



EXECUTIVE SUMMARY

INTRODUCTION

The National Grains Authority (NGA) was created under Presidential Decree (PD) No. 4 dated September 26, 1972, otherwise known as the National Grains Industry Development Act, with the mandate of promoting the integrated growth and development of the grains industry covering rice, corn, feed grains, and other grains like sorghum, mongo and peanut; providing food security in the staple cereals in times and places of calamity or emergency, natural or man-made; and promoting the stabilization of supply and prices of staple cereals both at the farm gate and consumer levels.

On January 14, 1981, PD No. 1770 reconstituted the NGA into the National Food Authority (NFA or "the Authority") and widened the Authority's social responsibilities and commodity coverage to include, in addition to grains, other food items like raw or fresh fruits and vegetables and fish and marine, manufactured, processed or packaged food products, which were collectively referred to as non-grains commodities.

On May 31, 1985, Executive Order (EO) No. 1028 was issued to deregulate the NFA's non-grains marketing activities. This resulted in the termination of the NFA's non-grains trading activities and the return of feed grains and wheat importation to the private sector as well as the lifting of price controls/ceilings on rice and corn.

Pursuant to EO No. 116 dated January 30, 1987, the NFA was detached from the Office of the President (OP) of the Philippines and was realigned under the Department of Agriculture (DA) to respond to policy changes with emphasis on private sector participation towards strengthening a freer, market-oriented enterprise economy and tend towards liberalization, privatization and deregulation.

Under EO No. 398 dated January 31, 1997, the NFA was tasked to undertake procurement of sugar when necessary. Further, EO No. 22 issued in September 1998, authorized the NFA to perform marketing operation of other basic food items.

On May 5, 2014, pursuant to EO No. 165, the NFA, together with the National Irrigation Administration (NIA), Philippine Coconut Authority (PCA), and Fertilizer and Pesticide Authority (FPA), were transferred from DA to the OP of the Philippines to enhance and coordinate their efforts in fulfilling their respective mandates. These agencies were under the oversight supervision of the then Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP of the Philippines. Under EO No. 1 dated June 30, 2016, the NFA, among other agencies under the OPAFSAM, was reassigned to the Office of the Cabinet Secretary of the OP of the Philippines. EO No. 1, series of 2016 was amended by EO No. 62 dated September 17, 2018, which authorized the transfer of the NFA, PCA, and FPA, back to the DA.

In accordance with Republic Act (RA) No. 11203, *An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice and for Other Purposes*, dated February 14, 2019, the NFA's function was limited to buffer stocking. The law took away the NFA's commercial functions and regulatory powers. The corresponding Implementing Rules and Regulations (IRR), published on April 8, 2019, mandated the NFA to maintain sufficient rice buffer stock to be sourced

solely from local farmers in response to the emergencies and in support of disaster relief programs of the government.

On January 7, 2020, in compliance with the IRR of RA No. 11203, the Governance Commission for Government-Owned or Controlled Corporations (GCG) *En Banc* approved the restructuring plan of the NFA through GCG Memorandum Circular (MC) No. 2019-13. As approved in Item 3, Annex A of the said GCG MC, the NFA has 22 organizational units in the Central Office (CO), 15 Regional Offices (ROs), and 45 Branch Offices (BOs), formerly Provincial Offices, nationwide with corresponding 2,644 plantilla positions. As of December 31, 2023, the NFA had 2,069 employees in service, 171 and 1,898 of which were assigned at CO and Field Offices (FOs), respectively.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

	2023	2022 (As restated)	Increase/ (Decrease)
Assets	23,166,786,437	19,316,503,587	3,850,282,850
Liabilities	138,960,311,086	142,071,370,375	(3,111,059,289)
Equity deficiency	(115,793,524,649)	(122,754,866,788)	6,961,342,139

II. Comparative Financial Performance

	2023	2022 (As restated)	Increase/ (Decrease)
Revenue	2,663,438,471	7,250,850,903	(4,587,412,432)
Current operating expenses	8,760,889,447	14,923,229,301	(6,162,339,854)
Deficit from current operations	(6,097,450,976)	(7,672,378,398)	1,574,927,422
Other non-operating income	56,312,340	96,789,858	(40,477,518)
Gains	5,380,896	18,563,733	(13,182,837)
Losses	(149,573,769)	(203,738,666)	54,164,897
Income tax expenses	(52,128)	-	(52,128)
Financial assistance/subsidy	14,782,438,717	9,204,142,000	5,578,296,717
Net surplus for the period	8,597,055,080	1,443,378,527	7,153,676,553

