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, 2023 and 2022

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 at December 31, 2023, the TPB had total personnel complement of 156 composed of 109 regular employees, and 47 job order personnel. It is governed by a Tourism Board composed of a Chairman, Vice Chairman, and nine Members of the Board. Its Management is headed by a Chief Operating Officer.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2023	2022 (As Restated)	Increase (Decrease)
Assets	2,948,628,162	2,783,579,601	165,048,561
Liabilities	1,290,688,688	1,301,890,213	(11,201,525)
Net assets/equity	**1,657,939,474**	**1,481,689,388**	**176,250,086**

II. Comparative Financial Performance

	2023	2022 (As Restated)	Increase (Decrease)
Revenue	44,226,829	17,415,866	26,810,963
Current operating expenses	980,676,449	1,199,102,453	(218,426,004)
Surplus/(deficit) from current operations	(936,449,620)	(1,181,686,587)	245,236,967
Other non-operating income	4,611,501	1,413,718	3,197,783
Gains	835,651	10,150,328	(9,314,677)
Losses	(3,464,184)	(382,261)	(3,081,923)
Assistance and subsidy	1,098,605,369	1,284,566,683	(185,961,314)
Net Surplus for the period	**164,138,717**	**114,061,881**	**50,076,836**

III. Comparison of 2023 Budget and Actual Amounts

	Approved COB	Actual	Difference Final budget vs Actual
Receipts	1,283,692,000	1,380,987,605	(97,295,605)
Payments:			
Personnel services	160,000,000	117,313,334	42,686,666
Maintenance and other operating expenses	1,114,692,000	936,914,846	177,777,154
Capital expenditures	9,000,000	8,965,528	34,472
Net Receipts/(Payments)	**-**	**317,793,897**	**(317,793,897)**

SCOPE OF AUDIT

Our audit covered the examination, on a test basis of transactions and accounts of the TPB for Calendar Year (CY) 2023 to enable us to express an opinion on the financial statements for the years ended December 31, 2023 and 2022 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, 2023 and 2022 in view of the following:

1. Fair presentation of the Receivables-net account amounting to P618.743 million as at December 31, 2023 could not be established due to: a) discrepancy of P12.584 million between the Financial Statement/General Ledger (GL) and the Subsidiary Ledgers (SLs); and b) variance of P9.668 million between the amount confirmed by the Implementing Agencies and SL balances contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1.

2. The non-submission of the liquidation documents for completed programs or projects covered by fund transfers (FTs) to various implementing agencies totaling P483.812 million (P125.944 million from CY 2023 and P357.868 million from prior years), resulted in the non-recording of the expenses and thus, understating the expenses and overstating the accumulated surplus/(deficit) of TPB for an undetermined amount, contrary to Paragraph 27, of IPSAS 1. Moreover, out of the said FTs, a total of P71.064 million were not transferred by the DOT Central Office to the intended DOT foreign posts, hence, remained unutilized, but were not immediately demanded back by TPB. These are all contrary to Sections 4.6, 5.4, and 6.5 of COA Circular No. 94-013.

3. The balance of Other Supplies and Material Inventory account was understated by P3.250 million due to the non-recording of inventory still on hand for CY 2023 contrary to Paragraph 27 of IPSAS 1 and Paragraph 44 of IPSAS 12.

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

1.1. Direct the Accounting Division (AD) to:

a. Continue the reconciliation of noted difference between (i) GL and SLs; and (ii) reconcile the discrepancies in the balances as confirmed by the Implementing Agencies against accounting records;

b. Immediately act on the requests of reimbursements of Philippine DOT-Taiwan, and inform them the result thereof; and

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

2.1. Direct the Finance Department to:

a. Continue to demand the immediate liquidations of fund transfer for projects that were already implemented as at December 31, 2023;

b. Instruct the AD to prepare a semi-annual status report showing the date of request of liquidation, demand letters, summary result of reconciliation and the other subsequent actions taken if the Implementing Agencies were still unable to liquidate; and submit the same along with the supporting documents to the Audit Team;

c. Monitor the amount to be reverted by the DOT to the Bureau of Treasury (BTr) -Special Account to the General Fund (SAGF)– Tourism Promotions Funds account in the total amount of P71.064 million, and thereafter prepare the necessary adjusting entries;

d. Take appropriate legal action to agencies/accountable officers who failed to submit liquidation reports that is long overdue and in spite of repeated demands; and

e. For those long outstanding dormant receivables, consider the filing of request for write-offs to the appropriate COA office following the guidelines under COA Circular 2023-008.

3.1. Direct the AD to provide the necessary adjusting entries relative to the unrecorded inventory in the amount of P3.250 million.

OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

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

4. Unutilized funds received from the DOT in the total amount P196.853 million for the implementation of DOT's various projects, activities and programs (PAPs) remained idle for more than five years due to non-reversion of the said funds to

the National Treasury, thereby depriving the National Government with additional funds to finance other PAPs contrary to item 6.7 of COA Circular No. 94-013 and Sections 82, 88, and 81 of the General Provisions of the General Appropriations Act for Fiscal Years 2015, 2016, 2017 and 2018, respectively.

4.1. We recommended the Management to:

a. Immediately remit the amount of P196.583 million to the BTr; and

b. For the amount that will not be reverted back to the BTr, submit the Report of Checks Issued, Report of Disbursements, and supporting documents to the Audit Team.

5. Funds in the total amount of P288.891 million, primarily from corporate and general funds, remained unobligated, unallocated, idle, and undetermined of their future use contrary to Section 51 (e), Chapter V – Funding, Rule III – The TPB, of the Implementing Rules and Regulations or RA No. 9593, and not in accordance with the basic policy of the government on the effective and efficient management of resources.

5.1. We recommended the Management to:

a. Make representation with the Department of Budget and Management to determine the proper procedures for these unused funds be utilized as one of the sources of funds in the next budget year; or return to the BTr under the SAGF – Tourism and Promotions Fund account; and

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

6. The Travelling expenses – Foreign incurred by the TPB for CY 2023 in the total amount of P4.882 million appeared to be unnecessary and excessive due to: (a) redundant and (b) unrelated responsibilities/duties of TPB personnel deployed in various countries for implementation of the international projects/activities, contrary to COA Circular No. 2012-003.

6.1. We recommended the Management to:

a. Create Policy/Guidelines in the selection of necessary personnel to be deployed in other countries for the implementation of all International Programs/Activities;

b. Ensure that only necessary number of personnel are deployed; and

c. Comply with COA Circular No. 2012-03 to avoid the incurrence of unnecessary, irregular and excessive expenditures.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, CHARGES AND DISALLOWANCES

As at December 31, 2023, 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 16, Part II of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 32 audit recommendations embodied in the prior year's Annual Audit Report, 22 were fully implemented 10 were not implemented. Details are presented in Part III of this Report.

TABLE OF CONTENTS

PART I - AUDITED FINANCIAL STATEMENTS

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, 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 Opinion

Fair presentation of the Receivables-net account amounting to P618.743 million as at December 31, 2023 could not be established due to: a) discrepancy of P12.584 million between the Financial Statement/General Ledger and the Subsidiary Ledgers (SLs); and b) variance of P9.668 million between the amount confirmed by the Implementing Agencies and SL balances contrary to Paragraph 27 of IPSAS 1.

The non-submission of the liquidation documents for completed programs or projects covered by fund transfers to various implementing agencies totaling P483.812 million (P125.944 million from Calendar Year (CY) 2023 and P357.868 million from prior years), resulted in the non-recording of the expenses and thus, understating the expenses and overstating the accumulated surplus/(deficit) of TPB for an undetermined amount, contrary to Paragraph 27, of IPSAS 1.

The balance of Other Supplies and Material Inventory account was understated by P3.250 million due to the non-recording of inventory still on hand for CY 2023 contrary to Paragraph 27 of IPSAS 1 and Paragraph 44 of IPSAS 12.

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 15, 2023, we expressed a qualified opinion on the CY 2022 financial statements because the fair presentation of the account Financial Liabilities - Accounts Payable (AP) as at 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).

In CY 2023, appropriate adjustments were made to the Accounts Payable and Accumulated Surplus/ (Deficit) accounts. Accordingly, our present opinion on the restated CY 2022 financial statements, as presented herein is no longer modified concerning this matter.

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 of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023, 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

ATTY. ANTHONY V. GUETA
OIC-Supervising Auditor
Audit Group E - Trading and Promotions Group
Cluster 6, Corporate Government Audit Sector

May 20, 2024

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, 2023 and 2022, 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
Date: 20 May 2024

JOMAR D. TAGAO
Acting Head, Finance Department
Date: 20 May 2024

MA. ESPERANZA CHRISTINA GARCIA FRASCO
Tourism Secretary and Chairperson, Tourism Promotions Board
Date: 20 May 2024

DEPARTMENT OF TOURISM PHILIPPINES
ACJ266

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,048,564,832	1,334,536,083
Other investments	7	317,455,698	16,734,939
Receivables - net	8	618,742,769	470,002,620
Inventories	9	3,663,244	7,359,855
Other current assets	10	19,799,275	23,016,602
Total Current Assets		**2,008,225,818**	**1,851,650,099**
Non-Current Assets			
Other investments	7	123,600	123,600
Property, plant and equipment - net	11	49,770,006	42,276,753
Intangible assets	12	12,923,461	11,943,872
Other non-current assets	13	877,585,277	877,585,277
Total Non-Current Assets		**940,402,344**	**931,929,502**
TOTAL ASSETS		**2,948,628,162**	**2,783,579,601**
LIABILITIES			
Current Liabilities			
Financial liabilities	14	132,022,189	148,463,872
Inter-agency payables	15	216,260,258	218,051,646
Trust liabilities	16	37,074,223	34,137,403
Other payables	17	27,746,741	23,652,015
Total Current Liabilities		**413,103,411**	**424,304,936**
Non-Current Liabilities			
Trust liabilities	16	877,585,277	877,585,277
Total Non-Current Liabilities		**877,585,277**	**877,585,277**
TOTAL LIABILITIES		**1,290,688,688**	**1,301,890,213**
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		**1,657,939,474**	**1,481,689,388**
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	31	1,408,118,846	1,243,980,129
Government equity	30	250,000,000	250,000,000
Unrealized gain from changes in the fair value of the financial instruments	29	(179,372)	(12,290,741)
TOTAL NET ASSETS/EQUITY		**1,657,939,474**	**1,481,689,388**

The notes on pages 11 to 46 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
REVENUE			
Service and business income	18	44,226,829	17,415,866
TOTAL REVENUE		**44,226,829**	**17,415,866**
CURRENT OPERATING EXPENSES			
Personnel services	19	107,484,227	144,118,599
Maintenance and other operating expenses	20	865,250,619	1,044,205,913
Financial expenses	21	1,216,830	345,461
Non-cash expenses	22	6,724,773	10,432,480
TOTAL CURRENT OPERATING EXPENSES		**980,676,449**	**1,199,102,453**
SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		**(936,449,620)**	**(1,181,686,587)**
Other non-operating income	23	4,611,501	1,413,718
Gains	24	835,651	10,150,328
Losses	25	(3,464,184)	(382,261)
DEFICIT BEFORE SUBSIDY		**(934,466,652)**	**(1,170,504,802)**
Net assistance/subsidy	26	1,098,605,369	1,284,566,683
NET SURPLUS/(DEFICIT) FOR THE PERIOD		**164,138,717**	**114,061,881**

The notes on pages 11 to 46 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2023 and 2022
(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, 2022	1,164,630,224	250,000,000	1,125,671	1,415,755,895
ADJUSTMENTS:				
Add/(Deduct):				
Change in accounting policies	-	-	-	-
Prior year's adjustments	(31,903,881)	-	-	(31,903,881)
Other adjustments	-	-	-	-
RESTATED BALANCE AT JANUARY 1, 2022	**1,132,726,343**	**250,000,000**	**1,125,671**	**1,383,852,014**
Changes in Net Assets/Equity for CY 2022				
Add/(Deduct):				
Surplus/(Deficit) for the period, as previously stated	301,209,764	-	-	301,209,764
Prior year's adjustments	(187,147,883)	-	-	(187,147,883)
Surplus/(Deficit) for the period, as restated	114,061,881	-	-	114,061,881
Other Adjustments	(2,808,095)	-	(13,416,412)	(16,224,507)
RESTATED BALANCE AT DECEMBER 31, 2022	**1,243,980,129**	**250,000,000**	**(12,290,741)**	**1,481,689,388**
Changes in Net Assets/Equity for CY 2023				
Add/(Deduct):				
Surplus/(Deficit) for the period	164,138,717	-	-	164,138,717
Other adjustments	-	-	12,111,369	12,111,369
BALANCE AT DECEMBER 31, 2023	**1,408,118,846**	**250,000,000**	**(179,372)**	**1,657,939,474**

The notes on pages 11 to 46 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of revenue		7,800,066	2,116,999
Receipt of assistance/subsidy		1,098,605,369	1,284,566,683
Trust receipts		5,144,345	1,783,868
Other receipts		71,383,243	107,377,944
Total cash inflows		**1,182,933,023**	**1,395,845,494**
Adjustments		3,949,939	82,528,453
Adjustment Cash Inflows		**1,186,882,962**	**1,478,373,947**
Cash outflows			
Payment of expenses		658,043,655	524,181,161
Purchase of inventory		3,367,109	3,199,771
Grant of cash advance		49,490,418	31,887,183
Prepayments		144,281,954	444,625,255
Payment of accounts payable		177,266	232,142
Payment of tax refunds payable		12,889,254	257,339
Remittance of personnel benefit contributions and mandatory deductions		24,367,392	46,493,522
Release of inter-agency fund transfers		309,087,772	297,008,015
Other disbursements		2,865,307	2,598,369
Total cash outflows		**1,204,570,127**	**1,350,482,757**
Adjustments		287,600	-
Adjustment Cash Outflows		**1,204,857,727**	**1,350,482,757**
Net cash provided by (used in) operating activities		**(17,974,765)**	**127,891,190**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflow			
Proceeds from sale/disposal of property, plant and equipment		15,210	793,619
Total cash inflow		**15,210**	**793,619**
Cash outflow			
Purchase/construction of property, plant and equipment		14,438,389	6,414,619
Purchase of intangible assets		979,589	7,256,214
Investments		249,999,769	-
Total cash outflow		**265,417,747**	**13,670,833**
Net cash provided by (used in) investing activities		**(265,402,537)**	**(12,877,214)**
Net cash provided by (used in) financing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents		(283,377,302)	115,013,976
Effects of exchange rate changes on cash and cash equivalents		(2,593,949)	9,659,638
Cash and cash equivalents, January 1		1,334,536,083	1,209,862,469
Cash and cash equivalents, December 31	**6**	**1,048,564,832**	**1,334,536,083**

The notes on pages 11 to 46 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2023
(In Philippine Peso)

	Budgeted Amount		Actual	
	Original	Final	Amounts on Comparable Basis	Difference Final Budget vs. Actual
	Note 32			
RECEIPTS				
Service and business income	18,000,000	18,000,000	44,226,829	(26,226,829)
Assistance and subsidy	1,265,692,000	1,265,692,000	1,265,692,000	-
Other non-operating receipts				
Refund of cash advances	-	-	8,808,629	(8,808,629)
Others	-	-	62,260,147	(62,260,147)
Total receipts	**1,283,692,000**	**1,283,692,000**	**1,380,987,605**	**(97,295,605)**
PAYMENTS				
Personnel services	160,000,000	160,000,000	117,313,334	42,686,666
Maintenance and other operating expenses	1,114,692,000	1,114,692,000	936,914,846	177,777,154
Capital outlay	9,000,000	9,000,000	8,965,528	34,472
Total payments	**1,283,692,000**	**1,283,692,000**	**1,063,193,708**	**220,498,292**
NET RECEIPTS/(PAYMENTS)	**-**	**-**	**317,793,897**	**(317,793,897)**

The notes on pages 11 to 46 form part of these financial statements.

