



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

ANNUAL AUDIT REPORT

on the

PHILIPPINE COCONUT AUTHORITY

For the Years Ended December 31, 2018 and 2017



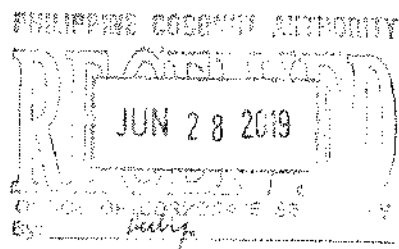
Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CORPORATE GOVERNMENT SECTOR
Cluster 5 – Agricultural and Natural Resources

June 28, 2019

THE BOARD OF DIRECTORS

Philippine Coconut Authority
Elliptical Road, Diliman
Quezon City



Gentlemen:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our Report on the results of the audit of the accounts and transactions of the **Philippine Coconut Authority (PCA)**, for the years ended December 31, 2018 and 2017.

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

We rendered a qualified opinion on the fairness of the presentation of the financial statements in view of the following:

1. The Biological Assets account presented in the Statement of Financial Position at the carrying amount of P553.940 million as at December 31, 2018 does not have the complete disclosure on the basis of valuation of the recognized bearer trees, plants and crops in Davao Research Center (DRC) and Zamboanga Research Center (ZRC) as required in PPSAS 27, thereby affecting the verifiability of the account. The non-recognition of biological assets in Albay Research Center (ARC) of 6,944 coconut palms and its agricultural produce of 28,265 seednuts and seedlings understated the balance of the account by undetermined amount.
2. The Property, Plant and Equipment (PPE) at the carrying amount of P863.168 million as at December 31, 2018 was overstated by P102.706 million due to the non-derecognition of equipment transferred to farmer-beneficiaries costing P56.706 million, and unserviceable PPE in undetermined carrying amount with total acquisition cost of P46 million. Moreover, the absence of Subsidiary Ledgers (SLs) supporting the General Ledger (GL) balance of P85.225 million, the variance of P58.982 million, between the GL balance and the total of the Report on the Physical Count of PPE (RPCPPE), and the non-conduct of physical count of PPE items with carrying amount of P34.416 million affected the reliability of the carrying amount of the account.
3. The reliability of the Inter-agency Payables – Due to Other National Government Agencies (NGAs) account with the carrying amount of P35.767 million was affected because the balance confirmed by the Source Agencies (SAs) of P157.904 million for the 45 of the 51

programs/projects differed from the Central Office (CO) account balance of P33.266 million, or an absolute variance of P126.808 million.

4. The inter-agency receivable account balance of the CO totaling P234.779 million as at December 31, 2018 was overstated by the net amount of P26.266 million due to: (a) the unrecorded liquidation of the Procurement Service (PS) for the equipment delivered and distributed to the Kasaganaan sa Niyugan at Kaunlaran ng Bayan (KAANIB) Enterprise Development Projects (KEDP) beneficiaries in the amount of P33.294 million; and (b) interest earned in an estimated amount of P6.916 million for calendar years 2015 to 2017 on the funds transferred to Philippine International Trading Corporation (PITC).

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

1.1. Direct the:

- a. Accounting Units (AUs) of the DRC and ZRC to provide complete disclosure on the recorded biological assets as required by PPSAS 27; and
- b. AU of the ARC to recognize in the books the biological assets in ARC.

2.1 Require the:

- a. AUs to derecognize in the books the transfer of machineries and equipment procured under the KEDP that were already distributed to farmers-beneficiaries to comply with PPSAS 17;
- b. Property Division (PrD)/Property Units (PUs) of CO, Regional Office (RO) Nos. I – IV-B and VIII and ARC to prepare an Inventory and Inspection Report of Unserviceable Property (IIRUP) and submit to Accounting Division (AD)/AUs and immediately dispose the unserviceable properties through auction or sale to prevent them from further deterioration and diminishing market value;
- c. AD and AUs of CO, RO Nos. I – IV-B and VIII and ARC to derecognize in the books the unserviceable property upon receipt of the IIRUP;
- d. AU of DRC and RO No. XII to immediately prepare the SLs to support the GL balance;
- e. Inventory Committee in the CO, RO Nos. I – IV-B, V and XIII, ARC and DRC to reconcile the variance between the accounting records, property records and RPCPPE such that equipment found at station and losses discovered during the physical count shall be reported to the AD/AUs for proper accounting/recording and charging of the losses to the concerned accountable officers; and
- f. Regional Managers of RO No. VI to create an Inventory Team to conduct the physical count of PPE.

3.1 Require the AD of the CO to:

- a. Coordinate with the ADs of the SAs to determine the fund transfers without liquidation reports;

- b. Monitor the submission of Liquidation Reports to ensure timely submission of the Report of Disbursements (RDs) to the SAs; and
 - c. Cause the immediate remittance of the unutilized fund;
- 3.2 Direct the concerned ROs/Research Centers to immediately submit the RDs pertaining to the unliquidated fund; and
- 3.3 Cause the determination of the sufficiency of cash to back up the balance of unliquidated fund transfer and account for the discrepancy or utilization of the fund other than the intended purpose and hold accountable the officers responsible for the deficit.
- 4.1 Direct the:
 - a. Technical Inspection and Acceptance Committee (TIAC) assigned in the procurement of equipment through the PS-Department of Budget and Management to submit the TIAC report together with the supporting documents such as but not limited to; (i) Delivery receipts duly acknowledged by the Recipients; (ii) Property Acknowledgement Receipt or any applicable documents to support the property custodianship; and (iii) Report of Distribution to beneficiaries to the AD of the CO for review/evaluation and recording of the equipment delivered in the total amount of P33.294 million;
 - b. PrD to coordinate with the PS to determine the status of delivery of the machine procured;
 - c. AD to:
 - c.1 Send Statement of Accounts detailing the balance of unliquidated fund transferred to the Implementing Agencies (IAs) and request for submission of RDs or demand refund of the unutilized fund;
 - c.2 Coordinate with the end-user concerned to determine the status of the long outstanding dormant fund transfers;
 - c.3 Adjust the books accordingly upon reconciliation and receipt of the RDs from IAs to reflect the balances of the Inter-agency receivable accounts; and
 - c.4 Recognize in the books and collect from PITC the interest earned for the period from October 2015 to January 2019 on the cash in bank account for the funds transferred by PCA pursuant to the Memorandum of Agreement between PCA and PITC and record the interest income.

The other significant audit observations and recommendations that need immediate action are as follows:

- 5. RO Nos. I – IV-B, VIII and XIII did not adhere to the projects' guidelines in the validation of the eligibility and preparation of the list of beneficiaries to be included in the: (a) Masterlist of Prospective Farmer-Participants (MPFP) for Small Holder Oil Palm Development Project; (b) Masterlist of Approved Participants (MAP) for KEDP Intercropping; and (c) Masterlists of Farmer-Participants (MFP) for Accelerated Coconut Planting and Replanting Project-Participatory Coconut Planting Program and Coconut Fertilization Project. Thus, there was no assurance that the delivered agricultural inputs in the total amount of

P45.195 million were distributed to the bonafide Program beneficiaries. Also, the disbursement for the supply of the palm oil seedlings in RO Nos. I – IV-B were not supported with Masterlist of Approved Farmer-Participants Who Have Actually Planted the Oil Palm Seedlings (MAFPAPOS).

5.1. We recommended that Management direct the concerned Agriculturist, PCDMs and Coconut Development Officers to comply with Projects' Guidelines by;

- a. Performing the evaluation procedures in identifying the farmer-participants such as: (a) securing documents supporting compliance with the eligibility requirements; (b) conducting soil suitability assessment; and (c) inspection of the site for planting;
- b. Preparing complete masterlists for the Projects and submit to ROs for approval to ensure that the agricultural inputs were distributed only to the farmer participant included in the masterlist, and
- c. Submitting immediately the MPFP/MAP/MFP and MAFPAPOS of the distributed agricultural inputs in the amount of P26.056 million.

The audit observations together with the recommended courses of action, which were discussed by the Audit Team with the concerned Management officials and staff during the exit conference conducted on May 27, 2019, are discussed in detail in Part II of the Report. We also invite your attention to the prior years' unimplemented and partially implemented audit recommendations embodied in Part III of the Report.

We respectfully request that the recommendations contained in Part II of the Report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (copy attached) and returning the same to us within 60 days from the date of receipt hereof.

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

Very truly yours,

COMMISSION ON AUDIT

By:


MARY S. JADELINO
Director IV
Cluster Director

Copy furnished:

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The Vice President
The President of the Senate
The Speaker of the House of Representatives
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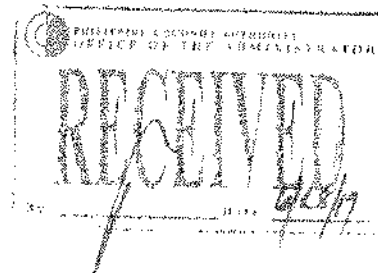


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CORPORATE GOVERNMENT SECTOR
Cluster 5 – Agricultural and Natural Resources

June 28, 2019

Mr. Glenn B. Santos
OIC-Administrator
Philippine Coconut Authority
Elliptical Road, Diliman
Quezon City



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In our transmittal letter of even date, we request the OIC-Administrator of PCA to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the Report.

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

Very truly yours,

COMMISSION ON AUDIT

By:


MARY S. ADELINO

Director IV
Cluster Director

Copy furnished:

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The Vice President
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The Governance Commission for Government-Owned or Controlled Corporations
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EXECUTIVE SUMMARY

INTRODUCTION

The Philippine Coconut Authority (PCA) was created on June 30, 1973 by virtue of Presidential Decree (PD) No. 232 as amended by PD No. 1468, otherwise known as the Revised Coconut Industry Code. Its primary objective is to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and ensure that the coconut farmers become direct participants in, and beneficiaries thereof.

By virtue of Executive Order (EO) No. 165 issued on May 15, 2014, former President Benigno S. Aquino III reassigned the PCA and two other government-owned and/or controlled corporations (GOCCs) under the Department of Agriculture (DA) back to the Office of the President. The former head of the Senate's Committee on Agriculture, Francis N. Pangilinan, was appointed by President Aquino as the first Secretary of the Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) and was given the oversight responsibilities over the three GOCCs. On June 30, 2016, pursuant to EO No. 01, the PCA is among the 12 agencies placed under the supervision of the Office of the Cabinet Secretary. The declaration of supervision of the Agency was enacted to develop and evaluate poverty reduction programs. On September 17, 2018, pursuant to Section 2 of EO No. 62, the supervision of the PCA is transferred back to the DA.

The corporate powers and functions of the Authority are vested in and exercised by the Board of Directors chaired by the Cabinet Secretary with six members, all from the private sector. The day-to-day affairs and operations of the Authority are being managed by the Administrator in accordance with the policies established by the Board.

The PCA adopts the regionalization scheme except for Regions I, II, III and IV-B which are under the Regional Office (RO) in Quezon City and Region IV-A under the RO in Lucena City. It has 12 ROs, 60 Provincial Offices (PrOs), three Research Centers as well as Training and Seed Production Centers headed by a Regional Manager, Provincial Coconut Development Manager (PCDM) and Center Manager, respectively.

As at December 31, 2018, PCA's manpower complement consisted of 531 regular employees and 933 individuals hired under job order/contract of service, of which, 212 were assigned at PCA Central Office, Quezon City and 1,252 at ROs, POs and Centers.

FINANCIAL HIGHLIGHTS (In Million Pesos)

I. Statements of Financial Position

	2018	2017 (As restated)	Increase/ (Decrease)
Total assets	2,595,688	2,889,740	(294,052)
Total liabilities	1,219,242	1,143,489	75,753
Net assets/equity	1,376,446	1,746,251	(369,805)

II. Statements of Financial Performance

	2018	2017 (As restated)	Increase/ (Decrease)
Total revenue	371,911	311,218	60,693
Current operating expenses	2,302,633	2,230,542	72,091
Deficit from current operation	(1,930,722)	(1,919,324)	(11,398)
Subsidy from national government	1,373,549	1,324,117	49,432
Other non-operating income	216,809	56,386	160,423
Losses	(43,206)	-	(43,206)
Deficit	(383,570)	(538,821)	155,251

III. Comparison of CY 2018 Budget and Actual Amounts

	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final and Actual
	Original	Final		
Services and business income	476,700	476,700	371,911	104,789
Subsidy from national government	1,486,466	1,486,466	1,373,549	112,917
Shares, Grants and Donations	6,175	6,175	-	6,175
Reprogrammed subsidy from prior years	2,661,382	2,661,382	1,082,782	1,578,600
Other non-operating income	149,600	149,600	216,809	(67,209)
Total receipts	4,780,323	4,780,323	3,045,051	1,735,272
Personnel services	499,824	499,824	383,635	116,189
Maintenance and other operating expenses	2,882,182	2,882,182	1,710,735	1,171,447
Capital outlay	1,026,716	1,026,716	236,735	789,981
Garnishment of fund	-	-	52,288	(52,288)
Total payments	4,408,722	4,408,722	2,383,393	2,025,329
Net payments	371,601	371,601	661,658	(290,057)

SCOPE OF AUDIT

The audit covered the examination, on a test basis, of the accounts and financial transactions of PCA for the period January 1 to December 31, 2018 in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) to enable us to express an opinion on the fairness of the presentation of the financial statements for the years ended December 31, 2018 and 2017. Also, we conducted our audit to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of the presentation of the financial statements in view of the following:

1. The Biological Assets account presented in the Statement of Financial Position at the carrying amount of P553,940 million as at December 31, 2018 does not have the complete disclosure on the basis of valuation of the recognized bearer trees, plants and crops in Davao Research Center (DRC) and Zamboanga Research Center (ZRC) as required in the PPSAS 27, thereby affecting the verifiability of the account. The non-recognition of biological assets in Albay Research Center (ARC) of 6,944 coconut

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5.1. We recommended that Management direct the concerned Agriculturist, PCDMs and Coconut Development Officers to comply with Projects' Guidelines by:

- a. Performing the evaluation procedures in identifying the farmer-participants such as: (a) securing documents supporting compliance with the eligibility requirements; (b) conducting soil suitability assessment; and (c) inspection of the site for planting;
- b. Preparing complete masterlists for the Projects and submit to ROs for approval to ensure that the agricultural inputs were distributed only to the farmer participant included in the masterlist; and
- c. Submitting immediately the MPFP/MAP/MFP and MAFPAPOS of the distributed agricultural inputs in the amount of P26.056 million.

SUMMARY OF UNSETTLED AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS

As of December 31, 2018, total unsettled disallowances and suspensions amounted to P74.877 million and P1.577 million, respectively. Of the total 186 Notice of Disallowances (NDs), five were issued with Notices of Finality of Decision (NFDs) and COA Orders of Execution and one for issuance of NFD. Thirty Eight NDs with Petition for Review before the Commission Proper (CP), one was affirmed by the Cluster Director while 141 are under Appeal. Lastly, there were 15 outstanding Notices of Suspension (NSs) and no unsettled charges at year end.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 203 audit recommendations embodied in the previous years' Annual Audit Reports (AARs), 79 were fully implemented and one was no longer doable, thus, deleted in the Status. Forty one audit recommendations in CY 2016 which were reiterated in CY 2017 were no longer included, hence deleted in this Status. Notices of Disallowance issued for four audit recommendations, thus excluded from this Status but incorporated in Annex B (Status of Unsettled Audit Disallowances and Suspensions). Forty One audit recommendations were partially implemented; 13 were not implemented; and 24 were revised and reformulated to be more specific, doable and measurable



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

CORPORATE GOVERNMENT SECTOR
Cluster 5 – Agricultural and Natural Resources

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Philippine Coconut Authority
Elliptical Road, Diliman
Quezon City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Philippine Coconut Authority (PCA)**, which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of financial performance, statements of changes in net assets/equity, statements of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of **PCA** as at December 31, 2018 and 2017, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Public Sector Accounting Standards (PPSASs).

Basis for Qualified Opinion

The Biological Assets account presented in the Statement of Financial Position at the carrying amount of P553.940 million as at December 31, 2018 does not have the complete disclosure on the basis of valuation of the recognized bearer trees, plants and crops in Davao Research Center and Zamboanga Research Center as required in PPSAS 27, thereby affecting the verifiability of the account. The non-recognition of biological assets in Albay Research Center of 6,944 coconut palms and its agricultural produce of 28,265 seednuts and seedlings understated the balance of the account by undetermined amount.

Also, the Property, Plant and Equipment (PPE) at the carrying amount of P863.168 million as at December 31, 2018 was overstated by P102.706 million due to the non-derecognition of equipment transferred to farmer-beneficiaries costing P56.706 million, and unserviceable PPE in undetermined carrying amount with total acquisition cost of P46 million. Moreover, the absence of Subsidiary Ledgers supporting the General Ledger (GL) balance of P85.225 million, the variance of P58.982 million, between the GL balance and the total of the Report on the Physical Count of PPE, and the non-conduct of physical

count of PPE items with carrying amount of P34.416 million affected the reliability of the carrying amount of the account.

Further, the reliability of the Inter-agency Payables – Due to Other National Government Agencies (NGAs) account with the carrying amount of P35.767 million was affected because the balance confirmed by the Source Agencies of P157.904 million for the 45 of the 51 programs/projects differed from the Central Office (CO) account balance of P33.266 million, or an absolute variance of P126.808 million.

Lastly, the Inter-agency receivable account balance of the CO totaling P234.779 million as at December 31, 2018 was overstated by the net amount of P26.378 million due to: (a) the unrecorded liquidation of the Procurement Service for the equipment delivered and distributed to the Kasaganaan sa Niyugan at Kaunlaran ng Bayan Enterprise Development Projects beneficiaries in the amount of P33.294 million; and (b) interest earned in an estimated amount of P6.916 million for calendar years 2015 to 2017 on the funds transferred to Philippine International Trading Corporation.

We were unable to obtain sufficient appropriate audit evidence about the balances of the Biological Assets, PPE and Inter-agency Payables – Due to Other NGAs accounts due to inadequate accounting and property records. Consequently, we were unable to determine whether any adjustments to the amounts were necessary.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the PCA in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

***Report on Supplementary Information Required under Bureau of Internal Revenue
(BIR) Revenue Regulation 15-2010***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2018 required by the BIR as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT



MARIA LINDA C. DECENA
OIC-Supervising Auditor
Audit Group C-PCA/SRA/PHILSUCOR
Cluster 5 - Agricultural and Natural Resources
Corporate Government Sector

June 17, 2019

**Details and Status of Unsettled Audit Disallowances and Suspensions
As of December 31, 2018**

As of December 31, 2018, total unsettled disallowances and suspensions amounted to P74.877 million and P1.577 million, respectively. Of the total 186 NDs, five were issued with Notices of Finality of Decision (NFDs) and COA Orders of Execution (COEs), one for issuance of NFD, 38 NDs with Petition for Review before the Commission Proper (CP), one was affirmed by the Cluster Director and 141 are under Appeal. Lastly, there were 15 outstanding Notices of Suspension (NSs) and no unsettled charges at year end. Details are as follows:

A. NDs With Notice of Finality of Decision (NFD) and COA Order of Execution (COE)

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
Central Office				
10-02-503/02/16/2010	Members of PCA Governing Board	Excessive payment of food expenses	P 1,949.25	Persons liable were no longer connected with PCA at the time of service of NFD and COE on March 18, 2014.
10-28-503/09/09/2010	Members of the PCA Governing Board	Payment of productivity enhancement incentive for CY 2009	47,875.71	Persons liable were no longer connected with PCA at the time of service of COE on March 27, 2014.
2015-09/11/ 27/2015	Administrator; DM II, FD; DC III, AD BO III, BD; DC III, CDD; and DA, OB	Procurement of 20 units Samsung Tablets were not used in the intended purposes.	230,200.00	ND affirmed under CGS-5 Decision No. 2016-024 dated September 19, 2016. NFD and COE were served on July 21, 2016 and August 5, 2016, respectively.
Region VI 2017-003(2015) 03/16/2017	RM; Regional Accountant; AO III; PDO IV; PDO III; 10 Agriculturist II; 2 Agriculturist I; 2 CPRO III; Supply Officer II; Cashier II; Bookkeeper; Driver I; 4 Division Chief; 3 Senior Agriculturist;	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM Circular	563,888.82	With NFD and COE dated July 24, 2018 and August 9, 2018, respectively.

ND No./Date	Positions/ Designations of Persons Liable and Clerk III	Nature	Amount	Status
Davao Research Center (DRC)				
2016- 001(2015)/ 04/28/2016	DM II; Acting AO; and Accountant III	Overpayment of terminal leave benefits	66,578.96	With COE dated May 31, 2017. With partial settlement of P21,592.99 per NSSDC No. PCA DRC 2019-001 dated January 7, 2019
			910,492.74	

B. For issuance of NFD Region VII				
13-002- 101(13)/ 11/07/2013	Various Coconut Development Officers (CDOs)	Travelling expenses of various CDOs	1,600.00	For issuance of NFD. Partial settlement of P240 for issuance of NSSDC.
			1,600.00	

**C. NDs With Petition for Review
Regions I-IV-**

B				
2016- 001(2012)/ 01/15/2016	Former RM III; Accountant III; Former PCDM; Cashier II; and Accounting Clerk (AC) III	Splitting of purchase orders (POs) and Disbursement Vouchers (DVs) in the procurement of coffee seedlings	535,000.00	With Petition for Review before the COA Commission Proper (CP) With appeal from the ND before the CP dated February 23, 2017. ND affirmed under CGS-5 Decision No. 2017-004 dated January 18, 2017
2016- 002(2012)/ 01/15/2016	Former RM III; Accountant III; Former PCDM; Cashier II; and AC III	Splitting of POs and DVs in the procurement of cattle	600,000.00	-do-
2016- 003(2012)/ 02/01/2016	Former RM III; Accountant III; PCDM;	Splitting of POs and DVs in the procurement of	545,000.00	-do-

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former Cashier II/AO III; AC III; and Project Development Officer (PDO) IV	carabaos and cattles		
2016- 004(2012)/ 02/01/2016	Former RM III; Accountant III; Former PCDM; Former Cashier II/AO III AC III; and PDO IV	Splitting of POs and DVs in the procurement of mangosteen seedlings	105,340.00	-do-
2016- 005(2012)/ 02/01/2016	Former RM III; Accountant III; Former PCDM; Cashier II; AC III; and PDO IV	Splitting of POs and DVs in the procurement of rambutan and lanzones	535,983.00	-do-
2016- 006(2012)/ 02/01/2016	Former RM III; Accountant III; Former PCDM; Cashier II; AC III; and PDO IV	Splitting of POs and DVs in the procurement of assorted grafted fruit bearing seedlings	595,439.50	-do-
2016- 007(2012)/ 02/01/2016	Former RM III; Accountant III; Former PCDM; Cashier II; AC III; and PDO IV	- do -	509,930.00	-do-
2016- 008(2014)/ 02/12/2016	Former RM III; Supply Officer II; Accountant III; AC III; Cashier II; and PDO IV	Splitting of DVs as payments already exceeded the signing authority of the RM.	4,866,464.00	-do-
2016- 009(2014)/ 02/12/2016	Former RM III; AO III; Accountant III; AC III/Former Acting Cashier; and PDO IV	- do -	1,571,700.00	-do-
2016- 010(2014)/ 02/12/2016	Former RM III; AO III; Accountant III; AC III/Former Acting Cashier; and PDO IV	- do -	1,038,958.00	-do-
2016- 011(2014)/ 02/12/2016	Former RM III; AO III; Accountant III; AC III/Former Acting Cashier;	- do -	2,551,500.00	-do-

ND No./Date	Positions/ Designations of Persons Liable and PDO IV	Nature	Amount	Status
2016-012(2014)/ 02/ 26/2016	Former RM III; AO III; Accountant III; AC III/Former Acting Cashier; and PDO IV	- do -	1,494,000.00	-do-
2016-13(2013/2014)/ 02/26/2016	Former RM III; AO III; Accountant III; Cashier II; and PDO IV	- do -	1,901,960.00	-do-
2016-015(2014)/ 02/12/2016	Former RM III; AO III; Accountant III; AC II/Former Acting Cashier; and PDO IV	Splitting of DVs as payments already exceeded the signing authority of the RM.	1,176,000.00	-do-
2017-01/ 07/27/2017	Former RM III; AO III; Accountant III; Cashier II; various PCA Regions I-IV-B employees; Former Chairperson of PCA Governing Board; 4 Former Members of PCA Governing Board	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM circular	875,000.00	With appeal from ND before the CP. ND affirmed under CGS-5 Decision No. 2018-019 dated June 4, 2018
2017-02/ 07/27/2017	Former RM III; Accountant III; Cashier II; Former PCDM; Former Chairperson of PCA Governing Board; 4 Former Members of PCA Governing Board	- do -	25,000.00	-do -
<u>Region IV-A</u>				
2016-001(2012)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	1,198,083.02	Appeal denied by the Cluster via CGS Cluster V Decision No. 2018-010 dated March 26, 2018. Another appeal submitted to the Commission Proper on August 20, 2018
2016-002(2012)/	Former OIC-RM; Accountant III;	Splitting of POs	1,051,988.12	-do -

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
02/29/2016	Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier			
2016- 003(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	368,000.00	-do -
2016- 004(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	2,976,329.74	-do-
2016- 005(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; and Supplier	Splitting of POs	744,000.00	-do-
2016- 006(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; and Supplier	Splitting of POs	4,620,639.18	-do-
2016- 007(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Supply Officer II; and Supplier	Splitting of POs	184,000.00	-do-
2016- 008(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Supply Officer II; and Supplier	Splitting of POs	4,291,100.00	-do -
2016- 009(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Former PDO III; and Supplier	Splitting of POs	159,996.00	-do -

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2016- 010(2014)/ 02/29/2016	RM III; Former OIC RM; Accountant III; Former AO; Acting AO; PDO III; Retired PDO III; Supply Officer II; and Supplier	Splitting of POs	540,000.00	-do-
2016- 011(2014)/ 02/29/2016	RM III; Accountant III; Former AO; Acting AO; PDO III; Retired PDO III; Supply Officer II; and Supplier	Splitting of POs	210,000.00	-do-
2016- 012(2014)/ 02/29/2016	RM III; Accountant III; Former AO; Acting AO; Retired PDO III; Supply Officer II; and Supplier	Splitting of POs	210,000.00	-do-
2016- 013(2014)/ 02/29/2016	RM III; Former OIC RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	2,027,000.00	-do-
2016- 014(2012)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Supply Officer II; and Supplier	Splitting of POs	180,400.00	-do-
2016- 015(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; and Supplier	Splitting of POs	397,500.00	-do-
2016- 016(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO;	Splitting of POs	636,000.00	-do-

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Supply Officer II; and Supplier			
2016- 017(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	468,986.00	-do-
2016- 018(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	471,984.00	-do-
2016- 019(2013)/ 02/29/2016	Former OIC-RM; Accountant III; Former AO; Supply Officer II; and Supplier	Splitting of POs	5,154,000.00	-do-
2016- 020(2014)/ 02/29/2016	RM III; Former OIC-RM; Accountant III; PDO III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	600,000.00	-do-
2016- 021(2014)/ 02/29/2016	RM III; Former OIC-RM; Accountant III; Former AO; Acting AO; Supply Officer II; Former PDO III; and Supplier	Splitting of POs	900,000.00	-do-
2016- 022(2014)/ 02/29/2016	RM III; Accountant III; PDO III; Acting AO; Supply Officer II; Senior Agriculturist; Cashier II; and Supplier	Splitting of POs	689,977.00	-do-
			47,007,257.56	

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
D. NDs affirmed by the Cluster Director				
Central Office				
2014-002-503/ 02/24/2014	Payee; DM II, FMDS; DA, CSB/ Chairman, Bids and Awards Committee (BAC); DA, Research, Development and Extension Branch (RDEB)/ Member, BAC; OIC- Division Chief (DC) II, Legal Affairs Office/ Member, BAC; OIC-DC III, Administrative and General Services Department (AGSD)/ Member, BAC; DA, FSB/ Member, BAC; Administrator; Members of PCA Governing Board; and Chairman of PCA Governing Board	Excessive payment of security services	194,373.50	ND affirmed under CGS-5 Decision No. 2017-018 dated March 14, 2017.
			194,373.50	

E. NDs with Appeal Memorandum

Central Office				
2015-001/ 07/23/2015	Payee; Former Administrator; Former DA, RDEB; Former OIC, FMDS; Former DC III, Collection and Disbursement Division (CDD)	Failure of the persons responsible to fully comply with the requirements of NS No. 02-09- 503(01) dated June 17, 2002. Also, full advance payment was made to the payee for the services not yet rendered and equipment not yet delivered	1,909,600.00	With appeal memorandum/ request for exclusion filed with the Cluster Director (CD) of two persons liable. Appeal of one person-ND affirmed under CGS Cluster V Decision No. 2017- 032 dated June 16, 2017
2015-02/ 11/ 27/2015	OIC, BD; Former DM II, FD; DC III, AD; DC III-CDD; and DA, OB	Payment of the safety gears out of the Disbursement Acceleration Program (DAP) Fund	184,320.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2015-03/ 11/ 27/2015	OIC, BD; Former DM II, FD;	Payment for publication to	48,292.80	With Appeal from ND before the Office

