



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

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

March 25, 2024

**THE BOARD OF GOVERNORS**

Center for International Trade Expositions and Missions  
Golden Shell Pavilion, ITC Complex  
Roxas Boulevard cor. Sen. Gil Puyat Avenue, Pasay City

**Gentlemen/Mesdames:**

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 Center for International Trade Expositions and Missions (CITEM), for the years ended December 31, 2023 and 2022.

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

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the CITEM for CYs 2023 and 2022 in view of the following:

1. The faithful representation in the financial statements of the Property, Plant, and Equipment (PPE) account with a carrying value of P15.284 million as of December 31, 2023 could not be ascertained due to: (a) non-derecognition of the disposed unserviceable items with a carrying amount of P0.614 million; (b) items found during the physical count but not recorded in the books amounting to P475,355; (c) recorded items with a total net book value of P211,032 were not found; (d) other various errors noted with net amount of P211,243; (e) discrepancy in the costing in the amount of P0.911 million; (f) unreconciled variance of P0.583 million between the balance per books and Report on Physical Count of PPE; and (g) semi-expendable properties with a net book value of P118,650 were still included in the PPE account, contrary to Paragraph 27 of *International Public Sector Accounting Standard 1 (IPSAS 1)* and *COA Circular No. 2022-004* dated May 31, 2022. Moreover, there were PPE items not included in the RPCPPE; and various unserviceable PPE not included in the Inventory and Inspection Report of Unserviceable Property (IIRUP) contrary to *COA Circular No. 2020-006* dated January 31, 2020.
2. The accuracy and reliability of the Accounts Receivable (AR) – Participation Fees (PF) account with a carrying amount of P15.869 million as of December 31, 2023 are doubtful due to: (a) negative balances in the total amount of P3.989 million; (b) absence of supporting schedule and documents for long outstanding receivables related to local events amounting to P6.763 million; and (c) variances from results of confirmation totaling P0.775 million. Likewise, the account is

materially misstated due to undistributed collections in the total amount of P6.858 million which are recorded in this account instead of the Other Payable account, contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-002 dated January 28, 2020.

3. The fair presentation of the Trust Liability account with a balance of P9.262 million as of December 31, 2023 could not be ascertained due to: a) the absence of documents of the collected commitment fees on completed events amounting to P1.417 million; and b) existence of unreconciled negative/abnormal balances on various accounts with an accumulated amount of P1.117 million contrary to Paragraph 27 of the IPSAS 1.
4. The fair presentation of the Due to National Government Agencies account with a balance of P3.880 million as of December 31, 2023 could not be ascertained due to the variance of P1.503 million in the results of confirmation on long outstanding accounts and absence of record to establish the existence of the recorded obligation, contrary to Paragraph 27 of IPSAS 1.

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

- 1.1 Instruct the Comptrollership Division (CD) to:
  - a. Coordinate closely with the General Services Division on the timely and regular reconciliation of the PPE account;
  - b. Prepare the necessary adjusting entries on the following:
    - b.1. Derecognition of disposed PPE items with a total carrying amount of P0.614 million;
    - b.2. Unrecorded Other PPE and Information and Communication Technology equipment in the total amount of P475,355;
    - b.3. Erroneous entries totaling P211,243; and
    - b.4. Semi-expendable properties included in the PPE totaling P118,650.
- 1.2 Instruct the General Services Division to:
  - a. Correct the RPCPPE to only include items of PPE;
  - b. Prepare the corresponding IIRUP for the unserviceable PPEs for their subsequent disposal;
  - c. Consider the costing of PPE per Subsidiary Ledger (SL) when preparing the RPCPPE to reflect the accurate unit value of each item included therein; and
  - d. For those items found at the station but not recorded in the books and vice-versa, follow the guidelines and procedures in COA Circular No. 2020-06 on the one-time cleansing of PPE Account.

- 2.1 Direct the CD to:
  - a. Trace the cause of the negative balance and prepare the necessary correcting entries;
  - b. Retrieve the documents relative to the receivables without subsidiary records to substantiate its balance;
  - c. Maintain SL of the AR PF Local account in accordance with the Government Accounting Manual Volume II forms to substantiate and monitor the receivables account properly;
  - d. Write a letter to the Landbank to request details of the bank credits;
  - e. Reclassify the undistributed collections to the Other Payable account; and
  - f. Send Statement of Account to exhibitors with outstanding balances.
- 2.2 Issue an office policy on the collection process through wire transfer or direct deposit and instruct the project officer to disseminate the same to stakeholders.
- 3.1 Review and retrieve their records on commitment fee and provide the necessary adjusting entries;
- 3.2 Evaluate further the cause of the negative balance and ensure that it will be adjusted accordingly; and
- 3.3 Ensure that all entries are supported with complete documents.
- 4.1 Revert the excess funds from Bureau of Treasury amounting to P1,503 million to the Accumulated Surplus and initiate the refund of the excess fund to National Commission for Culture and the Arts amounting to P43,448.

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

1. The restriction on the supposed building fund amounting to P302.113 million as of December 31, 2023 for more than 25 years with no concrete plans and specific timelines for its utilization is contrary to the basic policy of the government on the effective and efficient management of resources.
  - 1.1. We recommended Management to:
    - a. Submit to the Audit Team the Board Resolutions and supporting documents related to the set-up, additions and withdrawals from the restricted fund;
    - b. Assess the propriety of retaining the restrictions on the building fund;
    - c. If Management decides to continue with the restriction:
      - c.1 Come up with a concrete plan in the construction and/or purchase of office building showing the significant timelines and cost, and endorsed the same to the Board of Directors (BOD) for approval; and

- c.2 Excess amount between the restricted fund and the estimated cost should be released from restrictions; and
- d. If Management finds that the amount should no longer be restricted, endorse such recommendation to the BOD for their approval.
- e. Ensure that all funds of CITEM are effectively, efficiently and economically utilized.

The other 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 15, 2024 are discussed in detail in Part II of the report. We also invite your attention to the prior year's partially implemented and unimplemented audit recommendations embodied in Part III of the report.

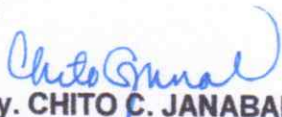
In our transmittal letter of even date, we requested the Executive Director of CITEM to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the report.

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

Very truly yours,

**COMMISSION ON AUDIT**

By:



**Atty. CHITO C. JANABAN**  
Director IV

**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  
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**CORPORATE GOVERNMENT AUDIT SECTOR**  
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March 25, 2024

**DR. EDWARD L. FERREIRA**

Executive Director

Center for International Trade Expositions and Missions  
Golden Shell Pavilion, ITC Complex  
Roxas Boulevard cor. Sen. Gil Puyat Avenue, Pasay City

**Dear Executive Director Ferreira:**

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 Center for International Trade Expositions and Missions (CITEM), for the years ended December 31, 2023 and 2022.

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The other 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 15, 2024 are discussed in detail in Part II of the report. We also invite your attention to the prior year's partially implemented and unimplemented audit recommendations embodied in Part III of the report.

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

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

Very truly yours,

**COMMISSION ON AUDIT**

By:



**Atty. CHITO C. JANABAN**  
Director IV

**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
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- The Secretary of the Department of Budget and Management
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The Presidential Management Staff, Office of the President  
The UP Law Center  
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*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
*Commonwealth Avenue, Quezon City*

# **ANNUAL AUDIT REPORT**

**on the**

**CENTER FOR INTERNATIONAL TRADE  
EXPOSITIONS AND MISSIONS**

**For the Years Ended December 31, 2023 and 2022**

## EXECUTIVE SUMMARY

### INTRODUCTION

The Center for International Trade Expositions and Missions (CITEM), a government-owned and/or controlled corporation, is an attached agency to the Department of Trade and Industry (DTI). It was created by virtue of Executive Order (EO) Nos. 989 and 133 dated October 10, 1984 and February 17, 1987, respectively, as amended by EO No. 242 and EO No. 242-A, dated July 24, 1987 and July 26, 1987, respectively, to institutionalize the holding of international trade exhibits for the promotion of locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets and provide assistance to Philippine manufacturers in general.

The goals and objectives of CITEM are to enable Philippine companies to become global champions through sustainable export promotion programs and activities, and be globally recognized export promotion agency that brings Philippine products and services to priority markets.

The CITEM's core function is the promotion of Philippine products and services in the world market. This includes export expansion and branding the Philippines as an exporting nation. Its message is that the Philippines is a reliable source of quality products and services that are at par with global standards. CITEM works closely with other DTI agencies in the performance of its mandate. To attain the aforementioned objectives, CITEM is vested with the following powers and functions: (a) careful selection of international trade fairs and missions; (b) sustained presence in traditional markets while opening up new markets; (c) regular provision of market updates and merchandise design trends; (d) sourcing and coordination of technical and merchandise consultancies; (e) development and promotion of new export industries; (f) organization of incoming trade missions timed exhibitions; and (g) participation in overseas special exhibitions.

CITEM is governed by a Board of Governors composed of a Chairman and four Members. Its Management is headed by an Executive Director who is assisted by a Deputy Executive Director. As of December 31, 2023, CITEM had a total work force of 84 regular personnel and 44 service providers.

### FINANCIAL HIGHLIGHTS (In Philippine Peso)

#### I. Comparative Financial Position

	2023	2022 Restated	Increase/ (Decrease)
Assets	629,270,896	662,134,311	(32,863,415)
Liabilities	63,429,531	69,321,475	(5,891,944)
Net Assets/Equity	565,841,365	592,812,836	(26,971,471)

## II. Comparative Financial Performance

	2023	2022 restated	Increase (Decrease)
Revenue	59,016,543	45,318,266	13,698,277
Expenses	(249,587,971)	(205,816,624)	(43,771,347)
Surplus/(Deficit) from current operations	(190,571,428)	(160,498,358)	(30,073,070)
Other Non-Operating Income	362	36,511	(36,149)
Gain/(Loss) on FOREX- net	(1,084,549)	7,074,699	(8,159,248)
Gains (Loss) on sale of disposed assets, net	27,144	-	27,144
Subsidy from the national government	164,657,000	152,612,000	12,045,000
<b>Net surplus for the period</b>	<b>(26,971,471)</b>	<b>(775,148)</b>	<b>(26,196,323)</b>

## III. Comparison of 2023 Budget and Actual Amounts

Particulars	Per COB	Actual	Variance
Personnel services	104,633,000	87,878,430	16,754,570
Maintenance and other operating expenses	160,082,216	146,736,127	13,346,089
Capital Outlay	3,250,000	2,395,723	854,277
Financial expenses	195,500	172,468	23,032
Input VAT	-	6,813,802	(6,813,802)
Others-prepayments	8,379,284	8,278,559	100,725
<b>Total</b>	<b>276,540,000</b>	<b>252,275,109</b>	<b>24,264,891</b>

### SCOPE OF AUDIT

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

### AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of the presentation of the financial statements of CITEM for CYs 2023 and 2022 in view of the following:

1. The faithful representation in the financial statements of the Property, Plant, and Equipment (PPE) account with a carrying value of P15.284 million as of December 31, 2023 could not be ascertained due to: (a) non-derecognition of the disposed unserviceable items with a carrying amount of P0.614 million; (b) items found during the physical count but not recorded in the books amounting to P475,355; (c) recorded items with a total net book value of P211,032 were not

found; (d) other various errors noted with net amount of P211,243; (e) discrepancy in the costing in the amount of P0.911 million; (f) unreconciled variance of P0.583 million between the balance per books and Report on Physical Count of PPE; and (g) semi-expendable properties with a net book value of P118,650 were still included in the PPE account, contrary to Paragraph 27 of International Public Sector Accounting Standard 1 (IPSAS 1) and COA Circular No. 2022-004 dated May 31, 2022. Moreover, there were PPE items not included in the RPCPPE; and various unserviceable PPE not included in the Inventory and Inspection Report of Unserviceable Property (IIRUP) contrary to COA Circular No. 2020-006 dated January 31, 2020.

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- 4.1 Revert the excess funds from Bureau of Treasury amounting to P1.503 million to the Accumulated Surplus and initiate the refund of the excess fund to National Commission for Culture and the Arts amounting to P43,448.

## **OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

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

1. The restriction on the supposed building fund amounting to P302.113 million as of December 31, 2023 for more than 25 years with no concrete plans and specific timelines for its utilization is contrary to the basic policy of the government on the effective and efficient management of resources.
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      - c.2 Excess amount between the restricted fund and the estimated cost should be released from restrictions; and
    - d. If Management finds that the amount should no longer be restricted, endorse such recommendation to the BOD for their approval.
    - e. Ensure that all funds of CITEM are effectively, efficiently and economically utilized.

## **SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2023, there were no unsettled audit suspensions and charges. The details and status of the unsettled audit disallowances amounting to P4.915 million are shown in Table 14, Part II of this Report.

## **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the 15 audit recommendations embodied in the prior year's Annual Audit Report, 12 were fully implemented, three were not yet implemented. Details are discussed in Part III of this Report.

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## **PART I - AUDITED FINANCIAL STATEMENTS**



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

## **INDEPENDENT AUDITOR'S REPORT**

### **THE BOARD OF GOVERNORS**

Center for International Trade Expositions and Missions  
Golden Shell Pavilion, Roxas Boulevard cor. Sen. Gil Puyat Avenue

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

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

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

#### ***Bases for Qualified Opinion***

The faithful representation in the financial statements of the Property, Plant, and Equipment (PPE) account with a carrying value of P15.284 million as of December 31, 2023 could not be ascertained due to: (a) non-derecognition of the disposed unserviceable items with a carrying amount of P0.614 million; (b) items found during the physical count but not recorded in the books amounting to P475,355; (c) recorded items with a total net book value of P211,032 were not found; (d) other various errors noted with net amount of P211,243; (e) discrepancy in the costing in the amount of P0.911 million; (f) unreconciled variance of P0.583 million between the balance per books and Report on Physical Count of PPE; and (g) semi-expendable properties with a net book value of P118,650 were still included in the PPE account, contrary to Paragraph 27 of IPSAS 1.

Also, the accuracy and reliability of the Accounts Receivable – Participation Fees account with a carrying amount of P15.869 million as of December 31, 2023 are doubtful

due to: (a) negative balances in the total amount of P3.989 million; (b) absence of supporting schedule and documents for long outstanding receivables related to local events amounting to P6.763 million; and c) variances from results of confirmation totaling P0.775 million. Likewise, the account is materially misstated due to undistributed collections in the total amount of P6.858 million which are recorded in this account instead of the Other Payable account, contrary to Paragraph 27 of IPSAS 1.

Moreover, the fair presentation of the Trust Liability account with a balance of P9.262 million as of December 31, 2023 could not be ascertained due to: a) the absence of documents of the collected commitment fees on completed events amounting to P1.417 million; and b) existence of unreconciled negative/abnormal balances on various accounts with an accumulated amount of P1.117 million contrary to Paragraph 27 of the IPSAS 1.

Lastly, the fair presentation of the Due to National Government Agencies account with a balance of P3.880 million as of December 31, 2023 could not be ascertained due to the variance of P1.503 million in the results of confirmation on long outstanding accounts and absence of record to establish the existence of the recorded obligation, contrary to Paragraph 27 of IPSAS 1.

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

### ***Other Matters***

In our report dated April 18, 2023, we expressed a modified opinion on the Calendar Year (CY) 2022 financial statements because the balance of the Cash in bank and Cash Equivalents account was understated by P2.387 million due to the non-recording of various book reconciling items as of year-end, contrary to Paragraph 27 of the IPSAS 1. In CY 2023, CITEM Management provided the necessary adjusting entries to correct the balance of the account. Accordingly, our present opinion on the restated 2022 financial statements, as presented herein is no longer modified concerning this matter.

### **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 CITEM'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 CITEM or to cease operations, or has no realistic alternative but do so.

Those charged with governance are responsible for overseeing the CITEM'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 misstatements, 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 a part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism through the audit. We also:

- Identify and assess the risk of material misstatements 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 misstatements 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 CITEM'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 CITEM'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 CITEM to cease to continue as a going concern.

- Evaluate the overall presentations, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### ***Report on Other Legal and Regulatory Requirements***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023, required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

### **COMMISSION ON AUDIT**

**ATTY. ANTHONY V. GUETA**  
OIC - Supervising Auditor  
Audit Group E – Trading and Promotions Group  
Cluster 6, Corporate Government Audit Sector

March 15, 2024

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the **CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **DECEMBER 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Governors is responsible for overseeing the CITEM's financial reporting process.

The Board of Governors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stake holders and other uses.

The Commission on Audit has examined the financial statements of the **CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)** in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Governors, has expressed its opinion on the fairness of presentation upon completion of such audit.



