

2017

CORPORATE GOVERNANCE REPORT



Republic of the Philippines
OFFICE OF THE PRESIDENT



PHILIPPINE COCONUT AUTHORITY



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WHO WE ARE AND WHAT GUIDES US

Philippine Coconut Authority is the sole government agency that is tasked to develop the industry to its full potential in line with the new vision of a united, globally competitive and efficient coconut industry.

MISSION

A developed and globally competitive coconut and other palm oil industry that contributes to food security, improved income, and enhanced participation of all stakeholders by 2020.

VISION

PCA shall ensure the development and implementation of high value programs for the coconut and other palm oil industry carried out in transparent, responsible, and accountable manner and with utmost degree of professionalism and effectiveness.

ORGANIZATIONAL CORE VALUES

Professionalism, Integrity,
Transparency, Excellence

OUR STRATEGY

(Article 1, Section 2, P.D. 1468 or the Revised Coconut Industry Code)

“It is hereby directed to be the policy of the State to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.”

It establishes the legal basis for PCA’s sole stewardship and responsibility over the COCONUT and other PALM OIL industries for the benefit of the coconut and oil palm farmers.



(From left to right) Oil palm plantings in Carmen North Cotabato, PCPP in Makilala North Cotabato, Cocobed in South Cotabato

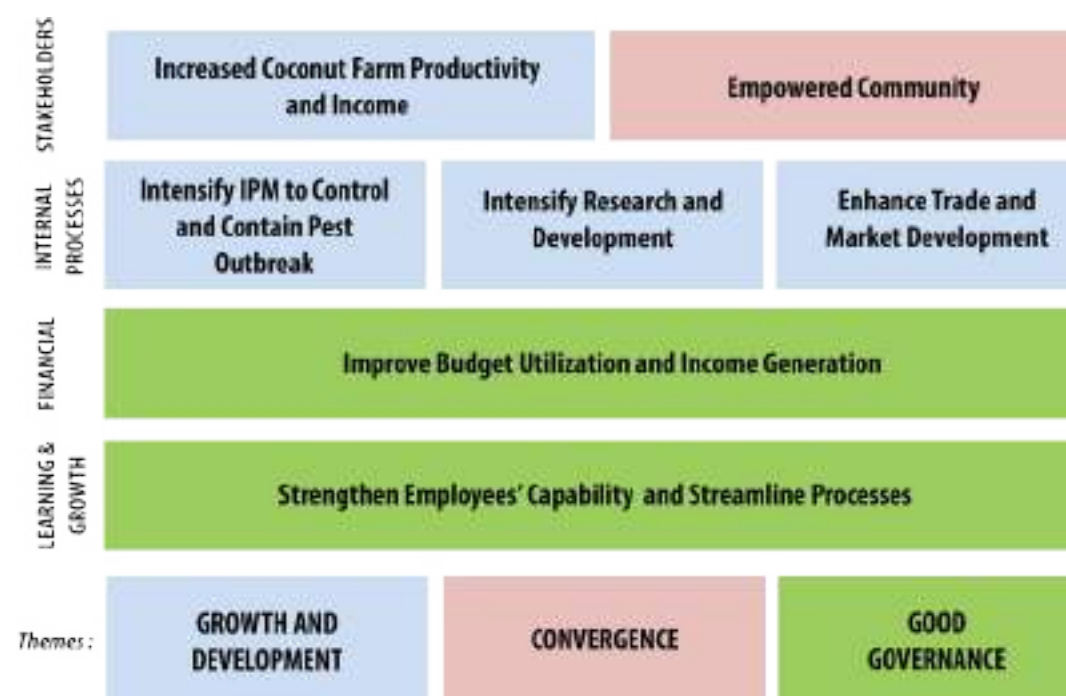
CORPORATE OBJECTIVES

For 2017, the outlook is

- > To support the operationalization of 20 coconut hubs strategically placed nationwide
- > To increase the productivity of coconut palms to 56 nuts/tree/year
- > To ensure the survival of 34.1 million planted coconut seedlings
- > To finalize 12 MOAs for the establishment of seed farms
- > To ensure 400 KANIB sites are generating their own revenue
- > To facilitate & secure the recovery of 85% of CSI-infested palms
- > To conduct and/or participate to 36 market promotional activities
- > To secure 61 new coconut-based investments (at least Php 3 Million each)
- > To obtain an ISO 9001:2015 Certification
- > To require 60% of PCA's employee to satisfy the competencies of their respective position

STRATEGY MAP

PCA strategic map contains all the strategic objectives from which the PCA anchors all measures of performance.



Governing Board Member's Profiles



Leoncio B. Evasco, Jr.

Chairperson (July 1, 2016 to present)

Academic & Professional Qualifications:

A.B Philosophy I Masters in Theology, Seminario Mayor de San Carlos
Masters in Public Administration, Ateneo de Davao University

Committee:

Chairman, Executive Committee

Chairman, Governance Committee

Others:

Cabinet Secretary, Office of the President



Avelino L. Andal

Administrator (November 22, 2016 to June 30, 2017)

Academic & Professional Qualifications:

B.S in Business Management, Mapua Institute of Technology
Manager's Course, UP Institute of Small Scale Industries



Alan P. Tanjuakio

Member (November 27, 2016 to June 30, 2017)

Academic & Professional Qualifications:

B. Comm major in Management, Divine World University- Tacloban

Committee:

Member, Executive Committee

Others:

Board Member, Philippine Chamber of Commerce and Industry, Tacloban City



Abundio Edicio G. Dela Torre

Member (November 27, 2014 to June 30, 2017)

Academic & Professional Qualifications:

B.A Philosophy, Divine World Seminary

M.A Philosophy, Divine World Seminary

Board Committee:

Member, Audit Committee

Member, Nomination and Remuneration Committee

Chairman, Board Committee for Agro- Industrial Hubs Program

Member, Board Risk Management Committee

Others:

Chairperson, Education for Life Foundation

Vice-Chairperson, Philippine Rural Reconstitution Movement

Board Member, Polytechnic University of the Philippines



Conrado S. Capa

Member (March 14, 2017 to June 30, 2017)

Philippine Military Academy (PMA) Graduate
Manuel L. Quezon Academy (MLQU)

Board Committee:

Chairman, Special Investigating Committee
Member, Audit Committee
Chairperson, Board Risk Management Committee
Vice Chairperson, Special Committee on Coconut Scale Insect (CSI)

Others:

Member, PMA Alumni Association
Member, Police Cavaliers
Member, Grand Lodge of Free and Accepted Masons



Roque C. Quimpan

Member (March 14, 2017 to June 30, 2017)

Bachelor of Arts, Queen of Apostles College Seminary

Board Committee:

Vice Chairperson, Special Committee on Coconut Scale Insect (CSI)
Vice Chairperson, Nomination and Remuneration Committee
Chairperson, Board Risk Management Committee



Romulo J. De La Rosa

Member (January 20, 2017 to June 30, 2017)

Academic & Professional Qualifications:

Bachelor of Science in Zoology, University of the Philippines
Master of Science in Business Studies, University of Buckingham

Committee:

Member, Executive Committee
Member, Governance Committee
Chairperson, Audit Committee
Member, Board Committee for Coconut Enterprise Development (CocoED)



Andrew Ian P. Edrada

Board Secretary V, Office of the Corporate Secretary

Academic & Professional Qualifications:

Bachelor of Laws, University of Sto. Tomas, Manila
Masters in Management, Business Management,
Aurora State College of Technology, Baler, Aurora
B.S in Community Development, University of the Philippines,
Diliman, Quezon City

Board Member since June 2015



Lea N. Buenaagua

Internal Auditor, Internal Audit Service

Academic & Professional Qualifications:

Bachelor of Accountancy, Polytechnic University of the
Philippines (PUP), Sta. Mesa Manila
Masters in Business Administration, Non-Thesis, National College
of Business and Arts, Fairview, Quezon City

Board Member since July 2015

Good Governance

Corporate Powers

The corporate powers and duties of the Authority are vested in and exercised by a Governing Board of seven (7) members appointed by the President. The Governing Board has the legal capacity and authority to exercise all corporate powers, conduct all the business, and to hold all the properties of the Authority. The Board is primarily responsible for the governance of the GOCC. Consequently, it is the Board and not Management, that is primarily accountable to the State for the operations and performance of the Agency.

The Board and Conduct of Affair

Principal role of the Board

In addition to those specified in its Charter, the Board performs the following role:

- » Meet regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented or minuted;
- » Determine the GOCC'S purpose and value, as well as adopt strategies and policies, including risk management policies and programs, in order to ensure that the GOCC survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- » Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's over-all performance to ensure optimum results;
- » Adopt a competitive selection and promotion process, a professional development program, as well as a succession plan' to ensure that the Officers of the GOCC have the necessary motivation, integrity, competence and professionalism;
- » Monitor and manage potential conflicts of interest of Directors, Management, and shareholders, including misuse of corporate assets and abuse in related party transactions;
- » Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;
- » Ensure the integrity of the GOCC's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
- » Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and performance areas;
- » Adopt, implement and oversee the process of disclosure and communications;
- » Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions: and
- » Conduct and maintain the affairs of the GOCC within the scope of its authority, as prescribed in its Charter or Articles of Incorporation, By-laws, and applicable laws, rules and regulation.

Discharge of Duties and Responsibilities

Directors must discharge their duties and responsibilities in the best interest of PCA at all times. They are expected to make decisions independently and objectively.

Delegation of Authority by the Board

The creation of Board Committees enables the members of the Governing Board to efficiently manage their time and ensures the proper understanding and resolution of all issues affecting PCA and the proper handling of all other concerns. It allows the Board to effectively utilize the expertise of its Directors.

The Governing Board shall constitute proper committees which shall report to the Board to assist members of the Board in performing their duties and responsibilities. The Board shall also provide each committee with written terms of reference defining duties, authorities and the composition of the constituted committees.

PHILIPPINE COAST GUARD AUTHORITY
Office of the Corporate Secretary

ACTUAL ATTENDANCE OF THE GOVERNING BOARD MEMBERS DURING CALLED BOARD MEETINGS FOR CY 2017

SUMMARY OF ATTENDANCE ACTUALLY ATTENDED DURING CALLED BOARD MEETINGS

NAME OF INCUMBENT MEMBERS OF THE GOVERNING BOARD	PARTICULARS	PERIODS RECEIVED FOR THE YEAR (FY 2017)																PERIODS RECEIVED FOR THE YEAR (FY 2017)	BOARD MEETING	COMMITTEE MEETING	TOTAL OF PERIODS RECEIVED
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
1. GEORGE S. ERASO, JR. Cabinet Secretary, Office of the President	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. ANSELMO L. ANGLI (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. ABUNDO EDWIN G. DELA TORRE (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. JAMES P. ENRIQUETA (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. ROMULO DELA ROSA (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. CONRADO S. CAPA (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. RODRIGUE G. GUANIFAN (Rice Dr., Marine, Ramon B. Amador, Jr.)	ATTENDANCE	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	PERIODS	29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total of Board Members in Attendance =		29	25	25.5	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Meetings of the Board (Refer to Table 1)

The Board meets regularly, ideally at least once every month, to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented and minuted. The presence of at least four (4) Members constitutes a quorum to conduct business. The vote of a majority of the members present constituting a quorum shall be necessary for the adoption of any rules, resolution or decision or any other act of the Board.

The number of Board and Board Committees meetings for year under review as well as Board Members' attendance thereat is set out in Table 1.

LEGEND:
REG - Regular Meeting
SP - Special Meeting
1 - Present
2 - Absent

NOTE:
- 1st Column - Number of Called Meetings
- 2nd Column - Number of Meetings Attended
- Highlighted and Circled are Absentees

Maximum Per Year	12
Per 100,000,000	12
Per 100,000,000	12

Prepared by:
NAGALAN, NINA
Records Officer

Noted:
KIM, ANDREW L. R. EDNA
Board Secretary

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Table 1. Board and committee meetings attendance of the Governing Board CY 2016

Internal Guidelines for Matters Requiring Board Approval

Internal guidelines for matters that require the Board's approval are set out in the Corporate Order # 01 series of 2016. The Corporate Order provides PCA with clear guidelines and ensures that outlined authority limits govern all transactions. The Board is the highest level of authority in the CO #01-A, s. 16 and any project which involves an amount above Php 30,000,000 will require the Board's approval. The CO #01 undergoes regular review and updated to keep pace with the changing needs within PCA.

Board Selection

All members of the Board are qualified by the Fit and Proper Rule adopted by the GCG. In determining whether an individual is fit and proper to hold the position of a Director. Due regard is given to one's integrity, experience, education, training and competence. The GCG, subject to the approval of the President, passed upon and review the qualifications and disqualifications of individuals appointed as Directors and disqualified those found unfit. All Appointive Directors are appointed by the President of the Philippines from a shortlist prepared by GCG. Nomination and shortlisting of prospective Appointive Directors are pursued in accordance with the rules and criteria formulated by GCG.

The term of office of members of the Board, pursuant to Section 17 of R.A. 10149 is for one (1) year, unless removed for cause, provided that each appointive Director shall continue to hold office until his successor is appointed and deemed qualified.

Board and Orientation Training

Upon appointment as a Director, each Director receives a formal letter of appointment from the Chairman. The letter explains in detail a Director's role, duties and responsibilities.

Similarly, each Director appointed onto a Committee will receive a copy of the Charter of that Board Committee. As part of PCA's continuing education for all Directors, the Corporate Secretary circulates to the Board articles, reports and press releases, such as the Senate Bill No. 2116 (Creation of the Philippine Coconut Industry Development Authority) and Senate Bill No. 2126 (The Coconut Farmers and Industry Development Act of 2015) which are relevant to PCA's conduct of business to keep all Directors updated on current industry trends and issues.

In addition, Directors are regularly updated on changes to applicable laws, regulations and accounting standards. The Corporate Secretary informs Directors of relevant upcoming conferences, courses and seminars. PCA also arranges and funds training sessions and seminars attended by the Directors as required.

Management conducts a comprehensive and tailored induction and orientation programme for newly appointed Directors. This programme includes briefings on PCA's mandate, strategic plans and objectives, its financial performance, and meetings with the PCA's senior Management team. Site visits to PCA's Regional Offices, Research Centers, and project sites help to orient the newly appointed Directors to the operational aspects of PCA.

The Office of the Corporate Secretary monitors and arranged funded training and seminars attended by the Governing Board, viz: Seminar on Corporate Governance Orientation Program held on April 26, 2017 at Discovery Premea, Makati City attended by:

1. Director Romulo J. De La Rosa
2. Director Conrado S. Capa
3. Director Roque G. Quimpan

Compensation of Members of the Board

The compensation and allowance of the Chairman and members of the Board is determined by the GCG using as initial reference (E.O. No. 24 dated 10 February 2011 and DBM Budget Circular No. 2013-06.) The Directors does not receive any compensation from PCA other than per diems for actual Board or Committee meetings attended, reimbursement of actual travel expenses including board and lodging and other incidental expenses as allowed by law and rules, and the Performance Based Incentive as may be allowed by GCG.

Holding of multiple seats in GOCCs and PLCs

The PCA adheres to the policy that the capacity of Appointive Directors to serve with diligence must not be compromised. Hence, no PCA Appointive Director may hold more than two (2) other Board seats in other GOCC and PLCs.

Board Composition and Guidance *(Refer to Table 2)*

Board and Size Composition

The PCA Governing Board has one (1) ex-officio member which is the Chairman, and six (6) appointive directors including the Administrator.

The Board consists of Directors with competencies in areas such as agriculture, engineering, law, public administration, management and rural development. In addition, the Directors' combined work experience spans the areas of risk management, strategic planning and agricultural development. The Board believes that the present Board size and composition are appropriate for the foreseeable requirements of PCA.

Chairperson and Administrator

Separation of the Role of Chairperson and Administrator

The Chairperson and Administrator of PCA are separate persons and are not related. The roles of the Chairperson and the Administrator are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairmanship of Hon. Leoncio B. Evasco, Jr, for the Governing Board is pursuant to E.O. #1 s. 2016 dated 20 May 2016. His primary role is to provide leadership and uphold the highest standards of integrity and probity in PCA.

In CY 2017, the Administrator was Hon. Avelino L. Andal. He took office on November 22, 2016 and replaced Hon. Glenn B. Santos who was in OIC capacity from January 1 to November 21, 2016. The Administrator's primary role is to effectively manage and supervise the day-to-day business of PCA in accordance with the strategies and policies, budgets, and plans as approved by the Board.

With the existence of various committees imbued with the power and authority to perform key functions, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority.

Board Performance

Annual Performance Evaluation of the Board

A systematic evaluation process of the Board shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for Board Members to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the Board.

The Board Committee and the Administrator's performance for the period from 01 January 2017 to 30 December 2017. For the 2017 cycle, the Board Secretary/Compliance Officer has also incorporated the recommendations under the GCG framework and made improvements in the evaluation, i.e. modification of the questions

and inclusion of the individual director's self-assessment. The evaluation form has quantitative and qualitative components. The quantitative component involves an evaluation of the scores given by the Board participants on the following:

- » Self-Appraisal Form as Chairman
- » Self-Appraisal Form as Board Member
- » Self-Appraisal Form as Administrator
- » Peer Appraisal Form for Chairman, Board Members and Administrator
- » Board Committee's Performance

The qualitative component provides the Board an opportunity to give its opinions and suggestions, or to identify particular issues or concerns or highlights about its performance or aspects of the Board's operations.

Board, Committee and Individual Director's Self Appraisal/Assessment

Every member of the Board is given copies of the Self-Assessment Form. Individual responses are treated with the highest level of confidentiality and are processed by the Corporate Secretary for the comprehensive results.

When necessary, the members of the Board may have discussions with the Corporate Secretary for clarification or interpretation. The summary of the evaluation results are reported to the Board, through the Audit and Governance Committee, who, in turn develops recommendations for Board consideration or action.

2. The Board Committee's Self-Assessment is intended to review the Board Committee's effectiveness in carrying out its mandate according to its charter. Every member of the Board is given copies of the Committee's Self-Assessment questionnaire to which they shall complete their responses.

The criteria for the Board Self-Assessment are primarily based on the GCG corporate governance principles of fairness, accountability, transparency and recognition of member rights. It also aims to measure leadership and policy knowledge and expertise, Board and committee focus, and strategy.

The criteria for the Board Committee's Self-Assessment are primarily based on the committee's effectiveness in carrying out its functions, their adherence to protocols, their focus to achieve PCA's goals and the exercise of their collective judgment about important matters.

The criteria for the Individual Director's Self-Appraisal are primarily based on the corporate governance principles of fairness, accountability, transparency, equitable treatment of shareholders and recognition of the roles and rights of all stakeholders. It also aimed to measure leadership and business knowledge and expertise, Board and committee focus, strategy, and working relationship with the Management.

The criteria for the Chairman's Evaluation are primarily based on the Chairman's performance in carrying out his mandate, his ability to promote effective participation among the Board members, his leadership and communication skills in terms of fostering collegiality of Board members, and his working relationship with the President.

The criteria for the Administrator's Evaluation are primarily based on the Administrator's leadership and management skills, his working relationship with the Board and his financial management skills.

3. The Individual Director' Self-Appraisal is designed to help them in reviewing their performance and contribution to the Board's effectiveness. The Individual/Peer Assessment questions focus on each Director's obligation under our Manual on Corporate Governance, which are aligned with the leading practices on corporate governance principles of the GCG.

Every member of the Board is given copies of the Self-Assessment Evaluation questionnaire to which they shall complete their responses. Individual responses are treated with the highest level of confidentiality and are processed by the Corporate Secretary for the comprehensive results.

Chairman's and Administrator's Evaluation

1. The Chairman's Evaluation is designed to identify the Chairman's strengths, including areas that should be further developed based on opinions by the Board members.

Every member of the Board is given copies of the Peer Assessment Form (Chairman) questionnaire to which they shall complete their responses. Individual responses are treated with the highest level of confidentiality and are processed by the Corporate Secretary for the comprehensive results.

