



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

INDEPENDENT AUDITOR'S REPORT

The Executive Director

Public-Private Partnership Center of the Philippines
National Economic and Development Authority
Quezon City

We have audited the accompanying financial statements of the Public-Private Partnership Center of the Philippines, which comprise the statement of financial position as at December 31, 2014, statement of financial performance, statement of changes in net assets/equity, statement of comparison of budget and actual amounts and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Public Sector Accounting Standards (PPSAS), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

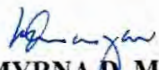
The unreliability of the consolidated carrying amount of the PPE of P64,754,782.82 due to the unreconciled difference of P15,682,720.97 between the accounting records and the Report on the Physical Count of Property, Plant and Equipment had affected the fair presentation of the financial Statements.

Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Public-Private Partnership Center of the Philippines as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Philippine Public Sector Accounting Standards.

COMMISSION ON AUDIT

By:


MYRNA D. MONZON
State Auditor V
Supervising Auditor
NEDA Audit Group

April 30, 2015
Commission on Audit
National Economic and Development Authority
Quezon City

EXECUTIVE SUMMARY

A. Introduction

Recognizing the essential role of the private sector as the main engine for national growth and development, the *Build-Operate and Transfer (BOT) Center* was reorganized and renamed as the Public-Private Partnership Center of the Philippines (PPPCP) by virtue of Executive Order (EO) No. 8 series of 2010. It was transferred as an attached agency from the Department of Trade and Industry to the National Economic and Development Authority.

Under EO No. 8, the PPPCP shall cover all Public-Private Partnership (PPP) programs and projects including all the variants or arrangements under Republic Act (RA) No. 7718, otherwise known as the *BOT Law*. The PPPCP exercises the following powers and functions:

- a. Conduct project facilitation and assistance to the national implementing agencies, including government corporations, and local government units (LGUs) in addressing impediments or bottlenecks in the implementation of PPP programs and projects;
- b. Provide advisory services, technical assistance, trainings and capacity development to agencies/LGUs in PPP project preparation and development;
- c. Recommend plans, policies and implementation guidelines related to PPP in consultation with appropriate oversight committees, implementing agencies, LGUs and the private sectors;
- d. Manage and administer a revolving fund to be known as the Project Development and Monitoring Facility for the preparation of business case, pre-feasibility and feasibility studies and tender documents of PPP programs and projects;
- e. Monitor and facilitate the implementation of the priority PPP programs and projects of the agencies/LGUs which shall be formulated by respective agencies/LGUs in coordination with the NEDA Secretariat;
- f. Establish and manage a central database system of PPP programs and projects;
- g. Recommend improvements to timelines in processing PPP programs and projects proposals, and monitor compliance of all agencies/LGUs;
- h. Prepare reports on the implementation of the PPP programs and projects of the government for submission to the President at the end of each year; and,
- i. Perform such other function, which may be critical in expediting and implementing effectively the PPP programs and projects of the government.

- **Project Development and Monitoring Facility (PDMF)**

The PPPCP manages and administers the PDMF, formerly known as the Project Development Facility (PDF) which was established as a revolving fund under EO No. 44 s. 2002.

The PDMF funds the conduct of business case, pre-feasibility and feasibility studies and preparation of tender documents of PPP programs and projects in a timely manner, and ensure effective monitoring of PPP project implementation.

The PDMF Committee, composed of the representatives from the National Economic and Development Authority (NEDA), Department of Finance (DOF), Department of Budget and Management (DBM) and PPPCP, approves applications for availment. Subject to the approval of the PPP Governing Board, the PDMF Committee is mandated to formulate, prescribe and recommend policies, procedures and guidelines for the use of the PDMF for the development of PPP projects and recovery of costs charged to the fund. The PPPCP also serves as the Secretariat of the PDMF Committee.

EO No. 8, s. 2010 allocated ₱300 million as initial funding to the PDMF in addition to the ₱7.25 million unused balance of the PDF that was transferred to the facility. Pursuant to EO 136, the PDMF was subsequently funded through the General Appropriations Act for FY 2013. EO 136 likewise authorized the PPPCP to collect and receive reasonable fees and recover costs charged to the PDMF. Implementing agencies are also given authority to reallocate their funds for purposes of the PDMF.

The PDMF currently gets financing support through the Capacity Development Technical Assistance (CDTA) administered by the Asian Development Bank (ADB), under TA No. 7796: Republic of the Philippines – Strengthening Public-Private Partnership in the Philippines (TA 7796-PHI). The TA is a grant in its entirety cofinanced by ADB, the Government of Australia, through the Australian Agency for International Development (AusAID), and the Government of Canada, through the Canada International Development Agency (CIDA).

The PDMF status of funds as at year-end in US dollar is summarized as follows:

Particulars	GOP	ADB	Total
Total PDMF Funds	42,049,848.49	18,000,000.00	60,049,848.49
Committed/Earmarked funds	42,049,382.87	17,958,312.72	60,007,695.59
Cost sharing rate eff. Mar. 2014	80%	20%	100%
Fund balance, 31 Dec. 2014	465.62	41,687.28	42,152.90
Reflows:			
Actual for CY 2014	4,385,429.53	1,943,612.89	6,329,042.42

Particulars	GOP	ADB	Total
Committed/Earmarked funds	4,384,907.52	1,858,903.36	6,243,810.88
Fund balance for CY 2014	522.01	84,709.53	85,231.54

The 80:20 cost-sharing on contracts with consulting firms under the PDMF Board-approved PPP project development proposals was applied on each invoice from the consultants, on a gross basis.

- **Personnel Complement**

The personnel complement of the PPPCP as of December 31, 2014 is summarized below:

Office/Service	No. of Personnel
Office of the Executive Director	3
Corporate Planning Development Division	3
Office 1 – Office of the Deputy Executive Director	3
Project Development Service	19
Project Development and Monitoring Facility Service	11
Legal Service	6
Administrative Service	16
Office 2 – Office of the Deputy Executive Director	2
Policy Formulation, Project Evaluation and Monitoring Service	10
Capacity Building and Knowledge Mgt. Service	15
Total	88

B. Financial Highlights

The summary of the financial position and the sources and utilization of funds of the PPPCP (General Fund and PDMF), for calendar year (CY) 2014 are as follows:

Particulars	Amount
Financial Position	
Assets	₱1,025,737,682.33
Liabilities	158,211,156.47
Net Assets/Equity	867,526,525.86
Sources and Application of Funds	
Allotment Received	₱1,591,700,002.41
Obligations Incurred	1,306,559,094.57
Unexpended Balance	285,140,907.84

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances for CY 2014 is shown in Annex A.

C. Operational Highlights

In 2014, the PPPCP doubled its efforts to drive the nation's PPP Program full speed ahead. Propelled by the strategic policy and institutional initiatives constituted in the past years and the inspiring collaborations it developed with its partners, the Center has continuously championed the Program to greater heights.

In terms of strengthening the legal and regulatory framework, the PPPCP pushed for the issuance of E.O. No. 136 which created the PPP Governing Board, the central direction-setting and policy decision-making body for all PPP concerns. The same E.O. also enhanced the PDMF fund to support implementing agencies in the procurement of independent consultants during project implementation.

The Center also worked with the NEDA in coming up with the Revised Joint Venture Guidelines, which provides clear and detailed provisions on the approval of joint venture proposals.

In 2014, various government agencies, in coordination with the PPPCP, successfully produced a pipeline of 61 PPP projects of which 30 projects have an indicative cost of ₱1,212.26 billion.

Two PPP projects are for roll-out. These are the Davao Sasa Port Modernization Project and the Regional Prison Facilities through PPP Project with an indicative cost of ₱18.99 billion and ₱50.18 billion, respectively.

As of December 31, 2014, there are six projects for approval of relevant government bodies, 12 projects with on-going studies, seven for hiring of consultants to conduct pre-investment studies, and twelve (12) projects under conceptualization or development.