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

1. GENERAL INFORMATION

The Tourism Promotions Board (TPB), a Government-Owned and Controlled Corporation 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 (MICE) 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 20, 2024, as shown in the Statement of Management's Responsibility for Financial Statements signed by Maria Margarita Montemayor Nograles, Chief Operating Officer, Jomar D. Tagao, Acting Head, Finance Department and Department of Tourism Secretary Maria Esperanza Christina Garcia Frasco, representing the Chairperson of the Board of Directors.

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

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, 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*

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.

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.

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 canceled.

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 the 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 the 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 a 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 the 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 the 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 the 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 TPB's operation.

iii. Estimated useful life

The TPB uses the life span of the 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 property, plant and equipment	- 5 years

iv. Residual value

The TPB uses a residual value equivalent to at least ten percent (10%) 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 the 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 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 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 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 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 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 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 Government-Owned or Controlled Corporations Memorandum Circular No. 2012-07 (Code of Corporate Governance and Section 17 of TPB Manual of Corporate Governance), the Board has created TPB's Executive Committee, Governance Committee, Audit Committee, and Risk Management Committee where each committee is composed of three (3) board members and one (1) 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	2023	2022 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	1,048,564,832	1,334,536,083
Other investments	*7*	317,455,698	16,734,939
Receivables – net	*8*	618,742,769	470,002,620
		1,984,763,299	**1,821,273,642**
Financial liabilities			
Financial liabilities	*14*	132,022,189	148,463,872
Inter-agency payables	*15*	216,260,258	218,051,646
Trust liabilities	*16*	37,074,223	34,137,403
		385,356,670	**400,652,921**

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 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, 2023, and 2022, without considering the effects of credit risk mitigation techniques.

	Note	2023	2022 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	1,048,564,832	1,334,536,083
Other investments	*7*	317,455,698	16,734,939
Receivables – net	*8*	618,742,769	470,002,620
		1,984,763,299	**1,821,273,642**

**Receivables at net of allowance for impairment amounting to P20,981,347 and P25,591,978 for the years ended December 31, 2023, and 2022, 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

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 TPB's financial strength and undermine public confidence.

e. Aging analysis

An aging analysis of TPB's receivables as of the year ended December 31, 2023, 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. <u>Management of liquidity risk</u>

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 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. <u>Exposure to liquidity risk</u>

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 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. 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 TPB's financial liabilities as at December 31, 2023.

As at December 31, 2023	Within 1 Year	Over 1 – 5 Years	Over 5 Years	Total
Financial liabilities	132,022,189			132,022,189
Inter-agency payables	216,260,258			216,260,258
Trust liabilities	37,074,223	877,585,277		914,659,500
Other payables	27,746,741			27,746,741
Total	**413,103,411**	**877,585,277**		**1,290,688,688**

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 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 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 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 TPB's operations and are faced by all business entities.

TPB's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to 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 (QMS) 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

	2023	2022 (As Restated)
Cash in bank	1,048,394,832	1,334,401,617
Cash on hand	170,000	134,466
	1,048,564,832	**1,334,536,083**

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 P55.567 closing rate.

7. INVESTMENTS

	2023			2022 (As Restated)		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Available for sale securities	67,455,929		67,455,929	16,734,939		16,734,939
Investments in treasury bills- local	249,999,769		249,999,769			
Investments in stocks		123,600	123,600		123,600	123,600
	317,455,698	**123,600**	**317,579,298**	**16,734,939**	**123,600**	**16,858,539**

7.1 Available for Sale Securities

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

7.2 Investments in Treasury Bills- Local

This account represents TPB's investment of its idle funds in a 355-day treasury bills with the LBP last 20 July 2023 at a rate of 6.10% per annum.

7.3 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.

8. RECEIVABLES

	2023	2022 (As Restated)
Inter-agency receivables		
Due from National Government Agencies (NGAs)	590,233,725	409,558,799

	2023	2022 (As Restated)
Less: Allowance for impairment-due from NGAs	(18,556,881)	(21,617,964)
Net Value	571,676,844	387,940,835
Due from Local Government Units (LGUs)	35,160,842	67,093,627
Less: Allowance for Impairment-Due from LGUs	(1,709,546)	(3,574,371)
Net Value	33,451,296	63,519,256
Due from Government-Owned or Controlled Corporation (GOCC)	13,426,062	18,038,710
Less: Allowance for impairment-Due from GOCC	(669,746)	(354,470)
Net Value	12,756,316	17,684,240
Sub-total –Inter-agency receivables, net	***617,884,456***	***469,144,331***
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
Other receivables	727,431	727,406
Less: Allowance for impairment- Other receivables	(36,371)	(36,370)
Net Value	691,060	691,036
Sub-total –Other receivables, net	***858,313***	***858,289***
Total Receivables, net	**618,742,769**	**470,002,620**

8.1 Inter-agency receivables

8.1.1 Due from NGAs

Due from NGAs account consists 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-Board of Trustees 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 (2) agencies were not accrued since 2009. An allowance for bad debts for these was never provided. The Board of Directors approved the writing-off of the receivables from the DOT and the DFA but still needs the submission of approved budgets of these two (2) agencies to prove that there were no appropriations provided for the annual contributions, as advised by 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 LGUs

Due from LGUs account represents financial assistance to the 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 Destination Rebranding and Ancillary Improvements in the Municipality of Sagada.

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 Center for International Trade Expositions for the Enhanced MICE Plus Program in connection with the Manila FAME 2023, and fund transfers to Duty Free Philippines Corporation 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, 2023

	Not Past Due	Past Due				Total
		1-60 days	61-180 days	181 days-1 year	more than 1 year	
Inter-agency receivables:						
Due from NGAs	155,007,988	3,359,547	50,111,494	78,333,958	303,420,738	590,233,725
Due from LGUs	-	1,212,400	-		33,948,442	35,160,842
Due from GOCCs	-	-	51,910	-	13,374,152	13,426,062
Sub - total – Inter-agency receivables	**155,007,988**	**4,571,947**	**50,163,404**	**78,333,958**	**350,743,332**	**638,820,629**
Other receivables:						
Due from officers and employees	-	-	-	-	176,056	176,056
Other receivables	-	-	25	-	727,406	727,431
Sub- total – Other receivables	**-**	**-**	**25**	**-**	**903,462**	**903,487**
Less: Allowance for impairment		(45,720)	(1,003,268)	(2,350,019)	(17,582,340)	(20,981,347)
Total Receivables, net	**155,007,988**	**4,526,227**	**49,160,161**	**75,983,939**	**334,064,454**	**618,742,769**

8.4 Liquidation rate as at December 31, 2023

	Due from NGAs	Due from LGUs	Due from GOCCs	Total
Balance, January 1, 2023	533,008,284	26,547,631	115,613,875	675,169,790
Liquidation of the prior years (PY) remittances	(229,587,546)	(13,173,479)	(81,665,433)	(324,426,458)
Subtotal, balance of the PY remittances*	**303,420,738**	**13,374,152**	**33,948,442**	**350,743,332**
Current Year (CY) remittances:				
Total remittances during the year	305,759,872	1,000,000	2,327,900	309,087,772
Liquidation of the CY remittances	(18,946,885)	(948,090)	(1,115,500)	(21,010,475)
Subtotal, balance of the CY remittances	**286,812,987**	**51,910**	**1,212,400**	**288,077,297**
Total balances of the remittances as at December 31, 2023	**590,233,725**	**13,426,062**	**35,160,842**	**638,820,629**

Summary:				
Balance, January 1, 2023	533,008,284	26,547,631	115,613,875	675,169,790
Add: Total remittances during the year	305,759,872	1,000,000	2,327,900	309,087,772
Total	**838,768,156**	**27,547,631**	**117,941,775**	**984,257,562**
Liquidation of the PY remittances	(229,587,546)	(13,173,479)	(81,665,433)	(324,426,458)
Liquidation of the CY remittances	(18,946,885)	(948,090)	(1,115,500)	(21,010,475)
Total amount liquidated in 2023	**(248,534,431)**	**(14,121,569)**	**(82,780,933)**	**(345,436,933)**
Total balances of the remittances as at December 31, 2023	**590,233,725**	**13,426,062**	**35,160,842**	**638,820,629**

Out of the total beginning balance of the of fund remittances as at 01 January 2023 is Php 675,169,790, a total of Php 324,426,458 was liquidated, while a total Php 63,764,433 has a pending request for write-off with the Commission on Audit.

The amount for write-off consists of the long-outstanding balances of remittances to foreign offices in the amount of Php 55,364,433 and the receivables from the DOT and the DFA in the amount of Php 4,200,000 each.

9. INVENTORIES

	2023	2022
Office supplies inventory		
Carrying amount, January 1	3,165,304	2,655,422
Additions/acquisitions during the year	3,435,165	4,221,896
Expensed during the year except write-down	(3,842,225)	(3,712,014)
Carrying amount, December 31	**2,758,244**	**3,165,304**
Other supplies and material inventory		
Carrying amount, January 1	4,194,551	20,859,049
Additions/acquisitions during the year		4,300,030
Expensed during the year except write-down	(3,289,551)	(20,964,528)
Carrying amount, December 31	**905,000**	**4,194,551**
Semi-expendable inventory		
Carrying amount, January 1	-	-
Additions/acquisitions during the year	488,072	734,315
Expensed during the year except write-down	(488,072)	(734,315)
Carrying amount, December 31	-	-
	3,663,244	**7,359,855**

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

	2023	2022 (As Restated)
Advances:		
Advances to special disbursing officer	2,887,235	674,857
Advances to officers and employees	982,768	686,041
Sub- total – Advances	**3,870,003**	**1,360,898**
Prepayments:		
Prepaid insurance	138,321	465,488
Other prepayments	12,750,933	18,184,399
Sub- total – Prepayments	**12,889,254**	**18,649,887**
Deposits:		
Guaranty deposits	3,040,018	3,005,817
Sub- total – Deposits	**3,040,018**	**3,005,817**
Total Other Current Assets	**19,799,275**	**23,016,602**

Prepaid insurance pertains to the unexpired portion as of December 31, 2023 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, 2023

	Not Past	Past Due		
	Due	**< 30 days**	**> 60 days**	**Total**
Advances to special disbursing officer	1,852,239	-	1,034,996	2,887,235
Advances to officers and employees	630,693		352,075	982,768
	2,482,932	**-**	**1,387,071**	**3,870,003**

11. PROPERTY, PLANT, AND EQUIPMENT

As at December 31, 2022 (Restated)

	Buildings and other structures	Office equipment	Info. & Com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	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	-	18,912	-	-	-	-	-	18,912
Carrying amount, December 31	**12,953,935**	**1,158,114**	**15,572,832**	**749,839**	**389,067**	**10,421,151**	**1,031,815**	**42,276,753**
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)	(4,012,248)	(31,150,319)	(313,551)	(565,176)	(8,534,597)	(30,185)	(55,691,894)
Carrying amount, December 31	**12,953,935**	**1,158,114**	**15,572,832**	**749,839**	**389,067**	**10,421,151**	**1,031,815**	**42,276,753**

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

As at December 31, 2023

	Buildings and other structures	Office equipment	Info. & Com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	Motor vehicles	Leased Assets Improvements, Buildings	Total
Carrying amount, January 1, 2023	12,953,935	1,158,114	15,572,832	749,839	389,067	10,421,151	1,031,815	42,276,753
Additions/Acquisitions		697,050	9,980,306	363,833		3,397,200		14,438,389
Total	12,953,935	1,855,164	25,553,138	1,113,672	389,067	13,818,351	1,031,815	56,715,142
Disposals	-	(11,188)	(44,175)			(165,000)		(220,363)
Depreciation	(461,319)	(362,832)	(4,005,568)	(160,245)	(42,390)	(1,660,559)	(31,860)	(6,724,773)
Adjustment	-							-
Carrying amount, December 31	**12,492,616**	**1,481,144**	**21,503,395**	**953,427**	**346,677**	**11,992,792**	**999,955**	**49,770,006**
Gross cost	24,039,753	5,755,532	56,261,706	1,427,223	954,243	20,702,948	1,062,000	110,203,405
Less: Accumulated depreciation	(11,547,137)	(4,274,388)	(34,758,311)	(473,796)	(607,566)	(8,710,156)	(62,045)	(60,433,399)
Carrying amount, December 31	**12,492,616**	**1,481,144**	**21,503,395**	**953,427**	**346,677**	**11,992,792**	**999,955**	**49,770,006**

12. INTANGIBLE ASSETS

	2023	2022 (As Restated)
Carrying amount, January 1	11,943,872	6,467,658
Additions – acquisition	979,589	7,256,214
Impairment loss	-	(2,250,000)
Adjustments	-	470,000
Carrying amount, December 31	**12,923,461**	**11,943,872**

The additions in the account pertains to the acquisition of computer software for procurement and human resources. The adjustment represents the first tranche payment for the purchase of a document tracking system which was initially recorded as expense.

