

# **PROFESSIONAL REGULATION COMMISSION**

Notes to Financial Statements  
For the year ended December 31, 2022

## **1. General Information/Agency Profile**

The consolidated Financial Statements (FSs) of the Professional Regulation Commission (PRC) were authorized for issue on June 23, 2023 as shown in the Statement of Management Responsibility for Consolidated Financial Statements signed by Mr. Jose A. Abundo, Director, Planning, Management and Financial Services and Atty. Charito A. Zamora, the Chairperson.

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Initially created under Presidential Decree (PD) No. 223 on June 22, 1973, it was repealed by Republic Act (RA) No. 8981 and approved on December 5, 2000, otherwise known as the “PRC Modernization Act”.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

- a) The General Public,
- b) The Accredited Professional Organizations,
- c) The Professional Regulatory Boards, and
- d) The Officers and Staff.

Prior to 2016 reorganization, it has 10 Regional Offices (ROs) 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.

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 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 PRC of the approval of the creation of PRC's new offices/service: ROs in National Capital Region, Regions I, III, IV-B, XII and XIII, Legal Services, International Affairs Office (IAO), Information and Communications Technology Services (ICTS), and Planning, Management and Financial Services (PMFS). The NOSCA formalizing the OSSP of approved new offices and positions and reclassification of key positions was issued by DBM on August 2, 2017. To date, a total of 867 or 81 percent out of 1,068 plantilla positions were already filled-up.

Currently, together with the approval of the creation of six new ROs, the PRC has 16 ROs located nationwide. To further provide convenience and accessibility to transacting public, it also opened Service Centers in strategic locations and by now PRC has a total of thirty (30) operational Service Centers and participates at two One-Stop Shop Service Center for OFWs (OSCCOs) of the POEA nationwide.

The PRC has been effectively implementing a decentralized Budget and Finance financial transactions since July 1, 2021 wherein the 15 ROs were receiving funding and cash allocations directly from DBM as the result of reorganization effort.

## **2. Statement of Compliance and Basis of Preparation of Financial Statement**

The consolidated FSs were prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 and 2021-001 dated January 24, 2014 and January 9, 2021, respectively.

The enhanced Electronic New Government Accounting System (eNGAS) was fully implemented by the PRC in 2015, thus the FSs were generated through this system.

The Commission now maintains a decentralized form of accounting system and the ROs were considered as individual Operating Units (OU). All expenses were paid up by the respective ROs. Consequently, ROs now maintains a complete set of books of accounts as prescribed under Government Accounting Manual (GAM). Hence, the FSs cover the consolidated financial transactions generated by the ROs from all sources.

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.

The Commission has adopted the Revised Chart of Accounts (Updated 2019) as prescribed under COA Circular 2020-001 dated January 08, 2020.

## **3. Summary of Significant Accounting Policies**

### **3.1 Basis of Accounting**

The PRC 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 PRC maintains which later merged into one per IPSAS:

- (a) 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.
- (b) 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**

The Inventory Account 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 Professional Regulation Commission.

The PRC has adopted COA Circular No. 2022-004, Guidelines on the Implementation of Section 23 of the General Provisions of RA No. 11639, the General Appropriations Act (GAA) for the Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from ₱15,000.00 to ₱50,000.00.

### **3.3 Property, Plant and Equipment**

The Property, Plant and Equipment (PPE) account is measured at cost less accumulated depreciation and impairment losses. When significant parts of 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 in conformity with the COA policy. 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 10 percent of the acquisition cost of the assets acquired prior to the implementation of the IPSAS, 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 eNGAS as there were some that had 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 corrected the 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 (SCBAA) 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 consolidated FSs in conformity with IPSAS 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 FSs were prepared in accordance with IPSAS and the coding structure pursuant to COA Circular No. 2020-001 dated January 8, 2020.

The PRC has adopted COA Circular No. 2022-004, Guidelines on the Implementation of Section 23 of the General Provisions of RA No. 11639 also known as the GAA for FY 2022 relative to the increase in the capitalization threshold from ₱15,000.00 to ₱50,000.00.

