

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. PTA as a government instrumentality with corporate powers, which is covered by the 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), the Bureau of Customs (BOC) and the 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 a Board, which is composed of the six Board of Trustees. With the exception of its President, the other four trustees are ex-officio members, representing key government offices, enumerated below:

1. Department of Finance (DOF)	Chairman
2. BOC	Vice-Chairman
3. BIR	Vice-Chairman
4. BLGF	Member
5. Academe	Member
6. Academe	Member
7. Academe	Member

The representative coming from the academe was appointed by the President of the Philippines from nominees of state universities and/or private educational institutions accredited by Commission on Higher Education as such.

As of December 31, 2021, the Academy had only one organic personnel, a Chancellor II from the Institute of BLGF of the Academy. Other personnel are designated officers and staff from the DOF in concurrent capacity. Its main office is at the 8th Floor, EDPC Building, BSP Complex, Roxas Boulevard corner Pablo Ocampo St., Malate, Manila.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2021	2020	Increase (Decrease)
Assets	166,431,998	54,291,998	112,140,000
Liabilities	2,122,362	1,424,888	697,474
Net assets/equity	164,309,636	52,867,110	111,442,526

II. Comparative Financial Performance

	2021	2020	Increase (Decrease)
Revenue	-	-	-
Current operating expenses	697,474	7,418	690,056
Deficit from current operations	(697,474)	(7,418)	(690,056)
Other non-operating income (loss)	-	-	-
Surplus (deficit) before subsidy	(697,474)	(7,418)	(690,056)
Assistance and subsidy	112,140,000	17,963,820	94,176,180
Net surplus for the period	111,442,526	17,956,402	93,486,124

III. 2021 Budget and Actual Amounts on Comparable Basis

	Per COB*	Actual Expenditures	Savings
Personnel services	26,998,000	434,057	26,563,943
Maintenance and other operating expenses	74,784,000	263,417	74,520,583
Capital outlay	10,358,000	-	10,358,000
	112,140,000	697,474	111,442,526

*COB – Corporate Operating Budget

SCOPE OF AUDIT

The audit covered the examination, on a test basis, of transactions and accounts of PTA, for the calendar year (CY) 2021 to enable us to express an opinion on the financial statements for the years ended December 31, 2021 and 2020 in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 an unmodified opinion on the fairness of presentation of the financial statements of the PTA for CYs 2021 and 2020.

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

1. The PTA registered low utilization of subsidy received from the National Government for CYs 2019 – 2021 to finance the Specialized Tax Training and Education Management Program aggregating P164.310 million, thus, full utilization of the subsidy to implement the special provision specified in the RA Nos. 11260, 11465 and 11518 also known as General Appropriations Act for Fiscal Years 2019, 2020 and 2021 was not achieved. Likewise, unobligated or uncommitted funds of the Academy for CYs 2019 and 2020 were not reverted to the National Government at a net amount of P52.867 million.

1.1 We recommended that Management direct the Planning and the Accounting Division/Section to:

- (a) Utilize the subsidy received by the Academy for CY 2021 until December 31, 2022 under RA No. 11640 to carry out the Specialized Tax Training and Education Management Program and to develop and implement Special Training Programs on local public financial management to improve the capacity of the local officials; and
- (b) Revert the unexpended or undisbursed funds relative to CYs 2019 and 2020 funds to the unappropriated surplus of the General Fund in compliance to RA Nos. 11464 and 11520, respectively.
- (c) Make representation with the Department of Budget and Management (DBM) to clarify Section 60 of RA No. 11520 with regard to the case/situation of the PTA.

2. The PTA did not comply with the following mandatory reporting requirements in the preparation of the Annual Audit Reports, to wit: (a) Preparation and submission for endorsement of the Gender and Development (GAD) Plan and Budget (GPB) to the Philippine Commission on Women (PCW); and (b) Collection and remittance of premium contributions of the employees and the agency's share to the (i) BIR; (ii) Government Service Insurance System (GSIS) ; (iii) Philippine Health Insurance Corporation; (iv) Home Development Mutual Fund (HDMF) or Pag-IBIG Fund, contrary to PCW-National Economic and Development Authority (NEDA)-DBM Joint Circular No. 2012-01, Section 14.1 of the Implementing Rules and Regulations (IRR) of RA No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA No. 10606, known as the National Health Insurance Act of 2013; and Section 3, Rule VII of the IRR of RA No. 9679 or the HDMF Law of 2009.

