds payable	177,266	-	-	-	177,266
	114,053,630	**506,483**	**690,122**	**4,507,056**	**119,757,291**

15. INTER-AGENCY PAYABLES

This account consists the following:

	2022	2021 (As Restated)
Due to BIR	15,576,798	16,925,850
Due to GSIS	3,433,501	1,868,766
Due to Pag-IBIG	948,355	942,630
Due to PhilHealth	247,779	195,970
Due to Other NGAs	196,853,363	196,853,363
Due to GOCC	991,850	991,850
	218,051,646	**217,778,429**

Advances received for the implementation of various tourism promotional/marketing projects and advertising campaign programs of the DOT and TIEZA comprise Due to Other NGAs and Due to GOCCs, respectively.

16. TRUST LIABILITIES

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Trust liabilities	93,126	877,585,277	877,678,403	146,700	877,585,277	877,731,977
Guaranty/security deposits payable	34,044,277	-	34,044,277	34,836,371	-	34,836,371
	34,137,403	**877,585,277**	**911,722,680**	**34,983,071**	**877,585,277**	**912,568,348**

The current portion and non-current portions of the Trust Liabilities consist of the payable to Employees' Provident Fund and the proceeds from the sale of Hilaga Property, respectively.

Guaranty/Security Deposits Payable account represents the receipts from service providers/suppliers to guarantee their performance to be refunded upon full delivery of service and termination/completion of the contract.

17. OTHER PAYABLES

	2022	2021
Undistributed collections	19,083,526	17,055,855
Other payables	4,568,490	3,899,801
	23,652,016	**20,955,656**

The Undistributed Collections account represents direct deposits which source and nature are yet to be determined, whereas Other Payables account consists of collections from bid documents, insular insurance fee, and mobile loans deducted from the payroll of regular employees.

18. REVENUES

This account consists the following:

	2022	2021 (As Restated)
Service income:		
Registration fees	439,495	-
Total service income	**439,495**	-
Business income:		
Other business income	1,036,925	1,614,757
Interest income	15,878,346	8,043,599
Fines and penalties	61,100	308,823
Total business income	16,976,371	9,967,179
	17,415,866	**9,967,179**

The interest income derived from investing activities amounts to P15,360,453 and P7,515,112 for CYs 2022 and 2021, respectively.

19. PERSONNEL SERVICES

This account consists the following:

	2022	2021 (As Restated)
Salaries and wages	81,284,009	64,404,864
Other compensation	38,603,558	33,690,795
Personnel benefit contributions	11,472,741	8,555,944
Other personnel benefits	13,011,680	3,801,186
	144,371,988	**110,452,789**

19.1 Salaries and wages

	2022	2021 (As Restated)
Salaries and wages – regular	81,284,009	64,404,864
	81,284,009	**64,404,864**

19.2 Other compensation

	2022	2021 (As Restated)
Personnel economic relief allowance	2,737,239	2,600,510
Representation allowance	2,247,750	2,055,435
Transportation allowance	1,532,625	2,044,875
Clothing/uniform allowance	696,000	642,000
Productivity incentive allowance	551,500	535,500
Honoraria	848,653	-
Hazard duty pay - civilian	-	405,500
Overtime and night pay	1,549,459	963,785
Cash gift	554,000	537,500
Year-end bonus	6,498,223	6,305,413
Mid-year bonus	6,818,004	4,929,860
Other bonuses and allowances	14,570,105	12,670,417
	38,603,558	**33,690,795**

19.3 Personnel benefit contributions

	2022	2021
Retirement and life insurance premiums	9,757,985	7,531,422
Pag-IBIG contributions	145,700	132,100
PhilHealth contributions	1,433,556	762,722
Employees compensation insurance premiums	135,500	129,700
	11,472,741	**8,555,944**

19.4 Other personnel benefits

	2022	2021
Terminal leave benefits	8,047,862	1,662,549
Other personnel benefits	4,024,818	2,128,637
Incentive and loyalty award	939,000	10,000
	13,011,680	**3,801,186**

19.5 Employees future benefits

The permanent employees of the TPB contribute to the GSIS in accordance with the RA No. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the Act applies. Social insurance (life and retirement) benefits are mandatory-defined contribution plans fixed at nine percent of the basic salaries of regular government employees. Total contributions to GSIS for CY 2022 amounted to P17,064,234, broken down as follows: employees' share – P7,310,339 and government share – P9,753,895.

20. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists the following:

	2022	2021 (As Restated)
Traveling expenses	22,303,202	4,191,055
Training and scholarship expenses	1,317,210	5,263,137
Supplies and materials expenses	24,952,975	7,499,023
Utility expenses	2,460,938	2,096,757
Communication expenses	4,928,217	4,712,881
Confidential, intelligence and extraordinary expenses	838,770	544,564
Professional services	24,328,705	26,827,619
Awards, rewards, and prizes	-	193,500
General services	10,573,340	9,866,904
Repairs and maintenance	3,088,887	2,488,218
Taxes, insurance premiums and other fees	2,810,184	3,066,479
Other maintenance and operating expenses	759,202,213	587,666,186
	856,804,641	**654,416,323**

20.1 Traveling expenses

	2022	2021 (As Restated)
Traveling expenses-local	2,605,012	3,005,111
Traveling expenses-foreign	19,698,190	1,185,944
	22,303,202	**4,191,055**

20.2 Training and scholarship expenses

	2022	2021 (As Restated)
Training expenses	1,317,210	5,263,137
	1,317,210	**5,263,137**

20.3 Supplies and materials expenses

	2022	2021 (As Restated)
Office supplies expenses	4,648,779	3,355,866
Fuel, oil & lubricants expenses	2,133,152	1,217,741
Semi-expendable office equipment expense	215,000	71,570
Semi-expendable information and communications technology equipment expenses	407,000	16,700
Semi-expendable other machinery & equipment expenses	3,000	44,464
Semi-expendable furniture and fixtures	168,291	318,089
Other supplies expense	17,377,753	2,474,593
	24,952,975	**7,499,023**

20.4 Utility expenses

	2022	2021
Water expenses	117,668	101,099
Electricity expenses	2,343,270	1,995,658
	2,460,938	**2,096,757**

20.5 Communication expenses

	2022	2021
Telephone expenses	1,658,679	1,879,894
Internet subscription expenses	3,269,538	2,832,987
	4,928,217	**4,712,881**

20.6 Confidential, intelligence, and extraordinary expenses

	2022	2021
Extraordinary and miscellaneous expenses	838,770	544,564
	838,770	**544,564**

20.7 Professional services

	2022	2021 (As Restated)
Auditing services	2,790,809	3,949,362
Consultancy services	1,128,500	3,608,540
Other professional services	20,409,396	19,269,717
	24,328,705	**26,827,619**

Other professional services pertains to the compensation of job order personnel.

20.8 Awards, Rewards, and Prizes

	2022	2021 (As Restated)
Award/rewards expenses	-	120,000
Prizes	-	73,500
	-	**193,500**

20.9 General services

	2022	2021
Security services	4,669,052	3,931,202
Janitorial services	5,904,288	5,935,702
	10,573,340	**9,866,904**

20.10 Repairs and maintenance

	2022	2021
Repairs and maintenance-buildings and other structures	142,314	475,976
Repairs and maintenance-machinery and equipment	475,359	429,989
Repairs and maintenance-transportation equipment	768,595	1,246,843
Repairs and maintenance-furniture and fixtures	1,702,619	335,410
	3,088,887	**2,488,218**

20.11 Taxes, insurance premiums and other fees

	2022	2021
Taxes, duties and licenses	374,197	408,138
Insurance expenses	617,690	417,214
Fidelity bond premiums	1,818,297	2,241,127
	2,810,184	**3,066,479**

20.12 Other maintenance and operating expenses

	2022	2021 (As Restated)
Advertising, promotional and marketing expenses	719,552,067	557,110,476
Printing and publication expenses	-	76,000
Representation expenses	2,361,283	1,110,589
Transportation and delivery expenses	667,424	4,330,803
Rent/lease expenses	9,042,866	8,781,592
Membership dues and contributions to organizations	1,819,617	1,823,046
Postage and courier services	5,629,666	3,108,584
Subscription expenses	17,452,664	5,241,595
Donations	290,244	-
Board of Directors allowance and other benefits	115,000	251,000
Other maintenance and operating expenses	2,271,382	5,832,501
	759,202,213	**587,666,186**

The Advertising, promotional and marketing expenses pertains to the expenses incurred for the implementation of tourism programs, projects and/or events.

21. FINANCIAL EXPENSES

	2022	2021 (As Restated)
Bank charges	345,461	373,945
	345,461	**373,945**

22. NON-CASH EXPENSES

This account consists the following:

	2022	2021
Depreciation-buildings and other structures	461,318	461,768
Depreciation-machinery and equipment	5,548,070	5,801,527
Depreciation-transportation equipment	1,889,080	1,511,344
Depreciation-furniture, fixtures and books	253,827	151,115
Depreciation-other leased assets improvements, buildings	30,185	-
Impairment loss-loans and receivables	-	4,947,044
Impairment loss- intangible assets, computer software	2,250,000	
	10,432,480	**12,872,798**

23. OTHER NON-OPERATING INCOME

	2022	2021
Reversal of impairment loss	1,411,815	2,763,422
Miscellaneous income	1,903	1,903
	1,413,718	**2,765,325**

24. GAINS

This account consists the following:

	2022	2021
Gain on foreign exchange (FOREX)	9,885,265	5,046,029
Gain on sale of PPE	265,063	17,226
	10,150,328	**5,063,255**

25. LOSSES

This account consists the following:

	2022	2021
Loss on FOREX	225,626	2,074,759
Loss on sale of PPE	156,635	137,541
	382,261	**2,212,300**

26. ASSISTANCE/SUBSIDY

	2022	2021
Subsidy income from SAGF	1,284,566,683	828,394,574
	1,284,566,683	**828,394,574**

The subsidy income from SAGF consists of subsidy from Special Account in the General Fund (SAGF) – Philippine Amusement and Gaming Corporation (PAGCOR), seaports and airports. The total subsidy income from SAGF received in the CY 2022 is P1,725,517,000.

Out of the total subsidy received in CY 2022, P440,950,317 was reverted to the Bureau of the Treasury.

27. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

	2022	2021 (As Restated)
Surplus for the year	301,209,764	65,862,178
Depreciation	8,182,480	7,925,754
Impairment loss – loans and receivables (net of reversal of impairment loss)	(1,411,815)	2,183,622
Impairment loss – Intangible assets	2,250,000	-
Losses	382,261	2,212,300
Gains	(10,150,328)	(5,063,255)
Return of SAGF funds to National Treasury	-	(159,481,947)
Interest earned categorized as investing activity	(15,360,453)	(7,515,112)
Prior period adjustments	-	(204,861,772)
(Increase) Decrease in receivables less impairment losses recognized	(105,504,881)	(206,482,394)
(Increase) Decrease in inventories	16,154,616	47,805,916
(Increase) Decrease in other assets less adjustment due to disposal	(14,357,311)	(7,321,647)
Increase (Decrease) in financial liabilities less unpaid PPE acquisition and prior year expenses adjusted in 2022	(55,607,052)	(77,341,912)
Increase (Decrease) in inter-agency payables	273,217	179,996,099
Increase (Decrease) in trust liabilities	(845,668)	1,406,551
Increase (Decrease) in other payables	2,696,360	13,696,520
Net cash flows from operating activities	**127,911,190**	**(346,979,099)**

28. RELATED PARTY TRANSACTIONS

28.1 Related party transactions

The TPB does not have dealings with related parties involving the transfer of resources and obligations.

28.2 Key management personnel

The key management personnel of the TPB are the COO, the Deputy COOs for Corporate Affairs and Marketing and Promotions, and the executives/managers of all departments. The TPB Board consists of the Chairman, the COO as Vice Chairman, and the six board members representing TIEZA, the DFA, the Department of Trade and Industry, the Department of Transportation, and two from the Private Sectors, all are appointed by the President of the Philippines.

28.3 Key management personnel compensation

The Chairman and the members of the TPB Board receive per diems for every board meeting attended. The following is the aggregate remuneration for the COO, inclusive of the remuneration pay of officers who are/were permanently appointed and acted as COO throughout CY 2022 and are/were part of the organization’s structure/plantilla and on a full-time basis:

	Aggregate remuneration
Salaries and wages	550,397
Other compensation	206,699
Total	**757,096**

COO Maria Margarita Montemayor Nograles assumed the role of Head of the Agency on October 4, 2022.

29. UNREALIZED GAIN/(LOSS)

This account represents the unrealized loss on changes in fair market value on the investments managed by the LBP.

30. GOVERNMENT EQUITY

This account consists of the P250 million authorized capital which is fully subscribed by the National Government as provided in RA No. 9593 (Tourism Act of 2009).

30.1 Capital Management

The primary objective of the TPB's capital management is to ensure that the resources of the Agency are geared towards the attainment of its mandate and the implementation of its objectives through the programs to be undertaken for the promotion of the Philippines domestically and internationally.

The total government equity of P250 million is currently deposited in the TPB's LBP current account.

The TPB sources its funds from the share in the annual remittances of PAGCOR, ports, and income of the DFPC, as provided in RA No. 9593. The TPB manages its net assets/equity by establishing controls in disbursements and collection of fees and other sources of revenue. The TPB monitors the status of its projects and regularly reports the utilization and disbursements of its funds.

