

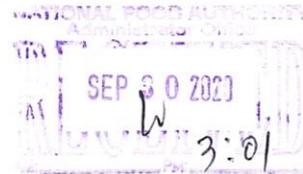


Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

**CORPORATE GOVERNMENT SECTOR**  
**Cluster 5 – Agricultural and Natural Resources**

September 28, 2020

**Ms. JUDY CAROL L. DANSAL**  
Administrator  
National Food Authority  
L-Shaped Bldg., NFA Compound  
Visayas Avenue, Quezon City



**Dear Ms. Dansal:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our Report on the results of the audit of the accounts and transactions of the **National Food Authority (NFA)** for the years ended December 31, 2019 and 2018.

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

We rendered an adverse opinion on the fairness of the presentation of the financial statements in view of the following:

1. Note 2 to Financial Statements (FS) states that the FS for Calendar Year (CY) 2019 have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS). However, NFA was unable to fully comply with the disclosure requirements of the PPSAS, among others, PPSAS 1 on Presentation of FS and PPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors. Thus, the presentation of the FS and the accompanying Notes did not adequately provide the users of the FS with the relevant information in understanding the NFA's financial status.
2. Non-reversal of temporary entries made for unreconciled items and errors in combination resulted in discrepancies amounting to P194.224 million, P234.986 million and P40.762 million in the balances of the Assets, Liabilities and Government Equity accounts, respectively, between the balances of the accounts presented in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA Regional Offices (ROs) and Central Office (CO) and the totals of the accounts in the individual TB of the NFA ROs and CO, thus, affecting the fair presentation of the affected accounts.

For the above-mentioned audit observations which caused the issuance of an adverse opinion, we recommended that Management:

1.1 Require the National Accountant to comply with the disclosure requirements of the pertinent PPSAS provisions to fairly present the account balances in the FS.

2.1 Require the National Accountant to verify and reconcile the variances between the FS and the Combined TBs per Region and adjust accordingly to come up with reliable balances of the accounts presented in the financial statements.

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

1. The rice inventory levels in NFA-National Capital Region and other Provincial Offices (POs) from January to December 2019 were not consistently maintained resulting in way above or below the mandated buffer stock requirements of 15 days in each month and 30 days in July resulting in excess stocks, that exposed a larger quantity of undistributed stocks stored longer than necessary to risk of deterioration/damage which could result in losses and increase in storage/maintenance cost. On the other hand, the rice inventory below the mandated buffer stock could compromise its capability to effectively and immediately respond in times of disaster and emergency situations.

1.1 We recommended that Management:

a. Strengthen the local procurement level to ensure at all times the availability of the required buffer stock levels to attain its mandate under Republic Act No. 11203 of 2019, The Rice Tariffication Law, to respond to the rice requirements during calamities;

b. Formulate a more applicable plan of rice procurement and allocation that is aligned with the mandate of NFA, specifically on buffer stocks and at the same time responsive to the needs/preferences and buying capacity of majority of the rice consumers to avoid the occurrence of excess stocks over buffer requirement;

c. Ensure that warehousing policies and procedures are strictly observed to avoid damage/deterioration of stocks and eventual losses and higher maintenance costs to NFA; and

d. Dispose/disperse stocks immediately to other NFA POs needing the same.

2. The maintenance and utilization of the Cereal Procurement Fund (CPF) in 12 POs such as: (a) underutilization of CPF and non-remittance of the unutilized CPF to the NFA-CO - P101.668 million; (b) incomplete documentation for CPF replenishment-P94.231 million; and (c) use of CPF for purposes other than palay procurement-P300,000 could hamper the agency's palay procurement activities and cause the management to fall short in achieving its objective of maintaining the required buffer stocks that will be used during disasters/calamities.

2.1 We recommended that Management:

a. Require the concerned Provincial Manager to instruct their Senior Accounting Specialist to strictly assess the completeness of supporting

documents submitted by the Special Disbursing Officers (SDOs) pertaining to the replenishment of cash advances for the procurement of palay to facilitate verification of information and determination of the validity and propriety of payments made thereof;

b. Formulate more realizable estimates for budget requests based on duly assessed provincial procurement target to utilize CPF effectively and efficiently and be able to attain the required buffer stock needed for food security. In addition, intensify procurement activities by encouraging farmer participation through information dissemination before the start of main crop season and deploying more procurement teams in areas where harvesting season is ongoing;

c. Return to NFA CO the unutilized CPF at the end of the procurement season/year in accord with the provisions of NFA Standard Operating Procedure (SOP) No. GM-PR33 and the directive issued by the Department Manager NFA-Budget Treasury and Fund Management Department on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all Provincial Managers on December 20, 2019; and

d. Stop utilizing the CPF for its general operating requirements without prior authority as required under Section F.2 (d) of NFA SOP GM-PR16 SOP on Palay Procurement which was made effective July 3, 1995, instead, request for additional funds from the Regional Office to address financial deficiencies.

3. In Nueva Ecija and Aurora POs, cash advances/replenishments granted to the Mobile Disbursing Officers (MDOs) were utilized to replenish the cash advances of the SDOs; likewise, said cash advances/replenishments granted were beyond the limit of the signing authority of the Provincial Manager/OIC which were not in accordance with the provisions of COA Circular No. 97-002 dated February 10, 1997 and NFA SOP No. FS-CS11 dated March 27, 2019; hence, accountability of each Disbursing Officer could not be readily established.

3.1 We recommended that Management:

a. Ensure strict adherence to Paragraph 4.1.6 of COA Circular No. 97-002 dated February 10, 1997 on the granting and utilization of cash advances;

b. Discourage/stop the practice of replenishing fund of SDO thru the MDO Scheme in accordance with Paragraphs II.E.9.a and II.E.9.b of NFA SOP No. FS-CS11 dated March 27, 2019; and

c. Observe closely Paragraphs II.C.2 and II.C.3 of the same NFA SOP for the CPF Ceilings signing authority of granting cash advance.

The audit 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 September 21, 2020, are discussed in detail in Part II of the Report. We also invite your attention to the prior years' unimplemented and partially implemented audit recommendations embodied in Part III of the Report.

We respectfully request that the recommendations contained in Part II of the Report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (copy attached) and returning the same to us within 60 days from the date of receipt hereof.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

**COMMISSION ON AUDIT**

By:



**MARY S. ADELINO**

Director IV

Cluster Director

**Copy furnished:**

*The President of the Republic of the Philippines*

*The Vice President*

*The President of the Senate*

*The Speaker of the House of Representatives*

*The Chairperson – Senate Finance Committee*

*The Chairperson – Appropriations Committee*

*The Secretary of the Department of Budget and Management*

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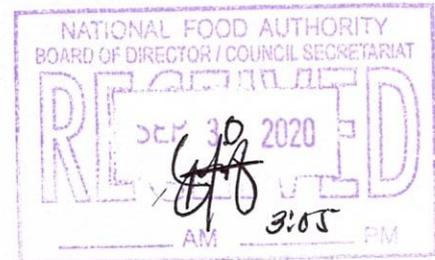


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**CORPORATE GOVERNMENT SECTOR**  
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**THE NFA COUNCIL**  
National Food Authority  
L-Shaped Bldg., NFA Compound  
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b. Formulate a more applicable plan of rice procurement and allocation that is aligned with the mandate of NFA, specifically on buffer stocks and at the same time responsive to the needs/preferences and buying capacity of majority of the rice consumers to avoid the occurrence of excess stocks over buffer requirement;

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2.1 We recommended that Management:

a. Require the concerned Provincial Manager to instruct their Senior Accounting Specialist to strictly assess the completeness of supporting

documents submitted by the Special Disbursing Officers (SDOs) pertaining to the replenishment of cash advances for the procurement of palay to facilitate verification of information and determination of the validity and propriety of payments made thereof;

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c. Return to NFA CO the unutilized CPF at the end of the procurement season/year in accord with the provisions of NFA Standard Operating Procedure (SOP) No. GM-PR33 and the directive issued by the Department Manager NFA-Budget Treasury and Fund Management Department on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all Provincial Managers on December 20, 2019; and

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The audit 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 September 21, 2020, are discussed in detail in Part II of the Report. We also invite your attention to the prior years' unimplemented and partially implemented audit recommendations embodied in Part III of the Report.

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

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

**COMMISSION ON AUDIT**

By:



**MARY S. ADELINO**  
Director IV  
Cluster Director

***Copy furnished:***

- The President of the Republic of the Philippines*
- The Vice President*
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- The National Library*
- The UP Law Center*



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

# **ANNUAL AUDIT REPORT**

**on the**

# **NATIONAL FOOD AUTHORITY (NFA)**

**For the Years Ended December 31, 2019 and 2018**

## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

The National Grains Authority was created under Presidential Decree (PD) No. 4 dated September 26, 1972 and became the National Food Authority (NFA) through PD No. 1770 dated January 14, 1981 with the original mandate to promote the integrated growth and development of the grains industry, to provide food security in the staple cereals in times and places of calamity or emergency, both natural or man-made and to promote the stabilization of supply and prices of staple cereals both at the farm gate and consumer levels.

Executive Order (EO) No. 1028, dated May 31, 1985, provided further the deregulation in the production and trading of food grains and related agricultural inputs being undertaken by all government agencies, including NFA. The Agency had to relinquish or transfer to another government entity or to the private sector, as appropriate, all its non-grain stabilization and trading activities. Under EO No. 116 dated January 30, 1987, NFA was detached from the Office of the President (OP) and was realigned under the Department of Agriculture (DA) to respond to policy changes with emphasis on private sector participation towards strengthening of a freer, market-oriented enterprise economy and trend towards liberalization, privatization and deregulation.

Pursuant to EO No. 398 dated January 31, 1997, NFA shall also undertake the procurement of sugar when necessary. Furthermore, EO No. 22 issued in September 1998, authorized NFA to include in its scope the marketing operation of other basic food items. On May 5, 2014, EO No. 165 transferred NFA together with the National Irrigation Administration, Philippine Coconut Authority and Fertilizer and Pesticide Authority from DA to the OP, to enhance and coordinate the efforts of these agencies in fulfilling their respective mandates. The oversight responsibilities over these agencies were given to the created Office of Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP.

Under EO No. 1 dated June 30, 2016 issued by President Rodrigo Roa Duterte, NFA was among the 12 agencies formerly from the OPAFSAM that were reassigned to the Office of the Cabinet Secretary of the OP under EO No. 1 dated June 30, 2016. It is governed by a Council which is chaired by the Cabinet Secretary.

On September 17, 2018, EO No. 62 amended EO No. 1 (S. 2016) and transferred NFA together with Philippine Coconut Authority and Fertilizer and Pesticide Authority back to the DA.

Previously, the NFA was vested with the functions of ensuring the food security of the country and the stability of supply and price of the staple grain-rice. However, under Republic Act (R. A.) No. 11203 which is "An Act Liberalizing the Importation, Exportation, and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice and Other Purposes", effective last March 5, 2019 and under Rule 3.2 of the Implementing Rules and Regulations (IRR) of the Act, NFA shall no longer issue all permits, licenses, registrations to importers, traders, warehouse operators, wholesalers, retailers, among others. Also, under Article VIII, Section 8 of the same IRR, the NFA shall, in accordance with the rules, regulations, and procedures to be promulgated,

maintain sufficient rice buffer stock to be sourced solely from local farmers in response to emergencies and in support of disaster relief programs of the government.

The NFA has 15 Regional Offices (ROs) and 86 Provincial Offices (POs). It has authorized plantilla positions of 4,703 with 3,963 filled positions as of December 31, 2018. Only 492 personnel holding permanent plantilla items are assigned at the Central Office (CO) while 3,204 personnel are assigned at the Field Offices (FOs). It also has 267 co-terminus employees; 47 assigned at the CO and 220 assigned at the FOs.

## FINANCIAL HIGHLIGHTS (In Million Pesos)

### I. Comparative Financial Position

	2019	2018	Increase (Decrease)
Assets	86,238.195	313,857.644	(227,619.449)
Liabilities	238,956.290	462,221.546	(223,265.256)
Equity deficiency	(152,718.095)	(148,363.902)	(4,354.193)

### II. Comparative Financial Performance

	2019	2018	Increase (Decrease)
Revenues	18,412.597	18,222.834	189.763
Current operating expenses	34,930.892	30,596.174	4,334.718
Deficit from current operations	(16,518.295)	(12,373.340)	(4,144.955)
Gains	206.651	160.810	45.841
Losses	(102.347)	(187.268)	84.921
))Financial assistance/subsidy	12,980.800	12,785.155	195.645
<b>Net surplus/(deficit) for the period</b>	<b>(3,433.191)</b>	<b>385.357</b>	<b>(3,818.548)</b>

### III. Budget and Actual Expenditures

	Budget	Utilization	Difference
Personnel services	2,788.000	1,471.549	1,316.451
Maintenance and other operating expenses	5,241.000	4,283.946	957.054
Capital outlays	859.000	283.101	575.899
Procurement	23,607.000	14,154.253	9,452.747
Payment of obligations	55,862.000	47,393.130	8,468.870
Investment Outlay	-	55.644	(55.644)
Customs duties	6,114.000	5,980.800	133.200
Interest expense	6,392.000	5,721.365	670.635
	<b>100,863.000</b>	<b>79,343.788</b>	<b>21,519.212</b>

## SCOPE OF AUDIT

Our audit covered the examination, on a test basis, of the accounts and financial transactions of NFA for the period January 1 to December 31, 2019 in accordance with the International Standards of Supreme Audit Institutions (ISSAI) to enable us to express an opinion on the fairness of the presentation of the financial statements for the years

ended December 31, 2019 and 2018. Our audit was also made to assess compliance with laws, rules and regulations, as well as adherence to prescribed policies and procedures.

## **AUDITOR'S OPINION**

We rendered an adverse opinion on the fairness of presentation of the financial statements in view of the following:

1. Note 2 to Financial Statements (FS) states that the FS for Calendar Year (CY) 2019 have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS). However, NFA was unable to fully comply with the disclosure requirements of the PPSAS, among others, PPSAS 1 on Presentation of FS and PPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors. Thus, the presentation of the FS and the accompanying Notes did not adequately provide the users of the FS with the relevant information in understanding the NFA's financial status.
  
2. Non-reversal of temporary entries made for unreconciled items and errors in combination resulted in discrepancies amounting to P194.224 million, P234.986 million and P40.762 million in the balances of the Assets, Liabilities and Government Equity accounts, respectively, between the balances of the accounts presented in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA Regional Offices (ROs) and Central Office (CO) and the totals of the accounts in the individual TB of the NFA ROs and CO, thus, affecting the fair presentation of the affected accounts.

For the above-mentioned audit observations which caused the issuance of an adverse opinion, we recommended that Management:

- 1.1 Require the National Accountant to comply with the disclosure requirements of the pertinent PPSAS provisions to fairly present the account balances in the FS.
  
- 2.1 Require the National Accountant to verify and reconcile the variances between the FS and the Combined TBs per Region and adjust accordingly to come up with the reliable balances of the accounts presented in the financial statements.

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

1. The rice inventory levels in NFA-NCR and other POs from January to December 2019 were not consistently maintained resulting in way above or below the mandated buffer stock requirements of 15 days in each month and 30 days in July resulting in excess stocks, that exposed a larger quantity of undistributed stocks stored longer than necessary to risk of deterioration/damage which could result in losses and increase in storage/maintenance cost. On the other hand, the rice inventory below the mandated buffer stock could compromise its capability to effectively and immediately respond in times of disaster and emergency situations.

1.1 We recommended that Management:

- a. Strengthen the local procurement level to ensure at all times the availability of the required buffer stock levels to attain its mandate under R.A. No. 11203 of 2019, The Rice Tariffication Law, to respond to the rice requirements during calamities;
- b. Formulate a more applicable plan of rice procurement and allocation that is aligned with the mandate of NFA, specifically on buffer stocks and at the same time responsive to the needs/preferences and buying capacity of majority of the rice consumers to avoid the occurrence of excess stocks over buffer requirement;
- c. Ensure that warehousing policies and procedures are strictly observed to avoid damage/deterioration of stocks and eventual losses and higher maintenance costs to NFA; and
- d. Dispose/disperse stocks immediately to other NFA Provincial Offices needing the same.

2. The maintenance and utilization of the Cereal Procurement Fund (CPF) in 12 POs such as: (a) underutilization of CPF and non-remittance of the unutilized CPF to the NFA-CO - P101.668 million; (b) incomplete documentation for CPF replenishment-P94.231 million; and (c) use of CPF for purposes other than palay procurement-P300,000 could hamper the agency's palay procurement activities and cause the management to fall short in achieving its objective of maintaining the required buffer stocks that will be used during disasters/calamities.

2.1 We recommended that Management:

- a. Require the concerned Provincial Manager to instruct their SAS to strictly assess the completeness of supporting documents submitted by the SDOs pertaining to the replenishment of cash advances for the procurement of palay to facilitate verification of information and determination of the validity and propriety of payments made thereof;
- b. Formulate more realizable estimates for budget requests based on duly assessed provincial procurement target to utilize CPF effectively and efficiently and be able to attain the required buffer stock needed for food security. In addition, intensify procurement activities by encouraging farmer participation through information dissemination before the start of main crop season and deploying more procurement teams in areas where harvesting season is on-going;
- c. Return to NFA CO the unutilized CPF at the end of the procurement season/year in accord with the provisions of NFA SOP No. GM-PR33 and the directive issued by the Department Manager NFA - Budget Treasury and Fund Management Department on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all Provincial Managers on December 20, 2019; and

d. Stop utilizing the CPF for its general operating requirements without prior authority as required under Section F.2 (d) of NFA SOP GM-PR16 SOP on Palay Procurement which was made effective July 3, 1995, instead, request for additional funds from the Regional Office to address financial deficiencies.

3. In Nueva Ecija and Aurora POs, cash advances/replenishments granted to the Mobile Disbursing Officers (MDOs) were utilized to replenish the cash advances of the Special Disbursing Officers (SDOs); likewise, said cash advances/replenishments granted were beyond the limit of the signing authority of the Provincial Manager/OIC (PM/OIC) which were not in accordance with the provisions of COA Circular No. 97-002 dated February 10, 1997 and NFA-SOP No. FS-CS11 dated March 27, 2019; hence, accountability of each DO could not be readily established.

3.1 We recommended that Management:

a. Ensure strict adherence to Paragraph 4.1.6 of COA Circular No. 97-002 dated February 10, 1997 on the granting and utilization of cash advances;

b. Discourage/stop the practice of replenishing fund of SDO thru the MDO Scheme in accordance with Paragraphs II.E.9.a and II.E.9.b of NFA SOP No. FS-CS11 dated March 27, 2019; and

c. Observe closely Paragraphs II.C.2 and II.C.3 of the same NFA SOP for the CPF Ceilings signing authority of granting cash advance.

## **UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2019, NFA had total consolidated unsettled Notices of Suspension (NSs) of P104.778 million, Notices of Disallowance (NDs) of P200.423 million and Notices of Charge (NCs) of P1.770 million. The details and status are shown in Annex C, Part IV of this Report.

## **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the 245 audit recommendations embodied in the prior years' Annual Audit Reports (AARs), 39 were fully implemented while four were no longer doable, hence, deleted from this Status. Notice of Disallowance for one recommendation and Notices of Suspension for three recommendations were issued, thus, deleted from this Status and included in Annex B (Details and Status of Unsettled Disallowances). Five recommendations in Calendar Year (CY) 2018 which were reiterations of CY 2017 recommendations were also excluded from this Status. Lastly, 145 recommendations were partially implemented; 14 were not implemented; and 34 were revised and reformulated to be more specific, doable and measurable. Details are presented in Part III of this Report.

## TABLE OF CONTENTS

		Page
<b>PART I</b>	<b>AUDITED FINANCIAL STATEMENTS</b>	
	Independent Auditor's Report	1
	Statement of Management Responsibility for Financial Statements	4
	Statements of Financial Position	5
	Statements of Financial Performance	6
	Statements of Changes in Net Assets/Equity	7
	Statements of Cash Flows	8
	Statement of Comparison of Budget and Actual Amounts	9
	Notes to Financial Statements	10
<b>PART II</b>	<b>OBSERVATIONS AND RECOMMENDATIONS</b>	60
<b>PART III</b>	<b>STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS</b>	96
<b>PART IV</b>	<b>ANNEXES</b>	
	A- Variances between Totals of Individual Trial Balance and Combined Trial Balances for CY 2019	158
	B- Schedule of Cash Advance Replenishments Granted to Mobile Disbursing Officers	159
	C- Details and Status of Unsettled Audit Suspensions, Disallowances and Charges	163



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

## **INDEPENDENT AUDITOR'S REPORT**

### **THE NFA COUNCIL**

National Food Authority  
L-Shaped Bldg., NFA Compound  
Visayas Avenue, Quezon City

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

#### **Opinion**

We have audited the financial statements of the **National Food Authority (NFA)**, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of financial performance, statements of changes in net assets/equity, statements of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse Opinion* paragraph, the financial statements do not present fairly the financial position of NFA as at December 31, 2019 and 2018 and its financial performance and its cash flows for the years then ended in accordance with Philippine Public Sector Accounting Standards (PPSAS).

#### **Basis for Adverse Opinion**

Under Note 2 to Financial Statements (FS), the FS for Calendar Year (CY) 2019 have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS). However, NFA was unable to fully comply with the disclosure requirements of the PPSAS, among others, PPSAS 1 on Presentation of FS and PPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors. Thus, the presentation of the FS and the accompanying Notes did not adequately provide the users of the FS with relevant information in understanding the NFA's financial status.

Moreover, the balances of the Assets, Liabilities and Government Equity accounts presented in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA Regional Offices (ROs) and Central Office (CO), differed by P194.224 million, P234.986 million and P40.762 million, respectively, against the totals of the accounts in the individual TB of the NFA ROs and CO, thus, affecting the fair presentation of the affected accounts.

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

On May 21, 2019, in compliance with Republic Act No. 11203 otherwise known as *An Act Liberalizing the Importation Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice and for Other Purposes and its Implementing Rules and Regulations*, NFA submitted its proposed Restructuring Plan to the Governance Commission with a total number of 3,543 plantilla positions, a decrease of 893 from the existing number of 4,436 plantilla.

On January 7, 2020, the Governance Commission for Government Owned or Controlled Corporation (GCG) in its Memorandum Order No. 2019-13 approved the Restructuring Plan of NFA with 22 organizational units in its Central Office, 15 Regional Offices, and 45 Branch Offices, with a corresponding total number of 2,644 plantilla positions. The Organizational Structure and Staffing Pattern (OSSP) of NFA after the restructuring features a streamlined Regional Office and Branch Office 9 formerly Provincial office) to ensure that the limited resources of NFA is strategically spread out nationwide.

### **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 PPSAS, 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 NFA's ability to continue as a going concern, disclosing as possible, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

***Report on the Supplementary Information Required Under BIR Revenue Regulations 15-2010***

Our audit was 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, 2019 required by the Bureau of Internal Revenue as disclosed in Note 35.1.b to the FS is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PPSAS. Such supplementary information is the responsibility of management.

**COMMISSION ON AUDIT**

  
**ELENA L. AGUSTIN**

Supervising Auditor  
Audit Group A – NFA/FTI  
Cluster 5-Agricultural and Natural Resources  
Corporate Government Sector

September 21, 2020



# NATIONAL FOOD AUTHORITY

Office of the Administrator

Visayas Avenue, Barangay VASRA, Diliman, Quezon City 1128

[www.nfa.gov.ph](http://www.nfa.gov.ph)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of the **National Food Authority (NFA)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and 2018, 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 NFA'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 NFA or to cease operations, or has no realistic alternative to do so.

The NFA Council is responsible for overseeing the NFA's financial reporting process.

The NFA Council reviews and approves the financial statements, including the schedules attached therein, and submits the same to the regulators, creditors and other users.

The Commission on Audit, through its authorized representative, has examined the financial statements of the NFA pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the NFA Council, has expressed its opinion on the fairness of presentation upon completion of such audit.

**WILLIAM D. DAR**  
*Secretary of Agriculture and  
Chairman, NFA Council*



DEPARTMENT OF AGRICULTURE  
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**JUDY CAROL L. DANSAL**  
*Administrator, National Food Authority and  
Vice-Chairperson, NFA Council*

**EVELYN M. BARROGA**  
*Department Manager  
Accounting Services Department*



**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at December 31, 2019 and 2018**  
(In Philippine Peso)

	Note	2019	2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2,907,899,478	983,644,749
Financial Assets	7	551,948,262	604,630,188
Receivables, net	8	4,614,420,443	4,233,942,708
Intra-agency receivables	9	57,214,311,953	300,176,526,838
Inventories, net	10	17,168,868,677	3,729,889,587
Other current assets	11	215,089,153	241,863,822
		<b>82,672,537,966</b>	<b>309,970,497,892</b>
<b>Non-current assets</b>			
Financial Assets	12	516,826,380	516,826,380
Investment Property	13	14,009,519	-
Property, plant and equipment - net	14	2,233,882,139	2,069,299,182
Intangible assets	15	2,044,810	1,931,260
Other non-current assets	11	798,894,559	1,299,089,071
		<b>3,565,657,407</b>	<b>3,887,145,893</b>
<b>TOTAL ASSETS</b>		<b>86,238,195,373</b>	<b>313,857,643,785</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities	16	68,321,161,513	62,223,623,027
Inter-agency payables	17	73,369,226,690	47,862,189,111
Intra-agency payables	18	57,214,034,765	300,174,796,608
Trust liabilities	19	1,028,321,713	673,818,403
		<b>199,932,744,681</b>	<b>410,934,427,149</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	38,089,154,181	51,095,067,277
Deferred credits/unearned income/provisions	20, 21	934,391,369	192,051,853
		<b>39,023,545,550</b>	<b>51,287,119,130</b>
<b>TOTAL LIABILITIES</b>		<b>238,956,290,231</b>	<b>462,221,546,279</b>
<b>EQUITY DEFICIENCY (Total Assets Less Total Liabilities)</b>		<b>(152,718,094,858)</b>	<b>(148,363,902,494)</b>
<b>EQUITY DEFICIENCY</b>			
Contributed capital	32	5,000,000,329	5,000,000,329
Accumulated surplus/(deficit)	33	(157,718,095,187)	(153,363,902,823)
<b>EQUITY DEFICIENCY</b>		<b>(152,718,094,858)</b>	<b>(148,363,902,494)</b>

The Notes on pages 10 to 59 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
**For the Years Ended December 31, 2019 and 2018**  
(In Philippine Peso)

	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	22		
Service and business income		18,345,178,197	18,117,173,119
Share, grants and donations		37,878	43,548
Miscellaneous income		67,380,958	105,617,260
		<b>18,412,597,033</b>	<b>18,222,833,927</b>
<b>Current operating expenses</b>			
Personnel services	23	2,741,564,887	2,402,055,563
Maintenance and other operating expenses	24	1,745,142,242	1,479,667,695
Financial expenses	25	7,136,472,965	6,366,230,096
Direct costs	26	23,120,725,158	20,171,062,391
Non-cash expenses	27	186,986,747	177,158,471
		<b>34,930,891,999</b>	<b>30,596,174,216</b>
<b>Deficit from current operations</b>		<b>(16,518,294,966)</b>	<b>(12,373,340,289)</b>
Gains	28	206,651,128	160,810,053
Losses	28	(102,347,625)	(187,267,540)
Financial assistance/subsidy	29	12,980,800,251	12,785,154,971
<b>Net surplus/(deficit) for the period</b>		<b>(3,433,191,212)</b>	<b>385,357,195</b>

The Notes on pages 10 to 59 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF CHANGES IN NET ASSETS/EQUITY**  
**For the Years Ended December 31, 2019 and 2018**  
(In Philippine Peso)

	Accumulated surplus/(deficit) (Note 33)	Contributed capital (Note 32)	Total
<b>BALANCE AT JANUARY 1, 2018, as restated</b>	<b>(153,551,879,906)</b>	<b>5,000,000,329</b>	<b>(148,551,879,577)</b>
<b>CHANGES IN NET ASSETS/EQUITY FOR CY 2018</b>			
Add/(Deduct):			
Surplus for the period	385,357,195	-	385,357,195
Prior period errors	(21,780,174,349)	-	(21,780,174,349)
Other adjustments	21,582,794,237	-	21,582,794,237
<b>BALANCE AT DECEMBER 31, 2018</b>	<b>(153,363,902,823)</b>	<b>5,000,000,329</b>	<b>(148,363,902,494)</b>
<b>CHANGES IN NET ASSETS/EQUITY FOR CY 2019</b>			
Add/(Deduct):			
Deficit for the period	(3,433,191,212)	-	(3,433,191,212)
Prior period errors	(6,115,014,203)	-	(6,115,014,203)
Other adjustments	5,194,013,051	-	5,194,013,051
<b>BALANCE AT DECEMBER 31, 2019</b>	<b>(157,718,095,187)</b>	<b>5,000,000,329</b>	<b>(152,718,094,858)</b>

The Notes on pages 10 to 59 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	Note	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Receipt of notice of cash allocation	29	7,000,000,000	7,000,000,000
Collection of income/revenues		18,316,502,669	17,448,024,960
Collection of receivables		139,299,915	94,371,377
Receipt of inter-agency fund transfers		2,288,832,739	392,200,250
Receipt of intra-agency fund transfers		54,019,873,096	23,715,024,325
Trust receipts		770,576,229	366,129,706
Other receipts		771,442,185	399,090,828
Adjustments		86,948,532	17,168,589
		<b>83,393,475,365</b>	<b>49,432,010,035</b>
<b>Cash Outflows</b>			
Remittance to National Treasury		-	700,000,000
Payment of expenses		3,863,683,650	2,755,744,036
Purchase of inventories		14,196,573,914	1,289,225,668
Grant of cash advances		1,020,704,801	170,857,475
Prepayments		5,532,996	4,367,344
Refund of deposits		10,753,951	3,049,830
Payment of accounts payable		21,196,078,452	9,198,645,823
Remittance of personnel benefit contributions and mandatory deductions		1,307,594,520	1,188,624,172
Release of inter-agency fund transfers		839,342,804	111,366,169
Release of intra-agency fund transfers		55,310,378,711	23,872,417,373
Other disbursements		129,354,051	69,773,323
Adjustments		5,872,222	20,042,014
		<b>97,885,870,072</b>	<b>39,384,113,227</b>
Net cash provided by/(used in) operating activities		<b>(14,492,394,707)</b>	<b>10,047,896,808</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from sale/disposal of property and equipment		712,457	1,365,137
Proceeds from sale of other assets		-	1,295,704
Sale of investments		-	106,450,000
Receipt of cash dividends		-	71,000,000
Proceeds from matured/return of investments		123,637,727	7,005,161,728
		<b>124,350,184</b>	<b>7,185,272,569</b>
<b>Cash Outflows</b>			
Purchase/construction of property and equipment		283,100,566	167,696,439
Investment		55,644,101	2,549,824
		<b>338,744,667</b>	<b>170,246,263</b>
Net cash provided by/(used in) investing activities		<b>(214,394,483)</b>	<b>7,015,026,306</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from domestic and foreign loans		49,886,071,936	19,751,250,948
		<b>49,886,071,936</b>	<b>19,751,250,948</b>
<b>Cash Outflows</b>			
Payment of long-term liabilities		27,460,268,312	32,614,192,559
Payment of interest expense (BTR/NG debt)		5,721,365,371	4,338,269,379
		<b>33,181,633,683</b>	<b>36,952,461,938</b>
Net cash provided by/(used in) financing activities		<b>16,704,438,253</b>	<b>(17,201,210,990)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,997,649,063	(138,287,876)
Effects of exchange rate changes on cash and cash equivalents		(73,394,334)	36,717,984
<b>CASH AND CASH EQUIVALENTS, January 01</b>		983,644,749	1,085,214,641
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>6</b>	<b>2,907,899,478</b>	<b>983,644,749</b>

The Notes on pages 10 to 59 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**For the Year Ended December 31, 2019**  
(In Philippine Peso)

	Note	Budgeted amounts		Actual amounts on comparable basis	Difference final budget and actual
		Original	Final		
<b>RECEIPTS</b>					
Corporate funds		34,436,000,000	34,436,000,000	18,553,467,623	15,882,532,377
National government subsidy	29	9,625,000,000	7,000,000,000	7,000,000,000	-
Borrowings		23,313,000,000	23,313,000,000	24,609,670,604	(1,296,670,604)
Net lending		30,420,000,000	30,420,000,000	25,276,401,332	5,143,598,668
Tax subsidy		6,114,000,000	6,114,000,000	5,980,800,251	133,199,749
Investments				123,637,727	(123,637,727)
		<b>103,908,000,000</b>	<b>101,283,000,000</b>	<b>81,543,977,537</b>	<b>19,739,022,463</b>
<b>PAYMENTS</b>					
Personnel services		5,640,000,000	2,788,000,000	1,471,548,672	1,316,451,328
Maintenance and other operating expenses		5,455,000,000	5,241,000,000	4,283,946,444	957,053,556
Capital outlay		838,000,000	859,000,000	283,100,566	575,899,434
Procurement		23,607,000,000	23,607,000,000	14,154,252,863	9,452,747,137
Payment of obligations		55,862,000,000	55,862,000,000	47,393,130,157	8,468,869,843
Investment Outlay			-	55,644,101	(55,644,101)
Custom duties		6,114,000,000	6,114,000,000	5,980,800,251	133,199,749
Interest expense		6,392,000,000	6,392,000,000	5,721,365,371	670,634,629
Net lending					-
		<b>103,908,000,000</b>	<b>100,863,000,000</b>	<b>79,343,788,425</b>	<b>21,519,211,575</b>
<b>NET RECEIPTS/PAYMENTS</b>		<b>-</b>	<b>420,000,000</b>	<b>2,200,189,112</b>	<b>(1,780,189,112)</b>

The Notes on pages 10 to 59 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
(All amounts in Philippine Peso unless otherwise stated)

**1. CORPORATE INFORMATION**

The National Food Authority (NFA) was originally created under the name of National Grains Authority (NGA) through Presidential Decree (PD) No. 4 dated September 26, 1972 with the original mandate to promote the integrated growth and development of the grains industry covering rice, corn, feed grains and other grains like sorghum, mungo, and peanut to provide food security in the staple cereals in times and places of calamity or emergency, both natural or man-made and to promote the stabilization of supply and prices of staple cereals both at the farm gate and consumer levels.

On May 12, 1975, PD No. 699 took effect as an amendment of PD No. 4, wherein the NGA shall perform other functions as may be necessary to carry into effect the provision of the Act, including but not limited to, the development, culture or production of grains, and the establishment, acquisition and/or operations of grains processing, handling storage and transport facilities.

On June 11, 1978, PD No. 1485 was approved to further amend certain provisions of the National Grains Industry Development Act. The law was known as the NGA Act.

On January 14, 1981, PD No. 1770 was issued which reconstituted the NGA into what is now the NFA. This Decree widened the Agency's social responsibilities and commodity coverage to include, in addition to grains, other food items like raw or fresh fruits and vegetables and fish and marine manufactured, processed, or packaged food products, and these were collectively referred to as non-grains commodities.

On May 31, 1985, Executive Order (EO) No. 1028 was issued and provided for the deregulation of NFA's non-grains marketing activities. This resulted in the termination of NFA's non-grains trading activities and the return of feed grains and wheat importation to the private sector as well as the lifting of price controls/ceilings on rice and corn. As such at the end of 1986, all the Kasama sa Diwa (KADIWA) stores had been devolved to the private sector and/or closed.

On January 30, 1987, EO No. 116 was issued where the NFA was detached from the Office of the President (OP) and was realigned under the Department of Agriculture (DA) to respond the policy changes with emphasis on private sector participation towards strengthening of a freer, market-oriented enterprise economy and trend towards liberation, privatization and deregulation.

Pursuant to EO No. 398 dated January 31, 1997, NFA undertakes the procurement of sugar when necessary. Furthermore, EO No. 22 issued in September 1998 authorized NFA to include in its scope the marketing operations of other basic food items.

On May 5, 2014, EO No. 165 transferred the NFA together with the National Irrigation Administration, Philippine Coconut Authority and Fertilizer and Pesticide Authority from the DA to the OP, to enhance and coordinate the efforts of these agencies in fulfilling their respective mandates. The oversight responsibilities over these agencies were given to the

created Office of Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP.

On July 4, 2016, the NFA was among the 12 agencies formerly from the OPAFSAM that were reassigned to the Office of the Cabinet Secretary of the OP under EO No. 1 dated June 30, 2016 issued by President Rodrigo Roa Duterte. It is governed by a Council which is chaired by the Cabinet Secretary.

On September 17, 2018, EO No. 62 amended EO No. 1 (S. 2016) and transferred NFA together with Philippine Coconut Authority and Fertilizer and Pesticide Authority back to the DA.

Previously, the NFA was vested with the functions of ensuring the food security of the country and the stability of supply and price of the staple grain-rice. It performs these functions through various activities and strategies, which include procurement of paddy from individual bonafide farmers and their organizations, buffer stocking, processing activities, dispersal of paddy and milled rice to strategic locations and distribution of the staple grain to various marketing outlets at appropriate times of the year.

However, on February 14, 2019, under Republic Act (RA) No. 11203 or The Rice Tariffication Law which is “An Act Liberalizing the Importation, Exportation, and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice and Other Purposes”, effective last March 5, 2019 and under Rule 3.2 of the Implementing Rules and Regulations (IRR) of the Act, NFA shall no longer issue all permits, licenses, registrations to importers, traders, warehouse operators, wholesalers, retailers, among others. Also, under Article VIII, Section 8 of the same IRR, the NFA shall maintain sufficient rice buffer stock to be sourced solely from local farmers in response to emergencies and in support of disaster relief programs of the government.

NFA has 15 Regional Offices (ROs) and 86 Provincial Offices (POs). As of December 31, 2019, it had 4,703 authorized plantilla positions with 3,963 filled-up positions. There were 492 personnel holding permanent plantilla items assigned at the NFA Central Office (CO), while 3,204 personnel were assigned at the Field Offices (FOs). It had 267 co-terminus employees; 47 were assigned at the CO and 220 were assigned at the FOs.

The NFA-CO is located in L-Shaped Bldg., NFA Compound, Visayas Avenue, Quezon City, Philippines.

The Financial Statements (FS) of the NFA was authorized for issue on February 13, 2020 as shown in the Statement of Management Responsibility for Financial Statements signed by William D. Dar, Secretary of Agriculture and Chairman, NFA Council, Judy Carol L. Dansal, NFA Administrator and Vice-Chairperson, NFA Council, and Evelyn M. Barroga, Department Manager, Accounting Services Department.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FS**

The FS have been prepared in compliance with the Philippine Public Sector Accounting Standards (PPSAS) prescribed for adoption by the COA per COA Resolution No. 2014-003 dated January 24, 2014.

NFA's first financial statements in accordance with PPSAS and PPSAS 33 First-Time Adoption of Accrual Basis PPSAS was prepared in Calendar Year (CY) 2018. The adoption of PPSAS was made on January 1, 2017. The accounting policies have been consistently applied throughout the year presented.

The FS have been prepared under the historical cost, unless stated otherwise. The Statements of Cash Flows are prepared using the direct method.

The FS are presented in Philippine Peso (Php), which is also the country's functional currency.

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

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

The FS are prepared on an accrual basis in accordance with the PPSAS.

#### **3.2 Financial Instruments**

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

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

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

The NFA's financial assets include Cash and Cash Equivalents, Other Investments, Trade and Non-trade Receivables. (See Notes 6, 7, 8 and 12)

##### **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 and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. (See Note 7)

##### **2. Loans and receivables**

Loans and 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. (See Note 8)

### 3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the NFA has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are 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. The losses arising from impairment are recognized in surplus or deficit.

## iii. Derecognition

NFA 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. NFA 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 PPSAS 29 *Financial 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

NFA 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. (See Note 3.4, 8.1 and 27)

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)

**b. Financial liabilities**

**i. Initial recognition and measurement**

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The NFA determines the classification of its financial liabilities at initial recognition.

The NFA's financial liabilities include Accounts Payable, Due to Officers and Employees, Notes Payable, Interest Payable, and Loans Payable – Domestic and Foreign. (See Note 16)

**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 as 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 entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit. (PPSAS 29.10, PPSAS 29.49(a) and PPSAS 29.64)

2. Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses

are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

### **iii. Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 consolidated 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. (PPSAS 28.47)

### **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 deposits in banks. Cash on hand includes cash with collecting officers. For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents consist of cash and short-term deposits. (See Note 6)

Cash with Disbursing Officer which previously formed part of Cash is now classified as Other Assets – Advances for Operating Expenses.

## **3.4 Provision for Allowance for Impairment Loss – Accounts Receivable**

Allowance for Impairment Loss – Accounts Receivable was set at a level adequate to provide for potential uncollectible amount of receivable derived from the computations based on percentages and aging of accounts receivable as follows: 25 per cent for accounts aged one year to less than two years, 50 per cent for accounts aged two years to less than three years, 75 per cent for accounts aged three years but less than four years and 100 per cent for accounts aged four years and above. (See Note 8.1)

### **3.5 Inventories**

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

The cost of inventories shall comprise all costs of purchase, costs of conversion (materials, labor and overhead) and other costs incurred in bringing the inventories to their present location and condition, excluding abnormal amounts of wasted materials, labor, other production and selling costs, administrative overheads that do not contribute to bringing inventories to their present location and condition. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase. (Pars. 18, 19 & 25, PPSAS 12).

Inventories held for consumption of NFA are measured at cost upon initial recognition. To the extent that inventory are 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. (See Note 10)

#### **ii. Subsequent measurement**

Inventories shall be measured at the lower of cost and net realizable value. However, where inventories are acquired through a non-exchange transaction, their costs shall be measured at their fair value as at the date of acquisition; (Pars. 15-16, PPSAS 12)

#### **iii. Cost Formulas**

The weighted average method shall be used for costing inventories. This method calls for the re-calculation of the average cost of all items in stock after every purchase. Therefore, the weighted average cost is the total cost of all units subsequent to the latest purchase, divided by their total number of units available.

Inventories that are held for consumption are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NFA

### **3.6 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 its estimated useful life. Only lands were reclassified as Investment Property, hence, no estimated useful life was used for subsequent measurement. (See Note 13)

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its 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 National Food Authority uses the cost model for the measurement of investment property after initial recognition. (See Note 13)

### **3.7 Property, Plant and Equipment (PPE)**

#### **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. Held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- iii. 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 P15,000.

#### **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. (See Note 14)

When significant parts of PPE are required to be replaced at intervals, NFA 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 plant and equipment 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. (See Notes 14 and 27)

**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.

**iii. Estimated useful life**

The NFA uses the Schedule on the estimated useful life of PPE by classification under NFA Standard Operating Procedure (SOP) No. FS-GP21 dated September 07, 2004, which is also within the prescribed schedule prepared by COA.

**iv. Residual value**

The NFA uses a residual value equivalent to at least five per cent of the cost of the PPE.

### **e. Derecognition**

The NFA 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.

## **3.8 Intangible Assets**

### **a. Recognition and measurement**

Intangible Assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably. (See Note 15)

Intangible Assets acquired separately are initially recognized at cost.

### **b. Development costs**

Development costs on an individual project are recognized as Intangible Assets when the NFA can demonstrate:

- i. The technical feasibility of completing the asset so that the asset will be available for use;
- ii. Its intention to complete and its ability to use or sell the asset;
- iii. How the asset will generate future economic benefits or service potential;
- iv. The availability of resources to complete the asset; and
- v. The ability to measure reliably the expenditure during development.

## **3.9 Changes in Accounting Policies and Estimates**

The NFA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application was impractical.

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

The NFA corrects material prior period errors retrospectively in the first set of FS 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.

### **3.10 Foreign Currency Transactions**

Foreign currency liabilities are booked up at peso equivalents at the time of availment. Payments are taken up at current foreign exchange (ForEx) rate. Gain or loss on ForEx is recognized and charged to current operations. Outstanding loan and dollar bank account balances at the end of the year are restated using the Bangko Sentral ng Pilipinas (BSP) closing rate at the last banking day of the year and any gain/loss is recorded accordingly. (See Note 28)

### **3.11 Revenue from Non-Exchange Transactions**

#### **a. Recognition and Measurement of Assets from Non-Exchange Transactions**

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:

- i. It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. The fair value of the asset can be measured reliably. An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

#### **b. Recognition Revenue from Non-Exchange Transactions**

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As NFA satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

#### **c. Measurement of Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

#### **d. Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions**

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

**e. Gifts and Donations**

NFA recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind were recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value are ascertained by reference to quoted prices in an active and liquid market.

**f. Transfers**

NFA recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

**g. Services in-Kind**

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

**h. Transfers from other government entities**

Revenues from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the NFA and can be measured reliably.

**3.12 Revenue from Exchange Transactions**

**a. Measurement of revenue**

Revenue is measured at fair value of the consideration received or receivable. (See Note 22)

**b. Rendering of services**

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. (See Note 22)

**c. Fines and penalties**

The NFA recognizes revenue from fines and penalties on the late deliveries of items purchased through importation or local purchases when earned. (See Note 22)

**d. Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. (See Note 22)

**e. Dividends**

Dividends or similar distributions are recognized when the NFA's right to receive payments is established.

**3.13 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.

The annual budget figures are those approved by the governing body both at the beginning and during the year following a period of consultation with the public. (See Note 35)

**3.14 Borrowing Costs**

For loans borrowed directly by NFA, the allowed alternative treatment is used.

**3.15 Employee Benefits**

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

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

**3.16 Measurement of Uncertainty**

The preparation of FS in conformity with PPSAS, 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 FS and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include e.g. the useful life of capital assets, estimated employee benefits, rates for amortization, impairment of assets, liability for contaminated sites, etc. Estimates were 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 FS. Actual results could differ from these estimates.

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

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

- **Credit Risk**

Credit risk is the risk of default on a debt that may arise from a counterparty failing to make required payments for obligations. In the first resort, the risk is that of the Authority and includes lost principal, disruption to cash flows, and decreased collection efficiency. The loss may be complete or partial.

- **Liquidity Risk**

Liquidity risk is the risk that the Authority might encounter difficulty in meeting obligation from its financial liabilities.

- **Interest/Market Risks**

Interest/Market risks is the risk that arises for bond owners from fluctuating interest rates. Interest rate risk for bond depends on how sensitive its price is to interest rate changes in the market.

- **Operational Risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than 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 Authority's operations and are faced by all business entities.

Risk Management Framework presents information about the NFA's exposure to risks, and the NFA's objectives, policies and processes for measuring and managing those risks.

##### **4.1 Risk Management Framework**

The NFA Council has overall responsibility for the establishment and oversight of NFA's risk management framework. NFA's Code of Corporate Governance Section 7. Mandate and Responsibility for NFA's Performance, sufficiently provides that NFA Council, is responsible for providing policy directions, monitoring and overseeing Management

actions, as articulated in its Charter per Presidential Decree No.4 and other relevant legislation, rules and regulations.

These mandated functions and responsibilities includes, but not limited to:

1. Determine important policies that bear on the character of NFA to foster its long-term success, ensure its long-term viability and strength, and secure its sustained competitiveness;
2. Determine the organizational structure of NFA, defining the duties and responsibilities of its Executive Officers and employees and adopting a compensation and benefit scheme that is consistent with the GOCC Compensation and Position Classification System (CPSCS) developed by GCG and formally approved by the President of the Philippines;
3. Ensure that personnel selection and promotion shall be on the bases of merit and fitness and that all personnel action shall be in pursuit of the applicable laws, rules and regulations;
4. Provide sound written policies and strategic guidelines of NFA's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of NFA;
5. Comply with all reportorial requirements, as required in the Charter, as well as applicable laws, rules and regulations; and
6. Enhance NFA's relation to stakeholders.

In view of the foregoing and in accordance with Governance Commission for GOCCs (GCG) Memorandum Circular No. 2012-07 (Code of Corporate Governance and Section 16 of Code of Corporate Governance Resolution No. 75-2014-K), the Council has created the NFA's Executive Committee, Audit Committee and Risk Management Committee, Governance Committee, and Nomination and Remunerations Committee, where each committee is composed of at least three members knowledgeable in audit, accounting and finance while the Executive Committee is headed by the Administrator, plus three other members who shall serve on ad-hoc basis (Resolution No. 77-2k3). The three members shall be called upon by the Chairman depending on the agenda where their line of interest and expertise are required.

The Risk Management Committee (with at least one member having a background in finance and investment) is specifically responsible for the following:

1. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of NFA, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
2. Developing the Risk Management Policy of NFA, ensuring compliance with the same and ensure that the risk management process and compliance are

embedded throughout the operations of NFA, especially at the Council and Management level; and

3. Providing quarterly reporting and updating the Council on key risk management issues as well as ad hoc reporting and evaluation of investment proposals.

