

Professional Regulation Commission
Notes to Financial Statements
For the year ended December 31, 2018

1. General Information/Agency Profile

The financial statements (FSs) of the Professional Regulation Commission (PRC) were authorized for issue on March 15, 2019 as shown in the Statement of Management's Responsibility for Financial Statements signed by Atty. Teofilo S. Pilando, Jr., the Chairman.

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Initially created under Presidential Decree (PD) No. 223 on June 22, 1973, it was repealed by Republic Act (RA) No. 8981 and approved on December 5, 2000, otherwise known as "PRC Modernization Act".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

Development, Legislative Affairs, and Administrative Services Cluster. At present, the Commission has 43 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, the General Public; Accredited Professional Organizations; Professional Regulatory Boards; and the Officers and Staff.

It has 10 regional offices located at the following places: 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.

To better carry out its mandate, the PRC sought for a reorganization of its organizational structure. On June 8, 2016, the new Organizational Structure and Staffing Pattern (OSSP) pursuant to Republic Act (RA) No. 8981 was approved by the Department of Budget and Management (DBM). The Notice of Organization, Staffing and Compensation (NOSCA) formalizing the approved OSSP of PRC Central Office, effective not earlier than June 8, 2016, has been transmitted by DBM on October 10, 2016.

The Office of the President through the Executive Secretary, issued a Memorandum on May 16, 2017, informing the Commission of the approval of the creation of PRC new offices/service: Regional Offices (ROs) in NCR and Regions I, III, IV-B, XII and XIII, Legal Services, International Affairs Office, Information and Communications Technology Services, and Planning, Management and Financial Services. The NOSCA formalizing the approved OSSP of approved new offices and positions and reclassification of key positions was issued by DBM on August 2, 2017.

Currently, together with the approval of creation of six new ROs, PRC has 16 ROs located nationwide to provide convenience and accessibility to stakeholders.

2. Basis of Financial Statement Presentation

The FSs have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSASs) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014. The enhanced electronic National Government Accounting System (e-NGAS) was fully implemented by the Commission in 2015, thus the financial statements were generated through this system.

The FSs include the consolidated transactions coming from the PRC ROs, off-sites and service centers. 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 FSs 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 Agency 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.

There are two books that the Commission maintains which later merged into one (1) per PPSASs:

Regular Agency (RA) books wherein the Notice of Cash Allocation (NCA) as well as income/receipts, which the agency is authorized to use are recorded.

The National Government (NG) books wherein income/receipts, which are remitted to the National Treasury and the agency is not authorized to utilize are documented.

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 held for consumption in rendering of services and recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PRC.

3.3. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are measured at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment 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 PPE 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 (10) percent of the acquisition cost of the assets acquired prior to the implementation of the PPSASs, while the new residual value of five percent of the cost of the asset was applied to 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 ascertained 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. It is measured at the amount of the increase in net assets unless a corresponding liability is recognized.

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 PRC are members of the Government Service Insurance System (GSIS) 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 financial statements in conformity with PPSASs, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets and rates of amortization.

4. Changes in Accounting Policies

The financial statements were prepared in accordance with the Philippine Public Sector Accounting Standards (PPSASs) and the coding structure pursuant to COA Circular No. 2015-002 dated March 9, 2015.

5. Prior Period Adjustments and Error

During the 2018 financial period, various transactions which pertain to the year 2017 were recognized such as liquidations of cash advances, unrecorded/under recording of expenses, over recording of income and reclassification of accounts. The prior period statements were restated accordingly.

