

2016

CORPORATE GOVERNANCE REPORT



Republic of the Philippines
OFFICE OF THE PRESIDENT



PHILIPPINE COCONUT AUTHORITY



CONTENTS :

WHO WE ARE AND WHAT GUIDES US

Mission	i
Vision	i
Organizational core values	i

OUR STRATEGY

Excerpt from P.D. 1468 or the Revised Coconut Industry Code	
<i>Article 1, Section 2</i>	ii
Corporate objectives	iii
Strategy map	iii

GOVERNING BOARD

Governing board member profiles.....	pp. 1-2
--------------------------------------	---------

GOOD GOVERNANCE

pp. 3-14

CORPORATE SOCIAL RESPONSIBILITY

pp. 15-18

PERFORMANCE SCORECARD

pp. 19-26

CY 2016 FINANCIAL STATEMENTS

pp. 27-44

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 2016, the outlook is

- > to plant 23 million coconut palm nationwide
- > to support the operationalization of 25 coconut hubs strategically placed nationwide
- > to support the federation of 34 KANIB SCFOs at the provincial level
- > to ensure 240 KANIB SCFOs are generating their own revenue
- > to establish 500 community-based coconut nurseries
- > to assist 100,000 coconut farmers affected by Typhoon Yolanda
- > to recover 60% of CSI-Infested coconut palms treated
- > to facilitate and secure 20 new coconut-based investments worth Php 3 million and above
- > to obtain an ISO 9001:2015 Certification
- > to establish a competency baseline on the PCA Competency Framework

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



Fredelita C. Guiza

Chairman (September 30, 2015 to June 30, 2016)

Academic & Professional Qualifications:

A.B Major in Political Science, University of St. La Salle- Bacolod
Master in Community Development, University of the Philippines- Diliman
Master in Development Management, Asian Institute of Management
PhD in Rural Development, Kassel University, West Germany
PhD in Public Administration, University of the Philippines-National College of Public Administration and Governance

Committee:

Chairman, Executive Committee
Chairman, Governance Committee
Chairman, Board Risk Management Committee

Others:

Secretary, Presidential Assistant for Food Security and Agriculture Modernization
Chairman, National Food Authority
Chairman, Fertilizer and Pesticide Authority
Associate Professor, Asian Institute of Management
Associate Dean, Center for Development Management
Program Director, Master in Development Management
Founding Executive Director, Galing Pook Awards for Innovation and Excellence in Local Governance



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

Committee:

Member, Executive Committee
Member, Governance Committee



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



Ponciano A. Batugal

Member (October 15, 2014 to August 24, 2016)

Academic & Professional Qualifications:
B.S in Agriculture and M.S. in Horticulture, University of the Philippines- Los Baños
PhD in Plant Physiology. University of California- Davis USA
Dale Carnegie Course, Executive Training Institute of the Philippines
PERT/CPM Course, Dela Salle University Graduate School of Business
Administration
Management Development Program, Asian Institute of Management- Manila

Board Committee:
Member, Executive Committee
Chairman, Audit Committee
Chairman, Board Committee for Oil Palm

Others:
President, Farmers Community Development Foundation
International, Los Baños, Laguna
Team Leader, Coconut and Oil Palm Cluster, PCARRD/DOST



Danilo A. Antonio

Member (March 8, 2016 to November 24, 2016)

Academic & Professional Qualifications:
A.B Economics, Dela Salle College
Master in Business Management, Asian Institute of Management

Committee:
Chairman, Audit Committee
Member, Nomination and Remuneration Committee
Member, Board Committee for Agro- Industrial Hubs Program
Member, Board Risk Management Committee

Others:
CEO, Land Excel Consulting
Chairman, Vertex Consulting
President, Fiesta Commercial Corporation
Director, ACE-ME
Director, MCX Motors
Director, CRVCO Corporation
ExCom Member, ACCM



Cesar C. Villariba, Jr.

Member (September 20, 2010 to March 7, 2016)

Academic & Professional Qualifications:
Master in National Security Administration, National Defense College of the Philippines
M.A in Industrial Psychology, Ateneo De Manila University
A.B Major in Psychology, University of the Philippines

Board Committee:
Member, Executive Committee
Member, Governance Committee
Member, Nomination and Remuneration Committee
Member, Board Committee for Agro- Industrial Hubs Program
Member, Board Committee for Oil Palm
Member, Audit Committee

Others:
Executive Director & CEO, SAVI Corporation
President, CCV Consulting
Technical Assistant to the Director General- TESDA Philippines
Freelancer Writer, Philippine Daily Inquirer, Manila Standard and Manila Times



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



Rafael P. Sarucam

Member (September 22, 2010, November 22, 2016)

Academic & Professional Qualifications:
Farmer Leader, MAGSAKA/COIR

Committee:
Member, Executive Committee
Member, Audit Committee
Member, Board Committee for Coco Levy
Member, Board Committee for Agro- Industrial Hubs Program

Good Governance

The Board and Management of the Philippine Coconut Authority (PCA) are strongly devoted to providing high standards of corporate governance, which are fundamental to sustaining PCA's operations. PCA's corporate governance guidelines and practices are regularly examined and revised to reinforce our corporate governance framework and keep its relevance.

The Board and Conduct of Affair

Principal role of the Board

The Board oversees the overall strategy and direction of PCA. In addition to its lawful duties and pursuant to the PCA Charter, the GCG Code and other pertinent laws, the Board:

- » directs and manage the affairs of PCA;
- » approves the PCA's annual and supplementary budgets;
- » disburses the proceeds of the levies for the purposes authorized;
- » establishes the internal organization of PCA and to fix the salaries and other compensation of its officers and employees, pursuant to the Salary Standardization Laws and the Compensation and Position Classification System issued by the GCG;
- » provides corporate leadership to PCA subject to the rule of law and objectives set by National Government through its supervising agency and the GCG;
- » determines important policies that bear on the character of PCA to foster long term success, ensure long term viability and strength, and secure sustained competitiveness;
- » determines the organizational structure of PCA, defines the duties and responsibilities of its Officers and employees and adopts a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System developed by GCG and formally approved by the President of the Philippines;
- » ensures that personnel selection and promotion shall be on the basis of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;
- » provides sound written policies and strategic guidelines on PCA operating budget and major capital expenditures, and prepare the annual and supplemental budgets;
- » complies with all reportorial requirements, as required in the Charter, the GCG Code and other laws, rules and regulations;
- » formally adopts and conducts annually the mandated Performance Evaluation System (PES), Performance Scorecard, and the Performance Evaluation of Directors (PED) and timely and accurately reports the results to GCG;
- » ensures the fair and equitable treatment of all stakeholders in enhancing PCA's relation with the stakeholders;
- » meets regularly, ideally once every month, to properly discharge its responsibilities;
- » determines PCA's purpose and value and adopt strategies and policies, including risk management policies and programs, in order to ensure that PCA survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- » monitors and evaluates 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;
- » adopts competitive selection and promotion process, professional development program and succession plan to ensure that the PCA officers have the necessary motivation, integrity, competence and professionalism;
- » monitors and manages potential conflicts of interest of Directors and Management, including misuse of corporate assets and abuse in related party transactions;
- » implements a system of internal checks and balances, which may be applied in the first instance to the Board and ensures that such systems are reviewed and updated on a regular basis;
- » ensures the integrity of PCA's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, such as financial and operational control and ensures compliance with laws and relevant standards;
- » identifies, monitors, and provides appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- » adopts, implements, and oversees the process of disclosure and communications;
- » conducts and maintains the affairs of PCA within the scope of its authority, as prescribed in its Charter and applicable laws, rules and regulations;
- » disciplines or removes from office PCA officers, upon a majority vote of the Board members who actually took part in the investigation and deliberation, subject to existing civil service laws, rules and

regulations, ensuring compliance with the requirements of due process;

- » reviews, analyzes, and amends the vision, mission, and strategy map of the Authority. They likewise analyze and approve corporate strategies and performance measures prior to presenting with the GCG;
- » conducts Annual Policy Review and Program Assessment and Planning Workshop and Annual Performance Assessment of individual Board of Directors, Chairman, and the Administrator;
- » promulgates and adopts the corporate governance rules and principles in accordance with the approved PCA Manual of Corporate Governance; and
- » ensures the adequacy of internal control practices, accuracy, and reliability of financial reporting, and compliance with applicable laws and regulations.

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

Various Committees, namely the Executive Committee, Governance Committee, Audit Committee, Nomination & Remuneration Committee, Committee for Agro- Industrial Hubs Program, Committee for Coco Levy, Committee for Oil Palm and Board Risk Management Committee have been established to assist the Board in discharging its responsibilities. Every Board Committee has its own charter, which sets out their negative term of reference, composition, and responsibilities. Minutes of Board Committee meetings are circulated to the Board to keep all Directors updated on the said activities.

NAME OF INCUMBENT MEMBERS OF THE GOVERNING BOARD	POSITIONS	Date of Last Appointment	Number of Called Board Meetings for the Year	BOARD MEETINGS (Regular/Special)		EXECUTIVE COMMITTEE		GOVERNANCE COMMITTEE		AUDIT COMMITTEE		NOMINATION & REMUNERATION COMMITTEE		BOARD COMMITTEE FOR AGRO-INDUSTRIAL HUBS PROGRAM	
				A	B	C	D	E	F	G	H	I	J	K	L
1. FREDELITA C. GUIZA	Chairman (Ex-Officio)	Sept. 30, 2015	18	12	12	1	1	0	0			1	1		
LEONCIO B. EVASCO, JR. <i>M. C. Halmen Reina A. Valdez-Alternate</i>	Chairman (Ex-Officio)	July 1, 2016	18	1	1										
MAIA CHIARA HALMEN REINA A. VALDEZ <i>Permanent Alternate Chairperson</i>	Alternate (Ex-Officio)		18	5	5										
2. PONCIANO A. BATUGAL <i>(Tendered courtesy resignation on 24 Aug. 2016)</i>	Member	October 15, 2014	18	12	11	1	1			6	3	1	1		
3. ABUNDIO EDICIO G. DELA TORRE	Member	November 24, 2014	18	18	17					6	3			4	4
4. RAFAEL P. SARUCAM	Member	September 20, 2010	18	15	15	1	1			6	6	1	1	4	4
ALAN P. TANJUAQIO <i>(Took oath of office on 23 Nov. 2015)</i>	Member	November 07, 2015	18	3	3										
5. CESAR C. VILLARIBA, JR.	Member	September 20, 2010	18	5	4			0	0	2	2			2	1
DANILO A. ANTONIO <i>(Tendered irrevocable resignation on 24 Nov. 2016)</i>	Member	March 8, 2016	18	10	9					4	3			2	0
6. AVELINO L. ANDAL <i>(Took oath of office on 22 Nov. 2015)</i>	Member/ Administrator	November 07, 2015	18	3	3										
7. VACANT															

Meetings of the Board *(Refer to Table 1)*

The dates of meetings of the Board and the Committees are scheduled one (1) year in advance. To ensure optimal attendance, the Corporate Secretary consults every Director before fixing the dates of these meetings. A Board meeting is scheduled at the end of each financial year for consideration in the PCA's annual budget. In addition to the scheduled meetings, ad-hoc Board meetings are held whenever the Board's guidance or approval are necessary.

