



**PHILIPPINE TAX ACADEMY
MANUAL OF CORPORATE GOVERNANCE**

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Philippine Tax Academy Manual of Corporate Governance

WHEREAS, the Philippine Tax Academy (PTA) is mandated by virtue of Republic Act (RA) No. 10143¹ and its Implementing Rules and Regulations (IRR) to serve as a specialized learning institution for tax and customs collectors and administrators of the government, and selected applicants from the private sector;

WHEREAS, the PTA recognizes its role and contribution to the State's declaration of policy of treating Government-Owned and/or Controlled Corporations (GOCCs) as significant tools for economic development, especially in training, molding, enhancing, and developing capabilities of tax collectors and administrators to help improve their tax collection efficiency and to become competent and effective public servants for the national interest, as well as the vital role of taxpayers' information and education to facilitate compliance with tax and customs laws and regulations, and improve revenue generation efforts;

WHEREAS, the PTA, as a GOCC vested with corporate powers to perform its mandate, shall develop and implement a curriculum which includes those pertaining to: (a) the technical aspects of tax collection, administration, and compliance; and (b) the career orientation and development for civil servants, as well as conduct lectures, seminars, workshops, and other training programs designed to mold, develop, and enhance the skills and knowledge, moral fitness, efficiency, and the capability of tax collectors and administrators;

WHEREAS, Section 42 of the Governance Commission for GOCCs (GCG) Memorandum Circular (MC) No. 2012-07² provides that every GOCC shall promulgate and adopt its corporate governance rules and principles in accordance with the said Code;

NOW, THEREFORE, the PTA, in recognition of the State's principle that transparency is the essence of good corporate governance, hereby adopts and promulgates this Manual of Corporate Governance, as follows:

¹ *An Act Establishing the Philippine Tax Academy, Defining Its Powers and Functions*, dated 31 July 2010.

² *Code of Corporate Governance for GOCCs*, dated 18 November 2012

I. Definition of Terms

Section 1. Definition of Terms. For the purpose of this manual, the subsequent terms shall be defined as follows:

Appointive Directors	Refers to all members of the PTA Board of Trustees who are not ex-officio members thereof.
Board of Trustees (BOT)	Refers to the collegial body established under R.A. No. 10143 that exercises the corporate powers and controls or holds all property of the PTA.
Charter	Refers to RA No. 10143, which established the PTA and defined its purpose, powers, and structure, among others.
Charter Statement	Refers to a statement of PTA's Vision, Mission, and Core Values.
Executive Officers	The Executive Officers of the PTA shall be composed of the President, Chancellors, Vice-Chancellors, Board Secretary, and Treasurer.
Governing Board	The Governing Board also refers to the current or existing PTA BOT.
Implementing Rules and Regulations (IRR)	Refers to the rules and regulations adopted to implement specific areas of a statute (e.g., IRR of RA 10143, s. 2010)
Executive Committee (BOT Level)	Refers to the body that provides guidance and directions to the delivery units of the PTA in the implementation of its mandate. It is composed of BOT.
Management Committee (PTA Level)	Refers to the body given the authority to implement the policies determined by the PTA BOT in directing the course and business

	activities of the PTA. It shall be composed of PTA Officials and Officers
Oversight Agencies	Refers to the Office of the President; the Department of Finance (DOF), to which the PTA is attached; the Governance Commission for GOCCs (GCG); the Department of Budget and Management (DBM); the Commission on Audit (COA); and the Civil Service Commission (CSC).
Performance Evaluation System (PES)	Refers to the process of appraising the degree to which the objectives of the PTA have been accomplished in a given fiscal year based on set performance targets and measures.
Performance Scorecard	Refers to a governance and management tool forming part of the PES, which consists of a set of measures, targets, and initiatives that facilitate the achievement of breakthrough results and performance through the effective and efficient monitoring and coordination of the strategic objectives of PTA.
Stakeholder	Refers to the officials and employees of BIR, BOC, BLGF, PTA, and other government agencies and/or private sectors that are interested in availing the training services of PTA
Strategy Map	Refers to an integrated set of strategic directions drawn by the PTA. The successful execution of which results in the achievement of the PTA's vision in relation to its mission or purpose for having been created.

II. The Philippine Tax Academy (PTA)

Section 2. Role of the PTA in National Development. Under its Charter, the PTA was created for the purpose of training, molding, enhancing, and developing capabilities of tax collectors and administrators to help improve their tax collection efficiency and to become competent and effective public servants for the national interest. The PTA shall serve as a specialized learning institution for tax and customs collectors and administrators of the government and selected applicants from the private sector. It shall provide the appropriate education, training, skills, and values to tax collectors and administrators, as well as disseminate tax laws, regulations, guidelines, and relevant information to the public.