31. ACCUMULATED SURPLUS

	Amount
Accumulated surplus, January 1, 2021 (As Restated)	1,460,386,043
Adjustment to change in accounting policy:	
Over-recording of depreciation expenses	(2,310,976)
Adjustments due to prior period errors:	
Over-recorded advertising, promotional and marketing expenses for CYs 2016, 2019 and 2020	(192,853,873)
Unrecorded other supplies and materials expenses CY 2018	(7,260,280)
Unrecorded travelling expenses – foreign CY 2017	(140,993)
Unrecorded other bonuses and allowances CY 2019	(535,580)
Unrecorded auditing services	965,652
Accumulated Surplus, January 1, 2021 (As Restated)	**1,258,249,993**

	Amount
Surplus/(Deficit) for 2021, as previously stated	284,148,272
Adjustments due to prior period errors:	
Unrecorded interest income	9,850
Over-recording of transportation allowance	11,250
Over-recording of salaries and wages	211,806
Over-recording of overtime pay	12,773
Over-recording other maintenance and operating expenses	2,220
Unrecorded advertising, promotional and marketing expenses	(218,873,041)
Over-recording of office supplies expenses	132,369
Unrecorded auditing services	206,679
Reversion of Cash – Treasury, Special Account	(159,481,947)
Accumulated Surplus, December 31, 2021 (As restated)	**1,164,630,224**
Surplus for 2022	301,209,764
Accumulated Surplus, December 31, 2022	**1,465,839,988**

32. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The *original budget* reflected in the SCBAA for December 31, 2022, is the proposed Corporate Operating Budget (COB) for the year 2022 submitted to the DBM for review/evaluation, while the *final budget* is the amount as approved by DBM on December 9, 2021. The proposed/original COB is prepared considering: (a) the Agency's various programs, projects, and activities in pursuance of its mandate; (b) the projected revenues and other sources of income to finance and support these programs; (c) actual expenses in previous years; and (d) effects of inflation.

During the year, the Agency received a subsidy from the SAGF in the amount of P1,725,517,000.

Changes between the original and final budget are due to the following:

a. Reduction in the level of budget for Maintenance and Other Operating Expenses is based on the prior year's performance on budget utilization except for financial expenses, accrued expenses, and those items covered by contracts which are recommended as proposed, and Extraordinary and Miscellaneous Expenses which are computed based on prescribed rates by the GCG.

b. Reduction in the level of budget for Capital Outlay (CO) is based on the implementation-readiness of the projects and activities under the respective CO items which are expected to be completed within the year as certified by the TPB.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

33.1 Revenue Regulation No. 15-2010

The TPB has been regularly withholding taxes due from salaries and other benefits of its employees as well as on goods and services purchased. The amounts of taxes withheld and remitted to the BIR are as follows:

	Amount withheld	Amount remitted
On compensation	17,179,323	17,179,323
Expanded creditable income tax	125,275	125,275
VAT from suppliers and contractor/other percentage taxes	29,230,372	29,230,372
Total	**46,534,970**	**46,534,970**

As provided in the National Internal Revenue Code of 1997, as amended, and Section 57 of RA No. 9593, the TPB is exempt from payment of corporate income tax.

34. COMPLIANCE WITH GSIS LAW, RA NO. 8291

The TPB has been regularly deducting premiums from its employees and remitting the total amount withheld as well as the government share to the GSIS. The employees' and employer's shares remitted to the GSIS for CYs 2022 and 2021 were as follows:

	2022	2021
Employees' share	7,310,339	5,445,649
Employer's share	9,753,895	7,239,820
	17,064,234	**12,685,469**

PART II - AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The Cash and Cash Equivalent account balance of P1.334 billion as of December 31, 2022 is understated by P1.084 million due to the non-recording of debit memoranda from the depository bank contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

1.1. Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 provides:

> *Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs.*

1.2. To determine the accuracy of the adjusted book balance as reflected in the Bank Reconciliation Statement (BRS) as well as in the Financial Statements (FS), the Audit Team re-computed the balance at year-end of the Cash in Bank account using the postings in General Ledger (GL) from the Cash Receipts Journal (CRJ), Check Disbursement Journal (CkDJ), Cash Disbursement Journal (CDJ), Advice to Debit Account (ADA), and General Journal (GJ). Results of re-computation revealed a variance of P1.084 million as shown in Table 1.

Table 1 – Comparison of Per FS/GL balance per Audit

Cash in Bank, December 31, 2022	
Per FS/GL	P1,334,401,617
Per Audit through re-computation	1,333,317,956
Difference/Variance	**P1,083,661**

1.3. Further analysis revealed that the variance pertains to various Debit Memoranda (DM) in Calendar Years (CYs) 2021 and 2022 totaling P1.084 million which have not been recorded by the Accounting Division (AD) of the Finance Department (FD) as noted in the BRS.

1.4. The AD explained that these DMs have remained unrecorded as they still have to obtain copies of the DMs from the bank, to determine their nature/cause. This observation on unrecorded DMs had been recurring since the bank does not automatically attach a copy of this document to the monthly bank statements provided to the AD despite several verbal requests and follow-ups.

1.5. **We recommended and Management agreed to direct the FD to:**

a. **Follow up in writing the submission of the details of the DMs and make representations with the concerned bank officer/personnel to facilitate the requested documents; and**

b. **Instruct the AD to make the necessary adjusting entries based thereon.**

2. Fair presentation of the Accounts Receivables with a carrying value of P650.481 million as of December 31, 2022, could not be established due to: (a) a discrepancy of P13.986 million between the General Ledger and the Subsidiary Ledgers (SLs); (b) variance of P21.838 million between the amount confirmed by the Implementing Agencies (IAs) and SL balances; and (c) undistributed collections totaling P19.084 million that could represent return/refund of funds transferred to various IAs, contrary to Paragraph 27 of International Public Sector Accounting Standard 1 and Item 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

This is a reiteration of the previous year's observation with some updates.

2.1. Paragraph 27 of IPSAS 1 requires that information, to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

2.2. Likewise, Chapter 3 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities requires several qualitative characteristics of useful information. One of these characteristics is verifiability as defined in Paragraph 3.26 of the said chapter as follows:

> *Verifiability*
>
> *3.26 Verifiability is the quality of information that helps assure users that the information in GPFRs faithfully represents the economic and other phenomena that it purports to represent. Supportability is sometimes used to describe this quality when applied in respect of explanatory information and prospective financial and non-financial quantitative information disclosed in GPFRs – that is, the quality of information that helps assure users that explanatory or prospective financial and non-financial quantitative information faithfully represents the economic and other phenomena that it purports to represent. Whether referred to as verifiability or supportability, the characteristic implies that different knowledgeable and independent observers could reach a general consensus.*

2.3. In the accompanying Basis for Conclusion (BC) of the Conceptual Framework, Paragraph BC 3.24 also states that *"xxx…While closely linked to faithful representation, verifiability is identified as a separate qualitative characteristic because information may faithfully represent economic and other phenomena even though it cannot be verified with absolute certainty."*

2.4. The Receivables account of the TPB as of December 31, 2022, had a balance of P676.073 million with a carrying amount of P650.481 million, Table 2 presents the composition of the receivables account.

Table 2 – Composition of Receivables Account

Account	Gross Amount	Allowance for Impairment	Carrying Amount
Inter-agency Receivables (IAR)			
Due from NGAs	533,008,284	(21,617,964)	511,390,320
Due from LGUs	115,613,875	(3,574,371)	112,039,504
Due from GOCCs	26,547,631	(354,470)	26,193,161
Sub-total IAR	675,169,790	(25,546,805)	649,622,985
Other Receivables			
Due from Officers and Employees	176,056	(8,803)	167,253
Other Receivables	727,406	(36,370)	691,036
Sub-total Other Receivables	903,462	(45,173)	858,289
Total	**676,073,252**	**(25,591,978)**	**650,481,274**

2.5. The IAR which represents 99.87 percent of the carrying amount of the receivables, covers the current and prior years' unliquidated fund transfers (FTs) to National Government Agencies (NGAs), Local Government Units (LGUs), and Government-Owned and/or Controlled Corporations (GOCCs). The TPB transfers funds to these government entities to implement some of its programs and projects, subject to liquidation or submission of the documents covering the utilization of the funds and/or completion of the intended program/project.

Unreconciled variance of P13.986 million between the FS and the SLs

2.6. The AD maintains SLs for each IA and/or project/program showing the amount of the FTs, the liquidations, and the balance. The SL which shows the details of the FTs, serves as the breakdown or supporting record of the amount reflected in the GL. Hence, the total of the SL balances should equal or tally with the GL balance at any given period or date.

2.7. Audit disclosed that as of December 31, 2022, the GL balance of the IAR differs by P13.986 million compared with the balances per SL as presented in Table 3.

Table 3 – Comparison of FS/GL Balance vs. Total of SL Balances

Receivables	Per FS/GL	Per SL	Difference
Due from NGAs	533,008,284.00	518,841,904.61	14,166,379.39
Due from LGUs	115,613,875.00	115,793,841.69	(179,966.69)
Due from GOCCs	26,547,631.00	26,547,630.66	0.34
Total:	**675,169,790.00**	**661,183,376.96**	**P13,986,413.04**

2.8. Although the Audit Team commends the continuous effort of the AD in reconciling and reducing the variances from P31.849 million in CY 2020 to P22.935 million in CY 2021, the remaining variance between the GL and SL balances of P14.346 million in CY 2022 is still material.

2.9. The AD explained that they have difficulty reconciling the balances as they need to trace the prior years' records and coordinate with the concerned Tourism Attachés (TAs)/Market Representatives.

Net discrepancies of P21.838 million between the amount confirmed by the seven implementing agencies and the recorded balances per SLs

2.10. To ascertain the correctness of the recorded balance of receivables, 36 confirmation letters were sent to various IAs in the Philippine Department of Tourism (PDOT) Offices, other NGAs, LGUs, and GOCCs. Of the 36 letters sent out, only seven IAs replied. A comparison of the recorded balances and the IA replies disclosed a net variance of P21.838 million. Results of confirmation is presented in Table 4.

Table 4 - Variances between SL and amount confirmed by IAs

Account	Per SL	Per Confirmation	Variance
Due from NGAs			
DOT - Region VII	3,082,377.09	1,683,254.03	(1,399,123.06)
DOT - Region XII	9,300,000.00	5,007,226.78	(4,292,773.22)
Due from LGUs			
Provincial Government of Batanes	3,640,000.00	3,640,000.00	-
Province of Bohol	12,227,354.46	962,000.00	(11,265,354.46)
Provincial Government of Marinduque	6,334,380.00	7,458,580.00	1,124,200.00
Municipality of Sagada	9,600,000.00	3,595,282.52	(6,004,717.48)
Provincial Government of Sorsogon	3,200,000.00	3,200,000.00	-
TOTAL			**(21,837,768.22)**

2.11. One of the main reasons for these variances are the refunds/payments directly deposited by the IAs to the TPB's depository bank without the latter's knowledge. These are part of the credit memos (CMs) in the bank statements and are recorded in the TPB books as a credit to the "Undistributed Collections" account instead of the Receivable account.

2.12. In view of the noted discrepancies, the reliability of the IAR balance of P649.623 million is doubtful, thus affecting the fair presentation of the Receivables account.

Undistributed collections for the year totaling P19.084 million

2.13. Meanwhile, the Undistributed Collection account has a balance P19.084 million as of December 31, 2022 or a decrease of 18.54 percent from the previous year's balance of P23.427 million.

2.14. Per inquiry, the AD confirmed that just like in previous years and as noted during their reconciliation and review of records, most of these CMs could be from refunds of cash advances, excess funds from IAs, and financial assistance as well as collections for performance securities and sale of bid documents. As noted in previous years, the TPB has yet to include a provision/policy requiring stakeholders to inform the TPB of every direct deposit made as a condition for the liquidation of accountability. Further, the AD also requested from depository banks copies of bank CMs but the AD is yet to receive an update/reply on the said letter.

2.15. In this regard, the Team reiterates that the accumulation of unidentified collections suggests inefficiency in the collection process which could eventually lead to improper identification/recognition of the receipts to these appropriate accounts. Correcting entries could have been made to properly reflect the transactions to appropriate and correct accounts had the TPB regularly requested for the CMs. Although we commend the efforts of the TPB in reconciling and reclassifying some of the reconciling items to this proper account consistent with the prior years' recommendation, it remains to be a problem considering that the CMs are all lumped into the account Undistributed Collections thereby possibly overstating the Receivable account.

2.16. **We recommended and Management agreed to direct the FD, particularly the AD to:**

a. **Continue the reconciliation of the noted variance between (i) GL and SLs; and (ii) reconcile the differences noted as confirmed by the IAs against accounting balances/records;**

b. **Follow up the request of CMs with the concerned depository bank; and**

c. **Make the corrections/adjustments in the records/books of the TPB, if necessary.**

2.17. **We further recommended and Management agreed to incorporate as a part of the policy of the TPB that accountable officers/employees, bidders, and implementing agencies to immediately inform the TPB of direct deposits to the account as well as improve/devise a process that would expedite the proper identification of these direct deposits in**

order to avoid accumulation of unidentified collections.

3. Non-submission of the liquidation documents on completed programs or projects covered by the fund transfer to various implementing agencies amounting to P643.058 million in CY 2022 and prior years resulted in the non-recording of the expenses, consequently understating the expenses and overstating the accumulated surplus/(deficit) of the TPB for an undetermined amount contrary to Paragraph 27 of International Public Sector Accounting Standard 1, and Sections 4.6, 5.4, and 6.7 of COA Circular No. 94-013.

This is a reiteration of the previous year's observation with some updates.

3.1. Paragraph 27 of IPSAS 1 requires that information, in order to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

3.2. COA Circular No. 94-013 dated December 13, 1994, prescribes the Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies. Pertinent sections are quoted below:

> *Section 4.6*
> *Within ten (10) days after the end of each month/end of the agreed period for the Project, the Implementing Agency (IA) shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.*
>
> *Section 5.4*
> *The SA shall require the IA to submit the reports and furnish the IA with a copy of the journal voucher taking up the expenditures. Xxx.*
>
> *Section 6.7*
> *The IA shall return to the SA any unused balance and refund of disallowance upon completion of the project.*

Fund transfers totaling P643.058 million are still unliquidated despite the completion of the purpose for which it was granted, resulting in the understatement of expenses and overstatement of Accumulated Surplus/Deficit (ASD) in CY 2022 for the amount utilized/expended.

3.3. Accounting records show that of the total IAR of P675.170 million, P643.058 million refers to projects already implemented in CY 2022 and prior years, but the liquidation documents have not been submitted to the TPB by the IAs as of December 31, 2022. As per AD, FTs are aged based on the implementation date as indicated in the Memorandum of Agreement (MOA)/contract of the projects. Details are presented in Table 5.

Table 5 - Completed Projects based on MOA

	Implemented in Prior Years	Implemented in CY 2022	Total Implemented Projects
Due from NGAs	P288,560,307.02	P202,479,480.28	**P491,039,787.30**
Due from LGUs	72,609,041.69	54,990,000.00	**127,599,041.69**
Due from GOCCs	-	24,419,100.00	**24,419,100.00**
Total	**P361,169,348.71**	**P281,888,580.28**	**P643,057,928.99**

* Data based on Status Report on Fund Transfers

3.4. Most, if not all, of these FTs were obligated using the budget for Maintenance and Other Operating Expenses (MOOE) of the TPB. Since the programs and projects covered by the FTs involved the promotion and advertising of the Philippines and the tourism industry, the expenditures or liquidations of the FTs are recognized under the Advertising and Promotional Expense account.

3.5. With this in mind, the non-liquidation or late submission by the IAs of documents covering the utilization of the subject FTs resulted in the non-recognition of expenses in the year of its occurrence. Consequently, the Advertising and Promotional Expense account is understated while the ASD is overstated. However, the exact amount of the under/overstatement cannot be determined until the liquidation documents are submitted to the TPB because there are instances where the amount of the FTs is not fully utilized and the excess has to be returned by the IA to the TPB.

3.6. Per inquiry and review of the vouchers and their supporting documents, another noted reason for the accumulation of the balances is the grant of additional FTs to some IAs though they had remaining unliquidated accounts. This practice was observed particularly to those granted to the Foreign Office/TA of the PDOT.

3.7. As explained by the FD and the International Promotions Department (IPD), additional FTs were granted to DOT due to the exigency of the service so as not to hamper the TPB's operations and/or in fulfilling their mandate – advertisement/promotion of the Philippines in foreign countries. Due to lack of manpower, the TPB had to rely on the TAs abroad to implement its programs and projects. Moreover, a significant portion of the long outstanding unliquidated funds were from former TAs that were no longer connected to their respective posts, hence, difficult on the part of the TPB to demand and reconcile from the former TAs. Furthermore, there was no monthly coordination with all of the IAs due to the limited manpower of the TPB; thus, the 10-day after-end-of-month submission of RCI and RD by the IAs to the TPB was not properly monitored and complied with.

3.8. **We recommended and Management agreed to direct the FD to:**

a. Demand from the IAs the immediate liquidations of FTs for the completed projects/programs amounting to P643.058 million;

b. Instruct the AD to immediately process and record the liquidation documents upon receipt thereof, and prepare the appropriate adjusting entries; and

c. Designate personnel who would fully monitor all the FTs of the TPB, their immediate liquidation, and the return/refund of the excess funds, if any.

4. The fair presentation of the account Financial Liabilities - Accounts Payable (AP) as of December 31, 2022 amounting to P105.675 million was overstated by P36.980 million since the said amount was recognized as AP even if the related goods were not delivered and/or services were not completely rendered/completed contrary to Paragraph 27 of International Public Sector Accounting Standard 1, Department of Budget and Management Circular No. 2013-16 dated December 23, 2013, and the Revised Chart of Accounts (2019).

4.1. Paragraph 27 of IPSAS 1 requires that information, in order to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

4.2. Item 6.1.2 of Department of Budget and Management (DBM) Circular No. 2013-16, dated December 23, 2013 provides:

> *Obligations, for which goods/services projects have not yet been delivered/rendered/completed by the Creditor and Accepted by the NGA/Operating Unit, shall not be recorded as AP at the end of year. These obligations shall only be recognized as AP on the date of delivery/rendition/completion and acceptance of the goods/services/projects, regardless of the year of incurrence of such obligation.*

4.3. Furthermore, the Revised Chart of Accounts (2019) defines AP as due and demandable obligations of NGAs/GOCCs for which goods/services/projects have been delivered/rendered/completed and accepted regardless of the year when the obligations were incurred.

4.4. In the audit of the account, 13 confirmation letters were sent to suppliers with material AP balances at year-end but unfortunately, only one reply was received.

4.5. Due to the low outcome of confirmation, the Audit Team then vouched all available documents supporting the recognition of the AP and the subsequent payments of some of the AP in January 2023. However, it was noted that a total of P36.981 million recorded AP was not supported with sufficient proof that the related services were completed and/or the goods were delivered. We requested the submission of the proof of deliveries of goods or completion of the services rendered but as of the date of this report, none was submitted.

4.6. Per inquiry, the AD based their recording of the AP on the target implementation date and on the representation made by the Project Officers/end-users that said services/goods were already implemented/delivered even in the absence of supporting documents. Further, the AD informed that at year-end, they exerted extra efforts to properly support the recorded AP. However, due to the volume of transactions involved and the lack of personnel, not all supporting documents were retrieved.

4.7. As of the date of this Report, the Management has yet to submit the supporting documents of the questioned APs which could mean that as of December 31, 2022 the related goods and/or services were yet to be delivered and/or completed. Consequently, the AP and the other related accounts are overstated.

4.8. **We recommended and Management agreed to direct the:**

a. AD to reverse the entry in the amount of P36.981 million unless deliveries of goods and/or services were made or rendered; and

b. Adhere to 6.1.2 of DBM Circular No. 2013-06 dated December 23, 2013, in recording AP.

5. The fair presentation of the accounts Guaranty/Security Deposits, Due to Officers and Employees, and Other Payables account as of December 31, 2022, amounting to P34.044 million, P13.905 million, and P4.568 million, respectively cannot be ascertained due to: (a) outstanding Guaranty/Security Deposits Payable amounting to P5.167 million with no pending claims filed against the TPB and no records available to determine the status of the related projects/contracts; and (b) negative balances in the accounts Guaranty/Security Deposits, Due to Officers and Employees, and Other Payables amounting to P2.066 million, P1.259 million, and P0.922 million, respectively contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

This is a reiteration of the previous year's observation with some updates.

5.1. Paragraph 27 of IPSAS 1 requires that information, to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

5.2. In addition, the Revised Chart of Accounts (2019) defines Guaranty/Security Deposits Payable as:

> *This account is used to recognize the incurrence of liability arising from the receipt of cash or cash equivalents to guaranty (a) that the winning bidder shall enter into contract with the procuring entity; and (b) performance by the contractor of the terms of the contract. Debit this account for refund after the fulfillment of the purpose of the bond or forfeiture upon failure to comply with the purpose of the bond.*

5.3. As of December 31, 2022, the accounts Guaranty/Security Deposits, Due to Officers and Employees, and Other Payables have a year-end balance of P34.044 million, P13.905 million, and P4.568 million, respectively

Long outstanding Guaranty/Security Deposits Payable amounting to P5.167 million

5.4. During the year, it was noted that the Guaranty/Security Deposits Payable's balance is composed mostly of outstanding balances with an age of up to two years or more. Of the total amount of P34.044 million, disregarding the negative balances noted and those with claims against the TPB, P5.167 million remained outstanding since CY 2019 and prior years with no records available to determine the status of the projects/contracts related thereto.

5.5. It is worth noting that the account Guaranty/Security Payable is not supposed to remain outstanding for years and should be debited either for a refund after the fulfillment of the purpose of the bond or for forfeiture upon failure to comply with the purpose of the bond.

5.6. Per inquiry, no request for refund was received by the TPB on these balances; hence, the AD had not yet made any action on these outstanding accounts during the year. They informed the Audit Team that they would search for the supporting documents related to the projects/contracts of these accounts to determine their nature, facilitate the reconciliation with the supplier, and provide the necessary adjustments.

Negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables amounting to P1.259 million, P2.066 million, and P0.922 million, respectively.

5.7. Similar to the prior year's observation, it was noted that the TPB still has negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables in the total amount of P4.247 million. Although we commend the efforts of the AD in reconciling the negative balances and reducing the amount from the P7.423 million total negative balances noted last year, the issue remains. Presented in Table 6 is the summary of the negative balances.

Table 6 –
Summary of Negative Balances

Accounts with Negative Balances	Amount
I. Due to Officers and Employees	(1,258,884.76)
II. Guaranty/ Security Deposits Payable	(2,066,506.54)
III. Other Payables	(921,719.30)
Total	**(4,247,110.60)**

5.8. The AD explained that they are still in the process of reconciling the negative balances since they encountered difficulty in doing so because of changes in personnel throughout the years from the time these were recorded in the books, as well as the lack of personnel that would assist in the reconciliation of the account

5.9. **We recommended and Management agreed to direct the FD to:**

a. Review the records and if no request for payment, revert the outstanding amount of P5.167 million to ASD;

b. Instruct the AD to continue their efforts in identifying and reconciling all accounts with negative balances to avoid offsetting of negative balance against the outstanding balance; and

c. Assign additional personnel that would assist the AD with the reconciliation and monitoring of the accounts.

B. NON-FINANCIAL

6. Funds received from the Department of Tourism amounting to P196.853 million for the implementation of its various programs and projects which have remained idle for more than three to six years have not been remitted/reverted to the Source Agency/Bureau of Treasury (BTr), contrary to COA Circular No. 94-013 and the pertinent provisions of the General Appropriations Act for Fiscal Years 2015 to 2018. Likewise, the non-remittance of the amount to the BTr had deprived the National Government of additional funds to finance other vital projects.

6.1. Items 4.6 and 6.7 of COA Circular No. 94-013 require the IA to submit to the Source Agency (SA) within 10 days after the end of each month or end of the agreed period for the project, the RCI/RD to report the utilization of the funds and to return to the SA any unused balance upon completion of the project.

6.2. Likewise, Sections 82, 88, 81, and 83 of the General Provisions of the General Appropriations Act (GAA) for Fiscal Years (FYs) 2015, 2016, 2017, and 2018 respectively, provide that:

> *xxx unexpended balances of appropriation authorized in this Act shall revert to the General Fund at the end of the validity of appropriation and shall not be available for expenditure except by subsequent legislative enactment; xxx*

6.3. In CY 2021, the Audit Team called the attention of Management on the non-reversion/remittance of the excess/unutilized funds received from the DOT in the total amount of P196.853 million booked under the account of Due to NGAs, see Table 7. Accordingly, it recommended, among others, to revert/remit to the BTr the subject amount.

Table 7 – Years the Funds Received

Years Received	Amount
2015 and Prior Years	P99,344,666
2016	25,331,556
2017	177,141
2018	72,000,000
Total	**196,853,363**

6.4. Verification showed that the said funds are still intact with the LBP and is yet to be reverted/remitted to the BTr as of December 31, 2022.

6.5. Inquiry with the AD revealed that a Disbursement Voucher (DV) for the remittance of funds to the BTr had already been prepared and transmitted to the DOT in 2022 for the approval and signature of the then DOT Assistant Secretary. This is evidenced by a letter-request from the TPB and received by the DOT dated July 17, 2022. Unfortunately, the whereabouts of the subject DV can no longer be located by the DOT allegedly due to the change in Administration. It was also informed that the last follow-up made by the AD was in February 2023.

6.6. The Audit Team would like to emphasize that these funds are trust liabilities and are not available for use in the operations of the TPB. Hence, it would remain idle unless the same is reverted or remitted back to the BTr.

6.7. In view of the foregoing, the non-reversion of the idle funds is not only contrary to the aforesaid rules and regulations but consequently deprived the National Government of additional funds to finance other governmental Program, Projects and Activities (PPAs) for the interest and betterment of the general public.

6.8. **We recommended and Management agreed to:**

a. **Direct the AD to cancel/disregard the lost DV and draw a new one for the reversion or remittance of the funds in the total amount of P196.853 million; and**

b. **Thereafter, comply with COA Circular No. 94-013 and the general provisions of the GAA particularly on the return/reversion of funds to the SA/BTr.**

7. Payments of two incentives to all regular employees of the TPB under the Program on Awards and Incentives for Service Excellence (PRAISE) totaling P7.288 million were not supported with (1) the detailed outstanding/excellent performances, suggestions, inventions and innovations of each of the recipients; and (2) proof that the contributions of the recipients generated savings and only 20 percent thereof were disbursed as required in Paragraph 6 of Civil Service Commission Memorandum Circular No. 1, s. 2001. Moreover, the practice of granting incentives to all regular employees without considering their specific contributions is not aligned with the very nature and purpose of PRAISE Incentives and hence may be considered as irregular expenditure as defined in COA Circular No. 2012-03.

