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

ANNUAL AUDIT REPORT

on the

PEOPLE'S TELEVISION NETWORK, INC.

For the Years Ended December 31, 2022 and 2021

EXECUTIVE SUMMARY

INTRODUCTION

The People's Television Network, Inc. (PTNI), a corporate body engaged in television broadcasting in the Philippines, came into existence by virtue of Republic Act (RA) No. 7306 dated March 26, 1992. Its Charter was subsequently amended by RA No. 10390 which was approved by the President on March 14, 2013.

PTNI provides broadcast support to the government through a balanced programming of high-quality news, public affairs, entertainment, educational, cultural and sports programming, and responding to information needs utilizing its modern broadcast technology. The Network is governed by a Board of Directors, who serves as its policy making body. Its members are appointed by the President of the Philippines and composed of the following:

a. Two members from the Government Sector;
b. Two members from the Private Sector, one of whom shall have at least 10 years of experience in the broadcast industry; and
c. One member from the Education Sector.

The PTNI administration is headed by its Network Officer in Charge, Mr. Julio O. Castillo Jr., who was appointed on September 1, 2022.

As of December 31, 2022, the Members of the Board were comprised of Mr. Julio Onia Castillo, Jr. (Chairperson), Ms. Maria Fe Pili Alino (Vice-Chairperson), Mr. Ben-Hur Banaag Baniqued (Acting Member), and Ms. Julieta C. Lacza (Member).

The PTNI has 16 Operational Analog Transmitting Stations on air as follows: PTV-8 Baguio, PTV-4 Palawan, PTV-11 Cebu, PTV-2 Guimaras, PTV-4 Naga, PTV-8 Legaspi, PTV-7 Zamboanga, PTV-48 Davao de Norte, PTV-10 Dumaguete, PTV-8 Tacloban, PTV-12 Calbayog, PTV-8 Agusan del Sur, PTV-8 Kidapawan, PTV-11 Davao, PTV-8 Cotabato, and PTV-11 Sibugay.

Further, the following PTV stations are operating on a digital test broadcast stations and fully Operational Regional News Centers as of December 31, 2022: PTV-4 Manila, PTV-8 Baguio and PTV-11 Davao.

As of December 31, 2022, the Network had a total work force of 673 personnel, consisting of the following:

Nature of Appointment	No. of Personnel
Permanent	137
Contractual	5
Contract of Service (Talents)	531
	673

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2022	2021	Increase (Decrease)
Assets	3,294,178,352	3,466,614,869	(172,436,517)
Liabilities	670,075,117	642,115,418	27,959,699
Net assets/equity	**2,624,103,235**	**2,824,499,451**	**(200,396,216)**

II. Comparative Financial Performance

	2022	2021	Increase (Decrease)
Revenue	203,769,528	213,728,133	(9,958,605)
Subsidy	181,298,317	561,298,533	(380,000,216)
Current operating expenses	(534,543,713)	(495,660,349)	(38,883,364)
Non-operating income	9,260,825	2,316,029	6,944,796
Gains and (losses)	(5,114,315)	478,901	(5,593,216)
Net surplus	**(145,329,358)**	**282,161,247**	**(427,490,605)**

III. Comparison of 2022 Budget and Actual Amounts

	Approved COB	Actual	Difference Final Budget vs Actual
Receipts	383,590,000	308,713,528	74,876,472
Payments:			
Personal services	148,159,000	82,512,548	65,646,452
Maintenance and operating expenses	235,000,000	292,652,568	(57,652,568)
Net Receipts/(Payments)	**431,000**	**(66,451,588)**	**66,882,588**

SCOPE OF AUDIT

Our audit covered the examination, on a test basis, of the accounts, transactions and operations of the PTNI for Calendar Year (CY) 2022 in accordance with International Standards of Supreme Audit Institutions. It was aimed to express an opinion on the fairness of presentation of PTNI's financial position, financial performance and cash flows in accordance with International Public Sector Accounting Standards (IPSASs) and, to determine the Network's compliance pertinent laws, rules and regulations and adherence to prescribed policies and procedures.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

1. The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P160.691 million as of December 31, 2022 could not be established due to: (1) variance between bank confirmation and balance per books amounting to P39.696 million, in absolute amount, mainly because of five closed bank accounts in absolute amount of P20.828 million which are still included in the books; (b) discrepancy amounting to P0.534 million between the amount of Cash-Collecting Officer (General Fund) sub-account per General Ledger (GL) maintained by the Accounting Section and Report of Collection and Deposit (RCD) prepared by the Cashier; and (c) the Cash-Collecting Officer account of P0.757 million was overstated by P102,949 in view of the inclusion of Cash-Collecting Officer (One Morning) sub-account in which said project was already terminated in CY 2010 and pertinent documents related thereto could no longer be located, contrary to Paragraph 27 of IPSAS 1.

2. The faithful representation in the financial statements of the balance of Property, Plant and Equipment (PPE) account with a carrying amount of P2.459 billion as of December 31, 2022 could not be ascertained in view of: (a) variances between the balances per Accounting records and the Report on the Physical Count of PPE (RPCPPE) amounting to P502.963 million; (b) discrepancies between the balances of Accumulated Depreciation per GLs and the Lapsing schedules in absolute amount of P73.340 million and accounts with no Lapsing schedules with total carrying amount of P245.549 million; (c) errors in providing depreciation resulting in understatement of PPE account balance in the amount of P4.787 million and existence of PPE sub-accounts with negative book values in the total carrying amount of P(18.799) million; and (d) non-derecognition of various unserviceable PPE items costing P118.509 million due to non-disposal thereof resulting in the overstatement of various PPE accounts in the same amount, contrary to Paragraph 27 of the IPSAS 1 - Presentation of Financial Statements, and Paragraph 82 of IPSAS 17 – Property, Plant and Equipment.

   Moreover, Management was unable to implement Section 23 of the General Provisions of RA No. 11639 also known as the General Appropriations Act for Fiscal Year 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00, as prescribed under COA Circular No. 2022-004 dated May 31, 2022.

3. The faithful representation in the financial statements of the balance of the Receivables account in the gross amount of P807.108 million and net book value of P176.791 million as of December 31, 2022 could not be ascertained in view of: (a) discrepancies between the balances per GLs and their Subsidiary Ledgers (SLs) in absolute amount of P135.283 million and accounts with no SLs totaling P85.393 million; (b) variances between balance per books and the confirmed amount totaling P22.094 million while several accounts were either 'return to sender' or had no reply at all; (c) existence of abnormal or negative balances in the total amount of P0.795 million; (d) over impairment on Accounts Receivable (AR)

– Others account by P13.256 million, non-impairment of Due from Officers and Employees account amounting to P5.893 million and erroneous recording of impairment on AR – Co-Production; and (e) inclusion of dormant accounts totaling P675.757 million or 83.73 percent of the total account balance of Receivable, contrary to Paragraph 27 of the IPSAS 1 - Presentation of Financial Statements, Sections 111 and 114 of Presidential Decree (PD) No. 1445, Paragraph 67 of IPSAS 29 – Financial Instruments: Recognition and Measurement and COA Circular No. 2016-005 dated December 19, 2016.

4. The faithful representation in the financial statements of the balance of the Trust Liability Accounts in the total amount of P40.545 million as of December 31, 2022 could not be ascertained due to: (a) the presence of six Trust Liability accounts in the net aggregate amount of P14.956 million with purposes fully attained, observed to be dormant for a period of 2 to 15 years and with abnormal balances in the books; and (b) Trust Liability – Others amounting P24.104 million are not supported with adequate SLs, contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements, and Section 114 of PD No. 1445, respectively.

5. Several accounts relative to One-Morning and Continuing Studies for Teachers via Television (Constel) programs with net amount of (P9.706) million and P4.485 million, respectively, that were determined to be terminated, dormant for a period of more than 10 years and with abnormal items affected the fair presentation of the Financial Statement contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements.

6. The faithful presentation in the financial statements of the balance of the Other Assets – Advances account amounting P46.477 million as of December 31, 2022 could not be established due to: (a) unrecorded discrepancies between the GLs and their SLs in absolute amount of P1.147 million and accounts with no SLs totaling P30.340 million; and (b) existence of abnormal (negative) balance amounting to P0.810 million, contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements.

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

1.1 Require the Accounting Section to:

a. Locate/identify all the pertinent documents relative to five closed bank accounts that are still reflected in the books; and

b. Exert all efforts to determine the causes of the identified variances relative closed bank accounts, review/analyze the nature of the bank credit and debit memos and other book reconciling items, and effect necessary adjustments in the books to fairly present the Cash and Cash Equivalents account in the financial statements.

1.2 Direct the Finance Division to require the Accounting Section to:

a. Fast-track the recovery of the pertinent documents and reconcile with the Treasury Section to determine the cause of discrepancy of P0.534 million between the balance of the Cash-Collecting Officer (General Fund) per GL and RCD as of December 31, 2022, and make the necessary adjusting entry; and

b. Exert more efforts to provide the details or breakdown as to the nature of the Cash Collecting Officer – One Morning account recorded in the books and effect necessary adjustments accordingly.

2.1. Instruct the:

a. Accounting and Property Sections to determine the causes of the variances noted between the books and the RPCPPE and effect the necessary adjustments/corrections on the affected records;

b. Disposal Committee to prepare the Inventory and Inspection Report of Unserviceable Property to facilitate the immediate disposal of the unserviceable properties and submit the same to the Accounting Section to serve as basis in derecognizing of P118.509 million; and

c. Accounting Section to adopt COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies" to establish the PPE balances that are verifiable as to existence, condition and accountability.

2.2. We further recommended that Management instruct the:

a. Accounting and Property Sections to conduct regular reconciliation of their records to facilitate the identification of discrepancies and to establish the accuracy of the recorded balances of the PPE accounts; and

b. Accounting Section to

i. Maintain complete and updated Lapsing schedules to support the GL's balances of the PPE account;

ii. Reconcile the Accumulated Depreciation balances between the GLs and Lapsing schedules of the PPE sub-accounts, analyze and investigate further the causes of the noted variances and exert effort to locate the supporting documents and prepare the necessary adjusting entries;

iii. Review and analyze depreciation of each PPE sub-account which shall include among others sub-accounts with negative book values and make the necessary adjustments in the books; and

iv. Adopt COA Circular No. 2022-004 dated May 31, 2022 relative with the increase in the capitalization threshold from P15,000.00 to P50,000.00 of tangible items.

3.1 Direct the Finance Division to:

a. Maintain complete SLs to support the GLs balances of the Receivables account;

b. Reconcile the balances between the GLs and SLs of the Receivable accounts and prepare the necessary adjusting entries, if necessary;

c. Ensure that complete information/addresses of clients are indicated in the SLs for purposes of monitoring collections of receivables; and

d. Submit Request for Authority to Write-off for dormant accounts to COA, following the guidelines and procedures prescribed under COA Circular No. 2016-005 dated December 19, 2016.

3.2 Direct Accounting Section to:

a. Reconcile with the clients the variances noted in the confirmation of AR and make the necessary adjustments as applicable;

b. Analyze the receivables account to ascertain the cause of abnormal or negative balances and reclassify to payable accounts, if warranted;

c. Make the necessary adjusting entries to correct the errors committed in the provision and recording of the Allowance for Impairment on 'AR - Others' and 'AR – Co Production' accounts; and

d. Establish policies or guidelines governing the provision or computation of Allowance for Impairment which shall include among others, rates or percentage to be used in the computation and which accounts are to be provided with impairment such as 'Due from Officers and Employees' account.

4.1. Instruct the Accounting Section to:

a. Prepare a timetable to prioritize the evaluation of the six Trust Liability accounts determined to be fully implemented, remain non-moving/dormant for years and with abnormal balances for review, analysis and adjustments in the books to reflect the accurate balance;

b. Submit the pertinent documents used in the review, analysis and adjustments made to the Audit Team, for evaluation; and

c. Fast track the preparation of SLs of account Trust Liability - Others to facilitate review of its validity and accuracy.

5.1 Direct the Accounting Section to:

a. Fast-track and exert more efforts thus making all the documents available to facilitate the immediate derecognition of the above-mentioned programs and warrant the preparation of journal entry vouchers to cleanse its financial records free from any misinformation; and

b. Submit the pertinent documents used in the review, analysis and adjustments made to the Audit Team, for evaluation.

6.1. Direct the Accounting Section to:

a. Maintain complete SLs to support the GL balances of the Other Assets-Advances accounts;

b. Reconcile the balances between the GLs and SLs of the Other Assets-Advances accounts and prepare the adjusting entries, if necessary;

c. Analyze and incorporate the account Advances to Officers and Employees-Statement of Audit Suspensions, Disallowances and Charges to Receivable from Disallowances/Charges account; and

d. Examine the transactions affecting the Advances to various Accountable Officers (AOs) with negative balances and prepare the necessary adjusting entries.

The other significant audit observation and recommendations that need immediate actions are as follows:

7. Cash advances (CAs) totaling P14.691 million granted in CY 2022 and prior years were not liquidated as of December 31, 2022 and AOs with unliquidated CAs were granted additional CAs, contrary to Sections 1.2 and 1.1 of COA Circular No. 2012-001 dated June 14, 2012.

7.1. We reiterated our prior years' audit recommendations that Management instruct the Accounting Section to:

a. Require the concerned AOs to immediately liquidate their outstanding CAs in compliance with Section 1.2 of COA Circular No. 2012-001;

b. Continue monitoring and/or sending demand letters to AOs within 10 days before the expiration of the prescribed period of liquidation to avoid further accumulation of the unliquidated CAs. If after due notice, the concerned AOs were still unable to liquidate on time, cause the withholding of his/her salary per Section 5 of COA Circular No. 97-002 dated February 10, 1997;

c. Require and implement the liquidation of previous CA before the grant of another CA for proper control and monitoring in compliance with Section 1.1 of COA Circular No. 2012-001; and

d. Communicate/coordinate with the resigned Contract of Service employees to liquidate their respective outstanding CAs to facilitate the release of their last salaries.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, CHARGES AND DISALLOWANCES

As of December 31, 2022, there was no unsettled audit charge, while the details and status of the unsettled disallowances and suspensions amounting to P128.613 million and P9.318 million, respectively, at year-end are presented in Table 34, Part II of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 27 audit recommendations embodied in the prior year's Annual Audit Report, six were fully implemented, 15 were partially implemented and six were not implemented. Details are presented in Part III of this Report.

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PART I - AUDITED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
People's Television Network, Inc.
Broadcast Complex, Visayas Avenue
Diliman, Quezon City

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Bases for Qualified Opinion

The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P160.691 million as of December 31, 2022 could not be established due to: (1) variance between bank confirmation and balance per books amounting to P39.696 million, in absolute amount, mainly because of five closed bank accounts in absolute amount of P20.828 million which are still included in the books; (b) discrepancy amounting to P0.534 million between the amount of Cash-Collecting Officer (General Fund) sub-account per General Ledger (GL) maintained by the Accounting Section and Report of Collection and Deposit prepared by the Cashier; and (c) the Cash-Collecting Officer account of P0.757 million was overstated by P102,949 in view of the inclusion of Cash-Collecting Officer (One Morning) sub-account in which said project was already terminated in Calendar Year 2010 and pertinent documents related thereto could no longer be located, contrary to Paragraph 27 of IPSAS 1.

Also, the faithful representation in the financial statements of the balance of Property, Plant and Equipment (PPE) account with a carrying amount of P2.459 billion as of December 31, 2022 could not be ascertained in view of: (a) variances between the balances per Accounting records and the Report on the Physical Count of PPE amounting to P502.963 million; (b) discrepancies between the balances of Accumulated Depreciation per GLs and the Lapsing schedules in absolute amount of P73.340 million and accounts with no Lapsing schedules with total carrying amount of P245.549 million; (c) errors in providing depreciation resulting in understatement of PPE account balance in the amount of P4.787 million and existence of PPE sub-accounts with negative book values in the total carrying amount of P(18.799) million; and (d) non-derecognition of various unserviceable PPE items costing P118.509 million due to non-disposal thereof resulting in the overstatement of various PPE accounts in the same amount, contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements, and Paragraph 82 of IPSAS 17 – Property, Plant and Equipment.

Further, Management was unable to implement Section 23 of the General Provisions of Republic Act No. 11639 also known as the General Appropriations Act for Fiscal Year 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00, as prescribed under COA Circular No. 2022-004 dated May 31, 2022.

Moreover, the faithful representation in the financial statements of the balance of the Receivables account in the gross amount of P807.108 million and net book value of P176.791,million as of December 31, 2022 could not be ascertained in view of: (a) discrepancies between the balances per GLs and their Subsidiary Ledgers (SLs) in absolute amount of P135.283 million and accounts with no SLs totaling P85.393 million; (b) variances between balance per books and the confirmed amount totaling P22.094 million while several accounts were either 'return to sender' or had no reply at all; (c) existence of abnormal or negative balances in the total amount of P0.795 million; (d) over impairment on Accounts Receivable (AR) – Others account by P13.256 million, non-impairment of Due from Officers and Employees account amounting to P5.893 million and erroneous recording of impairment on AR – Co-Production; and (e) inclusion of dormant accounts totaling P675.757 million or 83.73 percent of the total account balance of Receivable, contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements, Sections 111 and 114 of Presidential Decree (PD) No. 1445, Paragraph 67 of IPSAS 29 – Financial Instruments: Recognition and Measurement and COA Circular No. 2016-005 dated December 19, 2016.

Likewise, the faithful representation in the financial statements of the balance of the Trust Liability Accounts in the total amount of P40.545 million as of December 31, 2022 could not be ascertained due to: (a) the presence of six Trust Liability accounts in the net aggregate amount of P14.956 million with purposes fully attained, observed to be dormant for a period of 2 to 15 years and with abnormal balances in the books; and (b) Trust Liability – Others amounting P24.104 million are not supported with adequate SLs, contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements, and Section 114 of PD No. 1445, respectively.

In addition, several accounts relative to One-Morning and Continuing Studies for Teachers via Television (Constel) programs with net amount of (P9.706) million and P4.485 million, respectively, that were determined to be terminated, dormant for a period of more than 10 years and with abnormal items affected the fair presentation of the Financial Statement contrary to Paragraph 27 of IPSAS 1 - Presentation of Financial Statements.

Lastly, the faithful presentation in the financial statements of the balance of the Other Assets – Advances account amounting P46.477 million as of December 31, 2022 could not be established due to: (a) unrecorded discrepancies between the GLs and their SLs in absolute amount of P1.147 million and accounts with no SLs totaling P30.340 million; and (b) existence of abnormal (negative) balance amounting to P0.810 million, contrary to Paragraph 27 of IPSAS 1 – Presentation of Financial Statements.

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

Emphasis of Matter

We draw attention to Note 8 to financial statements disclosing, that the PTNI received various technical equipment amounting to approximately US$4 million from the Ministry of Internal Affairs and Communications of Japan in 2010 as part of the latter's objective to promote Japanese Digital Terrestrial Broadcasting standards in the Philippines. These remained unrecorded in the books pending completion of required documents. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAI's we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022, required by the Bureau of Internal Revenue as disclosed in Note 28 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT

NORMA BELLA F. PORTILES
OIC - Supervising Auditor
Audit Group H - Development, Media and Other Agencies 2
Cluster 6 - Social, Cultural, Trading, Promotional and Other Services
Corporate Government Audit Sector

May 9, 2023

PEOPLE'S TELEVISION
PARA SA BAYAN

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the PTNI's financial reporting process.

The Board of Director reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stake holders and other uses.

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

MS. MARIA FE P. ALIÑO
Chairman of the Board
May 9, 2023
Date Signed

MS. MONETTA S. NIGOS
Officer-In-Charge, Finance Division
05-09-2023
Date Signed

MS. JULIO O. CASTILLO, JR., DBA
Network General Manager
05/9/2023
Date Signed

PEOPLE'S TELEVISION NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	5	160,690,829	348,616,806
Receivables	6	68,098,135	114,260,676
Inventories	7	3,672,829	3,048,352
Other current assets	10	483,116,278	456,378,041
Total current assets		**715,578,071**	**922,303,875**
Non-current assets			
Receivables	6	108,693,071	121,745,671
Property, plant and equipment	8	2,459,236,270	2,411,894,383
Intangible assets	9	9,069,643	9,069,643
Other non-current assets	10	1,601,297	1,601,297
Total non-current assets		**2,578,600,281**	**2,544,310,994**
TOTAL ASSETS		**3,294,178,352**	**3,466,614,869**
LIABILITIES			
Current liabilities			
Financial liabilities	11	42,854,474	5,093,879
Inter-agency payables	12	(7,464,732)	(7,945,171)
Trust liabilities	13	45,845,564	48,144,717
Deferred credits/unearned income	14	34,208,981	38,252,678
Total current liabilities		**115,444,287**	**83,546,103**
Non-current liabilities			
Financial liabilities	11	63,658,582	67,597,067
Inter-agency payables	12	356,996,575	356,996,575
Trust liabilities	13	57,354,280	57,354,280
Deferred credits/unearned income	14	74,212,792	74,212,792
Other payables	15	2,408,601	2,408,601
Total non-current liabilities		**554,630,830**	**558,569,315**
TOTAL LIABILITIES		**670,075,117**	**642,115,418**
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		**2,624,103,235**	**2,824,499,451**
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	26	1,624,103,235	1,824,499,451
Government equity	25	1,000,000,000	1,000,000,000
TOTAL NET ASSETS/EQUITY		**2,624,103,235**	**2,824,499,451**

The notes on pages 12 to 46 form part of these financial statements.

PEOPLE'S TELEVISION NETWORK, INC.
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
REVENUE			
Service and business income	16	203,769,528	213,728,133
TOTAL REVENUE		**203,769,528**	**213,728,133**
CURRENT OPERATING EXPENSES			
Personnel services	17	82,512,548	86,596,705
Maintenance and other operating expenses	18	292,652,568	272,703,897
Financial expenses	19	25,468	20,036
Non-cash expenses	20	159,353,129	136,339,711
TOTAL CURRENT OPERATING EXPENSES		**534,543,713**	**495,660,349**
SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		**(330,774,185)**	**(281,932,216)**
Other non-operating income	21.1	9,260,825	2,316,029
Gains	21.2	2,105,365	750,675
Losses	21.3	(7,219,680)	(271,774)
SURPLUS/(DEFICIT) BEFORE SUBSIDY		**(326,627,675)**	**(279,137,286)**
Assistance and subsidy from national government	22	181,298,317	561,298,533
NET SURPLUS/ (DEFICIT) FOR THE PERIOD		**(145,329,358)**	**282,161,247**

The notes on pages 12 to 46 form part of these financial statements.

PEOPLE'S TELEVISION NETWORK, INC.
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Accumulated Surplus/(Deficit) Note 26	**Government Equity** Note 25	**Total**
BALANCE AT JANUARY 1, 2021	**1,584,031,755**	**1,000,000,000**	**2,584,031,755**
Changes in Net Assets/Equity for CY 2021			
Add/(deduct):			
Surplus for the period	282,161,247	-	282,161,247
Other adjustments	(41,693,551)	-	(41,693,551)
Surplus for the period	240,467,696		240,467,696
BALANCE AT DECEMBER 31, 2021	**1,824,499,451**	**1,000,000,000**	**2,824,499,451**
Changes in Net Assets/Equity for CY 2022			
Add/(deduct):			
Surplus for the period	(145,329,358)	-	(145,329,358)
Other adjustments	(55,066,858)	-	(55,066,858)
BALANCE AT DECEMBER 31, 2022	**1,624,103,235**	**1,000,000,000**	**2,624,103,235**

The notes on pages 12 to 46 form part of these financial statements.

PEOPLE'S TELEVISION NETWORK, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of revenue		236,485,753	250,607,379
Receipt of assistance/subsidy		181,298,317	561,298,533
Collection of receivables		366,080	1,221,792
Other receipts		3,682,825	2,693,405
Total cash inflows		**421,832,975**	**815,821,109**
Adjustments		4,523,142	4,067,746
Adjusted cash inflows		**426,356,117**	**819,888,855**
Cash outflows			
Payment of expenses		345,486,458	335,961,830
Grant of cash advances		17,046,138	15,247,063
Prepayments		4,465,398	2,618,214
Payment of accounts payable		7,342,652	948,245
Remittance of personnel benefit contributions		36,046,352	34,561,403
Other disbursements		-	677,019
Total cash outflows		**410,386,998**	**390,013,774**
Adjustments		3,231,376	14,324,609
Adjusted cash outflows		**413,618,374**	**404,338,383**
Net cash provided by/(used in) operating activities	23	**12,737,743**	**415,550,472**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow			
Purchase/construction of property, plant and equipment		200,663,720	368,166,062
Total cash outflows		**200,663,720**	**368,166,062**
Adjustments		-	-
Adjusted cash outflows		**200,663,720**	**368,166,062**
Net cash provided by/(used in) investing activities		**(200,663,720)**	**(368,166,062)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**(187,925,977)**	**47,384,410**
Effects of exchange rate changes		-	-
Cash and cash equivalents, January 1		**348,616,806**	**301,232,396**
Cash and cash equivalents, December 31	5	**160,690,829**	**348,616,806**

PEOPLE'S TELEVISION NETWORK, INC.
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2022
(In Philippine Peso)

	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	Original	Final		
	Note 27			
RECEIPTS				
Service and business income	278,646,000	278,646,000	203,769,528	74,876,472
Assistance and subsidy - MOOE	104,944,000	104,944,000	104,944,000	-
Total receipts	**383,590,000**	**383,590,000**	**308,713,528**	**74,876,472**
PAYMENTS				
Personnel services	148,159,000	148,159,000	82,512,548	65,646,452
Maintenance & other operating expenses	235,000,000	235,000,000	292,652,568	(57,652,568)
Total payments	**383,159,000**	**383,159,000**	**375,165,116**	**7,993,884**
NET RECEIPTS/(PAYMENTS)	**431,000**	**431,000**	**(66,451,588)**	**66,882,588**

The notes on pages 12 to 46 form part of these financial statements.

PEOPLE'S TELEVISION NETWORK, INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
(*All amounts in Philippine Peso, unless otherwise stated*)

1. GENERAL INFORMATION

The People's Television Network, Incorporated (PTNI), located at the Broadcast Complex, Visayas Avenue, Diliman, Quezon City, is a government-owned and/or controlled corporation created by virtue of Republic Act (RA) No. 7306 dated March 26, 1992.