The effect of the adjustment and error on the individual line items in the financial statements is as follows:

Effect	2018	2017
Decrease in Revenue	-	41,200,251.85
Decrease in Surplus for the period	-	41,200,251.85

6. Cash and Cash Equivalents

Accounts	Amount
Cash-Collecting Officers	141,338,281.41
Petty Cash Fund	470,000.00
Cash in Bank- Local Currency, Current Account	1,843,353.29
Cash in Bank- Local Currency, Savings Account	119,082.72
Cash - Treasury/Agency Deposit, Trust	4,977,344.45
Total Cash and Cash Equivalents	148,748,061.87

- 6.1 The balance of the *Cash-Collecting Officer* totaling ₱141,338,281.41 represents undeposited collection of income as of the year-end. It consists of amount undeposited but has no submitted Report of Deposited Collection amounting to ₱134,557,435.30 and amount reported as undeposited at year-end amounting to ₱4,481,884.75 which was deposited on January 2 & 3, 2019. Further, the balance of this account was net of Noel Potenciano's credit balance, SM Collections and unreconciled amount of ₱648,696.00, ₱741,976.16 and ₱1,050.01, respectively.
- 6.2 Collection of income reported for the year 2018 is at ₱1,232,072,638.79, based on the consolidated income reports of all PRC's income-generating responsibility centers including One-Stop-Shop-Services for OFWs (OSSCO), Offsite and Mobile Services. The bulk of the Commission's income was derived from the Examination Fees and Licensing Fees at ₱526,173,955.00 and ₱325,895,780.00, respectively, or an aggregate of 69% of the total income. Total deposited collection for the year is ₱1,098,305,856.14 and 47.48% only or a total of ₱521,519,454.77 has supporting BTR Certifications.

This account does not include unrecorded income in 2016 for Clark, Pampanga's OSSCO amounting to ₱1,672,865.00. The reports submitted by the accountable officer are still being verified.

- 6.3 The *Cash in Bank-Local Currency, Current Account* of ₱1,843,353.29 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.

- 6.4 The *Cash in Bank-Local Currency, Savings Account* of ₱119,082.72 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	11,000.00
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		119,082.72

- 6.5 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 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 (CHED) 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 (BAR).
- Insurance policy claim by the Commission issued by GSIS in reference to the Fire Loss Insurance at the 4th Floor, Annex Building.

7. Receivables

- 7.1 The amount of ₱2,458.10 represents Accounts Receivables already dormant for years in the books upon implementation of the e-NGAS in CY 2004.

- 7.2 Inter-Agency Receivables/ Due from National Government Agencies follows:

Agency	2018	2017
DPWH	542,832,214.39	532,632,214.39
DBM-PS	62,843,693.77	91,987,590.28
Total	605,675,908.16	624,619,804.67

The account Due from NGAs in the amount of ₱605,675,908.16 consists of ₱62,843,693.77 representing advance payments to the DBM-Procurement Service (DBM-PS) for purchases of common-use office supplies, transportation vehicle, laptops and various Microsoft Licenses and for the procurement of plane tickets for various official travels of the Commission. This is covered by a Memorandum of Agreement (MOA) between PRC and DBM-PS. The account is closed when the items are finally delivered.

This account also includes inter-agency transfer of funds to Department of Public Works and Highways (DPWH) with a total amount of ₱22,381,000.00 consisting of ₱7,095,000.00 for the plumbing and roofing works of PRC-Central Office and ₱15,286,000.00 for the electrical upgrading and retrofitting, and for the renovation of 3rd floor of the Annex Building and Auditorium. Records on file showed that plumbing and roofing works of PRC-Central Office were 60% liquidated or an aggregate amount of ₱4,291,478.81 of the total contract price.

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 which was transferred in the year 2013. The account also includes adjustment for the error in 2016 in the amount of ₱24,000,000.00, representing the amount refunded by the DPWH-NCR that was erroneously credited to Other Payables account instead of Due from National Government Agencies account. However, in 2016, a letter was received from the DBM informing the Commission that the Multi-Year Obligational Authority (MYOA) issued for the said project is no longer implemented, thus it was recommended then to revert the obligation to DPWH or the total amount of ₱508,300,000.00. Appropriate adjusting entry is to be made in the ensuing year for the reversion of the said transferred fund.