7.1. Item No. 3.1 of COA Circular No. 2012-003 defines irregular expenditures as *"an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in law. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular."*

7.2. Civil Service Commission (CSC) Memorandum Circular (MC) No. 1, s 2001 provides for the following:

> *2. The System shall be designed to encourage creativity, innovativeness efficiency, integrity and productivity in the public service by recognizing and rewarding officials and employees, individually or in groups for their suggestions,*

inventions, superior accomplishments and other personal efforts which contribute to the efficiency, economy, or other improvement in government operations, or for the extraordinary acts of services in the public interest.

xxx

6. The PRAISE shall provide both monetary and non-monetary awards and incentives to recognize, acknowledge and reward productive, creative, innovative and ethical behavior of employees through formal and informal mode.

For this purpose, the system shall encourage the grant of non-monetary awards. Monetary Awards shall be granted only when the suggestions, inventions, superior accomplishment and other personal efforts result in monetary savings which shall not exceed 20% of the savings generated.

xxx

11. The PRAISE Committee shall ensure that productivity, innovative ideas, suggestions and exemplary behavior can be identified, considered, managed and implemented on a continuing basis to cover employees at all levels.

7.3. In CY 2022, the TPB granted two monetary awards/incentives to all its regular personnel under the TPB's PRAISE program. Details of the expenditures are presented in Table 8.

Table 8 – Monetary Awards/Incentives Granted to all TPB Personnel

DV No.	Particulars	Payees	Amount
2022-10-1505 10/03/2022	Payment for the CY 2022 PRAISE ISO Corporate Achievement Award of all TPB Employees. The amount is equivalent to one month's basic salary of each employee.	Regular Personnel	P4,899,282.80
2022-10-1639 10/19/2022	Payment for the PRAISE Special Achievement Award pursuant to Resolution No. 2022-02 of all TPB permanent employees. The amount is equivalent to P28,000 per employee.	Regular Personnel	2,388,901.78
Total			P7,288,184.58

7.4. The payment for the PRAISE ISO Corporate Achievement Award was supported with a copy of the CSC-approved PRAISE guidelines and programs, ISO Certification, and a document showing the approval by the then Officer-in-Charge (OIC), Corporate Operating Officer on the Grant of CY 2022 PRAISE Corporate Achievement Award. On the other hand, the payment for the PRAISE Special Achievement Award was supported with documents showing approval of the TPB PRAISE Committee and proof that the TPB was conferred with the "Destination of the Year Outstanding Achievement Award".

7.5. Considering the above-quoted provisions of CSC MC 1, Audit Query Memorandum (AQM) No. 2023-01 (2022) was issued requesting the following:

a. Justification on why the two incentives were given to all employees despite the evident purpose of the PRAISE Program;

b. The detailed outstanding/excellent performances, suggestions, inventions, and innovations of each of the recipients that contributed to the efficiency, economy, and productivity of the TPB;

c. Documents showing proof that the suggestions, inventions, and superior accomplishments of TPB personnel generated saving and only 20 percent thereof was disbursed; and

d. For ISO Certification, in addition to letters a to c, provide justification why the ISO Certification is still included as one of the PRAISE Incentives despite it being one of the requirements for payment of Productivity-Based Bonus (PBB).

7.6. In their reply, the Management averred the following:

a. The CSC-Approved TPB Praise authorized the grant of rewards, incentives, and recognition to “Performance Type Contribution”, which includes individual, group or corporate performance. The TPB ISO Quality Management is a collective effort and accomplishment of the officials and employees of the TPB. Moreover, the “Destination of the Year Outstanding Achievement Award’ received by the TPB is an acknowledgment and recognition of all TPB officials and employees who have contributed to such achievement.

b. The achievement of the TPB in maintaining its Quality Management System (QMS) results from the overall contribution of the officials and employees. It must be emphasized that the individual performance of the department and offices contributes to the organization’s overall performance based on its performance targets and objectives.

c. The monetary incentive for the ISO QMS is authorized under the CSC-approved TPB PRAISE. The monetary incentive for the “Destination of the Year Outstanding Achievement Award”, is also within the budget allocated in the TPB’s Corporate Operating Budget (COB) for FY 2023. Also, the TPB has generated savings from its overall performance for FY 2022 in the total amount of P131.517 million.

d. It must be pointed out that the PBB is a reward system developed by the Governance Commission for Government-Owned and/or Controlled Corporations (GCG) while the PRAISE is a system of reward and recognition for excellence sanctioned by the CSC. Both reward systems have different implementation guidelines and are regulated by different government agencies.

7.7. The Audit Team agrees with Management that the amount given to all the recipients was based on the CSC-approved PRAISE, and all the regular employees have contributed or were instrumental to the achievement of the award and hence are entitled to the PRAISE Incentives. However, the TPB has not submitted the detailed outstanding/excellent performances, suggestions, inventions, and innovations of each recipient. Also, the summary listing of savings does not provide information showing the amount of savings generated from the accomplishments subject of the PRAISE Incentive and that only 20 percent of the generated savings thereof was disbursed. It covers the whole savings of TPB from its approved budget.

7.8. The grant of one-month basic pay to all regular employees due to ISO certification and an additional P28,000 across the board for an award received by the TPB without due consideration of their respective performance or degree and extent of their contributions is no longer consistent with the purpose of a PRAISE program.

7.9. Moreover, if the TPB is banking its premise that they distributed the subject PRAISE incentives to all regular employees on the notion that everybody contributed to achieving the targets set by various oversight committees, which later on translates into the securing of an ISO Certification and bagging the coveted award, then there is already a PBB granted to all regular employees in recognition of their efforts and contributions in the attainment of the targets and commitments. Hence, giving another monetary incentive to all officers and employees of the TPB is already questionable.

7.10. **We recommended that Management refrain from granting monetary PRAISE incentives to all its regular personnel beyond the ambit of CSC MC No. 1 s. 2001 and other pertinent rules and regulations.**

7.11. Management in its reply, reiterated its position as discussed in paragraph 7.6 of this Report and had also given the following statements:

a. The TPB PRAISE was approved by the CSC signifying that the TPB PRAISE shows its compliance with CSC MC No. 1 s. 2001;

b. In the TPB PRAISE guidelines, the grant of ISO Corporate Achievement Award and Special Achievement Award was provided;

c. The CSC PRAISE provides that at least five percent of the Human Resource Development Funds shall be allocated for the PRAISE and Incorporated in the Agency’s Annual Work and Financial Plan and Budget, in which the TPB was able to comply;

d. The PRAISE program allows and authorizes the recognition and rewards subject for budget availability of the agency, and the TPB Management acted in good faith in granting the subject awards and incentives considering that it was based on the CSC Approved TPB PRAISE;

e. The CSC Approved TPB PRAISE carries the presumption of regularity of its approval and there is no declaration invalidating it;

f. The aforementioned awards were granted based on provisions appropriately approved by the CSC, the regulatory body that ensures that public servants are given rewards and recognitions for achievements and milestones;

g. For the TPB to stop the grant of these awards defeats the purpose of the PRAISE and undermines the authority of an independent regulatory body in reviewing, evaluating, and approving programs in compliance with its mandate. It will, further, result in a negative assessment of the TPB maturity level during PRIME assessment which is a requirement by the CSC; and

h. CSC TPB Approved PRAISE is based on achievement focusing on the improvement of TPB's Quality Management System and recognition by an external group.

7.12. The Audit Team appreciates Management's efforts to obtain ISO Certification and for bagging the international award. However, it emphasizes that giving monetary awards like the PRAISE Incentives are subject to various limitations and compliance with existing rules and regulations.

8. Dividends for CYs 2020, 2021, and 2022 totaling P16.166 million were not declared and remitted by the TPB to the Bureau of Treasury contrary to the 2016 Revised Implementing Rules and Regulations of Republic Act No. 7656, otherwise known as the Dividend Law, thereby depriving the National Government of additional funds to carry out its various project and programs.

8.1. The following are the pertinent provisions of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 7656, otherwise known as the Dividend Law relevant to this observation:

Section 5 Dividends:

"a. Except as otherwise provided herein, all GOCCs covered by these Rules, regardless of shareholdings, shall annually declare and remit Dividends directly to the National Government in the name of the Treasurer of the Philippines in accordance with the following guidelines:

xxx

i. On or before 15 May of each year, at least fifty percent (50%) of their Net Earnings, as Cash, Stock and/or Property Dividends to the National Government. xxx"

Net Earnings mentioned above is defined in Section 3 (i) as:

"Net Earnings" refers to income derived from whatever source, whether exempt or subject to tax, net of deductions allowed under

Section 29 of the National Internal Revenue Code, as amended, and income tax and other taxes paid thereon, but in no case shall any reserve for whatever purpose be allowed as a deduction from Net Earnings. For avoidance of doubt, "Net Earnings" shall include:

xxx

Provided, further that:

1. Net Earnings shall not include program subsidies and subsidies granted to settle tax obligations for prior years if included in the income statement as revenues, and actual disbursements of program subsidies treated as expenses. In the case of operating subsidies, these shall be considered part of revenues;

2. Net Earnings shall not include dividends income remitted directly to the National Government in compliance with Section 5(h) of these rules; and

3. This definition of Net earnings shall likewise apply to GOCCs that are exempted from income tax."

8.2. The TPB generated net earnings totaling P32.333 million for CYs 2020, 2021 and 2022. Of this amount, a total of P16.166 million should have been declared and remitted as dividends to the BTr in accordance with the above-mentioned provisions. Details of the computation are presented in Table 9.

Table 9 – Dividend Computation

		2022	2021	2020	Total
Net Income (Corporate Income Fund and Trust Fund Account)		P16,067,765	P9,954,808	P5,695,453	P31,718,026
Add:	Bad debts				
	Impairment loss	2,250,000	-	-	2,250,000
	Unrealized Forex Loss/Loss on Revaluation	-	20,594	763,942	784,536
Less:	Unrealized Forex Gain	(1,629,855)	(788,069)	-	(2,417,924)
	Miscellaneous Income	-	-	(2,051)	(2,051)
Net Earnings/Dividend Base, per audit		**16,687,910**	**9,187,333**	**6,457,344**	**32,332,587**
Dividend Rate 50%		50%	50%	50%	50%
Dividend Due		**P8,343,955**	**P4,593,667**	**P3,228,672**	**P16,166,294**

8.3. The amounts presented in Table 9 cover the earnings lodged in the Corporate Fund of the TPB and the earnings from the investments of its Trust Funds. The restrictions on the investments of the Trust Fund do not necessarily extend to its earnings since it is available to the TPB to finance its operations. Section 55 of RA No. 9593 or the Tourism Act of 2009, states that Investment Earnings from Trust are available to finance the activities of the TPB. On the other hand, the funds from the Special Account to General Fund (SAGF) and funds received from other government agencies/corporations were excluded from the computation in consonance with the provision of the RIRR of RA No. 7656 that the net earnings refer to income of whatever source excluding subsidies received.

8.4. To reiterate, the RIRR of RA No. 7656 explicitly stated that no exemption should be granted on the remittance of the 50 percent dividend except upon receipt by the Department of Finance of the audited financial statements of the concerned GOCC showing a negative balance of ASD, previously referred to as Retained Earnings, during the dividend year covered. Following these provisions of the 2016 RIRR, the TPB must declare and remit dividends to BTr.

8.5. Audit disclosed that the TPB has neither declared nor remitted the dividends to the BTr for CYs 2020 to 2022 contrary to the provisions of RA No. 7656. This also deprived the national government of additional funds for its priority programs and projects.

8.6. The TPB averred that they are committed to declaring and remitting the dividends due. However, they will be making a separate computation and comparing the results with that of the Audit Team to ensure that the dividends declared and remitted would be correct.

8.7. The non-compliance of the TPB on the declaration and remittance of the 50 percent dividends deprived the National Government of additional funds to carry out its various PPAs.

8.8. **We recommended and Management agreed to direct the FD to compute the final amount of net earnings for CYs 2020 to 2022 as a basis for the Board of Directors to declare the 50 percent dividends, and thereafter comply with the provisions of the 2016 RIRR of RA No. 7656 on dividend declaration and remittance.**

9. Unutilized funds totaling P349.188 million representing prior years' receipt of funds from the National Government for capital infusion; accumulated income from participation/registration fees; and the income derived from Investments in Trust accounts remained idle contrary to Section 51 (e), Chapter V – Funding, Rule III – The Tourism Promotions Board of the Implementing Rules and Regulations or Republic Act No. 9593.

9.1. Section 51 (e), Chapter V – Funding, Rule III – The Tourism Promotions Board of the Implementing Rules and Regulations (IRR) of RA No 9593 otherwise known as "Tourism Act of 2009" provides for the following:

> *(e) The unallocated portion of the Fund shall be earmarked by the PTPB for the following purposes:*
>
> *(1) Development of TEZs by the TIEZA;*
> *(2) Programs for development planning, heritage preservation and infrastructure development, and manpower training including, but not limited to, scholarships for trainings abroad, among others of the*

Department; and
(3) Such other purposes as may contribute to the development of the tourism industry.