The Board meets as often as the exigencies of the service demands, preferably at least once every month. The presence of at least four members constitutes a quorum to conduct business. The vote of a majority of the members present constituting a quorum is necessary for the adoption of any rule, resolution or decision or any other act of the Board.

Note :

1st Column - Number of Called Meetings
2nd Column- Number of Meetings Attended
Highlighted are Committee Members

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.

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.

At the closing of 2016, 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

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

1. The Board Self-Assessment evaluates the Board's performance and compliance to GCG principles. It also provides an opportunity for the Directors to identify areas for improvement relative to the Board's performance and effectiveness.

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.

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.

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.

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

Upon consensus of the Board and to give ample time for Directors to read and review matters brought to their attention, the management submits to the Board through the Corporate Secretary all documents to be included in the Agenda and those pertaining to compliance to directives at least five (5) working days prior to the scheduled meeting. Documents submitted by Management after said date shall be included in the next scheduled Board meeting. These materials can be accessed from any device for the convenience of the Directors. Hard copies of the materials are also distributed to the Directors upon their request. Directors receive monthly reports on the performance of PCA and these reports include key performance indicators such as status of project implementation and financial indicators to provide the Board with a better view of PCA's actual performance.

The Board is also appraised of any significant developments on PCA's initiatives, industry developments, regulatory regime and press commentaries. Directors also have unrestricted access to the Administrator, its Management team, Corporate Secretary and the Internal Auditor via telephone, email and face-to-face meetings. When major incidents occur, Directors are immediately informed via phone within 24 hours. Where additional information is requested, such information is provided by Management in a timely manner.

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)*

Executive Committee (EC)

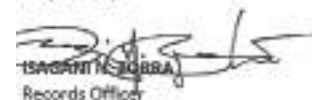
The Executive Committee composes of four (4) Directors and the Chairman. The Executive Committee can act on behalf of the Board in urgent situations, when it is not feasible to convene a meeting of the entire Board. The Executive Committee also carries other functions as may be delegated by the Board. 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 (2/3) of its members on stipulated matters within the competence of the Board 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.

COMMITTEES	COMMITTEE POSITION	NAME OF DIRECTORS
A. EXECUTIVE COMMITTEE (Bd. Res. No. 115-2014, dtd. 15 Oct. 2014)	Chairperson Vice Chairman Member Member Member	FRANCIS N. PANGILINAN ROMULO N. ARANCON, JR.** PONCIANO A. BATUGAL RAFAEL P. SARUCAM CESAR C. VILLARIBA, JR.
	Chairperson Vice Chairman Member Member	FREDELITA C. GUIZA* PONCIANO A. BATUGAL RAFAEL P. SARUCAM CESAR C. VILLARIBA, JR.*** Note: *Sec. Pangilinan resigned on Sept. 30, 2015 & replaced by Usec. Guiza as Chairman. **Admin. Arancón resigned on 31 Dec. 2015. ***Dir. Villariba was replaced by Dir. Antonio on March 8, 2016. - Due to lack of Membership on the Governing Board, no reconstitution on Committee Membership was made.
(Bd. Res. No. 123-2016, dtd. 02 Dec. 2016)	Chairperson Member Member Member	LEONCIO B. EVASCO, JR. AVELINO L. ANDAL ABUNDIO EDICIO G. DELA TORRE (Alternate) ALAN T. TANJUAKIO (Alternate)
B. GOVERNANCE COMMITTEE (Bd. Res. No. 115-2014, dtd. 15 Oct. 2014)	Chairperson Member Member	FRANCIS N. PANGILINAN OSCAR G. GARIN CESAR C. VILLARIBA, JR.
	Chairperson Member Member	FREDELITA C. GUIZA OSCAR G. GARIN CESAR C. VILLARIBA, JR. Note: *Sec. Pangilinan resigned on Sept. 30, 2015 & replaced by Usec. Guiza as Chairman.
C. AUDIT COMMITTEE (Bd. Res. No. 115-2014, dtd. 15 Oct. 2014)	Chairman Member Member	PONCIANO A. BATUGAL RAFAEL P. SARUCAM ABUNDIO EDICIO G. DELA TORRE
(Bd. Res. No. 070-2015, dtd. 20 Apr. 2015) (Additional Member of Audit Committee)	Member	CESAR C. VILLARIBA, JR.
(Bd. Res. No. 033-2016, dtd. 17 March 2016) (Reconstituted the membership of AuditCom.)	Chairman Member Member Member	DANILO A. ANTONIO PONCIANO A. BATUGAL RAFAEL P. SARUCAM ABUNDIO EDICIO G. DELA TORRE

COMMITTEES	COMMITTEE POSITION	NAME OF DIRECTORS
D. NOMINATION & REMUNERATION COMMITTEE (Bd. Res. No. 115-2014, dtd. 15 Oct. 2014)	Chairperson Member Member	ROMULO N. ARANCON, JR. CESAR C. VILLARIBA, JR. ABUNDIO EDICIO G. DELA TORRE
(Bd. Res. No. 012-2016, dtd. 06 Jan. 2016) (Reconstituted thru Referendum)	Chairperson Member Member	FREDELITA C. GUIZA PONCIANO A. BATUGAL RAFAEL P. SARUCAM
(Bd. Res. No. 088-2016, dtd. 29 Sept. 2016)	Chairman Member Member	ABUNDIO EDICIO G. DELA TORRE RAFAEL P. SARUCAM DANILO A. ANTONIO
E. BOARD COMMITTEE FOR AGRO-INDUSTRIAL HUBS PROGRAM (Bd. Res. No. 136-2014, dtd. 27 Nov. 2014)	Chairman Member Member Member Member	ABUNDIO EDICIO G. DELA TORRE ROMULO N. ARANCON, JR. OSCAR G. GARIN RAFAEL P. SARUCAM CESAR C. VILLARIBA, JR.
(Bd. Res. No. 040-2016, dtd. 26 Apr. 2016)	Chairman Member Member	ABUNDIO EDICIO G. DELA TORRE DANILO A. ANTONIO RAFAEL P. SARUCAM
F. BOARD COMMITTEE FOR COCO LEVY (Bd. Res. No. 143-2015, dtd. 16 Sept. 2015)	Chairman Member Member	ROMULO N. ARANCON, JR. CESAR C. VILLARIBA, JR. RAFAEL P. SARUCAM
G. BOARD COMMITTEE FOR OIL PALM (Bd. Res. No. 145-2015, dtd. 16 Sept. 2015)	Chairman Member Member	PONCIANO A. BATUGAL ROMULO N. ARANCON, JR. CESAR C. VILLARIBA, JR.
H. BOARD RISK MANAGEMENT COMMITTEE (Bd. Res. No. 040-2016, dtd. 26 Apr. 2016)	Chairperson Member Member	ABUNDIO EDICIO G. DELA TORRE DANILO A. ANTONIO RAFAEL P. SARUCAM

Prepared by:


ISAAC P. EDRA
Records Officer

Certified Correct:

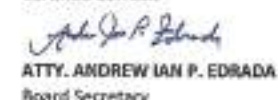

ATTY. ANDREW IAN P. EDRA
Board Secretary

Table 2. List of Board Committee Composition (CY 2014-2016)
As of December 31, 2016

Audit Committee (AC)

The Audit Committee consists of four (4) directors with the following responsibilities:

- » oversee, monitor and evaluate the adequacy and effectiveness of PCA'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, 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 PCA'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; and
- » 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 PCA.

Nomination & Remuneration Committee (NRC)

The NRC consists of three (3) members of the Board and is responsible for the following:

- » install and maintain a process to ensure that officers to be nominated or appointed shall have the qualifications and are not disqualified as mandated under the law, rules and regulations;
- » review and evaluate the qualifications of all persons nominated to positions which required appointment by the Board;

- » recommend to the GCG nominees for the shortlist in line with the Governing Board's composition succession plan; and
- » develop recommendations to the GCG for updating of CPCS in accordance with pertinent laws, rules and regulations.

Governance Committee (GC)

The GC consists of three (3) members of the Board and is 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 duties as Director bearing in mind his/her contribution and performance;
- » recommend to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Executive Officers, and the remuneration commensurate with corporate and individual performance; and
- » recommend the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board.

Board Committee for Agro-Industrial Hubs Program (AIHC)

The AIHC consists of five (5) members of the Board and is responsible for the following:

- » formulate and review policies to be submitted to the Board for adoption;
- » review, assess and endorse proposals for coco-hub prior to the approval of the Governing Board; and
- » review the Manual of Operations for the Agro-Industrial Hubs Program.

Board Committee for Coco Levy (CLC)

- » The CLC consists of (3) three members of the Board and is responsible for the following:
- » oversee the bilateral discussion of inter-agency task force concerning coco levy issues;
- » conduct independent recovery and inventory of CIIF assets and properties; and
- » conduct in-depth study of all CIIF Oil Mills Group and Companies.