In the fulfillment of its mandate, the PTA BOT and Management shall subscribe to the following principles:

- a) The PTA shall ensure that it contributes to the national development by establishing a vision and mission, strategic objectives, policies and procedures that are aligned with national goals and policies and its mandate, among others;
- b) Operations of the PTA shall be rationalized, properly monitored, controlled, and continually improved to ensure the highest quality and responsiveness of service delivery; to guarantee the efficient use of government assets; and that the government's exposure to all forms of liabilities and subsidies is warranted and incurred through prudent means;
- c) Governance of the PTA shall be carried out in a transparent, responsible, accountable manner, and with utmost degree of professionalism, integrity, and effectiveness; and,
- d) The PTA BOT is competent to carry out its functions, fully accountable to the state as its fiduciary, and always acting in the best interest of the State.

Section 3. Powers and Duties of the PTA. The PTA is a specialized learning institution for tax and customs collectors and administrators of the government and selected applicants from the private sector. The PTA shall:

- a) Conduct all the trainings and continuing education programs designed to mold, develop, and enhance the skills and knowledge, moral fitness, efficiency, and capability of tax and customs collectors and administrators for all the officials and personnel of the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and the Bureau of Local Government Finance (BLGF), collectively referred to as the "Bureaus";
- b) Develop and implement curricula for each of the trainings, continuing education programs and other courses which include those pertaining to: (i) the technical aspects of tax and customs collection, administration and compliance; and (ii) the career orientation and development for civil servants;
- c) Develop an outcome-based education and learning frameworks in providing appropriate training and education to all applicants (preservice) and to existing officials and personnel (in-service) to systematically and intensively acquire organized knowledge, skills and attitude to improve overall qualifications in the performance of their roles and functions;
- d) Offer, on its own or in collaboration with other academic institutions, academic programs including post-graduate level courses of study and such other special courses designed to provide the participants with a broader perspective and advanced knowledge of fiscal policy and tax and customs collection and administration;
- e) Disseminate tax and customs laws, regulations, guidelines and relevant information to the general public. For this purpose, it shall administer seminars and courses for applicants from other government offices, agencies, instrumentalities or political subdivisions dealing with tax and customs policies and administration, and parties from the private sector selected in accordance with the criteria prescribed by the PTA;

- f) Promote the conduct of research for curriculum and instruction and documentation of tax practices, including those arising from instructional activities, as valuable inputs to policy making;
- g) Serve as the country's center of excellence for studies in tax and customs administration:
 - i) To be in the forefront in delivering high-quality outcome-based training for current and future tax and customs collectors and administrators;
 - ii) To be the lead provider of programmes designed to incorporate a combination of theoretical classroom training and real life taxation and customs experience to address the competency needs at different stages of the careers of the training participants; and
 - iii) To be a comprehensive repository of all tax and customs laws, rules, and regulations, including all other subsequent issuances on the matter; and,
- h) Perform such other functions and duties as may be necessary in carrying out its mandate.

Section 4. *Corporate Powers of the PTA.* For the attainment and furtherance of the above-cited purposes and duties, the PTA, as a corporate body acting through its BOT, shall have all the powers pertaining to a juridical person and shall be authorized the powers espoused in Section 5 of the IRR of RA No. 10143.

Section 5. *The PTA Governance Structure.* To realize good corporate governance, the PTA shall adopt a governance structure to ensure authority, accountability, leadership, direction and control within the PTA, as follows:

- a) PTA BOT and its Committees; and
- b) PTA Management Committee composed of the PTA President, the Chancellors of the Institutes, as well as the Director of the Resource Management Group.

Section 6. *Fiduciaries of the State.* The PTA BOT, its Management, and Officers are fiduciaries of the State in that (a) they have the legal obligation and duty to always act in the best interest of the PTA with utmost good faith in all dealings with the properties, interests, and monies of the PTA; and (b) they are constituted as custodians of the properties, interests, and monies of the PTA.

III. The PTA Board of Trustees (PTA BOT)

Section 7. *Board Directly Vested with Corporate Powers.* Having been vested directly by law with the legal capacity and authority to exercise all corporate powers and to hold all the properties of the PTA, the PTA BOT is primarily responsible for the governance, administration, and policy direction of the PTA. Consequently, it is the PTA BOT and not the Management, that is primarily accountable to the State for the operations and performance of PTA.

Section 8. *Duty of the PTA BOT to Select and Provide Independent Checks on the Management.* Concomitant with the power to appoint the President, as provided in the PTA Charter, it is the duty of the PTA BOT to ensure that it appoints and employs only Officers who are fit and proper to hold such offices with due regard to their qualifications, competence, experience, and integrity. The PTA BOT, therefore, is obliged to provide independent checks on the Management.