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	DC III, AD; Former OIC, AGSD; DC III, CDD; and Former OIC, Administrative and Finance Branch (AFB);	newspaper out of the DAP Fund		of CGS Cluster 5 Director dated March 1, 2016
2015-04/ 11/ 27/2015	OIC, BD; Former DM II, FD; DC III, AD; Former OIC, AGSD; DC III, CDD; and Former OIC, AFB	Payment for publication to newspaper out of the DAP Fund	51,744.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2015-05/ 11/ 27/2015	OIC, BD; Former DM II, FD; DC III, AD; DC III, CDD; and DA, OB	Payment of manual hand drills out of the DAP Fund	345,866.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2015-06/ 11/ 27/2015	OIC, BD; Former DM II, FD; DC III, AD; DC III, CDD; DA, OB; Former OIC, AGSD; and Former OIC, AFB	Payment of PCA quarantine forms out of the DAP Fund	94,500.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2015-07/ 11/ 27/2015	OIC, BD; Former DM II, FD; DC III, AD; DC III, CDD; and DA, OB	Payment of meals served during the seminars conducted out of the DAP Fund	121,000.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2015-08/ 11/27/2015	OIC, BD; Former DM II, FD; DC III, AD; DC III, CDD; and DA, OB	Payment of 250 units syringe for use in trunk injection operation out of the DAP Fund	9,500.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-01/ 01/12/2016	Former Acting Head Executive Assistant/Current RM-RO Nos I-IV-B; Former OIC-BD; Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and Former OIC-AFB	Payment of meals served during meetings out of the DAP fund	23,200.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-02/ 01/12/2016	Former Acting Head Executive Assistant/Current RM-RO Nos. I-IV-B; Former OIC-BD;	Payment of meals served during meeting out of the DAP fund	14,400.00	With Appeal from ND before the Office of CGS Cluster 5

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and Former OIC-AFB			Director dated March 1, 2016
2016-03/ 01/12/2016	Former Acting Head Executive Assistant/Current RM-RO Nos I-IV-B; Former OIC-BD; Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and DA-OB	Payment of meals served during meeting out of the DAP fund	5,136.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-04/ 01/12/2016	Former OIC-BD; Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and DA-OB	Payment of office supplies out of the DAP fund	6,555.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-05/ 01/12/2016	Former OIC-BD; Former Clerk III/Current OIC-BD; Former DC III-AD; DC III-CDD; and DA-OB	Payment of travelling expenses out of the DAP fund	600.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-06/ 01/12/2016	Former Acting Head Executive Assistant/Current RM-RO Nos. I-IV-B; Former OIC-BD; Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and DA-OB	- do -	11,364.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-07/ 01/12/2016	Former Acting Head Executive Assistant/Current RM-RO Nos. I-IV-B; Former OIC-BD; Former Clerk III/Current OIC-BD; Former DM II-FD; Former DC III-AD; DC III-CDD; and Former OIC-AFB	Payment of expenses incurred out of the DAP fund	15,446.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-08/ 01/12/2016	DA-OB; Former Administrator; Former Acting Head Executive Assistant/Current RM-RO Nos. I-IV-B; Former DM II-FD; and	Payment of mobile phones and sim cards out of the DAP Fund	15,215.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former DC III-AD			
2016-09/ 01/12/2016	DA-OB; Former Administrator; Former Acting Head Executive Assistant/Current RM-RO Nos. I- IV-B; Former DM II-FD; and Former DC III-AD	Payment of expenses incurred for the implementation of CSIEAP out of the DAP Fund	473,620.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated March 1, 2016
2016-11, Office Order (OO) No. 2015-003/ 08/09/2016	DA-OB; Former DM II-FD; Former DC-AD; and DC III-CDD	Failure of the persons responsible to fully comply with the requirements of NS No. 2016- 001 dated January 20, 2016.	262,500.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated February 6, 2017
2016-12, OO No. 2015-003/ 08/09/2016	DA-OB; Former DM II-FD; Former DC-AD; DC III-CDD; and Former OIC-AFB	Failure of the persons responsible to comply with the requirements of NS No. 2016-003 dated January 20, 2016	19,400.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated December 5, 2016
2016-13, OO No. 2015-003/ 08/09/2016	Former Acting Head Executive Assistant/Current RM-RO Nos. I-IV-B; Former DM II-FD; Former DC-AD; DC III-CDD; and DA-OB	Failure of the persons responsible to comply with the requirements of NS No. 2016-002 dated January 20, 2016	5,650.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated December 5, 2016
2017-01/ 01/27/2017	OIC-Human Resource Division (HRD); Former OIC-BD; DM II-AGSD; DA-AFB; DC III- CDD; Payees; Former Chairperson PCA Governing Board; Former Member PCA Governing Board; and Members of the PCA Governing Board	Payment of Collective Negotiation Agreement (CNA) not in accordance with the procedural guidelines and conditions per Department of Budget and Management (DBM) Circular	1,650,000.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated May 10, 2017
2017-02/ 01/31/2017	Payee; DA-AFB;	Payment of CNA not in accordance	25,000.00	With Appeal from ND before the Office

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former OIC (now Manager)-FD; Former OIC-BD; DM II-AGSD; DC III- CDD; Former Chairperson PCA Governing Board; Former Member PCA Governing Board; and Members of the PCA Governing Board	with the procedural guidelines and conditions per DBM circular		of CGS Cluster 5 Director dated May 10, 2017
2017-03/ 01/31/2017	Payee; DA-AFB; Former OIC (now Manager)-FD; Former OIC-BD; DM II-AGSD; DC III- CDD; Former Chairperson PCA Governing Board; Former Member PCA Governing Board; and Members of the PCA Governing Board	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM circular	25,000.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated May 10, 2017
2018-01/ 09/03/2018	Payee PCDM-Quezon I PO; PCDM-Quezon I PO; Former RM III- RO IV-A; CSI Provincial Focal Person- Quezon I PO; Former DA-OB; Former DM II-FD; Former DC III- AD; Former Administrator;	Double payment of claims	644,156.80	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-02/ 09/03/2018	Payee; PCDM-Quezon I PO; Former RM III- RO IV-A; CSI Provincial Focal Person- Quezon I PO; Former DA-OB; Former DM II-FD; Former DC III- AD; Former OIC-AFB	Double payment of claims	16,856.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-03/ 10/01/2018	Payee ; PCDM-Batangas PO; Former RM III RO-IV-A; CSI Provincial Focal Person- Batangas PO; Former DA-OB, now DA-AFB; 2 Former DM II-FD; Former DC III-AD; Former Administrator;	Double payment of claims	1,158,662.40	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former OIC-AFB, now DM III-AGSD			
2018-04/ 10/01/2018	Payee; PCDM-Batangas PO; Former RM III-RO-IV-A; CSI Provincial Focal Person- Batangas PO; Former DA-OB, now DA-AFB; Former DM II-FD; Former OIC-AFB, now DM III-AGSD	Double payment of claims	16,993.60	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-05/ 10/02/2018	Payee; PCDM-Laguna PO; Former RM III-RO-IV-A; CSI Provincial Focal Person- Laguna PO; Former DA-OB, now DA-AFB; Former DM II-FD; Former DC III-AD; Former Administrator	Double payment of claims	192,550.40	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-06/ 10/08/2018	Payee; PCDM-Quezon II PO; Former RM III-RO-IV-A; CSI Provincial Focal Person- Quezon II PO; Former DA-OB, now DA-AFB; Former DM II-FD; Former DC III-AD; Former Administrator	Double payment of claims	100,620.80	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-07/ 10/08/2018	Payee; 2 PCDMs-Quezon II PO & Batangas PO; Former RM III-RO-IV-A; 2 CSI Provincial Focal Person- Quezon II PO and Batangas PO; Former DA-OB, now DA-AFB; Former DM II-FD; Former DC III-AD; Former Administrator	Double payment of claims	16,856.00	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019
2018-08/ 10/09/2018	Payee; 3 PCDMs-Quezon I & II PO & Batangas PO; Former RM III-RO-IV-A; 3 CSI Provincial Focal Persons- Quezon I & II PO and Batangas PO; Former DA-OB, now DA-AFB; Former DM II-FD;	Double payment of claims	128,654.40	With Appeal from ND before the Office of CGS Cluster 5 Director dated January 22, 2019 and February 14, 2019

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Former DC III-AD; Former Administrator			
<u>Regions I-IV-B</u>				
2016- 014(2013)/ 09/21/2016	Former RM III; Accountant III; Senior Agriculturist; Cashier II; AC III; and Agriculturist II	Checks were made payable to the authorized representative and not to the supplier of coco seedlings	1,067,200.00	With appeal from ND before the Office of CGS Cluster 5 Director dated March 16, 2017
2016- 016(2013)/ 09/21/2016	Former RM III; Accountant III; 2 Agriculturist II; Cashier II; and AC III	Checks were made payable to the authorized representative and not to the supplier of coco seedlings	1,060,000.00	With appeal from ND before the Office of CGS Cluster 5 Director dated March 16, 2017
2018-01(2016) 09/13/2018	Former RM; PDO IV; Division Chief; AO III; CPRO III	Payment of Yellow Hybrid Corn Seeds not in accordance with 2016 Revised IRR of RA 9184	632,978.64	With appeal from the ND before the CGS-Cluster 5 Director dated August 29, 2018
2018-02(2016)/ 09/13/2018	Former RM; PDO IV; Division Chief; AO III; CPRO III	Payment of corn seeds not in accordance with 2016 Revised IRR of RA 9184	508,275.70	With appeal from the ND before the CGS-Cluster 5 Director dated September 13, 2018
<u>Region IV-A</u>				
2017- 001(2015)/ 06/13/2017	RM III; Accountant III; PDO IV; Acting AO; Supply Officer II; Cashier II; Bookkeeper; Accounting Clerk III; Clerk III; PCDM; Former AO; Former Driver; Former CPRO III; Former PDO III; Senior Agriculturist; 3 Former PCDMs; 3 Acting PCDMs; 14 Agriculturist II; and 3 Agriculturist I	Violation of Department Budget Circular No. 2014-2 dated December 2, 2014	950,000.00	With Appeal Memorandum submitted to COA Regional Office IV-A on November 9, 2017

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
Region V				
2017-01 01/06/2017	Former Manager- FD; Former OIC- BD; RM III; AO III/ Budget Officer; Accountant III; Acting Supply Officer; Payees	Maintenance and Other Operating Expenses (MOOE) paid out of the DAP Fund	333,148.39	With appeal dated July 25, 2017.
Region VII				
17-001(16)/ 05/17/2017	CDO; Acting Senior Agriculturist; PCDM; and RM	Failure to distribute the 300 bags of Cocogro fertilizer to the intended beneficiaries in the Municipality of Medellin, Cebu	300,000.00	With appeal
17-002-(16)/ 06/07/2017	CDO; Acting Senior Agriculturist; PCDM; and RM	The reported 300 bags of Cocogro fertilizer were not actually applied to affected coconut trees	127,950.00	With appeal
Region VIII				
2016-001- (2015)YRRP/ 10/07/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; and CCDO	Double payment of cash incentive	15,000.00	With appeal
2016-002- (2015)YRRP/ 10/11/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; CCDO; and Acting AO	Payment of cash incentive to recipients who were already dead	6,000.00	With appeal
2016-003- (2015)YRRP/ 10/11/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDMs; CS-RTS; CCDO; and Acting AO	Payment of cash incentive to recipient who died in 2013	30,000.00	With appeal
2016-004- (2015)YRRP/	OIC-RM; Accountant III;	Payment of cash incentive to	3,100.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
10/11/2016	Acting Cashier II; 2 PCDMs; CS-RTS; CCDO; and Acting AO	recipient who died in May 2016		
2016-005- (2015)YRRP/ 10/14/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; Agriculturist II; and CCDO	Payment of cash incentive to recipient who died in 2012	6,000.00	With appeal
2016-006- (2015)YRRP/ 10/17/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDMs; CS-RTS; and CCDO	Double payment of cash incentive to recipient whose name appeared in two payroll schedules	2,880.00	With appeal
2016-007- (2015)YRRP/ 10/17/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDM; Acting AO; CS-RTS; and CCDO	Double payment of cash incentives.	8,890.00	With appeal
2016-008- (2015)YRRP/ 10/17/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; and CCDO	Double payment of cash incentives	9,470.00	With appeal
2016-009- (2015)YRRP/ 10/19/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDMs; CS-RTS; and CCDO	Double payment of cash incentives	17,420.00	With appeal
2016-010- (2015)YRRP/ 10/19/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; and CCDO	Double payment of cash incentive to recipient whose name appeared in two different barangay.	16,500.00	With appeal
2016-011- (2015)YRRP/ 10/19/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM;	Double payment of cash incentive to recipient whose	8,760.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	CS-RTS; and CCDO	name appeared in two payrolls.		
2016-012- (2015)YRRP/ 10/21/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; and CCDO	Double payment of cash incentives	12,900.00	With appeal
2016-013- (2015)YRRP/ 10/21/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and CCDO	Payment of cash incentive to recipient who died in April 2015	12,150.00	With appeal
2016-014- (2015)YRRP/ 10/21/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	3,000.00	With appeal
2016-015- (2015)YRRP/ 10/25/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 2 PCDMs; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	7,800.00	With appeal
2016-016- (2015)YRRP/ 10/25/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	148,500.00	With appeal
2016-017- (2015)YRRP/ 10/26/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	121,800.00	With appeal
2016-018- (2015)YRRP/ 11/02/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM;	Non-receipt of cash incentives by the farmer beneficiaries	226,800.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	CS-RTS; and CCDO			
2016-019- (2015)YRRP/ 11/02/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	118,500.00	With appeal
2016-020- (2015)YRRP/ 11/02/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 2 PCDMs; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	15,000.00	With appeal
2016-021- (2015)YRRP/ 11/02/2016	2 OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	18,360.00	With appeal
2016-022- (2015)YRRP/ 11/02/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	18,000.00	With appeal
2016-023- (2015)YRRP/ 11/03/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 2 PCDMs; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	65,640.00	With appeal
2016-024- (2015)YRRP/ 11/05/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDMs; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	41,410.00	With appeal
2016-025- (2015)YRRP/ 11/04/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and	Partial receipt of cash incentives by the farmer beneficiaries	26,510.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	CCDO			
2016-026- (2015)YRRP/ 11/09/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 2 PCDMs; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	124,100.00	With appeal
2016-027- (2015)YRRP/ 11/09/2016	OIC-RM; Accountant III; Acting Cashier II; 2 PCDMs; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	111,860.00	With appeal
2016-028- (2015)YRRP/ 11/09/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	29,950.00	With appeal
2016-029- (2015)YRRP/ 11/10/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	81,320.00	With appeal
2016-030- (2015)YRRP/ 11/11/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	293,228.00	With appeal
2016-031- (2015)YRRP/ 11/12/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; CS-RTS; CCDO; and CCDO	Partial receipt of cash incentives by the farmer beneficiaries	62,450.00	With appeal
2016-032- (2015)YRRP/ 11/14/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO;	Partial receipt of cash incentives by the farmer beneficiaries	819,860.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	3 PCDMs; CS-RTS; and CCDO			
2016-033- (2015)YRRP/ 11/14/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 3 PCDMs; CS-RTS; and CCDO	Non-receipt of cash incentives by the farmer beneficiaries	36,000.00	With appeal
2016-001- (2015)PCPP/ 11/09/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; 2 OIC-PCDM; PCDM; and CDO	Partial receipt of cash incentives by the farmer beneficiaries	7,500.00	With appeal
2016-002- (2015)PCPP/ 11/09/2016	OIC-RM; Accountant III; Acting Cashier II; PCDM; Senior Agriculturist; and CDO	Non-receipt and/or partial receipt of cash incentives by the farmer- beneficiaries	3,700.00	With appeal
2016-003- (2015)PCPP/ 11/10/2016	OIC-RM; Accountant III; Acting Cashier II; Acting AO; PCDM; Senior Agriculturist; and CDO	Non-receipt and/or partial receipt of cash incentives by the farmer- beneficiaries	9,600.00	With appeal
2017- 001(2015)/ 03/07/2017	OIC-RM; Accountant III; Acting Cashier II; Acting AO; and PCA officials	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM Circular	825,000.00	With appeal
2017- 002(2015)/ 03/07/2017	OIC-RM; Accountant III; Acting Cashier II; Acting AO; and PCA officials	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM Circular	25,000.00	With appeal
2017- 003(2015)/ 03/07/2017	OIC-RM; Accountant III; Acting Cashier II;	Payment of CNA not in accordance with the	25,000.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
	Acting AO; and PCA officials	procedural guidelines and conditions per DBM Circular		
2017- 004(2015)/ 03/07/2017	OIC-RM; Accountant III; Acting Cashier II; Acting AO; and PCA officials	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM Circular	25,000.00	With appeal
2017- 005(2015)/ 03/07/2017	OIC-RM; Accountant III; Acting Cashier II; Acting AO; and PCA officials	Payment of CNA not in accordance with the procedural guidelines and conditions per DBM Circular	25,000.00	With appeal
<u>Region IX</u>				
2015-501- 01(2014)/ 12/28/2015	Ralph S. Hamoy/ Regional Manager	Payment for various expenses incurred out of the DAP Fund.	4,420,761.10	With Appeal
2015-501- 02(2014)/ 12/28/2015	Efren P. Carba/PCDM	Payment for various expenses incurred out of the DAP Fund.	4,866,864.39	With appeal
2015-501- 03(2014)/ 12/28/2015	Ferdinand Acaylar/ PDO III	Payment for various expenses incurred out of the DAP Fund.	15,309.85	With appeal
2015-501- 05(2014)/ 12/28/2015	Celedonia Palomar/CSI Coordinator	Payment for various expenses incurred out of the DAP Fund.	13,738.00	With appeal
2015-501- 05(2014)/ 12/28/2015	Frigediano E. Arcamo/ PCDM	Payment for various expenses incurred out of the DAP Fund.	151,334.59	With appeal
2015-501- 06(2014)/ 12/28/2015	Junrie Beradio/ Accounting Clerk	Payment for various expenses incurred out of the DAP Fund.	5,180.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2015-501-07(2014)/ 12/28/2015	John Paul B. Lagot/ CCDO	Payment for various expenses incurred out of the DAP Fund.	2,660.00	With appeal
2015-501-08(2014)/ 12/28/2015	Ariel Z. Tomong/CPRO III	Payment for various expenses incurred out of the DAP Fund.	5,180.00	With appeal
2015-501-09(2014)/ 12/28/2015	Joselino L. Mirabuena/ CCDO	Payment for various expenses incurred out of the DAP Fund.	6,590.00	With appeal
2015-501-10(2014)/ 12/28/2015	Rogelio R. Flores/CCDO	Payment for various expenses incurred out of the DAP Fund.	4,000.00	With appeal
2015-501-11(2014)/ 12/28/2015	Vergel Butch U. Alay/ CCDO	Payment for various expenses incurred out of the DAP Fund.	4,000.00	With appeal
2015-501-12(2014)/ 12/28/2015	NYKAR Enterprises	Payment for construction materials out of the DAP Fund.	28,166.40	With Appeal
2015-501-13(2014)/ 12/ 28/ 2015	Turismo Insular Leisure & Travel	Payment for travel expenses out of the DAP Fund.	102,104.64	With appeal
2015-501-14(2014)/ 12/28/2015	Maria Nenita F. Dionio/CCDO	Payment for travel expenses out of the DAP Fund	1,604.00	With appeal
2015-501-15(2014)/ 12/ 28/ 2015	Elizabeth S. Bentulan/ Lab Aide encoder	Payment for travel expenses out of the DAP Fund	1,265.00	With appeal
2015-501-16(2014)/ 12/28/2015	Abraham L. Guerzon /CCDO	Payment for travel expenses out of the DAP Fund	14,272.27	With appeal
2015-501-17(2014)/ 12/28/2015	Myrna M. Jugalbot/ Farmer	PCPP (Option 1) chargeable against the CSIEAP.	2,200.00	With appeal
2015-501-18(2014)/ 12/28/2015	Jesusima Dagpin/Cashier	Payment for travel expenses out of the DAP Fund.	61,962.75	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2015-501-19(2014)/ 12/ 28/ 2015	ZC Unicon Enterprises	Payment for materials purchased out of the DAP fund.	19,449.11	With appeal
2015-501-20(2014)/ 12/28/2015	Pacific Hardware Enterprises	Payment for farm equipment /facilities out of the DAP Fund.	7,666.07	With appeal
2015-501-21(2014)/ 12/28/2015	MC Hardware Enterprises	Payment for travel expenses out of the DAP Fund.	85,314.85	With appeal
2015-501-22(2014)/ 12/28/2015	Computer Expertech & Tech. Services	Payment for office supplies out of the DAP Fund.	2,952.85	With appeal
2015-501-22(2014)/ 12/28/2015	A.L. Gonzalez and Sons Inc.	Payment for farm facilities out of the DAP fund.	2,186.24	With appeal
2015-501-23(2014)/ 12/28/2015	Pagadian Bodega ng Bayan	Payment for farm equipment /facilities out of the DAP Fund.	27,168.00	With appeal
2015-501-24(2014)/ 12/28/2015	Guadalupe A. Calunod/	Payment for travel expenses out of the DAP Fund.	436.00	With appeal
2015-501-25(2014)/ 12/28/2015	The Manila Times Publishing Corp.	Payment for Newspaper/publication relative to the operation of CSIEAP out of the DAP Fund.	19,845.00	With Appeal
2015-501-26(2014)/ 12/28/2015	Dennis Hardware Enterprises	Payment of expenditures out of the DAP Fund.	24,715.98	With appeal
2015-501-27(2014)/ 12/28/2015	Rudy B. Corsame/CCDO	Payment of expenditures out of the DAP Fund.	14,365.63	With appeal
2015-501-28(2014)/ 12/28/2015	Nelson S. Chua/ Sr. Agriculturist	Payment of expenditures out of the DAP Fund.	20,213.54	With appeal
2015-501-29(2014)/ 12/ 28/ 2015	Crown Paper & Stationaries Supply	Payment of expenditures out of the DAP Fund.	3,901.18	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2015-501-31(2014)/ 12/28/2015	DES Appliance Plaza Inc.	Payment of expenditures out of the DAP Fund.	21,673.20	With appeal
2015-501-32(2014)/ 12/28/2015	LB Homemate Furniture	Payment of expenditures out of the DAP Fund.	7,155.46	With appeal
2015-501-33(2014)/ 12/28/2015	Nationwide Appliances Center of Zamboanga City	Payment of expenditures out of the DAP Fund.	3,956.07	With appeal
2015-501-34(2014)/ 12/28/2015	Rushdi A. Amain/DPQI	Payment of expenditures out of the DAP Fund.	20,301.22	With appeal
2015-501-35(2014)/ 12/28/2015	Keacy Joy Alviar/ DPQI	Payment of expenditures out of the DAP Fund.	12,229.98	With appeal
2015-501-36(2014)/ 12/28/2015	Merla C. Pagaduan/PDO	Payment of expenditures out of the DAP Fund.	6,170.00	With appeal
2015-501-37(2014-15)/ 12/28/2015	Illuminado L. Cadungog Jr./Driver II	Payment of expenditures out of the DAP Fund.	10,320.00	With appeal
2015-501-38(2014)/ 12/28/2015	Lino A. Quilaton/DPQI	Payment of expenditures out of the DAP Fund.	6,544.54	With appeal
2015-501-39(2014)/ 12/28/2015	Aldrin B. Duhaylungsod/ DPQI	Payment of expenditures out of the DAP Fund.	4,000.00	With appeal
2015-501-40(2014)/ 12/28/2015	LM Enterprises	Payment of expenditures out of the DAP Fund.	7,793.84	With appeal
2015-501-41(2014)/ 12/28/2015	Davao Photo-Digi Corp.	Payment of expenditures out of the DAP Fund.	13,155.35	With appeal
2015-501-42(2014)/ 12/28/2015	Gessil G. Torres/ Project Employee	Payment of expenditures out of the DAP Fund.	7,272.72	With appeal
2015-501-43(2014)/ 12/28/2015	Benhar S. Muksan/ Project Employee	Payment of expenditures out of the DAP Fund.	7,700.00	With Appeal
2015-501-44(2014)/ 12/28/2015	Domingo S. Zanduetla/ Agriculturist II	Payment of expenditures out of the DAP Fund.	6,400.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2015-501-45(2014)/ 12/28/2015	Danilo B. Bendanillo/ Agriculturist I /Supply Officer	Payment of expenditures out of the DAP Fund.	7,895.00	With appeal
2015-501-46(2014)/ 12/28/2015	Alberto C. Dalis/ Polinator	Payment of expenditures out of the DAP Fund.	9,071.60	With appeal
2015-501-47(2014)/ 12/28/2015	Carlos C. Palomar/ Emasculator	Payment of expenditures out of the DAP Fund.	9,071.60	With appeal
2015-501-48(2014)/ 12/28/2015	Andrea Mikaeli L. Seldora/Field Employee	Payment of expenditures out of the DAP Fund.	12,161.00	With appeal
2015-501-49(2014)/ 12/28/2015	Font Restaurant	Payment of expenditures out of the DAP Fund.	34,485.00	With appeal
2015-501-50(2014)/ 12/28/2015	Norbin A. Mandi/ DPQI	Payment of expenditures out of the DAP Fund.	3,549.37	With appeal
2015-501-51(2014)/ 12/28/2015	Jay-Ar S. Sagaysay/Project Employee	Payment of expenditures out of the DAP Fund.	7,680.00	With appeal
2015-501-52(2014)/ 12/28/2015	Larry E. Herla/ CCDO	Payment of expenditures out of the DAP Fund.	4,150.00	With appeal
2015-501-53(2014)/ 12/ 28/ 2015	Jessie G. Patcho/CCDO	Payment of expenditures out of the DAP Fund.	3,540.00	With appeal
2015-501-54(2014)/ 12/28/2015	Berovan Marketing, Inc.	Payment of expenditures out of the DAP Fund.	3,645.62	With appeal
2015-501-55(2014)/ 12/28/2015	Zamboanga Medika Integrated Industries, Inc.	Payment of expenditures out of the DAP Fund.	1,060.00	With appeal
2015-501-56(2014)/ 12/28/2015	Evergreen Enterprises	Payment of expenditures out of the DAP Fund.	139,153.87	With appeal
2015-501-57(2014)/ 12/28/2015	Romeo Tigoy/ Agriculturist I	Payment of expenditures out of the DAP Fund.	2,200.00	With appeal

ND No./Date	Positions/ Designations of Persons Liable	Nature	Amount	Status
2015-501- 58(2014)/ 12/28/2015	Adelina P. Undag/CDO	Payment of expenditures out of the DAP Fund.	2,200.00	With appeal
2015-501- 59(2014)/ 12/28/2015	Anecito T. Pagsiat/CDO/ PCMARS	Payment of expenditures out of the DAP Fund.	1,800.00	With appeal
Albay Research Center				
2016-01 10/24/2016	OIC-FD; Former OIC-BD; DM III; Accountant III; Sr. Research Specialist II	Payment of expenditures out of the DAP Fund.	386,507.45	With appeal
Zamboanga Research Center				
2016- 001(2016)/ 09/6/2016	2 Science Research Specialist (SRS); 2 Senior SRS; DC III; AO III; and 5 JO/contract of service personnel	Overpayment of travelling expenses	27,911.20	With Appeal
Total			26,762,931.46 P 74,876,855.26	

F. Status of Notices of Suspension (NSs)

NS No./Date	Positions/ Designations of Persons Responsible	Nature	Amount	Status
Central Office				
2017-12/ 02/23/2017	Payee	Non-submission of accomplishment report (AR)	P 10,630.37	For evaluation of AR
Region VII				
11-003- 101(11)/ 07/15/2011	RM; Accountant II; and AO III	Lack of documents supporting payment of Staple Food Allowance for the first quarter of 2011	65,000.00	For issuance of ND
13-002-101- (13)/ 11/07/2013	RM; and Accountant II	Incomplete documents supporting various disbursements for the period April to August 2013	31,430.24	Net of partial settlement of P1,206,612.72 per NSSDC No. 14-001 dated June 30, 2014 For issuance of ND

NS No./Date	Positions/ Designations of Persons Responsible	Nature	Amount	Status
Region VIII				
2017-019 CORP (2016) / 07/03/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	Lacking Proof of Land Ownership (PLO)	43,200.00	Settled per NSSDC No. 2019-007 dated January 9, 2019
2017-020 CORP (2016)/ 07/04/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	-do-	24,750.00	Settled per NSSDC No. 2019-005 dated January 9, 2019
2017-021 CORP (2016)/ 07/04/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	Lacking Special Power of Attorney (SPA), Barangay Certification and PLO	19,800.00	Settled per NSSDC No. 2019-004 dated January 9, 2019
2017-022 CORP (2016)/ 07/04/2017	OIC-RM; Accountant III; Acting Cashier II; Acting Admin Officer; and Payees	Lacking PLO	75,960.00	Settled per NSSDC No. 2019-006 dated January 9, 2019
2017-023 CORP (2016)/ 07/04/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	-do-	32,400.00	Settled per NSSDC No. 2019-003 dated January 9, 2019
2017-026 CORP (2016)/ 07/04/2017	OIC-RM; Accountant III; Acting Cashier II; Acting Admin Officer; and Payees	-do-	99,000.00	Unsettled to date
2017-028 CORP (2016)/ 05/11/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	-do-	16,200.00	Settled per NSSDC No. 2019-002 dated January 9, 2019
2017-030 CORP (2016)/ 05/11/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	Lacking Certificate of Land Ownership Award (CLOA)	22,500.00	Unsettled to date
2017-031 CORP (2016)/ 05/11/2017	OIC-RM; Accountant III; Acting Cashier II; and Payees	-do-	7,200.00	-do-
2018-009 CORP(2017)/ 10/30/2018	OIC-RM; 2 PCDM; CPRO/Acting PDO II; AO III/PCF Custodian; 3 Agriculturist II Senior Agriculturist;	Lacking necessary documents as required in Section 23.1 of the Revised IRR of RA 9184	1,084,995.00	Settled per NSSDC No. 2019-001 dated January 4, 2019

NS No./Date	Positions/ Designations of Persons Responsible	Nature	Amount	Status
	SO II; RTS/BAC Secretariat			
Region XI				
18-PCA- 001(18) 10/22/2018	Former RM; Accountant; and CPRO III/Acting AO	Payment of cash award for the Regional Gawad Saka Search for the Outstanding Coconut Farmer 2018	20,000.00	Settled per NSSDC No. PCA-RXI-19- 001(18) dated March 21, 2019
Region XII				
18-001-503- (18) 12/04/2018	RM; Division Chief; Accountant; Senior Agriculturist	Lack of supporting documents	24,300.00	Unsettled to date
Total			P1,577,365.61	



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of Philippine Coconut Authority (PCA) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, including schedules attached therein, and submits the same to the stakeholders.

