

Professional Regulation Commission
Notes to Financial Statements
For the Year Ended December 31, 2015

1. General Information/Agency Profile

The financial statements of the PRC were authorized for issue on February 26, 2016 as shown in the Statement of Management's Responsibility for Financial Statements signed by Acting Chairperson Angeline T. Chua Chiacó.

The PRC is responsible for the administration, implementation and enforcement of regulatory policies on the regulation and licensing of various professions and occupations under its jurisdiction. It is instrument of the Filipino people in securing for the nation a reliable, trustworthy and progressive system of developing professionals whose personal integrity and spiritual values are solid and respected, whose competencies are globally competitive, and whose commitment to serve the Filipino nation and the whole community is strong and steadfast.

Initially created under Presidential Decree (PD) No. 223 on June 22, 1973, it was repealed by Republic Act (RA) No.8981 and approved on December 5, 2000 otherwise known as "PRC Modernization Act".

Pursuant to the Act, the PRC shall:

- Administer, implement and enforce the regulatory policies of the national government with respect to the regulation and licensing of the various professions and occupations under its jurisdiction including the enhancement and maintenance of professional and occupational standards and ethics and the enforcement of the rules and regulation relative thereto.
- Recognize the important role of professionals in nation-building and towards this end, establish and maintain a high standard of admission to the practice of all professions and at all times ensure and safeguard the integrity of all licensure examinations.
- Promote the sustained development of a corps of competent Filipino professionals whose competence has been determined by honest and credible licensure examinations and whose standards of professional service and practice are internationally recognized and considered world – class.

To further strengthen the PRC's mandate and in order to improve the quality of professionals supplied to the local and international labor market, the PRC was attached to and placed under the administrative supervision and control of the Department of Labor and Employment (DOLE) through Executive Order (EO)

No. 565 on September 11, 2006, as amended by EO No. 565-A. At present, the Commission has 46 professions under its jurisdiction.

The Commission Proper is headed by a Chairperson and two Commissioners, all of whom are appointed by the President of the Republic. It has four stakeholders namely:

1. General Public,
2. Accredited Professional Organizations,
3. Professional Regulatory Boards, and
4. Officers and Staff.

It has ten field offices located at the following: Baguio, Cagayan de Oro, Cebu and Davao, established in 1997; Iloilo, Legaspi, Tacloban, Tuguegarao and Zamboanga, established in 1998-1999; Lucena, established in 2000; and two additional satellite offices in the cities of Butuan and Pagadian which were established in 2008.

2. Bases of Financial Statement Presentation

The Financial Statements (FS) have been prepared in accordance and compliance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit pursuant to COA Resolution No. 2014-003 dated January 24, 2014.

The enhanced eNGAS was fully implemented by the Commission in 2015 thus the financial statements were generated through this system.

The FS include the consolidated transactions coming from the ten PRC Regional Offices and two Satellite Offices. The Commission maintains a centralized form of accounting system. All expenses are paid for by the Central Office except for the monthly cash advance for maintenance and other operating expenses and cash advance for examination and other special purpose which is on the account of each regional office.

The FS have been prepared on the basis of historical cost, unless stated otherwise.

The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies

3.1 Basis of Accounting

The Commission adopts the modified accrual basis of accounting, where all expenses are recognized when incurred and reported in the financial statements in the period to which they relate. In addition, revenues are recognized only when collected.

The Modified Obligation System records allotments received and obligations incurred. Separate registries are maintained to control allotments and obligations for each class of allotment.

3.2 Inventories

Inventory is measured at cost upon initial recognition. Inventories are assets in the form of materials or supplies to be consumed or distributed in rendering of services and recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Professional Regulation Commission.

3.3 Property, Plant and Equipment

The Property, Plant and Equipment (PPE) are measured at cost less accumulated depreciation and impairment losses. When significant parts of the PPE are required to be replaced at intervals, the PRC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation

The Commission applies the straight line method of depreciation for PPE using the estimated useful life by classification as prepared by COA. The depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month. A residual value is computed at ten percent of the cost of the assets acquired prior to the implementation of the PPSAS, while the new residual value of five percent of the cost of the asset was applied to new acquisitions for the year. However, not all items were depreciated upon the implementation of the e-NGAS as there were some that have been either fully depreciated or the computation of the depreciation on some PPE cannot be made due to insufficiency of records.

