

PART II – OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

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, 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.

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

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

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

1.3 Various PPE items with a gross amount of P449.708 million had a carrying amount of P294.167 million as at December 31, 2024, categorized into sub-accounts as presented in Table 1.

Table 1 - Breakdown of PPE Account as at December 31, 2024

PPE account	Cost	Accumulated depreciation	Carrying amount
Land	P 75,356,001	P -	P 75,356,001
Other land improvements	576,000	547,200	28,800
Leased asset improvements, buildings and other structure	3,784,000	3,594,800	189,200
Buildings	42,367,782	9,907,983	32,459,799
Other infrastructure assets	9,906,131	9,906,122	9
Communication equipment	300,277,503	120,774,203	179,503,300
Furniture and fixtures	519,416	61,467	457,949
Office equipment	4,745,048	627,801	4,117,247
Motor vehicle	12,020,129	9,965,127	2,055,002
Other PPE	156,230	156,228	2
Total	P 449,708,240	P 155,540,931	P 294,167,309

Variance amounting to P18.684 million between the balance per books and Report of Physical Count of Property, Plant, and Equipment (RPCPPE).

- 1.4 Comparison of the balances of various PPE sub-accounts per books with those reported in the RPCPPE as at December 31, 2024 revealed a variance of P18.684 million, as detailed in Table 2.

Table 2 - Comparison of the PPE Sub-account Balances per Books and per RPCPPE as at December 31, 2024

Particular	Communication equipment	Office equipment	Furniture and fixtures	Other PPE	Motor vehicle	Total
GL balance	P 300,277,503	P 4,745,048	P 519,416	P 156,230	P 12,020,129	P 317,718,326
RPCPPE	281,896,535	4,442,112	519,416	156,230	12,020,129	299,034,422
Variance	P 18,380,968	P 302,936	P -	P -	P -	P 18,683,904

- 1.5 The variances in the PPE sub-accounts were attributed to the following reasons:
- a. Various PPE listed in the RPCPPE lacked corresponding unit costs;
 - b. Inclusion of PPE items below the capitalization threshold of P50,000 in the RPCPPE; and
 - c. Lack of supporting documents for PPE accounts booked prior to the sequestration of the Network.
- 1.6 Inquiry from the concerned personnel from the Accounting Section (AS) revealed that the Finance Department (FD) and the Asset and Property Management Office (APMO) are still in the process of reconciling the variances in the PPE accounts. Further, the AS and APMO have yet to complete the Property Cards (PCs) and PPE Ledger Cards (PPELCs), respectively. Hence, the Management is having difficulties in retrieving the required data.

The recorded revaluation increment of land and building under the Revaluation Surplus account amounting to P422.186 million as at December 31, 2024 remained unadjusted.

- 1.7 Section 7.3 (d) (5) of the COA of Circular No. 2017-004 dated December 13, 2017, provides that:

Philippine Application Guidance (PAG) No. 2 of IPSAS 17 provides that for consistency and uniformity, the cost model shall be adopted for all classes of PPE. Prior to the adoption of IPSAS, if a Non-GBE has adopted the revaluation model in the

valuation of its PPE, the disposition of the Revaluation Surplus/Appraisal Capital Stock account shall be dealt with as a change in accounting policy as follows: (underscoring ours)

<i>Revaluation Surplus/Appraisal Capital Stock</i>	<i>xxx</i>
<i>Accumulated Depreciation – Appropriate PPE Account</i>	<i>xxx</i>
<i>Appropriate PPE Account</i>	<i>xxx</i>

To recognize the effect of the change in accounting policy as a result of adopting the cost model in the valuation of PPE.

- 1.8 Prior to Calendar Year (CY) 2021, IBC-13's financial statements were prepared in accordance with generally accepted accounting principles. Hence, a revaluation surplus was recognized in the amount of P982.545 million. However, upon IBC-13's adoption of IPSAS as its financial reporting framework in CY 2021, IBC-13 applied the cost model instead of the revaluation model in compliance with Section 7.3 (d) (5) of COA Circular No. 2017-004 dated December 13, 2017.
- 1.9 Review of the transactions affecting the Revaluation Surplus account disclosed a partial adjustment amounting to P560.359 million. Consequently, the account indicated a balance of P422.186 million as at year-end. According to the concerned accounting personnel, further adjustments to reduce the balance to its cost were deemed impractical, as the associated assets (building and land) were already reported at cost as at December 31, 2024. Further, the relevant documents pertaining to the original revaluation account could not be located, thereby hindering the processing of any additional adjustments.
- 1.10 The Audit Team inquired with Management concerning the revaluation increment of land and buildings categorized under the Revaluation Surplus account. In response, Management stated that:

The Network, particularly the AS, conducted an initial review of the account to establish the transactions that affected the Revaluation Surplus account in previous years. Requests were made for the presentation of the accounting and related documents necessary for evaluating whether all the upward adjustments have been properly recorded in the Revaluation Surplus account. Thus, the responsible person is still retrieving the requested documents.

Also, on May 2, 2025, Management sent a letter dated April 30, 2025, to the COA Central Office, Government Accountancy Sector (GAS), to inquire about the appropriate action regarding the recorded Revaluation Surplus account, particularly if the documents related to these entries could not be located.

- 1.11 The non-adjustment of the recorded revaluation increment of land and buildings under the Revaluation Surplus account is not in accordance with the provisions of Philippine Application Guidance No. 2 of IPSAS 17;

consequently, it adversely impacts the fair presentation of the PPE account and its associated accounts in the financial statements.

Other observation

Unserviceable PPE items costing P26.884 million, with a residual value of P590, had not yet been disposed of as at December 31, 2024, contrary to Section 79 of Presidential Decree No. 1445. The continued delay in their disposal increases the risk of further deterioration, obsolescence, and/or potential misappropriation of the subject assets.

- 1.12 Further, Section 79 “*Destruction or sale of unserviceable property*” of Presidential Decree (PD) No. 1445 states that:

When government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee an award or similar body in the presence of the auditor concerned or other duly authorized representative of the Commission, after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expense of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that the public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission.

- 1.13 Verification of records showed that unserviceable properties costing P26.884 million with a residual value of P590 as at December 31, 2024, remained recorded in the financial statements despite their classification as unserviceable, in contravention of the Section 7 of PD 1445. Table 3 summarizes the unserviceable properties categorized by station/office.

Table 3 – Inventory of Unserviceable Properties as at December 31, 2024

Station	Various PPE	Transmitter/ communication equipment	Motor vehicles	Total cost	Residual value
Quezon City – Main Station					
Asset and Property – Stockroom	P 10,143,084	P -	P -	P 10,143,084	P 17
Engineering – Broadcast Technical Support	148,590	-	-	148,590	3
Engineering Workroom & Maintenance Area	3,985,072	-	-	3,985,072	13

Station	Various PPE		Transmitter/ communication equipment		Motor vehicles	Total cost	Residual value
Motorpool – Main Station	-		-		957,946	957,946	2
Subtotal	P	14,276,746	P	-	P 957,946	P 15,234,692	P 35
Provincial Stations							
TV-6 Baguio City	P	221,204	P	-	P -	P 221,204	P 21
TV-10 Cagayan De Oro City		188,831		-	-	188,831	16
TV-13 Cebu		695,003		-	676,818	1,371,821	140
TV-13 Davao City		1,218,196		-	975,000	2,193,196	112
DYBQ Iloilo		72,075		2,386,600	542,091	3,000,766	87
Guimaras Transmitter		-		2,971,087	-	2,971,087	19
DYJJ Roxas City		401,848		-	495,000	896,848	141
TV-12 Iloilo (Rizal)		800		-	804,454	805,254	19
Subtotal	P	2,797,957	P	5,357,687	P 3,493,363	P 11,649,007	P 555
Total	P	17,074,703	P	5,357,687	P 4,451,309	P 26,883,699	P 590

- 1.14 The Audit Team inquired with Management relative to the delayed/non-disposal of the unserviceable properties. Management responded as follows:

The reconstitution of the updated IBC-13 Disposal Committee took place on March 8, 2025, in accordance with Joint Circular No. 2024-1 issued by the Commission on Audit (COA) and the Department of Budget Management (DBM). Furthermore, the Disposal Committee convened for its first meeting on April 2, 2025.

In connection with the unsuccessful bidding of unserviceable properties at Roxas and Cebu Stations noted in the CY 2023 physical inventory, the Disposal Committee was reconstituted on September 13, 2024; however, it was unable to convene to address the ongoing concerns. The current Disposal Committee has started reviewing the documents from the unsuccessful bidding and will submit them accordingly.

Also, the APMO has prepared the IIRUP for the various sites referenced. The Finance Department is currently reviewing it for finalization, to be followed by signature and approval by the authorized signatories. Furthermore, once finalized and submitted, these documents will be incorporated into the agenda for the Disposal Committee meetings.

The IBC-13 will wait for the annual inventory of the unserviceable properties to be finalized, in time for the convening of the current committee for deliberation and discussion among its members.

- 1.15 The delayed disposal of these assets is contrary to Section 79 of PD No. 1145. Moreover, continued delay heightens the risk of further deterioration, obsolescence, and/or potential misappropriation of the subject assets.

- 1.16 Finally, it is emphasized that these audit observations relative to PPE have been recurring and remained unresolved for a number of years, indicating probable deficiencies in the IBC-13's internal control mechanisms governing the recording and management of financial transactions.
- 1.17 **We recommended that Management:**
- a. **Direct the 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;**
 - b. **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;**
 - c. **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;**
 - d. **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;**
 - e. **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; and**
 - f. **Direct the Disposal Committee to facilitate immediate disposal of the unserviceable properties.**
- 1.18 The Management commented that they will formally direct the APMO to conduct regular physical inventory counts of PPE and to ensure that all necessary records are properly prepared and maintained for CY 2024. They also clarified that the Network has complied with the requirement for the annual physical inventory count of PPE.
- 1.19 Further, the FD and the APMO are currently in the process of undertaking reconciliation efforts to determine the causes of recorded variances. Preliminary reconciliation and review of historical records have led to the correction of a previously identified variance in the motor vehicle account. The remaining variances are suspected to originate from equipment categorized as unserviceable PPE. The FD and APMO commits to diligently review old records to fully reconcile these variances and to ensure the accuracy of the PPE records.

- 1.20 With regard to the observation on the unadjusted Revaluation Surplus account, IBC-13 committed to locating and reviewing the supporting documents related to the said account.
- 1.21 Also, the FD is currently reviewing COA Circular No. 2020-006, dated January 31, 2020, to facilitate the preparation of the required documentation to initiate and avail of the one-time cleansing of PPE records.
- 1.22 On the issue of undisposed unserviceable PPEs, Management commented that the Disposal Committee has recently convened and discussed plans to facilitate their immediate disposal. Invitations have been sent to potential bidders, and the Committee has also prepared the Terms of Reference (TOR). To date, a market has been conducted, and the Committee will reconvene shortly to finalize the TOR and address other related concerns.
- 1.23 Moving forward, IBC-13 committed to strictly complying with the requirements of COA.
- 1.24 As a rejoinder, the Audit Team acknowledged the actions taken and the commitments made by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

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 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 International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 67 of IPSAS 29.

- 2.1 This is a reiteration, with updates, of the previous year's audit observation, as Management was not able to fully implement the recommendations.
- 2.2 Paragraph 27 of IPSAS 1 on the Presentation of Financial Statements states that:

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

- 2.3 The gross Receivables account as at December 31, 2024 amounted to P421.135 million, with an Allowance for Impairment of P308.631 million, resulting in a carrying amount of P112.504 million. Details are shown in Table 4.

Table 4 – Composition of Receivables Account as at December 31, 2024

Sub-account	Gross amount	Allowance for impairment	Carrying amount
Accounts receivable (AR) – Trade	P 411,471,235	P 303,602,986	P 107,868,249
Due from officers and employees	419,722	-	419,722
Other receivables	9,243,966	5,028,101	4,215,865
Total	P 421,134,923	P 308,631,087	P 112,503,836

Non-maintenance of Subsidiary Ledgers (SLs) and unavailability of supporting documents for the recorded receivables aggregating P330.113 million.

- 2.4 As shown in Table 4, the total Receivables balance of IBC-13 as at December 31, 2024, amounted to P421.135 million, in gross amount. However, the AS was only able to prepare and submit SLs for receivable accounts totaling P91.022 million, representing only 21.31 percent of the total Receivable balance. Details are presented in Table 5.

Table 5 – Receivable Accounts with Supporting SLs

Account Title	Amount
AR-Television (TV) Manila (In House)	P 81,355,409
AR-DYJJ Roxas	3,054
Due from officers and employees	419,721
Other receivables-Social Security System	6,983,112
Other receivables-Radio Philippines Network 9	2,260,855
Total	P 91,022,151

- 2.5 Most of the accounts in Table 5 pertain to IBC-13's current clients and transactions. Verification with the AS revealed that majority of the unsubstantiated balance of P330.113 million, as shown in Table 6, has existed since IBC-13's sequestration in 1986. The supporting documents related to these accounts can no longer be located.

Table 6 – Receivable Accounts Without Supporting SLs

Account Title	Age of receivables			Total
	Less than 5 years	5 to 9 years	10 years and more	
AR-TV Manila	P -	P -	P 26,091,124	P 26,091,124
AR-TV Manila (In House)	13,849,200	1,591,117	260,665,112	276,105,429
AR-TV -12 Iloilo	-	-	2,439,739	2,439,739
AR-TV-12 Iloilo (In House)	-	3,334,042	-	3,334,042
AR-TV-13 Davao	-	-	539,110	539,110
AR-TV-13 Davao (In House)	-	-	539,174	539,174

Account Title	Age of receivables			Total
	Less than 5 years	5 to 9 years	10 years and more	
AR-TV-13 Cebu	-	-	193,635	193,635
AR-TV-13 Cebu (In House)	-	-	1,271,670	1,271,670
AR-TV-13 Laoag	-	-	107,117	107,117
AR-Radio Manila	-	-	2,183,078	2,183,078
AR-Radio Manila (In House)	-	-	4,750,570	4,750,570
AR-DYBQ Iloilo	-	-	452,482	452,482
AR-DYBQ Iloilo (In House)	-	242,776	3,271,362	3,514,138
AR-DYRG Kalibo	-	-	479,246	479,246
AR-DYRG Kalibo (In House)	-	-	1,010,113	1,010,113
AR-DYJJ Roxas	-	-	73,054	73,054
AR-DYJJ Roxas (In House)	-	201,168	801,051	1,002,219
AR-DYSJ Antique	-	-	58,743	58,743
AR-DZMZ Manila	-	-	4,754,979	4,754,979
AR-Project Banahaw	-	-	(222,782)	(222,782)
AR-DWLW Laoag	-	-	131,200	131,200
AR-DWLW Laoag (In House)	-	-	16,525	16,525
AR-DWDW Dagupan	-	-	36,398	36,398
AR-DWDW Dagupan (In House)	-	-	193,149	193,149
AR-DWNW Naga	-	-	306,924	306,924
AR-DWNW Naga (In House)	-	-	401,510	401,510
AR-DWGW Legaspi	-	-	331,820	331,820
AR-DWGW Legaspi (In House)	-	-	63,993	63,993
AR-DXWG Iligan	-	-	(107,862)	(107,862)
AR-Davao BBC	-	-	62,235	62,235
Total	P 13,849,200	P 5,369,103	P 310,894,469	P 330,112,772

Variance between balance per books and the confirmed balance amounting to P66.888 million.