9.2. In the audit of the TPB accounts, it was noted that its Cash in Bank maintained with the LBP already accumulated to P1.335 billion as of December 31, 2022. Relative thereto, the Audit Team compared the obligations and the cash in bank balances which yielded the following results:

a. Unutilized portion of the funds drawn from the SAGF was returned quarterly and the remaining balance deposited in the LBP were those with corresponding obligations;

b. The P250 million received by the TPB in CY 2014 after the effectivity of RA No. 9593 representing capital infusion of the National Government, for some reason, was not utilized/obligated by the TPB; and

c. The Corporate Income Fund with a total cash-in-bank balance of P99.188 million deposited in the LBP Peso Savings Account and Foreign Currency Account in the amount of P80.119 million and P19.069 million, respectively, were not also utilized/obligated by the TPB. This fund represents the corporate earnings received by the TPB from participation/registration Fees in prior years and the income derived from its investments in Trust Account. The buildup of unused funds existed because the TPB, in prior years, did not properly include the projected corporate income in the COB.

9.3. It was further noted that the operations of the TPB were primarily financed from the funds drawn from the SAGF maintained by the BTr depending on the annual budgetary requirements of the TPB based on its DBM-approved COB. This SAGF represents the 25 percent share from dividends remitted by the Philippine Amusement and Gaming Corporation, airports and seaports for tourism promotions. Thus, the amount of P349.188 million and the subsequent income that will be derived from the investments in the Trust Account would remain unutilized and idle.

9.4. Despite the existence of these idle funds, the TPB in prior years has yet to come up with its plan for its utilization in line with the previously quoted provisions of RA No. 9593.

9.5. Inquiry with the OIC of the FD, revealed that they will undertake to review the funding and thereafter, any unutilized and unobligated funds will be deposited in the SAGF Account maintained by the BTr.

9.6. **We recommended that Management:**

a. Make representation with the DBM to determine the proper procedures for these unused funds that may be utilized as one of the sources of funds in the next budget year;

b. Thereafter, include the projected income from investment in trust accounts as one of the sources of funds of the COB, to avoid build-up; and

c. Comply with RA No. 9593 particularly on the unallocated portion of the TPB funds.

9.7. The Management informed the following:

a. The TPB will coordinate with the DBM on the parameters to determine proper procedures on how these funds may be utilized as one of the fund sources in TPB's COB/Budget; and

b. The Projected income from investment in trust account will be included as one of the sources of funds for the COB for the following year.

10. Payments to Job Order (JO) Personnel amounting to P0.594 million covering the retro adjustment of their salary increase from February to April 2022 to align with the TPB-approved Compensation Position Classification System (CPCS) is contrary to Executive Order No. 150 since the CPCS only covers regular employees or those with employer-employee relationship. As a result of the increase, the monthly salaries of the JO Personnel already exceeded the prescribed basic salary rate with 20 percent premium of comparative government position, contrary to Item No. 9.0 COA-DBM Joint Circular No. 2. S. 2020.

10.1. The relevant rules and regulations relative to the subject transactions are presented hereunder.

a. Executive Order (EO) No. 150 - Approving the CPCS and Index of Occupational Services, Position Titles, and Job Grades for GOCCs Framework, Repealing Executive Order No. 203 (s. 2016), and for other purposes.

> *"IV. Exclusions. – The CPCS shall not apply to the Banko Sentral ng Pilipinas (BSP), State Universities and Colleges (SUCs), cooperatives, Local Water Districts (LWD), Economic Zone Authorities, and Research Institutions which are expressly outside the coverage of R.A. No. 10149.*
>
> *Excluded also from the coverage of the CPCS are those individual hired by GOCCs without employer-employee relationships and paid from non-personal services appropriations/budget, as follows:*
>
> *xxx*
>
> *(d) Those whose services are engaged through job orders, contracts of services, or others similarly situated.*

b. Item No. 9.0 of COA – DBM Joint Circular (JC) No. 2, s. 2020, dated October 20, 2020.

> *Individuals hired through JO shall be paid wages equivalent to the daily wage/salary of comparable positions in government and a premium of up to 20% of such wage/salary, subject to the availability of funds.*

Questionable retro-adjustments on the salaries and wages of the JO Personnel in the total amount of P0.594 million

10.2. On January 28, 2022, the GCG issued the Authorization to Implement the CPCS in accordance with Section 8 of EO No. 150 s. 2021 using the CPCS Category 1 Salary Table 1. On February 24, 2022, the TPB Board of Directors approved the implementation of TPB CPCS.

10.3. Relative thereto, the TPB and each of the JO Personnel entered into a Supplemental Contract of Service Agreement on April 4, 2022 which basically increased the salaries of the JOs to align with the approved CPCS.

10.4. On April 20, 2022, a total amount of P0.594 million was paid to various JO Personnel representing their retro-differential/adjustment for the supposed realignment of their salaries to the approved TPB-CPCS. Perusal of the DV and its attachments showed that the retro-differentials/adjustments represent the accumulated salary increase between the old and the new monthly salary rate from February 24 to April 5, 2022. The new monthly salary rate appeared to be determined as follows:

a. The salary grade/monthly salary rate of the JO as indicated in the December 27, 2021, contract of service agreement (old rate) was compared with the Monthly Basic Salary Structure (MBSS) for a Category 1 GOCC found in item 1.1.3 of EO No. 150 (the MBSS consists of Job Grades and the equivalent monthly salary rates from Steps 1 to 8);

b. A Job Grade (JG) was assigned to the JO by selecting a JG from the MBSS for a Category 1 GOCC with an equivalent monthly salary rate-step 1 slightly higher than the old rate; and

c. The monthly salary rate corresponding to the JG assigned to the JO plus 20 percent appeared to be the new monthly salary rate of the JO Personnel.

10.5. Sample computations are presented in Table 10.

Table 10 - Computation of the New Rate of JO Personnel

Position Category	CY 2021 Salary		New Rate		
	SG	Rate with Premium*	JG	JG Equivalent Rate**	New Rate with 20% premium (JG Equivalent Rate x 1.20)
Market Specialist III	18	P42,117.68	11	46,725.00	56,070.00
Market Specialist II	15	32,526.78	10	36.619.00	43,942.80
Financial Analyst	13	27,443.24	9	31,320.00	37,584.00
Administrative Assistant	11	23,151.70	8	27,000.00	32,400.00
Driver	8	18,665.24	7	21,129.00	25,354.80
* Based from December 27, 2021 Contracts **Based on the MBSS for a Category 1 GOCC found in item 1.1.3 of EO No. 150					

10.6. Applying the above-quoted provisions of EO No. 150 and JC No. 2, the retro-adjustments from February 24 to April 5, 2022, is without legal basis since the JO Personnel or personnel under a contract of service agreement is expressly indicated and identified as not covered by the CPCS under the EO No. 150. Moreover, there were no laws, and rules and regulations mentioned in the DVs showing the legal basis of the retro-differential/adjustments.

Current salaries and wages of the JO personnel appeared to be excessive as a result of the questionable increase

10.7. In view of the questionable increase, a comparison was made between the new monthly salary rates of the JO personnel with the basic salary plus 20 percent premium of comparable government position. In determining the salary of comparable government positions, the DBM Budget Circular No. 2022-02 with the subject "Index of Occupational Services, Occupational Groups, Classes and Salary Grades, CY 2022 Edition" or IOS for brevity, was used as the benchmark. The said IOS provides for the list of classes or position titles existing in the government and the corresponding Salary Grade for CY 2022.

10.8. Result of the comparison yielded that the new monthly salary rate of the JO Personnel is already beyond the salary plus 20 percent of comparable positions in government. Details of the computation of the difference per JO position are presented in Table 11.

Table 11
Comparison of Allowable Limit of Salary Rate vis-à-vis the New Rates of JOs

JO Position (A)	Salaries with 20 percent premium of comparable government position			New Rates of JOs (E)	Monthly Difference (F) [D-E]
	Salary Grade per IOS (B)	Monthly Rate per SSL V (2022 – 3rd Tranche) (C)	Monthly Rate with 20% Premium (D) [C*120%]		
Market Specialist III	18	45,203.00	54,243.60	56,070.00	(1,826.40)
Administrative Officer III	14	32,321.00	38,785.20	56,070.00	(17,284.80)

JO Position (A)	Salaries with 20 percent premium of comparable government position			New Rates of JOs (E)	Monthly Difference (F) [D-E]
	Salary Grade per IOS (B)	Monthly Rate per SSL V (2022 – 3rd Tranche) (C)	Monthly Rate with 20% Premium (D) [C*120%]		
Market Specialist II	15	35,097.00	42,116.40	43,942.80	(1,826.40)
Gender and Development Specialist	15	35,097.00	42,116.40	43,942.80	(1,826.40)
Training Specialist II	15	35,097.00	42,116.40	43,942.80	(1,826.40)
Corporate Planning Analyst II	15	35,097.00	42,116.40	43,942.80	(1,826.40)
Computer Maintenance Technologist II	15	35,097.00	42,116.40	43,942.80	(1,826.40)
Administrative Officer II	11	25,439.00	30,526.80	37,584.00	(7,057.20)
Project Development Officer I	11	25,439.00	30,526.80	37,584.00	(7,057.20)
Office Maintenance	13	29,798.00	35,757.60	37,584.00	(1,826.40)
Legal Assistant	12	27,608.00	33,129.60	37,584.00	(4,454.40)
Financial Analyst I	11	25,439.00	30,526.80	37,584.00	(7,057.20)
Data Controller IV	13	29,798.00	35,757.60	37,584.00	(1,826.40)
Creative Arts Specialist I	11	25,439.00	30,526.80	37,584.00	(7,057.20)
Contract Management Specialist	13	29,798.00	35,757.60	37,584.00	(1,826.40)
HRMO I	11	25,439.00	30,526.80	37,584.00	(7,057.20)
HRMA	8	18,998.00	22,797.60	32,400.00	(9,602.40)
Secretary	11	25,439.00	30,526.80	32,400.00	(1,873.20)
Administrative Assistant	11	25,439.00	30,526.80	32,400.00	(1,873.20)
Administrative Assistant	8	18,998.00	22,797.60	25,354.80	(2,557.20)
Photographer	8	18,998.00	22,797.60	25,354.80	(2,557.20)
Driver	8	18,998.00	22,797.60	25,354.80	(2,557.20)
Messenger	2	13,305.00	15,966.00	23,692.80	(7,726.80)

10.9. As can be gleaned from Table 11, the difference from the allowable limit of monthly salary versus the CY 2022 new monthly salary of the JO Position ranged from P1,800 to P17,200.

10.10. The Audit Team then issued AQM No. 2023-06 (2022) requesting for documents as the basis for paying the retro adjustments and the TPB's compliance with COA-DBM Circular that the JO's wages are equivalent to the daily wage/salary of comparable positions in government plus 20 percent premium, but none was provided by management.

10.11. In view of the foregoing, the transactions mentioned above are questionable for lack of legal basis and non-compliance with the aforementioned rules and regulations.

10.12. **We recommended that Management:**

a. **In the next renewal of the JO Personnel contracts, ensure that their monthly salary rate would not exceed the limit of salary of a comparable government position with a 20 percent premium; and**

b. **Comply with EO No. 150 and COA-DBM JC No. 02 s. 2020.**

10.13. The Management in its reply stated the following:

a. They exercised their prerogative in good faith that its JO shall also be paid wages comparable to position in government including the appropriate date of application of the adjustment since they actually rendered the services at the time that the CPCS was implemented by the TPB.

b. They maintained that the existing salaries of its JO personnel are comparable to positions in government. Nevertheless, the TPB management will reevaluate the existing salary rate of JO personnel to ensure that it is within the range of comparable positions in the government.

10.14. As a rejoinder, the Audit Team maintained its observations that the transactions are questionable due to the following:

a. Management's exercise of its prerogative should be within the bounds of existing rules and regulations and it will not unduly burden the government in the exercise thereof. In the present case, the payments of retro-adjustments are not supported with the legal basis on which management relied on; and

b. In addition, as of the date of this Report, Management has yet to submit documents that the TPB complied with the requirement of the COA-DBM JC that JO shall be paid wages equivalent to the daily wage/salary of comparable positions in government and a premium of up to 20 percent of such wage/salary.

11. Raffle cash prizes given to all of the 46 JO personnel, three retirees, and two other regular employees in the total amount of P0.510 million are questionable for appearing to be unnecessary as defined in COA Circular No. 2012-003. Lastly, the cash advance granted for the CY 2022 year-end activities was liquidated beyond the required date of liquidation contrary to COA Circular Nos. 1997-002 and 2012-004.

11.1. The relevant rules and regulations relative to the subject transactions are presented hereunder.

a. COA Circular No. 2012-003 defines irregular, unnecessary, excessive and extravagant expenditures as follows:

Unnecessary Expenditures pertains to expenditure which could not pass the test of prudence or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service. Unnecessary Expenditures are those not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation. This would also include incurrence of expenditure not dictated by the demands of good government, and those the utility of which cannot be ascertained at a specific time. An expenditure that is not essential or that can be dispensed with without loss or damage to the agency incurring the expenditure must be considered in determining whether or not an expenditure is necessary.

b. COA Circular No. 1997-002 provides that all cash advances shall be fully liquidated at the end of each year. Except for petty cash fund, the Accountable Officer shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt. Also, COA Circular No. 2012-04 reiterates that cash advances must, as a rule, be liquidated within the prescribed periods depending upon the nature and purpose of the cash advance (e.g., for salaries and wages; petty and field operating expenses; local travel and foreign travel). Operating expenditures for special projects and activities like anniversary celebrations; and special purpose and time-bound activity like cultural and athletic activities must be liquidated within 20 days from the accomplishment of the purpose.