The Commission on Audit, through its authorized representative, has examined the financial statements of the PCA pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.

EMMANUEL E. PIÑOL
Chairman, Governing Board

GLENN B. SANTOS
OIC-Administrator

MADELEINE M. CORPUZ
OIC-Manager, Finance Department

DEPARTMENT OF AGRICULTURE
In replying pls cite this code :
For Signature: S-06-19-0181
Received : 06/11/2019 11:23 AM

Signed this 25th day of June, 2019.

PHILIPPINE COCONUT AUTHORITY
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017 (As restated)
ASSETS			
Current assets			
Cash and cash equivalents	5	518,232,303	884,635,514
Receivables - net	6	447,315,035	636,831,624
Inventories	7	156,499,119	68,344,974
Other current assets	8	18,040,291	9,895,023
		1,140,086,748	1,599,707,135
Non-current assets			
Receivables - net	6	4,840,416	3,394,350
Investments	9	88,515	88,515
Investment properties - net	10	8,504,727	9,515,343
Property, plant and equipment - net	11	863,168,284	695,501,110
Biological assets	12	553,940,281	553,640,781
Other non-current assets	13	25,059,432	27,892,741
		1,455,601,655	1,290,032,840
TOTAL ASSETS		2,595,688,403	2,889,739,975
LIABILITIES			
Current liabilities			
Financial liabilities	14	730,861,486	678,519,784
Intra-agency payables	15	7,961,444	-
Inter-agency payables	16	74,200,731	88,212,937
Trust liabilities	17	8,943,361	10,930,858
Other payables	18	61,477,254	52,898,222
		883,444,276	830,561,801
Non-current liability			
Provisions	19	314,250,483	291,384,643
Deferred credits/unearned income	20	21,547,711	21,542,596
		335,798,194	312,927,239
TOTAL LIABILITIES		1,219,242,470	1,143,489,040
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		1,376,445,933	1,746,250,935
NET ASSETS/EQUITY			
Government equity	31	471,952,526	471,952,526
Accumulated surplus	31	884,638,407	1,254,443,409
Revaluation surplus	31	19,855,000	19,855,000
TOTAL NET ASSETS/EQUITY		1,376,445,933	1,746,250,935

The notes on pages 11 to 54 form part of these Financial Statements

PHILIPPINE COCONUT AUTHORITY
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017 (As restated)
REVENUE			
Service and business income	21	371,910,909	311,193,469
Gains	22	-	25,000
		371,910,909	311,218,469
CURRENT OPERATING EXPENSES			
Personnel services	23	383,635,041	377,187,566
Maintenance and other operating expenses	24	1,710,734,699	1,791,305,098
Financial expenses	25	450	1,663
Non-cash expenses	26	208,262,733	62,048,100
		2,302,632,923	2,230,542,427
DEFICIT FROM CURRENT OPERATIONS		1,930,722,014	1,919,323,958
Net financial assistance/subsidy	27	1,373,549,227	1,324,117,000
Other non-operating income	28.1	216,808,796	56,385,646
Gains	28.2	44	7
Losses	26.3	(43,206,425)	-
DEFICIT FOR THE PERIOD		383,570,372	538,821,305

The notes on pages 11 to 54 form part of these Financial Statements

PHILIPPINE COCONUT AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	Government equity Note 31	Accumulated surplus/(deficit) Note 31	Revaluation surplus Note 31	Total
BALANCE AT JANUARY 1, 2017	1,182,390,523	1,429,829,737	19,855,000	2,632,075,260
ADJUSTMENTS:				
Add/(Deduct):				
Prior Period errors				
Liquidation of semi-expendable PPE		65,002		65,002
Cancellation of payables		86,677,636		86,677,636
Reclassification and disposal of PPE		(5,865,675)		(5,865,675)
Unrecognized depreciation of PPE		(3,915,499)		(3,915,499)
Impairment of receivable		(6,227,469)		(6,227,469)
Relief of expenses/error in recognition of expenses		3,028,321		3,028,321
Unrecognized revenues/ error in recognition of revenues		8,230,914		8,230,914
Overstated expenses due to unrecognized receivable from 151		2,170,478		2,170,478
Cancelled checks		319,143		319,143
Adjustment of prepaid insurance		(255,422)		(255,422)
Security services salary differential		(950,845)		(950,845)
Accrual of leave credits		(291,384,643)		(291,384,643)
Remaining balance of assets in Coconut Industry Stabilization Fund (CISF)	(710,437,997)	18,855,731		(691,582,266)
Recognition of biological assets		551,104,753		551,104,753
RESTATED BALANCE AT JANUARY 1, 2017	471,952,526	1,791,682,162	19,855,000	2,283,489,688
CHANGES IN NET ASSETS/EQUITY FOR CY 2017				
Add/(Deduct):				
Surplus/(deficit) for the period		(538,821,305)		(538,821,305)
Purchase or construction of property, plant and equipment		1,641,156		1,641,156
Donations		(2,687)		(2,687)
Disallowance and other payments		(55,917)		(55,917)
RESTATED BALANCE AT DECEMBER 31, 2017	471,952,526	1,254,443,409	19,855,000	1,746,250,935
CHANGES IN NET ASSETS/EQUITY FOR CY 2018				
Add/(Deduct):				
Surplus/(deficit) for the period		(383,570,372)		(383,570,372)
Additional investment from utilization of fund transfer		9,126,718		9,126,718
Disallowances and other payments		(22,759)		(22,759)
Additional investment in fixed assets held in trust		4,661,411		4,661,411
BALANCE AT DECEMBER 31, 2018	471,952,526	884,638,407	19,855,000	1,376,445,933

The notes on pages 11 to 54 form part of these Financial Statements

PHILIPPINE COCONUT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Receipt of notice of cash allocation		1,373,549,227	1,309,117,000
Collection of income/revenues		421,771,848	330,649,002
Receipt of assistance/subsidy		-	534,476,981
Collection of receivables		52,106,821	42,869,735
Receipt of inter-agency fund transfers		20,786,683	45,940,488
Receipt of intra-agency fund transfers		59,003,271	189,625,638
Trust receipts		83,199,042	46,899,870
Other receipts		68,345,004	126,367,792
		<u>2,078,761,896</u>	<u>2,625,946,506</u>
Cash outflows			
Remittance to National Treasury		6,663,185	-
Payment of expenses		1,507,131,559	1,400,574,685
Purchase of inventories		75,378,070	74,957,423
Purchase of consumable biological assets		14,709,232	13,225,450
Grant of cash advances		149,453,591	58,843,149
Prepayments		1,366,530	176,070
Refund of deposits		669,525	1,925,599
Payment of accounts payable		183,301,201	196,998,626
Remittance of personnel benefit contributions and mandatory deductions		140,983,752	180,139,493
Grant of financial assistance/subsidy/contribution		10,399,498	-
Release of inter-agency fund transfers		10,986,835	191,510,718
Release of intra-agency fund transfers		35,507,063	737,068,355
Other disbursement		190,236,682	125,955,386
		<u>2,326,786,723</u>	<u>2,981,374,954</u>
Net cash used in operating activities		(248,024,827)	(355,428,448)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Sale of investments		-	275,440
Receipt of interest earned		463,013	3,157,683
		<u>463,013</u>	<u>3,433,123</u>
Cash outflows			
Purchase/construction of property, plant and equipment		118,841,397	66,880,688
		<u>118,841,397</u>	<u>66,880,688</u>
Net cash used in investing activities		(118,378,384)	(63,447,565)
DECREASE IN CASH AND CASH EQUIVALENTS		(366,403,211)	(418,876,013)
CASH AND CASH EQUIVALENTS, JANUARY 1		884,635,514	1,303,511,527
CASH AND CASH EQUIVALENTS, DECEMBER 31	5	518,232,303	884,635,514

The notes on pages 11 to 54 form part of these Financial Statements

PHILIPPINE COCONUT AUTHORITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2018
(In Philippine Peso)

	Note	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Service and business income		476,700,000	476,700,000	371,910,909	104,789,091
Assistance and subsidy		1,486,466,000	1,486,466,000	1,373,549,337	112,916,663
Shares, grants and donations		6,175,000	6,175,000	-	6,175,000
Reprogrammed subsidy from prior years		2,661,382,000	2,661,382,000	1,082,782,089	1,578,599,911
Other non-operating income		149,600,000	149,600,000	216,808,796	(67,208,796)
Other non-operating receipts:					
Gain on foreign exchange		-	-	44	(44)
		4,780,323,000	4,780,323,000	3,045,051,175	1,735,271,825
PAYMENTS					
Personnel services		499,824,000	499,824,000	383,635,041	116,188,959
Maintenance and other operating expenses		2,882,182,000	2,882,182,000	1,710,734,699	1,171,447,301
Capital outlay		1,026,716,000	1,026,716,000	236,735,120	789,980,880
Financial expenses		-	-	450	(450)
Garnishment of fund		-	-	52,288,493	(52,288,493)
		4,408,722,000	4,408,722,000	2,383,393,803	2,025,328,197
NET PAYMENTS					
		371,601,000	371,601,000	661,657,372	(290,056,372)

The notes on pages 11 to 54 form part of these Financial Statements

PHILIPPINE COCONUT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The Philippine Coconut Authority (PCA) was created on June 30, 1973 by virtue of Presidential Decree (PD) No. 232, as amended by PD No. 1468, otherwise known as the Revised Coconut Industry Code. Its primary objective is to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.

PCA is a public corporation attached to the Department of Agriculture (DA). The corporate powers and functions of the Authority are vested in and exercised by the Board of Directors chaired by the Secretary of the DA with six members. The day to day affairs and operations of the Authority is being managed by the Administrator in accordance with the policies established by the Board. On September 17, 2018, pursuant to Section 2 of EO No. 62, the supervision of the PCA is transferred back to the DA.

The PCA adopts the regionalization scheme except for Regions I, II, III and IV-B which are under the Regional Office (RO) in Quezon City and Region IV-A under the RO in Lucena City. It has 12 ROs, 67 provincial offices, and three research centers headed by a Regional Manager, Provincial Coconut Development Manager and Center Managers, respectively.

The PCA's registered office is located in Elliptical Road, Diliman, Quezon City, Philippines.

The Financial Statements of PCA were authorized for issue on June 15, 2019 as shown in the Statement of Management's Responsibility for Financial Statements signed by the Administrator of PCA and Vice Chairman of the PCA Board of Directors.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance with Philippine Public Sector Accounting Standards (PPSAS)

The financial statements have been prepared in compliance with PPSAS prescribed for adoption by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014. These PPSAS were based on International Public Sector Accounting Standards which were published in the 2012 Handbook of International Public Sector Accounting Pronouncements (HIPSAP) of the International Public Sector Accounting Standards Board. Under COA Resolution No. 2017-006 dated April 26, 2017, additional six PPSAS and updates on the PPSAS were prescribed for adoption through COA Resolution No. 2014-003 in accordance with the 2016 Edition of the HIPSAP.

PCA's first financial statements in accordance with PPSAS and PPSAS 33 *First-time Adoption of Accrual Basis PPSAS* were prepared in Calendar Year (CY) 2017. The

adoption of PPSAS was made in January 1, 2016 (PCA's date of transition). The accounting policies have been consistently applied throughout the year presented.

2.2 Presentation of Financial Statements

The PCA's financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows was prepared using the direct method.

The accounts were reclassified in conformity with the Revised Chart of Accounts prescribed under COA Circular No. 2015-010 dated December 1, 2015. PCA has been using the Revised Chart of Accounts since CY 2016.

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

The adopted PPSAS require the use of certain accounting estimates. It also requires the Agency to exercise judgment in applying the accounting policies. The areas where significant judgments have been made are disclosed in Note 3.20.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Combination of Financial Statements

Financial statements are combination of the 12 ROs, three research centers, one coconut production center and that of the Central Office (CO) in accordance with PCA's One Fund Accounting System Manual.

All significant intra-fund items and transactions are eliminated in the consolidation.

The combined financial statements reflect the assets, liabilities, revenues and expenses of the Authority's CO and ROs/Centers.

3.3 Financial Instruments

a. Financial assets

i. Initial recognition and measurement

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

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

The PCA's financial assets include: cash and cash equivalents; and trade and other trade receivables (See Notes 5 and 6).

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

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

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

There was no financial asset classified in this category for calendar years (CYs) 2018 and 2017.

2. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment (See Note 6). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the PCA has the positive intention and ability to hold it to maturity.

Held-to-maturity investments, which consist of government treasury bills, are initially measured at its selling price upon placement and as indicated on the Confirmation of Sale without Recourse. Upon termination of the treasury bills, any discount or premium on acquisition and fees/costs and taxes due are recognized in the surplus or deficit.

There was no financial asset classified in this category for CYs 2018 and 2017.

iii. Derecognition

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

1. the contractual rights to the cash flows from the financial asset expired or waived; and
2. the PCA has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in PPSAS 29 *Financial Instruments: Recognition and Measurement*, and either the entity has:
 - transferred substantially all the risks and rewards of ownership of the financial asset; or
 - neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset

iv. Impairment of financial assets

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

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty
2. Default or delinquency in interest or principal payments
3. The probability that debtors will enter bankruptcy or other financial reorganization
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

v. Financial assets carried at amortized cost

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

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

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

PCA's assessment of the impairment of financial assets resulted in the recognition of allowance for impairment on receivables. As of December 31, 2018 and December 31, 2017, the balance of allowance for impairment was P725,049,299 and P586,797,488, respectively (See Note 6).

b. Financial liabilities

i. Initial recognition and measurement

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

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

The PCA's financial liabilities include payables to supplier, employees and other contractors, and trust liabilities such as guarantee deposits and retention fees (See Notes 14, 15, 16 and 17).

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

Loans and borrowings

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

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

iii. Derecognition

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

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

c. Offsetting of financial instruments

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

3.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value (See Note 5).

3.5 Receivables

Receivables are recognized initially at transaction price. They are subsequently measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the PCA will not be able to collect all amounts due according to the original terms of the receivables (See Note 6).

Trade receivables are financial assets with fixed or determinable payment that are not quoted in an active market. They arise when the PCA provides money, goods, or services directly to a debtor/customer with no intention of trading receivables. Receivables are carried at cost or amortized cost in the statement of financial position. Receivables are included in current assets if maturity is within 12 months of the financial reporting date. Otherwise, these are classified as non-current assets.

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the PCA's relationship with its debtors, the debtors' payment behaviour and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible.

Allowance for impairment-accounts receivable

Allowance for impairment of accounts receivable was provided in the books specifically on PCA fees in accordance with Corporate Order No. 04, series of 2016.

The policy of providing allowance includes the aging of receivables method of estimating uncollectible accounts. By this method, the accounts are classified according to age from one day to over 10 years and provisions for the allowance for impairment-accounts receivable shall be as follows:

1-60 days	1 per cent
61-180 days	2 per cent
181 days-1 year	3 per cent
More than 1 year to 10 years	5 per cent
Over 10 years	100 per cent
Accounts with legal constraints	100 per cent

Any of the following conditions must be present before the accounts shall be considered as uncollectible and qualified for write-off from the books, duly approved by COA:

- a. No response from the debtor after issuance of at least three demand letters with an interval of three months during the following year;
- b. The debtor has been declared bankrupt, insolvent and had ceased operation;
- c. The debtor had died and had left no assessable property/estate; and
- d. The debtor could no longer be located despite reasonable efforts.

3.6 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory are received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition (See Note 7).

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

for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

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

3.7 Investment Property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day maintenance of an investment property (See Note 10).

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

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

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

A property (land or a building – or part of a building – or both) shall be recorded and classified as Investment Property if it is held to earn rentals or for capital appreciation, or both rather than for:

- (a) Use in the production or supply of goods or services, or for administrative purposes; or
- (b) Sale in the ordinary course of operations.

3.8 Property, Plant and Equipment

a. Recognition

An item is recognized as Property, Plant, and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- i. tangible items;
- ii. are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- iii. are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. the cost or fair value of the item can be measured reliably; and
- iii. the cost is at least P15,000.

Information on PCA's PPE items are disclosed in Note 11.

b. Measurement at recognition

An item recognized as PPE is measured at cost.

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

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

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Expenditure that is directly attributable to the acquisition of the items; and
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

c. Measurement after recognition

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

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

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

d. Depreciation

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

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

i. Initial recognition of depreciation

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

For simplicity and to avoid proportionate computation, depreciation starts in the month succeeding the month of acquisition.

ii. Depreciation method

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

iii. Estimated useful life

The PCA uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Buildings	20 years
Heavy equipment	10 years
Motor vehicles	7 years
Furniture and fixtures	10 years
Office equipment	5 years

iv. Residual value

The PCA uses a residual value equivalent to at least five per cent of the cost of PPE.

e. Impairment

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

f. Derecognition

The PCA derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference

between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.9 Biological Assets

Biological Assets are measured at fair value less costs to sell. The fair value of livestock is determined based on market prices of biological assets of similar age, breed and genetic merit. Agricultural produce are initially measured at its fair value less cost to sell at the time of produce. The fair value of agricultural produce are based on market prices in the local area (See Note 12).

3.10 Leases

The PCA as a lessor.

Operating Lease

Leases in which the PCA does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PPE are applied to similar assets leased by the entity.

3.11 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are recognized when the PCA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the PCA expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date, and adjusted to reflect the current best estimate (See Note 19). The PCA recognized the accrual of the estimated amount of terminal leave benefits as of December 31, 2018 and 2017, amounting to P314,250,483 and P291,384,643, respectively, for regular employees only. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent liabilities

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

c. Contingent assets

The PCA does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PCA in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.12 Changes in Accounting Policies and Estimates

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

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

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

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. (See Note 31)

3.13 Revenue from Non-exchange Transactions

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

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

- i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. The fair value of the asset can be measured reliably.

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

There was no recognized asset from non-exchange transactions in CYs 2018 and 2017.

b. Recognition of revenue from non-exchange transactions

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

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

There was no recognized revenue from non-exchange transactions in CYs 2018 and 2017.

c. Measurement of revenue from non-exchange transactions

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

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

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

There was no recognized liability from non-exchange transactions in CYs 2018 and 2017.

e. Gifts and donations

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

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

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

The PCA did not recognize assets and revenue from gifts and donations in CYs 2018 and 2017.

f. Transfers

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

There was no asset recognized in respect of transfers in CYs 2018 and 2017.

g. Services in-kind

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

h. Transfers from other government entities

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

During CYs 2018 and 2017, the PCA received subsidy from the National Government relative to the implementation of PCA projects amounting to P1,373,549,227 and P1,339,117,000, respectively (See Note 25).

3.14 Revenue from Exchange Transactions

a. Measurement of revenue

Revenue is measured at the fair value of the consideration received or receivable (See Note 21).

b. Rendering of services

PCA recognizes revenue from rendering of services by full completion or the outcome of the transaction can be measured reliably (See Note 21).

c. Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period (See Note 21).

d. Dividends

Dividends or similar distributions are recognized when the PCA's right to receive payments is established. PCA did not receive dividends in CYs 2018 and 2017.

e. Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and included in revenue (See Note 21).

3.15 Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the Note 32.

3.16 Impairment of Non-Financial Assets

a. Impairment of cash-generating assets

At each reporting date, the PCA assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the PCA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the PCA estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that

would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficits.

b. Impairment of non-cash-generating assets

The PCA assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the PCA estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The PCA classifies assets as cash-generating assets when those assets are held with the primary objective generating a commercial return. Therefore, non-cash-generating assets would be those assets from which the PCA does not intend (as its primary objective) to realize a commercial return.

3.17 Related Parties

The PCA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the PCA, or vice versa.

Members of key management are regarded as related parties and comprise of the Chairman, Members of the Governing Board, and the Principal Officers.

PCA's related party transactions are disclosed in Note 30.

3.18 Borrowing Costs

For loans borrowed directly by PCA, the allowed alternative treatment is used. In CYs 2018 and 2017, PCA did not recognize borrowing costs.

3.19 Employee Benefits

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

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

3.20 Measurement Uncertainty

The preparation of combined financial statements in conformity with PPSASs requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the combined financial statements and the reported amounts of the revenues and expenses during the period.

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

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information about the Agency's exposure to risks and the Agency's objectives, policies and processes for measuring and managing risks.

The Agency has an overall responsibility for the establishment and oversight of the Agency's risk management framework. The board has established a committee which is responsible for developing and monitoring risk management policies in their specific areas.

Pursuant to PCA Special Order No. 20, series of 2016, an Ad Hoc Risk Management Committee (RMC) was formed to address the negative effects of financial, operational, organizational, political, social, economic and environmental risks on PCA and its stakeholders. The Committee's role is to design the framework which will help PCA develop and implement an effective and pro-active risk management plan in response to the circumstances the organization may face, perform risk assessment and develop strategies to mitigate risks using the resources available.

4.1 Risk Management Framework

This framework shows PCA's general protocol in its risk management process, conduct of training/workshops and evaluation. The framework is an integral part of the Agency that is undertaken at the provincial, regional, divisional and corporate levels.

4.2 Risk Identification and Assessment

An activity aimed at determining risks that may undermine the Agency's capacity to observe its mandate based on the following aspects:

Types of Risks	Definition
Financial Risk	This refers to risks that may disrupt the fiscal health of the Agency.
Operational Risk	This refers to risks that may hamper or interfere with the programs and activities.
Organizational Risk	This refers to risks that affect the structural, cultural, regulatory, and contractual initiatives of the Agency.
Environmental Risk	This refers to risks to external risks brought about by natural, social, cultural and regulatory threats to the Agency.

Risk can be identified through conducting Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, technical workshops and group consultations. The Ad Hoc RMC will review the risk management template from the concerned offices and formulate a summarized management template.

Using the Probability-Consequence-Control formula, risks is subjected to evaluation. Using the risk rating, priorities will be distinguished. This procedure is derived using the formula $(\text{Probability} \times \text{Consequence}) / \text{Level of Control} = \text{Risk Factor}$. The components in the formula are as follows:

Consequence – this measures the potential effect of each risk. The scales are as follows:

Value	Description	Effect
4	Major	Costs more than P20,000 million, delays project duration by more than 25 per cent, high probability for corporate penalty/imprisonment, long-term domestic and international coverage, closure of several operational areas.
3	Moderate	Costs P5,000 million to P20,000 million, delays project duration by 10 per cent to 25 per cent, possible corporate penalty/imprisonment, negative media coverage, closure of an office/ center/ division.
2	Minor	Costs P1,000 million to P5,000 million, delays project duration by 2 per cent penalties may be incurred, adverse publicity, reduction in the Agency's operational routine.
1	Insignificant	Costs less than P1,000 million, little to no project delay, no penalty or imprisonment, minimal publicity, no interruption to the Agency's services

Probability – this evaluates the risk's frequency of occurrence. The values are as follows:

Value	Description	Occurrence
4	Very high probability	More than once a year
3	High probability	Once a year
2	Low probability	Once in five years
1	Very low probability	Once in ten years

Level of Control – This quantifies the extent by which the Agency can manage the risk. The values are as follows:

Value	Description	Extent
4	Very high control	A protocol is in place to ensure data credibility, policy compliance, asset protection and utilization.
3	High control	The protocol is implemented but it needs to be improved.
2	Low control	The protocol can be relied but may have not addressed.
1	Very low control	The protocol in place cannot be relied on.

Risk Rating – to prioritize the risks based on the formula, the following thresholds for the Risk factors must be observed:

Value	Description	Action
>4	High risk	Implement mitigation plan immediately
3-4	Medium risk	Requires moderate attention
<3	Low risk	The implementation of the mitigation plan is optional

To arrive at a risk rating when there is no control or protocol in place to mitigate the identified risks, the Probability-Consequence Diagram can be used.

Probability	Consequence			
	Major	Moderate	Minor	Insignificant
Very high probability	High	High	Medium	Low
High probability	High	Medium	Medium	Low
Low probability	Medium	Low	Low	Low
Very low probability	Medium	Low	Low	Low

4.3 Risk Mitigation Planning and Assessment

The actions for risk mitigation will be identified in this step. The different types of risk treatment are as follows:

Type of Risk Treatment	Description
Avoidance	Alternative solutions will be adopted.
Mitigation	Establishment of protocols to reduce risk's consequence and probability.
Transfer	Assigning another party through a contract to reduce the effect of risk.
Acceptance	No action will be adopted to treat the risk since the current protocols or interventions are appropriate.

4.4 Risk Management Plan Implementation

Plans will be subjected to the approval of the Management and the Board after assessment. These approved plans will be observed by the responsible units and collated by the Ad Hoc RMC.

To monitor developments regarding the mitigation plans, the involved offices will submit monthly reports to the Ad Hoc RMC.

4.5 Risk Management Plan Evaluation

Regular reviews will be conducted by the Ad Hoc RMC to identify the strengths and weaknesses of the Agency's Risk Management Framework (RMF).

The Internal Audit will review the processes and controls of the RMF. It will also provide an independent appraisal of the effectiveness of the established framework. The Agency may seek independent assurance providers that shall be overseen by the Ad Hoc RMC to assess the elements of the Agency's Risk Management Plan.

4.6 Risk Communication and Training

The Ad Hoc RMC ensures the continuous communication with the Agency's stakeholders and staff regarding the process and results of the RMF. The Ad Hoc RMC coordinates with the Field Managers and Management to identify, assess, and manage risks.

Annual training and workshop sessions will be conducted to improve the RMF. These will help safeguard the competency levels of the Agency with regard to risk management. The Authority may seek independent assurance providers that shall be overseen by the RMC to conduct and facilitate the afore-mentioned trainings and workshops.

5. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2018	2017 (As restated)
Cash on hand	12,100,042	3,479,079
Cash – collecting officers	82,910	93,076
Petty cash fund	12,182,952	3,572,155
Cash in bank	362,329,559	769,510,382
Local currency, current account	2,711,513	2,689,616
Local currency, savings account	1,697,005	2,072,765
Foreign currency, current account	681,850	681,848
Foreign currency, savings account	136,516,335	103,995,659
Cash-Modified Disbursement System (MDS), regular	2,113,089	2,113,089
Time deposits, foreign currency	506,049,351	881,063,359
	518,232,303	884,635,514

Cash in bank generally earns interest at respective bank rates.

A reasonable amount of petty cash is maintained to cover small amount of payments or reimbursements which are not necessarily be made in check, as prescribed under government accounting rules and regulations.

Cash in bank-local currency, current account represents the PCA's fund deposited at Land Bank of the Philippines (LBP) amounting to P55,604,140 million and P306,725,419 million for CO and ROs/Centers, respectively.

Cash in bank-local currency, savings account consists only of Cash with the ROs/Centers.

Cash-MDS, regular consists of Cash - national treasury account of General Fund 151 amounting to P91,792,317 which composed of PCA's remittance to the Bureau of the Treasury (BTr) for collection from analysis fees of copra (oil content, moisture content, free fatty acid, and color), copra cake/meal, chemical analysis, microbiological analysis and others, and Cash - national treasury account of Corporate Fund 503 of P44,724,018 million which represents the balance of remittances to the BTr for PCA fee of P0.12 imposed for every kilogram of copra or copra equivalent of husked/dehusked nuts, fresh young nuts ("buko") and copra equivalent in other coconut products delivered to and/or purchased by the coconut product exporters, oil millers, desiccators, exporters and other payor contemplated in Section 3 of Administrative Order (AO) No. 01, series of 2011 on the amended rules and regulations implementing PD No. 1854.

