



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

THE BOARD OF TRUSTEES

Cultural Center of the Philippines
CCP Complex, Roxas Boulevard,
Pasay City

Gentlemen/Mesdames:

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 the 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.

In our transmittal letter of even date, we requested the President of CCP to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the Report.

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



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.

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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;
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 - 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.
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 - 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;
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 - d. Strengthen budget monitoring and control mechanisms to ensure that expenditures are charged to the appropriate allotment class and are within approved budget parameters.
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 - 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
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The Secretary of the Department of Budget and Management
The Governance Commission for Government-Owned or Controlled Corporations
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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

CULTURAL CENTER OF THE PHILIPPINES

For the Years Ended December 31, 2025 and 2024

EXECUTIVE SUMMARY

INTRODUCTION

The Cultural Center of the Philippines (Filipino: *Sentrong Pangkultura ng Pilipinas*, or CCP) is a Government-Owned and/or Controlled Corporation which was created as an organization in-charge of the preservation and promotion, enhancement and development of Philippine culture.

The CCP is located at the CCP Complex, Roxas Boulevard, Pasay City. It provides performance and exhibition venues for various local and international productions. Its artistic programs include the production of performances, festivals, exhibitions, cultural research, outreach, preservation, and publication of materials on Philippine art and culture.

The CCP, although an independent corporation of the Philippine government, receives an annual subsidy from the national government and is placed under the National Commission for Culture and the Arts for purposes of policy coordination.

The CCP's Board of Trustees is composed of the following:

Chairperson:	Jaime Del C. Laya
Members:	Maria Margarita Moran-Floirendo Maria Carissa O. Coscolluela Felix Kaye C. Tinga Isidro A. Consunji Jonathan M. Velasco Gizela M. Gonzalez Felix S. Duque Teodoro S. Del Mundo, Jr. Marivic H. Del Pilar Jose Tomas C. Syquia

The President is Ms. Kaye C. Tinga, assisted by Mr. Jose Victor M. Gaité, Vice President for Administration and Mr. Dennis N. Marasigan, Vice President and Artistic Director. The CCP had 206 personnel, consisting of 175 regular and 31 casual employees as at December 31, 2025.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2025	2024 (As Restated)	Increase/ (Decrease)
Assets	3,409,850,976	3,200,779,945	209,071,031
Liabilities	479,847,833	571,400,865	(91,553,032)
Net assets/equity	2,930,003,143	2,629,379,080	300,624,063

II. Comparative Financial Performance

	2025	2024 (As Restated)	Increase/ (Decrease)
Revenue	276,829,898	227,967,954	48,861,944
Current operating expenses	565,019,242	701,533,425	(136,514,183)
Surplus/(deficit) from current operations	(288,189,344)	(473,565,471)	185,376,127
Other non-operating income	5,146,706	6,329,509	(1,182,803)
Gains/(Loss)-net	(125,184)	1,647,414	(1,772,598)
Income tax expense	(2,416,521)	(8,247,612)	5,831,091
Subsidy from national government	586,208,406	809,182,911	(222,974,505)
Net surplus/(deficit) for the period	300,624,063	335,346,751	(34,722,688)

III. 2025 Budget and Actual Amounts on Comparable Basis

	Corporate Operating Budget	Actual Amounts on Comparable Basis	Savings
Personnel services	279,063,147	224,841,996	54,221,151
Maintenance & other operating expenses	497,998,853	293,942,921	204,055,932
Capital outlay	1,924,122,000	1,397,666,122	526,455,878
	2,701,184,000	1,916,451,039	784,732,961

SCOPE OF AUDIT

The audit covered the examination, on a test basis, of the accounts, transactions and operations of the CCP for Calendar Year 2025 in accordance with International Standards of Supreme Audit Institutions. It was also aimed at expressing an opinion as to whether the financial statements present fairly the CCP's financial position, results of operations and cash flows, and at determining the Agency's compliance with pertinent laws, rules and regulations.

AUDITOR'S OPINION

We rendered 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.

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 - 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.

OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

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.

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 - 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.
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 - 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.

SUMMARY OF AUDIT SUSPENSIONS, CHARGES AND DISALLOWANCES

There were no unsettled audit suspensions, disallowances and charges as at December 31, 2025.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 15 audit recommendations embodied in the prior year's Annual Audit Report, ten were fully implemented and five were not implemented.

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PART I - AUDITED FINANCIAL STATEMENTS

**PART II - OBSERVATIONS AND
RECOMMENDATIONS**

**PART III - STATUS OF IMPLEMENTATION
OF PRIOR YEAR'S AUDIT
RECOMMENDATIONS**



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF TRUSTEES

Cultural Center of the Philippines
CCP Complex, Roxas Boulevard,
Pasay City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **Cultural Center of the Philippines (CCP)**, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2025, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the CCP, as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

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 IPSAS 1.

Likewise, 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; 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.

We conducted our audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the CCP in accordance with the Revised Code of Conduct and Ethical Standards for the Commission on Audit Officials and

Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

In our report dated April 15, 2025, we expressed a qualified opinion on the calendar years (CYs) 2024 and 2023 financial statements due to non-recognition of accrued liabilities arising from the money value of earned leave credits amounting to P57.928 million as at December 31, 2024, resulting in the understatement of the Leave Benefits Payable account and the overstatement of the Accumulated Surplus/(Deficit) account by the same amount, contrary to Paragraph 27 of IPSAS 1, Paragraph 11(a) of IPSAS 39 and Paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

In CY 2025, the adjusting entries were made to correct the balances of the Leave Benefits Payable and the Accumulated Surplus/(Deficit) accounts. Accordingly, our present opinion on the restated CY 2024 financial statements is no longer modified concerning this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CCP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the CCP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CCP's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CCP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CCP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025, required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with IPSASs. Such supplementary information is the responsibility of management.

COMMISSION ON AUDIT

SUZETTE G. PORNALES

Supervising Auditor

Audit Group G – Development, Media and Other Agencies 1

Cluster 6-Social, Cultural, Trading, Promotional and Other Services

Corporate Government Audit Sector

April 15, 2026



Cultural Center of the Philippines

SENTRONG PANGKULTURA NG PILIPINAS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Cultural Center of the Philippines (CCP) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the CCP's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the CCP or cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the CCP's financial reporting process.

The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stakeholders and other users.

The Commission on Audit has examined the financial statements of the CCP in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Trustees, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSE VICTOR M. GAITE
VICE PRESIDENT FOR ADMINISTRATION
February 18, 2026
Date signed

KAYE C. TINGA
President
February 18, 2026
Date signed

JAIMÉ C. LAYA
Chairman of the Board
February 18, 2026
Date signed



CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2025 and 2024
(in Philippine Peso)

		2025	2024 (As Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	6	253,156,188	218,528,060
Financial assets	7	809,299,425	981,421,926
Receivables - net	8	140,389,033	243,188,133
Inventories	9	3,748,806	5,537,328
Other current assets	12.1	176,527,837	86,150,631
Total Current Assets		1,383,121,289	1,534,826,078
Non-Current Assets			
Financial assets	7	116,085,007	110,138,161
Investment property	10	284,127,056	284,127,056
Property, plant and equipment - net	11	1,625,798,977	1,270,970,003
Intangible assets	12.2	640,714	640,714
Other non- current assets	12.3	77,933	77,933
Total Non- Current Assets		2,026,729,687	1,665,953,867
TOTAL ASSETS		3,409,850,976	3,200,779,945
LIABILITIES			
Current Liabilities			
Financial liabilities	13	183,615,924	281,080,700
Inter-agency payables	14	35,111,657	26,194,252
Trust liabilities	15	250,742,515	187,734,301
Deferred credits/unearned income	16	10,377,737	63,357,627
Other payables	17	-	13,033,985
TOTAL LIABILITIES		479,847,833	571,400,865
NET ASSETS (Total Assets Less Total Liabilities)		2,930,003,143	2,629,379,080
NET ASSETS/EQUITY			
Government equity	18	1,584,502,488	1,584,502,488
Accumulated surplus/(deficit)	19	1,345,500,655	1,044,876,592
TOTAL NET ASSETS/EQUITY		2,930,003,143	2,629,379,080

The notes on pages 11 to 55 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2025 and 2024
(in Philippine Peso)

	Note	2025	2024 (As Restated)
REVENUE			
Service and business income	20	191,148,716	226,686,921
Shares, grants and donations	21	85,681,182	1,281,033
Total Revenue		276,829,898	227,967,954
CURRENT OPERATING EXPENSES			
Personnel services	22	224,841,996	226,201,638
Maintenance and other operating expenses	23	293,942,921	433,671,647
Direct cost	24	3,032,746	1,149,461
Financial expenses	25	765,359	1,286,778
Non-cash expenses	26	42,436,220	39,223,901
Total Current Operating Expenses		565,019,242	701,533,425
SURPLUS/(DEFICIT) FROM OPERATIONS		(288,189,344)	(473,565,471)
Other non-operating income	27.1	5,146,706	6,329,509
Gains	27.2	1,248,612	4,070,302
Losses	27.3	(1,373,796)	(2,422,888)
		5,021,522	7,976,923
DEFICIT BEFORE TAX		(283,167,822)	(465,588,548)
Income tax expense	28	(2,416,521)	(8,247,612)
DEFICIT AFTER TAX		(285,584,343)	(473,836,160)
Net assistance/subsidy	29	586,208,406	809,182,911
NET SURPLUS/(DEFICIT) FOR THE PERIOD		300,624,063	335,346,751

The notes on pages 11 to 55 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2025 and 2024
(in Philippine Peso)

	Surplus/ (Deficit) Note 19	Government Equity Note18	Total
BALANCE AS AT JANUARY 1, 2024	517,237,011	1,584,502,488	2,101,739,499
ADJUSTMENTS:			
Add/(Deduct):			
Prior year adjustments	161,788,054	-	161,788,054
RESTATED BALANCE AS AT JANUARY 1, 2024	679,025,065	1,584,502,488	2,263,527,553
Changes in Net Assets/Equity for CY 2024			
Add/(Deduct):			
Surplus/(Deficit) for the period, as restated	335,346,751	-	335,346,751
Prior year adjustments	30,504,776	-	30,504,776
RESTATED BALANCE AS AT DECEMBER 31, 2024	1,044,876,592	1,584,502,488	2,629,379,080
Changes in Net Assets/Equity for CY 2025			
Add/(Deduct):			
Surplus/(Deficit) for the period	300,624,063	-	300,624,063
BALANCE AS AT DECEMBER 31, 2025	1,345,500,655	1,584,502,488	2,930,003,143

The notes on pages 11 to 55 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(in Philippine Peso)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Subsidy received from the national government		586,378,406	756,813,000
Collection of rent		132,556,851	142,311,168
Collection of prior years' receivables		3,441,550	10,585,772
Collection of operating and service income		21,343,603	8,994,497
Collection of miscellaneous income		4,802,521	4,623,527
Collection of contributions withheld		21,381,885	-
Collection of ticket sales and refundable violation deposits		6,725,134	6,371,336
Collection from advances		49,852	-
Collections of deferred credits		366,545	-
Collection of funds received various for CCP projects		10,907,949	1,902,752
Collection of guaranty deposit		33,576,499	12,918,455
Total Cash Inflows		821,530,795	944,520,507
Prior year's adjustments		-	149,710,770
Adjusted cash inflows		821,530,795	1,094,231,277
Cash Outflows			
Payment of miscellaneous liabilities & deferred credits		(206,002)	(8,439,867)
Remittance of taxes and contributions withheld		(29,337,781)	(16,360,541)
Purchase of inventories		(2,995,803)	(4,181,970)
Prepayments		(6,713,884)	(4,376,186)
Advances		(18,394,040)	(24,773,011)
Payments for various CCP projects		(158,773,070)	(1,108,442)
Payment of prior year's expenses/payables		(120,257,417)	(78,718,868)
Payment of dividends payable		(13,033,985)	-
Payment of ticket sales and refundable violation deposit		(6,844,258)	-
Payment of maintenance and other operating expenses		(147,934,125)	(318,244,138)
Payment of personnel services		(215,663,415)	(213,036,922)
Total Cash Outflows		(720,153,780)	(669,239,945)
Net Cash Provided by (Used in) Operating Activities	31	101,377,015	424,991,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Subsidy for rehabilitation of CCP Main Building		178,364,510	-
Termination of short term investment		348,618,826	21,427,000
Income from investments		26,919,187	32,266,785
Total Cash Inflows		553,902,523	53,693,785
Cash Outflows			
Purchase of short term investment		(159,998,601)	(347,588,037)
Purchase/rehabilitation/construction of property, plant and equipment		(460,652,809)	(152,410,088)
Total Cash Outflows		(620,651,410)	(499,998,125)
Net Cash Provided (Used in) Investing Activities		(66,748,887)	(446,304,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Provided (Used in) Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalent		34,628,128	(21,313,008)
CASH AND CASH EQUIVALENTS, Beginning of Year		218,528,060	239,841,068
CASH AND CASH EQUIVALENTS, end of year	6	253,156,188	218,528,060

The notes on pages 11 to 55 form part of these financial statements.

CULTURAL CENTER OF THE PHILIPPINES
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2025
(in Philippine Peso)

Particulars	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference (Final Budget and Actual)
	Original	Final		
Receipts				
Operating and service income	19,321,000	19,321,000	27,228,625	(7,907,625)
Rental income	91,070,000	91,070,000	108,558,264	(17,488,264)
Parking fees	24,700,000	24,700,000	12,602,898	12,097,102
Interest income	20,000,000	20,000,000	42,755,846	(22,755,846)
Miscellaneous income	5,727,000	5,727,000	5,149,469	577,531
Subsidy income from government	2,546,397,000	2,546,397,000	586,208,406	1,960,188,594
Income from grants and donations in kind	-	-	79,395,448	(79,395,448)
Income from grants and donations in cash	-	-	6,285,734	(6,285,734)
Gain on foreign exchange (FOREX)	-	-	1,248,612	(1,248,612)
Total Receipts	2,707,215,000	2,707,215,000	869,433,302	1,837,781,698
Payments				
Personnel services	272,489,000	279,063,147	224,841,996	54,221,151
Maintenance and other operating expenses	510,604,000	497,998,853	293,942,921	204,055,932
Capital outlay	1,924,122,000	1,924,122,000	1,397,666,122	526,455,878
Total Payments	2,707,215,000	2,701,184,000	1,916,451,039	784,732,961
Net Receipts/Payments	-	6,031,000	(1,047,017,737)	1,053,048,737

The notes on pages 11 to 55 form part of these financial statements.

**CULTURAL CCP OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS**

(All amounts in Philippine Peso, unless otherwise stated)

1. GENERAL INFORMATION/ENTITY PROFILE

The financial statements of the Cultural Center of the Philippines (Filipino: *Senrong Pangkultura ng Pilipinas*, or CCP) were authorized for issue on February 18, 2026 as shown in the Statement of Management's Responsibility for Financial Statements signed by Mr. Jose Victor M. Gaité, Vice President for Administration, Ms. Kaye C. Tinga, President, and Dr. Jaime C. Laya, Chairperson of the Board of Trustees.

