



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

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

March 25, 2024

THE BOARD OF TRUSTEES

Philippine Tax Academy
7th Floor, EDPC Building, BSP Complex
Roxas Boulevard corner Pablo Ocampo Street
Malate, Manila



Gentlemen:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the Philippine Tax Academy (PTA), for the years ended December 31, 2023 and 2022.

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

The Auditor expressed a qualified opinion on the fairness of presentation of the financial statements of the PTA in view of the following:

1. The PTA was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and COA Circular No. 2020-001 dated January 8, 2020.
2. The Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of IPSAS 1.

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

- 1.1 Prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and
- 1.2 Henceforth, ensure that earned leave credits are recorded at year-end.

- 2.1 Direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balance of the affected accounts amounting to P1.379 million, in compliance with Paragraph 27 of IPSAS 1.

The observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on March 14, 2024 are discussed in detail in Part II of the report. We also invite your attention to the prior year's unimplemented audit recommendation embodied in Part III of the report.

In our transmittal letter of even date, we requested the President of PTA to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the Report.

We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


ATTY. CHITO C. JANABAN
Director IV
Cluster Director

Copy furnished:

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



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

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

March 25, 2024

Hon. GIL S. BELTRAN
President
Philippine Tax Academy
7th Floor, EDPC Building, BSP Complex
Roxas Boulevard corner Pablo Ocampo Street
Malate, Manila



Dear President Beltran:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the Philippine Tax Academy (PTA), for the years ended December 31, 2023 and 2022.

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

The Auditor expressed a qualified opinion on the fairness of presentation of the financial statements of the PTA in view of the following:

1. The PTA was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and COA Circular No. 2020-001 dated January 8, 2020.
2. The Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of IPSAS 1.

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

- 1.1 Prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and

- 1.2 Henceforth, ensure that earned leave credits are recorded at year-end.
- 2.1 Direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balance of the affected accounts amounting to P1.379 million, in compliance with Paragraph 27 of IPSAS 1.

The observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on March 14, 2024 are discussed in detail in Part II of the report. We also invite your attention to the prior year's unimplemented audit recommendation embodied in Part III of the report.

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

We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


ATTY. CHITO C. JANABAN
Director IV
Cluster Director

Copy furnished:

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

(Name of Agency and Address)

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 20XX
As of _____

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

Agency sig-off:

 Name and Position of Agency Officer

 Date

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



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

ANNUAL AUDIT REPORT

on the

PHILIPPINE TAX ACADEMY

For the Years Ended December 31, 2023 and 2022

EXECUTIVE SUMMARY

INTRODUCTION

The Philippine Tax Academy (PTA) was created pursuant to Republic Act (RA) No. 10143 dated July 31, 2010, entitled “*An Act Establishing the Philippine Tax Academy, Defining Its Powers and Functions*”, otherwise known as the Philippine Tax Academy Act. The PTA as a government instrumentality with corporate powers is covered by RA No. 10149, otherwise known as Government-Owned and/or Controlled Corporation Governance Act of 2011.

The PTA serves as a specialized learning institution for tax collectors and administrators of the government and selected applicants from the private sector. It handles trainings, continuing education programs and other courses for the officials and personnel of the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC) and Bureau of Local Government Finance (BLGF).

It develops and implements a curriculum which includes those pertaining to: (a) technical aspects of tax collection, administration and compliance; and (b) the career orientation and development for civil servants. It conducts lectures, seminars, workshops and other training programs designed to mold, develop, and enhance the skills and knowledge, moral fitness, efficiency and capability of tax collectors and administrators. It also performs such other functions and duties as may be necessary in carrying out its mandate.

All existing officials and personnel of the BIR, the BOC and the BLGF are required to undergo the re-tooling and enhancement seminars and training programs to be conducted by the PTA. All applicants of the said bureaus are also required to pass the basic courses before they can be hired whether on contractual or permanent status.

The governance, administration and policy direction of the Academy is vested in and its powers exercised by the Board of Trustees (BOT). However, as of date, the management of the PTA lies on the lone member of the BOT who is also the President of the PTA. Other members of the BOT are yet to be appointed by the President of the Philippines, as mandated in RA No. 10143.

As of December 31, 2023, the Academy has 15 organic personnel, consisting of Executive Officials composed of a President and three (3) Chancellors and eleven (11) permanent employees. Executive Officials composed of a President shall be elected by the BOT and the three (3) Chancellors shall be appointed by the Secretary of Finance to administer the institutes for the BIR, the BOC and the BLGF, respectively. Additionally, there are three (3) designated officers and staff from the Department of Finance who are detailed in the PTA. Its main office is at the 8th Floor, EDPC Building, BSP Complex, Roxas Boulevard corner Pablo Ocampo Street, Malate, Manila.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2023	2022	Increase (Decrease)
Assets	268,633,665	239,193,086	29,440,579
Liabilities	5,007,648	1,388,520	3,619,128
Net assets/equity	263,626,017	237,804,566	25,821,451

II. Comparative Financial Performance

	2023	2022	Increase (Decrease)
Revenue	392,000	-	392,000
Current operating expenses	73,305,481	21,471,944	51,833,537
Deficit from current operations	(72,913,481)	(21,471,944)	(51,441,537)
Other non-operating income (loss)	60,932	90	60,842
Surplus (deficit) before subsidy	(72,852,549)	(21,471,854)	(51,380,695)
Assistance and subsidy	98,674,000	95,140,000	3,534,000
Net surplus for the period	25,821,451	73,668,146	(47,846,695)

III. 2023 Budget and Actual Amounts on Comparable Basis

	Per COB*	Actual Expenditures	Savings
Personnel services	58,896,000	25,364,981	33,531,019
Maintenance and other operating expenses	68,142,000	47,940,500	20,201,500
Capital outlay	84,707,000	9,495,985	75,211,015
	211,745,000	82,801,466	128,943,534

*COB – Corporate Operating Budget

SCOPE OF AUDIT

The audit covered the examination, on a test basis, of transactions and accounts of the PTA, for the calendar year (CY) 2023 to enable us to express an opinion on the financial statements for the years ended December 31, 2023 and 2022 in accordance with International Standards of Supreme Audit Institutions. It was also conducted at determining the Agency's compliance with pertinent laws, rules and regulations and adherence to prescribed policies and procedures.

AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of presentation of the financial statements of the PTA for CYs 2023 and 2022.

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

1. The PTA was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and COA Circular No. 2020-001 dated January 8, 2020.
 - 1.1 We recommended that Management prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and
 - 1.2 Henceforth, ensure that earned leave credits are recorded at the end of the year.
2. The Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of IPSAS 1.
 - 2.1 We recommended that Management direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balance of the affected accounts amounting to P1.379 million, in compliance with Paragraph 27 of IPSAS 1.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

There were no issued audit suspensions, disallowances, and charges as of December 31, 2023.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the four audit recommendations embodied in the prior year's Annual Audit Report, three were fully implemented and one was not implemented. Details are presented in Part III of this Report.

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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF TRUSTEES

Philippine Tax Academy
7th Floor, EDPC Building, BSP Complex
Roxas Boulevard, cor. Pablo Ocampo Street
Malate, Manila

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Philippine Tax Academy (PTA)**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2023, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the PTA, as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The PTA was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and COA Circular No. 2020-001 dated January 8, 2020.

Also, the Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of IPSAS 1.

We conducted our audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements*

section of our report. We are independent of the PTA in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PTA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PTA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PTA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023, required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT


SUZETTE G. PORNALES

Supervising Auditor
Audit Group G – Development, Media and Other Agencies (DMOA) 1
Cluster 6-Social, Cultural, Trading, Promotional and Other Services
Corporate Government Audit Sector

March 14, 2024



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of the Philippine Tax Academy (PTA) is responsible for the preparation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the PTA's financial reporting process.

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

The Commission on Audit has examined the Financial Statements of the PTA in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on its fairness of presentation upon completion of such audit.