6. RECEIVABLES

This account consists of the following:

	2018		2017 (As restated)	
	Current	Non-current	Current	Non-current
Receivable accounts				
Accounts receivable	2,124,625	729,764,106	11,821,932	584,174,943
Allowance for impairment	(125,609)	(724,923,690)	(201,479)	(580,780,593)
Interests receivable	105,457	-	3,212	-
	2,104,473	4,840,416	11,423,665	3,394,350
Inter-agency receivables				
Due from government owned and controlled corporations (GOCCs)	187,070,893	-	291,570,022	-
Due from national government agencies (NGAs)	46,397,607	-	46,506,481	-
Due from local government units (LGUs)	37,081,320	-	35,581,320	-
	270,549,820	-	373,657,823	-
Intra-agency receivables				
Due from central office/home/head office	-	-	78,948,007	-
Due from operating units	18,040	-	5,340	-
	18,040	-	78,953,347	-
Other receivables				
Receivables-disallowances/ charges	133,912,904	-	133,996,240	-
Due from non-governmental organizations (NGOs)/people's organizations (POs)	1,310,993	-	1,310,993	-
Due from officers and employees	568,934	-	523,745	-
Other receivables	44,736,481	-	42,781,227	-
Allowance for impairment	(5,886,610)	-	(5,815,416)	-
	174,642,702	-	172,796,789	-
	447,315,035	4,840,416	636,831,624	3,394,350

6.1 Accounts Receivables

Accounts Receivable (AR) account consists of PCA fees, and interest and surcharge on PCA fees. The schedule below corresponds to computation of the Allowance for Impairment-AR account:

Age	Percentage doubtful	Accounts receivable	Allowance for impairment-AR
None	0 per cent	3,538,110	-
One to 60 days	1 per cent	36,390	364
61 to 180 days	2 per cent	1,711,391	34,228
181 days to one year	3 per cent	116,235	3,487
More than one year to 10 years	5 per cent	2,117,646	105,882
Over 10 years	100 per cent	-	-
With legal constraint	100 per cent	724,368,959	724,368,959
		731,888,731	724,512,920
Adjustments:			
Andy Albao			(119)
Brania-Sulit			(71)
Co Say Company			(31)
Multi-Oil Manufacturing			(1,786)
Tongsan			(49)
Recovery of accounts previously written off (SC Global Coconut Prod.)			538,435
			536,379
			725,049,299

The status of the total AR of P731,888,731 million is shown below:

Status of accounts	No. of accounts	Amount
1. Cases archived (ceased operations)	28	28,944,621
2. No case filed	10	9,196,989
3. With payment plan	3	125,907,760
4. With ongoing case	18	563,597,090
5. Additional assessment	31	3,142,507
6. With pending legal cases	9	1,099,764
	99	731,888,731

The following accounts of oil millers with ongoing cases are subject to compromise agreement:

Company	No. of Years Dormant	Amount
Wilmar Edible Oil	10	38,669,639
Davao Bay Coconut Oil	8	35,989,956
Worldventure Commodities	8	24,617,480
New Davao Oil Mill	6	24,499,682
Tacloban Oil Mills	10	18,622,520
PHIDCO	8	13,304,994
Dipolog Coconut Oil Mill	8	13,297,283
Catarman Oil Mill	9	13,249,433
Samar Coco Products	8	10,561,740
Globe Coco	9	10,390,362
Tantuco Enterprises	8	10,249,726
Osamco Manufacturing Corp	8	6,841,150
New Asia Oil	8	4,574,641
NDOMI International Corp	7	3,398,179
Filipinas Standard Oil	4	1,326,165
Visayas Coco Development	3	555,621
Far East Fresh Oil	8	550,782
		230,699,353

Settlements of these accounts with ongoing case depend on the terms and agreement between the oil millers and PCA. The compromise agreement will either waive the interest or lessen the principal amount to be paid by the debtor or both. The above amounts were based on the Proposed Parameters in Settlement of PCA Fee deficiencies for 2018 from the Assessment and Monitoring Services (AMS) Division. All of these amounts were included in the recorded Allowance for Impairment – Accounts Receivable account.

The Interest Receivable account consists of interest income from the recognition of maturity and renewal of short-term investments on high-yield savings accounts.

6.2 Inter-Agency Receivables

Due from GOCCs account pertains to fund released to Philippine International Trading Corporation (PITC) (and interest on the bank deposit of the fund) for the purchase of agricultural grade salt and multi nutrient fertilizers as approved under PCA Board Resolution (BR) No. 123-2015 dated July 20, 2015.

Due from NGAs account includes due from national treasury and fund released/transferred to various NGAs for the conduct of the following research activities, as follows:

Particulars	Description	Amount
Procurement Service (PS)	Payment for the purchase of one set of PVC tufting machine and agency fee for RO No. VIII	37,716,674
	Payment of deposit equivalent to cost of security service for eight months	30,819
Philippine Council for Health Research and Development	Payment for the project entitled effects of virgin coconut oil on Alzheimer's Disease	6,080,000
Department of Science and Technology (DOST)-Food and Nutrition Research Institute	Phase I for the project entitled glycemic index and changes in glucose and lipid profile in humans with moderately raised glucose and cholesterol level after feeding with coconut based product	1,644,152
University of Southern Mindanao	Liquidation of the project entitled oil palm productivity for peace of poverty alleviation in Mindanao	605,718
University of the Philippines (UP)- Diliman	First 50 per cent payment of the project entitled on-the road test of 5 per cent coco methyl biodiesel blend in public transport	167,816
Metal Industry Research and Development Center (MIRDC) UP-Manila	Release of Phase II of the PCA-MIRDC Memorandum of Agreement (MOA)	17,167
	Project entitled association of dietary intake of coconut oil and coconut products with dyslipidemia and hypertension	2,052
National Treasury		133,209
		46,397,607

A MOA was executed between PCA and PS dated January 30, 2015 to tap the services of PS-Department of Budget and Management (DBM) in the conduct of bidding for the supply and delivery of services. This was approved under PCA BR No. 01-2015 dated January 21, 2015.

Due from LGUs account represents the balance of the funds transferred to the following:

Province/Municipality	Description of Project	Amount
Provincial Government of Biliran	Rehabilitation and management of the coconut plantation damaged by typhoon "Yolanda" which includes coconut disposal, timber utilization and restoration of agricultural productivity of the coconut areas.	23,065,548
Local Government of Javier, Leyte	Establishment of Coconut Tufting Machine Facility	12,000,000
Local Government of Alabat, Quezon	Coconut Cacao Intercropping Project and Coconut Sap Sugar production under the Kasaganahan Sa Niyugan ay Kaunlaran ng Bayan (KAANIB) Enterprise Development Project (KEDP)	515,772
Local Government of Dipolog (Region IX)	Construction of Provincial Office and laboratory of PCA Zamboanga del Norte	1,500,000
		37,081,320

6.3 Intra-Agency Receivables

This account consists of the following:

	2018	2017 (As restated)
Due from central office/home/head office	-	78,948,007
Due from operating units	18,040	5,340
	18,040	78,953,347

The elimination of intra-agency accounts resulted to intra-agency payable (See Note 15).

6.4 Other Receivables

Receivables-disallowances/charges account is used to record the amount of disallowances/charges in audit due from officers and employees and other persons liable that have become final and executory.

Due from NGOs/POs account represents fund transfers to NGOs/POs for the implementation of specific projects in accordance with the provisions set by the government and are subject to liquidation pursuant to the agreement entered between the PCA and the NGO/PO.

	2018	2017
UPLB Foundation, Inc.	812,616	812,616
Philippine Ecumenical Action for Community Empowerment (PEACE) Foundation	498,377	498,377
	1,310,993	1,310,993

Due from Officers and Employees account refers to the balance of cash advances which remained unliquidated as at December 31, 2018.

Other Receivables consist of the following:

	Amount	Allowance for impairment-other receivables	Carrying value
Other creditors	8,716,515	602,736	8,113,779
Working fund	694,090	-	694,090
Advances-others	2,285	-	2,285
Other officers-Coconut Investment Service Fund	36,596	-	36,596
Receivables-Small Coconut Farmers Organization	2,046,066	1,531,440	514,626
Farmers-National Coconut Intercropping Program (NCIP)	2,187,403	2,094,446	92,957
Food and Agriculture Organization - NCIP	198,180	198,180	-
Miscellaneous	28,348,532	728,973	27,619,559
Trade and business	2,506,814	730,835	1,775,979
	44,736,481	5,886,610	38,849,871

7. INVENTORIES

This account consists of the following:

	2018	2017 (As restated)
Inventory held for distribution	89,351,255	21,342,081
Inventory held for consumption	51,567,270	33,956,704
Semi-expendable machinery and equipment	13,443,584	11,513,392
Semi-expendable furniture, fixtures and books	2,137,010	1,532,797
	156,499,119	68,344,974

Inventory Held for Distribution consists of agricultural products such as fertilizers, coconut seedlings and seednuts, earwigs and other agricultural supplies for distribution to farmers.

Inventory Held for Consumption consists of:

	2018	2017
Agricultural and marine supplies inventory	43,399,874	26,076,324
Office supplies inventory	2,747,445	1,158,533
Medical, dental, and laboratory supplies inventory	818,967	876,476
Fuel, oil, and lubricants inventory	718,601	405,066
Accountable forms, plates and stickers inventory	138,161	86,711
Construction Inventory	27,392	-
Other supplies and materials inventory	3,716,830	5,353,594
	51,567,270	33,956,704

Semi-expendable Machinery and Equipment and Semi-expendable Furniture, Fixtures and Books accounts represent tangible items purchased during the year with cost below the capitalization threshold of P15,000. Semi-expendable items remain as inventory until issuance to the end user.

8. OTHER CURRENT ASSETS

This account consists of the following:

	2018	2017 (As restated)
Prepayments	9,697,482	3,507,968
Advances	5,486,931	3,497,764
Deposits	2,855,878	2,889,291
	18,040,291	9,895,023

Prepayments account consists of the following:

	2018	2017 (As restated)
Advances to contractors	9,024,977	3,004,529
Prepaid insurance	324,832	190,939
Prepaid rent	193,030	193,030
Other prepayments	154,641	119,470
	9,697,482	3,507,968

Advances account consists of the following:

	2018	2017
Advances to special disbursing officer	4,088,198	2,379,150
Advances to officers and employees	1,398,733	1,118,614
	5,486,931	3,497,764

Deposits account consists of the following:

	2018	2017
Guaranty deposits	1,153,239	1,186,652
Deposits on containers	96,500	96,500
Marginal deposits	58,224	58,224
Other deferred charges	1,547,915	1,547,915
	2,855,878	2,889,291

9. INVESTMENTS

This account represents the cost of stock certificates issued by the United Coconut Planters Bank (UCPB), with par value of P1 per common share, for a total of 88,515 shares amounting to P88,515. These acquired stocks are not intended for trading. Further, these stocks do not have readily available fair market value, hence amortized at cost.

10. INVESTMENT PROPERTIES

This account is composed of buildings and/or part thereof which are being leased out to third parties under operating lease to earn rental income. The fair value of these assets are not readily available.

	2018	2017 (As restated)
Carrying amount, January 1	9,515,343	9,709,111
Transfers from inventories/owner-occupied property	-	-
	9,515,343	9,709,111
Depreciation	(1,010,616)	(193,768)
Carrying amount, December 31	8,504,727	9,515,343

	2018	2017 (As restated)
Gross cost	52,943,228	52,943,228
Accumulated depreciation	(44,438,501)	(43,427,885)
Impairment loss	-	-
Carrying amount, December 31	8,504,727	9,515,343

11. PROPERTY, PLANT AND EQUIPMENT

This account consists of the following:

As at December 31, 2018

	Land and Land Improvement	Infra- structure Asset	Office buildings	Furniture, fixtures and equipment	Motor vehicle	Total
Cost						
Balances at January 1	168,326,611	4,456,749	280,113,516	662,267,754	104,857,634	1,220,022,264
Additions	-	923,023	26,243,392	205,188,741	4,379,965	236,735,121
Disposals/Adjustments	-	257,923	(45,211,977)	(27,385,754)	(9,247,337)	(81,587,145)
Balances at December 31	168,326,611	5,637,695	261,144,931	840,070,741	99,990,262	1,375,170,240
Accumulated Depreciation						
Balance at January 1	20,939,078	2,811,428	181,934,674	236,388,014	69,958,446	512,031,640
Depreciation	568,886	65,267	4,677,649	51,343,516	5,951,441	62,606,759
Disposals/adjustments	-	(67,839)	(42,253,520)	(16,024,797)	(4,290,287)	(62,636,443)
Balances at December 31	21,507,964	2,808,856	144,358,803	271,706,733	71,619,600	512,001,956
Net book value, Dec. 31	146,818,647	2,828,839	116,786,128	568,364,008	28,370,662	863,168,284

As at December 31, 2017

	Land and Land Improvement	Infra- structure Asset	Office buildings	Furniture, fixtures and equipment	Motor vehicle	Total
Cost						
Balances at January 1, as restated	168,367,381	3,291,189	205,898,994	566,912,096	105,186,519	1,049,656,179
Additions	137,368,000	1,192,960	27,169,023	133,931,380	642,652	300,304,015
Disposals/Adjustments	(137,408,770)	(27,400)	(437,885)	(50,585,216)	1,898,463	(186,560,808)
Balances at December 31, as restated	168,326,611	4,456,749	232,630,132	650,258,260	107,727,634	1,163,399,386
Accumulated Depreciation						
Balances at January 1, as restated	20,416,719	2,771,118	134,692,872	200,827,912	64,876,730	423,585,351
Depreciation	523,193	99,330	5,047,508	42,334,571	5,956,098	53,960,700
Disposals	(834)	(59,020)	(182,211)	(10,885,057)	1,479,347	(9,647,775)
Balances at December 31, as restated	20,939,078	2,811,428	139,558,169	232,277,426	72,312,175	467,898,276
Net book value, Dec. 31, as restated	147,387,533	1,645,321	93,071,963	417,980,834	35,415,459	695,501,110

Construction in Progress are included in the Office Building.

The Agency reviewed the carrying value of property and equipment for any impairment as at December 31, 2018. Based on its evaluation, no impairment loss has occurred and no property and equipment has been pledged as security for liabilities.

12. BIOLOGICAL ASSETS

This account consists of the following:

	2018	2017 (As restated)
Bearer biological assets		
Trees, plants and crops	551,104,753	551,104,753
Breeding stocks	25,000	25,000
Consumable biological assets		
Trees, plants and crops held for consumption/sale/distribution	2,471,028	2,471,028
Livestock held for consumption/sale/distribution	339,500	40,000
	553,940,281	553,640,781

The agency plans to examine other assets that can be recognized as biological assets but was not yet taken up in the books as of the year of this report for compliance to PPSAS 27 in the succeeding years.

Trees, Plants and Crops recorded in the books of Davao Research Center and Zamboanga Research Center was a result of unrecognized assets in the prior years. Recording these assets affected the equity accounts of the Agency.

13. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2018	2017 (As restated)
Deferred charges/losses	237,914	237,914
Other assets	30,847,363	31,526,054
Less: Accumulated impairment losses-other assets	6,025,845	3,871,227
	25,059,432	27,892,741

Deferred charges/losses are long-term prepaid expenses that are carried forward until actually used amounting to P228,063 for CO and P9,851 for RO No. V.

Other assets comprised of unserviceable PPE, except for Coconut Industry Stabilization Fund (CISF), recommended to be reclassified to this account awaiting final disposition, broken down as follows:

	Unserviceable PPE	CISF	Total
Other assets	11,991,632	18,855,731	30,847,363
Less: Accumulated impairment losses-other assets	6,025,845	-	6,025,845
	5,965,787	18,855,731	24,821,518

The amount presented in the CISF is the net amount balance resulting from the sum of GL balances of all the CISF accounts. A request to write-off these account balances in the CISF books were submitted to Commission on Audit (COA) but was returned for submission of required documents.

14. FINANCIAL LIABILITIES

This account consists of the following:

	2018	2017 (As restated)
Accounts payable	723,967,821	667,803,182
Due to officers and employees	6,893,665	10,716,602
	730,861,486	678,519,784

Accounts Payable account consists of the following:

	2018	2017 (As restated)
Trade and business	226,603,057	298,004,306
Unliquidated obligations-maintenance and other operating expenses	281,182,039	173,159,686
Unliquidated obligations-personal services	5,521,565	3,571,515
Unliquidated obligations-miscellaneous	210,661,160	193,067,675
	723,967,821	667,803,182

Due to Officers and Employees account consists of payables to PCA employees.

15. INTRA-AGENCY PAYABLES

Intra-agency payables represent the difference between the accounts Due from Regional Offices and Due to Central Office; and Due from other funds and Due to other funds, which exist due to the time lag or errors in recording intra-office transactions.

16. INTER-AGENCY PAYABLES

This account pertains to:

	2018	2017
Inter-Agency Payables		
Due to other National Government Agencies (NGAs)	35,766,787	44,489,955
Due to Local Government Units (LGUs)	27,360,374	33,902,088
Due to Bureau of Internal Revenue (BIR)	7,124,799	5,622,242
Due to Government Service Insurance System (GSIS)	974,426	1,586,305
Due to other Government Owned and/or Controlled Corporations (GOCCs)	822,205	890,632
Due to Philippine Health Insurance Corporation (PhilHealth)	281,573	267,970
Due to Home Development Mutual Fund (HDMF)/Pag-IBIG	243,358	213,678
Due to Social Security System (SSS)	6,495	275
Value-added tax payable	1,620,714	1,239,792
	74,200,731	88,212,937

Due to Other NGAs account includes cash from other government agencies held by PCA for the implementation of various special projects such as, the Department of Agriculture (DA)-National Agricultural and Fishery Council (NAFC) and DA-Bureau of Agricultural Research (BAR) programs; and the DOST-Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD) Integrated Coconut Research Development Enhancement Program (ICREDEP), and Genomics and Coconut Somatic Embryogenesis Technology (CSET) projects.

Due to LGUs account represents the shares of the municipalities and barangays in the permit fees imposed by PCA for every coconut tree cut, remittance of which is made on a quarterly basis.

Due to BIR account consists of taxes withheld from employees and other entities as follows:

	2018	2017
Withholding tax on GMP – value added tax	3,144,467	1,620,717
Withholding tax on compensation	1,404,080	2,139,329
Expanded tax withheld	1,041,911	575,314
Withholding tax on Government Money Payments (GMP) - Percentage taxes	746,438	395,619
Other fees and taxes withheld	787,903	891,263
	7,124,799	5,622,242

Due to GSIS account pertains P533,912 and P84,593 for employees' premiums withheld and employer's share, respectively, and P217,991 representing other deductions from employee's salary for remittance to GSIS in January 2019.

Due to other GOCCs account consists of the following:

	2018	2017
HDMF Housing Loan	2,000	-
LBP loans	1,936	69,030
NHMFC-housing loan	124	3,458
Miscellaneous	818,145	818,144
	822,205	890,632

Due to HDMF/Pag-IBIG relates to P106,200 and P136,538 and P84,593 for employees' premiums withheld and employer's share and deductions from employee's salary, respectively, for remittance to HDMF in January 2019.

Due to PhilHealth and Due to SSS accounts represent employees' premium payments and other payables withheld for remittance to the concerned government agencies.

17. TRUST LIABILITIES

This account consists of guaranty or security deposits to be refunded after the fulfillment or forfeiture upon failure to comply with the purpose of the undertaking amounting to P8,943,361 in 2018 and P10,930,858 in 2017.

18. OTHER PAYABLES

This account consists of other liabilities not falling under any of the specific payable account amounting to P61,477,254 and P52,898,222 in 2018 and 2017, respectively.

19. PROVISIONS

This account was used to accrue the money value of leave credits of PCA employees in compliance with PPSAS 19. The total leave benefits payable of P314,250,483 and P291,384,643 as of December 31, 2018 and 2017, respectively.

20. DEFERRED CREDITS/UNEARNED INCOME

This account comprises Other Deferred Credits account which is a suspense account for fertilizers and other intercropping agricultural supplies distributed to farmer-beneficiaries. Said account shall be adjusted once the documents, particularly the duly accomplished acknowledgment receipts from farmer-recipients are completely submitted.

	2018	2017
CO	177,960	177,960
RO Nos. I - IV-B	23,656	26,209
RO No. V	19,993,826	20,002,835
RO No. VIII	-	98,882
RO No. XIII	147,924	147,924
Albay Research Center (ARC)	1,080,725	947,225
Zamboanga Research Center (ZRC)	123,620	141,561
	21,547,711	21,542,596

21. SERVICE AND BUSINESS INCOME

This account consists of the following:

	2018	2017 (As restated)
Service income		
Permit fees	211,839,779	188,005,713
Supervision and regulation enforcement fees	75,818,644	58,783,192
Inspection fees	17,075,806	6,748,720
Fines and penalties-service income	874,129	2,375,915
Other service income	25,140,668	20,301,538
	330,749,026	276,215,078
Business income		
Rent/lease income	34,214,160	27,199,272
Fines and penalties-business income	5,904,932	2,952,710
Interest income	895,756	4,665,859
Income from hostels/dormitories and other like facilities	147,035	160,550
	41,161,883	34,978,391
	371,910,909	311,193,469

22. GAINS

Gains consist of Gain on Sale of Biological Assets amounting to P25,000 in 2017 and no Gain on Sale of Biological Assets in 2018

23. PERSONNEL SERVICES

This account consists of the following:

	2018	2017
Salaries and wages	222,931,190	217,591,325
Other compensation	71,769,555	107,763,199
Personnel benefit contributions	30,352,096	29,471,693
Other personnel benefits	58,582,200	22,361,349
	383,635,041	377,187,566

23.1 Salaries and Wages

Salaries and Wages account represents payment of services rendered by PCA employees occupying regular positions.

23.2 Other Compensation

This account consists of the following:

	2018	2017
Year-end bonus	37,506,179	36,004,594
Personnel economic relief allowance (PERA)	12,568,850	13,330,443
Representation allowance (RA)	6,573,091	6,198,625
Transportation allowance (TA)	3,903,809	3,460,289
Clothing/uniform allowance	3,150,000	2,835,000
Cash gift	2,621,000	2,687,250
Overtime and night pay	1,157,381	1,036,444
Longevity pay	78,178	115,665
Honoraria	70,650	141,937
Other bonuses and allowances	4,140,417	41,952,952
	71,769,555	107,763,199

23.3 Personnel Benefit Contributions

These are the Agency's share in premium contributions, i.e., GSIS, Pag-IBIG and PhilHealth.

	2018	2017
Retirement and life insurance premiums	26,476,013	26,054,018
PhilHealth contributions	2,624,783	2,084,775
Employees compensation insurance premiums	626,900	669,000
Pag-IBIG contributions	624,400	663,900
	30,352,096	29,471,693

23.4 Other Personnel Benefits

This account consists of the following:

	2018	2017
Terminal leave benefits	57,096,300	21,323,349
Other personnel benefits:		
Counsel allowance	35,000	29,500
Loyalty award	315,000	455,000
Per diem of directors	1,135,900	553,500
	58,582,200	22,361,349

24. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2018	2017
Supplies and materials expenses	1,016,776,405	1,123,200,083
Professional services	291,172,571	234,026,735
General services	144,942,484	178,547,433
Travelling expenses	68,089,139	64,156,922
Training expenses	56,111,424	36,610,084
Utility expenses	30,091,434	27,300,842
Repairs and maintenance	24,395,807	21,898,481
Communication expenses	11,348,517	10,653,144
Taxes, insurance premiums and other fees	7,794,236	6,944,780
Awards/rewards expenses	1,165,000	384,400
Extraordinary and miscellaneous expenses	873,911	681,970
Research, exploration and development expenses	-	525,593
Other maintenance and operating expense	57,973,771	86,374,631
	1,710,734,699	1,791,305,098

24.1. Supplies and Materials Expenses

This account consists of the following:

	2018	2017
Agricultural and marine supplies expenses	960,491,291	1,080,395,981
Fuel, oil and lubricants expenses	15,678,981	13,884,603
Office supplies expenses	13,567,309	13,106,285
Semi-expendable machinery and equipment expenses	2,147,720	296,111
Semi-expendable furniture, fixtures and books expenses	469,230	192,140
Accountable forms expenses	324,450	234,561
Medical, dental and laboratory supplies expenses	236,530	956,862
Other supplies and materials expenses	23,860,894	14,133,540
	1,016,776,405	1,123,200,083

24.2. Professional Services

This account consists of the following:

	2018	2017
Auditing services	25,515,531	31,573,530
Consultancy services	1,193,674	305,150
Legal services	-	40,000
Other professional services	264,463,366	202,108,055
	291,172,571	234,026,735

Other Professional Services account includes payment of services of personnel under Job Order Contract.

24.3. General Services

This account consists of the following:

	2018	2017
Security services	43,194,068	41,048,105
Janitorial services	4,090,630	3,674,924
Other general services	97,657,786	133,824,404
	144,942,484	178,547,433

24.4. Travelling Expenses

This account consists of the following:

	2018	2017
Travelling expenses-local	67,806,808	62,451,437
Travelling expenses-foreign	282,331	1,705,485
	68,089,139	64,156,922

24.5. Training Expenses

Represents expenses incurred in attending various trainings to expand knowledge and skills required.

24.6. Utility Expenses

This account consists of the following:

	2018	2017
Electricity expenses	26,627,299	23,879,028
Water expenses	3,446,103	3,421,814
Other utility expenses	18,032	-
	30,091,434	27,300,842

24.7. Repairs and Maintenance

This account consists of the following:

	2018	2017
Repairs and maintenance-buildings and other structures	10,496,887	11,772,391
Repairs and maintenance-transportation equipment	9,726,726	8,910,330
Repairs and maintenance-machinery and equipment	2,719,764	1,168,892
Repairs and maintenance-semi-expendable furniture and fixtures	-	34,768
Repairs and maintenance-furniture and fixtures	66,500	12,100
Repairs and maintenance-other PPE	1,385,930	-
	24,395,807	21,898,481

24.8. Communication Expenses

This account consists of the following:

	2018	2017
Telephone expenses	8,127,162	8,213,063
Internet subscription expenses	1,586,015	1,242,946
Postage and courier services	1,465,183	1,189,345
Cable, satellite, telegraph and radio expenses	170,157	7,790
	11,348,517	10,653,144

24.9. Taxes, Insurance Premiums and Other Fees

This account consists of the following:

	2018	2017
Insurance expenses	3,042,199	2,622,406
Taxes duties and licenses	2,846,272	2,865,051
Fidelity bond premiums	1,905,765	1,457,323
	7,794,236	6,944,780

24.10. Other Maintenance and Operating Expense

This account consists of the following:

	2018	2017
Rent/lease expenses	12,132,801	12,175,518
Transportation and delivery expenses	11,460,093	11,049,442
Donations	3,581,017	42,620,502
Printing and publication expenses	2,644,580	1,110,964
Representation expenses	364,175	357,388
Advertising, promotional and marketing expenses	303,747	296,392
Subscription expenses	223,027	252,266
Documentary stamps expenses	-	373,742
Other maintenance and operating expenses	27,264,331	18,138,417
	57,973,771	86,374,631

Other Maintenance and Operating Expenses are further broken down as follows:

	2018	2017
Athletic and social events expenses	6,382,449	4,854,094
Meetings and conferences	4,469,048	2,885,378
Laboratory analysis	1,843,667	713,100
Bids and Awards Committee (BAC) honorarium	1,319,834	540,761
Duplicating costs	291,569	249,586
Staple Food Expense	1,331	-
Others	12,956,433	8,895,498
	27,264,331	18,138,417

25. FINANCIAL EXPENSES

Financial Expenses consist of payments for bank charges amounting to P450 in 2018 and interest expense and bank charges of P1,513 and P150, respectively, in 2017.

26. NON-CASH EXPENSES

26.1. Depreciation Expenses

This account consists of the following:

	2018	2017
Depreciation - machinery and equipment	49,845,191	40,805,705
Depreciation - transportation equipment	5,951,441	5,956,098
Depreciation - buildings and other structures	4,677,649	5,047,508
Depreciation - investment property	1,010,617	193,768
Depreciation - land improvements	568,885	523,193
Depreciation - furniture, fixtures and books	533,491	541,667
Depreciation - infrastructure assets	65,267	99,330
Depreciation - other property, plant and equipment	964,834	987,199
	63,617,375	54,154,468

26.2. Impairment Losses

This account consists of the following:

	2018	2017
Impairment loss - loans and receivables	144,335,008	7,893,632
Impairment loss - property, plant and equipment	310,350	-
	144,645,358	7,893,632

The difference in the recorded Impairment Loss between 2018 and 2017 was due to the entry made by Zamboanga Research Center (ZRC) amounting to P71,195 and the reclassification of the Accounts Receivable and its related Allowance for Impairment Loss to current and non-current amounting to P196,587.

26.3. Losses

The amount of other losses was a result of the grant of Petition for Money Claim filed by Corona International, Inc. (CII) against PCA relative to the supply and installation of communications equipment with related office automation hardware for the agency's telecommunication system. The said garnishment was the result of Civil Case No. Q-93-14581 which amounted to P52,288,493. The unpaid balance of the contract which amounted to P9,082,068 was recorded in the Accumulated Surplus/(Deficit) account while the balance was reflected as Other Losses.

27. NET FINANCIAL ASSISTANCE/SUBSIDY

For the year 2018, the following NCA were received by the Agency:

SARO		NCA		
Date	Number	Date	Number	Amount
01/12/2018	BMB-C-18-0000080	01/12/2018	BMB-C-18-0001253	13,950,000
02/19/2018	BMB-C-18-0002141	02/19/2018	BMB-C-18-0002970	41,874,000
03/26/2018	BMB-C-18-0006845	03/26/2018	BMB-C-18-0006392	175,690,000
08/28/2015	BMB-F-15-0012151	05/17/2018	BMB-C-18-0010110	10,244,637
10/27/2015	BMB-C-15-0017518	05/17/2018	BMB-C-18-0010110	39,443,664
03/18/2016	BMB-C-16-0006608	05/17/2018	BMB-C-18-0010110	121,363,064
11/11/2016	BMB-C-16-0030979	05/17/2018	BMB-C-18-0010110	8,398,172
05/17/2017	BMB-C-17-0006962	05/17/2018	BMB-C-18-0010110	341,776,988
03/26/2018	BMB-C-18-0006845	05/17/2018	BMB-C-18-0010111	39,836,303
03/26/2018	BMB-C-18-0006845	07/10/2018	BMB-C-18-0014302	19,416,835
08/28/2015	BMB-F-15-0012151	07/10/2018	BMB-C-18-0014303	17,134,430
10/27/2015	BMB-C-15-0017518	07/10/2018	BMB-C-18-0014303	14,865,149
03/18/2016	BMB-C-16-0006608	07/10/2018	BMB-C-18-0014303	220,194,409
11/11/2016	BMB-C-16-0030979	07/10/2018	BMB-C-18-0014303	7,969,630
05/17/2017	BMB-C-17-0006962	07/10/2018	BMB-C-18-0014303	301,391,946
				1,373,549,227

The Agency also received during the year the amount of P15,000,000 per NBC-BMB-C-18-0015459 dated July 26, 2018 to cover expenses under the Special Account in the General Fund authorized under the FY 2018 GAA, Republic Act No. 10964

For the year 2017, the Agency received transfer of funds from the Bureau of the Treasury (BTr) to LBP C/A#0702-1001-86 for the subsidy released from the National Government under Special Allotment Release Order (SARO)-BMB-C-17-0000030 to cover the 1st Quarter of 2017 cash requirement in the amount of P70.866 million; SARO-BMB-D-15-0012151 with NCA-BMB-C-17-0007113 to cover cash requirement for the implementation of various programs and projects for the year 2017 amounting to P760.514 million; SARO-BMB-C-15-0017518 with NCA-BMB-C-17-00021766 amounting to P492.737 million for the release of unfunded allotment of the Fiscal Year (FY) 2015 national government subsidy for the implementation of various programs and project of PCA chargeable against its 2015 authorized appropriation (RA No. 10651) and NCA-BMB-C-17-0021141 in the amount of P15.000 million.