The CCP is located at the CCP Complex, Roxas Boulevard, Pasay City, with a total land area of 608,569 square meters. It was created in 1966 through Executive Order No. 30 and formally inaugurated on September 8, 1969, as a trust for the benefit of the people for the purpose of preserving and promoting Philippine culture in all its varied aspects. As a Government Owned and/or Controlled Corporation (GOCC), the CCP through the years, has evolved into a premier Philippine institution for culture and the arts.

The CCP initially served as the CCP for performing arts showcasing the best in Filipino creativity and artistry notably in theater, music and dance. It expanded its reach in 1987 by becoming the coordinating CCP for artistic and cultural activities and continued to function as such for the next ten years.

Upon the establishment of the National Commission for Culture and the Arts, the CCP assumed a new role and became the CCP for the performing arts which seeks to catalyze cultural and artistic development by encouraging, nurturing, conserving, showcasing and disseminating Filipino creativity and artistic experience as well as continue to provide world-class programs, services and facilities. It has also become the prime mover in the establishment of regional arts and culture organizations.

The CCP nurtures and promotes artistic excellence, Filipino aesthetics and identity, and cultural values towards a humanistic global society.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance with International Public Sector Accounting Standards (IPSAS)

The financial statements have been prepared in compliance with the IPSASs, formerly Philippine Public Sector Accounting Standards (PPSASs), prescribed for adoption by the Commission on Audit (COA) through COA Resolution No. 2014-003 dated January 24, 2014. PPSASs were renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

The accounting policies have been consistently applied throughout the year presented.

2.2 Preparation of financial statements

The CCP's financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine Peso, the CCP's functional and presentation currency and amounts are rounded off to the nearest peso, unless otherwise stated.

The preparation of financial statements in compliance with the adopted IPSASs requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.18.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The CCP's financial statements are prepared on an accrual basis in accordance with IPSASs.

3.2 Financial instruments

a. Financial assets

i. Initial recognition and measurement

Financial assets within the scope of IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, held to maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The CCP determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the CCP commits to purchase or sell the asset.

The CCP's financial assets include: cash and cash equivalents, quoted and unquoted financial instruments, derivative financial instruments, trade and other receivables, loans, and other receivables.

ii. Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognized in surplus or deficit.

2. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the CCP has positive intention and ability to hold it to maturity.

After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

iii. Derecognition

The CCP derecognizes a financial asset or where applicable, a part of a financial asset or part of the CCP of similar financial assets when:

1. The contractual rights to the cash flows from the financial asset expired or waived; and
2. The CCP has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that

meets the conditions set forth in IPSAS 29 *Financial Instruments: Recognition and Measurement*; and either the entity has:

- Transferred substantially all the risks and rewards of ownership of the financial asset; or
- Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset.

iv. Impairment of financial assets

The CCP assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty;
2. Default or delinquency in interest or principal payments;
3. The probability that debtors will enter bankruptcy or other financial reorganization; and
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

v. Financial assets carried at amortized cost

For financial assets carried at amortized cost, the CCP first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the CCP determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the

estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the CCP. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. The request for write-off of accounts is based on the guidelines prescribed in COA Circular No. 2023-008 dated August 17, 2023. If a future write-off is later recovered, the recovery is credited in surplus and deficit.

b. Financial liabilities

i. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The CCP's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, and financial guarantee contracts.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

a. Financial liabilities at fair value through surplus or deficit.

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

b. Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

d. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

e. Derivative financial instruments

i. Initial recognition and subsequent measurement

The CCP uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit. The CCP does not apply hedge accounting.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.4 Receivables

Receivables are recognized at their face value minus allowance for doubtful accounts.

The allowance for doubtful accounts is provided for identified potentially uncollectible receivables using the following estimates:

Accounts aged more than five years	=	80 percent
Accounts aged more than three years to five years	=	50 percent
Accounts aged more than two years to three years	=	30 percent
Accounts aged more than one year to two years	=	20 percent
Accounts aged one year or less	=	10 percent

3.5 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the CCP.

3.6 Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property is measured using the cost model and is depreciated over its estimated useful life.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

The CCP uses the cost model for the measurement of investment property after initial recognition.

3.7 Property, plant and equipment (PPE)

a. Recognition

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of a PPE are as follows:

- i. Tangible items;
- ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- iii. Are expected to be used during more than one reporting period.

An item of a PPE is recognized as an asset if:

- i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. The cost or fair value of the item can be measured reliably; and
- iii. The cost is at least P50,000 per COA Circular No. 2022-004 dated May 31, 2022 on the increase in the capitalization threshold from P15,000 to P50,000.

b. Measurement at recognition

An item recognized as a PPE is measured at cost.

A PPE acquired through a non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for the PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following:

- i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- ii. Expenditure that is directly attributable to the acquisition of the items; and
- iii. Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

c. Measurement after recognition

After recognition, all PPE, with the exception of land, are stated at cost less accumulated depreciation and impairment losses.

When significant parts of the PPE are required to be replaced at intervals, the CCP 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 PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expenses in surplus or deficit as incurred.

d. Depreciation

Each part of an item of the PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, 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.

ii. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the entity's operation.

iii. Estimated useful life

The CCP uses the life span of the PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Building and structures	- 30 years
Medical equipment	- 10 years
Furniture and fixtures	- 10 years
Machineries	- 10 years
Motor vehicles	- 7 years
Office equipment	- 5 years
Library books	- 5 years

iv. Residual value

The CCP uses a residual value equivalent to at least five percent of the cost of the PPE.

e. Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

f. Derecognition

The CCP derecognizes items of the PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.8 Intangible Asset

a. Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably, intangible assets acquired separately are initially recognized at cost.

b. Useful life

Intangible assets with an indefinite life are not amortized. An indefinite useful life means there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or provide service potential to the entity.

3.9 Leases

The CCP as a lessor (Operating lease)

Leases in which the CCP does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for the PPE are applied to similar assets leased by the entity.

3.10 Changes in accounting policies and estimates

The CCP 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 CCP recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The CCP corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. 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.

3.11 Foreign currency transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;
- b. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.12 Revenue from non-exchange transactions

a. Recognition and measurement of assets from non-exchange transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

b. Recognition of revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As the CCP satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

c. Measurement of revenue from non-exchange transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

d. Measurement of liabilities on initial recognition from non-exchange transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

e. Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds, including those that are measurable and legally collectible, are deducted from the recognized tax revenue.

f. Fees and fines not related to taxes

The CCP recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

g. Gifts and donations

The CCP recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values are ascertained by reference to quoted prices in an active and liquid market.

h. Transfers

The CCP recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

i. Services in-kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

j. Transfers from other government entities

Revenue from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the CCP and can be measured reliably.

3.13 Revenue from exchange transactions

a. Measurement of revenue

Revenue is measured at the fair value of the consideration received or receivable.

b. Rendering of services

The CCP recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

c. Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the CCP.

d. Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

e. Dividends

Dividends or similar distributions are recognized when the CCP's right to receive payments is established.

f. Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and included in revenue.

g. Royalties

Royalties are recognized as they are earned in accordance with the substance of the relevant agreement.

3.14 Budget information

The annual budget is prepared on a cash basis and is published on the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on a comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on a comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

3.15 Impairment of non-financial assets

a. Impairment of cash-generating assets

At each reporting date, the CCP assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the CCP estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not

generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the CCP estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

b. Impairment of non-cash-generating assets

The CCP assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the CCP estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The CCP classifies assets as cash-generating assets when those assets are held with the primary objective of generating a commercial return. Therefore, non-cash-generating assets would be those assets from which the CCP does not intend (as its primary objective) to realize a commercial return.

3.16 Related parties

The CCP regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the CCP, or vice versa. Members of key management are regarded as related parties.

3.17 Service concession arrangements

The CCP analyzes all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In

particular, where a private party contributes an asset to the arrangement, the CCP recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the CCP also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

3.18 Employee benefits

The employees of CCP are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage. The CCP 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.

3.19 Measurement uncertainty

The preparation of financial statements in conformity with IPSASs 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 revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, rates for amortization, impairment of assets, liability for contaminated sites, etc.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

4. PRIOR PERIOD ADJUSTMENTS

4.1 Due to prior period errors

Prior period errors include over-setup of receivables, restoration of cash due to stale checks, recognition of miscellaneous income from unutilized fund of certain projects, writing off of other payables (dormant), over/under setup of payables due to variance in actual payment of expenses and other correction of errors in the financial statements that were reported for a prior period in *Note 19*.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The CCP is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risk

This note presents information about the CCP's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

5.1 Risk management framework

The CCP Board has overall responsibility for the establishment and oversight of the CCP's risk management framework. The Board is expected to establish and institute adequate control mechanisms for good governance in CCP.

Generally, the maximum risk exposure of financial assets and financial liabilities is the carrying amount of the financial assets and financial liabilities as shown in the Statements of Financial Position, as summarized below.

	Note	2025	2024 (As Restated)
Financial assets			
Cash and cash equivalents	6	253,156,188	218,528,060
Financial assets	7	809,299,425	981,421,926
Receivables	8	140,389,033	243,188,133
		1,202,844,646	1,443,138,119
Financial liabilities			
Financial liabilities	13	183,615,924	281,080,700
Inter-agency payables	14	35,111,657	26,194,252
Trust liabilities	15	250,742,515	187,734,301
		469,470,096	495,009,253

5.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the CCP. The CCP has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or security deposit where appropriate as a means of mitigating the risk of financial loss from defaults. The CCP defines counterparties as having similar characteristics if they are related entities.

Also, the CCP manages its credit risk by depositing its cash with the Land Bank of the Philippines (LBP), an authorized government depository bank.

The carrying amount of financial assets recognized in the financial statements represents the CCP's maximum exposure to credit risk.

a. Credit risk exposure

The table in the page shows the gross maximum exposure to credit risk of the CCP as at the years ended December 31, 2025 and 2024, without considering the effects of credit risk mitigation techniques.

	Note	2025	2024 (As Restated)
Financial assets			
Cash and cash equivalents	6	253,156,188	218,528,060
Financial assets	7	809,299,425	981,421,926
Receivables*	8	169,677,769	269,470,686
		1,232,133,382	1,469,420,672

*Receivables at gross of allowance for impairment amounting to P29,288,736 and P26,282,553 for the years ended December 31, 2025 and 2024, respectively.

b. Management of credit risk

The management of credit risk is covered by the Risk Management Committee. The Accounting Division and the Budget and Treasury Division of the Agency are in charge of controlling, monitoring and collecting payments of all the receivables due from employees, tenants and clientele. Receivables from employees consist of overpayment of salaries due to leave without pay, excess usage of airtime charges over the set limit, personal calls, etc. and are collected through payroll deductions. Status of outstanding receivables is summarized monthly in a schedule and is submitted together with the financial reports to COA. Should there be no payments received, the Accounting Division follows up either through phone calls or write demand letters for collection until settled. Other concerns or issues, if any, are referred to the Legal Department or Audit Committee for appropriate action.

c. Settlement risk

The CCP's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honor its obligations to deliver cash, securities or another asset as contractually agreed.

For certain types of transactions, the CCP mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligation. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement requires transaction specific or counterparty specific approval from the Risk Committee.

d. Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions, concentrations indicate the relative sensitivity of the CCP's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the CCP's financial strength and undermine public confidence.

e. Aging analysis

An aging analysis of the CCP's receivables as at the years ended December 31, 2025 and 2024 is as follows:

	2025	2024 (As Restated)
Outstanding receivables: *		
Current accounts	15,454,223	-
Past due accounts:		
1 – 30 days past due	-	-
31 – 60 days past due	27,500,611	-
over 60 days past due	126,722,935	269,470,686
	169,677,769	269,470,686

*Receivables at gross of allowance for impairment amounting to P29,288,736 and P26,282,553 for the years ended December 31, 2025 and 2024, respectively.

f. Impairment assessment

The CCP recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of objective evidence of impairment.

The two methodologies applied by the CCP in assessing and measuring impairment include: (1) specific/individual assessment; and (2) collective assessment. Under specific/individual assessment, the CCP assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment.

Among the items and factors considered by the CCP when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment.

A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

5.3 Liquidity risk

Liquidity risk is the risk that the CCP might encounter difficulty in meeting obligations from its financial liabilities.

a. Management of liquidity risk

The CCP's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the CCP's reputation.

The CCP maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to the CCP and other facilities, to ensure that sufficient liquidity is maintained within the CCP.

b. Exposure to liquidity risk

The liquidity risk is the adverse situation when the CCP encounters difficulty in meeting unconditionally the settlement of its obligations at maturity. Prudent liquidity management requires that liquidity risks are identified, measured, monitored and controlled in a comprehensive and timely manner. Liquidity management is a major component of the corporate-wide risk management system. Liquidity planning takes into consideration various possible changes in economic, market, political, regulatory and other external factors that may affect the liquidity position of the CCP.

The liquidity management policy of the CCP is conservative in maintaining optimal liquid cash funds to ensure capability to adequately finance its mandated activities and other operational requirements at all times. The CCP's funding requirements are generally met through any or a combination of financial modes allowed by law that would give the most advantageous results. Senior Management is actively involved in the Executive Committee headed by the Vice President for Administration with the Managers of all departments. The total liabilities of the CCP are due and demandable within 12 months as at December 31, 2025.

5.4 Market risks

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's issuer's credit standing) will affect the CCP's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

a. Management of interest rate risk

The management of interest rate risk against interest gap limits is supplemented by monitoring the sensitivity of the CCP's financial assets and liabilities to various standard

and non-standard interest rate scenarios.

5.5 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the CCP's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the CCP's operations and are faced by all business entities.

The CCP's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the CCP's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to address operational risk is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirement for appropriate segregation of duties, including the independent authorization of transaction
- Requirement for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risk faced, and the adequacy of control and procedures to address the risk identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with corporate standards/processes is supported by a program of periodic reviews undertaken by Internal Audit or the Quality Management System Team Auditors. The results of Internal Audit reviews are discussed with Management of the CCP, with summaries to the Audit Committee and Senior Management of the CCP.

6. CASH AND CASH EQUIVALENTS

This account consists the following:

	2025	2024
Cash on hand	2,371,709	9,460,626
Cash in bank- local currency	238,770,387	198,025,231
Cash in bank- foreign currency	5,164,092	4,430,801
Cash equivalents	6,850,000	6,611,402
	253,156,188	218,528,060

Cash on hand consists of undeposited collections of Cash collecting officers and Petty cash fund. Cash in bank-local currency consists of current accounts while cash in bank - foreign currency is the savings account for dollar accounts maintained at the LBP.