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**CEFERINO S. RODOLFO**

DTI Undersecretary

Industry Development and Investment Promotions Group  
Alternate Chairman of the Board

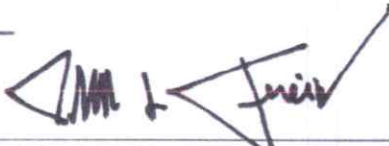
Date Signed



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**MALERNA C. BUYAO**  
Chief Accountant

Date Signed



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**EDWARD L. FERREIRA Ph.D**  
Executive Director

Date Signed

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
(THE EXPORT PROMOTION ARM OF THE DEPARTMENT OF TRADE AND INDUSTRY)

Golden Shell Pavilion, Roxas Boulevard cor. Sen. Gil Puyat Avenue, 1300 Pasay City, Philippines  
Telephone: (632) 88312201 to 09 | E-mail: info@citem.com.ph

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2023 and 2022  
(In Philippine Peso)

	NOTE	2023	2022 As Restated
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	7	195,170,929	223,660,597
Other Investments	8	61,589,992	62,143,777
Receivables	9	31,597,175	35,673,800
Inventories	10	485,856	493,774
Other Current Assets	13	22,364,845	18,536,619
<b>Total current assets</b>		<b>311,208,797</b>	<b>340,508,567</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	15,283,808	16,211,471
Intangible Assets	12	665,316	1,028,217
Other Non-Current Assets	13	302,112,975	304,386,056
<b>Total non-current assets</b>		<b>318,062,099</b>	<b>321,625,744</b>
<b>TOTAL ASSETS</b>		<b>629,270,896</b>	<b>662,134,311</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	14	31,680,908	34,438,744
Inter-Agency Payables	15	7,095,419	4,968,837
Trust Liabilities	16	9,262,060	14,863,973
Deferred Credits	17,18	8,535,674	11,697,731
Provisions	19	1,897,176	1,897,176
Other Payables	20	4,958,294	1,455,014
<b>Total current liabilities</b>		<b>63,429,531</b>	<b>69,321,475</b>
<b>TOTAL LIABILITIES</b>		<b>63,429,531</b>	<b>69,321,475</b>
<b>NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)</b>		<b>565,841,365</b>	<b>592,812,836</b>
<b>NET ASSETS/EQUITY</b>			
Government Equity	29	41,221,808	41,221,808
Revaluation Surplus	30	5,054,354	5,054,354
Accumulated Surplus	32	519,565,203	546,536,674
<b>Total Net Assets/Equity</b>		<b>565,841,365</b>	<b>592,812,836</b>

The Notes on pages 11 to 45 form part of these Financial Statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Years Ended December 31, 2023 and 2022  
*(In Philippine Peso)*

	NOTE	2023	2022 As Restated
<b>REVENUE</b>			
Service and Business Income	21	59,016,543	45,318,266
<b>TOTAL REVENUE</b>		<b>59,016,543</b>	<b>45,318,266</b>
<b>Current Operating Expenses</b>			
Personnel Services	22	87,878,430	79,480,671
Maintenance and Other Operating Expenses	23	154,543,794	123,192,198
Financial Expenses	24	172,468	173,082
Non-Cash Expenses	25	6,993,279	2,970,673
		<b>249,587,971</b>	<b>205,816,624</b>
<b>Surplus/(Deficit) from Current Operations</b>		<b>(190,571,428)</b>	<b>(160,498,358)</b>
Other Non-Operating Income	26.1	362	36,511
Gains (Loss) on FOREX, net	26	(1,084,549)	7,074,699
Gains (Loss) on sale of disposed assets, net	26.2	27,144	-
<b>Surplus/(Deficit) before Tax</b>		<b>(191,628,471)</b>	<b>(153,387,148)</b>
Income Tax Expenses/(Benefit)		-	-
<b>Surplus/(Deficit) after Tax</b>		<b>(191,628,471)</b>	<b>(153,387,148)</b>
Net Assistance/Subsidy/(Financial Assistance/Subsidy/Contribution)	27	164,657,000	152,612,000
<b>Net Deficit for the Period</b>		<b>(26,971,471)</b>	<b>(775,148)</b>

The Notes on pages 11 to 45 form part of these Financial Statements.



**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
For the Years Ended December 31, 2023, 2022 and 2021  
*(In Philippine Peso)*

	Government equity Note 29	Revaluation surplus Note 30	Accumulated surplus/(deficit) Note 32	Total
<b>BALANCE AT JANUARY 01, 2022</b>	<b>41,221,808</b>	<b>5,054,354</b>	<b>529,856,584</b>	<b>576,132,746</b>
<b>ADJUSTMENTS:</b>				
Add/(Deduct):				
Changes in accounting policy	-	-	(76,177)	(76,177)
Prior period adjustments	-	-	32,325,163	32,325,163
Provision for Litigation	-	-	(1,897,176)	(1,897,176)
<b>BALANCE AT JANUARY 01, 2022, AS RE-STATED</b>	<b>41,221,808</b>	<b>5,054,354</b>	<b>560,208,394</b>	<b>606,484,556</b>
<b>Changes in Net Assets/Equity for CY 2022</b>				
Add/(Deduct):				
Surplus (Deficit), as previously stated	-	-	(5,086,986)	(5,086,986)
Prior period adjustments	-	-	4,311,838	4,311,838
Surplus (Deficit), as restated	-	-	(775,148)	(775,148)
Other adjustments	-	-	(12,896,572)	(12,896,572)
<b>BALANCE AT DECEMBER 31, 2022, AS RE-STATED</b>	<b>41,221,808</b>	<b>5,054,354</b>	<b>546,536,674</b>	<b>592,812,836</b>
<b>Changes in Net Assets/Equity for CY 2023</b>				
Add/(Deduct):				
Surplus (Deficit) for the period	-	-	(26,971,471)	(26,971,471)
<b>BALANCE AT DECEMBER 31, 2023</b>	<b>41,221,808</b>	<b>5,054,354</b>	<b>519,565,203</b>	<b>565,841,365</b>

The Notes on pages 11 to 45 form part of these Financial Statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**STATEMENT OF CASH FLOWS**

For the Years Ended December 31, 2023 and 2022  
(In Philippine Peso)

	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services		23,321,928	17,319,951
Collection of Revenue		13,027,750	8,764,809
Receipt of Assistance/Subsidy		164,657,000	152,612,000
Collection of Receivables		22,618	2,503
Receipt of Inter-Agency Fund Transfers		27,947,120	6,747,906
Trust Receipts		15,974,242	10,617,667
Other Receipts		24,328,328	13,200,918
<b>Total Cash Inflows</b>		<b>269,278,986</b>	<b>209,265,754</b>
Adjustments: Reclassification from Restricted Funds		1,224,147	-
<b>Adjusted Cash Inflows</b>		<b>270,503,133</b>	<b>209,265,754</b>
<b>Cash Outflows</b>			
Payment of Expenses		190,106,943	161,367,306
Purchase of Inventories		51,689	88,947
Grant of Cash Advances		12,000,289	5,203,086
Prepayments		26,222,817	7,256,527
Refund of Deposits		-	1,620,441
Payment of Accounts Payable		15,891,337	57,321,924
Remittance of Personnel Benefit Contributions and Mandatory Deductions		14,659,732	16,678,474
Other Disbursements		37,479,606	18,793,965
<b>Total Cash Outflows</b>		<b>296,412,413</b>	<b>268,330,670</b>
<b>Net Cash Provided by/(Used in) Operating Activities</b>		<b>(25,909,280)</b>	<b>(59,064,916)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from Sale/Disposal of Property, Plant and Equipment		191,500	-
Receipts of Interest Earned		106,815	162,384
<b>Total Cash Inflows</b>		<b>298,315</b>	<b>162,384</b>
<b>Cash Outflows</b>			
Purchase/Construction of Property, Plant and Equipment		2,395,723	4,127,087
<b>Total Cash Outflows</b>		<b>2,395,723</b>	<b>4,127,087</b>
Adjustments: Reclassification to investments		5,723	62,143,779
<b>Adjusted Cash Outflows</b>		<b>2,401,446</b>	<b>66,270,866</b>
<b>Net Cash Provided by/(Used in) Investing Activities</b>		<b>(2,103,131)</b>	<b>(66,108,482)</b>
<b>Net Cash Provided by/(Used in) Financing Activities</b>			
		-	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(28,012,411)</b>	<b>(125,173,398)</b>
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(477,257)	7,074,699
<b>Cash and Cash Equivalents, January 1</b>		<b>223,660,597</b>	<b>341,759,296</b>
<b>Cash and Cash Equivalents, December 31</b>	<b>7</b>	<b>195,170,929</b>	<b>223,660,597</b>

The Notes on pages 11 to 45 form part of these Financial Statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS & MISSIONS**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

For the Year Ended DECEMBER 31, 2023

(In Philippine Peso)

PARTICULARS	BUDGET AMOUNTS (Note 33)		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
	ORIGINAL	FINAL		
<b>RECEIPTS</b>				
Services and Business Income	57,000,000	57,000,000	57,634,085	(634,085)
Assistance and Subsidy	164,657,000	164,657,000	164,657,000	-
Losses, net	-	-	(1,057,405)	1,057,405
Others	-	-	1,382,820	(1,382,820)
<b>Total Receipts</b>	<b>221,657,000</b>	<b>221,657,000</b>	<b>222,616,500</b>	<b>(959,500)</b>
<b>PAYMENTS</b>				
Personnel Services	104,633,000	104,633,000	87,878,430	16,754,570
Maintenance and Other Operating Expenses	169,457,000	160,082,216	146,736,127	13,346,089
Capital Outlay	3,350,000	3,250,000	2,395,723	854,277
Financial Expenses	200,000	195,500	172,468	23,032
Others: Input VAT	-	-	6,813,802	(6,813,802)
Prepayments	-	8,379,284	8,278,559	100,725
<b>Total Payments</b>	<b>277,640,000</b>	<b>276,540,000</b>	<b>252,275,109</b>	<b>24,264,891</b>
<b>Net Receipts/Payments</b>	<b>(55,983,000)</b>	<b>(54,883,000)</b>	<b>(29,658,609)</b>	<b>(25,224,391)</b>

The Notes on pages 11 to 45 form part of these Financial Statements.

**CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS**  
**NOTES TO FINANCIAL STATEMENTS**

*(All amounts in Philippine Peso, unless otherwise stated)*

**1. GENERAL INFORMATION**

The Center for International Trade Expositions and Missions (CITEM), a government-owned and controlled corporation (GOCC), is an agency attached to the Department of Trade and Industry (DTI). It was created by virtue of Executive Order (EO) Nos. 989 and 133 dated October 10, 1984 and February 17, 1987, respectively, as amended by EO No. 242 and EO No. 242-A, dated July 24, 1987 and July 26, 1987, respectively, to institutionalize the holding of international trade exhibits for the promotion of locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets and provide assistance to Philippine manufacturers in general.

The goals and objectives of CITEM are to: (a) professionally manage an export promotion organization; (b) plan, develop and implement trade fairs, special exhibits, trade missions and other promotional activities, both on domestic and international trade; and (c) respond to the needs of exporters and the requirements of priority markets.

CITEM's core function is the promotion of Philippine products and services in the world market. This includes export expansion and branding the Philippines as an exporting nation. Its message is that the Philippines is a reliable source of quality products and services that are at par with global standards. CITEM works closely with other DTI agencies in the performance of its mandate. To attain the aforementioned objectives, CITEM is vested with the following powers and functions: (a) careful selection of international trade fairs and missions; (b) sustained presence in traditional markets while opening up new markets; (c) regular provision of market updates and merchandise design trends; (d) sourcing and coordination of technical and merchandise consultancies; (e) development and promotion of new export industries; (f) organization of incoming trade missions timed exhibitions; and (g) participation in overseas special exhibitions.

The Center is governed by a Board of Governors composed of a chairman and four members. Its management is being headed by an Executive Director and assisted by a Deputy Executive Director. CITEM's registered office is located at Golden Shell Pavilion, ITC Complex, Roxas Boulevard corner Sen. Gil Puyat Avenue, Pasay City.

The financial statements of CITEM were authorized for issue on February 14, 2024, as shown in the Statement of Management's Responsibility for Financial Statements signed by DTI Undersecretary – Industry Development and Investment Promotions Group, Ceferino S. Rodolfo, Alternate Chairman, CITEM Board of Governors.

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

The 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) in

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 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 (P), which is also the country's functional currency. The amounts are rounded off to the nearest peso, unless otherwise stated.

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 *Basis of Accounting***

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

#### **3.2 *Financial Instruments***

##### **a. Financial assets**

##### **i. Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. CITEM determines the classification of its financial assets at initial recognition.

CITEM'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

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

1. the contractual rights to the cash flows from the financial asset expired or waived; and
2. CITEM 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

CITEM 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
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, CITEM 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 CITEM 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 collaterals have been realized or transferred to CITEM. 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 and deficit.

CITEM uses the following percentage to estimate the allowance for doubtful accounts of the receivables:

Period outstanding	Percentage
More than 5 years	100%
4 to 5 years	75%
3 to 4 years	50%

**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.

CITEM determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. CITEM's financial liabilities include accounts payables, due to officers and employees, inter-agency payables and trust liabilities.

**ii. Subsequent measurement**

The measurement of financial liabilities depends on their classification.

**1. Financial liabilities at fair value through surplus or deficit.**

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

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

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

**iii. Derecognition**

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

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

**c. Offsetting of financial instruments**

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



#### **d. Fair value of financial instruments**

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

#### **3.3 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, including the bank guarantee for the corporate credit card.

#### **3.4 Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of CITEM.

#### **3.5 Investment Property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over their estimated useful life of [number] years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit or service potential is expected from their disposal. The difference between the net

disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

The Center uses the following criteria to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations (inventory):

A property (land or a building – or part of a building – or both) shall be recorded and classified as Investment Property if it is held to earn rentals or for capital appreciation, or both rather than for:

- (a) Use in the production or supply of goods or services, or for administrative purposes; or
- (b) Sale in the ordinary course of operations.

### **3.6 Property, Plant and Equipment**

#### **a. Recognition**

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

#### **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 transaction, its cost is its fair value as at recognition date.

Cost includes the following:

- i. Its 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 on 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, CITEM 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 expense 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 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 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 unless another method is more appropriate for CITEM's operation.

iii. Estimated useful life

CITEM 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 and structures	-	20 years
Motor vehicles	-	7 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years

iv. Residual value

CITEM uses a residual value equivalent to ten percent (10%) of the cost of the PPE.

**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**

CITEM 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.

**3.7 Leases**

**a. CITEM as a lessee**

**i. Operating Lease**

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership of the leased item to CITEM. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. Contracts in which CITEM is a lessee includes the lease of venue for its signature events held locally and for international trade shows held abroad.

**3.8 Changes in Accounting Policies and Estimates**

CITEM recognizes the effects of changes in accounting policy/treatment retrospectively. However, the effects of changes in accounting policy/treatment are applied prospectively, if retrospective application is impractical.

CITEM adopts the new policy of issuing Statement of Accounts rather than Invoices for the Requests to Bill from approved application contracts in the current year but

pertaining to shows and projects of the following year and are unpaid at the close of the reporting period. Unearned revenue is recognized if and only when advance payments from exhibitors are received.

Necessary adjustments and corrections were made in the books, hence, no significant impact on the financial statements.

CITEM recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

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

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

### **3.9 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 Bangko Sentral ng Pilipinas (BSP) closing rate at year-end;
- 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 are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

### **3.10 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**

CITEM recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

**c. Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**3.11 Budget Information**

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

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in Note 31.

**3.12 Related Parties**

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

Members of key management are regarded as related parties and comprise of the Chairman and Members of the Governing Board, and the Principal Officers.

**3.13 Employee Benefits**

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

CITEM recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowances, etc., as expenses unless capitalized, and as a liability after deducting the amount paid.

**3.14 Measurement Uncertainty**

The preparation of financial statements in conformity with IPSASs requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, impairment of assets, etc.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes

available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

#### **4. CHANGES IN ACCOUNTING POLICY**

In accordance with COA Circular No. 2022-004 dated May 31, 2022, the P50,000 capitalization threshold for PPE was applied. Tangible items below the capitalization threshold of P50,000, which were issued to end-users in prior years, for a total of P76,177 (net) were reclassified and booked as adjustment in the accumulated surplus/(deficit). The affected PPE accounts are Office and IT Equipment and Building Other Structures

#### **5. PRIOR PERIOD ERRORS**

Prior period errors include recognition of income from prior years, over/under setup of payables due to variance in actual payment of expenses and other correction of errors in the financial statements that were reported for a prior period.

#### **6. RISK MANAGEMENT OBJECTIVES AND POLICIES**

CITEM is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest/Market risks
- Operational risk

This note presents information about the CITEM's exposure to each of the above risks, CITEM objectives, policies, and processes for measuring and managing risk, and the Corporation's management of capital.

