



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 27, 2023

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, 2022 and 2021.

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

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

1. 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.
 - 1.1 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 Bureau of Internal Revenue, Bureau of Customs and Bureau of Local Government Finance.

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 9, 2023 are discussed in detail in Part II of the report.

*Received.
Alan 3/28/23*

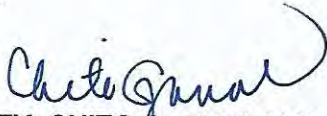
In our transmittal letter of even date, we request the President of PTA to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the report.

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

March 27, 2023

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, 2022 and 2021.

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 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 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.
 - 1.1 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 Bureau of Internal Revenue, Bureau of Customs and Bureau of Local Government Finance.

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 9, 2023 are discussed in detail in Part II of the report.

Received:
Lilian 3/28/23

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 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

PHILIPPINE TAX ACADEMY

For the Years Ended December 31, 2022 and 2021

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 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, BOC and 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, 2022, the Academy had 11 organic personnel, consisting of four presidential appointees and seven permanent employees. Other personnel are designated officers and staff from the Department of Finance in concurrent capacity. Its main office is at the 8th Floor, EDC Building, BSP Complex, Roxas Boulevard corner Pablo Ocampo St., Malate, Manila.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2022	2021	Increase (Decrease)
Assets	239,467,386	166,341,998	73,125,388
Liabilities	1,381,520	2,205,578	(824,058)
Net assets/equity	238,085,866	164,136,420	73,949,446

II. Comparative Financial Performance

	2022	2021	Increase (Decrease)
Revenue	-	-	-
Current operating expenses	21,190,644	697,474	20,493,170
Deficit from current operations	(21,190,644)	(697,474)	(20,493,170)
Other non-operating income (loss)	90	-	90
Surplus (deficit) before subsidy	(21,190,554)	(697,474)	(20,493,080)
Assistance and subsidy	95,140,000	112,140,000	(17,000,000)
Net surplus for the period	73,949,446	111,442,526	(37,493,080)

III. 2022 Budget and Actual Amounts on Comparable Basis

	Per COB*	Actual Expenditures	Savings
Personnel services	58,896,000	13,560,104	45,335,896
Maintenance and other operating expenses	68,142,000	7,630,540	60,511,460
Capital outlay	84,707,000	5,413,600	79,293,400
	211,745,000	26,604,244	185,140,756

*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) 2022 to enable us to express an opinion on the financial statements for the years ended December 31, 2022 and 2021 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 an unmodified opinion on the fairness of presentation of the financial statements of the PTA for CYs 2022 and 2021.

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

1. 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.

- 1.1 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.
2. 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.
 - 2.1 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.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

There were no issued audit suspensions, disallowances, and charges as of December 31, 2022.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the six audit recommendations embodied in the prior year's Annual Audit Report, two were fully implemented, three were partially 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
8th Floor, EDPG 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, 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 I

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

Corporate Government Audit Sector

March 9, 2023



Republic of the Philippines
Department of Finance
PHILIPPINE TAX ACADEMY
Roxas Boulevard corner Pablo Ocampo Sr. Street,
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, 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 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

Chief Accountant

GIL S. BELTRAN

President and Member, Board of Trustees

March 9, 2023

PHILIPPINE TAX ACADEMY
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	232,231,733	166,341,998
Receivables	7	1,283,356	-
Inventories	8	242,021	-
Other current assets	9	296,676	-
		234,053,786	166,341,998
Non-Current Assets			
Property, plant and equipment	10	5,413,600	-
		5,413,600	-
TOTAL ASSETS		239,467,386	166,341,998
LIABILITIES			
Current Liabilities			
Accounts payable	11	177,187	2,205,578
Inter-agency payables	12	1,204,333	-
		1,381,520	2,205,578
TOTAL LIABILITIES		1,381,520	2,205,578
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		238,085,866	164,136,420
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	13	238,085,866	164,136,420
TOTAL NET ASSETS/EQUITY		238,085,866	164,136,420

The notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021
REVENUE			
Service and business income		-	-
Total Revenue		-	-
LESS: CURRENT OPERATING EXPENSES			
Personnel services	14	13,560,104	434,057
Maintenance and other operating expenses	15	7,630,540	263,417
Total Current Operating Expenses		21,190,644	697,474
Deficit from Current Operations		(21,190,644)	(697,474)
Non-operating income/(loss)		90	-
Deficit before Subsidy		(21,190,554)	(697,474)
Subsidy from the national government	16	95,140,000	112,140,000
Net Surplus for the Period		73,949,446	111,442,526

The notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	Accumulated surplus/(deficit)	Total
BALANCE AT JANUARY 1, 2021		52,867,110	52,867,110
Changes in net assets/equity for CY 2021			
Add/(Deduct):			
Surplus/(Deficit) for the period	13	111,442,526	111,442,526
Other adjustments		-	-
BALANCE AT DECEMBER 31, 2021		164,309,636	164,309,636
Adjustments:			
Add/(Deduct):			
Prior Year's Adjustments		(173,216)	(173,216)
RESTATED BALANCE AT DECEMBER 31, 2021		164,136,420	164,136,420
Changes in net assets/equity for CY 2022			
Add/(Deduct):			
Surplus/(Deficit) for the period	13	73,949,446	73,949,446
Other adjustments		-	-
BALANCE AT DECEMBER 31, 2022		238,085,866	238,085,866

The notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021
(In Philippine Peso)

	Note	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Subsidy from National Government	16	95,140,000	112,140,000
Total Cash Inflows		95,140,000	112,140,000
Cash Outflows			
Payment of expenses		17,194,288	-
Payment of accounts payable		1,443,277	-
Purchase of inventories		36,598	-
Inter-agency receivables		1,572,567	-
Grant of cash advances		389,549	-
Remittance of personnel benefits, contributions and mandatory deductions		3,490,400	-
Total Cash Outflows		24,126,679	-
Net Cash Provided by/(Used in) Operating Activities		71,013,321	112,140,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Total Cash Inflows		-	-
Cash Outflows			
Purchase of property, plant and equipment		5,123,586	-
Total Cash Outflows		5,123,586	-
Net Cash Provided by/(Used in) Investing Activities		(5,123,586)	-
Net Increase/(Decrease) in Cash and Cash Equivalents		65,889,735	112,140,000
Cash and Cash Equivalents, January 1		166,341,998	54,291,998
Adjustment to Beginning Balance			(90,000)
Adjusted Balance of Cash and Cash Equivalents, January 1	5.1	166,341,998	54,201,998
Cash and Cash Equivalents, December 31	6	232,231,733	166,341,998

The notes on pages 10 to 26 form part of these financial statements.

PHILIPPINE TAX ACADEMY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2022
(In Philippine Peso)

	Note	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Assistance and subsidy	16	95,140,000	95,140,000	95,140,000	-
Others (FYs 2019 to 2021 Continuing Appropriation)		166,341,000	166,341,000	166,341,000	-
Total receipts		261,481,000	261,481,000	261,481,000	-
PAYMENTS					
Personnel services	14	58,896,000	58,896,000	13,560,104	45,335,896
Maintenance and other operating expenses	15	68,142,000	68,142,000	7,630,540	60,511,460
Capital outlay		85,707,000	84,707,000	5,413,600	79,293,400
Total payments		212,745,000	211,745,000	26,604,244	185,140,756
NET RECEIPTS/(PAYMENTS)		48,736,000	49,736,000	234,876,756	(185,140,756)

The notes on pages 10 to 26 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 9, 2023 as shown in the Statement of Management’s Responsibility for Financial Statements signed by the President of PTA Gil S. Beltran.

The PTA is a government-owned and/or controlled corporation (GOCC) attached to the Department of Finance. 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 31 July 2010.

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 such manner as will best promote its objectives;
- (c) To 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) 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 on 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 PTA is vested in and its powers exercised by its Board of Trustees (BOT).