	Note	2019	2018
<b>Financial Assets</b>			
Cash and Cash Equivalents	6	2,907,899,478	983,644,749
Investments	7, 12	1,068,774,642	1,121,456,568
Receivable, net	8	4,614,420,443	4,233,942,708
		<b>8,591,094,563</b>	<b>6,339,044,025</b>
<b>Financial Liabilities</b>			
Financial Liabilities	16	106,410,315,694	113,318,690,304
Trust Liabilities	19	1,028,321,713	673,818,403
Other Deferred Credits	20	184,775,829	192,051,853
		<b>107,623,413,236</b>	<b>114,184,560,560</b>

## 5. PRIOR PERIOD ADJUSTMENTS

Fundamental adjustments of prior years are corrected using Prior Years' Charges to Cost of Sales, Expenses, Other Income, and Sales, while errors affecting current year's operations are charged to current year's accounts.

Year	Accounts	Amount	Total
<b>Prior to 2015</b>	Cost of Sales	759,885,194	
	Expenses	(1,510,400,504)	
	Other Income	(753,806,444)	
	Sales	1,151,747,373	(352,574,381)
<b>2015</b>	Cost of Sales	(876,823,047)	
	Expenses	(64,786,769)	
	Other Income	29,379,523	
	Sales	128,298,434	(783,931,859)
<b>2016</b>	Cost of Sales	(396,607,315)	
	Expenses	(12,072,751)	
	Other Income	42,822,064	
	Sales	272,029,257	(93,828,745)
<b>2017</b>	Cost of Sales	(296,621,652)	
	Expenses	(2,586,750,274)	
	Other Income	(29,624,271)	
	Sales	120,384,675	(2,792,611,522)
<b>2018</b>	Cost of Sales	(4,695,353,766)	
	Expenses	(1,288,951,048)	
	Other Income	110,990,951	
	Sales	3,781,246,167	(2,092,067,696)
<b>Prior Period Adjustment For 2019</b>			<b>(6,115,014,203)</b>

## 6. CASH AND CASH EQUIVALENTS

This account consists of the following:

	<b>2019</b>	<b>2018</b>
Cash on hand	16,942,013	8,626,175
Cash in bank - local currency	2,792,836,914	872,753,244
Cash in bank - foreign currency	98,120,551	102,265,330
	<b>2,907,899,478</b>	<b>983,644,749</b>

Restricted cash for 2019 amounts to P879.191 million.

### **6.1 Cash in Bank – Foreign Currency**

Cash in Bank in Foreign Currency is a dollar savings account deposited in Land Bank of the Philippines (LBP) – NFA Branch. The foreign currency account amounting to US\$1,937,800.94 is revaluated using the December 31, 2019 closing rate of P50.635/US\$1.00 from the BSP. While the December 31, 2018 balance of US\$1,944,947.31 was revaluated using December 31, 2018 closing rate of P52.58/US\$1.00 from the same source.

## **7. FINANCIAL ASSETS**

### **7.1 Reconciliation of Current Investments**

	<b>Time Deposit</b>	<b>Other Financial Assets</b>	<b>Total</b>
Balance, 01/01/19	159,726,965	444,903,223	604,630,188
Additional Investment	4,558,284	64,412,794	68,971,078
Investment collected	-	(121,653,004)	(121,653,004)
<b>Balance, 12/31/19</b>	<b>164,285,249</b>	<b>387,663,013</b>	<b>551,948,262</b>

### **7.2 Investment in Time Deposit**

Investment in Time Deposit in the amount of P 164,285,249 is a Time Deposit of Corn Development Fund in DBP which consist of 91 days in the amount of P15,569,153 and 360 days in the amount of P148,716,096.

### **7.3 Other Financial Assets**

	<b>2019</b>	<b>2018</b>
DBP Trust- Building	215,802,674	312,059,837
LBP Trust-Building	171,860,339	132,843,386
<b>Total</b>	<b>387,663,013</b>	<b>444,903,223</b>

## **8. RECEIVABLES**

This account consists of the following:

	2019	2018
Accounts receivable, net	15,898,985	8,612,137
Loans receivable	31,260,550	30,452,895
Inter-agency receivables	943,529,666	1,019,818,271
Other receivables, net	3,623,731,242	3,175,059,405
	<b>4,614,420,443</b>	<b>4,233,942,708</b>

## 8.1 Accounts Receivables

	2019	2018
National government agencies (NGAs)	390,942,928	362,536,705
Local government units (LGUs)	136,885,705	119,641,238
Government owned or controlled corporations (GOCCs)	51,872,592	14,942,438
Private corporations	11,619,406	8,526,611
Farmers	4,936,082	5,244,377
Employees	276,760	245,097
Retailers	230,732	300,332
Erap Sari-Sari Store (ESSS) Operators	26,337	26,337
	<b>596,790,542</b>	<b>511,463,135</b>
Less: Allowance for impairment	580,891,557	502,850,998
	<b>15,898,985</b>	<b>8,612,137</b>

Accounts Receivable consist mainly of dormant accounts from rice loans of government and private institutions, GOCCs, private corporations, retailers, employees and farmers. Accordingly, an Allowance for Impairment is provided for the receivables. The increase is attributable to sale on account of rice from different institutions, while the decrease is attributable to the collection of Accounts Receivable during the current year.

The significant increase is attributable to sale on account from NGAs and LGUs across all the provincial offices of NFA.

### 8.1.1 Aging of Accounts Receivables

Accounts	Grand Total	Less than 1 year	1-2 years	2-3 years	3-4 years	4-10 years	Over 10 years
NGAs	390,942,928	1,614,628	-	-	21,773,748	137,965,150	229,589,402
LGUs	136,885,705	6,188,750	-	150,000	9,008,531	43,437,103	78,101,321
GOCCs	51,872,592	-	-	-	-	1,975,225	49,897,367
Private Institutions	11,619,406	231,931	-	-	-	769,525	10,617,950
Farmers	4,936,082	62,500	-	-	-	-	4,873,582
Employees	276,760	23,589	600	-	-	76,347	176,224
Retailers	230,732	4,950	-	3,234	-	63,490	159,058
ESSS Operators	26,337	-	-	-	-	-	26,337
<b>Total</b>	<b>596,790,542</b>	<b>8,126,348</b>	<b>600</b>	<b>153,234</b>	<b>30,782,279</b>	<b>184,286,840</b>	<b>373,441,241</b>
<b>Allowance for impairment</b>	<b>580,891,557</b>	<b>-</b>	<b>150</b>	<b>76,617</b>	<b>23,086,710</b>	<b>184,286,840</b>	<b>373,441,240</b>

The NFA 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.

## 8.2 Loans Receivable

Loans receivables account includes receivables from farmer miller-beneficiaries under the then Agro-processing and Marketing Project Office (APMPO), Private Sector Modernization Scheme (PSMS) Program, the Japan International Cooperation Agency (JICA), Post-Harvest Facilities (PHF) and Farm Level Grain Centers (FLGC).

	2019	2018
FLGC	17,360,763	17,244,179
JICA	8,023,069	5,180,073
PSMS	6,566,459	6,557,981
PHF	1,137,416	1,470,662
	<b>33,087,707</b>	<b>30,452,895</b>
Less: Allowance for impairment	1,827,157	–
	<b>31,260,550</b>	<b>30,452,895</b>

The Allowance for Impairment – Loan Receivables is due to the set-up of the following regions:

	Region 6	Region 8	Total
JICA	345,493	–	345,493
PSMS	901,555	580,109	1,481,664
	<b>1,247,048</b>	<b>580,109</b>	<b>1,827,157</b>

## 8.3 Inter-agency Receivables

	2019	2018
Due from NGAs	773,552,275	769,688,749
Due from GOCCs	155,213,698	235,365,829
Due from LGUs	14,763,693	14,763,693
	<b>943,529,666</b>	<b>1,019,818,271</b>

### 8.3.1 Due from NGAs consists of the following:

	2019	2018
Department of Transportation (DOTr)	738,889,700	738,889,700
Department of Social Welfare and Development (DSWD)	11,259,420	9,524,442
Department of Agriculture (DA)	6,972,589	7,423,039
DA - Intra-agency fund	6,380,485	6,380,485
Department of Budget and Management - Procurement Service (DBM-PS)	4,304,549	21,481
DA - Certified seeds	1,852,331	1,852,331

	2019	2018
DSWD - Association of Southeast Asian Nations (ASEAN) Plus Three Emergency Rice Reserve (APTERR)	1,352,908	1,352,908
Bureau of Customs (BOC)	1,180,751	1,151,010
Department of Interior and Local Government (DILG)	432,437	432,437
National Disaster Coordinating Council	316,985	316,985
Department of Education, Culture and Sports (DECS) - Food for School Program	222,736	222,736
Bureau of Internal Revenue (BIR)	183,667	91,250
Bureau of Postharvest Research and Extension (BPRE)	114,122	114,122
Bureau of Agricultural Statistics	43,854	43,854
Department of Education (DepEd)	22,650	22,650
Office of Civil Defense (OCD)	16,250	107,500
Bureau of Soils and Water Management	6,841	6,841
East Asia Rice Released	-	1,734,978
	<b>773,552,275</b>	<b>769,688,749</b>

The DOTr account represents the balance of P540.651 million or 30 per cent balance from the sale of South District Office (SDO) properties, P108.130 million or six per cent Capital Gains Tax and P90.109 million or five per cent Fair Market Value Tax for the total amount of P738.890 million

The DBM-PS account represents fund transfer of the purchase of supplies and materials.

The BPRE account represents unliquidated balance from DA funded program for the Mechanical Dryer/Grains Procurement and Enhancement Program (GPEP) Post Harvest Facility Assistance Fund.

### **8.3.2** Due from GOCCs consists of the following:

GSIS – An increase in this account is the result of recognition of receivable for the insurance claims of the sinking barge. The decrease is the result of collection/payment by GSIS.

Quedan Guarantee Fund Board (QGFB) - An increase in this account is the result of recognition of advances made by NFA to QGFB for their seed capital/operating fund. The decrease is the result of, collection/payment by QGFB.

Food Terminal Incorporated (FTI) – An increase in this account is the result of recognition of set up of Advances to FTI for the delivery of hogs, meat and poultry to Region 8 for the celebration of Sangyao Festival.

Grains Insurance Corporation (GRAINSCOR) – An increase in this account is the result of recognition of advances made by NFA to GRAINSCOR for their seed capital/operating fund. The decrease is the result of, collection/payment by GRAINSCOR.

### 8.3.3 Due from LGUs consists of the following:

	2019	2018
Nueva Ecija	13,478,718	13,478,718
Pampanga	708,029	708,029
Aurora	400,000	400,000
National Farmers Advisory Council (NFAC)	101,745	101,745
Bukidnon	75,201	75,201
	<b>14,763,693</b>	<b>14,763,693</b>

The Provincial Government of Nueva Ecija account represents unliquidated balance from DA funded program for the Mechanical Dryer/GPEP Post Harvest Facility Assistance Fund.

The NFAC account represents unliquidated advances for the Grains & Irrigation Water Assessment & Farmers Consultative Workshop.

In 2018, the following adjustments were effected in the accounts of Due from LGUs:

		Balance
Bukidnon, Balance, 12/31/2017		9,192,758
<i>Adjustments:</i>		
<i>Nueva Ecija</i>	8,009,528	
<i>Pampanga</i>	708,029	
<i>Aurora</i>	400,000	9,117,557
<b>Bukidnon, Balance, 12/31/2018</b>		<b>75,201</b>

### 8.4 Other Receivables

	2019	2018
Due from officers & employees	1,898,101,576	2,979,316,626
Other receivables	1,706,451,436	177,925,837
Receivables - disallowances/charges	20,007,623	18,646,335
	3,624,560,635	3,175,888,798
Less: Allowance for impairment - Other receivables	(829,393)	(829,393)
	<b>3,623,731,242</b>	<b>3,175,059,405</b>

The Due from Officers and Employees account represents different collectibles from officers and employees. Such as, advances of travelling expenses. Educational Loan granted to officers and employees payable in six monthly installments, Special Loan Assistance, Stock Shortages which are net of tolerable allowance and are for collection from concerned accountable officers. Those who are still in service are paying regularly but at an amount based on their capacity pay. Those who are no longer in the service were recommended for either filing of court action or write off if warranted.

Other Receivables account consists of receivables from private institutions, corporations, contractors or individuals other than those arising from trade.

The Receivables – Disallowances /Charges account includes disallowances in audit of the salaries and wages, allowances and travel of NFA employees which are being paid through salary deduction.

## 9. INTRA-AGENCY RECEIVABLES

	2019	2018
Due from CO	26,307,573,517	137,735,593,573
Due from RO	5,612,509,524	39,151,820,525
Due from Operating Units (OUs)	25,294,228,912	123,289,112,740
	<b>57,214,311,953</b>	<b>300,176,526,838</b>

This account includes inter-branch transactions between the CO, RO, POs within the region and POs outside the region. An increase is due to inter-branch transactions not yet closed to government equity.

Intra-Agency Receivables and Payables represent the receipt of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO, ROs and POs and are recorded as receivables (Due from) in the issuing office and payables (Due to) by the receiving office.

These accounts are being reverted and closed to Equity accounts after the originating office acknowledges and confirms the reconciliation of accounts with NFA ROs/POs.

The significant decrease of inter-branch receivables is due to the nationwide reconciliation of Intra-agency accounts that started from September 2, 2019 up to November 15, 2019. Reconciliation was held per region and each regional/provincial accountants along with the personnel in ASD-CO, tracked down unreconciled past transactions and rummage through old accounting documents. Thus, successfully decreasing Intra-agency accounts and eventually closing it to accumulated surplus (deficit).

## 10. INVENTORIES

This account consists of:

	2019	2018
Inventory held for manufacturing	12,355,131,843	1,208,723,833
Inventory held for sale, net	4,471,568,903	2,206,680,688
Inventory held for consumption	324,453,184	297,749,445
Semi-expendables	17,714,747	16,735,621
	<b>17,168,868,677</b>	<b>3,729,889,587</b>

### 10.1 Inventory Held for Manufacturing

	2019	2018
Raw materials (RM)	12,293,666,100	1,218,585,661
Allowance for impairment	82,215,930	27,319,124
<i>Net</i>	12,211,450,170	1,191,266,537
Work-in-process (WIP)	143,681,673	17,457,296
	<b>12,355,131,843</b>	<b>1,208,723,833</b>

RM inventory consists of palay procured and stored on hand. WIP inventory consists of RM (palay) for milling or is in the process of milling.

### 10.2 Inventory Held for Sale

	2019	2018
Merchandise inventory (MI)	4,513,555,114	2,204,163,886
Allowance for impairment	(41,986,211)	2,516,802
	<b>4,471,568,903</b>	<b>2,206,680,688</b>

	Amount
Allowance for Impairment-MI, 12/31/2017	(3,561,278)
<i>Adjustments:</i>	
<i>Set-Up Allowance in 2018</i>	(9,094,706)
<i>Debit adjustment made by Region 14*</i>	15,172,786
<b>Allowance for Impairment-MI, 12/31/2018</b>	<b>2,516,802</b>

\*The debit adjustment made by Region 14 was reversed on January 2019 as per JEV No. CGJ-01-001.

The MI consists of local and imported rice on hand that are held for sale or for distribution to retailers and for projects of NGAs such as DSWD, DepEd, OCD, National Disaster Risk Reduction and Management Council (NDRRMC), GOCCs and LGUs.

### 10.3 Inventory Held for Consumption

This account consists of supplies which are used in the ordinary course of NFA operations such as the following:

	Balance, 01/01/2019	Additions/Acquisitions/ Expensed/Adjustments during the year	Balance, 12/31/19
Agricultural supplies	37,308,894	(6,616,811)	30,692,083
Accountable forms, plates and stickers	23,713,297	(2,994,151)	20,719,146
Office supplies	15,335,044	(1,613,974)	13,721,070
Construction materials	3,425,234	386,443	3,811,677
Medical, dental and laboratory supplies	3,349,728	248,339	3,598,067
Fuel, oil and lubricants	1,393,822	168,184	1,562,006
Electrical supplies and materials	1,187,433	(114,900)	1,072,533
Drugs and medicine	726,590	(164,038)	562,552
Linens and beddings	129,206	126,837	256,043
Non-accountable forms	60,811	1,373	62,184
Other supplies and materials	211,119,386	37,276,437	248,395,823
	<b>297,749,445</b>	<b>26,703,739</b>	<b>324,453,184</b>

## 10.4 Semi-expendables

These are tangible items costing below the capitalization threshold of P15,000. These are recognized as expenses when issued to the end-user.

	Balance, 01/01/2019	Additions/Acquisitions/ Expensed/Adjustments during the year	Balance, 12/31/19
Semi-expendable – communication equipment	12,087,868	(5,583)	12,082,285
Semi-expendable – furniture and fixtures	2,172,024	265,142	2,437,166
Semi-expendable – office equipment	880,844	217,386	1,098,230
Semi-expendable – technical and scientific equipment	538,324	418,709	957,033
Semi-expendable – IT equipment	497,451	84,142	581,593
Semi-expendable – other machinery and equipment	266,053	(32,140)	233,913
Semi-expendable – kitchen equipment	169,282	(3,650)	165,632
Semi-expendable – disaster response and rescue equipment	100,300	30,400	130,700
Semi-expendable – sports equipment	14,795	-	14,795
Semi-expendable – medical equipment	-	13,400	13,400
Semi-expendable – machinery	8,680	(8,680)	-
	<b>16,735,621</b>	<b>979,126</b>	<b>17,714,747</b>

## 11. OTHER ASSETS

### 11.1 Current and Non-current Other assets

	2019	2018
<b>Current other assets</b>		
<b>Advances</b>		
Advances to Special Disbursing Officer (SDO)	8,149,687	3,364,902
Advances to Officers and Employees	410,522	400,339
Advances for operating expenses	7,500	15,000
	<b>8,567,709</b>	<b>3,780,241</b>
<b>Prepayments</b>		
Advances to contractors	37,360,236	76,543,992
Prepaid rent	3,924,125	3,924,125
Prepaid insurance	1,796,634	1,935,368
Other prepayments	2,736,961	38,308
	<b>45,817,956</b>	<b>82,441,793</b>
<b>Deposits</b>		
Guaranty deposits	58,617,883	57,254,761
	<b>102,085,605</b>	<b>98,387,027</b>
<b>Other assets</b>	<b>215,089,153</b>	<b>241,863,822</b>
<b>Non-current other assets</b>		
Restricted fund/assets	-	54,802,783
Other assets	798,894,559	1,244,286,288
	<b>798,894,559</b>	<b>1,299,089,071</b>
	<b>1,013,983,712</b>	<b>1,540,952,893</b>

### 11.1.1 Advances

Advances to SDO account includes the amount granted to Accountable Officer (AO) for special purpose/time-bound undertakings.

Advances to Officers and Employees account includes the amount granted to officers and employees for official travels to be liquidated within a specified period and/or within 30 calendar days upon arrival from travel.

Advances for Operating Expenses account includes the amount granted to Disbursing Officer for operating expenses of different departments of NFA – CO not maintaining complete set of books.

### 11.1.2 Prepayments

Advances to Contractors account represents Mobilization Infrastructure amounting to P37,360,236 for 2019.

Prepaid Rent represents rental to Amberland Corporation, Solid Triangle Sales Corp. and Sugar Regulatory Administration in the amount of P2.026 million, P1.711 million and P0.160 million, respectively, at the CO, and P0.027 million at the FOs.

Prepaid Insurance represents set-up for the insurance premium of various NFA Service Vehicles.

Other prepayments represent advance payments for Internet Security Gateway Appliance for Data Center, various LTO Registration Fees and others.

	2019	2018
Internet (Website)	2,459,207	21,399
Registration Fees	277,754	16,909
	<b>2,736,961</b>	<b>38,308</b>

11.1.3 Guaranty Deposits represents deposits on the following utilities and facilities:

	2019	2018
Facilities	52,192,181	50,825,181
Light and water	3,200,981	3,443,746
Court cases	1,508,842	1,461,207
Containers	1,209,574	1,003,410
Telephone installation	317,159	339,321
Leased equipment	189,146	181,896
	<b>58,617,883</b>	<b>57,254,761</b>

The security deposits amounting to P6.077 million and P5.135 million, respectively, for the office building rental with Amberland Corporation and Solid Triangle Sales Corporation could not yet be refunded due to the pending case in court handled by the Office of the Government Corporate Counsel (OGCC).

#### 11.1.4 Restricted Fund

PNB lifted the “hold” placed on the garnished amount per letter dated December 5, 2019 pursuant to the Court Order dated May 15, 2019.

#### 11.1.5 Other Assets

Other Assets account includes the equipment and implements – Agro-processing and Marketing Project Office (APMPO) which represents the inventory of equipment to be utilized solely for the improvement/modernization and installation of farmers’ equipment such as rubber rolls, mechanical dryers and rice mill components.

### 12. NON-CURRENT FINANCIAL ASSETS

#### 12.1 Reconciliation of Non - Current Financial Assets

	Investment in Stocks	Other Investments	Total
Balance, 01/01/19	501,375,787	15,450,593	516,826,380
Increase in Investment due to discount/interest earned during the period	-	-	-
Investment collected	-	-	-
<b>Balance,12/31/19</b>	<b>501,375,787</b>	<b>15,450,593</b>	<b>516,826,380</b>

#### 12.2 Investment in Stocks

Investment in Stocks in FTI in the amount of P500 million was recognized in the books of NFA pursuant to Section 8 of PD No. 1770 dated January 14, 1981, which provided that the investments and loans as well as related obligations incurred by the Human Settlements Development Corporation (HSDC) in the FTI shall be transferred to the NFA.

	2019	2018
FTI	500,000,000	500,000,000
Gasifier and Equipment Manufacturing Corporation	1,242,000	1,242,000
Philippine Long Distance Company	67,157	67,157
Celebrity Sports Plaza	35,000	35,000
Manila Electric Company	31,630	31,630
	<b>501,375,787</b>	<b>501,375,787</b>

#### 12.3 Other Investments

This account consist of investment and membership in the following companies and associations:

	2019	2018
Center for International Trade Expositions and Missions (CITEM)	14,745,735	14,745,735
National Food Authority - Employee Association (NFA-EA)	407,200	407,200
DBP Trust	179,158	179,158
Quezon City Sports Club	70,000	70,000
Capitol City Sports Club	22,500	22,500
Philippine Columbian Association	16,000	16,000
Kutuwato	10,000	10,000
	<b>15,450,593</b>	<b>15,450,593</b>

### 13. INVESTMENT PROPERTY

In compliance with PPSAS 16, this account was used to classify Land and Building for the purpose of earning rentals or for capital appreciation or both. For the calendar year 2019 the amount reclassified from PPE-Land to Investment Property-Land is P14,009,519.

### 14. PROPERTY, PLANT AND EQUIPMENT

Additions/acquisitions/adjustments include items that were acquired during the year, capitalized expenditures and receipt of assets and transfers to and from the CO, RO and PO. Other adjustments include the reclassification of PPE to semi-expendable with acquisition cost below P15,000 effected in the year 2016 to 2017.

For the calendar year 2019, Reclassification from PPE – Land to Investment Property amounted to P14,009,519.

#### CY 2019 -

	Land	Buildings and	Furniture, Fixtures,	Construction		
	Improvements*	Structures**	Equipment, Books***	in Progress	Total	
Cost, 12/31/18	304,712,236	299,347,518	2,693,997,647	2,143,977,787	73,830,663	5,515,865,851
Additions/acquisitions/disposals/ transfers/adjustments	(14,008,896)	14,672,564	116,289,725	(46,559,215)	233,606,127	304,000,305
<b>Cost, 12/31/19</b>	<b>290,703,340</b>	<b>314,020,082</b>	<b>2,810,287,372</b>	<b>2,097,418,572</b>	<b>307,436,790</b>	<b>5,819,866,156</b>
Accum. Depr., 12/31/18	-	180,371,570	1,591,502,471	1,674,006,139	-	3,445,880,180
Depr. and Depletion - 2019	-	11,471,482	62,203,829	89,062,778	-	162,738,089
Adjustments - 2019	-	3,676,321	55,204,697	(82,290,249)	-	(23,409,231)
<b>Accum. Depr./Depl. 12/31/19</b>	<b>-</b>	<b>195,519,373</b>	<b>1,708,910,997</b>	<b>1,680,778,668</b>	<b>-</b>	<b>3,585,209,038</b>
Accum. Imp. Loss, 12/31/18	-	37,268	577,911	71,310	-	686,489
Impairment Loss	-	3,894	5,795,449	540,804	-	6,340,147
Adjustments, Derecognition/Disposal, 2019	-	(41,162)	(5,998,727)	(211,768)	-	(6,251,657)
<b>Accum. Impair. Loss 12/31/2019</b>	<b>-</b>	<b>-</b>	<b>374,633</b>	<b>400,346</b>	<b>-</b>	<b>774,979</b>
<b>Accum. Depr./Depl. &amp; Imp. Loss 12/31/19</b>	<b>-</b>	<b>195,519,373</b>	<b>1,709,285,630</b>	<b>1,681,179,014</b>	<b>-</b>	<b>3,585,984,017</b>
<b>Net book value, 12/31/19</b>	<b>290,703,340</b>	<b>118,500,709</b>	<b>1,101,001,742</b>	<b>416,239,558</b>	<b>307,436,790</b>	<b>2,233,882,139</b>

\* includes leasehold improvements on land amounting to P24.483 million.

\*\* includes leasehold improvements on buildings amounting to P4.577 million.

\*\*\*Composed of Machineries & Equipment, Communication Equipment, Disaster Response and Rescue Equipment, Medical Equipment, Sports Equipment and Technical & Scientific Equipment, Furniture and Fixtures, Books, Office Equipment, Information & Communication Equipment, Technology Equipment, Kitchen Equipment, Electric Equipment, Motor Vehicle, Other Transportation Equipment and Other Property, Plant and Equipment.

#### CY 2018 -

	Land	Buildings and	Furniture, Fixtures,	Construction		
	Improvements*	Structures**	Equipment, Books***	in Progress	Total	
Cost, 12/31/17	314,929,853	282,108,599	2,569,843,640	2,175,288,704	102,911,711	5,445,082,507
Additions/acquisitions/disposals/ transfers/adjustments	(10,217,617)	17,238,919	124,154,007	(31,310,917)	(29,081,048)	70,783,344
Cost, 12/31/18	304,712,236	299,347,518	2,693,997,647	2,143,977,787	73,830,663	5,515,865,851
Accum. Depr., 12/31/17	-	168,918,047	1,475,367,984	1,649,924,812	-	3,294,210,843
Depr. and depletion - 2018	-	10,231,655	66,366,103	98,103,510	-	174,701,268
Adjustments - 2018	-	1,221,868	49,768,384	(74,022,183)	-	(23,031,931)
Impairment Loss	-	37,268	577,911	71,310	-	686,489
<b>Accum. Depr., 12/31/18</b>	<b>-</b>	<b>180,408,838</b>	<b>1,592,080,382</b>	<b>1,674,077,449</b>	<b>-</b>	<b>3,446,566,669</b>
<b>Net book value, 12/31/18</b>	<b>304,712,236</b>	<b>118,938,680</b>	<b>1,101,917,265</b>	<b>469,900,338</b>	<b>73,830,663</b>	<b>2,069,299,182</b>

\* includes leasehold improvements on land amounting to P24.143 million.

\*\* includes leasehold improvements on buildings amounting to P14.134 million.

\*\*\*Composed of Machineries & Equipment, Communication Equipment, Disaster Response and Rescue Equipment, Medical Equipment, Sports Equipment and Technical & Scientific Equipment, Furniture and Fixtures, Books, Office Equipment, Information & Communication Equipment, Technology Equipment, Kitchen Equipment, Electric Equipment, Motor Vehicle, Other Transportation Equipment and Other Property, Plant and Equipment.

## 14.1 Leased Assets Improvements – Land and Building

This account consists of improvements made to leased building of NFA-CO from SRA located at SRA Compound, North Avenue, Diliman, Quezon City. The earthquake last April 22, 2019 tainted the structural integrity of the building prompting the NFA-CO employees to transfer. This account together with its related accumulated depreciation and accumulated impairment were derecognized since no future economic benefits or service potential is expected from its disposal.

## 15. INTANGIBLE ASSETS

	Computer Software	Development in Progress – Other Intangible Assets	Total
Carrying Amount, 1/1/19	-	1,931,260	1,931,260
Additions/acquisitions/disposals	14,024,881	-	14,024,881
Impairment Loss	(13,911,331)	-	(13,911,331)
Other Charges	-	-	-
<b>Carrying Amount, 12/31/19</b>	<b>113,550</b>	<b>1,931,260</b>	<b>2,044,810</b>
Cost 12/31/19	14,024,881	1,931,260	15,956,141
Accumulated Impairment Loss	13,911,331	-	13,911,331
<b>Net book value, 12/31/19</b>	<b>113,550</b>	<b>1,931,260</b>	<b>2,044,810</b>

15.1 The Intangible Asset - Computer Software Account amounting to P14,024,881 was reclassified from IT Equipment & Software - Software/Lotus/Foxpro/Virus Scan Account to conform with the Revised Chart of Account classification as per COA Circular No. 2016-006 dated December 29, 2016.

15.2 The Development in Progress – Other Intangible Assets pertains to Electronic Integrated Financial and Operations Management Information System (e-IFOMIS). Is a web enabled on-line information system consisting of NFA operations and financial transactions, that are linked together accessing one database. This encompasses automated and manual processes, procedures, controls, data, hardware/software and support personnel dedicated to the operation and maintenance of the systems, functions. The project also includes multiple applications that are integrated thru a common data-based or are electronically interfaced as necessary to meet defined data and processing requirements.

## 16. FINANCIAL LIABILITIES

### 16.1 Payables

This account consists of the following:

	2019		2018	
	Current	Non-current	Current	Non-current
Notes payable	50,495,000,000	-	40,620,633,060	-
Loans payable- domestic	11,911,500,000	38,026,619,395	11,552,000,000	51,018,119,395
Interest payable	4,616,502,686	-	4,145,040,526	-
Accounts payables	910,771,206	-	5,588,401,533	-
Due to officers and employees	374,283,138	-	304,723,261	-
Loans payable- foreign	13,104,483	62,534,786	12,824,647	76,947,882
	<b>68,321,161,513</b>	<b>38,089,154,181</b>	<b>62,223,623,027</b>	<b>51,095,067,277</b>

### 16.1.1 Notes Payable

This account consists of the following:

	2019	2018
DBP	27,495,000,000	21,171,273,482
LBP	23,000,000,000	19,449,359,578
	<b>50,495,000,000</b>	<b>40,620,633,060</b>

### 16.1.2 Loans Payable – Domestic

This account consists of the following:

	2019		2018	
	Current	Non-Current	Current	Non-Current
1. Ten-year notes/loans from different banks syndicated by DBP and LBP dated November 28, 2011; due date - November 28, 2021:				
Banco de Oro Unibank, Inc.	3,710,200,000	10,559,800,000	3,710,200,000	14,270,000,000
Bank of the Philippine Islands	1,950,000,000	5,550,000,000	1,950,000,000	7,500,000,000
DBP	1,300,000,000	3,700,000,000	1,300,000,000	5,000,000,000
China Banking Corporation (ChinaBank)	1,066,000,000	3,034,000,000	1,066,000,000	4,100,000,000
LBP	1,040,000,000	2,960,000,000	1,040,000,000	4,000,000,000
Philippine National Bank (PNB)	390,000,000	1,110,000,000	390,000,000	1,500,000,000
Metropolitan Bank & Trust Company	237,900,000	677,100,000	237,900,000	915,000,000
Mizuho Corporate Bank Ltd.	55,900,000	159,100,000	55,900,000	215,000,000
	<b>9,750,000,000</b>	<b>27,750,000,000</b>	<b>9,750,000,000</b>	<b>37,500,000,000</b>
2. Ten-year notes/loans syndicated by DBP and LBP dated October 29, 2014; due date - October 29, 2024:				
LBP	180,000,000	3,780,000,000	-	4,500,000,000
DBP	180,000,000	3,780,000,000	-	4,500,000,000
	<b>360,000,000</b>	<b>7,560,000,000</b>	<b>-</b>	<b>9,000,000,000</b>
3. LBP				
dated December 23, 2009; due date - December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9 <sup>th</sup> quarter), interest: 3 months, Philippine Dealing System Treasury Fixing (PDSTF) + fixed spread of 1 per cent with quarterly repricing, 5.1423 per cent for the first quarter	540,000,000	540,000,000	540,000,000	1,080,000,000
dated January 14, 2010; due date - December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9 <sup>th</sup> quarter), interest: 3 months, PDSTF + fixed spread of 1 per cent with quarterly repricing, 5.1369 per cent for the first quarter	450,000,000	562,500,000	450,000,000	1,012,500,000
dated January 7, 2010; due date- December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9 <sup>th</sup> quarter), interest: 3 months, Philippine Dealing System Treasury Fixing (PDSTF) + fixed spread of 1% with quarterly repricing, 5.1423% for the first quarter	410,000,000	512,500,000	410,000,000	922,500,000
dated January 14, 2010; due date - December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9 <sup>th</sup> quarter), interest: 3 months, PDSTF + fixed spread of 1 per cent with quarterly repricing, 5.1435 per cent for the first quarter	400,000,000	500,000,000	400,000,000	900,000,000
	<b>1,800,000,000</b>	<b>2,115,000,000</b>	<b>1,800,000,000</b>	<b>3,915,000,000</b>

	2019		2018	
	Current	Non-Current	Current	Non-Current
4. CDF For the Dryermat and Corn Center Project	1,500,000	1,000,000	2,000,000	2,500,000
5. DBP – Mindanao Progress Corporation (MinProCor) Acquired assets from MinProCor properties	-	91,200,000	-	91,200,000
6. Human Settlements Development Corporation – P553.824 million, interest free, payable in 25 years (quarterly payment)	-	509,093,711	-	509,093,711
7. Agrarian Credit Line	-	205,000	-	205,000
8. Ministry of Agriculture & Food interest of 3 per cent per annum payable every 6 months. Dept. of National Agricultural Productivity Program (NAPP) loan granted to NFA for procurement operations	-	120,684	-	120,684
<b>Total</b>	<b>11,911,500,000</b>	<b>38,026,619,395</b>	<b>11,552,000,000</b>	<b>51,018,119,395</b>

### 16.1.3 Interest Payable

This account consists of the following:

	2019	2018
Bureau of the Treasury (BTr) net lending	4,168,326,700	3,521,913,191
LBP	175,269,766	233,822,038
DBP	161,110,539	182,439,489
BDO	54,939,500	103,004,970
BPI	28,875,000	54,137,160
ChinaBank	15,785,000	29,594,981
PNB	5,775,000	10,827,432
Metrobank	3,522,750	6,604,733
1995 Japanese rice loan	2,070,681	1,144,600
Mizuho Corporate Bank, Ltd.	827,750	1,551,932
	<b>4,616,502,686</b>	<b>4,145,040,526</b>

### 16.1.4 Accounts Payable

Accounts Payable account includes expenses due for payment to supplier of goods and services which are already incurred but not yet paid during the current year, such as general services, telephone bills, security services, handling, trucking, repairs and maintenance projects, utilities, purchased of goods or services on account and other obligations in connection with the agencies' operation/trade/business, as follows:

	2019	2018
Private institutions/contractors	793,448,897	5,534,749,043
PLDT, Smart, Globe, etc.	42,832,066	46,621,672
Grains direct procurement	74,490,243	7,030,818
	<b>910,771,206</b>	<b>5,588,401,533</b>

### 16.1.5 Due to Officers and Employees

Due to Officers and Employees account are recognized upon the incurrence of liability to officers and employees for salaries, benefits and other emoluments including the authorized expenses paid in advance by the officers and employees. A significant increase on this account is due to accrual of personnel services such as salary differential, overtime differential, terminal leave benefit, money value of earned leave (vacation and sick), Collective Negotiation Agreement (CNA) Incentive, other payable to employees including Group Hospitalization Insurance Program (GHIP) and Provident Fund. Below are the details:

	2019	2018
Personal services & MOOE	298,618,701	246,384,764
Provident fund (Employer's Share)	48,474,082	30,383,734
40% COLA differential (Under Recon)	17,044,893	17,238,366
Calamity loan assistance program	5,497,868	5,481,264
Payment of shortage under protest	3,493,441	4,114,198
Bereavement assistance program	733,634	752,014
Hospitalization assistance program	256,439	203,527
Remuneration	187,137	188,277
Group Term Life Insurance (GTLI)	-	174
Group Accident Insurance Premium (GAIP)	(3,823)	(3,823)
Executive health program	(19,234)	(19,234)
	<b>374,283,138</b>	<b>304,723,261</b>

### 16.1.6 Current Loans Payable – Foreign

This account consists of foreign loans, as follows:

	2019		2018	
	Current	Non-Current	Current	Non-Current
1 1995 Japanese Rice Loan – ¥541.355 million at 2 per cent on the 1 <sup>st</sup> to 10 <sup>th</sup> year and 3 per cent per annum from 11 <sup>th</sup> to 30 <sup>th</sup> year (with 10 years grace period) annual installments of ¥27.068 million starting July 31, 2006 to July 31, 2025	13,104,483	62,534,786	12,824,647	76,947,882
<b>Total</b>	<b>13,104,483</b>	<b>62,534,786</b>	<b>12,824,647</b>	<b>76,947,882</b>

Loans Payable – Foreign represents 1995 Japanese Rice Loan - ¥541.355 million dated August 16, 1995. The rate of interest was two per cent per annum on the 1<sup>st</sup> to 10<sup>th</sup> year initial grace period and three per cent per annum from 11<sup>th</sup> to 30<sup>th</sup> year. With 10 years grace period, the annual installments of ¥27.068 million started on July 31, 2006 to July 31, 2025; and overdue interest of 0.023 per cent per day for a period from the following date after the due date to the day of actual payment.

The balance of principal loan as at December 31, 2019 amounted to ¥162,406,386.00 with conversion rate of US\$1 = P50.635/ ¥ 0.009198

## 17. INTER-AGENCY PAYABLES

This account consists of the following:

	2019	2018
Due to National Treasury	72,257,386,820	46,018,982,126
Due to other NGAs	956,797,267	1,675,869,303
Due to GSIS	69,875,528	72,459,826
Due to BIR	41,406,848	25,537,722
Due to GOCCs	36,631,606	53,891,307
Due to LGUs	5,395,336	13,909,142
Due to Pag-IBIG	1,127,749	1,039,381
Due to PhilHealth	605,536	500,304
	<b>73,369,226,690</b>	<b>47,862,189,111</b>

### 17.1 Due to National Treasury

This account consists of the following:

	2019	2018
Net lending program	62,326,324,112	37,130,062,780
Guarantee fee	9,386,472,897	8,374,533,390
COA audit services	481,640,542	451,431,437
USPL 480 Iron Fortified Rice	46,223,010	46,223,010
USPL 480 Rice	9,534,832	9,534,832
USPL Title I	7,840,256	7,840,256
Countrywide Development Fund	881,582	881,582
Priority Development Assistance Fund	40,000	40,000
China rice I	37,940	37,940
Fidelity Bond	7,500	12,750
Australian rice	(1,615,851)	(1,615,851)
	<b>72,257,386,820</b>	<b>46,018,982,126</b>

The BTr- Net Lending Program account represents net advances availed from BTr in the settlement of various maturing loan obligations of NFA.

The Guarantee Fee account represents set-up of payables for the outstanding balance of loan availments of NFA to various creditors.

The COA audit services account represents set-up of payables for the audit services rendered by COA.

The USPL 480 Iron Fortified Rice account represents unremitted amount to the BTr for the sale on the purchased 2,850 Metric Tons or 57,000 bags of US Iron Fortified Rice.

The Countrywide Development Fund account represents cash allotment given to various legislators for the purchase of rice for distribution to their assigned beneficiaries, to wit:

	<b>2019</b>	<b>2018</b>
Cezar, Homobono	300,000	300,000
Bondoc, Egmedio	237,500	237,500
Caloocan	181,357	181,357
Gonzales, Pacita	52,450	52,450
Adiong, Mamintal	52,000	52,000
Mercado, Orlando	47,625	47,625
Mercado, Roger	10,650	10,650
	<b>881,582</b>	<b>881,582</b>

USPL 480 Title I/Australian Rice/China Rice accounts occurred since 1988 and still for reconciliation due to lack of supporting documents.

## 17.2 Due to Other NGAs

This account consists of the following:

	<b>2019</b>	<b>2018</b>
Bureau of Customs (BOC)	900,323,650	1,611,998,834
DA	45,640,869	53,479,207
Department of Science and Technology	10,053,702	-
Australian Imported Rice	386,046	1,150,886
OGCC	336,000	336,000
Department of Trade and Industry (DTI)	57,000	-
Bureau of Corrections	-	4,938,750
DSWD	-	3,605,626
National Printing Office	-	360,000
	<b>956,797,267</b>	<b>1,675,869,303</b>

Due to BOC account represents Customs Duties (set-up of tariff expenses) on the importation of sugar in 1999 to 2002 and rice for 2018.

Due to DA account consists of the following:

	<b>2019</b>	<b>2018</b>
DSWD Donated US Rice	12,354,036	12,354,036
Chinese Yellow Corn	11,078,611	11,078,611
Rapid Seed Supply Financing Project	8,755,939	8,857,225
Donated Vietnam Rice	5,758,668	6,226,830
Certified Seeds Program	1,375,730	1,476,138
Agricultural Credit Policy Council (ACPC)	1,261,020	1,261,020
Shallow Tube Well	1,245,534	1,232,551
National Agricultural & Fishery Council	734,063	734,063
Corn Block Farming	639,140	546,001
Rural Field Unit	612,166	612,166
Bureau of Agricultural Research (BAR)	596,717	1,946,083
President Social Fund	475,000	3,330,000
Agricultural Development Fund	474,995	577,756
Grains Production Enhancement Program	376,692	565,320
Philippine Rice Post Production	366,714	41,871
Ginintuang Masaganing Ani	252,980	192,507

	2019	2018
National Post Harvest Institute for Research and Extension (NAPHIRE) - Special Vehicle Loan Fund	184,135	184,135
National Agricultural & Fishery Council - Consultative Fund	182,091	182,091
Corn Plus Program	57,475	57,475
Bureau of Soil and Water Management	6,687	6,687
Livestock Development Council	-	467,063
DA - Multi-Purpose Cooperative	-	324,579
National Meat Inspection Service	-	75,000
Integrated Livelihood Program	-	7,931
DA	(1,147,524)	1,142,068
	<b>45,640,869</b>	<b>53,479,207</b>

The BAR account consists of the following:

	2019	2018
Effect of climate change on levels of Arsenic and Cadmium	596,717	1,381,829
BAR	-	564,254
	<b>596,717</b>	<b>1,946,083</b>

### 17.3 Due to GSIS

Due to GSIS account represents unremitted employees' premium payments and other payables to the GSIS, as follows:

	2019	2018
Unclassed Vessel Charges	29,751,712	29,751,712
Overage Premium Rice	19,110,939	19,110,939
Marine Insurance	9,689,515	11,855,496
Life and Retirement Premium	5,258,400	6,622,177
GSIS Financial Assistance Loan	1,683,320	-
Enhanced Salary Loan	1,636,414	1,750,585
Consolidated Loan	1,497,665	2,377,967
Emergency Loan Assistance	340,923	441,114
Salary Loan	417,866	347,806
Policy Loan	220,696	23,659
Real Estate Loan	83,212	83,077
Third Party Liability	66,582	-
Optional Insurance Premium	58,328	9,733
Educational Assistance	37,341	54,175
Unlimited Optional Insurance Premium	28,449	35,355
Travel Accident Insurance	22,375	30,061
Ecard	12,320	33,744
Ecard Plus	12,190	4,729
Vehicle Insurance Premium	8,293	(65,588)
Educational-Child tie up with Prudential Plans Inc.	7,083	11,460
Genesis Plan	5,675	5,675
Employees' Compensation Commission	4,500	12,000
Ecard Cash Advance	3,777	3,777
Study Now Pay Later	2,734	2,951

	<b>2019</b>	<b>2018</b>
Stocks Premium	312	–
Fly Now Pay Later	179	178
College Education Insurance	(1,253)	(1,318)
Hospital Insurance Plan	(18,260)	(17,282)
Term Insurance Premium	(23,200)	–
Fire Insurance Premium	(42,559)	(24,356)
	<b>69,875,528</b>	<b>72,459,826</b>

*Compliance with GSIS law, RA No. 8291*

The NFA complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to GSIS the employees' and the 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 2019:

	<b>Withheld</b>	<b>Remitted</b>	<b>Balance</b>
Life and retirement premiums, employees share	129,559,134	127,648,897	1,910,237
Government share	–	171,305,232	–
	<b>129,559,134</b>	<b>298,954,129</b>	<b>1,910,237</b>

**17.4 Due to BIR**

Due to BIR account represents the unremitted taxes withheld from officers/employees, contractors, and other entities, as follows:

	<b>2019</b>	<b>2018</b>
Value added tax	13,987,871	8,217,361
Employees withholding tax	10,850,695	7,404,630
Expanded tax	8,315,035	1,982,386
Percentage tax	7,133,800	4,347,306
Contractors tax	440,325	2,729,645
Franchise tax	315,792	710,127
Final tax	193,703	146,117
Sales tax	169,627	–
Registration Tax	–	150
	<b>41,406,848</b>	<b>25,537,722</b>

**17.5 Due to GOCCs**

This account consists of the following:

	<b>2019</b>	<b>2018</b>
Sugar Regulatory Administration (SRA)	22,477,318	40,999,457
Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)	4,131,181	4,057,601
Grains Insurance Corporation	7,453,541	7,531,661
PCA	1,369,405	–
Philippine Amusement Gaming Corporation	546,728	644,371
Philippine Charity Sweepstakes Office (PCSO)	290,564	290,564
Philippine Ports Authority (PPA)	184,015	168,998

	<b>2019</b>	<b>2018</b>
Philippine International Trading Corporation (PITC)	125,488	125,488
Philippine Crop Insurance Corporation (PCIC)	37,371	37,371
National Home Mortgage Finance Corporation (NHMFC)	16,592	36,393
Water Districts	(597)	(597)
	<b>36,631,606</b>	<b>53,891,307</b>

The SRA account represents set-up of payables to SRA for the office space rental, water consumption and electrical consumption.

The QUEDANCOR account represents the P0.40/kgs share of QUEDANCOR-CDF from the proceeds of sales of the 350,000 MT importation of yellow corn in 2004.

The NHMFC account represents unremitted set-up of payables for the housing loan of NFA employees.

#### **17.6 Due to Pag-IBIG**

This account represents unremitted employees' premium payments and other payables to the Home Development Mutual Fund (HDMF), as follows:

	<b>2019</b>	<b>2018</b>
Premium	652,466	561,183
Real estate loan	23,616	307,119
Multi-purpose loan	366,694	139,114
Provident loan	1,025	20,193
Modified 2 Premium Savings	12,600	11,100
Emergency loan	71,348	672
	<b>1,127,749</b>	<b>1,039,381</b>

#### **17.7 Due to PhilHealth**

Due to PhilHealth account represents unremitted employees' premium payments to the Philippine Health Insurance Corporation (PHIC) at year-end.

An increased in Due to PhilHealth is the result of contributions from NFA Central Office/Field Offices-Employees and the employer-share of NFA. Also, in compliance with PhilHealth Circular No. 2019-0009 a new table for contribution was implemented resulting in increase in premium payment of the members. The maximum contribution increased from P1,100.00 to P1,375.00. A decreased in Due to PhilHealth is the result of remitting contributions to PhilHealth.

### **18. INTRA-AGENCY PAYABLES**

	<b>2019</b>	<b>2018</b>
Due to CO (HOA)	20,076,970,596	154,584,281,875
Due to OUs- Province	32,708,095,436	129,439,684,324
Due to RO	4,428,968,733	16,150,830,409
	<b>57,214,034,765</b>	<b>300,174,796,608</b>

The account consists of payables/obligations to and by CO and concerned FOs. These accounts are being reverted and closed to Government Equity once the originating office acknowledges and confirms the advices (reconciliation of accounts) with NFA’s regional and POs. A decrease in amount is due to monthly reconciliation and any reconciled transactions were closed to Government Equity.

Intra-Agency Receivables and Payables account represents the receipt of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO, ROs and POs and are recorded as receivables (Due from) in the issuing office and payables (Due to) by the receiving office.

These accounts are being reverted and closed to Equity accounts after the originating office acknowledges and confirms the reconciliation of accounts with NFA ROs/POs.

The significant decrease of inter-branch payables is due to the nationwide reconciliation of Intra-agency accounts that started from September 2, 2019 up to November 15, 2019. Reconciliation was held per region and each regional/provincial accountant along with the personnel in ASD-CO, tracked down unreconciled past transactions and rummage through old accounting documents. Thus, successfully decreasing Intra-agency accounts and eventually closing it to accumulated surplus (deficit).

## 19. TRUST LIABILITIES

	2019	2018
Trust liabilities	412,948,753	382,200,637
Customers' deposits payable	211,670,116	218,092,566
Guaranty/security deposits payable	403,702,844	73,525,200
	<b>1,028,321,713</b>	<b>673,818,403</b>

Trust Liabilities account pertains to payable due to institution, corporation or individual. It also pertains to the retention fee from various suppliers that were contracted by the NFA to perform services and/or for delivery of such goods. The significant increase of Trust Liabilities in 2019 is due to an increase in the balances of Performance Bond, Advance Payment for Stocks – Retailer and Advance Payment of Miller Contractor.