Section 9. *Mandate and Responsibility of the PTA BOT for PTA's Performance.* The PTA BOT shall primarily be responsible and accountable for the PTA performance. As such, it shall provide the corporate leadership of the PTA, subject to the rule of law and objectives set by the National Government, through the DOF and the GCG, including the performance of specific functions set forth under Section 12 of the IRR of RA No. 10143, as follows:

- a) Define in general terms the thrusts of the PTA and adopt policy guidelines to ensure its implementation;
- b) Prepare and adopt such rules and regulations as it considers necessary for the effective discharge of its responsibilities;
- c) Approve, upon recommendations of the Institutes, the curricula for training programs, modules, and courses to be offered to particular target participants, including the basic courses required to be passed for employment with Bureaus;

- d) Issue and adopt a Code of Conduct for the PTA after consultation with each Institute, in the form of written manuals separate for faculty and other academic personnel, administrative or support personnel, and students;
- e) Award fellowships, scholarships, and grants to faculty, staff, and trainees having special evidence of merit;
- f) Appoint instructors/professors and other officials and employees, to determine the hours of service of instructors/professors and staff, and such other terms and conditions of employment as it may deem proper;
- g) Grant leaves of absence of instructors/professors covering periods of one (1) year or more such regulations as it may promulgate;
- h) Impose disciplinary actions on the Academy's instructors/professors, for cause as provided by law after due investigation and proper hearing, subject to confirmation by the Secretary of Finance when the penalty is dismissal from service;
- i) Prescribe any fees and other necessary charges as it may deem proper to impose on the training participants;
- j) Receive and appropriate all sums as may be specified by law, in order to carry out the purposes and functions of the PTA;
- k) Authorize the construction, maintenance or repair of its buildings, machinery, equipment and other facilities;
- l) Purchase and acquire real and personal properties, including necessary supplies, materials and equipment;
- m) Receive, in trust, legacies, gifts and donations of real and personal property of all kinds and to administer and dispose the same when necessary for the benefit of the PTA and subject to the instructions of the donor, if any;
- n) Approve, upon recommendation of the President, the program expenditures of the PTA and its Institutes;
- o) Approve, upon recommendation of the President, contracts for goods and services of the PTA and its Institutes,
- p) Approve, upon recommendation of the President, the grading and merit systems to be adopted in the PTA; and
- q) Exercise the general powers set out in the Corporation Code and such other powers as may be proper and necessary to carry out the objectives of the PTA Act.

Section 10. *Specific Functions of the PTA BOT.* In addition to those specified under Section 12 of the IRR of RA No. 10143, the PTA BOT shall also perform the following functions:

- a) Meet regularly to properly discharge its responsibilities, with independent views expressed during such meetings being given due consideration, and that all such meetings shall be properly documented or minuted;
- b) **Formulate and adopt** strategies and policies, including risk management policies and programs, in order to ensure that the PTA survives and thrives despite financial crises and that its assets and reputation are adequately protected;
- c) Monitor and evaluate on a regular basis the implementation of corporate strategies and policies, business plans and operating budgets, as well as Management's overall performance to ensure optimum results;
- d) Monitor and manage potential conflicts of interest of BOT members and Management, including misuse of corporate assets and abuse in related party transactions;
- e) Implement a system of internal checks and balances, which may be applied in the first instance to the Board; and ensure that such systems are reviewed and updated on a regular basis;
- f) Ensure the integrity of the PTA's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;
- g) Identify and monitor, and provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas;
- h) Adopt, implement, and oversee the process of disclosure and communications;

- i) Constitute an Audit Committee and such other specialized committees as may be necessary, or required by applicable regulations, to assist the Board in discharging its functions; and,
- j) Ensure that PTA conducts its affairs within the scope of its authority, as prescribed in RA No. 10143, its IRR, including other applicable laws, rule, and regulation.

Section 11. *Composition of the PTA BOT.* The PTA BOT shall be composed of six (6) appointive members and one (1) ex-officio member, namely:

- a) A representative from the Department of Finance (DOF) as ex-officio Chairperson;
- b) Representatives from the BIR and BOC as ex-officio co-vice chairpersons;
- c) The Executive Director of the BLGF as ex-officio member; and
- d) Three (3) representatives from the Academe.

The representatives from the DOF, the BIR, and the BOC to the Governing Board shall be appointed by the President of the Philippines from the nominees of the Secretary of Finance. Meanwhile, the representatives coming from the academe shall be appointed by the President of the Philippines from nominees of state universities and/or colleges (SUCs) and private educational institutions accredited by Commission on Higher Education (CHED) and shall be chosen based on certain criteria set forth in the IRR of RA No. 10143.

Section 12. *Designation of Alternates.* Appointive Directors of the PTA BOT cannot designate ex-officio alternates. However, the BLGF Executive Director, as ex-officio member, may designate his/her respective alternate, who ideally should be the officials next-in-rank to him/her, and whose acts shall be considered the acts of the principal.

