EXECUTIVE SUMMARY

INTRODUCTION

The Tourism Promotions Board (TPB), with legal address at 6th Floor Five – Ecom Center, Harbor Drive, Mall of Asia Complex, Pasay City is a stock corporation created by virtue of Republic Act (RA) No. 9593, otherwise known as the Tourism Act of 2009.

The Implementing Rules and Regulations for this Act was issued on November 10, 2009. Under this Act, the Philippine Convention and Visitors Corporation was reorganized as the TPB, and the Bureaus for Domestic and International Tourism Promotions and the Office of Tourism Information of the Department of Tourism (DOT) were absorbed into the TPB.

The TPB is attached to the DOT based on Section 28 of RA No. 9593 and shall formulate and implement an integrated domestic and international promotions and marketing program for the DOT.

The Governance Commission for Government Owned and/or Controlled Corporations has approved a new Organization Structure and Staffing Pattern (OSSP) for the TPB effective June 30, 2014. Accordingly, all positions under the old OSSP of the TPB were deemed abolished.

As at December 31, 2024, the TPB had total personnel complement of 165 composed of 105 regular employees, and 60 job order personnel. It is governed by a Tourism Board composed of a Chairman, Vice Chairman, and eight Members of the Board. Its Management is headed by a Chief Operating Officer.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2024	2023 (As Restated)	Increase (Decrease)
Assets	24,160,402,054	23,631,931,989	528,470,065
Liabilities	1,161,754,535	1,869,301,615	(707,547,080)
Net assets/equity	**22,998,647,519**	**21,762,630,374**	**1,236,017,145**

II. Comparative Financial Performance

	2024	2023 (As Restated)	Increase (Decrease)
Revenue	72,943,032	44,447,258	28,495,774
Current operating expenses	1,159,198,045	1,461,930,231	(302,732,186)
Surplus/(deficit) from current operations	(1,086,255,013)	(1,417,482,973)	331,227,960
Other non-operating income	10,156,826	4,611,501	5,545,325
Shares, Grants and Donations	1,275,310	-	1,275,310
Gains	5,829,044	835,651	4,993,393
Losses	(5,040,227)	(3,464,184)	(1,576,043)
Assistance and subsidy	2,312,204,348	1,098,605,369	1,213,598,979

	2024	2023 (As Restated)	Increase (Decrease)
Net Surplus for the period	**1,238,170,288**	**(316,894,636)**	**1,555,064,924**

III. Comparison of 2024 Budget and Actual Amounts

	Approved COB	Actual	Difference Final budget vs Actual
Receipts	2,493,956,000	2,640,286,721	(146,330,721)
Payments:			
Personnel services	152,383,000	113,520,873	38,862,127
Maintenance and other operating expenses	1,483,127,000	1,353,638,233	129,488,767
Capital expenditures	858,446,000	857,316,193	1,129,807
Net Receipts/(Payments)	**-**	**315,811,422**	**(315,811,422)**

SCOPE OF AUDIT

Our audit covered the examination, on a test basis of transactions and accounts of the TPB to enable us to express an opinion on the financial statements for the years ended December 31, 2024 and 2023 in accordance with the International Standards of Supreme Audit Institutions. It was also conducted to determine the Agency's compliance with pertinent laws, rules and regulations and adherence to prescribed policies and procedures.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of the presentation of the financial statements of the TPB for the year ended December 31, 2024 and 2023 in view of the following:

1. The fair presentation of the Receivables-net account, with a reported balance of P209.053 million as at December 31, 2024, could not be established due to: (a) a variance of P29.577 million between the balances recorded in the Financial Statements/ General Ledger/ Subsidiary Ledger (SL) and the Status Report on Fund Transfers (SRFT); and (b) an unreconciled difference of P22.943 million between the amounts confirmed by the Implementing Agencies (IAs) and the balances reflected in the SL/SRFT.

   Moreover, in Calendar Year (CY) 2024, TPB Management, through sustained efforts and commitment, was able to materially reduce the balance of unliquidated fund transfers for completed programs, activities and projects (PAPs) by P249.245 million, or 51.52% of the prior year's balance. However, as at December 31, 2024, the non- liquidation of fund transfers for completed PAPs, amounting to P234.567 million (P4.191 million from CY 2024 and P230.376 million from prior years) resulted in the non-recording of the related expenses. This resulted in the understatement of expenses and a corresponding overstatement of the accumulated surplus/(deficit) by an undetermined amount, contrary to Paragraph 3.10 of the Financial Reporting by Public Sector and Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1.

2. The fair presentation of the Other Payables account, with a reported balance of P27.611 million as at December 31, 2024, could not be established due to unidentified collections totaling P20.061 million that have remained outstanding for over a year. These amounts are temporarily recorded under the undistributed collections account, contrary to Paragraph 27 of the IPSAS 1 and Chapter 5 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (GPFRPSE).

3. The Subsidy Income account, with a reported balance of P2.312 billion as at December 31, 2024, is not fairly presented due to the erroneous recognition of cash received from Bureau of Treasury (BTr) as income. Specifically, the amounts of P1.166 billion and P1.488 billion, received in CYs 2023 and 2024, respectively, from the Special Account to the General Fund – Tourism Promotions Fund were incorrectly recorded as income instead of being deducted to from the Cash-Treasury/Agency Deposit, Special Account, resulting in an overstatement of the account by the same amounts in CYs 2023 and 2024. Likewise, the Share from Philippine Amusement and Gaming Corporation (PAGCOR) and Share from Earnings of Government-Owned or Controlled Corporation (GOCCs) accounts are understated by an undetermined amount due to the non-recognition of TPB's share in the net earnings/remittances of PAGCOR, Duty Free Philippines Corporation, and airport and seaport authorities. These accounting treatments are contrary to Paragraph 3.10 of the Conceptual Framework for GPFRPSE, and Paragraph 27 of IPSAS1, Presentation of Financial Statements.

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

1.1. Require the IAs to immediately process the refund of unused fund transfers to TPB;

1.2. Strengthen follow-up efforts beyond sending demand letters by conducting on-site visits and spot audits to ensure the immediate liquidation of fund transfers for completed projects; and

1.3. Direct the Accounting Division (AD) to:

   a. Exert diligent efforts in reconciling discrepancies between the balances of receivables per SRFT and the amounts confirmed by the IAs;

   b. Require IAs to substantiate their claims of liquidation or refund; or, in the absence of supporting documents, file the necessary petition for lost documents to be relieved of accountability;

   c. Establish a timeline indicating: (i) the expected completion of refunds by the IAs; (ii) the target date for filing of the for write-off; and (iii) the period within which reconciliation with the IAs should be completed;

   d. Reassess accounts proposed for write-off to determine whether the existing impairment provision is adequate; and

   e. Make the necessary corrections and adjustments in the records, as appropriate.

2.1. Direct the AD to:

a. Coordinate with the Land Bank of the Philippines (LBP) and submit formal follow-ups requesting the details of the credit memoranda;

b. While awaiting LBP's response, reconcile the balance with IAs, particularly foreign posts claiming full liquidation and transfer of unused funds to TPB;

c. If, after reconciliation with IAs and receipt of the credit memorandum from LBP, a residual balance remains, consider closing of the remaining amount to the Accumulated Surplus/(Deficit) account; and

d. Prepare the necessary adjusting entries to reflect the corrected balances in the books.

3.1. Coordinate with the BTr for the issuance of certifications confirming TPB's share in the earnings of PAGCOR and Other GOCCs; and

3.2. Provide the necessary adjusting entries to correct the misstatements in the Subsidy Income, Share from PAGCOR, and Share from Earnings of GOCCs accounts.

OTHER SIGNIFICANT AUDIT OBSERVATION AND RECOMMENDATIONS

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

4. The share of TPB from the remittances of various GOCC, maintained by the BTr, has not been fully utilized in TPB's operations, resulting in accumulated unallocated funds amounting to P20.963 billion. Despite the availability of these unutilized funds and the government's limited fiscal resources, TPB has yet to earmark or formulate a plan for their use in the development of tourism sites, infrastructure, and other industry-related programs. This inaction is not in accordance with Section 55 (e), Sub-Chapter III-B – Tourism Promotions Funding, Chapter III – Tourism Promotions of the Implementing Rules and Regulations or RA No. 9593 and Section 2 of Presidential Decree No. 1445, which may hinder the growth and development of tourism industry in the Philippines.

4.1. We recommended that Management:

a. Initiate inter-agency consultations with the Tourism Infrastructure and Enterprise Zone Authority, DOT, National Economic and Development Authority and other concerned agencies to develop a comprehensive strategic plan detailing the utilization of Special Account to the General Fund -Tourism Promotions Fund (SAGF-TPF), particularly for Tourism Enterprise Zones development, heritage preservation, and tourism infrastructure, and secure its approval from the Board of Directors (BOD); and

b. Submit the BOD-approved plan to the Department of Budget and Management, and formally request guidance on the appropriate procedures for accessing the SAGF-TPF, ensuring adherence to applicable laws, rules, and regulations.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, CHARGES AND DISALLOWANCES

As at December 31, 2024, there were no unsettled audit charges. The details and status of the unsettled suspension and disallowance at year-end in the amount of P11.809 million and P1.641 billion, respectively is presented in Table 10, Part II of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 27 audit recommendations embodied in the prior year's Annual Audit Report, 23 were fully implemented 4 were not implemented. Details are presented in Part III of this Report.

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PART I - AUDITED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

THE TOURISM BOARD
Tourism Promotions Board
6th Floor, Five – Ecom Center, Harbor Drive
Mall of Asia Complex, Pasay City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Tourism Promotions Board (TPB)**, which comprise the statements of financial position as at December 31, 2024 and 2023, 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, 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the TPB as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The fair presentation of the Receivables-net account, with a reported balance of P209.053 million as at December 31, 2024, could not be established due to: (a) a variance of P29.577 million between the balances recorded in the Financial Statements/ General Ledger/ Subsidiary Ledger (SL) and the Status Report on Fund Transfers (SRFT); and (b) an unreconciled difference of P22.943 million between the amounts confirmed by the Implementing agencies and the balances reflected in the SL/SRFT.

Moreover, in Calendar Year (CY) 2024, TPB Management, through sustained efforts and commitment, was able to materially reduce the balance of unliquidated fund transfers for completed programs, activities and projects (PAPs) by P249.245 million, or 51.52% of the prior year's balance. However, as at December 31, 2024, the non- liquidation of fund transfers for completed PAPs, amounting to P234.567 million (P4.191 million from CY 2024 and P230.376 million from prior years) resulted in the non-recording of the related expenses. This resulted in the understatement of expenses and a corresponding overstatement of the accumulated surplus/(deficit) by an undetermined amount, contrary to Paragraph 3.10 of the Financial Reporting by Public Sector and Paragraph 27 of IPSAS 1.

In addition, the fair presentation of the Other Payables account, with a reported balance of P27.611 million as at December 31, 2024, could not be established due to unidentified collections totaling P20.061 million that have remained outstanding for over a year. These amounts are temporarily recorded under the undistributed collections account, contrary to Paragraph 27 of the IPSAS 1 and Chapter 5 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (GPFRPSE).

Lastly, the Subsidy Income account, with a reported balance of P2.312 billion as at December 31, 2024, is not fairly presented due to the erroneous recognition of cash received from Bureau of Treasury as income. Specifically, the amounts of P1.166 billion and P1.488 billion, received in CYs 2023 and 2024, respectively, from the Special Account to the General Fund – Tourism Promotions Fund were incorrectly recorded as income instead of being deducted to from the Cash-Treasury/Agency Deposit, Special Account, resulting in an overstatement of the account by the same amounts in CYs 2023 and 2024. Likewise, the Share from Philippine Amusement and Gaming Corporation (PAGCOR) and Share from Earnings of Government-Owned or Controlled Corporation accounts are understated by an undetermined amount due to the non-recognition of TPB's share in the net earnings/remittances of PAGCOR, Duty Free Philippines Corporation, and airport and seaport authorities. These accounting treatments are contrary to Paragraph 3.10 of the Conceptual Framework for GPFRPSE, and Paragraph 27 of IPSAS1, Presentation of Financial Statements.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the TPB in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

In our report dated May 20, 2024, we expressed a qualified opinion on the Calendar Year (CY) 2023 financial statements because the balance of Other Supplies and Material Inventory account was understated by P3.250 million due to the non-recording of inventory still on hand for CY 2023 contrary to Paragraph 27 of IPSAS 1 and Paragraph 44 of IPSAS 12.

In CY 2024, appropriate adjustments were made to the Other Supplies and Material Inventory and Accumulated Surplus/ (Deficit) accounts. Accordingly, our present opinion on the restated CY 2023 financial statements, as presented herein is no longer modified concerning this matter.

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

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

In preparing the financial statements, management is responsible for assessing the TPB'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 TPB or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024, required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT

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

May 15, 2025

TPBPHL
TOURISM PROMOTIONS BOARD PHILIPPINES

ISO 9001
Certificate No. PHP QMS 2193 0061

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Tourism Promotions Board (TPB) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, 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 TPB'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 TPB or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the TPB's financial reporting process. The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to stakeholders and other users.

The Commission on Audit has examined the financial statements of the TPB in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.

MARIA MARGARITA MONTEMAYOR NOGRALES
Chief Operating Officer, Tourism Promotions Board
Date: May 15, 2025

JOMAR D. TAGAO
Manager, Finance Department
Date: May 15, 2025

MA. ESPERANZA CHRISTINA GARCIA FRASCO
Tourism Secretary and Chairperson, Tourism Promotions Board
Date: May 15, 2025

DEPARTMENT OF TOURISM PHILIPPINES
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TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2024 and 2023
(In Philippine Peso)

	Note	2024	2023 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	21,913,813,822	21,963,122,028
Other investments	7	414,479,405	317,455,698
Receivables - net	8	209,052,962	387,455,728
Inventories	9	11,623,238	6,442,719
Other current assets	10	75,607,953	16,963,999
Total Current Assets		**22,624,577,380**	**22,691,440,172**
Non-Current Assets			
Other investments	7	123,600	123,600
Property, plant and equipmer	11	644,212,747	49,859,479
Intangible assets	12	13,903,050	12,923,461
Other non-current assets	13	877,585,277	877,585,277
Total Non-Current Assets		**1,535,824,674**	**940,491,817**
TOTAL ASSETS		**24,160,402,054**	**23,631,931,989**
LIABILITIES			
Current Liabilities			
Financial liabilities	14	208,618,331	715,652,439
Inter-agency payables	15	11,749,550	216,260,258
Trust liabilities	16	36,190,474	33,941,914
Other payables	17	27,610,903	25,861,727
Total Current Liabilities		**284,169,258**	**991,716,338**
Non-Current Liabilities			
Trust liabilities	16	877,585,277	877,585,277
Total Non-Current Liabilities		**877,585,277**	**877,585,277**
TOTAL LIABILITIES		**1,161,754,535**	**1,869,301,615**
NET ASSETS (TOTAL ASSETS LESS TOT		**22,998,647,519**	**21,762,630,374**
NET ASSETS/EQUITY			
Accumulated surplus/(deficit)	31	22,750,980,034	21,512,809,746
Government equity	30	250,000,000	250,000,000
changes in the fair value of the	29	- 2,332,515	- 179,372
TOTAL NET ASSETS/EQUITY		**22,998,647,519**	**21,762,630,374**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	Note		2024		2023 (As Restated)
REVENUE					
Service and business income	18		72,943,032		44,447,258
TOTAL REVENUE			**72,943,032**		**44,447,258**
CURRENT OPERATING EXPENSES					
Personnel services	19		112,181,368		107,739,878
Maintenance and other operating expenses	20		1,035,944,810		1,346,338,224
Financial expenses	21		2,122,102		1,216,830
Non-cash expenses	22		8,949,765		6,635,299
TOTAL CURRENT OPERATING EXPENSES			**1,159,198,045**		**1,461,930,231**
SURPLUS/(DEFICIT) FROM CURRENT OPERATIONS		-	**1,086,255,013**	-	**1,417,482,973**
Other non-operating income	23		10,156,826		4,611,501
Shares, Grants and Donations	24		1,275,310		-
Gains	25		5,829,044		835,651
Losses	26	-	5,040,227	-	3,464,184
DEFICIT BEFORE SUBSIDY		-	**1,074,034,060**	-	**1,415,500,005**
Net assistance/subsidy	27		2,312,204,348		1,098,605,369
NET SURPLUS/(DEFICIT) FOR THE PERIOD			**1,238,170,288**	-	**316,894,636**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	Accumulated surplus Note 31	Government equity Note 30	Unrealized gain from changes in the fair value of the financial instruments Note 29	Total
BALANCE AT JANUARY 1, 2023	1,243,980,129	250,000,000	- 12,290,741	1,481,689,388
ADJUSTMENTS:				
Add/(Deduct):				
Change in accounting policies	-	-	-	-
Prior year's adjustments	78,825,459	-	-	78,825,459
Other adjustments	20,914,557,196	-	-	20,914,557,196
RESTATED BALANCE AT JANUARY 1, 2023	**22,237,362,784**	**250,000,000**	**- 12,290,741**	**22,475,072,043**
Changes in Net Assets/Equity for CY 2022				
Add/(Deduct):				
Surplus/(Deficit) for the period, as previously state(	164,138,717	-	-	164,138,717
Prior year's adjustments	- 481,033,353	-	-	- 481,033,353
Surplus/(Deficit) for the period, as restated	- 316,894,636	-	-	- 316,894,636
Other Adjustments	- 407,658,402	-	12,111,369	- 395,547,033
RESTATED BALANCE AT DECEMBER 31, 2023	**21,512,809,746**	**250,000,000**	**- 179,372**	**21,762,630,374**
Changes in Net Assets/Equity for CY 2024				
Add/(Deduct):				
Surplus/(Deficit) for the period	1,238,170,288	-	-	1,238,170,288
Other adjustments	-	-	- 2,153,143	- 2,153,143
BALANCE AT DECEMBER 31, 2024	**22,750,980,034**	**250,000,000**	**- 2,332,515**	**22,998,647,519**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(In Philippine Peso)

	Note	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of revenue		17,662,010	7,800,066
Receipt of assistance/subsidy		2,417,204,348	1,098,605,369
Receipt of Inter-Agency Fund Transfers		3,500,000	-
Trust receipts		6,790,003	5,144,345
Other receipts		94,872,659	71,383,243
Total cash inflows		**2,540,029,020**	**1,182,933,023**
Adjustments		31,020,883	20,918,507,135
Adjustment Cash Inflows		**2,571,049,903**	**22,101,440,158**
Cash outflows			
Payment of expenses		939,727,307	658,043,655
Purchase of inventory		23,403,415	3,367,109
Grant of cash advance		1,299,831	49,490,418
Prepayments		281,955,568	144,281,954
Payment of accounts payable		234,375	177,266
Payment of tax refunds payable		64,078,839	12,889,254
Remittance of personnel benefit contributions and mandatory deductions		20,473,515	24,367,392
Release of Inter-Agency Fund Transfers		31,801,929	309,087,772
Release of Intra-Agency Fund Transfers		-	-
Other disbursements		611,371,297	2,865,307
Total cash outflows		**1,974,346,076**	**1,204,570,127**
Adjustments		-	287,600
Adjustment Cash Outflows		**1,974,346,076**	**1,204,857,727**
Net cash provided by (used in) operating activities		**596,703,827**	**20,896,582,431**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflow			
Proceeds from Sale/Disposal of Property, Plant and Equipment		28,500	15,210
Receipt of Interest Earned		14,778,396	-
Proceeds from matured investments		249,999,769	-
Total cash inflow		**264,806,665**	**15,210**
Cash outflow			
Purchase/construction of property, plant and equipment		600,793,938	14,438,389
Purchase of intangible assets		979,589	979,589
Investments		309,833,988	249,999,769
Total cash outflow		**911,607,515**	**265,417,747**
Net cash provided by (used in) investing activities		**- 646,800,850**	**- 265,402,537**
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		- 50,097,023	20,631,179,894
Effects of exchange rate changes on cash and cash equivalents		788,817	- 2,593,949
Cash and cash equivalents, January 1		21,963,122,028	1,334,536,083
Cash and cash equivalents, December 31	6	**21,913,813,822**	**21,963,122,028**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2024
(In Philippine Peso)

	Budgeted Amount			
	Original	Final	Actual Amounts on Comparable Basis	Difference Final Budget vs. Actual
	Note 32			
RECEIPTS				
Service and business income	15,000,000	15,000,000	72,943,032 -	57,943,032
Assistance and subsidy	2,479,838,000	2,478,956,000	2,475,126,356	3,829,644
Other non-operating receipts	-	-	92,217,333 -	92,217,333
Refund of cash advances	-	-	3,593,121	-
Others	-	-	88,624,212	-
Total receipts	**2,494,838,000**	**2,493,956,000**	**2,640,286,721 -**	**146,330,721**
PAYMENTS				
Personnel services	152,383,000	152,383,000	113,520,873	38,862,127
Maintenance and other operating expenses	1,484,009,000	1,483,127,000	1,353,638,233	129,488,767
Capital outlay	858,446,000	858,446,000	857,316,193	1,129,807
Total payments	**2,494,838,000**	**2,493,956,000**	**2,324,475,299**	**169,480,701**
NET RECEIPTS/(PAYMENTS)	**-**	**-**	**315,811,422 -**	**315,811,422**

The notes on pages 11 to 48 form part of these financial statements.

TOURISM PROMOTIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in Philippine Peso, unless otherwise stated)

1. GENERAL INFORMATION

The Tourism Promotions Board (TPB), a Government-Owned and Controlled Corporation (GOCC) and an attached agency of the Department of Tourism (DOT), was created by virtue of Republic Act (RA) No. 9593, otherwise known as the "Tourism Act of 2009" and its Implementing Rules and Regulations provided for the reorganization of the Philippine Convention and Visitors Corporation (PCVC). The Tourism Board under Resolution No. 16, series of 2010, also confirmed during its June 21, 2010 meeting, the reorganization of the PCVC into the TPB.

The TPB is responsible for marketing and promoting the Philippines domestically and internationally as a major global tourism destination, highlighting its uniqueness and assisting the development of its tourism products and services, with the end in view of increasing tourist arrivals and tourism investments; marketing the Philippines as a major Meetings, Incentives, Conventions, and Exhibitions (MICE) destination; attracting, promoting, facilitating and servicing large scale events, international fairs and conventions, congresses, sports competitions, expositions and the like; ensuring the regular local and international advertisement of the country's major tourism destinations and other tourism products, including Tourism Economic Zones; and providing incentives to travel agencies, tour operators, wholesalers, and investors abroad capable of drawing a sizeable number of tourists and tourism investments to the country.

The TPB shall have all the general powers of a corporation as provided under the Corporation Code. In addition, it shall have the following functions:

(a) Organize the Philippine TPB in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;

(b) Develop and implement a plan to market the Philippines as a premier tourist destination;

(c) Direct and coordinate the resources and efforts of the government and the private sector in the tourism and allied fields for the full realization of the tourism marketing plans and programs;

(d) Develop and promote the Philippines as a center for international meetings, incentive programs, conventions, exhibitions, sports and wellness, medical tourism and other special events;

(e) Engage in the business of tourism and perform acts in consonance therewith, such as, but not limited to, creating subsidiaries in support of its marketing functions in partnership with the private sector; as well as attending conventions and other events abroad in representation of the country, encouraging sales promotions and advertising, and implementing programs and projects with the objective of promoting the country and enticing tourists to visit its tourism destinations and to enjoy its tourism products;

(f) Contract loans, indebtedness and credit, and issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations;

(g) Execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives, subject to the provisions of the Constitution [Article VII, Section 20 and Article XII, Section 2, paragraphs (4) and (5)];

(h) Receive donations, grants, bequests and assistance of all kinds from local and foreign governments and private sectors and utilize the same;

(i) Extend loans through government banks and financial assistance for manpower training, heritage preservation, infrastructure development and other programs of the Department;

(j) Obtain the services of local and foreign consultants and enter into contracts locally and abroad in the performance of its functions; and

(k) Perform all other powers and functions of a corporation.

The agency's office is located at sixth floor of Five-Ecom, Mall of Asia Complex, Pasay.

The financial statements of the TPB was authorized for issue on May 15, 2025, as shown in the Statement of Management's Responsibility for Financial Statements signed by Maria Margarita Montemayor Nograles - Chief Operating Officer, Jomar D. Tagao – Manager, Finance Department, and Department of Tourism Secretary Maria Esperanza Christina Garcia Frasco, Chairperson of the Board of Directors.

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

2.1 Statement of Compliance with International Public Sector Accounting Standards (IPSASs)

The financial statements have been prepared in compliance with IPSASs, formerly the Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) in COA Resolution No. 2014-003 dated January 24, 2014. The PPSASs was renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

The financial statements are prepared by fund cluster in compliance with the requirements of COA Circular No. 2016-006.

The accounting policies have been consistently applied throughout the year presented.

2.2 Preparation of Financial Statements

TPB's financial statements have been prepared under the historical cost unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in the Philippine Peso, TPB's functional and presentation currency, and amounts are rounded off to the nearest peso unless otherwise stated.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of Accounting*

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

3.2 *Financial Instruments*

a. Financial assets

i. Initial recognition and measurement

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the TPB commits to purchase or sell the asset.

TPB's financial assets include cash and cash equivalents, receivables from employees and other agencies, and investments.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

   Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

2. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the TPB has the positive intention and ability to hold it to maturity.

Held-to-maturity investments, which consist of special contingency fund deposited at a government short-term high-yield savings account, are initially measured at the principal amount and adjusted for any interest income that accrues therefrom. Upon maturity of a high-yield savings account, the principal amount plus the interest are redeposited for another term.

iii. Derecognition

The TPB derecognizes a financial asset or where applicable, a part of a financial asset or part of the TPB of similar financial assets when:

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

2. The TPB has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29 *Financial Instruments: Recognition and Measurement*; and either the entity has:

   - transferred substantially all the risks and rewards of ownership of the financial asset, or

   - neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset

iv. Impairment of financial assets

The TPB 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 have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty;

2. Default or delinquency in interest or principal payments;

3. The probability that debtors will enter bankruptcy or other financial reorganization; and

4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the TPB first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the TPB determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the TPB. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. The request for the write-off of accounts is based on the guidelines prescribed in COA Circular No. 2016-005 dated December 19, 2016. If a future write-off is later recovered, the recovery is credited in surplus and deficit.

The estimated allowance for impairment loss on a given period is computed following a certain percentage determined based on the experience of Management on the collectability of loans and receivables, as follows:

Age of Accounts	Percentage
1– 60 days	- 1%
61-180 Days	- 2%
181 days to 1 year	- 3%
More than 1 year	- 5%

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.

TPB's financial liabilities include payables to suppliers, employees, and other contractors, inter-agency payables, and trust liabilities such as guarantee deposits and retention fees.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

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

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

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

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

   Gains or losses on liabilities held for trading are recognized in surplus or deficit.

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 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 expires or is discharged or canceled.

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

c. Offsetting of financial instruments

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

d. Fair value of financial instruments

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

3.3 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash in bank, high-yield savings account with an original maturity of three months, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Dollar collections are translated into the local currency based on the Bangko Sentral ng Pilipinas daily rate.

3.4 *Inventories*

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

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

3.5 *Property, Plant, and Equipment*

a. Recognition

An item is recognized as Property, Plant, and Equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of the PPE are as follows:

i. tangible items;

ii. are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

iii. are expected to be used during more than one reporting period.

An item of the PPE is recognized as an asset if:

i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;

ii. the cost or fair value of the item can be measured reliably; and

iii. the cost is at least P50,000.

b. Measurement at recognition

An item recognized as a PPE is measured at cost.

A PPE acquired through a 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 the PPE acquired through the non-exchange transaction, its cost is its fair value as at the 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 the PPE are required to be replaced at intervals, the TPB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expenses in surplus or deficit as incurred.

d. Depreciation

Each part of an item of the PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation starts in the second month from the date of acquisition.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for TPB's operation.

iii. Estimated useful life

The TPB uses the life span of the PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Buildings	- 30 years
Motor vehicles	- 10 years
Furniture and fixtures	- 10 years
Office equipment	- 5 years
Information, communication, and technology equipment	- 5 years
Other property, plant and equipment	- 5 years

iv. Residual value

The TPB uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE.

e. Impairment

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

f. Derecognition

The TPB derecognizes items of the 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 the 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.

3.6 *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.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in IPSAS 5, *Borrowing Costs.*

b. Recognition of an expense

Expenditure on an intangible item is recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

c. Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life is not to be amortized.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

3.7 *Provisions, Contingent Liabilities, and Contingent Assets*

a. Provisions

Provisions are recognized when the TPB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the TPB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent liabilities

The TPB does not recognize a contingent liability but discloses details of any contingencies in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent assets

The TPB does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the TPB in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.8 *Changes in Accounting Policies and Estimates*

The TPB recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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

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

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

3.9 *Foreign Currency Transactions*

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

a. Foreign currency monetary items are translated using the closing rate;

b. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

c. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.10 *Revenue from 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 are met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity, and
- 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 the TPB 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

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

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which is 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 values are ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

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

g. Services in-kind

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

h. Transfers from other government entities

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

3.11 *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 TPB recognizes revenue from the rendering of services by full completion or the outcome of the transaction can be measured reliably.

c. Interest income

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

d. Dividends

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

3.12 *Budget Information*

The annual budget is prepared on a cash basis and is published on 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 a comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on a comparable basis to the budget. Explanatory comments are provided in *Note 32.*

3.13 *Related Parties*

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

Members of key management and the members of the TPB Board are regarded as related parties.

3.14 *Employee Benefits*

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

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

3.15 *Measurement Uncertainty*

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

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF ACCOUNTS

4.1 *Due to Prior Period Errors*

Prior period errors consist of unrecorded advertising, marketing and promotional expenses, accrued expenses, depreciation, and other correction of errors in the financial statements. Details were provided in *Note 31*.

As a result of the prior period errors, the Calendar Year (CY) 2023 Financial Statements are restated as follows:

a. Statement of Financial Position

Account Name	Before Restatement	Restatement	As Restated
Current Assets			
Cash and Cash Equivalents	1,048,564,832	20,914,557,196	21,963,122,028
Receivables – net	618,742,769	-231,287,041	387,455,728
Inventories	3,663,244	2,779,475	6,442,719
Other Current Assets	19,799,275	-2,835,276	16,963,999
Subtotal, Current Assets	***1,690,770,120***	***20,683,214,354***	***22,373,984,474***
Non-Current Assets			
Property, Plant and Equipment – net	49,770,006	89,473	49,859,479
Subtotal, Non-Current Assets	***49,770,006***	***89,473***	***49,859,479***
Total Assets	***1,740,540,126***	***20,683,303,827***	***22,423,843,953***
Current Liabilities			
Financial Liabilities	132,022,189	583,630,250	715,652,439
Trust Liabilities	37,074,223	-3,132,309	33,941,914
Other Payables	27,746,741	-1,885,014	25,861,727
Total Liabilities	***196,843,153***	***578,612,927***	***775,456,080***
Accumulated Surplus/ Deficit	1,408,118,846	20,104,690,900	21,512,809,746
Total Net Assets/ Equity	***1,543,696,973***	***20,104,690,900***	***21,648,387,873***

b. Statement of Financial Performance

Account Name	Before Restatement	Restatement	As Restated
Service and business income	44,226,829	220,429	44,447,258
Subtotal, Income	***44,226,829***	***220,429***	***44,447,258***
Personnel services	107,484,227	255,651	107,739,878
Maintenance and other operating expenses	865,250,619	481,087,605	1,346,338,224
Non-cash expenses	6,724,773	-89,474	6,635,299
Subtotal, Expenses	***979,459,619***	***481,253,782***	***1,460,713,401***

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

5.1 *Risk Management Framework*

The TPB Board has overall responsibility for the establishment and oversight of TPB's risk management framework. The Board is expected to establish and institute adequate control mechanisms for good governance in the TPB. The minimum internal control mechanisms for the Board's oversight responsibility include but shall not be limited to:

1. Formulation and adoption of organization and procedural controls through an effective management information system and risk management reporting system.

2. Appropriation of remedial measures when a conflict of interest situation may arise.

3. Institute adequate selection, appointment, and retention policies and procedures for qualified and competent Management.

4. Ensure the development and review of personnel and human resource policies of the Agency, compensation plan, and management succession plan as may be provided.

In view of the foregoing and in accordance with the Governance Commission for GOCCs Memorandum Circular No. 2012-07 (Code of Corporate Governance and Section 17 of TPB

Manual of Corporate Governance), the Board has created TPB's Executive Committee, Governance Committee, Audit Committee, and Risk Management Committee where each committee is composed of three (3) board members and one (1) executive or manager knowledgeable in audit, accounting, and finance while the Executive Committee is headed by the Chief Operating Officer (COO), the Deputy COOs, and all Department Managers as members.

The Risk Management Committee is specifically responsible for the following:

1. Perform oversight risk management functions specifically in the areas of:

    a. Management of financial liquidity, solvency and viability, organizational and operational stability and sustainability, legal, reputational, and other risks.

    b. Crisis management includes receiving from Senior Management periodic information on risk exposures and risk management activities.

2. Develop the Risk Management Policy and ensure that the risk management processes and compliances are embedded throughout the operations of the TPB, especially at the Board and Management levels.

3. Provide reports and updates on key risk management issues as well as *ad hoc* reports and evaluations on investment proposals.

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

	Note	2024	2023 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	21,913,813,822	21,963,122,028
Other investments	*7*	414,479,405	317,455,698
Receivables – net	*8*	209,052,962	387,455,728
		22,537,346,189	**22,668,033,454**
Financial liabilities			
Financial liabilities	*14*	208,618,331	715,652,439
Inter-agency payables	*15*	11,749,550	216,260,258
Trust liabilities	*16*	36,190,474	33,941,914
		256,558,355	**965,854,611**

5.2 *Credit Risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the TPB. The TPB has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or security deposit where appropriate as a means of mitigating the risk of financial loss from defaults. The TPB defines counterparties as having similar characteristics if they are related entities.

Also, the TPB manages its credit risk by depositing its cash with the Land Bank of the Philippines (LBP), an authorized government depository bank. Further, the TPB ensures timely liquidation of cash advances/accountabilities.

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

a. Credit risk exposure

The following table shows the gross maximum exposure to credit risk of the TPB as at the years ended December 31, 2024, and 2023, without considering the effects of credit risk mitigation techniques.

	Note	2024	2023 (As Restated)
Financial assets			
Cash and cash equivalents	*6*	21,913,813,822	21,963,122,028
Other investments	*7*	414,479,405	317,455,698
Receivables – net	*8*	209,052,962	387,455,728
		22,537,346,189	**22,668,033,454**

**Receivables at net of allowance for impairment amounting to P10,825,590 and P20,981,348 for the years ended December 31, 2024, and 2023, respectively.*

b. Management of credit risk

The management of credit risk is covered by the Risk Remedial and Management Committee. The Finance Department and Cash Unit of the Agency are in charge of controlling, monitoring, and collecting payments of all its receivables due from employees, foreign offices, and clientele. Receivables from employees consist of cash advances for project implementations and travel allowances. The status of outstanding receivables is summarized quarterly in a schedule and is submitted to COA. Should there be no payments received, the Accounting Division follows up either through phone calls or demand letters for collection until settled. Failure of employees and foreign offices to liquidate and refund the balances, if any, would result in the withholding of salaries and future remittances.

c. Settlement risk

TPB's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For certain types of transactions, the TPB mitigates this risk by ensuring that an obligation is settled only when both parties have fulfilled their contractual deliverables.

d. Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, concentrations indicate the relative sensitivity of TPB's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten TPB's financial strength and undermine public confidence.

e. Aging analysis

An aging analysis of TPB's receivables as at the year ended December 31, 2024, is disclosed in Note 8.3.

f. Impairment assessment

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

The two methodologies applied by the TPB in assessing and measuring impairment include (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the TPB assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

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

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

A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

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

5.3 *Liquidity Risk*

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

a. **Management of liquidity risk**

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

The TPB maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans, and advances to the TPB and other facilities, to ensure that sufficient liquidity is maintained within the TPB as a whole.

b. **Exposure to liquidity risk**

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

The liquidity management policy of the TPB is conservative in maintaining optimal liquid cash funds to ensure the capability to adequately finance its mandated activities and other operational requirements at all times. TPB's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior Management is actively involved in the Executive Committee headed by the COO with the Deputy COOs for Marketing and Corporate Affairs and Managers of all departments.

The table below summarizes the maturity profile of TPB's financial liabilities as at December 31, 2024.

As at December 31, 2024	Within 1 Year	Over 1 – 5 Years	Over 5 Years	Total
Financial liabilities	208,618,331			208,618,331
Inter-agency payables	11,749,550			11,749,550
Trust liabilities	36,190,474	877,585,277		913,775,751
Other payables	27,610,903			27,610,903
Total	**284,169,258**	**877,585,277**		**1,161,754,535**

5.4 *Market Risks*

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

Management of market risk

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

5.5 *Operational Risks*

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

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

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

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

Compliance with corporate standards/processes is supported by a program of periodic reviews undertaken by Internal Audit or the Quality Management System Team Auditors. The results of Internal Audit reviews are discussed with the Management, with summaries to the Audit Committee and Senior Management.

6. CASH AND CASH EQUIVALENTS

	2024	2023 (As Restated)
Cash on hand	280,055	170,000
Cash - treasury deposit/ special account in the general fund	20,963,557,196	20,914,557,196
Cash in bank	949,976,571	1,048,394,832
	21,913,813,822	**21,963,122,028**

The Cash - Treasury Deposit/ Special Account in the General Fund (SAGF) represents the balance of the TPB-SAGF as at December 31, 2024. The TPB-SAGF is currently maintained by the Bureau of Treasury. The TPB-SAGF consist of the TPB's share from the earnings of PAGCOR, airport and seaports, DFPC.

The Cash in bank account includes the: (a) Special Account in the General Fund; (b) Special Contingency Fund; (c) Trust Liability Accounts Fund; and (d) Foreign Currency – Savings Dollar Account converted at P58.014 closing rate.

7. INVESTMENTS

	2024			2023 (As Restated)		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Available for sale securities	104,645,417	-	104,645,417	67,455,930	-	67,455,930
Investments in treasury bills- local	59,998,770	-	59,998,770	249,999,768	-	249,999,768
Investments in treasury bonds-local	249,835,218	-	249,835,218	-	-	-
Investments in stocks	-	123,600	123,600	-	123,600	123,600
	414,479,405	**123,600**	**414,603,005**	**317,455,698**	**123,600**	**317,579,298**

7.1 Available for Sale Securities

This account consists of earnings from TPB Trust Fund with the LBP invested in financial securities at fair value through other comprehensive income.

7.2 Investments in Treasury Bills- Local

This account represents various placements of TPB idle funds into one-year treasury bills with the LBP at a rate of 5.9626% per annum.

7.3 Investments in Treasury Bills- Local

This account represents the placement of TPB's government equity of Php250,000,000.00 into 4.45 years treasury bonds with the Development Bank of the Philippines (DBP) at a rate of 6.25% per annum.

7.4 Investment in stocks

This account pertains to the investment in securities of service enterprises that represents the agency's preferred shares of stocks with Philippine Long Distance Telephone, Inc. as subscriber's investment for telephone lines as required by Presidential Decree No. 217.

8. RECEIVABLES

	2024	2023 (As Restated)
Inter-agency receivables		
Due from National Government Agencies (NGAs)	215,974,661	275,001,217
Less: Allowance for impairment-due from NGAs	(10,651,343)	(18,556,881)
Net Value	205,323,318	256,444,336
Due from Local Government Units (LGUs)	333,109	13,991,294
Less: Allowance for Impairment-due from LGUs	(16,655)	(1,709,546)
Net Value	316,454	12,281,748
Due from GOCCs	2,483,031	13,426,062
Less: Allowance for impairment-due from GOCCs	(106,652)	(669,746)
Net Value	2,376,379	12,756,316
Sub-total –Inter-agency receivables, net	**208,016,151**	**281,482,400**
Other receivables		
Due from officers and employees	359,266	291,071
Less: Allowance for impairment-due from officers and employees	(14,569)	(8,803)
Net Value	344,697	282,268
Other receivables	728,485	105,727,431
Less: Allowance for impairment-other receivables	(36,371)	(36,371)
Net Value	692,114	105,691,060
Sub-total –Other receivables, net	**1,036,811**	**105,973,328**
Total Receivables, net	**209,052,962**	**387,455,728**

8.1 Inter-agency receivables

8.1.1 Due from NGAs

Due from NGAs account consists fund remittances to local and foreign DOT offices for the implementation of various events or projects. The liquidation period for local and foreign fund transfers is 60 days.

This account also includes receivables from the Department of Foreign Affairs (DFA) and the DOT amounting to P4,200,000 each representing unpaid annual contributions from other government agencies represented in the PCVC-Board of Trustees covering the period 1988 - 2008 at P200,000 per annum as provided under Section 14.1 of Executive Order No. 120-A dated July 20, 1978.

Receivables from these two (2) agencies were not accrued since 2009. An allowance for bad debts for these was never provided. The Board of Directors approved the writing-off of the receivables from the DOT and the DFA but still needs the submission of approved budgets of these two (2) agencies to prove that there were no appropriations provided for the annual contributions, as advised by COA Resident Auditor. Once the documents required are complied with, the request for write-off shall be forwarded to COA.

8.1.2 Due from LGUs

Due from LGUs account represents financial assistance to the LGUs for the response to the COVID-19 pandemic and for the implementation of various events such as, among others, the promotional and/or informational signage at tourism sites in Baguio City and the Municipalities of Badian and Lucban; and the project for the Destination Rebranding and Ancillary Improvements in the Municipality of Sagada.

8.1.3 Due from GOCCs

Due from GOCCs account represents the share of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), formerly the Philippine Tourism Authority in the ASTA World Congress/other miscellaneous receivables. Also included is the fund transfer to the Center for International Trade Expositions for the Enhanced MICE Plus Program in connection with the Manila FAME 2024, and fund transfers to the DFPC and Clark Development Corporation for the implementation of tourism projects.

8.2 Other receivables

8.2.1 Due from officers and employees

Due from officers and employees account refers to receivables from employees' disallowances, personal calls, overpayments of salary, and overtime pay.

8.2.2 Other receivables

Other receivables account represents over-payment made to various suppliers.

8.3 Aging analysis of receivables as at December 31, 2024

	Not Past Due	Past Due				Total
		1-60 days	61-180 days	181 days-1 year	more than 1 year	
Inter-agency receivables:						
Due from NGAs	600,000	1,831,093	-	1,291,825	212,251,743	215,974,661
Due from LGUs	-	-	-		333,109	333,109
Due from GOCCs	-	350,000	-	-	2,133,031	2,483,031
Sub - total – Inter-agency receivables	600,000	2,181,093	-	1,291,825	214,717,883	218,790,801
Other receivables:						
Due from officers and employees	-	68,195	-	-	291,071	359,266
Other receivables	-	563	516	-	727,406	728,485
Sub- total – Other receivables	-	68,758	516	-	1,018,477	1,087,751
Less: Allowance for impairment		(6)	(10)	(38,755)	(10,786,819)	(10,825,590)
Total Receivables, net	**600,000**	**2,249,845**	**506**	**1,253,070**	**204,949,541**	**209,052,962**

8.4 Liquidation rate as at December 31, 2024

	Due from NGAs	Due from LGUs	Due from GOCCs	Total
Balance, 01 January 2024	590,233,725	35,160,842	13,426,062	638,820,629
Amount for write-off*	-			-
Outstanding balance	**590,233,725**	**35,160,842**	**13,426,062**	**638,820,629**
Adjustments		372,643		372,643
Liquidation of the Prior Year (PY) remittances	-383,197,789	-35,200,376	-11,293,031	-429,691,196
Subtotal, balance of the PY remittances as at 31 December 2024*	**207,035,936**	**333,109**	**2,133,031**	**209,502,076**
Current Year (CY) remittances:				
Total remittances during the year	21,143,268	1,259,433	3,850,000	26,252,701
Liquidation of the CY remittances	-12,204,543	-1,259,433	-3,500,000	-16,963,976
Subtotal, balance of the CY remittances as at 31 December 2024	**8,938,725**	**-**	**350,000**	**9,288,725**
Total balances of the remittances as at 31 December 2024	**215,974,661**	**333,109**	**2,483,031**	**218,790,801**

*The Commission on Audit denied TPB's request for write-off in the total amount Php63,765,433 in 2024, requesting for additional documents to support the request. The TPB is set to resubmit the request for write-off in 2025.

9. INVENTORIES

	2024	2023
Office supplies inventory		
Carrying amount, January 1	2,758,244	3,165,304
Additions/acquisitions during the year	4,495,083	3,435,165
Expensed during the year except write-down	(3,922,467)	(3,842,225)
Carrying amount, December 31	**3,330,860**	**2,758,244**
Other supplies and material inventory		
Carrying amount, January 1	3,684,475	4,194,551
Additions/acquisitions during the year	16,926,230	
Expensed during the year except write-down	(12,318,327)	(510,076)
Carrying amount, December 31	**8,292,378**	**3,684,475**
Semi-expendable inventory		
Carrying amount, January 1	-	-
Additions/acquisitions during the year	3,653,700	488,072
Expensed during the year except write-down	(3,653,700)	(488,072)
Carrying amount, December 31	-	-
	11,623,238	**6,442,719**

Inventories are measured at cost upon initial recognition and are recognized as an expense when issued for consumption in the ordinary course of operation of the TPB.

10. OTHER CURRENT ASSETS

	2024	2023 (As Restated)
Advances:		
Advances to special disbursing officer	-	548,276
Advances to officers and employees	1,651,906	486,451
Sub- total – Advances	1,651,906	1,034,727
Prepayments:		
Prepaid insurance	50,253	138,321
Other prepayments	65,793,992	12,750,933
Sub- total – Prepayments	65,844,245	12,889,254
Deposits:		
Guaranty deposits	8,111,802	3,040,018
Sub- total – Deposits	8,111,802	3,040,018
Total Other Current Assets	**75,607,953**	**16,963,999**

Prepaid insurance pertains to the unexpired portion as at December 31, 2024 of Government Service Insurance System insurance premiums paid for vehicles.

Other prepayments pertain to the consumable deposit to the Department of Budget and Management (DBM) - Procurement Service relative to the procurement of office supplies and air ticket requirements per the Government Fares Agreement with Philippine Airlines and Cebu Pacific; payments for one-year membership fees to marketing organizations, and advance payments to official booth contractors for international marketing events. This account likewise consists of advance payments for booth spaces and design and construction to official organizers of various international marketing events.

Guaranty Deposits represent the lease deposits for the rented office premises of the TPB.

10.1 Aging of advances as at December 31, 2024

	Not Past Due	Past Due < 30 days	Past Due > 60 days	Total
Advances to officers and employees	1,299,831	-	352,075	1,651,906
	1,299,831		**352,075**	**1,651,906**

11. PROPERTY, PLANT, AND EQUIPMENT

As at December 31, 2023 (Restated)

	Buildings and other structures	Office equipment	Info. & com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	Motor vehicles	Leased assets improvements, buildings	Total
Carrying amount, January 1, 2023	12,953,935	1,158,114	15,572,832	749,839	389,067	10,421,151	1,031,815	42,276,753
Additions/Acquisitions		697,050	9,980,306	363,833		3,397,200		14,438,389
Total	12,953,935	1,855,164	25,553,138	1,113,672	389,067	13,818,351	1,031,815	56,715,142
Disposals	-	-11,188	-44,175			-165,000		-220,363
Depreciation	-461,319	-362,832	-4,005,568	-160,245	-42,390	-1,660,559	-31,860	-6,724,773
Adjustment-	-		89,473					89,473
Carrying amount, December 31, 2023	**12,492,616**	**1,481,144**	**21,592,868**	**953,427**	**346,677**	**11,992,792**	**999,955**	**49,859,479**
Gross cost	24,039,753	5,755,532	56,261,706	1,427,223	954,243	20,702,948	1,062,000	110,203,405
Less: Accumulated depreciation	-11,547,137	-4,274,388	-34,668,838	-473,796	-607,566	-8,710,156	-62,045	-60,343,926
Carrying amount, December 31, 2023	**12,492,616**	**1,481,144**	**21,592,868**	**953,427**	**346,677**	**11,992,792**	**999,955**	**49,859,479**

As at December 31, 2024

	Buildings and other structures	Office equipment	Info. & Com. tech. & equipment	Other machinery & equipment	Furniture & fixtures	Motor vehicles	Leased Assets Improve ments, Buildings	Construction in Progress	Total
Carrying amount, January 1, 2024	12,492,616	1,481,144	21,592,868	953,427	346,677	11,992,792	999,955	-	49,859,479
Additions/Acquisitions					334,000		5,312,228	596,750,000	602,396,228
Total	12,492,616	1,481,144	21,592,868	953,427	680,677	11,992,792	6,312,183	596,750,000	652,255,707
Disposals									-
Depreciation	-462,444	-260,526	-4,561,997	-281,114	-83,447	-2,334,767	-53,227		-8,037,522
Adjustment-	-		-228,909	140,714			82,757		- 5,438
Carrying amount, December 31, 2024	**12,030,172**	**1,220,618**	**16,801,962**	**813,027**	**597,230**	**9,658,025**	**6,341,713**	**596,750,000**	**644,212,747**
Gross cost	24,039,753	5,755,532	56,122,270	1,427,223	1,288,243	20,702,948	6,374,228	596,750,000	712,460,197

Less: Accumulated depreciation	-12,009,581	-4,534,914	-39,320,308	-614,196	-691,013	-11,044,923	-32,515	-	-68,247,450
Carrying amount, December 31, 2024	**12,030,172**	**1,220,618**	**16,801,962**	**813,027**	**597,230**	**9,658,025**	**6,341,713**	**596,750,000**	**644,212,747**

Unpaid acquired assets as at December 31, 2024 is in the amount of P2,597,290.

The account Construction in Progress refers to the amount paid for the ongoing development of the Philippine Pavilion in Osaka, Japan, in preparation for the Philippines' participation in Expo 2025. The pavilion is scheduled for completion in April 2025.

12. INTANGIBLE ASSETS

	2024	2023 (As Restated)
Carrying amount, January 1	12,923,461	11,943,872
Additions – acquisition	979,589	979,589
Carrying amount, December 31	**13,903,050**	**12,923,461**

The additions in the account pertains to the payment for the 10% retention fee relative to the purchase of the Procurement and Asset Management System (PAMS).

Intangible assets are recognized and measured initially at cost. Subsequent measurement is at cost less any accumulated amortization and any accumulated impairment loss. Amortization shall start when the asset is available for use, in the location and condition necessary for the asset to be capable of operating in the manner intended by the Management.

13. OTHER NON-CURRENT ASSETS

This account consists the following:

	2024	2023
Restricted fund	877,585,277	877,585,277
	877,585,277	**877,585,277**

This account consists of the proceeds from the sale of Hilaga Property received from TIEZA. In compliance with Section 54 of RA No. 9593, *otherwise known as the Tourism Act of 2009*, a Tourism Promotions Trust was established for the said proceeds and thereafter invested with the LBP. Investment earnings from the said Trust Fund shall be available to finance the activities of the TPB.

14. FINANCIAL LIABILITIES

This account consists the following:

	2024	2023 (As Restated)
Payables	208,447,999	715,373,927
Tax refunds payable	170,332	278,512
	208,618,331	**715,652,439**

14.1 Payables

	2024	2023 (As Restated)
Accounts payable	206,945,490	713,922,704
Due to officers and employees	1,502,509	1,451,223
	208,447,999	**715,373,927**

14.1.1 Accounts payable

The Accounts payable account represents outstanding unpaid obligations to suppliers and contractors for the implementation of promotional and marketing projects.

14.1.2 Due to officers and employees

The Due to officers and employees account represents unpaid salaries and allowances, terminal leave, and separation incentive packages of the retired employees.

14.2 Tax refunds payable

	2024	2032
Tax refunds payable	170,332	278,512
	170,332	**278,512**

Tax refunds payable refers to over withheld taxes from employees during the year and balance of unclaimed tax refunds of employees who have already separated from service.

14.3 Aging of financial liabilities as at December 31, 2024

	< 30 days	< 90 days	<360 days	> 360 days	Total
Accounts payable	203,153,707	180,713	-	3,611,070	206,945,490
Due to officers and employees	1,502,509	-	-	-	1,502,509
Tax refunds payable	170,332	-	-	-	170,332
	204,826,548	**180,713**	**-**	**3,611,070**	**208,618,331**

15. INTER-AGENCY PAYABLES

	2024	2023
Due to BIR	8,904,133	15,901,632
Due to GSIS	1,045,893	1,556,036
Due to Pag-IBIG	558,319	610,736
Due to PhilHealth	149,355	346,641
Due to Other NGAs	100,000	196,853,363
Due to GOCC	991,850	991,850
	11,749,550	**216,260,258**

Advances received for the implementation of various tourism promotional/marketing projects and advertising campaign programs of the DOT and TIEZA comprise Due to other NGAs and Due to GOCCs, respectively.

In 2024, the TPB remitted a total of Php196,853,363.00 to the Bureau of the Treasury (BTr), representing the remaining balance of the account Due to Other NGAs.

16. TRUST LIABILITIES

	2024			2023 (As Restated)		
	Current	Non-current	Total	Current	Non-current	Total
Trust liabilities	414,260	877,585,277	877,999,537	167,165	877,585,277	877,752,442
Guaranty/security deposits payable	35,776,214	-	35,776,214	33,774,749	-	33,774,749
	36,190,474	**877,585,277**	**913,775,751**	**33,941,914**	**877,585,277**	**911,527,191**

The current portion and non-current portions of the Trust liabilities consist of the payable to Employees' Provident Fund and the proceeds from the sale of Hilaga Property, respectively.

Guaranty/Security deposits payable account represents the receipts of performance bond from service providers/suppliers to guarantee their performance. Performance bonds are refunded upon full delivery of service and termination/completion of the contract.

17. OTHER PAYABLES

	2024	2023 (As Restated)
Other deferred credits	28,500	-
Other unearned revenue	2,648,346	-
Undistributed collections	20,061,069	20,788,245
Other payables	4,872,988	5,073,482
	27,610,903	**25,861,727**

Other deferred credits represents advance collections for the payment of the waste materials.

Unearned revenue are advance collections of registration fees, for implementation in 2025.

Undistributed collections represents direct deposits which source and nature are yet to be determined.

Other payables consists of collections from bid documents, insular insurance fee, and mobile loans deducted from the payroll of regular employees.

18. REVENUES

	2024	2023
Service income:		
Registration fees	17,421,371	7,373,455
Total service income	**17,421,371**	**7,373,455**
Business income:		
Other business income	-	178,000
Interest income	55,497,603	36,838,398

	2024	2023
Fines and penalties	24,058	57,405
Total business income	55,521,661	37,073,803
	72,943,032	**44,447,258**

The interest income derived from investing activities amounts to P55,077,389 and P36,426,763 for CYs 2024 and 2023, respectively.

19. PERSONNEL SERVICES

	2024	2023 (As Restated)
Salaries and wages	72,562,791	71,137,820
Other compensation	23,956,192	23,186,091
Personnel benefit contributions	12,242,435	10,712,639
Other personnel benefits	3,419,950	2,703,328
	112,181,368	**107,739,878**

19.1 Salaries and wages

	2024	2023 (As Restated)
Salaries and wages – regular	72,562,791	71,137,820
	72,562,791	**71,137,820**

19.2 Other compensation

	2024	2023 (As Restated)
Personnel economic relief allowance	2,583,652	2,530,511
Representation allowance	2,461,000	2,207,875
Transportation allowance	1,638,500	1,158,750
Clothing/uniform allowance	77,000	618,000
Productivity incentive allowance	521,500	532,000
Honoraria	225,313	762,831
Hazard duty pay - civilian	-	-
Overtime and night pay	1,422,591	811,781
Cash gift	549,500	530,750
Year-end bonus	6,328,977	5,892,107
Mid-year bonus	6,064,159	5,869,486
Other bonuses and allowances	2,084,000	2,272,000
	23,956,192	**23,186,091**

19.3 Personnel benefit contributions

	2024	2023
Retirement and life insurance premiums	10,166,941	9,062,069
Pag-IBIG contributions	253,900	137,200
PhilHealth contributions	1,671,294	1,382,770
Employees compensation insurance premiums	150,300	130,600
	12,242,435	**10,712,639**

19.4 Other personnel benefits

	2024	2023
Terminal leave benefits	1,499,852	1,542,716
Other personnel benefits	1,789,598	1,100,612
Incentive and loyalty award	130,500	60,000
	3,419,950	**2,703,328**

19.5 Employees future benefits

The permanent employees of the TPB contribute to the GSIS in accordance with RA No. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the Act applies. Social insurance (life and retirement) benefits are mandatory-defined contribution plans fixed at nine (9) percent of the basic salaries of regular government employees. Total contributions to GSIS for CY 2024 amounted to Php15,324,661 broken down as follows: employees' share – Php6,555,491 and government share – Php8,769,170.

20. MAINTENANCE AND OTHER OPERATING EXPENSES

	2024	2023 (As Restated)
Traveling expenses	49,039,624	36,842,520
Professional services	42,703,112	23,740,928
Supplies and materials expenses	30,891,731	16,638,038
Training and scholarship expenses	13,643,449	4,059,179
Repairs and maintenance	12,927,595	1,976,568
General services	9,511,011	10,613,681
Taxes, insurance premiums and other fees	4,107,397	3,019,320
Communication expenses	3,650,005	3,278,841
Utility expenses	2,676,061	2,447,056
Confidential, intelligence and extraordinary expenses	432,693	679,222
Awards, rewards, and prizes	-	50,000
Other maintenance and operating expenses	866,362,132	1,242,992,871
	1,035,944,810	**1,346,338,224**

20.1 Traveling expenses

	2024	2023 (As Restated)
Traveling expenses-local	3,855,276	3,434,631
Traveling expenses-foreign	45,184,348	33,407,889
	49,039,624	**36,842,520**

20.2 Professional services

	2024	2023 (As Restated)
Auditing services	2,261,336	2,168,556
Consultancy services	15,637,262	1,362,192
Other professional services	24,804,514	20,210,180
	42,703,112	**23,740,928**

Other professional services represents payment for the services of the job order personnel.

20.3 Supplies and materials expenses

	2024	2023 (As Restated)
Office supplies expenses	4,050,162	3,977,135
Fuel, oil & lubricants expenses	1,370,633	1,483,910
Semi-expendable office equipment expense	50,000	-
Semi-expendable information and communications technology equipment expenses	1,099,631	377,816
Semi-expendable other machinery & equipment expenses	632,679	209,256
Semi-expendable furniture and fixtures	2,579,134	-
Other supplies expense	21,109,492	10,589,921
	30,891,731	**16,638,038**

20.4 Training and scholarship expenses

	2024	2023 (As Restated)
Training expenses	13,643,449	4,059,179
	13,643,449	**4,059,179**

20.5 Repairs and maintenance

	2024	2023 (As Restated)
Repairs and maintenance-buildings and other structures	10,621,173	946,197
Repairs and maintenance-machinery and equipment	1,447,048	238,570
Repairs and maintenance-transportation equipment	847,086	667,751
Repairs and maintenance-furniture and fixtures	12,288	124,050
	12,927,595	**1,976,568**

20.6 General services

	2024	2023 (As Restated)
Janitorial services	3,812,070	4,259,282
Security services	5,698,941	6,354,399
	9,511,011	**10,613,681**

20.7 Taxes, insurance premiums and other fees

	2024	2023 (As Restated)
Taxes, duties and licenses	767,195	398,052
Insurance expenses	944,084	527,877
Fidelity bond premiums	2,396,118	2,093,391
	4,107,397	**3,019,320**

20.8 Communication expenses

	2024	2023 (As Restated)
Telephone expenses	1,408,326	1,715,660
Internet subscription expenses	2,241,679	1,563,181
	3,650,005	**3,278,841**

20.9 Utility expenses

	2024	2023 (As Restated)
Water expenses	153,269	93,691
Electricity expenses	2,522,792	2,353,365
	2,676,061	**2,447,056**

20.10 Confidential, intelligence, and extraordinary expenses

	2024	2023 (As Restated)
Extraordinary and miscellaneous expenses	432,693	679,222
	432,693	**679,222**

Other professional services pertain to the compensation of job order personnel.

20.11 Awards, Rewards, and Prizes

	2024	2023 (As Restated)
Prizes	-	50,000
	-	**50,000**

20.12 Other maintenance and operating expenses

	2024	2023 (As Restated)
Advertising, promotional and marketing expenses	807,793,884	1,205,700,397
Representation expenses	2,605,656	3,551,909
Transportation and delivery expenses	62,277	3,000
Rent/lease expenses	24,722,639	9,357,590
Membership dues and contributions to organizations	1,377,730	1,969,239
Postage and courier services	1,739,083	1,107,219
Subscription expenses	24,473,961	13,768,877
Donations	-	170,569
Board of Directors allowance and other benefits	361,580	514,847
Other maintenance and operating expenses	3,225,322	6,849,224
	866,362,132	**1,242,992,871**

The Advertising, promotional and marketing expenses pertains to the expenses incurred for the implementation of tourism programs, projects and or events.

21. FINANCIAL EXPENSES

	2024	2023 (As Restated)
Bank charges	2,122,102	1,216,830
	2,122,102	**1,216,830**

22. NON-CASH EXPENSES

This account consists the following:

	2024	2023 (As Restated)
Depreciation-buildings and other structures	462,444	461,319
Depreciation-machinery and equipment	5,103,637	4,439,171
Depreciation-transportation equipment	2,334,767	1,660,559
Depreciation-furniture, fixtures and books	83,447	42,390
Depreciation-other leased assets improvements, buildings	53,227	31,860
Impairment loss- intangible assets, computer software	912,243	-
	8,949,765	**6,635,299**

23. OTHER NON-OPERATING INCOME

	2024	2023 (As Restated)
Reversal of impairment loss	10,155,758	4,610,631
Miscellaneous income	1,068	870
	10,156,826	**4,611,501**

24. SHARES, GRANTS, AND DONATIONS

	2024	2023 (As Restated)
Income from grants and donations in kind	1,275,310	-
	1,275,310	-

25. GAINS

	2024	2023 (As Restated)
Gain on foreign exchange (forex)	5,829,044	835,651
	5,829,044	**835,651**

26. LOSSES

	2024	2023 (As Restated)
Loss on foreign exchange (forex)	5,040,227	3,429,600
Loss on sale of property, plant, and equipment	-	34,584
	5,040,227	**3,464,184**

27. ASSISTANCE/SUBSIDY

	2024	2023 (As Restated)
Subsidy income from SAGF	2,312,204,348	1,098,605,369
	2,312,204,348	**1,098,605,369**

The subsidy income from SAGF consists of subsidy from Special account in the general fund (SAGF) – PAGCOR, seaports and airports; and the subsidy from the General Appropriation Act (GAA). The total Notice of Cash Allocation received by TPB in CY 2024 is Php2,475,126,356 consisting of the NCA from SAGF – CY 2024 Corporate Operating Budget (COB), SAGF – CY 2023 COB for the payment of payables, and GAA CY 2024 COB in the amounts of Php1,487,716,745, Php627,409,611, and Php360,000,000, respectively. Of the total subsidy received in CY 2024, Php161,815,378 was reverted to the BTr.

Additionally, the TPB received share from CY 2019 income of the DFPC in the amount of Php105,000,000. Out of the Php105 million, Php49 million was remitted directly by the DOT to the BTr-TPB (SAGF), whereas the Php56 million was received by the TPB from the DOT. The Php56 million and was reverted by the TPB to BTr-TPB (SAGF) in February 2025.

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

	2024	2023
Surplus for the year	1,238,170,288	(316,894,636)
Depreciation	8,037,522	6,724,773
Impairment loss – loans and receivables (net of reversal of impairment loss)	(10,155,758)	(4,610,631)
Losses	5,952,470	3,464,184
Gains	(5,829,044)	(835,651)
Interest earned categorized as investing activity	(55,077,389)	(36,426,763)
Prior period adjustments	1,016,058	21,398,398,644
(Increase) Decrease in receivables less impairment losses recognized	188,558,524	(148,949,902)
(Increase) Decrease in inventories	(5,180,519)	3,696,611
(Increase) Decrease in other assets less adjustment due to disposal	(58,643,954)	3,217,327
Increase (Decrease) in financial liabilities less unpaid PPE acquisition and prior year expenses adjusted in 2023	(509,631,399)	-16,441,683
Increase (Decrease) in inter-agency payables	(204,510,708)	-1,791,388
Increase (Decrease) in trust liabilities	2,248,560	2,936,820
Increase (Decrease) in other payables	1,749,176	4,094,726
Net cash flows from operating activities	**596,703,827**	**20,896,582,431**

29. RELATED PARTY TRANSACTIONS

29.1 Related party transactions

The TPB does not have dealings with related parties involving the transfer of resources and obligations.

29.2 Key management personnel

The key management personnel of the TPB are the COO, the Deputy COOs for Corporate Affairs and Marketing and Promotions, and the executives/managers of all departments. The TPB Board consists of the Chairman, the COO as Vice Chairman, and the six (6) board members representing TIEZA, the DFA, Department of Trade and Industry, the Department of Transportation, and two from the Private Sectors, all are appointed by the President of the Philippines.

29.3 Key management personnel compensation

The Chairman and the members of the TPB Board receive per diems for every board meeting attended. The following is the aggregate remuneration for the COO, inclusive of the remuneration pay of officers who are/were permanently appointed and acted as the COO throughout CY 2024 and are/were part of the organization's structure/plantilla and on a full-time basis:

	Aggregate remuneration
Salaries and wages	2,270,388
Other compensation	794,511
Total	**3,064,899**

30. UNREALIZED GAIN/(LOSS)

This account represents the unrealized loss on changes in fair market value on the investments managed by the LBP.

31. GOVERNMENT EQUITY

This account consists of the P250 million authorized capital which is fully subscribed by the National Government as provided in RA No. 9593 (Tourism Act of 2009).

31.1 Capital Management

The primary objective of TPB's capital management is to ensure that the resources of the Agency are geared towards the attainment of its mandate and the implementation of its objectives through the programs to be undertaken for the promotion of the Philippines domestically and internationally.

The total government equity is placed in a one-year treasury bill with the DBP.

The TPB sources its funds from the share in the annual remittances of PAGCOR, ports, and income of the DFPC, as provided in RA No. 9593. The TPB manages its net assets/equity by establishing controls in disbursements and collection of fees and other sources of revenue. The TPB monitors the status of its projects and regularly reports the utilization and disbursements of its funds.

32. ACCUMULATED SURPLUS

	Amount
Accumulated surplus, January 1, 2023 (As Restated)	1,243,980,129
Adjustments due to prior period errors:	
Over-recording of advertising, promotional and marketing expenses	63,325,974
Reversal of long-outstanding payables	15,499,485
Unrecorded cash-treasury deposit/ special account in the general fund	20,914,557,196
Accumulated Surplus, January 1, 2023 (As Restated)	**22,237,362,784**
Surplus/(Deficit) for 2023, as previously stated	164,138,717
Adjustments due to prior period errors:	
Unrecorded registration fees	220,429.00
Unrecorded salaries and wages	-60,299.00
Unrecorded overtime pay	-195,352.00
Unrecorded travelling exp-foreign	-1,495,823.00
Unrecorded fuel, oil & lubricants expenses	-112,967.00
Over-recording of other supplies and materials expenses	2,779,475.00
Unrecorded telephone expenses	-174,976.00
Unrecorded extraordinary and miscellaneous expenses	-8,987.00
Unrecorded advertising expenses	-481,851,478.00
Unrecorded rent expenses	-172,349.00
Unrecorded board directors allowance & other benefits	-3,000.00
Unrecorded other maintenance and other operating expenses	-47,500.00
Over-provision of depreciation	89,474.00
Surplus/(Deficit) for 2023, as restated	-316,894,636
Adjustment - Remittance of dividends to the BTr	-3,617,319
Adjustment - Reversion of idle funds to the BTr-TPB (SAGF)	-404,041,083
Accumulated Surplus, December 31, 2023 (As restated)	21,512,809,746
Surplus for 2024	1,238,170,288
Accumulated Surplus, December 31, 2024	**22,750,980,034**

33. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The *original budget* reflected in the SCBAA for December 31, 2024, is the proposed COB for the year 2024 submitted to the DBM for review/evaluation, while the *final budget* is the amount as approved by DBM on 06 April 2024. The proposed/original COB is prepared considering: (a) TPB's various programs, projects, and activities in pursuance of its mandate; (b) the projected revenues and other sources of income to finance and support these programs; (c) actual expenses in previous years; and (d) effects of inflation.

During the year, the TPB received a total subsidy of Php2,475,126,356 consisting of the NCA from SAGF – CY 2024 COB, SAGF – CY 2023 COB for the payment of payables, and GAA CY 2024 COB in the amounts of Php1,487,716,745, Php627,409,611, and Php360,000,000, respectively.

The proposed COB for CY 2024 is Php2,494,838,000 while the approved COB is Php2,493,956,000, or a decrease of Php882,000.

34. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

34.1 Revenue Regulation (RR) No. 15-2010

The TPB has been regularly withholding taxes due from salaries and other benefits of its employees as well as on goods and services purchased. The amounts of taxes withheld and remitted to the BIR are as follows:

	Amount withheld	Amount remitted
On compensation	5,075,105	5,075,105
Expanded creditable income tax	25,327,193	25,327,193
VAT from suppliers and contractor/other percentage taxes	62,131,509	62,131,509
Total	**92,533,807**	**92,533,807**

As provided in the National Internal Revenue Code of 1997, as amended, and Section 57 of RA No. 9593, the TPB is exempt from payment of corporate income tax.

35. COMPLIANCE WITH GSIS LAW, RA NO. 8291

The TPB has been regularly deducting premiums from its employees and remitting the total amount withheld as well as the government share to the GSIS. The employees' and employer's shares remitted to the GSIS for CYs 2024 and 2023 were as follows:

	2024	2023
Employees' share	6,555,491	6,750,554
Employer's share	8,769,170	9,045,885
	15,324,661	**15,796,439**

PART II - OBSERVATIONS AND RECOMMENDATIONS

PART II - AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The fair presentation of the Receivables-net account, with a reported balance of P209.053 million as at December 31, 2024, could not be established due to: (a) a variance of P29.577 million between the balances recorded in the Financial Statements/ General Ledger/ Subsidiary Ledger (SL) and the Status Report on Fund Transfers (SRFT); and (b) an unreconciled difference of P22.943 million between the amounts confirmed by the Implementing agencies and the balances reflected in the SL/SRFT.

Moreover, in Calendar Year 2024, TPB Management, through sustained efforts and commitment, was able to materially reduce the balance of unliquidated fund transfers for completed programs, activities and projects (PAPs) by P249.245 million, or 51.52% of the prior year's balance. However, as at December 31, 2024, the non- liquidation of fund transfers for completed PAPs, amounting to P234.567 million (P4.191 million from CY 2024 and P230.376 million from prior years) resulted in the non-recording of the related expenses. This resulted in the understatement of expenses and a corresponding overstatement of the accumulated surplus/(deficit) by an undetermined amount, contrary to Paragraph 3.10 of the Financial Reporting by Public Sector and Paragraph 27 of International Public Sector Accounting Standard 1.

1.1. Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 provides 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 definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs.

1.2. Likewise, The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (GPFRPSE) includes, among others, the following qualitative characteristics of useful information:

"Faithful Representation

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 aimed 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 transactions, other event, activity or circumstance – which is not necessarily always the same as its legal form."

1.3. As at December 31, 2024, TPB's Receivable account reported a carrying amount of P209.053 million, comprising of Due from National Government Agencies (NGAs), Due from Local Government Units (LGUs), Due from Government Owned and/or Controlled Corporations (GOCCs), and Other Receivables accounts, with balances presented in Table 1.

Table 1 - Composition of Receivables Account for CY 2024

Account	Gross Amount	Allowance For Impairment	Carrying Amount
Inter-agency receivables (IAR)			
Due from NGAs	215,974,661	10,651,343	205,323,318
Due from LGUs	333,109	16,655	316,454
Due from GOCCs	2,483,031	106,652	2,376,379
Sub Total IAR	*218,790,801*	*10,774,650*	*208,016,151*
Other Receivables			
Due from officers and employees	359,266	14,569	344,697
Other receivables	728,485	36,371	692,114
Sub Total Other Receivables	*1,087,751*	*50,940*	*1,036,811*
Total	**219,878,552**	**10,825,590**	**P209,052,962**

Net discrepancy *of P29.577 million between FS/GL/SLs and SRFT recorded balances.*

1.4. The Accounting Division (AD) maintains SLs for each implementing agency (IA) and/or project/program to track FTs, liquidations, and balances. These SLs serve as the breakdown supporting the balances reported in the Financial Statements (FS)/ General Ledger (GL). Separately, TPB also maintains the SRFT, which tracks beginning balances, fund transfers, and liquidations for each Department of Tourism (DOT) Tourism Attaché (TA)/Marketing Representative (MR) or other government agencies, Consequently, the balances per FS/GL/SLs and the SFRT must be reconciled.

1.5. However, a comparison between the FS/GL/SLs and the SRFT disclosed a net discrepancy of P29.577 million, as shown in Table 2.

Table 2 - Variance between the SRFT and SLs balances

Account	Per SL	SRFT	Variance
Due from NGAs			
DOT-Regional Offices	31,752,511	31,753,517	(1,006)
DOT-Foreign Offices	175,822,150	205,898,266	(30,076,116)
Other NGAs	8,400,000	8,400,000	-
Due from GOCC	2,483,031	1,983,030	500,001
Due from LGU	333,110	333,110	-
Total	**P218,790,802**	**P248,367,923**	**(P29,577,121)**

1.6. The AD explained that reconciling these balances is difficult due to the need to prior year records and coordinate with the concerned TAs/MRs. As of this writing, reconciliation is ongoing, and the AD has committed to update the Audit Team on its progress.

1.7. This unresolved variance of P29.577 million between the FS/GL/SL and SRFT balances, raises significant doubt on the correctness of the recorded Inter-Agency receivables, in violation of the fair representation requirements under IPSAS 1 and the Conceptual Framework for GPFRPSE.

Net discrepancy of P22.943 million between the amounts confirmed by the implementing agencies and the recorded balances per SRFT

1.8. The Audit Team sent 35 confirmation letters to various IAs, including the DOT Offices, NGAs, LGUs, and GOCCs. Only five agencies, including the DOT-Central Office (CO), responded.

1.9. Comparison of the recorded balances and the confirmation replies from the IAs disclosed a net variance of P22.943 million, with details presented in Table 3.

Table 3 - Variances between SRFT and amount confirmed by IAs

Account	Per SRFT	Per Confirmation	Difference
DOT-NCR	500,000	500,000	-
DOT - Region II	1,831,050	1,831,050	-
DOT - Region VIII	17,601,006	17,601,006	-
Municipality of Sagada	17,860.00	17,860	-
Funds received by DOT-CO			
DOT – Beijing	964,740	964,740	-
DOT – Frankfurt	21,892,936	21,944,792	(51,856)
DOT – Korea	13,200,896	8,581,668	4,619,228
DOT – London	3,626,442	24,143,246	(20,516,804)
DOT - Los Angeles	-	1,439,360	(1,439,360)
DOT - New York	3,723,451	2,101,881	1,621,570
DOT – Osaka	22,305,435	20,729,976	1,575,459
DOT - San Francisco	3,369,523	3,366,290	3,233
DOT – Shanghai	4,232,664	12,957,600	(8,724,936)
DOT – Sydney	8,039,994	8,069,451	(29,457)
Total	**101,305,997**	**124,248,920**	**(22,942,923)**

1.10. These confirmation replies were forwarded to the AD for reconciliation. Table 4 outlines the potential causes of the discrepancies between the SRFT and confirmed balances.

Table 4 – Reasons for Variances between SRFT and amount confirmed by IAs

Account	Reasons of Discrepancy
PDOT – Frankfurt	P51,856 is recorded as bank charge on November 2024 with proper documentation (item for reconciliation)
PDOT – Korea	P4,619,228 is not yet remitted by DOT - CO to Foreign Office, still for signature as at 4/11/25 P205,716 is not yet liquidated by DOT - CO (item for reconciliation)

Account	Reasons of Discrepancy
PDOT – London	Some of the projects are already partially and fully liquidated as per TPB's books with proper documentation (item for reconciliation)
PDOT - Los Angeles	P156,096 is already liquidated on December 2024 with proper documentation (item for reconciliation)
PDOT - New York	Some of the projects are not yet liquidated on December 2024 TPB's books but recorded in 1Q of 2025 (item for reconciliation)
PDOT – Osaka	Some of the projects are not yet liquidated on December 2024 TPB's books (item for reconciliation)
PDOT - San Francisco	Some of the projects are not yet liquidated on December 2024 TPB's books but recorded in 1Q of 2025 (item for reconciliation)
PDOT – Shanghai	Some of the projects are not yet liquidated on December 2024 TPB's books (item for reconciliation)
PDOT – Sydney	Recorded as bank charges on CAJE 2024 from various projects

1.11. It is emphasized that the variances highlight the need for timely reconciliation, as they may materially affect the accuracy of TPB's recorded receivables. Accordingly, the fair presentation of the account is doubtful until these discrepancies are resolved.

Non- liquidation of completed PAPs covered by fund transfers to various implementing agencies totaling P234.567 million.

1.12. As at December 31, 2024, the balance of PAPs fund transfers (FTs) already implemented and/or beyond their implementation period amounted to P234.567 million. According to AD, the aging of these FTs is based on the project implementation dates indicated in the Memorandum of Agreement (MOA)/contract, and they are considered due once the liquidation period lapses. A summary is presented in Table 5.

Table 5 - Completed Projects with Unliquidated Fund Transfers as per Status Report on Fund Transfers as at December 31, 2024

	Year Implemented					
	CY 2024	CY 2023	CY 2022	CY 2021	Prior Years	Total
Due from NGAs						
Regional/Domestic Offices	1,831,049	-	-	8,600,000	20,722,467	31,153,516
Foreign Offices	2,010,218	31,961,987	21,313,353	12,040,335	125,371,478	192,697,371
Other NGAs	-	-	-	-	8,400,000	8,400,000
Due from LGU	-		315,250	17,860	-	333,110
Due from GOCCs	350,000	-	-	-	1,633,031	1,983,031
Total	**4,191,267**	**31,961,987**	**21,628,603**	**20,658,195**	**156,126,976**	**234,567,028**

1.13. Consistent with previous audit findings, these FTs were obligated using the budget for Maintenance and Other Operating Expenses of the TPB. As the programs and projects funded involve tourism promotion and advertising, liquidated expenses are charged to the Advertising and Promotional Expense account. Notably, TPB has had to annually restate the balances of its Advertising and Promotional Expenses and Accumulated Surplus/ (Deficit) accounts due to the delayed liquidation of these fund transfers. In CY 2024, a total of P336.855 million was recognized as prior period adjustment.

1.14. The AD has undertaken significant efforts to ensure the timely liquidation of FTs. These include:

- Constant communication with DOT CO – Accounting Division, through email and other communication platforms;
- Continuous reconciliation with DOT's accounting records to ensure accuracy in the inter-agency fund transfers;
- Coordination for the immediate refund of unused FTs to TPB; and
- Strict enforcement of the "no additional FTs" policy for agencies or offices with outstanding unliquidated balances.

1.15. Furthermore, officers from Finance, the Internal Audit Office, and the Office of Corporate Affairs conducted on-site visits and audits in December 2024 and February 2025. The AD also issued demand letters throughout CY 2024 and early 2025. These combined efforts resulted in a significant reduction of unliquidated FTs by P249.245 million, or 51.52%, from the CY 2023 balance of P483.812 million. In addition, there was a notable decline in unliquidated FTs for transfers made during CY 2024, as presented in Table 6.

Table 6 – Comparison of Completed Projects with Unliquidated FTs for transfers made in CY 2024 and 2023

	CY 2024	CY 2023
Due from NGAs	3,841,267	124,680,011
Due from LGU	-	1,212,400
Due from GOCCs	350,000	51,910
Total Unliquidated	**4,191,267**	**125,944,321**
Total Fund Transfers	**26,252,701**	**200,135,533.61**
Percentage of Unliquidated FTs	**15.96%**	**62.93%**

1.16. Table 6 shows a 46.97% improvement in the liquidation rate for CY 2024 compared to CY 2023. However, the Audit Team noted that several FTs to the DOT for implementation in foreign offices remained unliquidated due to the following:

a. A total of P26.842 million is pending refund processing by the DOT CO.

b. Inconsistencies amounting to P110.491 million exist between TPB and the foreign IAs, primarily due to timing and recording differences in the liquidation of documents. Some IAs claimed to have liquidated and refunded amounts via direct wire transfer, but such claims were unsubstantiated.

c. A total of P63.764 million represents long-outstanding balances from direct FTs to TAs who have since retired, resigned or transferred. This also includes accounts with previous MRs. Due to absence of liquidation documents and the impossibility of reconciliation, TPB intends to include these in its request for write-off of receivables.

1.17. For regional offices, LGUs and GOCCs, the P33.470 million in unliquidated FTs is attributed to: (i) extended project implementation periods; (ii) liquidation documents submitted but not stamped received by the respective COA regional offices; and (iii) missing liquidation documents.

1.18. While the Audit Team commends the efforts of the AD for reducing the balance of unliquidated FTs for completed PAPs from P483.813 million in CY 2023 to P234.567 million in CY 2024, the remaining balance is still material and continues to affect the fair presentation of the financial statements. The non-liquidation or delayed submission of liquidation documents by the IAs has resulted in the non-recognition of expenses in the year incurred. Consequently, the Advertising and Promotional Expense account is understated; and the Accumulated Surplus/(Deficit) account is overstated, which is contrary to Paragraph 27, of IPSAS 1.

1.19. **We recommended, and the Management agreed, to:**

a. Require the IAs to immediately process the refund of unused fund transfers to TPB;

b. Strengthen follow-up efforts beyond sending demand letters by conducting on-site visits and spot audits to ensure the immediate liquidation of fund transfers for completed projects; and

c. Direct the Accounting Division to:

c.1 Exert diligent efforts in reconciling discrepancies between the balances of receivables per SRFT and the amounts confirmed by the IAs;

c.2 Require IAs to substantiate their claims of liquidation or refund; or, in the absence of supporting documents, file the necessary petition for lost documents to be relieved of accountability;

c.3 Establish a timeline indicating: (i) the expected

completion of refunds by the IAs; (ii) the target date for filing of the for write-off; and (iii) the period within which reconciliation with the IAs should be completed;

c.4 Reassess accounts proposed for write-off to determine whether the existing impairment provision is adequate; and

c.5 Make the necessary corrections and adjustments in the records, as appropriate.

1.20. The Management commented that:

a. The AD is implementing stringent reconciliation measures;

b. Liquidation documents received in CY 2025 have been recorded, and coordinated with DOT CO is ongoing for pending items;

c. Proactive measures are adopted addressing the delayed liquidation of FTs, including:

- Centralized monitoring tracker of overdue liquidations;
- Reminder notices to IAs five (5) days prior to the due dates;
- Demand letters to IAs ten (10) days post-due;
- On-site audits for local and foreign IAs;
- Constant communication with the DOT Accounting Office; and
- Stricter enforcement of "no additional fund transfers until the prior fund transfers are liquidated".

d. Additionally, TPB also committed to:

- Conduct targeted reconciliation meetings for accounts unliquidated over a year;
- Intensify coordination with concerned IAS through formal correspondence, virtual meetings, and, when necessary, in-person engagements to expedite the submission of liquidation documents;
- Recommend appropriate administrative actions in cases of persistent non-compliance with liquidation requirements; and
- Maintains constant coordination with the DOT Accounting Office to expedite refunds.

1.21. As a rejoinder, the Audit Team acknowledged Management's commitment to implement the audit recommendations to prevent the recurrence of the observation. However, full compliance will be monitored during the CY 2025 audit.

2. **The fair presentation of the Other Payables account, with a reported balance of P27.611 million as at December 31, 2024, could not be established due to unidentified collections totaling P20.061 million that have remained outstanding for over a year. These amounts are temporarily recorded under the undistributed collections account, contrary to Paragraph 27 of the International Public Sector Accounting Standard 1 and Chapter 5 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.**

2.1. Paragraph 27 of IPSAS 1 requires that information, to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

2.2. Chapter 5 of the Conceptual Framework for GPFRPSE defines liabilities as *"A present obligation of the entity for an outflow of resources that results from a past events."*

2.3. Lastly, COA Circular No. 2020-002, dated January 28, 2020 describes Undistributed Collections account as:

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

2.4. During the year, the Audit Team noted that the outstanding balance of unidentified deposits recorded under the Undistributed Collections account totaled to P20.061 million as at December 31, 2024. This reflects only an 8.50% decrease from the previous year's balance of P20.788 million. The aging schedule of these deposits is presented in Table 7.

Table 7 – Ageing of Undistributed Collections as at December 31, 2024

Year of Deposit	Amount	No of Years Outstanding
2018	P3,323,765.78	6
2020	673,449.84	4
2021	13,058,639.17	3
2022	2,027,671.24	2
2023	977,542.01	1
Total	**P20,061,068.04**	

2.5. Based on inquiries with the AD, the unidentified deposits may pertain to: (a) fund transfers from implementing agencies such as NGAs and GOCCs; (b) payment for registration and memberships fees, and performance bonds; and (c) refund of cash advances. These remained unidentified due to the lack of corresponding Official Receipts (OR).

2.6. To address the issue, the Finance Department (FD) issued Memorandum dated June 14, 2023, instructing all accountable officers and project offices to request the issuance of OR for all direct deposits, including participation and membership fees, bidders/performance bonds and refund of cash advances. The purpose of the directive was to reduce unidentified deposits and ensure the proper accounting and recognition of all direct deposits to TPB's account.

2.7. As a result of this directive, no unidentified direct deposits/collections for CY 2024 transactions. However, the balance of unidentified deposits from prior years remains unresolved.

2.8. The AD further disclosed that reconciliation efforts with the Land Bank of the Philippines (LBP) - Century Park Branch have been delayed, as credit memoranda are issued by the LBP Central Office, and securing reports from them takes time.

2.9. While the Audit Team acknowledged TPB's efforts to reconcile, reclassify, adjust some of the unidentified deposits, and eliminate such deposits for CY 2024. However, the issue remains unresolved, as the outstanding balance remains material.

2.10. The Undistributed Collections account serves as a temporarily repository for unidentified deposits, pending proper identification. Once identified, corresponding adjusting entries should be recorded. Thus, the continued presence of long-outstanding unidentified deposits/ collections, some over a year old, casts doubt on the fair presentation of the Other Payable account, as these do not represent TPB's present obligations and should not be classified as liabilities.

2.11. **We recommended, and Management agreed, to direct the AD to:**

a. **Coordinate with the Land Bank of the Philippines (LBP) and submit formal follow-ups requesting the details of the credit memoranda;**

b. **While awaiting LBP's response, reconcile the balance with implementing agencies, particularly foreign posts claiming full liquidation and transfer of unused funds to TPB;**

c. **If, after reconciliation with implementing agencies and receipt of the credit memorandum from LBP, a residual balance remains, consider closing of the remaining amount to the Accumulated Surplus/(Deficit) account; and**

d. **Prepare the necessary adjusting entries to reflect the corrected balances in the books.**

2.12. The Management commented that:

a. FD has consistently coordinated with the LBP by sending formal requests in June, September, and December 2024. Delays were attributed to LBP's internal constraints involving document retrieval and verification from multiple sources.

b. To maintain progress, TPB will implement a programmatic follow-up plan with bi-monthly status checks and has already adopted a proactive approach in liaising with LBP.

c. Additionally, in first quarter of 2025, TPB launched the LinkBiz payment portal, an online system developed with LBP to enable real-time tracking of participation and membership fee deposits. This system improves payment convenience and helps address longstanding issues with unidentified deposits by enabling real-time validation and reference matching.

2.13. As a rejoinder, the Audit Team acknowledged Management's commitment to implement the recommendations and address the observation. However, full compliance will be monitored during the CY 2025 audit

3. **The Subsidy Income account, with a reported balance of P2.312 billion as at December 31, 2024, is not fairly presented due to the erroneous recognition of cash received from Bureau of Treasury as income. Specifically, the amounts of P1.166 billion and P1.488 billion, received in CYs 2023 and 2024, respectively, from the Special Account to the General Fund – Tourism Promotions Fund were incorrectly recorded as income instead of being deducted to from the Cash-Treasury/Agency Deposit, Special Account, resulting in an overstatement of the account by the same amounts in CYs 2023 and 2024. Likewise, the Share from Philippine Amusement and Gaming Corporation (PAGCOR) and Share from Earnings of Government-Owned or Controlled Corporation accounts are understated by an undetermined amount due to the non-recognition of TPB's share in the net earnings/remittances of PAGCOR, Duty Free Philippines Corporation, and airport and seaport authorities. These accounting treatments are contrary to Paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, and Paragraph 27 of International Public Sector Accounting Standard 1, Presentation of Financial Statements.**

3.1. Paragraph 27 of IPSAS 1 requires that information, to be useful, should faithfully represent the transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS.

3.2. Likewise, paragraph 3.10 of the Conceptual Framework for GPFRPSE includes, among others, Faithful Representation as one of the qualitative characteristics of useful information.

3.3. It has been the long-standing practice of TPB to not record the share of earnings/remittances from various corporations, and to only record in the Subsidy Income account the amount actually received by TPB from the Bureau of Treasury (BTr), as supported by the Notice of Cash

Allocation (NCA). The recorded amounts in the Subsidy Income account out of the NCA received from TPB's Special Account in the General Fund (SAGF) – Tourism Promotions Fund (TPF) for CYs 2023 and 2024 amounted to P1.166 billion and P1.488 billion, respectively.

3.4. In CY 2024, the TPB was instructed by the BTr to record its share in the net earnings of the Duty Free Philippines Corporation (DFPC) to facilitate the remittance of DFPC to BTr for TPB's SAGF-TPF. Since TPB typically does not record remittances made directly to the BTr, it inquired about the propriety of the entry it made, to wit:

Cash-Treasury/Agency Deposit, Special Account	xxx	
Accumulated Surplus/Deficit		xxx
To record the previous year's share in net earnings of DFPC		

3.5. This entry was confirmed as correct by the COA Government Accountancy Sector (GAS). GAS further clarified that annual shares/remittances from various GOCCs should be recorded as income in accordance with the Revised Chart of Account (updated 2019, which describes the relevant accounts, as follows:

Account Title	*Cash-Treasury/Agency Deposit, Special Account*
Account Code	*10104020*
Normal Balance	*Debit*
Description	*This account is debited to recognize the amount of collections remitted to the BTr under the Special Account in the General Fund (SAGF) and adjustments for lapsed NCA. This account is credited to recognize receipt of NCA and upon closing of the SAGF.* *In the BTr books, this account is credited for remittance made by NGAs for SAGF. This account debited for replenishments of agencies' negotiated checks charged to MDS-Special Account.*

Account Title	*Cash-Modified Disbursement System (MDS), Special Account*
Account Code	*10104050*
Normal Balance	*Debit*
Description	*This account is debited to recognize the NCA received for SAGF. This account is credited upon issue of MDS checks and reversion of any unutilized balance of lapsed NCA with a corresponding debit to Subsidy from NG account.*

Account Title	*Share from PAGCOR/PCSO*
Account Code	*40401020*
Normal Balance	*Credit*
Description	*This account is credited to recognize share of government agencies from Philippine Amusement and Gaming Corporation (PAGCOR) and Philippine Charity Sweepstakes Office (PCSO). This account is debited, at year end, to close to the Revenue and Expense Summary account, and/or adjustments.*

Account Title	*Share from Earnings of Government-Owned or Controlled Corporations*
Account Code	*40401030*
Normal Balance	*Credit*
Description	*This account is credited to recognize the mandatory/statutory shares of government agencies from receipts of GOCCs other than PAGCOR and PCSO. This account is*

debited, at year end, to close to the Revenue and Expense Summary account, and/or adjustments.

3.6. In line with GAS guidance, the following entries should be adopted:

Cash-Treasury/Agency Deposit, Special Account	xxx	
Share from PAGCOR/PCSO*		xxx
To record the annual remittance of share in earnings by the PAGCOR		
**Accumulated Surplus/Deficit if pertaining to prior year's income*		
Cash-Treasury/Agency Deposit, Special Account	xxx	
Share from Earnings of GOCCs		xxx
To record the annual remittance of share in earnings by other GOCCs		
Cash-Modified Disbursement System (MDS), Special Account	xxx	
Cash-Treasury/Agency Deposit, Special Account		xxx
To recognize the NCA received for SAGF		

3.7. In summary, TPB should recognize as income its share from the annual remittance of PAGCOR and other GOCCs. The Cash-Treasury account should be debited upon remittance by GOCCs and reduced upon receipt of the NCA from the Department of Budget and Management (DBM). Any unutilized portion of the NCA should be reverted to the account's balance at the end of its validity period.

3.8. Following the discussions above, TPB's practice of not recording its share in earnings/remittances from GOCCs, and recognizing NCA/cash received from the BTr as Subsidy Income is erroneous and inconsistent with proper accounting principles. Consequently, the Subsidy Income account was overstated by P1,165,692,000 in CY 2023 and P1,487,716,745 in CY 2024.

3.9. Likewise, the Share from PAGCOR and Share from Earnings of GOCCs accounts were understated by an undetermined amount, as TPB has yet to receive any proof of remittance of its share from PAGCOR and other concerned GOCCs for the same years. Despite repeated follow-ups with the BTr, TPB has not yet obtained the required certifications confirming the remittances of its income shares.

3.10. As such, the affected accounts are not fairly presented, contrary to Paragraph 3.10 of the Conceptual Framework for GPFRPSE, and Paragraph 27 of IPSAS 1.

3.11. **We recommended that Management to:**

a. **Coordinate with the Bureau of Treasury for the issuance of certifications confirming TPB's share in the earnings of PAGCOR and Other GOCCs; and**

b. **Provide the necessary adjusting entries to correct the misstatements in the Subsidy Income, Share from PAGCOR, and Share from Earnings of GOCCs accounts.**

3.12. The Management commented that:

a. The FD, through the Budget Division, has been regularly proactively following up with BTr, including constant communication with its personnel and regular preparation of certification requests for remittances.

b. TPB commits to prepare the necessary adjusting entries to correct misstated accounts once the required certifications are obtained.

3.13. As a rejoinder, the Audit Team acknowledged Management's commitment to implement the audit recommendations and prevent recurrence of the observation. However, full compliance will be monitored during the CY 2025 audit.

B. **NON-FINANCIAL**

4. The monetization of leave credits amounting to P593,263 in CY 2024 was not in accordance with Section 2 of Civil Service Commission (CSC) and Department of Budget and Management Joint Circular No. 2-97 dated June 25, 1997 and CSC Resolution No. 000034, dated January 5, 2000 due to the practice of allowing the monetization of leave credits more than once in the same year, and the monetization of sick leave credits without the prior exhaustion of vacation leave credits.

4.1. Section 2 of CSC- DBM Joint Circular (JC) No. 2-97 dated June 25, 1997 requires that the monetization of leave credits shall be availed of only once a year.

4.2. Section 22 of Rule XVI of the Omnibus Rules on Leave (ORL) per CSC Memorandum Circular (MC) No. 41, s. 1998 provides the rules on monetization of leave credits, quoted hereunder:

"Monetization of leave credits – Officials and employees in the career and non-career service, whether permanent, temporary, casual or coterminous, who have accumulated fifteen (15) days of vacation leave credits shall be allowed to monetize a minimum of ten (10) days: Provided that at least five (5) days is retained after monetization and provided further that a maximum of thirty (30) days may be monetized in a given year."

4.3. While the above quoted provision prescribes the general rule that only the Vacation Leave (VL) credits should be allowed for monetization, Section 23 of the ORL as amended per CSC MC No. 16, s. 2002 provides the circumstance/s when 50 percent or more of the accumulated VL and Sick Leave (SL) credits may be allowed for such, to wit:

"Section 2. Monetization of 50% or more of vacation/sick leave credits - Monetization of fifty percent (50%) or more of the accumulated leave credits my be allowed for valid and justifiable reasons such as:

a. Health, medical and hospital needs of the employee and the immediate members of his family;
b. Financial aid and assistance brought by force majeure events such as calamities, typhoons, fire, earthquake and accidents that affect the life, limb and property of the employee and his immediate family;
c. Educational needs of the employee and the immediate members of his/her family;
d. Payment of mortgages and loans which were entered into for the benefit or which inured to the benefit of the employee and his/her immediate family;
e. In cases of extreme financial needs of the employee or his/her immediate family where the present sources of income are not enough to fulfill basic needs such as food, shelter and clothing;

f. Other analogous cases as may be determined by the Commission.

The monetization of 50% or more of the accumulated leave credits shall be upon the favorable recommendation of the agency head ad subject to availability of funds."

4.4. Worthy to note also that CSC Resolution No. 00034, dated January 5, 2000 provides for the following:

"WHEREFORE, the Commission resolves to rule that sick leave credits may be monetized if an employee has no available vacation leave credits, in accordance with the general rule under Section 23 of the Omnibus Rules on Leave, that vacation leave credits must be exhausted first before sick leave credits maybe used."

4.5. There are two types of leave credit monetization under CSC MC No. 41 s. 1998 and CSC MC No. 16, s. 2002. The first is the regular or ordinary monetization, which allows the monetization of up to ten (10) VL credits, provided that at least five (5) VL credits remain. The second is the special monetization, which allows the monetization of 50% or more of the total accumulated VL and SL credits, subject to submission of a written request to the head of agency stating valid and justifiable reasons.

4.6. Review of pertinent records showed that the TPB processed and paid the monetization of leave credits amounting to P593,263 for nine employees. Of this amount, P326,455 pertained to four employees who availed monetization twice within a year, and P266,808 involved monetized SL credits of five employees without first exhausting the employees' available VL credits.

4.7. Regardless of the type of monetization, whether regular or special, monetization is limited to once a year, pursuant to Section 2 of CSC-DBM JC No. 2-97. Thus, the processing and granting of monetization of leave credits twice a year for the said four employees was irregular.

4.8. As to five other employees who availed of SL monetization, while Section 23 of the ORL allows this under special monetization, TPB failed to comply with CSC Resolution No. 00034, which requires the prior exhaustion of VL credits, and submission of a letter request to the head of agency detailing valid and justifiable reasons for monetization.

4.9. Inquiry with the AD disclosed that TPB has been following standing practice of allowing monetization provided that leave credits do not fall below 5 days. However, it was also admitted that AD does not monitor whether the monetization comply with frequency limit or whether VLs ae exhausted prior to monetizing SLs.

4.10. While the employees have earned the right to use their accumulated leave credits, Management is duty bound to ensure that all approvals and payments conform with applicable CSC and COA rules. It must be emphasized that VL is intended for personal time off, while SL is meant specially for instances of illness or disability affecting the employee or an immediate family member. The strict implementation of monetization guidelines helps prevent abuse and ensures that leave credits are used for their intended purposes.

4.11. **We recommended Management direct the Accounting Division to:**

a. **Cease the processing of multiple monetization of leave credits for any employees within the same calendar year;**

b. **Ensure that VL credits are fully exhausted before allowing the monetization of SL credits under special cases or circumstances, pursuant to Section 23 of CSC Memorandum Circular No. 41, s. 1998; and**

c. **Strictly comply with the provisions of the CSC Memorandum Circular Nos. 41, s. 1998 and 16, s. 2002 in the processing and granting of monetization of leave credits.**

4.12. The Management commented that:

a. The more recent and updated ORL provides a broader and harmonized framework for monetization, which allows monetization up to a maximum of 30 days per year, subject to specified conditions.

b. This provision sets a maximum limit on the total number of days that may be monetized in a year, but does not prescribe a restriction on the frequency of monetization. Hence, leave credits may be monetized in tranches, provided that the cumulative total does not exceed thirty (30) days and that a minimum of five (5) days is retained after each transaction, except in instances where over 50% may be monetized as permitted by the rules.

c. Moreover, Section 2 of CSC-DBM JC No. 2-97 allows for staggered monetization, as long as the thirty (30)-day cap and five (5)-day retention rule ae observed.

d. This arrangement is consistent with the intent of the rules, providing flexibility for employees to access benefits during financial hardship, without violating allowable thresholds or compromising government interest.

e. To strengthen compliance, TPB plans to implement a digital monitoring system to track leave balances and ensure VL credits are depleted before SL monetization, in accordance with CSC Resolution No. 000034. Additional internal controls will also be instituted.

f. The PHRDD will update records to charge monetized SLs against the corresponding VLS of the concerned employees, reaffirming TPB's commitment to compliance with CSC MC No. 41, s. 1998 and MC No. 16, s. 2002.

4.13. As a rejoinder, the Audit Team emphasized that the ORL did not repeal nor amend Section 2 of the CSC –DBM JC No. 2-97, which clearly states that monetization of leave credits may only be availed once a year. The provision cited by Management staggered monetization refers to transitory clause applicable only to officials who had availed of monetization prior the circular's effectivity in 1997. Should the Management maintain its differing interpretation, **we strongly recommended that TPB seek clarification from the CSC to ensure proper guidance moving forward.**

5. The share of TPB from the remittances of various Government-Owned and Controlled Corporations, maintained by the Bureau of Treasury, has not been fully utilized in TPB's operations, resulting in accumulated unallocated funds amounting to P20.963 billion. Despite the availability of these unutilized funds and the government's limited fiscal resources, TPB has yet to earmark or formulate a plan for their use in the development of tourism sites, infrastructure, and other industry-related programs. This inaction is not in accordance with Section 55 (e), Sub-Chapter III-B – Tourism Promotions Funding, Chapter III – Tourism Promotions of the Implementing Rules and Regulations or Republic Act No. 9593 and Section 2 of Presidential Decree No. 1445, which may hinder the growth and development of tourism industry in the Philippines.

5.1. Section 2 of Presidential Decree (PD) No. 1445, provides:

It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

5.2. The TPB was established pursuant to Republic Act (RA) No. 9593, also known as the "Tourism Act of 2009". The same law also created the TPF, which is intended to finance the activities of the TPB. The TPF shall be sourced in accordance with Section 55 of RA No. 9593, which provides that:

"Section 55. Tourism Promotions Fund. - The proceeds of the following shall be placed in a special Tourism Promotions Fund to finance the activities of the TPB:

a. The investment earnings from the Tourism Promotions Trust;

b. An appropriation from the national government of not less than Five hundred million pesos (Php500,000,000.00) annually for at least five (5) years from the time of its constitution;

c. Seventy percent (70%) of the fifty percent (50%) net income of the DFPC accruing to the Department, in lieu of its statutory remittance to the national government under Republic Act No. 7656, otherwise known as the Dividends Law of 1994;

d. At least twenty - five percent (25%) of the fifty percent (50%) national government share remitted by the Philippine Amusements and Gaming Corporation (PAGCOR) to the National Treasury pursuant to Republic Act No. 7656; and

e. At least twenty - five percent (25%) of the national government share remitted by the international airports and seaports to the National Treasury pursuant to Republic Act No. 7656."

5.3. For paragraphs c, d and e, the source agency remits funds to the BTr, which lodges TPB's share under the SAGF-TPF. The TPB then proposes a budget from this fund, subject to the regulations of the DBM. Only the portion of the budget approved by the DBM is released to the TPB, while the remaining cash is retained by the BTr. Unutilized portions of the approved budget are likewise reverted to the SAGF maintained by the BTr.

5.4. Based on the discussion with the Budget Head, the TPB was unable to fully allocate its share of the fund due to DBM-imposed limitations on its yearly budgets, particularly constraints related to absorptive capacity, the agency's ability to utilize its allocated budget. Table 8 presents the approved budgets sourced from SAGF vis-a-vis the remitted income from shares from various agencies starting in CY 2020.

Table 8 - Summary of Budgeted Amounts from SAGF

Year	Share in the income of various agencies	Approved COB from SAGF	% of Allocation
2024	*	2,479,838,000.00	NA
2023	*	1,265,692,000.00	NA
2022	2,570,928,671.64	1,725,517,000.00	67%
2021	7,298,727,364.64	1,741,720,000.00	24%
2020	5,950,158,621.08	1,106,412,000.00	19%
Total	15,819,814,657.36	8,319,179,000.00	

**No available final amounts yet from the DBM.*

5.5. As shown in Table 8, TPB consistently failed to budget the entirety of its remitted share. As previously stated, TPB's budget is constrained by DBM rules, primarily those tied to absorptive capacity. Moreover, DBM typically approves funding only for ongoing activities, projects, and programs, emphasizing the maintenance of current service levels and cost structures.

5.6. Since CY 2009, TPB has not fully allocated, appropriated, or utilized its funds, resulting in an accumulated balance of P20.964 billion in the SAGF-TPF as at December 31, 2024. To date, TPB has yet to earmark or develop a plan for its utilization in accordance Section 55 (e), Sub-Chapter III-B – Tourism Promotions Funding, Chapter III – TPB, of the Implementing Rules and Regulations or RA No. 9593, to wit:

"(e) The unallocated portion of the Fund shall be earmarked by the TPB for the following purposes:

(1) Development of Tourism Enterprise Zones (TEZs) by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA);
(2) Programs for development planning, heritage preservation and infrastructure development, and manpower training including, but not limited to, scholarships for trainings abroad, among others of the Department; and
(3) Such other purposes as may contribute to the development of the tourism industry"

5.7. The Audit Team emphasized that the fund balance in SAGF-TPF, maintained by the BTr, will continue to increase unless TPB allocates, earmarks, or utilizes it for its intended purpose. Thus, it is crucial for TPB to develop a strategic utilization plan to ensure efficient and effective use of these funds. Furthermore, during a Senate Committee hearing on the budget of DOT and its attached agencies, the Audit Team noted that a key industry challenge is the lack of tourism infrastructure and developed tourism zones, primarily due to limited national government funding. If mobilized, the unallocated SAGF-TPF could help alleviate this financial burden and catalyze tourism development.

5.8. Further inquiry with Management disclosed that TPB's capacity to draw from SAGF-TPF is limited to the DBM-approved budget ceiling; thus, excess remittances from GOCCs are unavoidable. Management also admitted that it has yet to develop a comprehensive, BOD-approved plan to earmark the SAGF-TPF for the development of TEZs or programs related to development planning, heritage preservation, and infrastructure, citing uncertainty on how to proceed.

5.9. The presence of unallocated or unutilized fund is contrary to PD No. 1445 and Section 55 (e), Chapter 3 of RA No. 9593. Without immediate action, the funds remain idle, depriving not only the tourism industry of critical development support but also the government of much-needed resources for national progress.

5.10. Nonetheless, the Audit Team commended TPB for complying with prior recommendations by remitting unutilized funds to the BTr. A summary of these reversions is presented in Table 9.

Table 9 - Summary of Reverted Unutilized Funds

Date	Check Number	Amount
7/19/2024	438897	60,000,000.00
7/19/2024	438898	136,853,362.63
7/19/2024	495070	78,958,068.02
7/19/2024	440708	219,045,042.98
Total		**494,856,473.63**

5.11. **We recommended that Management:**

a. **Initiate inter-agency consultations with TIEZA, DOT, National Economic and Development Authority and other concerned agencies to develop a comprehensive strategic plan detailing the utilization of SAGF-TPF, particularly for TEZ development, heritage preservation, and tourism infrastructure, and secure its approval from the Board of Directors (BOD); and**

b. **Submit the BOD-approved plan to the DBM, and formally request guidance on the appropriate procedures for accessing the SAGF-TPF, ensuring adherence to applicable laws, rules, and regulations.**

5.12. Management commented that:

a. TBP's operations are governed by the DBM's Budget Operations Framework, which emphasizes fiscal discipline, alignment with national priorities, and efficient resource use. TPB's budget ceiling is set by the DBM based on factors such as absorptive capacity, project readiness, and available fiscal space, and is formalized through its Corporate Operating Budget (COB) under the National Expenditure Program (NEP).

b. While TPB receives a share of income lodged in the SAGF-TPF, it has no direct access to these funds, which are held by the BTr. Releases require explicit DBM approval, and unutilized balances reflect unreleased, not idle funds, contrary to the claim of TPB's inaction.

c. TPB has consistently submitted Tier 2 proposals for additional SAGF funding to support its tourism marketing initiatives. However, approval is subject to DBM prioritization and fiscal constraints. TPB emphasized that infrastructure development and heritage conservation fall outside its statutory mandate under RA No. 9593, which assigns these roles to TIEZA.

d. Following DBM's expenditure framework, TPB, as a GOCC, is discouraged from engaging in activities legally assigned to other agencies. Given existing budget challenges, TPB must remain focused on expanding its marketing programs rather than diverting resources to non-core functions.

e. Finally, TPB committed to formally seek DBM guidance on accessing the SAGF-TPF balance to ensure lawful and policy-consistent fund utilization. It reaffirmed its full compliance with PD 1445, RA No. 9593, and all relevant fiscal regulations.

5.13. As a rejoinder, the Audit Team maintained that implementation of the audit recommendations is necessary to resolve the identified issues.

As prescribed under RA No. 9593, funds must be earmarked and allocated for the purposes enumerated therein. The utilization of the SAGF-TPF ultimately depends on the TPB's initiative to propose and coordinate programs with other relevant agencies. Without such action, the fund will remain unutilized, to the detriment of the tourism sector and national development efforts. Nonetheless, the Audit Team acknowledged the commitment of the Management to implement the recommendations and will monitor compliance in the CY 2025 audit.

GENDER AND DEVELOPMENT (GAD)

6. The GAD Plan and Budget (GPB) for CY 2024 was not endorsed by the Philippine Commission on Women (PCW). Thus, it cannot be ascertained whether the GAD Projects, Activities, and Programs reflected in the GPB are responsive to gender issues, nor they are realistic, or doable within the year. Moreover, TPB did not conduct gender analysis in the preparation of its CY 2024 GPB. These deficiencies are in contrary to the PCW, National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01 issued on January 18, 2012 and the PCW Memorandum Circular Nos. 2023-02 and 2018-04.

6.1. Pertinent provisions of the PCW, National Economic and Development Authority and Department of Budget and Management (PCW-NEDA-DBM) JC No. 2012-01 are as follows:

"3.0 GENERAL GUIDELINES IN GAD PLANNING AND BUDGETING
3.4 Mainstreaming gender perspectives in agency PAPs to attain the desired outcomes for GAD shall be a priority in GAD planning and budgeting. Using the 5% GAD budget for gender mainstreaming is a way for agencies to influence the entire agency program, plan and budget. To aid gender mainstreaming, agencies shall perform gender analysis using existing tools, such as the Harmonized Gender and Development Guidelines (HGDG), to ensure that the different concerns of women and men are addressed equally and equitably in their PAPs. Activities to address these differential concerns through capacity development on GAD or GAD-focused activities shall be included in agency GPBs.

4.0 ESSENTIAL ELEMENTS IN GAD PLANNING AND BUDGETING

4.2 Capability Building on Gender and Development: A clear understanding and appreciation of gender and development is a pre-requisite for a successful GPB. Agencies are required to regularly undertake orientations and capacity development on GAD including GAD-related laws and commitments for their employees. Trainings should include gender mainstreaming, gender analysis and gender-responsive planning and budgeting.

10.0 PREPARATION AND SUBMISSION OF GAD ACCOMPLISHMENT REPORTS

10.1 Attached agencies, bureaus, regional offices, constituent units and all others concerned shall submit their GAD ARs to their central offices. The agency

GFPS shall prepare the annual GAD AR based on the PCW-endorsed GPB or the GPB adjusted to the approved GAA following the form prescribed in Annex B. Activities completed until the end of the year may be included in the final GAD AR of agency submitted to PCW in January."

Non-endorsement of the CY 2024 GPB by the PCW

6.2. Similar to the previous year, the CY 2024 GPB was not endorsed by the PCW. The non-endorsement was due to the TPB's failure to address PCW's comments, specifically the lack of required attachments such as program summary and project monitoring system, the same deficiencies noted in PCW's review of the CY 2023 GPB. This is contrary to PCW-NEDA-DBM JC No. 2012-01 which provides that:

"8.0 SUBMISSION, REVIEW AND ENDORSEMENT OF AGENCY GAD PLANS AND BUDGETS
XX
8.6 PCW shall endorse agency GPBs only under the following conditions:
xx
8.6.2 if the requested revisions or additional information in answer to questions about the GPB are accepted by PCW within the prescribed deadlines; and
Xx"

6.3. Accordingly, TPB's non-compliance with PCW's comments in both 2023 and 2024 was due to organizational changes, including the resignation of the GAD Focal Point System (GFPS) Chairperson and Focal Person, which hindered the proper turnover of responsibilities. Instead of addressing PCW's comments, TPB prioritized the implementation of GAD-related activities, the preparation of Accomplishment Reports (ARs), and the reconstitution of its GFPS.

6.4. However, due to the GPB's non-endorsement, the Audit Team could not ascertain whether the PAPs identified in the CY 2024 GPB were responsive to gender issues, realistic, or doable within the year. Similarly, the validity of the resulting AR could not be verified.

6.5. Despite the non-endorsement, the Audit Team commended TPB for its efforts to comply with PCW requirements and prior audit recommendations, as evidenced by:

a. Submission of the CY 2023 and CY 2024 ARs to the PCW;
b. Reconstitution of the GFPS, Technical Working Group and Secretariat;
c. Integration of sex disaggregated data in Project Brief Forms and Terminal Reports, as applicable;
d. Conduct of GAD-related trainings and seminars for project officers/end-users;
e. Implementation of GAD-related activities, such as the Celebration of the National Women's Month, and participation in the 18-day Campaign to End Violence Against Women.

6.6. Nevertheless, due to the GPB's lack of endorsement, it remains unclear whether the GAD PAPs were appropriate responses to identified gender issues, and whether the AR reflects the agency's actual accomplishment for the year.

Absence of gender analysis in CY 2024

6.7. Although TPB integrated sex disaggregated data (SDD) into its PAPs in CY 2024, these were not subjected to any gender analysis tools, contrary to the requirements of PCW Memorandum Circular 2023-02: *Preparation and Online Submission of Fiscal Year (FY) 2024 Gender and Development (GAD) Plans and Budgets*, which provide that:

> *"1.2.1.3. The identification of gender issues and GAD PAPs to be addressed in the plan shall also be Informed by the results of gender analysis and gender audit, especially the results of the Gender Mainstreaming Evaluation Framework (GMEF) assessment."*

6.8. Moreover, this deficiency is not in accordance with PCW Memorandum Circular 2018-04: *Revised Guidelines for the Preparation of the Gender and Development (GAD) Agenda*, which requires that:

> *"5.2.1. The agency, led by the GFPS, shall conduct gender analysis based on the following:*
>
> > *5.2.1.1. Results of the application of gender analysis tools such as the Gender Mainstreaming Evaluation Framework (GMEF), Harmonized Gender and Development Guidelines (HGDG), Participatory Gender Audit (PGA) and other gender analysis tools;*
> > *5.2.1.2. Analysis of sex-dis aggregated data and/or relevant information;*
> > *5.2.1.3. Review of GAD-related mandates and policies (international and local);*
> > *5.2.1.4. Review of sectoral and Gender Equality and Women's Empowerment (GEWE) plans and GAD-related indicators; and*
> > *5.2.1.5. Issues and recommendations gathered from consultations with women's groups/organizations working on the sector and other concerned stakeholders."*

6.9. TPB explained that it is still in the process of adopting gender analysis tools and plans to hire a consultant in CY 2025 to address this gap. However, TPB's GAD mainstreaming efforts may fall short in identifying relevant gender issues and formulating appropriate GAD PAPs.

6.10. **Moving forward, we recommended, and Management agreed, to:**

a. Comply with PCW's comments, including the submission of complete attachments for GPB endorsement;

b. **Conduct gender analysis using appropriate tools to ensure that the GPB addresses actual gender issues; and**

c. **Conduct a workshop on the use of gender analysis tools for all personnel involved in the implementation of PAPs, to streamline GAD mainstreaming and facilitate the effective preparation of GPBs and ARs, ultimately fostering a gender-responsive agency.**

6.11. The Management commented that:

a. Recognizing the technical demands of GAD Annual Report preparation, TPB is developing a detailed program for CY 2025 and building capacity among project officers in using technical GAD data. The GFPS TWG and Secretariat have begun targeted initiatives.

b. TPB recognizes the importance of building capacity to conduct gender analysis and is committed to progressively enhancing this competency within its workforce, taking into account fiscal and operational constraints.

c. As part of its 2025 initiatives, TPB will implement a series of gender analysis training programs, beginning with GFPS members, who will undergo practical, context-specific modules aimed at enhancing their application of gender analysis tools across TPB's programs and activities.

6.12. As a rejoinder, the Audit Team acknowledged Management's commitment to implementing the audit recommendations to prevent the recurrence of the observation. However, full compliance will be monitored during the CY 2025 audit.

REMITTANCE OF MANDATORY CONTRIBUTIONS TO GSIS, PHILHEALTH AND PAG-IBIG FUND

7. The TPB is compliant with the timely remittances of contributions to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation, and Home Development Mutual Fund or Pag-IBIG pursuant to Section 14.1 of the IRR of GSIS Act of 1997; Circular No. 001, series of 2014 of the National Health Insurance Act of 2013; and Section 3 of Rule 7 of the IRR of Pag-IBIG Law, respectively.

SUMMARY OF AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS

8. As at December 31, 2024, TPB has no unsettled audit charges while the unsettled suspension and disallowance at year-end totaled P11.809 million and P1.641 billion, respectively, with the details and status presented in Table 10.

Table 10
Details of Audit Suspension and Disallowance

Date	Number	Particulars	Amount	Status
Notice of Suspension (NS)				
September 5, 2020	NS No. SAGF-20-001(18)	Non-compliance with various provisions of RA No. 9184 and its IRR, and other relevant laws, rules and regulations	P11,808,775.66	There were some documents submitted. For issuance of Notice of Disallowance.
Notice of Disallowance (ND)				
August 16, 2018	ND No. 18-001-DAP/GAA/ SAGF/ ECF/ TLA – (12-15)	Non-compliance with various provisions of RA No. 9184 and its IRR, other relevant laws, rules and regulations.	P1,560,730,725.99	Pending Appeal
September 7, 2020	ND No. 19-001 (2018)	Grant of financial sponsorship in the absence of complete supporting documents	80,640,172.80	Pending Appeal
Total			**P1,641,370,898.79**	

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

PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 27 audit recommendations embodied in the 2023 Annual Audit Report (AAR), 23 were fully implemented and 4 were not implemented. Details are as follows:

Reference	Observations	Recommendations	Actions Taken/Comments
Financial			
2023 AAR Audit Observation (AO) No. 1 Page 47	The Cash and cash equivalent account balance of P1.049 billion as at December 31, 2023 is overstated by P1.800 million due to the non-recording of debit memoranda from the depository bank contrary to Paragraph 27 of International Public Sector Accounting Standard 1.	We recommended and Management agreed to:	
		a. Assign personnel who will personally appear before the bank to facilitate the requested documents and assist in the reconciliation of records;	Fully Implemented
		b. Instruct the AD to make the necessary adjusting entries based on the result of the reconciliation; and	Fully Implemented
		c. Moving forward, direct the assigned personnel to monthly reconcile with the banks to facilitate the early retrieval of DMs.	Fully Implemented
2023 AAR AO No. 2 Page 48	Fair presentation of the Receivables-net account amounting to P618.743 million as at December 31, 2023 could not be established due to: a) discrepancy of P12.584 million between the Financial Statement/General Ledger and the Subsidiary Ledgers (SLs); and b) variance of P9.668 million	We recommended and the Management agreed to direct the Accounting Division to:	
		a. Continue the reconciliation of noted difference between (i) GL and SLs; and (ii) reconcile the discrepancies in the balances as confirmed by the Implementing	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	between the amount confirmed by the Implementing Agencies and SL balances contrary to Paragraph 27 of International Public Sector Accounting Standard 1.	Agencies against accounting records;	
		b. Immediately act on the requests of reimbursements of PDOT-Taiwan, and inform them the result thereof; and	Not Implemented Reiterated, as discussed in No. 1 of Part II - Observations & Recommendations of this Report.
		c. Make the necessary corrections/adjustments in the records/books of the TPB, if necessary.	Not Implemented Reiterated, as discussed in No. 1 of Part II - Observations & Recommendations of this Report.
2023 AAR AO No. 3 Page 51	The non-submission of the liquidation documents for completed programs or projects covered by fund transfers (FTs) to various implementing agencies totaling P483.812 million (P125.944 million from CY 2023 and P357.868 million from prior years), resulted in the non-recording of the expenses and thus, understating the expenses and overstating the accumulated surplus/(deficit) of TPB for an undetermined amount, contrary to Paragraph 27, of International Public Sector Accounting Standard 1.	We recommended that Management direct the Finance Department to:	
		a. Continue to demand the immediate liquidations of fund transfer for projects that were already implemented as at December 31, 2023;	Fully Implemented
		b. Instruct the Accounting Division to prepare a semi-annual status report showing the date of request of liquidation, demand letters, summary result of reconciliation and the other subsequent actions taken if the Implementing Agencies were still unable to liquidate; and submit the same along with the supporting documents to the Audit Team;	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	Moreover, out of the said FTs, a total of P71.064 million were not transferred by the Department of Tourism (DOT) Central Office to the intended DOT foreign posts, hence, remained unutilized, but were not immediately demanded back by TPB. These are all contrary to Sections 4.6, 5.4, and 6.5 of COA Circular No. 94-013.	c. Monitor the amount to be reverted by the DOT to the BTr -SAGF – Tourism Promotions Funds account in the total amount of P71.064 million, and thereafter prepare the necessary adjusting entries;	Fully Implemented
		d. Take appropriate legal action to agencies/accountable officers who failed to submit liquidation reports that is long overdue and in spite of repeated demands; and	Fully Implemented
		e. For those long outstanding dormant receivables, consider the filing of request for write-offs to the appropriate COA office following the guidelines under COA Circular 2023-008.	Not Implemented Reiterated, as discussed in No. 1 of Part II - Observations & Recommendations of this Report.

Reference	Observations	Recommendations	Actions Taken/Comments
2023 AAR AO No. 4 Page 55	The fair presentation of the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables account as at December 31, 2023 amounting to P5.546 million, P36.907 million, and P27.747 million, respectively, cannot be ascertained due to: a) long outstanding Guaranty/Security Deposits Payable amounting to P3.552 million with no pending claims filed against TPB and no records available to determine the status and nature of the related projects/contracts; b) negative balances in the accounts Due to Officers and Employees, Guaranty/Security Deposits, and Other Payables amounting to P285,500, P0.571 million, and P456,176, respectively; and c) undistributed collections totaling P20.788 million, contrary to Paragraph 27 of International Public Sector Accounting Standard No. 1, and the Revised Chart of Accounts (2019).	We recommended and the Management agreed to direct the Finance department to:	
		a. Take appropriate action on the long outstanding accounts in the amount of P3.552 million;	Fully Implemented
		b. Instruct the AD to continue their efforts in identifying and reconciling all accounts with negative/abnormal balances in the amount of P1.313 million;	Fully Implemented
		c. Exert diligent efforts in reconciling items in the Undistributed Collections as to its proper account or find alternative documents to support the reclassification to the correct accounts;	Not Implemented Reiterated, as discussed in No. 2 of Part II – Observations & Recommendations of this Report.
		d. Authorize specific personnel that would appear in the Bank to retrieve the details of DMs and CMs; and	Fully Implemented
		e. Continue sending confirmation/demand letters to debtors/suppliers to determine whether payments were already made.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
2023 AAR AO No. 5 Page 58	The balance of Other Supplies and Material Inventory account was understated by P3.250 million due to the non-recording of inventory still on hand for CY 2023, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 44 of IPSAS 12.	We recommended and the Management agreed to direct the Accounting Division to provide the necessary adjusting entries relative to the unrecorded inventory in the amount of P3.250 million.	Fully Implemented
Non-Financial			
2023 AAR AO No. 6 Page 61	Unutilized funds received from the Department of Tourism (DOT) in the total amount P196.853 million for the implementation of DOT's various projects, activities and programs (PAPs) remained idle for more than five years due to non-reversion of the said funds to the National Treasury, thereby depriving the National Government with additional funds to finance other PAPs contrary to item 6.7 of COA Circular No. 94-013 and Sections 82, 88, and 81 of the General Provisions of the General Appropriations Act for Fiscal Years 2015, 2016, 2017 and 2018, respectively.	We recommended the Management to:	
		a. Immediately remit the amount of P196.583 million to the Bureau of Treasury; and	Fully Implemented
		b. For the amount that will not be reverted back to the BTr, submit the RCI, RD and supporting documents to the Audit Team.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
2023 AAR AO No. 7 Page 63	Funds in the total amount of P288.891 million, primarily from corporate and general funds, remained unobligated, unallocated, idle, and undetermined of their future use contrary to Section 51 (e), Chapter V – Funding, Rule III – The TPB, of the Implementing Rules and Regulations or Republic Act No. 9593, and not in accordance with the basic policy of the government on the effective and efficient management of resources.	We recommended the Management to:	
		a. Make representation with the DBM to determine the proper procedures for these unused funds be utilized as one of the sources of funds in the next budget year; or return to the BTr under the SAGF – Tourism and Promotions Fund account; and	Fully Implemented
		b. Comply with RA No. 9593 particularly on the unallocated portion of the TPB funds.	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
2023 AAR AO No. 8 Page 67	The Travelling expenses – Foreign incurred by the TPB for CY 2023 in the total amount of P4.882 million appeared to be unnecessary and excessive due to: (a) redundant and (b) unrelated responsibilities/duties of TPB personnel deployed in various countries for implementation of the international projects/activities, contrary to COA Circular No. 2012-003.	We recommended the Management to:	
		a. Create Policy/Guidelines in the selection of necessary personnel to be deployed in other countries for the implementation of all International Programs/Activities;	Fully Implemented
		b. Ensure that only necessary number of personnel are deployed; and	Fully Implemented
		c. Comply with COA Circular No. 2012-03 to avoid the incurrence of unnecessary, irregular and excessive expenditures.	Fully Implemented
2023 AAR AO No. 9 Page 75	TPB's GAD Plan and Budget (GPB) for CY 2023 was not endorsed by the Philippine Commission on Women (PCW) thus it cannot be ascertained whether the GAD Projects, Activities, and Programs reflected in the GPB are responsive to gender issues, realistic, or doable within the year. In addition, the TPB was not able to submit its Annual GAD Accomplishment Report for CY 2023. These are all contrary to COA Circular 2014-001 dated March 18,	We recommended and the Management agreed to:	
		a. Submit the accomplishment report for 2023, to prevent the non-endorsement of the PCW of the subsequent GPB;	Fully Implemented
		b. Follow the Schedule provided in the PCW-NEDA-DBM Joint Circular No. 2012-01 so as to prevent lapses in the process of GPB; and	Fully Implemented
		c. Continue to require the project officers/end-users to compile and submit every time a project ends, the required supporting documents of the PAPs	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/Comments
	2014 and the PCW, National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01. Moreover, TPB had not conducted gender analysis, contrary to PCW Memorandum Circular Nos. 2018-04 and 2021-04.	in the GPB to properly support the AR at year end so as to facilitate its timely submission.	