The account includes, among others, the following:

- a. NFA-EA Canteen account represents deductions/collections from employees for loans and contributions to NFA-EA which are remitted to the Association before month-end of the applicable billing period.
- b. Provident Fund represents deductions/collections from employees for contributions and loans from NFA Provident Fund, Inc. which are remitted to the Fund before month-end of the applicable billing period. This account is a savings, mutual benefit and retirement plan established by NFA for its officials and employees in the active service with contribution of employees and government share of two per cent and four per cent of basic monthly salary, respectively.
- c. Dispatch Held in Trust account represents set-up of payables for charges that the contractor/supplier pays to the cargo handler for extra use of its services.

This account will be closed upon the accomplishment of the unloading of goods and distributed based on the percentage claim of the cargo handler and NFA as stipulated in the contract (60 per cent cargo handler and 40 per cent NFA).

d. Multi-purpose Cooperative account represents deductions/collections from employees for loans and contributions to NFA-Multipurpose Cooperative which are remitted to the Cooperative before month-end of the applicable billing period.

e. Insurance Proceeds/Premium account represents unpaid set-up of insurance premiums of NFA and employee's contribution like Self-Administered Bereavement Assistance Program, GAIP and GTLI.

f. Retention Fee account represents the unrefunded 10 per cent of the amount due to the contractor that is deducted from the amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract.

g. Lingap Para sa Mahihirap Program account represents unliquidated balance of this program. This had a total funding of P400 million as stated in the terminal report for the program. The fund was disbursed through sub-programs classified as Unrestricted Funds for Legislators Identified Beneficiaries (LIBs) and the Restricted Funds for Priority Beneficiaries (PBs), in trust to NFA.

Customers' Deposits Payable account includes advance payment made by the retailers and other institutions in exchange of delivery of stocks. Part of this account is the remaining payment of DSWD for subsequent withdrawal of stocks by authorized Municipal Social Welfare and Development Officer as instructed by concerned POs.

Guaranty/Security Deposits Payable account pertains to the liability arising from receipt of cash to assure the NFA that the winning bidder will enter into the contract and the contractor will perform on the terms of the contract.

## **20. DEFERRED CREDITS/UNEARNED INCOME**

This account includes overages taken up based on stock report but no existing stock during the physical count. This is subject to adjustment upon final liquidation and/or TOLA computation of respective accountable officer.

## **21. PROVISIONS**

This account was used to accrue the money value of leave credits in compliance with PPSAS 19. This consists of NFA Central Office/Field Offices-Employees, and Unclaimed Terminal Leave Benefits of Retirees/Separated Employees. NFA recognized the accrual of the estimated amount of terminal leave benefits amounting to P288,458,440 for the calendar year 2019 and P461,157,100 for prior years. The total leave benefits payable amounted to P749,615,540

## 22. REVENUE

This account includes the following:

	2019	2018
<b>Service Income</b>		
Fines and penalties	166,030,455	145,969,965
License Fees	32,527,750	48,821,249
Registration and license fees	32,525,847	123,236,958
Other service income	24,503,969	36,825,770
Registration Plates, Tags and Stickers	183,866	1,030,842
Processing Fees	134,985	2,032,194
Clearance/certification	59,721	1,529,436,642
Permit fees	35,600	28,500
	<b>256,002,193</b>	<b>1,887,382,120</b>
<b>Business Income</b>		
Sales	18,074,363,599	16,193,631,890
Interest income	14,392,357	35,964,550
Other business income	106,172	194,559
Fidelity insurance income	313,876	-
	<b>18,089,176,004</b>	<b>16,229,790,999</b>
	<b>18,345,178,197</b>	<b>18,117,173,119</b>
<b>Shares, Grants and Donations</b>		
<b>Grants and Donations</b>		
Income from grants and donations in kind	29,901	37,317
Income from grants and donations in cash	7,977	6,231
	<b>37,878</b>	<b>43,548</b>
<b>Miscellaneous Income</b>		
Miscellaneous income	66,719,440	88,002,153
Proceeds from insurance and indemnities	661,518	17,615,107
	<b>67,380,958</b>	<b>105,617,260</b>

## 23. PERSONNEL SERVICES

This account includes the following:

	2019	2018
<b>Salaries and wages</b>		
Salaries and wages – Regular	1,439,545,932	1,390,221,409
	<b>1,439,545,932</b>	<b>1,390,221,409</b>
<b>Other Compensation</b>		
Year End Bonus	240,350,947	230,868,975
Other Bonuses and Allowances	212,870,904	188,164,514
Personnel Economic Relief Allowance (PERA)	95,765,267	85,792,031
Overtime & Night Pay	42,161,473	33,640,236
Clothing/Uniform Allowance	24,214,100	24,589,133
Cash Gift	19,933,500	20,540,230

	2019	2018
Representation Allowance (RA)	11,697,352	11,785,845
Transportation Allowance (TA)	11,269,721	11,394,994
Longevity Pay	10,792,294	11,602,237
Hazard Pay	7,774,939	7,588,522
Subsistence Allowance	2,830,775	2,936,325
Laundry Allowance	430,873	480,586
Quarter Allowance	30,750	18,000
	<b>680,122,895</b>	<b>629,401,628</b>
<b>Personnel benefits contributions</b>		
Retirement and Life Insurance Contributions	172,282,935	167,911,111
Provident/Welfare Fund Contributions	51,122,358	48,704,971
Philhealth Contributions	17,107,058	17,044,908
PAG-IBIG Contributions	5,025,342	4,911,272
Employees Compensation Insurance Premiums	4,824,206	4,980,538
	<b>250,361,899</b>	<b>243,552,800</b>
<b>Other personnel benefits</b>		
Terminal Leave Benefits	288,458,440	80,794,808
Other Personnel Benefits	80,103,864	54,271,714
Retirement Gratuity	2,971,857	3,813,204
	<b>371,534,161</b>	<b>138,879,726</b>
	<b>2,741,564,887</b>	<b>2,402,055,563</b>

#### 24. MAINTENANCE AND OTHER OPERATING EXPENSES

This account includes the following:

	2019	2018
<b>Other Maintenance and Operating Expenses</b>		
Documentary Stamps Expenses	343,996,610	297,525,005
Other Maintenance and Operating Expenses	258,282,477	66,423,922
Loss of Assets	106,784,318	60,663,492
Transportation and Delivery Expenses	97,117,206	82,176,807
Rent/Lease Expenses	70,966,786	57,613,440
Representation Expense	11,374,958	14,408,015
Major Events and Conventions Expenses	4,726,296	11,232,829
Donations	4,623,649	-
Printing and Publication Expenses	997,739	1,066,779
Subscription Expenses	831,717	1,147,448
Membership Dues and Contributions to Organizations	505,841	625,297
Advertising Expenses	64,581	1,661,028
	<b>900,272,178</b>	<b>594,544,062</b>
<b>General Services</b>		
Security Services	348,824,036	306,830,763
Other General Services	36,420,231	51,710,844
Janitorial Services	17,700,453	17,911,444
Environment/Sanitary Services	3,753,931	226,275
	<b>406,698,651</b>	<b>376,679,326</b>

	2019	2018
<b>Supplies and Materials Expenses</b>		
Fuel, Oil and Lubricants Expenses	40,418,364	37,084,106
Office Supplies Expenses	30,926,240	29,017,795
Agricultural and Marine Supplies Expenses	21,132,776	6,381,033
Other Supplies and Materials Expenses	14,213,216	5,947,988
Drugs and Medicine Expenses	12,325,728	10,568,712
Accountable Forms, Plates and Stickers Expenses	5,882,243	5,321,129
Semi-Expendable Machinery and Equipment Expenses	3,618,711	6,873,308
Linens and Beddings Expenses	1,850,313	627,689
Semi-Expendable Furniture, Fixtures and Books	1,497,750	1,664,502
Medical, Dental and Laboratory Supplies Expenses	601,408	1,071,361
Non-Accountable Forms Expenses	76,082	76,812
	<b>132,542,831</b>	<b>104,634,435</b>
<b>Utility Expenses</b>		
Electricity Expenses	79,607,321	82,539,129
Water Expenses	10,750,971	11,407,419
Other Utility Expenses	26,034	21,323
	<b>90,384,326</b>	<b>93,967,871</b>
<b>Travelling Expenses</b>		
Travelling Expenses-Local	63,876,305	51,037,340
Travelling Expenses-Foreign	1,269,275	1,881,332
	<b>65,145,580</b>	<b>52,918,672</b>
<b>Repairs and Maintenance</b>		
Buildings & Other Structures	11,091,749	14,469,299
Transportation Equipment	20,792,296	22,138,102
Machinery and Equipment	10,893,149	10,170,682
Land Improvements	2,270,610	923,247
Semi-Expendable Machinery and Equipment	680,327	536,988
Leased Assets	360,747	1,387,262
Furniture & Fixtures	297,314	273,444
Infrastructure Assets	134,500	-
Semi-Expendable Furnitures, Fixtures and Books	89,644	23,338
Other Property Plant & Equipment	57,751	409,483
	<b>46,668,087</b>	<b>50,331,845</b>
<b>Taxes, Insurance Premium and Other Fees</b>		
Insurance Expenses	29,503,725	24,684,473
Fidelity Bond Premium	9,098,070	6,540,486
Taxes, Duties and Licenses	2,458,860	2,488,342
	<b>41,060,655</b>	<b>33,713,301</b>
<b>Professional Services</b>		
Auditing Services	30,209,105	128,844,741
Consultancy Services	1,355,619	2,419,302
Other Professional Services	825,112	1,905,790
Legal Services	207,007	51,899
	<b>32,596,843</b>	<b>133,221,732</b>

	2019	2018
<b>Communication Expenses</b>		
Telephone Expenses	9,897,206	13,079,545
Internet Subscription Expenses	8,861,095	12,687,624
Postage and Courier Services	2,854,090	2,387,475
Cable, Satellite, Telegraph and Radio Expenses	797,955	792,888
	<b>22,410,346</b>	<b>28,947,532</b>
<b>Confidential, Intelligence and Extraordinary Expenses</b>		
Extraordinary and Miscellaneous Expenses	3,424,033	3,307,572
	<b>3,424,033</b>	<b>3,307,572</b>
<b>Awards/Rewards, Prizes and Indemnities</b>		
Awards/Rewards Expenses	3,144,307	2,639,012
Prizes	3,000	20,000
Indemnities	-	1,600
	<b>3,147,307</b>	<b>2,660,612</b>
<b>Training and Scholarship Expenses</b>		
Training Expenses	737,350	4,727,735
	<b>737,350</b>	<b>4,727,735</b>
<b>Survey, Research, Exploration and Development Expenses</b>		
Survey Expenses	54,055	13,000
	<b>54,055</b>	<b>13,000</b>
	<b>1,745,142,242</b>	<b>1,479,667,695</b>

Documentary stamps are levies on documents evidencing the acceptance, assignments, sale or transfer of an obligation, risk of property incident to it, usually collected at the time of registration of the documents with the concerned authority.

## 25. FINANCIAL EXPENSES

	2019	2018
Interest expense	6,124,190,934	5,503,112,599
Guarantee Fees	1,011,939,507	862,832,541
Bank Charges	342,524	282,406
Other financial expenses	-	2,550
	<b>7,136,472,965</b>	<b>6,366,230,096</b>

Other financial expenses account includes guarantee fees equivalent to one percent of the outstanding and documentary stamp taxes paid on new incurred obligations charged by the BTr on guarantees extended to NFA to cover obligations contracted.

## 26. DIRECT COSTS

Direct Costs for the year 2019:

	Quantity (kgs)	Unit Cost	Amount
Imported Rice-25% Brokens	684,327,599	32.27	22,083,732,844
Local Well Milled Rice	20,256,640	33.95	687,782,464
Local Regular Milled Rice	9,926,822	34.40	341,502,059
Imported Rice-15 % Brokens	202,990	37.22	7,554,665
Imported Rice-20 % Brokens	3,200	32.62	104,396
Damaged Grains Inventory	1,332	36.59	48,730
	<b>714,718,583</b>	<b>32.35</b>	<b>23,120,725,158</b>

Direct Costs for the year 2018:

	Quantity (kgs)	Unit Cost	Amount
Imported Rice-25% Brokens	476,616,934	34.06	16,231,728,690
Imported Rice-15 % Brokens	49,785,676	37.45	1,864,558,490
Imported Rice-20% Brokens	53,300,784	33.18	1,768,674,544
Local Regular Milled Rice	6,438,980	29.29	188,579,265
Local Well Milled Rice	3,631,062	29.47	107,018,600
Local Yellow Corngrains	829,709	12.66	10,502,802
	<b>590,603,145</b>	<b>34.15</b>	<b>20,171,062,391</b>

## 27. NON-CASH EXPENSES

	2019	2018
<b>Depreciation</b>		
Machinery and Equipment	74,240,111	82,913,340
Buildings and Other Structures	61,626,600	65,601,917
Transportation Equipment	12,736,111	13,309,598
Land Improvements	11,181,864	10,203,817
Furniture, Fixtures and Books	1,541,942	1,244,386
Leased Assets Improvement	866,847	792,024
Other Property, Plant and Equipment	544,614	636,186
	<b>162,738,089</b>	<b>174,701,268</b>
<b>Impairment loss</b>		
Inventories	15,593,974	462,118
Property, Plant and Equipment	6,340,147	686,489
Loans and Receivables	2,176,982	1,223,413
Other Assets	85,183	85,183
	<b>24,196,286</b>	<b>2,457,203</b>
<b>Amortization</b>		
Intangible Assets	52,372	-
	<b>52,372</b>	<b>-</b>
	<b>186,986,747</b>	<b>177,158,471</b>

## 28. GAINS AND LOSSES

These accounts consist of the following:

	2019	2018
<b>Gains</b>		
Gain on ForEx	205,112,612	152,695,429
Gain on sale of PPE	839,479	6,227,583
Sale of assets - unserviceable property	699,037	1,887,041
	<b>206,651,128</b>	<b>160,810,053</b>
<b>Losses</b>		
Loss on ForEx	100,876,091	154,049,636
Loss on sale of PPE	1,471,534	3,119,676
Loss on Sale/Redemption/transfer of Investment	-	30,098,228
	<b>102,347,625</b>	<b>187,267,540</b>

The Gain/Loss on ForEx is the recognized gain/loss on the revaluation of foreign denominated liabilities at financial statement date.

## 29. FINANCIAL ASSISTANCE/SUBSIDY

	2019	2018
Subsidy from National Government (NG)	12,980,800,251	12,785,154,971
	<b>12,980,800,251</b>	<b>12,785,154,971</b>

This account consists of the following:

	Amount
NG Subsidy to NFA for the Implementation of Buffer Stocking Program	
SARO-BMB-C-19-0001543	1,064,808,000
SARO-BMB-C-19-0003385	242,501,000
SARO-BMB-C-19-0005025	5,692,691,000
Subsidy to cover Customs Duties on Rice Importation	
SARO-BMB-C-19-0010066	3,520,487,756
SARO-BMB-C-19-0013501	2,460,312,495
	<b>12,980,800,251</b>

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

Reconciliation of Net Cash Flows from Operating Activities to Surplus/Deficit for the years ended December 31, 2019 and 2018

	2019	2018
<b>Surplus/(Deficit) for the Year</b>	<b>(3,433,191,212)</b>	<b>385,357,194.78</b>
<b>Non-Cash Income/Expenses</b>		
Depreciation	162,738,089	174,701,268
Amortization	52,372	-
Impairment Loss	24,196,286	2,457,203
Gain on ForEx	(205,112,612)	(152,695,429)
Gain on Sale of Property, Plant & Equipment	(839,479)	(6,227,583)
Sale of Assets - Unserviceable Property	(699,037)	(1,887,041)
Loss on ForEx	100,876,091	154,049,636
Loss on Sale of Property, Plant & Equipment	1,471,534	3,119,675
Loss on Sale/Redemption/Transfer of Investment	-	30,098,228
	<b>82,683,244</b>	<b>203,615,957</b>
<b>Increase/(Decrease) in Asset Accounts</b>		
Receivables	(380,477,736)	82,902,581
Inventories	(13,438,979,090)	159,752,629
Other Current Assets	26,774,669	(80,031,760)
Other Non-Current Assets	500,194,512	(9,805,180)
	<b>(13,292,487,645)</b>	<b>152,818,270</b>
<b>Increase/(Decrease) in Liability Accounts</b>		
Accounts Payable	(4,677,630,326)	2,739,142,111
Due to Officers and Employees	69,559,877	93,872,719
Inter-Agency Payables	25,507,037,580	5,500,900,326
Trust Liabilities	354,503,310	(302,859,654)
Other Deferred Credits	742,339,516	(1,339,894)
	<b>21,995,809,957</b>	<b>8,029,715,608</b>
<b>Other Adjustments</b>	<b>(19,845,209,051)</b>	<b>1,276,389,778</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(14,492,394,707)</b>	<b>10,047,896,808</b>

### 31. RELATED PARTY TRANSACTIONS

As at December 31, 2019, the composition of the NFA Council is as follows:

Position	Name	Position from other Agencies
Chairperson	Mr. William D. Dar	Acting Secretary, DA
Vice-Chairperson	Ms. Judy Carol L. Dansal	Administrator, NFA
Member	Mr. Benjamin E. Diokno	Governor, BSP
Alternate Member	Mr. Francisco G. Dakila, Jr.	Deputy Governor, BSP
Member	Ms. Cecilia C. Borromeo	President and CEO, LBP
Alternate Member	Mr. Elcid C. Pangilinan	First Vice President, LBP
Member	Mr. Carlos G. Dominguez III	Secretary, Department of Finance (DOF)
Alternate Member	Ms. Rosalia V. de Leon	National Treasurer, DOF
Member	Mr. Ramon M. Lopez	Secretary, DTI

<b>Position</b>	<b>Name</b>	<b>Position from other Agencies</b>
Principal Representative	Atty. Ruth B. Castelo	Undersecretary, DTI
Member	Mr. Ernesto M. Pernia	Secretary, National Economic and Development Authority (NEDA)
Alternate Member	Ms. Mercedita A. Sombilla	Assistant Secretary, Regional Development, NEDA Director, Agriculture and Natural Resources and Environment Staff
Member	Atty. Salvador C. Medialdea	Executive Secretary, OP
Alternate Member	Atty. Ricardo P. Bernabe III	Undersecretary, Office of the Executive Secretary
Member	Mr. Rolando Joselito D. Bautista	Secretary, DSWD
Alternate Member	BGen. Felicisimo C. Budiongan (RET.)	Undersecretary, DSWD
Member	Mr. Edwin Y. Paraluman	Farmer Sector Representative

No Remuneration was given to the NFA Council for year 2019

### 31.1 Key Management Personnel Remuneration and Compensation

The key management personnel of NFA are the Administrator, Deputy Administrator for Marketing Operations, Deputy Administrator for Finance and Administration, Assistant Administrator for Marketing Operations, and Assistant Administrator for Finance and Administration. The remuneration of key management personnel during the year is as follows:

	<b>2019</b>	<b>2018</b>
Salaries and Wages	7,050,975	6,533,203
Other Allowance and Benefits	4,392,524	4,570,522
	<b>11,443,499</b>	<b>11,103,725</b>

## 32. CONTRIBUTED CAPITAL

From CYs 1980 to 2007, total capital contribution of the NG to NFA amounted to P5.00 billion. This account is already reconciled with the records of the BTr.

## 33. ACCUMULATED SURPLUS/(DEFICIT)

As at December 31, 2019, Accumulated Deficit amounted to P157.718 billion, while, as at December 31, 2018, Accumulated Deficit amounted to P153.364 billion.

## 34. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The approved budget covers the CY 2019.

The difference between the final budget and the actual amounts on a comparable basis as presented in the SCBAA is due to ongoing implementation of projects.

The budget and accounting base differ. The budget is approved on a cash basis by functional classification whereas the FS are prepared on accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance.

The reconciliation between the actual amounts on a comparable basis as presented in the SCBAA and actual amounts in the Statement of Cash Flow for the year ended December

31, 2019 is presented in the following table. The FS and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on cash basis and the FS are prepared in the accrual basis.

**Reconciliation of Statement of Cash Flows vs  
Statement of Comparison of Budget and Actual Amounts  
For the Year Ended December 31, 2019**

	per Cash Flow	per Cash Flow No Intra-Agency	SCBAA	Variance	Variance as Accounted for	Variance	Variance as Accounted for
<b>Receipts</b>							
Operating	83,393,475,365	29,373,602,269	31,534,267,874	51,859,207,491	-	(2,160,665,605)	-
Investing	124,350,184	124,350,184	123,637,727	712,457	712,457	712,457	(2,387,926,268)
Financing	49,886,071,936	49,886,071,936	49,886,071,936	-	-	-	-
	<b>133,403,897,485</b>	<b>79,384,024,389</b>	<b>81,543,977,537</b>	<b>51,859,919,948</b>	<b>712,457</b>	<b>(2,159,953,148)</b>	<b>(2,387,926,268)</b>
<b>Payments</b>							
Operating	97,885,870,072	42,575,491,361	25,890,548,231	71,995,321,841	20,136,114,350	16,684,943,130	18,845,608,736
Investing	338,744,667	2,727,383,392	338,744,667	-	-	2,388,638,725	-
Financing	33,181,633,683	33,181,633,683	53,114,495,528	(19,932,861,845)	(19,932,861,845)	(19,932,861,845)	(19,932,861,845)
	<b>131,406,248,422</b>	<b>78,484,508,436</b>	<b>79,343,788,426</b>	<b>52,062,459,996</b>	<b>203,252,505</b>	<b>(859,279,990)</b>	<b>(1,087,253,109)</b>
Net Receipts/ Payments	<b>1,997,649,063</b>	<b>899,515,953</b>	<b>2,200,189,111</b>	<b>(202,540,048)</b>	<b>(202,540,048)</b>	<b>(1,300,673,158)</b>	<b>(1,300,673,159)</b>

**35. SUPPLEMENTARY INFORMATION REQUIRED BY BIR**

**35.1 Revenue Regulation (RR) No. 15-2010**

In compliance with RR No. 15-2010, amending RR No. 21-2002 "In addition to the disclosures mandated under the PPSAS, and such other standards and/or conventions as may heretofore be adopted, the Notes to FS shall include information on taxes, duties and license fees paid or accrued during the taxable year."

RR No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of FS accompanying income tax returns (ITR) was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires inclusion in the notes to FS, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the PPSAS and such other standards and/or conventions.

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

a. Taxes and licenses for 2019

	<b>Amount</b>
Real Estate tax	180,585
BIR annual registration fees	500
<b>Total</b>	<b>181,085</b>

b. Withholding Taxes for 2019

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

	<b>Amount</b>
Creditable withholding taxes (Expanded, Percentage, and Value Added Tax)	297,077,398
Tax on compensation and benefits	117,004,295
Final withholding taxes	36,518,769
<b>Total</b>	<b>450,600,462</b>

c. Documentary Stamp Tax (DST) for 2019

The DST paid/accrued on the following transactions are:

	<b>Loan Amount</b>	<b>DST Thereon</b>
Loan Instruments - CO	147,181,987,044	343,991,568
Various Transactions in FO	-	5,042
<b>Total</b>	<b>147,181,987,044</b>	<b>343,996,610</b>

d. Tax Case

The NFA has no tax case as of December 31, 2018.

### 35.2 RR No. 19-2011

RR No. 19-2011 was issued to prescribe the new BIR Forms that will be used for income tax filing covering and starting with December 31, 2011. In case of the entities using BIR Form 1702, the tax payer is now required to include as part of its notes to the audited FS, which will be attached to the ITR, the schedules and information is presented for the purposes of filing with the BIR and is not required part of the basic FS.

The amount of revenues and income, and deductible cost and expenses presented below are based on relevant tax regulations issued by the BIR, Hence, may not be the same as the amount of revenues reflected in 2019 Statement of Financial Performance. Moreover, the legal basis of tax relief/exemption of NFA is expressly stated in PD No. 4 and PD No.1770.

The following are the schedules prescribed under the existing revenue issuances applicable to the NFA as of December 31, 2019.

a. Service and business income

	<b>Per FS</b>	<b>Per ITR</b>
Sales	18,074,363,599	18,074,363,599

b. Direct Costs

	<b>Per FS</b>	<b>Per ITR</b>
Cost of Sales	23,120,725,158	23,120,725,158

c. Non-operating and Taxable Other Income

	Per FS		Per ITR
Subsidy Income from NG	12,980,800,251	Other Income	13,423,337,188
Service Income	256,002,193		
Business Income	18,089,176,004		
<i>Less: Sales and Interest Income</i>	(18,088,755,956)		
Shares, Grants, and Donations	37,878		
Miscellaneous Income	67,380,958		
Net Gains and Losses	104,303,503		
	<b>13,408,944,831</b>		<b>13,423,337,188</b>

d. Allowable Deductions

	Per FS		Per ITR
Interest Expenses	<b>6,124,190,934</b>	Interest	<b>6,124,190,934</b>
Salaries and Wages	1,439,545,932	Salaries, Wages and Allowances	2,491,202,988
Other Compensation	680,122,895		
Other Personnel Benefit	371,534,161		
	<b>2,491,202,988</b>		<b>2,491,202,988</b>
Security Services	<b>348,824,036</b>	Security Services	<b>348,824,036</b>
Personnel Benefit Contributions	<b>250,361,899</b>	SSS, GSIS, Philhealth, HDMF, and Other Contributions	<b>250,361,899</b>
Depreciation	<b>162,738,089</b>	Depreciation	<b>162,738,089</b>
Transportation and Delivery Expenses	97,117,207	Transportation and Travel	162,262,787
Travelling Expenses	65,145,580		
	<b>162,262,787</b>		<b>162,262,787</b>
Utility Expenses	90,384,326	Communication, Light, Water	112,794,671
Communication Expenses	22,410,345		
	<b>112,794,671</b>		<b>112,794,671</b>
Supplies and Materials Expenses	132,542,831	Office Supplies	92,124,467
<i>Less: Fuel, Oil and Lubricants Expenses</i>	(40,418,364)		
	<b>92,124,467</b>		<b>92,124,467</b>
Rent/Lease Expenses	<b>70,966,786</b>	Rentals	<b>70,966,786</b>
Fuel, Oil and Lubricants Expenses	<b>40,418,364</b>	Fuel and Oil	<b>40,418,364</b>
Legal Services	207,008	Professional Services	31,241,225
Auditing Services	30,209,105		
Other Professional Services	825,112		
	<b>31,241,225</b>		<b>31,241,225</b>

	<b>Per FS</b>		<b>Per ITR</b>
Insurance Expenses	<b>29,503,725</b>	Insurance	<b>29,503,725</b>
<b>Impairment Loss</b>			
Inventories	15,593,974	Losses	22,019,304
Property, Plant and Equipment	6,340,147		
Other Assets	85,183		
	<b>22,019,304</b>		<b>22,019,304</b>
Janitorial Services	<b>17,700,453</b>	Janitorial and Messengerial Services	<b>17,700,453</b>
Taxes, Duties and Licenses	2,458,860	Taxes and Licenses	11,556,930
Fidelity Bond Premium	9,098,070		
	<b>11,556,930</b>		<b>11,556,930</b>
Confidential, Intelligence, and Extraordinary Expenses	<b>3,424,034</b>	Entertainment, Amusement and Recreation	<b>3,424,034</b>
Impairment Loss - Loans and Receivables	<b>2,176,982</b>	Bad Debts	<b>2,176,982</b>
Consultancy Services	<b>1,355,619</b>	Management & Consultancy Fees	<b>1,355,619</b>
Amortization	<b>52,372</b>	Amortizations	<b>52,372</b>
Guarantee Fees	1,011,939,507	Others	1,835,251,176
Documentary Stamps Expenses	343,996,610		
Other Maintenance and Operating Expenses	258,282,477		
Loss of Assets	106,784,318		
Repairs & Maintenance	46,668,085		
Other General Services	36,420,231		
Representation Expense	11,374,958		
Major Events and Conventions Expenses	4,726,296		
Donations	4,623,649		
Environment/Sanitary Services	3,753,931		
Awards/Rewards and Prizes	3,147,307		
Printing and Publication Expenses	997,739		
Subscription Expenses	831,717		
Training Expenses	737,350		
Membership Dues and Contributions to Organizations	505,841		
Bank Charges	342,524		
Advertising Expenses	64,581		
Survey Expenses	54,055		
	<b>1,835,251,176</b>		<b>1,835,251,176</b>
	<b>11,810,166,841</b>		<b>11,810,166,841</b>

## PART II - OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL

#### Financial Statements Disclosure

**1. The presentation of the Financial Statements (FS) and the accompanying Notes of the NFA are still not fully compliant with the disclosure requirements of the Philippine Public Sector Accounting Standards (PPSAS), among others, PPSAS 1 on Presentation of FS thus, the presentation of the FS and the accompanying Notes did not adequately provide the users of the FS with relevant information in understanding the NFA's financial status.**

1.1 Philippine Public Sector Accounting Standard (PPSAS) 1 sets out the overall considerations for the presentation of financial statements, the guidance for their structure, and the minimum requirements for the content of financial statements prepared under the accrual basis of accounting.

1.2 Paragraph 127 of PPSAS 1 provides that:

*The notes to FS shall:*

- (a) Present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 132–139;*
- (b) Disclose the information required by IPSASs that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity or cash flow statement; and*
- (c) Provide additional information that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity or cash flow statement, but that is relevant to an understanding of any of them.*

1.3 In addition, paragraph 128 of PPSAS provides that:

*Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity and cash flow statement shall be cross-referenced to any related information in the notes.*

1.4 The Notes to the FS showed non-compliance with the above disclosure requirements some of which were already noted in previous year's audit and were repeated or still not complied in the current year's FS. To illustrate:

- a. Non-disclosure of additional information on the FS accounts or line items as presented in the Statement of Financial Position, Statement of Financial Performance and Statement of Changes in Net Assets/Equity.

We noted that there was no supporting information on the Notes to FS such as the nature/description and corresponding amount on the following items presented in the Statement of Changes in Net Assets/Equity:

	2019	2018
Prior Period Errors	P (6,115,014,203)	P (21,780,174,349)
Other Adjustments	5,194,013,051	21,582,794,237

We further noted that in the Statement of Financial Position: (i) the Accumulated Deficit referred to Note 33 only contains information on the balances of Accumulated Deficit as at December 31, 2019 and as at December 31, 2018. There were no disclosures as to the retrospective adjustments and retrospective restatements made to the balances of Accumulated Deficit; (ii) while Note 8.3.2 describe the composition of the Due from GOCCs accounts totaling P155,214 million, these receivables were not disaggregated into amounts receivable from GSIS, Quedan Guarantee Fund Board, FTI, GRAINSCOR; (iii) Under Note 13 on Investment Property, there was no disclosure on the effect on the prior year balances of PPE; and (iv) Under Note 20, which describes the Deferred Credits/Unearned Income as the amount of overages taken up based on stock report did not indicate any amount.

b. There were no disclosures regarding prior period adjustments, as required under paragraph 34 of PPSAS 3 such as, among others: (a) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected; and (b) the amount of the adjustment relating to periods before those presented, to the extent practicable.

Likewise, there were no disclosures regarding Prior Period Errors, as required under paragraph 54 of the same PPSAS such as: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; (c) the amount of the correction at the beginning of the earliest prior period presented; and (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

It is noted that substantial amounts of Prior period errors and other adjustments were presented as an addition or deduction from Accumulated Surplus instead of restating the affected accounts in which errors occurred, which is not in accord with PPSAS 3 which requires that:

*47. Xxx, an entity shall correct 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 the period(s) presented in which error occurred; or*
- b. if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.*

c. The accompanying Notes to FS did not include disclosure(s) regarding the nature and extent of risks arising from financial instruments to enable users of the financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period as required by PPSAS 30 Financial Instruments: Disclosures.

While the type of risks arising from financial instruments to which NFA is exposed is provided in Note 4, the required qualitative and quantitative information under paragraphs 38-49 of PPSAS 30 to enable users of the financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period were not disclosed such as, among others: (a) the exposures to risk and how they arise; (b) its objectives, policies, and processes for managing the risk and the methods used to measure the risk; and (c) Summary quantitative data about its exposure to that risk at the end of the reporting period.

d. The Accompanying Notes to FS did not fully include the disclosure regarding the NFA's budget information, as required by paragraphs 14(c) of PPSAS 24. In Note 34 there was no explanation of the material differences between actual amounts and the budget amounts to assist users in understanding the reasons for material departures from the approved budget for which the entity is held publicly accountable.

e. There was no information in the Notes that would enable users of NFA's FS to evaluate its objectives, policies, and processes for managing capital as required by paragraphs 148A and 148B of PPSAS 1.

There was no disclosure on the qualitative information about NFA objectives, policies, and processes for managing capital and a Summary quantitative data about what it manages as capital.

f. There were items on the face of the statement of financial position and statement of changes in net assets/equity, and cash flow statement that cannot be cross-referenced to any related information in the notes.

f.1. Deferred Credits/Unearned Income and Provisions presented in the statement of financial position with a total amount of P934.391 million cannot be cross-referenced to Notes 20 and 21 as Deferred Credits/Unearned Income had no disclosed amount.

1.5 Thus, information contained in the Notes to FS did not adequately provide the users of the financial statements with relevant information in understanding the NFA's financial status.

**1.6 We recommended that Management instruct the Accountant to comply with the disclosure requirements of the pertinent PPSAS provisions to have fair presentation of the account balances in the FS.**

1.7 Management commented that the 2019 FS and its accompanying notes were prepared with due diligence and considerable attention. They further commented that NFA has been strict and consistent in complying with the relevant Philippine Accounting Standard provision in the preparation and presentation of their FS and its accompanying notes. They, however, stated that they will revisit the listed standards and adhere to them accordingly to diligently prepare their FS.

## Financial Statements

**2. Non-reversal of temporary entries for unreconciled items and errors in combination resulted in the discrepancies amounting to P194.224 million, P234.986 million and P40.762 million in the balances of the Assets, Liabilities and Government Equity accounts, respectively, between the balances of the accounts presented in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA Regional Offices (ROs) and Central Office (CO) and the totals of the accounts in the individual TB of the NFA ROs and CO, thus, affecting the fair presentation of the affected accounts.**

2.1. PPSAS 1 sets out the overall considerations for the presentation of financial statements, guidance for their structure, and minimum requirements for the content of financial statements prepared under the accrual basis of accounting.

2.2. The generally accepted principles on the preparation and presentation of financial statements provide that information thereon must possess the quality of reliability, i.e., free from material error and bias and can be depended upon by its intended users.

2.3. The combined financial statements reflect the assets, liabilities, revenues and expenses of the CO and ROs. The 15 ROs maintain separate books of accounts and prepare their respective financial reports. The District Office/Provincial Offices (DOs/POs) which are under the supervision of the RO are responsible for preparing their respective financial reports which are submitted to the RO for combination. The financial report of the individual RO which consist of the financial report of the RO and its DOs/POs are then submitted to the CO for combination.

2.4. Analysis, verification and comparison of the account balances as at December 31, 2019 in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA ROs and CO, against the totals of the accounts in the individual TB of the NFA ROs and CO disclosed significant variances, as shown in Table 1. Comparison of total balances by account is presented as Annex A.

**Table 1 - Variances between Totals of Individual TB and Combined TBs for CY 2019**

<b>Account</b>	<b>Totals of Individual TBs of ROs and CO</b>	<b>FS (Combined TBs per Region)</b>	<b>Variance</b>
<b>Assets</b>	P 86,432,419,695	P 86,238,195,373	P 194,224,322
<b>Liabilities</b>	239,191,276,324	238,956,290,231	234,986,093
<b>Equity</b>	(152,758,856,629)	(152,718,094,858)	(40,761,771)

2.5. As observed in previous year's audit, the variances were attributed to errors in the combination and the temporary entries made for unreconciled items. These temporary entries were not monitored and reversed in succeeding years. It was also the common observations in regional offices that the variances pertained to the prior years' unreconciled amounts. The variances were caused by incomplete/inaccurate capture of account transactions and balances and improper account classifications, including the temporary adjusting entries allowed to be posted in prior years to exclude the unreconciled account balances in the financial statements

2.6. The above variances of the accounts cast doubt on the reliability of the account, thereby, affecting the fair presentation of the account balances in the financial statements

**2.7. We recommended that Management require the National Accountant to meticulously reconcile the variances between the FS and the Combined TBs per Region, and prepare adjusting entries accordingly to come up with reliable balances of the accounts presented in the financial statements;**

2.8. Management provided the following comments:

The NFA-ASD continuously checks, reviews and reconciles the variances in the books. Comparative analysis was conducted as of June 30, 2020, between the combined SL of ROs and CO versus the National TB accounts. Entries were made in July 2020 Financial Report to correct the discrepancies made in the previous reports. The accountants handling Regional TB checks the beginning and ending balances of accounts which resulted to a reduction of variance in some of the accounts from 31 December 2019 to 30 June 2020.

2.9. As a rejoinder, the reconciliation of variances will be reviewed and evaluated in future audit.

### **Property, Plant and Equipment (PPE)**

**3. Unreconciled variance of P72.728 million between book balance and results of physical inventory count; improvements to land, buildings and other structures made to undocumented property of the NFA-NCR RO totaling P10.956 million; non-classification of parcels of land intended for divestment as Investment Property account in two POs; and non-conduct/incomplete annual physical inventory, among others, affected the reliability and existence of the PPE account with net book value of P 2.234 billion.**

3.1 PPSAS 17 prescribes the standards on the recognition, measurement at recognition, measurement after recognition, depreciation, impairment, derecognition and disclosure requirements dealing with transactions and events affecting property, plant and equipment of the Philippine public sector.

3.2 The NFA Standard Operating Procedure (SOP) NO. GS-PD19 dated March 24, 2003, on Revised SOP on Fixed Assets Inventory, Monitoring and Control System, was issued to monitor the movement and condition of the assets and update the documentation, reporting and accounting systems. It provides, among others, that inventory count must be reconciled with the book balances.

3.3 COA Circular No. 80-124 dated January 18, 1980 provides, among others, that the physical inventory taking, being an indispensable procedure for checking the integrity of property custodianship, has to be regularly enforced at least once a year. All inventory reports shall be prepared and shall be properly reconciled with the accounting and inventory records.

3.4 Section C.3, Chapter V of the Manual on Property Custodianship provides:

*After the physical inventory taking, the Inventory Committee shall reconcile the results of the count with the property and accounting records. x x x On the other hand, the inventory listing of the equipment shall be checked with the property card maintained by the property as against the equipment ledger cards maintained by the Accounting and the total therefore shall be compared with those in the general ledger.*

3.5 Further, Section 111 of Presidential Decree (PD) No. 1445 states that:

*The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.*

3.6 As at December 31, 2019, the PPE account was valued at cost in the amount of P5.820 billion. The accumulated depreciation amounted to P3.586 billion, thus the net book value or carrying value of P2.234 billion as presented in the Statements of Financial Position.

3.7 Our audit discloses various deficiencies that affected the reliability and existence of the PPE account, as discussed in the succeeding paragraphs.

*Unreconciled variance aggregating P72.728 million between the book balances and the results of physical inventory count*

3.8 Comparison of the balances of PPE account per accounting records with the results of the physical inventory count revealed an absolute variance of P72.728 million as shown in Table 2.

**Table 2 – Variance on PPE balances between Accounting records and Inventory Reports/Property Records**

<b>NFA Office</b>	<b>Per Books</b>	<b>Per Inventory Report/Property Records</b>	<b>Variance (Absolute Figure)</b>
CO	P 1,037,425,712	P 1,048,727,510	P 11,301,798
NCR and District Offices	210,432,968	180,531,501	51,403,166
RO I	11,942,735	9,442,770	2,499,965
Region II (Cagayan, Northwestern Cagayan Apayao, Nueva Vizcaya and Quirino POs)	254,589,028	253,854,961	2,406,010
Bulacan PO	95,980,290	96,161,443	181,153
CARAGA (RO, Agusan del Norte and Surigao del Sur POs)	69,865,054	64,889,431	4,935,623
			<b>P 72,727,715</b>

3.9 The variance is attributed to the following:

a. In CO, the reconciliation between accounting and property records had not been fully implemented in the current year. The significant amount of variance between the balance per books and the annual physical inventory count report indicates the possibility of erroneous recording of PE transactions, missing recorded property items or undocumented PE items.

b. In NCR, the total variance of P51.403 million was due to, among others, non-reconciliation of accounting records and the Report on the Physical Count of PPE (RPCPPE) in the RO and its DOs and various equipment classified as unserviceable in the RPCPPE without the Inventory and Inspection Report of Unserviceable Property (IIRUP) in NDO.

c. In RO I, Management claimed that the variance was partly attributed to the capitalized cost of an air-conditioning unit of P9,500 and cost of television purchased amounting to P51,000 or a total of P60,500 that were not reflected in the property records while a personal computer costing P28,911 considered as junk/defective but without IIRUP was already deleted from the property records. Management is yet to submit the updated property records for the Audit Team's verification to determine whether the necessary adjustments were already effected in the Supply Officer's Records.

d. In Cagayan, Northwestern Cagayan-Apayao, Nueva Vizcaya and Quirino POs, the absolute variance of P2.406 million was attributed to non-reconciliation of accounting and property records. In Cagayan PO, verification disclosed that the discrepancy of P481,307 was due to unrecorded amount of one-unit Volcanic Cube in the Property, Plant and Equipment Ledger Card (PPELC) maintained by the accounting section. Interview revealed that said warehouse equipment was transferred from Isabela PO in CY 2006 and was not recorded in the books of accounts due to the absence of document that serves as basis in determining its monetary value. Management averred that a wire message was sent to Isabela PO sometime in CY 2018 requesting the value of the equipment but no action was taken by Isabela PO.

e. In CARAGA, inquiry with the Accountants disclosed that they are already in the process of reconciling PPE accounts with the Property/Supply Officers.

*Improvements to land, buildings and other structures made on undocumented property of the NFA-NCR RO totaling P10.956 million*

3.10 Despite prior years' audit recommendation, the land where the NFA-NCR RO Office is located remained undocumented. Land, buildings and structural improvements constructed on the said property already amounted to P10.956 million. Management claimed that the property was a donation to NFA-NCR but no documents were presented to the Audit Team as of this date. Management's inability to secure documents to prove ownership of the said property could compromise the rights/ownership of the NFA to the land, buildings and structural improvements.

*Non-classification of parcels of land intended for divestment as Investment Property account in two POs*

3.11 In NCR-CPO and Bulacan POs, we noted that their Land accounts included parcels of land for undetermined future use which remained idle since its acquisition. In NCR-CPO, we likewise noted that the basis of the recorded book value of the two parcels of land totaling P1.868 million cannot be established as Management had not submitted any documents to support the acquisition of the said properties. The lot in Bulacan PO located in Concepcion, Baliuag, Bulacan which was acquired on January 2, 1976 at P66,000 was included in the divestment plan of NFA. These parcels of land should be classified as Investment property pursuant to PPSAS 16 which provides that:

*xxx Investment property is property (land or building – or part of a building–or both) 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. xxx;*

*Non-conduct/incomplete annual physical inventory in two POs*

3.12 In Aklan PO, annual physical inventory of all its property costing P14.286 million with a carrying value of P2.449 million as at December 31, 2019 was not conducted due to lack of manpower in Aklan PO, which has 23 warm bodies only. Also, the NFA procurement program was in full swing last year leaving the office with no choice but to pull out personnel from other section to cater to the needs of the farmers.

3.13 In Misamis Oriental PO, annual physical inventory was not conducted at GID 1 warehouse located at Patag, Misamis Oriental with 10 PPE items totaling P251,768, since it was undergoing repair and the Warehouse Supervisor was assigned at Bukidnon for palay procurement. Hence, the complete inventory and reconciliation reports was not made on the PPE.

*Other deficiencies*

3.14 PPELC and Property Cards (PC) were not maintained by the Accounting Units and the Property/Units, respectively, in CARAGA RO, Agusan del Norte and Surigao del Sur and Bukidnon POs. In CARAGA RO, Agusan del Norte and Surigao del Sur POs, the Accounting units maintained only the PPE Lapsing Schedule that shows the item/description, date of acquisition, life, acquisition cost, and depreciation of each asset while a Schedule of Properties generated through their Property/Inventory System, showing the item/description, Serial Number, Property Code, Acquisition Date, Acquisition Cost, Accountable Officer, Location and Condition of each property was maintained by the Property/Supply Officer which also served as the Report of Physical Count of PPE.

3.15 The following lapses were noted during the conduct of physical inventory of PPE in one RO and two POs:

a. In RO I and Misamis Oriental PO, there were property items that do not have any property tag which created doubt as to its ownership and accountability, contrary to Section V.2 of COA Circular No. 80-124 dated January 18, 1980, which requires government property to be properly labelled and identified by the Inventory Committee.

b. In Ilocos Norte PO, property tags were already fading although these were only posted in less than a year. In Misamis Oriental PO, some property tags were already blurred, indicating that these were not regularly updated or replaced and lacking some necessary information, i.e. property number, property description, amount, end-user, etc. which made the inventory taking difficult, contrary to Section V.2 of COA Circular No. 80-124 which requires Inventory labels of special materials to contain, among others, the individual property which shall be uniformly printed in India ink to achieve permanence and best results.

c. In RO I, the inventory reports/records used as basis in the conduct of physical inventory were not updated as movements of various items or transfers of accountabilities from one personnel to another were not reported/reflected therein, thus making the physical count difficult and time-consuming.

d. In RO I, no property number was assigned to a particular camera, details of which were not found in the inventory reports/records used as basis in the inventory-taking, hence unrecorded.

3.16 In NCR RO, as noted in previous years' audit, four PPE sub-accounts showed negative net book values amounting to P1.841 million which indicates laxity in the implementation of prior years' audit recommendations. The FS for CY 2018 showed four PPE sub-accounts with negative net book values totaling P1.981 million.

3.17 In view of the foregoing deficiencies, the reliability and existence of the PPE accounts with net book value of P2.234 billion cannot be ascertained.

3.18 **We recommended that Management require the CO-ASD, CO-GSD, ROs/POs to:**

**a. Conduct a thorough verification and reconciliation of the property and accounting records on a regular basis to determine the other cause/s of discrepancies so that necessary corrections/adjustments can be affected in both records to arrive at the correct/reconciled balances;**

**b. Secure documents to prove ownership of the "donated" land to protect the rights/ownership of the NFA-NCR to the improvements made to land, buildings and structures;**

**c. Reclassify the idle parcels of land to the appropriate Investment Property account to comply with PPSAS 16 on proper accounting recognition and submit**

to the Audit Team documents pertaining to the acquisition of the properties as basis of the recorded amount in the books of NFA-CPO for audit purposes;

d. Determine and address the causes of non-conduct/incomplete conduct of annual physical inventory. Direct the Inventory Committee to regularly conduct annual physical count of all the PPE owned by the agency and prepare the RPCPPE without delay and submit a copy to the Office of the Auditor;

e. Require Property Officers and the Accounting Units to maintain in standard format the PCs and PPELCs, respectively, and conduct the periodic reconciliation of their records to avoid misstatement or incorrect balances of the PPE accounts;

f. Require the Inventory Committee to tag all the properties for easier identification;

g. Ensure that all inventoriable assets are assigned with property numbers and included in the inventory report to safeguard agency's assets;

h. Require that all movements/transfers of PPE from one Accountable Officer to another be reported to the Property/Supply Officer so that he can immediately update the physical inventory reports in order; and

i. Prepare the necessary adjusting entries for the PPE sub-accounts that have negative balances.

3.19 Management provided the following comments/justifications:

a. In CO, they will comply with the audit recommendation. Reconciliation of accounting and property records is a continuing activity of NFA nationwide. Moreover, there is an instruction from the NFA Administrator to update the existing inventory because of the restructuring of NFA. Also, they averred that the divestment plan of NFA was discontinued upon instruction of the DA Secretary. They will consult COA on the proper treatment of those idle properties which were previously included in the divestment plan of NFA.

b. In Bulacan PO, they advised the Audit Team that the NFA Central Office will be notified pertaining to the observations and recommendations on the reclassification of land at Concepcion, Baliuag, Bulacan to Investment Property.

c. In Misamis Oriental PO, they agreed with the recommendations and will act accordingly.

d. In CARAGA RO, Memorandum No. CAR-RD-2020-B-071 dated February 14, 2020 had been issued directing the Property Officer, Administrative Officer and Accounting Unit to immediately take appropriate actions and implement the COA recommendations.

e. In Agusan del Norte and Surigao del Norte POs, reconciliation between the records of the Accounting Section and the Supply Officer have been undertaken.

## **Inventories - Inventories Held for Consumption**

**4. Non-conduct of physical inventory count on inventories of P18.839 million; the variance of P8.038 million and 13,280 pcs. of accountable forms between accounting and supply records; non-maintenance of adequate/updated records/non-preparation of reports affected the reliability and existence of the Inventories Held for Consumption account of P324.453 million.**

4.1 Inventory Held for Consumption account consists of supplies which are used in the ordinary course of NFA operations, such as: agricultural supplies, accountable forms, plates, stickers, office supplies, electrical supplies, etc.