Board Committee for Oil Palm (OPC)

The OPC consists of three (3) members of the Board and is responsible for the following:

- » spearhead in the formulation of policies to ensure the development of Oil Palm Industry;
- » oversee, monitor and evaluate the implementation of policies and programs;
- » review programs to ensure effective and efficient development of Oil Palm Industry; and
- » ensure the periodic updating of the Oil Palm Roadmap.

Board Risk Management Committee (RMC)

Pursuant to Board Resolution No. 164-2015, the RMC was created. The RMC consists of three (3) members and is responsible for the following:

- » performing oversight risk management functions specifically in the areas of managing credit, market liquidity, operational, legal, reputational, natural calamity related activities and other risks of PCA. Also, crisis management, which includes receiving from Senior Management periodic information on risk exposures and risk management activities;
- » developing the Risk Management Policy of PCA, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of PCA, 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

Chairperson

The Chairperson shall, when present, preside at all meetings of the Board. The Chairperson'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 PCA's guidelines on corporate governance.

The above responsibilities may pertain only to the Chairperson's role in respect to the Board's proceedings, and shall not be taken as a comprehensive list of all the duties and responsibilities of a Chairperson.

For legal purposes, the Chairperson of the Governing Board is considered as the Head of Agency of PCA.

Vice Chairperson

In the absence of the Chairperson of the Board, the Vice Chairperson presides the meetings of the Board.

Board Secretary

The current Board Secretary is Atty. Andrew Ian P. Edrada. He is the highest ranking officer in the Office of the Corporate Secretary. Atty. Edrada is 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 Chairperson, preparing of regular agenda for meetings, and notifying members of the Board of such agenda in every meeting; and
- » ensuring the fulfillment of disclosure requirements to regulatory bodies.

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

- » monitor the compliance by PCA of requirements under R.A. 10149, the PCA Manual of Corporate Governance, and government rules and regulations. If violations are found, the Board Secretary 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; and
- » appear before the GCG when summoned in relation to compliance with PCA Manual of Corporate Governance or other compliances, issue a certification every 30th of May of the year on the extent of PCA's compliance with the government corporate standards beginning 1 July of the immediately preceding calendar year and, if there are any deviations, explain the reason/s accordingly.

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 Audit Service

The Internal Audit Service's support to the Board includes the following:

- » reviews the operational effectiveness and efficiency of corporate business processes, systems and procedures; and
- » 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

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.



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.

Today, it is currently working with the Department of Science and Technology (DOST) in improving pest surveillance and survey protocols with the use of information and communication technology (ICT). The PCA hopes that this development will hasten the data gathering and interpretation procedure for the CSI and other pests. Knowledge on the profile and nature of the CSI was sparse in 2014 among affected farmers. To address this, PCA, along with local government units in Batangas, Laguna and Quezon, piloted Farmer Field Schools (FFS) aimed at helping coconut producers understand the nature of the CSI and adopt sustainable pest management practices in Region IV-A. The FFS program later included topics on the latest coconut farming practices and techniques. With the introduction of this form of education, farmers will be guided in making the appropriate farm decisions.

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 2016, 84 different trainings are attended and participated by 1,427 PCA 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.

Trainings and seminars for each Appointive Directors were included in its CY 2016 annual budget. But since there was a change in Administration this year, the said trainings and seminars did not push through.

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	iad@pca.gov.ph
Office of the Administrator	ofad@pca.gov.ph 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

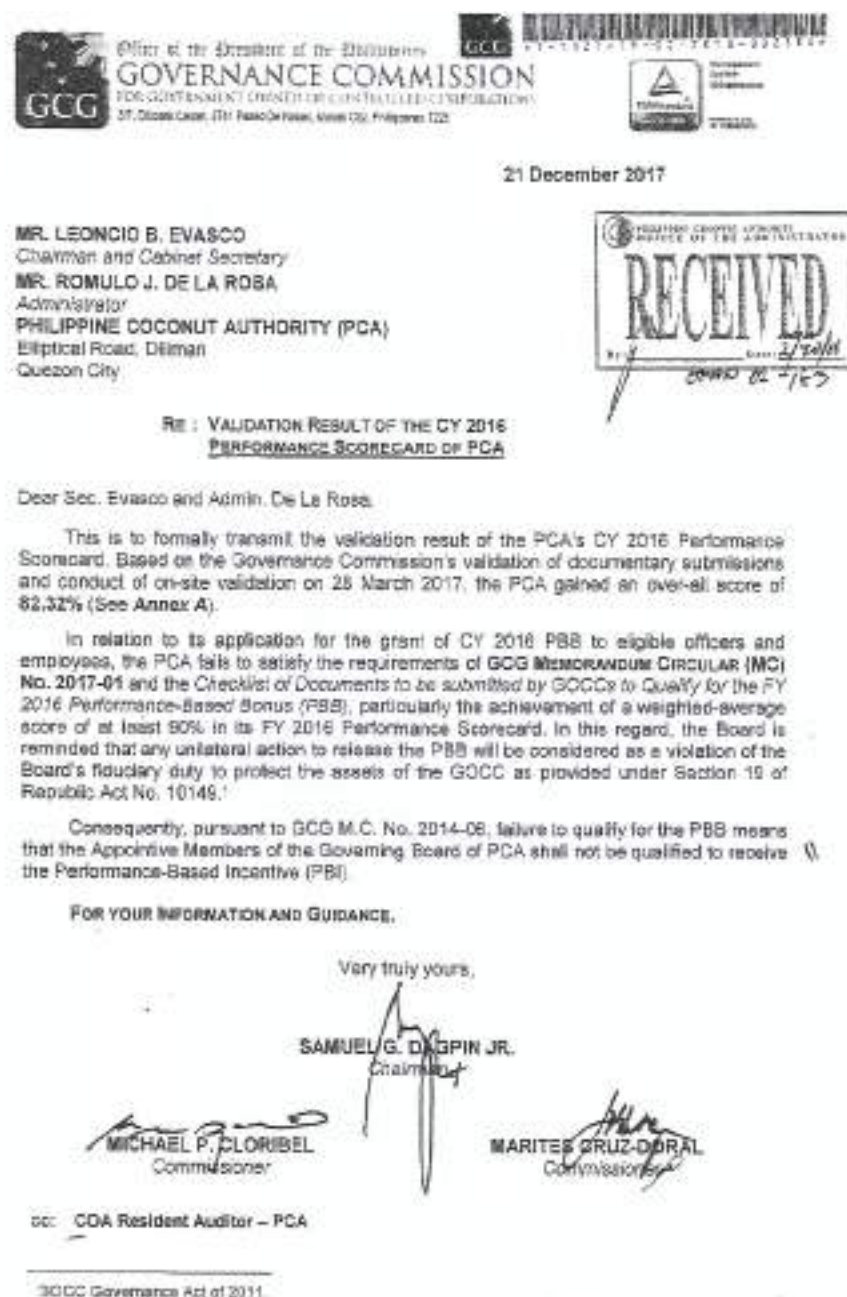
Rank	Attribute	Score	Interpretation
1	Courtesy of officers/staff of PCA	4.23	Very Satisfied
2	Helpfulness and proactiveness of officer/staff	4.18	Very Satisfied
3	Expertise of PCA	4.10	Very Satisfied
4	Clarity of Process	4.02	Very Satisfied
5	Responsiveness of PCA officer/staff	4.00	Very Satisfied
6	The overall ease of doing business	3.98	Very Satisfied
7	The financial returns	3.93	Very Satisfied
8	Time Commitment	3.90	Very Satisfied
9	The problem solving skills of officer/staff	3.83	Very Satisfied
Weighted Score :		4.01	Very Satisfied

Table 4. Customer Satisfaction Survey

The overall satisfaction rating of 4.01 translates into a “Very Satisfied” Customer Service ranking; compared to 3.53 in 2015. This is a marked improvement of 13% from the year prior.

PERFORMANCE SCORECARD 2016

Performance Scorecard
CY 2016 (Validated)



PHILIPPINE COCONUT AUTHORITY (PCA)
Performance Scorecard

STAKEHOLDERS/ SOCIAL IMPACT

Component		Target		Submission		CSO Validation		Supporting Documents		Remarks																			
Objective / Measure	Formula	Wt	2016	Actual	Rating	Score	Rating																						
SD 1	Increased Coconut Farm Productivity and Income																												
SM 1	Increase in average annual (gross) income of the farmers from a base figure of P20,000	Average Income of KEDP farmers	10%	P20,000	P28,142.38	10%	P28,142.38	10%	<ul style="list-style-type: none">Income Assessment Forms from KANAB sitesAnnual Income per commodity (summary)																				
SM 2	Percentage of palms planted/replanted vis-à-vis total palms to be planted	No. of palms planted/replanted over total palms to be planted	10%	23 Million	17,003,380	7.39%	16,582,737	8.64%	<ul style="list-style-type: none">Consolidated Report on Coconut Planted/ Replanted, CY 2016Report on Coconut Planted/ Replanted, CY 2016 from PCA Field Offices <table><tr><td></td><td>No. of Seedlings Planted/ Replanted</td></tr><tr><td>Luzon</td><td>4,775,384</td></tr><tr><td>Visayas</td><td>7,468,685</td></tr><tr><td>Mindanao</td><td>7,837,718</td></tr><tr><td>TOTAL</td><td>19,881,787</td></tr></table>		No. of Seedlings Planted/ Replanted	Luzon	4,775,384	Visayas	7,468,685	Mindanao	7,837,718	TOTAL	19,881,787										
	No. of Seedlings Planted/ Replanted																												
Luzon	4,775,384																												
Visayas	7,468,685																												
Mindanao	7,837,718																												
TOTAL	19,881,787																												
SM 3	No. of seedlings that survived the last three (3) years	Number of seedlings which survived / Total number of seedlings planted in the last three (3) years	5%	35,000,000 (85% survival rate)	35,217,351	5%	36,975,523	5%	<ul style="list-style-type: none">ACPRP Coconut Seedlings Planted and Stabilized/ Surviving in the Field CY 2012-2014 <table><tr><td></td><td>Seedlings planted</td><td>Stabilized/ Stabilized seedlings</td><td>% survival</td></tr><tr><td>Luzon</td><td>13,321,082</td><td>11,170,973</td><td>82.62</td></tr><tr><td>Visayas</td><td>4,734,842</td><td>2,433,803</td><td>51.51</td></tr><tr><td>Mindanao</td><td>21,244,344</td><td>18,370,557</td><td>86.48</td></tr><tr><td>National</td><td>43,497,348</td><td>34,975,333</td><td>80.41</td></tr></table>		Seedlings planted	Stabilized/ Stabilized seedlings	% survival	Luzon	13,321,082	11,170,973	82.62	Visayas	4,734,842	2,433,803	51.51	Mindanao	21,244,344	18,370,557	86.48	National	43,497,348	34,975,333	80.41
	Seedlings planted	Stabilized/ Stabilized seedlings	% survival																										
Luzon	13,321,082	11,170,973	82.62																										
Visayas	4,734,842	2,433,803	51.51																										
Mindanao	21,244,344	18,370,557	86.48																										
National	43,497,348	34,975,333	80.41																										
SM 4	No. of KANAB coconut hubs operationalized	Absolute Number	10%	25 sites	34 sites	10%	5	2%	<ul style="list-style-type: none">PCA Monitoring of Proponents with Items for bidding / on-going delivery/ construction	Failure to comply with the documentary requirements by the proponents is one of the main reasons that the target was not achieved.																			

STAKEHOLDERS / SOCIAL IMPACT

Component		Target		Submission		CGO Validation		Supporting Documents		Remarks								
Objective / Measure	Formula	WI	2016	Actual	Rating	Score	Rating											
SM 5	Groundwork for the implementation of Coco Levy Law	Milestone	5%	Submission of Coco Levy IRR, Roadmap and Inclusive Consultation Processes	Consultation Conducted, Roadmap Drafted	0%	Roadmap Draft	0%		Excluded measure								
SD 2 Empowered Community																		
SM 6	No. of consolidated / federated KANIB SCFOs / cooperative at the provincial level	Absolute Number	3%	34	40	3%	40	3%	<ul style="list-style-type: none"> List of Consolidated/ Federated KANIB SCFOs/ Cooperatives SEC Registration of SCFOs/ Cooperatives 	<table> <tr><td>Luzon</td><td>19</td></tr> <tr><td>Visayas</td><td>8</td></tr> <tr><td>Mindanao</td><td>22</td></tr> <tr><td>Total</td><td>49</td></tr> </table>	Luzon	19	Visayas	8	Mindanao	22	Total	49
Luzon	19																	
Visayas	8																	
Mindanao	22																	
Total	49																	
SM 7	No. of KANIB SCFOs / Cooperative generating own revenue (village level)	Absolute Number	4%	240	242	4%	242	4%	<ul style="list-style-type: none"> Income Assessment Forms from KANIB allies Annual Income per commodity (summary) 	Income of the members of the KANIB SCFOs/ Cooperatives from KANIB activities is indicative of the SCFOs/ Cooperatives' revenue generation capacity.								
SM 8	Number of community-based nurseries established	Absolute Number	5%	500	1,079	5%	1,119	5%	<ul style="list-style-type: none"> Consolidated Report on Community-Based Nurseries Established under ACPRP 2016 Community-Based Nurseries Established under ACPRP 2016 Reports from PCA Field Offices 	<table> <tr><td>Luzon</td><td>199</td></tr> <tr><td>Visayas</td><td>352</td></tr> <tr><td>Mindanao</td><td>568</td></tr> <tr><td>Total</td><td>1,119</td></tr> </table>	Luzon	199	Visayas	352	Mindanao	568	Total	1,119
Luzon	199																	
Visayas	352																	
Mindanao	568																	
Total	1,119																	

STAKEHOLDERS / SOCIAL IMPACT

Component		Formula	Wt	Target 2016	Submission		CGO Validation		Supporting Documents	Remarks																													
Objective / Measure					Actual	Rating	Score	Rating																															
SM 9	Number of coconut farmers assisted / capacitated in the Yolanda affected areas (Region VI-VIII) in all interventions	Absolute Number	5%	100,000	100,309	5%	88,105	3.41%	<ul style="list-style-type: none"> Consolidated Report on Yolanda Recovery and Rehabilitation Program (YRRP) – Coconut Masterlist Yolanda Recovery and Rehabilitation Program (YRRP) – Coconut Masterlist of Participants from Regions VI, VII and VIII 	<table> <tr> <th rowspan="2">Name of Project</th><th colspan="4">No. of Participants</th></tr> <tr> <th>VI</th><th>VE</th><th>VIII</th><th>Total</th></tr> <tr> <td>Coconut Replanting</td><td>3,004</td><td>1,438</td><td>9,227</td><td>13,669</td></tr> <tr> <td>Coconut Fertilization</td><td>5,911</td><td>-</td><td>394</td><td>6,305</td></tr> <tr> <td>Microsporing and Livestock Intervention</td><td>9,820</td><td>16,084</td><td>23,225</td><td>49,129</td></tr> <tr> <td>TOTAL</td><td>18,735</td><td>17,522</td><td>32,846</td><td>69,103</td></tr> </table>	Name of Project	No. of Participants				VI	VE	VIII	Total	Coconut Replanting	3,004	1,438	9,227	13,669	Coconut Fertilization	5,911	-	394	6,305	Microsporing and Livestock Intervention	9,820	16,084	23,225	49,129	TOTAL	18,735	17,522	32,846	69,103
Name of Project	No. of Participants																																						
	VI	VE	VIII	Total																																			
Coconut Replanting	3,004	1,438	9,227	13,669																																			
Coconut Fertilization	5,911	-	394	6,305																																			
Microsporing and Livestock Intervention	9,820	16,084	23,225	49,129																																			
TOTAL	18,735	17,522	32,846	69,103																																			
SM 10	Average satisfaction rating of PCA services	Absolute Number	3%	4.0	4.01	3%	4.01	3%	<ul style="list-style-type: none"> Final Report of Customer Satisfaction Survey dated 26 March 2017 	PCA employed the services of Contact-Asia Services, Inc. (CASI) to conduct the survey among 350 PCA stakeholders. PCA was rated based on 9 main attributes/criteria on a scale of 1-5, with 5 being the highest.																													
Sub-total			80%			62.39%		44.05%																															

SB 3: Intensity IPM to control and contain Pest Outbreaks

INTERNAL PROCESS

SM 11	Percentage of CSI-infested coconut trees recovered	Number of treated trees which recovered / Total no. of treated trees	4%	60%	79.6%	4%	79.60%	4%	<ul style="list-style-type: none"> Recovery Assessment Report of Treated Trees Coconut Scale Insect (CSI) Infested Trees in CY 2016 (Regional Submission) Year-end Report on Implementation of CSIEAP in Basilan Province 	<table> <tr> <th>Recovered Trees</th><th>Number</th></tr> <tr> <td>With new sprout leaves</td><td>212,439</td></tr> <tr> <td>With Flowers</td><td>5,271</td></tr> <tr> <td>With Fruits</td><td>4,194</td></tr> <tr> <td>Total</td><td>221,895</td></tr> </table> <p>Number of trees leaf pruned and trunk injected: 278,750</p>	Recovered Trees	Number	With new sprout leaves	212,439	With Flowers	5,271	With Fruits	4,194	Total	221,895
Recovered Trees	Number																			
With new sprout leaves	212,439																			
With Flowers	5,271																			
With Fruits	4,194																			
Total	221,895																			

FINANCE

Component		Target		Submission		CGO Validation		Supporting Documents		Remarks																		
Objective / Measure		Formula	WI	2016	Actual	Rating	Score	Rating																				
SM 15	Increase in internally-generated revenue (in thousand pesos)	Actual operating revenue of the current year minus actual operating revenue of the preceding year	3%	3,998	P353 Million as of Nov. P425 Million projected for the year end	0%	49,485	3%	<ul style="list-style-type: none"> Schedule of Income as of December 31, 2016 and for the year 2010-2016 	2016 Operating Revenue (in thousand pesos) is broken down as follows: <table> <tr> <th></th><th>2016</th><th>2015</th></tr> <tr> <td>PD 1468 fees</td><td>283,849</td><td>285,562</td></tr> <tr> <td>RA 8048 fees</td><td>100,803</td><td>79,046</td></tr> <tr> <td>Regulatory fees</td><td>34,788</td><td>12,872</td></tr> <tr> <td>Service income</td><td>24,714</td><td>23,839</td></tr> <tr> <td>Subtotal</td><td>451,014</td><td>401,340</td></tr> </table>		2016	2015	PD 1468 fees	283,849	285,562	RA 8048 fees	100,803	79,046	Regulatory fees	34,788	12,872	Service income	24,714	23,839	Subtotal	451,014	401,340
	2016	2015																										
PD 1468 fees	283,849	285,562																										
RA 8048 fees	100,803	79,046																										
Regulatory fees	34,788	12,872																										
Service income	24,714	23,839																										
Subtotal	451,014	401,340																										
SM 16	Submission of a financial viability strategy to ensure operational sustainability through significant cost recovery programs among others	Milestone	3%	Board-approved financial viability strategy	Board-approved financial viability strategy	3%	Board-approved financial viability strategy	3%	<ul style="list-style-type: none"> Board Resolution No. 052-2016 PCA Financial Viability Plan 2017-2026 	To augment its income, PCA identified the following strategies: <ol style="list-style-type: none"> Imposing New Fees for Transport of Mature Coconuts, Copra, Project Qualifiers' Fee Mass Production and Marketing of Coconut Hybrids, and Coco-Pest-based Bio Organic Fertilizer Production Facility Coconut Estate Plantation in Agusan Valley 																		
SM 17	Financial Management Information System	Milestone	4%	Encoding of the 50% of the 5-year data	50% of the 5-year data encoded	4%	50% of the 5-year data encoded	4%	<ul style="list-style-type: none"> On-site walkthrough 																			
Sub-total			16%			12%		14.15%																				

