



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, 2015, statement of financial performance, statement of cash flows, statement of changes in net assets/equity and statement of comparison of budget and actual amounts 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.

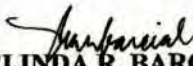
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with PPSAS.

**COMMISSION ON AUDIT**

**By:**

  
**MELINDA R. BARCIAL**  
State Auditor IV  
OIC - Supervising Auditor  
NEDA Audit Group

April 4, 2016  
Commission on Audit  
National Economic and Development Authority  
Pasig 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 are for 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:

<b>Particulars</b>	<b>GOP</b>	<b>ADB</b>	<b>Total</b>
Total PDMF Funds	\$66,686,372.49	\$18,000,000.00	\$84,686,372.49
Committed/Earmarked funds	56,948,461.30	17,491,527.50	74,439,988.80
Cost sharing rate eff. March 2014	80%	20%	100%
Fund balance, 31 December 2015	9,737,911.19	508,472.50	10,246,383.69
Reflows:			
Actual for CY 2015	7,664,005.29	2,753,296.57	10,417,301.86
Committed/Earmarked funds	308,852.37	0.00	308,852.37
<b>Adjusted Fund balance for CY 2015</b>	<b>\$ 7,355,152.92</b>	<b>\$ 2,753,296.57</b>	<b>\$10,108,449.49</b>

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, 2015 is summarized below:

Office/Service	No. of Personnel
Office of the Executive Director	3
Corporate Planning and Development Division	4
Office 1 – Office of the Deputy Executive Director	3
Project Development Service	17
Project Development and Monitoring Facility Service	13
Legal Service	7
Administrative Service	16
Office 2 – Office of the Deputy Executive Director	3
Policy Formulation, Project Evaluation and Monitoring Service	17
Capacity Building and Knowledge Management Service	17
<b>Total</b>	<b>100</b>

## B. Financial Highlights

The financial position and the sources and application of funds of the PPPCP (General Fund and PDMF), for calendar year (CY) 2015, with corresponding figures for 2014, are summarized below:

Particulars	2015	2014
<b>Financial Position</b>		
Assets	₱2,054,112,510.14	₱1,025,737,682.33
Liabilities	171,615,107.68	158,211,156.47
Net Assets/Equity	₱1,882,497,402.46	₱ 867,526,525.86
<b>Sources and Application of Funds</b>		
Allotment Received	₱1,379,454,787.00	₱1,591,700,002.41
Continuing Appropriation	5,184,007.53	-
Obligations Incurred	1,382,631,355.03	1,306,559,094.57
Unexpended Balance	₱ 2,007,439.50	₱ 285,140,907.84

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances for CY 2015 is shown in Annex A.

### **C. Operational Highlights**

For 2015, the Public-Private Partnership (PPP) Center continued to implement key programs and undertook activities aligned with the current administration's objective to encourage the use of PPP as a means of accelerating the provision of safe, efficient, reliable, cost-effective and sustainable infrastructure.

The international community has taken stock of the country's success in the implementation of the PPP program. The Philippines was recognized by The Economist Infroscope Study as the Most Improved Country in Asia-Pacific for PPP readiness" based on its 2014 report.

The PPP Center was also recognized by two international award giving bodies: (1) the IJGlobal, an international infrastructure journal, awarded the Center as the "2015 Asia-Pacific Grantor of the Year", in recognition of its role as a government body that advises awarding authorities on the procurement of infrastructure projects; and (2) The Asset, an international finance magazine, recognized the Center as the 2015 "Asia's PPP Agency of the Year" for advancing the implementation of the Philippines' PPP Program.

Consistent with its targets under the General Appropriations Act of 2015, the Center significantly contributed to greater private sector participation in the PPP Program through a sustainable pipeline of PPP projects. Together with the various implementing agencies, the Center developed six (6) new PPP projects, namely:

1. DND Projects – Government Arsenal and Unsolicited Proposal of KIA Motors
2. Bohol Multi-Purpose Dam Project
3. Iloilo Railway System Project
4. Bohol Water Supply Project
5. Philippine Travel Center Complex Project; and
6. New Nayong Pilipino at Entertainment City Project

As of December 2015, there are 53 PPP projects in the pipeline (total indicative cost of US\$25.29 billion or ₱1,137.89 billion) which consists of 12 awarded projects, 13 projects under procurement, three (3) projects for roll-out, five (5) projects for approval of relevant government bodies, four (4) projects with on-going conduct of feasibility studies, seven (7) projects for procurement of consultants to conduct pre-investment studies, seven (7) projects under conceptualization/development, and two (2) other projects for implementation.

The Center worked for the passage of the PPP Act, which is intended to replace the current Build Operate Transfer (BOT) Law and incorporate the lessons learned from experience in the PPP program and adopt global best practices. The Center coordinated with the Senate and House of Representatives on the passage of the proposed law.

## **D. Scope of Audit**

The audit covered the accounts and operations of the PPPCP for CY 2015 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 an unqualified opinion on the fairness of presentation of the financial statements of PPPCP as of December 31, 2015.

## **F. Observations and Recommendations**

The audit disclosed the following deficiencies, which are discussed in detail in Part II of this report and discussed with concerned officials of the agency during the exit conference on April 1, 2016. Management's views and comments were incorporated in the report, where appropriate.

1. Long outstanding receivables amounting to ₱61,593,560.18 representing project development cost advanced by the PPP Center to the Implementing Agencies (IAs) for projects which were terminated/not pursued, remained uncollected as of year end, thereby affecting the liquidity of the PDMF Fund.

We recommended that Management ensure liquidity of the PDMF Fund by requiring the Implementing Agencies to immediately repay the project development cost in full plus the 10 percent administrative cost.

2. The balance of the Due from NGAs account of ₱302,620,533.97 included the amount of ₱138,688.85 pertaining to Procurement Service-Department of Budget and Management (PS-DBM) account, which is overstated by ₱132,327.50 due to unrecorded deliveries of common office supplies. Moreover, Subsidiary Ledgers (SLs) were not updated.

We recommended that Management require the Accountant to: (a) analyze the Due from NGAs account pertaining to PS-DBM, reconcile balance with the records of the PS-DBM, and prepare adjustments, if warranted; and (b) regularly update the SLs and record all payments made and deliveries received to/from PS-DBM.

3. The Agency did not issue Official Receipts for the Project Development Cost amounting to ₱133,405,772.69 paid/deposited by the winning bidders direct to the PDMF account in violation of Section 68 of Presidential Decree (PD) 1445.

We recommended that Management (a) require the Cashier to issue the prescribed official receipt or Accountable Form No. 51-C for collections of ₱133,405,772.69 received. Henceforth, promptly issue the required official receipt pursuant to Section 68 of PD 1445; and (b) direct the Financial Analyst of the PDMF to furnish the Cashier and the Accounting Division a copy of the billing statements for recording and monitoring of the accounts of the PDMF Fund.

4. Contracts aggregating ₱7,144,811.44 were submitted to the Office of the Auditor beyond the prescribed period in violation of COA Circular No. 2009-001 dated February 12, 2009 and COA Circular No. 2012-001 dated June 14, 2012, thereby, causing delay in the review thereof.

We recommended that Management require the Supply/Property Officer to furnish the Office of the Auditor copies of perfected contracts together with the documentary requirements within five working days from issuance thereof to comply with the requirements set forth in COA Circular No. 2009-001 and COA Circular No. 2012-001.

5. Obsolete and spoiled checks of bank accounts already closed were not disposed but kept in the agency's vault, which is not in accordance with sound internal control procedure to avoid/prevent possible unauthorized use.

We recommended that Management immediately dispose the obsolete and spoiled checks by destruction in the presence of the Disposal Committee and witnessed by a COA representative to prevent possible unauthorized use.

## **G. Implementation of Prior Year's Audit Recommendations**

Out of the seven (7) prior year's audit recommendations, one (1) was implemented, five (5) were partially implemented and one (1) was not implemented.



**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES**  
**STATEMENT OF FINANCIAL POSITION**  
**( ALL FUNDS )**  
**AS OF DECEMBER 31, 2015**

	<u>Note</u>		<u>2014</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	900,241,298.70	263,934,584.73
Receivables	5	1,090,544,296.83	682,830,923.26
Inventories	6	3,683,700.40	270,509.09
Other Current Assets	7	9,932,385.10	13,946,882.43
<b>Total Current Assets</b>		<b><u>2,004,401,681.03</u></b>	<b><u>960,982,899.51</u></b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	41,574,275.04	64,014,415.83
Intangible Assets	9	8,136,554.07	-
Other Non-Current Assets	10	-	740,366.99
<b>Total Non - Current Assets</b>		<b><u>49,710,829.11</u></b>	<b><u>64,754,782.82</u></b>
<b>Total Assets</b>		<b><u>2,054,112,510.14</u></b>	<b><u>1,025,737,682.33</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	11	3,890,921.03	22,185,690.01
Inter-Agency Payables	12	121,099,924.12	134,395,184.05
Trust Liabilities	12	-	1,630,282.41
Other Payables	14	46,624,262.53	-
<b>Total Current Liabilities</b>		<b><u>171,615,107.68</u></b>	<b><u>158,211,156.47</u></b>
<b>Non-Current Liabilities</b>			
<b>Total Non - Current Liabilities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Liabilities</b>		<b><u>171,615,107.68</u></b>	<b><u>158,211,156.47</u></b>
<b>NET ASSETS / EQUITY</b>			
Accumulated Surplus (Deficit)	16	1,882,497,402.46	867,526,525.86
<b>Total Net Assets / Equity</b>		<b><u>1,882,497,402.46</u></b>	<b><u>867,526,525.86</u></b>
<b>Total Liabilities and Net Assets / Equity</b>		<b><u>2,054,112,510.14</u></b>	<b><u>1,025,737,682.33</u></b>

*This statement should be read in conjunction with the accompanying notes.*

**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**( ALL FUNDS )**  
**For the Year Ended December 31, 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Service and Business Income	17	74,935,082.16	90,001,187.24
Shares, Grants and Donations	18	4,073,642.07	16,959,261.77
<b>Total Revenue</b>		<b>79,008,724.23</b>	<b>106,960,449.01</b>
<b>Less: Current Operating Expenses</b>			
Personnel Services	19	69,496,918.31	63,922,340.55
Maintenance & Other Operating Expenses	20	45,357,837.98	33,191,647.17
Financial Expenses	21	399,025.53	400,986.57
Non-Cash Expenses	22	11,232,329.36	2,665,404.92
<b>Total Current Operating Expenses</b>		<b>126,486,111.18</b>	<b>100,180,379.21</b>
<b>Surplus (Deficit) from Current Operations</b>		<b>(47,477,386.95)</b>	<b>6,780,069.80</b>
Net Financial Assistance / Subsidy	23	1,081,556,751.40	302,149,348.53
Gains	24	4,030,586.61	2,341,697.63
Losses		(3.19)	(17,486.13)
<b>Surplus (Deficit) for the period</b>		<b>1,038,109,947.87</b>	<b>311,253,629.83</b>

*This statement should be read in conjunction with the accompanying notes.*

**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**( ALL FUNDS )**  
**FOR THE YEAR ENDED DECEMBER 31,2015**  
**In Pesos**