The government awarded three PPP projects in 2014 to private proponents, namely:

1. Automatic Fare Collection System with an indicative cost of ₱1.72 billion. The concession agreement with AF Consortium was signed last March 31, 2014.
2. Mactan-Cebu International Airport (MCIA) Passenger Terminal Building project of ₱17.52 billion was awarded to Megawide-CMR Consortium with concession agreement signing last April 22, 2014.
3. LRT Line 1 Cavite Extension and Operations and Maintenance. Light Rail Manila Consortium (LRMC) bagged the project. The ₱64.9 billion project's concession agreement was signed last October 2, 2014.

The NEDA Board approved 11 PPP projects in 2014, namely:

1. New Centennial Water Source – Kaliwa Dam Project
2. Operation and maintenance of LRT Line 2 Project
3. Laguna Lakeshore Expressway Dike Project, and Development, Operations
4. Maintenance of six airports
 - Davao
 - New Bohol
 - Laguindingan
 - Puerto Princesa
 - Iloilo
 - Bacolod
5. Davao Sasa Port Modernization
6. Regional Prison Facilities

There were also three PPP projects approved by the Investment Coordination Committee – Cabinet Committee. These are the Cavite-Laguna Expressway (CALAX) Project, NLEX-SLEX Connector Road Project and Tanauan City Public Market Redevelopment Project.

There were eleven PPP projects that were rolled-out. One is the Laguna Lakeshore Expressway Dike project, the biggest PPP project to date with an indicative cost of ₱122.8 billion. It also includes Operations and Maintenance of the abovementioned six airports, one transport terminal: Integrated Transport System – South project, and two water projects: Bulacan Bulk Water Supply and New Centennial Water Source – Kaliwa Dam and one rail project: Operation and Maintenance of LRT Line 2 Project.

D. Scope of Audit

The audit covered the accounts and operations of the PPPCP for CY 2014 and aimed to ascertain the propriety of financial transactions and determine the fairness of presentation of the financial statements and to ascertain compliance with laws, rules and regulations.

E. Auditor's Report on the Financial Statements

The auditor rendered a qualified opinion on the fairness of presentation of the financial statements of PPPCP as of December 31, 2014 due to the following observation as hereunder presented and discussed in detail in Part II of this report:

1. The carrying amount of the PPE account of ₱64,754,782.82 is unreliable due to the unreconciled difference of ₱15,682,720.97 between the accounting records and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). Moreover, the Accounting and Property Units did not complete and

update the postings in the PPE Ledger Cards and Property Cards, respectively.

We recommended that the Chief Accountant and the Division Chief of the Property Unit update and complete the postings in the PPE Ledger Cards and Property Cards, respectively, and reconcile the difference of ₱15,682,720.97 between the accounting records and the RPCPPE.

F. Other Observations and Recommendations

1. Purchase Orders (POs)/Job Orders (JOs) lacked some required basic data resulting in the non-determination of liquidated damages in case of late delivery. Further, POs/JOs was submitted to the Auditor beyond the prescribed five working days from issuance, hence, the delay in the review of contracts and determination of deficiencies, if any.

We recommended that Management (a) require the General Services Division to indicate the date of the delivery of the PO/JO to the suppliers and their date of receipt so that liquidated damages can be computed/determined in case of delay of deliveries; and (b) require the Supply/Property Officer to furnish the Office of the Auditor copies of perfected POs/JOs within five days from issuance thereof in compliance with COA Circular No. 2009-001.

The aforementioned audit observations and recommendations were discussed with the concerned officials and employees during the exit conference on May 6, 2015. Management views and comments were incorporated in the report, where appropriate.

G. Implementation of Prior Year's Audit Recommendations

Out of the four prior year's audit recommendations, one was implemented and the others were partially implemented.

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL POSITION
(ALL FUNDS)
As of December 31, 2014
In Peso

	<u>Notes</u>	<u>Amount</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	4	263,934,584.73
Receivables	5	682,830,923.26
Inventories	6	270,509.09
Other Current Assets	7	13,946,882.43
Total Current Assets		960,982,899.51
Non-Current Assets		
Property, Plant and Equipment	8	64,754,782.82
Total Non - Current Assets		64,754,782.82
Total Assets		1,025,737,682.33
LIABILITIES		
Current Liabilities		
Financial Liabilities	9	22,185,690.01
Inter-Agency Payables	10	134,395,184.05
Trust Liabilities	11	1,630,282.41
Total Current Liabilities		158,211,156.47
Total Liabilities		158,211,156.47
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	13	867,526,525.86
Total Net Assets/Equity		867,526,525.86
Total Liabilities and Net Assets/Equity		1,025,737,682.33

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF FINANCIAL PERFORMANCE
(ALL FUNDS)
For the Year Ended December 31, 2014
In Peso

	<u>Notes</u>	<u>Amount</u>
Revenue		
Service and Business Income	14	90,001,187.24
Shares, Grants and Donations	15	16,959,261.77
		<hr/>
Total Revenue		106,960,449.01
		<hr/>
Less: Current Operating Expenses		
Personnel Services	16	63,922,340.55
Maintenance & Other Operating Expenses	17	33,191,647.17
Financial Expenses	18	400,986.57
Non-Cash Expenses	19	2,665,404.92
		<hr/>
Total Current Operating Expenses		100,180,379.21
		<hr/>
Surplus (Deficit) from Current Operations		6,780,069.80
		<hr/>
Net Financial Assistance / Subsidy	20	302,149,348.53
Gains	21	2,324,211.50
		<hr/>
Surplus (Deficit) for the period		311,253,629.83
		<hr/> <hr/>

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
(ALL FUNDS)

For the Year Ended December 31,2014

In Peso

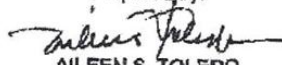
	<u>Notes</u>	<u>Amount</u>
Balance at January1, 2014		<u>246,067,541.76</u>
Changes in the recognition of Consultancy Services under PDMF Fund		318,504,964.88
Prior Period Adjustments / Unrecorded Income and Expenses	22	<u>(8,299,610.61)</u>
Restated balance		<u>556,272,896.03</u>
 Changes in Net Assets/Equity for the Calendar Year		
Surplus for the period		<u>311,253,629.83</u>
Total recognized revenue and expense for the period		<u>311,253,629.83</u>
 Balance at December 31, 2014		 <u><u>867,526,525.86</u></u>


PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF CASH FLOWS
(ALL FUNDS)
For the Year Ended December 31, 2014

	<u>Amount</u>
Cash Flows from Operating Activities	
Cash Inflows	
Receipt of Notice of Cash Allocation	316,317,884.25
Collection of Income / Revenues	283,593.32
Other receipts	258,566,360.78
Adjustments	9,691,154.94
Total Cash Inflows	<u>584,858,993.29</u>
Cash Outflows:	
Payment of Expenses	387,245,396.22
Purchase of Inventories	612,418.94
Prepayments	6,837,240.63
Grant of Cash Advances	5,764,139.77
Deductions	34,106,256.60
Remittance of taxes withheld not covered by TRA	154,132,163.93
Other Disbursements	12,855,885.10
Total Cash Outflows	<u>601,553,501.19</u>
Net Cash Provided by (Used in) Operating Activities	<u>(16,694,507.90)</u>
Cash Flows from Investing Activities	
Cash Inflows	<u>-</u>
Total Cash Inflow	<u>-</u>
Cash Outflows	
Purchase / Construction of Property, Plant and Equipment	
Construction of other structures	3,840,516.59
Purchase of IT Equipment	21,974,627.66
Total Cash Outflow	<u>25,815,144.25</u>
Net Cash Provided by (Used in) Investing Activities	<u>(25,815,144.25)</u>
Cash Flows from Financing Activities	<u>-</u>
Increase / (Decrease) in Cash and Cash Equivalents	(42,509,652.15)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	2,324,211.50
Cash and Cash Equivalents, January 1, 2014	<u>304,120,025.38</u>
Cash and Cash Equivalents, December 31, 2014	<u><u>263,934,584.73</u></u>