- 2.6 The Audit Team sent 12 Confirmation Letters (CLs) to clients with complete address, as indicated in the accounting records, to verify the accuracy of the receivables recorded in the books. Of the 12 CLs sent, only 4 clients responded. Two of these confirmed their receivable balances totaling P0.766 million, while the other two, with recorded receivables amounting to P66.888 million, replied that they had no outstanding balance owing to IBC-13, thereby, resulting in a discrepancy of the same amount.
- 2.7 The reported variance includes airtime claims totaling P66.429 million, which were not recognized by the Department of Education due to the absence of a valid contract supporting IBC-13's claim. The said money claim was already filed before COA and is currently under review by the Commission Proper. As discussed and recommended in the CY 2023 AAR, the IBC-13 Management, through the Office of the Government Corporate Counsel filed a Motion for Early Resolution last May 3, 2024.
- 2.8 Relative thereto, Paragraph 18 of IPSAS 19 defines a contingent asset as *"a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity."*

- 2.9 Pending resolution, the matter was properly disclosed under Note 6 of the Notes to the Financial Statements (FS) of the Network.
- 2.10 The remaining variance refers to the recorded receivable from Client A amounting to P459,052. Inquiry with the concerned accounting personnel disclosed that the amount was a forwarded balance when she assumed responsibility for the account. However, verification with the Billing Section revealed that there was no collectible from the said client as at December 31, 2024, since all billed amounts had already been collected by year-end.

Existence of negative balances in the total amount of P17.540 million.

- 2.11 Paragraph 48 of IPSAS 1 provides that:

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an IPSAS.

- 2.12 Review of the SLs and the Aging Schedule of Receivables disclosed the existence of negative balances in the total amount of P17.540 million, which were offset against the total balance of the Receivables account instead of being reclassifying to the appropriate Payables account, as summarized in Table 7.

Table 7 – Negative AR Balances as at December 31, 2024

Account	Amount
AR-TV Manila (In House)	P (15,253,012)
AR-TV-12 Iloilo (In House)	(627,810)
AR-TV-13 Davao (In House)	(274,153)
AR-TV-13 Cebu (In House)	(194,913)
AR-DYBQ Iloilo (In House)	(477,447)
AR-DYRG Kalibo (In House)	(56,140)
AR-DYJJ Roxas (In House)	(109,253)
AR-Project Banahaw	(222,782)
AR-DXWG Iligan	(107,862)
Other receivables – SSS	(216,976)
Total	P (17,540,348)

- 2.13 In the CY 2023 AAR, the Audit Team had already noted the existence of these abnormal balances, as presented in Table 7. Based on the submitted Agency Action Plan and Status of Implementation for CY 2023 audit recommendations as at December 31, 2024, the FD was tasked to gather the necessary documents to facilitate the adjustments of the identified balances.
- 2.14 Inquiry with the concerned accounting personnel revealed that they are still in the process of reviewing the underlying causes of the negative balances. They further indicated that they have already sought the assistance of the

COA GAS, regarding the proper treatment in correcting the negative balances. However, said balances remained unadjusted as at year-end.

Non-updating of Allowance for Impairment on Other Receivables accounts.

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

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

2.16 Verification of recorded balances disclosed that the IBC-13 recognized Allowance for Impairment amounting to P303.603 million and P5.028 million on AR – Trade and Other Receivables accounts, respectively, as at December 31, 2024. Based on records, the Allowance for Impairment on AR – Trade account was updated in CY 2024, as detailed in Table 8.

Table 8 – Computation of Allowance for Impairment on AR-Trade

Particular	Amount due						
	Current to 1 yr.			Past due			
	less than 90 days	91-365 days	2 yrs.	3 to 4 yrs.	5 to 9 yrs.	10 yrs. & more	Total
AR-Trade, gross	P2,220,853	P12,160,348	P 12,136,062	P 68,690,399	P 5,369,139	P 311,225,078	P 411,801,879*
% of impairment	0%	10%	20%	25%	50%	90%	-
Allowance for Impairment	P	-	P 1,216,035	P 2,427,212	P 17,172,600	P 2,684,569	P 280,102,570
							P 303,602,986

*The accounts with abnormal balances totaling P(330,644) were excluded from computation.

2.17 However, the basis for computing the P5.028 million Allowance for Impairment on the Other receivables account was not provided to the Audit Team. As discussed in prior year's observation, the last set up of impairment on the Other Receivables account was in CY 2010. Inquiry further disclosed that accounts under Other Receivables are still undergoing review and aging analysis.

2.18 In view of the above-mentioned audit observations, the propriety, accuracy, and validity of the balance of the Receivables accounts, with a carrying amount of P112.504 million as at December 31, 2024 could not be ascertained, not in accordance with Paragraphs 27 and 48 of IPSAS 1 and Paragraph 67 of IPSAS 29.

Other observation

Dormant accounts totaling P317.477 million, which could have been submitted to the Commission on Audit (COA) for Request for Authority to Write-off as prescribed by COA Circular No. 2023-008 dated August 17, 2023, remain recorded in the books as at December 31, 2024.

- 2.19 As at December 31, 2024, dormant accounts aged 10 years or more totaling P317.477 million, as detailed in Table 9 below, remained in the books and were not submitted to COA for Request for Authority to Write Off, despite lapse of the one-year period from the effectivity of the pertinent COA Circular. Item 8.2 of COA Circular No. 2023-008 dated August 17, 2023 prescribing the Guidelines on the Proper Disposition of Dormant Accounts, states that:

Within one (1) year from the effectivity of the Circular, the Head of Accounting Unit through the HoA shall file with/through the ATL and/or RSA/SA, depending on the jurisdictional amount, a request for the approval of COA to write-off/derecognize from the books the dormant accounts pursuant to the provisions of this Circular. The request shall be supported with the documents listed in Annex 8, provided with index tabs, for easy reference.

Table 9 – Dormant Receivables as at December 31, 2024

Account	Account balance	Dormant accounts
AR-TV Manila	P 26,091,124	P 26,091,124
AR-TV Manila (In House)	357,460,835	260,665,112
AR-TV -12 Iloilo	2,439,739	2,439,739
AR-TV-13 Davao	539,110	539,110
AR-TV-13 Davao (In House)	539,174	539,174
AR-TV-13 Cebu	193,635	193,635
AR-TV-13 Cebu (In House)	1,271,670	1,271,670
AR-TV-13 Laoag	107,117	107,117
AR-Radio Manila	2,183,078	2,183,078
AR-Radio Manila (In House)	4,750,570	4,750,570
AR-DYBQ Iloilo	452,482	452,482
AR-DYBQ Iloilo (In House)	3,514,138	3,271,326
AR-DYRG Kalibo	479,246	479,246
AR-DYRG Kalibo (In House)	1,010,113	1,010,113
AR-DYJJ Roxas	76,108	73,054
AR-DYJJ Roxas (In House)	1,002,219	801,051
AR-DYSJ Antique	58,743	58,743
AR-DZMZ Manila	4,754,979	4,754,979
AR-DWLW Laoag	131,200	131,200
AR-DWLW Laoag (In House)	16,525	16,525
AR-DWDW Dagupan	36,398	36,398
AR-DWDW Dagupan (In House)	193,149	193,149
AR-DWNW Naga	306,924	306,924
AR-DWNW Naga (In House)	401,510	401,510
AR-DWGW Legaspi	331,820	331,820
AR-DWGW Legaspi (In House)	63,993	63,993

Account	Account balance	Dormant accounts
AR-Davao BBC	62,235	62,235
Subtotal	P 408,467,834	P 311,225,077
Other Receivables - SSS	6,983,112	6,252,015
Total	P 415,450,946	P 317,477,092

- 2.20 The AR-Trade accounts presented in Table 9, totaling P311.225 million representing 73.90 percent of the total Receivables account already existed since CY 1986 when the Network was sequestered by the government. In addition, the Other receivables - Social Security System (SSS) account totaling P6.252 million has remained uncollected for 10 to 24 years (covering period 1999-2014), rendering its collectability doubtful. Although an Allowance for Impairment was provided for these accounts, a Request for Authority to Write-off Dormant Accounts has yet to be submitted to COA as at year-end.
- 2.21 In response to the previous year's observation regarding dormant accounts, the Network submitted a Request for Authority to Write-off Dormant Accounts was submitted to the Audit Team on May 21, 2024. However, the Audit Team returned the request on June 10, 2024, due to failure to comply with the documentary requirements prescribed under COA Circular No. 2023-008 dated August 17, 2023. Following the return of request, Management stated that the supporting documents for the dormant receivables are still being complied and that additional demand letters will be issued. Once all the required documents are complete, the list of receivables proposed for write-off will be presented to the IBC-13's Board of Directors (BOD) for approval before resubmission to COA.
- 2.22 The continued non-submission of the Request for Authority to Write-off Dormant Accounts exposes IBC-13 to the risk of failing to avail of the benefits under COA Circular No. 2023-008, particularly since more than one year has passed since the effectivity of the Circular.
- 2.23 **We recommended that Management 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.

- 2.24 Management commented that the FD will maintain SLs to ensure proper monitoring and management of AR for both current and future transactions.
 - 2.25 The Billing and Collection Section, in coordination with the AS, is currently conducting a reconciliation of records pertaining to Client A. Upon completion of the reconciliation, the AS will make the necessary adjusting entries to reflect the correct financial information in the books.
 - 2.26 In its efforts to identify the causes of the negative balances in the AR, the Network encountered challenges due to the unavailability of sufficient supporting documents. Consequently, the Network is considering the possible write-off of these receivables with negative balances. To ensure compliance with applicable accounting standards and regulatory requirements, IBC-13 formally requested guidance from COA – GAS on the appropriate guidelines and procedures for addressing negative balances in the Receivable accounts. As of this writing, COA-GAS has not yet responded to the inquiry.
 - 2.27 Additionally, all other receivable accounts will undergo a thorough review and aging analysis. Based on the results of this assessment, the appropriate Allowance for Impairment will be recognized in accordance with the applicable accounting standards and the approved policy framework.
 - 2.28 With regard to the dormant receivable accounts, upon receipt of the Audit Team's response denying the request for write-off due to non-compliance with the requirements of COA Circular No. 2023-008, the FD immediately initiated a review of the procedural and documentary requirements outlined in the said Circular.
 - 2.29 The AS is currently undertaking a reconciliation of the schedules and aging of the AR. Concurrently, supporting documents are being gathered to substantiate the receivables, and demand letters will be issued to the concerned parties.
 - 2.30 As a rejoinder, the Audit Team acknowledged the actions taken and the commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.
- 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 maintained by the Accounting Section vis-à-vis the Monthly Cashier's Report prepared by the Treasury Section, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

- 3.1 This is a reiteration, with updates, of the previous year's audit observation, as Management was not able to fully implement the recommendations embodied in the AAR for CY 2023.
- 3.2 Paragraph 27 of IPSAS 1 on the Presentation of Financial Statements states that:

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

- 3.3 The Cash and Cash Equivalents account as at December 31, 2024 amounted to P107.216 million, as detailed in Table 10.

Table 10 – Composition of Cash and Cash Equivalents

Account	Amount
Cash collecting officer	P (4,917,465)
Petty cash fund	1,316
Checks and other cash items	5,530
Cash in bank	112,126,511
Total	P107,215,892

Variance between bank confirmation and balance per books due to a non-existing bank account with a balance of P8.994 million.

- 3.4 Confirmation with the three depository banks of the IBC-13 to validate the existence and correctness of the reported Cash in Bank account balances as at December 31, 2024, disclosed a variance totaling P8.994 million, as summarized in Table 11.

Table 11 – Balance of Cash in Bank vis-à-vis per Books

Bank/Account Number	Balance per books	Balance per bank	Variance
Bank 1/Account A	P 99,399,881	P 99,399,881	P -
Bank 1/Account B	3,701,429	3,701,429	-
Subtotal	P 103,101,310	P 103,101,310	P -
Bank 2/Account A	P 8,994,413	P -	P 8,994,413
Bank 2/Account B*	29,793	29,793	-

Bank/Account Number	Balance per books	Balance per bank	Variance
Subtotal	P 9,024,206	P 29,793	P 8,994,413
Bank 3/Account A	P 994	P 994	P -
Total	P 112,126,510	P 103,132,097	P 8,994,413

*\$513.55 @ P58.0140 reported US dollar exchange rate as at 12/27/2024

- 3.5 This variance presented in Table 11 has been a recurring observation in the previous years' AARs. Inquiry with the FD revealed that the reported balance per books of the IBC-13 with Bank 2, amounting to P8.994 million, pertains to an account balance carried forward from the time IBC-13 was sequestered by the government. However, necessary adjustments to close the said book balance have not been effected due to the unavailability of supporting documents.
- 3.6 To address the matter, Management, through the COA-Corporate Government Audit Sector, submitted a request for guidance to the COA – Central Office, regarding the proper write-off of the non-existent bank account with Bank 2. In response, the Accounting Systems Development and Other Services Office (ASDOSO) of the COA GAS opined that the derecognition of the Cash in Bank account balance falls within the scope of IPSAS 29 – Financial Instruments: Recognition and Measurement and cited Paragraph 19, which states that:

An entity shall derecognize a financial asset when, and only when:

- (a) The contractual rights to the cash flows from the financial asset expire or are waived; or*
- (b) It transfers the financial asset as set out in paragraphs 20 and 21 [of IPSAS 29] and the transfer qualifies for derecognition in accordance with paragraph 22 [of IPSAS 29].*

- 3.7 ASDOSO of the COA GAS emphasized that if the contractual rights to the cash flows from the Cash in Bank account have expired or been waived, or if the account no longer meets the definition of an asset, it should be properly derecognized from the books of the IBC-13.

Negative balance of Cash collecting officer account amounting to P(4.917 million) mainly due to the unreconciled prior years' balances between the Cash collecting officer account per General Ledger (GL) maintained by the AS and Monthly Cashier's Report (MCR) prepared by the Treasury Section.

- 3.8 As reflected in Table 10, the Cash Collecting Officer account of the Network exhibited a negative balance of P4.917 million.
- 3.9 Per verification, the balance of the Cash Collecting Officer account per MCR as at December 31, 2024 amounted to P1.931 million, representing

unissued Manager's Check (MC) as at year-end. In comparison, the balance of the Cash Collecting Officer account per GL showed a negative P4.917 million, resulting in a discrepancy of P6.849 million. Details are shown in Table 12.