3.4 Changes in accounting policies and estimates

The PRC 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 PRC recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

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

- Restating the comparative amounts for 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.

3.5 Revenue from non-exchange transaction

The PRC recognizes revenues from fees and fines when collected.

3.6 Budget information

The annual budget is prepared on a cash basis and is published in the government website. As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, timing or entity differences.

3.7 Employee benefits

The employees of the PRC are members of the Government Service Insurance System which provides life and retirement insurance coverage. The PRC recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The PRC recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

3.8 Measurement uncertainty

The preparation of FS in conformity with PPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the FS and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets

4. Changes in Accounting Policies

The FSs were prepared in accordance with the PPSAS and the coding structure is pursuant to COA Circular No. 2015-002 dated March 9, 2015.

5. Cash and Cash Equivalents

Accounts	Amount
Cash - Collecting Officers	2,831,725.88
Petty Cash	50,000.00
Cash in Bank- Local Currency, Current Account	1,377,764.29
Cash in Bank- Local Currency, Savings Account	109,082.72
Cash - Treasury/Agency Deposit, Trust	4,977,344.45
Cash-Modified Disbursement System (MDS)-Regular	2,250,691.50
Total Cash and Cash Equivalents	11,596,608.84

5.1 Cash on Hand

The balance of the *Cash-Collecting Officers* totalling ₱2,831,725.88 represents undeposited collections of income and refund of cash advances at year end which were deposited on January 4, 2016.

5.2 The Cash in Bank-Local Currency Current Account of ₱1,377,764.29 under LBP Account No. 000012-1171-24 is a special account maintained for proceeds from bidding activities such as, but not limited to, sale of bid documents and protest fees. The honoraria and overtime pay of the Chair and Members of the Bids and Awards Committee are being paid from this account.

5.3 The Cash in Bank-Local Currency Savings Account of ₱109,082.72 represents the maintaining balance of the Payroll Account of PRC Central and Regional Offices. Details are shown below:

Particulars	LBP Account No.	Amount
Baguio	0221-1474-99	10,000.00
Cagayan de Oro	241-10923-24	10,000.00
Iloilo	3291-0008-77	10,000.00
Legaspi	0131-1620-30	1,000.00
Lucena	0211-2570-24	10,000.00
PRC Payroll Account	002001-9001-97	30,000.00
Tacloban	1731-0186-14	10,000.00
Zamboanga	0521-2707-64/191214196	5,082.72
Tuguegarao	021-2046-81	1,000.00
Cebu	0141-2536-89	10,000.00
Davao	0161-3165-20	2,000.00
Pagadian	0521-2707-64	10,000.00
Total		109,082.72

5.4 The Cash–Treasury/Agency Deposit, Trust of ₱4,977,344.45 represents receivables from the Bureau of the Treasury for the implementation of various projects chargeable against funds transferred from other agencies. Among these are:

- Operation of PRC’s *Educational Statistics Task Force (ESTF)* in the amount of ₱1,930,743.13, which is responsible in monitoring the performance of schools in the various licensure examinations funded by the Commission on Higher Education and;
- Research project entitled “The Assessment of the Examinees and CHED HEIs Performance in Six PRC Licensure Examinations for Agriculturist (2003-2008)” by the Board of Agriculture funded by the Bureau of Agricultural Research.
- Insurance policy claim by the Commission issued by GSIS in reference to the Fire Loss Insurance at the 4th Floor, Annex Building.

5.5 The Cash-Modified Disbursement System (MDS)-Regular of ₱2,250,691.50 represents the unreleased checks for CY 2015.

6. Receivables

6.1 The amount of ₱2,458.10 represents Accounts Receivables already dormant for years in the books upon implementation of the eNGAS in CY 2004.