##### **6.1 Risk Management Framework**

The Management Committee of CITEM has overall responsibility for the establishment and oversight of CITEM's risk management framework.

The management committees have executive and non-executive members and report regularly to the Executive Director of CITEM on their activities.

The CITEM's risk management policies are established to identify and analyze the risks faced by the CITEM, to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions, products and services offered. The CITEM, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The CITEM's inventory committee is responsible for ensuring the Center's assets are properly safeguarded. CITEM has also an audit committee responsible for compliance

with established policies, laws, and regulations especially with regard to compliance with the requirements of ISO Certification, and to recommend improvements relating to efficiency, economy, and effectiveness in the use of the CITEM's assets or resources.

Generally, the maximum risk exposure of financial assets and financial liabilities is the carrying amount of the financial assets and financial liabilities as shown in the Statements of Financial Position, as summarized below:

	Note	2023	2022 as Restated
<b>Financial assets</b>			
Cash and cash equivalents	7	195,170,929	223,660,597
Receivables – net	8	31,597,175	35,673,800
Investments in Time Deposits	9	61,589,992	62,143,777
Restricted Funds		302,112,975	302,112,975
		<b>590,471,071</b>	<b>623,591,149</b>
<b>Financial liabilities</b>			
Financial liabilities	14	31,680,908	34,438,744
Inter-agency payables	15	7,095,419	4,968,837
Trust liabilities	16	9,262,060	14,863,973
		<b>48,038,387</b>	<b>54,271,554</b>

## 6.2 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the CITEM. CITEM has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. CITEM defines counterparties as having similar characteristics if they are related entities.

On-going credit evaluation is performed on the financial condition of loans and other receivable.

Also, CITEM manages its credit risk by depositing its cash with authorized government depository banks, e.g., Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP).

The carrying amount of financial assets recognized in the financial statements represents the CITEM's maximum exposure to credit risk.

### a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of CITEM as of the years ended December 31, 2023, and 2022, without considering the effects of credit risk mitigation techniques.

	Note	2023	2022
<b>Financial assets</b>			
Cash and cash equivalents	7	195,170,929	223,660,597
Receivables	8	41,464,725	42,286,468
		<b>236,635,654</b>	<b>265,947,065</b>



\* Receivables at gross of allowance for impairment amounting to P9,867,550 and P6,612,668 for the years ended December 31, 2023 and 2022, respectively.

**b. Management of credit risk**

For the management of credit risk, it is CITEM's policy that as soon as the client or exhibitor executes with the Center an application contract, the Controllership Division will issue a billing statement, indicating the amount due for payment by the said exhibitor, and as to their outstanding balance from previous shows or exhibits, a Statement of Account is issued.

Receivables from employees consist of salary deductions and are collected through payroll deductions. Status of outstanding receivables is summarized in a schedule and is submitted together with the financial reports to the COA.

**c. Aging analysis**

An aging analysis of the CITEM's receivables as of the years ended December 31, 2023 and 2022 are as follows:

	2023	2022 as Restated
Outstanding receivables: *		
Current accounts	33,771,190	35,673,800
Past due accounts:		
over 5 years	7,693,535	6,612,668
	<b>41,464,725</b>	<b>42,286,468</b>

\* Receivables at gross of allowance for impairment amounting to P9,867,550 and P6,612,668 for the years ended December 31, 2023 and 2022, respectively.

**d. Impairment assessment**

The Center recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies that may be applied in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, what is being assessed is the individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors that may be considered when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favourable or unfavourable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment.

The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

### **6.3 *Liquidity Risk***

Liquidity risk is the risk that CITEM might encounter difficulty in meeting obligations from its financial liabilities.

#### **a. Management of liquidity risk**

The CITEM's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the CITEM's reputation.

CITEM maintains a portfolio of short-term liquid assets, largely made up of cash in banks that are sufficient to maintain the liquidity within CITEM as a whole.

#### **b. Exposure to liquidity risk**

The liquidity risk is the adverse situation when CITEM encounters difficulty in meeting unconditionally the settlement of its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory and other external factors that may affect the liquidity position of CITEM.

The liquidity management policy of CITEM is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The CITEM's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results.

The table below summarizes the maturity profile of the CITEM's financial liabilities as at December 31, 2023.

As at December 31, 2023	Within 1 Year	1 – 5 Years	Over 5 Years	Total
Financial liabilities	28,375,755	3,305,153	-	31,680,908
Inter-agency payables	6,949,265	-	146,154	7,095,419
Trust liabilities	6,544,811	1,572,729	1,144,520	9,262,060
	<b>41,869,831</b>	<b>4,877,882</b>	<b>1,290,674</b>	<b>48,038,387</b>

#### **6.4 Market Risks**

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's issuer's credit standing) will affect the CITEM's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

##### **Management of market risk**

The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of the CITEM's financial assets and liabilities to various standard and non-standard interest rate scenarios.

#### **6.5 Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the CITEM's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the CITEM's operations and are faced by all business entities.

The CITEM's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the CITEM's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transaction
- Requirement for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risk faced, and the adequacy of control and procedures to address the risk identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development

- Ethical and business standards
- Risk mitigation, including insurance where this is effective

CITEM has instituted the following measures to mitigate identified operational risks:

1. **Performance Review:** Periodic performance review of operations and activities to determine actual accomplishment vis-à-vis targets/objectives. Management requires all operating units to submit weekly accomplishment reports and top three priorities for the coming week to ensure that projects are monitored according to the expectations of stakeholders.
2. **Compliance Review:** Periodic review of internal business processes to ensure compliance with current regulations, policies and procedures and other requirements. Expenses are monitored accordingly. This is done during Regular Management Committee meetings with the different functional groups.
3. **Perception and Value Assessment:** Stakeholders/Satisfaction Survey for each of the project is undertaken by a third party to check if the performance standards set by the Agency for its stakeholders are met. This feedback mechanism strengthens stakeholder's participation in the Agency's service-related processes and ensures transparency and public accountability. It likewise identifies areas that need improvement.
4. **Financial Management and Control:** Systems are in place for accounting and budget control. Every functional unit in the organization is responsible to manage the budget allocated to them, as authorized in the Corporate Operating Budget (COB). Regular reports on actual vs. planned objectives are provided to adequately monitor and control project and budget impossible.

## 7. CASH AND CASH EQUIVALENTS

This account consists the following:

	2023	2022 as Restated
Cash on hand	139,934	187,582
Cash in bank		
Local currency	146,916,859	200,732,405
Foreign currency	45,057,759	20,921,925
	191,974,618	221,654,330
Cash equivalents		
Local currency	3,056,377	1,818,685
	3,056,377	1,818,685
	<b>195,170,929</b>	<b>223,660,597</b>

The Cash in Bank – Local Currency consists of deposits in the following:

- a. Landbank – for receipts of subsidy for critical project-related operating expenses and for collection of funding assistances and revenue from other government agencies
- b. Landbank – for collection of revenue, mostly from private companies and individuals and for the disbursement of corporate funds
- c. DBP - for collection of revenue (with credit card option) and disbursement of corporate funds

The Cash in Bank – Foreign Currency is a Landbank account for the collection of dollar-denominated billings and revenue.

The Cash Equivalents – Local Currency is a DBP special savings account that generates additional interest for corporate funding.

## 8. OTHER INVESTMENTS

	2023	2022 as restated
Other Investments	61,589,992	62,143,777

This pertains to the Landbank dollar-denominated time deposit with a term of 91 days.

## 9. RECEIVABLES

This account consists the following:

	2023	2022 as Restated
Loans & Receivable (Accounts Receivables), Net	16,276,726	21,023,256
Inter-agency receivables	8,423,172	14,381,546
Other receivables, Net	6,897,277	268,998
	<b>31,597,175</b>	<b>35,673,800</b>

### 9.1 Loans and Receivable

Accounts Receivable includes participation fees, creative and design services, management fees, funding assistance, extension charges, and other services billed to the exhibitors and other clients in connection with CITEM-organized local and international trade exhibits and other related services in which CITEM has the expertise.

	2023	2022 as Restated
Accounts receivable- Participation fees-local show	14,903,642	13,288,968
Accounts Receivable- Participation Fees-International Show	6,817,266	9,927,301
Accounts Receivable- Extension Charges	443,447	443,447
Accounts Receivable- Others	1,229,352	1,229,352

Interest Receivable	100,070	96,357
<b>Sub-total</b>	<b>23,493,777</b>	<b>24,985,425</b>
<i>Allowance for impairment loss</i>	<i>(7,217,051)</i>	<i>(3,962,169)</i>
	<b>16,276,726</b>	<b>21,023,256</b>

## 9.2 Inter-Agency Receivables

	2023	2022 As Restated
Due from National Government Agencies (NGAs)	2,459,500	14,381,546
Due from Local Government Units (LGUs)	3,963,672	-
Due from Government Corporations (GOCCs)	2,000,000	-
	<b>8,423,172</b>	<b>14,381,546</b>

Due from NGAs, LGUs and GOCCs consist of either expenses or revenue, or both, incurred by or due to CITEM, in the implementation of various local and international projects which are covered by Memorandum of Agreement (MOA) and/or *Conforme* Letters, chargeable against funds from other government agencies that committed to shoulder cost of participation fees of exhibitors and other expenses under the MOA. The account also includes revenue or funding obtained by CITEM from other government agencies through Agency-to-Agency Procurement.

## 9.3 Other Receivables

	2023	2022 As Restated
Due from Officers and Employees	22,645	30,386
Other Receivables-Supplier	8,160	8,160
Other Receivables-Operational Charges	2,253,614	2,253,614
Other Receivables-Bank	270	270
Other Receivables-Rental	138,818	138,818
Other Receivables- Resigned Employees	317,127	286,900
Other receivables - others	215,486	86,349
Other receivables – Philexport	6,476,656	-
Other receivables – disallowances	115,000	115,000
<b>Sub-total</b>	<b>9,547,776</b>	<b>2,919,497</b>
<i>Allowance for impairment loss</i>	<i>(2,650,499)</i>	<i>(2,650,499)</i>
	<b>6,897,277</b>	<b>268,998</b>

Due from Officers and Employees represents personal receivables from employees, year-end tax adjustments and other obligations due to CITEM.

Other receivables - others include outstanding other personal accounts from employees which are regularly deducted from salaries.

Other receivables – Philexport are funding assistances to be received from Philexport through Export Development Council Resolution for select projects in year 2023.

Other receivables – disallowance pertains to the disallowed honoraria issued with a Notice of Finality by the COA.

## 10. INVENTORIES

This account is composed of the following:

	2023	2022
	Inventories carried at lower of cost and net realizable value	Inventories carried at lower of cost and net realizable value
<b>INVENTORIES HELD FOR CONSUMPTION:</b>		
<b>Office Supplies Inventory</b>		
Carrying amount, January 1	360,057	196,994
Additions/Acquisitions during the year	35,028	163,063
Expensed during the year except write-down	(42,946)	-
<b>Carrying amount, December 31</b>	<b>352,139</b>	<b>360,057</b>
<b>Drugs and Medicines Inventory</b>		
Carrying amount, January 1	81,180	48,480
Additions/Acquisitions during the year	8,743	32,700
Expensed during the year except write-down	(8,743)	-
<b>Carrying amount, December 31</b>	<b>81,180</b>	<b>81,180</b>
<b>Textbooks and Instructional Materials Inventory</b>		
Carrying amount, January 1	-	-
Additions/Acquisitions during the year	-	-
Expensed during the year except write-down	-	-
<b>Carrying amount, December 31</b>	<b>-</b>	<b>-</b>
<b>Other Supplies and Materials Inventory</b>		
Carrying amount, January 1	52,537	52,537
Additions/Acquisitions during the year	-	-
Expensed during the year except write-down	-	-
<b>Carrying amount, December 31</b>	<b>52,537</b>	<b>52,537</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

This account consists the following:

	Building and structures	Transportation Equipment	Furniture and other equipment	Total
<b>Opening net book value, January 1, 2022, Restated</b>	<b>6,446,379</b>	<b>3,543,968</b>	<b>6,152,850</b>	<b>16,143,197</b>
Additions/Acquisitions	-	-	4,127,087	4,127,087
Disposal/Removal	-	(1,113,895)	(5,081,095)	(6,194,990)
Accumulated depreciation	-	1,002,505	4,572,986	5,575,491
<b>Adjustments:</b>				
Cost	(334,184)	-	(1,295,754)	(1,629,938)
Accumulated depreciation	272,231	(192,252)	1,020,835	1,100,814
<b>Depreciation for the year</b>	<b>(743,625)</b>	<b>(474,882)</b>	<b>(1,691,683)</b>	<b>(2,910,190)</b>
<b>Closing net book value, December 31, 2022 Restated</b>	<b>5,640,801</b>	<b>2,765,444</b>	<b>7,805,226</b>	<b>16,211,471</b>
<b>As at December 31, 2022</b>				
Cost	34,038,402	12,093,228	41,063,763	87,195,393
Accumulated depreciation	28,397,601	9,327,784	33,258,537	70,983,922
<b>Net book value, December 31, 2022 Restated</b>	<b>5,640,801</b>	<b>2,765,444</b>	<b>7,805,226</b>	<b>16,211,471</b>
	Building and structures	Transportation Equipment	Furniture and other equipment	Total
<b>Net book value, December 31, 2022, Restated</b>	<b>5,640,801</b>	<b>2,765,444</b>	<b>7,805,226</b>	<b>16,211,471</b>
<b>Opening net book value, January 1, 2023,</b>	<b>5,640,801</b>	<b>2,765,444</b>	<b>7,805,226</b>	<b>16,211,471</b>
Additions/Acquisitions	-	1,151,786	1,554,064	2,705,850
Disposal/Removal	-	-	(2,284,925)	(2,284,925)
Accumulated depreciation	-	-	2,049,700	2,049,700
<b>Adjustments:</b>				
Cost	-	-	(22,792)	(22,792)
Accumulated depreciation	-	-	-	-
<b>Depreciation for the year</b>	<b>(737,355)</b>	<b>(553,987)</b>	<b>(2,084,154)</b>	<b>(3,375,496)</b>
<b>Closing net book value, December 31, 2023</b>	<b>4,903,446</b>	<b>3,363,243</b>	<b>7,017,119</b>	<b>15,283,808</b>
<b>As at December 31, 2023</b>				
Cost	34,038,402	13,245,014	40,310,110	87,593,526
Accumulated depreciation	29,134,956	9,881,771	33,292,991	72,309,718
<b>Net book value, December 31, 2023</b>	<b>4,903,446</b>	<b>3,363,243</b>	<b>7,017,119</b>	<b>15,283,808</b>



## 12. INTANGIBLE ASSETS

	2023	2022
Computer Software	1,088,700	1,088,700
Accumulated Amortization	(423,384)	(60,483)
	<b>665,316</b>	<b>1,028,217</b>

## 13. OTHER ASSETS

This account comprises the following:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances to Special Disbursing Officer	11,596	-	11,596	10,512	-	10,512
Advances to Officers and Employees	1,378,925	-	1,378,925	1,378,925	-	1,378,925
Prepayments (Prepaid Rent)	7,874,433	-	7,874,433	7,746,491	-	7,746,491
Prepayments (Prepaid Insurance)	299,146	-	299,146	15,614	-	15,614
Prepayments (Creditable Input Tax)	8,629,480	-	8,629,480	7,531,356	-	7,531,356
Prepayments (Other Prepayments)	891,808	-	891,808	832,390	-	832,390
Deposits (Guaranty Deposits)	3,279,457	-	3,279,457	1,021,331	2,273,081	3,294,412
Restricted Fund	-	302,112,975	302,112,975	-	302,112,975	302,112,975
	<b>22,364,845</b>	<b>302,112,975</b>	<b>324,477,820</b>	<b>18,536,619</b>	<b>304,386,056</b>	<b>322,922,675</b>

Prepaid Rent represents reservations for space/venue rental and advance payments to the booth contractors for various international trade fairs in 2024.

Prepaid Insurance represents the motor vehicles insurance covering the periods in 2024. Other Prepayments include the Directors and Officers Liability Insurance.

Creditable Input Value-Added Tax (VAT) in the amount of P8,629 million is the excess of Input VAT over Output VAT from 2023 vat transactions. This is carried over in 2024 and will be closed/adjusted to Accumulated Surplus accordingly at year-end.

Guaranty Deposits are payments to different companies for relocation of electric meter and additional electric load, telephone sets, cash/guaranty deposits for fuel credit line, building protection bond for venue exhibits and performance security bond for projects.

Included in the Other Assets-(Non-current) are Non-Current Guaranty Deposits, and Other Deposits-Restricted Fund.

Restricted Fund represents the Building Fund allocated by the Governing Board for the construction and/or purchase of CITEM's office building in the future and is temporarily invested in High-Yield Savings Account.

#### 14. FINANCIAL LIABILITIES

This is composed of the following:

	2023	2022 as Restated
Accounts payable	23,649,888	17,511,748
Due to officers & employees	8,031,020	16,926,996
	<b>31,680,908</b>	<b>34,438,744</b>

Financial liabilities-current, consist of payables to various suppliers, contractors and other creditors and due to officers and employees which are expected to be settled within one year and/or settlement is without unconditional right to be deferred.

#### 15. INTER-AGENCY PAYABLES

This account consists the following:

	2023	2022
Due to BIR	2,115,793	2,691,098
Due to GSIS	137,573	344,759
Due to Pag-IBIG	(1,625)	134,626
Due to PhilHealth	15,550	105,700
Due to NGAs	3,879,743	1,546,500
Due to Government Corporations	842,144	146,154
Due to LGUs	106,241	-
	<b>7,095,419</b>	<b>4,968,837</b>

Due to Bureau of Internal Revenue (BIR), GSIS, Home Development Mutual Fund (Pag-IBIG) and Philippine Health Insurance Corporation (PhilHealth) are the mandatory deductions from employees' salaries to be remitted to the concerned government agencies.

Due to NGAs, Due to LGUs and Due to GOCCs represent advances/fund transfers received from various funding agencies for local and international projects. The amount received is for specific expense accounts and/or revenues as may be stated in the agreements.

Part of Due to Government Corporations account represents deductions from employees' salary for housing loans to be remitted to the National Home Mortgage Finance Corporation.

## 16. TRUST LIABILITIES

The composition of this account is as follows:

	2023	2022
Trust Miscellaneous	6,220,776	12,986,999
Trust (ACE)	16,650	4,200
Trust (CITEM Coop)	1,669,721	466,600
Trust (SSS)	-	-
Bail Bonds Payable	1,320,713	1,371,974
Guaranty/Security Deposits Payable	34,200	34,200
	<b>9,262,060</b>	<b>14,863,973</b>

Trust Liabilities include amounts received by CITEM which are held in trust such as commitment, retention, bonds payable and deposit fee from various companies/exhibitors.

## 17. DEFERRED CREDITS/ UNEARNED INCOME

	2023	2022
Unearned Revenue/ Income	6,574,340	8,934,233

This account represents advance payments made by exhibitors in connection with their participation in the following years trade shows, events and exhibits organized by CITEM.

## 18. OTHER DEFERRED CREDITS

	2023	2022
Deferred/Uncollected Output VAT	1,961,334	2,763,498

The Deferred/Uncollected Output VAT represents the future tax liability of the Center from the output VAT of billing statements issued but are not yet paid. Upon collection, this account is closed to output tax account and reported and/or remitted accordingly together with the input tax for the period.

## 19. PROVISIONS

On May 20, 2015, a complaint was filed against CITEM by a logistics company with docket number Civil Case No. 15-170. On September 6, 2022, despite the CITEM's countersuit in the amount being claimed by the plaintiff and the proper venue where the case was laid, the Branch 257 of the Regional Trial Court of Parañaque City has ruled in plaintiff's favor. CITEM filed for a Motion for Reconsideration last October 7, 2022, pointing out that the Commission on Audit has jurisdiction over money claims against government agencies and instrumentalities. This is an on-going case, with a pending appeal from CITEM lodged at the Court of Appeals. As advised by the CITEM's Legal Services, a provision in the amount of P1,897,176 is recognized in the books in the re-stated financial statements for CY 2022.

## 20. OTHER PAYABLES

This account is composed of the following:

	2023	2022
Other Payables -Resigned Employees	1,130,076	1,130,077
Other Payables- Exhibitors' Refund	177,148	324,937
Other Payables- Undistributed Collection	3,651,070	-
	<b>4,958,294</b>	<b>1,455,014</b>

## 21. SERVICE AND BUSINESS INCOME

This line item consists the following:

	2023	2022 as Restated
<b>Service Income:</b>		
Participation Fees	50,659,852	21,248,439
Other Service Income	6,974,233	22,596,781
<b>Business Income:</b>		
Interest Income	1,382,458	1,473,046
	<b>59,016,543</b>	<b>45,318,266</b>

Service Income includes both physical and digital trade fair participation fees collected from exhibitors joining various trade fairs and signature events. It also includes other services performed by CITEM to various stakeholders such as creative and design service fee, content creation, advertising and promotion, sponsorships, management fee, among others.

Other Business Income represents interest earned from CITEM deposit accounts and other operating income that are miscellaneous in nature.

## 22. PERSONNEL SERVICES

This account is composed of the following:

	2023	2022 as Restated
Salaries and wages	56,387,330	50,931,432
Other compensation	17,765,455	15,011,757
Personnel benefit contributions	7,715,831	7,138,529
Other personnel benefits	6,009,814	6,398,953
	<b>87,878,430</b>	<b>79,480,671</b>

### 22.1 Salaries and Wages

	2023	2022 as Restated
Salaries and wages-regular	56,387,330	50,931,432
	<b>56,387,330</b>	<b>50,931,432</b>

## 22.2 Other Compensation

	2023	2022
Personnel economic relief allowance (PERA)	2,051,180	1,965,109
Representation allowance (RA)	1,170,250	1,157,250
Transportation allowance (TA)	936,250	1,018,750
Clothing/Uniform allowance	522,000	510,000
Hazard Pay	-	-
Honoraria	24,000	16,000
Overtime Pay	2,640,029	921,727
Year-end Bonus	9,531,246	8,535,921
Cash Gift	435,500	422,000
Productivity Incentive Allowance	415,000	415,000
Other Bonuses and Allowances	40,000	50,000
	<b>17,765,455</b>	<b>15,011,757</b>

## 22.3 Employees Future Benefits

The permanent employees of CITEM contribute to the GSIS in accordance with RA No. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the act applies. Social insurance (life and retirement) benefits are mandatory defined contribution plans fixed at nine percent of the basic salaries of regular government employees. Total contributions to GSIS amounted to P11.412 million broken down as follows: employees' share – P4.880 million and government share – P6.532 million.

## 22.4 Personnel Benefit Contributions

	2023	2022
Retirement and life insurance premiums	6,531,879	6,044,410
Pag-IBIG contributions	102,200	98,500
PhilHealth contributions	979,552	896,419
Employee compensation insurance premiums	102,200	99,200
	<b>7,715,831</b>	<b>7,138,529</b>

## 22.5 Other Personnel Benefits

	2023	2022
Retirement Gratuity	82,000	-
Terminal Leave Benefits	816,655	1,993,915
Other Personnel Benefits	5,111,159	4,405,038
	<b>6,009,814</b>	<b>6,398,953</b>

## 23. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists the following:

	2023	2022 as Restated
Traveling expenses	4,678,281	1,846,387
Training expenses	1,466,114	656,519
Supplies and materials expenses	4,450,549	4,571,453
Utility expenses	3,000,497	2,433,997
Communication expenses	4,031,804	3,553,562
Confidential, Intelligence and Extraordinary Expenses	783,587	720,399
Professional services	18,478,010	18,735,167
General services	23,940,825	21,837,360
Repairs and maintenance	814,890	1,055,767
Taxes, insurance premiums and other fees	1,949,410	1,539,860
Other maintenance and operating expenses	90,949,827	66,241,727
	<b>154,543,794</b>	<b>123,192,198</b>

### 23.1 Traveling Expenses

	2023	2022
Traveling expenses-local	1,578,672	644,360
Traveling expenses-foreign	3,099,609	1,202,027
	<b>4,678,281</b>	<b>1,846,387</b>

### 23.2 Training and Scholarship Expenses

	2023	2022
Training Expenses	1,466,114	656,519
	<b>1,466,114</b>	<b>656,519</b>

### 23.3 Supplies and Materials Expenses

	2023	2022 as Restated
Office supplies expenses	320,254	140,782
Accountable Forms Expenses	13,500	12,000
Drugs and medicines expenses	99,997	68,758
Fuel, oil and lubricants expenses	490,042	841,533
Other supplies and materials expenses	2,789,175	2,428,372
Semi-Expendable Machinery and Equipment	737,581	1,080,008
	<b>4,450,549</b>	<b>4,571,453</b>

### 23.4 Utility Expenses

	2023	2022 as Restated
Water expenses	255,790	100,608
Electricity expenses	2,744,707	2,333,389
	<b>3,000,497</b>	<b>2,433,997</b>

### 23.5 *Communication Expenses*

	2023	2022 as Restated
Postage and courier services	649	-
Telephone expenses – landline	1,764,850	1,781,587
Telephone expenses – mobile	1,119,617	433,403
Internet Subscription Expenses	1,146,688	1,338,572
	<b>4,031,804</b>	<b>3,553,562</b>

### 23.6 *Confidential, Intelligence and Extraordinary Expenses*

	2023	2022
Extraordinary and Miscellaneous Expenses	783,587	720,399
	<b>783,587</b>	<b>720,399</b>

### 23.7 *Professional Services*

	2023	2022 as Restated
Legal services	39,353	21,200
Auditing services	3,379,389	3,375,940
Other professional services	15,059,268	15,338,027
	<b>18,478,010</b>	<b>18,735,167</b>

### 23.8 *General Services*

	2023	2022 as Restated
Janitorial services	1,519,816	1,271,303
Security services	4,665,888	4,284,141
Other General Services	17,755,121	16,281,916
	<b>23,940,825</b>	<b>21,837,360</b>

### 23.9 *Repairs and Maintenance*

	2023	2022 as Restated
Repairs and maintenance-buildings and other structures	325,085	620,738
Repairs and maintenance-office equipment	178,543	105,740
Repairs and maintenance-IT Equipment	47,350	-
Repairs and maintenance-motor vehicles	263,912	329,289
	<b>814,890</b>	<b>1,055,767</b>

### 23.10 *Taxes, Insurance Premiums and Other Fees*

	2023	2022
Taxes, duties and licenses	25,620	29,660
Fidelity bond premiums	957,110	491,471
Insurance expenses	966,680	1,018,729
	<b>1,949,410</b>	<b>1,539,860</b>

### 23.11 Other Maintenance and Operating Expenses

	2023	2022 as Restated
Advertising expenses	17,884,387	20,674,486
Printing and Publication expenses	2,808,755	1,049,840
Representation expenses	3,565,043	2,819,136
Rent/Lease expenses	38,974,566	21,625,902
Transportation and Delivery expenses	101,677	651,435
Membership dues and contributions to organizations	41,500	18,214
Subscription expenses	4,558,875	3,396,421
Donations	16,000	20,000
Other maintenance and operating expenses	22,999,024	15,986,293
	<b>90,949,827</b>	<b>66,241,727</b>

The Other Maintenance and Operating Expenses of P22.999 million includes installation, construction and dismantling of booths during trade fairs, held both locally and abroad.

### 24. FINANCIAL EXPENSES

This account comprises the following:

	2023	2022 as Restated
Bank charges	172,468	173,082
	<b>172,468</b>	<b>173,082</b>

### 25. NON-CASH EXPENSES

This account is composed of the following:

	2023	2022 as Restated
Depreciation-buildings and other structures	737,355	743,625
Depreciation-office equipment	302,208	197,362
Depreciation-Information and Communication Technology Equipment	1,762,821	1,418,008
Depreciation-Transportation Equipment	553,987	474,882
Depreciation-Furniture and Fixtures		38,910
Depreciation-Other PPE	19,125	37,403
Amortization-Computer Software	362,900	60,483
Impairment Loss on Receivables	3,254,883	-
	<b>6,993,279</b>	<b>2,970,673</b>



## 26. GAINS/LOSSES/OTHER NON-OPERATING INCOME

This comprises net of the following accounts:

### 26.1. *Miscellaneous Income*

	2023	2022
Miscellaneous Income	362	36,511
	<b>362</b>	<b>36,511</b>

### 26.2. *Gains*

	2023	2022
Gain on foreign exchange (FOREX)	986	7,104,449
Gain on Sale of Assets	27,144	-
	<b>28,130</b>	<b>7,104,449</b>

### 26.3. *Losses*

	2023	2022
Loss on foreign exchange (FOREX)	(1,085,535)	(29,750)

## 27. SUBSIDY FROM NATIONAL GOVERNMENT

	2023	2022
Subsidy from National Government	164,657,000	152,612,000

For CY 2024, the Program Subsidy received by CITEM from the Department of Budget and Management (DBM) to support the implementation of its export promotion programs was P195.557 million.

## 28. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

### 28.1 *Key Management Personnel*

The key management personnel of CITEM are the Chairman, the Members of the Governing Board, and the Principal Officers. The Governing Body consists of members appointed by the President of the Philippines. The Principal Officers consist of the Executive Director, the Deputy Executive Directors and the Department Managers.

### 28.2 *Key Management Personnel Compensation*

The members of the governing board, being in ex-officio capacity, do not receive any compensation from the Center.

However, the aggregate remuneration of the Principal Officers of the Center determined on a fulltime equivalent basis receiving remuneration within this category, are:

	<b>Total Remuneration</b>
Salaries and wages	9,857,022
Other compensation and benefits	2,250,937
Personnel benefit contributions	848,296
	<b>12,956,255</b>

## 29. GOVERNMENT EQUITY

This consists of capital contribution in the form of either cash or property from the following government agencies:

	<b>2023</b>	<b>2022</b>
National Food Authority	14,745,735	14,745,735
National Government-Bureau of the Treasury	10,396,662	10,396,662
Central Bank of the Philippines	10,000,000	10,000,000
Donation from China	2,454,411	2,454,411
Government Service Insurance System	2,000,000	2,000,000
Landbank of the Philippines	1,000,000	1,000,000
Philippine International Trading Corporation	625,000	625,000
	<b>41,221,808</b>	<b>41,221,808</b>

The equity balances in the books of CITEM as against the confirmed account balances of the contributors are as follows:

<b>Government Agency (Contributor)</b>	<b>Per Books</b>	<b>Per Confirmation</b>	<b>Variance</b>
National Government- Bureau of Treasury (BTr)	10,396,662	12,653,662	(2,257,000)
Bangko Sentral ng Pilipinas (BSP)	10,000,000	-	10,000,000
Land Bank of the Phils. (LBP)	1,000,000	2,000,000	(1,000,000)
<b>TOTAL</b>	<b>21,396,662</b>	<b>14,653,662</b>	<b>6,743,000</b>

The variances shown above remain unresolved because of insufficient documentation. These variances cannot be reconciled, and the discrepancy noted cannot be recorded in the books as equity because proof of remittances or fund receipts by CITEM from the BTr, BSP and LBP cannot be established.

## 30. REVALUATION SURPLUS

The Revaluation Surplus in the amount of P5,054,354 represents the increase in book value of CITEM building upon appraisal in the year 1996.

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

	2023	2022 As Re-stated
Deficit for the year	(26,971,471)	(775,148)
Depreciation and Amortization	3,738,396	2,970,673
Impairment Loss – Loans and Receivables	3,254,883	-
Losses	1,085,535	29,750
Gains	(28,130)	(7,104,449)
Interest earned categorized as investing activity	(154,598)	(162,384)
Prior Period Adjustments	(6,458,959)	15,939,902
(Increase) Decrease in receivables less impairment	4,076,625	(14,838,248)
(Increase) Decrease in inventories	7,918	942,510
(Increase) Decrease in other assets less disposal	(3,828,226)	8,142,878
(Increase) Decrease in financial liabilities	(2,757,835)	(79,618,969)
(Increase) Decrease in inter-agency payables	2,126,582	(3,268,228)
(Increase) Decrease in trust liabilities	5,601,913	9,588,803
(Increase) Decrease in other payables	(3,503,280)	9,087,994
<b>Net Cash Flows from Operating Activities</b>	<b>(25,909,280)</b>	<b>(59,064,916)</b>

### 32. ACCUMULATED SURPLUS

<b>Accumulated surplus, January 01, 2022</b>		<b>529,856,584</b>
Effect of Change in Accounting Policy - PPE reclassification		(76,177)
Prior period adjustments:		
Understated Other Service Income	2,866,153	
Understated Expenses	(1,792,482)	
Accounts Payable adjustment	8,583,853	
Reversion Accounts Payable	30,254,984	
Uncreditable Input Tax	(6,967,846)	
Disposal of PPE	(619,499)	32,325,163
Provision for Litigation		(1,897,176)
<b>Accumulated surplus, January 01, 2022, as Re-stated</b>		<b>560,208,394</b>
Deficit for 2022, as previously stated	(5,086,986)	
Prior period adjustments:		
Understated Expenses	(345,260)	
Overstated Expenses	1,146,916	
Understated Revenue	2,290,975	
Interest on Restricted Fund	1,219,207	
Deficit for 2022, as restated		(775,148)
Other Adjustments:		
Unused Tax Credits	(87,563)	
Uncreditable Input Tax	(12,809,009)	(12,896,572)
<b>Accumulated surplus, December 31, 2022, as Re-stated</b>		<b>546,536,674</b>
Deficit for 2023		(26,971,471)
<b>Accumulated surplus, December 31, 2023</b>		<b>519,565,203</b>

The breakdown of the account is as follows:

<b>Particulars</b>	
Accumulated Surplus - Unappropriated, January 01, 2022	227,743,609
Add: Adjustments	30,351,810
Accumulated Surplus - Unappropriated, December 31, 2022	258,095,419
Prior Years' Adjustments	(13,671,720)
Restated Balance	244,423,699
Accumulated Surplus - Appropriated, December 31, 2022	302,112,975
Total	546,536,674
Surplus (Deficit) for 2023	(26,971,471)
<b>Accumulated Surplus</b>	<b>519,565,203</b>

### 33. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for December 31, 2023, is the proposed COB for the year 2023 and was submitted to the DBM for review/evaluation while the final budget is the amount as approved by DBM on 26 April 2023. The proposed/original COB is prepared considering: (a) the agency's various programs, projects, and activities in the pursuance of its mandate; (b) the projected revenues and other sources of income to finance and support these programs; (c) actual expenses for previous years; and (d) effects of inflation.

Changes between the proposed and approved budget are due to the following:

- The recommended Personal Services (PS) level considered the adoption by CITEM of the Compensation and Position Classification System (CPCS) authority per Governance Commission for Government-Owned or Controlled Corporations (GCG) approval dated January 26, 2022. The said CPCS approval expressly authorizes CITEM to Implement Category 1 Salary Structure based on authorized CPCS Job Grade equivalent positions, pursuant to EO No. 150 dated October 1, 2021, its implementing rules, and regulations, and corresponding CPCS circulars for each PS item.
- The approved Maintenance & Other Operating Expenses (MOOE) level is computed by the DBM considering the Center's absorptive capacity for the three (3) years immediately preceding years, in which the highest budget utilization rate (BUR) is applied to MOOE items, except those covered by National Government subsidy, which is recommended as proposed. The variance of P1,000,000 pertains to the effect of the preceding year's BUR.
- The recommended Capital Outlay (CO) level considers the implementation-readiness of the projects and the activities under the respective CO items which are expected to be completed within the year as certified by the Center. The variance pertains to the overprovision for the purchase of motor vehicle.

The approved transportation equipment in the amount of P 1,500,000.00 is consistent with the following guidelines:

1. Per Budget Circular No. 2022-1 dated February 11, 2022, the proposed acquisition of motor vehicle is duly approved by the DBM through the Authority to Purchase Motor Vehicles No. C-23-31.
  2. Procurement entities may undertake their own procurement of motor vehicles pursuant to Government Procurement Policy Board (GPPB) Resolution No. 20-2019 which delisted the motor vehicles from the list of Common-Use Supplies and Equipment to be procured thru the Procurement Service.
- Notwithstanding the abovementioned variance in MOOE and CO, CITEM still has the flexibility to modify its utilization within the DBM-approved budget level.

Material differences between the actual expenses as against the budget pertains to the following:

- Requested PS budget for CITEM Employees is based on 100 plantilla positions. As of December 31, 2023, only 84 positions are filled.

#### **34. SUPPLEMENTARY INFORMATION REQUIRED BY BIR UNDER REVENUE REGULATION NO. 15-2010**

CITEM is compliant to the requirements under BIR Revenue Regulation (RR) No. 15-2010 dated November 25, 2010, pertinent to taxes, duties and license fees paid or accrued during the taxable year thru submission of documentary requirements based on the prescribed process.

	<b>Amount</b>
Due to BIR – Withholding tax on compensation	1,216,568
Due to BIR – Withholding tax on compensation-Resigned Employees	33,253
Due to BIR – Expanded withholding tax	219,824
Due to BIR – Branch Registration Fees	39,536
Due to BIR – VAT withheld	498,144
Due to BIR – VAT withheld CITEM	7,350
Due to BIR – Contractors Tax	60,636
Due to BIR – Gross Money Payments	40,482
	<b>2,115,793</b>

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid during the taxable year.

- a. CITEM is a VAT registered company with VAT output tax declaration of P6.530 million for the year 2023.
- b. The amount of VAT input and output taxes claimed are broken down as follows:

	<b>Amount</b>
Balance, beginning of the year	25,893,147
Tax on goods for resale/purchases - current	6,813,802
Tax on goods for resale/purchases - payables	1,853,179
<b>Sub-total</b>	<b>34,560,128</b>

Less: Output tax	6,567,144
Less: Adjustments	1,001,712
Less: Unused Tax Credits	18,361,792
<b>Balance, end of the year</b>	<b>8,629,480</b>

c. The amount of withholding taxes paid/accrued for the year amounted to:

	<b>Amount</b>
Tax on compensation and benefits	7,920,252
Creditable withholding taxes	8,825,639
<b>Total</b>	<b>16,745,891</b>

### 35. COMPLIANCE WITH GSIS LAW

CITEM complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. Below is the summary of remittances of employees' premium contributions and employer's share for CY 2023:

	<b>Premiums</b>	<b>Remitted</b>
Life and retirement premiums, employees share	4,904,959	4,879,202
Government share	7,045,352	6,531,879
<b>Total</b>	<b>11,950,311</b>	<b>11,411,081</b>

**PART II - OBSERVATIONS AND  
RECOMMENDATIONS**

## PART II - OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL

1. The faithful representation in the financial statements of the Property, Plant, and Equipment (PPE) account with a carrying value of P15.284 million as of December 31, 2023 could not be ascertained due to: a) non-derecognition of the disposed unserviceable items with a carrying amount of P0.614 million; b) items found during the physical count but not recorded in the books amounting to P475,355; c) recorded items with a total net book value of P211,032 were not found; d) other various errors noted with net amount of P211,243; e) discrepancy in the costing in the amount of P0.911 million; f) unreconciled variance of P0.583 million between the balance per books and Report on Physical Count of PPE (RPCPPE); and g) semi-expendable properties with a net book value of P118,650 were still included in the PPE account, contrary to Paragraph 27 of International Public Sector Accounting Standard 1 and COA Circular No. 2022-004 dated May 31, 2022. Moreover, there were PPE items not included in the RPCPPE; and various unserviceable PPE not included in the Inventory and Inspection Report of Unserviceable Property contrary to COA Circular No. 2020-006 dated January 31, 2020.

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

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

- 1.2. COA Circular No. 2020-006 dated January 31, 2020 provides for guidelines in the conduct of physical count of PPE, recognition of PPE items found at station, and disposition for non-existing/missing PPE items. Additionally, it outlines procedures for the One-Time Cleansing of PPE Account balances.
- 1.3. Item 7 of the above COA Circular enumerates the procedures for Non-Existing/Missing PPEs. It covers the process for handling missing PPEs, whether the custodian/accountable officers are known or not. Importantly, it also specifies the COA office where the necessary request for derecognition in the books can be filed.
- 1.4. The General Services Division (GSD) submitted the RPCPPE on February 12, 2024. The Audit Team compared the balances per General Ledger (GL) and RPCPPE which resulted in a net variance of P5.593 million as of December 31, 2023 as shown in Table 1.



**Table 1 – Variance between the GL balances and the RPCPPE**

<b>PPE account</b>	<b>Per Books</b>	<b>Per RPCPPE</b>	<b>Variance</b>
Office equipment	P 6,752,528	P 6,207,901	P 544,627
Information and Communication Technology (ICT) equipment	25,699,094	26,661,357	(962,263)
Communication equipment	686,400	580,800	105,600
Motor vehicles	13,245,014	12,715,028	529,986
Furniture and fixtures	1,695,098	864,425	830,673
Other property, plant and equipment	5,476,989	932,451	4,544,538
<b>Total</b>	<b>P 53,555,123</b>	<b>P 47,961,962</b>	<b>P 5,593,161</b>

- 1.5. The audit included examination of relevant records and documents to establish the nature and causes of the variance. The summary of the result of verification is presented in Table 2 and the details thereof in the corresponding annexes.

**Table 2 – Summary of Deficiencies noted in PPE account**

<b>Deficiency noted</b>	<b>Office Equipment</b>	<b>Furniture &amp; Fixture</b>	<b>ICT equipment</b>	<b>Com Equipment</b>	<b>Motor Vehicle</b>	<b>Other PPE</b>	<b>Total</b>
Unrecorded Disposal	P 117,075	-	121,699	105,600	797,200	4,921,565	P 6,063,139
Items found in the RPCPPE but not in the books	-	-	(1,598,704)	-	-	(442,601)	(2,041,305)
Items not found during Physical Inventory	780,657	879,659	-	-	-	450,000	2,110,316
Errors	(211,740)	(48,986)	-	-	-	49,483	(211,243)
Discrepancy in Cost	(141,365)	-	(489,373)	-	(267,214)	(12,750)	(910,702)
Unaccounted	-	-	1,004,115	-	-	(421,159)	582,956
<b>Total</b>	<b>P 544,627</b>	<b>P 830,673</b>	<b>P (962,263)</b>	<b>P 105,600</b>	<b>P 529,986</b>	<b>P 4,544,538</b>	<b>P 5,593,161</b>

\*cost amount is used in comparing GL balances with RPCPPE balances

- 1.6. As shown in Table 2, the causes of the variance are: the unrecorded disposal of PPE; unrecorded items in the books of CITEM but were included in the RPCPPE; items included in the books but not in the RPCPPE; various errors; discrepancy in cost and the unreconciled balance. The discussion for each of these causes is presented in the subsequent paragraphs.

*Non-derecognition of PPE disposed obsolete/damaged items per GSD with carrying amount of P0.614 million*

- 1.7. Disposed items costing P6.063 million with net book value of P0.614 million (**Annex A**), supported by Inventory and Inspection Report of Unserviceable Property (IIRUP), remained in the books as of December 31, 2023. The Comptrollership Division (CD) overlooked the recording of these items since the disposal report included various PPE accounts and disposed PPE items classified as Semi-expendables.

*Items found during the physical count but not recorded in the books amounting to P475,355*

- 1.8. As noted in Table 2, there were items included in the RPCPPE but were not recorded in the books in the aggregate amount of P2.041 million (**Annex B**). Examination of records showed that:
- a. The semi-expendable items with acquisition costs below the capitalization threshold of P50,000 were excluded from the books in a total amount of P1.566 million. However, these were erroneously included in the RPCPPE. Also, some of these Semi-expendable items amounting to P117,071 were identified as unserviceable in the RPCPPE. Relative thereto, the GSD has yet to prepare the corresponding IIRUP since they intended to accumulate more items for disposal and will conduct one-time disposal proceeding after the completion of the inventory taking;
  - b. On the other hand, Other PPE and ICT equipment totaling P475,355 were not recorded in the books, thereby understating the related PPE account.
    - b.1. Considering these items were not included in the books, hence no provision for depreciation was recorded resulting in misstatement in the corresponding Accumulated Depreciation and Depreciation expense account for the Other PPE and ICT equipment. More so, the date of acquisition was undetermined, thus, precluding the Audit Team from computing the allowance for depreciation expense of the same.

*Recorded items with a net book value of P211,032 were not found*

- 1.9. As shown in Table 2, Office Equipment (OE), Furniture and Fixtures, and Other PPE items in aggregate acquisition costs of P2.110 million with net book value of P211,032 were not found during the inventory taking (**Annex C**).
- 1.10. According to the GSD, the OE items amounting to P78,066 were already disposed. However, the corresponding disposal report could not be found and so the CD did not derecognize the subject items in the books. This has been the subject of the prior year's observation but has remained to be an issue. Dilemma is encountered considering these items are non-existent, but CITEM cannot hold the accountable officers liable since the GSD has claimed that it was indeed disposed of already.

*Other various errors noted with net amount of P211,243*

- 1.11. Reclassification entries for the retroactive effect of COA Circular No. 2022-007 were erroneously recorded in the books twice. Journal Entry Voucher (JEV) No. 2022-11-078 was recorded in November 2022 and was recorded again on October 31, 2023 per JEV No. 2023-10-0070 causing misstatement of P282,240.

- 1.12. Meanwhile, PPE item with property no. 17471 amounting to P70,998 was found both in the OE and Other PPE schedule of the CD.
- 1.13. In addition, comparison of the records between the RPCPPE and the schedule prepared by the CD showed that items in the Other PPE account per books were classified as OE in the RPCPPE, as presented in the Table 3.

**Table 3 – PPE items with Different classification per RPCPPE and per books**

Article	Description	Property Number
Tank	Bestank, Stainless Steel, 1300 Galon Capacity, Vertical Cylindrical With Stand With Top Manhole And Air Vent With Inlet And Outlet Drain Bushing	19321
Camera	Canon Eos-600D With Ef-S, 18-55Mm Lens	15012.1
Lens	Canon Ef-S,, 18-200Mm, F/3 5-5.6 Is	15012.2
Flash (Camera)	Canon Speedlite 430Ex	15012.3

*Discrepancy in Cost totaling to P0.911 million*

- 1.14. Section 6.2.11 of COA Circular No. 2020-006 requires that *“The unit value of articles/items counted shall be taken from PPELCs Subsidiary Ledgers (SLs) or, if not available, from Property Cards or other property records.”*
- 1.15. Some items in the RPCPPE have higher costs than what have been recorded in the books resulting in a variance of P0.911 million (**Annex D**). As discussed in the prior year’s audit observation, this is due to the Value-Added Tax (VAT) which is deducted from the CD’s records while the RPCPPE costing is inclusive of VAT. This was confirmed by the CD, citing that this happens since the GSD, at times, refers to the billed invoice from the supplier and was not aware/advised to use the purchase price net of VAT.
- 1.16. Again, as mentioned in paragraph 1.14, the correct unit value that shall be used in the RPCPPE is the cost derived from the SLs.

*Unreconciled variance of P0.583 million between the balance per books and RPCPPE*

- 1.17. In addition, the Audit Team noted that the record/schedule for ICT equipment and Other PPE accounts have negative balances and included “items for reconciliation” and various JEVs resulting in the unaccounted variance of P1.004 million and P421,159, respectively as shown in Table 2, rendering the report as unreliable and inaccurate.
- 1.18. Reconciliation of the reports was not completed as the personnel assigned to the PPE account had difficulty in evaluating the variances considering the heavy workload and time constraints.
- 1.19. The CD justified that the records were already unorganized since its turnover, and so with the supporting documents of the acquisition and disposal of PPE items.

*Other PPE items not reclassified to Semi-expendable amounting to P118,650*

1.20. Section 4.1 of COA Circular 2022-004 dated May 31, 2022, states that:

*Sec. 4.1 Tangible items which meet the definition and recognition criteria of PPE but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of accounts of the agencies as semi-expendable property. Xxx*

1.21. Further evaluation of the records showed that P118,650 of Other PPE items were not reclassified to Semi-Expendable account both by the GSD and CD. Details are presented in Table 4.

**Table 4 – Other PPE items not reclassified to Semi-expendable**

<b>Description</b>	<b>Property Number</b>	<b>Amount</b>
Amplifier, Sventa Power Ma-2 (Indoor)	16375.0	P 15,000
Amplifier, Sventa Power Ma-10 (Outdoor)	16367.0	35,000
Mixer, Professional Audio Mx-2004Aorg With 5 Male Audio Connector And 6 Jack Male/Female	16368.0	18,150
Speaker, Dual Kevler With Stand And 5 Meter Royal Cable	16369.0	25,250
Speaker, Dual Kevler With Stand And 5 Meter Royal Cable	16370.0	25,250
		<b>P 118,650</b>

*Items of PPE not included in the RPCPPE*

1.22. There were items of PPE costing P1.330 million that were not included in the RPCPPE (**Annex C**). These were found in the premises of CITEM but were not included in the physical count by GSD since the supporting documents related to the acquisition of these items were not provided to them. Thus, it was not reported in their list of items to be counted during the inventory taking. Further, included therein is the recorded cost of installation which is a valid composition of the cost of the PPE. As observed, this resulted due to the lack of coordination between the two divisions.

*Absence of IIRUP for Unserviceable PPE amounting to P4.596 million*

1.23. Review of the RPCPPE showed that various items of PPE amounting to P4.596 million were indicated as "Damaged for disposal/for repair" and therefore considered as unserviceable (**Annex E**). Consequently, an IIRUP should have been prepared in accordance with Section 6.3.1 of COA Circular 2020-006. As mentioned in paragraph 1.8a, GSD admitted to the non-preparation of IIRUP but committed to do so after the completion of the inventory taking of Semi-expendable items.