2.1 We recommended that Management:

- (a) Start complying with the provisions of the Executive Order No. 273, PCW Memorandum Circular No. 2011-01, PCW-NEDA-DBM Joint Circular No. 2012-01, and COA Circular No. 2014-01;

- (b) Assign GAD focal persons and direct them to prepare the GPB and submit the same together with the GAD Accomplishment Report to the PCW for review and endorsement; and
- (c) Henceforth, strictly comply with the provisions of Section 14.1 of the IRR of RA No. 8291, Section 11 of the IRR of RA No. 10606, Section 3a, Rule VII of the IRR of RA No. 9679, and the pertinent tax rules provided by the National Internal Revenue Code of 1997 as amended on the collection/withholding and remittance of premiums, contributions and taxes once the Academy already has its own organic personnel.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2021, there was no audit suspensions, disallowances and charges issued to the PTA from CYs 2020 to 2021. No details and status of the unsettled audit are to be presented in this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

There are no prior year's audit recommendations for implementation of the PTA since this is the first audit engagement of this Commission to the Academy. No details are to be presented in Part III of this Report.



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

June 7, 2022

THE BOARD OF TRUSTEES

Philippine Tax Academy
8th Floor, EDPC Building, BSP Complex
Roxas Boulevard corner Pablo Ocampo St.
Malate, Manila

Gentlemen:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree 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, 2021 and 2020.

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements of the PTA.

However, we invite your attention to the following observation and recommendations that need immediate action:

1. The PTA registered low utilization of subsidy received from the National Government for calendar years (CYs) 2019 – 2021 to finance the Specialized Tax Training and Education Management Program aggregating P164.310 million, thus, full utilization of the subsidy to implement the special provision specified in the Republic Act (RA) Nos. 11260, 11465 and 11518 also known as General Appropriations Act for Fiscal Years 2019, 2020 and 2021 was not achieved. Likewise, unobligated or uncommitted funds of the Academy for CYs 2019 and 2020 were not reverted to the National Government at a net amount of P52.867 million.
- 1.1 We recommended that Management direct the Planning and the Accounting Division/Section to:
 - a. Utilize the subsidy received by the Academy for CY 2021 until December 31, 2022 under RA No. 11640 to carry out the Specialized Tax Training and Education Management Program and to develop and implement Special

Randy Lou Panting
07 JUNE 2022

Training Programs on local public financial management to improve the capacity of the local officials;

- b. Revert the unexpended or undisbursed funds relative to CYs 2019 and 2020 funds to the unappropriated surplus of the General fund in compliance to RA Nos. 11464 and 11520, respectively; and
- c. Make representation with the Department of Budget and Management to clarify Section 60 of RA No. 11520 with regard to the case/situation of the PTA.

The other observation 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 May 18, 2022 are discussed in detail in Part II of the report.

In our transmittal letter of even date, we request 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 Management extended to the Audit Team, thus facilitating the completion of this 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

June 7, 2022

HON. GIL S. BELTRAN

President
Philippine Tax Academy
8th Floor, EDPC Building, BSP Complex
Roxas Boulevard corner Pablo Ocampo St.
Malate, Manila

Dear President Beltran:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree 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, 2021 and 2020.

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Terry Lou L. Panting
07 JUNE 2022

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- b. Revert the unexpended or undisbursed funds relative to CYs 2019 and 2020 funds to the unappropriated surplus of the General fund in compliance to RA Nos. 11464 and 11520, respectively; and
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The other observation 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 May 18, 2022 are discussed in detail in Part II 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

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The UP Law Center
The National Library
The COA Central Library

(Name of the 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

PHILIPPINES TAX ACADEMY

**For the Years Ended December 31, 2021 and
2020**

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. PTA as a government instrumentality with corporate powers, which is covered by the RA No. 10149, otherwise known as Government-Owned and/or Controlled Corporation Governance Act of 2011.