Section 13. *Board Officers.* The Board Officers of the PTA are the Chairperson of the Board (as the highest ranking Board Officer), the Vice-Chairpersons, the Board Secretary, and the Compliance Officer, who must all be Filipino citizens, with the following functions and/or responsibilities:

- a) Chairperson of the Board - The Chairperson shall, when present, preside at all meetings of the Board. The Chairperson's responsibilities may include:
- i) Calling meetings to enable the Board to perform its duties and responsibilities;
 - ii) Approving meeting agenda in consultation with the President and the Board Secretary;
 - iii) Exercising control over quality, quantity, and timeliness of the flow of information between Management and the Board; and
 - iv) Assisting in ensuring compliance with the PTA's guidelines on corporate governance.

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

- b) Vice-Chairperson - In the absence of the Chairperson of the Board, the Vice-Chairperson shall preside at the meetings of the Board.
- c) Board Secretary - The Board Secretary shall have the following functions:
- i) Serve as an adviser to the Board Members on their responsibilities and obligations;
 - ii) Keep the minutes of meetings of the Board, the Executive Committee, and all other committees in a book or books kept for that purpose, and furnish copies thereof to the Chairperson, the President and other members of the Board as appropriate;
 - iii) Keep in safe custody the seal of the PTA and affix it to any instrument requiring the same;
 - iv) Attend to the giving and serving of notices of Board meetings, if applicable;
 - v) Be fully informed and be part of the scheduling process of other activities of the Board;

- vi) Receive instructions from the Chairperson on the preparation of an annual schedule, the calling of Board meetings, the preparation of regular agenda for meetings, and notifying the Board of such agenda at every meeting;
- vii) Oversee the adequate flow of information to the Board prior to meetings; and
- viii) Ensure fulfillment of disclosure requirements to regulatory bodies.

The Board Secretary shall have such other responsibilities as the Board may impose upon him/her. The Board shall have separate and independent access to the Board Secretary.

- d) Compliance Officer - The Compliance Officer shall perform the following duties:
 - i) Monitor compliance by the PTA of the requirements under the Act, this Code, the rules and regulations of the appropriate Government Agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
 - ii) Appear before the GCG when summoned in relation to compliance with this Code or other compliance issues; and
 - iii) Issue a certification every 30 May of the year on the extent of the PTA's compliance with the government corporate standards governing GOCCs for the period, and, if there are any deviations, explain the reason for such deviation.

The Compliance Officer shall be appointed by the Governing Board and must be knowledgeable on the operations of the PTA, as well as the different legal and statutory requirements needed to be complied by the PTA.

The appointment of a Compliance Officer shall not relieve the Governing Board of its primary responsibility vis-à-vis the State, acting

through the GCG, to ensure that the GOCC has complied with all its reportorial, monitoring, and compliance obligations.

Section 14. Board Committees. For efficiency and to ensure the proper understanding and resolution of all issues affecting the PTA, as well as proper handling of all other concerns, the PTA BOT shall constitute the proper committees to assist them in performing their duties and responsibilities, providing each of the committees with written terms of reference defining the duties, authorities, and the composition of the committees constituted.

The committees shall report to the entire PTA BOT as a collegial body and the minutes of their meetings shall be circulated to all members of the PTA BOT. The existence of the committees shall not excuse the BOT of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

The PTA BOT shall be supported by the following specialized committees:

- a) *Executive Committee (ExeCom)* - The PTA ExeCom is composed of three (3) members of the BOT, with the Chairperson of the BOT being the ExeCom Chairperson.

The ExeCom, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least two-thirds (2/3) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the ExeCom, in accordance with RA No. 10143, its IRR, except with respect to:

- i) Filling of vacancies on the Board or in the ExeCom;
- ii) Amendment or repeal of By-Laws or the adoption of new By-Laws;
- iii) Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
- iv) Distribution of cash dividends; and
- v) Exercise of powers delegated by the Board exclusively to other committees.

- b) *Audit Committee* - The Audit Committee shall consist of at least three (3) BOT members, whose Chairperson should have audit, accounting, or finance background. The Committee shall be responsible for the following:
- i) Oversee, monitor, and evaluate the adequacy and effectiveness of the PTA's internal control system, engage and provide oversight of the PTA's internal and external auditors, and coordinate with the COA;
 - ii) Review and approve audit scope and frequency, and the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the PTA BOT, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
 - iii) Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
 - iv) Ensure that internal auditors have free and full access to all the PTA's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and,
 - v) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the PTA through procedures and policies manuals that will be used by the entire organization.
- c) *Governance Committee* - The Governance Committee shall assist the Board of Trustees in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of the PTA BOT, and chaired by the Chairperson of the PTA BOT. The Committee shall be responsible for the following:

- i) Oversee the periodic performance evaluation of the BOT and its committees and Management and shall also conduct an annual self-evaluation of their performance;
 - ii) Decide whether or not a BOT member is able to and has been adequately carrying out his/her duties bearing in mind the member's contribution and performance (e.g., competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when members serve on multiple boards;
 - iii) Recommend to the Board regarding the continuing education of members, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance; and,
 - iv) Perform oversight in the academic operations specifically provided under section 12 of the IRR of R.A. No. 10143.
- d) *Nomination and Remunerations Committee* - The Nomination and Remunerations Committee shall consist of at least three (3) members of the PTA BOT. The Committee shall be responsible for the following:
- i) Install and maintain a process to ensure that Appointive Directors to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;
 - ii) Review and evaluate the qualifications of all persons nominated to positions in the PTA which require appointment by the PTA BOT;
 - iii) Recommend to the GCG nominees for the shortlist in line with the PTA's BOT composition and succession plan; and,
 - iv) Develop recommendations to the GCG for updating the Compensation and Position Classification System (CPCS) and ensuring that the same continues to be consistent with the PTA's culture, strategy, control environment, as well as the pertinent laws, and regulations.

- e) *Risk Management Committee* - The Risk Management Committee shall consist of at least three (3) members, with at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:
- i) Perform oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the PTA, and crisis management, which shall include receiving from the PTA Management Committee periodic information on risk exposures and risk management activities;
 - ii) Develop the Risk Management Policy of the PTA, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the PTA, especially at the BOT and Management level; and
 - iii) Provide quarterly reporting and update the Board on key risk management issues as well as ad hoc reporting.
- f) *Combining the Mandatory Committees and Creating Other Committees* - Nothing herein shall preclude the Governing Board from formally creating and/or combining the functions of the committees into such combinations that will best serve the interest of the PTA.

Section 15. *Board Meetings and Quorum Requirements.* The PTA BOT shall regularly convene meetings at such times and place/s as the Board shall determine.

The Chairperson may call a special or emergency meeting whenever necessary: Provided, that members are notified in writing at least ten (10) working days prior to the meeting or at least one (1) working day in the case of an emergency meeting: Provided, further, that the notice shall contain a brief description of the agenda items to be discussed. A majority of the members of the Board shall constitute a quorum for Board meetings and every decision of at least a majority of the Board members present at a meeting at which there is a quorum.

Section 16. Norms of Conduct. All members of the PTA BOT, the President and other Officers shall observe the highest standards of personal conduct in the discharge and execution of their official duties. They shall perform and discharge their duties with the highest degree of excellence, professionalism, competency, commitment to public interest, justness and sincerity, political neutrality, citizen-focused, nationalism and patriotism, and commitment to democracy pursuant to RA No. 10143 and in relation to RA No. 6713.³

Unless otherwise provided by law, no officer or employee of the PTA shall engage directly or indirectly in any private business or profession without a written permission from the PTA President. Provided that this prohibition will be absolute in the case of those officers and employees whose duties and responsibilities require that their entire time be at the disposal of the government. Provided further, that if an employee is granted permission to engage in outside activities, the time devoted outside of office hours should be fixed by the PTA so that it will not impair in any way the efficiency of the officer or employee nor pose a conflict or tend to conflict with the official functions.⁴

Section 17. Limits to Compensation, Per Diems, Allowances, and Incentives. The compensation of members of the PTA BOT shall be in accordance with Executive Order No. 24 series of 2011.⁵

Section 18. Annual Performance Evaluation of the BOT. A systematic evaluation process of the Board shall be developed as a necessary tool in enhancing its professionalism and as a useful incentive for Board Members to devote sufficient time and effort to their duties. The evaluation should also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the Board.

IV. The PTA Management

³ *Code of Conduct and Ethical Standards for Public Officials and Employees*, dated 20 February 1989

⁴ As stipulated in Section 18, Rule XIII of the Revised Omnibus Rules on Appointments and Other Personnel Actions

⁵ *Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in Government-Owned and/or -Controlled Corporations including Government Financial Institutions*, dated 10 February 2011

Section 19. Role of Management. The Management of the PTA serves as the center of decision-making for the day-to-day affairs of the PTA. It determines the PTA's activities by putting the targets set by the PTA BOT in concrete terms and by implementing basic strategies for achieving those targets.

The PTA Management shall be responsible to the PTA BOT for implementing the infrastructure for the PTA's success through the following mechanisms in its organization as set by the PTA, particularly the following: a) organizational structures that work effectively and efficiently in attaining the goals of the PTA; b) useful planning, control, and risk management systems that assess risks on an integrated cross-functional approach; c) information systems that are defined and aligned with an information technology strategy and the business goals of the PTA; and d) a plan of succession that formalizes the process of identifying, training, and selection of successors in key positions in the PTA.