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ALL FUNDS
For the Year Ended December 31, 2014
(in Pesos)

Expenses	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference: Final Budget and Actual Amount
	Original	Final		
RECEIPTS				
Services and Business Income		243,543,435.23	243,543,435.23	-
Assistance and Subsidy	88,863,000.00	315,729,457.40	316,317,884.25	(588,426.85)
Shares, Grants and Donations		16,959,261.77	16,959,261.77	-
Gains		2,341,697.63	2,341,697.63	-
Other Non-Operating Income				-
Other Non-Operating Receipts				-
Total Receipts	88,863,000.00	578,573,952.03	579,162,278.88	(588,426.85)
PAYMENTS				
Personnel Services	40,223,000.00	64,561,078.00	63,922,340.55	638,737.45
Maintenance and Other Operating Expenses	46,740,000.00	573,700,633.75	535,157,493.81	37,623,139.94
Capital Outlay		16,884,570.14	46,995,166.96	(32,310,596.82)
Financial Expenses		400,986.57	400,986.57	-
Other Disbursements				-
Remittance to National Treasury				-
Others				-
Total Payments	88,963,000.00	655,427,268.46	649,476,997.89	5,951,280.57
NET RECEIPTS/PAYMENTS				
		(76,953,416.43)	(70,313,709.01)	(6,539,707.42)

Prepared by:

AILEEN S. TOLEDO
Budget Officer

Certified Correct

CATALINA R. CARAAN
Chief Administrative Officer
Finance Division

PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

1. General Information/Agency Profile

- 1.1. The Public-Private Partnership Center of the Philippines (PPPCP), *formerly Build-Operate and Transfer (BOT) Center*, was reorganized and renamed as such by virtue of Executive Order (E.O.) No. 8, series of 2010. On 28 May 2013, EO 8 was amended by EO 136 clarifying certain provisions for a more efficient implementation of PPP programs and projects. Its attachment from the Department of Trade and Industry (DTI) was transferred to the National Economic and Development Authority (NEDA) for budgetary purposes and administrative supervision. The PPPCP reports directly and acts as Secretariat to the PPP Governing Board that was created as the over-all policy-making body for all PPP related matters, including the Project Development and Monitoring Facility (PDMF). Since PPP is one of the key strategies in economic development, the PPPCP is included as a member of the NEDA Infrastructure Committee – Technical Board and the NEDA Investment Coordination Committee – Technical Board.
- 1.2. The PPPCP is the main driver of the PPP Program and serves as the government's facilitator and catalyst in pursuing and delivering PPP projects. Under E.O. No. 8, the PPPCP shall cover all the Public-Private Partnership (PPP) programs and projects including all the variants or arrangements under RA No. 7718, otherwise known as the *BOT Law*. The PPPCP exercises the following powers and functions:
 - a. Conduct project facilitation and assistance to the national implementing agencies, including government corporations, and local government units (LGUs) in addressing impediments or bottlenecks in the implementation of PPP programs and projects;
 - b. Provide advisory services, technical assistance, trainings and capacity development to agencies/LGUs in PPP project preparation and development;
 - c. Recommend plans, policies and implementation guidelines related to PPP in consultation with appropriate oversight committees, implementing agencies, LGUs and the private sectors;
 - d. Manage and administer a revolving fund to be known as the Project Development and Monitoring Facility for the preparation of business case, pre-feasibility and feasibility studies and tender documents of PPP programs and projects;

- e. Monitor and facilitate the implementation of the priority PPP programs and projects of the agencies/LGUs which shall be formulated by respective agencies/LGUs in coordination with the NEDA Secretariat;
- f. Establish and manage a central database system of PPP programs and projects;
- g. Recommend improvements to timelines in processing PPP programs and project proposals, and monitor compliance of all agencies/LGUs;
- h. Prepare reports on the implementation of the PPP programs and projects of the government for submission to the President at the end of each year; and,
- i. Perform such other functions which may be critical in expediting and implementing effectively the PPP programs and projects of the government.

2. Statement of Compliance and Basis of Financial Statements

- 2.1 The Financial Statements were prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit (COA) per COA Resolution No. 2014-003 dated January 24, 2014.
- 2.2 The financial statements have been prepared on the basis of historical cost. The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies

3.1 Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with PPSAS.

3.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at 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. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.3 Inventories

The PPPCP measures inventory at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions, the cost of the inventory is its fair value at the end of acquisition.

The cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Inventories are recognized as an expense when deployed for utilization or consumption or the related service is rendered in the ordinary course of operations of the PPPCP.

3.4 Property, Plant and Equipment (PPE)

At recognition, the PPPCP measures PPE at its cost. An item of PPE is recognized as an asset when it is tangible; held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one operating period.

The PPPCP begins to depreciate its asset 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. The agency adopts the straight line method of depreciation using a residual value of ten percent (10%) of the cost.

3.5 Changes in accounting policies and estimates

The PPPCP recognizes the effects of changes in accounting policy retrospectively and applies them prospectively.

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

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

3.6 Budget information

The annual budget is prepared on a cash basis and is published in the government website. The PPPCP adopts the cash basis of budgeting purposes

and presents a separate Statement of Comparison of Budget and Actual Amounts showing the basis, timing or entity differences.

3.7 Employees Future Benefits

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

4. Cash and Cash Equivalents

The account consists of the following:

Accounts	Amount		
	General Fund	PDMF Fund	Total
Cash - Collecting Officer	₱ 20,695.00	₱ 0.00	₱ 20,695.00
Petty Cash	50,000.00	0.00	50,000.00
Cash in Bank - Local Currency, Current Account	1,583,350.24	197,330,849.08	198,914,199.32
Cash in Bank - Foreign Currency, Savings Account	35,729.60	55,227,122.22	55,262,851.82
Cash - Modified Disbursement System (MDS), Regular	9,686,838.59	0.00	9,686,838.59
Total	₱11,376,613.43	₱252,557,971.30	₱263,934,584.73

4.1 The *Cash – Collecting Officer* account balance of ₱20,695.00 refers to the collection of the refund from cash advance for special purpose that was deposited on January 5, 2015.

4.2 The details of the *Cash in Bank – Local Currency, Current* account is as follows:

Bank	SL Code	Amount	Purpose
LBP – EDSA NIA Road	111B	₱ 19,135.52	Grants
LBP – EDSA NIA Road	111C	65,700.00	Trusts – Proceeds from sale of bid and eligibility documents
LBP – EDSA NIA Road	111D	1,498,514.72	ATM Payroll System for PPPCP employees
Total		₱1,583,350.24	

- 4.3 The balance of the ATM Payroll System account includes the amount transferred for the payment of CY 2014 Collective Negotiation Agreement (CNA) incentives that was released to the employees in January 2015.
- 4.4 The *Cash in Bank – Foreign Currency, Savings Account* balance represents the Peso equivalent of the World Bank's Institutional Development Fund (IDF) Grant for Capacity Building for the Philippines' Public – Private Partnership Center Project (IDF Grant No. TF099316) deposited at the Land Bank of the Philippines (LBP) EDSA-NIA Road branch under Account Number 1874-0026-54. The peso value of US\$799.32 as of December 31, 2014 was revalued at the exchange rate of \$1 to ₱44.70.
- 4.5 The amount reflected in the account *Cash – Modified Disbursement System (MDS) Regular* corresponds to the unclaimed/unreleased checks and the cancelled checks that were not taken up by the bank and not included in the lapsed NCA as of December 31, 2014.