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SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

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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
8th Floor, EDPC Building, BSP Complex
Roxas Boulevard, corner Pablo Ocampo St.
Malate, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Philippine Tax Academy (PTA)**, which comprise the statements of financial position as at December 31, 2021 and 2020, 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, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PTA** as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

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

COMMISSION ON AUDIT



SUZETTE G. PORNALES

OIC - Supervising Auditor

Audit Group G – Development, Media and Other Agencies

Cluster 6-Social, Cultural, Trading, Promotional and Other Services

Corporate Government Audit Sector

May 18, 2022



Republic of the Philippines
Department of Finance
PHILIPPINE TAX ACADEMY
BSP Complex, Roxas Boulevard corner Pablo Ocampo Sr. Sts.,
Manila 1004

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Philippine Tax Academy (PTA) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021, 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 and error.

In preparing the financial statements, Management is responsible for assessing the PTA's ability to continue its 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.

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 uses.

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 the fairness of presentation upon completion of such audit.

LILIBETH B. SANTONIA
Acting Chief Accountant

GIL S. BELTRAN
President
18 May 2022

CARLOS G. DOMINGUEZ
Secretary, Department of Finance and
Chairperson, PTA Board of Trustees
18 May 2022



PHILIPPINE TAX ACADEMY
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2021 and 2020
(In Philippine Peso)

	Note	2021
ASSETS		
Current Assets		
Cash and cash equivalents	5	166,431,998
		166,431,998
TOTAL ASSETS		166,431,998
LIABILITIES		
Current Liabilities		
Accounts Payable	6	2,122,362
		2,122,362
TOTAL LIABILITIES		2,122,362
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		164,309,636
NET ASSETS/EQUITY		
Accumulated surplus/(deficit)	7	164,309,636
TOTAL NET ASSETS/EQUITY		164,309,636

The notes on pages 10 to 17 form part of these financial statements.

2020

54,291,998

54,291,998

54,291,998

1,424,888

1,424,888

1,424,888

52,867,110

52,867,110

52,867,110

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 issuance on May 18, 2022 as shown in the Statement of Management’s Responsibility for Financial Statements signed by the Chairman of the Board Carlos G. Dominguez.

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

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

- (a) Adopt, alter and use a corporate seal;
- (b) 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 such manner as will best promote its objectives;
- (c) Collect, receive and maintain a fund or funds, by subscription or otherwise, and to apply the income and principal thereof to the promotion of its aims and purposes hereinbefore set out;
- (d) 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 on any activity and to have and exercise all of the powers conferred by the laws upon private corporations 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, 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 PTA is vested in and its powers exercised by its Board of Trustees.

The PTA is still in its inception stage which commenced only in December 2019 with a budgetary support from the National Government.

The agency's registered office is located at 8th Floor, EDPC Building, BSP Complex, Roxas Boulevard corner Pablo Ocampo Street, Malate, Manila.

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

The 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 IPSAS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies.

3. ADOPTION OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

COA Resolution No. 2014-003 dated January 24, 2014 prescribed the adoption of 25 IPSASs effective January 1, 2014 by Non-Government Business Enterprises, as amended by COA Resolution No. 2015-040 dated December 1, 2015, on the effectivity of the adoption of the IPSASs from May 22, 2015 to January 1, 2016. These IPSASs were published in the 2012 Handbook of International Public Sector Accounting Pronouncements (HIPSAP) of the IPSAS Board. COA Resolution No. 2017-006 dated April 26, 2017, prescribed the adoption of additional six IPSASs and updates on the

IPSASs prescribed in COA Resolution No. 2014-003 in accordance with the 2016 Edition of the HIPSAP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

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

4.2 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.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

iii. Derecognition

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

- a. The contractual rights to the cash flows from the financial asset expired or waived; and
- b. 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

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.

The Academy'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.

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.

4.3 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.

4.4 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.

4.5 Budget Information

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in Note 12.

4.6 Employee Benefits

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

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

5. CASH AND CASH EQUIVALENTS

This account consists of:

	2021	2020
Cash in bank - local currency	166,431,998	54,291,998
	166,431,998	54,291,998

The Cash in bank – local currency, current account consists of P166.432 million and P54.292 million for CYs 2021 and 2020, respectively. The balance of P166.432 million for 2021 composed of subsidy received by the Academy from the National Government for a

period of three years from 2019 to 2021 amounting to P36.328 million, P17.964 million, and P112.140 million, respectively.

6. ACCOUNTS PAYABLE

This account consists of:

	2021	2020
Accounts payable	2,122,362	1,424,888
	2,122,362	1,424,888

The Accounts Payable includes unpaid operational expenses in CYs 2019 to 2021 such as salaries and wages, P244,057, representation allowance and transportation allowance, P190,000, extraordinary miscellaneous expenses, P25,000 travelling expenses – foreign, P238,417, subscription expenses, P7,418, printing and publication expenses, P69,642 and training expenses, P1,347,828.

7. ACCUMULATED SURPLUS (DEFICIT)

	Amount
Accumulated surplus, January 1, 2020	34,910,708
Surplus for 2020	17,956,402
Accumulated surplus, December 31, 2020	52,867,110
Surplus for 2021	111,442,526
Accumulated surplus, December 31, 2021	164,309,636

8. PERSONNEL SERVICES

This account consists of the following:

	2021	2020
Representation Allowance (RA)	95,000	-
Transportation Allowance (TA)	95,000	-
Salaries and Wages	240,057	-
Personal Economic Relief Allowance	4,000	-
	434,057	-

Personnel services were expenses incurred for the only one organic officer of the Academy appointed in the last quarter of calendar year 2021 and RATA of the two designated personnel of DOF.

9. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2021	2020
Traveling Expenses - Foreign	238,417	-
Extraordinary Miscellaneous Expenses	25,000	-
Subscription Expenses	-	7,418
	263,417	7,418

The Travelling Expenses – Foreign refers to expenses incurred during the official travel to Dubai, United Arab Emirates to attend “RewirED Global Educational Summit” by one of the officers of the Academy on December 12 to 14, 2021.

Extraordinary and Miscellaneous Expenses refers to incidental expenses to the performance of official functions, cultural and athletic activities, membership fees, in government organization, etc.

Subscription Expenses incurred in 2020 amounting to P7,418 pertains to website subscription.

10. SUBSIDY FROM THE NATIONAL GOVERNMENT

This account pertains to the following:

SARO No.	NCA No.	Amount
2019		
BMB-C-19-001-19881	BMB—C-19-0023404	P 36,328,178
2020		
BMB-C-20-0000669	BMB-20-0001803	P 17,963,820
2021		
BMB-C-21-0000098	BMB-C-21-0001160	28,035,000
	BMB-C-21-0003460	28,035,000
	BMB-C-21-0007147	56,070,000
		P 112,140,000

Subsidy pertains to the subsidies received by the Academy which were recognized as income over the period, to match with the related expenses.

11. KEY MANAGEMENT PERSONNEL

Currently, the interim management of the PTA are DOF officers headed by DOF Secretary Carlos G. Dominguez as Chairperson of the Board of Trustees, Undersecretary Antoinette C. Tionko, as Alternate Chairperson, Executive Director Helena B. Habulan, as concurrent OIC Director and Director Ma. Luisa M. Notario. Recently, Mr. Gil S. Beltran was appointed by the President of the Philippines to be the President of the Academy.

The key management personnel of the Academy are the Chairman, the Members of the Governing Board, and the Principal Officers. The Governing Body consists of members from different government bureaus. The Principal Officers consist of the President, Chancellors and Vice Chancellors.

11.1 Key Management Personnel Compensation

The PTA does not grant compensation to officers of the PTA with concurrent capacity in the DOF as they are permanent personnel and receive compensation and other benefits from the Department.

12. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for the year ended December 31, 2021 is the proposed Corporate Operating Budget (COB) for the year 2021 while the final budget is the amount actually received by the Academy in FY 2021 as per General Appropriations Act, RA No. 11518. The 2021 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 corporate operating budget 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.

