



Cultural Center of the Philippines

Audit Committee Meeting

24 April 2024

CCP Administrative and Finance Building and via Zoom

Present:

Mr. Jaime Laya	Chairman
Ms. Marivic del Pilar	Audit Committee – Chairperson
Mr. Teodoro del Mundo Jr.	Member

Also Present:

Mr. Dennis Marasigan	OIC-Office of the President
Mr. Jose Victor Gaite	VP-Administration
Mr. Manuel Cabalejo	DM – Internal Audit Department
Ms. Jelly Magnaye	OIC – Budget Division
Mr. Clifford Colubio	OIC – Treasury Division
Ms. Jemmah Maria Flores	OIC – Accounting Division
Ms. Michelle La Torre	Accountant II
Ms. Maria Criselda Fegalquin	Secretariat Member

Call to Order	Ms. del Pilar called the meeting to order at 3:03 P.M.
Topics Discussed	
2024 Budget Utilization	<p>Ms. Magnaye presented the budget utilization for the first quarter.</p> <p><u>Selling of EPA</u></p> <ul style="list-style-type: none"> Mr. Gaite shared that based on the initial meeting with the Marketing Department (MD), the team needs people to help sell the EPA. He said that he requested the Department Manager to create a work plan and reassess the deployment and capacity of the team. <p>He added, that MD said that it has a database of 7,000 institutions and targeting 600 out of it. He asked the MD how to reach the 600 identified institutions and the MD has no reply on this matter.</p> <ul style="list-style-type: none"> Mr. del Mundo commented that since the DepEd already bought the EPA from CCP, he suggested that a better target for selling the EPA would be LGUs, other government institutions, or private universities willing to procure the EPA. <p>He suggested that maximizing efforts without adding personnel is to approach organizations in the LGU.</p>

- Ms. del Pilar said to wait for the catch-up plan from the MD on how to effectively sell the EPA.

Sources of Funds (Corporate and CI)

- She reported that we incurred a deficit of P4.5M for the first quarter. She explained the expenses for the personnel services were P43.2M whereas the income was P38.7M. She mentioned that the source of funding is the corporate fund, including the subsidy.

The government subsidy is where the MOOE and CapEx were charged.

- Ms. del Pilar inquired if charging personnel expenses against government subsidies is allowed. Ms. Magnaye said that it was not.
- With the current budget deficit, the request to allocate funds for hiring a Department Manager for the Cultural Content Department has been deferred.

Budget Request from DBM (Conditional)

- Mr. Marasigan mentioned that the income generated decreased due to the termination of some leases related to the PIEC project. This is why CCP, is requesting a subsidy from DBM to compensate for the loss.

He said they communicated with the DBM to discuss the amount of the subsidy that CCP, is requesting and when it will be released.


Lease Rate Increases

- Mr. del Mundo suggested dividing the presentation of leases. This committee will approve the lease guidelines, including the pricing of areas, while the identification of the spaces as short, medium, or long-term should go to the Complex Development Committee.
- Mr. Laya inquired about the rate at Harbor Square and for the leased parking spaces.
- Mr. Gaite commented that the rate for the parking spaces should be increased because presently the rate is at

	<p>P13.00. He added that the lessors at Harbor Square have been notified that there will rate increase. He mentioned that the basis for the rate increases was the establishments along Macapagal and Roxas Blvd areas.</p>
<p>2023 COA Audit Observations</p>	<ul style="list-style-type: none"> ● Ms. Flores presented the Audit Observations with management comments which were discussed on April 18, 2024, during the COA Exit Conference. <ul style="list-style-type: none"> a. Property, Plant, and Equipment (PPE) <p>A variance of P7.094M between the balances per book and the Report on the Physical Count of Property.</p> <p>She explained that in 2022 the variance amounted to P72.154M which was reduced in 2023 due to the one-time cleansing of the PPE and reclassification of some accounts to semi-expendable expense.</p> <p>The COA recommends reconciling the discrepancy and preparing the necessary adjusting entries in compliance with Paragraph 27 of IPSAS I.</p> b. Personnel Services Accounts <p>An overstatement by P5.404M due to the accrual of the Compensation and Position Classification System (CPCS) pending approval of the Office of the President.</p> <p>Based on COA, this contingent liability should not be recognized yet as an accrual.</p> <p>The COA recommends preparing necessary adjustments in compliance with Paragraph 27 of IPSAS I.</p> c. Accrual of Expenses <p>An overstatement of P9.860M to the Maintenance and Other Operating Expenses account due to erroneous recording of accrued expenses and rental deposit</p> <p>The COA recommends preparing the necessary adjusting entries adopt a review process in the recording of transactions.</p> d. Gender and Development (GAD) Plan and Budget <p>Compliant with the requirements of the PCW, NEDA, and DBM. However, the Center was not able to provide the GAD Accomplishment Report to the Office of the Auditor.</p>


	<p>The COA recommends to submit the GAD AR to PCW for review and furnish the COA a copy of the GAD AR within five (5) working days from the end of January of the preceding year.</p> <p>Ms. del Pilar requested to show the Committee members the adjusting entries through email.</p>
<p>Procurement Integrity Audit Program</p>	<ul style="list-style-type: none"> • Mr. Cabalejo presented the draft of the audit program for the procurement process relative to the rehabilitation of CCP. • Ms. del Pilar asked Mr. Cabalejo what aspect of the rehabilitation IAD will audit. She said it is important to audit areas that will matter to the decision-making of the Board. • She suggested studying the root-cause analysis of the sources of the delay in the timelines and vetting the cost of supplies as time-critical to purchase the materials. • Mr. del Mundo suggested looking at the performance of the Project Management team in the rehabilitation project. • Mr. Laya suggested looking into a specific task by the project management team that had been delayed and what they did to address the issue. He also inquired about the activities of the staff since the CCP Main Theater is temporarily closed. • Mr. Gaité requested the assistance of IAD in the procurement of materials for Phase IIB of the rehabilitation. He mentioned the vetting of the materials on several items to be purchased in 2024 and to make sure that we cover all bases. • Mr. Marasigan agrees to the concerns shared by the other members of the committee.
<p>Other Matters</p>	<p>Ms. del Pilar suggested setting a meeting with people from the National Museum to exchange ideas and best practices for maintaining and recording their artworks.</p>
<p>Adjournment</p>	<p>The meeting adjourned at 4:44 P.M.</p>

Prepared by:



Maria Criselda Fegalquin
 Secretariat Member

Approved by:

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Marivic del Pilar

Chairperson, Audit Committee

Date: 24 May 2024