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 of the following:

	2023	2022
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:

	2023	2022 (As Restated
Payables	131,743,677	148,286,606
Tax refunds payable	278,512	177,266
	132,022,189	**148,463,872**

14.1 Payables

	2023	2022 (As Restated
Accounts payable	126,197,526	134,650,820
Due to officers and employees	5,546,151	13,635,786
	131,743,677	**148,286,606**

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

	2023	2022
Tax refunds payable	278,512	177,266
	278,512	**177,266**

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, 2023

	< 30 days	< 90 days	<360 days	> 360 days	Total
Accounts payable	120,210,562	968,038	3,614,862	1,404,064	126,197,526
Due to officers and employees	1,924,651	-	-	3,621,500	5,546,151
Tax refunds payable	278,512	-	-	-	278,512
	122,413,725	**968,038**	**3,614,862**	**5,025,564**	**132,022,189**

15. INTER-AGENCY PAYABLES

	2023	2022
Due to BIR	15,901,632	15,576,798
Due to GSIS	1,556,036	3,433,501
Due to Pag-IBIG	610,736	948,355
Due to PhilHealth	346,641	247,779
Due to Other NGAs	196,853,363	196,853,363
Due to GOCC	991,850	991,850
	216,260,258	**218,051,646**

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

	2023			2022 (As Restated)		
	Current	Non-current	Total	Current	Non-current	Total
Trust liabilities	167,165	877,585,277	877,752,442	93,126	877,585,277	877,678,403
Guaranty/security deposits payable	36,907,058	-	36,907,058	34,044,277	-	34,044,277
	37,074,223	**877,585,277**	**914,659,500**	**34,137,403**	**877,585,277**	**911,722,680**

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 of performance bond from service providers/suppliers to guarantee their performance. Performance bonds are refunded upon full delivery of service and termination/completion of the contract.

17. OTHER PAYABLES

	2023	2022 (As Restated)
Undistributed collections	20,788,245	19,083,525
Other payables	6,958,496	4,568,490
	27,746,741	**23,652,015**

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

	2023	2022
Service income:		
Registration fees	7,153,026	439,495
Total service income	**7,153,026**	**439,495**
Business income:		
Other business income	178,000	1,036,925
Interest income	36,838,398	15,878,346
Fines and penalties	57,405	61,100
Total business income	37,073,803	16,976,371
	44,226,829	**17,415,866**

The interest income derived from investing activities amounts to Php 36,426,763 and Php 15,360,453 for CYs 2023 and 2022, respectively.

19. PERSONNEL SERVICES

	2023	2022 (As Restated)
Salaries and wages	71,077,521	81,322,222
Other compensation	22,990,739	38,311,956
Personnel benefit contributions	10,712,639	11,472,741
Other personnel benefits	2,703,328	13,011,680
	107,484,227	**144,118,599**

19.1 Salaries and wages

	2023	2022 (As Restated)
Salaries and wages – regular	71,077,521	81,322,222
	71,077,521	**81,322,222**

19.2 Other compensation

	2023	2022 (As Restated)
Personnel economic relief allowance	2,530,511	2,737,239
Representation allowance	2,207,875	2,247,750
Transportation allowance	1,158,750	1,532,625
Clothing/uniform allowance	618,000	696,000
Productivity incentive allowance	532,000	551,500
Honoraria	762,831	848,653
Overtime and night pay	616,429	1,549,459
Cash gift	530,750	554,000
Year-end bonus	5,892,107	6,206,621
Mid-year bonus	5,869,486	6,818,004
Other bonuses and allowances	2,272,000	14,570,105
	22,990,739	**38,311,956**

19.3 Personnel benefit contributions

	2023	2022
Retirement and life insurance premiums	9,062,069	9,757,985
Pag-IBIG contributions	137,200	145,700
PhilHealth contributions	1,382,770	1,433,556
Employees compensation insurance premiums	130,600	135,500
	10,712,639	**11,472,741**

19.4 Other personnel benefits

	2023	2022
Terminal leave benefits	1,542,716	8,047,862
Other personnel benefits	1,100,612	4,024,818
Incentive and loyalty award	60,000	939,000
	2,703,328	**13,011,680**

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 (9) percent of the basic salaries of regular government employees. Total contributions to the GSIS for CY 2023 amounted to Php 15,796,439 broken down as follows: employees' share – Php 6,750,554 and government share – Php 9,045,885.

20. MAINTENANCE AND OTHER OPERATING EXPENSES

	2023	2022 (As Restated)
Traveling expenses	35,346,697	22,957,653
Training and scholarship expenses	4,059,179	1,404,460
Supplies and materials expenses	19,304,546	25,263,101
Utility expenses	2,447,056	2,460,938
Communication expenses	3,103,865	3,769,631
Confidential, intelligence and extraordinary expenses	670,235	838,770
Professional services	23,740,928	24,331,586
Awards, rewards, and prizes	50,000	569,000
General services	10,613,681	10,402,245
Repairs and maintenance	1,976,568	3,101,534
Taxes, insurance premiums and other fees	3,019,320	2,810,184
Other maintenance and operating expenses	760,918,544	946,296,811
	865,250,619	**1,044,205,913**

20.1 Traveling expenses

	2023	2022 (As Restated)
Traveling expenses-local	3,434,631	2,605,012
Traveling expenses-foreign	31,912,066	20,352,641
	35,346,697	**22,957,653**

20.2 Training and scholarship expenses

	2023	2022 (As Restated)
Training expenses	4,059,179	1,404,460
	4,059,179	**1,404,460**

20.3 Supplies and materials expenses

	2023	2022 (As Restated)
Office supplies expenses	3,977,135	4,648,779
Fuel, oil & lubricants expenses	1,370,943	2,133,152
Semi-expendable office equipment expense	-	215,000
Semi-expendable information and communications technology equipment expenses	377,816	407,000
Semi-expendable other machinery & equipment expenses	209,256	3,000
Semi-expendable furniture and fixtures	-	168,291
Other supplies expense	13,369,396	17,687,879
	19,304,546	**25,263,101**

20.4 Utility expenses

	2023	2022
Water expenses	93,691	117,668
Electricity expenses	2,353,365	2,343,270
	2,447,056	**2,460,938**

20.5 Communication expenses

	2023	2022
Telephone expenses	1,540,684	1,658,679
Internet subscription expenses	1,563,181	2,110,952
	3,103,865	**3,769,631**

20.6 Confidential, intelligence, and extraordinary expenses

	2023	2022
Extraordinary and miscellaneous expenses	670,235	838,770
	670,235	**838,770**

20.7 Professional services

	2023	2022 (As Restated)
Auditing services	2,168,556	2,790,809
Consultancy services	1,362,192	1,128,500
Other professional services	20,210,180	20,412,277
	23,740,928	**24,331,586**

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

20.8 Awards, Rewards, and Prizes

	2023	2022 (As Restated)
Prizes	50,000	569,000
	50,000	**569,000**

20.9 General services

	2023	2022 (As Restated)
Janitorial services	4,259,282	4,497,957
Security services	6,354,399	5,904,288
	10,613,681	**10,402,245**

20.10 Repairs and maintenance

	2023	2022 (As Restated)
Repairs and maintenance-buildings and other structures	946,197	142,314
Repairs and maintenance-machinery and equipment	238,570	475,359
Repairs and maintenance-transportation equipment	667,751	781,242
Repairs and maintenance-furniture and fixtures	124,050	1,702,619
	1,976,568	**3,101,534**

20.11 Taxes, insurance premiums and other fees

	2023	2022
Taxes, duties and licenses	398,052	374,197
Insurance expenses	527,877	617,690
Fidelity bond premiums	2,093,391	1,818,297
	3,019,320	**2,810,184**

20.12 Other maintenance and operating expenses

	2023	2022 (As Restated)
Advertising, promotional and marketing expenses	723,848,919	904,565,425
Representation expenses	3,551,909	2,361,283
Transportation and delivery expenses	3,000	667,424
Rent/lease expenses	9,185,241	9,042,866
Membership dues and contributions to organizations	1,969,239	1,819,617
Postage and courier services	1,107,219	6,060,781
Subscription expenses	13,768,877	18,487,789
Donations	170,569	290244
Board of Directors allowance and other benefits	511,847	130,000
Other maintenance and operating expenses	6,801,724	2,871,382
	760,918,544	**946,296,811**

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

21. FINANCIAL EXPENSES

	2023	2022
Bank charges	1,216,830	345,461
	1,216,830	**345,461**

22. NON-CASH EXPENSES

This account consists the following:

	2023	2022 (As Restated)
Depreciation-buildings and other structures	461,319	461,318
Depreciation-machinery and equipment	4,528,645	5,548,070
Depreciation-transportation equipment	1,660,559	1,889,080
Depreciation-furniture, fixtures and books	42,390	253,827
Depreciation-other leased assets improvements, buildings	31,860	30,185
Impairment loss- intangible assets, computer software	-	2,250,000
	6,724,773	**10,432,480**

23. OTHER NON-OPERATING INCOME

	2023	2022 (As Restated)
Reversal of impairment loss	4,610,631	1,411,815
Miscellaneous income	870	1,903
	4,611,501	**1,413,718**

24. GAINS

	2023	2022
Gain on foreign exchange (FOREX)	835,651	9,885,265
Gain on sale of property, plant, and equipment	-	265,063
	835,651	**10,150,328**

25. LOSSES

	2023	2022
Loss on foreign exchange (FOREX)	3,429,600	225,626
Loss on sale of property, plant, and equipment	34,584	156,635
	3,464,184	**382,261**

26. ASSISTANCE/SUBSIDY

	2023	2022
Subsidy income from SAGF	1,098,605,369	1,284,566,683
	1,098,605,369	**1,284,566,683**

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; and the subsidy from the General Appropriation Act (GAA). The total Notice of Cash Allocation (NCA) received by the TPB in CY 2023 is Php 1,474,406,649 consisting of the NCA from SAGF – CY 2023 Corporate Operating Budget (COB), SAGF – CY 2022 COB for the payment of payables, and GAA CY 2023 COB in the amounts of Php 1,165,692,000, Php 208,714,649, and Php 100,000,000, respectively. Out of the total subsidy received in CY 2023, Php 375,642,244 was reverted to the Bureau of the Treasury.

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

	2023	2022
Surplus for the year	164,138,717	114,061,881
Depreciation	6,724,773	8,182,480
Impairment loss – loans and receivables (net of reversal of impairment loss)	(4,610,631)	(1,411,815)
Impairment loss – Intangible assets	-	2,250,000
Losses	3,464,184	382,261
Gains	(835,651)	(10,150,328)
Dividends remitted to the National Treasury	2,808,095	-

	2023	2022
Interest earned categorized as investing activity	(36,426,763)	(15,360,453)
Prior period adjustments	-	187,147,883
(Increase) Decrease in receivables less impairment losses recognized	(148,740,149)	(105,504,881)
(Increase) Decrease in inventories	3,696,611	16,154,616
(Increase) Decrease in other assets less adjustment due to disposal	3,217,327	(14,357,311)
Increase (Decrease) in financial liabilities less unpaid PPE acquisition and prior year expenses adjusted in 2023	(16,651,436)	(55,627,052)
Increase (Decrease) in inter-agency payables	(1,791,388)	273,217
Increase (Decrease) in trust liabilities	2,936,820	(845,668)
Increase (Decrease) in other payables	4,094,726	2,696,360
Net cash flows from operating activities	**(17,974,765)**	**127,891,190**

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 COO 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 (6) board members representing TIEZA, the DFA, Department of Trade and Industry (DTI), 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 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 2023 and are/were part of the organization’s structure/plantilla and on a full-time basis:

	Aggregate remuneration
Salaries and wages	2,270,388
Other compensation	788,866
Total	**3,059,254**

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 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 placed in the 355-day treasury bill with the LBP.

The TPB sources its funds from the share in the annual remittances of PAGCOR, ports, and income of the Duty Free Philippines Corporation (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, 2022	1,164,630,224
Adjustment to change in accounting policy:	
Unrecorded travelling expenses	(334,051)
Unrecorded advertising, promotional and marketing expenses	(31,720,997)
Over-depreciation in 2017	18,912
Unrecorded telephone expenses	(2,999)
Unrecorded salaries and allowances	(171,108)
Over-recording of other MOOE in 2021	306,362
Accumulated Surplus, January 1, 2022 (As Restated)	**1,132,726,343**
Surplus/(Deficit) for 2022, as previously stated	301,209,764
Adjustments due to prior period errors:	
Unrecorded salaries and wages	(38,213)
Over-recorded year-end bonus-civilian	291,602
Unrecorded travelling exp-foreign	(654,451)
Unrecorded training expenses	(87,250)
Unrecorded other supplies expenses	(310,126)
Unrecorded postage and courrier services	(431,115)
Over-recorded internet subscription expenses	1,158,586
Unrecorded prizes	(569,000)
Unrecorded other professional services	(2,881)
Over-recorded janitorial services	171,095
Unrecorded repairs & maintenance - land transportation equipment	(12,647)
Unrecorded advertising expenses	(185,013,358)
Unrecorded subscription expenses	(1,035,125)
Unrecorded board directors allowance & other benefits	(15,000)
Unrecorded other maintenance and other operating expenses	(600,000)
Adjustment - Remittance of dividends to the BTR	(2,808,095)
Accumulated Surplus, December 31, 2022 (As restated)	**1,243,980,129**
Surplus for 2023	164,138,717
Accumulated Surplus, December 31, 2023	**1,408,118,846**

32. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The *original budget* reflected in the SCBAA for December 31, 2023, is the proposed COB for the year 2023 submitted to the DBM for review/evaluation, while the *final budget* is the amount as approved by the DBM on 02 May 2023. 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 total subsidy of P1,265,692,000 consisting of the Special Account in the General Fund and the General Fund in the amounts of P1,165,692,000 and P100,000,000, respectively.

The approved CY 2023 COB is equal to the proposed CY 2023 COB.