On March 14, 2013, RA No. 10390 entitled "An Act Revitalizing the People's Television Network, Incorporated", was approved by the President amending RA No. 7306.

The new charter increases the authorized capital stock of the Network to P6 billion. Of the additional authorized capital of P5 billion, P2 billion shall be taken from the proceeds of the privatization of Radio Philippines Network (RPN 9) and Intercontinental Broadcasting Corporation (IBC 13). The remaining P3 billion shall be appropriated under the General Appropriations Act (GAA).

The PTNI provides broadcast support to the government through a balanced programming of high quality news, public affairs, entertainment, educational, cultural, and sports and by responding to information needs utilizing its modern broadcast technology. Its mission is to deliver news and information that leads to a responsible and enlightened Filipino. As provided in its Charter, PTNI has the following functions:

a. To serve primarily as a vehicle for the State for purposes of education, science and technology, arts, culture, and sports in order to foster national pride and identity;

b. To serve as a vehicle for bringing the Government closer to the people in order to enhance their awareness of the programs, policies, thrusts, and directions of the Government;

c. To ensure that the programs broadcast by the Network maintain a high general standard in all respects, and in particular, in respect to their content and quality and proper balance of educational, news, public affairs, entertainment, and sports programs;

d. To serve as an effective outlet for alternative programming;

e. To provide subsidized air time to legitimate people's organizations and non-government organizations in the promotion of their programs and projects;

f. To serve as an effective medium for national unity and political stability by reaching as much of the Filipino population as possible through the effective use of modern broadcasting technology; and

g. To ensure that nothing is included in the programs broadcast by the Network which shall:

    i. Offend public morals, good taste, or decency;

    ii. Offend any racial group or promote ill-will between different races or different groups, prescribing such programs as would promote strictly partisan policies and propaganda;

    iii. Offend the followers of any religious faith, sect, or order; or

    iv. Outrage public feeling in general.

The Network is governed by a Board of Directors whose members are appointed by the President of the Philippines.

The PTNI operates under the control and supervision of the Presidential Communications Operations Office in accordance with Section 4 of Executive Order No. 4 dated July 30, 2010.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIALSTATEMENTS

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

The PTNI's first financial statements in accordance with IPSASs and IPSAS 33 *First-time Adoption of Accrual Basis* were prepared in Calendar Year (CY) 2018. The accounting policies have been consistently applied throughout the year presented.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of Accounting*

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

3.2 *Financial Instruments*

a. Financial assets

i. Initial recognition and measurement

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

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

The PTNI's financial assets include: cash and cash equivalents, loans and other receivables.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

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

2. Receivables

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

iii. Derecognition

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

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

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

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

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

iv. Impairment of financial assets

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

Evidence of impairment may include the following indicators:

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

2. Default or delinquency in interest or principal payments;

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

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

v. Financial assets carried at amortized cost

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

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

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

b. Financial liabilities

i. Initial recognition and measurement

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

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

The PTNI's financial liabilities include payables to supplier, employees and other contractors, inter-agency payables, and trust liabilities.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

1. Financial liabilities at fair value through surplus or deficit

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

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

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

2. Loans and borrowings

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

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

iii. Derecognition

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

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

c. Offsetting of financial instruments

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

d. Fair value of financial instruments

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

3.3 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.4 *Inventories*

Inventory is measured at cost upon initial recognition. To the extent that inventory are received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

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

3.5 *Investment Property*

Investment property is 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 and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property are measured using the cost model and are depreciated over their estimated useful life.

Investment property are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

The PTNI uses the following criteria to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations (inventory):

> A property (land or a building – or part of a building – or both) shall be recorded and classified as Investment Property if it is held to earn rentals or for capital appreciation or both rather than for:
>
> i. Use in the production or supply of goods or services, or for administrative purposes; or
>
> ii. Sale in the ordinary course of operations.

3.6 *Property, Plant and Equipment (PPE)*

a. Recognition

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

i. Tangible items;

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

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

An item of PPE is recognized as an asset if:

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

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

iii. The cost is at least P15,000.

b. Measurement at recognition

An item recognized as PPE is measured at cost.

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

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

Cost includes the following:

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

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

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

c. Measurement after recognition

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

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

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

d. Depreciation

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

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

i. Initial recognition of depreciation

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

ii. Depreciation method

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

iii. Estimated useful life

The PTNI uses the schedule on the estimated useful life of PPE by classification prepared by the COA in determining the specific estimated useful life for each asset based on its experience.

iv. Residual value

The PTNI uses a residual value equivalent to at least five percent of the cost of the PPE.

e. Impairment

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

f. Derecognition

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

3.7 *Intangible Assets*

a. Recognition and measurement

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

Intangible assets acquired separately are initially recognized at cost.

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

b. Subsequent expenditure on an acquired in-process research and development project

Subsequent expenditure on an in-process research or development project acquired separately is:

i. Recognized as an expense when incurred if it is research expenditure;

ii. Recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; or

iii. Added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

c. Intangible assets acquired through non-exchange transactions

The cost of intangible assets acquired in a non-exchange transaction is its fair value at the date this is acquired.

d. Internally generated intangible assets

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e. Recognition of an expense

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

f. Subsequent measurement

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

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

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

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

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

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

3.8 *Changes in Accounting Policies and Estimates*

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

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

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

a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or

b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.9 *Foreign Currency Transactions*

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

At each reporting date:

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

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

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

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

3.10 *Revenue from Non-exchange Transactions*

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

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

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

ii. The fair value of the asset can be measured reliably.

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

b. Recognition of revenue from non-exchange transactions.

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

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

c. Measurement of revenue from non-exchange transactions

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

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

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

e. Gifts and donations

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

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

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

f. Transfers

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

g. Services in-kind

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

h. Transfers from other government entities

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

3.11 *Revenue from Exchange Transactions*

a. Measurement of revenue

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

b. Rendering of services

The PTNI recognizes revenue from Programs and Commercial Spots aired and billed to the clients. Sales Revenue is taken up net of the 15 percent Agency commission for Agency Accounts.

Production of In House Programs is stated at cost which includes supplies and materials, talent, fees and other overhead expenses. These production expenses are reflected under Maintenance and Other Operating Expenses.

c. Interest income

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

3.12 *Budget Information*

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

3.13 *Related Parties*

The PTNI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the PTNI, or vice versa. Members of key management are regarded as related parties.

3.14 *Employee Benefits*

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

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

3.15 *Measurement Uncertainty*

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

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

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Risk Management Framework

The Management Committee of the PTNI has overall responsibility for the establishment and oversight of PTNI's risk management framework. The committee has established PTNI's assets, liabilities, credit and operational risk committees, which are responsible for developing and monitoring PTNI's risk management policies in their specific areas.

All management committees have executive and non-executive members and report regularly to the Network General Manager of the PTNI on their activities.

The PTNI's risk management policies are established to identify and analyse the risks faced by the PTNI, to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions, products and services offered. The PTNI, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The PTNI's audit committee is responsible for ensuring the agency assets are properly safeguarded; shall assess the reliability and integrity of financial information, deter and investigate fraud, verify compliance with established policies, laws and regulations; and recommend improvements relating to efficiency, economy and effectiveness in the use of the PTNI's assets.

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

	Note	2022	2021
Financial assets			
Cash and cash equivalents	*5*	160,690,829	348,616,806
Receivables	*6*	176,791,206	236,006,347
		337,482,035	**584,623,153**

Financial liabilities			
Financial liabilities	*11*	106,513,056	72,690,946
Inter-agency payables	*12*	349,531,843	349,051,404
Trust liabilities	*13*	103,199,844	105,498,997
		559,244,743	**527,241,347**

4.2 Credit Risk

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

On-going credit evaluation is performed on the financial condition of loans and other receivable and, where appropriate, obtaining additional collateral is requested to cover the loans.

Also, the PTNI manages its credit risk by depositing its cash with Land Bank of the Philippines (LBP), an authorized government depository bank.

The carrying amount of financial assets recognized in the financial statements represents the PTNI’s maximum exposure to credit risk.

a. Credit risk exposure

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

	Note	2022	2021
Financial assets			
Cash and cash equivalents	*5*	160,690,829	348,616,806
Receivables*	*6*	807,107,753	851,331,086
		967,798,582	**1,199,947,892**

**Receivables at gross of allowance for impairment amounting to P630,316,547 and P615,324,739 for the years ended December 31, 2022 and 2021, respectively.*

b. Management of credit risk

The management of credit risk is covered by the Risk Management Committee. The Finance Division of the Agency is in charge of controlling, monitoring and collecting payments of all its receivables due from employees, tenants and clientele. Receivables from employees consist of overpayment of salaries due to leave without pay, excess usage of airtime charges over the set limit, personal calls, etc. and are collected through payroll deductions. Status of outstanding receivables is summarized monthly in a schedule and is submitted together with the financial reports to the COA. Should there be no payments received, the Finance Division follows up either through phone calls or write demand letters for collection until settled. Other concerns or issues, if any, are referred to the Legal Department or Audit Committee for appropriate action.

c. Aging analysis

An aging analysis of the PTNI's receivables as of the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Outstanding receivables:		
Current accounts	17,577,863	48,562,338
Past due accounts:		
1 – 30 days past due	15,954,495	2,734,997
31 – 60 days past due	940,150	110,880
61 – 90 days past due	2,461,980	6,435,000
over 90 days past due	139,856,718	178,163,132
	176,791,206	**236,006,347**

d. Impairment assessment

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

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

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

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

The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

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

4.3 Liquidity Risk

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

a. Management of liquidity risk

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

The PTNI maintains a portfolio of short-term liquid assets, largely made up of cash in banks to ensure that sufficient liquidity is maintained within the PTNI as a whole.

b. Exposure to liquidity risk

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

The liquidity management policy of the PTNI is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The PTNI's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results.

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

As at December 31, 2022	Within 1 Year	1 – 5 Years	Over 5 Years	Total
Financial liabilities	56,685,769	49,827,287	-	106,513,056
Inter-agency payables	3,089,819	3,454,307	342,987,717	349,531,843
Trust liabilities	12,437,874	3,434,559	87,327,411	103,199,844
	72,213,462	**56,716,153**	**430,315,128**	**559,244,743**

4.4 Market Risks

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

Management of market risk

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

4.5 Operational Risks

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

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

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

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

5. CASH AND CASH EQUIVALENTS

This account consists the following:

	2022	2021
Cash on hand	2,529,761	2,684,432
	2,529,761	2,684,432
Cash in bank		
Local currency	139,139,388	330,582,348
Foreign currency	19,021,680	15,350,026
	158,161,068	345,932,374
	160,690,829	**348,616,806**

5.1 Cash on Hand

Cash on hand consists Cash-Collecting Officer account representing collections during the last working day of the year after banking hours which are immediately deposited to the peso account of the PTNI with the LBP – Elliptical Road Branch on the first working day of January, and Petty Cash Fund account of the Network's Disbursing Officer.

5.2 Cash in Bank

	2022	2021
Current account - local currency	135,401,083	326,844,043
Savings account - local currency	3,738,305	3,738,305
	139,139,388	330,582,348
Current account - foreign currency	14,509,246	10,837,592
Savings account - foreign currency	4,512,434	4,512,434
	19,021,680	15,350,026
	158,161,068	**345,932,374**

The Current account (local currency) consists General Fund for personnel services, maintenance and other operating expenses, and financial expenses – P65.629 million; and Equity Fund for capital outlay – P69.772 million. This is non-interest bearing depository account in LBP, Elliptical Road Branch.

6. RECEIVABLES

This account consists the following:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Loans and receivable accounts-net	61,961,712	10,156,131	72,117,843	108,072,446	10,156,132	118,228,578
Other receivables	6,136,423	98,536,940	104,673,363	6,188,230	111,589,539	117,777,769
	68,098,135	**108,693,071**	**176,791,206**	**114,260,676**	**121,745,671**	**236,006,347**

6.1 Loans and Receivable Accounts

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Accounts receivable	128,983,906	546,199,136	675,183,042	174,098,039	546,199,137	720,297,176
Allowance for impairment – accounts receivable	(67,022,194)	(536,043,005)	(603,065,199)	(66,025,593)	(536,043,005)	(602,068,598)
	61,961,712	**10,156,131**	**72,117,843**	**108,072,446**	**10,156,132**	**118,228,578**

6.2 Other Receivables

	2022			2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Receivables – disallowances/ charges	-	69,395,234	69,395,234	-	68,452,628	68,452,628
Due from officers and employees	5,893,349	-	5,893,349	5,971,509	-	5,971,509
Other receivables	13,499,215	43,136,912	56,636,127	13,472,862	43,136,911	56,609,773
Allowance for impairment – other receivable	(13,256,141)	(13,995,206)	(27,251,347)	(13,256,141)	-	(13,256,141)
	6,136,423	**98,536,940**	**104,673,363**	**6,188,230**	**111,589,539**	**117,777,769**

The Receivables-disallowance/charges account with corresponding balance of P69.395 million refers to the contingent receivables for COA disallowances of various disbursements for the period 1992-1999. This was booked from September 2005 transaction and still subject for reconciliation.

Other receivables account consists long term receivables and advances uncollected from various clients. However, corresponding balances per books that are non-moving are requested for write-offs.

	2022	2021
Accounts receivable – co-production	36,068,672	36,068,672
Advances to PBA	5,369,207	5,369,206
Advances to SEA Games Gen Fund– Infra	522,999	522,999
Advances to SEA Games	359,546	359,546
Accounts receivable – NVMM	231,656	231,656
Accounts receivable – Visayan Electric	177,800	177,800
Accounts receivable – Thomson Broadcast	174,619	174,619
Accounts receivable-procurement service (DBM)	120,456	120,456
Accounts receivable – non-trade	111,957	111,957
	43,136,912	**43,136,911**

Due from officers and employees account consists receivable of the Network from cash advances made in CY 2016 and prior years; overpayment of the Agency to the employees, cash shortages, loss of assets and other bills under accountability of employees of the Agency.

7. INVENTORIES

This account is composed of the following:

	2022	2021
Other supplies and materials inventory		
Carrying amount, January 1	3,048,352	2,811,352
Additions/Acquisitions during the year	1,511,477	237,000
Expensed during the year except write-down	(887,000)	-
Carrying amount, December 31	**3,672,829**	**3,048,352**

8. PROPERTY, PLANT AND EQUIPMENT

This account consists the following:

	Land, building and structure, & construction in progress	Office/IT equipment, furniture and fixtures	Communication, other machinery and equipment, tools and motor vehicles	Other property, plant and equipment	Total
As at December 31, 2021					
Cost	1,213,562,595	96,677,424	2,265,345,439	162,711,643	3,738,297,101
Accumulated depreciation	(173,177,640)	(94,241,254)	(1,040,414,752)	(18,559,622)	(1,326,393,268)
Adjustment	-	-	(18,900)	-	(18,900)
Accumulated Impairment loss	-	-	9,450	-	9,450
Net book value, December 31, 2021	**1,040,384,955**	**2,436,170**	**1,224,921,237**	**144,152,021**	**2,411,894,383**
Opening book value, January 1, 2022	**1,213,562,595**	**96,677,424**	**2,265,345,439**	**162,711,643**	**3,738,297,101**
Additions/Acquisitions	30,545,521	58,841,558	87,851,119	94,521	177,332,719
Adjustments:					
Cost	-	-	-	-	-
Accumulated depreciation	(173,177,640)	(94,241,254)	(1,040,433,652)	(18,559,622)	(1,326,412,168)
Adjustment	-	4,016,926	10,337,545	16,019	14,370,490
Accumulated impairment loss	-	-	9,450	-	9,450
Depreciation for the year	(16,098,293)	(11,846,982)	(116,416,047)	-	(144,361,322)
Closing net book value, December 31, 2022	**1,054,832,183**	**53,447,672**	**1,206,693,854**	**144,262,561**	**2,459,236,270**
As at December 31, 2022					
Cost	1,244,108,116	155,518,982	2,353,196,558	162,806,164	3,915,629,820
Accumulated depreciation	(189,275,933)	(102,071,310)	(1,146,502,704)	(18,543,603)	(1,456,393,550)
Net book value, December 31, 2022	**1,054,832,183**	**53,447,672**	**1,206,693,854**	**144,262,561**	**2,459,236,270**

The Network received various technical equipment amounting to approximately $4 million from the Ministry of Internal Affairs and Communications of Japan in CY 2010 as part of the latter's objective to promote Japanese Digital Terrestrial Broadcasting standards in the Philippines. These remained unrecorded pending completion of required documents.

9. INTANGIBLE ASSETS

This account is composed of the following:

	2022	2021
Development in progress	6,300,643	6,300,643
Computer software	2,769,000	2,769,000
	9,069,643	**9,069,643**

Development in progress refers to computer software of Management Information System/Enterprise Resource Planning (MIS/ERP) from e-Copy Corporation in the amount of P6.301 million.

10. OTHER ASSETS

This comprises the following accounts:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Advances	46,477,060	-	46,477,060	45,340,020	-	45,340,020
Prepayments	436,093,428	-	436,093,428	410,492,232	-	410,492,232
Deposits	15,790	-	15,790	15,789	-	15,789
Other assets	530,000	1,601,297	2,131,297	530,000	1,601,297	2,131,297
	483,116,278	**1,601,297**	**484,717,575**	**456,378,041**	**1,601,297**	**457,979,338**

10.1 Advances

Advances represent advances granted to officers and employees for payment of operating expense (advances for operating expenses); for special purpose/time-bound (advances to Special Disbursing Officer); for official travel (advances to officers and employees).

	2022	2021
Advances for operating expense	816,405	553,044
Advances to special disbursing officer	7,193,098	8,119,928
Advances to officers and employees	38,467,557	36,667,048
	46,477,060	**45,340,020**

Advances to officers and employees also consist the following:

- GSIS loans of employees paid by the Network through an exchange deal arrangement with the GSIS;
- Network loans to officers and employees (emergency loan); and
- Statement of Audit Suspensions, Disallowances and Charges (SASDC) - disallowance/suspension of various disbursements.

	2022	2021
Advances to officers and employees	8,127,258	6,326,748
Advances to officers and employees-GSIS	29,264,039	29,264,039
Advances to officers and employees-SASDC	1,076,260	1,076,261

	38,467,557	**36,667,048**

10.2 Prepayments

Prepayment consists the following account:

	2022	2021
Advances to contractors	42,623,623	37,693,336
Prepaid rent	415,629	324,651
Prepaid insurance	858,707	82,482
Input tax	97,787,301	105,665,045
Creditable input tax	228,244,245	213,639,635
Withholding tax at source	66,163,923	53,087,083
	436,093,428	**410,492,232**

10.3 Other assets

Other current assets refer to barter agreement of the PTNI through Ovvio Media Incorporated. Other non-current assets refer to other deposits, gift certificates and gift cheques received in exchange as payment/barter liquidation from various clients.

11. FINANCIAL LIABILITIES

This is composed of the following:

	2022			2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts payable	42,854,474	63,598,617	106,453,091	5,093,879	67,537,102	72,630,981
Due to officers & employees	-	59,965	59,965	-	59,965	59,965
	42,854,474	**63,658,582**	**106,513,056**	**5,093,879**	**67,597,067**	**72,690,946**

This account represents unpaid obligations for delivered goods and services rendered by the suppliers and employees.

12. INTER-AGENCY PAYABLES

This account consists the following:

	2022			2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Due to BIR	7,975,313	173,657,666	181,632,979	6,230,495	173,657,666	179,888,161
Due to GSIS	(3,802,970)	9,304,924	5,501,954	(2,498,404)	9,304,924	6,806,520
Due to Pag-IBIG	499,045	19,249	518,294	250,797	19,249	270,046
Due to PhilHealth	473,686	6,544,520	7,018,206	687,941	6,544,520	7,232,461
Value added tax payable	(13,541,249)	160,783,078	147,241,829	(13,547,443)	160,783,078	147,235,635
Income tax payable	931,443	6,687,138	7,618,581	931,443	6,687,138	7,618,581
	(7,464,732)	**356,996,575**	**349,531,843**	**(7,945,171)**	**356,996,575**	**349,051,404**

Due to Bureau of Internal Revenue (BIR) refers to the Network's accumulated tax arrearages since CY 2003. This also consists taxes withheld from employees' compensation, contractors and suppliers.

The Agency's accounts for the period 2003-2007, 2009-2010, 2012-2013 have been subjected to a compromise settlement with BIR. The total amount as per BIR Final Assessment Notice is P656.745 million. Partial payments have been made by PTNI from November 2018 – June 2019 in the amount of P36.139 million.

The PTNI applied for Tax Amnesty before the end of CY 2019 and as a result, the amount of tax due was adjusted to P454,566,716.00. The PTNI then sought for Tax subsidy from the Department of Finance which was approved by the latter. For this, the Department of Budget and Management (DBM) issued and released Special Allotment Release Order (SARO) No. BMB-C-20-0020160 for the total adjusted tax dues. The PTNI received the Notice of Issuance of Authority to Cancel Assessment of its tax in order to adjust its books for the settlement last June 17, 2021 for the amount of P544,388,299.64.

The PTNI also had a series of communications with the Government Accounting Sector of the Commission on Audit to seek help on how to account all necessary adjusting entries on cancelled taxes of the PTNI.

Due to GSIS account has a negative balance and is subject to reconciliation. Previous year's transactions settled during the year were erroneously deducted from the current portion instead of non-current.

The Network's remittances to the Philippine Health Insurance Corporation (PhilHealth) for the current year are updated. However, the unpaid remittances for the years 2009-2011 have remained unsettled.

13. TRUST LIABILITIES

The composition of this account is as follows:

	2022			2021		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Trust liabilities	16,854,655	23,690,302	40,544,957	22,119,582	23,690,302	45,809,884
Guaranty deposit	28,990,909	33,663,978	62,654,887	26,025,135	33,663,978	59,689,113
	45,845,564	**57,354,280**	**103,199,844**	**48,144,717**	**57,354,280**	**105,498,997**

Trust liabilities account pertains to funds received from various sources to cover the cost of production for television programs/project utilization.

Guaranty/security deposits payable account pertains to retention fees to guarantee performance by the contractor of the terms of the contract.

14. DEFERRED CREDITS/UNEARNED INCOME

This account represents unearned income in CY 2022 and comprised of the following:

	2022			2021		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Deferred output tax	32,841,257	61,272,148	94,113,405	36,932,952	61,272,148	98,205,100
Unearned revenue/income	1,367,724	12,940,644	14,308,368	1,319,726	12,940,644	14,260,370
	34,208,981	**74,212,792**	**108,421,773**	**38,252,678**	**74,212,792**	**112,465,470**

Deferred output tax corresponds to the 12 percent tax on sales billed as part of the trade receivables. Upon billing, these are recorded as deferred taxes and upon collection of the receivables, this account is debited and the proper liability account or the output tax account is the set up.

Deferred tax liability account in the amount of P10,300,316 is subject to reconciliation.

15. OTHER PAYABLES

Accrued block time payable pertains to balance of arrearages of GSIS premiums from July 2002 to December 2005 to be paid through airing of Media Value Package for GSIS covered by a Memorandum of Agreement between GSIS and the Network.

16. SERVICE AND BUSINESS INCOME

This line item consists the following:

	2022	2021
Business income		
Sales revenue	200,986,601	209,333,788
Service income		
Other service income	2,782,927	4,394,345
	203,769,528	**213,728,133**

16.1 Business income

16.1.1. Sales revenue

	2022	2021
Airtime (cash)	32,216,916	47,385,866
Airtime (non cash)	-	1,215,179
Spots (non cash)	1,090,432	480,000
Government account	166,812,812	160,252,743
Facilities	866,441	-
	200,986,601	**209,333,788**

16.2 Other Service income

Other service income account represents the collections from sale of Bid Documents, Identification Cards, Production of Audio Visual Presentations, Google Ads or Live Streaming Collection.

17. PERSONNEL SERVICES

This account is composed of the following:

	2022	2021
Salaries and wages	50,215,373	53,411,497
Other compensation	20,510,211	18,907,800
Personnel benefit contributions	6,966,820	7,175,675
Other personnel benefits	4,820,144	7,101,733
	82,512,548	**86,596,705**

17.1 Salaries and Wages

	2022	2021
Salaries and wages-regular	48,886,403	51,953,557
Salaries and wages-casual/contractual	1,328,970	1,457,940
	50,215,373	**53,411,497**

17.2 Other Compensation

	2022	2021
Mid-year bonus	4,253,386	4,522,702
Year-end bonus	4,008,682	4,363,435
Personnel economic relief allowance	3,413,000	3,621,273
Overtime and night pay	2,728,643	656,390
Clothing/uniform allowance	870,000	930,000
Cash gift	709,500	745,000
Transportation allowance (TA)	480,500	498,000
Representation allowance (RA)	330,000	493,000
Longevity pay	210,000	165,000
Honoraria	-	273,000
Other bonuses and allowances	3,506,500	2,640,000
	20,510,211	**18,907,800**

17.3 Employees Future Benefits

The permanent employees of the PTNI contribute to the GSIS in accordance with the RA No. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the Act applies. Social insurance (life and retirement) benefits are mandatory defined contribution plans fixed at nine percent of the basic salaries of regular government employees.

17.4 Personnel Benefit Contributions

	2022	2021
Retirement and life insurance premiums	5,798,445	6,090,474
PhilHealth contributions	827,325	723,001
Pag-IBIG contributions	170,550	181,100
Employee compensation insurance premiums	170,500	181,100
	6,966,820	**7,175,675**

17.5 Other Personnel Benefits

	2022	2021
Terminal leave benefits	4,820,144	7,101,733

	2022	2021
	4,820,144	**7,101,733**

18. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists the following:

	2022	2021
Professional services	177,024,097	175,223,359
Utility expenses	40,574,236	30,424,523
General services	20,444,037	17,811,974
Communication expenses	12,963,370	11,071,354
Supplies and materials expenses	11,959,892	7,722,589
Traveling expenses	5,877,636	3,271,490
Repairs and maintenance	4,838,678	2,936,143
Taxes, insurance premiums and other fees	3,694,335	3,962,894
Training and scholarship expenses	959,771	8,000
Other MOOE	14,316,516	20,271,571
	292,652,568	**272,703,897**

18.1 Professional Services

	2022	2021
Auditing services	3,216,511	1,576,006
Consultancy services	803,571	535,714
Legal services	117,154	51,140
Other professional services	172,886,861	173,060,499
	177,024,097	**175,223,359**

Other professional services is composed of salaries and premiums of contract of services employees.