4.2 In Note 12 to FS, the Inventory Held for Consumption account had aggregate balance of P324.453 million as at December 31, 2019.

4.3 Our audit disclosed deficiencies that affected the reliability and existence of the Inventory Held for Consumption as discussed in the succeeding paragraphs.

*Non-conduct of Physical inventory count –  
P18.839 million*

4.4 In RO II, Ilocos Norte, Isabela, Kalinga and Zamboanga Sibugay POs, the required physical count on inventories totaling P18.839 million was not conducted.

*Variance of P8.038 million and 13,280 pcs. of  
accountable forms between accounting and  
supply records*

4.5 In CO, there is a variance amounting to P6.369 million in Inventories Held for Consumption between the year-end balance in the books of P14.887 million and the 2019 Inventory Report of P8.518 million due to non-reconciliation of the balances per accounting records and supply records. We further noted that as at December 31, 2019, there were still inventory items amounting to P1.266, million recorded in the books as "For Reconciliation".

4.6 In Kalinga PO, a variance of P1.669 million existed between the balance of Inventory Held for Consumption per accounting records of P1.942 million and the balance per Inventory Reports of P273,089.

4.7 In CARAGA RO, comparison of the Supplies Ledger Cards (SLCs) for the Accountable Forms Inventory account balance of the Accounting Unit with the Report of Physical Count of Inventories (RPCI) of the Supply Officer as at December 31, 2019 disclosed a significant variance as to quantity totaling 13,280 pcs. of Accountable forms.

*Non-maintenance of adequate/updated records/non-preparation of reports*

4.8 In Ilocos Norte and Kalinga POs, SLCs were not maintained by the Accounting Services Department/Accounting Unit and no Stock Cards (SCs) were maintained by the Administrative and General Services Department and Technical Research and Services Department - Quality Assurance Division (TRSD-QA)/Property Custodian.

4.9 In Isabela PO, the SLCs were maintained by the Supplies Unit instead of the Accounting Unit and noted further, that SCs were not prepared by the Property Custodian, hence reconciliation thereof with the SLCs was not made.

4.10 In Agusan del Norte PO, the SLCs supporting the account balances of Office Supplies Inventory, Accountable Forms Inventory and Agricultural and Marine Supplies Inventory were not updated and not reconciled with the account balances presented in the Financial Statements. Moreover, they were not able to prepare and maintain the SLC for Other Supplies Inventory account.

4.11 In CARAGA RO and Agusan del Norte PO, they have not prepared the RPCI in standard format showing the corresponding unit value of inventories because of their practice of taking into account only the quantity of the inventories and let the Accounting Unit account for its cost, thus they only prepared a report showing the quantity of stocks based on their actual physical inventory.

*Other deficiency*

*Lack of internal control on the custody of the agricultural supplies inventories*

4.12 In Ilocos Norte PO, the use, issuance and custody of the said inventories were all vested with the TRSD-QA hence, the risk of committing fraud.

4.13 The foregoing deficiencies precluded the Audit Team from ascertaining the existence and correctness of the balances of Inventory Held for Consumption. Moreover, inaccurate/inadequate records affect the efficient management of supplies and materials and expose the assets to risk of misappropriation, misuse or loss.

4.14 **We recommended that Management require the:**

**a. Accounting Services Department and Administrative and General Services Department to reconcile balances per accounting and supply records and henceforth, perform periodic reconciliation of both records and to effect the necessary adjustment in the books in order to come up with a reliable balance of the Inventories Held for Consumption account; and**

**b. Concerned Regional and Provincial Managers to:**

**b.1. Require the Inventory Committee to conduct physical count on inventories, submit the RPCI and reconcile the inventory report with the accounting and property records;**

**b.2. Require the Accounting Unit to maintain/update the SLCs and the Property Unit to maintain SCs to ensure check and balance and better control and monitoring of the inventories; and**

**b.3. Turn over the custody of the agricultural supplies inventories to the Administrative and General Services Department to ensure sound internal control as regards consumption/usage and issuance of the same.**

4.15 Management provided the following comments:

a. In CO, the reconciliation of the inventory report with the accounting and supply records is on-going and the SCs have been updated. Also, FDC's Inventories Held for Consumption were excluded from the inventory taking which mainly contributed to the variance between inventory report and the accounting records in view of the transfer of FDC's inventories to the DA pursuant to the provisions of the Rice Tariffication Law.

b. In CARAGA RO, Ilocos Norte and Agusan del Norte POs, they informed the Audit Team that actions will be taken and measures will be carried out to respond to the audit observations.

c. In RO II, Isabela and Kalinga POs, the audit recommendation was well taken by Management.

## **B. OTHER OBSERVATIONS**

### **Cereal Procurement Fund (CPF)**

**5. In Nueva Ecija and Aurora POs, cash advances/replenishments granted to the Mobile Disbursing Officers (MDOs) were utilized to replenish the cash advances of the Special Disbursing Officers (SDOs). Likewise said cash advances/replenishments granted were beyond the limit of the signing authority of the Provincial Manager/OIC (PM/OIC) which were not in accordance with the provisions of COA Circular No. 97-002 dated February 10, 1997 and NFA-SOP No. FS-CS11 dated March 27, 2019; hence, the accountability of each DO could not be readily established.**

5.1 In Nueva Ecija PO (NFA-NEPO) and Aurora PO (NFA-APO), we noted that there were cash advances/replenishments amounting to P388.089 million and P3.000 million, respectively, granted to the designated Mobile Disbursing Officers (MDOs) to replenish the depleting fund of the designated Special Disbursing Officers (SDOs), details shown in Annex B.

5.2 Since the replenishments were made from another SDO, review of the accounts was not facilitated owing to the absence of clear accountability over the funds and the procedure was not in harmony with Paragraph 4.1.6 of COA Circular No. 97-002 dated

February 10, 1997, which provides that *Transfer of cash advance from one Accountable Officer (AO) to another shall not be allowed.*

5.3 Inquiry with the concerned personnel in NFA-NEPO showed that it was already the practice of Management to designate MDOs to facilitate the replenishment of the SDOs' cash advances. Due to voluminous number of farmers selling palay to NEPO, Management opted to use the MDO Scheme in replenishing the CPF of the SDOs to ease payment of palay to farmers and avoid piling up of claims. It was also learned that once there was release of funds, payments to farmers were transacted up to the closing of office hours and that cash on hand of the SDO was already depleted. Consequently, replenishment thru MDO was the effective and efficient way to support the on-going procurement of palay that even after banking hours, the SDO can replenish their cash advances from the MDO.

5.4 On the other hand, concerned personnel in NFA-APO mentioned that due to voluminous number of farmers selling palay in NFA-Casiguran, the Management opted to use the MDO Scheme in replenishing the CPF of the Cashier/SDO to avoid hampering the transactions on hand since the Cashier cannot afford to leave her station because it will take around two days if she will personally replenish her cash advances in NFA-Baler. There was no available Authorize Government Depository Bank (AGDB) in the area to transfer/deposit the needed cash so MDO scheme was also the effective and efficient way to support the on-going procurement of palay.

5.5 NFA-SOP No. FS-CS11 dated March 27, 2019 provides a set of guidelines in the handling and utilization of the CPF under the accountability of the Procurement Disbursing Officers—Regular Disbursing Officers/Special Disbursing Offices (RDOs/SDOs). The replenishments made to SDOs were not in accordance with Paragraphs II.E.9.a and b of the SOP, as cited below:

*II.E.9.a - Replenishment of cash advances by RDO's/SDO's shall be given special priority to facilitate the processing of their liquidation vouchers. **Replenishment of RDO's/ SDO's CPF thru the Mobile Disbursing Officer (MDO) shall be discouraged.** This shall lessen if not to avoid the risk, as the MDO will bring a large amount of cash to remote warehouses and buying stations to replenish the CPF. (emphasis ours)*

*II.E.9.b - Replenishment shall only be done in the NFA P.O. upon liquidation of prior cash advances of the concerned RDO/SDO thru the usual voucher processing system.*

5.6 Furthermore, we observed that there were cash advances/replenishments granted by the PM/OIC of NFA-APO which were beyond the limit of his signing authority as detailed in Table 3.

**Table 3 – Cash Advances Granted by PM**

<b>Date</b>	<b>Check No.</b>	<b>Accountable Officer</b>	<b>Particulars</b>	<b>Amount</b>
03/15/2019	258617	Clavelita T. Duaso –	Cash Advance-CPF	P 2,000,000.00
03/26/2019	258626	Cashier III	Replenishment	1,615,248.82
04/08/2019	258638			1,893,065.51
04/30/2019	258659			1,709,199.61
05/06/2019	258674			1,889,060.01
05/09/2019	258682			1,698,562.16
05/17/2019	258696			1,608,274.81
05/28/2019	258716			1,753,066.26
05/31/2019	258726			1,540,279.91
06/14/2019	258734			1,535,901.84
03/29/2019	258629	Irma T. Zafra	Cash Advance-CPF	2,000,000.00
04/05/2019	258635		Replenishment	1,842,903.48
04/17/2019	258642			1,657,102.96
05/14/2019	258688			1,504,764.68
05/06/2019	258675	Jessary S. Go	Cash Advance-CPF	2,000,000.00
<b>Total</b>				<b>P 26,247,430.05</b>

5.7 We also gathered that the cash advances presented in Annex B and Table 3 were granted in the absence of a clearance/authority from the Regional Manager. APO's basis on the granting of cash advances was not to exceed the maximum cash accountability per Fidelity Bond of the accountable officers amounting to P2.500 million each while the NEPO's basis was the information given by one of the Regional Officers that such document was not necessary since their designation was MDO. Said cash advances were not in conformity with Paragraphs II.C.2 and II.C.3 of the aforementioned NFA-SOP, stated as follows:

*II.C.2 – The Regional Manager (RM) shall authorize the CPF ceilings of the RDOs/SDOs amounting to more than Php1.5 million up to Php3.0 million per RDO/SDO.*

*II.C.3 – The Provincial Manager/Officer-in-Charge (PM/OIC) shall authorize the CPF ceilings of RDOs/SDOs amounting to Php1.5 million and below.*

As such, the cash advances were unauthorized in nature.

**5.8 We recommended that Management:**

a. **Ensure strict adherence to Paragraph 4.1.6 of COA Circular No. 97-002 dated February 10, 1997 on the granting and utilization of cash advances;**

b. **Discourage/stop the practice of replenishing fund of SDO thru the MDO Scheme in accordance with Paragraphs II.E.9.a and II.E.9.b of NFA-SOP No. FS-CS11 dated March 27, 2019; and**

c. **Observe closely Paragraphs II.C.2 and II.C.3 of the same NFA SOP for the CPF Ceilings signing authority of granting cash advance.**

5.9 Management provided the following comments:

a. In NEPO, Management assured the Audit Team that they will strictly comply with the provisions under COA Circular No. 97-002 and NFA SOP FS-CS11.

b. On the other hand, the Management of NFA-APO commented that effective July 1, 2019, after their semi-annual liquidations of all cash advances, they limited their cash advances to P1,500,000 and stopped replenishing the fund of the SDO thru the MDO.

**6. The maintenance and utilization of the Cereal Procurement Fund (CPF) in 12 POs such as: (a) underutilization of CPF and non-remittance of the unutilized CPF to the NFA-CO - P101.668 million; (b) incomplete documentation for CPF replenishment- P94.231 million; and (c) use of CPF for purposes other than palay procurement- P300,000 could hamper the agency's palay procurement activities and cause the management to fall short in achieving its objective of maintaining the required buffer stocks that will be used during disasters/calamities.**

6.1 The CPF was intended mainly for the procurement of palay from farmers/farmers' organizations. The CPF is given by the NFA Central Office to its ROs and from ROs to its POs. The funds to be given by the ROs to the POs were based on the POs' target and marketing plan and estimates.

6.2 Audit of the CPF disclosed lapses in the documentation of the replenishments, maintenance and utilization of the CPF as illustrated in the succeeding paragraphs.

*Under-utilization of CPF and non-remittance of the unutilized balance to NFA-CO in one RO and eight POs – P101.668 million*

6.3 Item 6 of NFA SOP No. GM-PR33 dated September 26, 2019 or the Revised SOP on Palay Procurement provides, among others:

*6. Fund Management*

*6.1 Cereal Procurement Fund (CPF)*

*a) The CPF shall be utilized to pay the basic cost of cereals as per the latest approved NFA Buying Price Bulletin.*

*b) At the onset of the procurement season, the initial remittance/fund transfer shall be recommended by the GMOD to Budget, Treasury and Fund Management Department (BTFMD) based on a maximum of two-week requirement/target in the marketing plan. This serves as the Provincial Office (POs) initial fund requirement.*

*Succeeding remittances shall be requested by PO to RO on a weekly basis or as necessary indicating the exact date when funds are needed to be remitted to their end with the following considerations:*

1. Target per marketing plan

2. Ex-farm price

3. Daily average procurement within the last five (5) days

4. Actual CPF balances as of the time of the request

c) The RO shall acknowledge PO's request for CPF remittance and shall endorse same to GMOD within three (3) days upon receipt of the request.

d) Upon receipt of the CPF request from RO, GMOD shall evaluate RO's endorsement and immediately recommend to BTFMD for fund transfer.

e) The CPF should be remitted by the CO-BTFMD to RO within two (2) days upon receipt by GMOD of the RO's endorsement

f) The RO shall remit funds within two (2) days to the concerned PO or based on prioritization. The CPF should be with the concerned province within four (4) days upon receipt by the GMOD of the RO's requirements.

6.4 Relative to the afore-cited provisions of the SOP, a wire message dated December 19, 2019 was issued by the Department Manager NFA-BTFMD, directing all Regional Managers/Provincial Managers/OICs/Regional Accountant/Senior Accounting Specialist to assess/evaluate CPF requirements vis-à-vis procurement volume for the remaining days of December 2019 and remit back to Central Office the excess funds.

6.5 We noted that the following POs have the unutilized balance of CPF amounting to P101.668 million that were not remitted to Central Office and remain in PO's accounts as of December 31, 2019:

PO	Amount
Agusan del Norte	P 17,803,434
NFA RO II (inclusive of interest income of P27,201.85)	31,389,183
NCA	10,222,507
Cagayan	11,845,566
Ifugao	1,787,711
Isabela	15,889,537
Kalinga	3,954,342
Nueva Vizcaya	3,497,276
Quirino	5,278,127
Total	P 101,667,683

6.6 The Agusan del Norte PO has utilized only P59.241 million or 77 per cent of the total fund available for procurement which amounted to P77.044 million showing an unutilized balance of P17.803 million or 23 percent. The funds received by the PO for the CPF was based on the office's estimates and requests. Having noticed by the monitoring bodies, the PO was then instructed to return to the CO the total amount of

P3.606 million and to transfer to other POs the total amount of P14.050 million based on the authority issued by the RO. The remaining unutilized portion amounting to P147,868 still remained in the CPF account of the PO.

6.7 Inquiry with the Accountant disclosed that the utilization of the funds was not fully maximized because the budget allocated for the procurement was for high-quality rice. Unfortunately, the palay sold by the farmers have low quality which makes it cheaper and the difference in the purchase price contributes to the unutilized portion of the fund. Moreover, the Accountant said that the incentive given to the farmers upon selling their palay to NFA was removed, other farmers seek for other buyers at their convenience.

6.8 In RO II, despite the directive of the Department Manager NFA-BTFMD, the Regional Accountant failed to return the significant balance of CPF to NFA CO, contrary to NFA SOP No. GM-PR33. No request was made by RO II to CO to retain the CPF balance in their account. Furthermore, the RO II POs, submitted their CPF requirement to the Regional Manager and for some reason, requested that the balance of CPF in their books need not be remitted to the CO. The significant balances of CPF in the accounts of RO II and its POs as of December 31, 2019 may indicate that factors in the determination of the succeeding remittances of CPF to POs such as: target per marketing plan, daily average procurement within the last five days, and the actual CPF balances as of the time of request were not judiciously evaluated by the RO.

6.9 The retaining of the huge unutilized amount of CPF in the agency's account exposed the funds to risk of loss through misappropriation and deprived other NFA offices of the additional resources for procurement.

6.10 The inability to fully maximize the CPF hindered the effective utilization of the fund while maintaining its required buffer stock for security or emergency purposes and also to provide support to local farmers by prioritizing their local produce.

*Incomplete Documentation of CPF  
Replenishments in two POs– P94.231 million*

6.11 Section 4(6) of PD 1445 states that *all claims against the government fund shall be supported with complete documentation.*

6.12 Meanwhile, paragraph 6.3 of the Implementing Guidelines of NFA SOP No. GM-PR33 dated September 26, 2019 or the Revised SOP on Palay Procurement provides that:

*a. The RDO/SDO shall replenish the CPF every end of the month or as necessary and shall submit to the Senior Accounting Specialist (SAS) the following:*

- a.1. Abstract of Grains Purchase*
- a.2. Copies of Warehouse Stock Receipts*
- a.3. Statement of Deliveries*
- a.4. Purchase Receipts*

*b. Upon receipt, the SAS shall cross-check and verify the completeness and accuracy of the documents submitted. The replenishment shall be approved by the PM/OIC following the government accounting and auditing procedures*

6.13 We noted that the replenishments for the disbursements in CY 2019 out of the CPF of the Agusan del Norte and Surigao del Sur POs' SDOs totaling P94.231 million were not adequately supported with the required supporting documents, among others, the Statement of Deliveries as enumerated in paragraph 6.3 of the afore-cited SOP.

6.14 Inquiry with the respective SAS of the POs disclosed that they did not attach the Statement of Deliveries for lack of knowledge of such requirement. Moreover, the SAS explained that the practice of attaching such document was observed in Surigao PO through which Statement of Deliveries was used only if the deliveries were made by a Farmer Organization showing the name of the cooperative, list of farmers, address, number of bags, net kilograms and signatories of farmers, which is certified by the Chairman/Manager of the cooperative. On the other hand, a Certification showing farmer's data was used for deliveries made by the individual farmers.

6.15 The absence of the required document/information to support the replenishments of cash advances for CPF compromised the validity and propriety of the subject disbursements.

*Use of Cereal Procurement Fund (CPF) for purposes other than palay procurement*

6.16 NFA SOP No. FS-CS11 effective March 27, 2019 states in its implementing guidelines that:

*a. Cereal Procurement Fund shall be utilized for grains procurement purposes only.*

*b. The disbursements chargeable under the CPF shall be the basic cost of cereals plus procurement incentives. Further, other expenses relative to grains procurement operations such as cost of empty sacks purchases, travelling expenses of the procurement teams, incentives granted to the procurement teams, gas and oil expenses for vehicle used in procurement operations, and other incidental expenses shall be charged under the General Operating Fund.*

*CPF Budget Allocation per Province already reflects the procurement targets of the province and the corresponding costs.*

6.17 Moreover, Section F.2 (d) of NFA SOP GM-PR16 SOP or the Revised SOP on Palay Procurement effective July 3, 1995 specifically states that: *CPF shall never be used for General Operating Expenses unless jointly authorized by the DMO (Director for Marketing Operations), DAB (Director for Accounting and Budget) and DTFM (Director for Treasury and Fund Management).*

6.18 Furthermore, Section 6.2 of NFA SOP No. GM-PR33 or Revised SOP on Palay Procurement effective September 26, 2019 also provides that the CPF shall be utilized solely for palay procurement.

6.19 In Surigao del Norte PO, there were four transactions in its CPF bank account that were noted and cross referenced with the GOF bank transactions, details as follows:

Cereal Procurement Fund			General Operating Fund (GOF)		
Date	Withdrawals	Deposits	Date	Withdrawals	Deposits
4/04/2019	P 100,000		4/04/2019		P 100,000
4/08/2019		P 100,000	4/08/2019	P 100,000	
4/10/2019	P 200,000		4/10/2019		P 200,000
4/15/2019		P 200,000	4/15/2019	P 200,000	

6.20 Inquiry with the accountant disclosed that the CPF was transferred to GOF in April 2019, even without the appropriate authority, to meet the general operating requirements of the PO since GOF was not enough during that time. The funds transferred were returned to the CPF after one week.

6.21 Allowing the utilization of CPF for purposes other than palay procurement without prior authority is not only contrary to the above-cited NFA issuances but it may also hamper the agency's palay procurement activities and cause the management to fall short in its objective to maintain the required buffer stocks that will be used during disasters/calamities.

**6.22 We recommended that Management:**

- a. **Require the concerned Provincial Manager to instruct their SAS to strictly assess the completeness of the supporting documents submitted by the SDOs pertaining to the replenishment of cash advances for the procurement of palay to facilitate the verification of information and the determination of the validity and propriety of payments;**
- b. **Formulate more realizable estimates for budget requests based on duly assessed provincial procurement target to utilize CPF effectively and efficiently and be able to attain the required buffer stock needed for food security. In addition, intensify the procurement activities by encouraging farmer participation through information dissemination before the start of main crop season and deploying more procurement teams in the areas where harvesting season is on-going;**
- c. **Return to NFA CO the unutilized CPF at the end of the procurement season/year in accord with the provisions of NFA SOP No. GM-PR33 and the directive issued by the NFA-BTFMD Department Manager on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all Provincial Managers on December 20, 2019; and**
- d. **Stop utilizing the CPF for its general operating requirements without prior authority as required under Section F.2 (d) of NFA SOP GM-PR16 SOP on Palay Procurement effective July 3, 1995. Instead, request for additional funds from the Regional Office to address financial deficiencies.**

6.23 The concerned POs provided the following comments:

- a. In RO II, they immediately disseminated the wire message dated December 19, 2019 issued by NFA-BTFMD Department Manager to all NFA POs. These POs requested the Regional Director that their CPF balances need not be returned to NFA CO due to continuous palay procurement activity, scheduled palay deliveries and for the payment of accounts payable taken up in the books of NFA Northwestern Cagayan-Apayao. Further, they justified that their request for CPF of P2.083 billion was based on their revised target of 2.3 million bags of palay while total procured was only 2.026 million bags, hence the unutilized amount. They admitted also their inability to prepare a written request on the retention of CPF balances based on the result of assessment/evaluation of CPF requirements vis-à-vis procurement volume for the remaining days of December 2019.
- b. In Agusan del Norte PO, they had formulated strategies through series of discussions with due consideration to the last year's procurement. A more realizable estimates of budget requests as well as a duly assessed provincial procurement target was also formulated to utilize effectively and efficiently the CPF. The Warehouse Supervisor and the Procurement Team Leaders had been furnished with the Statement of Individual Deliveries Form to be filled up by the farmer and the Warehouse Supervisor and to be submitted together with the copies of warehouse stock receipts to the Regular or Special Disbursing Officers. On the other hand, the SAS will strictly assess the completeness and accuracy of supporting documents submitted by the Regular and Special Disbursing Officers for the replenishment of cash advances for the procurement of palay.
- c. In Surigao del Norte PO, they have used the CPF to meet the filing of taxes due on that date to BIR. Although they used the CPF for general operating fund transaction, the management returned it to the CPF account after one week. They also committed to adhere on the recommendation to stop utilizing the CPF for its general operating requirements without prior authority as required by existing SOPs and instead, request for additional funds from Regional Office to address the financial deficiencies. The Warehouse Supervisor and the Procurement Team Leaders had been furnished with the Statement of Individual Deliveries Form to be filled up by the farmer and the Warehouse Supervisor which shall and to be submitted together with the copies of warehouse stock receipts to the Regular or Disbursing Officers. On the other hand, the SAS will strictly assess the completeness and accuracy of supporting documents submitted by the Regular and Special Disbursing Officers for the replenishment of cash advances for the procurement of palay.

6.24 As a rejoinder, we emphasized that the RO has to notify NFA CO the results of assessment/evaluation of CPF requirement for the whole region and submit a written request for the non-remittance of CPF balance as required by the pertinent provisions of NFA SOP No. GM-PR33 and the wire/fax message issued by NFA BTFMD Department Manager.

## Management of Buffer Stock

**7. The rice inventory levels in NFA-NCR and other POs from January to December 2019 were not consistently maintained resulting in way above or below the mandated buffer stock requirements of 15 days in each month and 30 days in July resulting in excess stocks that exposed a larger quantity of undistributed stocks stored longer than necessary to risk of deterioration/damage which could result in losses and increase in storage/maintenance cost. On the other hand, the rice inventory below the mandated buffer stock could compromise its capability to effectively and immediately respond in times of disaster and emergency situations.**

7.1 The National Food Authority is responsible for ensuring continuous supply of affordable and safe staple food in all areas of the country at all times, especially during occurrence of natural calamities/emergencies.

7.2 However, the approval of Republic Act (R.A.) No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and for other Purposes" on February 14, 2019, repealed the regulatory powers of the NFA including its importation activities, limiting its mandate to buffer stocking for calamities or emergencies with stocks to be sourced solely from local farmers. Rule 8.3 of the Implementing Rules and Regulations (IRR) of this Act stipulates that prior to the approval and adoption of the NFA Council of the results and recommendations of the independent study commissioned to inform and accordingly revise the rules, regulations and procedures involving the acquisition, maintenance, and operations of buffer stocks, NFA shall adopt an optimal level of rice inventory equivalent to 15 to 30 days of national rice consumption requirement.

7.3 Under the Marketing Plan of the NFA for CY 2019, the Daily Consumption Requirement (DCR) of each NFA Office per Region was determined as the basis in computing the number of rice bags for the required 15-day, and 30-day buffer stocks.

7.4 The buffer stock requirements vary by province according to their classification: (a) very critical (provinces with negligible production that are almost fully dependent on other provinces for rice supply); (b) less critical (provinces with minimal production that are partly dependent for rice supply); (c) self-sufficient (production meets the consumption requirements); and (d) Surplus areas (provinces with sufficient production to be able to export to other provinces). The very critical and less critical provinces are required to maintain buffer stocks equivalent to at least 30 days and 15 days, respectively. On the other hand, the self-sufficient and surplus areas are only required to maintain buffer stocks of at least equivalent to five days and two days, respectively.

7.5 Verification of the Summary of Weekly Stock Receipts, Issues and Balances submitted by the Warehouse Supervisors (WSs) in the NFA-NCR and other POs showed that the required buffer stocks based on each office's DCR were not consistently maintained in CY 2019, as illustrated in Table 4.

**Table 4 - Summary of Buffer Stock Levels in NFA-NCR and Other Provincial Offices**

NFA Office	Required Buffer Stock		No. of Months with Excess Level	No. of Months Below Stock Level	Range of Excess (Deficit) (No. of Days)
	DCR (in Bags)	No. of Days			
<b>NATIONAL CAPITAL REGION</b>					
<b>District Offices</b>					
North District Office	18,020	15 days and 30 days in July	4	8	(0.13 - 25.30)
South District Office	23,700	15 days and 30 days in July	0	12	(4.12 - 24.98)
East District Office	18020	15 days and 30 days in July	0	12	(5.42 - 30.39)
<b>Provincial Offices</b>					
Cavite Provincial Office	20,740	15 days and 30 days in July	0	12	(9.78 - 27.34)
Batanes Provincial Unit	120	15 days and 30 days in July	7	5	(1.18 - 9.58)
<b>REGION III</b>					
Aurora PO	1,600	2 days	12	0	0.34-43.76
Nueva Ecija PO	15,460	2 days	12	0	10.09-38.73
Tarlac PO	9200	2 days	12	0	12.87-796.65
<b>REGION IV-B</b>					
Marinduque PO	1,460	15 days	4	8	(3.03 13.18)
<b>REGION VI</b>					
Negros Occidental PO	20,960	15 days and 30 days in July	0	12	(4.14-24.95)
<b>REGION XIII – CARAGA</b>					
Surigao del Sur PO	4,320	15 days	1	11	(0.12-12.97)
Surigao del Norte PO	4,300	15 days and 30 days in July	2	10	(1.15-18.00)
Agusan del Norte PO	4,980	15 days	3	9	(0.01-11.73)

7.6 As the District Offices does not have palay procurement, they just rely from the allocation/receipt of imported and local rice from other NFA POs. NCR-NDO was able to store stocks above the required buffer stock level during the months of February to April due to the receipt of imported rice in the months of January, February and March. The decline in the quantity of stocks was due to non-receipt of stocks for a straight period of six months, from April to September.

7.7 NCR-SDO experienced deficits during the year which were caused by significant distribution to retailers/Department of Social Welfare and Development (DSWD) and intra-regional outflows although there were receipts from importation and intra-regional inflows.

7.8 In CPO, the rice stock levels below the mandated buffer stocks in all months of CY 2019 could be attributed to the target procurement operations and stocks received thru transfers which posted only accomplishment of 27.83 per cent and 73.51 per cent respectively.

7.9 The BPU got short of the mandated buffer stocks from August to December of CY 2019 due to the low receipt of stocks thru dispersal operations.

7.10 The Marinduque PO was not able to meet its targeted transfer-in by having a moderately low accomplishment of 63.33 per cent in the stocks received thru transfer for its operation.

7.11 In Agusan del Norte, Surigao del Norte and Surigao del Sur POs, the deficits in buffer stock levels can be attributed to the shortfall in palay procurement, which was the sole source of rice inventory of NFA starting CY 2019. Several factors allegedly contributed to the non-achievement of the procurement targets such as limited trucking logistics for the hauling of palay from buying station to the NFA warehouse. Some

farmers lost interest in selling their palay to NFA due to long hours of waiting to be attended/catered, thus resorted to selling their palay to traders for easy transaction. Only one truck with limited capacity is being utilized for the hauling of palay, thus takes time considering the distance from the buying station to the NFA warehouse and vice versa. Moreover, the harvests for most of the farmers for the second cropping season had yielded only 50 percent of the total expected harvest. Further, the incentives previously provided in the first semester to the farmers upon selling their palays to NFA were not offered anymore in the second semester. The removal of the said incentives caused some farmers to seek for other buyers at their convenience.

7.12 The inability of the NFA offices to maintain the required buffer stock as provided under the approved Annual Marketing Plan could compromise its capability to effectively and immediately respond in times of disaster and emergency situations. In Aurora, Nueva Ecija and Tarlac POs, inquiry with the concerned personnel, disclosed that the general instruction from NFA Central Office was to directly buy/procure palay from both individual farmers and farmers organizations or cooperatives at a set support price. The NFA 2008 palay support price of P17.00 per kilogram was increased to P19.00 per kilogram for clean and dry palay which have a big impact in the increase in the number of the farmers/cooperatives selling their produce to NFA; thus, contributed to incurrence of excessive stocks in NFA Aurora, Nueva Ecija and Tarlac Provincial Offices at year end. In view of excessive level of stocks, there was a greater quantity of stocks that was not disposed/sold and had to be kept longer than the usual storage time exposing it to risk of deterioration/damage.

7.13 **In view of the above observations, we recommended that Management:**

- a. Strengthen the local procurement level to ensure at all times the availability of the required buffer stock levels to attain its mandate under R.A. No. 11203 of 2019, The Rice Tariffication Law, to respond to the rice requirements during calamities;**
- b. Formulate a more applicable plan of rice procurement and allocation that is aligned with the mandate of NFA, specifically on buffer stocks and at the same time responsive to the needs/preferences and buying capacity of majority of the rice consumers to avoid the occurrence of excess stocks over buffer requirement;**
- c. Ensure that warehousing policies and procedures are strictly observed to avoid damage/deterioration of stocks and eventual losses and higher maintenance costs to NFA; and**
- d. Dispose/disperse stocks immediately to other NFA Provincial Offices needing the same.**

7.14 Managements of the concerned NFA offices provided the following comments/information:

- a. In Marinduque PO, they justified that the Province of Marinduque, being a perennial rice deficit area due to the lack of irrigation facilities and unfavorable weather conditions, highly depends on other provinces for its rice requirement.

b. In Aurora PO, they noted and agreed with the recommendations and some of their action plans are to: (a) formulate a more applicable plan for palay procurement and rice allocation; (b) observe good warehousing to preserve the quality stocks and avoid further deterioration; (c) monitor stock inventory thru stocks audit; and (d) dispose stocks immediately to other NFA Provincial Offices needing the same.

c. In Nueva Ecija PO, they did not attain the rice distribution target in 2019 due to abundant supply of commercial rice brought by the flooding of imported rice in the market, resulting in over stocks from the required food security stocks. Since Nueva Ecija was considered as the top palay producing province in the country, the Nueva Ecija PO was tasked to overshoot palay procurement to meet the national target for procurement and to absorb the deficit in procurement target of provinces with less palay production.

d. In Tarlac PO, the overstocking of rice was due to the last importation of rice. They added that they will limit the stocks to prevent losses.

e. The Agusan del Norte, Surigao del Norte and Surigao del Sur POs will adopt strategies to strengthen the palay procurement and improve client satisfaction such as conduct of Ugnayan with farmers/farmer organizations, setting up of buying stations/pick-up centers near palay production areas, and coordination with DA officials regarding the availability of post-harvest facilities being granted to FOs which could be utilized during drying operations.

During the exit conference on September 21, 2020, Management explained that the buffer stock requirement equivalent to 15 days cannot be absolutely applied to all regions as there are factors to consider such as dispersal cost, timing of the allocation and place where the stocks are to be transferred. NCR is dependent on the allocation from other NFA POs.

## **Warehousing Operations**

**8. Non-compliance with some provisions of the NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification, and good warehouse-keeping could result in losses due to stock/grain damages and deterioration as well as cause environmental and health hazards.**

8.1 Proper handling and storage of palay and rice stocks are necessary to maintain and preserve their quality. For this purpose, NFA SOP No. GM-WH07 dated January 10, 1995 was issued prescribing the warehousing policies and procedures which covers, among others, warehouse custody, piling systems, storage structures, good warehouse-keeping, stock maintenance and preservation standards and warehouse safety that guides NFA personnel and workers towards an effective storage management.

8.2 Ocular inspection of some NFA warehouses revealed that the concerned Provincial Offices (POs) did not strictly observe certain provisions and requirements of NFA SOP No. GM-WH07, as summarized in Table 5.

**Table 5 - Results of Ocular Inspection of NFA Warehouses**

<b>Provincial Offices</b>	<b>Deficiencies</b>
<b><i>On Custody of Warehouse</i></b>	
NCR-NDO,EDO,SDO,CPO,BPU Region II Region III- Aurora, Bataan, Nueva Ecija, Pampanga and Zambales Provincial Offices Region IV- Marinduque, Occidental Mindoro Region VI- Aklan, Capiz Region X – Zamboanga City CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	Laborers/job orders working/assigned at the NFA warehouses were not wearing identification cards or IDs which might result in unmonitored movements of unidentified individuals and could lead to stock pilferages.
Region VI-Aklan, Capiz CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	Logbooks maintained by security guards on duty do not contain a statement that there is no tampering of any door, window, sidings, roofing and other outlets of the warehouse
NCR-SDO	A Warehouse Supervisor (WS) of SDO handles two separate warehouses located at East District Office (EDO). He shares each of the two warehouses he supervises with WSs of the EDO. Pallets serve as the partition at each warehouse he shares with the EDO WSs
<b><i>On Piling System</i></b>	
NCR-SDO Region II Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales	The maximum allowable safe height of 18 to 25 sacks of palay was not observed. Pile levels of stocks in some warehouses were 30-31 layers which exposed the stocks to heat coming from the roof and the height of the pile this high may not be able to support higher layers that might lead to its collapse
NCR-CDO, NDO, CPO, BPU Region II Region VI-Aklan CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	There are piles with no bin card and if ever there is a bin card attached, it is not updated.
Region II Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	The one meter space between piles, between piles and walls, and between piles and posts were not consistently observed to facilitate cleaning and application of pest control measures.
<b><i>On Storage Structure and Specification</i></b>	
NCR-BPU Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales	Vents are provided only at the middle part of the walls, its vents are not conducive for ventilation due to narrow air pathways. Some warehouses lacked the proper ventilation, some have no windows and secondary screen doors
NCR-CDO, NDO RO II Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales Region IV-Occidental Mindoro Region X-Zamboanga City CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	The cracks and holes on the floors of the warehouses remained unrepaired exposing the stored rice to ground moisture and affect or damage the stored grains.

<b>Provincial Offices</b>	<b>Deficiencies</b>
NCR-EDO,SDO,CPO Region IV-Occidental Mindoro CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	Doors and openings/vents of the said warehouses were either not screened or have deteriorated screen wires allowing rats and birds to freely enter the warehouses which may cause spillage and contamination.
NCR-CPO	Excrements of either insect/rodent at empty pallets beside the wall and near the pile can be found. Per inquiry with one of the laborers, it is the waste from lizards.
RO II	There were leaking roofs/gutters that damaged the quality of stocks.
Region IV- Marinduque CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	There was no printed name, code, and location printed on a standard billboard exhibited outside the warehouse/s. Only a tarpaulin showing the buying price of palay was displayed outside the warehouse.
<b><i>On Good Warehouse keeping</i></b>	
NCR- CPO	Roof insulations in GTW-New are already damaged
NCR-EDO, CPO Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales	Cracks and crevices were not filled up with cement plaster
NCR- CPO Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales Region IV- Occidental Mindoro CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	The sides and top of the piles are not covered with mended unserviceable empty sacks to protect from direct attack of birds and insects.
Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales	There were some spills in piles of palay due to damaged/perforated sacks.
Region IV-Occidental Mindoro CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province	There is unnecessary materials and equipment in the warehouse premises.
NCR- NDO	Stock piles were so dusty.
NCR- CDO, NDO, SDO, CPO Region III- Aurora, Bataan, Nueva Ecija, - Pampanga and Zambales Region IV-Occidental Mindoro	No separate storehouse for unused pallets and other unused items. There is no separate storage/building for brand new/second hand sacks as well as used/broken pallets. Some are stored inside the warehouse and place near the rice stocks pile.
NCR- CDO, BPU Region II	"NO SPITTING" sign is not installed, hence, spit on the floor and on bags of stocks were seen on the warehouses. Further, despite the installation of "NO SMOKING" sign, laborers were seen smoking within warehouse vicinity and cigarette butts were on the floor.
<b><i>On Warehouse Safety</i></b>	
NCR-SDO, CPO Region IV- Marinduque CARAGA- Agusan del Norte, Agusan del Sur Province, Surigao del Sur Province Region X –Zamboanga City	All warehouses personnel directly exposed to warehouse operations do not use dust masks for health protection.
Region VI- Aklan, Capiz Region II	Ten units of fire extinguishers were expired. Fire extinguishers issued for the three warehouses were insufficient to ensure the safety of its stocks when fire occurs. Portable fire extinguishers were not maintained in a fully charged and operable condition.

8.3 Moreover, the NCR-NDO compound where all the NDO warehouses are located has no fence/barrier to separate it from the adjacent land with the on-going construction of the DOTr-PNR, thereby, exposing the warehouses to possible loss of stock from thefts and other possible untoward incidents.

8.4 In keeping with NFA's functions of preserving the quantity and quality of grains in warehouses and avoiding loss of stocks through undesirable reasons, advance technology, such as closed-circuit televisions (CCTVs) and other structures, such as watch towers, bridges and safety nets/screens become useful tools in preventing theft and pilferage and damage of stocks caused by birds, insects and rodents. However, we observed that the CCTVs and other structures were not utilized to monitor activities/protect stocks inside the NFA-NCR warehouses.

8.5 Non-compliance with some provisions of the NFA's warehousing policies and procedures could result in losses due to stock/grain damages and deterioration and increase the risk of environmental and health hazards.

**8.6 We recommended that Management:**

- a. Address the deficiencies noted on warehouse custody, piling system, storage structure and specifications and warehouse keeping and henceforth, strictly comply with the provisions of NFA SOP No. GM-WH07;**
- b. Ensure that the agency engineering team be regularly fielded to conduct inspection of all facilities for early detection of their physical conditions so that the necessary action can be immediately provided;**
- c. Facilitate the immediate repair of the warehouse defects particularly the cracks on the floors, leaks and holes on the roofs, to prevent further warehouse deterioration and damage to the stocks, which could result in losses to NFA;**
- d. Consider the utilization of advance technologies such as CCTVs at all NFA warehouses to monitor the activities inside the warehouse.**

8.7 Management provided the following comments:

- a. In NCR DOs/POs, Management had assured that all recommendations will be given attention and will continue to address the deficiencies in the warehouse structure/condition by undertaking continuous repairs and maintenance. As to the NDO compound perimeter fence, the cost of installation would be included in its request to the Regional Engineering Office and TRSD for CY 2020 proposed budget allocation.
- b. In RO II, Management assured the Audit Team that they will strictly adhere to the provisions of SOP No. GM-WH07 to avoid quantity and quality losses to NFA in general.
- c. In RO III, the concerned POs will ensure that warehouse personnel will comply with the good warehouse-keeping requirements to avoid health hazards

and losses due to the deterioration of stocks and pilferages. They assured the Audit Team that they will do their best to comply with the provisions of the said NFA SOP and are still exerting efforts to ensure the safety of their warehouse personnel and stocks.

d. In Marinduque PO, IDs were previously issued to contracted laborers and they were also encouraged to wear dusk mask during the issuance and receipt of stocks. However, they opted not to utilize the IDs as these slow down their activities particularly during days in which significant volume of stocks are being issued and received. Also, in the absence of standard billboard, the names of warehouses of the Provincial Office could be seen in the Palay Procurement Tarpaulin displayed in the main gate.

e. In Occidental Mindoro PO, the new contract for handling services imposed that the contractor will be required to provide uniforms and IDs to all laborers. Proper cleaning and maintenance of warehouse sanitation and hygiene is a regular activity, however, the bulk and simultaneous transactions on these warehouses hamper the cleaning daily. Management informed that as soon as the drying and segregation of stocks affected by Typhoon Ursula have been completed, they will again focus on keeping the cleanliness and sanitation of warehouses and compound.

f. In Capiz PO, they will take the necessary appropriate actions based on the recommendation. In addition, they will see to it that the safety standard and measures will be followed in order to protect and safeguard their properties and stocks to avoid possible losses due to damage, deterioration or theft/pilferage of stocks and other government property.

g. In Aklan PO, they will comply with the recommendation to provide the same "bin cards" to be placed in each pile in the warehouse.

h. In Zamboanga City PO, small value repairs of the facilities will be charged to regular Maintenance Other Operating Expenses. For monthly cleaning, there is already a schedule for weekly and monthly cleaning. Dust mask will be provided. A designated area for smoking will also be provided.

i. In CARAGA, the RO and its concerned POs assured compliance to the recommendations and individually address all deficiencies noted. Management informed that they will issue an Office Memorandum to remind personnel concerned to strictly observe the policies and procedures on warehousing not only for the safety of stocks but as well as the safety of individuals who are assigned in the warehouse as provided under NFA SOP No. GM-WH07.

During the exit conference with NFA officials on September 21, 2020, funds were already allocated for the rehabilitation of more than 300 NFA warehouses nationwide. Also, they have already secured the approval of the NFA Council for the construction of five additional warehouses and repair of existing warehouses.

## Gender and Development

9. The CY 2019 GAD Plan and Budget (GPB) of NFA amounting to P460.734 million was not endorsed by the Philippine Commission on Women (PCW), as required under Section 8.6 of Joint Circular (JC) No. 2012-01 issued by the PCW-National Economic and Development Authority (NEDA)-Department of Budget and Management (DBM), due to the submission to PCW of the GPB beyond the prescribed deadline. Thus, there was no assurance that the programs, activities and projects (PAPs) indicated therein were aligned with the gender issues under the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025.

Despite the non-endorsement of its CY 2019 GPB, NFA carried out some of the GAD PAPs costing P94.230 million. Moreover, NFA had no fully established GAD database/sex-disaggregated data. In the absence of CY 2019 GPB duly endorsed by PCW and a fully established GAD database/sex-disaggregated data, there is no assurance that the activities conducted were responsive to the gender issues of the Agency and its clients and reflective of the current gender related issues.

9.1 Section 1 of EO No. 273 dated September 8, 1995, on the adoption of PPGD 1995-2025, referred to in the EO as Plan, directed all government agencies, department, bureaus, offices and instrumentalities to: (a) take appropriate steps to ensure the full implementation of the policies/strategies and programs/projects outlined in the Plan; and (b) institutionalize GAD efforts in government by incorporating GAD concerns as spelled out in the plan in their planning, programming, and budgeting processes.

9.2 Section 32 of the General Appropriation Act (GAA) of FY 2019 requires all agencies of the government to formulate a GAD Plan designed to address gender issues within their concerned sectors or mandate and implement the applicable provisions under R.A. No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Philippine Plan for Gender-Responsive Development ( 1995-2025) and the Philippine Development Plan (2017-2022).

9.3 PCW-NEDA-DBM JC No. 2012-01 prescribes the guidelines and procedures for the formulation, development, submission, implementation, monitoring and evaluation including accounting of results of agency annual GPBs and GAD AR, relevant provisions of which are as follows:

*3.5 Agency GAD Focal Point System (GFPS) xxx shall coordinate the preparation of the agency GPB and the GAD Accomplishment Report (AR), monitor its implementation and report on its results. Xxx. To enable them to perform their roles, it is important that the GFPS members are provided with the required gender capacity, such as the application of gender analysis tools.*

*Xxx*

*4.4 The agency shall develop or integrate in its existing database GAD information to include gender statistics and sex-disaggregated data that have been systematically produced or gathered as inputs or bases for planning, budgeting, programming, and policy formulation.*

Xxx

7.0 *Schedule to be observed in GAD Planning and Budgeting:*

*i. September (2 years before budget year) - PCW issues notification letters to all line departments or central offices for the submission of their annual GPB and GAD ARs to PCW.*

*v. January (1 year before budget year) - Submission of reviewed GPBs and ARs to PCW.*

*vii. March - Xxx central offices submit revised GPBs to PCW. PCW approves and endorses all revised GPBs and returns them to the concerned offices for submission to DBM xxx.*

Xxx

8.6 *PCW shall endorse agency GPBs only xxx if they are reviewed by the mother or central office;*

Xxx

10.1 *Xxx. The agency GFPS shall prepare the annual GAD AR based on the PCW-endorsed GPB xxx following the form prescribed in Annex xxx.*

9.4 Likewise, PCW Memorandum Circular (MC) 2020-01 dated January 30, 2020 provides the deadline for submission of the Fiscal Year 2019 GAD Accomplishment Report (GAD AR) and the administration of Harmonized Gender and Development Guidelines (HGDG) in determining actual cost/expenditure attributed to GAD. Some of the pertinent provisions of the MC are the following:

*1.0 All line departments, constitutional bodies, judicial and legislative bodies, attached agencies/ bureaus, other executive offices (OEOs) and government owned- and/or controlled corporations (GOCCs) shall submit their FY 2019 GAD AR to PCW on or before **28 February 2020** through the PCW Gender Mainstreaming Monitoring System.*

X x x

*5.0 In the preparation of the FY 2019 GAD AR, the Harmonized Gender and Development Guidelines (HGDG) Project Implementation and Management Monitoring and Evaluation (PIMME) checklist (HGDG Boxes 16 & 17) or the Facility Implementation Management Monitoring and Evaluation checklist (HGDG Box F2) shall be used in assessing gender responsiveness of the agency responsiveness of the major agency program/project based on its implementation/accomplishment report for attribution to GAD*

9.5 On the other hand, Section V of the COA Circular 2014-001 dated March 18, 2014 provides the responsibility of the Audited Agency in the submission of AGPB and AR:

*The Audited agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.*

9.6 We noted that NFA's GPB for CY 2019 was submitted to the PCW on October 23, 2018 which is beyond the January 31, 2018 deadline set under PCW Memorandum Circular 2017-03 dated September 29, 2017.

9.7 Also, the GAD TWG was not able to furnish the Audit Team a copy of the GAD AR for CY 2019 despite several follow ups and written request. Furthermore, as of this writing, there is no information whether NFA was able to submit to the PCW the NFA GAD AR for CY 2019.

9.8 The inability of the GAD focal persons to furnish the Audit Team with a copy of the GAD AR indicates that there was lack of awareness in the use of Harmonized Gender and Development Guidelines (HGDG) tool in attributing agency major programs to the GAD budget during planning stage and in determining the actual expenditure that can be attributed to the GAD budget during the preparation of the GAD Accomplishment Report.

9.9 Meanwhile, despite the non-endorsement by the PCW of its CY 2019 GPB, NFA carried out some of the GAD PAPs, incurring total expenditures of P94.230 million. Based on the report of the Accounting Services Department, the GAD expenses incurred by the NFA CO and ROs are shown in Table 6:

**Table 6- GAD Expenses for CY 2019**

<b>NFA CO/RO</b>	<b>Reported Expenses</b>
I	679,186
II	42,990
III	731,033
IV	40,617,612
V	8,042,669
VI	537,016
VII	90,849
VIII	216,110
IX	2,026,937
X	4,569,773
XI	1,684,379
XII	32,665
XIII	558,544
XIV	30,369,072
XV	3,795,468
CO	236,219
<b>Total</b>	<b>94,230,522</b>

9.10 It can be gleaned from Table 8 that ROs IV and XIV utilized/attributed as much as P40.617 and P30.369 million of its budget, respectively, for their PAPs, while RO XII and HO only utilized/attributed P32,665 and 236,218, respectively, to GAD related activities. Similarly, NFA HO has no flagship programs/projects that directly addressed gender issues except the provision of day care center which was eventually stopped in view of the lack of available space due to the damage sustained on the facility when a 6.1 magnitude earthquake struck Luzon on April 22, 2019; and raising awareness on the contribution of women in different sectors of society through participation to various event in Celebration of the National Women's Month and 18-day campaign to end Violence Against Women.