INTERNAL PROCESS

FINANCE

Component		Target		Submission		CGO Validation		Supporting Documents	Remarks																		
Objective / Measure	Formula	Wt	2016	Actual	Rating	Score	Rating																				
SD 4 Internal Research and Development																											
SM 12	No. of technologies and scientific information generated / disseminated	Absolute Number	5%	10	17	5%	12	5%	<ul style="list-style-type: none"> List of technologies / scientific information generated/disseminated Attendance sheets of fora / symposia / seminars conducted Terminal Report on technologies generated 																		
SD 5 Enhance Market Development																											
SM 13	Number of coconut-based new investment facilitated and secured (P3 Million and above)	Absolute Number	6%	20	61	6%	61	5%	<ul style="list-style-type: none"> Reports of New Investment NIA Report on Bio-engineering Technology DPWH Report on Bio-engineering Technology PCA Registration of New Businesses <table> <tr> <td>New Businesses</td> <td>12</td> </tr> <tr> <td>DPWH Coconut</td> <td>22</td> </tr> <tr> <td>NIA Coconut</td> <td>8</td> </tr> <tr> <td>New Markets</td> <td>19</td> </tr> <tr> <td>Total</td> <td>61</td> </tr> </table>	New Businesses	12	DPWH Coconut	22	NIA Coconut	8	New Markets	19	Total	61								
New Businesses	12																										
DPWH Coconut	22																										
NIA Coconut	8																										
New Markets	19																										
Total	61																										
Sub-total		16%			15%		15%																				
SD 6 Improve Budget Utilization and Income Generation																											
SM 14	Budget Utilization Rate	Utilized amount / Total Budget	5%	90%	72%	5%	74.8% (8,908,899/ 11,909,638)	4.15%	<ul style="list-style-type: none"> Statement of Allocation, Obligation, Utilization and Balances <table> <tr> <th>Year</th> <th>Budget</th> <th>Utilized</th> </tr> <tr> <td>2013</td> <td>4,640 M</td> <td>4,262 M</td> </tr> <tr> <td>2014</td> <td>2,604 M</td> <td>2,815 M</td> </tr> <tr> <td>2015</td> <td>2,911 M</td> <td>1,960 M</td> </tr> <tr> <td>2016</td> <td>1,274 M</td> <td>552 M</td> </tr> <tr> <td>Total</td> <td>11,909 M</td> <td>8,909 M</td> </tr> </table>	Year	Budget	Utilized	2013	4,640 M	4,262 M	2014	2,604 M	2,815 M	2015	2,911 M	1,960 M	2016	1,274 M	552 M	Total	11,909 M	8,909 M
Year	Budget	Utilized																									
2013	4,640 M	4,262 M																									
2014	2,604 M	2,815 M																									
2015	2,911 M	1,960 M																									
2016	1,274 M	552 M																									
Total	11,909 M	8,909 M																									

LEARNING AND GROWTH

Component		Target		Submission		ODD Validation		Supporting Documents	Remarks
Objective / Measure	Formula	Wt	2016	Actual	Rating	Score	Rating		
SD 7 Strengthen Employees' Capability and Streamline Processes									
BM 18	ISO 9001:2008 Certification	Milestone	5%	Certified	Certified by May 2017	0%	Procurement of third-party consultant and final draft of QMS Manual	0%	
BM 19	Competency framework	Milestone	5%	Competency baseline established	Competency baseline established	5%	53.79%	5%	<ul style="list-style-type: none"> Competency Model Rating form per employee
Sub-total			10%			5%		5%	
TOTAL			100%			88.83% (94.39 / 95)		88.32% (78.20 / 95)	

CY 2016 Financial Statements

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended December 31, 2016

REVENUE		
Service and Business Income (Notes 3.12, 14)	Php	430,078,293
Shares, Grants and Donations		-
Gains		-
Total Revenue		430,078,293
Less: Current Operating Expenses		
Personnel Service (Note 15)		376,111,562
Maintenance and Other Operating Expenses (Note 16)		1,788,640,016
		300
Financial Expenses (Note 17)		66,078,282
Non-Cash Expenses (Note 18)		
Total Current Operating Expenses		2,230,830,160
Surplus/(Deficit) from Current Operations		(1,800,751,867)
Net Financial Assistance/Subsidy (Note 19)		1,250,875,000
Other Non-Operating Income (Note 20.1)		61,677,985
Gains (Note 20.2)		7
Losses		-
Surplus/(Deficit) for the period	Php	(488,198,875)

CONDENSED STATEMENT OF FINANCIAL POSITION

As of December 31, 2016

ASSETS		
Current Assets		
Cash & Cash Equivalents (Notes 3.5, 4)	Php	1,303,511,527
Receivables-net (Notes 3.6, 5)		3,362,329,692
Inventories (Notes 3.7, 6)		52,555,580
Other Current Assets (Note 10.1)		6,059,342
Total Current Assets		4,724,456,141
Non-Current Assets		
Investments (Note 7)		88,515
Property, Plant & Equipment - net (Notes 3.8, 8)		636,145,117
Biological Assets (Note 9)		2,539,558
Other Non-Current Assets (Note 10.2)		719,840,095
Total Non-Current Assets		1,358,613,284
Total Assets	Php	6,083,069,425
LIABILITIES AND GOVERNMENT EQUITY		
Current Liabilities		
Financial Liabilities (Notes 3.4 b, 11.1)	Php	694,478,868
Inter-Agency Payables (Note 11.2)		96,646,981
Intra-Agency Payables (Note 11.3)		867,835,157
Trust Liabilities (11.4)		14,765,523
Other Payables (Note 11.5)		61,716,653
Total Current Liabilities		1,735,443,181
Non-Current Liabilities		
Deferred Credits/Unearned Income (Note 12)		22,318,593
Total Non-Current Liabilities		22,318,593
Total Liabilities		1,757,761,774
Total Assets Less Total Liabilities	Php	4,325,307,651
Government Equity (Note 13)	Php	4,325,307,651
Total Net Assets/Equity	Php	4,325,307,651

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Inflows		
Receipt of Notice of Cash Allocation	Php	1,250,875,000
Collection of Income/Revenues		352,229,538
Receipt of Assistance/ Subsidy		567,201,463
Collection of Receivables		127,092,028
Receipt of Inter-Agency Fund Transfer		89,929,695
Receipt of Intra-Agency Fund Transfer		77,413,547
Trust Receipts		73,839,791
Other Receipts		8,471,044
Adjustments		78,916,395
Total Cash Inflows		2,625,968,501
Cash Outflows		
Remittance to National Treasury		-
Payment of Expenses		1,578,643,889
Purchase of Inventories		32,573,992
Purchase of Consumable Biological Assets		82,528,285
Grant of Cash Advances		75,122,702
Prepayments		1,220,977
Refund of Deposits		221,969
Payments of Account Payable		330,629,089
Remittance of Personnel Benefit Contributions Mandatory Deductions		154,089,299
Grant of Financial Assistance/Subsidy/Contribution		-
Release of Inter-Agency Fund Transfers		91,406,115
Release of Intra-Agency Fund Transfers		676,088,203
Other Disbursement		20,966,788
Adjustments		51,743,065
Total Cash Outflows		3,095,234,374
Net Cash Provided by (Used in) Operating Activities	Php	(469,265,873)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Inflows		
Proceeds from Sale of Investment Property	Php	-
Proceeds from Sale/Disposal of Property, Plant and Equipment		87,374
Sale of Investment		-
Receipt of Interest Earned		1,782,879
Receipt of Cash Dividends		-
Proceeds from Matured/Return of Investments		-
Collection of Long-Term Loans		-
Proceeds from Sale of Other Assets		-
Total Cash Inflows		1,870,253
Cash Outflows		
Purchase/Construction of Investment Property	Php	-
Purchase/Construction of Investment Property, Plant and Equipment		45,358,978
Investments		-
Purchase of Bearer Biological Assets		-
Purchase of Intangible Assets		-
Grant of Loans		-
Total Cash Outflows		45,358,978
Net Cash Provided by (Used in) Investing Activities	Php	(43,488,724)

CASH FLOWS FROM FINANCING ACTIVITIES

Cash Inflows		
Proceeds from issuance of bills and bonds	Php	-
Proceeds from Domestic and Foreign Loans		-
Total Cash Inflows		-
Cash Outflows		
Payment of Long-Term Liabilities		-
Redemption of Bills/Bonds Issued		-
Payment of Interest Expense (BTR/NG Debt)		-
Total Cash Outflows		-
Net Cash Provided (Used in) Financing Activities	Php	-
Increase (Decrease) in Cash and Cash Equivalents	Php	(512,754,597)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		-
Cash and Cash Equivalents, January 01, 2016	Php	1,816,266,124
Cash and Cash Equivalents, December 31, 2016	Php	1,303,511,527

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year ended December 31, 2016

		Accumulated Surplus/Deficit		Government Equity
Balance at January 1	Php	6,035,716,268	Php	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		3,611,261,002		1,194,596,648
Add/(Deduct):				
> Changes in Net Assets/Equity for the Calendar Year		-		-
> Surplus/ (Deficit) for the period (Exhibit B)		(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	3,123,062,127		1,202,245,523

STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

For the year ended December 31, 2016

Particulars	Budgeted Amounts				Actual Amounts on Comparable Basis		Difference Final Budget And Actual	
	Original		Final					
RECEIPTS								
Tax Revenue	Php	-	Php	-	Php	-	Php	-
Service and Business Income (Notes 3.11, 14)		411,000,000		411,000,000		430,078,293		(19,078,293)
Assistance and Subsidy (Note 19)		1,287,887,000		1,287,887,000		1,250,875,000		37,012,000
Shares, Grants and Donations		-		-		-		-
Gains		-		-		-		-
Other Non-Operating Income (Note 20.1)		132,500,000		132,500,000		61,677,985		70,822,015
Other Non-Operating Income Receipt								-
> Gains of foreign exchange (Note 20.2)		-		-		7		(7)
Total Receipts	Php	1,831,387,000	Php	1,831,387,000	Php	1,742,631,285	Php	88,755,715
PAYMENTS								
Personnel Services (Note 15)		476,201,000		403,074,000		376,111,562		26,962,438
Maintenance and Other Operating (Note 16) Expenses		4,796,259,780		5,704,070,000		1,788,640,016		3,915,429,984
Capital Outlay (Note 8)		924,373,120		2,549,586,360		99,169,073		2,450,417,287
Financial Expenses (Note 17)		-		-		300		(300)
Others Disbursements								
>Loan Repayment		-		-		-		-
> Remittance to National Treasury		-		-		-		-
> Others		-		-		-		-
Total Payments	Php	6,196,833,900	Php	8,656,730,360	Php	2,263,920,952	Php	6,392,809,408
NET RECEIPTS/ PAYMENTS	Php	(4,365,446,900)	Php	(6,825,343,360)	Php	(521,289,667)	Php	(6,304,053,693)

Notes to Financial Statements

For the year ended December 31, 2016

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 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 accounts were reclassified in conformity with the Revised Chart of Accounts prescribed under COA Circular NO. 2015-010 dated December 1, 2015. The Agency have been using the Revised Chart of Accounts starting for the month of November 2016.