LILIBETH B. SANTONIA
Chief Accountant
March 14, 2024
Date signed


GIL S. BELTRAN
President
March 14, 2024
Date signed

PHILIPPINE TAX ACADEMY
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	5	254,444,223	232,231,733
Receivables	6	37,607	1,283,356
Inventory	7	325,244	242,021
Other current assets	8	3,446,891	22,376
		258,253,965	233,779,486
Non-Current Assets			
Property, plant and equipment	9	8,407,970	5,413,600
Intangible assets	10	1,971,730	-
		10,379,700	5,413,600
TOTAL ASSETS		268,633,665	239,193,086
LIABILITIES			
Current Liabilities			
Accounts payable	11	4,195,073	177,187
Inter-agency payables	12	812,575	1,211,333
		5,007,648	1,388,520
TOTAL LIABILITIES		5,007,648	1,388,520
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		263,626,017	237,804,566
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	13	263,626,017	237,804,566
TOTAL NET ASSETS/EQUITY		263,626,017	237,804,566

The notes on pages 10 to 28 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
REVENUE			
Service and business income	14	392,000	-
Total Revenue		392,000	-
LESS: CURRENT OPERATING EXPENSES			
Personnel services	15	25,364,981	13,567,104
Maintenance and other operating expenses	16	47,940,500	7,904,840
Total Current Operating Expenses		73,305,481	21,471,944
Deficit from Current Operations		(72,913,481)	(21,471,944)
Non-operating income/(loss)	17	60,932	90
Deficit before Subsidy		(72,852,549)	(21,471,854)
Subsidy from the national government	18	98,674,000	95,140,000
Net Surplus for the Period		25,821,451	73,668,146

The notes on pages 10 to 28 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	Accumulated Surplus/(Deficit)
BALANCE, Beginning		238,085,866
Adjustments:		
Add/(Deduct): Prior year's adjustments	14	(281,300)
Other adjustments		-
RESTATED BALANCE, Beginning		237,804,566
Changes in net assets/equity		
Add/(Deduct):		
Surplus/(deficit) for the period		25,821,451
Other adjustments		-
BALANCE, Ending		263,626,017

The notes on pages 10 to 28 form part of these financial state

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Total

238,085,866

(281,300)

-

237,804,566

25,821,451

-

263,626,017

ments.

PHILIPPINE TAX ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Receipt of government subsidy		98,674,000	95,140,000
Receipts from business/service income		392,000	-
Other receipts		60,932	-
Collection of other receivables		134,713	-
Total Cash Inflows		99,261,645	95,140,000
Cash Outflows			
Payment of expenses		57,539,557	17,194,288
Prepayments		4,662,197	-
Payment of accounts payable		-	1,443,277
Purchase of inventories		1,235,497	36,598
Deposit to E-wallet for online procurement from PS-DBM		-	1,572,567
Grant of cash advances		743,824	389,549
Remittance of personnel benefits, contributions and mandatory deductions		7,129,329	3,490,400
Total Cash Outflows		71,310,404	24,126,679
Prior period adjustment		7,000	-
Adjusted Cash Outflows		71,317,404	24,126,679
Net Cash Provided by/(Used in) Operating Activities		27,944,241	71,013,321
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Total Cash Inflows		-	-
Cash Outflows			
Purchase of property, plant and equipment, net		(3,760,021)	(5,123,586)
Purchase of intangible assets		(1,971,730)	-
Total Cash Outflows		(5,731,751)	(5,123,586)
Net Cash Provided by/(Used in) Investing Activities		(5,731,751)	(5,123,586)
Net Cash Provided by/(Used in) Financing Activities			
Net Increase/(decrease) in cash and cash equivalents		22,212,490	65,889,735
Cash and cash equivalents, January 1		232,231,733	166,341,998
Cash and Cash Equivalents, December 31, 2023	5	254,444,223	232,231,733

The notes on pages 10 to 28 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2023
(In Philippine Peso)

	Note	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Service and business income	14	-		392,000	(392,000)
Assistance and subsidy	18	211,745,000	211,745,000	98,674,000	113,071,000
Total receipts		211,745,000	211,745,000	99,066,000	112,679,000
PAYMENTS					
Personnel services	15	58,896,000	58,896,000	25,364,981	33,531,019
Maintenance and other operating expenses	16	68,142,000	68,142,000	47,940,500	20,201,500
Capital outlay		84,707,000	84,707,000	9,495,985	75,211,015
Total payments		211,745,000	211,745,000	82,801,466	128,943,534
NET RECEIPTS/(PAYMENTS)		-	-	16,264,534	(16,264,534)

The notes on pages 10 to 28 form part of these financial statements.

PHILIPPINE TAX ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION/ENTITY PROFILE

The financial statements of the Philippine Tax Academy (PTA or the “Academy”) were authorized for issue on March 14, 2024 as shown in the Statement of Management’s Responsibility for Financial Statements signed by the Mr. Gil S. Beltran, President of the PTA.

The PTA is a government-owned and/or controlled corporation (GOCC) attached to the Department of Finance. It was established and created under Republic Act (RA) No. 10143 dated 31 July 2010. It is a specialized learning institution for tax and customs collectors and administrators disseminating tax laws, regulations, guidelines and relevant information to the public, in line with the policies of the State.

Pursuant to the Act and its Implementing Rules and Regulations, the PTA is mandated to perform the following functions:

- (a) To adopt, alter and use a corporate seal;
- (b) To take and hold by bequest, devise, gift, purchase or lease, either absolutely or in trust for any of its purposes, any property, real or personal, without limitation as to amount or value; to convey such property and to invest and reinvest any principal, and deal with and expend the income and principal of the PTA in a manner that will best promote its objectives;
- (c) To collect, receive and maintain fund or funds by subscription or otherwise, and to apply the income and principal thereof to the promotion of its aims and purposes herein before set out;
- (d) To contract any obligation, or enter into any agreement necessary or incidental to the proper management of its corporate powers; and
- (e) In general, to carry out any activity and to have and exercise all of the powers conferred by the laws upon private or GOCCs; and to do any and all of the acts and things herein set forth to the same extent as juridical persons could do, and in any part of the world, as principal, factor, agent or otherwise, alone or in syndicate or otherwise in conjunction with any person, entity, partnership, association or corporation, domestic or foreign.

As a specialized learning institution, the PTA is directed to:

- (f) Conduct all the trainings and continuing education programs designed to develop and enhance the skills and knowledge and capability of tax customs collectors and administrators for all officials and personnel of the Bureaus such as the Bureau of Internal Revenue (BIR), Bureau of Customs and Bureau of Local Government Finance;

- (g) Develop and implement curricula for each of the trainings, continuing education programs and other courses which include technical aspects of tax customs collection, administration and compliance; and the career orientation and development for civil servants; and
- (h) Serve as the country's comprehensive repository of all tax and customs laws, circulars and implementing rules and regulations of said laws and administrative rules and regulations.

The governance and administration of the PTA is vested in and its powers exercised by its Board of Trustees (BOT).

The Academy's registered office is located at 7th Floor, EDPC Building, BSP Complex, Roxas Blvd. corner Pablo Ocampo Street, Malate, Manila.

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

PTA's financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs), formerly Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014. The PPSASs were renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

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

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

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

The preparation of financial statements in compliance with the adopted IPSASs requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The Academy's financial statements are prepared on accrual basis in accordance with IPSASs.

3.2 Financial Instruments

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of *IPSAS 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 Academy determines the classification of its financial assets at initial recognition.

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

The Academy's financial assets include cash and cash equivalents and receivables.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

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

2. Receivables

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

iii. Derecognition

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

1. The contractual rights to the cash flows from the financial asset expired or waived; and
2. The PTA has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth

in IPSAS 29-Financial Instruments: Recognition and Measurement; and either the entity has:

- Transferred substantially all the risks and rewards of ownership of the financial asset; or
- Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset.

iv. Impairment of financial assets

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

Evidence of impairment may include the following indicators:

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

v. Financial assets carried at amortized cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future

cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 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.

PTA's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and financial guarantee contracts.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit.

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

iii. Derecognition

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

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

c. Offsetting of financial instruments

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

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of current account with the Land Bank of the Philippines, an authorized depository bank.

3.4 Inventories

Inventory is measured at cost upon initial recognition. 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.

Cost incurred in bringing each product to its present location and condition is accounted for purchase cost using the weighted average cost method.

Inventories are recognized as expenses when deployed for utilization or consumption in the ordinary course of operations of the PTA.

3.5 Property, Plant, and Equipment (PPE)

a. Recognition

An item is recognized as a PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of a PPE are as follows:

- i. Tangible items;
- ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

- iii. Are expected to be used for more than one reporting period.