PART II - OBSERVATIONS AND RECOMMENDATIONS

NON-FINANCIAL

1. The Philippine Tax Academy registered low utilization of subsidy received from the National Government for calendar years (CYs) 2019 – 2021 to finance the Specialized Tax Training and Education Management Program aggregating P164.310 million, thus, full utilization of the subsidy to implement the special provision specified in the Republic Act Nos. 11260, 11465 and 11518 also known as General Appropriations Act for Fiscal Years 2019, 2020 and 2021 was not achieved. Likewise, unobligated or uncommitted funds of the Academy for CYs 2019 and 2020 were not reverted to the National Government at a net amount of P52.867 million.

- 1.1 Special Provisions of Republic Act (RA) Nos. 11260 for Fiscal Year (FY) 2019, RA No. 11465 for FY 2020 and RA No. 11518 for FY 2021 of the General Appropriations Act (GAA) provide that:

RA No. 11260 for FY 2019:

1. *Subsidy to the Philippine Tax Academy. The amount of One Hundred Fourteen Million Six Hundred Thirty-Eight Thousand Pesos (P114,638,000) appropriate herein under the Subsidy for the Philippine Tax Academy (PTA) shall be used for the implementation of the Specialized Tax Training and Education Management Program.*
2. *Special provisions Applicable to All Government Corporation. In addition to the foregoing special provision, the special provision applicable to all government corporations enumerated under the Budgetary Support to Government Corporations – Others shall be observed by the PTA.*

RA No. 11465 for FY 2020:

1. *Subsidy to the Philippine Tax Academy. The amount of Ninety-Seven Million Pesos (P97,000,000) appropriate herein under the Subsidy for the Philippine Tax Academy (PTA) shall be used for the implementation of the Specialized Tax Training and Education Management Program.*

RA No. 11518 for FY 2021:

1. *Subsidy to the Philippine Tax Academy. The amount of One Hundred Twelve Million One Hundred Forty Thousand Pesos (P112,140,000) appropriate herein under the Subsidy for the Philippine Tax Academy (PTA) shall be used for the implementation of the Specialized Tax Training and Education Management Program.*

2. *Special Training Support to Local Government Executives. The amount of Seventeen Million Pesos (P17,000,000) appropriate herein shall be used by the PTA to develop and implement special training programs on local public financial management to improve the capacity of local officials to adopt recovery mechanism on local revenue generation and resource mobilization. xxx...*

1.2 The Academy received an aggregate subsidy of P166.432 million in CYs 2019 to 2021 with very minimal utilization for the Specialized Tax Training and Education Management Program as provided in the yearly special provision(s) of the FYs GAA for PTA as an attached agency of the Department of Finance. Details are shown in Table 1:

Table 1 - PTA Budget for FYs 2019 – 2021

GAA Appropriation		Final (net of deduction from NEP and Negative SARO)	Actual Amount Received	Utilized Amount	Unutilized Amount
Year	Amount				
2019	P 114,638,000	P 92,939,650	P 36,328,178	P 1,417,470	P 34,910,708
2020	97,000,000	20,463,000	17,963,820	7,418	17,956,402
2021	112,140,000	112,140,000	112,140,000	697,474	111,442,526
Total	P 323,778,000	P 225,542,650	P 166,431,998	P 2,122,362	P 164,309,636

1.3 In CY 2019, the PTA had a budget appropriation of P114.638 million, which was finally decreased to P92.940 million due to a deduction of P21.698 million for the National Expenditure Program of the government. The first subsidy actually received by the Academy amounted to P36.328 million in the last quarter of the year.

1.4 Review of the documents submitted to the Audit Team revealed that there was no actual disbursement recorded in the books except for the accrual of Training Expenses for the honoraria of the resource speakers and venue where the training was held amounting to P1.417 million. The net amount was forwarded to the accumulated surplus of the Academy in the following year.