5. Receivables

The account consists of the following:

Accounts	Amount		
	General Fund	PDMF Fund	Total
Accounts Receivable	₱ 6,380.00	₱ 0.00	₱ 6,380.00
Due from NGAs	42,565.76	58,731,530.86	58,774,096.62
Due from GOCCs	107,432.00	12,352,921.42	12,460,353.42
Receivables - Disallowances/Charges	4,324,684.08	0.00	4,324,684.08
Advances to Contractors	674,783.30	0.00	674,783.30
Other Receivables	17,486.07	606,573,139.77	606,590,625.84
Total	₱5,173,331.21	₱677,657,592.05	₱ 682,830,923.26

- 5.1 *Accounts Receivable* amounting to ₱6,380.00 was taken up from the books of the former BOT Center. There was no available documents pertaining to the account hence the necessary adjustment has not yet been made.
- 5.2 *Due from NGAs* amounting to ₱42,565.76 under the GF represents the undelivered purchases from the Procurement Service, DBM while the amount of ₱58,731,530.86 under PDMF Fund constitutes receivables from implementing agencies that availed of the Fund for technical assistance but were later terminated due to change in the mode of implementation of the projects.

Agency	Project	Amount
Department of Public Works and	NAIA Expressway – Phase 2 (Link to Roxas Boulevard) Project	₱4,045,155.82

Agency	Project	Amount
Highways		
Department of Health	Vaccine Self-Sufficiency Project	3,852,200.00
Department of Agriculture	Establishment of Cold Chain Facilities Covering Strategic Areas in the Philippines	18,366,890.37
Department of Public Works and Highways	Improvement/Rehabilitation of Quirino Highway Project	15,928,242.30
Department of Transportation and Communications	Mactan-Cebu International Airport New Passenger Terminal Project	16,539,042.37
Total		₱58,731,530.86

- 5.3 *Due from GOCCs* of ₱107,432.00 booked in the GF represents the balance of the fund transferred to the Philippine International Trading Corporation for the procurement of various items for the implementation of BOT Center's Information Systems Strategic Plan (ISSP). For PDMF, the amount of ₱12,352,921.42 represents the receivable from the GOCCs that availed of the PDMF Funds as follows:

GOCC	Project	Amount
National Development Company – Philippine Infrastructure Corporation	Laguindingan and Mindanao Airports Development Projects	₱1,812,768.75
Manila Water Sewerage System	Rehabilitation, Operation & Maintenance of the Angat Hydro-Electric Power Plant Turbines	10,540,152.67
Total		₱12,352,921.42

- 5.4 *Receivables-Disallowances/Charges* reported comprise of disallowances that have become final and executory and accounts forwarded from BOT Center transactions that were not settled in view of the involuntary separation of former BOT Center officials and employees as a result of the reorganization pursuant to EO No. 8. The account was reduced by ₱817,732.82 for the settlement through deduction from the separation pay of the concerned officials and employees of the BOT Center.
- 5.5 *Advances to Contractors* refer to the balance of the 15 percent mobilization cost advanced to VVH Corporation for the construction fit-out of PPPC's new office at One Cyberpod Centris.
- 5.6 *Other Receivables* include unreconciled accounts taken up from the books of the former BOT Center in the amount of ₱5,275.78. The increase of ₱12,210.29

corresponds to the year-end tax adjustment that was deducted from the salary of concerned employees in January, 2015.

- 5.7 *Other Receivables* of ₱606,573,139.77 under the PDMF refer to the amount paid for consultancy services of Transaction Advisors/Consultants that will be reimbursed by either the winning bidders or the implementing agencies depending on the outcome of the projects, listed as follows:

Project	Amount
Batangas-Manila Natural Gas Pipeline Project	₱ 16,100,792.30
Bulacan Bulk Water Supply Project	30,349,941.52
C5 Transport Service Development Project	7,008,804.35
Cavite-Laguna Expressway Project	19,005,197.84
Integrated Luzon Railway Project	114,853,017.84
Integrated Transport System Project	41,251,771.04
Laguindingan Airport Development (O&M) Project	31,630,625.14
Laguna Lakeshore Expressway-Dike Project	26,426,935.04
LRT 1 Extension to Dasmarinas, Cavite Project	25,871,165.15
Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	8,801,366.18
Manila-Makati-Pasay-Taguig Mass Transit Loop Project	34,952,818.85
Motor Vehicle Inspection System Project	20,705,511.70
New Bohol (Panglao) Airport Development Project	24,400,774.78
New Centennial Water Source Project	75,052,985.28
O&M of Iloilo, Davao and Bacolod Airports Project	63,100,214.87
Puerto Princesa Airport Project	33,561,774.25
Regional Prison Facilities through PPP Project	26,046,568.46
Upgrading of the San Fernando Airport Project	7,452,875.18
Total	₱ 606,573,139.77

6. Inventories

The account consists of the following:

Office Supplies Inventory	₱216,850.29
Other Supplies Inventory	53,658.80
Total	₱270,509.09

7. Other Current Assets

7.1 The account consists of the following:

Prepayments	₱13,878,549.67
Prepaid Rent	13,764,654.04
Prepaid Insurance	43,364.38
Other Prepaid Expenses	70,531.25
Deposits	
Guaranty Deposits	68,332.76
Total	₱13,946,882.43

7.2 *Prepaid Rent* amounting to ₱13,764,654.04 accounts for the payments made to Eton Properties for the lease of 2,000.15 sqm. space located at One Cyberpod Centris, EDSA, Eton Centris, Barangay Piñahan, Quezon City.

7.3 *Prepaid Insurance* account amounting to ₱43,364.38 represents the balance of the payment to the Government Service Insurance System for the insurance coverage of PPPCP motor vehicles.

7.4 *Other Prepaid Expenses* amounting to ₱70,531.25 refers to the unexpired portion of the fidelity bond premium with the Bureau of Treasury.

7.5 *Guaranty Deposits* account amounting to ₱68,332.76 represents the meter deposit for the Meralco service that is due for rebate upon disconnection in view of the transfer to new office.

8. Property, Plant and Equipment (PPE)

8.1 The breakdown of this account is as follows:

	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Leased Assets Improvements	Other PPE	Total
Carrying Amount, Jan. 1, 2014	₱10,229,800.19	₱5,990,442.86	₱1,455,000.08	₱ 0.00	₱3,442,117.33	₱21,117,360.46
Additions	21,720,657.50	0.00	0.00	27,283,920.12	0.00	49,004,577.62
Total	31,950,457.69	5,990,442.86	1,455,000.08	27,283,920.12	3,442,117.33	70,121,938.08
Disposals	0.00	0.00	0.00	0.00	(2,701,750.34)	(2,701,750.34)
Depreciation	(1,627,437.50)	(948,728.57)	(89,238.85)	0.00	0.00	(2,665,404.92)
Carrying Amount, Dec. 31, 2014	₱30,323,020.19	₱5,041,714.29	₱1,365,761.23	₱27,283,920.12	₱740,366.99	₱64,754,782.82
Gross Cost	37,976,720.54	8,535,000.00	2,791,282.37	27,283,920.12	740,366.99	77,327,290.02
Accumulated Depreciation	(7,653,700.35)	(3,493,285.71)	(1,425,521.14)	0.00	0.00	(12,572,507.20)
Carrying Amount, Dec. 31, 2014	₱30,323,020.19	₱5,041,714.29	₱1,365,761.23	₱27,283,920.12	₱740,366.99	₱64,754,782.82

- 8.2 The additions to the Machinery and Equipment account amounting to ₱21,720,657.50, are the following:

ICT Equipment for the PPP Knowledge Management Portal	₱21,711,246.84
One unit industrial electric fan	2,770.26
One unit dot matrix printer	6,640.40
Total	₱21,720,657.50

- 8.3 With the objective to be the country's focal point and knowledge center on PPPs, the PPPCP procured in 2014 additional information and communication technology (ICT) Equipment and Software to convert its current ICT infrastructure into a fully functional PPP Knowledge Management Portal.
- 8.4 The PPP Knowledge Management Portal is intended to assist the Center to build (a) a critical mass of potential PPP clients among national agencies and LGUs; and (b) a one-stop shop for PPP related communications and materials including information on live projects and those in the pipeline for the general public. The Portal consists of the following components:
- PPP Knowledge Management Portal;
 - Projects Information and Management System;
 - E-Library Management System;
 - PPP Projects Virtual Data Room;
 - Consultants Management System;
 - Document Management and Tracking System; and
 - Intranet.
- 8.5 The procurement of the ICT infrastructure was funded by the Asian Development Bank (ADB) under the Capacity Development Technical Assistance for Strengthening Public – Private Partnership in the Philippines (TA No. 7796-PHI). The Government Counterpart is mainly to cover the tax component of the procurement. The total cost was accounted for as increase in the asset and income from grants and donation in kind.
- 8.6 In connection with the transfer of the PPPCP to its new office, the DBM released supplemental budget to cover the fit-out construction and renovation. Payments made to the contractor, VVH Corporation was recognized as *Other Leased Assets Improvement*.
- 8.7 The disposal in *Other PPE* of ₱2,701,750.34, are as follows:

Particulars	Reference	Amount
Unrecorded donations given in 2008	JEV # 08-10-061	₱ 717,126.15
Unrecorded donations given in 2010	JEV # 2010-12-090	1,471,718.98

Particulars	Reference	Amount
Donations to Progressive Elementary School – Molino Annex in Bacoar, Cavite	JEV # 2014-12-521	284,504.00
Donations to Judge Juan Luna High School in Quezon City	JEV # 2014-12-521	228,401.21
Total		₱2,701,750.34

- 8.8 The carrying amount of *Other PPE* of ₱740,366.99 represents unserviceable items for disposal.

9. Financial Liabilities

- 9.1 Financial Liabilities consist of *Payables* broken down as follows:

Particulars	Amount
Due to Officers and Employees	₱ 1,950,666.01
Other Payables	20,235,024.00
Total Payables	₱22,185,690.01

- 9.2 The breakdown and nature of the account *Due to Officers and Employees* are as follows:

Payee	Particulars	Amount
PPPC Officials and Employees	Collective Negotiation Agreement (CNA) Incentives for FY 2014	₱1,858,750.00
Cosette V. Canilao	Reimbursement of travel expenses	70,080.51
Primi Aura C. Gurango	Productivity Enhancement Incentive	1,000.00
Billy Jane Cavinta	Initial salary	17,828.76
PPPC Employees	Tax Refund	3,006.74
Total		₱1,950,666.01

- 9.3 *Other Payables* account include unreleased/unclaimed checks, accrued expenses and amount withheld from payment of terminal leave and other benefits of former PPPCP employees as refund for the CEMA incentives pending resolution of the appeal for disallowances issued in calendar years 2012 and 2013.

Particulars	Amount
Unreleased/Unclaimed Checks	₱ 8,644,129.05
Accrued expenses	11,331,242.57
CEMA refund	259,652.38
Total	₱20,235,024.00

10. Inter-Agency Payables

10.1 This group of accounts consists of the following:

Particulars	Amount		
	General Fund	PDMF Fund	Total
Due to BIR	₱3,365,454.39	₱ 27,195,144.43	₱ 30,560,598.82
Due to GSIS	1,235,106.96	0.00	1,235,106.96
Due to Pag-IBIG	56,403.66	0.00	56,403.66
Due to PhilHealth	76,875.00	0.00	76,875.00
Due to NGAs	0.00	100,000,000.00	100,000,000.00
Due to BTr	0.00	2,466,199.61	2,466,199.61
Total	₱4,733,840.01	₱129,661,344.04	₱134,395,184.05

10.2 *Due to BIR* are the taxes withheld from employees, suppliers and service providers.

10.3 *Due to GSIS, Due to Pag-IBIG* and *Due to PhilHealth* represents the amount deducted from the salaries of PPPCP employees that are due for remittance in January 2015.

11. Trust Liabilities

Trust Liabilities of ₱1,630,282.41 pertains to *Guaranty/Security Deposits* for the 10 percent retention of payment to Columbia Technologies for the procurement of ICT infrastructure for the PPPC KM Portal.

12. Contingent Liabilities

The PPPCP has contingent liabilities amounting to ₱1,585,467,917.58 for the consultancy services not yet rendered/delivered that will be incurred by the PDMF for the Feasibility Studies conducted by the Transaction Advisors/Consultants.

13. Accumulated Surplus/ (Deficit)

Particulars	Amount		
	General Fund	PDMF Fund	Total
Balance, Jan. 1, 2014	₱31,927,160.92	₱214,140,380.84	₱246,067,541.76
Changes in Accounting Policy		318,504,964.88	318,504,964.88

Particulars	Amount		
	General Fund	PDMF Fund	Total
Prior Period Adjustments	(4,100,526.86)	(4,199,083.75)	(8,299,610.61)
Surplus (Deficit) for the Period	39,145,672.49	272,107,957.34	311,253,629.83
Balance, Dec. 31, 2014	₱66,972,306.55	₱800,554,219.31	₱867,526,525.86

14. Service and Business Income

14.1 This consists of the following:

Particulars	Amount		
	General Fund	PDMF Fund	Total
Interest Income	₱ 1,256.65	₱ 69,389.16	₱ 70,645.81
Other Service Income	0.00	89,736,541.43	89,736,541.43
Other Business Income	194,000.00	0.00	194,000.00
Total	₱195,256.65	₱89,805,930.59	₱90,001,187.24

14.2 *Interest Income* represents the interest earned on the fund deposited at LBP Foreign Currency Account.

14.3 *Other Business Income* amounting to ₱194,000.00 refers to the sale of bid documents that is deposited at PPPCP Trust Account at LBP.

14.4 *Other Service Income* under the PDMF represents the administrative fee included in the reimbursement of the project development costs from the winning bidder and implementing agencies.

15. Shares, Grants and Donations

15.1 This consists of the following:

Particulars	Amount
Income from Grants and Donations In Cash	₱ 274,691.63
Income from Grants and Donations In Kind	16,684,570.14
Total	₱16,959,261.77

15.2 *Income from Grants and Donations in Cash* pertains to the receipt of the last release of grant from the World Bank's IDF Grant for Capacity Building for the Philippines' PPPCP (IDF Grant No. TF099316).

15.3 *Income from Grants and Donations in Kind* represents the amount directly paid to the suppliers corresponding to the share of the ADB in the procurement of IT equipment and software for the PPPC KM Portal Project and direct payment of World Bank to Woodfield Consultants.

16. Personnel Services

This consists of the following:

Particulars	General Fund
Salaries and Wages – Regular	₱37,179,991.86
Other Compensation	21,363,208.69
Personnel benefit Contributions	5,037,872.34
Other Personnel Benefits	341,267.66
Total	₱63,922,340.55

17. Maintenance and Other Operating Expenses (MOOE)

17.1 This consists of the following:

Particulars	General Fund	PDMF Fund	Total
Travelling Expenses	4,806,129.42	-	4,806,129.42
Training and Scholarship Expenses	2,377,999.27	-	2,377,999.27
Supplies and Materials Expenses	1,694,994.08	-	1,694,994.08
Utility Expenses	2,364,667.58	-	2,364,667.58
Communication Expenses	4,443,886.48	-	4,443,886.48
Confidential, Intelligence and Extraordinary Expenses	809,581.82	-	809,581.82
Professional Services	3,409,512.44		3,409,512.44
General Services	5,462,022.36	-	5,462,022.36
Repairs and Maintenance	674,875.84	-	674,875.84
Taxes, Duties and Licenses	241,087.37	164,653.11	405,740.48
Other Maintenance and Operating Expenses	6,742,237.40	-	6,742,237.40
Total Maintenance and Other Operating Expenses	₱33,026,994.06	₱164,653.11	₱33,191,647.17

17.2 Traveling Expenses

Particulars	General Fund
Traveling Expenses – Local	₱ 559,145.17
Traveling Expenses – Foreign	4,246,984.25
Total Traveling Expenses	₱4,806,129.42

Traveling Expenses account covers transportation, daily subsistence allowance, pre-travel and other related expenses incurred by PPPCP officials and employees in the course of official travel such as speaking engagement in PPP orientation and conferences, participation in

investment promotions and roadshows, and attendance in seminars, workshops and training on PPP matters.

17.3 Training and Scholarship Expenses

Particulars	General Fund
Training Expenses	₱2,377,999.27

Training Expenses account includes the costs incurred for the conduct of orientation and learning sessions for local government units and NGAs, internal planning and assessment workshops, human resource development seminars, cultural and sports activities, activities related to Gender and Development (GAD), and participation/attendance of PPPCP employees in seminars, conventions and conferences organized by other professional organizations.

17.4 Supplies and Materials Expenses

Particulars	General Fund
Office Supplies Expenses	₱ 668,267.84
Fuel, Oil and Lubricants Expenses	1,026,726.24
Total Supplies and Materials Expenses	₱1,694,994.08

The *Supplies and Materials Expenses* account includes the costs of office supplies used and fuel and lubricants consumed for PPPCP vehicles.

17.5 Utility Expenses

Particulars	General Fund
Water Expenses	₱ 322,876.23
Electricity Expenses	2,041,791.35
Total Utility Expenses	₱2,364,667.58

17.6 Communication Expenses

Particulars	General Fund
Postage and Courier Services	₱ 196,991.22
Telephone Expenses	1,202,706.26
Internet Subscription Expenses	3,044,189.00
Total Communication Expenses	₱4,443,886.48

17.7 Confidential, Intelligence and Extraordinary Expenses

Particulars	General Fund
Extraordinary and Miscellaneous Expenses	₱809,581.82

17.8 Professional Services

Particulars	General Fund
Legal Services	₱ 10,519.80
Consultancy Services	2,803,368.43
Other Professional Services	595,624.21
Total Professional Services	₱3,409,512.44

Consultancy Services account under the General Fund account includes the ₱1,799,799.88 direct payment made by the World Bank to Woodfields Consultants Inc. for the transaction advisory services for the El Nido Water Supply System and Sanitation Facility Project.

17.9 General Services

Particulars	General Fund
Janitorial Services	₱1,135,290.16
Security Services	1,451,277.84
Other General Services	2,875,454.36
Total General Services	₱5,462,022.36

General Services account represents the costs of janitorial, security and other allied services such as driving and messengerial services contracted to support the operations of the PPPCP.

17.10 Repairs and Maintenance

Particulars	General Fund
Repairs and Maintenance – Buildings	₱ 18,942.50
Repairs and Maintenance – Machinery and Equipment	55,579.94
Repairs and Maintenance – Transportation Equipment	599,013.65
Repairs and Maintenance – Other PPE	1,339.75
Total Repairs and Maintenance	₱674,875.84

The *Repairs and Maintenance Expenses* account consists of costs of spare parts, supplies and maintenance services for PPC office, equipment and motor vehicles.

17.11 Taxes, Insurance Premiums and Other Fees

Particulars	Amount		
	General Fund	PDMF Fund	Total
Taxes, Duties and Licenses	₱ 17,701.02	₱164,653.11	₱182,354.13
Fidelity Bond Premiums	85,281.25	0.00	85,281.25
Insurance Expenses	138,105.10	0.00	138,105.10
Total	₱241,087.37	₱164,653.11	₱405,740.48

Taxes, Duties and Licenses account includes the expired portion of insurance coverage of motor vehicles and fidelity bond premiums of bonded officials and employees.

17.12 Other Maintenance and Operating Expenses

Particulars	General Fund
Advertising Expenses	₱ 85,366.40
Printing and Publication Expenses	837,515.00
Representation Expenses	1,450,471.71
Transportation and Delivery Expenses	3,110.00
Rent/Lease Expenses	3,804,050.11
Subscription Expenses	556,790.43
Other Maintenance and Operating Expenses	4,933.75
Total Other Maintenance and Operating Expenses	₱6,742,237.40

Rent/Lease Expenses account represents the rental of office space at Eton Centris for October to December 2014.

18. Financial Expenses

Particulars	Amount		
	General Fund	PDMF Fund	Total
Bank Charges	₱1,620.06	₱101,755.07	₱103,375.13
Other Financial Charges	6,103.34	291,508.10	297,611.44
Total Financial Expenses	₱7,723.40	₱393,263.17	₱400,986.57

The *Financial Expenses* recorded for the year refer to bank and other financial charges incurred in connection with the transfer of funds for the World Bank grant transactions.

19. Non-Cash Expenses

19.1 Depreciation

Particulars	General Fund
Depreciation – Machinery and Equipment	₱1,627,437.50
Depreciation – Transportation Equipment	89,238.85
Depreciation – Furniture, Fixtures and Books	948,728.57
Total Non-Cash Expenses	₱2,665,404.92

20. Net Financial Assistance/Subsidy

20.1 This consists of Subsidy from National Government broken down as follows:

General Fund	₱121,631,103.13
PDMF Fund	180,518,245.40
Total	₱302,149,348.53

20.2 The details of the *Subsidy from National Government* – General Fund are as follows:

Particulars	Amount
NCA Received	₱128,244,368.00
Tax Remittance Advice issued to BIR	7,442,783.36
Total	₱135,687,151.36
Less: Reversal of unused NCA	13,681,779.56
Refund of excess cash advances	358,964.19
Reimbursement from World Bank of tax withheld from payment to service providers	15,304.48
Balance	₱121,631,103.13

- a. The NCA received from the DBM includes the ₱84,257,000.00 current appropriations to cover payment of operational requirements of the PPPCP, ₱6,826,956.00 for payment of separation benefits of former BOT Center employees, ₱22,580,440.00 for office relocation costs, ₱12,332,605.00 for personnel services deficiency, ₱1,415,867.00 to cover deficiency in Retirement & Life Insurance Premium (RLIP), ₱381,500.00 for payment of Performance Enhancement Incentives (PEI) and ₱450,000.00 for CY 2013 Performance-Based Bonus (PBB).

- b. The unused NCA totaling ₱13,681,779.56 accounts for the deduction of COA disallowances from former BOT Center employees, unobligated allotment for PS, and unpaid obligations for CY 2014.

21. Net Gain

Particulars	Amount
Gain on revaluation of foreign currency (PDMF)	₱2,341,697.63
Loss on Foreign Exchange (General Fund)	17,486.13
Net Gain	₱2,324,211.50

The *Net Gain* was recognized as an effect of the revaluation of foreign currency deposits using the exchange rate at December 31, 2014.

22. Prior Period Adjustments

Various adjustments/financial transactions in prior years affecting the *Accumulated Surplus/Deficit* account are as follows:

Particulars	General Fund	PDMF Fund	Total
Adjustment for the overpayment of salaries of DV Abas	₱ 4,316.35		₱ 4,316.35
Adjustment for the tax refund and terminal leave benefits of Carolyn C. Jorge, Esther Y. Laput and Jose Emmanuel P. Reverente	21,857.06		21,857.06
Adjusting entry on unrecorded donations made in 2008	(717,126.15)		(717,126.15)
Adjusting entry on unrecorded donations made in 2010	(1,471,718.98)		(1,471,718.98)
Entry to record donations to Progressive Elem. School	(284,504.00)		(284,504.00)
Entry to record donations to Judge Juan Luna High School	(228,401.21)		(228,401.21)
Adjusting entry on unrecorded supplies issuances in 2010 and 2011	(385,669.27)		(385,669.27)
Adjusting entry to record stale check	(160,180.66)		(160,180.66)
Adjusting entry on the proper account to record direct payment made by the World Bank to Woodfields Consultants	(879,100.00)		(879,100.00)
Adjustment in prior year's			

Particulars	General Fund	PDMF Fund	Total
recognition of receivables from the National Development Company – Philippine Infrastructure Corporation		(4,199,083.75)	(4,199,083.75)
Total	(₱4,100,526.86)	(₱4,199,083.75)	(₱8,299,610.61)

23. Statement of Comparison of Budget and Actual Amount

- 23.1 The budget that was approved by virtue of RA No. 10633 covers the fiscal period January 1, 2014 to December 31, 2014.
- 23.2 The difference between the original and final budget are shown as follows:

Receipt:	
Additional TRA	₱ (588,426.85)
Payments:	
PS	
Unobligated PS allotment	638,737.45
MOOE	
Unobligated MOOE allotment	5,587,234.75
Prior year's obligation for IT Portal	4,751,985.07
Reclassification to Capital Outlay of the improvements to the leased office space	27,283,920.12
Capital Outlay	
Prior year's obligation for IT Portal	(4,751,985.07)
Reclassification from MOOE of the improvements to the leased office space	(27,283,920.12)
Tax Remittance Advice	(274,691.63)
Total Payments	₱ 5,951,280.57

OBSERVATIONS AND RECOMMENDATIONS

Favorable Observation

1. All cash advances granted to officers and employees of the PPPCP totaling ₱3,794,183.03 recorded as *Advances to Officers and Employees*, for the year 2014 were fully liquidated as at year end as required under Section 5.8 of COA Circular No. 97-002 and Section 89 of P.D. 1445.

- 1.1 Section 5.8 of COA Circular No. 97-002 dated February 10, 1997 states that “*All cash advances shall be fully liquidated at the end of each year x x x, the accountable officer (AO) shall refund any unexpended balance to the cashier/collecting officer who will issue the necessary official receipt*”.
- 1.2 Section 89 of P.D. 1445 likewise states that “*No additional cash advances shall be allowed to any officials or employees unless the previous cash advance given to him is first settled or a proper accounting thereof is made*”.
- 1.3 Our verification of the account *Advances to Officers and Employees* for the year 2014 showed that all cash advances granted totaling ₱3,794,183.03 were fully liquidated as soon as the purpose had already been served, thereby leaving no unliquidated balance as at year end in the books of accounts of the PPPCP.

Non-reconciliation of Property, Plant and Equipment (PPE) Ledger Cards and Property Cards

2. The carrying amount of the PPE account of ₱64,754,782.82 is unreliable due to the unreconciled difference of ₱15,682,720.97 between the accounting records and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). Moreover, the Accounting and Property Units did not complete and update the postings in the PPE Ledger Cards and Property Cards, respectively.
 - 2.1 The Accounting Unit shall maintain perpetual inventory records such as the PPE Ledger Card (PPELC) for each category of PPE which shall contain the details of the General Ledger (GL). For check and balance, the Property Unit shall maintain Property Cards (PC) for these PPE. The balance in quantity per PC should always reconcile with the ledger cards of the Accounting Unit. Further, the agency is required to reconcile the RPCPPE with the PPELC and GL and to verify and adjust any discrepancies.
 - 2.2 Verification of the *PPE* account revealed that its carrying amount of ₱64,754,782.82 did not reconcile with the RPCPPE of ₱49,072,061.85 as of year-end showing an unreconciled difference of ₱15,682,720.97, as presented below:

PPE Account	Accounting Records	RPCPPE	Difference
Office Equipment	₱ 469,133.83	₱ 2,971,088.40	(₱2,501,954.57)
Information and Communication Technology Equipment	29,817,456.18	35,274,086.63	(5,456,630.45)
Disaster Response and Rescue Equipment	36,430.18	61,448.40	(25,018.22)
Motor Vehicles	5,041,714.29	8,535,000.00	(3,493,285.71)
Furniture and Fixtures	1,365,761.23	2,230,438.42	(864,677.19)
Other Leased Asset Improvements	27,283,920.12	0.00	27,283,920.12
Other PPE	740,366.99	0.00	740,366.99
Total	₱64,754,782.82	₱49,072,061.85	₱15,682,720.97

- 2.3 Verification disclosed that the Chief Accountant and the Division Chief, Property Unit did not complete and update the PPELCs and PCs, respectively, making it difficult for them to monitor the movements of assets and perform asset reconciliation for the variance of ₱15,682,720.97. Thus, the accuracy of the PPE carrying amount is doubtful.
- 2.4 **We recommended that the Chief Accountant and the Division Chief of the Property Unit update and complete the postings in the PPELCs and PCs, respectively, and reconcile the difference of ₱15,682,720.97 between the accounting records and the RPCPPE.**
- 2.5 Management commented that the balances per books were based on the carrying amount of the assets while the balances per physical count was based on acquisition cost thus bringing about a total difference of ₱15,582,720.97 for better comparison of the accounts, either the acquisition costs or the carrying amount should have been used. Thus the reconciling amount should be ₱28,255,228.57 which corresponds to the *Other Leased Asset Improvement*, *Other Assets* and difference in IT equipment. Moreover, updating of PPELCs and PCs and the reconciliation of accounts were still on-going.

Purchase Orders/Job Orders

3. **Purchase Orders (POs)/Job Orders (JOs) lacked some required basic data resulting in the non-determination of liquidated damages in case of late delivery. Further, POs/JOs were submitted to the Auditor beyond the prescribed five working days from issuance, hence, the delay in the review of contracts and determination of deficiencies, if any.**

- 3.1 COA Circular No. 96-010 dated August 15, 1996 provides the guidelines in the preparation and submission of POs relative to the procurement of supplies and equipment. Section B requires the basic data which should invariably appear in

the PO, that includes, among others, the date of delivery and date of receipt of the POs/JOs by the suppliers.

- 3.2 Section 3.2.1 of COA Circular No. 2009-001 provides that a copy of any purchase order irrespective of amount, and each and every supporting document, shall, within five working days from issuance thereof, be submitted to the Auditor concerned. Within the same period, the Auditor shall review and point out to management defects and/or deficiencies.
- 3.3 Review of the agency procurement revealed that POs/JOs lacked some required basic data such as date of delivery to suppliers and their date of receipt, resulting in the non-determination of liquidated damages in case of late delivery.
- 3.4 Further, POs/JOs with an aggregate amount of ₱819,229.00 were submitted to the Auditor beyond the prescribed five working days from issuance with delays ranging from 1 to 126 days, hence, the delay in the review of contracts and determination of deficiencies, if any.
- 3.5 In view of the above deficiencies, validity of the POs and JOs cannot be ascertained.
- 3.6 **We recommended that Management:**
 - a. **Require the General Services Division to indicate the date of the delivery of the PO/JO to the suppliers and their date of receipt so that liquidated damages can be computed/determined in case of delay of deliveries; and**
 - b. **Require the Supply/Property Officer to furnish the Office of the Auditor copies of perfected POs/JOs within five days from issuance thereof in compliance with COA Circular No. 2009-001.**
- 3.7 Management commented that, starting the 4th quarter of 2014, the General Services Division (GSD) has been faithfully complying with the submission of copies of perfected POs/JOs/Contracts duly filled up and signed by the Suppliers/Contractors within the period prescribed under COA Circular No. 2009-001.

4. Status of Audit Suspensions, Disallowances and Charges (SASDC)

- 4.1 Details of the Audit Disallowances as of December 31, 2014 are shown below:

Particulars	Balance as of Jan. 1, 2014	Issued CY 2014	Settled CY 2014	Balance as of Dec. 31, 2014
Notices of Disallowance (ND)	₱9,919,992.29	₱ 0.00	₱827,857.23	₱9,092,135.06

- 4.2 The difference amounting to ₱4,767,450.98 between the carrying amount of the *Receivables– Disallowances/Charges* and the balance per above table represents Notices of Disallowances issued which were on appeal and not yet final and executory.
- 4.3 There was no Notice of Suspension and Notice of Charges issued.

Gender and Development (GAD)

5. Allocated amount for the GAD programs/activities was only ₱150,000.00 or only 2.5 percent of the agency's appropriation per Section 33 of the General Provisions of the General Appropriations Act (GAA) for FY 2014. Further, the agency failed to submit the GAD Plan and Budget as well as the Accomplishment Report within the reglementary period contrary to COA Circular No. 2014-001 dated March 18, 2014.