28. OTHER NON-OPERATING INCOME/GAINS

This account consists of the following:

28.1 Non-operating Income

	2018	2017
Sale of assets		
Sale of garnished/confiscated/abandoned/seized goods and property	1,953,682	706,905
Sale of unserviceable property	-	299,321
Proceeds from insurance/indemnities	33,413	-
	1,987,095	1,006,226
Miscellaneous income	31,612,026	29,524,636
Seednuts replacement	7,289,483	6,524,642
Sale of copra	7,846,316	4,876,025
Sale of coco seednuts	5,567,756	2,767,026
Sale of coco seedlings	2,858,861	2,842,127
Analysis fee-plant tissue analysis laboratory	2,310,920	6,539,317
Sale of coco-by-products	2,280,010	1,772,464
Filing/certification fees	1,617,179	3,500
Income from sale of books	431,840	17,837
Income from reproduction/Xerox	261,000	-
Sale of pollen	226,912	358,640
Sale of intercrops	156,796	-
Sale of waste materials	152,362,602	153,206
Others	214,821,701	55,379,420
	216,808,796	56,385,646

The Miscellaneous Income-Others includes the amount of P152.367 million which was a result of various reclassification entries for the accrual of income from various oil millers with pending cases. Collectability of this amount cannot be ascertained because of the debtor's status. Hence, recognition as operating income would be inappropriate.

28.2 Gains

This consists of gain on foreign exchange.

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

	2018	2017
Surplus/(Deficit) for the year	(383,570,372)	(538,821,305)
Depreciation expenses	63,617,375	54,154,468
Impairment loss	144,645,538	7,893,632
Sale of assets	-	(1,031,226)
(Increase)/decrease in current assets	93,217,176	78,927,657
Increase/(decrease) in current liabilities	52,882,475	127,334,861
Sale of investments/PPE	-	(275,440)
Interest earned from investing activities	-	(3,157,684)
Adjustments due to reclassification of receivables	(1,446,067)	379,956
Other non-operating income	(216,808,796)	(56,385,646)
Other adjustments	(562,156)	(24,447,721)
Cash flow provided by/(used in) operating activities	(248,024,827)	(355,428,448)

30. RELATED PARTY TRANSACTIONS

30.1. Related Party Transactions

The Agency does not have dealings with related parties involving transfer of resources and obligations.

30.2. Key Management Personnel

The key management personnel of PCA are the Chairman, the Members of the Governing Board, and the Principal Officers. The Governing Body consists of members appointed by the President of the Philippines. The Principal Officers consists of the Administrator and the Deputy Administrators.

30.3. Key Management Personnel Compensation

The aggregate remuneration of the members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

	Aggregate Remuneration
Basic salary	4,886,054
Allowance and other benefits	2,701,160
Salary differential	-
Extraordinary and miscellaneous expenses	360,487
	7,947,701

*Based on the Report on Salaries and Allowances (ROSA) including Extraordinary and Miscellaneous Expenses by Principal Officers and Members of Governing Board

The Chairman who has supervision over the Agency is not remunerated by the Agency.

31. NET ASSETS/EQUITY

This account consists of the following:

	2018	2017 (As restated)
Government equity		
Invested capital - donations received	110,655,633	110,655,633
Invested capital - disallowances	104,200,505	104,200,505
Invested capital - purchase or construction	100,287,516	100,287,516
Invested capital - fixed assets held in trust (SCFDP)	65,450,693	65,450,693
Invested capital - fixed assets held in trust	56,851,662	56,851,662
Invested capital - other payments	31,213,180	31,213,180
Invested capital - general fund 101/CISF	2,481,148	2,481,148
Invested capital - investments	812,189	812,189
	471,952,526	471,952,526
Accumulated surplus/(deficit)	884,638,407	1,254,443,409
Revaluation surplus	19,855,000	19,855,000
	1,376,445,933	1,746,250,935

Accumulated Surplus/(Deficit) account consist of the cumulative results of normal and continuous operations of the Agency including the prior year adjustments, effect of changes on accounting policies and other capital adjustments.

	Amount
Accumulated surplus, January 1, 2017	1,429,829,737
Adjustment of errors in period years:	
Liquidation of semi-expendable PPE	65,002
Cancellation of payables	86,677,636
Reclassification and disposal of PPE	(5,865,675)
Unrecognized depreciation of PPE	(3,915,499)
Impairment of receivable	(6,227,469)
Relief of expenses/error in recognition of expenses	3,028,321
Unrecognized revenues/error in recognition of revenues	8,230,914
Overstated expenses due to unrecognized receivable from 151	2,170,478
Cancelled checks	319,143
Adjustment of prepaid insurance	(255,422)
Security services salary differential	(950,845)
Accrual of leave credits	(291,384,643)
Remaining balance of assets in Coconut Industry Stabilization Fund (CISF)	18,855,731
Recognition of biological assets	551,104,753
Accumulated Surplus, January 1, 2017 as restated	1,791,682,162
Deficit for 2017, as reported	(538,821,305)
Additional investment from utilization of fund transfer	1,641,156
Donations	(2,687)
Disallowance and other payments	(55,917)
Accumulated surplus, December 31, 2017 as restated	1,254,443,409
Add/(Deduct):	
Deficit for 2017, as reported	(383,570,372)
Additional investment from utilization of fund transfer	9,126,718
Disallowance and other payments	(22,759)
Additional investment in fixed assets held in trust	4,661,411
Accumulated surplus, December 31, 2018	884,638,407

Revaluation Surplus represents the difference between the original cost and the fair market value, as appraised by Cuervo Appraisers, Inc. on August 25, 2004, of the land with the total area of 57,122 square meters of the defunct Desiccated Coconut Rationalization Fund's real property as enumerated as follows:

Location	Land Area (in sq. m.)	Cost	Appraised Value	Difference
San Pablo City	17,332	15,500,000	24,650,000	9,150,000
Tiaong, Quezon	23,756	15,389,000	24,498,000	9,109,000
Lucena City	16,034	13,500,000	15,096,000	1,596,000
	57,122	44,389,000	64,244,000	19,855,000

Being a GOCC, the Agency's projects are being subsidized by the Government.

31.1 Capital Management

The primary objective of the PCA's capital management is to ensure that resources of the Agency is geared towards the attainment of its mandate and the implementation of its objectives through the programs to be undertaken for the promotion and advancement of the coconut industry with the participation of the private sector and for the improvement of the working conditions of the coconut farmers. PCA manages its net assets/equity by establishing controls in collection of fees and other sources of revenues, monitoring status of projects and periodic reporting of funds and disbursements while maintaining compliance to rules, regulations, and other legal requirements.

PCA is not subject to externally imposed capital requirements.

32. BUDGET INFORMATION

The approved budget covers CY 2018.

The difference between the final budget and the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts is due to the ongoing implementation of projects.

The budget and accounting base differ. The budget is approved on a cash basis by functional classification whereas the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance.

The reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and actual amounts in the Statement of Cash Flow for the year ended December 31, 2018 is presented in the following table. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on cash basis and the financial statements are prepared on the accrual basis.

	Operating	Investing	Total
Actual amount per Statement of Comparison of Budget and Actual Amounts	(2,094,369,740)	(236,735,120)	(2,331,104,860)
Basis Difference	1,846,344,913	118,356,736	1,964,701,649
Total cash provided by (used in) operating and investing activities	(248,024,827)	(118,378,384)	(366,403,211)

33. SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

33.1 Revenue Regulation (RR) No. 15-2010

RR No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Pursuant to BIR Ruling No. DA-380-2006 dated June 30, 2006, citing Section 32(B)(7)(b) of the Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, the income of PCA from the exercise of its governmental functions shall be exempt from corporate income tax. However, the tax exemption privilege of PCA is limited only to taxes for which they are directly liable and does not embrace indirect taxes, e.g. value added tax (VAT).

a. Output tax

The PCA is a Value Added Tax (VAT)-registered company with VAT output tax declaration of P4,508,959 for the year based on the total receipts of rental income amounting to P37,574,605, classified as follows:

	Total receipts	Output VAT	
Receipts from other government agencies	36,074,639	4,328,957	Subjected to Final VAT
Receipts from private entities	1,499,966	180,002	Total VAT payable
Total rental receipts	37,574,605	4,508,959	

All monthly VAT payable were remitted to BIR except for the month of December 2018, amounting to P40,016.81, which was remitted on January 18, 2019.

b. Input tax

During the year 2018, the PCA did not avail input tax.

	Operating	Investing	Total
Actual amount per Statement of Comparison of Budget and Actual Amounts	(2,094,369,740)	(236,735,120)	(2,331,104,860)
Basis Difference	1,846,344,913	118,356,736	1,964,701,649
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All monthly VAT payable were remitted to BIR except for the month of December 2018, amounting to P40,016.81, which was remitted on January 18, 2019.

b. Input tax

During the year 2018, the PCA did not avail input tax.

c. Taxes, duties and licenses for 2018

PCA's Taxes, duties and licenses amounted to P2,846,272.

d. Withholding taxes for 2018

The following are the remittances made by PCA relative to taxes withheld:

	2018	2017
Tax on compensation	19,056,799	36,373,065
Withholding tax on value-added tax	11,214,486	11,476,406
Expanded withholding tax	7,622,885	7,296,407
Withholding tax on government money payments-Percentage	3,094,549	1,519,859
Other fees and taxes withheld	11,989,017	8,455,706
	52,977,736	65,121,443

33.2 Revenue Regulation (RR) No. 19-2011

Revenue Regulation No. 19-2011 was issued to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with December 31, 2011. In case of the entities using BIR form 1702, the tax payer is now required to include as part of its notes to the audited financial statements, which will be attached to the Income Tax Return (ITR), the schedules and information on taxable income and deductions to be taken. The information is presented for the purposes of filing with the BIR and is not required part of the basic financial statements.

The following are the schedules prescribed under existing revenue issuances applicable to the PCA as of December 31, 2018.

a. Service and business income

	Per financial statements	Per Income Tax Return
Service income		
Permit fees	211,839,779	211,839,779
Supervision and regulation enforcement fees	75,818,644	75,818,644
Inspection fees	17,075,806	17,075,806
Fines and penalties-service income	874,129	874,129
Other service income	25,140,668	25,140,668
	330,749,026	330,749,026
Business income		
Rent/lease income	34,214,160	21,781,965
Fines and penalties-business income	5,904,932	5,904,932
Interest income	895,756	895,755
Income from hostels/dormitories and other like facilities	147,035	147,035
	41,161,883	28,729,687
	371,910,909	359,478,713

b. Assistance and subsidy

	Per financial statements	Per Income Tax Return
Assistance and subsidy	1,373,549,227	-
	1,373,549,227	-

c. Non-operating and taxable other income

	Per financial statements	Per Income Tax Return
Miscellaneous income	214,821,701	214,870,116
Gains		
Gain on sale of unserviceable property	1,953,682	1,953,682
Proceeds from insurance/indemnities	33,413	-
Gain on foreign exchange	44	44
	216,808,840	216,823,842

d. Allowable deductions

	Per financial statements	Per Income Tax Return
Personnel services	383,635,041	360,769,200
Maintenance and other operating expenses	1,710,734,699	1,754,869,141
Financial expenses	450	450
Non-cash expenses	208,262,733	207,326,530
	2,302,632,923	2,322,965,321

34. COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) LAW

The Agency complied with Section 14.1 of Republic Act No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. Below is the summary of remittances of employees' premium contributions and employer's share for CY 2018:

	Withheld	Remitted
Life and retirement premiums, employees share	22,088,527	21,554,615
Government share	-	26,391,420
	22,088,527	47,946,035

All monthly premiums withheld were remitted to GSIS except for the month of December 2018, amounting to P533,912, which was remitted on January 2019.

PART II – OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The absence of disclosure on the basis of valuation of the recognized bearer trees, plants and crops in Davao Research Center (DRC) and Zamboanga Research Center (ZRC) and other disclosures as required in the Philippine Public Sector Accounting Standard (PPSAS) 27 has affected the verifiability of the Biological Assets account, while the non-recognition of biological assets in Albay Research Center (ARC) of 6,944 coconut palms and its agricultural produce of 28,265 seednuts and seedlings understated the balance of the account by undetermined amount. Thus, the reliability of the Biological Assets account balance of P553.940 million could not be ascertained.

1.1. PPSAS No. 1 - Presentation of Financial Statements: states that: *Financial Statements (FS) shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effect of transactions, other events, and conditions in accordance with the definitions and other events, and recognition criteria for assets, liabilities, revenues and expenses set out in PPSAS.*

1.2. PPSAS 27 on Agriculture states that:

Paragraph 2 - An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard for the following when they relate to agricultural activity:

- a. Biological assets; and*
- b. Agricultural produce at the point of harvest.*

Paragraph 5 - This standard is applied to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest. Thereafter, PPSAS 12, or another applicable standard, is applied.

Paragraph 9 - Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale, distribution at no charge or for a nominal charge, or conversion

1.3. The Philippine Coconut Authority's (PCA's) three Research Centers (RCs), namely: DRC, ARC and ZRC maintain the coconut plantation for research and development purposes which include reproduction of different varieties of coconut seednuts/seedlings for distribution to the coconut farmers-beneficiaries, for reproduction and for sale. These assets satisfy the recognition criteria of the Biological Assets provided in the above-cited provisions.

1.4. Note 12 of the Notes to Financial Standards presented the Biological Assets of P553.940 million and P553.641 million for CYs 2018 and 2017, respectively, as shown in Table 1.

Table 1 – Composition of Biological Assets

		2018	2017 (As restated)
Bearer Biological Assets			
Regional Office (RO) No. VI	Breeding Stocks	P 25,000	P 25,000
ZRC	Trees, Plants and Crops	498,202,291	498,202,291
DRC	Trees, Plant and Crops	52,902,462	52,902,462
		P 551,129,753	P 551,129,753
Consumable biological assets			
ZRC	Livestock held for consumption	339,500	40,000
RO Nos. I – IV-B	Plants and crops held for consumption	2,471,028	2,471,028
		P 2,810,528	P 2,511,028
Total		P 553,940,281	P 553,640,781

1.5. However, the DRC and ZRC did not submit any documents supporting the valuation of the biological assets as required by PPSAS 27, hence, it could not be determined whether the fair value of the assets is determined in accordance with the standard.

1.6. Paragraphs 13 to 29 of the same PPSAS prescribe several modes to measure fair value of the Biological Assets in order to obtain the most reasonable estimates which the PCA could adopt, salient provisions relevant to PCA are as follows:

Paragraph 16 - A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell, reporting date at its fair value less costs to sell, except Xxx (Underscoring supplied)

Paragraph 18 – Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Xxx

Paragraph 21 - If an active market exists for a biological asset or agricultural produce in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of the asset. Xxx (Underscoring supplied)

Paragraph 24 – In some circumstances, market-determined prices or values may not be available for a biological asset in its present condition. In these circumstances, an entity uses the present value of expected net cash flows from the asset discounted at a current market-determined rate in determining fair value. (Underscoring supplied)

1.7. Paragraphs 30 and 32 require the recognition of gain or loss on the initial recognition of biological assets, as follows:

Paragraph 30 – A gain or loss arising on initial recognition of biological asset at fair value less cost to sell and xx x shall be included in surplus or deficit for the period in which it arises.

Paragraph 32 – A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in surplus or deficit for the period in which it arises.

1.8. Moreover, the disclosures required in paragraphs 38 to 54 of PPSAS 27 were not provided in the Notes to FS, which includes the disclosure on:

- a. the aggregate gain or loss arising during current period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets (Paragraph 27.38)
- b. description of biological assets that distinguished between consumable and bearer biological assets and between biological assets held for sale and those held for distribution at no charge or for a nominal charge (Paragraphs 27.39 to 27.43)
- c. the nature of its activities involving each group of biological assets; and non-financial measure or estimates of the physical quantities of: each group of the entity's biological assets at the end of the period; and output of agricultural produce during the period (Paragraph 27.44)
- d. methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets (Paragraph 27.45)
- e. the existence of restriction over the title and commitments for the development or acquisition of biological assets and financial risk management strategies related to agricultural activity (Paragraph 27.47)

1.9. The absence of adequate disclosure would not provide the users of the financial statements with complete useful information for decision making.

Non-recognition of biological assets in ARC

1.10. The ARC did not record yet its biological assets, comprising the coconut fruit bearing trees that produce hybrid variety which upon harvest were later became coconut seedlings for distribution or for sale. Thus, the non-recording of the biological assets of undetermined amount understated the balance of biological assets account.

1.11. **We recommended that Management direct the:**

- a. **Accounting Units (AUs) of the DRC and ZRC to provide complete disclosure on the recorded biological assets as required by PPSAS 27; and**
- b. **AU of the ARC to recognize in the books the biological assets in ARC.**

1.12. Management commented that the valuation of the biological assets would be further discussed in the Financial Consultative Meeting 2019 scheduled on June 19 to 22, 2019 to ask inputs from the field Accountants in order to establish propriety and compliance of valuation to PPSAS 27. Further, the DRC and ZRC were advised to provide the complete disclosure for the biological assets.

2. The Property, Plant and Equipment (PPE) account with total cost of P1.375 billion was overstated by P102.706 million due to the non-derecognition of: a) equipment transferred to farmer-beneficiaries costing P56.706 million, and b) unserviceable PPE in undetermined carrying amount with total acquisition cost of P46 million. Moreover, the absence of Subsidiary Ledgers (SLs) supporting the General Ledger (GL) balance of P85.225 million, the variance of P58.982 million, between the GL balance and the total of the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); and the non-conduct of physical count of PPE items with carrying amount of P34.416 million adversely affected the reliability of the carrying amount of the account of P863.168 million.

2.1. As at December 31, 2018, the PPE account had a carrying amount of P863.168 million, breakdown in Table 2.

Table 2 – PPE Account per fund source as at December 31, 2018

Fund	Acquisition Cost	Accumulated Depreciation	Accumulated Impairment Loss	Carrying Amount
I. Central Office (CO)				
Fund 503*	153,026,564	111,446,044	-	41,580,520
Fund 401 (SCFDP***)	74,010,237	62,222,224	-	11,788,013
Fund 151	4,602,159	1,022,726	-	3,579,433
Fund YRRP**	864,849	705,383	-	159,466
	232,503,809	175,396,377	-	57,107,432
II. ROs/Centers				
Fund 503	956,938,168	264,568,067	-	692,370,101
Fund YRRP	185,728,262	72,037,511	-	113,690,751
	1,142,666,430	336,605,578	-	806,060,852
	1,375,170,239	512,001,955	-	863,168,284

* Corporate Fund

*** SCFDP - Small Coconut Farms Development Project

** YRRP - Yolanda Recovery and Rehabilitation Program

Non-derecognition of equipment totaling P56.706 million transferred to farmer-beneficiaries

2.2. Paragraph 13 of PPSAS 17 defines PPE as tangible items that:

- a. *Are held in the production or supply of goods or services, for rental to others, or for administrative purposes; and*
- b. *Are expected to be used during more than one reporting period.*

2.3. Various agricultural machineries and equipment with total cost of P56.706 million that were distributed by various ROs to Coconut Based Organization (CBOs)/Coconut Farmers Organizations (CFOs) in the implementation of Kasaganaan sa Niyugan at Kaunlaran ng Bayan (KAANIB) Enterprise Development Projects (KEDP) – Community/Household – Level Coconut Processing Project (CHLCP) were recorded as PPE, as summarized in Table 3.

Table 3 – Summary of machineries and equipment recorded in the books as PPE but are already distributed by ROs to CBOs/CFOs

ROs	Amount
I– IV-B	P11,686,050
IV-A	11,554,600
V	25,202,438
XI	8,263,370
	P56,706,458

2.4. These machinery and equipment were for the implementation of the Projects allocated under Maintenance and Other Operating Expenses (MOOE) for distribution to CBO/CFO beneficiaries and not to be used for production or for administrative purposes. Hence, the said equipment did not meet the recognition criteria of PPE, as defined in paragraph 13 of PPSASs17. This should have been taken as MOOE-Equipment upon acceptance by the beneficiaries pursuant to Memorandum of Agreement (MOA) between PCA and the beneficiaries. The recognition of these equipment in the books as PPE resulted in the overstatement of the account.

*Non-derecognition of unserviceable PPE
with a total acquisition cost of P46 million*

2.5. Paragraph 82 of PPSAS 17 states that:

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

(a) On disposal; or

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

2.6. Also, section 40(d), Chapter 10 of the Government Accounting Manual (GAM) Volume I, states that

Xxx All unserviceable property shall be reported in the Inventory and Inspection Report of Unserviceable Property (IIRUP) (Appendix 74). PPE reported in the IIRUP shall be dropped from the books by debiting Impairment Loss-Property, Plant and Equipment (cost of the PPE less Accumulated Depreciation).

2.7. The RPCPPE showed that properties costing P46 million were considered unserviceable and no longer economical to use or maintain, as summarized in Table 4. These property were still included in the PPE account and remained in the books due to the non-preparation of the IIRUP that would be the basis of recording the derecognition of unserviceable property. The non-derecognition of unserviceable property as required by Paragraph 82 of PPSAS 17 overstated the PPE account in undetermined carrying amount.

Table 4 – Summary of properties reported in the RPCPPE as unserviceable

	Acquisition Cost
CO	P 20,630,548
RO Nos. I – IV-B	2,857,847
RO No. VIII	18,926,495
ARC	3,584,690
	P 45,999,580

2.8. Moreover, the inability to immediately dispose these unserviceable assets/properties was contrary to Section 79 of Presidential Decree (PD) No. 1445 that requires destruction or sale of unserviceable property. Also, the non-disposal of said property resulted in the accumulation of a significant number of unserviceable properties kept in the storage location; hence, the agency was not able to use the valuable space for other productive purposes. The timely disposal of these unserviceable assets could likewise serve as a control measure against possible theft and further deterioration and decline in value.

Absence of SL supporting the GL balance of P85.225 million

2.9. Qualitative Characteristics (QC4) of Conceptual Framework for Financial Reporting states that:

If financial information is to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable.

2.10. Section 111 of PD No. 1445 provides that:

(1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government; (2) The highest standards of honesty, objectivity, and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

2.11. Review of the PPE accounts disclosed that in DRC and RO No. XII, SLs were not maintained to support the GL balance of PPE in the amount of P24.300 million and P60.925 million, respectively. Also, in RO No. XIII the Property Cards were not maintained by the Property Unit (PU).

2.12. Due to the absence of SLs that would provide detailed information of the PPE comprising the GL balance, verification of the completeness and accuracy of the recorded PPE could not be made. Thus, the reliability of account balance could not be ascertained.

Variance of P58.982 million between the GL balance and the total of the RPCPPE balances and non-conduct of physical count of PPE with carrying amount of P34.416 million

2.13. One of the procedures to test the physical existence of an asset, particularly the property and equipment, is through the annual physical inventory as embodied under Commission on Audit (COA) Circular No. 80-124 dated January 18, 1980, which provides the following salient provisions.

Section 4 – Period of inventory – Physical inventory of fixed assets shall be made at least once a year as of December 31 in accordance with the guidelines enumerated herein. Inventory reports xxx shall be submitted to the Auditor not later than January 31 of each year, unless extended xxx

Section 5, Par 4 – All inventory reports shall be prepared on the prescribed form (General Form No. 41-A) xxx The reports shall be properly reconciled with accounting and inventory records. (Underscoring supplied)

2.14. Also, Section 38 of the GAM provides that:

Xxx. The entity shall have a periodic physical count of PPE, which shall be done annually and presented on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) (Appendix 71) as at December 31 of each year. This shall be submitted to the Auditor concerned xxx. Equipment found at station and losses discovered during the physical count shall be reported to the Accounting Division/Unit for proper accounting recording.

2.15. The results of year-end physical count showed that the PPE counted as reported in RPCPPE differed from the recorded PPE in the GL, showing discrepancy in absolute amount of P58.982 million, as summarized in Table 5.

Table 5 – Discrepancy between the GL and total of the RPCPPE balances as at December 31, 2018

	Per GL	Per RPCPPE	Discrepancy
CO*	P 289,953,053	P 269,003,248	P 20,949,805
RO No. I – IV-B	53,042,143	55,915,174	2,873,031
RO No. V	22,504,903	19,501,154	3,003,749
ARC	38,467,722	44,505,321	6,037,599
DRC	25,334,182	12,606,504	12,727,678
RO No. XIII	60,924,730	47,534,952	13,389,778
Gross Discrepancy			P 58,981,640

2.16. The non-reconciliation of the discrepancy between the balances of PPE in accounting records with the balances reported in the RPCPPE affected the reliability of the PPE account as adjustments necessary to take up unrecorded PPE or missing PPE were not determined. Moreover, this was not consistent with COA Circular No. 80-124 dated January 18, 1980 which provides that:

Sec. 38. Physical Count of PPE. The entity shall have a periodic physical count of PPE, which shall be done annually and presented on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) (Appendix 71) as at December 31 of each year. This shall be submitted to the Auditor concerned not later than January 31 of the following year. Equipment found at station and losses discovered during the physical count shall be reported to the Accounting Division/Unit for proper accounting/recording.
(Underscoring Supplied)

2.17. Furthermore, RO No. VI, did not conduct the annual physical count of PPE, hence, the existence and reliability of the recorded PPE with carrying amount of P34.416 million could not be ascertained.

2.18. With the foregoing observations, the reliability of the PPE account with carrying balance of P865.844 million could not be ascertained.

2.19. **We recommended that Management require the:**

a. AUs to derecognize in the books the transfer of machineries and equipment procured under the KEDP that were already distributed to farmers-beneficiaries to comply with PPSAS 17;

b. Property Division (PrD)/PUs of CO, RO Nos. I – IV-B and RO No. VIII and ARC to prepare an IIRUP and submit to Accounting Division (AD)/AUs and immediately dispose the unserviceable properties through auction or sale to prevent them from further deterioration and diminishing market value;

c. AD and AUs of CO, RO Nos. I – IV-B and RO No. VIII and ARC to derecognize in the books the unserviceable property upon receipt of the IIRUP;

d. AU of DRC and RO No. XII to immediately prepare the SLs to support the GL balance;

e. Inventory Committee in the CO, RO Nos. I – IV-B, RO No. V, RO No. XIII, ARC and DRC to reconcile the variance between the accounting records, property records and RPCPPE such that equipment found at station and losses discovered during the physical count shall be reported to the AD/AUs for proper accounting/recording and charging of the losses to the concerned accountable officers; and

f. Regional Managers of RO No. VI to create an Inventory Team to conduct the physical count of PPE.

2.20. The Management commented that the:

a. Guidelines on the KEDP would be revisited to comply with the PPSAS requirement without compromising the accountability over the equipment and to adopt uniform accounting treatment. In this regard the Management have issued a Memorandum directing the ROs to submit the reports relative to the status of

donation thereof to effect the derecognition of said equipment from the PCA books upon transfer of unserviceable equipment to be donated.

b. Meeting with the Head of the Departments and ROs was already scheduled to discuss what actions to be taken to implement the recommendations to reconcile the records of the AD/AUs and PrDs/PUs and the PrDs/PUs were already directed to prepare immediately the IIRUP and dispose the unserviceable property.

3. The reliability of the Inter-agency Payables – Due to Other National Government Agencies (NGAs) account with the carrying amount of P35.767 million was affected because the balance confirmed by the Source Agencies (SAs) of P157.904 million for the 45 of 51 programs/projects differed from the CO account balance of P33.266 million, or an absolute variance of P126.808 million. Moreover, the unutilized fund transfers for 35 programs/projects aggregating to P16.659 million was not returned to SAs as required in COA Circular No. 94-013 dated December 13, 1994.

3.1. The PCA has been a recipient of fund transfers from various SAs such as the following: Department of Agriculture (DA) - National Agricultural and Fishery Council (NAFC); DA – Foreign Assisted Projects (FAPs); Bureau of Agricultural Research (BAR); National Agribusiness Corporation (NABCOR); and Department of Science and Technology (DOST) - Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD). These programs/projects are generally implemented by the ROs/RCs.

3.2. As at December 31, 2018, the Inter-agency Payables – Due to NGAs account of P35.767 million was comprised of outstanding balances of the fund transfers received from SAs for the implementation of 53 programs/projects as summarized in Table 6.

Table 6 – Due to Other NGAs account as at December 31, 2018

Office	No. of programs/projects	Outstanding balance
CO	51	P 33,391,073
RO No. XIII		19,927
ZRC	1	2,355,786
	1	2,375,713
	53	P 35,766,786

3.3. Confirmation of the balances as at December 31, 2018 with the DOST, PCAARRD, BAR, DA, DA-FAPs and NAFC revealed the discrepancies between the SAs and PCA's records in the total amount of P126.808 million on the fund balances of 45 programs/projects as summarized in Table 7.