## 5. Prior Period Adjustments and Errors

During the CY 2022 financial period, various transactions which pertain to the CY 2021 and prior years were recognized such as liquidations of CAs granted in prior years, unrecorded/over recorded expenses, under/over recorded income, reclassification of accounts and recognition of prior year depreciation expense. The earliest prior period statements were restated accordingly.

The effect of the adjustments and errors on the individual line items in the FSs is as follows:

Effect	2022	2021
Decrease in Revenue	-	₱ 52,536,597.99
Decrease in Surplus for the period	-	₱ 52,536,597.99

## 6. Cash and Cash Equivalents

Account	Amount
Cash Collecting Officers	₱ (570,799.61)
Petty Cash Fund	318,392.16
Cash in Bank- Local Currency, Current Account	2,012,221.59
Cash in Bank- Local Currency, Savings Account	247,240.73
Cash - Treasury/Agency Deposit, Trust	5,360,344.45
<b>Total Cash and Cash Equivalents</b>	<b>₱7,367,399.32</b>

- 6.1** The balance of the *Cash- Collecting Officer* represents undeposited collection of income as at the yearend which was deposited on the ensuing year. The balance of this account includes credit account balances of Mr. Noel Potenciano, SM Collections and an unreconciled account amounting to ₱648,696.00, ₱741,976.16 and ₱1,050.01, respectively. The accounts of Potenciano and SM Collections were already existing since CY 2015 while the unreconciled account was the beginning balance at the start of eNGAS implementation in 2014.
- 6.2** The PRC's collection of income reported for the year 2022 is **₱1,461,806,316.64** based on the consolidated income reports from all of its ROs including OSSCOs, Offsite and Mobile Services. The bulk of the PRC's income was derived from the Licensing and Examination Fees amounting to ₱561,291,405.00 and ₱534,452,050.00, respectively, or an aggregate amount of ₱1,095,743,455.00, 81% of the total income. A significant increase of 65% in collection of income from the prior year was due to the resumption of various licensure examinations canceled during 2021.

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 ₱2,012,221.59 maintained under LBP with 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 ₱242,240.73 represents the maintaining balance of the Savings Account of ROs. Details are shown below:

ROs	LBP Account No.	Amount
Baguio	0221-1474-99	₱ 0.00
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

<b>ROs</b>	<b>LBP Account No.</b>	<b>Amount</b>
Pagadian	0521-2707-64	15,000.00
Pagadian		118,158.01
General Santos	0161-3165-20	10,000.00
<b>Total</b>		<b>₱ 242,240.73</b>

**6.5** The Cash-Treasury/Agency Deposit, Trust of ₱5,360,344.45 represents Receivables from the Bureau of the Treasury (BTr) for the implementation of various projects against funds received from source 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).
- 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 4<sup>th</sup> Floor, Annex Building.
- Deposit of Collection for Bid Documents amounting to ₱368,000.00
- The necessary reconciliation is being undertaken for the adjustments on this account. Efforts are being made to retrieve the 2014 Books of Accounts as basis for the said reconciliation.

## **7. Receivables**

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

### **7.2 Inter-Agency Receivables**

<b>Account</b>	<b>Amount</b>		
	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
Due from National Government Agencies (NGA)	₱ 56,225,117.80	₱110,657,045.66	₱166,882,163.46
Due from Government-Owned and/or Controlled Corporations (GOCCs)	0.00	0.00	0.00
<b>TOTAL</b>	<b>₱ 56,225,117.80</b>	<b>₱110,657,045.66</b>	<b>₱166,882,163.46</b>