18.2 Utility Expenses

	2022	2021
Electricity expenses	39,677,855	29,584,898
Water expenses	896,381	839,625
	40,574,236	**30,424,523**

18.3 General Services

	2022	2021
Security services	16,579,457	14,555,476
Janitorial services	3,864,580	3,256,498
	20,444,037	**17,811,974**

18.4 Communication Expenses

	2022	2021

	2022	2021
Cable, satellite, telegraph and radio expenses	9,900,000	5,247,662
Internet subscription expenses	1,560,844	4,224,288
Telephone	1,426,164	1,498,391
Postage and courier services	76,362	101,013
	12,963,370	**11,071,354**

18.5 Supplies and Materials Expenses

	2022	2021
Fuel, oil and lubricants expenses	9,091,807	5,485,044
Office supplies expenses	1,716,610	630,735
Semi-expendable machinery and equipment expenses	389,443	603,266
Electrical supplies and materials expenses	69,057	298,215
Drugs and medicines expenses	35,058	9,074
Semi-expendable furniture, fixtures and books expenses	19,560	104,236
Accountable forms expenses	14,000	12,000
Other supplies and materials expenses	624,357	580,019
	11,959,892	**7,722,589**

18.6 Traveling Expenses

	2022	2021
Traveling expenses-local	5,577,373	3,271,490
Traveling expenses-foreign	300,263	-
	5,877,636	**3,271,490**

18.7 Repairs and Maintenance

	2022	2021
Repairs and maintenance-machinery and equipment	2,079,214	485,446
Repairs and maintenance-transportation equipment	1,659,813	1,122,459
Repairs and maintenance-infrastructure assets	565,020	1,196,697
Repairs and maintenance-semi-expendable machinery and equipment	376,147	365
Repairs and maintenance-buildings and other structures	154,368	115,077
Repairs and maintenance-other property, plant & equipment	3,950	-
Repairs and maintenance-furniture and fixtures	166	16,099
	4,838,678	**2,936,143**

18.8 Taxes, Insurance Premiums and Other Fees

	2022	2021
Insurance expenses	2,656,890	3,418,874
Taxes, duties and licenses	1,022,389	536,201
Fidelity bond premiums	15,056	7,819
	3,694,335	**3,962,894**

18.9 Training and Scholarship Expenses

	2022	2021
Training expenses	959,771	8,000
	959,771	**8,000**

18.10 Other Maintenance and Operating Expenses

	2022	2021
Directors and committee members' fees	1,730,000	1,265,000
Rent/lease expenses	1,219,103	1,385,449
Representation expenses	774,435	243,020
Warranty expenses	734,081	2,090,739
Subscription expenses	713,746	76,268
Documentary stamps expenses	413,289	168
Advertising, promotional and marketing expenses	227,099	1,017,393
Transportation and delivery expenses	-	182,634
Fees and commission expenses	-	1,016
Other maintenance and operating expenses	8,504,763	14,009,884
	14,316,516	**20,271,571**

Other maintenance and operating expenses are expenses for Covid-19 pandemic, in-house programs (e.g., Rise & Shine Pilipinas, Laging Handa) and news coverages of main and provincial offices.

19. FINANCIAL EXPENSES

This account comprises the following:

	2022	2021
Bank charges	25,468	20,036
	25,468	**20,036**

20. NON-CASH EXPENSES

This account is composed of the following:

	2022	2021
Depreciation-Infrastructure assets	78,338,432	80,962,827
Depreciation-machinery and equipment	45,480,521	40,261,169
Depreciation-buildings and other structures	16,098,293	9,158,927
Depreciation-transportation and equipment	3,151,339	3,151,340
Depreciation-furniture and fixtures	1,292,737	108,292
Total	144,361,322	133,642,555
Impairment loss-loans and receivables	14,991,807	2,697,156
	159,353,129	**136,339,711**

21. OTHER NON-OPERATING INCOME, GAINS OR LOSSES

This comprises net of the following accounts:

21.1 Other Non-Operating Income

	2022	2021
Miscellaneous income	9,255,441	2,316,029
Interest Income	5,384	-
	9,260,825	**2,316,029**

21.2 Gains

	2022	2021
Gain on foreign exchange (FOREX)	2,105,365	750,675
	2,105,365	**750,675**

21.3 Losses

	2022	2021
Loss on foreign exchange (FOREX)	549,713	271,774
Loss on Sale of Unserviceable Property	6,669,967	-
	7,219,680	**271,774**

22. ASSISTANCE AND SUBSIDY FROM NATIONAL GOVERNMENT

This consists Subsidy from the National Government for:

	2022	2021
Personnel services & MOOE	104,944,000	104,944,000
Capital outlay	76,354,317	456,354,533
	181,298,317	**561,298,533**

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

	2022	2021
Surplus for the year	(145,329,358)	282,161,247
Depreciation	144,361,322	133,642,555
Impairment loss	14,991,807	2,697,156
Prior year expenses disbursed in current year	(55,066,858)	(41,693,551)
Decrease (Increase) in receivables	46,162,541	32,496,294
Decrease (Increase) in inventories	(624,477)	(237,000)
Decrease (Increase) in other current assets	(26,738,237)	(22,629,615)
Increase (Decrease) in financial liabilities	37,760,595	2,020,833
Increase (Decrease) in inter-agency payables	(480,439)	(16,761,643)
Increase (Decrease) in trust liabilities	(2,299,153)	10,546,290
Other adjustments	-	33,307,906
Net cash flows from operating activities	**12,737,743**	**415,550,472**

24. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year other than the remuneration received by the key management personnel.

24.1 Key Management Personnel

The key management personnel of the PTNI are the Members of the Governing Board, the General Manager, and the Principal Officers. The Governing Body consists members appointed by the President of the Philippines. The Principal Officers consist of the Department Managers/Heads.

24.2 Key Management Personnel Compensation

The aggregate remuneration of Members of the Governing Board and the Principal Officers of the PTNI determined on a full-time equivalent basis receiving remuneration within this category, follows:

	Total remuneration
Salaries and wages	6,550,380
Other compensation	4,483,570
	11,033,950

25. GOVERNMENT EQUITY

The new Charter of the PTNI increases the authorized capital stock of the Network to P6 billion. Of the additional authorized capital of P5 billion, P2 billion shall be taken from the proceeds of the privatization of RPN 9 and IBC-13. The remaining P3 billion shall be appropriated under the GAA.

As of December 31, 2022, the authorized capital stock of the Network as presented in the financial statement is One Billion pesos (P1,000,000,000.00) divided into one million (1,000,000) shares with par value of One Thousand pesos (P1,000.00) per share, subscribed and paid in full by the Government of the Republic of the Philippines on December 31, 2008.

26. ACCUMULATED SURPLUS

	Amount
Accumulated surplus, January 1, 2021	**1,584,031,755**
Surplus (deficit) for CY 2021	282,161,247
Other adjustments	(41,693,551)
Accumulated surplus, December 31, 2021	**1,824,499,451**
Surplus for CY 2022	(145,329,358)
Other adjustments	(55,066,858)
Accumulated surplus, December 31, 2022	**1,624,103,235**

27. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The *original budget* reflected in the SCBAA for December 31, 2022, is the proposed Corporate Operating Budget (COB) for the year 2022 which was submitted to the DBM for review/evaluation while the *final budget* is the amount as approved by the DBM on October 10, 2022, COB No. C1-22-0054. The proposed/original COB was prepared considering: (1) the Agency's various programs, projects and activities in pursuance of its mandate; (2) the projected revenues and other sources of income to finance and support these programs; (3) actual expenses on previous years; and (4) effects of inflation.

Differences between the actual and the approved budget were brought about by the following:

- Actual Personnel Service Cost was less than the approved budget since the actual number of filled up position was only 145 as against the 240 positions in the approved budget.

- Actual MOOE was more than the approved budget due to increases in the following accounts:

    1. Travelling Expenses – Local

        - Activities related to the coverage of 2022 National Elections which include pre-election campaigns and the coverages of actual counting of votes contributed to the increase in local travelling expenses.

    2. Fuel, Oil and Lubricant Expenses

        - Increase in prices of gasoline and the increase in local travel contributed to the increase in the fuel, oil & lubricant expenses.

    3. Security Services

        - Wage adjustments for Security personnel and additional services during special coverages increased the Security services account.

    4. Repairs and Maintenance of Machinery and Transportation Equipment

        - Repairs and maintenance of machinery and transportation equipment where likewise affected by the extensive use of equipment during the National Elections coverage.

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER REVENUE REGULATION (RR) NO. 15-2010

28.1 RR No. 15-2010

The PTNI was granted last November 24, 2020 SARO No: SARO-BMB-C-20-0020160 to cover payment of tax obligation with the BIR from Fiscal Years 2003-2013 approved by the Fiscal Incentives Review Board (FIRB) per FIRB Resolution No. 2-20 dated February 12, 2020 and Certificate of Entitlement to Subsidy No. 0205 dated November 6, 2020.

Due to BIR as of December 31, 2022	**Amount**
Due to BIR – Withholding tax on compensation	(8,331,570)
Due to BIR – Expanded withholding tax	160,609,016
Due to BIR – VAT withheld	26,553,891
Due to BIR – Percentage tax	2,254,832
TOTAL	**181,086,169**

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid during the taxable year.

a. The agency is a value-added tax (VAT) registered company with VAT output tax declaration of P83,345,881 for the year.

b. The amount of VAT input taxes claimed are broken down as follows:

	Amount
Balance, beginning of the year	105,692,045
Purchases	33,006,687
Adjustment on books	-
Withholding tax	-
Sub-total	**138,698,732**
Less: Output tax	26,279,820
Creditable Input tax	14,604,610
Balance, end of the year	**97,814,302**

c. Other Taxes and Licenses

	Amount
National (BIR Annual Registration Fee)	500
Total	**500**

d. The amount of withholding taxes paid/accrued for the year amounted to:

	Amount
Tax on compensation and benefits	4,296,358
Creditable withholding taxes	7,830,304
Final withholding taxes	17,216,822
Total	**29,343,484**

29. COMPLIANCE WITH GSIS LAW

The PTNI complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. Below is the summary of remittances of employees' premium contributions and employer's share for CY 2022:

	Withheld	Remitted
Life and retirement premiums, employees share	4,365,990	4,368,024
Government share	-	5,823,095
Total	**4,365,990**	**10,191,119**

PART II - OBSERVATIONS AND RECOMMENDATIONS

PART II - OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P160.691 million as of December 31, 2022 could not be established due to: (1) variance between bank confirmation and balance per books amounting to P39.696 million, in absolute amount, mainly because of five closed bank accounts in absolute amount of P20.828 million which are still included in the books; (b) discrepancy amounting to P0.534 million between the amount of Cash-Collecting Officer (General Fund) sub-account per General Ledger maintained by the Accounting Section and Report of Collection and Deposit prepared by the Cashier; and (c) the Cash-Collecting Officer account of P0.757 million was overstated by P102,949 in view of the inclusion of Cash-Collecting Officer (One Morning) sub-account in which said project was already terminated in Calendar Year 2010 and pertinent documents related thereto could no longer be located, contrary to Paragraph 27 of the International Public Sector Accounting Standard 1.

1.1. This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.

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

> *Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.*

1.3. The Cash and Cash Equivalents account as presented in the financial statements as of December 31, 2022 had a balance of P160.691 million, as shown in Table 1:

Table 1: Balance of Cash and Cash account as of December 31, 2022

Particulars	Amount
Cash – collecting officers	P 757,230
Petty cash fund	1,772,531
Cash in bank	158,161,068
Total	**P160,690,829**

1.4. Audit of the Cash and Cash Equivalents account disclosed deficiencies as discussed hereunder:

Variance between bank confirmation and balance per books amounting to P39.696 million, in absolute amount, mainly because of five closed bank accounts in absolute amount of P20.828 million which are still included in the books

1.5. Confirmation made with the two depository banks of the PTNI to establish the correctness of the balance of the Cash in Bank as of December 31, 2022, disclosed the variance totaling P39.696 million (in absolute amount) as summarized in Table 2:

Table 2: Variance Between Balance per Banks and per Books

Bank/Account (Code)	Balance per Books	Balance per Bank	Discrepancy (in absolute Amount)
Bank 1/Account A	P65,629,084.40	P68,845,304.53	P3,216,220.13
Bank 1/Account B	69,771,999.13	85,125,014.13	15,353,015.00
Bank 1/Account C*	14,509,245.80	14,209,850.57	299,395.22
Subtotal	**P149,910,329.33**	**P168,180,169.23**	**P18,868,630.36**
Bank 2/Account A	9,404,812.46	-	9,404,812.46
Bank 2/Account B	0.21	-	0.21
Bank 2/Account C	(6,288,435.60)	-	6,288,435.60
Bank 2/Account D	621,927.33	-	621,927.33
Bank 2/Account E	4,512,434.27	-	4,512,434.27
Subtotal	**8,250,738.67**	**-**	**20,827,609.87**
Total	**P158,161,068.00**	**P168,180,169.23**	**P39,696,240.22**

**at P56.12/US Dollar per reported exchange rate of 12/31/2022*

1.6. Review of the Accounting records revealed the following causes of the variances:

a. Closed accounts under Bank 2 with absolute amount of P20.828 million were still recorded in the books. Inquiry with the concerned Accounting personnel revealed that the balances of the closed bank accounts are unidentified reconciling items from prior years with no supporting documents, hence, adjustments could not be effected in the books. The Finance Division is still in the process of locating the pertinent documents to facilitate the immediate resolution of the noted variance relative to closed banks; and

b. Reconciling items of Bank 1/Account A in the book balances amounting to P4.057 million were brought about by credit memos, debit memos, No Sufficient Funds (NSF) check and adjustments and book errors. Details are shown in Table 3.

Table 3: Outstanding Reconciling Items

Particulars	Amount
Book Reconciling Items	
Credit Memos	P2,820,996
Debit Memos	599,604
NSF Check	142,000
Book Error	6,800
Adjustments and Book Errors	487,424
	P4,056,824

1.7. It is to be noted, however, that there were credit memos, debit memos and NSF Check in the total amount of P177,550, as shown in Table 4, that existed for more than two years and remained unresolved. According to the Accounting Section, it has already coordinated with the concerned bank for a number of times for its immediate resolution but the bank concerned was unable to respond accordingly.

Table 4: Details of Credit Memos, Debit Memos and NSF Checks

Nature	Date	Amount
Check Deposit from Baguio City	10/06/2021	P30,000
Debit Memo	05/08/2019	3,966
Debit Memo	09/03/2019	1,584
NSF Check	11/04/2020	142,000
Total		**P177,550**

1.8. Of the total variance amounting to P39.696 million in absolute amount, P20.828 million pertains to discrepancies in Bank 2 and P4.057 million accounts for outstanding reconciling items relative to Bank 1. The remaining P14.812 million represents variance between the book balance and confirmed amount related to Bank 1.

Variance amounting to P0.534 million between the amount of Cash-Collecting Officer (General Fund) sub-account per General Ledger (GL) maintained by the Finance Division and Report of Collection and Deposit (RCD) prepared by the Cashier

1.9. The Cash Collecting Officer account per Detailed Trial Balance as of December 31, 2022 had a balance of P0.757 million as shown in Table 5 below:

Table 5 - Breakdown of Cash Collecting Officer Account per Detailed Trial Balance as of December 31, 2022

Sub-Account	**Amount**
Cash - Collecting Officer (General Fund)	P 654,281
Cash - Collecting Officer (One Morning)	102,949
Total	**P 757,230**

1.10. Comparison made between year-end balance of account Cash-Collecting Officer (General Fund) with the undeposited collections per RCD for the month of December 2022 amounting to P0.654 million and P120,611, respectively, revealed a discrepancy in the amount of P0.534 million as shown in Table 6 below.

Table 6 - Variance between Cash Collecting Officer account and RCD

Particulars	Amount
Cash Collecting Officer (General Fund)	654,281
Less: Undeposited Collections as of December 31, 2022 per RCD	120,611
Discrepancy	**533,670**

1.11. According to the Treasury Section, the noted discrepancy was a balance carried forward from prior years long before the concerned personnel assumed Office in Calendar Year (CY) 2016 and the documents supporting the same could no longer be located. The Treasury Section is still in the process of tracing the causes of said discrepancy.

Cash-Collecting Officer account of P0.757 million was overstated by P102,949 due to the inclusion of Cash-Collecting Officer (One Morning) sub-account in which said project was already terminated in CY 2010 and pertinent documents related thereto could no longer be located

1.12. The Cash-Collecting Officer (One Morning) sub-account had a year-end balance of P102,949 as at December 31, 2022. This account is used to record transactions related to One-Morning program which was first premiered on April 9, 2007 and ended/terminated on June 29, 2010. It was noted that this account has no Subsidiary Ledger, pertinent documents related thereto could no longer be located and the accountable officer for the said account already retired last May 31, 2016.

1.13. Further, perusal of Agency Action Plan and Status of Implementation as of December 2022 and interview conducted with the Finance Division disclosed that retrieval and review of pertinent documents relative to One-Morning Project, which transpired more than 10 years ago, are still on-going. Hence, the existence of the said sub-account affects the fair presentation of the Cash Collecting Officer account balance of P0.757 million as of December 31, 2022

1.14. In view of the deficiency discussed above, the faithful representation in the financial statements of the balance of the Cash and Cash Equivalent account as of December 31, 2022 was not established.

1.15. **We reiterated our prior year's audit recommendations that Management require the Accounting Section to:**

a. **Locate/identify all the pertinent documents relative to the five closed bank accounts that are still recorded in the books; and**

b. **Exert all efforts to determine the causes of the identified variances relative to closed bank accounts, review/analyze the nature of the bank credit and debit memos and other book reconciling items, and effect necessary adjustments in the books to fairly present the Cash and Cash Equivalents account in the financial statements.**

1.16. **We further recommended that Management direct the Finance Division to require the Accounting Section to:**

a. **Fast-track the recovery of the pertinent documents and reconcile with the Treasury Section to determine the cause of discrepancy of P0.534 million between the balance of the Cash-Collecting Officer (General Fund) per GL and RCD as of December 31, 2022, and make the necessary adjusting entry; and**

b. **Exert more efforts to provide the details or breakdown as to the nature of the Cash Collecting Officer – One Morning account recorded in the books and effect necessary adjustments accordingly.**

1.17. Management commented that the Finance Division has been closely monitoring current cash transactions to properly record in the subsidiary and general ledgers. Bank to book reconciling items have been accounted for and will be adjusted in the books in CY 2023 and net amount of P8.25 million or P20.827 million in absolute value are balances from the closed bank accounts from prior years. Documents to support the accounts were incomplete. Some of the documents have been retrieved and are being reviewed.

1.18. Further, Management also commented that the variance of P0.534 million in the Cash-Collecting Officer account (General Fund) and overstatement of P102,949 in Cash Collecting Officer (One Morning) originated from prior years' transactions and entries made to these accounts are being reviewed to make the necessary adjustments.

1.19. As a rejoinder, the Audit Team acknowledged the commitment of the PTNI, however, their full compliance with the audit recommendations will be monitored in CY 2023 audit.

2. **The faithful representation in the financial statements of the balance of Property, Plant and Equipment (PPE) account with carrying amount of P2.459 billion as of December 31, 2022 could not be ascertained in view of: (a) variances between the balances per Accounting records and the Report on the Physical Count of PPE amounting to P502.963 million; (b) discrepancies between the balances of Accumulated Depreciation per General Ledgers and the Lapsing schedules in absolute amount of P73.340 million and accounts with no Lapsing schedules with total carrying amount of P245.549 million; (c) errors in providing depreciation resulting in understatement of PPE account balance in the amount of P4.787 million and existence of PPE sub-accounts with negative book values in the total carrying amount of P(18.799 million); and (d) non-derecognition of various unserviceable PPE items costing P118.509 million due to non-disposal thereof resulting in the overstatement of various PPE accounts in the same amount, contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1 - Presentation of Financial Statements, and Paragraph 82 of IPSAS 17 – Property, Plant and Equipment.**

Moreover, Management was unable to implement Section 23 of the General Provisions of Republic Act No. 11639 also known as the General Appropriations Act for Fiscal Year 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00, as prescribed under COA Circular No. 2022-004 dated May 31, 2022.

2.1 This is a reiteration with updates of the previous year's audit observations on various Property, Plant and Equipment (PPE) accounts as Management was not able to fully implement the recommendations.

2.2 Various PPE accounts amounting to P3.916 billion had a carrying amount of P2.459 billion as of December 31, 2022, categorized into sub-accounts as presented in Table 7.

Table 7 – Breakdown of PPE Account

Sub-Account	Cost	Accumulated Depreciation	Carrying Amount
Land	P 4,270,000	P -	P 4,270,000
Buildings	486,688,224	186,542,091	300,146,133
Other Structures	5,524,506	2,401,667	3,122,839
Leased Assets Improvements	1,265,427	332,175	933,252
Construction in Progress	746,359,960	-	746,359,960
Office Equipment	60,733,611	51,540,472	9,193,139
ICT Equipment	70,228,578	43,968,154	26,260,424
Furniture and Fixtures	24,556,792	6,562,685	17,994,107
Communications Equipment	1,258,147,693	875,015,983	383,131,710
Communications Networks	974,996,058	209,381,998	765,614,060
Other Machinery and Equipment	7,338,873	977,513	6,361,360
Motor Vehicles	112,713,934	61,127,210	51,586,724
Other PPE	162,806,165	18,543,603	144,262,562
Total	**P3,915,629,821**	**P1,456,393,551**	**P2,459,236,270**

2.3 Audit of various PPE accounts disclosed deficiencies as discussed hereunder:

Variances totaling to P502.963 million between the balances per Accounting records and the Report on the Physical Count of PPE (RPCPPE).

2.4 Comparison of balances of various PPE sub-accounts per Accounting records and the RPCPPE as of December 31, 2022 showed a variance of P502.963 million, details are in Table 8.

Table 8 - Comparison of the PPE Sub-Accounts balances between Accounting Records and RPCPPE as of December 31, 2022

Sub-Account	Accounting Records	RPCPPE	Variance
Communications Networks & Communications Equipment	P2,233,143,751	P1,874,310,827	P358,832,924
Office Equipment	60,733,611	22,819,283	37,914,328
ICT Equipment	70,228,578	133,298,819	(63,070,241)
Other Machinery and Equipment	7,338,873	519,257	6,819,616
Motor Vehicles	112,713,934	126,804,577	(14,090,643)
Furniture and Fixtures	24,556,792	10,343,749	14,213,043
Electrical and Maintenance Supplies	-	336,500	(336,500)
Other PPE	162,806,165	125,800	162,680,365
Total	**P 2,671,521,704**	**P 2,168,558,812**	**P 502,962,892**

2.5 The noted variances in the PPE sub-accounts were caused by the following reasons:

a. Recording of the Accounting Section of the procurement of PPE was at gross amount less the appropriate tax while the Property Section recorded in the RPCPPE at gross amount; and

b. Reconciliation of Property and Accounting records was not conducted regularly to identify the causes of the variances and make the necessary adjustments.

2.6 In view of the variance of P502.963 million between the balance of various PPE accounts per Accounting Section and Property Section records, the faithful representation of the PPE account was not established.

Discrepancies between the balances of Accumulated Depreciation per GLs and the Lapsing schedules in absolute amount of P73.340 million and accounts with no Lapsing schedules with total carrying amount of P245.549 million

2.7 The Lapsing schedule is a spreadsheet that list the purchase date, depreciation, and movement/actions related to a fixed asset. The intent of the schedule is to show the rate at which a book value of a fixed asset declines over time. This information is compared to the book value stated in the accounting records for reconciliation, and assuming that the Lapsing schedule is correct, an adjusting entry is needed to adjust the book value figure.

2.8 Verification disclosed that the GL balances of the Accumulated Depreciation of PPE accounts with available Lapsing schedules in the total amount of P1.104 billion as of December 31, 2022, did not reconcile with the balances per Lapsing schedules in the total amount of P1.105 billion, thereby resulting to variances in absolute value of P73.340 million. Details are presented on Table 9.

Table 9 – Comparison of Accumulated Depreciation per GLs vs Lapsing schedules

Account Title	GLs	Lapsing schedules	Variance (in absolute value)
Accumulated Depreciation – Communications Networks	P209,381,998	P209,645,112	P 263,114
Accumulated Depreciation – Office Equipment (General Fund)	28,214,026	24,111,195	4,102,831
Accumulated Depreciation – Information and Communications Technology Equipment	43,968,154	43,202,468	765,686
Accumulated Depreciation – Betacam Equipment	24,590,254	25,121,512	531,258
Accumulated Depreciation – Engineering Equipment 2	438,176,283	407,502,670	30,673,613
Accumulated Depreciation – 2nd Protocol	290,642,975	290,687,314	44,339
Accumulated Depreciation – Other Machinery and Equipment	977,513	1,596,800	619,287
Accumulated Depreciation – Motor Vehicles	61,127,210	96,724,929	35,597,719
Accumulated Depreciation – Furniture and Fixtures	6,562,685	6,153,140	409,545
Accumulated Depreciation – Leased Asset Improvements, Buildings and Other Structures	332,175	-	332,175
Total	**P1,103,973,273**	**P1,104,745,140**	**P73,339,567**

2.9 In addition, PPE sub-accounts with a total carrying amount of P245.549 million or 9.98 percent of the total carrying amount of PPE account of P2.459 billion have no supporting Lapsing schedules, listed in Table 10.

Table 10 – List of PPE Sub-Accounts with No Lapsing schedules

Sub-Account	Cost	Accumulated Depreciation	Carrying Amount
Office Equipment – One Morning	P 67,634	P -	P 67,634
Office Equipment - Miscellaneous	4,886,583	23,326,446	(18,439,863)
Information and Communications Technology Equipment – One Morning	74,509	-	74,509
Radio/Communication Equipment	12,128,056	11,618,794	509,262
Engineering Equipment 1	125,536,165	17,008,899	108,527,266
Engineering Equipment 1 – One Morning	151,553	-	151,553
3rd Protocol	103,309,746	92,978,779	10,330,967
Office Fixtures – One Morning	65,000	-	65,000
Other Property, Plant and Equipment	162,806,165	18,543,603	144,262,562
Total	**P409,025,411**	**P163,476,521**	**P245,548,890**

2.10 The discrepancies on the balances of Accumulated Depreciation between the GLs and Lapsing schedules presented in Table 9 and the absence of Lapsing schedules for some PPE sub-accounts were due to lack of supporting documents from previous years' transactions. Management is still in the process of searching the supporting documents of old files to reconcile the variances.