- 5.1 Section 33 of General Provisions of the GAA of 2014 provides that “*all agencies of the government shall formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provisions under R.A. No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Millennium Development Goals (2000-2015), the Philippine Plan for Gender-Responsive Development (1995-2025), and the Philippine Development Plan (2011-2016).*

The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least five (5%) of their budgets. For this purpose, activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfilment of women's human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

The preparation and submission of the annual GAD Plan and annual GAD Accomplishment Report shall be subject to the guidelines issued by the agencies concerned.”

- 5.2 Item V of COA Circular No. 2014-001 dated March 18, 2014 states that “*the Audited Agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.*”

5.3 In FY 2014, the agency budget allocation for GAD plan amounted to ₱150,000.00 which is barely 0.18 percent of the total appropriations of ₱85,558,000.00 as shown in the submitted GAD Plan to the Philippine Commission on Women (PCW) which contained nine programs/activities/projects. However, Accomplishment Report showed that the amount of ₱355,708.00 was the actual GAD expenses incurred, but still short by ₱3,922,192.00 to the prescribed amount of ₱4,277,900.00 or 5% of total appropriations.

5.4 Verification and evaluation of the GAD Plan and Budget for FY 2014 showed that the allocated budget of ₱150,000.00 for GAD activities was below the requirement of at least five percent of the appropriations.

5.5 Below are the details of the allocated budget plan and the Accomplishment Report:

GAD Activity	Output Performance Indicators & Targets	Allocated Budget (Outputs/ Outcomes)	Accomplishment (Actual Cost)	Over (Under) PCW Endorsement
5% of Total Appropriations		₱4,277,900.00		
<i>Capacity Development</i>				
Design and implementation of capacity development program on gender analysis and GAD laws and issuances	Design and implementation of capacity development program on gender analysis and GAD laws and issuances	120,000.00	2,660.00	(117,340.00)
Conduct training needs analysis (TNA) among PPPCP personnel	GFPS and GMMS Focal persons attended the PCW-organized GAD Planning and budgeting and gender analysis conducted	GAA	65,182.00	65,182.00
Conduct of capacity development programs of the GFPS members	No. of capacity development programs conducted for the GFPS members.	GAA	12,666.00	12,666.00
<i>Sex-disaggregated Data</i>				
Creation of database and information system for sex-disaggregated data within PPPCP	Completion report on sex-disaggregated database system for PPPCP	To be integrated into ADS-HRD and CBKMS-MIS activities (Attribution)	Funded by ADB TA Budget	-
<i>Communications</i>				
Development of gender-sensitive communication strategies and	Completion report of gender sensitive communication strategies	To be charged to GAD Plans Capacity	To be charged to GAD's Plan Capacity	-

GAD Activity	Output Performance Indicators & Targets	Allocated Budget (Outputs/ Outcomes)	Accomplishment (Actual Cost)	Over (Under) PCW Endorsement
corresponding workshops among concerned PPPCP employees		Development budget item	Development Budget Item	
<i>GAD Committee</i>				
Establishment of a regular meeting schedule for GAD Committee coordination, as well as reporting on the PPPCP GAD Plans implementation	Minutes of GAD Committee's coordination meetings	30,000.00		(30,000.00)
<i>CBKMS</i>				
Conduct of training/seminar on gender statistics, its importance, methodologies and analysis	At least one member of the PPP until of each IA trained on the latest tools	To be integrated into DBKMS organized trainings	165,000.00	165,000.00
<i>LS</i>				
Checking the presence of GAD related measures identified in the FS/BC, in the PPP contract	30% (2013)/50% (2014) 80% (2015) of PPP contract incorporated in the GAD related measures	To be integrated into contract review	-	-
<i>PDMFS</i>				
Inclusion of separate gender specialist qualification and scope of services for all IDCAs	Gender analysis report for each project	To be integrated into TA procurement processes	20,000.00	20,000.00
<i>PDS</i>				
Checking the presence of the elements of the HGDG checklist in the gender analysis of the FS/BC	30% (2013)/50%(2014) 80% (2015) gender analysis reports have scores of at least 15.0 under the HDGD	To be integrated in review of inception reports and FS/BC	55,000.00	55,000.00
<i>PFEMS</i>				
Revision and customization of monitoring templates to include gender sensitive monitoring indicators	Enhanced monitoring templates	To be integrated into M&E activities	21,600.00	21,600.00
Develop policy guidelines in mainstreaming gender in PPP	Policy guidelines in mainstreaming gender in PPP	GAA	13,600.00	13,600.00
<i>Total</i>		150,000.00	355,708.00	205,708.00
Deficiency in allocation of GAD Plan		4,127,900.00		

5.6 The submitted accomplishment report in the amount of ₱355,708.00 of the agency bears no approval from PCW.

Delayed submission of GAD Plan and Budget

5.7 The agency did not submit the required GAD plan and Budget and its Accomplishment Report to the Audit Team, as follows:

Documents	Prescribed period of Submission	Actual submission
GAD Plan And Budget	Within five working days from the receipt of the approved plan from the PCW.	February 25, 2015. The PCW endorsed Plan and Budget was submitted May 14, 2013
Draft GAD Accomplishment Report	Within five working days from the end of January of the preceding year	February 25, 2015 to Audit Team; Submitted to PCW online on Feb. 24, 2015, but not yet endorsed by PCW to DBM.

5.8 We recommended that Management adhere strictly to the requirements of the law by allocating at least five percent of their budget in order to carry out all identified GAD related activities and submit the PCW endorsement on the activities which incurred a total expenditures of ₱355,708.00.

5.9 Management commented that the preparation of the FY 2014 GAD Accomplishment Report (AR) and 2016 GPB incorporating/addressing comments from PCW and the HGDG scoring (as an output of the Learning Session) are still on-going. Moreover, the PCW endorsement on the activities done in 2014 which incurred ₱355,708.00 was submitted to COA on May 14, 2013.

Senior Citizens and the Differently-abled Persons

6. The PPP Center did not allocate funds for programs and projects for the senior citizens and the differently-abled persons, contrary to Section 34 of the General Appropriations Act for FY 2014.

6.1 Section 34 of the General Provisions of RA No. 10633 or the General Appropriations Act for FY 2014 mandates that *“All agencies of the government shall formulate plans, programs, and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities”*.

6.2 *“Moreover, all government facilities, including infrastructure, non-infrastructure and civil projects of the government, as well as office buildings, streets and highways shall provide architectural or structural features, designs, or facilities that will reasonably enhance the mobility, safety and welfare of persons with disability pursuant to B.P. Blg. 344 and R.A. No. 7277.”*

6.3 The PPPCP allocated ₱25,000.00 for programs and projects for the senior citizens and the differently-abled persons but only incurred ₱9,832.00 for the Briefing on Dementia which was conducted on September 18, 2014, thus, depriving the intended beneficiaries of the possible benefits of the program.

6.4 We recommended that Management formulate plans and programs to address the concerns of senior citizen and differently-abled persons and allocate funds for the purpose pursuant to Section 34 of the General Provisions of the GAA for FY 2014.

Compliance with Tax Laws and Regulations

7. The PPPCP complied strictly with the tax rules and regulations on withholding and remittance to the BIR of taxes withheld on employees compensation and on payments for goods and services. The ₱30,560,598.82 balance of the *Due to BIR* as of December 31, 2014 was remitted fully in January 10, 2015.

Compliance with GSIS Premium Deductions and Remittances

8. Pursuant to RA No. 8291, the PPPCP faithfully deducted the mandatory GSIS premiums from the salaries of its employees and the same were all remitted on time together with the employers' share. The balance of the account *Due to GSIS* as of December 31, 2014 amounting to ₱345,397.14 was remitted in January 10, 2015.

Compliance with the Priority Development Assistance Fund (PDAF) Decision

9. The PPPCP did not receive PDAF in CY 2014.

Disbursement Acceleration Program (DAP) Fund

10. The PPPCP did not receive funds from the DAP in CY 2014.