



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

2014

Annual Financial Report



National Government
Volume I



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON



MICHAEL G. AGUINALDO
Chairperson

September 16, 2015

His Excellency
BENIGNO S. AQUINO III
President of the Philippines
Malacañang Palace, Manila

Dear Mr. President:

Pursuant to Section 4, Article IX-D of the Constitution of the Philippines, I have the honor to submit the 2014 ANNUAL FINANCIAL REPORT (Volumes I and II) showing among others, the financial condition of the NATIONAL GOVERNMENT as of December 31, 2014 and the results of its operations for the year then ended.

Very truly yours,

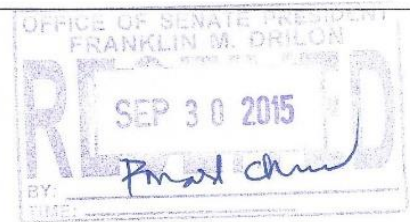


COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON





REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON



MICHAEL G. AGUINALDO
Chairperson

September 16, 2015

The Honorable
FRANKLIN M. DRILON
President, Senate of the Philippines
GSIS Complex, Pasay City

Dear Mr. Senate President:

Pursuant to Section 4, Article IX-D of the Constitution of the Philippines, I have the honor to submit the 2014 ANNUAL FINANCIAL REPORT (Volumes I and II) showing among others, the financial condition of the NATIONAL GOVERNMENT as of December 31, 2014 and the results of its operations for the year then ended.

Very truly yours,



COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON



15033909151140



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON

MICHAEL G. AGUINALDO
Chairperson

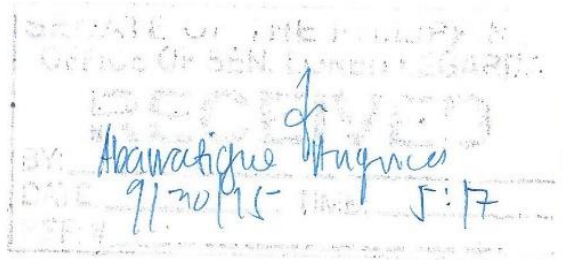
September 16, 2015

The Honorable
LOREN B. LEGARDA
Chairman, Committee on Finance
Senate of the Philippines
GSIS Complex, Pasay City

Dear Senator Legarda:

Pursuant to Section 4, Article IX-D of the Constitution of the Philippines, I have the honor to submit the 2014 ANNUAL FINANCIAL REPORT (Volumes I and II) showing among others, the financial condition of the NATIONAL GOVERNMENT as of December 31, 2014 and the results of its operations for the year then ended.

Very truly yours,



COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON



15033909151140



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON

MICHAEL G. AGUINALDO
Chairperson

September 16, 2015

The Honorable
FELICIANO R. BELMONTE, JR.
Speaker of the House of Representatives
Batasan Complex, Quezon City

Dear Mr. Speaker:

Pursuant to Section 4, Article IX-D of the Constitution of the Philippines, I have the honor to submit the 2014 ANNUAL FINANCIAL REPORT (Volumes I and II) showing among others, the financial condition of the NATIONAL GOVERNMENT as of December 31, 2014 and the results of its operations for the year then ended.

Very truly yours,

by 9/30/15



COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON



15033909151140



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON

MICHAEL G. AGUINALDO
Chairperson

Office of
HON. ISIDRO T. UNGAB
House of Representatives
Quezon City

September 16, 2015

Received by: ARAC A.
Date: 9/30/2015 Time: 5:35 P.M.

The Honorable
ISIDRO T. UNGAB
Chairman, Committee on Appropriations
House of Representatives
Batasan Complex, Quezon City

Dear Congressman Ungab:

Pursuant to Section 4, Article IX-D of the Constitution of the Philippines, I have the honor to submit the 2014 ANNUAL FINANCIAL REPORT (Volumes I and II) showing among others, the financial condition of the NATIONAL GOVERNMENT as of December 31, 2014 and the results of its operations for the year then ended.

Very truly yours,



COMMISSION ON AUDIT
OFFICE OF THE CHAIRPERSON





FY 2014

Annual Financial Report

National Government

Volume I

TABLE OF CONTENTS

	<i>Page</i>
I. INTRODUCTION	1
II. FINANCIAL HIGHLIGHTS	5
III. APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES	14
IV. FINANCIAL STATEMENTS	
Statement of Financial Position	49
Statement of Financial Performance	50
Statement of Cash Flows	51
Statement of Changes in Net Assets/Equity	52
Statement of Comparison of Budget and Actual Amount	53
Notes to Financial Statements	
Financial Position and Changes in Net Assets/Equity	54
Financial Performance	114
Cash Flows	127
Comparison of Budget and Actual Amount	132
V. NATIONAL GOVERNMENT DEBT	141
VI. SIGNIFICANT AND COMMON AUDIT OBSERVATIONS AND RECOMMENDATIONS	150
VII. SUMMARY OF AUDIT OPINIONS	205

ACRONYMS

ACRONYMS

A.O.	Administrative Order	DTI	Department of Trade and Industry
AFPMTF	AFP Modernization Act Trust Fund	DOTC	Department of Transportation and Communications
AFPMP	AFP Modernization Program	DBP	Development Bank of the Philippines
ACPC	Agricultural Credit Policy Council	DRMF	Disaster Relief and Mitigation Fund
AITTP	Agro-Industrial Technology Transfer Program	DRF	Disaster Relief Fund
ALGU	Allocations to Local Government Units	DAP	Disbursement Acceleration Program
ARDA	Amended and Restated Definitive Agreement	DC	Dishonored Check
AFR	Annual Financial Report	EMOP-ACAM	Emergency Operations Phil. - Assistance to Conflict Affected Mindanao
ARAAOD	Annual Report on Appropriations, Allotments, Obligations and Disbursements	E.O.	Executive Order
AFP	Armed Forces of the Philippines	FSF	Feasibility Study Fund
ADB	Asian Development Bank	FOS	Field Offices
APT	Asset Privatization Trust	FILSYN	Filipinas Synthetic Fiber Corporation
ASEAN	Association of Southeast Asian Nations	FDCCP	Film Development Council of the Philippines
AGDBs	Authorized Government Depository Banks	FOs	Finance Officers
ARMM	Autonomous Region in Muslim Mindanao	FE	Financial Expenses
BSP	Bangko Sentral ng Pilipinas	FSS	Financial Statements
BCDA	Bases Conversion and Development Authority	FY	Fiscal Year
BSF	Bond Sinking Fund	FXTN	Fixed Term Note
BSGC	Budgetary Support to Government Corporations	FAP	Foreign Assisted Projects
BSGOCCs	Budgetary Support to Government-Owned or Controlled Corporations	FAPF	Foreign Assisted Projects Fund
BSU	Bulacan State University	FCTD	Foreign Currency Time Deposit
BOC	Bureau of Customs	FSPs	Foreign Service Posts
BFP	Bureau of Fire Protection	FSD	Forfeited Swiss Deposited
BFAR	Bureau of Fisheries and Aquatic Resources	FTD	Fund Transfer Division
BIR	Bureau of Internal Revenue	GHI	G. Holdings, Inc.
BTr	Bureau of the Treasury	GAA	General Appropriations Act
BRF	Business Related Funds	GFA	General Fund Adjustments
CE	California Energy	GHQ	General Headquarters
CO	Capital Outlay	GSD	General Services Division
CIB-FC	Cash in Bank - Foreign Currency	GAS	Government Accountancy Sector
CIB-LC	Cash in Bank - Local Currency	GFI	Government Financial Institutions
CTU	Cebu Technological University	GOCCs	Government-Owned or Controlled Corporations
CHD	Center for Health Development	IT	Information Technology
CB-BOL	Central Bank - Board of Liquidators	IPO	Intellectual Property Office
CLSU	Central Luzon State University	IRA	Internal Revenue Allotment
COA	Commission on Audit	IGF	Internally Generated Fund
COMELEC	Commission on Elections	IBRD	International Bank Reconstruction Development
CHED	Commission on Higher Education	ICF	International Commitment Fund
CISFA	Consolidated Inventory of Seized and Forfeited Assets	IMF	International Monetary Fund
CDA	Cooperative Development Authority	JICA	Japan International Cooperation Agency
DMP	Debt Management Program	JEVs	Journal Entry Vouchers
DSF	Debt Service Fund	KALAH-CIDSS	Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
DAR	Department of Agrarian Reform	LBP	Land Bank of the Philippines
DA	Department of Agriculture	LRA	Land Registration Authority
DBM	Department of Budget and Management	LRTA	Light Rail Transit Authority
DepEd	Department of Education	LGUs	Local Government Units
DOE	Department of Energy	LWUA	Local Water Utilities Administration
DENR	Department of Environment and Natural Resources	MOOE	Maintenance and Other Operating Expenses
DOF	Department of Finance	MIAA	Manila International Airport Authority
DFA	Department of Foreign Affairs	MADE	Market Developers
DOH	Department of Health	MWSI	Maynilad Water Services Incorporated
DOJ	Department of Justice	MMDA	Metropolitan Manila Development Authority
DOLE	Department of Labor and Employment	MWSS	Metropolitan Waterworks and Sewerage System
DND	Department of National Defense	MCSPF	Military Camp Sales Proceeds Fund
DPWH	Department of Public Works and Highways	MSU	Mindanao State University
DOST	Department of Science and Technology	MPBF	Miscellaneous Personnel Benefits Fund
DSWD	Department of Social Welfare and Development	MDS	Modified Disbursement System
DILG	Department of the Interior and Local Government	MVUC	Motor Vehicle Users Charge
DOT	Department of Tourism	MDFO	Municipal Development Fund Office

ACRONYMS

NAFC	National Agricultural Fishery Council	PABX	Private Automatic Branch Exchange
NBI	National Bureau of Investigation	PMO	Privatization and Management Office
NDC	National Development Company	PS	Procurement Service
NDRRMF	National Disaster Risk Reduction and Management Fund	PPE	Property, Plant and Equipment
NEDA	National Economic and Development Authority	PGA	Provincial Government of Abra
NEA	National Electrification Administration	RCOs	Regional Consular Offices
NFA	National Food Authority	RFUs	Regional Field Units
NG	National Government	ROs	Regional Offices
NGAs	National Government Agencies	RAOD	Registry of Allotments, Obligations and Disbursements
NIA	National Irrigation Administration	RAPAL	Registry of Appropriations and Allotments
NO	National Office	RATSPF	Registry of Appropriations and Transfers for Special Purpose Fund
NPDC	National Parks Development Committee	RDFB	Registry of Domestic and Foreign Borrowings
NPC	National Power Corporation	RD	Registry of Overdraft
NTA	National Tobacco Administration	RR	Registry of Revenue
NWRB	National Water Resources Board	RAF	Regular Agency Fund
NAIA	Ninoy Aquino International Authority	RRF	Rehabilitation and Reconstruction Fund
NGOs	Non-Governmental Organizations	R.A.	Republic Act
NMIC	Nonoc Mining and Industrial Corporation	ROP	Republic of the Philippines
NORTHRAIL	North Luzon Railways Corporation	RLIP	Retirement and Life Insurance Premium
OCD	Office of Civil Defense	RAD	Revenue Accounting Division
OP	Office of the President	RR	Revenue Regional
ORG	Office of the Regional Governor	RMP	Risk Management Program
OSEC	Office of the Secretary	SMC	San Miguel Corporation
OUS	Operating Units	SBP	School Building Program
OEO	Other Executive Offices	SEC	Securities and Exchange Commission
PAMDEVCO	Pamintuan Development Company	SSF	Securities Stabilization Fund
PARVI	Pamplona Redwood and Veneer Corporation	SBGFC	Small Business Guarantee Fund Corporation
PDA	Partido Development Administration	SAGF	Special Account in the General Fund
PGF	Pension and Gratuity Fund	SA-FA	Special Accounts-Foreign Assisted
PSF	People's Survival Fund	SA-LF	Special Accounts-Locally Funded
POs	Peoples' Organizations	SARO	Special Allotment Release Order
PS	Personnel Services	SCO	Special Collection Officer
PCF	Petty Cash Fund	SDR	Special Drawing Rights
PAF	Philippine Air Force	SGF	Special Guaranty Fund
PCIEERD	Philippine Council for Industry, Energy and Emerging Technology Research and Development	SPF	Special Purpose Fund
PEZA	Philippine Economic Zone Authority	SRF	Special Reserve Fund
PHILGUARANTEE	Philippine Guarantee and Investment Corporation	SUCs	State Universities and Colleges
PHIC/PHILHEALTH	Philippine Health Insurance Corporation	SCF	Statement of Cash Flows
PIDS	Philippine Institute for Development Studies	SBMA	Subic Bay Metropolitan Authority
PMA	Philippine Military Academy	SL	Subsidiary Ledger
PNB	Philippine National Bank	SIPSP	Support for Infrastructure Projects and Social Programs
PNCC	Philippine National Construction Corporation	SCP	Supreme Court of the Philippines
PNP	Philippine National Police	SSCT	Surigao State College of Technology
PNR	Philippine National Railways	TCCs	Tax Credit Certificates
PNPP	Philippine Nuclear Power Plant	TDM	Tax Debit Memos
PPA	Philippine Ports Authority	TESDA	Technical Education and Skills Development Authority
PPSB	Philippine Postal Savings Bank	TD	Time Deposit
PPP	Philippine Public Partnership	TADP	Total Administrative Disability Pension
PPSAS	Philippine Public Sector Accounting Standards	TOP	Treasurer of the Philippines
PSC	Philippine Sports Commission	T-Bonds	Treasury Bonds
PSRTI	Philippine Statistical Research and Training Institute	T/AD	Treasury/Agency Deposit
PTA	Philippine Tourism Authority	TR/IAF	Trust Receipt/Inter Agency Funds
PTTC	Philippine Trade Training Center	UCI	Unimasters Conglomeration, Inc.
PVB	Philippine Veterans Bank	UCPB	United Coconut Planters Bank
PPC	Philnico Processing Corporation	UP	University of the Philippines
PSALM	Power Sector Assets and Liabilities Management	UPS	University of the Philippines System
PAD	Presidential and Dignitaries	UF	Unprogrammed Fund
PCGG	Presidential Commission on Good Government		
PCOO	Presidential Communications Operations Office		
PDAF	Priority Development Assistance Fund		

I. INTRODUCTION

INTRODUCTION

Legal basis

The Commission on Audit is mandated under Section 4, Article IX-D of the Philippine Constitution to submit to the President and the Congress, within the time fixed by law, an annual report covering the financial condition and operation of the Government, its subdivisions, agencies and instrumentalities, including government-owned or controlled corporations and non-governmental entities subject to its audit, and recommended measures necessary to improve their effectiveness and efficiency. Section 41, Presidential Decree No. 1445, the Government Auditing Code of the Philippines, provides that the Commission on Audit shall submit to the President and the Congress the said Annual Report not later than the last day of September of each year.

The 2014 Annual Financial Report (AFR) is prepared by the Government Accountancy Sector pursuant to Section 12, Presidential Decree No. 1445 and COA Resolution No. 2013-021, dated November 20, 2013, the Restructuring of the Government Accountancy Sector of this Commission. This AFR covers the financial condition and operation of the National Government Agencies (NGAs).

Objectives

This AFR is prepared to provide information about the financial position, financial performance, cash inflows and outflows, changes in asset/equity, and comparison of budget and actual amounts of the NGAs. It also provides data on the total appropriations, total allotments, total obligations incurred, total unreleased appropriations, and unexpended allotments. These information will serve as useful tools for the President, the legislators, the economic planners and other government officials in making sound economic decisions as a result of the evaluation on how government resources were allocated and utilized; in the formulation of economic policies; in the preparation of future budgets and likewise in aide of legislation during deliberations on the general appropriations bill and other related bills. The AFR also provides the significant observations as a result of audit conducted in each agency, together with the corresponding recommendations to be implemented by the concerned agencies to improve performance efficiency and effectiveness.

Contents/ Features

This year's AFR for the National Government (NG) featured the first financial statements which are based on the Philippine Public Sector Accounting Standards (PPSAS) which was adopted by the NGAs effective January 1, 2014 per Commission on Audit (COA) Resolution No. 2014-003 dated January 24, 2014.

The PPSAS are aligned with the prevailing International Public Sector Accounting Standards that provides quality accounting reports, thereby, enhances the value and usefulness of financial information, set uniformity in accounting and reporting of government financial transactions by the Philippine public sector entities and allow comparability of financial information with other public sector entities around the world.

Consistent with the Unified Accounts Code Structure (UACS), the PPSAS harmonize budgetary and accounting classifications and structures which facilitate analysis and consolidation of financial data. The PPSAS allow reconciliation of budgets and actual amounts expended and disbursed.

The adoption of the PPSAS required the conversion of accounts by the NGAs from the Philippine Government Chart of Accounts under the New Government Accounting System which was implemented in 2002 to the Revised Chart of Accounts (RCA) per Commission on Audit (COA) Circular No. 2013-002 dated January 30, 2013. The RCA provides new accounts and revised account titles and descriptions for the implementation of the PPSAS, and enhances the accountability and transparency of financial reports. This AFR reflects the implementation of the PPSAS and the harmonization and updates of the accounts.

The financial statements for Calendar Year 2014 consist of the Statement of Financial Position (SFPo), Statement of Financial Performance (SFPe), Statement of Cash Flows (SCF), Statement of Changes in Net Assets/Equity (SCNA), Statement of Comparison of Budget and Actual Amounts (SCBAA), and Notes to Financial Statements.

The report also highlights information on the approved appropriations, total allotments, obligations incurred and balances by fund source, allotment class and expenditure class. The total appropriations presented in this report comprise the current year's general appropriations, prior year's continuing appropriations set by law to be available until the end of the year, and automatic appropriations which do not require periodic approval by Congress.

The summary of significant and common audit observations and recommendations is done at the National Government Sector. The details of which are presented in the individual Annual Audit Report of each agency which are published at the COA Website at <http://www.coa.gov.ph>.

This AFR is presented in two volumes, as follows:

Volume I – Report Highlights; Appropriations, Allotments, and Obligations; Condensed Financial Statements; National Government Debt; Notes to Financial Statements; and Significant Audit Observations and Recommendations; and

Methodologies

To improve the efficiency of the process and preparation of the AFR, the COA-GAS developed the Annual Financial Reporting System (AFRS), an on-line application tool that enables the NGAs to submit online their FSs and other reports required by COA. This system aims to facilitate the consolidation of FSs and reports faster and more efficiently. This system was used initially and partially, in the preparation of this AFR.

Appropriations, Allotments, Obligations and Balances

The COA-GAS keeps the Registry of Appropriations and Allotments (RAPAL) to record and monitor the appropriations authorized by law and the allotments released by the Department of Budget and Management (DBM) to the different NGAs during the year. To ensure the accuracy of the budget data, reconciliation between the records of the COA-GAS, DBM and the NGAs were made.

These information on the appropriations and allotment releases were matched with the corresponding obligations incurred by the NGAs which were taken from the Statement of Appropriations, Allotments, Obligations and Balances (SAOB) submitted to the GAS. To ensure that the obligations were duly covered by allotments, confirmations and verifications were made. Necessary corrections were communicated to the concerned agencies for proper adjustment in their records. Overdrafts in allotments, if any, were properly coordinated and addressed by the agency concerned.

Financial Statements

The overall consolidated financial information presented in the AFR were taken from the 2014 Financial Statements(FSs) of the NGAs which were prepared by agency accountants in accordance with the standards of the PPSAS and in conformity with the requirements of the UACS. Separate Trial Balances (TBs) and FSs were prepared and submitted by the NGAs by fund cluster, as follows:

- a. Regular Agency Fund (RAF)
- b. Foreign Assisted Projects Fund (FAPF)
- c. Special Accounts – Locally Funded/Domestic Grants Fund (SA-LF/DGF)
- d. Special Accounts – Foreign Assisted/Foreign Grants Fund (SA-FA/FGF)
- e. Internally Generated Funds (IGF)
- f. Business Related Funds (BRF)
- g. Trust Receipts/Inter-Agency Transferred Funds (IATF)

Some agency TBs and FSs were uploaded by the accountants of the NGAs to the AFRS; while some were submitted in hard copies. The concerned analysts from the COA-GAS analyzed and reconciled the uploaded TBs and FSs as well as those received in hard copies and compared them with the audited FSs after which these were reviewed by the supervisors before integrating them in the consolidation process.

The total income of the National Government was based on the consolidated SFPe.

Balances of the inter-agency accounts were not eliminated in the absence of data as to the transferor/donor and transferee/recipient. Intra-agency accounts were likewise not eliminated as these are the balances after the elimination made by the agencies within the departments.

Since the FSs were prepared in compliance to the PPSAS for the first time, no comparative FS were presented for CYs 2013 and 2014.

National Government Debt

The data on NG debt were taken from the CY 2014 reports submitted by the National Government Debt Accounting Division (NGDAD) and Debt Management Analysis Division (DMAD) of the Bureau of the Treasury (BTr), such as:

- Audited Financial Statements
- Analyses of Loans and Bonds Payable, Domestic and Foreign
- Status Report of NG External Debt
- Actual Debt Service Expenditures

Coverage

The financial data for this year's AFR were obtained from advance and audited copies of FSs and reports of 322 agencies, representing 99.69percent of the total number of expected FSs from 323 agencies.

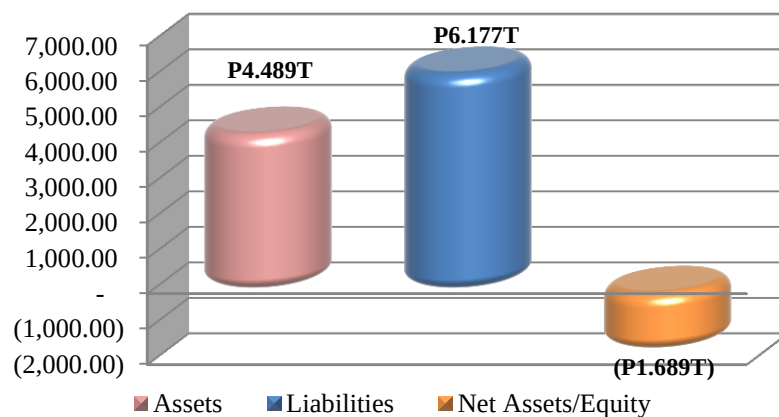
II. FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

2.1 Financial Position

As of December 31, 2014, the NG had total assets of P4.489 trillion and total liabilities of P6.177 trillion which resulted to a negative net assets/equity of P1.689 trillion. The graphical presentation of assets, liabilities, and net assets/equity is shown in Chart II-1.

Chart II-1 - Assets, Liabilities, Net Assets/Equity



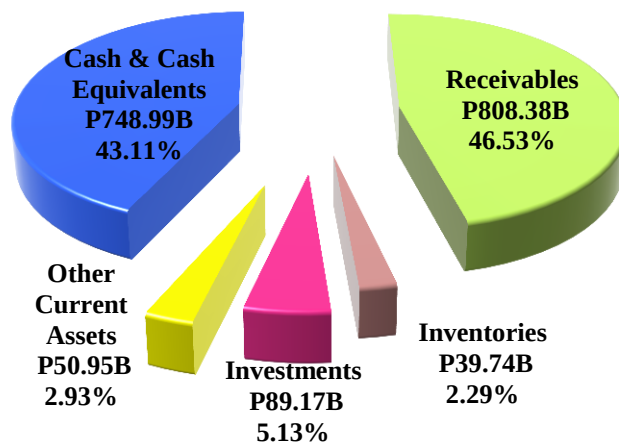
This year's presentation of Statement of Financial Position classifies the current and non-current assets, and current and non-current liabilities in compliance with the Philippine Public Sector Accounting Standards (PPSAS) 1- Presentation of Financial Statements.

2.1.1 Assets – P4.489 trillion

The total assets of P4.489 trillion is composed of current assets of P1.737 trillion and non-current assets of P2.751 trillion, representing a 38.70 percent and 61.30 percent component of the total assets. The compositions of current and non-current assets are presented in Charts II-2 and II-3.

Current Assets – P1.737 trillion

Chart II-2 Composition of Current Assets



As shown in the above chart, Receivables share the largest portion of current assets for FY 2014. The Receivables account is composed substantially of Due from GOCCs at P525.18 billion. Ninety-four percent of the amount pertains to NG's advances, refinancing and guarantee fees in behalf of GOCCs/GFIs which are accounted for in the books of the BTr.

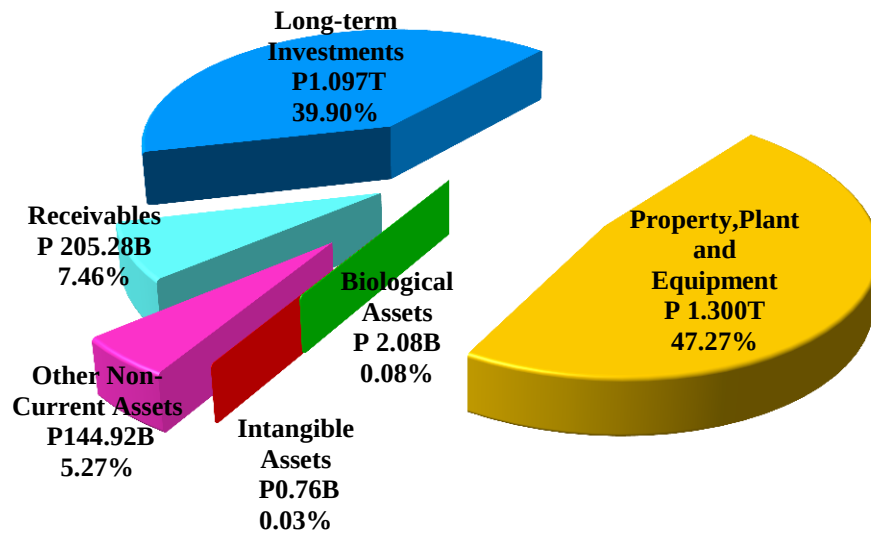
Cash and cash equivalents which shared the second largest portion of current assets, includes cash in bank, local and foreign of P695.15 billion, treasury/agency cash accounts of P47.76 billion, cash equivalents of P3.40 billion, and cash on hand of P2.68 billion.

The bulk of the total investments at 84.82 percent or P75.63 billion, pertain to the fixed term deposits and foreign currency time deposits set aside for the redemption of maturing government securities being administered/managed by BTr.

Non-Current Assets – P2.751 trillion

Among the composition of non-current assets, the property, plant and equipment (PPE) and long-term investments (LTI) comprised the bulk of non-current assets representing 47.27 percent and 39.90 percent, respectively.

Chart II-3 Composition of Non-Current Assets



Of the total PPE, the construction in progress (CIP) infrastructure projects being implemented by various agencies of the government got the highest share at 51.16 percent or P665.32 billion.

Infrastructure assets amounting to P114.80 billion or 8.83 percent of the total PPE was reported in this year's financial statements in compliance with the PPSAS. In previous years, these completed infrastructure/reforestation projects were being recorded in the Registry of Public Infrastructure/Reforestations in accordance with the New Government Accounting System.

Long-term investments include non-current portions of sinking fund of P735.70 billion, investment in GOCCs of P227.18 billion, and financial assets of P134.94 billion.

2.1.2 Liabilities – P6.177 trillion

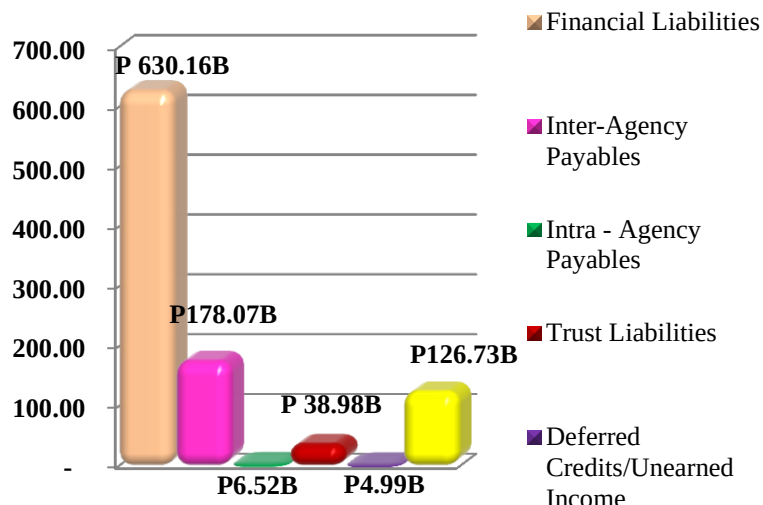
Total liabilities amounted to P6.177 billion, 15.95 percent and 84.05 percent were distributed to current liabilities and non-current liabilities, respectively.

Current Liabilities – P985.46 billion

This year's composition of current liabilities amounting to P985.46 billion showed that the largest portion belonged to financial liabilities of P630.16 billion. The financial liabilities pertain to the current portion of public debt, both foreign and domestic in the amount of P490.29 billion, wherein 99.83 percent or P489.46 billion was reported by the BTr, the agency mandated to manage, control and

service the public debt of the government. Chart II-4 presents the composition of current liabilities.

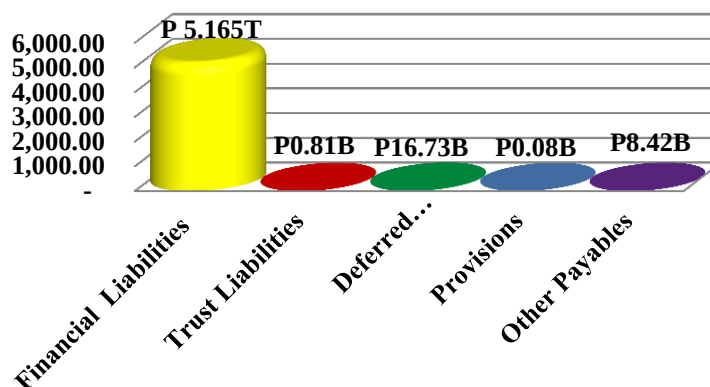
Chart II-4 Composition of Current Liabilities



Non-Current Liabilities – P5.192 trillion

The bulk or 99.5 percent of non-current liabilities pertain to financial liabilities of P5.166 trillion, consisting mainly of bills, bonds and loans payable both for domestic and foreign. The breakdown of the accounts under non-current liabilities is presented under Chart II-5.

Chart II-5 Composition of Non-Current Liabilities



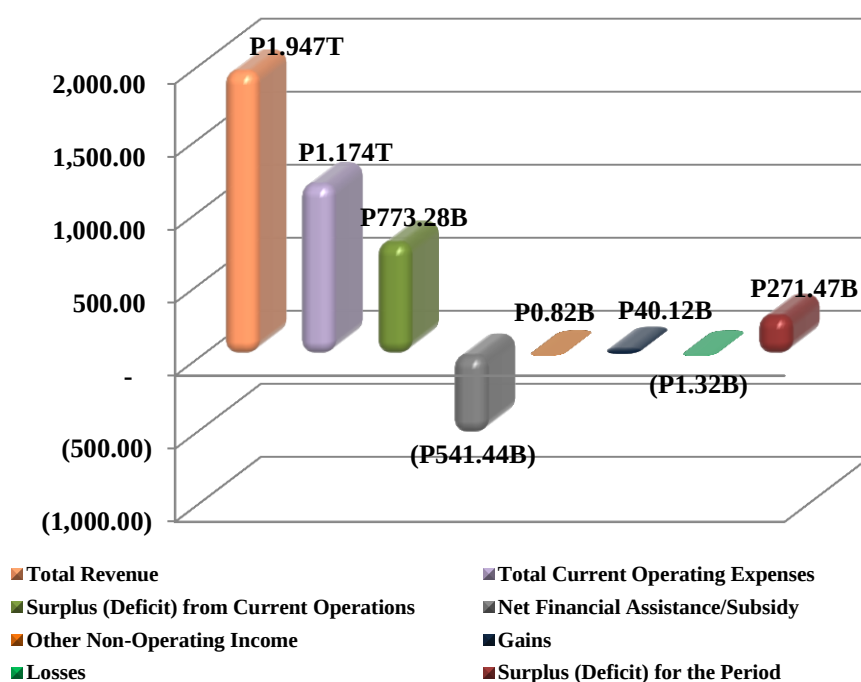
2.1.3 Net Assets/Equity – (P1.689 trillion)

The negative balance of equity represents excess of total liabilities over total assets.

2.2 Financial Performance

For fiscal year 2014, the NG attained a surplus from current operations of P773.28 billion by generating total revenue of P1.947 trillion from operations and incurring current operating expenses of P1.174 trillion. After deducting the net financial assistance/subsidy of negative P541.44 billion; other non-operating income of P0.82 billion; gains of P40.12 billion and losses of P1.32 billion, the NG realized a surplus of P271.47 billion. Chart II-6 shows the graphical distribution of revenue and expenses.

Chart II-6 Graphical Presentation of Revenues and Expenses



2.2.1 Revenue – P1.947 trillion

The bulk of this year's revenue of P1.947 trillion was sourced from actual revenue generated from taxes amounting to P1.728 trillion, followed by service and business income of P166.50 billion, shares, grants and donations totaling

P53.06 billion and gains in the amount of P51.40 million. This year's total revenue is lower than the projected amount of P2.018 trillion¹ by P71 billion.

The NG failed to realize its projected tax revenue of P1.880 trillion² by .81 percent or P15.20 billion while service and business income of P166.50 billion exhibited a 22.31 percent or P30.37 billion favorable variance over the estimated amount of P136.13 billion³.

This year's tax revenue was generated from the following sources:

<u>Particulars</u>	<u>Amount (in million pesos)</u>	<u>Percentage Distribution</u>
Business Tax	774,314.24	44.82
Income Tax	571,558.84	33.08
Excise Tax	211,750.51	12.26
Documentary Stamp Tax	72,410.61	4.19
Import Duties	56,207.68	3.25
Motor Vehicles Users Charge	24,048.82	1.39
Estate Tax	11,498.83	0.67
Other Taxes	5,833.30	0.34
Total	<u>1,727,622.83</u>	<u>100.00</u>

Difference between totals and sum of components is due to rounding off.

Other components of revenue are Service and Business income of P166.50 billion comprising service income of P55.24 billion and business income of P111.25 billion; Shares, Grants and Donations of P53.06 billion composed of share from national wealth – P23.57 billion, share from PAGCOR/PCSO – P15.33 billion, share from earnings of GOCCs – P3.19 billion, and income from grants and donations in cash of P9.21 billion and in kind of P1.75 billion.

Complementing the total revenue are the gains of P51.40 million with gain on initial recognition of biological assets registering the highest amount at P37.48 million followed by gain from changes in fair value less cost to sell of biological assets due to physical change of P9.61 million.

2.2.2 Current Operating Expenses – P1.174 trillion

The composition of the current operating expenses are as follows: PS – P636.69 billion or 54.23 percent; MOOE – P191.35 billion or 16.30 percent; Financial Expenses – P325.10 billion or 27.69 percent; Non-Cash Expenses – P20.81 billion or 1.77 percent.

¹Table C.1, Revenue Program, by Source, 2012-2014 page 273, Budget of Expenditures and Sources of Financing, Department of Budget and Management, Fiscal Year 2014

²Ibid

³Ibid

Non-cash expenses are further broken down as follows: Depreciation – P20.37 billion, Amortization – Intangible Assets – P67.56 million, Impairment Losses – P379.08 million and Losses of P0.78 million.

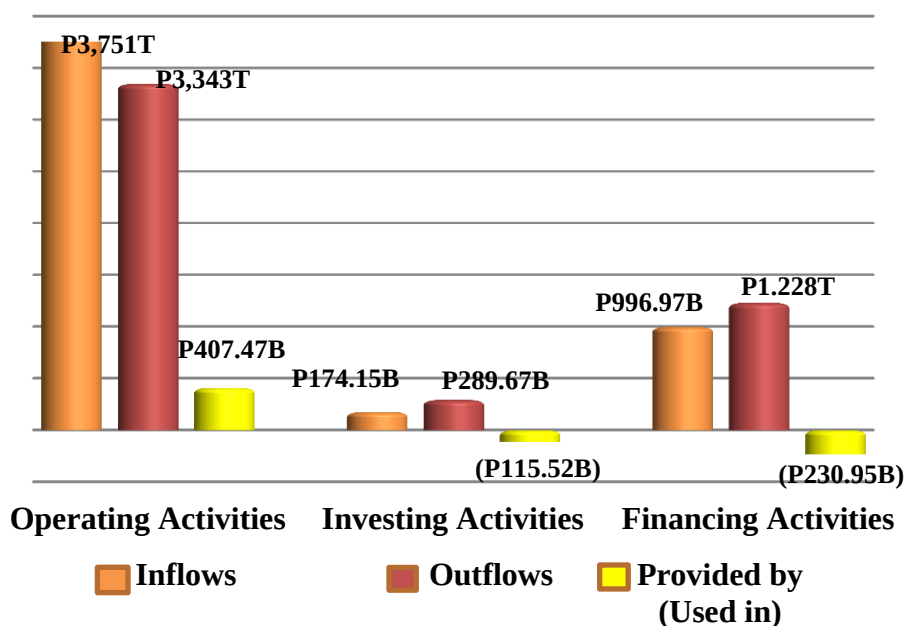
2.2.3 Surplus from Current Operations – P773.28 billion

For the year ended, the operations of the NG resulted to a surplus of P773.28 billion, which decreased from the last year's level of P878.49 billion by P105.21 billion or 11.98 percent.

2.3 Cash Flows

The NG ended the year with cash balance of P821.55 billion. This includes effects of changes in exchange rate of P3.34 billion. The cash flows from operating, investing and financing activities are shown in Chart II-7.

Chart II-7 Cash Flows, by Activities



2.3.1 Cash Inflows –P4.922 trillion

The bulk or 91.13 percent of the total inflows of P4.922 trillion came from the collections of revenue/income of P1.875 trillion, receipt of NCA at P1.613 trillion, and proceeds from issuance of bills and bonds and domestic and foreign loans of P996.97 billion.

2.3.2 Cash Outflows – P4.861 trillion

The aggregate cash outflows reached P4.861 trillion, the bulk or 77.59 percent of which was used for the replenishment of negotiated MDS checks – P1.468 trillion; redemption of bills/bonds issued and payment of long-term liabilities – P950.34 billion; payment of operating expenses – P626.24 billion; grant of financial assistance/subsidy – P449.89 billion; and payment of financial expense – P277.57 billion.

2.4 Changes in Net Assets/Equity

The total net worth of the NG amounted to a negative balance of P1.689 trillion or a positive increase of P308.98 billion compared to last year's negative balance of P1.998 trillion. The increase was attributed to the following: (a) surplus for the period of P271.47 billion, (b) effect of the changes in accounting policy of P18.82 billion, (c) prior period adjustments/unrecorded income and expenses with negative amount of P64.23 billion, (d) adjustment of net revenue, recognized directly in net asset/equity with negative amount of P61.89 billion, and (e) other adjustments of P144.81 billion.

2.5 Comparison of Budget and Actual Amounts

The Philippine Application Guidance No. 4 of PPSAS 1 – Presentation of Financial Statements states, that *“A separate additional financial statement for comparison of budget and actual amounts shall be prepared since the financial statements and budget of NGAs, LGUs and GOCCs not considered as GBEs are not on the same accounting basis,”* hence, the preparation of SCBAA.

The comparison of the budget and actual amounts under Table II-1 presents the Receipts and Payments classified into Budgeted Amounts (Original and Final) and the Actual Amounts on Comparable Basis which pertain either to the actual revenues or to the disbursements. The final budgeted amounts are then compared with the actual amounts on comparable basis to get the difference or variance thereof.

The original and final budgeted amounts under Receipts totaled P2.016 trillion and P1.874 trillion, respectively, while the actual amounts on comparable basis amounted to P1.874 trillion.

For the payments portion, the final budgeted amounts of P2.783 trillion were the results after effecting the adjustments like transfers, withdrawals and realignments from the original budgeted amounts of P2.737 billion. The actual amounts on comparable basis with the budget amounted to P1.420 trillion.

Payments exceeded the receipts both for the original and final budgeted amounts by P721.17 billion and P909.51 billion, respectively, while receipts were more than the payments under the actual amounts by P454.23 billion. Actual revenues and disbursements were within the respective budgeted final amounts.

Table II-1 Comparison of Budget and Actual Amounts
(in million pesos)

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual Amounts
	Original	Final		
RECEIPTS				
Tax Revenue	1,879,919.00	1,679,741.97	1,679,741.97	-
Service and Bus. Inc.	135,049.43	143,894.50	143,887.65	6.85
Assistance and Subsidy		3,169.93	3,170.06	(0.12)
Shares, Grants and Donations	1,083.47	47,089.11	47,088.75	0.37
Sub-totals	<u>2,016,051.89</u>	<u>1,873,895.52</u>	<u>1,873,888.42</u>	<u>7.10</u>
PAYMENTS				
Personnel Services	647,048.62	647,856.62	613,169.65	34,686.97
MOOE	871,253.71	870,716.44	671,916.51	198,799.93
Capital Outlay	864,918.77	910,822.06	133,748.24	777,073.82
Financial Expenses	354,004.44	354,009.76	828.37	353,181.39
Sub-totals	<u>2,737,225.53</u>	<u>2,783,404.88</u>	<u>1,419,662.77</u>	<u>1,363,742.11</u>
NET RECEIPTS/ PAYMENTS	<u>(721,173.64)</u>	<u>(909,509.36)</u>	<u>454,225.65</u>	<u>(1,363,735.01)</u>
<i>Difference between totals and sum of components is due to rounding off.</i>				

III. APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES

APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES

3.1 Legal Framework

Section 2 (1), Article IX-D of the 1987 Philippine Constitution mandates the Commission on Audit to “keep the general accounts of the Government x x x.”

This is an exceptional set-up, where the COA is mandated by the Constitution itself to perform a limited accounting function, because, ordinarily, an Audit Office does not carry out accounting functions. This is otherwise known as the limited accounting function of COA. In charge of the actual performance of this constitutionally-mandated duty is the Government Accountancy Sector (GAS) of the Commission.

The phrase “general accounts” mentioned in the Charter provision, is construed to refer to the books of the Unappropriated Surplus of the General Fund of the National Government now being maintained by the GAS thru the Registry of Appropriations and Allotments (RAPAL), Registry of Appropriations and Transfers for Special Purpose Funds (RATSPF), Registry of Allotments, Obligations and Disbursements (RAOD), Registry of Revenue (RR) and Registry of Overdraft (RD) prescribed under COA Resolution No. 2014-022 dated September 12, 2014.

These Registries, show at any time the amounts of the: (1) revenues generated by the NGAs that accrue to the General Fund, including grants, (2) domestic and foreign loans of the National Government, (3) appropriations authorized by the Congress, (4) allotments released by the Department of Budget and Management (DBM) to the various agencies of the government out of the authorized appropriations, (5) obligations incurred and paid by the agencies out of the released allotments, and (5) unreleased and unobligated balances of the authorized appropriations.

The amounts of appropriations and allotments in the RAPAL and RATSPF are reconciled periodically with the data of the DBM and with the NGAs Quarterly Budget and Financial Accountability Reports prescribed in COA-DBM Joint Circular No. 2013-1 dated March 13, 2013, and as modified under COA-DBM Joint Circular No. 2014-1 dated July 2, 2014.

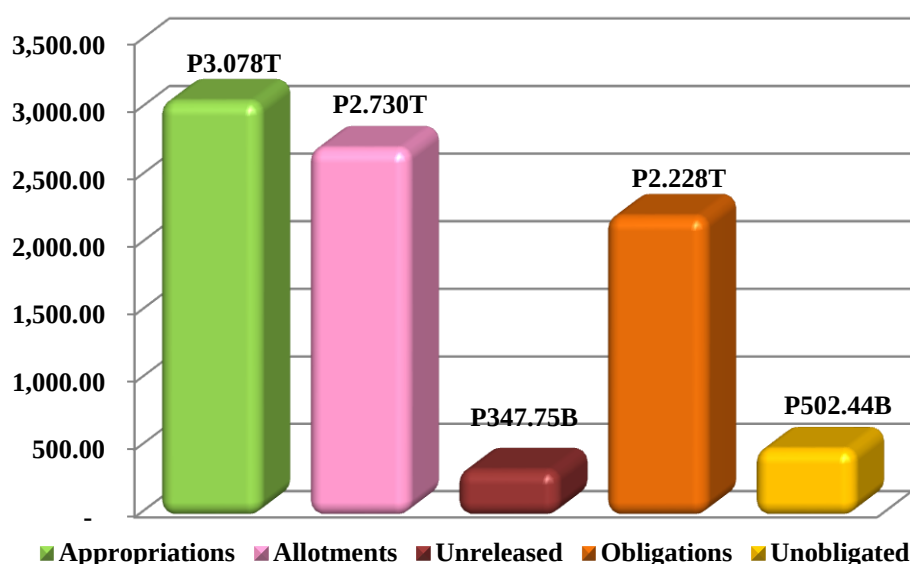
At the end of the year, based on the Registries, the GAS prepares the overall Statement of Appropriations, Allotments, Obligations, Disbursements and Balances and the Statement of Current Surplus, which form an integral part of the Annual Report on Appropriations, Allotments, Obligations and Disbursements (ARAAOD) and the Annual Financial Report (AFR) of the National Government.

The ARAAOD is for submission to the President of the Philippines and Congress not later than April 30 after the end of every fiscal year pursuant to R.A. No. 7226 dated March 12, 1992 and the Special Provisions on COA in the General Appropriations Act. On

the other hand, the AFR is for submission to the President of the Philippines and the Congress not later than September 30 of the ensuing year.

3.2 Appropriations, Allotments, Obligations and Balances

Chart III-1 Appropriations, Allotments, Unreleased Appropriations, Obligations and Unobligated Allotments



For FY 2014, the total appropriations of the national government registered at P3.078 trillion, higher by P259.18 billion or 9.20 percent than last year's National Budget of P2.818 trillion. Of the aggregate enacted budget, total allotments reported by the NGAs posted at P2.730 trillion, higher by P156.11 billion or 6.07 percent than previous year's P2.574 trillion. The unreleased appropriations this year of P347.75 billion increased by P103.07 billion or 42.13 percent compared to the preceding year's level of P244.68 billion.

From the released appropriations of P2.730 trillion, P2.228 trillion was obligated (including the overdraft of P148.72 million) by the NGAs thus, leaving an unobligated balance of P502.44 billion which is 45.67 percent more than the P344.91 billion balance reported in FY 2013.

Table III-1 below shows the Comparative Appropriations, Allotments, Obligations and Balances for FYs 2014 and 2013.

**Table III-1 Comparative Appropriations, Allotments, Obligations and Balances
(in million pesos)**

Particulars	2014	2013	Increase/(Decrease)	
			Amount	Percent
Appropriations	3,077,573.79	2,818,389.44	259,184.34	9.20
Allotments	2,729,819.02	2,573,707.74	156,111.28	6.07
Obligations	<u>2,227,532.38</u>	<u>2,228,798.76</u>	<u>(1,266.37)</u>	(0.06)
Covered by Allotment	2,227,383.67	2,228,795.50	(1,411.83)	(0.06)
Not Covered by Allotment	148.72	3.26	145.46	4,461.96
Unreleased Appropriations	347,754.77	244,681.71	103,073.06	42.13
Unobligated Allotments	502,435.35	344,912.24	157,523.11	45.67
<i>Difference between totals and sum of components is due to rounding off</i>				

Among the departments/offices, the DOF, being the administrator of the funds for Debt Service and Budgetary Support to GOCCs, reported the highest amounts for appropriations, allotments and obligations at P931.72 billion, P930.92 billion, and P675.29 billion, respectively. Likewise, the DBM, being the administrator of the funds for LGUs, ranked 2nd with reported total amount of P354.80 billion, both for appropriations and allotments, and P353.61 billion for obligations for FY 2014.

Table III-2 below shows the appropriations, allotments, unreleased appropriations, obligations and unobligated balances, by Department for FY 2014.

**Table III-2 Appropriations, Allotments, Unreleased Appropriations,
Obligations and Unobligated Balances, by Department
(in million pesos)**

Department/ Office/Particulars	Appropriations	Allotments	Unreleased Appropriations	Obligations Covered by Allotment	Unobligated Balance
Finance	931,723.82	930,917.38	806.45	675,293.71	255,623.66
Budget and Management	354,804.88	354,804.88	-	353,614.36	1,190.52
Education	309,658.76	306,416.79	3,241.97	274,459.54	31,957.25
Public Works and Highways	302,110.59	272,394.66	29,715.93	190,534.45	81,860.21
Interior and Local Government	160,000.48	159,188.65	811.83	143,035.87	16,152.78
National Defense	143,222.97	143,022.97	200.00	138,088.25	4,934.73
Social Welfare and Development	103,658.09	103,604.57	53.52	86,134.81	17,469.76
Agriculture	74,695.59	70,629.39	4,066.20	56,696.91	13,932.48
Transportation and Communications	59,354.94	58,330.65	1,024.29	34,107.99	24,222.66

(Table III-2 , Continued)

Department/ Office/Particulars	Appropriations	Allotments	Unreleased Appropriations	Obligations Covered by Allotment	Unobligated Balance
Health	56,781.44	56,781.10	0.34	47,228.15	9,552.95
State Universities and Colleges	42,902.27	42,590.92	311.35	38,879.83	3,711.08
Agrarian Reform	30,445.53	24,650.04	5,795.49	12,161.67	12,488.37
Environment and Natural Resources	30,083.72	27,059.44	3,024.29	23,720.75	3,338.69
Autonomous Region in Muslim Mindanao	22,850.84	22,677.23	173.62	22,450.91	226.32
The Judiciary	21,957.88	21,957.88	-	19,443.77	2,514.11
Other Executive Offices	18,473.90	18,473.59	0.31	13,323.52	5,150.07
Foreign Affairs	15,489.31	14,931.99	557.33	13,371.16	1,560.83
Science and Technology	14,694.14	14,692.48	1.66	12,630.66	2,061.81
Justice	14,568.17	14,568.17	-	13,634.99	933.18
Labor and Employment	14,075.55	14,073.55	2.00	12,405.90	1,667.66
Congress of the Philippines	12,545.34	12,545.34	-	10,506.38	2,038.96
Commission on Audit	9,040.18	9,040.18	-	8,529.36	510.82
Energy	6,761.63	4,181.62	2,580.01	883.43	3,298.19
Commission on Elections	6,615.82	6,615.82	-	5,439.17	1,176.64
Office of the President	5,964.02	5,564.02	400.00	3,453.71	2,110.31
Trade and Industry	5,598.95	4,828.95	770.00	3,921.94	907.01
National Economic and Development Authority	4,623.95	4,574.66	49.29	3,321.92	1,252.75
Tourism	2,885.85	2,885.85	-	2,751.10	134.76
Metropolitan Manila Development Authority	2,448.51	2,448.51	-	2,256.18	192.33
Office of the Ombudsman	1,994.60	1,994.60	-	1,780.48	214.12
Presidential Communications Operations Office	1,455.88	1,455.88	-	1,444.57	11.31
Civil Service Commission	1,307.95	1,307.95	-	1,294.78	13.17

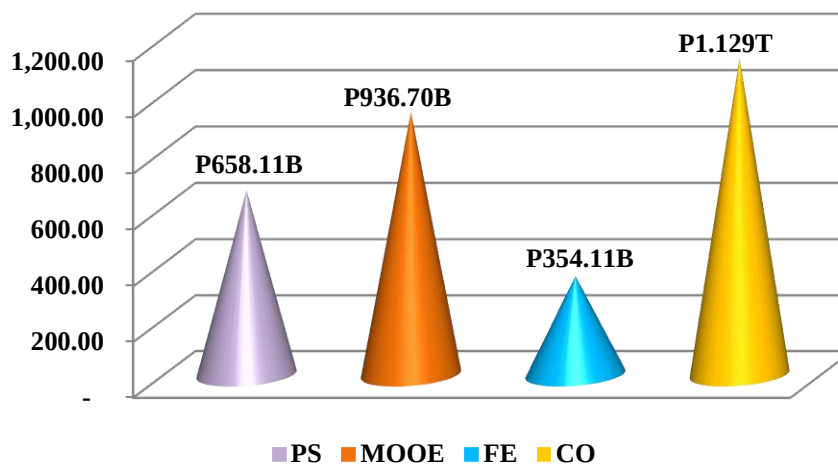
(Table III-2 , continued)

Department/ Office/Particulars	Appropriations	Allotments	Unreleased Appropriations	Obligations Covered by Allotment	Unobligated Balance
Commission on Human Rights	372.82	372.82	-	371.33	1.49
Office of the Vice- President	232.17	232.17	-	208.49	23.68
Joint Legislative- Executive Councils	4.33	4.33	-	3.61	0.71
Unreleased Special Purpose Funds	271,701.31	-	271,701.31	-	-
Supplemental Appropriations – RA 10652	<u>22,467.61</u>	<u>-</u>	<u>22,467.61</u>	<u>-</u>	<u>-</u>
Total	<u>3,077,573.79</u>	<u>2,729,819.02</u>	<u>347,754.77</u>	<u>2,227,383.67</u>	<u>502,435.35</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

3.2.1 Appropriations – P3.078 trillion

Appropriations are authorizations made by law or other legislative enactments, directing payments out of government funds under specified conditions or for specific purposes. This year's appropriations of P3.078 trillion is composed of: Current Year's Appropriations of P2.856 trillion and Prior Years' Continuing Appropriations of P221.07 billion. The breakdown of appropriations by allotment class is shown in Chart III-2.

Chart III-2 Appropriations, by Allotment Class



Compared with the total appropriations for FY 2013, this year's total appropriations registered an increase of P259.18 billion or 9.20 percent, broken down by allotment class as follows: PS – P37.10 billion or 5.97 percent, MOOE – P109.56 billion or 13.25 percent, FE – P20.21 billion or 6.05 percent, and CO – P92.32 billion or 8.91 percent.

Table III-3 below shows the Comparative Appropriations for FYs 2014 and 2013, by Source.

Table III-3 Comparative Appropriations, by Source
(in million pesos)

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
Total Appropriations	<u>3,077,573.79</u>	<u>2,818,389.45</u>	<u>259,184.34</u>	9.20
PS	658,106.39	621,008.82	37,097.56	5.97
MOOE	936,697.24	827,136.23	109,561.01	13.25
FE	354,110.17	333,902.00	20,208.17	6.05
CO	1,128,659.99	1,036,342.39	92,317.60	8.91
Current Year's Appropriations	<u>2,856,504.30</u>	<u>2,554,313.47</u>	<u>302,190.83</u>	11.83
PS	657,928.06	618,326.48	39,601.58	6.40
MOOE	864,028.17	749,288.45	114,739.72	15.31
FE	354,104.85	333,902.00	20,202.85	6.05
CO	980,443.21	852,796.54	127,646.67	14.97
General Appropriations	<u>1,608,503.08</u>	<u>1,368,229.16</u>	<u>240,273.93</u>	17.56
PS	625,676.05	588,020.81	37,655.24	6.40
MOOE	467,314.56	403,963.73	63,350.83	15.68
FE	1,352.44	-	1,352.44	
CO	514,160.04	376,244.61	137,915.42	36.66
Automatic Appropriations	<u>1,225,533.61</u>	<u>1,171,484.31</u>	<u>54,049.29</u>	4.61
PS	32,252.01	30,305.67	1,946.34	6.42
MOOE	381,838.75	341,924.72	39,914.03	11.67
FE	352,652.00	333,902.00	18,750.00	5.62
CO	458,790.84	465,351.92	(6,561.09)	(1.41)
Supplemental Appropriations	<u>22,467.61</u>	<u>14,600.00</u>	<u>7,867.61</u>	53.89
MOOE	14,874.86	3,400.00	11,474.86	337.50
FE	100.41	-	100.41	
CO	7,492.34	11,200.00	(3,707.66)	(33.10)
Continuing Appropriations	<u>221,069.49</u>	<u>264,075.97</u>	<u>(43,006.48)</u>	(16.29)
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	72,669.07	77,847.78	(5,178.71)	(6.65)
FE	5.31	-	5.31	-
CO	148,216.78	183,545.85	(35,329.07)	(19.25)
Allotted Continuing Appropriations	<u>81,626.62</u>	<u>144,755.33</u>	<u>(63,128.71)</u>	(43.61)
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	35,720.63	9,190.82	26,529.81	288.66

(Table III-3 , Continued)

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
FE	5.32	37,718.46	(37,713.15)	(99.99)
CO	45,722.35	95,163.70	(49,441.35)	(51.95)
Unallotted Continuing				
Appropriations	<u>139,442.87</u>	<u>119,320.65</u>	<u>20,122.22</u>	16.86
MOOE	36,948.44	30,938.49	6,009.94	19.43
CO	102,494.43	88,382.15	14,112.28	15.97
<i>Difference between totals and sum of components is due to rounding off.</i>				

3.2.1.1 Current Year's Appropriations – P2.856 trillion

As shown in Table III-3, Current Year's Appropriations of P2.856 trillion consists of: General Appropriations – P1.608 trillion or 56.31 percent, Automatic Appropriations – P1.225 trillion or 42.90 percent and Supplemental Appropriations – P22.47 billion or 0.79 percent. Compared with the previous year's level of P2.554 trillion, this year's current appropriations posted an increment of P302.19 billion or 11.83 percent broken down by allotment class as follows: PS – P39.60 billion or 6.40 percent, MOOE – P114.74 billion or 15.31 percent, FE – P20.20 billion or 6.05 percent, and CO – P127.65 billion or 14.97 percent.

- **General Appropriations – P1.608 trillion**

The New General Appropriation is enacted by the Congress and approved by the President every fiscal year as the General Appropriations Act (GAA). The GAA covers both Programmed and Unprogrammed Appropriations. Programmed appropriations are supported by corresponding sources of revenue and can be released during the year while Unprogrammed Appropriations can only be utilized when revenue collections exceed targets, when there are new revenue sources and when there are newly-approved loans for foreign assisted projects.

The GAA for FY 2014 is RA No. 10633 with total appropriations of P1.608 trillion of which, P1.469 trillion or 91.30 percent was programmed and P139.30 billion or 8.70 percent was unprogrammed. From the programmed appropriations of P1.469 trillion, P1.155 trillion or 78.64 percent was for the Regular Appropriations of the thirty-five departments/offices while the remaining P313.64 billion or 21.36 percent is for the programmed Special Purpose Funds.

This year's General Appropriations is P240.27 billion or 17.56 percent more than last year's P1.368 trillion. The total Regular Appropriations for the fiscal year of P1.155 trillion is higher by P196.47 billion or 20.50 percent than

the previous year's level of P958.49 billion. Under the GAA, the approved original appropriations for Regular Appropriations was P1.186 trillion. During the year, this amount was increased by P4.27 billion sourced from the Pooled Savings of Miscellaneous Personnel Benefits Fund (MPBF) and Pension and Gratuity Fund (PGF) and decreased by P35.34 billion which was appropriated for SPF Budgetary Support to GOCC (BSGOCCs).

The appropriations for Special Purpose Funds of P453.55 billion posted likewise an increment of P60.18 billion or 15.30 percent over last year's P393.37 billion in spite of the abolition of PDAF by virtue of the decision of the Supreme Court of the Philippines as being unconstitutional on November 9, 2013. The original approved appropriations for SPF was P422.47 billion. During FY 2014, P2.60 billion from MPBF and P4.71 billion from PGF or a sum of P7.31 billion were transferred to Pooled Savings of which, P4.27 billion was transferred to Regular Appropriations, and P2.60 billion and P67.11 million were transferred to other SPFs National Disaster Risk Reduction and Management Fund (NDRRMF)/Calamity Fund and BSGOCCs, respectively.

No built-in appropriations were provided for the Special Account in the General Fund for FY 2014.

Table III-4 shows the comparative details of adjusted General Appropriations for FYs 2014 and 2013.

**Table III-4 Comparative Details of Adjusted Current Year's Appropriations
(in million pesos)**

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
General Appropriations	<u>1,608,503.08</u>	<u>1,368,229.16</u>	<u>240,273.93</u>	17.56
PS	625,676.05	588,020.81	37,655.24	6.40
MOOE	467,314.56	403,963.73	63,350.83	15.68
FE	1,352.44	-	1,352.44	-
CO	514,160.04	376,244.61	137,915.42	36.66
Regular Appropriations	<u>1,154,957.91</u>	<u>958,492.25</u>	<u>196,465.66</u>	20.50
PS	459,771.59	442,152.68	17,618.91	3.98
MOOE	328,648.24	253,693.34	74,954.90	29.55
FE	1,352.44	-	1,352.44	-
CO	365,185.64	262,646.23	102,539.41	39.04
Special Account in the General Fund	<u>-</u>	<u>16,370.11</u>	<u>(16,370.11)</u>	(100.00)
PS	-	2,742.18	(2,742.18)	(100.00)
MOOE	-	13,374.39	(13,374.39)	(100.00)
CO	-	253.54	(253.54)	(100.00)

(Table III-4 , Continued)

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
Special Purpose Funds	<u>453,545.17</u>	<u>393,366.79</u>	<u>60,178.38</u>	15.30
PS	165,904.46	143,125.95	22,778.51	15.92
MOOE	138,666.32	136,896.00	1,770.32	1.29
CO	148,974.40	113,344.85	35,629.55	31.43
BSGOCCs	<u>81,659.98</u>	<u>83,490.46</u>	<u>(1,830.48)</u>	(2.19)
MOOE	79,386.79	77,362.76	2,024.03	2.62
CO	2,273.19	6,127.70	(3,854.51)	(62.90)
ALGU	<u>19,588.84</u>	<u>14,084.54</u>	<u>5,504.31</u>	39.08
PS	21.32	22.72	(1.40)	(6.16)
MOOE	18,701.01	13,780.82	4,920.19	35.70
CO	866.52	281.00	585.52	208.37
Contingent Fund	<u>1,372.86</u>	<u>1,000.00</u>	<u>372.86</u>	37.29
MOOE	1,256.28	740.00	516.28	69.77
CO	116.58	260.00	(143.42)	(55.16)
DepEd SPB	<u>1,000.00</u>	<u>1,000.00</u>	-	-
CO	1,000.00	1,000.00	-	-
E-Government Fund	<u>2,478.90</u>	<u>395.96</u>	<u>2,082.94</u>	526.04
MOOE	1,612.00	6.48	1,605.51	27,761.47
CO	866.90	389.48	477.42	122.58
FSF	<u>400.00</u>	-	<u>400.00</u>	-
MOOE	400.00	-	400.00	-
ICF	<u>4,815.64</u>	<u>2,489.03</u>	<u>2,326.61</u>	93.47
MOOE	3,738.46	1,215.24	2,523.22	207.63
CO	1,077.18	1,273.80	(196.61)	(15.43)
MPBF	<u>50,935.09</u>	<u>38,326.15</u>	<u>12,608.93</u>	32.90
PS	50,934.29	38,326.15	12,608.13	32.90
MOOE	0.80	-	0.80	-
NDRRMF	<u>15,600.00</u>	<u>7,500.00</u>	<u>8,100.00</u>	108.00
MOOE	13,193.67	3,450.00	9,743.67	282.43
CO	2,406.33	4,050.00	(1,643.67)	(40.58)
PGF	<u>115,790.10</u>	<u>102,742.28</u>	<u>13,047.82</u>	12.70
PS	114,705.86	101,601.12	13,104.73	12.90
MOOE	1,084.24	1,141.16	(56.92)	(4.99)
PDAF	-	<u>24,790.00</u>	<u>(24,790.00)</u>	(100.00)
MOOE	-	7,657.00	(7,657.00)	(100.00)
CO	-	17,133.00	(17,133.00)	(100.00)
RRF	<u>20,000.00</u>	-	<u>20,000.00</u>	-
MOOE	3,700.00	-	3,700.00	-
CO	16,300.00	-	1,6300.00	-
UF	<u>139,903.76</u>	<u>117,548.37</u>	<u>22,355.39</u>	19.02
PS	243.00	3,175.96	(2,932.96)	(92.35)
MOOE	15,593.07	31,542.54	(15,949.47)	(50.56)
CO	124,067.69	82,829.87	41,237.82	49.79

Difference between totals and sum of components is due to rounding off.

- **Automatic Appropriations – P1.225 trillion**

Automatic appropriations are made annually or for a period as prescribed by law, by virtue of a standing legislation. For FY 2014, the Automatic Appropriations totaled P1.23 trillion, grander by P54.05 billion than last year's amount of P1.171 trillion. The major components of this Appropriations category are Debt Service of P793.58 billion or 64.75 percent and Internal Revenue Allotment (IRA) of P341.54 billion or 27.87 percent.

Compared with the FY 2013 budget, this year's total appropriations for Debt Service is slightly bigger by P10.34 billion or 1.32 percent. Appropriations for Interest Payments this year of P352.65 billion increased by P18.75 billion or 5.62 percent while for Principal Amortization of P440.93 billion decreased by P8.41 billion or 1.32 percent.

This year's appropriations for IRA of LGUs registered an increase of P39.24 billion or 12.98 percent. The IRA for the current year was computed based on the national government's gross internal revenue collection for the last three (3) fiscal years, as provided in Section 284 of the Local Government Code.

The comparative details of Automatic Appropriations for FYs 2014 and 2013 is shown in Table III-5 below.

**Table III-5 Comparative Automatic Appropriations
(in million pesos)**

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
Automatic Appropriations	<u>1,225,533.61</u>	<u>1,171,484.31</u>	<u>54,049.29</u>	<u>4.61</u>
PS	32,252.01	30,305.67	1,946.34	6.42
MOOE	381,838.75	341,924.72	39,914.03	11.67
FE	352,652.00	333,902.00	18,750.01	5.62
CO	458,790.84	465,351.92	(6,561.09)	(1.41)
Debt Service	<u>793,583.00</u>	<u>783,246.00</u>	<u>10,337.00</u>	<u>1.32</u>
Principal Amortization (CO)	440,931.00	449,344.00	(8,413.00)	(1.87)
Interest Payments (FE)	352,652.00	333,902.00	18,750.00	5.62
Internal Revenue				
Allotment - MOOE	341,544.73	302,304.00	39,240.72	12.98
Other Automatic				
Appropriations	<u>90,405.88</u>	<u>85,934.31</u>	<u>4,471.57</u>	<u>5.20</u>
PS	32,252.01	30,305.67	1,946.34	6.42
MOOE	40,294.02	39,620.72	673.31	1.70
FE	0.01	-	0.01	
CO	17,859.84	16,007.92	1,851.91	11.57
<i>Difference between totals and sum of components is due to rounding off.</i>				

The components of Other Automatic Appropriations of P90.41 billion are the following: RLIP – P31.67 billion, Subsidy – P26.17 billion, Motor Vehicles Users Charge – P13.11 billion, SAGF – P9.80 billion, Grants and Donations – P3.67 billion, Customs Duties – P3.47 billion, Military Camp Sales Proceeds Fund – P1.66 billion, and AFP Modernization Act Trust Fund – P0.86 billion.

- **Supplemental Appropriations – P22.47 billion**

On December 17, 2014, the House of Representatives and the Senate passed Supplemental Appropriations in the total amount of P22.47 billion under RA No. 10652 to fund urgent and important projects which cannot be funded by savings or through the Unprogrammed Fund and are not funded under RA No. 10633, the FY 2014 GAA.

Compared to the Supplemental Appropriations under RA No. 10634 of the previous year which was passed by the House of Representatives and Senate on December 9, 2013 and December 4, 2013, respectively for the purpose of augmenting the Calamity Fund by P11.2 billion and the Quick Response Fund of DSWD by P3.4 billion, this year's supplemental appropriations is bigger by P7.87 billion or 53.89 percent.

Table III-6 Comparative Details of Appropriations
(in million pesos)

Particulars	Amount			Percent
	2014	2013	Increase / (Decrease)	
Supplemental Appropriations	<u>22,467.61</u>	<u>14,600.00</u>	<u>7,867.61</u>	53.89
Maintenance and Other				
Operating Expenses	14,874.86	3,400.00	11,474.86	337.50
Financial Expenses	100.41	-	100.41	-
Capital Outlays	7,492.34	11,200.00	(3,707.66)	(33.10)
Regular Appropriations	<u>13,571.47</u>	<u>3,400.00</u>	<u>10,171.47</u>	299.16
Maintenance and Other				
Operating Expenses	5,978.72	3,400.00	2,578.72	75.84
Financial Expenses	100.41		100.41	-
Capital Outlays	7,492.34		7,492.34	-
Special Purpose Funds	<u>8,896.14</u>	<u>11,200.00</u>	<u>(2,303.86)</u>	(20.57)
Budgetary Support to GOCCs	<u>8,896.14</u>	<u>-</u>	<u>8,896.14</u>	-
Maintenance and Other				
Operating Expenses	8,896.14	-	8,896.14	-
Calamity Fund	<u>-</u>	<u>11,200.00</u>	<u>(11,200.00)</u>	(100.00)
Capital Outlays	<u>-</u>	<u>11,200.00</u>	<u>(11,200.00)</u>	(100.00)
<i>Difference between totals and sum of components is due to rounding off.</i>				

The NGAs and GOCCs, projects or programs and amounts covered by RA No. 10652 are as follows:

Government Agency/GOCC/ Special Purpose Fund	Project/Program	Amount (in million pesos)
DOF – Bureau of the Treasury	Additional Capital Outlay and MOOE for the implementation of the Treasury Single Account	₱803.38
DOF – Bureau of the Treasury	Budgetary Shortfall for Transaction Fees and Charges as a Result of the Implementation of the Treasury Single Account	100.41
DENR – Office of the Secretary	Payment for the Actual Services Rendered by the 294 Hired Bantay Gubat	11.18
DOF – Office of the Secretary	Phase 2 of the Renovation of DOF – OSEC Property	32.22
DILG – Bureau of Fire Protection	Transition Investment Support Plan – ARMM Procurement of 33 Firetrucks	199.17
DILG – Philippine National Police	Operational Transformation Plan for the Philippine National Police	2,833.28
DOJ – Office of the Secretary	Transfer of Quezon City Prosecutors and Public Attorney's Offices, including the Provision for Electrical Connection, Water Connection, PABX Telephone Rack Installation and Structured Cabling	10.50
DOST – Information and Communications Technology Office	Acquisition of 15,000 units of Personal Computers	300.00
DPWH – Office of the Secretary	Obligations Arising from Implemented Infrastructure Projects	1,902.74
DPWH – Office of the Secretary	Completion of Development Assistance to the Province of Quezon	240.00
DPWH – Office of the Secretary	Construction of the New Bohol Provincial Capitol to Replace Condemned Building	350.00
DPWH – Office of the Secretary	Retrofitting of the Presidential Management Staff Office Building	210.00
DSWD – Office of the Secretary	Updating of the National Household Targeting System for Poverty Reduction	1,942.52
DSWD – Office of the Secretary	Emergency Shelter Assistance for Victims of Typhoon Yolanda	2,084.48

(Continued...)

Government Agency/GOCC/ Special Purpose Fund	Project/Program	Amount (in million pesos)
DOTC – Office of the Secretary	Metro Rail Transit 3 Rehabilitation and Capacity Extension, including Total Replacement of the Existing Signaling System and Rehabilitation of Escalators and Elevators	1,207.16
House of Representatives	Completion of the Legislative Library and Archives Building/ Congressional E-Library	250.00
House of Representatives	Expenses of the Ad-Hoc Committee on Bangsamoro Basic Law and Printing of the 2015 General Appropriations Bill	70.17
DOTC – Light Rail Transit Authority	Rehabilitation of Light Rail Transit Line 1 and Line 2	727.69
DOTC – Mactan-Cebu International Airport Authority	Construction of Mactan-Cebu International Airport Presidential and Dignitaries (PAD) Lounge Building	118.56
DENR – Environmental Management Bureau	Remediation of the San Mateo Sanitary Landfill	178.01
National Electrification Administration	Installation of 10-Megavolt Amperes Substation in Sto. Domingo, Albay	32.55
National Housing Authority	Construction of 27,313 Units of Permanent Housing for Victims of Typhoon Yolanda	7,999.98
National Housing Authority	Implementation of the North Triangle Relocation Project	286.70
Philippine Coconut Authority	Coconut Scale Insect Emergency Action Plan	340.35
Philippine Fisheries Development Authority	Construction of Fishport, Lighthouses and Seawalls	196.39
Philippine Institute for Development Studies	Provision for Rent of Office Space During Pendency of Construction of PIDS' New Building	40.18
Total		<u>22,467.61</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

3.2.1.2 Continuing Appropriations – P221.07 billion

Continuing Appropriations are appropriations which supports obligations (expenditures incurred and committed to be paid by the government) for a specific purpose or project, even when these obligations are incurred beyond the budget year. Consistent with the Congress Joint Resolution No. 01 as approved by the President on December 26, 2013 which extended the validity of appropriations for MOOE and Capital Outlays until December 31, 2014 instead of December 31, 2013 under Section 63 of the General Provisions of RA No. 10352, total Continuing Appropriations forwarded to FY 2014 grossed at P221.07 billion. The Continuing Appropriations is composed of: Allotted Continuing Appropriations of P81.63 billion or 36.92 percent and Unallotted Continuing Appropriations of P139.44 billion or 63.08 percent.

Compared with the previous year's balance of P264.08 billion, a decrease of P43.01 billion or 16.29 percent was noted in the total extended Continuing Appropriations. With the declaration by the Supreme Court of the Philippines of the unconstitutionality of PDAF and DAP, the balances of the said funds were reverted and were no longer obligated during the year. Likewise, with the issuance by the DBM of National Budget Circular No. 553 dated February 8, 2014 which provided the guidelines for the utilization of unreleased and unobligated CY 2013 balances primarily for calamity related projects, many NGAs complied and did not forward and utilize anymore their continuing appropriations for non-calamity related projects.

Total Unallotted Continuing Appropriations this year of P139.44 billion is higher by P20.12 billion or 16.86 percent than last year's P119.32 billion. Part of which is the Supplemental Appropriations of P14.60 billion which was approved by the Congress and Senate under RA No. 10634 on December 26, 2013.

The comparative details of Continuing Appropriations for FYs 2014 and 2013 is shown in Table III-7 below.

**Table III-7 Comparative Details of Continuing Appropriations
(in million pesos)**

Particulars	Amount			Percent
	2014	2013	Increase / (Decrease)	
Total Continuing Appropriations	<u>221,069.49</u>	<u>264,075.97</u>	<u>(43,006.48)</u>	<u>(16.29)</u>
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	72,669.07	77,847.78	(5,178.71)	(6.65)
FE	5.32	-	5.32	-
CO	148,216.78	183,545.85	(35,329.07)	(19.25)

(Table III-7, Continued)

Particulars	Amount			Percent
	2014	2013	Increase / (Decrease)	
Allotted Continuing				
Appropriations	<u>81,626.62</u>	<u>144,755.33</u>	<u>(63,128.71)</u>	<u>(43.61)</u>
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	35,720.63	9,190.82	26,529.81	288.66
FE	5.32	37,718.46	(37,713.15)	(99.99)
CO	45,722.35	95,163.70	(49,441.35)	(51.95)
Regular	<u>65,710.37</u>	<u>101,561.48</u>	<u>(35,851.11)</u>	<u>(35.30)</u>
PS	171.78	2,460.87	(2,289.09)	(93.02)
MOOE	23,768.64	-	23,768.64	-
FE	5.32	37,718.46	(37,713.14)	(99.99)
CO	41,764.64	61,382.14	(19,617.51)	(31.96)
Special Account in the General Fund	<u>7,105.10</u>	<u>2,835.55</u>	<u>4,269.55</u>	<u>150.57</u>
PS		196.99	(196.99)	(100.00)
MOOE	7,097.81	2,624.79	4,473.02	170.41
CO	7.29	13.77	(6.48)	(47.08)
Special Purpose Funds	<u>5,792.69</u>	<u>17,085.14</u>	<u>(11,292.46)</u>	<u>(66.10)</u>
PS	4.94	8.56	(3.62)	(42.30)
MOOE	3,803.93	3,652.21	151.72	4.15
CO	1,983.81	13,424.37	(11,440.56)	(85.22)
Automatic Appropriations	<u>3,018.47</u>	<u>23,273.15</u>	<u>(20,254.68)</u>	<u>(87.03)</u>
PS	1.61	15.91	(14.31)	(89.90)
MOOE	1,050.25	2,913.83	(1,863.57)	(63.96)
CO	1,966.61	20,343.41	(18,376.81)	(90.33)
Unallotted Continuing				
Appropriations	<u>139,442.87</u>	<u>119,320.65</u>	<u>20,122.22</u>	<u>16.86</u>
MOOE	36,948.44	30,938.49	6,009.94	19.43
CO	102,494.43	88,382.15	14,112.28	15.97
Regular	<u>17,389.93</u>	<u>23,219.87</u>	<u>(5,829.94)</u>	<u>(25.11)</u>
MOOE	6,779.67	2,995.37	3,784.30	126.34
CO	10,610.26	20,224.50	(9,614.24)	(47.54)
Special Account in the General Fund	<u>0.80</u>	<u>153.42</u>	<u>(152.62)</u>	<u>(99.48)</u>
MOOE	-	153.42	(153.42)	(100.00)
CO	0.80		0.80	-
Special Purpose Funds	<u>122,052.14</u>	<u>95,947.36</u>	<u>26,104.79</u>	<u>27.21</u>
Maintenance and Other				
Operating Expenses	30,168.77	27,789.70	2,379.06	8.56
Capital Outlays	91,883.38	68,157.65	23,725.72	34.81
Budgetary Support to GOCCs	<u>2,385.75</u>	<u>7,799.59</u>	<u>(5,413.84)</u>	<u>(69.41)</u>
Maintenance and Other				
Operating Expenses	2,385.75	1,904.59	481.16	25.26

(Table V-7, Continued)

Particulars	Amount		Increase / (Decrease)	Percent
	2014	2013		
Capital Outlays	-	5,895.00	(5,895.00)	(100.00)
Allocation to Local Government Units	546.17	3,849.50	(3,303.32)	(85.81)
Maintenance and Other Operating Expenses	546.17	2,245.89	(1,699.72)	(75.68)
Capital Outlays	-	1,603.61)	(1,603.61)	(100.00)
Calamity Fund	14,964.40	4,667.48	10,296.92	220.61
Maintenance and Other Operating Expenses	5,768.43	1,130.80	4,637.63	410.12
Capital Outlays	9,195.97	3,536.68	5,659.29	160.02
Contingent Fund	778.08	13.24	764.84	5,777.60
Maintenance and Other Operating Expenses	315.58	12.74	302.85	2,377.50
Capital Outlays	462.49	0.50	461.99	92,398.77
DepEd School Building Program (Capital Outlays)	2.80	153.80	(151.01)	(98.18)
E-Government Fund	-	106.45	(106.45)	(100.00)
Maintenance and Other Operating Expenses	-	66.62	(66.62)	(100.00)
Capital Outlays	-	39.83	(39.83)	(100.00)
International Commitments Fund (MOOE)	-	8.41	(8.41)	(100.00)
Priority Assistance Development Fund	-	3,176.20	(3,176.20)	(100.00)
Maintenance and Other Operating Expenses	-	758.96	(758.96)	(100.00)
Capital Outlays	-	2,417.24	(2,417.24)	(100.00)
Unprogrammed Fund	103,374.95	76,172.69	27,202.26	35.71
Maintenance and Other Operating Expenses	21,152.83	21,661.69	(508.86)	(2.35)
Capital Outlays	82,222.12	54,511.00	27,711.12	50.84

Difference between totals and sum of components is due to rounding off.

3.2.1.3 Departments with Huge Amount of Appropriations

Among the departments, the DOF reported the highest amount at P931.72 billion or 30.27 percent of which, P793.58 billion or 85.17 percent was for Debt Service. The DBM, DPWH and DepEd followed with P354.80 billion, P309.66 billion and P302.11 billion, respectively.

In terms of the highest percentage increase in appropriations, the DOTC, DSWD and DPWH topped at 49.44 percent, 37.89 percent and 31.29 percent, respectively. This is due to the expansion of the conditional cash transfer program of the DSWD and for the additional investments in transportation infrastructure to ensure the seamless interconnection of people and products across the country and to reduce transportation costs which will be implemented primarily by the DPWH and DOTC under the flagship Transport Infrastructure Program.

Table III-8 shows the comparative appropriations of the top ten departments for FYs 2014 and 2013.

**Table III-8 Comparative Appropriations of Top Ten Departments
(in million pesos)**

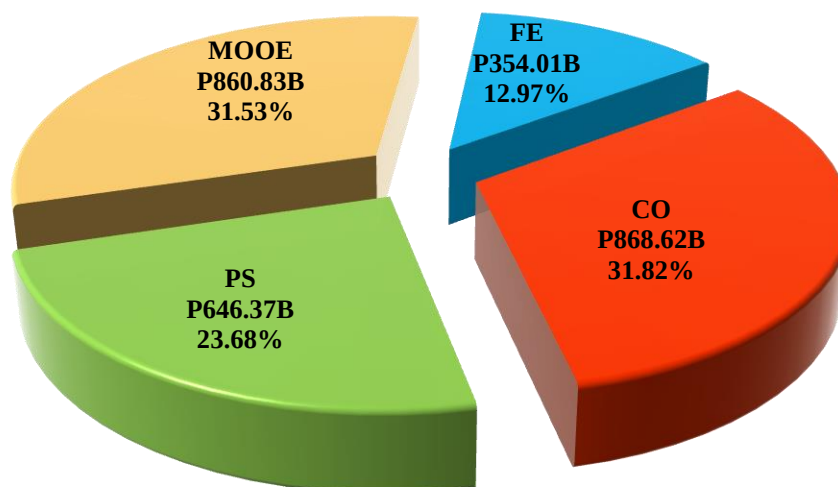
Department/Office	Amount			Percent
	2014	2013	Increase/ (Decrease)	
Finance	931,723.82	924,144.02	7,579.80	0.82
Budget and Management	354,804.88	324,155.80	30,649.08	9.46
Education	309,658.76	299,904.03	9,754.72	3.25
Public Works and Highways	302,110.59	230,115.61	71,994.98	31.29
Interior and Local Government	160,000.48	168,847.77	(8,847.29)	(5.24)
National Defense	143,222.97	140,610.02	2,612.96	1.86
Social Welfare and Development	103,658.09	75,174.91	28,483.18	37.89
Agriculture	74,695.59	76,267.18	(1,571.60)	(2.06)
Transportation and Communication	59,354.94	39,717.71	19,637.23	49.44
Health	56,781.44	48,454.68	8,326.78	17.18
Other Departments/Offices	287,393.31	267,967.50	19,425.81	7.25
Special Purpose Funds	271,701.31	208,430.20	63,271.10	30.36
Supplemental Appropriations	22,467.61	14,600.00	7,867.61	53.89
Total	<u>3,077,573.79</u>	<u>2,818,389.44</u>	<u>259,184.34</u>	9.20

Difference between totals and sum of components is due to rounding off

3.2.2 Allotments – P2.730 trillion

Allotments are authorizations issued by the DBM to agencies to incur obligations for specified amounts contained in legislative appropriations. For FY 2014, total allotments reported by NGAs summed at P2.730 trillion or 88.70 percent of the total appropriations of P3.078 trillion. As shown in Chart III-3, the components of this year's Allotments are: PS – P646.37 billion or 23.68 percent, MOOE – 860.83 billion or 31.53 percent, FE – P354.01 billion or 12.97 percent, and CO – P868.62 billion or 31.82 percent. The components of this year's allotment is shown in Chart III-3 on the next page.

Chart III-3 Components of Allotments



This year's Allotments is greater than last year by P156.11 billion and was sourced from current year's appropriations and continuing appropriations at P2.627 trillion or 96.22 percent and P103.32 billion or 3.78 percent, respectively.

Table III-9 below shows the comparative allotments for FYs 2014 and 2013.

**Table III-9 Comparative Allotments
(in million pesos)**

Particulars	Amount			Percent
	2014	2013	Increase / (Decrease)	
Total Allotments	<u>2,729,819.02</u>	<u>2,573,707.74</u>	<u>156,111.28</u>	6.07
PS	646,365.52	617,646.60	28,718.92	4.65
MOOE	860,826.91	764,227.00	96,599.91	12.64
FE	354,009.76	333,902.00	20,107.76	6.02
CO	868,616.82	857,932.14	10,684.69	1.25
Current Year's Appropriations	<u>2,626,503.81</u>	<u>2,392,551.65</u>	<u>233,952.16</u>	9.78
PS	646,187.19	614,964.25	31,222.94	5.08
MOOE	814,538.80	710,268.28	104,270.52	14.68
FE	354,004.45	333,902.00	20,102.45	6.02
CO	811,773.37	733,417.11	78,356.26	10.68
General Appropriations	<u>1,400,970.20</u>	<u>1,221,067.33</u>	<u>179,902.87</u>	14.73
PS	613,935.18	584,658.59	29,276.60	5.01
MOOE	432,700.05	368,343.56	64,356.49	17.47
FE	1,352.44	-	1,352.44	-
CO	352,982.53	268,065.18	84,917.35	31.68

(Table III-9, Continued)

Particulars	Amount (in million pesos)			Percent
	2014	2013	Increase / (Decrease)	
Regular Appropriations	<u>1,112,678.52</u>	<u>944,940.56</u>	<u>167,737.96</u>	17.75
PS	458,280.49	441,966.42	16,314.08	3.69
MOOE	321,259.50	251,147.92	70,111.58	27.92
FE	1,352.44	-	1,352.44	-
CO	331,786.08	251,826.22	79,959.86	31.75
Special Purpose Funds	<u>288,291.69</u>	<u>264,757.46</u>	<u>23,534.22</u>	8.89
PS	155,654.69	139,949.99	15,704.70	11.22
MOOE	111,440.55	108,821.25	2,619.30	2.41
CO	21,196.45	15,986.22	5,210.23	32.59
Automatic Appropriations	<u>1,225,533.61</u>	<u>1,171,484.31</u>	<u>54,049.29</u>	4.61
PS	32,252.01	30,305.67	1,946.34	6.42
MOOE	381,838.75	341,924.72	39,914.03	11.67
FE	352,652.01	333,902.00	18,750.00	5.62
CO	458,790.84	465,351.92	(6,561.09)	(1.41)
Prior Year's Continuing Appropriations	<u>103,315.21</u>	<u>181,156.09</u>	<u>(77,840.88)</u>	(42.97)
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	46,288.11	53,958.72	(7,670.61)	(14.22)
FE	5.32	-	5.32	-
CO	56,843.46	124,515.03	(67,671.57)	(54.35)
Allotted Continuing Appropriations	<u>81,626.62</u>	<u>144,755.33</u>	<u>(63,128.71)</u>	(43.61)
PS	178.33	2,682.34	(2,504.02)	(93.35)
MOOE	35,720.63	46,909.28	(11,188.65)	(23.85)
FE	5.32	-	5.32	-
CO	45,722.35	95,163.70	(49,441.35)	(51.95)
Unallotted Continuing Appropriations	<u>21,688.59</u>	<u>36,400.76</u>	<u>(14,712.17)</u>	(40.42)
MOOE	10,567.48	7,049.44	3,518.04	49.91
CO	11,121.11	29,351.33	(18,230.22)	(62.11)

Difference between totals and sum of components is due to rounding off.

3.2.5.1 Allotments from Current Year's Appropriations – P2.627 trillion

The allotments under the current year's appropriations of P2.627 trillion were released from: General Appropriations – P1.401 trillion or 53.34 percent and Automatic Appropriations – P1.226 trillion or 46.66 percent.

- **Allotments from the General Appropriations – P1.401 trillion**

Total allotments released under the General Appropriations in the amount of P1.401 trillion, consists of: PS – P613.94 billion or 43.82 percent, MOOE – P432.70 billion or 30.89 percent, FE – P1.35 billion or 0.10 percent, and CO – P352.98 billion or 25.20 percent. Of the total allotments from the General Appropriations, P1.113 trillion or 79.42 percent was from Regular Appropriations and P288.29 billion or 20.58 percent was from SPFs. The comparative allotments for Special Purpose Funds for FYs 2014 and 2013, is shown on Table III-10 below.

**Table III-10 Comparative Allotments of Special Purpose Funds
(in million pesos)**

Particulars	Amount			Percent
	2014	2013	Increase/ (Decrease)	
PGF	106,064.88	102,742.28	3,322.60	3.23
BSGOCCs	79,400.95	81,104.71	(1,703.76)	(2.10)
MPBF	50,653.54	38,326.15	12,327.39	32.16
NDRRMF	15,535.47	3,735.60	11,799.87	315.88
UF	11,884.15	10,997.46	886.69	8.06
RRF	8,755.74	-	8,755.74	-
ALGU	7,944.43	13,538.36	(5,593.93)	(41.32)
ICF	4,669.52	2,489.03	2,180.49	87.60
E-Government Fund	1,626.06	395.96	1,230.10	310.66
Contingent Fund	1,372.86	221.92	1,150.94	518.63
FSF	202.35	-	202.35	-
DepEd SBP	181.75	997.20	(815.45)	(81.77)
PDAF	-	10,208.77	(10,208.77)	(100.00)
Total	<u>288,291.70</u>	<u>264,757.46</u>	<u>25,534.26</u>	8.89
<i>Difference between totals and sum of components is due to rounding off.</i>				

The biggest allotments for the Budgetary Support to GOCCs was released for the National Health Insurance Program that is being implemented thru the PHIC – P35.30 billion. The second was for the Socialized Housing Program totaling P13.57 billion that are being implemented by the National Housing Authority and the Social Housing Finance Corporation with subsidies of P10.14 billion and P3.43 billion, respectively. The third is for Rural Electrification Program that is being implemented through the DOE and the National Electrification Administration. Total allotments released as subsidy to NEA amounted to P7.68 billion. Table III-11 on next page shows the other GOCCs that received subsidies and equity investments from the National Government for FY 2014.

**Table III-11 GOCCs with Budgetary Support from
the National Government
(in million pesos)**

GOCCs	Total	Subsidies	Equity Investments
Philippine Health Insurance Corporation	35,295.66	35,295.66	-
National Housing Authority	10,135.89	10,135.89	-
National Electrification Administration	7,675.80	7,675.80	-
National Food Authority	4,250.00	4,250.00	-
Social Housing Finance Corporation	3,434.74	3,434.74	-
Philippine Deposit Insurance Corporation	2,792.34	2,792.34	-
Philippine Coconut Authority	2,375.75	2,373.75	-
National Power Corporation	2,000.00	2,000.00	-
People's Credit and Finance Corporation	1,563.57	1,563.57	-
Philippine Crop Insurance Corporation	1,183.77	1,183.77	-
National Irrigation Administration	1,065.68	1,065.68	-
National Home Mortgage Finance Corporation	1,000.00	1,000.00	-
People's Television Network, Inc.	926.30	926.30	-
Local Water Utilities Administration	565.00	565.00	-
Philippine Rice Research Institute	546.44	546.44	-
Home Guaranty Corporation	500.00	-	500.00
Tourism Promotions Board	500.00	-	500.00
Philippine Heart Center	402.00	402.00	-
Philippines Children's Medical Center	365.00	365.00	-
Philippine Institute for Development Studies	346.81	346.81	-
Philippine National Railways	344.00	344.00	-
Philippine Postal Corporation	301.00	301.00	-
National Dairy Authority	261.74	261.74	-
Cultural Center of the Philippines	244.70	244.70	-
National Kidney and Transplant Institute	229.00	229.00	-
Lung Center of the Philippines	203.40	203.40	-
Center for International Trade Exposition and Mission	186.44	186.44	-
Development Academy of the Philippines	137.50	137.50	-
Authority of the Freeport Areas of Bataan	100.00	-	100.00
Small Business Corporation	100.00	100.00	-
Zamboanga City Special Economic Zone Authority	82.00	82.00	-
Credit Information Corporation	71.96	71.96	-
Southern Philippines Development Authority	52.04	52.04	-

Table III-11, Continued)

GOCCs	Total	Subsidies	Equity Investments
Philippine Institute for Traditional and Alternative Health Care	49.80	49.80	-
Aurora Pacific Economic Zone and Freeport Authority	48.50	-	48.50
Philippine Center for Economic Development	21.00	21.00	-
Cottage Industry Technology Center	9.00	9.00	-
Others	36.11	36.11	-
Total	<u>79,400.95</u>	<u>78,252.45</u>	<u>1,148.50</u>

Difference between totals and sum of components is due to rounding off.

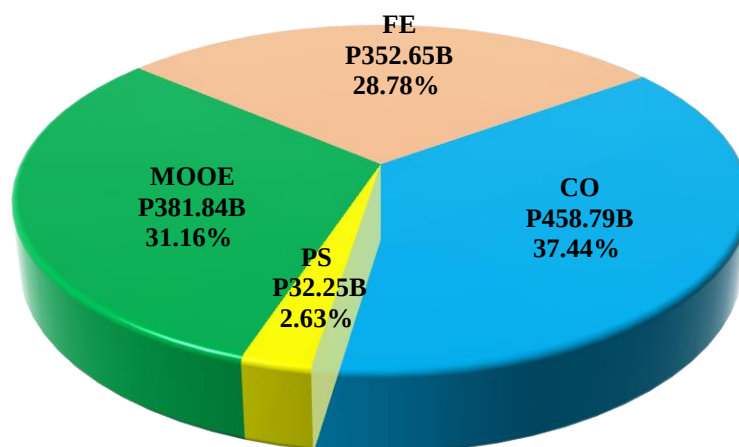
- Allotments from Automatic Appropriations – P1.226 trillion**

Of the aggregate allotments from Automatic Appropriations of P1.226 trillion, P1.135 trillion or 92.62 percent was released for Debt Service and Internal Revenue Allotments (IRA) with P793.58 billion and P341.54 billion, respectively. IRA was released as subsidy of the NG to LGUs.

By Allotment Class, CO received the lion's share of 37.44 percent or P458.79 billion, of which P440.93 billion or 96.11 percent was allotted for loan principal repayments.

Chart III-4 below presents the allotments from Automatic Appropriations by class.

Chart III-4 Allotments from Automatic Appropriations



3.2.5.2 Allotments from Continuing Appropriations - P103.32 billion

For FY 2014, the NGAs reported total allotments from Continuing Appropriations of P103.32 billion, broken down by allotment class as follows: PS - P178.33 million or 0.17 percent, MOOE – P46.29 billion or 44.80 percent, FE - P5.32 million or 0.01 percent, and CO - P56.84 billion or 55.02 percent. This year's allotments were releases from: Allotted Continuing Appropriations – P81.63 billion or 79.01 percent and Unallotted Continuing Appropriations – P21.69 billion or 20.99 percent.

This year's total allotments exhibited a decreased of P77.84 billion or 42.97 percent, broken down by class as follows: PS – P2.50 billion or 93.35 percent, MOOE – P7.67 billion or 14.22 percent, and CO – P67.67 billion or 54.35 percent.

- **Allotted Continuing Appropriations – P81.63 billion**

This year's extended allotments of P81.63 billion is lower by P63.13 billion or 43.61 percent compared to the previous year's P144.76 billion. With the declaration by the Supreme Court of the Philippines of the unconstitutionality of PDAF and DAP, the balances of the said funds were reverted and were no longer obligated during the year. Likewise, with the issuance by the DBM of National Budget Circular No. 553 dated February 8, 2014 which provided the guidelines for the utilization of unreleased and unobligated CY 2013 balances primarily for calamity related projects, many NGAs complied and did not forward and utilize anymore their continuing appropriations for non-calamity related projects.

Of the total forwarded continuing allotments, P65.71 billion was from the Regular Appropriations. Others were from the SAGF – P7.11 billion, SPF – P5.79 billion, and Automatic Appropriations – P3.02 billion.

- **Allotments from Unallotted Continuing Appropriations – P21.69 billion**

For FY 2014, total allotments released from the forwarded unallotted continuing appropriations registered at P21.69 billion, sourced from the following: Regular Appropriations P6.08 billion and SPF – P15.60 billion. Included in this allotments are the releases from the Supplemental Appropriations RA No. 10634 amounting to P14.60 billion.

3.2.5.3 Breakdown of Allotments by Department/Office

Among the departments/offices, the DOF, DBM, DepEd and DPWH reported the highest amount of allotments at P930.92 billion, P354.80 billion, P306.42 billion, and P272.39 billion respectively. Table III-12 shows the breakdown of allotments, by department/office for FY 2014.

**Table III-12 Allotments, by Department/Office
(in million pesos)**

Department/Office	Total	Current Year's Appropriations	Continuing Appropriations
Finance	930,917.38	928,752.72	2,164.66
Budget and Management	354,804.88	354,171.68	633.20
Education	306,416.79	297,944.41	8,472.38
Public Works and Highways	272,394.66	249,022.57	23,372.09
Interior and Local Government	159,188.65	148,070.76	11,117.89
National Defense	143,022.97	141,436.18	1,586.79
Social Welfare and Development	103,604.57	95,156.33	8,448.24
Agriculture	70,629.39	63,307.51	7,321.88
Transportation and Communications	58,330.65	50,517.79	7,812.86
Health	56,781.10	50,229.98	6,551.12
State Universities and Colleges	42,590.92	41,363.11	1,227.81
Environment and Natural Resources	27,059.44	25,024.27	2,035.17
Agrarian Reform	24,650.04	16,572.52	8,073.52
Autonomous Region in Muslim Mindanao	22,677.23	21,936.01	741.21
The Judiciary	21,957.88	20,456.58	1,501.30
Other Executive Offices	18,473.59	16,785.93	1,687.66
Justice	14,568.17	14,175.66	392.51
Foreign Affairs	14,931.99	13,710.48	1,221.51
Labor and Employment	14,073.55	13,083.97	989.59
Science and Technology	14,692.48	13,835.26	857.22
Congress of the Philippines	12,545.34	11,098.78	1,446.56
Commission on Audit	9,040.18	8,918.80	121.38
Commission on Elections	6,515.82	3,009.24	3,606.57
Office of the President	5,564.02	4,876.34	687.68
Trade and Industry	4,828.95	4,186.68	642.26
National Economic and Development Authority	4,574.66	4,437.29	137.38
Energy	4,181.62	4,104.28	77.34
Tourism	2,885.85	2,837.27	48.59

(Table III-12, Continued)

Department/Office	Total	Current Year's Appropriations	Continuing Appropriations
Metropolitan Manila Development Authority	2,448.51	2,340.78	17.73
Office of the Ombudsman	1,994.60	1,810.54	184.06
Presidential Communications Operations Office	1,455.88	1,324.69	131.20
Civil Service Commission	1,307.95	1,304.81	3.14
Commission on Human Rights	372.82	372.67	0.15
Office of the Vice-President	232.17	229.72	2.46
Joint Legislative-Executive Councils	4.33	4.23	0.09
Total	<u>2,729,819.02</u>	<u>2,626,503.81</u>	<u>103,315.21</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

3.2.3 Obligations – ₱2.227 trillion

For FY 2014, total obligations amounted to ₱2.227 trillion or 81.60 percent of the available allotments broken down as follows: PS – ₱634.80 billion or 28.50 percent, MOOE – ₱776.60 billion or 34.86 percent, FE – ₱321.65 billion or 14.44 percent, and CO – ₱494.49 billion or 22.50 percent. Of the aggregate obligations, ₱148.72 million was not covered by allotment.

Of the total obligations, 39.66 percent or ₱883.45 billion was incurred for Debt Service and IRA. Total obligations for Debt Service reported by DOF grossed at ₱541.91 billion, consisting of ₱320.42 billion for interest payment including commitment fees, bank charges and other financial charges, and ₱221.49 billion for principal repayments. The DBM, being the administrator of the funds for LGUs, reported total obligations for payment of IRA at ₱341.54 billion.

Table III-13 shows the details of obligations by source and by allotment class.

Table III-13 Obligations by Source and by Allotment Class
(in million pesos)

Source	Allotment Class				
	Total	PS	MOOE	FE	CO
Grand Total	<u>2,227,532.38</u>	<u>634,800.42</u>	<u>776,596.05</u>	<u>321,649.15</u>	<u>494,486.76</u>
Current Appropriations	<u>2,162,867.66</u>	<u>634,729.23</u>	<u>749,055.08</u>	<u>321,649.15</u>	<u>457,434.21</u>
General Appropriations	<u>1,197,711.70</u>	<u>603,952.38</u>	<u>369,060.28</u>	<u>1,231.40</u>	<u>223,667.65</u>

(Table III-13, Continued)

Source	Allotment Class				
	Total	PS	MOOE	FE	CO
Regular	929,085.34	451,520.88	264,779.34	1,231.40	211,553.73
Special Purpose					
Funds	<u>268,826.36</u>	<u>152,431.50</u>	<u>104,280.94</u>	-	<u>12,113.91</u>
PGF	105,433.61	104,349.37	1,084.24	-	-
BSGOOCs	79,400.95	-	78,009.76	-	1,391.19
MPBF	48,061.21	48,061.14	.07	-	-
NDRRMF	13,122.81	-	12,118.65	-	1,004.16
Allocations to					
LGUs	7,718.39	20.99	6,938.80	-	758.61
ICF	3,673.48	-	2,567.04	-	1,106.44
RRF	921.10	-	426.42	-	494.68
Contingent Fund	907.54	-	830.86	-	76.67
FSF	181.74	-	181.74	-	-
E-Government					
Fund	65.22	-	40.16	-	25.06
DepEd SBP	59.95	-	-	-	59.95
Unprogrammed					
Fund	<u>9,280.35</u>	-	<u>2,083.20</u>	-	<u>7,197.15</u>
Support to					
FAPS	3,551.18	-	1,365.26	-	2,185.92
AFPMP	4,944.43	-	-	-	4,944.43
GFA	717.94	-	717.94	-	-
SIPSS	43.43	-	-	-	43.43
BSGC	23.37	-	23.37	-	-
Automatic					
Appropriations	<u>964,955.96</u>	<u>30,776.85</u>	<u>379,994.80</u>	<u>320,417.75</u>	<u>233,766.56</u>
Debt Service	<u>541,910.30</u>	-	-	<u>320,417.75</u>	<u>221,492.55</u>
Principal	221,492.55	-	-	-	221,492.55
Interest	320,417.75	-	-	320,417.75	-
IRA	341,542.85	-	341,542.85	-	-
RLIP	30,227.92	30,227.92	-	-	-
Tax Subsidy	26,174.31	-	26,174.31	-	-
MVUC Fund	11,651.87	6.56	3,120.91	-	8,524.40
SAGF	6,074.76	542.37	4,810.29	-	722.10
Customs Duties	3,467.39	-	3,467.39	-	-
Grants and					
Donations	3,109.00	-	846.97	-	2,262.03
MCSPF	778.06	-	32.09	-	745.98
AFPMTF	19.50	-	-	-	19.50
Continuing					
Appropriations	<u>64,664.72</u>	<u>71.20</u>	<u>27,540.97</u>	-	<u>37,052.55</u>
Allotted Continuing	<u>45,027.42</u>	<u>71.20</u>	<u>18,151.53</u>	-	<u>26,804.69</u>
Appropriations					

Table V-13, Continued)

Source	Allotment Class				
	Total	PS	MOOE	FE	CO
R.A. No. 10352	44,145.70	64.13	17,500.38	-	26,581.19
Regular	38,609.52	63.95	13,508.62	-	25,036.95
SAGF	332.38	-	325.30	-	7.08
SPF	5,154.13	0.19	3,630.75	-	1,523.19
Automatic	49.67	-	35.71	-	13.96
Other Acts	881.72	7.07	651.15	-	223.50
Regular	855.01	5.05	627.10	-	222.86
SPF	0.41	0.41	-	-	-
Automatic	26.30	1.61	24.05	-	0.64
Unallotted					
Continuing					
Appropriations	19,637.30	-	9,389.43	-	10,247.86
R.A. No. 10352	6,093.44	-	1,568.67	-	4,524.77
Regular	1,994.45	-	626.76	-	1,367.69
SPF	4,098.98	-	941.91	-	3,157.08
Calamity Fund	3,181.51	-	462.50	-	2,719.01
Contingent Fund	712.89	-	274.83	-	438.07
Allocations to					
LGUs	204.58	-	204.58	-	-
R. A. NO. 10634	13,543.86	-	7,820.77	-	5,723.10
Regular	3,345.13	-	3,219.33	-	125.80
SPF	10,198.74	-	4,601.44	-	5,597.30
Calamity Fund	10,198.74	-	4,601.44	-	5,597.30
Difference between totals and sum of components is due to rounding off.					

Of the aggregate obligations of P2.227 trillion, P148.72 million is not covered by allotments broken down as follows: PS – P116.27 million, MOOE – P3.19 million and CO – P29.25 million.

The overdrafts were mostly incurred by NGAs for payment of CNA and other personnel benefits, and acquisition of equipment without the authorized realignment of allotments from MOOE to PS and CO. The overdraft incurred by NIA on the other hand, is for the utilization of the unobligated balance of PDAF even if its already declared as unconstitutional by the SC. Likewise, the overdraft incurred by NBI is for the utilization of its continuing appropriations beyond its validity period. The NGAs which incurred overdraft for FY 2014 are shown in Table III-14, below:

**Table III-14 Obligations Incurred Not Covered by Allotments
(in thousand pesos)**

Agencies	Total	PS	MOOE	CO
DA – National Irrigation Administration	190.00	-	190.00	-
State Universities and Colleges	<u>3,831.10</u>	<u>3,831.10</u>	-	-
Siquijor State College	37.10	37.10		
MSU – Iligan Institute of Technology	1,992.72	1,992.72	-	-
Davao Oriental State College of Science and Technology	1,801.28	1,801.28	-	-
DENR – Office of the Secretary	104,850.96	104,850.96	-	-
DOF – Bureau of the Treasury	29,259.50	5.00		29,254.50
DOJ – Office of the Solicitor General	2,936.55	2,936.55		
DOJ – National Bureau of Investigation	3,000.00		3,000.00	-
DND – Office of Civil Defense	110.23	110.23	-	-
DSWD – Inter-Country Adoption Board	462.40	462.40	-	-
Other Executive Offices	<u>4,077.00</u>	<u>4,077.00</u>	-	-
Commission on Filipinos Overseas	1,698.54	1,698.54		
Commission on Higher Education	16.61	16.61	-	-
National Anti-Poverty Commission	1,918.32	1,918.32	-	-
Philippine Drug Enforcement Agency	<u>443.53</u>	<u>443.53</u>	-	-
Total	<u>148,717.75</u>	<u>116,273.25</u>	<u>3,190.00</u>	<u>29,254.50</u>
<i>Difference between totals and sum of components is due to rounding off.</i>				

Among the departments/offices, the DOF, DBM, DepEd, DPWH and DILG reported the highest obligations at P675.32 billion, P353.61 billion, P274.46 billion, P190.54 billion and P143.04 billion, respectively. Table III-15 shows the Obligations of the departments/offices for FY 2014.

**Table III-15- Obligations, by Department/Office
(in million pesos)**

Department/Office	Total	Current Year's Appropriations	Continuing Appropriations
Finance	675,322.97	674,655.66	667.31
Budget and Management	353,614.36	353,336.72	277.64
Education	274,459.54	272,329.32	2,130.22
Public Works and Highways	190,534.45	173,989.88	16,544.56

(Table III-15, Continued)

Department/Office	Total	Current Year's Appropriations	Continuing Appropriations
Interior and Local Government	143,035.87	135,258.55	7,777.32
National Defense	138,088.36	137,052.63	1,035.73
Social Welfare and Development	86,135.27	79,002.19	7,133.09
Agriculture	56,697.10	50,122.13	6,574.97
Health	47,228.15	41,130.01	6,098.14
State Universities and Colleges	38,883.67	37,700.23	1,183.44
Transportation and Communications	34,107.99	31,061.89	3,046.10
Environment and Natural Resources	23,825.60	22,301.53	1,524.07
Autonomous Region in Muslim Mindanao	22,450.91	21,840.58	610.33
The Judiciary	19,443.77	19,254.46	189.31
Justice	13,640.93	13,328.32	312.61
Science and Technology	12,630.66	11,933.72	696.94
Labor and Employment	12,405.90	11,631.35	774.54
Foreign Affairs	13,371.16	12,442.00	929.16
Other Executive Offices	13,327.59	11,763.74	1,563.86
Agrarian Reform	12,161.67	11,643.80	517.87
Congress of the Philippines	10,506.38	9,334.90	1,171.48
Commission on Audit	8,529.36	8,444.63	84.73
Commission on Elections	5,439.17	2,496.48	2,942.69
Trade and Industry	3,921.94	3,557.01	364.93
Office of the President	3,453.71	3,298.18	155.53
National Economic and Development Authority	3,321.92	3,235.60	86.32
Tourism	2,751.10	2,713.90	37.20
Metropolitan Manila Development Authority	2,256.18	2,256.18	-
Office of the Ombudsman	1,780.48	1,681.40	99.08
Presidential Communications Operations Office	1,444.57	1,314.08	130.49
Civil Service Commission	1,294.78	1,291.64	3.14
Energy	883.43	883.43	-
Commission on Human Rights	371.33	371.18	0.15
Office of the Vice-President	208.49	206.79	1.70
Joint Legislative-Executive Councils	3.61	3.57	0.04
Total	<u>2,227,532.38</u>	<u>2,162,867.66</u>	<u>64,664.72</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

3.2.4 Unused/Balance of Appropriations – ₱850.19 billion

The year-end unused balance of ₱850.19 billion consists of unreleased appropriations and unobligated allotments with ₱347.75 billion and ₱502.44 billion, respectively.

Table III-16 shows the unreleased balance of appropriations by source.

Table III-16 Unreleased Appropriations by Source
(in million pesos)

Source	Appropriations	Allotments	Unreleased
Current Year	<u>2,856,504.30</u>	<u>2,626,503.81</u>	<u>230,000.49</u>
R.A. No. 10633	<u>1,992,494.00</u>	<u>1,784,961.12</u>	<u>207,532.88</u>
General Appropriations	<u>1,608,503.08</u>	<u>1,400,970.20</u>	<u>207,532.88</u>
Regular	1,154,957.91	1,112,678.52	42,279.40
SPF	<u>453,545.17</u>	<u>288,291.69</u>	<u>165,253.49</u>
BSGOCCs	81,659.98	79,400.95	2,259.03
Allocation to LGUs	19,588.84	7,944.43	11,644.41
Contingent Fund	1,372.86	1,372.86	-
DepEd SBP	1,000.00	181.75	818.25
E-Government Fund	2,478.90	1,626.06	852.84
FSF	400.00	202.35	197.65
ICF	4,815.64	4,669.52	146.13
MPBF	50,935.09	50,653.54	281.55
NDRRMF	15,600.00	15,535.47	64.53
PGF	115,790.10	106,064.88	9,725.22
RRF	20,000.00	8,755.74	11,244.26
Unprogrammed Fund	<u>139,903.76</u>	<u>11,884.15</u>	<u>128,019.61</u>
BSGC	3,036.27	53.23	2,983.04
Support to FAPs	6,124.49	6,124.49	-
GFA	1,000.00	717.94	282.06
SIPSP	20,000.00	44.06	19,955.94
AFPMP	5,000.00	4,944.43	55.57
DMP	1,000.00	-	1,000.00
RMP	20,000.00	-	20,000.00
DRMF	3,000.00	-	3,000.00
RRF	80,000.00	-	80,000.00
TADP	243.00	-	243.00
PSF	500.00	-	500.00
Automatic	383,990.92	383,990.92	-
Other Acts (Automatic)	<u>841,542.69</u>	<u>841,542.69</u>	<u>-</u>
DSF	793,583.00	793,583.00	-
RLIP	31,665.35	31,665.35	-

(Table V-15, Continued)

Source	Appropriations	Allotments	Unreleased
MVUC	13,106.27	13,106.27	-
SAGF	662.86	662.86	-
MCSPF	1,664.58	1,664.58	-
AFPMTF	860.63	860.63	-
Supplemental Appropriations			
(RA 10652)	<u>22,467.61</u>	<u>-</u>	<u>22,467.61</u>
Regular	13,571.47		13,571.47
SPF	8,896.14		8,896.14
Continuing Appropriations			
	<u>221,069.49</u>	<u>103,315.21</u>	<u>117,754.28</u>
R.A. No. 10352	<u>202,312.80</u>	<u>84,851.68</u>	<u>117,461.13</u>
Allotted	<u>81,626.62</u>	<u>81,626.62</u>	-
Regular	65,710.37	65,710.37	-
SPF	5,792.69	5,792.69	-
SAGF	7,105.10	7,105.10	-
Automatic	1,094.50	1,094.50	-
Unallotted	<u>124,842.87</u>	<u>7,381.75</u>	<u>117,461.13</u>
Regular	13,989.93	2,684.27	11,305.66
SPF	110,852.14	4,697.48	106,154.67
SAGF	0.80	-	0.80
Other Acts	<u>18,756.69</u>	<u>18,463.53</u>	<u>293.16</u>
Unallotted	<u>14,600.00</u>	<u>14,306.84</u>	<u>293.16</u>
Regular	3,400.00	3,400.00	-
SPF	11,200.00	<u>10,906.84</u>	<u>293.16</u>
Allotted	<u>4,156.69</u>	<u>4,156.69</u>	-
Regular	2,227.96	2,227.96	-
SPF	4.75	4.75	-
Automatic	<u>1,923.97</u>	<u>1,923.97</u>	-
Total	<u>3,077,573.79</u>	<u>2,729,819.02</u>	<u>347,754.77</u>

Difference between totals and sum of components is due to rounding off.

The unreleased appropriations of ₱347.75 billion represents the balance of the total appropriations for the year of ₱3.078 trillion over the total allotments released to various national government agencies of ₱2.730 trillion. Of the balance, ₱49.49 billion, ₱100.41 million and ₱168.67 billion for MOOE, FE and CO, respectively, were retained as continuing and are authorized to be released and used in the ensuing year. The balance of Unreleased Appropriations retained as Continuing Appropriations by the department/offices is presented in Schedule 3 on page 248 of Volume II.

Table III-17 shows the unobligated balance of allotments by source.

Table III-17 Unobligated Allotments by Source
(in million pesos)

Source	Allotments	Obligations Covered by Allotments	Unobligated
Current Year	<u>2,626,503.80</u>	<u>2,162,722.14</u>	<u>463,781.67</u>
R.A. No. 10633	<u>1,784,961.12</u>	<u>1,577,471.61</u>	<u>207,489.50</u>
General	<u>1,400,970.20</u>	<u>1,197,766.18</u>	<u>203,204.03</u>
Appropriations			
Regular	1,112,678.52	928,969.10	183,709.42
SPF	288,291.69	268,797.08	19,494.61
BSGOCCs	79,400.95	79,400.95	-
Allocation to LGUs	7,944.43	7,718.39	226.03
Contingent Fund	1,372.86	907.54	465.33
DepEd SBP	181.75	59.95	121.80
E-Government Fund	1,626.06	65.22	1,560.84
FSF	202.35	181.74	20.60
ICF	4,669.52	3,644.23	1,025.29
MPBF	50,653.54	48,061.19	2,592.35
NDRRMF	15,535.47	13,122.81	2,412.66
PGF	106,064.88	105,433.61	631.26
RRF	8,755.74	921.10	7,834.65
Unprogrammed Fund	<u>11,884.15</u>	<u>9,280.35</u>	<u>2,603.79</u>
BSGC	53.23	23.37	29.86
Support to FAPs	6,124.49	3,551.18	2,573.31
GFA	717.94	717.94	-
SIPSP	44.06	43.43	.62
AFPMP	4,944.43	4,944.43	-
Automatic	383,990.92	379,705.44	4,285.48
Other Acts	<u>841,542.69</u>	<u>585,250.52</u>	<u>256,292.17</u>
DSF	793,583.00	541,910.30	251,672.70
RLIP	31,665.35	30,227.92	1,437.43
MVUC	13,106.27	11,651.87	1,454.40
SAGF	662.86	662.86	-
MCSPF	1,664.58	778.06	886.51
AFPMTF	860.63	19.50	841.13
Continuing Appropriations	<u>103,315.21</u>	<u>64,661.53</u>	<u>38,653.68</u>
R.A. No. 10352	<u>84,851.68</u>	<u>50,235.94</u>	<u>34,615.73</u>
Allotted	<u>77,469.93</u>	<u>44,142.51</u>	<u>33,327.42</u>
Regular	63,482.40	38,606.52	24,875.88
SPF	5,787.93	5,153.94	634.00
Automatic	1,094.50	49.67	1,044.83
SAGF	7,105.10	332.38	6,772.72

(Table III-17)

Source	Allotments	Obligations Covered by Allotments	Unobligated
Unallotted	7,381.75	6,093.44	1,288.31
Regular	2,684.27	1,994.45	689.82
SPF	4,697.48	4,098.98	598.49
Other Acts	18,463.53	14,425.59	4,037.95
Allotted	4,156.69	881.72	3,274.96
Regular	2,227.96	855.01	1,372.95
SPF	4.75	.41	4.34
Automatic	1,923.97	26.30	1,897.67
Unallotted	14,306.84	13,543.86	762.98
Regular	3,400.00	3,345.13	54.87
SPF	10,906.84	10,198.74	708.11
Total	<u>2,729,819.02</u>	<u>2,227,383.67</u>	<u>502,435.35</u>

Difference between totals and sum of components is due to rounding off.

The unobligated balance of allotments amounting to P502.44 billion refers to the variance between total allotments of P2.730 trillion and obligations covered by allotments of P2.227 trillion. Out of this balance, P454.72 billion was retained as continuing allotments and are authorized to be used in the following year. The breakdown of extended allotments are as follows: PS – P0.29 billion, MOOE – P66.24 billion, FE – P32.36 billion, and CO – P355.84 billion.

The balance of Unobligated Allotments retained as Continuing Appropriations by the department/offices is presented in Schedule 3 on page 248 of Volume II.

3.2.5 Statement of Current Surplus of the National Government

Table III-18 Current Surplus of the National Government
(in million pesos)

Description	Total Current Surplus	Unappropriated Surplus	Unallotted Continuing Appropriations	Allotted Continuing Appropriations	Overdraft in Allotments
Beginning Balance	(84.85)	(450,242.01)	143,818.37	306,423.63	(84.85)
Adjustments	-	229,172.51	(4,375.50)	(224,797.01)	-
Adjusted Beginning Balance	(84.85)	(221,069.49)	139,442.87	81,626.62	(84.85)
Add: Revenue	1,944,066.59	1,944,066.59			
Borrowings	68,893.88	69,893.88	-	-	-
Sub-total	2,012,875.62	1,791,890.98	139,442.87	81,626.62	(84.85)
Obligations	(2,227,532.38)	(2,162,722.14)	(19,637.30)	(45,024.23)	(148.72)

(Table III-18, Continued)

Description	Total Current Surplus	Unappropriated Surplus	Unallotted Continuing Appropriations	Allotted Continuing Appropriations	Overdraft in Allotments
Sub-total	(214,656.76)	(370,831.16)	119,805.57	36,602.39	(233.57)
Adjustment of Overdraft	-	-	-	-	-
Reversion of Continuing Appropriations	-	154,072.03	(119,805.57)	(34,266.46)	-
Sub-total	(214,656.76)	(216,759.13)	-	2,335.93	(233.57)
Retention of Continuing Appropriations	-	(670,648.05)	218,259.62	452,388.43	-
Ending Balances	<u>(214,656.76)</u>	<u>(887,407.18)</u>	<u>218,259.62</u>	<u>454,724.36</u>	<u>(233.57)</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

The Current Surplus of the National Government is the net balance of the combined figures of the following components: Unappropriated Surplus, Unallotted and Allotted Continuing Appropriations, and Overdraft in Appropriations.

For FY 2014, the overall ending balance of the Current Surplus amounted to (P214.66) billion, broken down as follows: Unappropriated Surplus – (P887.41) billion, Unallotted Continuing Appropriations – P218.26 billion, Allotted Continuing Appropriations – P454.72 billion, and Overdraft in Allotments – (P233.57) million.

3.2.5.1 Unappropriated Surplus – P(887.41) billion

The Unappropriated Surplus is a conglomeration of various accounts transactions that transpired during the year, such as: revenues, borrowings, obligations, adjustments, reversions and retentions of unallotted and allotted continuing appropriations.

From its beginning balance of negative P450.24 billion, it rose to negative P887.41 billion brought about by the following transactions: Revenue – P1.944 trillion, Borrowings – P68.89 billion, Obligations – P2.163 trillion, and adjustments, reversions and retentions of Unallotted and Allotted Continuing Appropriations at P229.17 billion, P154.07 billion and P670.65 billion, respectively.

3.2.5.2 Unallotted Continuing Appropriations – P218.26 billion

The Unallotted Continuing Appropriations refers to the unreleased balance of the total appropriations for which no allotment release orders were issued nor comprehensive release were approved by the DBM.

From its beginning balance of P143.82 billion, it posted an increase of P74.44 billion or 34.11 percent at the end of the fiscal year. The unreleased continuing appropriations consist of: CY's GAA R.A. No. 10633 - P195.79 billion and Supplemental Appropriations under RA No. 10652 – P22.47 billion.

3.2.5.3 Allotted Continuing Appropriations – P454.72 billion

This component of the Current Surplus with an ending balance of P454.72 billion pertains to the released portion of appropriations which remained unexpended or unobligated at the end of the year. The top five departments with significant balances are: DPWH – P14.51 billion, DILG – P8.16 billion, DepEd – P8.12 billion, DAR – P8.07 billion, and DOTC – P7.76 billion.

3.2.5.4 Overdraft in Allotments – (P233.57)million

Obligations incurred in excess of allotments are the other kinds of transactions affecting the Current Surplus. From the previous years' balance of (P84.85) million, it increased by (P148.72) million. The previous year's balance of Overdraft pertains to the overdrafts incurred in FY 2012 and 2013 in the amount of (P81.59) million and (P3.26) million, respectively.

IV. FINANCIAL STATEMENTS

National Government of the Republic of the Philippines
Statement of Financial Position
As of December 31, 2014
(in thousand pesos)

	<u>Note</u>	<u>Amount</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	4	748,985,211.58
Receivables	5	808,375,104.23
Inventories	6	39,741,398.20
Investments	7	89,173,012.59
Other Current Asset		<u>50,949,350.73</u>
Total Current Assets		<u>1,737,224,077.32</u>
Non - Current Assets		
Receivables	5	205,277,557.14
Investments	7	1,097,814,160.82
Investment Property	8	77,622.47
Property, Plant and Equipment	9	1,300,424,146.12
Biological Assets	10	2,080,937.86
Intangible Assets	11	756,610.72
Other Non-Current Assets	12	<u>144,915,073.52</u>
Total Non-Current Assets		<u>2,751,346,108.66</u>
TOTAL ASSETS		<u>4,488,570,185.98</u>
LIABILITIES AND NET ASSETS/EQUITY		
LIABILITIES		
Current Liabilities		
Financial Liabilities	13	630,162,812.46
Inter-Agency Payables	14	178,070,783.12
Intra - Agency Payables	15	6,521,341.52
Trust Liabilities	16	38,983,113.30
Deferred Credits/Unearned Income	17	4,989,351.30
Other Payables	18	<u>126,734,918.55</u>
Total Current Liabilities		<u>985,462,320.25</u>
Non- Current Liabilities		
Financial Liabilities	13	5,165,940,855.64
Deferred Credits/Unearned Income	17	16,725,264.76
Provisions	19	82,303.37
Trust Liabilities	16	812,163.18
Other Payables	18	<u>8,420,430.25</u>
Total Non-Current Liabilities		<u>5,191,981,017.20</u>
TOTAL LIABILITIES		<u>6,177,443,337.45</u>
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	20	<u>(1,688,873,151.46)</u>
TOTAL NET ASSETS/EQUITY		<u>(1,688,873,151.46)</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY		<u>4,488,570,185.98</u>

Difference between totals and sum of components is due to rounding off.

The above statement should be read in conjunction with the accompanying notes.

National Government of the Republic of the Philippines
Statement of Financial Performance
For the Year Ended December 31, 2014
(in thousand pesos)

	<u>Note</u>	<u>Amount</u>
Revenue		
Tax Revenue	21	1,727,622,832.39
Service and Business Income	22	166,495,769.53
Shares, Grants and Donations	23	53,058,529.92
Gains	24	<u>51,401.69</u>
Total Revenue		<u>1,947,228,533.52</u>
Less: Current Operating Expenses		
Personnel Services	25	636,684,584.88
Maintenance and Other Operating Expenses	26	191,353,995.64
Financial Expenses	27	325,094,569.36
Non-Cash Expenses	28	<u>20,813,190.74</u>
Total Current Operating Expenses		<u>1,173,946,340.63</u>
Surplus/(Deficit) from Current Operations		<u>773,282,192.90</u>
Net Financial Assistance/Subsidy	29	(541,437,478.06)
Sale of Assets	30	817,812.34
Gains	30	40,120,862.64
Losses	31	<u>(1,315,543.87)</u>
Surplus/(Deficit) for the period	32	<u>271,467,845.95</u>

Difference between totals and sum of components is due to rounding off.

The above statement should be read in conjunction with the accompanying notes.

National Government of the Republic of the Philippines
Statement of Cash Flows
For the Year Ended December 31, 2014
(in thousand pesos)

	<u>Note</u>	<u>Amount</u>
Cash Flows from Operating Activities		
Cash Inflows	33	<u>3,750,815,397.03</u>
Cash Outflows	34	<u>3,343,346,781.17</u>
Net Cash Provided by (Used in) Operating Activities		<u>407,468,615.86</u>
Cash Flows from Investing Activities		
Cash Inflows	35	174,152,127.07
Cash Outflows	36	289,669,713.16
Net Cash Provided by (Used in) Investing Activities		<u>(115,517,586.09)</u>
Cash Flows From Financing Activities		
Cash Inflows	37	996,973,775.00
Cash Outflows	38	1,227,917,618.16
Net Cash Provided by (Used in) Financing Activities		<u>(230,943,843.16)</u>
Increase (Decrease) in Cash and Cash Equivalents		61,007,186.61
Effects of Exchange Rate Changes on Cash and Cash Equivalents		3,342,460.58
Cash and Cash Equivalents, January 1, 2014		<u>757,202,738.19</u>
Cash and Cash Equivalents, December 31, 2014	39	<u>821,552,385.38</u>

Difference between totals and sum of components is due to rounding off
The above statement should be read in conjunction with the accompanying notes.

National Government of the Republic of the Philippines
Statement of Changes in Net Assets/Equity
For the Year Ended December 31, 2014
(in thousand pesos)

	<u>Amount</u>
Balance at December 31, 2013	(1,997,855,359.26)
Changes in Accounting Policy	18,817,142.46
Prior Period Adjustments/Unrecorded Income and Expenses	(64,226,991.35)
Other Adjustments	<u>59,422,499.91</u>
Restated Balance	<u>(1,983,842,708.24)</u>
Changes in Net Assets/Equity for the Calendar Year	
Adjustment of Net Revenue recognized directly in Net Assets/Equity	(61,889,245.80)
Surplus/(Deficit) for the Period	<u>271,467,845.95</u>
Total Recognized Revenue and Expenses for the Period	<u>209,578,600.16</u>
Others	<u>85,390,956.62</u>
Balance at December 31, 2014	<u>(1,688,873,151.46)</u>

Difference between totals and sum of components is due to rounding off

National Government of the Republic of the Philippines
Statement of Comparison of Budget and Actual Amount
For the Year Ended December 31, 2014
(in thousand pesos)

	<u>Note</u>	<u>Budgeted Amount</u> <u>Original</u>	<u>Final</u>	<u>Actual Amounts on</u> <u>Comparable Basis</u>	<u>Difference Final</u> <u>Budget and Actual</u>
RECEIPTS	40				
Tax Revenue		1,879,919,000.00	1,679,741,970.61	1,679,741,970.61	-
Services and Business Income		135,049,425.00	143,894,501.23	143,887,649.34	6,851.89
Assistance and Subsidy		-	3,169,934.15	3,170,054.85	(120.70)
Shares, Grants and Donations		1,083,467.00	47,089,112.17	47,088,747.30	364.87
Total Receipts		<u>2,016,051,892.00</u>	<u>1,873,895,518.16</u>	<u>1,873,888,422.10</u>	<u>7,096.06</u>
PAYMENTS	41				
Personnel Services		647,048,616.37	647,856,616.34	613,169,649.98	34,686,966.35
Maintenance and Other Operating Expenses		871,253,708.23	870,716,435.69	671,916,509.99	198,799,925.70
Capital Outlay		864,918,766.17	910,822,060.31	133,748,234.83	777,073,825.48
Financial Expenses		354,004,441.00	354,009,762.51	828,373.61	353,181,388.90
Total Payments		<u>2,737,225,531.77</u>	<u>2,783,404,874.85</u>	<u>1,419,662,768.42</u>	<u>1,363,742,106.43</u>
NET RECEIPTS/PAYMENTS		(721,173,639.77)	(909,509,356.69)	454,225,653.68	(1,363,735,010.37)

Difference between totals and sum of components is due to rounding off.

The above statement should be read in conjunction with the accompanying notes.

Consolidated Notes to Financial Statements

Note 1: General Information

The AFR of the National Government (NG) for the year ended 31 December 2014 is a combination of FSs submitted by 322 departments/offices/agencies out of the expected 323 agencies.

The specific mandates of agencies created by law are geared towards the rendition of public services such as; economic services, social services, defense and general public services. Some of these offices have foreign service posts located in other countries of the world, such as the DFA with 81 foreign service posts, DOLE with 37 Philippine Overseas Labor Offices, DOT, DND, PNP, DA and DTI with 17, 6, 8, 13 and 24 foreign posts, respectively. A number of them are stand-alone agencies. Others have Regional Offices (ROs) and Operating Units (OUs)/Field Offices (FOs) which account their transactions either on a centralized or on a decentralized system.

Note 2: Statement of Compliance and Basis of Preparation of FSs

The 2014 FSs of the NG were prepared in accordance with the PPSAS prescribed by COA Resolution No. 2014-003 dated January 24, 2014. As such, this AFR is the first set of FSs which is compliant with the PPSAS. Likewise, the accounts used to conform with the Revised Chart of Accounts issued under COA Circular No. 2013-002 dated January 30, 2013.

The FSs have been prepared on the basis of historical cost, unless stated otherwise. The SCBAA and the Notes to FS are attached components of the FSs of the NG. The Statement of Cash Flows is prepared using the direct method.

Note 3: Summary of Significant Accounting Policies

3.1 Basis of accounting

The combined FSs were prepared on an accrual basis in accordance with the PPSAS except in the case of taxes and related fines and penalties where these were recognized when collected or when these were measurable and legally collectible.

3.2 Combination/Consolidation

The FSs include those submitted by agencies with foreign service posts and those with ROs and OUs/FOs, operating on a centralized or decentralized system. Those operating on a decentralized system submitted the consolidated FSs of their Central, ROs and OUs/FOs.

The combined FSs reflect all the assets, liabilities, revenues, and expenses of the agencies covering all funds. These funds include the Regular Agency Fund, Foreign Assisted Projects Fund, Special Accounts – Locally Funded, Special Accounts – Foreign Assisted, Internally Generated Fund, Business Related Funds, and Trust Receipt/Inter-Agency Funds.

Elimination of Inter-Agency accounts was not effected if there is no data as to the transferor/donor and transferee/recipient. Elimination of intra-agency accounts were done in the agency/department level.

3.3 Presentation of Financial Statements

In accordance with the PPSAS transitional provisions, comparative financial statements for CY 2013 and 2014 was not presented considering the effects of significant changes in the accounting policies as a result of the first time adoption of the PPSAS.

3.4 Correction of Prior Year's Errors

Prior year's errors requiring adjustments were corrected retrospectively by adjusting the Accumulated Surplus (Deficit) and related accounts.

3.5 Changes in Accounting Policies and Estimates

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

The effects of changes in accounting estimates in the prospective application are included in the surplus or deficit.

3.6 Revenue from Non-exchange Transactions

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 were recognized as an asset if it was 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. Assets acquired through a non-exchange transaction were initially measured at fair value as at the date of acquisition.

Recognition Revenue from Non-Exchange Transactions

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

As the agency satisfied the present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, the carrying amount of the liability recognized was reduced and an amount of revenue equal to that reduction was recognized.

Measurement of Revenue from Non-Exchange Transactions

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

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.

Taxes

Taxes and the related fines and penalties were recognized when collected or when these were measurable and legally collectible. The related refunds, including those that were measurable and legally collectible, were deducted from the recognized tax revenue.

Fees and fines not related to taxes

Revenues from fees and fines, except those related to taxes, were recognized when earned and the asset recognition criteria were met. Deferred income was recognized instead of revenue if there was a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues were recognized when it was 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.

Gifts and Donations

Assets and revenue from gifts and donations were recognized when it was 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 were recognized as assets when the goods were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, revenue was recognized immediately. If conditions were attached, a liability was recognized, which was reduced and revenue recognized as the conditions were satisfied.

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

Transfers

Assets in respect of transfers were recognized by the agencies when the transferred resources met the definition of an asset and the criteria for recognition as an asset was satisfied, except those arising from services in-kind.

Services in-Kind

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from other government entities

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

3.7 Revenues from exchange transactions

Measurement of revenue from exchange transactions

These were measured at fair value of the consideration received or receivable. Revenues were recognized when it was probable that the future economic benefits or service potential will flow to the entity and these benefits can be measured reliably.

Rendition of Services

Revenue from rendering of services was recognized by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion was measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue was recognized only to the extent that the expenses incurred were recoverable.

Sale of Goods

Revenue from the sale of goods was recognized when the significant risks and rewards of ownership were transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it was probable that the economic benefits or service potential associated with the transaction will flow to the agency.

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.

Dividends

Dividends or similar distributions were recognized when the agency's right to receive payments was established.

Rental income

Rental income arising from operating leases on investment properties was accounted for on a straight-line basis over the lease terms and included in revenue.

Royalties

Royalties were recognized as they were earned in accordance with the substance of the relevant agreement.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank; deposits on call and highly liquid investments with original maturity of three months or less, which are readily convertible to cash and they present insignificant risk of changes in value because of changes in interest rates.

Petty Cash Fund (PCF) is maintained on an imprest system wherein replenishment is charged to the expense account. The PCF is not used to purchase regular inventory items for stock.

For the purpose of the combined SCF, cash and cash equivalents consist of cash and short-term deposits, net of outstanding overdrafts.

3.9 Inventories

Inventory were recognized and measured at cost upon initial recognition. For inventory received through non-exchange transactions (for no cost or for a nominal cost), the cost is measured at its fair value at the date of the acquisition.

Inventories were recognized as expense when issued for utilization or consumption in the ordinary course of operation using the moving average method.

3.10 Investments

Bond Sinking Fund

Bond premiums or discounts on NG- Bond Sinking Fund and managed funds' bond investments are added or deducted from the investments in Bonds account, and these are being amortized over the life of the securities as adjustment to Interest Income or Due to GOCCs in the case of managed funds.

3.11 Investment Property

Investment Property is either a land or a building or part of a building or both, held by the owner or a lessee under a finance lease to earn rentals or for capital appreciation, or both.

Initial Recognition and Subsequent Measurement

Investment Properties were measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of

components of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment Properties acquired through non-exchange transaction are measured at their fair value at the date of acquisition.

Subsequent to initial recognition, investment properties were measured using the cost model and were depreciated over its estimated useful life.

Depreciation

Depreciation was computed using the straight line method over the estimated useful life consistent with the useful life of similar Property, Plant and Equipment.

Derecognition

Investment properties are derecognized in the books upon disposal or when these are permanently withdrawn from use.

Transfers to and from investment property were made only when there were changes in use.

3.12 Property, Plant and Equipment

Initial Recognition and Subsequent Measurement

Property, Plant and Equipment (PPE) were recognized at cost. Cost includes the purchase price and expenditures directly attributable to the acquisition of the asset. Where PPE is acquired through a non-exchange transaction for nil or normal consideration, the PPE is initially measured at its fair value. Significant parts of the PPE purchased at required intervals are recognized as individual assets.

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

Depreciation

The straight-line method was adopted in the computation of depreciation over the useful life of the asset, assigning a residual value of at least five percent (5%). The estimation of the useful life of the asset is based on the estimated useful life of PPE by classification issued by the COA. Significant parts of the PPE purchased at required intervals are depreciated over their specific useful lives. For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on

or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation starts in the succeeding month.

All other repair and maintenance costs were recognized as expense in the period in which they are incurred.

Impairment

The carrying amount of a PPE was written down to its recoverable amount or recoverable service amount if the carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Derecognition

The agencies derecognized items of PPE and/or any significant part of a PPE upon disposal or when no future economic benefits or service potential is expected from its continued use. Any gain or loss arising from derecognition of the asset was included in the accumulated surplus or deficit account.

3.13 Leases

Operating Lease

Operating Lease does not transfer substantially all the risks and benefits incidental to ownership of the leased property to the lessee. Operating lease payments are recognized as operating expense in the books of the lessee agency and as operating income in the books of the lessor agency on a straight line basis over the lease term.

Depreciation of leased assets

The depreciation policy for PPE was applied to similar assets under lease contracts.

3.14 Intangible Assets

Recognition

Intangible assets were recognized when the items are identifiable 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 agency; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately were initially recognized at cost.

Amortization

The useful live of the intangible assets were assessed as either finite or indefinite. Those with finite life are amortized over their useful life. The amortization expense of an intangible asset with a finite useful life was recognized in surplus or deficit.

3.15 Financial Liabilities

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings were subsequently measured at amortized cost. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized Bond discounts and premiums on the issuance of foreign and domestic Treasury Bonds (T-Bonds) and Bond Exchanges were amortized over the remaining life of the bonds.

The NG did not recognize any contingent liability, but discloses details of contingencies in the notes to the FS.

Derecognition

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

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

3.16 Foreign Currency Transactions

Transactions in foreign currencies are recorded in Philippine Peso based on Bangko Sentral ng Pilipinas exchange rate prevailing at the date of the transaction. Foreign currency denominated monetary assets and liabilities at the balance sheet date are restated based on BSP Weighted Average Rate published on the 1st working day of the following month in the BSP Reference Rate Bulletin. Any difference in the revaluation of assets and liabilities is recognized as a gain or loss on foreign exchange.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, were 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.

3.17 Budget information

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was prepared since the budget and the financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments were provided in the succeeding notes to the annual financial statements.

Note 4: Cash and Cash Equivalents

Cash and Cash Equivalents amounting to P748.98 billion represents 38.56 percent of the total current assets. It is composed of the following major accounts:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Cash on Hand	2,680,895.22	0.36
Cash in Bank – Local Currency	632,245,124.39	84.41
Cash in Bank – Foreign Currency	62,899,984.41	8.40
Treasury/Agency Cash Accounts	47,763,882.42	6.38
Cash Equivalents	<u>3,395,325.14</u>	<u>0.45</u>
Total Cash and Cash Equivalents	<u>748,985,211.58</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

4.1 Cash on Hand

This group of account consists of Cash – Collecting Officer – P2.45 billion and Petty Cash – P235.02 million.

» Cash – Collecting Officer

This account refers to the amount of collections in the hands of collecting officers for remittance to the account of the Treasurer of the Philippines. It represents 91.23 percent of the total Cash on Hand. The following agencies reported the highest balances of Cash – Collecting Officers:

Agency	Amount (in thousand pesos)	Percent Distribution
The Judiciary – SCP and the Lower Courts	788,882.74	32.25
DOF - BOC	370,964.93	15.17
DOH- OSEC	203,757.95	8.33
DBM - PS	191,905.32	7.85
DOJ - LRA	133,386.56	5.45
DOF - BIR	122,274.01	5.00
DOF - BTr	81,734.19	3.34
DOTC - OSEC	62,745.34	2.57
DepEd - OSEC	55,197.86	2.26
DOF - SEC	<u>53,083.09</u>	<u>2.17</u>
Sub-total	2,063,931.34	84.39
Other Agencies	<u>381,941.17</u>	<u>15.61</u>
Total	<u>2,445,872.51</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The Supreme Court of the Philippines and the Lower Courts holds the biggest amount of cash in the hands of collecting officers followed by the Bureau of Custom.

Schedule 9 page 271, Vol. II shows the complete list of agencies with balances of cash in the hands of collecting officers as of the end of the year.

» **Petty Cash** is the amount of unused cash intended for petty expenses. Its total of P235.02 million at the end of the year represents only 8.77 percent of the total Cash on Hand.

4.2 Cash in Bank – Local Currency

The total amount of P632.24 billion represents 84.41 percent of the total cash and cash equivalents. It is composed of the following accounts:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Bangko Sentral ng Pilipinas	393,899,946.08	62.30
Current Account	150,136,653.99	23.75
Savings Account	48,074,665.04	7.60
Time Deposits	<u>40,133,859.27</u>	<u>6.35</u>
Total Cash in Bank, Local Currency	<u>632,245,124.39</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The BTr reported deposits with the Bangko Sentral ng Pilipinas in the amount of P393.87 billion representing 99.99 percent of the total deposits of the NG with the BSP. The agencies with the highest balances of deposits in local currencies with authorized banks broken down into: deposits with the BSP and in other local banks in current, savings, and time deposit accounts, are as follows:

Agency	Amount (in thousand pesos)					Per-cent Distribution
	CIB-LC, Bangko Sentral Ng Pilipinas	CIB-LC, Current Account	CIB-LC, Savings Account	CIB-LC, Time Deposits	Total	
DOF - BTr	393,872,337.69	21,434,306.64	33,365,335.92	10,527,030.83	459,199,011.08	72.63
SUC - UP	-	2,995,770.49	236,532.87	21,515,642.46	24,747,945.82	3.91
DepEd - OSEC	-	13,627,633.82	11,942.98	60.73	13,639,637.52	2.16
DBM - PS	-	9,339,612.42	1,928.54	3,500,000.00	12,841,540.96	2.03
The Judiciary – SCP	-	2,458,512.87	9,427,011.44	-	11,885,524.31	1.88
DA - OSEC	2.16	10,706,522.00	4,466.47	-	10,710,990.63	1.69
OP	-	8,688,619.12	-	-	8,688,619.12	1.37
DOH - OSEC	-	8,058,430.45	12,304.37	-	8,070,734.82	1.28
DOF - BIR	-	5,417,228.01	234,346.41	-	5,651,574.42	0.89
DSWD - OSEC	-	<u>5,077,512.93</u>	<u>5,652.71</u>	-	<u>5,083,165.64</u>	<u>0.80</u>
Sub-Total	393,872,339.86	87,804,148.73	43,299,521.71	35,542,734.02	560,518,744.32	88.66
Other Agencies	<u>27,606.23</u>	<u>62,332,505.26</u>	<u>4,775,143.33</u>	<u>4,591,125.25</u>	<u>71,726,380.07</u>	<u>11.34</u>
Total	<u>393,899,946.08</u>	<u>150,136,653.99</u>	<u>48,074,665.04</u>	<u>40,133,859.27</u>	<u>632,245,124.39</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>						

The BTr reported a total of P459.20 billion representing 72.63 percent of the total local currency deposits.

Schedule 10 page 276, Vol. II presents the agencies with balances of Cash in Bank - Local Currency.

4.3 Cash in Bank – Foreign Currency

Cash in Bank – Foreign Currency with a total of P62.90 billion shared 8.40 percent of the total cash and cash equivalents. Components are as follows:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Bangko Sentral ng Pilipinas	19,350,379.45	30.76
Current Account	4,813,318.27	7.65
Savings Account	7,690,398.46	12.23
Time Deposits	<u>31,045,888.23</u>	<u>49.36</u>
Total CIB, Foreign Currency	<u>62,899,984.41</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The Time Deposits in Foreign Currency with local banks, amounting to P31.05 billion represents 49.36 percent of the total cash in bank in foreign currencies. The following agencies reported the highest balances of deposits in foreign currencies broken down into deposits with the BSP and in other local banks in current, savings, and time deposit accounts:

Agency	Amount (in thousand pesos)					Percent Distribution
	CIB-FC, Bangko Sentral Ng Pilipinas	CIB-FC, Current Account	CIB-FC, Savings Account	CIB-FC, Time Deposits	Total	
DOF - BTr	19,350,379.45	-	1,702,677.49	30,209,824.71	51,262,881.66	81.50
DFA - OSEC	-	3,970,270.08	242,844.14	205,874.78	4,418,989.01	7.03
DSWD - OSEC	-	-	2,547,707.88	-	2,547,707.88	4.05
DOE - OSEC	-	-	864,930.05	-	864,930.05	1.38
The Judiciary - Sandiganbayan	-	25,502.82	1,336.03	451,970.50	478,809.35	0.76
DENR - OSEC	-	-	456,221.96	-	456,221.96	0.73
DOLE - OSEC	-	180,461.50	222,725.52	-	403,187.02	0.64
DOJ - PCGG	-	-	301,064.99	-	301,064.99	0.48
SUC – Bukidnon State University	-	248,658.82	-	43,404.48	292,063.30	0.46
DND - OCD	-	-	<u>264,911.55</u>	-	<u>264,911.55</u>	<u>0.42</u>
Sub-Total	19,350,379.45	4,424,893.22	6,604,419.63	30,911,074.48	61,290,766.78	97.44
Other Agencies	-	<u>388,425.06</u>	<u>1,085,978.83</u>	<u>134,813.75</u>	<u>1,609,217.64</u>	<u>2.56</u>
Total	<u>19,350,379.45</u>	<u>4,813,318.27</u>	<u>7,690,398.46</u>	<u>31,045,888.23</u>	<u>62,899,984.41</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>						

Of the total foreign currency deposits, the BTr reported P51.26 billion representing 81.50 percent, DFA accounted P4.42 billion, and DSWD reported P2.55 billion.

» Cash in Bank Foreign Currency, Current Account

In the books of the DFA-OSEC, the current account deposit of P3.97 billion refers to cash in bank retained at the Foreign Service Posts (FSPs) for working funds that included the balances of the International Commitment Fund (ICF) and other funds, including trust receipts, and prior years' balances.

» Cash in Bank Foreign Currency, Savings Account

The DSWD reported P2.55 billion foreign currency deposited in savings account. This includes deposits from grants and donations and loan proceeds received by DSWD from the following:

- Social Protection Support Project
- DSWD Foreign Donations
- Social Welfare and Development Reform Project
- ASEAN – Republic of Korea
- Japan ASEAN Integration Fund

Schedule 11 page 282, Volume II presents the complete list of departments/agencies with accounts in Cash in Bank, Foreign Currency.

Of the Cash in Bank accounts of the BTr, deposit in Local Currency of P459.20 billion and in Foreign Currency of P51.26 billion or a total of P510.46 billion, consist of the following:

Particulars	Amount (in thousand pesos)
Free balances	456,961,999.47
MDS Seed Money	14,453,881.80
Restricted	29,610,817.56
Project loan/grant proceeds from BSP, AGDBs and accredited banks of the BIR and BOC, and others	9,435,175.70
Total	<u>510,461,874.53</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Free balances refer to the amounts that can be used by the NG operations. The amount of P364.04 billion representing 79.66 percent is deposited with the TOP- Treasury Single Account and the remaining balance is deposited with the BSP, LBP, DBP, PVB, PNB, PPSB, UCPB and various authorized agent banks in both peso and foreign denominations.

The MDS Seed Money refers to the amount used to pay MDS checks and this is replenished daily by the BTr upon request of the authorized government servicing banks. The MDS Seed Money includes the following bank accounts:

Bank Account	Amount (in thousand pesos)
LBP - MDS	12,705,315.44
DBP - MDS	1,603,721.80
PVB - MDS	144,463.16
PNB - MDS	381.40
Total	<u>14,453,881.80</u>

4.4 Treasury/Agency Cash Accounts

This group of accounts consists of Cash–Treasury/Agency Deposit, Special Account of P21.74 billion; Cash–Treasury/Agency Deposit, Trust of P15.71 billion, Cash–MDS, Regular of P9.72 billion, Cash–MDS, Special Account of P280.58 million, and Cash–MDS, Trust of P311.17 million.

» Cash–Treasury/Agency Deposit, Special Account

This account refers to collections of the agencies which were remitted to the BTr under the SAGF. As of the end of the year, the agencies’ remittances to the BTr totaled P21.74 billion which are to be reported in the books of the BTr.

» Cash – Treasury/Agency Deposit, Trust

This account refers to the trust receipts/collections from performance security deposits of suppliers and contractors, and other trust funds, which were remitted to the BTr.

As of the end of the year, the agencies consolidated remittances totaled P78.09 billion; however, in the books of the BTr, remittances totaled P62.37 billion or a difference of P15.7 billion. The difference is subject to reconciliation between the concerned agencies and the BTr.

» Cash – MDS Regular

The remaining balance of this account refers to the MDS checks already issued for the payment of accounts payable and other liabilities for the regular operations of the agencies but which were not yet released or still unclaimed by the payees as of the end of the year. The agencies with the highest balances of Treasury/Agency Cash accounts, are as follows:

Agency	Amount (in thousand pesos)						Percent Distribution
	Cash-T/AD, Special Account	Cash-T/AD, Trust	Cash-MDS, Regular	Cash-MDS, Special Account	Cash-MDS, Trust	Total	
PCGG	1,534,220.90	61,197,599.17	677.13	3,958.37	-	62,736,455.57	56.96
CHED	6,791,407.41	-	358,902.40	-	-	7,150,309.81	6.49
BFP	4,772,014.22	104,350.22	17,792.97	-	-	4,894,157.41	4.44
DPWH-OSEC	4,398.33	4,206,253.36	167,597.96	-	1,709.64	4,379,959.29	3.98
BIR	442,873.06	3,487,416.90	71,517.01	13,500.38	-	4,015,307.34	3.64
DOH-OSEC	1,742,752.64	848,269.03	1,276,179.97	2,107.58	25,709.35	3,895,018.56	3.53
DSWD-OSEC	0.19	31,737.10	3,704,784.38	-	-	3,736,521.66	3.39
AFP-GHQ	2,224,724.59	700,499.64	9,895.74	-	-	2,935,119.97	2.67
BOC	1,025,202.68	1,784,524.85	-	-	-	2,809,727.53	2.55
DA-OSEC	166,355.43	175,440.97	1,512,529.71	2,274.28	1,430.58	1,858,030.96	1.69
Other Agencies	<u>3,036,960.37</u>	<u>5,553,744.67</u>	<u>2,596,200.26</u>	<u>258,744.02</u>	<u>282,316.77</u>	<u>11,727,966.09</u>	<u>10.64</u>
Sub-Total	21,740,909.81	78,089,835.91	9,716,077.52	280,584.63	311,166.34	110,138,574.22	<u>100.00</u>
BTr (credit balance)	-	(62,374,691.78)	-	-	-	(62,374,691.78)	
Total Per St. of Financial Position	<u>21,740,909.81</u>	<u>15,715,144.13</u>	<u>9,716,077.52</u>	<u>280,584.63</u>	<u>311,166.34</u>	<u>47,763,882.43</u>	
<i>Difference between totals and sum of components is due to rounding off.</i>							

4.5 Cash Equivalents

This account with a total amount of P3.39 billion refers to investments of the DOE in Treasury Bills issued by the National Government thru the BTr with maturity of 90-day and below.

Note 5: Receivables

The Receivables of the NG after deducting P3.74 billion Allowance for Impairment, resulted to P1.013 trillion. This represents 22.58 percent of the total assets of P4.49 trillion. It consists of the following major accounts:

Major Accounts	Amount (in thousand pesos)		
	Current	Non- Current	Total
Loans and Receivable Accounts	84,257,518.37	205,277,557.14	289,535,075.51
Lease Receivables	1,230,558.73	-	1,230,558.73
Inter-Agency Receivables	651,201,877.84	-	651,201,877.84
Intra-Agency Receivables	11,535,339.55	-	11,535,339.55
Other Receivables	<u>60,149,809.73</u>	<u>-</u>	<u>60,149,809.73</u>
Total Receivables	<u>808,375,104.22</u>	<u>205,277,557.14</u>	<u>1,013,652,661.36</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

5.1 Loans and Receivable Accounts

This major group of accounts had a balance of P289.53 billion after deducting P2.33 billion Allowance for Impairment. It represents 28.56 percent of the total receivables of the NG. It is composed of the following accounts:

Accounts	Amount (in thousand pesos)		
	Current	Non- Current	Total
Accounts Receivable	18,700,483.95	-	18,700,483.95
Notes Receivable	45,062.97	137,012,596.00	137,057,658.97
Loans Receivable – GOCCs	6,920,439.92	66,945,437.22	73,865,877.14
Loans Receivable – LGUs	4,598,327.40	697,472.10	5,295,799.50
Interest Receivable	43,140,504.15	142,776.06	43,283,280.21
Loans Receivable – Others	<u>10,852,699.98</u>	<u>479,275.76</u>	<u>11,331,975.74</u>
Total Loans and Receivables	<u>84,257,518.37</u>	<u>205,277,557.14</u>	<u>289,535,075.51</u>
<i>Difference between totals and sum of components is due to rounding off</i>			

» Accounts Receivable

The agencies with balances of accounts receivable are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BTr	8,658.96	46.30
DOH - OSEC	2,841.44	15.19
DOE - OSEC	1,668.44	8.92
DENR - NWRB	695.18	3.72
SUC - UP	521.92	2.79
SUC - CTU	269.15	1.44
DA - BFAR	255.49	1.37
SUC - MUST	157.10	0.84
SUC - LNU	123.84	0.66
DOST - ICTO	<u>121.18</u>	<u>0.65</u>
Sub- total	15,312.71	81.88
Other Agencies	<u>3,387.78</u>	<u>18.12</u>
Total	<u>18,700.48</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

» Notes Receivable

Of the total P137.06 billion Notes Receivable, P137.01 billion or 99.96 percent refers to a promissory note which is accounted in the books of the BTr. This was issued by the Central Bank - Board of Liquidators (CB-BOL) in favor of the Treasurer of the Philippines in substitution of the frozen/retained deposits in the CB-BOL. Issuance of a new promissory note in support of this balance had been requested from the CB-BOL.

» **Loans Receivable – Government-Owned and/or Controlled Corporations**

Of the total P73.87 billion Loans Receivable – GOCCs, P70.79 billion or 95.84 percent was reported by the BTr. The BTr accounts refers to advances made by the NG to the creditors in behalf of GOCCs when the latter are unable to pay their loans. Of the amount, P4.87 billion is due and demandable and are considered as current assets. This account also includes Investment-Interest Bearing Loans to GOCCs in the amount of P73.17 million, and Investment – Other Interest Bearing Loans of P37.59 million which had remained dormant of twelve and thirty years, respectively, and which were already requested for write-off per letters dated February 21, 1992, September 24, 1996 and October 16, 1998.

» **Loans Receivable – Local Government Units**

Of the total P5.30 billion Loans Receivable – LGUs, P5.03 billion representing 94.96 percent was reported by the MDFO. Of this reported amount, P4.60 billion net of P1.47 million are current and P697.47 million are non- current.

» **Interest Receivable**

Of the total P43.28 billion Interest Receivable of the NG, P41.54 billion or 95.98 percent was reported by the BTr pertaining to accumulated interest on NG advances, accrued interest on TOP's FTD in 1993 of P249.49 million which was retained with CB-BOL and accrued interest on investments in T-Bonds of BSF, SSF and DBP AITTP of P37.11 million.

» **Loans Receivable – Others**

The total P11.33 billion Loans Receivable – Others were recorded by the following agencies:

Agency	Amount (in thousand pesos)	Percent Distribution
DA- OSEC	5,585.11	49.29
DepEd - OSEC	2,896.51	25.56
DA - ACPC	617.58	5.45
OEO - CHED	352.16	3.11
DTI - OSEC	338.44	2.99
DND – AFP -GHQ	208.92	1.84
DA - NTA	167.35	1.48
DOF - BTr	154.48	1.36
DOLE - OSEC	149.57	1.32
DAR - OSEC	<u>147.20</u>	<u>1.30</u>
Sub- total	10,617.33	93.69
Other Agencies	<u>714.64</u>	<u>6.31</u>
Total	<u>11,331.98</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

5.2 Lease Receivable

» Operating Lease Receivable

This account refers to lease income already earned but not yet collected. As of year end, Operating Lease Receivable had an aggregate amount of P1.23 billion, net of P1.38 million Allowance for Impairment. The following five agencies reported operating lease receivables:

Agencies	Amount (in thousand pesos)	Percent Distribution
DOTC - OSEC	1,178,977.86	95.81
DOT - NPDC	36,280.15	2.95
DA - BFAR	6,343.60	0.52
SUC - BSU	5,925.34	0.48
SUC – SSCT	<u>3,031.78</u>	<u>0.25</u>
Total Lease Receivables	<u>1,230,558.73</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

5.3 Inter-Agency Receivables

This major group of accounts pertain to receivables from NGAs, LGUs, and GOCCs. At the end of the year, this group of receivables with an aggregate balance of P651.20 billion shared 80.56 percent of the total receivables. This account group consists of the following major accounts:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Due from National Government Agencies	81,753,670.29	12.55
Due from Government-Owned and/or Controlled Corporations	525,176,022.22	80.65
Due from Local Government Units	<u>44,272,185.34</u>	<u>6.80</u>
Total Inter-Agency Receivables	<u>651,201,877.84</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

» Due from NGAs

This account refers to advances and or fund transfers to NGAs for the purchase of goods or services as authorized by law, for the implementation of projects, and for other receivables. The agencies with the highest figures for this account, are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BOC	12,844,630.69	15.71
DA – OSEC	6,956,174.89	8.51
DepEd - OSEC	5,891,444.80	7.21
DILG - PNP	5,457,858.22	6.68
OEO - CHED	5,390,535.33	6.59
DOST - OSEC	4,959,350.59	6.07
DPWH - OSEC	4,767,761.66	5.83
DAR - OSEC	3,769,491.54	4.61
DOST – PCIEETRD	1,750,872.69	2.14
DSWD - OSEC	<u>1,675,485.25</u>	<u>2.05</u>
Sub- total	53,463,605.64	65.40
Other Agencies	<u>28,290,064.64</u>	<u>34.60</u>
Total	<u>81,753,670.29</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The BOC got the highest figure of P12.84 billion for account Due from NGAs.

» **Due from GOCCs**

Of the total amount of P525.18 billion Due From GOCCs, P495.48 billion or 94.34 percent was reported by the BTr, details of which are as follows:

Particulars	Amount (in thousand pesos)
1. NG's refinancing of BSP advances/payments on liabilities retained with CB-BOL	279,302,940.75
2. NG advances in behalf of GOCCs/GFIs for their foreign and domestic obligations (principal, interests and other charges)	174,606,792.36
3. Guarantee fee receivables from GOCCs/GFIs	20,594,077.31
NG Advances for assumed GOCCs/GFIs guaranteed obligations	7,697,205.83
5 Dormant accounts subject to verification	7,737,000.79
6 Overdue accounts from Loans Receivable which were reclassified to Due from GOCCs	3,216,966.47
7 Balance of loans outlay released to LBP under the Agrarian Reform Loans	1,259,179.01

Particulars	Amount (in thousand pesos)
8 NG Receivable from BSP on IMF remuneration on the reserve tranche	822,467.20
9 Balance of DBP's outstanding obligations to the NG relative to the Northern Cement Corp. covered by Deed of Assignment of Rights and Interest between DBP and PMO involving the transfer to NG through PMO of DBP's receivables from the DAR/LBP arising from DBP's transfer to DAR of agricultural lands pursuant to EO. No. 407 dated June 14, 1990.	<u>248,305.85</u>
Total	<u>495,484,935.57</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

The DSWD reported account Due from GOCCs which include the following:

Particulars	Amount (in thousand pesos)
CY 2014	
LBP	10,761,999.57
Philippine International Trading Corp.	151,958.97
CY2013	
Philippine International Trading Corp.	1,776,096.69
CY 2012 and Prior Years	
National Food Authority	10,804.70
National Kidney and Transplant Institute	189.63
People's Television Network, Inc.	59.68
Philippine International Trading Corp.	4.36
Technology and Livelihood Resource Center	23,500.00
Tanay Water District	<u>657.00</u>
Total	<u>12,725,270.60</u>

The balance of P10.76 billion due from the LBP pertains to fund transfers for the over-the-counter payment of cash grants of Pantawid Pamilya beneficiaries.

The balance with the NFA amounting to P10.80 million represents the unliquidated cash advance for the implementation of the Food for Work Program in Camarines Sur.

The amount of P1.78 billion due from the PITC pertains to the transfer of funds for the emergency procurement of goods and services under the Yolanda Recovery and Rehabilitation Program.

» **Due from Local Government Units**

This account represents balances of funds transferred to LGUs. The agencies with the biggest balances of this account are the following:

Agency	Amount (in thousand pesos)	Percent Distribution
DSWD - OSEC	13,817,094.52	31.21
DA - OSEC	8,868,997.64	20.03
DILG - OSEC	5,504,998.67	12.43
DOH - OSEC	3,681,364.94	8.32
DAR - OSEC	2,055,508.72	4.64
ARMM – ORG	1,307,232.30	2.95
DPWH - OSEC	1,300,998.95	2.94
DOLE - OSEC	1,254,918.64	2.83
MMDA	1,029,759.39	2.33
DENR - BFAR	<u>750,557.21</u>	<u>1.70</u>
Sub- total	39,571,430.97	89.38
Other Agencies	<u>4,700,754.37</u>	<u>10.62</u>
Total	<u>44,272,185.34</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The DSWD, DA, and DILG reported Due From LGUs accounts of P13.82 billion, P8.87 billion and P5.50 billion, respectively.

In the DSWD Field Offices, this account includes balance of funds transferred to LGUs for the implementation of various programs and projects i.e. Social Pension for Indigent Senior Citizens, Supplemental Feeding Program, Sustainable Livelihood Program, various programs under the Bottom-Up Budgeting Process, Crisis Intervention Program, Shelter Assistance and Construction of Day Care Center and Senior Citizens Center.

In the DSWD Central Office, this account includes balances of funds transferred to LGUs, as follows:

Particulars	Amount (in thousand pesos)
1. Provincial Government of North Cotabato for the implementation of Emergency Operations Philippine – Assistance to Conflict Affected Mindanao (OMOP –ACAM) project	75.51
2. Municipality of Alfonso Lista, Ifugao for augmentation support for the expansion of their operation funded by PDAF of Cong. Solomon R. Chungalao	500.00
3. Municipality of Guihulgan, Negros Oriental as augmentation for the Cash for Work Program for the 1,422 families affected by earthquake in Reg. VII	3,300.86
4. Municipality of La Libertad, Negros Oriental as augmentation for the Cash for Work Program for the 1,422 families affected by earthquake in Reg. VII	1,001.92
5. Municipality of Taal, Batangas as augmentation support chargeable against PDAF of Cong. Tomas V. Apacible.	180.00
<i>Difference between totals and sum of components is due to rounding off.</i>	

5.4 Intra-Agency Receivables

Intra-Agency Receivables are reciprocal accounts that subsist between the Central Office, Staff Bureaus, Regional Offices and Operating Units within the agency and which accounts should have been reconciled and eliminated at the end of the year upon consolidation of the department/agency accounts at the Central/Regional Office level. Balances of this account aggregated to P11.53 billion representing 1.43 percent of the total receivables of the NG, details as follows:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Due from Central Office	1,613,917.55	13.99
Due from Bureaus	113,593.91	0.99
Due from Regional Offices	3,812,481.29	33.05
Due from Operating Units	5,995,346.79	51.97
Total Intra-Agency Receivables	<u>11,535,339.55</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The following agencies have the highest balances of Intra-Agency Receivables:

Agency	Amount (in thousand pesos)	Percent Distribution
DepEd - OSEC	3,257,403.94	28.24
DPWH - OSEC	2,642,171.97	22.91
ARMM - Office of the Regional Governor	1,373,876.40	11.91
DFA - OSEC	726,917.89	6.30
SUC - UP	683,462.23	5.92
DOF - BOC	369,882.13	3.21
AFP - Philippine Army	358,469.78	3.11
DOH - OSEC	339,926.16	2.95
DA - OSEC	333,571.19	2.89
DOLE - TESDA	144,244.02	1.25
Sub-Total	10,229,925.70	88.68
Other Agencies	1,305,413.85	11.32
Total	<u>11,535,339.55</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Of the total balances of unreconciled Intra-Agency Receivables, the DepEd has P3.26 billion, followed by the DPWH and ARMM – Office of the Regional Governor with P2.64 billion and P1.37 billion, respectively.

5.5 Other Receivables

This category of receivables includes the following major accounts:

Major Accounts	Amount (in thousand pesos)	Percent Distribution
Receivables - Disallowances/Charges	5,405,782.76	8.99
Due from Officers and Employees	728,883.27	1.21
Due from NGOs/POs	7,573,245.63	12.59
Other Receivables*	46,441,898.06	77.21
Total Other Receivables	<u>60,149,809.73</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

* Net of Allowance for Impairment of P12.34 billion

» Receivables – Disallowances/Charges

This account shows the disallowances in audit due from public, private entities or individuals which have become final and executory. The following agencies have the highest balances of this account:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BOC	1,843,423.05	34.10
DPWH - OSEC	964,873.50	17.85
DepEd - OSEC	372,704.57	6.89
DOH - OSEC	287,967.46	5.33
DA - OSEC	239,788.74	4.44
DILG - BFP	191,104.12	3.54
ARMM - ORG	172,532.87	3.19
COMELEC	140,792.43	2.60
DOTC - OSEC	111,542.60	2.06
DAR - OSEC	<u>106,265.75</u>	<u>1.97</u>
Sub- total	4,430,995.08	81.97
Other Agencies	<u>974,787.69</u>	<u>18.03</u>
Total	<u>5,405,782.77</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Among the NGAs, the BOC has the biggest amount of disallowances in the amount of P1.84 billion or 34.10 percent of the total disallowances for the NG, followed by the DPWH-OSEC with P964.87 million or 17.85 percent.

» Due from Officers and Employees

Claims from agency officers and employees for overpayment, cash shortage, loss of assets and other bills are accumulated in this account. The following agencies have the highest amounts of claims from their officers and employees:

Agency	Amount (in thousand pesos)	Percent to Total
DA - OSEC	123,491.63	16.94
DFA - OSEC	93,143.37	12.78
DOF - BIR	84,776.22	11.63
The Judiciary – Supreme Court & the Lower Courts	44,600.95	6.12
DND - AFP - GHQ Proper	41,013.83	5.63
DepEd - OSEC	37,362.19	5.13
DOTC- OSEC	29,894.52	4.10
DOH - OSEC	27,739.12	3.81
AFP - Philippine Army	20,770.35	2.85
DENR - OSEC	<u>19,985.75</u>	<u>2.74</u>
Sub-total	522,777.94	71.72
Other Agencies	<u>206,105.33</u>	<u>28.28</u>
Total	<u>728,883.27</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

» **Due from Non-Government Organizations/People's Organizations**

The agencies contributing to this account are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DA - OSEC	1,784,728.61	23.57
DSWD - OSEC	1,702,190.19	22.48
OEO - CHED	603,756.87	7.97
DAR - OSEC	509,613.97	6.73
DOLE - OSEC	407,955.57	5.39
DOST - OSEC	388,984.56	5.14
DOF - CDA	320,813.13	4.24
DA - NAFC	311,495.40	4.11
DOH - OSEC	239,425.76	3.16
OEO - PSC	<u>227,222.49</u>	<u>3.00</u>
Sub-total	6,496,186.54	85.78
Other Agencies	<u>1,077,059.09</u>	<u>14.22</u>
Total	<u>7,573,245.63</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

In the DSWD, account Due from NGOs/POs includes those released to NGOs of P855.17 million, details as follows:

Particulars	Amount (in thousand pesos)
1. Funded from the Congressional Initiative, Congressional Development Funds and PDAF of various solons	
- FY 2013	16,171.61
- FY 2012 and prior years	466,172.35
2. International Organization for Migration for construction of transitional shelters for victims of Typhoon Yolanda, FY 2014	68,000.00
3. Barangay communities for the KALAHI CIDSS-NCDDP from various funding sources	<u>334,826.03</u>
Total	<u>885,169.99</u>

» **Other Receivables**

This account represents receivables from other debtors and agencies or entities not falling under any of the specific receivable accounts. It aggregated to an amount of P46.44 billion representing 77.21 percent of the Other Receivables. The following agencies reported the highest balances to this account:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - PMO	15,399,640.24	25.60
DOF - BIR	14,697,578.27	24.43
OEO - FDCP	3,111,360.19	5.17
DOF - BOC	3,020,664.50	5.02
SUC - UP	2,567,711.63	4.27
DA -OSEC	2,349,350.57	3.91
DOF - MDFO	2,148,457.63	3.57
COMELEC	2,139,232.89	3.56
DSWD - OSEC	1,788,737.99	2.97
DOH -OSEC	<u>1,139,784.13</u>	<u>1.89</u>
Sub-total	48,362,518.05	80.40
Other Agencies	11,787,291.68	19.60
Total	<u>60,149,809.73</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The DOF-PMO reported the biggest amount for Other Receivables account in the amount of P15.40 billion representing 25.60 percent, details of which include as follows:

Particulars	Amount (in thousand pesos)
1. Receivable from the disposition of the following:	
a. Philnico Mining and Industrial Corporation - for the unpaid sales price of Nonoc Mining and Industrial Corporation (NMIC) which emanated from a contract denominated as Amended and Restated Definitive Agreement (ARDA) by among PMO (then APT), Philnico Mining and Industrial Corporation and Philnico Processing Corporation (PPC) dated May 10, 1996 covering the acquisition by Philnico from APT of the 22,500,000 shares of common stock of PPC as well as the receivables of the NG from the latter. PMO sought for the rescission of the ARDA due to Philnico's default in more than two (2) consecutive monthly amortizations as provided for in the ARDA.	13,115,068.53
b. G. Holdings, Inc. - for the cost of 4,500,000 shares of stock of Maricalum Mining Corporation sold to G. Holdings, Inc. (GHI). GHI filed a case for specific performance and damages with RTC Manila due to conflicting interpretations of the reckoning date of payment of the balance of the purchase price.	571,989.68
c. National Development Company - for the sale of Elizalde Steel Consolidated and Pasig Steel Corporation transferred from the Development Bank of the Philippines (DBP) which has remained dormant since 1997.	209,027.37

Particulars	Amount (in thousand pesos)
d. Pamplona Redwood and Veneer Corporation (PARVI) - for the outstanding obligation of PARVI which was implicated with the auction by the Province of Rizal, without the consent of PMO, of three (3) properties located in Angono, Rizal, for delinquent real property taxes.	190,121.80
e. Provincial Government of Abra - for the balance on the sale of Cellophil Resources to the Provincial Government of Abra (PGA) and gross of P30.00 million overdue account to be paid through offsetting the PGA's tax claim against PMO. This shall be adjusted upon receipt of documents from PGA relative to the dropping of the case. This case is an appeal by APT (PMO) on the claim of the Municipality of Tayum, Abra of unpaid real property taxes.	71,200.00
f. Pamintuan Development Company (PAMDEVCO) – represents the balance on settlement price of its outstanding obligation pursuant to Compromise Agreement between PMO and PAMDEVCO dated November 4, 2003	10,006.00
g. PMO has a pending request with COA for dropping of Other Accounts Receivable from its books, viz: Filipinas Cement Corporation (P3.21 million); Sta. Clara Lumber (P4.15 million); Calinog-Lambunao Sugar Mill (P0.16 million); and Pigress (P0.11 million).	7,518.43
2. Receivable due to the discrepancy on transfer price: Development Bank of the Philippines - for the balance of the DBP on its obligation due to the discrepancy in the transfer price of Northern Cement Corporation. As payment, DBP assigned its receivable to PMO from Department of Agrarian Reform/Land Bank of the Philippines per Deed of Assignment of Rights and Interest dated 30 December 2003.	247,309.83
3. Receivable from leases:	
a. Unimasters Conglomeration, Inc. (UCI) - for the outstanding lease rental of UCI as lessee of Leyte Park Hotel. UCI filed a complaint for specific performance, injunction and damages enjoining respondents PMO, Province of Leyte and Philippine Tourism Authority from enforcing and implementing take-over of Leyte Park Hotel.	29,250.00
b. Menzi Development Corp. (P8.00 million) – for the unpaid rental for the three- month period, September to December 1989.	8,000.00

Particulars	Amount (in thousand pesos)
4. Receivable from former APT employees: This represents unliquidated cash advances on travel to various assets of former APT employees	221.84
5. Various BOL receivables Various accounts from the former BOL, net of P7.44 million Allowance for Doubtful Accounts, represent receivables from the defunct government corporations	936,052.93
6. Receivable from other sources	1,622.25

The BIR accounted for P14.70 billion of Other Receivables representing 24.43 percent, details of which are as follows:

Particulars	Amount (in thousand pesos)
1. Tax Credit Certificates (TCCs) and Tax Debit Memos (TDM) issued by various BIR offices and DOF One-Stop-Shop to the taxpayers in acknowledgement of an approved tax credit resulting from an overpayment of a tax liability, erroneous payment of a tax due, or grant of tax incentives under existing laws. This makes up 91.43 percent of the total Other Receivables presented by the BIR.	13,443,302.96
2. Outstanding balance of dishonored checks thru bank for the period 1987 to December, 2014.	554,210.71
3. Bank penalties on delayed remittance of collection and procedural errors and acceptance of dishonored checks amounting P1.84 million and P0.16 million, respectively.	2,007.10
4. Outstanding balance of former RCOs no longer in service (died, retired, resigned, etc.) with letter request for an authority to drop/write-off from the Collection Books to the Chairperson of COA dated December 03, 2012 in the amount of P36,010.003 thousand and P43,894.32 thousand.	84,904.31

Particulars	Amount (in thousand pesos)
5. Cash shortages of former RCOs during the year 1961-1970 who were no longer in service and whose whereabouts could no longer be located. Due to the absence of the complete documentary requirements per COA Circular 97-001 dated February 9, 1997, the said balance could not be requested from COA for the dropping/write-off from the Bureau's Collection Book.	5,686.10
6. SL balance of RCOs on accountable forms (Documentary stamps, science stamps auxiliary labels) for the period 1961-1989 previously recorded under the account Accountable Forms Inventory. This balance will be gradually adjusted upon receipt of the JEVs and supporting documents from the Regional Finance Division for RCOs who have already been cleared of their outstanding accountabilities.	304,440.85
7. Outstanding SL balance of BIR employees designated as Revenue Attaché/Revenue Representative who were no longer in service (retired, resigned/dropped from the rolls and separated from the service. Due to the absence of the complete documentary requirements per COA Circular No. 97-001, the said balance could not be requested from COA for an authority to drop/write-off from the NG Book.	1,600.37
8. Outstanding SL balance of DFA Finance Officers (FOs) designated as Collecting Agents of the BIR for Collection of internal revenue taxes from the Filipinos working abroad. Based on confirmation made by the Office of Fiscal Management DFA, the SL balance of FOs who were no longer in service (either dropped from the rolls, separated, died) with positive balance of P208.67 thousand and negative balance of P149.95 thousand were already requested for an authority to drop/write-off from the Bureau's Collection Books per letter request to COA dated December 03, 2012.	6,511.58
9. Outstanding dishonored check of Joyce Nipal, former Special Collecting Officer assigned at the GSD of the National Office. Letters were already sent by RAD to the said SCO requesting for the submission of the supporting documents on the settlement /redemption of the DC in order that necessary adjustments could be effected in the Bureau's Collection Books.	4.93

Particulars	Amount (in thousand pesos)
10 Other Receivables – 10305990 (RO) pertaining to the outstanding balance in dishonored checks and cash shortages of RCOs of RR Nos. 2 - 4, 6 – 15, & 17 – 18 who were no longer in active service (absconded, died, dismissed, and already retired) with pending request for write-off of accountabilities from the Commission of Audit (COA) as of December 31, 2014.	164,612.15

Among the other agencies which contributed P11.79 billion, the BTr reported a total of P495.19 million of Other Receivables, details of which are as follows:

Particulars	Amount (in thousand pesos)
Traders Royal Bank – with court cases and waiting for release of result of litigation from the Office of the Solicitor General	257,003.83
Dishonored Treasury Warrants with pending appeal to the Supreme Court	153,607.23
Balance from Fund 102, to be requested for write-off	68,237.65
Dormant for more than 10 years and was already requested for write-off	10,390.35
UBP (Brady Bonds) under the 1992 Phil. Financing Plan	3,818.23
AABs-China Banking	2,130.48
Total	<u>495,187.78</u>

Note 6: Inventories

Inventories of NG had an aggregate balance of P39.74 billion as of the end of the year. It consists of the following major accounts:

Major Accounts	Amount (in thousand pesos)	Percent to Total
Inventory Held for Sale	1,541,378.39	3.88
Inventory Held for Distribution	10,810,549.02	27.20
Inventory Held for Manufacturing	703,218.18	1.77
Inventory Held for Consumption	<u>26,686,252.61</u>	<u>67.15</u>
Total Inventories	<u>39,741,398.20</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

6.1 Inventory Held for Sale

» Merchandise Inventory

This account refers to the cost of goods purchased/acquired/produced which are intended for sale in the ordinary course of business. It includes supplies and materials, drugs and medicines, agricultural produce, ammunitions, property and equipment, and others. The following departments/agencies reported the highest balances of Merchandise Inventory:

Agency	Amount (in million pesos)	Percent Distribution
DOH- OSEC	747,471.35	48.49
DBM – Procurement Service	554,721.88	35.99
SUCs	165,607.00	10.74
DND	66,249.21	4.30
Other Executive Offices	2,992.67	0.19
DOT	2,032.25	0.13
DOST, NEDA, DepEd, DOLE	<u>2,304.02</u>	<u>0.16</u>
Total	<u>1,541,378.39</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

6.2 Inventory Held for Distribution

This category covers the cost of inventory for distribution. These are specifically recorded in the following accounts:

Account	Amount (in thousand pesos)	Percent Distribution
Food Supplies for Distribution	231.09	0.00
Welfare Goods for Distribution	1,081,335.68	10.00
Drugs and Medicines for Distribution	6,132,610.24	56.73
Medical, Dental and Laboratory Supplies for Distribution	822,293.57	7.61
Agricultural and Marine Supplies for Distribution	457,113.26	4.23
Agricultural Produce for Distribution	130,707.69	1.21
Textbooks and Instructional Materials for Distribution	499,379.19	4.62
Construction Materials for Distribution	111,305.03	1.03
Property and Equipment for Distribution	1,114,825.54	10.31
Other Supplies and Materials for Distribution	<u>460,747.73</u>	<u>4.26</u>
Total	<u>10,810,549.02</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Of the total P10.81 billion Inventory Held for Distribution, P6.13 billion or 56.73 percent are drugs and medicines, P1.11 billion are property and equipment, and P1.08 billion are welfare goods.

Of the total P6.13 billion Drugs and Medicines for Distribution, P6.13 billion representing 99.96 percent were reported by the DOH – OSEC. These drugs and medicines are for distribution to patients and hospitals.

Of the P1.08 billion Welfare Goods for Distribution, P1.07 billion or 99.10 percent were reported by the DSWD which represents the cost of food and non-food supplies for distribution to individuals affected by various calamities, disasters and ground conflicts. This also includes the monetized value of donations received prior to the issuance of COA Circular No. 2014-002 dated April 15, 2014, amounting to P69.40 million, and P558.49 million for locally purchased inventories.

The Property and Equipment for Distribution, were reported by ten agencies, as follows:

Account	Amount (in thousand pesos)	Percent Distribution
DA - OSEC	466,558.09	41.85
DOTC - OSEC	315,311.73	28.28
DOH - OSEC	235,753.02	21.15
DPWH -OSEC	43,506.48	3.90
DND - OCD	25,857.61	2.32
DepEd -OSEC	18,525.61	1.66
DA - BFAR	8,456.59	0.76
SUC - MSU	730.27	0.07
NEDA - PSRTI	113.75	0.01
DSWD - OSEC	<u>12.40</u>	<u>0.00</u>
Total	<u>1,114,825.54</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The DA reported the biggest value of property and equipment for distribution at P466.56 million representing 41.85 percent.

The DOTC reported P315.31 million or 28.28 percent of Property and Equipment for Distribution. This represents the IT equipment procured for distribution to the beneficiaries of supporting Congressmen in the amount of P157.22 million; PCGG Disaster/rescue equipment of P157.65 million; Air Cooler for the NAIA Terminal I for P0.44 million.

The amount of P235.75 million, representing 21.15 percent, which was reported by the DOH – OSEC pertain to property and equipment and other supplies and materials for the improvement of health facilities.

6.3 Inventory Held for Manufacturing

This major account is composed of the following accounts:

Account	Amount (in thousand pesos)	Percent Distribution
Raw Materials Inventory	382,842.29	54.44
Work in Process Inventory	202,566.44	28.81
Finished Goods Inventory	<u>117,809.45</u>	<u>16.75</u>
Total	<u>703,218.18</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The Government Arsenal of the DND reported P309.54 million of Raw Materials Inventory representing 80.83 percent of the total. It also reported a total of P57.83 million of Finished Goods Inventory or 49.09 percent which consists of assorted ammunition which were not yet transferred to the different DND offices.

Likewise, the DND reported P135.58 million or 64.05 percent of the total Work-in-Process Inventory; while the PCOO and SUCs reported P32.97 million or 16.28 percent and P31.00 million or 15.30 percent, respectively.

6.4 Inventory Held for Consumption

This category includes the cost of purchases/acquisitions of inventory intended for consumption in the ordinary course of business of an agency. The specific accounts and their balances as of the end of the year are as follows:

Account	Amount (in million pesos)	Percent to Total
Office Supplies Inventory	3,658,666.22	13.71
Accountable Forms, Plates, and Stickers Inventory	1,221,607.25	4.58
Non-Accountable Forms Inventory	98,045.44	0.37
Animal/Zoological Supplies Inventory	14,344.39	0.05
Food Supplies Inventory	289,962.26	1.09
Drugs and Medicines Inventory	2,070,995.01	7.76
Medical, Dental, and Laboratory Supplies Inventory	2,393,249.29	8.97
Fuel, Oil and Lubricants Inventory	2,328,091.32	8.72
Agricultural and Marine Supplies Inventory	593,312.77	2.22
Textbooks and Instructional Materials Inventory	2,127,265.73	7.97
Military, Police, and Traffic Supplies Inventory	4,425,499.93	16.58
Chemical and Filtering Supplies Inventory	41,707.10	0.16
Construction Materials Inventory	704,281.33	2.64
Other Supplies and Materials Inventory	<u>6,719,224.57</u>	<u>25.18</u>
Total	<u>26,686,252.61</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Note 7: Investments

Investments of the NG were placed in current and long-term investments as follows:

Account	Amount (in thousand pesos)			Percent Distribution
	Current	Non - Current	Total	
Financial Assets–Held to Maturity	13,538,181.97	44,947,211.46	58,485,393.43	4.93
Financial Assets - Others	-	89,993,798.84	89,993,798.84	7.58
Investments in GOCCs	-	227,180,209.24	227,180,209.24	19.14
Sinking Fund	<u>75,634,830.62</u>	<u>735,692,941.27</u>	<u>811,327,771.89</u>	<u>68.35</u>
Total Investments	<u>89,173,012.59</u>	<u>1,097,814,160.82</u>	<u>1,186,987,173.41</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>				

7.1 Financial Assets - Held to Maturity

The current portion of the Financial Assets Held to Maturity is composed of the following accounts:

Account	Amount (in thousand pesos)	Percent Distribution
Investments in Treasury Bills- Local	13,378,951.75	98.72
Investments in Treasury Bonds- Local	<u>159,230.22</u>	<u>1.28</u>
Total Current Investments	<u>13,538,181.97</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Long-term investments under Financial Assets - Held to Maturity represent Investments in Treasury Bonds – Local consisting of investments of the NG and from the managed/administered funds by the BTr. Details of these investments are as follows:

Particulars	Amount (in thousand pesos)
NG-SGF	252,596.64
SSF	3,357,661.58
MWSS - SRF	330,531.27
PCGG	<u>41,006,421.97</u>
Total	<u>44,947,211.46</u>

7.2 Financial Assets - Others

Long-term Investments in Financial Assets - Others is composed of the following accounts:

Account	Amount (in thousand pesos)	Percent Distribution
Investment in Stocks	74,597,675.70	82.89
Investments in Bonds	4,873,173.44	5.42
Other Investments	<u>10,522,949.71</u>	<u>11.69</u>
Total Financial Assets - Others	<u>89,993,798.84</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

» Investments in Stocks

Of the P74.60 billion total amount of Investments in Stocks, P73.51 billion was accounted for in the books of the BTr consisting of NG subscriptions to the capital stocks of the following international financial institutions:

Particulars	Amount (in thousand pesos)
Asian Development Bank	1,758,348.17
International Bank for Reconstruction & Development	951,974.37
International Development Association	489,176.28
International Finance Corporation	50,650.86
International Monetary Fund	70,233,583.62
Multilateral Investment Guarantee Agency	<u>29,097.41</u>
Total	<u>73,512,830.72</u>

» Investments in Bonds

Of the P4.87 billion total amount of Investments in Bonds, P4.34 billion was accounted for in the books of the BTr which pertains to NG investments in NIA Bonds.

The purchase of the NG of a 10-year 8.375 percent NIA Bonds due in FY 2013 with a face amount of USD97 million was approved by the Monetary Board of the BSP under its Resolution No. 1511 dated October 15, 2003, based on the proposal of the ROP to settle the obligation of NIA arising from taxes paid by the California Energy (CE) Casecnan Water and Energy Company, Inc. (Casecnan), pursuant to the Supplemental Agreement to the Amended and Restated Casecnan Project Agreement between NIA and Casecnan, which involves the following simultaneous transactions:

1. Issuance by ROP of 10-year USD97 million Bonds, the proceeds of which shall be used to purchase NIA bonds;

2. Issuance by NIA of 10-year USD97 million Bonds guaranteed by the ROP, the proceeds of which shall be used to pay its obligation to Casecnan for taxes paid by Casecnan for the Multi-Purpose Project; and
3. Purchase by Casecnan of the ROP Bonds.

The Investment in NIA Bonds was already requested for reclassification to NG Advances to NIA given the circumstances surrounding the issuance of NIA Bonds wherein NG was the investor/buyer, using the proceeds from ROP issued bonds, to allow NIA to settle its obligations to Casecnan.

» Other Investments

Other Investments in the amount of P8.96 billion was accounted in the books of the BTr which pertains to investments of administered funds by the DBP and Technological Skills and Development Authority in Fixed Term Note (DBP-AITTP-FXTN).

7.3 Investments in GOCCs

Of the P227.18 billion total amount, P226.18 billion representing 99.56 percent was accounted for in the books of the BTr. This amount pertains to the NG equity in capital stocks of GOCCs classified as follows:

Particulars	Amount (in thousand pesos)
Stock GOCCs	99,455,355.14
Non-stock GOCCs	125,293,432.24
Non-stock GOCCs which were already defunct, converted to other NGAs and non-GOCCs	1,405,387.62
Unidentified GOCCs/Accounts	26,155.64
Total	<u>226,180,330.64</u>

7.4 Sinking Fund

Of the total P811.33 billion Sinking Fund, P811.00 billion or 99.96 percent was reported by the BTR which includes fund to guarantee bonds issued by the NG and those issued by the Land Bank of the Philippines, National Food Authority, and National Power Corporation being administered/managed by the BTr.

Details of the current and non-current portion of the Sinking Fund as reported by the BTR, is as follows:

Particulars	Amount (in thousand pesos)
Current	
TD (Peso) - DBP	27,000,000.00
FCTD (USD) - DBP	1,119,050.00
TD (Peso) - LBP	35,000,000.00
FCTD (USD) - LBP	9,615,558.02
FCTD (Euro) - LBP	753,102.59
Securities (Treasury Bills)	<u>2,147,120.00</u>
Sub-total	75,634,830.62
Non-Current	
Treasury Bonds - Peso Denominated	643,171,754.67
Treasury Bonds - USD and Euro Denominated	<u>92,195,556.87</u>
Sub-total	<u>735,367,311.54</u>
Total	<u>811,002,142.16</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

The BSF of NG – issued bonds includes investments in government securities; thus, the NG is both a debtor and creditor in the amount of P705.93 billion government securities held by BSF, broken down as follows:

Government Security	Amount (in thousand pesos)
Treasury Bills	2,147,120.00
Treasury Bonds – Peso Denominated	625,596,680.39
Treasury Bonds - USD and Euro Denominated	<u>78,190,000.07</u>
Total	<u>705,933,800.46</u>

Note 8: Investment Property

Investment Property – Land and Buildings

As of the end of the year, this account showed a total of P77.62 million. Nine agencies reported Investment Properties, as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
SUC – Southern Luzon State University	31,753.61	40.91
DTI - PTTC	29,683.39	38.24
SUC – Batangas State University	6,640.57	8.55
SUC - Catanduanes State College	5,908.84	7.61
ISUC - Ifugao State University	1,719.13	2.21
AFP - GHQ AFPMC	815.01	1.05
DAR - OSEC	799.20	1.03

(Continued...)

Agency	Amount (in thousand pesos)	Percent Distribution
SUC – University of Rizal System	292.31	0.38
SUC - Central Bicol State University of Agriculture	10.40	0.01
Total	<u>77,622.47</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Note 9: Property, Plant and Equipment

The aggregate value of Property, Plant and Equipment (PPE) reached P1.30 trillion, net of accumulated depreciation of P194.91 billion and impairment losses of P79.71 million. PPE comprises the following major account groups:

Major Account	Amount (in thousand pesos)				Percent Distribution
	Gross Amount	Accumulated Depreciation	Accumulated Impairment Losses	Net Value	
Land	209,946,648.58			209,946,648.58	16.14
Land Improvements	35,153,136.86	(6,223,297.40)	(950.65)	28,928,888.81	2.22
Infrastructure Assets	119,845,709.00	(5,048,010.66)	(190.13)	114,797,508.21	8.83
Buildings and Other Structures	213,396,817.69	(60,972,079.75)	(19,302.01)	152,405,435.93	11.72
Machinery and Equipment	163,511,510.26	(80,679,637.65)	(53,495.56)	82,778,377.03	6.36
Transportation Equipment	60,678,778.77	(30,785,390.86)	(266.42)	29,893,121.50	2.30
Furniture, Fixtures and Books	18,578,522.85	(8,147,294.22)	(4,504.94)	10,426,723.69	8.02
Leased Assets	257,901.95	(10,526.96)	-	247,374.99	1.90
Leased Assets Improvements	518,332.58	(187,653.37)	-	330,679.21	2.53
Construction in Progress	665,321,471.18	-	-	665,321,471.18	51.16
Heritage Assets	565,364.12	(198.10)	-	565,166.02	4.34
Other PPE	<u>7,641,784.34</u>	<u>(2,858,027.65)</u>	<u>(1,005.72)</u>	<u>4,782,750.98</u>	<u>3.68</u>
Total	<u>1,495,415,978.19</u>	<u>(194,912,116.62)</u>	<u>(79,715.45)</u>	<u>1,300,424,146.12</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

Among the major account groups of PPE, Construction in Progress got the biggest share in the amount of P665.32 billion representing 51.16 percent, followed by Land and Buildings and Structures with P209.95 billion or 16.14 percent and P152.40 billion or 11.72 percent, respectively. The departments which reported the highest figures in terms of PPE are the following:

Agency	Amount (in thousand pesos)	Percent Distribution
DPWH	561,641,292.63	43.19
DA	173,661,267.95	13.35
DepEd	91,784,775.23	7.06
DND	82,279,773.27	6.33
SUCs	<u>67,830,521.85</u>	<u>5.22</u>
Sub - total	977,197,630.94	75.14
Other Departments	<u>323,226,515.18</u>	<u>24.86</u>
Total	<u>1,300,424,146.12</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The DPWH reported the highest with P561.64 billion or 43.19 percent. The DA followed with P173.66 billion representing 13.35 percent.

Schedule 17, Volume II presents the details of Property Plant and Equipment by agency.

9.1 Land

This year, Land has a net book value of P209.95 billion. The agencies which reported the highest figures for this property are the following:

Agency	Amount (in million pesos)	Percent Distribution
DOF	54,076,965.14	25.76
DSWD	40,277,148.21	19.18
DND	37,278,047.91	17.76
SUCs	21,806,620.65	10.39
DOJ	15,565,911.85	7.41
DepEd	11,746,981.44	5.60
DILG	9,915,801.80	4.72
DOTC	8,125,902.12	3.87
DPWH	3,974,669.42	1.89
COMELEC	<u>1,387,591.59</u>	<u>0.66</u>
Sub-total	204,155,640.15	97.24
Other Agencies	<u>5,791,008.43</u>	<u>2.76</u>
Total	<u>209,946,648.58</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

9.2 Infrastructure Assets

Infrastructure Assets are completed Public Infrastructures which were recorded in the Registry of Public Infrastructure maintained by the concerned agencies. This year,

these assets are being recognized in the agency books and reported in their financial statements. This group of accounts has an aggregate total cost of P119.85 billion with accumulated depreciation and impairment losses of P5.05 billion resulting to a net book value of P114.80 billion.

Components of Infrastructure Assets, net of accumulated depreciation and accumulated impairment losses, are as follows:

Accounts	Amount (in thousand pesos)	Percent Distribution
Road Networks	52,742,422.76	45.94
Flood Control Systems	15,370,116.77	13.39
Sewer Systems	59,308.85	0.05
Water Supply Systems	34,742,834.80	30.26
Power Supply Systems	742,540.88	0.65
Communication Network	4,420.26	0.00
Seaport Systems	2,408,739.70	2.10
Airport Systems	3,165,079.07	2.76
Parks, Plazas and Monuments	1,024,199.20	0.89
Other Infrastructure Assets	<u>4,537,845.91</u>	<u>3.95</u>
Total	<u>114,797,508.21</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Among the Infrastructure Assets components, Road Networks shared the biggest portion, amounting P52.74 billion or 45.94 percent followed by Water Supply System of P34.74 billion or 30.26 percent.

9.3 Buildings and Other Structures

Buildings and Other Structures had a total net book value of P152.41 billion as of the end of the year. The components of the accounts are as follows:

Particulars	Amount (in thousand pesos)	Percent Distribution
Buildings	47,023,944.95	30.85
School Buildings	70,902,360.33	46.52
Hospital and Health Centers	11,210,405.22	7.36
Markets	104,000.51	0.07

(Continued...)

Particulars	Amount (in thousand pesos)	Percent Distribution
Slaughterhouses	229,291.95	0.15
Hostel and Dormitories	450,511.95	0.30
Other Structures	<u>22,484,921.23</u>	<u>14.75</u>
Total	<u>152,405,436.14</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Among the components of Buildings and Structures, School Buildings shared the biggest portion amounting to P70.90 billion or 46.52 percent, followed by account Buildings with P47.02 billion or 30.85 percent.

9.4 Machinery and Equipment

Machinery and Equipment net book value totaled P82.78 billion. This major account group is composed of the following accounts:

Particulars	Amount (in thousand pesos)	Percent Distribution
Machinery	1,631,698.6	1.97
Office Equipment	7,187,921.68	8.68
Information and Communication Technology Equipment	19,036,564.05	23.00
Agricultural and Forestry Equipment	1,370,896.82	1.66
Marine and Fishery Equipment	173,713.46	0.21
Airport Equipment	394,201.15	.48
Communication Equipment	8,296,711.92	10.02
Construction and Heavy Equipment	3,223,851.76	3.89
Disaster Response and Rescue Equipment	2,893,036.05	3.49
Military, Police and Security Equipment	8,902,350.53	10.75
Medical Equipment	11,165,849.62	13.49
Printing Equipment	14,060.19	0.02
Sports Equipment	139,033.10	0.17
Technical and Scientific Equipment	10,611,066.86	12.82
Other Machinery and Equipment	<u>7,737,421.22</u>	<u>9.35</u>
Total	<u>82,778,377.03</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

9.5 Construction in Progress

Construction in Progress represents the on-going projects undertaken by various government agencies which includes the contract cost and the related expenses which will be transferred to appropriate account once completed. The components of this account are as follows:

Particulars	Amount (in thousand pesos)	Percent Distribution
Construction in Progress -		
Land Improvements	1,943,099.95	0.29
Infrastructure Asset	616,762,099.98	92.70
Buildings and Other Structures	46,440,395.02	6.98
Leased Asset	175,829.76	0.03
Leased Asset Improvements	46.47	0.00
Total	<u>665,321,471.18</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Out of P665.32 billion Construction in Progress, P468.02 billion or 70.34 percent was reported by DPWH, of which P465.88 billion pertains to infrastructure assets composed of Road Networks, Flood Control Systems, Sewer Systems, Water Supply Systems, Seaport System and Other Infrastructure Assets projects still in progress as of December 31, 2014.

9.6 Heritage Assets

This group of asset accounts is used to record buildings such as museums, old churches, cathedrals and mosques no longer used for worship, works of arts and other archeological specimens, such as monuments and sculptures held and preserved by the government for their cultural and historical significance.

It is composed of the following accounts:

Particulars	Amount (in thousand pesos)	Percent Distribution
Historical Buildings	101,766.20	18.01
Works of Arts and Other Archeological Specimens	427,148.57	75.58
Other Heritage Assets	<u>36,251.25</u>	<u>6.41</u>
Total	<u>565,166.02</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

Note 10: Biological Assets

Biological Assets showed a net book value of ₱2.08 billion as of the end of the year. It is composed of two (2) main groups, the Bearer Biological Assets and the Consumable Biological Assets, with net book values of ₱1.55 billion and ₱526.6 million, respectively. These two major accounts are composed of the following accounts:

Accounts	Amount (in thousand pesos)		
	TOTAL	Accumulated Impairment Losses	Net Value
Bearer Biological Assets			
Breeding Stocks	1,417,810.16	(1.70)	1,417,808.46
Livestock	77,220.32		77,220.32
Trees, Plants and Crops	53,072.16		53,072.16
Aquaculture	4,748.95		4,748.95
Other Bearer Biological Assets	<u>1,482.75</u>	<u>-</u>	<u>1,482.75</u>
Total	<u>1,554,334.13</u>	<u>(1.70)</u>	<u>1,554,332.65</u>
Consumable Biological Assets			
Livestock Held for			
Consumption/Sale/Distribution	516,109.32		516,109.32
Trees, Plants and Crops Held for			
Consumption/Sale/Distribution	7,326.49		7,326.49
Agricultural Produce Held for			
Consumption/Sale/Distribution	2,046.17		2,046.17
Aquaculture	549.03		549.03
Other Consumable Biological Assets	<u>574.20</u>	<u>-</u>	<u>574.20</u>
Total	<u>526,605.22</u>	<u>-</u>	<u>526,605.22</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

The Department of Agriculture registered ₱1.90 billion or 93.50 percent of the total biological assets.

Note 11: Intangible Assets

Intangible Assets with a net book value of P756.61 million is composed of two (2) main groups, the Patents/Copyrights and Computer Software amounting P30.50 thousand and P756.58 million, respectively. The Department of Finance recorded P163.35 million or 21.6 percent of the total Intangible Assets.

Note 12: Other Assets

Other Assets are classified as Other Non- Current Asset and this year the aggregate amount is P105.29 billion. This major group of accounts includes the following accounts:

Account	Amount (in thousand pesos)			Percent Distribution
	Gross Amount	Accumulated Impairment Losses	Net Value	
Acquired Assets	75,749,257.75		75,749,257.75	71.94
Foreclosed Property/Assets	8,145.20		8,145.20	0.01
Forfeited Property/Assets	147,103.81		147,103.81	0.14
Confiscated Property/Assets	315,422.68		315,422.68	0.30
Abandoned/Surrendered Property/Assets	256.89		256.89	0.00
Other Assets	<u>29,099,354.73</u>	<u>(25,834.86)</u>	<u>29,073,519.87</u>	<u>27.61</u>
Total	<u>105,319,541.06</u>	<u>(25,834.86)</u>	<u>105,293,706.20</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>				

» Acquired Assets

Acquired Assets in the BTR's books showed a balance of P74.89 billion which represents 98.86 percent of the total Acquired Assets. It consists of the following:

Particulars	Amount (in thousand pesos)
1. Part of the transferred assets under Proclamation No. 50 wherein disposition and sale are being handled by PMO and PNPP/NPC, which were reclassified from <i>Other PPE</i> account. These assets are not restated in their realizable value since it is the PMO and NPC which have direct knowledge of the assets. BTr had already requested the PMO for updated listings of the remaining assets for reconciliation with NG's books.	67,950,537.30
2. Part of the transferred assets from DBP, PNB and Philippine Guarantee and Investment Corporation (PHILGUARANTEE) in the form of financial assets.	4,629,763.95
3. NG holdings in the capital stock of PAL pursuant to Administrative Order (A.O.) No. 242 dated October 21, 1991 and Proclamation No. 50 dated December 8, 1986.	1,050,000.01
4. Equity in the Philippine National Construction Corporation (PNCC) transferred by GFIs to NG	1,262,561.45
5. Nominal value of National Development Company (NDC)'s shares of stocks in FILSYN which was transferred to the NG pursuant to Settlement Agreement between NDC and NG/PMO, dated December 30, 2003.	<u>1.00</u>
Total	<u>74,892,862.72</u>

» **Foreclosed Properties**

The total Foreclosed Properties of the NG in the amount of P8.14 million was reported by the BTr.

» **Forfeited Property/Assets**

The total Forfeited Property/Assets amounting P147.1 million was based on the Consolidated Inventory of Seized and Forfeited Assets (CISFA) as reported by the BIR. The amount of P136.56 million was recorded by the Regional Offices, which pertain to real assets and shares of stocks, details of which are as follows:

Particulars	Amount (in thousand pesos)
1. 236 shares of PLDT stocks of Market Developers (MADE) Incorporated recorded in the Collection Books of RR No. 8 – Makati City	654.90
2. Land recorded in the Collection Books of RR Nos. 1 – 2, 4 – 12 and 14 – 19	135,040.50
3. Buildings recorded in the Collection Books of RR No. 9 – San Pablo City.	869.28

The remaining amount of P10.54 million was recorded in the National Office collection books, details of which are as follows:

Particulars	Amount (in thousand pesos)
Land	3,349.61
Other Structure	1,738.13
Office Equipment	5,405.13
Motor Vehicles	2.00
Other Property Plant and Equipment	13.99
Shares of Stock/Stock Certificates	30.25
Total	<u>10,539.13</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

» **Confiscated Property/Assets**

Out of the total P315.42 million Confiscated Property/Assets, the DENR reported P178.92 million or 59.98 percent which includes among others, forest products, logs and conveyance tools/implements/equipment that were confiscated with finality decision in favor of the government.

» **Other Assets**

Out of the P29.10 billion in Other Assets, the DA reported P1.73 billion which consists of obsolete and unserviceable assets awaiting final disposition as well as those assets still serviceable but are no longer being used. Also includes balances from other accounts that are still for reconciliation.

The DPWH also reported P1.31 billion which represents reclassified PPE/assets that are fully depreciated and obsolete/unserviceable items of different offices for evaluation and future disposal.

12.1 Prepayments

The aggregate amount of Prepayments of the NG amounted to P2.49 billion broken down as follows:

Account	Amount (in thousand pesos)		
	Current	Non- Current	Total
Advances to Contractors	25,471,374.61	1,490,649.99	26,962,024.60
Prepaid Rent	706,464.57	28,500.78	734,965.35
Prepaid Registration	1,554.88	36.41	1,591.29
Prepaid Interest	2,119.75	-	2,119.75
Prepaid Insurance	195,550.49	7,695.81	203,246.30
Other Prepayments	<u>2,026,668.30</u>	<u>969,370.67</u>	<u>2,996,038.97</u>
Total	<u>28,403,732.61</u>	<u>2,496,253.66</u>	<u>30,899,986.27</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

» Advances to Contractors

Notable amount of P14.07 billion was reported by the DPWH which refers to 15 percent mobilization costs in the implementation of the locally and foreign assisted infrastructure projects and recoupment made on every progress billings to contractors.

The DA reported P2.12 billion representing mobilization fee for foreign assisted and locally funded projects of NIA, RFUs and Bureaus.

A total of P5.40 million was also reported by the Philippine Military Academy (PMA), consisting of mobilization cost for infrastructure projects which remained dormant for more than ten years and has been persistently requested for authority to write off from COA but was denied for lack of merit per COA Decision No. 2008-073 dated August 4, 2008. These projects were abandoned by the contractors due to huge losses incurred in the wake of the 1990 earthquake, however said projects were finished by other contractors in 1995 and these facilities are now being utilized by the Academy.

» Other Prepayments

This account represents prepayments for fuel, gasoline and lubricants, among others, which are subject for liquidation; deposit/advance payments made to Petron Corp to guaranty delivery of gasoline and oil products for ready use of administrative and military operations of AFP and PAF and other DND agencies; and in the case of DOF-PMO, this account represents the net book balances of abolished corporation under the former BOL.

12.2 Deposits

The aggregate amount of Deposits of the NG amounted to P46.65 billion broken down as follows:

Particulars	Amount (in thousand pesos)		
	Current	Non-Current	Total
Deposit on Letters of Credit	2,645,091.90	31,473,671.68	34,118,763.58
Guaranty Deposits	6,848,743.60	5,541,510.79	12,390,254.39
Other Deposit	<u>34,941.80</u>	<u>109,931.72</u>	<u>144,873.52</u>
Total	<u>9,528,777.30</u>	<u>37,125,113.68</u>	<u>46,653,890.98</u>
<i>Difference between totals and sum of components is due to rounding off.</i>			

» Deposit on Letters of Credit

The DA reported P123.29 million representing the balance of DA-OSEC of deposit made to LBP in favor of Sumitomo Corporation for the procurement of Very Small Aperture Terminal equipment to be used in the setting-up of the National Information Network that will link DA OSEC with Regional Field Units as well as with the provincial coordinating units nationwide.

The AFP- GHQ reported P4.42 million deposits in Letters of Credit representing purchase of motor vehicles and other items which remained dormant for more than 15 years due to the unavailability of the related documents.

» Guaranty Deposits

Guaranty Deposits pertain to the deposits made with suppliers to guaranty performance of services or delivery of supplies contracted and/or the deposits made to authorize government depository banks to secure or guaranty the compliance with the terms of agreement. The agencies which reported the highest balances of Guaranty Deposits are the following:

Agency	Amount (in thousand pesos)	Percent Distribution
DND - AFP - GHQ	4,737,455.75	85.49
COMELEC	417,151.70	7.53
DPWH -OSEC	179,171.75	3.23
DND - AFP - Philippine Navy	44,143.31	0.80
SUC - UPS	32,949.24	0.59
DOT -OSEC	21,696.76	0.39
DTI - OSEC	20,582.83	0.37
Office of the President	13,164.38	0.24
DTI -IPO	11,836.47	0.21
DILG - PNP	<u>11,709.88</u>	<u>0.21</u>
Sub-Total	5,489,862.07	99.07
Other Agencies	<u>51,648.72</u>	<u>0.93</u>
Total	<u>5,541,510.79</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

The AFP-GHQ reported P4.74 billion or 85.49 percent. This pertains to deposits made with suppliers to guarantee performance of services or delivery of supplies contracted and/or the deposits made to authorized government depository banks to secure or guaranty the compliance of certain requirements for the delivery of contracted services and/or logistic needs of the AFP thru Foreign Military Sales.

The DPWH reported P8.47 billion in Guaranty/Security Deposits which pertain to the 10 percent retention deducted from the payment to contractors for progress billing as warranty for projects undertaken to assure performance and quality of works.

Liabilities

Note 13: Financial Liabilities

Financial Liabilities is composed of Payables of P139.88 billion and Bills/Bonds/Loans Payable of P490.28 billion.

13.1 Payables

The account Payables, is composed of the following current accounts:

Accounts	Amount (in thousand pesos)	Percent Distribution
Accounts Payable	101,680,552.81	72.69
Due to Officers and Employees	19,950,433.86	14.26
Internal Revenue Allotment Payable	2,237.02	0.00
Notes Payable	16,713,637.30	11.95
Interest Payable	227,688.32	0.16
Finance Lease Payable	5,281.26	0.00
Awards and Rewards Payable	1,297,527.48	0.93
Total	<u>139,877,358.05</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

» Notes Payable

The BTR reported P16.71 billion of the Notes Payable which represent promissory note issued to BSP, MIGA, ADB, OMF and IBRD for payment of subscription to the capital stock of IMF, MIGA, ADB and IBRD.

» Interest Payable

Of the total of P227.69 million, the BTr s reported P227.63 million or 99.97 percent which pertains to accrued interest on the auction/over-the-counter sale of treasury bonds.

13.2 Bills/Bonds/ Loans Payable

The major account, Bills/Bonds/Loans Payable (net of premiums and discounts), is composed of the following accounts, showing the current and non-current portion:

Accounts	Amount (in thousand pesos)		
	Current	Non-Current	Total
Treasury Bills Payable	281,752,648.22		281,752,648.22
Bonds Payable –			
Domestic	136,121,210.02	3,353,901,430.94	3,490,022,640.96
Bonds Payable – Foreign	21,733,170.84	1,178,346,639.08	1,200,079,809.92
Loans Payable –			
Domestic	1,245,206.70	542,479.27	1,787,685.97
Loans Payable – Foreign	<u>49,433,218.63</u>	<u>633,150,306.35</u>	<u>682,583,524.98</u>
Total	<u>490,285,454.41</u>	<u>5,165,940,855.64</u>	<u>5,656,226,310.05</u>
<i>Difference between totals and sum of components is due to rounding off</i>			

Schedule 18 page 340, Volume II shows the complete list of departments/offices/agencies with financial liabilities.

Note 14: Inter-Agency Payables

This major group of accounts pertain to payable that subsist between NGAs, LGUs, and GOCCs. At the end of the year, this group of payables summed up to P178.07 billion, broken down as follows:

Accounts	Amount (in thousand pesos)	Percent Distribution
Due to BIR	5,162,907.56	2.90
Due to GSIS	5,790,545.62	3.25
Due to Pag-IBIG	369,064.76	0.21
Due to PhilHealth	1,023,892.12	0.57
Due to NGAS	112,940,159.48	63.42
Due to GOCCs	45,298,450.43	25.44
Due to LGUs	7,485,763.14	4.20
Total Inter-Agency Payables	<u>178,070,783.12</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The agencies with the highest balances of Inter-Agency Payables are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BTr	102,250,225.75	57.42
DPWH - OSEC	16,586,764.85	9.31
DBM - PS	11,470,735.02	6.44
DepEd - OSEC	7,881,164.51	4.43
DOE - OSEC	5,816,044.43	3.27
DFA - OSEC	3,325,900.92	1.87
OEO - CHED	3,300,327.36	1.85
SUC - UPS	2,928,773.76	1.64
DA - OSEC	2,684,436.53	1.51
DND - AFP - GHQ	1,731,142.39	0.97
Sub-Total	157,975,515.51	88.72
Other Agencies	20,095,267.60	11.28
Total	<u>178,070,783.12</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

» **Due to NGAs**

Of the Inter-Agency Payables, account Due to NGAs of P112.94 billion shared 63.42 percent. The agencies with the highest balances of Inter-Agency Payables are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BTr	61,243,813.45	54.23
DPWH - OSEC	15,022,242.79	13.30
DBM - PS	11,266,794.78	9.98
OEO - CHED	3,274,631.19	2.90
SUC - UPS	2,775,436.06	2.46
DA - OSEC	1,900,279.87	1.68
DND - AFP - GHQ	1,682,377.33	1.49
DepEd - OSEC	1,197,627.14	1.06
Government Arsenal	1,168,090.79	1.03
ARMM - ORG	<u>1,129,863.23</u>	<u>1.00</u>
Sub-Total	100,661,156.63	89.13
Other Agencies	<u>12,279,002.85</u>	<u>10.87</u>
Total	<u>112,940,159.48</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The amount of P61.24 billion or 54.23 percent as reported by the BTr refers to the escrow account of various NGAs.

The amount of P15.02 billion or 13.30 percent as reported by the DPWH pertains to funds transferred from other NGAs for the implementation of their projects.

» **Due to GOCCs**

Of the Inter-Agency Payables, account Due to GOCCs shared P45.30 billion or 25.44 percent. The agencies with the highest balances of this account are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOF - BTr	40,985,492.70	90.48
DFA - OSEC	3,146,500.26	6.95
DOTC - OSEC	435,219.39	0.96
DA - OSEC	137,722.51	0.30
DBM - PS	128,727.58	0.28
OSEC	70,205.45	0.15
DND - PNP	67,928.30	0.15
SUC - CLSU	39,594.57	0.09
DOJ - LRA	37,485.00	0.08
DOH - OSEC	<u>8,665.93</u>	<u>0.06</u>
Sub-Total	45,077,541.69	99.51
Other Agencies	<u>220,908.74</u>	<u>0.49</u>
Total	<u>45,298,450.43</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

Of the P45.30 billion Due from GOCCs, P40.98 billion or 90.48 percent was reported by the BTr, details of P40.87 billion is as follows:

Particulars	Amount (in thousand pesos)
1. PSALM BSF	14,050,645.29
2. NG payable to BSP representing IMF revaluation of the Special Drawing Rights (SDR) in Philippine Peso with BSP	11,514,341.89
3. NG subsidy and equity to GOCCs under the Disbursement Acceleration Program	10,232,268.46
4. Managed funds and escrow account held by NG for BSF, DRF and other GOCCs	4,899,798.30
5. Balance of proceed from the drawing of USD120.0 million Performance Bond/Irrevocable Standby Letter of Credit put up by MWSI to secure it concession fee liabilities with MWSS	133,299.12
6. Philippine Coconut Authority collections	39,363.73
7. Collateral deposit of GOCCs under the 1992 Philippine Financing Plan	815.99
Total	<u>40,870,532.79</u>

The amount of P3.14 billion as reported by the DFA includes the amounts due to the Central Bank of the Philippines (Fiscal Agency Service) for currency remittances to the various FSPs in prior years. This amount is being off-setted with the Treasury/Agency Account Current upon receipt of debit advices from the BTr. However, due to the breakdown of BTR computers in 1991, the agency was not able to release the required statements of remittances and a number of debit advices needed as basis to debit the account for the period 1992 to 1997.

» Due to LGUs

This account totaled P7.49 billion and it is 4.20 percent of the total Inter-Agency Payables. The department/agencies with the highest balances of account, Due to LGUs, are as follows:

Agency	Amount (in thousand pesos)	Percent Distribution
DOE - OSEC	5,591,454.47	74.69
DBM - OSEC	747,817.33	9.99
DA - OSEC	334,959.38	4.47
DPWH - OSEC	120,473.75	1.61
COMELEC	115,528.81	1.54
OEO -OPAPP	87,862.60	1.17
DILG - OSEC	72,395.48	0.97
ARMM - ORG	61,405.63	0.82
DBM - PS	56,096.54	0.75
DOH - OSEC	<u>54,884.14</u>	<u>0.73</u>
Sub-Total	7,242,878.13	96.76
Other Agencies	<u>242,885.01</u>	<u>3.24</u>
Total	<u>7,485,763.14</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

Note 15: Intra-Agency Payables

Intra-Agency Payables are reciprocal accounts that subsist between the Central Office, Staff Bureaus, Regional Offices and Operating Units within the agency and which accounts should have been reconciled and eliminated at the end of the year upon consolidation of the department/agency accounts at the Central/Regional Office level. Balances of this account therefore are for reconciliation and elimination which at year end aggregated to P6.52 billion. This group of accounts include balances of the following accounts:

Accounts	Amount (in thousand pesos)	Percent Distribution
Due to Central Office	3,868,643.04	59.32
Due to Bureaus	77,177.43	1.18
Due to Regional Offices	1,683,170.49	25.81
Due to Operating Units	<u>892,410.56</u>	<u>13.69</u>
Total Intra-Agency Payables	<u>6,521,341.52</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The following department/agencies reported the highest balances of Intra-Agency Payables.

Agency	Amount (in thousand pesos)	Percent Distribution
DPWH - OSEC	2,613,437.56	40.08
SUC - UPS	884,197.49	13.56
DepEd- OSEC	851,219.75	13.05
DFA - OSEC	389,472.21	5.97
DOF - BOC	375,876.69	5.76
DOH - OSEC	247,642.50	3.80
ARMM - ORG	218,162.43	3.35
COA	141,911.21	2.18
DENR - OSEC	140,358.57	2.15
DOLE - TESDA	83,430.45	1.28
Sub-Total	5,945,708.87	91.17
Other Agencies	575,632.65	8.83
Total	<u>6,521,341.52</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

Of the total balances of Intra-Agency Payables not eliminated in the books, the DPWH reported P2.61 billion which is 40.08 percent.

Schedule 19, Volume II shows the complete list of departments/offices/agencies with balances of Intra-Agency Payables.

Note 16: Trust Liabilities

This group of accounts is used to record receipt of amounts held in trust for specific purposes, such as bail bonds, guaranty/security deposits, and customers' deposits. It consists of the following accounts, showing the current and non- current portion:

Accounts	Amount (in thousand pesos)		
	Current	Non- Current	Total
Trust Liabilities	11,398,301.55	269,868.27	11,668,169.82
Trust Liabilities – Disaster Risk Reduction and Management Fund	788,411.10	-	788,411.10
Bail Bonds Payable	9,554,495.57	41,485.48	9,595,981.05
Guaranty/Security Deposits Payable	16,942,237.08	500,809.43	17,443,046.51
Customer's Deposits Payable	299,668.00	-	299,668.00
Total Trust Liabilities	<u>38,983,113.30</u>	<u>812,163.18</u>	<u>39,795,276.48</u>
<i>Difference between totals and sum of components is due to rounding off</i>			

» Trust Liabilities

The BTr reported P62.37 billion in trust liabilities representing the trust receipts/collections of trust funds deposited by various NGAs to the BTr

Note 17: Deferred Credits/Unearned Income

This group of accounts consists of the following accounts, showing the compositions of the current and non-current:

Accounts	Amount (in thousand pesos)		
	Current	Non- Current	Total
Deferred Finance Lease Revenue	1,544.95	20,026.96	21,571.91
Deferred Service Concession Revenue	1,565.62		1,565.62
Other Deferred Credits	4,913,911.99	16,648,928.12	21,562,840.11
Other Unearned Revenue	<u>72,328.74</u>	<u>56,309.67</u>	<u>128,638.41</u>
Total Deferred Credits/Unearned Income	<u>4,989,351.30</u>	<u>16,725,264.76</u>	<u>21,714,616.06</u>
<i>Difference between totals and sum of components is due to rounding off</i>			

» Other Deferred Credits

The DOF-PMO reported a total of P14.44 billion in Other Deferred Credits classified as non-current. This account was used by the PMO as a contra account in recording the receivables arising from installment sale of transferred assets.

The BTr also reported Other Deferred Credits amounting to P1.47 billion which represents the proceeds from ROP's issuance of Debt Exchange Warrants which entitles the holders during exercise period to tender dollar/euro bonds and receive in exchange a peso denominated treasury bonds.

Note 18: Other Payables

This account is used to record other liabilities not falling under any of the specific payable accounts. Other Payables amounting to P126.73 billion are classified as current liabilities, while P8.42 billion are classified as non-current liabilities. The following departments reported the highest balances of Other Payables:

Agency	Amount (in thousand pesos)	Percent Distribution
DOJ	62,179,151.41	49.06
DOF	22,685,251.77	17.90
SUCs	12,517,275.40	9.88
DOTC	5,958,054.17	4.70
COMELEC	5,313,333.25	4.19
DepEd	4,748,448.85	3.75

(Continued...)

Agency	Amount (in thousand pesos)	Percent Distribution
The Judiciary	4,126,074.15	3.26
DOH	1,933,954.24	1.53
COA	1,175,563.96	0.93
DA	<u>1,120,845.54</u>	<u>0.88</u>
Sub-Total	121,757,952.75	96.08
Other Agencies	<u>13,397,396.05</u>	<u>3.92</u>
Total	<u>135,155,348.80</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

The PCGG reported Other Payables in the amount of P61.97 billion. This include payables to agencies involving those maintained under Fund 184 escrow accounts deposited with the BTr which represent collections from sequestered assets pending litigation for the rightful ownership. It also includes redemption proceeds of San Miguel Corporation (SMC) Series 1 preferred shares amounting to P59.00 billion remitted by the PCGG to the BTr in October 2012 and P128.00 million proceeds from the sale of Wack Wack property awaiting resolution of some legal issues.

The BTr reported components of recorded Other Payables as follows:

Particulars	Amount (in thousand pesos)
1. Accounts held in escrow corresponding to 20% withholding tax on coupon payments for the investments in government securities of private companies and other institutions which are invested in FTD awaiting determination of whether they are tax exempt or not.	461,483.26
2. Balance of the FSD	531,971.91
3. Payment made by GOCC for servicing of their foreign loans	387,964.56
4. Payables for Emergency Guerilla Currency Notes (R.A. No. 369)	31,707.91
5. Payables for Backpay Rights Sinking Fund (R.A. 897)	22,409.26
6. Contributions to Foreign Financial Institution	<u>17,136.00</u>
Total	<u>1,453,778.73</u>

Note 19: Provisions

This account is used to record existing liability of uncertain timing or amount. As they are presented in the FS, Provisions are classified as non-current liabilities. The following accounts are included as components of the liability group, Provisions:

Accounts	Amount (in thousand pesos)	Percent Distribution
Pension Benefits Payable	4,313.80	5.24
Leave Benefits Payable	77,559.07	94.24
Retirement Gratuity Payable	375.30	0.46
Other Provisions	55.19	0.07
Total Provisions	<u>82,303.37</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		

19.1 Contingent Liabilities

Liabilities as reported exclude the contingent liabilities of the NG, which are as follows:

Particulars	Denomi- nation	Amount (in thousand pesos)	
		Foreign	Domestic
NG Direct Guarantee on	USD	6,807,836.28	
GOCC Loans	Peso	354,310,281.94	117,932,500.00
GFI Guarantee Assumed by	USD	85,575.96	
NG per Proclamation 50	Peso	3,825,245.51	136,069.37

The following are likewise excluded: contingent liabilities under the Philippine Public Partnership (PPP) Program such as: build-operate and own, build-operate and transfer, build and transfer, and build-transfer and operate wherein the valuation of the extent of the NG liabilities or exposure cannot yet be established in the absence of complete data regarding these projects, guarantees extended by the GFIs considering that there is no explicit NG guarantee on these and these are already part of the contingent liabilities of the GFIs.

Note 20: Net Assets/Equity

Net Assets/Equity of the NG has an ending negative balance of ₱1.689 trillion. From the Restated Beginning Balance of negative ₱1.983 trillion, there was a decrease in the amount ₱308.98 billion or 15.47 percent. Components of the Net Assets/Equity are as follows:

Particulars	Amount (in thousand pesos)
Balance at December 31, 2013	(1,997,855,359.26)
Changes in Accounting Policy	18,817,142.45
Prior Period Adjustments/Unrecorded Income and Expenses	(64,226,991.35)
Other Adjustments	<u>59,422,499.91</u>
Restated Balance	<u>(1,983,842,708.24)</u>
Changes in Net Assets/Equity for the Calendar Year	
Adjustment of Net Revenue recognized directly in Net Assets/Equity	(61,889,245.79)
Surplus/(Deficit) for the Period	<u>271,467,845.95</u>
Total Recognized Revenue and Expenses for the Period	<u>209,578,600.16</u>
Others	<u>85,390,956.62</u>
Balance at December 31, 2014	<u>(1,688,873,151.46)</u>

Financial Performance

Note 21: Tax Revenue

The bulk of revenue was sourced from tax revenue amounting to P1.728 trillion, P1.334 trillion or 77.24 percent of which were collected by the Bureau of Internal Revenue followed by the Bureau of Customs earning of P369.22 billion or 21.37 percent. Tax revenue included Motor Vehicles User's Charge of P24.05 billion reported by the DPWH and the DOTC.

Of the total tax revenue collections, business tax delivered the biggest share at P774.31 billion or 44.83 percent contributed by the BIR amounting to P496.36 billion and the Bureau of Customs of P277.95 billion. Income Taxes came next with P571.56 billion or 33.08 percent. Income taxes had the highest impact on the BIR's total tax collection. Excise Taxes and Documentary Stamp Taxes also had significant shares. The different components of Tax Revenue are:

Particulars	Amount (in thousands)
Tax Revenue - Individual and Corporation	P <u>571,630,586.27</u>
Income Tax	571,558,837.97
Immigration Tax	71,748.30
Tax Revenue – Property	<u>13,666,796.27</u>
Estate Tax	11,498,828.67
Donors Tax	1,104,068.23
Capital Gains Tax	1,063,899.37
Tax Revenue - Goods and Services	<u>1,042,272,427.59</u>
Business Tax	774,314,239.64
Excise Tax	211,750,511.19
Import Duties	56,207,676.75
Tax Revenue – Others	<u>98,705,331.67</u>
Documentary Stamp Tax	72,410,612.73
Motor Vehicles Users' Charge	24,048,822.85
Other Taxes	2,245,896.09
Tax Revenue – Fines and Penalties	<u>1,347,690.59</u>
Other Taxes	602,761.06
Taxes on Goods and Services	365,051.43
Taxes on Individual and Corporation	323,517.05
Property Taxes	56,361.05
Total Tax Revenue	<u>P1,727,622,832.39</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 22: Service and Business Income

Total service income reached P55.24 billion, P20.43 billion or 36.98 percent of which pertain to Other Service Income. The highest other service income amounting to P4.25 billion was reported by the DOTC, followed by the DOJ of P2.91 billion. Another component of Service Income were Registration Fees on which the DOJ reported the highest share of P6.06 or 60.60 percent, followed by the DOF with P2.30 billion or 23.01 percent.

For Business Income, the highest source is Interest Income with P52.70 billion or 47.37 percent followed by Dividend Income of P22.81 billion or 20.51 percent with the DOF reporting almost all of the amounts earned. Another big source for business income was account School Fees with a total amount of P11.72 billion or 10.53 percent. Batangas State University reported the highest School Fees with P532.19 million followed by Bulacan State University with P394.94 million.

The NG reported Sales Revenue amounting to P9.29 billion, the highest of which was earned by the DBM with P5.37 billion or 58.81 percent followed by the Department of Health of P2.26 billion or 24.31 percent. Details of service and business income are:

Particulars	Amount (in thousands)
Service Income	<u>P 55,243,074.42</u>
Other Service Income	20,430,389.37
Registration Fees	9,999,546.75
Passport and Visa Fees	5,090,321.88
Supervision and Regulation Enforcement Fees	3,194,277.82
Verification and Authentication Fees	2,633,409.61
Processing Fees	2,607,367.00
Spectrum Usage Fees	2,420,443.87
Licensing Fees	2,264,712.58
Clearance and Certification Fees	1,652,466.09
Fines and Penalties – Service Income	1,430,732.79
Registration Plates, Tags and Stickers Fees	1,091,764.42
Franchising Fees	959,502.57
Permit Fees	729,872.41
Inspection Fees	609,868.94
Legal Fees	128,398.32
Business Income	<u>P111,252,695.10</u>
School Fees	11,720,382.97
Affiliation Fees	88,891.62
Examination Fees	690,105.46
Seminar/Training Fees	513,080.11

Service and Business Income continued

Particulars	Amount (in thousands)
Rent/Lease Income	741,704.44
Communication Network Fees	7,077.08
Transportation System Fees	287.43
Road Network Fees	31,776.14
Waterworks System Fees	4,314.92
Power Supply System Fees	2,858.13
Landing and Parking Fees	267.80
Income from Hostels/Dormitories and Other Like Facilities	278,824.63
Slaughterhouse Operation	291.06
Income from Printing and Publication	61,088.96
Sales Revenue	9,287,985.08
<i>Less: Sales Discounts</i>	4,891.72
<i>Cost of Sales</i>	8,431,599.30
Net Sales	<u>851,494.07</u>
Hospital Fees	8,884,148.45
Guarantee Income	5,273,826.69
Fidelity Insurance Income	681,202.20
Dividend Income	22,813,922.23
Interest Income	52,699,367.65
Fines and Penalties - Business Income	192,120.28
Other Business Income	<u>5,715,662.78</u>
Total Service and Business Income	<u>P166,495,769.53</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 23: Shares, Grants and Donations

Total shares amounted to P42.10 billion with Share from National Wealth contributing the highest at P23.57 billion received by the DOE. Another share earned by NG is the Share from PAGCOR/PCSO. NGAs accept shares from the receipts of the PAGCOR and the PCSO. For the Share from PAGCOR/PCSO, P14.02 billion or 91.43 percent was received by the DOF while OEO topped the Share from Earnings of GOCCs of P2.05 billion or 64.15 percent.

Major recipient of Income from Grants and Donation in Cash were the: DOF – P3.29 billion or 35.74 percent, DSWD – P2.67 billion or 29.03 percent and DepEd – P2.31 billion or 25.13 percent, P2 billion of which represents donations from the PAGCOR for the construction/rehabilitation of school buildings in the areas affected by Typhoon Yolanda. The composition of Shares, Grants and Donations is as follows:

Particulars	Amount (in thousands)
Share from National Wealth	P 23,571,177.12
Share from PAGCOR/PCSO	15,334,176.61
Share from Earnings of GOCCs	3,193,935.20
Income from Grants and Donations in Cash	9,212,090.25
Income from Grants and Donations in Kind	<u>1,747,150.73</u>
Total Shares, Grants and Donations	<u>P53,058,529.92</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 24: Gains

Gain on Initial Recognition of Biological Assets reported by the State Universities and Colleges amounted to P37.48 million or 72.92 percent of the total gains of P51.40 million. The following are the data on Gains.

Particulars	Amount (in thousands)
Gain on Initial Recognition of Biological Assets	P37,482.68
Gain on Sale of Biological Assets	3,108.25
Gain from Changes in Fair Value Less Cost to Sell of Biological Assets Due to Physical Change	9,610.83
Gain from Changes in Fair Value Less Cost to Sell of Biological Assets Due to Price Change	34.10
Gain on Sale of Agricultural Produce	1,165.84
Total Gains	<u>P51,401.69</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 25: Personnel Services

The main components of PS are Salaries and Wages – P330.57 billion or 51.92 percent, Other Compensation – P137.88 billion or 21.66 percent, Personnel Benefit Contributions – P40.39 billion or 6.34 percent and Other Personnel Benefits – P127.84 billion or 20.08 percent.

The DepEd topped the list of departments/offices with huge amount for Personnel Services with P236. 68 billion or 37.17 percent, the agency being the largest executive agency of the NG and having a workforce almost half of the total public employees, spends and accounts most of its appropriations for personnel services expenses, followed by DILG and DND with P118.68 billion or 18.64 percent and P104.06 billion or 16.34 percent, respectively, as shown in the table on the next page.

Department/Office	Amount (in thousands)	Percent
Education	P 236,676,524.86	37.17
Interior and Local Government	118,677,513.73	18.64
National Defense	104,055,181.85	16.34
State Universities and Colleges	31,140,498.58	4.89
The Judiciary	18,738,297.31	2.94
Health	14,492,809.61	2.28
Justice	9,995,102.51	1.60
Autonomous Region in Muslim Mindanao	9,618,089.01	1.51
Public Works and Highways	9,531,543.67	1.50
Environment and Natural Resources	7,824,040.88	1.23
Other Departments/Offices	75,934,982.88	11.93
Total	<u>P636,684,584.88</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

25.1 Salaries and Wages

The DepEd is also the biggest spender for Salaries and Wages with P163.50 billion or 49.46 percent, followed by DILG and DND with P44.78 or 13.55 percent and P29.35 billion or 8.88 percent, respectively.

25.2 Other Compensation

The trend for highest spender under this component of PS continues on for DepEd, DILG and DND with the following amounts: P44.23 billion or 32.08 percent, P31.66 billion or 22.96 percent and P24.44 billion or 17.72 percent, respectively. Personnel Economic Relief Allowance registered the biggest share of P29.61 billion or 21.47 percent followed by Year End Bonus of P26.87 billion or 19.49 percent and Longevity Pay of P16.96 billion or 12.30 percent. The data on Other Compensation are as follows:

Particulars	Amount (in thousands)
Personal Economic Relief Allowance (PERA)	P29,612,643.26
Year End Bonus	26,869,852.12
Longevity Pay	16,959,477.17
Other Bonuses and Allowances	16,603,881.40
Subsistence Allowance	12,859,278.97
Clothing/Uniform Allowance	7,277,605.55
Cash Gift	6,316,219.22
Overseas Allowance	4,556,981.21
Hazard Pay	3,724,244.25
Honoraria	3,265,491.62
Productivity Incentive Allowance	2,768,447.33

Other Compensation continued

Particulars	Amount (in thousands)
Quarters Allowance	1,867,123.64
Representation Allowance (RA)	1,837,096.11
Transportation Allowance (TA)	1,590,512.39
Overtime and Night Pay	1,564,091.53
Laundry Allowance	211,339.01
Total	<u>P137,884,284.77</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

25.3 Personnel Benefit Contributions

Retirement and Life Insurance Premiums (RLIP) shared the highest amount for Personnel Benefits Contributions with DepEd reporting P19.28 billion or 57.31 percent for RLIP. DBM and SUCs registered next with P4.28 billion or 12.72 percent and P2.15 billion or 6.39 percent, respectively. The details on Personnel Benefits Contributions are:

Particulars	Amount (in thousands)
Retirement and Life Insurance Premiums	P 33,645,291.78
Pag-IBIG Contributions	1,586,425.64
PhilHealth Contributions	3,637,661.25
Employees Compensation Insurance Premiums	1,500,880.69
Provident/Welfare Fund Contributions	15,660.33
Total	<u>P 40,385,919.69</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

25.4 Other Personnel Benefits

Completing the component for PS is the Other Personnel Benefits amounting to P127.84 billion with DND and DILG reporting the highest expenses of P49.43 billion or 38.67 percent and P40.87 billion or 31.97 percent, respectively. The data on Other Personnel Benefits are:

Particulars	Amount (in thousands)
Pension Benefits	P 68,748,609.57
Retirement Gratuity	13,192,378.27
Terminal Leave Benefits	20,861,026.20
Other Personnel Benefits	25,040,580.43
Total	<u>P 127,842,594.48</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 26: Maintenance and Other Operating Expenses

For FY 2014, the NG reported P191.35 billion with the three top components registering the significant amount of expenses as follows: Supplies and Materials Expenses with P41.44 billion or 21.66 percent followed by Other MOOE - P39.99 billion or 20.89 percent and Repairs and Maintenance – P20.99 billion or 10.97 percent. The details of MOOE are as follows:

Particulars	Amount (in thousands)	Percent
Supplies and Materials	P41,443,820.78	21.66
Other Maintenance and Operating Expenses	39,990,350.96	20.90
Repairs and Maintenance	20,991,550.17	10.97
Professional Services	17,495,321.70	9.14
Training and Scholarship Expenses	15,117,656.62	7.90
Taxes, Insurance Premiums and Other Fees	12,977,308.60	6.78
Utility Expenses	12,295,966.03	6.43
General Services	11,646,043.61	6.09
Travelling Expenses	9,870,201.94	5.16
Communication Expenses	3,308,013.79	1.73
Confidential, Intelligence and Extraordinary Expenses	2,794,311.97	1.46
Survey, Research, Exploration and Development Expenses	1,417,079.87	0.74
Labor and Wages	1,341,102.01	0.70
Awards/ Rewards and Prizes	626,575.48	0.33
Demolition/Relocation and Desilting. Dredging Expenses	27,376.77	0.01
Generation, Transmission and Distribution Expenses	<u>11,315.34</u>	<u>0.01</u>
Total	<u>P191,353,995.64</u>	<u>100.00</u>

Difference between totals and sum of components is due to rounding off.

Among the departments/offices, again the DepEd reported the highest figure for MOOE at P18.29 billion or 9.56 percent followed by DOH and DND with P17.56 billion or 9.18 percent and P16.84 billion or 8.80 percent, respectively. The departments/offices and their corresponding expenses on MOOE are the following:

Department/Office	Amount (in thousands)	Percent
Education	P 18,293,504.55	9.56
Health	17,561,787.38	9.18
National Defense	16,841,889.57	8.80
State Universities and Colleges	14,451,123.93	7.55
Finance	12,914,921.54	6.75
Transportation and Communications	12,416,520.28	6.49

Maintenance and Other Operating Expenses continued

Department/Office	Amount (in thousands)	Percent
Agriculture	12,379,131.59	6.47
Interior and Local Government	12,163,821.08	6.36
Public Works and Highways	10,991,701.13	5.74
Environment and Natural Resources	8,194,553.45	4.28
Other Departments/Offices	<u>55,145,041.15</u>	<u>28.82</u>
Total	<u>P 191,353,995.64</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

26.1 Supplies and Materials Expenses

Supplies and Materials Expenses registered the highest share for total MOOE of P41.44 billion the highest of which were Office Supplies – P8.42 billion or 20.31 percent; Other Supplies – P8.27 billion or 19.96 percent; Fuel, Oil and Lubricants – P6.98 billion or 16.86 percent; Food Supplies – P4.57 or 11.02 percent and Medical, Dental and Laboratory Supplies – P3.95 billion or 9.53 percent.

The leading consumers are the following departments/offices: DILG – P6.99 or 16.87 percent; DND – P6.67 billion or 16.09 percent; DOH – P5.84 billion or 14.10 percent; DepEd – P4.90 billion or 11.81 percent and SUCs – P2.58 or 6.21 percent.

26.2 Other Maintenance and Operating Expenses

Other MOOE shared 20.90 percent or P39.99 billion of the total MOOE. The top five department/offices which reported the biggest amount were: DOTC - P5.10 billion or 12.76 percent; DA – P4.54 billion or 11.35 percent; OEO – P3.22 billion or 8.04 percent; DOH – P2.90 billion or 7.26 percent; DepEd – P2.72 billion or 6.81 percent.

26.3 Repairs and Maintenance

Total repairs and maintenance for this year amounted to P20.99 billion. Of the aggregate, the DPWH registered the highest amount of P7.97 billion or 37.97 percent followed by the DND, DepEd and DILG at P3.80 billion or 18.09 percent, P3.07 billion or 14.63 percent and P1.32 billion or 6.30 percent, respectively. Data on the components of Repairs and Maintenance are shown in the table on the next page:

Particulars	Amount (in thousands)	Percent
Infrastructure Assets	P7,796,515.80	37.14
Buildings and Other Structures	6,628,618.00	31.58
Transportation Equipment	3,946,188.81	18.80
Machinery and Equipment	2,008,718.30	9.57
Land Improvements	367,630.35	1.75
Furniture and Fixtures	111,965.57	.53
Other Property, Plant and Equipment	84,963.71	.40
Leased Assets Improvements	34,366.95	.16
Leased Assets	7,632.04	.04
Heritage Assets	3,606.20	.02
Investment Property	1,344.43	.01
Total	<u>P20,991,550.16</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>		

26.4 Professional Services

Total Professional Services of P17.49 billion accounted for 9.14 percent of the total MOOE. The highest component was reported in Other Professional Services at P13.42 billion or 79.70 percent with DOH reporting the biggest share of P3.48 billion or 25.97 percent followed by DSWD, DENR and SUCs with the following amounts: P2.97 billion or 22.13 percent; P1.40 billion or 10.40 percent; P1.37 billion or 10.19 percent, respectively.

Note 27: Financial Expenses

Of the aggregate amount of P325.09 billion, the DOF accounted for 324.73 billion or 99.89 percent, of which P319.74 billion or 98.46 percent was reported by the BTr as interest expense. The other financial charges of P4.25 billion include documentary stamps expense of P3.65 billion. The details of financial expenses are as follows:

Particulars	Amount (in thousands)
Interest Expenses	P 319,806,532.12
Guarantee Fees	4.48
Bank Charges	848,329.68
Commitment Fees	192,131.18
Other Financial Charges	4,247,571.89
Total	<u>P325,094,569.36</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 28: Non-Cash Expenses

Among the departments, the DND reported the biggest amount of P3.66 billion or 17.59 percent, followed by SUCs and DepEd with P2.47 billion or 11.91 percent and P2.42 billion or 11.62 percent, respectively. The details of non-cash expenses are as follows:

Particulars	Amount (in thousand pesos)
Depreciation	P20,365,761.74
Amortization	67,562.32
Impairment Loss	379,082.89
Losses	783.79
Total	<u>P 20,813,190.74</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 29: Net Financial Assistance/Subsidy

Net Financial Assistance/Subsidy of negative P541.43 billion consisted of the following:

Total Financial Assistance/Subsidy from NGAs, LGUs and GOCCs	P 1,535,479,925.20
Less: Total Financial Assistance/Subsidy to NGAs, LGUs, GOCCs and NGOs/POs	<u>2,076,917,403.26</u>
Net Financial Assistance/Subsidy	<u>(P 541,437,478.06)</u>

29.1 Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

The main component of this account is the Subsidy from National Government which accounted for P1.513 trillion or 98.51 percent. This account is by the receipt of NCA, NCAA, Working Fund and constructive receipt of CDC by Foreign Service Posts of the DFA. It is also increased by the Tax Remittance Advices (TRAs) issued to NGAs and for tax subsidies by the NG to the GOCCs. On the other hand, it is decreased by remittances to the National Treasury of collections from refunds of current year's excess of cash advances and working fund, and refunds of current year's overpayment of expenses and disallowances; reversion of unused/lapsed NCAs; and closing of the account at year-end to Revenue and Expense Summary account. For the fiscal year 2014, Financial Assistance/Subsidy from NGAs, LGUs and GOCCs are shown on the following page:

Particulars	Amount (in thousands)
Subsidy from National Government	P 1,512,611,748.00
Subsidy from other NGAs	18,802,519.58
Assistance from Local Government Units	2,761,135.45
Assistance from Government-Owned and/or Controlled Corporations	6,497.01
Subsidy from Other Funds	1,298,025.16
Total	<u>P1,535,479,925.20</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

The DBM topped the highest Subsidy from NG with P353.77 or 23.39 percent followed by DEpEd, DPWH, DND with the following amounts: P271.92 or 17.98 percent; P167.04 billion or 11.04 percent and P145.97 billion or 9.65 percent.

29.2 Financial Assistance/Subsidy to NGAs, LGUs, GOCCs and NGOs/POs

The main component of this category is the account Subsidy to NGAs totaling P1.542 trillion or 74.25 percent. This account is increased by replenishments to AGSBs for negotiated MDS checks and other payments on accounts of NGAs; TRAs issued to BIR; Working Fund deposited to the foreign currency accounts of implementing NGAs for FAPs; constructive issuance of NCAA for advanced payments made by foreign creditors and donors; constructive issuance of CDC to Foreign Service Posts based on their submitted Report of Income; and for tax subsidies by NG to GOCCs. It is decreased at year-end for the closing of the account to the Revenue and Expense Summary account. The details of subsidy to NGAs are as follows:

Particulars	Amount (in thousands)
Replenishment of negotiated MDS account	P1,442,978,211.25
Tax Remittance Advices	55,237,837.74
Working Fund	10,014,083.17
Constructive Cash/NCAA	5,626,056.44
Contributions to International Organizations/ Foreign Service Posts	1,158,961.36
Customs Duties/Other Taxes per Jt. Cir. 2-91	25,882,436.35
Non-Cash Availment Authority - Grant	3,766.00
NCAA (JICA – Transfer Procedure B)	1,114,577.45
Total	<u>P1,542,015,929.77</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Other components of financial assistance are: Internal Revenue Allotment given by the NG to Local Government Units of P318.42 billion or 15.33 percent; BSGC – P103.15 billion or 4.97 percent. The complete schedule on the data on financial assistance/subsidy to NGAs, LGUs, GOCCs and NGOS/POs is shown below:

Particulars	Amount (in thousands)
Subsidy to NGAs (for BTr only)	P1,542,046,359.69
Financial Assistance to NGAs	21,714,345.62
Financial Assistance to Local Government Units	36,899,326.45
Budgetary Support to GOCCs	103,151,943.18
Financial Assistance to NGOs/POs	729,510.62
Internal Revenue Allotment	318,417,576.16
Subsidies - Others	<u>53,958,341.54</u>
Total	<u>P2,076,917,403.26</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 30: Non-Operating Income / Gain

The NG yielded a non-operating income under Sale of Garnished/Confiscated/ Abandoned/Seized Goods and Properties in the amount of P817.81 million with the BOC garnering the biggest amount of P634.38 million or 77.57 percent followed by PCGG at P175.77 million or 21.49 percent.

Account Gains totalled P40.12 billion with DOF registering P38.79 billion or 96.69 percent followed by DND of P359.91 million or .90 percent and DFA of P344.99 million or 0.86 percent. Data for Non-operating Income/Gain are as follows:

Particulars	Amount (in thousands)
Sale of Garnished/Confiscated/Abandoned/Seized Goods and Properties	P 817,812.34
Gain on Foreign Exchange (FOREX)	32,069,346.15
Gain on Sale of Investments	7,189,541.49
Gain on Sale of Investment Property	19.34
Gain on Sale of Property, Plant and Equipment	18,822.58
Other Gains	<u>843,133.08</u>
Total	<u>P 40,938,674.98</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 31: Non-Operating Losses

Non-operating losses amounted to P1.32 billion with account Loss on Guaranty of P1.07 billion or 81.33 percent reported by the DOF representing payment of foreign exchange risk cover claims for NG guaranteed obligations of GFIs (LBP, DBP and Small Business Corporations). The details of non operating losses are as follows:

Particulars	Amount (in thousands)
Loss on Foreign Exchange (FOREX)	P (137,319.99)
Loss on Sale of Investment Property	(0.99)
Loss on Sale of Property, Plant and Equipment	(45,558.68)
Loss on Sale of Assets	(13,373.55)
Loss of Assets	(38,738.40)
Loss on Guaranty	(1,070,000.23)
Other Losses	(10,552.03)
Total	<u>P (1,315,543.87)</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Note 32: Surplus for the Period

The NG's operations for the year resulted to a Surplus of P271.47 billion presented as follows:

Particulars	Amount (in thousands)
Revenue	P 1,947,228,533.52
Less: Expenses	<u>1,687,103,038.57</u>
Surplus/(Deficit) Before Other Income/Expense Items	260,125,494.96
Other Income/Expense Items	
Sale of Assets	817,812.34
Net Financial Assistance Subsidy From/To NGAs	(32,346,437.74)
Assistance from LGUs, GOCCs and Subsidy from Other Funds	4,065,657.62
Net Gain/(Loss)	<u>38,805,318.77</u>
Total	<u>P 271,467,845.95</u>
<i>Difference between totals and sum of components is due to rounding off.</i>	

Statement of Cash Flows

Note 33: Cash Inflows from Operating Activities

The Cash Inflows from Operating Activities of the NG for FY 2014 were sourced from the following:

<u>Particulars</u>	Amount (in thousand pesos)
Collection of Income/Revenues	P 1,874,919,298.39
Receipt of Notice of Cash Allocations	1,613,322,718.45
Receipt of Inter-Agency Fund Transfers	53,048,168.55
Receipt of Trust Liabilities	47,059,882.62
Collection of Receivables	23,602,719.30
Receipt of Subsidy from Other NGAs, LGUs and GOCCs	6,610,808.92
Other Receipts	29,619,593.89
Total	<u>P3,648,183,190.13</u>

The adjustments made by agencies that increased the balances of cash for Operating Activities are the following:

<u>Particulars</u>	Amount (in thousand pesos)
Restoration of cash for unreleased checks	P 6,786,709.57
Restoration of cash for cancelled/lost/stale checks/ADA	2,406,632.64
Others	93,438,864.69
Total	<u>P102,632,206.90</u>

The top revenue collecting agencies are:

<u>Particulars</u>	Amount (in thousand pesos)
Bureau of Internal Revenue	P 1,286,665,800.04
Bureau of Customs	371,783,301.17
DOTC- Office of the Secretary	26,598,002.59
DOE- Office of the Secretary	25,962,712.25
DFA- Office of the Secretary	6,410,434.44
Land Registration Authority	6,059,890.46
Procurement Service	5,448,461.99
National Telecommunications Commission	4,685,865.33
Bureau of Immigration	3,302,155.59
University of the Philippines	1,207,286.26
Other Agencies	136,795,388.26
Total	<u>P 1,874,919,298.39</u>

The following departments reported the highest receipt of NCA:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Budget and Management	P 353,828,402.08
Education	272,939,666.44
Public Works and Highways	200,643,818.62
Interior and Local Government	148,629,114.29
National Defense	133,512,181.75
Social Welfare and Development	92,201,809.40
Other Departments/Offices	<u>411,567,725.87</u>
Total	<u>P 1,613,322,718.45</u>

Note 34: Cash Outflows from Operating Activities

The Cash Outflows from Operating Activities of the NG for FY 2014 were disbursed for the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Replenishment of negotiated MDS checks by BTr	P 1,467,563,145.51
Payment of operating expenses	626,235,757.04
Grant of Financial Assistance/Subsidy	449,892,742.01
Remittance of Personnel Benefit Contributions and Mandatory Deductions	207,889,385.21
Payment from Trust Liabilities/Fund Transfers	79,547,018.32
Release of Inter-Agency Fund Transfers	68,575,116.46
Payment of Prior Year's Accounts Payable	55,172,648.24
Grant of Cash Advances	39,670,150.81
Purchase of Inventories	17,747,940.47
Prepayments	10,055,365.71
Payment of Deposits	1,213,992.39
Purchase of Consumable Biological Assets	353,978.19
Other Disbursements	<u>63,019,790.86</u>
Total	<u>P3,086,937,031.22</u>

The adjustments made by agencies that decreased the balances of cash from Operating Activities are the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Reversion of unused NCA	P 116,644,868.80
Reversing Entry for Unreleased Checks in the Previous Year	5,130,846.58

Adjustment for dishonored checks	190,810.89
Adjustment for Cash Shortage	67,465.58
Others	<u>134,375,758.12</u>
Total	<u>P256,409,749.95</u>

The DBM which administers the funds for LGUs reported grant of financial assistance/subsidy of P347.38 billion of which, P343.24 billion is for Internal Revenue Allotment.

The DOF-BTr which administers the budgetary support to GOCCs reported grant of financial subsidy in the amount of P80.44 billion.

The following cash activities under the Operating Activities were eliminated in the Consolidated Statement of Cash Flows of the department/office: Remittance to National Treasury, Remittances from National Government Agencies and intra-agency transactions/activities.

Note 35: Cash Inflows from Investing Activities

The Cash Inflows from Investing Activities of the NG for FY 2014 were derived from the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Proceeds from Matured/Return of Investments	P 69,597,945.38
Sale of Investments	64,387,502.69
Receipt of Cash Dividends	24,374,658.39
Collection of Long-Term Loans	15,581,641.85
Proceeds from Sale/Disposal of Property, Plant and Equipment	210,115.14
Proceeds from Sale of Investment Property	<u>263.61</u>
Total	<u>P174,152,127.07</u>

Note 36: Cash Outflows from Investing Activities

The Cash Outflows from Investing Activities of the NG for FY 2014 were for the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Purchase/Construction of Property, Plant and Equipment	P 210,238,969.41
Investments in stocks, bonds, and marketable securities, and in GOCCs/GFIs	75,615,863.01
Grant of loans	3,412,941.47
Purchase of Intangible Assets	314,794.26

Purchase of Bearer Biological Assets	78,372.80
Purchase/Construction of Investment Property	<u>8,772.20</u>
Total	P <u>289,669,713.16</u>

The Investments in stocks, bonds and marketable securities reported by DOF-BTr of P70.91 billion is net of discount on T-Bonds but inclusive of premium and accrued interest on bonds.

Note 37: Cash Inflows from Financing Activities

The Cash Inflows from Financing Activities of the NG for FY 2014 were generated from the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Proceeds from issuance of bills and bonds	P 928,076,369.61
Proceeds from Domestic and Foreign Loans	<u>68,897,405.38</u>
Total	P <u>996,973,775.00</u>

The cash received from domestic and foreign loans reported by DOF-BTr in the amount of P996.84 billion is net of discount, other financial charges and documentary stamps but inclusive of premium on bonds, accrued interests and withholding tax on discounts.

Note 38: Cash Outflows from Financing Activities

The Cash Outflows from Financing Activities of the NG for FY 2014 were the following:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Payment of Long-Term Liabilities	P 62,258,380.24
Redemption of Bills/Bonds Issued	888,084,574.18
Payment of Financial Expenses	<u>277,574,663.72</u>
Total	P <u>1,227,917,618.16</u>

The payment by the DOF-BTr of domestic and foreign loans of P1.222 trillion include loan repayments and redemptions, payment of interest net of withholding tax, commitment charges, other financial charges, servicing of relent and guaranteed loans, and loss on guaranty.

Note 39: Cash and Cash Equivalents

Cash and cash equivalents consist of Cash on Hand, Cash in Banks, Treasury/Agency Cash Accounts with balances, Cash Equivalent -Treasury Bills and investments in money market instruments. Cash and cash equivalents included in the Statement of Cash Flows comprise the following accounts:

<u>Particulars</u>	<u>Amount</u> <u>(in thousand pesos)</u>
Cash on Hand	P 2,680,895.22
Cash in Bank – Local Currency	632,245,124.39
Cash in Bank – Foreign Currency	62,899,984.41
Treasury/Agency Cash Accounts	47,763,882.42
Cash Equivalent – Treasury Bills	<u>3,395,325.14</u>
Total Cash and Cash Equivalents	P <u>748,985,211.58</u>

The Statement of Cash Flows as of December 31, 2014 showed ending balance of Cash and Cash Equivalents in the total amount of P821.55 billion while the Statement of Financial Position showed total balance of P748.99 billion. The difference of P72.57 billion represents the following: the Sinking Fund Cash Account of P73.49 billion which was reported under Current Assets - Investments by the DOF-BTr and the Cash and Cash Equivalents Balances totaling P920.54 million of the Centers for Health Development (CHDs) and Operating Units (OUs) of the DOH-OSEC which did not prepare and submit their Statement of Cash Flows for FY 2014. These CHDs and OUs are the following:

<u>CHD/OU</u>	<u>Amount</u> <u>(in thousand pesos)</u>
CHD–National Capital Region	P 13,845.24
Dr. Jose N. Rodriguez Memorial Hospital	87,515.83
CHD 6 - Western Visayas	20,543.25
Western Visayas Medical Center	3.92
St. Anthony Mother and Child Hospital	12,906.66
Don Emilio Del Valle Memorial Hospital	18,663.79
CHD 8 – Eastern Visayas	37,533.17
Eastern Visayas Regional Medical Center	140,610.99
Schistosomiasis Control & Research Hospital	11,510.20
East Avenue Medical Center	362,524.43
San Lazaro Hospital	<u>214,879.33</u>
Total	P <u>920,536.81</u>

Statement of Comparison of Budget and Actual Amounts

Note 40: Budgeted and Actual Receipts

40.1 Original Budgeted Receipts

The original budgeted amount of receipts amounting to P2,016,051,892,000.00 sourced from the CY 2014 Budget of Expenditures and Sources of Financing constitutes the projected revenues/receipts for Tax Revenue, Services and Business Income, Shares, Grants and Donations submitted/reported by the departments/offices, as follows:

Department/Office	In Thousand pesos			
	Tax Revenue	Services and Business Income	Shares, Grants and Donations	Total
Office of the President	-	7,838.00	-	7,838.00
Agrarian Reform	-	26,458.00	-	26,458.00
Agriculture	-	501,355.00	-	501,355.00
Budget and Management	-	-	-	-
Education	-	72,805.00	-	72,805.00
Energy	-	28,773,486.00	-	28,773,486.00
Environment and Natural Resources	231,000.00	741,456.00	1,083,467.00	2,055,923.00
Finance	1,864,416,000.00	65,686,706.00	-	1,930,102,706.00
Foreign Affairs	-	5,900,978.00	-	5,900,978.00
Health	-	2,140,707.00	-	2,140,707.00
Interior and Local Government	1,169,000.00	1,100,811.00	-	2,269,811.00
Justice	61,000.00	8,146,137.00	-	8,207,137.00
Labor and Employment	-	2,318,882.00	-	2,318,882.00
National Defense	-	9,051.00	-	9,051.00
Public Works and Highways	-	1,055,049.00	-	1,055,049.00
Science and Technology	-	240,195.00	-	240,195.00
Social Welfare and Development	-	89,473.00	-	89,473.00
Tourism	-	82,291.00	-	82,291.00
Trade and Industry	-	353,100.00	-	353,100.00
Transportation and Communications	12,112,000.00	6,764,962.00	-	18,876,962.00
National Economic Development Authority	-	697,386.00	-	697,386.00
Presidential Communications Operations Office	-	6,335.00	-	6,335.00
Other Executive Offices	1,930,000.00	9,357,939.00	-	11,287,939.00
The Judiciary	-	84,521.00	-	84,521.00
Civil Service Commission	-	-	-	-
Commission on Audit	-	873,693.00	-	873,693.00
Commission on Elections	-	17,811.00	-	17,811.00
Total	<u>1,879,919,000.00</u>	<u>135,049,425.00</u>	<u>1,083,467.00</u>	<u>2,016,051,892.00</u>
<i>Difference between totals and sum of components is due to rounding off.</i>				

40.2 Final Budgeted Receipts

The final budgeted receipts taken from the consolidated Revenue Target per FAR No. 5, Quarterly Report of Revenue and Other Receipts and Statement of Financial Performance pertains to tax revenues, services and business income, assistance and subsidy, shares, grants and donations reported by the departments/offices, as follows:

Department/Office	In thousand pesos				
	Tax Revenue	Services and Business Income	Assistance and Subsidy	Shares, Grants and Donations	Total
Congress of the Philippines	-	5,732.88	-	-	5,732.88
Office of the President	-	1,792.26	-	-	1,792.26
Agrarian Reform	-	33,829.92	4,727.04	2.50	38,559.46
Agriculture	-	833,087.81	-	1,201.21	834,289.02
Budget and Management	-	1,797.00	-	-	1,797.00
Education	-	902,588.76	-	-	902,588.76
State Universities and Colleges	-	23,977.50	-	-	23,977.50
Energy	-	2,394,523.96	-	23,568,186.51	25,962,710.48
Environment and Natural Resources	3,513.76	3,646,785.10	173,381.10	5,530.11	3,829,210.07
Finance	1,655,568,330.21	87,341,717.64	-	18,417,253.50	1,761,327,301.35
Foreign Affairs	-	6,116,280.54	-	-	6,116,280.54
Health	-	9,470,202.29	53,986.13	53,269.55	9,577,457.97
Interior and Local Government	-	1,968,210.18	21,722.48	9,673.75	1,999,606.42
Justice	71,748.30	9,698,081.09	-	-	9,769,829.39
Labor and Employment	-	2,162,511.69	-	-	2,162,511.69
National Defense	-	18,018.74	1,050.00	6,172.94	25,241.68
Public Works and Highways	11,872,875.95	1,210,722.50	166,465.14	-	13,250,063.58
Science and Technology	-	166,012.33	17,472.42	16,300.07	199,784.82
Social Welfare and Development	-	65,221.48	16,815.91	1,939,487.09	2,021,524.49
Tourism	-	96,872.22	60,000.00	7.88	156,880.11
Trade and Industry	-	739,309.45	685.00	65.16	740,059.61
Transportation and Communications	12,120,831.16	9,472,897.75	1,041.50	-	21,594,770.41
National Economic and Development Authority	-	806,476.94	8,232.18	1,764.84	816,473.96
Presidential Communications Operations Office	-	134,369.15	-	-	134,369.15
Other Executive Offices	104,671.23	6,069,872.55	310.00	3,066,896.72	9,241,750.50
The Judiciary	-	38,286.44	-	3,300.33	41,586.77
Civil Service Commission	-	-	-	-	-
Commission on Audit	-	269,672.03	-	-	269,672.03
Commission on Elections	-	55,011.79	-	-	55,011.79
Metropolitan Manila Development Authority	-	150,639.24	2,644,045.26	-	2,794,684.49
Total	<u>1,679,741,970.61</u>	<u>143,894,501.23</u>	<u>3,169,934.15</u>	<u>47,089,112.17</u>	<u>1,873,895,518.16</u>

Difference between totals and sum of components is due to rounding off.

40.3 Actual Receipts

The actual receipts based on consolidated FAR No. 5 (Actual Revenue and Receipts Collections) of Joint COA-DBM Circular No. 2014-1, Statement of Financial Performance and Statement of Cash Flows of the departments/offices are:

Department/Office	Tax Revenue	Services and Business Income	Assistance and Subsidy	Shares, Grants and Donations	Total
Congress of the Philippines	-	5,732.88	-	-	5,732.88
Office of the President	-	1,792.26	-	-	1,792.26
Office of the Vice President	-	-	-	-	-
Agrarian Reform	-	33,829.92	4,727.04	2.50	38,559.46
Agriculture	-	833,087.81	-	1,201.21	834,289.02
Budget and Management	-	1,797.00	-	-	1,797.00
Education	-	902,588.76	-	-	902,588.76
State Universities and Colleges	-	23,977.50	-	-	23,977.50
Energy	-	2,394,523.96	-	23,568,186.51	25,962,710.48
Environment and Natural Resources	3,513.76	3,646,785.10	173,381.10	5,530.11	3,829,210.07
Finance	1,655,568,330.21	87,341,717.64	-	18,417,253.50	1,761,327,301.35
Foreign Affairs	-	6,116,280.54	-	-	6,116,280.54
Health	-	9,470,202.29	53,986.13	53,269.55	9,577,457.97
Interior and Local Government	-	1,968,210.18	21,722.48	9,308.89	1,999,241.55
Justice	71,748.30	9,698,081.09	120.70	-	9,769,950.09
Labor and Employment	-	2,162,511.69	-	-	2,162,511.69
National Defense	-	18,018.74	1,050.00	6,172.94	25,241.68
Public Works and Highways	11,872,875.95	1,210,722.50	166,465.14	-	13,250,063.58
Science and Technology	-	166,012.33	17,472.42	16,300.07	199,784.82
Social Welfare and Development	-	65,221.48	16,815.91	1,939,487.09	2,021,524.49
Tourism	-	96,872.22	60,000.00	7.88	156,880.11
Trade and Industry	-	739,309.45	685.00	65.16	740,059.61
Transportation and Communications	12,120,831.16	9,472,897.75	1,041.50	-	21,594,770.41
National Economic Development Authority	-	806,476.94	8,232.18	1,764.84	816,473.96
Presidential Communications Operations Office	-	134,369.15	-	-	134,369.15
Other Executive Offices	104,671.23	6,069,872.55	310.00	3,066,896.72	9,241,750.50
The Judiciary	-	38,286.44	-	3,300.33	41,586.77
Commission on Audit	-	269,672.03	-	-	269,672.03
Commission on Elections	-	48,159.90	-	-	48,159.90
Development Authority	-	150,639.24	2,644,045.26	-	2,794,684.49
Total	<u>1,679,741,970.61</u>	<u>143,887,649.34</u>	<u>3,170,054.85</u>	<u>47,088,747.30</u>	<u>1,873,888,422.10</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

The NCA received for funding requirements of the agencies treated as subsidy from the national government were not considered as receipts for the purpose of this Statement.

40.4 Variance between the Final Budget and Actual Receipts

The variance between the final targeted and actual revenue of P7.10 million represents the over/under collections of the following departments/offices:

Department/Office	In thousand pesos				
	Tax Revenue	Services and Business Income	Assistance and Subsidy	Shares, Grants and Donations	Total
Interior and Local Government	-	-	-	364.87	364.87
Justice	-	-	(120.70)	-	(120.70)
Commission on Elections	-	6,851.89	-	-	6,851.89
Total	=	6,851.89	(120.70)	364.87	7,096.06

Difference between totals and sum of components is due to rounding off.

Note 41: Budgeted and Actual Payments

41.1 Original Budget

The original budget for payments of PS, MOOE, CO and FE consists of the Current Year's Appropriations from Regular Appropriations and Special Purpose Funds, Automatic Appropriations and Unreleased Continuing Appropriations of the departments/offices, as follows:

Department/Office	In Thousand pesos				
	PS	MOOE	CO	FE	Total
Congress of the Philippines	5,535,422.00	5,358,983.00	204,374.00	-	11,098,779.00
Office of the President	703,852.21	3,979,309.76	193,180.61	-	4,876,342.58
Office of the Vice President	54,614.21	175,101.00	-	-	229,715.21
Agrarian Reform	7,245,751.01	18,015,516.00	2,635,322.00	-	27,896,589.01
Agriculture	5,186,049.27	30,056,980.59	43,847,473.30	-	79,090,503.16
Budget and Management	5,236,770.17	348,486,565.12	184,039.89	100.00	353,907,475.18
Education	250,343,972.59	35,462,964.00	54,835,963.38	-	340,642,899.97
State Universities and Colleges	27,611,352.79	9,184,779.37	4,877,871.06	-	41,674,003.21
Energy	338,956.01	1,343,727.08	4,908,490.00	93,120.00	6,684,293.09
Environment and Natural Resources	8,430,559.55	11,868,857.24	7,827,946.50	-	28,127,363.28
Finance	7,611,383.33	122,620,382.31	445,978,425.02	353,338,443.00	929,548,633.67
Foreign Affairs	6,338,214.15	6,803,064.38	1,261,639.39	14,884.00	14,417,801.92
Health	14,154,898.94	59,462,167.58	15,390,427.81	-	89,007,494.32
Interior and Local Government	119,174,646.88	22,851,386.97	9,810,049.80	-	151,836,083.65

Department/Office	In Thousand pesos				
	PS	MOOE	CO	FE	Total
Justice	10,209,762.86	3,703,988.50	318,811.24	-	14,232,562.59
Labor and Employment	4,398,506.99	8,896,002.06	685,201.00	-	13,979,710.05
National Defense	105,828,999.47	22,566,768.73	13,496,281.91	19.00	141,892,069.11
Public Works and Highways	6,426,687.16	13,419,281.91	217,580,016.34	-	237,425,985.41
Science and Technology	3,116,380.51	8,751,835.15	2,011,872.97	-	13,880,088.62
Social Welfare and Development	4,856,319.95	89,625,064.11	173,805.91	550,000.00	95,205,189.96
Tourism	409,651.75	2,218,357.00	202,082.00	7,175.00	2,837,265.75
Trade and Industry	1,619,128.81	2,618,525.57	729,813.00	15.00	4,967,482.38
Transportation and Communications	5,818,404.05	17,629,691.08	28,146,601.83	-	51,594,696.96
National Economic and Development Authority	1,640,816.07	2,584,409.30	284,441.07	680.00	4,510,346.43
Presidential Communications Operations Office	657,396.70	583,197.37	214,091.00	-	1,454,685.07
Other Executive Offices	4,201,640.66	11,194,185.82	1,473,302.86	5.00	16,869,134.33
Autonomous Region in Muslim Mindanao	10,413,197.03	5,014,581.13	5,602,908.00	-	21,030,686.16
Joint Legislative- Executive Councils	2,416.98	512.00	1,304.00	-	4,232.98
The Judiciary	16,232,290.93	3,888,169.00	336,118.00	-	20,456,577.93
Civil Service Commission	854,566.09	232,766.00	217,477.00	-	1,304,809.09
Commission on Audit	8,328,929.04	332,719.00	257,153.00	-	8,918,801.04
Commission on Elections	2,211,966.49	571,753.00	225,524.00	-	3,009,243.49
Office of the Ombudsman	1,507,592.50	198,926.00	104,023.31	-	1,810,541.81
Commission on Human Rights	272,099.42	87,880.00	12,690.00	-	372,669.42
Metropolitan Manila Development Authority	<u>75,419.82</u>	<u>1,465,311.13</u>	<u>890,045.00</u>	<u>-</u>	<u>2,430,775.95</u>
Total	<u>647,048,616.37</u>	<u>871,253,708.23</u>	<u>864,918,766.17</u>	<u>354,004,441.00</u>	<u>2,737,225,531.77</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

41.2 Final Budget

The final budget consists of adjusted appropriations for payment of PS, MOOE, CO and FE of the departments/offices, as follows:

Department/Office	In thousand pesos				
	PS	MOOE	CO	FE	Total
Congress of the Philippines	4,424,779.25	7,642,114.06	478,443.34	-	12,545,336.64
Office of the President	736,027.21	4,814,904.42	413,089.16	-	5,964,020.80

Department/Office	In thousand pesos				
	PS	MOOE	CO	FE	Total
Office of the Vice President	57,239.21	174,379.92	555.00	-	232,174.13
Agrarian Reform	7,245,751.01	20,376,190.06	2,823,587.55	-	30,445,528.62
Agriculture	5,137,128.23	32,023,119.13	37,535,340.10	-	74,695,587.46
Budget and Management	5,769,261.32	348,844,958.65	190,557.29	100.03	354,804,877.30
Education	250,190,637.48	39,349,419.88	20,118,699.54	-	309,658,756.90
State Universities and Colleges	27,931,503.87	8,940,316.46	6,030,444.99	-	42,902,265.32
Energy	357,771.26	1,373,496.94	4,937,241.90	93,120.00	6,761,630.10
Environment and Natural Resources	8,454,413.90	13,275,701.55	8,353,608.02	-	30,083,723.47
Finance	7,621,779.52	123,817,089.14	446,946,513.18	353,338,443.00	931,723,824.85
Foreign Affairs	6,338,214.15	7,543,588.62	1,592,627.40	14,884.00	15,489,314.17
Health	14,523,942.94	25,334,745.90	16,922,754.32	-	56,781,443.15
Interior and Local Government	119,270,608.94	24,167,251.03	16,562,621.79	-	160,000,481.76
Justice	10,254,280.82	3,819,212.32	494,677.02	-	14,568,170.16
Labor and Employment	4,487,222.23	8,883,291.52	705,040.70	-	14,075,554.45
National Defense	105,847,231.16	23,275,009.81	14,100,714.90	19.00	143,222,974.87
Public Works and Highways	6,837,728.79	13,386,388.28	281,886,473.14	-	302,110,590.22
Science and Technology	3,212,938.73	8,964,167.61	2,517,032.41	0.70	14,694,139.45
Social Welfare and Development	3,884,005.69	98,630,537.19	593,545.94	550,000.00	103,658,088.82
Tourism	436,349.25	2,234,800.67	202,214.80	12,490.01	2,885,854.72
Trade and Industry	1,673,405.18	2,839,676.89	1,085,850.10	15.00	5,598,947.18
Transportation and Communications	5,919,115.87	19,348,259.99	34,087,561.85	-	59,354,937.71
National Economic and Development Authority	1,662,133.63	2,637,973.53	323,167.46	680.00	4,623,954.62
Presidential Communications Operations Office	638,686.59	602,476.21	214,717.36	-	1,455,880.16
Other Executive Offices	4,272,511.75	12,688,819.68	1,512,559.40	5.60	18,473,896.43
Autonomous Region in Muslim Mindanao	9,901,459.87	6,608,269.49	6,341,114.26	-	22,850,843.63
Joint Legislative-Executive Councils	2,416.98	599.55	1,309.00	-	4,325.53
The Judiciary	17,599,080.36	3,175,147.29	1,183,651.82	-	21,957,879.48
Civil Service Commission	880,913.23	218,146.56	208,888.82	-	1,307,948.61
Commission on Audit	8,128,929.04	551,771.08	359,478.96	5.17	9,040,184.25
Commission on Elections	2,302,514.05	3,322,997.82	990,303.47	-	6,615,815.33
Office of the Ombudsman	1,509,115.58	285,595.48	199,889.78	-	1,994,600.83
Commission on Human Rights	272,099.42	87,882.66	12,835.35	-	372,817.42
Metropolitan Manila Development Authority	<u>75,419.82</u>	<u>1,478,136.29</u>	<u>894,950.21</u>	-	<u>2,448,506.32</u>
Total	<u>647,856,616.34</u>	<u>870,716,435.69</u>	<u>910,822,060.31</u>	<u>354,009,762.51</u>	<u>2,783,404,874.85</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

41.3 Actual Payments

The actual payments for PS, MOOE, CO and FE based on the consolidated FAR No. 1 and Statement of Cash Flows of the departments/offices are:

Department/Office	In thousand pesos				
	PS	MOOE	CO	FE	Total
Congress of the Philippines	4,351,262.89	5,835,620.31	161,321.07	-	10,348,204.28
Office of the President	720,442.58	1,305,853.01	28,672.13	-	2,054,967.73
Office of the Vice-President	52,950.15	137,047.40	522.01	-	190,519.56
Agrarian Reform	6,170,162.10	4,165,668.89	354,787.29	-	10,690,618.29
Agriculture	4,394,268.00	15,822,252.00	12,817,741.00	-	33,034,261.00
Budget and Management	5,760,057.09	347,449,836.68	25,585.08	23.74	353,235,502.58
Education	237,248,911.05	24,145,632.58	1,090,952.48	-	262,485,496.10
State Universities and Colleges	27,181,306.79	6,898,809.16	777,032.67	-	34,857,148.63
Energy	328,487.86	291,695.01	8,903.19	-	629,086.06
Environment and Natural Resources	7,220,666.02	6,782,022.43	5,358,823.33	-	19,361,511.78
Finance	6,594,781.13	89,606,829.38	4,284,687.23	632,366.43	101,118,664.18
Foreign Affairs	5,746,308.67	4,896,135.04	372,452.77	11,827.92	11,026,724.39
Health	12,778,785.30	13,246,788.02	3,093,182.95	-	29,118,756.27
Interior and Local Government	114,624,348.31	17,918,989.82	4,443,961.34	-	136,987,299.48
Justice	6,960,052.06	2,478,921.15	49,199.64	-	9,488,172.85
Labor and Employment	4,255,926.83	7,291,506.64	108,579.10	-	11,656,012.58
National Defense	102,326,720.77	16,609,313.01	10,124,063.62	-	129,060,097.41
Public Works and Highways	6,350,173.00	6,955,585.00	82,090,015.00	-	95,395,773.00
Science and Technology	2,974,216.97	7,570,127.86	719,047.89	0.70	11,263,393.42
Social Welfare and Development	2,883,841.96	61,559,095.19	16,828.81	183,075.00	64,642,840.97
Tourism	394,884.04	1,190,306.66	107,171.31	1,024.00	1,693,386.00
Trade and Industry	1,306,613.46	1,828,369.62	113,858.83	1.63	3,248,843.54
Transportation and Communications	5,738,755.91	10,418,588.80	3,064,438.00	-	19,221,782.71
National Economic Development Authority	1,487,920.63	1,533,555.13	106,037.62	32.85	3,127,546.24
Presidential Communications Operations Office	628,658.44	518,776.86	83,686.04	-	1,231,121.34
Other Executive Offices	4,108,503.37	5,990,364.76	343,611.75	0.77	10,442,480.66
Autonomous Region in Muslim Mindanao	9,027,940.26	4,727,344.53	3,034,486.03	-	16,789,770.83
Joint Legislative-Executive Councils	1,948.02	346.95	1,288.64	-	3,583.60
The Judiciary	17,179,954.18	1,697,519.87	204,407.78	-	19,081,881.83
Civil Service Commission	875,324.74	216,366.59	193,295.23	-	1,284,986.57

Department/Office	In thousand pesos				
	PS	MOOE	CO	FE	Total
Commission on Audit	7,743,835.93	464,306.87	277,666.45	5.17	8,485,814.42
Commission on Elections	3,974,789.45	766,734.04	-	8.80	4,741,532.29
Office of the Ombudsman	1,445,516.17	202,221.16	56,669.63	6.60	1,704,413.56
Commission on Human Rights	256,591.00	57,633.55	5,428.90	-	319,653.45
Metropolitan Manila Development Authority	<u>74,744.82</u>	<u>1,336,346.00</u>	<u>229,830.00</u>	-	<u>1,640,920.82</u>
Total	<u>613,169,649.98</u>	<u>671,916,509.99</u>	<u>133,748,234.83</u>	<u>828,373.61</u>	<u>1,419,662,768.42</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

41.4 Variance between the Final Budget and Actual Payments

The difference of P1.364 trillion on Final Budget vs. Actual Budget represents the unreleased appropriations, unobligated allotments and unpaid obligations of the following departments/offices.

Department/Office	PS	MOOE	CO	FE	Total
Congress of the Philippines	73,516.36	1,806,493.75	317,122.26	-	2,197,132.37
Office of the President	15,584.63	3,509,051.41	384,417.03	-	3,909,053.07
Office of the Vice President	4,289.06	37,332.52	32.99	-	41,654.57
Agrarian Reform	1,075,588.91	16,210,521.16	2,468,800.25	-	19,754,910.33
Agriculture	742,860.23	16,200,867.13	24,717,599.10	-	41,661,326.46
Budget and Management	9,204.24	1,395,121.97	164,972.22	76.29	1,569,374.72
Education	12,941,726.43	15,203,787.30	19,027,747.07	-	47,173,260.80
State Universities and Colleges	750,197.08	2,041,507.30	5,253,412.31	-	8,045,116.69
Energy	29,283.39	1,081,801.93	4,928,338.71	93,120.00	6,132,544.03
Environment and Natural Resources	1,233,747.88	6,493,679.13	2,994,784.69	-	10,722,211.69
Finance	1,026,998.39	34,210,259.76	442,661,825.95	352,706,076.57	830,605,160.67
Foreign Affairs	591,905.48	2,647,453.58	1,220,174.63	3,056.08	4,462,589.78
Health	1,745,157.63	12,087,957.87	13,829,571.38	-	27,662,686.88
Interior and Local Government	4,646,260.63	6,248,261.21	12,118,660.45	-	23,013,182.28
Justice	3,294,228.75	1,340,291.17	445,477.38	-	5,079,997.31
Labor and Employment	231,295.40	1,591,784.88	596,461.60	-	2,419,541.87
National Defense	3,520,510.38	6,665,696.80	3,976,651.28	19.00	14,162,877.46
Public Works and Highways	487,555.79	6,430,803.28	199,796,458.14	-	206,714,817.22
Science and Technology	238,721.76	1,394,039.75	1,797,984.52	-	3,430,746.03
Social Welfare and Development	1,000,163.73	37,071,441.99	576,717.13	366,925.00	39,015,247.85
Tourism	41,465.21	1,044,494.01	95,043.49	11,466.01	1,192,468.73

Department/Office	PS	MOOE	CO	FE	Total
Trade and Industry	366,791.72	1,011,307.27	971,991.27	13.37	2,350,103.63
Transportation and Communications	180,359.96	8,929,671.19	31,023,123.85	-	40,133,155.00
National Economic Development Authority	174,213.00	1,104,418.40	217,129.84	647.15	1,496,408.38
Presidential Communications Operations Office	10,028.15	83,699.35	131,031.32	-	224,758.82
Other Executive Offices	164,008.39	6,698,454.92	1,168,947.64	4.83	8,031,415.78
Autonomous Region in Muslim Mindanao	873,519.61	1,880,924.96	3,306,628.23	-	6,061,072.80
Joint Legislative-Executive Councils	468.96	252.60	20.36	-	741.92
The Judiciary	419,126.19	1,477,627.42	979,244.04	-	2,875,997.65
Civil Service Commission	5,588.48	1,779.97	15,593.58	-	22,962.04
Commission on Audit	385,093.11	87,464.21	81,812.52	0.00	554,369.83
Commission on Elections	(1,672,275.40)	2,556,263.78	990,303.47	(8.80)	1,874,283.04
Office of the Ombudsman	63,599.40	83,374.32	143,220.14	(6.60)	290,187.27
Commission on Human Rights	15,508.42	30,249.11	7,406.45	-	53,163.97
Metropolitan Manila Development Authority	<u>675.00</u>	<u>141,790.29</u>	<u>665,120.21</u>	=	<u>807,585.50</u>
Total	<u>34,686,966.35</u>	<u>198,799,925.70</u>	<u>777,073,825.48</u>	<u>353,181,388.90</u>	<u>1,363,742,106.43</u>
<i>Difference between totals and sum of components is due to rounding off.</i>					

V. NATIONAL GOVERNMENT DEBT

NATIONAL GOVERNMENT DEBT

5.1 FOREWORD

Public debt is the total indebtedness of the NG, LGUs and GOCCs or GFIs from industries, corporations or financial institution whether private or government, foreign or domestic, which are fully supported and guaranteed by the NG. When national revenue is insufficient to back up the capital programs and projects essential for government operations and to stabilize its economy, government debt is one of the means of financing government operations. Government usually borrows by issuing securities, government bonds and bills.

Foreign borrowings is governed by RA No. 4860 dated August 8, 1966. Pursuant to this act, as amended, the President of the Philippines is authorized in behalf of the Republic of the Philippines to contract loans with foreign governments, agencies or instrumentalities of such foreign governments, foreign financial institutions, or other international organizations, with whom, or belonging to countries with which the Philippines has diplomatic relations. The law also set the limit of two hundred fifty million dollars as the amount of loan that may be acquired during the year and the total amount shall not exceed one billion United States dollars or its equivalent in foreign currencies at the exchange rate prevailing at the time the loans are incurred. Under the said law, the President is also authorized to guarantee foreign loans extended by foreign creditors to GOCCs.

Domestic borrowings is directed by RA No. 245, as amended, RA No. 1000, as amended, RA No. 265, as amended , and other executive issuances which authorize the flotation of bonds, bills and notes to meet public expenditures authorized by law.

The Bureau of the Treasury – DOF is an agency tasked to assist in formulation of policies on borrowing, investment and capital market development; control and service NG public debt, both foreign and domestic; and issue, service, redeem government securities for account of NG as may be authorized by the President pursuant to law.

5.2 NG OUTSTANDING DEBTS

As of December 31, 2014, the outstanding NG debts was reported at P5,730.10 billion, higher by P59.50 billion or 1.05 percent from the adjusted level of P5,670.61 billion in FY 2013. The reported NG debt outstanding as of December 31, 2013 was adjusted due to transactions for FY 2013 which were not included by the BTr in the outstanding balance at the end of the year.

Shown in Table V-1 is the adjusted outstanding balance of NG Debt for FY 2013.

**Table V-1 Adjusted Outstanding Balance of NG Debt
FY 2013
(in million pesos)**

Particulars	Balance as of 12/31/13	2013 Adjustments	Adjusted Balance as of 12/31/13
Domestic	<u>3,728,330.90</u>	-	<u>3,728,330.90</u>
Bonds Payable	3,406,954.56	-	3,406,954.56
Loans Payable	321,376.35	-	321,376.35
Foreign	<u>1,898,651.37</u>	<u>43,623.64</u>	<u>1,942,275.01</u>
Bonds Payable	1,204,395.25	42,153.66	1,246,548.92
Loans Payable	<u>694,256.12</u>	<u>1,469.98</u>	<u>695,726.09</u>
Total NG Debt	<u>5,626,982.27</u>	<u>43,623.64</u>	<u>5,670,605.91</u>
<i>Difference between totals and sum of components is due to rounding off</i>			
<i>Source: National Government Debt Accounting Division, BTr</i>			

This year's outstanding balance of NG Debt of P5,730.10 billion is composed of Domestic borrowings –P3,815.81 billion and Foreign borrowings – P1,914.29 billion, representing 66.59 percent and 33.41 percent, respectively, of the total outstanding balance. Domestic borrowings increased by P87.48 billion or 2.35 percent while Foreign borrowings decreased by P27.99 billion or 1.44 percent. Table V-2 shows the Comparative Outstanding Balance of NG Debt.

**Table V-2 Comparative Outstanding Balance of NG Debt
(in million pesos)**

Particulars	2014	2013	Increase (Decrease)	Percent
Domestic	<u>3,815,813.58</u>	<u>3,728,330.90</u>	<u>87,482.68</u>	<u>2.35</u>
<u>Bonds Payable</u>	<u>3,533,615.27</u>	<u>3,406,954.56</u>	<u>126,660.72</u>	<u>3.72</u>
Fixed Rate Treasury Bonds	1,825,122.33	1,627,134.93	197,987.39	12.17
Bench Mark Bonds	823,918.89	834,133.64	(10,214.74)	(1.22)
Retail Treasury Bonds	804,880.95	860,169.16	(55,288.22)	(6.43)
Treasury Bonds (CB-BOL)	50,000.00	50,000.00	-	-
On Shore 10-year Bonds	23,370.00	22,199.00	1,171.00	5.28
Multi Currency Retail Treasury Bonds	6,299.02	6,292.74	6.28	0.10
Certificated Bonds	15.55	15.55	-	-
Domestic Certificated/ Uncertificated Treasury Bonds	8.54	9.54	(1.00)	(10.46)
Special Purpose Treasury Bonds	-	7,000.00	(7,000.00)	(100.00)
<u>Loans Payable</u>	<u>282,198.31</u>	<u>321,376.35</u>	<u>(39,178.03)</u>	<u>(12.19)</u>
CB-BOL	174,568.30	174,568.30	-	-
Regular	107,630.01	146,808.05	(39,178.03)	(26.69)

Table V-2, continued

Particulars	2014	2013	Increase (Decrease)	Percent
Foreign	<u>1,914,287.89</u>	<u>1,942,275.01</u>	<u>(27,987.12)</u>	<u>(1.44)</u>
<u>Bonds Payable</u>	<u>1,231,995.92</u>	<u>1,246,548.92</u>	<u>(14,553.00)</u>	<u>(1.17)</u>
Global Bonds	1,168,004.29	1,173,796.13	(5,791.84)	(0.49)
Japanese Bonds	37,138.67	42,195.86	(5,057.19)	(11.99)
EURO Bonds	26,852.95	30,556.92	(3,703.98)	(12.12)
<u>Loans Payable</u>	<u>682,291.97</u>	<u>695,726.09</u>	<u>(13,434.12)</u>	<u>(1.93)</u>
NG Direct/Relent	682,291.97	695,726.09	(13,434.12)	(1.93)
Total	<u>5,730,101.47</u>	<u>5,670,605.91</u>	<u>59,495.56</u>	<u>1.05</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

5.3 DOMESTIC BORROWINGS

Domestic loans during the year shows an amount of P1,049.51 billion availed thru the issuance of Bonds - P430.24 billion and contracting of Loans - P619.27 billion, representing 40.99 percent and 59.01 percent, respectively, of the aggregate availments. There is no issuance of Retail Treasury Bonds during the year, however, the issued Fixed Rate Treasury Bonds, Agrarian Reform Bonds and Bench Mark Bonds contributed an increase in the aggregate amount of P103.49 billion.

Loan availments of P619.27 billion consist of CB-BOL - P434.57 billion and Regular Loan - P184.71 billion. Compared to last year's level of P636.12 billion it registered a decrease of P16.84 billion or 2.65 percent.

Table V-3 shows the details of the Comparative Domestic Debt Availments / Issuances.

Table V- 3 Comparative Domestic Debt Availments/Issuances
(in million pesos)

Particulars	2014	2013	Increase (Decrease)	Percent
Bonds Payable	<u>430,235.42</u>	<u>476,740.56</u>	<u>(46,505.14)</u>	<u>(9.75)</u>
Fixed Rate Treasury Bonds	426,532.75	324,883.30	101,649.45	31.29
Retail Treasury Bonds	-	150,000.00	(150,000.00)	(100.00)
Agrarian Reform Bonds	3,220.48	1,857.26	1,363.22	73.40
Bench Mark Bonds	482.20	-	482.20	-
Loans Payable	<u>619,273.30</u>	<u>636,116.30</u>	<u>(16,843.00)</u>	<u>(2.65)</u>
CB-BOL	434,568.30	429,568.30	5,000.00	1.16
Regular	<u>184,705.00</u>	<u>206,548.00</u>	<u>(21,843.00)</u>	<u>(10.58)</u>
Total	<u>1,049,508.72</u>	<u>1,112,856.86</u>	<u>(63,348.14)</u>	<u>(5.69)</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

Repayments of domestic loans reached P963.20 billion registering an increase of P115.64 billion or 13.64 percent from last year's level of P847.57 billion. Loan repayments of P658.45 billion contributed the biggest increase of P68.39 billion while the Bonds redeemed of P304.75 billion also increased by P47.25 billion. Table V-4 shows the details of Comparative Domestic Debt Repayments /Redemptions.

Table V- 4 Comparative Domestic Debt Repayments/Redemptions
(in million pesos)

Particulars	2014	2013	Increase (Decrease)	Percent
Bonds Payable	<u>304,751.99</u>	<u>257,499.83</u>	<u>47,252.15</u>	<u>18.35</u>
Fixed Rate Treasury Bonds	228,545.36	128,766.93	99,778.43	77.49
Retail Treasury Bonds	55,288.22	35,754.83	19,533.39	54.63
Bench Mark Treasury Bonds	10,696.94	76,440.30	(65,743.36)	(86.01)
Special Purpose Treasury Bonds	7,000.00	-	7,000.00	-
Multi Currency Retail Treasury Bonds	-	14,678.59	(14,678.59)	(100.00)
Domestic Certificated/Uncertificated				
Treasury Bonds	1.00	1.92	(0.93)	(48.13)
Agrarian Reform Bonds	3,220.48	1,857.26	1,363.22	73.40
Loans Payable	<u>658,451.33</u>	<u>590,066.30</u>	<u>68,385.03</u>	<u>11.59</u>
CB-BOL	434,568.30	429,568.30	5,000.00	1.16
Regular	<u>223,883.03</u>	<u>160,498.00</u>	<u>63,385.03</u>	<u>39.49</u>
Total	<u>963,203.32</u>	<u>847,566.13</u>	<u>115,637.19</u>	<u>13.64</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

5.4 FOREIGN BORROWINGS

Outstanding balance of foreign borrowings amounted to P1,914.29 billion comprising 33.41 percent of outstanding NG debt of P5,730.10 billion.

Total availments of P142.14 billion increased by P108.27 billion or 319.64 percent from last year's amount of P33.87 billion brought about by the issuance of Global Bonds of P67.68 billion and an increase in loans contracted of P40.58 billion. Presented in Table V-5 is the Comparative Foreign Debt Availments.

Table V- 5 Comparative Foreign Debt Availments
(in million pesos)

Particulars	2014	2013	Increase (Decrease)	Percent
Bonds Payable	<u>67,683.00</u>	-	<u>67,683.00</u>	-
Global Bonds	67,683.00	-	67,683.00	-
Loans Payable	<u>74,456.66</u>	<u>33,871.52</u>	<u>40,583.14</u>	<u>119.82</u>
NG Direct/Relent	<u>74,456.66</u>	<u>33,871.52</u>	<u>40,583.14</u>	<u>119.82</u>
Total	<u>142,139.66</u>	<u>33,871.52</u>	<u>108,268.14</u>	<u>319.64</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

As in the previous years, the bulk of foreign availments was sourced from the multilateral, bilateral and commercial lending institutions such as the ADB, IBRD and JICA. The NG direct/relent loans of P74.46 billion is in the form of cash – P61.95 billion and equipment and technical assistance or constructive availments –P12.51 billion.

Presented in Table V-6 is the Foreign Debt Availments by type of loans and creditors.

Table V- 6 Foreign Debt Availments
(in million pesos)

Particulars	Amount	Percent to Total
Global Bonds	<u>67,683.00</u>	<u>47.62</u>
Direct/Relent Loans	<u>74,456.66</u>	<u>52.38</u>
<u>Cash Availments</u>	<u>61,948.23</u>	<u>43.58</u>
Asian Development Bank	28,975.41	20.39
International Bank for Reconstruction and Development	18,680.39	13.14
Japan International Cooperation Agency	13,297.46	9.36
US PL480	327.78	0.23
International Fund for Agricultural Development	302.79	0.21
Organization of the Petroleum Exporting Countries	214.71	0.15
Kreditanstalt fur Wiederaufbau	149.68	0.11
<u>Constructive Availments</u>	<u>12,508.43</u>	<u>8.80</u>
Banque de France	6,495.81	4.57
BNP Baribas	1,643.42	1.16
Eximbank of Korea	1,396.93	0.98
Japan International Cooperation Agency	885.09	0.62
Eximbank of China	598.85	0.42
Japan Bank for International Cooperation	590.56	0.42
Asian Development Bank	464.87	0.33
International Bank for Reconstruction and Development	310.34	0.22
Organization of the Petroleum Exporting Countries	110.98	0.08
Bank of Austria	11.58	0.01
Total	<u>142,139.66</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		
<i>Source: National Government Debt Accounting Division, BTr</i>		

Repayments of Foreign loans reached P133.31 billion registering an increase of P9.63 billion or 7.78 percent from FY 2013 of P123.68 billion. Redemption of bonds increased this year by P48.66 billion while the amount of loans repaid decreased by P39.04 billion. Table V- 7 shows the detail of Comparative Foreign Debt Repayments.

Table V-7 Comparative Foreign Debt Repayments
(in million pesos)

Particulars	2014	2013	Increase (Decrease)	Percent
Bonds Payable	<u>81,378.89</u>	<u>32,714.03</u>	<u>48,664.87</u>	<u>148.76</u>
Global Bonds	81,378.89	32,714.03	48,664.87	148.76
Loans Payable	<u>51,927.96</u>	<u>90,964.57</u>	<u>(39,036.61)</u>	<u>(42.91)</u>
Direct/Relent Loans	51,927.96	90,962.89	(39,034.93)	(42.91)
NG Assumed Loans	-	1.68	(1.68)	(100.00)
Total	<u>133,306.86</u>	<u>123,678.60</u>	<u>9,628.26</u>	<u>7.78</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

5.5 ACTUAL DEBT SERVICE EXPENDITURES

Actual amount of debt service during the year totalled P1,420.64 billion consisting of Principal – P1,096.51 billion, Interest – P318.55 billion, and Financial Charges– P5.58 billion. The bulk of Other Charges is the Commitment Fee of P190.32 million and Documentary Stamps Tax of P3.65 billion. Compared to last year, actual debt service registered an increase of P122.85 billion or 9.47 percent. Payments for principal increased by P125.27 billion or 12.9 percent. On the other hand, payment for interest and financial charges both decreased by P1.97 billion and P446.33 million, respectively.

Presented in Table V- 8 is the details of the Comparative Actual Debt Service of the National Government

Table V – 8 Comparative Actual Debt Service of the National Government
(in million pesos)

Particulars	2014	2013	Increase (Decrease)	Percent
Interest Payments	<u>318,554.84</u>	<u>320,528.87</u>	<u>(1,973.43)</u>	<u>(0.62)</u>
Foreign	<u>98,466.34</u>	<u>99,375.33</u>	<u>(908.99)</u>	<u>(0.91)</u>
Global Bonds	87,770.59	87,203.71	566.87	0.65
Direct/Relent	10,695.75	12,171.62	(1,475.86)	(12.13)
Domestic	<u>220,088.50</u>	<u>221,152.94</u>	<u>(1,064.44)</u>	<u>(0.48)</u>
Bonds	218,497.02	219,358.06	(861.04)	(0.39)
T-Bills, Notes	1,591.48	1,794.88	(203.40)	(11.33)
Principal Payments	<u>1,096,510.18</u>	<u>971,244.73</u>	<u>125,265.45</u>	<u>12.90</u>
Foreign	<u>133,306.86</u>	<u>123,678.60</u>	<u>9,628.26</u>	<u>7.78</u>
Global Bonds	81,378.89	32,714.03	48,664.87	148.76
Direct/Relent	51,927.96	90,962.89	(39,034.93)	(42.91)
Assumed	-	1.68	(1.68)	(100.00)
Domestic	<u>963,203.32</u>	<u>847,566.13</u>	<u>115,637.19</u>	<u>13.64</u>
Bonds	304,751.99	257,499.83	47,252.15	18.35
T-Bills, Notes	658,451.33	590,066.30	68,385.03	11.59

Table V- 8, continued

Particulars	2014	2013	Increase (Decrease)	Percent
Financial Charges	<u>5,578.22</u>	<u>6,024.55</u>	<u>(446.33)</u>	<u>(7.41)</u>
Foreign	<u>2,208.10</u>	<u>2,029.08</u>	<u>179.02</u>	<u>8.82</u>
Commitment Fees	190.32	197.00	(6.68)	(3.39)
Documentary Stamp Tax	338.42	153.40	185.02	120.62
Other Financial Charges	530.63	98.24	432.39	440.16
Loss on Guaranty	1,070.00	1,391.61	(321.61)	(23.11)
Bank Charges	78.73	188.84	(110.11)	(58.31)
Domestic	<u>3,370.12</u>	<u>3,995.48</u>	<u>(625.35)</u>	<u>(15.65)</u>
Documentary Stamp Tax	3,313.96	3,857.78	(543.81)	(14.10)
Other Financial Charges	56.16	137.70	(81.54)	(59.22)
Grand Total	<u>1,420,643.24</u>	<u>1,297,797.56</u>	<u>122,845.69</u>	<u>9.47</u>
<i>Difference between totals and sum of components is due to rounding off</i>				
<i>Source: National Government Debt Accounting Division, BTr</i>				

The Loss on Guaranty pertains to Foreign Exchange risk cover claims for NG guaranteed obligations of GFIs such as LBP, DBP and SBGFC.

Commitment Fees of P190.32 million which decreased by P6.68 million from last year's figure of P197 million was incurred by the departments as shown in Table V- 8.

Table V- 8 Commitment Fees by Department/Agency
(in million pesos)

Department/Agency	Amount	Percent to Total
Department of Public Works and Highways	49.04	25.77
Department of Agrarian Reform	30.48	16.02
Department of Transportation and Communications	26.03	13.68
Department of Social Welfare and Development	23.70	12.45
Department of Finance	21.00	11.03
Department of Energy	20.64	10.85
Department of Agriculture	9.70	5.10
Department of Environment and Natural Resources	6.45	3.39
National Irrigation Administration	2.56	1.35
Department of Health	0.64	0.34
Bureau of Internal Revenue	0.05	0.03
Department of the Interior and Local Government	0.03	0.02
Total	<u>190.32</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		
<i>Source: National Government Debt Accounting Division, BTr</i>		

The releases made by the DBM for debt service expenditures are presented in Table V - 9

Table V- 9 Releases from DBM and Actual Debt Service Expenditures

Particulars	Amount (in million pesos)			Explanations
	DBM SARO Releases	BTr FS	Difference	
Principal Payment	<u>440,931.00</u>	<u>1,096,510.18</u>	<u>(655,579.18)</u>	The amount of releases were intended for repayments of foreign and domestic debt. The difference of P655.58 billion pertains to repayments for relent loans that were not included by the BTr in the request for SARO releases from the DBM because these were considered receivable of the NG from GOCCs and payment are expected for the amount advanced. Also, part of the repayments / redemptions of government securities came from the Sinking Fund.
Domestic		963,203.32		
Foreign		133,306.86		
Total Interest and Other Charges	<u>352,652.00</u>	<u>320,480.68</u>	<u>32,171.32</u>	The difference pertains to the unobligated balance of allotments.
Interest	352,652.00	318,554.84		
Bank Charges		78.73		
Other Financial Charges		586.79		
Commitment Fees		190.32		
Loss on Guaranty		1,070.00		
Documentary Stamp Tax	<u>3,652.38</u>	<u>3,652.38</u>	<u>-</u>	
Total	<u>797,235.38</u>	<u>1,420,643.24</u>	<u>(623,407.86)</u>	

5.6 STATUS OF NG DEBT AS OF DECEMBER 31, 2014

Over the ten-year period from FY 2004 to FY 2014, outstanding balance of NG debt is increasing, except during FY 2007 where a decrease of 2.56 percent was registered.

Domestic borrowings were constantly increasing from FY 2006 to FY 2014 while the amounts of foreign borrowings were fluctuating. While domestic borrowings are increasing from FY 2012 to FY 2014, foreign borrowings are decreasing during same period. This trend connotes that the NG is engaged in internal financing rather than external financing. As reflected in the Indicative Medium Term Financing Program for 2015 -2018 prepared by the BTr, the actual borrowing mix for FY 2014 is 27:73 in favor of domestic borrowings.

Table V- 10 shows the Outstanding Balances of NG Debt

**Table V- 10 Outstanding Balances of NG Debt
FY 2004 – FY 2014 (in billion pesos)**

Year	Domestic	Foreign	Total	Increase (Decrease)	Percent
2014	3,815.81	1,914.29	5,730.10	59.50	1.05
2013	3,728.33	1,942.28	5,670.61	237.66	4.37
2012	3,460.82	1,972.13	5,432.95	490.06	9.91
2011	2,860.60	2,082.29	4,942.89	241.75	5.14
2010	2,704.42	1,996.72	4,701.14	353.06	8.12
2009	2,480.83	1,867.25	4,348.08	210.08	5.08
2008	2,440.90	1,697.10	4,138.00	356.52	9.43
2007	2,218.82	1,562.66	3,781.48	(99.39)	(2.56)
2006	2,172.73	1,708.14	3,880.87	2.17	0.06
2005	2,183.58	1,695.12	3,878.70	178.89	4.84
2004	2,000.19	1,697.62	3,699.81		
<i>Difference between totals and sum of components is due to rounding off</i>					
<i>Source: National Government Debt Accounting Division, BTr</i>					

Contingent liabilities arising from sovereign guaranty extended by the NG to the GOCCs for obtaining foreign loans amounted to P308.15 billion as reported by the BTr. This amount is not included in the outstanding balance of NG debt but merely disclosed in the Notes to FS. The GOCCs with loans guaranteed by NG are shown in Table V- 11.

**Table V - 11 Contingent Liabilities
(in million pesos)**

Particulars	Amount	Percent to Total
PSALM	180,583.30	58.60
DBP	53,921.63	17.50
LBP	19,704.40	6.39
BCDA	19,108.46	6.20
MWSS	7,565.32	2.46
SBMA	5,396.16	1.75
LRTA	4,407.08	1.43
PNB	3,789.99	1.23
PPA	3,779.06	1.23
LWUA	3,064.60	0.99
NORTHRAIL	2,166.23	0.70
PNR	1,822.60	0.59
SBGFC	1,291.35	0.42
NPC	762.69	0.25
PTA	269.03	0.09
PDA	202.79	0.07
PEZA	121.05	0.04
NFA	97.77	0.03
MIAA	46.25	0.02
PHILGUARANTEE	35.26	0.01
NEA	18.70	0.01
Total	<u>308,153.72</u>	<u>100.00</u>
<i>Difference between totals and sum of components is due to rounding off</i>		
<i>Source: National Government Debt Accounting Division, BTr</i>		

VI. SIGNIFICANT AND COMMON AUDIT OBSERVATIONS AND RECOMMENDATIONS

SIGNIFICANT AND COMMON AUDIT OBSERVATIONS AND RECOMMENDATIONS

9.1 Overview

Pursuant to Section 2, Article IX-D of the Philippine Constitution, the Commission on Audit regularly conducts audit of accounts of all NGAs. The audit is conducted in accordance with the generally accepted state auditing standards, including the implementation of the Unified/Integrated Audit Strategy, and the results are communicated and discussed in the Annual Audit Reports (AARs) and Management Letters (MLs) submitted to the audited agency, the Office of the President, the Congress and other stakeholders.

9.2 Audit Opinions

The AAR sets forth the audit opinion on the entity's financial statements. The auditors issued opinion classified below depending on the results of the audit:

- 9.2.1. **Unqualified Opinion** - Issued when financial statements present fairly, in all material respects, the entity's financial position, results of operations and cash flows in conformity with the Philippine Public Sector Accounting Standards (PPSAS).
- 9.2.2. **Qualified Opinion** - Issued when financial statements present fairly, in all material respects, the entity's financial position, results of operations and cash flows in conformity with the GAAP except for the matter of qualifications. Qualified opinions are normally issued when there are limitations on the scope of the auditor's examination on one or more areas of the financial statements, and although they could not be verified, the rest of the financial statements were audited and found compliant with PPSAS.
- 9.2.3. **Adverse Opinion** - Issued when the Auditor concludes that the entity's financial statements do not present fairly its financial position, results of operations and cash flows in conformity with PPSAS. This type of opinion is issued when the financial statements contain very material departures from PPSAS.
- 9.2.4. **Disclaimer of Opinion** - Issued when the auditor is unable to form an opinion (no opinion) on an entity's financial statements. A disclaimer is issued in case of material scope limitation or significant uncertainty exists.

9.3 Results of Audit

The audit opinions on the results of audits of CY 2014 financial statements (FSs) and operations of 119 National Government Agencies (NGAs), and State Universities and Colleges (SUCs) and Stand-Alone Agencies based in the Regions so far AARs, are broken down as follows:

Type of Opinion	No. of NGAs	No. of SUCs	Total	%
Unqualified	15	3	18	15
Qualified	35	60	95	80
Adverse	5	0	5	4
Disclaimer	0	1	1	1
Total Opinions Issued			119	100

Under Section IV.B.3 of COA Memorandum No. 2014-011 dated 21 October 2014, the Auditors may issue Management Letter, in lieu of AAR in case of failure by the agencies to submit financial statements as of the deadline set by the Commission. In compliance therewith, MLs of 82 agencies were issued as of 30 June 2015. The AAR shall be issued upon submission of the FSs by the concerned Agencies to the Office of the Auditor for review and validation.

The 18 agencies issued with *unqualified or clean audit opinion* are the following:

1. Governance Commission for Government-Owned and Controlled Corporations (GCGOCCs)
2. Presidential Legislative Liaison Office (PLLO)
3. Philippine Racing Commission (PhilRaCom)
4. Central Board of Assessment Appeals (CBAA)
5. National Tax Research Center (NTRC)
6. Government Procurement Policy Board-Technical Support Office (GPPB-TSO)
7. Senate Electoral Tribunal (SET)
8. Food and Nutrition Research Institute (FNRI)
9. National Academy of Science and Technology (NAST)
10. National Research Council of the Philippines (NRCP)
11. National Youth Commission (NYC)
12. Office of Transportation Cooperatives (OTC)
13. Civil Aeronautics Board (CAB)
14. Toll Regulatory Board (TRB)
15. Intellectual Property Office of the Philippines (IPOPHIL)
16. Mountain Province State Polytechnic College (MPSPC)
17. Mariano Marcos State University (MMSU)
18. Surigao del Sur State University (SDSSU)

The five agencies issued with adverse opinion due to unreliable cash and inventory accounts balances, inaccurate PPE balances, doubtful Due from NGAs/GOCCs/LGUs account, all in material amounts, among others, follow:

1. Philippine National Police (PNP)
2. Philippine Army (PA)
3. Philippine Air Force (PAF)
4. Philippine Navy (PN)
5. Department of Justice (DOJ)

A *disclaimer audit opinion* was issued on the FS of Kalinga-Apayao State College due to substantial delay in the submission of financial reports and supporting documents for disbursements.

Qualified audit opinions were issued primarily for the following reasons, among others:

1. Unreliable/unascertained cash balances at year-end primarily due to: (a) unaccounted difference between the book and bank records; (b) non-preparation or delayed submission of the Bank Reconciliation Statements; (c) erroneous recording or non-recording of cash transactions, and (d) stale/unreleased checks not restored to the Cash account;
2. Long outstanding cash advances remained unliquidated as of year-end. The validity of such account could not be established due to: a) unreconciled General and Subsidiary Ledgers (GL/SLs) balances, non-preparation of SL to support the GL balance, and c) unavailability or absence of supporting documents. Some agencies did not even adopt the accrual method of accounting or did not provide allowance for bad debts;
3. Doubtful accuracy and existence of Inventory account balances mainly due to: a) failure to conduct physical count of inventories or periodic reconciliation of Accounting and Property records, b) misclassification or erroneous recording of accounts, and c) delayed or non-submission of required reports;
4. Propriety of Property, Plant and Equipment (PPE) accounts balances cannot be ascertained due to failure of management to: (a) undertake physical inventory of the assets and periodic reconciliation of Accounting and Property records, (b) maintain property cards, (c) reclassify unserviceable properties to Other Assets, and (d) record donated Land or make adjustments for parcels of land previously reassigned, among others; and
5. Understatement of Income due to non-adoption of accrual method of accounting and unrecorded transactions.

9.4 Significant Audit Observations and Recommendations

The significant audit observations and recommendations on the audits of national government agencies, submitted by auditors of the National Government Sector and Regional Offices of this Commission, are presented below:

AUDIT OBSERVATIONS

1. Collection targets of BOC and BIR were not attained. Moreover, the government was deprived of additional revenues due to losses.

Agency	Observation
BOC	Php34.642 million were lost due to lost vehicles and undetermined amount of lost/unaccounted articles and items such as jewelries, crude oil, garlic, sugar, and other seized goods, containers and cargoes. Revenue collection of Php369.29 billion was short of its targeted collection of Php408.10 billion for 2014, equivalent to 9.9 percent or Php38.81 billion; thereby, affecting the cash position of the government and increasing the possibility of borrowing funds to render services to the public.
BIR	Posted a collection of Php1.334 trillion or 9.71 percent more than last year's collection but did not attain its collection target of Php1.456 trillion for 2014.

2. Uncollected payments/income from various agencies on account of non-implementation of the terms and conditions of the loan/lease agreements and franchise, and interest from late payments amounted to Php320.366 million.

RECOMMENDATIONS

For the concerned agency officials to:

- Issue receipt, maintain record and prepare report on seized/confiscated/abandoned goods for proper accounting and recording in the books of account or disclosure in the Notes to FS; submit a report on the status of investigation of the cases referred to the Legal Division of the Bureau of Customs (BOC), and initiate legal remedies against those determined responsible for the loss of goods in Philippine currency amounting to approximately Php34.642 million and other articles of undetermined amount.
- Investigate the reasons for the shortfall in collections as a basis in the development of new strategies to improve collection and meet the collection target of both Bureaus.

For the concerned agency officials to:

- Collect the rental payment deficit and corresponding penalty charges for late rental payments; and, henceforth, impose the terms and conditions of the Lease

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Reason
UPS	129.000	Out of the Php615 million guaranteed rental payments for the 1 st and 2 nd years (2013-2014) of operation of the UP-Town Center, only Php486 million (gross rent) was collected from Ayala Land, Inc., excluding interest of 24 percent per annum for the late rental payments.
PhilRaCom	23.188	Earned only ½ percent share in gross sales of Metro Manila Turf Club, Inc. instead of one percent share in gross sales as stated in the franchise.
BFAR	130.521	Additional revenue could have been generated had there been strict enforcement of the provisions of Fisheries Administrative Order (FAO) No. 197, series of 2000 and intensified collection of rental fees from Fishpond Lease Agreement (FLA) holders in RFOs I, IV-A, VI and X.
NPDC	37.657	Unpaid rental fees from concessionaires of National Parks Development Committee (NPDC) accumulated to Php37.657 million due to Management's continued failure to demand settlement and strictly implement the provisions of the lease contracts/Memorandum of Agreement (MOA) of terminating the contract of defaulting concessionaires and/or imposing penalty for late payments.
TOTAL	320.366	

RECOMMENDATIONS

Agreements, among other recommendations.

- b) Take necessary steps to clarify and resolve the disparity between Republic Act (RA) No. 7978 and PD No. 420 to ensure that Philippine Racing Commission (PhilRaCom) is not deprived of its source of revenue to better serve the interest of the horse racing public.
- c) Scrutinize the list of FLA holders with unpaid rentals to determine whether they are still existing; reconcile balance with the reported collectibles; determine the probability of collection; and adopt a workable plan to update or complete long overdue rental payments of FLA holders.
- d) Intensify collection efforts and strengthen controls in the handling and monitoring of receivable accounts to prevent accumulation of long outstanding balances; (ii) amend the lease contracts pertaining to penalty provisions and other sanctions for late payments and other breaches; (iii) impose penalties for late payment of rental fees; and (iv) terminate the contracts/MOA of defaulting concessionaires.

AUDIT OBSERVATIONS

3. Despite availability of allotment/funds amounting to Php90,316.053 million, a number of programs/projects were either not implemented during the year or its implementation delayed, due to prolonged procurement and distribution processes and procedures, delayed downloading of funds, unliquidated prior-years' releases, lack of proper planning and delayed identification of project locations, poor supervision/monitoring and deficiencies in project implementation, among others, depriving the beneficiaries of the immediate enjoyment of the benefits to be derived therefrom.

Agency	Amount (in M Php)	Unimplemented/Delayed Implementation Projects/Programs
DepEd	31,783.000	Science and Math Equipment, Alternative Learning System (ALS) materials, School Effectiveness Program, Kindergarten Education Program
	215.662	Repair and rehabilitation of classrooms
	4.715	School-Based Feeding Program (SBFP), NCR
	2,010.000	Quick Response Fund (QRF)
PNU	18.991	Services and Facilities for students and other stakeholders
RTU	46.911	Physical Facilities and Modern Equipment
TUP	140.820	Instruction, Research, Extension and Other Programs/Projects;
	9.918	ESGP-PA scholarships
CHED	1,769.000	Philippine-California Advanced Research Institute (PCARI) project
	29.069	HEI-Based Loan Programs
DOLE	549.802	TUPAD and GIP
	236.236	KABUHAYAN Program
TESDA	228.534	Special Training for Employment Program (STEP)
	36.181	Training for Work Scholarship Program (TWSP)
Hosptls. NCR, R- 3 & 11	291.078	Medical Assistance Program (MAP)
Sub-total	37,369.917	

RECOMMENDATIONS

Require concerned agency officials to:

- Ensure the optimum utilization of funds received through timely releases of Sub-Allotment Release Order to operating units, conduct regular monitoring the use of allotments to immediately address issues causing inefficient or non-utilization of fund, and reassess targets and accomplishments, and if necessary, reprogram planned programs, projects and activities (PPAs) to meet the objectives/purpose within the set timeframe.
- Fast track the implementation of the projects, particularly those meant to provide assistance to students and victims of calamities/disasters like Yolanda, Ruby, Hagupit, and to communities most in need of the vital basic services from government, through careful review of the implementing guidelines and the work and financial plan, coordinated effort to engage implementers and stakeholders in coming up with doable, efficient and effective strategies to fully attain the objectives of the PPAs, and information dissemination campaign.

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Unimplemented Projects/Programs
Bal.For	37,369.917	
DSWD	382.078	Disaster Risk Reduction Program (DRRP)
	350.000	Construction of Micro Medium Rise Buildings (MMRB) for the Informal Settlers Families Relocation Program
	3,064.000	Emergency Shelter Assistance (ESA) to victims of Typhoon Yolanda, R6
DPWH	41,425.248	Infrastructure projects
	7.033	PDAF projects
	46.892	DAP
DENR	584.738	Foreign Assisted Projects
DTI	283.896	Shared Service Facilities
PA	27.407	QRF
PN	55.471	
DND	277.696	GF
	44.883	
DOH	142.748	Bureau of International Health Cooperation (BIHC) project
MDFO	470.773	Performance Base Grant System (PBGS) for LGUs under ARCP II
NMSCS T, (R10)	1.200	Student Assistance Fund for Education (SAFE) Loan Program
PCHRD	30.76	Six projects
FNRI	102.50	8th National Nutrition Survey (NNS)
8 DOH ROs	836.039	Various infrastructure projects
PHILVO CS	81.33	DYNASLOPE
Road Board, DPWH	421.436	Infrastructure Projects
DOE	19.332	PAMANA Project
DA	722.805	Livestock and High Value Commercial Crops
	3,238.133	Farm to Market Road
Sub-total	89,986.315	

RECOMMENDATIONS

For DSWD to:

- c) Return the unutilized MMRB fund to DILG and refrain from receiving fund transfers until conditions for such transfers have been complied with and institute measures to expedite release/distribution of grants and assistance, and implementation of projects.

For DPWH and other agencies implementing infrastructure projects, to:

- d) Thoroughly review Program of Work, properly evaluate project design and estimates including detailed engineering activities to minimize variation orders and time extensions, and resolve issues on road right of way prior to procurement process.
- e) Require project engineers/in charge to perform regular and thorough monitoring and supervision of project implementation to ensure timely execution and/or project delivery.
- f) Evaluate the capacity of the implementing agencies (IAs) both financially and technically, with the end view of determining their readiness to implement the project before transferring the fund. Reassess the capability of the existing IAs and take appropriate measures in case of difficulty of implementing the projects.

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Unimplemented/ uncompleted Projects/Programs
Bal. For.	89,986.315	
BFAR (R5 and 12)	80.000	Fish Ports
BFAR (R6)	46.667	Agri-Input Assistance to Municipal Fisherfolks and Milkfish Pond Owners/Operators affected by Typhoon Yolanda
DAR	103.174	Grassroots Participatory Budgeting (GPB) projects
PCC, R10	17.963	Construction of Bull Barn, Semen Laboratory and Road Concreting
SKSU-ACCESS Campus, R12	11.990	Construction of Entrance Gate of Academic Building
TUP	46.471	Capital outlay projects
DOF	23.473	Capacity Strengthening for the Philippine Government for Improving and Demonstrating Development Effectiveness and MFDR (Extension Period)
TOTAL	90,316.053	

4. Targets/plans of a number of agencies and SUCs were not attained or attainment not assessed, or programs/activities not implemented, hence, affecting the delivery of the needed services to its clientele/beneficiaries or the attainment of the projects' objectives. Among the causes are poor coordination and monitoring, delayed release of assistance, or failure of implementing agencies to reach targeted beneficiaries, or overstated targets, and breach of agreement/contract by the implementing agencies and beneficiaries, among others:

RECOMMENDATIONS

For the DOF to:

- g) Coordinate with the BTr for the immediate transfer of funds to the implementing agencies, to avoid difficulty in the disbursement while implementing their project's activities and observe the provisions of COA Circular No. 94-013

For the concerned agency officials to:

- a) Closely coordinate with the stakeholders and assess the capability of the SUCs and consider transferring excess allocation to other SUCs in need of additional funds.
- b) Fast track implementation by identifying the constraint and resolving the issues and strictly observing the implementing guidelines particularly on meeting the set timelines for releasing the assistance to beneficiaries or in completing the projects.

AUDIT OBSERVATIONS

Agency	Remarks
TUP	Out of 329 scholarship slots for the ESGP-PA for Academic Year 2014-2015, only 184 were enrolled for the 1st semester which was reduced to 172 in the 2nd semester due to delay in the release of grants.
PhilSCA	Out of 35 potential grantees, only 20 were enrolled in the three campuses of PhilSCA due to delay in the approval of the submitted documentation.
EARIST	Out of 94 potential grantees, only 74 applications were approved due to the absence of policy for potential student-grantees.
MPC	Out of 17 targeted slots in MPC, only 10 grantees were admitted due to delay in the release of scholarship grants.
PUP	Out of 407 target grantees in PUP, only 51 were admitted due to delay in the approval of the list of grantees.
DOLE	Payment to 11,175 beneficiaries of Special Program for the Employment of Students (SPES) in 5 regions were delayed, from 1 to 392 days, or not paid at all, contrary to the IRR of RA No. 9547 due to delay in the release of checks.
PCIEE RD	Scholarship program for Masters and Doctorate degrees granted 1,294 scholars failed to produce 472 graduates due to breach of agreement with approximately Php36.277 million benefits released, of which Php29.156 is unrecorded.
SEI	There were 999 Scholars who received benefits amounting to Php130.7 million but failed to finish their College education due to family/financial problems, poor academic performance and delayed receipt of stipend and book allowances.
DSWD	Other SEA-K beneficiaries were deprived of a start-up/capital fund due to the failure of beneficiaries to settle their accounts amounting to Php87,667,180.85 out of the Php1.078 billion, granted in CY 1994 to 2014, within two years from receipt of

RECOMMENDATIONS

- c) Install sound/close monitoring system on the actual utilization of the fund and project implementation by the concerned IAs, among others.
- d) Exhaust all legal remedies to recover the amount due from grantees resulting from breach of agreement or overdue accounts, and from defaulting contractors/service providers or beneficiaries.
- e) Provide each City/Municipality with an electronic file copy of the geohazards maps to ensure its timely deployment by the LGUs and for proper orientation on the use of such geo-hazard maps, CDs and other EIC materials to serve the intended purpose.
- f) Closely monitor and supervise the maintenance of planted seedlings in order to identify the problems and constraints in attaining the 85% survival rates and to ensure that after 10 to 15 years, the fruit trees shall bear fruits and forest trees shall cover the bare lands; and conduct replanting on sites with very low survival rates, or consider substitution/replacement of planting site, among others.
- g) Release the funds intended for the Material Recovery Facility (MRF) projects on time; undertake regular monitoring and inspection of project implementation; and ensure strict compliance with the provisions of the MOA.

AUDIT OBSERVATIONS

Agency	Remarks
	the loan under the Self-Employment Assistance - Kaunlaran (SEA-K) program Out of total 116,637 targeted beneficiaries for Social Pension for Indigent Senior Citizens (SPISC), only 60,120 (or 52 percent) claimed their pensions while 55,496 or 48 percent failed to claim their pension amounting to Php335.738 million as of 31 December 2014. Either the targets are overstated or DSWD failed to reach the targeted beneficiaries, thereby, defeating the objective of the program of alleviating the living condition of indigent senior citizens. Out of the Php4.09 billion allocation for Assistance to Individuals in Crisis Situations (AICS) of DSWD-OSEC and 16 FOs, only 37 percent or Php1.793 billion was disbursed at year end. This is despite the fact that the reported accomplishments of 486,912 exceeded the number of targeted beneficiaries of 281,079. This is another case of either over-allocation or failure to reach the poor, marginalized, vulnerable and disadvantaged individuals/ families whose normal functioning has been hampered due to difficult situations. Out of the 12,898 core shelter units targeted from 2008 to 2014 under Core Shelter Assistance Projects (CSAP) of the DSWD CO and FOs CAR, III, VI, VIII and X, only a total of 5,821 or 45 percent were completed while 6,789 were not yet completed/started; while the construction of 288 units is on-going at year-end; thus, the purpose of providing immediate shelters to family-victims who were rendered homeless by disasters is defected.
DAR	On its 3rd year of implementing the MinSAAD project, DAR had already utilized Php201.51 million or 19 percent of the total GOP of Php1.052 billion. However, physical accomplishments was only 4.58 percent representing procurement of equipment support.

RECOMMENDATIONS

- h) Closely monitor the requirements of infrastructure projects from planning to implementation and include only implementable infrastructure programs in the APP so that other equally important non-infrastructure projects can be allocated with appropriate funding.
- i) Strengthen review procedures on research proposals so that only proposals worth funding are approved; ensure that only feasible projects expected to be completed within the time frame are given allocations to ensure the efficient use of resources; and considering the magnitude of unutilized research funds for the 22 projects, revisit the project proposals to determine the areas for improvement.
- j) Prepare a more realistic and comprehensive planning and programming of projects and set attainable targets in order to avoid compromising needs and requirements.
- k) Hasten/expedite the procurement process and strictly observe timelines of implementation to avoid incurrence of high interests, commitment charges and management costs, among others.
- l) Prepare air quality management reports adopting the established performance indicators in the EMB's strategic framework; establish monitoring stations and implement feedback mechanisms.

AUDIT OBSERVATIONS

Agency	Remarks
	Only 51.41 percent of the Agrarian Reform Community Project (ARCP) II project global targets was accomplished as of year-end or for a period of five years. The project was imposed commitment fee of Php18.548 million for the year or a total commitment fees of Php33.34 million since its inception. With this pace of project implementation, 100 percent accomplishment may not be attained within the one year extension with 48.59 percent yet to be accomplished.
MGB	While Mines and Geosciences Bureau (MGB) in Regions 1, 3, 4, 6, 10 and 12 were able to attain its target as to the number of cities/municipalities to be assessed and mapped under the Geohazard Mapping and Assessment Program (GMAP) for Calendar Year 2014, only 50 percent of digitized map in Region 6 was reproduced; release of reports to intended stakeholders in Region 12 was delayed; and the utilization of Geohazard maps and IEC materials distributed to LGUs/ barangays was not monitored, hence, defeating the purpose of the program.
DENR	The plantation sites established in CY 2011 under the National Greening Program (NGP) by the Provincial Environment and Natural Resources Offices (PENROs) of Iloilo, in Region VI and PENRO Pangasinan in Region I have attained the targeted 85 percent survival rate at the end of the third year. However, 22 of the 36 plantation sites in Negros Occidental, Misamis Occidental, Benguet, Abra, Ifugao, Zamboanga del Sur, and PENRO Cagayan, inspected by the team, did not meet the 85 percent required survival rate of planted seedlings, hence, unfavorably affecting the achievement of the objectives of the NGP. Likewise, Region V did not attain the desired target survival rate of 85 percent of the seedlings/propagules planted with an average of only 79.1 percent only.

AUDIT OBSERVATIONS

Agency	Remarks
EMB	Objectives of sorting, segregation, composting, and recycling of mixed wastes through the establishment MRF in the barangays were not achieved due to non-observance with the MOA provisions, unpreparedness by LGU Partner to implement the project, delayed release of funds/construction materials, and inadequate monitoring by the bureau; hence, the intended beneficiaries were deprived of benefits that may be derived from these projects.
MUST, R10	Fifteen (15) out of 19 infrastructure projects amounting to Php111.030 million were unimplemented during the year.
USM, R12	Construction of Marang and other Agricultural Food Processing Laboratory Building amounting to Php4.826 million remains unfinished beyond its contract duration in violation of Section 68, IRR, RA No. 9184.
	Procurement of Integrated Information System Software Program amounting to Php3.5 million found not yet completed despite the lapse of times; payment of 40 percent mobilization cost contrary to RA No. 9184 and PD No. 1445.
SSCT, R13	Three infrastructure projects amounting to Php13.967 million undertaken by administration by Surigao State College of Technology (SSCT), of which two were started in CY 2008 and one in June 2014, remain unfinished as of year-end.
PSU, R5	Only 4 out of the 17 infrastructure projects were completed, thus, depriving the end-users of its timely and optimum use contrary to Section 3, Guidelines on Establishing Procurement Systems and Organizations, Volume I.
SEI	Project with Business Processing Association of the Philippines (BPAP) remained uncompleted more than one and nine months passed the original agreed completion date on 30 March 2013, with Php4 million of the total project cost of Php8 million still unliquidated, due to non-conduct of monitoring activities during the seven month period as evidenced by the absence of monitoring and field

AUDIT OBSERVATIONS

Agency	Remarks
	evaluation reports required in Section 6.1.2 of DOST AO No. 005.
WVSU, R6	Research projects not completed within the timeframe; thus, project objectives were not realized on target date. Moreover, the funds budgeted for these projects remained idle for a period of time.
PN	Planned repairs and maintenance activities of 12 out of 13 PN vessel projects costing Php211.338 million remained unaccomplished.
DOE	The attainment of the objectives of the Market Transformation Through Efficient Electric Vehicle (E-trike) Project of DOE may be adversely affected by its delayed implementation by 15 months which may result in late delivery of services and slowed down availments leading to the incurrence of huge amount of commitment charges and management fees of Php28.344 million.
EMB	Reporting by EMB-R12 on air quality management with total expenditure of Php8.66 million was inadequate due to the failure to document accomplishments based on established performance indicators.

AUDIT OBSERVATIONS

5. Unutilized NCAs/cash in bank balances, or collections or dormant accounts of NGAs and SUCs maintained in other accounts and remained unreverted to the Bureau of the Treasury (BTr) amounted to PhP21.813 billion.

Agency	Amount (in M Php)	Remarks
TUP	4.481	Unutilized NCAs
DepEd	51.561	Unutilized/lapsed NCAs
CHED	58.012	Unutilized NCAs
DOLE	40.976	Appropriation for SPES in five regions
PUP	15.069	Payroll funds transferred to current account
DENR	28.568	Unutilized NCAs withdrawn at year end
DMMMS U-R1	28.279	Unreverted NCAs
LSPU-R4A	268.403	Unused/unremitted NCAs
DOJ	136.777	Accumulated balance of Victims Compensation Fund (VCF)
PNP	2.137	Purpose already served but remained dormant for several years
PAF	3.692	Dormant funds including those for completed projects
PN	1.491	Excess amounts from completed QRF projects
PAGASA	9.848	Idle funds- DOST-GIA
PTRI	0.112	Unexpended balances of completed projects- DOST-GIA
PCAAR D, R4A	0.334	Unexpended balances of funds from NGAs for the implementation of specific programs or projects
FPRDI, R 4A	12.430	
DSWD	796.660	Trust receipts, donations, dormant and unnecessary accounts including excess training fund
ITDI	0.653	Excess trust receipts composed of completed or terminated foreign-funded projects and income from in-house training and bid documents
Sub-total	1,459.483	

RECOMMENDATIONS

For the BTr, as member of the Permanent Committee, through the National Cash Accounting Division (NCAD) to:

- a) Exercise its functions and responsibilities on the monitoring of remittances of idle/unutilized cash balances of all NGAs as required in Section 4 of Joint Circular 4-2012, and directly coordinate with the Heads of agencies, to inspect, examine and evaluate their books of accounts, in order to determine proper action to be taken.

For the concerned Agency officials to:

- b) Monitor and immediately close dormant, unauthorized and unnecessary cash-in-bank accounts and remit the balances to the BTr, including all unutilized lapsed NCAs, DAP and PDAF, or return to the grantor/donor/source agency pursuant to COA Circular No. 94-013 dated 13 December 1994, the provisions of the GAA for 2014, COA Circular Letter No. 2004-004 dated 5 October 2004 and COA-DBM-DOF Joint Circular No. 1-97 dated 02 January 1997.
- c) Refrain from transferring unutilized NCAs to the trust account and require depositing collections due to the National Treasury to trust accounts.

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Remarks
Bal For.	1,459.483	
GCGOCCs	1.672	Balance of trust receipts deposited with the Bank
NPDC	6.453	Collections not deposited with BTr
DOLE-CO, R6	19.748	Special and Trust funds maintained with depository bank
POEA	5.441	Unused/excess seminar fees maintained in a trust fund
MGB	2.798	Collection of various fees deposited under trust fund account
MinDA, R11	0.884	Unutilized Trust Funds
BSU, CAR	1.061	Receipts accruing to General Fund deposited to Trust Fund
DTI	143.769	Unremitted Cash-in-Bank, LCCA
DA	4.019	
DOLE, R5	2.781	Unutilized livelihood projects funds
PA-HQ	1.462	Interest earned and collections for the rental of lot and refund of meter deposit to the 53 rd EB
PNP	6.602	Interest earned on bank accounts
DOLE	51.412	Excess Verification fee (VF) collections
NLRC	0.030	Interest income from bank deposits
PNRI	1.634	Collection/excess income
BOC	415.392	Unremitted collections
SEC	2.473	Unremitted cash balance
MDFO	409.268	Unutilized cash from completed projects
BIR	31.004	Expired tax refund and taxes paid thru banks
	5,439.410	
DBM	0.003	Interest income from deposit
MSU-IIT	0.200	
DepED	1,153.547	Trust account maintained in AGDBs for various collections
Sub-total	9,160.546	

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Remarks
Bal. For	9,160.546	
TESDA	1,529.518	Cash transferred to LCCA bank accounts of the POs/DOs intended for training programs/projects
DOST	19.930	Four (4) local currency-current accounts with government depository bank
DOE	22.214	Collections/remittances arising from financial obligations of various energy service contractors or the Training Commitment/ Assistance Fund with AGDB
CMDF	14.890	Trust account for training fees maintained without authority from Permanent Committee
NAMRIA	1.040	Unauthorized fund transfer to Provident Fund
UPS	361.782	Unutilized PDAF balance not yet returned/refunded to BTr
EARIST	0.154	
PHILSCA	0.005	
RTU	1.700	
DOLE	5.500	
PUP	2.553	Unutilized/unreverted 2013 PDAF balance
TUP	1.500	
MMSU, R1	0.870	Unreverted to GF's unappropriated surplus
SLSU, R4A	0.250	Unreverted to the National Treasury
UPS	2,012.179	Unutilized DAP balance not yet returned/refunded to BTr
RTU	1.501	
DOLE	5.992	
PNU, NCR	36.489	Unspent DAP balance transferred by CHED for upgrading of facilities and research program
PUP, NCR	3.205	Unspent DAP balance of Php2.851 million.
TUP, NCR	0.081	Unspent DAP balance
Sub-total	13,181.899	

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Remarks
Bal. For	13,181.899	
CHED	3,204.630	Unutilized DAP balance of Php163.105 million as of 31 December 2014 out of the total funds received from DPWH, DSWD and PIDS from CYs 2011 to 2012. Of the total funds transferred to SUCs of Php3.895 billion, Php3.142 billion remained unliquidated to CHED for more than a year.
NPDC	3.330	Unused fund/balance of the fund transferred by DOT for implementation of Kilometer Zero National Monument Hardscape and Softscape Redevelopment Project
DPWH	237.500	Unused balance of funds transferred by DOT for the Roxas Boulevard Redevelopment Project
PSU, R1	1.900	Unexpended DAP funds transferred by CHED
CPSU,R6	0.017	Unused balance as of 20 November 2014 of fund transferred by CHED for the Repair of Farm Shop
DBM-GPPB	1.559	Proceeds from trainings
DepEd	84.740	Unutilized DAP funds
	155.963	Collections from various sources
NCCT	60.000	Trust receipts from PAGCOR and PCSO
DOF-OSEC	8.864	Unused special purpose funds plus interests
MDFO	512.981	Unutilized funds from completed projects
NTRC	0.038	
BOC	1,475.063	Trust receipts collected from cash bond, auction, informer's reward, negotiated sale, bid documents, Container Security Fees (CSF) and Super Green Lane, among others
Sub-total	18,928.484	

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Remarks
Bal. For.	18,928.484	
DOH-OSEC	709.755	Dormant, unnecessary, unutilized cash
Commission on Population	0.023	Dormant account
NNC	70.960	Unutilized cash/cash advance
	0.792	Bidders/performance bond, sale of bid documents
DILG-OSEC	3.038	Interest Income, sale of bid documents/ unutilized trust fund
Napolcom	6.901	Unreconciled dormant funds
	0.013	Interest income
OGCC	0.248	Unutilized trust receipts and donations
	2.126	Terminated GSIS Foreclosure Projects
Govt. Arsenal (GA)	3.015	Income/gain on disposal of scrap materials
BJMP	0.120	Interest earned on unused fund transfer
DOLE-OSEC	15.123	Donations, bidders bonds, refund of cash advance, unutilized/excess funds from seminars/ workshops
TESDA	105.893	Unutilized training funds out of regular allotment, DAP and PDAF
AFP-GHQ	61.190	Malampaya Funds transferred to COMBO account for future modernization program
	0.595	Interest on bank deposits
PA	6.299	Idle/dormant accounts since 2009
ASTI	3.692	Unexpended balance of completed projects
ICTO	38.558	Unutilized balance not returned by the TRC to the ICTO (DAP)
ITDI	0.377	Excess income from training and donation
Sub-total	19,957.202	

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Remarks
Bal. For	19,957.202	
PAGASA	1.811	Dormant/unutilized fund balances of completed projects
GAB	0.497	No authority to maintain bank accounts
	1.924	Dormant accounts
PDEA	1.833	No authority to maintain bank accounts
PhilRaCom	12.180	Unclaimed dividends from CY 2011-2013
NAP	2.652	Proceeds from conduct of seminars, bid document fees and bank interests
NAPC	29.027	Trust account balances
NCCA	1,763.016	Contributions to Endowment Fund in time deposit
NCIP	10.810	Unutilized/idle project funds
PBS	0.891	Trust account due from retention money and previous year's sale of bid documents
BBS	0.195	Dormant cash-in-bank balance
Office of the Ombudsman	0.538	Dormant bidders/performance bond
Pangasinan SU	25.757	Unused NCAs
Southern Luzon SU,	1.014	Unused PDAF
Sorsogon State College	0.028	
University of Antique	1.215	
WVSU-MC	2.415	
NOSU	0.087	Dormant account
JRMSU-Siocon	0.012	Refund of cash advance
TOTAL	21,813.104	

AUDIT OBSERVATIONS

6. The sustainability and usefulness of a number of projects are not assured due to non-provision of maintenance fund, absence of feasibility studies, problematic accounts, defective equipment, impaired health facilities and inadequate monitoring, among others.

Project	Reason
STARBOOKS of the Science and Technology Information Institute (STII)	Non-provision of funds for maintenance of the kiosks and constant updating of the contents to make it continuously useful and relevant to students. Kiosks were also installed in provinces that do not fall within the targeted 10 poorest provinces of the country as recommended in the approved project proposal. Finally, the status/ condition of software/kiosks is not monitored; thus, effectiveness and efficiency cannot be assessed.
ADMATEL of Industrial Technology Development Institute (ITDI)	Only 20 percent of the targeted 252 members of Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI) availed of the services of ADMATEL which costs the government Php415 million. SEIPI is the largest semi-conductor and electronics industry association in the country. The Agency failed to conduct a pre-study on the number of the semi-conductor and electronics companies in the country interested in availing ADMATEL services, including the cost of maintaining the facility. Thus, income generated therefrom of Php3.980 million during CYs 2013 to 2014 were not sufficient to meet operating expenses incurred for the same period of Php33.163 million.

RECOMMENDATIONS

For the concerned Agency officials to:

- a) Allocate funds for the maintenance of projects to ensure their efficient and continuous utilization;
- b) Design a monitoring mechanism which will enable the gathering of necessary data to be used as inputs and basis for instituting policy changes and assessing program implementation, in addition to the requirement of regularly submitting accomplishment/progress reports.
- c) Conduct feasibility study before undertaking any project in order to ensure its feasibility and avoid wastage of public funds.

AUDIT OBSERVATIONS

Project	Reason
SET-UP (DOST)	Financial assistance from 2010 to 2014 to 87 proponents in DOST, Region IV-B amounting to Php32.291 million need to be refunded by beneficiaries primarily due to failure of their businesses. Equipment in DOST, Region VI amounting to Php79.93 million was not fully accounted in view of the absence of records on ownership and utilization. Recovery of problematic accounts amounting to Php5.78 million was initiated by the agency.
HFEP (DOH)	Medical equipment of DOH Central and Regional Offices and Retained Hospitals amounting to Php302.910 million remained unutilized for about 1 to 3 years due to the following: a) uncompleted or non-operational health facilities b) oversupply/over-distribution/excessive allocation c) uninstalled/undistributed equipment d) lack of trained operators e) no supply of reagents f) defective equipment g) equipment not received by the intended health facilities/hospitals.
PEEP (DOE)	Inadequate monitoring of PEEP with a total project cost of Php2.116 billion by the executing agency and non-submission of reports on actual savings in electricity by most of its Project Proponents/Partner.
ACEF (DA)	Inadequate monitoring as manifested below: a) Low collection rate of 16.02 percent or Php849.884 million, out of the Php5.305 billion due and demandable amount; b) 18 ACEF projects already non-operational and non-existing with total outstanding balance of Php285.067 and eight losing/bankrupt proponents with outstanding loan of Php146.169 million; c) non-payment of outstanding arrearages amounting to Php275.294 million of 23 proponents with profitable operations;

RECOMMENDATIONS

- d) Devise strategies to intensify and ensure collection of loans or refund from beneficiaries. Review the policy guidelines especially on delinquent beneficiaries and institute measures including blacklisting of beneficiaries from other loans.
- e) Account for all SETUP equipment, fully paid or not, and render report indicating its existence, ownership and proper utilization. Recover the equipment with terminated projects to safeguard government funds against loss or wastage.
- f) Regularly monitor the efficient utilization of funds released to beneficiaries to ensure the effectiveness of project implementation by readily addressing problems of the beneficiaries, and proposing alternative courses of actions.
- g) Enter into a MOA or equivalent agreement with the end-user stipulating therein, among others, their responsibility/ies in ensuring that the equipment distributed to them will be made operational and used according to their purpose. Redistribute excess equipment allocated to beneficiaries to other beneficiaries in need and provide assistance and training in the installation and use of equipment.

AUDIT OBSERVATIONS

Project	Reason
	d) non-implementation of sanctions provided in the Loan Agreement/Contract on the charging of penalty of 24 percent per annum on loans outstanding; and lack of legal and/or remedial measures to secure the loans from the defaulting proponents; e) grant of Php59.2 million loan to different proponents with same owner; and f) uncertain recovery of a Php1 billion loan granted to QUEDANCOR since Php534.59 million or 53.46 percent still remained outstanding even after completion of the project in 2010.
FMR (DA)	Ineffective Farm-to-Market Road Network Planning and Monitoring Services with an allocation of Php150 million due to non-hiring of third party agencies, entities or organizations. Moreover, the project fund in DA RFU II was utilized for other projects/programs contrary to the purpose of the fund.
CSF (DAR)	Procured equipment not needed as assessed in the study and failure to provide sufficient trainings to beneficiaries on the operation of the modern farm machinery; Deliveries of some equipment were also delayed but liquidated damages/penalties were not fully imposed.

RECOMMENDATIONS

7. The management of Disaster Risk Reduction Program by the DSWD needs improvement to be considered responsive to the needs of the victims/identified beneficiaries; thus, despite availability of resources, the desired results were not attained. The existing conditions are as follows:

- a) Unutilized local and foreign donations deposited in DSWD bank accounts amounting to Php382.078 million.

For the concerned Agency officials to:

- a) Fast track the implementation of the much needed projects to assist the victims. In the meantime, remit the unutilized fund to the National Treasury and request the release of fund as needed;
- b) Fast track the distribution of the remaining relief goods especially food items soon to expire to avoid total

AUDIT OBSERVATIONS

- b) Undistributed and expired or about to expire relief goods amounting to Php141.084 million.
- c) Construction of the Pilot Evacuation Center cum Multi-Purpose Center remained uncompleted as of year-end due to delayed release of funds by DSWD FO V to LGUs and non-compliance with laws and conditions.

8. Implementation of Pantawid Pamilyang Pilipino Program (4Ps), under the SWDRP and SPSP, needs continuous monitoring and improvement to ensure efficient fund utilization and timely delivery of assistance to rightful beneficiaries. The recurring deficiencies noted are as follows:

- a) Inaccurate database of beneficiaries;
- b) Delayed action or resolution of issues on non-payment to beneficiaries;
- c) Continuous release of assistance to beneficiaries who are non-compliant with health and education conditions;
- d) Payment of grants thru Over-the-Counter (OTC) to a number of beneficiaries when other beneficiaries from the same place were paid thru Cash Card (CC) resulting in additional bank service fees of Php214.022 million.

RECOMMENDATIONS

waste of government funds; and immediately transfer the relief food items to other storage area suitable for storing perishable goods in order to avoid untimely deterioration and spoilage.

- c) Demand submission by the partner LGU of monthly report of fund utilization and status of implementation of the Pilot Evacuation Center cum Multi-Purpose Center.

For the concerned DSWD officials to:

- a) Coordinate and synchronize the beneficiaries' updates/changes and consider the deletion of validated duplicate/multiple entries in both the 4Ps and the NHTS-PR databases to minimize or prevent excessive payroll funding on account of multiple entries and the shared lists of duplicates to various stakeholders.
- b) Intensify the validation of reasons for non-payment of grants, require prompt reporting on the results of validation for synchronized updating of and deletion of duplicates in the 4Ps and NHTS-PR databases and immediately return to BTr any excess fund.
- c) Limit payment of grants thru OTC in areas where there are no available ATM facilities, and consider payment of grants directly to the beneficiaries where CC/ATM facilities are available to save on bank service charges and other administrative costs on the monitoring and reporting of grants distributed OTC.

AUDIT OBSERVATIONS

9. The implementation of projects under the Kapit-bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project intended to improve the responsiveness of local governments to community needs, encourage communities to engage in development activities and deliver benefits to barangay residents through individual sub-projects (SPs) was delayed as shown below:

- a) Forty-seven out of 77 municipalities failed to meet the committed share of 30 percent of the costs of KC-SPs.
- b) Out of 1,404 prioritized Sub-projects amounting to Php1.319 billion, only 470, or 33.47 percent were completed with 51 SPs amounting to Php58.44 million either non-functional or with various types of deficiencies/defects; thus, access to basic social services, infrastructures and other benefits due the communities is limited.

RECOMMENDATIONS

For the concerned DSWD officials to:

- a) Verify Municipalities not complying with the 30 percent LCC requirement and impose sanctions in case of Municipalities continuous failure to comply with the MOA provisions.
- b) Fast track project completion and correction of defects/deficiencies. Adopt measures and institute feedback mechanism system including close coordination with the project beneficiaries to address issues and concerns which hinder the timely completion of projects.

AUDIT OBSERVATIONS

10. Transactions amounting to Php77,751.082 million may be considered non-compliant with existing laws, rules and regulations which may result to waste of government resources.

Agency	Amount in M Php)	Nature
DA	39.004	The status of the implementation of the projects funded by loans, recorded as Loans Receivables under Fund 102, cannot be verified due to absence of monitoring or accomplishment reports. Confirmation with the Cooperative Development Authority (CDA), both of Manila and Quezon City Branches, revealed that three loan recipient cooperatives were not registered with the CDA; hence, considered non-existing or without legal personality as cooperative at the time of grant of the loans.
	11.662	Funds transferred to Non-Governmental Organizations (NGOs)/ People's Organizations (POs) remained unliquidated and NGOs/POs have no office/business or no longer active at the time of ocular inspection/validation by the Team.
DOH	6.851	Drugs and medicines acquired in current and prior years, have either expired or remained unutilized due to lack of proper planning, monitoring and control on utilization/distribution.
PNP	122.350	Lots occupied by the Philippine National Police (PNP) under investments remained untitled putting such investments at risk.
Sub-Total	179.867	

RECOMMENDATIONS

For the concerned Agency officials to:

- a) Hold management officials and personnel who allowed, approved and released funds to the three cooperatives and NGOs with questionable legal and physical existence responsible and liable.
- b) Direct Heads/Chiefs of Bureau and Hospitals to fast track the distribution of drugs and medicines to intended beneficiaries; maintain only adequate inventory stock levels to avoid overstocking and implement the First In-First Out method; and Property and Supply Head to follow-up the replacement of some of the expired supplies from the suppliers concerned.
- c) Direct the concerned officials of PNP Police Regional Office (PRO) 7 to facilitate and fast tract the submission of necessary documents to the appropriate office for the titling of the land and/or adjudication of right to occupy to preclude future claimants.
- d) Comply with the monitoring, reporting and evaluation requirements of the program as prescribed under DOLE Department Order No. 137-14, series of 2014, as amended, and as provided in the Memorandum of Understanding (MOU). (DOLE, R2 NEGOTIATED LIVELIHOOD)

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Nature
Bal. For	179.867	
DOLE	1.325	Livelihood assistance granted to ambulant vendors from various LGUs in Region II for NEGO KART Livelihood Project exceeded the authorized amount of Php4.3 million prescribed under Sections 7(B) and 6(H) of DOLE Department Order No. 137-14, series of 2014, by Php1.325 million due to inclusion of the 20 percent equity of the projects' beneficiaries.
DPWH	26.100	Technical and other deficiencies were noted in the implementation of various DPWH projects which if not rectified by the concerned contractors may result in loss or wastage of government resources.
MPSPC CAR	0.156	Payments from Special Trust Fund (STF) of regular expenses which should have been charged against regular Fund of SUCs, including honaria.
HSU, CAR	2.626	
DMMM SU, R1	2.103	
ISU, R2	2.603	
ISCOF, R6	0.276	
MSU- IIT, R10	24.130	
MSU- Naawan, R10	0.458	Payment of Fund 161 prior years' obligations using the STF
DBM	77,284.00	Transfer of DBM Administered Funds to local government units (LGUs) and other government agencies not supported with the required documents
DOJ- OSEC	110.651	Victims Compensation Fund – trust receipts utilized not for the intended purpose
Sub-Total	77,634.295	

RECOMMENDATIONS

- e) Direct the concerned contractor to immediately rectify or institute necessary repair to correct the defects noted in the contracts review and inspection, and return all items required for turn-over; otherwise, recover the cost of the deficiencies from any money due the contractor or require the contractor to refund the same. (DPWH)
- f) Require the contractor to address/rectify the deficiencies noted and withhold payment, if necessary, until the same are resolved.
- g) Strictly adhere with CHED Memorandum Order No. 20, series of 2011, on the proper utilization of Special Trust Fund (Fund 164), otherwise, said expenditure shall be disallowed in audit. Refrain from charging regular expenses to Fund 164.
- h) Ensure complete documentation of all transactions.
- i) Submit explanations for awarding contracts to providers with revoked SEC registration.
- j) Ensure that in the future, contracts for subscription for connectivity shall be made directly with the telecommunication companies.

AUDIT OBSERVATIONS

Agency	Amount (in M Php)	Nature
Bal. For	77,634.295	
CPSU, Region 6	3.227	Funds transferred by CHED for the Repair of Farm Shop, was utilized for the Construction of Engineering Laboratory Shop Building
BIR	45.674	Contract for janitorial and manpower services was entered into with Care Best International, Inc., a company which could be considered without legal personality by reason of a revoked registration with the Securities and Exchange Commission.
	59.250	Deficiencies in the Mobile Revenue Collection Officers Systems (MRCOS) could have been avoided had procurement of Systems Development component been separately undertaken with Consulting Services
	7.385	Failure of Contractor to provide full connectivity services to 924 users or about 56 percent of the 1,660 assigned BIR users of the system under the component Subscription for Unlimited Wireless Data Connectivity affecting the attainment of the project's objective
	1.251	Overstated project contract cost
TOTAL	77,751.082	

RECOMMENDATIONS

- k) Be more critical and circumspect in determining the type of procurement to be applied taking into consideration the nature of the undertaking and the provisions of the Revised IRR of RA No. 9184 so as not to put government funds at risk;
- l) Strictly adhere to the conditions set in the Memorandum of Agreement by ensuring that funds are utilized only for the purpose intended pursuant to Presidential Decree No. 1445 and return the unutilized amount of Php16,898.20 to CHED. (CPSU)
- m) Refund the honoraria paid to unqualified officials and employees and return the same to CHED. (MSU-IIT)

AUDIT OBSERVATIONS

11. A number of agencies were not observing certain laws, rules and regulations defeating the purpose for which such laws were promulgated and issued, some of which may even result in wastage of government resources.

Condition	Laws/rules violated	No of Agencies	Amount (in M Php)
Non-submission of year-end/ monthly financial reports, disbursement vouchers (DVs), Official Receipts, among others	PD No. 1445 and COA issuances, COA-DBM Joint Cir. No. 2014-1,	49	No amount stated
Advance payments to Central Bank - Board of Liquidators (CB-BOL) creditors out of Foreign Currency Deposits of BTr instead of from proceeds of Php220 Billion securities deposited with BSP.	MOA between the NG and BSP dated 15 December 1993	1	279.303
Non compliance with Senior Citizens and Differently-Abled Persons provisions	RA No. 10633, DBM-DSWD Joint Circular No. 2003-01	12	No amount stated
Non-Compliance with GAD Provisions	GAA FY 2014,PCW/ NEDA/ DBM Joint Circular No. 2012-01	53	No amount stated
Non Compliance with provisions on withholding taxes and timely remittance to BIR	NIRC, EO No. 651, Revenue Regulations	15	14.874
Unreconciled/ unremitted GSIS contributions	RA No. 8291 or GSIS Act of 1997	3	1.150
Unsettled Disallowances/ Suspension	RRSA under COA Circular No. 2009-006	15	206.751
Unreleased 20 percent LGU share from Fire Code Fees	RA No. 9514 or Fire Code of the Philippines of 2008	1	949.482

RECOMMENDATIONS

Require the concerned Agency officials to:

- a) Strictly comply with the reglementary period of submission of the required reports and compliance with the GAA provisions, COA issuances, GSIS regulations, DOF and BIR issuances, GAD, Senior Citizens and Differently-Abled Persons, and other pertinent laws and regulations
- b) Expedite the release of the 20 percent share of the LGUs for the exclusive used of BFP's operation and maintenance of the local fire stations, including construction and repair of fire trucks.
- c) Coordinate with CB-BOL and BSP and demand for the settlement of the advances made to CB-BOL creditors amounting to Php279.303 billion; and inform the Department of Finance (DOF) of the settlement of CB-BOL Liabilities to outside creditors and recommend stoppage of the roll-over of CB-BOL Securities.
- d) Require concerned DepEd offices to strengthen the procurement system by strictly observing the existing rules and regulations prescribed in the Revised IRR of RA No. 9184, exercise diligent monitoring of project implementation to ensure regularity and timeliness of procurement of all projects, and to submit the complete supporting documents to COA.

AUDIT OBSERVATIONS

Condition	Laws/rules violated	No of Agencies	Amount (in M Php)
Inconsistent documentation on 15 school buildings (SBs) and non-imposition of liquidated damages to projects with delayed completion.	RA 9184 and COA issuances	1	29.199
Equipment pledged by contractor in three contracts were the same.		1	34.362
Procurement documents not attached to the DV.		2	43.287
Unliquidated fund transfer from DOT for DAP projects by DPWH	COA Circular 94-013	1	1,204.340
Unliquidated fund transfer from DOE for DAP/PDAF electrification projects by 52 Barangay Local Government Units (BLGUs)		1	6.108
Unliquidated DAP/PDAF projects by MSUIIT R10 to CHED		1	167.000
Failure of PS to serve client agency requirements	MOA	1	11,452.000
Failure of DBM RO IX to monitor the validation and confirmation made by the Authorized Government Servicing Bank (AGSB) on disbursements made for fund transfers to LGUs resulting in the untimely credit to the account of the LGUs.	DOF DBM Joint Circular No. 2013.-1 dated September 16, 2013	1	2.458
Uncollected loans by CDA granted to cooperatives for more than 10 years due to failure to enforce applicable remedies and sanctions	CDA Policies and Procedures on Lending and Loan Agreement	1	129.992
Reissuance by DBM of PDAF Notices of Cash Allocation prior to an issuance by Supreme Court (SC) denying, for lack of merit, DBM's prayer to allow reissuance of lapsed or unutilized NCAs prior to promulgation of SC's Decision	Supreme Court ruling	1	15.000

RECOMMENDATIONS

e) Make representations with the concerned DPWH officials and MSUIIT to expedite project implementation and full liquidation of the amount transferred.

f) Demand the submission of liquidation papers from the BLGUs and MSCI-II F and refund of any unused balance of the fund transfers for completed projects.

For the PS to:

g) Refund client-agency payables pertaining to prior years and require the submission of APP-CSEs for proper projection of inventory requirements and scheduling of procurement activities; and maintain sufficient quantities of common-use supplies and materials to serve the requirements of its clientele.

For the CDA to:

h) Immediately demand full payment of long outstanding loan balances from cooperatives, including corresponding interest, penalties and surcharges and institute legal remedies against delinquent foundation/cooperative, like foreclosure of the collateral as provided for in the CDA Policies and Procedures on Lending and the Loan Agreement signed by both parties; evaluate the status of the outstanding obligations and determine its collectability and take appropriate action thereon.

RECOMMENDATIONS

For the DBM to:

- i) Monitor the bank's debit advices and/or validation on funds transferred to LGUs and see to it that these are debited to the account of RO IX or credited to the account of the LGU within 24 hours for online branches and 48 hours for non-online branches from the value date of ADA; notify the MDS-AGSB concerned of the untimely posting of fund transfer to the account of LGUs and remind them to comply with the DOF DBM Joint Circular 2013-1 dated 16 September 2013.
- j) Management confirmed the discontinuance of reissuance of NCAs to government agencies implementing PDAF projects with lapsed NCAs.

9.5 Consolidated Common Audit Observations Affecting the Fair Presentation of Financial Statements for Calendar Year 2014 of National Government Agencies discussed in the Annual Audit Reports

9.5.1 Cash

Cash account balances in a number of agencies are unreliable or inaccurate due to erroneous recording or unaccounted/unrecorded variance, or payments thru banks, or delayed/non-submission/absence of pertinent documents or non-compliance with existing laws, rules and regulations or deviations from the required accounting procedures; thus, exposing government funds to misappropriation, possible misuse and losses.

9.5.1.1 Cash shortages due to misappropriations, unremitted collections and alleged robbery incident of 52 SDOs or Accountable Officers in six agencies amounted to Php106.650 million.

Agency	No. of AOs	Amount (in M Php)	Reason
CSU, Region 13	1	1.680	Failed to restate the amount misappropriated
AFCES-Bonifacio Naval Station	1	2.322	Due to an alleged robbery incident on 17 November 2014
CHED	1	0.005	Shortage in collections
BIR (RCOs/RROs 1,4,6,7)	35	27.494	Unremitted collection of retired, dropped or dismissed employees
BOC	10	71.765	Unsettled cash shortage
NBI	4	3.384	Misappropriated collections
Total	52	106.650	

9.5.1.2 Collections of 82 AOs of 13 agencies amounting to Php41.164 million were not deposited intact showing lapses/weaknesses in internal control.

Agency	No. of AOs	Amount (in M Php)	Reason
PNP- PRO 4B	1	0.226	Delays in deposit ranged from 2 to 15 days
CHED, RO XII	1	1.241	Delay in deposits ranged from 1 day to 48 days
DOTC	No data available	8.357	Daily deposits not intact
LTO	19	1.971	
POLO, POEA	23	0.178	Daily deposits not intact due to outright utilization of collections
BOC	1	0.358	Daily deposits not intact
DBM	1	0.081	
RSUs, R4B	8	16.198	Daily deposits not regular and intact
PSU, R4B	25	4.166	Daily deposits not intact

Agency	No. of AOs	Amount (in M Php)	Reason
SSC, R7	1	3.572	Undeposited collection
SDSSU, R13	1	4.439	Collections not deposited intact and promptly
SSCT, R13	1	0.377	Collections not deposited intact
Total	82	41.164	

- 9.5.1.3 Unrecorded collections, bank accounts, bank deposits as well as check disbursements due to absence of designated officers for abolished agencies, inadequate review of Official Receipts (ORs), payments thru banks, delayed preparation of Bank Reconciliation Statements (BRS), non-submission by Cashier of necessary documents to the Accountant, among others, in 30 agencies amounted to Php381.924 million.

Agency	Amount (in M Php)	Reason
OP	40.604	Unrecorded collections from LGU loans from CYs 2011 to 2014, funded out of Economic Support Fund (ESF) of Php32.61 million due to the absence of a designated office to administer the fund upon abolition of the Office of the External Affairs (OEA) pursuant to EO No. 18 dated 9 December 2010.
	7.994	Unrecorded credit memo of OEA charged against the LBP, Current Account No. 3092-1003-58 due to its abolition
BSU, R4A	0.107	Under recording of collections due to inadequate review of ORs against the Abstract of Daily Collections
DepEd	39.183	Unrecorded collections due to non-adherence to laws, rules and regulations
DTI	7.935	Unrecorded collections thru Gcash and BancNet in CY 2014 due to non-submission of Report of Collections and Deposits (RCDs) to Accounting
TUP	0.368	Unrecorded foreign currency adjustment due to failure to book-up reconciling items/delayed preparation of BRS
	13.883	Unrecorded tuition fees/school charges paid thru the bank due to delayed preparation of BRS
PA	3.485	Unrecorded collections mainly due to direct deposits to PATRF Account of HPA with Land Bank
DOLE	17.523	Unrecorded trust receipts –Social Amelioration Program (SAP) Funds due to non-compliance with Item No. 3 of RA No. 10633
PNP-PRO R4A,PRP4 B, PRO6	82.881	Unrecorded/undeposited collections of funds from PCSO small town lottery (STL) due to failure to strictly implement PNP Memorandum Circular No. 2011-002 and monitor the monthly remittances
DENR	0.457	Unrecorded Cash-in-bank due to: a) absence of documents; b) non-recognition in the books of three bank accounts of DTI-CO;
DTI	4.941	

Agency	Amount (in M Php)	Reason
DA	1.662	c) unrecorded book reconciling items; and d) failure of the University to instruct the campus to transfer the fund balances to PSU bank accounts.
PSU, R4B	0.972	
NORSU, R7	3.428	Unrecorded three bank depository accounts were not taken up in the books
EMB	0.298	Unrecorded bank account due to non-preparation/submission of financial statements of FAP (GRANT)
PUP	0.263	Unrecorded prior years' deposits still under review by the Accounting Department
DOST	0.200	Unrecorded deposit due to erroneous recording and adjustment of transactions
WPU, R4B	0.085	Unrecorded cash deposits due to failure of the Accounting Office to trace/identify the source/s or the external campuses that made the deposit
	0.041	Unrecorded check disbursements due to non-submission of DVs and supporting documents by the Cashier.
CNU, R7	0.216	Unrecorded deposits
NMIS	10.092	Unrecorded collections and deposits due to late submission of Cash Receipt Registrar (CRR) by Accountable Officers of Regional Field Officers
PCGG	1.414	Unrecorded bank deposits representing revenues from the sequestered Tacloban property due to circuitous process and absence of policy on the frequency of remittance to BTr
OGCC	0.382	Unrecorded dollar deposit amounting to US\$ 8,520.41, at exchange rate of Php44.7795/\$1 due to unawareness of the Accountant and Cashier of the existence of the dollar account
CWC	0.363	Unrecorded NCA due to failure to book-up transaction
BIR	0.080	Unrecorded bank balance of foreign currency account amounting to USD1,797.68 or Php80,207.09 opened in 20 June 2003 for IDF grant, which was confirmed by the bank, due to absence of documents.
PCSDS, R4B	0.618	Unrecorded check disbursements for CYs 2013 and 2014 due to delay in the submission of RCI supported with DVs by PCSDS Manila Satellite Office (MSO) and BRS
CPSC, R10	0.035	Expense debited twice in bank due to double issuance of Automatic Debit Advice (ADA)
BOC	110.716	Unrecorded settlement of escrow account due to lack of documents provided to the Accounting
DOE	5.562	Unrecorded fund transfers to LGU
DMMMSU R1	2.889	Uncancelled stale checks, unrecorded bank charges/erroneous remained as reconciling items, and non-maintenance of SLs
TC	1.406	Non-closure of Cash, Treasury/Agency Deposit, Regular carrying amount to Accumulated Surplus
DPWH-OSEC	10.132	Unrecorded advance payment for the GOP counterpart of infrastructure project
	0.046	Unrecorded various disbursements and bank charges
DPWH	11.663	Unrecorded interest earned, disbursements, stale

Agency	Amount (in M Php)	Reason
		checks and dormant cash-in-bank
Total	381.924	

9.5.1.4 Unaccounted/unreconciled variances between book and bank balances and/or Accounting and Cashier's records, unsupported bank withdrawals as well as unidentified bank deposits, among others, in the aggregate amount of Php1,274.098 million in 24 agencies.