Table 7 –Results of Confirmation from SAs of Fund Transfers from PCA vis-à-vis SAs Records as at December 31, 2018

SA	SA Confirmed Balance	PCA Books	Discrepancy
DA-BAR	P 4,452,214	P 2,216,753	P 2,228,461
DA-FAPs	69,461,919	-	69,461,919
DOST	1,611,813	381,266	1,230,547
DA	25,776,929	8,254,382	17,522,547
PCAARRD	56,608,809	21,329,036	35,279,774
NAFC	-	1,084,663	1,084,663
	157,904,684	33,266,099	126,807,911

3.4. The variance was attributed to the unrecorded utilization of the funds in the books of the SAs due to non-submission of the Liquidation Reports (LRs)/Report of Disbursements (RDs) by the PCA to the SA, while the PCA had recorded the utilization of the fund by reducing the balance of Due to Other NGAs account upon disbursements by the CO and upon receipt of the Debit/Credit Advice (DCA) from the ROs/RCs reporting the utilization of funds transfers.

3.5. With the non-preparation of the LRs by the ROs and RCs and non-submission to the SAs, PCA was not able to monitor the LRs/RDs that resulted in non-recording of the fund utilization in the books of the SAs as required in COA Circular No. 94-013 dated December 13, 1994 which states that:

The IA shall:

6.4 within five (5) days after the end of each month, the Accountable Officer (AO) shall prepare the [Report of Checks Issued] RCI and the RD and shall submit them with all supporting vouchers/payrolls and documents to the Accountant. These reports shall be approved by the Head of the Agency;

6.5 within ten (10) days xxx, the Accountants shall verify the Reports xxx and submit the copy to the IA Auditor. Xxx shall submit the original copy of the reports to the SA.

Xxx

6.7 return to the SA any unused balance and refund of disallowance upon completion of the project.

3.6. Confirmation from DA further disclosed that the unliquidated fund transfers of P69.461 million pertained to the fund transfers in the total amount of P128.145 million received by PCA from January to December 2006 for the implementation of Philippine Agriculture and Fisheries Biotechnology Program under United States PL 480. Management explained that the funds received were transferred to NABCOR that implemented the project and that the LRs/RDs relative thereto were already submitted to DA in Calendar Year (CY) 2018 and still subject to approval of the DA Management.

3.7. The variance between PCA and the SAs' record, due to unrecorded LRs/RDs affect the reliability of the Due to Other NGAs account, which pertains to the obligation covered by a MOA and the utilization was subject to compliance with the provisions that dictate the extinguishment of the obligation.

Dormant/Non-moving Due to Other NGAs account

3.8. Analysis of the account disclosed that the outstanding balance of P16.659 million for the implementation of 35 projects have been dormant and non-moving for over two to twelve years or since 2006, details of which are summarized in Table 8.

Table 8 – Dormant/non-moving funds as at December 31, 2018

No. of programs/ projects	No. of years dormant/ non-moving	Outstanding balance
1	12	P 110,306
1	11	94,698
3	8-9	1,182,040
7	6-7	1,520,065
2	5	36,369
16	3-4	10,318,625
5	2	3,398,630
35		P 16,658,733

3.9. The fund transfers received by the PCA from various SAs pertained to the implementation of the projects with short term duration, i.e., one year at the most. Considering that CO recorded all the fund utilizations as debit to Due to Other NGAs, then the remaining balance of the long outstanding Due to Other NGAs of P16.659 million represents unutilized funds for completed projects that should had been returned to the SAs upon completion of the projects, thereby, denying the SA/government of other beneficial use of the fund.

3.10. Considering that these are trust funds which utilization had specific purpose, the unutilized fund should have corresponding cash in bank balance that are available for refund upon completion of the project. However, the AD informed that the fund was intermingled in one bank account with all the funds received by PCA.

3.11. **We reiterated the prior years' recommendations that Management:**

a. Require the AD of the CO to:

a.1 Coordinate with the ADs of the SAs to determine the fund transfers without liquidation reports;

a.2 Monitor the submission of Liquidation Reports to ensure timely submission of the RDs to the SAs; and

a.3 Cause the immediate remittance of the unutilized fund;

b. Direct the concerned ROs/RCs to immediately submit the RDs pertaining to the unliquidated fund;

c. Cause the determination of the sufficiency of cash to back up the balance of unliquidated fund transfer and account for the discrepancy or utilization of the fund other than the intended purpose and hold accountable the officers responsible for the deficit.

3.12. Management commented that:

- b. The AD of the CO will communicate with the SAs to reconcile account balances and shall direct the ROs and/or RCs to submit DCA together with the RDs/LRs.
- c. The AD of the CO shall no longer record DCAs on utilization of trust funds unless said DCAs are accompanied with RDs/LRs. The AD shall advise the ROs/RCs to submit DCAs with RDs/LRs.
- d. The AD of the CO's analysis of the funds transfers and coordination with the SAs were continuously undertaken to effect the refund of the unutilized fund.

4. The Inter-agency receivable account balance of the CO totaling P234.779 million as at December 31, 2018 was overstated by the net amount of P26.378 million due to: (a) the unrecorded liquidation of the Procurement Service (PS) for the equipment delivered and distributed to the KEDP beneficiaries in the amount of P33.294 million; and (b) interest earned in an estimated amount of P6.916 million for CYs 2015 to 2017 on the funds transferred to Philippine International Trading Corporation (PITC) for the procurement of fertilizers. Moreover, the variance of P2.424 million between the books of PCA and those of the Implementing Agencies (IAs), and the existence of long-outstanding dormant fund transfers of P7.669 million for the implementation of the projects with duration of one year and below affect the reliability of the account balance.

4.1. As at December 31, 2018 the balance of the Inter-agency receivable account of CO representing fund transferred to Government and Controlled Corporations (GOCCs) NGAs and NGOs/POs are shown in Table 9.

Table 9 – Balances of Due from GOCCs, Due from NGAs and Due from NGOs/POs, and accounts as at December 31, 2018

Particulars		Amount
Due from GOCCs		
PITC	Provider of procurement/outsourcing services and as a supplier of PCA's goods and services requirements	P 187,070,893
Due from NGAs		
National Treasury		133,209
Food and Nutrition Research Institute (FNRI)	Glycemic Index and Changes in Glucose and Lipid Profile in Humans with Moderately Raised Glucose and Cholesterol Levels after Feeding with Coconut-Based Products	1,644,152
University of the Philippines (UP)-Diliman	On-Road Test of 5% Coco-Methyl (CME) Biodiesel Blend (B5) in Public Transport	167,816
UP-Manila	Association of Dietary Intake of Coconut Oil and Coconut Products with Dyslipidaemia and Hypertension	2,052
University of Southern Mindanao (USM)	Oil Palm Productivity for Peace and Poverty Alleviation in Mindanao	805,718
Philippine Council for Health Research and Development (PCHRD)	Effects of Virgin Coconut Oil (VCO) on Alzheimer's Disease using Rats	6,080,000

Particulars				Amount
Metal Industry Research and Development Center (MIRDC)	Nucleus Farm Development Project			17,167
Procurement Service (PS)	Acquisition of common supplies and equipment of PCA			37,747,493
				P46,397,607
<i>Due from NGOs/POs</i>				
UPLB Foundation, Inc.	DA – NCPC Action Project for the Control of Coconut Scale Insect in Southern Luzon			812,616
Philippine Ecumenical Action for Community Empowerment (PEACE) Foundation, Inc.	Nucleus Farm Development Project - In Bondoc Peninsula			498,377
				1,310,993
				P 234,779,493

Unrecorded liquidation of the PS for the equipment delivered intended for distribution to KEDP beneficiaries in the amount of P33.294 million

4.2. PCA tapped the service of PS to procure various equipment in the total amount of P37.717 million for the production of export quality tufted mats, carpets and other products from coconut fiber. The service was covered by a MOA signed by the parties on January 31, 2015.

4.3. Verification disclosed that the PS had already delivered the equipment in the amount of P33.294 million in CY 2018, however, PCA was not able to record the receipt of these equipment because the Accounting Division (AD) did not receive any documents relative to the delivery and acceptance of the equipment. Submission of LRs are required under the MOA which states that:

Item 4.3 of Article 4 of the MOA- The PCA shall effect the payment through fund transfer. The fund transferred shall be considered as the sources of funding for the procurement which shall be subject to liquidation, supported with Delivery Receipt (DR) and Technical Inspection and Acceptance Committee (TIAC) Report, if applicable. (Underscoring supplied)

Item 6.7 PCA may conduct tests, inspection, validation and acceptance of the services performed by the Contract Awardee. The acceptance of the services performed shall be in accordance with provision in the Bidding Documents. For this purpose, the PCA shall prepare the Inspection Committee Acceptance Report (ICAR), as may be necessary. The PCA shall decide and make the final acceptance and approval of the deliveries of the supplier.

4.4. We were informed that the equipment was already distributed to the small holder coconut farmers of Javier, Leyte and neighboring municipalities. The non-submission of the documents, such as the LRs, DRs, TIAC Report, Acknowledgement Receipt (AcR) of the equipment by the farmer-beneficiaries, one year after the delivery indicated poor monitoring which might result in loss since the custodianship over the equipment were not documented.

Unrecognized interest earned in an estimated amount of P6.916 million for CYs 2015 to 2017 on the funds transferred to PITC for the procurement of fertilizers

4.5. Review of the account disclosed that AD CO did not recognize interest income accruing from the trust fund, which was not consistent with the MOA that provides that interest earned from the time of the opening of the bank account for the funds transferred by PCA to PITC shall be for the account of PCA and the unexpended fund inclusive of the accrued interest shall be returned to PCA.

4.6. The Audit Team estimated the interest income from CYs 2015 to November 2018 using the prevailing interest rate on regular deposit that amounted to P6.916 million, as summarized in Table 10.

Table 10 – Estimated Interest Income

CY	Interest Rate (%)	No. of Months Outstanding	Outstanding Balance	Interest Income net of 20% withholding tax
2015	0.710	2	P 274,953,386.74	P 260,289.21
		3	433,061,968.16	614,947.99
2016	0.720	12	433,061,968.16	2,494,436.94
2017	0.685	1	433,061,968.16	197,764.97
		3	414,504,096.48	567,870.62
		3	371,858,075.16	509,445.56
		5	290,992,209.04	664,432.21
2018	0.899	1	290,992,209.04	174,401.33
		7	261,461,689.64	1,096,918.94
		3	186,492,939.10	335,314.30
				P 6,915,822.07

4.7. The non-recognition of the interest income understated the Due from GOCC account and interest income in the amount of P6.916 million.

Variance between PCA and IAs records of P2.424 million

4.8. Confirmation of the accounts balances from the SA showed a variance of P2.424 million. Moreover, two of the IAs with outstanding balance of P6.686 million did not reply on the confirmation. The details of the variance are shown in Table 11.

Table 11 – Results of Confirmation – PCA books *vis-à-vis* IAs/NGO

Account IA/NGO	Outstanding Balance		Difference (Absolute Figure)
	Per PCA	Per IA/NGO	
Due from NGAs			
1. FNRI	P 1,644,152	P -	P 1,644,152
2. MIRDC	17,167	-	17,167
	1,661,319	-	1,661,319
Due from NGOs/POs			
1. UPLBFI	812,616	50,153	762,463
	P 2,473,935	P 50,153	P 2,423,782

4.9. The confirmation reply from the IAs, FNRI and MIRDC showed that they have already fully utilized the funds and the unexpended portion of the fund transferred to MIRDC was returned to the Bureau of Treasury. However, the PCA did not record the liquidation because they did not receive LRs as required by COA Circular No. 94-013 and the MOAs which states that:

Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA [Implementing Agency] shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds.

4.10. The outstanding balance of the Due from NGAs/NGOs/GOCC overstated the receivables account and understated the related expense account since these amounts would not in any manner represent future cash inflows, as these were already expended and the corresponding expenses or assets account could had been recognized by PCA. Moreover, the non-monitoring of the utilization of fund indicated that PCA did not verify the delivery of the expected output on the implemented/completed Projects.

*Long outstanding /dormant fund transfers of
P7.669 million*

4.11. Review of the MOAs of the long outstanding fund transfers with a balance of P6.856 million and P0.813 million to four NGAs and one NGO, respectively, in which two IAs did not reply on our confirmation, disclosed that the fund transfers were made two to five years ago for the implementation of research and development studies with duration of one year and below. Thus, the said studies should have been completed and the funds were already utilized. The outstanding balance of consists of the four NGAs, pertains to (a) two tranches of fund transfer to PCHRD in the total amount of P6.080 million where no liquidation was recorded in the books and (b) P0.776 million remaining unliquidated balance transfers to three State Universities and Colleges (SUCs), which if not utilized could have been demanded to be refunded by the IAs. The non-monitoring of the liquidation/utilization of the fund transfers not only affected the accuracy of recording the financial transactions but also resulted in non-accounting of the supposed delivery of the results of the studies where government funds were used.

4.12. **We recommended and Management agreed to direct the:**

a. TIAC assigned in the procurement of equipment through the PS-Department of Budget and Management (DBM) to submit the TIAC report together with the supporting documents such as but not limited to:

(i) Delivery receipts duly acknowledged by the Recipients; (ii) Property AcR or any applicable documents to support the property custodianship and (iii) Report of Distribution to beneficiaries to the AD of the CO for review/evaluation and recording of the equipment delivered in the total amount of P33.294 million;

b. PrD to coordinate with the PS to determine the status of delivery of the machine procured;

c. AD to:

c.1 Send Statement of Accounts detailing the balance of unliquidated fund transferred to the IAs and request for submission of RDs or demand refund of the unutilized fund;

c.2 Coordinate with the end-user concerned to determine the status of the long outstanding dormant fund transfers;

c.3 Adjust the books accordingly upon reconciliation and receipt of the RD from IAs to reflect the balances of the Inter-agency receivable accounts; and

c.4 Recognize in the books and collect from PITC the interest earned for the period from October 2015 to January 2019 on the cash in bank account for the funds transferred by PCA pursuant to the MOA between PCA and PITC and record the interest income.

4.13. Management commented that the AD of the CO has taken the following actions on the dormant and long outstanding Inter-Agency accounts:

a. Demand letters were sent to various IAs to submit LRs duly verified and certified by their respective Resident Auditors, RCI, and copy of the Official Receipts for the refund of the expended balance.

b. Several letters were sent by PCA to PS-DBM, and as per reply of the IA, the PVC Tufting Machine was partially delivered and is waiting installation. Follow-up letter was also sent by AD to the General Services Division and was informed that the said machine will be installed to Regional Office (RO) No. VIII on February 2019.

4.14. The Management committed that they will analyze their account with the PITC regarding the uncollected interest income and shall record the same in the PCA books once confirmed.

4.15. Further, the Management promised to reconcile and analyze the balances of Due from NGAs, Due from Other NGOs/POs, and Due from GOCCs, and require immediate refund of unexpected balances by CY 2019.

B. COMPLIANCE

5. Progress monitoring reports and their supporting financial reports, such as, Budget and Financial Accountability Reports (BFARs) and Budget Execution Documents (BEDs) required by various DBM Circulars and evaluation and monitoring reports required under various project guidelines were not adequately prepared due to the absence of a specific unit to perform the monitoring and evaluation of resources as spelled out in PCA's Quality Management Systems Manual and to communicate the results to top Management for decision making. Thus, the physical accomplishment reports were not reviewed and evaluated, and the causes/problems hampering the implementation of the projects were not immediately addressed resulting in non-attainment of the targets.

No specific Unit tasked to evaluate and review the Agency's performance/physical accomplishment reports

5.1. The PCA's Manual of Corporate Governance approved by the Governing Board on September 10, 2014, which provides the functions of each Operating Unit (OU), did not include the assignment of Unit responsible for the Monitoring and Evaluation of Resources (MER) process.

5.2. It was observed that the implementation of the projects is under the over-all supervision of the Operations Department (OD) of the CO. PCA's OUs, i.e., ROs and Centers, submit various reports to account their fund utilization and accomplishments. The Budget Division (BD) consolidates the fund utilization, while the OD consolidates the physical performance of the OUs. However, upon inquiry from Management on how these reports were evaluated to ensure the reliability of the reports/data and measure Agency's performance, no information was given as to the Unit within the PCA that performs the monitoring and evaluation of Agency's performance.

5.3. Inquiry, however, with the Planning and Evaluation Officer (PEO) III, Corporate Planning Services (CPS), PCA, disclosed that the CPS merely monitors the attainment of the targets identified in the Calendar Year 2018 performance scorecard of PCA, as approved by the Governance Commission for GOCCs (GCG), for preparation and submission of reports to top management and other government agencies. Meanwhile, the Operations Branch monitors the physical performance of the agency based on the reports submitted by regional offices while the BD monitors the financial performance of the agency's programs and projects for preparation and submission of reports to top management and other government agencies. There was no Unit responsible to perform analysis and evaluation of the physical vis-à-vis financial performance of PCA to help improve performance and achieve results.

5.4. Had PCA established a Unit that would take charge of the MER, the preparation of the reports required by the oversight agencies like the DBM, GCG and Commission on Audit (COA) could have been monitored and such could have been used by Management as tools in their planning and decision making, for the improvement of the Agency's performance.

*Inadequate preparation of BFARs and BEDs
as required by the DBM and COA*

5.5. In line with the corporate priorities and in pursuit of the sustainable development of a globally competitive coconut and other oil palm industry, PCA received income subsidy from the national government covered by the General Appropriations Act (GAA). The continuing programs and projects in support of PCA's Coconut Industry Development Roadmap, among others are the following:

- a. Kasaganaan sa Niyugan at Kaunlaran ng Bayan (KAANIB) Enterprise Development Project (KEDP) - The project is designed to promote institutionalize coconut-based enterprise through an integrated resource service convergence approach to increase farm productivity and incomes of the small coconut farming communities.
- b. Coconut Fertilization Project (CFP) – involves procurement of Agricultural Grade Salt (AGS) and Coir-Based Organic Fertilizer (CBOF) in bulk for distribution to qualified coconut farmer-beneficiaries. This is a quick turn-around measures to hasten the recovery of coconut trees from production slump brought about by biological and natural forces.
- c. KAAANIB Coco Agro-Industrial Hub Project (KCAHP) - The project is an attempt to pursue agri-industrial strategy with the end in view of addressing problems and challenges faced by the coconut farming sector such as lack of infrastructure, inadequacy of capital, lack of entrepreneurial environment and the absence of proper policy framework that led to low productivity and income and therefore high poverty incidence in coconut farming communities. The project intends to establish KAAANIB Coconut Agro-Industrial Hub or simply "coco hub" in different coconut provinces of the country.
- d. Accelerated Coconut Planting & Replanting Project (ACPRP) – employs a participatory and incentive approach by engaging the active participation of the coconut farmers in the production of good quality seedlings. The project promotes coconut planting in open and suitable areas and replanting of senile and unproductive coconut trees and those damaged by natural calamities using farmer's preferred variety such as tall and dwarf varieties sourced within the locality.
- e. Small Holder Oil Palm Development Project (SOPDP) – is designed to promote oil palm plantation development focusing on smallholders through organized growers or out grower's scheme with marketing tie-ups with the oil millers.
- f. Coconut Hybridization Project (CHP) aimed to develop high yielding dwarf and tall hybrids with the potential of providing four to six tons per hectare even under average cultural management. Through this project, a steady supply of seedlings can be ensured.
- g. Coconut Seed Farm Development Project (SFDP) aims to maintain coconut seedlings production Center to ensure steady supply of coconut seedlings.

5.6. Special Provisions of GAA for FY 2018 Section XXXVI Budgetary Support to Government Corporation, item K.12 – PCA provides among others the following:

Subsidy to the Philippine Coconut Authority. The amount of One Billion Two Hundred Thirty Nine Million Nine Hundred Fifty Two Thousand Pesos (P1,239,952,000) appropriated herein under the subsidy for the PCA shall be used for the following: (Coconut Planting and Replanting Project) xxx.

Xxx

The PCA shall submit to the DBM, the Speaker of the House of Representative, the President of the Senate xxx either in printed form or by way of electronic document, quarterly reports on the utilization of funds, including the targeted and actual number of small farmer beneficiaries, status of implementation of the projects, and project evaluation and or assessment.

5.7. COA-DBM Joint Circular No. 2014-1 dated July 2, 2014 was issued to prescribe the Guidelines on the Use of Modified Formats of the BFARs to effectively report, monitor and/or evaluate agency performance versus plans and targets which shall serve as basis for sound policy decision.

5.8. To further harmonize and facilitate Agency's compliance with timely submission of complete reports and relevant information to serve as bases of oversight agencies in the conduct of periodic review, monitoring and evaluation of Agency's utilization of funds vis-à-vis quarterly plans and targets, DBM Circular Letter No. 2016-11 dated December 6, 2016, was issued to prescribe the guidelines on the electronic submission of BFARs, through the DBM Unified Reporting System (URS). The Circulars requires the submission of various reports within the prescribed timelines as shown in Table 12.

Table 12 – List of BFARs vis-a-vis prescribed Timeline for Submission

BFAR Titles	Code	Prescribed Timelines
1. Quarterly Physical Report of Operation (QRPO)	BAR No. 1	Within 30 days after the end of each quarter
2. Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB)	FAR No.1	
3. SAAODB by Object of Expenditures (SAAODBOE)	FAR No.1-A	
4. List of Allotments and Sub-Allotments (LASA)	FAR No. 1-B	
5. Statement of Approved Budget, Utilizations, Disbursements and Balances (SABUDB)	FAR No. 2	
6. SABUDB by Object of Expenditures (SABUDBOE)	FAR No. 2-A	
7. Quarterly Report of Revenue and Other Receipts (QRROR)	FAR No. 5	
8. Aging of Due and Demandable Obligations (ADDO)	FAR No. 3	On or before the 30 th day following the end of the year
9. Monthly Report of Disbursement (MRD)	FAR No. 4	On or before the 30 th day of the following month covered by the report

5.9. The responsible persons for the preparation and submission of the aforementioned BFARs are stated in Item 5 of the COA-DBM Joint Circular No. 2014-1, quoted as follows:

5.1 The BFARs shall be prepared and certified correct by the following agency officials:

5.1.1 Budget Officer/Head of Budget Unit – for the portion of the report pertaining to appropriations, allotments, obligations – not yet due and demandable, unreleased appropriations and unobligated allotments.

5.1.2 Chief Accountant/Head of Accounting Unit – for portion of the report pertaining to disbursements and unpaid obligations-due and demandable.

5.2 The head of each OU, office or agency shall be responsible for the timely submission of the BFARs prescribed in this Circular to the DBM offices concerned and to the COA - Audit Team Leaders and Government Accountancy Sector (GAS).

5.10. Further, DBM Circular Letter No. 2016-9 dated October 27, 2016, on the guidelines on the submission of the annual budget execution plans, requires GOCCs receiving budgetary support or subsidy for the implementation of the government projects to prepare BEDs which contain the agency plans, spending schedules and physical targets to be submitted online to the DBM through URS for evaluation and consolidation. The same Circular Letter also provides that the BEDs would serve as bases to facilitate the release of funds and enable prompt implementation of the programs and projects including the conduct of early procurement activities. The BEDs (Table 13) are to be submitted to DBM on or before November 29 of the current year (for regionalized Agency).

Table 13 – List of BEDs for submission to the DBM

BEDs	Data Elements
BED No. 1 Financial Plan	Estimated obligation Program for the budget year broken down by quarter, and current year obligations (actual obligations as of September 30 and estimated obligation for October to December)
BED No. 2 Physical Plan	Physical Targets for the budget year broken down by the quarter, and current year accomplishments (actual accomplishment as of September 30 and projected accomplishment for October to December)
BED No. 3 Monthly Disbursement Program (MDP)	Projected monthly disbursements requirements for the year by type of disbursement authority (e.g. NCA, CDC, NCAA and TRA)
BED No. 4 Annual Procurement Plan for Common Use Supplies and Equipment	Projected Monthly Procurements in terms of quantity and cash requirements. This shall be categorized into items available at Procurement Service and those items not available at PS.

5.11. Inquiry from the PEO III, Corporate Planning Services (CPS) and the Officer-in-Charge (OIC) BD revealed that PCA had prepared and submitted only the following documents:

- a. DBM BED No 1 (Financial Plan) for CY 2018;
- b. BAR No. 1 for CY 2018; and
- c. Annual FARs for Fund 151 only.

5.12. Both the PEO III and OIC-BD confirmed that BED No. 2 was not prepared and submitted to the DBM. The targets identified in BAR No. 1 was based on the CY 2018 Performance Scorecard duly approved by the GCG in the absence of BED No. 2. While FARs for the General Fund for the implementation of programs and projects (Budgetary Support for GOCC under GAA) was not prepared, hence, the GCG's required posting in the website of the Corporation was not made.

5.13. The non-compliance for the preparation of said reports indicated that Management was not able to effectively measure PCA's performance with regard to the utilization of funds received in CY 2018 in the total amount of P831.380 million for the implementation of the projects.

5.14. Inquiry from Management relative to the preparation of the periodic progress reports to show that Management regular evaluation on-going projects, disclosed that the accomplishment report were prepared and consolidated in the Central Office (CO) by the Operations Division, while the fund utilization reports were being consolidated by the BD. However, copies of said reports were not made available to the Audit Team for verification/validation.

5.15. In view of the unavailability of the aforementioned reports, the Audit Team was precluded to thoroughly review the performance of PCA on the implementation of locally-funded projects.

Non-preparation of evaluation and monitoring reports required under various projects' guidelines, thus, the performance indicators were not measured

5.16. Series of Memorandum Circulars (MCs) were issued to provide guidelines on the implementation of various PCA projects, including the Yolanda Recovery and Rehabilitation Project (YRRP) among others, which included the submission to the ROs and CO of monitoring and evaluation reports by the Community Coordinator (CC) in coordination with the Senior Agriculturist and the Provincial Coconut Development Manager (PCDM). The reports are enumerated in Table 14.

Table 14 – List of Monitoring and Evaluation Reports

Type of Report	Schedule of Submission
Baseline Survey	Beginning and after the end of the project
Project self-review	Every end of each quarter
Field visits and monitoring	Monthly
Financial Audit and Monitoring	Every end of the year
Semestral Project Evaluation	At 6th of the year
Final Project Evaluation	At the end of the active period of the project
Project Progress and Financial Reports	Every 5th day of the succeeding month
Semestral Evaluation Report	End of the semester
End of the project report	At the end of sub-project

5.17. As observed by the Audit Teams, the above-mentioned monitoring and evaluation reports were not prepared. Moreover, the conduct of post evaluation by the ROs required in the Project Guidelines, was not conducted; hence, performance/success indicators were not measured.

5.18. In view of the absence of a unit who will monitor/evaluate the performance of each operating unit of the PCA in the implementation of the projects, measures were not immediately undertaken to address the non-attainment of the targets. Hence, the yearly utilization rate of fund was considerably low.

Table 15 – Budget vs Utilization

CY	Budget	Utilization	Unutilized Fund	Percentage of Utilization
2015	P 2,037,772,000	P 498,545,000	P1,539,227,000	24.47
2016	864,887,000	301,465,000	563,422,000	34.86
2017	1,140,772,000	432,053,982	708,718,018	37.87
2018	1,239,952,000	561,001,000	678,951,000	45.24

5.19. The unutilized funds were reprogrammed in the succeeding years. For CY 2018 the funds reprogrammed to be implemented amounted to P1.822 billion, as summarized in Table 16.

Table 16 - Reprogrammed PY's unutilized fund for CY 2018 implementation

CY	Amount
2013	P 52,132,634
2014	432,072,939
2015	476,701,989
2016	188,820,194
2017	671,974,337
Total	P 1,821,702,093

5.20. Reports on the utilization of the re-programmed funds and the corresponding physical accomplishment for CY 2018 were not provided to the Audit Team as the files, according to the Finance Department, were corrupted. Moreover, physical accomplishment in CY 2018 relative to the utilized reprogrammed fund were not submitted to the Audit Team to date.

Relations between the financial performance and physical performance was not evaluated

5.21. Management was not able to provide the Audit Team with report showing the evaluation of the relationship between the financial performance and the actual accomplishments. Evaluation would enable the PCA to determine whether the disbursements was reasonably proportionate with the actual physical accomplishments. The Finance Department prepared reports on the fund utilization with comparison with the budget while the Operations Department prepared reports of the actual physical accomplishment against the target. However, there was no evaluation made to determine whether the accomplishments realized/delivered was reasonable compared to the disbursements incurred.

5.22. Comparison of the fund utilized as of December 31, 2018 as reported in the Statement of Allotment, Obligation, Disbursement and Balance with Accomplishment

Report for CY 2018 budget disclosed disparity on the rate of utilization of fund against the physical target as summarized in Table 17.

Table 17 – Comparison of fund utilization viz-a-viz Actual Physical accomplishment

	(In million Peso)		% fund utilization	Accomplishment		
	Budget	Utilization		Target	Actual	%
ACPRP	700.000	316.643	45.23	58,937 ha	48,433	82.18
CFP	44.138	12.771	28.93	1,971 m trees	1,971 m	100.00
KEDP - Intercropping	113.038	50.901	45.03	4,776 ha	3,473	72.72
				2,341 million crops	1,708 million crops	72.96
				237 livestock	117	49.37
KEDP - CHLCP	131.170	36.591	27.90	268 equipment	71	26.49
SOPDP	80.00	66.247	82.81	181,351 seedlings	89,575	49.39
				4,152 bags fertilizer	1,631	39.28
SFDP	8.500	1.007	11.85	11 sites	4 sites	36.36
CHP	163.106	74.841	45.88	No data available		

5.23. As shown in the Table 17, material disparities are noted in four projects, namely: ACPRP, CFP and KEDP-Intercropping where the physical accomplishment reported were considerably higher compared to the fund utilized. On the other hand, for SOPDP 82.81 per cent of budget fund was utilized for delivering only 49.39 percent of the targeted quantity.