9.11 Moreover, we observed that management did not establish fully its GAD database as there was no information on sex-disaggregated data as the only statistics available therein are sex, position, age, and assignments of male and female personnel of NFA.

9.12 Sex-disaggregated data are deemed information collected and analyzed separately on males and females which are essential in the formulation of the gender issues. Such data shall be stored and maintained in the agency's GAD database, updated as needed, and used in the policy and program development to address gender issues, particularly in the preparation of the annual GAD plan and budget and accomplishment report. The GAD Database shall aid in gender analysis of the agency situation by surfacing gender gaps and differences among women and men in terms of their access to basic services and facilities, control of resources and enjoyment of rights and privileges, benefits and rewards. Information resulting in gender analysis shall be considered and integrated into the GPB.

9.13 In the absence of the NFA GPB duly endorsed by the PCW and the established NFA GAD database, there was no assurance that the projects and activities carried out were responsive to the gender issues of NFA and its clients and reflective of the current gender related issues.

**9.14 We recommended that Management:**

**a. Strictly comply with the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01 to ensure that the programs, projects and activities are aligned with GAD-related undertakings for the optimal realization of the intent of the applicable law, rules and regulations.**

**b. Direct the GAD focal person to :**

**b.1 Prepare the Annual GPB and submit together with the GAD AR to PCW for endorsement within the deadlines set; and**

**b.2 Submit to the Audit Team copy of the duly endorsed GPB within five working days from receipts thereof and GAD AR within five working days from the end of January of the following year.**

**c. Establish a GAD Database as the source of information for gender-responsive, planning and policy formulation; and**

**d. Include in the GPB the attendance of GFPS to seminars and capacity development trainings on GAD in order for them to be able to establish a GAD Database and know the advantage of the use of HGDG tool in budgeting and preparation of GAD Accomplishment Report.**

9.15 Management provided the following comments:

a. On the non-endorsement of the NFA GAD budget amounting to P460.734 million to the PCW

The Agency's 2019 GPB was prepared with the intention that it will be submitted for endorsement of PCW. The drafts were continuously reviewed by the resident reviewer of the PCW in the duration of the preparation of the 2019 GPB. However, the final draft of the 2019 GPB was not sent through GMMS before the deadline and NFA was not granted permission to submit the GPB.

Despite this unfortunate occurrence, it is to be noted that the said Agency's 2019 GPB was reviewed by PCW and the gender issues align with the need and mandate of the Agency.

b. On the delayed submission of 2019 GAD Accomplishment Report

The Agency was able to prepare the 2019 GAD AR to be able to submit the said document to PCW and COA although the consolidation of the reports from the NFA field office was quite a challenge as most of the offices have not promptly submitted their reports despite continuous oral and written follow ups. Due to this delay, a request for extension of submission of GAD AR was submitted and granted by PCW. As the submission of the 2019 AR is centralized, the submission of an incomplete report will not fully reflect GAD budget utilization of the Agency. It was a prudent decision to wait until the reports are complete before it was submitted. However, due to the rise of COVID-19 pandemic and institution of Enhance Community Quarantine, the submission of the accomplishment reports from the field offices was delayed. Moreover, PCW has issued a memorandum stating the new deadline of submission of the 2019 GAD AR was moved to April 30, 2020. Likewise, the HGDG was not utilized as the Agency was focused on its preparation for its restructuring which requires a more focused approach to plan and implement. The Central and field offices GAD Focal Point were also involved and was advised that HGDG would be practiced when the new structure and the personnel are in place.

c. On the incurred total expenditure of the GAD budget

The Agency was on the cusp of its restructuring in 2019, and with the removal of some vital functions, majority of its PAPs that were aimed to address gender issues of major stakeholders were not launched. In doing so, the budget for a host of banner projects remained underutilized. The

preparation for the Agency’s restructuring took most of the time of the GAD Focal System that the projects were not recalibrated to accommodate changes in the 2019 GPB.

d. Collection of the GAD Sex-Disaggregated Data

The Agency is aware of the need for an updated sex-disaggregated data to be able to assist in determining projects that will ensure that specific gender issues are addressed. The bulk of the collection of this data lies under the Industry Services Department of Central Office and licensing units of all field offices since they handle the collection related to the Agency’s stakeholder in its activities.

Due to the approval of RA11203 (An Act Liberalizing the Importation, Exportation, and Trading of Rice, Lifting for the Quantitative Restriction on Rice and for other Purposes), the said department and related field office units ceased its licensing operations at the beginning of the year. This resulted in the limited data collected that may also be used for the sex-disaggregated data.

9.16 As a rejoinder, we request that the Audit Team be furnished with a copy of the NFA 2019 GPB duly received and reviewed by the PCW.

**COMPLIANCE WITH TAX LAWS**

10. Management properly withheld the required Percentage/Final, Expanded Withholding and Value Added Taxes from the purchase of goods and services and taxes on compensation income from the salaries of officials and employees. The total taxes withheld amounting to P450.600 million were promptly remitted within the period prescribed by the BIR regulations thereby helping the National Government to collect funds needed for its operations. (Note 35.1.b)

**COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) LAW, REPUBLIC ACT (RA) NO. 8291**

11. The Agency had substantially complied with Section 14.1 of the IRR 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. The summary of remittances of employees’ premium contributions and employer’s premium contributions for CY 2019 is shown below:

	Withheld	Remitted
Life and retirement premiums, employees share	P 129,559,134	P 127,648,897
Government share	-	171,305,232
	<b>P 129,559,134</b>	<b>P 298,954,129</b>

The difference of P1.910 million between the amount withheld and remitted corresponding to the Life and Retirement premiums for the month of December 2019 was remitted in January 10, 2020.

## UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

12. Table 9 summarizes the audit suspensions, disallowances and charges in CY 2018. The details and status of the unsettled suspensions, disallowances and charges as of December 31, 2019 are presented in Annex C, Part IV of this Report.

**Table 7 – Audit Suspensions, Disallowances and Charges**

	<b>Beginning Balance</b>	<b>Adjustment</b>	<b>Adjusted Beg. Bal.</b>	<b>Issuance</b>	<b>Settlement</b>	<b>Ending Balance</b>
Suspensions	P12,609,108	P10,892,827	P23,501,935	P96,497,948	P15,221,566	P104,778,317
Disallowances	196,303,360	7,679,689	203,983,049	281,693	3,841,580	200,423,162
Charges	1,769,702	–	–	–	–	1,769,702
	<b>P210,682,170</b>	<b>P18,572,516</b>	<b>P227,484,984</b>	<b>P96,779,641</b>	<b>P19,063,146</b>	<b>P306,971,181</b>

12.1 Below are the details of the disallowances:

<b>Notice of Disallowance</b>	<b>Amount</b>
With Corporate Government Sector (CG)S Decision	P 47,778,039
With Notice of Finality of Decision (NFD)	10,052,094
With COA Order of Execution (COE)	2,436,130
With Appeal/Unsettled	140,156,899
	<b>P 200,423,162</b>

12.2 The total disallowances of P200.423 million include disallowances with NFD and COE in the amount of P10.052 million and P2.436 million, respectively, aggregating to P12.488 million.

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

Of the 245 audit recommendations embodied in the prior years' Annual Audit Reports (AARs), 39 were fully implemented while four were no longer doable, hence, deleted from this Status. Notice of Disallowance for one recommendation and Notices of Suspension for three recommendations were issued, thus, deleted from this Status and included in Annex B (Details and Status of Unsettled Disallowances). Five recommendations in Calendar Year (CY) 2018 which were reiterations of CY 2017 recommendations were also excluded from this Status. Lastly, 145 recommendations were partially implemented; 14 were not implemented; and 34 were revised and reformulated to be more specific, doable and measurable as follows:

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
<b><u>CY 2018 AAR</u></b>	
<p>1. The presentation of the Financial Statements (FS) and the accompanying Notes of the NFA are not fully compliant with the disclosure requirements of the Philippine Public Sector Accounting Standards (PPSAS), among others, PPSAS 1 on Presentation of FS and PPSAS 33 on the First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) thus, the presentation of the FS and the accompanying Notes did not adequately provide the users of the FS with relevant information in understanding the NFA's financial position, performance and cash flows.</p> <p>We recommended that Management require the National Accountant to:</p> <p>a. Submit the documents or Journal Entry Vouchers to support and/or substantiate the effect of the transition to PPSAS to verify the reliability and/or correctness of the adjustments; and</p> <p>b. Comply with the disclosure requirements of the pertinent PPSAS provisions to have fair presentation of the account balances in the</p>	<p>Partially Implemented.</p> <p>The Management has submitted Journal Entry Vouchers (JEVs) to support and/or substantiate the effect of transition. However, the entries were not effected in the FS. In addition, the JEVS submitted have no supporting documents to substantiate the entries made.</p> <p>Revised and reformulated under Part II – Observations and Recommendations No. 1 of this</p>

Observations and Recommendations	Actions Taken/Comments
<p>FS.</p> <p>2. The balances of the Assets, Liabilities and Government Equity accounts presented in the Statements of Financial Position from the combined Trial Balances (TBs) of the NFA Regional Offices (ROs) and Central Office (CO), differed by P754.516 million, P543.101 million and P211.415 million, respectively, against the totals of the accounts in the individual TB of the NFA ROs and CO, thus, affecting the fair presentation of the affected accounts.</p>	Report.
<p>We recommended that Management require the National Accountant to:</p>	
<p>a. Verify and reconcile the variances between the FS and Combined TBs per Region, and adjust accordingly to come up with reliable balances of the accounts presented in the financial statements; and</p>	Revised and reformulated under Part II – Observations and Recommendations No. 2 of this Report.
<p>b. Account for the causes of the abnormal balances and thereafter, prepare adjusting entries.</p>	<p>Partially Implemented.</p> <p>The Management was able to identify some of the causes of the abnormal balances. Entries were also affected. However, as of CY 2019, there are still remaining unreconciled and abnormal balances appearing in the accounts. Thus, the Management was not able to fully account the root causes of the abnormal and/or unreconciled balances.</p>
<p>3. The reliability and existence of the PPE account with net book value of P2.069 billion could not be established due to, among others: (a) unreconciled variance of P122.668 million between the book balance and the physical inventory count; (b) discrepancy of P1.931 million in the Construction in Progress account balance with Electronic National Government Accounting System (eNGAS) and balance with FS due to the transfer/reclassification of the amount to another account without preparation and posting of the journal entry in the books;</p>	

Observations and Recommendations	Actions Taken/Comments
<p>(c) unrecorded/undocumented parcels of land;  (d) non-reclassification of three parcels of land in NCR-North District Office (NDO) intended for divestment to Investment Property account; and (e) non-conduct of annual physical inventory.</p> <p>We recommended that Management require the CO-ASD, Property Division and ROs/POs to:</p>	
<p>a. Cause the conduct of complete physical count of PPE and submit the RPCPPE for consolidation and reconciliation with the Regional Property and Accounting records to determine cause/s of discrepancies, if any, so that necessary corrections/adjustments can be effected in both records to arrive at the correct/reconciled balances;</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 3 of this Report.</p>
<p>b. Secure copies of TCTs and determine the cost of lands at the time of donation and record/recognize in the book of accounts;</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 3 of this Report.</p>
<p>c. Create an appraisal committee to come up with the appraised value of the parcels of land owned by NFA based on its classification whether commercial, industrial or residential lot to reflect the correct valuation of the properties;</p>	<p>Partially implemented.  Appraisal committee has been created. However, appraised value of the parcels of land owned by NFA have not been determined to date.</p>
<p>d. Reclassify the parcels of land for divestment to the Investment Property account to comply with PPSAS 16;</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 3 of this Report.</p>
<p>e. Prepare the necessary adjusting entries for the PPE sub-accounts that have negative balances; and</p>	<p>-do-</p>
<p>f. Record the motor vehicle in the books of NCR, transfer its registration in the name of NFA-NCR, and insure it with the Government Service Insurance System (GSIS).</p>	<p>Partially implemented.  NFA-NCR is still in coordination with NFA-CDO.</p>
<p>4. An aggregate amount of P501.928 million investments did not reconcile with confirmed balances, were without supporting</p>	

Observations and Recommendations	Actions Taken/Comments
<p>documents and no longer existing in the books of the investees as at December 31, 2018 due to the inability of the Management to strictly monitor its investments, thereby adversely affecting the reliability of the year-end balance of Non-Current Financial Assets account.</p>	
<p>We recommended that Management require the ASD to:</p>	
<p>a. Vigorously coordinate with the APT, Bureau of the Treasury (BTr) and DA for the return of NFA's investment in GEMCOR;</p>	<p>Partially Implemented.</p> <p>Management performed the coordination with DA. However, no documents were retrieved pertaining to the investment in GEMCOR.</p>
<p>b. Coordinate with FTI, MERALCO and DBP for the reconciliation of the Investment account balances; and</p>	<p>Partially Implemented.</p> <p>Management performed the coordination with FTI. Correcting entry was already made for MERALCO account last 2018. Reconciliation for FTI and MERALCO on-going.</p>
<p>a. For PLDT Inc, Kutowato, Capitol City Sports and Country Club, DBP-Trust, and NFA-EA, exert utmost efforts to retrieve/obtain documents to support the balances presented in the books, and to reconcile with the investees the difference between the book and confirmed balances.</p>	<p>Partially Implemented.</p> <p>Per inquiry with the ASD, the management will prepare request to the COA to derecognize these accounts since NFA has no available documents to present to the investee in order to redeem the investment.</p>
<p>5. The reliability and existence of the Inventory Held for Consumption and Semi-Expendable Property accounts of P297.749 million and P16.736 million, respectively, or totaling P314.485 million could not be ascertained due to among others: (a) discrepancy of P24.013 million between accounting and supply records; (b) inexistent items totalling P10.043 million (c) non-conduct/incomplete physical count; and (d) non-maintenance of adequate records/non-preparation of reports.</p>	
<p>We recommended that Management require the:</p>	

Observations and Recommendations	Actions Taken/Comments
<p>a. ASD and Senior Accounting Specialist (SAS) to make the necessary adjustments on issued supplies and materials and semi-expendable properties; and to conduct periodic reconciliation of accounting and supply records; and</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 4 of this Report.</p>
<p>b. Concerned Regional and Provincial Managers to:</p>	
<p>b.1 Make the accountable officers liable for the missing and non-existent inventories and semi-expendable properties.</p>	<p>Partially Implemented.</p> <p>There is on-going reconciliation at NFA-CPO and SDO between their Accounting and Property Sections' records to arrive at the correct balances.</p>
<p>b.2 Instruct all Property/Supply Officers to conduct the physical count of supplies and materials held for consumption using the prescribed RPCI and to reconcile the inventory report with accounting and supply records; and prepare and maintain SCs; and</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 4 of this Report.</p>
<p>b.3 Require the Regional Accountant and the SAS to prepare and maintain the SLCs and subsidiary ledgers to ensure better control and monitoring of the inventories.</p>	<p>-do-</p>
<p>6. The reliability of the Inter-Agency Payables-Due to the National Treasury account balance of P46.019 billion as at December 31, 2018 is uncertain due to the dormant accounts and abnormal/negative balance of P54.983 million and P1.616 million, respectively, and the absence of necessary supporting documents to substantiate the account balance. The huge amount of guarantee fee of P3.354 billion or 40.06 percent of the total guarantee fee of P8.374 billion remained outstanding for over five years. On the other hand, Interest Payable – Net Lending account significantly increased by P1.232 billion or 98.40 per cent of the total increase in Interest Payable of P1.252 billion coupled with unsettled interests on advances made to NFA by the BTr of P2.290 billion or</p>	

Observations and Recommendations	Actions Taken/Comments
<p>65.02 percent of the total interest payable of P3.522 billion for over one year to over three years, indicated the inability of NFA to manage its obligations.</p>	<p>Partially Implemented.</p> <p>Accountants are regularly reminded to fast track reconciliation of the accounts.</p>
<p>We recommended that Management:</p>	<p>Partially Implemented.</p> <p>Accountants are regularly reminded to fast track reconciliation of the accounts.</p>
<p>a. Coordinate and confirm with the BTr for the establishment of the correct amount of NFA obligations so that necessary adjusting entries can be made; and</p>	<p>Partially Implemented.</p> <p>Accountants are regularly reminded to fast track reconciliation of the accounts.</p>
<p>b. Settle outstanding advances, including the interest and guarantee fees.</p>	<p>Partially Implemented.</p> <p>Accountants are regularly reminded to fast track reconciliation of the accounts.</p> <p>The NFA Council requested DBM for conversion of outstanding BTr advances and interest amounting to P40.652 billion into subsidy through Council Resolution No. 936-2019 F dated June 19, 2019. DBM already issued SARO No. BMB-C-20-0011670 dated June 15, 2020 in the amount of P30.650 billion which was sourced from the Unprogrammed Appropriation – Budgetary Support to GCs under FY 2020 GAA.</p>
<p>7. The Intra-agency Receivables and Intra-agency Payables accounts presented in the Statements of Financial Position with significant balances amounting to P300.177 billion and P300.175 billion, respectively, were not eliminated at year-end due to non-reconciliation of accounts; thus, bloating the total assets from P13.681 billion to P313.858 billion or 2,194.09 per cent and total liabilities from P162.047 billion to P462.222 billion or 185.24 per cent, thereby, providing misleading information to the users of the financial statements.</p>	<p>Partially Implemented.</p>
<p>We recommended that Management:</p>	<p>Partially Implemented.</p>
<p>a. Direct the concerned Accountants to</p>	<p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken/Comments
<p>prioritize the reconciliation of Intra-agency accounts in order to have reliable balances and strictly monitor compliance with NFA SOP No. FS-GP13, with emphasis on the regular preparation of schedule of inter-branch transactions and Monthly Reconciliation Statement to identify variances, if any, within the reporting period and immediately coordinate with other offices to resolve the differences and prepare the necessary adjustments;</p>	<p>There are still noted variances.</p> <p>While a nationwide reconciliation of intra-agency transactions was conducted, there were JEVS drawn to support adjustments made, which were not supported with valid and complete documents.</p>
<p>b. Ensure that policies and guidelines on inter-branch transactions are strictly observed, especially the sanctions provided in NFA SOP No. FS-GP13 as deterrent to the accumulation of variances;</p>	<p>Partially Implemented.</p> <p>Management coordinated with concerned offices through phone calls to expedite the process.</p> <p>In NFA-NCR, regular preparation of Monthly Schedule of Interbranch transactions is undertaken.</p>
<p>c. Consider the applicability of COA Circular No. 2016-005 dated December 19, 2016 on the guidelines and procedures on the write-off of dormant accounts; and</p>	<p>Partially Implemented.</p> <p>Request for write off will be done upon completion of all the necessary documents. Management is exerting best effort to retrieve documents.</p>
<p>d. Consider the conduct of a nation-wide reconciliation of the Intra-Agency Receivables and Intra-Agency Payables accounts by all the Accountants of CO, ROs and POs/OU's in order to confirm and verify the existence and balances of the accounts.</p>	<p>Partially Implemented.</p> <p>A nationwide reconciliation of Intra-Agency Receivables and Intra-Agency Payables accounts was conducted. However, variances were still noted.</p> <p>Coordination with NFA-CO and other ROs thru memos is being made to facilitate reconciliation of HOCA accounts.</p>
<p>8. The provision for the money value of the earned leave credits of NFA officials and employees for CY 2018 and prior years was not recognized in the books as required in Paragraph 22 of PPSAS 19, thus the Liabilities and Accumulated Surplus (deficit) accounts presented in the financial statements do not</p>	

Observations and Recommendations	Actions Taken/Comments
<p>faithfully represent the obligation of NFA for estimated leave benefits of its officials and employees amounting to P44.344 million as at December 31, 2018.</p>	
<p>We recommended that Management require the:</p>	
<p>a. HRMD to regularly update the leave balances of NFA officials and employees in CO and ROs to come up with reasonable estimate of the amount of provision for the Leave Benefits Payable at any reporting period; and</p>	<p>Partially Implemented.</p> <p>Region I has fully implemented the recommendation while other Regions are still updating their Subsidiary Ledgers.</p>
<p>b. ASD to verify the balance and compute for the money value of earned leave credits and prepare the necessary journal entries to recognize the liability and expenses for CY 2018 and prior years.</p>	<p>Partially Implemented.</p> <p>Monthly updating of SL and schedules are being prepared while Region I has fully implemented the said recommendation.</p>
<p>9. The rice inventory levels in NFA-NCR and other POs in almost all months of CY 2018 were way below the required level of buffer stocks of 15 days in each month and 30 days in July during the year. Hence, NFA was exposed to rice supply shortages and higher prices of commercial rice in the market, thereby, affecting its ability to achieve its mandate of providing stable supply and prices at all times and could compromise its capability to effectively and immediately respond in times of disaster and emergency situations.</p>	
<p>In view of the above observations, we recommended that Management strengthen the local procurement level to ensure at all times the availability of the required buffer stock levels to attain its mandate under R.A. No. 11203 of 2019, The Rice Tariffication Law, to respond to the rice requirements during calamities.</p>	<p>Partially Implemented.</p> <p>In Region III, the POs were able to procure palay from farmers because of NFA's buying price at P19.00/kg which is higher than the traders' buying price of P16.00 – 17.50 for clean and dry palay.</p> <p>However, in Region V, the low accomplishment can be attributed to the active participation of local palay traders offering higher price as</p>

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**Observations and Recommendations****Actions Taken/Comments**

compared to NFA. Diligent efforts have been made through coordination with LGUs, FOs and the continued advocacy on our palay procurement; but, still resulted to a very low procurement accomplishment.

10. The inability to undertake the necessary legal actions on shortages of Stock Accountable Officers (SAOs) by NFA Management as required in NFA existing policies and guidelines resulted in the accumulation of the stock shortages to P2.931 billion, that includes P0.960 billion pertaining to SAOs who were no longer connected with NFA. In addition, there are shortages amounting to P1.669 billion without computation of final Tolerable Allowance (TOLA) due to missing/incomplete warehouse/stock reports and the absence of prescribed time frame to complete stock examination in NFA policy on stock examination and TOLA computation. Hence, the final amount of shortages for collection could not be determined, thus, depriving NFA on the use of uncollected shortages to finance its programs and operations.

In view of the above-mentioned observations, we recommended that Management:

a. Require the Legal Affairs Department (LAD) of the Central Office to fast track the resolutions of the cases filed against SAOs; enforce collection of their shortages; and for SAOs no longer connected with NFA, continuously send demand letters to their last known addresses and follow up cases filed at the Ombudsman;

Partially Implemented.

The Management continued the policy of “No filing of Motion to Reset Hearing”, and that witnesses are available on the day of their presentation in court.

Documents pertaining to SAO Shortages were not available in certain field offices.

In coordination with NFA-LAD on the status of the cases and possible courses of actions to be taken to enforce collection.

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
<p>b. Instruct the DOs/POs to exert utmost efforts to enforce/hasten the collection of the final shortages of SAOs still connected with NFA; and</p>	<p>Partially Implemented.</p> <p>The Management is continuing its implementation and close monitoring of Compromise Agreement and encourages submission of reasonable terms of offer. However, terms of offer of SAO may not be acceptable to the Compromise Agreement – Technical Working Group (CA-TWG).</p>
<p>c. Revisit SOP No. GM-WH13 and prescribe appropriate timeframe so that the final shortages could be established within a reasonable period and immediate collection of shortages could be facilitated.</p>	<p>Partially Implemented.</p> <p>As a result of the compromise agreements of the SAOs in paying their shortages, NFA-NCR has collected P0.823 million in CY 2018.</p> <p>The Office will be coordinating with the LAD at NFA-CO for the possible collection of the receivables from SAOs who are no longer connected with NFA and who are already deceased.</p>
<p>11. The completion of the contract amounting to P5.041 million for the Construction of NFA Records Center Extension Building was delayed due to unwarranted issuance of suspension order equivalent to 55 calendar days and additional delay of 294 calendar days. The Certificate of Completion was already issued and the retention money was released to the contractor, although the construction defects were not rectified by the contractor, thus depriving the Agency of the intended use of the project. Moreover, the delay due to unwarranted issuance of suspension order and additional delay resulted in imposable liquidated damages amounting to P66,861 which was not deducted from the final payment to the contractor.</p> <p>We recommended that the Management:</p> <p>a. Direct the Legal Affairs Department and the Internal Audit Service Department to:</p>	

Observations and Recommendations	Actions Taken/Comments
<p>a.1 File appropriate charges against NFA personnel who issued Certificate of Completion and release the retention money despite the defects to be rectified by the contractor; and</p>	<p>Not Implemented.</p> <p>No appropriate charges filed against NFA officials responsible in the release of retention money. While defects noted such as leak on the rooftop slab have been rectified by the contractor, defective smoke detectors were not replaced.</p>
<p>a.2 Demand the Contractor to correct all the defects noted at no extra cost to NFA or file appropriate charges for non-completion of the contract in a proper and workmanlike manner.</p>	<p>Not Implemented.</p> <p>The contractor has not replaced or repaired the defective smoke detectors. Demand letters were sent to contractor on the following dates; Feb. 8, 18, July 8, Sept. 6 and Nov. 19, 2019.</p>
<p>12. Some provisions of the NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification, and good warehouse-keeping were not strictly observed at NFA warehouses which could result in environmental and health hazards and losses due to grain damage/deterioration and theft/pilferage of stocks.</p>	
<p>We recommended that Management:</p>	
<p>a. Address the deficiencies noted on warehouse custody, piling system, storage structure and specifications and warehouse keeping and henceforth, strictly comply with the provisions of NFA SOP No. GM-WH07;</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 8 of this Report.</p>
<p>b. Ensure that the agency engineering team be regularly fielded to conduct inspection of all facilities for early detection of their physical conditions so that the necessary action can be immediately provided;</p>	<p>-do-</p>
<p>c. Facilitate the immediate repair of the warehouse defects particularly the cracks on the floors, leaks and holes on the roofs, to prevent further warehouse deterioration and damage to the stocks, which could result in losses to NFA;</p>	<p>-do-</p>

Observations and Recommendations	Actions Taken/Comments
<p>d. Ensure that Warehouse Supervisor shall be assigned to one warehouse only to enable him to fully exercise the diligence of a good father of a family in the custody of warehousing; and</p>	<p>Partially Implemented.</p> <p>A memorandum will again be issued to all warehouse personnel for the fundamental standards on Stock Quality Maintenance/Good Warehouse Keeping.</p>
<p>d. Consider the utilization of advance technologies such as CCTVs at all NFA warehouses to monitor the activities inside the warehouse.</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 8 of this Report.</p>
<p>13. The contract for e-IFOMIS project amounting to P14.448 million remained not fully operational despite the several time extensions granted resulting in wastage of government resources amounting to P1.931 million and depriving the NFA of the benefits of the project.</p>	
<p>We recommended that Management:</p>	
<p>(i) refrain from entering into any further Deed of Undertaking with the contractor for the completion of the project as it is no longer beneficial to NFA's operation, to avoid further wastage of public funds; and</p>	<p>Partially Implemented.</p> <p>Voucher for deduction of liquidated damages with the Accounting Services Department (ASD) for processing, awaiting other required documents.</p>
<p>(ii) require the implementation/adoption of E-IFOMIS in all NFA Offices to determine the functional capability of the system considering the time that has elapsed since the project was started.</p>	<p>Partially Implemented.</p> <p>Documents relative to E-IFOMIS were submitted to COA thru a letter dated June 18, 2019.</p>
<p>14. The delayed and inadequate response and/or action of NFA-CO during the recent 6.1 magnitude earthquake that struck large portions of Central Luzon manifested the lack of an established Disaster Preparedness, and Disaster Mitigation and Awareness dissemination contrary to the goals and objective of R.A. No. 10121, otherwise known as the Philippine DRRM Act of 2010". Furthermore, the obsolescence of the NFA Disaster Preparedness Manual and Standard</p>	

Observations and Recommendations	Actions Taken/Comments
<p>Operating Procedure (SOP) No. SP-OT01 adversely affected the NFA's operations as a whole, and its mandate to immediately respond to calamities and disaster.</p>	
<p>We recommended that Management:</p>	
<p>a. Update the existing DRRMP and SOP No. SP-OT01 to align with the requirements under R.A. No. 10121; and</p>	<p>Partially Implemented.</p> <p>The NFA Public Service Continuity Plan (PSCP) was requested for approval on June 6, 2019 per CPMSD-CPD-2019-F-11 and was approved on September 2019. However, the requirements of R.A. No. 10121 on formulation of an updated DRRMP is still not complied.</p>
<p>b. Thoroughly disseminate the updated DRRMP and SOP No. SP-OT01 to all levels of organization and require them their respective DRRMP.</p>	<p>Partially Implemented.</p> <p>The approved NFA Public Service Continuity Plan was disseminated to all NFA central and field offices for implementation dated September 16, 2019. However, some POs were not informed of the approved and updated Plan.</p>
<p>15. The CY 2018 GAD Plan and Budget (GPB) of NFA amounting P457,509 million was not approved/endorsed by the Philippine Commission on Women (PCW), as required under Section 8.6 of Joint Circular (JC) No. 2012-01 issued by the PCW- National Economic and Development Authority (NEDA)- Department of Budget and Management (DBM), due to non-submission to PCW of the revised version of the GPB; thus, there was no assurance that the programs, activities and projects (PAPs) indicated therein were aligned with the gender issues under the Philippine Plan for Gender-Responsive Development (PPGD), 1995-2025. In the absence of CY 2018 GPB duly endorsed by PCW, it could not be assessed whether the activities conducted were supportive or responsive to the gender issues of the Agency and its clients.</p>	

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
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We recommended that Management:

a. Direct the GAD focal person to:

a.1 Prepare the Annual GPB and submit together with the GAD AR to PCW for endorsement within the deadlines set; and	Revised and reformulated under Part II – Observations and Recommendations No. 9 of this Report.
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a.2 Submit to the Audit Team copy of the duly endorsed GPB within five working days from receipts thereof and GAD AR within five working days from the end of January of the following year.	-do-
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b. Ensure the full implementation of programs/activities included in the GPB for the year;	-do-
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c. Closely coordinate with NFA field offices on the implementation of GAD programs/activities to ensure full implementation of the GPB; and	-do-
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d. Require the NFA GAD Focal Point to coordinate with the ASD on the preparation of the GAD AR to ensure that the actual amount of the expenses incurred will be correctly presented therein.	-do-
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**2017 AAR**

16. NFA was unable to comply with the requirements as set forth in COA Circular No. 2017-004 dated December 13, 2017 and Philippine Public Sector Accounting Standard (PPSAS) 33 on First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) despite its representation that the Financial Statements (FSs) for Calendar Year (CY) 2017 have been prepared in accordance and comply with PPSASs, thereby defeating the objective of presenting high quality information that provides transparent reporting about the first-time adopter’s transition to accrual basis IPSASs.

We recommended that Management henceforth, ensure full implementation of COA Circular No. 2017-004 dated December 13,	Revised and reformulated under Part II – Observations and Recommendations No. 1 of this
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Observations and Recommendations	Actions Taken/Comments
<p>2017 and the adoption of PPSASs in CY 2018 financial statements.</p>	<p>Report.</p>
<p>17. The reliability of the year-end balances of the Cash In Bank (CIB) – Local Currency and Foreign Currency accounts totaling P1.230 billion included in the Cash and Cash Equivalents account of P1.242 billion could not be ascertained due to, among others: (a) non-submission for audit purposes of the documents to substantiate the fund transfers made by NFA-HO to NFA ROs and Operating Units (OUs) in the total amount of P4.303 billion for the General Operating Fund (GOF) and Cereal Procurement Fund (CPF); and (b) lack of supporting documents to monthly fund transfers of collections from sale of imported rice totaling P1.716 billion made through automatic and electronic sweeping. In addition, CIB account was maintained with unauthorized depository bank, contrary to Section 5.2 of Department of Finance (DOF) - Department Circular (DC) No. 001-2015 dated June 1, 2015.</p>	
<p>We recommended that Management:</p>	
<p>a. Require the Accountants to support the Journal Entry Vouchers (JEVs) with documents showing from whose retailers' accounts the transfers of funds to the NFA-CO accounts were made and that the transfers were reconciled with the monthly collections of particular retailers; and</p>	<p>Partially Implemented. Continuous monitoring is undertaken. A schedule of daily deposit and remittance to NFA–Central Office based on the Bank Statements is submitted as documentary support on the transfer of funds.</p>
<p>b. Cause the transfer of bank balances maintained in unauthorized depository bank to Authorized Government Depository Banks (AGDBs) pursuant to DOF-DC No. 001-2015 dated June 1, 2015.</p>	<p>Partially Implemented. As of Dec. 31, 2019, NFA - Central Office still maintained bank accounts with PNB – CA for payroll GOF and three SA: IMR, CCA and NFA Legal Cases as of December 31, 2019.</p>
<p>18. Recognition of the Tax Expenditure Subsidy (TES) for CY 2017 in the absence of a Special Allotment Release Order (SARO) from the Department of Budget and Management (DBM) was not in accordance with DOF-DBM</p>	

Observations and Recommendations	Actions Taken/Comments
<p>Joint Circular No. 1 dated April 30, 2014 and PPSAS 23, on Revenue from Non-Exchange Transaction, thereby resulting in the overstatement of Subsidy Income from National Government and Inter-agency Receivables - Due from National Government Agencies accounts in the amount of P1.782 billion and affecting the fair presentation of the said accounts in the financial statements as at December 31, 2017.</p>	<p>Partially Implemented.</p> <p>The NFA SOP has not been revised. Moreover, HO-ASD has not made any adjustments to properly take up TES in the books of accounts for CY 2017.</p>
<p>We recommended that Management instruct the NFA HO-ASD to make the necessary amendment of the pro-forma accounting entries in NFA SOP No. FS-FA14 dated December 6, 2016, on the Implementing Guidelines on the Accounting, Recognition of Customs Duties as Tax Subsidy on Rice Importation.</p>	
<p>19. The existing Inventory Accounting System for supplies and materials and semi-expendable property as provided under NFA SOP No. GS-PD16 dated April 1, 1999 was not strictly implemented in view of various deficiencies, among others: (a) unreliable/inaccurate records; (b) poor maintenance of Stock Cards; (c) incomplete/non-conduct of physical inventory by some ROs/POs; and (d) non-compliance with the use of the prescribed Report on the Physical Count of Inventories (RPCI) form; thus, the existence and correctness of the balances of Inventory Held for Consumption and Semi-expendables Machinery and Equipment accounts of P342.138 million and P17.651 million, respectively, or totaling P359.789 million could not be ascertained. Moreover, there is a disparity amounting to P4.198 million in the NFA - HO Inventories Held for Consumption and Semi-expendable Machinery and Equipment accounts between the reported year-end balance in the books of P18.062 million and actual physical inventory of P13.864 million that could not be verified due to the afore-mentioned deficiencies.</p>	
<p>We further recommended that Management:</p>	
<p>a. Manage and/or maintain necessary volume</p>	<p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken/Comments
of supplies and materials inventory for stock and issue by applying the average consumption based on the historical data of the Agency;	It has been noted that some supplies and materials are sometimes out of stock.
b. Properly communicate the process adopted by NFA-HO to the FOs with regard to the requisition and issue of Inventory Held for Consumption and Semi-Expendable Machinery and Equipment, to have a holistic approach for the entire Agency; and	Partially Implemented. Management informed that the process adopted by NFA-HO had been communicated to FOs.
c. Regularly course through the inventory account the purchases and issues of supplies and materials and semi-expendable properties, making use of the asset method of inventory instead of the expense method.	Partially Implemented. NFA uses the asset method of inventory in the some purchases and issues of supplies and materials and semi-expendable properties instead of the expense method.
20. The existence of dormant/non-moving accounts for 20 to 32 years totaling P600.619 million and absence of necessary supporting documents rendered the Financial Liabilities-Payables-Loans Payable-Domestic account year-end balance of P82.122 billion unreliable. Further, recorded payments for the foreign loans amounting to P722.974 million for principal and P323.174 million for interest cannot be validated due to non-issuance of official receipts by the Creditor.	
a. Exert all efforts to secure the supporting documents to facilitate the review of the long outstanding loans payable, and prepare the necessary adjusting entries; and	Partially Implemented. Some documents were secured for the accounts of HSDC and Minprocor.
b. Obtain copies of documents from the creditor evidencing payments on the loans and the corresponding interests.	Partially Implemented. Ongoing retrieval of other supporting documents for Agrarian Credit Loan and Ministry of Agriculture & Food.
We further recommended that top Management make necessary measures and arrangements for the settlement of the long outstanding loans accounts.	Partially Implemented. NCR Regional Finance regularly performs strict monitoring of current balances to avoid accumulation of dormant accounts. NCR will consider

Observations and Recommendations	Actions Taken/Comments
<p>21. The reliability of Financial Liabilities-Inter-Agency Payables-Due to National Treasury account amounting to P39.301 billion as at December 31, 2017 is doubtful due to the existence of dormant/long outstanding accounts and abnormal/negative balance of P54.983 million and P1.616 million, respectively, and absence of necessary supporting documents. Moreover, outstanding guarantee fees of P8.212 billion and interest on advances amounting to P2.290 billion or 79.16 per cent of the total Payables-Interest Payable of P2.893 billion included amounts which remained unsettled for over one year to over three years and onwards, thereby depriving the National Government (NG) of the use of the funds to supplement its other priority goals, programs and projects.</p>	<p>the recommendation on the reversion of accounts payable regarding dormant accounts.</p>
<p>We reiterated our previous year's recommendations that Management:</p>	
<p>a. Require the ASD to fast track the retrieval of the supporting documents in order to undertake an in-depth analysis, verification and full extent of validation of dormant accounts, including the account with negative balance, so that necessary adjusting entries can be made; and</p>	<p>Partially Implemented. Management has on-going retrieval of the supporting documents/agreements to support the balances.</p>
<p>b. Management follow-up the status of its request for the possible transfer of NFA's obligation to NG; if not granted, settle outstanding advances, including the interest and guarantee fees; and if unable to settle due to limited funds, request negotiation on possible payment plan with the Corporate Account Group-Department of Finance.</p>	<p>Partially Implemented. The NFA Council already requested the conversion of BTr advances and interest amounting to 40.652 billion into subsidy through Council Resolution No. 936-2019 F dated June 19, 2019.</p>
<p>22. The lack of determination of NFA Management to undertake the necessary legal actions on the shortages of Stock Accountable Officers (SAOs) aggregating P184.198 million, recorded under Receivables-Other Receivables- Due from Officers and Employees account, as required in NFA</p>	

Observations and Recommendations	Actions Taken/Comments
<p>existing policies and guidelines had hampered the immediate recovery or settlement of the receivables, thereby, depriving the Agency of additional funds to finance its operation.</p>	
<p>We reiterated our previous years' recommendations that Management:</p>	
<p>a. Revisit the existing warehousing policies and procedures (SOPs) to identify the causes of the incurrance of shortages and strengthen the measures that will prevent and/or address the same;</p>	<p>Partially Implemented.</p> <p>Management has communicated with NFA POs and FOs on efforts to revise existing NFA SOPs.</p>
<p>b. Set up the Agency level monitoring and evaluation of the implementation of the NFA SOPs and guidelines on the settlement of shortages particularly on the issuance of demand letters to SAOs with established shortages within the prescribed period, filing of the appropriate administrative, criminal and civil cases, and collection of shortages;</p>	<p>Partially Implemented.</p> <p>Through the concerted efforts of LAD and the FOs, collections from SAOs as of November 30, 2019 amounted to P49.063 million of which P22.211 million were from approved Compromise Agreement.</p>
<p>c. Prioritize the liquidation of accountabilities of SAOs who are still in active service, especially those who are nearing retirement, and leverage on the role of Senior Accounts Specialist/Accountant, to regularly deduct from all benefits and other resources accruing the SAO for the payment of shortages, in order to ensure NFAs welfare over the interest of SAOs; and</p>	<p>Partially Implemented.</p> <p>The shortage of Mr. Panod in Region I has been fully restituted as of June 30, 2018.</p> <p>Liquidation of SAO's still in the service is being done. To date, one SAO has fully liquidated with Final TOLA result. Also, Palawan PO was able to collect additional P1.004 million.</p>
<p>d. Persistently follow up the early resolution of the cases of concerned accountable officers to effect immediate collection of their shortages.</p>	<p>Partially implemented.</p> <p>Management initiated to have a compromise agreement with Ms. Batin but the latter was advised by her lawyer not to enter into such agreement because the case is still ongoing.</p> <p>LAD and the FOs were able to collect from those who have approved Compromise Agreement.</p>

Observations and Recommendations	Actions Taken/Comments
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We further recommended that Management:

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| <p>a. Initiate/File a Petition for a Writ of Preliminary Attachment against the properties of the concerned SAOs to secure the satisfaction of any judgment;</p>  | <p>Partially Implemented.</p> <p>The filing of cases against the properties of the SAO is only possible if there is already a final judgement in favor of NFA establishing the liability of the SAO. However, to date all the criminal cases are still pending.</p>  |
| <p>b. Closely monitor all pending administrative and criminal cases filed against erring SAOs so that information can be readily gathered and appropriate actions can be instituted, if warranted; and</p>  | <p>Partially Implemented.</p> <p>Hearing schedules in criminal cases are schedules by the courts and the handling lawyers can only request for early settings but the delay in trial and resolution of cases are attended with a lot of factors which are already beyond control of the handling lawyer.</p>                                       |
| <p>c. Revisit and/or modify NFA SOP to consider the delegation of authority to a lower level Management regarding the evaluation and approval of compromise agreement proposal of the SAOs on the payment of their final stock shortages, to facilitate the process and hasten settlement.</p>  | <p>Partially Implemented.</p> <p>To ensure close monitoring of pending cases and strictly no filing of motion to re-set hearing. Make sure that handling lawyers are ready every hearing schedule and witnesses are present as the case may be. As for the Compromise Agreement, the CA-TWG has been effectively implementing the SOP therein.</p> |
| <p>23. Liberal implementation by Management of NFA's policies and procedures had caused Stock shortages recorded under Other Non-Current Assets-Other Assets in the total amount of P2.008 billion to remain uncollected for more than five years, as the determination of final shortages and enforcement of collection/settlement thereof could not be pursued due to missing/incomplete documents, slow-paced stock examination and computation of Tolerable Allowance (TOLA) and non-exhaustion of other remedies to collect from concerned SAOs.</p> |  |

Observations and Recommendations	Actions Taken/Comments
<p>As this observation was already raised in our last year's audit, we reiterated our recommendations that Management:</p>	
<p>a. Require the Stock Examination Group to expedite the conduct of stock examination and adhere to the provisions of NFA SOP No. GM-WH13 on the use of secondary documents when warranted to facilitate the examination, and to immediately submit the Stock Examination Report (SER) to the RTAC for TOLA computation.</p>	<p>Partially Implemented. Instructed all FOs to fast track examination.</p>
<p>b. Instruct the RTAC to speed up the TOLA computation to establish the final shortages of the SAOs/WSs so that settlement/collection of the amounts could be pursued and the balance of the accountabilities that could not be ascertained be minimized/reduced;</p>	<p>Partially Implemented. Instructed all FOs to fast track TOLA computation.</p>
<p>c. Revisit NFA SOP No. GM-WH13 where no timeline was set for the stock examination and TOLA computation and prescribe appropriate timeframe so that the final shortages could be established within a reasonable period and immediate collection of shortages could be facilitated; and</p>	<p>Partially Implemented. Coordinated with the concerned departments.</p>
<p>d. Enforce the sanctions provided in the Special Provisions of NFA SOP No. GM-WH13 which states that "Violation of the provisions of this SOP shall subject the offender to penalties provided for under applicable and reasonable NFA and Civil Service rules," to oblige the persons responsible to strictly implement the NFA SOPs on stock examination and TOLA computation.</p>	<p>Partially Implemented. Coordinated with the concerned departments and FOs.</p>
<p>We further recommended that Management:</p>	
<p>a. Exhaust all available remedies, such as filing of civil or small value claims, to collect the shortages of SAOs separated from service;</p>	<p>Partially Implemented. Coordinated and instructed the concerned departments and FOs.</p>
<p>b. Require the Stock Examination Group to exert all efforts to locate missing documents to establish final shortages of SAOs; and</p>	<p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken/Comments
<p>c. Assign a regular/permanent employee in the Stock Examination Group to fast track the stock examination and preparation of SER.</p>	Partially Implemented.
<p>24. The validity/propriety of the P249.565 million payments made for the 11,891.28 Metric Tons (MT) rice importation under the contract executed by NFA with one of the suppliers in August 2017 could not be fully determined due to the absence of Journal Entry Vouchers (JEVs) and documents supporting said payments. Moreover, there is a discrepancy of P0.778 million between NFA's computation of P3.281 million and Audit Team's computation of P4.059 million of penalty for late delivery of the 12,301.23 MT rice importation amounting to P262.542 million.</p> <p>We recommended that Management:</p>	<p>Partially Implemented.</p> <p>NFA consistently collect the penalties imposed to its suppliers. However, the collection process was affected when the Rice Tariffication Law took effect.</p>
<p>a. Impose the correct penalties against the suppliers of imported rice on late deliveries in accordance with the provisions stipulated in the Contract and GAFTA 122.</p>	
<p>25. NFA did not impose the liquidated damages of P1.445 million and terminate the contract with the Consultant for the Design, Development, and Establishment of Electronic Integrated Financial and Operations Management Information System (e-IFOMIS) Project in the amount of P14.448 million, despite the gross delay of 1,645 days as of December 31, 2017 or approximately four and a half years from June 30, 2013, the latest time extension granted for the Project's completion. Moreover, the reported 96.21 percentage of completion as of December 31, 2016 could not be supported with documents, casting substantial doubt on the actual accomplishment of the Project and the validity of its implementation. Furthermore, the non-movement of the percentage of completion of the Project since CY 2016 and the lack of specific commitment date to complete the same demonstrate NFA's inability to compel the Consultant to abide with the terms and</p>	

Observations and Recommendations	Actions Taken/Comments
<p>provisions of the contract, thereby depriving the Agency the use of a reliable and exhaustive financial management information system.</p>	
<p>We recommended that Management:</p>	
<p>a. Enforce all available remedies stipulated in the contract, such as but not limited to claim for liquidated damages, termination of contract and other appropriate legal remedies;</p>	<p>Partially Implemented.</p> <p>Voucher for deduction of liquidated damages with the Accounting Services Department (ASD) for processing, awaiting other required documents.</p>
<p>b. Require the CPMSD-ISDD to support with appropriate documents the reported 96.21 per cent project accomplishment as of December 31, 2017 to prove the accuracy thereof; and</p>	<p>Partially Implemented.</p> <p>Documents relative to E-IFOMIS were submitted to COA thru a letter dated June 18, 2019.</p>
<p>c. Henceforth, rigorously monitor the implementation of contracts entered into by the Agency to ensure that the terms and stipulations of the contracts are strictly enforced to avoid wastage of public funds, and to ensure completion of the project within the agreed period.</p>	<p>Partially Implemented.</p> <p>CPMSD-ISDD will rigorously monitor implementation of contracts that the agency will enter into in the future, to ensure timely completion of projects.</p> <p>Roll-out to other regions starting Third Quarter of 2020 Regions 1, 2, 3, 5 starting May 2020.</p>
<p>26. In NDO and EDO, the Warehouse Stock Issues (WSIs) were not properly accomplished according to the guidelines provided under NFA SOP No. GM-WH11 dated January 29, 2001, that could lead to unverified information and errors in computations of filler issuances and result in undetected fictitious transactions or intentional errors to cover unscrupulous activities within the warehouses.</p>	
<p>We recommended that Management require the Managers of NDO and EDO to instruct the concerned WSs to:</p>	
<p>a. Submit to COA all original copies of the cancelled WSIs, for audit purposes; and</p>	<p>Not Implemented.</p> <p>Original copy of cancelled WSI was not attached.</p>

Observations and Recommendations	Actions Taken/Comments
<p>b. Submit WSI No. 25045009 for audit purposes to the Audit Team of EDO.</p>	Partially Implemented.
<p>27. The propriety of the gasoline, oil and lubricants expenses amounting to P3.241 million for CY 2017 could not be determined due to non-submission of the Monthly Report of Official Travels supported with properly accomplished and duly approved Driver's Trip Tickets, Monthly Report of Fuel Consumption and Journal Entry Vouchers (JEVs) recording the gasoline, oil and lubricant expenses in the books, contrary to existing government rules and regulations. Moreover, gasoline, oil and lubricants expenses increased by P0.514 million in CY 2017, which did not conform to Administrative Order (AO) No. 103 which requires, among others, the reduction of at least 10 per cent in the consumption of fuel, water, office supplies, electricity and other utilities.</p>	
<p>We recommended that Management:</p>	
<p>a. Require the HO-General Services Department (GSD) to submit to the Office of the Auditor the Monthly Report of Official Travels supported with properly accomplished and duly approved Trip Tickets and Report of Fuel Consumption, for audit purposes;</p>	<p>Partially Implemented. NFA regularly submits documents to COA. However, not all required documents were submitted.</p>
<p>b. Require the HO-Accounting Services Department (ASD) to submit to the Office of the Auditor signed/approved JEVs taking up gasoline, oil and lubricants expenses duly supported with relevant/proper documents for audit purposes; and</p>	<p>Partially Implemented. NFA submitted the required JEVs to COA. However, the documents to support the JEVS lacked important particulars.</p>
<p>28. Foreign travel expenses increased by P2.019 million or 200 per cent from last year's expenses mainly due to the increase in the number of participants to the foreign trainings/conferences, in view of the NFA's commitment to the World Trade Organization (WTO) and in preparation for its hosting the ASEAN Summit, which is not in conformity with the Department of Budget and Management (DBM) Budget Circular (BC) No. 2017-5 dated</p>	

Observations and Recommendations	Actions Taken/Comments
<p>December 11, 2017, mandating the judicious and prudent use of government funds.</p>	
<p>We recommended that Management:</p>	
<p>a. Strictly observe DBM Budget Circular No. 2017-5 on the judicious and prudent use of government funds to ensure that no irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred by the Agency.</p>	<p>Partially Implemented. Prudence and economy were not observed in the utilization of CDF funds for travelling abroad.</p>
<p>We further recommended that the practice of sending more than one officer in foreign conferences and seminars be minimized, if not totally avoided.</p>	<p>Partially Implemented. The Audit Team is consistently monitoring NFA's compliance with the recommendation.</p>
<p>29. The warehousing policies and procedures on warehouse custody, piling system, storage structure and specification, and good warehouse-keeping were not strictly observed at NFA warehouses that could lead to environmental and health hazards and losses due to grain damage/deterioration and theft/pilferage of stocks.</p>	
<p>We recommended that Management instruct the concerned Provincial Managers to:</p>	
<p>a. Require warehouse personnel to:</p>	
<p>a.1 Attend training/re-orientation on warehousing policies and procedures at least every two years as provided in the SOP; and</p>	<p>Partially Implemented.</p>
<p>a.2 Install proper signage in order to prevent the occurrence of accident or casualty;</p>	<p>Partially Implemented.</p>
<p>b. Conduct regular monitoring of the compliance by the warehouse personnel of the provisions of NFA SOP No. GM-WH07; and</p>	<p>Partially Implemented.</p>
<p>c. Cause the immediate disposal of all unserviceable MTS, pallets and machineries stored at the warehouses.</p>	<p>Partially implemented. Unserviceable MTS, pallets and machineries are being disposed.</p>

Observations and Recommendations	Actions Taken/Comments
<p>30. The actual net kilograms (nkgs) of stock sold with filler transactions and the balances of stocks at any given month could not be accurately determined due to: (a) the unaccounted receipts of the excess kilograms from withdrawals of stocks weighing more than the required gross weight in North District Office (NDO); and (b) the discrepancies between the total number of bags issued as fillers in the Stock Reports and its total equivalent to nkgs based on the Warehouse Stock Issues (WSIs) in Cavite Provincial Office (CPO) and Central District Office (CDO).</p>	<p>In NFA-NCR, disposal of unserviceable/junked properties are not yet undertaken by the NFA-NCR RO and BPU.</p>
<p>We recommended that Management require the Managers of NDO, CPO and CDO to:</p>	
<p>a. Ensure strict monitoring and accounting of the filler transactions of warehouses, i.e. from the recording of the fillers in the WSIs, preparation of the ESRs, WSIs for ESRs and AIs to the recording of the transactions in the Stock Reports and in the books; and</p>	<p>Partially Implemented.</p> <p>Reconciliation is being done. Seminar was conducted on the proper reports to be prepared and on the monitoring of filler transactions.</p> <p>Awaiting instructions from NFA-NCR/HO.</p>
<p>b. Investigate discrepancies noted in the issuance of fillers between Stock Reports and WSIs, and impose appropriate sanctions against erring Warehouse personnel, if warranted.</p>	<p>Not Implemented.</p> <p>No report on the investigation was submitted. Fillers issued were still not indicated in the corresponding WSIs.</p>
<p>31. Despite the absence of written policy, the shortages in filled bags or number of bags of stocks were subject to Tolerable Allowance (TOLA) computation in the liquidation of the accountabilities of the Stock Accountable Officers (SAOs) in CPO and in four POs in RO No. I, thereby giving undue advantage to SAOs and resulted in unrecouped loss of assets on the part of the Agency.</p>	

Observations and Recommendations	Actions Taken/Comments
<p>We recommended that Management require the Managers of concerned POs to:</p>	
<p>a. Discontinue the practice of granting TOLA on shortages in filled bags or number of bags of stocks in the absence of written policy; and</p>	<p>Partially Implemented.</p> <p>The practice of granting TOLA on shortages in filled bags was discontinued.</p> <p>NFA-CPO has already discussed the matter with NFA-NCR. Waiting for further instructions.</p>
<p>b. Instruct the Senior Accounting Specialists (SAS) to record in the books of accounts the receivable from SAOs representing the money value of the shortages in bags of stocks using the replacement cost-intentional losses, if warranted.</p>	<p>Partially Implemented.</p> <p>The Senior Accounting Specialist recorded in the books of accounts the receivable from SAO. Monthly payment of the shortages incurred is being made by the SAO.</p>
<p>32. The NFA Disaster Preparedness Manual and SOP No. SP-OT01 devised/ formulated several years ago are no longer aligned to the goals and objectives of Republic Act (RA) No. 10121, otherwise known as the Philippine Disaster Risk Reduction and Management Act of 2010” that might affect/limit the ability of NFA to respond to disasters risks in consonance with the National Disaster Risk Reduction and Management Plan.</p>	
<p>We recommended that Management:</p>	
<p>a. Adopt a Disaster Risk Reduction and Management Framework and Plan in congruence with the National Disaster Risk Reduction and Management Framework and Plan in order for NFA to be equipped and be responsive in times of disaster or calamity;</p>	<p>Partially Implemented.</p> <p>In CY 2019, NFA approved and disseminated its PSCP. However, NFA-HO still has not adopted a concrete DRRM Framework and Plan.</p>
<p>b. Require the concerned personnel of NFA to conscientiously prepare or craft the Agency Annual DRRM Plan and Budget in accordance with the provisions of; and</p>	<p>Partially Implemented.</p> <p>NFA approved and disseminated its PSCP in CY 2019. However, NFA still has not crafted a DRRM Plan in accordance with RA No. 10121.</p>

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<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
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<p>c. Henceforth, constantly update/revise the SOP and Manual on Disaster Risk Reduction and Management to be always in tune with the current situation and/or time.</p>	<p>Partially Implemented.</p> <p>Through the creation of the Operation Center (OPCEN) and Disaster Preparedness Teams, the Management was able to implement some of the provisions of R.A. 10121. These OPCENs are automatically activated before, during and after the calamity. There are also on-going trainings and seminars conducted by NFA Management.</p>
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33. Machineries, warehouse equipment, stock warehouses and parcels of land of four POs were idle and unutilized due to technical defects, lack of manpower training, absence of local procurement and expansion-development programs; thus, defeating the purpose of these assets, and resulting in the inefficient and ineffective utilization thereof.