An amount of ₱1,862,950.79 was also transferred to DPWH for the flooring and ceiling works of PRC Tuguegarao office. It was liquidated in full by the implementing agency; however, there was an error upon recognition of Buildings in the books of account by crediting Construction in Progress – Buildings and Other Structures instead of Due from NGAs. Appropriate adjusting entry is to be made to correct the error in the ensuing year. Additional transfer of funds was made amounting to ₱10,200,000.00 for its rehabilitation as per approved MOA-03-2018-18.

Inclusive in the said balance is the unexpended portion of the inter-agency transfer of fund to DPWH-Region V for the construction of the PRC-Legaspi Regional Office amounting to ₱88,263.60.

7.3 The account Due from Government-Owned and/or Controlled Corporations represents transfer to Philippine International Trading Corporation (PITC) for the procurement of various ICT related equipment amounting to ₱23,223,538.00. This account is to be credited upon receipt of delivery from PITC.

7.4 Other Receivables

Accounts	Amount
Other Receivables	
Receivables- Disallowances and Charges	17,571,425.35
Due from Officers and Employees	560.00
Other Receivables	1,053,028.13
Total Other Receivables	18,625,013.48

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 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 on 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 PRC to the Office of the Ombudsman.

Other Receivables Account represents receivables from suppliers, resigned employees, job orders and members of the Commission of Regulatory Board and those whose terms have ended.

8. Inventories

	Office Supplies Inventory	Accountable Forms, Plates & Stickers Inventory	Medical, Dental & Laboratory Supplies Inventory	Construction Materials Inventory	Total
Inventory Held for Consumption					
Carrying Amount, Jan 1, 2018	30,149,256.41	50,507,113.36	23,125.00	41,303.11	80,720,797.88
Additions	27,769,010.29	31,096,741.86	0.00	0.00	58,865,752.15
Expenses during the Year except write-down	24,147,742.51	27,994,407.79	0.00	0.00	52,142,150.30
Reclassification Adjustment	0.00	0.00	0.00	0.00	0.00
Total Carrying Amount, Dec 31, 2018	33,770,524.19	53,609,447.43	23,125.00	41,303.11	87,444,399.73

In conformity to COA Circular No. 2005-002 dated April 14, 2005, small tangible items or semi-expendable goods with estimated life of more than one year but small enough to be considered as Property, Plant and Equipment that should be expended upon issuance, were taken as direct expenses for the current year.

An amount of ₱5,401,274.03 pertains to the forwarded balance of Office Supplies Inventory upon the implementation of e-NGAS in 2004 and remains to be a dormant account for years. Prior to the implementation of e-NGAS, the Accounting Division does not maintain any Supplies Ledger Cards; 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.

Likewise, the balance of ₱23,125.00 for medical inventory is already dormant since the start of eNGAS in CY 2004.

- 8.1. The purchases of tangible items below the capitalization threshold of ₱15,000.00 were recorded as semi-expendable property, however, there were no accounted Inventory Custodian Slip issued to end-user of semi-expendable property to establish accountability over them and record corresponding expenses. Details are shown on the next page:

Particulars	Amount
Semi-Expendable Office Equipment	699,388.89
Semi-Expendable Information and Communications Technology Equipment	2,804,216.60
Semi-Expendable Disaster Response and Rescue Equipment	30,000.00
Semi-Expendable Technical and Scientific Equipment	129,210.00
Semi-Expendable Other Machinery and Equipment	209,431.00
Semi-Expendable Furniture and Fixtures	10,955,221.00
Total	14,827,467.49

9. Property, Plant and Equipment

	Land	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment
Carrying Amount, Jan 1, 2018	160,554,070.30	136,422,588.24	137,206,125.31	14,999,465.58
Additions/Acquisitions		1,862,950.79	47,818,080.08	
Adjustment				
Total	160,554,070.30	138,285,539.03	185,024,205.39	14,999,465.58
Less: Depreciation (As per Statement of Financial Performance)	-	-	8,428,987.77	148,634.28
Carrying Amount, December 31, 2018	160,554,070.30	138,285,539.03	176,595,217.62	14,850,831.30
Gross Cost (Asset Account Balance per Statement of Financial Position)	160,554,070.30	138,285,539.03	288,271,095.19	36,709,675.76
Less: Accumulated Depreciation Allowance for Impairment	-	-	111,675,877.57	21,858,844.46
Carrying Amount, December 31, 2018	160,554,070.30	138,285,539.03	176,595,217.62	14,850,831.30

	Furniture & Fixtures and Books	Construction in Progress	Other PPE	TOTAL
Carrying Amount, Jan 1, 2018	25,471,981.59	74,453,898.95	2,235,529.24	551,343,659.21
Additions/Acquisitions	1,138,085.00	41,246,285.79	10,916,000.00	102,981,401.66
Adjustment		79,328,186.90		79,328,186.90
Total	26,610,066.59	36,371,997.84	13,151,529.24	574,996,873.97
Less: Depreciation (As per Statement of Financial Performance)	300,008.03	-	356.25	8,877,986.33
Carrying Amount, December 31, 2018	26,310,058.56	36,371,997.84	13,151,172.99	566,118,887.64
Gross Cost (Asset Account Balance per Statement of Financial Position)	47,601,898.77	36,371,997.84	13,613,159.77	721,407,436.66
Less: Accumulated Depreciation	22,425,664.25	-	461,986.78	155,288,549.02
Carrying Amount, December 31, 2018 (As per Statement of Financial Position)	25,176,234.53	36,371,997.84	13,151,172.99	566,118,887.64

- 9.1. The *Land Account* includes 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 meters whose land stewardship was transferred to PRC Cebu Regional Office in 1998.
- 9.2. The 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 sq. meter lot located at Superblock A, Central Business Park 1, Pasay City for the site of the new PRC Building. Consequently, corresponding NCA was released for all payments. In 2012, the Commission fully paid this lot to the Philippines Reclamation Authority.
- 9.3. 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 sq. meters had a replacement cost of ₱44,640,000.00;
- The Annex Building consisting of five floors with floor area of 3,340.55 sq. 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 e-NGAS, the Building Account had a balance of ₱17,422,051.84 representing the construction of the 5th floor Annex Building. In 2006, the cost of both the Main and Annex Buildings was booked up in the amount of ₱86,088,800.00 based on the Inventory of Government Buildings, hence, the balance of the building accounts as of December 31, 2012 totaled ₱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
- This account was increased due to recognition of fully liquidated and completed flooring and ceiling works of PRC Tuguegarao office.

9.4. Construction in Progress

This account includes the forwarded ending balance during the conversion to e-NGAS, breakdown as follows:

Project	Contractor	Amount
Unreconciled amount (beg bal)		891,060.84
PRC Tuguegarao Bldg. (Materials)	Melda Madrid Hardware Center	5,607,082.00
PRC Tuguegarao Bldg. (Labor)	MC Torio Construction	1,361,520.00
Total		7,859,662.84

Additions to this account are payments made for the structural retrofitting, renovation of electrical system and renovation of various areas within the PRC Central Office. Subsequently, the account was credited to recognize fully completed renovation of electrical system.

10. Intangible Assets

10.1. 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 RA No. 8981 (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 were reclassified as Intangible Assets from Construction in Progress account.

11. Other Current Assets

Accounts	2018	2017
Advances	28,981,636.17	38,617,775.63
Prepayments	4,017,395.40	3,721,349.03
Deposits	14,000.00	0.00
Total	33,013,031.57	42,339,124.66

- 11.1 Advances for Operating Expenses – ₱26,050,459.58 represents unliquidated cash advances drawn for MOOE and EXAM purposes.
- 11.2 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.
- 11.3 Advances to Special Disbursing Officer - ₱1,940,381.83 represents unliquidated cash advances intended for specific purpose.
- 11.4 Advances to Officers and Employees – ₱962,527.41 represents unliquidated cash advances of the disbursing officers, employees and officials in the Central and Regional Offices intended for travels.
- 11.5 Prepayments - ₱4,017,395.40 is composed of prepaid rent in the amount of ₱3,629,536.73 which represents rental deposits made in PICC & several ROs and other prepaid expenses in the amount of ₱387,858.67 which represents guaranteed deposits made to electric cooperatives of several PRC ROs.
- 11.6 Deposits - ₱14,000.00 represents electric meter deposit made by ROs
- 11.7 Other Assets - ₱8,421,931.74.

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 accounts because of technical issues in the e-NGAS	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

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.

12. Financial Liabilities

12.1. Payables

Particulars	2018	2017
Accounts Payable	32,501,380.51	50,846,260.85
Due to Officers and Employees	14,159,517.61	15,061,120.62
Total	46,660,898.12	65,907,381.47

- The Accounts Payable amounting to ₱32,501,380.51 is composed of due and demandable obligations. There were no unreleased checks to be reverted to Accounts Payable account as of December 31, 2018.

13. Inter-Agency Payables

Particulars	2018	2017
Due to BIR	1,776,935.23	215,079.27
Due to GSIS	3,456,761.66	1,852,148.81
Due to Pag-IBIG	343,121.60	23,985.07
Due to PhilHealth	477,907.46	124,703.31
Due to NGAs	4,663,177.64	4,663,177.64
Due to GOCCs	301,913.59	299,768.94
Total Inter-Agency Payables	11,019,817.18	7,178,863.04

14. Trust Liabilities

Particulars	2018	2017
Guaranty/Security Deposits Payable	6,045,879.10	0.00
Customer's Deposits Payable	25,700.00	25,700.00
Total Trust Liabilities	6,071,579.10	25,700.00

- Guaranty/Security Deposits Payable consists of retention fee from payment to various suppliers of goods and services which is in accordance with R.A. No. 9184 or also known as Government Procurement Act. The account is to be debited upon the release of retention fee after the retention period.

15. Other Payables

Particulars	Amount
BAC	1,466,088.75
Certification International Philippines, Inc.	12,260.00
PRC Cooperative	466,448.31
Group Perspective, Inc.	2,529.99
JFA Electrical Construction and General Services	217,420.16
LBP	522,771.71
Luzon Sales	88,452.20
NHMFC	41,143.09
PAPRB	-4,133.33
Remuneration	10,976.21
SLA	-169,528.60
SSS	-524,521.71
Union	25,515.33
Various transactions	46,887.62
Total	2,202,309.73

16. Service and Business Income

Particulars	2018	2017
Service Income		
Registration Fees	136,298,651.00	127,009,390.00
Licensing Fees	325,895,780.00	645,364,247.60
Legal Fees	3,100.00	0.00
Verification and Authentication Fees	185,572,823.50	124,775,146.00
Fines and Penalties - Service Income	10,832,566.80	27,464,954.80
Other Service Income	47,295,762.49	37,556,502.21
Total	705,898,683.79	962,170,240.61
Business Income		
Examination Fees	526,173,955.00	532,146,486.23
Total	526,173,955.00	532,146,486.23
Total Service and Business Income	1,232,072,638.79	1,494,316,726.84

17. Personnel Services

17.1. Salaries and Wages

Particulars	2018	2017
Salaries and Wages – Regular	188,603,037.83	112,679,742.98
Salaries and Wages - Casual/Contractual	-	36,657.73
Total Salaries and Wages	188,603,037.83	112,716,400.71

17.2. Other Compensation

Particulars	2018	2017
Personal Economic Relief Allowance (PERA)	11,819,004.54	8,942,635.01
Representation Allowance (RA)	4,036,125.00	2,605,250.00
Transportation Allowance (TA)	3,680,625.00	1,994,500.00
Clothing/Uniform Allowance	2,766,000.00	1,865,000.00
Subsistence Allowance	5,250.00	9,700.00
Laundry Allowance	2,950.00	1,500.00
Productivity Incentive Allowance	2,716,500.00	-
Honoraria	184,832,517.68	157,683,541.93
Year End Bonus	16,266,075.00	9,777,204.05
Cash Gift	2,491,000.00	1,851,250.00
Other Bonuses and Allowances	15,760,746.00	8,834,366.00
Total Other Compensation	244,376,793.22	193,564,946.99

17.3. Personnel Benefit Contributions

Particulars	2018	2017
Retirement and Life Insurance Premiums	20,515,612.64	12,944,022.83
PAG-IBIG Contributions	559,000.00	442,600.00
PhilHealth Contributions	1,897,157.61	1,031,970.82
Employees Compensation Insurance Premiums	557,100.00	429,961.25
Total Personnel Benefit Contributions	23,528,870.25	14,848,554.90

17.4. Other Personnel Benefits

Particulars	2018	2017
Pension Benefits	5,897,834.00	4,473,244.32
Retirement Gratuity	4,887,528.00	-
Terminal Leave Benefits	3,143,145.73	4,441,212.84
Other Personnel Benefits	3,126,468.58	20,891,741.12
Total Other Personnel Benefits	17,054,976.31	29,806,198.28

18. Maintenance and Other Operating Expenses

18.1. Traveling Expenses

Particulars	2018	2017
Traveling Expenses – Local	20,788,258.71	19,045,106.73
Traveling Expenses – Foreign	11,210,139.49	11,024,650.56
Total Traveling Expenses	31,998,398.20	30,069,757.29

18.2. Training and Scholarship Expenses

Particulars	2018	2017
Training Expenses	4,736,127.08	6,452,990.99
Total Training and Scholarship Expenses	4,736,127.08	6,452,990.99

18.3. Supplies and Materials Expenses

Particulars	2018	2017
Office Supplies Expenses	46,880,392.88	37,285,041.43
Accountable Forms Expenses	27,003,480.66	36,157,765.01
Drugs and Medicines Expenses	46,839.78	6,550.27
Medical, Dental and Laboratory Supplies Expenses	0.00	0.00
Fuel, Oil and Lubricants Expenses	3,072,375.60	2,274,664.17
Other Supplies and Materials Expenses	43,470.80	11,520.50
Total Supplies and Materials Expenses	77,046,559.72	75,735,541.38

18.4. Utility Expenses

Particulars	2018	2017
Water Expenses	1,553,050.55	1,882,082.34
Electricity Expenses	20,156,280.20	17,908,992.74
Total Utility Expenses	21,709,330.75	19,791,075.08

18.5. Communication Expenses

Particulars	2018	2017
Postage and Courier Services	3,562,992.31	2,178,554.60
Telephone Expenses	2,594,283.65	3,031,035.92
Internet Subscription Expenses	5,255,098.37	5,349,383.37
Cable, Satellite, Telegraph and Radio Expenses	30,008.71	14,391.54
Total Communication Expenses	11,442,383.04	10,573,365.43

18.6. Confidential, Intelligence and Extraordinary Expenses

Particulars	2018	2017
Extraordinary and Miscellaneous Expenses	2,559,405.62	1,995,023.90
Total Confidential, Intelligence and Extraordinary Expenses	2,559,405.62	1,995,023.90

18.7. Professional Services

Particulars	2018	2017
Legal Services	727,600.00	713,850.00
Consultancy Services	1,240,000.00	1,251,100.98
Other Professional Services	953,438.46	2,346,948.32
Total Professional Services	2,921,038.46	4,311,899.30

18.8. General Services

Particulars	2018	2017
Janitorial Services	5,139,741.92	1,892,662.96
Security Services	9,472,253.05	10,274,632.40
General Services	132,314.79	167,710.78
Other General Services	157,004,883.48	163,610,166.35
Total General Services	171,749,193.24	175,945,172.49