Section 20. Accountability of Management to the PTA BOT. The Management is primarily accountable to the BOT for the operations of the PTA. As part of its accountability, the PTA Management shall provide all members of the Board with a balanced and understandable account of the PTA's performance, position, and prospects on a monthly basis. This responsibility shall extend to interim and other price sensitive public reports, if applicable, and reports to regulators.

Section 21. Terms of Office. The terms Chairperson, Vice Chairpersons and members of the Board shall serve for a term of three (3) years or until their successor shall have been appointed and qualified.

In case of vacancy in the Board, the Secretary of Finance shall appoint a replacement who shall serve for a full three (3) year term. A Chancellor may be designated by the Secretary of Finance as Officer-in-Charge (OIC) for the offices of the President, Board Secretary or Treasurer of the Academy, while any of such positions are vacant. A Vice Chancellor may be designated by the Secretary as OIC-Chancellor while the position is vacant. In no case shall the search and appointment of a President, Chancellor, Vice-Chancellor, Board Secretary, or Treasurer be longer than ninety (90) calendar days from the date when the vacancy occurs.

Further, such vacancy shall be filled in the same manner as provided, and such appointee shall hold office only for the unexpired portion of his predecessor.

In the case of Appointive Directors, the term of office of each Appointive Director shall be one (1) year, unless sooner removed for cause: Provided, however, That the Appointive Director shall continue to hold office until the successor is appointed. An Appointive Director may be nominated by the GCG for reappointment by the President only if one obtains a performance score of above average or its equivalent or higher in the immediately preceding year of tenure as Appointive Director based on the performance criteria for Appointive Directors for the GOCC.

Section 22. *The President.* The President shall be elected annually by the members of the Board from among its ranks. The President shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

The President of the PTA shall have the following duties and responsibilities,

In addition to the duties imposed on him by the PTA BOT, the President shall:

- a) Exercise general supervision and authority over the regular course of business, affairs, and property of the PTA, and over its employees and officers;
- b) Ensure that all orders and resolutions of the Board are carried into effect;
- c) Submit to the Board as soon as possible after the close of each fiscal year, and to the shareholders at the annual meeting, if applicable, a complete report of the operations of the PTA for the preceding year, and the state of its affairs;
- d) Report to the Board from time to time all matters which the interest of the PTA may require to be brought to its notice; and
- e) Perform such other duties and responsibilities as the Board may impose upon him.

Section 23. *Other Executive Officers.* Consistent with Section 16 of the IRR of RA No. 10143, other Executive Officers of the PTA, aside from the President, shall also include the three (3) Chancellors and three (3) Vice-Chancellors of the three

(3) Institutes of the Academy; a Board Secretary; and a Treasurer to be appointed by the Secretary of Finance for a term of three (3) years, without prejudice to subsequent reappointment.

In the event of a vacancy, the Secretary of Finance shall appoint a replacement who shall serve for a full three (3)-year term. A Chancellor may be designated by the Secretary of Finance as Officer-in-Charge for the offices of the President, Board Secretary or Treasurer of the Academy, while any of such positions are vacant. A Vice-Chancellor may be designated by the Secretary as OIC-Chancellor while the position is vacant. In no case shall the search and appointment of a President, Chancellor, Vice-Chancellor, Board Secretary or Treasurer be longer than ninety (90) calendar days from the date when the vacancy occurs.

The service of the Executive Officers in the Academy shall be considered as government service. As such, they shall be entitled to retirement privileges, seniority, Government Service Insurance System (GSIS) benefits, and other benefits and privileges.

Section 24. Power of the PTA BOT to Discipline/Remove PTA Officers. Subject to existing civil service laws, rules and regulations, and with ensuring compliance with the requirements of due process, the PTA BOT shall have the authority to discipline, or remove from office, the President, or any other PTA Officers, such as the PTA Management and employees, upon a majority vote of the members of the Board who actually took part in the investigation and deliberation.

V. Duties and Obligations of the PTA BOT and PTA Officers

Section 25. PTA BOT and Officers as Public Officials. Trustees and Officers are also Public Officials as defined by, and are therefore covered by, the provisions of RA No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees, with its declared policies, to wit: (a) to promote a high standard of ethics in public service; and (b) Public Officials and employees shall at all times be accountable to the people and shall discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest.

Section 26. *Respect for and Obedience to the Constitution and the Law.* As public officials, a Trustee or Officer shall respect and obey the Constitution, and shall comply, and cause the PTA employees to faithfully and timely comply, with all legal provisions, rules and regulations, and corporate governance standards, applicable to them and to the PTA, and to act within the bounds of their RA No. 10143.