	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>Balance at January 1</b>	<u><b>867,526,525.86</b></u>	<u><b>246,067,541.76</b></u>
Changes in the recognition of Consultancy Services under PDMF Fund	(1,963,293.79)	318,504,964.88
Prior Period Adjustments / Unrecorded Income and Expenses	(4,660,678.97)	(8,299,610.61)
<b>Restated balance</b>	<u><b>860,902,553.10</b></u>	<u><b>556,272,896.03</b></u>
 <b>Changes in Net Assets/Equity for the Calendar Year</b>		
Adjustment of net revenue recognized directly in net assets/equity	(16,515,098.51)	
Surplus for the period	1,038,109,947.87	311,253,629.83
<b>Total recognized revenue and expense for the period</b>	<u><b>1,021,594,849.36</b></u>	<u><b>311,253,629.83</b></u>
 <b>Balance at December 31</b>	<u><u><b>1,882,497,402.46</b></u></u>	<u><u><b>867,526,525.86</b></u></u>

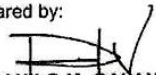
**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES**  
**STATEMENT OF CASH FLOWS**  
**( ALL FUNDS )**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>Cash Flows from Operating Activities</b>		
<b>Cash Inflows</b>		
Receipt of Notice of Cash Allocation	1,939,633,895.18	316,317,884.25
Collection of Income/Revenues	7,755,708.59	283,593.32
Collection of Receivables	180,101,033.16	-
Other Receipts (Refund of Excess Cash Advance)	360,456.00	258,566,360.78
Adjustments	-	9,691,154.94
<b>Total Cash Inflows</b>	<u><b>2,127,851,092.93</b></u>	<u><b>584,858,993.29</b></u>
<b>Cash Outflows</b>		
Remittance to National Treasury	143,229.13	-
Payment of Expenses	108,599,571.96	387,245,396.22
Purchase of Inventories	767,570.40	612,418.94
Grant of Cash Advances	2,996,653.96	5,764,139.77
Prepayments	729,274.42	6,837,240.63
Payment of Accounts Payable	2,567,226.35	-
Remittance of Personnel Benefits Contributions and Mandatory Deductions	5,793,593.59	188,238,420.53
Grant of Financial Assistance/Subsidy	851,050,567.00	-
Advances for Project Costs	504,444,368.53	-
Other Disbursements	-	12,855,885.10
Reversal of Unutilized NCA	9,090,911.80	-
<b>Total Cash Outflows</b>	<u><b>1,486,182,967.14</b></u>	<u><b>601,553,501.19</b></u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u><b>641,668,125.79</b></u>	<u><b>(16,694,507.90)</b></u>
<b>Cash Flows from Investing Activities</b>		
<b>Cash Inflows</b>	-	-
<b>Total Cash Inflows</b>	-	-
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	9,391,998.43	25,815,144.25
<b>Total Cash Outflows</b>	<u><b>9,391,998.43</b></u>	<u><b>25,815,144.25</b></u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u><b>(9,391,998.43)</b></u>	<u><b>(25,815,144.25)</b></u>
<b>Cash Flows from Financing Activities</b>		
<b>Cash Inflows</b>	-	-
<b>Total Cash Inflows</b>	-	-
<b>Cash Outflows</b>	-	-
<b>Total Cash Outflows</b>	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	-	-
<b>Increase / (decrease) in Cash and Cash Equivalents</b>	<b>632,276,127.36</b>	<b>(42,509,652.15)</b>
<b>Effects of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>4,030,596.61</b>	<b>2,324,211.50</b>
<b>Cash and Cash Equivalents, January 1</b>	<u><b>263,934,584.73</b></u>	<u><b>304,120,025.38</b></u>
<b>Cash and Cash Equivalents, December 31</b>	<u><u><b>900,241,308.70</b></u></u>	<u><u><b>263,934,584.73</b></u></u>

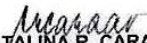
PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(in Pesos)

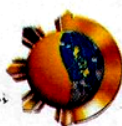
Expenses	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference: Final Budget and Actual Amount
		Original	Final		
RECEIPTS					
Services and Business Income		7,675,963.84	7,675,963.84	7,675,963.84	-
Assistance and Subsidy		851,050,567.00	851,050,567.00	851,050,567.00	-
Shares, Grants and Donations		109,240,659.87	109,240,659.87	109,240,659.87	-
Reimbursement of Project Costs		178,288,264.41	178,288,264.41	178,288,264.41	-
Gains		4,030,586.61	4,030,586.61	4,030,586.61	-
Others		1,730,668.12	1,730,668.12	1,730,668.12	-
Total Receipts		1,152,016,709.85	1,152,016,709.85	1,152,016,709.85	-
PAYMENTS					
Personnel Services		67,835,042.00	69,786,292.00	67,777,043.45	2,009,248.55
Maintenance and Other Operating Expenses		1,207,827,120.57	1,205,875,870.57	40,425,169.75	1,165,450,700.82
Capital Outlay					-
Financial Expenses		397,358.76	397,358.76	397,358.76	-
Other Disbursements					-
Remittance to National Treasury					-
Advances for Project Costs		504,444,368.53	504,444,368.53		-
Others					-
Total Payments		1,780,503,889.86	1,780,503,889.86	108,599,571.96	1,167,459,949.37
NET RECEIPTS/PAYMENTS		(628,487,180.01)	(628,487,180.01)	1,043,417,137.89	(1,167,459,949.37)

Prepared by:

  
**DANILO M. GALANG, JR.**  
Accountant IV

Certified Correct:

  
**CATALINA R. CARAAN**  
Chief Administrative Officer  
Finance Division



REPUBLIC OF THE PHILIPPINES  
**PUBLIC-PRIVATE PARTNERSHIP  
CENTER**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR  
FINANCIAL STATEMENTS**

The management of the **PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES** is responsible for all information and representations contained in the accompanying Statement of Financial Position as at December 31, 2015 and the related Statements of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

  
**CATALINA R. CARAAN**  
Chief Administrative Officer  
Finance Division

3/8/16  
Date Signed

  
**COSETTE V. CANILAO**  
Executive Director

3/8/16  
Date Signed

**PUBLIC-PRIVATE PARTNERSHIP CENTER OF THE PHILIPPINES**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of December 31, 2015**

**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, E.O. No. 8 was amended by E.O. No. 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 R.A. 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 Preparation of Financial Statements**

- 2.1 The Financial Statements have been 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 reporting 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 the Schedule on the Estimated Useful Life of PPE by classification prepared by COA and a residual value of five percent (5%) of the cost.

### **3.5 Intangible Assets**

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.

The PPPCP recognizes intangible assets at cost and begins to amortize when the items are already available for use. The straight line method is adopted in the amortization based on the useful life or over the period of expected future benefit of the assets.

### **3.6 Contingent Liability**

The PPPCP does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### **3.7 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.

### **3.8 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.

### **3.9 Foreign Currency Transactions**

Transactions in foreign currencies were initially recognized by applying the spot exchange rate between the function currency and foreign currency at the transaction.

At the reporting date, foreign currency monetary items were translated using the BSP reference rate.

### **3.10 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	2015		Total	2014
	General Fund	PDMF Fund		
Cash - Collecting Officer	₱ -	₱ -	₱ -	₱ 20,695.00
Petty Cash	93,000.00	-	93,000.00	50,000.00
Cash in Bank - Local Currency, Current Account	544,529.50	829,746,282.99	830,290,812.49	198,914,199.32
Cash in Bank - Foreign Currency, Savings Account	-	69,857,486.21	69,857,486.21	55,262,851.82
Cash - Modified Disbursement System (MDS), Regular	-	-	-	9,686,838.59
<b>Total</b>	<b>₱637,529.50</b>	<b>₱899,603,769.20</b>	<b>₱900,241,298.70</b>	<b>₱263,934,584.73</b>

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

##### General Fund

Bank	Amount	Purpose
LBP – EDSA NIA Road	₱ 92,700.00	Trusts – Proceeds from sale of bid and eligibility documents
LBP – EDSA NIA Road	451,829.50	ATM Payroll System for PPPCP employees
<b>Total</b>	<b>₱544,529.50</b>	

##### PDMF Fund

Bank	Amount	Purpose
LBP – EDSA NIA Road	₱795,363,969.74	Account for NCAs received for GOP counterpart to the PDMF Revolving fund and reimbursement of amount advanced for the payment of transaction advisory fees for the preparation of pre-feasibility and/or feasibility studies and tender documents of PPP projects.
LBP – EDSA NIA Road	27,487,875.79	
LBP – EDSA NIA Road	6,894,437.46	
<b>Total</b>	<b>₱829,746,282.99</b>	

4.2 The balance of the ATM Payroll System account includes the amount withheld from former employees corresponding to the refund of the CEMA incentives disallowed in audit in 2011 and 2012. The management is planning to open a separate trust account for the purpose until the COA Commission Proper has decided on the appeal filed by the PPPCP.

- 4.3 The *Cash in Bank – Foreign Currency, Savings Account* balance represents the Peso equivalent of the grant received for the Asian Development Bank Capacity Development Technical Assistance for Strengthening Public – Private Partnership in the Philippines (TA NO. 7796-PHI) deposited at the Land Bank of the Philippines (LBP) EDSA-NIA Road branch. The peso value of US\$1,481,600.98 as of December 31, 2015 was revalued at the exchange rate of \$1 to ₱47.15.

## 5. Receivables

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Accounts Receivable	₱ 6,380.00	₱ -	₱ 6,380.00	₱ 6,380.00
Due from NGAs	138,688.85	302,481,845.12	302,620,533.97	58,774,096.62
Due from GOCCs	26,624.00	40,678,391.17	40,705,015.17	12,460,353.42
Receivables -				
Disallowances/Charges	4,214,780.86	-	4,214,780.86	4,324,684.08
Due from Officers and				
Employees	6,307.64	-	6,307.64	-
Advances to Contractors	-	-	-	674,783.30
Other Receivables	5,275.77	742,986,003.42	742,991,279.19	606,590,625.84
<b>Total</b>	<b>₱4,398,057.12</b>	<b>₱1,086,146,239.71</b>	<b>₱1,090,544,296.83</b>	<b>₱682,830,923.26</b>

- 5.1 *Accounts Receivable* amounting to ₱6,380.00 was taken up from the books of the former BOT Center. There were no available documents pertaining to the account hence the necessary adjustment has not yet been made.
- 5.2 *Due from NGAs* amounting to ₱138,688.85 under the GF represents the undelivered purchases from the Procurement Service, DBM.