III. Comparison of Budget and Actual Amounts

	Budget	Utilization	Difference
Personnel services	1,997,514,000	1,524,090,708	473,423,292
Maintenance and other operating expenses	3,129,279,000	1,292,755,270	1,836,523,730
Capital outlay	993,187,000	210,055,598	783,131,402
Financial expenses	471,748,000	1,915,642,098	(1,443,894,098)
	6,591,728,000	4,942,543,674	1,649,184,326

SCOPE OF AUDIT

Our audit covered the examination, on a test basis, of the accounts and financial transactions of the NFA for the period January 1 to December 31, 2023 in accordance with the International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of the presentation of the financial statements for the years ended December 31, 2023 and 2022. Our audit was also made to assess compliance with laws, rules, and regulations, as well as, adherence to prescribed policies and procedures.

AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of presentation of the financial statements as at and for the years ended December 31, 2023 and 2022 in view of the following:

1. The existence in the financial statements as at December 31, 2023 of the accounts that do not meet the definition of assets and liabilities under Paragraph 7 of the International Public Sector Accounting Standard (IPSAS) 1 and the recognition and measurement criteria under Chapters 5 and 6 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework), such as: (a) Intra-agency receivables and Intra-agency payables in the amounts of P14,095.354 million and P11,992.764 million, respectively, due to non-elimination at year-end of the Intra-agency accounts; and (b) the Inter-agency payables-Due to national government agencies (NGAs)-Due to Bureau of Customs (BOC) in the amount of P990.965 million representing customs duties on the importation of sugar and rice in prior years, but not recognized by the BOC as receivable from the NFA, resulted in the overstatement of the Intra-agency receivables, Inter-agency payables and Accumulated surplus/(deficit) accounts in the amounts of P2,102.590 million, P990.965 million, and P1,111.625 million, respectively, as at December 31, 2023.
2. The faithful representation in the financial statements as at December 31, 2023, as well as the reliability and verifiability of the balance of the Receivables – Other receivables – Due from officers and employees account with carrying amount of P1.107 billion could not be established because the said account is composed mostly of Due from Stock Accountable Officers (SAOs) account representing stock shortages without stock examinations with carrying amount of P890.589 million, due to unavailability of documents needed in conducting the required stock examination and computation of tolerable allowance (TOLA) to determine the fair value of the account which is equivalent to the final accountabilities of the SAOs, contrary to Paragraphs 3.10, 3.26 and 6.8 of the Conceptual Framework and Paragraph 48 of IPSAS 29.
3. The lack/inadequacy of the disclosures in the Notes to Financial Statements with regard to: (a) the nature of prior period restatements as required in Paragraph 54 of IPSAS 3; (b) the nature and status of significant increase/decrease of Accounts receivable-Retailer, Inter-agency payables-Due to local government units (LGUs), and Financial expenses–Guarantee fees accounts as required in Paragraph 127.c of IPSAS 1; (c) extent of the changes in the Inventory held for sale account as required under Paragraph 48 of IPSAS 12; (d) reconciliation of the carrying amount of the Property, plant and equipment (PPE) sub-accounts at the beginning and end

of period showing additions and disposals as required in Paragraph 88.e of IPSAS 17; and (e) title restrictions and fair values on PPE-Land account as required in Paragraphs 89.a and 94.d of IPSAS 17, deprived the intended users of the Financial Statements of relevant information in making economic decisions and not in conformity with Paragraphs 15 and 29 of IPSAS 1. Moreover, the Impairment losses on various Receivables sub-accounts in CY 2023 in the total amount of P222.375 million, as disclosed in Note 28.3 to Financial Statements did not tally with the increase in their Allowance for impairment in calendar year (CY) 2023 in the amount of P471.494 million, as disclosed in Note 9 to Financial Statements, contrary to Paragraph 128 of IPSAS 1, which states that each item on the face of the Statement of Financial Position be cross-referenced to any related information in the Notes.