2. The Administrator's Evaluation is intended to review the Administrator's performance primarily focused on leadership, management style, and working relationship with the Board. It also includes qualitative section whereby directors were asked to give their views on the Administrator on the following aspects:

- » major accomplishments over the past year, and identify the traits and skills exhibited in making them happen;
- » key goals for the past year and the status of achievement of each;

- » areas where to improve personal performance and how those areas could be developed; and
- » key goals for the organization in the upcoming year and an outline of how each goal will be accomplished.

Every member of our Board is given copies of the Peer Assessment Form (Administrator) questionnaire to which they shall complete their responses. Individual responses are treated with highest level of confidentiality and are processed by the Corporate Secretary for the comprehensive results.

When necessary, the members of the Board may have discussions with the Corporate Secretary for clarification or interpretation. The Administrator maybe asked to leave the meeting, for the purpose of evaluation. The summary of the evaluation results are reported to the Board, through the Audit and Governance Committees, who, in turn develops recommendations for Board consideration or action, whenever necessary.

Access to Information

Immediate submission of documents for agenda

Items for inclusion in the Agenda are submitted by Management five (5) working days before the scheduled board meeting. Agenda item that need immediate action by Management are included in the next Agenda for the information of the board. Items not taken up during a Board meeting are usually included for discussion in the next Board meetings. Relevant documents for Board action are forwarded to the Office of the Corporate Secretary with a management memo and/or an executive summary containing recommendation or required action of the Board.

Access to the Corporate Secretary

As a matter of good corporate governance practice, the Directors have separate and independent access to the Corporate Secretary. The Corporate Secretary, acting in the capacity of the meeting secretary, generally attends Board and Board Committees meetings, administers and prepares minutes of the Board and various Board Committees, and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The agenda for Board and Committee meetings are prepared in consultation with the Chairperson, the respective chairpersons of the Committees, and the Administrator to ensure good information flow between Management and the Directors. The Corporate Secretary assists the Chairperson and the Directors in scheduling various Board and Committee meetings respectively, advises the Board on all governance matters, as well as facilitates orientation and professional development as required.

Board Committees (Refer to Table 2)

The Board shall be supported by the following committees:

Executive Committee (EC)

The Executive Committee shall be composed of four (4) Directors with the Chairman of the Board as the Chairman.

In accordance with the authority granted by the Board or during the absence of the Board, the Committee shall act by a vote of at least two-thirds of its members on specific matters within the competence of the Board as may from time to time be delegated to the Committee, except on the following:

- » filling of vacancies in the Board or in the Executive Committee;
- » amendment of policies or adoption of new rules;
- » amendment or repeal of any resolution of the Board in which by its expressed terms cannot be amended or repealed; and
- » exercise of powers delegated by the Board exclusively to other committees.

*Table 2. List of Board Committee Composition (CY 2017)
As of May 2, 2017*

Office of the President
PHILIPPINE COCONUT AUTHORITY
OFFICE OF THE CORPORATE SECRETARY
8/F R&D Building, Elliptical Road, Diliman, Quezon City

As of May 18, 2017

LIST OF BOARD COMMITTEES MEMBERSHIP (CY 2017)

NAME OF BOARD COMMITTEES	COMMITTEE POSITION	NAME OF DIRECTORS
<i>Pursuant to Bd. Res. No. 054-2017, dated 17 May 2017</i>		
A. EXECUTIVE COMMITTEE	Chairperson Member Member	LEONCIO B. EVASCO, JR. ROMULO J. DE LA ROSA ABUNDIO EDICIO G. DELA TORRE ALAN P. TANJUAKIO
B. GOVERNANCE COMMITTEE	Chairperson Member Member	LEONCIO B. EVASCO, JR. ROMULO J. DE LA ROSA ABUNDIO EDICIO G. DELA TORRE
C. AUDIT COMMITTEE	Chairperson Vice-Chairperson Member	ROMULO J. DE LA ROSA ALAN P. TANJUAKIO CONRADO S. CAPA
D. NOMINATION & REMUNERATION COMMITTEE	Chairperson Vice-Chairperson Member	ABUNDIO EDICIO G. DELA TORRE ROQUE G. QUIMPAN ALAN P. TANJUAKIO
E. BOARD COMMITTEE FOR COCONUT ENTERPRISE DEVELOPMENT (CocoED)	Chairperson Vice-Chairperson Member	ALAN P. TANJUAKIO ABUNDIO EDICIO G. DELA TORRE ROMULO J. DE LA ROSA
F. BOARD RISK MANAGEMENT COMMITTEE	Chairperson Vice-Chairperson Member	CONRADO S. CAPA ROQUE G. QUIMPAN ALAN P. TANJUAKIO
G. SPECIAL COMMITTEE ON COCONUT SCALE INSECT (CSI)	Chairperson Vice-Chairperson Member	ROQUE G. QUIMPAN CONRADO S. CAPA ALAN P. TANJUAKIO

Prepared by:


ISAGANI N. ZORRA
Records Officer

Certified Correct:


ATTY. ANDREW IAN P. EDRADA
Board Secretary

Audit Committee (AC) *(See Annex 1 for AC report)*

The Audit Committee shall consist of at least three (3) Directors whose Chairman should have audit, accounting or finance background. The Committee is responsible for the following:

- » Oversee, monitor and evaluate the adequacy and effectiveness of the Authority's internal control system; engage and provide oversight of PCA's internal and external auditors, and coordinate with the Commission on Audit (COA);
- » Review and approve audit scope and frequency of the annual internal audit plan; quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
- » Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- » Ensure that internal auditors have free and full access to all the Authority's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
- » Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the PCA through a Handbook on Procedures and Policies which will be used by the entire Authority.

Nomination & Remuneration Committee (NRC) *(See Annex 2 for NRC report)*

The Nomination and Remunerations Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

- » Install and maintain a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;

- » Review and evaluate the qualifications of all persons nominated to positions which require appointment by the Board;
- » Recommend to the GCG nominees for the shortlist in line with the Governing Board's composition succession plan;
- » Develop recommendations to the GCG for updating of CPCS in accordance with pertinent laws, rules and regulations.

Governance Committee (GC)

The Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities. It shall be composed of at least three (3) members of the Board and shall be chaired by the Chairman of the Board. The Committee shall be responsible for the following:

- » Oversee the periodic performance evaluation of the Board and its committees and that of Management; and conduct an annual self-evaluation of performance;
- » Decide whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation);
- » Recommend to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance;
- » Recommend the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.

Special Committee on Coconut Scale Insect (CSI) *(See Annex 3 for SCCSI report)*

- » To provide the Board an update on the progress and costs of the Coconut Scale Insect Emergency Action Plan (CSIEP)
- » To develop a Give-Back-Better mechanism for areas affected by the infestation
- » To develop and recommend on strategic intervention for immediate treat and prevent the further spread of CSI.

Coconut Enterprise Development (CocoED) *(See Annex 4 for CocoED report)*

- » Formulate/review policies to be submitted to the Board for adoption of Governing Board for policy matters
- » Review, assess and endorsement of proposals for coco-hub prior to the approval of the Board
- » Develop continuing partnership and productive alliance between PCA and its partners (LGUs, SUCs and private secto/social enterprise) for the establishment of commercial coconut processing enterprises

Board Risk Management Committee (RMC) *(See Annex 5 for RMC report)*

The Risk Management Committee shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:

- » Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the GOCC, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- » Developing the Risk Management Policy of the GOCC, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the GOCC, especially at the Board and Management level: and
- » Providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals;

Board Officers and their Responsibilities

Chairman

The Chairman shall, when present, preside at all meetings of the Board. The Chairman's responsibilities include:

- » Calling meetings to enable the Board to perform its duties and responsibilities;
- » Approving meeting agenda in consultation with the Administrator and the Board Secretary;
- » Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- » Assisting in ensuring compliance with the Authority's guidelines on corporate governance.
- » The above responsibilities may pertain only to the Chairman's role in respect to the Board proceedings and shall not be taken as a comprehensive list of all the duties and responsibilities of a Chairman.
- » For legal purposes, the Chairman of the Governing Board shall be considered as the "Head of Agency" of the Authority.

Vice Chairman

In the absence of the Chairman of the Board, the Vice-Chairman shall preside at the meetings of the Board.

Board Secretary

The Board Secretary shall be the highest-ranking officer in the Office of the Corporate Secretary. He must possess organizational, interpersonal skills and legal skills of a Chief Legal Officer. He shall be responsible in:

- » Serving as adviser to Members of the Board on their responsibilities and obligations and ensuring that the Board has the proper advice and resources for discharging its fiduciary duty;
- » Keeping the minutes of meetings and furnishing copies thereof to Members of the Board and the Administrator;
- » Keeping the PCA seal in safe custody which shall be affixed in every instrument requiring it;
- » Attending to the calling of Board meetings, upon instructions of the Chairman, preparing of regular agenda for meetings, and notifying members of the Board of such agenda in every meeting;
- » Ensuring the fulfillment of disclosure requirements to regulatory bodies

The Board Secretary shall also act as the Compliance Officer in the absence of the appointment of Compliance Officer, with the following functions:

- » Monitor the compliance by the Authority of requirements under the Act, the Code, and government rules and regulations. If violations are found, he/she shall report these to the Board and recommend imposition of appropriate disciplinary action on responsible parties and measures to be adopted to prevent repetition of the violation;
- » Appear before the GCG when summoned in relation to compliance with the Code or other compliances, issue a certification every 30th of May of the year on the extent of the Authority's compliance with the government corporate standards governing GOCCs for the period beginning 01 July of the immediately preceding calendar year and, if there are any deviations, explain the reason for such deviation.

Offices under the Governing Board

Office of the Corporate Secretary

The Office of the Corporate Secretary renders administrative and technical support to the Governing Board. Such support includes, among others:

- » preparation of schedules and itinerary for Board meetings and monitoring of availability of a quorum;
- » preparation of Board meeting Agenda and monitoring of submission of Management Memoranda and supporting documents in the Agenda folder;
- » facilitation of the conduct of Board meetings;
- » transcription of proceedings of Board meetings; and
- » preparation of Minutes, Resolutions and other directives.

The Office is also responsible in the dissemination of Board policies and Board Resolutions to Management, in monitoring of the implementation of policies promulgated by the Board, and in keeping the PCA seal.

Internal Control

The Internal Audit Department reviews the operational effectiveness and efficiency of corporate business processes, systems and procedures; examines and evaluates the adequacy and effectiveness of internal control systems and programs through the following, viz:

- » conduct of management review on the different organizational units to determine degree of compliance with established objectives, policies, regulations and approved operating procedures; and
- » review and appraisal of internal control systems to determine weaknesses and inadequacies for corrective measures.

The Management

PCA Management

The Management is responsible for the day-to-day affairs of PCA. It determines its activities by putting the targets set by the Board in concrete terms and by implementing basic strategies for achieving those targets. It is also responsible to the Board for:

- » implementing the infrastructure for PCA's success through mechanisms set by the Board such as organizational structures that work effectively and efficiently in attaining its goals;
- » useful planning, control and information systems that are defined and aligned with an information technology strategy and the goals of PCA; and
- » a plan of succession that formalizes the process of identifying, training, and selection of successors in key positions.

The Management shall be primarily accountable to the Board. As part of its accountability, the Management provides all members of the Board with a balanced and understandable account of the Authority's performance, position, and prospects on a monthly basis.

The Administrator

The Administrator is elected annually by the members of the Board from among its ranks. The Administrator is subject to the disciplinary powers of the Board and may be removed by the Board for cause. In addition to the duties imposed on him by the Board, the Administrator:

- » exercise general supervision and authority over the regular course of business, affairs and property of PCA and over its employees and officers;
- » see to it that all orders and resolutions of the Board are carried into effect;
- » submit to the Board as soon as possible after the close of each fiscal year, a complete report of the operations of the Authority for the preceding year, and the state of its affairs;
- » report to the Board from time to time all matters of interest to PCA which needs to be brought to the former's notice; and
- » perform such other duties and responsibilities as the Board may impose upon him.

The Deputy Administrator

PCA operates with three (3) line branches, headed by Deputy Administrators to assist the Administrator. Powers and duties of Deputy Administrators are delegated and prescribed by the Board.

Deputy Administrator for Administrative and Finance Branch (AFB)

The AFB, with two Departments, plans, organizes, directs and controls the financial activities of PCA to increase corporate income and achieve optimum allocation and utilization of resources.

Deputy Administrator for Operations Branch (OB)

The Operations Branch, with two Departments, plans, organizes, directs and controls the overall coconut and oil palm development programs of PCA.

Deputy Administrator for Research and Development Branch (RDB)

The RDB manages research and development functions of PCA with the institutionalized support of the three major strategic Research Centers, headed each by a Center Manager.

Duties and Obligations of Directors and Officers

Duty of Diligence

In fulfilling their fiduciary duty, Directors and Officers shall always act in the best interest of PCA, with utmost good faith in all dealings with the properties and monies of the PCA. Such obligations include the following:

- » exercise extraordinary diligence, skill and utmost good faith in dealing with properties of PCA;
- » apply sound principle to ensure financial soundness of PCA; and
- » elect and/or employ only Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Duty of Loyalty

The fiduciary duty of loyalty of Directors and Officers include the following:

- » act with utmost undivided loyalty to PCA;
- » avoid conflict of interest and declare before the Board any interest they may have in any particular matter; and
- » avoid taking for themselves opportunities related to the business of PCA using its property, information or position for personal gain, or competing with PCA's business opportunities.

Duty of Confidentiality

In pursuit of their duties of diligence and loyalty, Directors and Officers cannot use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public either to further their private interests or give undue advantage to anyone, or which may prejudice the public interest.

As Public Officials

Directors and Officers are public officials and as such they lead in promoting high standards of ethics in public service in PCA.

They are covered by the provisions of the "Code of Conduct and Ethical Standards for Public Officials and Employees".

As Public Officials, they are, at all times, accountable to the people. They:

- » discharge their duties with utmost responsibility, integrity, competence, and loyalty;
- » act with patriotism and justice;
- » lead modest lives; and
- » uphold public interest over personal interest.

No Gift Policy

All Directors, Officers, and employees of PCA shall not solicit, demand, or accept, directly or indirectly, any gift from any person, group, association, or juridical entity, whether from the public or private sector, at any time, inside or outside the work premises, except as otherwise provided in the revised PCA No Gift Policy which was adopted by the Governing Board in its Resolution No. 063-2015 and as contained in Memorandum Circular No. 03 series of 2015 and uploaded in the PCA website. The policy includes the basis, rules, allowable gifts, duties of director or employee if gift is given or inevitably received, gift registry, donation to charitable institutions, implementation and monitoring, and penalties for violation.

Respect for and Obedience to the Constitution and the Law

As Public Officials, Directors and Officers, they shall uphold the Constitution and shall comply and cause the Authority to faithfully and timely comply with legal provisions, rules and regulations, and corporate governance standards.

PCA Staff Support to Directors

PCA provides members of the Governing Board with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

Directors and Officers Liability Insurance (DOLI)

PCA obtains DOLI coverage for itself and for members of the Governing Board and Officers against contingent claims and liabilities that may arise from, as well as expenses that may be incurred when PCA and/or the Members of the Governing Board and Management are sued before tribunals on matters that are within their official functions and capacity and on matters where business judgment has been exercised in good faith.

Relationship with Stakeholders

All members of the Governing Board and Officers accept their positions fully aware that they shall assume responsibilities to PCA and to its stakeholders, who, in turn, have the right to expect that PCA is being run in a prudent manner. Consequently, all Members of the Governing Board and Officers deals fairly with PCA employees, coconut and oil palm farmers, dealers and processors of coconut and oil palm products, business partners and suppliers and other stakeholders. They affirm and covenant the following:

- » to have a working knowledge of the statutory and regulatory requirements affecting PCA, including its Charter, GCG issuances and requirements, and requirements of its supervising agencies; and;
- » to always keep oneself informed of industry developments and business trends in order to safeguard PCA's interests and preserve its competitiveness.

No Director or Office takes unfair advantage of PCA employees, coconut and oil palm farmers and farm workers, coconut and oil palm traders and processors, suppliers and business partners, and other stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair dealing practices.

Responsibility of Directors, Officers, and Employees

Every Director, Officer or employee remembers that the biggest stakeholder is the Government. Furthermore, PCA requires them to:

- » share the vision of PCA
- » be accountable to the public
- » listen and learn from co-employees
- » think and act as a team;
- » focus on stakeholders and strive for stakeholders' satisfaction;
- » respect others;
- » communicate with stakeholders;
- » deliver results and celebrate success; and
- » protect the reputation of PCA

Alternative Dispute Resolution (ADR)

The PCA adopts the ADR Policy as the primary means of settling or adjudicating conflicting rights and claims between the Government Agencies and other GOCCs.

Formal Recognition of Stakeholders

The following group of people are recognized as the stakeholders of PCA:

- » coconut farmers, coconut farm workers, oil palm farmers, and oil palm farm workers
- » the State, Government, and Supervising Agencies
- » PCA employees
- » registered traders, processors, and industrial users of coconut and oil palm products
- » partner agencies and entities
- » suppliers and other business partners
- » consumers and the general public

Hierarchy and Nature of Stakeholders' Interests

The hierarchy and nature of interests of PCA's stakeholders are as follow:

- » for coconut and oil palm farmers and farm workers, it is in their best interests to obtain an increase income and the building of capacities and organization of coconut and oil palm farmers and farm workers into thriving cooperatives/enterprise units.

- » for the State, Government, and Supervising Agencies, it is in the implementation of programs and projects designed to increase coconut and oil palm farm productivity and to promote inclusive growth and self-sufficiency.
- » for the employees, it is the development of personnel competence and raising the morale of PCA employees to become effective and dedicated partners in program and project implementation.
- » for traders and industrial users, the promotion of market driven and globally competitive product and process innovations takes priority.
- » for partners entities locally and abroad, it is the enhancement of cooperation and linkages to promote industry development through research and innovations.
- » for suppliers and business partners, it is the promotion of the goodwill and reputation of PCA as a dependable, fair dealing, transparent, and responsible business partner.
- » for consumers and the general public, it is the promotion of coconut and oil palm products which conform to national and international standards.

Policy in Communicating with Stakeholders

The PCA adheres to the policy of utmost transparency and full disclosure in all of its dealings in the exercise of its corporate powers and the performance of its mandate, and upholds that the more transparent the internal workings of the organization, the more secure are the assets and funds of PCA will be from misappropriation or mismanagement.

The PCA also adheres to the primary importance of communication and feedback mechanism in ensuring that its stakeholders are adequately informed and enjoined to support and participate in its programs and projects, and to afford its real-time feedback from them.

For these purposes, the PCA ensures unrestricted public access to its website where all relevant information and updates on its programs and projects are posted.

The PCA also maintains a system of dissemination of information on a regular basis through publications, press releases and engagements with tri-media and the social media, prospectus and annual and other periodic reports.

The PCA remains committed to its policy of conducting consultation and dialogue with all stakeholders, beginning with its employees and all coconut industry stakeholders and including suppliers and business partners, as an important tool of communication and feedback to foster good, responsive, collaborative and proactive relations.

System of Accountability and Relationship with Stockholders' Legitimate Interests

The PCA undertakes to always act in good faith in its dealing with all of its stakeholders. The Governing Board is primarily accountable to the stakeholders while the Management is accountable to the Governing Board.

The Governing Board provides the stakeholders with a balanced and understandable assessment of PCA performance, position, prospects and updates on a regular basis. The Management, on the other hand, do the same for the members of the Governing Board.

The Governing Board is responsible for maintaining a sound system of internal control and check and balance to safeguard the assets and funds of PCA and protect the interests of all of its stakeholders.

Citizen's Charter

All PCA officers and employees are enjoined to commit to the PCA's Performance Pledge and serve all PCA's stakeholders promptly and efficiently and with utmost courtesy pursuant to PCA Citizens' Charter.