- The account Due from NGAs comprises of the advance payments to Procurement Service (PS)-DBM and Department of Public Works and Highways (DPWH) amounting to ₱166,793,899.86 and ₱88,263.60, respectively.
- The advance payments to PS-DBM are E-wallet deposits at their Virtual Store for the purchases of common-use office supplies, transportation vehicle, laptops and various Microsoft Licenses and for the procurement of plane tickets for various local and foreign official travels of the Commission. This is covered by a Memorandum of Agreement (MOA) between the PRC and PS-DBM. The account is closed when the item(s) are finally delivered.
- Inclusive in DPWH balance is the unexpended portion of the inter-agency transfer of fund to DPWH-Region V for the constructions of PRC-Legaspi Regional Office Building amounting to ₱88,263.60. The latter has provided a copy of the check dated April 13, 2011 issued by DPWH drawn in favor of the Commission, however its deposit could not be ascertained due to absence of the corresponding validated deposit slips of the said check. Hence, this amount shall be requested for written off, if warranted.
- The Due from NGA account was decreased due to reversion of obligation to DPWH for the design and construction of the proposed PRC Building in Pasay amounting to ₱508.3 Million, in compliance to the recommendation of DBM in its letter dated November 14, 2016 and the reversion of funds transferred to PS-DBM amounting to ₱7,122,770.39, in compliance with the DOF-DBM-COA Permanent Committee Joint Circular No. 04-2012 dated September 11, 2012.
- Both accounts are to be credited upon the receipt of delivery items supported by the corresponding Delivery Receipts and/or Sales Invoice.

### 7.3 Other Receivables

Accounts	Amount
Receivables- Disallowances and Charges	₱ 17,602,474.83
Due from Officers and Employees	668,627.68
Other Receivables	16,873,216.02
<b>TOTAL</b>	<b>₱35,144,318.53</b>

- Receivables - Disallowance/Charges represent amounts 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 a certain Cashier I of the PRC-Tuguegarao Office. The cash examination result indicates that the Cashier 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 the said Cashier 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 (DOJ) 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 the Cashier 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 PRC to the Office of the Ombudsman.
- Other Receivables Account represents receivables from resigned employees, job orders and members of the Professional Regulatory Board (PRB) whose terms have already ended. A demand letter was sent to the concerned former employees to remind them of their accountabilities from the Commission.

## 8. Inventories

Particulars	Office Supplies Inventory	Accountable Forms, Plates & Stickers Inventory	Drugs and Medicines Inventory	Medical, Dental & Laboratory Supplies Inventory	Construction Materials Inventory	Other Supplies and Materials Inventory	Total
Carrying Amount, January 1, 2022	₱34,944,547.30	₱61,625,532.08	₱0.00	₱23,125.00	₱41,303.11	₱89,682.30	₱96,724,189.79
Additions	₱64,090,245.85	₱24,514,512.77	₱36,012.60	₱0.00	₱0.00	₱258,586.97	₱88,899,358.19
Expenses during the Year except write-down	₱52,415,355.70	₱23,162,003.70	₱0.00	₱0.00	₱0.00	₱229,782.12	₱75,807,141.52
Reclassification Adjustment	₱1,538,302.93	₱0.00	₱0.00	₱0.00	₱0.00	-₱33,104.79	₱1,505,198.14
<b>Total Carrying Amount, December 31, 2022</b>	<b>₱48,157,740.38</b>	<b>₱62,978,041.15</b>	<b>₱36,012.60</b>	<b>₱23,125.00</b>	<b>₱41,303.11</b>	<b>₱85,382.36</b>	<b>₱111,321,604.60</b>

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 eNGAS in 2004 and remains to be a dormant account for years. Prior to the implementation of eNGAS, the Accounting Division did 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 to 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 ₱50,000.00 were recorded as semi-expendable property. Details are shown below:

Particulars	Amount
Semi-Expendable Office Equipment	₱8,250,892.87
Semi-Expendable Information and Communications Technology Equipment	103,706,249.44
Semi-Expendable Communications Equipment	317,247.63
Semi-Expendable Disaster Response and Rescue Equipment	33,450.00
Semi-Expendable Medical Equipment	86,932.65
Semi-Expendable Technical and Scientific Equipment	4,522,737.99
Semi-Expendable Other Equipment	903,221.28
Semi-Expendable Furniture and Fixtures	34,283,995.29