7. FINANCIAL ASSETS

This account consists the following:

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets -						
held to maturity	768,965,253	-	768,965,253	939,906,405	-	939,906,405
Other investments	40,334,172	116,085,007	156,419,179	41,515,521	110,138,161	151,653,682
	809,299,425	116,085,007	925,384,432	981,421,926	110,138,161	1,091,560,087

a. Financial assets - held to maturity

This account consists of money market placements with the LBP maturing beyond 90 days but within one year from date of placement.

b. Financial assets - other investments

This account includes Investment in time deposit maturing beyond 90 days but within one year from date of placement, as well as the value of shares of stocks, stated at cost, acquired by the CCP from mining, oil and industrial companies/enterprises.

7.1 Current - financial assets

	Current Financial Assets As at December 31, 2025		
	Held to maturity	Other investments	Total
Beginning balance as at January 1, 2025	939,906,405	41,515,521	981,421,926
Add: New placement/roll over	159,036,365	-	159,036,365
Interest income, net of fees and taxes	26,886,876	32,311	26,919,187
Foreign exchange (forex) gain	-	-	-
Total	1,125,829,646	41,547,832	1,167,377,478
Less: Investments terminated/collected	(356,864,393)	(130,216)	(356,994,609)
Forex loss	-	(1,083,444)	(1,083,444)
Balance as at December 31, 2025	768,965,253	40,334,172	809,299,425

**Current Financial Assets
As at December 31, 2024**

	Held to maturity	Other investments	Total
Beginning balance as at January 1, 2024	939,906,405	41,515,521	981,421,926
New placement	-	-	-
Total	939,906,405	41,515,521	981,421,926
Less: Investments sold/collected	-	-	-
Balance as at December 31, 2024	939,906,405	41,515,521	981,421,926

8. RECEIVABLES

This account consists the following:

	2025	2024 (As Restated)
Loans and receivables accounts- net	16,932,287	30,148,819
Lease receivable – net	22,225,769	24,048,190
Inter- agency receivables	73,438,083	182,655,722
Other receivables	27,792,894	6,335,402
	140,389,033	243,188,133

8.1 Loans and receivables accounts

	2025	2024 (As Restated)
Accounts receivable	16,620,225	23,762,968
Allowance for impairment- accounts receivable	(8,165,265)	(7,055,112)
Net value - accounts receivable	8,454,960	16,707,856
Interest receivable	8,478,864	13,441,570
Allowance for impairment - interest receivable	(1,537)	(607)
Net value - interest receivable	8,477,327	13,440,963
	16,932,287	30,148,819

a. Accounts receivable

Accounts receivable account consists of unpaid ticket sales, theater rentals, sponsorship fees, theater subscriptions and other receivables arising from the operations of the CCP.

b. Interest receivable

This account represents the amount of interest earnings due from financial assets as at year-end.

8.2 Lease receivable

	2025	2024 (As Restated)
Operating lease receivable	40,362,449	40,291,865
Allowance for impairment - lease receivable	(18,136,680)	(16,243,675)
Net value - lease receivable	22,225,769	24,048,190

This account represents the unpaid rentals, maintenance and utilities due from the concessionaires of the CCP.

8.3 Inter-agency receivables

	2025	2024 (As Restated)
Due from National Government Agencies	72,697,120	181,914,759
Due from Local Government Units	550,000	550,000
Due from Government Corporations	190,963	190,963
	73,438,083	182,655,722

a. Due from National Government Agencies

This account includes receivables from Department of Tourism, Bureau of Internal Revenue (BIR), Procurement Services and Philippine High School for the Arts.

b. Due from Government Corporations

The bulk of this account represents receivables from the GSIS, Home Development Mutual Fund (Pag-IBIG) and Philippine Health Insurance Corporation (PhilHealth) representing over-remittance of premiums and loan amortizations and insurance claims for the CCP's motor vehicles. It also includes the receivable of P50,000 from Bangko Sentral ng Pilipinas representing its share in the cost of road upkeep for 1981.

8.4 Other receivables

	2025	2024 (As Restated)
Receivables - disallowances/charges	3,202,536	3,202,536
Due from non-government organizations/people's organizations	22,944,893	1,657,386
	26,147,429	4,859,922
Due from officers and employees	136,482	95,986
Allowance for impairment - other receivables	-	-
Net value - due from officers and employees	136,482	95,986
Other receivables	4,494,237	4,362,653
Allowance for impairment - other receivables	(2,985,254)	(2,983,159)
Net value - other receivables	1,508,983	1,379,494
	27,792,894	6,335,402

a. Receivables - disallowances/charges

This account represents Notices of Disallowance issued by COA on various payments made by the CCP. In 2010 and 2021, the CCP had exerted effort and sent demand letters to the concerned officers and employees. Some of the demand letters were not served because the whereabouts of the persons liable were unknown.

b. Due from non-government organizations/people's organizations

This account represents amounts granted to Non-Government Organizations/People's Organizations for special purpose/time-bound undertakings/projects.

c. Due from officers and employees

This consists of cash advances granted for travel, purchase of supplies and materials and some incidental expenses in connection with CCP productions.

d. Other receivables

Lodged under this account are receivables/advances as follows:

	2025	2024 (As Restated)
Agencies/corporations	3,109,233	2,977,649
Advances	636,605	636,605
Employees	415,762	415,762
Individuals	300,506	300,506
VMC	32,131	32,131
Total	4,494,237	4,362,653
Allowance for impairment - other receivables	(2,985,254)	(2,983,159)
	1,508,983	1,379,494

Other receivables - agencies/corporations represent pledges and sponsorship support of various agencies, corporations or companies for the various projects that they undertook and the consumption of the utilities of the CCP.

Other receivables - advances represent advances made by the CCP on the projects/programs with funding coming from different government agencies and private entities, until such time that the approved funding is released to the CCP.

Other receivables – Vicor Music Corporation (VMC) corresponds to the unpaid balance on the P5 million loan granted to VMC by the CCP in February 1984 which was left unsettled after VMC's privatization in October 1993.

8.5 Aging analysis of receivables

	Total	Current	Past Due		
			>30 days	30-60 days	>60 days
Accounts receivable	16,620,225	469,226	-	1,637,180	14,513,819
Lease receivable	40,362,449	3,176,360	-	11,967,076	25,219,013
Inter-agency receivables	73,438,083	335,677	-	11,996,121	61,106,285
Due from NGO/PO	22,944,893	5,000,000	-	1,900,000	16,044,893
Receivable disallowance charges	3,202,536	-	-	-	3,202,536
Interest receivable	8,478,864	6,472,825	-	-	2,006,039
Due from officers and employees	136,482	-	-	-	136,482
Other receivables	4,494,237	135	-	234	4,493,868
	169,677,769	15,454,223	-	27,500,611	126,722,935

9. INVENTORIES

	2025	2024 (As Restated)
Inventory held for sale		
Carrying amount, January 1	8,305,723	8,218,208
Additions/acquisitions during the year	1,656,656	1,236,976
Expensed during the year	(3,032,746)	(1,149,461)
Impairment loss on inventories	(4,686,668)	(4,686,668)
Carrying amount, December 31	2,242,965	3,619,055
Inventory held for consumption		
Carrying amount, January 1	1,918,273	1,368,525
Additions/acquisitions during the year	1,439,338	2,955,994
Expensed during the year	(1,851,770)	(2,406,246)
Carrying amount, December 31	1,505,841	1,918,273
	3,748,806	5,537,328

Regular purchases of office supplies for stock are recorded under the Inventory account and issuances thereof are recorded based on the Report of Supplies Issuances. Inventory held for sale account is composed of all publications that are being sold by CCP which includes the Encyclopedia of Philippine Arts, Ani Series, and others.

10. INVESTMENT PROPERTY

This account consists of parcels of land and buildings held for income generation. This account consists the following:

As at December 31, 2025

	Land	Building and other structures	Total
Carrying amount, January 1, 2025	240,382,163	43,744,893	284,127,056
Additions/acquisitions	-	-	-
Total	240,382,163	43,744,893	284,127,056
Depreciation	-	-	-
Carrying amount, December 31, 2025	240,382,163	43,744,893	284,127,056

	Land	Building and other structures	Total
Gross Cost	240,382,163	437,442,792	677,824,955
Accumulated depreciation	-	(393,697,899)	(393,697,899)
Carrying amount, December 31, 2025	240,382,163	43,744,893	284,127,056

As at December 31, 2024 (As restated)

	Land	Building and other structures	Total
Carrying amount, January 1, 2024	240,382,163	50,991,813	291,373,976
Additions/acquisitions	-	-	-
Total	240,382,163	50,991,813	291,373,976
Depreciation	-	(7,246,920)	(7,246,920)
Carrying amount, December 31, 2024	240,382,163	43,744,893	284,127,056

11. PROPERTY, PLANT AND EQUIPMENT

This account consists the following:

As at December 31, 2025

	Land	Land improvement	Infrastructure assets	Building and other structures	Machinery & equipment	Total
Carrying amount, January 1, 2025	572,606,387	30,788,530	20,210,791	147,739,489	499,624,806	1,270,970,003
Additions/acquisitions	-	462,570	-	27,635,315	367,249,190	395,347,075
Total	572,606,387	31,251,100	20,210,791	175,374,804	866,873,996	1,666,317,078
Reclassification to proper accounts	-	-	-	670,088	(1,757,936)	(1,087,848)
Depreciation	-	(1,744,904)	(1,498,126)	(6,760,008)	(29,427,215)	(39,430,253)
Carrying amount, December 31, 2025	572,606,387	29,506,196	18,712,665	169,284,884	835,688,845	1,625,798,977

	Land	Land improvement	Infrastructure assets	Building and other structures	Machinery & equipment	Total
Gross Cost	572,606,387	130,150,275	33,291,688	424,994,151	1,142,507,424	2,303,549,925
Accumulated depreciation	-	(100,644,079)	(14,579,023)	(255,709,267)	(306,818,579)	(677,750,948)
Carrying amount, December 31, 2025	572,606,387	29,506,196	18,712,665	169,284,884	835,688,845	1,625,798,977

As at December 31, 2024 (Restated)

	Land	Land improvement	Infrastructure assets	Building and other structures	Machinery & equipment	Total
Carrying amount, January 1, 2024	572,606,387	36,520,175	21,708,917	141,253,206	387,163,893	1,159,252,578
Additions/acquisitions	-	-	-	2,828,358	149,581,730	152,410,088
Total	572,606,387	36,520,175	21,708,917	144,081,564	536,745,623	1,311,662,666
Reclassification to proper accounts	-	(4,017,939)	-	9,615,069	(8,078,522)	(2,481,392)
Depreciation	-	(1,713,706)	(1,498,126)	(5,957,144)	(29,042,295)	(38,211,271)
Carrying amount, December 31, 2024	572,606,387	30,788,530	20,210,791	147,739,489	499,624,806	1,270,970,003

	Land improvement	Land Infrastructure assets	Building and other structures	Machinery & equipment	Total	
Gross Cost	572,606,387	129,687,705	33,291,688	396,666,835	776,626,566	1,908,879,181
Accumulated depreciation	- (98,899,175)	(13,080,897)	(248,927,346)	(277,001,760)	(637,909,178)	
Carrying amount, December 31, 2024	572,606,387	30,788,530	20,210,791	147,739,489	499,624,806	1,270,970,003

11.1 Land

The CCP has a total of 625,171 square meters of land. The reclaimed area which was assigned to the CCP pursuant to Presidential Decree (PD) Nos. 15 and 774, dated October 5, 1972 and August 22, 1975, respectively, already excluded the following: (1) land area occupied by the Philippine International Convention Center (PICC) - this was sold to the Bangko Sentral ng Pilipinas; (2) land area covering Philcite - this was transferred to the Philippine National Bank; and (3) land areas covering the Philippine Plaza Hotel, Gloriamaris Restaurant, and the Tahanang Pilipino - these were transferred to the GSIS in settlement of the CCP's outstanding obligations.

The land where the Manila Film CCP (MFC) is situated was assigned to the CCP by the Public Estates Authority (PEA) in 1985 pursuant to Letter of Instruction No. 1411. This was considered as partial payment for the obligations of PEA, now the Philippine Reclamation Authority, to the National Government (NG) and as contribution of the NG to the CCP.

In 2015, the Department of Public Works and Highways - South Manila District Engineering Office implemented the National Road Lighting Program Package 7 (civil works) project wherein it undertook the installation of lamp posts/street lamps along the following road sections:

- Folk Arts Theater (FAT) Access road
- PICC FAT Main road
- PICC FAT Perimeter road
- Spine road
- MFC Main Road
- MFC Access road

The CCP upon acceptance and recognizing in its books of accounts the transfer of the completed project in 2016 commits to secure and undertake the repair and maintenance of the road network.

In 2018, the CCP, in connection with its Complex Development Plan and joint venture purposes, commissioned an independent appraisal company to determine the current value of CCP land. The said appraisers submitted a valuation of CCP land which amounted to P122,600 per square meter.

11.2 Buildings and other structures

The CCP owns buildings and structures, including a water reservoir and conduits with a carrying amount of P169.285 million.

11.3 Machinery and equipment

The Machinery and equipment account has a carrying amount of P835.689 million. It includes Office equipment, Information and communication technology equipment, Communication equipment, Technical and scientific equipment, Other machinery and equipment (Firefighting equipment and accessories), Transportation equipment (Motor vehicles), Furniture, fixtures and books, Heritage assets (Works of arts and archeological specimens), Other property, plant and equipment (Other social services, Hand tools, Musical instruments, Building accessories, Others, Other assets-others) and Construction in progress (Infrastructure assets, Buildings and other structures, Furniture and fixtures.

12. OTHER CURRENT AND NON-CURRENT ASSETS

12.1 Other current assets

	2025	2024 (As Restated)
Advances	1,078,982	678,565
Prepayments	167,275,831	78,714,686
Deposits	7,945,514	6,529,870
Other assets	227,510	227,510
Total	176,527,837	86,150,631

Major portion of this account represents unexpired insurance premiums on policies covering the CCP's property, the unexpired portion of the prepaid taxes withheld on interest on money market placements with government banks, and advances made for goods and services. Also included under this account are guaranty deposits, taxes withheld by suppliers and prior year's input taxes accrued by the CCP. Beginning the second quarter of 2019, upon consultation and clarification with the BIR, all expenses funded by a subsidy were no longer subjected to input tax and is recognized as expense of the CCP. This is in compliance with Section 4.110-4 of BIR Revenue Circular No. 16-2005.

12.2 Intangible asset

This account consists solely of a web based integrated library system amounting P0.641 million.

12.3 Other non-current assets

This account is used to recognize assets not falling under any of the specific asset accounts used in the books of accounts of the CCP.

13. FINANCIAL LIABILITIES

This account consists the following:

	2025	2024 (As Restated)
Payables	182,587,232	279,902,875
Tax refunds payable	445,045	629,894
Other financial liabilities	583,647	547,931
	183,615,924	281,080,700

13.1 Payables

This account represents accrued expenses classified as follows:

	2025	2024 (As Restated)
Accounts payable	92,238,111	203,053,228
Leave benefits payable	64,815,139	60,954,357
Due to officers and employees	25,533,982	15,895,290
	182,587,232	279,902,875

a. Accounts payable

The Accounts payable account is composed of the following:

- Accrued liabilities committed and budgeted expenses for goods and services that were already provided to the CCP but were not yet paid because invoices and other supporting documents for payments were not yet presented.
- Unliquidated obligations/vouchers represent unpaid amounts to suppliers and service providers for various goods already delivered and services rendered as at December 31, 2025.

b. Due to officers and employees

The Due to officers and employees account is used to recognize incurrence of liability to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

13.2 Tax refunds payable

Tax refunds payable account is used to recognize an amount refundable to taxpayers for excess amount paid/withheld. As at December 31, 2025, the balance represents unclaimed tax refunds of resigned/retired employees pending the completion of their clearances/documents required for terminal pay. Tax refunds payable amounts to P445,045 and P629,894 for the years ended December 31, 2025 and 2024, respectively.

13.3 Other financial liabilities

Other financial liabilities account is used to recognize the transactions under the Investment Management Account. Other financial liabilities amount to P583,647 and P547,931 for the years ended December 31, 2025 and 2024, respectively.

14. INTER-AGENCY PAYABLES

This account consists the following:

	2025	2024 (As Restated)
Due to BIR	23,159,284	15,847,907
Due to GSIS	7,881,501	2,020,476
Due to Pag-IBIG	457,656	25,705
Due to PhilHealth	1,196,695	52,552
Income tax payable	2,416,521	8,247,612
Total	35,111,657	26,194,252

14.1 Due to BIR

Included in this account are taxes such as value added tax payable, withholding taxes on compensation, expanded withholding tax, final withholding tax, and withholding taxes on percentage and value added tax. The CCP regularly remits its taxes withheld in compliance with BIR regulations.

14.2 Due to GSIS, Pag-IBIG, PhilHealth

These accounts consist of unremitted deductions from the salaries of officers and employees for life and retirement insurance premiums, optional insurance, salary, policy and real estate loans, medical and estate insurance and premiums.

15. TRUST LIABILITIES

This account consists the following:

	2025	2024 (As Restated)
Trust liabilities	105,080,012	85,445,639
Guaranty/security deposits payable	71,671,127	39,684,241
Customer's deposits payable	73,991,376	62,604,421
	250,742,515	187,734,301

15.1 Trust liabilities

The Trust liabilities account represents collections from different government and private entities for various projects of the CCP which aim to awaken the consciousness of the Filipino people to our cultural heritage.

It also includes funds entrusted to the CCP as custodian by different entities to finance various cultural projects. Likewise, included was the fund received from the Bureau of the

Treasury in 2009 for the settlement of liability of the Republic of the Philippines to Republic Real Estate Corporation (RREC) amounting to P41.790 million. In 2009, the Court of Appeals (CA) issued a decision allowing the NG and the CCP to consign the said funds with the courts. A Motion for Execution of the said CA Decision was already filed by the CCP with trial court, but was denied. In June 2016, the Petition for Review filed by RREC was denied upholding the CA's Decision in 2009 and Resolution in 2013.

15.2 Guaranty/security deposits payable

The account represents liability arising from the receipt of a cash bond to guarantee the performance of the contract/court order.

15.3 Customer's deposits payable

This account represents liability arising from cash received for theater violations deposits, deposits of producers for production expenses, deposits from concessionaires, and other various deposits (i.e., rental and utility deposits) which are refundable to the depositors.

It also includes collection of ticket sales of lessee-produced shows collected by the CCP which were not yet remitted to the producers.

16. DEFERRED CREDITS/UNEARNED INCOME

This account consists of the following:

	2025	2024 (As Restated)
Other deferred credits	4,183,122	58,083,122
Unearned revenue/income	6,194,615	5,274,505
	10,377,737	63,357,627

The account includes income collected but not yet recognized as revenue by the CCP at the end of the accounting period.

The decrease in other deferred credits account amounting to P53,900,000 refers to the Tanghalang Ignacio B. Gimenez Building (New Black Box Theatre) that was taken up as Income from Grants and Donations in Note 21.

Donor	Amount
Ignacio B. Gimenez	665,700
Eurocapital Land Inc.	871,037
Eurotel Corporation	1,574,893
Gallipoli Real Estate Inc.	2,539,733
New City Builders Inc.	3,516,865
LRT Caloocan Mall, Inc.	60,200
Ortigia Property Holdings Inc.	2,571,850
Westfield Residences Inc.	13,695,698
Domo Hotel Inc.	280,000
Eurotowers International Inc.	30,945,398
First Centrale Dev't Corp	6,494,698

Donor	Amount
Hilton House Inc.	713,246
Northwalk Inn Inc.	2,187,163
Novotel (Hotel) Inc.	8,200,371
Sogo Drive Inn Inc.	5,078,596
Total	79,395,448
Other deferred credits	53,900,000
Difference	25,495,448

The amount of P25,495,448, representing the difference between the total donations received and the recorded balance of other deferred credits, was recognized under the building account.

17. OTHER PAYABLES

This account pertains to the dividends payable amounting to P13.034 million was remitted to the Bureau of the Treasury. The payment of 50 percent cash dividends of Net Operating Income after Income Tax for Fiscal Year 2019 as approved and declared by the CCP Board of Trustees on October 15, 2025. This is in pursuant to Section 3 of Republic Act (RA) No. 7656 or the Dividend Law which states that all GOCC shall declare and remit at least 50 percent of their annual net earnings as cash, stock, or property dividends to the NG. Total net earnings of the CCP in the year 2019 amounted to P30.236 million as per income tax return.

18. GOVERNMENT EQUITY

Government equity amounting to P1.585 billion pertains to the equity contribution of the NG for the CCP.

This account consists of the vast parcels of reclaimed land where the CCP Complex is situated, the initial capitalization of the CCP, property donated to the CCP such as the MFC building and its appurtenances, audio film recording system, motorcycles, musical instruments, and other equipment. Also included are the construction cost of the FAT and the cost of the furniture, fixtures and equipment contained and/or installed therein.

19. ACCUMULATED SURPLUS/(DEFICIT)

Accumulated surplus, January 1, 2024, As Restated	679,025,065
Add/(deduct)	
Surplus/(Deficit) for the period, as restated	335,346,750
Prior year adjustments	30,504,777
Accumulated surplus, December 31, 2024, As Restated	1,044,876,592
Add/(deduct)	
Surplus/(Deficit) for 2025	300,624,063
Prior Year adjustments	-
Accumulated surplus, December 31, 2025	1,345,500,655

This account represents the accumulated net earnings/losses of the CCP, including that of the Philippine Plaza Hotel when it was still a division of the CCP until December 31, 1988.

Prior Year adjustments pertain to the Subsidy from NG for previous years. This includes the subsidy for the Philippine Arts and Culture Promotion, Restoration/Rehabilitation of CCP Main Building, and other adjustments.

20. SERVICE AND BUSINESS INCOME

This account consists of the following:

	2025	2024 (As Restated)
Service Income		
Other service income	13,589,018	2,353,494
Total Service Income	13,589,018	2,353,494
Business Income		
Rent/lease income	108,558,264	147,680,416
Income from printing and publication	2,763,141	1,592,851
Landing and parking fees	5,427,290	105,000
Theater operating revenue	9,603,315	15,393,497
Interest income	42,755,846	52,962,834
Seaport system fees	7,175,608	5,049,016
Seminar/training fees	492,116	470,827
Sales revenue	779,882	591,628
Fines and penalties - business income	2,763	487,358
Admission fees	1,473	-
Total Business Income	177,559,698	224,333,427
	191,148,716	226,686,921

21. SHARES, GRANTS, AND DONATIONS

	2025	2024
Income from grants and donation in cash	6,285,734	1,281,033
Income from grants and donation in kind	79,395,448	-
	85,681,182	1,281,033

Income from grants and donation in kind pertains to the Tanghalang Ignacio B. Gimenez Building (New Black Box Theater of the various donors from Note 16).

22. PERSONNEL SERVICES

This line item consists of the following:

	2025	2024 (As Restated)
Salaries and wages	141,436,284	145,079,703
Other compensation	42,394,703	44,490,244

	2025	2024 (As Restated)
Personnel benefit contributions	21,077,173	21,317,098
Other personnel benefits	19,933,836	15,314,593
	224,841,996	226,201,638

22.1 Salaries and wages

	2025	2024 (As Restated)
Salaries and wages – regular	139,483,856	142,893,536
Salaries and wages - casual/contractual	1,952,428	2,186,167
	141,436,284	145,079,703

22.2 Other compensation

	2025	2024 (As Restated)
Year - end bonus	11,838,245	12,265,212
Mid - year bonus	11,585,233	11,255,751
Personnel economic relief allowance	4,839,890	5,309,506
Representation allowance	3,077,750	2,959,750
Transportation allowance	2,971,500	2,815,750
Clothing/uniform allowance	1,568,000	1,576,000
Cash gift	1,093,500	1,112,750
Productivity incentive allowance	869,914	1,101,500
Overtime and night pay	237,211	674,518
Subsistence allowance	70,160	207,907
Laundry allowance	3,300	3,600
Honoraria	-	7,000
Longevity pay	160,000	175,000
Other bonuses and allowances	4,080,000	5,026,000
	42,394,703	44,490,244

22.3 Personnel benefit contributions

	2025	2024 (As Restated)
Retirement and life insurance premiums	16,894,304	17,244,413
PhilHealth contributions	3,394,769	402,283
Pag-IBIG contributions	525,800	3,404,202
Employees compensation insurance premiums	262,300	266,200
	21,077,173	21,317,098

22.4 Other personnel benefits

	2025	2024 (As Restated)
Other personnel benefits	6,574,148	10,051,280
Terminal leave benefits	13,359,688	5,263,313
	19,933,836	15,314,593

22.5 Employees future benefits

The permanent employees of the CCP contribute to the GSIS in accordance with RA No. 8291. The GSIS administers the plan, including payment of pension benefits to employees to whom the act applies. Social insurance (life and retirement) benefits are mandatory defined contribution plans fixed at nine percent of the basic salaries of regular government employees.

23. MAINTENANCE AND OTHER OPERATING EXPENSES

This line item consists of the following:

	2025	2024 (As Restated)
General services	70,783,396	92,136,094
Professional services	32,880,886	27,000,974
Utility expenses	29,223,767	29,587,975
Taxes, insurance premiums and other fees	13,704,237	14,296,008
Supplies and materials expenses	7,644,791	7,106,123
Repairs and maintenance	4,606,500	7,264,045
Communication expenses	3,896,192	4,330,318
Training and scholarship expenses	705,353	1,570,095
Survey, research, exploration and development expenses	-	1,612,446
Travelling expenses	257,770	539,044
Other maintenance and operating expenses	130,240,029	248,228,525
	293,942,921	433,671,647

23.1 General services

	2025	2024 (As Restated)
Other general services	26,626,859	30,291,662
Security services	25,502,918	38,093,603
Janitorial services	16,449,389	20,765,032
Environment/sanitary services	2,204,230	2,985,797
	70,783,396	92,136,094

Other general services comprise engineering services, preventive maintenance, and services of theater crews.

23.2 Professional services

	2025	2024 (As Restated)
Auditing services	3,986,496	3,000,651
Other professional services	28,894,390	24,000,323
	32,880,886	27,000,974

23.3 Utility Expenses

	2025	2024 (As Restated)
Electricity expenses	16,145,400	19,745,990
Water expenses	13,078,367	9,841,985
	29,223,767	29,587,975

23.4 Taxes, insurance premiums and other fees

	2025	2024 (As Restated)
Insurance expenses	4,954,960	4,537,207
Taxes, duties and licenses	8,587,352	9,690,111
Fidelity bond premiums	161,925	68,690
	13,704,237	14,296,008

23.5 Supplies and materials expenses

	2025	2024 (As Restated)
Other supplies and materials expenses	1,895,336	1,263,515
Office supplies expenses	1,739,919	2,567,975
Fuel, oil and lubricants expenses	617,834	1,102,373
Semi-expendable furniture, fixtures and books expenses	1,400,172	690,831
Semi-expendable machinery and equipment expenses	1,954,680	1,394,319
Accountable forms expenses	-	10,000
Drugs and medicines expenses	36,850	45,200
Medical, dental and laboratory supplies expenses	-	31,910
	7,644,791	7,106,123

23.6 Repairs and maintenance

	2025	2024 (As Restated)
Repairs and maintenance - buildings and other structures	1,544,317	3,346,137
Repairs and maintenance - land improvements	-	487,671
Repairs and maintenance - machinery and equipment	2,317,174	2,410,566
Repairs and maintenance - transportation equipment	463,960	714,208
Repairs and maintenance - other PPE	213,049	111,730
Repairs and maintenance - furniture and fixtures	68,000	193,733
	4,606,500	7,264,045

23.7 Communication expenses

	2025	2024 (As Restated)
Telephone expenses	1,895,729	1,750,511
Internet subscription expenses	1,995,272	2,571,991
Postage and courier services	5,191	7,816
	3,896,192	4,330,318

23.8 Training and scholarship expenses

This account represents the training such as Office of the President Planning Session, HRMP Congress 2025 Agility in action thriving through disruption, ISO Training Course, GPC (CCP Credit Card) SOA, Effective Communication Strategies and Planning, Quality Management System, Effective Communication Strategies and Planning. Developing Clear and impactful message that resource with the various audience, ACCESS Online FlexiSynch – Mandatory Continuing Legal Education, National Information and Communications Technology Summit, Law and Regulations on Government Expenditures Training, Arts Education Department Planning/Teambuilding and Evaluation and various workshops. The Training and scholarship expenses amounted to P0.705 million and P1.570 million for the years ended December 31, 2025 and 2024, respectively.

23.9 Travelling expense

	2025	2024 (As Restated)
Traveling expenses-local	144,384	179,669
Traveling expenses-foreign	113,386	359,375
	257,770	539,044

23.10 Other maintenance and operating expenses

	2025	2024 (As Restated)
Production expense	121,804,518	225,799,903
Other maintenance and operating expenses	3,521,491	6,418,887
Subscription expenses	860,994	1,155,693
Rent/lease expenses	2,180,202	11,922,945
Representation expenses	463,533	1,771,395
Printing and publication expenses	138,467	350,441
Advertising, promotional and marketing expenses	527,979	760,269
Membership dues and contributions to organizations	48,873	48,992
Extraordinary and miscellaneous expenses	636,732	-
Transportation and delivery expenses	57,240	-
	130,240,029	248,228,525

Production expenses comprise artists fees, support programs for professional dancers, and innovation/subsistence grants provided to various projects to promote and conserve culture and arts. The projects include but are not limited to Cinemalaya, Virgin Labfest, and Pasinaya.

24. DIRECT COST

This account represents the cost of items under the merchandise inventory that were sold and/or given as complimentary copies or gifts by the CCP. Cost of sales amounts to P3.033 million and P1.149 million for the years ended December 31, 2025 and 2024, respectively.