The PTA is still in its first year of full operations with a budgetary support from the National Government with an initial 11 plantilla personnel.

The Academy's registered office is located at 8th Floor, EDC Building, BSP Complex, Roxas Blvd. 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 IPSASs 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 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 taking into account any discount or premium on acquisition and fees or costs that are an

integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

iii. Derecognition

The PTA derecognizes a financial asset where applicable, a part of financial asset or part of 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.

The 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.

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 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.

4.5 Property, Plant, and Equipment (PPE)

a. Recognition

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

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

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

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange 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 PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of 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 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 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 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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 19.

4.10 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 Board of Trustees, and the Principal Officers.

4.11 Employee Benefits

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

5. PRIOR PERIOD ADJUSTMENTS

5.1 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 understatement of recording of subsidy received from the Bureau of the Treasury which were reported in Note 13.

6. CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021 (As Restated)
Cash on hand	11,801	-
Cash in bank – Local Currency	232,219,932	166,341,998
	232,231,733	166,341,998

The Petty Cash Fund under the Cash on hand account was initially set up at P50,000, of which P38,199 was liquidated but not replenished, leaving a balance of P11,801 on December 31, 2022.

The Cash in bank-local currency, current account consist of P232.220 million and P166.342 million for CYs 2022 and 2021, respectively. The balance of P232.220 million for 2022 includes the subsidy received by the Academy from the National Government for a period of two years from 2021 to 2022 amounting to P112.140 million and P95.140 million, respectively. The remaining P24.940 million was from the excess of 2019 to 2020 subsidy.

7. RECEIVABLES

This account consists of:

	2022	2021
Due from NGAs – Procurement Service	1,279,369	-
Due from officers and employees	3,987	-
	1,283,356	-

The Accounts Receivable is composed of Due from NGAs – Procurement Service which pertains to the balance in the e-wallet paid to the Procurement Service which was supposedly for the purchase of laptops/computers and other common use supplies. This was requested to be returned to the e-wallet with the intention to purchase common use supplies for CY 2023.

8. INVENTORIES

This account consists of:

	2022	2021
Office supplies inventory	242,021	-
	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.

9. OTHER CURRENT ASSETS

This account consists of the following:

	2022	2021
Prepaid subscription	14,476	-
Advances to special disbursing officers	282,200	-
	296,676	-

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.

10. PROPERTY, PLANT AND EQUIPMENT

This account consists of:

	2022	2021
Motor vehicle	5,413,600	-
	5,413,600	-

The account Motor vehicles is composed of four (4) units Toyota Innova which was only purchased in December 2022. Hence, no depreciation was recorded.

11. ACCOUNTS PAYABLE

This account consists of:

	2022	2021 (As Restated)
Accounts payable	177,187	2,205,578
	177,187	2,205,578

The account is composed of the remaining payables for training activities recorded in CY 2019 which remains unpaid to date. The balance in CY 2021 was restated due to a net understatement of the payables recorded in CY 2019.

12. INTER-AGENCY PAYABLES

This account consists of the following:

	2022	2021
Due to BIR	1,184,821	-
Due to GSIS	(1,138)	-
Due to Pag-Ibig	17,450	-
Due to PhilHealth	3,200	-
	1,204,333	-

Inter-agency payables, such as Due from GSIS, Pag-Ibig and 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, January 1, 2021	52,867,110
Surplus for 2021	111,442,526
Accumulated surplus, December 31, 2021	164,309,636
Prior Year's Adjustments	(173,216)
Accumulated surplus, December 31, 2021, as restated	164,136,420
Surplus for 2022	73,949,446
Accumulated surplus, December 31, 2022	238,085,866

Prior Year's Adjustment consists of the following:

	2022
Net Understatement of Accounts payable recorded in 2019	83,216
Overstatement of Subsidy from the national government in 2019	90,000
	173,216

14. PERSONNEL SERVICES

This account consists of following:

	2022	2021
Salaries and wages	9,742,699	240,057
Other compensation	3,157,512	194,000
Personnel benefit contributions	659,893	-
	13,560,104	434,057