Semi-Expendable Books	67,700.00
<b>Total</b>	<b>₱152,172,427.15</b>

## 9. Property, Plant and Equipment

	Land	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment
Carrying Amount, January 1, 2022	₱162,558,520.30	₱106,037,062.33	₱79,311,021.96	₱40,497,050.23
Additions/ Acquisitions	0.00	64,849,509.36	726,854.86	0.00
Adjustments/Disposal	0.00	(114,791.81)	(509,794.77)	(0.56)
<b>Total</b>	<b>₱162,558,520.30</b>	<b>₱170,771,779.88</b>	<b>₱79,528,082.05</b>	<b>₱40,497,050.79</b>
Less : <i>Depreciation (As per Statement of Financial Performance)</i>	0.00	4,699,888.31	17,069,790.87	6,839,873.27
<b>Carrying Amount, December 31, 2022 (As per Statement of Financial Position)</b>	<b>₱162,558,520.30</b>	<b>₱166,071,891.57</b>	<b>₱62,458,436.32</b>	<b>₱33,657,177.52</b>
Gross Cost (Asset Account Balance per Statement of Financial Position)	₱162,558,520.30	₱282,338,362.90	₱262,176,776.26	₱85,556,356.72
Less : <i>Accumulated Depreciation</i>	0.00	116,266,471.33	199,718,339.94	51,899,179.20
<i>Allowance for Impairment</i>	0.00	0.00	0.00	0.00
<b>Carrying Amount, December 31, 2022 (As per Statement of Financial Position)</b>	<b>₱162,558,520.30</b>	<b>₱166,071,891.57</b>	<b>₱62,458,436.32</b>	<b>₱33,657,177.52</b>

	Furniture & Fixtures and Books	Construction in Progress	Other PPE	Leased Assets Improvements	TOTAL
Carrying Amount, January 1, 2022	-₱3,433,399.73	₱22,112,489.16	₱25,490,979.03	₱420,115.35	₱432,993,838.63
Additions/Acquisitions	621,300.00	247,172.98	0.00	0.04	₱88,655,152.88
Adjustments	4,878,150.05	14,500,000.00	103,403.48	0.00	₱42,316,310.05
<b>Total</b>	<b>-₱7,690,249.78</b>	<b>₱7,859,662.14</b>	<b>₱25,387,575.55</b>	<b>₱420,115.39</b>	<b>₱479,332,681.46</b>

	<b>Furniture &amp; Fixtures and Books</b>	<b>Construction in Progress</b>	<b>Other PPE</b>	<b>Leased Assets Improvements</b>	<b>TOTAL</b>
Less ; <i>Depreciation (As per Statement of Financial Performance)</i>	34,466.83	0.00	2,265,158.47	21,215.13	₱30,930,392.88
<b>Carrying Amount, December 31, 2022 (As per Statement of Financial Position)</b>	<b>-₱7,724,716.61</b>	<b>₱7,859,662.14</b>	<b>₱23,122,417.08</b>	<b>₱398,900.26</b>	<b>₱448,402,288.58</b>
<b>Gross Cost (Asset Account Balance per Statement of Financial Position)</b>	<b>₱18,844,577.60</b>	<b>₱7,859,662.14</b>	<b>₱31,658,096.30</b>	<b>₱446,634.30</b>	<b>₱851,438,986.52</b>
Less : <i>Accumulated Depreciation</i>	26,569,294.21	0.00	8,535,679.22	47,734.04	₱403,064,197.94
<i>Allowance for Impairment</i>	0.00	0.00	0.00	0.00	₱0.00
<b>Carrying Amount, December 31, 2022 (As per Statement of Financial Position)</b>	<b>-₱7,724,716.61</b>	<b>₱7,859,662.14</b>	<b>₱23,122,417.08</b>	<b>₱398,900.26</b>	<b>₱448,402,288.58</b>

**9.1** The *Land Account* includes two parcels of land located in Lahug City, Cebu, and Pasay City; and the donated 525 square meters land to Koronadal Regional Office by the City Government of Koronadal under Deed of Donation DD-03-2017-01 dated March 01, 2017. 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 Notices of Cash Allocation (NCA) were released for all payments. In 2012, the Commission had 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 Chairman 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. had a replacement cost of ₱44,640,000.00;
- The Annex Building consisting of five floors with floor are of 3,340.55 sq. has a replacement of 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 5<sup>th</sup> 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 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;
- The account was increased due to recognition of fully liquidated and completed flooring and ceiling works of PRC Tuguegarao office amounting to ₱1,862,950.79.
- In 2021, inclusive of the adjustments are the reclassifications made from Construction in Progress for the fully completed construction by Administration of Central Office Building and PRC Tuguegarao Office amounting to ₱68,849,004.29 and ₱10,174,362.22, respectively.

**9.4** The Property, Plant and Equipment (PPE) balances of the Regional Offices are to be transferred yet to the said ROs after the completion of one-time cleansing of PPE in compliance with COA Circular 2020-006.

## 9.5 Construction in Progress

Project	Contractor	Amount
Unreconciled amount	0.00	₱ 891,060.84
Flooring & Ceiling Works of PRC Tuguegarao	0.00	(.70)
MC Torio Construction	0.00	1,361,520.00
Melda Madrid Hardware Center, Inc.	0.00	5,607,082.00
<b>Total</b>		<b>₱7,859,662.14</b>

- Additions to this account are progress payments made for various infrastructure projects of the Commission, such as, but not limited to the structural retrofitting, renovation of the electrical system and renovation of various areas within the PRC Central Office and Regional Offices, Archival Storage & Retrieval Record System and Structured Cabling System. Subsequently, the account is to be credited to recognize fully the complete renovation of the concerned project.
- The Melda Madrid Hardware Center and MC Torio Construction are dormant accounts which are to be elevated to the Physical Infrastructure Committee for appropriate action.

**9.6** The building in Region V with a project cost amounting to ₱37,724,419.43 was not recognized due to the lack of necessary documents relative to the turned-over/ completed project in order to properly recognize the testing center building in the books. The documents needed for the building will be coordinated with the concerned government agency for proper recognition.

## 10. Other Current Assets

Accounts	2022	2021
Advances	₱11,395,611.32	₱16,475,162.11
Prepayments	8,163,814.61	5,811,069.06
Deposits	96,000.00	89,000.00
Other Assets	8,421,931.74	8,421,931.74
<b>Total</b>	<b>₱28,077,357.67</b>	<b>₱30,797,162.91</b>

**10.1 Advances for Operating Expenses** – ₱3,907,682.43 represents unliquidated cash advances drawn for MOOE and EXAM purposes inclusive of the cash advances granted by Regional Office amounting to ₱3,700,832.21.

**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 to Special Disbursing Officer** - ₱7,203,488.39 represents unliquidated cash advances intended for specific purposes.

**10.4 Advances to Officers and Employees** – ₱256,173.15 represents unliquidated cash advances of the disbursing officers, employees and officials in the Central and Regional Offices intended for travels. The account was decreased by the negative balance amounting to ₱715.00 and an ongoing effort has been undertaken to reconcile the concerned Subsidiary Ledgers.

**10.5 Prepayments-** ₱8,163,814.61 represents prepaid rent for the office space in PICC and various Regional Offices, prepaid registration, prepaid insurance and prepaid subscription.

**10.6 Deposits** —₱96,000.00 represents guaranty deposit and electric meter deposit of Regional Offices.

**10.7 Other Assets** - ₱8,421,931.74.

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

Amount	Particulars
₱3,294,631.91	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 eNGAS.
₱2,820,618.36	The amount corresponds to unreconciled balance of previous year's transactions. Reconciliation is currently being undertaken to identify the composition of this amount.
<b>₱6,115,250.27</b>	<b>Total</b>

- *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 the wrong entry made to the Building account which was reclassified to the Other Assets account.



## 11. Financial Liabilities

### 11.1 Payables

Particulars	2022	2021
Accounts Payable	₱105,472,956.60	₱92,765,725.91
Due to Officers and Employees	32,628,486.57	41,511,661.13
<b>Total</b>	<b>₱138,101,443.17</b>	<b>₱134,277,387.04</b>

The Accounts Payable amounting to ₱105,472,956.60 is composed of due and demandable obligations. The Due to Officers and Employees amounting to ₱32,628,486.57 represents accrued salaries and wages for the services rendered as at the reporting date.

### 11.2 Tax Refund Payable

Particulars	2022	2021
Tax Refunds Payable	₱ 134,920.18	₱9,626.51
<b>Total</b>	<b>₱ 134,920.18</b>	<b>₱9,626.51</b>

## 12. Inter-Agency Payables

Particulars	2022	2021
Due to BIR	₱7,574,816.65	₱3,805,954.29
Due to GSIS	8,893,358.06	9,353,966.04
Due to Pag-IBIG	241,830.36	144,302.04
Due to PhilHealth	1,488,601.32	1,276,230.26
Due to NGAs	4,663,177.64	4,663,177.64
Due to GOCCs	305,113.58	305,113.58
<b>Total Inter-Agency Payables</b>	<b>₱23,166,897.61</b>	<b>₱19,548,743.85</b>

## 13. Intra-Agency Payables

Particulars	2022	2021
Due to Central Office	₱ 5,107,090.79	₱ 692,575.35
Due to Regional Offices	1,598,246.03	4,498,679.16
<b>Total Intra-Agency Payables</b>	<b>₱6,705,336.82</b>	<b>₱5,191,254.51</b>

#### 14. Trust Liabilities

Particulars	2022	2021
Trust liabilities	₱ 1,641,668.75	<b>0.00</b>
Guaranty/Security Deposits Payable	8,149,765.93	₱6,243,332.31
Customer's Deposits Payable	25,700.00	25,700.00
<b>Total Trust Liabilities</b>	<b>₱9,817,134.68</b>	<b>₱6,269,032.31</b>

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

#### 15. Other Payables

The Other Payables Account is used to recognize other liabilities not falling under any of the specific payable accounts including, but not limited to, PAPRB, NHMFC, SLA, SSS, COOP, Employees Union and others.

Particulars	2022	2021
Other Payables	1,254,043.71	2,154,625.51
<b>Total</b>	<b>₱1,254,043.71</b>	<b>₱2,154,625.51</b>

#### 16. Service and Business Income

Particulars	2022	2021
<b>Service Income</b>		
Registration Fees	₱ 103,477,702.00	₱ 23,074,605.00
Licensing Fees	561,291,405.00	546,236,637.00
Legal Fees	4,110.00	3,130.00
Verification and Authentication Fees	218,576,182.00	171,221,534.00
Fines and Penalties - Service Income	17,278,506.80	19,377,854.00
Other Service Income	26,583,796.64	18,733,022.23
<b>Total</b>	<b>₱927,211,702.44</b>	<b>₱ 778,646,782.23</b>
<b>Business Income</b>		
Examination Fees	₱534,452,050.00	₱ 107,201,670.00
Interest Income	31.10	0.00
Miscellaneous Income	142,533.10	0.00
<b>Total</b>	<b>₱534,594,614.20</b>	<b>₱ 107,201,670.00</b>
<b>Total Service and Business Income</b>	<b>₱1,461,838,316.64</b>	<b>₱ 885,848,572.23</b>

## 17. Personnel Services (PS)

### 17.1 Salaries and Wages

Particulars	2022	2021
Salaries and Wages – Regular	₱445,404,438.42	₱ 379,993,057.61
Salaries and Wages - Casual/Contractual	0.00	0.00
<b>Total Salaries and Wages</b>	<b>₱445,404,438.42</b>	<b>₱ 379,993,057.61</b>

### 17.2 Other Compensation

Particulars	2022	2021
Personal Economic Relief Allowance (PERA)	₱21,147,077.70	₱ 19,814,287.69
Representation Allowance (RA)	6,641,213.71	5,844,559.78
Transportation Allowance (TA)	6,240,918.71	5,457,309.78
Clothing/Uniform Allowance	5,238,000.00	4,904,500.00
Honoraria	258,713,787.84	231,315,708.49
Hazard Pay	0.00	8,522,650.00
Longevity Pay	20,000.00	
Year End Bonus	38,032,397.31	32,392,817.70
Cash Gift	4,461,750.00	4,165,750.00
Mid-year Bonus	20,822,049.00	30,351,723.00
Other Bonuses and Allowances	56,115,360.79	38,589,311.51
<b>Total Other Compensation</b>	<b>₱417,432,555.06</b>	<b>₱ 381,358,617.95</b>

### 17.3 Personnel Benefit Contributions

Particulars	2022	2021
Retirement and Life Insurance Premiums	₱ 51,987,124.58	₱ 42,413,914.27
PAG-IBIG Contributions	1,063,780.58	1,013,400.00
Philhealth Contributions	7,684,249.11	5,079,343.32
Employees Compensation Insurance Premiums	1,061,500.00	979,200.00
<b>Total Personnel Benefit Contributions</b>	<b>₱ 61,796,654.27</b>	<b>₱ 49,485,857.59</b>

### 17.4 Other Personnel Benefits

Particulars	2022	2021
Pension Benefits	₱ 5,507,676.00	₱ 5,403,744.00
Retirement Gratuity	28,008,120.00	4,003,560.00

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
Terminal Leave Benefits	9,107,311.81	14,492,592.83
Other Personnel Benefits	20,938,720.19	7,701,346.19
<b>Total Other Personnel Benefits</b>	<b>₱63,561,828.00</b>	<b>₱31,601,243.02</b>

## **18. Maintenance and Other Operating Expenses (MOOE)**

### **18.1 Traveling Expenses**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
Traveling Expenses – Local	₱16,042,271.77	₱ 6,965,353.91
Traveling Expenses – Foreign	3,107,459.84	0.00
<b>Total Traveling Expenses</b>	<b>₱19,149,731.61</b>	<b>₱ 6,965,353.91</b>

### **18.2 Training and Scholarship Expenses**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
Training Expenses	₱ 7,582,420.24	₱ 7,585,270.75
<b>Total Training and Scholarship Expenses</b>	<b>₱ 7,582,420.24</b>	<b>₱ 7,585,270.75</b>

### **18.3 Supplies and Materials Expenses**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
Office Supplies Expenses	₱ 57,460,665.94	₱ 39,832,289.69
Accountable Forms Expenses	23,197,918.60	23,453,026.04
Food Supplies Expenses	57,676.98	
Drugs and Medicines Expenses	306,584.45	594,289.19
Medical, Dental and Laboratory Supplies Expenses	3,459.00	6,581.21
Fuel, Oil and Lubricants Expenses	6,888,103.65	3,446,799.62
Semi-Expendable Machinery and Equipment Expenses	46,661,473.04	5,644,188.79
Semi-Expendable Furniture, Fixtures and Books Expenses	8,447,512.25	4,175,936.50
Other Supplies and Materials Expenses	1,751,198.74	1,715,280.28
<b>Total Supplies and Materials Expenses</b>	<b>₱144,774,592.65</b>	<b>₱78,868,391.32</b>

#### 18.4 Utility Expenses

Particulars	2022	2021
Water Expenses	₱ 2,590,206.61	₱ 1,941,803.21
Electricity Expenses	36,365,787.46	21,160,932.88
<b>Total Utility Expenses</b>	<b>₱ 38,955,994.07</b>	<b>₱ 23,102,736.09</b>

#### 18.5 Communication Expenses

Particulars	2022	2021
Postage and Courier Services	₱ 4,772,359.68	₱ 2,534,404.17
Telephone Expenses	3,111,489.88	2,915,002.03
Internet Subscription Expenses	19,267,407.60	14,874,314.98
Cable, Satellite, Telegraph and Radio Expenses	7,556.00	8,408.62
<b>Total Communication Expenses</b>	<b>₱27,158,813.16</b>	<b>₱ 20,332,129.80</b>

#### 18.6 Confidential, Intelligence and Extraordinary Expenses

Particulars	2022	2021
Extraordinary and Miscellaneous Expenses	₱ 3,502,146.42	₱ 3,500,568.12
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>₱ 3,502,146.42</b>	<b>₱ 3,500,568.12</b>

#### 18.7 Professional Services

Particulars	2022	2021
Legal Services	₱ 744,541.00	₱ 725,500.00
Auditing Service	14,746.00	0.00
Consultancy Services	6,642,450.58	5,320,867.20
Other Professional Services	2,015,937.48	815,350.00
<b>Total Professional Services</b>	<b>₱9,417,675.06</b>	<b>₱ 6,861,717.20</b>

#### 18.8 General Services

Particulars	2022	2021
Janitorial Services	₱15,404,347.65	₱ 10,604,864.24
Security Services	25,721,938.81	22,762,564.27
General Services	0.00	1,750.00
Other General Services	490,369,528.56	251,568,061.20
<b>Total General Services</b>	<b>₱ 531,495,815.02</b>	<b>₱ 284,937,239.71</b>