Table 12 – Comparison between the records of Accounting and Treasury Section

Particulars	Treasury Section	Accounting Section	Variance
Beginning balance	P -	P (5,142,686)	P 5,142,686
Total cash collections, CY 2024	15,640,202	15,640,202	-
Other debits (bank withdrawals/MC)	1,931,430	-	1,931,430
Total cash disbursements, CY 2024	(1,975,805)	(1,955,805)	(20,000)
Deposits of cash collections	(13,664,397)	(13,664,397)	-
Prior period book adjustments	-	205,221	(205,221)
Total	P 1,931,430	P (4,917,465)	P 6,848,895

- 3.10 Further analysis of the account disclosed the following causes of discrepancies, shown in Table 13.

Table 13 – Details of discrepancies between the records of Accounting vis-à-vis Treasury Section

Particulars	Amount
Variance in the prior years' balances	P 5,142,686
Unissued MC that was unadjusted in the books as at year-end	1,931,430
Prior year's transaction that was recorded as credit to Cash in bank but was paid through Cash collecting officer account in CY 2024	(20,000)
Prior period book adjustments	(205,221)
Total	P 6,848,895

- 3.11 The AS committed to prepare the necessary adjusting entry in the ensuing year and to trace the causes of the variance in the prior years' balances to address the issue.
- 3.12 Thus, the faithful representation in the financial statements of the balance of the Cash and Cash Equivalents account in the total amount of P107.216 million as at December 31, 2024 could not be established.

Other observation

Payments totaling P395,995 made through the IBC-13 corporate credit card were not duly supported by the required documentation, contrary to Section 5.3.2 of COA Circular No. 2021-014 dated December 22, 2021. Also, absence of written guidelines governing the use of corporate credit card is contrary to Section 5.3.5(c)(i) of the same Circular. These deficiencies expose IBC-13 to the risk of misuse and misappropriation of government funds.

- 3.13 Sections 5.3.2 and 5.3.5(c)(i) of COA Circular No. 2021-014 dated December 22, 2021 on the Guidelines on the use of Electronic Collection (e-Collection) and Electronic Payment (e-Payment) for Government Transactions provides that:

5.3 Electronic Payment (e-Payment)

Xxx

5.3.2. All e-Payments shall follow the existing procedures on disbursement with duly approved Disbursement Vouchers (DV) or Payroll with complete supporting documents subject to the usual accounting and auditing rules and regulations.

Xxx

5.3.5 The following guidelines shall apply to payments under DEP [Direct Electronic Payment] scheme:

Xxx

c. The following guidelines shall apply for the use of credit cards:

i. No government entity may be allowed to use credit card to pay for government transaction unless they can reasonably protect such use against misuse and misappropriation. Documentation of internal control for this purpose shall be submitted to the Audit Team concerned for evaluation and approval. Xxx

- 3.14 Review of the monthly Bank Reconciliation Statements prepared by the AS for CY 2024 revealed several debits from the bank account, representing monthly payments of credit card in the total amount of P395,995. Details are presented in Table 14.

Table 14 – Summary of Credit card payments for CY 2024

Date recorded in the books	Ref. No.	Date debited from the bank account	Amount
8/31/2024	20045	8/19/2024	P 557
10/31/2024	20078	9/18/2024	261,597
10/31/2024	20078	10/21/2024	38,846
11/30/2024	20139	11/18/2024	27,219
12/31/2024	20182	12/19/2024	67,776
Total			P 395,995

- 3.15 Upon request by the Audit Team, the Management submitted the corresponding monthly Statements of Account (SOAs) showing transactions made using the corporate credit card. It was noted that most of the expenses, totaling P349,898, were related to subscriptions for operating systems, internet connectivity, virtual meeting platforms, and similar services from various providers. The remaining P46,097 pertained to purchases from various suppliers. However, the propriety of these

transactions could not be ascertained due to the absence of the required documentation, such as invoices and other supporting documents, depending on the nature of the expense charged. Also, the usual process for disbursement, was not observed. Instead, the transactions were recorded only at month-end as part of bank reconciliation adjustments, thereby, overriding existing internal controls implemented by IBC-13 for processing of expenses.

- 3.16 The Audit Team also inquired with Management whether IBC-13 has issued written guidelines to safeguard the use of corporate credit card against misuse or misappropriation. In response, Management stated that IBC-13 initially adopted a basic credit card expense control system, which required the submission of original receipts for all credit card charges and the regular review of SOAs to validate expenses. However, no formal or specific written guidelines were provided to the Audit Team.
- 3.17 Thus, the validity of credit card expenditures totaling P395,995 could not be ascertained due to the non-submission of complete supporting documents, contrary to Section 5.3.2 of COA Circular No. 2021-014 dated December 22, 2021. Further, absence of written guidelines governing the use of the corporate credit card is contrary to Section 5.3.5(c)(i) of the same Circular, thus, exposing IBC-13 to the risk of misuse and misappropriation, which may lead to loss of government funds.
- 3.18 **We reiterated our prior years' recommendations that Management direct the 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; and**
 - 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.**
- 3.19 **We further recommended that Management direct the FD to require the AS to:**
- a. **Submit supporting documents for the credit card expenses in the total amount of P395,995; and**
 - b. **Develop and implement written guidelines on the use of credit cards to ensure adequate safeguards against misuse and misappropriation.**
- 3.20 In line with COA-GAS's recommendation, the Network will continue its reconciliation efforts concerning the non-existent balance of the Cash in bank account and the negative balance of the Cash Collecting Officer

account. These abnormal balances may be the result of erroneous journal entries. Following reconciliation, any remaining balances will be assessed by the Network, with due consultation and guidance from COA to determine whether such balances qualify for derecognition under applicable standards.

- 3.21 Moreover, Management requested a “Certificate of No Cash Flow/Transaction” from the Philippine Clearing House Corporation concerning the non-existing bank account. In addition, Management sent bank confirmation letters to the bank to further substantiate the account status.
- 3.22 With regard to the noted variance in the Cash Collecting Officer account for CY 2024, the AS prepared the necessary adjusting entries.
- 3.23 As to the causes of negative balances from prior years, the AS is currently undertaking a comparison and reconciliation of its Cash Disbursement Books with those of the Treasury Section. In parallel, the Cash Collecting Officer account is being reconciled with the Cash in Bank account. The FD is exerting its best efforts to complete the reconciliation process and locate the necessary supporting documents to resolve the discrepancies. In compliance with the recommendations of the Audit Team, the FD has also prepared a corresponding disclosure in the Notes to the FS.
- 3.24 In compliance with the recommendation with respect to the use of corporate credit card, the Finance Manager issued an Office Memorandum directing all end-users of subscriptions charged to the Network's credit card to submit the corresponding service invoices for each monthly subscription. The FD will compile and submit these invoices as they are received from the concerned end-users to ensure proper documentation of expenses. Moving forward, IBC-13 committed to full adherence to Section 5.3.2 of COA Circular No. 2021-014.
- 3.25 The FD has also submitted to the BOD for review and approval the proposed guidelines on the use of the Network's credit card.
- 3.26 As a rejoinder, the Audit Team acknowledged the actions taken and the commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

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 at Source supporting taxes totaling P17.881 million, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

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

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

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

- 4.3 Per GL, the Creditable Tax Withheld (CTW) at Source account reflected a balance of P17.930 million as at December 31, 2024, as detailed in Table 15.

Table 15 – Details of the balance of Withholding tax at source account as at December 31, 2024

Particulars	Amount	Applied as tax credit in CY 2024	Balance as at December 31, 2024
CTW as at January 1, 2024	P18,033,801	P -	P18,033,801
CTW for CY 2024	402,109	506,193	(104,084)
Total	P18,435,910	P 506,193	P17,929,717

- 4.4 Section 2.58.3 of the Bureau of Internal Revenue (BIR) Revenue Regulation No. 02-98 dated April 17, 1998 provides:

(A) The amount of creditable tax withheld shall be allowed as a tax credit against the income tax liability of the payee in the quarter of the taxable year in which income was earned or received.

(B) Claims for tax credit or refund of any creditable income tax which was deducted and withheld on income payments shall be given due course only when it is shown that the income payment has been declared as part of the gross income and the fact of withholding is established by a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom. Proof of remittance is the responsibility of the withholding agent.

(C) Excess Credit – An individual or corporate taxpayer's excess expanded withholding tax credits for the taxable quarter/year shall automatically be allowed as a credit against his income tax due for the taxable quarters/years immediately succeeding the taxable quarters/years in which the excess credit arose, provided he submits with his income tax return, a copy of the first page of his income tax return for the previous

taxable period showing the amount of his excess withholding tax credits, and on which return has not opted for a cash refund or tax credit certificate. (underscoring ours)

- 4.5 Expanded Withholding Taxes is a creditable withholding tax that can be regarded as an advance income tax payment as it is creditable against the tax due for the taxable quarter or year in which the particular income was earned. It is also an asset that can be recognized as Prepayments under the Withholding Tax at Source account.
- 4.6 The obligation to issue a duly accomplished Certificate of CTW at Source or BIR Form No. 2307, as proof of withholding, rests with the payor, also known as the withholding tax agent. The certificates must be furnished to the payee within 20 days following the close of the taxable quarter in which the income was earned or received, or simultaneously with the payment upon request of the payee.
- 4.7 The Audit Team requested the Cash Receipts Book, GL for CY 2024, and BIR Form No. 2307 on file to determine whether the recorded balance in the books is correct and adequately supported by the required certificates.
- 4.8 Per GL, the CTW at Source account reflected a balance of P18.436 million, of which P0.506 million was applied against income taxes payable for CY 2024. Thus, a balance of P17.930 million remained as at December 31, 2024, as detailed in Table 15.
- 4.9 Further review revealed that out of the ending balance of P17.930 million, only P48,676 was duly supported by BIR Form No. 2307, while the remaining P17.881 million was not. As a result, in the absence of the required BIR Form 2307, IBC-13 may not be able to claim the said amount as a tax credit.
- 4.10 Relative thereto, Paragraph 18 of IPSAS 19 defines a “contingent asset as *“a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.”*
- 4.11 Accordingly, the CTW balance unsupported by the required BIR forms may be more appropriately considered a contingent asset, pending confirmation from the BIR on whether it can still be used as a tax credit. This matter was properly disclosed under Note 10 in the Notes to the FS of the IBC-13 as at year-end.
- 4.12 Thus, the absence of BIR Form No. 2307 and the erroneous recordings made by the AS cast doubt on the reliability, validity, and accuracy of the year-end balance of the Tax Withheld at Source account as at December 31, 2024.

- 4.13 **We recommended that Management 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 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.**
- 4.14 Management commented that the Network submitted an official inquiry to the BIR - Revenue District Office (RDO) No. 28 - Novaliches on May 30, 2023. The inquiry sought clarification and guidance on the following matters:
- a. The revalidation of Tax Withheld at Source balances that have remained outstanding for more than five years, and whether these may still be recognized as tax credits; and
 - b. The applicable BIR revenue regulation or issuance governing the prescriptive period for Creditable Withholding Tax or Withholding Tax at Source.
- 4.15 The BIR received the letter on June 1, 2023, and RDO No. 28 subsequently referred the matter to its Legal Division on June 2, 2023. The Network has since conducted a follow-up to ensure timely and appropriate action on the request.
- 4.16 In parallel, the AS, in coordination with the Billing and Collection Section, is reviewing the historical records to trace the origin of the withholding tax entries, including identifying the corresponding income and client sources.
- 4.17 Moving forward, the FD committed to exert all necessary efforts to maintain accurate and complete records of CTW at source. The Department also committed to ensure that all taxes withheld by clients are properly supported with duly accomplished BIR Form No. 2307 certificates.
- 4.18 As a rejoinder, the Audit Team acknowledged the actions taken and the commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

5. The faithful representation of various Liability account balances totaling P4.248 million as at December 31, 2024, could not be established due to: (a) negative balances in the total amount of P2.174 million; and (b) the absence of Subsidiary Ledgers and inadequate documentation, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.

5.1 This is a reiteration, with updates, of the previous years' audit observation, as management was unable to implement the recommendation.

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

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

5.3 Also, Annex C of the Updated Revised Chart of Accounts for Government Corporations under COA Circular No. 2020-002 dated January 28, 2020 provided the description of accounts with its normal balances. Sound accounting practice also dictates that the normal balance for asset and expense accounts should be debit, and the liabilities, equity, and income accounts should be credit.

5.4 Likewise, Item B of Section 12, Volume I of GAM identified the GLs and SLs as among the books of accounts and registries that must be maintained by a government entity. Further, good internal control practice requires SLs to better monitor the individual transactions of a particular controlling GL account.

5.5 Review of the GLs of the Liability accounts revealed that various accounts have negative balances aggregating to (P2.174) million as at year-end. In addition, the aforementioned accounts with negative balances, along with the account Due to SSS - Salary loan, with a year-end balance of P2.074 million was not supported with SLs or relevant supporting documents to facilitate the review and monitoring of the related transactions. The detailed breakdown is provided in Table 16.

Table 16 – Liability accounts with negative balances and without SLs and inadequate documentation

Account title	Amount
Other unearned revenue/income	P (1,886,368)
Withholding tax on compensation	(120,529)
Due to Philippine Health Insurance Corporation (PhilHealth)	(85,999)

Account title	Amount
Due to Home Development Mutual Fund (Pag-IBIG)	(80,685)
Sub-total	P (2,173,581)
Due to SSS – Salary loan	(2,074,333)
Total	P (4,247,914)

- 5.6 The Audit Team inquired with Management regarding the Liability accounts that had negative balances. In response, Management stated that:

The FD conducts a preliminary review of the records pertaining to the liabilities. The negative balances of unearned revenues are most likely a result of recording errors, as unearned income typically represents money owed to customers. The FD will examine all relevant entries and documents contributing to the negative unearned revenues. This naturally includes errors in recording cash transactions, refunds, and cancellations, as well as adjustments of entries in Journal Vouchers. The FD will follow up on the payment of this overpayment. The negative balances of loans and contributions from SSS, PhilHealth, and Pag-IBIG are forwarded balances from the book of accounts left during the 1986 government sequestration of the IBC-13. No pertinent records can establish a proper amount. Regarding current employee benefits, loans, and contributions, management has up-to-date remittances, lists, and dates for resigned and retired employees, which may also contribute to abnormal balances.

The FD is preparing the records for Pag-IBIG and PhilHealth accounts. Once the records are completed and reviewed, the Finance Manager will request authorization from the BOD to reconcile with the Pag-IBIG and PhilHealth in order to make the necessary entries that correct the abnormal balances of these accounts.