<p>If found to be unnecessary due to obsolescence and/or the cost of repair or maintenance is excessive, recommend for the early disposition to avoid further deterioration and, possibly, to obtain economic value from the disposition.</p>	<p>Partially Implemented.</p>
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**2016 AAR**

34. The balance of the Merchandise Inventory (MI) account as of December 31, 2015 was not restated to recognize the customs duties (CDs) for calendar year (CY) 2015 and prior years of P24.329 billion as required in Philippine Accounting Standards (PAS) 1 and 8; thus, the comparative balances of the account as of December 31, 2015 and 2016 of P15.886 billion and P13.155 billion, respectively, are not correctly presented in the Balance Sheet. In addition, the adjustments to recognize the CDs for prior years and those for CY 2016 amounting to P25.780 billion were effected only in the consolidated financial statements as at year-end, but not in the separate books of the Field Offices (FOs), thus the affected accounts in their individual financial statements as of December 31, 2016

Observations and Recommendations	Actions Taken/Comments
<p>remained unadjusted. Moreover, the non-recognition of handling and transportation costs amounting to P5.224 million and other deficiencies such as transcription error, omission, error in costing and non-recording of dispersal loss of P492,592; all these cast doubt on the fair presentation of the MI account in the financial statements.</p>	
<p>We recommended that Management require the HO-ASD to:</p>	
<p>a. Ensure that the MI account as of December 31, 2016 to be presented in the CY 2017 comparative financial statements be adjusted in the individual books of the FOs to reflect the CDs taken up in the consolidated financial statements as of December 31, 2016; and</p>	<p>Partially Implemented.</p> <p>Field Offices have already taken-up in their books the customs duties for 2016 and prior years.</p> <p>Coordination with NFA-CO had already been made, awaiting further instructions.</p>
<p>b. Henceforth, strictly comply with PAS 1 on the proper presentation of MI account in the financial statements to ensure comparability with the financial statements of previous periods and PAS 8 on correction of material PYs errors.</p>	<p>Partially Implemented.</p> <p>Management has conducted area conferences and discussions on the implementation of RCA, GAM, PPSAS relevant COA Circulars with the accountants and budget officers of the field offices.</p>
<p>On the issue on inexistent inventory and abnormal quantities, we recommended that Management immediately conduct reconciliation of the Inventories and effect the necessary adjustments in the books to come up with the correct balance of the MI account.</p>	<p>Partially Implemented.</p> <p>Reconciliation of the MI accounts is a continuing activity. Adjustments are immediately effected to correct some of the inventory accounts.</p>
<p>We further recommended that, henceforth, Management ensure compliance with the pertinent accounting standards especially on the presentation of the financial statements.</p>	<p>Partially Implemented.</p>
<p>35. The validity, existence and collectability of the Accounts Receivable (AR)-Trade of P1.393 billion cannot be ascertained due to the dormant accounts, non-availability of supporting documents, and the absence of updated information on collections; thus</p>	

Observations and Recommendations	Actions Taken/Comments
<p>affecting the faithful presentation of the account in the financial statements. Moreover, the amount of P540.651 million for the NFA's receivable from Department of Transportation (DOTr) from the sale of parcel of land, where the office and warehouses of SDO were formerly located, was erroneously taken up under the account instead of Due from National Government Agencies (NGAs); thereby overstating the account by the same amount.</p>	
<p>We reiterated our recommendations in previous years' audit that Management:</p>	
<p>a. Require the ASD to fast track the reconciliation of the receivables from NGAs, GOCCs and LGUs with the collections received at the NFA-HO. Accordingly, advise the ROs/POs on the results thereof for updating the recorded receivables in the respective regional and provincial books of accounts where receivables were recorded;</p>	<p>Partially Implemented.</p> <p>Profiling of accounts is being undertaken for every account to determine those with possibility of collection and for request of write-off.</p> <p>Management is exerting best effort in locating documents to facilitate reconciliation/ adjustment of the dormant accounts.</p>
<p>b. Continue to vigorously pursue the collection efforts through demand letters and collaboration meetings and strictly enforce the provisions of the MOAs with the NGAs and LGUs, particularly the payment terms; and</p>	<p>Partially Implemented.</p> <p>Collected from DOTR the amount of P513.618 million under OR No. 0951755 dated January 02, 2020.</p> <p>The Management had requested the write-off of the dormant accounts. Also, A petition for money claim from DEPED and NDRRMC was filed with COA-Central Office.</p> <p>In NFA-NCR, on-going reconciliation and confirmation by sending letters to verify collectability of the receivables.</p>
<p>c. Conduct in-depth analysis and verification of the receivables and determine those deemed uncollectible after all the efforts have been exerted, for possible write-off in accordance with COA Circular No. 2016-005 and NFA SOP No. FS-FA13.</p>	<p>Partially Implemented.</p> <p>In-depth analysis and verification of accounts receivable balances of local government units and other receivables are on-going. Those</p>

Observations and Recommendations	Actions Taken/Comments
<p>36. The validity, existence and collectability of the inter-agency receivables totaling P241.268 million cannot be ascertained due to various dormant accounts, insufficient documents and negative results of confirmation, thus, affecting the fairness of presentation of the balances in the financial statements.</p>	<p>deemed uncollectible are prepared for application for write-off upon meeting all necessary requirements.</p> <p>As of CY 2019, the Management is awaiting the death certificates of deceased former employees to support the request for write off.</p>
<p>We reiterated our prior years' recommendations that Management:</p>	
<p>a. Require the ASD to fast track the analysis and reconciliation of the receivable accounts. For those reconciliation or recovery which are already remote or nil after all the efforts have been exerted, request for write-off in accordance with COA Circular No. 2016-005;</p>	<p>Partially Implemented.</p> <p>Profiling of accounts is being undertaken for every account to determine those with possibility of collection and for request of write-off.</p>
<p>b. Pursue an extensive collection policy for the accounts due to the NFA and intensify efforts to collect long outstanding accounts; and</p>	<p>Partially Implemented.</p> <p>Profiling of accounts is being undertaken for every account to determine those with possibility of collection and for request of write-off.</p>
<p>c. For the agencies which still have transactions with NFA, coordinate with their authorized official/s in order to finally collect these receivable accounts.</p>	<p>Partially Implemented.</p> <p>NFA has filed money claims with the COA Commission Proper.</p>
<p>37. Stock shortages taken up in the books under Other Assets account amounted to P2.791 billion, most of which remained outstanding for more than five years, and cannot be reclassified to Due from Officers and Employees due to missing/incomplete warehouse/stock reports and the slow-paced stock examination and computation of TOLA, thus adversely affecting the determination of</p>	

Observations and Recommendations	Actions Taken/Comments
<p>the final shortages of the concerned SAOs and enforcement of collection/settlement from them could not be pursued.</p>	<p>Partially Implemented.</p> <p>Collections from SAOs as of Nov 30, 2019 amounted to P49.063 million; the amount include P22.211 million collected through Compromise Agreements.</p> <p>Lack and/or missing warehouse documents and limited manpower contributed to the delay in the completion of stock examination.</p> <p>Management had always sent a follow up letter to RTAC.</p>
<p>38. Uncollected overdue receivables amounting to P76.026 million from various companies, private individuals and former NFA officials/employees who died, resigned or retired from the service, remained dormant for five to 10 years and more due to lack of documentation and the failure of the concerned officials to undertake measures for the proper disposition of the dormant accounts pursuant to COA Circular No. 2016-005 and NFA SOP No. FS-FA 13, thus rendering the accuracy and existence of the reported balances doubtful.</p>	<p>Partially Implemented.</p> <p>In NFA HO, the ASD were able to collect P0.170 million from various accounts thru sending demand letters and notices.</p> <p>Partially Implemented.</p> <p>NFA Management is in the process of collating required documents to support request for write off.</p>
<p>We reiterated our previous years' audit recommendations that Management:</p>	
<p>a. Institute all appropriate measures to document the receivables and continuously send demand letters to all concerned to enforce collection of the dormant receivable accounts; and</p>	
<p>b. For those with remote or nil recovery, require the Accountant to take appropriate action to have the accounts written-off pursuant to existing laws, rules and regulations.</p>	

Observations and Recommendations	Actions Taken/Comments
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39. The net book value (NBV) of the PE account of P2.140 billion remained not reliable due to: a) unreconciled variance of P65.920 million between the book balance and the inventory count in the HO and six FOs; b) net understatement of accumulated depreciation in HO by P142,194 resulting in overstatement of Retained Earnings; c) undocumented ownership of parcel of land valued at P29.005 million in three FOs; d) inclusion of negative/abnormal balances amounting to P1.485 million in NFA-NCR; and e) incomplete physical inventory reports/Report on the Physical Count of Property, Plant and Equipment (RPCPPE) in five FOs.

We recommended that Management:

a. Follow up vigorously the actions taken by HO-LAD on the titling of the parcels of land to establish full ownership over the property and provide basis for recording the value in the books of accounts and to avoid incurrence of losses for the funds spent on improvements thereon.

Revised and reformulated under Part II – Observations and Recommendations No. 3 of this Report.

40. Lapses in accounting, monitoring and control of supplies and materials such as: a) the non-reconciliation of the balance per books and inventory reports; b) incomplete conduct of physical inventory; c) poor maintenance of Stock Cards (SCs) by Supply Officers; and other deficiencies, contrary to pertinent provisions of the MNGAS, Volumes I and II, and the non-alignment of NFA SOP No. GS-PD16 to MNGAS resulted in unreliable balance of P419.251 million Inventory for Consumption accounts at year-end.

We reiterated our prior year’s audit recommendations that Management re-visit the provisions of NFA SOP No. GS-PD16 to identify the provisions that need to be revised/amended and those lacking provisions in order to align these to the provisions in the MNGAS.

Partially Implemented.

The balance of Inventory report does not reconcile with the balance of Accounting Records.

Observations and Recommendations	Actions Taken/Comments
We also recommended that Management:	
<p>a. Strictly adhere to NFA SOP in the accounting, safekeeping, monitoring and control, and issuance of accountable forms, specifically on the use of Invoice and Receipt of Accountable Forms (IRAF) in receiving and returning unused accountable forms. (Region V - Camarines Norte PO and Region XI - Davao del Sur PO).</p>	<p>Partially Implemented.</p> <p>The balance of Inventory report does not reconcile with the balance of Accounting Records.</p>
<p>41. The validity and accuracy of the balance of Accounts Payable amounting to P2.371 billion as of December 31, 2016 are doubtful due to existence of long outstanding accounts amounting to P130.015 million; dormant accounts amounting to P2.741 million, accounts with abnormal/negative balances amounting to P489,570, and other deficiencies noted in recording transactions.</p>	
<p>We, therefore, reiterated our prior year's recommendation that Management consider the applicability of the guidelines and procedures prescribed under DBM- COA Joint Circular No. 99-06 dated November 13, 1999 on the reversion of accounts payable.</p>	<p>Partially Implemented.</p> <p>NFA has made proper adjustments in the abnormal balance accounts due to misposting/erroneous accounting entries.</p>
<p>We also recommended that Management require the ASD to analyze, verify and validate the dormant and abnormal/negative accounts and prepare necessary adjusting entries.</p>	<p>Partially Implemented.</p> <p>Management has effected an adjustment for the differences in amount confirmed by the suppliers from COA as compared from the existing ASD records.</p>
<p>42. Trust liability accounts totaling P268.057 million in the books of HO have remained dormant for the past 10 years, rendering the existence of the obligation of NFA in the total amount of P558.916 million as of December 31, 2016 doubtful.</p>	
<p>We reiterated our previous years' audit recommendations that Management:</p>	
<p>a. Require the thorough verification of the nature or purposes of the projects, with long outstanding balances, and determine the</p>	<p>Partially Implemented.</p> <p>NFA ASD was able to settle and</p>

Observations and Recommendations	Actions Taken/Comments
status whether already completed, discontinued or abandoned;	submit terminal reports to COA for project Arsenic, Cadmium, Tupig and Mango in an aggregate amount of P3.461 million.
b. Fast track the reconciliation of the balances against relevant records, determine the actual existence and proper valuation of accounts, ascertain and validate discrepancies between the recorded amounts and the actual existing balances;	Partially Implemented.  Reconciled and adjusted account in the amount of P1.667 million.
c. Make the necessary adjustments in the books to determine actual balances and cause remittance to the concerned agencies; and	Partially Implemented.  Reconciled and adjusted account in the amount of P1.667 million.
d. Require the ASD and IASD to reconcile their records on Lingap Para sa Mahihirap Project Fund, effect the necessary adjustments which are adequately documented in order to reflect the correct balance, and submit fund utilization report indicating the summary of expenses and status of the report of accomplishments certified by the Accountant.	Partially Implemented.  Management is continuing its retrieval of documents/ reconciliation with accounting records in other NFA Field Offices.
We also recommended that Management in coordination with concerned SAs request for COA's authority to write-off dormant accounts in accordance with COA Circular No. 2016-005.	Not Implemented.  As of CY 2019, the Management still has not made any request for write-off.
43. The documents supporting the Statements of Fund Balance/Annual Financial Status Reports for projects implemented by NFA-Food Development Center (FDC) were deficient and incomplete to support the liquidation of P11.213 million for the funds transferred of P14.928 million, contrary to Section 4(6) of PD No. 1445, Section 28 of MNGAS, Volume I and pertinent provisions of the MOA/Institutional Contractual Agreement (ICA) executed by the NFA with DA-BAR, LDC and UNU-Kirin; thus, the reliability of the financial reports and the validity of the projects and expenses incurred could not be fully ascertained.	

Observations and Recommendations	Actions Taken/Comments
We recommended that Management:	
<p>a. Require the NFA-FDC to support the Statement of Fund Balance/Annual Financial Reports for projects implemented with the Detailed Project Proposal; Work Plan Schedule; Budget Summary; Logical Framework; Project Summary and request for extension of the projects duly corrected and signed/approved by the authorized signatories of both parties to prove their validity and conformity with the stipulations provided in the MOA;</p>	<p>Partially Implemented.</p> <p>Under DA-NEDA-DBM Joint Memorandum Circular No. 1-2019 implementing R.A. No. 11203, FDC shall be transferred to DA, the transfer was made effective last December 31, 2019.</p>
<p>b. Closely monitor the implementation of the projects to ensure their completion within the required period considering that planning should have been undertaken before the project proposal is submitted for approval by authorized officers, and the required project liquidation and terminal reports are submitted within the prescribed period; and</p>	<p>Partially Implemented.</p> <p>Under DA-NEDA-DBM Joint Memorandum Circular No. 1-2019 implementing R.A. No. 11203, FDC shall be transferred to DA, the transfer was made effective last December 31, 2019.</p>
<p>c. Exercise due diligence in the preparation and execution of the MOA to ensure that the project proposals, work plan schedules, budget summaries and other attachments to the MOA submitted are duly signed/approved and bear the letterhead of the NFA-FDC which is the requesting and implementing agency of the projects, and that the Document No., Revision No., Revision Date and Effectivity Date indicated in footnotes of the documents should pertain to NFA-FDC and contain information as agreed upon by the contracting parties.</p>	<p>Partially Implemented.</p> <p>Under DA-NEDA-DBM Joint Memorandum Circular No. 1-2019 implementing R.A. No. 11203, FDC shall be transferred to DA, the transfer was made effective last December 31, 2019.</p>
<p>44. The balance of Deferred Credits account of P598.940 million as at December 31, 2016 is unreliable as this still includes dormant balances of P16.827 million in HO and several FOs with stocks that remained unwithdrawn for five years and more, and overages of Stock Accountable Officers (SAOs) of P178.328 million whose final accountabilities have not been established.</p>	
<p>We reiterated our prior year's recommendations that Management prioritize the in-depth analysis to clear the long</p>	

Observations and Recommendations	Actions Taken/Comments
<p>outstanding balances in the Deferred Credits account and instruct the concerned HO departments/offices and ROs to include, among others, the following:</p>	
<p>a. Gather documents supporting the transactions pertaining to the advance payment of the legislator and on the conduct of stock examinations on SAOs with overages;</p>	<p>Partially Implemented.</p> <p>Profiling of accounts is being prioritized by the FOs. Coordination has been made; awaiting further instructions from NFA HO/ NCR.</p>
<p>b. Identify from the Deferred Credits subsidiary ledgers the warehouse accountable officers and their overages incurred per physical inventory count per year and take note of those who retired or were separated from service; and</p>	<p>Partially Implemented.</p> <p>Conducting thorough reconciliation of the unwithdrawn rice stocks paid in advance by other government agencies.</p>
<p>c. Obtain information and guidance on the following:</p>	
<p>c.1 Appropriate disposition of the advance payment made by the legislators since the stocks apparently have already been long withdrawn;</p>	<p>Partially Implemented.</p> <p>A monthly schedule is prepared to monitor and account all unwithdrawn stocks.</p> <p>NFA NCR-BPU will still coordinate with NFA-HO regarding the advance payment of the former legislator.</p>
<p>c.2 Status of accountability of the warehouse accountable officers; and</p>	<p>Partially Implemented.</p> <p>Field Offices are instructed to fast track to process examination of accountabilities/TOLA computation.</p>
<p>c.3 Appropriate disposition of the long outstanding overages of retired/separated SAOs with or without final TOLA computation.</p>	<p>Partially Implemented.</p> <p>Field Offices are instructed to send demand letters to retired/separated SAOs.</p> <p>In NFA-NDO Stock overages of separated/deceased SAOs have been requested for write-off to COA in July 2018.</p>

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**Observations and Recommendations****Actions Taken/Comments**

Moreover, in Batangas PO, as of Nov 15, 2019, the amount of P0.983 million was recorded in the books of NFA Batangas PO, which is the same amount recorded last Dec 31, 2018.

45. The NFA officers and employees in HO and some POs in NCR, Regions IV-B and IX designated as authorized signatories in the issuance of checks, approval of Disbursement Vouchers (DVs) and Stock Accountable Officers (SAO) were not bonded, while the fidelity bond of Collecting and Disbursing Officers in Cavite PO and CDO, and SAO in Zamboanga del Norte PO were inadequate to cover their accountabilities for collections and disbursements; thus, exposing NFA of not being indemnified in case of loss due to improper or unauthorized use or misapplication of public funds and property and for all losses attributable to negligence in the keeping thereof.

We recommended that Management:

a. Conduct immediate review of the fund accountability of concerned accountable officers including those designated/authorized to sign and approve the DVs per NFA GMO No. AO-2015-05-003 dated May 29, 2015 and post the corresponding fidelity bond corresponding to their accountabilities; and

Partially Implemented.

Management has posted fidelity bonds for some signing/approving officers.

b. Henceforth, conduct regular review of fund and property accountabilities of accountable officers, including those officers who are authorized signatories and counter signatories in the issuance of checks and approval of DVs, to determine the appropriate amount of their fidelity bonds, in consonance with the requirements of Section 101 of PD 1445, and Sections 4.1 and 4.3 of the General Provisions of Treasury Circular No. 02-2009, on the bonding of officers and employees.

Not Implemented.

Management requested COA for the exemption on the general provisions of Treasury Circular No. 02-009 Section 4.1 and 4.3 dated August 6, 2009 as they do not have direct access or in possession of NFA's funds and property.

In reply to NFA's request for exemption from the aforementioned Treasury Circular, COA advised NFA to file request for exemption from bonding of their signatories to the Bureau of the Treasury.

Observations and Recommendations	Actions Taken/Comments
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46. The NFA-HO and ROs/POs officials and employees hired before July 1, 1989 were granted Group Hospitalization Insurance Program (GHIP), Group Accident Insurance Program (GAIP) and Executive Health Care Program (EHCP) in the total amount of P10.097 million, without authority from the Department of Budget and Management (DBM), Office of the President (OP) or legislative issuances. Moreover, the GAIP is considered a duplication of the insurance provided by the Government Service Insurance System (GSIS) under life insurance and other insurance coverage of government employees, which is prohibited in Commonwealth Act No. 186, as amended by Republic Act (RA) Nos. 4968 and 8291. Hence, the payments made for these allowances/benefits are considered irregular.

We recommended that Management refrain from granting allowances or benefits without the required authority, appropriate funding and already included in the insurance provided by the GSIS.

Not Implemented.

A letter of appeal was submitted to COA by NFA requesting to set aside AOM no. HO-2017-16 (2016).

However, same insurance programs were still granted to the officials and employees in CY 2019.

In CGS Cluster V Decision No. 2020-010 dated March 5, 2020, the Appeal Memorandum dated August 15, 2018 of Ludovico J. Jarina et. al., of NFA, from ND No. 18-003 (2016) dated July 5, 2018 on the payment of premiums for GHIP, GAIP, and EHCP for CY 2016 in the amount of P2,318,309 was denied for lack of merit.

47. The PE of CDO, NDO and SDO totalling P9.476 million were not covered by insurance with the GSIS during the year as required in RA No. 656, as amended by PD No. 245, thus, exposing the Agency to the risk of non-indemnification for the uninsured properties in case of damage or loss due to fire, earthquake, storm or other fortuitous event. In addition, the annual inventory report

Observations and Recommendations	Actions Taken/Comments
<p>of physical assets, insurance and bonding of risks with the General Insurance Fund (GIF) as required under COA Circular No. 92-390 was not submitted to the COA Auditor for verification; thus, it could not be determined if all insurable properties/assets of CDO and NDO were adequately covered by insurance. Moreover, other properties of SDO costing P26.769 million were insured at amounts more than their costs that caused the NFA to incur unnecessary expense of P15.080 million.</p>	
<p>We recommended that Management:</p>	
<p>a. Exert efforts to immediately transfer the registration of the motor vehicle in the name of CDO and insure the same with the GSIS.</p>	<p>Not Implemented.</p> <p>CDO has difficulty transferring the registration of the motor vehicle (VBH-597) under the name of the CDO because most of the requirements by the LTO can only be provided by the original owner who is already in Bicol and CDO has no means to contact him. Still CDO committed to exert efforts for the immediate transfer of the registration under NFA-CDO.</p>
<p>We further recommended that NDO and CDO submit a list of the uninsured PE amounting to P2.682 million which the Administrative Section claimed as PE with acquisition cost of less than P10,000 that were not included in the list of insurable PE, for verification of the Audit Team.</p>	<p>Partially Implemented.</p> <p>In NFA-NCR, inventory as of October 31 of the previous year was still the basis for insuring properties.</p>
<p>48. Accumulated cash shortage in the total amount of P2.061 million was established on the cash and accounts of the designated Collecting Officer of NFA Abra PO for undeposited collections; thus, resulting in the loss of government funds.</p>	<p>Partially Implemented.</p> <p>A compromise agreement has been entered on November 07, 2017 per Memorandum 2017-LAD-LD-K-006.</p>
<p>We recommended that Management require the Provincial Manager of Abra PO to file appropriate charges against the defaulting Accountable Officer (AO).</p>	<p>As of November 30, 2019, a total of</p>

Observations and Recommendations	Actions Taken/Comments
<p>We further recommended that HO Management constantly follow up the filing of appropriate charges against the erring accountable officer.</p>	<p>P1.052 million were collected. In addition, cash shortage of P2.141 million was recorded on October 2019 as a result of reconciliation between Abra PO and Central Office.</p>
<p>49. The rice inventory levels in NFA-NCR and other ROs/POs from January to December 2016 were not consistently maintained resulting in way above or below the mandated buffer stock requirements of 15 days in each month and 30 days in June resulting in excess stocks ranging from 421 to 1,513,305 bags that could expose a larger quantity of undistributed stocks stored longer than necessary to risk of deterioration/decline in quality and value. On the other hand, the inventory level below the mandated buffer stock could compromise the NFA's capability to effectively and immediately respond in times of disaster and emergency situations. Moreover, the rice inventory level of NCR which was way above the required level of buffer stocks in almost all months of CY 2016 resulted in loss of P360.368 million due to price reduction in auction.</p>	<p>Partially Implemented.</p> <p>Administrative case was already filed as well as order of Preventive Suspension for 90 days has been served. Furthermore, Criminal Case was filed to the Office of the Ombudsman on May 29, 2017.</p>
<p>In view of the above observations, we reiterated our previous years' audit recommendation that Management allocate excess stocks to other Districts/Provincial Offices with lesser inventories/allocation so that a wider consumer base could be served while further losses due to extended storage could be lessened, if not totally avoided.</p>	<p>Revised and reformulated under Part II – Observations and Recommendations No. 7 of this Report.</p>
<p>We also recommended to Management of NFA-NCR to: (a) cause the immediate sale or dispersal of the 549,292 bags of rice received in CY 2015 to avoid losses to NFA; (b)</p>	<p>-do-</p>

Observations and Recommendations	Actions Taken/Comments
<p>expedite the accreditation of more/new retailers pursuant to Fax Message No. AO-2K15-J-006 dated October 13, 2015 of the NFA Administrator to increase the existing number of NFA accredited rice retail outlets to at least 20 per cent; and (c) implement distribution strategies such as sale of rice at adjusted/reduced prices, following the Memoranda on the ages of stocks to be sold at adjusted/reduced prices.</p> <p>We further recommended that measures be adopted to address problems causing excessive stocks such as: (a) carry-over stocks from previous year importation, (b) unprogrammed receipt of other provinces/districts' allocations due to problems of warehouse space availability, (c) influx of commercial rice in the market and presence of low price good quality rice resulting in low demand for NFA rice, and (d) those causing stock deficit levels such as low procurement operations, minimal rice receipts from other provinces, non-arrival of complete allocation of imported rice and non-availability of warehouses to be leased, among others.</p>	<p>Partially Implemented.</p> <p>Management assured COA that a prudent and periodic assessment of the grain situation in the province will be undertaken to determine the most appropriate inventory level, at the least cost, to ensure food security and price and supply stabilization in the province.</p>
<p>50. The First-in, First-out (FIFO) policy on the issuance of stocks from the warehouses required in NFA SOP No. GM-WH07 dated January 10, 1995 was not strictly enforced resulting in aging, deterioration and higher carrying/maintenance costs of the stocks on hand.</p> <p>We recommended that Management ensure that the FIFO policy is strictly observed to avoid overstocking, stock deterioration, additional carrying/maintenance costs and opportunity loss to NFA, and require the POO to thoroughly review and evaluate the warehouses' Pile Layout, Grains Situationer Reports and other data as basis in the identification of specific pile for withdrawal of stocks prior to recommending approval to the Provincial Manager of the AI.</p>	<p>Partially Implemented.</p> <p>The FIFO policy is observed in some PO. In RO 6, the present inventory is all newly milled local rice. However, while FIFO principle should be applied in the issuance of rice stocks, flexibility on FIFO policy can be allowed due to some constraints.</p>
<p>51. Some provisions of the NFA's warehousing policies and procedures on</p>	

Observations and Recommendations	Actions Taken/Comments
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warehouse custody, piling system, storage structure and specification, and good warehouse-keeping were not strictly observed at NFA warehouses which could result in environmental and health hazards and losses due to grain damage/deterioration in quality and value as well as theft/pilferage of stocks.

We recommended that Management:

a. Address the deficiencies noted on warehouse custody, piling system, storage structure and specifications, and good warehouse-keeping and; henceforth, strictly comply with the provisions of NFA SOP No. GM-WH07;	Revised and reformulated under Part II – Observations and Recommendations No. 8 of this Report.
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b. Ensure that the Agency engineering team be regularly fielded to conduct inspection of all facilities for early detection of defects on their physical conditions so that necessary action can be immediately undertaken;	-do-
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c. Facilitate the immediate repair of the warehouse defects to prevent further warehouse deterioration and damage to the stocks, which could result in losses to NFA; and	-do-
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d. Consider the utilization of advance technologies such as CCTVs in all NFA warehouses to monitor activities inside the warehouse and discourage unscrupulous activities.	Revised and reformulated under Part II – Observations and Recommendations No. 8 of this Report.
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52. The actual net kilograms (nkgs) of stocks sold with filler transactions and the balances of stocks at any given month cannot be accurately determined due to: a) the emptied bags from issued filler stocks that were not documented by a separate Authority to Issue (AI) and Warehouse Stock Issue (WSI) required in NFA SOP No. GM-DN10.A in NDO and five POs; b) the discrepancy between the total number of bags issued as fillers in the Stock Reports and its total equivalent to net kilograms (nkgs) based on the WSIs in NDO, CDO and four POs; c) the unaccounted receipt of excess kgs from

Observations and Recommendations	Actions Taken/Comments
<p>withdrawals of stocks in NDO and Eastern Pangasinan PO; and d) WSIs with erasures/alterations and incomplete information that resulted in erroneous stock reports.</p>	Partially Implemented.
<p>In view of the above observations, we recommended that Management evaluate existing control measures in warehouse operations and institute additional controls, including the review of the documentation of receipts of excess kgs from issuances of stocks weighing more than 50 kgs/bag.</p>	<p>NFA has issued memos to follow guidelines and policies on filler transactions. Further, it implemented measures to prevent repetition of the act in future transactions.</p>
<p>We also reiterated our recommendation in prior year's audit that Management:</p>	Partially Implemented.
<p>a. Require the strict monitoring and accounting of the filler transactions of warehouses starting from the recording of the fillers in the WSIs up to the recording of the transactions in the Stock Reports and in the accounting records/books;</p>	Reconciliation is being done.
<p>b. Ascertain the accuracy of the reported number of filler bags issued and account for the difference per stock report and its equivalent kgs per issued WSIs; and</p>	Partially Implemented.
<p>c. Initiate investigation to determine personnel responsible for possible fraudulent activities, particularly in the issuances of fillers, so that appropriate measures and sanctions are enforced on those found guilty of fraudulent acts.</p>	Partially Implemented.
<p>53. The reliability of recorded filler stocks in Ilocos Norte and Ilocos Sur POs of 34,901.87 nkgs or equivalent to approximately 698.04 bags for all rice varieties could not be ascertained due to some admissions and allegations that filler stocks were not received or fully received by concerned retailers or buyers, thereby defeating the purpose and intent of the issuance of filler stocks.</p>	Not Implemented.
<p>We recommended that Management conduct an investigation on the issues raised on filler transactions and file appropriate charges</p>	NFA has instructed all the warehouse

Observations and Recommendations	Actions Taken/Comments
against erring personnel, if warranted.	Supervisors to adhere to the procedures, rules and regulations on warehouse operations. Reminders were also given during meetings.
<p>54. Warehouse Stock Issue (WSI) receipts issued by several WSs of Eastern and Western Pangasinan POs were tampered, thus, showing a larger amount of fillers than what was actually issued to customers.</p> <p>We recommended that Management:</p> <p>a. Restudy the NFA policies on TOLA to discourage the practice of the SAOs of maximizing the benefit thereof as TOLA is not intended for unauthorized transactions;</p> <p>b. Direct the Regional Manager of Region I to:</p> <p>b.1 Conduct investigation on the falsification of WSIs regarding the issuance of stock fillers, and immediately relieve erring personnel while investigation is on-going to avoid influencing the investigating team and manipulation of record; and</p> <p>b.2 Elevate to NFA higher authorities the evaluation of TOLA granted to SAOs for possible reduction to minimize the opportunity to unauthorized withdrawals of excessive fillers; and</p> <p>c. Require the Legal Affairs Department (LAD) to file appropriate administrative charges to erring WSs/SAOs and all other personnel involved in the commission of offense, if warranted. The above recommendations are without prejudice to the institution of proper complaint in a court having jurisdiction with the offense after a full investigation on the matter.</p> <p>55. Marinduque PO shouldered all the losses on stock dispersal by sea amounting to P690,977 due to absence of provisions regarding tolerable limit on dispersal given to</p>	Partially Implemented.
	Not Implemented.
	Not Implemented.
	Not Implemented.

Observations and Recommendations	Actions Taken/Comments
<p>private-hauler contractors and truckers as provided in NFA SOP No. GM-DL03 dated January 1, 1991 and as amended by NFA SOP Amendment/Addendum No. GM-DL03.C dated May 31, 2000, hence, additional expenses on the part of NFA. On the other hand, in Batanes PU, there was over recognition of dispersal losses because the gain in weight of stocks during dispersal from NCR source warehouse to imaginary warehouse was not considered in recording the dispersal losses at Batanes destination warehouse as weight gain was not covered by specific accounting treatment in the NFA SOPs, resulting in the overstatement of operating expense by P72,633 and understatement of income by the same amount in CYs 2014-2016.</p>	
<p>We reiterated our previous year's recommendations that Batanes PU Management revisit the NFA SOPs on Dispersal Operations specifically on stock dispersal, and coordinate with the NCR RO for proper accounting treatment over recognition of dispersal/weight losses, as well as dispersal/weight gain without specific accounting recognition in the NFA SOPs.</p>	<p>Partially Implemented.</p> <p>NFA-BPU has already coordinated with NFA-NCR regarding the issue wherein NFA-NCR is currently conducting an evaluation/assessment of the dispersal operations for proper recognition of dispersal losses.</p>
<p>56. The quantified losses of stocks due to theft on three instances at the NCR warehouses from CYs 2001 to 2013 were not deducted in the Stock Examination Reports (SERs) of SAOs due to the absence of specific guidelines, resulting in erroneous SERs and computation of TOLA. Also, the TOLA system's computation of factors affecting grains storage might no longer address the current conditions in the warehouses that could result in inappropriate computation of TOLA.</p>	
<p>We recommended that Management revisit the existing policy on New Computerized Stock Examination and TOLA Computation, in particular, the appropriate treatment of losses due to theft in the SER and computation on factors affecting grains storage embedded in the TOLA system and identify the needed</p>	<p>Partially Implemented.</p> <p>NFA-NCR has elevated this matter to the Internal Audit Services Department-Central Office through NCR-ORM-RF-G-02 dated July 4, 2017.</p>

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<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
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amendments in the policy to ensure the accurate computation of TOLA.

57. The non-compliance with the guidelines of the Institutionalized Farmers as Distributors (IFAD) Program, which included: a) the issuance of rice allocation to two delisted/dissolved cooperatives; b) 29 unregistered cooperatives with the Cooperative Development Authority (CDA) as of December 31, 2015; c) 122 cooperatives without Certificate of Good Standing issued by CDA, and d) acceptance of Special Power of Attorney (SPA) at the Farmers Organization's/Farmers Association's chosen withdrawal point of IFAD rice allocation, could deprive the intended beneficiaries of the opportunity to participate and avail of the benefits of the Program.

We recommended that Management:

a. Determine the appropriate measures to address the following issues and concerns in the implementation of IFAD Program:

a.1 Inadequacy of verification of LOIs and supporting documents conducted at the source POs;

Partially Implemented.

CDO commented that as general rule, FO/FA allocations shall be paid only in the province where the FO/FA is located. However, payment and withdrawal in other provinces may be allowed upon request of the concerned FOs/FAs and upon authorization of CO-GMOD.

a.2 Allowing the use of SPA despite the prohibition in the CY 2015 IFAD Program guidelines;

Partially Implemented.

SPA was allowed in an amendment per Memo 2015 No. GMOD-MRSD-J-022 dated October 12, 2015. Amendment to the Implementing Guidelines on the 2015 IFAD on NFA Rice Program was approved by the then NFA Administrator.

Observations and Recommendations	Actions Taken/Comments
<p>a.3 Change in withdrawal point and the cost-benefit to farmer beneficiaries in withdrawing the allocation from NCR instead of at respective provinces <i>vis-a-vis</i> transportation costs and optimization of income;</p>	<p>Partially Implemented.</p> <p>Classification and processing of IFAD documents of FOs/FAs is the jurisdiction of NFA-GMOD. CDO is only given authority for the withdrawal of stocks with regards to the payment of IFAD allocations of concerned FOs/FAs.</p> <p>At CPO, coordination with NFA-CO GMOD and NFA-NCR RO has been made. The master list of IFAD beneficiaries was approved and authorized by NFA-CO.</p>
<p>a.4 Indications of fraud, such as, submission of spurious documents by unregistered/ non-operating cooperatives to avail the benefits of the NFA IFAD Program; and</p>	<p>Partially Implemented.</p> <p>Classification of IFAD documents is the jurisdiction of NFA-GMOD.</p> <p>CDO is only given authority for the withdrawal of stocks with regards to the payment of IFAD allocations of concerned FOs/FAs.</p>
<p>a.5 The intended/legitimate FO/FA-beneficiaries were being deprived of the benefits of the Program;</p>	<p>Partially Implemented.</p> <p>NFA-CDO commented that in as far as the District is concerned, all representatives assigned by the farmers' organizations were duly authorized.</p> <p>IFAD participants are required to appear at NFA-HO GMOD to nominate their representative who will be transacting business for and in their behalf; at the district level, only their representative will be the one who will withdraw their stocks.</p>
<p>b. Conduct evaluation of the IFAD Program <i>vis-a-vis</i> the following:</p>	
<p>b.1 Effectiveness of existing controls in the implementation of the Program; and</p>	<p>Partially Implemented.</p> <p>The finding was referred to Central Office.</p>

Observations and Recommendations	Actions Taken/Comments
<p>b.2 Duplication of benefits derived on other NFA Programs intended for the farmers/organizations, as inputs for the HO's program development strategy in further improving the economic and social well-being of the farmers;</p>	<p>Partially Implemented. The finding was referred to Central Office.</p>
<p>c. Investigate the non-compliance with the CY 2015 IFAD Program guidelines as cooperatives from different regions/provinces were allowed to participate despite deficiencies in supporting documents of their LOIs and IFAD participant-farmers' organizations/cooperatives from different regions/provinces were allowed to withdraw stocks by presenting SPA; and</p>	<p>Partially Implemented. Classification and processing of IFAD documents of FOs/FAs is the jurisdiction of NFA-GMOD. CDO is only given authority for the withdrawal of stocks with regards to the payment of IFAD allocations of concerned FOs/FAs.  As to the achievement of IFAD's purpose, it is not inherent that if the farmers/beneficiaries were not the ones who withdrew the stocks, they did not benefit from the program. As the name of the program suggests, farmers as distributors are not there to sell the rice to consumers nor retail the same to the market but rather to sell to traders and retailers, who in turn will sell to end consumers. Definitely, Farmers Cooperatives/Organizations benefited from this program.</p>
<p>d. Refrain from issuing IFAD allocations to FOs/FAs not rated/classified as "Good Standing" by the CDA or not registered with the Authority or any regulatory agencies mentioned in NFA SOP No. GM-DN29 and; henceforth, ensure that FOs/FAs are duly registered/in good standing status before issuing IFAD allocations.</p>	<p>Partially Implemented. Classification and processing of IFAD documents of FOs/FAs is the jurisdiction of NFA-GMOD. CDO is only given authority for the withdrawal of stocks with regards to the payment of IFAD allocations of concerned FOs/FAs.</p>
<p>58. Storage fees in the total amount of P323,375 were not collected by CDO, Misamis Occidental and Quezon POs contrary to Item No. 6 of NFA SOP GM-DN09.A, as amended, thus depriving the NFA of additional income.</p>	

Observations and Recommendations	Actions Taken/Comments
We recommended that Management of:	
a. CDO hold liable/institute appropriate sanction on responsible personnel for non-collection of P120,546 storage fees for IFAD stocks withdrawn after the deadline, and henceforth, strictly implement the withdrawal of stocks within the deadline set and/or the collection of storage fees for stocks withdrawn after such deadline; and	Partially Implemented.  Due to the volume of IFAD stocks paid at CDO on June 30, 2016 which was the last day of payment, authorized representatives requested additional extensions for their withdrawals.
b. Misamis Occidental PO collect storage fees from the concerned buyers/retailers as required in Item 6 of NFA SOP No. GM-DN09.A, as amended.	Partially Implemented.  Monitoring is still on-going.
We further recommended that Management revisit the guidelines on setting the deadline for stock withdrawals and collection of storage fees and define the conditions where the collection of fees may be given consideration.	Not Implemented.
59. Only the amount of P58.138 million or 52.28 per cent of the P111.205 million funds received under the YRRP was obligated as of December 31, 2016; thus, adversely affecting the warehousing activities of the affected POs particularly the condition and quality of the stored stocks due to congestion. In addition, the repair/rehabilitation/ reconstruction projects amounting to P34.227 million were obligated after December 31, 2014 which is beyond the effectivity of the Special Allotment Release Order (SARO); thus the expenses incurred became irregular.	
We recommended that upon obtaining authority from proper authorities, Management prioritize the implementation of the remaining projects which were not started/completed as at year-end.	Partially Implemented.  Remaining projects are not yet completed as at year end.
60. The difference in CDF balance between NFA's books of accounts and bank statement had increased by P4.145 million or 450.54 per cent, from P0.920 million as of December 31, 2015 to P5.065 million as of December 31, 2016, thus casting doubt on the reliability of the year-end balance of the Other	

Observations and Recommendations	Actions Taken/Comments
Payables-CDF account of P161.154 million.	
<p>We reiterated our prior year's audit recommendation that Management instruct the ASD to exert extra effort to reconcile the CDF's book balance with the balance per bank to come up with the correct balance.</p>	<p>Partially Implemented.</p> <p>ASD is on-going reconciliation of the account balances. The variance in CDF balance is now reduced to P0.455 million as of Dec. 31, 2017. About P0.224 million of the P455 million were identified as payment of expanded withholding taxes, withholding tax on honorarium, office supplies and travel expenses chargeable to CDF fund but paid under NFA GOF fund.</p>
<p>61. No complete set of separate books of accounts were maintained for CDF contrary to the provisions of NFA SOP No. TS-ES22 dated February 14, 2008, thus, detailed transactions involving sources and uses of funds balance cannot be easily determined/monitored.</p>	
<p>We reiterated our prior years' audit recommendation that Management require the CDF Committee Secretariat to strictly adhere to the provisions of NFA SOP No. TS-ES22 on the maintenance of a complete set of books for CDF in order to regularly monitor the receipts and utilization of the fund and to facilitate determination of its balance as at any given period.</p>	<p>Partially Implemented.</p> <p>On-going preparation of the separate books of accounts Reconciliation of CDF accounts still in progress by ASD staff.</p>
<p>62. The NFA's GAD budget of P10.006 million for CY 2016 for the implementation of various programs/activities based on its GAD Plan and Budget (GPB) for the same year was equivalent to only 0.013 per cent of the total approved Corporate Operating Budget (COB) of P76.487 billion instead of the required minimum allocation of P3.824 billion or five per cent of the COB, contrary to the provisions of DBM/NEDA/PCW Joint Circular No. 2012-01. In addition, the GAD budget of P10.006 million was not fully utilized as only P7.506 million or 75.01 per cent was expended indicating that the planned programs/activities were not fully implemented, thus the benefits expected from</p>	

Observations and Recommendations	Actions Taken/Comments
such programs/activities were not served to the targeted beneficiaries.	
In view thereof, we reiterated our previous years' audit recommendations that Management:	
a. Allocate funds of at least five per cent of the annual total budget for GAD programs/activities, pursuant to DBM-NEDA-PCW Joint Circular No. 2012-01;	Revised and reformulated under Part II – Observations and Recommendations No. 9 of this Report.
b. Ensure the full implementation of programs/activities included in the GPB for the year;	-do-
c. Closely coordinate with NFA Field Offices on the implementation of GAD programs/activities to ensure full implementation of the GPB; and	-do-
d. Require the NFA GAD Focal Point to coordinate with the ASD on the preparation of the GAD AR to ensure that the actual amount of the expenses incurred will be correctly presented therein.	-do-
We also recommended that Management require the NFA GAD Focal Point to ensure that accomplishments are clearly and fully presented in the GAD AR.	-do-

**CY 2015 AAR**

63. NCR-CDO and NDO did not conduct bag to bag count with 100 per cent weighing when the WSs replaced each other contrary to the provisions of NFA SOP No. GM-WH12. Thus, the accuracy of the balances of the stocks transferred could not be determined and any shortage/overage incurred by the former WS could be carried over to the incumbent WS. Likewise, the risk of mix-up of the receipts and issuances could result from housing their stocks at the same warehouses.