1.5 Early in CY 2019, there was a report that the training programs were conducted by the PTA for the 1,291 employees of the three Bureaus, namely Bureau of Customs, Bureau of Internal Revenue (BIR) and Bureau of Local Government Fund (BLGF) but no disbursements were recorded in the books of accounts. The Accounting Head explained that expenses incurred prior to the receipt of the PTA subsidy were charged to the Department of Finance/Kreditanstalt für Wiederaufbau-Interest Differential Fund (DOF/KfW-IDF) grant of P11.988 million to financially support the initial course/program development of the Academy. Transactions charged to the DOF/KfW-IDF grant were recorded in the books of DOF and audited by their Resident Auditor.

1.6 For CY 2020, out of the P20.463 million final budget, P17.964 million was actually received by the Academy intended for the implementation of the Specialized Tax Training and Education Management Program as provided in

the RA No. 11465. The financial statements submitted by the Academy disclosed that there was unpaid expense of P7,418 for the website subscription for the period.

- 1.7 During pandemic PTA training programs were conducted thru courses developed and converted into online training courses platform to continuously capacitate revenue employees despite the prohibitions on classroom training/seminars due to the pandemic that resulted to low utilization of the subsidy for the programs of the Academy.
- 1.8 The Academy received subsidy of P112.140 million in CY 2021 with P697,474 utilization with regard to tax training program just like in CY 2020 that online training courses platform was implemented.
- 1.9 As presented in the Table 1, the PTA received subsidy from the National Government totaling P166.432 million with P2.122 million utilization for the three-year periods, thus, full utilization of the subsidy was not attained by the Academy despite of on-going training courses/programs being offered.
- 1.10 Further, special provision number two of RA No. 11518 also known as FY 2021 GAA specifically provides that the amount of P17 million from the total amount of P112.140 million budget was appropriated to be used by the PTA to develop and implement special training programs on local public financial management to improve the capacity of local officials to adopt recovery mechanism on local revenue generation and resource mobilization. However, as of December 31, 2021 no single course/program was developed for the BLGF, thus, P17 million appropriated herein was not utilized.
- 1.11 With the foregoing discussions, from CYs 2019 to 2021 the net aggregated subsidy of P164.310 million was intact but was not fully utilized for the special provision(s) enumerated in the FYs 2019-2021 GAA as disclosed in the financial statements and books of accounts of the PTA.
- 1.12 The Audit Team also noted that unobligated/uncommitted funds for CYs 2019 and 2020 were not reverted to the National Government totaling to P52.867 million as shown in Table 1.
- 1.13 The utilization of subsidy received by PTA for CY 2019 under RA No. 11260 and CY 2020 under RA No. 11465 were extended until December 31, 2020 and 2021 pursuant to RA Nos. 11464 and 11520, respectively. While subsidy received for CY 2021 under RA No. 11518 will still be available until December 31, 2022 pursuant to RA No. 11640.
- 1.14 Section 60 of RA No. 11520 states that:

xxx

After the end of the validity period, all unreleased appropriations shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 2921 and shall

not thereafter be available for expenditure except by subsequent legislative enactment. xxx

- 1.15 Despite the extension of the validity period for the subsidy received in CYs 2019 and 2020, the PTA was not able to fully utilize the unobligated/uncommitted subsidy amounting to P34.911 million and P17.956 million, respectively or a total of P52.867 million. Thus, the same amount should be reverted to the National Government.
- 1.16 **We recommended that Management direct the Planning and the Accounting Division/Section to:**
- a. **Utilize the subsidy received by the Academy for CY 2021 until December 31, 2022 under RA No. 11640 to carry out the Specialized Tax Training and Education Management Program and to develop and implement Special Training Programs on local public financial management to improve the capacity of the local officials;**
 - b. **Revert the unexpended or undisbursed funds relative to CYs 2019 and 2020 funds to the unappropriated surplus of the General fund in compliance to RA Nos. 11464 and 11520, respectively; and**
 - c. **Make representation with the Department of Budget and Management (DBM) to clarify Section 60 of RA No. 11520 with regard to the case/situation of the PTA.**
- 1.17 Management commented that in CY 2019, the PTA commenced to conduct training to its stakeholders with support from the DOF-KfW-IDF Grant. Although national budget support was provided starting December 2019, it was only in December 2021 that the PTA was able to institutionalize its core functions and appoint its key officials as signing authorities for financial transactions due to the Coronavirus Disease 2019 pandemic. Thus, the fund was initially disbursed in February 2022. Please take note that PTA have only one organic official who was recently appointed and thereby designated to accountable functions related to fund disbursements.
- 1.18 Consequently, the PTA, being a new organization, requires an extensive budget to fully institutionalize its mandate. The Notice of Cash Allocation received from CYs 2019 to 2021 with a total amount of P166.432 million has been the only source of the PTA Corporate Budget for FY 2022 being proposed for approval by the PTA Board of Trustees. Said amount has been allocated to several programs which the PTA plans to undertake in the next three quarters. Said Corporate Budget also includes a proposal for hiring 19 personnel for the PTA and its Institutes, conduct of core training, procurement of basic office equipment, vehicles and IT Systems to support its corporate operations under the new normal.
- 1.19 With the aforementioned undertakings, the PTA cannot revert the unexpended or undisbursed funds and requests for the retention of the current allocation.