25. FINANCIAL EXPENSES

This account consists the following:

	2025	2024
Management supervision/trusteeship fees	22,739	470,190
Bank charges	5,497	22,183
Other financial charges	737,123	794,405
	765,359	1,286,778

26. NON-CASH EXPENSES

This account consists the following:

	2025	2024 (As Restated)
Depreciation	39,430,253	38,211,271
Impairment loss on receivables	3,005,967	1,012,630
	42,436,220	39,223,901

27. OTHER NON-OPERATING INCOME, GAINS AND LOSSES

27.1 Other non-operating income

This account pertains to sale of waste materials and unserviceable assets, reprocessing fees of stale checks, and royalty fees for CCP various publications. Miscellaneous income amounts to P5.147 million and P6.330 million for the years ended December 31, 2025 and 2024 respectively.

27.2 Gains

	2025	2024
Gain on forex	83,871	1,825,001
Gain from changes in fair value of financial instruments	1,164,741	2,245,301
	1,248,612	4,070,302

27.3 Losses

	2025	2024
Loss on forex	(1,253,474)	-
Loss from changes in fair value of financial instruments	(120,322)	(2,422,888)
	(1,373,796)	(2,422,888)

28. INCOME TAX EXPENSE

This account represents the estimated income tax payable of the CCP for the taxable year 2025 to be paid on or before April 15 of the following year.

Service and business income	123,858,804
Other non-operating income	-
Total Revenue	123,858,804
Less:	
Cost of Sales	3,032,746
Total Gross Income	120,826,058
Less: Taxable expenses	
Personnel services	74,197,859
Maintenance and other operating expenses	52,809,755
Non-cash expenses	15,273,434
Total taxable expenses	142,281,048
Net taxable income/(loss)	(21,454,990)
Income Tax Expense (25%)	-
Minimum Corporate Income Tax (2% of Gross Income)	2,416,521

29. NET ASSISTANCE/SUBSIDY

This account represents the total amount of subsidies from the NG and other agencies decreased by the financial assistance granted to Resident Companies on a yearly basis.

	2025	2024 (As Restated)
Subsidy from national government	586,346,367	810,063,000
Subsidy from other national government agencies	32,039	44,911
Less: Financial assistance to Non-Government Organization/Civil Society Organization	(170,000)	(925,000)
	586,208,406	809,182,911

**The Resident Companies of the CCP includes NAMCYA, Ballet Philippines, Tanghalang Pilipino, Philippine Madrigal Singers, Philippine Ballet Theatre and Ramon Obusan Folkloric Group.*

The restated balance includes subsidy received in Calendar Year (CY) 2025 that is intended for the expended amount for the rehabilitation of the CCP main building in CY 2024 amounting to P53.063 million.

30. NON-CASH INCOME

During the year, the CCP has received non-cash sponsorship from various companies and organizations in support of its arts programs and activities. These consist of but not limited to media mileage (TV, online, social media, and collaborative community engagement), outdoor advertising, video production equipment, transportation, complimentary vouchers, and other giveaways amounting to P10.601 million.

31. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

	2025	2024 (As Restated)
Surplus/(Deficit) for the period	300,624,063	335,346,750
Non-cash income/expenses:		
Depreciation expense	39,430,253	38,211,271
Impairment loss from receivable	3,005,967	1,012,630
Income from donation in kind	(79,395,448)	-
Interest income from investment	(42,755,846)	(52,962,834)
Gain from changes in fair value of financial instruments	(1,164,741)	(2,245,301)
Loss from changes in fair value of financial instruments	120,322	2,422,888
Gain on forex	(83,871)	(1,825,001)
Loss on forex	1,253,474	-
Decrease/(Increase) in receivables	102,799,100	(165,507,393)
Decrease/(Increase) in inventories	1,788,522	-
Decrease/(Increase) in other current assets	(90,377,206)	3,534,188
Increase/(Decrease) in financial liabilities	(97,464,776)	125,107,801
Increase/(Decrease) in inter-agency payables	8,917,405	-
Increase/(Decrease) in trust liabilities	63,008,214	450,000
Increase in deferred credits/unearned income	(52,979,890)	-
Increase/(Decrease) in other payables	(13,033,985)	-
Prior year adjustments	(42,314,542)	141,446,333
Net cash flow from operating activities	101,377,015	424,991,332

32. RELATED PARTY TRANSACTIONS

32.1 Related party transactions

The CCP does not have dealings with related parties involving transfer of resources and obligations.

32.2 Key management personnel

The key management personnel of the CCP are the Principal Officers, consisting of the President, Vice Presidents for Administration and Finance and the Artistic Sectors. The Governing Body consists of members appointed by the President of the Philippines.

33. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The original budget reflected in the SCBAA for the year ended December 31, 2025 is the proposed Corporate Operating Budget (COB) for the year 2025 and was submitted to the Department of Budget and Management (DBM) for review/evaluation while the final budget is the amount as approved by DBM on March 27, 2025. The proposed/original COB is prepared considering: (1) the CCP's various programs, projects and activities in pursuance of its mandate; (2) the projected revenues and other sources of income to finance and support these programs; (3) actual expenses on previous years; and (4) effects of inflation. Aside from the COB, the CCP had received subsidy appropriated for the implementation of programs.

Changes between the original and final budget are due to the following:

- a. The CCP's revenue target for CY 2025 amounted to P160.818 million as submitted and approved by the DBM. Actual revenue recognized for the year amounted to P283.225 million.
- b. The approved budget amount of P2.701 billion was sourced from the CCP's corporate fund, current year's subsidy, Tobacco inspection fee and prior year's continuing appropriation.
- c. Material differences between the actual expenses as against the budget pertained to the following:
 - Personnel services – the balance pertained to unfilled positions as of the reported year.
 - Maintenance and other operating expenses – favorable variance of P204.056 million was achieved due to cost-cutting measures, reduced maintenance and supply expenses during the building rehabilitation, and lower utility and service costs from limited use of certain areas.
 - Capital outlay – to be collected in the succeeding years since the release of the funds from the DBM for Capital outlay items are dependent upon the submission of billing statements, contracts and purchase orders.

34. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATION NO. 15-2010

Revenue Regulation (RR) No. 21-002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and licenses fees paid or accrued during the year in addition to what is required under the IPSASs and such other standards and/or conventions.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

34.1 Value added tax (VAT)

Details of the CCP's net revenues/receipts and output VAT declared in the CCP's VAT returns filed are as follows:

Particulars	2025	2024
Sales of services	130,429,075	142,624,158
Sale to Government	236,070	-
Total Gross Receipts	130,665,145	142,624,158
<i>Less: VAT exempt sales</i>	-	-
Total Vatable Gross Receipts	130,665,145	142,624,158
Multiply by: Tax Rate	12%	12%
Total Output Tax for the year	15,679,817	17,114,899

Particulars	2025	2024
Output VAT declared for the year	15,679,817	17,114,898
<i>Less: Balance of input VAT at the end of the year</i>	-	53,627
Value Added Tax Payable for the year	15,679,817	17,061,271
<i>Less: VAT Payments for the current year</i>		
1st Quarter	3,048,614	3,894,854
2nd Quarter	4,075,656	4,241,500
3rd Quarter	3,526,710	2,749,491
VAT withheld on sales to government	-	-
VAT Payable (4th Quarter 2025)	5,028,837	6,175,426

34.2 Taxes and licenses

This includes all other taxes, local and national, including licenses and permit fees lodged under the 'Taxes, insurance premiums and other fees' account under the 'Maintenance and Other Operating Expenses' section in the Statement of Financial Performance.

	Amount Paid
National	8,530,399
Local	55,353
BIR	1,600
Total Taxes and Licenses	8,587,352

34.3 Withholding taxes

The amount of withholding taxes paid/accrued for the year amounted to:

a. Withholding tax on compensation

Withholding tax on Compensation	2025
Total Withheld tax for the year	22,697,886
<i>Less: Payments made from January to November</i>	17,194,385
Withholding Tax Still Due and Payable	5,503,501

b. Expanded withholding tax

Expanded Withholding Tax	2025
Total Withheld tax for the year	23,509,523
Less: Payments made from January to November	19,097,576
Withholding Tax Still Due and Payable	4,411,947

c. Final withholding tax

Final Withholding Tax	2025
Total Withheld tax for the year	2,778,450
Less: Payments made from January to November	2,498,933
Withholding Tax Still Due and Payable	279,517

d. Withholding taxes – percentage

Withholding Taxes - Percentage	2025
Total Withheld tax for the year	3,452,821
Less: Payments made from January to November	3,099,805
Withholding Tax Still Due and Payable	353,016

e. Withholding taxes - VAT

Withholding Taxes - VAT	2025
Total Withheld tax for the year	28,035,892
Less: Payments made from January to November	20,454,356
Withholding Tax Still Due and Payable	7,581,536

f. The Documentary Stamp Tax

The Withholding Tax Still Due and Payable amounts to P930.

35. COMPLIANCE WITH GSIS LAW, RA NO. 8291

The CCP complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to the GSIS the employees' and government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. For CY 2025, the CCP collected and remitted the employees' premium contributions and employer's shares in the amount of P43.066 million and P41.442 million, respectively.

36. COMPLIANCE WITH GSIS and PAG-IBIG LAWS

The CCP is compliant with GSIS guidelines on the collections and remittances of GSIS contributions pursuant to RA No. 8291, otherwise known as the GSIS Act of 1997. For CY 2025, the CCP remitted the monthly contributions for life and retirement in the total amount of P41.442 million.

The CCP is also compliant with Rule VII, Section 3 of the Implementing Rules and Regulations of RA No. 9679 in the collection and remittance of contributions to the Pag-IBIG Fund. For CY 2025, the CCP remitted the monthly contributions for Pag-IBIG Premium in the total amount of P4.621 million.

37. INSURANCE OF GOVERNMENT PROPERTIES WITH THE GSIS

The CCP complied with the law and regulations on the insurance of all insurable assets as required under RA No. 656, otherwise known as the "Property Insurance Law", as amended by PD No. 245 dated July 13, 1973. In CY 2025, the CCP insured its properties totaling P547.021 million with the GSIS, as presented below.

Property Insured	Amount Insured	Premium Paid
Building	454,453,951	3,727,864
Visual arts	83,251,850	621,891
Vehicles	9,315,065	127,752
	547,020,866	4,477,507

PART II - AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The correctness of the Trust Liabilities – Others account of the Cultural Center of the Philippines, 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 1.

1.1 Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1 provides that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. Xxx.”*

1.2 Likewise, COA Circular No. 2020-002 dated January 28, 2020, Adoption of the Updated Revised Chart of Accounts for Government Corporations provides that *“Trust Liabilities account is credited to recognize the receipt of amount held in trust for specific purpose. This account is debited for payment or settlement of the liabilities, and/or adjustments.”*

1.3 As at December 31, 2025, the Trust Liabilities account had an aggregate balance of P105.080 million, the details of which are presented in Table 1.

Table 1 – Breakdown of Trust Liabilities accounts

Particulars	Amount
Trust liabilities - NCCA	P1,800,000
Trust liabilities - KBPSPPI	221,570
Trust liabilities - CCPCEO	685,457
Trust liabilities - PIAFI	6,261,463
Trust liabilities - APEC	4,674,470
Trust liabilities - PPO instrument fund	854,062
Trust liabilities - artist scholarship fund	790,595
Trust liabilities - others	89,792,396
Total trust liabilities	P105,080,013

1.4 In Table 1, the balance of Trust Liabilities – Others amounting to P89.792 million includes funds received under various trust arrangements from government agencies and private entities to support the implementation of projects, performances, sponsorships, and cultural activities aligned with Cultural Center of the Philippines’ mandate. These funds were provided pursuant to agreements entered into by CCP for the delivery of specific programs and services in exchange for trust grants.

- 1.5 Examination of available Memoranda of Agreement (MOAs), particularly with the Tourism Promotions Board (TPB) for the Live Performances and Entertainment component of the Philippine National Week at the World Expo 2025 Osaka, showed that P3.128 million was received and recorded as Trust Liabilities – Others in calendar year (CY) 2025. However, notwithstanding the completion of the program and the settlement of the related expenses, no corresponding adjustments were made to the account.
- 1.6 Similarly, for the Artistic and Cultural Performance in Intramuros Evenings funded by the Intramuros Administration, the full program cost amounting to P6 million was recorded under Trust Liabilities – Others. However, the related expenses were not adjusted against the account despite completion of the program. The Audit Team was unable to determine the total expenses incurred related to this program due to the unavailability of required reports from the Financial Services Department (FSD).
- 1.7 Additionally, the Audit Team noted that instead of adjusting/recording the project expenses in the Trust Liabilities account, the CCP recorded the related expenses incurred under the Due from NGAs account.
- 1.8 The summary of the projects and the corresponding expenses incurred per trust arrangement is presented in Table 2.

**Table 2 – Summary of the Projects and Expenses
As at December 31, 2025**

	Date received	Trustor	Project Period (Inclusive Dates)	Recorded in “Trust Liabilities – Others”	Actual project expenses incurred recorded in “Due from NGAs” account
1	April 30, 2025	TPB	April to October 2025	P3,127,898	P11,127,183
2	October 10, 2025	Intramuros Administration	June 19, 2025 to December 31, 2025	6,000,000	Not determinable due to unavailable records from FSD
Total trust liabilities - others				P9,127,898	

- 1.9 In Table 2, for TPB, the Trust Liabilities – Others account had a balance of P3.127 million, while total expenses incurred related to the project amounted to P11.128 million. These expenses were recorded under the Due from National Government Agencies (NGAs) account instead of as an adjustment in the Trust Liabilities account. Due to the improper charging, this resulted in the overstatement of Trust Liabilities – Others by P3.128 million and a corresponding misstatement of the Due from NGAs account.
- 1.10 Similarly, for the Intramuros Administration – MOA, the amount of P6 million was recorded under Trust Liabilities – Others; however, due to the absence of detailed expense records from the FSD, the actual utilization could not be determined. As such, this resulted in the misstatement of Trust Liabilities – Others account by undermined amount.