Approved by the Governing Board in its Resolution No. 052-2012, the Charter affirms, among others, the mission, vision, core values, processing time

commitments on the frontline services, and feedback and redress mechanism for improvement towards stakeholders' satisfaction.

Requirements on Disclosure

The PCA undertakes to fully disclose all material information to all of its stakeholders in a timely and accurate manner at all times, including but not limited to unrestricted public web access to:

- » the PCA Charter or the Revised Coconut Industry Code;
- » complete listing of the Directors with attached resume and their membership in Governing Board Committees;
- » complete compensation package of all Directors and PCA officers including travel, representation and transportation allowances, and any other form of expenses or allowances;
- » information on the Governing Board Committees and their activities;
- » attendance record of Directors in Board and Committee meetings;
- » PCA's latest annual audited financial and performance reports, within thirty days from receipt of such report;
- » Audited Financial Statements in immediate past three (3) years;
- » quarterly and annual reports and trial balance;
- » current corporate operating budget;
- » government subsidies;
- » all borrowings guaranteed by the Government;
- » performance evaluation system;
- » charter statement and vision-mission statements;
- » organizational chart;
- » manual of corporate governance;
- » corporate social responsibility statement;
- » balanced scorecard; and
- » such other information or report that the GCG may require.

The PCA, through the Governing Board and Management, ensures that PCA is an active and responsible member and contributor to the Integrated Corporate Reporting System (ICRS).

Performance Evaluation System

Performance Evaluation System

The PCA adheres with the Performance Evaluation System (PES) for GOCCs, which was established and being implemented by the GCG.

For each calendar year, the PCA enters into Performance Agreement Negotiation (PAN) with GCG to govern its targets or major final outputs and outcomes for the year. Components of the Agreement include Charter Statement and Strategy Map, Performance Criteria, Performance Targets, Performance Weights, Commitments, and others such as Action Plan to attain performance targets.

Performance Evaluation of Directors

The PCA likewise adheres with the Performance Evaluation of Directors (PED) as per GCG Memorandum Circular No. 2014-03 providing for a system of evaluating the performance of “all Appointive Directors as the basis for the determination of whether they shall be recommended for reappointment” and “Ex Officio Directors or their Alternates for the purpose of reporting to the President the performance of such Ex Officio Directors, as well as allow the GCG to evolve a good governance system for Ex Officio Directors in the GOCC Sector”.

Statement of Corporate Governance

PCA supports the promotion of good corporate governance and continues to comply with all of the good governance conditions as mandated by the Governance Commission for GOCCs (GCG).

PCA’s full compliance can be found in this report and in PCA’s website (pca.da.gov.ph) under the Corporate Governance Seal.

Governing Board Statement on the Adequacy of PCA's Internal Control and Risk Management

See Annex 5 for the Statement of Management's Responsibility for Financial Statements

The Board Audit Committee is a standing committee of the Board of Directors. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to:

- » the integrity of PCA’s financial statements and internal control system, including the implementation and effectiveness of internal control over financial reporting;
- » the performance of the Internal Audit Services function; and
- » the annual independent audit of PCA’s financial statements, the engagement of the independent auditors and the evaluation of the independent auditors’ qualifications, independence and performance.
- » In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that PCA’s financial statements are complete and accurate or in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.

PCA confirms the truth and fair presentation of the financial statements in accordance with generally accepted accounting principles in the Philippines.

It conducts a review of the consolidated financial statements before such statements are approved and submitted to the President of the Philippines and to the Congress of the Philippines.

Note: Statement of Management's Responsibility for Financial Statements as well as Risk Management Objectives and Policies are evident at PCA Website under CG Outline, Disclosure and Transparency, Audited Annual Financial Reports, in the 2017 Audited Annual Financial Statements

Corporate Social Responsibilities

Stakeholder Relationships

Customer's Welfare

COCO stands for Continuing Commitment™ and such is the mantra of PCA. “The customers are always right”. PCA always abides with this saying. Upon entering the office premises, our customers are always attended with utmost attention and priority. Even during weekends, holidays, and non-working days, they are always given preference.

PCA strictly observes the no-noon break policy as prescribed under R.A. No. 9485. PCA adopts an appropriate working schedule to ensure uninterrupted public service delivery.

The PCA has set protocols & standards that are related to environment conservation, regulation in cutting coconut trees, as well as testing and analysis of coconut-based products to ensure compliance to health standards. PCA has also strengthened its Integrated Pest Management to mitigate & prevent infestations and support an ecologically-balanced system. The PCA worked with private institutions, local government units and state universities to develop protocols for the treatment of the Coconut Scale Insect.

Interaction with the Communities

PCA is directly involved in developing the well-being of our coconut farmers, farm workers, and stakeholders especially those in the provincial offices. Our ultimate goal is to increase their income and to create employment opportunities to the growing coconut communities. This is in conjunction with the implementation of PCA programs, projects, and activities. PCA takes a community-based approach in implementing its projects. The new policy of PCA is to strategically download its services through organized groups thereby empowering the community.

Further, one of PCA's strategic objectives is a developed and empowered community through capacitating small coconut farmers' organizations. The PCA conducts trainings & seminars to boost the knowledge and skills of the coconut farmers. These activities are implemented

by gathering the members of the coconut farmers' associations, cooperatives, & organizations in a specific venue with at least 50 members & participants. Depending on the topic, a resource person is invited to act as a speaker or facilitator. Each participant is given the privilege to ask questions related to the topic. Thus, it is a must that the resource person be well knowledgeable about the topic. The PCA further discloses through articles & news releases its efforts in the recovery & rehabilitation of areas affected by CSI and typhoon Yolanda.

With regards to farmers' meetings & conferences, coconut farmer-officials of associations, cooperatives, & organizations are gathered to present their ideas for a particular issue that they encounter in coconut production, processing or marketing. In these events, everyone is entitled to present their ideas. These ideas are consolidated and refined to come up with agreements for the solution to the issues. PCA personnel visits the coconut farms of farmers to experience personally the issues associated in PCA's project implementation. In this way, the farmers are personally advised with information and knowledge particularly for the farmers' situation. This activity is either planned or unplanned activities of the field personnel.

Part of technology dissemination is the technology demonstration or techno demo. This can be done either through part of the training activities or one on one with farmer during field visit. This is to impart new skills like coconut processing or farming activities like coconut production techniques. Project assessment and evaluation is

required as a means to monitor and evaluate the result of project implementation. At the regional office, it is indispensably required to assess the project implementation in the field-level. At the central office, this activity will result to fix any loopholes especially in revising, if required, the policies & guidelines being followed in implementing the project. The audit committee, on the other hand, look into how the implementation of the project follow the approved guidelines and other issuances related especially the financial aspect.

Environment-friendly value chain

PCA encourages everyone especially its officers & employees to be proactive in creating a sustainable coconut industry for a greener tomorrow.

The PCA has been actively participating in the recovery & rehabilitation of typhoon and CSI-afflicted areas in the country. PCA also adheres to a strict implementation of schedule of air-conditioning in the office, the implementation of Documents.

Tracking System to reduce paper consumption and Lights Off Policy for non-frontline services during lunch break.

PCA also campaigns for the use of renewable energy and energy-saving strategies to mitigate greenhouse gas emission. A Memorandum of

Agreement between PCA and PNOC RC is signed for the installation of 80 kW solar power project at the rooftop of PCA Building in Diliman, Quezon City. It is estimated that 105 tons of carbon dioxide can be avoided with this project. With the awareness of climate change, every employee has been encouraged to practice conservation. Habits as simple as turning off the lights, pulling off electrical switches while leaving the room and during rest hour are being taught to PCA employees.

In the office, everyone is required to conserve water. Taking short showers, fixing leaking pipes, closing the faucet while brushing teeth, recycling water, & using water saving appliances are some of the steps that PCA are taking to preserve water. Driving and flying are two areas where PCA applies environment-friendly practices. PCA personnel are required to choose fuel-efficient travel options, travel less, and pick more direct routes to save on fuel. Those employees near the office are encouraged to walk. This is not only to save fare but also serves as an exercise.

Hazardous Chemicals like paint oil, ammonia and other chemical solutions are disposed properly so as not to cause pollution in the air and water as these chemical can seep into the ground water. The polluted air and water can have serious consequences on human health. Proper disposal of the chemical remnants is a priority of our field personnel as well as imparting this practice to our coconut farmers.

PCA promotes composting in its implementation of projects. Composting is an easy process that takes the remains of plants and kitchen waste and

converts it into rich nutrient food for the plants that helps them grow. It reduces the amount of garbage that goes to the landfills which pollutes the air and soil. It also provides an organic fertilizer for the plants.

PCA advocates recycling. PCA personnel are required to reuse papers, clips, fasteners, paper bags, plastic bags, bottles, and other recyclable materials to save on government funds and minimize the generation of waste.

Redress Mechanism

PCA upholds the highest quality of service for our stakeholders and if by any means we fail to meet the standards, the stakeholders can do any of the following:

1. Accomplish our Feedback Form available in all of the PCA offices and put in the box at the Public Assistance and Complaints Desk.

2. Send your feedback thru these avenues:

- » Phone call at (02) 928 4501 to 09, loc 404 or 405
- » Letter addressed to:

*Marcel C. Cuaresma
OIC-Human Resource Division,
Philippine Coconut Authority
5F, PCA Building, Elliptical Road,
Diliman, Quezon City*

3. Or e-mail us at hrd@pca.gov.ph

4. Talk to our Front Desk Officer (FDO) or Officer of the Day.

Employees' welfare and development

As a major GOCC, PCA is aware of its responsibility to its employees. We recognize that our employees are our single most valuable asset and we strive to be an employer of choice.

Empowering people

PCA promotes career development and provides its employees with access to relevant training and development schemes through in-house training, educational assistance, participation in external seminars and encouraging professional memberships.

For CY 2017, 77 different approved trainings are attended and participated by 653 employees from the central office and regional offices. Some of the trainings include: Geographic Information System (GIS) Seminar, ISO 9001:2015 Certification Workshop on Process Mapping, Capacity Building for Agriculturist, In-House Training/Workshop on Oral Communication and Technical Writing Skills, Basic Orientation on Public Sector Unionism and Its Relevance to Good Governance, and many other developmental courses.

Our aim is to ensure that we have a highly trained and motivated workforce, capable of meeting the highest standards required by our stakeholders.

Equal opportunities

PCA is committed to equal opportunities in all areas, with people gaining promotion on merit.

PCA recruits, trains, promotes, and retains skilled and motivated people irrespective of sex, age, marital status, disability, sexual orientation, race, religion, ethnicity, or national origin.

Training and/or continuing education program attended by each director

As required by the GCG through its M.C. No. 2012-05, Sec. 2, Art. 5, each Appointive Directors shall attend a special seminar on public corporate governance for Directors conducted by the GCG or any individual or entity accredited by GCG.

Seminar on Corporate Governance Orientation Program was held on April 26, 2017 at Discovery Premea, Makati City and attended by:

1. Director Romulo J. De La Rosa
2. Director Conrado S. Capa
3. Director Roque G. Quimpan

Whistle-blowing Policy

In line with PCA's commitment to promote a culture of transparency and responsibility, we welcome the reporting of genuine and serious grievances, or alleged breaches of Company policy.

No employee will suffer as a consequence of notifying such alleged breaches in accordance with PCA's Whistleblowing Policy. All reports by whistleblowers shall be treated fairly, properly and confidentially to the greatest extent possible. As such, the process allows for anonymous reporting. The whistleblower may directly file a complaint to the GCG in case he/she is not comfortable in reporting the alleged illegal or unethical behavior through the ways and means provided for by PCA.

Policies:

The confidentiality of reporting channels/mechanisms shall be maintained wherein whistleblowers can confidently convey or communicate their concerns and/or complaints.

- » The Code of Conduct for the Officials and Employees of the Philippine Coconut Authority shall complement this Policy.
- » All reports must state the specific conditions/s, action/s and/or omission/s being complained about, as well as the corresponding laws,

Reporting Channels	Contact Details
Legal Affairs Service	Tel No. 928 4501 loc 555
Internal Audit Department	internalaudit.pca@gmail.com
Office of the Administrator	pca.ofad@gmail.com Fax No.: 921 7631
Drop Box	Located at PCA Ground Floor Lobby
Website	pca.da.gov.ph

Table 3. Reporting channels for PCA Whistleblowing policy

rules or regulations allegedly violated. If possible, documentary and other evidence in support of the allegation must be submitted for evaluation.

- » All reports by whistleblowers shall be treated fairly, properly and confidentially to the greatest extent possible. As such, the process allows for anonymous reporting. The Whistleblower who informs against any wrongdoing may choose to maintain his anonymity and provide a manner by which he/she can be contacted without jeopardizing his anonymity. If any employee is making an identity disclosure, said employee shall retain his/her anonymity unless he/she agrees otherwise.
- » The anonymity is limited and exclusive only to the whistleblower. All respondents or those complained of must be clearly identified by their full names and positions. Furthermore, the alleged violations, actions and/or omissions must be clearly identified, together with the law, rule and regulation violated.
- » In the event that the whistleblower withdraws or desists from providing additional information, the investigation shall continue provided that the evidence gathered is sufficient as determined by the Whistleblowing Committee.
- » In the event that the complained employee resigns prior to the final resolution of the case against him, the investigation shall still continue provided that the evidence gathered is sufficient as determined by the Whistleblowing Committee.
- » The filing of a case in a court of competent jurisdiction does not affect the conduct of the investigation to determine administrative liability, if any.
- » The whistleblowing program intends to provide warnings and promote ethical conduct in the

Company. In this manner, the whistleblower may raise matters of concerns or issues that are within the scope of the program enumerated.

- » The Authority shall ensure that no employee shall be at risk of suffering some form of retribution as a result of reporting or raising a concern.
- » Employees shall be responsible to raise only genuine concerns, in good faith and without an ulterior motive. The process should not be used to support personal grievances about conditions of employment or disputes.
- » The Whistleblower may directly file the Complaint to the Governance Commission for GOCCs, in case he/she is not comfortable in reporting the alleged illegal or unethical behavior through the ways and means provided for by the Authority.

Non Financial Performance Indicator

Rank	Attribute	Score	Interpretation
1	Courtesy of the Officers and Staff	4.21	Very Satisfied
2	Helpfulness and Proactivity of the Officers and Staff	4.23	Very Satisfied
3	Expertise of the Officers and Staff	4.19	Very Satisfied
4	Clarity of Processes	4.06	Very Satisfied
5	Responsiveness of the Officers and Staff	4.11	Very Satisfied
6	Overall ease of Doing Business with PCA	4.10	Very Satisfied
7	Financial Returns of the PCA Programs	3.94	Very Satisfied
8	Time Commitment	3.95	Very Satisfied
9	Problem solving skills of the Officers and Staff	3.90	Very Satisfied

Table 4. Customer Satisfaction Survey

The overall satisfaction rating of 4.08 translated into a “Very Satisfied” Customer Service Rating. Compared to 4.01 in 2016, there was an improvement of 0.07%.

PERFORMANCE SCORECARD 2017

CY 2017 PERFORMANCE SCORECARD (ANNEX B)

PHILIPPINE COCONUT AUTHORITY


STAKEHOLDERS/SOCIO-ECONOMIC IMPACT

	Component				Data Provider	Baseline Data		Target
	Objective/Measure	Formula	Weight	Rating System		2015	2016	2017
SO 1	Increased Coconut Farmers' Income							
SM 1	Average Annual (Gross) Income of PCA-assisted Farmers Per Hectare (in coconuts)	Average Income of KEDP farmers (in coconuts)	6%	Actual / Target	Operations Branch	20,000	20,000	30,000
SM 2	Average Annual (Gross) Income of PCA-assisted Farmers Per Hectare (in intercropping, livestock, and coconut processing)	Average Income of KEDP farmers (in intercropping, livestock, and coconut processing)	5%	Actual / Target	Operations Branch	29,033	28,142	50,000
SM 3	Number of Coconut Hubs Operationalized	Absolute Number	6%	Actual / Target	Operations Branch	-	5	20
SO 2	Increased Coconut Farm Productivity							
SM 4	Average Nut Yield of Coconut Palms Per Year	Total nuts produced / Total mature coconut palms	10%	Actual / Target	Operations Branch	45 nuts/tree/year	45 nuts/tree/year	56 nuts/tree/year
SM 5	Number of Coconut Seedlings that Survived in the Last Three (3) Years	Number of seedlings which survived / Total number of seedlings planted in the last three (3) years	5%	Actual / Target	Operations Branch	32.8 Million	35.2 Million	34.107 Million
SM 6	Number of Seed Farms Established	Absolute Number	6%	Actual / Target	Operations Branch	-	-	12 MOAs
SO 3	Empowered Community							
SM 7	Number of KEDP sites generating their own income	Absolute Number	6%	Actual / Target	Operations Branch	-	242	400
SM 8	Average satisfaction rating of PCA services	Average Rating of All Respondents	5%	Actual / Target	Operations Branch	70%	4.01 out of 5.0	4 out of 5
Subtotal			49%					


INTERNAL PROCESS	Component				Data Provider	Baseline Data		Target	
	Objective/Measure	Formula	Weight	Rating System		2015	2016	2017	
	SO 4	Established Crop Protection / Risk Mitigation System							
	SM 9	Percentage of CSI-infested Palms Recovered After Treatment	Number of treated trees which recovered / Total no. of treated trees	6%	Actual / Target	Operations Branch	92%	60%	85%
	SO 5	Enhanced Market Development							
	SM 10	No. of Market Promotional Activities Conducted/Participated	Absolute Number	5%	Actual / Target	Operations Branch	19	36	36
	SM 11	Number of new coconut-based investments facilitated and secured	Absolute Number	5%	Actual / Target	Operations Branch	-	61	61
	SO 6	Responsive and Innovative Researches							
	SM 12	Adoption and Development of Research Projects: a. Coconut Somatic Embryogenesis Technology (CSet)	Absolute Number	5%	Actual / Target	Research and Development Branch	NA	NA	2,000 somatic embryos produced
		b. Galactomannan from Macapuno Liquid Endosperm and the process of producing the same	Milestone	5%	2.5% - Management-Approved Technology Valuation Report 2.5% - Board-Approved Technology Valuation Report	Research and Development Branch	NA	NA	Board-Approved Technology Valuation Report
Subtotal			26%						
FINANCE	SO 7	Improved Budget Utilization							
	SM 13	Budget Utilization Rate	Utilized amount / Total Budget	5%	Actual / Target	Administrative and Finance Branch	69%	72%	90%
	Subtotal			5%					

PERFORMANCE SCORECARD 2017


Performance Scorecard CY 2017 (Validated)



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 6741 Paseo De Roxas, Makati City, Philippines 1226




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29 January 2019

MR. EMMANUEL F. PIÑOL
Chairman and DA Secretary
MR. ROMULO J. DE LA ROSA
Administrator
PHILIPPINE COCONUT AUTHORITY (PCA)
Elliptical Road, Diliman,
Quezon City



**RE: RESULTS OF THE RE-VALIDATION OF THE
PCA 2017 PERFORMANCE SCORECARD**

Dear Sec. Piñol and Admin. De La Rosa,

This refers to your letter dated 26 October 2018,¹ seeking reconsideration of the following measures which were not evaluated due to the unavailability of the supporting documents during the validation period, to wit:


- a. SM 5: Number of Coconut Seedlings that Survived in the Last Three (3) Years;
- b. SM 9: Percentage of CSI-Infested Palms Recovered After Treatment; and
- c. SM 15: Financial Management Information System.


After review and evaluation of PCA's submissions, the validated scores for the following Strategic Measures in its 2017 Performance Scorecard have been reconsidered, thus:

STRATEGIC MEASURE (SM)		FROM	TO	INC/(DEC)
SM 5	Number of Coconut Seedlings that Survived in the Last Three (3) Years.	0.00%	5.00%	5.00%
SM 9	Percentage of CSI-Infested Palms Recovered After Treatment.	0.00%	6.00%	6.00%
SM 15	Financial Management Information System	0.00%	4.64%	4.64%
TOTAL ADDITIONAL SCORE				15.64%

Accordingly, we transmit herewith the revalidation of PCA's 2017 Performance Scorecard, with an adjusted rating of **80.83%** (See *Annex A*). The same is to be posted in PCA's website, in accordance with Section 43 of GCG Memorandum Circular (M.C.) No. 2012-07.