Further, the account of Other General Services is broken down as follows;

Particulars	2018	2017
Examination Allowances	74,451,095.86	88,526,312.72
Salary of Service Contractors	49,252,059.92	54,847,079.15
School Rentals	6,503,632.54	1,969,989.17
School Personnel Allowances	4,819,514.65	4,617,814.98
School Light and Water	3,290,611.75	1,882,570.74
Others	18,687,968.76	11,766,399.59
Total General Services	157,004,883.48	163,610,166.35

18.9. Repairs and Maintenance

Particulars	2018	2017
Repairs and Maintenance - Buildings and Other Structures	335,152.79	774,684.90
Repairs and Maintenance - Machinery and Equipment	828,569.19	1,261,846.38
Repairs and Maintenance - Transportation Equipment	766,882.98	1,181,693.97
Repairs and Maintenance - Furniture and Fixtures	17,161.50	217,564.02
Repairs and Maintenance - Other Property, Plant and Equipment	300,069.00	194,464.00
Total Repairs and Maintenance Expenses	2,247,835.46	3,630,253.27

18.10. Taxes, Insurance Premiums and Other Fees

Particulars	2018	2017
Taxes, Duties and Licenses	740,486.38	116,264.14
Fidelity Bond Premiums	811,857.28	949,722.06
Insurance Expenses	1,244,963.27	737,545.71
Total Taxes, Insurance Premiums and Other Fees	2,797,306.93	1,803,531.91

18.11. Other Maintenance and Operating Expenses

Particulars	2018	2017
Advertising Expenses	1,213,183.10	3,040,514.10
Printing and Publication Expenses	19,390.66	23,670.00
Representation Expenses	1,921,202.28	1,427,817.35
Transportation and Delivery Expenses	175,730.79	101,869.21
Rent/Lease Expenses	28,527,575.67	28,707,528.00
Subscription Expenses	1,262,559.26	47,996.80
Other Maintenance and Operating Expenses	3,485,632.01	1,611,718.36
Total Other Maintenance and Operating Expenses	36,605,273.77	34,961,113.82

19. Financial Expenses

Particulars	2018	2017
Bank Charges	-	3,100.00
Total Financial Expenses	-	3,100.00

20. Non-Cash Expenses

20.1. Depreciation

Particulars	2018	2017
Depreciation - Machinery and Equipment	8,428,987.77	2,249,803.46
Depreciation - Transportation Equipment	148,634.28	148,634.28
Depreciation - Furniture, Fixtures and Books	300,008.03	232,549.11
Depreciation - Other Property, Plant and Equipment	356.25	-
Total Depreciation	8,877,986.33	2,630,986.85

21. Subsidy from National Government

This account includes the following:

Particulars	Amount
NCA received from DBM for payment of current year expenses for Agency's operational requirements, prior year unpaid obligations, employees' Retirement & Life Insurance Premium (RLIP), monetization of leave credits, pension benefits of retired Chairman and Commissioners, terminal leave of retired employees and payment for PBB to qualified employees.	991,777,246.00
Tax Remittance Advice for BIR tax remittances	48,276,438.37
Total	1,040,053,684.37
Less: Reversion of Unutilized NCA (Regular and Accounts Payable)	40,113,328.50
Balance ending	999,940,355.87

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

22. Key Management Personnel

The key management personnel of PRC consist of the Chairman and two Commissioners, Assistant Commissioner, 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 full-time equivalent basis receiving remuneration within this category, are:

Particulars	Aggregate Remuneration
Salaries and Wages	42,904,509.19
Other Compensation	19,015,022.94
Other Personnel Benefit	1,727,810.95
Total Other Personnel Benefits	63,647,343.08

The Secretary of the DOLE which has supervision over the PRC has no remuneration from the PRC.