The details of the aging of accounts are shown in Annex B for PDMF Fund, however, the breakdown of IAs per projects are as follows:

Agency	Project	Amount
Department of Transportation and Communications	Automatic Fare Collection System Project	₱ 28,320,969.60
Department of Transportation and Communications	C5 Transport Service Development Project	43,415,580.21
Department of Public Works and Highways	Improvement/Rehabilitation of Quirino Highway Project	15,922,890.74

<b>Agency</b>	<b>Project</b>	<b>Amount</b>
Department of Transportation and Communications	Mactan-Cebu International Airport New Passenger Terminal Project	₱ 26,119,998.43
Department of Transportation and Communications	Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	9,396,335.15
Department of Transportation and Communications	Manila-Makati-Pasay-Taguig Mass Transport Loop Project	117,524,707.48
Department of Transportation and Communications	Puerto Princesa Airport Project	35,791,437.00
Department of Transportation and Communications	Clark International Airport Project	18,092,570.69
Department of Public Works and Highways	NAIA Expressway- Phase 2 Project	4,045,155.82
Department of Health	Vaccine Self-Sufficiency Project	3,852,200.00
<b>Total</b>		<b>₱302,481,845.12</b>

- 5.3 *Due from GOCCs* of ₱26,624.00 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 ₱40,678,391.17 represents the receivables from GOCCs which availed of the PDMF Funds as follows:

<b>GOCC</b>	<b>Project</b>	<b>Amount</b>
Manila Water Sewerage System	Rehabilitation, Operation & Maintenance of the Angat Hydro-Electric Power Plant Turbines	₱11,653,315.19
Philippine Bases Conversion and Development Authority	Upgrading of San Fernando Airport Project	29,025,075.98
<b>Total</b>		<b>₱40,678,391.17</b>

- 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 E.O. No. 8. The account was reduced by ₱109,903.22 for the settlement through deduction from the separation pay of the concerned officials and employees of the BOT Center.

5.5 *Other Receivables* include unreconciled accounts taken up from the books of the former BOT Center in the amount of ₱5,275.77.

5.6 *Other Receivables* of ₱742,986,003.42 under the PDMF refer to the amount paid for consultancy services of Transaction Advisors/Consultants that will be reimbursed by either the winning bidder or the implementing agency depending on the outcome of the project.

<b>Project</b>	<b>Amount</b>
Batangas-Manila Natural Gas Pipeline Project	₱ 43,747,346.11
Integrated Luzon Railway Project	172,637,941.65
Laguindingan Airport Development (O&M) Project	34,506,136.52
Laguna Lakeshore Expressway-Dike Project	79,163,237.12
LRT 1 Extension to Dasmarinas, Cavite Project	69,425,240.10
Modernization of the Philippine Orthopedic Center Project	7,878,981.34
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
Regional Prison Facilities through PPP Project	26,046,568.46
NAIA Development Project	36,417,094.15
Road Transport IT Infrastructure Project	49,051,074.28
Plaridel By-Pass Toll Road Project	40,852,897.06
<b>Total</b>	<b>₱742,986,003.42</b>

## 6. Inventories

<b>Accounts</b>	<b>2015</b>	<b>2014</b>
Office Supplies Inventory	₱ 319,702.93	₱216,850.29
Other Supplies Inventory	4,154.80	53,658.80
Semi-Expendable Office Equipment	420,163.52	-
Semi-Expendable Information and Communications Technology Equipment	188,832.70	-
Semi-Expendable Firefighting Equipment	61,448.40	-
Semi-Expendable Furniture and Fixtures	2,689,398.05	-
<b>Total</b>	<b>₱3,683,700.40</b>	<b>₱270,509.09</b>

6.1 In 2015, tangible items below the capitalization threshold of ₱15,000 were reclassified as semi-expendable property. Semi-expendable items remain as inventory until issuance to the end-user.

## 7. Other Current Assets

7.1 The account consists of the following:

Accounts	2015	2014
Advances to Officers and Employees	₱ 11,146.00	₱ -
Prepayments		
Advances to Contractors	674,783.30	-
Prepaid Rent	8,892,296.20	13,764,654.04
Prepaid Insurance	104,578.47	43,364.38
Other Prepaid Expenses	140,785.48	70,531.25
Deposits		
Guaranty Deposits	108,795.65	68,332.76
<b>Total</b>	<b>₱9,932,385.10</b>	<b>₱13,946,882.43</b>

7.2 *Advances to Officers and Employees* refers to the unrefunded excess cash advances granted on December 2015 for travel.

7.3 *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.

7.4 *Prepaid Rent* amounting to ₱8,892,296.20 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.

7.5 *Prepaid Insurance* account amounting to ₱104,578.47 represents the balance of the payment to the Government Service Insurance System for the insurance coverage of PPPCP motor vehicles.

7.6 *Other Prepaid Expenses* amounting to ₱140,785.48 refers to the unexpired portion of the fidelity bond premium with the Bureau of Treasury.

7.7 *Guaranty Deposits* account amounting to ₱108,795.65 represents the meter deposit for the Meralco service in the old office that is due for refund in view of the transfer to new office.

## 8. Property, Plant and Equipment (PPE)

Particulars	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Leased Assets Improvements	Other PPE	Total
Carrying Amount, Jan. 1, 2015	₱30,323,020.19	₱ 5,041,714.29	₱1,365,761.23	₱27,283,920.12	₱ -	₱64,014,415.83
Additions	5,924,987.22	-	4,185,381.49	0.00	-	10,110,368.71
Total	36,248,007.41	5,041,714.29	5,551,142.72	27,283,920.12	-	74,124,784.54
Reclassification/ Disposals	(16,157,040.96)	(194,071.42)	(549,991.19)	(6,636,109.53)	-	(23,537,213.10)

Particulars	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Leased Assets Improvements	Other PPE	Total
Depreciation	(₱ 3,707,187.86)	(₱1,001,435.75)	(₱ 381,588.79)	(₱ 3,923,084.00)	₱ -	(₱ 9,013,296.40)
<b>Carrying Amount, Dec. 31, 2015</b>	<b>₱16,383,778.59</b>	<b>₱ 3,846,207.12</b>	<b>₱4,619,562.74</b>	<b>₱16,724,726.59</b>	<b>₱ -</b>	<b>₱41,574,275.04</b>
Gross Cost	₱26,650,378.61	₱ 8,535,000.00	₱5,053,549.90	₱20,647,810.59	₱ -	60,886,739.10
Accumulated Depreciation	(10,266,600.02)	(4,688,792.88)	(433,987.16)	(3,923,084.00)	-	(19,312,464.06)
<b>Carrying Amount, Dec. 31, 2015</b>	<b>₱16,383,778.59</b>	<b>₱ 3,846,207.12</b>	<b>₱4,619,562.74</b>	<b>₱16,724,726.59</b>	<b>₱ -</b>	<b>₱41,574,275.04</b>
<b>For CY 2014</b>	<b>₱30,323,020.19</b>	<b>₱ 5,041,714.29</b>	<b>₱1,365,761.23</b>	<b>₱27,283,920.12</b>	<b>₱740,366.99</b>	<b>₱64,754,782.82</b>

- 8.1 The additions amounting to ₱10,110,368.71 refer to the purchases or acquisitions made in 2015 including the ICT equipment acquired through direct payment made by the Asian Development Bank under the Capacity Development Assistance Program for the PPP Knowledge Portal.
- 8.2 The disposals amounting to ₱23,537,213.10 are due to reclassification of tangible items below the capitalization threshold of ₱15,000 to semi-expendable properties and donations made in 2015 and prior years.

## 9. Intangible Assets

Computer Software	Amount
Carrying Amount, January 1, 2015 (Included in ICT Equipment)	₱12,496,691.20
Additions – Purchased/acquired thru exchange or non-exchange transaction	1,776,512.10
Total	14,273,203.30
Reclassification/ Disposals/Obsolescence	(2,831,552.24)
Amortization in prior years	(1,086,064.03)
Amortization recognized	(2,219,032.96)
<b>Carrying Amount, December 31, 2015</b>	<b>₱ 8,136,554.07</b>
Gross Cost	₱11,441,651.06
Less: Accumulated Amortization	(3,305,096.99)
<b>Carrying Amount, December 31, 2015</b>	<b>₱ 8,136,554.07</b>

## 10. Other Non-Current Assets

The Other Non-Current Assets recorded in prior years were disposed through donations.



## 11. Financial Liabilities

11.1. Financial Liabilities consist of *Payables* broken down as follows:

Accounts	2015	2014
Due to Officers and Employees	₱1,990,505.86	₱ 1,950,666.01
Accounts Payables	1,900,415.17	-
Other Payables	-	20,235,024.00
<b>Total</b>	<b>₱3,890,921.03</b>	<b>₱22,185,690.01</b>

11.2. 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 2015	₱1,951,250.00
PPPC Officials and Employees	Collective Negotiation Agreement (CNA)	
	Incentives for FY 2014	17,900.32
Rommel Antonio O. Cuenca	Tax Refund	6,833.00
Maria Cristina D. Cleofas	Travel Expenses	320.00
Kathleen Margaret T. Posadas	Travel Expenses	320.00
Juan Alberto B. Mercado	Travel Expenses	1,275.00
Rina P. Alzate	Travel Expenses	5,727.16
Eleazar E. Ricote	Reimbursement of Travel Expenses	3,798.64
PPPC Officials and Employees	Tax Refund	3,081.74
<b>Total</b>		<b>₱1,990,505.86</b>

11.3. The details of *Accounts Payable* is as follows:

Payee	Particulars	Amount
Atty. Mia Mary G. Sebastian	Services rendered for December 2015.	₱ 58,454.45
Triple 7 Manpower Services	Driving, Messengerial and Janitorial Services	546,092.43
LJB Printing Services	Printing of PPP Talk (July-December 2015) Edition	23,000.00

<b>Payee</b>	<b>Particulars</b>	<b>Amount</b>
Philippine Long Distance Telephone Company	Monthly Service charge for billing date December 2015	₱ 37,878.99
PRP Printing Press	Printing of : A PPP Manual for LGU's (3 Volumes)	402,000.00
U-bix Corporation	Rental Charges for October - December 2015.	82,070.03
Petawealth Gasoline	Gasoline consumption and vehicle maintenance for December 2015.	24,325.71
M&M Water Refilling Station	Drinking water for the month of December 2015.	3,125.00
JJJ Newspaper & Magazines	Newspaper subscription for the month of December 2015.	5,834.00
Globe Telecome, Inc	Globe Services for December 2015.	3,500.00
Blue Squad Security, Inc	Security Services	38,683.94
Firstjoy Enterprises	Printing of Revised IRR for BOT Law.	47,500.00
Rockcliffe Ltd.	Subscription of UK Partnership Bulletin.	39,648.00
Light Energy Enterprise	PPP Center Planner with Logo.	70,000.00
Eton Properties Philippines, Inc.	Water Consumption and Meralco Dues for December 2015.	169,555.87
Netrust Philippines, Corporation	Two-Year Subscription of Secure Socket Layer (SSL) Certificates.	106,400.00
Columbia Technologies, Inc	Installation and Commissioning of backup power supply	242,346.75
<b>Total</b>		<b>₱1,900,415.17</b>

## 12. Inter-Agency Payables

12.1. This group of accounts consists of the following:

<b>Accounts</b>	<b>2015</b>			<b>2014</b>
	<b>General Fund</b>	<b>PDMF Fund</b>	<b>Total</b>	
Due to BIR	₱2,001,066.52	₱ 14,966,598.63	₱ 16,967,665.15	₱ 30,560,598.82
Due to GSIS	333,161.72	-	333,161.72	1,235,106.96
Due to Pag-IBIG	36,266.26	-	36,266.26	56,403.66
Due to PhilHealth	6,387.50	-	6,387.50	76,875.00

Accounts	2015		Total	2014
	General Fund	PDMF Fund		
Due to NGAs	₱ -	₱100,000,000.00	₱100,000,000.00	₱100,000,000.00
Due to BTr	-	3,756,443.49	3,756,443.49	2,466,199.61
<b>Total</b>	<b>₱2,376,882.00</b>	<b>₱118,723,042.12</b>	<b>₱121,099,924.12</b>	<b>₱134,395,184.05</b>

- 12.2. Due to BIR are the taxes withheld from employees, suppliers and service providers.
- 12.3. 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 2016.
- 12.4. The *Due to NGAs* amounting to ₱100,000,000.00 represents the initial release of the ₱400,000,000.00 counterpart contribution of the Department of Transportation and Communications (DOTC) to the PDMF. The amount however, was returned to the DOTC through the issuance of check number 307812 dated December 23, 2015, for lack of sufficient legal basis for the transfer.

### 13. Trust Liabilities

- 13.1 The *Trust Liabilities* of ₱1,630,282.41 recorded in 2014 that 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 was paid this year.

### 14. Other Payables

- 14.1 *Other Payables* account under General Fund include unpaid portion of contracts for internet subscription and interior fit-out construction, and the 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
Comclark Network and Technology Corporation	₱ 263,250.51
Innovate Communication, Inc.	336,275.39
VVH Construction Corp.	1,119,134.26
Unclaimed salaries and tax refund of PPPC	
Employees	27,446.05
CEMA refund	458,516.72
<b>Total</b>	<b>₱2,204,622.93</b>

- 14.2 *Other Payables* under PDMF refers to the unpaid balance of the agency for the contract amount of transaction advisory fees to be reimbursed by the winning bidders or from implementing agencies, broken down as follows:

IA	Project	Amount
DOTC	Automatic Fare Collection System Project	₱ 2,172,235.44
MWSS	Bulacan Bulk Water Supply Project	24,368,890.83
DOTC	C5 Transport Service Development Project	2,670,842.94
DPWH	Cavite-Laguna Expressway Project	2,575,805.69
DOTC	Clark International Airport Project	449,445.30
DOTC	Mactan-Cebu International Airport Project	3,109,082.55
DOTC	Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	540,880.88
DOTC	Manila-Makati-Pasay-Taguig Mass Transit Loop Project	5,306,983.62
DOTC	Puerto Princesa Airport Project	2,026,966.14
BCDA	Upgrading of the San Fernando Airport Project	1,198,506.21
<b>Total</b>		<b>₱44,419,639.60</b>

## 15. Contingent Liabilities

- 15.1 The PPPCP has contingent liabilities amounting to ₱1,255,635,270.32 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, broken down as follows:

No.	Project	Implementing Agency	Amount
1	Batangas-Manila Natural Gas Pipeline Project (IDCA 23)	PNOC	₱ 61,252,043.49
2	Bulacan Bulk Water Supply Project (IDCA 012)	MWSS	15,021,634.54
3	C5 Transport Service Development Project	DOTC	11,737,898.52
4	Cavite-Laguna Expressway Project (IDCA 17)	DPWH	1,444,011.33
5	Civil Registry System Information Technology Project-Phase II	PSA	34,255,688.50
6	Clark International Airport	DOTC	22,205,388.14
7	Integrated Luzon Railway Project (IDCA 14)	DOTC	52,682,410.74
8	Integrated Transport System Project ( IDCA 10)	DOTC	47,117,701.45
9	Laguindingan Airport Devt. (Operation and Maintenance) Project	DOTC	49,358,303.22
10	Laguna Lakeshore Expressway-Dike Project	DPWH	69,599,866.16
11	LRT 1 Extension to Dasmarinas Cavite (IDCA 022)	DOTC	32,504,393.94
12	LRT Line 6 Project	DOTC	87,851,728.00
13	Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System	DOTC	74,226,427.83
14	Manila-Makati-Pasay-Taguig Mass Transit Loop System (IDCA 016)	DOTC	10,388,957.54
15	Motor Vehicle Inspection System Project (IDCA 021)	DOTC	45,985,717.59
16	NAIA Development Project	DOTC	183,641,322.40
17	New Bohol (Panglao) Airport Devt Project (IDCA 5)	DOTC	44,614,762.92
18	New Centennial Water Source Project (IDCA 03)	MWSS	47,470,313.31

No.	Project	Implementing Agency	Amount
19	O & M of Iloilo, Davao and Bacolod Airports Project (IDCA 18)	DOTC	₱ 120,145,294.87
20	Plaridel By-Pass Toll Road Project	DPWH	64,355,963.76
21	Puerto PRincesa Airport Project (IDCA 019)	DOTC	15,083,074.50
22	Regional Prison Facilities thru PPP Project (IDCA 015)	DOJ	34,447,325.39
23	Rehabilitation, O&M of Angat Hydro-Electric Power Plant (IDCA 9)	MWSS	14,948,147.83
24	Road Transport IT Infra Phase Project	DOTC	65,798,450.21
25	Upgrading of San Fernando Airport Project (IDCA 20)	BCDA	49,498,444.14
<b>Total</b>			<b>₱1,255,635,270.32</b>

## 16. Accumulated Surplus/ (Deficit)

Particulars	2015			2014
	General Fund	PDMF Fund	Total	
Balance, Jan. 1, 2015	₱66,972,306.55	₱ 800,554,219.31	₱ 867,526,525.86	₱246,067,541.76
Changes in Accounting Policy	(1,963,293.79)	-	(1,963,293.79)	318,504,964.88
Prior Period Adjustments	(4,660,678.97)	-	(4,660,678.97)	(8,299,610.61)
Adjustment of net revenue recognized directly in net assets/equity	-	(16,515,098.51)	(16,515,098.51)	-
Surplus (Deficit) for the Period	(458,258.52)	1,038,568,206.39	1,038,109,947.87	311,253,629.83
<b>Balance, Dec. 31, 2015</b>	<b>₱59,890,075.27</b>	<b>₱1,822,607,327.19</b>	<b>₱1,882,497,402.46</b>	<b>₱867,526,525.86</b>

- 16.1 Changes in Accounting Policy amounting to ₱1,963,293.79 refers to the effect of change in residual value of PPE and reclassification below ₱15,000.00 threshold.

## 16.2 Prior Period Adjustments

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

<i>General Fund</i>		
Particulars	Amount	
Unrecognized prior period transactions:		
Separation benefits of L. Ucab & J. Mayang	₱	186,444.22
Refund for excess cash advance for year-end activities		20,695.00
Prior periods amortization of intangible assets		1,086,064.03
Adjustment on accumulated depreciation due to donations		2,152,059.79
Cancelled check no. 660654		(7,295.90)

Particulars	Amount
Adjustment in recognition of donation in kind for ICT equipment	₱1,222,711.83
<b>Total</b>	<b>₱4,660,678.97</b>

16.2.2 In PDMF, the amount of ₱16,515,098.51 were adjustments in prior years for the recognition of service income/administrative cost for PDMF fund and ADB amounting to ₱7,941,229.23 and ₱8,573,869.28, respectively.

## 17. Service and Business Income

17.1 This consists of the following:

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Interest Income	₱ 0.45	₱ 79,744.75	₱ 79,745.20	₱ 70,645.81
Other Service Income	-	74,828,336.96	74,828,336.96	89,736,541.43
Other Business Income	27,000.00	-	27,000.00	194,000.00
<b>Total</b>	<b>₱27,000.45</b>	<b>₱74,908,081.71</b>	<b>₱74,935,082.16</b>	<b>₱90,001,187.24</b>

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

17.3 *Other Business Income* amounting to ₱27,000.00 refers to the sale of bid documents that is deposited at PPPCP Trust Account at LBP.

17.4 *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.

Project	Amount
Mactan-Cebu International Airport (New Passenger Terminal) Project	₱ 870,654.84
Modernization of the Philippine Orthopedic Center	3,471,415.95
Civil Registry System Information Technology Project Phase II	3,713,899.73
Plaridel By-Pass Toll Road Project	3,310,644.92
Rehabilitation & Maintenance of the Angat Hydro-Electric Power Plant	1,113,162.52
Integrated Transport System Project	4,347,824.12
Improvement/Rehabilitation of Quirino Highway Project	1,338,218.47
Bulacan Bulk Water Supply Project	3,106,339.00
Integrated Luzon Railway Project	15,694,358.33
Road Transport IT Infra Phase II Project	4,459,188.57
Manila-Makati-Pasay-Taguig Mass Transit Loop Project	7,506,535.33

<b>Project</b>	<b>Amount</b>
Cavite-Laguna Expressway Project	₱ 4,146,076.65
NAIA Development Project	3,310,644.92
Puerto Princesa Airport Project	202,696.61
Upgrading of the San Fernando Airport Project	1,961,109.16
LRT 1 Extension to Dasmarinas, Cavite Project	3,959,461.35
Batangas-Manila Natural Gas Pipeline Project	2,513,323.07
Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	54,088.09
C5 Transport Service Development Project	3,309,706.90
Laguna Lakeshore Expressway-Dike Project	4,794,209.28
Clark International Project	1,644,779.15
<b>Total</b>	<b>₱74,828,336.96</b>

## 18. Shares, Grants and Donations

18.1 This consists of the following:

<b>Accounts</b>	<b>2015</b>	<b>2014</b>
Income from Grants and Donations In Cash	₱ -	₱ 274,691.63
Income from Grants and Donations In Kind	4,073,642.07	16,684,570.14
<b>Total</b>	<b>₱4,073,642.07</b>	<b>₱16,959,261.77</b>

18.2 *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.

## 19. Personnel Services

19.1 This consists of the following:

<b>Accounts</b>	<b>2015</b>	<b>2014</b>
Salaries and Wages – Regular	₱42,486,487.30	₱37,179,991.86
Other Compensation	15,533,964.91	21,363,208.69
Personnel Benefit Contributions	5,793,593.59	5,037,872.34
Other Personnel Benefits	5,682,872.51	341,267.66
<b>Total</b>	<b>₱69,496,918.31</b>	<b>₱63,922,340.55</b>

## 20. Maintenance and Other Operating Expenses (MOOE)

20.1 This consists of the following:

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Traveling Expenses	₱ 2,258,040.15	₱ -	₱ 2,258,040.15	₱ 4,806,129.42
Training and Scholarship Expenses	2,927,351.03	-	2,927,351.03	2,377,999.27
Supplies and Materials Expenses	1,654,515.88	-	1,654,515.88	1,694,994.08
Utility Expenses	2,065,670.99	-	2,065,670.99	2,364,667.58
Communication Expenses	2,215,706.08	-	2,215,706.08	4,443,886.48
Confidential, Intelligence and Extraordinary Expenses	1,014,522.76	-	1,014,522.76	809,581.82
Professional Services	2,938,202.31	-	2,938,202.31	3,409,512.44
General Services	4,343,805.23	-	4,343,805.23	5,462,022.36
Repairs and Maintenance	734,421.05	-	734,421.05	674,875.84
Taxes, Duties and Licenses	310,999.08	264,030.04	575,029.12	405,740.48
Other Maintenance and Operating Expenses	24,630,573.38	-	24,630,573.38	6,742,237.40
<b>Total</b>	<b>₱45,093,807.94</b>	<b>₱264,030.04</b>	<b>₱45,357,837.98</b>	<b>₱33,191,647.17</b>

### 20.2 Traveling Expenses

Accounts	2015	2014
Traveling Expenses – Local	₱ 709,285.03	₱ 559,145.17
Traveling Expenses –Foreign	1,548,755.12	4,246,984.25
<b>Total</b>	<b>₱2,258,040.15</b>	<b>₱4,806,129.42</b>

*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.