Errors in providing depreciation resulting in understatement of PPE account balance in the amount of P4.787 million and existence of PPE sub-accounts with negative book values in the total carrying amount of P(18.799 million)

2.11 Recalculation of depreciation of PPE items based on the available lapsing schedules showed discrepancies between the recalculated depreciation against the Accumulated Depreciation recorded in the books as of December 31, 2022 resulting in understatement of PPE account balance in the amount of P4.787 million, detailed in Table 11.

Table 11 – Comparison of Depreciation as Recalculated per Audit vs Recorded Accumulated Depreciation

Account Title	Recalculated Depreciation Per Audit	Accumulated Depreciation Per Books	Variance
Accumulated Depreciation –	P272,080,011	P209,381,998	P62,698,013

Account Title	Recalculated Depreciation Per Audit	Accumulated Depreciation Per Books	Variance
Communications Networks			
Accumulated Depreciation – Buildings	109,864,012	186,542,091	(76,678,079)
Accumulated Depreciation – Other Structures	2,293,769	2,401,667	(107,898)
Accumulated Depreciation – Office Equipment (General Fund)	24,271,637	28,214,026	(3,942,389)
Accumulated Depreciation – Information and Communications Technology Equipment	49,907,814	43,968,154	5,939,660
Accumulated Depreciation – Betacam Equipment	25,121,512	24,590,254	531,258
Accumulated Depreciation – Engineering Equipment 2	408,980,448	438,176,282	(29,195,834)
Accumulated Depreciation – 2nd Protocol	290,687,314	290,642,975	44,339
Accumulated Depreciation – Other Machinery and Equipment	1,361,734	977,513	384,221
Accumulated Depreciation – Motor Vehicles	96,927,007	61,127,210	35,799,797
Accumulated Depreciation – Furniture and Fixtures	6,147,717	6,562,685	(414,968)
Accumulated Depreciation – Leased Asset Improvements, Buildings and Other Structures	487,189	332,175	155,014
Total	**P1,288,130,164**	**P1,292,917,030**	**P(4,786,866)**

2.12 Furthermore, there are PPE sub-accounts with negative book values in the total carrying amount of P(18.799 million), as presented in Table 12.

Table 12 – PPE Sub-Accounts with Negative Book Values

Sub-Account	Cost	Accumulated Depreciation	Carrying Amount
Office Equipment - Miscellaneous	P 4,886,584	P23,326,446	P(18,439,862)
Betacam Equipment	24,231,582	24,590,254	(358,672)
Total	**P 29,118,166**	**P 47,916,700**	**P (18,798,534)**

2.13 Per inquiry, Management has yet to identify the causes of these noted errors in the provision of depreciation as they are currently in the process of reconciling their records.

Non-derecognition of various unserviceable PPE items costing P118.509 million due to non-disposal thereof resulting in the overstatement of various PPE accounts in the same amount

2.14 Paragraph 82 of IPSAS 17 on PPE states that:

The carrying amount of an item of property, plant and equipment shall be derecognized:

(a) On disposal; or

(b) When no future economic benefits or service potential is expected from its use or disposal.

2.15 Verification of records showed that unserviceable properties in the total amount of P118.509 million as of December 31, 2022 were still recorded in the books despite its classification, contrary to the above provision.

2.16 Out of the total amount, P37.488 million were identified as unserviceable PPE items during CY 2022, as summarized per Station/Office in Table 13.

Table 13 – Summary of CY 2022 Unserviceable Properties per Station/Office

Station/Office	Amount
PTV-8 Baguio	P 2,587,431
PTV-12 Calbayog	1,364,250
Camerapool	327,748
PTV-11 Cebu	64,812
PTV-11 Davao	227,074
Dispatching	870,000
DMIS	3,700
PTV-10 Dumaguete	4,106,029
Finance	61,472
PTV-2 Guimaras	10,848,819
PTV-8 Naga	31,855
PTV-4 Palawan	403,645
PMO	3,400
Property	6,799,396
Studio A	363,517
PTV-8 Tacloban	98,447
Uplink	114,751
PTV-7 Zamboanga	9,211,200
	P 37,487,546

2.17 The remaining amount of P81.022 million pertains to prior years' identified unserviceable PPE items awaiting approval of the Inventory and Inspection Report of Unserviceable Property (IIRUP) and disposal. Per inquiry and inspection, it was revealed that the IIRUP was already provided with costing by the Finance Division on April 3, 2023.

2.18 For CY 2022, no disposal has been made for the said unserviceable PPE items. The delayed disposal thereof, exposes the items to further deterioration or obsolescence, depriving the Network of a higher return had these properties been immediately disposed through sale or negotiation.

2.19 The inclusion of the unserviceable items in the PPE accounts resulted in the overstatement of the same amounting to P118.509 million as of December 31, 2022.

Failure to implement Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00

2.20 Items 4.1 and 4.2 of COA Circular No. 2022-004 dated May 31, 2022 which provides the Guidelines on the Implementation of Section 23 of the General Provision of RA No. 11639 also known as the GAA for FY 2022 relative to the increase in the capitation threshold from P15,000 to P50,000 states the following:

> *4.1 Tangible items which meet the definition criteria of PPE but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of accounts of the agencies as semi-expendable property. Xxx*
>
> *4.2 The increase in the capitalization threshold from P15,000.00 to P50,000.00 shall be considered as a change in accounting policy and shall be applied retrospectively. It means that the new capitalization threshold of P50,000.00 shall be applied for all tangible items purchased in calendar year (CY) 2022 onwards and in the prior years.*

2.21 Management was unable to comply with the abovementioned guidelines as of December 31, 2022. Per inquiry, implementation will start in CY 2023 recording of transactions.

2.22 As a result of the abovementioned audit observations, the propriety, correctness and validity of the PPE account with a carrying amount of P2.459 billion as of December 31, 2022, could not be ascertained.

2.23 **We reiterated our previous year's audit recommendations that Management instruct the:**

a. Accounting and Property Sections to determine the causes of the variances noted between the books and the RPCPPE and effect necessary adjustments/corrections on the affected records;

b. Disposal Committee to prepare the IIRUP to facilitate the immediate disposal of the unserviceable properties and submit the same to the Accounting Section to serve as basis in derecognizing of P118.509 million; and

c. Accounting Section to adopt COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies" to establish the PPE balances that are verifiable as to existence, condition and accountability.

2.24 **We further recommended that Management instruct the:**

a. Accounting and Property Sections to conduct regular reconciliation of their records to facilitate the identification of discrepancies and to establish the accuracy of the recorded balances of the PPE accounts; and

b. Accounting Section to:

i. Maintain complete and updated Lapsing schedules to support the GL's balances of the PPE account;

ii. Reconcile the Accumulated Depreciation balances between the GLs and Lapsing schedules of the PPE sub-accounts, analyze and investigate further the causes of the noted variances and exert effort to locate the supporting documents and prepare the necessary adjusting entries;

iii. Review and analyze depreciation of each PPE sub-account which shall include among others sub-accounts with negative book values and make the necessary adjustments in the books; and

iv. Adopt COA Circular No. 2022-004 dated May 31, 2022 relative with the increase in the capitalization threshold from P15,000.00 to P50,000.00 of tangible items.

2.25 Management commented that discrepancies in the Accumulated Depreciation between the GL and the Lapsing schedules are subject to correction in the lapsing schedules and the ending balances of CY 2020 were mistakenly used as beginning balances for CY 2022.

2.26 On the discrepancies in the calculation of depreciation, Management commented that these will be double checked and reconciled to determine the correctness of the amounts.

2.27 Management further commented that the Accounting Section will adopt COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies' after arriving at the reconciled and complete list of equipment.

2.28 Also, COA Circular No. 2022-004 dated May 31, 2022 relative with the increase in capitalization threshold from P15,000 to P50,000 of tangible items will be applied retrospectively.

2.29 As a rejoinder, the Audit Team acknowledged the commitment of Management, however their full compliance with the audit recommendations will be monitored in CY 2023 audit.

3. The faithful representation in the financial statements of the balance of the Receivables account in the gross amount of P807.108 million and net book value of P176.791 million as of December 31, 2022 could not be ascertained in view of: (a) discrepancies between the balances per General Ledgers and their Subsidiary Ledgers (SLs) in absolute amount of P135.283 million and accounts with no SLs totaling P85.393 million; (b) variances between balance per books and the confirmed amount totaling P22.094 million while several accounts were either 'return to sender' or had no reply at all; (c) existence of abnormal or negative balances in the total amount of P0.795 million; (d) over impairment on Accounts Receivable (AR) – Others account by P13.256 million, non-impairment of Due from Officers and Employees account amounting to P5.893 million and erroneous recording of impairment on AR – Co-Production; and (e) inclusion of dormant accounts totaling P675.757 million or 83.73 percent of the total account balance of Receivable, contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1 - Presentation of Financial Statements, Sections 111 and 114 of Presidential Decree No. 1445, Paragraph 67 of the IPSAS 29 – Financial Instruments: Recognition and Measurement and COA Circular No. 2016-005 dated December 19, 2016.

3.1 This is a reiteration with updates of the previous year's audit observation, as Management was not able to fully implement the recommendations embodied in the Annual Audit Report for CY 2021.

3.2 Paragraph 27 IPSAS 1 on the Presentation of Financial Statements states that:

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

3.3 The Receivables account as of December 31, 2022 amounted to P807.108 million (gross) and Allowance for Impairment of P630.317 million or net book value of P176.791 million, details are shown in Table 14.

Table 14 – Composition of Receivables Account

Sub-Account	Gross Amount	Allowance for Impairment	Net Book Value
Accounts Receivable (AR) -Trade	P 675,183,043	P 603,065,200	P 72,117,843
Receivables-disallowance/charges	69,395,234	-	69,395,234
Due from officers and employees	5,893,349	-	5,893,349

Other receivables	56,636,127	27,251,347	29,384,780
Total	**P 807,107,753**	**P 630,316,547**	**P 176,791,206**

Variances between the balances per GLs and the SLs in absolute amount of P135.283 million remained unreconciled at year-end and accounts with no SLs totaling P85.393 million contrary to Section 114 (2) of Presidential Decree (PD) No. 1445

3.4 Verification disclosed that the GL balances of the Receivables with available SLs in the gross amount of P721.715 million as of December 31, 2022, did not reconcile with the balances per SLs in the amount of P615.120 million, thereby resulting to variances in absolute value of P135.283 million. Details are presented on Table 15.

Table 15 – Comparison of GLs vs SLs

Account Title	GLs	SLs	Variance (in absolute value)
AR – Airtime	P245,318,608	P212,900,764	P32,417,844
AR – Airtime Ex-Deals	40,194,532	52,630,646	12,436,114
AR – Spots	174,615,397	110,540,702	64,074,695
AR – Spots Ex-Deals	115,883,876	117,792,271	1,908,395
AR – Facilities	32,926,407	25,834,095	7,092,312
AR – Government Accounts	63,148,028	59,251,834	3,896,194
AR – Provincial	60,000	60,000	-
AR – Co Production	36,068,672	36,068,672	-
AR – Others	13,499,215	41,401	13,457,814
Total	**P721,714,735**	**P615,120,385**	**P135,283,368**

3.5 In addition, P85.393 million or 10.58 percent of the total Receivables of P807.108 million have no supporting SLs contrary to Section 114 (2) of the Government Auditing Code of the Philippines or PD No. 1445 which states that "Subsidiary records shall be kept where necessary".

3.6 In relation to the unreconciled balances between the GLs and SLs presented in Table 15, Management is still in the process of searching the supporting documents of old files to reconcile the variances. Meanwhile, SLs are not maintained for some GL accounts due to lack of documentation particularly those of prior years' receivables.

Variances between balance per books and the confirmed amount totaling P22.094 million while several accounts were either tagged as return to sender or had no reply at all

3.7 The Audit Team sent 40 confirmation letters (CLs) to clients with available complete address per accounting records to verify the accuracy of the receivables recorded in the books.

3.8 Out of the 40 CLs, two clients confirmed the balances of their accounts totaling P0.718 million, 15 CLs totaling P36.797 million have no replies, while 20 CLs totaling P49.462 million were returned and were tagged by the post-office as either the recipient has already moved out, no one to receive, unknown addressee, or insufficient address. The remaining three clients confirmed the balance of P51.043 million only from the total receivables of P73.138 million, reporting a difference of P22.094 million, details are presented in Table 16.

Table 16 – Variance on Confirmation Letters

CL No.	Amount per CL	Amount per reply	Variance
1. CL No. 034	P 112,000	P -	P 112,000
2. CL No. 038	21,107,500	-	21,107,500
3. CL No. 039	51,918,333	51,043,333	875,000
Total	**P73,137,833**	**P51,043,333**	**P22,094,500**

3.9 Per inquiry with the concerned personnel from the Accounting Section, there has been no collections yet as of December 31, 2022 relative to the amounts not confirmed presented in Table 16 above. They are currently in the process of discussion and reconciliation with the clients with regard to the noted variances.

Existence of abnormal or negative balances in the total amount of P0.795 million contrary to Section 111 of PD No. 1445

3.10 Section 111 of PD No. 1445 provides the following:

Keeping of accounts.

(1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.

(2) The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

3.11 Review of the SLs and Aging Schedules of the Receivables account disclosed existence of abnormal or negative balances in the total amount of P0.795 million which were offset against the total balance of the receivables instead of reclassifying to payables account, as summarized in Table 17.

Table 17 – Negative AR balances

Client	Account	Amount
Client 1	AR – Airtime	P (201,757)
Client 2	AR – Airtime	(100,000)
Client 3	AR – Airtime	(288,750)
Client 4	AR – Airtime	(80,418)
Client 5	AR – Airtime	(40,000)
Client 6	AR – Facilities	(9,000)
BIR – CAR	AR – Government Accounts	(160)
Due from Officers and Employees - Constel	Due from Officers and Employees	(75,402)
Total		**P (795,487)**

3.12 Per inquiry, files or records to reconcile the negative balances are not available, hence, the existence of such balances at year end.

Over impairment on AR – Others account by P13.256 million; non-impairment of Due from Officers and Employees account amounting to P5.893 million; and erroneous recording of impairment on AR – Co-Production

3.13 Paragraph 67 of IPSAS 29 on the Recognition and Measurement of Financial Instruments states that:

> *An entity shall assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall apply paragraph 72 (for financial assets carried at amortized cost), paragraph 75 (for financial assets carried at cost) or paragraph 76 (for available-for-sale financial assets) to determine the amount of any impairment loss.*

3.14 Assessment of the adequacy of the Allowance for Impairment on the Receivable accounts revealed the following deficiencies:

a. Allowance for Impairment on 'AR – Others' account was overstated by P13.256 million, as presented in Table 18.

Table 18 – Impairment of AR – Others

	Account balance	Less than 90 days (10%)	3 – 4 years (25%)	10 years and more (98%)
AR - Others	P 13,499,215	P 26,401	P 15,000	P 13,457,814
Allowance for impairment -Per Audit	*13,195,048*	*2,640*	*3,750*	*13,188,658*
Allowance for impairment - per books	26,451,190*			

Over impairment	P13,256,142

**Amount of allowance for impairment for sub-account AR-others per breakdown provided by Finance Division*

Due to the overstated impairment, the net book value of 'AR – Others' account resulted to negative balance of P(12.952 million).

b. No Allowance for Impairment was provided for 'Due from Officers and Employees' account with a balance of P5.893 million at year-end considering inclusion of dormant accounts or long outstanding balances.

c. Allowance for Impairment on 'AR – Co Production' account in the amount of P35.347 million was erroneously recorded under 'Allowance for Impairment – AR' account for Trade Receivables. Per Financial Statement, the AR – Co Production' account is classified under Other Receivables, hence, its corresponding allowance for impairment should be recorded under 'Allowance for Impairment – Other Receivables' account.

3.15 The foregoing deficiencies were mere errors in the computation and recording of impairment. At present, there are no existing policies or guidelines on the provision of Allowance for Impairment on the Receivables account which also causes confusion to the concerned finance personnel in the computation of the impairment.

Inclusion of dormant accounts totaling P675.757 million or 83.73 percent of the total Receivable account balance

3.16 Item 8.2 of COA Circular No. 2016-005 dated December 19, 2016 prescribing the Guidelines and Procedures on the Write-off of Dormant Receivable Accounts, among others, states that:

> *The Head of the government entity shall file the request for authority to write-off dormant receivable accounts, unliquidated cash advances, and fund transfers to the COA Audit Team Leader (ATL) and/or Supervising Auditor (SA). No filing fee is required.*

3.17 The Audit Team also noted the presence of dormant accounts for 10 years and more aggregating P675.757 million or 83.73 percent of the Total Receivable of P807.108 million based on the Aging schedule submitted by the Finance Division. Some of these accounts already existed since CY 1990 to which collectability could no longer be ascertained.

3.18 While Allowance for Impairment for these accounts was provided, a request for authority to write-off was not yet submitted to COA as at year-end. Per inquiry, the request for write-off is still awaiting approval of the Network's Board of Directors.

3.19 As a result of the abovementioned audit observations, the propriety, correctness and validity of the Receivables account in the gross amount of P807.108 million as of December 31, 2022, could not be ascertained.

3.20 **We reiterated our prior year's recommendations that Management direct the Finance Division to:**

- **a. Maintain complete SLs to support the GLs balances of the Receivables account;**
- **b. Reconcile the balances between the GLs and SLs of the Receivable accounts and prepare the adjusting entries, if necessary;**
- **c. Ensure that complete information/addresses of clients are indicated in the SLs for purposes of monitoring collections of receivables; and**
- **d. Submit Request for Authority to Write-off for dormant accounts to COA, following the guidelines and procedures prescribed under COA Circular No. 2016-005 dated December 19, 2016.**

3.21 **We further recommended that Management direct Accounting Section to:**

- **a. Reconcile with the clients the variances noted in the confirmation of AR and make the necessary adjustments as applicable;**
- **b. Analyze the receivables account to ascertain the cause of abnormal or negative balances and reclassify to payable accounts, if warranted;**
- **c. Make the necessary adjusting entries to correct the errors committed in the provision and recording of the Allowance for Impairment on 'AR - Others' and 'AR – Co Production' accounts; and**
- **d. Establish policies or guidelines governing the provision or computation of Allowance for Impairment which shall include among others, rates or percentage to be used in the computation and which accounts are to be provided with impairment such as 'Due from Officers and Employees' account.**

3.22 Management commented that accounting records from CY 2015 up to current year are complete. The discrepancies, lack of records and other problem areas are actually from prior years from CY 2014 down to the early 1990s before the new Finance Team came in. Out of the total Receivables with available SL amounting to P721.715 million, P617.233 million or 85.52 percent pertains to transactions from CY 2014 and below. Despite diligent efforts, all files that could support the records could not be located.

3.23 Management further committed that the balances of the SL and GL will be reconciled with adjusting entries.

3.24 With regard to the Finance Division's Request for Authority to Write-Off Dormant Accounts, the Board of Directors decided to review the list and check the appropriateness and reasonableness of the write-off before their approval.

3.25 Moreover, Management also committed to correct errors incurred in the provision and recording of the Allowance for Impairment at year-end of CY 2023.

3.26 As a rejoinder, a copy of the reconciliation made as well as adjusting entries should be submitted to the Audit Team for evaluation.

3.27 The Audit Team will monitor Management's full compliance with the audit recommendations in the CY 2023 audit.

4. The faithful presentation in the financial statements of the balance of the Other Assets – Advances account amounting P46.477 million as of December 31, 2022 could not be established due to: (a) unrecorded discrepancies between the General Ledgers and their Subsidiary Ledgers (SLs) in absolute amount of P1.147 million and accounts with no SLs totaling P30.340 million; and (b) existence of abnormal (negative) balance amounting to P0.810 million, contrary to Paragraph 27 of the International Public Sector Accounting Standard 1 – Presentation of Financial Statements.

4.1 Paragraph 27 of IPSAS 1 provides that:

> *Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in IPSASs. The application of IPSASs, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.*

4.2 The Other Assets – Advances account as of December 31, 2022 amounted to P46.477 million, details are shown in Table 19.

Table 19 – Composition of Other Current Asset – Advances Account

Account Title/Code	Amount
Advances for Operating Expenses (19901010)	P 816,405
Advances to Special Disbursing Officer (19901030)	7,193,098

Account Title/Code		Amount
Advances to Officers and Employees (19901040)		38,467,557
Advances to Officers and Employees-General Fund	8,127,258	
Advances to Officers and Employees-GSIS	29,264,039	
Advances to Officers and Employees-SASDC	1,076,260	
Total		**P 46,477,060**

Variances between the balances per GLs and SLs in absolute amount of P1.147 million remained unreconciled at year end and accounts with no SLs totaling P30.340 million

4.3 Verification disclosed that the GL balances of the Advances for Operating Expenses, Advances to Special Disbursing Officer and Advances to Officers and Employees-General Fund with available SLs in the gross amount of P16.137 million, did not reconcile with the balances per SLs in the amount of P14.998 million, thereby resulting to variances in absolute value of P1.147 million. Details are presented in Table 20.

Table 20 – Comparison of GLs vs SLs

Account Title	GLs	SLs	Variance (in absolute value)
Advances for Operating Expenses	816,405	816,404	1
Advances to Special Disbursing Officer	7,193,098	7,197,098	4,000
Advances to Officers and Employees-General Fund	8,127,258	6,984,391	1,142,867
Total	**16,136,761**	**14,997,893**	**1,146,868**

4.4 The Finance Division disclosed that noted variances in Table 20 were due to conversion to IPSAS made in CY 2017 that was left unattended to date.

4.5 In addition, it was noted that the Advances to Officers and Employees-Government Service Insurance System (GSIS) Account and Advances to Officers and Employees-Statement of Audit Suspensions, Disallowances and Charges (SASDC) Account amounting P29.264 million and P1.076 million, respectively, or in the aggregate amount of P30.340 million which represent 65 percent of the total Other Asset – Advances account of P46.477 million have no supporting SLs.

4.6 Interview conducted with the Finance Division revealed that account Advances to Officers and Employees–GSIS account, aggregating to P29.264 million, represents advance payment made by the PTNI of its officers and employees' loans to GSIS through a Memorandum of Agreement entered into by then PTNI General Manager Albert D. Bocobo and the GSIS for the settlement of their existing obligations and to avail new loans from the GSIS. However, it was noted that prior to CY 2016, the PTNI was unable to remit to the GSIS deductions made by its officers and employees due to cash inflow problems, hence, some officers and employees decided to stop paying their GSIS loans since the same were not being remitted by the PTNI.

4.7 Meanwhile, the account Advances to Officers and Employees–SASDC, amounting to P1.076 million, was created in CY 2009 and events that had transpired related thereto could no longer be recalled by the Finance Division. Further verification disclosed that this account does not even exist in the Updated Revised Chart of Accounts for Government Corporation per COA Circular No. 2020-002 dated January 28, 2020.

Existence of abnormal (negative) balance in the total amount of P0.810 million

4.8 Review of Cash Advances (CAs) for CY 2022 report submitted by the Finance Division revealed that there were a number of CAs to Accountable Officers (AOs) with negative balances in the total amount of P0.810 million as of December 31, 2022 which form part of the Advances account balance, as shown in Table 21.

Table 21 – Advances to Accountable Officers with Negative Balances

Advances Account Title	No. of CAs with Negative Balances	No. of AOs	Amount
Advances for Operating Expenses (19901010)	7	4	45,569
Advances to Special Disbursing Officer (19901030)	28	23	617,772
Advances to Officers and Employees-General Fund (19901040)	14	8	146,918
Total			**810,259***

* Refer to **Annex A** for the details

4.9 Interview conducted with the concerned Accountant disclosed that the existence of the abnormal (negative) balances may be due to erroneous posting in the settlement of cash advances granted.

4.10 As a result of the foregoing, the correctness and propriety of Other Assets – Advances account as of December 31, 2022 could not be established.

4.11 **We recommended that Management direct the Accounting Section to:**

a. Maintain complete SLs to support the GL balances of the Other Assets-Advances accounts;

b. **Reconcile the balances between the GLs and SLs of the Other Assets-Advances accounts and prepare the adjusting entries, if necessary;**

c. **Analyze and incorporate the account Advances to Officers and Employees-SASDC to Receivable from Disallowances/Charges account; and**

d. **Examine the transactions affecting the Advances to various AOs with negative balances and prepare the necessary adjusting entries.**

4.12 Management commented that the SLs to support the GL balances are being maintained by the Finance Division.

4.13 Also, Management commented that the account Advances to Officers and Employees – SASDC will be analyzed and incorporated in the Receivable from Disallowances/Charges account.

4.14 The Finance Division will further examine the transactions affecting advances to various AOs with negative balances and prepare the necessary adjusting entries.

4.15 As a rejoinder, the account Advances to Officers and Employees – General Fund has an SL balance of P8.127 million. However, upon re-computation the audited amount is P6.984 million.

4.16 Also, per verification, the accounts Advances to Officers and Employees – GSIS and Advances to Officers and Employees – SASDC have no SLs.

5. **The accuracy and existence of the Inventories account with balance of P3.673 million as of December 31, 2022 could not be ascertained due to the variance in Other Supplies and Materials Inventory sub-account of P2.796 million between the balances per General Ledger and the Report of the Physical Count of Inventory which remained unreconciled at year-end due to lapses in the recording of receipts and issuance of Ex-Deal Items, and inadequate disclosure in the Notes to the Financial Statements on Ex-Deal Items, contrary to Paragraph 27 of the International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 39 of IPSAS 9, respectively. Likewise, there were no written policies and procedures on the receipts, issuances and recording of Ex-Deal Inventory Items received by the Network to prevent misuse hence, an indication of inadequate internal control, contrary to Section 123 of Presidential Decree No. 1445.**

5.1 This is a reiteration of the previous year's audit observation, as Management was not able to fully implement the recommendations embodied in the Annual Audit Report for CY 2021.

5.2 Paragraph 27 of IPSAS 1 provides that:

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

5.3 Ex-Deal Inventory Items (EDII) represent goods such as prepaid cards, gift certificates, health supplement capsules, coffee, shampoos, etc. received from clients in exchange for airtime slots for the telecast/advertisement of their products pursuant to Broadcast Contracts entered into by the clients and the Network. These items are recorded under the account Inventories - Other Supplies and Materials Inventory (OSMI) with a balance of P2.864 million as of December 31, 2022.