- 5.7 Thus, the faithful representation of the balances of the various Liability accounts as at year-end could not be established, contrary to Paragraph 27 of IPSAS 1.

- 5.8 **We reiterated our prior years' recommendations that Management direct the AS to:**

- a. **Exert all efforts, establish a clear timeline, and assign responsible personnel to locate the relevant documents, conduct a thorough analysis of prior years' transactions that resulted in the negative balances of various liability accounts, and prepare the necessary adjusting entries;**
- b. **Send formal confirmation requests to Pag-IBIG and PhilHealth to determine the correct amounts payable by the IBC-13. Thereafter, reconcile the negative balances of the pertinent liability accounts based on the confirmed amounts;**

- c. Fast-track the preparation of SLs to enable proper monitoring of the subject accounts; and**
- d. Coordinate with the Payroll Section to reconcile the recorded year-end unremitted balance of the Due to SSS – Salary Loan account and make the necessary adjustment(s), if warranted.**

- 5.9 Management commented that the FD has conducted a preliminary review of records related to the various liability accounts as part of its ongoing efforts to address the abnormal balances.
- 5.10 The negative balances under Unearned revenues are likely the result of recording errors. The FD is currently examining all related entries and documents to determine the root cause of the discrepancies and apply the appropriate corrections.
- 5.11 The balances of the Due to PhilHealth and Due to Pag-IBIG accounts are carryover balances dating back to the period of government sequestration of IBC-13 in 1986. Despite efforts to reconstruct records, the loss of pertinent documents, exacerbated by Typhoon Ondoy in 2009, has hindered the full verification and proper determination of the actual liabilities.
- 5.12 For current employee benefits, loans, and contributions, Management has up-to-date remittances, along with a maintained list of resigned and retired employees, as these may have contributed to existing abnormal balances.
- 5.13 Further, the FD is currently preparing and reviewing the PhilHealth, Pag-IBIG, and SSS accounts. In coordination with the Payroll Section and Administrative Department, the FD has requested certifications of good standing from the respective government agencies. As of this writing, no responses have been received.
- 5.14 Upon completion and review of the records, the FD will seek authorization from the BOD to formally reconcile with PhilHealth and Pag IBIG, and to initiate the necessary adjusting entries to correct the balances.
- 5.15 As to the Due to SSS - Salary loan, the Payroll Section is also in the process of reconciling this account to determine any discrepancies.
- 5.16 The FD has established and is maintaining SLs for the pertinent Liability accounts.
- 5.17 As a rejoinder, the Audit Team acknowledged the actions taken and the commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

B. NON-FINANCIAL

- 6. Inadequate documentation to support the payments totaling P454.503 million for Security Services, Per diem for Board and Committee Meetings, and Separation Pay of retired or resigned employees covering the period January 1 to December 31, 2024, is contrary to Sections 9.1.3.2, 5.7.3, and 5.12 of COA Circular No. 2012-001 dated June 14, 2012, thereby casting doubt on the propriety of the transactions involved.**

- 6.1 Sections 9.1.3.2, 5.7.3, and 5.12 of COA Circular No. 2012-001 dated June 14, 2012, which prescribes the updated documentary requirements for common government transactions reads as follows:

9.1.3.2 General Support Services (janitorial, security maintenance, garbage collection and disposal and similar services). xxx

- ☐ *Accomplishment Report*
- ☐ *Request for payment*
- ☐ *Contractor's Bill*
- ☐ *Certificate of Acceptance*
- ☐ *Record of Attendance/Service*
- ☐ *Proof of remittance to concerned government agencies and/or GOCC [BIR/Social Security System (SSS)/ECC/Pag-ibig/PhilHealth]*

Xxx

5.7.3 Governing Boards of Collegial Bodies

- ☐ *Appointment/designation as member of the Board*
- ☐ *Certification that the claimant is not an appointee to a regular position in the governing board of collegial body who receives salaries, regular allowances and other benefits*
- ☐ *Minutes of Meeting and Attendance Sheet as certified by the Board Secretary*

5.12 Retirement Benefits

General Guidelines

Appropriations authorized in the GAA to cover retirement gratuity benefits claims shall be released directly to the office and agencies concerned computed based on the provisions of applicable retirement laws, rules and regulations. Xxx

Documentary Requirements under RA 1616

- ☐ *Updated Service record indicating the number of days on leave without pay and/or certification issued by the Human Resource Office (HRO) that the retiree did not incur any leave of absence without pay*

- ☐ Retirement application
- ☐ Office Clearance from money/property accountability & administrative/criminal liability
- ☐ Statement of assets and liabilities
- ☐ Retirement Gratuity Computation
- ☐ Affidavit of Undertaking for authority to deduct accountabilities
- ☐ Affidavit of applicant that there is no pending criminal investigation or prosecution against him/her (Anti-Graft RA No. 3019)

Additional requirement in case of resignation

- ☐ Employee's letter of resignation duly accepted by the Agency Head

Additional requirements in case of death of claimant

- ☐ Death certificate authenticated by NSO
- ☐ Marriage contract authenticated by TSO
- ☐ Birth certificate of all surviving legal heirs authenticated by NSO
- ☐ Designation of next-of-kin
- ☐ Waiver of rights of children 18 years old and above

- 6.2 Review of the Cash Vouchers (CVs) relative to Security Services, Per diem for Board and Committee Meetings, and Retirement/Separation Pay, covering the period of January 1 to December 31, 2024, in the aggregate amount of P454.503 million as shown in Table 17, revealed incomplete supporting documents.

Table 17 – Summary of payments for Security Services, Per Diem for Board and Committee Meetings, and Retirement/Separation Pay with Incomplete Documentary Requirements

Nature of expense	Amount (Gross)
Security services	P 4,338,387
Per diem – Board of Directors & Committee Meetings	952,000
Separation Pay	449,212,227
Total	P 454,502,614

- 6.3 Despite the previous year's audit observation, post-audit of disbursements for CY 2024 revealed that the only documents supporting the payments were the attachments listed below:

Security Services:

- a. SOA/Service Invoice;
- b. Record of Attendance; and
- c. Official Receipt (OR).

Per diem for Board and Committee Meetings:

- a. Certified Funds Available; and
- b. Appointment/Designation as a member of the Board.

Retirement Benefits:

- a. Office Clearance from money/property accountability & Administrative/ Criminal liability;
- b. Retirement Gratuity Computation; and
- c. Special Power of Attorney, Quit Claim.

- 6.4 After considering the requirements of the above-cited COA Circular, the following documents were found to be lacking in the payments made for security services, per diem for Board and Committee Meetings, and retirement/separation pay, as detailed in Table 18.

Table 18 – List of Lacking Documents to Support Payments for Security Services, Per diem for Board and Committee Meetings, and Retirement/Separation Pay

Security Services	Per diem for Board and Committee Meetings	Retirement/Separation Pay
1. Accomplishment Report;	1. Appointment/designation as a member of the Board;	1. Updated Service Records indicating the number of days on leave without pay and/or certification issued by the Human Resource Office that the retiree did not incur any leave of absence without pay;
2. Request for Payment;	2. Certification that the claimant is not an appointee to a regular position in the governing board of collegial body who receives salaries, regular allowances, and other benefits;	2. Retirement Application;
3. Certificate of Acceptance; and	3. Minutes of Meeting; and	3. SALN for CY 2024 Retirees;
4. Proof of remittance to the concerned government agencies (BIR/SSS/Employees Compensation Commission/Pag-IBIG/ PhilHealth).	4. Certification issued by the Chief Accountant that the amounts received by the recipient/s do not exceed the limit pursuant to DBM BC No. 2007-001 dated April 23, 2007, and any future amendments thereof.	4. Retirement Gratuity Computation;
		5. Affidavit of Undertaking for authority to deduct accountabilities;
		6. Affidavit of the applicant that there is no pending criminal investigation or prosecution against him/her; and
		7. Employee letter of resignation duly accepted by the Agency Head.

- 6.5 The Audit Team informed the FD about the lacking documents related to payments made for security services, per diem for Board and Committee Meetings, and separation pay for retired or resigned employees. The FD commented that the deficiency was due to a lack of coordination between the concerned departments and the FD. The FD assured the Audit Team that IBC-13 would comply with the submission of the required lacking documents.

- 6.6 The non-attachment of the required documentation constitutes non-compliance with the provisions of COA Circular No. 2012-001, thereby, casting doubt on the propriety of the transactions involved. Further, this also exposes IBC-13 to potential risk of incurring unnecessary expenditures.
- 6.7 **We recommended that Management:**
- a. **Direct the FD to submit the lacking documentary requirements; and**
 - b. **Moving forward, institutionalize and implement a mandatory pre-audit checklist to ensure strict compliance with the documentary requirements prescribed under COA Circular No. 2012-001 dated June 14, 2012, particularly for disbursements relative to Security Services, Per Diem for Board and Committee Meetings, and Retirement/Separation Pay of employees.**
- 6.8 Management has submitted documentations in partial compliance with the recommendation and further committed to comply with the prescribed documentary requirements to avoid the issuance of Notice of Suspension or Disallowance.
- 6.9 As a rejoinder, the Audit Team acknowledged the initial efforts of the Management to implement the audit recommendations. However, the documents submitted to the Audit Team will be subjected for further review.

7. **The propriety of procurements made by the Network could not be ascertained due to the following deficiencies: (a) procurements conducted through Shopping and Small Value Procurement, aggregating to P19.913 million, lacked the submission of supporting documents as required under Items V. C.2(b), D.8(b) and Appendix A of Annex H, and Section 53.9 of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184; and (b) procurements amounting to P2.927 million were not included in the approved Annual Procurement Plan (APP) or in any issued Supplemental APP for CY 2024, contrary to Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184. As a result, the related expenditures may be considered irregular, as defined under COA Circular No. 2012-003, dated October 29, 2012.**

Propriety of procurements made by the Network through Shopping and Small Value Procurement (SVP) aggregating to P19.913 million could not be established due to the non-submission of the documents required under Items V. C.2(b), D.8(b) and Appendix A of Annex H, and Section 53.9 of the 2016 revised IRR of RA No. 9184.

7.1 This is a reiteration of prior year's observation as Management was not able to implement the audit recommendations.

7.2 The 2016 Revised IRR of RA No. 9184 details the guidelines and documentary requirements for Shopping and SVP as follows:

7.3 Sections 52.1(b) and 53.9 of Rule XVI defines Shopping and SVP as:

52.1 Shopping is a method of procurement of Goods whereby the Procuring Entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed in any of the following cases:

Xxx

Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex "H" of this IRR.

53.9 Small Value Procurement. Procurement of Goods, Infrastructure Projects and Consulting Services, where the amount involved does not exceed the threshold prescribed in Annex "H" of this IRR: Provided, that in case of Goods, the procurement does not fall under shopping in Section 52 of this IRR.

7.4 Whereas, Item Nos. V. C.2(b) and D.8(b) of Annex H of the 2016 revised IRR provide procedures to be observed as well as the required documents on Shopping and SVP, to wit:

V. SPECIFIC GUIDELINES

Xxx

C. Shopping

2. Procedure

b) Shopping under Section 52.1(b)

i. The End-User unit or the duly authorized official or personnel shall submit a purchase request to the BAC relative to the goods to be procured through Shopping.

- ii. *The BAC shall prepare the RFQ, indicating the specifications, quantity, ABC, and other terms and conditions of the contract.*
- iii. *Except for those with ABCs equal to Fifty Thousand Pesos (P50,000.00) and below, RFQs shall be posted for a period of at least three (3) calendar days in the PhilGEPS website, website of the Procuring Entity, if available, and at any conspicuous place reserved for this purpose in the premises of the Procuring Entity.*
- iv. *The BAC shall send the RFQs to at least three (3) suppliers of known qualifications, and at least three (3) price quotations must be obtained. This, notwithstanding, those who responded through any of the required postings shall be allowed to participate.*
- v. *The deadline for submission may be extended thrice, if none or less than the required number of quotations are received. For ABCs more than Fifty Thousand Pesos (P50,000.00), extensions of deadline shall likewise be posted for a period of three (3) calendar days in the PhilGEPS, the website of the Procuring Entity, if any, and at any conspicuous place in the Procuring Entity's premises. In case no supplier responded after the third extension, the BAC shall conduct a mandatory review in accordance with Section IV(K) of this Guidelines.*
- vi. *Upon receipt of at least three (3) quotations within the prescribed deadline, the BAC shall prepare an Abstract of Quotations setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest calculated quotation submitted.*
- vii. *The BAC shall validate the technical, legal and financial capability of the supplier to supply and deliver the goods.*
- viii. *Upon confirmation and ascertainment of such capability, the BAC shall recommend to the HOPE the award of contract in favor of the supplier with the Lowest Calculated and Responsive Quotation. In case of approval, the HOPE shall immediately enter into a contract with the said supplier.*

D. NEGOTIATED PROCUREMENT

8. Small Value Procurement (SVP)

b) Procedure

- i. The End-User shall submit a request for SVP to the BAC, which indicates the technical specifications, scope of work, terms of reference, ABC and other terms and conditions.*
- ii. The BAC shall prepare and send the RFQs/RFPs to at least three (3) suppliers, contractors or consultants of known qualifications. This, notwithstanding, those who responded through any of the required postings shall be allowed to participate. Receipt of at least one (1) quotation is sufficient to proceed with the evaluation thereof.*
- iii. Except for those with ABCs equal to Fifty Thousand Pesos (P 50,000.00) and below, RFQs shall be posted for a period of three (3) calendar days in the PhilGEPS website, website of the Procuring Entity, if available, and at any conspicuous place reserved for this purpose in the premises of the Procuring Entity.*
- iv. Pre-bid conference may be conducted at the discretion of the BAC, in order to clarify and/or explain any of the requirements, terms, conditions, and specifications stipulated in the RFQ/RFP.*
- v. After the deadline for submission of quotations/proposals, an Abstract of Quotations/Ratings shall be prepared setting forth the names of those who responded to the RFQ/RFP, their corresponding price quotations/ratings.*
- vi. The BAC shall recommend to the HOPE the award of contract in favor of the supplier or contractor with the Single or Lowest Calculated and Responsive Quotation (for goods or infrastructure projects), or consultant with the Single or Highest Rated and Responsive Proposal (for consulting services). In case of approval, the HOPE shall immediately enter into contract with the said supplier, contractor or consultant.*

- 7.5 Appendix A of Annex H of the 2016 Revised IRR of RA No. 9184 prescribes the documents that the Bids and Awards Committee (BAC) shall require from suppliers, contractors and consultants, as presented in Table 19.