11.2. In CY 2022, a Special Disbursing Officer (SDO) was granted a cash advance in the amount of P1.011 million to cover the expenses of the TPB 2022 Year End Activity. Perusal of documents supporting the DV shows that the expenses of the event were charged against the SAGF - MOOE under the line item of Training Expenses.

11.3. On March 22, 2023, or more than three months from the date of the event, the SDO submitted her liquidation report along with the attachments. The summary of disbursements is presented in Table 12.

Table 12 – Summary of Disbursements during the Year-End Party

Particulars	Amount
Various Raffle Items in Kind	113,563.30
Raffle Prizes in Cash	510,000.00
Food and beverages	191,826.00
PRAISE Related Expenditures	63,737.10
Total	**P879,126.40**

11.4. The cost of various raffle items in-kind are (a) P1,100 to P7,400 for minor prizes; (b) P10,000 to P16,000 for major prizes; and (c) P24,495 for the grand prize.

11.5. Raffle prizes in cash were likewise given to 46 JO personnel, three retirees, and two other regular employees. The amount of cash given to two contractual personnel was P5,000 each while P10,000 each was given to the rest of the recipients. Acknowledgment of receipt of these cash prizes and raffle items was evidenced by the listing of the raffle prizes with their corresponding signatures.

11.6. As previously mentioned, there were 51 recipients of cash prizes but what is questionable is that all of the 46 contractual personnel of the TPB and the three retirees present during the event received the cash prizes. The laws, rules and regulations relied upon by TPB as basis of the cash prize, and the manner of selecting the recipients were not attached to the liquidation report.

11.7. AQM No. 2023-05 (2022) was issued addressed to the SDO and the OIC of the FD requesting the following:

a. Documents showing how the personnel were selected as recipients of the cash prizes; and

b. Legal basis for granting the said cash prizes.

11.8. In their reply, the SDO and the OIC, FD argued that:

a. The winners of the raffle were drawn at random;

b. The year-end activity is important to celebrate and to provide motivation and inspiration for the next big feat;

c. It is a dedicated time to celebrate the year's achievement as a team, and show the appreciation of the TPB to its dedicated personnel and serves as a tool to motivate employees, who are the main players in implementing and ensuring that TPB's objectives and missions are met;

d. The TPB exercised prudence when it opted to have the activity and the amount of P10,000 is reasonable considering the current purchasing power of the peso as a result of the pandemic; and

e. The cash was considered as prize during the raffle to provide the winners the opportunity to use it based on their priority need.

11.9. The Audit Team wishes to emphasize that it is not questioning the conduct of the year-end activity of the TPB but rather, the grant of a cash raffle prize of P10,000. It appears to be unnecessary since the cash raffle prize on top of the in-kind prizes is no longer essential or could be dispensed with since the absence thereof could not alter the outcome of the event, nor loss or damages will be sustained by the TPB. Also, giving P10,000 each to JO personnel and retirees seem to be unreasonable considering that the budget therefrom is drawn from the SAGF funds that could have been used for other meaningful projects and programs in furtherance of the objectives of the TPB. Likewise, the said cash prizes seems to be irregular since these could be considered as additional compensation for the JO personnel on top of what is allowed in their respective contracts. Moreover, the manner of selection is doubtful since the probability of selecting all the 46 JOs and three retirees out of the 165 TPB personnel present in the event is only at 4.16665 E-41 which is extremely low. Lastly, despite the issuance of the AQM, the SDO, and OIC, FD could not submit proof that the winners were fairly selected and not pre-selected.

Delayed liquidation of Cash Advance

11.10. The event was held on December 12, 2022, but liquidation was only made on March 22, 2023, contrary to the previously quoted provisions.

11.11. In view of the delay in the liquidation report, the expenses related thereto were not included recorded, and presented in the financial statements, thereby understating the expenses.

11.12. **We recommended that Management:**

a. Stop the practice of granting cash raffle prizes using the SAGF funds of the TPB; and

b. Comply with the COA Circular Nos. 97-02, 2012-03 and 2012-04.

11.13. Management in their reply informed the Audit Team of the following:

a. The TPB year-end activity is a program that aims to foster employee engagement in the organization and recognition of the service excellence of employees and personnel. It is aligned with the TPB's strategic objective to "Sustain a culture of organizational engagement that fosters effective performance, lifelong learning, and growth";

b. The raffle prizes either cash or in kind were awarded randomly. The TPB considered that, instead of providing items, giving out cash as part of the raffle will provide the recipients the opportunity to use it based on their needs;

c. The amount of P10,000.00 is reasonable in consideration of the economic consideration and the rising inflation; and

d. The TPB will adhere to the recommendation of COA to stop granting cash raffle prizes.

12. Payments of overtime to regular employees in the total amount of P0.541 million were not supported with documents showing the exceptional cases that would justify payment thereof instead of Compensatory Time-Off contrary to the implementing guidelines of Executive Order No. 150, s. 2021, and Civil Service Commission (CSC) – Department of Budget and Management (DBM) Joint Circular (JC) No. 1, s. 2015. In addition, questionable overtime hours were noted due to various non-compliance with the limitations provided in CSC-DBM JC No. s. 2015.

12.1. Relevant rules and regulations relative to the subject transactions are presented hereunder.

a. CPCS Implementing Guidelines of EO No. 150 s. 2021 dated January 12, 2022 states that:

B. Specific-Purpose Allowances and Benefits

xxx

2. Compensation for Overtime Work. - As a general rule, overtime work shall be compensated through Compensatory Time-Off (CTO), in accordance with the guidelines under the Civil Service Commission (CSC)-DBM Joint Circular (J.C.) No. 2, s.2OO4 and CSC-DBM J.C. No. 2-A, s. 2005. The cash payment through overtime pay for overtime work may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the GOCC.

b. CSC and DBM JC No. 1 s. 2015 dated November 25, 2015 states that:

3.2 As a general rule, the remuneration for overtime services shall be through CTO, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A. s. 2005.

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3.3 The payment in cash of overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.

xxx

10.0 Limitations on Overtime Services and Overtime Pay:

10.1 Only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered.

10.2 One-hour breaks shall be observed for breakfast, lunch, or supper and rest, and every 3 hours of continuous overtime service, or as may be necessary.

10.3 Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay.

xxx

c. The TPB Overtime Guidelines on Philippine Travel Exchange (PHITEX) 2022 states that:

IV. Guidelines

1. Request for overtime service must be placed in writing using the OT request form, stating the date, time of the request, and the work to be done and endorsed by the concerned Committee Head and approved by the Deputy Chief Operating Officer, Corporate Affairs.

Overtime pay instead of Compensatory Time-Off (CTO)

12.2. In CY 2022, the TPB paid a total amount of P0.541 million to 31 regular employees, representing payment of overtime services in connection with the PHITEX 2022 event as evidenced by DV No. 2022-12-2042 and LDDAP-ADA No. 99-22-12-0042 both dated December 21, 2022. The disbursement is supported by payroll computation, approved requests for overtime, overtime guidelines in connection with the PHITEX Event, and other relevant supporting documents.

12.3. Perusal of the attachments of the subject DV and LDDAP-ADA showed that the TPB opted to pay the TPB regular employees the total amount of P0.541 million for overtime services rendered from October 11 to 27, 2022 in connection with the PHITEX 2022 event instead of the CTO.

12.4. However, as provided for in both the CPCS Implementing Guidelines of EO No. 150 s. 2021, and CSC-DBM JC No. 1 s. 2015 dated November 25, 2015, overtime works shall be compensated through CTO and cash payments may only be authorized in exceptional cases when the application of the CTO for all overtime hours would adversely affect the operations of the GOCC.

12.5. The Audit Team could not determine whether this requirement was complied with since no documents were attached to the DVs showing that the exception was present.

Questionable overtime hours due to various non-compliance with the provisions of CSC-DBM JC No. 1 s. 2015

12.6. Detailed review of the documents covering the overtime hours rendered showed that the requirements of CSC-DBM JC No. 1 s. 2015 were not observed, thus causing the payments of these overtime hours to be questionable. Annex A of this Report presents the details of these questionable overtime hours and the reason/s why it was considered as such. In summary, the following are the observations:

a. Majority of the examined approved Overtime Request Forms (ORF) failed to indicate the allowable time of overtime services as the portion pertaining thereto was left blank. This information is material in determining the number of hours allowed in a given day wherein the personnel may render overtime services;

b. There were overtime hours included in the overtime payroll which were already beyond the dates and times of the approved ORF; and

c. Various overtime hours were not in accordance with limitations provided in CSC-DBM JC No. 1 s. 2015, such as:

   c.1 Overtime hours are paid even though the accumulated overtime for the day did not reach two hours contrary to Item 10.1 thereof;

   c.2 On rest days and/or weekends, some employees were granted more than the limit of 12 hours of overtime services contrary to Item 10.3 thereof; and

   c.3 The one-hour break for every three hours of continuous overtime service was not deducted in the accumulated hours contrary to Item 10.2 thereof.

12.7. **We recommended that Management:**

a. Submit documents showing the exceptional case relied upon which justified compensation of overtime through cash payment instead of CTO, otherwise the amount of P0.541 million will be suspended in audit;

b. On the questionable overtime hours, direct the FD and Personnel and Human Resources Development Division to review these overtime hours, and direct the concerned personnel to refund the equivalent overtime pay; and

c. Comply with implementing guidelines of EO No. 150, s. 2021, and CSC-DBM JC No. 1, s. 2015.

12.8. Management in their reply informed the Audit Team of the following:

a. The PHITEX is a significant event and considered a TPB priority program, boosting not only the tourist arrivals but also the Philippine economy. Such being the case, the conduct of PHITEX can be considered exceptional in view of magnitude of its impact to the tourism industry, the economy, and the promotion of the Philippines as a preferred tourism destination; and

b. They will endeavor to comply with the existing policies on the computation of Over Time services. Given the observation, they will review and recompute the transactions and revert to the Audit Team once the review is completed.

12.9. As of the date of this report, the TPB has yet to submit the documents showing the exceptional case relied upon which justifies compensation of cash payments instead of CTO. As for the other recommendations, we will continue monitoring TPB's compliance.

13. Procurement of promotional materials amounting to P9.868 million and used as giveaways/tokens were recognized as expenses although these were not supported with the listing of recipients, Inspection and Acceptance Report, and Requisition and Issue Slip, thus, raising doubts on the existence of the items procured as well as the propriety of the utilization/distribution of these items contrary to Section 4 (6) of Presidential Decree No. 1445 and Section 17 (d) and (j) Chapter 8 of Inventories, Government Accounting Manual.

13.1. Section 4 (6) of PD No. 1445 states that:

> *"Claims against government funds shall be supported with complete documentation."*

13.2. On the other hand, Section 17 of Government Accounting Manual enumerated the required records, forms, and reports to be prepared and/or maintained relative to property, supplies and materials as follows:

> *"d. Requisition and Issue Slip (RIS) (Appendix 63) – shall be used by the end-user to request issue of supplies and materials that are carried on stock. It is also used by the Property and/or Supply Division/Unit to indicate availability or non-availability of items requisitioned and/or to record issues of item/s requisitioned.*
>
> *xxx*
>
> *j. Inspection and Acceptance Report (IAR) (Appendix 62) – shall be used for inspection and acceptance of purchased and delivered property, supplies and materials."*

13.3. In addition, inquiry with the inventory custodian revealed that it is the existing practice in TPB that an RIS is attached to the DVs as a supporting document for added control and proof of actual issuance of promotional materials to the end-users although there was no existing control in the Procurement & General Services Division (PGSD) regarding monitoring of these items issued to project officers for the implementation of projects/programs and those of excess.

13.4. During our audit, it was noted that various promotional materials amounting to P9.686 million procured in 2022 and recorded as advertising expense were used as giveaways/tokens to the participants relative to TPB's projects and events (see Table 13 for details).