- 1.11 While receipts of funds were recorded under Trust Liabilities account, the related expenditures were not charged against the account which is contrary to COA Circular No. 2020-002, which provides that Trust Liabilities account shall be debited upon payment or settlement.
- 1.12 Moreover, the Audit Team requested the schedules and Subsidiary Ledgers (SLs) detailing expenses per project to determine the actual expenses incurred and the corresponding balances per trust grant. However, these reports were not provided. Inquiry further disclosed that expenditures were not properly monitored and recorded per trust arrangement, resulting in the absence of reliable data to support the balances of the Trust Liabilities – Others account.
- 1.13 Consequently, the correctness of the balance of Trust Liabilities account amounting to P9.128 million could not be ascertained, as the recorded balance was neither adequately supported by complete records nor properly adjusted to reflect the corresponding project expenditures. This condition affects the fair presentation of the account, contrary to Paragraph 27 of IPSAS 1.
- 1.14 **We recommended that Management:**
- a. **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;**
 - b. **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; and**
 - c. **Strengthen monitoring and control over trust fund transactions by maintaining project-based SLs and ensuring the timely submission of MOAs and supporting documents.**
- 1.15 Management acknowledged the need to ensure the accuracy of the Trust liabilities – others account. The Accounting Division, in coordination with the concerned project management units, shall reconcile trust balances on a per project/trust arrangement basis. Upon completion of the reconciliation, the necessary adjusting journal entries shall be prepared to reflect the correct balances of each trust account and ensure fair presentation of the financial statements. Management also committed to strictly comply with COA Circular No. 2020-002 dated January 28, 2020.
- 1.16 Likewise, to improve accountability and monitoring, Management shall implement control measures, such as establishment of project-based SL, timely submission of MOAs and supporting documents, regular reconciliation of trust balances, and designation of responsible personnel for monitoring trust fund utilization.

1.17 The Audit Team acknowledges Management’s commitments and actions taken and will continue to monitor its compliance with the audit recommendations during the CY 2026 audit.

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; and b) PPE items amounting P1.954 million, acquired prior to year-end, that were not recorded in the accounting books, contrary to the International Public Sector Accounting Standards 1 and 17, and Paragraph 1.17 of the Conceptual Framework for Financial Reporting.

Variance of P7.387 million, in absolute value, between the balances per books and the Report on the Physical Count of PPE (RPCPPE)

2.1 This is a reiteration of the prior year’s audit observation, with updates, as Management has not yet fully implemented the related audit recommendations.

2.2 Paragraph 27 of IPSAS 1, provides as follows:

Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set-out in International Public Sector Accounting Standards (IPSASs). The application of IPSASs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

2.3 Analysis of the PPE accounts of the CCP showed total cost of P2.304 billion, total accumulated depreciation of P677.751 million and carrying value of P1.626 billion as at December 31, 2025, the breakdown of which is presented in Table 3.

Table 3 – Summary of PPE as at December 31, 2025

Account Name	Cost	Accumulated Depreciation	Carrying Value
Land	572,606,387	-	572,606,387
Land improvements	130,150,275	100,644,079	29,506,196
Infrastructure assets	33,291,688	14,579,023	18,712,665
Machinery and equipment	191,278,391	135,901,442	55,376,949
Buildings and other structures	424,994,151	255,709,267	169,284,884

Account Name	Cost	Accumulated Depreciation	Carrying Value
Transportation equipment	25,067,577	16,284,453	8,783,124
Furniture, fixtures and books	41,788,304	19,136,957	22,651,347
Heritage assets	39,461,100	-	39,461,100
Other property, plant and equipment	305,241,156	135,495,727	169,745,429
Construction in progress (CIP)	539,670,896	-	539,670,896
Total	2,303,549,925	677,750,948	1,625,798,977

- 2.4 Comparison of the results of the physical inventory of PPE as summarized in the RPCPPE and the balances of the PPE per books as at December 31, 2025 disclosed variances of P7.387 million in absolute value as presented in Table 4.

Table 4 - Variances between the balances of PPE Account per Books and Per RPCPPE as at December 31, 2025

PPE Sub-accounts	Per Books	Per RPCPPE	Variance (in absolute value)
Information and communication technology (ICT) equipment	38,541,510	38,705,372	163,862
Technical & scientific equipment	130,557,150	128,415,470	2,141,680
Other PPE - musical instruments	37,305,561	39,005,561	1,700,000
Other PPE - building accessories	249,634,961	249,478,594	156,367
Other PPE - others assets (others)	4,884,150	1,658,797	3,225,353
Total	460,923,332	457,263,794	7,387,262

- 2.5 The result of the physical inventory as reported in the RPCPPE should substantiate the existence of the recorded PPE in the financial statements, and any discrepancies noted should be resolved, investigated and reconciled.
- 2.6 Inquiry with the concerned management personnel revealed that the variances are being addressed, and that reconciliation of balances by the Accounting and Property personnel is ongoing. However, the complete resolution of the variances in PPE accounts is expected to take time due to incomplete documentation for certain PPE items.
- 2.7 One of the identified causes of the discrepancy pertains to certain PPE assets that were not recorded by the Accounting Division. These are newly

acquired ICT equipment and musical instrument, which were delivered, inspected and accepted in December 2025, totaling P1.954 million. Excluding the effect of these unrecorded items would reduce the total variance to P5.433 million.

- 2.8 Moreover, the PPE account *Other PPE (Other Assets – Others)* showed a variance of P3.225 million, wherein the balances per accounting records exceeded those reported in the physical inventory. This variance was attributable to Management’s request in August 2023 to derecognize non-existing or missing PPE items under the One-Time Cleansing of PPE Account Balances of Government Agencies. However, the Audit Team denied the request due to insufficient supporting documents.
- 2.9 The noted differences indicate that the PPE account balances per books are higher than the balances per RPCPPE, suggesting that some PPE items recorded in the books may no longer exist, are missing, or have already been disposed of. Thus, the accuracy of the balances of the affected PPE accounts could not be ascertained, contrary to Paragraph 27 of IPSAS 1.

PPE items amounting P1.954 million, acquired prior to year-end

- 2.10 Paragraphs 14 and 19 of IPSAS 17 state that:

14. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) The cost or fair value of the item can be measured reliably.

x x x

19. An entity evaluates under this recognition principle all its property, plant and equipment costs at the time they are incurred. Xxx

- 2.11 Moreover, Paragraph 1.17 of the Conceptual Framework for Financial Reporting (CFFR) states that:

Accrual accounting depicts the effects of transactions and other events and circumstances on a reporting entity’s economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period.

- 2.12 Further review of the account and supporting documents revealed that several newly acquired PPE items totaling P 1.954 million were not recorded in the general ledger.

- 2.13 Verification of the Inspection and Acceptance Report (IAR) and Delivery Receipts (DRs) confirmed that these PPE items were received by the concerned management personnel before the year-end. However, no corresponding Journal Entry Voucher was prepared to recognize the assets. The details of newly acquired PPE items are presented in Table 5.

Table 5 – Newly Acquired PPE Items not yet Recorded

Particulars	Quantity	Amount	Inspection and Acceptance Date
Kandao meeting pro	1	59,750	Dec. 16, 2025
HP envy laptop	2	140,349	Dec. 23, 2025
Omnibook laptop	1	53,500	Dec. 26, 2025
Tosca B flat clarinet	1	1,700,000	Dec. 18, 2025
Total		1,953,599	

- 2.14 The deficiency was attributed to the delay in the submission of invoices, DRs, IARs and other supporting documents to the Accounting Division. Thus, despite the delivery and acceptance of the newly acquired assets, the PPE items were not recognized in the books.
- 2.15 Consequently, the non-recognition of these PPE items resulted in the understatement of both PPE and Accounts Payable accounts by P1.954 million, contrary to the accrual basis of accounting under IPSAS 17 and Paragraph 1.17 of the CFFR.
- 2.16 **We recommended that Management 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 CFFR.**
- 2.17 In response, CCP Management stated that reconciliation efforts are ongoing and variances totaling P1.954 million were adjusted in CY 2026. For the remaining variances, Management will seek assistance from COA-Government Audit Sector through the Audit Team for proper disposition of P3.225 million variance due to insufficient supporting documents and correspondingly, prepare the necessary adjustments upon receipt of their recommendations.

- 2.18 Management further committed to establish proper cut-off procedures between PSD and Accounting Division to ensure complete and timely recording of PPE acquisitions.
- 2.19 As a rejoinder, the Audit Team acknowledges CCP Management for its ongoing reconciliation efforts and the planned coordination between the PSD and Accounting Division to establish proper cut-off procedures. The Audit Team will continuously validate and monitor Management's compliance with the audit recommendations during the CY 2026 audit.
- 3. 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 International Public Sector Accounting Standard (IPSAS) 1 and Paragraph 44 of IPSAS 12.**
- 3.1 Paragraph 27 of IPSAS 1, provides as follows:
- Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in International Public Sector Accounting Standards (IPSASs).*
- 3.2 Moreover, Paragraph 44 of IPSAS 12 provides that “*When inventories are sold, exchanged, or distributed, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or the related service is rendered. The amount of any writedown of inventories and all losses of inventories shall be recognized as an expense in the period the writedown or loss occurs. The amount of any reversal of any writedown of inventories shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.*”
- 3.3 The CCP is mandated, among others, to preserve and promote Philippine culture in all its varied aspects and is mainly carried out through its Cultural Content Department which undertakes activities dealing with literary text and performance text; produces and manages “hard” and “soft” publications; and designs and creates “value added” content for use of the general public and other content providers.
- 3.4 The Inventories account maintained by the CCP amounting to P3.749 million is comprised of the Merchandise Inventory (MI) and Supplies Inventory. The MI account consists of items maintained in the custody of the PSD as well as items held for distribution by the Sales and Promotion Division (SPD). The MI is further classified into three groups: Publications

(including books, magazines, and catalogues), Audio-Visual Materials (such as tapes, DVDs, CDs, and VHS), and General Merchandise (comprising apparel, drinkware, and accessories). The details of Inventory accounts are shown in Table 6.

Table 6 – Inventory Account as at December 31, 2025

Inventory Accounts	Book Value
Merchandise inventory, net	2,242,965
Office supplies inventory	1,505,841
Total	3,748,806

- 3.5 The CCP employs *Xero*, an accounting system equipped with features that maintain the inventory accounts. The inventory report generated from the system showed a balance of P10.731 million, while the Report on Physical Count of Inventory (RPCI) reflected P6.930 million resulting in a discrepancy of P3.801 million. The summary is shown in Table 7.

Table 7 – Balances of Inventories

Per RPCI		Accounting Records Per Xero		Difference in Units	Total Value
Quantity	Amount	Quantity	Amount		
13,439	6,929,679	21,547	10,730,983	8,108	3,801,304

- 3.6 To reconcile the inventory balances, audit revealed that the accounting records (*Xero*) were adjusted to reflect the actual count of inventory per RPCI, with corresponding adjustments in cost of sales, the details of which are presented in Table 8.

Table 8 – Reconciliation of the Balances per Books and RPCI

Balance per books	P 10,730,983
Balance per RPCI	(6,929,679)
Difference	3,801,304
Merchandise inventory - others	(938,640)
Remaining balance for adjustment	2,862,664
Cost of sales per books	170,082
Total cost of sales for the CY 2025	3,032,746

- 3.7 In Table 8, the inventory adjustment of P3.801 million was based solely on the results of physical inventory count without identifying the nature or cause of the discrepancies.
- 3.8 Meanwhile, the Merchandise Inventory - Others account of P0.939 million, was used to record inventory adjustments, including items distributed during events as tokens and giveaways. Instead of directly adjusting the respective inventory accounts, the MI - Others was used as a contra account. This practice is not in accordance with the Revised Chart of

Account, which provides that the only contra account allowed for inventory account is the Allowance for Impairment account.

- 3.9 Considering these inventory adjustments, the CCP recorded a net adjustment P2.863 million affecting both the MI and Cost of Sales accounts. This practice of recording aggregate inventory adjustments without first determining their nature or underlying cause cast doubt on the correctness and reliability of the recorded Inventory accounts.
- 3.10 Moreover, review of sales reports revealed that the reports lacked essential details, such as product names/ descriptions and quantities sold, making it difficult to match recorded sales with corresponding inventory costs. A detailed sales report was requested from the SPD; however, as of this date, the same remains pending submission.
- 3.11 The practice of recording inventory adjustments based solely on results of physical counts, without performing item-by-item reconciliation, coupled with the lack of sales documentation, hindered the accurate determination of the balance of the inventory. Consequently, the correctness of the Cost of Sales account balance cannot be determined, contrary to Paragraph 27 of IPSAS 1 and Paragraph 44 of IPSAS 12.
- 3.12 **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.**
- 3.13 CCP Management commented that the Marketing Department, Administrative Services Department, and FSD will conduct a detailed reconciliation of inventory records against physical inventory count to determine the discrepancies. After the reconciliation, necessary journal entries will be made to correct the balances of Inventory accounts.

3.14 The Audit Team acknowledges Management's comments and will continue to monitor compliance with the related audit recommendations during the CY 2026 audit.

B. NON-FINANCIAL

- 4. The Cultural Center of the Philippines utilized its Corporate Funds to implement a program despite the non-receipt of funding from the Tourism Promotions Board and without complete documentary support for the modified payment arrangements, contrary to the provisions of the Memoranda of Agreement and Presidential Decree No. 1445, thereby exposing CCP funds to the risk of unauthorized or irregular disbursements and weakened accountability in program implementation.**

4.1 On March 21, 2025 and May 23, 2025, CCP entered into MOAs with TPB to undertake the program entitled, “*Service Provider for the Talent and Live Performance Management in the Philippine Participation in the World Expo 2025 Osaka*”, which will be implemented in the Philippine Pavilion at the World Expo 2025 Osaka, Japan, from April 13, 2025 to October 13, 2025 amounting to P15.639 million and from June 7 to 12, 2025 amounting to P52 million, respectively.

4.2 The program aims to showcase Filipino Culture and Heritage by featuring a series of immersive live performances that the audience can join that highlighted the rich and cultural heritage of the Philippines, including traditional dances, music and storytelling that resonate with international audiences.

4.3 The MOAs provide for the following:

Section 1, Responsibilities of the Parties, of the MOA dated March 21, 2025 relative to P15.639 million:

Obligations and Responsibilities of TPB:

1. *To facilitate the payment to CCP for the delivery of services in the total amount of FIFTEEN MILLION SIX HUNDRED THIRTY-NINE THOUSAND FOUR HUNDRED NINETY PESOS ONLY (PhP 15,639,490.00), inclusive of all applicable taxes, chargeable against the approved FY 2025 World EXPO- Osaka relative to the World Expo 2025 Osaka Project.*

Xxx

Section 1, Responsibilities of the Parties, of the MOA dated May 23, 2025 relative to P52 million:

Obligations and Responsibilities of TPB:

1. *To facilitate the payment to CCP for the delivery of services in the total amount of FIFTY-TWO MILLION PESOS ONLY (PhP 52,000,000.00), inclusive of all applicable taxes, chargeable against the approved FY 2025 World EXPO- Osaka relative to the World Expo 2025 Osaka Project.*

xxx

Further, both MOAs provide for the following obligations on the part of CCP:

Obligations and Responsibilities of CCP:

1. *Accept the Program Cost appropriated for the completion of the PROGRAM and place the same in a trust account of the CCP for the PROGRAM. Deposit the payment for the PROJECT to the designated authorized depository bank only.*

xxx

5. *Treat the payment as a trust liability; maintain a separate subsidiary ledger for the cash transferred pertaining to the PROGRAM; and ensure that the funds are properly utilized for the purpose for which the same is intended, subject to the usual budgeting accounting and auditing rules and regulations.*

6. *Issue an Official Receipt, Acknowledgment Receipt or the appropriate invoice immediately upon receipt of amount of FIFTEEN MILLION SIX HUNDRED THIRTY-NINE THOUSAND FOUR HUNDRED NINETY PESOS ONLY (PhP 15,639,490.00) or whatever amount received from TPB.*

xxx

9. *Within thirty (30) days after the conclusion of each of the project and activities under the approved PROGRAM, the CCP shall submit to TPB the following:*

- *Terminal Report;*
- *Report of Payment/Report of Disbursement/Report of Checks Issued;*
- *Receipts/Invoices, if any;*
- *Contract of Agreements with suppliers/contractors/consultants, if applicable;*
- *Vouchers, if any;*
- *Photos/Images, News Articles, Brochures, Magazines, Flyers, if applicable;*
- *Proof of logo/tourism material in conspicuous areas;*
- *Sample of promotional materials;*
- *Return on marketing investment (ROMI)/Return of Investment (ROI), if applicable;*
- *Cost benefit analysis, if applicable; and*
- *Other supporting documentation.*

The reports shall be approved by the Head of the CCP.