14.1 Salaries and Wages

	2022	2021
Salaries and wages - regular	9,742,699	240,057
	9,742,699	240,057

14.2 Other Compensation

	2022	2021
Personnel economic relief allowance	163,818	4,000
Representation allowance	614,500	95,000
Transportation allowance	614,500	95,000
Clothing/uniform allowance	42,000	-
Year-end bonus	1,104,335	-
Mid-year bonus	514,359	-
Cash gift	51,500	-
Productivity incentive allowance	52,500	-
	3,157,512	194,000

14.3 Personnel Benefit Contributions

	2022	2021
Retirement and life premium	533,166	-
Employees compensation insurance premiums	5,400	-
Pag-ibig contributions	4,400	-
PhilHealth contributions	116,927	-
	659,893	-

15. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2022	2021
Traveling expenses – local	65,163	-
Traveling expenses – foreign	-	238,417
Training expenses	2,933,668	-
Office supplies expenses	10,268	-
Telephone expenses – landline	20,810	-

	2022	2021
Rewards and incentives	208,000	-
Extraordinary and miscellaneous expenses	543,867	25,000
Auditing services	2,000	-
Other professional services	1,787,839	-
Fidelity bond premiums	69,975	-
Printing and publication expenses	41,800	-
Representation expenses	88,478	-
Transportation and delivery expenses	187,441	-
Other subscription expenses	96,196	-
Semi-expendable machinery and equipment expenses - office equipment	49,995	-
Semi-expendable machinery and equipment expenses – ICT equipment	1,525,040	-
	7,630,540	263,417

The account Other professional services is the charges/cost of non-plantilla personnel and external/outsourced resource persons contracted by the PTA that cannot be categorized under the specific professional services accounts.

The Semi-expendable expenses – office equipment consists of the following:

	No. of Unit	Unit Price	Amount
Air Purifier with Humidifying Functions	5	9,999	49,995

The account Semi-expendable expenses – ICT equipment consists of the following:

	No. of Unit	Unit Price	Amount
Laptop	30	46,800	1,404,000
Printer	1	38,100	38,100
Projector	5	16,588	82,940
			1,525,040

16. SUBSIDY FROM THE NATIONAL GOVERNMENT

This account consists of:

	2022	2021
Subsidy from the National Government	95,140,000	112,140,000
	95,140,000	112,140,000

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

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

	2022	2021
Net Surplus for the period	73,949,446	111,442,526
Adjustments for non-cash-items:		
(Increase) decrease in gross receivables	(1,283,356)	-
(Increase) decrease in inventories	(242,021)	-
(Increase) decrease in other current assets	(296,676)	-
Increase (decrease) in accounts payable	(1,945,175)	697,474
Increase (decrease) in due to national government agencies	1,204,333	-
Other adjustments	(373,230)	-
Net cash provided by (used in) operating activities	71,013,321	112,140,000

18. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

18.1 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.

18.2 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.

19. 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 2022 while the final budget is the amount actually received by the Academy in FY 2022 as per General Appropriations Act, RA No. 11518. The 2022 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.

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

20.1 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, 2022 and 2021 are as follows:

a.1 Withholding Tax on Compensation

	2022	2021
Total withholding tax for the year	2,742,391	-
Less: Payments from January to November	1,917,372	-
Withholding Tax Still Due and Payable	825,019	-

a.2 Expanded Withholding Tax

	2022	2021
Total withholding tax for the year	303,816	-
Less: Payments from January to November	52,072	-
Withholding Tax Still Due and Payable	251,744	-

a.3 Final Tax Withheld (GMP)

	2022	2021
Total withholding tax for the year	249,799	-
Less: Payments from January to November	141,741	-
Withholding Tax Still Due and Payable	108,058	-

PART II - OBSERVATIONS AND RECOMMENDATIONS

NON-FINANCIAL

1. 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.

1.1 Republic Act (RA) No. 11639, or the General Appropriations Act (GAA) for Fiscal Year 2022 GAA provides that:

Special Provision(s)

1. *Subsidy to the Philippine Tax Academy. The amount of Ninety Five Million One Hundred Forty Thousand Pesos (P95,140,000) 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 provisions Applicable to All Government Corporations. 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.*

1.2 During the year, the PTA received in full the subsidy of P95.140 million intended for the implementation of the Specialized Tax Training and Education Management Program as provided in the GAA. The PTA is mandated to provide specialized tax training and education management programs to the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC) and Bureau of Local Government and Finance (BLGF).

1.3 Based on the audit of the fund and review of the schedules provided to the Audit Team, it appeared that out of the P95.140 million subsidy received, only P22.272 million or 23.41 percent was disbursed during the year, of which only P2.606 million was utilized for trainings, much lower compared to P19.666 million utilized for Administrative expenses. The training expenses covered the resource persons' honoraria, meals, venues, transportation expenses, and training supplies and materials. The Administrative expenses pertained to the salaries of PTA officers and employees, including the contract of service personnel and other maintenance and other operating expenses. Audit showed that these expenses were incurred in CY 2022 for the trainings and programs as shown in Table 1:

Table 1 – Trainings and Programs conducted in CY 2022

Institute	Programs/Activities	Date
BOC Institute	1. Strategy Refresh Workshop; 2. Competency Validation Workshop; 3. Train the Trainers Workshop; 4. TWG Curriculum Development Coordination Meeting; and 5. Seminar-Workshop on Competency Management System Assessment and Briefing on Curriculum Development.	May 25 - 27, and 30 - 31, 2022 June 23, 27, 28, 29, 2022 to July 1 and 4, 2022 July 11, 12, 19, 20 to August 8 and 9, 2022 September 2, 2022 September 21 and 23, 2022
BLGF Institute	Bureau of Local Government Finance (BLGF) Onboarding Program Batch 1 and 2	September 26 - October 1, 2022
BIR Institute	1. Seminar - Workshop on Competency Management System Assessment and Briefing on Curriculum Development; and 2. Seminar - Workshop on Competency Management System Development (CMSD) Part 1 for the Bureau of Internal Revenue.	September 21 - 23, 2022 October 17-22, 2022

1.4 Management explained that some of the trainings were conducted online, which cause them to have savings on payments for the venue, meals, transportation, and others. They also utilized a free version of the e-learning Management Software with limited functionalities to deliver asynchronous training to 7,000 learners in CY 2022. Further, the Department of Finance (DOF) Central Management Information Office accommodated the Information and Communication Technology Infrastructure and Network needs of the PTA, which is supposed to form part of a huge chunk of the PTA's operating costs.

1.5 While it is true that the aforecited reasons have somehow lessened the training expenses, this does not justify the minimal 23.41 percent subsidy utilization. Consequently, the purpose of the subsidy was only partially achieved in CY 2022.

1.6 Management commented that the PTA commenced operations in CY 2022 with a limited personnel complement, with only one official onboard (Chancellor II), subsequently it was only towards the end of the year that the PTA has completed hiring most of the officers and employees, as a result, most training programs were only implemented in the latter part of the year. Moreover, the Bids and Awards Committee was only constituted on May 26, 2022 to enable the procurement of goods and services necessary to implement the PTA plans and programs.

- 1.7 The minimal utilization of funds was likewise noted in the subsidies received by PTA in CYs 2021 and 2020.
- 1.8 **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.**
- 1.9 During the Exit Conference, the PTA committed the full utilization of its subsidy through the procurement of its own support structures to deliver its core mandate in providing specialized training and education to the employees of the BIR, BOC and BLGF. Likewise, the PTA Technical Working Group had already conducted meetings with the three Bureau Institutes on Curriculum Development Coordination and Potential Curriculum Development Consultant in the latter part of CY 2022.
- 1.10 As a rejoinder, the Audit Team acknowledged the commitment expressed by the Management and will continue to monitor the implementation of the trainings and programs.

2. 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.