Table 19 – Documentary Requirements for Shopping and SVP

Alternative Modality	Mayor's/ Business Permit	Professional License/ Curriculum Vitae (Consulting Services)	PhilGEPS Reg. Number	PCAB License (Infra.)	NFCC (Infra.)	Income/ Business Tax Return	Omnibus Sworn Statement
II. Shopping [Section 52.1(b)]	✓		✓				
F. Small Value Procurement (Section 53.9)	✓	✓	✓	✓		✓ For ABCs above P500K	✓ For ABCs above P50K

7.6 Further, the same IRR also provides:

Sec. 54.3 In all instances of alternative methods of procurement, the BAC, through the Secretariat, shall post, for information purposes, the notice of award in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity, except for contracts with ABC of Fifty Thousand Pesos (50,000.00) and below. Xxx

- 7.7 During audit, the Audit Team obtained IBC-13's APP, Purchase Orders (POs), Contracts, CVs, and Monthly Disbursement Reports to assess the planned and completed procurements for CY 2024. As a result, the Audit Team noted 69 completed procurements. These were undertaken through Shopping and SVP, amounting to P359,489.83 and P19.554 million, respectively. All of these transactions were thoroughly examined.
- 7.8 Audit showed that, despite similar audit observations in prior years, procurements by IBC-13 of goods and services through Shopping for CY 2024 continued to lack documentary requirements. Also, SVP procurements for CY 2024 were not supported with the necessary documents.
- 7.9 Inquiry made with the concerned accounting personnel disclosed that only POs, Request to Purchase, and Price Quotations, together with the Abstract of Quotations, were attached to the CVs. These were the only documents forwarded by the Purchasing and/or Administrative Department.
- 7.10 Accordingly, the Audit Team notified the Purchasing Section relative to the submission of the required documents in connection with the procurements made through Shopping and SVP. Although the Purchasing Section submitted additional sets of POs with supporting documents, a review and evaluation by the Audit Team revealed that the prescribed documentary requirements were still not fully complied with.
- 7.11 The continued non-submission of the necessary supporting documents, is contrary to Item Nos. V. C.2(b) and D.8(b) and Appendix A of Annex H of

the 2016 revised IRR of the RA No. 9184. Thus, the propriety of the said procurements through Shopping and SVP could not be established.

The propriety of procurements made by the IBC-13 for CY 2024 amounting to P2.927 million could not be established due to non-inclusion in the approved APP or in the issued Supplemental APP for CY 2024 contrary to Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184.

- 7.12 Item 7.2 of Section 7 of the 2016 revised IRR of RA No. 9184 otherwise provides that:

No procurement shall be undertaken unless it is in accordance with the approved APP, including approved changes thereto. The APP must be consistent with the duly approved yearly budget of the Procuring Entity and shall bear approval of the HOPE or second-ranking official designated by the HOPE to act on his behalf.

- 7.13 Audit of transactions relative to procurement of goods through SVP for CY 2024 with an aggregate amount of P2.927 million, revealed that these procurements were not included in IBC-13's APP for CY 2024 or in the issued Supplemental APP for the same year. Details are shown in Table 20.

Table 20 - Procurement of goods through SVP not included in the APP nor in the supplemental APP for CY 2024

PO No.	Date	Particulars	Amount
8391	09/16/24	Construction materials	P 98,000
8397	09/25/24	Executive uniforms	52,700
8402	10/02/24	Construction materials	592,144
8403	10/02/24	Construction materials	374,480
8416	10/28/24	Construction materials	799,900
8421	11/11/24	60 meters roll of bare copper wire	379,680
8430	12/16/24	Food items	274,521
8431	12/16/24	Golf umbrella	230,000
8432	12/20/24	Construction materials	125,219
Total			P 2,926,644

- 7.14 Inquiry with the BAC regarding the exclusion of the above-listed procured items from the CY 2024 APP revealed that IBC-13 only partially complied with the preparation of the APP. Several procurements were not included in the approved APP, nor in the Supplemental APP prepared for the same year. This was primarily due to Management's directive for the immediate procurement of goods, which were only supported by Board Resolutions. IBC-13 proceeded with the procurements based on the urgency of the need and availability of funds, regardless of whether the items were reflected in the APP.

- 7.15 The funding sources of these procurements consisted of internally generated revenues, collections, and receivables of IBC-13.
- 7.16 Consequently, the procurement totaling P2.927 million was contrary to the provisions of Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184, and may therefore be considered an irregular expenditure.
- 7.17 **We reiterated our prior years' recommendations that Management:**
- a. **Require the BAC, Purchasing, and AS to immediately submit all the required lacking documents to the Office of the Auditor for review and evaluation; and**
 - b. **Moving forward, strictly adhere to Items V. C.2(b) and D.8(b) and Appendix A of Annex H of the 2016 revised IRR of RA No. 9184 and/or the New Government Procurement Act and its IRR, whichever is applicable, particularly on the documentary requirements for procurement through Shopping and SVP.**
- 7.18 **We further recommended that Management:**
- a. **Direct the BAC to strictly comply with Item 7.2, Section 7 of the 2016 revised IRR of RA No. 9184 by meticulously planning the procurement of goods and infrastructure projects, and ensuring that all such procurements are included in the Network's APP, as no procurement shall be undertaken outside the approved plan;**
 - b. **Direct the following:**
 - i. **Purchasing, Treasury, and Finance Departments to strictly comply with Section 7.1, Rule II of 2016 revised IRR of RA No. 9184; and**
 - ii. **Internal Audit Department to develop and implement written internal control procedures for the procurement process of the Network to minimize the risk of non-compliance with applicable laws, rules, and regulations; and**
 - c. **Direct all concerned personnel to strictly adhere to Section 54.3 of the Updated 2016 Revised IRR of RA No. 9184.**
- 7.19 Management commented that the procurement activities in question were undertaken in response to the urgent operational requirements of the Network. Due to time constraints and immediate demand, full compliance with the prescribed documentation process was regrettably not completed at the time of procurement.

- 7.20 While the Management recognized that urgency does not exempt the Network from adhering to procurement laws and documentation standards, there was no intent to circumvent procedures nor compromise transparency and accountability.
- 7.21 Moreover, efforts have been made to retrieve, reconstruct, and complete the lacking documentations for submission to the Audit Team. Further, Management is committed to implement corrective actions to ensure full compliance, moving forward.
- 7.22 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

8. The non-submission of the Project Procurement Management Plan resulted in the non-inclusion of procurement for Contracts of Service (COS) personnel totaling P4.786 million from the approved Annual Procurement Plan for Calendar Year 2024, contrary to Item 7.2 of Section 7 of the 2016 revised Implementing Rules and Regulations of Republic Act No. 9184. Additionally, payments made to the COS personnel were inadequately supported by the required documentations, contrary to Sections 4.1.3 and 9.1.3 of COA Circular No. 2012-001 dated June 14, 2012, thereby casting doubt on the propriety of the subject transactions.

8.1 Item 7.2 of Section 7 of the 2016 revised IRR of RA No. 9184 provides that:

No procurement shall be undertaken unless it is in accordance with the approved APP, including approved changes thereto. The APP must be consistent with the duly approved yearly budget of the Procuring Entity and shall bear the approval of the HOPE or second-ranking official designated by the HOPE to act on his behalf.

8.2 Further, Section 4.1.3 of COA Circular No. 2012-001 dated June 14, 2012 provides that an agency may hire casual and contractual personnel as part of the organization, when authorized to, and within limits of their respective appropriations. It further enumerated the documentary requirements for processing the payment of salaries and wages of the personnel, which shall include, among others:

- *Certified copy of the pertinent contract (for first claim);*
- *Certification by the Personnel Officer that the activities/services cannot be provided by regular or permanent personnel of the agency (for first claim);*
- *Accomplishment Report; and*
- *Approved DTR.*

8.3 In addition, Paragraph 9.1.2 of COA Circular No. 2012-001 provides, among others the Approved Consultancy Progress/Final Report, and/or

output required under the contract as an additional documentary requirement for Consulting Services.

- 8.4 Audit of transactions relative to the payments of salaries to 38 individuals hired under COS arrangements for CY 2024, totaling P4.786 million, inclusive of withholding taxes, revealed that these were not included in IBC-13's approved APP for the same year.
- 8.5 Inquiry made with the BAC Secretariat disclosed that only procurements relative to goods and infrastructure projects were reported in the approved APP. Further, the non-inclusion of the subject procurements in the approved APP was due to the non-submission of the Project Procurement Management Plan (PPMP) by the Human Resource Division (HRD) and other concerned departments to which the COS personnel were assigned.
- 8.6 Moreover, the post-audit of Disbursement Vouchers (DV) revealed inadequate documentation, as required under COA Circular No. 2012-001. Specifically, all payments for the first salary claims of COS personnel lacked the required Certification from the Personnel Officer stating that the activities/services rendered could not be provided by regular or permanent personnel. Additionally, approved DTRs were either missing, unsigned by the concerned COS personnel, or not duly approved by their immediate supervisors, particularly for office-based personnel.
- 8.7 FD explained that the DVs were processed based on the documents submitted by the HRD, indicating a lack of internal validation of supporting documents.
- 8.8 Furthermore, review of contracts entered into, by and between the Network and five COS service providers hired as consultants revealed no mention of final reports and/or outputs/deliverables in line with their job descriptions. Thus, no Approved Consultancy Progress/Final Report to support the payments made. This deficiency was attributed to the lack of awareness of the concerned department with the required documentation.
- 8.9 The non-inclusion of salaries paid to individuals hired through COS in the APP for CY 2024 deviation from procurement regulations and may be construed as unauthorized disbursements of government funds, as the APP serves a primary control mechanism for all procurement activities of the agency. Consequently, the practice of incomplete attachment of documentary requirements in the payments to COS personnel raises doubt on the validity and propriety of said transactions.
- 8.10 **We recommended that Management:**
 - a. **Strictly comply with Item 7.2 of Section 7 of the 2016 Revised IRR of RA No. 9184 by meticulously planning the hiring of COS personnel, including but not limited to the preparation and submission of the PPMP for inclusion in the approved APP;**

- b. **Direct the Administrative Division and HRD to submit the required supporting documents noted; and**
- c. **Ensure strict adherence to the provisions of the Procurement Law and its Revised IRR, specifically in the hiring of COS personnel, moving forward.**

- 8.11 Management commented that the engagements of COS personnel were duly included the approved Corporate Operating Budget for CY 2024. While the corresponding PPMP covering these engagements was inadvertently not submitted as a separate document, the services of said COS personnel were already anticipated and programmed within the budget, following the implementation protocols adopted by IBC-13.
- 8.12 All COS personnel are required to submit their respective Accomplishment Reports as a condition for the processing and release of their compensation. These reports are subject to review and approval by the respective supervisors or heads of units, thereby serving as performance verification and a supporting control measure for their services rendered.
- 8.13 Nonetheless, Management recognized the procedural importance of the PPMP as an integral component of procurement planning and compliance. Thus, Management committed to take appropriate measures to rectify the oversight and commenced the preparation and submission of an updated PPMP to reflect all COS engagements in accordance with procurement rules and regulations. Management also committed to ensure timely and complete submission of required documents, moving forward.
- 8.14 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendation. However, full compliance will be monitored in CY 2025.

- 9. **The absence of a defined organizational structure and staffing pattern resulted in the hiring of employees without the requisite confirmation or endorsement from the Governance Commission for Government-Owned and/or Controlled Corporations (GCG), contrary to Section 1 of Executive Order No. 150 and GCG Compensation and Position Classification System Notice No. 4, dated January 14, 2022. Consequently, the validity of the appointments and contracts, as well as the corresponding salaries and benefits of the Network's appointed permanent and probationary employees for the Calendar Year 2024, totaling P13.028 million, could not be substantiated.**

- 9.1 Section 1 of Executive Order (EO) No. 150 provides:

The CPCS and Index of Occupational Services, Position Titles, and Job Grades for GOCC (IOS-G) Framework. The CPCS and the IOS-G Framework for the GOCC Sector, attached hereto, are hereby approved and shall apply to all GOCCs, Government Financial Institutions (GFIs), Government Instrumentalities with

Corporate Powers (GICPs)/Government Corporate Entities (GICPs/GCEs) (hereafter collectively referred to as “GOCCs”), including their subsidiaries, unless excluded from the coverage of RA No. 10149. Xxx

The GCG shall have the authority to convert or revise the existing position classification system of the GOCCs to be aligned with the CPCS under this Order. All positions in GOCCs shall then be allocated by the GCG to their proper position titles and job grades in the IOS-G. Xxx

- 9.2 Likewise, GCG Compensation and Position Classification System (CPCS) Notice No. 4, dated January 14, 2022, states the following:

Xxx

3. Please note that in the JE of GOCCs, each position in the GOCC shall be assigned a CPCS Job Grade (JG) after going through the JE process “which measures the level and nature of contribution of a job defined by knowledge requirements, organization impact, people-related skills, analytical skills, and varying levels of leadership requirement among others.” The GCG reviews each position in the GOCC using the Job Description of all positions submitted by the GOCC.

4. Upon receipt of the authorization to adopt the CPCS, the GOCC shall adopt the indicated CPCS Salary Structure based on the scheme that will be approved by its Governing Board, with consideration of the GOCC’s affordability and sustainability to continually implement the CPCS rates for its officers and employees. Xxx

- 9.3 Additionally, Section 9 of the RA No. 10149 also provides:

SEC. 9. Position Titles and Salary Grades. — All positions in the Position Classification System, as determined by the GCG and as approved by the President, shall be, allocated to their proper position titles and salary grades in accordance with the Index of Occupational Services, Position Titles and Salary Grades of the Compensation and Position Classification System, which shall be prepared by the GCG and approved by the President.

- 9.4 As at December 31, 2024, IBC-13 had 129 regular and probationary personnel for the Central Office, Provincial Stations, and DWAN AM Radio, per Workforce Report submitted by the Administrative and HRD for CY 2024, as shown in Table 21.

Table 21 – IBC-13 Workforce for CY 2024

Position	No. of employees
President and CEO	1
General manager	1
Managers	7
Compliance officer	1
Project officer	1
Directors	10
Supervisors	25
Co-terminus	3
Rank and file	74
Probationary	6
Total	129

- 9.5 Review of the Workforce Report as at December 31, 2024, along with employee contracts, revealed that new permanent and probationary personnel positions were established. These positions include Compliance Officer, Legal Counsel, Project Manager, and Station Manager. New rank-and-file employees were also hired for IBC-13 TV Stations and DWAN 1206 Kiloherzt (KHz) AM Radio of the Network despite lack of an approved organizational structure, staffing pattern, and salary confirmation or endorsement from the GCG.
- 9.6 Furthermore, per submitted appointments and contracts for CY 2024, the Audit Team noted that the Network has employed 30 new permanent personnel and 32 probationary employees.
- 9.7 Those hired in CY 2024 were assigned to the IBC-13 Main Office and Provincial Stations with salaries ranging from P10,000 to P100,000 a month, along with the benefits outlined in their appointments and contracts. The total expenses incurred for the salaries and benefits of these employees totaled P13.028 million, as shown in Table 22.