6.2 Inter-Agency Receivables

Account	Current	Non-Current
Due from National Government Agencies	495,574,346.35	119,601,975.77
Total	495,574,346.35	119,601,975.77

- The account Due from National Government Agencies in the amount of ₱615,176,322.12 is composed of ₱84,407,058.52 representing advance payments to Procurement Service (PS)-DBM for purchases of supplies and equipment. The account is closed when the item/s are finally delivered.
- This account also includes an amount of ₱46,469,263.60 representing inter-agency transfer of funds to DPWH for the architectural and engineering design of the proposed PRC Building and for the various renovations of the PRC-Central Office.
- In 2015, the amount of ₱484,300,000.00 was transferred to DPWH for the construction of building at the acquired lot in Diosdado Macapagal Avenue in addition to the ₱24 million previously transferred to DPWH

for the Architectural and Engineering Design Services. The public bidding for the Design and Build Project will be undertaken by DPWH in 2016.

- Included in the said balance is the unexpended portion of the inter-agency transfer of fund to Department of Public Works and Highways (DPWH)-Region V for the construction of the PRC-Legaspi Regional Office.

6.3 Other Receivables

Accounts	Amount
Other Receivables	
Receivables- Disallowances and Charges	61,442,405.44
Due from Officers and Employees	39,707.60
Other Receivables	317,881.70
Total Other Receivables	61,799,994.74

- Receivables - Disallowance/Charges represents amount resulting from audit disallowances that have become final and executory.
- As a result of the cash examination conducted by the COA Regional Office No.2 in 2008, a total amount of ₱17,139,108.80 was booked up under the receivable account of Mr. Ferdinand Llapitan, Cashier I of the PRC-Tuguegarao Office. The cash examination result indicates that Mr. Llapitan had a total cash shortage of ₱17,139,108.80 from unremitted and unrecorded collections. It was discovered that from the total collections of ₱71,558,137.71 for the period October 30, 2002 to January 3, 2008, only the amount of ₱55,865,322.34 was reported and duly acknowledged by Official Receipts. The balance amounting to ₱15,692,815.37 was not recorded and reported by Mr. Ferdinand Llapitan and the undeposited amount of ₱1,446,293.43 constitutes the total cash shortage. The following actions were taken regarding this case :
 - Appropriate administrative charges were filed by PRC against the person and he was meted the penalty of dismissal from the service.
 - Hold-departure Order No. 201-39 was issued by the Department of Justice so that he may not leave the country.
 - The affidavit of the COA Team Members of Team II-Cluster I – Executive and Oversight, National Government Sector, COA Regional Office No. 02, Tuguegarao City that conducted the cash examination that bears the cash shortage of Mr. Llapitan was forwarded by the Legal and Adjudication Office of COA Regional Office No. 2 to the Office of the Ombudsman last January 19, 2009 for the filing of Criminal and Administrative cases against him for violation of Article 217 of the Revised Penal Code.

- A letter query on the status of the case was forwarded by the PRC to the Office of the Ombudsman.
- c. Disallowance of prior year's expense pertaining to fringe benefits of officials and employees in the amount of ₱4,862,997.97 was erroneously taken up as Receivables although there is still a pending appeal with the Commission on Audit. This will be reversed in the ensuing year.
- d. Other Receivables account represents receivables from suppliers, resigned employees, and members of the Commission of Regulatory Board whose terms have ended.

7. Inventories

Accounts	2015		
	Office Supplies Inventory	Accountable Forms Inventory	Medical Dental Inventory
Inventory Held for Consumption			
Carrying amount January 1, 2015	14,344,454.58	39,490,675.14	23,125.00
Additions/Acquisitions during the year	14,634,501.49	34,849,493.79	-
Expenses during the year except write-down	12,818,303.41	30,863,254.99	-
Write-down during the year	-	-	-
Totals Carrying Amount, December 31, 2015	16,160,652.66	43,476,913.94	23,125.00

An amount of ₱5,401,274.03 pertains to the forwarded balance of Office Supplies Inventory upon the implementation of the eNGAS in 2004 and remains to be a dormant account for years. Prior to the implementation of the electronic New Government Accounting System (eNGAS), the Accounting Division does not maintain any Supplies Ledger account; hence, the breakdown as to the type of inventory accounts of the amount stated cannot be ascertained. The necessary reconciliation is being undertaken for the adjustments of this account. Efforts are being made to retrieve the 2004 Inventory Reports as basis for the said reconciliation, while the balance of ₱23,125.00 for medical dental inventory is already dormant since the start of eNGAS in CY 2004.

8. Property, Plant and Equipment

	Land	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures and Books	Construction in Progress	Other PPE	TOTAL
Carrying Amount, January 1, 2015	160,554,070.30	136,422,588.24	101,152,254.02	14,762,452.43	23,519,402.71	74,453,898.95	2,235,529.24	513,100,195.89
Additions/Acquisitions			4,938,429.18	1,095,200.00	2,149,379.74	1,862,950.79		10,045,959.71

	Land	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures and Books	Construction in Progress	Other PPE	TOTAL
Adjustments				(486,601.15)				(486,601.15)
Total	160,554,070.30	136,422,588.24	106,090,683.20	15,371,051.28	25,668,782.45	76,316,849.74	2,235,529.24	522,659,554.45
<i>Depreciation (As per Statement of Financial Performance)</i>			(846,298.64)	(74,317.14)	(186,438.31)			(1,107,054.09)
Carrying Amount, December 31, 2015 (As per Statement of Financial Position)	<u>160,554,070.30</u>	<u>136,422,588.24</u>	<u>105,244,384.56</u>	<u>15,296,734.14</u>	<u>25,482,344.14</u>	<u>76,316,849.74</u>	<u>2,235,529.24</u>	<u>521,552,500.36</u>
<i>Gross Cost (Asset Account Balance per Statement of Financial Position)</i>	160,554,070.30	136,422,588.24	204,803,939.56	36,709,675.76	46,014,243.77	76,316,849.74	2,697,159.77	663,518,527.14
Less : <i>Acc. Depreciation</i>	-	-	99,559,555.00	21,412,941.62	20,531,899.63		(461,630.53)	(141,966,026.78)
<i>Allowance for Impairment</i>								
Carrying Amount, December 31, 2015 (As per Statement of Financial Position)	<u>160,554,070.30</u>	<u>136,422,588.24</u>	<u>105,244,384.56</u>	<u>15,296,734.14</u>	<u>25,482,344.14</u>	<u>76,316,849.74</u>	<u>2,235,529.24</u>	<u>521,552,500.36</u>

- 8.1 The Land account pertains to two parcels of land located in Lahug City, Cebu, and Pasay City. The lot in Cebu has a market value of ₱2,208,000.00 and a total area of 1,104 square meter whose land stewardship was transferred to PRC Cebu Regional Office in 1998.
- 8.2 The Department of Budget and Management (DBM) released a Multi-Year Obligation Authority dated February 28, 2009 in the amount of ₱158,346,070.29 for the purchase of a 4,865 square meter lot located at Superblock A, Central Business Park 1, Pasay City for the site of the new PRC Building. Consequently, corresponding Notice of Cash Allocation was released for all payments. In 2012 the Commission fully paid this lot to the Philippines Reclamation Authority.
- 8.3 Part of the cost of Office Building, amounting to ₱103,510,851.84, was based on the copy of the Inventory of Government Buildings, duly certified by then Chairperson Hermogenes P. Pobre. This is the only available record establishing direct ownership of the building, hence no depreciation expense was provided for. The Inventory of Government Buildings shows the following:
- The main building, consisting of three floors, with floor area of 2,790 square meter had a replacement cost of ₱44,640,000.00;

- The Annex Building consisting of five floors with floor area of 3,340.55 square meters has a replacement cost of ₱53,448,800.00 or a total value of ₱98,088,800.00;
- The estimated renovation cost of ₱12,000,000.00 of the PRC auditorium was deducted from the total replacement cost of Annex Building since the actual amount of renovation cost had been previously recorded in the books of accounts;
- In May 2004, prior to the implementation of the eNGAS, the Building account had a balance of ₱17,422,051.84 representing the construction of the 5th floor Annex Building. In 2006, the costs of both the Main and Annex Buildings were booked up in the amount of ₱86,088,800.00 based on the Inventory of Government Buildings, hence, the balance of the Building account as of December 31, 2012 totalled to ₱103,510,851.84. In 2011, the amount of ₱32,911,736.40 was booked up representing the cost of the building of the PRC Legaspi Regional Office; and
- Efforts shall be made in the current year to seek out the reconciliation of items under PPE Accounts

8.4 Construction in Progress

This account includes the forwarded ending balance during the conversion to eNGAS and the construction of the new PRC-Tuguegarao Office, breakdown as follows:

Project	Contractor	Amount
Unreconciled amount (beginning balance)		891,060.84
PRC Tuguegarao Building (Materials)	Melda Madrid Hardware Center	5,607,082.00
PRC Tuguegarao Building (Labor)	MC Torio Construction	1,361,520.00
Flooring and Ceilng Works of PRC Tuguegarao Office	DPWH	1,862,950.79
Total		9,722,613.73

The amount of ₱1,862,950.79 transferred to DPWH for the flooring and tiling works of PRC Tuguegarao was erroneously classified as Construction in Progress account instead of Due from National Government Agencies account. This will be adjusted accordingly in the ensuing year.

9. Intangible Assets

9.1 Computer Software

This account represents payments made for automation projects of the Commission in line with the computerization and modernization program under Section 14 of the PRC Modernization Act:

Project	Contractor	Amount
Licensure Examination Registration and Information System (LERIS)	GSI – SSPI, Inc.	3,626,942.95
Central Records Mgmt. Information System (CRMIS)	Meta System	4,158,767.40
Office System Automation 1 (OSA 1)	TIM Inc.	15,296,400.00
Security and Disaster Management System (SDMS)	TIM Inc.	15,000,000.00
Database Migration	Mega Data	2,150,000.00
LERIS 1 ST Technical Assistance Project	GSI – SSPI, Inc.	1,468,133.47
LERIS 2nd Technical Assistance Project	GSI – SSPI, Inc.	4,576,464.00
Office System Automation 2 (OSA 2)	Incventure Partners Inc.	4,652,500.00
Network Infrastructure Project	ePLDT	14,996,401.73
Network Infrastructure Project-cabling of 4 th floor Marine Office	ePLDT	360,626.56
IP VPN Connectivity	GAR Enterprise	308,000.00
Total		66,594,236.11

The above items although was converted into Intangible Assets in December, 2014 but was not forwarded as Intangible Assets in CY 2015 and is still classified under the Construction in Progress account. This will be adjusted in the ensuing year.

10. Other Assets

10.1 Advances for Operating Expenses - ₱1,808,692.83 represents unliquidated cash advances for MOOE drawn for the regular operations of the PRC Field Offices and for other specific purposes.

10.2 Advances for Payroll - ₱28,267.35 represents unliquidated cash advances made for payment of personnel services such as salaries, RATA, PERA/ACA and other bonuses and allowances.

10.3 Advances for Special Disbursing Officers – ₱152,582.16 represents unliquidated cash advances intended for specific purpose.

10.4 Advances to Officers and Employees – ₱769,063.71 represents unliquidated cash advances of the disbursing officers, employees and officials in the Central and Regional Offices intended for travels.

10.5 Prepayment- ₱2,613,283.27 composed of prepaid rent in the amount of ₱2,225,424.60 which represents rental deposits made in several regional offices and other prepaid expenses in the amount of ₱387,858.67 represents guaranteed deposits made to electric cooperatives of several PRC regional offices.

10.6 Other Assets – ₱ 6,115,259.27

10.7 The account includes Items-in-Transit converted to Other Assets and broken down as follows:

Particulars	Amount
This amount represents the cost of the 3 Seconic OMR including custom duties, which the Commission purchased in 2007. The said items (3 OMR) were actually delivered though not yet immediately adjusted in the books of account because of technical issues in the Electronic National Government Accounting System (eNGAS)	₱3,294,631.91
The amount corresponds to unreconciled balance of previous year's transactions. Reconciliation is currently being undertaken to identify the composition of this amount.	2,820,618.36
Total	₱6,115,250.27

10.8 Other Assets amounting to ₱2,182,473.17 represents costs of assets for disposal which are transferred to this account in conformity with NGAS basic feature and policies that serviceable assets no longer used shall be reclassified to Other Assets account and shall not be subject to depreciation. Likewise, the remaining ₱124,208.30 represents wrong entry made to Building account which was reclassified to Other Assets account.

11. Financial Liabilities

11.1 Payables

Particulars	2015	2014
Accounts Payable	37,924,733.53	9,071,617.20
Due to Officers and Employees	12,001,470.98	11,877,260.55
Total	49,926,204.51	20,948,877.75

The Accounts Payable is composed of due and demandable accounts totalling to ₱2,250,691.50 and adjustment for unreleased checks amounting to ₱35,674,042.03. Adjusting entries are prepared at the end of the year equivalent to the unreleased checks and recognition of the appropriate payable/liability accounts, in accordance with GAFMIS Circular No. 2002-01 dated December 16, 2002. Entries are for reversions at the beginning of

the succeeding year in order to restate the amount of the unreleased checks, while the Due to Officers and Employees are those advances for Payroll Fund not yet liquidated at the end of the year.

12. Inter-Agency Payables

Particulars	2015	2014
Due to BIR	1,001,955.88	953,452.36
Due to GSIS	2,711.93	46,704.22
Due to Pag-IBIG	16,244.12	2,853.96
Due to PhilHealth	14,687.60	7,031.31
Due to NGAs	5,306,102.60	4,663,177.64
Due to GOCCs	304,800.54	288,167.63
Total Inter-Agency Payables	6,646,502.67	5,961,387.12

The above mandatory deductions on salaries of officials and employees were not yet remitted at the end of the year. However, the balance of Due to GSIS and Due to BIR is unreliable since the unremitted balance for these deductions is much bigger than the balance appearing in the books of accounts, while the Due to NGAs are fund transfer from other government agencies not yet liquidated as of December, 2015.

13. Trust Liabilities

13.1 Other Payables

Particulars	2015	2014
Trust Liabilities	1,980,115.82	0.00
Total Other Payables	1,980,115.82	0.00

This amount includes the ₱1,400,000.00 received from Overseas Workers Welfare Administration in CY 2015 as financial assistance for the SPLBE conducted in Alkhobar Saudi Arabia.

14. Service and Business Income

Particulars	2015	2014
Service Income		
Registration Fees	107,502,360.00	117,248,060.00
Licensing Fees	383,129,769.00	454,669,756.40
Verification and Authentication Fees	102,003,587.00	96,191,350.00
Fines and Penalties - Service Income	17,429,286.60	17,228,239.00
Other Service Income	14,357,292.61	20,342,128.62
Total	624,422,295.21	705,679,534.02
Business Income		
Examination Fees	416,335,794.52	372,917,883.64
Total	416,335,794.52	372,917,883.64
Total Service and Business Income	1,040,758,089.73	1,078,597,417.66

Collections of income reported for 2015 is ₱1,040,758,029.73, based on the consolidated income reports of all PRC's income generating responsibility centers. The bulk of the Commission's income was derived from the Examination Fee and Licensing Fee, at ₱416,335,794.52 and ₱383,129,769.00, respectively or an aggregate of 77 percent of the total income. The total Service and Business Income reported includes income collected and deposited by SMI Service Provider for CY 2012 to 2014.

However, the income derived from the collection on renewal of ID license by SMI Service Provider for CY 2015 amounting to ₱53,761,867.80 is not yet book up pending the verification of the daily collections as against the fund transfer/deposit submitted by SMI and the breakdown of annual fees and surcharges/penalties.

To ensure accountability and compliance to accounting and auditing rules and regulations, all collections for the conduct of foreign examinations and its initial registration were duly deposited under the Treasurer of the Philippines-Philippine Foreign Currency Deposit--Dollar Account. Foreign currency deposits were converted to peso amount using the BSP rate as of the last working day of the year.

15. Personnel Services

15.1 Salaries and Wages

Particulars	2015	2014
Salaries and Wages – Regular	84,789,042.25	82,887,184.84
Salaries and Wages - Casual/Contractual	166,800.02	259,786.88
Total Salaries and Wages	84,955,842.27	83,146,971.72

15.2 Other Compensation

Particulars	2015	2014
Personal Economic Relief Allowance (PERA)	7,755,813.38	7,663,770.25
Representation Allowance (RA)	2,323,375.00	2,250,250.00
Transportation Allowance (TA)	1,352,250.00	1,124,500.00
Clothing/Uniform Allowance	1,615,000.00	1,575,000.00
Subsistence Allowance	12,800.00	12,850.00
Productivity Incentive Allowance	609,970.00	619,202.00
Honoraria	106,536,330.15	143,125,538.03
Year End Bonus	7,217,208.12	5,958,583.08
Cash Gift	1,652,274.78	2,286,875.00
Other Bonuses and Allowances	6,882,420.04	4,807,200.00
Total Other Compensation	135,957,441.47	69,423,768.36

15.3 Personnel Benefit Contributions

Particulars	2015	2014
Retirement and Life Insurance Premiums	9,953,008.12	9,558,193.16
PhilHealth Contributions	928,386.50	942,041.09
Employees Compensation Insurance Premiums	391,983.11	349,814.61
PAG-IBIG Contributions	393,112.50	375,000.00
Total Personnel Benefit Contributions	11,666,490.23	11,225,048.86

15.4 Other Personnel Benefits

Particulars	2015	2014
Pension Benefits	4,776,852.00	1,143,681.00
Retirement Gratuity	0.00	3,428,852.40
Terminal Leave Benefits	958,360.11	5,415,564.20
Other Personnel Benefits	18,218,416.06	3,132,781.64
Total Other Personnel Benefits	23,953,628.17	13,120,879.24

16. Maintenance and Other Operating Expenses

16.1 Traveling Expenses

Particulars	2015	2014
Traveling Expenses - Local	9,739,188.71	9,262,019.52
Traveling Expenses - Foreign	12,522,782.91	13,492,934.64
Total Traveling Expenses	22,261,971.62	22,754,954.16

Travelling Expenses for foreign travels of ₱12,522,782.91 includes expenses on the conduct of SPLBE in the middle east countries and in Asian countries while others are for foreign trips of PRC Officials and PRBs officers and members for attending MRA conferences etc.

16.2 Training and Scholarship Expenses

Particulars	2015	2014
Training Expenses	5,201,939.00	4,861,327.10
Total Training and Scholarship Expenses	5,201,939.00	4,861,327.10

16.3 Supplies and Materials Expenses

Particulars	2015	2014
Office Supplies Expenses	27,920,175.49	28,917,112.56
Accountable Forms Expenses	30,736,899.55	28,582,081.91
Drugs and Medicines Expenses	1,524.64	9,650.00

Particulars	2015	2014
Medical, Dental and Laboratory Supplies Expenses	0.00	553.52
Fuel, Oil and Lubricants Expenses	1,829,691.32	2,773,223.26
Other Supplies and Materials Expenses	0.00	9,150.00
Total Supplies and Materials Expenses	60,488,291.00	60,291,771.25

16.4 Utility Expenses

Particulars	2015	2014
Water Expenses	1,924,834.33	1,647,260.02
Electricity Expenses	16,740,025.60	20,100,073.52
Total Utility Expenses	18,664,859.93	21,747,333.54

16.5 Communication Expenses

Particulars	2015	2014
Postage and Courier Services	1,210,383.07	945,058.39
Telephone Expenses	2,837,388.72	2,917,642.81
Internet Subscription Expenses	4,512,694.98	3,903,602.44
Cable, Satellite, Telegraph and Radio Expenses	36,311.34	23,443.60
Total Communication Expenses	8,596,778.11	7,789,747.24

16.6 Confidential, Intelligence and Extraordinary Expenses

Particulars	2015	2014
Extraordinary and Miscellaneous Expenses	1,879,252.66	1,713,000.52
Total Confidential, Intelligence and Extraordinary Expenses	1,879,252.66	1,713,000.52

16.7 Professional Services

Particulars	2015	2014
Legal Services	702,000.00	715,536.00
Consultancy Services	3,020,000.00	4,351,333.32
Other Professional Services	3,357,638.39	2,883,426.32
Total Professional Services	7,079,638.39	7,950,295.64