1.24. Moreover, item A, part I of the Department of Budget and Management (DBM) Manual on Disposal of Government Property states that "xxx. Disposal proceedings should be immediately initiated to avoid further deterioration of the property and consequent depreciation in its value. xxx"

- 1.25. It was further noted that despite the cited deficiencies particularly on the variances per books of CITEM and per actual count, CITEM has yet to start the procedures outlined in COA Circular No. 2020-06 on the one-time cleansing of the accounts.
- 1.26. **We recommended and Management agreed to:**
- a. **Instruct the CD to:**
    - a.1 **Coordinate closely with the GSD on the timely and regular reconciliation of the PPE account;**
    - a.2 **Prepare the necessary adjusting entries on the following:**
      - i. **Derecognition of disposed PPE items with a total carrying amount of P0.614 million;**
      - ii. **Unrecorded Other PPE and ICT equipment in the total amount of P475,355;**
      - iii. **Erroneous entries totaling P211,243; and**
      - iv. **Semi-expendable properties included in the PPE totaling P118,650.**
  - b. **Instruct the GSD to:**
    - b.1 **Correct the RPCPPE to only include items of PPE;**
    - b.2 **Prepare the corresponding IIRUP for the unserviceable PPEs for their subsequent disposal;**
    - b.3 **Consider the costing of PPE per SL when preparing the RPCPPE to reflect the accurate unit value of each item included therein; and**
    - b.4 **For those items found at the station but not recorded in the books and vice-versa, follow the guidelines and procedures in COA Circular No. 2020-06 on the one-time cleansing of PPE Account.**
2. **The accuracy and reliability of the Accounts Receivable – Participation Fees account with a carrying amount of P15.869 million as of December 31, 2023 are doubtful due to: a) negative balances in the total amount of P3.989 million; b) absence of supporting schedule and documents for long outstanding receivables related to local events amounting to P6.763 million; and c) variances from results of confirmation totaling P0.775 million. Likewise, the account is materially misstated due to undistributed collections**

in the total amount of P6.858 million which are recorded in this account instead of the Other Payable account, contrary to Paragraph 27 of IPSAS 1 and COA Circular No. 2020-002 dated January 28, 2020.

- 2.1. Paragraph 27 of IPSAS 1 requires that information, in order to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.
- 2.2. Likewise, Item 3.26 of the Conceptual Framework for General Purpose Financial Reporting (GPFR) by Public Sector Entities requires the following qualitative characteristics of useful information:

*Verifiability*

*3.26 Verifiability is the quality of information that helps assure users that the information in GPFRs faithfully represents the economic and other phenomena that it purports to represent. Supportability is sometimes used to describe this quality when applied in respect of explanatory information and prospective financial and non-financial quantitative information disclosed in GPFRs – that is, the quality of information that helps assure users that explanatory or prospective financial and non-financial quantitative information faithfully represents the economic and other phenomena that it purports to represent. Whether referred to as verifiability or supportability, the characteristic implies that different knowledgeable and independent observers could reach a general consensus.*

- 2.3. In the accompanying Basis for Conclusion (BC) of the Conceptual Framework, Paragraph BC 3.24 also states that “xxx...While closely linked to faithful representation, verifiability is identified as a separate qualitative characteristic because information may faithfully represent economic and other phenomena even though it cannot be verified with absolute certainty.”
- 2.4. The Accounts Receivable (AR) related to Participation Fees (PF) has a gross balance of P21.721 million with a net book value of P15.869 million as of December 31, 2023. Table 5 summarizes the composition of this account.

**Table 5 – Composition of Accounts Receivable Participation Fees**

Account Name	Gross amount	Allowance for impairment loss	Net Book Value
AR Participation fees- local show	P14,903,642	P(4,052,054)	P10,851,588
AR Participation fees- international show	6,817,266	(1,799,536)	5,017,730
<b>Total</b>	<b>P21,720,908</b>	<b>P(5,851,590)</b>	<b>P15,869,318</b>

- 2.5. This account represents the billed invoices to exhibitors for participating in the local and/or international trade events. Aging analysis of the account is presented in Table 6.

**Table 6 – Aging Analysis Schedule of AR PF**

Period	AR - PF Local	
	Age (Years)	Amount
2017 – 2013	6 to 10	P (2,288,316)
2018	5	1,484,359
2019	4	1,102,766
2021	2	(9,375)
2022	1	2,670,279
2023	0	7,811,405
Unknown: recon balance	more than 5*	6,762,830
Undistributed collections		(2,630,306)
<b>Total</b>		<b>P 14,903,642</b>

\*per CD, the recon balance is outstanding for more than 5 years

Period	AR PF International	
	Age (Years)	Amount
2012 and prior	More than 10	P 547,536
2017-2013	6 to 10	2,766,002
2018	5	1,854,299
2019	4	2,642,134
2020	3	1,585,822
2021	2	574,375
2022	1	3,148
2023	0	1,072,055
Undistributed collections		(4,228,105)
<b>Total</b>		<b>P 6,817,266</b>

*Presence of negative balance in the total amount of P3.989 million*

- 2.6. Review of the AR PF account revealed the presence of abnormal/negative balances in an aggregate amount of P3.989 million as of December 31, 2023. Table 7 presents the summary of negative/abnormal balances, and **Annex F** contains details thereof.

**Table 7 – Summary of Abnormal Balances**

Accounts	Amount
AR PF International Account	P 613,783
AR PF Local Account	3,375,062
<b>Total</b>	<b>P 3,988,845</b>

- 2.7. Examination of the corresponding SL for AR PF International account and Matrix of Events for the AR PF Local account disclosed that these abnormal balances may be attributed to un-booked receivables/understatement of income, overpayment, floating retention fee, or collection of participation fee but with cancelled invoice/s which needed to be addressed and adjusted. Moreover, the International Food Expo (IFEX) account (refer to Annex F) with a negative balance of P0.907 million does not have available details or breakdown, thus precluding the Audit Team to trace its cause. As of December 31, 2023, the CD has yet to complete the reconciliation of the accounts due to its limited manpower.

*Absence of supporting schedule and documents for long outstanding receivables related to local events in the total amount of P6.763 million*

- 2.8. This account includes balances grouped under the line item "For Reconciliation" in the total amount of P6.763 million. The CD informed the Audit Team that only in Calendar Year (CY) 2013 that they started to maintain a subsidiary record per project, hence, the AR recognized for the period prior to that year is lumped in the line item "For Reconciliation".
- 2.9. In addition, the Audit Team noted that CITEM does not maintain SL per exhibitor in accordance with the Government Accounting Manual (GAM) Volume II forms. Nevertheless, the Audit Team acknowledges the efforts made by the CD in providing a schedule of receivables related to local events showing the list of participants/debtors per project for CY 2013 up to the present to substantiate the balance.

*Variances from results of confirmation in the amount of P0.775 million*

- 2.10. Confirmation letters were sent to 29 exhibitors with an outstanding balance of above P100,000 to establish the existence and accuracy of the account as of December 31, 2023.
- 2.11. Results of the confirmation disclosed a variance of P0.775 million, as shown in Table 8. Meanwhile, no response was received from 23 exhibitors with an aggregate balance of P6.246 million.

**Table 8 – Variance from results of confirmation**

<b>Exhibitor Name</b>	<b>SL Balance</b>	<b>Confirmed Balance</b>	<b>Variance</b>
Exhibitor 1	P 109,436	-	P 109,436
Exhibitor 2	273,600	-	273,600
Exhibitor 3	102,600	-	102,600
Exhibitor 4	628,592	P 525,535	103,057
Exhibitor 5	186,722	-	186,722
Exhibitor 6	157,720	157,720	-
<b>Total</b>	<b>P 1,458,670</b>	<b>P 683,255</b>	<b>P 775,415</b>

- 2.12. The exhibitors stated that they have already settled partially or in full their balances. However, no Official Receipts were provided which precludes the reconciliation of the balances.

*Undistributed collections in the total amount of P6.858 million are recorded in this Account instead of the Other Payable Account*

- 2.13. Annex C of COA Circular No. 2020-002 dated January 28, 2020, defines Undistributed Collections account under Other Payable as:



*This account is credited to recognize temporary pool of collection of members' contribution and loan amortization of paying members and other unidentified collections of government corporations as of the close of the transaction date. This account is debited when payments made by members had been identified and/or adjustment*

- 2.14. Examination of the records showed a total of P6.858 million (P2.630 million plus P4.228 million from AR-PF local and AR-PF International, respectively) representing undistributed collections were recorded as credit/deduction to AR. The CD explained that they recorded it in this account temporarily since they were not aware of the new issuance of Revised Chart of Account. Further, the CD explained that they have difficulty in identifying to whom they received these collections since the bank does not provide details of the bank credits and there were no procedures in place for CITEM to confirm the payments made by exhibitors via direct deposits/online transfers prior to CY 2023.
- 2.15. As quoted above, COA Circular No. 2020-002 already provided for temporary account in which to credit unidentified collections. Hence, the continued recording of this undistributed collections, with a credit balance, would materially understate the Accounts Receivables account.
- 2.16. **We recommended and Management agreed to:**
  - a. **Direct the Controllership division to:**
    - a.1 **Trace the cause of the negative balance and prepare the necessary correcting entries;**
    - a.2 **Retrieve the documents relative to the receivables without subsidiary records to substantiate its balance;**
    - a.3 **Maintain SL of the AR PF Local account in accordance with the GAM Volume II forms to substantiate and monitor the receivables account properly;**
    - a.4 **Write a letter to the Landbank to request details of the bank credits;**
    - a.5 **Reclassify the undistributed collections to the Other Payable account; and**
    - a.6 **Send Statement of Account to exhibitors with outstanding balances.**
  - b. **Issue an office policy on the collection process through wire transfer or direct deposit and instruct the project officer to disseminate the same to stakeholders.**

- 2.17. Management commented that reconciliation of the accounts is still on-going. The CD commits to organize and reconstruct the SL to conform to the GAM Volume II prescribed format. Further, the Management cited that the documents relative to the receivables amounting to P1.319 million pertain to CY 2017 projects which can still be traced. However, documents for the remaining P5.444 million might be difficult to provide since these pertain to projects from CYs 1984 to 2009. Lastly, the Management explained that they had requested the Landbank for details of the unidentified deposits but the bank only provided copies of proof of payment which do not contain the name of companies. Due to the limitations of Data Privacy Act, the bank cannot disclose the account holders of the deposits or wire transfers.
- 2.18. As a rejoinder, the Audit Team acknowledged the commitment of Management to implement the recommendations. Their full compliance, however, will be monitored in the CY 2024 audit.
3. **The fair presentation of the Trust Liability account with a balance of P9.262 million as of December 31, 2023 could not be ascertained due to: a) the absence of documents of the collected commitment fees on completed events amounting to P1.417 million; and b) existence of unreconciled negative/abnormal balances on various accounts with an accumulated amount of P1.117 million contrary to Paragraph 27 of the IPSAS 1.**
- 3.1. Paragraph 27 of IPSAS 1 requires that information, in order to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.
- 3.2. Likewise, Item 3.26 of the Conceptual Framework for GPFR by Public Sector Entities requires that the information presented in the Financial Statements is supported and can be verified by the intended users of the GPFRs.
- 3.3. Records show that the Trust Liability account has a balance of P9.262 million as of December 31, 2023. Table 9 summarizes the composition of this account.

Table 9 – Composition of Trust Liability

Account Name	Amount
Trust – Miscellaneous	P 6,220,777
CITEM COOP	1,669,720
ACE contributions	16,650
Bonds and Deposits	1,354,913
<b>Total</b>	<b>P 9,262,060</b>

- 3.4. As shown in Table 9, the balance is composed mostly of the Trust-Miscellaneous account. The account includes commitment fees pertaining to the amount paid by exhibitors for their commitment to participate in their chosen international trade event; participation/sponsorship fees, bid

documents fee, and funding support from private sectors to implement various CITEM projects.

- 3.5. The Aging Analysis of the Trust-Miscellaneous account amounting to P6.221 million is presented in Table 10.

Table 10 – Aging Schedule of Trust Miscellaneous

Period	Amount	Particulars	Age (in years)
<b>Commitment Fees</b>			
2014	P 82,277	Commitment Fees	9
2015	138,895	Commitment Fees	8
2016	527,161	Commitment Fees	7
2017	598,538	Commitment Fees	6
2018	69,949	Commitment Fees	5
<b>Sub-Total</b>	<b>1,416,820</b>		
<b>Participation/ Sponsorship fee</b>			
2018	(1,117,003)	participation fee – CIIE	5
2020	2,551,314	Sponsorship fee – CIFIT	3
2023	29,383	Participation fee – Presidential Visit to Japan	0
2023	256,727	Participation fee – Presidential Visit to San Francisco	0
<b>Sub-Total</b>	<b>1,720,421</b>		
<b>Funding support</b>			
2022	324,034	for Regional Participation in FAME+	1
2023	16,668	for IFEX 2023	0
2023	2,673,866	For MAISON 2024	0
<b>Sub-Total</b>	<b>3,014,568</b>		
<b>DBP Service Corp fund</b>			
2021	68,468	Indemnification of repair & damages incurred during car accident of DBPSC assigned employee	2
<b>Bid documents fee</b>			
2023	500	Payment for bid documents to be used for BAC expenses	0
<b>Total</b>	<b>P 6,220,777</b>		

*Absence of documents of the collected commitment fees on completed events amounting to P1.417 million*

- 3.6. Based on Table 10, the commitment fees in the amount of P1.417 million have been outstanding for five to nine years.
- 3.7. Management claimed that the commitment fees are non-refundable but may be deducted from the participation fee and cancellation will mean forfeiture of the same. Further, in prior years they recorded the fees collected under trust liabilities because formerly it was called as Retention fees which were refundable.
- 3.8. However, the office policy, memorandum and even the application contracts related to these retention fees could not be located by the concerned personnel of CITEM; thus, casting doubt on the existence of an obligation since the Audit Team cannot verify if the fees are refundable or not.

*Existence of unreconciled negative/abnormal balance amounting to P1.117 million*

- 3.9. As presented in Table 10, the Participation fee - China International Import Expo (CIIE) has a negative balance of P1.117 million. Table 11 presents the analysis of the CIIE 2018 fund based on the SL.

**Table 11 – Analysis of SL for CIIE 2018 Fund**

<b>Period</b>	<b>Particulars</b>	<b>References*</b>	<b>Amount</b>
2018	Reclassification of participation fees previously recognized as income to Trust Liability	JEV#1-2018-07-0038; JEV#1-2018-10-0072; JEV#1-2018-12-86	P10,257,114
2018	Payment of Space Rental	ADA # 2018-10-148	(4,142,291)
2018 - 2019	Cancellation of issued invoices	JEV#1-2018-12-86; JEV#1-2019-04-0033	(6,393,824)
2018 - 2019	Refund of Participation fees	Various checks	(742,237)
2019	Erroneous entry	JEV#1-2019-04-0033	(95,764)
<b>Balance</b>			<b>P(1,117,002)</b>

\* ADA- Authority to Debit Account

- 3.10. As shown in Table 11, the billed participation fees for the event CIIE recognized as income was reclassified to Trust Liability amounting to P10.257 million. Disbursement was then charged to the fund amounting to P4.142 million for the space rental, invoices amounting to P6.394 million were cancelled, P0.742 million was refunded, and erroneous adjusting entry of P95,764 was recorded, hence resulted in the negative balance of P1.117 million. Inquiry with the CD revealed that reconciliation of the account is still on-going.
- 3.11. With regard to the erroneous adjusting entry, it was noted that the debit to the fund amounting to P95,764 was for the participation fee for a different event. More so, there was no more existing credit balance for the account of the exhibitor since the invoice relative therefrom was cancelled as per JEV No. 2018-12-86 dated December 31, 2018.
- 3.12. On the refund of participation fee in the amount of P0.742 million, a variance amounting to P166,837 was noted from the recorded amount of invoice per SL and the amount refunded. Summary of the refund is presented in Table 12.

**Table 12 – Summary of Refunds per SL**

<b>Exhibitor</b>	<b>Invoice per SL</b>	<b>Amount refunded</b>	<b>Variance</b>
Exhibitor 1	P 94,822	P 107,846	P (13,025)
Exhibitor 2	95,702	107,846	(12,144)
Exhibitor 3	96,204	107,846	(11,643)
Exhibitor 4	94,822	107,846	(13,025)
Exhibitor 5	96,204	96,010	194
Exhibitor 6	-	107,846	(107,846)
Exhibitor 7	97,648	106,996	(9,348)
<b>Total</b>	<b>P 575,402</b>	<b>P 742,236</b>	<b>P (166,837)</b>

- 3.13. We recommended and Management agreed to instruct the CD to:
- a. Review and retrieve their records on commitment fee and provide the necessary adjusting entries;
  - b. Evaluate further the cause of the negative balance and ensure that it will be adjusted accordingly; and
  - c. Ensure that all entries are supported with complete documents.
- 3.14. Management was able to identify the cause of the negative balances and the adjustments will be recorded in the CY 2024.
- 3.15. As a rejoinder, the Audit Team appreciated the prompt actions taken by the Management to identify the cause of the negative balances and provide the necessary adjusting entries. Their full compliance, however, will be monitored in the CY 2024 audit.
4. The fair presentation of the Due to National Government Agencies account with a balance of P3.880 million as of December 31, 2023 could not be ascertained due to the variance of P1.503 million in the results of confirmation on long outstanding accounts and absence of record to establish the existence of the recorded obligation, contrary to Paragraph 27 of IPSAS 1.
- 4.1. Paragraph 27 of IPSAS 1 requires that information, in order to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.
  - 4.2. Paragraph 7 of IPSAS 1 defines liabilities as present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.
  - 4.3. Review of the Aging Schedule of the Due to National Government Agencies (NGAs) account disclosed that two Source Agencies (SAs) have funds that remained dormant for more than five years in an aggregate amount of P1.547 million as of December 31, 2023, as shown in Table 13.