- 2.1 Commission on Election (COMELEC) Resolution No. 10695 promulgated on February 10, 2021, provides that:

*Pursuant to the powers vested in it by the Constitution of the Republic of the Philippines, the Omnibus Election Code (B.P. Blg. 881), otherwise known as Omnibus Election Code and other election laws, the Commission on Election (Commission) **RESOLVED** to prescribe the following calendar of activities and periods of prohibited acts in connection with the May 9, 2022, national and local elections:*

Date/Period	Activities	Prohibited Acts
xxx... January 9, 2022 (Sunday) to June 8, 2022 (Wednesday)	xxx... ELECTION PERIOD	xxx... Transfer or movement of the officers and employees in the civil service (Sec. 261 (h), Omnibus of Election Code)
xxx...	xxx...	xxx...

- 2.2 Likewise, pertinent provisions of 2017 Omnibus Rules on Appointments and Other Human Resources Actions (Revised July 2018) RE: Amendments and Additional Provisions to CSC Resolution No. 1701009 (June 16, 2017) No. 1800692 promulgated on July 3, 2018, provides that:

xxx

- c. *Transfer – the movement of employee from one position to another which is of equivalent rank, level or salary without gap in the service involving the issuance of an appointment.*

The transfer may be from one organizational unit to another in the same department or agency or from one department or agency to another. Provided, however, that any movement from the non-career service to the career service and vice versa shall not be considered a transfer but reappointment.

- 2.3 Audit of the payroll disclosed that 10 PTA officials/personnel were hired/appointed in CY 2022, including the Academy President. Based on the attached Civil Service Form No. 33-A, the appointment of the PTA President was signed and dated February 3, 2022, within the election period prohibited in the cited Resolution. Documents also showed that before he was appointed PTA President, he held the position of Undersecretary at the DOF until his retirement on February 2, 2022.
- 2.4 The Civil Service Commission (CSC), in a letter dated September 16, 2022, addressed to the Secretary of the DOF, disapproved the said appointment as the same was considered a transfer or movement from one office to another within the election period without seeking exemption from the COMELEC. As indicated in the Resolution, the CY 2022 election period was from January 9 to June 8, 2022.
- 2.5 The disapproval by the CSC of the President's appointment had a domino effect on the employment status of the other newly hired/promoted officers and employees of the PTA since their appointments were signed/approved by him.
- 2.6 This scenario should have been avoided had the PTA Board of Trustees requested an exemption from the COMELEC Resolution No. 10695 before hiring/appointing the PTA President.
- 2.7 The PTA President had also received the same CSC letter on October 24, 2022, where he immediately filed an appeal, now pending with CSC.
- 2.8 **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.**
3. **The PTA was not able to allocate a budget for Gender and Development (GAD) in 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.**

3.1 The PCW, National Economic and Development Authority, and Department of Budget and Management (PCW-NEDA-DBM) Joint Circular (JC) No. 2012-01 prescribes the guidelines and procedures for the formulation, development, submission, implementation, monitoring, and evaluation, including accounting results of agency annual GAD Plan and Budget (GPB) and GAD Accomplishment Report. And in Sections 6.1 and 6.2 of the said JC prescribed the costing and allocation of the GAD Budget, which states that:

6.1 At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.

6.2 Pursuant to Section 37A.1c of the MCW-Implementing Rules and Regulations (MCW-IRR), the GAD budget may be allocated using any or a combination of the following:

- 6.2.1. As a separate GAD fund to support GAD-focused PAPs;*
- 6.2.2. As fund to support integrating gender perspective in major programs and projects (gender mainstreaming); and*
- 6.2.3. As counterpart fund to support gender-responsive.*

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3.2 Likewise, PCW Memorandum Circular (MC) No. 2021-04 dated August 24, 2021 requires that the deadline for encoding and submission to PCW of FY 2022 GPBs of executive departments and their attached agencies through Gender Mainstreaming Monitoring System (GMMS) was on November 8, 2021.