### 20.3 Training and Scholarship Expenses

Accounts	2015	2014
Training Expenses	₱2,927,351.03	₱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.



#### 20.4 Supplies and Materials Expenses

Accounts	2015	2014
Office Supplies Expenses	₱ 898,956.54	₱ 668,267.84
Fuel, Oil and Lubricants Expenses	755,559.34	1,026,726.24
<b>Total</b>	<b>₱1,654,515.88</b>	<b>₱1,694,994.08</b>

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

#### 20.5 Utility Expenses

Accounts	2015	2014
Water Expenses	₱ 262,254.70	₱ 322,876.23
Electricity Expenses	1,803,416.29	2,041,791.35
<b>Total</b>	<b>₱2,065,670.99</b>	<b>₱2,364,667.58</b>

#### 20.6 Communication Expenses

Accounts	2015	2014
Postage and Courier Services	₱ 170,610.14	₱ 196,991.22
Telephone Expenses	1,324,785.24	1,202,706.26
Internet Subscription Expenses	720,310.70	3,044,189.00
<b>Total</b>	<b>₱2,215,706.08</b>	<b>₱4,443,886.48</b>

#### 20.7 Confidential, Intelligence and Extraordinary Expenses

Accounts	2015	2014
Extraordinary and Miscellaneous Expenses	₱1,014,522.76	₱809,581.82

#### 20.8 Professional Services

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Legal Services	₱ 10,700.00	₱ -	₱ 10,700.00	₱ 10,519.80
Consultancy Services	1,272,212.23	-	1,272,212.23	2,803,368.43
Other Professional Services	1,655,290.08	-	1,655,290.08	595,624.21
<b>Total</b>	<b>₱2,938,202.31</b>	<b>₱ -</b>	<b>₱2,938,202.31</b>	<b>₱3,409,512.44</b>

## 20.9 General Services

Accounts	2015	2014
Janitorial Services	₱ 780,821.97	₱1,135,290.16
Security Services	891,173.52	1,451,277.84
Other General Services	2,671,809.74	2,875,454.36
<b>Total</b>	<b>₱4,343,805.23</b>	<b>₱5,462,022.36</b>

The *Other General Services* account includes the costs of driving and messenger services.

## 20.10 Repairs and Maintenance

Accounts	2015	2014
Repairs and Maintenance – Buildings	₱ -	₱ 18,942.50
Repairs and Maintenance – Machinery and Equipment	19,334.00	55,579.94
Repairs and Maintenance – Transportation Equipment	668,996.05	599,013.65
Repairs and Maintenance – Other PPE	46,091.00	1,339.75
<b>Total</b>	<b>₱734,421.05</b>	<b>₱674,875.84</b>

## 20.11 Taxes, Insurance Premiums and Other Fees

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Taxes, Duties and Licenses	₱ 570.00	₱264,030.04	₱264,600.04	₱182,354.13
Fidelity Bond Premiums	110,843.75	-	110,843.75	85,281.25
Insurance Expenses	199,585.33	-	199,585.33	138,105.10
<b>Total</b>	<b>₱310,999.08</b>	<b>₱264,030.04</b>	<b>₱575,029.12</b>	<b>₱405,740.48</b>

## 20.12 Other Maintenance and Operating Expenses

Accounts	2015	2014
Advertising Expenses	₱ 9,774.00	₱ 85,366.40
Printing and Publication Expenses	1,049,455.00	837,515.00
Representation Expenses	1,391,207.04	1,450,471.71
Transportation and Delivery Expenses	24,500.00	3,110.00
Rent/Lease Expenses	22,058,972.34	3,804,050.11
Subscription Expenses	96,665.00	556,790.43
Other Maintenance and Operating Expenses	-	4,933.75
<b>Total</b>	<b>₱24,630,573.38</b>	<b>₱6,742,237.40</b>

## 21. Financial Expenses

Accounts	2015			2014
	General Fund	PDMF Fund	Total	
Bank Charges	₱1,366.77	₱ 75,683.16	₱ 77,049.93	₱103,375.13
Other Financial Charges	-	321,975.60	321,975.60	297,611.44
<b>Total</b>	<b>₱1,366.77</b>	<b>₱397,658.76</b>	<b>₱399,025.53</b>	<b>₱400,986.57</b>

The *Financial Expenses* recorded for the year refer to bank and other financial charges incurred including documentary stamp taxes charged by the bank for foreign currency transactions.

## 22. Non-Cash Expenses

### 22.1 Depreciation

Accounts	2015	2014
Depreciation – Machinery and Equipment	₱3,707,187.86	₱1,627,437.50
Depreciation – Transportation Equipment	1,001,435.75	89,238.85
Depreciation – Furniture, Fixtures and Books	381,588.79	948,728.57
Depreciation – Other Leased Assets Improvements	3,923,084.00	-
<b>Total</b>	<b>₱9,013,296.40</b>	<b>₱2,665,404.92</b>

### 22.2 Amortization

Accounts	2015
Amortization-Intangible Assets	₱2,219,032.96

## 23. Net Financial Assistance/Subsidy

Accounts	2015		
	General Fund	PDMF Fund	Total
Subsidy from National Government	₱972,316,091.53	₱109,240,659.87	₱1,081,556,751.40
Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs	(851,050,567.00)	851,050,567.00	-
<b>Net Financial Assistance/Subsidy</b>	<b>₱121,265,524.53</b>	<b>₱960,291,226.87</b>	<b>₱1,081,556,751.40</b>

## 24. Net Gain

Accounts	2015	2014
Gain on revaluation of foreign currency (PDMF)	₱4,030,586.61	₱2,341,697.63
Loss on Foreign Exchange (General Fund)	(3.19)	17,486.13
<b>Total</b>	<b>₱4,030,583.42</b>	<b>₱2,324,211.50</b>

## 25. Statement of Comparison of Budget and Actual Amount

25.1 The budget that was approved by virtue of RA No. 10651 covers the fiscal period January 1, 2015 to December 31, 2015.

25.2 The difference between the final budget and actual amount are shown as follows:

Accounts	Amount	Remarks
Personnel Services	₱ 2,009,248.55	Reverted to the General Fund for unobligated allotment
Maintenance and Other Operating Expenses	1,165,450,700.82	Late release of SARO No. A-15-0028799 in the amount of ₱1,161,612,083.00 received for PDMF augmentation of the Government of the Philippines (GPO) contribution to the PDMF per OP Approval dated December 16, 2015. Amount reverted to the General Fund per DBM Budget Circular No. 2015-2 in the amount of ₱1,022,187.50 and unobligated allotment amounting to ₱2,816,430.50
<b>Total</b>	<b>₱1,167,459,949.37</b>	

## OBSERVATIONS AND RECOMMENDATIONS

### Long Outstanding and Uncollected Receivables

1. Long outstanding receivables amounting to ₱61,593,560.18 representing project development cost advanced by the PPP Center to the Implementing Agencies (IAs) for projects which were terminated/not pursued, remained uncollected as of year end, thereby affecting the liquidity of the PDMF Fund.

1.1 The PDMF Guidelines approved by the PDMF Board (now PDMF Committee) under Executive Order (EO) No. 136 s. 2013 provided the following revolving fund features:

- (a) *On successful completion of the bidding process, the project development cost will be recovered from the successful bidder plus an administrative fee of 10%.*
- (b) *The reimbursement of the project development cost will be a condition precedent for contract award to the private sector proponent or concessionaire.*
  - *The implementing agency/local government unit (IA/LGU) will repay the project development cost in full plus the administrative fee, when due to reasons within the IA/LGU's responsibility, it fails to:*
    - *Bid out the project;*
    - *Conclude the bidding process and/or;*
    - *Sign the contract with the winning bidder*
  - *When the failure is due to reason beyond IA/LGU's responsibility or control, it will repay 50% of the project development cost and the administrative fee.*
  - *The cost of concluding such pre-feasibility or feasibility study will be reimbursed by the IA, thru the budgetary process, to the PDMF when:*
    - *The pre-feasibility or feasibility study of a Project approved for PDMF funding demonstrates that the project will not be feasible; or*
    - *The project fails to obtain ICC or NEDA Board approval and will no longer be pursued.*
  - *These repayment procedures will be stipulated in the Technical Assistance Agreement (TAA) that will be executed between the PPP Center and the IA/LGU prior to initiation of consultant selection.*

- 1.2 In CY 2015, the Due from NGAs and GOCCs accounts amounting to ₱302,481,845.12 and ₱40,678,391.17, respectively, is 31.59 percent of the total Receivables of ₱1,086,146,239.71 under PDMF Funds. These accounts represent receivable from the Implementing Agencies (IAs) such as National Government Agencies (NGAs), and Government Owned and Controlled Corporations (GOCCs) who availed of the PDMF funds for project development cost advanced by the PPP Center to the Transaction Advisors/Consultants.
- 1.3 Records showed that the agency had already issued collection/demand letters to these IAs for the recovery of the project development cost including the 10 percent administrative cost. The portion pertaining to administrative cost is treated as income of the PPP Center. As a result of the said demand letters, in CY 2015, project development cost amounting to ₱187,749,997.00 was collected from the concerned Implementing Agencies. However, past due accounts amounting to ₱61,593,560.18 were not yet collected. Below are the details of uncollected receivables:

Implementing Agencies/ Projects	Amount	Current (Less than one year)	Over 1 Year	Past Due Accounts		Total
				Over 2 Years	3 yrs & above	
<b>Due from GOCCs</b>						
<b>Metropolitan Waterworks &amp; Sewerage System (MWSS)</b>						
Rehabilitation, Operation & Maintenance of the Angat Hydro-Electric Power Plant Turbines	₱ 11,653,315.19	₱ -	₱ -	₱11,653,315.19	₱ -	₱11,653,315.19
<b>Bases Conversion Development Authority</b>						
Upgrading of San Fernando Airport Project	29,025,075.98	29,025,075.98	-	-	-	-
	<b>₱ 40,678,391.17</b>	<b>₱ 29,025,075.98</b>	<b>₱ -</b>	<b>₱11,653,315.19</b>	<b>₱ -</b>	<b>₱11,653,315.19</b>
<b>Due From NGAs</b>						
<b>Department of Transportation and Communications (DOTC)</b>						
Automatic Fare Collection System Project	₱ 28,320,969.60	₱ 28,320,969.60	₱ -	₱ -	₱ -	₱ -
C5 Transport Service Devt. Project	43,415,580.21	43,415,580.21	-	-	-	-
Mactan-Cebu Intl Airport New Passenger Terminal	26,119,998.43	-	26,119,998.43	-	-	26,119,998.43
Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	9,396,335.15	9,396,335.15	-	-	-	-
Manila-Makati-Pasay-Taguig Mass Transport Loop Project	117,524,707.48	117,524,707.48	-	-	-	-
Puerto Princesa Airport	35,791,437.00	35,791,437.00	-	-	-	-
Clark International Airport	18,092,570.69	18,092,570.69	-	-	-	-
<b>Department of Public Works and Highways (DPWH)</b>						
Improvement/Rehabilitation Of Quirino Highway Project	15,922,890.74	-	-	15,922,890.74	-	15,922,890.74
NAIA Expressway-Phase 2	4,045,155.82	-	-	-	4,045,155.82	4,045,155.82
<b>Department of Health</b>						
Vaccine Self-Sufficiency Project (VSSP)	3,852,200.00	-	-	3,852,200.00	-	3,852,200.00
	<b>₱302,481,845.12</b>	<b>₱252,541,600.13</b>	<b>₱26,119,998.43</b>	<b>₱19,775,090.74</b>	<b>₱4,045,155.82</b>	<b>₱49,940,244.99</b>
<b>TOTAL</b>	<b>₱343,160,236.29</b>	<b>₱281,566,676.11</b>	<b>₱26,119,998.43</b>	<b>₱31,428,405.93</b>	<b>₱4,045,155.82</b>	<b>₱61,593,560.18</b>

- 1.4 The table above showed the terminated projects with past due accounts ranging from one year to three years with an aggregate amount of ₱61,593,560.18. The amount needs to be reimbursed 100 percent by the IAs since the causes of termination were within their responsibility, as explained below:

Projects	Causes of Termination
Rehabilitation, Operation & Maintenance of the Angat Hydro-Electric Power Plant	Project will not be pursued through PPP. Collection letter was sent on October 12, 2015.