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

33.1 Revenue Regulation (RR) 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	8,305,471	8,305,471
Expanded creditable income tax	6,676,893	6,676,893
VAT from suppliers and contractor/other percentage taxes	16,379,448	16,379,448
Total	**31,361,812**	**31,361,812**

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 2023 and 2022 were as follows:

	2023	2022
Employees' share	6,750,554	7,310,339
Employer's share	9,045,885	9,753,895
	15,796,439	**17,064,234**

PART II - OBSERVATIONS AND RECOMMENDATIONS

PART II - AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The Cash and cash equivalent account balance of P1.049 billion as at December 31, 2023 is overstated by P1.800 million due to the non-recording of debit memoranda from the depository bank contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

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

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

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 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, Check Disbursement Journal, Cash Disbursement Journal, Advice to Debit Account, and General Journal. Results of re-computation revealed a variance of P1.800 million in the Special Account in the General Fund (SAGF) -Operations and SAGF-Corporate Fund as shown in Table 1.

Table 1
Comparison of Per FS/GL balance per Audit

Cash in Bank, December 31, 2023	
Per FS/GL	P555,070,507.86
Per Audit through re-computation	553,270,163.29
Difference/Variance	**P1,800,344.57**

1.3. Further analysis revealed that the variance pertains to various bank Debit Memoranda (DMs) in Calendar Years (CYs) 2021, 2022 and 2023 totaling P1.800 million that have not been recorded by the Accounting Division (AD). P1.084 million out of the P1.800 million pertains to unrecorded DMs in CYs 2021 and 2022, which was incorporated by the Audit Team in CY 2022 Annual Audit Report (AAR).

1.4. To address the observation in CY 2022 AAR, the Audit Team recommended that Management 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.

1.5. The Management was able to send a follow-up letter on the submission of the DMs and made representations with Land Bank of the Philippines (LBP) Harrison Plaza Branch to facilitate the requested documents on August 7, 2023. Inquiry disclosed that there was still no reply from the said letter as of date of this Report and the AD was still unable to make the necessary adjusting entries.

1.6. Moreover, in CY 2023, a total of P0.717 million additional DMs were not recorded. This brought the total unrecorded DMs for the period between CY 2021 and CY 2023 to P1.800 million, as summarized in Table 2.

Table 2
Unrecorded DMs

Per CY 2021	P412,679.61
Per CY 2022	670,980.29
Per CY 2023	716,684.67
Difference/Variance	**P1,800,344.57**

1.7. The AD explained that these DMs remained unrecorded since they have to obtain copies of the DMs from the bank to determine their nature/cause. This has been recurring because the bank does not automatically attach a copy of this document to the monthly bank statements.

1.8. **We recommended and the Management agreed to:**

a. Assign personnel who will personally appear before the bank to facilitate the requested documents and assist in the reconciliation of records;

b. Instruct the AD to make the necessary adjusting entries based on the result of the reconciliation; and

c. Moving forward, direct the assigned personnel to monthly reconcile with the banks to facilitate the early retrieval of DMs.

2. Fair presentation of the Receivables-net account amounting to P618.743 million as at December 31, 2023 could not be established due to: a) discrepancy of P12.584 million between the Financial Statement/General Ledger and the Subsidiary Ledgers (SLs); and b) variance of P9.668 million between the amount confirmed by the Implementing Agencies and SL balances contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

This is a reiteration of previous years' observation with updates.

2.1. 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.

2.2. Likewise, the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities includes, among others, the following qualitative characteristics of useful information:

Faithful Representation

3.10. To be useful in financial reporting, information must be a faithful representation of the economic and other phenomena that it purports to represent. Faithful representation is aimed when the depiction of the phenomenon is complete, neutral, and free from material error. Information that faithfully represents an economic or other phenomenon depicts the substance of the underlying transactions, other event, activity or circumstance – which is not necessarily always the same as its legal form.

2.3. The Receivables account of the TPB as at December 31, 2023, had a balance of P639.724 million with carrying amount of P618.743 million composed of the following:

Table 3
Composition of Receivables Account

Account	Gross Amount	Allowance For Impairment	Carrying Amount
Inter-agency receivables (IAR)			
Due from NGAs	590,233,725	18,556,881	571,676,844
Due from LGUs	35,160,842	1,709,546	33,451,296
Due from GOCCs	13,426,062	669,746	12,756,316
Sub Total IAR	*638,820,629*	*20,936,173*	*617,884,456*
Other Receivables			
Due from officers and employees	176,056	8,803	167,253
Other receivables	727,431	36,371	691,060
Sub Total Other Receivables	*903,487*	*45,174*	*858,313*
Total	**639,724,116**	**20,981,347**	**618,742,769**

2.4. The IAR which represents 99.86 percent of the carrying amount of the receivables, covers the current and prior years' unliquidated fund transfers (FTs) to various 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 P12.584 million between the FS and the SLs

2.5. The AD maintains SLs for each Implementing Agency (IA) and/or project/program showing the amount of the FTs, liquidations, and 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 and GL balances should tally.

2.6. Audit disclosed that as at December 31, 2023, the GL balance of the IAR differs by P12.584 million compared with the balance per SL as presented in Table 4.

Table 4
Comparison of FS/GL Balance vs. Total of SL Balances

Account	Per FS/GL	Per SL	Difference
Due from NGAs	590,233,725	576,429,648	13,804,077
Due from LGUs	35,160,842	36,380,842	(1,220,000)
Due from GOCCs	13,426,062	13,426,062	-
Total	**638,820,629**	**626,236,552**	**12,584,077**

2.7. While the Audit Team commends the continuous efforts of the AD in reconciling and reducing the variance from P31.849 million in CY 2020 to only P12.584 million in CY 2023, it is important to note that the remaining variance remains material and continues to impact the faithful representation of the FS.

2.8. The AD maintains that they are having difficulty reconciling the balances as they need to trace the prior years' records and coordinate with the concerned Tourism Attachés (TAs)/Market Representatives. Nonetheless, they are continuously exerting efforts to identify the variance and reduce the discrepancy between the FS/GL and SLs.

Net discrepancies of P9.668 million between the amount confirmed by the IAs and the recorded balances per SLs

2.9. A total of 37 confirmation letters were sent to various IAs including Philippine Department of Tourism (PDOT) foreign posts, various NGAs, LGUs and GOCCs. However, only five IAs replied. Comparison of the SL and the IA replies disclosed a net variance of P9.668 million with details presented in Table 5.

Table 5
Variances between SL and amount confirmed by IAs

Account	Per SL	Per Confirmation	Difference
Provincial Government of Zamboanga del Norte	1,212,400	1,212,400	-
City Government of Iloilo	3,844,460	3,844,460	-
City Government of Baguio	8,850,721	9,043,396	(192,675)
DOT - REGION VII	1,652,504	-	1,652,504
PDOT - Taiwan	8,702,972	494,730	8,208,242
Total	**24,263,057**	**14,594,986**	**9,668,071**

2.10. Inquiry with the AD disclosed that the common cause of discrepancies per recorded balance of receivables in SL and the amount confirmed by IAs could either be an error on the IAs' records or delay in receiving liquidation documents sent by the IAs to TPB.

2.11. As for PDOT-Taiwan, the incumbent TA does not recognize the previous TA's accountability since the latter has prior request for reimbursements of expenses, which remained unacted by the TPB. Per inquiry with the AD, they are in the process of reconciling the balance of receivables from PDOT-Taiwan.

2.12. In view of the noted discrepancies, the reliability of the Inter-agency Receivables – net account with a balance of P618.743 million could not be reasonably established.

2.13. **We recommended and the Management agreed to direct the Accounting Division to:**

a. Continue the reconciliation of noted difference between (i) GL and SLs; and (ii) reconcile the discrepancies in the balances as confirmed by the Implementing Agencies against accounting records;

b. Immediately act on the requests of reimbursements of PDOT-Taiwan, and inform them the result thereof; and

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

3. The non-submission of the liquidation documents for completed programs or projects covered by fund transfers (FTs) to various implementing agencies totaling P483.812 million (P125.944 million from CY 2023 and P357.868 million from prior years), resulted in the non-recording of the expenses and thus, understating the expenses and overstating the accumulated surplus/(deficit) of TPB for an undetermined amount, contrary to Paragraph 27, of International Public Sector Accounting Standard 1. Moreover, out of the said FTs, a total of P71.064 million were not transferred by the Department of Tourism (DOT) Central Office to the intended DOT foreign posts, hence, remained unutilized, but were not immediately demanded back by TPB. These are all contrary to Sections 4.6, 5.4, and 6.5 of COA Circular No. 94-013.

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 IA. 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 P483.813 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 2023 for the amount utilized/expended.

3.3. Accounting records show that of the total IAR amounting to P638.821 million, P483.813 million refers to projects already implemented and/or beyond the implementation date. Per the AD, the FTs are aged from the date of implementation of the projects as indicated in the Memorandum of Agreement/contract, and is considered due after the period to liquidate lapses. Summary is presented in Table 6 and details presented in Annex A.

Table 6
Completed Projects with Unliquidated Fund Transfers as per Ageing Schedule and the Status Report on Fund Transfers

	Year Implemented				
	CY 2023	**CY 2022**	**CY 2021**	**Prior Years**	**Total**
Due from NGAs	124,680,011	90,313,173	171,454,406	48,778,147	435,225,737
Due from LGUs	1,212,400	3,409,227	18,039,000	12,500,215	35,160,842
Due from GOCCs	51,910	11,241,121	-	2,133,031	13,426,062
Total	**125,944,321**	**104,963,521**	**189,493,406**	**63,411,393**	**483,812,641**

3.4. Most, if not all, of these FTs were obligated using the budget for Maintenance and Other Operating Expenses of the TPB. Since the programs and projects covered by the FTs involved the promotion and advertising of the Philippines, the expenditures or liquidations of the FTs are recognized under the Advertising and Promotional Expense account. Additionally, the Audit Team noted that the TPB consistently adjusts its books each year due to prior period adjustments, primarily caused by delayed FTs liquidations.

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 account is overstated. However, the exact amount of the misstatement cannot be determined until such time the liquidation documents are submitted to the TPB because there are instances where the amount of the FT is not fully utilized, and the excess has to be returned by the IA to the TPB.

3.6. As per the Finance Department (FD), they are constantly sending demand letters for the IAs to immediately liquidate the FTs. The Audit Team requested a copy of the demand letters, reconciliation statements, and the subsequent actions taken by the FD when the IA was still unable to liquidate despite repeated demands and follow ups. However, as of date of this Report, the said documents were not submitted.

3.7. As for the Due from LGUs, the TPB sent out demand letters dated May 11, 2023 and March 15, 2024. However, as of now, there was no response yet from the concerned LGUs. The FD is planning to send a final demand letter to them and as part of its work program, with the help of Internal Audit Office, they will continue to conduct a facilitation audit.

Moreover, out of the said funds, a total of P71.064 million were not transferred by the DOT Central Office (CO) to the intended DOT foreign posts, hence, remained unutilized, but were not immediately demanded back by TPB.

3.8. In the review of records and submitted reports of the FD, the audit team noted that a total of P71.064 million of the unliquidated FTs are still in the custody of the DOT-CO since these were not transferred by the latter to the implementing PDOT foreign post. Presented in Table 7 is the summary per year and the details thereof in Annex B.

Table 7
Unliquidated FTs in the Custody of DOT-CO
which were not Transferred to the Implementing PDOT Foreign Post

	Total
CY 2021	P16,752,480
CY 2022	43,625,820
CY 2023	10,685,683
Total	**P71,063,983**

3.9. As shown in Table 7, there were FTs made as early as CY 2021. Following Section 6.7 of COA Circular No. 94-013, these funds should have been returned by the IA, or if not returned in time, the TPB should have immediately demanded their return to the Bureau of Treasury (BTr) - SAGF Account for Tourism Promotions Fund. However, records showed that it was only after the COA -TPB exit conference held on May 20, 2024 that the TPB made a demand to the DOT-CO for the return of the aforesaid FTs. In TPB Memorandum addressed to the DOT dated May 21, 2024, TPB has requested for reversion of fund transfers in the total amount of P71.064 million.

3.10. In addition, the Audit Team would like to emphasize the one-time cleansing of all dormant accounts as provided by COA Circular 2023-008 dated August 17, 2023. Upon complying with the requirements of the said COA Circular, the TPB may be able to identify and write off the TPB's long outstanding receivables, with some dated way back in CY 2013 that are deemed and proven worthless.

3.11. **We recommended that Management direct the Finance Department to:**

a. Continue to demand the immediate liquidations of fund transfer for projects that were already implemented as at December 31, 2023;

b. Instruct the Accounting Division to prepare a semi-annual status report showing the date of request of liquidation, demand letters, summary result of reconciliation and the other subsequent actions taken if the Implementing Agencies were still unable to liquidate; and submit the same along with the supporting documents to the Audit Team;

c. Monitor the amount to be reverted by the DOT to the BTr - SAGF – Tourism Promotions Funds account in the total amount of P71.064 million, and thereafter prepare the necessary adjusting entries;

d. Take appropriate legal action to agencies/accountable officers who failed to submit liquidation reports that is long overdue and in spite of repeated demands; and

e. For those long outstanding dormant receivables, consider the filing of request for write-offs to the appropriate COA office following the guidelines under COA Circular 2023-008.

3.12. The Management commented that:

a. They have initiated preparatory works for the filing of request for write-off with COA for the outstanding receivables.

b. They shall actively monitor the liquidation of fund transfer that are already due and demandable, immediately process and record the liquidation documents upon receipt thereof, and prepare the necessary adjusting entries.

3.13. As a rejoinder, the Audit Team acknowledged the commitment of the Management to implement the recommendations to prevent the recurrence of the observation. Their full compliance, however, will be monitored in the CY 2024 audit.

4. The fair presentation of the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables account as at December 31, 2023 amounting to P5.546 million, P36.907 million, and P27.747 million, respectively, cannot be ascertained due to: a) long outstanding Guaranty/Security Deposits Payable amounting to P3.552 million with no pending claims filed against TPB and no records available to determine the status and nature of the related projects/contracts; b) negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables amounting to P285,500, P0.571 million, and P456,176, respectively; and c) undistributed collections totaling P20.788 million, contrary to Paragraph 27 of International Public Sector Accounting Standard No. 1, and the Revised Chart of Accounts (2019).

This is a reiteration of prior year's audit observation with some updates.

Long outstanding Guaranty/Security Deposits Payable amounting to P3.552 million

4.1. 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.

4.2. 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.