4.4 Meanwhile, under Presidential Decree (PD) No. 1445:

"Trust funds" refers to funds which have come officially into the possession of any agency of the government or of a public officer as trustee, agent, or administrator, or which have been received for the fulfillment of some obligation. (Section 3)

Trust funds shall be available and may be spent only for the specific purpose for which the trust was created or the funds received. (Section 4[3])

No money shall be paid out of any public fund or depository except in pursuance of an appropriation law or other specific statutory authority. (Section 4)

- 4.5 Audit of the implementation of the program disclosed that the MOAs between the parties expressly provide that the program funds shall be received by CCP, treated as trust funds, and deposited in a designated trust account to be utilized solely for the intended program.
- 4.6 However, at the inception of the program, CCP did not receive any portion of the program funds from TPB, as required under the MOAs. Despite the lack of initial funding, CCP proceeded with the implementation of the program using its Corporate/General Funds to cover expenses for transportation, airfare, performances, and other related costs.
- 4.7 Subsequently, during the implementation of the program, CCP received only P3.128 million, which was recorded under the Trust Liability account. However, notwithstanding substantial completion of the program, the remaining balance of the total program cost amounting to P64.511 million for the two projects was not released by TPB as of December 31, 2025.
- 4.8 Further, CCP was unable to comply with its obligation to submit, within 30 days after the conclusion of each project and activity, the required post-implementation reports and supporting documents.
- 4.9 These practices are inconsistent with the provisions of the MOAs, which require that the program cost be received by CCP and deposited in a designated trust account prior to utilization. They are likewise inconsistent with the fundamental principles governing trust funds under PD No. 1445. Thus, the non-receipt of the program funds led to the use of CCP's own funds.
- 4.10 In an audit query, the Audit Team inquired as to the reasons for the non-receipt of the program funds. The FSD stated that the delay was due to ambiguity in the proper recording of transactions arising from inter-agency procurement arrangements. It further stated that, during a meeting with TPB, the parties agreed that full payment would be made only upon completion of the project. However, no documentary evidence was presented to the Audit Team to substantiate the existence of such agreement between the parties.

- 4.11 The utilization or advancement of Corporate/General Funds to finance programs intended to be funded under trust arrangements exposes CCP funds to the risk of unauthorized or irregular disbursements and weakens accountability due to deviations from the MOAs without proper documentation.
- 4.12 **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.**
- 4.13 In response, CCP Management acknowledged the audit recommendations and committed to implement the following actions: (a) establishment of a more structured coordination system not only with the TPB but also with other agencies where CCP is engaged as a service provider; and (b) strict prohibition on the use of Corporate/General funds for trust-funded activities, except in highly exceptional cases, subject to prior written authority from Management.
- 4.14 Further, Management committed to seek the amendment of the contract with TPB, particularly on the payment terms and conditions, and to submit the same to the Audit Team for appropriate review.
- 4.15 The Audit Team acknowledges Management's commitment and will continue to monitor compliance with the related audit recommendations. Further, the Audit Team will await the submission of the corresponding supporting documents to substantiate the actions undertaken.

5. **Payments for consultancy services totaling P2.616 million were charged against projects funded under the General Appropriations Act without obtaining the required approval from the Department of Budget and Management, 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 No. 595. Consequently, the expenditures were not made in accordance with applicable budgeting rules and regulations.**

- 5.1 General Provisions of the 2025 General Appropriations Act (GAA) provides that:

Sec. 80. Rules on Modification in the Allotment. As a general rule, departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, and SUCs shall spend what is programmed in their respective appropriations in this Act. In exceptional circumstances, agencies may modify the allotment issued within an activity or project subject to approval of the following ensued by the timely submission of reports by all offices concerned:

- a. The heads of agencies or their duly authorized representatives who shall be the official next-in-rank, for the following: (i) change in the details of an activity or project without changing its nature and within the same operating unit; and (ii) change in the object of expenditure (travelling expenses or investment outlays) within an allotment class (MOOE or Capital Outlays);*
- b. The DBM, in the following modifications: (i) from one allotment class to another; and (ii) from one operating unit to another; and*
- c. The President of the Philippines, for the payment of intelligence funds within the Executive branch.*

- 5.2 National Budget Circular (NBC) No. 595 on the Guidelines on The Release of Funds for Fiscal Year (FY) 2025 provides that:

5.1 Approving Authorities

5.1.1 Modification in Allotments

*5.1.1.1 Agency Heads or their duly authorized representatives.
xxx.*

5.1.1.2 The DBM for:

- From one allotment class to another;*
- From one OU to another;*
- For the payment of newly authorized Magna Carta Benefits not otherwise appropriated; and*

The modification of allotments shall be supported with:

- SBR;
- Latest FAR No. 1 and FAR No. 1-A to show balances per object of expenditure;
- BED No. 1, as revised;
- BED No. 2, as applicable;
- Latest SAAODB;
- Justification for the proposed modification; and
- Certification of Actual Deficiency and Sources of Funds signed by the Budget Officer, identifying the affected P/A/Ps and objects of Expenditure (“From” and “To”)

5.3 In CY 2025, the CCP engaged the services of a Communications Strategy Consultant and a Supply Chain Specialist Consultant. The duties and responsibilities of each consultant, as stipulated in the contracts and Terms of Reference, are as follows:

1. *The Communications Strategy Consultant’s responsibilities include the development of comprehensive communications strategy, stakeholder engagement and relations management, crisis communication and risk mitigations, content development and media relations, digital communication strategy, public relations and milestone celebration, and monitoring, evaluation and reporting of the effectiveness of the communication efforts.*
2. *The Supply Chain Specialist Consultant is responsible for developing and implementing comprehensive supply chain strategies, managing the entire procurement process, optimizing inventory management, analyze supply chain data and recommend improvements, ensure compliance with relevant regulations and policies and collaborating with various departments to align supply chain activities with organizational needs.*

5.4 Meanwhile, the duration and monthly payments to the consultants are presented in Table 9.

Table 9 – Summary of Consultancy Engagements and Corresponding Payments

Consultancy	Duration of Contract	Monthly Cost	Amount Paid
Communication strategy	11/12/2024 – 05/12/2025	120,000	720,000
	05/27/2025 – 11/27/2025	126,000	756,000
Supply chain specialist	11/29/2024 – 05/29/2025	80,000	480,000
	06/03/2025 – 12/03/2025	110,000	660,000
Total			2,616,000

5.5 Audit of transactions disclosed that the payments for the consultants totaling P2.616 million were sourced from subsidy funds appropriated for the rehabilitation of the CCP Main Building, as evidenced by the Budget Utilization Request (BUR). These expenditures were initially recognized under CIP account but were subsequently reclassified to Other

Professional Services account without the necessary supporting documents.

- 5.6 Further verification disclosed that the duties and responsibilities, scope of work and deliverables outlined in the contracts were not directly related to the ongoing rehabilitation project of the CCP. Also, the accomplishments attached to the disbursement vouchers do not qualify as capitalizable expenditures that may form part of the cost of the building.
- 5.7 As a result, there was a modification of the allotment class, wherein funds appropriated for Capital Outlay (CO) were utilized to finance Maintenance and Other Operating Expenses (MOOE). Such reclassification requires prior approval from the Department of Budget and Management (DBM), pursuant to Section 80(b) of the FY 2025 GAA. However, no evidence of DBM approval was submitted.
- 5.8 An audit query was issued to Management to determine whether the required DBM approval had been secured. In its reply, Management cited provisions in the approved Corporate Operating Budget (COB) for CY 2024, stating that, *“Notwithstanding the aforementioned variance in MOOE, CO and Personnel Services, the CCP still has the flexibility to modify its utilization within the total DBM-approved budget level.”* Management maintained that this authority dispensed the need to obtain DBM approval for the modification of the allotment of funds.
- 5.9 However, the Audit Team emphasized that the cited provision of COB pertains to only to flexibility within the same allotment class and does not extend modifications across allotment classes, which require DBM approval under the GAA.
- 5.10 The unauthorized reallocation of funds constitutes non-compliance with established budgeting rules and regulations and may expose the Agency to potential delays or deficiencies in the completion of the intended rehabilitation project due to the diversion of funds from their intended purpose.
- 5.11 **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.**

- 5.12 In response, CCP Management explained that CCP complied with the provisions of the GAA, and that all expenditures charged against government funds are duly supported with appropriate documentation and properly recorded in the books of accounts. As per records of the Budget Division for FY 2025, payments for consultancy services were charged against MOOE and not against the funds appropriated for the rehabilitation of the main building. Management likewise reiterated that, pursuant to its authority under the COB, CCP is not required to secure approval from the DBM for modifications in the allotment of funds.
- 5.13 Nevertheless, Management noted the audit observations and committed to comply with the audit recommendations. Any exceptions shall require proper justification and prior authorization from the appropriate oversight agency. Further, Management committed to strengthen budgetary controls.
- 5.14 As a rejoinder, the Audit Team acknowledges Management's assertion. However, it maintains that based on the BUR forms and consultancy contracts submitted for audit, which were duly certified and signed by the Department Manager of the FSD as to budget availability and earmarking/utilization for the intended purpose, it was explicitly indicated that the source of funds pertains to the rehabilitation of the CCP Main Building.
- 5.15 Moreover, Management's claim that the said expenditures were charged to MOOE is not supported by sufficient documentary evidence for the Audit Team's verification. In the absence of such supporting documents, the Audit Team maintains its position as discussed in the audit observation. Nonetheless, the Audit Team acknowledges Management's commitment to comply with the other audit recommendations.
- 6. The rehabilitation of the CCP Main Building, with a contract amount of P435 million, significantly deviated from the original project schedule due to the discovery of substantial structural defects that were not identified during the initial building assessment, resulted in delays in project completion and the incurrence of additional project costs totaling P355 million, contrary to Section 17.6 of Republic Act No. 9184 and Section 2 of Presidential Decree No. 1445.**

- 6.1 Section 17.6 of Republic Act (RA) No. 9184 states:

No bidding and award of contract for Infrastructure Projects shall be made unless the detailed engineering investigations, surveys and designs, for the project have been sufficiently carried out and duly approved in accordance with the standards and specifications prescribed by the HoPE concerned or his duly authorized representative. Xxx

6.2 Moreover, Section 2 of PD No. 1445 provides:

It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

6.3 The CCP Main Building accommodates the administrative offices and three theaters, which host a variety of performances. In view of the aging and deteriorating condition of the Main Building, the Management initiated the rehabilitation of the structure to ensure the safety of its occupants, achieve compliance with prevailing building standards and regulations, and preserve the national landmark.

6.4 The CCP was granted authorization by the DBM to obligate P443 million for the rehabilitation of its main building under Special Allotment Release Order No. BMB-C-17-0021304. As at December 31, 2025, cumulative fund releases to the agency totaled P259.915 million.

6.5 Following a successful competitive bidding for the rehabilitation project, CCP executed a contract on June 25, 2021 amounting to P435 million, with a project duration from March 2022 to March 2025. The Notice to Proceed was received by the Contractor on March 29, 2022, which indicated the start date of the project. The scope of works under the contract is presented in Table 10.

Table 10 – Details of Rehabilitation Project

No.	Description	Relative Weight	Cost
I	General requirements	2.63%	11,449,930
II	Architectural works	5.69%	24,747,472
III	Structural retrofitting works	16.94%	73,700,765
IV	Mechanical works	32.35%	140,713,398
V	Fire protection system	6.54%	28,434,130
VI	Plumbing works	10.67%	46,424,958
VII	Electrical works	18.47%	80,365,990
VIII	Auxiliary works	6.70%	29,163,357
Total		100.00%	435,000,000

6.6 As at December 31, 2025, the rehabilitation project remained ongoing and had not yet been completed within the agreed original contract period.

6.7 The Audit Team requested accomplishment reports or similar documentation as at December 31, 2025; however, only data for the actual accomplishments as at January 10, 2026 was provided. The details are shown in Table 11.

Table 11 – Actual Accomplishment as at January 10, 2026

No.	Description	Percentage of Accomplishment	Actual Cost
I	General requirements	85.14%	9,748,317
II	Architectural works	99.55%	24,637,271
III	Structural retrofitting works	98.55%	72,633,443
IV	Mechanical works	27.39%	38,546,903
V	Fire protection system	70.73%	20,113,149
VI	Plumbing works	62.47%	29,000,420
VII	Electrical works	34.12%	27,419,406
VIII	Auxiliary works	35.05%	10,221,383
Total			232,320,292

- 6.8 As presented in Table 11, of the total contract amount of P435 million, only P232.320 million or 53.41 percent, had been utilized as at January 10, 2026. Furthermore, no work component had been fully completed. Notably, progress in mechanical, electrical and auxiliary works remained low, with accomplishment rates of only 27 percent, 34 percent and 35 percent, respectively.
- 6.9 Verification disclosed that the delay in the implementation of the project was primarily attributable to the discovery of additional structural and related defects that were identified only during the actual implementation of the rehabilitation works. These defects required additional scope of work, corresponding adjustments in project plans, and the issuance of extensions of time.
- 6.10 Review of documentation revealed that, on February 21, 2025, shortly before the expiry of the contract, the CCP Board of Trustees approved the extension of the project until January 30, 2027.
- 6.11 Moreover, on April 24, 2025, CCP entered into another contract with the same contractor for P355 million under negotiated procurement. The second contract was intended to address additional works that were not identified during the initial planning phase but were necessary for the full implementation of the original project.
- 6.12 Inquiry further revealed that the initial building assessment and evaluation activities were conducted while the CCP main building remained occupied. This condition may have constrained the extent of inspection procedures, particularly those requiring detailed examination, such as the opening of walls, ceilings, and other concealed components of the building. As a result, certain hidden defects may not have been fully identified during the planning stage, contributing to the subsequent revisions of project scope and timeline.
- 6.13 Nevertheless, the absence of a comprehensive pre-rehabilitation assessment, including detailed engineering investigations, surveys and designs as contemplated under Section 17.6 of RA No. 9184, limited the completeness of the initial project scoping. The substantial extension of

nearly two years indicates that significant portions of the required work were not fully captured during the planning stage, resulting in major scope revisions, delayed project's completion, and additional cost of P355 million.