5.4 Upon receipt, the said inventory item is normally recorded as an asset by debiting the Inventory - OSMI account and credit to account Receivable-Airtime while upon issuance to concerned requesting end-users, the Other Maintenance & Operating Expenses account will be debited and the corresponding account Inventory - OSMI will be credited. However, there were instances wherein an inventory items upon receipt were instantly/immediately issued to the requesting end-user. In such a case, the Finance Division would prepare a Journal Entry Voucher to recognize the same as an expense and the account Receivable-Ex-Deal is credited.

5.5 Comparison of balance of the Inventories - OSMI per GL maintained by the Finance Division and the Report of Physical Count of Inventories (RPCI) showed a variance of P2.796 million as shown in Table 22 below.

Table 22 - Comparison between GL and RPCI for Inventories - OSMI as of December 31, 2022

Particulars	Amount
Per GL-OSMI	P 2,863,552
Per RPCI-OSMI	67,200
Total Variance	**P 2,796,352**

5.6 The noted variance above was due to inadequate policies and procedures prior to CY 2020 which include, among others, the following:

a. Custody over the EDII were given to different offices and the same were not required to submit a Report of Supplies and Materials Issued (RSMI) to the Finance Division for recording purposes;

b. Offices having custody over EDII did not maintain supplies ledger cards for monitoring purposes; and

c. Property Section did not maintain stock cards nor was given a copy of Broadcast Contract to facilitate the inspection of EDII upon receipt.

5.7 For CY 2022, the Audit Team noted that the conduct of physical inventory count over EDII was performed solely by the personnel from the Finance Division without the participation of other personnel from other Offices particularly the Property Division nor was there an invitation given to COA to witness the proceeding, thus, affecting the reliability of the RPCI.

5.8 Further, the Audit Team noted that the Network despite our prior year's audit observation, still did not provide adequate disclosure in the Notes to the Financial Statements relative to EDII, contrary to Paragraph 39 of IPSAS 9, which states that:

> *An entity should disclose:*
>
> *(a) The accounting policies adopted for the recognition of revenue including the methods adopted to determine the stage of completion of transactions involving the rendering of services;*
>
> *(b) The amount of each significant category of revenue recognized during the period including revenue arising from:*
>
> *(c) The rendering of services;*
>
> *xxx*

5.9 Also, an interview conducted with the Property Section and concurred by the Finance Division revealed that the Network was unable to introduce written policies, guidelines and procedures on the management and accounting for EDII to prevent misuse. Hence, an indication of inadequate internal control, contrary to Section 123 of PD No. 1445 which states that:

> *Internal control is the plan of organization and all the coordinate methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies.*

5.10 In view of the noted deficiencies, the correctness and propriety of Inventories - OSMI account with a balance of P2.864 million as of December 31, 2022 could not be ascertained.

5.11 **We reiterated our prior year's audit recommendations that Management:**

a. Direct the Finance Division to Provide adequate disclosure on Ex-Deal Items in the Notes to the Financial Statements in compliance with Paragraph 39 of IPSAS 9;

b. Require the Custodian Offices to submit the liquidation report to the Property Section for consolidation and the latter to submit RSMI to the Accounting Section as basis of recording of issuance of EDII;

c. Assign to Property Section the responsibility on the receipt and issuance of Ex-Deal Items received by the Network;

d. Include representatives from other Offices in the conduct of year-end physical count of Inventories-OSMI to avoid the inventory performed solely by the personnel from the Finance Division and provide notice to COA to witness the said proceedings; and

e. Fast-track the creation of written policies, guidelines and procedures on the Delivery, Receipt, Inspection, and Acceptance; Issuance, Transfer, and/or Disposal; and Accounting of transactions relative to Inventories - OSMI or EDII.

5.12 The Finance Division was able to provide the Audit Team with a list that comprises the noted variance above as shown in **Annex B** and commented that the noted variance, amounting to P2.796 million, composed of items (goods and services) which are part of the ex-deal contracts from various clients from Prior Years 2010-2014 transactions and have remained in the books pending submission of documents relative to its utilization.

5.13 As a rejoinder, the Audit Team acknowledged the comments of the PTNI, however full compliance with the audit recommendations will be monitored in CY 2023 audit.

6. The faithful representation in the financial statements of the balance of the Trust Liability Accounts in the total amount of P40.545 million as of December 31, 2022 could not be ascertained due to: (a) the presence of six Trust Liability accounts in the net aggregate amount of P14.956 million with purposes fully attained, observed to be dormant for a period of 2 to 15 years and with abnormal balances in the books; and (b) Trust Liability – Others amounting P24.104 million are not supported with adequate Subsidiary Ledgers, contrary to Paragraph 27 of the International Public Sector Accounting Standard 1 - Presentation of Financial Statements, and Section 114 of Presidential Decree No. 1445, respectively.

6.1 Paragraph 27 of IPSAS 1, provides that:

> *Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set-out in International Public Sector Accounting Standards (IPSASs). The application of IPSASs with additional disclosure, when necessary, is presumed to result in financial statements that achieve a fair presentation.*

6.2 Meanwhile, Section 10 of the General Provisions of RA No. 11639 or the FY 2022 GAA provides that:

> *Reversion, Closure, and Transfer of Balances of Special Accounts, Fiduciary or Trust Funds, Revolving Funds, and Unauthorized Accounts. Departments, bureaus, offices, and instrumentalities of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs are mandated to <u>close and revert all balances of Special Accounts, Fiduciary or Trust Funds, and Revolving Funds to the General Fund</u> in any of the following instances: (i) when there is no legal basis for its creation; (ii) when their terms have expired or (iii) <u>when they are no longer necessary for the attainment of the purposes for which the said funds were established"</u> (underscoring ours)*

6.3 Also, Section 114 of PD No. 1445 provides the following:

> 1. *The government accounting system shall be on a double entry basis with a general ledger in which all financial transactions are recorded.*
>
> 2. *Subsidiary records shall be kept where necessary.*

6.4 The Revised Chart of Accounts for government owned and/or controlled corporations defines Trust Liabilities as an account used to recognize the receipt of amount held in trust for specific purpose. The same account is debited for payment or settlement of the liabilities, and/or adjustments.

6.5 Relative thereto, the Audit Team issued an Audit Query Memorandum No. 2022-015 dated November 22, 2022 to gather more information on the Purpose, Status (whether Moving/Non-Moving) as well as Submission of Liquidation Reports, among others, of each of the Trust Liabilities which aggregated to P40.545 million as of December 31, 2022.

6.6 Consequently, on December 2, 2022, a written reply was received from the PTNI Management detailing information on the nature and status of each account that comprises the Trust Liability accounts as shown in the Status Report on Trust Liabilities, please refer to **Annex C**.

6.7 Review of the submitted documents and interview conducted by the Audit Team with the Finance Division personnel in charge of the account disclosed that six out of the 11 Trust Liability accounts with purposes fully attained, observed to be dormant for a period of 2 to 15 years and with abnormal balances are still recorded in the books and form part of the CY 2022 Financial Statements, as presented in Table 23, contrary to the above-mentioned guidelines.

Table 23 – Trust Liabilities with purposes already attained, dormant/non-moving and with abnormal balances but still included in the books as of December 31, 2022

Account	Purpose	Amount (Debit)/Credit	Years Non-Moving
1. Trust Liability- College Assurance Plan (CAP)	The CAP was a health insurance plan acquired by PTNI for its employees through an ex-deal agreement with the provider. It was stopped after about two years since according to the auditor (COA), health benefits are already being addressed by the government through PhilHealth.	(18,244)	15
2. Trust Liability-Department of Education (DepEd)	Production of program or plugs for the DOE which has been implemented already.	224,990	15
3. Trust Liability-Others (One Morning)	Production and telecast of a 2 hour tele-magazine type program to provide news and information that will develop awareness of the different policies, programs and activities of the government and the presidency. The parties, BBS, BCS, PTNI, RPN-9, IBC 13 and PNA agreed to pool their manpower and resources for the above. PTNI along with IBC and RPN to provide services, facilities, airtime and production of the program titled One Morning.	7,583,803	11
4. Trust Liability -Continuing Education via Television (Constel)	Funds for the production of telelessons or telecourses of Continuing Studies via Television implemented by PTNI in cooperation with the DOE, PNU, UP College of Educ, DLSU and the Foundation for upgrading the Standards of Education. The project was fully implemented.	(3,933,826)	9
5. Trust Liability-ASEAN PROJECTS	Allotted Account for ASEAN Projects	132,603	2
6. Trust Liability-ASEAN (Presidential Communications *Operations Office*	For the implementation of specific tasks, activities and commitments of PTNI in	10,966,553	3

Account	Purpose	Amount (Debit)/Credit	Years Non-Moving
Funds)	connection with the Philippine chairmanship of the ASEAN celebratory activities for the 50th ASEAN Founding Anniversary for 2017		
Total		**14,955,879**	

6.8 It can also be gleaned from the above table that Trust Liability – College Assurance Plan (CAP) and Trust Liability - Continuing Education via Television (CONSTEL) has abnormal balances in the amount of (P18,244) and (P3.934 million), respectively, which may indicate an overpayment or over-settlement of said trust liability account and non-recording of various transactions pending final review.

6.9 The Finance Division explained that the inclusion of programs completed, non-movement and abnormal balances of said trust liabilities in the net amount of P14.956 million was attributed to heavy workloads and frequent movement of employees (e.g., resignation, retirement, reassignment, etc.).

6.10 Meanwhile, further review of documentation disclosed that account Trust Liabilities-Others in the aggregate amount of P24.104 million as of December 31, 2022 is not adequately supported with appropriate SLs contrary to Section 114 of PD No. 1445 and this was also confirmed through an interview with the Accountant concerned maintaining the said account.

6.11 The inclusion of the six Trust Liability accounts in the total net amount of P14.956 million with purposes fully attained, dormant for a long period of time and with abnormal balances as well as the absence of SLs to support the account Trust Liability – Others of P24.104 million affects the faithful representation in the financial statements of the balance of the Trust Liability Accounts cannot be ascertained per Paragraph 27 of IPSAS 1 and not in accordance with Section 10 of the General Provisions of RA No. 11639 or the FY 2022 GAA.

6.12 **We recommended that Management instruct the Accounting Section to:**

a. **Prepare a timetable to prioritize the evaluation of the six Trust Liability accounts determined to be fully implemented, remain non-moving/dormant for years and with abnormal balances for review, analysis and adjustments in the books to reflect the accurate balance;**

b. **Submit the pertinent documents used in the review, analysis and adjustments made to the Audit Team, for evaluation; and**

c. **Fast track the preparation of SLs of account Trust Liability - Others to facilitate review of its validity and accuracy.**

6.13 Management committed the following:

a. Update the schedule of Trust Liabilities Accounts that was earlier submitted to COA. As recommended, the Finance Division will also prepare and indicate a timetable to prioritize the evaluation of the six Trust Liability Accounts determined to be fully implemented;

b. Submit the pertinent documents used in the review, analysis and adjustments made to the Audit Team within the said timetable; and

c. With regard to SLs for Trust Liabilities-Others, the Finance Division has provided COA with soft copies of the account.

6.14 As a rejoinder, the Audit Team will:

a. Require the submission of the detailed timeframe to substantiate Management's full compliance;

b. Validate Management's compliance with the subject recommendation upon submission of the updated required reports; and

c. Require the submission of SL per creditors showing their year-end balances.

7. Several accounts relative to One-Morning and Continuing Studies for Teachers via Television (Constel) programs with net amount of (P9.706) million and P4.485 million, respectively, that were determined to be terminated, dormant for a period of more than 10 years and with abnormal items affected the fair presentation of the Financial Statement contrary to Paragraph 27 of the International Public Sector Accounting Standard 1 - Presentation of Financial Statements.

7.1 Paragraph 27 of the IPSAS 1, provides that:

> *Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set-out in International Public Sector Accounting Standards (IPSASs). The application of IPSASs with additional disclosure, when necessary, is presumed to result in financial statements that achieve a fair presentation.*

7.2 One-Morning was a Philippine morning radio and television show that was aired simultaneously on three government-owned-and/or-controlled television stations National Broadcasting Network – Channel 4, Radio

Philippines Network (RPN) and Intercontinental Broadcasting Corporation (IBC) and in radio via 13 RPN Radyo Ronda and 32 Philippine Broadcasting Service Radyo ng Bayan stations. It was first premiered on April 9, 2007 at 6:00am. In 2009, the program underwent title and format change, thus the program was renamed as One Morning Café. It aired its final episode on June 29, 2010, a day before the Inauguration of Benigno Aquino III as President of the Philippines.

7.3 Parties to One-Morning program are as follows: Philippine Information Agency (PIA), Bureau of Broadcast Services (BBS), Bureau of Communication Services (BCS), PTNI, IBC-13 and RPN and had agreed, among others, that:

a. The PIA, BBS, and BCS had agreed to provide financial support and contribute funds for the production of One-Morning while the PTNI, IBC-13, and RPN had agreed to provide services, facilities, airtime, and production;

b. The PIA shall issue to the BBS and BCS official receipts for every monthly fund transfer to acknowledge their respective fund contribution to the “Program”, subject to liquidation in accordance with COA Circular No. 94-013 dated December 13, 1994;

c. The PIA shall submit a monthly liquidation report of the funds contributed by the BBS and BCS, audited by the Resident COA Auditor;

d. The PIA shall provide funds for the weekly production requirements of the Program at least a week before the start of each weekly episode through the designated accountable officers of the respective networks, as follows:

- PTNI – One Hundred Thousand Pesos (P100,000.00);
- IBC-13 – Fifty Thousand Pesos (P50,000.00); and
- RPN-9 – Fifty Thousand Pesos (P50,000.00).

e. The PTNI, IBC-13, and RPN-9 shall submit to the PIA Official Receipts and other financial documents to support disbursements of the funds for the “Program” in accordance with existing government accounting and auditing rules and regulations;

f. The PTNI shall setup a separate trust fund account to where all collections of revenues generated shall be deposited and shall submit a Monthly Report of Collections to all Parties within 10 days after that end of each month;

g. Disbursement from this fund shall be subject to the concurrence of all Parties of the agreement and approval of the Supervising Secretary; and

h. The PTNI shall submit to all Parties of this agreement a Monthly Cash Position Report.

7.4 On the other hand, Constel is a People's Television (PTV) - 4's program aimed at upgrading teaching skills of elementary and secondary teachers of Science and English covering the School Year 1995-96. It was institutionalized by Department of Education, Culture and Sports and Teacher Education Institutions of Commission on Higher Education.

7.5 As discussed above, One-Morning program was first premiered in April 2007 until its final episode in June 2010 while Constel program started and ended operations last 1995 and 1996, respectively. The Audit Team, however, noted that these programs had been terminated and various accounts relative thereto remained dormant for the period of more than 10 years and still recorded in the books of the PTNI and form part of Statement of Financial Position as of December 31, 2022. It was also noted that there are certain accounts with abnormal balances such as Input Tax of (P27,000) and Due from Officers and Employees (P75,402) under the One Morning Program and Constel Program, respectively, that need further review depending on the availability of documents. The dormant and abnormal accounts are shown under Tables 24 and 25 below:

Table 24 – Dormant and Abnormal Accounts under One-Morning Program

Accounts Identified with One-Morning	Amount Debit/(Credit)
Cash-Collecting Officers	102,949
Accounts Receivable-Spots	1,906,400
Accounts Receivable-Spots Ex-Deals	1,129,796
Due from Officers and Employees	56,400
Office Equipment	67,634
Information and Communications Technology Equipment	74,509
Engineering Equipment 1	151,553
Office Fixtures	65,000
Input Tax	(27,000)
Allowance for Impairment-Accounts Receivable (Spots One Morning)	(1,868,272)
Allowance for Impairment-Accounts Receivable-Spots Ex-Deals	(1,107,200)
Withholding Tax at Source	(423,517)
Withholding Tax Payable	(316,899)
Withholding Tax Payable Vat	(79,315)
Value Added Tax Payable	(1,387,443)
Trust Liability	(7,583,803)
Output Tax	(467,208)
Net Total	**(9,706,416)**

Table 25 – Dormant and Abnormal Accounts under Constel Program

Accounts Identified with Constel Fund	Amount Debit/(Credit)
Cash in Bank-Local Currency, Savings Account-PNB	621,927

Due from Officers and Employees	(75,402)
Withholding Tax Payable	82,881
Withholding Tax Payable – VAT	(78,375)
Trust Liability	3,933,826
Net Total	**4,484,857**

7.6 The Audit Team requested from the Finance Division personnel-in-charge of the program the relevant documentations for further reference but only a copy of the Memorandum of Agreement (MOA) relative to One-Morning program and Constel's Implementing Guidelines are available. It was also noted that nowhere in the MOA and Implementing Guidelines was mentioned of the return of any unused funds received by the PTNI.

7.7 On the basis of the available documents, the Head of the Finance Division could not recall the sources of the cash related accounts namely: Cash-Collecting Officer and Cash in Bank-Local Currency, Savings Account-Philippine National Bank (PNB) accounts for One-Morning and Constel programs, respectively, whether the same was provided by the party agencies per MOA or proceeds from sales of commercial availabilities within the program. Hence, ample time is requested to search/retrieve documents from archive, analyze and evaluate documents of related transactions affecting various accounts contained in Tables 24 and 25 above.

7.8 The Audit Team noted that the Head of Finance Division is aware of the custodian responsibility of the PTNI over cash for the said programs. The Head concerned further commented that the dormancy and inclusion of abnormal balances of the aforementioned programs were attributed to heavy workloads and frequent movement of employees.

7.9 The inclusion of various accounts relative to programs terminated, remained dormant for years and with abnormal balances may result to information not reflective of the entity's financial position as well as misrepresentation to users and inaccurate decisions among stakeholders.

7.10 **In view of the foregoing, we recommended that Management direct the Accounting Section to:**

a. Fast-track and exert more efforts thus making all the documents available to facilitate the immediate derecognition of the above-mentioned programs and warrant the preparation of journal entry vouchers to cleanse its financial records free from any misinformation; and

b. Submit the pertinent documents used in the review, analysis and adjustments made to the Audit Team, for evaluation.

7.11 Management commented that it has instructed the Finance Division to locate all related documents, review and analyze transactions of One-Morning and Constel programs for its immediate resolution.

7.12 During the Exit Conference, Management commented that these accounts will be included in the reconciliation of trust liabilities.

7.13 As a rejoinder, the Audit Team duly noted the Management's action. However, submission of all related documents and result of the evaluation made should be provided to the Audit Team for evaluation to fully comply with the recommendation.

B. NON FINANCIAL

8. The delay and/or inability of the Sales and Marketing Office to submit the Memorandum of Agreements and Broadcast Contracts and its supporting documents entered into by People's Television Network, Inc. with its various Clients relative to Sales Revenues for the second semester of Calendar Year (CY) 2022 is contrary to Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009, hence, impedes the timely review of the provisions/conditions contained therein whether the same are advantageous to the government and, further, prevents the determination of the propriety and correctness of the reported CY 2022 revenues in the aggregate amount of P203.770 million.

8.1 Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009 reads as follows:

> *Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned.… (Emphasis Ours)*

8.2 At the start of the month of September 2022, it was noted that the Sales and Marketing Office (SMO) did not observe timely submission of Memorandum of Agreements and Broadcast Contracts (MOA/BCs) and its supporting documents related to Sales Revenues to the Office of the Auditor contrary to the above-cited Circular. Accordingly, a Memorandum and an email both dated September 21, 2022 were sent by the Audit Team to the SMO for its submission. In October 2022, the SMO was able to submit the required documents giving an opportunity for the Audit Team to review the MOAs/BCs and audit the corresponding reported sales revenues covering the first semester of CY 2022.

8.3 However, it was noted that the MOAs/BCs for the second semester of CY 2022 remained un-submitted, thus, the Audit Team called the attention of the SMO thru a text last February 1, 2023 aside from the various verbal requests whenever an opportunity permits. On February 13, 2023, the SMO signified its intention to partially submit the required documents but was advised by the Audit Team to completely submit the same until the first week of March 2023 so as not to hamper the on-going audit.

8.4 On April 5, 2023, this Office received an email from the SMO relative to the status of the requested MOAs/BCs. The SMO commented that a number of BCs could not be located due to inadequate procedures on the proper turnover of documents among staffs of the SMO.

8.5 The delay and/or non-submission of the said MOA/BCs and its supporting documents impedes the timely review of the provisions/conditions contained in the MOA/BCs whether the same are in accordance with existing rules and regulations and are advantageous to the government. Further, this prevents the Audit Team from determining the propriety and correctness of the reported CY 2022 annual revenues in the aggregate amount of P203.770 million.

8.6 **In view of the foregoing, we recommended that Management direct the SMO to promptly submit all the required MOAs/BCs and its supporting documents to the Office of the Auditor within five days from its execution in compliance with Section 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009 to permit timely review of MOAs/BCs and audit of sales revenues.**

8.7 Management commented that the SMO will adhere to the recommendation of COA with regard to submission of MOAs/BCs.

8.8 As a rejoinder, the Audit Team acknowledged the comments of the PTNI, however full compliance with the audit recommendations will be monitored in CY 2023 audit.

9. Cash advances (CAs) totaling P14.691 million granted in Calendar Year 2022 and prior years were not liquidated as of December 31, 2022 and accountable officers with unliquidated CAs were granted additional CAs, contrary to Sections 1.2 and 1.1 of COA Circular No. 2012-001 dated June 14, 2012.

9.1 This is a reiteration with updates of the previous year's audit observation, as Management was not able to fully implement the corresponding recommendations.

Cash Advances (CAs) totaling P14.691 million were not liquidated as of December 31, 2022

9.2 Section 1.2 of COA Circular No. 2012-001 dated June 14, 2012 on the liquidation of CA provides that:

> *The Accountable Officer (AO) shall liquidate his cash advances within the following period:*
>
> *Salaries, Wages, Allowances, Honoraria and Other Similar Payments – within five calendar days after the end of the pay period;*
>
> *Field Operating Expenses – within twenty (20) calendar days after the end of the year; subject to replenishment as frequently as necessary during the year;*
>
> *Petty Cash Fund (PCF) – as soon as the disbursements reach 75 percent or as needed, the PCF shall be replenished which shall be equal to the total amount of expenditures*

made therefrom. In case of termination, resignation, retirement or dismissal of the PCF custodian, immediately thereafter;

Travelling Expenses – within thirty (30) days after return of the official/employee concerned to his official station for local travel and within sixty (60) days after the return of the official/employee concerned to the Philippines in the case of foreign travel;

Special purpose – as soon as the purpose of the cash advance has been served.

9.3 Meanwhile, Section 5 of COA Circular No. 97-002 dated February 10, 1997 reads as follows:

5. Liquidation of Cash Advance

Xxx…

Failure of the AO to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding of his salary and the instruction of other sanctions as provided for under paragraphs 9.2 and 9.3 hereof.

9.4 Review of the CAs and liquidation reports as well as aging procedure of CAs' ending balances, excluding CAs with negative balances, records with no check date, and CAs not yet due, for operating and other expenses as of December 31, 2022 revealed that CAs amounting to P14.691 million granted in CY 2022 and prior years remained unliquidated as of December 31, 2022. Details are shown in Table 26 below:

Table 26 – Breakdown of Outstanding Cash Advances as of December 31, 2022

	Advances for Operating Expenses (19901010)		Advances to Special Disbursing Officers (19901030)		Advances to Officers and Employees- GF (19901040)				
Year Granted	**No. of CAs Outstanding**	**Amount**	**No. of CAs Outstanding**	**Amount**	**No. of CAs Outstanding**	**Amount**	**Age in Years**	**Total No. of CAs Outstanding**	**Amount**
2022	8	483,771	50	3,301,297	34	2,734,896	Below 1 year	92	6,519,964
2021	7	287,695	40	3,317,735	19	894,849	1 year	66	4,500,279
2020	4	90,508	8	262,947	20	2,628,612	2 years	32	2,982,067
2019	0	-	12	134,846	5	37,328	3 years	17	172,174
2018	0	-	6	276,142	6	127,734	4 years	12	403,876
2017 and Prior Years	0	-	3	16,994	15	95,477	5 years and more	18	112,471
Total	**19**	**861,974**	**119**	**7,309,961**	**99**	**6,518,896**		**237**	**14,690,831**

9.5 As can be gleaned from the above table, there were accumulations of unliquidated CAs under Special Disbursing Officers (19901030) covering the CYs 2022 and 2021 amounting to P3.301 million and P3.318 million, respectively, compared to prior years as well as sudden increase in unliquidated Advances to Officers and Employees (19991040) granted in CY 2022 amounting to P2.735 million compared to CY 2021 balance of P0.895 million or an increase of 306 percent.

9.6 Meanwhile, a number of CAs remained unliquidated for more than four years covering the CYs 2018 and 2017 with an aggregate amount of P0.516 million, hence, liquidation of the same become uncertain. Interview conducted disclosed that a number of these unidentified cash advances balances were carried forward from prior years with no Subsidiary Ledgers.

9.7 The Audit Team also took note that the Finance Division has issued demand letters addressed to the concerned AOs requiring the latter to liquidate their CAs on or before its maturity. Interview conducted with the Finance Division revealed that the delayed liquidation of CAs was due to problems encountered with regard to documentation and/or the AOs concerned were unable to give due attention to the demand letters of the Finance Division.

AOs with unliquidated CAs were granted additional CAs, contrary to Section 1.1 of COA Circular No. 2012-001

9.8 General guidelines on granting of CAs on Section1.1 of COA Circular No. 2012-001 state that:

> *No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first liquidated accounted for in the books.*
>
> *A cash advance shall be reported on as soon as the purpose for which it was given has been served.*

9.9 Review of the Schedule of CAs provided by the Finance Division disclosed that were 66 officers and employees that were granted additional CAs despite non-liquidation of their previous CAs in the aggregate amount of P9.298 million, contrary to Section 1.1 of COA Circular No. 2012-001. Thus, resulting to accumulation of unliquidated CAs at year-end. Details are presented in **Annex D**.

9.10 Management justified that the granting of additional CA to AO with previous unliquidated CA was due to exigency of service.