- 1.20 During the Exit Conference, the President of the PTA further commented that the reversion of the unexpended or undisbursed funds will be discussed with the newly appointed Secretary of DOF under the new administration.
- 1.21 As a rejoinder, the Audit Team took notice of the comment of the Management. However, we maintain our position that the Academy should revert to National Government the unexpended or undisbursed funds in CYs 2019 and 2020 in compliance with RA Nos. 11464 and 11520.
- 2. The Philippine Tax Academy did not comply with the following mandatory reporting requirements in the preparation of the Annual Audit Reports, to wit:**
- (a) Preparation and submission for endorsement of the Gender and Development Plan and Budget to the Philippine Commission on Women; and**
 - (b) Collection and remittance of premium contributions of the employees and the agency's share to the (i) Bureau of Internal Revenue; (ii) Government Service Insurance System (GSIS) ; (iii) Philippine Health Insurance Corporation; (iv) Home Development Mutual Fund (HDMF) or Pag-IBIG Fund, contrary to Philippine Commission on Women-National Economic and Development Authority-Department of Budget and Management Joint Circular No. 2012-01, Section 14.1 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA No. 10606, known as the National Health Insurance Act of 2013; and Section 3, Rule VII of the IRR of RA No. 9679 or the HDMF Law of 2009.**

Preparation and submission for endorsement of the Gender and Development (GAD) Plan and Budget (GPB) to the Philippine Commission on Women (PCW)

- 2.1 Under Executive Order (EO) No. 273, on the approval and adoption of Philippine Plan for Gender-Responsive Development, 1995-2025 (Plan), all government agencies, departments, bureaus, offices and instrumentalities, including Government-Owned and Controlled Corporations (GOCCs) are directed to: (a) take appropriate steps to ensure the full implementation of the policies/strategies and programs/projects outlined in the Plan, and (b) institutionalization of GAD efforts in government by incorporating GAD concerns, as spelled out in the Plan in their planning, programming and budgeting processes.
- 2.2 Likewise, the PCW Memorandum Circular No. 2011-01 prescribes the guidelines and procedures for the establishment, strengthening, and institutionalization of the GAD Focal Point System (GFPS) in constitutional bodies, government departments, agencies, bureaus, State Universities and Colleges, GOCCs and all other government instrumentalities.
- 2.3 The PCW-National Economic and Development Authority (NEDA)-DBM Joint Circular No. 2012-01 prescribes the guidelines and procedures for the formulation, development, submission, implementation, monitoring, and

evaluation including accounting results of agency annual GPB and GAD Accomplishment Report.

2.4 Section 2.3 of PCW-NEDA-DBM Joint Circular No. 2012-01 states that:

Pursuant to the Magna Carta for Women (MCW) and the General Appropriations Act (GAA), all government department, including their attached agencies, offices, bureaus, state universities and colleges (SUCs), government-owned and controlled corporations (GOCCs), local government units (LGUs) 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 per cent (5%) of their total budgets.