Section 27. *Duty of Diligence.* The fiduciary duty of diligence of BOT members and PTA Officers to always act in the best interest of the PTA, with utmost good faith in all its dealings with the property and monies of the PTA, includes the obligation to:

- a) Exercise extraordinary diligence, skill and utmost good faith in the conduct of the business and in dealing with the properties of the PTA, using the utmost diligence of a very cautious person with due regard to all the circumstances;
- b) Apply sound business principles to ensure the financial soundness of the PTA; and,
- c) Elect and/or employ only BOT members and PTA Officers who are fit and proper to hold such office with due regard to the qualifications, competence, experience and integrity.

Every member of the PTA BOT, by the act of accepting such a position in the PTA, affirms and agrees: (1) to have a working knowledge of the statutory and regulatory requirements affecting the PTA, including the contents of RA No. 10143, s. 2010, its IRR, the requirements of the GCG, and where applicable, the requirements of other oversight agencies; and (2) to always keep himself/herself informed of industry developments and business trends in order to safeguard the PTA's interests and preserve its competitiveness.

Section 28. *Duty of Loyalty.* The fiduciary duty of loyalty of the PTA BOT to always act in the best interest of the PTA, with utmost good faith in all its dealings with the property and monies of the PTA, includes the obligation to:

- a) Act with utmost and undivided loyalty to the PTA;
- b) Avoid conflicts of interest and declare any interest they may have in any particular matter before the BOT; and,

- c) Avoid (1) taking for themselves opportunities related to the PTA's business; (2) using the PTA's property, information or position for personal gain; or (3) competing with the PTA.

Section 29. *Duty of Confidentiality.* Pursuant to their duties of diligence and loyalty, a member of the PTA BOT or an Officer shall not use or divulge confidential or classified information officially made known to them by reason of their office and not made available to the public, either: (a) to further their private interests, or give undue advantage to anyone; or (b) which may prejudice the public interest.

Section 30. *No Gift Policy.* Any member of the PTA BOT shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift:

- a) Would be illegal or in violation of law;
- b) Is part of an attempt or agreement to do anything in return;
- c) Has a value beyond what is normal and customary in the PTA's business;
- d) Is being made to influence the member of BOT's or Officer's actions as such; and,
- e) Could create the appearance of a conflict of interest.

VI. Obligations of the PTA to PTA BOT and Management

Section 31. *Provision of Staff Support.* The PTA shall provide the members of its PTA BOT with reasonable support staff and office facilities to allow them to properly discharge their duties and responsibilities.

Section 32. *Obtaining the Directors and Officers Liability Insurance (DOLI).* Having imposed the highest level of responsibility and accountability on the members of the BOT and Officers, i.e., that of extraordinary diligence, it is equitable that when the PTA itself and/or the members of the BOT and Management are sued before tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed.

It is a prudent measure therefore for the PTA to obtain a DOLI coverage for itself and the members of the Governing Board and Officers against contingent

claims and liabilities that may arise from, as well as the expenses that may be incurred in prosecuting, the actions that may be filed against the PTA arising from the actions of the Governing Board and/or Management that may cause loss or damage to third parties.

Nothing in this section shall be construed as to authorize the reimbursement or the incurring of costs, such as the payment of premiums on DOLI coverage, by the PTA on the litigation expenses incurred and the judgment liability decreed against a BOT member or PTA Officers for breach of any of his fiduciary duties or for fraud committed in the performance of his or her duties to the PTA and/or its stakeholders.

VII. Corporate Social Responsibility (CSR) and Stakeholder Relations

Section 33. *Responsiveness to Stakeholders.* Every member of the PTA BOT who accepts the position must be fully aware that he/she assumes certain responsibilities not only to the PTA and its employees, but also with different clients and/or stakeholders, who have the right to expect that the PTA is being run in a prudent manner and with due regard to the interests of all Stakeholders. Consequently, members of the BOT and Officers shall deal fairly with the PTA's employees, clients, suppliers and other stakeholders. No member of the BOT or Officer may take unfair advantage of the PTA's employees, clients, suppliers and other stakeholders through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Section 34. *CSR Principles.* As an integral part of the National Government, GOCCs are inherently mandated to be socially responsible, to act and operate as good corporate citizens. As such, the PTA's Governing Board shall recognize and perform the obligations the PTA has towards the National Government, together with the employees, suppliers, customers and other Stakeholders, and the communities in which it operates.

The Trustees, Officers and all its employees are required to abide by ethical policies as mandated by the GCG and other oversight agencies, by virtue of legal and statutory requirements. The protection of the reputation and goodwill of the

PTA is of fundamental importance, and Directors, Officers and employees should be aware of the disciplinary implications of breaches of policy.

Section 35. *Formal Recognition of the Stakeholders.* The PTA BOT shall, as an integral part of its Charter Statement and embodied in its Manual of Corporate Governance, identify and formally recognize the PTA's major and other stakeholders, identify the nature of their interests, provide a hierarchy system of their conflicting interest in the PTA, and providing a clear policy on communicating or relating with them accurately, effectively and sufficiently, together with a system of properly rendering an accounting on how the PTA has served their legitimate interests. The stakeholders of the PTA shall include the revenue agencies, oversight agencies, the PTA Management, officers, and staff, among others.