An item of a PPE is recognized as an asset if:

- i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. The cost or fair value of the item can be measured reliably; and
- iii. The cost is at least P50,000 per COA Circular No. 2022-004 dated May 31, 2022, on the increase in the capitalization threshold from P15,000 to P50,000.

b. Measurement at recognition

An item recognized as a PPE is measured at cost.

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

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

Cost includes the following:

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

c. Measurement after recognition

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

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

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

d. Depreciation

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

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

i. Initial Recognition of depreciation

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

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

ii. Depreciation method

The straight-line method of depreciation is adopted.

iii. Estimated useful life

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

Buildings	30 years
Machineries and equipment	10 years
Furniture and fixtures	10 years
Motor vehicles	7 years
Office equipment	5 years

iv. Residual value

The PTA uses a residual value equivalent to at least five percent (5%) of the cost of the PPE starting in Calendar Year (CY) 2022.

e. Impairment

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

f. Derecognition

The PTA derecognizes items of the PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its

continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 Changes in Accounting Policies and Estimates

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

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

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

3.7 Foreign Currency Transactions

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

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;
- b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they were 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 those arising on a monetary item that forms part of a reporting entity's net investments in a foreign operation.

3.8 Revenue from Exchange Transactions

a. Measurement of revenue

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

b. Rendering of services

The PTA 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 were recoverable.

c. 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 PTA.

d. 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 the asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

3.9 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) was prepared since the budget and the financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in Note 22.

3.10 Related Parties

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

Members of key management are regarded as related parties and comprise of the Chairperson and Members of the BOT, and the Principal Officers.

3.11 Employee Benefits

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

4. PRIOR PERIOD ADJUSTMENTS

4.1 Due to Prior Period Errors

Prior period errors include over/under set-up of accounts payables due to variance in actual payment of expenses and under recognition of expenses due to late liquidation of cash advances which were reported in Note 14.

5. CASH AND CASH EQUIVALENTS

This account consists of:

	2023	2022
Petty cash fund	50,000	11,801
Cash in bank – local currency	254,394,223	232,219,932
	254,444,223	232,231,733

Cash in Bank consists of cash in local currency amounting to P254.394 million is maintained at the Land Bank of the Philippines, Century Park (Harrison) Branch.

6. RECEIVABLES

This account consists of:

	2023	2022
Due from officers and employees	37,606	3,987
Due from NGAs – Procurement Service	1	1,279,369
	37,607	1,283,356

Due from officers and employees refers to the understatement of amount withheld from salary of the personnel.

Due from NGAs – Procurement Service pertains to the balance in the e-wallet paid to the Procurement Service which was used to purchase laptops/computers and other common use supplies.

7. INVENTORIES

This account consists of:

	2023	2022
Office supplies inventory	325,244	242,021
	325,244	242,021

Regular purchases of office supplies for stock are recorded under the Inventory account and issuances thereof are recorded based on the Report of Supplies Issuance.

8. OTHER CURRENT ASSETS

This account consists the following:

	2023	2022 (As Restated)
Prepaid subscription	3,438,991	14,476
Advances to special disbursing officers	7,900	7900
	3,446,891	22,376

Other Assets is composed of Prepaid subscription which refers to undelivered newspapers while advances to special disbursing officers pertains to advances provided for training purposes.

9. PROPERTY, PLANT AND EQUIPMENT

This account consists of:

As of December 31, 2023

	Office Equipment	Information and Communications Technology Equipment	Transportation Equipment	Total
Carrying amount, January 1, 2023	393,016	3,367,005	5,413,600	9,173,621
Additions/Acquisitions	-	-	-	-
Total	393,016	3,367,005	5,413,600	9,173,621
Reclassification to proper accounts	-	-	-	-
Depreciation	(26,201)	(4,747)	(734,703)	(765,651)
Carrying amount, December 31, 2023	366,815	3,362,258	4,678,897	8,407,970

	Office Equipment	Information and Communications Technology Equipment	Transportation Equipment	Total
Gross cost	393,016	3,367,005	5,413,600	9,173,621
Accumulated depreciation	(26,201)	(4,747)	(734,703)	(765,651)
Carrying amount, December 31, 2023	366,815	3,362,258	4,678,897	8,407,970

As of December 31, 2022

	Office Equipment	Information and Communications Technology Equipment	Transportation Equipment	Total
Carrying amount, January 1, 2022	-	-	-	-
Additions/Acquisitions	-	-	5,413,600	5,413,600
Total	-	-	5,413,600	5,413,600
Reclassification to proper accounts	-	-	-	-
Depreciation	-	-	-	-
Carrying amount, December 31, 2022	-	-	5,413,600	5,413,600

	Office Equipment	Information and Communications Technology Equipment	Transportation Equipment	Total
Gross cost	-	-	5,413,600	5,413,600
Accumulated depreciation	-	-	-	-
Carrying amount, December 31, 2022	-	-	5,413,600	5,413,600

Office equipment consists of the biometrics and Identification Card printer. Information and communications technology equipment refers to computers, laptops and printers. Transportation equipment consists of motor vehicles assigned to the top executives of the Academy.

For CY 2022, this account consists of motor vehicles amounting to P5.414 million. No depreciation was recognized for the said period.

10. INTANGIBLE ASSET

This account consists of software licenses with infinite lives procured for the calendar year 2023.

11. ACCOUNTS PAYABLE

This account consists of:

	2023	2022
Accounts payable	4,045,073	177,187
Due to officers and employees	150,000	
	4,195,073	177,187

Accounts payable consists of unpaid purchases of equipment, supplies and training expenses. Due to officers and employees represents training costs that are to be reimbursed.

12. INTER-AGENCY PAYABLES

This account consists the following:

	2023	2022 (As Restated)
Due to BIR	669,822	1,184,821
Due to GSIS	129,673	(1,138)
Due to PhilHealth	8,655	6,400
Due to Pag-Ibig	4,425	21,250
	812,575	1,211,333

Inter-agency payables, such as Due from GSIS, Pag-Ibig and Philippine Health Insurance Corporation (PhilHealth), consist of the employees' mandatory contributions to the GSIS, Pag-Ibig and PhilHealth, respectively. Due to BIR are unremitted taxes withheld from employees' compensation and suppliers.

13. ACCUMULATED SURPLUS/(DEFICIT)

	Amount
Accumulated surplus, December 31, 2022	238,085,866
Prior year's adjustments	281,300
Accumulated surplus, December 31, 2022, as restated	237,804,566
Surplus for 2023	25,821,451
Accumulated surplus, December 31, 2023	263,626,017

Prior Year's Adjustment consists the following:

Remittance to Paglbig for premiums for CY 2022	3,800.00
Remittance to PhilHealth for premiums for CY 2022	3,200.00
Liquidation of advances to disbursing officers representing expenses for CY 2022	274,300.00
Total	281,300.00

14. SERVICE AND BUSINESS INCOME

The account pertains to training fees paid by stakeholders for the conduct of training. Training fees collected for CY 2023 amounted to P392,000.

15. PERSONNEL SERVICES

This account consists the following:

	2023	2022 (As Restated)
Salaries and wages	18,019,293	9,742,699
Other compensation	5,165,157	3,157,512
Personnel benefit contributions	1,620,669	666,893
Other personnel benefits	559,862	-
	25,364,981	13,567,104

15.1 Salaries and Wages

	2023	2022
Salaries and wages - regular	18,019,293	9,742,699
	18,019,293	9,742,699

15.2 Other Compensation

	2023	2022
Year-end bonus	1,604,241	1,104,335
Mid-year bonus	1,411,473	514,359
Representation allowance	976,250	614,500
Transportation allowance	606,750	614,500
Personnel economic relief allowance	332,443	163,818
Clothing/uniform allowance	84,000	42,000
Cash gift	75,000	51,500
Productivity enhancement incentive	75,000	52,500
Total	5,165,157	3,157,512

15.3 Personnel Benefit Contributions

	2023	2022 (As Restated)
Retirement and life premium	1,356,650	533,166
PhilHealth contributions	235,094	120,127
Pag-ibig contributions	16,925	8,200
Employees compensation insurance premiums	12,000	5,400
	1,620,669	666,893

16. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists the following:

	2023	2022 (As Restated)
Training expenses	20,402,488	3,207,968
Professional services	16,784,476	1,789,839
Subscription expenses	4,219,533	96,196
Supplies and material expenses	3,773,114	1,585,304
Transportation and delivery expenses	793,580	187,441
Depreciation expense	765,651	-
Extraordinary and miscellaneous expenses	540,933	543,867
Travelling expenses	129,539	65,163
Repairs and maintenance	82,486	-
Telephone expenses	30,059	20,810
Rewards and incentives	-	208,000
Other maintenance and other operating expenses	418,641	200,252
Total	47,940,500	7,904,840

16.1 Training Expenses

Training expenses represent costs incurred for leases of venue, accommodation, meals and honoraria of speakers for the trainings/seminars/workshops provided.