¹ Officially received by the Governance Commission on 13 November 2018.





PERFORMANCE SCORECARD 2017

As a final note, the Governance Commission stresses the necessity for the GOCC to submit and present complete supporting documents during the Performance Scorecard validation. Under Section 2.1.1. of GCG M.C. No. 2017-01, measures wherein the accomplishments for the same cannot be objectively verified by GCG on the account of inadequate or incomplete documentation by the GOCC on how such accomplishments were determined may be given an automatic zero score.

FOR YOUR INFORMATION AND GUIDANCE.

Very truly yours,


SAMUEL G. DAGPIN, JR.
Chairman


MICHAEL P. CLORIBEL
Commissioner


MARITES C. DORAL
Commissioner

0

**PHILIPPINE COCONUT AUTHORITY (PCA)
Re-Validated 2017 Performance Scorecard**

Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks
Objective / Measure		Formula	Wt.	2017	Actual	Rating	Score	Rating		
STAKEHOLDERS / SOCIO-ECONOMIC IMPACT	SO 1	Increased Coconut Farmers' Income								
	SM 1	Average Annual (Gross) Income of PCA-assisted Farmers Per Hectare (in coconuts)	Average Income of KEDP farmers (in coconuts)	6%	₱30,000	₱37,966	6%	₱31,197	6%	<ul style="list-style-type: none"> Consolidated Report on Average Gross Annual Income per Hectare Report on Ave. Gross Annual Income per Hectare from Field Offices <p>Accomplishment consolidated from 702 PCA-assisted farmers.</p>
	SM 2	Average Annual (Gross) Income of PCA-assisted Farmers Per Hectare (in intercroops, livestock, and coconut processing)	Average Income of KEDP farmers (in intercroops, livestock, and coconut processing)	5%	50,000	41,823	4.18%	41,824	4.18%	<ul style="list-style-type: none"> KAANIB Income Assessment Report 2017 <p>Accomplishment consolidated from 348 CBOs, with total gross income of ₱261,315,985, consisting of 6,248 farmers.</p>
	SM 3	Number of Coconut Hubs Operationalized	Absolute Number	6%	20	5	1.5%	3	0.9%	<ul style="list-style-type: none"> Coco Hubs Report 2017 Status on Coco Hub Projects <p>In 2017, only 3 additional sites were operationalized from the original 25 and additional 4 newly-identified sites.</p>

Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks
Objective / Measure		Formula	Wt.	2017	Actual	Rating	Score	Rating		
STAKEHOLDERS / SOCIO-ECONOMIC IMPACT	SO 2	Increased Coconut Farm Productivity								
	SM 4	Average Nut Yield of Coconut Palms Per Year	Total nuts produced / Total mature coconut palms	10%	56 nuts/tree/year	56 nuts/tree/year	10%	62 nuts/tree/year	10%	<ul style="list-style-type: none"> Consolidated Report on Average Nut Yield, CY 2017 Report on Average Nut Yield, CY 2017, from PCA Field Offices <p>Accomplishment consolidated from 113,880 coconut palms.</p>
	SM 5	Number of Coconut Seedlings that Survived in the Last Three (3) Years	Number of seedlings which survived / Total number of seedlings planted in the last 3 years	5%	34.107 Million	34.541 Million	5%	34.541 Million	5%	<ul style="list-style-type: none"> Consolidated Report on the Coconut Seedlings Planted and Stabilized/ Surviving in the Field CY 2014-2016 Report on the Coconut Seedlings Planted and Stabilized from PCA Field Offices <p>Based on the validated report, 34.541 Million or 86.89% of the 39.754 Million seedlings planted from 2014-2016 were stabilized.</p>
	SM 6	Number of Seed Farms Established	Absolute Number	6%	12 MOAs	3 MOAs	1.5%	1 MOA	0.5%	<ul style="list-style-type: none"> Memorandum of Agreement between PCA and DEBESMSCAT <p>Only one (1) MOA was accomplished which was the MOA with the Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology (DEBESMSCAT) from Region V on end of 2017.</p>

Component		Target		GOCC Submission		GCG Validation		Supporting Documents		Remarks																																	
Objective / Measure		Formula	Wt.	2017	Actual	Rating	Score	Rating																																			
STAKEHOLDERS / SOCIO-ECONOMIC IMPACT	SO 3 Empowered Community																																										
	SM 7	Number of KEDP sites generating their own income	Absolute Number	6%	400	348	5.22%	348	6%	• Income Assessment Report, CY 2017	<div>The KEDP Sites are distributed to the regions as follows:<table><tr><td>I</td><td>1</td><td>VIII</td><td>19</td></tr><tr><td>II</td><td>1</td><td>IX</td><td>21</td></tr><tr><td>III</td><td>3</td><td>X</td><td>17</td></tr><tr><td>IVA</td><td>46</td><td>XI</td><td>54</td></tr><tr><td>IVB</td><td>12</td><td>XII</td><td>45</td></tr><tr><td>V</td><td>18</td><td>XIII</td><td>53</td></tr><tr><td>VI</td><td>29</td><td>ARMM</td><td>5</td></tr><tr><td>VII</td><td>24</td><td>TOTAL</td><td>348</td></tr></table></div>	I	1	VIII	19	II	1	IX	21	III	3	X	17	IVA	46	XI	54	IVB	12	XII	45	V	18	XIII	53	VI	29	ARMM	5	VII	24	TOTAL	348
	I	1	VIII	19																																							
	II	1	IX	21																																							
III	3	X	17																																								
IVA	46	XI	54																																								
IVB	12	XII	45																																								
V	18	XIII	53																																								
VI	29	ARMM	5																																								
VII	24	TOTAL	348																																								
SM 8	Average satisfaction rating of PCA services	Average Rating of All Respondents	5%	4 out of 5	4.08 out of 5	5%	4.08 out of 5	5%	• Survey Result submitted by Contact-Asia Services, Inc. (CASI)																																		
Subtotal			49%	38.40%			37.58%																																				
INTERNAL PROCESS	SO 4 Established Crop Protection and Risk Mitigation System																																										
	SM 9	Percentage of CSI-infested Palms Recovered After Treatment	Number of treated trees which recovered / Total no. of treated trees	6%	85%	87%	6%	89.22%	6%	• Result of Rapid Ground Assessment	<div>Based on the rapid ground assessment conducted on February 2018, out of 3,510,423 treated coconut trees, 3,131,999 showed positive signs of recovery. Specific areas that PCA focused its recovery assessment were leaf production (including color and health), inflorescences, and nut production. The survey was conducted in the 10 municipalities and 67 barangays of Basilan Province.</div>																																

Component		Target		GOCC Submission		GCG Validation		Supporting Documents		Remarks									
Objective / Measure		Formula	Wt.	2017	Actual	Rating	Score	Rating											
INTERNAL PROCESS	SO 5 Enhanced Market Development																		
	SM 10	No. of Market Promotional Activities Conducted/ Participated	Absolute Number	5%	36	37	5%	37	5%	<ul style="list-style-type: none">List of Promotional ActivitiesInvitationsPictures									
	SM 11	Number of new coconut-based investments facilitated and secured	Absolute Number	5%	61	64	5%	64	5%	<ul style="list-style-type: none">Summary of new investmentsMemorandum of Agreements (MOA)									
	SO 6 Responsive and Innovative Researches																		
	SM 12	Adoption and Development of Research Projects: a. Coconut Somatic Embryogenesis Technology (CSet)	Absolute Number	5%	2,000 somatic embryos produced	18,894	5%	18,663	5%	<ul style="list-style-type: none">Annual Reports from Albay and Zamboanga City Research Centers	<table><tr><th>Research Center</th><th>No. of Somatic Embryos</th></tr><tr><td>Albay</td><td>14,322</td></tr><tr><td>Zamboanga</td><td>4,341</td></tr><tr><td>Total</td><td>18,663</td></tr></table>	Research Center	No. of Somatic Embryos	Albay	14,322	Zamboanga	4,341	Total	18,663
		Research Center	No. of Somatic Embryos																
		Albay	14,322																
Zamboanga	4,341																		
Total	18,663																		
b. Galactomannan from Macapuno Liquid Endosperm and the process of producing the same	Milestone	5%	Board-approved Technology Valuation Report	Purchase Request to Finance Department for procurement	0%	-	0%	None	A technology valuator who will facilitate the drafting of Technology Valuation Report was not procured.										
Subtotal			26%				21%												
FINANCE	SO 7 Improved Budget Utilization																		
	SM 13	Budget Utilization Rate	Utilized Amount / Total Budget	5%	90%	80%	4.44%	47%	2.61%	<ul style="list-style-type: none">SAOUB as of 2016 and 2017	₱2,082 Million utilized out of a total budget of ₱4,408 Million in 2017.								
	Subtotal			5%				4.44%	2.61%										

LEARNING AND GROWTH	Component			Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks
	Objective / Measure	Formula	Wt.	2017	Actual	Rating	Score	Rating		
	SO 8	Streamline Processes								
	SM 14	Number of Research Protocol System Developed and Disseminated	Absolute Number	5%	3	3	5%	3	5%	<ul style="list-style-type: none"> Memorandum Circulars <p>The protocols are as follows: -Guidelines for the Accounting and Utilization of Coconut Seednuts and Seedlings from PCA Seed Production Centers and Research Centers -Dispersal of Coconut Seedlings and Seednuts from PCA - Guidelines on the Conduct of PCA Research Projects</p>
	SM 15	Financial Management Information System	Milestone	5%	Encoding of 100% of five-year database	Encoded 100% of five-year database	5%	92.86%	4.64%	<ul style="list-style-type: none"> On-site validation Photos of sample entries <p>Three (3) errors were observed from the forty-two (42) samples taken.</p>
	SM 16	ISO 9001:2015 Certification	Milestone	5%	Implementation of QMS Manual	Implementation of QMS Manual	5%	Implementation of QMS Manual	5%	<ul style="list-style-type: none"> Board-approved QMS Manual dated 27 September 2017
	SO 9	Strengthen Employees Capability								
	SM 17	Percentage of employees with requires competencies met	Milestone	5%	60% Competency	61%	5%	72%	5%	<ul style="list-style-type: none"> Employee Competency Assessment <p>384 out of 533 employees in 2017 met all the competencies required for their respective positions.</p>
	Subtotal		20%			20%		19.64%		
	TOTAL		100%			83.84%		80.83%		

CY 2017 Financial Statements

See Annex 5 for the Statement of Management's Responsibility for Financial Statements

Note : These statements should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended December 31, 2017

REVENUE	2017	2016
Service and Business Income (Notes 3.11, 18) Php	421,546,789	430,078,293
Gains (Note 19)	25,000	-
Total Revenue	421,571,789	430,078,293
Less: Current Operating Expenses		
-Personnel Services (Note 20)	377,187,566	376,111,562
-Maintenance and Other Operating Expenses (Note 21)	1,791,305,098	1,788,640,016
-Financial Expenses (Note 22)	1,663	300
-Non-Cash Expenses (Note 23)	62,048,100	66,078,282
Total Current Operating Expenses	2,230,542,427	2,230,830,160
Surplus/(Deficit) from Current Operations	(1,808,970,638)	(1,800,751,867)
Net Financial Assistance/Subsidy (Note 24)	1,339,117,000	1,250,875,000
Other Non-Operating Income (Note 25.1)	56,385,646	61,677,985
Gains (Note 25.2)	7	7
Surplus/(Deficit) for the period Php	(413,467,985)	(488,198,875)

CONDENSED STATEMENT OF FINANCIAL POSITION

As of December 31, 2017

ASSETS	2017	(As Restated) 2016
Current Assets		
Cash & Cash Equivalents (Notes 3.5, 4) Php	909,071,782	1,304,327,029
Receivables-net (Notes 3.6, 5)	3,241,292,067	2,114,094,393
Inventories (Notes 3.7, 6)	68,409,976	52,555,580
Other Current Assets (Note 10.1)	10,150,445	6,059,342
Total Current Assets	4,228,924,269	3,477,036,343
Non-Current Assets		
Investments (Note 7)	88,515	88,515
Property, Plant & Equipment - net (Notes 3.8, 8)	714,797,626	635,798,867
Biological Assets (Note 9)	2,536,028	2,539,558
Other Non-Current Assets (Note 10.2)	719,470,008	719,840,095
Total Non-Current Assets	1,436,892,176	1,358,267,035
Total Assets Php	5,665,816,446	4,835,303,378
LIABILITIES		
Current Liabilities		
Financial Liabilities (Notes 4.b, 11) Php	1,133,794,508	617,929,635
Inter-Agency Payables (Note 12)	88,212,937	95,496,934
Intra-Agency Payables (Note 13)	1,615,969,809	868,727,258
Trust Liabilities (14)	10,930,858	14,765,523
Other Payables (Note 15)	52,901,828	61,716,090
Total Current Liabilities	2,901,809,939	1,658,635,440
Non-Current Liabilities		
Deferred Credits/Unearned Income (Note 16)	21,542,596	22,318,593
Total Non-Current Liabilities	21,542,596	22,318,593
Total Liabilities	2,923,352,535	1,680,954,033
Total Assets Less Total Liabilities Php	2,742,463,911	3,154,349,345
Government Equity (Note 17) Php	2,742,463,911	3,154,349,345
Total Net Assets/Equity Php	2,742,463,911	3,154,349,345

CONDENSED STATEMENT OF CASH FLOWS

Note : These statements should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CASH FLOWS For the year ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		2017	2016
Cash Inflows			
Receipt of Notice of Cash Allocation	Php	807,758,000	1,250,875,000
Collection of Income/Revenues		330,052,357	352,229,538
Receipt of Assistance/Subsidy		515,993,267	567,201,463
Collection of Receivables		42,869,735	127,092,028
Receipt of Inter-Agency Fund Transfers		557,161,201	89,929,695
Receipt of Intra-Agency Fund Transfers		213,435,806	77,413,547
Trust Receipts		46,899,870	73,839,791
Other Receipts	Php	18,732,529	8,471,044
Adjustments		107,635,263	78,916,395
Total Cash Inflows		2,640,538,029	2,625,968,501
Cash Outflows			
Payment of Expenses		1,399,623,842	1,578,643,889
Purchase of Inventories		74,957,423	32,573,992
Purchase of Consumable Biological Assets		13,225,450	82,528,285
Grant of Cash Advances		58,843,149	75,122,702
Prepayments		176,071	1,220,977
Refund of Deposits		1,925,599	221,969
Payment of Accounts Payable		196,998,626	330,629,089
Remittance of Personnel Benefit Contributions Mandatory Deductions		180,139,493	154,089,299
Release of Inter-Agency Fund Transfers		191,510,718	91,406,115
Release of Intra-Agency Fund Transfers		737,068,355	676,088,203
Other Disbursement		28,166,511	20,966,788
Adjustments		88,894,974	51,743,065
Total Cash Outflows		2,971,530,210	3,095,234,374
Net Cash Provided by (Used in) Operating Activities		(330,992,181)	(469,265,873)

CASH FLOWS FROM INVESTING ACTIVITIES		2017	2016
Cash Inflows			
Proceeds from Sale/Disposal of Property, Plant and Equipment	Php	-	87,374
Sale of Investments		275,441	-
Receipts of Interest Earned		3,157,684	1,782,879
Total Cash Inflows		3,433,124	1,870,253
Cash Outflows			
Purchase/Construction of Investment Property, Plant and Equipment		66,880,688	45,358,978
Total Cash Outflows		66,880,688	45,358,978
Net Cash Provided by (Used in) Investing Activities		(63,447,563)	(43,488,724)
Increase (Decrease) in Cash and Cash Equivalents		(394,439,745)	512,754,597
Effects of Exchange Rate Changes on Cash and Cash Equivalents		-	-
Cash and Cash Equivalents, Beginning Balance		1,303,511,527	1,816,266,124
Cash and Cash Equivalents, Ending Balance		909,071,782	1,303,511,527

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended December 31, 2017

2017	Accumulated Surplus/ (Deficit)	Government Equity
Balance at January 1	Php 3,123,062,128	Php 1,202,245,523
Add/(Deduct):		
-Changes in accounting policy	(485,426)	
-Prior period errors	(1,206,743,803)	
-Other adjustments	36,270,924	
Restated balance	1,952,103,822	1,202,245,523
Add/(Deduct):		
Changes in Net Assets/Equity for the Calendar Year		
-Surplus/ (Deficit) for the period	(413,467,985)	
-Appraisal Capital		-
-Purchase or Construction of Property, plant and equipment		1,641,156
-Donations		(2,688)
-Disallowances and other payments		(55,917)
Balance at December 31	Php 1,538,635,836	1,203,828,074

2016		Accumulated Surplus/ (Deficit)	Government Equity
Balance at January 1	Php	6,035,716,268	1,194,596,648
Add/(Deduct):			
-Changes in accounting policy		(10,724,406)	
-Prior period errors		13,897,260	
-Other adjustments		(2,427,628,120)	
Restated balance		3,611,261,003	1,194,596,648
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
-Surplus/ (Deficit) for the period		(488,198,875)	
-Appraisal Capital			(242,000)
-Purchase or Construction of Property, plant and equipment			6,300,634
-Donations			1,562,763
-Disallowances and other payments			27,478
Balance at December 31	Php	3,123,062,128	1,202,245,523

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

For the year ended December 31, 2017

Particulars	Budget Amounts			
	Original		Final	
	2017	2016	2017	2016
Receipts				
Tax Revenue	-	-	-	-
Services and Business Income (Notes 3.11, 18)	366,000,000	411,000,000	366,000,000	411,000,000
Assistance and Subsidy (Note 24)	1,438,772,000	1,287,887,000	1,438,772,000	1,287,887,000
Shares, Grants and Donations	-	-	-	-
Gains	-	-	-	-
Other Non-Operating Income (Note 25.1)	205,500,000	132,500,000	205,500,000	132,500,000
Other Non-Operating Receipts				
-Gain on Foreign Exchange (Note 25.2)	-	-	-	-
Total Receipts	2,010,272,000	1,831,387,000	2,010,272,000	1,831,387,000
Payments				
Personnel Services (Note 20)	510,356,000	476,201,000	350,879,000	403,074,000
Maintenance and Other Operating Expenses (Note 21)	3,295,911,000	4,796,259,780	2,955,994,000	5,704,070,000
Capital Outlay (Note 8)	1,046,497,000	924,373,120	1,046,497,000	2,549,586,360
Financial Expenses (Note 22)	-	-	-	-
Other Disbursements				
-Loan Repayment	-	-	-	-
-Remittance to National Treasury	-	-	-	-
-Others	-	-	-	-
Total Payments	4,852,764,000	6,196,833,900	4,353,370,000	8,656,730,360
Net Receipts/Payments	(2,842,492,000)	(4,365,446,900)	(2,343,098,000)	(6,825,343,360)

Particulars	Actual	Amounts	on	Difference Final Budget and Actual	
	2017	Comparable Basis	2016	2017	2016
Receipts					
Tax Revenue	-	-	-	-	-
Services and Business Income (Notes 3.11, 18)	421,546,789	430,078,293	55,546,789	19,078,293	
Assistance and Subsidy (Note 24)	1,339,117,000	1,250,875,000	(99,655,000)	(37,012,000)	
Shares, Grants and Donations	-	-	-	-	
Gains	25,000	-	25,000	-	
Other Non-Operating Income (Note 25.1)	56,385,646	61,677,992	(149,114,354)	(70,822,008)	
Other Non-Operating Receipts					
-Gain on Foreign Exchange (Note 25.2)	7	7	7	7	
Total Receipts	1,817,074,443	1,742,631,292	(193,197,564)	(88,755,708)	
Payments					
Personnel Services (Note 20)	377,187,566	376,111,562	26,308,566	(26,962,438)	
Maintenance and Other Operating Expenses (Note 21)	1,791,305,098	1,788,640,016	(1,164,688,902)	(3,915,429,984)	
Capital Outlay (Note 8)	287,014,770	99,169,073	(759,482,230)	(2,450,417,287)	
Financial Expenses (Note 22)	1,663	300	1,663	300	
Other Disbursements					
-Loan Repayment	-	-	-	-	
-Remittance to National Treasury	-	-	-	-	
-Others	-	-	-	-	
Total Payments	2,455,509,098	2,263,920,951	(1,897,860,902)	(6,392,809,409)	
Net Receipts/Payments	(638,434,655)	(521,289,659)	1,704,663,338	6,304,053,701	

Notes to Financial Statements

For the year ended December 31, 2017

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 Revised Coconut Industry Code.