<b>Projects</b>	<b>Causes of Termination</b>
Turbines	
Upgrading of San Fernando Airport Project	Project will not be pursued through PPP; PDMF-supported consulting contract terminated.
Automatic Fare Collection System Project	DOTC shall cover the cost implication of the 5th amendment to the consulting contract per the Amended Technical Assistance Agreement dated January 20, 2015.
C5 Transport Service Devt. Project	IA requested PPP Center to terminate the PDMF-supported consulting contract in view of National Capital Region-Regional Development Council's (NCR-RDC) requirement for the Project to be pursued as a full Bus Rapid Transit (BRT) system.
Mactan-Cebu International Airport New Passenger Terminal	DOTC shall cover the cost implication of the 3rd amendment to the consulting contract per Project Study Committee (PSC) Resolution No. 2013-01.
Manila Bay-Pasig/Marikina River-Laguna Lake Ferry System Project	IA requested termination of the PDMF-supported consulting contract due to extended project timeline.
Mass Transport System Loop project	IA requested PPP Center to terminate the PDMF-supported consulting contract considering that the Project, as structured/packaged, cannot be implemented through PPP.
Puerto Princesa Airport	IA requested PPP Center to terminate the PDMF-supported consulting contract in view of possible security issues raised by Department of National Defence (DND)-Philippine Air Force (PAF).
Clark International Airport	IA requested termination of the PDMF-supported consulting contract due to extended project timeline.
Improvement/Rehabilitation of Quirino Highway Project	Project will not be pursued through PPP.
NAIA Expressway-Phase 2	DPWH executed a Technical Assistance Agreement (TAA) with Coordinating Council for Private Sector Participation (CCPSP) (PPP Center's predecessor) in May 2001 to tap the latter's Project Development Facility (PDF) for NAIA Expressway Project's pre-investment activities (conduct of FS, bid docs preparation, etc). Said TAA was pre-terminated following DPWH's decision to implement a segment of the

Projects	Causes of Termination
	Project through ODA financing.
Vaccine Self-Sufficiency Project (VSSP)	VSSP was not pursued through PPP in view of DOH's decision to use its own budget under the Health Facilities Enhancement Program.

- 1.5 We recommended that Management ensure liquidity of the PDMF Fund by requiring the Implementing Agencies to immediately repay the project development cost in full plus the 10 percent administrative cost.

### Unreliable balance of Due from NGAs account pertaining to PS-DBM

2. The balance of the Due from NGAs account of ₱302,620,533.97 included the amount of ₱138,688.85 pertaining to Procurement Service-Department of Budget and Management (PS-DBM) account, which is overstated by ₱132,327.50 due to unrecorded deliveries of common office supplies. Moreover, Subsidiary Ledgers (SLs) were not updated.

- 2.1 Paragraph 29 of PPSAS 1 – Presentation of Financial Statement explicitly provides:

*“A fair presentation also requires an entity to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.”* (underscoring supplied).

- 2.2 Under the General Fund, the Due from NGAs account pertaining to PS-DBM amounting to ₱138,688.85 did not tally with the PS-DBM records. Results of the confirmation of balances as of December 31, 2015 revealed that PS-DBM has a balance of ₱6,361.35 in their books for the Due to PPPCP account, thus resulting to a discrepancy of ₱132,327.50. The details of procurement and deliveries are as follows:

	Per Books	Balance Per PS-DBM	Variance	Remarks																											
Beginning Balance, 1/1/2015	₱ 42,565.76	₱ 15,532.79	₱ 27,032.97	Unreconciled amount from previous years																											
Advances to PS-DBM	763,610.29	779,158.29	(15,548.00)	Per PS-DBM records, there was also an unrecorded return amounting to ₱15,548.00. There was actually no return of supplies to PS-DBM per inquiry with the supply/property officer.																											
Deliveries	(667,487.20)	(788,329.73)	120,842.53	It was discovered that the following deliveries were not recorded in the SL of the agency, thus overstating the said accounts as follows:																											
				<table><tr><th>Date</th><th>Reference</th><th>Amount</th></tr><tr><td>1/14/2015</td><td>CSE15-00000224</td><td>₱ 2,112.48</td></tr><tr><td>1/20/2015</td><td>CSE15-0000112-R</td><td>1,201.76</td></tr><tr><td>2/9/2015</td><td>CSE15-000001273</td><td>6,317.00</td></tr><tr><td>2/23/2015</td><td>CSE15-000001465</td><td>5,119.50</td></tr><tr><td>2/23/2015</td><td>CSE15-000001553</td><td>3,300.50</td></tr><tr><td>3/18/2015</td><td>CSE15-000003560</td><td>1,571.44</td></tr><tr><td>11/14/2015</td><td>NCSE15-00002675</td><td>101,219.85</td></tr><tr><td></td><td></td><td><u>₱120,842.53</u></td></tr></table>	Date	Reference	Amount	1/14/2015	CSE15-00000224	₱ 2,112.48	1/20/2015	CSE15-0000112-R	1,201.76	2/9/2015	CSE15-000001273	6,317.00	2/23/2015	CSE15-000001465	5,119.50	2/23/2015	CSE15-000001553	3,300.50	3/18/2015	CSE15-000003560	1,571.44	11/14/2015	NCSE15-00002675	101,219.85			<u>₱120,842.53</u>
Date	Reference	Amount																													
1/14/2015	CSE15-00000224	₱ 2,112.48																													
1/20/2015	CSE15-0000112-R	1,201.76																													
2/9/2015	CSE15-000001273	6,317.00																													
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3/18/2015	CSE15-000003560	1,571.44																													
11/14/2015	NCSE15-00002675	101,219.85																													
		<u>₱120,842.53</u>																													
Ending Balance, 12/31/2015	₱138,688.85	₱ 6,361.35	₱132,327.50																												



- 2.3 In view of the non-reconciliation of the record with PS-DBM, the *Due from NGA* account pertaining to PS-DBM was overstated by ₱132,327.50.
- 2.4 **We recommended that Management require the Accountant to:**
- a) **Analyze the Due from NGAs account pertaining to PS-DBM, reconcile balance with the records of the PS-DBM, and prepare adjustments, if warranted; and**
  - b) **Regularly update the SLs and record all payments made and deliveries received to/from PS-DBM.**
- 2.5 The Management commented that they have recorded the deliveries of common supplies in the amount of ₱132,327.50 per JEV No. 2016-03-083 dated March 16, 2016 and updated the Subsidiary Ledger for Due from NGAs account pertaining to PS-DBM.
- 2.6 Auditor's Rejoinder:

The agency should always ensure that all deliveries from PS-DBM should be recorded in the books of accounts and update the Subsidiary Ledger to come up with the correct balance of the account.

### **Non-issuance of the Official Receipt**

### **3. The Agency did not issue Official Receipts for the Project Development Cost amounting to ₱133,405,772.69 paid/deposited by the winning bidders direct to the PDMF account in violation of Section 68 of Presidential Decree (PD) 1445.**

- 3.1 Section 68 of PD 1445 provides that: *“(1) no payment of any nature shall be received by a collecting officer without immediately issuing an official receipt in acknowledgment thereof. The receipt may be in the form of postage, internal revenue or documentary stamps and the like, or officially numbered receipts, subject to proper custody, accountability, and audit.”*
- 3.2 Result of the cash examination on the cash and accounts of the Collecting Officer (CO) revealed that the deposit of ₱34,259,150.50 to the PDMF Fund by Megawide Construction Corporation and WM Property Management, Inc. pertaining to the reimbursement of the Project Development Cost for the Integrated Transport System Project-Southwest Terminal were not issued Official Receipts.
- 3.3 Further verification of the records showed that in CY 2014 and 2015, the agency either did not issue and/or issued late official receipts on collections from the winning bidders totaling ₱133,405,772.69 and ₱70,729,298.57, respectively,

who deposited their payments directly to the PDMF accounts (Acct. Nos. 1872-xxxx-02, 1872-xxxx-15 and 1872-xxxx-23), as shown below:

Date	JEV No.	Payer	Projects	No OR Issued	Late OR Issued	Total
Feb. 19, 2014	2014-02-049	Automated Fare Collection Services, Inc.	AFCS Project	₱ 93,519,164.85	₱ -	₱ 93,519,164.85
Apr. 10, 2014	2014-04-107	GMR Infrastructure & Megawide Consortium (OR issued October 2014)	Mactan-Cebu Intl Airport Project	-	70,729,298.57	70,729,298.57
June 25, 2014	2014-07-197	Dept of Education	PSIP II Project	5,627,457.34	-	5,627,457.34
<b>Sub-total, Collections by the Previous CO</b>				<b>₱ 99,146,622.19</b>	<b>₱70,729,298.57</b>	<b>₱169,875,920.76</b>
Feb. 4, 2015	2015-03-023	Megawide Construction Corporation	Integrated Transport System	₱ 17,129,425.25	₱ -	₱ 17,129,425.25
		WM Property Management, Inc.	Project-Southwest Terminal	17,129,725.25	-	17,129,725.25
<b>Collections by the Incumbent CO</b>				<b>₱ 34,259,150.50</b>	<b>₱ -</b>	<b>₱ 34,259,150.50</b>
<b>Total</b>				<b>₱133,405,772.69</b>	<b>₱70,729,298.57</b>	<b>₱204,135,071.26</b>

3.4 Moreover, according to the Cashier, the Financial Analyst of the PDMF who managed the preparation of billing statements did not immediately inform her of the deposit resulting to the non/late issuance of ORs.

3.5 **We recommended that Management:**

- a. **Require the Cashier to issue the prescribed official receipt or Accountable Form No. 51-C for collections of ₱133,405,772.69 received. Henceforth, promptly issue the required official receipt pursuant to Section 68 of PD 1445; and**
- b. **Direct the Financial Analyst of the PDMF to furnish the Cashier and the Accounting Division a copy of the billing statements for recording and monitoring of the accounts of the PDMF Fund.**

3.6 The Management commented that the Accountable Officer has been issuing official receipts for all collections received and even the direct deposits made by the winning bidders upon receipt of advice from the Project Development and Monitoring Facility Service (PDMFS) and verification from the Land Bank of the Philippines (LBP). However, they still inquire if the issuance of an official receipt is still necessary for direct deposits made to the Authorized Government Depository Bank (AGDB) since it is not indicated in Section 41, Chapter 5, Volume 1 of the Government Accounting Manual (GAM).