Agency	Amount (in M Php)	Reason
PN	81.831	Unaccounted discrepancy between the book and bank balances due to, among others: a) unrecorded PN disbursements and undeposited checks covering fund transfer from MDS to IPMS-LCCA account; b) absence of documents (PA); c) non-preparation/update of SLs; d) non-submission of ATSP revolving fund accounting reports/ transactions and supporting documents; e) unidentified or unrecorded reconciling items in the BRS; f) non-preparation/submission of BRSs for CY 2014.
PA	0.040	
NLRC	10.865	
NWRB	1.964	
BFAR	10.695	
NMIS	6.791	
DENR	2.287	
DAR	239.709	
BSU, CAR	0.898	Balance of combo account with no account number and depository bank; carried in the books since 1998
PA	0.166	
DOT	158.571	
NPDC	1.654	
DOTC	1.746	Unreconciled differences between the General Ledger and Subsidiary Ledger balances and the book and bank balances due to failure of the Accountant to maintain complete and updated SLs and AOs to submit bank statements/cashbook; missing/unlocated records, unavailability of BRS.
DPWH	0.774	
PN-Hqtrs.	0.212	
TUP	0.210	Unaccounted/unsubstantiated reconciling items carried over from previous years representing the difference between Accounting and Cash records
PCGG	113.616	
DSWD	0.673	Unsupported withdrawals from PNB of \$2.541 million in 2014 due to absence of documentations; subject of audit observation in CYs 2007, 2010, 2011 and 2013 AARs
PSRTI	1.048	Undocumented/unidentified cash balances due to delayed/non-preparation of BRS
CDA	41.274	Unidentified bank deposits that cannot be traced in accounting records
DOH, NCR, QMMC, WVS,	33.213	Undocumented/unreconciled bank balance due to inadequacy of supporting documents/records to support existence of Cash-in-Bank, Local Currency Time Deposit
DOH (ROs/ Retained Hospitals)	122.157	Undocumented/unreconciled bank balance due to over-recording of deposits and disbursements
Cavite SU,	304.459	Undocumented/unreconciled bank balance due to over-recording of deposits and disbursements
		Unreconciled accounting and the accountable

Agency	Amount (in M Php)	Reason
R4A		officer's records due to absence of reconciliation
SSCT, R13	0.702	Unreconciled difference between the reported Cash- Collecting Officer and Cash Receipts Record due to conversion from manual to computerized system
DENR	1.704	Transfer of cash balances from completed foreign-assisted project to the general fund without actual cash back-up
PHIVOLCS	0.090	Unaccounted difference from the bank records due to absence of supporting documents of closed PNB checking account
BIR	136.749	Balance per books which has zero bank balance
Total	1,274.098	

9.5.1.5 Erroneous/incorrect recording of cash transactions in 33 agencies amounting to Php198.608 million and (Php 0.609) million.

Agency	Amount (in M Php)	Reason
DOH-NCR	19.013	Errors/omission in recording collections
SLH (NCR)		
EAMC (NCR)		
FDA (NCR)		
FNLGHTC (CAR)		
BMC-V		
DOH-VI		
MCS-IX		
APMC-X		
SPMC-XI		
PTRI	0.088	Unrecorded payment and errors in recording custom duties and taxes
CWC	2.335	Erroneous entries in fund transfer from UNICEF made by the OIC Accountant; refunded to UNICEF on December 2014
DSWD	74.028	Misclassification of accounts, non-restoration of unreleased checks as at 31 December 2014, and delayed/non-preparation of BRS
DPWH	7.357	
DENR	(0.609)	Various errors in accounting entries
BOI	3.964	Errors in recording of unutilized NCA, disbursements and unreleased checks
DA	1.235	Erroneous recording of remittances to BTr under the Cash Treasury/Agency Deposit account
NPDC	0.082	Erroneous recording of check disbursements under Cash-Collecting Officer instead of Trust Liability account and adjusting entry and unrecorded interest income and bank charges
TUP	3.452	Erroneous recording of credit memo, JEV without supporting documents and reconciling item
PUP	3.298	Erroneous reclassification of cash balance of the payroll bank account to Advances for Payroll
PNU	7.389	Erroneous recording of stale checks and interest income and failure of Accountant to record debit/credit memos

Agency	Amount (in M Php)	Reason
NLRC	1.834	Erroneous recordings due to failure to reconcile cash receipts records with subsidiary and general ledgers
POEA	1.566	Recording of expenses for fund transfers even before the receipt of covering Reports of Disbursements
BWSC	0.484	Error in reporting/recording of lien remittances due to inadvertent interchanging of recording of remittances to the individual SLs
VMC	0.015	Erroneous deposit of CA refund to payroll fund instead of BTr account
	6.769	Erroneous deposit of revenues from 2007 to 2008 to the bank account for Payroll Fund; thus, remained unutilized/idle for a period of more than seven years.
DOJ	7.401	Erroneous recording to Advances for Operating Expenses instead of Advances to Special Disbursing Officer
PA	1.150	Erroneous withdrawal from Cash-MDS instead of Cash-in-Bank, LCCA
RSU, R4B	0.008	Erroneous recording of collections due to difference in total amounts of ORs and RCD
CNU, R7	3.058	Refunds on excess cash advances from GF and Miscellaneous Fund recorded in Special Trust Fund
USM, R12	5.159	Non-reclassification of cash shortages from Cash-Collecting Officer to Due from Officers and Employees account
CCSPC, R12	39.400	Collections of Php39.4 million for Trust Fund treated as direct deposit to Cash-in-Bank, LCCA instead of Cash –Collecting Officer; while collections for Laboratory HS and IGPs of Php1.982 million and Php2.938 million taken up in the books of accounts at year-end resulting to improper reporting/keeping of accounts.
SSCT, Region 13	4.620	Erroneous entries on unutilized Cash-MDS balance at the end of each month
OP	4.903	Erroneous entries in recording deposits of collection of other service income with BTr
TOTAL	198.608	

9.5.1.6 Cash accounts of six agencies included dormant, idle or inactive accounts amounting to Php655.790 million which remained for as long as 26 years:

Agency	Amount (in M Php)	Reason
PN	165.896	Absence/inadequacy of records
PN	63.870	Non-closure of old IPMS account/non-remittance of balance to BTr
NLRC	0.099	Excess judgment awards, appeal/cash bonds, garnished sum, sheriff's fee and others of similar nature dormant for 20 to 26 years not claimed by winning party
PAGASA	1.811	Unexpended balances of project funds dormant over five years due to unavailability of MOA;

Agency	Amount (in M Php)	Reason
		hence, pertinent data cannot be verified.
DOTC	0.233	Accounts of Mindanao Railway PO project completed in 2008 and New Iloilo Airport Devt. Project under expropriation case and amount intended for issuance to claimant upon DOJ's decision.
EMB	1.008	Reconciliation and gathering of documentary requirements prior to remittance to the BTr
BIR	422.873	Lodged in the SL as reconciling items to facilitate conversion from OGAS to e-NGAS
Total	655.790	

9.5.1.7 Other practices of a number of agencies which affected the reliability of cash balance such as:

Practice	No. of Agencies	Amount (in M Php)
Unliquidated cash advances of Cash-Disbursing Officers for Payroll Fund or Petty Cash Fund granted at year-end which is not consistent with the provisions of PD No. 1445 and COA Circular No. 97-002.	5	35.611
Unrestored stale checks at year-end.	16	60.534
Unreleased checks at year-end	29	635.036
Failed to prepare the monthly Bank Reconciliation Statements	22	
Failed to take up the necessary reconciling items	26	108.492
Collecting Officers/Accountable Officers which has total accountabilities of Php26.842 million, were not covered by fidelity bond or the amount of bond were not in accordance with the provisions of Treasury Circular No. 02-2009 dated 06 August 2009, Revised Schedule of Premium Rates, Section 101, PD No. 1445 and Section 66, GAAM, Volume I	8	26.842

9.5.1.8 Requirements on the issuance of Official Receipts not observed by three agencies contrary to Section 72, GAAM, Volume I and PD No. 1445.

Agency	Amount (in M Php)	Remarks
MSU-LNAC, Region 10	0.265	Issued temporary receipts to acknowledge receipt of some school fees by department faculty members who were allowed to collect
CNU, Region 7	0.026	Confirmed payments of Licensure Examination for Teachers Review fees were not issued with appropriate ORs nor remitted to the Cashier
PDEA	0.363	Non-issuance of receipt and non-deposit of collections covering appeals bond
SSC, Region 7	3.572	Undeposited collection
Total	4.226	

9.5.1.9 Grant and utilization of Petty Cash Fund (PCF)/cash advance in five agencies not compliant with Section 39, MNGAS, Volume I and COA Cir. No. 97-002.

Agency	Amount (in M Php)	Remarks
CSC, Region 13	0.323	Used to pay various regular and recurring expenses
PTTC	0.100	Amount granted in excess of the monthly recurring expenses
IPOPHL	0.050	
DOJ	0.100	Amount granted not replenished during the year
BFP	10.368	Cash advances granted to SDOs in Region 3 and NCR for payment of expenditure that could have been paid directly to the supplier/contractor
Total	10.941	

9.5.1.10 The Cash Flow Statement of PSRTI as of 31 December 2014 is unreliable because of inconsistencies such as lapsed NCA for MDS-Trust of Php25.742 million which formed part of the Cash, Treasury Agency Deposit –Trust in the Balance Sheet was recognized as cash outflow.

Recommendations

9.5.1.11 Require concerned officials to:

- Conduct investigation in cases of cash shortages or failure to deposit collections daily intact, or non-compliance with the requirements of existing laws, rules and regulations, including COA Circular No. 97-002 on the grant, utilization and liquidation of cash advances; impose appropriate administrative/legal sanctions, including but not limited to restitution of misappropriated or undeposited government funds and/or withholding payment of salary until such time that the missing fund or unliquidated cash advance is restituted;
- Install/ implement a sound system of internal control to avoid incurrance of similar incidents. Closely monitor and supervise prompt remittance and deposit of collections, and prompt and regular submission of Monthly Reports of Collections and Deposits (RCDs) and BRS;
- Review the actual petty cash requirement of the office and limit grant of PCF equivalent to the monthly recurring expenses to prevent misappropriation or misuse of government funds. Closely monitor the PCF and require its immediate return or refund if remained idle for a period of two months pursuant to paragraph 5.7 of COA Circular No. 97-002; and

- d) For the Office of the External Affairs (OEA) which was abolished pursuant to Executive Order (EO) No. 18 dated 9 December 2010, establish the fund balance upon abolition, including complete list of LGUs, NGOs/POs and other Cooperatives indicating their respective loans availed and balances. Further, consider issuing Executive Order or any similar issuances transferring the administration and management of the ESF to the designated office where all transactions of the fund will be recognized and recorded.
- e) Exhaust all possible remedies to reach the claimants or sent notices to the last known addresses of the claimants or published it in a newspaper of wide circulation; if all actions prove futile, revert the funds to the National Government pursuant to Section 10 of RA No. 10633.

9.5.1.12 Require the Accountant to:

- a) Review the RCDs of each Collecting Officers to account for the correct collections and deposits as well as act appropriately on any noted discrepancies;
- b) Review propriety of the cash account balances and trace the unaccounted differences between the bank records and AO Cashbook. Analyze, verify, confirm, reconcile and identify non-existing, negative, unidentified, unreconciled, old or dormant or non-moving accounts;
- c) Prepare journal entries to take up unrecorded cash-in-bank balances, necessary adjustments on the omissions/errors and improper recording of transactions, as well as misclassification of accounts;
- d) Observe the highest objectivity and consistency in the keeping of accounts to safeguard against inaccurate or misleading information;
- e) Monitor the grant, utilization and liquidation of cash advances (CAs) and refrain from granting additional CAs unless the previous one has been liquidated;
- f) Determine the nature of payments covered by stale checks to establish the validity of the claims, effect the cancellation of the checks which have been outstanding for more than one (1) year pursuant to Section 97 of PD No. 1445. Restore to the cash accounts the cash equivalent of the stale and unreleased checks every end of the year and recognize the related liability accounts;

- g) Religiously prepare on a monthly basis BRS as required in COA Circular No. 92-125A and Section 74 of P.D. No. 1445 to ensure that all cash transactions are identified, documented and properly recorded in the books and submit to the COA Auditor. Enroll the agency's depository accounts in the Land Bank of the Philippines's website for on-line generation and printing of bank statements to facilitate reconciliation. Take up reconciling items/other errors noted in the BRS;
- h) Record Social Amelioration Program (SAP) Funds as trust receipts in the DOLE's books of accounts in compliance with Item No. 3, Special Provisions of the General Appropriations Act (GAA), FY 2014 requiring remittance by sugar millers to the DOLE, sourced from twenty per cent (20%) of lien imposed on the gross production of sugar to be treated as trust receipts. Also, comply with PPSAS 1 and 6 for a fair presentation of financial statements.
- i) Submit documents on the withdrawals amounting to Php113.616 million by the PCGG in 2014 from PNB bank account, including those for prior years withdrawals of undetermined amount in compliance with Section 4(6) of PD 1445 and Section 28 of the MNGAS, Volume I.
- j) Prepare and submit the corrected Cash Flow Statement for PSRTI as required under COA Circular No. 2015-002 dated 9 March 2015.

9.5.1.13 Require the Accountable Officer (AOs) and Disbursing Officers (DOs) to:

- a) Comply strictly with the bond requirement prescribed under Treasury Circular 02-2009 dated 6 August 2009 and Section 101 of PD No. 1445 to protect the agency funds against possible losses or misuse;
- b) Strictly adhere with pertinent provisions of COA Circular No. 97-002 on the grant, utilization and liquidation of cash advances.
- c) Remit the performance bonds filed or posted by private persons or entities to the National Treasury;
- d) Monitor and prepare regularly and promptly the Schedule of Unreleased Checks and other required reports with complete documentation as prescribed under COA Circulars No. 2012-001 and 97-002, and submit the same to the Accountant;
- e) Observe the issuance of official receipts in numerical sequence and submit copies of obsolete, spoiled and cancelled official receipts to the Auditor for inspection and verification.

- f) Deposit total collections daily and intact to the AGDB;
- g) Stop payment of regular and recurring expenses out of the Petty Cash Fund (PCF). Use Petty Cash Voucher for every payment made out of PCF to ensure that all payments made through petty cash are authorized.

9.5.2 Receivables

Receivable account balances of a number of agencies are unreliable due to significant amounts of unliquidated cash advances and fund transfers, unsupported/undocumented dormant accounts and erroneous recording manifesting non-compliance with existing laws, rules and regulations which may result in substantial losses to the government:

9.5.2.1 Analysis of receivable accounts of NGAs disclosed inclusion or exclusion in substantive amounts, of accounts under the following conditions:

No. of agencies	Condition	Amount (in B Php)
85	Unliquidated cash advances to officers and employees	3.216
46	Unliquidated fund transfers (except PS-DBM/PITC/GA)	72.486
63	Unsupported/dormant receivables	6.792
1	Undocumented/unconfirmed receivables of MIPTI	16.814
4	Erroneous recording of liquidation/deliveries	0.007
2	Unrecorded liquidation of fund transfers	1.273
8	Unrecorded/unbooked receivables	0.056
27	Errors in recording receivables/negative balances	2.855
39	Unreconciled General Ledger (GL) and Subsidiary Ledger (SL) balances or amounts per books and results of confirmations from records of Implementing Agencies and Source Agencies	2.293
3	Unreconciled balances with PS-DBM	0.014
10	Advances to PS-DBM/PITC/GA for procurement of commonly-used office supplies and various office equipment/vehicles and ammunitions which remained unliquidated due to undelivered items to the agencies, ranging from 1 month to 10 years.	5.313
18	Uncollected/unsettled receivables due to: (a) inadequate measures to ensure the timely collection of rental fees and credit sales of the SUC's Internally-Generated Projects (IGPs), (b) non-imposition of sanctions against the defaulting student borrowers, (c) lapses in the grant, billing and collection system, (d) inaccurate recording and failure to provide individual subsidiary ledger for each customer, among others	0.166
2	Unrecouped Advances to Contractors	0.094
12	Unsettled disallowances/charges or failure to book-up disallowances	0.039
5	Non-adoption of accrual method of accounting	
1	Overstated receivables of BTr due to accounts from AGDBs/AABs arising from book entries without corresponding cash deposits and cannot be closed to give way to the implementation of the Treasury Single Account (TSA)	0.489

9.5.2.2 Three of the agencies also failed to set up allowance for doubtful accounts or allowance for impairment in violation of PPSAS 1, 21, and 26 and Section 66 of MNGAS, Volume 1.

Recommendations

9.5.2.3 Require the Accountant to:

- a) Refrain from processing additional cash advances unless cash advances/fund transfers previously granted are fully settled/liquidated as provided in Section 89 of P.D. No. 1445 and other COA issuances;
- b) Ensure full settlement of all cash advances/fund transfers by AOs/IAs at year-end so that appropriate expense accounts can be recognized in the books, and instruct concerned accountable officers and employees to deposit or return immediately to the cashier/collecting officer any unused portion of their cash advances;
- c) Enforce all possible legal measures/remedies like sending out demand letters to AOs/IAs/debtors and withholding of salaries or any claim due them after sufficient notice have been served;
- d) Reconcile/account/substantiate the noted discrepancies between Agency and PS-DBM/PITC/IAs records and prepare the necessary adjustments for validated reconciling items. In the case of PS-DBM, work-out a scheme to apply the advanced funds against future Agency Procurement Requests (APRs) until said advances are fully exhausted before making another fund transfer to deter the accumulation of receivables at year-end.
- e) Verify validity of unsubstantiated or unsupported receivables and assess the status of long outstanding and dormant accounts which may no longer be collectible.
- f) Exercise diligence in the classification of accounts used as prescribed in the Revised Chart of Accounts (RCAs) for National Government Agencies (NGAs) under COA Circular No. 2013-002 dated 30 January 2013 and take up the necessary adjusting entries
- g) Maintain subsidiary ledger cards to monitor the outstanding receivable balances as required in Section 12 of the MNGAS, Volume II and reconcile regularly with the GL.
- h) Set-up allowance for doubtful accounts/impairment in compliance existing accounting rules and regulations.
- i) Notify the persons liable and persons responsible in the settlement of disallowances/charges and ensure no clearance is issued to personnel with unsettled cash advances or disallowances/charges.

9.5.3 Inventories

The account balances of a number of agencies are unreliable due to absence of regular physical count, unreconciled accounting and property records, non-recording of issuances and erroneous recording of inventory transactions, among others; thus, putting to risk of loss or misappropriation.

9.5.3.1 Analysis of inventory account of NGAs disclosed presence of the following conditions affecting substantive amounts:

No. of agencies	Condition	Amount (in B Php)
53	Variance between Accounting and Property records	3.095
27	Non-conduct of regular physical count	3.072
5	Unsubstantiated/undocumented inventories	0.121
6	Dormant, non-moving inventories for 1 to 10 years	0.162
11	Erroneous recording of inventory transactions	0.038
14	Procured supplies recorded as outright expense	0.058
12	Unrecorded supplies	0.419
22	Overstated balances due to non-recording of issuances/non-submission of RSMI/RPCI	0.576
8	Unreconciled GL and SL balances	0.178
13	Delayed delivery of procured supplies/equipment from PS-DBM	1.213
1	Recognition of damaged inventories as loss without fully examining, testing and segregating the items	0.002

9.5.3.2 Other practices by a number of NGAs observed affecting the reliability of inventory account balances are non-maintenance of stock cards, overstocking of supplies, and delayed disposal of old stocks/inclusion of obsolete inventories or defective or expired items.

Recommendations

9.5.3.3 Require the Accountant to:

- Determine the cause/s of the discrepancies between the book balance and property records, undertake reconciliation of accounts, and record the necessary adjustment in the books;
- Conduct periodic review and reconciliation of balances, in coordination with the Inventory Committee to enable the timely detection and correction of errors;
- Maintain the Supplies Ledger Cards (SLCs) in accordance with Section 12, Volume II of the MNGAS and record all receipts of supplies and materials.

9.5.3.4 Require the Supply/Property Officer to:

- a) Submit regularly the Report of Supplies and Materials Issued (RSMI) and other required inventory reports to the Accounting Unit to support the recording of consumed/issued supplies;
- b) Adhere strictly to the established rules and regulations prescribed in Section 65, MNGAS, Volume II relative to the conduct of physical count of supplies and materials/inventories and update inventory records in accordance with Section 41, MNGAS, Volume II.
- c) Inspect and assess usable items and issue to various offices/units in need to avoid further deterioration of the same. Dispose all obsolete and unserviceable office supplies following the guidelines prescribed in the GAAM and other existing regulations to free the stockroom of unserviceable and obsolete items; and
- d) Exert effort in locating the RSMIs and/or other records pertaining to the outstanding balance of undocumented inventories, regularly monitor the status and quantity of damaged item, and submit a monthly list of damaged inventories, duly verified by the Auditor to the Disposal Committee for proper disposal and to the Accounting Division for proper derecognition in the books.

9.5.3.5 Require the concerned officials to:

- a) Demand an immediate delivery of the items and coordinate with the PS-DBM to apply to future APRs any outstanding balances and ensure that all procurement activities are implemented efficiently and advantageous to the agency at all times;
- b) Ensure compliance with the provisions of Section 53(5) of the Revised Implementing Rules and Regulations of RA No. 9184, DBM Circular Letter No. 2011-6 dated August 26, 2011 and Administrative Order No. 17 of the Office of the President; and
- c) Supervise, monitor and control purchases of office supplies and other inventories to avoid overstocking.

9.5.4 Property, Plant and Equipment (PPE)

The balances of PPE accounts of a number of agencies are unreliable due to unrecorded or erroneously recorded transactions, unaccounted variances between Accounting and Property records, or failure to conduct physical inventory and prepare report thereon, among others.

9.5.4.1 Analysis of PPE accounts disclosed inclusion or exclusion of PPEs under the following conditions:

Reason	No. of Agencies	Amount (in B Php)
Unrecorded PPEs	73	13.097
Failure to capitalize major repairs	1	0.050
Failure to recognize depreciation	19	0.691
Unrecorded disposal/donation/demolition/destroyed by typhoon/razed by fire	21	0.701
Unrecognized lost properties	4	0.003
Erroneous recording of transactions resulting in the overstatement or understatement of accounts (net amount)	21	16.943
Undocumented/unsupported transactions – Land and PPE adjustments	5	2.448
Variance between Accounting and Property records	94	35.215
Failure to conduct physical inventory	53	13.046
Unreconciled balances	10	2.182
Dormant accounts	2	0.004
Undisposed unserviceable properties	55	0.804
Unutilized/idle properties including the marble production equipment and three-storey Academic and Commercial Building	9	0.126
Failure to insure PPE with GSIS	19	2.003
Undelivered vehicles/equipment/kiosks from PS-DBM	6	0.744
Non-existing assets still recorded in the books	1	0.021
Vehicles not registered in the name of NGAs /insured with private insurance firms/not registered with the LTO	3	
Non-preparation of RPCPPE, PPELC and ARE	17	-0-

9.5.4.2 Other practices affecting the reliability of the PPE accounts such as failure to register vehicles in name of NGAs or to register at all with LTO or to insure vehicles with private insurance firm.

Recommendations

9.5.4.3 Require the Accountant to:

- a) Reconcile, analyze and establish the composition of the variances, prepare necessary adjusting entries for unrecorded, misclassified and erroneously recorded PPE accounts, PPE for dropping from the books on account of disposal, donation or demolition or condemnation, major repairs for capitalization and yearly depreciation.
- b) Undertake periodic reconciliation of Accounting and Property records.
- c) Reclassify unserviceable/obsolete and fully depreciated PPE to Other Asset account. Request the Inventory/Disposal Team to assess the impairment loss on the PPE reported as condemned/destroyed and the concerned accountable officers to complete the required documents to support requests for relief from property accountability of the lost property.

- d) Update the PPE Ledger Cards to serve as basis for reliable comparison of balances with that of the property records and establish the accuracy of recorded balances.

9.5.4.4 Require the Property Officer to:

- a) Undertake regularly the required physical count of PPE and prepare the RPCPPE to ensure that movements in the PPE accounts are appropriately monitored and recorded.
- b) Submit Inventory and Inspection Report for Unserviceable Property (IIRUP) to the disposal committee for inspection and appraisal. Cause the immediate disposal of unserviceable PPEs following the requirements of Section 79, PD No. 1445 to prevent further deterioration of the assets and recover the salvage value from its sale.
- c) Coordinate with the Accountant as regards various insurable assets for insurance with the GSIS.
- d) In the case of lost properties, require the accountable officers concerned to immediately replace the lost property of the same specification or pay the value of the property at the time of loss.

9.5.4.5 Require the concerned officials to:

- a) Make proper evaluation, formulate policies and submit status report on various idle and unutilized PPEs hasten completion of buildings or prevent fast deterioration of equipment and machines. Transfer the idle equipment/ machines to other training centers/offices to maximize utilization and avoid wastage of government funds.
- b) Explain why the marble production equipment was left idle in the premises of the Romblon Marble Production and Training Center (RMPTC) for the past ten (10) years or so, after the Romblon Marble Development Multipurpose Cooperative, Inc. (RMDMPCI) has ceased operation. Henceforth, ensure that similar agreements entered into with any legal entity should contain specific provisions to safeguard government properties in case the other party has stopped business operation, for whatever reason.
- c) Adhere strictly to COA Memorandum No. 88-588 and COA Circular No. 92-390 requiring insurance of all insurable properties with GSIS under the General Insurance Fund and Property Replacement Fund to indemnify/compensate the interest of the government in case of loss or damage. The Supply Officer should coordinate with the Accountant as regards various insurable assets and apply for insurance with the GSIS.
- d) Create/assign an Inventory Committee to handle the proper inventory-taking of all PPE, conduct inventory-taking of all the properties, and

submit the RPCPPE to the Auditor, in compliance with Section 490, GAAM, Volume I, and Section 66, MNGAS, Volume II.

- e) Instruct the Accountant to set-up depreciation accounts on PPE accounts.
- f) Reconcile the balances of Advances to PS-DBM, inform the PS-DBM of undelivered/under delivered items/equipment and demand that the same be delivered immediately.
- g) Cause the immediate registration of vehicles owned by the agency to LTO otherwise, return the subject vehicles to the registered owner and stop further incurring expenses thereof as expenditures relative thereto is irregular.

9.5.5 Investments

The validity and correctness of the Investment in Stocks account balance of the CDA as of 31 December 2014 is doubtful due to unreconciled difference of Php10.327 million between the book balance of Php124.170 million and the Cashier's records of Php113.843 million. Moreover, interests earned from Investment in Stocks account were not computed and recognized in the books of accounts. Finally, negative balances for Treasury Bills with LBP Confirmation of Sale (COS) Nos. 08811 and 12746 amounting to Php3.082 million were reported and there were no supporting documents to validate its existence.

Recommendation

9.5.5.1 Require the Accountant to:

- a) Reconcile the difference between Accounting (per books) and Cashier's records;
- b) Regularly monitor all investments account and ensure that all interests earned are properly recorded in the books of accounts;
- c) Maintain appropriate records of investment accounts together with all supporting documents of all investments;
- d) Disclose/explain in the Notes to Financial Statements all transactions affecting the balance of Investment in Stocks account as at year-end; and
- e) Make representations with the officials of Land Bank to ascertain the existence of its Investment in Treasury Bills – Local account with the bank.

9.5.6 Intangible Assets/Other Assets (BTr)

Intangible Assets accounts of the Bureau of the Treasury (BTr)-CO amounting to Php73.593 million cannot be relied upon as the same was not amortized due to failure to establish its useful. Likewise, the balances of Other Assets account cannot be relied upon due to:

- a) Unreconciled balances between the BTr's Schedule and PMO's List of Assets for disposal;
- b) Titles of eight parcels of land of the Philippine Nuclear Power Plant (PNPP) not transferred to NG; and
- c) Unassessed/unrecognized impairment losses of financial assets.

Moreover, deferment of amortization of loan accounts with zero repayments, which is tantamount to extending the period of payment contributed in increasing interest expense on foreign loans estimated at Php9.154 billion from CY 2007-CY 2014.

Recommendations

9.5.6.1 Require the Management to:

- a) Management Information System Service (MISS), BTr to assess the usefulness of the computer software as an intangible asset and provide pertinent information relative to the account Computer Software in order to properly identify its composition.
- b) Accounting Office to provide the accumulated amortization, if applicable, in order to correct the balance of the asset account as at year-end.
- c) Privatization Management Office (PMO) to coordinate with the Privatization Council (PrC) to accurately determine the book values before such assets are sold to the buyers.
- d) PMO to submit at least annually, a report on assets disposed for the year, indicating therein the selling price and book value of assets disposed.
- e) PMO to expedite the transfer of titles of the parcels of land to the NG by coordinating with NPC and DOF to secure all necessary documents to effect the transfer.
- f) PMO to identify and assess the financial assets under its management and establish impairment losses depending on the degree of recoverability of the amount.

- g) Look into its borrowing activities and assess available resources and make appropriate recommendation to DOF in its negotiation with foreign creditors for starting loan payments as scheduled instead of extending payment over several years to minimize additional cost of financing for unpaid loan availments.

9.5.7 Liabilities

Liability account balances of a number of agencies cannot be relied upon as these payables included long outstanding payables with no valid claims, or unsubstantiated payables, or with unreconciled in GL and SLs balances or not SLS at all, or agency books and results of confirmations with the third parties, or unrecorded or erroneously recorded transactions.

Condition	No. of Agencies	Amount (in B Php)
Dormant/long outstanding payables unsupported by required documents	48	168.186
Unrecorded/erroneously recorded payables	30	41.715
Unreconciled GL and SL balances/unidentified liabilities	13	1.144
SLs not maintained	6	0.151
Discrepancies between amounts per books and results of confirmation/schedules	4	8.980
Negative payable balances	19	1.739

Recommendations

9.5.7.1 Require the Accountant to:

- Review all outstanding and dormant payables; revert payables which are undocumented/unsupported with valid claims and those aged two years or more.
- Strictly enforce the submission of supporting documents prior to the recording of transactions to minimize payables without actual claimants.
- Prepare subsidiary ledgers to support controlling GL balances pursuant to Section 111 of PD No. 1445 and pertinent provisions of the MNGAS. In case of discrepancies, initiate reconciliation of the GL and the supporting SLs/schedules.
- Evaluate the causes of abnormal balances reflected in the Liabilities accounts and unrecorded payables; effect appropriate adjustments to reflect correct balances.

9.5.8 Revenues

Revenue account balances of a number of agencies are also deficient due to unrecorded, uncollected and erroneous recording of income, understatement of subsidy from the National Government, recording of income as other payables, unsupported income and using cash basis instead of accrual method, among others:

Agency	Amount (in M Php)	Reasons
POEA	3.546	Collections in 16 Philippine Overseas Labor Offices (POLOs) and satellite offices at the ARMM not recorded due to absence of reports.
BTr-Propert	177.888	Fidelity bond insurance premiums paid by public accountable officers not recorded as collections and the corresponding income was not recognized in the books of BTr-NCR and RO V
CPSC, R10	9.815	Unrecorded income from school fees billed on second semesters and summer of AY 2013-14, High School Department AY 2014-15, and first and second semesters of AY 2014-15
MSU-Naawan, R10	0.378	Unrecorded rental income from the food court operations
CAB	4.235	Uncollected revenues from fees for Annual Review and issuance of Annual Certificate of Registration and Certificate of Authority due to lack of intensified collection efforts
OTC	0.035	Uncollected fees for certifications issued due to failure to implement AO No. 31 dated 01 October 2012
ERC	1.931	Unrealized revenues for application fees for renewal of Certificates of Compliance of at least 351 Self-Generating Facilities
DPWH	0.447	Uncollected liquidated damages due to delay in project completion by the contractor
Intramuros Administration (IA)	13.078	Foregone rental income from parking/commercial spaces mainly due to failure to renew lease contracts or conduct another public bidding/enter into negotiated agreement
DENR	27.307	Uncollected Occupation Fees, Revocable Permit Applications (RPA) and Lease Rentals under the Foreshore Lease Agreement
PSU, R1	0.197	Uncollected space rental fees due to non-submission of some contract of lease
PNU	36.825	Collections from students that were retained as trust receipts instead of income
VMMC	0.440	Donations in kind not recorded at its fair value resulting to understatement of income
UNP, R1	0.699	Unreceipted/unrecorded fees for oral defense of post graduate students
Palawan Council for Sustainable Devt. Staff	0.164	Understatement of Subsidy from National Government due to deficiencies in recording some transactions
Palawan SU, R4B	67.771	Collections of the College of Community Resources Development (CCRD) campuses recorded as Other Payables instead of Income
IFSU, CAR	0.176	Overstatement of income
NLPSC, CAR	0.284	Error in recording collections from stall rentals
CPSC, R10	6.611	Erroneous booking in Fund 164 as Subsidy Income from

Agency	Amount (in M Php)	Reasons
		National Government (SING) instead as Trust Liability
MSU-IIT, R10	0.416	Erroneous recording as miscellaneous income instead of returning to the National Treasury
ISAT U, R6	68.915	Used cash basis instead of the accrual method of accounting in recording income from tuition and other fees
GSC, R6	30.720	
BTr-NG	371.100	Income derived from sale of acquired assets by PMO was understated in CY-2013 and overstated in CY-2014 due to delays of 4 to 227 days in PMO remittances of privatization sales
DOLE	31.479	Unsubstantiated/undocumented MECO remittance to DOLE and no accounting of the fund utilization of Php147.16 million
ISCOF, Region 6	12.017	Recording of collections as income for CY 2014 without corresponding Reports of Collections and Deposits
BTr	8.822	Income in the Statement of Financial Performance did not tally with the cash inflow of Php25.068 million for Seminar and Training fees
	8.395	Trust receipts deposited to BTr cannot be traced in the General Ledger

Recommendations

9.5.8.1 Require concerned officials to:

- a) Record unrecorded collections and make necessary adjustments on understated collections on account of the use of accrual method for accounting income and errors in recording. Henceforth, adopt the accrual method of accounting to properly account for income during the year.
- b) Immediately deposit to the account of the BTr unremitted income/collections and comply with provision of Section 44, Chapter 5, Book VI of EO No. 292, series of 1987 and Section 65 of PD 1445.
- c) Intensify collection of income from various agencies including collection of liquidated damages.
- d) Ensure that income recorded is duly supported.
- e) Require MECO to submit the documents/financial records evidencing utilization of Common Fund collections from CY 2004 to 2014 considering that these are part of fees collected by MECO for DOLE in the exercise of its mandated functions. Furnish COA with a detailed basis of computation as to remittance made by MECO totalling to Php31.479 million; and uphold the interest of the government/DOLE for the verification fees (VF) collections pursuant to the Supreme Court ruling that the entire “verification fees” being collected by the MECO are receivables of the DOLE.

- f) Resolve the material misstatement of the amounts presented in the Cash Flow Statements of BTr and maintain appropriate schedules that would effectively track down receipts/inflows and disbursements/outflows.
- g) Analyze, validate and ensure accuracy of recorded income accounts.

9.5.9 Expenses

A number of agencies incurred expenses which are considered unnecessary, excessive, extravagant, illegal or irregular manifesting non-compliance with existing laws, rules and regulations.

9.5.9.1 Salaries/remuneration and allowances granted either without legal basis or in amounts exceeding the prescribed limitations totalling Php959.617 million.

Reason/Remarks	No. of Agencies	Amount (in M Php)
Granting Collective Negotiation Agreement (CNA) incentive of Php40,000 each exceeding the approved rate of Php25,000 under Administrative Order No. 135, and DBM Budget Circular Nos. 2006-1 and 2011-5 dated 01 February 2006 and 26 December 2011, or without authority	8	37.451
Unauthorized salaries and allowances or amounts exceeding the prescribed limitations and existing guidelines	36	470.699
Expenses/payments not duly supported with documents	20	948.524
Unauthorized expenses such as travelling allowances paid to job order employees, foreign and local travels for religious and personal purposes, services of Legal consultant without written concurrence of COA, remuneration of retired personnel based on DAR Memo Circular No. 14, series 2014, beyond the period provided by CSC.	57	288.988
TOTAL		1,745.662

9.5.9.2 Procurement not compliant with the provisions of RA No. 9184:

Reason/Remarks	No. of Agencies	Amount (in M Php)
Procurement of goods, service and equipment/major repairs of vehicles/fire trucks without public bidding	4	52.060
Procurement thru Negotiation or Direct Contracting despite non-compliance with the conditions set forth under RA No. 9184	1	25,977.807
Over-the-counter procurement using cash advance funds, thru reimbursement/consignment basis, or shopping mode beyond the prescribed threshold for shopping	9	267.936
Procurement of goods, services and infrastructure	7	1,305.276

Reason/Remarks	No. of Agencies	Amount (in M Php)
projects not in the Annual Procurement Plan (APP)		
Procurement of common-use supplies not made with PS-DBM	2	19.808
Other violations of the provisions of RA No. 9184 such as award of project without complete supporting documents, procurements supported with questionable quotations from non-registered/non-existent suppliers, non-imposition of liquidated damages/penalties for late delivery of supplies, failure to comply with terms of contract due to non-completion of project, payment for service contractor personnel exceeding the contract cost and failure to comply with the conditions in hiring of consultants or repeat order, among others	15	447.740
TOTAL		28,070.627

9.5.9.3 Erroneous recording or misclassification of accounts or failure to record expenses resulting in either overstatement or understatement of expense accounts:

Condition	Agency	Amount (in M Php)
Electricity and Water Expenses were overstated due to the continuous charging to the General Fund instead of the Philippine Navy Trust Receipts (PNTR) consumptions of tenants/concessionaires and military quarter occupants	PN	46.586
Unrecorded payroll disbursements		202.030
Year-end balances of Water and Electricity Expense accounts overstated due to inconsistent application of accrual method of accounting	BJMP	0.320 1.780
Major repairs and improvement of jail facilities in NCR classified as expenses thereby understating the Asset and Equity Accounts		8.210
Erroneous recording/charging of expenses instead to the proper asset account.	NAMRIA	10.299
	NWRB	0.131
	DA	44.616
Expenses incurred during meetings of NYC Officers and Employees and team building/year-end fellowship activities charged/recorded under the Training Expenses account. Likewise, training expenses of two employees on Basic Cooperative Course shouldered by the NYC, which will redound to the benefit of the NYC Cooperative instead of the agency	NYC	0.255 0.432 0.003
Regular expenses intended for the hosting of the NYC Executive Committee Meeting and General Assembly erroneously charged to the ICF instead of the General Fund.		0.064
Advertisement expenses and electrical consultation recorded as Other Structures instead of Advertising Expenses	Intramuros Adm.	8.862
Honoraria was charged to Other Professional Services of General Fund 101 instead under GIA Fund 184	PNRI	0.116

Condition	Agency	Amount (in M Php)
Use of the account Other Maintenance and Operating Expenses in recording payments for Honoraria	NIPSC, Region 6	0.501
Fixed Representation and Transportation Allowance granted to designated Vice-Presidents, Deans and Department Heads of the Univ. was recorded as Representation Expenses and Transportation and Delivery Expenses	NVSU, Region 2	2.400
Scholarship Expense account overstated due to the failure of the Accountant to adjust the utilized portion of the payment contrary to the matching principle and accrual policies of the NGAS	ZSCMST, Region 12	1.177
Unrecorded rental expenses paid by the Philippine Overseas Labor Offices (POLOs) under the Verification Fee Fund covering the period September 2009 to December 2010	DOLE	2.284
TOTAL		330.066

9.5.9.4 Other expenses incurred in violation of existing laws and regulations:

Reason/Remarks	No. of Agencies	Amount (in M Php)
Disbursements paid out of the Special Trust Fund	1	0.391
Cost of gasoline issued to private vehicle and registration fees exceeded the rates prescribed under DBM National Budget Circular No. 486	2	0.068
TOTAL		0.459

Recommendations

9.5.9.5 Require concerned officials to:

- a) Comply with COA Circular No. 2012-003 which provided updated guidelines for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and unconscionable expenditures.
- b) Strictly adhere to the provisions of the Revised IRR of RA No. 9184 particularly on:
 - 1) Adoption of public bidding as a general mode of procurement of goods and services, including infrastructure projects, to secure the best possible offer as a benefit of providing fair grounds of competition and Rule XVI on Alternative Method of Procurements to ensure that the government gets the most advantageous price. Discontinue the practice of paying thru the cash advance or on reimbursement basis;
 - 2) Prepare and submit APP and PPMP in the prescribed format, including all the necessary/required data;

- 3) Procure common use supplies from the Procurement Service (PS)-DBM; and
 - 4) Standards set for preparation and implementation of contracts like imposing liquidated damages for unfinished projects beyond the contract duration.
- c) Stop the practice of granting allowances without legal basis or in excess of the allowed limitations prescribed under existing laws, rules and regulations. Strictly adhere with the provisions of General Appropriations Act (CY 2014), Administrative Order No. 135, Executive Order No. 298, RA No. 7305, DBM Budget Circular No. 2013-4 dated 25 November 2013, NBC Nos. 548, 2011-5 and 2006-1 dated 15 May 2013, 26 December 2011, and 1 February 2006, respectively, DBM-DOH Joint Circular No. 1, series of 2012, CHED Memo No. 20, series of 2011, Presidential Decree No. 1445, the Omnibus Rules Implementing Book V of E.O. No. 292, Civil Service Laws, and other existing laws and regulations on the grant/payment of personnel benefits.
- d) Submit basis for the grant of questioned salaries and allowances otherwise, demand refund of the full amount.
- e) Ensure complete supporting documents to validate claims before processing payments; and
- f) Take up necessary adjusting entries to record the unrecorded expenses or correct erroneous recording or record to reflect accurate balances of expenses in the financial statements at year-end.

VII. SUMMARY OF AUDIT OPINIONS



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Cluster 1-Executive Offices					
Office of the President (OP)		✓			- Collections by OP of loans to LGUs funded out of Economic Support Fund (ESF) of Php32.61 million from CYs 2011 to 2014 were not recorded in the books due to the absence of a designated office to administer the fund upon abolition of the Office of the External Affairs (OEA) pursuant to Executive Order (EO) No. 18 dated 9 December 2010; - Inter-Agency Receivables account balance of Php1.147 billion as of 31 December 2014 could not be relied upon due to: (a) total discrepancy of P162,165,724.69 between the results of confirmation and the balances of the Due from NGAs and GOCCs; (b) inclusion of long outstanding balances for more than ten years amounting to Php175.42 million; and c) inclusion of Php26.75 million transferred to Implementing Agencies (IAs), which have been abolished but without proper winding-up of operations and disposition of assets and liabilities, were not confirmed; - The balance of the PPE account amounting to Php2.227 billion was not fairly presented due to: (a) overstatement of PPE by Php3.567 million due to the inclusion in the books of disposed/donated assets, and (b) unreconciled difference between the books and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) balances by Php14.097 million; - The balance of the Other Receivables amounting to Php362.623 million was overstated by P50.0 million due to the inclusion of the cash advances for the confidential and intelligence fund of the OP instead of recording the transactions under Advances to Special Disbursing Officers; - Credit memo amounting to Php7.993 million charged against the LBP, Current Account No. 3092-1003-58 were not taken up in the books of the agency, thereby understating the account Cash in Bank – Local Currency, Current Account by the same amount; - The Hospital and Health Care Centers valued at Php17.681 million were not depreciated for more than 30 years, from the time these were acquired and used by the agency contrary to the requirements provided for in the Philippine Public Sector Accounting Standards (PPSAS) 17; and - Other Service Income and Cash-Treasury/Agency Deposit, Regular accounts were understated by Php4.903 million due to erroneous entry in recording the deposits of collection of other service income to the Bureau of the Treasury (BTr) for Calendar Year (CY) 2014.
Governance Commission for GOCCs	✓				
Presidential Legislative Liaison Office (PLLO)	✓				
Philippine Racing Commission (Philracom)	✓				
Housing and Land Use Regulatory Board (HLURB)		✓			- The recorded balance of Trust Liability account of Php48.269 million as of 31 December 2014 had a discrepancy of Php40.2 million or 83 percent and did not reconcile with the status of pending cases and appeals at the Appeals and Review Group (ARG) and Monitoring and Adjudication Division (MAD) of the Regional Offices; - Out of Php1,086 million balance of advances to DBM-PS from the procurement of office supplies and equipment, Php0.687 million or 63 percent remained undelivered from 4 to 10 years; - The balance of inventory account amounting to Php0.963 million could not be established due to unrecorded value of accountable forms and Merchandise Inventory for Sale, production costs of which were not provided as of 31 December 2014; and - Unreconciled recorded balances of PPE and the RPCPPE amounting to Php1.254 million.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Dangerous Drugs Board (DDB)		✓			- The balance of cash account recorded in the agency books was understated by Php55.087 million due to non-recording of unreleased/unclaimed checks under Cash MDS-Regular Account which resulted in the overstatement of Due from NGAs/LGUs and NGOs/NPOs and understatement of Accounts Payable amounting to Php50.917 million and Php4.17 million, respectively; and - Discrepancy of book balance and RPCPPE of Php0.167 million and the outright derecognition of unserviceable property which were not disposed amounting to Php2.18 million.
Cluster 2- Legislative and Oversight					
Central Board of Assessment Appeals (CBAA)	✓				
National Tax Research Center (NTRC)	✓				
Government Procurement Policy Board –Technical Support Office (GPPB-TSO)	✓				
Legislative-Executive Development Advisory Council (LEDAC)		✓			The PPE carrying amount of Php1.425 million is unreliable due to the failure of the agency to conduct physical count and submit the Report on the Physical Count of PPE (RPCPPE) for CY 2014; thus, reconciliation to ascertain correctness of the recognized PPE cannot effectively proceed.
Philippine National Volunteer Service Coordinating Agency (PNVSCA)		✓			Accumulated Depreciation for PPE of Php4.531 million is understated by Php0.108 million while PPE is overstated by the same amount due to errors/deficiencies in the computation and recognition of depreciation and in the adjustment of the five percent residual value.
Senate Electoral Tribunal (SET)	✓				
Tariff Commission (TC)		✓			The Cash and Cash Equivalents account amounting to Php1.463 million as at year-end is overstated by Php1.407 million due to the non-closure of the <i>Cash, Treasury/Agency Deposit, Regular</i> carrying amount to <i>Accumulated Surplus</i> as prescribed under the Revised Chart of Accounts (RCA) for National Government Agencies (NGAs).
Cluster 4-Defense and Security					
Bureau of Fire Protection (BFP)		✓			- The reported balance of PPE accounts totalling Php7.514 billion which constitutes 87 percent of the total assets was unreliable due to : (a) failure to take up in the books donated assets of Php21.574 million; (b) failure to capitalize costs of major repairs on fire stations, fire trucks, ambulances and motor vehicles totaling Php50.266 million; (c) unreconciled difference between the accounting records and property records of Php133.81 million; (d) non-provision of allowance for depreciation; and (e) non-updating, non-maintenance of PPELC Property Cards, and the Acknowledgement Receipt for Equipment; - The reported balance of the Inventory accounts in the amount of Php38.474 million was unreliable due to : (a) various accounting errors in the recording of transactions; (b) unreconciled difference of Php4.128 million between the General Ledger (GL) and Supplies Ledger Cards (SLCs); (c) non-conduct of semi-annual physical count of inventories; and (d) non-maintenance/updating of Stocks Ledger Cards (SLC) and Stock Cards (SC) contrary to the provisions of Section 41 of MNGAS Volume II; - Deposits on Letters of Credit account totaling Php45.127 million were still carried in the books of the agency for several years although the validity of the affected accounts could not be ascertained due to lack/absence of supporting documents and records; - The BFP-NCR failed to revert the amount of Php0.042 million and Php0.065 million balances of the accounts Due to Officers and Employees and Account Payable which remained in the books for more than two years and without existing valid claims; thus, casting doubt on the reliability of the balance of the Liabilities account as of year-end. Likewise, the Accounts Payable amounting to Php2.386 million in favor of Petron Corporation remained in the books for more than two years in violation of Section 98 of PD No. 1445.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Bureau of Jail Management and Penology (BJMP)		✓			- Cash in Bank-Local Currency, Current Account (CFC) totaling Php4.371 million was understated by Php0.662 million due to erroneous treatment of stale checks as outstanding checks in NHQ contrary to Section 186 of Negotiable Instruments Law. Moreover, various book's reconciling items and bank errors, dating from CY 2004 to CY 2014, are still not taken up in the books and not adjusted by the bank, respectively; - The year-end balance of Inventory accounts totaling Php12.466 million was inaccurate due to the (a) unreconciled difference of Php0.706 million between the NHQ Accounting and Property records; and (b) non-recording of issuances of Military, Police and Traffic Supplies Inventory items in RO 10 amounting to Php0.559 million. Moreover, the balance of the Supplies Ledger Cards of Other Supplies and Materials Inventory account in NHQ did not reconcile with its General Ledger balance having a difference of Php0.394 million; - The reported balance of PPE totalling Php1.170 billion (net of depreciation) was inaccurate due to (a) net overstatement of Php6.178 million of PPE accounts; (b) unreconciled difference of Php19.145 million between property and accounting records; (c) doubtful ownership of the land and buildings recorded in the books at Php134.009 million; and unrecorded nine lots with total area of 52,647 square meters due to lack of Deed of Donation; (d) the absence of PPE ledger cards and Property Cards for properties with net cost of Php104.82 million; and (e) the deficiencies noted during the annual physical inventory taking of all properties. Moreover, buildings and other structures amounting to Php48.34 million were not insured with the General Insurance Fund; thus, exposes agency to the risk of not being indemnified in case of loss or damage on their properties; - The year-end balances of Water and Electricity Expense accounts totaling Php68.263 million and Php95.8 million were overstated by Php0.32 million and Php1.78 million, respectively. Moreover, the supporting water billing statement of NCR Manila City Jail includes significant previous balance of Php4.538 million; and - Major repairs and improvement of jail facilities in NCR totalling Php8.21 million were classified as expenses thereby understating the Asset and Equity Accounts.
Philippine National Police (PNP)			✓		- The balance of various cash accounts in the National Headquarters and Police Regional Offices (PROs) was incorrect due to the inclusion of checks issued totaling Php2.005 which remained outstanding for more than six months to over eight years. furthermore, the reliability of their balance could not be ascertained because of (a) delayed preparation and submission of Bank Reconciliation Statements; and b) failure of the Accounting Division to update the subsidiary ledgers (SLs) for the Cash accounts, required under Sections 2 and 3 of COA Circular No. 92-125A dated 4 March 1992 and Section 74 of PD No. 1445; - In PRO 13 the balance of the inventory accounts as of 31 December 2014 is unreliable due to unreconciled difference of Php7.088 million between the recorded balance of the Accounting of Php28.133 million and Report of Physical Count of Php21.045 million. In other PNP Regional Offices, the Supplies Ledger Cards and Stock Cards of inventory were not maintained by the Regional Accounting Unit and the Supply Accountable Officer (SAO) and no physical count inventories was conducted and the Reports on the Physical Count of Inventories (RPCI) was not submitted; - The balance of PPE totaling Php31.616 billion was inaccurate due to difference of Php7.664 billion between the accounting records and inventory report of various properties in the NHQ and PROs, caused by: (i) the failure of management to conduct periodic reconciliation of accounts; (ii) the inclusion in the books of Php1.09 billion forwarded balances from the Philippine Constabulary and Integrated National Police (PC/INP) which can no longer be accounted;(iii) unrecorded donated lots and office building acquired in 2013 valued at Php2.28 million, donated properties/vehicles from concerned LGUs and private entities amounting to Php38.020 million and donated K-9 units and K-9 offspring in the amount of Php8.010 million; and (iv) 1,649 units of equipment of undetermined amount, reported in the Inventory and Inspection Report of Unserviceable Property (IIRUP) but cannot be identified in the books; and (b) cost of completed projects amounting to Php32.789 million were not transferred to the appropriate asset accounts. On the other hand, the unserviceable properties totalling Php97.975 million were not disposed in some Police Regional Offices; and - Provision of depreciation for IT Software was subsequently treated with the same for IT equipment without considering the impairment loss of the item contrary to the provisions of PPSAS 31, re: Intangibles Assets. Moreover, some software with small value like antivirus is being amortized for a period of 5 years. This software has a useful life of one year only and expires after a year.
Veterans Memorial Medical Center (VMMC)		✓			Revenues from 2007 to 2008 totaling Php6.769 million were erroneously deposited to the bank account for Payroll Fund under the Cash in Bank – Local Currency, Current Account making the same to remain unutilized/idle for a period of more than seven years. Moreover, there was a net understatement of Php0.154 million in the



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					year-end balance due to an erroneous reconciling items totalling Php0.169 million; - The balance of the Accounts Receivables of Php12.197 million was inaccurate and unreliable due to the (a) unrecorded receivables of Php0.231 million; (b) negative balances of Php0.849 million in the subsidiary ledgers (SLs); and (c) dormant receivables from civilian patients totalling Php5.752 million; - The due from GOCC account amounting to Php11.141 million was unreliable due to the existence of (a) negative balances totalling Php9.074 million appearing in the SLs; (b) receivables of P0.76 million without details/breakdowns/ schedules and documents supporting the same; and (c) accounts amounting to Php6.805 million which had been dormant for a period of more than three years; - The Due from Officers and Employees of Php3.133 million was unreliable due to the inclusion of Php2.559 million pertaining to the accounts of retired, resigned or terminated officers and employees, which had been dormant for more than five years and is no longer reflective to the account and inconsistent with the revised Chart of Account for NGAs; - The PPE accounts with aggregate balance of Php1.076 million was unreliable due to the (a) existence of discrepancy of Php58.759 million between Accounting records and RPCPPE; (b) non-dropping from the books of the value of disposed unserviceable PPEs; (c) existence of PPEs with zero or negative value; (d) overstatement of Accumulated Depreciation as a result of erroneous computation of depreciation; and (d) inclusion of small tangible assets which should have been categorized as inventory/expense upon receipt/issuance; - The year-end balance of the Advances to contractors account amounting to Php1.412 million was unreliable due to the: (a) erroneous recording of the bill deposit of Php1.089 million to Manila Electric Co.; and (b) existence of dormant accounts and absence of documents supporting the amount of Php0.323 million; - The account Due to Officers and Employees amounting to Php13.113 million was unreliable because of the : (a) erroneous recording of pooled collection from Philhealth to be distributed among the hospital's personnel; (b) existence of payables in the amount of Php0.723 million which had been outstanding for more than two years and remained not reverted to General Fund; and (c) existence of various accounts with negative balances; - The balance of the Due to GSIS account as of 31 December 2014 amounting to Php2.877 million was unreliable due to the existence of: (a) Dummy Employee account amounting to Php0.218 million; and (b) subsidiary ledgers with negative balances totalling Php0.277 million; - The advances from Officers and Employees account was inappropriately presented in the financial Statements and does not conform to COA Circular No. 2013-002 dated January 30, 2013 or the Revised Chart of Accounts for National Government Agencies (NGAs); and - Non-recognition at its fair value of donations in kind received by the VMCMC, contrary to Paragraph 97 of International Public Sector Accounting Standards (IPSAS) 23 and resulted in the understatement of the affected accounts by Php0.440 million.
Armed Forces of the Philippines Commissary and Exchange Service (AFCES)		✓			The correctness, reliability and existence of the balances of the PPE accounts of Php153.939 million could not be ascertained due to (a) non-maintenance of PPE Ledger Cards (PPELC) by the Accounting unit and non-updating of the Property Cards (PC) by the Supply Accountable Officer (SAO), inconsistent with Sections 12 and 43, MNGAS, Volumes I and II, respectively; thus, making the reconciliation of the balances as appearing in the accounting and property records not possible; and (b) non-conduct of physical count, contrary to Section 490 of the GAAM.
Philippine Army (PA)			✓		- The accuracy of the year-end balance of Cash in Bank – MDS, Regular, Cash in Bank – Local Currency Current Account, Cash – Treasury/Agency Deposit, Trust accounts of Php50.286 million, Php898.365 million, and Php376.698 million, respectively, cannot be ascertained due to: (a) erroneous withdrawal from Cash – MDS, Regular account of Php1.15 million instead of Cash in Bank – LCCA; (b) non-cancellation of stale checks totaling Php4.064 million; (c) unrecorded interest income of Php0.473 million; (d) unrecorded collections totalling Php3.485 million; (e) non-restoration to the cash account of the amount equivalent to unreleased checks totalling Php17.736 million; (f) non-preparation of Treasury/Bank Reconciliation Statements in Headquarters, Philippine Army (HPA) and 51st Engineering Brigade (EB); (g) unaccounted difference of Php0.04 million; and (h) inclusion of dormant account amounting to Php0.166 million. - The validity and accuracy of the year-end balance of Due from NGAs account of Php1.055 billion was doubtful due to: (a) unrecorded deliveries from PS-DBM of



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					Php34.647 million; (b) over recording of deliveries from CYs 2013 to 2014 accumulating to Php0.004 million; (c) fund transfer from PA Modernization amounting to Php0.281 million erroneously reclassified under the General Fund; (d) unaccounted difference of Php130.389 million between the PA and PS-DBM records without supporting documents; (e) inclusion of unreleased checks totaling Php0.381 million; improper recording of procured supplies as Due from NGAs instead of Office Supplies Inventory; (f) discrepancy of Php3.803 million between the balances per PA and GA records; and (g) unrecorded delivered ammunitions from GA totaling Php42.414 million. - The validity of the balance of Due from GOCCs-Philippine International Trading Corporation (PITC) account of Php1.898 billion as of 31 December 2014 was unreliable due to: (a) unaccounted fund transfer to PITC of Php69.275 million; (b) unaccounted difference of Php249.821 million between the PA and PITC records without supporting documents; (c) unrecorded deliveries amounting to Php187.780 million for Regular Fund and Php0.702 million for Trust Receipts; (d) inclusion of unreleased checks totalling Php169.141 million; and (e) over recording of deliveries amounting to Php23.642 million. - The accuracy and existence of the balance of Inventory accounts totaling P5.565 billion as of 31 December 2014 cannot be ascertained due to: (a) non-conduct of physical count for six inventory accounts in HPA and five inventory accounts in MID; (b) unreconciled discrepancy of Php1.611 billion between the accounting and property records for two inventory accounts; (c) non-maintenance of Supplies Ledger Cards (SLC) by the ASPA and Stock Cards (SC) for Office Supplies Inventory by the PAO; (d) non-preparation of Report of Supplies and Materials Issued (RSMI) for issued inventories totalling Php9.393 million; (e) unrecorded ammunitions/deliveries from Government Arsenal totalling Php111.028 million; (f) inclusion of inventories totaling Php31.603 million under the accountability of the former Unit Property Officers (UPOs) from the different field units and beginning/forwarded balance totalling Php119.645 million which have been dormant for so many years; and (g) erroneous classification of 70 units modular ammunition storage with a total cost of Php10.5 million as Military, Police and Traffic Supplies Inventory instead of Military, Police and Traffic Equipment. - The accuracy and reliability of the PPE accounts with an aggregate balance of P43.47 billion as of 31 December 2014 were doubtful due to: (a) double recording of three parcels of land with assessed value of Php1.323 billion; (b) non-reconciliation of accounting and property records with discrepancy of Php804.908 million (c) non-recording of completed projects to its proper PPE account totalling Php35.748 million (d) non-preparation of a separate RPCPPE for HPA, 15th FAU, BCDA and AFPMATF; (e) failure to conduct physical count of PPE at year-end; (f) non-maintenance of PPE Ledger Cards and PC by the Accounting Office and Property Office, respectively; (g) reclassification of fully depreciated but serviceable PPE amounting to Php2.711 million as Other Assets; and (f) net adjustments on various PPE totalling Php79.496 million without supporting documents. - Accounts Payable in MID/TRADOC of Php23.828 million was recognized at the end of the year although goods and services were not yet delivered/rendered and accepted contrary to Section 4(s) of MNGAS, Volume II, resulting in the overstatement of expense and liability accounts by the same amount. Moreover, the JEV taking up the set-up of liability was not supported with approved disbursement vouchers, delivery receipts, inspection and acceptance report, thereby casting doubt on the validity of the transaction. - The Clothing/Uniform Allowance-Reenlistment Military/ Uniformed, Due to Other NGAs, Due to Central Office accounts were understated by Php97.708 million, Php0.499 million and Php7.587 million, respectively, while the Repairs and Maintenance Expenses, Other Supplies and Materials Inventory and Guaranty Deposit Payable were overstated by the same amount due to erroneous/non-recording of transactions.
Philippine Air Force (PAF)			✓		- Unreleased checks as of year-end having an aggregate amount of Php1.458 million were not restored/adjusted to the appropriate payable/liability accounts of the 600th Air Base Wing, Clark Air Base (600th ABW, CAB) as prescribed under GAFMIS Circular Letter No. 2002-001 dated 16 December 2002 resulting in the understatement of Cash and Payable accounts by the same amount. - Procured Medical and Laboratory supplies inventory in the 3rd Air Division, Edwin Andrews Air Base (3rd AD, EAAB) amounting to Php0.452 million was charged outright to expense account, in violation of Section 43 of the Manual on the New Government Accounting System (MNGAS).