5.24. In view of the absence of a Unit that is tasked to monitor the performance of the Units with regard to the implementation of the Projects, preparation of reports was not religiously made by the ROs/Research Centers (RCs). Thus, the necessary measures were not immediately undertaken to address the non-attainment of the targets.

5.25. **We reiterated our recommendation that Management:**

- a. **Assign a specific Unit/Office to perform the monitoring and evaluation of resources and the Agency's overall performance;**
- b. **Require the Internal Audit Service to evaluate on a regular basis the accomplishments of PCA based on its physical targets and budget as prescribed by their mandate;**
- c. **Require the BD, CPS and Operations Department to regularly prepare and submit the consolidated BEDs and BFARs to the concerned offices as required under DBM Circular Letter No. 2016-9 dated October 27, 2016 and COA-DBM Joint Circular No. 2014-1 dated July 2, 2014; and**
- d. **Instruct the ROs/RCs to regularly submit the monitoring and evaluation reports required in the project guidelines to the CO for review and as inputs in planning and decision making.**

5.26. The Management informed that they have already prepared BED No. 2 and BAR No. 1 for CY 2019. Further the CPS, Operations Branch and Internal Audit Services were tasked to review and craft an improved monitoring and evaluation system. Also, PCA had conducted nationwide cascading workshop on the revised SPMS in order to effectively monitor performance of each unit.

6. RO Nos. I – IV-B, VIII and XIII did not adhere to the projects' guidelines in the validation of the eligibility and preparation of the list of beneficiaries to be included in the: (a) Masterlist of Prospective Farmer-Participants (MPFP) for SOPDP; (b) Masterlist of Approved Participants (MAP) for KEDP Intercropping; and (c) Masterlists of Farmer-Participants (MFP) for ACPRP- Participatory Coconut Planting Program (PCPP) and CFP. Thus, there was no assurance that the delivered agricultural inputs in the total amount of P45.195 million were distributed to the bonafide Program beneficiaries. Also, the disbursement for the supply of the palm oil seedlings in RO No. I – IV-B were not supported with Masterlist of Approved Farmer-Participants Who Have Actually Planted the Oil Palm Seedlings (MAFPAPOS).

Absence of documents supporting the identity and land ownership of the identified beneficiaries

6.1. Item 1.V of the MC No. 5, series of 2018 for SODP and Item 4.1 of PCA MC No. 06, series of 2015 for PCPP requires that the PCA Agriculturists shall conduct a registration of prospective participants in the barangay or municipality in coordination with the Barangay Officials, Municipal Officials, and Palm Oil Mills (for SODP) or Cooperatives (for PCPP).

They must submit any of the following documents as proof of identity or land ownership:

- *Original Certificate of Title*
- *Transfer Certificate of Title*
- *Certificate of Land Transfer*
- *Tax Declaration*
- *Torrens Title*
- *Homestead Patent*
- *Letter of Consent from the Landowner Award for Community Beneficiaries*
- *Certificate of Stewardship Contract for Ilaya Sustainable Farmers Association beneficiaries*
- *Certification from barangay captain*
- *Deed of Sale*
- *Certificate of Ancestral Domain Title*

6.2. Verification/validation of supporting documents disclosed that in RO Nos. VIII and RO No. XIII, the beneficiaries who received the PCPP incentives in the amount of P447,300 and P18.692 million, respectively, were included in the MFP, without submitting documents showing the proof of identity and land ownership. Likewise, in RO Nos.

I – IV-B, there was no document supporting the validation of the eligibility of the SOPDP beneficiaries that received oil palm seedlings in the amount of P3.328 million. The absence of such documents cast doubt on the eligibility of the farmers who received the benefits.

6.3. The guidelines on the implementation of the project provides that upon the registration and validation of the eligibility of the beneficiaries, masterlist for each project must be prepared as summarized in Table 18.

Table 18-- Project Guidelines on the Preparation of Masterlist of Beneficiaries

Project	Project Guidelines No.	Provisions on the eligibility requirement and Preparation of Masterlist
SOPDP	Item 3.V of MC No. 05, series of 2018	MPFP shall be prepared by the farmers' organization/agriculturist and submitted to the provincial offices (POs) for verification and endorsement to the ROs for the approval by Regional Managers (RMs). The participants must be small landholders with a minimum of one hectare and a maximum of three hectares; with suitable soil for oil palm planting; and presence of oil mill in the area.
KEDP-CCDP*	MC No. 02 dated January 9, 2015	MAP shall be prepared in consultation with partner CBO and farmers. The land must be free from liens/encumbrances; must have the land suitable for coconut-cacao production.
CFP	Item 1.3 of MC No. 01 dated January 9, 2015	The Coconut Development Officer (CDO) shall prepare the masterlist of farmer-participants, per CFP component within his area of coverage. Two sets of masterlists must be prepared per component, one set is for the new farmer-participants of AGS only and AGS + Coco Colr-Based Organic Fertilizer (CCBOF) while the second set is for the farmer-participants for the second application of the fertilizer.

*Coconut-Cacao Development Project

6.4. Verification disclosed that agricultural inputs were distributed without the approved masterlist to verify if the recipient were included in identified qualified beneficiaries, as summarized in Table 19.

Table – 19 Agricultural Inputs distributed without Masterlist

Project	Agricultural Inputs	RO	Amount (In million)
SOPDP	13,184 pieces of oil palm seedling	RO Nos. I – IV-B	P 3.328
KEDP-CCDP	763,903 cacao seedlings	RO No. VIII	20.691
CFP	6,400 bags of fertilizers	RO Nos. I – IV-B	2.037
			P 26.056

6.5. Moreover, in RO Nos. I – IV-B the planting of the delivered 13,184 oil palm seedlings was not supported with the MAFFAPOS.

6.6. The absence of the MPFP/MAP/MFP would not ensure that the recipients of the procured/delivered agricultural inputs are bonafide/eligible beneficiaries, while the absence of MAFFAPOS would not ensure that the oil palm seedlings received by the farmer-beneficiaries were already planted. Thus, the intended outcome of the projects of increasing oil palm production and increasing farmers' income might not be attained.

Moreover, disbursements for the supply and delivery of seedlings and fertilizers without supporting masterlists were not compliant with Section 4(6) of PD No. 1445 that requires that all claims against government funds are supported with complete documents.

6.7. We recommended that Management direct the concerned Agriculturist, PCDMs and CDOs to comply with Projects' Guidelines by:

- a. Performing the evaluation procedures in identifying the farmer-participants such as: (a) securing documents supporting compliance with the eligibility requirements; (b) conducting soil suitability assessment; and (c) inspection of the site for planting;**
- b. Preparing complete masterlists for the Projects and submit to ROs for approval to ensure that the agricultural inputs were distributed only to the farmer participant included in the masterlist; and**
- c. Submitting immediately the MPFP/MAP/MFP and MAFPAPOS of the distributed agricultural inputs in the amount of P26.056 million.**

6.8. Management gave the following comments:

- a. In RO Nos. I – IV-B management commented that MAFPAPOS form was already received by the RO on February 26, 2019 and will be forwarded immediately to the Audit Team for audit.**
- b. In RO No. VIII management commented that for the non-submission of the MAP, the RM explained that each province has pre-identified the list of farmers who are potential beneficiaries of the project. However, the PCDMs have overlooked the submission of the list to the RO due to their tight schedules.**
- c. In RO Nos. I – IV-B management commented that the new set of MLFP will be submitted using the prescribed format as soon as they have consolidated all the files from the POs.**

7. Deliveries of multi-nutrient fertilizers (MNF) and Agricultural Grade Salt Fertilizer (AGSF) to various Drop-off points (DOPs) by the Philippine International Trading Corporation (PITC) totalling P235.508 million were not completely supported with inspection and acceptance report (IAR) and delivery receipts (DRs), and the distribution were not supported with Acknowledgment Receipt and Certificate of Distribution and Application of Agricultural Salt Fertilizer (ARCDAAASF) as required by the Salt Fertilization Project (SFP) guidelines, hence there was no assurance that the delivered fertilizers were distributed to farmers participants. Moreover, this is contrary to Section 4(6) of PD No. 1445 that requires that claims against government funds be supported with complete documentations.

7.1 A Memorandum of Agreement (MOA) dated May 30, 2014 was entered into by and between the PCA and the PITC for the latter to render services as provider of procurement/outsourcing services of MNF and AGSF. Fund transfers in the total amount of P433.062 million were made to PITC in CY 2015.

7.2 The Liquidation Reports (LRs) showed that PITC delivered a total of 826,136 bags of fertilizer in the amount of P243.759 million, comprising of P235.508 million AGSF fertilizer and service fee plus 12 per cent value added tax (VAT) of P8.251 million. The said LRs were only supported with certified true copy of Disbursement Vouchers, Debit Note issued by PITC and Certificate of Acceptance signed by the PCA Administrator that said fertilizers were accepted by PCA.

7.3 Also, the LR/Report of Disbursement duly verified by the COA Auditor of the PITC, as required in the MOA and the Certification from the PITC Accountant that the disbursements made out of the fund transfer had been liquidated and accounted for in the books of account as required under COA Circular No. 2016-002 dated May 31, 2016 were still not submitted.

7.4 Moreover, there was no documents to support the validation/review of the receipt of the fertilizers in various DOPs and distribution to farmer-participants by the PCA.

7.5 Accounting Division CO submitted IAR and DRs for the delivered fertilizers in the DOPs, except for various ROs pertaining to the delivery and acceptance of fertilizers in the amount of P86.652, as shown in Table 20.

Table- 20 ROs with lacking DRs and IARs to support the submitted LRs of PITC

ROs	No. of bags (50 kg/bag)	Contract Amount	VAT +SF
I-IVB	25,766	P 6,779,088	236,093
VIII	90,444	28,489,860	958,360
X	240	64,560	-
IX	80,920	21,767,480	747,859
XIII	87,648	29,537,376	1,016,850
XIV	42	13,398	-
	285,060	P 86,651,762	P2,958,962

Salt Fertilizer Distribution was not supported with ARCDAAAF

7.6 Memorandum Circular dated February 8, 2013 – *Guidelines on the implementation of the SFP* states that:

Item 4.5 - To properly document the farmers' acceptance and subsequent application of the subject fertilizer application, the certificate Annex D - Acknowledgment Receipt and Certificate of Distribution and Application of Agricultural Salt Fertilizer

Item 8 – For proper accounting of fertilizer delivery, the acceptance and subsequent application of fertilizers by farmer-participants, the Regional Technical Staff shall furnish the CO thru the Field Services Branch, Regional Accounting and Auditing Units of the properly accomplished forms x x x

7.7 The AD of the CO was not able to submit to the Audit Team for validation/review the ARCDAAF to support the distribution of the fertilizer.

7.8 The absence of the duly reviewed/validated acceptance report of the fertilizers delivered cast doubt on the accuracy of the quantities and amount of the fertilizers paid. While the absence of the ARCDAAF would not ensure that the fertilizers were distributed to the bonafide farmer-participants.

7.9 We recommended that Management require the concerned ROs to:

- a. Submit immediately the IAR signed by the PCA-ROs' representative and DRs duly acknowledge by the representative of the recipient ROs; and
- b. Comply with the SFP guidelines and submit immediately the ARCDAAF to the AD of the CO for accounting of the delivered fertilizers.

7.10 Management commented that they will analyze their account with the PITC and will submit the required reports/documents to support the liquidation of PITC and distribution of fertilizers to farmer-participants.

8. Properties of RO Nos. VIII, X, XI and XII and DRC with acquisition cost of P70.528 million were not insured with the Government Service Insurance System (GSIS) in CY 2018, contrary to Section 5 of Republic Act (RA) No. 656 or the Property Insurance Law; thus, exposing the Agency to risk of non-indemnification in case of damage to or loss of the uninsured properties due to fire, earthquake, storm or other casualty.

8.1. Section 5 of RA No. 656, otherwise known as the Property Insurance Law, as amended by Presidential Decree (PD) No. 245 dated July 13, 1976, requires every government entity, except municipal government below first class, to insure its properties with the General Insurance Fund (GIF) of the GSIS. The GIF was established in order to indemnify or compensate the government for any damage to, or loss of, its properties due to fire, earthquake, storm or other casualty.

8.2. Section 4(c) of the same RA provides *that insurable property includes vessels and craft, motor vehicles, machineries, permanent buildings, properties stored therein, or in buildings rented by the Government, or properties in transit.*

8.3. Verification of records showed that the insurable properties of RO No. V, DRC and ZRC with total acquisition cost of P70.528 million (Table 21) as at December 31, 2018 were not insured with the GIF of the GSIS.

Table 21 – Properties not insured with the GIF of the GSIS

	Acquisition Cost
RO No. VIII	P 2,390,000
RO No. X	1,297,066
RO No. XI	8,663,843
RO No. XII	45,146,292
DRC	13,040,702
	P70,527,903

8.4. The non-insurance of properties exposed the Agency to risk of non-indemnification or non-compensation in case of damage to or loss of these properties due to fire, earthquake, storm or other fortuitous event.

8.5. **We reiterated our recommendation and Management agreed to direct RO Nos. VIII, X, XI and XII and DRC to insure all insurable properties with the GIF of the GSIS to protect the interest of the PCA and in compliance with Section 5 of RA No. 656.**

8.6. During the exit conference, the Chief of Property Division, CO commented that duly accomplished Property Inventory Form as of December 2018 was already submitted to GSIS, copy furnished COA. Further, the Division Chief promised that they will remind the concerned ROs for the submission of the said report.

8.7. As a rejoinder, we acknowledged the action taken by management to comply with the GIF of the GSIS, however, Management should ensure the compliance of the ROs with the aforementioned GSIS guidelines.

GENDER AND DEVELOPMENT (GAD)

9. The CY 2018 Gender and Development (GAD) Plan and Budget (GPB) with allocation of P55.994 million were submitted beyond the period prescribed by the Philippine Commission on Women (PCW) - National Economic and Development Authority (NEDA) and Department of Budget and Management (DBM) Joint Circular (JC) No. 2012-01, hence, was not reviewed and endorsed by the PCW. Thus, there was no assurance that the GAD activities undertaken for CY 2018 in the amount of P68.686 million were aligned with the gender issues under the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025, and had contributed in responding to the gender issues of the PCA and its clients.

9.1. Executive Order (EO) No. 273 dated September 8, 1995 (Approving and Adopting the Philippine Plan for Gender-Responsive Development [PPGD], 1995-2025) and Joint Circular No. 2012-01 issued by the PCW, National Economic and Development Authority and Department of Budget and Management (DBM) mandates the agencies to incorporate and reflect GAD concerns in their annual agency budget proposals and work and financial plans.

9.2. PCW MC No. 2011-01 prescribes the guidelines and procedures for the establishment, strengthening, and institutionalization of the GAD Focal Point System (GFPS) in constitutional bodies, government departments, agencies, bureaus, SUCs, GOCCs and all other government instrumentalities.

9.3. Likewise, PCW-NEDA-DBM JC No. 2012-01 prescribes the guidelines and procedures for the formulation, development, submission, implementation, monitoring and evaluation including accounting of results of agency annual GPBs and GAD Accomplishment Reports (ARs). Relevant provisions are as follows:

3.5 Agency GAD Focal Point System (GFPS) xxx shall coordinate the preparation of the agency GPB and the GAD AR, monitor its implementation and report on its results. Xxxx

7.0 Schedule to be observed in GAD Planning and Budgeting:

i. September (2 years before budget year) - PCW issues notification letters to all line departments or central offices for the submission of their annual GPB and GAD ARs to PCW.

v. January (1 year before budget year) - Submission of reviewed GPBs and ARs to PCW.

vii. March - Xxx central offices submit revised GPBs to PCW. PCW approves and endorses all revised GPBs and returns them to the concerned offices for submission to DBM xxx.

Xxxx

10.1 Xxx. The agency GFPS shall prepare the annual GAD AR based on the PCW-endorsed GPB xxx following the form prescribed in Annex B.

9.4. Every year, the PCW issues MC for the preparation and online submission of Fiscal Year (FY) GPB and ARs and conducts Budget Forum relative thereto. Under PCW MC No. 2016-05 dated, September 30, 2016, the deadline for the submission of FY 2018 GPB and FY 2016 AR through online Gender Mainstreaming Monitoring System (GMMS) was on January 31, 2017. PCW is mandated to review, approve and endorse the GPB three months after the deadline of submission.

9.5. Records showed that the PCA submitted the GPB for CY 2018 to PCW on December 1, 2017, 11 months beyond the prescribed period. Thus, this was not reviewed and endorsed by the PCW as PCA did not receive any feed-back from the PCW relative to its CY 2018 GPB. The CY 2018 AR was submitted on-line using the PCW's GMMS on February 19, 2019, which was within the deadline set on March 31, 2019.

9.6. Despite the non-endorsement by the PCW of PCA's CY 2018 GPB, PCA undertake the GAD activities in the total amount of P68.686 million which exceeded the budget of P55.994 million by P12.692 million.

9.7. However, there is no assurance that the activities were supportive or had contributed in responding to the gender issues of the Agency, addressed the gender issues of PCA's client and aligned with the PPGD in the absence of CY 2018 GPB duly endorsed by PCW.

9.8. Moreover, PCA did not develop or integrate in its existing data base, GAD information to include gender statistics and sex disaggregated data that have been systematically produced or gathered as inputs or bases for planning, budgeting, programming, and policy formulation required in Section 4.4 of the JC, which states that:

4.4 Institutionalizing GAD Database/Sexual disaggregated Data: The agency shall develop or integrate in its existing database GAD information to include gender statistics and sex disaggregated data that have been systematically produced or gathered as inputs or bases for planning, budgeting, programming, and policy formulation.

9.9. We reiterated our previous year recommendations and Management agreed to comply with EO No. 273, PCW-NEDA-DBM JC No. 2012-01, COA Circular No. 2014-01, and the related PCW MC and:

a. Direct the GAD focal person to:

a.1. Prepare the Annual GPB and submit the same to PCW, together with the GAD AR for review and endorsement within the deadline set; and

a.2. Submit to the Audit Team copy of the approved/duly endorsed GPB within five days from receipt thereof;

b. Establish/set up and maintain a GAD database to serve as basis for gender-responsive planning, programming and policy formulation as required under Item 4.4 of PCW-NEDA-DBM Joint Circular No. 2012-01; and

c. Ensure that the members of the GAD focal point systems of the CO and ROs/Centers are continuously trained and updated on GAD reporting, planning and budgeting.

9.10. Management commented that PCA is committed to strictly comply with EO No. 273, PCW-NEDA-DBM Joint Circular No. 2012-01, COA Circular No. 2014-01, and PCW MC in implementing GPB and maintaining a data base of GAD information as inputs and bases for planning, budgeting, programming and policy formulation. The late submission of GPB in previous years was because of lack of awareness of the online submission. Nevertheless, they submitted the CY 2020 GPB and CY 2018 ARs on time. Moreover, GAD focal persons were sent to attend various GAD seminars conducted by PCW.

COMPLIANCE WITH REGULATORY REQUIREMENTS

Bureau of Internal Revenue (BIR) Tax Laws

10. The PCA has been regularly withholding/deducting taxes from the salaries and other benefits of its officials and employees as well as from cost of goods and services procured. Likewise, the taxes withheld were remitted to the BIR within the prescribed deadlines. Total taxes withheld and remitted in CY 2018 are shown in Table 22.

Table 22 – Taxes withheld and remitted for the year

	Withheld	Remitted
Tax on compensation	P 19,169,022	P 19,056,799
Withholding tax on value-added tax	12,363,312	11,214,486
Expanded withholding tax	8,065,841	7,622,885
Withholding tax on government money payments -Percentage	3,457,909	3,094,549
Other fees and taxes withheld	12,256,553	11,989,017
	P 55,312,637	P 52,977,736

10.1. The difference between the taxes withheld and the amount remitted pertains to the tax withheld for remittance in January 2019.

Government Service Insurance System (GSIS)

11. The PCA complied with Section 14.1 of RA No. 8291, which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. The summary of remittances of employees' premium contributions and employer's share for CY 2018 is shown in Table 23.

Table 23 – Summary of remittances to GSIS

	Withheld	Remitted
Retirement and life insurance premiums	P 22,088,527	P 21,554,615
Government share	-	26,391,420
	P22,088,527	P47,946,035

11.1. Likewise, in CY 2018, the PCA complied with the Employees' Compensation Insurance Fund - Article 183, Chapter IV Section 1 of PD No. 626, as amended, which requires an employer to remit to the System a contribution equivalent to one per cent of the monthly salary of employees of the public sector with a maximum limit of P100 per month. In CY 2018, Employees Compensation Insurance premiums paid by PCA amounted to P0.630 million.

PhilHealth and PAG-IBIG Premiums

12. In CY 2018, PCA complied with Title III, Rule III, Section 18 of Implementing Rules and Regulations of RA No. 7875, as amended, in payment of national health insurance premium contributions to the PhilHealth. Employer's and employees' share totaling P2.625 million were remitted to PhilHealth.

12.1. The PCA also complied with Rule VII, Section 3 of the Implementing Rules and Regulations of RA No. 9679 in the collection and remittance of contributions to the Pag-ibig fund. Employer's and employees' share totaling P0.624 million were remitted to Pag-ibig fund.

SUMMARY OF AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS

13. As of December 31, 2018, total unsettled disallowances and suspensions amounted to P74.877 million and P1.577 million, respectively. Of the total 186 Notice of Disallowances (NDs), five were issued with Notices of Finality of Decision (NFDs) and COA Orders of Execution (COEs) and one for issuance of NFD. Thirty Eight NDs with Petition for Review before the Commission Proper (CP), one was affirmed by the Cluster Director while 141 are under Appeal. Lastly, there were 15 outstanding Notices of Suspension (NSs) and no unsettled charges at year end. The details and status of the unsettled disallowances and suspensions are presented in Annex A, Part IV of this Report.

Table 24 – Unsettled Audit Disallowances, Suspensions and Charges

	No. of NDs/ NSs	Beginning Balance (Restated)	Disallowances/ Adjustments/Settlements	Ending Balance
Disallowances				
With NFD and COE	5	P 1,142,965	P (232,472)	P 910,493
For Issuance of NFD	1	1,600		1,600
With Petition for Review	38	47,007,258		47,007,258
Affirmed by the Cluster Director	1	194,373		194,373
With Appeal Memorandum	141	22,960,819	3,802,112	26,762,931
Without Appeal		232,120	(232,120)	
Total	186	P71,539,135	P3,337,520	P 74,876,655
Suspensions	15	P5,198,957	P (3,621,591)	P 1,577,366

13.1. In addition to the disallowance of P74.877 million, there were NDs totaling to P133.683 million recorded in the books as Other Receivables-Disallowances account which pertained to the disallowance issued before the effectivity of the 2009 Rules and Regulations on the Settlements of Accounts under COA Circular No. 2009-006 dated September 15, 2009.

13.2. The disallowances of P0.910 million, (with NFD and COE) which are already finally and executory shall be recorded in the PCA Book in CY 2019.

PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 203 audit recommendations embodied in the previous years' Annual Audit Reports (AARs), 79 were fully implemented and one was no longer doable, thus, deleted in the Status. Forty one audit recommendations in Calendar Year (CY) 2016 which were reiterated in CY 2017 were no longer included, hence deleted in this Status. Notices of Disallowance issued for four audit recommendations, thus excluded from this Status but incorporated in Annex B (Status of Unsettled Audit Disallowances and Suspensions). Forty One audit recommendations were partially implemented; 13 were not implemented; and 24 were revised and reformulated to be more specific, doable and measurable as follows:

Observations and Recommendations	Actions Taken / Comments
<u>CY 2017 AAR</u>	
<p>1. The reliability of the Property, Plant and Equipment (PPE) account with carrying balance of P704.108 million as at year-end could not be ascertained due to: (a) absence of subsidiary ledgers (SLs) for PPE with carrying amount of P158.344 million; (b) non-reconciliation of the discrepancy of P11.980 million between the General Ledger (GL) balance and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); and (c) non-conduct of inventory of PPE with carrying amount of P29.000 million. Moreover, the PPE was overstated by P15.403 million, due to: (a) non-recording of the transfer of equipment to farmers-beneficiaries of Philippine Coconut Authority (PCA) projects in the total amount of P11.904 million and disposal of equipment with carrying amount of P1.043 million; and (b) incomplete application of change in accounting policy where PPE items in the amount of P2.456 million that are below capitalization threshold were still recorded as PPE.</p>	<p>Revised and reformulated in Part II -- Observations and Recommendations No. 1 of this Report.</p>
<p>We reiterated our previous year's recommendation that Management direct the Accounting Division of Central Office (CO) and Accounting Section of Regional Office (RO) No. VIII with coordination of the Property Division/Section to prepare and maintain complete Property, Plant and Equipment Ledger Card/ Subsidiary Ledgers (PPELCs/SLs) to support the PPE GL balances</p>	

Observations and Recommendations	Actions Taken / Comments
under various Funds.	
We likewise recommended that Management require the:	
a. Accounting Division and Property Division of the CO to exert effort to reconcile the discrepancy of P11,980 million between accounting records and the RPCPPE;	Revised and reformulated in Part II – Observations and Recommendations No. 1 of this Report.
b. Regional Manager of RO No. VII to cause the conduct of complete physical count of PPE, preparation of the RPCPPE, and reconciliation of the said Report with the Property and Accounting records;	-do-
c. Accounting Sections of RO Nos. V and XI to derecognize in the books the machineries and equipment procured under the Kasaganahan sa Niyugan Kaunlaran ng Bayan (KAANIB) KAANIB Enterprise Development Projects (KEDP) that were already distributed to farmers-beneficiaries;	-do-
d. Accounting Division of the CO and Accounting Section of RO No. V to prepare the necessary adjusting entries to derecognize tangible items below the capitalization threshold of P15,000 from the PPE account as these were already issued to end-users;	-do-
e. Internal Audit Division to formulate standard operating procedures, for approval of the Governing Board, on the procurement and distribution of equipment and machineries under the KEDP- Community/Household-Level Coconut Processing Project (CHLCP), to include, among others, recording in the books of accounts and control measures to establish accountability over the assets prior to distribution/donation to farmers-beneficiaries, in accordance with existing accounting rules and regulations; and	-do-
f. Accounting Division of the CO and all Accounting Sections of the ROs/Centers to, henceforth, strictly observe the Philippine Public Sector Accounting Standards (PPSAS) and Government Accounting Manual (GAM) on	-do-

Observations and Recommendations	Actions Taken / Comments
the proper accounting of PPE.	
<p>2. The reliability of Due from Government Owned and Controlled Corporations (GOCCs), Due from National Government Agencies (NGAs), and Due from Non-Government Organizations (NGOs)/People's Organizations (POs) accounts of P290.992 million, P46.373 million, and P1.311 million, respectively, or aggregating P338.676 million as at December 31, 2017 was doubtful in view of discrepancies of P42.236 million between PCA and Implementing Agencies (IAs)/NGO records which could be attributed to non-recording of liquidation of fund transfers in the books of PCA. Likewise, the Due from GOCCs-Philippine International Trading Corporation (PITC) account was overstated by P102.563 million in view of the non-recording of delivered fertilizers in CY 2016, since the PITC, the procurement agent of PCA, did not submit the corresponding Liquidation Reports (LRs) as basis in recording thereof in the PCA books.</p>	
<p>We recommended that Management direct the Accounting Division to:</p>	
<p>a. Closely coordinate with the concerned IAs for the reconciliation of their records to reflect the accurate balances of the Due from NGAs, Due from NGOs/POs and Due from GOCCs accounts;</p>	<p>Revised and reformulated in Part II – Observations and Recommendations No. 3 of this Report.</p>
<p>b. Demand from the IAs the submission of the LRs for the expended portion of the fund transfers and/or return of the unutilized fund transfers;</p>	<p>-do-</p>
<p>c. Request from Food and Nutrition Research Institute copy of documents to show that the unexpended balance of fund transfer was returned to the Bureau of the Treasury; and</p>	<p>-do-</p>
<p>d. Make persistent demands from PITC for the full liquidation of the fund transfers and the submission of lacking documents to support the utilization of funds for the procurement of fertilizers.</p>	<p>-do-</p>

Observations and Recommendations	Actions Taken / Comments
<p>3. The reciprocal accounts Intra-agency Receivables and Intra-agency Payables were not completely eliminated at year-end due to inadequate reconciliation that resulted in the remaining balance of P64.824 million under the Intra-agency Receivables account; thereby misstating the total Receivables and other affected accounts. The difference was attributed mainly in the recording of Advice of Sub-allotment (ASA) by the ROs without actual cash transfers from CO, which is not in accordance with PPSAS 1 and Commission on Audit (COA) Circular No. 2015-10.</p>	
<p>We recommended that Management direct the:</p>	
<p>a. Internal Audit Division to immediately revise the existing guidelines in recording fund transfers from CO to ROs/Centers for the implementation of projects funded under the General Appropriations Act (GAA), to be uniformly applied by the Accounting Division of CO and Accounting Section of ROs;</p>	<p>Partially Implemented.</p>
<p>b. Accounting Division of CO and Accounting Section of ROs to:</p>	
<p>b.1. Exhaust all efforts to analyze, review and reconcile the Intra-agency Receivables and Payable accounts to completely eliminate the balance in the financial statements;</p>	<p>Partially Implemented.</p>
<p>b.2. Stop the practice of recording ASA without actual fund transfer; and</p>	<p>Partially Implemented.</p>
<p>b.3. Record cash transfers from the CO for the implementation of projects funded under the GAA as Subsidy from CO instead of Due to CO.</p>	<p>Partially Implemented.</p>
<p>4. The Financial Liabilities - Accounts Payable (AP) account of CO and RO No. V aggregating P360.296 million, which represented 47.75 per cent of the total AP account balance of P754.481 million at year-end, was overstated by P102.491 million due to the inclusion of liabilities that did not meet the recognition criteria under PPSAS 19 such as: (a) liabilities</p>	

Observations and Recommendations	Actions Taken / Comments
<p>in the amount of P84.822 million for benefits of officers and employees that have no legal basis to be granted; (b) cancelled payment in the amount of P1.450 million as the supplier was already paid was erroneously reverted back to payable; (c) undocumented payables without pending claims totalling P12.832 million; and (d) long-outstanding payables for two to four years in the amount of P3.387 million without valid claims and supporting documents and could have been reverted/closed to Accumulated Surplus account as provided in COA Circular No. 99-004.</p> <p>We recommended that Management direct the Accounting Division of CO and Accounting Unit of RO No. V to:</p> <p>a. Ensure that accruals and payables pertained to valid claims, supported with complete documents and compliant with the recognition criteria provided under PPSAS 19; and</p> <p>b. Prepare the necessary adjusting journal entries to close/revert back to Accumulated Surplus account the long outstanding payables without supporting documents and valid legal basis and, have been outstanding for two years or more and against which no actual claims have been filed or which are not covered by perfected contracts.</p> <p>5. The reliability of the year-end balance of Inter-agency Payables - Due to Other National Government Agencies (NGAs) account of P44.490 million representing fund transfers from different source agencies (SAs) for the implementation of 43 programs/projects by the ROs/Centers was doubtful due to unreconciled net discrepancies of P46.721 million between the records of PCA and SAs, which could be attributed to late or non-submission of Reports of Disbursement (RDs) to the concerned SAs. Moreover, the transfer of dormant Due to NGAs account totalling P13.369 million to Accounts Payable (AP) account understated the Due to NGAs account and overstated the AP account by the same amount.</p>	<p>Partially Implemented.</p> <p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken / Comments
<p>We reiterated our prior year's recommendations that Management:</p>	
<p>a. Direct the Accounting Division - CO to:</p>	
<p>a.1. Prepare and submit separate RD on the expenditures incurred by CO, require Accountants of concerned ROs/Centers to submit their respective RDs to support timely liquidations of fund transfers to SAs;</p>	<p>Revised and reformulated in Part II – Observations and Recommendations No. 2 of this Report.</p>
<p>a.2. Conduct regular and periodic verification and analysis of fund transfers to ensure that outstanding balances are reconciled with SAs' records;</p>	<p>-do-</p>
<p>a.3. Cause the remittance to SAs of the unexpended balances of dormant/non-moving funds for completed projects; and</p>	<p>-do-</p>
<p>b. Direct the concerned ROs/Centers to immediately submit the RDs and, henceforth, ensure timely submission of RDs to Accounting Division CO to facilitate liquidation of fund transfers to SAs.</p>	<p>-do-</p>
<p>6. Coconut palms and other fruit bearing trees numbering 55,749 and their agricultural produce or products were not recognized in the books of Davao Research Center (DRC), Albay Research Center (ARC) and Zamboanga Research Center (ZRC) as either Biological Assets, PPE or Inventories as required in PPSASs 27, 17 and 12, thereby understating the total assets of undetermined amount as at December 31, 2017.</p>	
<p>We recommended that Management instruct the Managers of ARC, DRC and ZRC to:</p>	
<p>a. Determine the fair value of the coconut palms and other fruit bearing trees in accordance with the applicable mode of measurement prescribed in the PPSAS 27; and</p>	<p>Revised and reformulated in Part II – Observations and Recommendations No. 4 of this Report.</p>
<p>b. Require the Accounting Division of the CO and the Accounting Section of the Centers to</p>	<p>-do-</p>

Observations and Recommendations	Actions Taken / Comments
<p>record in the books the coconut palms and other fruit bearing trees and their agricultural produce or products under appropriate asset accounts (i.e., PPE-Biological Assets, Bearer Biological Assets or Agricultural Produce Held for Consumption/Sale/Distribution) and provide in the Notes to Financial Statements the required disclosure.</p>	
<p>7. In RO Nos. V, VIII, XI, XII, XIII, XIV Autonomous Region in Muslim Mindanao and ARC, procured Agricultural and Marine Supplies for distribution to farmers-beneficiaries and Supplies and Materials for use in operations were not recorded using perpetual inventory method, but instead were recorded as an outright expense; thus, the undistributed and unused supplies in undetermined amount were not recognized as inventory as at year-end, understating the inventory account and related expense accounts.</p>	
<p>We recommended that Management instruct the:</p>	
<p>a. Accounting Units of the concerned ROs to record the agricultural and marine supplies and supplies and materials purchased for inventory purpose using the perpetual inventory system as prescribed under Section 9, Chapter 8, Government Accounting Manual, Volume I; and</p>	Partially Implemented.
<p>b. Regional Managers to cause the conduct of physical count of inventories in their respective Regions and reconciliation of the results thereof with accounting records to ensure that inventories are presented in the financial statements in accordance with the prescribed standards.</p>	Partially Implemented.
<p>8. Shares of Local Government Units (LGUs) from permit fees for cutting of coconut trees collected by RO Nos. I-IV-B, V, XII and XIV totalling P6.170 million were not remitted to concerned municipalities and barangays within three months from the date of collection, contrary to the provisions of Republic Act (RA) No. 8048, as amended by RA No. 10593,</p>	

Observations and Recommendations	Actions Taken / Comments
<p>thereby depriving the concerned LGUs of funds intended for the rehabilitation of roads damaged by the passage of heavy vehicles used for transporting coco lumber and, might hamper LGUs' cooperation in the preservation of coconut trees.</p>	
<p>We recommended that Management direct the:</p>	
<p>a. Concerned ROs to strictly observe the remittance of LGUs' shares from the coconut cutting permit fees within three months from date of collection;</p>	Partially Implemented.
<p>b. Provincial Development Coconut Managers (PCDMs)/Collecting Officers of RO No. I-IV-B to prepare a monthly report on coconut cutting permit fees indicating therein, among others, the name of payor, farm location, number of trees cut, OR number, date of issuance, and amount of share of the concerned LGU as an integral part of the monthly Cash Receipts Register, to facilitate computation and remittance of the shares of LGUs; and</p>	Partially Implemented.
<p>c. RO No. I-IV-B to fully remit LGUs' shares on monthly basis based on the monthly report on coconut cutting permit fees duly validated against the monthly Cash Receipts Register; and</p>	Partially Implemented.
<p>9. Properties of RO No. V, DRC and ZRC with carrying amount of P53.585 million were not insured with the Government Service Insurance System (GSIS) in CY 2017, contrary to Section 5 of RA No. 656 or the Property Insurance Law; thus, exposing the Agency to risk of non-indemnification in case of damage to or loss of the uninsured properties due to fire, earthquake, storm or other casualty.</p>	
<p>We recommended and Management agreed to direct RO No. V, ARC and ZRC to insure all insurable properties with the GIF of the GSIS to protect the interest of the Agency and in compliance with Section 5 of RA No. 656.</p>	Revised and reformulated in Part II – Observations and Recommendations No. 7 of this Report.

Observations and Recommendations	Actions Taken / Comments
<p>10. The CY 2017 Gender and Development (GAD) GAD Plan and Budget (GPB) of PCA with allocation of P61.594 million was not approved/endorsed by the Philippine Commission on Women (PCW), as required under Section 8.6 of Joint Circular (JC) No. 2012-01 issued by the PCW-National Economic and Development Authority (NEDA)-Department of Budget and Management (DBM), due to late submission thereof; thus, there was no assurance that the programs, activities and projects (PAPs) indicated therein were aligned with the gender issues under the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025. Despite the non-approval of its GPB, PCA carried out some of the GAD activities costing P9.379 million; however, there is no assurance that the conducted activities addressed GAD related issues in the absence of CY 2017 GPB duly endorsed by PCW. In addition, the GAD Accomplishment Report (AR) did not conform to the format prescribed under PCW-NEDA-DBM JC No. 2012-01.</p>	
<p>We recommended and Management agreed to:</p>	
<p>a. Strictly comply with EO No. 273, PCW-NEDA-DBM JC No. 2012-01, COA Circular No. 2014-01, and PCW Memorandum Circulars;</p>	<p>Revised and reformulated in Part II – Observations and Recommendations No. 8 of this Report.</p>
<p>b. Direct the GAD focal person to:</p>	
<p>b.1. Prepare the Annual GPB and submit the same together with the GAD AR in the prescribed format to PCW for approval/endorsement within the deadline set;</p>	<p>-do-</p>
<p>b.2. Submit to the Audit Team copy of the approved/duly endorsed GPB within five days from receipt thereof and, GAD AR within five working days from the end of January of the following year; and</p>	<p>-do-</p>
<p>c. Ensure that the GAD focal persons of the CO and ROs/Centers are adequately trained to prepare GPB and GAD AR.</p>	<p>-do-</p>

Observations and Recommendations**Actions Taken / Comments**

11. The evaluation of Agency's performance is deficient in the absence of a specific unit to perform monitoring and evaluation of resources as spelled out in PCA's Quality Management Systems Manual, and to communicate the results to top Management for decision making. Consequently, progress monitoring reports and their supporting financial reports, such as, Budget and Financial Accountability Reports (BFARs) and Budget Execution Documents (BEDs) required by the DBM and, evaluation and monitoring reports required under various projects' guidelines were not prepared; physical accomplishment reports were not reviewed and evaluated; and success indicators were not measured.

We recommended that Management:

- | | |
|---|--|
| a. Consider creating a Unit to perform monitoring and evaluation of resources and the Agency's overall performance or tap the Internal Audit Division to perform such functions as prescribed under Philippine Government Internal Audit Manual; and | Revised and reformulated in Part II – Observations and Recommendations No. 5 of this Report. |
| b. Require the Budget Division, Corporate Planning Services and Operations Department to regularly prepare, on the manner prescribed, the consolidated BEDs and BFARs and submit these reports to concerned offices as required under DBM Circular Letter No. 2016-9 dated October 27, 2016 and COA-DBM Joint Circular No. 2014-1 dated July 2, 2014. | -do- |
12. In RO Nos. VII, IX and X, various machineries and equipment distributed to Coconut Based Organizations (CBOs) and Micro, Small and Medium Enterprise (MSMEs) for livelihood projects under the KEDP-Community/Household-Level Coconut Processing Project (CHLCP) were either non-operational, idle or not fully utilized due to inadequate evaluation of the project proposals, thus, resulting in non/delayed attainment of the objectives of the project of increasing farmers' income and improving their entrepreneurial

Observations and Recommendations	Actions Taken / Comments
skills.	
<p>We recommended that Management require the concerned ROs to closely monitor the implementation of the livelihood projects to ensure attainment of objectives and require the CBOs and the PCDMs to timely submit the required periodic status reports for RO's evaluation.</p>	Partially Implemented.
<p>13. In RO No. X, the inability of the Supplier to deliver cacao seedlings to the farmers-beneficiaries resulted in non-utilization of 1,320 bags of Wellgrow Organic Fertilizer costing P0.525 million that were not provided with proper storage causing deterioration, to the disadvantage of farmers-beneficiaries of KEDP-Coconut Intercropping Project (CIP).</p>	
<p>We recommended that Management, require RO No. X to:</p>	
<p>a. Plan properly the procurement of agricultural inputs, such as fertilizers and cacao seedlings to ensure timely delivery and use thereof by the farmers-beneficiaries to prevent wastage of government resources; and</p>	Partially Implemented.
<p>b. Design ways that greater number of poor marginalized Coconut farmers can avail of the livelihood projects provided by the PCA and institute control mechanism in screening the farmers-beneficiaries to avoid duplication of provision of same benefits to same farmers by other government agencies that have similar program with that of the PCA.</p>	Partially Implemented.
<p>14. In RO No. XIII, the inadequacy in monitoring the distribution and utilization of fertilizers under the Coconut Fertilization Program resulted in non-utilization of 3,960 bags of procured Coco peat fertilizers without proper storage, thereby exposing these agricultural inputs to damage and pilferage to the detriment of the farmers-beneficiaries.</p>	
<p>We recommended that Management require RO No. XIII to instruct the Coconut Development Officer (CDO) to:</p>	

Observations and Recommendations	Actions Taken / Comments
a. Strictly comply with the PCA Memorandum Circular (MC) and conduct adequate monitoring of the distribution and application/utilization of fertilizers and submit the required reports on a timely basis to aid the RO in planning the procurement of the fertilizer;	Partially Implemented.
b. Cause the application of the fertilizers, if needed, or the protection thereof from further damage and loss; and	Partially Implemented.
c. Submit immediately to RO records and reports supporting the receipt and issuances of the 3,960 bags of fertilizers, copy furnished COA, for monitoring and audit purposes.	Partially Implemented.
15. Efficiency and economy in the implementation of Accelerated Coconut Planting and Replanting Project (ACPRP) in the total amount of P14.865 million in RO Nos. IV-A, I-IVB, VIII, IX and XIII were not assured in view of various deficiencies, such as, among others: (a) incomplete and delayed delivery of 377,000 coconut seedlings amounting to P9.987 million under ACPRP - Indigenous People's Outreach Program (IPOP); (b) payment of incentives totalling P4.000 million to farmers-participants who did not meet the pre-condition requirement of the Participatory Coconut Planting Project (PCPP); (c) doubtful validity of payment of cash incentives in the total amount of P498,062 and distribution of coconut seedling in the amount of P54,730; and (d) distribution of 9,507 seedlings without soil assessment that resulted in mortality of the seedlings costing P254,046.	
We recommended that Management require the concerned ROs to:	
a. Cause the immediate delivery of the remaining seedlings from the supplier and impose liquidated damages thereon due to delay in the delivery;	Partially Implemented.
b. Require the Coconut Development Officers (CDOs) to explain the deficiencies noted in the: (i) payments of cash incentives and	Partially Implemented.

Observations and Recommendations**Actions Taken / Comments**

(ii) distribution of coconut seedlings with doubtful validity and without conduct of soil suitability assessment. Hold them accountable, if warranted.

CY 2016 AAR

16. Outstanding balances of fund transfers and other receivables accumulating to P11.921 million and P1.396 million, respectively, have been dormant/non-moving for over 1 to 31 years. Also, said dormant fund transfers with unutilized balances aggregating P1.237 million have not been refunded/returned to the concerned SAs, contrary to COA Circular Nos. 97-001 and 94-013.

We recommended that Management direct the:

- a. Division Chief III, CO Accounting Division to:

a.1 Conduct verification, analysis, validation and reconciliation of the existence of the dormant fund transfers; and

Not Implemented.

a.2 Cause the remittance to SAs of the unexpended balances of dormant/non-moving funds for completed/abandoned programs/ projects and revert the unreturned amount of fund transfers from AP to Due to NGAs account;

Not Implemented.

- b. Regional Manager, RO No. IV-A to:

b.1. Maximize efforts on the possible collections of receivables; and

Partially Implemented.

b.2. Re-submit the request for write-off duly supported with complete documentary requirements pursuant to COA Circular No. 2016-005 dated December 19, 2016.

Partially Implemented.

17. The grant of Collective Negotiation Agreement (CNA) incentives to officers and employees for Fiscal Year (FY) 2015 accumulating to P11.475 million was not fully compliant with the pertinent procedural guidelines and conditions

Observations and Recommendations	Actions Taken / Comments
<p>prescribed under DBM Budget Circular (BC) No. 2015-2 dated November 23, 2015, thus considered irregular expenses.</p>	
<p>We recommended that Management submit a justification as to why the payment of FY 2015 CNA incentives in the total amount of P11.475 million should not be disallowed in audit, duly supported with, but not limited to, the following:</p>	
<p>a. Documents showing the rates of FY 2015 CNA incentives and payment thereof sourced from the allowable Maintenance and Other Operating Expenses allotments, as determined and approved, respectively, by the DBM; and</p>	Not Implemented.
<p>b. Fund Utilization Reports for CYs 2014-2015 and every year thereafter.</p>	Not Implemented.
<p>18. Procurement of food and cellular cards in the amounts of P2.623 million and P0.670 million, respectively, or total of P3.293 million for CYs 2015-2016 were awarded to favored suppliers and with conflict of interest as price quotations (PQs) were fabricated/fictitious while the suppliers have access to information or influence the decision of PCA, thus, contrary to applicable provisions of 2009 and 2016 Revised Implementing Rules Regulation (IRR) of Republic Act (RA) No. 9184. Further, food procurements were made through small value procurement (SVP), notwithstanding that the amount involved exceeded the thresholds provided under Annex "H" of 2009 Revised IRR of RA No. 9184. Hence, there is no assurance that PCA obtained the most advantageous cost for the goods procured.</p>	
<p>We recommended and Management agreed to:</p>	
<p>a. Instruct General Service Division to :</p>	
<p>a.1 Comply with Section 10 of 2016 Revised IRR of RA No. 9184 in the procurement of goods and services including meals should the total amount thereof exceeds the threshold provided in Annex "H" of the same Revised IRR of same RA;</p>	Partially Implemented.

Observations and Recommendations	Actions Taken / Comments
<p>a.2 Ensure proper procurement planning such that proposed and approved budgets are realistic and PRs are prepared and submitted by end-users before actual procurement; and</p>	Partially Implemented.
<p>We also recommended that Management conduct investigation and hold liable the officials and employees who participated in producing fictitious/fabricated PQs and facilitated the payment of irregular transactions for procurement of foods and cellular cards.</p>	Not Implemented.
<p>19. Accounting records and reports, i.e., FSs, Trial Balances (TrBs), General Journals (GJs), DVs, and JEVs were either submitted/provided late ranging from 68 to 247 days, or not submitted/provided at all, notwithstanding the fact that the FS were already submitted/rendered, contrary to Section 7.2 of the 2009 Rules and Regulations on Settlement of Accounts (RRSA) and Section 122 of Presidential Decree (PD) No. 1445, thus precluding timely audit of the accounts and operations of PCA. Meanwhile, the GL and SL balances were not used as the bases in the preparation of TrBs and FSs, contrary to Section 114 of PD No. 1445, thereby casting doubt on the correctness, completeness, reliability, and validity of the year-end account balances.</p>	
<p>We recommended and Management agreed to require the Manager of the Finance Department to:</p>	
<p>a. Submit complete accounting records and reports within 10 days of the ensuing month, pursuant to Section 7.2 of the 2009 RRSA, as well as, e-copy of the same to facilitate timely review/audit thereof; and</p>	Not Implemented.
<p>b. Instruct accounting staff to promptly post journal entries to the GLs and SLs to ensure that balances of the accounts are correctly forwarded to the TrB.</p>	Partially Implemented.

Observations and Recommendations**Actions Taken / Comments**

20. In RO Nos. VI and VIII the conduct of the pre-procurement conference by the Bids and Awards Committee (BAC) prior to the advertisement or issuance of the Invitation to Bid (ITB) for 35 contracts of Yolanda Rehabilitation and Reconstruction Program (YRRP) and Coconut Fertilization Project totaling P227.504 million as required under Section 20 of the Revised IRR of RA No. 9184 could not be established due to the absence of the minutes of meeting, thus, there was no evidence as to what have transpired during the conference especially on significant matters that are necessary in the next phase of the procurement process. Also, in RO No. XIII, the BAC did not prepare and submit Procurement Monitoring Report (PMR) to the Government Procurement Policy Board (GPPB), as required under Section 12.2 of the IRR of same RA, thus, there was no assurance that all procurement activities have been conducted as scheduled and pursuant to the provisions of the law and its IRR.

We recommended that Management require the BAC and Technical Working Group (TWG) of the concerned ROs to submit an explanation why there were no pre-procurement conferences conducted for 35 contracts with an aggregate cost of P227.504 million.

Partially Implemented.

21. Quarterly reports on the grant received from Government of Japan through the Japan Asean Integration Fund (JAIF) amounting to USD758,294 or P33.828 million and expenditures or disbursements thereon were neither submitted to the Audit Team nor posted on the Agency's website, contrary to Section 6 of GAA of FY 2016, thereby, precluding expeditious and complete review, as well as, transparent reporting of the Grant. Further, no report of expenditures had been maintained by PCA on its counterpart fund of USD25,800, which would indicate that PCA has not adopted the counter-parting scheme aimed to foster project ownership, hence, inconsistent with Item 2.B.4 of the Project Document of the Grant.

Observations and Recommendations	Actions Taken / Comments
<p>We recommended that Management direct the concerned personnel to prepare and submit the following supporting documents to the respective Audit Teams of CO and concerned ROs for audit purposes:</p>	
<p>a. Quarterly reports on grant/donation received and expenditures or disbursements thereon and ensure the posting thereof on the website of PCA, pursuant to Sections 5, 4 and 6 of GAAs for FYs 2014, 2015 and 2016, respectively;</p>	Partially Implemented.
<p>b. Report of disbursements on PCA-counterpart fund of USD25,800; and</p>	Not Implemented.
<p>c. Budget realignment duly approved by the Government of Japan.</p>	Not Implemented.
<p>We further recommended that Management, henceforth, ensure that realigned project funds be duly approved by the source/donor agency prior to obligation and disbursement thereof and strictly comply with the conditions and requirements set in the Memorandum of Agreement.</p>	Not Implemented.
<p>22. Treatment on Coconut Scale Insect-infested coconut trees in Basilan Province incurred unnecessary expenses of P8.437 million as 421,337 severely infested coconut trees treated with leaf pruning and trunk injection, 403,893 thereof progressed from moderate to severe status, while 17,444 treated trees died.</p>	
<p>We recommended that Management:</p>	
<p>a. Direct the Office of the Research and Development Center, CO and other line agencies to provide results of analysis on the assessment of treatment procedures conducted in the field by RO No. XIV to come up with more detailed and specific solution in the implementation of the Coconut Scale Isect Emergency Action Program (CSIEAP); and</p>	Partially Implemented.
<p>b. Reassess and meticulously evaluate treatment procedures of the CSI infestation in the Basilan Province and oblige all affected</p>	Partially Implemented.

Observations and Recommendations	Actions Taken / Comments
<p>coconut farmers to apply cutting procedures for untreatable infested coconut trees for replacement with new ones to avoid further escalation and incurrence of unnecessary expenses which may result in wastage of government resources.</p>	
<p>23. Payment of P1.860 million by RO Nos. I-IV-B to the Provincial Government of Palawan (PGP) for the 61,950 seedlings delivered by two unregistered suppliers and absence of PCA representative during the delivery were not in accordance with Items 2.6 and 3.7.21 of PCA MC Nos. 02, Series of 2012 and 02, Series of 2013, respectively, resulting in high mortality of seedlings, since these have not been inspected for quality standards, consequently disadvantageous to the government.</p>	
<p>We recommended that Management direct the Regional Manager, RO Nos. I-IV-B to demand from PGP replacements of coconut seedlings delivered by the unregistered suppliers which did not survive;</p>	<p>Partially Implemented.</p>
<p><u>CY 2015 AAR</u></p>	
<p>24. The balance of Deferred Credits account in the amount of P102.553 million had remained outstanding in the books, notwithstanding that the fertilizers and other intercropping agricultural supplies have already been distributed to beneficiaries, due to non-submission/incomplete supporting documents while the balance of Inventories account amounting to P142.424 million included the costs of said agricultural supplies, resulting in the overstatement of the said accounts as well as the Agency's reported total assets and liabilities by P102.553 million.</p>	
<p>We recommended that Management direct the:</p>	
<p>a. Provincial Offices (PrOs) to exhaust efforts to immediately comply with the documentary requirements to support the distribution and/or issuance of agricultural and non-agricultural supplies; and</p>	<p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken / Comments
b. Accounting Division of CO and Accounting Units of ROs/Centers to:	
b.1 Conduct verification, analysis, and reconciliation between long/non-moving Agricultural and Marine Supplies Inventory and Deferred Credits accounts;	Partially Implemented.
b.2 Effect the necessary adjusting journal entries upon verification and validation of documents supporting the distribution of agricultural and non-agricultural supplies; and	Partially Implemented.
b.3 Henceforth, stop the practice of using Other Deferred Credits accounts, instead adopt asset method of recording inventories.	Partially Implemented.
25. In Zamboanga Research Center (ZRC) and Davao Research Center (DRC), inventories in the aggregate amount of P16.816 million were no longer found on hand but still recorded as assets, thus, misstating the affected Inventories by the same amount while existence of other inventories totaling P4.347 million could not be ascertained in view of absence of inventory report, contrary to Section 65 of NGAS Manual, Volume II.	
We recommended and Management agreed to require the Supply Officer and Accountants of ZRC and DRC to reconcile their records and effect necessary adjustments in the books.	Partially Implemented.
26. Splitting of contracts for the procurements of 10 units of farm tractors and 219,533 sets of assorted vegetable seeds packs amounting to P34.725 million under emergency mode resulted in forgone discounts on volume purchases and circumvented control measures contrary to Section 54.1 of the IRR of RA No. 9184 and COA Circular No. 76-41 dated July 30, 1976.	
We recommended that Management hold the concerned officials and employees accountable and responsible for splitting the procurements; and henceforth, all procurements should be	Partially Implemented.

Observations and Recommendations	Actions Taken / Comments
<p>conducted through public bidding unless the use of alternative mode of procurement is duly justifiable.</p>	
<p>27. There is no assurance that the 120,000 sets of assorted vegetable seeds packs costing P5.443 million procured in CY 2014 through emergency mode were of good quality due to absence of Certification from the National Seed Quality Control Services (NSQCS) of the Bureau of Plant Industry (BPI) that the suppliers are accredited seed growers and seeds have passed the quality test and standards.</p>	
<p>We recommended that Management submit for audit purposes the Certifications from NSQCS of the BPI that the suppliers are accredited seed growers/producers and vegetable seeds delivered have passed the required quality standards.</p>	Partially Implemented.
<p>28. Efficiency and effectiveness of the chemical treatment on CSI-infested trees could not be established due to the discrepancy in the reported number of treated trees between Accomplishment Reports and billings, among others, as well as, absence of proof of assessment on the effect after treatment.</p>	
<p>We recommended that Management submit the following:</p>	
<p>a. Reconciliation report on the discrepancies noted in the reported number of treated trees; and</p>	Not Implemented.
<p>b. Proof of monitoring/assessment made on the effects of chemical treatment on the CSI-infested trees within 30 and 60 days after treatment, otherwise, submit a justification for the non-conduct of the aforementioned activities.</p>	Partially Implemented.
<p>29. Monitoring and evaluation of actual treatment period rendered by the service provider vis-a-vis the approved work plan could not be established in view of the absence of report on the outcome thereof, thus, resulting in</p>	

Observations and Recommendations	Actions Taken / Comments
<p>inadequate/inaccurate basis for granting an extension period of 10 days and computation of liquidated damages of P14,980, thereby depriving the PCA from recovering the correct equivalent monetary compensation as a result of unnecessary delay.</p>	
<p>We recommended that Management submit the following:</p>	
<p>a. Recomputation of liquidated damages and proof of demand/collection of the amount of difference, should it be established that Philippine Association of Certified Pest Applicators was undercharged of the liquidated damages; and</p>	Not Implemented.
<p>b. Duly supported report and evaluation on the number of treated trees <i>vis-à-vis</i> the work plan of the service provider and filled up CSI Treatment Operations Monitoring forms.</p>	Not Implemented.
<p>30. Validity of budget utilization for quarantine checkpoints/surveillance under the CSIEAP accumulating to P20.732 million could not be established due to absence of proof that required activities were actually implemented, hence, indicating inappropriate use of government resources.</p>	
<p>We recommended that Management direct the concerned personnel to submit duly-supported and duly-summarized proof that activities required under AO No. 01 dated June 9, 2014 were actually implemented.</p>	Partially Implemented.

CY 2014 AAR

31. Two Certificates of Availability of Funds (CAF) in the total amount of P102.630 million charged to the YRRP fund bearing the names of the winning suppliers were issued ahead of the invitation to bid and submission of bid proposals, an indication that there was pre-negotiation with favoured suppliers, thus restricting equal and competitive opportunity to other suppliers who may also be eligible to participate in the bidding, and no assurance that the contract prices are the most

Observations and Recommendations	Actions Taken / Comments
<p>advantageous to the government.</p>	
<p>We further recommended that Management initiate the conduct of investigation to determine what have led to the preparation of CAF already bearing the names of the suppliers even prior to the invitation to bid and the submission of bid proposals, and file appropriate charges against those found remiss in the discharge of their duties.</p>	Partially Implemented.
<u>CY 2013 AAR</u>	
<p>32. There were cash advances granted based on excessive or unsupported detailed estimates of expenses and improper utilization and liquidation thereof, contrary to the provisions of COA Circular Nos. 97-002, 96-004, and 2012-003, which could have possibly resulted in wastage of government funds.</p>	
<p>We recommended that Management formulate policy guidelines to ensure compliance with existing rules and regulations on the grant, utilization, and liquidation of cash advances.</p>	Partially Implemented.
<p>33. Allocation of funds for three locally-funded projects in the aggregate amount of P1.506 billion was not prioritized to regions with the highest poverty incidence of farmers contrary to Item 7 of the Special Provisions of the FY 2013 General Appropriations Act.</p>	
<p>We recommended that Management comply with Item 7 of the Special Provisions of FY 2013 GAA and other applicable laws, rules, and regulations, particularly on budget formulation and allocation of projects of PCA and submit the actual utilization of FY 2013 budget per expenditure and per region to properly assess whether the same was in accordance with Item A.4(B), Section XXXV of FY 2013 GAA.</p>	Partially Implemented.
<p>To be fair in the budget allocation, we recommended for Management to define guidelines in consultation with the ROs regarding the basis for allocating the budget considering that each has its own peculiarities.</p>	Not Implemented.