9.11 Further, inquiry made with Human Resource Office (HRO) disclosed that there were 12 AOs with unliquidated CAs who were either resigned from service or contract not renewed prior to December 2022 with an aggregate amount of P1.290 million. Moreover, it was noted that 11 of the said resigned employees were hired as Contract of Service (COS). The Finance Division commented the granting of CAs to COS was due to limited number of permanent officers and employees allowed to receive CAs.

9.12 However, verification conducted disclosed that a number of AOs above were able to submit their liquidation reports but were not acted upon by the previous Accountant concerned.

9.13 As a result, the respective clearances from accountabilities of the said resigned employees remained unprocessed and kept by the HRO. As such, last salaries of concerned AOs were withheld/not released pending liquidation of their respective cash advances.

9.14 However, the Audit Team believes that the probability that the outstanding CAs of AOs who were unable to liquidate their respective CAs is remote considering the number of months that had past and the materiality of the amount of CAs compared against claims for their last salaries. Thus, the said CAs would surely form part of the accumulated unliquidated CAs from prior years.

9.15 **We reiterated our prior years' audit recommendations that Management instruct the Accounting Section to:**

a. Require the concerned AOs to immediately liquidate their outstanding CAs in compliance with Section 1.2 of COA Circular No. 2012-001;

b. Continue monitoring and/or sending demand letters to AOs within 10 days before the expiration of the prescribed period of liquidation to avoid further accumulation of the unliquidated CAs. If after due notice, the concerned AOs were still unable to liquidate on time, cause the withholding of his/her salary per Section 5 of COA Circular No. 97-002 dated February 10, 1997;

c. Require and implement the liquidation of previous CA before the grant of another CA for proper control and monitoring in compliance with Section 1.1 of COA Circular No. 2012-001; and

d. Communicate/coordinate with the resigned COS employees to liquidate their respective outstanding CAs to facilitate the release of their last salaries.

9.16 Management commented that Finance Division has recently sent demand letters to the concerned AOs for the settlement of their outstanding CAs.

9.17 Also as stated in COA Circular No. 97-002, the Finance Division has given recommendations to the General Manager for the withholding of the salary of the concerned AOs who were unable to submit their liquidations during the prescribed period.

9.18 The Accounting Section stated that they make sure that, if for practical reasons, an employee needs to be issued another CA, his or her previous CA must be at least submitted to the Finance Division for review before the release of his or her next CA.

9.19 Lastly, the Network requested assistance from the concerned Unit Heads to tap their resigned COS personnel and liquidate their CAs.

9.20 As a rejoinder, the Audit Team acknowledged the commitment and immediate action of Management to implement the audit recommendations, which will be monitored in CY 2023 audit.

10. Fuel consumption of motor vehicles in the total amount of P9.092 million for Calendar Year 2022 was not properly controlled and monitored due to: a) Driver's Trip Tickets were not duly accomplished; and b) Monthly Report of Fuel Consumption does not show the actual fuel used by each motor vehicle which precludes verification and determination of the reasonableness of fuel consumed, thus propriety of the amount of expenses incurred cannot be ascertained and exposes the agency to risk of losses due to misuse, contrary to Items B.2, B.4 and C.1a of the Manual on Audit for Fuel Consumption of Government Motor Vehicles prescribed under COA Circular No. 77-61.

10.1 The Manual on Audit for Fuel Consumption of Government Motor Vehicles (MAFCGMV) prescribed under COA Circular No. 77-61 provides the general and specific rules and regulations governing gasoline and oil consumption, quoted as follows:

> *B.2 Use of government vehicles shall be properly controlled and regulated.*
>
> *The use of government motor vehicles should be controlled through properly accomplished and duly approved Driver's Trip Tickets (Appendix A) which should be serially numbered, a summary of which shall be made at the end of the month in a Monthly Report of Official Travels (Appendix F), for audit purposes.*
>
> *Xxx*
>
> *B.4 Monthly Report of Fuel Consumption of government motor transportation (Appendix G) shall be submitted to the Auditor for verification purpose to determine the reasonableness of fuel consumed during the period.*

Xxx

C.1.a The passenger and/or passengers using the vehicle should affix their signatures on the trip ticket and indicate the purpose of the trip.

Xxx"

10.2 Post-audit of the disbursement vouchers (DVs), together with the attached supporting documents pertaining to payments of fuel consumption of motor vehicles for CY 2022 in the total amount of P9.092 million revealed that the daily driver's trip tickets attached to the DVs were not properly or completely accomplished by the concerned personnel with missing details such as follows:

a. purpose of travel;
b. duration of trip;
c. company or place to visit;
d. vehicle;
e. passengers;
f. requestor;
g. kilometer reading; and
h. time out/in.

10.3 Per inquiry conducted by the Audit Team, the PTNI drivers do not completely accomplish the trip tickets and has been their customary practice. Details in the trip tickets such as the company or place to visit and kilometer reading are essential in assessing the reasonableness of the fuel consumed for each trip. It was also noted that the actual quantity of fuel used is not provided/supplied in the trip ticket.

10.4 Furthermore, passengers are not required to affix their signatures on the driver's trip tickets. As part of the Standard Operating Procedures, passengers must be identified as authorized personnel to avail usage of government motor vehicle.

10.5 Meanwhile, upon inspection of the submitted Monthly Report of Fuel Consumption (MRFC), it was noted that the indicated fuel used are not the actual quantities of fuel consumed by each vehicle. The reported fuel used were estimates computed based on the normal kilometer per liter. This precludes verification and determination of the reasonableness of the fuel consumption.

10.6 Further inquiry with the concerned personnel preparing the report, they narrated that there is no way to determine the actual fuel used based on their current practice.

10.7 The inability to properly accomplish the driver's trip tickets and non-monitoring of actual quantities of fuel used show the absence of proper control and monitoring of fuel consumption, exposing the agency to risk of losses due to misuse of vehicles and fuel consumption. Moreover, the reasonableness and propriety of the amount of fuel expenses for CY 2022 could not be established.

10.8 In view of the foregoing, we recommended that Management instruct the Administrative Division to strictly observe the MAFCGMV prescribed under COA Circular No. 77-61 dated September 26, 1977, as follows:

a. Require all drivers to prepare a Driver's Trip Ticket with all required information properly supplied, indicate the actual quantity of fuel used, and require all passengers to sign the Trip Tickets as the authorized passenger/s after each trip; and

b. Prepare and submit a MRFC showing among others, the actual quantities of fuel used by each vehicle. Actual fuel used can be determined by the number of liters to be added to the fuel tank (full tank) at the end of the trip, considering that the fuel tank is full at the beginning of the trip as explained under Item C.3.c of MAFCGMV.

10.9 Management assured COA that the Officer-In-Charge of the General Services and the Head of the Motor Pool Dispatching have promptly instructed all the Network's drivers to properly and completely fill out the details in the trip ticket. The drivers, in turn, have started asking passengers to sign their names on the trip ticket before leaving the Network's premises.

10.10 Since February of this year 2023, Management has adopted the audit recommendation. The MRFC by month's end and onwards has reflected the exact consumption based on the difference between the amount registered upon fueling the motor vehicle at full tank and that of the following day vis-à-vis the trips covered.

10.11 On the part of the Administrative Division and its concerned sections, Management stated that there was no intent or malice in any way to expose the agency to risk of losses due to misuse of vehicles and fuel consumption. They further commented that on January 20 2023, the Officer-In-Charge of the General Services came up with a Guideline for Issuance of Trip Tickets to make sure that the Network follows the government policies regarding proper use of car services.

10.12 As a rejoinder, the Audit Team will continue to monitor the commitments made by Network in CY 2023 audit.

11. Payment of Goods and Services aggregating to P12.993 million in Calendar Year 2022 were not subjected to deduction/withholding of the corresponding Creditable Withhold Taxes of one percent for goods and two percent for services amounting to P509 and P258,837, respectively, or a total amount of P259,346 contrary to Section 2.57.2(J) of Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 2-98 dated April 17,

1998, as amended by BIR RR No. 11-2018 dated January 31, 2018, thus, depriving the government of the much-needed funds to finance its operations and its development projects.

11.1 Section 2 of Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 11-2018 dated January 31, 2018, on Amending Certain Provisions of Revenue Regulations No. 2-98, as Amended, to Implement Further Amendments Introduced by Republic Act No. 10963, Otherwise Known as the "Tax Reform for Acceleration and Inclusion (TRAIN)" Law, Relative to Withholding of Income Tax, states that certain items of Section 2.57.2 of RR No. 2-98 is hereby renumbered and further amended to read as follows:

Section 2.57.2 Income Payments Subject to Creditable Withholding Tax and Rates Prescribed Thereon - Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:

Xxx…

(J) Income Payments made by a government office, national or local, including barangays, or their attached agencies or bodies, and government-owned or controlled corporations to its local/resident supplier of goods/services, other than those covered by other rates of withholding tax. [formerly under letter (N)] – Income payments, except any single purchase which is P10,000 and below, which are made by a government office, national or local, including barangays, or their attached agencies or bodies, and government-owned or controlled corporations, on their purchases of goods and purchases of services from local/resident suppliers:

Supplier of goods – One percent (1%)
Supplier of services – Two percent (2%)

A government-owned or controlled corporation shall withhold the tax in its capacity as a government-owned or controlled corporation rather than as a corporation stated in Subsection (I) hereof.

11.2 Meanwhile, Section 4 of the same BIR RR No. 11-2018 states that Section 2.57.5 of RR No. 2-98, as amended, is hereby further amended to read as follows:

SECTION 2.57.5. Exemption from Withholding. The withholding of creditable withholding tax prescribed in these

Regulations shall not apply to income payments made to the following:

A. National government and its instrumentalities, including provincial, city or municipal governments;

B. Persons enjoying exemption from payment of income taxes pursuant to the provisions of any law, general, or special, such as but not limited to the following:

1. *Sales of real property by a corporation which is registered with and certified by the Housing and Land Use Regulatory Board (HLURB) or the Housing and Urban Development Coordinating Council (HUDCC) as engaged in socialized housing project… xxx.*

2. *Corporations registered with the Board of Investment and* enjoying *exemption from the income tax provided by Republic Act. 7916 and the Omnibus Investment Code of 1987. (Emphasis Ours)*

3. *Corporations which are exempt from the income tax under Sec. 30 of the Tax Code, as amended, and government-owned or controlled corporations exempt from income tax under Section 27(A)(C) of the same Code, to wit: the Government Service Insurance System (GSIS), the Social Security System SSS), the Philippine Health Insurance Corporation (PHIC); and the Local Water Districts (LWD). However, the income payments arising from any activity which is conducted for profit or income derived from real or personal property shall be subject to withholding tax as prescribed in these regulations.*

   Xxx

5. *Joint ventures or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating or consortium agreement under a service contract with the government.*

6. *Individuals who earn ₱250,000.00 and below from a lone income payor* upon compliance with the following requirements:

a. *The individual has executed a payee's sworn declaration of gross receipts in accordance with the format per attached Annex "B-2";*

b. *The sworn declaration has been submitted to the lone income payor/withholding agent on or before January 15 of each year or before the initial income payment, whichever is applicable.*

11.3 The Audit Team noted during the CY 2022 audit of disbursements that payments made to various Suppliers/Service Providers were not subjected to deduction/withholding of the corresponding Creditable Withhold Taxes (CWT) of one percent for goods and two percent for services as shown in Table 27.

Table 27 - List of Suppliers/Utilities with No Corresponding CWT Withheld and Computed CWT of one percent and two percent

Supplier/Service Providers	Total Transaction in CY 2022	Computed CWT of 1% on Goods	Computed CWT of 2% on Services
Supplier/Service Provider 1	P 841,780		P 16,836
Supplier/Service Provider 2	461,440		9,229
Supplier/Service Provider 3	50,925	P 509	
Supplier/Service Provider 4	1,361,815		27,236
Supplier/Service Provider 5	465,909		9,318
Supplier/Service Provider 6	500,825		10,017
Supplier/Service Provider 7	859,708		17,194
Supplier/Service Provider 8	251,091		5,022
Supplier/Service Provider 9	1,882,156		37,643
Supplier/Service Provider 10	1,456		29
Supplier/Service Provider 11	246,137		4,923
Supplier/Service Provider 12	169,887		3,398
Supplier/Service Provider 13	1,044,806		20,896
Supplier/Service Provider 14	345,787		6,916
Supplier/Service Provider 15	93,054		1,861
Supplier/Service Provider 16	4,416,000		88,320
Total	**P 12,992,776**	**P 509**	**P 258,838**

11.4 Interview with the Finance Division disclosed that these has been the practice of the Network since the Accountant concerned has assumed office.

11.5 Meanwhile, based from G.R. No. 244155 dated May 11, 2021, the Supreme Court made a decision that reads as follows:

> *Therefore, unless the income recipient is exempt from income tax, the payor is generally required to deduct, and withhold EWT on income payments made… are not exempt from the requirement of withholding under Section 2.57.5 of Revenue Regulations (RR) No. 2-98…*

11.6 In other words, in the absence of clear and express exemption from income tax or unless the payee falls under the list of those exempted from withholding, a withholding agent must comply with the obligation to deduct and withhold tax on income payments.

11.7 As such, the non-deduction of CWT should only be availed by entities that fall under Section 2.57.5 of BIR RR No. 2-98 dated April 17, 1998, as amended by BIR RR No. 11-2018 dated January 31, 2018.

11.8 Hence, this deprives the Government of the much-needed revenue to fund its operations and finance its development projects.

11.9 **In view of the foregoing, we recommended that Management direct the Finance Division to provide this Office a certified copy of Tax Exemption Certificates or written justifications why the said various Suppliers/Service Providers not be subjected to deduction/withholding of the corresponding CWT of one percent for goods and two percent for services, otherwise, deduct the corresponding taxes.**

11.10 The Network committed to submit a certified true copy of Tax Exemption Certificate or sworn declaration of gross receipts for individual who earn P250,000.00 and below per Section 2.57.2 of the RR No. 11-2018.

11.11 As a rejoinder, the Audit Team will monitor the commitment made by Network in CY 2023 audit.

12. Pertinent documents to support the expenses incurred submitted by the PTNI to liquidate the Fund Transfer, amounting to P4 million, from Department of Environment & Natural Resources-Biodiversity Management Bureau were found to be inaccurate, inadequate, unapproved by Head of Agency and unaudited by COA contrary to Paragraphs 6.4 to 6.5 of COA Circular No. 94-013 dated December 13, 1994 and Item 1.2.4.1 of COA Circular No. 2012-001 dated June 14, 2012, thus fund utilization for the purpose intended could not be determined.

12.1 COA Circular No. 94-013 dated December 13, 1994 provides the Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies was issued to ensure that fund transfer should be properly taken up in the books of both agencies, used only for the intended purpose, and proper accounting and reporting is made of the utilization of the funds.

12.2 Relative thereto, Items 6.4 and 6.5 of the same COA Circular on the Duties and Responsibilities of the Implementing Agencies (IA) provides the following:

> *6.4 within five (5) days after the end of each month, the Accountable Officer (AO) shall prepare the RCI and*

the RD and shall submit them with all supporting vouchers/payrolls and documents to the Accountant. These reports shall be approved by the Head of the Agency;

6.5 within ten (10) days after receipt from the AO, the Accountant shall verify the Reports, provide accounting entries, record and submit the duplicate copies of the Reports with all the originals of vouchers/payrolls and all supporting documents to the IA Auditor. The <u>Accountant shall ensure that only expenses for the project are included in the Reports</u>. He shall submit the original copy of the Reports to the Source Agency (SA) (Attention: The SA Accountant). (Emphasis Ours)

12.3 Moreover, Item 1.2.4.1 of COA Circular No. 2012-001 dated June 14, 2012 requires the following documentary requirements relative to the liquidation of cash advance for Travelling Expenses - Local Travel:

a. Paper/Electronic plane, boat or bus tickets, boarding pass, terminal fee;
b. Certificate of Appearance/Attendance;
c. Copy of previously approved itinerary of travel;
d. Revised or supplemental Office Order or any proof supporting the change of schedule;
e. Revised Itinerary of Travel, if the previous approved itinerary was not followed;
f. Certificate by the Head of Agency as to the absolute necessity of the expenses together with the corresponding bills or receipts, if the expenses incurred for official travel exceeded the prescribed rate per day (certification or affidavit of loss shall not be considered as an appropriate replacement for the required hotel/logging bills and receipts);
g. Liquidation Report;
h. Reimbursement Expense Receipt (RER);
i. Official Receipt in case of refund of excess cash advance;
j. Certificate of Travel Completed; and
k. *Hotel room/lodging bills with official receipts in the case of official travel to places within 50-kilometer radius from the last city or municipality covered by the Metro Manila Area, or the city or municipality where their permanent official station is located in the case of those outside the Metro Manila Area, if the travel allowances being claimed include the hotel room/lodging rate.*

12.4 A MOA dated July 29, 2019 was entered into by and between the Department of Environment and Natural Resources-Biodiversity Management Bureau (DENR-BMB), as the Source Agency, and the PTNI, as the IA, under the Philippine Seascapes Project, wherein the Public Affair Department was tasked to produce three documentaries and six interstitials with an actual fund transfer amounting to P4 million. The said project was started late on September 2021 due to COVID-19 pandemic and ended on April 2022. The interstitials and documentaries will feature the West Philippine Sea and important seascapes, respectively.

12.5 At the start of the audit, the Audit Team inquired from the Finance Division (FD) about the status of Fund Transfer from DENR-BMB and was informed that the corresponding Report of Checks Issued (RCI) and Report of Disbursement (RD) to liquidate the said Fund Transfer were already submitted last May 18, 2022 and a copy of the Report of Expenses Incurred & Checks Issued (REICI) and other pertinent documents were provided to the Audit Team for reference. This was carried out without first submitting the same to the COA for audit.

12.6 Review of submitted documents revealed that the PTNI created six separate groups and corresponding cash advances were released to facilitate the early completion of the project as presented in Table 28 below.

Table 28 – Cash Advance Released for the Completion of Project

Special Disbursing Officers (SDOs)	*DV No.*	*Check Number*	*Check Date*	*Cash Advance Granted*
SDO 2	2021-03-0417	452526	March 25, 2021	P 391,000
SDO 1	2021-04-0462	452551	April 12, 2021	30,000
SDO 1	2021-04-0532	452593	April 22, 2021	206,000
SDO 3	2021-04-0531	452592	April 22, 2021	285,400
SDO 4	2021-04-0533	452594	April 22, 2021	182,000
SDO 5	2021-07-1055	472018	July 21, 2021	38,000
Total				**P 1,132,400**

12.7 In addition to the REICI, the Audit Team also retrieved from file and made reference to the liquidation reports relative to cash advances granted as shown in Table 29.

Table 29 – Expenses Incurred per REICI and Liquidation Reports

Special Disbursing Officers (SDOs)	*DV No.*	*Check Number*	*Liquidation Report*	*Liquidation Date*	*Liquidated Amount*
SDO 1	2021-01-0147	452282	21008006	Undated	P 171,568
SDO 1	2021-04-0532	452593			206,000
SDO 2	2021-03-0417	452526	21008003	June 28, 2021	321,828
SDO 1	2021-04-0462	452551	21008005	June 4, 2021	29,896
SDO 3	2021-04-0531	452592			234,338

Special Disbursing Officers (SDOs)	DV No.	Check Number	Liquidation Report	Liquidation Date	Liquidated Amount
SDO 4	2021-04-0533	452594			181,399
SDO 5	2021-07-1055	472018	21008004	June 4, 2021	20,150
Total					**P 1,165,179**

12.8 Based on the foregoing, the following observations were noted during audit:

a. REICI submitted to the DENR-BMB was considered inaccurate in view of the inclusion of transactions related to SDO 1:

- Incurrence of expenses evidenced by Check No. 452282 amounting to P171,568 intended to fund the location shoot of Public Eye at Pililia, Tanay Rizal, Trece Martires, Cavite and Pandi, Bulacan on February 1-12, 2021 was found not directly related to the DENR-BMB project; and

- Granting of cash advance with Check No. 452593 amounting to P206,000 was erroneous included among expenses incurred;

b. REICI submitted to the DENR-BMB was unapproved by the Head of the PTNI;

c. Non-submission of liquidation reports, to the Office of the Auditor, the PTNI, relative to cash advances granted to SDO 3 and SDO 4 amounting to P285,400 and P182,000, respectively, at the time the liquidation report was submitted to the DENR-BMB last May 18, 2022 and as of the writing of this report; and

d. Inadequate supporting documents to support local travel and expenses incurred such as Itinerary of Travel/Revised Itinerary of Travel, Canvass Sheet of at least three suppliers, and Certificate by the Head of Agency as to the absolute necessity of the expenses incurred for other liquidation reports for all granted cash advances except for SDO 3 and 4.

12.9 Accordingly, the FD made the following comments on the aforementioned observations:

a. Errors were made on the inclusion of Check Nos. 452282 and 452593 as among the expenses incurred per REICI and a revised REICI is being prepared while waiting for the submission of other documentations;

b. The REICI was unapproved due to lack of awareness on the requisite approval of the Head of the Agency and are now obliged to abide;

c. The submission of liquidation report of SDO 3 was delayed due to inadequate supporting documents. Meanwhile, the FD had verbally requested the submission of liquidation report of SDO 4, but despite their continuous efforts, the said cash advance remained unliquidated from its project completion on May 18, 2022, and as of the Exit Conference on May 9, 2023. The Audit Team was also informed that SDOs 3 and 4 had resigned from service in July 16, 2022 and July 20, 2022, respectively; and

d. The FD is currently coordinating with the SDOs concerned on the submission of other pertinent documents to support the liquidation to address the inadequate supporting documents to support local travel and expenses incurred.

12.10 It is noteworthy to mention that this Office also issued Memorandum No. 2023-019 dated April 19, 2023 addressed to the SDOs concerned requiring the submission of all pertinent documents to support the local travels and incurrence of expenses relative to the project.

12.11 In view of the foregoing, these cast doubts on whether the said projects were implemented or the funds have been utilized for the purpose for which the same was transferred.

12.12 **We recommended that Management direct the:**

a. Head of Public Affair Division to instruct the concerned SDO to immediately liquidate the cash advance granted 10 days upon the completion of the project; and

b. Finance Division to:

i. Issue, within 10 days after the end of each month/upon completion of the project, a written demand letter addressed to the SDOs concerned to liquidate the cash advances granted to them and submit pertinent documents related to local travels and expenses incurred otherwise withhold their salaries;

ii. Ensure that all required reports submitted to the Source Agency were approved by the Head of the PTNI; and

iii. Submit the RCI, RD, and other pertinent documents relative to all Fund Transfer to the COA for audit before releasing the same to the Source Agency.

12.13 Management committed the following:

a. Submit to COA the required reports approved by the Head of the Agency and its pertinent documents for review;

b. After COA review, the Network will resubmit the same reports to the DENR-BMB;

c. Issue demand letters 10 days after the end of month to concerned SDOs for projects with funding from fund transfer; and

d. Suspend salaries of SDOs with unliquidated cash advances.

12.14 As a rejoinder, the Audit Team will monitor the commitments made by Network in CY 2023 audit.

13. The Petty Cash Fund (PCF) granted to Special Disbursing Officer D to defray petty operating expenses and logistical requirements, travel expenses, etc. of the AAA Office amounting P50,000.00 was beyond the one month requirement in view that only a single petty cash voucher was processed for the payment of transportation in the amount of P3,960.00 covering the period from November 2021 to October 2022, Hence, this implies the non-urgency of maintaining a PCF contrary to Section 4.3.1 of COA Circular No. 97-002 dated February 10, 1997.

13.1 Section 4.3.1 of COA Circular No. 97-002 dated February 10, 1997 states that "*The cash advance shall be sufficient for the recurring expenses of the agency for one month. The AO may request replenishment of the cash advance when the disbursements reach at least 75%, or as the need requires, by submitting a replenishment voucher with all supporting documents duly summarized in a report of disbursements".*

13.2 However, during cash examination of the Petty Cash Fund (PCF) assigned to Special Disbursing Officer (SDO) D of AAA Office, it was noted that out of the P50,000.00 revolving fund issued, a lone Petty Cash Voucher (PCV) for the payment of transportation in the amount of P3,960.00 was only used or a total of P46,040 remained unexpended or idle for 11 months covering the period from November 2021 to October 2022.

13.3 Similarly, cash examination conducted last CY 2021 revealed that only five PCVs aggregating to P4,140.25 for various expenses were charged to PCF or an amount of P45,859.75 remained unexpended.

13.4 Based from the foregoing, the PCF assigned to SDO D in the amount of P50,000 is deemed excessive or unnecessary.

13.5 **We recommended that Management reevaluate the amount of PCF granted to SDO D of AAA Office and limit the amount to one month requirement in accordance with COA Circular No. 97-002 and require the fund custodian to refund the excess amount to the General Fund, if warranted.**

13.6 The Management committed to re-evaluate the amount of PCF granted to SDO D of AAA Office to see if there is non-urgency of maintaining a PCF with the AAA Office.

13.7 As a rejoinder, The Audit Team appreciated that the observation and recommendation were acknowledged and complied with by Management accordingly. Result of the evaluation made should be provided to the Audit Team.

14. Petty Cash Vouchers (PCVs) were not properly and completely accomplished contrary to Section 35.a, Chapter 6, of the Government Accounting Manual. As a result, PCVs with incomplete information becomes uncertain or vague and may result to incorrect understanding/assumptions.

14.1. Section 35.a of Government Accounting Manual, Volume 1 reads as follows:

> Xxx..
>
> *"All disbursements out of PCF shall be covered by duly accomplished and approved PCV supported by cash invoices, ORs or other evidence of disbursements." (Emphasis Ours)*

14.2. However, review of the processed and paid Petty Cash Vouchers (PCVs), the Audit Team noted that Part II of the PCV were not accomplished with details such as the following:

a. "Total Amount Granted";
b. "Total Amount Paid per OR/Invoice No.";
c. "Amount Refunded/Reimbursed";
d. "Liquidation Submitted";
e. "Reimbursement Received by"; and
f. "Signature of Payee".

14.3. Also, it was noted that the SDOs were unable to adopt a standard format for PCV Number and/or PCV Numbers were not indicated in the PCVs. Good internal control practice dictates the assignment of unique reference number for every financial transaction is a must. Without such unique reference number, monitoring, tracing, and cross referencing are proven difficult.

14.4. Hence, processed PCVs with incomplete information becomes uncertain or vague and may led to misunderstanding/erroneous assumptions.

