



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

CORPORATE GOVERNMENT SECTOR
**Cluster 6-Social, Cultural, Trading, Promotional
and Other Services**

March 31, 2016

MR. ALBERT D. BOCOBO

General Manager
People's Television Network, Inc.
Broadcast Complex, Visayas Ave.
Diliman, Quezon City

Dear Mr. Bocobo:

We are pleased to transmit our Annual Audit Report on the results of the audit of the accounts and transactions of the People's Television Network, Inc. for the year ended December 31, 2015, pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

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

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the Agency.

The significant observations and recommendations are as follows:

1. The Cash in Bank balance per books in the amount of P152.291 million as of December 31, 2015 could not be determined due to a) unreconciled amounts between the General Ledger (GL) and confirmed bank balances and b) unrecorded trust funds contrary to the provisions of Sections 74 of P.D. 1445.

We recommended that Management:

- a) investigate the reasons why the balances in the records of the bank and PTNI do not reconcile as required under Section 74 of P.D 1445;
- b) record all adjustments with supporting documents to correct the GL balances; and

PEOPLE'S TELEVISION NETWORK, INC.
OFFICE OF THE GENERAL MANAGER

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DATE: 3/31/16 TIME: 6:40

- c) record the trust fund transactions with supporting documents to present the accurate balance thereof.
2. Management's inability to conduct a physical inventory of its Property Plant and Equipment (PPE) and consequently, its non-submission of Inventory Reports for CY 2015 as required in Commission on Audit (COA) Circular No. 80-124 dated January 18, 1980 resulted in the doubtful balances of PPE as at year-end.

We recommended Management to:

- a) conduct physical inventory of all its PPE and prepare a complete and accurate PPE Inventory Report in accordance with COA Circular No. 80-124 dated January 18, 1980; and
 - b) reconcile the results of the physical inventory with the Property Cards and PPE Ledger Cards maintained by the Property and Accounting Divisions, respectively.
3. PTNI properties valued at P1.998 billion were not insured with the General Insurance Fund of the Government Service Insurance System (GSIS) contrary to the provisions of Republic Act (RA) No. 656 dated June 16, 1961, Section 1 of Administrative Order (AO) No. 33 dated August 25, 1987 and Section 2 of Presidential Decree (PD) 1445 resulting in inadequate protection of the Network's properties against damage or loss.

We recommended and Management agreed to:

- a) strictly comply with the provisions of Section 5 of RA 656 dated June 16, 1961, Section 1 of AO 33 dated August 25, 1987 and Section 2 of PD 1445 and insure all Network assets/insurable interests as required; and
 - b) require the Accounting Department to prepare and update if needed, a detailed and accurate list of assets/insurable interests concerned and reconcile these data with the records of the Property Department.
4. Management was unable to collect liquidated damages amounting to P77.479 million due to failure of contractors to comply within the delivery schedules for various procurement projects in CY 2015 contrary to Section 68 of the Implementing Rules and Regulations (IRR) of R.A. 9184.

We recommended that Management:

- a) require contractors/suppliers to strictly comply with the provisions of the contract and Section 68 of the IRR of R.A. 9184; and
 - b) demand the payment of liquidated damages from contractors in the amount of P77.479 million due to the delay in deliveries.

- Contractors received 15 per cent advance payments amounting to P36.483 million for goods and services in CY 2015 contrary to Memorandum Order No. 15 dated May 9, 2011 resulting in irregular/unnecessary expenditures for the Network.

We recommended and Management agreed to strictly adhere to the provisions of Memorandum Order No. 15 dated May 9, 2011.

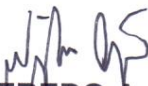
The other audit observations with the corresponding recommended courses of action which were discussed by the Audit Team with the concerned officers and staff of that Agency, in a conference held on March 23, 2016, are presented in detail in Part II of the Report.

We request that appropriate actions be taken on the observations and recommendations contained in Part II of the Report. Likewise, we request that this Commission be informed of the measures taken thereon within 60 days from the receipt hereof, pursuant to Section 93 of the General Provisions of the General Appropriations Act for CY 2015, by submitting the duly accomplished Agency Action Plan and Status of Implementation Form (copy attached).

We express our appreciation for the support and cooperation that the Management has extended to the Audit Team, thus facilitating the completion of the Report.

Very truly yours,

COMMISSION ON AUDIT


WILFREDO A. AGITO
Director IV

Copy furnished:

The President of the Republic of the Philippines
The Vice President
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee
The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission for Government-Owned
or Controlled Corporations
The Presidential Management Staff, Office of the President
The UP Law Center
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March 31, 2016

THE BOARD OF DIRECTORS

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Broadcast Complex, Visayas Ave.
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PEOPLE'S TELEVISION NETWORK, INC.
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In a letter of even date, we request the General Manager of PTNI that appropriate actions be taken on the observations and recommendations contained in Part II of the Report. Likewise, we request that this Commission be informed of the measures taken thereon within 60 days from the receipt hereof, pursuant to Section 93 of the General Provisions of the General Appropriations Act for CY 2015, by submitting the duly accomplished Agency Action Plan and Status of Implementation Form (copy attached).

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The Governance Commission for Government-Owned
or Controlled Corporations
The Presidential Management Staff, Office of the President
The UP Law Center
The National Library

(Name of Agency and Address)

**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION**

Audit Observations and Recommendations

For Calendar year 20 __

As of _____

Ref	Audit Observations	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementantion, If applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

This template shall be used for Current Year's audit recommendations and Prior Years' recommendations as contained in the Part II-A and B, respectively, of the Annual Audit Report.

ACTION PLAN MONITORING TOOL

Sector: _____
 Team: _____
 Agency Audited : _____
 Audit Period: _____
 AAR Date: _____

Prepared by: _____ Date: _____
 Reviewed by: _____ Date: _____
 Approved by: _____ Date: _____

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION														
Ref	Audit Observations	Audit Recommendation	Action Plan	Person/Dept. Responsible	Target Implementation Date		Status of Implementation	Reason for Partial/Delay/ Non-Implementantion, If applicable	Action Taken/ Action to be taken	Date of Folow up	Status of Implementati on	Actual Implementation Date		Remarks
					From	To						From	To	

Prepared by:

Audit Team Leader

Date

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