3.3 In line with the PCW MC No. 2011-01 prescribing the guidelines and procedures for the establishment, strengthening, and institutionalization of the GAD Focal Point System (GFPS) in government entities, PTA issued Administrative Order No. 004-2022 dated June 20, 2022, creating and establishing the PTA GFPS, its composition, functions, and the roles and responsibilities of every member committee.

3.4 However, since the PTA was still in its first year of full operation and its GFPS was only created/established in June 2022, the Academy was not able to allocate a budget for GAD programs and activities as required in the cited JC. Since no budget has been allocated, PTA did not prepare its GPB for CY 2022.

3.5 Inquiry revealed that CY 2023 would be the first time/year of the PTA to prepare and submit GPB to PCW. A copy of the proposed GPB was

furnished to the Audit Team with a GAD Budget of P6.271 million for CY 2023.

- 3.6 **We recommended and Management agreed to comply with the provisions of the PCW-NEDA-DBM JC No. 2012-01 and other related GAD issuances in implementing its GAD programs and activities.**
- 3.7 The PTA commented that on November 21, 2022, through the GFPS, the PTA submitted the proposed GPB for CY 2023 through the GMMS, and a copy was furnished to the Audit Team. On December 21, 2022, the PTA received the PCW's feedback on the submitted GPB recommending revision. On February 3, 2023, the PTA submitted the revised version of the GPB incorporating the recommendations of the PCW, thereby arriving at a total GAD budget of P5.435 million, equivalent to 5.5 percent of the total budget, within the prescribed minimum 5 percent GAD Budget allocation.
- 3.8 As a rejoinder, the Audit Team recognized the steps undertaken by the PTA and will continue to monitor its compliance.

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

4. The PTA complied with the withholding and remittance of the GSIS, PhilHealth and Pag-IBIG Fund premium and membership contributions as provided in RA No. 8291, RA No. 9679 and RA. No. 7875, respectively. Presented below is the Table of the CY 2022 contributions and remittances.

Table 2 – Mandatory Contributions and Remittances

Government Agencies	Amount of		Balance 12.31.22
	Withholding	Remittance	
PhilHealth	120,127.26	116,927.26	3,200.00
GSIS	596,855.54	597,993.58	(1,138.04)
Pag-IBIG	21,850.00	4,400.00	17,450.00
Total	738,832.80	719,320.84	19,511.96

Part of the balance was remitted in January 2023.

COMPLIANCE WITH TAX LAWS

5. 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 2022, taxes withheld amounted to P3.296 million, while total taxes remitted to the BIR totaled P2.111 million; details are shown in Table 3.

Table 3 – Taxes Withheld and Remitted

Taxes	Withheld	Remitted	Balance as of 12-31-2022
Income tax on compensation	2,742,391.23	1,917,372.24	825,018.99
Expanded withholding tax	303,816.19	52,072.42	251,743.77
Government money payments	249,799.03	141,741.28	108,057.75
Total	3,296,006.45	2,111,185.94	1,184,820.51

The amount of P1.173 million was remitted in January 2023, leaving a balance of P11,981.47.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

6. There were no issued audit suspensions, disallowances and charges as of December 31, 2022.

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

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

Reference	Observations	Recommendations	Actions Taken/Comments
<u>Non-Financial</u>			
AAR 2021 Audit Observation (AO) No. 1 p. 18	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.	We recommended that Management direct the Planning and the Accounting Division/Section to: <ol style="list-style-type: none"> 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 	<p>Not Implemented.</p> <p>However, the unexpended amount of subsidy was approved by the Department of Budget and Management to be part of the Academy's corporate funds as included in their approved Corporate Operating Budget (COB) for the Fiscal Year 2022 per COB No. C4-22-0012 dated August 12, 2022.</p> <p>Fully Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/Comments
		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.	Fully Implemented.
AAR 2021 AO No. 2 p. 22	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	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	Reiterated and updated under Part II – Observations and Recommendations No. 3, 4 and 5 of this Report Partially Implemented. Partially Implemented. Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/Comments
	<p>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.</p>	<p>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.</p>	