4.3. It was noted by the Audit Team in CY 2022, as incorporated in the 2022 AAR, that the Guaranty/Security Deposits Payable's balance is composed mostly of long-outstanding balances with age of up to two years or more. Of the total amount, disregarding the negative balances noted and those with claims against TPB, a total amount of P5.168 million remained long outstanding with no records available to determine the status of the projects/contracts related thereto.

4.4. In CY 2023, two transactions led to the decrease in the outstanding balance to P3.552 million.

4.5. As per interview with the AD, it was discovered that Creditor 1 with Outstanding Guaranty/Security Deposits Payable in the amount of P1.495 million is the same corporation who has a negative/abnormal balance in the SL. Hence, the AD correspondingly offset the two accounts, which reduces both the Outstanding Guaranty/Security Deposits Payable and the negative balance thereof in the books. In addition, the AD made a payment in the amount of P120,000 to Creditor 2 in CY 2023.

4.6. While we acknowledge the efforts of the AD in reconciling and reducing the total outstanding balances from the previously noted P5.168 million to P3.552 million, it is still evident that the underlying issue persists and material amount of outstanding guaranty/security deposits payable still remains in the books.

4.7. It is worth noting that the account Guaranty/Security Payable is not supposed to remain long outstanding and should be debited either for refund after the fulfillment of the purpose of the bond or for forfeiture upon failure to comply with the purpose of the bond. Inquiry disclosed that there was no request for refund with regard to the aforementioned accounts, hence, the AD had not made any action on these long outstanding accounts during CY 2023.

4.8. The AD informed the Audit Team that they will continue to search for the supporting documents related to the projects/contracts of these accounts so as to determine their nature, facilitate the reconciliation with the supplier, and provide the necessary adjustments in CY 2024.

Negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables amounting to P285,500, P0.571 million, and P456,176, respectively.

4.9. Similar to the prior year's observation, it was noted that TPB has negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables in the total amount of P1.313 million for CY 2023. Presented in Table 8 is the summary of the noted negative balances.

Table 8
Summary of Negative Balances

Accounts with Negative Balances	Per CY 2023	Per CY 2022	Decrease
I. Due to officers and employees	285,500.31	1,258,884.76	973,384.45
II. Guaranty/security deposits payable	571,105.94	2,066,506.54	1,495,400.60
III. Other payables	456,175.57	921,719.30	465,543.73
Total	**1,312,781.82**	**4,247,110.60**	**2,934,328.78**

4.10. As discussed in the paragraph 4.5, the decrease of the negative/abnormal balance of the Guaranty/Security Deposits Payable account occurred due to the offsetting, in the amount of P1.495 million, of the long outstanding balance of Creditor 1. As to the abnormal/negative balance of Due to Officers and Employees and Other Payables accounts, the reduction by P973,384 and P465,543.73, respectively, is attributed to various reclassification entries to the correct accounts.

4.11. Although we commend the efforts of the AD in reconciling and reducing the negative balances from the previous year to current year by P2.934 million, the remaining abnormal balances in CY 2023 are still material. Per inquiry, the AD encountered difficulty in the reconciliation process due to 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.

Undistributed collections for the year totaling P20.788 million

4.12. During the year, the TPB continued recording its unreconciled credit memos (CMs) to the account Undistributed Collections with an ending balance of P20.788 million which has an 8.93 precent increase from the previous year balance of P19.084 million.

4.13. Inquiry with the AD disclosed that the account Undistributed Collections were possibly from the: (a) return of funds from implementing agencies (i.e. NGAs, LGUs and GOCCs); (b) payment of registration fees, memberships fees, and performance bonds; and (c) refund of cash advances, which are unidentified.

4.14. On February 1, 2023, the AD sent a letter to LBP to request for copies of the DMs and CMs. In addition, in various dates, the AD sent out confirmation letters and/or Demand letter to debtors/suppliers regarding their corresponding payments. However, the bank has yet to reply and there were only some debtors/suppliers who replied in the confirmation letters.

4.15. Also, there was no policy adopted by TPB in CY 2023 despite the audit recommendation in CY 2022 AAR, which states that:

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.

4.16. Consequently, there were additional P6.944 million unidentified collections noted for CY 2023 and only P5.239 million of the prior years' were reconciled and booked to proper accounts.

4.17. The Audit 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 its appropriate accounts.

4.18. **We recommended and the Management agreed to direct the Finance Department to:**

a. Take appropriate action on the long outstanding accounts in the amount of P3.552 million;

b. Instruct the AD to continue their efforts in identifying and reconciling all accounts with negative/abnormal balances in the amount of P1.313 million;

c. Exert diligent efforts in reconciling items in the Undistributed Collections as to its proper account or find alternative documents to support the reclassification to the correct accounts;

d. Authorize specific personnel that would appear in the Bank to retrieve the details of DMs and CMs; and

e. Continue sending confirmation/demand letters to debtors/suppliers to determine whether payments were already made.

4.19. **We further recommended the Management 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.**

5. The balance of Other Supplies and Material Inventory account was understated by P3.250 million due to the non-recording of inventory still on hand for CY 2023, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 44 of IPSAS 12.

5.1. 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.

5.2. Paragraph 44 of IPSAS 12 requires that:

When inventories are sold, exchanged, or distributed, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or the related service is rendered. xxx

5.3. During the random count made by the Audit Team on February 5, 2024, it was noted that there were various items of promotional materials and giveaways that were not included in the records of both the Procurement and General Services Division (PGSD) and the AD. As per inquiry with the PGSD, these items were already issued previously to the respective user departments for distributions to the intended recipients hence were removed from their records. They no longer counted these items since the accountability is transferred to the department tasked to distribute them.

5.4. Inquiry with the AD disclosed that upon submission of the PGSD of the Request Issuance Slip (RIS) to the former, the same is recorded in the books by crediting the inventory and recognizing the related expense. It anchors on the premise that the RIS serves as a support of the issuance/use of the said inventory items. Hence, both the records of the PGSD and AD as to the remaining inventory are the same.

5.5. However, applying paragraph 44 of IPSAS 12, an inventory is recognized as expense when it was distributed. In the case of TPB, expenses should be recognized when the items are distributed or given to the intended recipients, and the undistributed items should be retained as inventory until their distribution or final disposals. Thus, the remaining items should have been reverted to inventory upon discovery during the periodic count conducted by the PGSD and AD.

5.6. Moreover, a record of the items of inventory that were not ultimately used and remained in the custody of TPB should have been maintained by the project officers in charge for their distribution, and submitted monthly to the AD and PGSD for updating of their respective records.

5.7. In line of the foregoing, the Office of the Deputy Chief Operating Officer for Corporate Affairs issued a memorandum dated February 8, 2024 instructing all the concerned departments and offices to turn over the promotional materials to the PGSD with the corresponding distribution list and schedule of disposal, if any, on or before February 13, 2024. Thereafter, PGSD conducted a count of the said noted items to be included in its inventory record, details presented in Table 9.

Table 9
Inventory of Undistributed Items in the Custody of Various Departments of TPB

Items	Year Purchased	Unit Cost	Actual Count	Cost
Headset with Microphone and String Bag	2020	865	38	32,870.00
IMFITP Drawstring Bags (Black)	2018	43	250	10,750.00
Pop-up Wonders	2016	400	110	44,000.00
Wooden Leis	2018	33	3,093	102,069.00
T'NALAK Trays	2023	1,500.00	200	300,000.00
T'NALAK Coasters	2023	168	1,490	250,320.00
BBMG T-Shirts	2023	223	670	149,410.00
LTP Dry-Bag	2023	224.45	3,450	774,352.50
BALAKLAVA With Pouch	2023	152	1,600	243,200.00
Canvas Tote bag	2023	180	156	28,080.00
Customized Mouse Pad	2023	50	400	20,000.00
Duffle Bag	2023	573	253	144,969.00
Face Towel	2023	195	232	45,240.00
Jute Bag	2023	250	221	55,250.00
Laptop Bag	2023	1,400.00	112	156,800.00
LTP Shirt	2023	300	107	32,100.00
TPB Notebook with Ramit Weave	2023	410	141	57,810.00
Vegan Leather Cable Organizer	2023	217	475	103,075.00
Belt Bag (Transparent)	2019	188.8	34	6,419.20
PHITEX 2021 Ukelele	2021	1,300.00	245	318,500.00
Wooden USB	2019	377	90	33,930.00
ASEAN Festival Brochure	2015	11.8	521	6,147.80
Boracay Destination Map	2019	4.8	25,125	120,600.00
DIVE Brochure	2019	2.5	38,340	95,850.00
Interim Brochure	2019	9.49	8,977	85,191.73
Omnibus Primer	2019	6.41	5,191	33,274.31
Total				**3,250,208.54**

5.8. Based on Table 9, promotional materials in the custody of the various departments of TPB in the amount of P3.250 million was counted by the PGSD but not included by the AD in the books, thereby understating the Inventories account with the same amount.

5.9. **We recommended and the Management agreed to direct the Accounting Division to provide the necessary adjusting entries relative to the unrecorded inventory in the amount of P3.250 million.**

B. NON-FINANCIAL

6. Unutilized funds received from the Department of Tourism (DOT) in the total amount P196.853 million for the implementation of DOT's various projects, activities and programs (PAPs) remained idle for more than five years due to non-reversion of the said funds to the National Treasury, thereby depriving the National Government with additional funds to finance other PAPs contrary to item 6.7 of COA Circular No. 94-013 and Sections 82, 88, and 81 of the General Provisions of the General Appropriations Act for Fiscal Years 2015, 2016, 2017 and 2018, respectively.

This is a reiteration of previous audit observations with updates.

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, 83, and 10 of the General Provisions of the General Appropriations Act (GAA) for Fiscal Years (FYs) 2015, 2016, 2017, 2018, and 2019 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. As early as audit of CY 2019 transactions, the Audit Team has called the attention of the TPB management on the unliquidated funds received from various SAs booked as Due to NGA in the total amount of P211.895 million. From then, the Audit Team has consistently recommended to submit the RCI, RD, and the supporting documents as proof that the said amount was indeed used in their intended purposes, or otherwise return the funds.

6.4. It was through the efforts of the TPB Management, particularly the thorough reconciliation with the SAs, that the balance was reduced from P211.895 million to P196.853 million. In CY 2021, the TPB Management decided to remit the remaining unliquidated balance to the BTr. The Audit Team agreed with this course of action since: (a) despite the efforts of the then FD, there were no RCI, RD, and supporting documents retrieved showing proof that the funds were used for their intended purposes; and (b) the amount was still deposited intact in a separate Account in the LBP, which suggest that the funds received were not utilized by TPB.

6.5. In CY 2022, as explained by the AD, a Disbursement Voucher (DV) for the remittance of funds to the BTr had already been prepared and transmitted to the DOT for the approval and signature of the then DOT Assistant Secretary. This is evidenced by a letter-request from TPB and received by DOT dated July 17, 2022. Unfortunately, the whereabouts of subject DV can no longer be located allegedly due to the change in Administration. The Audit Team was also informed that the last follow up made by the AD was in February 2023, thus, the issue still remain in CY 2022 and was incorporated in the 2022 AAR.

6.6. In CY 2023, the AD implemented the recommendation in the 2022 AAR of cancelling the lost DV and drawing a new one however, the same was not signed. The AD was advised by the Management to reconcile again the amount noted with the DOT before it goes through the reversion of the said amount. To date, the AD is still in the process of reconciliation with the DOT with the goal of identifying whether this amount was indeed unutilized or not. TPB and DOT had their last meeting regarding this matter last April 4, 2024.

6.7. The Audit Team however noted that the Management's action in 2023 is similar to their original action, which is to reconcile with the DOT. The Management is somewhat going into circles and back with the reconciliation process which supposedly ended as early as CY 2021. Also, the Audit Team has not received the new RCIs, RDs, and supporting documents on the unliquidated amount that would warrant another round of reconciliation with the SA.

6.8. It is to emphasize that these funds are trust liabilities and backed up with funds deposited in a separate LBP account. If this would not be returned by TPB, then it would just form part of unrestricted/unobligated idle cash balance of TPB which already amounted to P288.891 million as at December 31, 2023 (See discussion in Paragraph 7 of this Report). Moreover, these funds could have been used by the government for other governmental PAPs rather than being idle in the books and accounts of TPB.

6.9. 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 PAPs for the interest and betterment of the general public.

6.10. **We recommended the Management to:**

- **a.** **Immediately remit the amount of P196.583 million to the Bureau of Treasury; and**

- **b.** **For the amount that will not be reverted back to the BTr, submit the RCI, RD and supporting documents to the Audit Team.**

6.11. The Management commented that:

a. The Finance Department requested a meeting with DOT to finalize the reconciliation of the P196.853 million last April 4, 2024. During the reconciliation, it was confirmed by the DOT Accounting that there is no outstanding balance based on their subsidiary ledgers, and on the same day, the DOT Accounting provided a copy of the subsidiary ledger. As a result, the AD will look into these liquidations and records in the books of accounts immediately. In addition, the TPB will remit the unutilized funds and due for reversion to the BTr.

b. The TPB shall continuously adhere to COA Circular No. 94-13 and the general provisions of the GAA particularly on the return/reversion of funds.

6.12. As a rejoinder, we would like to emphasize that for funds that will not be returned to the BTr, the Management should submit to the Audit Team the RCI, RD and the corresponding supporting documents for verification and determination that indeed the funds were utilized to their intended purpose and the TPB complied with the relevant government rules and regulations. Nonetheless, we acknowledge the commitment of the Management to implement the recommendations. Their full compliance, however, will be monitored in the CY 2024 audit

7. Funds in the total amount of P288.891 million, primarily from corporate and general funds, remained unobligated, unallocated, idle, and undetermined of their future use contrary to Section 51 (e), Chapter V – Funding, Rule III – The TPB, of the Implementing Rules and Regulations or Republic Act No. 9593, and not in accordance with the basic policy of the government on the effective and efficient management of resources.

7.1. As a declared policy of the state, all resources of the government should be managed, expended or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of the government. The responsibility to take care of such policy rests directly with the chief or head of the government agency concerned (Section 2, Presidential Decree No. 1445).

7.2. Section 51 (e), Chapter V – Funding, Rule III – The TPB of the Implementing Rules and Regulations (IRR) of Republic Act (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"*

7.3. During the audit of CY 2023 transactions, it was noted that the balance of the unrestricted, unobligated and idle cash amounted to P288.891 million (See Table 10).