Table 13 – Aging Schedule of Due to NGAs

Source Agency	Amount	Age (in years)
Bureau of Treasury (BTr)	P 1,503,052	11
National Commission for Culture and the Arts (NCCA)	43,448	7
Department of Trade and Industry (DTI) – Export Marketing Bureau (EMB)	2,073,552	0

Department of Agriculture – Office of Agricultural Counsellor (DA-OAC)	259,691	0
<b>Total</b>	<b>P 3,879,743</b>	

- 4.4. The balance of fund from BTr and NCCA pertain to the excess/unutilized portion of the transferred funds. Notably, these balances were subject of the prior years' audit observation.
- 4.5. As discussed therein, the corresponding Memorandum of Agreement for the excess/unutilized fund from BTr amounting to P1.503 million were no longer available since it has been outstanding for several years. Meanwhile, the liability to NCCA amounting to P43,448 was recommended to be returned/refunded as the condition to do so was provided in the MOA. However, as of December 31, 2023 it remained unimplemented.
- 4.6. Moreover, results of confirmation as of December 31, 2023 disclosed that the BTr has no receivable from CITEM.
- 4.7. Inquiry with the CD regarding the excess fund from BTr revealed that it originated from the savings from the fund transfer that was allotted for the event Expo 2000 Hannover held in Germany from June 1 to October 31, 2000.
- 4.8. It was noted, however, that the same funds were then utilized for China-ASEAN Expo (CAEXPO) event/project. Furthermore, the examination of SL provides that the last transaction made was in CY 2012, thereby, the funds have been dormant and idle for more than ten years.
- 4.9. In view of the foregoing, the Audit Team issued an Audit Query Memorandum No. 2024-01-(23) regarding the agreement with BTr approving the utilization of the fund for a different project.
- 4.10. The CD explained that there was an approved recommendation to use the fund transfer for CAEXPO, thus it was retained in the Due to NGAs account. However, the aforementioned recommendation can no longer be located due to the lapse of time.
- 4.11. The absence of the document precludes the Audit Team in verifying the terms on the refund of the excess fund. But with the confirmation from the BTr that they have no existing receivable from CITEM, the funds may be recognized as the agency's income to augment its funding for other projects.
- 4.12. **We recommended and Management agreed to revert the excess funds from BTr amounting to P1.503 million to the Accumulated Surplus and initiate the refund of the excess fund to NCCA amounting to P43,448.**

## OTHER OBSERVATIONS

5. **The restriction on the supposed building fund amounting to P302.113 million as of December 31, 2023 for more than 25 years with no concrete plans and specific timelines for its utilization is contrary to the basic policy of the government on the effective and efficient management of resources.**
  - 5.1. As a declared policy of the state, all resources of the government should be managed, expended or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of the government. The responsibility to take care of such policy rests directly with the chief or head of the government agency concerned (Section 2, Presidential Decree No. 1445).
  - 5.2. In view of the significant amount of the restricted funds, the Audit Team issued Audit Query Memorandum No. 2024-02-(2023), dated February 14, 2024 requesting documents for the following:
    - a. Board resolution regarding the restricted fund with complete supporting documents showing the following:
      - a.1. Purpose;
      - a.2. Future plans and specifications to support the fund restriction;
      - a.3. How the amount to be set-aside is determined and computed; and
      - a.4. Where the funds to be invested
  - 5.3. Based on the reply of Management, the Audit Team learned the following:
    - a. The purpose of the restricted fund is for the purchase or construction of a CITEM-owned building/office space; and
    - b. As indicated in the submitted Secretary Certificate dated July 11, 2012, the restricted fund was initially set-up in CY 1996 out of the relocation cost paid by Philippine National Bank and Social Security System in the total amount of P96 million. The fund was then invested in low-risk, high yield savings account in the Land Bank of the Philippines. Thereafter, the interest income earned were added to the fund. Also, there were years in which portion of the earnings of CITEM were included in the fund.
      - b.1. However, the supporting board resolution for the initial set-up and the subsequent additions to the building fund, as well as the supporting plans and specifications to the fund restriction were not submitted.
  - 5.4. Further, CITEM informed the Audit Team that since CY 1996, there were various undocumented plans on the construction and/or purchase of property but for some reasons, did not materialize.

- 5.5. As discussed above, the restricted fund on the supposed construction or purchase of building and/or office space was set-up in CY 1996 in the amount of P96 million and as of December 31, 2023, the balance is already at P302.113 million. Noteworthy, is that the set up was not supported with building construction plans, specifications, targets, timelines and even the estimated cost to complete. Also, after the passage of more than 25 years, there is no building constructed, properties purchased, nor the commencement of the preliminary stage of the procurement. Noticeably, since there is no estimated cost on the building or office space, there is no limit on the maximum amount that could be included in the restricted fund.
- 5.6. Thus, the question arises as to the propriety and reasonableness of the continued restriction on the fund. Moreover, the restriction of funds for more than 25 years without concrete plans, detailed cost, and timelines, among others runs counter to the basic policy of the government on the efficient and effective use of resources.
- 5.7. **We recommended Management to:**
- a. **Submit to the Audit Team the Board Resolutions and supporting documents related to the set-up, additions and withdrawals from the restricted fund;**
  - b. **Assess the propriety of retaining the restrictions on the building fund;**
    - b.1 **If Management decides to continue with the restriction:**
      - i. **Come up with a concrete plan in the construction and/or purchase of office building showing the significant timelines and cost, and endorsed the same to the Board of Directors (BOD) for approval; and**
      - ii. **Excess amount between the restricted fund and the estimated cost should be released from restrictions; and**
    - b.2 **If Management finds that the amount should no longer be restricted, endorse such recommendation to the BOD for their approval.**
  - c. **Ensure that all funds of CITEM are effectively, efficiently and economically utilized.**
- 5.8. Management commented that they had series of meeting with the National Development Company (NDC) regarding the plan for a One DTI Building and commits to provide the materials and minutes of meeting. More so, they reasoned the restricted fund is deposited in Landbank, which they claim also contributes to other government projects and programs.



- 5.9. As a rejoinder, the Management has yet to provide the official minutes of the meeting with NDC duly signed by the appropriate officials, and the other required documents as mentioned in paragraph 5.3.b. Nonetheless, their full compliance will be monitored in the CY 2024 audit.

## **GENDER AND DEVELOPMENT (GAD)**

6. **The CY 2023 Gender and Development (GAD) Plan and Budget of CITEM was not endorsed by the Philippine Commission on Women (PCW); and there was no Accomplishment Report prepared by the GAD Focal Point Systems, contrary to PCW-National Economic and Development Authority-Department of Budget and Management Joint Circular No. 2012-01 and PCW Memorandum Circular Nos 2022-03 and 2023-005.**

- 6.1. Section 35 Paragraph 2 of the GAA, FY 2023, provides:

*The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budgets. For this purpose, activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion and fulfillment of women's human rights and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.*

- 6.2. Paragraph 8.2 of PCW-National Economic and Development Authority (NEDA) -DBM Joint Circular No. 2012-01 provides that the GAD Focal Point Systems (GFPS) of the agency shall review all submitted GAD Plan and Budget (GPB) and as needed, provide comments or recommendations for revision. The GFPS shall then submit the final GPB and the corresponding GAD Accomplishment Report to PCW for review and endorsement.
- 6.3. Moreover, Sections 1.2.5.1 and 1.2.5.2 of the PCW Memorandum Circular (MC) No. 2022-03 sets forth the required endorsement of the GPB by the PCW, to wit:

*PCW shall endorse the FY 2023 GPB if (1) the minimum five percent (5%) GAD Budget requirement has been met, and (2) the entries in the GPB are compliant with the comments and/or recommendations of PCW following the provisions of the MCW and relevant guidelines on GAD Planning and Budgeting;*

*In case the GPB is not endorsed by PCW after its review due to partial/non-compliance with the conditions provided in Section 1.2.5.1, the agency may request for*

*reconsideration to resubmit its GPB for review up to two times only. If there are still deficiencies after these two rounds of review, the GPB will be deemed unendorsed.*

- 6.4. Meanwhile, Section 1.0 of the PCW MC No. 2023-05 requires the preparation and submission of the FY 2023 GAD Accomplishment Reports through the GMMS Version 2 or 3 on March 1, 2024.
- 6.5. For CY 2023, CITEM prepared the GPB and submitted it to PCW on December 19, 2022. However, it was not endorsed by the PCW after its review due to the lack of information on the budget of one of the performance indicators.
- 6.6. The Focal Person (FP) of the GFPS explained that the deficiency noted by the PCW was due to the untimely submission of the report on the actual and budget amount of corporate funds and subsidy by the Budget and Controllership Division.
- 6.7. Moreover, GAD Accomplishment Report was not submitted to PCW on March 1, 2024 Section 1.0 of the PCW MC No. 2023-05 precluding the verification of compliance with the required budget utilization rate of at least 5% set forth in Section 35 Paragraph 2 of the GAA FY 2023. The FP committed to submit the reports together with the necessary attachments upon availability.
- 6.8. Inquiry with the FP disclosed that the Accomplishment Report was not yet completed as some unexpected issues were encountered during the re-checking and reconciliation process of the list of women-led activities, which necessitated additional time to ensure accuracy of the reports. Thus, the FP had to review the regenerated list from the Office Database Query System.
- 6.9. **We recommended that Management:**
  - a. **Direct the GAD Focal Point System to:**
    - a.1 **Supply the needed information to comply with the comment/recommendation of the PCW and request for reconsideration to resubmit the GPB for review in accordance with Section 1.2.5.2;**
    - a.2 **Complete the GAD Accomplishment Report and submit to the PCW for review and furnish a copy to the Audit Team;**
  - b. **Henceforth, ensure the timely preparation and submission of the GAD related documents and comply with provisions of the Magna Carta of Women and relevant guidelines on GAD Planning and Budgeting.**

## COMPLIANCE WITH TAX LAWS

7. CITEM has been withholding taxes on salaries and wages and other benefits accruing to its officers and employees and on goods and services, which were remitted to the BIR within the reglementary period. For CY 2023, total remittances to the BIR amounted to P16.746 million. However, there are unremitted taxes of P0.874 million from prior years.

## REMITTANCE OF MANDATORY CONTRIBUTIONS TO THE GOVERNMENT SERVICE INSURANCE SYSTEM, PHILIPPINE HEALTH INSURANCE CORPORATION AND PAG-IBIG FUND

8. The CITEM is compliant with the timely remittances of contributions to the GSIS, PhilHealth and Pag-IBIG pursuant to Section 14.1 of the Implementing Rules and Regulations (IRR) of GSIS Act of 1997; National Health Insurance Act of 2013 Circular No. 0001, series of 2014; and Section 3 of Rule 7 of the IRR of Pag-IBIG Law, respectively.

## SUMMARY OF UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES

9. As of December 31, 2023, there were no unsettled audit suspensions and charges, while the unsettled audit disallowances amounted to P4.915 million, the details and status are shown in Table 14.

Table 14 - Summary of Unsettled Audit Disallowances

ND No./Date	Particulars	Amount	Remarks/Status
ND 12-001-416/136/793- (11-12)/ 11-12-12	Consultancy Services	P1,613,390.00	With Petition for Review to the Commission Proper
ND 14-01-(11-13)/ 02-07-14	Professional Fee	782,958.47	With Petition for Review to the Commission Proper
ND 14-002-101-(12)/ 02-10-14	Travel Expenses	201,108.12	With Petition for Review to the Commission Proper
ND 15-001-101- (11-12)/ 05-28-15	Payment of Signage	2,202,506.19	With Petition for Review to the Commission Proper
ND 15-001-795-(11-13)/ 08-19-15	Payment of Honorarium	115,000.00	With Notice of Finality of Decision
<b>Total</b>		<b>P4,914,962.78</b>	

**PART III - STATUS OF IMPLEMENTATION  
OF PRIOR YEARS' AUDIT  
RECOMMENDATIONS**

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

Of the 15 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 12 were fully implemented and three were not yet implemented. Details as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
<b>AAR 2022</b>			
<b>Financial</b>			
Audit Observation (AO) No. 1, page 46	<p>The faithful representation of the account Property, Plant and Equipment (PPE) with a total acquisition cost of P88.798 million and a carrying amount of P17.235 million as of December 31, 2022, was not established due to: a) variance of P3.003 million between the balance per books and per Report on the Physical Count of PPE; b) non-derecognition of the damaged and unserviceable properties of P5.957 million caused by the absence of the Inventory and Inspection Report of Unserviceable Property (IIRUP); and c) non-maintenance of complete and updated PPE Ledger Cards contrary to Paragraph 27 of International Public Sector Accounting Standard 1 and COA Circular No. 2020-006 dated January 21, 2020.</p> <p>Moreover, the late preparation of the IIRUP has caused a delay in the disposal of the unserviceable properties, consequently diminishing its disposal value.</p>	<p>We recommended and Management agreed to:</p> <p>a. Direct the CD and the GSD to:</p> <p>(i) exert effort to fully reconcile their PPE records, locate the documents/reports on the disposed unserviceable PPE of P6.591 million and effect the necessary adjustments or corrections; and</p> <p>(ii) regularly reconcile the GL records and Property records (PPE);</p> <p>b. Instruct the GSD to submit to the CD the IIRUP and other related documents of the unserviceable PPE costing P5.957 million for its derecognition in the books; and</p> <p>c. Instruct the CD to maintain complete and updated PPELCs in</p>	<p>Not Implemented.</p> <p>Reiterated with updates under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented.</p>



Reference	Observations	Recommendations	Actions Taken/ Comments
<b>Other Observations</b>	Item 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.		
AO No. 4, page 56	CITEM was able to implement 18 projects on trade fairs through physical, hybrid, and digital platforms for the Calendar Year (CY) 2022. Export sales from these projects exceeded its target by \$758.229 million or P42.221 billion while the cost directly attributable to these projects was lower by P16.921 million than its budgeted amount. Likewise, CITEM was able to lower its net loss from P14.998 million in CY 2021 to P5.087 million in CY 2022 or a decrease of P9.911 million as shown in its Statement of Financial Performance.	We recommended and Management agreed to continue introducing improvements or innovations in implementing the programs and projects of CITEM including its digital platforms while looking for means to cut down expenses that will minimize the losses attributable to the projects.	Fully Implemented
AO No. 5, page 58	The recording/accrual of the expenses for the Energy Conservation Savings Incentives for CY 2021 amounting to P2.586 million is questionable as it lacks the approval from proper authorities as required in Section II of the Compensation and Position Classification System (CPCS) Implementing Guidelines (IG) No. 2021-01 dated January 12, 2022.	We recommended that Management make a representation with the DBM for a more authoritative disposition on the matter otherwise, revert the accrued amount of P2.586 million to the Accumulated Surplus account.	Fully Implemented