We recommended that NCR-CDO and NDO Management:

Observations and Recommendations	Actions Taken/Comments
<p>a. Refrain from having change of WS/accountable officer without the conduct of a bag to bag count and 100 per cent weighing to establish the actual balances of stock accountabilities at time of transfer; and</p>	<p>Partially Implemented.</p> <p>NFA-CDO informed that only 5,000 bags and below require 100 per cent weighing during cut-off of accountability. It also commented that to refrain from having change of accountable officers unless their accountability is depleted or at its low level deters the conduct of their stock examination, while effecting the cut-off of their stock accountability would fast track stock examination and TOLA computation.</p>
<p>b. Facilitate the immediate transfer of each accountable officer's stocks to his assigned warehouse or the transfer of stocks to the accountable officer occupying the warehouse where his stocks are still located to avoid mix-up of stock transactions.</p>	<p>Not Implemented.</p> <p>NFA-CDO commented that the immediate transfer of each accountable officer's stocks to his assigned warehouse could not be implemented due to: 1)There is no available space in their respective warehouses; 2)The cost that would be incurred would be the same with that if bag to bag inventory is conducted; and 3)No mix-up of stocks would occur since balances of stock accountabilities are already established in their stock reports on marketable stocks and in their respective layouts.</p>
<p>64. In Cebu PO, the errors and/or misstatements in reporting the weight of imported rice received resulted in an unusual increase in the average weight per bag at the time of issue as against the reported average weight at the time of receipt at an estimated amount of at least P1.416 million.</p>	
<p>We recommended that Management:</p>	
<p>a. Instruct the Cebu PO to monitor and account the final overage in the accountability of the WS in Warehouse 113 considering the notable difference to ensure proper recognition of the overage in the financial records and proper liquidation of his accountability; and</p>	<p>Partially Implemented.</p>

Observations and Recommendations	Actions Taken/Comments
<p>b. Consider the use of digital weighing platform scale in all warehouses that would automatically produce receipts indicating the actual weight in order to eliminate human factor and discretion in the declaration of weight in all transactions in the warehouse.</p>	<p>Partially Implemented.</p> <p>The management has adopted the use of digital weighing platform scale in all NFA warehouses except for those outside of the fifteen km radius from CIP/NFA compound where the said truck scale is located.</p>
<p>65. The palay procured by Nueva Ecija PO of about 32,695 bags to 49,507 bags and by Aurora PO of still undetermined quantity from October to December 2015 classified and paid as good quality were confirmed as storm damaged palay (SDP) based on the initial result of the quality analysis of palay samples conducted by the Regional Standard Quality Assurance Office (RSQAO) and joint effort of TRSD in HO and the Central Luzon Regional Office (CLRO) QAO. Thus, the possibility that the Agency had paid higher amount than the actual/true value of the palay procured cannot be discounted.</p>	<p>Partially Implemented.</p> <p>On-going implementation.</p> <p>Pre-hearing was conducted starting August 2016.</p>
<p>We recommended that Management uphold an impartial investigation that will lead to the filing of administrative/ criminal charges against those erring Nueva Ecija PO's officials and employees identified to have participated and contributed in the commission of the anomaly in palay procurement, including those individuals or groups from the private sector who possibly connived in committing such crime.</p>	
<p>66. The maximum weekly rice allocation to various retailers as determined in the NFA SOP No. GM-DN09 was not observed in NCR-CDO, thus, casting doubt on whether the intentions of the allocation system was served and could lead to diversion of stocks.</p>	<p>Partially Implemented.</p> <p>A memorandum was issued to all WS II to legibly write in the warehouse documents the complete names of retailers and market names for easy verification and audit.</p>
<p>We recommended that strict monitoring be made especially on retailers who are given excessive weekly rice allocations to prevent diversion or the selling of NFA rice whether as NFA rice or commercial rice to either accredited or non-accredited retailers.</p>	

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**Observations and Recommendations****Actions Taken/Comments**

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67. Storage fees of P1.318 million for CY 2015 alone were not imposed on rice sold but unwithdrawn within the prescribed period in NCR-SDO, contrary to Item 6 of NFA SOP No. GM-DN09.A, as amended, thus understating the Service Income account for the same amount while at NCR-NDO, the accuracy and completeness of the income and penalties collected from the market stall rentals at the Valenzuela Gulayang Bayan Center (VGBC) in CY 2015 cannot be ascertained in the absence of perfected contracts of lease for 75 tenants. Moreover, the one-month contracts of lease which were renewed monthly have exceeded two years, contrary to Section 533 of the GAAM, Vol. I and COA Circular No. 88-282A dated April 18, 1988.

We recommended that Management require the NCR-SDO to instruct responsible officers and employees to collect and record the amount of P1.318 million storage fees due from accredited retailers in CY 2015. Henceforth, strictly comply with the provisions in Item 6 of NFA No. SOP GM-DN09.A, as amended.

In NFA-NCR, they submitted NFA AO-2018-K-004 dated October 29, 2018 for the deviation in the allocation of retailers.

Partially Implemented.

During the exit conference, the Management had informed that it will start the use of Cash Tickets from the National Printing Office, as recommended by the Audit Team, with the approval of the Department Manager, NFA-AGSD, through Memorandum No. GSD-04-14 dated April 1, 2019.

The OIC VGBC was already instructed to stop the practice of rental fee collection on a daily basis on February 4, 2019. Recommendation for the use of Cash Tickets from NPO will be endorsed to Regional Office for them to elevate the matter to Central Office since Cash tickets are accountable forms which Management believe needs approval of proper authority.

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**Observations and Recommendations****Actions Taken/Comments**

NDO has prepared 16 contracts for signature of the former Regional Manager but have not been returned.

68. The objective of providing marketing and post-harvest facilities to farmer-members of Irrigators' Associations (IAs) in Regions VIII and X under the fourth component of IRPEP was not fully attained due to (a) failure to repair the two warehouses in Region X; (b) underutilization of Farmers' Kiosks (FKs) in the absence or slow internet connection in the location of FKs, lack of receptiveness of farmers toward the system and distant location of FKs to the farmers; and (c) only 69.51 per cent of the targeted 3,641 participants from Communal Irrigators' Associations (CIAs) were trained on Collective Marketing System (CMS), thus depriving the intended farmer-beneficiaries of the benefits to be derived from the project.

We recommended that Management submit Liquidation Report for Audit Team's validation and issuance of Credit Notice as required by the DA and return the remaining project fund balance of P2.258 million to the DA considering that the budget for IRPEP implementation pertained only to CYs 2011 to 2015.

Partially Implemented.

Submitted the Liquidation Report and returned the remaining project fund balance amounting to P2,225,441.56 last July 27, 2016.

69. Expenses amounting to P181,824 incurred for the trainings and seminars conducted in CY 2015 were not adequately supported contrary to Section 4(6) of PD No. 1445 and COA Circular No. 2012-001, thus the propriety/validity of the expenses could not be fully established. In addition, the non-monitoring of procured IT equipment and furniture and fixtures costing P1.018 million during the implementation of IRPEP is not in consonance with Section 1, Item No. 3 of COA Circular No. 94-013, which rendered the accountability and existence of these properties doubtful.

We recommended that Management Instruct the ASD, Regions VIII and X to account all the properties procured under IRPEP including

Partially Implemented.

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<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
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the determination of their location and status to facilitate the eventual transfer of these properties to NFA.

70. Honoraria in the total amount of P1.090 million were granted to CDF Secretariat/Committee members in CY 2015 despite the absence of documents showing the specific activities undertaken by them, in addition to their regular functions, contrary to the provisions of DBM Budget Circular No. 2007-2 dated October 1, 2007. Thus, the propriety of the claims for honoraria could not be fully established.

We recommended that Management revisit the provisions of NFA SOP No. TS-ES22 on the grant of honoraria, particularly the rate and documentation of claims to prove entitlement in relation to the provisions of DBM Budget Circular No. 2007-2 and COA Circular No. 2012-001.

Partially Implemented.

71. Lack of clear guidelines on the extension of grants to proponents in excess of P0.500 million may result in inconsistent application in their approval. In addition, the absence of provisions in the MOA executed with grantees particularly stating the procedures and rules on their liquidation may result in delayed liquidation/non-liquidation thereof.

We recommended that Management:

a. Ensure that the procedures as well as the documentary requirements in the liquidation of inter-agency fund transfers/grants provided in COA Circular No. 2012-001 and other existing laws, rules and regulations are complied with by the grantees.

Partially Implemented.

### **CY 2014 AAR**

72. Variances of 84,782.450 nkg amounting to P1.853 million were not immediately resolved due to lax monitoring and supervision of stocks unloading and deliveries during the intra-regional stock

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
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dispersal from NFA Cebu PO to NFA Leyte PO. Moreover, Merchandise Inventory was overstated by P70.737 million due to errors and absence of advice on Standard Transfer Cost (STC).

We reiterated our prior year's audit recommendation that NFA Leyte PO Management require the Provincial Accountant to record the dispersal losses of P1.853 million and prepare adjusting entries to correct the overstatement of P70.737 million in the Merchandise Inventory and Due to Operating Units accounts.

Partially Implemented.  
Adjusted the dispersal losses.

**CY 2013 AAR**

73. The Cereal Procurement Fund (CPF) in 2013 of P7.890 billion was not fully maximized for the procurement of palay of which the unutilized amount of P1.019 billion or 12.9 per cent of the total available funds could have been used to procure 1.172 million bags of palay for the buffer stock of NFA. This condition resulted from the shortfall of 415,779 MT or 53.3 per cent of the targeted volume of procurement and the setting of very low procurement target compared to the palay production of more or less 368,788,120 bags or 18,439,406 MT.

We recommended that Management:

a. Review the setting of procurement targets considering the established data on palay production to maximize the utilization of available funds to be able to maintain the mandated buffer stock of NFA;

Revised and reformulated under Part II – Observations and Recommendations No. 6 of this Report.

b. Evaluate the procurement performance of the ROs/POs with low accomplishments to determine the necessary assistance and measures needed to improve the implementation of the procurement program; and

Partially Implemented.  
NFA conducts Semestral Review and Planning for Marketing Operations regularly.

c. Formulate strategies to increase the procurement of palay, and encourage participation from farmers, among others:

Observations and Recommendations	Actions Taken/Comments
c.1 Intensify information dissemination on palay procurement before the start of main crop season to encourage farmers to sell their produce to NFA;	Revised and reformulated under Part II – Observations and Recommendations No. 6 of this Report.
c.2 Deploy more procurement teams in areas where harvesting season is ongoing. Put in place the early preparation of palay procurement logistics plan that include the pre-positioning of equipment and personnel both in stationary buying stations and mobile procurement teams in their respective service areas with early harvest schedule; and	-do-
c.3 Ensure that NFA's assistance are accessible to farmers like the post-harvest facilities that they can use to minimize post-harvest losses.	Partially Implemented.
<p>74. The causes of the total variance of 449,696.58 nkgs, with equivalent value of P11.170 million, between the stocks (rice) received by six POs of NFA RO VIII of 28,213,880.47 nkgs as reported in the stock records and accounting records of 28,663,577.05 nkgs remained not detected due to non-preparation of the Monthly Reconciliation Statement of the Stock Reports against the Stock Book and Physical Inventory Report, rendering the quantities reported unreliable.</p> <p>We recommended that Management:</p>	
<p>a. Require the Stock Examination Committee of the Provincial Office to immediately conduct the examination on the concerned Stocks and Grains Operation Officer (SGOOs)/WSs to establish accountability for the variances; and</p>	<p>Partially Implemented.</p> <p>Stock examination of the former Warehouse Supervisor is not yet complete due to lack of manpower.</p>
<p>b. Include in the policies on dispersal, the regular reconciliation between records of the issuing and receiving offices and prepare a quarterly reconciliation report for submission to the Provincial Manager so that solutions to problems can be timely instituted to ensure</p>	Partially Implemented.

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**Observations and Recommendations****Actions Taken/Comments**

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that balances reported are accurate.

75. Control procedures or activities on complete documentation and proper authorization in the distribution of rice for the Typhoon Yolanda relief operations were not adequately implemented at NFA-CDO and NFA-SDO which could result in possible losses to NFA.

We recommended that the CDO and SDO Management see to it that the control procedures on complete documentation and proper authorization in the delivery of stocks for relief operations are properly implemented by enjoining the responsible officials and personnel to prepare the contracts on credit sales for DSWD's conforme on the actual issuances based on WSIs and DRs; and, thereafter, immediately bill and/or promptly reconcile with their records, as appropriate, to enable immediate collection.

76. Despite the issuance of billing statements, a total of 37,765 bags of rice worth P50.983 million out of the 225,136 bags released by Region VIII to various government agencies and private institutions for relief operations to the victims of super Typhoon Yolanda remained unpaid as of year-end. Moreover, there were rice releases not supported with Memorandum of Agreement (MOA), Deed of Undertaking and Purchase Orders, while a total of 800 bags of rice purchased by two LGUs from Eastern Samar remained not withdrawn as of December 31, 2013.

We recommended that Management request the concerned LGUs to coordinate with DSWD for the immediate settlement of their unpaid accounts, and enforce from the concerned national government agencies payment of their obligations to NFA.

Partially Implemented.

All billing statements related to Typhoon Yolanda relief operation were already submitted to DSWD/DND. Billings were already settled except that for DND/NDRRMC.

Bills/reconciliations were made and documents were submitted.

Partially Implemented.

In Southern Leyte PO billing statements were issued to the concerned LGUs with unpaid accounts. Follow up letter after the first demand letter was issued to the LGUs were also sent.

NFA-HO did not allow collection of storage fee from DSWD.

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Observations and Recommendations	Actions Taken/Comments
<p>77. The lease of privately-owned property at the NFA-NCR for use of the district offices grains storage amounted to P275.075 million for the past three years, or an average of P91.692 million per year, which based on historical cost of a 90,000-bag capacity of NFA-owned warehouse in Cavite, can already be considered more than sufficient to build own facility, thereby reducing storage expenses.</p> <p>We recommended that Management conduct cost-benefit analysis on the viability of constructing NFA-NCR warehouses <i>vis-a-vis</i> cost of leasing warehouses.</p>	<p>Partially Implemented.</p> <p>NFA to conduct cost-benefit analysis and feasibility study for proper recommendation to the Regional Office to purchase a lot and construct a warehouse.</p> <p>NCR conducted an evaluation in Cavite area and recommended the purchase of land and construction of new warehouse with storage capacity of 200,000 bags for 15-days food security stocks to minimize rental expense. Awaiting further instructions from NFA-HO.</p>
<p><b><u>CY 2012 AAR</u></b></p>	
<p>78. The balances of Assets, Liabilities, and Capital Deficiency in the balance sheet differed from the totals of the regional balances by P15.381 million, P250.550 million, and P265.931 million, respectively, which affected the accuracy and completeness of the balances presented in the financial statements; and affected the fair view of the financial condition of NFA as a whole.</p> <p>We further recommended that Management continuously verify and monitor the reversal of the temporary entries in the books of the regional offices.</p>	<p>Partially Implemented.</p> <p>NFA verified and reconciled as of June 30, 2019 and submitted to the Audit Team Leader on September, 30, 2019.</p> <p>Adjustments reflected in 2019 yearend reports reduced the</p>

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<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
	variances to (P 116.646 million), (P157.408 million) and P40.762 million, respectively.

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## Variances between Totals of Individual TB and Combined TBs for CY 2019

ACCOUNTS	Totals of Individual TB	COMBINED TB	AMOUNT	%
CASH AND CASH EQUIVALENTS	2,907,954,213.96	2,907,899,478.46	54,735.50	0.00%
INVESTMENTS	1,068,774,642.18	551,948,261.59	516,826,380.59	93.64%
RECEIVABLES	56,232,169.44	47,159,535.00	9,072,634.44	19.24%
INTER-AGENCY RECEIVABLES	941,617,826.66	943,529,665.93	(1,911,839.27)	(0.20%)
INTRA-AGENCY RECEIVABLES	57,402,992,894.72	57,214,311,952.69	188,680,942.03	0.33%
OTHER RECEIVABLES	3,630,238,597.74	3,623,731,242.20	6,507,355.54	0.18%
INVENTORIES	17,167,218,617.44	17,168,868,677.04	(1,650,059.60)	(0.01%)
ADVANCES	8,327,648.40	8,567,708.63	(240,060.23)	(2.80%)
PREPAYMENTS	45,832,691.73	45,817,956.43	14,735.30	0.03%
OTHER ASSETS	953,285,726.31	160,703,487.69	792,582,238.62	493.20%
<b>TOTAL CURRENT ASSETS</b>	<b>84,182,475,028.58</b>	<b>82,672,537,965.66</b>	<b>1,509,937,062.92</b>	<b>1.83%</b>
INVESTMENTS	-	516,826,380.59	(516,826,380.59)	(100.00%)
INVESTMENT PROPERTY	14,009,519.37	14,009,519.37	-	0.00%
PROPERTY, PLANT AND EQUIPMENT	2,233,890,337.13	2,233,882,138.76	8,198.37	0.00%
INTANGIBLE ASSETS	2,044,810.00	2,044,810.00	-	0.00%
OTHER ASSETS	-	798,894,558.92	(798,894,558.92)	(100.00%)
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,249,944,666.50</b>	<b>3,565,657,407.64</b>	<b>(1,315,712,741.14)</b>	<b>(36.90%)</b>
<b>TOTAL ASSETS</b>	<b>86,432,419,695.08</b>	<b>86,238,195,373.30</b>	<b>194,224,321.78</b>	<b>0.23%</b>
PAYABLE ACCOUNTS	56,358,934,369.93	56,396,557,030.30	(37,622,660.37)	(0.07%)
LOANS PAYABLE	50,013,758,663.70	11,924,604,482.77	38,089,154,180.93	319.42%
INTER-AGENCY PAYABLES	74,542,957,497.32	73,369,226,689.98	1,173,730,807.34	1.60%
INTRA-AGENCY PAYABLES	56,395,293,520.55	57,214,034,764.52	(818,741,243.97)	(1.43%)
OTHER LIABILITY ACCOUNTS	1,015,964,595.85	1,028,321,713.39	(12,357,117.54)	(1.20%)
<b>TOTAL CURRENT LIABILITIES</b>	<b>238,326,908,647.35</b>	<b>199,932,744,680.96</b>	<b>38,394,163,966.39</b>	<b>19.20%</b>
LOANS PAYABLE	-	38,089,154,180.93	(38,089,154,180.93)	(100.00%)
DEFERRED CREDITS	864,367,676.30	934,391,369.12	(70,023,692.82)	(7.49%)
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>864,367,676.30</b>	<b>39,023,545,550.05</b>	<b>(38,159,177,873.75)</b>	<b>(97.79%)</b>
<b>TOTAL LIABILITIES</b>	<b>239,191,276,323.65</b>	<b>238,956,290,231.01</b>	<b>234,986,092.64</b>	<b>0.10%</b>
EQUITY	(152,758,856,628.57)	(152,718,094,857.71)	(40,761,770.86)	0.03%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>86,432,419,695.08</b>	<b>86,238,195,373.30</b>	<b>194,224,321.78</b>	<b>0.23%</b>

**Schedule of Cash Advances/Replenishments Granted to MDOs**

<b>Date</b>	<b>Check No.</b>	<b>Accountable Officer</b>	<b>Particulars</b>	<b>Amount</b>
<b><u>NFA-NEPO:</u></b>				
03/04/2019	513004	Kay Ann Navarro	Initial Cash Advance CPF Re: As Mobile Disbursing Officer for Palay Procurement	₱ 3,000,000
03/05/2019	513010		Replenishment of Cash Advances under account CPF	2,918,102
03/07/2019	513020			2,281,602
03/08/2019	513024			2,361,275
03/08/2019	513026			2,404,525
03/11/2019	513029			2,985,635
	513034			2,580,609
	513035			2,492,103
03/13/2019	513038			2,624,845
03/14/2019	513044			2,232,044
	513051			2,340,290
03/15/2019	513057			2,303,770
03/18/2019	513065			2,901,400
03/19/2019	513074			2,902,297
03/20/2019	513083			2,401,980
	513092			2,349,064
03/21/2019	513101			2,820,271
03/22/2019	513117			2,841,527
03/25/2019	513124			2,959,405
03/26/2019	513133			2,883,354
03/27/2019	513150			2,939,881
03/28/2019	513167			2,870,213
03/29/2019	513180			2,820,365
04/01/2019	513196			2,960,297
04/02/2019	203919			2,829,945
04/04/2019	203931			2,946,854
04/04/2019	531206			2,918,294
04/05/2019	531213			2,940,045
04/08/2019	531228			2,808,572
04/10/2019	531234			2,994,987
04/11/2019	531238			2,528,470
04/12/2019	531243			2,527,054
	531251			2,733,536
	531252			2,850,665
04/15/2019	531256			2,668,807
04/16/2019	531273			2,972,292
04/22/2019	531285			2,740,486
	531292			2,673,545

Date	Check No.	Accountable Officer	Particulars	Amount
04/24/2019	531296			2,986,880
04/25/2019	531301			2,982,047
04/26/2019	531314			2,864,471
	531318			2,647,118
04/29/2019	531328			2,961,665
	531335			2,814,363
04/30/2019	531344			2,980,039
	531357			2,951,420
05/06/2019	531370			2,833,586
	531380			2,904,795
05/09/2019	531409			2,962,102
05/10/2019	531428			2,949,529
	531433			2,887,861
05/17/2019	531471			2,826,391
05/24/2019	531510			2,922,509
05/30/2019	531525			2,905,729
	531557			2,639,373
05/31/2019	531569			2,941,851
	531576			2,714,492
06/06/2019	531621			2,769,103
06/07/2019	531645			2,845,301
06/10/2019	531666			2,819,193
06/14/2019	531688			2,973,225
06/19/2019	531697			2,729,724
06/20/2019	531700			2,689,037
06/27/2019	531714			2,982,340
10/10/2019	531898			2,817,272
10/14/2019	531932			2,637,492
10/16/2019	531951			2,437,482
10/18/2019	531971			2,301,839
10/21/2019	531984			2,950,342
10/23/2019	532002			2,682,293
10/28/2019	532039			2,999,977
10/29/2019	532045			2,831,946
10/31/2019	532065			2,882,183
11/06/2019	532095			2,896,783
11/08/2019	532117			2,466,476
11/11/2019	532129			2,923,677
11/13/2019	532150			2,591,839
11/14/2019	532156			2,928,989

Date	Check No.	Accountable Officer	Particulars	Amount
03/19/2019	513077	Rowena Cerin	Initial Cash Advance CPF Re: As Mobile Disbursing Officer for Palay Procurement	3,000,000
03/20/2019	513088		Replenishment of Cash Advances under account CPF	2,514,901
03/21/2019	513099			2,694,740
03/22/2019	513110			2,908,325
03/25/2019	513123			2,395,896
	513125			2,683,129
03/26/2019	513140			2,863,813
03/28/2019	513156			2,901,052
03/28/2019	513170			2,942,041
04/01/2019	513197			2,540,607
04/03/2019	203925			2,846,736
	203929			2,844,552
04/05/2019	531210			2,918,211
	531215			2,232,445
04/08/2019	531221			2,993,694
04/10/2019	531231			2,931,555
04/11/2019	531240			2,985,072
04/12/2019	531248			2,836,936
	531254			2,376,873
04/15/2019	531266			2,833,353
04/22/2019	531289			2,956,595
04/24/2019	531299			2,657,512
04/25/2019	531306			2,976,136
04/26/2019	531309			2,950,266
	531317			2,861,957
04/29/2019	531330			2,849,961
04/30/2019	531340			2,981,121
	531346			2,887,189
	531358			2,788,572
05/06/2019	531375			2,880,161
	531385			2,880,368
05/07/2019	531393			2,957,903
05/09/2019	531408			2,925,849
	531418			2,806,092
05/16/2019	531446			2,788,916
05/17/2019	531470			2,972,439
05/21/2019	531483			2,935,455
05/24/2019	531508			2,887,833
05/30/2019	531524			2,975,487

## ANNEX B

Date	Check No.	Accountable Officer	Particulars	Amount
06/06/2019	531620			2,900,241
06/14/2019	531689			2,960,994
06/19/2019	531698			2,728,920
06/27/2019	531717			2,737,282
10/07/2019	531871			2,994,642
10/10/2019	531899			2,986,552
10/14/2019	531916			2,943,178
10/15/2019	531948			2,867,795
10/17/2019	531964			2,918,728
10/18/2019	531973			2,812,365
10/21/2019	531978			2,858,688
10/22/2019	531991			2,647,540
10/23/2019	532001			2,625,593
10/24/2019	532010			2,836,697
10/29/2019	532049			2,824,182
10/30/2019	532059			2,476,326
10/31/2019	532067			2,786,401
11/07/2019	532104			2,837,086
11/08/2019	532111			2,834,009
11/11/2019	532127			2,975,058
11/13/2019	532149			2,569,931
11/14/2019	532158			2,661,504
<b>Sub-Total</b>				<b>388,088,594</b>
<b>NFA-APO:</b>				
04/29/2019	258656	Jessary S. Go	CA-RE: Mobile Disbursing Officer (CPF) at NFA-Casiguran	1,000,000
05/06/2019	258675		CA-RE: Mobile Disbursing Officer (CPF) at Casiguran, Aurora	2,000,000
<b>Sub-Total</b>				<b>3,000,000</b>
<b>Grand Total</b>				<b>₱ 391,088,594.02</b>

**National Food Authority**  
**Details and Status of Unsettled Audit Suspensions, Disallowances and Charges**  
As of December 31, 2019

## I. Notices of Suspension (NSs)

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
<b><u>Central Office</u></b>				
2018-001 (2015) 10/23/2018	Fund transfer to Bureau of Soils and Water Management (BSWM) for the NFA Corn Development Fund projects.	Renan B. Dalisay et. al.	3,011,360	Partially submitted documents evaluated. BSWM refunded the unexpended balance of the funds. Required narrative Report of the project is on-going.
2018-001 (2017) 1/17/2019	Liquidation of fund transfer from Department of Agriculture Bureau of Agriculture Research	Joh Robert R. Hermano, et.al.	327,382	Documents submitted for evaluation
2019-002 (2018) 9/30/2019	Payment of Ordinary Miscellaneous Expenses	Extra Atty. Ma. Theresa S. Villafuerte et.al	89,405	Documents submitted for Evaluation
2019-003 10/3/2019	Payment of Billing No. 1 covering the period February 12, 2018 to February 20, 2019 for the Construction of NFA Central Office Building	Progress Tomas R. Escarez et. al	94,897,363	Documents submitted evaluated. For issuance of Notice of Settlement on Audit Suspension.
CDF 2019-001 (2007-2018) 12/19/2019	Fund transfer to Philippine Maize Federation for the NFA Corn Development Fund Projects	Philippine Maize Federation	1,050,000	Settled 8/25/2020
			<b>99,375,510</b>	
<b><u>Region I</u></b>				
<b><u>RO</u></b>				
18-003-GOF(18)/ 10/09/2018	Payment of Supplies	Office PC4ME Stop Computer Corp	1,282	
18-004-GOF(18)/ 10/22/2018	Payment of Gift Check as Retirement Award	Frederick B. Dulay	10,000	
18-006-GOF(18)/ 11/12/2018	Procurement of two Mechanical Dryers	AgriComponent Corp.	1,919,192	
18-007-GOF(18)/ 11/16/2018	Payment of Leave	Terminal Maricel M. Ancheta	160,239	

18-008-GOF(18)/ 12/10/2018	Travelling Expenses	Rodolfo W. Corpuz	1,375
18-009-GOF(18)/ 12/10/2018	Liquidation Anniversary Allowance	of Victoria I. Mendoza Meal	17,500
18-008-GOF(18)/ 12/10/2018	Payment of supplies	Sonny Rey Rivera	434
18-011-GOF(18)/ 12/10/2018	Payment of Terminal Leave	Manuel C. Caloawa	85,206
			<b>2,195,228</b>
<b>La Union PO</b>			
18-003-GOF(18)/ 11/29/2018	Warehouse Rental-July 2018	Benemerito Rice Dealer/Miller	100,582
18-004-GOF(18)/ 11/29/2018	Warehouse Rental- August 2018	Benemerito Rice Dealer/Miller	135,567
18-005-GOF(18)/ 11/29/2018	Warehouse Rental- September 2018	Benemerito Rice Dealer/Miller	135,567
18-006-GOF(18)/ 11/29/2018	Warehouse Rental- October 2018	Benemerito Rice Dealer/Miller	135,567
18-007-GOF(18)/ 11/29/2018	Warehouse Rental- November 2018	Benemerito Rice Dealer/Miller	135,567
18-008-GOF(18)/ 11/29/2018	Liquidation Anniversary Allowance	of Maryline V. Laconsay Meal	15,000
			<b>657,850</b>
			<b>2,853,078</b>
<b>Region VII</b>			
No details provided	No details provided	No details provided	675,000 No details Provided
			<b>675,000</b>
<b>Region VIII</b>			
<b>RO</b>			
2015-10-07(2015)/ 10/13/2015	Purchase of Airline Ticket	Celedonio P. Mendoza Henry H. Tristeza Ali M. Villamor Eduard Jayson M. Conchada	68,633
2016-09-012/ 09/27/2016	Travelling Expenses	Celedonio P. Mendoza Henry H. Tristeza Talitha Thea B. Arpon Erah Syl D. Arcallana	14,445

2016-09-015/ 10/24/2016	Purchase of Office Supplies	Celedonio P. Mendoza Henry H. Tristeza Talitha Thea B. Arpon Erah Syl D. Arcallana	18,219
2019-01-01-001/ 1/15/2019	Purchase of Office Supplies	Celedonio P. Mendoza Henry H. Tristeza Talitha Thea B. Arpon Erah Syl D. Arcallana	381,180
			<b>482,477</b>
<b>Northern Leyte</b>			
2016-06-009(2016)/ 06/01/2016	Travelling Expenses	Zaldy C. Tan Guadelyn O. Esperancilla Eduard Jayson M. Conchada Valentino Tobilla	4,050
2017-10-005(2016)/ 10/23/2017	Payment of 100% billing for Concreting of Driveway Approach at Entrance	Zaldy C. Tan Eduard Jayson M. Conchada PEDAK Builders	89,148
2017-10-006(2016)/ 10/24/2017	First and Final payment for repair/rehabilitation of powerhouse at NFA, Palo, Leyte	Celedonio P. Mendoza Henry H. Tristeza Zaldy C. Tan Eduard Jayson M. Conchada Myrna L. Navales Mighty A's Construction and Hardware Supply	456,743
2019-11-010 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada	10,000
2019-11-008 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M.	10,000
2019-11-007 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000
2019-11-006 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000
2019-11-005 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000

2019-11-004 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000
2019-11-003 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000
2019-11-002 (2019) 11/20/2019	Payment of RATA	Zaldy C. Tan Guadelyn Esperancilla Eduard Jayson M. Conchada Conchada	10,000
			<b>629,941</b>
<b><u>Biliran</u></b>			
2017-04-002/ 06/08/2017	Rehabilitation of NFA roofing and building	Ma. Rosario G. Cadiz, et. al	156,959
2016-07-010/ 07/14/2016	Reimbursement supplies	of Martina O. Loder Alejandro T. Montejo Prima T. Juntilla	2,400
2016-07-009/ 07/14/2016	Labor expenses	Martina O. Loder Alejandro T. Montejo Manolo Sanora	1,200
2016-06-006/ 06/21/2016	Reimbursement supplies	of Martina O. Loder Alejandro T. Montejo Prima T. Juntilla	2,400
2015-05-001/ 05/17/2016	Travelling expenses	Martina O. Loder Alejandro T. Montejo	1,280
			<b>164,239</b>
			<b>1,276,657</b>
<b><u>Region IX</u></b>			
<b><u>Ipil PO</u></b>			
			598,072
			No details provided
			<b>598,072</b>
			<b>104,778,317</b>

## II. Notices of Disallowance (NDs)

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
<b><u>With CGS Cluster 5 Decision</u></b>				
<b><u>Head Office</u></b>				
10-02-101-05/ 05/17/10	Payment of salaries and allowances	DA; Department Managers - LAD and HRMD; and the payees.	183,604	With CGS Cluster 5 Decision No. 2018-041 dated Nov. 20, 2018, with modification and this decision is final.

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
12-02-501 (11 & 12)/ 11/7/12	Payment of Honoraria CYs 2011-2012	Administrator and various NFA officials and employees as payees.	507,998	With CGS Decision No. 2015-017 dated Dec. 8, 2015, denying the Appeal.
12-01-501 (11 & 12)/ 10/19/12	Payment of Honoraria CYs 2011-2012.	Administrator, Assistant Administrator (AA), DA, Special Assistant; Department Manager, Assistant Director, Division Chief - ASD; and Payee Department Manager – GMOD.	98,845	With CGS-C5 Decision No. 2015- 004 dated Jan. 1, 2015, denying the Appeal with re- computation. Partially settled amounting to P47,631.55.
14-01-501 (2012)/ 02/3/14	Payment of Food and Grocery Incentives (FGI) CY 2012	Deputy Administrator (DA) and various NFA officials and employees as payees.	13,275,000	With CGS-C5 Decision No. 2015- 018 dated Dec. 9, 2018, denying the Appeal.
			<b>14,065,447</b>	
<b><u>NCR</u></b>				
<b><u>RO</u></b>				
14-01-501(12)/ 01/24/14	Payment of FGI CY 2012	Reg. Manager (RM), Reg. Accountant and various NFA officials & employees as payees	3,411,493	ND was affirmed under CGS-5 Decision No. 2015- 018 dated Dec. 9, 2015. With partial settlement of 63,047.
2015-03- 501(2010)/NCR/ CPO/ 01/27/15	Payment of FGI CY 2010	RM, Accountant, AO, and various NFA officials and employees as payees	3,340,000	-do-
2015-02- 501(2011)/NCR/ CPO/ 01/27/15	Payment of FGI CY 2011	RM, Assistant RM, SAS and various NFA officials and employees	3,635,000	-do-
<b><u>NDO</u></b>				
2014-002 (2010)/ 12/18/14	Payment of FGI CY 2010	PM, Assistant PM, SAS, AO, and various NFA officials and employees as payees	3,500,000	With COA Decision No. CGS-5 2015-018 dated 12/9/15, denying the appeal and affirming the disallowances.
2014-003 (2011)/ 12/18/14	Payment of FGI CY 2011	PM, Assistant PM, SAS, AO and various NFA officials and employees as payees	3,450,000	-do-

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2014-004 (2008)/ 12/18/14	Payment of FGI CY 2008	PM, Assistant PM, SAS, AO and various NFA officials and employees as payees	2,850,000	-do-
<b><u>EDO</u></b>				
14-01-001 (2012)/ 02/14/14	Payment of FGI CY 2012	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees	1,088,766	ND was affirmed under CGS-5 Decision No. 2015- 003 dated Jan. 27, 2015. ND was partially settled amounting to P271,233 as of 12/31/2019
<b><u>Batanes PU</u></b>				
2015-01- 501(2010)/BPU/ 01/28/15	Payment of FGI	OIC, Acting Accountant and various NFA officials and employees as payees	200,000	With CGS-5 Decision No. 2016- 004 dated April 28, 2016.
			<b>21,475,719</b>	
<b><u>Region III</u></b>				
<b><u>Aurora PO</u></b>				
2014-001(2012)/ 06/30/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	660,000	With Decision No. 2015-018 dated December 9, 2015.
			<b>660,000</b>	
<b><u>Region IV-A</u></b>				
<b><u>Quezon PO</u></b>				
12-001(08)/ 07/17/12	Payment of FGI CY 2008	Various NFA officials and employees	615,000	Issued a Supplemental Notice of Disallowance, to the NFA Council dated July 8, 2019 sent thru registered mail on July 26, 2019.
12-002(09)/ 07/18/12	Payment of FGI CY 2009	Various NFA officials and employees	580,000	Motion for reconsideration was denied per
12-003(11)/ 07/19/12	Payment of FGI CY 2011	Various NFA officials and employees	640,000	Commission Proper (CP) en banc resolution dated November 25, 2019 under COA CP Case No. 2014-461 which denied the motion for reconsideration for failure to raise new

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
				matters and show sufficient ground to justify a reconsideration of the assailed decision.
			<b>1,835,000</b>	
<b><u>Region V</u></b>				
<b><u>Albay PO</u></b>				
14-001-GOF-(12)/9/05/14	Payment of FGI	PM and various NFA officials and employees as payees	930,000	With COA CGS 5 Decision No. 2015-018 dated 12/9/2015 denying the appeal and disallowance was affirmed.
<b><u>Catanduanes PO</u></b>				
14-001-101-(12)/05/23/14	Payment of FGI	PM and various NFA officials and employees as payees	440,000	With COA CP Decision No. 2016-434 dated 12/27/2016 denying the motion for reconsideration and affirming the disallowance.
<b><u>Sorsogon PO</u></b>				
2014-09-001/09/11/14	Payment of FGI	PM, SAS, Cashier and various NFA officials and employees as payees	630,000	With COA Decision No. 2015-018 dated 12/9/2018 denying the appeal and affirming the disallowance.
<b><u>Camarines Sur PO</u></b>				
14-001-101-(12)/05/23/14	Payment of FGI	PM, Assistant PM, SAS, AO and various NFA officials and employees	336,873	With COA Decision No. 2015-018 dated 12/9/2018. With partial settlement amounting to P609,672 in CY 2018.
<b><u>Camarines Norte PO</u></b>				
14-001-101-(12)/05/23/14	Payment of FGI	PM and various NFA officials and employees	410,000	With COA CGS 5 Decision No. 2015-018 dated 12/8/2015 denying the appeal and affirming disallowance.
<b><u>Masbate PO</u></b>				

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2012-05-001(11)/ 05/21/12	Payment of FGI for CY 2011	PM, SAS, AO and various NFA officials and employees as payees.	440,000	With COA Decision No. 2016-434 dated December 27, 2016. With Supplemental ND No. 2017- 001(GOF)(11) . With pending appeal of ASEC Soledad Emilia J. Cruz Department of Finance date July 8, 2018.
14-001-101-(12)/ 05/23/14	Payment of FGI for CY 2011	PM, SAS, AO and various NFA officials and employees as payees	480,000	With COA CGS 5 Decision No. 2015- 018 dated 12/9/2015 denying appeal and affirming disallowance. With pending appeal with the Commission Proper.
			<b>3,666,873</b>	

**Region VI  
RO**

14-001-GOF (2012)/ 09/9/14	Payment of FGI CY 2012	No details provided.	625,000	With CGS-5 Decision No. 2015- 018 dated Dec. 9, 2015. Decision received by the Appellants on 1/28/16.
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**Capiz PO**

14-001-GOF-(2010)/ 09/9/14	Payment of FGI CY 2010	PM, SAS, and various NFA officials and employees as payees	880,000	With CGS 5 Decision No. 2015- 018 dated Dec. 9, 2015. Decision received by the Appellants on 1/29/16.
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14-002-GOF-(2011)/ 09/9/14	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees as payees	920,000	-do-
14-003-GOF-(2012)/ 09/9/14	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees as payees	880,000	-do-

**Negros Occidental PO**

ND No. 2014-001 (2010)/	Payment of FGI CY 2010	Assistant PM, SAS, and various NFA	910,000	With CGS 5 Decision No. 2015-
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**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
06/30/14		officials and employees as payees		018 dated Dec. 9, 2015. Decision received by the Appellants on 3/17/16.
ND No. 2014-001 (2011)/ 06/30/14	Payment of FGI CY 2011	Assistant PM, SAS, and various NFA officials and employees as payees	940,000	-do-
ND No. 2014-001 (2012)/ 06/30/14	Payment of FGI CY 2012	Assistant PM, SAS, and various NFA officials and employees as payees	920,000	-do-
			<b>6,075,000</b>	
			<b>47,778,039</b>	
<b>With Notice of Finality</b>				
<b>HO</b>				
18-002 (2012-2015)/1/17/2018	Reimbursement and liquidation of expenses under IRPEP	Tessie Osuna, et. al.	10,634	With NFD No. 18-001 (2012-2015)
<b>NCR</b>				
<b>CDO</b>				
14-01-788-03-(12)/ 05/6/14	Payment of FGI CY 2012	Provincial Manager (PM), Accountant and various NFA officials and employees as payees	1,722,538	With Notice of Finality of Decision (NFD) dated 12/5/16 and COA Order of Execution (COE) No. 2017-002 dated 1/3/17. ND was partially settled amounting to P297,461
			<b>1,733,172</b>	
<b>Region IV-A</b>				
<b>Batangas PO</b>				
2010-01-(2008)/ 01/7/10	Payment of FGI CY 2008	PM, Assistant PM and various NFA officials and employees, as payees.	490,000	With NFD and COE but with Supreme Court Decision dated May 31, 2016 that NFA employees need not refund the FGI for the year 2009.
				With partial settlement of in CY 2019
<b>Laguna PO</b>				

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2011-005 (2010) 7/24/2011	Payment of FGI CY 2010	PM, SAS and various NFA officials and employees, as payees.	700,000	With NFD No. 2019- 171 dated April 2, 2019
2011-001 (2009) 7/24/2011	Payment of FGI CY 2009	PM, SAS and various NFA officials and employees, as payees.	680,000	With NFD No. 2019- 171 dated April 2, 2019
			<b>1,870,000</b>	
<b>Region IV-B</b>				
<b>Calapan Oriental Mindoro</b>				
13-001-GOF(12)/ 10/25/13	Payment of FGI CY 2012	Various NFA officials and employees	60,350	With NFD and partial settlement of P177,430 in CY 2018.
<b>Mamburao PO</b>				
2009-002-101/ 01/7/10	Payment of FGI CY 2009	Various NFA officials and employees	740,000	With NFD served to management on April 26, 2018
			<b>800,350</b>	
<b>Region IX</b>				
<b><u>Ipil PO</u></b>				
11-001-101(10)/ 02/4/11	Payment of FGI	PM, SAS, Cashier, and various NFA officials and employees.	480,000	With NFD dated 3/20/15.
11-002-101(10)/ 02/11/11	CNAI	Various NFA officials and employees.	284,587	With NFD dated 3/20/15. Salary deduction started March 2015.
11-004-101(10)/ 04/19/11	Travelling allowance	SAS and PRLO	160	PRLO retired. With NFD dated 3/20/15.
<b><u>Zamboanga del Norte PO</u></b>				
12-005 GOE 1005(12)/ 05/15/12	CNAI	Various NFA officials and employees	13,000	NFDs were already issued and received by the persons liable on Jan. 6, 2015.
12-004 GOE 1005(10)/ 05/28/12	CNAI	Various NFA officials and employees	15,000	Issued NFDs which was received by persons liable either by personal service or through registered mail.
12-004 GOE 1012(10)/ 09/22/12	Cash advance for travel	Various NFA officials and employees	13,000	Issued NFDs which was received by persons liable either by personal service or through registered mail.