The agency did not present in this Financial Statements the corresponding reports for the year 2015 for comparability since implementation of PPSAS necessitate the need of restatement which in our case deemed impracticable.

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 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:

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

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:

Cash on Hand		
Cash-Collecting Officer	Php	3,362,370
Petty Cash		82,761
Cash in Bank		3,445,131
Cash in Bank-Local Currency, Current Account		863,436,164
Cash in Bank-Local Currency, Savings Account		346,036,752
Cash in Bank-Foreign Currency, Current Account		2,440,427
Cash in Bank-Foreign Currency, Savings Account		681,879
Cash-Modified Disbursement System (MDS) Regular		85,358,085
Time Deposits-Foreign Currency		2,113,089
		1,300,066,396
TOTAL	Php	1,303,511,527

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 patty 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:

Loan and Receivables		
Accounts Receivable	Php	582,412,947
Allowance for Impairment-Account Receivable		(50,911,622)
Interests Receivable		3,212
		531,504,537
Inter-Agency Receivables		
Due from National Government Agencies		1,297,381,481
Due from Local Government Units		46,604,307
Due from Government Corporations		433,061,968
		1,777,047,756
Intra-Agency Receivables		
Due from Operating Units		213,657
Due from Other Funds		833,365,367
Due from Central Office/Home/Head Office		64,853,791
		898,432,814
Other Receivables		
Receivables- Disallowances/Charges		134,188,471
Due from Officers and Employees		758,049
Due from NGO / People's Organizations		1,310,993
Other Receivables		24,808,325
Allowance for Impairment-Other Receivables		(5,748,253)
		155,344,584
TOTAL		3,362,329,692

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	63	1%	Php	10,973,985	Php	89,836
61 to 181 days	68	2%		89,756,674		1,795,133
181 days to 1 year	59	3%		24,519,716		735,591
More than 1 year to 10 years	76	5%		430,391,064		21,519,553
Over 10 years	36	100%		26,771,508		26,771,508
TOTAL			Php	582,412,947	Php	50,911,622

*Accruals for the month of December 31, 2016 amounting to Php 1,990,377 was not included in computation for allowance for doubtful accounts.

Status Report of Outstanding PCA Fee Obligation at the end of the year 2016 showed the following details for disclosure to long overdue accounts:

Status of Accounts	No. of Accounts		Amount
1. Cases still pending in court	7	Php	7,993,777
2. Cases ordered archived/unlocated address (ceased operation):			
a. Decision cannot be executed / enforced	6		3,186,130
b. Company owners still at large	3		8,095,516
c. Summons could not be served	13		9,937,071
3. Accounts forwarded to LAO for appropriate and / or filling of case	34		545,184,320
Total	63	Php	574,396,814

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

Company		Amount
Angmaya	Php	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	Php	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".	Php	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		Php	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.	Php	23,065,548
Provincial Government of Samar	Coconut rehabilitation and restoration of agricultural activity/farming systems project sue 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
Total			46,604,307

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 PCA-ARMM amounting to Php 28,600 and New Coconut Seed Production Center (NCSPC) for Php 185,057.

Due from Other Funds are outstanding balances after removal of intra-fund items amounting to Php 695,426 for Special Fund 20, Php 832,663,062 for Corporate Fund 503 and Php 6,888 for Yolanda.

Due from Central Office account represents balance of funds for different projects not yet released by PCA Central Office to Zamboanga Research Center not yet taken up in the books of Central Office thus remain in the consolidation after intra-agency transactions elimination.

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 31,2016.

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.

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		Netbook Value
Other Creditors	Php	6,731,646	Php	464, 378	Php	6,267,267
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		11,184,345		728,973		10,455,372
Trade and Business		1,727,714		730,835		996,879
TOTAL		24,808,325		5,748,253		19,060,072

6. INVENTORIES

This account consists of the following:

Inventory Held for Distribution	Php	14,569,770
Inventory Held for Consumption		30,459,326
Semi-Expandable Machinery and Equipment		7,014,914
Semi-Expandable Furniture, Fixtures and Books		511,570
TOTAL	Php	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	Php	1,243,301
Accountable Forms, Plates and Stickers Inventory		107,016
Medical, Dental and Laboratory Supplies Inventory		483,479
Fuel, Oil and Lubricants Inventory		536,946
Agricultural and Marine Supplies Inventory		25,184,778
Other Supplies and Materials Inventory		2,903,806
TOTAL	Php	30,459,326

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		Adjust-ments/ Reclassi-fication		Ending Balance
Land	Php	142,225,859	Php	189,690	Php	-	Php	-	Php	142,415,549
Land Improvements		25,951,832		-		-		-		25,951,832
Water Supply System		2,790,016		-		-		(150,754)		2,639,263
Power Supply Systems		653,226		-		-		-		653,226
Building		248,733,523		7,103,984		(1)		(1,490,000)		254,347,507
Machinery and Equipment		71,057,829		52,129,696		(44,310)		(5,574,341)		117,568,874
Office Equipment		46,832,577		4,645,094		(728,999)		(2,560,061)		48,188,611
Information and Communication		35,255,390		6,869,115		(18,512)		(1,593,789)		40,512,204
Agricultural and Forestry		221,437,408		2,198,831		(21,475)		(376,225)		223,238,539
Communication Equipment		14,585,833		26,990		-		(202,518)		14,410,306
Firefighting Equipment		280,681		89,200		-		(126,980)		242,901
Medical, Dental and Laboratory		25,282,958		7,152,326		(412,480)		(1,580,119)		30,442,684
Technical and Scientific		46,778,010		3,438,755		-		(167,046)		50,049,719
Other Machinery and Equipment		17,301,399		1,108,948		-		(3,288,089)		15,122,258
Motor Vehicles		106,651,384		570,550		(1,121,097)		(914,318)		105,186,519
Other Transportation Equipment		916,000		-		-		-		916,000
Furniture and Fixtures		12,067,782		1,676,907		(244,974)		(896,229)		12,603,486
Books		570,484		-		(5,535)		(12,851)		552,097
Other Property, Plant and Equipment		3,040,837		10,411,149		(260,897)		(127,972)		13,063,117
Construction-in-Progress		6,893,165		1,557,839		(4,956,289)		1,000,000		4,494,715
TOTAL	Php	1,029,306,194	Php	99,169,073	-Php	7,814,568	-Php	18,061,293	Php	1,102,599,407

Accumulated Depreciation		Beginning Balance		Additions		Disposal/ Sale/ Transfer		Adjustments/ Reclassification		Ending Balance
Land	Php	-	Php	-	Php	-	Php	-	Php	-
Land Improvements		19,864,836		551,883		-		-		20,416,719
Water Supply System		2,403,980		99,694		-		(135,678)		2,367,996
Power Supply Systems		345,631		58,790		-		-		404,422
Building		169,951,303		6,916,544		-		(115,224)		176,752,623
Machinery & Equipment		11,955,099		7,303,465		-		60,393		19,318,957
Office Equipment		37,187,977		1,587,208		-		(2,102,376)		36,672,810
Information & Communication		22,436,706		2,497,208		-		(780,911)		24,153,003
Agricultural & Forestry		33,773,461		19,522,172		-		(40,585)		53,255,047
Communication Equipment		11,133,320		86,605		-		(147,264)		11,072,660
Firefighting Equipment		73,753		5,472		-		(22,399)		56,826
Medical, Dental and Laboratory		6,862,400		3,319,884		-		(602,260)		9,580,024
Technical and Scientific		31,720,859		704,119		-		(27,811)		32,397,167
Other Machinery and Equipment		7,494,803		921,174		-		(2,743,575)		5,672,402
Motor Vehicles		59,160,562		7,012,045		-		(1,295,877)		64,876,730
Other Transportation Equipment		824,400		-		-		-		824,400
Furniture and Fixture		6,772,069		578,139		-		(624,088)		6,726,121
Books		380,208		845		-		(10,364)		370,689
Other Property, Plant & Equipment		1,777,978		569,946		-		(212,229)		1,535,695
Construction-in-Progress		-		-		-		-		-
TOTAL	Php	423,519,344	Php	51,735,193	Php	-	-Php	8,800,248	Php	466,454,290

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

Land	Php	142,415,549
Land Improvements		5,535,113
Water Supply System		271,267
Power Supply Systems		248,804
Building		77,594,884
Machinery and Equipment		98,249,917
Office Equipment		11,515,801
Information & Communication		16,359,201
Agricultural and Forestry		169,983,491
Communication Equipment		3,337,646
Firefighting Equipment		186,075
Medical, Dental and Laboratory		20,862,660
Technical and Scientific		17,652,552
Other Machinery and Equipment		9,449,856
Motor Vehicles		40,309,789
Other Transportation Equipment		91,600
Furniture and Fixtures		5,877,366
Books		181,408
Other Property, Plant and Equipment		11,527,423
Construction-in-Progress		4,494,715
TOTAL	Php	636,145,117

The Agency reviewed the carrying value of property and equipment for any impairment as of December 31, 2016. Based on its evaluation no impairment loss has occurred and no property and equipment has been pledged as security for liabilities.

9. BIOLOGICAL ASSETS

Bearer Biological Assets		
> Breeding Stocks	Php	25,000
Consumable Biological Assets		
> Trees, Plants and Crops Held for Consumption/Sale/Distribution		2,514,558
TOTAL	Php	2,539,558

Breeding stocks account balance is from Region VI while Trees, Plants and Crops Held for consumption/ Sale/ Distribution account is recorded under Region IV-B and ZRC amounting to Php 2,471,028 and Php 43,530, respectively.