### 18.9 Repairs and Maintenance

Particulars	2022	2021
Repairs and Maintenance - Power Supply	₱0.00	₱ 6,531.00
Repairs and Maintenance - Buildings and Other Structures	1,029,919.89	1,259,871.35
Repairs and Maintenance - Machinery and Equipment	510,908.00	705,106.14
Repairs and Maintenance - Transportation Equipment	987,740.75	1,859,934.09
Repairs and Maintenance - Furniture and Fixtures	2,400.00	129,111.70
Repairs and Maintenance-Leased Assets Improvements	3,392.25	0.00
Repairs and Maintenance-Others	0.00	0.00
Repairs and Maintenance - Other Property, Plant and Equipment	1,139,200.00	0.00
Repairs and Maintenance-Semi-Expendable Machinery and Equipment	1,590.00	15,954.46
<b>Total Repairs and Maintenance Expenses</b>	<b>₱3,675,150.89</b>	<b>₱ 3,976,508.74</b>

### 18.10 Taxes, Insurance Premiums and Other Fees

Particulars	2022	2021
Taxes, Duties and Licenses	₱ 177,070.23	₱ 158,643.62
Fidelity Bond Premiums	1,895,402.51	1,679,344.97
Insurance Expenses	1,411,832.12	1,325,616.69
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>₱3,484,304.86</b>	<b>₱ 3,163,605.28</b>

### 18.11 Assistance/Subsidy to NGAs

Particulars	2022	2021
Subsidy to NGAs	₱ 8,326.52	₱ 0
<b>Total Assistance/Subsidy to</b>	<b>₱ 8,326.52</b>	<b>₱ 0</b>

## 18.12 Other MOOE

Particulars	2022	2021
Advertising Expenses	₱ 471,960.64	₱ 414,579.12
Printing and Publication Expenses	859,670.00	21,241.00
Representation Expenses	18,664,939.77	3,150,306.05
Transportation and Delivery Expenses	348,174.70	222,444.52
Rent/Lease Expenses	62,668,138.84	46,202,512.76
Subscription Expenses	6,597,125.27	4,781,416.98
Donations	405,006.11	90,583.98
Bank Transfer Fee	800.00	0.00
Other Maintenance and Operating Expenses	5,148,231.43	1,197,317.46
<b>Total Other Maintenance and Operating Expenses</b>	<b>₱ 95,164,046.76</b>	<b>₱ 56,080,401.87</b>

## 19. Financial Expenses

Particulars	2022	2021
Other Financial Charges	₱ 1,600.00	₱ 0.00
<b>Total Financial Expenses</b>	<b>₱1,600.00</b>	<b>₱ 0.00</b>

## 20. Non-Cash Expenses

### 20.1 Depreciation

Particulars	2022	2021
Depreciation - Buildings and Other Structures	₱4,699,888.31	₱ 8,315,207.43
Depreciation - Machinery and Equipment	17,069,790.87	26,069,356.56
Depreciation - Transportation Equipment	6,839,873.27	6,630,112.44
Depreciation - Furniture, Fixtures and Books	34,466.83	1,164,822.61
Depreciation - Leased Assets Improvements	21,215.13	21,215.16
Depreciation - Other Property, Plant and Equipment	2,265,158.47	2,364,515.01
<b>Total Depreciation</b>	<b>₱30,930,392.88</b>	<b>₱ 44,565,229.21</b>

## 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 due and demandable obligations, employees' Retirement & Life Insurance Premium (RLIP), pension benefits of retired Chairman and Commissioners, and payment for PBB to qualified employees.	₱2,381,274,954.56
Tax Remittance Advice for BIR tax remittances	₱107,991,055.51
Total	₱2,489,266,010.07
Less: Reversion of Unutilized NCA & Adjustments	₱426,289,034.36
<b>Balance ending</b>	<b>₱2,062,976,975.71</b>

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

## 22. Key Management Personnel

The key management personnel of PRC consists of the Chairperson and two Commissioners, Assistant Commissioner, and Directors of the Central Office and the ROs.

### 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	₱ 40,102,213.22
Other Compensation	8,055,154.59
Other Personnel Benefit	28,559,129.85
<b>Total Personnel Benefits</b>	<b>₱ 76,716,497.66</b>

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