Table 13 – Lists of Procurements for CY 2022 used as giveaways/tokens

Reference	Particulars	Amount	With IAR	With RIS
544912	Payment for Corporate Giveaways for the Philippines' hosting of the WTTC Global Summit on 20-22 April 2022 in Manila.	2,192,400.00	Yes	Yes
544962	Payment for day 3 room drop giveaways for the Philippines' hosting of the WTTC Global Summit on 20-22 Apr 2022	718,662.00	Yes	No
99-22-05-0022	Payment for the giveaways of Regional Travel Fair in Bicol and CALABARZON, 300 pcs. White round neck tshirts, 300 Black V-neck tshirts and 1,000 tote (cacha) bag.	331,000.00	Yes	No
99-22-06-0034	Reimbursement of payment for the purchase of giveaways re TPB support for the Philippine Rotary Club's Bid Campaign at the Rotary International Convention 2022 and Philippine Tourism Product Presentation on 3-11 June 2022	15,000.00	No	No
99-22-06-0034	Payment for Printing and production of corporate giveaways - carry-on luggage for the TPB Membership Program	1,673,850.00	Yes	No
99-22-07-0022	Payment for the Giveaways re: PH friendly Hybrid Campaign with Hyundai Store.	69,800.00	No	No
99-22-08-0023	Payment for the tote bags and lanyards as part of the sponsorship package in connection with ITB Asia 2022.	234,364.20	No	No
99-22-08-0026	Full payment for the supply and delivery of the TMES give-aways re: to Tourism Marketing Educational Seminar 2022.	217,500.00	Yes	Yes
99-22-11-014	Payment for the supply and delivery of curated giveaways with the TPB/DOT Korea- Online B2B Networking.	975,000.00	Yes	No
	Liquidation of CA re: TPBs participation in the Internationale Tourismus Borse (ITB) Asia on 18-22 October 2022 in Singapore	168,000.00	Yes	Yes
99-22-12-005	Payment for the tokens/giveaways relative to TPB's Assistance to the SBC Incentive Travel Group and MICE Product Update on 8-10 November 2022 in Cebu.	250,000.00	Yes	No
99-22-12-005	Payment for the giveaways and décor in connection with the Philippine participation in the World Travel Market (WTM) 2022 last 07-09 November 2022 in ExCel, London.	325,075.00	No	No
99-22-12-029	Payment for the made to order of the following giveaways: 3,000 neck gear, 3,000 refletive vest, 4,000 patches and 3,750 stickers for the conduct of Philippine Motorcycle Tourism.	2,485,767.50	Yes	No
99-22-12-047	Reimbursement for the procurement of thirty (30) pcs coaster, in connection with the 2022 TPB Corporate Giveaways, per SI No. 0010389 dated 12/13/2022	15,000.00	No	No
99-22-12-047	Payment of giveaways relative to the implementation of the International Tourism and Travel Show in Montreal, Canada. 300 pcs Catcha Bag w/ print and 250 pcs. Of Bamboo Ballpen w/ Pen Holder	49,300.00	Yes	No
	Liquidation of CA re: cost of giveaways for media/travel trade for Philippine Business Mission (PBM) to Japan 2022 on 28 November - 04 December 2022	147,350.00	No	No
	Total	9,868,068.70		

13.5. Review of these DVs showed that although these were duly supported with official receipts, billing invoices, delivery receipts, purchase requests, purchase orders, and quotations, documents such as the listings duly acknowledged by the recipients as well as some of the IARs and RISs were not attached as presented in Table 13. Without the said listings or their equivalents, the Audit Team could not verify whether the promotional materials were distributed to the intended recipients or used according to their purpose. Also, in the absence of the IAR, it could not establish whether these items were completely delivered in good condition.

13.6. In an inquiry with the PGSD and AD, it was informed that the TPB has no existing policy/control governing the distribution of promotional items by the project officers/end-users to intended recipients and that the AD no longer required submission of additional documents from the project officers/end-users to support the manner of distribution.

13.7. In view of the foregoing, the propriety of the distributed promotional materials could not be established. In addition, absence/lapses in control could increase the risk of losses.

13.8. **We recommended that Management :**

a. Direct the AD to require the end-users/project officers to submit proof of distribution of the procured giveaways totaling P9.868 million; and

b. Adopt a policy/guideline for a uniform procedure on the distribution of promotional materials that will serve as a guide to project officers/end-users.

13.9. Management informed the Audit Team of the following:

a. They will comply with the recommendation. However, some of the promotional giveaways are given to VIPs and high-level officials/delegates in the tourism industry as well as to consumers during trade fair. Thus, it will be impractical for the TPB to require the recipients to sign an acknowledgement receipt for the given items. As such, they will develop measures to ensure that the distribution of promotional giveaways are substantiated with material and relevant supporting documents.

b. They will discuss with the concerned offices the adoption of policy/guidelines to improve their existing control system on distributing promotional materials that will guide project officers/end-users.

13.10. We appreciate the willingness of the management to comply with the recommendations, and will continue to monitor the compliance of the TPB.

GENDER AND DEVELOPMENT

14. The TPB was unable to submit an Annual Gender and Development (GAD) Accomplishment Report for the year 2022, thus it cannot be ascertained whether the GAD Projects, Activities, and Programs reflected in the GAD Planning and Budget (GPB) were accomplished and the budget therefrom were fully utilized contrary to COA Circular No. 2014-001 dated March 18, 2014. In addition, the TPB had not conducted a gender analysis for its GPB for CY 2022 as required by the Philippine Commission on Women (PCW) Memorandum Circular Nos. 2018-04 and 2021-04, and the National Economic and Development Authority and Department of Budget and Management (PCW-NEDA-DBM) Joint Circular No. 2012-01 issued on January 18, 2012.

14.1. Pertinent provisions of the PCW-NEDA-DBM JC No. 2012-01 are as follows:

> *3.0 GENERAL GUIDELINES IN GAD PLANNING AND BUDGETING*
>
> *3.4 Mainstreaming gender perspectives in agency PAPs to attain the desired outcomes for GAD shall be a priority in GAD planning and budgeting. Using the 5% GAD budget for gender mainstreaming is a way for agencies to influence the entire agency program, plan and budget. To aid gender mainstreaming, agencies shall perform gender analysis using existing tools, such as the Harmonized Gender and Development Guidelines (HGDG), to ensure that the different concerns of women and men are addressed equally and equitably in their PAPs. Activities to address these differential concerns through capacity development on GAD or GAD-focused activities shall be included in agency GPBs.*
>
> *4.0 ESSENTIAL ELEMENTS IN GAD PLANNING AND BUDGETING*
>
> *4.2 Capability Building on Gender and Development: A clear understanding and appreciation of gender and development is a pre-requisite for a successful GPB. Agencies are required to regularly undertake orientations and capacity development on GAD including GAD-related laws and commitments for their employees. Trainings should include gender mainstreaming, gender analysis and gender-responsive planning and budgeting.*
>
> *10.0 PREPARATION AND SUBMISSION OF GAD ACCOMPLISHMENT REPORTS*
>
> *10.1 Attached agencies, bureaus, regional offices, constituent units and all others concerned shall submit their GAD ARs to their central offices. The agency GFPS shall prepare the annual GAD AR based on the PCW-endorsed GPB or the GPB adjusted to the approved GAA following the form*

prescribed in Annex B. Activities completed until the end of the year may be included in the final GAD AR of agency submitted to PCW in January.

No Annual GAD Accomplishment Report

14.2. The TPB was unable to submit the Annual GAD Accomplishment Report (AR) for CY 2022; hence, it could not ascertain whether the Projects, Activities and Programs (PAPs) were accomplished nor the fund allocated were fully utilized relative to the submitted endorsed and signed GPB for 2022.

14.3. Per inquiry, the TPB has yet to submit the AR for the year 2022 since they are still in the process of preparing the said report because of changes in the personnel in the GAD Focal Point System (GFPS) Secretariat as well as difficulty in collating documents to support the AR.

14.4. Due to this, the Audit Team cannot verify whether the PAPs included in the CY 2022 GPB were accomplished and the amounts indicated therein were fully utilized. This is contrary to the requirements of Section V of COA Circular No. 2014-01 dated March 18, 2014 which states:

> *V. RESPONSIBILITY OF THE AUDITED AGENCY*
>
> *The Audited agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days; from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.*

No gender analysis was conducted in CY 2022 as required by PCW Memorandum Circular Nos. 2021-04 and 2018-04

14.5. Similar to the previous years, the TPB still has not conducted gender analysis for its GPB for CY 2022. Although they have sex disaggregated data, these were not subjected to any gender analysis tools. Hence, this is not in accordance with the requirement per PCW Memorandum Circular No. 2021-04: Preparation and Online Submission of Fiscal Year (FY) 2022 Gender and Development (GAD) Plans and Budgets which provides that:

> *1.2.1.3 The identification of gender issues and GAD PAPs shall also be informed by the results of gender analysis and gender audit, particularly the application of the Gender Mainstreaming Evaluation Framework (GMEF) (Please refer to PCW Memorandum Circular 2016-6).*

14.6. Moreover, PCW Memorandum Circular No. 2018-04: Revised Guidelines for the Preparation of the Gender and Development (GAD) Agenda requires that:

> *5.2.1. The agency, led by the GFPS, shall conduct gender analysis based on the following:*
>
> *5.2.1.1. Results of the application of gender analysis tools such as the Gender Mainstreaming Evaluation Framework (GMEF), Harmonized Gender and Development Guidelines (HGDG), Participatory Gender Audit (PGA) and other gender analysis tools;*
>
> *5.2.1.2. Analysis of sex-disaggregated data and/or relevant information;*
>
> *5.2.1.3. Review of GAD-related mandates and policies (international and local);*
>
> *5.2.1.4. Review of sectoral and Gender Equality and Women's Empowerment (GEWE) plans and GAD-related indicators; and*
>
> *5.2.1.5. Issues and recommendations gathered from consultations with women's groups/organizations working on the sector and other concerned stakeholders.*

14.7. Per inquiry, the TPB is yet to implement gender analysis in its PAPs/GPB but they are committed to engage in trainings to facilitate gender analysis and achieve a better gender-responsive planning and budgeting.

14.8. **We recommended and Management agreed to:**

a. **Submit the AR for the year 2022; and**

b. **Require the project officers/end-users to compile and submit every time a project ends, the required supporting documents of the PAPs in the GPB to properly support the AR at year end so as to facilitate its timely submission.**

REMITTANCE OF MANDATORY CONTRIBUTIONS TO GSIS, PHILHEALTH AND PAG-IBIG FUND

15. The TPB is compliant with the timely remittances of contributions to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), and Home Development Mutual Fund or Pag-IBIG pursuant to Section 14.1 of the IRR of GSIS Act of 1997; Circular No. 001, series of 2014 of the National Health Insurance Act of 2013; and Section 3 of Rule 7 of the IRR of Pag-IBIG Law, respectively.

SUMMARY OF AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS

16. As of December 31, 2022, there were no unsettled audit charges. The details and status of the unsettled suspension and disallowance at year-end in the amount of P11.809 million and P1.641 billion, respectively, are presented in Table 14.

Table 14 – Details of Audit Suspension and Disallowance

Date	Number	Particulars	Amount	Status
Notice of Suspension (NS)				
September 5, 2020	NS No. SAGF-20-001(18)	Non-compliance with various provisions of RA No. 9184 and its IRR, and other relevant laws, rules and regulations	P11,808,775.66	There were some documents submitted. For issuance of Notice of Disallowance.
Notice of Disallowance (ND)				
August 16, 2018	ND No. 18-001-DAP/GAA/ SAGF/ ECF/ TLA – (12-15)	Non-compliance with various provisions of RA No. 9184 and its IRR, other relevant laws, rules and regulations.	P1,560,730,725.99	Pending Appeal
September 7, 2020	ND No. 19-001 (2018)	Grant of financial sponsorship in the absence of complete supporting documents	80,640,172.80	Pending Appeal
Total			**P1,641,370,898.79**	

PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 19 audit recommendations embodied in the 2021 Annual Audit Report (AAR), 11 were fully implemented, seven were partially implemented, and one was not implemented. Details are as follows:

Reference	Observations	Recommendations	Actions Taken/Comments
Financial			
2021 AAR Audit Observation (AO) No. 1 Page 49	The faithful representation in the financial statements of the Receivables account with a balance of P801.482 million with carrying amount of P774.478 million as of December 31, 2021 could not be ascertained due to the unreliability of the balance of the Inter-Agency Receivables (IAR) of P773.620 million, contrary to Paragraph 27 of International Public Sector Accounting Standard 1. The IAR balance of P773.620 million differs by P22.935 million as compared with the total of its Subsidiary Ledger (SL) balances, and results of confirmation of 10 sample accounts with SL balance totaling P85.025 million disclosed a discrepancy of P41.132 million.	We recommended that Management direct the Finance Department particularly the AD to:	Reiterated in Part II – Observation and Recommendation No. 2
		a. Exert more efforts in tracing/verifying the discrepancy between the GL and SLs balances, thereafter ensure that the SLs are properly maintained/updated;	Partially Implemented
		b. Send confirmation letters to the IAs, and for those balances which are confirmed liquidated, coordinate with their respective AD and request for a copy of the Reports of Checks Issued (RCI) and other related documents to support the liquidation; and	Partially Implemented
		c. Make the corrections / adjustments in the records/books of the TPB as necessary.	Fully Implemented
2021 AAR AO No. 2 Page 51	Non-submission of the liquidating documents on completed programs	We recommend that Management:	Reiterated in Part II – Observation and Recommendation No. 3