16.8 General Services

Particulars	2015	2014
Janitorial Services	4,109,889.32	3,486,487.22
Security Services	14,575,833.25	6,672,847.94
Other General Services	112,403,721.86	120,831,458.23
Total General Services	131,089,444.43	130,990,793.39

16.9 Repairs and Maintenance

Particulars	2015	2014
Repairs and Maintenance - Buildings and Other Structures	409,957.04	729,497.69
Repairs and Maintenance - Machinery and Equipment	1,082,966.88	341,732.80
Repairs and Maintenance - Transportation Equipment	1,290,627.72	1,306,695.46
Repairs and Maintenance - Furniture and Fixtures	158,324.00	82,776.75
Repairs and Maintenance - Other Property, Plant and Equipment	99,023.50	168,389.20
Total Repairs and Maintenance Expenses	3,040,899.14	2,629,091.90

16.10 Taxes, Insurance Premiums and Other Fees

Particulars	2015	2014
Taxes, Duties and Licenses	124,004.62	686,936.82
Fidelity Bond Premiums	934,601.01	774,728.28
Insurance Expenses	720,729.51	711,289.33
Total Taxes, Insurance Premiums and Other Fees	1,779,335.14	2,172,954.43

16.11 Other Maintenance and Operating Expenses

Particulars	2015	2014
Advertising Expenses	2,345,044.09	865,757.46
Printing and Publication Expenses	2,698.00	12,920.20
Representation Expenses	1,458,229.54	1,095,366.87
Transportation and Delivery Expenses	47,859.00	3,999.50
Rent/Lease Expenses	23,983,824.11	10,725,710.76
Subscription Expenses	159,448.50	47,800.16
Other Maintenance and Operating Expenses	1,986,408.96	2,059,322.41
Total Other Maintenance and Operating Expenses	29,983,512.20	14,810,877.36

17. Financial Expenses

Particulars	2015	2014
Bank Charges	900.00	400.00
Total Financial Expenses	900.00	400.00

18. Non-Cash Expenses

18.1 Depreciation

Particulars	2015	2014
Depreciation - Machinery and Equipment	846,298.64	9,864,487.69
Depreciation - Transportation Equipment	74,317.14	2,692,281.96
Depreciation - Furniture, Fixtures and Books	186,438.31	421,009.56
Depreciation - Other Property, Plant and Equipment	0.00	95,641.12
Total Depreciation	1,107,054.09	13,073,420.33

19. Subsidy from National Government

This account includes the following:

Particulars	Amount
NCA received from DBM for payment of expenses for Agency's operational requirements, pension benefits of retired Chairman and Commissioners, terminal leave of retired employees, payment of PEI and PBB	1,140,277,122.00
Tax Remittance Advice for BIR tax remittance	38,945,360.14
<i>Total</i>	<i>1,179,222,482.14</i>
Less: Reversion of Unused NCA (Regular and Accounts Payable)	178,244,342.67
Balance ending (Net Financial Assistance/Subsidy)	1,000,978,139.47

The above amount was closed to Accumulated Surplus / (Deficit) account at year-end.

20. Losses

The amount of ₱183,720.65 is the loss on sale of unserviceable motor vehicles.

21. Adjustments

The amount of ₱11,028,955.22 is composed of the Adjustments made for the reclassifications of accounts ₱4,382,994.32, reclassification of SL accounts ₱3,790.00, recording of unreleased checks ₱2,250,691.50, refund of cash advances ₱4,238,469.94, cancellation of checks issued during the year ₱111,001.76 and collection of overpayment of expenses ₱42,007.70

22. Key Management Personnel

The key management personnel of PRC consists of the Chairman and two Commissioners, Assistant Commissioners, Directors and Heads of Divisions.

22.1 Key Management Personnel Compensation

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

Particulars	Aggregate Remuneration
Salaries and Wages	20,095,507.06
Other Compensation	6,368,713.58
Personnel Benefit Contributions	2,326,189.23
Other Personnel Benefits	3,471,651.02
Total Other Personnel Benefits	32,262,060.89

The Secretary of the Department of Labor and Employment which has supervision over the PRC has no remuneration to the PRC.