16.2 Professional Services

Professional services are composed of the charges/cost of non-plantilla personnel and external/outsourced resource persons contracted by the PTA and the cost of auditing services.

16.3 Subscription Expenses

Subscription expenses represents cost of expired subscription for newspapers, magazines and software licenses.

16.4 Supplies and Material Expenses

	2023	2022
Office supplies expenses	903,206	10,269
Semi-expendable - other machinery and equipment expenses	881,891	49,995
Food supplies expenses	833,025	-
Semi-expendable information and communications technology equipment (ICT)	543,080	1,525,040
ICT office supplies expenses	291,770	-
Fuel, oil and lubricants expenses	228,464	-

	2023	2022
Medical, dental & laboratory supplies expenses	43,425	-
Other supplies and materials expenses	40,785	-
Drugs and medicines expenses	7,468	-
	3,773,114	1,585,304

16.5 Other Maintenance and Operating Expenses

	2023	2022
Rentals - equipment	160,000	-
Representation expenses	65,039	88,477
Fidelity bond premiums	52,350	69,975
Insurance expenses	47,233	-
Printing and publication	-	41,800
Other maintenance and operating expenses	94,019	-
	418,641	200,252

17. NON-OPERATING INCOME, GAIN OR LOSSES

This account represents income from sale of bid documents.

18. SUBSIDY FROM THE NATIONAL GOVERNMENT

This account consists of:

	2023	2022
Subsidy from the National Government	98,674,000	95,140,000
	98,674,000	95,140,000

Subsidy income pertains to the subsidies received by the PTA which are recognized as income over the period, to match with the related costs.

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

	2023	2022
Net Surplus for the period	25,821,451	73,668,146
Adjustments for non-cash-items:		
Depreciation	765,651	-
(Increase) decrease in gross receivables	1,245,749	(1,009,056)
(Increase) decrease in inventories	(83,223)	(242,021)
(Increase) decrease in other current assets	(3,424,515)	(296,676)

	2023	2022
Increase (decrease) in accounts payable	4,017,886	(1,945,175)
Increase (decrease) in due to national government agencies	(398,758)	1,211,333
Prior period adjustments	-	(373,230)
Net cash provided by (used in) operating activities	27,944,241	71,013,321

20. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

20.1 Key Management Personnel

The management of the PTA lies on the lone member of the BOT who is also the President of the PTA. The members of the PTA BOT are yet to be appointed by the President of the Philippines, as mandated in RA No. 10143 (Philippine Tax Academy Act). Executive Officers consist of the Chancellor II of the Local Government Finance Institute and Chancellors II and I of the Customs Institute.

20.2 Key Management Personnel Compensation

The members of the BOT, except for the President, being in ex-officio capacity, do not receive any compensation from the PTA. The Principal Officers received compensation through salary, other compensation, personnel benefit contributions and other personnel benefits.

21. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for the year ended December 31, 2022 is the proposed Corporate Operating Budget (COB) for the year 2023 while the final budget is the amount actually received by the Academy in Fiscal Year 2023 as per General Appropriations Act, RA No. 11518. The 2023 COB of the Academy resulted from the management's assessment of (1) its various programs, projects and activities in pursuance of its mandate, and (2) the actual and projected expenses to fully institutionalize its thrust. The said COB also includes proposal of hiring organic personnel for the Academy, procurement of basic office equipment, vehicles and Information Technology Systems to support its operation under the new normal. The Academy received budgetary support from the National Government for the implementation of mandated government programs.

Per COB No. C4-22-012 dated August 12, 2022, the Department of Budget and Management approved the amount of P166.341 million which represents the unutilized amount of subsidy received from CYs 2019 to 2021 to be used for the current year and the amount of P95.140 million was the subsidy received in CY 2022. For the year 2023, subsidy received amounted P98.674 million.

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

22.1 Revenue Regulation No. 15-2010

Revenue Regulation (RR) No. 21-002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the IPSASs and such other standards and/or conventions.

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

a. Withholding Taxes

The Academy's withholding taxes for the years ended December 31, 2023 and 2022 are as follows:

a.1 Withholding Tax on Compensation

	2023	2022
Total withholding tax for the year	3,377,776	2,742,391
Less: Payments from January to November	3,016,189	1,917,372
Withholding Tax Still Due and Payable	361,587	825,019

a.2 Expanded Withholding Tax

	2023	2022
Total withholding tax for the year	1,074,700	303,816
Less: Payments from January to November	913,058	52,072
Withholding Tax Still Due and Payable	161,642	251,744

a.3 Final Tax Withheld (GMP)

	2023	2022
Total withholding tax for the year	1,225,590	249,799
Less: Payments from January to November	1,067,140	141,741
Withholding Tax Still Due and Payable	158,450	108,058

PART II - OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. **The Philippine Tax Academy was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard 1 and COA Circular No. 2020-001 dated January 8, 2020.**

- 1.1 Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1, provides as follows:

Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set-out in International Public Sector Accounting Standards (IPSASs).

- 1.2 Further, Annex A of the Updated Revised Chart of Accounts (RCA) for Government Corporations in COA Circular 2020-001 dated January 8, 2020 provides the description of the following accounts:

Leave Benefits Payable - This account is credited to recognize accrual of money value of the earned leave credits of government personnel. This account is debited for monetization of earned leave and payment of terminal leave benefits, and/or adjustments.

Terminal Leave Benefits - This account is debited to recognize the money value of the accumulated leave credits of government officials and employees. This account is credited, at year end, to close to the Revenue and Expense Summary account, and/or adjustments.

Accumulated Surplus - This account represents the cumulative results of normal and continuous operations of an agency including prior period effects of changes in accounting policy and errors, and other capital adjustments. This account is used to close the Revenue and Expense Summary account.

- 1.3 Analysis of the Philippine Tax Academy (PTA) transactions for calendar year (CY) 2023 disclosed that the accumulated leave credits of 15 PTA personnel had a total of 1,032.62 with money value of P6.026 million as of December 31, 2023.

- 1.4 Further review revealed that the PTA monitored the leave credits of the Academy personnel, however the money value was not recorded in the books of the PTA in CYs 2023 and 2022. Details are shown in Table 1:

Table 1 – Summary of Leave Credits of the PTA Employees

Particulars	Accumulated Leave Credits			Money Value of Accumulated Leave Credits		
	CY 2023	CY 2022	Total	CY 2023	CY 2022	Total
Vacation Leave	138.30	272.72	411.02	803,881.59	1,607,920.36	2,411,801.95
Sick leave	130.92	490.68	621.60	675,875.10	2,938,256.00	3,614,131.10
Total	269.22	763.40	1,032.62	1,479,756.69	4,546,176.36	6,025,933.05

- 1.5 Inquiry from the concerned personnel revealed that the adjusting entry for the money value of employees' accumulated leave credits was inadvertently omitted due to very limited workforce in the Accounting Division.
- 1.6 The non-recognition of the PTA employees' accumulated leave credits of 1,032.62 with money value of P6.026 million resulted in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account amounting to P6.026 million, P1.480 million and P4.546 million, respectively, contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-001 dated January 8, 2020.
- 1.7 **We recommended that Management:**
- a. **Prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and**
 - b. **Henceforth, ensure that earned leave credits are recorded at the end of the year.**
- 1.8 The PTA Management acknowledged the audit observation and committed to adhere to the recommendations to properly record the accrued liabilities pertaining to money value of earned leave credits of the PTA personnel. The adjusting entry was also prepared in March 2024 to correct the balances of the affected accounts thru Journal Entry Voucher (JEV) No. 01-2024-003-0110.
- 1.9 As a rejoinder, the Audit Team commended the Management for immediately correcting the affected accounts.
- 2. The Property, Plant and Equipment account in the financial statements amounting P9.174 million with a carrying amount of P8.408 million was understated by P295,662 due to erroneous recording of Information and Communications Technology equipment while the affected accounts were misstated by the same amount, contrary to the Paragraph 27 of the International Public Sector Accounting Standard 1.**
- 2.1 Paragraph 27 of IPSAS 1, provides as follows:

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

- 2.2 Review of the Property, Plant and Equipment (PPE) accounts of the PTA showed total cost of P9.174 million, accumulated depreciation of P.766 million and carrying value of P8.408 million as of December 31, 2023, breakdown is presented in Table 2:

Table 2- Carrying Amount of PPE as of December 31, 2023

Account Name	Cost	Accumulated Depreciation	Carrying Value
Motor Vehicle	5,413,600.00	734,702.88	4,678,897.12
ICT Equipment	3,367,005.00	4,747.08	3,362,257.92
Office Equipment	393,015.64	26,201.05	366,814.59
Total	9,173,620.64	765,651.01	8,407,969.63

- 2.3 The physical inventory was conducted on January 11-12, 2024 and witnessed by COA representatives to check the integrity of property custodianship and attest to the physical existence of the agency's recorded PPE. The significant increase in PPE account was due to purchases of various Information and Communications Technology (ICT) equipment and Office Equipment during the year.
- 2.4 Comparison of the results of the physical inventory of PPEs as summarized in the Report on the Physical Count of PPE (RPCPPE) and the balances of the PPE per books as of December 31, 2023 disclosed variances of P295,662 as presented in Table 3:

Table 3 - Variances between the balances of PPE Account per Books and Per RPCPPE as of December 31, 2023

Account Name	Per Books	Per RPCPPE	Variance
Motor Vehicle	5,413,600.00	5,413,600.00	-
ICT Equipment	3,367,005.00	3,662,666.52	(295,661.52)
Office Equipment	393,015.64	393,015.61	-
Total	9,173,620.64	9,469,282.13	(295,661.52)

- 2.5 Inquiry from the concerned Accounting Division (AD) and General Services Division personnel revealed that the variance was due to the erroneous recording in the accounting books of the purchased ICT equipment as subscription expenses.

- 2.6 The erroneous recording of ICT equipment as of December 31, 2023 amounting to P295,662 resulted in the understatement PPE and Accumulated Surplus accounts and overstatement of Subscription Expense account by the same amount.
- 2.7 **We recommended that Management instruct the AD to prepare an adjusting entry/ies to correct the balances of affected accounts, in compliance with Paragraph 27 of IPSAS 1.**
- 2.8 The Management acknowledged the COA observation and adhered to the recommendation. The adjusting entry was also prepared in March 2024 to correct the balances of the affected accounts thru JEV No. 01-2024-003-0111.
- 2.9 As a rejoinder, the Audit Team commended the Management for the immediate preparation of JEV to correct the account balances, subject to validation of the Audit Team.
3. **The prepayment of Information and Communications Technology subscription amounting to P3.439 million was recorded in the Other Prepayments account instead of the Prepaid Subscription account as of December 31, 2023, resulting in the understatement of Prepaid Subscription account and the overstatement of Other Prepayments accounts by the same amount. Moreover, magazine and e-book subscription including insurance coverage were recorded as outright expense without recognition of the unexpired portion amounting to P14,475, P35,280 and P43,953, respectively resulting in the overstatement of the Subscription Expense and Insurance Expense accounts and understatement of Prepaid Subscription, Prepaid Insurance and Accumulated Surplus accounts, contrary to Paragraph 27 of International Public Sector Accounting Standard 1 and Annex A of COA Circular 2020-001.**

3.1 Paragraph 27 of IPSAS 1, provides as follows:

Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set-out in International Public Sector Accounting Standards (IPSASs).

3.2 Also, Annex A of the Updated RCA for Government Corporations in COA Circular 2020-001 dated January 08, 2020 provides the description of the following accounts:

Other Prepayments - This account is debited to recognize the amount of prepayments not falling under any of the specific prepayment accounts. This account is credited for the expended amount, and/or adjustments.

Prepaid Insurance - This account is debited to recognize the amount advanced for the insurance of government property.

This account is credited for the expended amount, and/or adjustments.

Prepaid Subscription - This account is debited to recognize the amount advanced for the subscription of ICT software, data center service, cloud computing service, library and other reading materials, and the like, used in government operations. This account is credited for the expended amount, and/or adjustments.

3.3 In CY 2023, the PTA has prepayments of one-year subscriptions of ICT software and licenses, magazine and online tax, laws and jurisprudence as well as insurance of the motor vehicles from various suppliers totaling P4.795 million. Details are shown in Table 4.

Table 4 – Summary of Other Prepayments for CY 2023

Particulars		Amount	Coverage	Expired Portion	Unexpired Portion
1	Moodle Subscription (E-Learning Management System)	3,527,822.82	09/01/23-08/31/24	1,175,940.94	2,351,881.88
2	Microsoft 365	1,134,374.40	12/15/23-12/15/24	47,265.60	1,087,108.80
3	1-year subscription for "The Economist"	24,815.85	08/01/23 - 07/31/24	10,339.94	14,475.91
4	1-year online subscription for Tax, Laws and Jurisprudence	60,480.00	08/01/23-08/01/24	25,200.00	35,280.00
5	Insurance cost for Motor Vehicles	47,233.41	12/06/23 - 12/06/24	3,280.10	43,953.31
Total		4,794,726.48		1,262,026.58	3,532,699.90

3.4 The entries to record the prepayment was a debit to Subscription Expense account for Items 1-4 while for Item 5, Insurance Expense account and a credit to Cash in Bank account.

3.5 Verification of accounts showed that at the end of the year, an adjusting entry for Items 1 and 2 was prepared to recognize the unexpired portion of the prepayment by a debit to Other Prepayments account and a credit to Subscription Expense account amounting to P3.439 million. However, the account used was Other Prepayments account instead of the Prepaid Subscription.

3.6 The concerned personnel of the PTA explained that she used the Other Prepayment account instead of the Prepaid Subscription account because she could not find the latter account in the RCA.

3.7 As defined in the RCA, other prepayments shall be used to record prepayments that do not fall under a specific account in the RCA. The prepayments in Items 1 and 2, should have been recorded under the Prepaid Subscription account

since it falls into the subscriptions of ICT software, data center service, cloud computing service, library and other reading materials, and others.

- 3.8 This resulted in the understatement of Prepaid Subscription account and the overstatement of Other Prepayments accounts by the same amount of P3.439 million.
 - 3.9 The Audit Team also noted that payment of subscriptions for magazines, and online tax, laws and jurisprudence as well as insurance for the motor vehicles under Items 3 to 5 were recorded as outright expenses and no adjustments were prepared to recognize the unexpired portion of the prepayments amounting to P14,475, P35,280 and P43,953, respectively, resulting in the overstatement of the Insurance Expense and Subscription Expense accounts and understatement of Prepaid Subscription, Prepaid Insurance and Accumulated Surplus accounts.
 - 3.10 The concerned personnel of the PTA further explained that the reclassification of the unexpired portion to its proper account was inadvertently omitted.
 - 3.11 **In view of the observations noted, we recommended that Management:**
 - a. **Direct the Accounting Division to prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and**
 - b. **Henceforth, observe the use of proper accounts as prescribed in Annex A of COA Circular 2020-001.**
 - 3.12 The PTA Management acknowledged the COA audit observation and adhered to the recommendations. The adjusting entry was also prepared in March 2024 to correct the balances of the affected accounts thru JEV No. 01-2024-003-0112.
 - 3.13 As a rejoinder, the Audit Team commended the Management for the immediate preparation of JEV to correct the account balances, subject to validation of the Audit Team.
- 4. The Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.**

- 4.1 Paragraph 27 of IPSAS 1, provides as follows:

Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and

recognition criteria for assets, liabilities, revenue and expenses set-out in International Public Sector Accounting Standards (IPSASs).