Table 10
Cash and Cash Equivalents not Earmarked for obligations in CY 2023

Cash and cash equivalents – All Funds		1,048,564,832
Cash and cash equivalents - Trust Liability		(207,990,510)
Less: Liabilities in the 2023 FS:		
Financial liabilities	132,022,189	
Inter-agency payables	216,260,258	
Trust liabilities	37,074,223	
Other payables	27,746,741	(413,103,411)
Less: Not Yet Due and Demandable Obligations presented in the FAR		(138,579,633)
Cash not earmarked for obligations		288,891,278

7.4. Examination of records revealed that significant portion of the unrestricted and unobligated cash are from the unutilized general funds (P99.999 million) and Corporate Funds (P101.424 million) in the total amount of P201.423 million.

7.5. The General Fund balance of P99.999 million pertains to the unutilized amount of funds received by TPB in CY 2023 from the National Government (NG), representing subsidy for regular operating and cash requirements of TPB.

7.6. The Corporate Fund pertains to a total cash in bank amounting to P101,423,874 deposited in LBP Peso Savings Account and Foreign Currency Account in the amount of P80,107,917 and P21,315,957, respectively. This represents the accumulated amount of collected participation/registration fees, refunds of FTs by the IAs, and income from the investments in Trust Accounts of TPB. The buildup arises because these were not utilized in the operations in prior years. Presented in Table 11, is the financial performance of the corporate fund from 2021 to 2023. Only three years were presented in the table since the practice of TPB is represented in the said period.

Table 11
Corporate Fund Financial Performance CY 2021 to 2023

	2023	2022	2021
Revenue			
Service and business income	8,712,384	1,765,684	5,416,268
Total Revenue	8,712,384	1,765,684	5,416,268
Less: Current operating expenses			
Personnel services	-	-	-
Maintenance and other operating expenses	-	215,000	-
Financial expenses	749	-	-
Non-cash expenses	-	2,250,000	-
Total Current operating expenses	749	2,465,000	-
Surplus	8,711,635	-699,316	5,416,268
Other non-operating income	-	-	-
Gains	-	1,629,855	788,069
Losses	(184,975)	-	-20,594
Net surplus	8,526,660	930,539	6,183,743

7.7. As shown in Table 11, the TPB has been generating corporate income every year; however, it does not use the same in its operations as there are only minimal expenses out of this fund.

7.8. In CY 2022, similar issue was raised by the Audit Team, to wit:

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.

7.9. Accordingly, the following were recommended:

a. Make representation with the Department of Budget and Management (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 Corporate Operating Budget (COB), to avoid build-up; and

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

7.10. Review of the actions taken of Management, we noted that recommendation "b" was fully implemented as review of the COB for CY 2023 and 2024 showed that TPB included the projected income from investment in trust account in the amount of P18,000,000 and P15,000,000, respectively, as one of the sources of its funds. In CY 2023, a total of P14.026 million was disbursed from the fund representing capital outlays.

7.11. Although we commend the management's efforts in compliance to the prior year's recommendation as to the inclusion of the projected income from investment in trust accounts as one of the sources of funds in COB. However, recommendations a and c are still not implemented since there has still no earmarking of funds for the purposes provided in the RA No. 9593 and no representation was made with the DBM for the proper procedures for the utilization and/or return of the unused/excess/idle funds.

7.12. 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. Thus, if the aforesaid amount of the unutilized/unallocated/idle funds are not included as one of the sources of funds for TPB PAPs, it would remain idle, which would already be contrary to the basic policy of the government on the efficient and effective management of resources.

7.13. Lastly, it is crucial to highlight that the NG has consistently faced budgetary deficit over the past years. Therefore, optimizing the use of TPB's excess unrestricted, unobligated and idle funds before tapping into SAGF could improve the NG's financial management. Also, the free up resources could be used by the NG for other meaningful government projects and programs that benefit the general public.

7.14. **We recommended Management to:**

a. Make representation with the DBM to determine the proper procedures for these unused funds be utilized as one of the sources of funds in the next budget year; or return to the BTr under the SAGF – Tourism and Promotions Fund account; and

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

7.15. The Management commented that:

a. In light of the context regarding the fund sources and budgeting process of the TPB as governed by RA No. 9593, it's essential to address the apparent discrepancy regarding the unobligated, unallocated, and undetermined funds totaling P288.891 million.

b. The remaining balance of the Special Contingency Fund (SCF) amounting to P219,045,042.98 will be reverted to the BTr within this year.

c. The non-reversion after the end of the fiscal year was due to the ongoing reconciliation of accounts with the BTr. Last April 4, 2024, TPB FD met with the BTr officials to facilitate the reconciliation of the TPB's SAGF account. TPB will immediately prepare the reversion of funds as they have recently secured the new clearing account of TPB SAGF account from the BTr.

d. The reversion of funds shall be accounted under the TPB's SAGF account which will again serve as a funding source exclusively for use by TPB to finance its future operations.

e. As regards the P100 million GAA Subsidy, there were expenses charged from CY 2023, however it was not disbursed yet at year end. The unobligated balances is part of the Continuing Appropriation for FY 2024 as per National Budget Circular (NBC) No. 590-B2 dated December 18, 2023, amending the guidelines of the validity of FY 2023 Appropriation until December 31, 2024, and is already earmarked for a specific purpose.

f. The remaining balance of 31.381 million from the Corporate Funds will be used as one of the fund sources for TPB's future COBs in consideration of the TPB's budget requirements.

g. It is important to underscore that the TPB adheres to regulatory guidelines and reporting requirements set forth in RA No. 9593, particularly in making representations with DBM to fund the operational requirements of the corporation and in the allocation of its COB to implement its PAPs.

h. TPB shall remain prudent and responsible in the utilization of its fund sources and is committed in implementing sound fiscal management of its fund sources.

7.16. As a rejoinder, the Audit Team acknowledged the commitment of the Management to implement the recommendations to prevent the recurrence of the observation. Their full compliance, however, will be monitored in the CY 2024 audit

8. The Travelling expenses – Foreign incurred by the TPB for CY 2023 in the total amount of P4.882 million appeared to be unnecessary and excessive due to: (a) redundant and (b) unrelated responsibilities/duties of TPB personnel deployed in various countries for implementation of the international projects/activities, contrary to COA Circular No. 2012-003.

8.1. COA Circular No. 2012-003 provides the following definitions of unnecessary and excessive expenditures:

Unnecessary expenditure - expenditure that are not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation, as well as expenditure not dictated by demands of good government and those the utility of which cannot be ascertained at.

Excessive expenditure - unreasonable expenses or expenses incurred at an immoderate quantity and exorbitant price, expenses which exceed what is usual or proper, as well as expenses which are unreasonably high and beyond just measure or amount

Redundant Responsibilities of TPB Personnel Deployed for the Implementation of International Programs/Activities

8.2. The Travelling expenses- Foreign of TPB for CY 2023 increased by 57 percent or P11.559 million. The significant portion of the increase can be attributed to the DOT program called “Bisita, Be My Guest” or BBMG. The TPB facilitated and assisted the implementation of the DOT program called BBMG in CY 2023. In line with this, the DOT is undertaking a multi-agency travel incentive program targeting Overseas Filipino Workers and overseas Filipinos and their invited guests, to travel to the Philippines in line with the administration’s COVID-19 recovery program and thrust to maximize domestic tourism.

8.3. Although the Audit Team commends the Management for their support of the NG’s mission to boost Philippine Tourism, however, the expenditures incurred should be within the bounds of law and in accordance with the existing auditing rules and regulations to avoid the incurrence of irregular, unconscionable, unnecessary, extravagant and excessive expenditures.

8.4. It was observed that several TPB personnel were deployed to assist the implementation of the BBMG Program. However, scrutiny of records showed that the functions of the personnel overlapped or redundant with each other, thus, the necessity of their presence are questionable. Summary of redundant responsibilities and their corresponding Foreign Expenses incurred for BBMG is presented in Table 12.

Table 12
Redundant Responsibilities of TPB Personnel Deployed in BBMG

Position	Duties/Responsibility	Country Deployed to	Travelling Expenses
Manager, Domestic Promotions Department (DPD)	Oversee the **overall preparations** and implementation with the DOT Overseas Office and Department of Migrant Workers. Provide assistance to COO’s meetings and appearances during the official functions of the BBMG.	Tokyo, San Francisco, Germany, London & Dubai	N/A
Acting Head, Branding Management and Advertising Division, Marketing Communications	**Coordinate all the arrangements** in the program proper. Oversee the overall preparations and operations of the BBM.	Tokyo, Germany, San Francisco, London & Dubai	P821,540.75

Position	Duties/Responsibility	Country Deployed to	Travelling Expenses
Project Development Officer III, DPD	Prepare all the logistical requirements of the team and attend to **administrative arrangements** onsite.	Tokyo, San Francisco & London	853,739.43
Acting Division Chief, Sales and Accounts Management, MICE Department	Provide **assistance and coordination** between the TPB and the Philippine Embassy in Tokyo, Japan with regard to market opportunities and activities that interlink the BBMG Program and the Philippines' preparations for the World Expo 2025.	Tokyo	170,612.23
Acting Head, Industry Relations and Services Division, DPD	Provide **assistance in the facilitation and coordination** of the requirements of the program between the overseas office and the TPB and DOT Central Office.	London	366,936.70
Project Development Officer III, DPD	Prepare all the logistical requirements of the team and attend to administrative arrangements onsite. Provide **assistance in the facilitation and coordination** of the requirements of the program. Act as Special Disbursing Officer.	Germany & Dubai	495,457.60
Market Specialist II, DPD	Provide **assistance in the facilitation and coordination** of the requirements of the program.	Germany	173,390.60
Division Chief, Sales Division	Provide **assistance in the facilitation and coordination** of the requirements of the program between the overseas office and the TPB and DOT Central Office.	Dubai	267,375.50
Market Specialist II, Sales Division, DPD	**Coordinate the requirements and arrangements** needed for the COP28 side event. Man the DOT BBMG counter at the COP28. Perform **other necessary onsite tasks** as required.	Dubai	272,274.00
Project Development Officer, Industry Relations & Services Division, DPD	Prepare all the logistical requirements of the team and **administrative arrangements** onsite. Perform **other necessary onsite tasks** as required.	Dubai	322,067.00
TOTAL			**P3,743,393.81**

8.5. As shown in Table 12, the aforementioned TPB personnel were deployed in various countries with the same or redundant responsibilities/functions such as to coordinate the administrative requirements and arrangements or assistance in the facilitation and coordination. Inquiry disclosed that the department that will spearhead the BBMG Project is the DPD. The Head of DPD was in charge of overall preparations, coordination and implementation of the BBMG Programs; however, the additional TPB personnel that were deployed with the same and redundant responsibilities are questionable.

8.6. Similarly, in the implementation of World Travel Market (WTM) which is a leading global event for the travel industry that consist of a three-day exhibition for the worldwide travel and tourism industry, the Audit Team observed that there various TPB personnel deployed at ExCel London, United Kingdom on November 6-8, 2023, whose responsibilities are overlapping or redundant (see Table 13).

Table 13
Redundant Responsibilities of TPB Personnel Deployed in WTM

TPB Delegates	Responsibilities	Travelling Expenses
Deputy Chief Operating Officer for Marketing & Promotions	○ To assist the head of the TPB delegation; ○ To monitor/coordinate all necessary arrangements with the implementation of the event; ○ To engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities.	N/A
Acting Head - International Promotions Department (IPD)	○ **To manage and monitor all arrangements and requirement in connection with the participation in the event**; ○ **To engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities**. ○ To ensure daily collection of sales leads and appointment forms as part of monitoring tools of TPB's performance scorecard.	P135,170.00
Acting Head, Europe, Africa, the Middle East and India Division (EAMEI), IPD	○ **To coordinate and monitor all marketing and promotional activities in the Philippine stan**d; ○ **To coordinate and monitor all necessary logistical and operational arrangements** and deliverables in connection with activation areas, performances, Philippine Networking cocktails; ○ **To assist in coordinating Philippine – led activities** and official functions of the Secretary with PDOT – UK; ○ **To engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities.**	159,110.00
Market Specialist III - EAMEI Division, IPD	○ **To coordinate and attend to the requirements** of the Philippine Seller Delegation; ○ **To assist in attending to onsite administrative arrangements** and ensure that all requirements for the Philippine participation are properly coordinated; ○ **To man the Philippine stand's information counter**; ○ **To engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities.**	135,170.00
Market Specialist III – EAMEI Division, IPD	○ **To oversee the set-up of Philippine Pavilion and execution booth design**; ○ **To coordinate and assist in all marketing and promotional activities in the Philippine stand;** ○ **To man the Philippine stand's information counter;** ○ **To engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities.** ○ **To assist in attending to onsite administrative arrangements** and ensure that all the requirements for the Philippines' participation are properly coordinated.	170,510.00

TPB Delegates	Responsibilities	Travelling Expenses
Information Officer III Marketing and Communications Department (MCD)	○ To write press releases and other publicity materials/ write-ups as necessary to increase local and international media reach; and ○ **To invite and assist media/ influencers from pre to post – event arrangement.**	145,270.00
Creative Arts Specialist II MCD	○ **To facilitate the overall booth set-up and coordinate logistical requirements of the Design Team;** ○ **To benchmark and pinpoint the Philippines' brand strengths** and identify areas where improvement is needed in terms of designs; and ○ Conduct market research on the current trends in the global tourism and M.I.C.E. industries in terms of the development and conceptualization of the needed collateral materials.	145,270.00
Total		**P890,500.00**

8.7. It can be gleaned from Table 13, the responsibilities of the TPB personnel deployed for the implementation of the WTM are all significantly similar such as: 1) to monitor/coordinate all necessary arrangements with the implementation of the event; and 2) engage in B2B activities and network with foreign industry counterparts to further develop the TPB's corporate plans in implementing its marketing and promotion activities. These activities were all being performed by the Deputy Chief Operating Officer for Marketing & Promotions and the other responsibilities of the TPB delegates in WTM are somewhat similar to each other, thus, their presence is already questionable for being unnecessary. In addition, the extent of the responsibilities of TPB delegates is expected to be minimal considering that it is the PDOT who leads its implementation and not the TPB.

8.8. To shed light on the matter, the Audit Team issued Audit Query Memorandum (AQM) No. 2024-001 inquiring as to:

a. How does the TPB determine the necessity for their personnel/s to participate in an international event? Any existing office policies?

b. How does TPB identify the personnel/s participating in an event?

