



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CORPORATE GOVERNMENT AUDIT SECTOR
Cluster 6 – Social, Cultural, Trading, Promotional and Other Services

April 29, 2026

Honorable KAYE C. TINGA
President
Cultural Center of the Philippines
CCP Complex, Roxas Boulevard,
Pasay City



Dear President Tinga:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the **Cultural Center of the Philippines (CCP)**, for the years ended December 31, 2025 and 2024.

The report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, and the Status of Implementation of Prior Year's Audit Recommendations.

The Auditor expressed a qualified opinion on the fairness of presentation of the financial statements of the CCP in view of the following:

1. The correctness of the Trust Liabilities – Others account of the CCP, with a balance of P89.792 million as at December 31, 2025, could not be ascertained due to the non-adjustment of related project expenses against the account and the non-maintenance of project-based subsidiary ledgers, contrary to the provisions of International Public Sector Accounting Standard (IPSAS) 1.
2. The fair presentation of the balance of the Property, Plant and Equipment (PPE) accounts in the financial statements, with a carrying amount of P1.626 billion as at December 31, 2025, could not be established due to: a) a variance of P7.387 million, in absolute value, between the balances per books and the Report on the Physical Count of PPE (RPCPPE); and b) PPE items amounting P1.954 million, acquired prior to year-end, that were not recorded in the accounting books, contrary to the IPSASs 1 and 17, and Paragraph 1.17 of the Conceptual Framework for Financial Reporting.

For the afore-cited observations, which caused the issuance of a qualified opinion, we recommended that Management:

- 1.1 Reconcile the balances of Trust Liabilities – Others on a per trust arrangement/project basis and record the necessary adjustments to reflect actual project expenditures and correct balances;

- 1.2 Strictly comply with COA Circular No. 2020-002 by charging all trust-funded expenditures directly against the corresponding Trust Liabilities – Others, account, and effect the necessary correcting entries;
- 1.3 Strengthen monitoring and control over trust fund transactions by maintaining project-based subsidiary ledgers and ensuring the timely submission of Memoranda of Agreement (MOAs) and supporting documents; and
- 2.1 Direct the Accounting Division and Property and Supply Division (PSD) to:
 - a. Coordinate and exert more efforts to reconcile the discrepancy of P7.387 million in absolute value between the balances per books and the RPCPPE;
 - b. Establish proper cut-off procedures between PSD and Accounting Division to ensure complete and timely recording of PPE acquisitions; and
 - c. Accordingly, prepare the necessary adjusting entry/ies for the affected accounts in compliance with Paragraph 27 of IPSAS 1, Paragraphs 14 and 19 of IPSAS 17 and Paragraph 1.17 of the Conceptual Framework for Financial Reporting.

The other significant audit observations and recommendations that need immediate action are as follows:

3. The CCP utilized its Corporate Funds to implement a program despite the non-receipt of funding from the Tourism Promotions Board (TPB) and without complete documentary support for the modified payment arrangements, contrary to the provisions of the MOA and Presidential Decree No. 1445, thereby exposing CCP funds to the risk of unauthorized or irregular disbursements and weakened accountability in program implementation.
 - 3.1 We recommended that Management:
 - a. Coordinate with the TPB for the release of the remaining project fund totaling P64.511 million;
 - b. Direct the personnel assigned to submit the required post-implementation reports and complete documents to TPB;
 - c. Require the execution of a written amendment to the MOAs or a supplemental agreement, duly supported by complete documentation, to justify any deviation in fund utilization and payment arrangements;
 - d. Refrain from using Corporate/General Funds for trust-funded projects. In exceptional cases, require prior written authority and complete supporting documentation for any advance funding;
 - e. Establish a formal coordination and monitoring mechanism for program implementation, including the designation of responsible units, timelines, and tracking systems, to ensure timely fund releases and prompt resolution of issues affecting disbursements and reimbursements; and
 - f. Moving forward, require strict adherence to MOA provisions, particularly on fund release, trust account utilization, fund flow arrangements, payment terms, and other conditions to avoid similar occurrences in the future.

4. Payments for consultancy services totaling P2.616 million were charged against projects funded under the General Appropriations Act (GAA) without obtaining the required approval from the Department of Budget and Management (DBM), contrary to Section 80(b) of the General Provisions of the said Act, as further enforced under Section 5.1.1.2 of the National Budget Circular (NBC) No. 595. Consequently, the expenditures were not made in accordance with applicable budgeting rules and regulations.
 - 4.1 We recommended that Management:
 - a. Ensure strict adherence to the provisions of the GAA, as further enforced by NBC No. 595;
 - b. Secure prior approval from the DBM, where applicable, before any realignment or use of appropriated funds for purposes other than those originally intended;
 - c. Discontinue the practice of utilizing funds across allotment classes without proper authority; and
 - d. Strengthen budget monitoring and control mechanisms to ensure that expenditures are charged to the appropriate allotment class and are within approved budget parameters.
5. The correctness of the balance of Inventories account amounting to P3.749 million as at December 31, 2025, could not be established due to unsupported adjustments totaling P3.801 million and inadequate documentation of sales transactions, contrary to Paragraph 27 of the IPSAS 1 and Paragraph 44 of IPSAS 12.
 - 5.1 We recommended, and CCP Management agreed, to require the Accounting Division to:
 - a. Perform a comprehensive item-by-item reconciliation of inventory records against physical inventory count to address the discrepancies of P3.801 million;
 - b. Prepare the necessary journal entries to reflect the correct balances of the Inventory accounts;
 - c. Ensure that all inventories used as tokens/giveaways are supported by complete and duly approved documentation, such as requisition or issuance slips, duly signed acknowledgment receipts from recipients, and a detailed distribution list, to promote accountability and proper recording of transactions;
 - d. Strengthen internal controls over recording of sales by ensuring that all reports include complete details, specifically including item descriptions and quantities sold; and
 - e. Moving forward, implement periodic reconciliation procedures between accounting records and physical inventory, ensuring that all discrepancies are documented and investigated.

The observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on April 15, 2026 are discussed in detail in Part II of the report. We also invite

your attention to the prior year's unimplemented audit recommendation embodied in Part III of the report.

We request that appropriate actions be taken on the observations and recommendations contained in the report and that we be informed of the action(s) taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation form (copy attached) within 60 days upon receipt hereof.

We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


ATTY. CHITO C. JANABAN
Director IV
Cluster Director

Copy furnished:

The President of the Republic of the Philippines
The Vice President
The President of the Senate
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee
The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission for Government-Owned or Controlled Corporations
The Presidential Management Staff, Office of the President
The UP Law Center
The National Library
The COA Central Library

(Name of the Agency and Address)

**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 20XX
As of _____**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Persons/Dept. Responsible	Target Implementation Date				
					From	To			

Agency sig-off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed