



**REPUBLIC OF THE PHILIPPINES**  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

# **ANNUAL AUDIT REPORT**

**on the**

# **NATIONAL FOOD AUTHORITY**

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

## EXECUTIVE SUMMARY

### INTRODUCTION

The National Grains Authority (NGA) was created under Presidential Decree (PD) No. 4 dated September 26, 1972, otherwise known as the National Grains Industry Development Act, with the mandate of promoting the integrated growth and development of the grains industry covering rice, corn, feed grains, and other grains like sorghum, mongo and peanut; providing food security in the staple cereals in times and places of calamity or emergency, natural or man-made; and promoting the stabilization of supply and prices of staple cereals both at the farm gate and consumer levels.

On January 14, 1981, PD No. 1770 reconstituted the NGA into National Food Authority (NFA) and 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, which were collectively referred to as non-grains commodities.

On May 31, 1985, Executive Order (EO) No. 1028 was issued to deregulate 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.

Pursuant to EO No. 116 dated January 30, 1987, the 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 a freer, market-oriented enterprise economy and tend towards liberalization, privatization and deregulation.

Under EO No. 398 dated January 31, 1997, NFA was tasked to undertake procurement of sugar when necessary. Further, EO No. 22 issued in September 1998, authorized NFA to perform marketing operation of other basic food items.

On May 5, 2014, pursuant to EO No. 165, the NFA, together with the National Irrigation Administration (NIA), Philippine Coconut Authority (PCA), and Fertilizer and Pesticide Authority (FPA), were transferred from DA to the OP to enhance and coordinate their efforts in fulfilling their respective mandates. These agencies were under the oversight supervision of the Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP. Under EO No. 1 dated June 30, 2016, NFA, among other agencies under the OPAFSAM, was reassigned to the Office of the Cabinet Secretary of the OP. EO No. 1, Series of 2016 was amended by EO No. 62 dated September 17, 2018, which authorized the transfer of NFA, PCA, and FPA, back to the DA.

In accordance with Republic Act (RA) 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*, dated February 14, 2019, NFA's function was limited to buffer stocking. The law took away NFA's commercial functions and regulatory powers. The corresponding Implementing Rules and Regulations (IRR), published on April 8, 2019, mandated NFA to maintain sufficient rice buffer stock to be

sourced solely from local farmers in response to the emergencies and in support of disaster relief programs of the government.

On January 7, 2020, in compliance with the IRR of RA No. 11203, the Governance Commission for Government-Owned or Controlled Corporations (GCG) *En Banc* approved the restructuring plan of NFA through GCG Memorandum Circular (MC) No. 2019-13. As approved in Item 3, Annex A of the said GCG MC, NFA has 22 organizational units in the Central Office (CO), 15 Regional Offices (ROs), and 45 Branch Offices (BOs), formerly Provincial Offices, nationwide with corresponding 2,644 plantilla positions. As of December 31, 2021, NFA had 2,243 total number of employees in service, 196 and 2,047 of whom were assigned at CO and Field Offices (FOs), respectively.

## **FINANCIAL HIGHLIGHTS (In Philippine Peso)**

### **I. Comparative Financial Position**

	<b>2021</b>	<b>2020 (As restated)</b>	<b>Increase/ (Decrease)</b>
Assets	41,743,519,624	73,514,517,376	(31,770,997,752)
Liabilities	8,099,208,652	8,695,907,081	(596,698,429)
Equity deficiency	(124,175,407,960)	(130,617,388,735)	6,441,980,775

### **II. Comparative Financial Performance**

	<b>2021</b>	<b>2020 (As restated)</b>	<b>Increase/ (Decrease)</b>
Revenues	10,281,202,934	14,596,538,741	(4,315,335,807)
Current operating expenses	19,796,621,475	30,435,154,048	(10,638,532,573)
Deficit from current operations	(9,515,418,541)	(15,838,615,307)	6,323,196,766
Sale of Assets	130,286,794	148,728,836	(18,442,042)
Gains	9,115,765	916,297,698	(907,181,933)
Losses	(224,370,508)	(290,627,002)	66,256,494
Financial assistance/subsidy	14,464,815,000	36,250,000,000	(21,785,185,000)
<b>Net surplus/(deficit) for the period</b>	<b>4,864,428,510</b>	<b>21,185,784,225</b>	<b>(16,321,355,715)</b>

### **III. Budget and Actual Expenditures**

	<b>Budget</b>	<b>Utilization</b>	<b>Difference</b>
Personnel services	1,826,824,000	1,361,556,964	465,267,036
Maintenance and other operating expenses	46,878,479,000	41,801,095,196	5,077,383,804
Capital outlay	956,400,000	271,007,618	685,392,382
Financial expenses	4,333,000,000	2,437,221,539	1,895,778,461
	<b>53,994,703,000</b>	<b>45,870,881,317</b>	<b>8,123,821,683</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, 2021 in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) to enable us to express an opinion on the fairness of the presentation of the financial statements for the years ended December 31, 2021 and 2020. 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 (FSs), in view of the following:

1. The non-elimination of Intra-Agency Receivables and Payables accounts as at December 31, 2021 in the amounts of P22.348 billion or 53.53 per cent of the total Assets of P41.744 billion and P20.384 billion or 12.28 per cent of the total Liabilities of P165.919 billion, respectively, which could not be considered as assets and liabilities as defined under Paragraph 7 of International Public Sector Accounting Standard (IPSAS) 1, adversely affected the relevance and faithful representation of the NFA's FSs.
2. The faithful representation in the FSs and the verifiability of the balance of Accumulated Surplus/(Deficit) account amounting to P(129.175) billion could not be established in view of the net adjustments amounting to P2.873 billion recognized in Calendar Year (CY) 2021 Statement of Changes in Net Assets/Equity (SCNAE) which could not be substantiated due to non-submission of Journal Entry Vouchers (JEVs) and other pertinent documents, contrary to Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and casts doubt on the propriety and validity of adjustments made in the Accumulated Surplus/(Deficit) account and other affected accounts.

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

- 1.1. Require the Finance Department and the ROs/BOs Finance Sections to:
  - a. Continuously prioritize the elimination of the reciprocal accounts by conducting a nationwide reconciliation of the discrepancies to have reliable FSs balances at year-end;
  - b. Ensure that all adjustments are duly supported with proper and complete documentation; and
  - c. Strictly adhere to NFA Standard Operating Procedure (SOP) No. FS-GP13, especially on the regular preparation and submission of: (i) Schedule of interbranch transactions, (ii) Reconciliation Statements, (iii) elimination and

reconciling entries, and (iii) confirmation advices, as applicable, and to consistently coordinate with other offices to reconcile the discrepancies.

- 1.2. Revisit and update the existing NFA SOP on intra-agency transactions for uniform policies/guidelines to be followed by the CO, ROs and BOs due to NFA's structural changes pursuant to RA No. 11203.
- 1.3. Strictly implement the administrative sanctions provided in NFA SOP No. FS-GP13 to compel personnel concerned to address the significant variances noted in the intra-agency accounts and to avoid further accumulation thereof.
- 2.1. Require the Accounting Division of Finance Department to:
  - a. Submit all JEVs as well as the corresponding supporting documents related to the adjustments made in CYs 2020 and 2021 on the Accumulated Surplus/(Deficit) account; otherwise, reverse the entries made;
  - b. Stop making adjustments in the Accumulated Surplus/(Deficit) account if not duly supported with pertinent documents; and
  - c. Effect in the SCNAE the restatements in the prior year FSs to reflect prior period errors pertaining to income and expense accounts pursuant to Paragraph 47 of IPSAS 3.

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

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

3. The NFA was not able to obtain the most advantageous price in the procurement of 15 units of 4x2 Pick-up Truck in view of some of the factors provided in the Government Procurement Policy Board (GPPB) Manual of Procedures (MOP) for the Procurement of Goods and Services were not considered and/or judiciously evaluated by the Bids and Awards Committee (BAC) Technical Working Group (TWG) in the determination of the Approved Budget for the Contract (ABC) of P21.890 million, thus resulted in higher contract cost by P72,400 per unit, or a total of P1.086 million for said procurement, than the Suggested Retail Price (SRP) for the same vehicle model published in the manufacturers' official website and dealers' advertisements. Further, the provisional safeguard duty of P123,200 per unit or the total amount of P1.848 million which was included in the contract price was not returned by the Supplier to the NFA, contrary to Custom Memorandum Order (CMO) No. 28-2021.
  - 3.1. We recommended that Management instruct:
    - a. The BAC and its TWG to exercise due prudence in determining the ABC by comprehensively considering all the necessary factors provided in GPPB MOP so as to obtain the most advantageous price for the government, moving forward; and

- b. The Finance Department, in coordination with the BAC to collect the safeguard duty in the total amount of P1.848 million from the supplier pursuant to BOC CMO No. 28. 2021; otherwise, appropriate audit action shall be issued to persons determined liable for the transaction.
- 4. Provision for profit margin in addition to Administrative Cost in the computation of the ABC for the “Procurement of Handling (and Allied) Services for Calendar Years 2020-2021” of NFA Cagayan Valley Region (CVR) is not in conformance with the Standard Computation prescribed in the Department of Labor and Employment (DOLE) Department Order (DO) No. 174, Series of 2017; thus, resulting in excessive contract price amounting to P34.866 million. Moreover, specific work to be undertaken by the Job Order (JO) workers for allied services was not expressly stated in the bidding documents and contract, instead, this was presented as per “move” same with the handling services; thus, the absence of reference to evaluate the actual accomplishments versus targets could be attributed to poor procurement planning.
  - 4.1. We recommended that Management direct the NFA CVR BAC to:
    - a. Provide the legal basis in providing profit margin in addition to the administrative cost, and explain the sudden increase in the profit margin in CY 2021 to 15 per cent from prior year’s rate of 10 per cent; and
    - b. Review and revise the computation of the ABC for Allied Services taking into consideration the factors laid down in Section 2 of the MOP for the Procurement for Goods and Services and GPPB Resolution No. 07-2005.
  - 4.2. We further recommended that the Corporate Planning Division revisit NFA SOP Nos. GM-G025 and GM-G026, and assess the need for revision, where necessary, in adherence with applicable laws, rules and regulations issued by oversight government agencies.

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

As of December 31, 2021, NFA had a total unsettled Notices of Suspension of P17.050 million, Notices of Disallowance of P194.998 million, and Notices of Charge of P2.682 million. The details and status are presented in Part IV – Annex A of this Report.

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

Of the 204 audit recommendations embodied in prior years’ Annual Audit Reports (AARs), 22 were no longer doable, 39 were fully implemented and nine (9) were reiterations of prior years’ recommendations, hence, deleted in the Status of Prior Years’ Audit Recommendations. Of the remaining 134 recommendations, 88 were partially implemented; seven (7) were not implemented; and 39 were revised and reformulated, details in Part III of this Report.

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

## **INDEPENDENT AUDITOR'S REPORT**

**The National Food Authority Council**  
National Food Authority  
Quezon City

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

#### ***Adverse Opinion***

We have audited the accompanying financial statements (FSs) of the **National Food Authority (NFA)**, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2021, and notes to FSs, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the *Bases for Adverse Opinion* section of our report, the accompanying FSs do not present fairly, in all material respects, the financial position of **NFA**, as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

#### ***Bases for Adverse Opinion***

The non-elimination of Intra-Agency Receivables and Payables accounts as at December 31, 2021 in the amounts of P22.348 billion or 53.53 per cent of the total Assets of P41.744 billion and P20.384 billion or 12.28 per cent of the total Liabilities of P165.919 billion, respectively, which could not be considered as assets and liabilities as defined under Paragraph 7 of IPSAS 1, adversely affected the relevance and faithful representation of the NFA's FSs.

The faithful representation in the FSs and the verifiability of the balance of Accumulated Surplus/(Deficit) account amounting to P(129.175) billion could not be established in view of the net adjustments amounting to P2.873 billion recognized in Calendar Year (CY) 2021 Statement of Changes in Net Assets/Equity (SCNAE) which could not be substantiated due to non-submission of Journal Entry Vouchers (JEVs) and other pertinent documents, contrary to Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and casts doubt on the propriety and validity of adjustments made in the Accumulated Surplus/(Deficit) account and other affected accounts.



We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under these 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 Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the FSs, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these FSs in accordance with IPSASs, and for such internal control as management determined is necessary to enable the preparation of FSs that are free from material misstatement, whether due to fraud or error.

In preparing the FSs, 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 but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the FSs, 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 NFA'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 NFA'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 FSs or, if such disclosure 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 NFA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the FSs including the disclosures, and whether the FSs represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Our audits were conducted for the purpose of forming an opinion on the basic FSs taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 38 to the FSs is presented for purposes of additional analysis and is not a required part of the basic FSs prepared in accordance with IPSASs. Such supplementary information is the responsibility of Management of the NFA.

### **COMMISSION ON AUDIT**



**RADITO G. CHING**

OIC-Supervising Auditor  
Audit Group A – NFA/Food Terminal, Inc.  
Cluster 5 - Agriculture and Natural Resources  
Corporate Government Audit Sector

June 30, 2022



# 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 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, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud 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 Accounting 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*

**LOLITA O. SANEDRIN**  
*Department Manager,  
Finance Department*

Signed this 14th day of February, 2022



**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at December 31, 2021 and 2020**  
(In Philippine Peso)

			<b>2020</b>
	<b>Note</b>	<b>2021</b>	<b>As restated</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,778,322,198	2,881,658,068
Financial assets	8	401,914,922	397,442,692
Receivables, net	9	4,026,557,813	4,381,683,051
Intra-agency receivables	10	22,347,741,311	48,993,194,845
Inventories, net	11	7,393,870,807	12,285,154,491
Other current assets	12	249,387,426	219,318,933
		<b>37,197,794,477</b>	<b>69,158,452,080</b>
<b>Non-current assets</b>			
Financial assets	13	516,822,881	516,822,881
Investment property	14	5,985,040	15,833,340
Property, plant and equipment, net	15	2,843,931,622	2,634,264,667
Intangible assets	16	3,394,628	3,420,278
Other non-current assets	12	1,175,590,976	1,185,724,130
		<b>4,545,725,147</b>	<b>4,356,065,296</b>
<b>TOTAL ASSETS</b>		<b>41,743,519,624</b>	<b>73,514,517,376</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities	17	52,165,308,569	75,297,436,471
Inter-agency payables	18	84,213,786,687	69,621,164,761
Intra-agency payables	19	20,384,124,703	49,444,876,512
Trust liabilities	20	1,056,498,973	1,072,521,286
		<b>157,819,718,932</b>	<b>195,435,999,030</b>
<b>Non-current liabilities</b>			
Financial liabilities	17	7,476,736,181	7,851,165,918
Deferred credits/unearned income	21	113,435,009	52,512,097
Provisions	22	509,037,462	792,229,066
		<b>8,099,208,652</b>	<b>8,695,907,081</b>
<b>TOTAL LIABILITIES</b>		<b>165,918,927,584</b>	<b>204,131,906,111</b>
<b>EQUITY DEFICIENCY (Total Assets Less Total Liabilities)</b>		<b>(124,175,407,960)</b>	<b>(130,617,388,735)</b>
<b>EQUITY DEFICIENCY</b>			
Contributed capital	35	5,000,000,329	5,000,000,329
Accumulated surplus/(deficit)	34	(129,175,408,289)	(135,617,389,064)
<b>EQUITY DEFICIENCY</b>		<b>(124,175,407,960)</b>	<b>(130,617,388,735)</b>

The Notes on pages 10 to 75 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
**For the Years Ended December 31, 2021 and 2020**  
(In Philippine Peso)

			<b>2020</b>
	<b>Note</b>	<b>2021</b>	<b>As restated</b>
<b>Revenue</b>			
Service and business income	23	10,281,202,934	14,596,536,464
Shares, grants and donations	24	-	2,277
		<b>10,281,202,934</b>	<b>14,596,538,741</b>
<b>Current operating expenses</b>			
Personnel services	25	1,425,278,684	3,863,426,253
Maintenance and other operating expenses	26	1,783,445,718	2,135,234,326
Financial expenses	27	2,773,788,820	3,959,633,481
Direct costs	28	13,637,101,649	19,635,337,419
Non-cash expenses	29	177,006,604	841,522,569
		<b>19,796,621,475</b>	<b>30,435,154,048</b>
<b>Surplus/(Deficit) from current operations</b>		<b>(9,515,418,541)</b>	<b>(15,838,615,307)</b>
Other non-operating income	30	130,286,794	148,728,836
Gains	31	9,115,765	916,297,698
Losses	32	(224,370,508)	(290,627,002)
Financial assistance/subsidy	33	14,464,815,000	36,250,000,000
<b>Net surplus for the period</b>		<b>4,864,428,510</b>	<b>21,185,784,225</b>

The Notes on pages 10 to 75 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF CHANGES IN NET ASSETS/EQUITY**  
**For the Years Ended December 31, 2021 and 2020**  
(In Philippine Peso)

	Accumulated surplus/(deficit) (Note 34)	Contributed capital (Note 35)	Total
<b>BALANCE AT JANUARY 1, 2020, as restated</b>	<b>(154,915,436,298)</b>	<b>5,000,000,329</b>	<b>(149,915,435,969)</b>
<b>ADJUSTMENTS</b>			
Add/(Deduct):			
Prior period errors	(19,983,429)	-	(19,983,429)
Other adjustments	2,694,541,549	-	2,694,541,549
<b>BALANCE AT JANUARY 1, 2020, as restated</b>	<b>(152,240,878,178)</b>	<b>5,000,000,329</b>	<b>(147,240,877,849)</b>
<b>CHANGES IN NET ASSETS/EQUITY FOR CY 2020</b>			
Add/(Deduct):			
Surplus for the period	21,185,784,225	-	21,185,784,225
Other adjustments	(4,562,295,111)	-	(4,562,295,111)
<b>BALANCE AT DECEMBER 31, 2020</b>	<b>(135,617,389,064)</b>	<b>5,000,000,329</b>	<b>(130,617,388,735)</b>
<b>CHANGES IN NET ASSETS/EQUITY FOR CY 2021</b>			
Add/(Deduct):			
Surplus for the period	4,864,428,510	-	4,864,428,510
Other adjustments	1,577,552,265	-	1,577,552,265
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>(129,175,408,289)</b>	<b>5,000,000,329</b>	<b>(124,175,407,960)</b>

The Notes on pages 10 to 75 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2021 and 2020**  
(In Philippine Peso)

			<b>2020</b>
	<b>Note</b>	<b>2021</b>	<b>As restated</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Collection of income/revenues		9,813,625,179	13,729,428,083
Receipt of assistance/subsidy	33	14,464,815,000	36,250,000,000
Collection of receivables		106,771,291	582,078,695
Receipt of inter-agency fund transfers		12,110,875	60,262,648
Receipt of intra-agency fund transfers		35,974,489,249	52,046,956,071
Trust receipts		602,337,069	1,388,679,899
Other receipts		606,567,848	904,845,794
Adjustments		7,499,746	174,080,653
		<b>61,588,216,257</b>	<b>105,136,331,843</b>
<b>Cash Outflows</b>			
Payment of expenses		3,551,847,491	4,577,330,024
Purchase of inventories		7,921,641,876	12,454,290,441
Grant of cash advances		1,324,863,181	1,665,506,101
Prepayments		3,305,600	6,735,233
Refund of deposits		37,637,915	220,789,448
Payment of accounts payable		904,623,445	107,219,204
Remittance of personnel benefit contributions and mandatory deductions		746,362,378	1,065,808,877
Grant of financial assistance/subsidy		65,000	147,000
Release of inter-agency fund transfers		655,575	100,660,493
Release of intra-agency fund transfers		36,028,275,483	51,689,269,487
Other disbursements		154,545,863	419,299,193
Adjustments		27,572,479	43,957,925
		<b>50,701,396,286</b>	<b>72,351,013,426</b>
Net cash provided by/(used in) operating activities		<b>10,886,819,971</b>	<b>32,785,318,417</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from sale of investment property		444,295,736	-
Proceeds from sale/disposal of property and equipment		836,552	541,524,599
Receipt of interest earned		634	-
Proceeds from matured/return of investments		-	259,445,143
Proceeds from sale of other assets		1,466,848	313,996
Adjustments		-	(513,618,450)
		<b>446,599,770</b>	<b>287,665,288</b>
<b>Cash Outflows</b>			
Purchase/construction of investment property		189,662	-
Purchase/construction of property and equipment		269,791,308	437,721,042
Purchase/acquisition of investments		-	47,082,000
Purchase of intangible assets		1,026,647	-
Grant of loans		-	1,550,000
		<b>271,007,617</b>	<b>486,353,042</b>
Net cash provided by/(used in) investing activities		<b>175,592,153</b>	<b>(198,687,754)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Proceeds from domestic and foreign loans		1,098,469,925	21,104,973,103
		<b>1,098,469,925</b>	<b>21,104,973,103</b>
<b>Cash Outflows</b>			
Payment of long-term liabilities		9,736,262,363	20,406,154,608
Payment of interest on loans and other financial charges (BTr/NG debt)		2,533,681,650	33,306,515,687
		<b>12,269,944,013</b>	<b>53,712,670,295</b>
Net cash provided by/(used in) financing activities		<b>(11,171,474,088)</b>	<b>(32,607,697,192)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(109,061,964)	(21,066,529)
Effects of exchange rate changes on cash and cash equivalents		5,726,094	(5,174,881)
<b>CASH AND CASH EQUIVALENTS, January 01</b>		<b>2,881,658,068</b>	<b>2,907,899,478</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>7</b>	<b>2,778,322,198</b>	<b>2,881,658,068</b>

The Notes on pages 10 to 75 form part of these financial statements.

**NATIONAL FOOD AUTHORITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**For the Year Ended December 31, 2021**  
(In Philippine Peso)

		Budgeted amounts		Actual amounts on	Difference
	Note	Original	Final	comparable basis	final budget and actual
<b>RECEIPTS</b>					
Service and business income		15,196,000,000	15,196,000,000	10,344,293,245	4,851,706,755
Assistance and subsidy	33	14,464,815,000	14,464,815,000	14,464,815,000	-
Shares, grants and donations		-	-	-	-
Gains		-	-	-	-
Others		24,455,000,000	24,455,000,000	22,080,451,784	2,374,548,216
		<b>54,115,815,000</b>	<b>54,115,815,000</b>	<b>46,889,560,029</b>	<b>7,226,254,971</b>
<b>PAYMENTS</b>					
Personnel services		1,826,824,000	1,826,824,000	1,361,556,964	465,267,036
Maintenance and other operating expenses		46,878,479,000	46,878,479,000	41,801,095,196	5,077,383,804
Capital outlay		956,400,000	956,400,000	271,007,618	685,392,382
Financial expenses		4,333,000,000	4,333,000,000	2,437,221,539	1,895,778,461
Others		-	-	-	-
		<b>53,994,703,000</b>	<b>53,994,703,000</b>	<b>45,870,881,317</b>	<b>8,123,821,683</b>
<b>NET RECEIPTS/PAYMENTS</b>	37	<b>121,112,000</b>	<b>121,112,000</b>	<b>1,018,678,712</b>	<b>(897,566,712)</b>

The Notes on pages 10 to 75 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 or Agency) was originally created under the name of National Grains Authority (NGA) through Presidential Decree (PD) No. 4 dated September 26, 1972 and became the 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 stabilize supplies and prices of staple cereals both at the farm gate and consumer levels.

On May 12, 1975, PD No. 699 mandated the Agency to perform other functions, such as 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 further amended certain provisions of the National Grains Industry Development Act. The law was known as the NGA Act.

On January 14, 1981, PD No. 1770 reconstituted the NGA into what is now the NFA. The decree widened the Agency's social responsibilities and commodity coverage to include other food items like raw or fresh fruits and vegetables and fish and marine manufactured, processed or packaged food products.

On May 31, 1985, Executive Order (EO) No. 1028 deregulated the NFA's non-grains marketing activities, that resulted in the termination of NFA's non-grains trading activities. The feedgrains and wheat importation was returned to the private sector and the price controls/ceilings on rice and corn was lifted. At the end of Calendar Year (CY) 1986, all the Kasama sa Diwa (KADIWA) stores were closed.

On January 30, 1987, EO No. 116 detached the NFA from the Office of the President (OP) of the Philippines and was put under the Department of Agriculture (DA) to respond to policy changes.

Pursuant to EO No. 398 dated January 31, 1997, NFA was mandated to procure sugar, if necessary. Furthermore, in September 1998, EO No. 22 authorized NFA to include other basic food items in its operation.

On May 5, 2014, EO No. 165 transferred the NFA to the OP, under the oversight of the Office of Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP.

On June 30, 2016, EO No. 1 reassigned the NFA to the Office of the Cabinet Secretary of the OP, while on September 17, 2018, EO No. 62 transferred the NFA back to the DA.

Prior to Republic Act (RA) No. 11203, the NFA was mandated to ensure food security and stability of supply and price of the staple food of the country.

On February 14, 2019, RA No. 11203 or The Rice Tariffication Law titled, *An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purposes* removed the quantitative restriction (QR) on rice imports and replaced it with a general tariff.

On March 5, 2019, under Rule 3.1 of the Implementing Rules and Regulations (IRR) of the Act, the NFA's regulation and importation functions were removed, while retaining its mandate of ensuring food security through buffer stocking to be sourced solely from local farmers in response to emergencies and in support of disaster relief programs of the government.

The IRR also provides that the NFA submit to the Governance Commission for Government-Owned or Controlled Corporations (GCG) a Restructuring or Reorganization Plan which is responsive to the requirement of NFA to execute its key function of managing buffer stocks and ensuring its financial stability. Also, an organizational modification plan on the transfer of Food Development Center (FDC) from NFA to DA took effect on December 31, 2019.

On January 7, 2020, the Restructuring Plan of the NFA was approved, per GCG Memorandum No. 2019-13.

Previously, NFA had 15 Regional Offices (ROs) and 86 Provincial Offices (POs). Under the GCG-approved NFA Restructuring/Reorganizational Plan, the 15 ROs have been maintained and the 86 POs have been reduced to 45 Branch Offices (BOs) with authorized plantilla positions of 2,644. As of December 31, 2021, there were 2,243 total number of employees in service, of whom 196 and 2,047 were assigned at Central Office (CO) and Field Offices (FOs), respectively.

The NFA-CO is located at NFA Compound, Visayas Avenue, Barangay VASRA, Diliman, Quezon City, Philippines.

The financial statements of NFA as at and for the years ended December 31, 2021 and 2020 were authorized for issue on February 14, 2022 as shown in the Statement of Management's Responsibility for Financial Statements signed by William D. Dar, Secretary of DA and Chairman of NFA Council; Judy Carol L. Dansal, NFA Administrator and Vice-Chairperson of NFA Council; and Lolita O. Sanedrin, Department Manager of NFA Finance Department.

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

The financial statements of NFA have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) and the accounting policies have been consistently applied throughout the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statements of Cash Flows have been prepared using the direct method.

The financial statements are presented in Philippine Peso, which is also the country's functional currency.

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

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

The financial statements have been prepared on an accrual basis in accordance with the IPSASs.

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

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

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

Financial assets within the scope of IPSAS 29 - *Financial 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; Trade and Non-trade Receivables. (See Notes 3.3, 7 and 9)

##### **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.

##### **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.

### 3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when 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/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 IPSAS 29 - *Financial Instruments: Recognition and Measurement*; and either the entity has:
  - transferred substantially all the risks and rewards of ownership of the financial asset; or
  - neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset

### iv. Impairment of financial assets

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.

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

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

The 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 17)

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 derivatives instruments not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit. [IPSAS 29.10, IPSAS 41.45(a), IPSAS 41.101]

## 2. Loans and borrowings

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 Statements of Financial Position when, and only when, there is a currently enforceable legal right to offset the recognized amounts and there is an intention either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. (IPSAS 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 and petty cash. For the purpose of the Statements of Cash Flows, cash and cash equivalents consist of cash and short-term deposits.

## **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.

### **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. (Paragraphs 18, 19 and 25, IPSAS 12)

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

#### **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. (Paragraphs 15-16, IPSAS 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 their estimated useful life. (No buildings were reclassified. Hence, no useful estimated useful life was used for subsequent measurement.) (See Note 14)

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 NFA uses the cost model for the measurement of investment property after initial recognition.

### **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.

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.

- 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. *Impairment***

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

**f. *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.

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 is 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 financial statements authorized for issue after their discovery by:

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

### **3.10. Foreign Currency Transactions**

Foreign currency liabilities are booked up at peso equivalent 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.

### **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 is recognized as an asset if the following criteria were 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 of 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 were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, revenue is recognized immediately. If conditions were attached, a liability is recognized, which is reduced and revenue recognized as the conditions were satisfied.

On initial recognition, gifts and donations including goods in-kind were 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 is 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 were 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 were 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 the fair value of the consideration received or receivable.

#### **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.

#### **c. *Fines and penalties***

The NFA recognizes revenue from fines and penalties on the late deliveries of items purchased through local purchases when earned.

#### **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 for each period.

#### **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.

### **3.14. Borrowing Costs**

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

### **3.15. Employees' 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 financial statements in conformity with IPSASs requires Management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the 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 were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

## **4. CHANGES IN ACCOUNTING POLICIES**

NFA adopted the following new accounting policies:

Adoption of the Revised Chart of Accounts (RCA) for Government Corporations (GCs) classified as Non-Government Business Enterprises (Non-GBEs), per COA Circular No. 2015-010 dated December 1, 2015.

The NFA is already adopting the use of the RCA for GCs classified as non-GBEs with an eight-digit account coding structure.

The accounts were reclassified in conformity with the RCA prescribed under COA Circular No. 2015-010 dated December 01, 2015 and COA Circular No. 2016-006 dated December 29, 2016. NFA has been using the RCA since CY 2017.

For CY 2020, accounts are reclassified according to the Updated RCA for GCs (CY 2019) per COA Circular No. 2020-002 dated January 28, 2020.

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

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.

## **5.1. Risk Management Framework**

The NFA Council, through the Audit and Risk Management Committee, has the overall responsibility for the establishment and oversight of NFA's risk management framework. Section 7 - Mandate and Responsibility for NFA's Performance of NFA's Code of Corporate Governance sufficiently provides that NFA Council is responsible for providing policy directions, monitoring, and overseeing Management actions, as articulated in its Charter per PD No. 4 and other relevant legislations, rules, and regulations.

In view of the foregoing and in accordance with 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 and Risk Management Committee; and Governance, Nomination and Remunerations Committee, where each committee is composed of at least three (3) 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 Audit and Risk Management Committee (with at least one member having a background in finance and investment) is specifically responsible for the following:

- a. The Committee shall advise the NFA Council of the NFA's overall current and future risk appetite, oversee NFA Management's adherence to the risk appetite statement, and report on the state of risk culture of NFA;
- b. Oversee adherence to NFA risk appetite. The Committee shall ensure that the current and emerging risk exposures are consistent with the strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to the risk management and control, and performance of management, among others;
- c. Ensure that the risk mitigating measures and strategies of NFA are consistent with its social mandate of supporting sustainable agricultural development;
- d. Provide oversight over the NFA Management's activities in managing the following risks:
  - Credit
  - Market
  - Liquidity
  - Operational
  - Legal
  - Reputational, and
  - Other risks of the NFA

- e. Oversee and ensure establishment of a Risk Management Framework to be used as a guidepost for decision-making and review of the NFA's controls/ mitigating measure and risk management system. The Committee shall ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans.

Review, approve and endorse to the NFA Council the Risk Management Policy, Framework and Plan. Oversee implementation of the policy and plan, review and revise, as needed.

Oversee implementation of and ensure adherence to the Risk Management Policy as well as review and revise the policies by reviewing and evaluating the steps that the NFA Management has taken to monitor and control risk exposures to ensure its continued relevance, comprehensiveness, and effectiveness.

- f. Identify the risks and approve corresponding risk policy measures recommended by the NFA Management to avoid / mitigate / transfer risks associated with the exercise of NFA mandated function to maintain rice buffer stocks for emergency purposes;
- g. Oversee the NFA crisis management, which shall include receiving from Management periodic information on risk exposures and risk management activities;
- h. Endorse to the NFA Council and appropriate Committees concerned the selection / appointment, remuneration, and removal of a Chief Risk Officer (CRO) and "risk champions" for the NFA;
- i. Review and approve the performance evaluation of the CRO and "risks champions";
- j. The selected CRO shall be generally responsible for the following:
  - 1. Assist the Audit and Risk Management Committee in the:
    - Identification and evaluation of risks
    - Establishment of a team of "risk champions" for the relevant risks identified for the organization
    - Development of a Risk Management Policy, Framework, and Plan to mitigate and manage risks for NFA
  - 2. In coordination with the "risks champions", propose a Risk Management Policy Framework, and Plan for the NFA.
- k. The Committee shall ensure that the risk management function has adequate resources to effectively oversee the risk-taking activities of the NFA;
- l. Monitor and review of accomplishments relative to the risk management plans of the NFA; and



- m. Provide regular reporting and update the Council on key risk management issues as well as ad hoc reporting and evaluation of investment proposals.

## **5.2. NFA's Major Remarkable Accomplishments**

### **a. Buffer Stock Management**

The NFA:

- Was still able to procure 57 per cent of the target procurement of 800 thousand metric tons (TMT) equivalent to about 457 TMT despite the pandemic which caused lockdowns, thereby stopping or slowing down the flow of goods and movement of people.
- Distributed 75 per cent of the target distribution of 555 TMT equivalent to 414 TMT. Total rice released for calamity/relief responses at 95,514 TMT constitutes 23 per cent of the total rice sales, where about 92 per cent of this volume or 88,169 TMT are released exclusively for Coronavirus Disease 2019 (COVID-19) relief operations of government agencies and institutions.

About 99.99 per cent of the NFA stocks were maintained in good consumable condition as a result of the NFA's good warehouse keeping practices and adherence to "6-3 Protocol", which shortens the storage period to six (6) months maximum storage for palay and three (3) months critical storage for rice to keep the quality of NFA stocks in fresh/good condition.

Average response time for rice releases during emergencies and calamities was done within an average of 27 hours or 21 hours earlier than the 48 hours target response time. This was accomplished through the vigilance and readiness to serve 24/7 of the Operations Centers in the affected areas and at the CO.

### **b. Facility Management**

To boost the Agency's buffer stock management program and palay procurement activities, the NFA undertook the following:

1. Completed the construction of four 100-Thousand Bags Capacity (TBC) warehouses in Region III located in Munoz and Cabanatuan City, Nueva Ecija and in Region XII located in Matalam and Libungan, North Cotabato.
2. Completed the acquisition of three 12-Tonner Mechanical Dryers for Munoz and Cabanatuan City in Region III.
3. Completed the installation of eight 80-Tons capacity truck-scales in Cabanatuan City, NAWACO, Occidental Mindoro, Narra, Palawan, Tabaco, Albay, and North and South Districts in National Capital Region (NCR).
4. Deployed 11 brand new trucks to major procuring regions and 15 pick-ups to reach far-flung or remote areas and distant buying stations.

5. The NFA was able to save P48.828 million on handling cost in keeping its truckscales in good operating condition.

c. Finance and Administration

The NFA:

- Contributed P10.817 billion to the country's economy in terms of the economic activities undertaken for palay procurement, expenses for rent, transport and delivery, general services, janitorial, security, drying, milling, handling, taxes withheld from employees' compensation and from suppliers of goods and services.
- Reduced its outstanding loans to P128.015 billion, from P136.222 billion last year, thereby generated savings on interest expense by P0.887 billion.

The budget utilization rate for the total General Appropriations Act (GAA) releases at P7.000 billion was 100 per cent utilized for the procurement of palay.

As Management's support during the pandemic, the NFA frontliners were provided with the necessary supplies and protective materials, medicines and vitamins to protect them from possible transmission and hazards at work. To ensure the continuity of NFA services to the public, blended work-from-home and reporting to office arrangement was implemented. The percentage of workforce reporting for office depends on COVID-19 Inter-agency Task Force (IATF) for the Management of Emerging Infectious Diseases issued guidelines and the schedule shifts weekly, to comply with the physical distancing protocol of keeping the required distance of at least one (1) meter.

ISO 9001-2015 Certification was obtained by the RO in Cabanatuan City and the NFA branches in Nueva Ecija and Tarlac.

The NFA Information Systems Strategic Plan (ISSP) endorsed by the Department of Information and Communications Technology (DICT) to the Department of Budget Management (DBM) allowed NFA to proceed with information technology plans and modernization program.

The NFA also completed the construction of the following: (a) new NFA nine-storey office building and the transfer of NFA employees to their new offices; and construction of the RO in Region XII, Koronadal, North Cotabato.

## **6. PRIOR PERIOD ADJUSTMENTS**

Fundamental adjustments affecting nominal accounts in prior years were recognized using Accumulated Surplus/(Deficit) account. NFA corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period 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.

Thus, the following financial statements as at and for the year ended December 31, 2020 were restated to this effect as follows:

#### 6.1. Restated Statement of Financial Performance for the year ended December 31, 2020

Accounts	2020 Unrestated	Adjustments		2020 As restated
		Presentation	PY Adjustments	
<b>Revenue</b>				
Service and business income	14,579,598,043	-	16,938,421	14,596,536,464
Shares, grants and donations	2,277	-	-	2,277
Miscellaneous income	120,080,862	(120,080,862)	-	-
<b>Total revenue</b>	<b>14,699,681,182</b>	<b>(120,080,862)</b>	<b>16,938,421</b>	<b>14,596,538,741</b>
<b>Current operating expenses</b>				
Personnel services	3,866,120,446	-	(2,694,193)	3,863,426,253
Maintenance and other operating expenses (MOOE)	2,049,271,405	(271,834,463)	357,797,384	2,135,234,326
Financial expenses	3,797,107,979	-	162,525,502	3,959,633,481
Direct costs	19,578,780,534	-	56,556,885	19,635,337,419
Non-cash expenses	846,392,519	-	(4,869,950)	841,522,569
<b>Total current operating expenses</b>	<b>30,137,672,883</b>	<b>(271,834,463)</b>	<b>569,315,628</b>	<b>30,435,154,048</b>
<b>Surplus/(deficit) from current operations</b>	<b>(15,437,991,701)</b>	<b>151,753,601</b>	<b>(552,377,207)</b>	<b>(15,838,615,307)</b>
Sale of assets	265,803	(265,803)	-	-
Other non-operating income	-	120,346,665	28,382,171	148,728,836
Gains	756,415	-	915,541,283	916,297,698
Losses	(7,981,631)	(271,834,463)	(10,810,908)	(290,627,002)
<b>Surplus/(deficit) before tax</b>	<b>(15,444,951,114)</b>	<b>-</b>	<b>380,735,339</b>	<b>(15,064,215,775)</b>
Income tax expense	-	-	-	-
<b>Surplus/(deficit) after tax</b>	<b>(15,444,951,114)</b>	<b>-</b>	<b>380,735,339</b>	<b>(15,064,215,775)</b>
Subsidy from national government	36,250,000,000	-	-	36,250,000,000
<b>Net surplus for the period</b>	<b>20,805,048,886</b>	<b>-</b>	<b>380,735,339</b>	<b>21,185,784,225</b>

Prior year adjustments pertain to the direct adjustments to the Accumulated Surplus/(Deficit) account representing revenue and expenses in CY 2020, as follows:

- 1) Prior year adjustment to Service and Business Income is attributed to the recognition, adjustment and collection of Other Service Income, Sales Revenue - Local Rice, Well Milled and Interest Income on bank deposits.
- 2) Prior year adjustment to Personnel Services is attributed to the recognition, adjustment and payment Salaries & Wages, Other Compensation, Personnel Benefit Contributions and Other Personnel Benefits.

- 3) Prior year adjustment to MOOE is attributed to the recognition, issuance, adjustment and payment of Traveling Expenses, Training and Scholarship Expenses, Supplies and Materials Expense, Utility Expense, Communication Expense, Awards/Rewards and Prizes, Survey Expenses, Professional Services, General Services, Repairs & Maintenance, Taxes, Insurance Premiums and Other Fees, Other MOOE.
- 4) Prior year adjustment to Financial Expenses is attributed to the adjustment to Interest Expenses and recognition of late billings on Guarantee Fees.
- 5) Prior year adjustment to Direct Costs is attributed to the adjustment to the Cost of Sales of Local Rice.
- 6) Prior year adjustment to Non-Cash Expenses is attributed to additional recognition of Depreciation Expenses and Impairment Loss on Loans and Receivables and adjustment to Impairment Loss on Other Receivables, Inventories and PPE.
- 7) Prior year adjustment to Other Non-Operating Income is attributed to the adjustment and collection of Miscellaneous Income.
- 8) Prior year adjustment to Gains is attributed to gain on sale of three (3) parcels of land located at Meycauyan, Bulacan for the construction of North-South Railway Project.
- 9) Prior year adjustment to Losses is attributed to losses such as losses arising from transfers of stocks, physical count of inventory and PPE and sale of damaged stocks.

## 6.2. Restated Statement of Financial Position as at the year ended December 31, 2020

Accounts	2020 Unrestated	Adjustments		2020 As restated
		Presentation	PY Adjustments	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,843,080,106	-	38,577,962	2,881,658,068
Investments	397,442,692	-	-	397,442,692
Receivables	3,532,054,792	-	849,628,259	4,381,683,051
Intra-agency receivables	51,040,316,275	-	(2,047,121,430)	48,993,194,845
Inventories	11,626,960,302	-	658,194,189	12,285,154,491
Other current assets	219,837,956	-	(519,023)	219,318,933
<b>Total current assets</b>	<b>69,659,692,123</b>	-	<b>(501,240,043)</b>	<b>69,158,452,080</b>
<b>Non-current assets</b>				
Financial assets	516,826,381	-	(3,500)	516,822,881
Investment property	15,833,340	-	-	15,833,340
PPE	2,451,148,701	-	183,115,966	2,634,264,667
Intangible assets	3,420,278	-	-	3,420,278
Other non-current assets	1,164,237,167	-	21,486,963	1,185,724,130
<b>Total non-current assets</b>	<b>4,151,465,867</b>	-	<b>204,599,429</b>	<b>4,356,065,296</b>
<b>Total assets</b>	<b>73,811,157,990</b>	-	<b>(296,640,614)</b>	<b>73,514,517,376</b>

Accounts	2020 Unrestated	Adjustments		2020 As restated
		Presentation	PY Adjustments	
LIABILITIES				
Current liabilities				
Financial liabilities	75,387,188,387	(500,000)	(89,251,916)	75,297,436,471
Inter-agency payables	69,226,518,294	-	394,646,467	69,621,164,761
Intra-agency payables	49,466,585,046	-	(21,708,534)	49,444,876,512
Trust liabilities	1,000,132,255	-	72,389,031	1,072,521,286
Total current liabilities	195,080,423,982	(500,000)	356,075,048	195,435,999,030
Non-current liabilities				
Financial liabilities	7,850,665,918	500,000	-	7,851,165,918
Deferred credits/unearned income	75,083,054	-	(22,570,957)	52,512,097
Provisions	811,350,300	-	(19,121,234)	792,229,066
Total non-current liabilities	8,737,099,272	500,000	(41,692,191)	8,695,907,081
Total liabilities	203,817,523,254	-	314,382,857	204,131,906,111
Net assets (total assets less total liabilities)	(130,006,365,264)	-	(611,023,471)	(130,617,388,735)
EQUITY DEFICIENCY				
Government equity				
Accumulated surplus/(deficit)	(135,006,365,593)	-	(611,023,471)	(135,617,389,064)
Contributed capital	5,000,000,329	-	-	5,000,000,329
EQUITY DEFICIENCY	(130,006,365,264)	-	(611,023,471)	(130,617,388,735)

## 7. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2021	2020 As restated
Cash on hand	14,612,021	1,133,248
Cash in bank - local currency	2,665,571,377	2,787,755,363
Cash in bank - foreign currency	98,138,800	92,769,457
	<b>2,778,322,198</b>	<b>2,881,658,068</b>

### 7.1. Cash on Hand

This account represents the undeposited collection in the custody of collecting officer as of the last working day of the accounting period, December 31. This also includes petty cash fund balance for MOOE as at year-end.

Significant increase in cash on hand is due to the receipt of check from Local Government Unit (LGU) of Isabela amounting to P10,610,843 under the Palay Assistance for Legislators and LGUs (PALLGU) program.

### 7.2. Cash in Bank – Local Currency

This account includes current and savings accounts that are deposited in various banks of CO, ROs and BOs such as Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), Philippine National Bank (PNB), United Coconut Planters Bank (UCPB), and One Network Bank (ONB). This account consists of General Operating

Fund (GOF), Cereal Procurement Fund (CPF), Rice Collection Account, trust accounts and e-Gov accounts.

GOF Account is used for general and regular transactions of the office, while CPF account is mainly used for palay procurement. For the Rice Collection Account, it is where all sales of rice are deposited and transferred to NFA CO Rice Collection Account.

### 7.3. Cash in Bank – Foreign Currency

Cash in bank - Foreign currency is a dollar savings account deposited in LBP – NFA Branch. The foreign currency account amounting to \$1,924,328 is revaluated using the December 31, 2021 closing rate of P50.999/\$1.00 from the BSP. While the December 31, 2020 balance of \$1,931,772 was revaluated using December 31, 2020 closing rate of P48.023/\$1.00 from the same source.

## 8. FINANCIAL ASSETS

### 8.1. Reconciliation of Current Investments

	Time Deposit	Other Financial Assets	Total
Balance, January 1, 2021	168,436,971	229,005,721	397,442,692
Re-investment of excess fund from payment of NFA CO building	-	-	-
Increase in investment due to discount/interest earned during the period	2,692,698	1,779,532	4,472,230
Withdrawal of investment due to partial payment of NFA CO building	-	-	-
<b>Balance, December 31, 2021</b>	<b>171,129,669</b>	<b>230,785,253</b>	<b>401,914,922</b>

### 8.2. Investment in Time Deposits

Investment in the amount of P171,129,669 is an investment in time deposit of Corn Development Fund (CDF) placed in DBP which consist of 90 days at 1.60 per cent in the amount of P16,071,724 and 365 days at 1.70 per cent in the amount of P155,057,945.

### 8.3. Other Financial Assets

	2021	2020
LBP Trust - building	176,027,482	174,675,607
DBP Trust - building	54,757,771	54,330,114
	<b>230,785,253</b>	<b>229,005,721</b>

Other Investments pertain to investment entered into with the LBP - Trust Banking Group (LBP-TBG) and DBP - Trust Banking Group (DBP-TBG) on June 20, 2016 for the exclusive use of construction of NFA CO building. The trustees have discretionary authority to invest the maximum 83 per cent of fund in high yielding government securities and the 17 per cent of the fund shall serve as BSP reserves and non-interest bearing.

## 9. RECEIVABLES

This account consists of the following:

	2021	2020 As restated
Accounts receivables	114,660,941	28,789,777
Loans receivables	21,734,406	22,259,615
Inter-agency receivables	894,832,160	426,273,565
Other receivables	2,995,330,306	3,904,360,094
	<b>4,026,557,813</b>	<b>4,381,683,051</b>

### 9.1. Accounts Receivables

	2021	2020 As restated
National Government Agencies (NGAs)	510,854,001	413,140,639
LGUs	142,303,120	129,523,412
Government-Owned and Controlled Corporations (GOCCs)	3,359,909	27,379,697
Private corporations (PCs)	7,698,937	7,698,938
Farmers	4,848,003	4,845,326
Employees	1,211,349	637,376
Retailers	257,530	242,013
Erap Sari-Sari Store (ESSS) operators	26,631	26,631
Less: Allowance for impairment loss	(555,898,539)	(554,704,255)
	<b>114,660,941</b>	<b>28,789,777</b>

Accounts receivables pertain to trade receivables representing rice releases on account to NGAs, LGUs, GOCCs, PCs, retailers, ESSS operators, employees, and farmers.

### 9.2. Aging of Accounts Receivables

	Grand total	Current		Past Due		
		Less than 90 days	91-365 days	Over 1 year	Over 2 years	Over 3 years
NGAs	510,854,001	8,328,113	400	517,500	128,700	501,879,288
LGUs	142,303,120	13,135,000	-	-	80,000	129,088,120
GOCCs	3,359,909	-	-	-	-	3,359,909
PCs	7,698,937	-	-	-	202,500	7,496,437
Retailers	257,530	-	-	2,500	-	255,030
ESSS operators	26,631	-	-	-	-	26,631
Employees	1,211,349	651,121	-	31,239	-	528,989
Farmers	4,848,003	-	-	-	-	4,848,003
	<b>670,559,480</b>	<b>22,114,234</b>	<b>400</b>	<b>551,239</b>	<b>411,200</b>	<b>647,482,407</b>
Allowance for impairment loss	(555,898,539)	-	-	(137,810)	(205,600)	(555,555,129)

Accounts receivables consist mainly of dormant accounts. Thus, NFA provided an allowance for impairment based on collectability of receivable balances and evaluation of factors such as aging of accounts and collection experiences.

### 9.3. Loans Receivables

	2021	2020
Japan International Cooperation Agency (JICA)	2,423,356	2,423,356
<i>Allowance for impairment loss – JICA</i>	<i>(590,773)</i>	<i>(590,773)</i>
	<b>1,832,583</b>	<b>1,832,583</b>
Private Sector Modernization Scheme (PSMS)	6,873,511	6,873,511
<i>Allowance for impairment loss – PSMS</i>	<i>(3,187,662)</i>	<i>(3,187,662)</i>
	<b>3,685,849</b>	<b>3,685,849</b>
Post-Harvest Facilities (PHF)	1,038,416	1,038,416
<i>Allowance for impairment loss – PHF</i>	<i>(881,793)</i>	<i>(881,793)</i>
	<b>156,623</b>	<b>156,623</b>
Farm Level Grain Centers (FLGC)	20,678,814	21,204,023
<i>Allowance for impairment loss – FLGC</i>	<i>(4,619,463)</i>	<i>(4,619,463)</i>
	<b>16,059,351</b>	<b>16,584,560</b>
<b>Loans receivables, net</b>	<b>21,734,406</b>	<b>22,259,615</b>

JICA pertains to assistance project availed by qualified farmers' organizations in the country for the purpose of making available post-harvest facilities. NFA and JICA aim to provide farmers' organizations with post-harvest facilities to reduce grains losses, post-harvest cost, and to shorten the time period for the various on-farm operations, thereby assisting farmers' organizations in venturing into profitable gains, marketing businesses, increasing the level of farm income and the living standards of the beneficiaries.

PSMS was one of the projects of the then Agro-Processing and Marketing Project Office (APMPO), an NFA special project. Under this project, farmers from selected areas/provinces were given the opportunity to avail of a loan in the form of single pass rice mills, dryers, drying silos, and truck scales. The loan is payable in ten semi-annual amortizations for a period of five years secured by either real estate mortgage and/or chattel mortgage.

PHF program aims to help farmers' organizations acquire post-harvest facilities of their preferred brand, at reasonable prices and with easy payment terms. The provision of PHF is envisioned to reduce grains losses, lessen post-harvest cost, and shorten the time period for the various in-farm operations.

FLGC is a soft loan designed for farmers' organizations who have shown or exhibited strong capability in palay trading activities and potential to integrate processing and marketing activities. FLGC provides for the acquisition of post-harvest facilities such as storage (warehouse), rice mills, dryers, trucks and other auxiliary equipment, which are critical to the success of the business venture.

### 9.4. Inter-Agency Receivables

	2021	2020 As restated
Due from NGAs	695,164,915	214,266,477
Due from GOCCs	185,025,297	197,253,140
Due from LGUs	14,641,948	14,753,948
	<b>894,832,160</b>	<b>426,273,565</b>



a. Due from NGAs account consists of the following:

		2020
	2021	As restated
Department of Transportation (DOTr)	679,360,364	198,238,700
DA	10,669,408	10,669,408
Department of Social Welfare and Development (DSWD)	4,449,381	9,891,057
Department of Interior and Local Government (DILG)	854,030	854,030
Bureau of Customs (BOC)	363,868	332,474
Anti-Red Tape Act (ARTA)	355,476	-
DBM	228,606	49,307
Office of the Civil Defense (OCD)	198,750	198,750
Bureau of Internal Revenue (BIR)	41,624	24,010
Department of Education (DepEd)	22,650	22,650
NGAs	-	(4,634,667)
<i>Less: Allowance for impairment loss</i>	<i>(1,379,242)</i>	<i>(1,379,242)</i>
<b>Due from NGAs, net</b>	<b>695,164,915</b>	<b>214,266,477</b>

Due from DOTr account includes receivable from DOTr-Philippine National Railways (PNR) pertaining to the sale of three (3) parcels of land located at Meycauayan, Bulacan for the construction of North-South Railway Project. The total contract price was P925,417,400.00; 50 per cent payment was made to CO on August 16, 2021 per Official Receipt (OR) No. O-0492551 amounting to P444,295,735.82 - net of real property tax.

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

The Due from ARTA account represents receivable for water and electricity consumptions of ARTA for CY 2021.

b. Due from GOCCs account consists of the following:

		2020
	2021	As restated
GSIS	149,090,579	161,325,722
Quedan Guarantee Fund Board (QGFB)	35,571,645	35,571,645
Philippine International Trading Corporation (PITC)	355,773	355,773
LBP	7,300	-
	<b>185,025,297</b>	<b>197,253,140</b>

Due from GSIS pertains to marine insurance, damaged in-warehouse stocks and property insurance claims of NFA from government insurance agency.

Due from PITC represents unclassified vessel surcharged pertaining to CY 2002 importation of 16,200 metric tons Indian long grain white rice which unloaded in Cebu through ex-vessel MV Chung Gin 2 in the amount of US\$7,034.85. A series of demand letters were made to collect the receivables.

Due from QGFB represents loan granted by NFA to finance the construction of FLGC 1 and the Dryer Assistance Fund. The account had been outstanding since CY 2000. NFA sent a demand letter to QGFB and they acknowledged their payable per their letter

dated September 27, 2018. Accordingly, they cannot settle the obligation since it was subject for abolition pursuant to Memorandum Order No. 13 dated June 28, 2017. NFA requested updates on the liquidation plan on the settlement of obligations per letters dated October 18, 2018 and May 06, 2019.

c. Due from LGUs account consists of the following:

	2021	2020 As restated
Due from LGU	-	112,000
Nueva Ecija	13,478,718	13,478,718
Bukidnon	55,201	55,201
Pampanga	708,029	708,029
Aurora	400,000	400,000
	<b>14,641,948</b>	<b>14,753,948</b>

Due from LGUs of Nueva Ecija and Bukidnon represents unliquidated balance from DA-funded program for the Mechanical Dryer/GPEP Post-Harvest Facility Assistance Fund. Due from LGU Nueva Ecija also includes receivable arising from the sale of parcel of land in CY 1999.

Due from LGU Pampanga represents interest and penalty for late payment of rice loan. While the due from LGU Aurora account represents unliquidated project pertaining to the construction of warehouse in Dingalan, Aurora.

## 9.5. Other Receivables

	2021	2020 As restated
Due from officers and employees, net	1,481,905,542	1,552,752,867
Receivables - disallowances/charges, net	58,750,861	41,207,087
Other receivables	1,454,673,903	2,310,400,140
	<b>2,995,330,306</b>	<b>3,904,360,094</b>

a. Due from Officers and Employees account consists of the following:

	2021	2020 As restated
Due from Stock Accountable Officers (SAOs):		
Without stock examination - past (Title I)	1,131,217,805	1,131,235,232
Without stock examination - on-going (Title I)	53,000,088	57,821,645
With management examination (Title II)	29,032,069	68,439,515
With COA examination (Title III)	161,753,379	178,110,725
For Tolerable Allowance (TOLA) computation (Title IV)	156,667,484	75,542,026
Stocks with TOLA computation (Title V)	6,365,348	34,762,307
Stocks with unresolved appeal (Title VI)	116,352,073	116,761,384
Final shortages - still connected with NFA - grains (Title VII)	44,938,873	105,080,281
Final shortages - still connected with NFA - MTS (Title VII)	349,448	2,317,825
Final shortages - with resolved appeal (Title VIII)	61,152	-
Cash shortage	17,852,317	20,348,087
KADIWA shortage	1,467,578	1,001,779
Refund of excess/overpayment of personnel services	526,966	596,286
Communications	87,895	211,666
Grainscor	27,032	515,935
Loss of fixed assets	26,769	30,054
Loss of supplies & materials	2,560	133,419
Educational Loan Assistance (EDL)	3,087,183	5,123,746
Special loan assistance	583,215	1,382,323
Special loan assistance P20,000	705,044	1,264,175
Special Vehicle Loan Fund (SVLF)	1,999,600	3,492,360
Less: Allowance for impairment loss	(244,198,336)	(251,417,903)
	<b>1,481,905,542</b>	<b>1,552,752,867</b>

Due from Officers and Employees account represents different collectibles from officers and employees such as overpayment of personnel services, educational loan, special loan assistance, special vehicle loan and receivables arising cash shortages and loss of assets. This account also includes receivables from the stock shortages of SAOs. Those who are still in service are paying regularly but at an amount based on their capacity pay and some settled their obligations by entering into a compromise agreement. Those who are no longer in the service were recommended for either filing of court action or write off if, warranted.

Due from SAOs are categorized into:

- Without Examination (Past Accountabilities) - Include cases with proper cut-off but not yet 100 per cent examined and/or pending for examination.
- Without Examination (On-going Accountabilities) - Include cases with no cut-off of accountability yet with or without shortages set-up.
- With Management Examination – Include cases/accountabilities already encoded in the New Computerized Stock Examination & TOLA Computation System which are 100 per cent completed, the required certifications are already submitted, the inventory of accountable forms are properly accounted for, the computer generated examination and reports are already final, verified by Provincial Accountant and noted by the Branch Manager and forwarded or about to be forwarded to the concerned SAO for review and confirmation. This also included accountabilities with final examination or 100 per cent completed and the results are either shortage but considered auto-offset, or overage (therefore, no TOLA is computed).
- For TOLA Computation - Include cases/accountabilities submitted by BO after stock examination to RO for TOLA computation.
- With TOLA Computation - Include cases/accountabilities wherein the result of TOLA computation is for review of the SAO and is under the 30 working days prescribed period to appeal.
- Final Shortages With/Without Resolved Appeal – No Longer Connected Include cases/accountabilities of SAO no longer connected with NFA wherein TOLA computations (either with shortages or offset) were conducted either in the RO or CO and appeals resolved by the Regional Tolerable Allowance Committee (RTAC) or National Tolerable Allowance Committee (NTAC). It also included cases with shortages net of TOLA without appeal and/or the 30 working days prescribed period had lapsed.

b. Receivables - Disallowances/Charges account consists of the following:

	2021	2020 As restated
Food incentive	48,069,822	29,634,761
Supplies & materials	1,619,174	1,268,362
Allowances	1,243,836	2,026,956
Representation	434,568	434,568
Salaries & wages	409,920	635,206
Traveling	182,300	264,821
Hazard pay	-	477,565
Others	6,791,241	6,464,848
	<b>58,750,861</b>	<b>41,207,087</b>

Receivables-disallowances/charges pertain to the audit disallowances/charges, such as salaries and allowances, food incentive, representation, supplies and materials and hazard pay, etc.

c. Other Receivables consists of the following:

	2021	2020 As restated
Final shortages - no longer connected with NFA (Title VIII)	1,636,037,346	1,615,121,445
Private Institutions	190,672,891	1,102,202,248
NFA employees	57,333,721	4,843,129
Separated NFA employees	13,187,701	12,327,975
MTS receivable from other agencies/offices/organizations	3,646,428	2,816,372
Advances made by POs	1,861,259	2,198,478
COA personnel	1,013,267	983,647
Corn Marketing Assistance Program (CMAP)	4,719	-
Advances to other GOCCs	-	4,970
For reconciliation	-	11,069
Others	(1,247)	4,988,750
<i>Less: Allowance for impairment loss</i>	<i>(449,082,182)</i>	<i>(435,097,943)</i>
	<b>1,454,673,903</b>	<b>2,310,400,140</b>

Other receivables account comprises non-trade receivables from private institutions, corporations and individuals. This account also includes receivables from employees who were separated from the service.

## 10. INTRA-AGENCY RECEIVABLES

	2021	2020 As restated
Due from Operating Units (OUs)	12,236,755,237	18,460,575,050
Due from CO	7,200,886,968	25,883,704,475
Due from RO	2,910,099,106	4,648,915,320
	<b>22,347,741,311</b>	<b>48,993,194,845</b>

Intra-agency receivables represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO, ROs and BOs and are recorded as receivable (Due from) by the issuing office and payable (Due to) by the receiving office.

Reconciled intra-agency receivable accounts are being closed/eliminated using Accumulated Surplus/(Deficit) account.

Decrease in intra-agency receivables is attributed to religious monthly reconciliation and prioritization of reconciliation activities.

## 11. INVENTORIES

This account consists of:

	2021	2020 As restated
Inventory held for sale	2,553,902,984	2,877,551,760
Inventory held for manufacturing	4,471,256,794	9,065,193,143
Inventory held for consumption	363,938,228	337,480,284
Semi-expendable machinery and equipment	2,829,679	2,669,877
Semi-expendable furniture and fixtures	1,943,122	2,259,427
	<b>7,393,870,807</b>	<b>12,285,154,491</b>

### 11.1 Inventory Held for Sale

	2021	2020 As restated
Merchandise inventory (MI)	2,575,269,581	2,881,281,608
<i>Less: allowance for impairment – MI</i>	<i>(21,366,597)</i>	<i>(3,729,848)</i>
MI, net	<b>2,553,902,984</b>	<b>2,877,551,760</b>

Merchandise inventory refers to rice inventory strategically and safely stored nationwide. This inventory is primarily intended as country's buffer stocks and for emergency relief operations.

### 11.2 Inventory Held for Manufacturing

	2021	2020 As restated
Raw materials (RM) inventory	4,325,523,041	8,944,999,916
<i>Less: Allowance for impairment – RM</i>	<i>(52,553,567)</i>	<i>(48,975,709)</i>
RM, net	<b>4,272,969,474</b>	<b>8,896,024,207</b>
Work-in-process (WIP) inventory	198,287,320	169,168,936
	<b>4,471,256,794</b>	<b>9,065,193,143</b>

RM inventory pertains to palay procured from local farmers which are safely kept in various NFA warehouses.

WIP inventory are RM (palay) issued for milling which are still in-process as at the end of the accounting period.

The decrease in RM is due to decrease in procurement level and continuous milling operation for roll-over of inventory in response to emergency relief operations.

### 11.3 Inventory Held for Consumption

This account consists of supplies and materials which are used in the ordinary course of operations.

	Carrying amount, 01/01/21	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/21
Office supplies	10,594,693	15,390,251	14,945,837	11,039,107
Accountable forms, plates, and stickers	18,063,649	13,937,705	11,641,297	20,360,057
Non-accountable forms	31,591	-	1,939	29,652
Drugs and medicine	488,351	122,860	128,789	482,422
Medical, dental, and laboratory supplies	170,377	344,244	325,536	189,085
Fuel, oil, and lubricants	1,452,216	3,038,935	2,820,852	1,670,299
Agricultural and marine supplies	45,945,393	52,995,386	51,076,951	47,863,828
Construction materials	3,260,707	77,579	69,460	3,268,826
Linens and beddings	310,571	-	3,843	306,728
Electrical supplies and materials	1,643,593	890,164	1,917,126	616,631
Housekeeping/cleaning supplies	37,470	615,274	502,833	149,911
Other supplies inventory	255,481,673	681,625,906	659,145,897	277,961,682
	<b>337,480,284</b>	<b>769,038,304</b>	<b>742,580,360</b>	<b>363,938,228</b>

### 11.4 Semi-expendable (SE) Machinery and Equipment

	Carrying amount, 01/01/21	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/21
SE office equipment	1,090,676	1,126,888	983,533	1,234,031
SE ICT equipment	491,609	546,025	597,823	439,811
SE communication equipment	123,048	109,370	103,690	128,728
SE disaster response and rescue equipment	52,340	6,000	-	58,340
SE medical equipment	22,776	61,575	54,176	30,175
SE sports equipment	14,796	-	-	14,796
SE technical and scientific equipment	533,258	116,851	50,062	600,047
SE kitchen equipment	27,490	32,463	32,463	27,490
SE electrical equipment	-	23,287	591	22,696
SE other machinery and equipment	313,884	330,101	370,420	273,565
	<b>2,669,877</b>	<b>2,352,560</b>	<b>2,192,758</b>	<b>2,829,679</b>

### 11.5 SE Furniture and Fixtures

	Carrying amount, 01/01/21	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/21
SE furniture and fixtures	2,259,427	384,225	700,530	1,943,122
	<b>2,259,427</b>	<b>384,225</b>	<b>700,530</b>	<b>1,943,122</b>

Semi-Expendable inventories are tangible items costed below the capitalization threshold of P15,000. Expense is recognized upon issuance to the end-user.

## 12. OTHER ASSETS

	2021		2020 As restated	
	Current	Non-current	Current	Non-current
Advances	4,775,690	-	1,555,231	-
Prepayments	15,767,122	-	12,510,735	-
Deposits	59,215,593	-	58,915,338	-
Other assets	169,629,021	1,175,590,976	146,337,629	1,185,724,130
	<b>249,387,426</b>	<b>1,175,590,976</b>	<b>219,318,933</b>	<b>1,185,724,130</b>

### 12.1. Advances

	2021	2020 As restated
	2021	As restated
Advances for payroll	-	28,410
Advances to special disbursing officers (SDOs)	4,770,411	1,474,901
Advances to officers & employees	5,279	51,920
	<b>4,775,690</b>	<b>1,555,231</b>

Advances for payroll is used to recognize the amount granted to regular disbursing officer for payment of salaries, wages, honoraria, allowances and other personnel benefits.

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 thirty (30) calendar days upon arrival from travel.

### 12.2. Prepayments

	2021	2020 As restated
	2021	As restated
Advances to contractors/sub-contractors	7,410,624	4,629,299
Prepaid rent	3,924,477	3,924,477
Prepaid insurance	2,356,930	2,992,791
Withholding tax at source	951,240	-
Other prepayments	1,123,851	964,168
	<b>15,767,122</b>	<b>12,510,735</b>

Advances to Contractors/Sub-Contractors represents mobilization fee for construction of PPE.

Prepaid Rent represents rental to Amberland Corporation, Solid Triangle Sales Corp. and Sugar Regulatory Administration (SRA).

Prepaid Insurance pertains to the unexpired portion of insurance premiums for buildings, motor vehicles and other properties with the GSIS.

Withholding Tax at Source represents tax withheld arising from rental by the Office of the ARTA.

Other Prepaid Expenses represents prepayment for Internet Security Gateway Appliance for Data Center, various Land Transportation Office (LTO) registration fees and others.

### 12.3. Deposits

This account consists of deposits for the services of the following utilities and facilities:

	2021	2020 As restated
Containers	1,178,660	1,178,660
Light & water	3,734,776	3,434,521
Telephone installation	312,648	312,648
Facilities	52,441,021	52,441,021
Court cases	1,513,842	1,513,842
Lease equipment	34,646	34,646
	<b>59,215,593</b>	<b>58,915,338</b>

### 12.4. Other Assets

#### a. Other Current Assets

	2021	2020 As restated
Other assets - items-in-transit	166,059,720	144,823,505
Other assets - miscellaneous inventory	2,233,689	177,144
Other assets - stock held-in trust	1,335,612	1,336,980
	<b>169,629,021</b>	<b>146,337,629</b>

Other current assets include inventories such as stocks and empty sacks which are still in-transit as of the end accounting period. It also includes miscellaneous inventories such as fertilizer and damaged grains and non-grains.

#### b. Other Non-Current Assets

	2021	2020 As restated
Junked assets	10,469,471	8,209,038
Non-performing assets	49,659,142	49,547,500
<i>Less: Allowance for impairment loss</i>	<i>(551,821)</i>	<i>(466,638)</i>
Equipment & implements	5,852,973	5,852,973
Other receivables	419,474,314	436,196,139
Other receivable - private Institutions	690,685,631	700,025,577
Other receivable - GOCCs	1,266	1,266
Other receivable - government agencies	-	(13,641,725)
	<b>1,175,590,976</b>	<b>1,185,724,130</b>

Other non-current assets include unserviceable/damaged/obsolete PPE waiting for disposal and other receivables of which collections are uncertain.



### 13. FINANCIAL ASSETS – NON-CURRENT

	2021	2020
Investments in stocks	501,372,287	501,372,287
Other investments	15,450,594	15,450,594
	<b>516,822,881</b>	<b>516,822,881</b>

#### 13.1. Investment in Stocks

	2021	2020 As restated
Food Terminal, Inc. (FTI)	500,000,000	500,000,000
Gasifier and Equipment Manufacturing Corporation	1,242,000	1,242,000
Philippine Long Distance Company (PLDT)	63,657	63,657
Celebrity Sports Plaza	35,000	35,000
Manila Electric Company	31,630	31,630
	<b>501,372,287</b>	<b>501,372,287</b>

- a. 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. FTI became a major subsidiary agency of the NFA.

The NFA and FTI presented their financial statements separately, as preparation of consolidated financial statements is exempt under paragraph 5 of IPSAS 35. These acquired stocks are not intended for trading and the financial statements are available for public use and compliant with IPSASs.

The FTI is located at West Bicutan, Taguig, Metro Manila, and their separate financial statements can be obtained or viewed at <http://www.fti.gov.ph/transparency>.

- b. NFA owns 1,242 shares of stock of Gasifier and Equipment Manufacturing Corporation (GEMCOR) which was abolished in 1985. The sale and disposition of the said corporation was handled by DA under the then Asset Privatization Trust (now Privatization and Management Office). NFA issued demand letter in 1995, 2014, 2017 and 2018 to DA for the refund of investment.
- c. Investment in PLDT represents shares of stock owned by NFA Regions I, III, VIII, XIII and CO.
- d. NFA owns one (1) share of stock of Celebrity Sports Plaza. This was subjected to auction in 2017 but was postponed indefinitely.

### 13.2. Other Investments

	2021	2020 As restated
Center for International Trade Expositions and Missions (CITEM)	14,745,735	14,745,735
NFA Employee Association (NFAEA)	407,200	407,200
DBP Trust	179,159	179,159
QC Sports Club	70,000	70,000
Capitol City Sports	22,500	22,500
Philippine Columbian Association	16,000	16,000
KUTOWATO	10,000	10,000
	<b>15,450,594</b>	<b>15,450,594</b>

- a. CITEM includes building, furniture, equipment and supplies carried over from Philippine Trade Exhibition Center (PTEC) books.
- b. Investment in NFAEA represents interest bearing loan and was recorded in 1985.
- c. DBP Trust pertains to the balance of numerous roll-over transactions of money market placements from April 1993 to January 2007.
- d. NFA owns two (2) shares of stock of QC Sports Club.
- e. Capitol City Sports Club could no longer be located and license with Securities and Exchange Commission was suspended on November 11, 1994.
- f. NFA owns one (1) share of stock of Philippine Columbian Association and is currently managed and used by NFA NCR.
- g. Investment in Kutowato was made in CY 1980 and represents 20 shares of stock at P5 par value.

## 14. INVESTMENT PROPERTY

### 14.1. Investment Property - Land

	2021	2020
Balance, 01/01/2021	15,833,340	14,009,519
Other changes: Reclassification from PPE-Land to Investment Property - Land of Region 13	-	1,867,780
Disposal	(9,848,300)	-
Other changes : Reclassification from Investment Property - Land to PPE - Land of Region 11	-	(43,959)
<b>Balance, 12/31/2021</b>	<b>5,985,040</b>	<b>15,833,340</b>

## 14.2. Breakdown of Investment Property - Land

	2021	2020
Region 01 - Ilocos Region	12,662	12,662
Region 04 - Southern Tagalog	741,373	741,373
Region 06 - Western Visayas	211,200	211,200
Region 09 - Western Mindanao	540,342	540,342
Region 11 - Southern Mindanao	786,600	786,600
Region 12 - Central Mindanao	1,825,083	1,825,083
Region 13 - NCR	1,867,780	11,716,080
	<b>5,985,040</b>	<b>15,833,340</b>

Investment property – land refers to the cost of land or part of land held by NFA to earn rentals or for capital appreciation or both.

Decrease in investment property is attributed to the sale of three parcels of land located at Meycauayan, Bulacan for the construction of the North-South Railway Project.

## 15. PROPERTY, PLANT, AND EQUIPMENT (PPE)

Details of PPE are presented in the table as follows:

Particulars	Land	Land improvements <sup>1</sup>	Building and other structures <sup>2</sup>	Machinery, transportation equipment and other PPE <sup>3</sup>	Construction in progress	Total
<b>Restated carrying amount 01/01/2021</b>	<b>288,920,246</b>	<b>148,266,962</b>	<b>1,164,229,357</b>	<b>406,262,490</b>	<b>626,585,612</b>	<b>2,634,264,667</b>
Add:						
Additions/ acquisitions/ adjustments/ reclassifications	50,000	18,316,616	453,512,256	299,614,066	321,133,329	1,092,626,267
<b>Total</b>	<b>288,970,246</b>	<b>166,583,578</b>	<b>1,617,741,613</b>	<b>705,876,556</b>	<b>947,718,941</b>	<b>3,726,890,934</b>
Less:						
Disposals/ adjustments/ reclassifications	-	(3,931,372)	(312,664,398)	(166,259,066)	(242,099,392)	(724,954,228)
Depreciation	-	(13,970,151)	(70,837,293)	(72,620,542)	-	(157,427,986)
Impairment loss	-	-	-	(577,098)	-	(577,098)
<b>Carrying amount 12/31/2021</b>	<b>288,970,246</b>	<b>148,682,055</b>	<b>1,234,239,922</b>	<b>466,419,850</b>	<b>705,619,549</b>	<b>2,843,931,622</b>

<sup>1</sup> – Includes Leased Assets Improvements - Land

<sup>2</sup> – Includes Leased Assets Improvements - Buildings and Other Structures

<sup>3</sup> – Composed of Machinery and Equipment, Transportation Equipment, Furniture, Fixtures & Books and Other PPE

The following table shows the costs, accumulated depreciation, impairment loss and carrying amount of PPE as of December 31, 2021:

Particulars	Land	Land improvements <sup>1</sup>	Building and other structures <sup>2</sup>	Machinery, transportation equipment and Other PPE <sup>3</sup>	Construction in progress	Total
<b>Gross cost 12/31/2021</b>	<b>288,970,246</b>	<b>368,805,490</b>	<b>3,013,230,245</b>	<b>1,996,072,043</b>	<b>705,619,549</b>	<b>6,372,697,573</b>
Acc. depreciation		(220,123,435)	(1,778,610,331)	(1,528,672,590)		(3,527,406,356)
Allow. for impairment			(379,992)	(979,603)		(1,359,595)
<b>Carrying amount 12/31/2021</b>	<b>288,970,246</b>	<b>148,682,055</b>	<b>1,234,239,922</b>	<b>466,419,850</b>	<b>705,619,549</b>	<b>2,843,931,622</b>

- a. Land account includes lot no. 54 occupied by the FDC with an area of 14,720 square meters (sq.m.) valued at P191,814,029. In relation to RA No. 11203, the said land was previously transferred to DA in CY 2020, but later returned to NFA in CY 2021.
- b. Building and other structures account includes FDC office building amounting to P213,787,180. This account also includes new warehouses in North Cotabato and an office building in Koronadal City.
- c. Building and other structures with carrying amount of P374,633 are held for disposal by RO No. VI.
- d. Machinery, transportation equipment and other PPE account includes 15 units of Mitsubishi Strada, eight (8) units Isuzu Trucks Forward FVR34 and 12 units 2021 Toyota Innova purchased in CY 2021.
- e. A total of P426,366 – net book value of machinery and equipment are held for disposal by Region VI.
- f. Construction in progress account includes construction of new NFA CO Building, remaining in-progress works on damaged warehouses and facilities in NFA Region I and major repair of warehouses in NFA RO No. III.

#### **CY 2020**

<b>Particulars</b>	<b>Land</b>	<b>Land improvements<sup>1</sup></b>	<b>Building and other structures<sup>2</sup></b>	<b>Machinery, transportation equipment and other PPE<sup>3</sup></b>	<b>Construction in progress</b>	<b>Total</b>
<b>Carrying amount 01/01/2020</b>	<b>96,682,521</b>	<b>159,407,562</b>	<b>952,891,970</b>	<b>256,527,285</b>	<b>625,115,738</b>	<b>2,090,625,076</b>
Add:						
Additions/ acquisitions/ adjustments/ reclassifications	-	691,795	264,241,275	235,078,221	-	500,011,291
<b>Total</b>	<b>96,682,521</b>	<b>160,099,357</b>	<b>1,217,133,245</b>	<b>491,605,506</b>	<b>625,115,738</b>	<b>2,590,636,367</b>
Less:						
Disposals/ adjustments/ reclassifications						
Depreciation	-	(11,281,471)	(62,239,288)	(65,709,773)	-	(139,230,532)
Impairment loss	-	(7,816)	(81,804)	(167,513)	-	(257,133)
<b>Carrying amount 12/31/2020</b>	<b>96,682,521</b>	<b>148,810,070</b>	<b>1,154,812,153</b>	<b>425,728,220</b>	<b>625,115,738</b>	<b>2,451,148,702</b>
<b>Restatements</b>	<b>192,237,725</b>	<b>(543,108)</b>	<b>9,417,204</b>	<b>(19,465,730)</b>	<b>1,469,874</b>	<b>183,115,965</b>
<b>Restated carrying amount 12/31/2020</b>	<b>288,920,246</b>	<b>148,266,962</b>	<b>1,164,229,357</b>	<b>406,262,490</b>	<b>626,585,612</b>	<b>2,634,264,667</b>

1 – Includes Leased Assets Improvements - Land

2 – Includes Leased Assets Improvements - Buildings and Other Structures

3 – Composed of Machinery and Equipment, Transportation Equipment, Furniture, Fixtures & Books and Other PPE

The following table shows the costs, accumulated depreciation, impairment loss and carrying amount of PPE as of December 31, 2020:

Particulars	Land	Land improvements <sup>1</sup>	Building and other structures <sup>2</sup>	Machinery, transportation equipment and other PPE <sup>3</sup>	Construction in progress	Total
<b>Gross cost</b>						
12/31/2020	288,920,246	354,306,436	2,876,167,878	1,919,688,013	626,585,612	6,065,668,185
Acc. depreciation	-	(206,039,474)	(1,711,558,529)	(1,513,076,537)	-	(3,430,674,540)
Allow. for impairment	-	-	(379,992)	(348,986)	-	(728,978)
<b>Carrying amount</b>						
12/31/2021	288,920,246	148,266,962	1,164,229,357	406,262,490	626,585,612	2,634,264,667

## 16. INTANGIBLE ASSETS

Particulars	2021			2020		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Carrying amount, 01/01/21	73,350	3,346,928	3,420,278	113,550	1,931,260	2,044,810
Additions/acquisitions	-	-	-	-	1,415,668	1,415,668
	73,350	3,346,928	3,420,278	113,550	3,346,928	3,460,478
Amortization	(25,650)	-	(25,650)	(40,200)	-	(40,200)
Carrying amount, 12/31/21	47,700	3,346,928	3,394,628	73,350	3,346,928	3,420,278

Particulars	2021			2020		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Gross Cost, 12/31/21	13,140,428	3,346,928	16,487,356	13,140,428	3,346,928	16,487,356
Accumulated amortization	(13,092,728)	-	(13,092,728)	(13,067,078)	-	(13,067,078)
Carrying Amount, 12/31/21	47,700	3,346,928	3,394,628	73,350	3,346,928	3,420,278

- a. Intangible assets pertain to computer software such as Visual Studio Pro License, Security Appliance Firewall, Sirius Software, Software/Lotus FoxPro Virus Scan, Globodox Enterprise Document Management System and Crystal Report License XI Developer Upgrade.
- b. Development in progress refers to Electronic Integrated Financial and Operations Management Information System (e-IFOMIS). It is a web enabled on-line information system consisting of NFA operations and financial transactions, which 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.

## 17. FINANCIAL LIABILITIES

This account consists of the following:

Accounts	2021		2020 (As restated)	
	Current	Non-current	Current	Non-current
Accounts payable	1,117,801,363	-	987,648,576	-
Due to officers and employees	184,974,045	-	1,223,948,988	-
Notes payable	49,817,126,614	-	50,495,000,000	-
Interest payable	673,406,493	-	1,352,231,433	-
Loans payable-domestic	360,000,000	7,440,736,020	21,226,000,000	7,800,736,020
Loans payable-foreign	12,000,054	36,000,161	12,607,474	50,429,898
	<b>52,165,308,569</b>	<b>7,476,736,181</b>	<b>75,297,436,471</b>	<b>7,851,165,918</b>

### 17.1. Accounts Payable

This account consists of the following:

	2021	2020 As restated
Farmers and farmer's organization	38,705,101	29,165,124
Supplier of goods and services	1,079,096,262	958,483,452
	<b>1,117,801,363</b>	<b>987,648,576</b>

Accounts payable account includes accrued claims of farmers and farmers' organization and supplier of goods and services as at the end of accounting period. Accounts payable to farmers and farmers' organization pertains to the supply and delivery of palay. While accounts payable to supplier of goods and services pertains to acquisition of goods and rendition of services on account such as utilities, general services, security services, handling, trucking, repairs and maintenance projects in connection with the agencies' operation/trade/business.

### 17.2. Due to Officers and Employees

This account consists of the following:

	2021	2020 As restated
Personnel services and MOOE	127,825,852	1,157,018,657
40 per cent cost of living allowance	16,973,508	16,980,765
Provident fund (employer's share)	31,841,041	41,155,841
Payment of shortage under protest	2,117,248	2,186,847
Bereavement assistance program	41,070	307,056
Hospitalization assistance program	673,245	613,997
Calamity loan assistance program	5,502,081	5,502,081
Remuneration	-	183,744
	<b>184,974,045</b>	<b>1,223,948,988</b>

Due to officers and employees account includes accrued salaries and other personnel services and authorized reimbursable expenses to officers and employees as at year-end. A significant decrease on this account is attributed to the payment of last year's accrual of Service Incentive Package and decrease in the number of employees.

### 17.3. Notes Payable

This account consists of the following:

	2021	2020
DBP	27,495,000,000	27,495,000,000
LBP	22,322,126,614	23,000,000,000
	<b>49,817,126,614</b>	<b>50,495,000,000</b>

Notes Payable to DBP and LBP are short-term notes and re-priced every 90 days at 2.50 per cent.

### 17.4. Interest Payable

This account consists of the following:

	2021	2020 As restated
DBP	127,917,009	201,580,563
LBP	127,250,133	220,444,556
Bureau of the Treasury (BTr) - net lending	417,627,348	901,971,337
Banco De Oro Unibank Inc. (BDO)	-	13,734,875
Bank of the Philippine Islands (BPI)	-	7,218,750
China Banking Corporation (China Bank)	-	3,946,250
Metropolitan Bank and Trust Company (Metrobank)	-	880,688
Mizuho Corporate Bank, Ltd.	-	206,938
PNB	-	1,443,750
1995 Japanese Rice Loan	612,003	803,726
	<b>673,406,493</b>	<b>1,352,231,433</b>

Interest payable represents accrued interest on loans owed by NFA as of the end of accounting period. Decrease in interest payable is attributed to the payment of interest on BTr – Net Lending amounting P646.416 million which was deducted from the conversion of NG Advances into subsidy per Special Allotment Release Order (SARO)-BMB-C-21-0000447 dated February 17, 2021.

### 17.5. Current Loans Payable – Domestic

This account consists of the following:

Particulars	2021	2020
10-year notes/loans from different banks syndicated by DBP and LBP dated November 28, 2011; due date - November 28, 2021:		
BDO	-	7,135,000,000
BPI	-	3,750,000,000
China Bank	-	2,050,000,000
DBP	-	2,500,000,000
LBP	-	2,000,000,000
Metrobank	-	457,500,000
Mizuho Corporate Bank, Ltd.	-	107,500,000
PNB	-	750,000,000
	-	<b>18,750,000,000</b>

Particulars	2021	2020
10-year notes/loans syndicated by DBP dated October 29, 2014; due date - October 29, 2024:		
LBP	180,000,000	180,000,000
DBP	180,000,000	180,000,000
	<b>360,000,000</b>	<b>360,000,000</b>
LBP		
dated December 23, 2009; due date - December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9th quarter), interest: three months, Philippine Dealing System Treasury Fixing (PDSTF) + fixed spread of one per cent with quarterly repricing	-	540,000,000
dated January 7, 2010; due date- December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9th quarter), interest: three months, PDSTF + fixed spread of one per cent with quarterly repricing	-	512,500,000
dated January 14, 2010; due date- December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9th quarter), interest: three months, PDSTF + fixed spread of one per cent with quarterly repricing	-	562,500,000
dated January 14, 2010; due date- December 23, 2021 (payable in 40 equal quarterly amortizations to start at the end of the 9th quarter), interest: three months, PDSTF + fixed spread of one per cent with quarterly repricing	-	500,000,000
	-	<b>2,115,000,000</b>
Corn Development Fund for the Dryermat and Corn Center Project	-	1,000,000
	<b>360,000,000</b>	<b>21,226,000,000</b>

## 17.6. Current Loans Payable – Foreign

This account consists of foreign loans as follows:

	2021	2020
1995 Japanese rice loan	12,000,054	12,607,474
	<b>12,000,054</b>	<b>12,607,474</b>

Loans payable – foreign represents CY 1995 Japanese Rice Loan - ¥541.355 million dated August 16, 1995. The rate of interest was two per cent per annum on the 1st to 10th year initial grace period and three per cent per annum from 11th to 30th 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, 2021 amounted to ¥108.271 million with conversion rate of \$1 =P50.999/ ¥ 0.008693.



## 17.7. Non-Current Loans Payable – Domestic

This account consists of the following:

Particulars	2021	2020 As restated
10-year notes/loans syndicated by DBP and LBP dated October 29, 2014; due date - October 29, 2024:		
LBP	3,420,000,000	3,600,000,000
DBP	3,420,000,000	3,600,000,000
	<b>6,840,000,000</b>	<b>7,200,000,000</b>
DBP - Minprocor		
Acquired assets from Minprocor properties	91,200,000	91,200,000
HSDC - P553.824 million, payable in 25 years (quarterly payment)	509,093,711	509,093,711
Agrarian Credit Line	205,000	205,000
BTr	116,625	116,625
Ministry of Agriculture and Food - interest of three per cent per annum payable every six months. Department of National Agricultural Productivity Program (NAPP) loan granted to NFA for procurement operations	120,684	120,684
	<b>7,440,736,020</b>	<b>7,800,736,020</b>

## 17.8. Non-Current Loans Payable – Foreign

This account consists of foreign loans as follows:

	2021	2020
CY 1995 Japanese rice loan	36,000,161	50,429,898
	<b>36,000,161</b>	<b>50,429,898</b>

Loans payable – foreign represents CY 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, 2021 amounted to ¥108.271 million with conversion rate of \$1 =Php 50.999/ ¥ 0.008693.

## 18. INTER-AGENCY PAYABLES

This account consists of the following:

	2021	2020 As restated
Due to BIR	31,164,907	38,041,380
Due to GSIS	14,674,041	11,709,558
Due to Pag-IBIG	456,593	401,623
Due to PhilHealth	332,962	311,596
Due to NGAs	1,260,343,081	1,261,113,108
Due to GOCCs	35,393,079	38,558,394
Due to LGUs	15,299,864	28,223,699
Due to National Treasury	82,855,983,989	68,242,805,403
Value Added Tax payable	138,171	-
	<b>84,213,786,687</b>	<b>69,621,164,761</b>

**18.1** Due to BIR account represents the unremitted taxes withheld from officers and employees, and suppliers of goods and services as at the end of accounting period. This account is composed of the following:

	2021	2020 As restated
Withholding Tax on Government Money Payments (GMP) - Value Added Tax	16,028,201	17,161,372
Expanded withholding tax	6,591,725	8,467,908
Withholding tax on compensation	4,828,842	6,642,211
Withholding tax on GMP - Percentage Tax	3,098,306	5,266,824
Final tax	395,612	297,121
Contractor's tax	170,164	192,352
Sales tax	28,609	(9,734)
Franchise tax	23,448	23,326
	<b>31,164,907</b>	<b>38,041,380</b>

**18.2** Due to GSIS account represents unremitted mandatory contributions and other deductions from officers and employee's salaries for the month of December. This account also includes accrued marine insurance policies applied to cover inter-regional and intra-regional stock transfers/shipments.

	2021	2020 As restated
Marine insurance	9,231,442	7,687,936
Life and retirement premiums	2,511,295	3,295,863
GSIS financial assistance loan	1,148,580	69,579
Conso loan	1,098,093	376,096
Multi-purpose loan	328,898	-
Emergency loan	190,240	22,058
Computer loan	102,185	-
Optional insurance premium	34,729	24,242
Policy loan	28,237	(33,794)
Educational assistance loan	22,121	5,434
Policy loan (2 <sup>nd</sup> Policy)	18,037	-
ECC	16,861	22,762
Emergency loan assistance	12,128	44,211
E-card	5,288	4,929
Third party liability	2,458	-
Hospital insurance plan	2,146	(19,319)
College educational insurance	1,996	2,897
Real estate loan	1,876	52,816
E-card cash advance	1,016	4,793
Unlimited optional insurance premium	660	161,493
Salary loan	(84,245)	67,587
Vehicle insurance premium	-	(20,670)
Fire insurance premium	-	(64,165)
Fly now pay later	-	178
Genesis plan	-	(735)
Stocks purchases	-	312
Travel accident insurance	-	8,801
Term insurance premium	-	(3,746)
	<b>14,674,041</b>	<b>11,709,558</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 CYs 2021 and 2020 are as follows:

	2021		2020	
	Withheld	Remitted	Withheld	Remitted
Life and retirement premiums, employees share	74,195,835	75,185,044	116,219,628	112,927,742
Government share	-	99,242,628	-	154,789,169
<b>Total</b>	<b>74,195,835</b>	<b>174,427,672</b>	<b>116,219,628</b>	<b>267,716,911</b>

**18.3** Due to Pag-IBIG account represents unremitted employees' premium payments and other payables to the Home Development Mutual Fund (HDMF) as of the end of accounting period.

	2021	2020 As restated
Premium	276,180	277,090
Multi-purpose loan	76,911	84,248
Modified 2 premium savings	55,500	27,600
Real estate/Housing loan	35,487	5,158
Calamity loan	12,515	7,027
Provident loan	-	500
	<b>456,593</b>	<b>401,623</b>

**18.4** Due to PhilHealth represents unremitted employees' premium payments to the Philippine Health Insurance Corporation (PhilHealth) as at the end of accounting period.

**18.5** Due to NGAs

	2021	2020 As restated
BOC	1,211,993,518	1,211,993,519
DA	45,204,857	45,917,883
DSWD	2,408,410	2,408,410
DILG	386,046	386,046
Department of Justice (DOJ)	336,000	336,000
DOTC	14,250	14,250
Department of Trade and Industry (DTI)	-	57,000
	<b>1,260,343,081</b>	<b>1,261,113,108</b>

- 1) Due to BOC account represents customs' duties (set-up of tariff expenses) on the importation of sugar in CYs 1999 to 2002 and rice for CY 2018.
- 2) Due to DA account represents receipt of funds from the agriculture department for the implementation of programs or projects subject to liquidation. This account is composed of the following:

	2021	2020 As restated
Donated China Yellow Corn	11,078,611	11,078,611
DSWD Donated US Rice	10,726,027	10,726,027
Rapid Seed Supply Financing Project	8,857,192	8,853,444
Donated Vietnam Rice	5,758,668	5,758,668
Certified Seeds Program	2,016,519	2,016,519
Agri Credit Policy Council	1,261,020	1,261,020
Shallow Tube Well	1,238,233	1,237,933
National Agricultural and Fishery Council (NAFC)-Commercial Crop Program	734,063	734,063
Corn Block Farming	639,141	639,141
Rural Field Unit	612,166	612,166
DA	482,999	482,999
Presidential Social Fund	390,000	455,000
GPEP	376,692	376,692
NAFC-PRPC	325,190	325,058
Ginintuang Masaganang Ani	252,679	252,679
Bureau of Postharvest Research and Extension (Naphire -SVLF)	184,135	184,135
NAFC-Consultative Fund	171,876	171,876
Corn Plus Program	57,475	57,475
Phil Rice Post Production	29,100	29,100
Farm Equipment Program	12,771	12,771
Agricultural Development Fund	300	300
Bureau of Agricultural Research	-	652,206
	<b>45,204,857</b>	<b>45,917,883</b>

- 3) Due to DSWD account includes ASEAN Plus 3 Emergency Rice Reserve and Pamaskong Handog Program.
- 4) Due to DILG account represents imported Australian Rice for DILG employees prior to CY 2005.

#### **18.6 Due to GOCCs**

This account consists of the following:

	2021	2020 As restated
GSIS	53,025	137,912
Grainscor	7,532,968	6,940,336
Group Accident Insurance Premium	-	464,710
Group Hospitalization Insurance Premium	-	20,961
LBP	-	70,045
National Home Mortgage Finance Corporation (NHMFC)	3,916	3,916
Philippine Amusement and Gaming Corporation (PAGCOR)	311,785	438,955
Philippine Charity Sweepstake Office (PCSO)	304,232	304,232
Philippine Crop Insurance Corporation (PCIC)	37,371	37,371
PITC	125,488	125,488
Philippine Port Authority (PPA)	67,465	62,412
Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)	3,547,485	3,547,485
SRA	23,409,344	23,479,962
Philippine Coconut Authority (PCA)	-	2,924,609
	<b>35,393,079</b>	<b>38,558,394</b>

- 1) SRA account represents set-up of payables for the office space rental, water and electrical consumptions.
- 2) NHMFC account represents set-up of payables for the housing loan of NFA employees.
- 3) PITC account represents set-up of payables to then PITC Pharma, Inc. (now Philippine Procurement Pharma, Inc.) for the purchase of assorted medicines. This account is subject for reconciliation.
- 4) Grainscor account represents payable that was transferred to NFA.
- 5) PCIC and PCSO accounts existed prior to year 2007 and had been dormant since then with no available documents to be found.
- 6) The balance of PCA account in CY 2020 represents recognition of expenses incurred pertaining to the lease of office space, water and electrical consumptions occupied and consumed respectively the by Grains Marketing Operations Department (GMOD) and executive offices. The decrease in this account is due to the payment of NFA's obligation to PCA.

#### 18.7 Due to LGUs

This account consists of the following:

	2021	2020 As restated
PALLGU	8,050,507	13,652,741
Due to LGU - Iloilo and Capiz	5,525,276	-
Utilities	1,056,758	-
Due to LGU - Bangued, Abra	377,150	378,121
Due to LGU - Region 11	290,173	290,173
Due to LGU - Quezon City	-	12,340,839
Due to LGU - Calapan City	-	116,810
Due to LGU - Puerto Prinsesa City	-	466,060
Due to LGU - Boac, Marinduque	-	393,233
Due to LGU - Sta. Cruz, Marinduque	-	585,722
	<b>15,299,864</b>	<b>28,223,699</b>

This account consists of real property tax due for real properties owned by the NFA, unexpended balance of PALLGU and accrued water services.

#### 18.8 Due to National Treasury

This account consists of the following:

	2021	2020 As restated
Net lending	70,950,167,624	57,234,971,274
Guaranty fee	11,101,267,840	10,335,105,649
COA audit services	741,606,757	609,786,712
USPL 480 Iron Fortified Rice	46,223,010	46,223,010
USPL 480 Rice	9,534,832	9,534,832
USPL 480 Title 1	7,840,255	7,840,255
Countrywide Development Fund	881,582	881,582
Priority Development Assistance Fund	40,000	40,000
China Rice I	37,940	37,940
Australian Rice	(1,615,851)	(1,615,851)
	<b>82,855,983,989</b>	<b>68,242,805,403</b>

- 1) Net Lending account pertains to net advances availed from the BTr in settlement of various maturing loan obligations of NFA.
- 2) Guarantee Fee account represents amount charged by the BTr on guarantees extended to NFA to cover obligations contracted. It is equivalent to one per cent of the amount drawn from the loan.
- 3) The COA account represents unpaid set-up of payables for the audit services rendered by COA, as follows:

<b>Year Covered</b>	<b>Amount</b>
2013	61,467,366
2014	61,569,794
2015	80,784,047
2017	118,765,489
2018	128,844,741
2019	30,209,105
2020	128,146,170
2021	131,820,045
	<b>741,606,757</b>

- 4) Countrywide Development Fund account represents cash allotment given to various legislators for the purchase of rice for distribution to their assigned beneficiaries.
  - 5) USPL, Australian and China Rice accounts existed since CY 1988 and still for profiling of accounts.
- 18.9** Value Added Tax Payable account represents output tax arising from rental of office space by ARTA.

## **19. INTRA-AGENCY PAYABLES**

This account consists of the following:

	<b>2021</b>	<b>2020 As restated</b>
Due to OUs	9,033,049,517	18,259,781,015
Due to CO	7,348,600,568	26,793,760,312
Due to ROs	4,002,474,618	4,391,335,185
	<b>20,384,124,703</b>	<b>49,444,876,512</b>

Intra-Agency Payables represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO, ROs and BOs and are recorded as payable (Due To) by the receiving office and receivable (Due From) by the issuing office.

Reconciled intra-agency payable accounts are being closed/eliminated using Accumulated Surplus/(Deficit) account.

Decrease in intra-agency payable is attributed to religious monthly reconciliation and prioritization of reconciliation activities.

## 20. TRUST LIABILITIES

This account consists of the following:

	2021	2020 As restated
Trust liabilities	352,527,640	369,418,664
Guaranty/security deposits payable	110,428,199	88,057,346
Customers' deposits payable	546,863,370	590,359,747
Trust liabilities-disallowance/charges	46,679,764	24,685,529
	<b>1,056,498,973</b>	<b>1,072,521,286</b>

**20.1.** Trust liabilities account pertains to payable due to institution and corporation. It also includes retention fees from various suppliers that were contracted by the office to perform services and/or for delivery of such goods, as follows:

	2021	2020 As restated
Corn Development Fund	184,222,654	180,644,002
Retention fees	70,842,437	75,276,981
Lingap Para sa Mahirap	22,944,568	22,944,568
Sugar liens	17,911,326	17,911,326
Mindanao El Niño victims	15,835,342	15,841,269
Vina Foods	12,136,584	12,131,337
Cooperative Development Incentive Fee	6,483,978	14,384,473
Bid and Awards Committee	6,471,854	6,483,014
Proceeds from confiscated stocks	5,284,384	4,978,429
Farmer's Coop Incentives	3,245,634	3,244,517
NFA Employees Association	2,173,612	3,273,442
NFA Provident Fund	989,122	5,807,111
Rice Subsidy Program	926,667	1,042,531
Insurance proceeds	400,112	580,167
Consigned goods	385,799	(956,145)
Food & Agr Org Grains Post Harvest	313,820	313,820
Employees Real Estate and Character Loan	294,373	736,830
RPEP II - (Seeds)	221,296	221,296
FDC	206,373	90,509
NFA Multi-Purpose Cooperative	202,298	2,195,917
Angat Pinoy Incentive Fee	189,033	189,033
United Rice Fortification	150,815	150,815
Post Productions Incentive Services	118,650	126,265
Philippine Asia Group Accident Insurance Program	107,869	103,894
Irrigated Rice Production Enhancement Project (IRPEP)	82,557	82,531
Novicide Inc. - Field Evaluation of Cynux Sew	79,056	79,160
Group Term Life Insurance	77,816	7,506
Korea Government - National Agri-Food Information System (NAIS)	67,069	70,624
Philippine Rice Maligaya - International Rice Research Institute	39,666	39,666
GAFTA penalty	28,479	28,479
Phil. Food & Foodstuffs	26,932	26,932
Despatch Held-in -Trust	22,618	(26,254)
Sterix	14,032	-
Emergency Assistance Package	12,988	12,988
Rice Loan Deposit	6,600	6,600
Philippine Asia Group Hospitalization Insurance Program	5,703	657
GEPFORA	5,000	5,000
NFA Uniform Committee	524	19,324
ERAP Trading System	-	1,341,945
CMAF Buyers	-	(5,927)
Public Hearing on NFA Bill	-	14,032
	<b>352,527,640</b>	<b>369,418,664</b>

- a. 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.
- b. The Lingap Para sa Mahihirap Program account represents unliquidated balance of this program. This has a total funding of P400 million as stated in the terminal report for the program. The fund was disbursed through programs classified as Unrestricted Funds for Legislators Identified Beneficiaries (LIBs) and the Restricted Funds for Priority Beneficiaries (PBs), in trust to NFA.
- c. The Mindanao El Niño Victims represents fund for Mindanao El Niño Victims from the 1998 Calamity Fund under SARO No. D-98-2335 dated June 3, 1998 to cover funding requirements for intervening the effects of El Niño (Rice Procurement).
- d. Vina Foods were fund remittances from different NFA FOs for the sale of Vietnam Damaged Stocks including bank interest earned.
- e. Bids and Awards Committee represents receipts from bid documents less honorarium and other incidental expenses intended for Bids and Awards.
- f. NFA Employees Association (NFAEA), NFA Provident Fund Inc. (NFAPFI) and NFA Multi-Purpose Cooperative (NFAMPC) accounts represent deductions from the salary of employees for loans and contributions. These trust accounts are remitted before month-end of the applicable billing period.
- g. Employees Real Estate and Character Loan account pertains to deductions from the salary of employees for the account of banks and employees' association which granted real estate and character loan to employees.
- h. FDC account includes unexpended fund balance of the Philippine Council Industrial Research & Development for the project entitled "Upgrading and Utilization of Mango for their Flavour and Fatty Acid Components".
- i. The IRPEP is a sub-programme of the Rapid Food Production Enhancement Programme (RAFPEP), a program of the national government toward rice self-sufficiency funded by a loan from the International Fund for Agricultural Development (IFAD) and a grant from the European Union (EU). NFA's role in the IRPEP is to provide the target beneficiaries with marketing and post-harvest facilities. Under IRPEP, NFA will implement Component 4-Provision of Post-Harvest and Marketing Facilities in Regions 8 and 10 and part of Component 5 through the conduct of two policy dialogues, namely: Grains Supply and Price Stabilization Policy and Food Subsidy Policy.
- j. Novicide was an advance payment for research project entitled "Field Evaluation of Cyflux 5 EW (CYFLUTHRIN) as residual and space products pests".
- k. The Korea Government - NAIS represents fund from Korea for the project "Establishing Real-Time ASEAN Food Security Information System and



Developing Human Resource in the Philippines (2nd Phase) mutually agreed upon between the NFA and the Korea Agency of Education, Promotion and Information service in Food, Agriculture, Forestry and Fisheries of the Republic of Korea dated April 17, 2018.

- l. Philippine Rice Maligaya – IRRI account represents fund remittance from NFA – Dumaguete Branch thru LBP-GOF dated June 14, 2006 to NFA – CO for the unutilized balance of IRRI.
  - m. 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).
- 20.2.** Guaranty/Security Deposit Payable account pertains to the liability arising from receipt of cash to assure the office that the winning bidder will enter into the contract and the contractor will perform on the terms of the contract.
- 20.3.** Customers' Deposit Payable account represents advance payment made by government agencies/offices and private individuals/organizations in exchange for goods to be delivered.
- 20.4.** Disallowance/charges are the amount withheld from the Service Incentive Package of affected employees with Notice of Disallowance – under appeal. The account includes traveling, allowances, food incentive, insurance, hospitalization, executive health care program, shortage under protest – grains and others.

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

This account consists of the following:

	<b>2021</b>	<b>2020 As restated</b>
Overages - grains & empty sacks	80,250,104	(14,014,007)
Diff. between replacement cost and book value	32,122,480	65,188,266
Donated assets	419,490	423,091
ESSS operator	402,706	78,899
FDC collections	127,060	194,973
Bank deposits	70,900	-
Price differential - special projects	21,985	21,985
Warehouse rentals	16,214	321,825
Registration and licensing	4,070	297,065
	<b>113,435,009</b>	<b>52,512,097</b>

Other Deferred Credits account represents income not yet earned such as overages of stocks and empty sacks arising from bag-to-bag physical inventory count, donations with conditions, price differentials and facilities and administrative service fees and other receipts.

## 22. PROVISIONS

	2021	2020 As restated
Leave benefits payable	509,037,462	792,229,066
	<b>509,037,462</b>	<b>792,229,066</b>

Leave Benefits Payable account represents the monetary equivalent of accumulated earned leave credits of employees as at the end of the year.

## 23. SERVICE AND BUSINESS INCOME

This account includes the following:

	2021	2020 As restated
<b>Service income</b>		
Registration fees	-	640
Clearance and certification fees	5,900	42,217
Licensing fees	-	155,400
Fines and penalties-service income	66,641	398,210
Other service income	8,787,401	13,130,843
	<b>8,859,942</b>	<b>13,727,310</b>
<b>Business income</b>		
Rent/lease income	17,131,920	-
Sales revenue	10,250,086,350	14,521,815,298
Dividend income	-	50,000,000
Interest income	4,995,543	9,750,670
Fines and penalties-business income	50,620	890,935
Other business income	78,559	352,251
	<b>10,272,342,992</b>	<b>14,582,809,154</b>
<b>Total service and business income</b>	<b>10,281,202,934</b>	<b>14,596,536,464</b>

Service and business income account is largely comprised of revenue from the sale of rice to various stakeholders such government agencies/offices and private entities primarily involved in disaster and relief operations. This also includes fees for the issuance of registration/clearance/certificate/license to individuals/organizations, fine and penalties, interest income from bank deposits, rent/lease income from the use of NFA's properties/facilities and other service income.

Significant increase in Rental/Lease Income is attributed to the leased portion of NFA's CO Building by the ARTA which started on April 01, 2021. Leased areas are the rear portion of the 4<sup>th</sup> floor with an area of 526.25 sq.m. and the whole 5<sup>th</sup> floor with an area of 1,366.63 sq.m. or an aggregate floor area of 1,892.88 sq.m. Lease rate is at P1,000 per sq.m.

Decrease in service and business income is mainly attributed to decrease in distribution volume and stripping of some NFA's function pursuant to RA No. 11203 resulted in the cessation of service fees, permits, licenses and other similar in nature to importers, traders, warehouse operators, wholesalers, retailers, among others.

## 24. SHARES, GRANTS AND DONATIONS

This account includes the following:

	2021	2020
Donations in kind	-	2,277
	-	2,277

## 25. PERSONNEL SERVICES

This account includes the following:

### 25.1. Salaries and Wages

	2021	2020 As restated
Salaries and wages-regular	791,085,325	1,292,516,831
	791,085,325	1,292,516,831

### 25.2. Other Compensation

	2021	2020 As restated
Personnel economic relief allowance (PERA)	55,706,508	86,359,313
Representation allowance (RA)	6,911,262	11,422,754
Transportation allowance (TA)	6,741,715	10,973,570
Clothing/uniform allowance	13,539,000	22,174,500
Subsistence allowance	811,800	1,210,075
Laundry allowance	123,000	183,839
Quarter allowance	-	20,250
Honoraria	-	2,600
Hazard pay	24,424,598	43,259,693
Longevity pay	1,140,314	5,469,870
Overtime & night pay	22,329,692	33,428,465
Year end bonus	65,008,410	110,106,358
Cash gift	11,449,000	18,288,704
Mid-year bonus	65,732,962	111,777,448
Other bonuses and allowances	36,721,074	71,194,863
	310,639,335	525,872,302

### 25.3. Personnel Benefit Contributions

	2021	2020 As restated
Retirement and life insurance contributions	94,953,618	154,967,395
Pag-IBIG contributions	2,823,927	4,354,260
PhilHealth contributions	11,622,059	18,526,654
Employees compensation insurance premiums	2,803,252	2,824,626
Provident/welfare fund contributions	30,785,396	46,935,285
	142,988,252	227,608,220

### 25.4. Other Personnel Benefits

	2021	2020 As restated
Retirement gratuity	223,557	9,013,052
Terminal leave benefits	91,907,445	160,378,790
Other personnel benefits	88,434,770	1,648,037,058
	180,565,772	1,817,428,900

<b>Total Personnel Services</b>	<b>1,425,278,684</b>	<b>3,863,426,253</b>
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Salaries and wages refer to basic salaries for services rendered by officers and employees of the Agency. The rate of basic pay is still based on Salary Standardization Law (SSL) 4 – 4<sup>th</sup> tranche.

Significant decrease in Personnel Services account is due to considerable number of personnel affected by NFA restructuring per GCG Memorandum Order No. 2019-13 - dated January 07, 2020.

## **26. MAINTENANCE AND OTHER OPERATING EXPENSES**

This account includes the following:

### **26.1. Traveling Expenses**

	2021	2020 As restated
Traveling expenses-local	38,994,860	48,625,038
Traveling expenses-foreign	-	264,927
	<b>38,994,860</b>	<b>48,889,965</b>

Travelling expenses include expenses incurred by officers and employees for authorized local and international engagements.

### **26.2. Training and Scholarship Expenses**

	2021	2020 As restated
Training expenses	1,179,855	741,187
	<b>1,179,855</b>	<b>741,187</b>

Training Expenses include expenses incurred for the participation/attendance in and conduct of trainings, seminars and workshops. The significant increase in this account is attributed to NFA's hosting of the 9<sup>th</sup> ASEAN Plus Three Emergency Rice Reserve (APTERR) Council on May 26-29, 2021, Mandatory Continuing Learning Education (MCLE) of NFA lawyers and trainings and seminars attended by Administrative and General Services Department (AGSD) personnel.

### **26.3. Supplies and Materials Expense**

	2021	2020 As restated
Office supplies expenses	26,451,368	29,694,791
Accountable forms, plates and stickers expenses	2,450,956	3,232,881
Non-accountable forms expenses	1,000	33,895
Drugs and medicine expenses	7,210,190	11,269,226
Medical, dental and laboratory supplies expenses	843,707	1,586,415
Fuel, oil and lubricants expenses	36,143,675	33,418,155
Agricultural and marine supplies expenses	21,858,957	24,172,372
Linens and beddings expenses	320,513	158,247
Semi-expendable machinery and equipment expenses	6,043,631	6,333,348
Semi-expendable furniture, fixtures and books expenses	1,681,006	853,779
Electrical supplies and materials expenses	1,541,822	611,618
Housekeeping/cleaning supplies expenses	1,813,724	1,174,995
Other supplies and materials expenses	24,729,095	18,544,282
	<b>131,089,644</b>	<b>131,084,004</b>

Supplies and Materials Expense include expenses on commonly used supplies and semi-expendable properties below the P 15,000 threshold.

#### 26.4. Utility Expense

	2021	2020 As restated
Water expenses	10,550,130	10,860,991
Electricity expenses	67,064,871	71,286,277
Other utility expenses	24,901	59,545
	<b>77,639,902</b>	<b>82,206,813</b>

Utility Expense includes expenses for water and electricity consumed by the Agency supplied by local distribution companies.

#### 26.5. Communication Expense

	2021	2020 As restated
Postage and courier services	926,311	2,129,205
Telephone expenses	4,817,092	6,842,291
Internet subscription expenses	4,912,010	7,010,766
Cable, satellite, telegraph and radio expenses	539,090	675,068
	<b>11,194,503</b>	<b>16,657,330</b>

Communication Expense includes cost incurred for delivery/transmission of official messages, mails, records, documents and the like. This also includes telecommunication expenses incurred in the performance of service.

#### 26.6. Awards/Rewards, Prizes and Indemnities

	2021	2020 As restated
Awards/rewards expenses	1,100,936	2,385,139
Prizes	391,500	460,769
	<b>1,492,436</b>	<b>2,845,908</b>

Awards/Rewards, Prizes and Indemnities include expenses in recognition of any civic or professional achievement and excellent performance. This also includes expenses incurred for competitive activities.

#### 26.7. Survey, Research, Exploration and Development Expenses

	2021	2020 As restated
Survey expenses	137,572	195,251
	<b>137,572</b>	<b>195,251</b>

#### 26.8. Confidential, Intelligence and Extraordinary Expenses

	2021	2020
Extraordinary and miscellaneous expenses	2,901,849	3,557,684
	<b>2,901,849</b>	<b>3,557,684</b>

Extraordinary and Miscellaneous Expenses include expenses incurred incidental to the performance of official functions of officers of the agency.

## 26.9. Professional Services

	2021	2020 As restated
Legal services	10,670	20,960
Auditing services	131,820,045	128,146,170
Consultancy services	3,692,540	2,947,560
Other professional services	1,650,064	1,261,568
	<b>137,173,319</b>	<b>132,376,258</b>

Professional Services include expenses incurred for authorized legal services, auditing services rendered by COA and professional services which are advisory in nature and requiring highly technical or special expertise.

Increase in Consultancy Services is due to the engagement of technical consultants to assist in the review, research and study institutional and policy reform for the Agency.

Increase in Other Professional Services is attributed to expenses incurred for the services rendered by building maintenance transition team and for audio-visual professionals.

## 26.10. General Services

	2021	2020 As restated
Environment/sanitary services	6,970,727	1,044,586
Janitorial services	9,966,702	12,750,443
Security services	367,449,270	385,260,076
Other general services	105,479,787	51,666,829
	<b>489,866,486</b>	<b>450,721,934</b>

General Services include expenses incurred in keeping NFA's premises clean and secure. This also includes expenses incurred for job order services.

Significant increase in Environment/Sanitary Services is due to abolishment of the plantilla positions of Utility Workers per NFA Restructuring Plan. Thus, the said services were availed outside, causing the expense to increase.

## 26.11. Repairs and Maintenance

	2021	2020 As restated
Land improvements	1,616,520	769,915
Infrastructure assets	-	200,216
Buildings & other structures	19,585,060	25,291,675
Machinery and equipment	9,828,309	10,678,084
Transportation equipment	20,861,883	22,898,330
Furniture & fixtures	473,450	187,226
Leased assets improvements	137,502	205,148
Semi-expendable machinery and equipment	1,557,529	1,133,415
Semi-expendable furniture, fixtures and books	119,679	57,820
Other property plant & equipment	170,065	241,352
	<b>54,349,997</b>	<b>61,663,181</b>

Repairs and Maintenance includes expenses incurred in maintaining or keeping NFA's properties operating at its present conditions.

Increase in Repairs and Maintenance – Land Improvements is attributed to the repair of perimeter lightings, electrical wirings and compound gate, landscaping and repairs of drainage and pavements.

Increase in Repairs and Maintenance – Furniture and Fixtures is attributed to the repair and re-varnishing of various furniture and fixtures at CO and repairs of tables, cabinets, beds in staff house, shield barrier, upholstery of sofa & provision of shelves & cabinets at field offices.

## 26.12. Taxes, Insurance Premiums and Other Fees

	2021	2020 As restated
Taxes, duties and licenses	19,065,730	21,659,972
Fidelity bond premiums	7,277,823	9,575,481
Insurance expenses	27,759,975	36,223,919
	<b>54,103,528</b>	<b>67,459,372</b>

Taxes, insurance premiums and other fees include expense incurred such as annual registration fees, license fees and real estate taxes. This account also includes fidelity bond premiums of officers and employees and insurance premiums applied for NFA's properties against fire, loss, calamities and the like.

## 26.13. Other Maintenance and Other Operating Expenses (OMOOE)

	2021	2020 As restated
Advertising expenses	25,590	37,400
Printing and publication expenses	349,484	606,545
Representation expense	8,569,156	7,601,454
Transportation and delivery expenses	117,699,955	67,123,802
Rent/lease expenses	39,566,464	90,477,370
Membership dues and contributions to organizations	427,552	448,823
Subscription expenses	4,872,316	601,991
Donations	2,468,719	44,749,512
Documentary stamps expenses	397,490,800	239,066,983
Major events and conventions expenses	2,942,661	3,704,818
Other maintenance and operating expenses	208,909,070	682,416,741
	<b>783,321,767</b>	<b>1,136,835,439</b>
<b>Total Maintenance and Other Operating Expenses</b>	<b>1,783,445,718</b>	<b>2,135,234,326</b>

OMOOE include cost incurred for advertisement, printing and publications of documents such printing of NFA CO Building As-Build Plan, bookbinding and reproduction of documents and minutes of the meeting, subscription expenses for internet security gateway license for Sophos SG-550 for NFA Data Center and Zoom Video Conferencing, representation expenses incurred for official meetings and functions, transportation and delivery expenses for transporting rice and palay in the ordinary course of business operations, rent/lease expenses for office/warehouse/equipment/land, NFA's contribution to the ASEAN Plus

Three Emergency Rice Reserve (APTERR) fund for the year 2021, expenses for major events and expenses related to distribution and maintenance of stocks such as remilling, handling and empty sacks.

Significant increase in Transportation and Delivery Expenses is attributed to trucking services used in transporting stocks to deficit areas which were essentially needed by the government relief agencies for COVID-19 response.

Donations for 2021 pertains to rice donations to National Commission on Muslim Filipinos (NCMF) intended for families affected by COVID-19 pandemic and recent typhoons.

Donation account also includes donations of Municipal Level Grains Center (MLGC) to Municipality of San Andres, Quezon on August 05, 2021 with the following components:

- a. Grains Center Lot with a minimum area of 616 s.qm. (22m x 28m);
- b. Warehouse – 2,500 bags capacity made of CHB, plain cement walls and flooring with GI roofing; and
- c. Solar drying pavement – with an area of 120 s.qm. made of 0.15 meters thick concrete pavement.

Documentary Stamps Expenses is a tax on documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, right or property incident thereto. It is usually collected at the time of registration with the concerned authority.

## 27. FINANCIAL EXPENSES

	2021	2020 As restated
Interest expenses	2,007,333,066	3,185,775,049
Guarantee fees	766,162,190	773,582,752
Bank charges	283,694	268,129
Other financial charges	9,870	7,551
	<b>2,773,788,820</b>	<b>3,959,633,481</b>

Financial expenses include interest incurred for NFA's short-term and long-term loans from National Government and various financial institutions and guarantee fees equivalent to one per cent charged by BTr on guarantees extended to cover obligations contracted. This account also includes bank and other financial charges imposed by financial institutions for various services rendered.



## 28. DIRECT COSTS

Cost of sales for the CY 2021:

	Quantity (Nkg.)	Unit cost	Amount
Local regular milled rice	18,900	34	643,498
Local well milled rice	413,228,256	33	13,632,283,500
Imported rice - 15% broken	466	31	14,373
Imported rice - 25% broken	1,968	36	71,430
Damaged grains	123,574	33	4,088,848
	<b>413,373,164</b>	<b>33</b>	<b>13,637,101,649</b>

Cost of sales for the CY 2020:

	Quantity (Nkg.)	Unit cost	Amount As restated
Local regular milled rice	36,057,818	36	1,310,350,600
Local well milled rice	489,740,420	33	16,175,130,984
Imported rice - 25% broken	60,069,540	36	2,148,913,445
Damaged grains	28,467	33	942,390
	<b>585,896,245</b>	<b>34</b>	<b>19,635,337,419</b>

Cost of sales refers to the cost of rice sold during the period. Decrease in cost of sales is attributed to decrease in the number of quantity of rice sold to various stakeholders such as government agencies/offices and private entities involved in disaster and relief operations.

## 29. NON-CASH EXPENSES

### 29.1. Depreciation

	2021	2020 As restated
Land improvements	13,689,115	11,085,005
Buildings and other structures	70,735,583	63,781,783
Machinery and equipment	61,347,311	59,979,460
Transportation equipment	8,945,039	9,309,208
Furniture, fixtures and books	1,801,090	1,699,812
Leased assets improvement-land	281,036	289,364
Leased assets improvement-building	101,710	890,787
Other PPE	527,102	408,151
	<b>157,427,986</b>	<b>147,443,570</b>

### 29.2. Amortization

	2021	2020
Amortization-intangible assets	25,650	40,200
	<b>25,650</b>	<b>40,200</b>

### 29.3. Impairment Loss

	2021	2020 As restated
Loans and receivables	4,633,044	7,903,152
Other receivables	268,556	683,299,116
Inventories	13,989,087	2,544,215
PPE	577,098	207,133
Other assets	85,183	85,183
	<b>19,552,968</b>	<b>694,038,799</b>
<b>Total non-cash expenses</b>	<b>177,006,604</b>	<b>841,522,569</b>

Depreciation expense refers to periodic allocation of cost of PPE for estimated wear and tear over its useful life.

Amortization expense refers to periodic allocation of cost of intangible asset over its finite useful life.

Impairment loss refers to the provision for impairment of assets arising from non-collection of receivables and loss/obsolescence/damage of inventories and PPE.

### 30. OTHER NON-OPERATING INCOME

	2021	2020 As restated
Sale of garnished/confiscated/abandoned/ seized goods and property	-	265,803
Proceeds from insurance and indemnities	2,051,812	1,242,585
Miscellaneous income	128,234,982	147,220,448
	<b>130,286,794</b>	<b>148,728,836</b>

Other non-operating income consists of proceeds from insurance claims from GSIS and miscellaneous income such as income from the sale of by-products, empty sacks/container, waste materials, bid documents, overages, non-refundable bidding fees, forfeiture of bond/retention fees, etc.

### 31. GAINS

These accounts consist of the following:

	2021	2020 As restated
Gain on FOREX	8,314,139	-
Gain on sale of PPE	43,499	915,584,905
Gain on sale of unserviceable property	758,127	712,793
	<b>9,115,765</b>	<b>916,297,698</b>

Gain on FOREX represents gain on valuation of dollar deposits based on BSP's exchange rate at the end of accounting period.

The restated amount for Gain on Sale of PPE for CY 2020 was increased by P915,541,283 due to the sale of three parcels of land located at Meycauayan, Bulacan for the construction of North-South Railway Project.

### 32. LOSSES

These accounts consist of the following:

	2021	2020 As restated
Loss on FOREX	-	5,179,586
Loss on sale of PPE	152,495	105,136
Loss on sale of asset	415,487	2,714,188
Loss of assets	223,745,274	282,628,092
Loss on sale of unserviceable property	57,252	-
	<b>224,370,508</b>	<b>290,627,002</b>

Loss of assets refers to the loss suffered by NFA such as loss due to transfers of stocks (palay and rice), shortages of accountable officers, physical inventory count, sale of damaged stocks, insurance claims, loss of PPE and other assets.

### 33. FINANCIAL ASSISTANCE/SUBSIDY

This account consists of the following:

	2021	2020
Subsidy from National Government for the implementation of the buffer stocking program		
Special Allotment Release Order (SARO)-BMB-C-21-000473	7,000,000,000	-
SARO-BMB-C-20-0000654	-	2,979,200,000
SARO-BMB-C-20-0007991	-	4,020,800,000
Less: Remittance of P1.4B to BTr, Negative SARO No. BMB-C-20-0012332 recalled by the DBM per their letter dated November 19, 2020 as funding source for various releases made to the department/agencies/GOCCs for the implementation of the COVID-19 measures of the government.		(1,400,000,000)
Conversion of NG advances into subsidy – SARO-BMB-C-21-0000447	7,464,815,000	-
SARO-BMB-C-20-0011670	-	30,650,000,000
	<b>14,464,815,000</b>	<b>36,250,000,000</b>

### 34. ACCUMULATED SURPLUS/(DEFICIT)

	Amount
<b>Balance at January 01, 2020 - As restated</b>	<b>(154,915,436,298)</b>
Changes in accounting policy	
Prior period errors:	
PY adjustments to revenue	14,683,015
PY adjustments to expenses	(34,666,444)
<i>Total PY adjustments</i>	<i>(19,983,429)</i>
<i>Other adjustments</i>	<i>2,694,541,549</i>
<b>Restated balance at January 01, 2020</b>	<b>(152,240,878,178)</b>
<b>Changes in net assets/equity for CY 2020</b>	
Surplus/(deficit) for CY 2020	20,805,048,886
Prior period errors (2020):	
Adjustments to revenue	960,861,875
Adjustments to expenses	(580,126,536)
<i>Restated surplus/(deficit) for CY 2020</i>	<i>21,185,784,225</i>
Other adjustments for CY 2020	(895,978,181)
Add/(Deduct): Other adjustment (CY 2020)	(3,666,316,930)
<i>Restated other adjustment for CY 2020</i>	<i>(4,562,295,111)</i>
<b>Restated balance at December 31, 2020</b>	<b>(135,617,389,064)</b>
Surplus/(deficit) for CY 2021	4,864,428,510
Other adjustments for CY 2021	1,577,552,265
<b>Balance at December 31, 2021</b>	<b>(129,175,408,289)</b>

Accumulated Surplus/(Deficit) account represents the cumulative results of normal and continuous operations of NFA. This account also includes effects of changes in accounting policy and prior period adjustments.

The following are the identified prior period adjustments made in CY 2021 pertaining to CYs 2020 and 2019 and prior years (PYs):

	2020	2019 & PYs	Total
<b>Revenue</b>			
Service and business income	16,938,421	1,077,191	18,015,612
Shares, grants and donations	-	50,397	50,397
Other non-operating income	28,382,171	12,541,809	40,923,980
Gains	915,541,283	1,013,618	916,554,901
<b>Total adjustments to revenue</b>	<b>960,861,875</b>	<b>14,683,015</b>	<b>975,544,890</b>
<b>Expenses</b>			
Personnel services	2,694,193	14,229,497	16,923,690
MOOE	(357,797,384)	(399,244,789)	(757,042,173)
Financial expenses	(162,525,502)	(175,050,000)	(337,575,502)
Direct costs	(56,556,885)	552,840,148	496,283,263
Non-cash expenses	4,869,950	1,763,682	6,633,632
Losses	(10,810,908)	(29,204,982)	(40,015,890)
<b>Total adjustments to expenses</b>	<b>(580,126,536)</b>	<b>(34,666,444)</b>	<b>(614,792,980)</b>
<b>Other adjustments</b>	<b>(3,666,316,930)</b>	<b>2,694,541,549</b>	<b>(971,775,381)</b>
<b>Net adjustments to accumulated surplus/(deficit)</b>	<b>(3,285,581,591)</b>	<b>2,674,558,120</b>	<b>(611,023,471)</b>

Other adjustments for PYs 2020 and 2019 and earlier pertain to reconciled intra-agency accounts between and among CO, ROs and BOs. This also includes adjustments to contingent capital such as shortages and disallowances.

### 35. CONTRIBUTED CAPITAL

From CYs 1980 to 2007, total capital contribution of the National Government to NFA amounted to P5.000 billion. This account is already reconciled with the records of the BTr.

### 36. RELATED PARTY TRANSACTIONS

As at December 31, 2021<sup>1</sup>, the NFA Council is composed of the following:

Position	Name	Position from other Agencies
Chairperson	Mr. William D. Dar, PhD	Secretary, DA
Vice-Chairperson	Ms. Judy Carol L. Dansal	Administrator, NFA
Member	Mr. Benjamin E. Diokno	Governor, BSP
Principal Representative	Mr. Francisco G. Dakila, Jr.	Deputy Governor, BSP
Alternate Member	Mr. Zeno Ronald R. Abenoja	Manager Director, BSP
Alternate Member	Ms. Sittie Hannisha M. Butocan	Director, BSP
Member	Mr. Carlos G. Dominguez III	Secretary, Department of Finance (DOF)
Alternate Member	Ms. Rosalia V. de Leon	National Treasurer, DOF
Alternate Member	Ms. Soledad Emila J. Cruz	Assistant Secretary, DOF
Member	Mr. Ramon M. Lopez	Secretary, DTI
Principal Representative	Atty. Ruth B. Castelo	Undersecretary, DTI
Member	Ms. Cecilia C. Borromeo	President and CEO, LBP
Alternate Member	Mr. Elcid C. Pangilinan	Senior VP, LBP
Member	Mr. Karl Kendrick T. Chua, PhD	Secretary, National Economic and Development Authority (NEDA)
Alternate Member	Ms. Mercedita A. Sombilla	Undersecretary, NEDA
Member	Atty. Salvador C. Medialdea	Executive Secretary, OP
Principal Representative	Atty. Ricardo P. Bernabe III	Undersecretary, OP
Member	Lt. Gen. Rolando Joselito D. Bautista (Ret.)	Secretary, DSWD
Alternate Member	Mr. Emmanuel P. Privado	Director, DSWD
Member	Mr. Edwin Y. Paraluman <sup>2</sup>	Farmer Sector Representative

<sup>1</sup> Cessation of Farmers' Sector Representative as *Ex-Officio* member in the NFA Council in compliance with the observation of the GCG and pursuant to EO No. 62 entitled: "Reengineering the Office of the President Towards Greater Responsiveness to the Attainment of Development Goals, and for other Purposes".

<sup>2</sup> Mr. Edwin Y. Paraluman's term of office: 29 February 2012 – 21 September 2021.

Remuneration given to NFA Council for CY 2021 and 2020 are as follows:

	2021	2020
Per diem on board meetings	137,640	-
	<b>137,640</b>	<b>-</b>

### *Key Management Personnel Remuneration and Compensation*

For CY 2020, NFA's key management personnel is composed of Administrator, Deputy Administrator for Marketing Operations, Deputy Administrator for Finance and Administration, Assistant Administrator for Marketing Operations and Assistant Administrator for Finance and Administration.

While for CY 2021, NFA's key management personnel is composed of Administrator, Deputy Administrator, Assistant Administrator for Operations and Assistant Administrator for Finance and Administration.

Remunerations of key management personnel for CYs 2021 and 2020 are as follows:

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Salaries and wages	6,527,922	7,277,886
Allowances and other benefits	4,349,015	4,723,231
	<b>10,876,937</b>	<b>12,001,117</b>

### **37. BUDGET INFORMATION IN THE FINANCIAL STATEMENTS**

NFA's Corporate Operating Budget (COB) for Fiscal Year (FY) 2021 per NFA Council Resolution No. 966-2020-G dated July 28, 2021 submitted pursuant to Section 6 of EO No. 518, Series of 1979 and Section 19, Chapter 3, Book VI of EO 292, Series of 1987, was approved for a total amount of P 53,994,703,000.00.

Particulars	Budgeted Amounts		Actual amounts on comparable basis	Difference final budget and actual
	Original	Final		
RECEIPTS				
Service and business income	15,196,000,000	15,196,000,000	10,344,293,245	4,851,706,755
Assistance and subsidy	14,464,815,000	14,464,815,000	14,464,815,000	-
Others	24,455,000,000	24,455,000,000	22,080,451,784	2,374,548,216
Total receipts	54,115,815,000	54,115,815,000	46,889,560,029	7,226,254,971
PAYMENTS				
Personnel services	1,826,824,000	1,826,824,000	1,361,556,964	465,267,036
MOOE	46,878,479,000	46,878,479,000	41,801,095,196	5,077,383,804
Capital outlay	956,400,000	956,400,000	271,007,618	685,392,382
Financial expenses	4,333,000,000	4,333,000,000	2,437,221,539	1,895,778,461
Total payments	53,994,703,000	53,994,703,000	45,870,881,317	8,123,821,683
NET RECEIPTS/PAYMENTS	121,112,000	121,112,000	1,018,678,712	(897,566,712)

Service and business income account includes receipts from the sale of rice and other income. The difference between the final budget and actual amounts is attributed to calibrated distribution.

Other receipt account pertains to net lending. The difference is attributed to unapproved portion.

The difference in personnel services account is attributed to vacant/unfilled positions due to on-going restructuring.

MOOE account includes regular MOOE, procurement costs and payment of obligations. The difference in MOOE is attributed to the decrease in regular MOOE and unmet procurement target caused by price and environmental factors.

Difference in capital outlay account is attributed to the deferral of projects caused by COVID-19 restrictions.

Difference in financial expenses account is attributed to the decrease in outstanding loans and interest rates.

### **38. SUPPLEMENTARY INFORMATION REQUIRED BY BIR**

#### **38.1. Revenue Regulations (RR) No. 15-2010**

RR No. 15-2010, amending RR No. 21-2002, provides, among others, that the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year, in addition to the disclosures mandated under the IPSASs, and such other standards and/or conventions as may be adopted.

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

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

#### **a. Taxes and licenses**

	<b>2021</b>	<b>2020 As restated</b>
Real estate tax	16,527,332	11,621,496
BIR registration	1,500	500
	<b>16,528,832</b>	<b>11,621,996</b>

#### **b. Withholding Taxes**

The amount of withholding taxes withheld and remitted for the year amount to:

	<b>2021</b>	<b>2020</b>
Tax withheld from employees' compensation	48,505,899	115,212,668
Tax withheld from suppliers of goods & services	236,283,161	305,418,895
	<b>284,789,060</b>	<b>420,631,563</b>

c. Documentary Stamp Tax (DST) for CY 2021

	2021	2020 As restated
Documentary stamp tax expenses	397,490,800	239,066,983
	<b>397,490,800</b>	<b>239,066,983</b>

d. Tax Case

As of December 31, 2021, NFA has the following tax cases filed against LGUs involving claims for exemption from payment of real property taxes:

	2021	2020
With 23 pending cases	106,139,962	106,139,962
With six (6) petitions granted by Regional Trial Court (RTC)/ Court of Appeals (CA) - final	13,900,753	13,900,753
	<b>120,040,715</b>	<b>120,040,715</b>

**38.2. RR No. 02-14**

RR No. 02-14 was issued to supersede RR No. 19-2011, prescribing the new BIR Forms to be used for Income Tax filing starting the taxable year ended December 31, 2013. In the case of corporations using BIR Form No. 1702-RT, the taxpayer is required to include as part of its notes to the audited financial statements, which will be attached to the Income Tax Return (ITR), the schedules and information on taxable income and deductions to be taken. The information is presented for the purposes of filing with the BIR and is not required part of the basic financial statements.

The amounts of revenues and income, 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 the Statement of Financial Performance for the year ended December 31, 2021. Moreover, the legal basis of tax relief/exemption of NFA is expressly stated in PD Nos. 4 and 1770.

The following are the schedules prescribed under the existing revenue issuances applicable to the NFA as of December 31, 2021.

a. Sales

Accounts	Per Financial Statements	Accounts	Per Income Tax Return
Sales	10,250,086,350	Sales/receipts/ revenues/ fees	10,250,086,350

b. Cost of Sales

Account	Per Financial Statements	Account	Per Income Tax Return
Cost of sales	13,637,101,649	Cost of sales/services	13,637,101,649



c. Non-operating and Taxable Other Income

Accounts	Per Financial Statements	Accounts	Per Income Tax Return
Service income	8,859,942	Non-operating and taxable other income	156,407,835
Business income	10,272,342,992		
Less: Sales	(10,250,086,350)		
Interest income	(4,995,543)		
Miscellaneous income	130,286,794		
	<b>156,407,835</b>		<b>156,407,835</b>

d. Allowable Deductions

Accounts	Per Financial Statements	Accounts	Per Income Tax Return
Amortization	<b>25,650</b>	Amortizations	<b>25,650</b>
Impairment loss (IL)- loans and receivables	4,633,044	Bad debts	4,901,600
IL-other receivables	268,556		
	<b>4,901,600</b>		<b>4,901,600</b>
Depreciation	<b>157,427,986</b>	Depreciation	<b>157,427,986</b>
Confidential, intelligence, and extraordinary expenses	<b>2,901,849</b>	Entertainment, amusement and recreation	<b>2,901,849</b>
Interest expenses	<b>2,007,333,066</b>	Interest	<b>2,007,333,066</b>
IL-Inventories	13,989,087	Losses	238,220,250
IL-PPE	577,098		
IL-Other assets	85,183		
Net losses	223,568,882		
	<b>238,220,250</b>		<b>238,220,250</b>
Rent/lease expenses	<b>39,566,464</b>	Rental	<b>39,566,464</b>
Salaries and wages	791,085,325	Salaries, wages and allowances	1,282,290,432
Other compensation	310,639,335		
Other personnel benefit	180,565,772		
	<b>1,282,290,432</b>		<b>1,282,290,432</b>
Personnel benefit contributions	<b>142,988,252</b>	SSS, GSIS, Philhealth, HDMF and other contributions	<b>142,988,252</b>
Taxes, duties, and licenses	19,065,730	Taxes and licenses	26,343,553
Fidelity bond premium	7,277,823		
	<b>26,343,553</b>		<b>26,343,553</b>
Janitorial services	<b>9,966,702</b>	Janitorial services	<b>9,966,702</b>
Legal services	10,670	Professional services	133,480,779
Auditing services	131,820,045		
Other professional services	1,650,064		
	<b>133,480,779</b>		<b>133,480,779</b>
Security services	<b>367,449,270</b>	Security services	<b>367,449,270</b>
Utility expenses	77,639,902	Communication, light and water	88,834,405
Communication expenses	11,194,503		
	<b>88,834,405</b>		<b>88,834,405</b>
Supplies and materials expenses	131,089,644	Office supplies	94,945,969
Less: Fuel, oil and lubricants expenses	(36,143,675)		
	<b>94,945,969</b>		<b>94,945,969</b>
Fuel, oil and lubricants expenses	<b>36,143,675</b>	Fuel and oil	<b>36,143,675</b>
Insurance expenses	<b>27,759,975</b>	Insurance	<b>27,759,975</b>
Consultancy services	<b>3,692,540</b>	Management and consultancy fees	<b>3,692,540</b>
Training and scholarship expenses	1,179,855	Others	1,562,121,476
Awards/rewards, prizes and indemnities	1,492,436		
Survey, research, exploration and development expenses	137,572		
Environment/sanitary services	6,970,727		
Other general services	105,479,787		
Repairs & maintenance	54,349,997		
Advertising expenses	25,590		
Printing and publication expenses	349,484		
Representation expense	8,569,156		

<b>Accounts</b>	<b>Per Financial Statements</b>	<b>Accounts</b>	<b>Per Income Tax Return</b>
Membership dues and contributions to organizations	427,552		
Subscription expenses	4,872,316		
Donations	2,468,719		
Documentary stamps expenses	397,490,800		
Major events and conventions expenses	2,942,661		
Other MOOE	208,909,070		
Guarantee fees	766,162,190		
Bank charges	283,694		
Other financial charges	9,870		
	<b>1,562,121,476</b>		<b>1,562,121,476</b>

## PART II - OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL

1. The non-elimination of Intra-Agency Receivables and Payables accounts as at December 31, 2021 in the amounts of P22.348 billion or 53.53 per cent of the total Assets of P41.744 billion and P20.384 billion or 12.28 per cent of the total Liabilities of P165.919 billion, respectively, which could not be considered as assets and liabilities as defined under Paragraph 7 of International Public Sector Accounting Standard (IPSAS) 1, adversely affected the relevance and faithful representation of the NFA's financial statements (FSs).

- 1.1. The Qualitative Characteristics of Financial Reporting in The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (CFGPFRRPSE) includes, among others, the following:

- 3.6 *Financial and non-financial information is **relevant** if it is capable of making a difference in achieving the objectives of financial reporting. Financial and non-financial information is capable of making a difference when it has confirmatory value, predictive value, or both. It may be capable of making a difference, and thus be relevant, even if some users choose not to take advantage of it or are already aware of it.*

- 3.10 *To be useful in financial reporting, information must be a **faithful representation** of the economic and other phenomena that it purports to represent. Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error. Information that faithfully represents an economic or other phenomenon depicts the substance of the underlying transaction, other event, activity or circumstance—which is not necessarily always the same as its legal form.*

- 1.2. Paragraph 7 of IPSAS 1 defined Assets and Liabilities, viz.:

**Assets** are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

**Liabilities** are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

- 1.3. Intra-agency receivables and payables represent the receipt of funds and other assets like supplies, inventories of rice, property and equipment, etc.

for use in NFA Central, Regional and Branch Offices (CO, ROs, and BOs) and were recorded as receivable (Due from) in the issuing/transferring office and payable (Due to) by the receiving office.

- 1.4. The NFA complied with Commission on Audit (COA) Circular No. 2020-002 dated January 28, 2020, re: *Adoption of the Updated Revised Chart of Accounts (RCA) for Government Corporations (GCs)* and Annex C of the same Circular provides description of the Intra-agency Receivable and Payable accounts, as presented in Table 1:

**Table 1 – Description of Intra-agency Receivables and Payables Accounts**

<b><u>Intra-Agency Receivables</u></b>	<b><u>Intra-Agency Payables</u></b>
<p><b>Due from Operating/Field Units</b> This account is debited to recognize receivables of central/home/head office from its operating/field units below regional/branch level. It also includes fund transfers to an operating unit from another operating unit of the same government corporation. This account is credited for receipt of payment, liquidation, write-off, and/or adjustments.</p>	<p><b>Due to Operating/Field Units</b> This account is credited to recognize payables of central/home/head office from its operating/field units below regional/branch level. It also includes fund transfers to an operating/field unit from another operating/field unit of the same government corporation, subject to liquidation and other intra-agency transactions. This account is debited for payment/liquidation of payable account, and/or adjustments.</p>
<p><b>Due from Central/Home/Head Office</b> This account is debited to recognize the amount of receivables of regional/branch/field offices from the central/home/head office. This account is credited for receipt of payment.</p>	<p><b>Due to Central/Home/Head Office</b> This account is credited to recognize the receipt of funds from the Central/Head/Home Office by Regional/Branch/Field Offices of government corporation for the implementation of specific programs or project subject to liquidation and other intra-agency transactions. This account is debited for liquidation of funds received, settlement of liabilities, and/or adjustments.</p>
<p><b>Due from Regional/Branch Offices</b> This account is debited to recognize the amount of receivables of central/home/head office from its regional/branch office. It also includes receivables to a regional/branch office from another regional/branch office of the same government corporation. This account is credited for receipt of payment, liquidation, write-off, and/or adjustments.</p>	<p><b>Due to Regional/Branch Offices</b> This account is credited to recognize payables of the Central/Head/Home Office to Regional/Branch Offices. This account is debited for liquidation of funds received, settlement of liabilities, and/or adjustments.</p>

- 1.5. As at December 31, 2021, the balances of Intra-agency Receivable and Payable accounts were significantly reduced by P26.645 billion or 54.39 per cent and P29.061 billion or 58.77 per cent, respectively, as compared to Calendar Year (CY) 2020 restated balances of P48.993 billion and P49.445 billion, respectively. Nonetheless, as at December 31, 2021, the Intra-Agency Receivable and Payable accounts still have outstanding balances of P22.348 billion and P20.384 billion, respectively.

- 1.6. Comparison of the Intra-agency accounts balances as at December 31, 2021 disclosed that the reciprocal accounts were not eliminated notwithstanding the prior years' audit recommendations persistently reiterating to immediately reconcile and provide adjusting entries to zero out these accounts. Details of which are shown in Table 2.

**Table 2 - Comparison of the Balances of Intra-agency Accounts (in Billion Pesos)  
As at December 31, 2021**

Account Title (a)	Amount per FSS (b)	Account Title (c)	Amount per FS (d)	Variance (e=b-d)
<b>Intra-agency Receivables</b>		<b>Intra-agency Payables</b>		
Due from Central Office	P 7.201	Due to Regional Office	P 7.349	(P0.148)
Due from Regional Office	2.910	Due to Central Office	4.002	(1.092)
Due from Operating Units	12.237	Due to Operating Units	9.033	3.204
	<b>P22.348</b>		<b>P20.384</b>	<b>P1.964</b>

- 1.7. A more detailed comparison of the intra-agency account balances of CO and ROs is shown in Table 3.

**Table 3 - Comparison of the Balances of Intra-agency Accounts**

Office	Intra-agency Receivables	Intra-agency Payables	Variance
CO	P3,368,411,109	P1,205,108,032	P2,163,303,077
RO I	1,103,034,035	1,117,002,929	(13,968,894)
RO II	3,449,450,110	3,691,208,758	(241,758,648)
RO III	976,443,471	157,488,188	818,955,283
RO IV	1,648,818,460	1,853,646,938	(204,828,478)
RO V	1,650,816,961	843,032,972	807,783,989
RO VI	323,034,107	3,933,133	319,100,974
RO VII	30,429,756	-	30,429,756
RO VIII	669,835,155	1,150,633,848	(480,798,693)
RO IX	-	209,239,917	(209,239,917)
RO X	42,834,561	17,042,949	25,791,612
RO XI	239,886,350	279,534,750	(39,648,400)
RO XII	5,802,054,113	5,261,630,628	540,423,485
RO XIII	1,596,678,205	2,479,377,810	(882,699,605)
RO XIV	1,443,114,911	2,106,546,565	(663,431,654)
RO XV	2,900,007	8,697,286	(5,797,279)
	<b>P22,347,741,311</b>	<b>P20,384,124,703</b>	<b>P1,963,616,608</b>

- 1.8. Since these reciprocal accounts are used for the recognition or charging of income/expenses attributable from/to the different NFA offices; and for the liquidation, write-off, and/or adjustments, these intra-agency transactions should have been eliminated during the combination of ROs/BOs balances in the preparation of the FSS by the NFA-CO, hence, should have zero balances at year-end.

1.9. The non-elimination of these reciprocal accounts were attributable to the following:

- a. Delayed/non-submission of schedule of transactions and reconciliation statements by the responsible office to the responding office, which is not in accordance with Section II.F and II.G (2) of NFA Standard Operating Procedure (SOP) No. FS-GP13.B dated October 24, 2014, which states, viz.:

*F. Reporting of Interbranch Transactions*

*A Schedule of Interbranch Transactions shall be prepared **monthly** indicating the interbranch transactions for the period. Same shall be submitted **every 2nd day** of the succeeding month to the originating and receiving office. These schedules shall serve as basis for confirmation and reconciliation on any variance that may arise within the reporting period.*

*G. Reconciliation of Interbranch Accounts*

1. *Xxxx*
2. *The C.O. and R.O., as clearing offices, shall prepare a monthly reconciliation statement to determine variances that may arise between the reciprocal accounts. A copy of the **reconciliation statement** shall be sent to the concerned offices to inform them of the variance(s) and to effect the necessary adjustments.*

- b. Delayed/non-preparation of elimination and reconciling entries by the RO and CO, contrary to Section II.G (3) of the same NFA SOP, which provides:

*G. Reconciliation of Interbranch Accounts*

*Xxxx*

3. *The Regional Office shall prepare **elimination and reconciling entries** to eliminate the variance of the reciprocal accounts. These elimination/reconciling entries shall be reversed at the beginning of the next accounting period. For purposes of preparing consolidated financial statements, the Central Office/Regional Offices shall present the net effect of the interbranch accounts in the equity portion.*

- c. Intra-agency account balances were closed to Government Equity account upon reconciliation which is not in accordance with II.E (3.1) of NFA SOP No. FS-GP13 dated April 21, 1997, as follows:

## *E. Books of Accounts*

Xxxx

3.1 *All interbranch account balances as of March 1, 1997 under the Receivable and Payable Accounts shall be reclassified under the Equity Accounts.*

- d. Delayed/non-confirmation of advices from ROs/BOs;
  - e. Non-coordination between and among CO, ROs and BOs;
  - f. Incomplete/non-submission of Journal Entry Vouchers (JEVs) by the originating office to support the accounting entries related to reconciliation;
  - g. Non-revision/update of the existing SOP to align with changes in NFA's new structure such as the recording of reciprocal accounts in the books of the absorbing BOs, in view of the merging of Provincial Offices (POs) to BOs due to Republic Act (RA) No. 11203 (Tariffication Law);
  - h. Non-observance of uniform rules or procedure in intra-agency transactions resulting in the misclassification of accounts; and
  - i. Absence of records or documents of prior years' intra-agency transactions.
- 1.10. It is emphasized that the existing NFA SOP provides administrative sanctions on failure of the responsible official(s) to act on interbranch transactions, to wit:
- Failure on the part of responsible officials to act immediately or to send necessary information regarding interbranch transactions to concerned offices shall be considered a violation of this SOP, and shall in accordance with P.D. [Presidential Decree] 807 and R.A. 6713, subject them to the administrative offense of violation of Reasonable Office Rules and Regulations and shall, upon conviction, suffer the penalty of **reprimand, suspension or dismissal**, as the case may be. (Section III, NFA SOP No. FS-GP13)*
- 1.11. Nevertheless, NFA Management has not imposed yet any administrative sanctions against any responsible official(s) who do not strictly comply with the provisions of the aforementioned NFA SOP. Thus, the continuous non-elimination of these reciprocal accounts bloated the accumulated amount of unreconciled variance of P1.964 billion between the Intra-Agency Receivables and Payables accounts.
- 1.12. The reciprocal accounts could not be considered as assets and liabilities of the Agency since they do not fall within the definition provided in Paragraph 7 of IPSAS 1, but these are used only as temporary accounts to monitor

and record intra-agency transactions. Intra-agency Receivables account does not represent assets that have the ability to generate economic benefits either as cash inflows or a reduction in cash outflows, while Intra-agency Payables account could not be classified as liability due to absence of an outflow of resources from the entity for it to be settled.

- 1.13. The non-elimination of the Intra-agency Receivables and Payables accounts as at December 31, 2021 had bloated the total Assets by P22.348 billion or 53.53 per cent and total Liabilities by P20.384 billion or 12.28 per cent, thereby the reliability and faithful representation of the accounts balances presented in the FSs were adversely affected.
- 1.14. **We reiterated our prior years' audit recommendations that the Finance Department and the ROs/BOs Finance Sections to:**
  - a. **Continuously prioritize the elimination of the reciprocal accounts by conducting a nationwide reconciliation of the discrepancies to have reliable FSs balances at year-end;**
  - b. **Ensure that all adjustments are duly supported with proper and complete documentation; and**
  - c. **Strictly adhere to NFA SOP No. FS-GP13, especially on the regular preparation and submission of: (i) Schedule of interbranch transactions, (ii) Reconciliation Statements, (iii) elimination and reconciling entries, and (iii) confirmation advices, as applicable, and to consistently coordinate with other offices to reconcile the discrepancies.**
- 1.15. **Further, we recommended that Management:**
  - a. **Revisit and update the existing NFA SOP on intra-agency transactions for uniform policies/guidelines to be followed by the CO, ROs and BOs due to NFA's structural changes pursuant to RA No. 11203; and**
  - b. **Strictly implement the administrative sanctions provided in NFA SOP No. FS-GP13 to compel personnel concerned to address the significant variances noted in the intra-agency accounts and to avoid further accumulation thereof.**
- 1.16. Management gave the following comments:
  - a. The Intra-agency balances pertain to prior years' transactions, mostly decade-old and that efforts were exerted to reconcile and eliminate these balances since CY 2018 wherein a substantial amount was already eliminated.
  - b. The Intra-agency Receivables account was reduced to P22.348 billion, while the Intra-agency Payables account went down to P20.384 billion. Reconciliation is always and has been one of the top



priorities, however, some remained unreconciled due to unavailability of documents caused by fortuitous events that struck NFA offices over the years.

- c. The CO FD, ROs and BOs Finance Sections are in constant coordination to reconcile intra-agency transactions. Reconciliation statements are regularly prepared and submitted/forwarded. Further, strict adherence to policies and guidelines on intra-agency transactions as provided in NFA SOPs will be reiterated to all personnel concerned in order to reduce or eliminate the prior years' unreconciled transactions and deter future occurrence of reconciling items.
  - d. A nationwide reconciliation of accounts and re-tooling of Accountants initially scheduled in CY 2020 was deferred due to Coronavirus Disease (COVID-19) pandemic and will be conducted in CY 2022.
  - e. Management is revisiting the existing NFA SOPs, including the SOP on intra-agency transactions, to conform with the Agency's structural changes.
- 1.17. As a rejoinder, the Audit Teams appreciated the efforts exerted by Management in prioritizing the reconciliation of the reciprocal accounts; and their full compliance with the audit recommendations will be monitored in the CY 2022 audit.

**2. The faithful representation in the FSs and the verifiability of the balance of Accumulated Surplus/(Deficit) account amounting to P(129.175) billion could not be established in view of the net adjustments amounting to P2.873 billion recognized in CY 2021 Statement of Changes in Net Assets/Equity (SCNAE) which could not be substantiated due to non-submission of JEVs and other pertinent documents, contrary to Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of CFGPFRPSE, and casts doubt on the propriety and validity of adjustments made in the Accumulated Surplus/(Deficit) account and other affected accounts.**

- 2.1. Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of the CFGPFRPSE provide to wit:

*Verifiability*

*3.26 Verifiability is the quality of information that helps assure users that information in [General Purpose Financial Reports] GPFRs faithfully represents the economic and other phenomena that it purports to represent. Xxx.*

*3.27 To be verifiable, information need not be a single point estimate. A range of possible amounts and the related probabilities also can be verified.*

2.2. Paragraphs 7, 46 and 47 of IPSAS 3 state that:

7. *Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, faithfully representative information that:*

- (a) Was available when financial statements for those periods were authorized for issue; and*
- (b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.*

*Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.*

46. *Errors can arise in respect of the recognition, measurement, presentation, or disclosure of elements of financial statements. Financial statements do not comply with IPSASs if they contain either material errors, or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance, or cash flows. Potential current period errors discovered in that period are corrected before the financial statements are authorized for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period (see paragraphs 47–52).*

47. *Subject to paragraph 48, 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 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.*

2.3. Based on the SCNAE for the years ended December 31, 2021 and 2020 the balances of Accumulated Surplus/(Deficit) account amounted to P(129.175) billion and P(135.617) billion, respectively.

- 2.4. Review and analysis of the SCNAE disclosed that the balance of the Accumulated Surplus/(Deficit) account was adjusted in CYs 2020 and 2021 in the net amount of P2.873 billion (Table 4), excluding the increase attributable to Surplus for the said periods; however, the adjustments made were not supported with JEVs and other pertinent documents.

**Table 4 – Computation of Net Adjustments in Accumulated Surplus/(Deficit) without JEVs and Other Pertinent Documents**

<b>Particulars</b>	<b>Amount</b>
<b>Accumulated Surplus/(Deficit)</b>	
As at December 31, 2019 per Audit	P(157,718,095,187)
Balance at January 1, 2020, as restated per SCNAE	(154,915,436,298)
Variance	2,802,658,889
<b>Surplus for the Period (CY 2020)</b>	
Per Audit	20,805,048,887
Per SCNAE for CY 2021	21,185,784,225
Variance	380,735,338
<b>Prior Period Errors and Other Adjustments in the SCNAE</b>	
Prior period errors (CY 2019)	(19,983,429)
Other Adjustments (CY 2019)	2,694,541,549
Other Adjustments (CY 2020)	(4,562,295,111)
Other Adjustments (CY 2021)	1,577,552,265
Sub-total	(310,184,726)
<b>Net Adjustments in Accumulated Surplus/(Deficit) account</b>	<b>P 2,873,209,501</b>

- 2.5. Out of the P30.542 billion adjustments made in Accumulated Surplus/(Deficit) account in CY 2020 as disclosed in Part II – Observation and Recommendation No. 2 of the Annual Audit Report (AAR) for the Years Ended December 31, 2020 and 2019, only the intra-agency accounts in the amount of P19.199 billion or 62.86 per cent was substantiated. Thus, an absolute amount of P11.344 billion or 37.14 per cent remained unsubstantiated which represents other adjustments, such as gains, losses, shortages and disallowances. The unsubstantiated adjustments were included in the opening balance of the Accumulated Surplus/(Deficit) account as at January 1, 2020, as restated, as shown in the SCNAE amounting to P(154.915) billion.
- 2.6. The significant amount of adjustments in the Accumulated Surplus/(Deficit) account which represents prior period errors, adjustments on shortages and disallowances, and inter-regional Trial Balance reconciliation without JEVs and pertinent documents, limit the verifiability of the FSs, which is not compliant with Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of CFGPFRPSE, as such, the faithful representation in the FSs of the balance of Accumulated Surplus/(Deficit) account amounting to P(129.175) billion as at December 31, 2021 could not be established.
- 2.7. **We recommended that Management require the Accounting Division of Finance Department to:**
- a. **Submit all JEVs as well as the corresponding supporting documents related to the adjustments made in CYs 2020 and**

**2021 on the Accumulated Surplus/(Deficit) account; otherwise, reverse the entries made;**

- b. Stop making adjustments in the Accumulated Surplus/(Deficit) account if not duly supported with pertinent documents; and**
  - c. Effect in the SCNAE the restatements in the prior year FSs to reflect prior period errors pertaining to income and expense accounts pursuant to Paragraph 47 of IPSAS 3.**
- 3. The faithful representation in the FSs of the balance of the Property, Plant and Equipment (PPE) account with carrying amount of P2.844 billion as at December 31, 2021 could not be established due to unreconciled variance in absolute figure amounting to P51.572 million between the balances of several PPE sub-accounts per books vis-a-vis the Report on the Physical Count of PPE (RPCPPE), contrary to Paragraph 27 of IPSAS 1. Likewise, the PPE account was understated by an undetermined amount due to non-recognition of the fair values as at the date of acquisition of parcels of donated land located in: (a) United Nations (UN) Avenue, Paco, Manila used by and where the NFA-National Capital Region (NCR) RO is located; and (b) Rizal, Kalinga in Region II-Cagayan BO with estimated land area of 20,000 square meters, contrary to Paragraph 27 of IPSAS 17.**

3.1. Paragraph 27 of IPSAS 1 states that:

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

3.2. As at December 31, 2021, the carrying amount of the PPE account per books amounted to P2.844 billion, details presented in Table 5.

**Table 5 – Composition of PPE Account as at December 31, 2021**

<b>PPE sub-accounts</b>	<b>Acquisition Cost</b>	<b>Accumulated Depreciation</b>	<b>Allowance for Impairment</b>	<b>Carrying Amount</b>
Land	P 288,970,246	P -	P -	P 288,970,246
Land Improvements	368,805,490	220,123,435	-	148,682,055
Buildings and Other Structures	3,013,230,245	1,778,610,331	379,992	1,234,239,922
Machinery, Transportation Equipment and Other PPE	1,996,072,043	1,528,672,590	979,603	466,419,850
Construction in Progress (CIP)	705,619,549	-	-	705,619,549
	<b>P6,372,697,573</b>	<b>P3,527,406,356</b>	<b>P1,359,595</b>	<b>P2,843,931,622</b>

3.3. IPSAS 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 the PPE of the Philippine public sector.

- 3.4. NFA SOP No. GS-PD19 dated March 24, 2003, as amended, on the *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, the specific dates of submission of the inventory report reconciled with the book balances, to wit:

*Physical inventory of fixed assets shall be made at least once a year as of December 31 in accordance with the guidelines enumerated herein.*

*Inventory reports of regional/branch offices, shall be submitted to the head of the agency not later than January 20 for consolidation and the consolidated inventory shall be submitted to the Auditor not later than January 31 of each year, unless extended by the Chairman upon prior request of the head of agency concerned.*

- 3.5. Likewise, Item 6 of NFA SOP No. GS-PS01 dated January 10, 2019, provides the guidelines in the conduct of physical inventory, pertinent provisions are as follows:

*6.1 Central Office Inventory Committee shall conduct physical inventory semi-annually every July 1-15 and January 1-15 to establish balances of PPE as of June 30 and December 31 of each year, respectively. Provincial/Regional Inventory Committees shall conduct physical inventory annually every January 1-15 to establish balances as of December 31 of each year.*

*6.5 All PPEs regardless of location shall be covered by the count.*

*6.7 The Report on the Physical Count of PPE xxx shall immediately be reconciled with accounting and inventory records as of June 30 and December 31 for C.O. and as of December 31 for F.O. of each year.*

*6.9 Regional/Provincial office inventory reports shall be submitted to the National Inventory Control Committee on or before January 20. Central Office inventory reports shall be submitted to the National Inventory Control Committee on or before July 20 and January 20. National Inventory reports shall be submitted to NFA management for approval on or before January 25 and to COA on or before January 31.*

- 3.6. In accordance with Item IV of COA Circular No. 80-124 and NFA SOP No. GS-PS01, the Annual Physical Inventory Report (PIR) and reconciliation as

of December 31, 2021 must be submitted to COA on or before January 31, 2022.

*Unreconciled variance in absolute figure amounting to P51.572 million between the balances of several PPE sub-accounts per books vis-à-vis the RPCPPE*

3.7. Paragraph 3.26 of the CFGPFRPSE states:

*Verifiability is the quality of information that helps assure users that information in GPFRs faithfully represents the economic and other phenomena that it purports to represent. Supportability is sometimes used to describe this quality when applied in respect of explanatory information and prospective financial and non-financial quantitative information disclosed in GPFRs – that is, the quality of information that helps assure users that explanatory or prospective financial and non-financial quantitative information faithfully represents the economic and other phenomena that it purports to represent.*

3.8. Item 6.3 of COA Circular No. 2020-006 dated January 31, 2020, provides that:

*Reconciliation of inventory count per RPCPPE with property and accounting records.*

*The Property and Accounting Units shall undertake collaborative procedures to ensure that all PPEs included in the RPCPPE are duly recorded in their respective records and that the Property Cards (PCs) maintained by the Property Unit and the PPELCs [PPE Ledger Cards] maintained by the Accounting Unit are reconciled. The reconciliation shall be completed within ten (10) days from rendition of the RPCPPE by the Inventory Committee. Xxx:*

3.9. Comparison of the PPE balances per books and the RPCPPE disclosed a variance in absolute figure amounting to P51.572 million, as summarized in Table 6.

**Table 6 – Comparison of the Balances of PPE Accounts per Books vis-à-vis per RPCPPE**

<b>NFA Office</b>	<b>Per Physical Count</b>	<b>Per Books</b>	<b>Variance (In Absolute Figure)</b>
CO	P1,056,629,145	P1,073,944,757	P17,315,612
NCR RO	16,983,179	32,536,330	15,553,151
NCR Central District Branch Office (CDBO)	227,237,889	232,464,389	5,226,500
NCR East District BO (EDBO)	96,612,232	101,152,384	4,540,152
Region II - Isabela BO	383,014,034	383,129,639	115,605
Region II - Nueva Vizcaya BO	143,162,836	145,542,618	2,379,782
Region III - Nueva Ecija BO	246,043,241	244,812,963	1,230,278
Region IV-A - Laguna BO	43,384,603	42,772,911	611,692
Region IV-A - Quezon BO	28,719,255	28,592,500	126,755
Region V - Albay BO	109,234,245	110,309,275	1,075,030
CARAGA RO	18,850,976	20,829,471	1,978,495
Zamboanga BO	121,760,473	123,179,536	1,419,063
	<b>P2,491,632,108</b>	<b>P2,539,266,773</b>	<b>P51,572,115</b>

- 3.10. The non-reconciliation of the variance between the balances of the PPE sub-accounts per books vis-à-vis per RPCPPE is due to incomplete PPELCs maintained by the Accounting Division and incomplete PCs maintained by the Property Division, both in the CO and ROs/BOs, hence, affected the faithful representation in the FSs of the balance of the PPE account with carrying amount of P2.844 billion as at December 31, 2021.

*Non-recognition of the fair value as at the date of acquisition of parcels of donated land located in: (a) UN Avenue, Paco, Manila used by and where the NFA-NCR RO is located, and (b) Rizal, Kalinga in Region II-Cagayan BO with estimated land area of 20,000 square meters, contrary to Paragraph 27 of IPSAS 17*

- 3.11. Paragraph 27 of IPSAS 17 provides that, “[w]here an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.”
- 3.12. Item 7.3.1. of COA Circular No. 2017-004 dated December 13, 2017 on the Guidelines on the Preparation of FSs and Other Financial Reports provides that:

*PPE controlled but not owned by the entity*

- a. *An entity shall recognize the cost and the related accumulated depreciation and impairment losses of existing PPE which were not previously recognized due to absence of ownership/title based on contracts, memoranda of agreement and other reasons.*
- b. *Where the acquisition cost of an asset acquired through a non-exchange transaction is not known, its cost may be estimated by reference to its FV[Fair Value] as at the date of acquisition.*
- 3.13. In NFA-NCR RO, it was noted that there is a recognized Other Land Improvements amounting to P1.428 million, however, both the land and the main building in UN Avenue, Paco, Manila where the RO is located were not recognized as assets in the books of accounts of the NFA- NCR RO. According to the Accountant, the property was donated to the Republic of the Philippines, but there was no proof to show said claim in view of the absence of pertinent documents. Nevertheless, as provided in Item 7.3.1 of COA Circular No. 2017-004, since the Land is already controlled by the Agency, despite absence of ownership/title it shall recognize the cost of existing PPE.
- 3.14. Further, it was noted that the PPE building recognized in the books of NCR RO amounting to P11.498 million only pertains to the cost of the additional building constructed beside the main building.

- 3.15. Considering that the building used by the NFA-NCR RO is located in the donated land, economic benefits or service potential flows to the Agency, as such, meets the definition of assets as provided in Paragraph 7 of IPSAS 1.
- 3.16. In Region II - Cagayan BO, the land donated by the Local Government Unit (LGU) of Rizal, Kalinga with an area of 20,000 square meters situated in Liwan West, Rizal, Kalinga remained unrecorded in the books of accounts of the BO. The ownership of the land had been transferred to the NFA under Original Certificate of Title No. 020-2020000167 dated June 15, 2020.
- 3.17. The non-recognition in the books of accounts of the fair values as at the date of acquisition of the parcels of donated land located in UN Avenue, Paco, Manila and Rizal, Kalinga in Region II-Cagayan BO with estimated land area of 20,000 square meters, resulted in the understatement of PPE-Land account by undetermined amount, contrary to Paragraph 27 of IPSAS 17.
- 3.18. **We recommended that Management require the:**
  - a. **CO Accounting Division and ROs and BOs Accounting Section and General Services Division (GSD)/Section to conduct 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 effected in both records to arrive at the correct/reconciled balances of the PPE account;**
  - b. **GSD: (i) in coordination with Legal Affairs Department to exert best effort to secure necessary documents such as Deed of Exchange/Donation relative to the land donated to NFA-NCR RO and facilitate the transfer of land title in favor of NFA to protect the rights and ownership of the Agency; and (ii) to determine the fair values of the donated parcels of land at the time of donation and record the same in the books of accounts; and**
  - c. **Accounting Section of NCR RO and Cagayan BO to ensure proper recording of PPE and related accounts provided in NFA SOP No. GS-PS01, and prepare adjusting journal entries to record the fair values of the parcels of land at the date of acquisition.**
- 3.19. Management provided the following comments/justifications:
  - a. In NFA CO, out of the P17.315 million noted discrepancy between the PPE accounts per books vis-a-vis RPCPPE, the amount of P15.037 million was already reconciled. The late recognition of transfer of PPE was due to the delay in the submission/completion/receipt of required documents to be attached to the JEV.



- b. In NFA NCR RO, the personnel tasked in the reconciliation of PPE were already required to prepare timelines to monitor the reconciliation process, however, the timeline could not be observed as of the moment since the personnel assigned are loaded also with other work assignments. On the undocumented donated property, the RO is exerting best effort to secure the necessary documents to be able to transfer the ownership of the said property to NFA NCR.
- c. In CDBO, the reconciliation and verification of PPE account are still on-going. All necessary actions are being done to attain a fully reconciled PPE branch accounts. Branch personnel are persistent in making follow-ups to offices that are taking some time to reply on their communications.
- d. In EDBO, the Inventory Committee, Accounting and Administrative Sections and other personnel involved will comply with the audit recommendations as required by the NFA SOP and COA Circular. They further added that the Accounting Unit made adjusting journal entries in February 2022 in line with its effort to reconcile the balances of PPE. Additional adjusting entries will be prepared to bring the accounts of PPE to more reliable balances. Further, monthly reconciliation of Accounting Section and Administrative and General Services Section (AGSS) will be made so that the variances in PPE account will be analyzed and adjusted accordingly. On the depreciation, the Accounting Unit shall verify the recomputed depreciation and adjusting journal entry will be prepared, if needed.
- e. In Region II – RO, the Accountant was instructed to work back on the unreconciled balance of P2.273 million and effect adjustment on the same. Initial review showed that the accounts are floating balances as early as 2015.
- f. In Region II - Nueva Vizcaya BO, the Accountant and Acting Supply Officer are already in the process of reconciling the accounting records with the RPCPPE. The Accountant already prepared JEV in February 2022 to correct the overstatement of PPE and Accumulated Depreciation in the book of accounts.
- g. In Region II - Isabela BO, the grand total of PPE tallies between Accounting and Property records as of December 31, 2021. The difference of P115,605 on PPE is the booked-up Construction in Progress (CIP) in the accounting records.
- h. In Region III – NFA NEBO, the reconciliation will start immediately and they assured strict compliance with the provisions stated under COA Circular No. 2020-006 in the preparation and maintainance of required and updated reports in the prescribed format.
- i. In Region IV-A - Laguna BO, they will comply with all the recommendations and submit to the Audit Team the necessary and required documents concerning their PPE accounts.

- j. In Region IV-A- Quezon BO, the noted variance in the transportation equipment amounting to P126,755 pertains to the recognized capitalized major repair of service vehicles which is yet to be recorded in the property records due to some clarifications as to the derecognition of the replaced major motor parts before recognizing the amount of the capitalized repair, and accordingly, necessary adjustments will be reflected in the property records. Likewise, they will maintain complete and updated PPELCs and PCs to ensure that the reports of the Supply Officer are reconciled with the accounting records.
- k. In Region V - Albay Office, Management instructed the Property Section to have close coordination with the Accounting Section in order to minimize and/or remove reconciling items of PPE accounts and reflect a more accurate and reliable balances in the FSs. All reconciling items in the PPE Inventory Reconciliation Statement will be recorded to eliminate some of the discrepancies, while others are still for reconciliation. Likewise, the Property Officer and Accountant will religiously update the PCs and PPELCs, respectively, as well as perform the periodic reconciliation to immediately record the correct balances of the PPE.
- l. In CARAGA, the situation was caused by the fast turn-over or frequent change of Property Officer, especially in the year 2021, due to the ongoing NFA Restructuring.
- m. In Zamboanga City BO, they will adhere to the recommendations and currently in the process of recording the reconciling items in the books and in the Schedule of PPE.

3.20. As a rejoinder, the Audit Teams acknowledged Management's initial action to implement the audit recommendations, and their full compliance will be monitored in the CY 2022 audit.

- 4. **The faithful representation in the FSs of the balances of the Inventory Held for Consumption (IHC) and Semi-Expendable (SE) Inventory accounts amounting to P368.711 million as at December 31, 2021 could not be established due to non-reconciliation and disparity of P25.245 million between the balance per books of P36.271 million in the CO, NCR-RO and NCR-EBDO vis-à-vis per inventory count in the sum of P11.026 million, which is not in accordance with Paragraph 27 of IPSAS 1. Also, the verifiability of the balances of the IHC and SE Inventory accounts in the amounts of P363.938 million and P4.773 million as at December 3, 2021 were doubtful due to, among others: (a) non-maintenance of Stock Ledger Cards (SLCs) and/or Stock Cards (SCs); (b) delayed/non-preparation of the Report on the Physical Count of Inventory (RPCI) and Reports of Supplies and Materials Issued (RSMIs); (c) non-issuance of Requisition and Issue Slips (RISs) and/or Inventory Custodian Slips (ICSs), and (d) incomplete/non-conduct of**

**physical inventory count, contrary to Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of the CFGPFRPSE.**

- 4.1. Paragraph 27 of IPSAS 1 states that:

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

- 4.2. Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of CFGPFRPSE provide to wit:

*Verifiability*

*3.26 Verifiability is the quality of information that helps assure users that information in GPFRs faithfully represents the economic and other phenomena that it purports to represent. xxx*

*3.27 To be verifiable, information need not be a single point estimate. A range of possible amounts and the related probabilities also can be verified.*

- 4.3. To update the documentation system and accounting treatment of IHC and SE Inventory, NFA adopted COA Circular No. 2015-007 dated October 22, 2015 in its issued SOP No. GS-PD25: *Revised SOP on Supplies and Materials (Inventories) Management and Control System* dated December 13, 2018. The said SOP provides, among others, the maintenance of records for supplies and materials, including semi-expendable property, such as: SC, SLC, and the preparation of RPCI. It shall be prepared semi-annually by the Inventory Committee. The RPCI shall be reconciled with the SLCs and SCs maintained by the Accounting Division/Section and GSD/Section, respectively. Any discrepancy shall be verified and/or adjusted accordingly.
- 4.4. As at December 31, 2021, the balances of IHC, SE-Machinery and Equipment, and SE-Furniture and Fixtures accounts per books amounted to P363.938 million, P2.830 million, and P1.943 million, respectively, or totaling P368.711 million, details are presented in Table 7 (next page).
- 4.5. The NFA SOP No: GS-PD25 provides a strong internal control in the issuance of supplies by segregating the duties of the Administrative and General Services Department (AGSD) from the Accounting Division and prescribing standard records such as SLCs, SCs, and RSMIs to facilitate the independent recording of the two Units, if properly implemented.

**Table 7 – Composition of IHC and SE Inventory Accounts as at December 31, 2021**

<b>Inventory Accounts</b>	<b>Balance as at December 31, 2021</b>
Agricultural and Marine Supplies Inventory	P 47,863,828
Accountable Forms, Plates and Stickers Inventory	20,360,057
Office Supplies Inventory	11,039,107
Construction Materials Inventory	3,268,826
Electrical Supplies and Materials Inventory	616,631
Fuel, Oil and Lubricants Inventory	1,670,299
Drugs and Medicines Inventory	482,422
Linens and Beddings	306,728
Medical, Dental and Laboratory Supplies Inventory	189,085
Housekeeping/Cleaning Supplies	149,911
Non-Accountable Forms Inventory	29,652
Other Supplies and Materials Inventory	277,961,682
<b>Sub-total</b>	<b>363,938,228</b>
SE - Office Equipment	1,234,031
SE - Technical and Scientific Equipment	600,047
SE - Information and Communication Technology Equipment	439,811
SE - Communication Equipment	128,728
SE - Disaster Response and Rescue Equipment	58,340
SE - Medical Equipment	30,175
SE - Kitchen Equipment	27,490
SE - Electrical Equipment	22,696
SE - Sports Equipment	14,796
SE - Other Machinery and Equipment	273,565
<b>Sub-total</b>	<b>2,829,679</b>
SE - Furniture and Fixtures	1,943,122
<b>Sub-total</b>	<b>1,943,122</b>
	<b>P368,711,029</b>

- 4.6. To attain comparability, the Audit Team roll-backward the February 7, 2022 to 2021 Year-end PIR to be comparative with the balance per books as at December 31, 2021. Comparison of the roll-backward total balance of IHC and SE inventory accounts per PIR by the Inventory Committee vis-à-vis balance per books of the NFA CO, NCR-RO and NCR-EDBO revealed a net variance totaling P25.245 million, as presented in Table 8.

**Table 8 – Comparison of Balances per Books of IHC and SE Inventory vis-à-vis per PIR**

<b>Inventory Account</b>	<b>Balance as at December 31, 2021</b>		<b>Variance</b>
	<b>Per Books</b>	<b>Per Inventory Report*</b>	
Office supplies inventory	P 1,089,302	P 697,709	P 391,593
Accountable forms, plates and stickers inventory	6,077,861	5,762,000	315,861
Drugs and medicines inventory	188,553	-	188,553
Medical, dental and laboratory supplies inventory	11,995	-	11,995
Fuel, oil, and lubricants inventory	1,170,963	519,983	650,980
Construction materials inventory	941	941	-
Electrical supplies and materials inventory	25,027	25,027	-
Other supplies and materials inventory	475,525	478,943	(3,418)
<b>Total for CO</b>	<b>9,040,167</b>	<b>7,484,603</b>	<b>1,555,564</b>
NCR-RO	14,341,679	491,155	13,850,524
NCR-EDBO	12,889,090	3,050,337	9,838,753
<b>Total</b>	<b>P36,270,936</b>	<b>P11,026,095</b>	<b>P25,244,841</b>

\* Inventory count was conducted on 02/7/2022. Hence, Actual Physical Count were roll-backward to be comparative with the balances per books as at 12/31/2021.

- 4.7. In NFA CO, these balances remained unreconciled as at December 31, 2021 due to the following factors:
- The use of manual instead of a system-based SLCs due to limitations in the Electronic Integrated Financial and Operations Management Information System (e-IFOMIS);
  - The delayed submission of the RSMLs by the GSD to the Accounting Division;
  - The non-issuance of RIS for every issuance of supplies;
  - Some Supply Officers still did not use or properly accomplish the prescribed SCs; and
  - The prescribed RPCI form in the conduct of physical count was not fully utilized.
- 4.8. In effect, the unreconciled variance of P25.245 million between the balances per books of the IHC and SE Inventory accounts of P36.035 million in the CO, NCR-RO and NCR-EBDO vis-à-vis per inventory count of P10.790 million, affected the faithful representation in the FSs of the balances of these accounts totaling P368.711 million as at December 31, 2021, contrary to Paragraph 27 of IPSAS 1.
- 4.9. Moreover, the NFA still does not religiously conform to the Inventory Accounting System as provided in the SOP which resulted in deficiencies in the accounting, keeping and monitoring of IHC and SE Inventory accounts in several NFA offices, such as, among others: (a) non-maintenance of SLCs and/or SCs; (b) delayed/non-preparation of the RPCI and RSMLs; (c) non-issuance of RISs and/or ICSs; (d) incomplete/non-conduct of physical inventory count; and (e) non-maintenance of adequate/updated records, with details presented in Table 9.