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 on the succeeding years.

10. OTHER ASSETS

Current		
> Advances	Php	1,230,987
> Prepayments		1,969,477
> Deposits		2,858,878
		6,059,342
Non-current		
> Deferred Charges/Losses		237,914
> Other Assets		723,782,870
> Accumulated Impairment Losses-Other-Assets		(4,180,689)
		719,840,095
TOTAL	Php	725,899,436

10.1 Other Current Assets consists of the following:

Advances consist of accounts advances to special disbursing officer for Php 777,893 and advances to officers and employees amounting to and Php 453,093. Prepayments consists of advances to contractors, prepaid rent, prepaid insurance and other prepayments amounting to Php 1,347,496, Php 193,031, Php 391,483 and Php 37,468, respectively.

Deposits consist of guaranty deposits, marginal deposits, deposits on containers and other deferred charges amounting to Php 1,156,239, Php 58,224, Php 96,500 and Php 1,547,915, respectively.

10.2 Other Non-Current Assets are further described below:

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.

Other Assets	Php	723,782,870
Accumulated Impairment Losses-Other Assets		(4,180,689)
NET BOOK VALUE	Php	719,602,180

11. PAYABLES

This account is consisting of the following:

Payables		
Accounts Payable	Php	682,572,608
Due to Officers and Employees		9,899,090
Tax Refunds Payable		7,170
		694,478,868
Inter-Agency Payables		
Due to BIR		6,961,549
Due to GSIS		1,365,570
Due to Pag-IBIG		274,483
Due to PhilHealth		216,451
Due to NGAs		42,014,707
Due to Government Corporations		952,670
Due to LGUs		43,955,386
Due to SSS		330
Value-Added Tax Payable		905,836
		96,646,981
Intra-Agency Payables		
Due to Other Funds		844,236,487
Due to Central/Home/Head Office		23,598,671
		867,835,157
Trust Liabilities		14,765,523
Other Payables		61,716,653
TOTAL	Php	4,358,893,495

11.1 Payables

Accounts payable account consists of the following:

Trade and Business	Php	335,709,139
Unliquidated Obligations - Personal Services		128,467,101
Unliquidated Obligations - MOOE		76,323,542
Unliquidated Obligations - Miscellaneous		144,072,825
TOTAL	Php	684,572,608

Due to Officers and Employees account consist of payables due to various PCA employees. Tax Refund Payables represents the amount of overstatement of taxes withheld.

11.2 Inter-Agency Payables

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

Withholding Tax on Compensation	Php	1,992,862
Expanded Tax Withheld		1,504,188
Withholding Tax on GMP-Percentage Taxes		535,750
Withholding Tax on GMP-Value Added Taxes (GVAT)		2,503,042
Other Fees and Taxes Withheld		425,707
TOTAL	Php	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 are made on a quarterly basis.

Due to Government Corporations account consists of the following:

Miscellaneous	Php	949,442
LBP Loans		1,936
NHMFC - Housing Loan		1,293
TOTAL	Php	952,670

11.3 Intra-Agency Payables

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

CSIF	Php	109,201
General Fund 101		1,609,512
General Fund 151		9,324,837
General Fund 501		3,864
SCFDP Fund 401		186,900
Due to Yolanda		833,002,174
TOTAL	Php	844,236,487

CSIF 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.

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 Programs (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.

11.4 Trust Liabilities

This account consists of guaranty or security deposits to be refunded after the fulfillment of forfeiture upon failure to comply to the purpose of the undertaking.

11.5 Other Payables

This account consists of other liabilities not falling under any of the specific payable account.

12. OTHER DEFERRED CREDITS

This 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.

Central Office	Php	177,960
Region IV-B		47,545
Region V		20,002,835
Region VIII		125,106
Region XIII		147,924
Albay Research Center		1,227,725
Zamboanga Research Center		589,498
TOTAL	Php	22,318,593

13. GOVERNMENT EQUITY

This account is consisting of the following:

Accumulated Surplus/(Deficit)	Php	3,123,062,127
Invested Capital - Purchase or Construction		100,287,516
Invested Capital - General Fund 101/CISF		712,919,145
Invested Capital - Donations Received		110,655,633
Invested Capital - Fixed Assets Held in Trust		56,851,662
Invested Capital - Fixed Assets Held in Trust (SCFDP)		65,450,693
Invested Capital - Disallowances		104,200,505
Invested Capital - Other Payments		31,213,180
Invested Capital - Investments		812,189
Appraisal Capital		19,855,000
TOTAL	Php	4,325,307,651

Accumulated Surplus/ (Deficit) account consist of the cumulative results of normal and continuous operation 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
Tiaong, Quezon	23,756	Php	15,389,000	Php	24,498,000	Php	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	Php	44,389,000	Php	64,244,000	Php	19,855,000

14. SERVICE AND BUSINESS INCOME

Service Income		
Permit Fees	Php	281,648,944
> Supervision and Regulation Enforcement Fees		79,143,541
> Inspection Fees		7,926,414
> Fines and Penalties-Services Income		650,230
> Other Service Income		19,587,776
		388,956,905
Business Income		
> Rent/Lease Income		34,643,423
> Income from Hostels/Dormitories and Other Like Facilities		208,900
> Fidelity Insurance Income		452,492
> Interest Income		5,423,762
> Fines and Penalties-Business Income		392,812>
		41,121,388
TOTAL	Php	430,078,293

15. PERSONNEL SERVICES

15.1 Salaries and Wages

Expenses incurred for payment of services rendered by PCA employees occupying regular positions amounting to Php 216,259,617.

15.2 Other Compensation

Personnel Economic Relief Allowance (PERA)	Php	13,917,000
Representation Allowance (RA)		6,290,436
Transportation Allowance (TA)		3,214,456
Clothing/Uniform Allowance		2,935,000
Honoraria		292,350
Longevity Pay		160,401
Overtime and Night Pay		1,374,056
Year-End Bonus		32,559,202
Cash Gift		2,878,375
Other Bonuses and Allowances		49,544,730
TOTAL	Php	113,206,005

15.3 Personnel Benefit Contributions

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

Retirement and Life Insurance Premiums	Php	25,899,659
Pag-IBIG Contributions		697,900
PhilHealth Contributions		2,185,022
Employees Compensation Insurance Premiums		694,100
TOTAL	Php	29,476,681

15.4 Other Personnel Benefits

Terminal Leave Benefits	Php	16,261,216
Other Personnel Benefits		908,043
TOTAL	Php	17,169,259

Other personnel benefits consists of counsel allowance, loyalty award, per diem of directors and others amounting to Php 19,500, Php 300,000, Php 347,400, and Php 241,143, respectively.

16. MAINTENANCE AND OTHER OPERATING EXPENSES

16.1 Traveling Expenses

Traveling Expenses-Local	Php	64,246,102
Traveling Expenses-Foreign		624,741
TOTAL	Php	64,870,843

16.2 Training Expenses

Represents expenses incurred in attending various trainings to expand knowledge and skills required amounting to Php 29,441,604.

16.3 Supplies and Materials Expenses

Office Supplies Expenses	Php	12,861,191
Accountable Forms Expenses		200,166
Medical, Dental and Laboratory Supplies Expenses		4,277,321
Fuel, Oil and Lubricants Expenses		13,357,302
Agricultural and Marine Supplies Expenses		1,031,984,349
Semi-Expendable Machinery and Equipment Expenses		235,519
Semi-Expendable Furniture, Fixtures and Books Expenses		483,252
Other Supplies and Materials Expenses		11,856,527
TOTAL	Php	1,075,255,627

16.4 Utility Expenses

Water Expenses	Php	3,015,060
Electricity Expenses		20,938,811
Other Utility Expenses		1,220
TOTAL	Php	23,955,091

16.5 Communication Expenses

Postage and Courier Services	Php	1,177,131
Telephone Expenses		8,407,105
Internet Subscription Expenses		1,180,880
Cable, Satellite, Telegraph and Radio Expenses		2,380
TOTAL	Php	10,767,496

16.6 Awards/Rewards Expenses

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

16.7 Research, Exploration and Development Expenses

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

16.8 Extraordinary and Miscellaneous Expenses

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

16.9 Professional Services

Legal Services	Php	300
Auditing Services		28,923,577
Consultancy Services		1,403,700
Other Professional Services		176,688,530
TOTAL	Php	207,016,107

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

16.10 General Services

Janitorial Services	Php	3,164,382
Security Services		38,349,185
Other General Services		212,565,078
TOTAL	Php	254,078,646

16.11 Repairs and Maintenance

Repairs and Maintenance – Buildings and Other Structures	Php	8,162,580
Repairs and Maintenance – Machinery and Equipment		1,859,151
Repairs and Maintenance – Transportation Equipment		6,951,507
Repairs and Maintenance – Furniture and Fixtures		1,350
Repairs and Maintenance – Other Property, Plant and Equipment		42,750
TOTAL	Php	17,017,338

16.2 Taxes, Insurance Premiums and Other Fees

Taxes, Duties and Licenses	Php	3,377,176
Fidelity Bond Premiums		1,934,629
Insurance Expenses		2,388,343
TOTAL	Php	7,700,148

16.13 Other Maintenance and Operating Expenses

Advertising, Promotional and Marketing Expenses	Php	1,141,840
Printing and Publication Expenses		648,053
Representation Expenses		422,414
Transportation and Delivery Expenses		17,044,189
Rent/Lease Expenses		15,559,855
Membership Dues and Contributions to Organizations		20,000
Subscription Expenses		264,153
Donations		42,794,025
Documentary Stamps Expenses		250,857
Other Maintenance and Operating Expenses		17,282,099
TOTAL	Php	95,427,484

Other Maintenance and operating expenses consist of athletic and social events expenses, duplicating cost, meetings and conferences, BAC honorarium, laboratory analysis and other expenses amounting to Php 3,448,515, Php 232,109, Php 3,376,834, Php 259,739, Php 4,746 and Php 9,960,156, respectively.