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
13-001 GOE 1212(12)/ 01/4/13	Payment of FGI	Various NFA officials and employees	60,000	Issued NFDs which was received by persons liable either by personal service or through registered mail.
13-002 GOE 1212(12)/ 01/11/13	Payment of FGI	No details	570,000	Issued NFDs which was received by persons liable either by personal service or through registered mail.
<b><u>Zamboanga del Sur PO</u></b>				
2012-01-(2010-2011)/ 12/3/12	Payment of FGI	PM, SAS and various NFA officials and employees as payees.	1,720,000	With Notice of Finality of Decision dated Sept. 29, 2015.
			<b>3,155,747</b>	
<b><u>CARAGA</u></b>				
<b><u>Surigao del Norte</u></b>				
10-01-101-(10)/ 09/9/10	Payment of FGI	Florife C. Alatraca, et. al	259,000	With NFD and partial settlement of P341,000 in CY 2018
12-001-GOF-(11)/ 06/27/12	Payment of FGI	Eriberto V. Atibagos, et. al	640,000	With NFD No. 2019- 020 dated January 17, 2019 received by management on 2/13/19.
2014-01(12)/ 02/6/14	Payment of FGI	PM, SAS and various officials and employees.	560,000	SC issued en banc notice dated 6/3/16- GR Nos. 217818 et. al dated May 31, 2016 and NFA SDN need not refund.
<b><u>Surigao del Sur</u></b>				
11-001-111 02GOF (09)(10)/ 03/30/11	Payment of FGI	Various NFA officials and employees	593,825.	With NFD from the Commission Proper Adjudication Secretariat Support Services Sector. With partial settlement of P171,000 in CY 2018.
12-001-1111 02GOF-(11) 4/10/2012	Payment of FGI	Sebastian R. Solano et.al.	440,000	With NFD dated October 7, 2015 With partial settlement of P60,000 in CY 2018.
			<b>2,492,825</b>	
			<b>10,052,094</b>	
<b>With COE</b>				

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
<b><u>Batangas PO</u></b>			27,055	No Details provided
<b><u>Palawan PO</u></b>				
09-001-101 (09)/ 12/28/09	Payment of FGI CY 2008	RM, PM, SAS and various NFA officials and employees as payees	253,570	With COE dated 3/19/12. Partially settled.
2011-001 (2009)/ 09/6/11	Payment of FGI CY 2009	PM, SAS and various NFA officials and employees as payees	178,688	With Motion to set aside COE implementation; Answer to Appeal submitted per Director's Order; With partial settlement of P139,277 in CY 2016
2011-002 (2010)/ 10/26/11	Payment of FGI CY 2010	PM, SAS and various NFA officials and employees as payees	254,279	With COE. With partial settlement of P5,000 in CY 2018.
14-01-788-03(12)	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees	1,722,538	With COE dated 1/3/2017. Partially settled.
			<b>2,436,130</b>	
<b>With Appeal filed/Unsettled/With Partial Payment</b>				
<b><u>HO</u></b>				
17-002(2015-2016) 11/29/2017	Travelling Expenses of NFA-EA	Roman M. Sanches, et. al.	489,199	With Appeal.
18-001 (14)/ 1/16/2018	Reimbursement of meal expenses	Francis Pangilinan, et. Al.	403,720	With Appeal.
18-003 (2016)/ 7/5/2018	Payment of GHIP, GAIP and EHCP	Ludovico J. Jarina, et. al.	2,373,280	With Appeal.
18-004(11/12)/ 8/23/18	Payment of Honoraria CYs 2011-2012.	Administrator, Assistant Administrator (AA), DA, Special Assistant; Department Manager, Assistant Director, Division Chief - ASD; and Payee Department Manager – GMODD	37,612	
ND No. 2019-001 (2018) 12/27/2019	Liquidated Damages	Deputy Administrator, Department Manager ASD ,	66,860	Within the appeal period

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
		Department Manager GSD, Payee		
			<b>3,370,671</b>	
<b><u>NCR</u></b>				
2018-01-2016 10/26/2018	Group Hospitalization Insurance Program (GHIP) and Group Accident Insurance Program (GAIP) – NFA-NCR		1,741,160	With Appeal
2019-001 10/28/2019	Travel Expenses – NFAEA Officer		11,000	Within the appeal period.
<b><u>CDO</u></b>				
17-001(2015) 3/29/17	Rice allowance	NFA Council Members	13,810	Unsettled as of 12/31/17.
16-01-(2010)/ 2/26/16		Marciano A. Alvarez, et al.	2,280,000	With Petition for Review dated Dec. 27, 2016
16-02 (2008) 2/26/16		Marciano A. Alvarez, et.al	1,955,000	-do-
<b><u>NDO</u></b>				
2014-001 (2012)/ 02/20/14	Payment of FGI CY 2012	PM, Assistant PM, Senior Accounting Specialist (SAS), Administrative Officer (AO) and various NFA officials and employees as payees	3,340,000	Under Appeal.
2019-002/ 8/14/2019	Travelling expenses	Assistant PM, SAS, and la Laborer	26,579	Within the appeal period
2019-001/ 8/14/19	Travelling Expenses	PM, Asst. PM, Administrative Officer, SAS, Accounting Clerk, Laborer	13,783	Under Appeal
<b><u>EDO</u></b>				
14-01-002 (2010)/ 12/18/14	Payment of FGI CY 2010	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees.	1,340,000	With Petition for Review per COA CP Case No. 2016- 967 dated Oct. 18, 2016.
14-01-003 (2011)/ 12/18/14	Payment of FGI CY 2011	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and	1,460,000	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
		employees as payees.		
14-01-004 (2009)/ 12/18/14	Payment of FGI CY 2009	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees.	1,380,000	-do-
<b><u>SDO</u></b>				
2014-001 (2012)/ 05/15/14	Payment of FGI CY 2012	PM, Assistant PM, SAS, and various NFA officials and employees as payees.	1,100,000	Petition for review submitted to CP on Feb. 12, 2015.
			<b>14,661,332</b>	
<b>CAR</b>				
<b><u>Benquet PO</u></b>				
BPO-14-01-(2013)/ 01/24/14	FGI Incentives 2012	CY PM, SAS, and various NFA officials and employees as payees.	414,000	With Petition for Review.
<b><u>Ifugao PO</u></b>				
2014-01-101/ 03/31/14	Payment of FGI	PM, SAS, and various NFA officials and employees as payees	300,000	ND was affirmed under CGS-5 Decision No. 2015- 018 dated Dec. 9, 2015.  With Petition for Review before the COA Commission Proper.
<b><u>Kalinga PO</u></b>				
2014-01-101/ 03/31/14	Payment of FGI	PM, SAS, and various NFA officials and employees as payees	545,000	ND was affirmed under CGS-5 Decision No. 2015- 001 dated 1/8/15.  With Petition for Review before the Commission Proper.
<b><u>Mt. Province PO</u></b>				
2014-01-101	Payment of FGI	PM, SAS, and various NFA officials and employees as payees	240,000	ND was affirmed under CGS-5 Decision No. 2015- 018 dated Dec. 09, 2015.  With Petition for Review before the Commission Proper.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
			<b>1,499,000</b>	
<b>Region I</b>				
<b>RO</b>				
14-001-106(2012)/ 02/10/14	Payment of FGI CY 2012	RM, SAS and various NFA officials and employees as payees	610,000	With Petition for Review before the Commission Proper.
15-003-106(2014)/ 08/10/15	Result of technical evaluation	Various NFA officials/employees and supplier.	69,857	Under Appeal.
16-001-106(2015)/ 1/07/16	Payment of 2015 GHIP	The New India Assurance Company LTD as payee/payor	536,005	Under Appeal.
16-003-106(2015)/ 5/27/16	Result of technical evaluation	H.G. Lopez Construction as payee/payor	146,495	Under Appeal
17-001-106(2016) 1/11/17	Understated Liquidated Damages	Tarlac Mac Enterprises/Supplier ; Carlito G. Co, Virginia S. Mariano and Engr. Jonathan U. Corpuz	1,273	Unsettled as of 12/31/19
17-003-106(2016) 1/25/17	CY 2016 GHIP Premiums of Regular Members	Marietta J. Ablaza, Virginia S. Mariano and Leonora V. Cabanban	47,010	Under Appeal
17-004-106(2016) 5/25/17	Familiarization Allowance	Marietta J. Ablaza, Rolando S. Rufo and Virginia S. Mariano	12,000	Under Appeal
17-005-106(2016) 5/25/17	Familiarization Allowance	Shoreen Maglinong, Marietta J. Ablaza and Virginia S. Mariano	5,600	Under Appeal
17-006-106(2016) 5/25/17	Familiarization Allowance	Margie Frialde, Marietta J. Ablaza and Virginia S. Mariano	5,600	Under Appeal
18-001-106(2017)/ 01/08/2018	2017 GHIP Premiums	No details provided	71,625	Under Appeal
18-001-GOF(18)/ 05/16/2018	2018 GHIP Premiums	No details provided	350,700	Under Appeal
18-002-GOF(18)/ 10/08/2018	2018 GAIP Premiums	No details provided	6,320	
18-003-GOF(18)/ 11/12/2018	Personnel Development Award	Novelyn Marcelino	5,000	

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
18-004-GOF(18)/ 11/12/2018	Excessive Travelling Expense	John McClein V. Valdez	800	
18-005-GOF(18)/ 11/12/2018	Excessive Travelling Expense	Victor Dalton de Castro	800	
			<b>1,869,085</b>	
<b>La Union PO</b>				
14-001-106(2012)/ 02/10/14	Payment of FGI	PM, SAS and various NFA officials and employees as payees	620,000	With COA CP Decision No. 2016- 461 dated Dec. 28, 2016. A Motion for Reconsideration was subsequently filed.
17-001-106(2016) 2/10/17	CY 2016 GHIP Premiums of Regular Members	Engr. Fortunato B. Bulao, Roycee Charisse P. Ranjo, Anabelle T. Coloma and Divinagracia O. Antolin	81,996	Petition for Review
17-005-106(2017) 7/20/17	Familiarization Allowance	Miljoy D. Melendez, Engr. Fortunato B. Bulao and Royce Charisse P. Ranjo	5,700	Under Appeal
18-001-106(2017)/ 01/09/2018	2017 GHIP Premiums	No details provided	97,979	Petition for Review
18-001-GOF(18)/ 05/16/2018	Renewal of Driver's License	Robert O. Bendaña	653	
18-004-GOF(18)/ 10/01/2018	Travelling Expenses	Loreto Jacinto and Editho Berber	28,241	
18-005-GOF(18)/ 10/01/2018	Travelling Expenses	James Albert Biason and Joemer T. Tendido	6,720	
			<b>841,289</b>	
<b>Ilocos Norte PO</b>				
14-001-106 (2012)/ 02/10/14	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees	720,000	With Petition for Review.
17-001-GOE-(16) 4/17/17	Group Health Insurance Program (GHIP)	NFA Officials and Employees	59,147	Under Appeal
17-002-GOE 12/6/17	Group Health Insurance Program (GHIP)	NFA Officials and Employees	71,442	Under Appeal
			<b>850,589</b>	

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
<b><u>Ilocos Sur PO</u></b>				
14-001-106 (2012)/ 02/10/14	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees	580,000	Under Appeal to SC
17-01-GOE(2016) 3/25/17	Group Health Insurance Program (GHIP)	NFA-ISPO Employees	44,072	Under Appeal
17-02-GOE(2016) 3/13/17	Various Unnecessary Expenses incurred in the re-transfer of stocks	Beverlyn P. Peralta and Fortunato B. Bulao	12,734	Under Appeal
17-04-GOE-(17) 12/4/17	2017 Group Health Insurance Program (GHIP)	Beverlyn P. Peralta, et. al	55,794	Under Appeal
17-03-GOE 7/3/2017	Familiarization Allowance	Elizabeth T. Kai	5,600	Petition for Review
			<b>698,200</b>	
<b><u>Abra PO</u></b>				
14-001-106 (2012)/ 02/10/14	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees	260,000	Under Appeal to SC.
17-01-GOE(2016) 3/13/17	Group Health Insurance Program (GHIP)	NFA-APO Employees	11,182	Under Appeal.
17-02-GOE(2016) 5/18/17	Familiarization Allowance	Ligaya M. Apolinario	5,600	Under Appeal.
17-03-GOE (16) 7/31/17	Payment of Medicine Expenses	Ligaya M. Apolinario, et. al	10,800	Settled but NSSDC was issued on January 2019.
17-04-GOE (17) 12/4/17	Group Health Insurance Program (GHIP)	Vera Lew D.G De Vera, et. al	21,316	Under Appeal
			<b>308,898</b>	
<b><u>Western Pangasinan PO</u></b>				
2014-001(2012) 2/5/14	2012 FGI	Officers and Employees of Western Pangasinan Provincial Office	760,000	Under Appeal.
2017-001(2016) 3/25/2017	CY2016 GHIP Premiums of Regular Members	Officers and Employees of Western Pangasinan Provincial Office	83,458	Under Appeal.
			<b>843,458</b>	
<b><u>Eastern Pangasinan PO</u></b>				
2014-001(2012) 02/4/14	2012 FGI	Officers and Employees of	800,000	Under Appeal.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-001(2016) 3/25/17	CY 2016 GHIP Premiums of Regular Members	Eastern Pangasinan Provincial Office Officers and Employees of Eastern Pangasinan Provincial Office	68,518	Under Appeal
			<b>868,518</b>	
			<b>6,280,037</b>	
<b>Region II</b>				
<b>RO</b>				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	RM, Accountant, Budget Officer and various NFA officials and employees as payees.	643,000	With Petition for Review; With partial settlement of P2,000 in CY 2018.
2018-009(17)/ 5/29/2018	Payment of GHIP premiums	RM, SAS, and other NFA officials and employees as payees.	1,558,253	Under Appeal.
2018-007(17) and 2018-001(18) both dated 5/29/2018	Transportation Allowance	RM Mario M. Gonzales	112,818	Under Appeal.
18-02(2018)/ 8/31/2018	Transportation Allowance	RM Mario M. Gonzales	17,000	
18-08(2017)/ 5/22/2018	Transportation Allowance	Asst. RM Leslie M. Martinez	17,783	No Appeal.
18-03(2017)/ 5/8/2018	Liquidated Damages	MIG Aggregates Const.	60,402	
18-04(2017)/ 5/8/2018	Liquidated Damages	MIG Aggregates Const.	22,678	
			<b>2,431,934</b>	
<b>Isabela PO</b>				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees.	1,583,500	With Petition for Review; With partial settlement of P76,500 in CY 2018.
			<b>1,583,500</b>	
<b>Nueva Vizcaya PO</b>				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	560,000	Under Appeal.
			<b>560,000</b>	
<b>Quirino PO</b>				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials	490,000	Filed Motion for Reconsideration

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2018-01(17)/ 7/30/2018	Forced Leave	and employees as payees.	2,735	with the CP.
2018-02(17)/ 7/30/2018	Forced Leave	Teresita S. Morales	6,278	
2018-03(17)/ 8/15/2018	Forced Leave	Luthgardo M. Sagnip	6,799	
2018-04(17)/ 8/15/2018	Forced Leave	Evelyn C. Molina	1,809	
		Encarnacion C. Avila		
			<b>507,621</b>	
<b><u>Cagayan PO</u></b>				
2010-001(04)/ 01/18/10	Understated liquidated damages on the delay incurred by Avery Philippines, Inc. in the completion of its contract	PM, SAS, Plant Engineer, and payee	88,977	With partial settlement of P44,789 in CY 2018.
2014-01-101(12)/ 03/31/14	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees as payees	985,000	Under Appeal.
			<b>1,073,977</b>	
<b><u>Allacapan PO</u></b>				
2014-01-101(12)/ 0 4/1/14	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees as payees	803,000	Under Appeal.
			<b>803,000</b>	
			<b>6,960,032</b>	
<b><u>Region III RO</u></b>				
2014-001(2012)/ 06/30/14	Payment of FGI CY 2012	RM, Accountant, AO, Cashier and various NFA officials and employees as payees	780,153	Under Appeal.
<b><u>Nueva Ecija PO</u></b>				
2014-001(2012)/ 06/30/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees	2,180,000	With Petition for Review before the COA Commission Proper
16-001-CPF-(15) 7/11/16	Payment for procurement palay	for Various NFA officials and employees	85,151	Under Appeal
16-002-CPF-(15) 7/11/16	Payment for procurement palay	for Various NFA officials and employees	121,686	Under Appeal

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
16-003-CPF-(15) 7/11/16	Payment for procurement palay	Various NFA officials and employees	155,228	Under Appeal
<b><u>Bataan PO</u></b>				
ND 2014-001(2012)/ 05/16/14	Payment of FGI CY 2012	Various NFA officials and employees	540,000	Under Appeal.
<b><u>Zambales PO</u></b>				
2014-001(2012)/ 05/16/14	Payment of FGI CY 2012	Various NFA officials and employees	640,000	Under Appeal.
19-01-(190) 7/9/2019	Excessive payment of salaries	Aicel M. Bisco	5,143	Within the appeal period
19-02-(19) 8/27/2019	Excessive payment of salaries	Aicel M. Bisco	3,381	-do-
<b><u>Tarlac PO</u></b>				
2014-001(2012)/ 05/16/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	1,040,000	With Decision No. CGS-5-2015-018 denying the appeal. With Petition for Review before the COA CP.
2014-002(2012)/ 07/7/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	1,040,000	-do-
<b><u>Pampanga PO</u></b>				
2014-001(2012)/ 05/16/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	820,000	With Decision No. CGS-5-2015-018, denying the appeal. With Petition for Review before the COA CP.
<b><u>Bulacan PO</u></b>				
2014-001(2-12)/ 06/27/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees.	1,615,000	Under Appeal.
			<b>9,025,742</b>	
<b>Region IV-A</b>				
<b>RO</b>				
2011-01-(2010)/ 10/12/11	Payment of FGI CY 2010	RM, Regional Accountant and various NFA officials and employees as payees.	179,500	The outstanding balance pertains to receivables from eight retired and one resigned employees. Demand letters were sent to the resigned/retired employees

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2012-01-(2011)/ 05/7/12	Payment of FGI CY 2011	RM, Regional Accountant and various NFA officials and employees as payees.	760,000	Under Appeal.
2013-01-(2012)/ 04/12/13	Payment of FGI CY 2012	RM, Regional Accountant and various NFA officials and employees as payees.	705,000	With COA Decision No. 2016-437 dated Dec. 12, 2016 which affirmed ND No. 2013-001 (2012).  With petition for Certiorari in the SC.
			<b>1,644,500</b>	
<b>Batangas PO</b>				
2013-02-(2012)/ 04/12/13	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees as payees.	1,080,000	With Petition for Review before the COA Commission Proper.
2015-001(2010)/ 08/25/15	Payment of FGI CY 2010	Various NFA officials and employees.	1,160,000	-do-
2015-002(2011)/ 08/25/15	Payment of FGI CY 2011	Various NFA officials and employees.	1,160,000	-do-
			<b>3,400,000</b>	
<b>Laguna PO</b>				
2013-003 (2012) 9/29/2013	Payment of FGI CY 2012	PM, Assistant PM and various NFA officials and employees as payees.	760,000	ND affirmed by the COA Commission Proper with pending request for reconsideration.
2012-101(2011)/ 07/24/12	Payment of FGI CY 2011	PM, Assistant PM and various NFA officials and employees as payees.	740,000	Filed an appeal with the COA Regional Director
			<b>1,500,000</b>	
<b>Quezon PO</b>				
11-001(10)/ 08/2/11	Payment of FGI CY 2010	Various NFA officials and employees	620,000	The petition is under evaluation of Claims and Adjudication Office- Corporate per letter dated September 4, 2018 of the COA Commission Secretary.
2013-004(2012)/ 08/29/13	Payment of FGI CY 2012	Various NFA officials and employees	640,000	-do-
			<b>1,260,000</b>	
<b>Infanta PO</b>				
2013-005(12)/ 08/29/13	Payment of FGI CY 2012	Various NFA officials and employees	360,000	Under Appeal.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
14-001-101(09)/ 09/10/14	Payment of FGI CY 2009	Various NFA officials and employees	400,000	Under Appeal.
14-002-101(10)/ 09/10/14	Payment of FGI CY 2010	Various NFA officials and employees	420,000	Under Appeal.
2015-001 (2008)/ 12/14/15	Payment of FGI CY 2008	Various NFA officials and employees	425,000	Under Appeal
2015-002 (2011)/ 12/14/15	Payment of FGI CY 2011	Various NFA officials and employees	380,000	Under Appeal
			<b>1,985,000</b>	
			<b>9,789,500</b>	
<b>Region IV-B</b>				
<b>Calapan Oriental Mindoro PO</b>				
2010-01 (2008)/ 01/7/10	Payment of FGI CY 2008	Various NFA officials and employees	820,000	Under Appeal.
15-001- GOF (09)/ 10/22/15	Payment of FGI CY 2009	Various NFA officials and employees	695,000	Under Appeal.
15-002- GOF (10)/ 10/22/15	Payment of FGI CY 2010	Various NFA officials and employees	840,000	Under Appeal.
15-001- GOF (11)/ 10/22/15	Payment of FGI CY 2011	Various NFA officials and employees	840,000	Under Appeal.
			<b>3,195,000</b>	
<b>Marinduque PO</b>				
10-001-101-(08)/ 03/2/10	Payment of FGI CY 2008	Various NFA officials and employees	330,000	With Commission Proper (CP) En Banc Notice No. 2018-014 dated Jan. 24, 2018.
10-002-101-(09)/ 03/2/10	Payment of FGI CY 2009	Various NFA officials and employees	290,000	-do-
11-001-101-(10)/ 05/25/11	Payment of FGI CY 2010	Various NFA officials and employees	280,000	-do-
13-001-(11)/ 01/9/13	Payment of FGI CY 2011	Various NFA officials and employees	280,000	Under Appeal.
14-001-(12)/ 02/25/14	Payment of FGI CY 2012	Various NFA officials and employees	315,000	Under Appeal.
			<b>1,495,000</b>	
<b>Occidental Mindoro PO</b>				
2010-01-(2008)/ 01/7/10	Payment of FGI CY 2008	Various NFA officials and employees	593,810	With Partial settlement of P161,082 in CY 2018.
11-001-GOF(10)/ 09/12/11	Payment of FGI CY 2010	Various NFA officials and employees	538,810	With Partial settlement of 185,054 in CY 2018.
12-001-GOF(11)/ 05/29/12	Payment of FGI CY 2011	Various NFA officials and employees	1,175,000	Under Appeal
13-001-GOF(12)/ 03/22/13	Payment of FGI CY 2012	Various NFA officials and employees	1,210,000	Under Appeal.
15-001-GOF (09)/ 10/19/15	Payment of FGI CY 2009	Various NFA officials and employees	1,160,000	Under Appeal
			<b>4,677,620</b>	

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
<b><u>Mamburao Provincial Office</u></b>				
11-001-GOF-(10)/ 10/5/11	Payment of FGI CY 2010	Various NFA officials and employees	800,000	The copy of COA Regional Office Decision No. 2015- 01 dated January 27, 2015 was served to management on April 27, 2018. Petition for review was filed.
13-001-GOF-(12)/ 01/10/13	Payment of FGI CY 2012	Various NFA officials and employees	745,000	Under Appeal.
15-001-GOF (08)/ 09/15/15	Payment of FGI CY 2008	Various NFA officials and employees	775,000	Under Appeal
15-002-GOF (11)/ 10/19/15	Payment of FGI CY 2011	Various NFA officials and employees	780,000	Under Appeal
			<b>3,100,000</b>	
2012-001 (2011)/ 01/18/13	Payment of FGI CY 2011	PM, SAS and various NFA officials and employees as payees	680,000	With Appeal dated 5/2/12. Partially settled.
			<b>680,000</b>	
<b><u>Romblon PO</u></b>				
09-02-101/ 10/23/09	Payment of FGI	Various NFA officials and employees	375,000	Under Appeal.
12-001 to 016-101- (09)/ 05/11/09	Payment of FGI	Various NFA officials and employees	320,000	Under Appeal.
12-017-101-(10)/ 05/11/12	Payment of FGI	PM, Accountant and various NFA officials and employees as payees	420,000	Under Appeal.
13-001-GOF(12)/ 07/16/13	Payment of FGI	Various NFA officials and employees	420,000	Under Appeal.
			<b>1,535,000</b>	
			<b>14,682,620</b>	
<b><u>Region V</u></b>				
<b><u>RO</u></b>				
12-002-GOF(10)/ 11/26/2012	Payment of FGI for CY 2010	Various Payees	580,000	Petition for review was affirmed and supplemental ND was issued for NFA Councils who approved the FGI grants.
12-002-GOF(11)/ 11/26/2012	Payment of FGI for CY 2011	Various payees	600,000	-do-

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
14-001-GOF(12)/ 09/05/2014	Payment of FGI for CY 2012	Advincular, Pure, et.al	605,000	Unsettled as of 12/31/19
2019-001-GOF (18)	Rehabilitation of Electrical System at NFA Compound, Palestina, Pili Camarines Sur for CY 206, 2017 & 2018	Alojado Jr. et. al	124,812	
			<b>1,909,812</b>	
No details provided	No details provided	Various employees	11,086	Payees are no longer connected with NFA.
<b>Camarines Sur PO</b>				
2018-001- 101(2018)/ 9/19/2018	Payment of RATA	Chona E. Brijuega, former PM and Miladee F. Bote, SAS	25,000	Under Appeal.
12-001-GOF-(11)/ 11/26/12	Payment of FGI	PM and various NFA officials and employees as payees	900,000	With COA CP decision No. 2016- 434 dated 12/27/2016 denying the motion for reconsideration and affirming the disallowance which remain unsettled as of 12/31/2019.
12-002-GOF-(10)/ 11/26/12	Payment of FGI	PM and various NFA officials and employees as payees	880,000	-do-
			<b>1,816,086</b>	
			<b>3,725,898</b>	
<b>Region VI</b>				
<b>RO</b>				
13-001-GOF (12)/ 01/4/13	Housing allowance	No details provided.	2,000	With COA Region VI Decision No. 2017-077 dated 12/13/2017. Under automatic review with the Commission Proper
13-002-GOF (11)/ 01/4/13	Payment of FGI CY 2011	No details provided.	685,000	Adjusted from P700,000; With COA RO VI Decision No. 2016- 053 dated August 17, 2016 and received by

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
13-003-GOF (10)/ 01/4/13	Payment of FGI CY 2010	No details provided.	690,000	Appellants on August 26, 2016. With COA RO VI Decision No. 2016-053 dated August 17, 2016 and received by Appellants on August 26, 2016.
12-004-GOF (12)/ 11/22/12	Housing allowance	No details provided.	2,500	With COA Region VI Decision No. 2017-077 dated 12/13/2017. Under automatic review with the Commission Proper
			<b>1,379,500</b>	

**Iloilo PO**

14-001-GOF- (2011)/ 09/9/14	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees as payees.	1,460,000	With CGS-5 Decision No. 2015-018 dated Dec. 9, 2015. Decision received by the Appellants on 1/21/16.
14-002-GOF- (2012)/ 09/09/14	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees as payees	1,440,000	Motion for Reconsideration filed before the Commission Proper on 2/3/2016. -do-
18-001-GOF- (2015/2016)/ 4/17/2018	Payment for Security Services	No details provided.	7,834,195	
			<b>10,734,195</b>	

**Capiz PO**

2018-001-GOF (2015/2016)/ 05/10/2018	Payment for Security Services	No details provided	3,053,902	
		No details provided	1,200	Within appeal period
			<b>3,055,102</b>	

**Aklan PO**

2012-001-GOF(10)/ 06/26/12	Payment of FGI CY 2010	PM, SAS, and various NFA officials	505,000	Under Appeal.
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ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2012-002-GOF(11)/ 06/26/12	Payment of FGI CY 2011	and employees as payees PM, SAS, and various NFA officials and employees as payees	520,000	Under Appeal.
2014-001-GOF-(12)/ 09/16/14	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees as payees.	520,000	Under Appeal.
2018-001- GOF(2015/2016)/ 05/04/2018	Payment for Security Services	No details provided.	1,271,934	Under Appeal
		No details provided.	960	Within period appeal
			<b>2,817,894</b>	

**Antique PO**

ND No. 11-001-101- (09)/ 06/30/11	Payment of FGI CY 2009	PM, SAS, and various NFA officials and employees as payees.	580,000	Under Appeal.
ND No. 11-002-101- (10)/ 06/30/11	Payment of FGI CY 2010	PM, SAS, and various NFA officials and employees as payees	670,000	Under Appeal.
ND No. 2012-001-101- (11)/ 12/13/12	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees as payees	700,000	Under Appeal.
ND No. 2012-002-101- (12)/ 01/7/13	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees as payees.	20,000	Under Appeal.
ND No. 2014-001- GOF-(12)/ 09/16/14	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees as payees	720,000	Under Appeal.
ND No. 2018-001-GOF (2015/2016)/ 06/13/2018	Payment for Security Services	No details provided.	1,948,428	

**4,638,428****22,625,119****Region VII  
RO**

2014-001(12)/ 06/25/14	Payment of FGI	RM, Accountant, AO and various NFA officials and employees as payees.	660,000	Under Appeal.
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**Cebu PO**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2014-001(12)/ 06/25/14	Payment of FGI	PM, SAS, AO and various officials and employees as payees.	1,530,000	Under Appeal.
<b><u>Siquijor PO</u></b>				
2014-001(12)/ 06/25/14	Payment of FGI	PM, SAS, and various officials and employees as payees.	320,000	Under Appeal.
<b><u>Negros Oriental PO</u></b>				
2014-001(12)/ 06/25/14	Payment of FGI	PM, SAS, and various officials and employees as payees.	540,000	Under Appeal
<b><u>Bohol PO</u></b>				
2014-001(12)/ 06/25/14	Payment of FGI	PM, SAS, and various officials and employees as payees	680,000	Under Appeal.
			<b>3,730,000</b>	
<b><u>Region VIII RO</u></b>				
2012-001-GOF(12)/ 11/14/12	No details provided	No details provided	240	Unsettled as of 12/31/19
2012-002-GOF(12)/ 11/14/12	No details provided	No details provided	240	Unsettled as of 12/31/19
2012-002-GOF(11)/ 06/5/12	Payment of FGI	RM and various NFA officials and employees.	665,000	Under Appeal.
2012-001-GOF(10)/ 05/8/12	Payment of FGI	RM and various NFA officials and employees.	610,000	Under Appeal.
2013-001-GOF(2012)/ 08/29/13	Payment of FGI	RM and various NFA officials and employees	680,000	Under Appeal.
2015-10-01(15)/ 10/13/15	Driver's renewal fee	Victor Angelo R. Jacinto, John Robert R. Hermano, Eduard Jayson Conchada	418	Unsettled as of 12/31/19
2015-010-02(15)/ 10/19/15	Travelling Expenses	Juvee-Ann L. Gremio-Berdan, Henry Trizteza, Ali M. Villamor, Eduard Jayson Conchada	800	Unsettled as of 12/31/19
2016-08-007/ 8/31/2016	Payment for construction project	Richmark Construction as payee	253,401	Unsettled as of 12/31/19

## ANNEX C

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2017-05-002	Overpayment of travelling allowance	Victor Angelo R. Jacinto, Procopio B. Trabajo, Talitha Thea B. Arpon, Raymund U. Tafalla	2,240	Unsettled as of 12/31/19
2019-01-001/ 6/6/2019	Purchase of Office Supplies	Celedonio P. Mendoza, Sr., Henry H. Trizteza, Talitha Thea B. Arpon. Erah  Syl D. Arcallana	20,443	-do-
2019-08-02/ 8/9/2019	Travelling Expenses	Raymund U. Tafalla, Lolita V. Paz, Talitha Thea B. Arpo, Lamberto B. De Guzman	6,000	-do-
2019-08-03/ 8/13/2019	Travelling Expenses	Raymund U. Tafalla, Virginia A. Dimafiles, Talitha Thea B. Arpon, Jude G. Sapetin	4,600	-do-
			<b>2,243,382</b>	
<b><u>Eastern Samar PO</u></b>				
2012-001(11)/ 03/5/12	Payment of FGI	PM and various NFA officials and employees as payees	470,501	Under Appeal.
2013-001-GOF(2012)/ 08/29/13	Payment of FGI	PM and various NFA officials and employees as payees	530,000	Under Appeal.
			<b>1,000,501</b>	
<b><u>Northern Leyte PO</u></b>				
2012-001-GOF(10)/ 05/9/12	Payment of FGI	PM and various NFA officials and employees as payees	920,000	Under Appeal.
2012-002-GOF(11)/ 05/11/12	Payment of FGI	PM and various NFA officials and employees as payees	960,000	Under Appeal.
2013-001-GOF(2012)/ 08/29/13	Payment of FGI	PM and various NFA officials and employees as payees	995,000	Under Appeal.
			<b>2,875,000</b>	
<b><u>Southern Leyte PO</u></b>				
2012-005 to 0032 (11)/ 8/17/12	Payment of FGI	PM and various NFA officials and	535,000	Under Appeal.

## ANNEX C

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-001-GOF(2012)/ 8/28/13	Payment of FGI	employees as payees PM and various NFA officials and employees as payees	560,000	Under Appeal.
2016-09-001(2016)/ 9/05/16	Travelling expenses	Lorna S. Ordiz, et. al	1,680	Unsettled as of 12/31/19
2016-09-002(2016)/ 9/05/16	Travelling expenses	Lorna S. Ordiz, et. al	3,520	Unsettled as of 12/31/19
2016-09-004(2016)/ 9/05/2016	Travelling expenses	Lorna S. Ordiz, et. al	3,640	Unsettled as of 12/31/19
2016-09-006(2016)/ 9/07/16	Travelling expenses	Rolito Plaza, as payee	3,640	Unsettled as of 12/31/19
2016-09-007(2016)/ 9/08/16	Travelling expenses	Lorna S. Ordiz, as payee	800	Unsettled as of 12/31/19
2016-09-008(2016)/ 9/08/16	Travelling expenses	Mariestela Sedan, as payee	320	Unsettled as of 12/31/19
2016-10-011/ 10/04/16	Travelling expenses	Lorna S. Ordiz, as payee	400	Unsettled as of 12/31/19
2016-10-012/ 10/04/16	Travelling expenses	Lorna S. Ordiz, as payee	640	Unsettled as of 12/31/19
2016-10-016/ 10/25/16	Travelling expenses	Lorna S. Ortiz, as payee	480	Unsettled as of 12/31/19
2017-01-001(2016)/ 02/16/2017	Travelling expenses	Lorna S. Ordiz, et al	4,800	Partially settled
2017-06-005(2016)/ 06/21/2017	Travelling expenses	Lorna S. Ordiz, et al	480	Unsettled as of 12/31/19
2017-06-003(2016)/ 06/15/2017	Travelling expenses	Lorna S. Ordiz et al	640	Unsettled as of 12/31/19
2017-06-002(2016)/ 06/15/2017	Travelling expenses	Lorna S. Ordiz et. al	320	Unsettled as of 12/31/19
2017-06-001(2016)/ 6/15/2017	Travelling expenses	Lorna S. Ordiz et al	560	Unsettled as of 12/31/19
2019-01-002(2017) 1/14/2019	Travelling expenses	Lorna S. Ordiz et al	400	Unsettled as of 12/31/19
	Group travel insurance premium	Lorna S. Ordiz et al	6331	Unsettled as of 12/31/19
			<b>1,123,651</b>	

## ANNEX C

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
<b><u>Northern Samar PO</u></b>				
2012-001-101(10)/ 02/01/12	Payment of FGI	PM and various NFA officials and employees as payees.	600,000	Under Appeal.
2012-002-101(11)/ 2/6/12	Payment of FGI	PM and various NFA officials and employees as payees.	675,000	Under Appeal
2013-001-GOF(2012)/ 08/29/13	Payment of FGI	PM and various NFA officials and employees as payees.	680,000	Under Appeal.
ND No.2014-02-GOF(2012)/ 12/29/14	Reimbursement of travelling expenses	Salvador T. Ada, et al	8,547	Under Appeal
ND No.2014-01-GOF-(2012)/ 12/29/14	Reimbursement for expenses incurred during PFAC 4 qtrly meeting	Carolina E. Figuerao et al	6,200	Under Appeal
2015-11-01(2015)/ 11/16/15	Claims of travelling expenses	Luz S. Tan et al	3,180	Under Appeal
2017-03-002(2016)/ 05/29/2017	Overpayment of trucking services	No details	6,069	Unsettled as of 12/31/19
			<b>1,978,996</b>	
<b><u>Biliran PO</u></b>				
2012-001-COB(12)/ 05/31/12	Payment of FGI	PM and various NFA officials and employees as payees	405,000	Under Appeal.
2012-002-COB(11)/ 05/31/12	Payment of FGI	PM and various NFA officials and employees as payees	455,000	Under Appeal.
2013-001-GOF(2012)/ 08/29/13	Payment of FGI	PM and various NFA officials and employees as payees.	440,000	Under Appeal.
2016-05-010/ 5/25/2016	Travelling Expenses	Geralyn Blancaflor et.al.	1,280	Unsettled as of 12/31/2019
2016-05-012/ 5/25/2016	Travelling Expenses	Geralyn Blancaflor et.a l.	640	-do-

## ANNEX C

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2016-05-008/ 5/19/2016	Travelling Expenses	Geralyn Blancaflor et.al.	240	-do-
2016-05-007 5/19/2016	Travelling Expenses	Renato Crisostomo, et.al.	160	Unsettled as of 12/31/2019
2016-05-006/ 5/18/2016	Travelling Expenses	Renato Crisostomo, et.al	800	-do-
2016-06-014/ 5/18/2016	Travelling Expenses	Prima Juntilla et. al.	720	-do-
2017-01-001(2016)/ 2/16/2017	Travelling Expenses	Ma. Rosario Cadiz, et al;	3,900	-do-
			<b>1,307,740</b>	
<b>Western Samar PO</b>				
2012-001(11)/ 04/26/12	Payment of FGI	PM and various NFA officials and employees as payees	640,000	Under Appeal
2013-001-GOF(2012)/ 08/28/13	Payment of FGI	PM and various NFA officials and employees as payees	209,420	Partial settlement of P410,580 as of 12/31/18
			<b>849,420</b>	
			<b>11,378,690</b>	
<b>Region IX RO</b>				
<u>12-001-(11)/ 5/11/2012</u>	Payment of FGI for CY 2011	Miguel Wycoco et. Al	38,791	With NFD
<u>14-00-(12)/ 12/2/2014</u>	Payment of FGI for CY 2012	Nevilyn Abualas et.al	445,476	-do-
11-003-GOF(10)/ 9/13/11	Payment of FGI for CY 2010	Miguel Wycoco et. al	484,427	With partial settlement of 50,836
11-002-GOF (11)/ 9/1/11	Payment of Group Hospitalization Insurance Allowance for CY 2011	Protacio Adalla Jr. et. al.	521,975	Under appeal
17-001-13/ 6/8/17	Payment of Group Hospitalization Insurance Allowance for CY 2013	Protacio Adalla Jr. et. al.	536,745	-do-
17-002-14/ 6/8/17	Payment of Group Hospitalization Insurance Allowance for CY 2014	Protacio Adalla Jr. et. al.	447,176	-do-
17-004-17/ 6/08/17	Payment of Group Hospitalization Insurance Allowance for CY 2016	Raul Adalla et. al.	245,076	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
17-003-15/ 6/08/17	Payment of Group Hospitalization Insurance Allowance for CY 2015	Protacio Adalla Jr. et. al.	322,369	-do-
			<b>3,042,035</b>	
<b>Zamboanga City PO</b>				
PO11-001-GOF(10) / 10/3/2011	Payment of FGI for CY 2010	Gardencio Nueva Jr. et.al.	72,035	With NFD.
PO12-001-(11) 4/30/2012	Payment of FGI for CY 2011	Gardencio Nueva Jr. et.al	219,377	With partial settlement of 293,838.65
PO14-001(12) 2/12/2014	Payment of FGI for CY 2012	Gardencio Nueva Jr. et.al.	566,118	-do-
			<b>857,530</b>	
			<b>2,580,002</b>	No Details provided
<b>Pagadian PO</b>				
<b>Ipil PO</b>				
15-001-101(13)/ 07/7/15	Payment of FGI	Various NFA officials and employees.	540,000	Unsettled as of 12/31/19
15-002-101(13)/ 07/7/15	Payment of FGI	Various NFA officials and employees.	520,000	Unsettled as of 12/31/19
			<b>1,060,000</b>	
<b>Zamboanga del Norte PO</b>				
12-003-GOE 0912(09)/ 12/29/11	Payment of FGI	Various NFA officials and employees	625,000	With COA RO IX Decision No. 2012- 34 dated 07/9/2012 denying the appeal of the Provincial Manager with dispositive portion stating, "This decision is not final and is subject to automatic review by Commission Proper pursuant to Section 7, Rule V of 2009 RRPC of the Commission on Audit."
12-001-GOE 1012(10)/ 12/21/11	Payment of FGI	Various NFA officials and employees	580,000	-do-
12-002-GOE 1112(11)/ 12/21/11	Payment of FGI	Various NFA officials and employees	640,000	With COA RO IX Decision No. 2012- 34 dated 07/9/2012 denying the appeal of the Provincial Manager with dispositive portion stating "This decision is not final

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
				and is subject to automatic review by Commission Proper pursuant to Section 7, Rule V of 2009 RRPC of the Commission on Audit."
			<b>1,845,000</b>	
<b>Zamboanga del Sur PO</b>				
15-001-101(12)/09/29/15	Payment of FGI	Various NFA officials and employees as payees.	620,000	With appeal or motion for reconsideration.
15-002-101(12)/09/29/15	Payment of FGI	Various NFA officials and employees as payees.	240,000	Unsettled as of 12/31/19
			<b>860,000</b>	
			<b>10,244,567</b>	
<b>Region X RO</b>				
14-01-GOF-(2012)/6/30/2014	Payment for FGI	Javier P. Lozada, Samuel A. Natavio and Various Payees	660,000	Unsettled as of 12/31/19
12-002-GOF(10)/4/30/2012	Payment for FGI	Luz Socorro R. Elio, John Robert Hermando, Samuel A. Natavio, and Gil Pepito B. Paqueo	580,000	Under Appeal.
12-001-GOF(11)/4/30/2012	Payment for GHIP	Gil Pepito B. Paqueo, Rolando M. Maravilla, Samuel A. Natavio and Various payees	812,402	Under Appeal.
11-004-GOF(10)/8/17/2011	Director's annual dues matured into disallowance; EME without complete documentation	Samuel A. Natavio and Javier P. Lozada	12,000	
11-002-GOF(10)/7/7/2011	Cost of transportation incurred in the family visit of the RD for the months of Jan-July 2010	Samuel A. Natavio and Javier P. Lozada	49,887	Under Appeal.
11-001-GOF(10)/5/15/2011	EME for CY 2010 exceeded the allowable budget of P94,000	Samuel A. Natavio, Antonio R. De la Cruz and Nemia F. Villanueva	8,982	
10-001-GOF(10)/10/18/2010	Travelling expenses of the farmers'	Samuel A. Natavio, Javier P. Lozada,	20,560	

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	representative of NFA	Roger V. Navarro, Noel C. Resma and Roderico R. Bioco		
			<b>2,143,831</b>	
<b><u>Misamis Oriental PO</u></b>				
14-01-GOF(2012)/6/30/2014	Payment for FGI.	John Robert R. Hermano, Joel T. Lim and Various payees.	780,000	Under Appeal.
12-10-001(11)/10/5/2012	Payment for FGI.	Sol Conception R. Calingin, Joel T. Lim, John Robert R. Hermano and Various Payees	660,000	Under Appeal.
			<b>1,440,000</b>	
<b><u>Camiguin PO</u></b>				
16-01-GOF(2011)/12/4/2016	Payment for FGI.	Various payees.	269,900	Under Appeal.
13-02-GOF(2012)/6/30/2014	Payment for FGI.	Various Payees	280,000	Under Appeal.
			<b>549,900</b>	
<b><u>Bukidnon PO</u></b>				
14-01-GOF(2012)/6/30/2014	Payment for FGI.	Various payees.	1,235,000	Under Appeal.
			<b>1,235,000</b>	
<b><u>Lanao del Norte PO</u></b>				
2012-001/12/10/2012	Payment to New India Assurance Company Limited for GHIP	Sambitory Dimaporo Gregorio Ungab Various Payees	98,872	Appealed denied by RD. For issuance of NFD.
2012-002/12/10/2012	Payment to Asianlife and General Assurance Corp. for GAIP	Sambitory Dimaporo Gregorio Ungab Various Payees	1,680	Under Appeal.
14-01-GOF (2012)/06/30/2014	Payment for FGI	Sambitory Dimaporo Gregorio Ungab Various Payees	740,000	Under Appeal.
			<b>840,552</b>	
<b><u>Misamis Occidental</u></b>				
16-001(16)/12/05/2016	Payment of step increment.	Aragasi B. Pasadlan Juliet A. Obeso Glorioso T. Manlegro Kharren A. Retiza Eryln Marie Socorro A. Olila	7,690	Under Appeal.
16-002(16)/12/05/2016	Payment of step increment	Aragasi B. Pasadlan Juliet A. Obeso Glorioso T. Manlegro Kharren A. Retiza	3,737	Under Appeal

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
		Erllyn Marie Socorro A. Olila		
16-003(16)/ 12/05/2016	Payment of step increment	Aragasi B. Pasadlan Juliet A. Obeso Glorioso T. Manlegro Kharren A. Retiza Erllyn Marie Socorro A. Olila	6,332	Under Appeal.
14-01-GOF (2012)/ 06/30/2014	Payment of FGI	Glorioso T. Manlegro, et. a.	580,000	Under Appeal
2011-001-101 (2010)/ 09/19/2011	Payment of FGI	Emery Alice L. Rasonable	20,000	Under Appeal
2011-002-101 (2010)/ 09/19/2011	Payment of FGI	Glorioso T. Manlegro	20,000	Under Appeal
2011-003-101 (2010)/ 09/19/2011	Payment of FGI	Glenda B. Enerio	20,000	Under Appeal
2011-004-101 (2010)/ 09/19/2011	Payment of FGI	Remedios S. Alberca	20,000	Under Appeal
2011-005-101 (2010)/ 09/19/2011	Payment of FGI	Amancio C. Longayan	20,000	Under Appeal
2011-006-101 (2010)/ 09/19/2011	Payment of FGI	Daikin D. Canano	20,000	Under Appeal
2011-007-101 (2010)/ 09/19/2011	Payment of FGI	Eleuterio R. Maravilas	20,000	Under Appeal
2011-008-101 (2010)/ 09/19/2011	Payment of FGI	Luisa Marie Paulo	20,000	Under Appeal
2011-009-101 (2010)/ 09/19/2011	Payment of FGI	Leonora A. Medina	20,000	Under Appeal
2011-010-101 (2010)/ 09/19/2011	Payment of FGI	Aragasi B. Pasadlan	20,000	Under Appeal
2011-011-101 (2010)/ 09/19/2011	Payment of FGI	Kharren A. Retiza	20,000	Under Appeal
2011-012-101 (2010)/ 09/19/2011	Payment of FGI	Wilma T. Kaamino	20,000	Under Appeal
2011-013-101 (2010)/ 09/19/2011	Payment of FGI	Corina M. Manlegro	20,000	Under Appeal

**ANNEX C**

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2011-014-101 (2010)/ 09/19/2011	Payment of FGI	Danilo D. Ponce	20,000	Under Appeal
2011-015-101 (2010)/ 09/19/2011	Payment of FGI	Ellezer M. Neri	20,000	Under Appeal
2011-016-101 (2010)/ 09/19/2011	Payment of FGI	Teddy Sadamas	20,000	Under Appeal
2011-017-101 (2010)/ 09/19/2011	Payment of FGI	Marlon Echavez	20,000	Under Appeal
2011-018-101 (2010)/ 09/19/2011	Payment of FGI	Antonio J. Ochagavia	20,000	Under Appeal
2011-019-101 (2010)/ 09/19/2011	Payment of FGI	Diosdado B. Maquiling	20,000	Under Appeal
2011-020-101 (2010)/ 09/19/2011	Payment of FGI	Judy M. Caguindangan	20,000	Under Appeal
2011-021-101 (2010)/ 09/19/2011	Payment of FGI	Corazon G. Lasaca	20,000	Under Appeal
2011-022-101 (2010)/ 09/19/2011	Payment of FGI	Jose S. Turno	20,000	Under Appeal
2011-023-101 (2010)/ 09/19/2011	Payment of FGI	Erlyn Marie Socorro A. Olila	20,000	Under Appeal
2011-024-101 (2010)/ 09/19/2011	Payment of FGI	Ursula R. Tormis	20,000	Under Appeal
2011-025-101 (2010)/ 09/19/2011	Payment of FGI	Stenile S. Gumisong	20,000	Under Appeal
2011-026-101 (2010)/ 09/19/2011	Payment of FGI	Norma A. Turno	20,000	Under Appeal
			<b>1,117,758</b>	
			<b>7,327,041</b>	
<b>Region XI</b>				
<b>RO</b>				
2014-001 (2012)/ 09/10/14	Payment of FGI	RM, Accountant, Budget Officer and various NFA officials & employees as payees	580,000	Under Appeal.
<b>Davao City PO</b>				
2014-001(2012)/ 09/11/14	Payment of FGI	PM, Accountant and various NFA officials & employees as payees.	780,000	Under Appeal.
<b>Davao del Sur PO</b>				

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2014-001(2012)/ 09/11/14	Payment of FGI	PM, Accountant, AO and various NFA officials & employees as payees.	700,000	Under Appeal.
<b><u>Davao del Norte PO</u></b>				
2014-001 (2012)/ 10/13/14	Payment of FGI	Various NFA officials and employees	680,000	Under Appeal.
<b><u>COMVAL PO</u></b>				
2014-001 (2012)/ 10/13/14	Payment of FGI	Various NFA officials and employees	340,000	Under Appeal.
<b><u>Davao Oriental PO</u></b>				
2014-001(2012)/ 09/10/14	No details	Various NFA officials and employees	580,000	Under Appeal.
<b><u>Davao de Oro PO</u></b>				
			340,000	No Details Provided
<b><u>General Santos PO</u></b>				
2014-001 (2012)/ 09/1/14	Payment of FGI	Assistant RM, SAS and various NFA officials & employees	860,000	Unsettled as of 12/31/19
			<b>4,520,000</b>	
<b><u>Region XII</u></b>				
<b><u>RO</u></b>				
2014-001-501(2012)/ 04/2/14	Payment of FGI	Assistant RM, Accountant and various NFA officials & employees as payees	660,000	Under Appeal.
<b><u>Marbel PO</u></b>				
2014-004-501(2012)/ 04/2/14	Payment of FGI	Assistant RM, PM and various NFA officials & employees as payees	840,000	Under Appeal.
<b><u>Sultan Kudarat PO</u></b>				
2014-002-501(2012)/ 4/3/14	Payment of FGI	Assistant RM, PM and various NFA officials & employees as payees	1,440,000	Unsettled as of 12/31/19
<b><u>Cotabato City PO</u></b>				
2014-003-501(2012)/ 4/4/14	Payment of FGI	Assistant RM, PM and various NFA officials & employees as payees	960,000	Unsettled as of 12/31/19
			<b>4,860,000</b>	
<b><u>CARAGA</u></b>				
<b><u>RO</u></b>				
2014-01(12)/ 10/1/14	Payment of FGI	RM, Acting Assistant RM, Accountant, and various NFA	500,000	Under Appeal.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
		officials and employees		
<b><u>Agusan del Norte</u></b>				
2014-01 (12)/ 02/6/14	Payment of FGI	PM, SAS and various NFA officials and employees as payees	480,000	Under Appeal.
<b><u>Agusan del Sur</u></b>				
2012-001/ 04/16/12	Payment of FGI	PM, SAS and various NFA officials and employees as payees.	740,000	Under Appeal.
2014-01(12)/ 02/6/14	Payment of FGI	PM, SAS and various NFA officials and employees as payees	720,000	Under Appeal.
<b><u>Surigao del Norte</u></b>				
11-001-GOF(10)/ 06/13/11	Payment of FGI	Eriberto V. Atibagos, et. al	640,000	Under Appeal.
<b><u>Surigao del Sur</u></b>				
2014-01(12)/ 02/6/14	Payment of FGI	PM, Acting SAS, AO and various officials and employees as payees.	380,000	With partial settlement of P20,000 in CY 2018.
			<b>3,460,000</b>	
<b>ARMM</b>				
2014-01(2012)/ 12/2/14	No details provided	Various NFA employees	690,800	Unsettled as of 12/31/19
2014-01-(2012)/ 12/2/14	No details provided	Various NFA employees	984,650	Unsettled as of 12/31/19
16-001-101 9/30/16	No details provided	Abdul Hakim B. Balindong, et al.	1,200	Unsettled as of 12/31/19
			<b>1,676,650</b>	
			<b>140,156,899</b>	
			<b>200,423,162</b>	

### III. Notices of Charge (NCs)

NC No./Date	Nature/Particulars	Persons Liable	Amount	Status
<b>Region III</b>				
<b><u>Bulacan PO</u></b>				
09-12-02/ 12/14/09	Unremitted collections on registration and license fees.	Former Registration and Licensing Officer	877,804	With Admin Case No. 10-02-002.
09-12-02(A)/ 12/22/09	Unremitted collections on registration and license fees.	Former Registration and Licensing Officer	864,843	With Admin Case No. 10-02-002.
			<b>1,742,647</b>	
<b>Region IV-A</b>				
<b><u>Batangas PO</u></b>				

**ANNEX C**

<b>NC No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2000-001-02(99)/ 1/24/2000	Uncollected storage charges	Tower Feeds Corporation	<b>27,055</b>	Partially settled. Demand letters were sent to the other person/s liable.
			<b>27,055</b>	
			<b>P1,769,702</b>	