- 4.2 The Computer Software account showed a balance of P1.972 million as of December 31, 2023, which consists of various licenses that were purchased by the PTA for CY 2023. The summary of the account is presented in Table 5:

Table 5 – Schedule of Computer Software

Items	Particulars	Quantity (Licenses)	Cost
1	Microsoft Long Term Servicing Channel	30	P842,000.49
2	Network Management Software Win Server Dater Core 16SL	2	536,025.24
3	Network Management Software Win Server User CAL	40	80,238.40
4	Data Management and Query Software SQL Server STD SVR SL	1	43,001.57
5	Data Management and Query Software SQL Server User CAL	40	400,491.20
6	Development Software Vis Studio PMSDN User LSA	1	69,972.96
	Total		P 1,971,729.86

- 4.3 Verification revealed that aside from the computer software listed in Table 5, the PTA also purchased 55 computer software licenses amounting P1.379 million. These licenses were not capitalized but recorded as outright expense, resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of the Computer Software and Accumulated Surplus accounts. The summary is presented in Table 6:

Table 6 – Computer Software recorded as expense

No.	Particulars	Quantity	Cost
1	Business Function Specific - Office STD DEV LSA	20	P 712,316.40
2	Business Function Specific - Office STD DEV SL	35	666,668.10
	Total		P 1,378,984.50

- 4.4 Concerned personnel of the PTA explained that the proper accounting treatment for purchase of computer software and corresponding amortization were inadvertently omitted.
- 4.5 Thus, the recording of Computer Software as outright expense resulted in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount of P1.379 million as December 31, 2023.
- 4.6 **In view of the observations noted, we recommended that Management direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balance of the affected accounts amounting to P1.379 million, in compliance with Paragraph 27 of IPSAS 1.**

- 4.7 The Management acknowledged the COA observation and adhered to its recommendation. JEV No. 01-2024-003-0112 was prepared in March 2024 to adjust the balances of the affected accounts.
- 4.8 As a rejoinder, the Audit Team commended the Management for the immediate preparation of JEV to correct the account balances, subject to validation of the Audit Team.
- 5. The accrual of auditing services amounting to P0.750 million was not recognized in the books of PTA, resulting in the understatement of Auditing Services and Due to National Government accounts and overstatement of Accumulated Surplus account by the same amount as of December 31, 2023, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.**
- 5.1 Paragraph 27 of IPSAS 1, provides as follows:
- Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set-out in International Public Sector Accounting Standards (IPSASs).*
- 5.2 Moreover, Paragraph 7 of the same Standard states that:
- IPSAS defines accrual basis as a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is paid or received). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.*
- 5.3 The accounting policy on the accrual of liability was not fully observed by the PTA particularly on the accrual of auditing services for the performances of services that was already rendered.
- 5.4 As of December 31, 2023, the Auditing Services account showed a balance of P152,068.00. Verification of the account revealed that the recorded auditing services pertain only to the actual amount paid for the months of January and February 2023. The amounts due for the months of March to December 2023 were not accrued amounting to P0.750 million.
- 5.5 Inquiry from the concerned personnel revealed that the adjusting entry to recognize the accrued auditing services was unintentionally omitted due to lack of manpower in the AD.
- 5.6 Thus, the non-accrual of auditing services resulted in the understatement of Auditing Services and Due to National Government accounts and

overstatement of Accumulated Surplus account by the same amount of P0.750 million as of December 31, 2023.

5.7 In view of the observation noted, we recommended that Management:

- a. Direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balances of affected accounts; and**
- b. Henceforth, accrue the unpaid auditing services at the end of year.**

5.8 Management acknowledged the COA observation and adhered to the recommendations. JEV No. 01-2024-003-0114 was also prepared in March 2024 for the accrual of auditing services.

5.9 Moreover, the amount of P750,336.00 representing auditing services for the period March to December 2023 was paid on March 13, 2024.

5.10 As a rejoinder, the Audit Team commended the Management for processing the payment of accrued liabilities on auditing services and for the immediate preparation of JEV to correct the account balances, subject to validation of the Audit Team.

B. NON-FINANCIAL

6. The Philippine Tax Academy was able to comply with the requirements of the Philippine Commission on Women (PCW), National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the: a) allocation of at least five percent of its Corporate Operating Budget; b) submission of the Gender and Development (GAD) Plan and Budget to PCW for the calendar year 2023 within the prescribed period. However, the accomplishment report showed an overutilization of P1.321 million and underutilization of P0.528 million, respectively, of the approved GAD Budget.

6.1 Item 2.3 of the Philippine Commission on Women, National Economic and Development Authority and Department of Budget and Management (PCW – NEDA – DBM) Joint Circular No. 2012-01 provides, among others that all government departments, including their attached agencies, offices, bureaus, state universities and colleges, government-owned and controlled corporations (GOCCs), local government units and other government instrumentalities shall formulate their annual GPBs within the context of their mandates to mainstream gender perspectives in their policies, programs, and projects. GAD planning shall be integrated in the regular activities of the agencies, the cost of implementation of which shall be at least five percent (5%) of their total budgets. The computation and utilization shall be implemented in accordance with the specific guidelines provided therein.

6.2 Additionally, Item 1.2.2.1.3 of PCW Memorandum Circular No. 2021-04 dated August 24, 2021, prescribed that for GOCCs, the computation of the minimum five percent (5%) GPB requirement shall be based on their corporate operating budget (COB).

6.3 The GAD Plan and Budget (GPB) for the CY 2023 of the PTA was endorsed by the PCW with an allocation of P5.435 million or 5.51 percent of the approved General Appropriations Act (GAA) for Fiscal Year (FY) 2023 amounting to P98.674 million. The PTA used the GAA-approved budget as the basis of computation of the required five percent GPB instead of the COB because, at the time of the preparation of GPB, the latter was not yet available.

6.4 The gender-responsive programs, activities, and projects contained in the GPB were mainstreamed in PTA’s regular programs and activities. The distribution of budget allocation of P5.435 million is presented in Table 6 as follows:

Table 6 – Distribution of Budget

Particulars	Total Allocation per GPB
Client Focused Activities (Launching of Gender and Finance Program, Development and Production of Information, Education and Communication Materials on Gender Finance Program, Conduct of Learning Needs Analysis in the awareness of PTA stakeholders on Gender and Finance, Orientation Workshop on Training Needs Assessment development for online learners towards gathering and establishing sex disaggregated database for PTA)	P1,370,460.00

Particulars	Total Allocation per GPB
Organization Focused (Conduct of community extension for Financial Inclusion and Financial Literacy Programs, Conduct of capacity-building training on Gender Sensitivity, GAD Planning and Budgeting, Gender Mainstreaming and Gender Analysis, etc.)	4,065,000.00
Total	P5,435,460.00

- 6.5 Moreover, the PTA submitted its GPB for CY 2023 on November 21, 2022, in compliance with Item 4 of the PCW Memorandum Circular 2022-003: Preparation and Online Submission of FY 2023 Gender and Development (GAD) Plans and Budgets dated August 31, 2022. The same was endorsed by PCW to DBM on April 5, 2023.
- 6.6 The GAD Accomplishment Report (AR) showed an actual expenditure of P5.150 million, which is equivalent to 94.74 percent of the GPB. However, out from the 16 GAD attributed activities, it was observed that seven were fully accomplished while nine were partially done as of December 31, 2023.
- 6.7 Moreover, it was observed that there were four activities accomplished that exceeded the approved budget, three activities accomplished below the approved budget and four activities that are partially accomplished but already exceeded the approved budget. Inquiry was made with the concerned personnel for reasons of the variances. Details are shown in Table 7:

Table 7 – GAD Activities

Item No.	GAD Activity	Budget	Actual Cost/ Expenditure	Variances	Status	Remarks
Activities accomplished with actual costs more than the budget						
1	Development and Production of Information, Education and Communication Materials on Gender and Finance Program	720,460.00	1,300,000.00	(579,540.00)	Accomplished	Course packs were developed integrating GAD Principles and advocating Gender Sensitivity
2	Conduct of seminar on RA 9262, 9710 and 11313	200,000.00	500,725.34	(300,725.34)	Accomplished	Conducted Kick off activity Women and Power Forum for the 18-day Campaign to end VAW in addition to the seminars conducted.