Section 36. *Health and Safety.* The PTA aims to ensure a safe and healthy working environment for all its employees, outside contractors and visitors. Hence, the PTA shall comply with all relevant national and local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. The staff should be informed regarding the policies and practices of the PTA in order to maintain a healthy, safe and enjoyable environment.

Section 37. *Work Environment.* The PTA acknowledges that there are inevitable environmental impacts associated with its daily operations. It shall be the goal of the PTA to minimize harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such, the PTA shall adopt necessary environmental-friendly initiatives/programs and support the programs of the national government to reduce consumption of energy, water, and other natural resources, mitigate effects of climate change, among others.

VIII. Disclosure and Transparency Requirements

Section 38. *Transparency as the Essence of Corporate Governance.* The essence of PTA's corporate governance is transparency. The more transparent the internal workings of the PTA are, the more difficult it will be for the PTA BOT and/or its management to mismanage the PTA or to misappropriate its assets. It is

therefore the PTA's corporate governance policy to disclose all material information to the National Government and the public, its ultimate stakeholder, in a timely and accurate manner at all times, following the provisions of RA No. 10149, s. 2011,⁶ RA No. 10173, s. 2012 or the Data Privacy Act of 2012, EO No. 2, s. 2016.⁷

Section 39. Mandatory Website. In accordance with RA No. 10149, the PTA shall maintain a website and post therein for unrestricted public access the following:

- 39.1 *On Institutional Matters.* The latest version of the PTA Charter.
- 39.2 *On the PTA BOT and the Management.* The complete listing of the profile, compensation package, membership in board committees, and other pertinent information of the PTA BOT. Information on the PTA management and officials, such as their name, position or designation, and contact information shall also be included.
- 39.3 *On Financial and Operational Matters.* Information on the financial and operational matters of the PTA, such as the following:
 - (a) The latest annual Audited Financial Performance Report within thirty (30) days upon receipt of the same;
 - (b) Audited Financial Statements in the immediate past three (3) years;
 - (c) Quarterly, and annual reports and trial balance;
 - (d) Current Corporate Operating Budget (COB);
 - (e) Local and foreign borrowings;
 - (f) Government subsidies and net lending, as applicable;

⁶ *An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned Or -Controlled Corporations and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and For Other Purposes*

⁷ *Operationalizing in the Executive Branch the People's Institutional Right to Information and the State of Policies of Full Public Disclosure and Transparency in the Public Service and Providing Guidelines Therefor*

(g) All borrowings guaranteed by the government, as applicable;

(h) Any material risk factors and measures taken to manage such risks; and

(i) Performance Evaluation System (PES).

39.4 *On Governance Matters.* Information on the strategic directions of the PTA espoused in its Charter Statement or Mission-Vision Statements; performance scorecards and strategy map; organizational chart and functional statement; manual of corporate governance; CSR statement; among others.

39.5 Such other information or reports that the GCG and other oversight agencies may require.

Section 40. *Mandatory Reports and Other Reportorial Requirements.* The PTA BOT, through its Board Secretary, shall regularly submit, as may be required by the GCG and other oversight agencies the following: performance scorecards; implementation of audit recommendations of COA; and as applicable, compliance with commitments on servicing loans to, and borrowings guaranteed by, the National Government.

The PTA shall also ensure that other reportorial requirements required by the GCG and other oversight agencies shall be complied with and submitted to concerned agencies.

IX. Highest Standards Principle

Section 41. *Highest Standards of Governance.* Public service being a public trust, nothing in this Manual shall be construed as:

41.1 Corporate Government Standards: Relieving or excusing the PTA, its BOT and Officers, from complying with more rigorous standards

of corporate governance as those required by regulatory agencies having jurisdiction over their operations.

- 41.2 Reportorial Requirements: A waiver of the separate reportorial requirements mandated by the regulatory agencies that have jurisdiction over PTA and its operations.
- 41.3 Administrative and Criminal Liabilities: A waiver of the administrative or criminal liabilities imposed by existing laws, rules and regulations, such as the Anti-Graft and Corrupt Practices Act, and the Code of Conduct and Ethical Standards for Public Officials and Employees for Government Officials, for offenses or breach of ethical standards committed by Trustees, Officers and employees of the PTA.

X. Miscellaneous Provisions

Section 42. Amendment. This Manual is subject to review and approval by the PTA BOT or, in the absence of a duly constituted Board, by the PTA President

Section 43. Effectivity. This Manual shall take effect fifteen (15) days after its publication on the PTA website, provided that it has been duly approved by the PTA BOT or the PTA President.

Adopted this 12th day of January 2026.

APPROVED BY:


GIL S. BELTRAN
President