8.9. The Management submitted their response to the AQM on April 26, 2024 and stated that TPB has no existing policy. Selection of TPB personnel who will travel is based on the following:

a. Priority is given to the IPD personnel who is assigned to a specific international market/area such as North Asia Division, ASEAN and Pacific Division, Europe, Africa, Middle East and India Division and The Americas Division.

b. The size of the delegation to be brought to the show and if there are diplomatic or ministerial functions or meetings or media interviews involved. If shows are such, management decides who will represent management based on diplomatic courtesy protocols as to representation and based on expertise on the market or subject matter, i.e. certified divers for dive shows.

c. Since the DPD has been assigned in international shows related to their special projects (i.e. the BBMG program), management looks into which project officers are available to take on the tasks given the pending assignments of each personnel and the specific event tasks required for the event.

d. For MICE Promotions Department's international shows, criteria is based on experience in selling the Philippines as a MICE destination and also if there are any management representation needed to grow particular association partnerships.

e. MCD representatives are sent generally for two purposes: (i) manage any media requirements, if any; and (ii) manage creative requirements. In some shows, the department's representatives are also sent to benchmark on advertising opportunities and creative pavilion executions that are being done by other countries. It can also be noted that in some cases where there are simultaneous events happening domestically and internationally, the department assists other events for any project management or administrative tasks required.

f. In some cases, where learning opportunities are possible such as international membership conferences, members of the Corporate Affairs Sector and Line Departments are invited for the learning opportunity related to their field or if their technical expertise are required for diplomacy, corporate representation or legal support.

8.10. It can be inferred from the Management's reply the absence of a policy or guidelines as to who will be deployed for the BBMG Program and/or other International Projects/Activities. It opens the risk of incurring significant amount of expenditures since there are no controls in place to: (a) determine the number of personnel to be deployed for international programs/activities; and (b) prevent the redundant or overlapping tasks of the deployed personnel.

Unrelated Responsibilities of TPB Personnel Deployed for the Implementation of International Programs/Activities

8.11. In addition, one of the TPB personnel deployed to BBMG program in London and Germany whose functions have no direct connection/relation to the implementation of such program, see Table 14.

Table 14
Unrelated Responsibility of TPB Personnel

Position	Duties/Responsibility	Country	Travelling Expenses
Acting Head – Legal Department	Protocol Officer of the TPB Chief Operating Officer (COO). Provide assistance to the COO's meeting and appearances during the official functions of the WTM Philippine Night and BBMG International Promotions, and other related events. Meet the Filipino Community Leaders	Germany and London	P570,405.27

8.12. His presence to the event seemed unnecessary since his department is not in any way related or connected to the implementation of the BBMG Program because it is the DPD and the MCD were in charge of the BBMG program.

8.13. Moreover, the BBMG Program is being mainly implemented by the DOT. The TPB only aids to its implementation and has minimal participation, which can be inferred from the lack of accomplishment reports of the TPB personnel. Hence, it is questionable for TPB to deploy multiple personnel for the performance of redundant responsibilities and/or with unrelated functions.

8.14. **We recommended the Management to:**

a. Create Policy/Guidelines in the selection of necessary personnel to be deployed in other countries for the implementation of all International Programs/Activities;

b. Ensure that only necessary number of personnel are deployed; and

c. Comply with COA Circular No. 2012-03 to avoid the incurrence of unnecessary, irregular and excessive expenditures.

8.15. The Management commented that:

a. For the BBMG Program, to achieve the objectives of the event implementation in various countries, it was essential to ensure adequate personnel were present to manage several critical tasks.

b. The personnel deployed in the identified travels performed additional tasks during the event, which were not identified in their respective travel orders.

c. While some of the tasks listed can be performed by an individual, many others require the collaboration of two or more project officers to ensure efficient and effective execution. This division of labor allows for a more organized workflow that ensures that all aspects of the event are meticulously handled and potential issues are promptly addressed. Additionally, having several officers involved enhances the ability to manage various simultaneous activities. This provides a higher level of support and coordination throughout the event.

d. The deployment of personnel was strategically planned to meet the program's demands and maximize its impact. The presence of enough project officers essential for the effective implementation of the BBMG event across different countries as scheduled. This approach ensured that all logistical and operational aspects were seamlessly managed, allowing for a more organized and impactful event. Distributing responsibilities among several officers enabled the TPB address challenges efficiently and enhance the overall execution of the program. Ensuring that participants registered with the program was a primary objective and having enough personnel to monitor and assist with this process necessary for the program's success.

e. The TPB Management wish to state that project officers have rendered their services comprehensively to meet the extensive requirements of the project implementation. Disallowing the financial allowance would not only undermine the significant efforts and contributions made by these officers but also overlook the important roles they played in ensuring the program's effective execution and success.

f. While the Management acknowledge the importance of adhering to audit regulations, the deployment of personnel was based on the program and the strategic objective to maximize its results. Moving forward review and refine our deployment strategies to enhance efficiency perceptions of redundancy.

g. The official travels of the BBMG project officers are covered by the DOT Order No. 2022-119 directing TPB to be the of the Marketing and Promotions Committee.

h. However, the TPB respectfully recognizes the Commission's recommendation. Therefore, the Management shall create Policy or Guidelines on the necessary personnel to be deployed in other countries for the implementation of all International Programs/Activities within the year.

i. The TPB will undertake a comprehensive review and refinement of their deployment strategies with the primary objectives of enhancing overall efficiency and mitigating any potential perceptions of redundancy. Additionally, the Management will ensure that all travelling expenses incurred comply with COA Circular No. 2012-003 to avoid unnecessary, irregular, and excessive expenditures.

8.16. As a rejoinder, the Audit Team acknowledged the prompt action of the Management to submit their justification and its numerous supporting documents. However, due to lack of material time, the Audit Team was unable to verify them, hence, deemed it proper to include this observation in this Report. Nonetheless, the Audit Team appreciates the commitment of Management to implement the recommendations and prevent the recurrence of this observation.

GENDER AND DEVELOPMENT (GAD)

9. TPB's GAD Plan and Budget (GPB) for CY 2023 was not endorsed by the Philippine Commission on Women (PCW) thus it cannot be ascertained whether the GAD Projects, Activities, and Programs reflected in the GPB are responsive to gender issues, realistic, or doable within the year. In addition, the TPB was not able to submit its Annual GAD Accomplishment Report for CY 2023. These are all contrary to COA Circular 2014-001 dated March 18, 2014 and the PCW, National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01. Moreover, TPB had not conducted gender analysis, contrary to PCW Memorandum Circular Nos. 2018-04 and 2021-04,

9.1. Pertinent provisions of the PCW- National Economic and Development Authority (NEDA)-DBM Joint Circular 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.

GPB for CY 2023 was not endorsed by the PCW

9.2. Unlike the previous year, the TPB was not able to submit the endorsed GPB for CY 2023. Per inquiry with the focal person, the reviewer from the PCW noted lack of modes of validation for the same, hence the non-endorsement. It should also be noted that the TPB was not able to submit its Accomplishment Report (AR) for CY 2022 which added to the cause of non-endorsement of PCW as provided in provisions of the PCW-NEDA-DBM Joint Circular No. 2012-01:

"7.0 SCHEDULE TO BE OBDERVED IN GAD PLANNING AND BUDGET

i. September (2 years before budget year) – PCW issues notification letters to all line departments or central offices for the submission of their annual GPB and GAD ARs to PCW. (Note: GPB for the following year must be accompanied by the GAD AR of the preceding year.)

8.0 SUBMISSION, REVIEW AND ENDORSEMENT OF AGENCY GAD PLANS AND BUDGETS

8.6 PCW shall endorse agency GPBs only under the following conditions:

8.6.1 if they are reviewed by the mother or central office;

8.6.2 if the requested revisions or additional information in answer to questions about the GPB are accepted by PCW within the prescribed deadlines; and

8.6.3 if they are accompanied by the GAD AR.

9.3. In CY 2022, it was observed that the TPB had not submitted the AR for CY 2022. Per inquiry then with the focal person, the TPB has yet to submit the AR since they were 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. However, during the audit of CY 2023, it was noted that the TPB was not able to draft/prepare and submit the 2022 AR.

9.4. Hence, due to the non-submission of the AR for CY 2022 and the lack of modes of validation for the GPB, the GPB for CY 2023 was not endorsed by the PCW.

9.5. As such it cannot be ascertained whether the GAD PAPs reflected in the GPB are responsive to gender issues, realistic, or doable within the year.

No Annual GAD Accomplishment Report

9.6. Similar to the previous year, the TPB was unable to submit the Annual GAD AR for CY 2023 hence, the Audit Team could not ascertain whether the GAD PAPs were accomplished nor the fund allocated were fully utilized relative to the submitted draft GPB for CY 2023.

9.7. Per inquiry with the focal person, they are still in the process of drafting the AR with the assistance of the hired consultants of the TPB regarding this matter. The focal person also said that they are in the process of requesting for an extension for the submission of the AR to the PCW

9.8. Due to this, the Audit Team cannot verify whether the PAPs included in the CY 2023 GPB were accomplished and the amounts indicated therein were fully utilized. This is contrary to the requirements of Section V of COA Circular 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

9.9. Similar in the previous years, the TPB has not conducted gender analysis for its GPB for CY 2023. Although they have sex disaggregated data, these were not subjected to any gender analysis tools. Hence, this is not in accordance with the requirements of PCW Memorandum Circular 2021-04, 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)."*

9.10. Moreover, the PCW Memorandum Circular 2018-04 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-dis aggregated 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.

9.11. In CY 2022, the TPB reasoned that they are yet to implement gender analysis in its PAPs/GPB but are committed to engage in trainings to facilitate gender analysis and achieve a better gender-responsive planning and budgeting.

9.12. As such, the Audit Team would like to commend TPB's GFPS for incorporating various trainings in its draft GPB for CY 2023. A summary of the planned trainings is shown Table 15.

Table 15
Trainings included in TPB's Draft GPB for CY 2023

GAD ACTIVITY	GAD BUDGET
Conduct Gender and Tourism Learning Session for Celebration of National Women's Month	(70,000 F&B + 30,000 Speaker's Fee) x 4 400,000.00
Conduct of training on the usage of HGDG tool (Tourism checklist) for the PAPs of TPB newly appointed GFPS and TWG members and TPB project officers	Venue, F&B and Accommodation P2,500/pax x 40pax x 3days Speakers Fee P180,000.00 420,000.00
Participation of selected TPB GFPS , TWG and Secretariat members to any public online training course offered by public / private institution	Venue, F&B and Accommodation P2,500/pax x 35pax x 2days Shirts / Jackets P30,000 Speakers Fee P180,000.00 385,000.00
Conduct of Gender Sensitivity Training for TPB Personnel, OJT, GIP and Guards	Venue, F&B and Accommodation P2,500/pax x 35pax x 2days Shirts / Jackets P30,000 Speakers Fee P180,000.00 385,000.00
Conduct of training for SOGIESC 101 to TPB Personnel	P650/pax F&B x 20pax x 2batches = P 26,000 100,000 Speakers Fee 126,000.00

9.13. However, since the observation is yet to be implemented, the Audit Team reiterates that TPB conduct gender analysis in its PAPs/GPB. Now that the TPB personnel had completed the trainings, they should more or less be equipped with the knowledge to implement the same.

9.14. **We recommended and the Management agreed to:**

a. **Submit the accomplishment report for 2023, to prevent the non-endorsement of the PCW of the subsequent GPB;**

b. **Follow the Schedule provided in the PCW-NEDA-DBM Joint Circular No. 2012-01 so as to prevent lapses in the process of GPB; and**

c. **Continue to 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

10. The TPB is compliant with the timely remittances of contributions to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation, 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

11. As at December 31, 2023, 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 16.

Table 16
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.

Date	Number	Particulars	Amount	Status
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

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

Of the 32 audit recommendations embodied in the 2022 Annual Audit Report (AAR), 22 were fully implemented and 10 were not implemented. Details are as follows:

Reference	Observations	Recommendations	Actions Taken/Comments
Financial			
2022 AAR Audit Observation (AO) No. 1 Page 49	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.	We recommended and Management agreed to direct the FD to:	Reiterated in Part II – Observation and Recommendation No. 1
		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	Fully Implemented
		b. Instruct the AD to make the necessary adjusting entries based thereon.	Not Implemented
2022 AAR AO No. 2 Page 50	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	We recommended and Management agreed to direct the FD, particularly the AD to:	Reiterated in Part II – Observation and Recommendation No. 6
		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;	Not Implemented
		b. Follow up the request of CMs with the	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	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. .	concerned depository bank; and	
		c. Make the corrections/adjustments in the records/books of the TPB, if necessary.	Not Implemented
		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.	Fully Implemented
2022 AAR AO No. 3 Page 54	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	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;	Fully Implemented
		b. Instruct the AD to immediately process and record the liquidation documents upon receipt thereof, and prepare the	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	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.	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.	Fully Implemented
2022 AAR AO No. 4 Page 56	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).	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	Not Implemented
		b. Adhere to 6.1.2 of DBM Circular No. 2013-06 dated December 23, 2013, in recording AP.	Fully Implemented
2022 AAR AO No. 5 Page 57	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	We recommended and Management agreed to direct the FD to:	Reiterated in Part II – Observation and Recommendation No. 4

Reference	Observations	Recommendations	Actions Taken/Comments
	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.	a. Review the records and if no request for payment, revert the outstanding amount of P5.167 million to ASD;	Fully Implemented
		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	Fully Implemented
		c. Assign additional personnel that would assist the AD with the reconciliation and monitoring of the accounts.	Fully Implemented
<u>Non-Financial</u>			
2022 AAR AO No. 6 Page 60	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	We recommended and Management agreed to:	Reiterated in Part II – Observation and Recommendation No.5
		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	Not Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	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.	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.	Fully Implemented
2022 AAR AO No. 7 Page 61	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	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.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	expenditure as defined in COA Circular No. 2012-03.		
2022 AAR AO No. 8 Page 65	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.	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.	Fully Implemented
2022 AAR AO No. 9 Page 67	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.	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;	Not Implemented
		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	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
		c. Comply with RA No. 9593 particularly on the unallocated portion of the TPB funds.	Not Implemented
2022 AAR AO No. 10 Page 69	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.	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	Fully Implemented
		b. Comply with EO No. 150 and COA-DBM JC No. 02 s. 2020.	Fully Implemented
2022 AAR AO No. 11 Page 73	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	We recommended that Management:	
		a. Stop the practice of granting cash raffle prizes using the SAGF funds of the TPB; and	Fully Implemented
		b. Comply with the COA Circular Nos.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	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.	97-02, 2012-03 and 2012-04.	
2022 AAR AO No. 12 Page 76	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.	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;	Fully Implemented
		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	Not Implemented
		c. Comply with implementing guidelines of EO No. 150, s. 2021, and CSC-DBM JC No. 1, s. 2015.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
2022 AAR AO No. 13 Page 80	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.	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	Fully Implemented
		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.	Fully Implemented
2022 AAR AO No. 14 Page 83	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	We recommended and Management agreed to:	
		a. Submit the AR for the year 2022; and	Not Implemented
		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.	Not Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	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.		