Item No.	GAD Activity	Budget	Actual Cost/ Expenditure	Variances	Status	Remarks
3	Issuance of relevant policies to the PCW Memorandum Circular on the Commemoration of the 18-Day Campaign to end Violence Against Women	50,000.00	115,151.00	(65,151.00)	Accomplished	
4	Establishment of GAD corner in the PTA office and website	250,000.00	280,303.20	(30,303.20)	Accomplished	
Subtotal		1,220,460.00	2,196,179.54	(975,719.54)		
5	Conduct of Learning Needs Analysis on the awareness of PTA stakeholders on Gender and Finance	300,000.00	-	300,000.00	Accomplished	Activity was lumped with Item No. 1
6	Conduct of Executive Briefing and or capacity building training and workshop sessions for GFPS	400,000.00	300,000.00	100,000.00	Accomplished	Budget is absorbed under Item Nos. 2 and 13
7	Conduct of GAD related activities (GST, gender related policies and mandates, Gender fair communication, mainstreaming, analysis and Gender-Responsive Planning and budgeting	428,000.00	300,000.00	128,000.00	Accomplished	
Subtotal		1,128,000.00	600,000.00	528,000.00		
8	Conduct of quarterly meeting of the PTA-GFPS. Consultative meeting with GAD experts to aid in the conduct of gender audit	150,000.00	250,000.00	(100,000.00)	Partially accomplished	Reason to be provided yet
9	Formulation of GAD Agenda for PTA	1,000,000.00	1,165,614.00	(165,614.00)	Partially accomplished	The final workshop was yet to be completed due to time constraints.

Item No.	GAD Activity	Budget	Actual Cost/ Expenditure	Variances	Status	Remarks
10	Administration of survey for service clients – GAD Database for PTA	50,000.00	115,151.00	(65,151.00)	Partially accomplished	No technical training was conducted but current resources were utilized to arrive a basic sex disaggregation of data.
11	Conduct of orientation on RA 7877, relevant issuances on the creation of CODI	200,000.00	214,586.12	(14,586.12)	Partially accomplished	Reason to be provided yet
Subtotal		1,400,000.00	1,745,351.12	(345,351.12)		
12	Launching of Gender and Finance Program – Introduction to GAD, Gender Inclusive Finance and Responsible GAD Planning and Budgeting	200,000.00	41,430.00	158,570.00	Partially accomplished	The Gender Finance Program was not yet developed, however, in lieu of this, Gender Fair Language (GFL) seminar was conducted. This was also integrated in the Basic Course training that emphasized the adherence to Gender fair language and GAD, in general.
13	Orientation-workshop on Training Needs Assessment development for online learners towards gathering and establishing a sex-disaggregated data	150,000.00	90,901.15	59,098.85	Partially accomplished	The development of the learning needs assessment tool is still ongoing.

Item No.	GAD Activity	Budget	Actual Cost/ Expenditure	Variances	Status	Remarks
14	Conduct of community extension for financial inclusion and financial literacy programs - This activity aims to empower women in selected communities by providing necessary knowledge and skills to manage finances effectively, access financial services and participate more actively in economic activities in their communities	630,000.00	115,151.00	514,849.00	Partially accomplished	Activities done were on setting criteria on choosing target communities, program objectives, assessment of target communities.
15	Workshops/trainings on the use of Gender mainstreaming Tools	207,000.00	160,290.17	46,709.83	Partially accomplished	Activity is lumped with GAD Agenda Workshop in Item no. 9
16	Basic GAD concepts – SOGIESC and other workshop activities to aid in strengthening the awareness of the PTA personnel on GAD	500,000.00	200,265.00	299,735.00	Partially accomplished	Only conducted one of three budgeted activities due to late receipt of endorsed GAD Plan and Budget
Subtotal		1,687,000.00	608,037.32	1,078,962.68		
Total		5,435,460.00	5,149,567.98	285,892.02		
Utilization			94.74%			

6.8 Verification of the accomplishment report showed a utilization of 94.74% of the approved GAD Budget. However, it appears that there is an offsetting of the overutilization and underutilization of the budget. Moreover, the variances noted above may have implications or effects in the budget of other activities.

6.9 **With the foregoing, we recommended that Management:**

- a. **Continue to comply with the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01 and other GAD related PCW Memorandum Circulars and issuances on the GAD Budget allocation and timely submission of the GPB to PCW; and**
- b. **Ensure that GAD activities are implemented as planned and approved in the GPB so as not to affect budget of other activities/programs.**

- 6.10 The Management commented that they will continue to comply with the requirements of PCW-NEDA-DBM Joint Circular No. 2012-01 and other GAD related PCW Memorandum Circulars and issuances on the GAD Budget allocation and timely submission of the GPB to PCW.
- 6.11 Moreover, the Management also submitted justifications on the variances between the actual expenditure and approved budget.
- 6.12 As a rejoinder, the Audit Team commends the Management for complying with the requirements of PCW-NEDA-DBM Joint Circular No. 2012-01 and other GAD related PCW Memorandum Circulars and issuances on the GAD Budget allocation and timely submission of the GPB to PCW. The submitted written justification shall be subjected for review by the Audit Team.

COMPLIANCE WITH GSIS, PAG-IBIG AND PHILHEALTH CONTRIBUTIONS AND REMITTANCES

7. The PTA complied with the withholding and remittance of the GSIS, PhilHealth and Pag-IBIG Fund premium and membership contributions as provided in Republic Act (RA) No. 8291, RA No. 9679 and RA No. 7875, respectively. Presented below is the Table of the CY 2023 contributions and remittances.

Table 8 – Mandatory Contributions and Remittances

Government Agencies	Amount of		Balance 12.31.22
	Withholding	Remittance	
PhilHealth	235,876.33	228,821.22	7,055.11
GSIS	1,878,397.24	1,871,720.87	6,676.37
Pag-IBIG	33,200.00	32,400.00	800.00
Total	2,147,473.57	2,132,942.09	14,531.48

COMPLIANCE WITH TAX LAWS

8. The PTA has exerted effort to fully comply with withholding taxes on salaries and wages and other benefits due from its officers and employees as well as on goods and services and remitting the same to the BIR. For CY 2023, taxes withheld amounted to P5.678 million, while total taxes remitted to the BIR totaled P4.996 million; details are shown in Table 9.

Table 9 – Taxes Withheld and Remitted

Taxes	Withheld	Remitted	Balance as of 12-31-2023
Income tax on compensation	3,377,775.64	3,016,189.21	361,586.43
Expanded withholding tax	1,074,700.16	913,057.68	161,642.48
Government money payments	1,225,589.96	1,067,140.25	158,449.71
Total	5,678,065.76	4,996,387.14	681,678.62

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

9. There were no issued audit suspensions, disallowances and charges as of December 31, 2023.

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S
AUDIT RECOMMENDATIONS**

Of the four audit recommendations embodied in the prior year's Annual Audit Report (AAR), three were fully implemented and one was not implemented. Details are as follows:

Reference	Observations	Recommendations	Actions Taken/Comments
<u>Non-Financial</u>			
AAR 2022 Audit Observation (AO) No. 1 p. 27	The PTA had only utilized P22.272 million or 23.41 percent of the CY 2022 subsidy received from the national government of P95.140 million. Consequently, the implementation of the Specialized Training and Managements Programs, for which the fund was granted was not fully and timely achieved.	We recommended that Management maximize the use of the subsidy by prioritizing the implementation of the specialized trainings and programs for the officials and personnel of the BIR, BOC and BLGF.	Fully Implemented.
AAR 2022 AO No. 2 p. 29	The PTA Board of Trustees appointed the Academy President during the election period in CY 2022, a prohibited act under the Commission on Election Resolution No. 10695 promulgated on February 10, 2021.	We recommended that Management follow up with the CSC for the early resolution of the Appeal, furnishing the Audit Team with a copy of the results thereof. Henceforth, adhere to the existing laws, rules, and regulations in hiring and appointing PTA officials/personnel.	Not Implemented. Awaiting resolution on the appeal made by the PTA President to the CSC. Fully Implemented
AAR 2022 AO No. 3 p. 30	The PTA was not able to allocate a budget for Gender and Development (GAD) in	We recommended and Management agreed to comply with the provisions of the PCW-	Fully Implemented.

Reference	Observations	Recommendations	Actions Taken/Comments
	CY 2022 contrary to the Joint Circular No. 2012-01 issued by the Philippine Commission on Women (PCW), National Economic and Development Authority, and Department of Budget and Management, thus no GAD Plan and Budget was prepared and submitted to PCW.	NEDA-DBM JC No. 2012-01 and other related GAD issuances in implementing its GAD programs and activities.	

ACTION PLAN MONITORING TOOL

Sector : Corporate Government Audit Sector
Team : Audit Group G - DMOA 1, Audit Team 2
Agency Audited : Philippine Tax Academy
Audit Period : Calendar Year 2023
AAR Date : March 25, 2024

Prepared by : Alvin Anthony T. Almoradie/OIC-Audit Team Leader
Reviewed by : Suzette G. Pornales/Supervising Auditor


Date : September 11, 2024
Date : September 26, 2024

AGENCY ACTION PLANS and STATUS of IMPLEMENTATION										RESULTS of COA VALIDATION						
Reference	COA Audit Observations	COA Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-implementation, if applicable	Action Taken/ Action be taken	Date of Follow up	Status of Implementation	Actual Implementation Date		Remarks		
			Action Plan	Person / Dept. Responsible	Target Implementation Date							From	To		From	To
					From	To										
AAR 2023 Audit Observation (AO) No. 1 p. 29	The Philippine Tax Academy was not able to recognize the accrued liabilities pertaining to money value of earned leave credits amounting to P6.026 million as of December 31, 2023 resulting in the understatement of Leave Benefits Payable and Terminal Leave Benefits accounts and overstatement of Accumulated Surplus account, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and COA Circular No. 2020-001 dated January 8, 2020.	a. Prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and b. Ensure that earned leave credits are recorded at year-end.	Prepare the necessary adjusting entries to correct the balances of the affected accounts. Continuous monitoring of accumulated leave credits of PTA personnel as well as prepare the accrual of earned leave credits.	Finance Management Division	March 2024	December 2024	Fully Implemented		Prepared an adjustment per Journal Entry Voucher (JEV) No. 01-2024-003-001 10 dated March 1, 2024 to correct the affected accounts. Adherence to COA recommendations to properly record the accrued liabilities pertaining to money value of earned leave credits and continue to monitor earned leave credits of PTA personnel.		Fully Implemented	March 2024	March 2024	The journal entry prepared to correct the affected accounts were validated and found to be acceptable as compliance with the raised audit observation. The audit team will monitor compliance with the proper recording and accrual of the earned leave credits by the PTA.		
AAR 2023 AO No. 2 p. 30	The Property, Plant and Equipment account in the financial statements amounting P9.174 million with a carrying amount of P8.408 million was understated by P295,662 due to erroneous recording of Information and Communications Technology equipment while the affected accounts were misstated by the same amount, contrary to the Paragraph 27 of the IPSAS 1.	We recommended that Management instruct the Accounting Department to prepare an adjusting entry/ies to correct the balances of affected accounts, in compliance with Paragraph 27 of IPSAS 1.	Reconciliation of the discrepancy of P295,662 between the balances per books and the RPCPPE and effect the necessary adjusting entries and/or corrections on the affected records.	Finance Management Division	March 2024	December 2024	Fully Implemented		Reconciliation and adjustment were prepared per JEV No.01-2024-003-0111 dated March 1, 2024.		Fully Implemented	March 2024	March 2024	The journal entry prepared to correct the affected accounts were validated and found to be acceptable and compliant		
AAR 2023 AO No. 3 p. 32	The prepayment of Information and Communications Technology subscription amounting to P3.439 million was recorded in the Other Prepayments account instead of the Prepaid Subscription account as of December 31, 2023, resulting in the understatement of Prepaid Subscription account and the overstatement of Other Prepayments accounts by the same amount. Moreover, magazine and e-book subscription including insurance coverage were recorded	We recommended that Management: a. Direct the Accounting Division to prepare the necessary adjusting entry/ies to correct the balances of the affected accounts; and	Accounting Department to prepare the necessary adjusting entries to properly record the asset and expense accounts.	Finance Management Division	March 2024	December 2024	Fully Implemented		An adjustment was prepared per JEV 01-2024-003-0112 dated March 1, 2024.		Fully Implemented	March 2024	March 2024	The journal entry prepared to correct the affected accounts were validated and found to be acceptable as compliance with the raised audit observation.		

AGENCY ACTION PLANS and STATUS of IMPLEMENTATION											RESULTS of COA VALIDATION					
Reference	COA Audit Observations	COA Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-implementation, if applicable	Action Taken/ Action be taken	Date of Follow up	Status of Implementation	Actual Implementation Date		Remarks		
			Action Plan	Person / Dept. Responsible	Target Implementation Date							From	To		From	To
					From	To										
	including insurance coverage were recorded as outright expense without recognition of the unexpired portion amounting to P14,475, P35,280 and P43,953, respectively resulting in the overstatement of the Subscription Expense and Insurance Expense accounts and understatement of Prepaid Subscription, Prepaid Insurance and Accumulated Surplus accounts, contrary to Paragraph 27 of IPSAS 1 and Annex A of COA Circular 2020-001.	b. Observe the use of proper accounts as prescribed in Annex A of COA Circular 2020-001.	Adhere to COA Circular 2020-001.					Adherence to COA Circular 2020-001.		Fully Implemented	March 2024	March 2024				
AAR 2023 AO No. 4 p. 34	The Computer Software account with a balance of P1.972 million as of December 31, 2023 was understated by P1.379 million due to recognition of computer licenses that were recorded as outright expense, thus resulting in the overstatement of Information and Communications Technology Software Expense account and understatement of Accumulated Surplus account by the same amount, contrary to Paragraph 27 of IPSAS 1.	We recommended that Management direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balance of the affected accounts amounting to P1.379 million, in compliance with Paragraph 27 of IPSAS 1.	Accounting Department to prepare the necessary adjusting entries to correct the balance of the affected accounts.	Finance Management Division	March 2024	December 2024	Fully Implemented		Prepared an adjustment per JEV No. 01-2024-003-0113 dated March 1, 2024 to correct the balances of the affected accounts.		Fully Implemented	March 2024	March 2024	The journal entry prepared to correct the affected accounts were validated and found to be acceptable and compliant		
AAR 2023 AO No. 5 p. 36	The accrual of auditing services amounting to P0.750 million was not recognized in the books of PTA, resulting in the understatement of Auditing Services and Due to National Government accounts and overstatement of Accumulated Surplus account by the same amount as of December 31, 2023, contrary to Paragraph 27 of IPSAS 1.	We recommended that Management: a. Direct the Accounting Department to prepare the necessary adjusting entry/ies to correct the balances of affected accounts; and b. Accrue the unpaid auditing services at the end of the year.	Accounting Department to prepare the necessary adjusting entries to correct the balances of affected accounts. Strictly comply with Paragraph 27 of IPSAS 1 particularly on the use of accrual basis of accounting to properly recognize accrued auditing services.	Finance Management Division	March 2024	December 2024	Fully Implemented	Already adjusted per JEV No. 01-2024-003-00114 dated March 01, 2024. Compliance with Paragraph 27 of IPSAS 1 particularly on the use of accrual basis of accounting to properly recognize accrued auditing services.		Fully Implemented Fully Implemented	March 2024 March 2024	March 2024 March 2024	The journal entry prepared to correct the affected accounts were validated and found to be acceptable and compliant			
AAR 2023 AO No. 6 p. 38	The Philippine Tax Academy was able to comply with the requirements of the Philippine Commission on Women (PCW), National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the: a) allocation of at least five percent of its Corporate Operating Budget; b) submission of the Gender and Development (GAD) Plan and Budget to PCW for the calendar year 2023 within the prescribed period. However, the accomplishment report	We recommend that Management: 1. Continue to comply with the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01 and other GAD related PCW Memorandum Circulars and issuances on the GAD Budget allocation and timely submission of the GPB to PCW; and	Compliance with the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01 and other GAD related PCW Memorandum Circulars and issuances on the GAD Budget allocation, timely submission of the GPB to PCW and the utilization of the approved GPB.	Finance Management Division	March 2024	December 2024	Fully Implemented	With the establishment of GAD Focal Point System last FY 2023, the PTA will continue to comply with requirements of the PCW for the timely submission of GAD Plan and Budget and its corresponding implementation.		Fully Implemented	March 2024	March 2024				

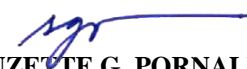
AGENCY ACTION PLANS and STATUS of IMPLEMENTATION										RESULTS of COA VALIDATION				
Reference	COA Audit Observations	COA Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-implementation, if applicable	Action Taken/ Action be taken	Date of Follow up	Status of Implementation	Actual Implementation Date		Remarks
			Action Plan	Person / Dept. Responsible	Target Implementation Date							From	To	
					From	To								
	showed an overutilization of P1.321 million and underutilization of P0.528 million, respectively, of the approved GAD Budget.	2. Ensure that GAD activities are implemented as planned and approved in the GPB so as not to affect budget of other activities/programs.									Fully Implemented	March 2024	March 2024	

Prepared by:


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 Audit Team 2 - DMOA 1

Date: _____

Reviewed by:


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