Table 22 – Salaries and Benefits Received by Newly-appointed Regular/ Permanent and Probationary Employees for CY 2024

Status	Particulars	Amount
Permanent	Salaries	P 6,534,081
	Rice & Sugar	456,775
	Meal Allowance	101,830
	Mobile Allowance	10,500
	RATA	45,000
	Mid-Year Bonus	285,454
	13 th Month Pay	538,809
	Year-End Bonus	750,147
	Cash Gift	125,000
	SRI	580,000
Subtotal		P 9,427,596
Probationary	Salaries	P2,837,610
	Mid-Year Bonus	37,107
	13 th Month Pay	214,061
	Year-End Bonus	58,107

Status	Particulars	Amount
	SRI	454,000
Subtotal		P 3,600,885
Total		P 13,028,481

- 9.8 Tables 23 and 24 delineate the salaries and benefits granted by IBC-13 to its newly appointed employees, as stipulated in the appointment orders. These were compared against the minimum or entry-level salaries and benefits prescribed under the Career Band Descriptors – Category 1 of the CPC S and the IOS-G frameworks, as provided under EO No. 150. The Audit Team observed discrepancies in the entry-level salaries and benefits given by the Network to newly hired employees when compared to the CPCS and IOS-G frameworks. However, these discrepancies identified by the Audit Team do not necessarily render the salaries invalid, provided that the remuneration packages have been validated and endorsed by the GCG. The Audit Team's objective is to ensure that the salaries and benefits extended by the Network are legally compliant and properly substantiated.

Table 23 - Comparison of Actual Salary Versus Minimum/Entry Level Salary Provided by CPCS and IOS-G Framework – Category 1

	Position / Item	IBC-13	E.O. 150 IOS-G		Difference
		Actual salary	Minimum/ Entry level salary**	Job grade	
1	Accounting staff	13,553.75	14,678.00	4-9	(1,124.25)
2	Administrative associate	13,553.75	14,678.00	4-9	(1,124.25)
3	Audit staff	13,553.75	14,678.00	4-9	(1,124.25)
4	Broadcast playout specialist A	13,553.75	14,678.00	4-9	(1,124.25)
	Broadcast playout specialist B	21,500.00	14,678.00	4-9	6,822.00
5	Cameraman	13,553.75	14,678.00	4-9	(1,124.25)
6	Compliance officer	100,000.00	36,619.00	10-16	63,381.00
7	Consultant for legal affairs	80,000.00	36,619.00	10-16	43,381.00
8	Content creator	13,553.75	14,678.00	4-9	(1,124.25)
9	Driver/courier	13,553.75	13,000.00	2-7	553.75
10	DWAN radio studio operations supervisor	25,000.00	36,619.00	10-16	(11,619.00)
11	Executive producer	13,553.75	14,678.00	4-9	(1,124.25)
12	Graphic artist	13,553.75	14,678.00	4-9	(1,124.25)
13	Head/BAC secretariat	27,500.00	27,000.00	8-15	500.00
14	Information technology (IT) operations technical support specialist	13,553.75	14,678.00	4-9	(1,124.25)
15	IT technical support specialist	13,553.75	14,678.00	4-9	(1,124.25)
16	Legal counsel	50,000.00	36,619.00	10-16	13,381.00

	Position / Item	IBC-13	E.O. 150 IOS-G		Difference
		Actual salary	Minimum/ Entry level salary**	Job grade	
17	Manager	45,000.00	36,619.00	10-16	8,381.00
18	Officer-in-charge	25,000.00	27,000.00	8-15	(2,000.00)
19	Payroll staff	13,553.75	14,678.00	4-9	(1,124.25)
20	Production assistant / editor	13,553.75	14,678.00	4-9	(1,124.25)
21	Production assistant / editor	13,553.75	14,678.00	4-9	(1,124.25)
22	Project engineer	35,000.00	27,000.00	8-15	8,000.00
23	Radio on-air specialist	13,553.75	14,678.00	4-9	(1,124.25)
24	Radio studio operations specialist	18,000.00	14,678.00	4-9	3,322.00
25	Reporter	13,553.75	14,678.00	4-9	(1,124.25)
26	Sanitary technician	13,553.75	13,000.00	2-7	553.75
27	Social media specialist	13,553.75	14,678.00	4-9	(1,124.25)
28	Station manager	80,000.00	36,619.00	10-16	43,381.00
29	Technical support specialist	13,553.75	14,678.00	4-9	(1,124.25)
30	Transmitter operation specialist A	10,000.00	14,678.00	4-9	(4,678.00)
	Transmitter operation specialist B	21,500.00	14,678.00	4-9	6,822.00
31	Video editor	13,553.75	14,678.00	4-9	(1,124.25)
32	Web and app service technical support staff	13,553.75	14,678.00	4-9	(1,124.25)
33	Writer / Socmed content creator	13,553.75	14,678.00	4-9	(1,124.25)

Table 24 – Comparison of the actual benefits received by IBC-13 Employees versus the benefits provided by CPCS and IOS-G framework

IBC-13 Actual benefits	As per the CPCS & IOS-G framework
<p>A. Other benefits:</p> <ul style="list-style-type: none"> • Birthday gift – P1,000.00 • Meal allowance – P170/day at Central Office and P140/day in the provinces • Hospitalization benefits • Medicine - reimbursable • Annual physical examination – Expenses of which shall be borne by the company 	<p>A. Standard Allowance and Benefits. – These refer to allowances and benefits given across the board to officers and employees based on the prescribed rates, guidelines, and regulations promulgated by the GCG based on the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:</p> <ul style="list-style-type: none"> • Year-End Bonus (YEB) – The YEB shall be granted annually based on the one (1) month basic salary, subject to the eligibility conditions under the applicable guidelines to be released by the GCG. • Cash Gift – This shall be granted annually as a per

IBC-13 Actual benefits	As per the CPCS & IOS-G framework
<ul style="list-style-type: none"> • Funeral aid – P28,000 funeral aid to heirs and dependents of a deceased employee • Bereavement aid – P20,000 for each employee's legal dependents who die • Rice and sugar – P3,025.00/every 15th of the month • Company/agency uniform • Mobile allowance – P1,500/month for managerial positions • Service Recognition Incentive (SRI) – P20,000 <p>B. Bonuses:</p> <ul style="list-style-type: none"> • 13th month pay – given on the 1st week of November every year • Mid-year bonus – 1 month's salary • Year-end bonus – 1 month's salary • Longevity pay – treated as a premium and does not form part of the employee's basic wage. It shall be due quarterly. 	<p>year-end benefit.</p> <ul style="list-style-type: none"> • Uniform/Clothing Allowance – This shall be granted annually to provide employees with the required proper uniform/clothing. • Personnel Economic Relief Allowance – This shall be granted monthly to augment the compensation of government personnel against the rising cost of living. <p>B. Incentives – These refer to rewards granted for services and contributions to the Government-Owned and/or Controlled Corporation (GOCC). The prescribed rates. Guidelines and regulations of the items herein shall be promulgated by the GCG based on the applicable standardized compensation laws and issuance for National Government Agencies. These shall be limited to the following:</p> <ul style="list-style-type: none"> • Loyalty Award – This is an incentive in recognition of loyalty to government service. • Anniversary Bonus – This is an Incentive given during the milestone years of the GOCC as authorized by Administrative Order No. 263, s. 1996. • Mid-Year Bonus (MYB) – The MYB is equivalent to one (1) month's basic salary given to qualified officers and employees. • Productivity Enhancement Incentive – This is a cash incentive meant to improve the productivity of officers and employees. <p>C. Variable Pay or Performance-Based Bonus</p> <ul style="list-style-type: none"> • Performance-Based Bonus (PBB) – This is a cash bonus given to qualified officers and employees in recognition of their contribution to the accomplishment of the GOCC's overall targets and commitments. • PBB rates – The rate of PBB is dependent on the performance of an officer or employee, his/her monthly basic salary of as 31 December of the applicable year, and actual length of service he/she rendered. <p>D. Other Entitlements – The entitlements herein are indirect compensation and/or are outside the total compensation Framework of GOCCs. These entitlements shall be granted based on the prescribed rates, guidelines, and regulations to be promulgated by the GCG based on the applicable standardized compensation laws and issuances for National Government Agencies. These shall be limited to the following:</p>

IBC-13 Actual benefits	As per the CPCS & IOS-G framework
	<p>•Communication Allowance – Officers and employees of GOCCs may be granted communication allowance for their communication expenses for the discharge of their duties and responsibilities.</p> <p>E. Extraordinary and Miscellaneous Expenses (EME) – An annual authorized expense for specified officials and those of equivalent rank occupying key positions in GOCCs in recognition of the need to grant some form of expense to enable them to meet various financial demands of their incumbency in their positions. An annual miscellaneous expense is also authorized for each of the officers under the specified officials and their equivalent ranks who are entitled to EME.</p>

- 9.9 Moreover, review of employee appointments disclosed that a former Consultant for Legal Affairs, who held a co-terminus appointment appointed last November 1, 2023, took the role of Compliance Officer under the Office of the Chairman of the BOD. This newly established position was created per BOD Resolution No. 2024-04, effective January 17, 2024. This came with a salary increase from P80,000 to P100,000 per month even without the confirmation or endorsement from the GCG.
- 9.10 Inquiry with the concerned personnel revealed that in November 2021, each department was mandated to submit a Table of Organization (TO) for consolidation to the Office of the President, followed by submission to the BOD for approval and then to the GCG. However, for unspecified reasons, the initiative did not materialize as planned. Consequently, in August 2023, Management again mandated that all departments prepare their proposed TO. Currently, the proposed TO is undergoing consolidation and is awaiting approval from the BOD and GCG. Management also explained that the Network is amenable to finalizing the TO in line with the proposed incoming reorganization of the Agency.
- 9.11 The Audit Team inquired with Management concerning the issue. In response, Management commented that:
1. Under GCG Memorandum Circular No. 2012-07, Section 15.4 of the Code of Corporate Governance for GOCCs requires the Governing Board to appoint a Compliance Officer.
 2. Section 20 of the same code authorizes the President and CEO to hire legal counsel, core personnel of DWAN, and other staff essential for the effective and ongoing operations of the IBC-13 and media broadcasting.
 3. GCG allows the IBC-13 the flexibility to acquire services, equipment, personnel, and consultants, helping it remain competitive in its industry.

- 9.12 The Audit Team emphasized that the BOD's authority cannot substitute the GCG resolution. While the Audit Team did not object to the hiring of new employees to ensure the Network's effective and sustained operations, such appointments must be endorsed by the GCG in terms of salary, position, and benefits.
- 9.13 Thus, hiring employees without an approved organizational structure and staffing plan from the GCG is contrary to Section 1 of EO No. 150 and GCG CPCS Notice No. 4, dated January 14, 2022. Thus, the appropriateness of the subject appointments and compensation package could not be established.
- 9.14 **We recommended that Management secure confirmation or endorsement from the GCG for all newly created positions, including their corresponding salaries and compensation packages.**
- 9.15 Management commented that IBC-13 is currently undergoing a comprehensive Reorganization and Revitalization Program, as mandated and monitored by the GCG in accordance with the GCG Code and Manual, RA No. 10149 Section 5(a).
- 9.16 The ongoing restructuring program will serve as the basis for defining the IBC-13's future organizational structure, staffing complement, and functional units, in alignment with its public service broadcasting mandate. The final structure and staffing pattern will be based on and compliant with the rules and regulations of the Civil Service Commission and the GCG CPCS.
- 9.17 The recent increase in the hiring of additional personnel was in direct response to the expansion of the station's operations. This operational growth is consistent with the IBC-13's efforts to revitalize its service delivery and expand its national broadcasting reach.
- 9.18 Furthermore, pursuant to Section 2(g) of RA No. 10149, otherwise known as the *"GOCC Governance Act of 2011"*, which upholds the policy of the State to ensure that CPCS are based on the principle of equal pay for work of equal value and are applied across all GOCCs in a fair and transparent manner, the proposed increase in salary and adjustment of salary grades for certain officers and employees of the IBC-13 is hereby justified.
- 9.19 As a government media entity undergoing revitalization, IBC-13 must remain competitive and responsive to its operational demands, and such salary adjustments are necessary to promote efficiency, professionalization, and institutional stability in the delivery of its public service mandate.
- 9.20 While the formal approval of the new organizational structure is still underway, the Corporation has adopted interim staffing measures guided by existing budgetary regulations.

9.21 Thus, IBC-13 remains committed to complying with all applicable rules and commits to submit the approved organizational structure and staffing pattern as soon as it is finalized and authorized by the appropriate governing bodies.

9.22 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendation. However, full compliance will be monitored in CY 2025.

10. Post-audit on the grant and liquidation of Cash Advances (CAs) of IBC-13 for CY 2024 disclosed the following deficiencies:

(a) CAs granted for CY 2024 totaling P2.045 million were inadequately supported by the required documentation;

(b) the propriety of the purchases and expenses incurred for special purposes paid through CAs in the total amount of P368,098 could not be ascertained due to non-attachment of documentary requirements, such as bills/receipts/sales invoices or approved Certificate of Expenses not Requiring Receipts/Reimbursement Expense Receipts and Canvass from at least three suppliers; and

(c) the liquidation of CAs and reimbursement of travelling expenses relative to local travels were inadequately supported with the required documentation, contrary to Sections 1.1, 1.1.4.1, 1.2.2, 1.2.3 and 1.2.4.1 of COA Circular No. 2012-001 dated June 14, 2012.

Further, Daily Travel Expenses (DTE) claimed for hotel/lodging exceeded the allowed rates by P13,900, contrary to the allowable DTE rate prescribed by Executive Order (EO) No. 77 dated March 15, 2019. Additionally, inconsistencies in the computation of DTE covering meals and incidental expenses for travels beyond the 50-kilometer radius were noted, contrary with the prescribed rates provided by Section 5(b)(i) of the same EO.

CAs granted for CY 2024 totaling P2.045 million were inadequately supported with the required documentations, contrary to Sections 1.1 and 1.1.4.1 of COA Circular No. 2012-001 dated June 14, 2012.

10.1 This is a reiteration, with updates, of last year's audit observation.

10.2 Section 1.1 of COA Circular No. 2012-001 dated June 14, 2012 Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions set forth the documentary requirements that are common to all cash advances except for travels, enumerated as follows:

- *Authority of the accountable officer issued by the Head of the Agency or his duly authorized representative*

indicating the maximum accountability and purpose of cash advance (for initial cash advance);

- *Certification from the Accountant that previous cash advances have been fully liquidated and accounted for in the books; and*
- *Approved application for bond and/or Fidelity Bond for the year for cash accountability of P2,000 or more.*

10.3 Further, Section 1.1.4.1 of the same COA Circular provides the additional documentary requirements on cash advances for Local Travel, which shall include:

- *Office Order/Travel Order approved in accordance with Section 3 of EO No. 298 (amended by EO No. 77 dated March 15, 2019);*
- *Duly approved itinerary of travel;*

10.4 For CY 2024, IBC-13 granted a total of 278 CAs amounting to P6.503 million. Post-audit disclosed that only 176 CAs totaling P4.443 million were supported with complete documentation. In contrast, 101 CAs totaling P2.045 million lacked the required supporting documents, while 1 CA amounting to P14,500, was not subjected to post-audit due to non-submission of the related voucher to the Audit Team.