Mandate

“It is hereby directed to be the policy of the State to promote the rapid integrated development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers become direct participants in, and beneficiaries of, such development and growth.”

It establishes the legal basis for PCA’s sole stewardship and responsibility over the coconut and other palm oil industries for the benefit of the coconut and oil palm farmers.

(Article 1, Section 2, P.D 1468 or the Revised Coconut Industry Code)

Functions

- » Formulate and promote a strategic and comprehensive development program for the coconut and other palm oil industry in all its aspects;
- » Implement and sustain a nationwide coconut planting and replanting, fertilization and rehabilitation, and other farm productivity programs;
- » Conduct research and extension works on farm productivity and process development for product quality and diversification;
- » Establish quality standards for coconut and palm products and by-products; and, develop and expand the domestic and foreign markets;
- » Enhance the capacities and ensure the socio-economic welfare of coconut and palm farmers and farm workers.

Vision

A developed and globally competitive coconut and other palm oil industry that contributes to food security, improved income, and enhanced participation of all stakeholders by 2020.

Mission

The Philippine Coconut Authority shall ensure the development and implementation of high value programs for the coconut and other palm oil industry carried out in transparent, responsible, and accountable manner and with utmost degree of professionalism and effectiveness.

The PCA adopts the regionalization scheme except for Regions I, II, III, and IV-B which are under the Regional Office in Quezon City and Region IV-A under the Regional Office in Lucena City.

The PCA adopts the regionalization scheme except for Regions I, II, III, and IV-B which are under the Regional Office in Quezon City and Region IV-A under the Regional Office in Lucena City.

It has 12 regional offices, 67 provincial offices, three research centers as well as training and seed production centers headed by a Regional Manager, Provincial Coconut Development Manager and Center Manager, respectively.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit through COA Resolution No. 2014-003 dated January 24, 2014.

The accounting policies have been consistently applied throughout the year presented.

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

The financial statements are presented in peso (Php), which is also the country’s functional currency.

Amounts are rounded off to the nearest thousand, unless otherwise stated.

The financial statements are presented in comparative figures with the immediately preceding year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Combination of Financial Statements

Financial statements are a combination of the 12 regional offices, three research centers, one training center, one coconut production center and that of the Central Office 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 Agency's Central Office and Regional Offices/Centers.

3.3 Adjustments, Restatements and Corrections of Prior Period Error

Adjustments for changes in accounting policies and restatements to correct errors in prior years are made retrospectively to the extent practicable, using the Accumulate Surplus (Deficit) account. The effects of changes in accounting estimates and correction of errors affecting the current year's accounts are reflected using the current year's accounts.

3.4 Financial Instruments

a. Financial Assets

» Initial Recognition and Measurement

Financial assets within the scope of PPSAS 29-Financial Instruments: Recognition and Measurement 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 Agency determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that requires 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 agency commits to purchase or sell the asset. The Agency's financial assets include: cash and equivalents; trade and other trade receivables; loans and other loans receivables; quoted and unquoted financial instruments; and derivative instruments.

b. Financial Liabilities

» 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 Authority's financial liabilities include trade payables, trust liabilities and other payables.

c. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

3.5 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.

3.6 Receivables

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

Trade receivables are financial assets with fixed or determinable payment that are not quoted in an active market. They arise when the Agency 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 balance sheets. Receivables are included in current assets if maturity is within 12 months of the financial reporting date. Otherwise, these are classified as noncurrent assets.

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

» Allowance for doubtful accounts

Allowance for the doubtful accounts 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 methods of estimating uncollectible accounts. By this method, the accounts are classified according to age from 1 day to over 10 years and provisions for the allowance for doubtful accounts shall be as follows:

Age of Accounts	Percentage
1-60 days	1%
61-180 days	2%
181 days-1 year	3%
More than 1 year to 10 years	5%
Over 10 years	100%
Accounts with legal constraints	100%

- 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.

3.7 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is 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. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Subsequently, inventories are valued using weighted average method.

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

3.8 Property, Plant and Equipment

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:

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

Property and equipment is stated at historical cost less accumulated depreciation, amortization and impairment in value, if any.

Property, plant and equipment were valued at cost and depreciated quarterly using the straight-line method using the estimated useful life of PPE as prescribed by COA. The PCA begins to depreciate its asset when its 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 the management. Residual value equivalent to 10 percent of the acquisition cost/appraised value was deducted before dividing the same by the estimated useful life. However, under PPSAS 17 residual value should be at least 5 percent of the total cost. The Agency plans to conform to this in the succeeding year. PPE acquired with less than Php 15,000 purchase price were reclassified as semi-expandable items for the year 2016. Adjustment for years prior 2016 regarding this matter will be made in the following year.

The following expenditures are capitalized:

- a. Improvements, additions, extensions or enlargement of existing units; repainting where such repainting shall be done for the whole building; and
- b. Major repairs, otherwise known as “Extraordinary Repairs” of property which will restore said property to good condition, improve their efficiency and/or extend their useful life to more than a year; and where such repairs amount to not less than Php 10,000 or at least 40 percent of the replacement cost of the property.

3.9 Changes in accounting policies and estimates

The Agency 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 Agency recognizes the effects of changes in accounting estimates prospectively through surplus or deficit. The Agency corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

3.10 Foreign currency transactions

Transaction in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

Exchange differences arising:

- (a.) on the settlement of monetary items, or
- (b.) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.11 Revenue

Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of Services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

3.12 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 notes to the annual financial statements.

These budget figures are those approved by the governing body both at the beginning and during the year following a period of consultation with the public.

3.13 Employee benefits

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

3.14 Measurement uncertainty

The preparation of consolidated financial statements in conformity with PPSAS 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 consolidated 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 consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual result could differ from these estimates.

4.CASH AND CASH EQUIVALENTS

This account consists of the following:

Particulars	Restated	
	2017	2016
Cash on hand		
Cash-collecting officer	3,479,079	3,362,370
Petty cash	93,076	82,761
	3,572,155	3,445,131
Cash in bank		
Cash in bank-local currency, current account	778,946,651	863,564,572
Cash in bank-local currency, savings account	2,689,616	346,723,846
Cash in bank-foreign currency, current account	2,072,766	2,440,427
Cash in bank-foreign currency, savings account	681,848	681,879
Cash-Modified Disbursement System (MDS), regular	118,995,659	85,358,085
Time deposits-foreign currency	2,113,089	2,113,089
	905,499,627	1,300,881,898
TOTAL	909,071,782	1,304,327,029

Cash in banks generally earns interest at respective bank rates.

A reasonable amount of petty cash is maintained to cover small amount of payments or reimbursement which are not necessarily needed to be made in check for payments as described by the management.

Cash in Bank-Local Currency, Current Account represents the PCA's fund deposited at Land Bank of the Philippines; Php 51,711,107 and Php 811,725,057 for Central Office and Regional Offices and Centers, respectively.

Cash in Bank-Local Currency, Savings Account are short-term investments on high-yield savings accounts to maximize income generation of funds held in trust which are temporarily in custody of the Authority until such time that the amounts will be released for specific purpose or project.

Cash-Modified Disbursement System (MDS), Regular consists of Cash - National Treasury account of General Fund 151 amounting Php 63,277,137 is 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 Php 22, 080, 948 represents the balance of remittances to the BTr for PCA fee of Php O. 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 for the amended rules and regulations implementing PD No. 1854.

5. RECEIVABLES

This account consists the following:

Particulars	Restated	
	2017	2016
Loans and receivable accounts		
-Accounts receivable	712,635,491	582,408,874
-Allowance for impairment-account receivable	(58,707,988)	(50,881,518)
-Interests receivable	3,212	3,212
	653,930,715	531,530,568
Inta-agency receivables		
-Due from national government agencies	46,506,481	46,506,481
-Due from local government units	35,581,320	46,604,307
-Due from government corporations	290,992,209	433,061,968
	373,080,010	526,172,756
Intra-agency receivables		
-Due from operating units	5,340	213,657
-Due from other funds	704,389,288	834,637,762
-Due from central office/home/head office	1,344,966,453	64,853,791
-Due from regional/branch offices	-	1,341,275
	2,049,391,081	901,046,484
Other receivables		
-Receivables-disallowances/charges	133,996,240	134,188,471
-Due from officers and employees	523,745	785,049
-Due from non-government organizations/people's organizations	1,310,993	1,310,993
Other receivables	34,874,699	24,808,325
Allowance for impairment-other receivables	(5,815,416)	(5,748,253)
	164,890,260	155,344,584
Total	3,241,292,067	2,114,094,393

5.1 Loans and Receivables

Accounts Receivable account consists of PCA Fees, and Interest and Surcharge on PCA Fees. The schedule below corresponds to computation of the Allowance for Impairment-Accounts Receivable account:

Age	No. of Accounts	% Doubtful	Accounts Receivable	Allowance for Doubtful Accounts
1 to 60 days	52	1%	10,331,271	103,313
61 to 181 days	60	2%	82,733,229	1,654,665
181 days to 1 year	55	3%	26,549,396	796,482
More than 1 year to 10 years	81	5%	550,638,513	27,531,926
Over 10 years	36	100%	28,621,603	28,621,603
TOTAL			698,874,011	58,707,989

*Accruals for the month of December 31, 2017 amounting to Php 13,761,479 was not included in computation for allowance for doubtful accounts.

Status Report of Outstanding PCA Fee Obligation as of December 31, 2017 showed the following details for disclosure to long overdue accounts:

Status of Accounts	No. of Accounts	Amount
Cases still pending in court	7	18,280,837
Cases ordered archived/ unlocated adress (ceased operations):		3,270,391
Decision cannot be executed/ enforced	6	8,447,364
Company owners still at large	3	9,937,071
Summons could not be served	13	663,515,103
Accounts forwarded to LAS for appropriate action and /or filing of case	34	693,450,766
TOTAL	63	693,450,766

As of December 31, 2016, the following accounts were requested to be written-off:

Company	Amount
Angmaya	40,372
Cal-Phil	5,749,996
Chemer Enterprise	1,738
Coco Manila	933,905
Jakke Enterprise	158,967
Lucky Coco	36,643
Peninsula Oil Mill	452,997
Peoples Industrial and Commercial Corporation	672,349
Philippine Agricultural Trading Corporation	1,174,261
Philippine Super Feed Corporation	29,397
R & A Coconut Products	167,862
Red V Coconut Products	302,103
VAC Commodities	216,479
TOTAL	9,937,071

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

5.2 Inter-Agency Receivables

Due from National Government Agencies includes release to various National Government Agencies for the conduct of the following research activities :

Particulars	Description	Amount
UPLB-Banana (HVCC)	Final Payment for the project entitled "Improvement of productivity of the Banana farms in the Philippine Technical Support".	108,874
Metal Industry Research and Development Center	Release of Phase II of the PCA-MIRDC MOA	17,167
DOST-Food and Nutrition Research Institute	Phase I for the project "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 the Philippines-Diliman	First 50% payment of the project "On-Road Test of 5% Coco Methyl Biodiesel Blend in Public Transport".	167,816
University of Southern Mindanao	Liquidation of project "Oil Palm Productivity for Peace of Poverty Alleviation in Mindanao".	605,718
University of the Philippines-Manila	To take up expenses incurred for the project "Association of Dietary Intake of Coconut Oil and Coconut Products w/ Dyslipidemia and Hypertension for February 2 to October 24, 2014	1,648,658
Philippine Council for Health Research and Development	First payment for the project "Effects of Virgin Coconut Oil on Alzheimer's Disease	4,560,000
Procurement Service*	Payment of deposit equivalent to the cost of security service for 8 months	30,819
Procurement Service*	Payment for the purchase of 1 set of PVC Tufting machine and agency fee for R-VIII	37,716,674
Philippine Council for Health Research and Development	Second payment for the project "Effects of Virgin Coconut Oil on Alzheimer's Disease	1,520,000
University of the Philippines-Manila	To take up liquidation of UP Manila	(1,646,606)
TOTAL		46,373,272

*A memorandum of agreement was executed between PCA and Procurement Service dated January 30, 2015 to tap the services of PS-DBM in the conduct of bidding for the supply and delivery of services. This was approved per Board Resolution no. 01-2015 dated January 21, 2015.

Due from Local Government Units represents the balance of the funds transferred to the following LGUs:

Province/ City	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
Provincial Government of Samar	Coconut rehabilitation and restoration of agricultural activity/ farming systems project due to typhoon "Yolanda"	23,022,987
Local Government of Alabat, Quezon	Coconut Cacao Intercropping Project and Coconut Sap Sugar Production under the KANIB Enterprise Development Project (KEDP)	515,772
Local Government of Javier, Leyte	Establishment of Coconut Tufting Machine Facility	12,000,000
Provincial Government of Samar	Liquidation of Provincial Government of Samar	(23,022,987)
TOTAL		35,581,320

Due from GOCCs account includes fund released to Philippine International Trading Corporation (PITC) for the purchase of the agricultural grade salt multi nutrient fertilizers. This was approved by Board Resolution no. 123-2015 dated July 20, 2015.

5.3 Intra-Agency Receivables

Due from Operating Units balance is from PCA-Region XII pertains for its receivables from National printing Office amounting to Php 5,340. Due from Other Funds are outstanding balances after removal of intra-fund items amounting to Php 675,416 for Special Fund 201, Php 698,533,312 for Corporate Fund503 and Php 5,180,560 for Yolanda.

Due from Central Office account represents balance of funds for different projects not yet released by PCA Central Office not yet taken up in the books of Central Office thus remain in the consolidation after intra-agency transactions elimination. This Account consists of the following:

5.4 Other Receivables

Receivables-Disallowances/ Charges is used to record the amount of disallowances in audit due from officers and employees and other accounts that have become final and executory. Due from Officers and Employees refers to the balance of cash advances remained unliquidated as of the end of December 31, 2017. Due from Non-Government/ People's Organization represents fund transfer to NGO's 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 PCA and the NGO.

Particulars	Amount
Yolanda	90,725,378
IV-A	257,288,281
V	184,488,923
VI	38,180,631
VII	74,403,233
VIII	179,612,388
X	62,550,668
XI	263,284,673
XII	2,009,696
XIII	19,185,192
ARMM	102,334,693
DRC	18,031,896
ZRC	52,900,800
TOTAL	1,344,996,453

PEACE Foundation	Php	498,377
UPLB Foundation, Inc.		812,616
TOTAL	Php	1,310,993

Other Receivables consists of the following:

Account Name	Amount	Allowance for Doubtful accounts	Net Book Value
Other creditors	14,506,201	531,541	13,974,660
Working fund	694,090	-	694,090
Advances - others	2,285	-	2,285
Other officers - CISF	36,596	-	36,596
Receivables - SCFO	2,046,066	1,531,440	514,626
Farmers - NCIP	2,187,403	2,094,446	92,957
FAO - NCIP	198,180	198,180	-
Miscellaneous	13,476,164	728,973	12,747,191
Trade and business	1,727,714	730,835	996,879
TOTAL	34,874,699	5,815,416	29,059,283

6. INVENTORIES

The financial statements have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit through COA Resolution No. 2014-003 dated January 24, 2014. The accounting policies have been consistently applied throughout the year presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method. The financial statements are presented in peso (Php), which is also the country's functional currency. Amounts are rounded off to the nearest thousand, unless otherwise stated. The financial statements are presented in comparative figures with the immediately preceding year.

Particulars	2017	2016
Inventory held for distribution	21,314,980	14,569,770
Inventory held for consumption	33,959,349	30,459,326
Semi-expandable machinery and equipment	11,542,494	7,014,914
Semi-expandable furniture, fixtures and books	1,568,697	511,570
TOTAL	68,385,521	52,555,580

6.1 Inventory held for distribution consist of agricultural products composed mainly of fertilizers, coconut seedlings and seednuts, earwigs and other agricultural supplies for distribution to farmers.

6.2 Inventory held for consumption consist of:

Office supplies inventory	1,159,828
Accountable forms, plates and stickers inventory	86,711
Medical, dental and laboratory supplies inventory	879,026
Fuel, oil and lubricants inventory	405,066
Agricultural and marine supplies inventory	26,076,324
Other supplies and materials inventory	5,352,394
TOTAL	33,959,349

6.3 Semi-Expandable Machinery and Equipment and Semi-Expandable Furniture, Fixtures and books represents purchased of tangible items with the amount of less than the Php 15,000 threshold during the year. Semi-expandable items remain as inventory until issuance to the end user. (Refer to Note 3.8)

7.INVESTMENTS

This account represents the cost of stock certificates issued by the United Coconut Planters Bank, with a par value of Php 1.00 per common share for a total of 88,515 common share amounting to Php 88,515.

8. PROPERTY, PLANT AND EQUIPMENT

An illustration of the analysis of this account is shown below:

Cost	Beginning Balance	Additions	Disposal / Sale/ Transfer	Adjustments/ Reclassification	Ending Balance
Land	142,415,549	137,368,000	(137,368,000)		142,415,549
Other land improvements	25,951,832	-		(40,770)	25,911,062
Water supply systems	2,639,263	1,192,960		(27,400)	3,804,823
Power supply systems	653,226	-			653,226
Buildings	254,347,507	10,036,865		9,526,879	273,911,251
Machinery	63,315,845	11,984,611		(40,974,217)	34,326,238
Office equipment	48,258,611	4,427,584	(14,700)	(1,443,882)	51,227,612
Information and communication	40,840,103	3,883,303		(1,446,707)	43,276,699
Agricultural and forestry	223,255,039	33,421,833	(14,980,593)	7,062,260	248,758,539
Communication equipment	14,609,706	-		(159,240)	14,450,466
Firefighting equipment	242,901	41,700			284,601
Medical equipment	27,819,787	4,970,098		(361,332)	32,428,553
Technical and scientific	50,524,715	21,572,074		(588,253)	71,508,535
Other machinery and equipment	77,429,010	39,912,908		26,587,466	143,929,385
Motor vehicles	105,186,518	642,652		1,898,464	107,727,634
Other transportation equipment	916,000	-			916,000
Furniture and fixtures	12,603,486	329,735		(2,739,425)	10,193,796
Books	552,097	-		(8,563)	543,534
Other property, plant and equipment	7,650,270	98,290		(476,208)	7,272,353
Construction in progress	4,494,715	17,132,158		(9,964,764)	11,662,108
Total	1,103,706,179	287,014,770	(152,363,293)	(13,155,693)	1,225,201,963

Accumulated Depreciation					
	Beginning Balance	Additions	Disposal / Sale/ Transfer	Adjustments/ Reclassification	Ending Balance
Land	-	-	-	-	-
Other land improvements	20,416,719	556,183	-	(33,824)	20,939,078
Water supply systems	2,367,996	7,550	-	(26,030)	2,349,516
Power supply systems	404,422	58,790	-	-	463,212
Buildings	176,752,623	5,259,248	-	(200,182)	181,811,689
Machinery	10,468,064	3,674,497	-	(5,957,016)	8,185,544
Office equipment	36,666,751	2,608,653	-	(938,345)	38,337,059
Information and communication	24,139,172	3,162,801	-	(977,877)	26,324,096
Agricultural and forestry	53,255,047	20,800,010	-	(3,703,307)	70,351,750
Communication equipment	11,072,660	53,263	-	(85,778)	11,040,145
Firefighting equipment	56,826	22,347	-	-	79,173
Medical equipment	7,594,982	4,031,693	-	(19,293)	11,607,382
Technical and scientific	32,471,371	3,691,416	-	(560,467)	35,602,320
Other machinery and equipment	9,975,766	9,921,954	-	3,870,629	23,768,349
Motor vehicles	64,876,730	5,956,098	-	(874,382)	69,958,446
Other transportation equipment	824,400	-	-	-	824,400
Furniture and fixtures	6,726,121	547,871	-	(1,586,791)	5,687,201
Books	370,689	-	-	(7,619)	363,070
Other property, plant and equipment	1,817,591	1,081,926	-	(187,611)	2,711,906
Construction in progress	-	-	-	-	-
Total	460,257,930	61,434,300	-	(11,287,893)	510,404,337

Net book values of property and equipment are summarized in the table below:

Land	142,415,549
Other land improvements	4,971,984
Water supply systems	1,455,307
Power supply systems	190,014
Buildings	92,099,561
Machinery	26,140,694
Office equipment	12,890,553
Information and communication	16,952,603
Agricultural and forestry	178,406,788
Communication equipment	3,410,320
Firefighting equipment	205,428
Medical, dental and laboratory	20,821,171
Technical and scientific	36,906,215
Other machinery and equipment	120,161,036
Motor vehicles	37,769,188
Other transportation equipment	91,600
Furniture and fixtures	4,506,595
Books	180,464
Other property, plant and equipment	4,560,447
Construction in progress	11,662,108
Total	714,797,626

The Agency reviewed the carrying value of property and equipment for any impairment as of December 31, 2017. Based on its evaluation, no impairment loss has occurred and no property and equipment has been pledged as security for liabilities.