## **PART IV - ANNEXES**

**Annex A  
Unrecorded Disposal**

ARTICLE	Property Number	Amount	Accumulated Depreciation	Carrying Amount	Remarks
<b>Office Equipment</b>					
Air conditioner	11857	P109,025	P98,123	P10,903	
Air conditioner	10187	8,050	-	8,050	
<b>Subtotal</b>		<b>117,075</b>	<b>98,123</b>	<b>8,953</b>	
<b>ICT equipment</b>					
Notebook Computer	14291	52,700	47,430	5,270	
Notebook Computer	14512	68,999	62,099	6,900	
<b>Subtotal</b>		<b>121,699</b>	<b>109,529</b>	<b>12,170</b>	
<b>Communication Equipment</b>					
IPAD	17466	52,800	47,520	5,280	
IPAD	17469	52,800	47,520	5,280	
<b>Subtotal</b>		<b>105,600</b>	<b>95,040</b>	<b>10,560</b>	
<b>Motor Vehicle (MV)</b>					
Vehicle	11179	797,200	717,480	79,720	
<b>Subtotal</b>		<b>797,200</b>	<b>717,480</b>	<b>79,720</b>	
<b>Other PPE</b>					
Lightning Fixtures	9709.1-4	78,052	70,247	7,805	
Lightning Fixtures	9687.1-6	92,714	83,443	9,271	
Paging/Sound System	10242.1	396,000	356,400	39,600	
Lightning Fixtures	9645	18,432	16,589	1,843	
Paging/Sound System	9590	28,500	25,650	2,850	
Paging/Sound System	9591	51,900	46,710	5,190	
Paging/Sound System	9592	34,300	30,870	3,430	
Paging/Sound System	1619	52,500	47,250	5,250	
Hut	17080-17082	1,650,000	1,485,000	165,000	
Lightning Fixtures	9684.1-.14	626,902	564,212	62,690	
Lightning Fixtures	9685.1-.3	380,337	342,304	38,034	
Lightning Fixtures	9683.1-.3	106,928	96,235	10,693	
Hut	17083.0	550,000	495,000	55,000	
Hut	17084-17085	855,000	769,500	85,500	Found in IIRUP for Semi-Expendable
<b>Subtotal</b>		<b>4,921,565</b>	<b>4,429,408</b>	<b>492,156</b>	
<b>Total</b>		<b>P6,063,139</b>	<b>P 5,449,580</b>	<b>P613,559</b>	

**Annex B**  
**Unrecorded items in the books but included in the physical count**

**I – Semi- Expendables**

Article	Property Number	Amount	Unit Value
<b>ICT equipment</b>			
Software	14627.1-.30	P371,240	P12,374
Software	14628.1-.30	239,856	7,995
Software	17087.1-.14	578,015	41,286
Network Rackmount Cabinet	19371	18,118	18,118
<b>Subtotal</b>		<b>P1,207,228</b>	
<b>Other PPE</b>			
Paging/Sound System	9593.1	14,800	Damaged For Disposal
Paging/Sound System	9573.3	971	Damaged For Disposal
Paging/Sound System	9587.2	9,650	Damaged For Disposal
Paging/Sound System	9587.3	9,650	Damaged For Disposal
Paging/Sound System	9587.4	9,650	Damaged For Disposal
Paging/Sound System	9587.5	9,650	Damaged For Disposal
Paging/Sound System	9593.2	14,800	Damaged For Disposal
Paging/Sound System	9593.4	14,800	Damaged For Disposal
Paging/Sound System	9593.7	14,800	Damaged For Disposal
Paging/Sound System	9593.8	14,800	Damaged For Disposal
Paging/Sound System	9599.5	2,500	Damaged For Disposal
Paging/Sound System	9599.6	2,500	Damaged For Disposal
Paging/Sound System	15515	26,000	Damaged For Disposal
Paging/Sound System	15516	13,000	Damaged For Disposal
Paging/Sound System	15526	6,500	Damaged For Disposal
Paging/Sound System	15527	6,500	Damaged For Disposal
Paging/Sound System	15528	6,500	Damaged For Disposal
Paging/Sound System	15518	6,500	
Paging/Sound System	15519	6,500	
Paging/Sound System	15520	6,500	
Paging/Sound System	15521	6,500	
Paging/Sound System	15522	1,250	
Paging/Sound System	15523	1,250	
Paging/Sound System	15524	1,250	
Paging/Sound System	15525	1,250	
Paging/Sound System	15529	6,500	
Paging/Sound System	15530	6,500	
Paging/Sound System	15531	6,500	
Paging/Sound System	15532	6,500	
Paging/Sound System	15533	6,500	
Paging/Sound System	15534	15,000	
Paging/Sound System	16371	12,250	
Paging/Sound System	16372	12,250	
Paging/Sound System	16373	12,250	
Paging/Sound System	16374	12,250	
Paging/Sound System	16376	14,150	
Paging/Sound System	16377	10,750	
Paging/Sound System	16378	10,750	
Paging/Sound System	16379	2,500	
Paging/Sound System	16380	6,500	
Paging/Sound System	16381	6,500	
Paging/Sound System	16382	1,500	
Paging/Sound System	16383	1,500	
<b>Subtotal</b>		<b>358,721</b>	
<b>Total</b>		<b>P 1,565,949</b>	

**II – Unrecorded PPE items in the Books**

ARTICLE	Property Number	Amount
<b>Other PPE</b>		
Studio Equipment	19361	P 83,880
<b>ICT equipment</b>		
Software	15076	88,980
Software	15077	61,980
Software	15078	121,980
Printer	15707	65,000
Computer	16490.1	53,535
<b>Subtotal</b>		<b>391,475</b>
<b>Total</b>		<b>P475,355</b>

**Annex C**  
**Items not included in the physical count**

Article	Property Number	Amount	Carrying Amount
<b>Office equipment</b>			
Fire Extinguisher	9577	P1,230	
Rewinder	9601	580	
Rewinder	9602	580	
Television	10269	8,999	
Calculator	0714C	4,325	
Exhaust Fan	1351C	1,500	
Paper Shredder	0752C	7,850	
Time Recorder	0675C	5,032	
Typewriter	0153P	8,308	
Calculator	0492P	2,280	
Lamp	1450C	230	
Exhaust Fan	1662	540	
Calculator	1789	1,273	
Calculator	3978	1,333	
Weighing Scale	4464	48	
Cassette Recording	4699	1,600	
Electric Fan	5938	1,288	
Cassette Recording	7073	1,280	
Cassette Recording	7491	1,280	
Tape Recorder	9282	1,350	
Calculator	9553	6,800	
Cassette Recording	9618	1,990	
Electric Fan	9673	1,350	
Electric Fan	9913	600	
Electric Fan	9914	600	
Electric Fan	9915	600	
Electric Fan	9916	600	
Cassette Recording	10366	3,530	
Exhaust Fan	10455	960	
Calculator	10643	3,300	
Electric Fan	10747	1,450	
Exhaust Fan	10878	1,030	
Cassette Recording	10912	2,200	
Paper Shredder	10997	2,500	
Calculator	11218	1,700	
Telephone	11512	6,500	
Fax Machine	11899	6,530	
Telephone	12074	3,350	
Telephone	12254	21,000	
Calculator	12353	1,450	
Calculator	12359	1,450	
Typewriter	745	16,540	
Camera	9758	9,445	
Projector	9769	235,000	
Telephone	10307	26,000	
Telephone	10435	23,500	
Projector	10643	220,000	
Camera	10842	24,900	
Camera	11581	20,999	
Cellphone	11667	13,000	
Radio	12416	3,340	
Lamp	12893	1,000	
Memory Stick	11461	5,488	
Air Conditioner	4732	61,050	
<b>Subtotal</b>		<b>780,657</b>	<b>78,066</b>

Article	Property Number	Amount	Carrying Amount
<b><i>Furniture and Fixtures</i></b>			
Lights	15-0256	182,250	
Blinds		154,000	
Counter		156,409	
Blinds		387,000	
<b>Subtotal</b>		<b>879,659</b>	<b>87,966</b>
<b><i>Other PPE</i></b>			
Products		260,000	
Automatic Transfer Switch for Generator		190,000	
<b>Subtotal</b>		<b>450,000</b>	<b>45,000</b>
<b>Total</b>		<b>P 2,110,316</b>	<b>211,032</b>

**Annex D  
Discrepancy in cost**

Article	Property Number	Per CD Schedule	Per RPCPPE	Discrepancy
<b>Office equipment</b>				
Air Conditioner	11856	P109,025	P115,100	P6,075
Air Conditioner	11858	109,025	103,100	5,925
Air Conditioner	11859	109,025	110,900	1,875
Air Conditioner	11862	55,800	54,300	1,500
Air Conditioner	19299	34,661	-	34,661
Projector	18908	13,714	-	13,714
Franking Machine	17634	266,071	298,000	31,929
Camera	17638-17641	198,464	222,280	23,816
Copying Machine	17664	98,214	110,000	11,786
Lens	18420	104,665	117,225	12,560
Lens	18421	103,125	115,500	12,375
<b>Subtotal</b>		<b>1,105,040</b>	<b>1,246,405</b>	<b>141,365</b>
<b>ICT equipment</b>				
Monitor	19077.1	29,755	33,326	3,571
Camera	19077.2	29,755	33,325	3,570
Speaker	19077.3	29,755	33,325	3,570
Notebook Computer	19138	123,771	138,623	14,852
Notebook Computer	19139	123,771	138,623	14,852
Notebook Computer	19140	123,771	138,623	14,852
Notebook Computer	19159	123,771	138,623	14,852
Notebook Computer	19160	123,771	138,623	14,852
Notebook Computer	19161	123,771	138,623	14,852
Notebook Computer	19162	123,771	138,623	14,852
Notebook Computer	19163	123,771	138,623	14,852
Notebook Computer	19269	52,455	64,375	11,920
Notebook Computer	19270	52,455	64,375	11,920
Notebook Computer	19271	52,455	64,375	11,920
Notebook Computer	19272	52,455	64,375	11,920
Notebook Computer	19273	52,455	64,375	11,920
Notebook Computer	19274	52,455	64,375	11,920
Notebook Computer	19275	52,455	64,375	11,920
Notebook Computer	19276	52,455	64,375	11,920
Notebook Computer	19277	52,455	64,375	11,920
Notebook Computer	19278	52,455	64,375	11,920
Notebook Computer	19279	52,455	64,375	11,920
Notebook Computer	19280	52,455	64,375	11,920
Notebook Computer	19281	52,455	64,375	11,920
Notebook Computer	19282	52,455	64,375	11,920
Notebook Computer	19283	52,455	64,375	11,920
Notebook Computer	19284	52,455	64,375	11,920
Notebook Computer	19285	139,881	141,667	1,786
Notebook Computer	19286	139,881	141,667	1,786
Notebook Computer	19287	139,881	141,667	1,786
Notebook Computer	19288	139,881	141,667	1,786
Notebook Computer	19289	139,881	141,667	1,786
Notebook Computer	19290	139,881	141,667	1,786
Notebook Computer	19291	69,991	78,390	8,399
CPU	19317	189,933	212,725	22,792
Network Firewall	19369	108,744	121,793	13,049
Network Firewall	19370	108,744	121,793	13,049
Notebook Computer	19405	70,225	78,652	8,427
Notebook Computer	19406	70,225	78,652	8,427

Article	Property Number	Per CD Schedule	Per RPCPPE	Discrepancy
Notebook Computer	19407	70,225	78,652	8,427
Notebook Computer	19408	70,225	78,652	8,427
Notebook Computer	19409	70,225	78,652	8,427
Notebook Computer	19410	70,225	78,652	8,427
Notebook Computer	19411	70,225	78,652	8,427
Notebook Computer	19412	70,225	78,652	8,427
Notebook Computer	19413	70,225	78,652	8,427
Notebook Computer	19414	70,225	78,652	8,427
Notebook Computer	19415	70,225	78,652	8,427
Notebook Computer	19416	70,225	78,652	8,427
<b>Subtotal</b>		<b>4,078,111</b>	<b>4,567,485</b>	<b>489,373</b>
<b>Motor Vehicle</b>				
Vehicle	19390	1,151,786	1,290,000	138,214
Vehicle	13800	815,500	944,500	129,000
<b>Subtotal</b>		<b>1,967,286</b>	<b>2,234,500</b>	<b>267,214</b>
<b>Other PPE</b>				
Tank	19321	106,250	119,000	12,750
<b>Subtotal</b>		<b>106,250</b>	<b>119,000</b>	<b>12,750</b>
<b>Total</b>		<b>P7,256,687</b>	<b>P8,167,390</b>	<b>P910,702</b>



**Annex E**  
**Unserviceable items included in the RPCPPE**

Article	Property Number	Amount
<b><i>Furniture and Fixtures</i></b>		
Blinds	5443	P 235,000
Lamp	16101	60,188
Lamp	16102	58,187
Screen	15354A	56,350
<b>Subtotal</b>		<b>409,725</b>
<b><i>Motor Vehicle</i></b>		
Vehicle, SFX-788	10617	759,300
Vehicle, SGS-367	11180	797,200
<b>Subtotal</b>		<b>1,556,500</b>
<b><i>ICT equipment</i></b>		
Software	11997.00	476,850
Software	12552.00	155,975
Software	12734.00	50,150
Software	12784.00	114,441
Software	14687.00	246,500
Software	15076.00	88,980
Software	15077.00	61,980
Software	15078.00	121,980
AVR	16390.40	0
AVR	16398.40	-
AVR	16407.40	-
AVR	16420.40	-
AVR	16425.40	-
Keyboard	16427.20	-
Keyboard	16454.20	-
Mouse	16454.30	-
AVR	16459.40	-
AVR	16469.40	-
AVR	16480.40	-
AVR	16482.40	-
AVR	16488.40	-
Software	11996.1-.17	155,550
Software	12787.1-.3	50,112
Software	14628.1-.30	239,856
Software	17087.1-.14	578,015
Software	17088.1-.5	288,991
<b>Subtotal</b>		<b>2,629,381</b>
<b>Total</b>		<b>P4,595,606</b>

**Annex F**  
**Details of Negative Balances of AR**

Name	Amount
<b>AR PF Local</b>	
IFEX 2017	(887,005)
IFEX 2021	(20,000)
Exhibitor No. 1	(49,420)
Exhibitor No. 2	(28,060)
Exhibitor No. 3	(10,000)
Exhibitor No. 4	(283,950)
Exhibitor No. 5	(54,800)
Exhibitor No. 6	(22,400)
Exhibitor No. 7	(22,385)
Exhibitor No. 8	(151,875)
Exhibitor No. 9	(50,000)
Exhibitor No. 10	(20,000)
Exhibitor No. 11	(10,000)
Exhibitor No. 12	(27,680)
Exhibitor No. 13	(53,500)
Exhibitor No. 14	(64,980)
Exhibitor No. 15	(48,857)
Exhibitor No. 16	(7,025)
Exhibitor No. 17	(8,929)
Exhibitor No. 18	(8,940)
Exhibitor No. 19	(300,000)
Exhibitor No. 20	(200,000)
Exhibitor No. 21	(120,000)
Exhibitor No. 22	(19,440)
Exhibitor No. 23	(10,000)
Exhibitor No. 24	(600)
Exhibitor No. 25	(10,000)
Exhibitor No. 26	(21,190)
Exhibitor No. 27	(10,000)
Exhibitor No. 28	(10,000)
Exhibitor No. 29	(34,000)
Exhibitor No. 30	(10,000)
Exhibitor No. 31	(15,233)
Exhibitor No. 32	(10,000)
Exhibitor No. 33	(10,000)
Exhibitor No. 34	(32,850)
Exhibitor No. 35	(10,000)
Exhibitor No. 36	(10,000)
Exhibitor No. 37	(121,128)
Exhibitor No. 38	(10,000)
Exhibitor No. 39	(10,000)
Exhibitor No. 40	(540)
Exhibitor No. 41	(11,224)
Exhibitor No. 42	(7,550)
Exhibitor No. 43	(25,400)
Exhibitor No. 44	(54,000)
Exhibitor No. 45	(39,160)
Exhibitor No. 46	(913)
Exhibitor No. 47	(10,000)
Exhibitor No. 48	(63,820)
Exhibitor No. 49	(32,400)
Exhibitor No. 50	(10,000)

Exhibitor No. 51	(10,000)
Exhibitor No. 52	(2,251)
Exhibitor No. 53	(10,000)
Exhibitor No. 54	(12,000)
Exhibitor No. 55	(150,000)
Exhibitor No. 56	(4,150)
Exhibitor No. 57	(19,440)
Exhibitor No. 58	(15,850)
Exhibitor No. 59	(10,000)
Exhibitor No. 60	(12,922)
Exhibitor No. 61	(2,850)
Exhibitor No. 62	(16,140)
Exhibitor No. 63	(250)
Exhibitor No. 64	(1,200)
Exhibitor No. 65	(3,150)
Exhibitor No. 66	(9,000)
Exhibitor No. 67	(2,925)
Exhibitor No. 68	(10,000)
Exhibitor No. 69	(10,000)
Exhibitor No. 70	(13,680)
<b>Subtotal</b>	<b>(3,375,062)</b>
<b>AR PF International</b>	
Exhibitor No. 71	(10,000)
Exhibitor No. 72	(5,141)
Exhibitor No. 73	(29,430)
Exhibitor No. 74	(157,296)
Exhibitor No. 75	(25,199)
Exhibitor No. 76	(25,373)
Exhibitor No. 77	(52,902)
Exhibitor No. 78	(197,344)
Exhibitor No. 79	(51,346)
Exhibitor No. 80	(24,475)
Exhibitor No. 81	(25,278)
Exhibitor No. 82	(10,000)
<b>Subtotal</b>	<b>(613,783)</b>
<b>Total</b>	<b>(3,988,845)</b>