



Cultural Center of the Philippines

Audit Committee Meeting Minutes
 09 September 2024
 via Zoom

Present:

Mr. Jaime Laya	Chairman
Ms. Marivic del Pilar	Audit Committee – Chairperson
Mr. Felix Duque	

Also Present:

Mr. Jose Victor Gaité	VP - Administration
Atty. Krischelle Matas	DM – HRMD
Ms. Lourdes Mendoza	DM – FSD
Mr. Manuel Cabalejo	DM – IAD
Engr. Alexander La Torre	Internal Auditor IV
Ms. Jelly Magnaye	OIC – Budget Division
Ms. Juliet Nepomuceno	Executive Asst. - OVP
Ms. Maria Criselda Fegalquin	Secretariat Member

Call to Order	The meeting was initiated by Ms. del Pilar at 5:03 PM.
Topics Discussed	
Lease Revenue	<p>Mr. Gaité presented the projected lease revenue based on the contracts in 2024.</p> <p>He reported that the forecast for revenue is about P85.6M. Additional projected income is estimated at P38.4M, coming from new contracts and contracts for negotiation providing a total of P124M.</p> <p>He also shared that we will engage the service of Ms. Tin Esguerra, who is part of the Ayala Land Group of Company, to teach the team to market the spaces better. The seminar will include the marketing aspect, to take care of the complex, and negotiation's dos and don'ts. The primary goal is to provide the Asset Management team with additional skills and knowledge to enhance their capacity to effectively promote and lease our area.</p> <p>He added that Ms. Esguerra is providing her service through a service contract and will later be a technical consultant.</p>
Status of CI balances (2021-2023)	Ms. Mendoza presented the programs that were affected by the realignment of the CI balances to PS in 2024. The unused budget from the previous years totaled P54.1M.

	<p>Ms. del Pilar asked regarding the Sewage Treatment Plant (STP) if we repurpose the budget for this to personnel services, how will this be funded moving forward.</p> <p>Ms. Mendoza said the source will be the rehabilitation budget of P400M. <u>However, Ms. del Pilar commented that the STP was not part of the Phase 1 rehab budget.</u> Even if make this a variation order, there is a cap of a maximum of 10% of project cost for variation orders. This might eat up on variation orders that are really related to Phase 1 of the rehab project.</p> <p>Mr. Gaité said that the STP is a concern that requires immediate action to connect to other buildings due to the penalties that the Center is incurring from the DENR and LLDA.</p> <p>Ms. Mendoza further explained that the final realignment will be completed by the end of the year in a single document. The items that are still to be considered to be realigned are the Collective Negotiation Agreement (CNA), and Service Recognition Incentive (SRI) which will be coming from our savings in the MOOE and then realigned to the PS.</p> <p>Mr. Laya asked for any payable account that can be written off. He also suggested appealing to the DBM for additional funds for our PS.</p> <p>Ms. Mendoza replied following the COA rules, within two years if there is no claim from the suppliers, the amount was reverted to surplus. She also added that collections from receivables and selling of the scrap materials will also increase the source of our funds.</p> <p>Action items: For Ms. Mendoza to email the accounts receivables and accounts payable to the Committee for possible amounts to be written off and to draft a letter of subsidy to the DBM for our PS.</p> <p>Sale of scrap of items from the garbage from the rehab project (16 tons) was reported by VP Jay. Ms. del Pilar suggested creating a committee to sell the scrap materials including the valuation of those scraps. Not just one person should oversee this activity.</p>
<p>Financial Statements as of July 31, 2024</p>	<p>Ms. Mendoza discussed the FS. She presented the Cash Flow Statement with a positive balance.</p> <p>Ms. Mendoza suggested in crafting the budget for 2025, to check with the Artistic Team about the shows that will generate income to increase the source of the PS.</p> <p>Mr. Duque explained that there are shows that generate income and some do not. He said to identify programs that will support those that do not generate income.</p>

	<p>Mr. Gaité shared the trend of the figures of the Marketing Department as of April 30, 2024. There is a significant decrease from 2023 to 2024. He added that the team has to help in augmenting the income.</p> <p>Mr. Duque asked the Committee to share the financial figures with the Artistic Team. This will help them gain insight into our current expenditure and better understand our financial situation.</p> <p>Ms. Mendoza continued the presentation with the reporting on the Financial Performance. The report was a deficit balance of P275M from the current operations. By adding the net subsidy of P644M it provided a positive surplus of P372M for the period.</p> <p>Mr. Duque also inquired about how to come up with the pricing of the tickets for our shows. Ms. del Pilar suggested, if possible to have a pricing committee for the tickets.</p> <p>Ms. del Pilar and Mr Duque will recommend in the next board meeting, for the CCP to have a business philosophy whereby the CCP shall be requiring a breakeven analysis of shows before a show is to be approved. This is to ensure that the CCP create shows that generate income to make the institution sustainable.</p> <p>Mr. Cabalejo shared with the committee, that it was a practice in the CCP that before the President approved a production, there was a break-even analysis. He said it was before 2013.</p> <p>Ms. Mendoza agreed with Ms. del Pilar to have a pricing committee for CCP shows. She also suggested having a profit and loss projection including the expenses of a given show.</p>
<p>IAD Initial Assessment Report</p>	<p>Mr. Cabalejo reported on four items to be audited by the Internal Audit Department.</p> <ol style="list-style-type: none"> a. Garbage Contract b. DITO Telecommunication c. CCP Debris Disposal d. TIG PWD Ramp <p>These issues were from the different divisions of the Administrative Services Department.</p> <p>He said that the timeline will be from September 10 to 20 for the audit execution and the writing of the audit report will be from September 24-27.</p> <p>Ms. del Pilar asked for a draft of the audit authority from Mr. Cabalejo to conduct the special audit of the four items discussed to be signed by the Chairperson of the Audit Committee.</p> <p>Action item: For Mr. Cabalejo send an email to Ms. del Pilar with the draft of the audit authority to conduct the special audit.</p>


Other Matters	Mr. Duque shared that there was a book before wherein the schedule for the year was recorded. There were two copies of it, one was in the Office of the President and the other one was in the booking office. Having this practice before, the President knows all the activities like rehearsals, performances, and clients asking for discounts including grants provided by the CCP.
Notes and Other Information	The next meeting will be on October 9, 2024, at 1:00 PM.
Adjournment	No other matters to discuss, and the meeting adjourned at 6:50 PM.

Prepared by:



Maria Criselda Fegalquin
Secretariat Member

Approved by:

DocuSigned by:

836FB689CF56414...

Marivic del Pilar
Chairperson, Audit Committee

Date: 17 September 2024