14.5. We recommended that Management instruct all SDOs to completely supply the required information for ease of monitoring, tracing, and referencing purposes.

14.6. Management committed to comply with the audit recommendation.

14.7. As a rejoinder, the Audit Team will monitor continuous compliance.

15. The PTNI's use of Brand Referencing as indicated in the technical specification/requirements for the required hardware/software to procure from a specific brand is contrary to Section 18 of Republic Act No. 9184 and Government Procurement Policy Board issued Non-Policy Matters No. 126-2017 dated December 29, 2017, thereby defeating the very essence and purpose of competitive bidding.

15.1 Section 18 of Republic Act (RA) No. 9184 provides the following:

> *Specifications for the procurement of goods shall be based on relevant characteristics, functionality, and/or performance requirement. Reference to brand names shall not be allowed except for items or parts that are compatible with the existing fleet or equipment of the same make and brand, and to maintain the performance, functionality, and useful life of the equipment. (Emphasis Ours)*

15.2 Also, Government Procurement Policy Board issued Non-Policy Matters (NPN) No. 126-2017 dated December 29, 2017 reads as follows:

> *"We previously opined that while Procuring Entities (PEs) can make technical specifications in their bid documents more detailed, they cannot, however, "tailor fit" to a particular brand. We further stated that the inclusion in the bidding documents of such detailed design and technical descriptions that leave the PE no other option but to procure from a particular brand or supplier defeats the very essence and purpose of competitive bidding, and in such a case where a specific brand is necessary, indispensable and justified under the IRR, the applicable alternative modalities of procurement may be utilized." (Emphasis Ours)*

15.3 The Audit Team forwarded on March 22, 2022 the contract and corresponding supporting documents to the COA - Information Technology Audit Office (ITAO) for technical evaluation and inspection thru the Office of the Cluster Director, Corporate Government Audit Sector of a project with the following details, to wit:

Table 30 – Project Details of Contract Submitted to ITAO

Project Name	Supply, Delivery, Installation and Testing of New Media Equipment (Hardware & Software) of PTNI, ITB No. 2021-0018
Mode of Procurement	Public Bidding
Contractor/Winning Bidder	iEquity Technologies, Corporation

Contract/PO No.	Unnumbered / P.O. No. 21 12 0077
Contract/PO Date	December 27, 2021
Contract Amount	₱2,996,920.00

15.4 Consequently, based on the Technical Evaluation Report dated September 6, 2022 and validation/verification made by ITAO on the conformance with the agency and contract requirements conducted on the subject procurement disclosed that a preferred brand for licensed software described as “Office 365, Adobe Photoshop, Adobe Premiere, Adobe After Effects, Adobe Audition, and Adobe Illustrator” were explicitly specified in the agency’s technical requirements as shown in Table 31. Furthermore, the PTNI has set minimum technical specifications for Editing Laptops for Video Graphics that are tailor fitted to specific Apple product and the Neural Engine, Retina display, Backlit Magic Keyboard, ad Touch Bar and Touch ID were likewise all registered trademarks of Apple, Incorporated as shown in Table 32. Hence, this is contrary to Section 18 of the 2016 Revised Implementing Rules and Regulations of RA No. 9184 and NPN No. 126-2017 dated December 29, 2017.

Table 31 – Preferred brand for licensed software explicitly specified in the agency’s technical requirements

Agency and Contract Requirements	***Winning Contractor’s Statement of Compliance***	***COA-ITAO Validation***	***Remarks Made by ITAO***
Office 365	COMPLY Microsoft Office 365 English Subscription 1yr APAC EM 1 License Medialess	MS Office 365 Personal	The agency requirement for Office 365 is a trademark of Microsoft Corporation.
Adobe Photoshop	COMPLY Adobe Photoshop for teams License Medialess Subscription 1year	The Adobe plan/ subscription includes: • Illustrator • Illustrator on iPad • Audition • Media Encoder • After Effects • Photoshop • Photoshop Express • Photoshop on the iPad • Photoshop on the Web (Beta) • Premiere Clip • Premiere Rush • Premiere Rush Mobile • Premiere Pro • Spark Video • Spark Page • Fresco (for iPad and Windows 10) • Extract	The agency requirements for the License Software are trademarks of Adobe Corporation.

Agency and Contract Requirements	*Winning Contractor's Statement of Compliance*	*COA-ITAO Validation*	*Remarks Made by ITAO*
		• Story Plus • Frame.io • Creative Cloud Publish Storage • Enterprise User Storage • Express • Portfolio • Acrobat Create PDF • Acrobat Export PDF • Device Preview • Creative Cloud Canvass (Beta) • Enterprise Storage • Managed Services • Behance Network • Fonts • DVA Task Queue Manager Client Access • Team Projects • Cloud Storage 5.00TB	

Table 32 – Technical Specifications Fitted to Apple Products and Trademarks

Agency and Contract Requirements	*Winning Contractor's Statement of Compliance*	*COA-ITAO Validation*
CPU & GPU: M1 or higher chip with 8-core CPU, 8-core GPU, and 16-core Neural Engine	COMPLY Apple M1 Chip with 8 core CPU, 8 core GPU and 16 core Neural Engine	Apple M1 Chip with 8 core CPU, 8 core GPU 16 core Neural Engine
Display Size: 13-inch Retina display with True Tone	COMPLY 13-inch Retina display with True Tone	Built-in Retina Display 13.3-inch (2560 x 1600)
Keyboard: Backlit Magic Keyboard - US English	COMPLY Backlit Magic Keyboard - US English	Backlit Magic Keyboard - US English
Mouse: Touch Bar and Touch ID	COMPLY Touch Bar and Touch ID	Touch Bar and Touch ID

15.5 An Audit Query Memorandum No. 2022-01 dated November 10, 2022 was issued by the Audit Team to seek comments from Management with regards to the aforementioned ITAO observations.

15.6 On November 23, 2022, a reply from the PTNI Management was received and justified by citing reason of compatibility with existing TV broadcasting graphics and editing Systems. Also, they argued that the End-Users based its technical specifications on the existing devises and compatibility which is essential to ensure smooth and/or integral in the operations of the network. They, further, quoted Section 18 of RA No.

9184 that states “specifications for the procurement of goods shall be based on relevant characteristics, functionality, and/or performance requirement. Reference to brand names shall not be allowed except for items or parts that are compatible with the existing fleet or equipment of the same make and brand, and to maintain the performance, functionality, and useful life of the equipment”.

15.7 However, after a thorough review by the Audit Team, the above cited justifications made by the PTNI Management are indeed contrary to Section 18 of RA No. 9184 which specifically prohibits referencing to brand name. Also, the aforesaid procurement does not represent a repair or acquisition of IT hardware/software that constitutes an integral part of an existing equipment which would require brand referencing to ensure better performance, robust functionality, and prolong useful life of equipment. Rather, said transaction is an acquisition of a separate, independent, and distinct IT equipment/software.

15.8 Thus, the use of brand referencing as indicated in technical specifications/requirements for the required hardware/software compel the Procuring Entity no other alternative but to procure from a specific brand, hence, defeating the very essence and purpose of competitive bidding.

15.9 We recommended that Management, henceforth, instruct the Bids and Awards Committee and End-Users to avoid “tailor-fit” procurement. Reference to brand names or circumventing it by enumerating specifications which point out to a specific brand should be discouraged because it defeats the very essence of competitive public bidding. Procurement of goods should be based on relevant characteristics, functionality, and/or performance requirements.

15.10 Management committed to avoid mentioning any specific brands in all of its procurement and will continuously procure goods based on relevant characteristics, functionality and/or performance requirements.

15.11 As a rejoinder, the Audit Team shall continuously monitor the compliance by Management on the subject recommendation.

GENDER AND DEVELOPMENT

16. The Philippine Television Network, Inc. was able to comply with the requirements of Philippine Commission on Women (PCW), National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the submission of the Gender and Development (GAD) Plan and Budget (GPB) to PCW for CY 2022 within the prescribed period and allocation of GPB of at least five percent of its Corporate Operating Budget. However, out of the 27 GAD related Programs, Projects and Activities, 25 were fully accomplished and two projects were not implemented contrary to above-cited Circular.

16.1 Items 6.1 and 6.3 of the Philippine Commission on Women, National Economic and Development Authority and Department of Budget and Management (PCW-NEDA-DBM) Joint Circular No. 2012-01 provide the guidelines for the preparation of the annual Gender and Development (GAD) Plan and Budget (GPB) and GAD Accomplishment Report (AR) to implement the Magna Carta of Women (MCW). Pertinent portions of which state that:

> *6.0 COSTING AND ALLOCATION OF THE GAD BUDGET*
>
> *6.1 At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.*
>
> *6.3 The utilization and outcome of the GAD budget shall be annually monitored and evaluated in terms of its success in influencing the gender-responsive implementation of agency programs funded by the remaining ninety-five percent (95%) budget (MCW Chapter VI, Section 36).*

16.2 It was noted that the PTNI submitted its GPB for CY 2022 to the PCW for initial review last November 14, 2021. In turn, the PCW returned the GPB document and was immediately resubmitted by the PTNI on January 9, 2022. The said GPB was finally endorsed by the PCW and submitted to COA on March 30, 2022 and April 6, 2022, respectively.

16.3 For CY 2022, the Network apportioned P19.157 million for GAD related Programs, Activities and Projects (PAPs) which represents five percent of its approved Corporate Operating Budget (COB) of P383.132 million.

16.4 Review of final copy GAD-AR for the CY 2022 emailed to the Audit Team last March 8, 2023 revealed that the total expenditures amounted to P19.996 million or 104 percent of the allocated budget of P19.157 million. Comparison between the GPB and GAD-AR revealed that out of 27 PAPs, 25 projects were fully implemented, and two projects were not implemented. Details are shown in **Annex E**.

16.5 Inquiry from the GAD Focal Person Secretariat claimed that the Network was able to fully utilize the allotted budget that it even exceeded the said allocation by P0.840 million or over four percent over the allotted budget, thus, able to meet its goals of pursuing women's empowerment and gender equality. It was also disclosed that the two projects were not implemented due to lack of fund. Nevertheless, we commend the efforts of the PTNI Management for giving due attention in implementing the GAD PAPs.

16.6 **In view of the foregoing, we recommended that Management direct the GAD Focal Point Person to:**

a. **Continue complying with the requirements of the PCW-NEDA-DBM Joint Circular No. 2012-01 regarding the submission of the GPB on time and the allocation of at least five percent of its COB; and**

b. **Continue monitoring the GPB and ascertain that all activities are accomplished within the approved GAD budget of the Network for the current year.**

16.7 Management commented that the GAD – Focal Point System will continue to comply with the requirements of the PCW-NEDA-DBM Joint Circular No. 2012-01 regarding the submission of the GPB on time and the allocation of at least five percent of its COB and committed to continue to monitor the GPB and ascertain that all activities are accomplished within the approved GAD budget of the PTNI for the current year.

16.8 As a rejoinder, the Audit Team acknowledged the commitment of the Management to continue complying with the requirements of the PCW-NEDA-DBM Joint Circular and other GAD related issuances. Hence, we encourage that the Network continue to strive to ensure that the set activities in the GPB will be accomplished in a given period.

COMPLIANCE WITH TAX LAWS

17. The PTNI has been consistently withholding taxes on salaries and wages and other benefits accruing to its officers and employees as well as on goods and services, which were remitted to the BIR within the reglementary period for Calendar Year 2022. For the Network's prior years' tax obligations, the PTNI received tax subsidy from the DBM through Special Allotment Release Order (SARO) No. SARO-BMB-C-20-0020160 dated November 24, 2020 amounting P454.567 million for taxable years 2003-2013. The BIR later issued 'Notice of Issuance of Authority to Cancel Assessment' dated February 2, 2021, received by the Network on June 17, 2021, totaling P544.388 million. The PTNI also had a series of communications with the Government Accounting Sector of COA to seek help on how to account all necessary adjusting entries on cancelled taxes of the PTNI. Disclosure is also made on the Notes to the Financial Statements (Note 12).

COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM, PHILIPPINE HEALTH INSURANCE CORPORATION AND HOME DEVELOPMENT MUTUAL FUND LAWS

18. The PTNI was compliant in collecting and remitting premiums and membership contributions of the employees and the agency's share for the current year with Section 6 of Government Service Insurance System Act, Section 11 of Philippine Health Insurance Corporation (PhilHealth) Act, PhilHealth Circular No. 0001 s. 2014, and Section E.4 of Home Development Mutual Fund Circular No. 275. However, as of December 31, 2022 there were still unremitted amounts representing unreconciled beginning balances that were forwarded from prior years in the amounts of P5.502 million, P7.018 million and P0.518 million, respectively.

18.1 Section 6, Items (a) and (b) of RA No. 8291 (Government Service Insurance System (GSIS) Act of 1997) provides that:

> *Collections and Remittance of Contributions. (a) The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS; the employer shall deduct each month from the monthly salary or compensation of each employee the contribution payable by him in accordance with the schedule prescribed in the rules and regulations implementing this Act.*
>
> *(b) Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over the above the payment of any and all obligations, except salaries and wages of its employees.*

18.2 Section 11 of PhilHealth Act provides that:

> *Remittance of contribution shall be mandatory for all members. It shall be made to PhilHealth offices or to any of the accredited collecting agents. Failure to timely remit the appropriate premium contribution shall be subject to interest and penalties as prescribed by the corporation without* prejudice to other applicable penalties herein provided.

18.3 PhilHealth Circular No. 0001 s. 2014 dated January 1, 2014 provides New Payment Schedule for Premium Contributions:

Employers with PENs ending in 0-4	*Every 11th – 15th day of the month following the applicable period*
Employers with PENs	*Every 16th – 20th day of the month*

ending in 5-9 *following the applicable period*

18.4 Section E.4 of Home Development Mutual Fund (HDMF) Circular No. 275 provides that:

> *Employers shall remit the required monthly employer and employee contributions to the nearest Pag-IBIG branch or its authorized collecting banks, together with the duly accomplished Membership Contribution Remittance Form (MCRF) from 10th to the end of the month following the period covered.*

18.5 The PTNI has consistently withheld from the salaries of its employees the GSIS, PhilHealth and HDMF premiums, contributions and loan payments and remits the amounts withheld in the current year to the concerned agencies.

18.6 However, based on records, there was unremitted amount of P5.502 million, P7.018 million and P0.518 million to the GSIS, PhilHealth and HDMF, respectively, due to unreconciled beginning balance of prior years. Details are shown on Table 33.

Table 33 – Unremitted Mandatory Contributions

Particulars	Due to GSIS	Due to PhilHealth	Due to HDMF	Total
Beginning balances	P 6,806,521	P 7,232,460	P 270,046	P 14,309,027
Amount withheld, CY 2022	23,030,359	938,216	2,541,750	26,510,325
Government's share	5,968,946	827,325	170,550	6,966,821
Remittances	(30,303,872)	(1,979,796)	(2,464,052)	(34,747,720)
Balance, as of December 31, 2022	**P 5,501,954**	**P 7,018,205**	**P 518,294**	**P 13,038,453**

18.7 Verification of accounts revealed that the unpaid obligations to the said agencies represent prior years' forwarding balances. Management claimed that there is an on-going reconciliation being conducted by the Finance Division with the Personnel Section for the withholding and remittance to the said agencies.

18.8 The non-remittance within the prescribed period is not only contrary to the above-stated provisions but consequently the PTNI might be subject to imposition by the GSIS, PhilHealth and HDMF of interests, penalties, and surcharges.

18.9 **We reiterated our prior year's recommendations that Management:**

a. Analyze and reconcile the beginning balance of the GSIS, PhilHealth and HDMF accounts as well as remit the outstanding balance of the aforementioned accounts; and

b. Make representation with the GSIS, PhilHealth and HDMF to reconcile the beginning balances of the aforementioned accounts.

18.10 Management committed to look into the reasons for the unreconciled beginning balance. The Finance Division will work in coordination with the Personnel Section to come up with the correct balances and make necessary adjustments.

18.11 The Audit Team acknowledged Management's commitment to reconcile the beginning balance of the aforementioned accounts. However, Management's full compliance with the audit recommendations will be monitored in the CY 2023 audit.

COMPLIANCE WITH PROPERTY INSURANCE LAW

19. Verification of documents pertaining to the PTNI's insurable properties showed that the buildings, equipment and motor vehicles were insured with the GSIS per Policy No. FI-NM-GSISHO-0041183 for the period covered January 1 to December 31, 2022.

SUMMARY OF AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS

20. Based on the Statement of Audit Suspensions, Disallowances and Charges issued as of December 31, 2022, the unsettled audit disallowances amounted to P128.613 million, of which P5.059 million were already covered by Notice of Finality of Decision, P123.523 million are on appeal, P30,000 for salary deduction and P500 was uncollected disallowance from a deceased employee. The unsettled audit suspension as of December 31, 2022 amounted to P9.318 million. Details of the unsettled Notices of Disallowance and Notices of Suspension are shown in Table 34.

Table 34 – Unsettled Notices of Disallowance (ND) and Notices of Suspension (NS)

ND/NS No.	Particulars	Amount	Remarks/Status
ND#2021-01(18)	Payment for the Supply, Delivery, Installation, Integration, Testing, Training and Commissioning of an Enterprise Resources Planning (ERP) which was not put to use in actual operation	P14,980,000.00	Under Appeal
ND#2019-05(17)	Payment of spot placement in airing DOT Ads to program Kilos Pronto-NS matured into ND	60,009,560.00	Under Appeal
ND#2019-06(18)	Payment of spot placement in airing DOT Ads to program Kilos Pronto – NS matured into ND	15,789,133.70	Under Appeal
ND#2019-04(17)	Payment of non-existent parking lot extension	1,300,172.82	With NFD
ND#2019-02(18)	Payment of Economic Relief Allowance (ERA) to PTNI officials and employees	7,906,500.00	Under Appeal
ND#2019-01(17)	Payment of SEA games bonus & Economic	10,456,300.00	Under Appeal

ND/NS No.	Particulars	Amount	Remarks/Status
	Relief Allowance – NS matured into ND		
ND#2010-013-229(2009)	Purchase of Switcher	285,904.00	With NFD
ND#2009-001-713-720(2009)	Payment of RATA, services of OGCC lawyers, Liquidation of travel expenses – NS matured into ND	789,971.46	Under Appeal
ND#2011-2011-001(10)	Liquidation of travel expenses – NS matured into ND	500.00	Deceased employee
ND#2018-01(17)	Payment of BAC honoraria to COS employees	30,000.00	For salary deduction
ND#2012-07-001(2005)	Deficiencies in the liquidation of expenditure under Barter Liquidation Voucher Nos. 365, 366, 367, 369, 370, 371, 372, 373 and 375	3,473,133.20	With NFD
ND#2022-01(19-21)	Payment of Rice Subsidy and Educational Assistance for CYs 2019 to 2021	13,591,666.68	Under Appeal
Total NDs		**P128,612,841.86**	
NS#2021-02(18)	Procurement of two (2) units of 8-seater passenger van and one (1) unit of 7-seater Sports Utility Van (SUV) without the approval from the Office of the President	3,422,803.50	For issuance of ND
NS#2022-02(21)	Payments of Collective Negotiation Agreement (CNA) Incentives of regular and contractual employees for CY 2020	3,875,000.00	For issuance of ND
NS#2022-03(19-21)	Payments of various expenses of PTNI for CYs 2019 to 2021	2,020,272.72	Awaiting for submission of documents
Total NSs		**P9,318,076.22**	

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

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

Of the 27 audit recommendations embodied in the prior year's Annual Audit Report (AAR), six were fully implemented, 15 were partially implemented and six were not implemented. Details as follows:

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
AAR 2021 Financial Audit Observation (AO) No. 1 Page 45	The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P348.617 million as of December 31, 2021 could not be established due to discrepancies between bank confirmation and balance per books amounting to P23.743 million, in absolute amount, mainly because of five closed bank accounts in absolute amount totaling P20.828 million which are still recorded in the books, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.	We reiterated our prior year's audit recommendations that Management require the Accounting Section to:	
		a. exert all efforts to determine the causes of the remaining unidentified variances, review/analyze the reconciling items, and effect necessary adjustments in the books to fairly present the Cash and Cash Equivalents account in the financial statements;	Not Implemented Not Implemented Updated and reiterated in Part II – Observation and Recommendation No. 1 of this Report.
		b. locate all the documents relative to the five closed bank accounts that are still recorded in the books;	Not Implemented
		c. determine the nature of the bank credit and debit memos and other book reconciling items not yet recorded in the books, and	Not Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
		d. make necessary adjustments accordingly.	
AO No. 2 Page 47	The faithful representation in the financial statements of the balance of Property, Plant and Equipment (PPE) account with carrying amount of P2.412 billion as of December 31, 2021 was not established due to variances between the balance per Accounting records and the Report on the Physical Count of PPE amounting to P557.244 million. Likewise, the non-derecognition of various unserviceable PPE items costing P36.189 million due to non-disposal thereof resulted in the overstatement of various PPE accounts in the same amount, contrary to Paragraph 82 of International Public Sector Accounting Standard 17. Moreover, the over-provision of depreciation for PPE-Office Equipment sub-account in prior and current years totaling P19.222 million resulted in the overstatement of Depreciation Expense and Accumulated Depreciation in the amounts of P1.074 million and P19.222 million, respectively, and understated the PPE-Office Equipment sub-account and Accumulated Surplus/Deficit account both by P19.222 million.	We reiterated our previous year's audit recommendations that Management instruct the:	
		a. Accounting and Property Sections to determine the causes of the variances noted between the books and the RPCPPE and effect necessary adjustments/corrections on the affected records;	Partially Implemented
		b. Disposal Committee to prepare the IIRUP to facilitate the immediate disposal of the unserviceable properties and submit the same to the Accounting Section to serve as basis in derecognizing of P36.189 million;	Partially Implemented Updated and reiterated in Part II – Observation and Recommendation No. 2 of this Report
		c. Accounting Section to analyze the over provision of depreciation on the PPE-Office Equipment sub-account and make the necessary adjustments in the books to reflect the	Partially Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
		correct balance thereof; and	Not Implemented
		d. Accounting Section to adopt COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies" to establish the PPE balances that are verifiable as to existence, condition and accountability.	
AO No. 3 Page 52	The faithful representation in the financial statements of the balance of the Receivables account in the gross amount of P851.331 million and net book value of P236.006 million as of December 31, 2021 could not be ascertained in view of the: (a) unrecorded discrepancies between the balances per General Ledgers (GLs) and their Subsidiary Ledgers (SLs) in absolute amount of P121.986 million and accounts with no SLs totaling P134.130 million; and (b) variances between balance per books and the confirmed amount totaling P84.010 million while several accounts were either 'return to sender' or had no reply at all. Moreover, the non-recognition of Allowance for Impairment on Other Receivables account amounting P6.682millionin	We reiterated our prior year's recommendations that Management direct the Accounting Section to:	
		a. Maintain complete SLs to support the GLs balances of the Receivables account;	Partially Implemented Updated and reiterated in Part II Observation and Recommendation No.3 of this Report.
		b. Reconcile the balances between the GLs and SLs of the Receivable accounts and prepare the adjusting entries, if necessary;	Partially Implemented
		c. Ensure that complete information/addresses of clients are indicated in the SLs for purposes of monitoring collections	Partially Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
	CY 2021 further affected the accuracy of its account balance.	of receivables; and d. Provide Allowance for Impairment on Other Receivables for CY 2021 to reflect the correct balance of the said account.	Fully Implemented
		We further recommended that Management submit Request for Authority to Write-off for dormant accounts to COA, following the guidelines and procedures prescribed under COA Circular No. 2016-005 dated December 19, 2016.	Not Implemented
AO No. 4 Page 56	The accuracy and existence of the Inventories – Other Supplies and Materials account with balance of P3.048 million as of December 31, 2021 could not be ascertained due to variance of P2.871 million between the balances per General Ledger and the inventory balance on Ex-Deal Items due to lapses in the recording of issuances of the said items. Likewise, no disclosure in the Notes to Financial Statements on the Ex-Deal Items, contrary to Paragraph 39 of International Public Sector Accounting Standard 9.	We reiterated our previous year's recommendations that Management: a. Require the concerned Custodians to: i. Account for the discrepancy noted between the balances of GL and the Stock card of Ex-Deal Items; and	Fully Implemented Updated and reiterated in Part II – Observation and Recommendation No.5 of this Report.
		ii. Submit RSMI or its equivalent to the Accounting Section to facilitate recording of issuances of the items;	Partially Implemented
		b. Install adequate	Partially

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
		internal control system over the receipt and issuance of Ex-Deal Items to prevent misuse thereof;	Implemented
		c. Assign to Property Section the responsibility on the receipt and issuance of Ex-Deal Items received by the Network; and	Partially Implemented
		d. Require the Finance Division to provide adequate disclosure on Ex-Deal Items in the Notes to Financial Statements in compliance with Paragraph 39 of IPSAS 9.	Partially Implemented
		We further recommended that Management submit all Ex-Deal Contracts entered into by the PTNI in CY 2021 for further review.	Partially Implemented
AO No. 5 Page 59	Cash advances (CAs) totaling P15.000 million granted in CY 2021 and prior years were not liquidated as of December 31, 2021 and accountable officers with unliquidated CAs were granted additional CAs, contrary to Sections 1.2 and 1.1 of COA Circular No. 2012-001 dated June 14, 2012. Moreover, CAs granted on CY 2021 were not	We reiterated our prior years' audit recommendations that Management instruct the Finance Division to:	
		a. Require the concerned AOs to immediately liquidate their outstanding CAs in compliance with Section 1.2 of COA Circular No. 2012-	Partially Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
	supported with proper documentation, contrary to the same COA Circular.	001;	
		b. Comply strictly with the required documentary requirements on the grant and liquidation of CAs; and	Partially Implemented
		c. Closely monitor and/or send regularly demand letters to AOs within 10 days before the expiration of the prescribed period of liquidation to avoid further accumulation of the unliquidated CAs.	Partially Implemented
AO No. 6 Page 62	Twenty-one contracts and Purchase Orders of Small Value Procurements including their supporting documents totaling P6.102 million were not submitted to the Office of the Auditor within five working days from the execution thereof, with delays ranging from 17 to 98 working days, contrary to Sections 3.1 and 3.2 of COA Circular No. 2009-001 dated February 12, 2009. Hence, hindered the timely auditorial and technical review and communication of any defects/deficiencies noted in audit.	We recommended that Management instruct the Bids and Awards Committee Secretariat to submit all perfected C/PO to the Auditor within five working days after perfection thereof for immediate review and evaluation in compliance with Sections 3.1.1 and 3.2.1 of COA Circular No. 2009-001.	Fully Implemented
AO No. 7 Page 64	The People's Television Network, Inc. was able to comply with the requirements of Philippine Commission on Women	In view of the foregoing, we recommended that Management direct the GAD Focal Point Person to:	

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
	(PCW), National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the submission of the Gender and Development (GAD) Plan and Budget (GPB) to PCW for calendar year 2021 within the prescribed period and allocation of GPB of at least five per cent of its Corporate Operating Budget. However, out of the 15 GAD related Programs, Activities and Projects, only two was fully accomplished, five were partially accomplished and eight were not yet started contrary to same Circular.	a. Continue comply with the requirements of the PCW-NEDA-DBM Joint Circular No. 2012-01 regarding the submission of GPB on time and the allocation of at least five per cent of its COB; and	Fully Implemented
		b. Monitor the GPB and ascertain that all activities are accomplished within the approved GAD budget of the Network for the current year.	Fully Implemented
AO No. 9 Page 66	PTNI was compliant in collecting and remitting premiums and membership contributions of the employees and the agency's share for the current year with Section 6 of Government Service Insurance System Act, Section 11 of Philippine Health Insurance Corporation (PhilHealth) Act, PhilHealth Circular No. 0001 s. 2014, and Section E.4 of Home Development Mutual Fund Circular No. 275. However, as of December 31, 2021 there were unremitted amounts representing unreconciled beginning balances that were forwarded from prior years in the amounts of P6.807 million, P7.232 million and P270,046,	We recommended that Management:	
		a. Analyze and reconcile the beginning balance of the GSIS, PhilHealth and HDMF accounts as well as remit the outstanding balance of the aforementioned accounts; and	Partially Implemented Updated and reiterated in Part II – Observation and Recommendation No. 18 of this Report.
		b. Make representation with the GSIS, PhilHealth and HDMF to reconcile the beginning balances of the aforementioned accounts.	Fully Implemented

REFERENCE	OBSERVATIONS	RECOMMENDATIONS	ACTION TAKEN/ COMMENTS
	respectively.		