2.5 Verification of the PTA's compliance with the above-mentioned rules and regulations on GAD disclosed that, although PTA had final budget of P92.940 million, P20.463 million, and P112.140 million for CYs 2019, 2020 and 2021, respectively, the Academy was not yet able to prepare and submit its GPB for CYs 2019 to 2021 to PCW for review and endorsement as they are newly created agency and just starting its operation. The Academy has only one organic personnel and the rest are designated personnel of the DOF in concurrent capacity, to carry out the formulation and implementation of its GPB.

Collection/withholding and remittance of premiums, membership contribution and taxes to the GSIS, PhilHealth, Pag-IBIG and BIR

2.6 The collection and remittance of the GSIS, PhilHealth and Pag-IBIG premium and membership contributions are in accordance with the following provisions:

2.7 Section 14.1 of the IRR of RA No. 8291, otherwise known as the GSIS Act of 1997;

Each government agency shall remit directly to the GSIS the employee's and government agency's contributions within the first Ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the government agency of the contributions to the GSIS shall take priority over and above the payment of any and all obligation, except salaries and wages of its employees.

2.8 Section 11 of the Revised IRR of RA No. 10606, known as the National Health Insurance Act of 2013;

Remittance of contribution shall be mandatory for all members. It shall be made to PhilHealth offices or to any of the accredited

collecting agents. Failure to timely remit the appropriate premium contribution shall be subject to interest and penalties as prescribed by the Corporation without prejudice to other applicable penalties herein provided.

- 2.9 And Section 3a, Rule VII of the IRR of RA No. 9679 or the Home Development Mutual Fund Law of 2009.

All employers shall remit to the Fund their contributions and the contributions of their covered employees as well as the latter's loan amortizations or payments to the Fund, as provided for under Section 2 of this rule, when applicable, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund, or within such periods as the Fund may prescribe otherwise. The Fund may prescribe a different remittance schedule for Filipinos employed by foreign based employers depending on the nature of their contracts or manner of their deployment abroad.

- 2.10 The law on the withholding and remittance of taxes to the BIR was embodied in the National Internal Revenue Code (NIRC) of 1997 as amended.

- 2.11 The collection/withholding and remittances to GSIS, Pag-IBIG, PhilHealth and BIR per inquiry with the Management revealed that the Academy was not able to comply on the above cited provisions because they are still in the process of establishing its organizational structure and hiring its personnel for plantilla positions. Currently, majority of the officers and staff of the PTA were designated only by the Secretary of DOF in concurrent capacity with the Department.

2.12 We recommended that Management:

- a. **Start complying with the provisions of the EO No. 273, PCW Memorandum Circular No. 2011-01, PCW-NEDA-DBM Joint Circular No. 2012-01, and COA Circular No. 2014-01;**
- b. **Assign GAD focal persons and direct them to prepare the GPB and submit the same together with the GAD Accomplishment Report to the PCW for review and endorsement; and**
- c. **Henceforth, strictly comply with the provisions of Section 14.1 of the IRR of RA No. 8291, Section 11 of the IRR of RA No. 10606, Section 3a, Rule VII of the IRR of RA No. 9679, and the pertinent tax rules provided by the NIRC of 1997 as amended on the collection/withholding and remittance of premiums, contributions and taxes once the Academy already has its own organic personnel.**

- 2.13 Management commented that:

- (a) The PTA will assign the GAD focal person and will start the process of instituting GFPS which will subsequently formulate the GPB for the PTA. The GAD Accomplishment Report shall subsequently be submitted to PCW once the PTA, being a new organization, has fully established its GFPS.
- (b) Since the PTA was able to secure its Tax Identification Number last December 18, 2018, they were able to enroll in BIR Electronic Filing and Payment System online.
- (c) With regard to the reporting requirements on PhilHealth and HDMF contributions, they will apply for employer's registration to PhilHealth and HDMF.

2.14 As a rejoinder, the Audit Team will validate the compliance of the PTA with the mandatory reporting requirement in the preparation of the Annual Audit Report in the next audit engagement.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

- 3. There were no audit suspensions, disallowances and charges issued to the PTA in CYs 2019 to 2021. No details and status of the unsettled audit are to be presented in this Report.

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

There are no prior year's audit recommendations since calendar year 2021 is the first audit engagement of this Commission with the PTA. Please see page iv of the Executive Summary.