10.5 Most of the inadequately supported CAs were due to the incomplete approvals from the required officials, while some entirely lacked the necessary supporting documents. Also, all CAs granted for local travel totaling P0.599 million, were not supported with duly approved Itineraries of Travel.

10.6 The non-attachment of the required documentation constitutes non-compliance with the provisions of COA Circular No. 2012-001, thereby, casting doubt on the propriety of the transactions involved.

The propriety of the purchases and expenses incurred for special purposes paid through CAs in the total amount of P368,098 could not be ascertained due to non-attachment of documentary requirements, such as bills/receipts/sales invoices or approved Certificate of Expenses not Requiring Receipts/Reimbursement Expense Receipts and Canvass from at least three suppliers, contrary to Sections 1.2.2 and 1.2.3 of COA Circular No. 2012-001 dated June 14, 2012.

- 10.7 Sections 1.2.2 and 1.2.3 of COA Circular No. 2012-001 dated June 14, 2012 cited the documentary requirements in the liquidation of cash advances as follows:

1.2.2 Petty Cash Fund

- *Summary of Petty Cash Vouchers;*
- *Report of Disbursements;*
- *Petty Cash Replenishment Report;*
- *Approved purchase request with certificate of Emergency Purchase, if necessary;*
- *Bills, receipts, sales invoices;*
- *Certificate of inspection and acceptance;*
- *Report of Waste Materials in case of replacement/repair;*
- *Approved trip ticket, for gasoline expenses;*
- *Canvass from at least three suppliers for purchases involving P1,000 and above, except for purchases made while on official travel;*
- *Summary/Abstract of Canvass;*

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1.2.3 Field/Activity Current Operating Expenses

- *Same requirements as those for salaries, petty operating expenses, other personnel services, and maintenance and other operating expenses depending on the nature of expenses incurred.*

- 10.8 In cases wherein bills/receipts/sales invoices for petty expenses were not available, a duly approved Certification of Expense not Requiring Receipt (CERR) (for expenses amounting to P300 or less) or Reimbursement Expense Receipts (RER) (for expenses amounting to more than P300 but not exceeding P1,000), pursuant to COA Circular No. 2017-001 dated June 19, 2017, as amended by COA Circular No. 2021-001 dated June 24, 2021 may be provided.
- 10.9 Post-audit of liquidation vouchers for CY 2024 disclosed the lack of bills/receipts/sales invoices or approved CERR/RER for expenses totaling P109,306, as detailed in Table 25.

Table 25 – Expenses not Supported with Receipts or Approved CERR/RER

Particulars	Amount
Various purchases and transportation expenses	P 93,610
Representation expenses (tip)	10,166
Legal expenses (docket fees)	5,530
Total	P 109,306

- 10.10 It was also noted that a total P10,337.95 from the above-stated expenses for payment of taxi fares had corresponding CERRs; however, these forms were not duly approved by the payor's immediate supervisor.

- 10.11 Additionally, purchases of various office supplies and materials totaling P258,792 were not duly supported with Canvass from at least three suppliers and Summary/Abstract of Canvass.
- 10.12 The absence of bills/receipts/sales invoices or approved CERR/RER raises uncertainty on the validity of the expenses incurred. Likewise, non-attachment of canvass from at least three suppliers defeats the purpose of comparing prices from different sellers and thereby, exposes the Network to the risk of not obtaining the lowest possible price in the market.

Liquidation of CAs and reimbursement of travelling expenses relative to local travels were inadequately supported with the required documentation, contrary to Section 1.2.4.1 of COA Circular No. 2012-001 dated June 14, 2012. Further, DTE claimed for hotel/lodging exceeded the allowed amount by P13,900, contrary to the allowable DTE rate prescribed by EO No. 77 dated March 15, 2019. Also, inconsistent computation of DTE covering meals and incidental expenses for travels beyond the 50-kilometer radius was noted, contrary with the prescribed rates provided by Section 5(b)(i) of the same EO.

- 10.13 Section 1.2.4.1 of COA Circular No. 2012-001 dated June 14, 2012 listed the documentary requirements for the liquidation of Traveling Expenses under Local Travel as follows:

- *Paper/electronic plane, boat or bus tickets, boarding pass, terminal fee;*
- *Certificate of appearance/attendance;*
- *Copy of previously approved itinerary of travel;*
- *Revised or Supplemental Office Order or any proof supporting the change of schedule;*
- *Revised Itinerary of Travel, if the previous itinerary was not followed;*
- *Certification by the Head of Agency as to the absolute necessity of the expenses together with the corresponding bills or receipts, if the expenses incurred for the official travel exceeded the prescribed rate per day (certification or affidavit of loss shall not be considered as an appropriate replacement for the required hotel/lodging bills and receipts);*
- *Liquidation Report;*
- *Reimbursement Expense Receipt (RER);*
- *OR in case of refund of excess cash advance;*
- *Certificate of Travel Completed; and*

- *Hotel room/lodging bills with official receipts in the case of official travel to places within 50-kilometer radius from the last city or municipality covered by Metro Manila Area, or the city or municipality where their permanent official station is located in the case of those outside the Metro Manila, if the travel allowances being claimed include the hotel room/lodging rate.*

10.14 Section 5 of EO No. 77 which took effect on March 15, 2019, prescribed the allowable expenses for official local travel to destinations beyond the 50-kilometer radius from the permanent official station such as:

- (a) Transportation Expenses and Miscellaneous Expenses; and
- (b) DTE.

10.15 Section 5(b)(i) of the same EO, provided the maximum allowable DTE of government personnel, regardless of rank and position, as presented in Table 26.

Table 26 – Allowable DTE per EO No. 77

	Destination	Maximum DTE
Cluster I	Region I	P1,500
	Region II	
	Region III	
	Region V	
	Region VIII	
	Region IX	
	Region XII	
	Region XIII	
	ARMM	
Cluster II	Cordillera Administrative Region	P1,800
	Region VI	
	Region VII	
	Region X	
	Region XI	
Cluster III	National Capital Region	P2,200
	Region IV-A	
	Region IV-B	

10.16 Apportionment of allowable DTE on EO No. 77 was presented on Section 5(c), as shown in Table 27.

Table 27 – Apportioned Travel Expenses per EO No. 77

Particulars	Percentage	To Cover
Day of arrival at point of destination (regardless of time) and succeeding day/s thereof on official business	100%	Hotel/lodging (50%), meals (30%), and incidental expenses (20%)
Day of departure for permanent official station (regardless of time) if other than date of arrival	50%	Meals (30%) and incidental expenses (20%)

10.17 Moreover, Section 6(b) of the same EO for travels within the 50-kilometer radius from the permanent official station states that:

(b) Personnel on official travel who commute daily from the place of assignment to the place of residence or permanent official station shall be allowed the following expenses:

(i) Actual fare at the prevailing rates of authorized modes of transportation from the permanent official station to the place of assignment and back;

(ii) Meals in an amount not exceeding the thirty per cent (30%) of the authorized meal component of the DTE as indicated in Section 5 hereof.

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10.18 The Audit Team conducted post-audit on the liquidation of cash advances, as well as reimbursement of traveling expenses related to local travel of IBC-13 personnel for the period of January to December 2024. It was noted that claims for travelling expenses totaling P0.686 million were supported only with the corresponding Liquidation Report or reimbursement form, approved Travel Order and occasionally with receipts for claims for transportation expenses and boarding pass/trip tickets. However, most of the documentation prescribed under COA Circular No. 2012-001, was not attached to substantiate these claims.

10.19 In addition, re-computation of DTE claims for hotel accommodations revealed that actual claims exceeded the allowable DTE rates by a total of P13,900. Details are shown in Table 28.

Table 28 – Details of Excess DTE Claims for Hotel Accommodation

Date	Reference No.	Destination	Date/s of Travel	Maximum Allowable DTE	Actual DTE claimed	Excess
6/24/2024	30014 433003;	Davao	July 1-7, 2024	P 5,400	P 16,000	P 10,600
10/2/2024	20109 433437;	Baguio	Oct. 2-3, 2024	1,800	3,600	1,800
11/15/2024	433438	Pampanga	Nov. 28-30, 2024	3,000	4,500	1,500
Total				P10,200	P 24,100	P 13,900

10.20 Claims for actual hotel accommodations may be allowed only upon issuance of certification by the agency head or his authorized representative as to the absolute necessity of the expenses in the performance of the assignment, together with the corresponding bills or receipts related thereto, but in no case shall the difference exceed the 100 percent of such component of the prescribed DTE rate. Despite this requirement, it was noted that all CAs that exceeded the prescribed rate for hotel accommodations were not supported by the required certification.

- 10.21 It was also observed that rates used in the computation of DTE covering meals and incidental expenses for travels to destinations beyond the 50-kilometer radius from IBC-13 were inconsistent from the allowable DTE rates prescribed by EO No. 77.
- 10.22 Of the 205 total claims for DTE for meals and incidental expenses for travels to destinations beyond the 50-kilometer radius from IBC-13 totaling P224,530, only 27 claims totaling P95,400 were computed based on the prescribed rates on EO No. 77. The remaining 178 claims totaling P129,130 were granted based on the fixed rate of P370 per day pursuant to unnumbered Office Order (OO) series of 2024 dated April 19, 2024 issued by the IBC-13 President, to wit:

Meanwhile, the existing guidelines for IBC-13 official travel within the 50-kilometer radius from the permanent official station shall remain, which is the P370 per diem (P200 per diem plus P170 meal allowance).

- 10.23 The rate applied pertained to travels within the 50-kilometer radius from the permanent official station, as stated on the unnumbered IBC-13 OO. However, the inconsistency in its application resulted in P172,670 variance when compared to the amounts that would have been computed using the prescribed rates under Executive Order No. 77.
- 10.24 Despite the audit observations and recommendations in prior years, an interview with the FD revealed that the inconsistency in the granting of DTE was due to their unawareness on the prescribed rates provided by EO No. 77, as well as the issued unnumbered OO, Series of 2024 dated April 19, 2024.
- 10.25 The non-submission of the documentary requirements, excessive claims of DTE for hotel accommodations, and inconsistent computation of per diem for meals and incidental expenses are contrary to the above-stated provisions of COA Circular No. 2012-001, EO No. 77, and unnumbered IBC-13 OO, Series of 2024 dated April 19, 2024. These deficiencies cast doubt on the propriety of the subject transactions.

10.26 **We recommended that Management:**

- a. Submit the lacking documents noted in this observation;**
- b. Moving forward, strictly comply with the documentary requirements on the grant and liquidation of cash advances, as prescribed by COA Circular No. 2012-001; and**
- c. Strictly observe the DTE rates prescribed under EO No. 77.**

- 10.27 Management committed to strictly comply with the recommendations of COA regarding the processing, liquidation, and documentation of CAs. The FD has been directed to ensure that all necessary documents are complete and duly attached before any CA is processed and released.

- 10.28 Furthermore, the CA Form must be signed by the Head of Agency or his authorized representative, as a mandatory requirement prior to fund release. The granting of new CAs will not proceed unless accompanied by a signed Certification Form certifying that the previous CA has been properly liquidated in accordance with COA rules.
- 10.29 The Office of the President of IBC-13 issued Memorandum dated March 26, 2025, instructing the FD to coordinate the submission of all lacking documents related to the previously processed CAs and their liquidations.
- 10.30 Additionally, IBC-13 personnel with excess DTE claims have been formally notified and requested to provide justifications for the excess claims.
- 10.31 Finally, Management reiterated its full compliance with the provisions of EO No. 77.
- 10.32 As a rejoinder, the Audit Team acknowledged the initial efforts of the Management to implement the audit recommendations. However, the documents for submission to the Audit Team will be subjected for review once received.

11. 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 Presidential Decree No. 1445.

- 11.1 Section 2 of the PD No. 1445, provides:

Section 2. Declaration of Policy. It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguard against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

- 11.2 On October 21-24, 2024, the IBC-13 Inventory Team conducted a physical inventory for all the assets of IBC-13 Iloilo Station in compliance with COA Travel Order No. 2024-007 dated September 10, 2024 and IBC-13 Travel Order Nos. 10828-10831 dated October 15, 2024.
- 11.3 During the physical inventory, it was noted that the following assets remained idle, as detailed in Table 29.

Table 29 – Details of idle assets located in IBC-13 Iloilo

Particulars	Location	Status of the asset
1. 13,840 square meter lot	At the back of IBC-13 Iloilo Station building	- with temporary fence - a chicken coop standing
2. 523 square meter lot	Rizal St., Brgy. Rizal Pala-Pala 1, Iloilo City	- with informal settlers - with a coco lumber storage
3. IBC-13 DYBQ Iloilo building with 240 square meter lot	Iloilo City	- with fence - abandoned building - absence of water and electricity in the building

11.4 Inquiry with the concerned IBC-13 personnel as to the reasons for the non-utilization of the above-mentioned assets revealed the following:

i. The 13,840 square meter lot at the back of the IBC-13 Iloilo station building

IBC-13 is unaware as to who granted permission for the construction of the chicken coop occupying a small portion of the 13,840 square meter lot located at the back of the IBC-13 Iloilo station building.

ii. The 523 square meter lot located at Pala-Pala 1, Iloilo City

Sometime between CYs 2008 and 2010, before the retirement of the then Administrative and Traffic Officer concerned, he sought the approval from the Panay Regional Operations Hub Manager to allow his cousin to occupy the property as a caretaker in the absence of a security guard.

iii. IBC-13 DYBQ Iloilo building with 240 square meter lot

The building was abandoned since CY 2005 leaving numerous unpaid electricity bills, which ultimately led to the cessation of operations.

11.5 The inefficient use of IBC-13's assets, as described above, may lead to a more serious problem in the future, due to the presence of informal settlers. This situation is contrary to Section 2 of PD No. 1445, and reflects poor stewardship of government resources. Also, considering that IBC-13 is heavily reliant on national government subsidy for its operations, the subject assets should have been used by the Network for more profitable user rather than being left idle.

11.6 **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.**

11.7 Management commented that the chicken coop built inside the lot of IBC-13 Iloilo Station was removed and submitted photos as proof.

- 11.8 With regard to the informal settlers at Pala-Pala 1, Iloilo City, this concern was immediately raised to the BOD for an urgent resolution and the latter subsequently passed a resolution to appoint and authorize a legal counsel to handle the matter. Management further committed to inform the Audit Team of any development.
- 11.9 Regarding the absence of water and electricity, as well as the abandoned building at the IBC-13 DYBQ Iloilo Station, Management commented that the IBC-13 has an ongoing digitalization rollout for its various stations nationwide and this will include rehabilitation of provincial stations. As such, Management committed that IBC-13 properties will be utilized again.
- 11.10 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendation. However, full compliance will be monitored in CY 2025.
- 12. The Technical Evaluation and Inspection Report issued by the COA Information Technology Audit Office, relative to the Supply, Delivery, Installation, Testing, and Commissioning of 5KW Digital Terrestrial Television (DTT) for IBC TV-13 Cebu Station identified the following deficiencies: (a) IBC TV-13 Cebu's 5KW DTT project did not meet the Terms of Reference requirement for an 8-pole configuration in the Band Pass Filter; and (b) non-utilization of the project's cooling system involving two 5HP wall-mounted air conditioning units totaling P0.528 million, thereby defeating the intended purpose of the procurement, and resulting in the wastage of government resources, contrary to Government Procurement Policy Board Technical Support Office Non-Policy Matter No. 42-2015 dated October 8, 2015.**
- 12.1 Last February 11, 2025, the Audit Team received a copy of the Technical Evaluation and Inspection Report relative to the Supply, Delivery, Installation, Testing, and Commissioning of 5KW DTT for IBC TV-13 Cebu Station dated January 20, 2025.
- 12.2 The contract and its pertinent supporting documents of the project were forwarded to the COA Information Technology Audit Office (ITAO), for their technical evaluation and inspection. Details of the said project are presented in Table 30.

Table 30 – Project details

Project Name	Supply, delivery, Installation, Testing, and Commissioning of 5KW DTT for IBC-TV-13 Cebu Station
Mode of Procurement	Negotiated Procurement under Emergency Cases
Contractor/Winning Bidder	Composite Technology, Inc.
Contract No.	Unnumbered
Contract Date	October 29, 2021
Contract Amount	P23,185,540
Place of Delivery	IBC-13 Upper Kulanasan, Cebu City

- 12.3 Government Procurement Policy Board Technical Support Office Non-Policy Matter No. 42-2015 dated October 8, 2015 reads as follows:

Xxx...

Adherence to Contract Specification

Section 37.2.3(c) of the revised Implementing Rules and Regulations (IRR) of RA 9184 in relation to Section 25.2(a)(iii) provides that the technical specifications and offer of the winning bidder forms part of the contract. The inclusion of these documents in the contract created an obligation on the part of the contractor to deliver the specific goods that it offered. The General Conditions of Contract (GCC) of the Philippine Documents (PBDs) for the Procurement of Goods categorically states that the goods to be provided by the contractor to the PE shall be specified in the Schedule of Requirements and shall conform with the standards mentioned in the Technical Specifications.

The contract between the PE and the winning bidder is the law between the parties. From the moment that is contract is perfected, which is upon compliance with the specific requirements under Section 37 of the IRR of RA No. 9184, the parties are bound to the fulfilment of what has been expressly stated in the contract and to comply with it in good faith. Since the offer of the winning bidder is already part of the contract, it is duty-bound to deliver the specific items it mentioned in the offer. The winning bidder must perform this obligation in faithful compliance with the contract executed with the PE.

- 12.4 The following findings/observations were noted by the ITAO as presented in their Technical Evaluation and Inspection Report dated January 20, 2025.

IBC TV-13 Cebu's 5KW DTT project did not meet the Terms of Reference (TOR) requirement for an 8-pole configuration in the Band Pass Filter (BPF).

- 12.5 The procurement contract for the 5KW DTT project of IBC TV-13 Cebu station aimed to enhance the station's broadcasting capabilities by upgrading its digital transmission infrastructure included the supply, delivery, installation, testing, and commissioning of several critical components, among which was BPF. The BPF is essential for filtering out unwanted frequencies to prevent signal interference and maintain the clarity of the digital broadcast signal.
- 12.6 The project's TOR required that the BPF must have an "8-pole Critical Mask for ISDBT configuration". The specification was designed to ensure

high-frequency selectivity, allowing the filter to block unwanted frequencies effectively to maintain a clear and uninterrupted broadcast signal.

- 12.7 Inspection revealed that a 6-pole BPF was installed in the IBC TV-13 station instead of the required 8-pole filter. A review of the 6-pole BPF's datasheet showed that it had lower frequency selectivity, reduced filtering capabilities, and less protection against signal interference than the 8-pole BPF. The 6-pole BPF was deemed a downgrade from the required 8-pole configuration, resulting in non-compliance with the project's technical specifications.
- 12.8 Interviews and document reviews revealed no explanation for substituting the BPF with a 6-pole configuration, nor there were any supplemental or change orders issued by the procuring entity to address the deviation in technical specifications.
- 12.9 The non-conformity to the TOR requirements means failing to meet the terms and conditions outlined in the contract, which can lead to a range of negative consequences, including contract termination, financial penalties, legal disputes, damage to reputation, delays in project completion, reduced quality of goods or services, and potential loss of future business opportunities, depending on the severity of the non-compliance and the specific terms of contract involved.

The non-utilization of the project's cooling system involving two 5HP wall-mounted air conditioning units totaling P0.528 million, defeated the purpose for which they were procured, resulting in the wastage of government resources.

- 12.10 Audit revealed that four 5HP wall-mounted air conditioning units totaling P1.056 million were procured for the 5KW Digital project.
- 12.11 Two units were installed in a room used for housing the project's devices and system, and were fully operational, providing adequate cooling for the equipment. However, interviews with the IBC-13 technical personnel disclosed that the other two 5HP air conditioning units remained unused since their procurement. The unutilized air conditioning units were installed in a separate room that was found to be poorly maintained, with noticeable perforations in its structures. These conditions exposed the equipment to dust and other foreign elements.
- 12.12 The procurement of these air conditioning units was intended to provide adequate cooling for the project's equipment and system accessories. However, their non-utilization, coupled with exposure to suboptimal storage conditions, defeated the purpose for which they were procured, resulting in the wastage of government resources.

12.13 We recommended that Management:

- a. Submit a report on the actions taken by the Network regarding the noted instances of non-compliance, including justifications for accepting the deviations from the TOR requirements and specifications; and**
- b. Immediately utilize the two delivered 5HP wall-mounted air conditioning units.**

12.14 Management commented that, based on the documents provided, the TOR has indicated only one (1) item, an "8 pole bandpass filter". It was noted that this may have been a typographical error that went unaddressed, as the technical premise was clear and that the understanding was mutual between the parties.

12.15 Moreover, there was no other transmitter in the area; hence, a 6-pole BPF is enough for the system requirement at that time. The 6-pole filter complied with the minimum standard and that the purpose of use is for single transmission of IBC-13 and not as a critical filter.

12.16 With regard to the two units of air conditioning units that said to be unutilized, these are intended for cooling of the analog transmitter of IBC-13 at the Cebu site. The analog transmitter has been using air ducting to take in outside air to avoid overheating of the system. In days where quality of air is not enough, the air conditioning units act and help in cooling the transmitter system.

12.17 To make full use of the said air conditioning unit in Mt. Kalunasan, Cebu station, it has been decided in the 1st quarter of 2025 to transfer it to Baguio and keep the other one in Cebu as a back-up for the upcoming improvement in the broadcast operations.

12.18 In view of the ongoing IBC-13's improvement and expansion, Management committed to maximize the use of the budget entrusted to the Network by the government.

12.19 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

GENDER AND DEVELOPMENT

- 13. Non-reconstitution of the Gender and Development (GAD) Focal Point System resulted in the non-preparation of the Calendar Year 2024 GAD Plan and Budget and the non-allocation at least five percent of IBC-13's total budget to GAD-related Programs, Activities, and Projects (PAPs), contrary to Sections 3.2, 3.5 and 6.1 of the Philippine Commission on Women-National Economic and Development Authority-Department of Budget and Management Joint Circular No. 2012-01, thus, gender perspectives may not have been mainstreamed in the agency's PAPs.**

- 13.1 This is a reiteration, with updates, of the prior year's audit observation as Management was not able to fully implement the recommendations.
- 13.2 The Philippine Commission on Women-National Economic and Development Authority-Department of Budget and Management (PCW-NEDA-DBM) issued Joint Circular (JC) No. 2012-01 to provide the guidelines for the preparation of the annual GAD Plans and Budget (GPB) and Accomplishment Reports to implement the Magna Carta for Women.
- 13.3 Pertinent provisions of PCW-NEDA-DBM JC No. 2012-01 dated January 18, 2012 are herein quoted as follows:

Section 3.2 GAD planning and budgeting shall be conducted annually as part of all programming and budgeting exercises of agencies. The PAPs in the GPB shall be included in the agency budget proposal and they shall be reflected in the Annual Work and Financial Plan (WFP) of concerned offices or units within the agency or department. Xxx

Section 3.5 Agency GAD Focal Point Systems (GFPS) shall take the lead in mainstreaming gender in agency PAPs. As such they shall coordinate the preparation of the agency GPB and the GAD AR, monitor its implementation and report on its results. Xxx

Section 6.1 At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personnel services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.

- 13.4 The Audit Team noted that, contrary to the provisions of PCW-NEDA-DBM JC No. 2012-01 dated January 18, 2012, IBC-13 did not prepare its CY 2024 GPB, nor did it allocate at least five percent of its total budget to GAD-related PAPs.
- 13.5 Review of the Agency Action Plan and the Status of Implementation submitted by the Management in response to prior year audit recommendations revealed that while IBC-13 developed a sex-disaggregated database containing employee data for CY 2024, intended as a reference for planning, budgeting, programming, and policy formulation, no GPB for CY 2024 for the same year was prepared.
- 13.6 On March 24, 2025, the Audit Team inquired from the Management, reiterating the requirement for the preparation and submission of the

annual GPB to the PCW for review and endorsement. In response, Management provided the following:

The IBC-13 was unable to develop the GPB due to the postponed reconstitution of the GAD Focal Point System (GFPS).

Also, due to budget limitations, the IBC-13 could not allocate a minimum of 5 percent of the Corporate Budget, and the allocation received through Congressional Insertion is designated for specific purposes. Hence, the GAD budget for IBC-13 is primarily derived from the attribution of producing GAD advocacies, achieved by promoting and integrating GAD-related policies and practices into the station-produced programs broadcast at IBC-13.

Management instructed the production of relevant programs to promote women's empowerment and gender equality. The IBC-13 News and Production Department, along with DWAN 1206 AM Radio, specifically implements gender-sensitive programs that advocate for gender-inclusive rights.

Furthermore, the IBC-13's social media platforms also initiate GAD social awareness campaigns to foster continuous learning among the viewing public.

- 13.7 The Audit Team commended Management's efforts in advancing GAD advocacy through its programming and public engagement. However, an annual GPB must still be prepared and submitted to the PCW to ensure proper classification and attribution of such initiatives as GAD-related. Moreover, in accordance with Section 6.1 of PCW-NEDA-DBM JC No. 2012-01, the GAD budget shall be drawn from the agency's Maintenance and Other Operating Expenses, Capital Outlay, and Personnel Services. The GAD budget does not constitute an additional budget over an agency's total budget appropriations. Thus, the Audit Team found the budget limitations an insufficient justification for IBC-13's failure to comply with the minimum five percent allocation requirement.
- 13.8 The non-preparation of the CY 2024 GPB and non-allocation of at least five percent of the agency's total budget to GAD-related PAPs are contrary to PCW-NEDA-DBM JC No. 2012-01 dated January 18, 2012, thus, gender perspectives may not have been efficiently mainstreamed in IBC-13's PAPs.
- 13.9 **We recommended that Management:**
- a. **Immediately reconstitute its Gender and Development (GAD) Focal Point System (GFPS) to facilitate the timely preparation of the GPB and its subsequent submission to the PCW for review and endorsement; and**

- b. Strictly comply with the provisions of PCW-NEDA-DBM JC No. 2012-01 dated January 18, 2012, specifically the requirement to allocate at least five percent of the agency's total budget to GAD-related PAPs, moving forward.**

- 13.10 Management commented that the IBC-13 reconstituted its GFPS last June 19, 2024. Likewise, the GAD-related policies and practices have been integrated into the Network's station-produced programs for both television and radio.
- 13.11 Management further committed to directing the Committee to convene and develop plans to ensure strictly compliance with the provisions of PCW-NEDA-DBM JC No. 2012-01, particularly the allocation of at least five percent of total budget to GAD-related PAPs.
- 13.12 As a rejoinder, the Audit Team acknowledged the actions taken and commitment by the Network to address the recommendations. However, full compliance will be monitored in CY 2025.

COMPLIANCE WITH SOCIAL SECURITY SYSTEM, PHILIPPINE HEALTH INSURANCE CORPORATION AND HOME DEVELOPMENT MUTUAL FUND

- 14. IBC-13 consistently collected from its officers and employees SSS, PhilHealth and Pag-IBIG premiums and remitted them within the prescribed period.

COMPLIANCE WITH TAX LAWS

- 15. IBC-13 has been consistently withholding taxes on salaries and wages and other benefits accruing to its officers and employees as well as on payments for goods and services, which were remitted to the BIR within the reglementary period for CY 2024.

COMPLIANCE WITH PROPERTY INSURANCE LAW

- 16. Verification of documents pertaining to the IBC-13's insurable properties showed that buildings and equipment were insured with the Government Service Insurance System per Policy No. FI-NM-GSISHO-0045934, covering the period from January 2, 2024 to January 2, 2025, in compliance with RA No. 656, otherwise known as the "*Property Insurance Law*," as amended by the PD No. 245 dated July 13, 1973.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES, AND CHARGES

- 17. Based on the Statement of Audit Suspensions, Disallowances and Charges issued as at December 31, 2024, the unsettled audit disallowance and suspensions amounted to P2.321 million and P2.817 million, respectively. Details are shown on Table 31.

Table 31 – Unsettled Notices of Disallowance (ND) and Notices of Suspension (NS)

ND/NS No.	Particulars	Amount	Remarks/Status
ND#2022-01(21)	Payments for the procurement of: (1) Supply, Delivery, Installation, Testing, and Commissioning of ENG Cameras and Editing Equipment for IBC-13 News Department; and (2) Supply, Delivery, Installation, Testing, and Commissioning Project: New Studio Upgrade of IBC-13	P 361,615.68	Under appeal
ND#2022-02(21)	Payments for the procurement of Supply and Delivery of Playout System for IBC-13 News Department	1,576,049.99	Under appeal
ND#2016-001(16)	Payment of Cost of Living Allowance to IBC-13 officers	383,111.09	Under appeal
Total NDs		P 2,320,776.76	
NS#2020-001(18)	Payment of gasoline allowance without legal basis	P 747,420.00	For issuance of ND
NS#2020-002(18)	Payment of Representation and Transportation Allowance without legal basis	2,069,945.78	-do-
Total NSs		P 2,817,365.78	