

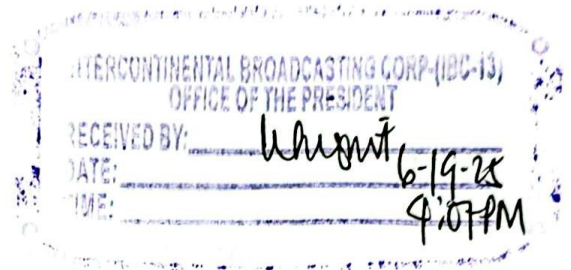


REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

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

June 19, 2025

**Mr. JOSE C. POLICARPIO, JR.**  
President and CEO  
Intercontinental Broadcasting Corporation  
Broadcast City, Capitol Hills  
Diliman, Quezon City



**Dear President and CEO Policarpio:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the **Intercontinental Broadcasting Corporation (IBC-13)**, for the years ended December 31, 2024 and 2023.

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

The auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the IBC-13 for the years ended December 31, 2024 and 2023 in view of the following:

1. The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account, with a carrying amount of P294.167 million as at December 31, 2024, could not be established due to: (a) a variance of P18.684 million between the balance per books and the Report on the Physical Count of PPE (RPCPPE), not in accordance with Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1; and (b) the recorded revaluation increment of land and buildings under the Revaluation Surplus account amounting to P422.186 million as at December 31, 2024 remained unadjusted, not in accordance with the Philippine Application Guidance No. 2 of IPSAS 17.
2. The faithful representation in the financial statements of the balance of the Receivables account, with a carrying amount of P112.504 million as at December 31, 2024, could not be ascertained due to: (a) non-maintenance of Subsidiary Ledgers (SL) and unavailability of supporting documents for

the recorded receivables aggregating P330.113 million; (b) a variance of P66.888 million between the balance per books and the confirmed balance; (c) existence of negative balances in the total amount of P17.540 million; and (d) non-updating of the Allowance for impairment on Other Receivables accounts as at year-end, which are not in accordance with Paragraphs 27 and 48 of IPSAS 1 and Paragraph 67 of IPSAS 29.

3. The faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account amounting to P107.216 million as at December 31, 2024, could not be ascertained due to: (a) inclusion of a non-existing bank account with a reported balance of P8.994 million; and (2) the presence of negative balance of P4.917 million in the Cash Collecting Officer account, mainly resulting from the unreconciled prior years' variances between the said account per General Ledger (GL) maintained by the Accounting Section (AS) vis-à-vis the Monthly Cashier's Report (MCR) prepared by the Treasury Section, contrary to Paragraph 27 of IPSAS 1.
4. The fair presentation of the Tax Withheld at Source account, with a reported balance of P17.930 million as at December 31, 2024 could not be established due to the unavailability of the Certificates of Creditable Tax Withheld (CTW) at Source supporting taxes totaling P17.881 million, contrary to Paragraph 27 of IPSAS 1.

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

- 1.1. Direct the Asset and Property Management Office (APMO) to ensure the completion of the annual physical inventory count of PPE, the preparation of an updated RPCPPE, and the submission of a copy thereof to the Audit Team for review and evaluation;
- 1.2. Direct the AS and APMO to determine the cause(s) of the variances noted between the accounting records and the RPCPPE, and effect the necessary adjustments to the affected records;
- 1.3. Develop a comprehensive Reconciliation Plan to address the noted variance between the accounting records and the RPCPPE, which shall include specific activities, the responsible office, and clearly defined timelines;
- 1.4. Pending guidance from the Government Accountancy Sector (GAS) concerning the recorded Revaluation Surplus account, exert diligent efforts to locate all relevant documents supporting said account;
- 1.5. Initiate appropriate actions to comply with the requirements of COA Circular No. 2020-006 dated January 31, 2020, to avail of the one-time cleansing of PPE;
- 1.6. Direct the Disposal Committee to facilitate immediate disposal of the unserviceable properties;

2.1. Direct the AS to:

- a. Maintain SLs for the Network's clients to facilitate effective monitoring of receivables, and exert diligent efforts to locate the supporting documents for the recorded Receivables account totaling P330.113 million;
- b. Exert diligent efforts to locate supporting documents that would establish the validity of the receivable amounting to P459,052; thereafter, if warranted, make the necessary adjusting entries to derecognize the same from the books;
- c. Analyze the cause(s) of the negative balances and make the necessary adjusting entries to correct the accounts;
- d. Assess the adequacy and appropriateness of the Allowance for Impairment on Other Receivables accounts, and make the necessary adjusting entries, if warranted; and
- e. Fast track the completion of the required documentation and resubmit the Request for Authority to Write-off Dormant Accounts to COA for consideration;

3.1. Direct the Finance Division (FD) to require the AS to:

- a. Assess the propriety of derecognizing the non-existing bank account, taking into consideration the opinion of the COA-GAS. Afterwards, effect the necessary adjusting entries and disclosures, if warranted;
- b. Determine the nature of, and locate, the pertinent documents relative to the variance from prior years, and make the necessary adjusting entries to address the discrepancies between the Cash Collecting Officer account per GL and the corresponding balances per MCR;
- c. Submit supporting documents for the credit card expenses in the total amount of P395,995; and
- d. Develop and implement written guidelines on the use of credit cards to ensure adequate safeguards against misuse and misappropriation; and

4.1. Direct the FD to:

- a. Analyze the beginning balance of the Tax Withheld at Source account and prepare the necessary adjustment to reflect its accurate balance;
- b. Closely coordinate with the Bureau of Internal Revenue (BIR) to confirm whether the balances of the Tax Withheld at Source account, particularly those pertaining to prior years, may still be revalidated and applied as tax credit;
- c. Following BIR confirmation, assess the propriety of derecognizing the CTW without the required BIR forms;

- d. Demand from the concerned IBC-13 clients to submit copies of BIR Form No. 2307; and
- e. Ensure, moving forward, that copies of BIR Form No. 2307 are secured for all collections of the Network.

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

- 5. Inefficient utilization of land and building of the IBC-13 Iloilo Station resulted in the abandonment of the area, leaving assets unprotected, posing an immediate risk, and potentially leading to more significant issues in the future, contrary to Section 2 of PD No. 1445.
- 5.1 We recommended that Management take immediate action to protect the properties from informal settlers and include them in the Long-Term Agency Action Plan to ensure the efficient management of government resources. Otherwise, if the Network has no plans to utilize the subject assets, Management should consider the propriety of their disposal.

The other observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on May 30, 2025, are discussed in detail in Part II of the report. We also invite your attention to the prior year's unimplemented audit recommendations embodied in Part III of the report.

We request that appropriate actions be taken on the observations and recommendations contained in the report and that we be informed of the action(s) taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation form (copy attached) within 60 days upon receipt hereof.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of this report.

Very truly yours,

**COMMISSION ON AUDIT**

By:

  
**ATTY. CHITO P. JANABAN**  
Director IV  
Cluster Director

**Copy furnished:**

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

(Name of the Agency and Address)

**AGENCY ACTION PLAN and  
STATUS OF IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 20XX**  
**As of \_\_\_\_\_**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Persons/Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

\_\_\_\_\_  
Name and Position of Agency Officer

\_\_\_\_\_  
Date

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