6.14 The prolonged project implementation may further expose the agency to potential cost implications arising from contract variations and price adjustments. It may also affect operational efficiency and disrupt planned programs and activities that depend on the availability of the main building, particularly the three theaters.

6.15 **We recommended Management that, moving forward:**

a. **Enhance the planning phase of future rehabilitation and infrastructure projects by undertaking more comprehensive and detailed assessments to uncover potential hidden defects;**

b. **Consider, where feasible, appropriate scheduling or phase clearing of project sites to allow more thorough evaluation of structural conditions prior to finalizing the project scope; and**

c. **Strengthen project monitoring, coordination, and control mechanisms to promptly address unforeseen conditions and facilitate the timely completion of rehabilitation projects.**

6.16 Management explained that the delays in the CCP Main Building Rehabilitation Project were due to unforeseen structural defects discovered during implementation, which required necessary interventions to ensure long-term safety and integrity. Management further emphasized that the project has been managed with diligence and in compliance with heritage conservation standards, procurement laws, and regulatory requirements, with continued coordination with relevant agencies and commitment to transparency and compliance with audit recommendations.

6.17 The Audit Team acknowledges Management's comments. Management is encouraged to continuously ensure compliance with applicable laws, rules, and regulations, and to maintain effective coordination with concerned agencies to support transparency and accountability.

7. **The Cultural Center of the Philippines prepared its Gender and Development (GAD) Plan and Budget (GPB), allocating at least five percent of its total budget to GAD-related programs, activities and projects (PAPs), and submitted its GAD Accomplishment Report for calendar year 2025. However, the GPB was not endorsed by the Philippine Commission on Women (PCW) due to its late submission, contrary to PCW-National Economic and Development Authority-Department of Budget and Management Joint Memorandum Circular No. 2022-01. Consequently, the planned GAD interventions did not undergo the prescribed review and endorsement process, thereby limiting the assurance that these are fully aligned with gender-responsive planning and budgeting guidelines and responsive to identified gender issues within the agency.**

7.1 **Section 36 of the RA No. 9710, or the Magna Carta for Women provides that:**

All government agencies, including government-owned and/or controlled corporations, shall adopt gender mainstreaming as a strategy to promote women's human right and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures. GAD Planning shall be integrated in the regular activities of the agencies, the cost of implementation of which shall be at least five percent of their total budgets.

7.2 Likewise, Item 2.4 of the PCW, National Economic and Development Authority (NEDA) and DBM Joint Memorandum Circular (JMC) No. 2022-01 provides, among others that all government departments, including their attached agencies, offices, bureaus, State Universities and Colleges, Government-Owned and/or Controlled Corporations (GOCCs), Local Government Units and other government instrumentalities shall formulate their annual GPB within the context of their mandates to mainstream gender perspectives in their policies, programs, and projects.

7.3 Moreover, PCW Memorandum Circular No. 2024-03, dated August 27, 2024, sets the deadline of submission of the GPBs for fiscal year 2025 through the PCW Gender Mainstreaming Monitoring System for GOCCs on December 2, 2024.

7.4 Audit of the GPB, GAD Accomplishment Report (AR) and supporting documents disclosed that the CCP was able to prepare its GPB; however, it failed to secure endorsement from the PCW for the CY 2025 due to late submission.

7.5 Moreover, CCP allocated P1.955 billion for GAD-related activities, equivalent to 72.38 percent of the COB of P2.701 billion for CY 2025. The details of the allocation is summarized in Table 12.

Table 12 – Distribution of Budget

GAD Activity	Number of activities	GAD Budget
Client focused (rehabilitation of the CCP Main Building, festivals, performances/exhibitions, trainings/capability building)	13	1,882,134,000
Organization focused (in-house and external trainings, corporate events, employee engagement programs, health and wellness program)	8	5,381,200
Client and organization focused (maintenance of indoor facilities, CCP's front house apprenticeship program)	2	67,081,000
Total	23	1,954,596,200

- 7.6 Interviews conducted revealed that the submission of the GPB was delayed due to timing and capacity limitations. The CCP GAD Committee acquired sufficient technical understanding of GPB preparation only after attending the seminar in March 2025, which clarified the processes, templates and documentation prescribed by the PCW. In addition, the reorganization of the GAD Committee and Technical Working Group led to a transitional phase, which further delayed the consolidation and finalization of the GPB.
- 7.7 As a result, the GPB did not undergo the standard submission, review, and endorsement process by the PCW. Although CCP has requested an extension, the same was denied by PCW through an electronic mail dated February 6, 2026.
- 7.8 Meanwhile, CCP prepared and submitted its GAD AR to PCW on March 15, 2026. Based on the GAD AR, CCP was able to implement 3 and partially implement 6 out of the 23 GAD-related activities totaling to P1.489 billion, equivalent to 76.16 percent of the GPB. The remaining 14 could not be verified due to insufficient supporting documents.
- 7.9 Moreover, the GPB and GAD AR were submitted to the Audit Team only on March 27, 2026, despite several prior requests. This delay provided insufficient time for a comprehensive evaluation of the GAD AR.
- 7.10 The non-submission of the GPB to the PCW prevented its review and endorsement, as required under applicable guidelines. Such review is critical to ensure that the GAD budget, given its significant allocation, is strategically used to address gender issues within the GOCC's mandate and aligned with national gender initiatives. Thus, CCP must ensure timely compliance with the prescribed submission guidelines to facilitate proper review and endorsement.
- 7.11 Consequently, the planned GAD interventions may not have undergone the prescribed validation process for gender-responsiveness, and their alignment with established guidelines and identified gender issues with the agency could not be fully ascertained.
- 7.12 **We recommended that CCP Management:**
- a. **Ensure the timely preparation and submission of the GPB and GAD AR to the PCW for review and endorsement, in accordance with PCW-NEDA-DBM JMC No. 2022-01; and**
 - b. **Provide the Audit Team with copies of the GPB and GAD AR within the timelines prescribed under COA Circular No. 2014-001, to enable the conduct of audit on the CCP's GAD-related Programs and Activities.**
- 7.13 Management committed to timely prepare and submit the GPB and GAD AR to the PCW in compliance with PCW-NEDA-DBM JMC No. 2022-01. Likewise, Management assured that all supporting documents would be submitted to the Audit Team in a timely manner.

7.14 The Audit Team acknowledges Management’s commitment and will continue to monitor compliance with the applicable requirements and submission of supporting documents during the CY 2026 audit.

COMPLIANCE WITH TAX LAWS

8. The CCP has consistently withheld taxes on salaries, wages, and other employee benefits, as well as on payments for goods and services, which are duly remitted to the Bureau of Internal Revenue (BIR). For CY 2025, total taxes withheld amounted to P80.475 million, while total remittances to the BIR reached P62.345 million. The remaining balance of P18.130 million, as at December 31, 2025, was subsequently remitted in January 2026.

COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM, HOME DEVELOPMENT MUTUAL FUND (PAG-IBIG), and PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) LAWS

9. The CCP complied with the Government Service Insurance System (GSIS) guidelines on the collection and remittance of GSIS contributions, pursuant to RA No. 8291, otherwise known as the GSIS Act of 1997. For CY 2025, the CCP remitted a total of P41.442 million in monthly contributions for life and retirement insurance. Moreover, the Center is compliant with Rule VII, Section 3 of the Implementing Rules and Regulations of RA No. 9679 concerning the collection and remittance of contributions to the Pag-IBIG Fund, having remitted a total of P4.621 million for CY 2025. Further, pursuant to RA No. 7875, the CCP remitted a total of P6.518 million to the PHILHEALTH for CY 2025.

INSURANCE OF GOVERNMENT PROPERTIES WITH THE GSIS

10. The Center complied with the requirements of RA No. 656, otherwise known as the “Property Insurance Law”, as amended by PD No. 245 dated July 13, 1973, by ensuring that all insurable assets were properly covered. In CY 2025, the Center insured its properties with GSIS totaling P547.021 million, as presented in Table 13.

Table 13 – List of Insured Properties

Property Insured	Amount Insured	Premium Paid
Building	454,453,951	3,727,864
Visual arts	83,251,850	621,891
Vehicles	9,315,065	127,752
	547,020,866	4,477,507

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

11. There were no unsettled audit suspensions, disallowances and charges as at December 31, 2025.

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S
AUDIT RECOMMENDATIONS**

Of the 15 audit recommendations embodied in the prior year's Annual Audit Report (AAR), ten were fully implemented and five were not implemented. Details are as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
Financial			
AAR 2024 Audit Observation (AO) No. 1 p. 55	The fair presentation of the Property, Plant and Equipment (PPE) accounts, totaling P1.910 billion with a carrying amount of P1.273 billion as at December 31, 2024, could not be established due to a variance of P6.965 million in absolute value between the balances per books and the Report on the Physical Count of Property, Plant and Equipment, contrary to Paragraph 27 of the International Public Sector Accounting Standard 1 and Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	We recommended that CCP Management: a. Require the AD, in coordination with the PD, to prepare and submit a Reconciliation Action Plan, indicating the specific PPE items for reconciliation, assigned personnel, required supporting documents and realistic timelines for completion; b. Ensure the conduct and completion of the reconciliation process, and submit a Reconciliation Report to the Audit Team, duly signed by both AD and PD, detailing the actions taken, adjustments made, and remaining unresolved variances, if any; and c. Require the AD to prepare necessary adjusting entries, consistent with the results of the	Not Implemented Reiterated with updates as discussed in Part II – Observations and Recommendations, Observation No. 2 of this Report. Fully Implemented Fully Implemented

Reference	Observations	Recommendations	Actions Taken/ Comments
		reconciliation.	
AAR 2024 AO No. 2 p. 58	The CCP was not able to recognize the accrued liabilities arising from the money value of earned leave credits amounting to P57.928 million as at December 31, 2024, resulting in the understatement of the Leave Benefits Payable account and the overstatement of the Accumulated Surplus/(Deficit) account by the same amount, contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) 1, Paragraph 11(a) of IPSAS 39 and Paragraph 3.10 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	We recommended, and CCP Management agreed, to require the AD to: <ul style="list-style-type: none"> a. Prepare the necessary adjusting entries to correct the balances of the affected accounts; b. In coordination with the Human Resource Management Department, monitor and determine the accumulated leave credits of CCP employees on a regular basis; and c. Henceforth, ensure that earned leave credits are recorded at year-end, in compliance with Paragraph 27 of IPSAS 1, Paragraph 11(a) of IPSAS 39 and Paragraph 3.10 of the CFGPFR by Public Sector Entities. 	Fully Implemented Fully Implemented Fully Implemented
Non-Financial			
AAR 2024 AO No. 3 p. 61	The Cultural Center of the Philippines failed to comply with the 2016 Revised Implementing Rules and Regulations of	We recommended that CCP Management: <ul style="list-style-type: none"> a. Cease the use of direct hiring of 	Fully Implemented

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>Republic Act (RA) No. 9184 in connection with the Rebranding Project amounting to P10.000 million. Specifically, the following deficiencies were noted:</p>	<p>consultants unless justified under the specific conditions outlined in Rule XVI of the 2016 Revised IRR of RA No. 9184, and reinforce the use of public bidding as the primary mode of procurement, and only resort to alternative modes, such as Negotiated Procurement (Highly Technical Consultants), when clearly warranted and properly documented;</p>	Fully Implemented
	<p>a. Resorting to direct hiring of various consultants without undergoing the required public bidding, in violation of Sections 2 and 10, Rule IV;</p>	<p>b. Issue internal procurement guidelines explicitly prohibiting the splitting of contracts, as defined under Section 54.1 of the IRR, and require that all related project phases and deliverables be consolidated in a single procurement package whenever feasible;</p>	Not Implemented
	<p>b. Splitting of contracts to circumvent competitive bidding, in violation of Section 54.1, Rule XV; and</p>	<p>c. Institute a review mechanism within the organization to detect possible instances of contract splitting and provide early intervention prior to award or execution;</p>	Subject to validation upon receipt of the supporting documents.
	<p>c. Non-inclusion of the procurement in the Annual Procurement Plan, contrary to Section 7, Rule II, and Section 1, Annex F.</p>		
	<p>These lapses undermined the principles of transparency, competitiveness, and accountability in public procurement processes. It is crucial for government agencies to strictly adhere to the guidelines set forth in RA No. 9184 to ensure fair and efficient procurement practices. Moreover, the consultants engaged under the project received irregular payments, unauthorized settlements of fees, and unjustified contract</p>		

Reference	Observations	Recommendations	Actions Taken/ Comments
	discounts, contrary to Sections 2 and 4(5) of Presidential Decree No. 1445.	d. Strictly require the inclusion of all projects in the APP prior to implementation, in accordance with Section 7, Rule II of the 2016 Revised IRR of RA No. 9184, to ensure alignment with agency budget and procurement timelines;	Fully Implemented
		e. Require the early preparation and proper approval of the Project Profile and TOR, ensuring that they are signed by authorized officials and clearly reflect the scope, objectives, and budget for each procurement undertaking;	Not Implemented Subject to validation upon receipt of the supporting documents.
		f. Require that all procurement-related contracts be subject to review by the Legal Office prior to finalization, to ensure compliance with applicable procurement laws and circulars; and	Fully Implemented
		g. Conduct a formal internal investigation on the unauthorized fee settlements and questionable contract discounts to determine liability of the involved officials and consultants.	Fully Implemented For validation of the submitted supporting documents.

Reference	Observations	Recommendations	Actions Taken/ Comments
AAR 2024 AO No. 4 p. 72	The CCP was unable to submit its Gender and Development (GAD) Plan and Budget, as well as the GAD Accomplishment Report, to the Audit Team within the prescribed deadline, contrary to COA Circular No. 2014-01, thus precluding the Audit Team from assessing CCP's GAD-related programs, projects, and programs, thereby affecting the evaluation of gender-responsive initiatives within the organization.	<p>h. Submit a detailed action plan with justifications, outlining concrete steps to implement the audit recommendations and to prevent the recurrence of similar issues in the future.</p> <p>Moving forward, we recommended that CCP Management ensure the timely preparation and submission, the GPB and GAD AR to the PCW for review and endorsement in accordance with the deadlines set forth in the applicable Memorandum Circulars issued by the PCW, and provide the Audit Team with copies of the GPB and GAD AR within the timelines prescribed under COA Circular No. 2014-001, to enable the conduct of audit on the CCP's GAD-related Programs and Activities.</p>	<p>Not Implemented</p> <p>Subject to validation upon receipt of the supporting documents.</p> <p>Not Implemented</p> <p>Reiterated with updates as discussed in Part II – Observations and Recommendations, Observation No. 7 of this Report.</p>