PART IV - ANNEXES

Completed Projects with Unliquidated Fund Transfers as per Ageing Schedule and the Status Report on Fund Transfers (SRFT)

	Implemented in CY 2023	Implemented in CY 2022	Implemented in CY 2021	Implemented In Prior Years	Total Implemented Projects
Department of Tourism (DOT) - Region II				3,139,500.00	3,139,500.00
DOT - Region IVA				879,080.48	879,080.48
DOT - Region V		1,780,000.00		1,018,741.88	2,798,741.88
DOT - REGION VII				1,652,504.03	1,652,504.03
DOT - Region VIII			8,600,000.00	9,001,005.50	17,601,005.50
DOT - Region X		518,470.01		81,781.49	600,251.50
DOT - Region XI			960.00	10,801,457.48	10,802,417.48
DOT -CARAGA Region	952,500.00			-	952,500.00
DOT (Foreign Offices)	276,927,499.06	88,014,702.69	147,440,325.80		512,382,527.55
Department of Foreign Affairs (EO 121-A)				4,200,000.00	4,200,000.00
DOT (EO 121-A)				4,200,000.00	4,200,000.00
Department of Trade and Industry			15,413,120.00		15,413,120.00
National Parks Development Committee	65,000.00				65,000.00
Philippine Center Management Board	1,743,000.00				1,743,000.00
Others for recon (As indicated in Part II, No. 2.7 of this AAR)				13,804,076.58	13,804,076.58
Not Due & Demandable	(155,007,988.00)				(155,007,988.00)
Due from NGAs	**124,680,011.06**	**90,313,172.70**	**171,454,405.80**	**48,778,147.44**	**435,225,737.00**
City Government of Baguio			15,000.00	8,835,721.11	8,850,721.11
City Government of Iloilo				3,844,460.00	3,844,460.00
Municipality of Badian, Cebu		897,960.00		0.00	897,960.00
Municipality of Botolan		2,010,097.33		0.00	2,010,097.33
Municipality of Lucban		501,170.07		0.00	501,170.07
Municipality of Panglao			450,000.00	0.00	450,000.00
Municipality of Sagada			9,600,000.00	0.00	9,600,000.00
Province of Samar			320,000.00	0.00	320,000.00
Provincial Government of Negros Occidental			4,454,000.00	0.00	4,454,000.00
Provincial Government of Sorsogon			3,200,000.00	0.00	3,200,000.00
Provincial Government of Zamboanga del Norte	1,212,400.00			0.00	1,212,400.00
Others for recon				(179,966.44)	-179,966.44
Due from LGUs	**1,212,400.00**	**3,409,227.40**	**18,039,000.00**	**12,500,214.67**	**35,160,842.07**
Center for International Trade Expositions and Missions	51,910.00		-	-	51,910.00
Clark Development Corporation		11,241,121.47	-	-	11,241,121.47
Duty Free Philippines Corporation			-	500,000.00	500,000.00
TIEZA			-	1,633,030.66	1,633,030.66
Due from GOCCs	51,910.00	11,241,121.47	-	2,133,030.66	13,426,062.13
GRAND TOTAL	**P125,944,321.06**	**P104,963,521.57**	**P189,493,405.80**	**P63,411,392.77**	**P483,812,641.20**

Fund Transfers Subject for Reversion to TPB

NO.	DV#	PAYEE	PARTICULARS	AMOUNT	ADA/CHK/OR	DATE RECEIVED BY DOT-CO	DOT-CO Status Update	AMOUNT FOR REVERSION TO TPB	TPB STATUS/ REMARKS
2021									
1	2021-06-0680	PDOT-Korea / DOT	Remittance of Project Funds re: Support to ASEAN-Korean Centre- Asean Week 2021 and Seoul Friendship Fair 2021	P999,980	CK 453645 / OR 569871A	July 07, 2021	Remittance sent to DBP (October 26, 2021)	P999,980	
2	2021-08-0880	DOT c/o PDOT-Shanghai	REMITTANCE RE: PDOT SHANGHAI 2021 HONGKONG MARKET WEBSITE TRANSLATION AND MAINTENANCE FOR 12 MONTHS	P1,470,000	CK 453788 / OR 5698728	August 18, 2021	Request for Reissuance of Lapsed NCA - Forwarded to the Accounting Division for requesting of SOA and Certification of Lapsed NCAs (January 13, 2023)	P1,470,000	
3	2021-07-0792	PDOT-Shanghai / DOT	Remittance of Project Funds re: (1)Philippine Online Travel Fair 2021 (2)Tactical Media Advertising with KOL (3)Joint Promotions with Travel Trade and Airline Partners to Create New Flights and Tour Products (4)Philippine Specialist Online Training Program	P26,497,500	CK 543072 / OR 5698736	September 16, 2021	Request for Reissuance of Lapsed NCA - Forwarded to the Accounting Division for requesting of SOA and Certification of Lapsed NCAs (January 13, 2023)	P12,497,500	To remit 14,000,000.00 "Philippine Online Travel Fair 2021 Tactical Media Advertising with KOL (For Reimbursement)"
4	2021-12-1525	DOT / PDOT New York	Remittance of Project Funds re: Partnership with Lonely Planet to be Held on December 2021 - 1st Quarter 2022 in New York	P1,785,000	CK 458899 / OR 1255369	February 09, 2022	Request for Reissuance of Lapsed NCA - Forwarded to the Accounting Division for requesting of SOA and Certification of Lapsed NCAs (January 11, 2023)	P1,785,000	Due to unliquidated funds, we cannot remit to NY. At this point, the project can no longer be extended and PDOT NY requested for the cancellation of the project.
Total								**P16,752,480**	
2022									
5	2022-02-0108	DOT / PDOT New York	Remittance of Project Funds re: Strategic Partnership with Skybird on February to July 2022	P1,100,000	CK 544255 / OR 1255371	February 17, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P1,100,000	Due to unliquidated funds, we cannot remit to NY. At this point, the project can no longer be extended and PDOT NY requested for the cancellation of the project.

NO.	DV#	PAYEE	PARTICULARS	AMOUNT	ADA/CHK/OR	DATE RECEIVED BY DOT-CO	DOT-CO Status Update	AMOUNT FOR REVERSION TO TPB	TPB STATUS/ REMARKS
6	2022-04-0519	DOT / PDOT New York	Remittance of Project Funds re: Partnership with the Strategic Marketing Partnership with Kensington Tours to be held on March-May 2022	P1,888,000	CK 544949 / OR 1255387	April 20, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P1,888,000	Due to unliquidated funds, we cannot remit to NY. At this point, the project can no longer be extended and PDOT NY requested for the cancellation of the project.
7	2022-07-0982	DOT-San Francisco	Project fund re: implementation of Consumer Activations in West Canada	P808,000	CK 545076 / OR 1255400	July 28, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P808,000	Project was not implemented. Funds were received by PDOT-SF last Dec 2023 but was returned to DOT-CO due to lapsed contract
8	2022-07-1015	DOT / PDOT-Osaka	Project fund re: Joint Promotion (Tie-Up Promotions) Tabikobo, ARC Three International Co., Ltd. Joint Promotions, and H.I.S Co., Ltd. Joint Promotions	P3,174,585	CK 545098 / OR 1255402	July 28, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P3,174,585	PDOT Osaka requested extension of implementation due to late receipt of funds but request was disapproved.
9	2022-07-1052	DOT / PDOT-San Francisco	Project fund re: Hosting and Maintenance of Philippine Tourism Websites in North America until Dec. 2022	P8,820,000	CK 545100 / OR 1255399	July 28, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P8,820,000	Not implemented. No extension was secured
10	2022-08-1190	DOT c/o PDOT Sydney	Remittance of Financial Support to DOT-Australia and New Zealand project entitiled MICE Industry Study from 4th quarter of 2022 to 3rd quarter of 2023	P2,000,000	CK 546727 / OR 1255405	August 22, 2022	For requesting of reissuance of lapsed NCA (January 16, 2023)	P2,000,000.	
11	2022-09-1399	DOT c/o PDOT Tokyo	Remittance of project funds in connection with the Sales Calls and Tourism Update Seminar	P1,290,000	CK 546772 / OR 1255411	October 26, 2022	**Revised request for NCA** - With OPMD; For discussion of SCF and OIC-UVCB regarding lapsing of NCA (March 30, 2023)	P1,290,000	project funds did not need to be remitted as advised by PDOT Tokyo since they will not implement the said PAP anymore
12	2022-11-1794	DOT-C/O PDOT-London	Remittance of projects funds to cover the implementation and operational expenses relative to the UK	P3,785,000	CK 546816 / OR 1255416	November 28, 2022	**Remittance Vouchers** - On hold with OPMD pending clearance/submission of the following:	P3,785,000	Conde Nast - direct payment completed.

NO.	DV#	PAYEE	PARTICULARS	AMOUNT	ADA/CHK/OR	DATE RECEIVED BY DOT-CO	DOT-CO Status Update	AMOUNT FOR REVERSION TO TPB	TPB STATUS/ REMARKS
			Joint Promotions, specifically with the following partners: 1. Visiting Friends and Relatives Campaign; 2. Online Travel Agencies; 3. UK Travel Trade Association Partnerships; 4. Partner Airline/s; and 5. Dive Worldwide				1. Unliquidated Cash Advances 2. Certificate of Extension 3. TPB Approval without signature (May 5, 2023)		National Geographic - direct payment completed. Wanderlast - direct payment completed Vacaay - direct payment on going. Rough Guides - direct payment completed
13	2022-11-1707	DOT- c/o PDOT San Francisco	Remittance of DOT-San Francisco in relation to Digital Marketing Campaign for North America and Canda Websites amounting to USD 163,200.00	P9,180,000	CK 546818 / OR 1255418	November 28, 2022		P9,180,000	
14	2022-11-1697	DOT- c/o PDOT Tokyo	Digital Marketing Website Development 2022 for PDOT Japan for twelve months	P5,426,304	CK 546819 / OR 1255419	November 28, 2022	**Remittance Vouchers -** On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances 2. Status of Project and Payment (May 5, 2023)	P5,426,304	
15	2022-11-1764	DOT- c/o PDOT Osaka	Remittance of project funds in connection with the Update Seminars and Workshops of PDOT Osaka	P2,633,931	CK 546820 / OR 1255420	November 28, 2022	**Remittance Vouchers** - On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances 2. Certificate of Extension	P2,633,931	PDOT Osaka requested extension of implementation due to late receipt of funds but request was disapproved.
16	2022-12-2034	DOT-C/O PDOT-Tokyo	Remittance of project funds in connection with the Online Consumer Activation with Reiwa Travel	P2,460,000	OR 1255429 / CK 465121	January 16, 2023	**NCA** - Received (May 9, 2023); **BURS 2023-05-00023 Vouchers** - Forwarded to Accounting Division, for signature of the Accounting Chief (May 10, 2023)	P2,460,000	project funds did not need to be remitted as advised by PDOT Tokyo since they will not implement the said PAP anymore
17	2022-11-1828	DOT-C/O PDOT-New York	Payment of project funds for TAS Series 2023 and for Strategic Marketing Partnership with Remote Lands as per attached supporting papers in Montreal,	P1,060,000	OR 1255422 / CK 546831	December 27, 2022	**Remittance Vouchers** - On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances	P1,060,000	Due to unliquidated funds, we cannot remit to NY. At this point, the project can no longer be extended and

NO.	DV#	PAYEE	PARTICULARS	AMOUNT	ADA/CHK/OR	DATE RECEIVED BY DOT-CO	DOT-CO Status Update	AMOUNT FOR REVERSION TO TPB	TPB STATUS/ REMARKS
			Canada on 28-30 October 2022				2. Status of Project and Payment (May 5, 2023)		PDOT NY requested for the cancellation of the project.
Total								**P43,625,820**	
2023									
18	2023-01-0157	DOT c/o PDOT Osaka	Remittance of project funds in connection with the Sales Calls & Seminars for AGents in West Japan and Philippine Food Mapping (Digital Content Promotion for Japanese Market)	P3,500,000	OR 1255435 / CK 546864	February 10, 2023	**37C Vouchers** - On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances (May 5, 2023)	P3,500,000	PDOT Osaka requested extension of implementation due to late receipt of funds but request was disapproved.
19	2023-01-0158	DOT c/o PDOT Osaka	Remittance of project funds in connection with the Joint Promo with Omiai of PDOT Osaka	P2,460,000	OR 1255436 / CK 546865	February 10, 2023	**37C Vouchers** - On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances (May 5, 2023)	P2,460,000	PDOT Osaka requested extension of implementation due to late receipt of funds but request was disapproved.
20	2023-01-0228	DOT-C/O PDOT-Tokyo	Remittance of project funds in connection with the following projects of PDOT Tokyo for 1st -2nd Quarter of 2023	P1,435,000	OR 1255437 / CK 546867	February 10, 2023	**37A Vouchers** - On hold with OPMD pending clearance/submission of the following: 1. Unliquidated Cash Advances (May 5, 2023)	P1,435,000	project funds did not need to be remitted as advised by PDOT Tokyo since they will not implement the said PAP anymore
21	2023-07-1217	DOT CO / PDOT Korea	remittance of project funds for the implementation of the following PAP: 1) Philippine Showroom in Korea - Expenses 2) Consumer Activiation with Pro and Amateur Golfers	P9,768,344.21	OR 1255456 / CK 549215	July 31, 2023		P3,290,683.41	
Total								**P10,685,683.41**	
Grand Total								**P71,063,983.41**	