9. BIOLOGICAL ASSETS

Particulars	2017	2016
Bearer biological assets		
-Breeding stocks	25,000	25000
Consumable biological assets		
-Livestock held for consumption/sale/distribution	40,000	-
Trees, plants and crops held for consumption/sale/distribution	2,471,028	2,539,558
TOTAL	2,536,028	2,539,558

Breeding stocks account balance is from Region VI, Livestock held for consumption/sale/distribution account is recorded under ZRC, and Trees, Plants and crops held for consumption/ Sale/ Distribution account is recorded under Region IV-B. The Agency plan to examine other assets that can be recognized as biological assets not yet taken up in the books as of the year of this report for compliance to PPSAS 27 in the succeeding years.

10. OTHER ASSETS

Particulars	2017	2016
Other current assets		
-Advances	3,497,764	1,230,987
-Prepayments	3,763,390	1,969,477
-Deposits	2,889,291	2,858,878
	10,150,445	6,059,342
Other-non current assets		
-Deferred charges/losses	237,914	237,914
-Other assets	723,103,320	723,782,870
-Accumulated impairment losses-other assets	(3,871,227)	(4,180,689)
	719,470,008	719,840,095
TOTAL	729,620,453	725,899,436

10.1 Other Current Assets consists of the following:

Particulars	2017	2016
Advances to special disbursing officer	2,379,149	777,893
Advances to officers and employees	1,118,614	453,093
TOTAL	3,497,764	1,230,987

Prepayments account consists of the following:

Particulars	2017	2016
Advances to contractors	3,004,529	1,347,496
Prepaid rent	193,031	193,031
Prepaid insurance	446,361	391,483
Other prepayments	119,470	37,468
TOTAL	3,763,390	1,969,477

Deposits account consists of the following:

Particulars	2017	2016
Guaranty deposits	1,186,652	1,156,239
Marginal deposits	58,224	58,224
Deposits on containers	96,500	96,500
Other deferred charges	1,547,915	1,547,915
TOTAL	2,889,291	2,858,878

10.2 Other Non-Current Assets

Advances account consists of the following:

Deferred Charges/ Losses account are long-term prepaid expenses that is carried forward until actually used amounting to Php 228,063 for Central Office and Php 9,851 for Region V. Other Assets are unserviceable property, plant and equipment recommended to be reclassified to this account awaiting final disposition.

Particulars	2017	2016
Other assets	723,103,320	723,782,870
Accumulated impairment losses-other assets	(3,871,227)	(4,180,689)
Net book value	719,232,093	1,358,267,035

11. FINANCIAL LIABILITIES

This account is consisting of the following:

Accounts payable account consists of the following:

Due to officers and employees account consist of payables due to various PCA employees.

Particulars	2017	Restated 2016
Accounts Payable	1,123,077,906	608,023,376
Due to Officers and Employees	10,716,602	9,899,090
Tax Refunds Payable	-	7,170
TOTAL	1,133,794,508	617,929,635

Particulars	2017	Restated 2016
Trade and business	1,123,077,906	608,023,376
Unliquidated obligations - personal services	10,716,602	9,899,090
Unliquidated obligations - MOOE		
Unliquidated obligations - miscellaneous	-	7,170
TOTAL	1,133,794,508	617,929,635

12. INTER-AGENCY PAYABLES

This account is consisting of the following:

Particulars	2017	Restated 2016
Due to BIR	5,622,241	6,961,549
Due to GSIS	1,586,305	1,365,570
Due to Pag-IBIG	213,678	274,483
Due to PhilHealth	267,970	216,451
Due to NGAs	44,489,955	41,021,450
Due to Government Corporations	890,632	952,670
Due to LGUs	33,902,088	43,955,386
Due to Treasurer of the Philippines	-	-
Due to SSS	275	330
Value-Added Tax Payable	1,239,792	749,046
TOTAL	88,212,937	

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

Particulars	2017	2016
Withholding tax on compensation	2,139,328	1,992,862
Expanded tax withheld	575,314	1,504,188
Withholding tax on GMP-Percentage Taxes	395,619	535,750
Withholding tax on GMP-Value Added Taxes (GVAT)	1,620,717	2,503,042
Other fees and taxes withheld	891,263	425,707
TOTAL	5,622,241	6,961,549

Due to Government Service Insurance System (GSIS), Due to Home Development Mutual Fund (Pag-IBIG), Due to Philippine Health Insurance Corporation (PhilHealth) and Due to Social Security System (SSS) accounts consists of employees withheld premium payments and other payables for remittance to the respective government agency/ institution.

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

Due to Local Government Units (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 Government Corporations account consist of the following:

Particulars	2017	2016
Miscellaneous	818,145	949,442
LBP loans	69,030	1,936
NHMF - housing loan	3,458	1,293
TOTAL	890,632	952,670

13. INTRA-AGENCY PAYABLES

This account is consisting of the following:

Particulars	Restated	
	2017	2016
Due to other funds	706,614,913	845,128,587
Due to central/home/head office	909,354,896	23,598,671
TOTAL	1,615,969,809	868,727,258

Due to Other Funds accounts are further broken down as follows:

Particulars	Restated	
	2017	2016
CISF	109,201	109,201
General Fund 101	2,564,907	1,609,512
General Fund 151	5,450,743	9,324,837
General Fund 501	3,864	3,864
Corporate Fund 503	-	892,101
SCFDP Fund 401	186,900	186,900
Due to Yolanda	698,299,299	833,002,174
TOTAL	706,614,913	845,128,587

Due to Other Funds accounts are further broken down as follows:

CISF represents levies collected from the copra desiccators, copra exporters, oil millers, refiners and other end-users of copra or its equivalent in other coconut products for viability and stability of the coconut industry pursuant to PD Nos. 1468 and 1842. There are no financial transactions of the CISF considering collection of the levies was lifted on August 28, 1982.

Particulars	Restated	
	2017	2016
CISF	109,201	109,201
General Fund 101	2,564,907	1,609,512
General Fund 151	5,450,743	9,324,837
General Fund 501	3,864	3,864
Corporate Fund 503	-	892,101
SCFDP Fund 401	186,900	186,900
Due to Yolanda	698,299,299	833,002,174
TOTAL	706,614,913	845,128,587

Special Account in the General Fund - fund 151 is sourced from automatic appropriations which expenditures are authorized under PD No. 1234. National Coconut Productivity Program/Energy Self-reliance Program Fund - fund 501 and Coconut Farms Safety Net Program (CFSNP) fund form part of the Corporate Fund- fund 503. Programs for said fund had already been completed several years ago. Small Coconut Farms Development Project (SCFDP) - fund 401 was used for a foreign assisted project, financed through a World Bank loan, aimed to launch a program of coconut development and productivity improvement and increase the income of small scale coconut farmers by improving coconut yields and copra quality. The program started its implementation on June 4, 1990 and was terminated on December 31, 1999. Due to Yolanda account represents fund transferred to Corporate fund. 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.

14. TRUST LIABILITIES

This account consists of guaranty or security deposits to be refunded after the fulfillment or forfeiture upon failure to comply to the purpose of the undertaking amounting to Php 10,930,858 and Php 14,765,523 in 2017 and 2016 respectively.

15. OTHER PAYABLES

This account consists of other liabilities not falling under any of the specific payable account amounting to Php 52,901,828 in 2017 and Php 61,716,090 in 2016.

16. OTHER DEFERRED CREDITS/UNEARNED INCOME

This account comprises other deferred credits account which is a suspense account for fertilizers and other intercropping agricultural supplies. Said account shall be adjusted once the documents, particularly the duly accomplished acknowledgment receipts of farmer- recipients are completely submitted.

Particulars	2017	2016
Central Office	177,960	177,960
Region IV-B	26,208	47,545
Region V	20,002,835	20,002,835
Region VIII	98,882	125,106
Region XIII	147,924	147,924
Albay Research Center	947,225	1,227,725
Zamboanga Research Center	141,561	589,498
TOTAL	21,542,596	22,318,593

13. GOVERNMENT EQUITY

This account is consisting of the following:

Particulars	Restated	
	2017	2016
Accumulated surplus/(deficit)	1,538,861,730	1,952,103,821
Invested capital - purchase or construction	100,576,183	100,287,516
Invested capital - general fund 101/CISF	712,919,145	712,919,145
Invested capital - donations received	110,652,946	110,655,633
Invested capital - fixed assets held in trust	58,125,195	56,851,662
Invested capital - fixed assets held in trust (SCFDP)	65,529,649	65,450,693
Invested capital - disallowances	104,144,587	104,200,505
Invested capital - other payments	31,213,180	31,213,180
Invested capital - investments	812,189	812,189
Appraisal capital	19,855,000	19,855,000
TOTAL	2,742,689,804	3,154,349,345

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. Appraisal Capital 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 are 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
Due to other funds	23,756	15,389,000	24,498,000	9,109,000
San Pablo City	17332	15,500,000	24,650,000	9,150,000
Lucena City	16034	13,500,000	15,096,000	1,596,000
TOTAL	57,122	44,389,000	64,244,000	19,855,000

14. SERVICE AND BUSINESS INCOME

Particulars	2017	2016
Service income		
-Permit fees	298,616,860	281,648,944
-Supervision and regulation enforcement fees	58,783,192	79,143,541
-Inspection fees	6,748,720	7,926,414
-Fines and penalties-service income	2,375,915	650,230
-Other Service Income	20,301,538	19,587,776
	386,826,225	388,956,905
Business income		
-Rent/lease income	27,199,272	34,643,423
-Income from hostels/dormitories and other like facilities	160,550	208,900
-Fidelity insurance income	-	452,492
-Interest income	4,408,032	5,423,762
-Fines and penalties-business income	2,952,710	392,812
	34,720,565	41,121,388
Total	421,571,789	430,078,293

19. GAINS

Gains consists of gain on sale of biological assets amounting to Php 25,000.

20. PERSONNEL SERVICES

20.1 Salaries and Wages

Salaries and Wages incurred for payment of services rendered by PCA employees occupying regular positions amounting to Php 217,591,325.

20.2 Other Compensation

Particulars	2017	2016
Misc Personnel economic relief allowance (PERA) ellaneous	13,330,443	13,917,000
Representation allowance (RA)	6,198,625	6,290,436
Transportation allowance (TA)	3,460,289	3,214,456
Clothing/uniform allowance	2,835,000	2,935,000
Honoraria	141,937	292,350
Longevity pay	115,665	160,401
Overtime and night pay	1,036,444	1,374,056
Year end bonus	36,004,594	32,599,202
Cash gift	2,687,250	2,878,375
Other bonuses and allowances	41,952,952	9,544,730
TOTAL	107,763,199	113,206,005

20.3 Personnel Benefit Contributions

These are the Agency's share in premium contributions GSIS, HDMF and PhilHealth.

Particulars	2017	2016
Retirement and life insurance premiums	26,038,963	25,899,659
Pag-IBIG contributions	663,900	697,900
PhilHealth contributions	2,084,775	2,185,022
Employees compensation insurance premiums	669,000	694,100
TOTAL	29,456,638	29,476,681

20.4 Other Personnel Benefits

Particulars	2017	2016
Terminal leave benefits	21,323,350	16,261,216
Other personnel benefits		
-Counsel allowance	29,500	19,500
-Loyalty award	455,000	300,000
-Per diem of directors	553,500	347,400
Others	-	241,143
	1,038,000	908,043
TOTAL	22,361,350	17,169,259

21. MAINTENANCE AND OTHER OPERATING EXPENSES

21.1 Travelling expenses

Particulars	2017	2016
Traveling expenses-local	62,451,437	64,246,102
Traveling expenses-foreign	1,705,485	624,741
TOTAL	64,156,922	64,870,843

21.2 Training expenses

Represents expenses incurred in attending various trainings to expand knowledge and skills required amounting to Php 36,860,084 in 2017 and Php 29,441,603 in 2016.

21.3 Supplies and Materials Expenses

Particulars	2017	2016
Office supplies expenses	13,104,990	12,861,191
Accountable forms expenses	234,561	200,166
Medical, dental and laboratory supplies expenses	956,862	4,277,321
Fuel, oil and lubricants expenses	13,884,602	13,357,302
Agricultural and marine supplies expenses	1,080,395,981	1,031,984,349
Semi-expendable machinery and equipment expenses	296,111	235,519
Semi-expendable furniture, fixtures and books expenses	192,140	483,252
Other supplies and materials expenses	14,130,990	11,856,527
TOTAL	1,123,196,238	1,075,255,627

21.4 Utility Expenses

Particulars	2017	2016
Water expenses	3,422,192	3,015,060
Electricity expenses	23,878,650	20,938,811
Other utility expenses	-	1,220
TOTAL	27,300,842	23,955,091

21.5 Communication Expenses

Particulars	2017	2016
Postage and courier services	1,189,345	1,177,131
Telephone expenses	8,213,063	8,407,105
Internet subscription expenses	1,242,946	1,180,880
Cable, satellite, telegraph and radio expenses	7,790	2,380
TOTAL	10,653,144	10,767,496

21.6 Awards/Rewards Expenses

This account amounts to Php 384,400 for the year ended December 31, 2017 and Php 560,000 for the year ended December 31, 2016.

21.7 Research, Exploration and Development Expenses

This account amounts to Php 525,593 for the year ended December 31, 2017 and Php 1,998,897 for the year ended December 31, 2016.

21.8 Extraordinary and Miscellaneous Expenses

This account amounts to Php 681,970 for the year ended December 31, 2017 and Php 550,737 for the year ended December 31, 2016.

21.9 Professional Services

Particulars	2017	2016
Legal services	40,000	300
Auditing services	31,573,530	28,923,577
Consultancy services	305,150	1,403,700
Other professional services	202,059,262	176,688,530
TOTAL	233,977,942	207,016,107

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

21.10 General Services

Particulars	2017	2016
Janitorial services	3,674,924	3,164,382
Security services	41,048,105	38,349,185
Other general services	133,824,404	212,565,078
TOTAL	178,547,433	254,078,646

21.11 Repairs and Maintenance

Particulars	2017	2016
Repairs and maintenance - buildings and other structures	11,772,391	8,162,580
Repairs and maintenance - machinery and equipment	1,168,892	1,859,151
Repairs and maintenance- transportation equipment	8,910,330	6,951,507
Repairs and maintenance- furniture and fixtures	12,100	1,350
Repairs and maintenance-other property, plant and equipment	-	42,750
TOTAL	21,898,481	17,017,338

21.12 Taxes, Insurance Premiums and Other Fees

Particulars	2017	2016
Taxes duties and licenses	2,977,701	3,377,176
Fidelity bond premiums	1,344,674	1,934,629
Insurance expenses	2,622,406	2,388,343
TOTAL	6,944,780	7,700,148

21.13 Other Maintenance and Operating Expense

Particulars	2017	2016
Advertising, promotional and marketing expenses	296,392	1,141,840
Printing and publication expenses	1,110,964	648,053
Representation expenses	357,388	422,414
Transportation and delivery expenses	11,049,442	17,044,189
Rent/lease expenses	12,175,518	15,559,855
Membership dues and contributions to organizations	-	20,000
Subscription expenses	252,266	264,153
Donations	42,620,502	42,794,025
Documentary stamps expenses	373,742	250,857
Other maintenance and operating expenses	17,916,717	17,282,099
TOTAL	86,152,931	95,427,484

Other maintenance and operating expenses are further broken down as follows:

Particulars	2017	2016
Athletic and social events expenses	3,448,515	4,854,093
Duplicating costs	232,109	249,586
Meetings and conferences	3,376,834	2,885,378
BAC honorarium	259,739	540,761
Laboratory analysis	4,746	713,100
Others	9,960,156	8,673,798
TOTAL	17,916,717	17,282,099

22. FINANCIAL EXPENSES

Financial expenses consist of payments for bank charges amounting to Php 1,663 in 2017 and Php 300 in 2016.

23.1 Depreciation

Particulars	2017	2016
Depreciation - land improvements	523,193	551,883
Depreciation - infrastructure assets	99,330	144,351
Depreciation - buildings and other structures	5,241,275	6,916,544
Depreciation - machinery and equipment	40,622,160	35,947,306
Depreciation - transportation equipment	6,027,958	7,012,045
Depreciation - furnitures, fixtures and books	476,917	578,985
Depreciation - other property, plant and equipment	980,089	584,079
TOTAL	53,970,923	51,735,193

23.2 Impairment Losses

Particulars	2017	2016
Impairment loss-loans and receivables	7,893,632	12,957,532
Impairment loss-other receivables	-	1,385,557
TOTAL	7,893,632	14,343,089

24. SUBSIDY INCOME FROM NATIONAL GOVERNMENT

For the year 2017, the Agency received transfer of funds from the Bureau of Treasury to LBP C/A#0702-1001-86 for the subsidy released from the National Government per SARO-BMB-C-17-0000030 to cover the 1st Quarter of 2017 in the amount of Php 70,866,000; 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 Php 760,514,000; and SARO-BMB-C-15-0017518 with NCA-BMB-C-17-00021766 for the release of unfunded allotment of the FY 2015 national government subsidy for the implementation of various programs and project of PCA chargeable against its 2015 authorized appropriation (RA 10651).

25. NON-OPERATING INCOME, GAIN OR LOSSES

25.1 Miscellaneous Income

Particulars	2017	2016
Sale of copra	6,524,642	7,105,506
Sale of coco-by-products	6,539,318	748,194
Sale of coco seedlings	2,767,026	2,499,834
Sale of intercrops	358,640	309,171
Sale of coco seednuts	4,876,025	8,327,612
Sale of waste materials	-	2,400
Analysis fee-PTAL	2,842,127	2,694,550
Income from reproduction/xerox	17,837	13,440
Filing/certification fees	1,772,464	1,930,128
Seednuts replacement	29,524,636	37,993,600
Income from sale of books	3,500	-
Others	153,206	53,550
Total	55,379,420	61,677,985

25.2 Gains

This consist of gain on foreign exchange amounting to Php 7 both in 2017 and in 2016.