**Table 9 – Deficiencies in the Recording and Keeping of IHC and SE Inventory Accounts in CO/ROs/BOs**

Office	Deficiencies Noted	Amount
CO	<p>The discrepancy between RPCI was neither reconciled with the SLCs and SCs maintained by the Accounting Division nor adjusted accordingly.</p> <p>Further, purchases aggregating P0.741 million were directly charged to their respective supplies expense account instead of charging first to the asset account. This is not in accordance with Section P of SOP No. GS-PD25, which provides that <i>regular purchases shall be coursed through the inventory account and issues thereof shall be recorded as they take place except for supplies and materials purchased out of PCF for immediate use or on emergency cases.</i> [emphasis supplied]</p>	P9,040,168
Region IV-A	Non-preparation of RPCI and RSML; non-issuance of RIS; and non-maintenance of SLCs and SCs, contrary to Section 17, Chapter 8 of the Government Accounting Manual (GAM), Volume I.	33,204,832

Office	Deficiencies Noted	Amount
Region V	Non-conduct of physical count of inventories and non-maintenance of adequate/updated records, contrary to the pertinent provisions of the GAM, Volume 1.	20,891,310
Region V – Camarines Sur BO	The issuance of accountable forms by the Supply Officer to the Stock Accountable Officers (SAOs) were not properly accounted for and monitored in the Report of Accountability for Accountable Forms (RAAF), contrary to Section 17(k), Chapter 8 of the GAM, Volume I, and Section 124 of Presidential Decree (PD) No. 1445, resulting in weak internal control and exposing the accountable forms to possible loss, abuse, or misuse.	Unquantified
Region VI	Records and reports pertaining to IHC were not duly maintained as required under Section 17 of Chapter 8, GAM, Volume I, due to the late assignment of personnel and briefing of their tasks.	34,665,890
Region VI – RO	The Acting Warehouse Supervisor of Negros Occidental BO was not present at all times during the physical inventory count at JJ and Grains Infrastructure Directorate (GID) Warehouses and Empty Sacks (MTS) were not inventoried as required under SOP No. GM-WH12, due to multiple tasks assigned to him, thereby preventing him to personally verify the status and physical existence of the stocks and MTS under his accountability.	296,080
Region VI – Capiz BO	Non-preparation/submission of Consolidated RPCI; and non-maintenance of SLCs and SCs.	Unquantified
Region XII	Balance of Other Supplies and Inventory-Pallets amounting to P0.885 million as of December 31, 2021 included items failing to meet the required technical specifications but were duly accepted by Management after breakdowns in the observance of the Revised SOP on Property Inspection.	34,900,105
Region XII – South Cotabato BO	Non-conduct of physical inventory, and non-preparation/maintenance of SLCs and SCs on Office Supplies amounting to P0.485 million, contrary to Section 13 of GAM, Volume 1 and Part II Item P&Q of NFA SOP No. GS-PD25.	2,893,882
		<b>P135,892,267</b>

4.10. In view of the deficiencies noted in the recording and keeping of the IHC and SE Inventory accounts, the verifiability of the balances of these Inventory accounts totaling P368.711 million as at December 31, 2021 per FSs was doubtful and not in accord with Paragraphs 3.26 and 3.27 of Chapter 3: Qualitative Characteristics of the CFGPFRPSE and NFA SOP No. GS-PD25.

4.11. **We recommended that Management:**

- a. **Devise a system-based inventory management system, preferably integrated into e-IFOMIS, to facilitate preparation and maintenance of complete inventory records, i.e. SLCs, SCs, RSMIs, ICSSs, etc.;**
- b. **Require the Accounting Division/Section and Property Custodian to accomplish and maintain the prescribed SLCs and SCs, and such other required reports, in compliance with NFA SOP No. GS-PD25, to ensure better control and monitoring of the correct inventory balances;**

- c. **Instruct the GSD personnel to timely submit the RSMLs to the Accounting Division to minimize the need for reconciliation and eliminate timing variances;**
- d. **Direct the Inventory Committee to conduct the periodic semi-annual physical count of inventory and prepare the RPCI; and**
- e. **Require the Accounting Division and GSD to reconcile the balances per books with the RPCI, and henceforth, perform periodic reconciliations to effect the necessary adjustments to come up with a reliable balance of IHC and SE Inventory accounts.**

4.12. Management commented that they are currently in the process of development of Integrated NFA Resources Management System (iNFARMS), which includes the Inventory Management System. In addition, the AGSD-GSD personnel in-charge was already instructed to promptly submit the RSML for the timely recording of inventory/supplies issuances. Moreover, the NFA abided to the rules of Chapter 8 of GAM for NGAs, Volume I, particularly the conduct of semi-annual physical inventory count. A comparison of balances per books against physical count is also always undertaken.

4.13. As rejoinders, the Audit Teams acknowledged Management's initial action to implement the audit recommendations, and their full compliance will be monitored in the CY 2022 audit. As regards the comment of Management that they are conducting semi-annual physical inventory count, the Teams request that the RPCI and the reconciliation documents with the accounting records be submitted to COA, for audit/validation purposes.

5. **The inadequacy of the required disclosures in the Notes to FSs, such as, the nature and extent of prior period restatements, nature and status of significant increases/decreases of the accounts, and the Agency's asset rationalization and divestment plans, among others; and amounts of Impairment Loss in CYs 2020 and 2021 as disclosed in Note 29.3 to FSs did not tally with the increase in the Allowance for Impairment Loss for both years as disclosed in Note 9 to FSs, which are all not in conformity with the requirements of Paragraphs 15, 29, 127 and 128 of IPSAS 1, thereby deprived the intended users of the FSs of relevant information in making economic decisions.**

5.1. Paragraphs 15, 29, 127 and 128 of IPSAS 1 provide:

- 15. *Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions*

*about the allocation of resources. Specifically, the objectives of the general purpose financial reporting in the public sector should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it xxx*

29. *In virtually all circumstances, a fair presentation is achieved by compliance with applicable IPSASs. A fair presentation also requires an entity:*

- (a) To select and apply accounting policies in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors. Xxx*
- (b) To present information, including accounting policies, in a manner that provides relevant, faithfully representative, understandable, timely, comparable, and verifiable information.*
- (c) To provide additional disclosures when compliance with the specific requirements in IPSASs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the entity's financial position and financial performance.*

127. *The notes shall:*

- (a) Present information about the basis of preparation of the financial statements and the specific accounting policies used;*
- (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.*

128. *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.*



- 5.2. Management has the principal responsibility to ensure that the FSs and the accompanying notes are properly and fairly presented in accordance with relevant framework, i.e. IPSASs. The principle of full disclosure as an attribute of public accountability is shown when any important information that may impact the stakeholders' understanding of the entity's FSs is disclosed in the Notes to FSs.
- 5.3. The Audit Team acknowledged the kin attention provided by Management in order to properly communicate with its stakeholders by continuously improving the disclosures in the Notes to FSs for purpose of transparency. However, review of the NFA's FSs as well as the accompanying Notes revealed that there are still material information/data required which were not disclosed in the Notes to FSs, as summarized in Table 10.

**Table 10 – Observations on the Presentation and Disclosures in the Notes to FSs vis-à-vis Suggested Enhancements**

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
Note 6 - Prior Period Adjustments; Tables (a) Restated Statement of Financial Performance, and (b) Restated Statement of Financial Position	<p>Note 6 disclosure for prior period adjustments only contains the amount of correction for each line item affected. However, the nature of such prior period errors/adjustments is not disclosed in the Notes to FSs.</p> <p>Under paragraph 54 of IPSAS 3 on Disclosure of Prior Period Errors, an entity correcting material prior period errors retrospectively shall disclose:</p> <p>(a) The nature of the prior period error: Xxx</p>	To provide disclosure on the nature of material prior period errors for every line item of adjustment indicated in the restated Statement of Financial Position and Statement of Financial Performance.
Note 9 – Receivables, Item 9.2a Due from NGAs, particularly DSWD	In Note 9.2a it was noted that there was a significant decrease of Receivable from NGA - DSWD by almost 55 per cent. However, the reasons for the significant decrease were not stated.	To provide disclosure on the reason(s) for the significant decrease in the amount of Receivable from NGA - DSWD supported by related document references.
Note 9 – Receivables, Item 9.2a Due from NGAs, particularly for DBM, DOE, BOC, BIR, DILG, and OCD.	In Note 9.2a it was noted that there were no discussions made for DBM, DOE, BOC, BIR, DILG, and OCD.	To disclose the nature and status of the presented amounts of Receivable from NGA - DBM, DOE, BOC, BIR, DILG, and OCD.
Note 9 – Receivables, Item 9.3c Other Receivables, particularly Private Institutions	In Note 9.3c it was noted that there was a significant decrease of Other Receivables – Private Institutions by almost 83 per cent. However, the reasons for the significant decrease were not stated.	To disclose the reasons for the significant decrease in the amount of Other Receivables – Private Institutions supported by the related document references.
Note 9 – Receivables, Item 9.3c Other Receivables,	In Note 9.3c it was noted that there was a significant increase of Other Receivables – NFA Employees by almost	To disclose the reasons for the significant increase in the amount of Other Receivables

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
particularly NFA Employees.	11.84 times. However, the reasons for the significant increase were not stated	– NFA Employees supported by the related document references.
Note 13 – Non-Current Investments	<p>Review of the Notes to FSs revealed that NFA presented the Investments at acquisition cost which is not in accordance with IPSAS 29 that provides, among others:</p> <p>48. After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:</p> <p>(a) Loans and receivables as defined in paragraph 10, which shall be measured at amortized cost using the effective interest method;</p> <p>(b) Held-to-maturity investments as defined in paragraph 10, which shall be measured at amortized cost using the effective interest method; and</p> <p>(c) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost (see Appendix A paragraphs AG113 and AG114).</p> <p>Financial assets that are designated as hedged items are subject to measurement under the hedge accounting requirements in paragraphs 99–113. All financial assets except those measured at fair value through surplus or deficit are subject to review for impairment in accordance with paragraphs 67–79 and Appendix A paragraphs AG117–AG126</p>	To present/disclose the fair value and other relevant information of the Investments account in accordance with IPSAS 29.
Note 13 – Non-Current Investments, 13.2 Investment in Stocks, Food Terminal Incorporated (FTI)	<p>Review of the Notes to FSs revealed that NFA presented the Investments in FTI at acquisition cost. However, it did not disclose it in accordance with IPSAS 34 which provides, among others:</p> <p>Xxx</p> <p>(b) A list of significant investments in controlled entities, joint ventures and associates, including:</p> <p>Xxx</p> <p>(iii) Its proportion of the ownership interest held in those entities and a description of how that ownership interest has been determined.</p>	To disclose information on Investment in FTI in accordance with IPSAS 34.

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
	(c) A description of the method used to account for the controlled entities, joint ventures and associates listed under (b)	
Note 15 – Property, Plant and Equipment	<p>Review of the Notes to FSs revealed that NFA did not provide proper disclosure relative to the PPE with assets divestment plan.</p> <p>Furthermore, NFA used the cost model in recognizing the PPE. When the cost model is used, the fair value of PPE need to be disclosed when this is materially different from the carrying amount for faithful presentation of FSs.</p> <p>Sections 93 and 94 of IPSAS 17 provide:</p> <p>93. <i>In accordance with IPSAS 21 an entity discloses information on impaired property, plant and equipment in addition to the information required by paragraph 88(e) (iv) to (vi).</i></p> <p>94. <i>Users of financial statements may also find the following information relevant to their needs:</i></p> <p>(a) <i>The carrying amount of temporarily idle property, plant and equipment;</i></p> <p>(b) <i>The gross carrying amount of any fully depreciated property, plant and equipment that is still in use;</i></p> <p>(c) <i>The carrying amount of property, plant and equipment retired from active use and held for disposal; and</i></p> <p>(d) <i>When the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount.</i></p> <p>Furthermore, the unserviceable assets identified in the Annual Physical Inventory count including any impairment were not properly disclosed. This information on PPE, per Sections 93 and 94 of IPSAS 17, is relevant to the needs of the users of the FSs.</p>	To present in the Notes to FSs the proper disclosures relative to NFA divestment plan and other relevant information and subsequent events as required under IPSAS 17.
Note 18 – Inter-agency Payables, Item 18.6 Due to Other GOCCs, particularly GSIS	In Note 18.6 it was noted that there was a significant decrease of Due to Other GOCCs – GSIS by almost 62 per cent. However, the reasons for the significant decrease were not stated.	To disclose the reasons for the significant decreases in the amount of Due to Other GOCCs – GSIS supported by the related document references.
Note 21 – Deferred Credits/Unearned Income	In Note 21 it was noted that there was a significant increase of Other Deferred Credits by 2.16 times. However, the reasons for the significant increase were not stated.	To disclose the reasons for the significant increase in the amount of Other Deferred

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
		Credits supported by the related document references.
Note 26 – Maintenance and Other Operating Expenses	In Note 26.3 Supplies and Materials Expense, it was noted that there were significant increases of Fuel, Oil and Lubricants Expenses; Semi-Expendable Furniture, Fixtures and Books Expense; Electrical Supplies and Materials Expenses; Housekeeping/Cleaning Supplies Expenses; and Other Supplies and Materials Expenses. However, the reasons for the significant increases were not stated.	To disclose the reasons for the significant increases in the amount of Fuel, Oil and Lubricants Expenses; Semi-Expendable Furniture, Fixtures and Books Expense; Electrical Supplies and Materials Expenses; Housekeeping/Cleaning Supplies Expenses; and Other Supplies and Materials Expenses supported by the related document references.
Note 29.3 – Impairment Loss – Loans and Receivables vis-a-vis Note 9.1 Accounts Receivable – Allowance for Impairment Loss; 9.3 Loans receivable – Allowance for Impairment Loss; and 9.4.1 - Due from NGAs – Allowance for Impairment Loss	<p>In Note 29.3, Impairment Loss – Loans and Receivables in CY 2020 restated balance is P7.903 million. On the other hand, the movements (from CY 2019 to CY 2020 as restated) are as follows:</p> <ul style="list-style-type: none"> <li>• Allowance for Impairment Loss – Accounts Receivable decreased by P26.188 million (P554.704 million less P580.892 million), Note 9.1; and</li> <li>• Allowance for Impairment Loss – Loans Receivable increased by P7.452 million (P9.280 million less P1.827 million), Note 9.3; and</li> <li>• Allowance for Impairment Loss – Due from NGAs increased by P1.379 million (P0 – P1.379 million) Note 9.4.1.</li> </ul> <p>The total increase is P17.357 million, hence, there is a noted variance of P25.260 million (P17.357 million increase in Allowance for Impairment plus P7.903 million restated balance of Impairment Loss in CY 2020).</p>	To reconcile the difference noted and present a nominal account that can be matched to the corresponding real accounts.
Note 29.3 – Impairment Loss – Loans and Receivables vis-a-vis Note 9.1 Accounts Receivable – Allowance for Impairment Loss and 9.3 Loans Receivable – Allowance for Impairment Loss	<p>In Note 29.3, Impairment loss – Loans and Receivables CY 2021 balance is P4.633 million. On the other hand, the movement (from CY 2020 to CY 2021) are as follows:</p> <ul style="list-style-type: none"> <li>• Allowance for Impairment Loss – Accounts Receivable increased by P1.194 million (P555.898 million less P554.704 million), Note 9.1, and</li> <li>• Allowance for Impairment Loss – Loans Receivable has no movement, Note 9.3 only</li> </ul> <p>The total increase is P1.194 million, as compared to Impairment Loss - Loans and Receivables, hence there is a difference of P3.439 million.</p>	To reconcile the difference noted and present a nominal account that can be matched to the corresponding real accounts.
Note 29.3 – Impairment Loss – Other Receivables vis-a-vis Note 9.5.1 Due from	In Note 29.3, Impairment Loss – Other Receivables CY 2021 balance is P268,556. On the other hand, the movements (from CY 2020 to CY 2021) of this account are as follows:	To reconcile the difference noted and present a nominal account that can be matched

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
Officers and Employees – Allowance for Impairment Loss and 9.5.3 Other Receivables – Allowance for Impairment Loss	<ul style="list-style-type: none"> <li>• Allowance for Impairment Loss – Due from O/E decreased by P7.220 million (P244.198 million less P251.418 million) Note 9.5.1;</li> <li>• Allowance for Impairment Loss – Other Receivables increased by P13.984 million (P449.082 million less P435.098 million) Note 9.5.3.</li> </ul> <p>The total decrease in Allowance for Impairment Loss is P6.764 million (P7.220 million less P13.984 million), however, the Impairment Loss on Other Receivables is P268,556, hence, there is a noted variance of P6.496 million.</p>	with the corresponding real accounts.
Note 29.3 – Impairment Loss – Inventories vis-a-vis Note 11.1 Merchandise Inventory – Allowance for Impairment Loss and 11.2 Raw Materials – Allowance for Impairment Loss	In Note 29.3, Impairment Loss – Inventories CY 2021 balance is P13.989 million. On the other hand, the movement (from CY 2020 to CY 2021) of Allowance for Impairment Loss – Merchandise Inventory [P17.637 million] and Allowance for Impairment Loss – Raw Materials [P3.578 million] is P21.215 million. Hence, there is a noted variance of P7.226 million (P13.989 million less P21.215 million).	To reconcile the variance noted and present a nominal account that can be matched to the corresponding real accounts.
Note 34 – Accumulated Surplus/(Deficit)	<p>In Note 34, it was noted that the disclosure provided by NFA for Accumulated Surplus/(Deficit) account includes other adjustments (prior years' 2020 and 2019 and earlier). However, there is no disclosure on the nature of such adjustments in the Notes to FSs.</p> <p>In Note 34, the Accumulated Surplus/(Deficit) balance at January 1, 2020 before the 2021 restatements of P(154.915) billion is not the same as the December 31, 2019 Balance in the 2019 FSs per audit which is P(157.718) billion.</p> <p>In Note 34, the Other Adjustments for CY 2020 before the 2021 restatements of P(895.978 million) is not the same as the December 31, 2020 Balance in the 2020 FSs per audit which is P(3.886) billion.</p>	<p>To provide detailed disclosure on the nature of the other adjustments in the Accumulated Surplus/(Deficit) account</p> <p>To present the opening balance of Accumulated Surplus/(Deficit) at January 1, 2020 with the December 31, 2019 Balance in the 2019 FSs.</p> <p>To reconcile and/or correct the amount presented in Note 34 to tally with the 2020 FSs as audited.</p>

5.4. IPSAS 3 provides that material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the FSs. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances.

5.5. In view of the above observations, the inadequate disclosures in the Notes to FSs to conform with the requirements of the IPSASs, such as, the nature and extent of prior period restatements, nature and status of significant increases/decreases of the accounts, and the Agency's asset rationalization and divestment plans, and amounts of Impairment Loss in CYs 2020 and 2021 as disclosed in Note 29.3 to FSs which did not tally with the increase

in the Allowance for Impairment Loss for both years as disclosed in Note 9 to FSs, contrary to the requirements of Paragraphs 15, 29, 127 and 128 of IPSAS 1, hence, deprived the intended users of the FSs of relevant information in making economic decisions.

- 5.6. **We reiterated our prior years' audit recommendations that Management direct the Accounting Division to:**
- a. **Rigorously fully comply with the relevant provisions of IPSASs and COA issuances in the preparation and presentation of the FSs and the accompanying notes; and**
  - b. **In consonance with the Agency's restructuring, formulate a system or structure that could provide a complete review and control in the adoption and implementation of the relevant IPSASs to enhance and eliminate misstatements in the presentation and disclosure of the FSs.**
- 5.7. **Further, we recommended that the Accounting Division adopt the suggested enhancements in the FSs presentation of the accounts as well as in the Notes to FSs to align with the requirements of the Standards and for better understandability of the users of the FSs and other stakeholders.**
- 5.8. Management submitted a revised Notes to FSs to conform with the suggested enhancements. However, some suggestions cannot be complied with due to limitations in the gathering of data and information that are mostly originating from the field offices. Management appreciated the efforts of the NFA CO Audit Team in providing them the suggested enhancements to improve the Notes to FSs.
- 5.9. As a rejoinder, the Audit Team noted the enhancements in the revised Notes to FSs; however, there were still disclosures which were not reflected therein, as such, the disclosures in the Notes to FSs were still inadequate.

**B. NON-FINANCIAL**

6. **The NFA was not able to obtain the most advantageous price in the procurement of 15 units 4x2 Pick-up Truck in view of some of the factors provided in the Government Procurement Policy Board (GPPB) Manual of Procedures (MOP) for the Procurement of Goods and Services were not considered and/or judiciously evaluated by the Bids and Awards Committee (BAC) Technical Working Group (TWG) in the determination of the Approved Budget for the Contract (ABC) of P21.890 million, thus resulted in higher contract cost by P72,400 per unit, or a total of P1.086 million for said procurement, than the Suggested Retail Price (SRP) for the same vehicle model published in the manufacturers' official website and dealers' advertisements. Further, the provisional safeguard duty of P123,200 per unit or the total amount of P1.848 million which was included in the contract**

**price was not returned by the Supplier to the NFA, contrary to Custom Memorandum Order (CMO) No. 28-2021.**

- 6.1. The GPPB MOP for the Procurement of Goods and Services requires certain factors that must be considered by the Project Management Office/end-user unit, with the assistance of the BAC-TWG, necessary in determining the ABC, to wit:
- a. The cost or market price of the product or service itself;*
  - b. Incidental expenses like freight, insurance, taxes, installation costs, training costs, if necessary, and cost of inspection;*
  - c. The cost of money, to account for government agencies usually buying on credit terms;*
  - d. Inflationary factor, since the planning phase is usually done one year ahead of the actual procurement date;*
  - e. Quantities, considering that buying in bulk usually means lower unit prices; and*
  - f. The supply of spare parts and/or maintenance services, if these are part of the contract package.*
- 6.2. Meanwhile, as provided under Department of Trade and Industry (DTI) Administrative Order (AO) No. 20-11, Series of 2020 dated December 29, 2020, and pursuant to the directive dated January 27, 2021 of the Secretary of Finance, the Bureau of Customs (BOC) issued CMO No. 6-2021 on February 1, 2021 imposing provisional safeguard duties on imported vehicles in the form of cash bond amounting to P110,000 per unit of imported light commercial vehicles (LCVs) whether four wheeled drive or not which are designed to carry both passenger and cargo.
- 6.3. Accordingly, on August 20, 2021, the BOC issued CMO No. 28-2021 in compliance with DTI AO No. 21-04, Series of 2021 dated August 6, 2021, and also pursuant to the directive dated August 16, 2021 of the Secretary of Finance, dismissing the petition for general safeguard measures on the shipments of motor vehicles, after the Tariff Commission recommended not to impose definitive general safeguard measures on the products, subject of the investigation including the 15 units of 4x2 pickup truck purchased by NFA which were imported from Thailand.
- 6.4. Thus, all cash bonds that have been imposed and previously collected as provisional safeguard measure on the shipments of motor vehicles (passenger cars and light commercial vehicles) which entered or were withdrawn from warehouses in the Philippines for consumption from February 1, 2021, the date of effectivity of CMO No. 06-2021, should be

returned to the concerned importer/s upon compliance with the applicable customs laws, rules, and regulations.

*NFA was not able to obtain the most advantageous price in the procurement of 15 units 4x2 Pick-up Truck due to higher ABC*

- 6.5. Section 5 of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184, defines ABC, among others:

*b) Approved Budget for the Contract (ABC). Refers to the budget for the contract duly approved by the HOPE [Head of Procuring Entity], as provided for in the General Appropriations Act (GAA), continuing, and automatic appropriations, in the case of national government agencies (NGAs); the corporate budget for the contract approved by the governing board, pursuant to Executive Order (EO) No. 518, s. 1979, in the case of GOCCs and GFIs, xxx.*

- 6.6. Section 36 of the same RIRR of RA No. 9184, on Single Calculated/Rated and Responsive Bid Submission, reads as follows:

*Xxx. In all instances, the Procuring Entity shall ensure that the ABC reflects the most advantageous prevailing price for the Government.*

- 6.7. In CY 2021, NFA procured 15 units of pick-up truck through public bidding for the purpose of transporting its personnel, supplies and materials.
- 6.8. The audit disclosed that the acquisition cost per unit of the 4x2 pick-up truck with automatic engine transmission in the amount of P1.397 million is higher by P72,400 than the prevailing market price of P1.325 million published in the official Philippine website of the manufacturers and online advertisements of car dealers of the same type of unit.
- 6.9. The higher contract cost, as compared against the prevailing market price, was due to the non-consideration by the BAC TWG of the factors in the preparation of ABC pursuant to the MOP for the Procurement of Goods and Services. It was noted that the BAC TWG, in arriving at the ABC of P21.890 million or P1.459 million per unit, merely computed the average of the quotations obtained from five dealers of different brands of pick-up. There was no breakdown of cost based on the required technical specification as agreed with the end-users and how they arrived at the ABC of P1.459 million per unit, as shown in Table 11.



**Table 11 – Comparison of Prices of Pick-up Truck, 4x2 AT - Diesel Engine**

<b>Model</b>	<b>BAC-TWG Market Survey (a)</b>	<b>SRP per Manufacturer's Official Website/Car Dealers (b)</b>	<b>Discount Offered by Car Dealers based on SRP* (c)</b>	<b>Difference (a-b)</b>	<b>Price Difference Percentage (a-b)/b</b>
2021 GLS 2WD A/T pickup	1,448,200	1,325,000	(120,000)	123,200	9.30
2021 2.5L VE at 4x2	1,546,540	1,336,000	(75,000)	210,540	15.76
2021 2.4 G 4x2 AT	1,479,200	1,325,000	( 30,000)	154,200	11.64
2021 2.8 4x2 AT LT	1,349,261	1, 272,888	-	76,373	6.00
2021 RZ4E 3.0 4x2 LS – AT	1,473,400	1,309,000	-	164,400	12.56
<b>Average price per unit</b>	<b>1,459,320</b>	<b>1,313,578</b>	<b>(45,000)</b>	<b>145,743</b>	<b>11.10</b>
Average Bulk discount per unit		(45,000)			
Unrecoverable 6% incidental expenses including the cost of money and inflation rate		78,814			
<b>Estimated ABC per unit</b>	<b>1,459,320</b>	<b>1,347,392</b>		<b>111,928</b>	<b>8.31</b>

\* (Discount on Cash and PO)

- 6.10. Also, the supposed discounts for bulk purchases was not included in the computation of ABC, while the safeguard duty in the amount of P123,200 [110,000 plus 12% Value Added Tax (VAT)] per unit or a total amount of P1.848 million was included in the computation of unit cost which is only provisional to imported vehicles in the form of cash bond pursuant to BOC CMO No. 6-2021.
- 6.11. It was also noted that the quotations obtained by the BAC TWG were considerably higher than the SRP published in the Philippines official website of the car manufacturers and car dealers ranging from P76,373 to P210,540 per unit. The BAC TWG Memorandum coded as BAC-TWG-2021-F-02 dated June 2, 2021 stated that the quotation includes unrecoverable expenses of the car dealers for government transactions of six to eight per cent of the cost.
- 6.12. Based on the canvass downloaded from the internet by the Audit Team, for a single unit purchase, either through Cash or Purchase Order (PO), a discount ranging from P30,000 to P120,000 was being offered by the car dealers. The audit disclosed that the ABC is higher by 8.31 per cent as compared to the prevailing market price including discounts being offered by the car dealers for a single unit of Pick-up Truck, 4x2 AT - Diesel Engine, as presented in Table 11.
- 6.13. Had the TWG conscientiously prepared the ABC, taking into consideration the following factors: (a) average inflation rate of 4.5 per cent for 2021; (b) the cost of money to account the processing of government payment which is equivalent to the cost of interest rate being offered by the bank at one to two per cent per annum; and (c) SRP less volume discount, it could have conservatively estimated the ABC at P1.347 million (Table 11) per unit (average price of all models at 4.5 per cent average inflation rate and cost of money at one to two per cent, less volume discount).

- 6.14. NFA could have saved as much as P1.086 million for the procured 15 units 4x2 Pick-up Truck, as presented in Table 12.

**Table 12 – Price Difference between Contract Price and SRP**

Acquisition Cost per unit (a)	SRP Mitsubishi Strada (b)	Price difference per unit (c = a - b)	Total price difference d = (c x 15)
P1,397,400	P1,325,000	P72,400	P1,086,000

- 6.15. While the ABC was prepared based on the average quotation of car dealers, it was noted that the details of quotation duly signed by the sales executive of the winning bidder should have been relatively lower by P3,000 per unit [SRP of P1.325 million (Table 12) – P1.322 million (cost per quotation excluding safeguard duty (Table 13)) than the SRP, had the safeguard duty was not included in the cost, as shown in Table 13.

**Table 13 – Breakdown of Cost per Quotation  
Submitted by the Winning Bidder**

Particulars	Cost Breakdown
Selling Price	P1,260,800
Contingency Cost	22,500
Insurance	15,000
Seat Cover	2,700
Full Tank	3,000
RFID	1,000
Alarm	10,000
Reverse Sensor	5,000
Visor	2,000
Sub-Total	1,322,000
<b>Add: Safeguard Duty</b>	<b>123,200</b>
<b>Total unit cost</b>	<b>P1,445,200</b>

- 6.16. Further, the safeguard duty totaling P1.848 million was not yet returned by the supplier to the NFA, which is not in conformance with BOC CMO No. 28-2021.

- 6.17. **We recommended that Management instruct:**

- a. **The BAC and its TWG to exercise due prudence in determining the ABC by comprehensively considering all the necessary factors provided in GPPB MOP so as to obtain the most advantageous price for the government, moving forward; and**
- b. **The Finance Department, in coordination with the BAC to collect the safeguard duty in the total amount of P1.848 million from the supplier pursuant to BOC CMO No. 28. 2021; otherwise, appropriate audit action shall be issued to persons determined liable for the transaction.**

6.18. Management gave the following comments:

- a. The increase of ABC was attributed to the following factors: (a) failure of bidding for the procurement of nine units Manual Transmission 4x2 pick-up truck conducted on December 16, 2020 due to very low ABC; (b) significant adjustment of prices from year 2020 to 2021; and (c) the decision of Management to upgrade the engine into automatic transmission.
- b. As part of judicious evaluation of the ABC, pertinent inquiries were made through on-site visit to various car dealers, sending of requests for quotation thru electronic mail, and checking of online prices of various service vehicle and trucks. Incidental expenses were already part of the quotation such as safeguard duty imposed by BOC CMO No. 6-2021 to the imported light weight and commercial vehicle.
- c. Discount on bulk sales is just a presumption but not mandatorily given by suppliers. In the conduct of market survey, no supplier offered discounts. Per verbal inquiry with prospective supplier they do not give discount in government bidding even it is a bulk purchases since they normally bid a lower amount than their formal quotation. Moreover, NFA is requiring more freebies on top of the standard features or inclusions as indicated in the technical specifications which would result in an additional cost on the part of the prospective bidders.

6.19. As audit rejoinders, the Audit Team maintains its view that the higher contract cost was the consequence of higher ABC. It is emphasized that the basis of the ABC must not merely be on the average of the quotations submitted by the prospective bidders, but must also consider the factors enumerated in the MOP for the Procurement of Goods and Services. This is to ensure that the most advantageous price for the government would be reflected in the computation of the ABC, as basis for the awarding of contract to the lowest complying bidder.

6.20. On the claim that incidental expenses were already part of the quotation such as safeguard duty imposed, the Audit Team believes that it should not be part of the computation of ABC as it is only provisional at the time that the price quotation was obtained by the BAC TWG. Since this was included in the ABC and in the contract price, the amount of safeguard duty must be claimed from the supplier.

**7. Provision for profit margin in addition to Administrative Cost in the computation of the ABC for the "Procurement of Handling (and Allied) Services for Calendar Years 2020-2021" of NFA Cagayan Valley Region (CVR) is not in conformance with the Standard Computation prescribed in the Department of Labor and Employment (DOLE) Department Order (DO) No. 174, Series of 2017; thus, resulting in excessive contract price amounting to P34.866 million. Moreover, specific work to be undertaken by the Job Order (JO) workers for allied services was not expressly stated in the bidding**

**documents and contract, instead, this was presented as per “move” same with the handling services; thus, the absence of reference to evaluate the actual accomplishments versus targets could be attributed to poor procurement planning.**

7.1. In NFA CVR, the Regional BAC awarded the Procurement of Warehouse Handling (and Allied) Services for Grains in the amount of P169.847 million and P236.671 million for the period August 1, 2020 to May 16, 2021 and May 16 to December 31, 2021, respectively, for the handling and allied services to support the existing manpower of NFA RO No. 02 BOs of Isabela, Cagayan and Nueva Vizcaya.

7.2. DOLE DO No. 174, Series of 2017 provides the implementing rules of Articles 106 to 109 of the amended Labor Code. The rules therein shall apply to all parties of contracting and subcontracting arrangements where employer-employee relationships exist. Section 11.b thereof specifically states that:

*Service Agreement between the principal and contractor. The Service Agreement shall include the following:*

- i. The specific description of the job or work being subcontracted, including its term or duration;*
- ii. The place or work and terms and conditions governing the contracting arrangement, to include the agreed amount of the contracted job or work as well as the standard administrative fee of not less than ten percent (10%) of the total contract cost; and*
- iii. A provision on the issuance of the bond/s as defined in Section 3(a) renewable every year.*

7.3. DOLE DO No. 18-A, Series of 2011, as amended by DOLE DO No. 174, Series of 2017, provides the standard computation for contracting, as presented in Table 14 (next page).

7.4. It was noted that in the computation of the ABC, the rate per “move” is inclusive of the minimum wage, social benefits, administrative costs, profit margin, and VAT, as shown in Table 15 (next page).

7.5. Adopting the DOLE standard computation, there was an excess on the contract price attributable to profit margin which is 10 per cent and 15 per cent for CYs 2020 and 2021, respectively. This was included in the determination of contract price on top of the administrative cost which is 10 per cent of the total minimum wage plus social welfare benefits. Notably, the provided rate for profit margin increased to 15 per cent in CY 2021 from the CY 2020’s rate of 10 per cent. However, further evaluation revealed that the ABC did not include an explanation or justification on the sudden increase in the profit margin percentage. The total profit margin of NFA

CVR's contractor for CYs 2020 and 2021 amounted to P34.866 million, with details in Table 16 (next page).

**Table 14 – DOLE Standard Computation for Contracting**

Particulars	Daily Rate	
	Day shift	Night Shift
Daily Basic Salary Rate		
Number of Days per Month		
<b>Reimbursable Cost:</b>		
<b>(A) Payable Directly to Servicemen</b>		
a. Basic Salary – at daily rate for the equivalent of No. of days per month		
b. Night Differential Premium Pay -10% of basic salary		
c. Emergency cost of living allowance		
d. 13 <sup>th</sup> month pay-1/12 of basic salary		
e. Service Incentive Leave Pay – 5 days per year at basic salary rate		
Sub-total -A		
<b>(B) Payable to the government Employee Share</b>		
a. Social Security Premiums		
b. PhilHealth Premiums		
c. ECC Insurance Premiums		
d. Pag-Ibig Fund Contribution		
Subtotal B		
Total Reimbursable Cost (A+B)		
Administration Cost (10%)		
<b>Total Contract Rate</b>		
1. Above rates are exclusive of Value Added Tax		
2. Unworked regular holidays will be billed at above rate for 8 hours regular work days and when such holiday occur		

**Table 15 – Computation of the ABC With Profit Margin**

Particulars	2020	2021	Remarks
Contract Rate, with VAT	5.218	5.453	
Contract Rate Exclusive of VAT	<b>4.659</b>	<b>4.869</b>	
Less: Rate per DOLE Standard Computation			
Daily Basic Salary Rate	370.00	370.00	
Number days per Month	22.00	22.00	
<b>Reimbursable Cost:</b>			
<b>A. Payable Directly to Servicemen</b>			
a. Basic Salary (30/120 move)	3.000	3.083	
b. Night Differential Premium Pay			N/A
c. Emergency cost of living allowance			N/A
d. 13 <sup>th</sup> month pay	0.250	0.257	
e. Service Incentive Leave		0.058	
f. Holiday Pay **	0.136	0.140	Included in the computation of ABC
<b>B. Payable to the government employee share</b>			
a. Social Security Premiums	0.341	0.258	
b. PhilHealth Premiums	0.114	0.057	
c. ECC Insurance Premiums	0.004	0.004	
d. Pag-IBIG Fund Contribution	0.038	0.038	
<b>Total Reimbursable Cost</b>			
<b>Administrative Cost (10%)</b>			
Contract price per DOLE, exclusive of holiday pay	4.135	4.144	
<b>Total contract price inclusive of holiday pay per DOLE standard computation</b>	<b>4.271</b>	<b>4.284</b>	
<b>Excess attributable to Profit Margin</b>	<b>0.388</b>	<b>0.584</b>	

Particulars	2020	2021	Remarks
Percentage of Profit Margin based on Reimbursable Cost	10%	15%	

**Table 16 – Excessive Profit Margin in CYs 2020 and 2021**

Year	Profit Margin	No. of Moves	Total Profit Margin
2020	0.388	45,719,688.16	P17,739,239.00
2021	0.584	29,316,822.99	17,126,887.99
<b>Total Excessive Contract Cost</b>			<b>P34,866,126.99</b>

- 7.6. It should be noted that the inclusion of profit margin in the computation of contract price is not among the allowed charges that can be granted to contractors. There is no specific provision in DOLE DO No. 174, Series of 2017 that specifically indicates the validity of its collection from the principal. The Audit Team is of the view that the administrative cost already comprises the profit of the contractor pursuant to the standard computation prescribed by the DOLE.
- 7.7. **We recommended that Management direct the NFA CVR BAC to:**
- a. **Provide the legal basis in providing profit margin in addition to the administrative cost, and explain the sudden increase in the profit margin in CY 2021 to 15 per cent from prior year's rate of 10 per cent; and**
  - b. **Review and revise the computation of the ABC for Allied Services taking into consideration the factors laid down in Section 2 of the MOP for the Procurement for Goods and Services and GPPB Resolution No. 07-2005.**
- 7.8. **We further recommended that the Corporate Planning Division revisit NFA SOP Nos. GM-G025 and GM-G026, and assess the need for revision, where necessary, in adherence with applicable laws, rules and regulations issued by oversight government agencies.**
- 7.9. Management of NFA Cagayan Valley commented that the computation of the ABC is based on a uniform Terms of Reference (TOR) downloaded from the CO, although, Section 11.b.ii of DOLE DO No. 174 states the inclusion of the standard administrative fee of not less than 10 per cent of the total contract cost. Likewise, during the exit conference, they commented that they will elevate and refer the matter to NFA top management.
- 7.10. As a rejoinder, the Audit Team will continue to monitor the compliance of the Management with the existing rules and regulations and inform them if there are noted deficiencies.

8. Two hundred five (205) Purchase Orders (POs)/Job Orders (JOs) for various procurements with aggregate amount of P6.914 million were without “conforme” signatures by suppliers or if signed, dates were not indicated; thus, compliance by the suppliers with the agreed delivery date is not verifiable. Also, POs/JOs for procurement aggregating P0.679 million were submitted beyond the reglementary period, contrary to the provisions of COA Circular Nos. 2009-001 and 97-004 dated February 12, 2009 and dated July 1, 1997, respectively, thereby, caused the delay in the conduct of audit/verification and timely communication of the deficiencies noted in the review, if any.

- 8.1. Section 39 of PD No. 1445, requires the Agency to submit to the Auditor papers relative to government obligations, to wit:

***Section 39. Submission of papers relative to government obligations.***

- (1) The Commission shall have the power, for purposes of inspection, to require the submission of the original of any order, deed, contract, or other document under which any collection of, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith. If an authenticated copy is needed for record purposes, the copy shall upon demand be furnished.*

- 8.2. In addition, Item 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009 provides a timeline on the submission of a copy of POs, to wit:

*3.2.1 A copy of any purchase order irrespective of amount, and each and every supporting document, shall, within five (5) working days from issuance thereof, be submitted to the Auditor concerned. xxx*

- 8.3. Moreover, Item V(2) of COA Circular No. 97-004 dated July 1, 1997, provides for the requirements in the submission of POs/JOs, to wit:

**V. REQUIREMENTS COMMON TO ALL PURCHASES**

Xxxx

2. *Purchase/Letter Order/Contract, duly approved by officials concerned and accepted by the supplier (date of acceptance must be clearly indicated, especially when the time or date of delivery is dependent on or will be counted from the date of acceptance of the purchase/letter order/contract); [Emphasis supplied]*

- 8.4. Review of the POs and JOs for CY 2021 revealed that of the 150 POs and 76 JOs amounting to P7.800 million submitted by NFA CO, only 15 POs totaling P0.860 million or 10 per cent of the POs and six (6) JOs totaling P25,977 or 7.89 per cent of the JOs or a total of P0.886 million or 9.29 per cent were in order. The amount of P6.914 million or 90.71 per cent had deficiencies, wherein P6.243 million or 81.86 per cent had no suppliers' conforme while P0.671 million or 8.85 per cent had conforme by the supplier but had no indicated date. Details of the review are shown in Table 17.

**Table 17 – Detailed Status of Submitted POs/JOs in NFA-CO**

Status of POs/JOs	No. of POs	%	Amount	No. of JOs	%	Amount	Total No. of POs/JOs	%	Total Amount
In order	15	10.00	P 860,190	6	7.89	P 25,977	21	9.29	P 886,167
With Deficiencies	135	90.00	5,244,094	70	92.11	1,669,695	205	90.71	6,913,789
No Conforme by Supplier	120	80.00	4,858,694	65	85.53	1,383,970	185	81.86	6,242,664
No Conforme date	15	10.00	385,400	5	6.58	285,725	20	8.85	671,125
	150	100.00	P6,104,284	76	100.00	P1,695,672	226	100.00	P7,799,956

- 8.5. It was observed that the dates of receipt were not indicated in 20 POs/JOs as well as 185 of POs/JOs were not signed by the suppliers with aggregate amount of P6.914 million. Thus, compliance by the suppliers with the agreed delivery dates could not be verified and precluded the Audit Team to determine imposition of penalty in case of late delivery.
- 8.6. Moreover, verification by the Audit Teams assigned in NFA ROs and BOs revealed that copies of perfected contracts and POs together with the supporting documents were not submitted to the Office of the Auditor within five working days upon the perfection thereof, contrary to Item 3.2.1 of COA Circular No. 2009-001 dated February 12, 2009. The deficiencies noted by the Audit Teams are summarized in Table 18.

**Table 18 – NFA ROs/BOs that have not submitted the perfected contracts within the 5-day period prescribed under COA Circular No. 2009-001 dated February 12, 2009**

Office	Deficiencies Noted
Region IV-B Palawan and Occidental Mindoro BOs	Copies of perfected contracts and POs together with supporting documents were not submitted to the Office of the Auditor within the reglementary period of five working days upon the execution of the contract, contrary to COA Circular No. 2009-001 dated February 12, 2009, thus precluding the Auditor to timely review and evaluate the contracts as to its legality and propriety.
Region V – RO	The delayed/non-submission of copies of perfected contracts and POs to the auditors contrary to COA Circular No. 2009-001 dated February 12, 2009, caused the delay in the review, evaluation, and prompt detection/correction of deficiencies.
Region V Albay BO	Copies of perfected contracts, Rice Credit Sales Memoranda of Agreement, POs, and their supporting documents were not submitted to the auditors in the manner and time prescribed under COA Circular No. 2009-001, thus, precluding timely review and examination thereof.



Office	Deficiencies Noted		
Region XI	POs/JOs amounting to P0.679 million were submitted beyond the reglementary period to Audit Team for CY 2021 contrary to COA Circular No. 2009-01 resulting in delayed evaluation by the Auditor.		
	No of POs/JOs	No of Days Delayed	Amount
Davao del Norte BO	132	38	P524,912
Davao Oriental BO	34	40	154,248
	166		P679,160

- 8.7. **We recommended that Management require the GSD in the CO and General Services Section of the ROs/BOs to: (a) strictly adhere with COA Circular Nos. 2009-001 and 97-004, dated February 12, 2009 and July 1, 1997, respectively, on the submission of POs and JOs with complete supporting documents to the Auditor within the reglementary period; and (b) ensure that all the required information in the POs/JOs are duly filled out before submitting to the Audit Teams, such as, supplier's printed name, supplier's signature, and date of acceptance in the conforme section.**
- 8.8. Management commented that the original approved POs and/or JOs with supplier's signatures on the conforme portion were attached to the disbursement vouchers (DVs). However, henceforth, the AGSD will ensure that copies that will be submitted to COA will have complete entries or duly accomplished.
- 8.9. As audit rejoinder, while the Audit Teams acknowledged that the approved POs and JOs with supplier's signature were attached to the DVs, it is emphasized that copies of the approved POs and JOs with complete entries must be submitted to the Auditor within five days from issuance thereof in accordance with Item 3.2.1 of COA Circular No. 2009-001.
9. **The executive/managerial employees of NFA CO and NCR claimed transportation allowance (TA) totaling P1.373 million despite that government motor vehicles were assigned to their respective offices, contrary to Section 56, General Provisions of RA No. 11518, otherwise known as the General Appropriations Act (GAA) of Fiscal Year (FY) 2021, COA Circular No. 75-6 dated November 17, 1975, and Supreme Court Decision in the case of Aida Domingo vs. COA, G.R. No. 112371 dated October 7, 1998.**
- 9.1. Section 56, General Provisions of RA No. 11518, otherwise known as the GAA of FY 2021, provides, among others that *"transportation allowance, whether in full or partial amounts, shall not be granted to officials who are assigned or actually using government motor transportation."*
- 9.2. Similarly, Item VI of COA Circular No. 75-6 dated November 17, 1975, bearing on the subject "Regulating the use of government motor vehicles, aircrafts, and water crafts", provides that *"no official who has been furnished motor transportation allowance by any government corporation or any other office shall be allowed to use motor vehicle transportation operated and*

*maintained from funds appropriated in the above cited Decree (Section 14, P.D. 733)."*

- 9.3. Verification of the records showed that motor vehicles were specifically assigned to certain NFA offices/departments and officials. However, review of the payroll showed that in CY 2021 NFA CO and NCR officials with assigned motor vehicles claimed transportation allowances amounting to P1.205 million and P168,258 million, respectively, or a total of P1.373 million.
- 9.4. Management's attention is invited in the case of *Aida Domingo vs. COA, G.R. No. 112371* dated October 7, 1998, where the Supreme Court (SC) affirmed COA Decision No. 1745 dated February 26, 1991. The SC ruled that a government official assigned a vehicle for his/her official use is not entitled to collect transportation allowance whether or not he/she actually used such vehicle. The Court, citing *Bustamante vs. COA*, 216 SCRA 134, and *Ursua vs. Court of Appeals*, 256 SCRA 147, pronounced that:

*In the case of Bustamante vs. COA, 216 SCRA 134, decided by this Court on November 27, 1992, COA also disallowed the claim for transportation allowance of the legal counsel of National Power Corporation because he was already issued a government vehicle. Involving the circular aforementioned and almost the same facts as in this case, it was therein held that **COA Circular No. 75-6 is categorical in prohibiting the use of government vehicles by officials receiving transportation allowance and in stressing that the use of government motor vehicle and claim for transportation allowance are mutually exclusive and incompatible.***

*The issue need no longer be belabored for no less than this Court ruled in the aforesaid case that **a government official, to whom a motor vehicle has been assigned, cannot, at the same time claim transportation allowance.***

*Furthermore, it is an elementary rule that when the law speaks in clear and categorical language, there is no need, in the absence of legislative intent to the contrary, for any interpretation. Words and phrases used in a statute should be given their plain, ordinary, and common usage meaning. [citation omitted]*

*In the case under consideration, it must be noted that the provisions of law referred to in the General Appropriations Act of 1988, 1989, 1990 and 1991, utilized the word "assigned" and not "used". Webster's Dictionary defines the word "assign" as "to transfer (property) to another in trust". Had legislative intent been that government officials issued an official vehicle could still collect transportation allowance if they do not actually use subject vehicle, the word "use" instead of "assign" should have been employed.*

*As correctly pointed out by the Solicitor General, there are **two instances when transportation allowance cannot be granted to a government official, as when a government official is assigned a vehicle, and when a government official uses government transportation facilities.** It is undeniable that several government vehicles were issued to the Regional Office of DSWD in Region V. **That the vehicles thereat were issued not to petitioner herself, as Regional Director, but to the Regional Office itself, is of no moment. What is important and decisive is that such vehicles were intended primarily for the official use of subject office and its officials and employees.** As maintained by the Solicitor General, whether or not the herein petitioner used the vehicle assigned to her office, is not an issue, as it is undeniable that she could have used the said vehicle whenever she wanted to since it was assigned to her office.*

*In the case of Ursua vs. Court of Appeals, 256 SCRA 147, it was held that there is a valid presumption that undesirable consequences were never intended by a legislative measure and a construction of which the statute is fairly susceptible is favored which will avoid objectionable, mischievous, indefensible, wrongful, evil, and injurious consequences. **It is abundantly clear that the evil sought to be remedied by the legislative prohibition is the collection of additional transportation allowance despite the availability of free transportation supplied by a government motor vehicle assigned to the office.** [Emphasis supplied]*

- 9.5. Based on the above-cited SC ruling, the NFA officials with assigned motor vehicles are not entitled to transportation allowances. The practice of claiming transportation allowance by NFA officials despite a motor vehicle is assigned to his/her department/office is not in accord with the provisions of RA No. 11518, GAA of FY 2021, and COA Circular No. 75-6 dated November 7, 1976.
- 9.6. **We recommended that Management:**
  - a. **Require the NFA officials concerned with assigned government vehicles to immediately refund the transportation allowance claimed in CY 2021; and**
  - b. **Discontinue the payment of transportation allowance to NFA officials with assigned government motor vehicles in compliance with the applicable GAA, COA Circular No. 75-6 and Supreme Court Decision in Domingo vs. COA, G.R. No. 112371 dated October 7, 1998.**

- 9.7. Management commented that the subject motor vehicles found by the Audit Team as issued or assigned to the official heading the Department were in fact assigned to the respective departments, and not for the officials' exclusive use but for the use of the employees in the performance of the official functions of their respective departments. Further, the provisions of RA No. 11518 merely reiterated the SC Decision in the case of *Aida Domingo vs. COA*, G.R. No. 112371 dated October 7, 1998. This was already clarified through COA Circular Nos. 2000-005 and 99-002 dated October 4, 2000 and June 15, 1999, respectively.
- 9.8. As an audit rejoinder, the provisions of RA No. 11518 superseded and clarified that COA Circular Nos. 2000-05 and 99-002 dated October 4, 2000 and June 15, 1999, respectively, was a restatement of the GAA of the previous years, specifically GAA of FY 2000 which deleted the phrase "assigned a government vehicle". Nevertheless, in GAA of FY 2021 it is clearly stated that transportation allowance, whether in full or partial amounts, shall not be granted to officials who are assigned or actually using government motor transportation.
- 10. Payments of COVID-19 Hazard Pay in CY 2021 to NFA personnel in the aggregate amount of P0.540 million under the following circumstances: (a) during weekends, holidays, while on Work From Home (WFH) arrangements and without authority to report for work; (b) while in areas under the General Community Quarantine (GCQ) and Modified General Community Quarantine (MGCQ); and (c) absence of proclamation/executive order/ordinance imposing ECQ/MECQ, were not in accordance with Administrative Order (AO) No. 26 dated March 23, 2020, as amended by AO No. 43 dated June 1, 2021, and NFA Memorandum No. AO2020-04-012 dated April 6, 2020, as amended by NFA Memorandum No. AO 2021-06-030 dated June 8, 2021.**
- 10.1. Sections 1, 2(b) and 3(b) of AO No. 26, s. 2020, dated March 23, 2020, as amended by Section 1 of AO No. 43 dated June 1, 2021, state that:
- Section 1.** *Grant of the COVID-19 Hazard Pay. National government agencies (NGAs) including state universities and colleges (SUCs) and government-owned or controlled corporations (GOCCs) are authorized to grant COVID-19 Hazard Pay to personnel who physically report for work during the implementation of an Enhanced Community Quarantine and Modified Enhanced Community Quarantine in their respective work stations, in an amount not exceeding P500 per day per person xxx.*
- Section 2.** *Conditions on the Grant of the COVID-19 Hazard Pay. The heads of government agencies may grant the COVID-19 Hazard Pay to their personnel without the need of further approval of the Department of Budget and Management (DBM) provided the following conditions are met:*

Xxxx

- b. *The personnel have been authorized to physically report for work at their respective offices or work stations on the prescribed official working hours by the head of agency or office during the period of implementation of Enhanced Community Quarantine and Modified Enhanced Community Quarantine measures in the area of such office or work stations; and*

Xxxx

**Section 3.** *Funding sources for COVID-19 Hazard Pay for Employees in the Executive Branch. The funds needed for the grant of COVID-19 Hazard Pay to employees in the Executive Branch shall be charged against the following sources:*

Xxxx

- b. *For GOCCs, the amount required shall be charged against their respective approved corporate operating budgets (COBs) for the current fiscal year. Should a GOCC have insufficient funds to fully cover the COVID-19 Hazard Pay at 500 per day per person, a lower but uniform rate may be granted for all qualified personnel.*

- 10.2. In accordance with AO No. 43 the NFA Administrator issued Memorandum No. AO 2021-06-030 dated June 8, 2021, amending Memorandum No. AO 2020-04-012 dated April 6, 2020, laying down the guidelines on the grant of COVID-19 Hazard Pay to NFA personnel, among others, that:

1. *The COVID-19 Hazard Pay shall be granted to personnel who **physically report for work during the implementation of an Enhanced Community Quarantine and Modified Enhanced Community Quarantine in their respective unit/division/department/office in an amount not exceeding FIVE HUNDRED (P500.00) per day per person.***
2. *To be entitled to the COVID-19 Hazard Pay, the NFA personnel/worker must **have been authorized** to physically report for work at their respective offices or work stations on the **prescribed official working hours** by the Division Chief/Department Manager for Central Office and Branch Manager/Regional Manager for field offices during the period of implementation of the Enhanced Community Quarantine and Modified Enhanced Community Quarantine measure in the area of such office or work station. (Emphasis supplied)*

3. *The total rate of the COVID-19 Hazard Pay shall be based on the number of days an employee/worker physically reports for work during the Enhanced Community Quarantine period using the formula under Item 1 hereof;*
  4. *Skeletal duties rendered by personnel should be reflected in their daily time record and properly recorded in the attendance logbook of their respective office. Moreover, a certification signed by the Head of Office shall attest to the skeletal work schedule of personnel of the office.*
  5. *Personnel who are already entitled to Hazard Pay, Hazardous Duty Pay, Hazard Allowance or other similar benefits under existing laws, issuances rules and regulations such as public health workers and science and technology personnel shall continue to be entitled to such benefits or the COVID-19 Hazard Pay, whichever is higher.*
- 10.3. Likewise, the NFA Administrator issued Memorandum Nos. AO 2021-03-019 and AO 2021-08-002 dated March 19, 2021 and August 4, 2021, respectively, to serve as guidelines in the adoption of work arrangements for NFA Offices, to wit:
- Head of Central Office departments/offices shall prepare the schedule of who shall physically report to the office, where all divisions/units of each department must be represented daily. The said schedule shall be submitted to the Human Resource Development and Services Division. Changes in schedule shall not be allowed unless in accordance with the provision of CSC MC 8 and 23 of 2020.*
- 10.4. Audit disclosed that COVID-19 Hazard Pay granted to regular employees and JO workers amounting to P540,500 were not in accordance with AO No. 26 dated March 23, 2020, as amended by AO No. 43 dated June 1, 2021, and NFA Memorandum AO 2020-04-012 dated April 6, 2020, as amended by AO 2021-06-030 dated June 08, 2021, in view of the deficiencies noted as summarized in Table 19.

**Table 19 – Summary of Payments of Hazard Pay to  
NFA Personnel with Noted Deficiencies**

<b>Deficiencies</b>	<b>Amount</b>
Payments on weekends, holidays, while on WFH arrangement and without Authority to physically report for work (Table 20)	P360,000
Payments while in areas implementing GCQ and MGCQ (Table 21)	59,000
Absence of proclamation/executive order/ordinance imposing ECQ/MECQ from the LGU (Table 22)	121,500
<b>Total</b>	<b>P540,500</b>

*Payments on weekends, holidays, while on WFH arrangement and without approved authority to physically report for work*

- 10.5. In compliance with the rules regarding public health emergency, NFA adopted the combination of skeletal workforce and WFH alternative work arrangements (AWA). Individual AWA was signed by the respective Heads of Departments and the RO/BO Managers.
- 10.6. Verification of the Daily Time Records (DTRs) attached to the DVs/payrolls revealed that some employees were paid of the COVID-19 Hazard Pay during weekends, holidays, while on WFH arrangement and without approved authority to report for work in the aggregate amount of P360,000 as shown in Table 20.

**Table 20 – Payments of COVID-19 Hazard Pay Without Approved AWA**

<b>NFA Office</b>	<b>No. of Days Paid</b>	<b>Amount</b>
CO	266	P133,000
RO II	90	45,000
Isabela Branch	53	26,500
Cagayan BO	97	48,500
CARAGA RO	11	5,500
Agusan del Sur BO	36	18,000
Surigao del Sur BO	166	83,500
<b>Total</b>	<b>719</b>	<b>P360,000</b>

- 10.7. While the basis of payment of COVID-19 Hazard Pay is the actual days that the personnel physically reported for work to their respective offices or work stations, they are not allowed to claim COVID-19 Hazard Pay on the days that they reported for work on weekends, holidays, and on their scheduled WFH. This is contrary to NFA Memorandum Nos. AO 2021-03-019 and AO 2021-08-002 dated March 19, 2021 and August 4, 2021, respectively. Likewise, this is not in conformity with NFA Memorandum No. AO 2021-06-030 dated June 8, 2021, amending NFA Memorandum No. AO 2020-04-012 dated April 6, 2020 as they physically reported for work without authority.

*Payments while in areas implementing GCQ and MGCQ*

- 10.8. COVID-19 Hazard Pay in the total amount of P59,000 was granted to 40 officials and employees while they were in areas implementing GCQ and MGCQ contrary to Sections 1 and 2 (b) of AO No. 26, as amended by AO No. 43 as presented in Table 21.

**Table 21 – COVID-19 Hazard Pay Granted While Under Areas Implementing GCQ and MGCQ**

<b>NFA Office</b>	<b>No. of Personnel</b>	<b>No. of Days</b>	<b>Amount Paid</b>
CO	34	110	P55,000
RO II	1	2	1,000
Nueva Vizcaya BO	5	6	3,000
<b>Total</b>	<b>40</b>	<b>118</b>	<b>P59,000</b>

*Absence of proclamation/executive order/  
ordinance imposing ECQ/MECQ issued by LGU*

- 10.9. A total P121,500 COVID-19 Hazard Pay were paid to NFA Agusan del Sur (ADS) BO and Surigao BO personnel for the period September 12- 30, 2021 despite the absence of a proclamation and/or issuance of an executive/ordinance either from the national or the local government units imposing ECQ or MECQ. Details are shown in Table 22.

**Table 22 – COVID-19 Hazard Pay Granted without Ordinance Imposing ECQ/MECQ**

<b>NFA Office</b>	<b>No. of Personnel</b>	<b>No. of Days</b>	<b>Amount Paid</b>
Agusan del Sur BO	44	220	P110,500
Surigao del Sur BO	7	17	8,500
	2 JO	5	2,500
<b>Total</b>			<b>P121,500</b>

- 10.10. In Agusan del Sur BO, payment of COVID-19 Hazard Pay was based only on the proclamation of granular lockdown by the LGU to selected barangays and a portion of a certain road or just a single affected house with a high concentration or clustering of active cases of COVID-19. It was noted that there was no declaration that the entire City of Bayugan and Municipality of San Francisco were under ECQ/MECQ. Hence, the payments of hazard pay for the period September 12-20, 2021 lack legal basis and should be refunded by the personnel concerned.

- 10.11. In Surigao del Sur BO, payment was made despite that the DV was not supported with the LGU's proclamation placing the areas of assignment/travel under ECQ/MECQ.

- 10.12. The foregoing observations showed that the rules and regulations on the payment of COVID-19 Hazard Pay were not strictly observed by the Agency, as the documentary requirements were not thoroughly reviewed before approving for payment.

- 10.13. **We recommended that Management:**

- a. **Instruct the departments/offices concerned to submit the authority or AWA of the personnel who reported for work and were paid COVID-19 Hazard Pay during weekends, holidays, and while on WFH schedule; otherwise, cause the refund of the payments made;**
- b. **Require the personnel who were granted COVID-19 Hazard Pay while in areas implementing GCQ and MGCQ and who physically reported for work to refund the payments made;**
- c. **Henceforth, strictly comply with the provisions of AO No. 26, s. 2020 as amended by AO No. 43, s. 2021; NFA Memorandum No. AO 2020-04-012 dated April 6, 2020, as amended by NFA Memorandum No. AO 2021-06-030 dated June 8, 2021; NFA**



**Memorandum No. AO 2021-03-019 dated March 19, 2021; and  
NFA Memorandum No. AO 2021-08-002 dated August 4, 2021;**

- d. Direct the NFA Agusan del Sur BO personnel concerned to refund the payment of COVID-19 Hazard Pay for the period September 12-30, 2021 since the entire area was not placed under ECQ/MECQ; and**
- e. Direct the Accountants of the CO, ROs and BOs to: (i) thoroughly review all relevant documents before approving for payment the claims for COVID-19 Hazard Pay; and (ii) submit to the Audit Teams concerned the necessary documents, specifically on the proclamation/imposition placing the affected areas under ECQ/MECQ, for proper evaluation.**

10.14. The following are the comments of Management:

- a. The Manager of Finance Department asserted that the payment of COVID-19 Hazard Pay on weekends, holidays and while on WFH arrangement is properly authorized through approved Daily Overtime Authorization. An on-call status was indicated in the approved AWA aside from the WFH schedule of employees to ensure continuous and responsive delivery of government service despite the COVID-19 pandemic.
- b. In CO, payment of COVID-19 Hazard Pay while on GCQ and MGCQ was made pursuant to AO No. 43 which stated the start of ECQ on March 27, 2021 until April 4, 2021, hence, the basis of computation of the payment. Notwithstanding that the place of destination is under the quarantine classification of GCQ and MGCQ, these employees were already exposed to hazardous situation from the moment they get out of their respective houses as the point of their origin was under the ECQ thus, they are entitled to COVID-19 Hazard Pay.
- c. Management of RO II acknowledged the audit observation and responded that the payment of COVID-19 Hazard Pay to the regular and JO employees during the MECQ is legally based on both AO No. 26 s. 2020, as amended by AO No. 43 dated June 1, 2021. In addition, part of Office Order No. RO2-F-01 and RO2-F-02 issued on June 1, 2021 and June 15, 2021, respectively, state that to ensure continuous operations, all personnel shall be placed "on call duty" and accessible during their WFH official working hours to render support services whenever the Officer-On-Duty deems it necessary. The certification attested to the physical reporting of the RO employees during the implementation of MECQ in an "on-call" basis. Management likewise provided communication from CO to warrant the payment of hazard pay.
- d. In CARAGA, Management commented that there were typographical errors in the dates indicated in the certifications requiring the employees to report for work during their WFH schedules. A revised

certification was submitted to the Audit Team reflecting the correct dates.

10.15. The following are the rejoinders of the Audit Teams:

- a. It is emphasized that the personnel should be authorized by the Head of Office to physically report for work at their respective offices or work stations on the prescribed official working hours and absence of such will not entitle them to hazard pay. Moreover, schedules of overtime (OT) services during weekends and holidays were prepared and approved by the Head of Office prior to the preparation of AWA, hence, OT services during weekends and holidays should have been included in the approved AWA. Thus, absence of such will not entitle the employee to claim COVID-19 Hazard Pay.
- b. The basis of payment of COVID-19 Hazard Pay in NFA CO is the start of implementation of Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases Resolution No. 106-A, approved by the Executive Secretary through Memorandum dated March 27, 2021 directing all government owned or controlled corporations and other government offices to strictly observe and implement the guidelines of IATF and other relevant issuances on the imposition of ECQ in the NCR and other provinces effective 12:01 of March 29, 2021 until end of April 4, 2021. Thus, payment earlier than the start of implementation of ECQ is not authorized.
- c. The Audit Teams reiterated the recommendation that Management strictly comply with the provisions of AO No. 26, s. 2020 as amended by AO No. 43, s. 2021 and NFA guidelines on the grant of COVID-19 Hazard Pay and instruct the employees and officials concerned to refund the unauthorized payment of the same.

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

**11. The existing GAD rules and regulations were not strictly complied with by NFA in CY 2021, considering the following:**

- a. **The NFA utilization of only P91.537 million or 25.98 per cent of the P352.300 million GAD Funds for CY 2021 would indicate that the planned programs, activities and projects (PAPs) outlined in the GAD Plan and Budget (GPB) were not fully implemented, thus, depriving the targeted beneficiaries of the benefits expected from these GAD PAPs;**
- b. **The GAD Accomplishment Report (GAD AR) was not supported with Project Implementation and Management, and Monitoring and Evaluation (PIMME) or the Facility Implementation, Management, and Monitoring and Evaluation (FIMME) checklist, to assess the gender-responsiveness of the implementation of the PAPs in accordance with**

**Philippine Commission on Women (PCW) Memorandum Circular (MC) No. 2021-06 dated December 10, 2021;**

- c. **There is a discrepancy of P23.351 million between the accounting records and the reported amount in the GAD AR submitted to the PCW; and**
  - d. **GAD Agenda, as the Agency's strategic framework and plan on gender mainstreaming and achieving women's empowerment and gender equality, is not prepared yet by the NFA, which is not consistent with Item 5.1 of PCW, National Economic and Development Authority (NEDA), and Department of Budget and Management (DBM) Joint Circular No. 2012-01; and PCW Memorandum Circular (MC) No. 2018-04 dated September 19, 2018, thus, existing priority gender-issues and/or specific GAD mandates and targets of the Agency may not have been completely identified and addressed.**
- 11.1. RA No. 9710 or the Magna Carta of Women (MCW) is a comprehensive women's human rights law that seeks to eliminate discrimination through the recognition, protection, fulfilment, and promotion of the rights of Filipino women, especially those belonging in the marginalized sectors of the society. It conveys a framework of rights for women based directly on international law.
  - 11.2. The MCW mandates all government offices, including government-owned and controlled corporations and local government units to adopt gender mainstreaming as a strategy to promote women's human rights and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures.
  - 11.3. Item 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01 dated July 20, 2012 on the guidelines for the preparation of Annual GPB and GAD AR to implement the MCW, provides that:

*At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses MOOE, capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.*
  - 11.4. Records showed that under the NFA GPB for CY 2021, a total of P352.300 million or 5.03 per cent of the P7.000 billion subsidy from the national government for Fiscal Year (FY) 2021 was reviewed and endorsed by the PCW on February 21, 2021.

11.5. The details of the budget are presented in Table 23.

**Table 23– NFA GPB for CY 2021**

Budget Source	Amount	5% of the COB	Approved GAD Budget 2021	% of the GAD Budget	% of the GAD Budget against COB*
GAA 2021	P 7,000,000,000	P 350,000,000	P352,300,130	5.03	0.65
COB PS MOOE	46,994,703,000	2,349,735,150	-		0.00
<b>Total</b>	<b>P53,994,703,000</b>	<b>P2,699,735,150</b>	<b>P352,300,130</b>		<b>0.65</b>

\* Corporate Operating Budget (COB)

11.6. As can be gleaned from Table 23, the basis of GPB for FY 2021 is only 0.65 per cent of the total COB of NFA for CY 2021. Management asserted that the approved COB included sources from net lending to refinance the Agency's maturing loans and the conversion of Advances of National Government into subsidy; hence, it is challenging for the GAD TWG and GAD Focal Point System (GFPS) to include these budgets in NFA's Annual GPB.

11.7. The GAD AR of NFA for FY 2021, summarized in Table 24, revealed that only P91.537 million or 25.98 per cent of the P352.300 million approved GPB for FY 2021 was utilized as some of the NFA GAD PAPs were either partially implemented or not implemented at all. The unutilized budget of P260.763 million which represents 74.02 per cent of the total GPB is an indication that the Agency's planned PAPs were not fully implemented; thus the identified gender issues during the year were not addressed.

**Table 24 – GAD Utilization of Budget and Activities Implemented for FY 2021**

PAPs	Budget		Utilized/Attributed		Variance		Utilization Rate (d/b)
	No. of activities	Amount	No. of activities	Amount Per audit	Amount Unutilized	No. of Activities	
	(a)	(b)	(c)	(d)	(b-d)	(a-c)	
Client Focused	5	P 70,904,820.20	5	P20,978,789.49	P 49,926,030.71	0	29.59%
Organizational Focused	21	281,395,309.80	18	70,558,272.64	210,837,037.16	3	25.07%
<b>Total</b>	<b>26</b>	<b>P352,300,130.00</b>	<b>23</b>	<b>P91,537,062.13</b>	<b>P260,763,067.87</b>	<b>3</b>	<b>25.98%</b>

11.8. PCW MC No. 2021-06 dated December 10, 2021 provides, among others, that:

*To attribute the expenditure of a major agency program/project to GAD in the FY 2021 GAD AR, agencies shall accomplish the Harmonized Gender and Development Guidelines (HGDG) Project Implementation and Management, and Monitoring and Evaluation (PIMME) checklist (HGDG Boxes 16 & 17) or the Facility Implementation, Management, and Monitoring and Evaluation (FIMME) checklist (HGDG Box F2), whichever is applicable, to assess the gender-responsiveness of the implementation of the program/project.*

- 11.9. Further, while the NFA GAD AR for CY 2021 was submitted on the day of the deadline set by the PCW on March 18, 2022, the Team noted that the amount indicated in the GAD AR submitted to the PCW and the accounting records disclosed a difference of P23.351 million and was not supported with PIMME checklist (HGDG Boxes 16 and 17) or the FIMME checklist (HGDG Box F2) to assess the gender-responsiveness of the implemented PAPs as required by the PCW MC No. 2021-06 dated December 10, 2021, thus, casts doubt on the accuracy and reliability of the GAD AR for FY 2021. The total GPB utilization per Region as reported by the Accounting Division is presented in Table 25.

**Table 25 – GPB Utilization per NFA Accounting Division  
Report as of December 31, 2021**

Office	Amount
CO	P 182,681.83
RO I	218,697.96
RO II	79,800.25
RO III	18,579,768.38
RO IV	22,695,118.99
RO V	12,573,751.64
RO VI	1,121,201.55
RO VII	7,576.10
RO VII	385,861.02
RO IX	1,312,251.13
RO X	-
RO XI	2,208,374.99
RO XII	99,759.50
RO XIII	126,844.62
RO XIV	8,590,349.49
RO XV	4,385.00
<b>Total</b>	<b>P 68,186,422.45</b>

*GAD Agenda, as the Agency's strategic framework and plan on gender mainstreaming and achieving women's empowerment and gender equality, is not prepared yet by the NFA*

- 11.10. Item 5.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01 provides the steps in formulating GPB, one of the initial steps is to “*set GAD agenda or identify priority gender-issues and/or specific GAD mandates and targets to be addressed over a one-year or three-year term by the central office in consultation with regional offices, bureaus and attached agencies. **This GAD agenda shall be the basis for the annual formulation of PAPs to be included in the GPB of the department xxx, regional offices and units xxx.***” [Emphasis supplied]
- 11.11. GAD Agenda is a two part document that consists of GAD Strategic Framework and the GAD Strategic Plan. It will serve as guide in setting and monitoring the GAD initiatives towards the achievement of agency's gender equality and women empowerment goals. It is the agency's strategic framework and plan on gender mainstreaming in achieving women's empowerment and gender equality.

- 11.12. In line with the Joint Circular, the PCW issued MC No. 2018-01 dated September 19, 2018 on Revised Guidelines in the Preparation of GAD Agenda. The MC serves as the guidelines and procedures in the formulation, implementation, monitoring, and evaluation of the multi-year GAD Agenda as basis for the annual GPBs of agencies. It also encourages all government agencies to prepare 6-year GAD Agenda for CYs 2020-2025 upon the effectivity of the guidelines.
- 11.13. Audit of NFA's compliance with PCW-NEDA-DBM Joint Circular No. 2012-01 and PCW MC No. 2018-01 disclosed that NFA has no GAD Agenda documents for CYs 2020-2025 such as GAD Strategic Framework and the GAD Strategic Plan. The absence of agency's multi-year GAD Agenda resulted in the inability of the GPFS to provide the agency with the proper assessment of PAPs being implemented, the challenges encountered and the recommendations for the challenges towards the attainment of the agency GAD goals.
- 11.14. **We recommended that Management direct the GFPS and its TWG to, moving forward:**
- a. **Ensure that all the GAD PAPs outlined in the GPB be fully implemented to address the gender issues of the Agency;**
  - b. **Use the HGDG tool to determine how much of the budget of the major PAPs can be attributed to GAD-related PAPs that will be indicated in the succeeding GPBs and GAD ARs;**
  - c. **Attach to the GPB and GAD AR submission to the PCW, the PDF copies of the results of HGDG PIMME/FIMME checklist, the program/project brief and accomplishment report; details of expenditure; as well as the relevant means of verifications for the agency self-rating, such as, activity reports, monitoring and evaluation reports, list of sex-disaggregated data or gender statistics that were used and/or collected, among others;**
  - d. **Ensure that the amount reported in the GAD AR matched with the records of the accounting;**
  - e. **Constitute the planning team to formulate GAD Agenda and consider tapping the assistance of the PCW, pursuant to the guidelines provided in PCW MC No. 2018-04 dated September 19, 2018;**
  - f. **Ensure compliance with PCW-NEDA-DBM Joint Circular No. 2012-01 in attributing and utilizing the annual GPB to implement the PAPs that will address gender issues;**
  - g. **Formulate an effective monitoring system to ensure that all identified GAD PAPs will be timely and fully undertaken within the year; and**

**h. Prioritize the capacity building program of its members through attendance to various GAD training and workshops.**

- 11.15. Management admitted that the GFPS was not able to support the GAD AR with the required assessment tools due to inadequate training of the new set of GFPS and its TWG. While some of GAD trained personnel were delegated to other projects, such as the implementation of the NFA Restructuring Plan, management resources were also limited in gathering a more detailed data. Management shall update and sustain the agency's sex-disaggregated database through close coordination with all NFA offices to ensure comprehensive data collection that are useful in GAD planning activities.
- 11.16. Likewise, Management committed to prioritize the following: (a) capacity building, seminars/training programs on the formulation of GAD agenda and application of the gender analysis tools; (b) conduct of gender analysis to come-up with a summary list of agency gender issues; (c) formulation of the GAD Agenda for six years terms; (d) issuance of policy to ensure the implementation and dissemination of GAD Agenda to the field offices; (e) monitoring and evaluation of GAD agenda after three years and submission of end-term evaluation; and (f) submission of reports within the prescribed period pursuant to PCW-NEDA-DBM Joint Circular and COA Circular No 2014-001.
- 11.17. As a rejoinder, the Audit Team will continuously monitor compliance by Management with GAD rules and regulations. Their full implementation of the recommendations will be monitored in the CY 2022 audit.

**COMPLIANCE WITH TAX LAWS**

12. NFA 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 salaries of officials and employees. The total taxes withheld amounting to P420.632 million in CY 2021 were remitted to the Bureau of Internal Revenue within the prescribed period, thereby contributed to the National Government to collect funds needed for its operations.

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

13. NFA 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.

## COMPLIANCE WITH RA NO. 10606, NATIONAL HEALTH INSURANCE ACT

14. NFA considerably complied with the requirements of RA No. 10606 in deducting and remitting the premium contributions (employees' and employer's shares) to the Philippine Health Insurance Corporation.

## COMPLIANCE WITH RA NO. 9679 (PAG-IBIG)

15. In accordance with the requirements of RA No. 9679, NFA properly deducted the Pag-IBIG fund contribution and payment of loans from the salaries of the officials and employees. As of December 31, 2021, employees' premiums and other payables totaling P456,593 were not remitted to the Home Mutual Development Fund.

## SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

16. As of December 31, 2021, the total unsettled audit suspensions, disallowances and charges amounted to P17.050 million, P194.998 million and P2.682 million, respectively, as summarized in Table 26. The details and status are presented in **Annex A** of this Report.

**Table 26 - Summary of Audit Suspensions, Disallowances and Charges**

	Beginning Balance	Adjustment	Adjusted Beginning Balance	Issuance	Settlement	Ending Balance
Suspensions	P 11,153,091	P11,816,417	P 22,969,508	P4,680,970	P10,600,499	P 17,049,979
Disallowances	202,451,797	-	202,451,797	419,034	7,873,119	194,997,712
Charges	2,681,702	-	2,681,702	-	-	2,681,702
	<b>P216,286,590</b>	<b>P11,816,417</b>	<b>P228,103,007</b>	<b>P5,100,004</b>	<b>P18,473,618</b>	<b>P214,729,393</b>

- 16.1. The status of the audit disallowances is shown in Table 27.

**Table 27 - Status of Notices of Audit Disallowance**

Status	Amount
With Appeal/Unsettled	P112,346,623
With Cluster 5 - Corporate Government Audit Sector Decision	56,001,243
With Commission Proper Decision	10,910,600
With Notice of Finality of Decision	14,056,018
With COA Order of Execution	1,683,228
	<b>P194,997,712</b>



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

Of the 204 audit recommendations embodied in prior years' Annual Audit Reports (AARs), 22 were no longer doable, 39 were fully implemented and nine (9) were reiterations of prior years' recommendations, hence, deleted from this Status. Of the remaining 134 recommendations, 88 were partially implemented; seven (7) were not implemented; and 39 were revised and reformulated, as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
<b>2020 AAR</b>			
Audit Observation (AO) No. 1 Page 83	The non-elimination of the Intra-agency receivable and payable accounts at year-end overstated the total Assets by P51.040 billion or 224.15 per cent and total Liabilities by P49.467 billion or 32.05 per cent, thereby casting doubt on the reliability and accuracy of the account balances presented in the financial statements (FSs).	<p>We recommended that Management require the Finance Department (FD) to:</p> <ul style="list-style-type: none"> <li>a. Prioritize the reconciliation of intra-agency accounts to eliminate the reciprocal accounts and arrive at reliable balances;</li> <li>b. Strictly monitor compliance with NFA Standard Operation Procedures (SOP) No. FS-GP13, with emphasis on the regular preparation of schedule of interbranch transactions and Monthly Reconciliation Statement to identify variances, if any, within the reporting period and immediately coordinate with other offices to resolve the differences, as basis for necessary adjustments;</li> <li>c. Ensure that policies and guidelines on interbranch transactions are strictly observed, especially the sanctions provided in NFA SOP No. FS-GP13 as deterrent to the accumulation of variances; and</li> </ul>	<p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		d. Require all the Accountants of Central Office (CO), Regional Offices (ROs), Provincial Offices (POs) and Operating Units (OUs) to conduct a nationwide reconciliation of the intra-agency receivable and Intra-agency payable accounts to eliminate the balances of the reciprocal accounts at year-end. Ensure that all adjustments are supported with proper documents.	Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.
AO No. 2 Page 86	Journal entry vouchers (JEVs) for the adjustment and/or reconciliation of the balances of accounts amounting to P30.542 billion were not substantiated, thereby, casting doubt on the propriety of the balances of the accounts.	We recommended that Management require the Head of the FD to: <ul style="list-style-type: none"> <li>a. Submit all JEVs as well as the corresponding supporting documents related to the adjustments and/or reconciliations made;</li> <li>b. Reverse all journal entries, adjustments or reconciliations that cannot be supported or substantiated;</li> <li>c. Avoid making any journal entries, adjustments or reconciliations without securing first the supporting documents to substantiate the transactions; and</li> <li>d. Religiously submit the mandated reports within the prescribed period.</li> </ul>	Revised and reformulated under Part II – Observation and Recommendation No. 2 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 2 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 2 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 2 of this Report.

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 3 Page 91	The existence, accuracy, and completeness of the balances of the Property, Plant and Equipment (PPE) accounts with carrying amount of P2.451 billion at year-end cannot be ascertained due to the: (a) variances totaling P191.783 million between the book balances and per inventory counts in CO, RO in National Capital Region (NCR), and ROs II, V, and XI, and Bangsamoro Autonomous Region in Muslim Mindanao (BARMM); (b) undisposed unserviceable properties amounting to P4.446 million in ROs II, III, and V; (c) negative carrying amount of P1.042 million for PPE items in the books of NCR RO; (d) non-recording of depreciation expenses amounting to P0.947 million in CO and RO VI; (e) unrecorded properties in NCR RO and ROs I, III, and XII; and (f) incomplete documentation of various entries relative to the transfers of PPE from CO to POs, thus, affecting the fairness of presentation of the balances in the FSs.	We recommended that Management require the Accounting Sections and the Property Sections of CO and its ROs/DOs/POs to:  a. Conduct 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 effected in both records to arrive at the correct balances;  b. Cause the immediate disposal of unserviceable properties;  c. Re-assess/verify and reconcile the carrying amounts of PPE accounts with negative balances and understated depreciation expenses; and  d. Submit the necessary documents relative to the transfer of FDC accounts to the Department of Agriculture (DA) and other PPE accounts transferred from the CO to ROs/POs.	Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.  Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.
AO No. 4 Page 100	Uncollected overdue receivables amounting to P255.832 million from various private and government companies/ individuals and former NFA officials/employees who	We recommended that the FD and/or RO/Branch Accounting Sections to:  a. Continuously send demand letters to the last known addresses of	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	are already deceased and/or resigned/separated from the service remained dormant for 10 years and more due to lack of documentation and absence of updated information on collection. Non-implementation of existing guidelines and measures for dormant accounts pursuant to COA Circular No. 2016-005 and NFA SOP FS-FA13 affects the fair presentation of the balance of various Receivable accounts.	<p>debtors and employees/ personnel who are no longer connected with NFA;</p> <p>b. Exhaust all possible legal remedies for the collection of long outstanding accounts, particularly those of private entities;</p> <p>c. Coordinate with government offices concerned for possible collection/reconciliation of accounts;</p> <p>d. Ensure that the retiring/resigning/ transferring employees have already settled their money and property accountabilities before the issuance of the agency clearances;</p> <p>e. Periodically review the receivables by preparing Aging Schedule, at least on a quarterly basis, to determine the inactivity of the accounts so as to take appropriate and</p>	<p>Management sent demand letters to former employees and asked assistance from other government agencies for the postal address of retired/separated employees.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p> <p>Partially Implemented.</p> <p>Receivables from disallowances and unliquidated cash advances were deducted from the Service Incentive Package and Terminal Leave of the retiring employees before the issuance of clearance from property and financial accountability.</p> <p>Partially Implemented.</p> <p>Continuing activity of the Accounting Division. Management submitted the report</p>



Reference	Observations	Recommendations	Actions Taken/ Comments
		payment and issuance of rice stocks to ensure the proper accounting and documentation of customers' deposits;	
		c. Coordinate with ROs IX and X in identifying the legislators and the reference SAROs. As an alternative action, obtain the necessary information from the DBM. Otherwise, return to the National Treasury all unutilized funds deposited by the legislators who are no longer in the service; and	Not Implemented.
		d. Consider the applicability of the guidelines and procedures prescribed under COA Circular No. 99-004, EO Nos. 109 and 87, and DBM and COA Joint Circular No. 99-06 on the reversion of accounts payable.	Not Implemented.
AO No. 6 Page 107	The existence and correctness of the balances of Inventory Held for Consumption (IHC) account in the amount of P346.536 million could not be ascertained due to: (a) non-submission of consolidated Report on the Physical Count of Inventories (RPCI) and its reconciliation with the balance per books; (b) positive difference of P3.058 million between the balance per books and inventory report in BARMM and the negative difference of P1.968 million in CO and RO XV; (c) inventory items	We recommended that Management:  a. Require the Accounting personnel and the Property Officer to reconcile the balances per accounting and supply records and henceforth, perform periodic reconciliation of both records and to effect the necessary adjustment in the books to come up with a reliable balance of IHC account;  b. Require the Accounting Services Department (ASD) and General	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.  Revised and reformulated under Part II – Observation

Reference	Observations	Recommendations	Actions Taken/ Comments
	recorded in the books as “For Reconciliation” and “For Reclassification” in the amount of P0.667 million; (d) improper maintenance of Supply Ledger Cards (SLCs) and Stock Cards (SCs); and (e) incomplete physical inventory of supplies by some ROs/POs.	Services Department (GSD) to strictly adhere to SOP GS-PD25 for the proper documentation of IHC issued to POs/ROs;	and Recommendation No. 4 of this Report.
		c. Require the Property Officer to use the format of SLC prescribed under Section 17, Chapter 8 of GAM, Volume I, and install a sound internal control system on the preparation and maintenance of the SLCs to ensure better control and monitoring of the correct inventory balances;	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.
		d. Require the submission of the incident report on the loss of the property to support the request for relief from accountability for the damaged accountable forms;	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.
		e. Submit supporting documents pertaining to “For reconciliation” and “For Reclassification” of IHC for proper audit of the accounts;	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.
		f. Submit documents on the acknowledgment by the DA of the transfer of IHC by the NFA;	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.
		g. Require the Inventory Committee of Zamboanga Sibugay PO to conduct complete physical count on the inventory of warehouse supplies and materials, pallets and tarpaulin canvass to	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.

Reference	Observations	Recommendations	Actions Taken/ Comments
		establish accurately the existence of these inventory items; and	
		h. Require the Accounting personnel of Zamboanga Sibugay PO to account in the books the corresponding expenses due to damaged and spoiled inventories discovered during the inventory taking.	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.
AO No. 7 Page 112	The procurement for 23 contracts awarded by NCR and ROs IV, VI, X and XV - CARAGA with an aggregate cost of P271.964 million in CY 2020 were not in accordance with the requirements of certain provisions of RA No. 9184 and its Revised Implementing Rules and Regulations (IRR), casting doubt on the veracity of the transactions. Moreover, the late submission of the contracts within five working days from the date of execution is contrary to COA Circular No. 2009-001 and precluded the conduct of timely review/evaluation of the contracts and prompt communication of any observations noted in the course of audit.	We recommended that Management instruct the procurement offices concerned to strictly comply with the requirements of RA No. 9184 and its Revised IRR, specifically the preparation of APP, conduct of post-qualification, procurement timelines, and mode of procurement.	Partially Implemented.
AO No. 8 Page 114	NFA has no specific policy to implement Rule 8.3.2 of the IRR of RA No. 11203 in the disposition of good quality rice through donation during state of calamity which may affect	We recommended that Management consider formulating a policy on the disposal of good quality rice through donation so as to ensure the legitimacy of the donation to the victims of	Not Implemented.  Management still donated good quality rice in 2021 to other government agencies without



Reference	Observations	Recommendations	Actions Taken/ Comments
	its buffer stocking requirement and the legitimacy of the donation.	calamities/disasters, whether caused by fortuitous events or man-made.	specific policy in the disposition of good quality through donation.
AO No. 9 Page 116	The non-compliance with some provisions on warehouse custody, piling system, storage structure and specification, and good warehouse keeping, among others, specified in SOP No. GM-WH07, otherwise known as NFA's warehousing policies and procedures could result in losses due to stock/grain damages/deterioration and could cause environmental and health hazards.	<p>We recommended that the AGSD:</p> <p>a. Enjoin the Facility Management Section and personnel concerned to strictly implement/observe the provisions of SOP No. GM-WH07;</p> <p>b. Facilitate the immediate repair of the warehouse defects to prevent further warehouse deterioration and undue damage to the stocks, which could result in losses to NFA;</p> <p>c. Consider the utilization of advanced technologies such as CCTVs and other structures at warehouses to monitor activities inside the warehouses; and</p> <p>d. Ensure the regular fielding of the agency engineering team to conduct inspection of all facilities to determine their physical conditions so that</p>	<p>Partially Implemented.</p> <p>On-going implementation and strict compliance of the warehousing policies and procedures.</p> <p>Partially Implemented.</p> <p>Management committed to inspect the roofing for any holes, leakages or damage on a regular basis to prevent damage to the stocks stored in the warehouses.</p> <p>Partially Implemented.</p> <p>The procurement of CCTVs will be included in the EDBO Project Procurement Management Plan of 2022 that was submitted to NCR RO for approval.</p> <p>Partially Implemented.</p> <p>Management ensures the inspection of the</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		necessary/appropriate action/s can be immediately provided.	engineering team to determine the physical conditions of the warehouse.
AO No. 10 Page 117	The rice inventory levels in the NFA NCR and other ROs/POs were not consistently maintained resulting in way below the required level of buffer stock requirements in almost all months of CY 2020, thus, might compromise the Agency's capability to carry out its mandate of responding effectively and immediately during disaster and emergency situations.	<p>We recommended that Management:</p> <p>a. Strengthen the local procurement level to ensure at all times the availability of the required buffer stock levels to attain the Agency's mandate under RA No. 11203 to immediately and effectively respond in times of calamities/disasters;</p> <p>b. Formulate a more applicable plan of rice procurement and allocation that is aligned to the buffer stocking mandate of NFA and responsive to the needs of the LGUs and other government agencies during calamities/disasters so as to avoid overstocking/understocking; and</p> <p>c. Establish a monitoring system to closely oversee the compliance of the POs/ROs with the DCR so as to avoid understocking that could hamper the immediate and effective response in times of disaster and emergency situations.</p>	<p>Partially Implemented.</p> <p>Management closely monitors the compliance on the set level of buffer stocks and exerts their best to maintain the same.</p> <p>Partially Implemented.</p> <p>Management closely monitors the compliance on the set level of buffer stocks and exerts their best to maintain the same.</p> <p>Partially Implemented.</p> <p>Management closely monitors the compliance on the set level of buffer stocks and exerts their best to maintain the same.</p>
AO No. 11 Page 121	The CY 2020 GAD Plan and Budget (GPB) of NFA amounting to P460.660	We recommended that Management:	

Reference	Observations	Recommendations	Actions Taken/ Comments
	million was not endorsed by the Philippine Commission on Women (PCW), as required under Paragraph 8.6 of Joint Circular (JC) No. 2012-01 issued by the PCW-National Economic and Development Authority (NEDA)-DBM due to the submission to PCW of the GPB beyond the prescribed deadline and non-administration of Harmonized Gender and Development Guidelines (HGDG) to determine the actual cost of programs, activities and projects (PAPs) attributed to GAD, thus, there was no assurance that the PAPs indicated therein were aligned to the gender issues under the Philippine Plan for Gender-Responsive Development (PPGD) 1995-2025, nor were the activities conducted supportive or responsive to the gender issues of the Agency and its clients. Despite the non-endorsement of its CY 2020 GPB, NFA implemented some of the GAD PAPs costing P115.441 million equivalent to 0.001 per cent or less than the required five per cent of the approved Corporate Operating Budget (COB) for Fiscal Year (FY) 2020. It included the amount of P94.430 million for the attributed PAPs of ROs IV and XIV.	<p>a. Strictly comply with the provisions of PCW-NEDA-DBM JC No. 2012-01 to ensure that the PAPs are aligned with GAD-related undertakings for the optimal realization of the intent of the applicable law, rules and regulations.</p> <p>b. Direct the GAD focal person to:</p> <p>i. Prepare the Annual GPB and submit together with the GAD AR to PCW for endorsement within the deadlines set; and</p> <p>ii. Submit to the Audit Team copy of the duly endorsed GPB within five working days from receipt thereof and GAD AR within five working days from the end of January of the following year.</p> <p>c. Establish a GAD database as source of information for gender-responsive, planning and policy formulation;</p> <p>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 AR; and</p>	<p>Revised and reformulated under Part II – Observation and Recommendation No. 11 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 11 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 11 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 11 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		e. Attribute expenditures for GAD related activities to complete at least five per cent of the COB.	Revised and reformulated under Part II – Observation and Recommendation No. 11 of this Report.
<b>2019 AAR</b>			
Page 60	The presentation of the FSs and the accompanying Notes of the NFA are still not fully compliant with the disclosure requirements of the IPSASs, among others, IPSAS 1 on Presentation of FS thus, the presentation of the FSs and the accompanying Notes did not adequately provide the users of the FSs with relevant information in understanding the NFA's financial status.	We recommended that Management instruct the Accountant to comply with the disclosure requirements of the pertinent IPSAS provisions to have fair presentation of the account balances in the FSs.	Revised and reformulated under Part II – Observation and Recommendation No. 5 of this Report.
Page 63	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 ROs and 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.	We recommended that Management require the National Accountant to meticulously reconcile the variances between the FSs and the Combined TBs per RO, and prepare adjusting entries accordingly to come up with reliable balances of the accounts presented in the FSs.	Partially Implemented.  The variances were eliminated. However, no supporting JEVs or other documents were submitted by Management to substantiate the full reconciliation undertaken.

Reference	Observations	Recommendations	Actions Taken/ Comments
Page 64	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 carrying amount of P2.234 billion.	<p>We recommended that Management require the ASD and GSD of CO and ROs/POs to:</p> <ul style="list-style-type: none"> <li>a. 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;</li> <li>b. 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 Report on the Physical Count of PPE without delay and submit a copy to the Office of the Auditor;</li> <li>c. Require Property Officers and the Accounting Units to maintain in standard format the Property Cards and PPE Ledger Cards, respectively, and conduct the periodic reconciliation of their records to avoid misstatement or incorrect balances of the PPE accounts;</li> <li>d. Require the Inventory Committee to tag all the properties for easier identification;</li> </ul>	<p>Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		e. Ensure that all inventori-able assets are assigned with property numbers and included in the inventory report to safeguard agency's assets; and	Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.
		f. 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.	Revised and reformulated under Part II – Observation and Recommendation No. 3 of this Report.
Page 70	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; and 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.	We recommended that Management require the Regional and Provincial Managers concerned to: <ul style="list-style-type: none"> <li>a. Require the Accounting Unit to maintain/update the Supply Ledger Cards and the Property Unit to maintain Stock Cards to ensure check and balance and better control and monitoring of the inventories; and</li> <li>b. Turn over the custody of the agricultural supplies inventories to the GSD to ensure sound internal control as regards consumption/usage and issuance of the same.</li> </ul>	Revised and reformulated under Part II – Observation and Recommendation No. 4 of this Report.  Not Implemented.
Page 76	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;	We recommended that Management: <ul style="list-style-type: none"> <li>a. Require the Provincial Managers concerned to instruct their Senior Accounting Specialist to strictly assess the</li> </ul>	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	(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.	<p>completeness of the supporting documents submitted by the Special Disbursing Officers 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;</p> <p>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; and</p> <p>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 – Budget, Treasury and Fund Management Department Manager on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all</p>	<p>Partially Implemented.</p> <p>Partially Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		Provincial Managers on December 20, 2019.	
<b><u>2018 AAR</u></b> Page 62	The presentation of the FSs and the accompanying Notes of the NFA are not fully compliant with the disclosure requirements of the IPSASs, among others, IPSAS 1 on Presentation of FS and IPSAS 33 on the First Time Adoption of Accrual Basis IPSAS, thus, the presentation of the FSs and the accompanying Notes did not adequately provide the users of the FSs with relevant information in understanding the NFA's financial position, performance, and cash flows.	We recommended that Management require the National Accountant to submit the documents or JEVs to support and/or substantiate the effect of the transition to IPSAS to verify the reliability and/or correctness of the adjustments.	Revised and reformulated under Part II – Observation and Recommendation No. 5 of this Report.
Page 68	The reliability and existence of the PPE account with carrying amount 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 FSs due to the transfer/reclassification of the amount to another account without preparation and posting of the journal entry in the books; (c) unrecorded/	We recommended that Management require the ASD and Property Division of CO and ROs/POs to 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; and	Partially Implemented.  Divestment plan includes creation of appraisal committee.



Reference	Observations	Recommendations	Actions Taken/ Comments
	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.		
Page 74	An aggregate amount of P501.928 million investments did not reconcile with confirmed balances, were without supporting 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>We recommended that Management require the ASD to:</p> <p>a. Vigorously coordinate with the Asset Privatization Trust, Bureau of the Treasury (BTr), and Department of Agriculture (DA) for the return of NFA's investment in Gasifier and Equipment Manufacturing Corporation (GEMCOR);</p> <p>b. Coordinate with Food Terminal, Inc. (FTI), Manila Electric Company (MERALCO) and Development Bank of the Philippines (DBP) for the reconciliation of the Investment account balances; and</p> <p>c. For Philippine Long Distance Telephone Co., Kutowato, Capitol City Sports and Country Club, DBP-Trust, and NFA Employees Association, exert utmost efforts to retrieve/obtain documents to support the balances presented in the books,</p>	<p>Partially Implemented.</p> <p>Management coordinated with the DA. However, no documents were retrieved pertaining to the investment in GEMCOR.</p> <p>Partially Implemented.</p> <p>Management coordinated with FTI. Correcting entry was already made for MERALCO account last 2018. Reconciliation for DBP account is on-going.</p> <p>Partially Implemented.</p> <p>Per inquiry with the ASD, Management will prepare request to the COA to derecognize these accounts since NFA has no available</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		and to reconcile with the investees the difference between the book and confirmed balances.	documents to present to the investee in order to redeem the investment.
Page 78	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 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.	We recommended that Management:  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  b. Settle outstanding advances, including the interest and guarantee fees.	Partially Implemented.  Accountants are regularly reminded to fast track reconciliation of the accounts.  Partially Implemented.  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 Special Allotment Release Order (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 Government Corporations under GAA of FY 2020.
Page 81	The Intra-agency Receivable and Intra-	We recommended that Management:	

Reference	Observations	Recommendations	Actions Taken/ Comments
	agency Payable 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 FSs.	<p>a. Direct the Accountants concerned to prioritize the reconciliation of the 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>b. Ensure that policies and guidelines on interbranch transactions are strictly observed, especially the sanctions provided in NFA SOP No. FS-GP13 as deterrent to the accumulation of variances;</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>d. Consider the conduct of a nationwide reconciliation of the Intra-Agency Receivable and Intra-Agency Payable 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>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p> <p>Revised and reformulated under Part II – Observation and Recommendation No. 1 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
Page 90	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 were 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.	<p>We recommended that Management:</p> <p>a. Require the Legal Affairs Department (LAD) of the CO 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;</p> <p>a. 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>b. 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>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.</p> <p>Documents pertaining to SAO shortages were not available in certain Field Offices.</p> <p>Partially Implemented.</p> <p>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>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>

Reference	Observations	Recommendations	Actions Taken/ Comments
			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.
Page 101	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.	We recommended that the Management direct the LAD and the Internal Audit Service Department (IASD) to: <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol>	<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 roof top slab have been rectified by the contractor, defective smoke detectors were not replaced.</p> <p>Not Implemented.</p>
Page 107	Some provisions of the NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification, and good warehouse-keeping	We recommended that Management ensure that Warehouse Supervisor shall be assigned to one warehouse only to enable him to fully exercise the diligence	<p>Partially Implemented.</p> <p>A Memorandum will again be issued to all warehouse personnel for the</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	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.	of a good father of a family in the custody of warehousing.	fundamental standards on Stock Quality Maintenance/ Good Warehouse Keeping.
Page 118	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 RA No. 10121, otherwise known as the Philippine Disaster Risk Reduction and Management (DRRM) Act of 2010. Furthermore, the obsolescence of the NFA Disaster Preparedness Manual and SOP No. SP-OT01 adversely affected the NFA's operations as a whole, and its mandate to immediately respond to calamities and disasters.	We recommended that Management: <ul style="list-style-type: none"> <li>a. Update the existing DRRM Plan (DRRMP) and SOP No. SP-OT01 to align with the requirements under RA No. 10121; and</li> <li>a. Thoroughly disseminate the updated DRRMP and SOP No. SP-OT01 to all levels of organization and require them to their respective DRRMP.</li> </ul>	Partially Implemented.  Partially Implemented.
<b>2017 AAR</b> Page 81	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;	We recommended that Management maintain necessary volume of supplies and materials inventory for stock and issue by applying the average consumption based on the historical data of the Agency.	Partially Implemented.  It has been noted that some supplies and materials are sometimes out of stock.

Reference	Observations	Recommendations	Actions Taken/ Comments
	(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 RPCI form; thus, the existence and correctness of the balances of IHC and Semi-Expendable Machinery and Equipment (SEME) 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 CO IHC and SEME 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 aforementioned deficiencies.		
Page 85	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-	We recommended that Management:  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;  b. Obtain copies of documents from the creditor evidencing payments on the loans and	Partially Implemented.  Some documents were secured for the accounts of Human Settlements Development Corporation and Minprocor.  Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	issuance of official receipts by the creditor.	the corresponding interests; and	Ongoing retrieval of other supporting documents for Agrarian Credit Loan and Ministry of Agriculture and Food.
		c. 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 the recommendation on the reversion of accounts payable regarding dormant accounts.

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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

We recommended that Management 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.

Partially Implemented.  
  
Management has on-going retrieval of the supporting documents/ agreements to support the balances.



Reference	Observations	Recommendations	Actions Taken/ Comments
	years and onwards, thereby depriving the National Government (NG) of the use of the funds to supplement its other priority goals, programs and projects.		
Page 96	The lack of determination of NFA Management to undertake the necessary legal actions on the shortages of SAOs aggregating P184.198 million, recorded under Receivables-Other Receivables-Due from Officers and Employees account, as required in NFA 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>We recommended that Management:</p> <p>a. Revisit the existing warehousing policies and procedures (SOPs) to identify the causes of the incurrence of shortages and strengthen the measures that will prevent and/or address the same;</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>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</p>	<p>Partially Implemented.</p> <p>Management has communicated with NFA POs and FOs on efforts to revise existing NFA SOPs.</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>Partially Implemented.</p> <p>Liquidation of accountabilities by the SAOs still in the service is being done. To date, one SAO has fully liquidated with final TOLA result. Also, Palawan PO was able to</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		order to ensure NFA's welfare over the interest of SAOs;	collect additional P1.004 million.
		d. Persistently follow-up the early resolution of the cases of accountable officers concerned to effect immediate collection of their shortages;	Partially Implemented.  LAD and the FOs were able to collect from those who have approved Compromise Agreement.
		e. Initiate/File a Petition for a Writ of Preliminary Attachment against the properties of the SAOs concerned to secure the satisfaction of any judgment;	Partially Implemented.  The filing of cases against the properties of the SAO is only possible if there is already a final judgment in favor of NFA establishing the liability of the SAO. However, to date all the criminal cases are still pending.
		f. 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	Partially Implemented.  Hearing schedules in criminal cases are scheduled 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 the control of the handling lawyer.
		g. Revisit and/or modify NFA SOP to consider the delegation of authority to a	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		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.	To ensure close monitoring of pending cases and strictly no filing of motion to reset hearing, NFA makes 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.
Page 99	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 TOLA and non-exhaustion of other remedies to collect from concerned SAOs.	<p>We recommended that Management:</p> <p>a. Require the Stock Examination Group (SEG) 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 Regional Tolerable Allowance Committee (RTAC) for TOLA computation;</p> <p>b. Instruct the RTAC to speed up the TOLA computation to establish the final shortages of the SAOs/Warehouse Supervisors (WSs) so that settlement/collection of the amounts could be pursued and the balance of the accountabilities that could</p>	<p>Partially Implemented.</p> <p>Instructed all FOs to fast track examination.</p> <p>Partially Implemented.</p> <p>Instructed all FOs to fast track TOLA computation.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		not be ascertained be minimized/reduced;	
		c. 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;	Partially Implemented.  Coordinated with the departments and FOs concerned.
		d. Require the SEG to exert all efforts to locate missing documents to establish final shortages of SAOs; and	Partially Implemented.
		e. Assign a regular/permanent employee in the SEG to fast track the stock examination and preparation of SER.	Partially Implemented.
Page 148	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.	We recommended that Management instruct the concerned Provincial Managers to:  a. Require warehouse personnel to:  a.1 Attend training/re-orientation on warehousing policies and procedures at least every two years as provided in the SOP; and	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		a.2 Install proper signage in order to prevent the occurrence of accident or casualty.	Partially Implemented.
		b. Cause the immediate disposal of all unserviceable empty sacks (MTS), pallets and machineries stored at the warehouses.	Partially Implemented.
Page 170	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 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 NDRRMP.	We recommended that Management:  a. Adopt a DRRM Framework and Plan in congruence with the National DRRM Framework and Plan in order for NFA to be equipped and be responsive in times of disaster or calamity; and  b. Require the personnel concerned to conscientiously prepare or craft the Agency Annual DRRM Plan and Budget in accordance with the provisions of RA No. 10121.	Partially Implemented.  In CY 2019, NFA approved and disseminated its PSCP. However, NFA-HO still has not adopted a concrete DRRM Framework and Plan.  Partially Implemented.
Page 201	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	If found to be unnecessary due to obsolescence and/or the cost of repair or maintenance is excessive, we recommend for the early disposition to avoid further deterioration and, possibly, to obtain economic value from the disposition.	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	assets, and resulting in the inefficient and ineffective utilization thereof.		
<b>2016 AAR</b> Page 37	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 affecting the faithful presentation of the account in the FSs. Moreover, the amount of P540.651 million for the NFA's receivable from 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>We recommended 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 Home Office. 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>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>Management is exerting best effort in locating documents to facilitate reconciliation/ adjustment of the dormant accounts.</p> <p>Partially Implemented.</p> <p>Collected from DOTR the amount of P513.618 million under OR No. 0951755 dated January 2, 2020.</p> <p>Management had requested the write-off of the dormant accounts. Also, a petition for money claim from Department of Education and National Disaster Risk Reduction Management Council (NDRRMC) was filed with COA CO.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
			In NFA NCR, on-going reconciliation and confirmation by sending letters to verify collectability of the receivables.
		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.	Partially Implemented.  In-depth analysis and verification of accounts receivable balances of local government units and other receivables are on-going. Those deemed uncollectible are prepared for application for write-off upon meeting all necessary requirements.
Page 45	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 FSs.	We recommended that Management:  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;  b. Pursue an extensive collection policy for the accounts due to the NFA and intensify efforts to collect long outstanding accounts; and  c. For the agencies which still have transactions with NFA, coordinate with their	Partially Implemented.  Profiling of every account is being undertaken to determine those with possibility of collection and for request of write-off.  Partially Implemented.  Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		authorized official/s in order to finally collect these receivable accounts.	NFA has filed money claims with the COA Commission Proper.
Page 80	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 the transactions.	<p>We recommended that Management:</p> <p>a. 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; and</p> <p>b. 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>Partially Implemented.</p>
Page 89	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>We recommended that Management:</p> <p>a. Require the thorough verification of the nature or purposes of the projects, with long outstanding balances, and determine the status whether already completed, discontinued or abandoned;</p> <p>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</p>	<p>Partially Implemented.</p> <p>NFA ASD was able to settle and submit terminal reports to COA for project Arsenic, Cadmium, Tupig and Mango in an aggregate amount of P3.461 million.</p> <p>Partially Implemented.</p>



Reference	Observations	Recommendations	Actions Taken/ Comments
		amounts and the actual existing balances;	
		c. Make the necessary adjustments in the books to determine actual balances and cause remittance to the concerned agencies.	Partially Implemented.
		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; and	Partially Implemented. Management is continuing its retrieval of documents/ reconciliation with accounting records in other NFA FOs.
		e. In coordination with SAs concerned request for COA's authority to write-off dormant accounts in accordance with COA Circular No. 2016-005.	Partially Implemented.
Page 103	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 SAOs of P178.328 million whose final accountabilities have not been established.	We recommended that Management prioritize the in-depth analysis to clear the long outstanding balances in the Deferred Credits account and instruct the HO departments/offices and ROs concerned to include, among others, the following:  a. Gather documents supporting the transactions pertaining to the advance payment of the legislator and on the conduct of stock	Partially Implemented.  Profiling of accounts is being prioritized by the FOs. Coordination has

Reference	Observations	Recommendations	Actions Taken/ Comments
		examinations on SAOs with overages;	been made; awaiting further instructions from NFA HO/NCR.
		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	Partially Implemented.  Conducting thorough reconciliation of the unwithdrawn rice stocks paid in advance by other government agencies.
		c. Obtain information and guidance on the following:	
		c.1 Appropriate disposition of the advance payment made by the legislators since the stocks apparently have already been long withdrawn;	Partially Implemented.  NFA NCR Batanes Provincial Unit (BPU) will still coordinate with NFA HO regarding the advance payment of the former legislator.
		c.2 Status of accountability of the warehouse accountable officers; and	Partially Implemented.  FOs are instructed to fast track the processing and examination of accountabilities/ TOLA computation.
		c.3 Appropriate disposition of the long outstanding overages of retired/separated SAOs with or without final TOLA computation.	Partially Implemented.  FOs are instructed to send demand letters to retired/separated SAOs.

Page 139      Accumulated cash      We recommended that  
shortage in the total      Management require the:

Reference	Observations	Recommendations	Actions Taken/ Comments
	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.	a. Provincial Manager of Abra PO to file appropriate charges against the defaulting Accountable Officer (AO); and	Partially Implemented.  A compromise agreement has been entered on November 7, 2017 per Memorandum coded 2017-LAD-LD-K-006.  As of November 30, 2019, a total of P1.052 million was collected. In addition, cash shortage of P2.141 million was recorded in October 2019 as a result of reconciliation between Abra PO and NFA CO.
		b. HO Management constantly follow-up the filing of appropriate charges against the erring accountable officer.	Partially Implemented.
Page 157	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.	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 Provincial Operations Officer 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.	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
Page 198	<p>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 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 BPU, 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 recommend that BPU 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 where NFA NCR is currently conducting an evaluation/assessment of the dispersal operations for proper recognition of dispersal losses.</p>
Page 201	<p>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 SERs of SAOs due to the absence of specific guidelines, resulting in erroneous SERs and computation of</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</p>	<p>Partially Implemented.</p> <p>NFA NCR had elevated the matter to the IASD CO through Memorandum coded NCR-ORM-RF-G-02 dated July 4, 2017.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	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.	embedded in the TOLA system and identify the needed amendments in the policy to ensure the accurate computation of TOLA.	
Page 216	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 Payables-CDF account of P161.154 million.	We recommended 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>Partially Implemented.</p> <p>On-going reconciliation of the account balances by the ASD. The variance in CDF balance is now reduced to P0.455 million as of December 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. The transactions of the CDF were temporarily suspended effective August 2019 by the NFA Administrator pending review of its activities and projects.</p>
Page 217	No complete set of separate books of accounts were maintained for CDF contrary to the provisions of NFA SOP No.	We recommended that Management require the CDF Committee Secretariat to strictly adhere to the provisions of NFA SOP No.	<p>Partially Implemented.</p> <p>On-going preparation of the separate books</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	TS-ES22 dated February 14, 2008, thus, detailed transactions involving sources and uses of funds balance cannot be easily determined/monitored.	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.	of accounts. Reconciliation of CDF accounts still in on-going.

## **2015 AAR**

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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.	We recommended that Management uphold an impartial investigation that will lead to the filing of administrative/criminal charges against those erring Nueva Ecija PO 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.	Partially Implemented.  Administrative case filed; 90 days preventive suspension from March 16, 2016 to June 13, 2016; Also, Pre-Hearing started in August 2016.
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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 Irrigated Rice Production Enhancement Project (IRPEP) was not fully attained due to (a) failure to repair the two warehouses in Region X; (b)	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.
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Reference	Observations	Recommendations	Actions Taken/ Comments
	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.		
Page 168	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 the determination of their location and status to facilitate the eventual transfer of these properties to NFA.	Partially Implemented.
Page 172	Honoraria in the total amount of P1.090 million were granted to CDF Secretariat/Committee	We recommended that Management revisit the provisions of NFA SOP No. TS-ES22 on the grant of	Partially Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	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.	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.	Payment of honoraria was suspended effective August 2019 by the NFA Administrator pending review of its activities and projects.
Page 174	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 the liquidation of the funds may result in delayed liquidation/non-liquidation thereof.	We recommended that Management 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.
<b><u>2013 AAR</u></b> Page 93	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,	We recommended that Management: <ol style="list-style-type: none"> <li>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</li> <li>Include in the policies on dispersal, the regular reconciliation between records of the issuing and</li> </ol>	Partially Implemented.  Stock examination of the former Warehouse Supervisor is not yet completed due to lack of manpower.  Partially Implemented.



Reference	Observations	Recommendations	Actions Taken/ Comments
	rendering the quantities reported unreliable.	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 that balances reported are accurate.	
Page 118	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 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.  In Southern Leyte PO billing statements were issued to the concerned LGUs with unpaid accounts. Follow-up letters after the first demand letter was issued to the LGUs were also sent.

## DETAILS AND STATUS OF UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES As of December 31, 2021

### I. Notices of Suspension (NSs)

NS No. /Date	Nature of Suspension	Persons Liable	Amount	Status
<b>Central Office (CO)</b>			<b>P3,428,147</b>	
2018-001 (2015) 10/23/2018	Fund transfer to Bureau of Soils and Water Management (BSWM) for the NFA Corn Development Fund projects.	Former Administrator et. al.	3,011,360	Partially submitted documents evaluated. BSWM refunded the unexpended balance of the funds. Required narrative Report of the project is not yet prepared.
2018-001 (2017) 1/17/2019	Liquidation of fund transfer from Department of Agriculture Bureau of Agriculture Research	Various NFA personnel	327,382	Documents submitted for evaluation
2019-002 (2018) 9/30/2019	Payment of Extra Ordinary and Miscellaneous Expenses	Various NFA personnel	89,405	Documents submitted for Evaluation
<b>Region 2</b>			<b>177,808</b>	
21-003-101 (2021) 10/18/2021	Payment of Statement of Work Accomplishment	Various NFA personnel	177,808	
<b>Region IV-B</b>			<b>358,393</b>	
Occidental Mindoro Branch Office (BO)				
No details provided	No details provided	No details provided	358,393	
<b>Region VIII</b>			<b>12,821,879</b>	
RO				
2015-10-07(2015)/ 10/13/2015	Purchase of Airline Ticket	Various NFA personnel	68,633	
2016-09-012/ 09/27/2016	Travelling Expenses	Various NFA personnel	14,445	
2016-09-015/ 10/24/2016	Purchase of Office Supplies	Various NFA personnel	18,219	
2019-01-01-001/ 1/15/2019	Purchase of Office Supplies	Various NFA personnel	381,180	
Northern Leyte				
2019-09-001/ 09/13/2019	Payment of 7% and final billing of the project Construction of 100TCC Warehouse with WSII office (whse 2) at NFA Alangalang	Various NFA personnel	11,571,615	
2016-06-009(2016)/ 06/01/2016	Travelling Expenses	Various NFA personnel	4,050	

NS No. /Date	Nature of Suspension	Persons Liable	Amount	Status
2017-10-005(2016)/ 10/23/2017	Payment of 100% billing for Concreting of Driveway Approach at Entrance	Various NFA personnel	89,148	
2017-10-006(2016)/ 10/24/2017	First and Final payment for repair / rehabilitation of powerhouse at NFA, Palo, Leyte	Various NFA personnel	456,743	
<b>Biliran</b>				
2017-04-002/ 06/08/2017	Rehabilitation of NFA roofing and building	Various NFA personnel	156,959	
2016-07-010/ 07/14/2016	Reimbursement of supplies	Various NFA personnel	2,400	
2016-07-009/ 07/14/2016	Labor expenses	Various NFA personnel	1,200	
2016-06-006/ 06/21/2016	Reimbursement of supplies	Various NFA personnel	2,400	
2015-05-001/ 05/17/2016	Travelling expenses	Various NFA personnel	1,280	
<b>Eastern Samar</b>				
2019-001 (18)/ 12/3/2019	Cash Advance for Team Building	Various NFA personnel	15,600	
2019-018/ 12/3/2019	Cash Advance for GAD Seminar	Various NFA personnel	8,570	
<b>Northern Samar</b>				
2018-001	Guard House Repair	Various NFA personnel	9,844	
2018-002	LCD Projector Repair	Various NFA personnel	6,094	
2018-004	Guard House Repair	Various NFA personnel	7,312	
2018-010	Aircon Repair	Various NFA personnel	6,187	
<b>Region IX</b>			<b>263,752</b>	
<b>Zamboanga City BO</b>				
No details provided	No details provided	No details provided	263,752	
<b>Total</b>			<b>P17,049,979</b>	

## II. Notices of Disallowance (NDs)

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>With CGS Cluster 5 Decision</b>				
<b>CO</b>			<b>P14,065,447</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.

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
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 Cluster 5 Decision No. 2015-017 dated Dec. 8, 2015, denying the Appeal. With partial settlement of P158,593.38 as of 12/31/2021 was treated as NFA trust liability.
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-Cluster 5 Decision No. 2015-004 dated Jan. 1, 2015, denying the Appeal with re- computation. The payment of employees amounting to P47,631.55 as of 12/31/2021 was treated as NFA Trust liability.
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. 2018- 018 dated Dec. 9, 2018, denying the Appeal. The payment of employees amounting to P4,199,000 as of 12/31/2021 was treated as NFA trust liability.
<b>NCR</b>			<b>22,128,013</b>	
<b>RO</b>				
2018-01-2016 10/26/2018	Group Hospitalization Insurance Program (GHIP) and Group Accident Insurance Program (GAIP) – NFA-NCR	Reg. Manager (RM), Reg. Accountant and various NFA officials & employees as payees	1,678,013	With CGS Cluster V Decision No. 2020-025 dated 8/25/2020 affirming the disallowance in the amount of 1,678,013
14-01-501(12)/ 01/24/14	Payment of FGI CY 2012	RM, Reg. Accountant and various NFA officials & employees as payees	3,475,000	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>CBDO</b>				
2015-01- 501(2010)/BPU/ 01/28/15	Payment of FGI (BPU) CY 2010	OIC, Acting Accountant and various NFA officials and employees as payees	200,000	With COA Decision No. 2021-438 dated December 21, 2021 affirming the CGS-5 Decision No. 2016-004 dated April 28, 2016.
2014-002 (2010)/ 12/18/14	Payment of FGI (NDO) CY 2010	PM, Assistant PM, SAS, AO, and various NFA officials and employees as payees	3,500,000	With CGS Decision No. CGS-5 2015-018 dated 12/9/15, denying the appeal and affirming the disallowances.

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2014-003 (2011)/ 12/18/14	Payment of FGI (NDO) CY 2011	PM, Assistant PM, SAS, AO and various NFA officials and employees as payees	3,450,000	-do-
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>Region I</b>			<b>916,908</b>	
<b>RO</b>				
20-001-GOF-(20)/ October 01, 2020	Payment of GAIP CY 2020	NFA officials and employees as payees	334,960	With CGS Cluster V Decision No. 2021-016 dated May 18, 2021
<b>La Union BO</b>				
2017-001-CF-(2016) 5/11/2017	Payment of GHIP CY 2016	Kaizer International Health Group and Asian Life and General Assurance Corporation	44,069	With COA CAR Decision No. 2019-17 dated March 5, 2019
2021-01(19) 4/ 20/2021	Excess of Rice Allowance	Several NFA Employees	34,660	With CGS Cluster V Decision No. 2021-024 July 28, 2021
2018-001-GOF-(17)/ 4/ 10/ 2018	GHIP 2017 BPO	Insurance Corporation	55,089	With CGS Cluster 5 Decision o. 2021-009 dated March 12, 2021
20-001-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	7,450	CGS Cluster V Decision No, 2021-033 dated October 25, 2021 affirming the disallowance
20-002-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	10,762	-do-
20-003-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	19,840	-do-
20-004-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,087	-do-
20-005-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,763	-do-
20-006-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,123	-do-
20-007-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,803	-do-
20-008-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,123	-do-
20-009-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,803	-do-
20-010-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,123	-do-
20-011-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,803	-do-

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
20-012-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,175 -do-	
20-013-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,861 -do-	
20-014-GOF-(19)/ 11/12/ 2020	Excess of Rice Allowance	Various NFA Employees	6,175 -do-	
20-015-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,861 -do-	
20-016-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,175 -do-	
20-017-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,861 -do-	
20-018-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	18,524 -do-	
20-019-GOF-(19)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	19,897 -do-	
20-020-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	12,686 -do-	
20-021-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	15,223 -do-	
20-022-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,024 -do-	
20-023-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,460 -do-	
20-024-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,640 -do-	
20-025-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	7,251 -do-	
20-026-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,983 -do-	
20-027-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,921 -do-	
20-028-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,463 -do-	
20-029-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	7,024 -do-	
20-030-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,386 -do-	
20-031-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,925 -do-	

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
20-032-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,308	-do-
20-033-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,824	-do-
20-034-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	5,571	-do-
20-035-GOF-(20)/ 11/12/2020	Excess of Rice Allowance	Various NFA Employees	6,367	-do-
Ilocos Norte BO				
20-001 -010-GOF (19) and 20-011-GOF(20) -20-019GOF (20)/ 11/10/2020	Excessive rice allowances	Various NFA personnel	61,715	With CGS Cluster V Decision No. 2021-027 dated August 31, 2021
20-001 to 019-GOF-(19) to GOF(20) 11/10/2020	Excess payment of rice allowance	NFA Officials and Employees	105,150	With CGS Cluster V Decision No. 2021-032 dated October 14, 2021
<b>Region IV-A</b>			<b>740,000</b>	
Laguna BO				
2012-01-101(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. Appeal of the former Chairman of NFA Council from Supplemental Notice of Disallowance No. 2012-001A 101(2011) was affirmed per CGS Cluster V Decision No. 2021-004
<b>Region V</b>			<b>1,340,000</b>	
Albay BO				
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.
Camarines Norte BO				
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>Region VI</b>			<b>16,809,195</b>	
RO				
14-001- GOF(12)/ 9/9/14	FGI CY 2012	NFA officials and employees	625,000	CGS-5 Decision No. 2015-018 dated Dec. 9, 2015
Iloilo BO				
14-001-GOF- (2011) 09/9/2014	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees	1,460,000	With CGS-5 Decision No. 2015-018 dated December 9, 2015. Decision received by the Appellants on January 21, 2016.  Motion for Reconsideration filed before the CO on February 3, 2016

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
14-002-GOF- (2012) 09/09/2014	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees	1,440,000	-do-
18-001-GOF- (2015/2016) 4/17/2018	Payment for security services	Various NFA officials and employees	7,834,195	
<b>Capiz BO</b>				
14-001-GOF- (2010) 09/9/2014	Payment of FGI CY 2010	PM, SAS, and various NFA officials and employees	880,000	With CGS 5 Decision No. 2015-018 dated December 9, 2015. Decision received by the Appellants on January 29, 2016
14-002-GOF- (2011) 09/9/2014	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees	920,000	-do-
14-003-GOF- (2012) 09/9/2014	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees	880,000	-do-
<b>Negros Occidental</b>				
ND No. 2014-001 (2010) 06/30/2014	Payment of FGI CY 2010	Assistant PM, SAS, and various NFA officials and employees	910,000	With CGS 5 Decision No. 2015-018 dated December 9, 2015. Decision received by the Appellants on March 17, 2016
ND No. 2014-001 (2011) 06/30/2014	Payment of FGI CY 2011	Assistant PM, SAS, and various NFA officials and employees	940,000	-do-
ND No. 2014-001 (2012) 06/30/2014	Payment of FGI CY 2012	Assistant PM, SAS, and various NFA officials and employees	920,000	-do-
<b>Region X</b>			<b>1,680</b>	
<b>Lanao del Norte</b>				
2012-002/ 12/10/2012	Payment to Asianlife and General Assurance Corp. for GAIP	Various NFA personnel	1,680	CGS Cluster V Decision No. 2021-022 dated July 2, 2021 affirming the disallowance.
<b>Sub-Total</b>			<b>P56,001,243</b>	
<b>With CP Decision</b>				
<b>NCR</b>			<b>4,180,000</b>	
<b>EDBO</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	Petition for Review denied 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 employees as payees.	1,460,000	-do-
14-01-004 (2009)/ 12/18/14	Payment of FGI CY 2011	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees.	1,380,000	-do-



ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Region I</b>			<b>720,000</b>	
Ilocos Norte BO				
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 Certiorari to the Supreme Court
<b>Region II</b>			<b>1,985,600</b>	
RO				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	RM, Accountant, Budget Officer and various NFA officials and employees as payees	290,100	Total amount of ND was P645,000.00 with settlement of P354,900 as at December 31, 2021 leaving unsettled amount of P290,100
<p>CP denied the Motion for Reconsideration under En Banc Notice No. 2020-024 issued on Feb. 12, 2020.</p> <p>A Supplemental ND No. 2014-001-101A dated February 19, 2019 was issued pursuant to the directive of the COA CP to issue Supplemental ND to the members of the NFA Council who authorized the grant of FGI. SC Decision dated November 9, 2021 ordered all the passive recipients of the FGI, including the NFA approving/certifying officials who had received the disallowed amount in their capacity as payees were ordered to refund the amounts they received. However, the approving/certifying officers were exonerated from their solidarity liability to return the disallowed amount.</p>				
Nueva Vizcaya BO				
2014-01-101(12)/ 04/10/14	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees as payees	522,000	With COA Decision No. 2020-181 dated Jan. 29, 2020, petition for review was denied and affirmed the ND in the total amount of P560,000. With partial settlement of P 38,000 as of 12/31/2021.
<p>A Supplemental ND No. 2014-001-101A-(12) dated June 5, 2020 was issued pursuant to the directive of the COA CP to issue Supplemental ND to the members of the NFA Council who authorized the grant of FGI</p> <p>CGS Cluster 5 Decision No. 2021-001 dated January 07, 2021 affirmed the Supplemental ND No. 2014-001-101A-(12) dated</p>				

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
				June 5, 2020 for the appeal of former member of NFA Council.
				CGS Cluster 5 Decision No. 2021-003 dated January 13, 2021 affirmed the Supplemental ND No. 2014-001-101A-(12) dated June 5, 2020 for the appeal of former NFA Vice Chairman of NFA Council
2014-01-101(12)/04/10/14	Payment of FGI CY 2012 Quirino PO	PM, SAS, AO and various NFA officials and employees as payees	490,000	With COA Decision No. 2020-125 dated Jan. 27, 2020, petition for review was denied and affirmed the ND.
				A Supplemental ND No. 2014-001-101A-(12) dated June 5, 2020 was issued pursuant to the directive of the COA CP to issue Supplemental ND to the members of the NFA Council who authorized the grant of FGI.
				CGS Cluster 5 Decision No. 2021-003 dated January 13, 2021 affirmed the Supplemental ND No. 2014-001-101A-(12) dated June 5, 2020 for the appeal of former NFA Vice Chairman of NFA Council
<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	683,500	Total amount of ND was P1,660,000.00 and collected the amount of P471,500.00 from NFA retired employees in CY 2020 and P505,500 for CY 2021, thus the unsettled amount of P683,500 as of 12/31/2021
				A Supplemental ND No. 2014-01-101A was issued on February 19, 2019 pursuant to the directive of the COA CP in its COA Decision No. 2018-398 directing the SA and ATL to issue supplemental ND to the members of the NFA Council who authorized the grant of FGI.
				CP denied Motion for Consideration under En Banc Notice No. 2020-015 issued on February 12, 2020.
				Petition for Certiorari was allegedly filed before the Supreme Court.

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Region IV-A</b>			<b>1,835,000</b>	
Quezon BO				
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.
				Motion for reconsideration was denied per 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 matters and show sufficient ground to justify a reconsideration of the assailed decision.
12-002(09)/07/18/12	Payment of FGI CY 2009	Various NFA officials and employees	580,000	
12-003(11)/07/19/12	Payment of FGI CY 2011	Various NFA officials and employees	640,000	
<b>Region IV-B</b>			<b>680,000</b>	
Palawan BO				
2012-001 (2011)/01/18/2012	Payment of FGI CY 2011	Various NFA officials and employees	680,000	With CP Decision No.2021-294 dated November 5, 2021 affirming Regional Office No. IV-B Decision No. 2016-12 dated April 18, 2016. Total amount of ND is P740,000 but with partial settlement of P60,000 as of 12/31/2021 leaving a balance of P680,000.
<b>Region V</b>			<b>1,510,000</b>	
Albay BO				
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.
Sorsogon BO				
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.
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 CGS Decision 2020-026 dated 9/8/2020 denying the appeal of former NFA Council member re: Supplemental ND No. 2017-001(GOF)(11) Petition for review filed with the

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
				Commission Proper on 10/5/2020.
<b>Sub-Total</b>			<b>P10,910,600</b>	
<b>With NFD</b>				
<b>CO</b>			<b>10,634</b>	
18-002 (2012- 2015)/ 1/17/2018	Reimbursement and liquidation of expenses under IRPEP	Various NFA personnel	10,634	With NFD No. 18-001( 2012-2015)
<b>NCR</b>			<b>1,599,633</b>	
<b>EBDO</b>				
14-01-001 (2012)/ 12/14/14	Payment of FGI CY 2012	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees	473,054	With NFD per CGS-5 Decision No. 2015-003 dated Jan. 27, 2015. ND was partially settled amounting to P886,946.48 as of 12/31/2021
2014-001-(2012)	Payment of FGI CY 2011 (SDO)	Acting PM, SAS, Assistant PM, AO, Cashier and various NFA officials and employees as payees.	1,100,000	-With NFD. Per Notice of Commission Porper en banc resolution on November 25, 2019 En Banc Notice No. 2020-026
<b>CBDO</b>				
219-002 / 8/14/2019	Travelling Expenses	NFA officials and employees as payees.	26,579	With NFD dated 07/22/2020
<b>Region I</b>			<b>1,230,000</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	NFD No. 2019-215 dated June 4, 2019.  Petition for Certiorari at SC
<b>La Union BO</b>				
14-001-106(2012)/ 02/10/14	Payment of FGI 2012	PM, SAS and various NFA officials and employees as payees	620,000	NFD No. 2019-215 dated June 4, 2019
<b>Region II</b>			<b>1,059,200</b>	
<b>Cagayan BO</b>				
2014-01-101(12)/ 03/31/14	Payment of FGI 2012	PM, SAS and various NFA officials and employees as payees	614,200	NFD 2019-131 dated 3/14/2019 issued by the Commission Proper. Supplemental Notice of Disallowance (SND) No. 2014-101-A was issued on July 10, 2018 pursuant to the directive of the COA CP in its COA Decision 2017-068 directing the SA and ATL to issue SND to the member of the NFA Council who authorized the grant of FGI. Total disallowance of P985,000 with settlement pf 370,800 as of December 31, 2021 leaving an unsettled amount of P614,200

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2014-01-101 (12)	Payment of FGI 2012 Kalinga PO	PM, SAS and various NFA officials and employees as payees	445,000	NFD No. 2020-400 dated December 1, 2020 was issued by the Commission Proper. Total disallowance of P545,000 with settlement of P100,000 as of December 31, 2021 leaving an unsettled amount of P445,000
<b>Region IV-A</b>			<b>4,250,000</b>	
Laguna BO				
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.  Appeal of the former Chairman of NFA Council from Supplemental Notice of Disallowance No. 2011-005A (2010) was affirmed per CGS Cluster V Decision No. 2021-004 dated January 22, 2021.
2011-001 (2009) 7/24/2011	Payment of FGI CY 2009	PM, SAS and various NFA officials and employees, as payees.	680,000	-do-
2013-003 (2012) 8/29/2013	Payment of FGI CY 2012	PM, Assistant PM and various NFA officials and employees as payees.	760,000	With NFD No. 2020-007 dated February 4, 2020.  Appeal of the former Chairman of NFA Council from Supplemental Notice of Disallowance No. 2013-003A (2012) was affirmed per CGS Cluster V Decision No. 2021-004
Batangas BO				
2010-01 (2008) 01/7/10	Payment of FGI 2008	25 NFA officials and employees	490,000	Outstanding balance of P490,000.00 as of December 31, 2021 was from retired and deceased employees.
2013-002 (2012) 4/12/2013	Payment of FGI 2012	54 NFA officials and employees	1,080,000	With Notice of Finality of Decision No. 2020-400 dated December 1, 2020 issued by the Office of the Commission Secretariat
Quezon BO				
10-001-101-(08)/ 03/2/10	Payment of FGI CY 2008 Marinduque PO	Various NFA officials and employees of NFA Mariduque	290,000	With NFD No. 2019-153 dated 3/27/2019
10-002-101-(09)/ 03/2/10	Payment of FGI CY 2009	Various NFA officials and employees	250,000	With NFD
<b>Region IV-B</b>			<b>790,000</b>	
Occidental Mindoro BO				
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

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
Oriental Mindoro BO				
13-001-GOF(12)/ 10/25/13	Payment of FGI CY 2012	Various NFA officials and employees	50,000	With NFD and partial settlement. The authority from Commission Secretariat for instalment expired.  The amount of the ND is P860,000 was being paid thru direct payments and/or deduction from salary and retirement pay totaling P810,000 as of 12/31/2021
<b>Region IX</b>			<b>1,996,551</b>	
Zamboanga Del Norte BO				
11-001-101(10)/ 2/4/2011	Payment of FGI	PM, SAS, Cashier, and various NFA officials and employees	480,000	With NFD dated March 20, 2015
11-002-101 (10)/ 2/11/2011	Collective Negotiation Agreement Incentive (CNAI)	Various NFA officials and employees.	284,586	With NFD dated March 20, 2015. Salary deduction started March 2015.
12-005 GOE 1005(12)/ 05/15/2012	CNAI	Various NFA officials and employees	13,000	NFD issued and received by the persons liable on January 6, 2015
12-004 GOE 1005(10)/ 05/28/2012	CNAI	Various NFA officials and employees	15,000	Issued NFD received by persons liable either by personal service or through registered mail
12-004 GOE 1012(10)/ 09/22/2012	Cash advance for travel	Various NFA officials and employees	13,000	Issued NFD received by persons liable either by personal service or through registered mail
13-001 GOE 1212(12) 01/4/2013	Payment of FGI	Various NFA officials and employees	60,000	Issued NFD received by persons liable either by personal service or through registered mail
13-002 GOE 1212(12) 1/11/2013	Payment of FGI	Various NFA officials and employees	570,000	Issued NFD received by persons liable either by personal service or through registered mail
2012-01-(2010- 2011) 12/3/2012	Payment of FGI	PM, SAS and various NFA officials and employees	560,965	With NFD dated September 29, 2015. The amount of P1,159,034.29 was collected as of December 31, 2020.
<b>Region XI</b>			<b>1,480,000</b>	
Davao Del Sur BO				
DDS 2014-001(2012) 9/11/14	FGI CY 2012	35 NFA Davao del Sur Employees	700,000	With NFD issued in compliance with memo of CD Agatep dated Sept. 1, 2014 based on COACP Decision dated 2014-160 dated August 15, 2014.
2014-001 (2012)	Grant of FGI to 39 official and employees of NFA Davao City	PM, Accountant II and Various employees	780,000	Issued NFD

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
	Provincial Office during CY 2012			
<b>CARAGA</b>			<b>1,640,000</b>	
Agusan del Sur BO				
2014-01(12)/02/6/2014	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees	480,000	With NFD
Surigao del Sur BO				
10-01-101(10)/06/13/2011	Payment of FGI CY 2009	Various NFA personnel	80,000	With NFD 2014-219 dated 9/11/2014. Outstanding balance as of 12/31/2020 represents those employees who are deceased and who have retired from service.
12-001-GOF (11)	Payment of FGI CY 2011	Various NFA personnel	640,000	With NFD No. 2019-020 dated 1/17/2019. Issuance of COE for the enforcement of COA Decision No. 2016-166 dated 12/28/2016 was deferred pending resolution by the SC of the Petition for Certiorari.
12-001-111 GOF/4/10/2012	Payment of FGI CY 2011	Various NFA personnel	440,000	With NFD dated 10/7/2015
<b>Sub-Total</b>			<b>P14,056,018</b>	
<b>With COE</b>				
<b>CO</b>			<b>66,860</b>	
2019-001 (2018)/12/27/2019	Liquidated Damages	Deputy Administrator, Department Manager ASD, Department Manager GSD, Payee	66,860	With COE. Partial settlement of P38,206.08 as of 12/31/2021 treated as trust liability.
<b>NCR</b>			<b>214,523</b>	
CDBO				
14-01-788-03-(12)/2/6/14	Payment of FGI CY 2012	Various NFA officials and employees as payees	214,523	Issued COE No 2017-002 dated 1/3/2017. With partial settlement in the amount of P1,805,477.32 as of 12/31/2021.
<b>Region I</b>			<b>16,983</b>	
La Union BO				
2017-002-GOF-(16)/6/07/2017	CNAI 2016	NFA personnel	5,600	COE No. 2018-07-096 dated 7/13/2018
2011-001-RSFP-(10)/7/22/2011	Liquidated Damages on the delivery of certified seeds	Multi-Purpose Cooperative	11,383	Issued COE issued on March 12, 2012
<b>Region IV-A</b>			<b>212,000</b>	
Quezon BO				
11-001-101-(10)/05/25/11	Payment of FGI CY 2010 (MPO)	Various NFA officials and employees	212,000	With COE No. 2019-041 dated 6/2/2019

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Region IV-B</b>			<b>680,537</b>	
Palawan BO				
09-001-101 (09)/12/28/09	Payment of FGI CY 2008	RM, PM, SAS and various NFA officials and employees as payees	250,570	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	175,688	With Motion to set aside COE implementation; Answer to Appeal submitted per Director's Order; With partial settlement.
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
<b>CARAGA</b>			<b>492,325</b>	
Surigao del Sur BO				
11-001-111 GOF (09-10)	Payment of FGI CY 2009 & 2010.	Various NFA personnel	492,325	With COE No. 2015-251 dated 11/3/2015. With partial Settlement.
<b>Sub-Total</b>			<b>P1,683,228</b>	
<b>With Appeal Filed/Unsettled/With Partial Payment</b>				
<b>CO</b>			<b>3,317,862</b>	
17-002(2015-2016)/11/29/2017	Travelling Expenses of NFA-EA	Various NFA personnel	489,199	With Appeal. With partial settlement of P109,903.30 as of 12/31/2021
18-001 (14)/1/16/2018	Reimbursement of meal expenses	Various NFA personnel	417,771	With Appeal.
18-003 (2016)/7/5/2018	Payment of GHIP, GAIP and EHCP	Various NFA personnel	2,373,280	With Appeal. With partial settlement in the amount of P893,969.40 as of 12/31/2021 treated as Trust Liability
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 – GMOD	37,612	With Partial settlement
<b>NCR</b>			<b>7,670,661</b>	
CBDO				
16-01-(2010)/2/26/16	Payment of FGI (CDO) CY 2010	Various NFA personnel	2,280,000	With Petition for Review dated Dec. 27, 2016
2016-02 (2008) /2/26/16	Payment of FGI (CDO) CY 2008	Various NFA personnel	1,955,000	-do-
2014-001 (2012)/02/20/14	Payment of FGI (NDO) CY 2012	PM, Assistant PM, Senior Accounting Specialist (SAS), Administrative Officer (AO) and various	3,340,000	Under Appeal.



ND No. /Date	Nature of Disallowance		Persons Liable	Amount	Status
			NFA officials and employees as payees		
2019-001/8/14/19	Travelling (NDO)	Expenses	PM, Asst. PM, Administrative Officer, SAS, Accounting Clerk, Laborer	13,783	-do-
2021-001(2019)	Travelling (BPU)	Expenses	NFA personnel	81,878	-do-
<b>Region I</b>				<b>7,780,915</b>	
<b>RO</b>					
15-003-106(2014)/08/10/15	Result of technical evaluation		Various NFA officials/employees and supplier.	69,857	With NSSDC for adjustment in SASDC
16-001-106(2015)/01/07/16	Payment of 2015 GHIP		Insurance Company	536,005	Under Appeal.
16-003-106(2015)/05/27/16	Result of technical evaluation		Construction Company	146,495	Under Appeal
17-003-106(2016)/01/25/17	CY 2016 GHIP Premiums of Regular Members		Various NFA personnel	47,010	Under Appeal
17-004-106(2016)/05/25/17	Familiarization Allowance		Various NFA personnel	12,000	Under Appeal
17-005-106(2016)/05/25/17	Familiarization allowance		Various NFA personnel	5,600	Under Appeal
18-001-106(2017)/01/08/2018	2017 GHIP Premiums		NFA Officials and employees	71,625	Under Appeal
18-001-GOF(18) 05/16/2018	2018 GHIP Premiums		NFA Officials and employees	350,700	Under Appeal
18-002-GOF(18)/10/08/2018	2018 GAIP Premiums		NFA Officials and employees	6,320	Under Appeal
19-004-GOF-(18) 5/ 22/ 2019	Payment of mechanical dryers		NFA Officials and employees	1,919,192	-do-
19-005-GOF-(19)/5/ 8/2019	Payment of GHIP 2019		NFA Officials and employees	425,880	-do-
19-006-GOF-(19)/12/09/ 2019	CY 2019 GHIP		NFA employees	5,680	Unsettled For issuance of COE
<b>La Union BO</b>					
17-001-106(2016)/2/10/17	CY 2016 GHIP Premiums of Regular Members		Various NFA personnel	81,996	With Petition for Review
18-001-106(2017)/01/09/2018	2017 GHIP Premiums		No details provided	97,979	With Petition for Review
BPO-14-01-(2013)/01/24/2014	FGI Incentives CY 2012		PM, SAS, and various NFA officials and employees	480,000	With Petition for Review
<b>Ilocos Norte BO</b>					
17-001-GOE-(16)	GHIP		NFA Officials and Employees	59,147	Under Appeal

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
4/17/17				
17-002-GOE 12/6/17	GHIP	NFA Officials and Employees	71,442	-do
20-01 to 11-GOF (19) 20-12 to 21 GOF (19)	Excess of Rice Allowance	NFA Officials and Employees	144,246	-do-
20-22 to 29-GOF (20)	Travel Allowance	NFA Officials and Employees	64,800	-do
14-001-106 (2012) 02/10/2014	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees APO	260,000	With NFD 2019-208 dated June 4, 2019. With pending appeal with the Supreme Court
17-01-GOE(2016) 3/13/2017	GHIP	NFA-APO employees	11,182	- Under Appeal
17-02-GOE(2016) 5/18/2017	Familiarization allowance	NFA personnel	5,600	-do
17-04-GOE (17) 12/4/2017	GHIP	Various NFA personnel	21,316	-do
14-001-106 (2012) 02/10/2014	Payment of FGI CY 2012	PM, SAS and various NFA officials and employees	580,000	Under Appeal to SC
17-01-GOE(2016) 3/25/2017	GHIP	NFA-ISPO employees	44,072	Under Petition for review to the Commission Proper
17-04-GOE-(17) 12/4/2017	2017 GHIP	Various NFA personnel	55,794	-do-
17-03-GOE 7/3/2017	Familiarization allowance	NFA personnel	5,600	-do-
<b>Eastern Pangasinan BO</b>				
2014-001(2012) 02/4/2014	2012 FGI	Officers and employees of Eastern Pangasinan Provincial Office (EPPO)	800,000	Under Appeal
2017-001(2016) 3/25/2017	CY 2016 GHIP premiums of regular members	Officers and employees of EPPO	68,518	Under Appeal
	Rice Allowance in Excess of authorized Budget	Officers and employees of EPPO	126,608	Within the appeal period
2014-001(2012) 2/5/2014	Payment of FGI for CY 2012	Officers and employees of Western Pangasinan Provincial Office (WPPO)	760,000	Under Petition for Certiorari at the SC
2017-001(2016) 3/25/2017	Payment of GHIP for CY2016	Officers and employees of WPPO	83,458	Under Appeal
No details provided	Payment of rice allowance	Officers and employees of WPPO	186,424	Under Appeal
No details provided	Payment of travel allowance	Officers and employees of EPPO	176,369	Under Appeal

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Region II</b>			<b>2,998,186</b>	
<b>RO</b>				
2018-002 (2018)/ 8/31/2018	Transportation Allowance collected while using service vehicle	Former Regional Manager and Regional Accountant	17,000	Unsettled
2018-001 (2018)/ 5/29/2015	Transportation Allowance collected while using service vehicle	Former Regional Manager and Regional Accountant	27,432	Under Appeal
2018-007 (2017)/ 5/29/2018	Transportation Allowance collected while using service vehicle	Former Regional Manager and Regional Accountant	85,386	-do-
2018-009 (2017)/ 5/29/2018	Payment of GHIP for CY 2016 and 2017	Former Regional Manager and Regional Accountant	1,558,252	Under Appeal
<b>Cagayan BO</b>				
2014-01 101/ 3/31/2014	Payment of FGI for CY 2012 (NCA)	PM, SAS, and various NFA officials and employees as payees	523,000	Motion for Reconsideration date June 13, 2019 was filed on COA Decision No. 2018-441 denying the petition for review of NFA NCA for lack of Merit. Total disallowance of P803,000 with settlement of P280,000 as of 12/31/2021 leaving an unsettled amount of P523,000.
2021-01-GOF (2020)/ 6/07/2021	Payment of fuel , Oil and Lubricants expenses	PM, SAS, AO and Petromar Trade and Service Center	6,597	Unsettled. For issuance of NFD
2021-02-GOF (2020)/ 6/07/2021	Payment of fuel , Oil and Lubricants expenses	PM, SAS, AO and Petromar Trade and Service Center	1,619	Unsettled. For issuance of NFD
2021-03-GOF (2020)/ 6/07/2021	Payment of fuel , Oil and Lubricants expenses	PM, SAS, AO and Petromar Trade and Service Center	1,780	Unsettled. For issuance of NFD
<b>Isabela BO</b>				
21-001-101 (2020) 11/18/2021	Hazard Pay for CY 2020	PM, OIC-Finance, NFA Regular and Job Order employees	76,000	Of the total amount of P109,000 settlement amounting to P33,000 for CY 2021 was made through various official receipts leaving a balance of P76,000 as of 12/31/2021.
<b>Nueva Vizcaya BO</b>				
2021-001(2021)/ 11/16/2021	Hazard Pay for CY 2020	Job Order Personnel	80,000	Within the appeal period
2021-002(2021)/ 11/16/2021	Hazard Pay for CY 2020	Job Order Personnel	103,500	Within the appeal period

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2014-01-101 (2012)/ 3/31/2014	Payment of FGI for Cy 2012 Ifugao PO	PM, SAS, AO and various officials and employees	260,000	ND was affirmed per CGS -5 Decision No. 2015-018 dated 12/09/2015 in the amount of P300,000. Petition for review was filed before the CP. With partial settlement of P40,000 as of 12/31/2021.
2014-01-101	Payment of FGI Mountain Province PO	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.
2018-001 (2017)/ 7/30/2018	Unused forced leave not deducted on the payment of terminal leave	Teresita S. Morales	2,735	
2018-002 (2017)/ 7/30/2018	Unused forced leave not deducted on the payment of terminal leave	Luthgardo M. Sagnip	6,278	
2018-003 (2017)/ 8/15/2018	Unused forced leave not deducted on the payment of terminal leave	Evelyn C. Molina	6,799	
2018-003 (2018)/ 8/15/2018	Unused forced leave not deducted on the payment of terminal leave	Encarnacion C. Avila	1,808	
<b>Region III</b>			<b>9,677,218</b>	
<b>RO</b>				
2014-001(2012) 06/30/2014	Payment of FGI CY 2012	RM, Accountant, AO, Cashier and various NFA officials and employees	780,153	Under Appeal.
<b>Nueva Ecija /Aurora BO</b>				
2014-001(2012) 06/30/2014	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees	2,180,000	With Petition for Review before the COA CP
16-001-CPF-(15) 7/11/2016	Payment for procurement of palay	Various NFA officials and employees	85,151	ND was affirmed under CGS C5 Decision No. 2019-025 dated July 22, 2019. With Petition for Review with the CP.
16-002-CPF-(15) 7/11/2016	Payment for procurement of palay	Various NFA officials and employees	121,686	-do-
16-003-CPF-(15) 7/11/2016	Payment for procurement of palay	Various NFA officials and employees	155,228	-do-
2014-001 (2012) 6/30/2014	Payment of FGI CY 2012	Various NFA officials and employees	660,000	ND was affirmed under CGS C5 Decision No. 2015-018. With

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
				Petition for Review before the CP.
<b>Pampanga BO</b>				
PPO 2014-001(2012) 05/16/2014	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees	820,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP.
BPO 2014-001(2012) 05/16/2014	Payment of FGI CY 2012	Various NFA officials and employees	540,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP.
ZPO 2014-001(2012) 05/16/2014	Payment of FGI CY 2012	Various NFA officials and employees	640,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP.
<b>Tarlac BO</b>				
2014-001(2012) 05/16/2014	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees	1,040,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP.
2014-002(2012) 07/7/2014	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees	1,040,000	-do-
<b>Bulacan BO</b>				
2014-001(2-12) 06/27/2014	Payment of FGI CY 2012	PM, SAS, AO and various NFA officials and employees	1,615,000	Under Appeal
<b>Region IV -A</b>			<b>14,718,011</b>	
<b>RO</b>				
2011-01-(2010) 10/12/2011	Payment of FGI CY 2010	RM, Regional Accountant and various NFA officials and employees	179,500	The outstanding balance pertains to receivables from eight retired and one resigned employees. Demand letters were sent to the resigned/retired employees on June 7, 2019
2012-01-(2011) 05/7/2012	Payment of FGI CY 2011	RM, Regional Accountant and various NFA officials and employees	760,000	Under Appeal
2013-01-(2012) 04/12/2013	Payment of FGI CY 2012	RM, Regional Accountant and various NFA officials and employees	705,000	ND No. 2013-001(2012) was affirmed under h COA CP Decision No. 2016-437 dated December 12, 2016.  With Petition for Certiorari with the Supreme Court (SC) filed on March 9, 2017 (OR# 0203761-SC-EP). However, NFD No. 2019-212 dated June 6, 2019 was issued to the persons liable. The agency

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
				filed Comment/ Opposition to the COA's Finality of Decision. A reply dated October 28, 2019 was sent by the COA Commission Secretary to the NFA Deputy Administrator for Finance and Administration stating the deferment of the issuance of COE in view of the recent decisions of the SC exempting some of the persons liable from refunding the amount of the disallowed benefits.
<b>Batangas BO</b>				
2015-001 (2010) 8/25/2015	Payment of FGI 2010	58 NFA officials and employees	1,160,000	Filed a reply/petition of CGS V Decision # 2016-002 dated 2016-002 dated 3/29/2016 received by the COA Corporate Govt Sector- Cluster V ON 8/11/2016 (CP Case No. 2016-463).
2015-002 (2011) 8/25/2015	Payment of FGI	58 NFA officials and employees	1,160,000	-do-
09-002-101 (08)	Payment of FGI 2008	Various NFA officials and Employees	375,000	Under appeal
12-001-016-101(09)	Payment of FGI 2009	-do-	320,000	-do
12-017-101 (10)	Payment of FGI 2010	-do-	420,000	-do
13-001-GOF(12)	Payment of FGI 2012	-do-	420,000	-do
2020-001-GOF-(2019)	Payment of CNA 2019	-do-	521,592	Under Appeal with the Regional Office IV-A
2008-022-101 (04)	COLA Differential	Various NFA officials and employees	740,870	Under Appeal.
2009-002-101(06)	COLA Differential	Various NFA officials and employees	4,116,049	Under Appeal
<b>Laguna BO</b>				
2013-005(12)/ 08/29/13	Payment of FGI CY 2012	Various NFA officials and employees	360,000	Under Appeal
14-001-101(09)/ 09/10/14	Payment of FGI CY 2009	Various NFA officials and employees	400,000	Under evaluation by the Claims and Adjudication Office, Commission Proper Adjudication and Secretariat Support Services Sector
14-002-101(10)/ 09/10/14	Payment of FGI CY 2010	Various NFA officials and employees	420,000	-do-
2015-001 (2008)/ 12/14/15	Payment of FGI CY 2008	Various NFA officials and employees	425,000	-do-

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2015-002 (2011)/ 12/14/15	Payment of FGI CY 2011	Various NFA officials and employees	380,000	-do-
<b>Quezon BO</b>				
13-001-(11)/ 01/9/13	Payment of FGI CY 2011 Marinduque PO	Various NFA officials and employees	280,000	Under Appeal.
14-001-(12)/ 02/25/14	Payment of FGI CY 2012 Marinduque PO	Various NFA officials and employees	315,000	Under Appeal.
11-001(10) 08/2/2011	Payment of FGI CY 2010	Various NFA officials and employees	620,000	The petition is under evaluation of the Claims and Adjudication Office - Corporate per letter dated September 4, 2018 of the COA Commission Secretary
2013-004(2012) 08/29/2013	Payment of FGI CY 2012	Various NFA officials and employees	640,000	-do-
<b>Region IV-B</b>			<b>10,386,885</b>	
<b>Oriental Mindoro BO</b>				
2010-01 (2008)/ 01/2/10	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	-do-
15-002- GOF (10)/ 10/22/15	Payment of FGI CY 2010	Various NFA officials and employees	840,000	-do-
15-003- GOF (11)/ 10/22/15	Payment of FGI CY 2011	Various NFA officials and employees	840,000	-do-
<b>Occidental Mindoro BO</b>				
2010-01-(2008) 01/7/2010	Payment of FGI CY 2008	Various NFA officials and employees	432,470	With partial settlement of P161,082 in CY 2018
11-001-GOF(10) 09/12/2011	Payment of FGI CY 2010	Various NFA officials and employees	351,756	With partial settlement of P185,054 in CY 2018
12-001-GOF(11) 05/29/2012	Payment of FGI CY 2011	Various NFA officials and employees	937,659	Under Appeal with partial settlement
13-001-GOF(12) 03/22/2013	Payment of FGI CY 2012	Various NFA officials and employees	1,210,000	Under Appeal
15-001-GOF (09) 10/19/2015	Payment of FGI CY 2009	Various NFA officials and employees	1,160,000	Under Appeal
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.

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
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	-do-
15-002-GOF (11)/10/19/15	Payment of FGI CY 2011	Various NFA officials and employees	780,000	-do-
<b>Region V</b>			<b>3,685,600</b>	
<b>RO</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 to NFA Council members who approved the FGI grants
12-002-GOF(11) 11/26/2012	Payment of FGI for CY 2011	Various payees	600,000	
14-001-GOF(12) 09/05/2014	Payment of FGI for CY 2012	Advincular, Pure, et.al.	605,000	Unsettled as of December 31, 2019
<b>Albay BO</b>				
12-001-GOF-(11) 11/26/2012	Payment of FGI	PM and various NFA officials and employees	900,000	With COA CP Decision No. 2016-434 dated December 27, 2016 denying the motion for reconsideration and affirming the disallowance. Unsettled as of December 31, 2019. With Supplemental ND 2017-002(GOF) (10) dated December 4, 2017
12-002-GOF-(10) 11/26/2012	Payment of FGI	PM and various NFA officials and employees	880,000	With COA CP Decision No. 2016-434 dated December 27, 2016. With Supplemental ND 2017-001(GOF) (10) dated December 4, 2017
<b>Camarines Sur BO</b>				
2014-001-101(12) 5/23/2014	Payment of FGI	PM and various NFA officials and employees	120,600	With COA Resolution allowing monthly instalment for the settlement of P946,545.20 disallowed amount. As of December 31, 2021 the amount of P765,945.20 was already settled
<b>Region VI</b>			<b>11,890,924</b>	
<b>RO</b>				
13-005-GOF (12)-1/4/13	Housing Allowance	NFA officials and employees	2,000	With COA RO VI Decision No. 2017-077 dated Dec. 13, 2017 which reduced the ND to P2000.



ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
13-002-GOF (11) 1/4/13	Payment of FGI 2011	NFA officials and employees	685,000	Adjusted from P700,000. With COA RO VI Decision No. 2016-053 dated August 17, 2016
13-003-GOF (10)- 1/4/13	Payment of FGI 2010	NFA officials and employees	690,000	With COA RO VI Decision No. 2016-053 dated August 17, 2016
12-004-GOF (12)- 11/22/13	Housing Allowance	NFA officials and employees	2,500	COA RO VI Decision No. 2017-077 dated Dec. 13, 2017.
<b>Iloilo BO</b>				
11-001-101-(09) 06/30/2011	Payment of FGI CY 2009 (APO)	PM, SAS, and various NFA officials and employees	580,000	Under Appeal
11-002-101-(10) 06/30/2011	Payment of FGI CY 2010 (APO)	PM, SAS, and various NFA officials and employees	670,000	Under Appeal
2012-001-101-(11) 12/13/2012	Payment of FGI CY 2011 (APO)	PM, SAS, and various NFA officials and employees	700,000	Under Appeal
2012-002-101-(12) 01/7/2013	Payment of FGI CY 2011(APO)	PM, SAS, and various NFA officials and employees	20,000	Under Appeal
2014-001-GOF-(12) 09/16/2014	Payment of FGI CY 2012 (APO)	PM, SAS, and various NFA officials and employees	720,000	Under Appeal
2018-001-GOF (2015/2016) 06/13/2018	Payment for security services (APO)	PM, SAS, and various NFA officials and employees	1,948,428	
<b>Capiz BO</b>				
2018-001-GOF (2015/2016)/ 05/10/2018	Payment for security services	NFA officials and employees	3,053,902	
2019-001-GOF (2016-2018) 10/10/2019	Payment of GAIP 2016-2018	NFA officials and employees	1,200	Under appeal
2012-001-GOF(10) 06/26/2012	Payment of FGI CY 2010	PM, SAS, and various NFA officials and employees	505,000	With Petition for Review with the COA CP Case No. 2016-939
2012-002-GOF(11) 06/26/2012	Payment of FGI CY 2011	PM, SAS, and various NFA officials and employees	520,000	-do-
2014-001-GOF-(12) 09/16/2014	Payment of FGI CY 2012	PM, SAS, and various NFA officials and employees	520,000	Under Appeal
2018-001- GOF(2015/2016) 05/04/2018	Payment for security services	Various NFA officials and employees	1,271,934	Under Appeal
2019-001 GOF (2016-2018)/ 4/12/2019	Payment of GAIP CY 2016-2018	Various NFA officials and employees	960	Under Appeal

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Region VII</b>			<b>3,730,000</b>	
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.
Cebu BO				
2014-001(12) 06/25/2014	Payment of FGI	PM, SAS, AO and various officials and employees	1,530,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP
Bohol BO				
2014-001(12) 06/25/2014	Payment of FGI	PM, SAS, and various officials and employees	680,000	Under Appeal
Negros Oriental/ Siquijor BO				
2014-001(12) 06/25/2014	Payment of FGI	PM, SAS, and various officials and employees	540,000	ND was affirmed under CGS C5 Decision No. 2017-021 dated March 20, 2017. With Petition for Review dated 9/29/2017.
2014-001(12) 06/25/2014	Payment of FGI	PM, SAS, and various officials and employees	320,000	ND was affirmed under CGS C5 Decision No. 2017-021 dated March 20, 2017. With Petition for Review before the CP dated 9/29/2017.
<b>Region VIII</b>			<b>11,486,679</b>	
RO				
2019-08-03/ 8/13/2019	Travelling expenses	Various NFA personnel	4,600	Unsettled
2019-08-02/ 8/9/2019	Travelling expenses	Various NFA personnel	6,000	-do-
2019-08-01 / 8/9/2019	Travelling expenses	Various NFA personnel	6,000	-do-
2019-01-001/ 6/6/2019	Purchase of Office Supplies	Various NFA personnel	20,443	-do-
2016-08-007/ 8/31/2016	Payment for Construction of 40,000 CC Warehouse, NFA, Borongan City	Various NFA personnel	253,401	-do-
2015-10-01 (15)/ 10/13/2015	Driver's License Renewal Fee	Various NFA personnel	418	-do-
2015-10-02 (15)/ 10/19/2015	Travelling expenses	Various NFA personnel	800	-do-
2013-001-GOF (2012)/ 8/29/2013		Various NFA personnel	680,000	With appeal
2012-001-GOF (10)/ 5/8/2012	Details not provided	Various NFA personnel	610,000	-do-

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2012-002-GOF (11)/ 6/5/2012	Details not provided	Various NFA personnel	665,000 -do-	
2012-001-GOF (12)/ 11/14/2012	Details not provided	NFA personnel	240 -do-	
2012-002-GOF (12)/ 11/14/2012	Details not provided	NFA personnel	240 -do-	
<b>Leyte BO</b>				
2020-07-007 (2019)/ 7/27/2020	RATA	Various NFA personnel	227	Unsettled
2020-07-006 (2019)/ 07/27/2020	RATA	Various NFA personnel	227	-do-
2020-07-005 (2019)/ 07/27/2020	RATA	Various NFA personnel	455	-do-
2020-07-004 (2019)/ 07/27/2020	RATA	Various NFA personnel	682	-do-
2020-07-003 (2019)/ 07/27/2020	RATA	Various NFA personnel	227	-do-
2020-07-002 (2019)/ 07/27/2020	RATA	Various NFA personnel	227	-do-
2020-07-001 (2019)/ 07/27/2020	RATA	Various NFA personnel	909	-do-
2019-09-001 (2016)/ 09-25-2019	Last and final billing of project construction of 100tcc warehouse wth WSII office at San Pablo, Ormoc	Various NFA personnel	266,689	Unsettled
2013-001-GOF (2012)/ 8/29/2013	Payment of FGI	Various NFA personnel	995,000	Under appeal
2012-001-GOF(10)/ 5/9/2012	Payment of FGI	Various NFA personnel	920,000	-do-
2012-002-GOF(11)/ 5/11/2012	Payment of FGI	Various NFA personnel	960,000	-do-
2021-06-003 (2019) / 6/11/2021	Travelling expenses	Various NFA personnel	5,497	Unsettled
2020-01-001 (2019)/ 1/30/2020	Purchase of cellphone case	Various NFA personnel	500	-do-
2016-09-002/ 9/5/2016	Travelling expenses	Various NFA personnel	3,520	-do-
2016-09-004 (2016)/ 9/5/2016	Travelling expenses	Various NFA personnel	3,640	-do-

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2016-09-006 (2016)/ 9/7/2016	Travelling expenses	Various NFA personnel	3,640 -do-	
2013-001-GOF (2012)/ 8/28/2013	Payment of FGI	PM and various NFA officials and employees as payees	560,000	Under appeal
2012-005 to 032 (11)/ 8/17/2012	Payment of FGI	PM and various NFA officials and employees as payees	535,000	-do-
2017-01-001 (2016)/ 2/16/2017	Travelling expenses	Various NFA personnel	1,200	With partial settlement P2,700 as of 12/31/2021
2013-001 (GOF) 2012/ 8/28/2013	Payment of FGI	Various NFA personnel	440,000	Under appeal
2012-001-COB(11)/ 5/31/2012	Payment of FGI	Various NFA personnel	405,000	-do-
2012-001-COB(12)/ 5/31/2012	Payment of FGI	Various NFA personnel	455,000	-do-
Northern Samar BO				
2012-001 (2011) / 4/25/2012	Payment of FGI	Various NFA personnel	640,000	Under appeal
2017-05-002 (2017)/ 8/28/2013	Payment of FGI	Various NFA personnel	60,000	Under appeal
2020-001(2018)/ 9/11/2020	Travelling expenses	Various NFA personnel	1,600	Unsettled
2020-002(2018)/ 9/11/2020	Travelling expenses	Various NFA personnel	800	-do-
2012-001 (2011)/ 3/5/2012	Payment of FGI	Various NFA personnel	470,501	Under appeal
2013-001 (12) GOF/ 7/29/2013	Payment of FGI	Various NFA personnel	530,000	With motion for consideration with the CP
2012-001-101-(10) / 2/1/2012	Payment of FGI	Various NFA personnel	600,000	Under appeal
2012-002-101-(11)/ 2/6/2012	Payment of FGI	Various NFA personnel	675,000	-do-
2013-001-GOF- (12)/ 8/29/2013	Payment of FGI	Various NFA personnel	680,000	-do-
2014-02-GOF-(12)/ 12/29/2014	Travelling expenses	NFA personnel	8,547	NS mature into ND
2014-01-GOF-(12)/ 12/29/2014	Travelling expenses	NFA personnel	6,200	NS mature into ND
2017-03-002 (2016)/ 3/29/2017	Trucking Services	NFA personnel	6,069	Unsettled as of 12/31/21

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2015-11-01 (2015)	Claims of travelling expenses	Various NFA personnel	3,180 -do-	
<b>Region IX</b>			<b>5,958,830</b>	
<b>RO</b>				
14-001-(12) 12/2/2014	Payment of FGI for CY 2012	Various NFA personnel	92,294	With NFD. Unsettled
11-003-GOF(10) 9/13/2011	Payment of FGI for CY 2010	Various NFA personnel	460,000	With partial settlement of P50,836
11-002-GOF (11) 9/1/2011	Payment of GHIP for CY 2011	Various NFA personnel	521,975	Under appeal
17-001-13 6/8/2017	Payment of GHIA for CY 2013	Various NFA personnel	536,745	ND affirmed under CGS C5 Decision No. 2019-012 dated May 20, 2019. With Petition for Review before the CP
17-002-14 6/8/2017	Payment of GHIA for CY 2014	Various NFA personnel	447,176	ND affirmed under CGS C5 Decision No. 2019-012 dated May 20, 2019. With Petition for Review before the CP
17-004-17 6/08/2017	Payment of GHIA for CY 2016	Various NFA personnel	245,076	-do-
17-003-15 6/08/2017	Payment of GHIA for CY 2015	Various NFA personnel	322,369	-do-
<b>Zamboanga City BO</b>				
ZCPO11-001-GOF(10) 10/3/2011	Payment of FGI for CY 2010	Various NFA personnel	72,035	With NFD. With partial settlement
ZCPO12-001-(11) 4/30/2012	Payment of FGI for CY 2011	Various NFA personnel	147,336	With NFD. With partial settlement of P365,8790.65
ZCPO14-001(12) 2/12/2014	Payment of FGI for CY 2012	Various NFA personnel	310,726	With partial settlement
11-001-101 (10) 2/04/2011	Payment of FGI for CY 2010	Various NFA personnel	106,787	Unsettled
11-002-101 (10) 2/07/2011	Payment of CNAI 2010	Various NFA personnel	86,296	-do-
15-002-101(12) 07/7/2015	Payment of FGI 2011	Various NFA officials and employees	133,426	With Partial settlement of P406,574 as of 12/31/2021
15-001-101(13) 07/7/2015	Payment of FGI 2012	Various NFA personnel	136,316	With Partial settlement of P383,694 as of 12/31/2021
19-001-101(10) 10/03/2019	Travel Expenses	Various NFA personnel	6,650	Unsettled
19-001-102(10) 10/03/2019	Travel Expenses	Various NFA personnel	9,423	-do-

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Zamboanga Del Norte/Sur BO</b>				
12-003-GOE 0912(09) 12/29/2011	Payment of FGI	Various NFA officials and employees	625,000	With COA RO IX Decision No. 2012-34 dated July 9, 2012 denying the appeal of the Provincial Manager. For automatic review by the CP Commission Proper pursuant to Section 7, Rule V of 2009 RRPC of the COA.
12-001-GOE 1012(10) 12/21/2011	Payment of FGI	Various NFA officials and employees	580,000	-do-
12-002-GOE 1112(11) 12/21/2011	Payment of FGI	Various NFA officials and employees	640,000	-do-
15-001-101(12) 09/29/2015	Payment of FGI	Various NFA officials and employees	399,200	With appeal or motion for reconsideration.  Collected the amount of P220,800 as of December 31, 2020
15-002-101(12) 9/29/2015	Payment of FGI	Various NFA officials and employees	80,000	Collected the amount of P160,000 as of December 31, 2019
<b>Region X</b>			<b>6,888,202</b>	
<b>RO</b>				
14-01-GOF-(2012)/ 6/30/2014	Payment for FGI	Various NFA personnel	660,000	Unsettled
12-002-GOF(10)/ 4/30/2012	Payment for FGI	Various NFA personnel	580,000	Under Appeal
12-001-GOF(11)/ 4/30/2012	Payment for GHIP	Various NFA personnel	812,402	Under Appeal
11-004-GOF(10)/ 8/17/2011	Director's annual dues matured into disallowance; EME without complete documentation	Various NFA personnel	12,000	Under Appeal
11-002-GOF(10)/ 7/7/2011	Cost of transportation incurred in the family visit of the RD for the months of January-July 2010	Various NFA personnel	49,887	Under Appeal
11-001-GOF(10)/ 5/15/2011	EME for CY 2010 exceeded the allowable budget of P94,000	Various NFA personnel	8,983	Under Appeal
10-001-GOF(10)/ 10/18/2010	Travelling expenses of the farmers'	Various NFA personnel	20,560	Under Appeal

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
	representative of NFA			
<b>Misamis Oriental/Camiguin BO</b>				
14-01-GOF(2012)/ 6/30/2014	Payment for FGI	Various NFA personnel	780,000	Under Appeal
12-10-001(11) / 10/5/2012	Payment for FGI	Various NFA personnel	660,000	Under Appeal
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>Bukidnon BO</b>				
14-01-GOF(2012) 6/30/2014	Payment for FGI	Various payees	1,235,000	Under Appeal
<b>Lanao del Norte BO</b>				
2012-001/ 12/10/2012	Payment to New India Assurance Company Limited for GHIP	Various NFA personnel	61,712	The ND in the amount of 98,872 was denied by the Regional Director, With partial settlement per NSSDC No. 2021-001 and 2021-002 dated 4/06/2021 & 6/30/2021 in the total amount of P37,160
14-01-GOF (2012)/ 06/30/2014	Payment for FGI	Various NFA personnel	340,000	The total disallowance of P740,000 was partially settled per NSSDC No. 2021-003 to 2021-012 dated 6/30/21 amounting P400,000
16-001(16) / 12/05/2016	Payment of step increment	Various NFA personnel	7,690	Under Appeal
16-002(16) / 12/05/2016	Payment of step increment	Various NFA personnel	3,737	Under Appeal
16-003(16)/ 12/05/2016	Payment of step increment	Various NFA personnel	6,331	Under Appeal
14-01-GOF (2012)/ 06/30/2014	Payment of FGI	Various NFA personnel	580,000	Under Appeal
2011-001-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-002-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-003-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-004-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal

<b>ND No. /Date</b>	<b>Nature of Disallowance</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2011-005-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-006-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-007-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-008-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-009-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-010-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-011-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-012-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-013-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-014-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-015-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-016-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-017-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-018-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-019-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-020-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-021-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-022-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-023-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-024-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal



ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
2011-025-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
2011-026-101 (2010) 09/19/2011	Payment of FGI	NFA personnel	20,000	Under Appeal
<b>Region XI</b>			<b>2,180,000</b>	
RO				
2014-001 (2012)/ 9/10/2014	Grant of FGI to 29 official and employees of NFA Regional Office XI during CY 2011	Various NFA officials and employees	580,000	Unsettled For issuance of NFD
Davao del Norte BO				
2014-001 (2012)/ 10/13/14	Payment of FGI	Various NFA officials and employees	680,000	Under Appeal
2014-001 (2012)/ 10/13/14	Payment of FGI CY 2012	Various NFA officials and employees (Davao de Oro)	340,000	-do-
Davao Oriental BO				
2014-001(2012)/ 09/10/14	Details not provided		580,000	-do-
<b>Region XII</b>			<b>4,760,000</b>	
RO				
2014-001-501(2012) 04/2/2014	Payment of FGI	Assistant RM, Accountant and various NFA officials and employees	660,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP
North Cotabato BO				
2014-003-501(2012) 4/2/2014	Payment of FGI fro CY 2012	NFA officials and employees	960,000	With CGS Decision No. 2015-018 dated 12/9/2015 affirming the disallowance. Petition for Review was filed before the Commission Proper on 2/3/2016.
Sultan Kudarat BO				
2014-002-501(2012) 4/3/2014	Payment of FGI for CY 2012	Assistant RM, PM and various NFA officials and employees (Sultan Kudarat)	1,440,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP
South Cotabato BO				
2014-004-501(2012) 4/2/2014	Payment of FGI for CY 2012	Assistant RM, SAS and various NFA officials and employees	840,000	With CGS Decision No. 2015-018 dated 12/9/2015 affirming the disallowance.
2014-001 (2012) 09/1/2014	Payment of FGI for CY 2012	Assistant RM, SAS and various NFA officials and employees (General Santos)	860,000	Unsettled as of December 31, 2021
<b>CARAGA</b>			<b>3,540,000</b>	
RO				
2014-01(12) 10/1/2014	Payment of FGI for CY 2012	PM, SAS and various NFA officials and employees	500,000	Under Appeal

ND No. /Date	Nature of Disallowance	Persons Liable	Amount	Status
<b>Agusan del Sur</b>				
2014-01(12) 02/6/2014	Payment of FGI for CY 2012 (ADSPO)	PM, SAS and various NFA officials and employees	740,000	ND was affirmed under CGS C5 Decision No. 2015-018. With Petition for Review before the CP
2012-01(11)	Payment of FGI for CY 2012 (ADSPO)		720,000	Unsettled.
<b>Surigao del Sur BO</b>				
11-001-GOF(10) 06/13/2011	Payment of FGI 2010	Various NFA personnel	640,000	On Appeal to the SC
12-001-GOF (11)	Payment of FGI for 2011	Various NFA personnel	560,000	On Appeal to the CP
2014-01(12) 02/6/2014	Payment of FGI for CY 2012	PM, Acting SAS, AO and various officials and employees	380,000	With Appeal to the CP With partial settlement of P20,000 in CY 2018
<b>BARMM</b>			<b>1,676,650</b>	
2014-01(2012)/ 12/2/14	Details not provided	Various NFA employees	690,800	Unsettled as of 12/31/19
2014-01-(2012)/ 12/2/14	Details not provided	Various NFA employees	984,650	Unsettled as of 12/31/19
16-001-101 9/30/16	Details not provided	Various NFA personnel	1,200	Unsettled as of 12/31/19
<b>Sub-Total</b>			<b>P112,346,623</b>	
<b>Grand Total</b>			<b>P194,997,712</b>	

### III. Notices of Charge (NCs)

NC No./Date	Nature of Charge	Persons Liable	Amount	Status
<b>With CGS Decision</b>				
<b>Region I</b>			<b>311,200</b>	
<b>La Union BO</b>				
15-033-RCA (2015)/ 12/04/2015	Under- collection of rice sales CY 2014	Various officials/employees and retailer	147,100	With CGS Cluster5 Decision No.2021-018 dated June 04, 2021 lifting the NC. Under automatic review in the Commission Proper.
15-036-RCA-(2015) 12/04/2015	Under-collection of Rice Sales	NFA Retailer	29,800	With CGS Cluster V Decision No. 2021-019 dated June 10, 2021 lifting the NC. For issuance of NSSDC
15-037-RCA-(2015)/ 12/04/2015	Under-collection of Rice Sales	NFA Retailer	33,800	With CGS Cluster V Decision No. 2021-020 dated June 17, 2021 lifting the NC. For issuance of NSSDC
15-038-RCA-(2015) 12/04/ 2015	Under-collection of Rice Sales	NFA Retailer	100,500	CGS Cluster 5 Decision No. 2018-020 dated June 11, 2018

NC No./Date	Nature of Charge	Persons Liable	Amount	Status
<b>Under Appeal/ Unsettled</b>				
<b>Region I</b>			<b>600,800</b>	
La Union BO				
15-034-RCA-(2015)/ 12/04/2015	Under-collection of Rice Sales	NFA Retailer	191,200	Under Appeal
15-035-RCA-(2015)/ 12/04/2015	Under-collection of Rice Sales	NFA Retailer	80,300	-do
Ilocos Norte PO				
No details provided	Fair Purchase Program	Various NFA Retailers	329,300	Under Appeal
<b>Region III</b>			<b>1,742,647</b>	
Bulacan PO				
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>Region IV-A</b>			<b>27,055</b>	
Batangas PO				
2000-001-02(99)/ 1/24/2000	Uncollected storage charges	Corporation	27,055	Partially settled. NFD and COE sent on 10/23/2015. Follow-up demand letter sent on June 15, 2020 to the other person/s liable.
<b>Total</b>			<b>P2,681,702</b>	