17. FINANCIAL EXPENSES

Financial expenses consists of payments for bank charges amounting to Php 300.

18. NON-CASH EXPENSES

18.1 Depreciation

Depreciation - Land Improvements	Php	551,883
Depreciation - Infrastructure Assets		144,351
Depreciation - Buildings and Other Structures		6,916,544
Depreciation - Machinery and Equipment		35,947,306
Depreciation - Transportation Equipment		7,012,045
Depreciation - Furnitures, Fixtures and Books		578,985
Depreciation - Other Property, Plant and Equipment		584,079
TOTAL	Php	51,735,193

18.2 Impairment Loss

Impairment Loss-Loans and Receivables	Php	12,957,532
Impairment Loss-Other Receivables		1,385,557
TOTAL	Php	14,343,089

19. SUBSIDY INCOME FROM NATIONAL GOVERNMENT

For the year 2016, the Agency transfer of funds from the Bureau of Treasury to LPB C/A#0702-1001-86 for the subsidy released from the National Government per SARO-BMB-F-14-0017714 for locally funded projects of 2014 in the amount of Php 910,530,000 and SARO-BMB-F-15-0001024 for 2015 supplemental appropriation in the amount of Php 340,345,000 in the month of May 2016 with NCA No. NCA-BMB-C-16-0008403.

20. NON-OPERATING INCOME, GAIN OR LOSSES

20.1 Miscellaneous Income

Sale of Copra	Php	7,105,506
Sale of Coco-by-products		748,194
Sale of Coco Seedlings		2,499,834
Sale of Intercrops		309,171
Sale of Coco Seednuts		8,327,612
Sale of Waste Materials		2,400
Analysis Fee-PTAL		2,694,550
Income from Reproduction/Xerox		13,440
Filling/Certification Fees		1,930,128
Seednuts Replacement		37,993,600
Others		53,550
TOTAL	Php	61,677,985

20.2 Gains

This consists of gain on foreign exchange amounting to Php 7.

21. PRIOR PERIOD ADJUSTMENTS AND ERRORS

The Agency has determined that there are certain accounts that should be adjusted with the net effect in the financial statements as summarized below:

Account Name	Account Code		Debit		CREDIT
LBP C/#702-1001-86 (Fund 503)	1 01 02 020 0	Php	13,981	Php	-
Cash with the Regional Offices/Centers	1 01 02 020 0		-		2,950.29
Accounts Receivable	1 03 01 010		-		574,763.75
Due from National Treasury	1 03 03 010 0		-		2,500,022,150.00
Due from Nat'l. Gov't. Agencies	1 03 03 010 0		-		1,646,605.81
Due from Regional Offices	1 03 04 070		4,358,031.46		-
Due from Other Funds-General Fund 151	1 03 04 050 0		731,302.84		-
Receivables - Disallowances/Charges	1 03 05 010		235,417.60		-
Accountable Forms Inventory	1 04 04 020		50,000.00		-
Allowance for Doubtful Accounts	1 03 01 011		11,594,981.18		-
Trade and Business	2 01 01 010 0		-		2,425.75
Unliquidated Obligations - Personal Services	2 01 01 010 0		7,920,814.96		-
Unliquidated Obligations - MOOE	2 01 01 010 0		52,787,930.45		-
Due to Officers and Employees	2 01 01 020		17,457.83		-
Taxes Withheld on Wages	2 02 01 010 0		-		257.20
Value-Added Tax Withheld	2 02 01 010 0		3,706.74		-
Expanded Tax Withheld	2 02 01 010 0		757.88		-
Allowance/Retention for Contractual	2 99 99 990 5		59,354.83		-
Interest on PCA Fee	4 02 01 010 0		29,190.50		-
Surcharges on PCA Fee	4 02 01 010 0		1,256.92		-
Salaries and Wages - Regular	5 01 01 010		-		10,446.63
Legal Services	5 02 11 010		150.00		-
Accumulated Surplus/ Deficit	3 01 01 010		2,519,098,696.93		94,643,431.54
TOTAL			2,596,903,031		2,596,903,031

2.2 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			
	2 02 01 010 01			
	Withheld		Remitted	
Central Office	Php	4,986,783	Php	4,978,414
Central Office (Yolanda)		-		-
Region I-IVB		1,869,560.02		1,869,560.02
Region IV-A		2,329,706.51		2,153,226.44
Region V		2,843,932.00		2,843,923.00
Region VI		1,460,786.72		1,465,182.01
Region VII		1,400,302.27		1,469,701.93
Region VIII		2,058,262.64		2,058,262.64
Region IX		2,017,189.08		1,855,429.91
Region X		-		-
Region XI		1,694,826.05		1,718,643.98
Region XII		1,815,016.69		1,936,501.04
Region XIII		1,564,127.80		1,564,127.80
Region XIII-JAIF		-		-
Region XIV		1,152,107.14		1,152,107.14
CETC		-		-
PABLO		-		-
DRC		305,025.06		306,068.33
ARC		444,014.31		444,014.31
ZRC		1,285,153.65		1,285,153.65
NCSPC		-		-
Total	Php	27,226,766	Php	27,100,316

Due to BIR	Expanded W/holding Tax			
	2 02 01 010 02			
	Withheld		Remitted	
Central Office	Php	1,962,242	Php	1,285,787
Central Office (Yolanda)		18,257.09		18,257.09
Region I-IVB		336,731.85		336,620.75
Region IV-A		1,001,729.93		883,554.53
Region V		614,370.74		614,370.74
Region VI		474,298.95		472,037.72
Region VII		205,782.12		205,782.12
Region VIII		2,706,121.76		2,706,121.76
Region IX		964,286.82		879,411.30
Region X		114,884.23		114,884.23
Region XI		-		-
Region XII		566,941.45		608,331.16
Region XIII		601,388.35		601,388.35
Region XIII-JAIF		15,864.88		15,864.88
Region XIV		531,781.87		531,781.87
CETC		-		-
PABLO		-		-
DRC		191,032.03		191,032.03
ARC		143,457.51		143,457.51
ZRC		516,983.03		516,983.03
NCSPC		44,820.77		45,369.08
Total	Php	11,010.976	Php	10,171.035

Due to BIR	W/tax on GMP – Percentage			
	2 02 01 010 03			
	Withheld		Remitted	
Central Office	Php	-	Php	-
Central Office (Yolanda)		-		-
Region I-IVB		-		-
Region IV-A		-		-
Region V		-		-
Region VI		-		-
Region VII		-		-
Region VIII		-		-
Region IX		-		-
Region X		-		-
Region XI		-		-
Region XII		-		-
Region XIII		276,443.98		276,443.98
Region XIII-JAIF		25,259.19		25,259.19
Region XIV		-		-
CETC		-		-
PABLO		-		-
DRC		-		-
ARC		-		-
ZRC		-		-
NCSPC		-		-
Total		301,703		301,703

Due to BIR	W/holding Tax on Vat			
	2 02 01 010 04			
		Withheld		Remitted
Central Office	Php	5,388,438	Php	5,091,971
Central Office Yolanda)		5,251.55		5,251.55
Region I-IVB		140,769.53		140,437.39
Region IV-A		739,280.52		529,784.08
Region V		161,266.03		161,266.03
Region VI		259,269.21		249,090.18
Region VII		559,896.53		559,896.53
Region VIII		2,964,899.79		2,964,899.79
Region IX		-		-
Region X		261,694.27		261,694.27
Region XI		938,047.10		938,876.60
Region XII		837,753.31		835,543.71
Region XIII		1,190,033.28		1,190,033.28
Region XIII-JAIF		31,701.58		31,701.58
Region XIV		649,800.07		649,800.07
CETC		9,036.57		9,036.57
PABLO		12,562.64		12,562.64
DRC		-		-
ARC		140,933.17		140,933.17
ZRC		-		-
NCSTC		154,317.14		158,226.49
Total	Php	14,498,950	Php	13,931,041

Due to BIR	Other Fees & Taxes W/held			
	2 02 01 010 99			
		Withheld		Remitted
Central Office	Php	582,588	Php	546,397
Central Office (Yolanda)		47,463.36		47,463.36
Region I-IVB		361,285.77		361,285.77
Region IV-A		1,285,849.64		1,221,432.60
Region V		354,063.70		354,063.70
Region VI		-		-
Region VII		7,776.15		7,776.15
Region VIII		-		-
Region IX		1,316,273.64		1,218,002.39
Region X		25,261.71		25,261.71
Region XI		790,822.27		809,358.95
Region XII		-		-
Region XIII		284.26		284.26
Region XIII-JAIF		-		-
Region XIV		-		-
CETC		18,974.30		18,974.30
PABLO		37,513.64		39,108.83
DRC		537,875.63		573,875.71
ARC		251,716.57		251,716.57
ZRC		2,278,461.52		2,278,461.52
NCSPC		-		-
Total	Php	7,932,210	Php	7,753,463

23. 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 2016.

GSIS	GSIS Life & Ret		GSIS Govt Share
2016	Withheld	Remitted	Remitted
Central Office	2,683,915.49	2,693,027.73	3,587,985.14
Region I-IVB	1,176,377.73	1,176,377.73	1,568,503.63
Region IV-A	1,394,152.74	1,394,152.74	1,858,870.32
Region V	1,783,610.08	1,783,610.08	2,378,146.81
Region VI	4,191,438.13	4,188,717.35	1,282,157.64
Region VII	870,981.66	870,981.66	1,159,492.38
Region VIII	1,409,575.95	1,411,867.47	1,882,454.94
Region IX	3,638,446.49	3,372,164.88	1,874,839.34
Region X	1,156,790.35	1,156,790.35	1,542,387.13
Region XI	949,304.43	949,304.43	1,259,076.06
Region XII	1,129,166.64	1,135,799.29	1,505,555.52
Region XIII	984,198.54	984,198.54	1,312,123.71
Region XIV	732,577.55	732,577.55	971,124.00
DRC	137,235.22	137,235.22	-
ARC	182,869.92	182,869.92	243,826.56
ZRC	602,578.25	602,578.25	803,437.67
Total	23,023,219.17	22,7732,253.19	23,229,980.85

2016

CORPORATE GOVERNANCE REPORT