Reference	Observations	Recommendations	Actions Taken/Comments
	or projects covered by the fund transfers of the TPB to various implementing agencies amounting to P402.165 million, resulted in the non-recording of the expenses, consequently understanding the expense and overstating the accumulated surplus /(deficit) accounts of the TPB for an undetermined amount, contrary to Paragraph 27 of International Public Sector Accounting Standard 1. .	a. Make final demand for the liquidation of the FTs and assess the need to initiate other appropriate actions to facilitate and/or cause the immediate liquidation of the FTs for completed projects; and	Not Implemented
		b. Direct the AD to :	
		b.1. Properly monitor the FTs by regularly coordinating with the IAs and demand the immediate submission of the liquidation documents for completed programs/projects, and the refund of excess fund, if any;	Partially Implemented
		b.2. Effect the necessary adjustments once the FTs are liquidated; and	Fully Implemented
		b.3. Strictly comply with the provisions of COA Circular No. 94-013.	Fully Implemented
2021 AAR AO No. 3 Page 54	The faithful representation in the financial statements of the balance of the Inventories account with a carrying amount of P30.642 million as of	We recommended that Management direct the AD and/or GSD to:	
		a. Continue the reconciliation of the remaining	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	December 31, 2021 was not established due to the variance of P8.323 million between the General Ledger balance of Other Supplies and Materials Inventory sub-account of P28.119 million and the balance per Report on Annual Inventory on Promotional Materials and Giveaways of P19.796 million contrary to Paragraph 27 of International Public Sector Accounting Standard 1.	unaccounted variance of P 8.323 million;	
		b. Include in the inventory report the promotional items transferred to other department/s yet to be released to end-users, to reflect the correct inventory balance as of December 31, 2021; and	Fully Implemented
		c. Update their respective books/records/reports, and thereafter, observe a periodic reconciliation of their inventory records.	Fully Implemented
2021 AAR AO No. 4 Page 56	The balance of the Inter-Agency Payable account of P24.226 million is not fairly presented in the books due to: (a) derecognition of the Due to National Government Agencies account of P196.853 million despite the non-reversion/remittance of the fund to the National Treasury; and (b) variance totaling P1.037 million between the amounts per book and amounts confirmed by the concerned Government Owned and/or Controlled Corporations, contrary to Paragraph 27 of International Public Sector	We recommended and Management agreed to direct the AD and/or other concerned offices to:	
		a. Prepare an adjusting entry for the derecognized amount of P196.853 million to correct the understatement of the Due to NGAs account and overstatement of the Accumulated Surplus as of December 31, 2021;	Fully Implemented
		b. Revert/remit to the National Treasury the subject amount, thereafter record the remittance/reversion;	Partially Implemented Reiterated in Part II – Observation and Recommendation No. 6
		c. Coordinate with the DFPC and the TIEZA	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	Accounting Standard 1.	on the noted variance. For the account with the DFPC, exert effort to locate the records/documents, and prepare the adjusting entry in the books; for the account with the TIEZA, if the project has been completed, collate the liquidation documents and submit the same to the TIEZA; likewise, make the adjustments in the books; and	
		d. For the two unidentified long outstanding accounts (Florikultura and Pinoy Homecoming), provide the necessary adjusting entries to revert them to Accumulated Surplus/(Deficit).	Fully Implemented
2021 AAR AO No. 5 Page 58	The faithful representation of Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables account amounting to P10.173 million, P34.836 million, and P20.956 million, respectively, could not be ascertained due to some negative balances of the accounts totaling P7.423 million, contrary to Paragraph 27 of International Public Sector	We recommend that Management direct the Finance Department to instruct the AD to exert all efforts in identifying and reconciling all accounts with negative balances so as to avoid offsetting of these balances against the outstanding balance and make necessary adjusting entries to correct the balances of the affected accounts.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	Accounting Standard 1.		
Non-Financial			
2021 AAR AO No. 6 Page 60	The TPB did not declare and remit the to the National Treasury the required dividends totaling P7.903 million representing 50 per cent of the Net Earnings of the TPB in CYs 2021 and 2020, contrary to the 2016 Revised Implementing Rules and Regulations of Republic Act No. 7656, otherwise known as the Dividend Law, thereby depriving the National Government of the additional funds to carry out its various project and programs and exposing the TPB to unnecessary interest and penalties.	We recommended that the Management direct the Finance Department to compute the final amount of net earnings and the required dividends to be declared and for the Board of Directors to declare the 50 per cent dividends thereon. Further, we recommended that the Management comply with the provisions of the 2016 RIRR of RA No. 7656.	Reiterated in Part II – Observation and Recommendation No.8 Partially Implemented Partially Implemented
2021 AAR AO No. 7 Page 62	Provisions on Gender and Development (GAD) were still not fully implemented as: (a) utilization of GAD Budget was only 37.32 per cent; and (b) the TPB still has not conducted gender analysis in 2021 as required in Philippine Commission on Women (PCW) Memorandum Circular Nos. 2018-04 and 2020-05, thereby hindering TPB's full compliance to PCW-	We recommended and Management agreed to: a. Exert extra efforts on attributing its GAD Budget to its major programs thereby increasing utilization of the GAD budget plus increasing the gender responsiveness of its PAPs; and b. Ensure that the gender analysis be done to aid in setting GAD goals and preparation of the	Fully Implemented Partially Implemented Reiterated in Part II – Observation and

Reference	Observations	Recommendations	Actions Taken/Comments
	National Economic and Development Authority-Department of Budget and Management Joint Circular No. 2012-01.	GAD Planning and Budget.	Recommendation No. 14

Details of Questionable Overtime Hours

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
Market Specialist II	7:00	10/17/2022	2:00	The OT hours should be less 2 hours since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.**
	8:00	10/18/2022	2:50	The OT hours should be less 2 hours for the same reason above. Additional 50 minutes are questionable since the authority to render overtime services only starts at 6:00 pm.
	6:00	10/20/2022	1:00	The OT hours should be less 1 hour since Item 10.2 of the same JC requires that the one-hour break shall be observed for every 3 hours of continuous overtime service.
Administrative Officer IV	1:55	10/14/2022	1:55	The OT hours are questionable since Item No. 10.1 of the JC provides that only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered.
	8.00	10/15/2022	8:00	Not covered by the approved OT request form since it only authorized those services rendered from 5 pm onwards.
	8.10	10/16/2022	8:00	-do-
	1:47	10/17/2022	1.47	The OT hours are questionable since Item No. 10.1 of the JC provides that OT Pay would be allowed provided that at least 2 hours of overtime services are rendered.
Information Technology Officer II	18:30	10/16/2022	6:30	The OT Hours of 6:30 are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay. Moreover, the OT Authority is only from 8 am to 11:00 pm Likewise, the 1 hour break for every 3 hours was also not applied.
	10:30	10/17/2022	4:30	The OT Hours are questionable since the authority granted is up to 11 pm only. Hence, the OT should start at 5 pm up to 11 pm only less the dinner break or 1 hour for every 3 hours of continuous OT.
	9:30	10/19/2022	3:30	-do-
	6:30	10/19/2022	1:30	-do-
Market Specialist III	1:20	10/11/2022	1:20	The OT hours are questionable since Item No. 10.1 of the JC provides that OT Pay would be allowed provided that at least 2 hours of overtime services are rendered.

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
				Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	1:05	10/13/2022	1:05	-do-
	1:41	10/14/2022	1:41	-do-
	11:10	10/15/2022	11:10	The portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services. Moreover, the 1 hour break for every 3 hours of continuous overtime service was also not applied.
	14:00	10/16/2022	14:00	The same as above. In addition, the maximum 12 hours overtime pay per day was also not followed.
	6:30	10/22/2022	6:30	The portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	10:00	10/22/2022	10:00	-do-
	6:30	10/24/2022	6:30	-do-
	4:30	10/24/2022	4:30	-do-
Market Specialist III	12:10	10/16/2022	2:00	The OT hours should be less 2 hours since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.**
	7:00	10/17/2022	1:00	The OT hours should be less 1 hour since Item 10.2 of the same JC requires that the one-hour break shall be observed for every 3 hours of continuous overtime service. Moreover, based from the authority granted her OT should start at 6 pm.
	9:00	10/19/2022	2:30	The OT hours should be less 2 hours and 30 minutes for the same reason as above.
	7:00	10/22/2022	1:00	The OT hours should be less 1 hour for the same reason as above.
Market Specialist III	12:10	10/16/2022	3:10	The OT hours are questionable since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.** Moreover, based from the

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
				authority granted OT would only be up to 11:59 pm.
	8:10	10/17/2022	3:10	-do-
	7:45	10/21/2022	1:30	-do-
Market Specialist III	12:30	10/16/2022	2:30	The portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services. Moreover, the 1 hour break for every 3 hours of continuous overtime service was also not applied.
	10:30	10/17/2022	4:30	The OT hours should be less 4 hours and 30 minutes since the 1 hour break for every 3 hours of continuous overtime service was also not applied. Moreover, the OT form is not specific to time and nowhere in the OT form that overnight service was authorized, hence the OT allowed is only up to 11:59 pm.
	8:00	10/19/2022	2:00	The OT hours should be less 2 hours for the same reason as above.
	8:00	10/20/2022	2:00	-do-
Market Specialist III	10:30	10/17/2022	4:30	The OT hours should be less 4 hours and 30 minutes for the same reason as above.
	8:00	10/19/2022	2:00	The OT hours should be less 2 hours for the same reason as above.
	8:00	10/20/2022	2:00	-do-
Secretary I	12:00	10/16/2022	1:30	The OT hours are questionable since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.**
	10:55	10/23/2022	1:00	-do-
Market Specialist III	15:00	10/16/2022	5:00	The OT hours should be less 5 hours since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, based from the authority granted OT would start at 8:00H up to 23:00H.
	7:00	10/17/2022	1:00	The authority to render OT is up to 23:00H only, however, the OT paid includes 23:00H to 24:00H.
	7:00	10/18/2022	1:00	-do-
	6:30	10/19/2022	0:30	-do-
	6:30	10/20/2022	0:30	-do-
	14:00	10/22/2022	4:00	The OT hours should be less 4 hours since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, based from the authority granted OT would start at 8:00H up to 23:00H.

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
	14:00	10/23/2022	4:00	-do-
Financial Analyst II	15:00	10/16/2022	5:00	The OT hours should be less 5 hours since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, based from the authority granted OT would start at 8:00H up to 23:00H.
	7:00	10/17/2022	1:00	The authority to render OT is up to 23:00H only, however, the OT paid includes 23:00H to 24:00H.
	7:00	10/18/2022	1:00	-do-
	6:30	10/19/2022	0:30	-do-
	6:30	10/20/2022	0:30	-do-
	14:00	10/22/2022	4:00	The OT hours should be less 4 hours since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, based from the authority granted OT would start at 8:00H up to 23:00H.
	14:00	10/23/2022	4:00	-do-
Information System Analyst III	1:18	10/26/2022	1:18	The OT hours are questionable since Item No. 10.1 of the JC provides that OT Pay would be allowed provided that at least 2 hours of overtime services are rendered. Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
Cashier III	2:10	10/13/2022	2:10	-do-
	1:45	10/14/2022	1:45	-do-
	8:00	10/15/2022	8:00	the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	6:51	10/16/2022	6:51	-do-
Messenger	14:10	10/15/2022	2:10	The OT Hours are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay. Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	14:30	10/16/2022	2:30	-do-
Property Custodian	13:40	10/15/2022	1:40	-do-

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
	14:30	10/16/2022	2:30	-do-
	12:00	10/23/2022	1:00	The OT hours are questionable since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.** Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
Market Specialist III	10:20	10/15/2022	1:00	-do-
	14:50	10/16/2022	2:50	The OT Hours are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay. Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
Training Specialist III	11:00	10/15/2022	1:00	The OT hours should be less 1 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	14:37	10/16/2022	2:37	The OT Hours are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay.
	8:37	10/20/2022	2:37	The OT hours should be less 2 hours and 37 minutes since the 1 hour break for every 3 hours of continuous overtime service was not applied.

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
				Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
Market Specialist III	11:30	10/16/2022	1:00	The OT hours should be less 1 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied.
	10:25	10/23/2022	1:00	-do-
Market Specialist V	7:30	10/15/2022	1:00	The OT hours are questionable since Item 10.2 of the CSC-DBM JC No. 1 s. 2015 requires that the one-hour break shall be observed for breakfast, lunch, or supper and rest, **and every 3 hours of continuous overtime service.** Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	14:00	10/16/2022	2:00	The OT Hours are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay. Moreover, the portion of the allowable time to render OT services in the approved OT request form was in blank hence, could not establish the authorized time to render overtime services.
	8:08	10/22/2022	1:00	The OT hours should be less 1 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, the authorized time of rendering OT services were not identified.
	10:30	10/23/2022	1:00	-do-
Market Specialist II	12:30	10/16/2022	3:00	The OT hours should be less 1 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, the time of allowed OT is up to 23:59H only.
Property Officer III	1:03	10/14/2022	1:03	The OT hours are questionable since Item No. 10.1 provides that only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime

Position	Total Hours: Minutes of OT	Questionable OT Hours		Reason
		Date of OT	OT Hours: Minutes	
				services are rendered. Moreover, the authorized time of rendering OT services were not identified.
	8:50	10/15/2022	1:00	The OT hours should be less 1 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, the authorized time of rendering OT services were not identified.
Market Specialist II	15:10	10/16/2022	3:10	The OT Hours of 3:10 are questionable since Item No. 10.5 requires that only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay. Moreover, the time of allowed OT were up to 23:59H only.
Market Specialist II	13:00	10/16/2022	1:00	The OT Hour of 1 are questionable since Item No. 10.5 requires that Only a maximum of 12 hours of overtime services on a rest day or scheduled day off, holiday, or special non-working day, shall be compensated through Overtime Pay.
	11:55	10/18/2022	2:00	The OT hours should be less 2 hours since the 1 hour break for every 3 hours of continuous overtime service was not applied.
Market Specialist II	12:30	10/16/2022	3:00	The OT hours should be less 3 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied. Moreover, the time of allowed OT were up to 23:59H.
Market Specialist II	8:00	10/16/2022	1:00	The OT hours should be less 1 hour with the same reason above.
	7:10	10/17/2022	1:00	-do-
	7:00	10/20/2022	2:00	-do-
	8:00	10/22/2022	1:00	-do-
	10:55	10/23/2022	1:00	-do-
Market Specialist III	8:00	10/15/2022	8:00	The said date is not included in the authorized dates of rendering overtime services
	11:20	10/16/2022	2:00	The OT hours should be less 2 hour since the 1 hour break for every 3 hours of continuous overtime service was not applied.
	8:17	10/26/2022	1:00	The OT hours should be less 1 hour since in the approved Overtime Request form, the OT would start at 6 pm.