3.7 Auditor's Rejoinder:

Although, the direct deposit to AGDB per abovementioned provision does not indicate the issuance of official receipt, the agency should still issue an official receipt as the principal and acceptable evidence of receipt of payment for disbursements or services rendered. Likewise, on the part of the payee/recipient, the official receipt issued by the agency is needed as the documentary requirements of the BIR for tax purposes. Finally, the agency had complied with

the audit recommendations and they issued official receipts dated February 19, 2016 for the collections amounting to ₱133,405,772.69.

#### **Delayed submission of copies of Purchase Orders (POs)/Job Orders (JOs)/Contracts**

**4. Contracts aggregating ₱7,144,811.44 were submitted to the Office of the Auditor beyond the prescribed period in violation of COA Circular No. 2009-001 dated February 12, 2009 and COA Circular No. 2012-001 dated June 14, 2012, thereby, causing delay in the review thereof.**

4.1 Section 3.2.1 of COA Circular No. 2009-001 provides that *“a copy of any purchase order irrespective of amount, each and every supporting document, shall, within five (5) 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.”*

4.2 Section 9.2.4 of COA Circular No. 2012-001 dated June 14, 2012 provides the guidelines on the additional documentary requirements in submitting Purchase Orders/Job Orders within five working days from the execution of the contract as follows:

- *Price quotations from at least three bonafide and reputable manufacturers/suppliers/distributors*
- *Abstract of Canvass*
- *In case of small value procurement*
  - *Letter/invitation to submit proposals*

#### *Delayed submission of contracts*

4.3 Verification disclosed that the submission of 47 Purchase Orders/Job Orders/Contracts aggregating ₱7,144,811.44 were delayed as follows:

Particulars	Total Received		Delayed Submission	
	Number	Amount	Number	Amount
Purchase Orders	5	₱ 190,050.00	1	₱ 71,200.00
Job Orders	49	2,677,101.00	35	1,417,604.00
Contract of Service	42	2,939,942.15	3	348,700.40
Contracts	10	₱ 6,395,640.04	8	₱5,307,307.04
<b>Total</b>	<b>106</b>	<b>₱12,202,733.19</b>	<b>47</b>	<b>₱7,144,811.44</b>
			<b>44%</b>	<b>59%</b>

4.4 The above table showed that out of 106 contracts received totaling ₱12,202,733.19, 47 contracts amounting to ₱7,144,811.44 or 59 percent of the total amount were not submitted to COA within five (5) working days from its perfection in violation of COA Circular No. 2009-001 dated February 12, 2009,

and causing delay in the review of the contracts as well as in taking the appropriate action on the deficiencies noted (Annex B).

- 4.5 Delays in the submission ranged from 1 to 65 days. It was also noted that the date of acceptance of some POs/JOs by the suppliers were not indicated in the PO, hence the liquidated damages in case of delay in deliveries cannot be determined.

*Documentary requirements were not submitted together with the POs/JOs*

- 4.6 It was also noted that all POs/JOs submitted were not supported with the additional documentary requirements such as the price quotations from at least three bonafide reputable manufacturers/suppliers/distributors, abstract of canvass, and in the case of small value procurement, a letter/invitation to submit proposals, hence, evaluation/review of POs/JOs were not established.

- 4.7 We recommended that Management require the Supply/Property Officer to furnish the Office of the Auditor copies of perfected contracts together with the documentary requirements within five working days from issuance thereof to comply with the requirements set forth in COA Circular No. 2009-001 and COA Circular No. 2012-001.**

- 4.8 The Management commented that copies of the contracts were submitted as attachments to the Disbursement Vouchers that were submitted to the Audit Team. Further, they will ensure submission of the same within the deadline set forth in COA Circular No. 2009-001.

- 4.9 Auditor's Rejoinder:

Although, they have attached the said documentary requirements to the Disbursement Vouchers submitted to the Audit Team, they should also comply with the requirements pertaining to the submission of contracts/POs/JOs for review of the Audit Team within five working days from execution thereof.

**Obsolete/spoiled checks still being kept in the agency's vault**

- 5. Obsolete and spoiled checks of bank accounts already closed were not disposed but kept in the agency's vault, which is not in accordance with sound internal control procedure to avoid/prevent possible unauthorized use.**

- 5.1 *"Sound internal control provides that obsolete/cancelled/spoiled checks should be disposed to prevent the possibility of unauthorized use."*

- 5.2 The cash examination conducted on the accounts of the Cashier done on July 29, 2015 disclosed that the following obsolete checks under closed bank accounts are still being kept in the agency's vault:

Bank Account	Year Closed	Check Series	No. of pcs.	Year Used
PNB Account No. 224-xxxxx2-8	2010	029618-029700	83	1996
Landbank Account No. 002005-xxxx-68 (DTI-BOTC-Reg)	2011	0000641742-0000642100	359	2011
Landbank Account No. 002005-xxxx-68 (DTI-BOTC-Reg) (with payees)	2011	0000641716; 0000641734	2	2011
Landbank Account No. 002005-xxxx-50 (DTI-BOTC-AP)	2012	0000517401-0000517500	100	2012
<b>Total</b>			544	

- 5.3 It was also found out that these checks are from the Build-Operate and Transfer Center (BOTC), the PPPCP's predecessor. Non-disposal of spoiled checks unnecessarily burdens the agency with the associated cost of, among others, storage, record-keeping and maintenance.

- 5.4 We recommended that Management immediately dispose the obsolete and spoiled checks by destruction in the presence of the Disposal Committee and witnessed by a COA representative to prevent possible unauthorized use.**

- 5.5 The Management commented that they have already transmitted the unused checks pertaining to Philippine National Bank (PNB) Account Number 224-839982-8 with check series 029618-029700 to PNB's Manila Office pursuant to PNB's instruction to forward the same. The Land Bank of the Philippines (LBP) unused checks for Account Number 002005-9026-68 and 002005-9026-50 with checks series 0000641742-0000642100 and 0000517500, respectively, have already been destroyed in the presence of Audit Team in compliance with the audit recommendation.

- 5.6 Auditor's Rejoinder:

As in the case of PNB checks that were forwarded to PNB, the destruction of the obsolete checks is the responsibility and accountability of the person accountable thereof. The depository bank has neither authority nor responsibility to dispose the same.

### **Evaluation of Agency's accomplishment vis-a-vis Major Final Output (MFO)**

- 6. The agency favourably accomplished their objectives and surpassed the physical targets under its CY 2015 Major Final Output.**

- 6.1 RA No. 10650 (General Appropriation Act for CY 2015) provided the agency with one Major Final Output (MFO) – **PPP Project Advisory, Management and Monitoring Services** with a total budget of ₱42,326,000.00. The amount of ₱40,117,932.48 was utilized, thereby leaving a balance of ₱2,208,067.52. The MFO has four (4) components with the corresponding budget allocation and utilization for the year presented as follows:

Table I  
MFO Components and Budget Allocation and Utilization

No. Of Components	Particulars	MFO Budget		Actual Utilization	Delivery Rate
		Amount	% Share		
1	Project Development and Advisory Assistance Management	₱ 9,913,000.00	23.42%	₱ 9,748,276.77	98%
2	Administration of the Project Development and Monitoring Facility (PDMF)	5,781,000.00	13.66%	5,701,420.57	99%
3	PPP Policy Formulation and Advocacy and Project Monitoring and Evaluation	9,114,000.00	21.53%	9,026,838.99	99%
4	Provision of Capacity Building, Knowledge Management Services, Legal Services and Information Systems and Technology Development and Maintenance	17,518,000.00	41.39%	15,641,396.15	89%
<b>Total</b>		<b>₱42,326,000.00</b>	<b>100%</b>	<b>₱40,117,932.48</b>	<b>95%</b>

- 6.2 The PPPCP 2015 Agency Performance Measures showed satisfactory accomplishments and high percentage of favorable variances, described as follows:

Table II  
2015 Agency Performance Measures and Accomplishments

No. Of Components	Particulars	Target	Accomplishment	Variance	
				Favorable	%
1	No. PDMF Committee approved projects with consulting contracts	12	12		
2	% of PDMF supported projects with expected reimbursements collected	80%	150%	70%	88%
3	% of Capacity Building Program milestone activities achieved as targeted per year	75%	125%	50%	67%
4	% of KM Roadmap milestone activities achieved as targeted per year	75%	97%	22%	29%
1	% of PPP-vetted projects (technical component) approved by ICC-Cabinet Committee (CamCom) for endorsement to NEDA Board	80%	93%	13%	16.25%
2	% of proposed PPP policy instruments approved by appropriate body	50%	88%	38%	76%
1	Proposed PPP policy instruments submitted to appropriate bodies within set deadlines	70%	100%	30%	43%
2	Updates on the PPP Program and projects published on the website	Every 2 weeks (100%)	Every week (229%)	129%	129%

- 6.3 Moreover, the 2015 accomplishments per component of the MFO were detailed in Annex C.

## **Gender and Development (GAD)**

### **7. PPPCP has formulated and implemented the programs and activities per GAD Plan and Budget in accordance with Section 34 of the General Provisions of the GAA for CY 2015.**

- 7.1 Section 34 of Republic Act (RA) No. 10651 (General Appropriation Act of 2015) 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 fulfillment 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.*

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.”*

## PPPCP-GAD Budget Attribution

- 7.2 The GAD budget attribution focused on a key provision of the PCW/DBM/NEDA Joint Circular 2012-01 involving the selection of a mainstream or flagship program or project(s) for attribution, evaluation of the project (design) using the Harmonized GAD Guidelines (HGDG), and determination of the percentage of the project budget (supported by the agency's budget appropriations) for a particular year that can be attributed or linked to the GAD budget. Based on the GAD score using the relevant HGDG checklist, GAD budget attribution would only be possible for a GAD score of 4.0 or higher, as follows: 25 percent attribution for GAD score of 4.0 to 7.9; 50 percent, for GAD score of 8.0 to 14.9; 75 percent, for GAD score of 15.0 to 19.9; and 100 percent, for a perfect GAD score (20).
- 7.3 In the case of the PPP Center, the 'project' refers to the preparation of the feasibility study and/or the tender documents for a particular PPP project. Using the Integrated Transport System project as an example, the project (as evident in the GAD section of the feasibility study) was evaluated against the elements of a gender-responsive project (box 7a). The hypothetical score was 14.0; hence, the cost of the ITS feasibility study that could be attributed by the Center to its GAD budget would be 50 percent. Since the ITS feasibility study has already been completed, the Center could include this in its GAD Accomplishment Report.
- 7.4 The allocated budget of the agency for GAD activities amounting to ₱225,500.00 was way below the required five percent allocation or ₱4,360,650.00 as provided in the GAA. Upon verification of the submitted GAD Accomplishment Report of the agency to PCW for CY 2015, the agency fully accomplished the GAD activities amounting to ₱9,868,783.86 which exceeded the ₱4,360,650.00 or 5 percent allocation of the total appropriation of ₱87,213,000 (Annex D).
- 7.5 However, we noted other GAD activities amounting to ₱1,572,450.00 which are not GAD related activities, as shown as follows:

GAD Activity	Output Performance Indicators & Targets	Actual Result (Outputs/Outcomes)	Actual Cost
Introduction of Gender Responsive Analysis as component of a PPP project study/proposal through PPPCP Capacity Building Program Activities	% of Programmed Phase II Project Preparation and Phase III PPP Procurement trainings for key project committee members and staff of Implementing Agencies and Local Government Units conducted with Gender Responsive analysis component by the end of the year	Trainings conducted: 1. PPP Workshop for ICT Office of the Department of Science and Technology 2. PPP Orientation Workshop for Legazpi City Water District (LCWD) 3. PPP Seminar for National Resources Development Corporation (DENR-NRDC) 4. Ateneo de Naga University Training of Trainers 5. Developing PPP Projects Training for NEDA Regional Office 7 6. PPP 101 Workshop for the Department of Social Welfare and Development 7. Focus Group Discussion for Baggao Water Supply Project 8. Value Engineering Workshop for Ortigas Rapid Mass Transit Service 9. PPP Briefing for Globe Telecom 10. PPP Orientation-Workshop for Misamis Oriental	₱1,572,450.00



GAD Activity	Output Performance Indicators & Targets	Actual Result (Outputs/Outcomes)	Actual Cost
		11. PPP 101 for New Department of Health PPP Unit	
		12. Training of Trainers on PPP and their Applicable Alternative Dispute Resolution Mechanism	
		13. PPP 101 for Municipality of Daet	
		14. PPP 101 for Provincial Government of Camarines Norte	
		15. PPP briefing for Philippine National Railways Management	
		16. Training on Developing PPP Projects for NEDA Regional Office I	
		17. PPP Briefing Philippine National Railways Board of Directors	
		18. PPP 101 for Philippine National Oil Corporation – Renewables Corporation	
		19. Orientation for Antique Joint Venture Ordinance	
		20. PPP 101 for Department of National Defense	
		21. PPP Training for Davao City	
		22. PPP 101 for Misamis Oriental Sangguniang Panlalawigan	
		23. PPP Briefing for 3M Corporation	
		24. PPP 101 for Tourism Infrastructure and Enterprise Zone Authority	
		25. PPP Orientation for Guagua LGU	
		26. PPP 101 for Philippine National Oil Corporation	
		27. PPP Orientation-workshop for Subic Bay Metropolitan Authority	
		28. PPP Briefing for Albay Province	
		29. PPP 101 for Makati City	
		30. Training on Financial Analysis for the Department of Agriculture	
		31. PPP Orientation-Workshop for NEDA Regional Office III and Region III LGUs	
Total			₱1,572,450.00

7.6 The above activities reported were not GAD related since these were the regular meetings to be conducted in connection with the PPP projects to be attended by the LGUs, NGAs and other concerned private entities.

7.7 Finally, inspite of the above mentioned activities that were not GAD related amounting to ₱1,572,450.00, the agency was able to mainstream in their regular activities GAD projects and programs and still achieved the percentage requirements on budget allocations for GAD activities as prescribed in Sec. 34 of the 2015 GAA.

### Senior Citizens and Persons with Disability

#### 8. The agency carried out programs and activities to address the concerns of Senior Citizens and Persons with Disability, pursuant to Section 35 of the General Provisions of the GAA for FY 2015.

8.1 Section 35 of RA No. 10650, the General Appropriation Act of FY 2015, provides that: *“All agencies of the government shall formulate plans, programs and projects intended to address the concerns of senior citizens and differently-abled persons, insofar as it relates to their mandated functions, and integrate the same in their regular activities.*

8.2 *“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.”*

8.3 In CY 2015, PPPCP allocated ₱8,000.00 for the activity conducted to address the concerns of senior citizens and persons with disability and utilized only ₱6,705.00, presented as follows:

Target	Accomplishment	Allocated Budget	Project Cost
One (1) approved activity for Senior Citizens conducted by EO 2015	Approved Senior Citizens-related activity conducted entitled: “Briefing on Promoting a Socially Active and Healthy Lifestyle while Ageing”, conducted November 9, 2015.	₱8,000.00	₱6,705.00

8.4 The agency has crafted and institutionalized the PPPC Program for Senior Citizens, and Persons with disabilities through Office Circular No. 06-2015 dated December 1, 2015.

8.5 Office Circular No. 06-2015 provides the program for senior citizens and persons with disability which aims to:

- Recognize their privileges for self and social enhancement services as stipulated in Section 5(d) of Republic Act no. 9994, the “Expanded Senior Citizens Act of 2010”;
- Give full support to the improvement of their total wellbeing and their full participation in society, considering that they are integral part of the Philippine Society;
- Motivate and encourage them to contribute to nation building;
- Encourage their families, the communities they live with and PPPCP employees to reaffirm the valued Filipino tradition of caring them;
- Provide programs for them that will foster their capacity to attain a more meaningful and productive life; and
- Positive and healthy lifestyle among them.

8.6 The following are the activities under the Program:

- Counselling
- Briefings on Financial Management
- Briefings on Health Management
- Participation in Social Activities
- Livelihood Program
- Yoga Sessions

- g. Sessions on Arts and Crafts
- h. Orientation on Existing Laws for Senior Citizens and Persons with Disability.

8.7 Since the above-mentioned circular was approved only in December 1, 2015, the effectivity of the program activities will start in CY 2016. However, it was noted that the accomplished activity for Senior Citizens and Persons with disability for CY 2015 amounting to ₱6,705.00 was embodied in the GAD plan and this was lodged on the Human Resource Division.

### **Compliance with Tax Laws**

#### **9. PPPCP has complied with the applicable tax laws, rules and regulations by withholding taxes from employees' compensations and from various payments to suppliers/contractors and remitted the same within the prescribed deadlines.**

9.1 Revenue Regulation No. 1-2013 and DOF-DBM-COA Joint Circular No. 1-2000, as amended by Joint Circular No. 1-2000A dated July 31, 2001 provides that the filing of return and payment of tax due should be on or before the 10<sup>th</sup> day following the month in which withholding was made, except for taxes withheld for the month of December of each year, which shall be filed on or before January 15, of the succeeding year.

9.2 In CY 2015, taxes amounting to ₱62,872,308.29 were withheld by the agency, of which ₱57,017,275.12 have been remitted to BIR thru Tax Remittance Advice (TRA), with the balance of ₱5,855,033.17 remitted on January 8, 2016. The summary of taxes withheld and remittances of the PPPCP for CY 2015 are as follows:

Month	Taxes Withheld (In Pesos)			Tax Remitted	
	From Suppliers and Contractors	From Compensation	Total	Date	Amount (In Pesos)
January	₱ 8,559,434.63	₱ 615,534.03	₱ 9,174,968.66	2/5/2015	₱ 9,174,968.66
February	3,710,587.90	625,038.33	4,335,626.23	3/4/2015	4,335,626.23
March	2,466,325.82	589,957.64	3,056,283.46	4/7/2015	3,056,283.46
April	11,470,024.12	599,509.75	12,069,533.87	5/6/2015	12,069,533.87
May	9,739,444.01	548,945.77	10,288,389.78	6/9/2015	10,288,389.78
June	4,401,276.19	578,220.21	4,979,496.40	7/9/2015	4,979,496.40
July	5,080,371.84	567,865.55	5,648,237.39	8/10/2015	5,648,237.39
August	695,569.85	602,040.00	1,297,609.85	9/10/2015	1,297,609.85
September	1,691,037.52	540,342.15	2,231,379.67	10/8/2015	2,231,379.67
October	945,390.76	604,529.22	1,549,919.98	11/10/2015	1,549,919.98
November	1,775,553.07	610,276.76	2,385,829.83	12/8/2015	2,385,829.83
December	4,786,243.75	1,068,789.42	5,855,033.17	1/8/2016	-
<b>Total</b>	<b>₱55,321,259.46</b>	<b>₱7,551,048.83</b>	<b>₱62,872,308.29</b>		<b>₱57,017,275.12</b>

### **Compliance with the GSIS Law**

#### **10. Remittances of General Service Insurance System (GSIS) life/retirement premium contributions for personal share (PS), government share (GS) and**

employees compensation premium (EC) in the amount of ₱3,852,117.47, ₱5,138,155.78 and ₱114,900.00, respectively, were made within the required period.

10.1 In CY 2015, the agency complied with Section 14.1 of Republic Act (R.A.) No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first ten (10) days of the calendar month following the month to which the contributions apply.

10.2 Below is a summary of PPPCP's remittances of employees' premium contribution for CY 2015.

Month	Contributions/Deductions ( In Pesos)			Date	Remittance to GSIS	
	Life Retirement Premium Personal Share (PS)	Government Share (GS)	Employees Compensation Premium Government Share (EC)		Official Receipt Number	Amount
January	₱ 299,777.71	₱ 399,703.61	₱ 8,900.00	2/9/2015	000850034591	₱ 708,381.32
February	306,084.75	408,112.99	9,100.00	3/10/2015	000890012794	723,297.74
March	312,285.18	416,380.23	9,300.00	3/30/2015	000850034950	737,965.41
April	316,461.07	421,948.09	9,200.00	5/7/2015	000890014206	747,609.16
May	317,779.04	423,705.38	9,700.00	6/8/2015	000890014887	751,184.42
June	320,532.90	427,377.18	9,700.00	7/8/2015	000890015715	757,610.08
July	305,527.62	407,370.14	9,300.00	8/7/2015	000890016456	722,197.76
August	321,390.86	428,521.15	9,600.00	9/10/2015	000850036460	759,512.01
September	323,382.58	431,176.78	9,700.00	10/9/2015	000850036888	764,259.36
October	349,619.20	468,487.97	10,400.00	11/2/2015	000890018324	828,507.17
November	341,955.58	455,610.95	10,100.00	12/10/2015	000890019247	807,666.53
December	337,320.98	449,761.31	9,900.00	12/29/2015	000850037945	796,982.29
<b>Totals</b>	<b>₱3,852,117.47</b>	<b>₱5,138,155.78</b>	<b>₱114,900.00</b>			<b>₱9,105,173.25</b>

## 11. Status of Audit Suspension, Disallowances and Charges (SASDC)

11.1 Details of the Audit Disallowances as of December 31, 2015 are shown below:

Particulars	Balance as of Jan. 1, 2015	Issued CY 2015	Settled CY 2015	Balance as of Dec. 31, 2015
Notice of Disallowance (ND)	₱9,092,135.06	₱-	₱7,200.00	₱9,084,935.06

11.2 The difference amounting to ₱4,870,154.20 between the carrying amount of the Receivables-Disallowances/Charges per agency books of ₱4,214,780.86 and the balance per above table represents Notices of Disallowances issued which are on appeal and not yet final and executory. The balances are due from present and former Build-Operate and Transfer Center's officials and employees and suppliers of goods and services, which accumulated since 1998. The total amount settled was only ₱7,200.00 or 0.08 percent of the total receivable balance.

- 11.3 Moreover, included in the balances are the COA Orders of Execution (COEs) and Notices of Finality of Decision (NFDs) received by the agency. Monitoring of the enforcement of the said COE revealed that most of the persons liable are no longer connected with the agency. The Accounting Division issued a demand letter and sent to persons concerned together with the Copy of COE and NFD thru LBC Express, Inc. dated Sept 21, 2015, but there is no response to date.

**Compliance with Supreme Court Decision on the Priority Development Assistance Fund (PDAF) and Disbursement Acceleration Program (DAP) Fund**

12. The PPPCP has not received PDAF and DAP fund as of December 31, 2015.