26. PRIOR PERIOD ADJUSTMENTS AND ERRORS

The Agency has determined and restated the following accounts with the net effect in the financial statements as summarized below:

Account Name	Account Code	Debit	Credit
LBP C/A#702-1001-86 (Fund 503)	1 01 02 020 01	128,407	
LBP HYSA#0707-8050-54	1 01 02 030 07	229,031	
LBP HYSA#0707-8050-62	1 01 02 030 08	229,031	
LBP HYSA#0707-8050-70	1 01 02 030 09	229,031	
Accounts receivable	1 03 01 010		4,073
Allowance for doubtful accounts	1 03 01 011	30,103	
Due from national treasury	1 03 03 010 03		1,250,875,000
Due from regional offices	1 03 04 070	1,341,275	
Due from other funds- general fund 151	1 03 04 050 03	1,272,395	
Office equipment	1 06 05 020		25,712
Accumulated depreciation-office equipment	1 06 05 021	9,295	
IT equipment and software	1 06 05 030		154,453
Accumulated depreciation-IT equipment and software	1 06 05 031	154,130	
Communication equipment	1 06 05 070		2,850
Accumulated depreciation-communication equipment	1 06 05 071	599	
Medical, dental and laboratory equipment	1 06 05 110		16,394
Accumulated depreciation-medical, dental and laboratory equipment	1 06 05 111	2,937	
Furniture and fixtures	1 06 07 010		414,786
Accumulated depreciation-furniture and fixtures	1 06 07 011	100,986	
Trade and business	2 01 01 010 01		13,976
Unliquidated obligations - personal services	2 01 01 010 02	76,312,100	
Unliquidated obligations - MOOE	2 01 01 010 03	251,109	
DA-BAR (Coco Diesel Project)	2 02 01 050 41	13,258	
DOST-IX Project	2 02 01 050 99	980,000	
Value-Added tax payable	2 02 01 120	156,789	
Corporate fund 503	2 03 01 050 06		892,101
Allowance/retention for contractual	2 99 99 990 52	563	
Accumulated surplus/(deficit)	3 01 01 010	1,170,958,306	
TOTAL		1,252,399,345	1,252,399,345

27. DISCLOSURES REQUIRED BY BIR UNDER RR 15 – 2010

In compliance with Revenue Regulations No. 15 – 2010 amending Revenue Regulations No. 21 – 2002. This states that “In addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and/or conventions as may heretofore be adopted, the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year”.

The Agency has been regularly deducting taxes from salaries and other benefits due from its employees as well as from cost of goods and services procured. Likewise, the amount withheld from the same were remitted to the Bureau of Internal Revenue (BIR) within the prescribed deadlines.

Total taxes withheld and remitted for the year were as follows:

Due to BIR	Tax on Compensation 412-1	
	2 02 01 010 01	
	Withheld	Remitted
Central Office	7,448,480.71	6,907,161.44
Central Office (YOLANDA)	-	-
Region I-IVB	2,020,047.26	2,020,047.26
Region IV-A	2,983,469.72	2,767,248.90
Region V	3,197,844.00	3,197,844.00
Region VI	1,830,037.70	1,830,037.70
Region VII	1,840,049.48	1,840,049.48
Region VIII	2,641,156.75	2,641,156.75
Region IX	2,168,837.43	2,135,181.99
Region X	2,058,323.04	2,058,323.04
Region XI	2,168,161.83	2,168,161.83
Region XI - PABLO	-	-
Region XII	2,941,423.26	2,893,572.66
Region XIII	1,952,070.61	1,952,070.61
Region XIII-JAIF	-	-
Region XIV	1,430,219.58	1,430,219.47
CETC	-	-
DRC	404,282.77	404,457.29
ARC	521,914.43	521,914.43
ZRC	1,605,618.63	1,605,618.63
NSPC	-	-
Total	37,211,937.20	36,373,065.48

Due to BIR	Expanded W/holding Tax 412-4	
	2 02 01 010 02	
	Withheld	Remitted
Central Office	779,121.29	1,127,728.15
Central Office(YOLANDA)	1,680.00	1,680.00
Region I-IVB	183,242.78	182,111.36
Region IV-A	970,601.03	916,925.88
Region V	905,744.94	905,744.94
Region VI	-	1,830,037.70
Region VII	27,779.52	27,779.52
Region VIII	321,438.17	321,438.17
Region IX	662,696.15	691,895.57
Region X	276,918.69	276,918.69
Region XI	-	-
Region XI - PABLO	-	-
Region XII	611,528.26	684,038.82
Region XIII	488,012.99	488,012.99
Region XIII-JAIF	38,101.39	38,101.39
Region XIV	994,278.31	994,278.31
CETC	-	-
DRC	69,203.53	69,203.53
ARC	140,312.45	140,312.45
ZRC	369,052.95	369,052.95
NSPC	78,826.49	62,444.33
Total	6,918,538.94	7,297,667.05

Due to BIR	W/tax on GMP - Percentage	
	2 02 01 010 03	
	Withheld	Remitted
Central Office	-	-
Central Office(YOLANDA)	-	-
Region I-IVB	-	-
Region IV-A	-	-
Region V	-	-
Region VI	65,405.75	75,065.74
Region VII	1,072,693.76	1,072,693.76
Region VIII	-	-
Region IX	-	-
Region X	-	-
Region XI	-	-
Region XI - PABLO	-	-
Region XII	-	-
Region XIII	346,450.89	346,450.89
Region XIII-JAIF	25,648.56	25,648.56
Region XIV	-	-
CETC	-	-
DRC	-	-
ARC	-	-
ZRC	-	-
NSPC	-	-
Total	1,510,198.96	1,519,858.95

Due to BIR	W/holding tax on Vat 412-3	
	2 02 01 010 04	
	Withheld	Remitted
Central Office	2,686,291.38	2,765,320.96
Central Office(YOLANDA)	4,200.00	4,200.00
Region I-IVB	202,388.22	199,172.51
Region IV-A	1,529,987.29	1,458,547.18
Region V	842,731.88	842,731.88
Region VI	206,926.56	119,722.58
Region VII	321,765.14	321,765.14
Region VIII	823,162.73	823,162.73
Region IX	-	-
Region X	469,830.25	469,830.25
Region XI	1,188,003.09	1,165,145.06
Region XI - PABLO	38,151.31	38,151.31
Region XII	1,054,585.64	1,081,640.77
Region XIII	440,968.45	440,968.45
Region XIII-JAIF	62,041.76	62,041.76
Region XIV	1,044,386.66	1,044,386.65
CETC	9,342.38	8,700.02
DRC	-	-
ARC	489,359.01	489,359.01
ZRC	-	-
NSPC	113,509.79	143,324.46
Total	11,527,631.54	11,478,170.72

Due to BIR	Other Fees & Taxes W/held 412-2	
	2 02 01 010 99	
	Withheld	Remitted
Central Office	1,228,317.64	1,205,887.03
Central Office (YOLANDA)	31,840.47	31,840.47
Region I-IVB	428,812.64	426,261.16
Region IV-A	723,786.94	632,918.63
Region V	511,365.54	511,365.54
Region VI	-	
Region VII	-	
Region VIII	-	
Region IX	1,781,562.24	1,766,599.39
Region X	334,195.88	334,195.88
Region XI	1,433,724.91	1,075,969.45
Region XI - PABLO	88,682.38	86,364.22
Region XII	-	-
Region XIII	295.98	295.98
Region XIII- JAIF	-	-
Region XIV	-	-
CETC	19,489.72	17,883.84
DRC	502,376.75	502,376.75
ARC	331,021.43	331,021.43
ZRC	2,146,263.72	2,146,263.72
NSPC	-	-
Total	9,561,736.24	9,069,243.49

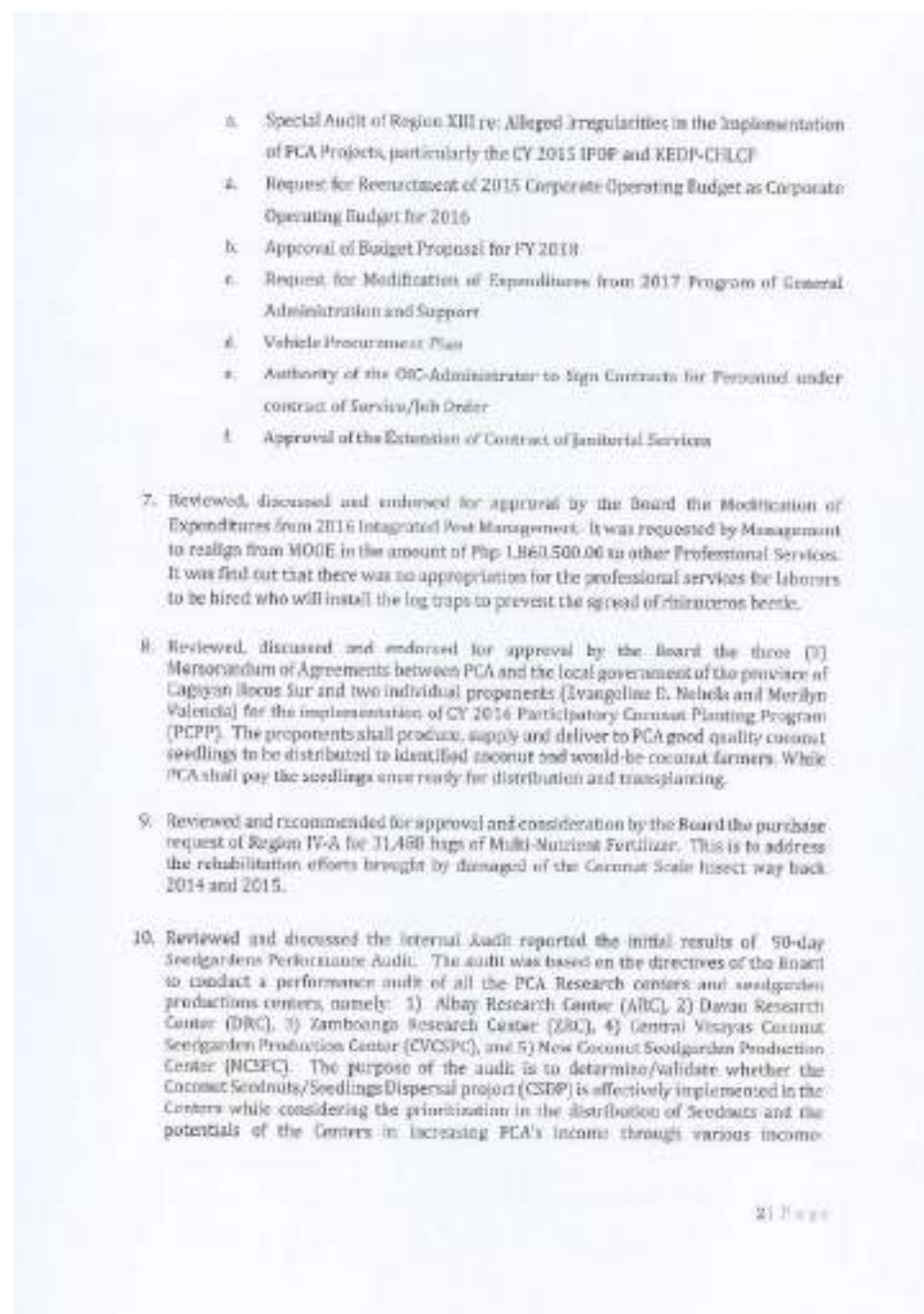
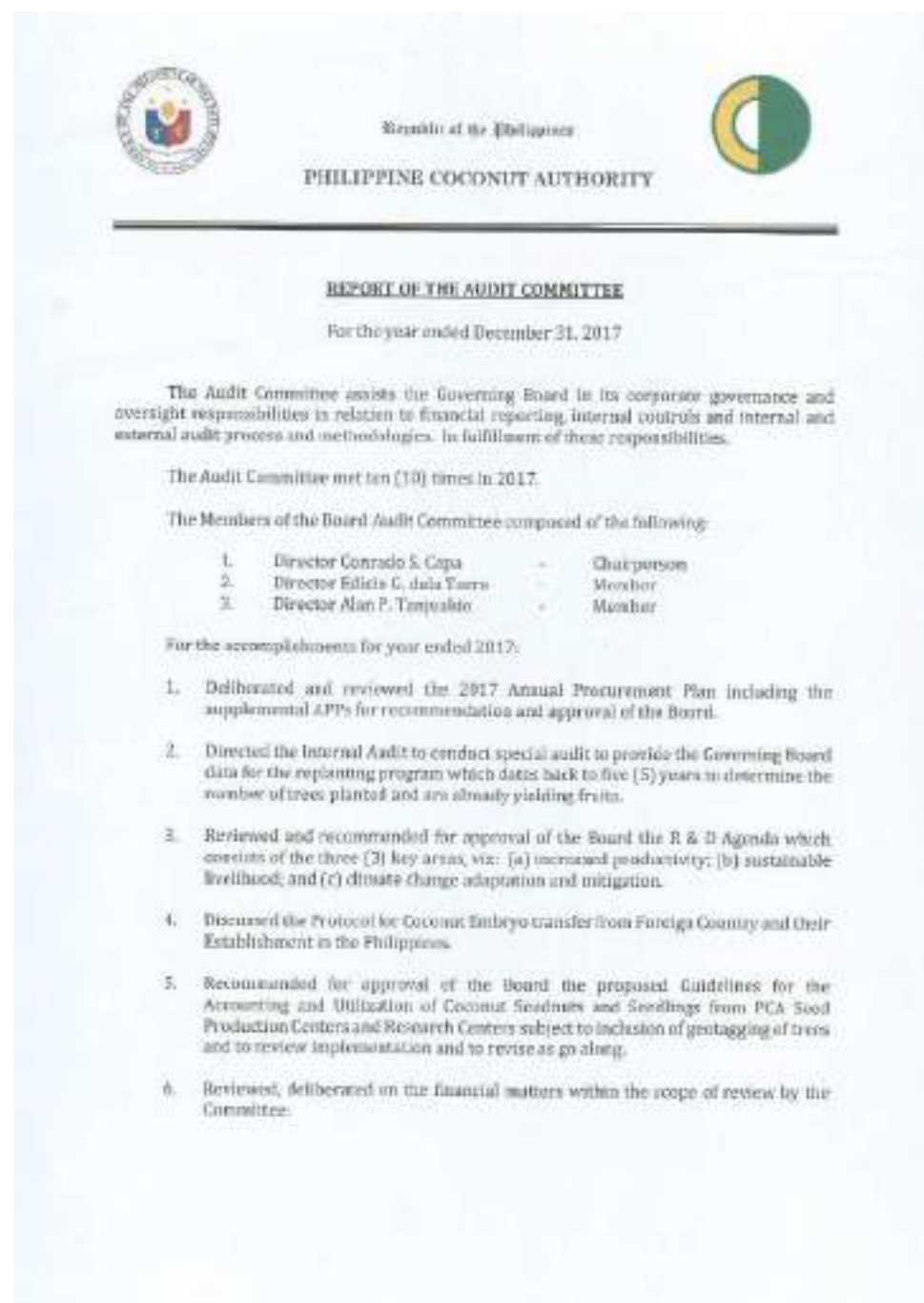
28. COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) LAW

The agency complied with Section 14.1 of Republic Act (R.A.) No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. Below is the summary of PCA's remittances of employees' premium contribution for the year 2017:

GSIS	GSIS Life & Ret 413-1		GSIS Govt Share
2017	Withheld	Remitted	Remitted
Central Office	3,234,329.84	3,213,720.83	4,284,961.11
Region I-IVB	1,150,744.02	1,150,744.02	1,641,029.95
Region IV-A	1,521,432.58	1,400,733.85	1,867,647.14
Region V	4,149,893.32	4,149,893.32	2,297,467.52
Region VI	2,425,511.55	2,425,569.30	1,420,806.60
Region VII	973,363.09	973,363.09	1,297,647.78
Region VIII	1,603,128.27	1,603,128.27	2,138,079.92
Region IX	3,631,147.42	3,360,335.26	1,951,123.32
Region XI	1,094,045.46	1,094,045.46	1,426,665.33
Region XII	1,264,237.69	1,295,318.36	1,727,215.11
Region XIII	1,144,818.80	1,144,759.12	1,526,345.47
Region XIV	820,136.01	820,135.98	1,092,508.62
DRC	221,235.30	221,235.30	-
ARC	441,610.26	189,261.54	252,348.72
ZRC	707,427.85	707,427.85	943,237.12
Total	24,383,061.46	23,749,671.55	23,867,083.71