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					- The balance of the Deposit on Letters of Credit (LC) account in the books of the Headquarters, Philippine Air Force (HPAF) amounting to Php114.619 million as of 31 December 2014 was overstated by Php19.371 million because the actual charges made by the bank on the LCs were not yet recognized in the books of accounts; thus, resulting in the understatement of MOOE and Inventory balances. - The accuracy, existence and completeness of the recorded balances of PPE totalling Php29.524 billion as of 31 December 2014 were doubtful due to: (a) unreconciled discrepancies of Php143.95 million between the accounting records and property records of 570th Composite Tactical Wing (CTW), Antonio Bautista Air Base (ABAB) and 3rd Air Division (AD), Edwin Andrews Air Base (EAAB); (b) non-submission of the RPCPPE to prove the existence of PPE under Air Defense Wing (ADW), Basa Air Base (BAB) and 600 ABW, CAB valued in the books at Php1.480 billion; and (c) unrecorded assets totalling Php13.521 million transferred by the Central Command, AFP to the PAF caused by insufficiency of supporting documents. - The Due to NGAs account with a year-end balance Php172.832 million was overstated by Php38.958 million due to the errors in the recording of disbursements. Moreover, Php3.26 million was still unutilized and became dormant, and Php0.432 million was not remitted back to the source agency although the intended project was already completed contrary to Section 4.2 of COA Circular No. 94-013. - The validity of almost all the assets and liability accounts of the Bases Conversion Development Authority (BCDA) Fund, totalling Php1.072 billion and Php20.383 million, respectively, could not be established due to the absence of details and supporting documents. The accounts had been dormant for more than five years and the amounts found in the Subsidiary Ledgers (SL) were merely described as “unreconciled”.
Philippine Navy (PN)			✓		- The Inventory account balance of Php1.255 billion was unreliable due to the : (a) failure of Naval Logistics Center (NLC) to conduct a complete physical count of its inventories which represented 93 percent of the total PN inventories; (b) unrecorded issuances of supplies and materials amounting to Php289.705 million caused by the late submission of Report of Supplies and Materials Issued (RSMI) by the concerned Field Supply and Property Accountable Officers (FSPAOs) to the Field Accounting Service Units (FASUs); (c) unrecorded deliveries of Petroleum, Oil and Lubricants (POL) transferred by AFP-GHQ to PN totaling to Php138.218 million; (d) erroneous recording in December 2014 of the supplies delivered in January 2015 amounting to Php1.951 million; and (e) unaccounted/unsubstantiated inventory balance of Php32.385 million in Headquarters, Philippine Navy (HPN). Moreover, the inventory balance included items amounting to P1.187 million which were non-moving for the past ten (10) years and which would eventually lead to wastage of resources due to deterioration and obsolescence. - The year-end balances of PPE totalling Php21.543 billion was unreliable due to the (a) discrepancy of Php1.058 billion between Accounting records and Property reports; (b) land account amounting to Php1.361 billion which was not backed-up by sufficient records and with unidentified/ unconfirmed physical existence; (c) doubtful PPE balance in Philfleet amounting to Php7.568 billion; (d) non-recording of transferred property from Western Mindanao Command (WESMINCOM) to Naval Forces Western Mindanao (NFWM) with a book value of Php54.429 million; (e) erroneous recording of newly procured equipment amounting to Php8.328 million as Repairs and Maintenance Expense and Inventory account instead of the appropriate PPE accounts; (f) failure to reclassify the Public Infrastructures totaling Php2.6 million to the respective PPE accounts; (g) inclusion of small tangible items considered as inventories amounting to Php2.938 million; (h) failure to drop/reclassify the lost eight armalites valued at Php0.2 million; and (i) some PPEs counted/Found in Station (FIS) with undetermined amount were not included in Accounting nor in the Property records. - The balance of Cash in Bank – Local Currency, Current Account of Php501.140 million was unreliable due to: (a) unrecorded payroll disbursements of Php202.030 million and unaccounted discrepancy of Php81.831 million between the book and bank balances of the PN Payroll accounts; (b) net overstatement of P4.264 million of Manila Naval Hospital (MNH) accounts; and (c) the unaccounted/unsubstantiated reconciling item of Php0.212 million of PN Trust Receipts. Moreover, the balance of Php63.87 million in the Old Integrated Payroll Management System (IPMS) account remained unremitted to the Bureau of Treasury contrary to EO No. 338. - Advances to PS-DBM and AFPCES were overstated by Php2.97 million and Php0.26 million, respectively due to unrecorded deliveries and some erroneous recordings. Moreover, HPN failed to monitor and make prompt action to utilize the advances to PS-DBM of Php22.235 million which had been idle/outstanding for



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					almost 10 years; hence, the purpose for which it was transferred was not achieved. The Electricity and Water Expenses were overstated by Php35.301 million and Php11.285 million, respectively, due to the continuous charging of electricity and water consumption of tenants/concessionaires and military quarter occupants to the General Fund instead of the Philippine Navy Trust Receipts (PNTR); and the erroneous recording of some transactions.
Department of Justice (DOJ)			✓		- The PPE accounts totalling Php1.003 billion could not be relied upon due to the (a) overstatement in the Buildings account by Php183.952 million because of the inclusion of the completed Hall of Justice nationwide; (b) unrecorded donations of IT equipment of Php5.635 million; (c) overstatement of the Construction in Progress (CIP) account by Php2.298 million due to inclusion of completed infrastructure project; (d) absence of complete physical inventory; and (e) presence of balances "For Reconciliation/Reclassification" amounting to Php96.484 million. - The inventory accounts in the aggregate amount of Php11.162 million could not be relied upon due to (a) the inclusion of inventories amounting to Php5.418 million without corresponding details or breakdown; (b) purchases of inventory items recorded as outright expense; (c) non-maintenance of Stock Cards for accountable forms; and (d) non-preparation of the Monthly Report of Accountability for Accountable Forms (MRAAF) for Official Receipts intended for use by the National Prosecution Service (NPS). - Liquidation Reports amounting to Php2.001 million were not recorded in the books of accounts as of 31 December 2014 resulting in the overstatement of the accounts Due from NGAs and Due from LGUs by Php2.0 million and Php0.001 million, respectively. - The reported balance of the account Due from NGAs— PS-DBM amounting to Php30.069 million could not be relied upon due to non-recording of deliveries totalling Php1.103 million resulting in the overstatement of the account by the same amount and the presence of unreconciled balance amounting to Php0.957 million as of 31 December 2014 due to the failure of management to conduct regular reconciliation with the PS-DBM.
Parole and Probation Administration		✓			- The balance of the account Due from NGAs in the Central Office amounting to Php66.119 million was unreliable due to (a) non-reconciliation of the amount with National Computer Center (NCC); and (b) the direct recording to Office Supplies Inventory account of the fund transfers amounting to Php0.194 million to the Procurement Services - DBM (PS-DBM) for the procurement of office supplies, resulting in the understatement/overstatement by Php0.027 million of the affected accounts, and contrary to Section 29, MNGAS, Volume III. - The balance of the Inventory accounts amounting to Php1.061 million was incorrect due to (a) the purchase of various supplies and materials in Region VII amounting to Php0.092 million that were directly charged to the expense account; (b) existence of dormant balances of Php0.093 million in the Other Supplies and Materials Inventory which were not supported with supplies ledger card/stock cards; and (c) the failure to conduct inventory and non-reconciliation of records between the Supply and Accounting Sections in Region XI, contrary to Section 43, MNGAS, Volume I, Sections 53, 62 and 12, of the same Manual Volume II and Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume I, respectively. - The validity, existence and accuracy of the PPE accounts valued at Php116.242 million could not be ascertained due to the (a) unreconciled difference of Php3.979 million between the Accounting and Property records; (b) absence of physical inventory and non-submission of RPCPPE contrary to Section 490 of the GAAM; and (c) non-maintenance of stock cards and property cards by the Supply and Property Section and PPE Ledger Cards by the Accounting Section. Moreover, unserviceable assets amounting to Php5.823 million were not disposed of, contrary to Section 490, GAAM, Volume I and Sections 43 and 66, MNGAS, respectively. - The account Due to GOCCs amounting to Php0.029 million had been outstanding for more than 30 years contrary to Section 98, PD No.1445. - Unserviceable property recorded under the Other Assets account totaling Php2.871 million were not disposed of, contrary to Section 79, PD No. 1445; thus, exposing them to further deterioration and diminution of resale value.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Public Attorney's Office (PAO)		✓			- The year-end balance of Due from NGAs (PS-DBM account) was inaccurate due to the difference of Php0.254 million between the recorded balance in the PAO books and PS-DBM. - The accuracy and reliability of the PPE with an aggregate acquisition cost of Php198.938 million was doubtful due to unreconciled difference of Php59.238 million in the balances of PPE as appearing in the General Ledger and the Report of Physical Count of PPE. - Unserviceable PPEs of undetermined amount were not disposed; thus, exposing the same to further deterioration and loss of economic value. - The Other Payables account with a balance of Php4.511 million included payables amounting to Php3.937million which have been outstanding for more than ten years and with no valid claimants.
Office of the Government Corporate Counsel (OGCC)		✓			Dollar deposit amounting to US\$8,520.41, or Php0.381 million was not recorded in the books resulting in the understatement of the affected accounts.
Office of the Solicitor General (OSG)		✓			- The year-end balance of the PPE accounts amounting to Php178.751 million, out of the aggregate balance of Php227.62 million, was doubtful due to the: a) unreconciled difference of Php50.204 million between the Accounting and Property records caused by non-maintenance of PPE Ledger Cards (PELC) by the Accounting Section and incomplete Property Cards (PC) maintained by the Property Section inconsistent with Section 43, MNGAS, Volume I; and (b) unrecorded disposal of unserviceable properties amounting to Php4.47 million made in prior years. - The accuracy and reliability of the Cash in Bank-Foreign Currency-Saving Account balance amounting to Php0.308 million was inaccurate due to a discrepancy of Php0.263 million between the book and bank balances.
Presidential Commission on Good Government (PCGG)		✓			- The balance of Cash in Bank-Foreign Currency Savings Account (CIB-FCSA) under Fund 184 amounting to Php301.065 million was unreliable due to: (a) the difference of US\$1.786 million (or Php80.849 million) between the books and PNB bank balances caused by non-recording of cash balance with custodian bank, and accrued income and expenses. Furthermore, withdrawals from PNB of UD\$2.541 million (or Php113.616 million) in 2014 were not supported with documentations contrary to Section 4(6), PD No. 1445 and Section 28, MNGAS, Volume I, casting doubt on the regularity, validity and correctness of the corresponding transactions; and (b) failure to drop from the books the amount of Php0.029 million representing foreign exchange adjustment on the trust account at the LBP bank despite its closure. - Bank deposits amounting to Php1.414 million as of 31 December 2014, representing revenues from the sequestered Tacloban property, were not recorded in the books contrary to Sections 36 and 122, GAAM, Volume I, and Section 3(4), PD No. 1445. - The year-end balance of the account Due from NGAs amounting to Php463.424 million under Fund 184 was doubtful due to the: (a) difference of Php3.656 million between the balance per books and the result of confirmation with the Sandiganbayan for the Oceanic Wireless Networks, Inc. (OWNI) and the Eastern Telecommunication Philippines, Inc. (ETPI) accounts; and (b) undocumented and unconfirmed balance of Php16.814 million pertaining to the Manila International Port Terminal Inc. (MIPTI). - The reported balance of the PPE accounts totalling Php15.154 billion as of 31 December 2014 was doubtful due to: (a) non-submission of Report on Physical Count of Property, Plant and Equipment (RPCPPE) and the non-reconciliation of balances between accounting and property records for Funds 101 and 151 amounting to Php30.44 million; (b) non-dropping of donated properties consisting of 120 pieces of furniture and fixtures of undetermined amount; (c) non-recording of PPEs amounting to more than Php0.168 million; (d) understatement of Communication Equipment account amounting to Php0.197 million due to undocumented and improper dropping of unserviceable cellular phone units; (e) existence of unaccounted/unreconciled cellular phone units amounting to Php0.106 million; and (f) overstatement of various PPE accounts under Fund 158 by Php14.98 billion due to improper classification of surrendered property. - The balances of Office Supplies, Other Supplies and Construction Materials Inventory totalling Php0.847 million were unreliable due to: (a) unreconciled difference of Php0.314 million between the balance per books and Report on Physical Count of Inventories (RPCI); (b) recognition of unused construction materials/supplies amounting to Php0.251 million as expenses; and (c) inclusion of obsolete/expired supplies amounting to Php0.037 million.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Cluster 6-Health and Science					
Philippine Council for Industry, Energy Research and Emerging Technology Research and Development (PCIEERD)		✓			- Unrecorded equipment purchased out of Grant-in-Aid funds amounting to Php384.266 million; and - Collectibles of Php36.276 million from defaulting scholars for scholarship benefits, Php29.156 million of which is unrecorded in the books.
Science and Technology Information Institute (STII)		✓			- An unreconciled difference of Php6.58 million between accounting and property records due to: a) non-conduct of regular reconciliation between accounting and property records; b) incomplete physical count for CY 2014; and, c) un-updated Property Cards. Moreover, unserviceable properties were not yet disposed, five years after it was determined as such, resulting in further deterioration and decrease in value; and - A discrepancy of Php0.64 million and Php0.08 million between the General Ledger and Report on the Physical Count of Inventories (RPCI) of Office Supplies and Other Supplies Inventories respectively as of 31 December 2014 due to: a) non-recording in the books of accounts of issuances of supplies as a consequence of non-submission by the Property Officer of the monthly RSMI; b) non maintenance of Stock Cards (SCs) by the Property Officer; and c) non-conduct of regular reconciliation between accounting and property records.
Technology Application and Promotion Institute (TAPI)		✓			- Un-reconciled net difference of Php0.031 million between the balances of the Due from National Government Agencies-PS-DBM and PS-DBM Party Ledger Customer; and - A discrepancy of Php17.60 million between the PPE general ledger and RCPPE due to lack of physical inventory for Other PPE.
Philippine Council for Health Research and Development (PCHRD)		✓			- Unrecorded bank reconciling items in the total amount of Php0.86 million; - Unrecorded receivables of Php0.062 million.; and - Discrepancy of Php17.83 million between the balance per books and total amount per confirmation of the accounts Due from NGAs and NGOs/POs.
Food and Nutrition Research Institute (FNRI)	✓				
Science Education Institute (SEI)		✓			Discrepancy of Php68.83 million between the PPE general ledger and the RPCPPE.
Philippine Textile Research Institute (PTRI)		✓			- The book balance of the Cash in Bank-LCCA is overstated by Php0.087 million due to unrecorded payment to Bureau of Customs and error in recording of customs duties and taxes; and - The accuracy of the reported balance of the PPE accounts amounting to Php183.98 million could not be validated in view of the un-updated PPELCs as noted in prior year's audit.
Industrial Technology Development Institute(ITDI)		✓			- Approximately Php2.959 million or 88 per cent of total accounts receivable balance of Php3.376 million pertains to uncollected accounts which remained dormant in the books for over five to twenty years; - Discrepancy of Php19.634 million was noted between the GL and the RPCPPE largely attributed to the unreconciled balance of various PPE and Other Assets account; and - Lax policy in processing technical service requests for laboratory test and weak billing and payment collection system for services rendered resulted in unrecorded and uncollected service income amounting to Php3.4 million.
National Academy of Science and Technology (NAST)	✓				
National Research Council of the Philippines (NRCP)	✓				
National Youth Commission (NYC)	✓				



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Inter-Country Adoption Board (ICAB)		✓			- The existence, accuracy and reliability of some PPE accounts with net book value of Php5.522 million could not be fully ascertained due to the failure of the Inventory Committee to conduct physical count; - The Accountant failed to drop from the book of accounts a donated motor vehicle with net book value of P0.448 million; and - Failure of the Accountant to record taxes withheld for the payment of Collective Negotiation Agreement Incentive and Trust Liabilities (Pre-Adoptive Costs), amounting to Php0.054 million.
National Council for Disability Affairs (NCDA)		✓			- The Property Officer did not conduct a running or test count at any other time during the fiscal year and maintain SCs for office supplies inventories, which did not only cast doubt on the existence and accuracy of the stock balance but also resulted in overstocking of supplies and materials; - The existence, accuracy and reliability of some PPE accounts with net book value of Php4.37 million as of 31 December 2014 could not be ascertained due to non-completion of the physical count and non-preparation/submission of the RPCPPE by the Inventory Committee, and non-preparation/maintenance of PPELC and PC by the Accountant and Property Officer; - The Accountant failed to: (a) recognize/consider the: (i) change in the estimated residual value from ten to five percent of the cost of the PPE; (ii) residual value in the computation of depreciation for Buildings, and, (iii) depreciation for two Motor Vehicles, which resulted in the net understatement of Accumulated Surplus/Deficit, Depreciation Expense and Accumulated Depreciation accounts by Php0.74 million, Php0.35 million and Php1.09 million, respectively. Moreover, the agency failed to assess the PPE if there is any indication of potential impairment at its reporting date; (b) analyze and prepare JEV on the conversion of accounts following the RCA, thus had affected the Statement of Financial Position presentation; and (c) prepare and maintain SLs for advances, accounts payable for suppliers, and other accounts in the FSs; hence, verification and tracing of the balance entail a tedious process.
Philippine Nuclear Research Institute (PNRI)		✓			- Unreconciled discrepancy of Php97.96 million between Data Based System (DBS) of Property Unit and GL balances; non-conduct of physical count; improperly classified/recorded PPE items in the books with net understatement of Php0.21 million; and partial payments totaling Php32.04 million for on-going infrastructure projects directly debited to Buildings account instead of Construction in Progress; - Dormant Accounts Receivable amounting to Php9.11 remained uncollected for over five to more than 10 years; thus, chances of collection are almost nil; - Unsupported balance of Due from NGAs and Due from GOCCs to establish validity of the accounts amounting Php0.44 million.
Philippine Atmospheric Geophysical Astronomical Service Administration (PAGASA)		✓			- Management was unable to monitor the fund transfers to and the submission of the liquidation reports by the IAs, hence, resulting in the accumulation of unliquidated fund transfers amounting to Php354.09 million; - The accuracy of the recorded balance of PPE accounts amounting Php2.615 billion could not be fully ascertained due to: a) unreconciled difference of Php582.813 million between the accounting records and RPCPPE; and, b) non maintenance of complete files of PPELC by the Accounting Section; - The validity of Php39.672 million or 48.28 percent of the total Due to Other NGAs of Php82.165 million could not be ascertained due to inadequacy of records or details. Further, unutilized projects' funds of Php9.848 million were either idle or not returned to the source agencies; and - Various errors and omissions were noted in recording of entries and transactions which affected the correctness of the balances of various accounts.
Philippine Institute of Volcanology and Seismology (PHIVOLCS)		✓			- The correctness of the balances of Cash in Bank – LCCA and Cash MDS- Regular of Php8.33 million and Php0, respectively, is unreliable due to (a) non-recording of book reconciling items in the Bank Reconciliation Statement and (b) Non-existent bank balance for LBP Acct. no. 0662-1001-70 with book balance of Php0.09 million; - Deposits on Letters of Credit is understated by Php32.64 million due to the error in the conversion of Items in Transit representing deposits for the purchase of equipment abroad to Other Assets; thus, resulting in misstatement of various affected accounts in the Financial Statements; - The existence and accuracy of the balances of PPE stated at Php1.60 billion could not be ascertained and validated due to: (a) non-maintenance of individual subsidiary ledgers and PPE Ledger Cards, (b) no physical count and (c) unreconciled difference of Php114.03 million between accounting and property records.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Advanced Science Technology Institute (ASTI)		✓			- Of the Php9.56 million reported balances of completed projects the amount of Php3.69 million remained unreconciled/ unadjusted and outstanding for more than five years; - Of the recorded balance of the Due from GOCCs of approximately Php89.006 million, Php68.006 million remained outstanding of which procurement requirements under the iGovPhil project costing Php67.86 million were not completed due to delayed delivery by the PITC for over two years now; thus, resulting in the non-utilization of funds for a long time; and - Approximately Php2.09 million or 46 percent of recorded Accounts Receivables remained uncollected, of which Php2.0 million have been dormant for more than five years.
Cluster 7-Public Works, Transport & Energy					
Office of Transportation Cooperatives (OTC)	✓				
Civil Aeronautics Board (CAB)	✓				
Toll Regulatory Board (TRB)	✓				
National Parks Development Committee (NPDC)		✓			- The Cash-Collecting Officers (COs) account balance of Php2.422 million was overstated by Php0.041 million due to recording errors; - The balance of Cash in Bank – Local Currency, Current Account (LCCA) of Php15.97 million was incorrect and unreliable in view of the (a) unreconciled difference of Php1.654 million between the account balance per GL and the adjusted balance per Bank Statement; (b) unrecorded interest income and service charges amounting to Php0.04 million and P0.005 million, respectively; and (c) error in adjusting the remittance of collection in the amount of Php0.005 million;
					- The cash equivalent of the unreleased checks aggregating Php28.212 million was not restored to cash accounts and credited to the appropriate liability accounts resulting in the understatement of the accounts Cash-MDS-Regular, Cash in Bank – LCCA, and the corresponding payable/liability accounts by Php19.204 million; Php9.008 million; and Php28.212, respectively; - The total balance of PPE accounts of Php759.131 million as of 31 December 2014 was inaccurate and/or unreliable due to the: (a) unreconciled discrepancy of Php132.146 million between the accounting records and inventory report; (b) unrecorded paintings totalling Php3.065 million; (c) non-disposal or non-reclassification to Other Non-Current Assets of unserviceable/damaged property totalling Php0.394 million; and (d) non-maintenance of PPE Ledger Cards (PELCs) and Property Cards (PCs); and - Undocumented payable of Php35.466 million for Phase II of the Intelligent Wireless Security Platform was not reverted at year-end resulting in the overstatement of the Accounts Payable and Construction in Progress-Buildings and Other Structures accounts by the same amount.
Intramuros Administration (IA)		✓			- The non-restoration to the cash accounts of the cash equivalent of the unreleased checks as of 31 December 2014 aggregating Php2.04 million resulted in the understatement of the accounts Cash-MDS-Regular, Cash in Bank-LCCA, and the corresponding liability by Php0.094 million; Php1.946 million; and Php2.04 million, respectively; - The balances of the Inventory accounts totaling Php8.792 million were unreliable due to the: (a) discrepancy of Php6.819 million between the balances in the records of the Accounting and Property Sections; (b) non-reclassification of unused construction materials of Php0.134 million to the Construction Materials Inventory account and obsolete inventory items amounting to Php0.136 million to Other Non-Current Assets; (c) failure to conduct the annual physical count; and (d) non-maintenance of Supplies Ledger Cards; and - The balances of the PPE accounts totaling Php328.858 million were inaccurate and unreliable due to the: (a) failure to conduct physical inventory; (b) misclassification of PPE accounts with a total amount of Php21.18 million; and (c) the unreconciled difference of Php0.816 million between the balances per books and inventory of Works of Arts and Archeological Specimens.
Cluster 8-Agriculture and Environment					
National Mapping and Resource Information		✓			Balance of Due from National Government Agencies account amounting to Php18.157



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Authority (NAMRIA)					million could not be relied upon due to the discrepancy of Php7.179 million between the accounting records and confirmation replies; - Reported balances of six Inventory Held for Consumption accounts amounting to Php203.905 million were doubtful due to the discrepancy of Php180.192 million between the accounting records and RPCI; - Balances of the PPE accounts amounting to Php4.578 billion were doubtful due to the discrepancy of Php2.029 billion between the accounting records and RPCPPE; (d) balances of Transportation Equipment- Motor Vehicles account and its Accumulated Depreciation account amounting to Php43.417 million and Php39.486 million, respectively, were unreliable due to the unrecorded cost of 22 motor vehicles found in station caused by inadequacy of supporting documents; (e) several buildings and other structures with an acquisition cost of Php9.324 million were disposed of/demolished during the year due to the construction of condominium buildings but were still recorded in the books of account resulting in the overstatement of Buildings and Other Structures accounts; and - Erroneous recording of transactions amounting to Php10.299 million resulted in the overstatement of Repairs and Maintenance – Building and Other Structures, Other Supplies Expenses and Other Maintenance and Operating Expenses accounts and understatement of Disaster Response and Rescue Equipment and Accumulated Surplus.
National Water Resources Board (NWRB)		✓			- Cash in Bank – Local Currency, Current Account balance of Php0.069 million as of 31 December 2014 was doubtful due to the discrepancy between the book and the bank balance amounting to Php1.964 million which could not be accounted for due to the non-submission of ATSP Revolving Fund accounting reports/transactions and supporting documents, as basis for recording in the books of accounts and preparing the bank reconciliation statements for CY 2014 and prior years; - Balance of the Due from National Government Agencies account of Php5.223 million is not reliable due to: (i) existence of unliquidated fund transfers for more than 20 years totalling Php4.543 million caused by the failure to enforce submission of liquidation reports by the Implementing Agencies; (ii) discrepancy of Php1.348 million between the balances recorded in the books of account and results of confirmation; and (iii) erroneous classification of accounts in the total amount of Php1.382 million; - Total amount of Php4.285million paid for the contracted project (Design, Drilling and Installation of Groundwater Monitoring Wells), Php2.999 million was recorded under the Consultancy Services account while the amount of Php1.286 million was debited to Other Structures account; thereby resulting in the overstatement and understatement of the former and latter accounts by the same amount of Php2.999 million as of 31 December 2015; and - Unused metered postage stamps amounting to Php0.13 million was recorded under the Postage and Courier Services account instead of the Accountable Forms, Plates and Stickers Inventory account, contrary to COA Circular No. 2014-003 dated 15 April 2014; thus, resulting in the overstatement and understatement of said accounts, respectively, by the same amount.
Pasig River Rehabilitation Commission (PRRC)		✓			- Balance of the Due from NGAs account of Php1.255 million is not reliable due to the difference of Php0.682 million or 67 percent of the balance with the confirmed balances by the implementing agencies of Php0.343 million; - Advances to Contractors account balance of Php40.517 million could not be relied upon due to the existence of abnormal balances reflected in the subsidiary ledgers which remained outstanding for over five years amounting to Php11.368 million; - Balance of Other Infrastructures Assets account of Php442.860 million as of year-end was unreliable due to the inclusion of transactions in CY 2005 amounting to Php2.383 billion without the necessary supporting documents; - Balances of two Inventory accounts amounting to Php0.533 million were unreliable due to the discrepancy of Php0.051 million between the accounting records and RPCI; and - Balances of the PPE accounts amounting to Php7.769 billion were doubtful due to the discrepancy of Php5.052 billion between the accounting records and RPCPPE. The cost of dredging of Pasig River amounting to Php4.936 billion was erroneously recorded under Flood Control Systems account instead of Desilting and Dredging Expenses account. Further, donated equipment amounting to Php2.094 million are still recorded in the books.
Intellectual Property Office of the Philippines (IPOPHIL)	✓				



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Design Center of the Philippines (DCO)		✓			- Cash equivalent of the unreleased checks as of year-end totalling Php2.813 million was not restored to the Cash-Modified Disbursement System (MDS), Regular and Trust accounts; thus, resulted in the understatement of the cash and payable accounts at year-end; - Inventory accounts balance of Php0.637 million is understated by Php0.455 million due to the printing of books intended for sale directly debited to expenses accounts. Moreover, the Other Supplies and Materials Inventory account balance of Php0.18 million is doubtful due to non-conduct of physical count and non-submission of the RPCI by the Inventory Committee; and - Accounts Payable amounting to Php0.214 million which remained outstanding for more than two years were not reverted to Government Equity now Accumulated Surplus/(Deficit) account as of year-end, which overstated the account balance.
Philippine Trade Training Center (PTTC)		✓			The cash equivalent of the unreleased checks as of 31 December 2014 amounting to Php2.682 million was not restored to the Cash- Modified Disbursement System (MDS), Regular and Cash in Bank- Local Currency, Current Account (LCCA); thus, resulted in the understatement of the cash and payable accounts by same amount at year-end.
State Colleges and Universities (SUCs)/ Stand-Alone Agencies					
Cordillera Administrative Region (CAR)					
Abra State Institute of Sciences and Technology (ASIST)		✓			- Doubtful valuation of the agency's Property, Plant and Equipment (PPE) amounting to Php625.80 million due to the inability of the Institute to conduct a complete physical count of its PPE and to maintain PPE Ledger Cards (PPELC) and Property Cards (PC); and - Unreliable reported balance of Inventory accounts amounting to Php3.56 million due to the inability of the agency to conduct a complete physical inventory of said assets, and to maintain Supplies Ledger Cards (SLC) and Stock Cards.
Apayao State College (ASC)		✓			- Unreliability of the reported balances of the agency's PPE in the amount of Php87.67 million due to the inability of the College to conduct a physical count of said assets; and - Unsettled cash advances granted to officers and employees totaling Php1.39 million.
Benguet State University (BSU)		✓			- Recorded inventories and PPE with corresponding amounts of Php37 million and Php21 million, respectively, do not reconcile with the Inventory Report as of 31 December 2014; thus, account balances in the Financial Statements are not reliable; - Equipment units costing Php0.49 million procured in accordance with approved project budgets funded through fund transfers from source government agencies were not properly accounted for in the books of the University as required by regulations, thus understating assets by the same amount; and - Of the Php23 million fund transfers received by the agency for the implementation of special projects, disbursements in the total amount of Php2.2 million were either not within or in excess of approved operating budgets, indicating that project funds have not been exclusively utilized for the specific purposes authorized by the funding agencies, and that project spending have not been efficiently monitored by the project, budget and accounting personnel.
Ifugao State University (IfSU)		✓			Unrecorded PPE totalling Php54.47 million.
Kalinga-Apayao State College (KASC)				✓	- There was substantial delay in the submission of financial reports and supporting documents for disbursements amounting to Php88.65 million contrary to the provisions of Section 7, COA Circular No. 2009-06 dated 15 September 2009 despite repeated demands for compliance as embodied in previous AARs and tracers issued; thus, preventing the conduct of a - timely and relevant audit.
Mountain Province State Polytechnic College (MPSPC)	✓				
Region I - Ilocos Region					
Don Mariano Marcos Memorial State University (DMMMSU)		✓			Non-compliance with the Revised Chart of Accounts (RCA) in recording the Notice of Cash Allocation (NCA) and retained income received by all the DMMMSU campuses and operating units amounting to a total of Php681.69 million and Php163.22 million, respectively, resulting in the misstatement of account balances and the improper presentation of affected accounts in the Financial Statements;



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					- Non-reversion of unutilized NCAs of all the DMMMSU campuses and operating units to the account of the National Treasury rendered the overstatement of the balances of Cash accounts by a total of Php28.28 million as presented in the Financial Statements; and - Non-submission of various Disbursement Vouchers (DVs) and paid payrolls including required supporting documents, recorded in the books of accounts of DMMMSU-CA amounting to Php8.33 million rendered our failure to evaluate the authenticity and validity of these claims from the government funds; thus, affecting the fairness of the presentation of affected accounts in the Financial Statements.
University of Northern Philippines (UNP)-Vigan, Ilocos Sur		✓			The PPE account is unreliable due to the absence of accounting and property records for verification purposes. Such deficiency precluded the Team from performing other auditing procedures to ascertain the accuracy of the PPE accounts.
Ilocos Sur Polytechnic State Colleges (ISPSC)		✓			The PPE account is unreliable due to the absence of accounting and property records for verification purposes. Such deficiency precluded the Team from performing other auditing procedures to ascertain the accuracy of the PPE accounts.
North Luzon Philippine State College (NLPSC)		✓			- The PPE account is unreliable due to the absence of accounting and property records for verification purposes. Such deficiency precluded the Team from performing other auditing procedures to ascertain the accuracy of the PPE accounts; and - PPE accounts and income were overstated due to non-provision of Accumulated Depreciation and Depreciation expense.
Mariano Marcos State University (MMSU)	✓				
Pangasinan State University (PSU)		✓			- The existence of property and accuracy of the consolidated book value of PPE accounts amounting to Php1.50 billion were uncertain due to the absence of actual physical count of property and equipment and unreconciled balances between the inventory report and accounting records; - Cash advances amounting to Php2.38 million remained unliquidated at year-end resulting in unrecorded expenses. The erroneous recording of accounts receivable from tuition fees amounting to Php17.99 million rendered the Accounts Receivable account doubtful; - The correctness of the supply inventory account balance amounting to Php33.92 million was not certain due to the absence of physical count of supply inventories and lapses in recording and reporting them; - The PSU-Main's Other Assets-Long Term Investment amounting to Php3.75 million, which was found to be non-existing remained in the books, resulting in the overstatement of the asset account; and - The doubtful accuracy and validity of accounts payables balance at year-end in three campuses amounting to Php1.54 million due to lack of pertinent documents and information.
Region II – Cagayan Valley Region					
Isabela State University (ISU)		✓			- Management failed to conduct physical inventory taking of PPE amounting to Php685.977 million and submit the Report on the Physical Count of PPE (RPCPPE); thus affecting the reliability of the accounts; and - Management also failed to reconcile the balance of the Cash-in-Bank, LCCA amounting to Php181.507 million as of 31 December 2014; hence, validity of said account presented in the financial statements could not be ascertained.
Nueva Vizcaya State University (NVSU)		✓			The unreliability of the existence and valuation of the PPE accounts totaling Php243.98 million (net of accumulated depreciation) due to unreconciled balances between the accounting and property records amounting to Php122.68 million which has a material impact on some of the assertions made in the financial statements of the Management.
Quirino State University (QSU)		✓			The existence and valuation of PPE amounting to Php209.127 million could not be ascertained due to inadequacy of records and the continued inability of management to conduct complete physical inventory reports thereon and failure to reconcile with accounting records as required under the existing rules and regulations.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Region IV-A (CALABARZON)					
Cavite State University (CvSU)		✓			23 accounts of the University posted negative balances; - Variance of Php304.50 million and negative Php0.037 million between the accounting records and the accountable officer's cash books; - Existence and reliability of PPE accounts of CvSU-Naic Campus with total carrying value of Php18.57 million as at year-end could not be ascertained due to Management's failure to conduct physical inventory and submit the RPCPPEs as well as maintain updated PPE Ledger Cards; and - Stale checks totaling Php0.039 million of CvSU-Naic were not cancelled or adjusted in the books of accounts; still included in the list of outstanding checks.
Laguna State Polytechnic University (LSPU)		✓			- The balance of receivables was understated by Php0.25 million; - Discrepancy of the balance of inventories between accounting and property records by Php0.285 million; - Unrecorded building, equipment and other property amounting to Php6.06 million; - Discrepancy of the balance of PPE between accounting and property records by Php136.99 million; - Failure of the Supply/Property Officers to conduct physical inventory count of PPE; and - Overstatement of Accounts Payable account by Php4.22 million.
Batangas State University (BSU)		✓			- Other Payables has existing discrepancy of Php9.42 million between the General Ledger (GL) and Subsidiary Ledger (SL) of the Main Campus; and - The SL and GL balances do not reconcile with the totals of the sub-SL and Schedule with discrepancies amounting to Php16.43 million and Php7.20 million, respectively.
Region IV-B (MIMAROPA)					
Occidental Mindoro State College (OMSC)		✓			Doubtful validity and correctness of Inventory account
Mindoro State College of Agriculture and Technology (MSCAT)		✓			Doubtful validity and correctness of PPE and Inventory accounts
Marinduque State College (MSC)		✓			Doubtful validity and correctness of PPE and Inventory accounts
Romblon State University (RSU)		✓			Doubtful validity and correctness of PPE and Inventory accounts
Palawan State University (PSU)		✓			Doubtful validity and correctness of PPE account
Western Philippine University (WPU)		✓			Doubtful validity and correctness of PPE account
Palawan Council for Sustainable Development Staff (PCSDS)		✓			Doubtful validity and correctness of PPE account
Region V- Bicol Region					
Partido State University (PSU)		✓			- Validity of Accounts Receivable balance of Php32.24 million could not be ascertained due to non-reconciliation with the detailed aging of receivables totaling Php29.58 million, or a difference of Php2.66 million; and - The balance of PPE account of Php350.96 million was incorrectly stated due to discrepancies in recording and other related deficiencies between the Accounting and Property records amounting to Php43.21 million.
Catanduanes State University (CSU)		✓			The reported balance of the Inventory account amounting to Php4.712 million is doubtful due to unreconciled balance per General Ledger and physical inventory report of Main Campus and failure to conduct inventory count of the Panganiban Campus;



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					- Correctness and reliability of the Property, Plant and Equipment account costing Php290.035 million cannot be ascertained due to unreconciled difference of Php20.719 million as compared against physical inventory amounting to Php269.316 million; and - The Financial Report was not fairly presented because the procurement of hardware and construction materials amounting to Php3.455 million was directly recorded under Repairs and Maintenance - Building and Other Structure instead to Construction Materials Inventory account.
Camarines Sur Polytechnic Colleges (CSPC)		✓			The accuracy, validity and existence of the general ledger balances of various accounts as of December 31, 2014, totaling Php27.054 million, could not be ascertained due to the non-maintenance of subsidiary ledgers by the Accountant.
Don Emilio B. Espinosa Memorial State College of Agriculture and Technology (DEBESMSCAT)		✓			The failure of the Production Business Affairs Director to furnish the Accounting Section with the required monthly production report for Income Generating Project on chicken layer, is contrary to Sections 111 and 112 of PD No. 1445 and Items 2.3.4 and 2.9.6 of the DEBESMSCAT Income Generation Manual, thus, understating the Income under Fund 101. Likewise, expenses for the same project were improperly charged to Fund 101 thus, overstating the expenses by Php0.848 million under the same fund and understating the expenses under Fund 161 by the same amount.
Region VI- Western Visayas Region					
Aklan State University (ASU)		✓			- Due to the discrepancy of Php79.80 million between the inventory of PPE of the three campuses vis-à-vis the Statement of Financial Position; - Properties amounting to P0.205 million waived in favor of the three national high schools of the Department of Education still formed part of the PPE account of the University; - Five parcels of land owned by the University with a total land area of 78.8131 hectares were not covered by Torrens Title;
					- Loans Receivables of Php0.681 million from Student Financial Assistance Program (STUFAP) as of 31 December 2014 remained dormant; and - Propriety and validity of payments for wages and honorarium of teaching personnel amounting to Php1.91 million could not be ascertained in the absence of valid and proper documents.
University of Antique (UA)		✓			The correctness of the PPE balance of Php308.55 million as reflected in the books cannot be ascertained due to the failure to conduct an actual physical inventory of the University's property, plant and equipment as of 31 December 2014 and the failure to reconcile the independent records of the Accounting and the Property Sections resulting to a discrepancy of Php66.94 million.
Capiz State University (CPSU)		✓			- Difficulty in validating balance of accounts due to failure to maintain detailed schedules for Accounts Receivable and Other Receivables totaling Php0.719 million and Php0.189 million, respectively, contrary to Sections 111 and 114 of Presidential Decree (PD) No. 1445 and Section 12 of the Manual on the New Government Accounting System (MNGAS), Volume II, rendered the validity of the year-end balances doubtful; - The existence and correctness of Inventory accounts totaling Php0.662 million could not be ascertained due to the absence of regular inventory taking and reconciliation between the accounting and supply records, contrary to pertinent provisions of the MNGAS; and - The absence of detailed schedules and non-maintenance of subsidiary ledgers resulted to the difficulty in validating Trust Liabilities and Other Payables accounts totaling Php7.07 million and Php14.51 million, respectively, contrary to Sections 111 and 114 of PD No. 1445 and Section 12, MNGAS, Volume II; thus, rendered the year-end balances doubtful.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
West Visayas State University (WVSU)		✓			- Accuracy and validity of the balance of PPE excluding Land, amounting to Php747.64 million could not be ascertained due to noted deficiencies in the control mechanisms contrary to Sections 58 and 79, PD No. 1445; thus, reliability of the reported balance in the financial statements could not be determined; - Deficiencies in monitoring and accounting for supplies resulted to the discrepancies between the reported balance per accounting and supply records in the Main Campus and Medical Center; thus, inventories totaling Php74.04 million reflected in the financial statements as of year-end is of doubtful validity. Likewise, government property is not adequately protected against loss and/or wastage; - The propriety and validity of expenses for honoraria and overload claims of teaching personnel amounting to Php27.37 million could not be ascertained in the absence of valid documents to support the disbursements, contrary to Section 28, Volume 1, MNGAS and Section 2, Rule XVII of the Omnibus Rules Implementing Book V of EO No. 292; - Lapses in the grant, billing and collection system of the Medical Center resulted to the accumulation of long outstanding receivables amounting to Php21.69 million ranging from five (5) to over 15 years as of year-end. Likewise, the long overdue/dormant accounts are still classified as current asset contrary to Section 76, Philippine Public Sector Accounting Standards (PPSAS) Volume I; thus, overstating the current assets of the agency; and - The existence and reliability of Payables – Due to NGAs in the Main Campus amounting to Php5.80 million could not be determined due to the absence of information on the identities of the payees and/or a schedule supporting the same, contrary
					to Section 111, PD No. 1445; thus, accuracy of the recorded amount in the financial statements could not be ascertained.
Iloilo Science and Technology University (ISAT-U)		✓			Failure of the Management to conduct physical count of Inventories and PPE, prepare inventory reports and reconcile the balances in the accounting records with their respective control accounts; unliquidated cash advances and understatement of recording of income from tuition fees.
Guimaras State College (GSC)		✓			Failure of the Management to conduct physical inventory, prepare inventory reports and reconcile the balances in the accounting records with their respective control accounts; thus, resulting to doubtful existence and accuracy of the Property Accounts amounting to Php86.86 million, as of year-end.
Iloilo State College of Fisheries (ISCOF)		✓			- Failure to conduct a complete inventory and reconciliation vis-à-vis the Supply Officer's records of all Colleges' School Buildings and Other Structures totaling Php117.53 million and Equipment, Furniture and Fixtures amounting to Php101.51 million as of year-end; - The accuracy and existence of the balances of the Supplies and Materials Inventory accounts totaling Php1.76 million could not be ascertained due to non-completion of the Report on Physical Count of Inventory (RCPI) and non-reconciliation of property records with the accounting records; - Collections totaling Php12.02 million for CY 2014 of the Main Campus were recorded as income without the corresponding Reports of Collections and Deposits; - Delayed/non-submission of financial reports such as the Disbursement Vouchers and Trial Balances; and - Discrepancy of Php0.083 million between the balances of "Advances to Officers and Employees" account as of 31 December 2014 in the Trial Balance of Php0.453 million and Subsidiary Ledger of Php0.370 million.
Northern Iloilo Polytechnic State College (NIPSC)		✓			- Non-preparation of the CY 2014 Report on the Physical Count of Property, Plant and Equipment as of 31 December 2014 amounting to Php191.34 million as well as non-maintenance and non-reconciliation of PPE Ledger Cards and Property Cards rendered doubtful the existence, accuracy and completeness of PPE accounts; and - Non-submission of disbursement vouchers and supporting documents of the Main and Batad Campuses with a total amount of Php191.94 million resulted in difficulty in ascertaining the legality and validity of the transactions.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Carlos Hilado Memorial State College (CHMSC)		✓			- Failure to conduct physical inventory of all the Campuses' PPE totaling Php339.20 million contrary to pertinent sections of the MNGAS, Volume II rendered the existence, accuracy and valuation of the assets doubtful; - Failure to take in the books and collect the disallowances incurred by the officers and employees for CYs 2004-2012 totaling Php2.09 million is not in accordance with the provisions of the MNGAS, Volume I and with the COA Order of Execution resulting in the understatement of Accounts Receivable and Government Equity accounts in the financial statements as of 31 December 2014; and - Cash Advances totaling Php1.84 million remained outstanding as of year-end due to failure of the accountable officers to settle their accountabilities contrary to Section 89, PD No. 1445 and COA Circular No. 97-002 dated 10 February 1997, resulting in the failure to record expenses in the year of occurrence. The amount of Php0.548 million or 29.83 percent of the total unliquidated cash advances were granted prior to 31 December 2011 and have not been settled as of date contrary to COA Circular No. 2012-004 dated 28 November 2012.
Northern Negros State College of Science and Technology (NONESCOST)		✓			- Failure to conduct physical inventory of all the Campuses' PPE totaling Php65.55 million per year-end Trial Balance, contrary to pertinent sections of the MNGAS, Volume II rendered the existence, accuracy and valuation of the assets doubtful; - Expenses totaling Php2.07 million were not supported with complete documentation and not in accordance with CSC guidelines on PRAISE resulting in the difficulty of ascertaining the validity and propriety of reported disbursements; - Cash Advances totaling Php1.09 remained outstanding as of year-end due to non-settlement by the accountable officers of their accountabilities contrary to Section 89, PD No. 1445 and COA Circular No. 97-002 dated 10 February 1997; thus, expenses were not recorded in the year these were incurred. The amount of Php0.603 million or 55.20 percent of the total unliquidated cash advances were granted prior to 31 December 2011 and have not been settled as of date, contrary to COA Circular No. 2012-004 dated 28 November 2012.
Region VII – Central Visayas Region					
Cebu Normal University (CNU)		✓			- Non-preparation of bank reconciliation statements which resulted to a variance of Php5.84 million between book and bank balances is not reconciled; - Understatement of Cash-in-Bank account in Miscellaneous Fund of Php0.69 million and overstatement of the Subsidy from National Government account by Php2.36 million; - Understatement of the Account Receivables-Disallowance/ Charges by Php4.41 million and overstatement of Other Payables by Php2.27 million; - Overstatement of Cash-Collecting Officer's account by Php0.21 million; and - Unreliability of the balances of the PPE accounts due to the unreconciled difference between book balances and the inventory report of PPE as reported in the CY 2013 AAR which was not fully addressed by Management as of 31 December 2014.
Negros Oriental State University (NOSU)		✓			- Inventory and PPE accounts amounting to Php3.35 million and Php548.79 million were not supported with inventory reports, ledger/stock cards and no physical count was conducted; thus, alternative procedures could not be applied to determine the validity of their existence; - Prior-year's expenditures amounting to Php3.56 million were paid out of the current year's appropriation resulting to overstatement of expenses and understatement of income for the year; - Three bank deposit accounts with total balances of Php3.43 million were not taken up in the books; and - Donated lots with an estimated total market value of Php308.01 million remained unrecorded in the books.
Siquijor State College (SSC)		✓			- The physical count of the PPE amounting to Php66.09 million was not conducted. The property records were inadequate; thus, alternative audit procedures to determine the validity of the assets could not be applied; and - There is a difference of Php0.08 million between the Cash-Collecting Officer account per general ledger and the Cashier's records.
Region IX – Zamboanga Peninsula					
Western Mindanao State University (WMSU)		✓			Some accounts were not properly classified under the Revised Chart of Accounts such as Buildings being used as dormitories or leased to tenants which should be reclassified into Investment Property;



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					- Computer Software whether bought or manufactured which should be classified as Intangible Assets; and - Inventory Accounts which should be classified as to held for sale or for distribution.
Zamboanga State College of Marine Science and Technology (ZSCMST)		✓			- Failure to submit reports on their physical inventory taking of properties which resulted in non-reconciliation of property records with those of the Accounting Section; hence, assertions on existence and proper valuation of Property, Plant, and Equipment (PPE) accounts totalling to Php116.584 million was not fully validated; - Failure of the College Accountant to adjust scholarship expense made in 2015 which is included in the current reporting period (2014) resulting in overstatement of Php1.177 million Scholarship Expense; - Eight (8) depreciable PPE accounts with book value of Php39.8 million as of year-end were not depreciated; thereby, overstating asset and equity and understating expense accounts; and - There were errors and omissions in recording transactions affecting the Due to Other NGAs account amounting to Php20.7 million; hence, assertion on existence and proper valuation of the said account was not fully validated.
Zamboanga City State Polytechnic College (ZCSPC)		✓			- Actual physical inventory inventory taking of the SUC's assets was not undertaken and no reconciliation of property records with those of the Accounting Section was made; thus, existence and proper valuation of Property, Plant, and Equipment (PPE) accounts totaling to Php51.489 million could not be fully validated; - Construction in Progress - Buildings and Other Structures account includes completed projects in previous years totalling Php5.616 million which were not yet reclassified to the appropriate Buildings and Other Structures account; - Construction materials purchased amounting to Php1.226 million were erroneously recorded to Construction in Progress - Buildings and Other Structures instead of Construction Materials Inventory; - Non-existing Inventories amounting to Php0.562 million are still carried in the books; thereby, overstating assets and equity accounts; and - The method of recognizing income from tuition fees on cash basis is not in accordance with the accrual basis prescribed in COA Circular Letter No. 2004-002 dated 30 September 2004.
Region X – Northern Mindanao Region					
Mindanao University of Science and Technology (MUST)		✓			- The total Trust Liabilities of Php95.06 million and Php14.94 million out of Php59.94 million balance of Due to Other NGAs Account are not supported with complete Subsidiary Ledgers (SLs) contrary to COA Circular 94-013 dated 13 December 1994 and the existence of 12 accounts with abnormal balances totaling Php2.05 million rendered the accounts unreliable; and - The validity and accuracy of the balances of the PPE account totaling Php865.00 million is unreliable due to the unreconciled difference of Php5.40 million caused by non-maintenance of the property cards of the Books and Other Assets accounts by the Supply and Property Unit as required in Sec. 43, MNGAS, Volume I.
Misamis Oriental State College of Agriculture and Technology (MOSCAT)		✓			- The continued existence of dormant receivables of Php5.36 million representing unpaid tuition fees from various defunct sponsors and receivables from patrons of the College income - generating projects (IGPs) casts doubts on its collectability and validity of the reported balance; - The Accounts Receivable recorded at Php29.26 million was overstated by Php0.78 million due to under recording of Allowance for Impairment contrary to Annex A, item C of COA Circular No. 2013-002 dated 30 January 2013 which also misstated the related accounts of the statement of financial performance; - The validity and accuracy of the recorded Inventory accounts totaling Php1.47 million is unreliable due to the unreconciled difference of Php0.17 million contrary to the provision of Section 43, MNGAS, Volume I; - The validity and accuracy of the balances of the PPE account totaling Php137.47 million is unreliable due to the unreconciled difference of Php15.43 million contrary to the provision of Section 43, MNGAS, Volume I; and - The total Other Payables in the nature of Trust Liabilities totaling Php17.85 million are not supported with complete Subsidiary Ledgers (SL) contrary to COA Circular 94-013 dated 13 December 1994; thus, rendering the accounts unreliable.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Camiguin Polytechnic State College (CPSC)		✓			- Due and demandable CHED SAFE loan receivables totaling Php0.44 million granted to 146 CPSC students, out of the Php0.56 million released to 186 students, were not collected contrary to CHED Memorandum Order No. 25, series of 2008. Moreover, the balance of Php0.64 million out of the Php1.20 million transferred by CHED remained unutilized; thus, delimiting the availment instead of expanding the number of beneficiaries of the loan program; - The funds for Expanded Students' Grants-In-Aid Program for Poverty Alleviation (ESGP-PA) from the DBM amounting to Php6.61 million was transferred and erroneously booked in Fund 164 as Subsidy Income from National Government (SING) instead of recording as Trust Liability account contrary to Section 4, PD No. 1445 and Annex A of COA Circular 2013-002 dated 30 January 2013 resulting in the overstatement of SING and Scholarship Expense accounts and understatement of Trust Liability; - Cash advances for travel are recorded as Due from Officers and Employees instead of Advances to Officers and Employees contrary to COA Accounting Circular No. 2006-001 dated 9 November 2006 and COA Circular 2013-002 dated 30 January 2013 resulting in misstatement of affected accounts. Moreover, P0.015 million of Cash Advances recorded to Due to Officers and Employees remained unliquidated as of year-end contrary to Item 5.8, COA Circular 97-002 dated 10 February 1997; and - Unrecorded income from school fees billed on second semesters and summer of AY 2013-14, High School Department AY 2014-15, and first and second semester of AY 2014-15 understated the accounts receivable and the related school fees income by Php9.81 million as of 31 December 2014 contrary to COA Circular No. 2004-002.
Bukidnon State University (BSU)		✓			- The accuracy and existence of the Cash in Bank –LCCA totaling Php252.70 million could not be ascertained due to non-preparation of the Bank Reconciliation Statements of the 27 BSU External Study Centers, and the non-reconciliation and updating of the Subsidiary Ledger balances of bank accounts; and - The validity and existence of the PPE remained doubtful due to non-conduct of the physical inventory, showing an unreconciled variance of Php44.68 million with that of the accounting record.
Mindanao State University - Iligan Institute of Technology (MSU-IIT)		✓			- Variance in Funds 161 and 164 totaling Php0.65 million and Php1.08 million, respectively between the books of the Accountable Officers (AOs) and the Accountant exists due to their failure to conduct reconciliation of accounts at least quarterly in violation of Section 181, GAAM, Volume I, thereby affecting the reliability of the Cash in Bank account; - Bank Reconciliation Statement (BRS) for Income Generating Project Renting Unit Bank Account and Time Deposit account with an aggregate balance of Php2.73 million as of 31 December 2014 were not prepared contrary to Section 74, PD No. 1445 resulting in unreliability of accuracy and correctness of Cash in bank accounts; and - Expenses for power and water consumption amounting to Php0.42 million deducted from the claim of the Contractor for the expansion of the College of Engineering Building was erroneously recorded as miscellaneous income instead of returning to the National Treasury contrary to Philippine Accounting Standards (PAS) 18 consequently, overstating the income of the Institute.
Mindanao State University (MSU) – NAAWAN		✓			- Management failed to complete the previous years' physical count and properly transfer accountability for properties contrary to Section 490, GAAM, Volume I, Section 4(l), MNGAS, Volume I and Section 77, PD No. 1445; thereby affecting the correctness and existence of PPE accounts valued at Php84.0 million; and - Rental Income from the food court operations amounting to Php0.38 million remained unrecorded and uncollected due to laxity of management in monitoring collection therefrom in violation of Section 60, PD No. 1445; thus, understating the income and hampering the capability of the school to engage in other income generating activities.



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
Mindanao State University-Maigo School of Arts and Trades (MSU-MSAT)		✓			- PPE accounts costing Php3.92 million were not provided with depreciation contrary to Section 67, MNGAS, Volume I; hence, the accumulated depreciation and depreciation expense accounts were understated; - Donated 3.8 hectares of land occupied by the School was not yet titled in the name of MSU-MSAT and re-valued due to management's laxity to facilitate the transfer of land title thereof contrary to Section 63, PD No. 1445 and Philippine Accounting Standards (PAS) 16; thus, the interest of the government is not protected against third party and affecting the reliability and correctness of the financial statements; and - Unserviceable properties with total acquisition cost of Php3.3 million remained undisposed and were not reclassified to Other Assets account contrary to Section 79, PD No. 1445 and Section 143, MNGAS, Volume III; thus, losing the opportunity to earn additional income as these properties continues to deteriorate.
Mindanao State University - Lanao del Norte Agricultural College (MSU-LNAC)		✓			- Prior year's expenditures amounting to Php0.58 million were charged against the current year's appropriations contrary to Section 119, PD No. 1445; thereby resulting in overstatement of expenses for the current year; and - Pertinent conditions set forth in the Memorandum of Agreement (MOA) between the Department of Agriculture (DA) and the College were not strictly complied with and consequently affecting the reputation of the College and misstating its financial statements.
Northwestern Mindanao State College of Science and Technology (NMSCST)		✓			Due to the non-adherence to the accrual method of accounting for the recognition of income from tuition fees and income generating projects resulted in the understatement of the Accounts Receivable and Other Deferred Credits; and the validity and existence of inventories totaling Php1.22 million cannot be ascertained due to non-recognition of expenses contrary to PPSAS 12 and failure to conduct physical count.
Central Mindanao University (CMU)* *transmitted 22 July 2015		✓			The validity of the Cash in Bank-LCCA, the Inventory, and the PPE accounts is doubtful due to lack of supporting documents to substantiate the same.
Region XII – SOCCSKSARGEN Region					
Cotabato City State Polytechnic College (ICSPC)		✓			- The validity of the Cash-in-Bank-Local Currency, Current Account (LCCA) balance of Php18.76 million could not be ascertained due to inadequacy of subsidiary records, non-preparation of updated monthly Bank Reconciliation Statements for Trust Fund-Laboratory High School and Internally Generated Projects Funds; and - The validity of the Supplies and PPE accounts balance of Php0.975 million and Php27.49 million, respectively as of 31 December 2014 cannot be fully ascertained due to the absence of the general ledger, property records and failure of the agency to conduct physical inventory-taking for the past two years contrary to existing rules and regulations.
Sultan Kudarat State University (SKSU)		✓			- Advances to Officers and Employees (1-99-01-040) and Advances for Payroll Fund (1-99-91-020) totaling Php2.07 million and Php2.4 million, respectively, aged 31 to 365 days, remained unliquidated beyond the reglementary period prescribed under existing rules and regulations resulting to the understatement of the expenses and overstatement of receivables; - Construction-in-Progress (CIP)-Agency Assets Account amounting to Php39.63 million as of 31 December 2014 is found to have included entries that is (i)pertaining to completed projects and/or construction that is pending as to completion or still has on-going or pending expansion or improvements, (ii) labor costs that could not anymore be traced as to where it could be attributed, and (iii) other articles with immaterial amounts that should have been treated as outright expenses upon incurrence. Moreover, the supposed completed projects were not transferred to the appropriate asset account contrary to Section 41, MNGAS, Volume I; thus, overstating the CIP and Government Equity accounts and understating the appropriate PPE accounts; - Various audit observations relative to the Construction of the Entrance Gate, Academic Building (Technology Incubation Enterprise Development Center Building-Phase I such as: (a) non-inclusion of the said project in the Agency's Approved Annual Procurement (APP) for the year; (b) non-submission of Bids and Awards Committee (BAC) Resolution declaring and recommending the winning bidder, (c) non-completion of the construction that had long been overdue and should have been finished as early as 20 September 2013; thus delaying further the turn-over of the project to the agency; (d) expiration of the Guarantee/Bond of the contractor prior to



Summary of Audit Opinions

AGENCIES	UQ	Q	A	D	Reason/Basis for Modified Opinion
					the actual completion; and (e) non-posting of project signage/s in places designated by COA; thus, depriving the public of necessary information of the agency's undertakings/projects; and Non-collection of lease/rental fee from SKSU Faculty and Employees Multi-Purpose Cooperative for the continuous use of land area within the University premises intended for the Cooperative's building and dormitory erected therein contrary to Section 4(2), PD No. 1445.
University of Southern Mindanao (USM)		✓			The validity and existence of the Cash-Collecting Officer account in the total amount of Php5.77 million cannot be fully ascertained due to the cash shortages incurred in the previous years by two Cash Collecting Officers.
Cotabato Foundation College of Science and Technology		✓			The PPE account totaling Php65.55 million cannot be fully ascertained due to failure of the agency to reconcile the difference of Php23.65 million between the books of accounts and Physical Count of Inventory Report.
Mindanao State University (MSU)		✓			The discrepancy in the total amount of Php98.59 million between the book of accounts and the Report on the Physical Count of PPE due to non-reconciliation rendered doubt on the fair presentation of the financial statements.
Region XIII – CARAGA Region					
Caraga State University (CSU)		✓			- The balances of the PPE accounts totaling Php243.96 million could not be ascertained due to non-reconciliation with the property records which showed a total of Php168.49 million or a difference of P75.46 million. We were unable to obtain sufficient, appropriate audit evidence about the carrying amount of the properties by other alternative procedures because of the inadequacy of the accounting and property records; and - The balances of Inventory accounts totaling Php0.164 million could not be ascertained due to non-reconciliation between Accounting and Supply Office records which showed a net difference of Php1.2 million, inconsistent usage of perpetual inventory method and non-maintenance of supplies ledger cards by the Accounting Unit.
Agusan del Sur State College of Agriculture and Technology (ASSCAT)		✓			- The balances of PPE accounts totaling Php17.91 million was of doubtful validity, completeness and existence due to misclassification of various PPE accounts totaling Php14.80 million and discrepancies in the reconciliation of property and accounting records totaling Php3.11 million; and - The balance of Other Assets cannot be relied due to the erroneous reclassification of books and biological assets to this account totaling Php3.83 million.
Surigao State College of Technology (SSCT)		✓			- Accounting errors on the recording of liabilities rendered the account balance of Php68.51 million unreliable; - The existence and accuracy of the Inventory account balances in the aggregate amount of Php52.23 million could not be established due to the absence of inventory reports for eight inventory accounts and the unreconciled difference of Php2.95 million for accounts that were actually counted; - Other Prepayments of Php4.62 million was of doubtful validity due to erroneous entries made on unutilized Cash MDS balance at the end of each month, subject for reconciliation and adjustment; and - Accounts receivable was understated by Php2.82 million due to the failure of the Accountant to record credit sales of IGP-Grocery and the adoption of cash basis instead of accrual method of accounting in recording income from tuition and other fees.
Surigao del Sur State University (SDSSU)	✓				
TOTAL	18	95	5	1	
Percentage to Total	15%	80%	4%	1%	

Note: Excluded are agencies/departments on which audit opinions have not been issued and auditees wherein Management Letters (MLs) were rendered; hence, no opinion was issued.