PART IV - ANNEXES

Annex A
List of Accountable Officers with Negative Cash Advance Balances
December 31, 2022

Employee	Position		Total Amount
Joecen Kevin Dalumpines	Executive Producer	-	173,939.25
Gerardo Tocol	Electronics Comm. Systems Operator A	-	94,618.77
Ana Marie Tomines	Production Assistant	-	91,127.00
Frederick Aquino	Media Production Specialist III (Executive Producer)	-	80,882.00
Homer Banda	Sales Representative IV	-	55,000.00
Joefe Estriver	Administrative Assistant II (Hair and Make-up Artist)	-	49,753.90
Felomena Arroyo	Administrative Officer III	-	45,725.64
Ronaldo Yjares	TV Network Traffic Assistant	-	45,000.00
Apolinario Tejuco	TV Cameraman I	-	42,311.36
Angelina Arguelles	Production Assistant	-	35,000.00
Alexander Poncio	Engineer III (Electrical Engineer)	-	23,435.08
Liberty Singco	Communications Equipment Operator III	-	15,500.00
Romel Tagbas	Driver II	-	14,250.00
Al-Hamidi Phari	Engineer II	-	12,750.00
Phillip Isla	Engineering I (Engineering Planning & Research Assistant)	-	11,886.90
Ethel Antazo	Executive Assistant I (Segment Producer/Writer)	-	7,450.00
Joana Marie Lopez	Senior Administrative Assistant I (Senior Account Executive)	-	4,932.00
John Louise Osuyos	Media Production Specialist I (Coordinator/Researcher)	-	2,000.00
Jocelyn Salamatin	VTR Editor I (Jr VTR Editor)	-	1,656.00
Jason Shaheer Salendab	Technical Assistant for Legal Affairs	-	1,132.00
Felix France Rodri Macaso	Communications Equipment Operator IV (Cameraman)	-	972.00
Sandy Pilapil	Administrative Assistant VI (Human Resource Management Assistant)	-	750.00
Rose Marie Manalansang	Media Production Specialist III (Executive Producer)	-	77.85
Ashcan Gallos	Computer Operator IV (Non Linear-Editor)	-	60.00
Raul Ventura	Communication Equipment Operator III	-	46.25
Eunice Rean Samonte	Broadcast Program-Producer Announcer II (News Reporter/Writer)	-	1.05
Lyndon Valderama	Electronics Communication Systems Operator A (ENG Van Systems Technician)	-	0.90
James Patrick De Jesus	News Reporter I	-	0.36
Michel Perry Aguila	Communications Equipment Operator IV (Cameraman)	-	0.27
Alex Rey Pal	TV Station Manager	-	0.25
Leana Beatrice Bernardo	News Reporter I	-	0.08
Paul Axel Guevarra	Artist-Illustrator III (Graphic Artist/Editor	-	0.05
Grand Total		**-**	**810,258.96**

Annex B
Inventory of Ex-Deal Items
As of December 31, 2022

Date	Reference	Client	Ex-Deal Items	Amount
May 11, 2010 / May 24, 2010	BC#4860/SI# 12215	JEV Media Prod.	Facial Wash, massage oil baby powder, massage oil green tea, and bath and body oil rose	P 57,600.00
May 24, 2010	SI #12215	JEV Media Prod.	Facial Wash, massage oil baby powder, massage oil green tea, and bath and body oil rose	37,795.00
February 11, 2011	BC#5024	Easy Pha-Max Wheatgrass	Wheatgrass powder with honey, Bio coffee and Bio soymilk	4,430.00
November 25, 2011	BC#5218	Fonterra Brands Phils	Anlene Gold Vanilla	22,500.00
June 14, 2009 / June 19, 2012	BC#4612/ BL#0491	Solidink Media Services	Cheese Basket	5,431.50
July 20, 2021/August 4, 2012	BC#5414/SI# 14184	Duly Free Phil. Corp.	Gift Certificate	15,000.00
November 12, 2012	BC#5543/SI# 14496	Relik Tapas Bar and Lounge	Gift Certificate	5,000.00
November 23, 2012	BC#5541/SI# 14486	Fab Aesthetics Wellness Center	Gift Certificate (Facial with Glycolic acid peel treatment and cavistar Ultra tone & sculpt system)	16,900.00
January 11, 2013	BC#5602	Dermastetiq ue	Radio Frequency Treatment, lipo cavitation, diamond peel, IPL, underarm bleaching, DE FLAB	1,940,295.00
May 10, 2013/May 14, 2013	BC#5762/SI# 14989	Duty Free Phil. Corp.	Gift Certificate	89,600.00

Date	Reference	Client	Ex-Deal Items	Amount
June 15, 2013	BC#5842	Thunderbird Asia Resorts	Resort accommodation, food, amenities in thunderbird resorts Rizal	522,800.00
December 18, 2014/December 23, 2014	BC#6449/SI# 16781	Duty Free Phil. Corp.	Gift Certificate	79,000.00
Total				**P 2,796,351.50**

Annex C

PEOPLE'S TELEVISION NETWORK, INC.
STATUS REPORT ON TRUST LIABILITIES
As of December 31, 2022

Accounts	Amounts	Moving (Active) or Non-moving (Inactive)	Purpose of Trust Liability	Purpose(s) Accomplished (Yes/No)	Need of Liquidation Submission	Memorandum of Agreement	Return of Excess Fund	Remarks
1. Trust Liability – Philippine American Insurance (Philam)	135,423.13	Moving	Deductions from employees for Philam Insurance premiums (voluntary).	Yes	Not applicable.	Yes there is yearly agreement on this.	Not applicable.	On-going transaction. With **Php6,055.63** unverified balance since 2008.
2. Trust Liability – College Assurance Plan (CAP)	(18,243.53)	Non-moving	The CAP was a health insurance plan acquired by PTNI for its employees through an ex-deal agreement with the provider. It was stopped after about two years since according to the auditor (COA), health benefits are already being addressed by the government through Philhealth.	Yes	None.	Yes, there was an agreement between CAP health and PTNI.	Not applicable.	No movement since 2007. For adjustment in the books.
3. Trust Liability – People's Television Employees Association (PTEA)	146,141.26	Moving	Deductions from employees as members of PTEA.	Yes	Not applicable.		Not applicable.	On-going transaction. For adjustment in the books. With **Php213,788.75** unverified balance since 2008.
4. Trust Liability - People's Television Cooperative (PTVKo)	(165,121.55)	Moving	Deductions from employees as members of PTVKO cooperative.	Yes	Not applicable.		Not applicable.	On-going transaction. For adjustment in the books.

Accounts	Amounts	Moving (Active) or Non-moving (Inactive)	Purpose of Trust Liability	Purpose(s) Accomplished (Yes/No)	Need of Liquidation Submission	Memorandum of Agreement	Return of Excess Fund	Remarks
5. Trust Liability - Continuing Education via Television (CONSTEL)	(3,933,826.03)	Non-moving	Funds for the production of telelessons or telecourses of Continuing Studies via Television implemented by PTNI in cooperation with the DOE, PNU, UP College of Educ, DLSU and the Foundation for upgrading the Standards of Education. The project was fully implemented.	Yes	No claims have been made with PTNI from the time the project was fully implemented.		None required.	No movement since 2013. For adjustment in the books.
6. Trust Liability – Others	24,103,942.72	Non-moving	Currently being reconciled by Finance.					No movement since 2019. For adjustment in the books.
7. Trust Liability - Others (One Morning)	7,583,802.69	Non-moving	Production and telecast of a 2 hour tele-magazine type program to provide news and information that will develop awareness of the different policies, programs and activities of the government and the presidency. The parties, BBS, BCS, PTNI, RPN-9, IBC 13 and PNA agreed to pool their manpower and resources for the above. PTNI along with IBC and RPN to provide services, facilities, airtime and production of the program titled One Morning.	Yes	PTNI has submitted the required documents to liquidate funds received for the program.	Yes, there was a MOA for this project.	None required.	No movement since 2011. For adjustment in the books.
8. Trust Liability – Department of Education (DepEd)	224,990.22	Non-moving	This has been inactive since 2007. Nevertheless, Finance will try to get data from old files. This is most likely production of program or plugs for the DOE which has been implemented already.	Yes	No claims have been made with PTNI.		No claims have been made with PTNI.	No movement since 2007. For adjustment in the books.

Accounts	Amounts	Moving (Active) or Non-moving (Inactive)	Purpose of Trust Liability	Purpose(s) Accomplished (Yes/No)	Need of Liquidation Submission	Memorandum of Agreement	Return of Excess Fund	Remarks
9. Trust Liability - ASEAN Projects	132,602.87	Non-moving	Alloted Account for ASEAN Projects (AOM #2016-08(16))					No movement since 2020. For adjustment in the books.
10. Trust Liability - ASEAN (Presidential Communications Operations Office Funds)	10,966,552.90	Non-moving	For the implementation of specific tasks, activities and commitments of PTNI in connection with the Philippine chairmanship of the ASEAN celebratory activities for the 50th ASEAN Founding Anniversary for 2017.	Yes	Liquidations complied.	MOA with PCOO.	Required to return any unexpended balance.	No movement since 2019. For adjustment in the books.
11. Trust Liability - Bid Docs	1,149,246.80	Moving	Proceeds from sale of bid documents allotted for honoraria of BAC members and TWG.	Yes	Not applicable.			On-going transaction.
Total	**40,325,511.48**							

Annex D
List of AOs with Unliquidated CAs but were Granted Additional CA
As of December 31, 2022

No.	Name of Employees	Position	Number of Outstanding CAs Granted	Total Amount	Status of Employment	Liquidation Reports
1	Constantino, Emma Rose	Supply Officer I	4	687,414.00		
2	Francisco, Allan	Reporter/Writer	3	631,990.55		
3	Gatan, Maria Angela	MPS IV/Program Operations Chief	3	530,005.00		
4	Singco, Liberty	Communications Equipment Operator III	3	484,500.00		
5	Antazo, Ethel	Executive Assistant I (Segment Producer/Writer)	4	346,790.00		
6	Tomines, Ana Marie	Production Assistant	15	325,295.50		
7	Sanchez, Raymond	Head Executive Assistant	3	322,645.30		
8	Basilio, Patricia Isabela	Segment Producer Writer	2	295,250.00	Resigned 08/15/2021	With Submitted Liquidation reports but remained unacted upon
9	Derano, Mark Vincent	Media Production Aide (Production Assistant/Coordinator)	3	287,250.00		
10	Pardilla, Cleizl	News Reporter I	3	286,177.92		
11	Celestre, Regina	Media Production Specialist II (Associate Producer)	3	284,794.40		
12	Gellor, Leo	Senior Personnel Specialist	2	262,080.84	Resigned 11/01/2022	With Submitted Liquidation reports but remained unacted upon
13	De Jesus, James Patrick	News Reporter I	5	261,076.69		
14	Aquino, Frederick	Media Production Specialist III (Executive Producer)	6	259,938.00		
15	Aguzar, Ma. Theresa Leah	Media Production Specialist I (Production Unit Manager)	6	244,463.69		
16	Manalansang, Rose Marie	Media Production Specialist III (Executive Producer)	8	244,010.00		
17	Tagbas, Romel	Driver II	2	241,559.10		
18	Matienzo, Adrien	Media Production Specialist II (Associate Producer)	2	214,080.00		
19	Balueta, Kate Marielle	Associate Producer	2	211,125.00	Resigned November 16 2021	
20	Bangilan, Gilberto	Finance Comptroller	2	207,520.00	Resigned December 2018	
21	Olaco, Maela Grace	Script Writer I (Segment Producer/Writer)	3	182,743.72	Non renewal effective 01/01/2023	
22	Yap, Janet	Provincial Traffic Officer B (Network Controller II)	3	172,902.88		
23	Dalumpines, Joecen Kevin	Executive Producer	4	159,016.45		
24	Sucgang, Emmanuel	Engineer III	5	153,100.00		
25	Yjares, Ronaldo	TV Network Traffic Assistant	4	149,994.00		
26	Poncio, Alexander	Engineer III (Electrical Engineer)	7	132,599.92		
27	Tejuco, Apolinario	TV Cameraman I	6	121,407.00		
28	Aguila, Michel Perry	Communications Equipment Operator IV (Cameraman)	3	116,522.30		
29	Tanggol, Joselito	Electronics & Communications Equipment Technician IV (Microwave/Uplink Technician)	2	108,250.00		
30	Lesmoras, Karmela Anne	News Reporter I	3	105,227.00		
31	Directo, Elenita	Project Evaluation Officer III (Supervising Broadcast Research Analyst)	2	100,800.68		
32	Bares, Rico	Administrative Assistant III (Senior Driver)	2	93,400.00		
33	Salamatin, Jocelyn	VTR Editor I (Jr VTR Editor)	4	90,694.00		
34	Tarinay, Lucille Anne	Executive Assistant IV	5	89,872.41		
35	Salendab, Jason Shaheer	Technical Assistant for Legal Affairs	5	89,610.64		
36	Maltu, Hilario	Audio/Video Systems Engineer	3	70,830.00		
37	Tocol, Gerardo	Electronics Comm. Systems Operator A	7	68,259.00		
38	Valdez, Maria Blesilda	Media Production Specialist III (Executive Producer)	2	63,927.10		
39	Lesigues, Rocky	News Reporter I	2	62,199.00		
40	Valdez, Richard	Provincial Operations Supervisor/Station Manager PTV-Cordillera	2	52,553.76		
41	Dumbrique, James Gerald	Executive Assistant II (Assistant Project Manager for Broadcast Engineering)	3	46,971.39		
42	Velado, Sweden	News Reporter I	5	42,393.67	Resigned 01/05/2022	
43	Carlos, Bonifacio	Senior Administrative Assistant I (Broadcast Facilities Monitoring Assistant)	2	41,120.50		
44	Valderama, Lydon	Electronics Communication Systems Operator A (ENG Van Systems Technician)	6	67,530.86		

No.	Name of Employees	Position	Number of Outstanding CAs Granted	Total Amount	Status of Employment	Liquidation Reports
45	Isla, Philipp	Engineering I (Engineering Planning & Research Assistant)	4	37,489.24	resigned January 2022 (not cleared with HR)	
46	Nigos, George	Motorpool Dispatcher	2	36,000.00		
47	Catbagan, Ferdinand	Electronics Communications Systems Operator A (ENG Van Systems Technician)	4	31,059.56		
48	Ramos, Carlito Jr.	TV Cameraman III (Field Production Cameraman)	2	30,892.00		
50	Encinas, Jaymar	Reporter	2	28,213.70	resigned January 22 2019	
51	Arguelles, Angelina	Production Assistant	3	24,335.15		
52	Arroyo, Felomena	Administrative Officer III	5	23,002.75		
53	Capisonda, Joey	Special Projects Coordinator	3	15,652.60		
54	Namingit, Jerick	Administrative Assistant VI (Interior Designer/Cut-Out Artist)	2	15,000.00		
55	Cristobal, Jeffrey Kirby	News Anchor/Reporter	2	12,685.00	resigned June 2017	
56	Manahan, Roll Jervis	News Reporter	3	9,894.14	resigned 10/04/2017	
57	Retrita, Aika Grace	Administrative Officer III (Human Resource Management Officer II)	2	9,600.05		
58	Asuncion, Nielsen Khay	Reporter I	2	9,000.00		
59	Macaso, Felix France Rodri G.	Communications Equipment Operator IV (Cameraman)	2	4,278.00		
60	Di, Kim Karol	Reporter	2	1,910.00	resigned December 16, 2018	
61	Pal, Alex Rey	TV Station Manager	2	611.35		
66	Osuyos, John Louise	Media Production Specialist I (Coordinator/Researcher)	2	- 1,499.50	resigned 10/11/2022	
Grand Total				**9,298,016.31**		

Number of Resigned AOs hired as COS	11
Number of Non Renewed Contract	1
Total Amount of CAs of Resigned AOs	1,107,062.09
Total Amount of CAs of Non Renewal of Contract	182,743.72
Total	1,289,805.81

ANNEX E

Gender and Development (GAD) Accomplishment Report

CY 2022

Agency/Bureau/Office	PEOPLE'S TELEVISION NETWORK, INC.		
TOTAL GAA OF AGENCY	383,132,112.00	Per cent of Total GAD Budget / Total GAA	5%
TOTAL GAD BUDGET (5%)	19,156,605.60	Excess of Actual GAD Expenditure Over Total GAD Budget	- 839,637.91
Actual GAD Expenditure	19,996,243.91	Per cent of Actual GAD Expenditure / Total GAD Budget	104%

#	GAD Activity	Output Performance Indicator and Target	Actual Result (Output and Outcomes)	Total Agency Approved Budget	Actual Cost/Expenditures	Variance	Remarks
1	Conceptualize and produce multi-media shows that solely focus on concepts and issues about gender and development	At least two (2) multi-media shows that solely focus on concepts and issues about gender and development and emphasizes the non derogatory and non discriminatory portrayal of all genders were produced/sustained	Airtime- 4,245,000 Production 1,750,400 Merch Plugs 1,324,550 Talent Fees 4,740,000 Other Supplies 240,000	12,299,950.00			Implemented (Programs Attributions)
			Airtime, Production Cost, Merchandising Plugs, Talent Fees and Other				
			Women's Month- March 2022 (24)sec @ 94 times		2,366,000.00		
			Mother's Day- May 2022 (30)sec @ 10 times		266,000.00		
			Father's Day- June 2022 (33)sec @ 26 times		666,000.00		
			18th Day Campaign to End VAW (52)sec @ 48 times (Nov) 64 times (Dec)		2,816,000.00		
			Rise and Shine Pilipinas (February to December 2022) Airtime- 795,000; Facilities- 1,780,000; Social Media- 3000,000 and Talent Fees- 136,050		5,711,050.00		
			Airtime and Production cost of Iskoolmates- 1 hour Talk Program "National Women's Month"- March 31, 2022; LGBTQIA+Rights in the Phils.- June 30, 2022; Phil. Crime Rate (VAWC)- September 22, 2022 Php 474,000 x 3		1,422,000.00		
			Airtime and Production cost of Public Eye- 1 hour Documentary "The Promised Land: Poverty Reduction- April 12, 2022		295,435.00		
			Airtime and Production cost of Public Briefing #Laging HandaPH- 1 hour Talk Program "Women's Heart Health- March 25, 2022; Vision on Anti-Violence Against Women Children Campaign (VAWC)- November 25, 2022 Php 797,400 x 2		1,594,800.00		
			Airtime usage of GAD related within Voice of America from September to December 2022		3,355,000.00		
			Voice Over talent cost within Ulat Bayan, Sentro Balita and PTV News- January to December 2022		447,521.00		
				12,299,950.00	18,939,806.00	- 6,639,856.00	
2	1.) Inclusion of GAD perspectives in the conceptualization and production of PTNI programs. 2.) Inclusion of gender clause in the contracts of blocktimers	Issuance of office order that includes GAD perspectives and gender clause in the contract	Airtime and Production cost of Mike Abe Live- 1 hour Talk Program "Phil. Crime Rate Violence Against Women Children Campaign (VAWC)- September 06, 2022	100,000.00	250,000.00		Done
3	Establish a GAD Webpage	Issuance of memorandum regarding the creation of a GAD webpage, meeting of the GFPS regarding their proposed content of the upcoming page, creation of	Social Media Exposures (Interactions of FB, Youtube likes and shares) and Published Articles via ptv news from February to December 2022	500,000.00	188,000.00		Done
4	Conduct of Gender Fair Media training to new reporters, anchors, writers or those who were unable to attend the previous Gender Fair Media seminars (Manila and Provincial stations) Conduct Gender Fair Media/Language seminars in selected universities/colleges with Broadcast/Masscomm programs	60% of new reporters, anchors, writers and those who were unable to attend the previous Gender Fair Media seminars participated in the Gender Fair Media/Language seminar in 2022 (100) participants	Conducted Gender Fair Media Language seminars of PTV Davao MMH personnel (Male- 33 Female 12) Total (45)pax- June 05, 2022	600,000.00	25,848.50		Done
5	Conduct of activities targeted to stakeholders in support/observance of annual GAD advocacy programs.*	At least one (1) organizations participated in the annual GAD advocacy programs and seminars (200) participants in the annual GAD advocacy programs and seminars	Conducted Stakeholders Meeting (3) groups and Data Analysis (50) pax- April 27-May 02, 2022	20,000.00	13,215.00		Done
			Conducted GST of Security Guards (Male- 17 Female- 2) and General Services personnel (Male- 10 Female- 5) GFPS (Male- 4 Female 7)- Nov 19, 2022	22,948.00	16,355.85		Done
		Sub-Total		13,542,898.00	19,433,225.35	- 5,890,327.35	
6	Conduct meetings and/or discussions to assess gender data and review what policies should be issued and implemented	At least 4 memoranda/policies were issued and disseminated to the concerned stakeholders (4) memoranda/policies issued	Conducted GFPS regular monthly meeting and other GAD related activities FY 2022	125,000.00	48,038.68		Done

#	GAD Activity	Output Performance Indicator and Target	Actual Result (Output and Outcomes)	Total Agency Approved Budget	Actual Cost/Expenditures	Variance	Remarks
			Signing of CODI policies and IRR- June 30, 2022				Done
7	Design and produce IEC materials (T-shirts, notebooks, pens and umbrellas) for the GAD advocacy programs.	50% of PTNI personnel participated in (4) learning sessions and other GAD related advocacy programs	Participated in Women's Month Celebration "Fairy GAD natin to Part 3" (GFPS Male-7 Female 13)- March 08-10, 2022	350,000.00	43,473.49		Done
			Participated in 18th Day Campaign of End VAW C November 25-December 12, 2022 (Tarpaulin)	10,000.00	800.00		Done
	Conduct learning sessions on GAD to PTNI personnel on any GAD related topics that are assessed by the GFPS as timely and relevant topics suitable for PTNI employees.	Target: 350 employees out of 700 PTNI personnel participated in various GAD related advocacy programs	Conducted GST of Drivers, Mechanics & Dispatchers (Male- 48) GFPS (Male- 5 Female 10) Total 63 - Aug .13, 2022	200,000.00	44,085.14		Done
			Conducted seminars on Hybrid talk on safe spaces (Male- 31 Female- 29) GFPS (Male- 7 Female- 12) Total (79) attendees- March 24, 2022	50,000.00	22,485.45		Done
8	The GFPS will regularly and consistently conduct Gender Analysis, Mainstreaming, Planning and Budgeting to ensure that the agency is gender responsive.	At least one (1) Gender Analysis, mainstreaming, and one (1) planning and budgeting conducted (30 GFPS trained to conduct GA, Mainstreaming and GPB	Conducted annual GAD Planning & Budgeting in Samal Island Davao City (13 GFPS)- June 01-04, 2022	400,000.00	395,125.80		Done
9	Conduct capacity building seminars for GFPS	Four (4) capacity building seminars for GFPS- 30 GFPS trained	Attended GAD Budget Forum webinar series conducted by PCW (GFPS Female- 3)	500,000.00	3,510.00		Done
			Participated in the event of GAD Timpala- December 17, 2022 (GFPS Chair Female- 1)		5,500.00		Not Done
10	1.) Help and assist the GFPS in the formulation and implementation of GAD plans programs/projects. 2.) For long-term plan, GFPS propose the inclusion of GAD related plantilla positions to be included in the agency's reorganization plan.	Hired (6) technical staff for GAD (6) competent staff for GAD were hired. Inclusion of GAD related plantilla positions in the agency's reorganizations plan (6) GAD related plantilla positions were included in the agency's reorganization plan	No hiring implemented due to financial constraints, waiting for the implementation of PTV Re-organizations	3,878,708.00			Not Done
11	Enhance, review and recommend SDD survey (either hard copy or google forms) to be accomplished by PTNI employees, and its results to be tallied, encoded in the system and interpreted by the GFPS to be used as basis for future GAD plans and programs/projects	25% employees accomplished the SDD survey (200) employees accomplished in the SDD survey	Total 365 employees accomplished SDD survey (Male- 263; Female- 101)	100,000.00			Done
		Sub-Total		5,613,708.00	563,018.56	5,050,689.44	
				-	-	-	
			Grand Total	19,156,606.00	19,996,243.91	- 839,637.91	