ANNEXES

ANNEX 1. Report of the Audit Committee



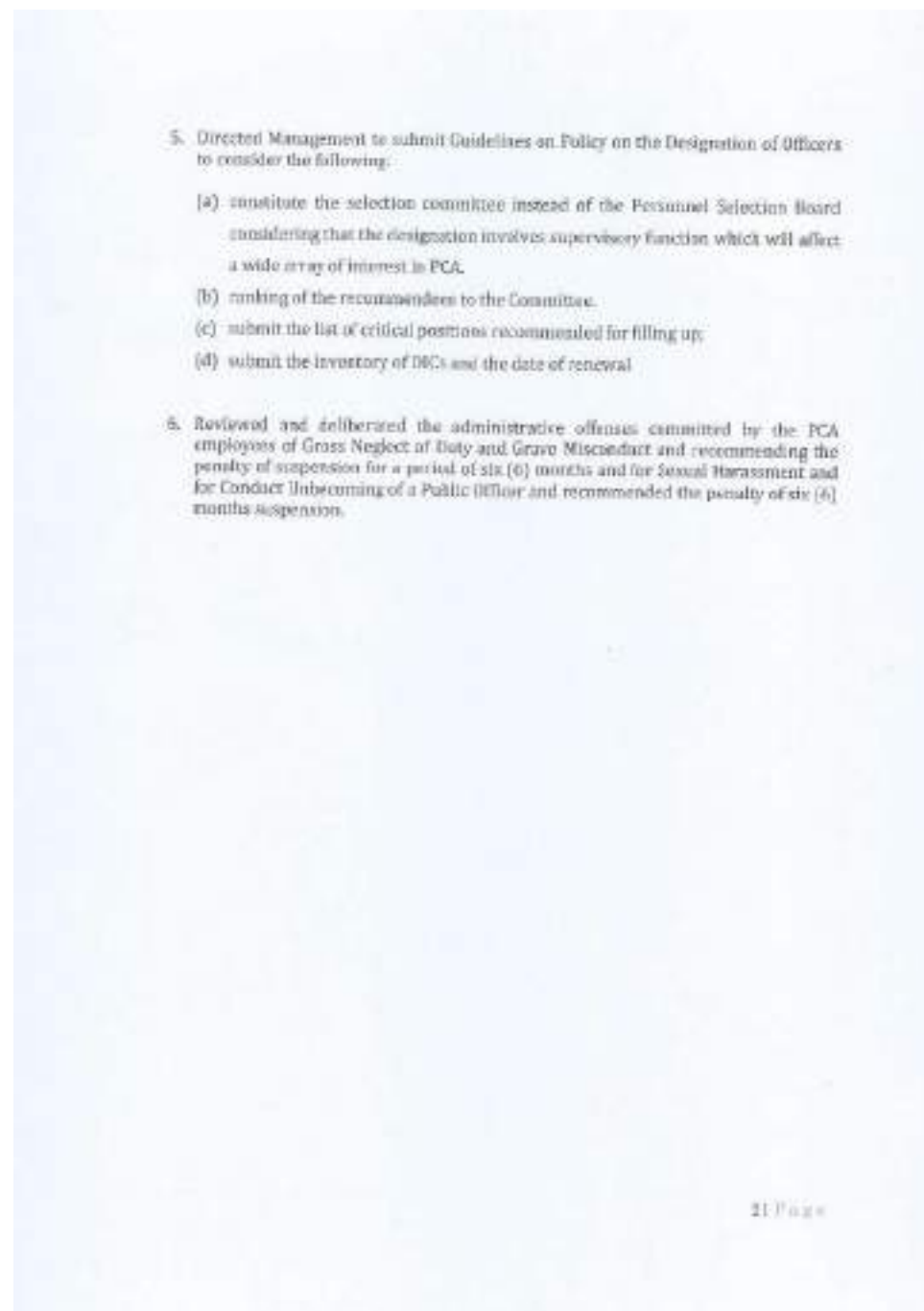
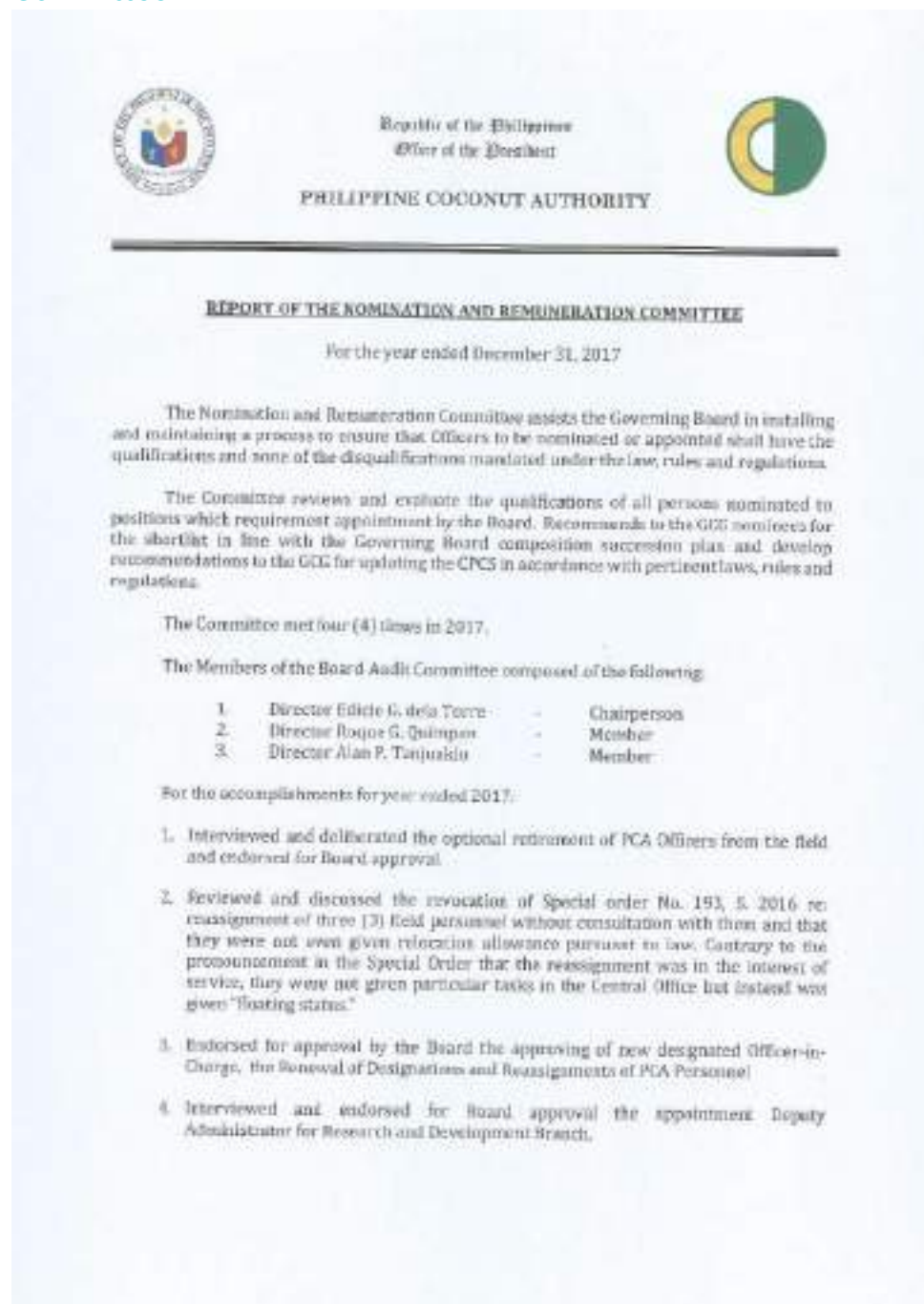
generating activities deriving from the production and sale of coconut products and by-products.

11. Reviewed and discussed the Internal Audit report on the complaint of Artemis in the bidding conducted in Region V & X. The IAS finds the complaint baseless and recommended the Region V Office to proceed with the award of contract without reservation in the right of Artemis to protest. However, after contemplation, the period to protest, which was only three (3) days has already lapsed. It was likewise learned that no award has yet been made by the Region and the bidding was conducted in January. Per information from RM Zuzagan, the Notice of Award has already been sent two (2) weeks ago. The Committee reiterated the need to monitor the procurement process and reminded Management to reinstate the guidelines and to properly apprise the Regional Offices to submit the monthly monitoring reports.
12. Resolved to endorse for Board approval the issuance of Contract of Termination and blacklisting orders to Angelita Amat Plant Nursery and Agri Training and Coronado's Farm Plant Nursery.
13. Reviewed and discussed the COA Audit Report on the results of the accounts and transactions of PCA for the year ended 31 December 2016.
14. Reviewed, discussed and recommended for approval the proposed amendment to Corporate Order No. 1-A, for realignment likewise involves reclassification of expense titles and no adjustment as to amount is involved of CY 2017 Gawad Saka Work and Financial Plan.
15. Endorsed for approval the request for the implementation of the Salary Standardization law IV with the issuance of GCG Memorandum Circular No. 2017-3. Due to urgency in the submission of a Board Resolution to this effect to the ECC, the Committee decided to recommend approval by the Board via *Ad Referendum*.
16. Reviewed and discussed the requested presentation of one of the precesses in the QMS. Upon presentation, it was agreed that flowcharts have to be improved to ensure that the process will be implemented accordingly. Thus, the Committee decided that endorsement for Board approval will be made after compliance with the flaws in the flowchart before the PCA Manual of Operations and QMS Manual for ISO Certification be endorsed for approval by the Board.
17. Directed Legal Affairs Service to build up a case to be filed with the Ombudsman against erring PCA personnel in Region XIII irregularities on the implementation of CY 2014 YRRP. Action on the directive has to be determined by the Committee.
18. Discussed and endorsed for Board approval the Memorandum of Agreement (MOA) with Dr. Emilio B. Espinosa, Sr. Misamis State College of Agriculture and Technology (DEBESMSCAT) for the establishment of a 50-hectare coconut seedfarm in Nabato which will be an expansion of the source of good coconut planting materials for Visayas.

DEBESMSCAT will provide the land, while PCA will provide the planting materials. The Agriculture students will cultivate the seedfarm.

19. Reviewed and discussed the Memorandum of Agreement between the PCA and PNP Laguna Police Provincial Office. 1,000 square meters of the PCA property in Laguna will be used by the PNP Laguna Police Provincial Office which will be used for surveillance. This agreement will be beneficial for both PCA and Laguna PNP. PCA may use the property as checkpoint for RA 8048 and quarantine, with the assistance of PNP. The presence of the PNP may likewise serve as deterrent for squatting. The contract will be for five (5) years and the construction of building will be shouldered by the PNP.
20. Reviewed and endorsed the modification of the expenditures of the following:
 - a) hiring personnel to man the checkpoint for CSI, the Finance Department assured the Committee that they verified the request and ascertained that it is within the budget.
 - b) transfer and repair of one (1) unit tractor from Region VIII to ABC to be used in the Center's field operations.
21. Reviewed and recommended for approval by the Board the CY 2017 Corporate Operating Budget.
22. Recommended approval of the modification of IFM 2015 and 2016 to augment the funds for the implementation of CSI control measures.

ANNEX 2. Report of the Nomination and Remuneration Committee



ANNEX 3. Report of the Special Committee on Coconut Scale Insect (CSI)



Republic of the Philippines
Office of the President



PHILIPPINE COCONUT AUTHORITY

REPORT OF THE SPECIAL COMMITTEE ON COCONUT SCALE INSECT (CSI)

For the year ended December 31, 2017

The Special Committee on Coconut Scale Insect (CSI) assists the Governing Board to develop recommendation and provide information on a strategic intervention for immediate treat and prevent the further spread of CSI.

The Committee met four (4) times in 2017.

The Members of the Board Audit Committee composed of the following:

- | | | |
|-------------------------------|---|-------------|
| 1. Director Roque G. Quinsan | - | Chairperson |
| 2. Director Conrado S. Gapa | - | Member |
| 3. Director Alan F. Tanjaskie | - | Member |

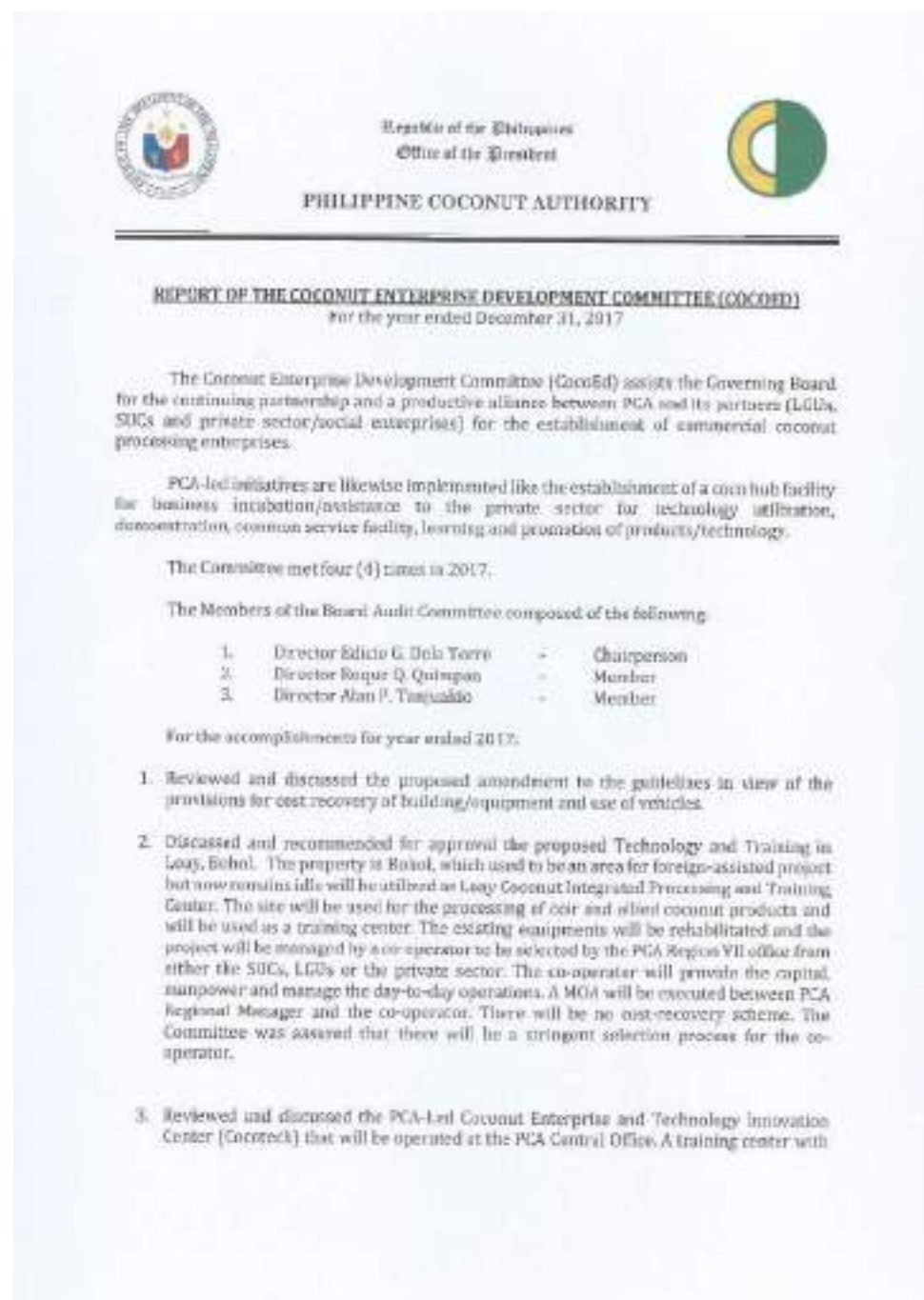
For the accomplishments for year ended 2017:

1. Reviewed and updated of the status and the actions/interventions taken by PCA in the last few years. The CSI is already in our ecosystem and endemic in the Philippines. The species may have come from Indonesia or Fiji. It was first seen in Batangas which spread like wildfire in Southern Tagalog. It was identified as *Aspidiotus rigulosus* which is a leaf-sucking insect with waxy scale cover anchored near the mid-rib in the underside of infested leaflet. It was treated initially with jay liquid dishwashing soap and cashin oil. The degree of infestation was classified as low, moderate and severe.
2. Identified CSI protocol on IPM to control/reduce CSI population and prevent its spread involves the following:
 - a. Harvesting and pruning
 - b. Trunk injection of systemic pesticide after trunk injection
 - c. Spraying of organic pesticide
 - d. Release of biocontrol agents
 - e. Fertilization and intercropping
 - f. Quarantine checkpoints

3. Discussed the treatment operation in Basilan which has been concluded last 11 March 2017 where 2,895,082 coconut trees were leaf pruned and 2,944,047 were chemically treated. 444,132 biocontrol agents have been released in remote infested areas.
4. Field validation in the treated areas was conducted and found out at least 580,000 trees showing signs of recovery as manifested by emergence of new and healthy leaves, young flowers and new fruits.
5. Directed Management to install checkpoints to check the influx of coconut trees transported to and from the infested area.
6. Reviewed and discussed the realignment of around 70M for CSI treatments from the CSHEAP 2014, IPM 2015 and IPM 2016 budget.
7. Massive reproduction of biocontrol agents was suggested by the Chairperson. He likewise raised the need to assign dedicated people as a task force to monitor exclusively the CSI infestation. According to DA Rosales, by virtue of EO 169 a task force may be constituted which may involve other agencies, in which PCA will be the lead agency.
8. Created an Inter-agency Task Force that will constitute a PCA focus team (internal) who will stay on the field until the CSI infestation is controlled. Likewise, a point person for CSI shall be appointed.
9. Discussed the Rapid Ground Assessment Procedures which involves the (a) identification of sample barangays; (b) collection of leaf samples; (c) processing of leaf samples; (d) counting/encoding of CSI data; and (e) data analysis.
10. Conducted field inspection and survey to determine the full extent of CSI infestation in Zamboanga.

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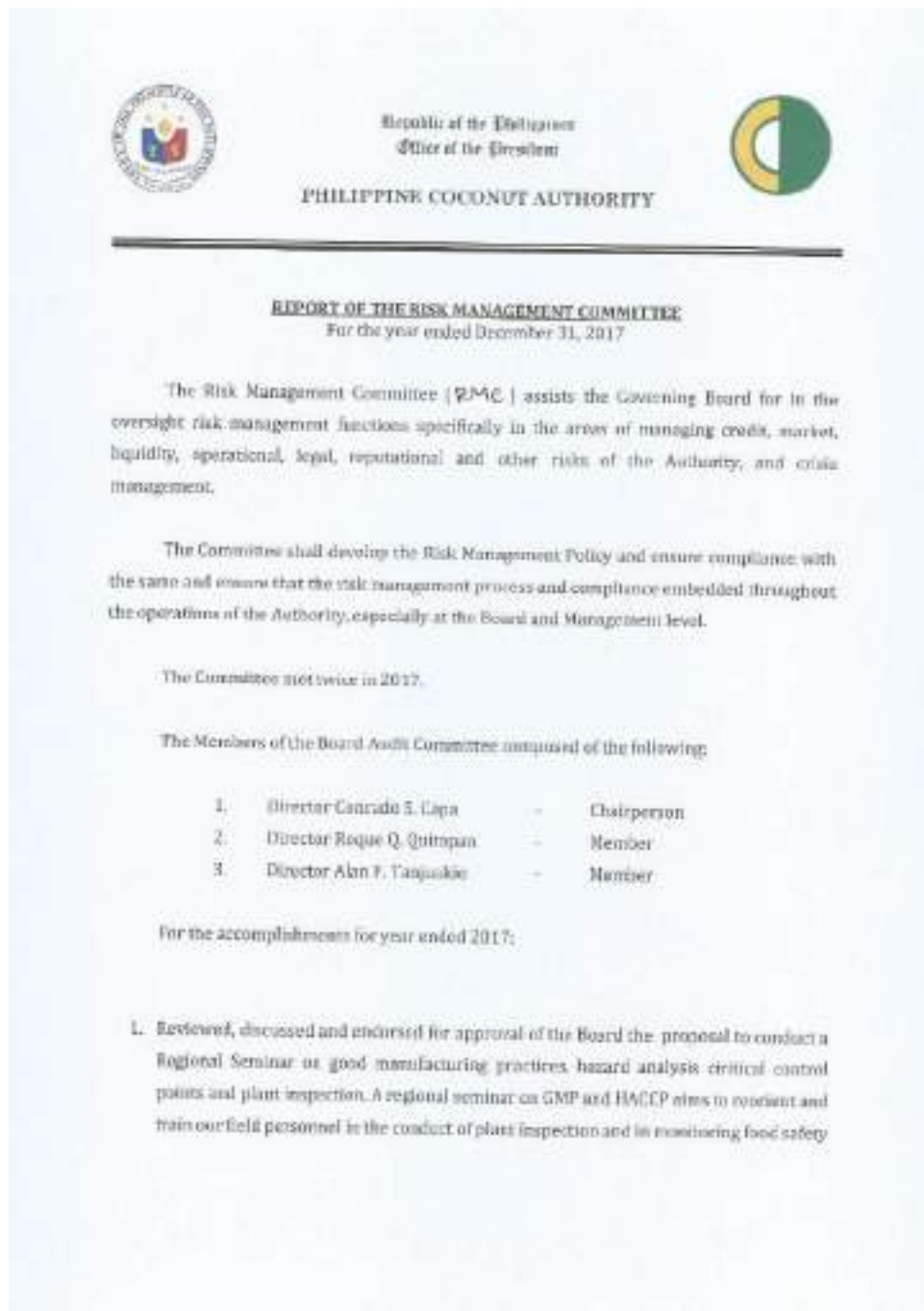
ANNEX 4. Report of the Coconut Enterprise Development Committee (CocoED)



a dormitory will be established. A trading center to showcase the coconut products is likewise intended. The proposed site is the nursery and the old PCA dormitory.

4. Decided and advised to have an over-all plan for the whole PCA Central Office compound, considering the other plans to put up other income-generating establishments/activities in the compound. The establishment should provide a modest/decent space for use of the farmers, he added. An LED information board similar to that of the AFP is considered to be put up within the establishment, to provide information on coconut to the public.
5. Reviewed and discussed the proposed production of food processing facility in LGU of Alabat, Quezon, Provincial Local Government Unit of Quezon, Task Force Marikina, Pastulan Carollita Cooperative, Barag Multi-Purpose Cooperative, PCA Led Co-op Hub in Pagadian City.
6. Reviewed and discussed the proposed business plan of Cava-Badlangas Farmers Marketing Cooperative. The proposed business plan will be a contribution of PCA to the peace process because the proposed project participants will include families of Moro fighters who were displaced by decades of conflict.

ANNEX 5. Report of the Risk Management Committee



ANNEX 5. Statement of Management's Responsibility for Financial Statements

Note: Statement of Management's Responsibility for Financial Statements as well as Risk Management Objectives and Policies are evident in the PCA Website under CG Outline, Disclosure and Transparency, Audited Annual Financial Reports.



Republic of the Philippines
OFFICE OF THE PRESIDENT
PHILIPPINE COCONUT AUTHORITY
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Tel. Nos.: (02) 928-4501 to 09 Fax No.: (02) 926-7631
<http://www.pca.da.gov.ph>



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Coconut Authority (PCA) is responsible for the preparation of the financial statements as at December 31, 2017 and 2016, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of PCA in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

GLENN B. SANTOS
Deputy Administrator
Administrative and Finance Branch

6/18/18

Date Signed

EDUARDO F. SUAREZ
Manager II, Finance Department
6/18/18
Date Signed

SUSAN C. YECLA
Chief III, Accounting Division
June 15, 2018
Date Signed

2017

CORPORATE GOVERNANCE REPORT