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

- 1.1. Direct the CO Finance Department and the ROs/BOs Finance Sections to:
 - a. Exert all efforts to fully eliminate the reciprocal accounts, Intra-agency receivables and payables, by conducting a nationwide reconciliation of the intra-agency transactions to come up with a reliable financial statements at year-end;
 - b. Strictly adhere to NFA Standard Operating Procedure (SOP) No. FS-GP13, especially on the regular preparation and submission of: (i) Schedule of inter-branch transactions, (ii) Reconciliation Statements, (iii) elimination and reconciling entries, and (iv) confirmation advices, as applicable, and to consistently coordinate with other offices to reconcile the intra-agency transactions;
 - c. Revisit and update, if necessary, the existing NFA SOPs on intra-agency transactions for uniformity in the application of the policies/guidelines by the CO, ROs and BOs due to NFA's structural changes under RA No. 11203 or the Rice Tariffication Law;
 - d. Make necessary representation with the COA Government Accountancy Sector (GAS) on how to eliminate/close the long outstanding Intra-agency accounts balances in the books of the NFA in the absence of documents;
 - e. Fast track the validation and reconciliation of the Inter-agency payables-Due to NGAs-Due to BOC account between the NFA ROs/BOs books and the CO books; and
 - f. Effect the necessary adjustments in the books to present fairly the balance of the Inter-agency payables-Due to NGAs-Due to BOC account.
- 1.2. Require the NFA CO's Finance Department in coordination with the Operations Coordination Department (OCD) to locate the Special Allotment Release Orders (SAROs) and its supporting documents and the Journal Entry Vouchers (JEVs) for the payments of customs duties to the BOC, and furnish the ROs/BOs

concerned with these documents to facilitate closing/elimination of the Inter-agency payables-Due to NGAs-Due to BOC in their books of accounts.

- 2.1. Direct the Regional/Branch Managers concerned to require the BOs:
 - a. Stock Examination Group and the ROs Regional TOLA Working Group to expedite the conduct of stock examination and TOLA computation on the stock shortages of the SAOs with available warehouse documents, to determine the final accountabilities of the SAOs recorded under Receivables-Other receivables-Due from officers and employees-Due from SAOs account; and
 - b. Finance Section to make necessary adjustments to recognize the fair values of the stock shortages of the SAOs recorded under Receivables-Other receivables-Due from officers and employees-Due from SAOs account based on the final TOLA computation.
- 2.2. Consider adopting a policy to address the perennial issue on the unavailability of relevant documents for the conduct of stock examination on the stock shortages of the SAOs by the BOs Stock Examination Group and TOLA computation by the ROs Regional TOLA Working Group.
- 2.3. Require the Finance Department to coordinate with the COA GAS to seek guidance on whether former SAOs' final stock shortages can be impaired considering the issue on accountability.
- 2.4. Impose strictly the penal provisions under NFA SOP No. GM-WH13 which states that violation of the provisions of the SOP shall subject the offender to penalties provided for under applicable and reasonable NFA and Civil Service Rules.
- 3.1. Direct the Accounting Division to: (a) ensure that all relevant information is disclosed in the Notes to Financial Statements to conform with the requirements of the IPSASs so as to provide the users of the financial statements of information useful for decision making and to demonstrate the accountability of the Agency for the resources entrusted to it; and (b) follow the suggested enhancements in the preparation of the Notes to Financial Statements to align with the requirements of the Standards and for better understandability of the Financial Statements by the users and other stakeholders.

OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

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

4. Several deficiencies were noted in the disposal by the various NFA BOs of rice buffer stocks totaling 13,653,337 bags of 50-kilograms (kg.)/bag with total estimated inventory cost of P22.406 billion (approximately at P33.00/kg.) from CYs 2019 to 2023 to the former NFA accredited retailers and private traders/millers, in order to avoid the deterioration of rice stocks and to sustain the Agency's financial requirements, to wit:

- a. Almost all of the disposals were sold at P25.00/kg., which was the wholesale price for authorized retail outlets based on the NFA Selling Price Bulletins (SPBs) since October 2, 2019, despite the fact of the removal of the NFA's accreditation of retailers under Rule 3.2 of the IRR of RA No. 11203, otherwise known as the Rice Tariffication Law, in the absence of revised/new policy on the disposition of buffer stocks, specifically the modes and pricing of ageing rice buffer stocks of good quality, for disposal, as mandated under Rule 8.2 of the IRR of the said Act. Likewise, the disposal lacked authority from the NFA Council which is not in accordance with Item 5.b of the NFA Code of Corporate Governance dated November 17, 2014;
- b. The disposal of the 13,653,337 bags of rice buffer stocks at P25.00/kg. amounted to P17.124 billion only, while the estimated inventory cost was at P22.406 billion or an unrecovered Inventory cost of rice in an estimated aggregate amount of P5.282 billion;
- c. The disposal contributed to the non-attainment of the required level of the national buffer stocks at any given time of 488,895 metric tons (MT) for CY 2019; 496,448 MT for CY 2020; and 300,000 MT for CYs 2021-2023, or with shortfalls in rice buffer stocks of 15,398 MT for CY 2019; 167,779 MT for CY 2020; 65,488 MT for CY 2021; 159,646 MT for CY 2022; and 228,514 MT for CY 2023, contrary to Rule 8.3.1 of the IRR of RA No. 11203; and
- d. There were non-compliance with the NFA's buffer stocking policy on rice disposal for quality stock management which cast doubt on the regularity and propriety of the transactions, such as: (i) some of the stocks aged one (1) day to six (6) months old and more than six (6) months old, which were considered of good quality and fit for human consumption were disposed of/sold in violation of the "9-6" and "6-3" protocols; (ii) in NFA Iloilo BO, the age and condition of the rice stocks, as indicated in the Statement of Weekly Stock Issues for the period and the result of the Laboratory Analysis Reports (LARs) could not be verified against the pile layout of Classifiers, as the pile layout reports were not submitted for audit, and the pile numbers were not indicated in the Authority to Issue (AIs); (iii) in NFA Nueva Ecija, Capiz, Davao del Sur and Davao Oriental BOs, some sales of rice to private traders/retailers were not supported with LARs; and (iv) former NFA accredited retailers in NFA Bulacan, Pampanga and Tarlac BOs were included in the list of active buyers despite they stopped from buying rice from NFA in the latter part of CY 2019.

4.1. We recommended that top Management:

- a. Hasten the formulation of the proposed rules, regulations, and procedures with specific guidelines on the mode and the pricing scheme relative to the disposal of good quality and ageing rice buffer stocks to private individuals/organizations that is most advantageous to the NFA in consonance with the IRR of RA No. 11203, and accordingly, submit the

said proposed rules, regulations, and procedures to the NFA Council for approval;

- b. Ensure that all disposals must be approved by the NFA Council, as the Governing Body of the NFA, in the meantime that there is no approved policy on the rules, regulations and procedures for disposal of the ageing rice buffer stocks of good quality to private individuals/organizations and, hold responsible the persons who authorized the disposal of rice buffer stocks without the approval of the NFA Council, if warranted;
 - c. Direct the Regional/Branch Managers to require the concerned NFA personnel to submit the following documents to the Audit Teams assigned in the ROs/BOs:
 - c.1. LARs and other supporting documents/authority used as basis in the disposal of ageing local rice stocks to private traders/millers; and
 - c.2. Pile lay-out reports and other relevant documents; and
 - d. Conduct investigation and hold responsible the NFA officials and employees who authorized the disposal of buffer stocks aged one (1) day to six (6) months and more than six (6) months old which are considered of good quality and fit for human consumption.
5. The payments of the CYs 2020 and 2021 Collective Negotiation Agreement Incentive (CNAI) to NFA officials and employees in the total amount of P144.045 million were not in compliance with the pertinent provisions of the General Appropriations Acts (GAAs) for Fiscal Years (FYs) 2020 and 2021 and the Department of Budget and Management (DBM) Budget Circular (BC) Nos. 2020-5 and 2021-3 dated November 4, 2020 and November 17, 2021, respectively. Likewise, the grant of the CYs 2020 and 2021 rice subsidy in the form of one bag 50-kg. premium rice per month per employee or in the equivalent amount of P87.126 million to the NFA officials and employees hired on July 1, 1989 and thereafter is contrary to Section 6 of PD No. 1597; Section 3 of Memorandum Order (MO) No. 20, series of 2001; Item 9 of Joint Resolution (JR) No. 4, series of 2009; and Section 9 of EO No. 7, series of 2010. Thus, the disbursements for the payments of CNAI and grant of rice subsidy in the total amount of P231.171 million are deemed irregular expenditures, as defined in Item 3.1 of COA Circular No. 2012-003 dated October 29, 2012 re: *Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures*.
- 5.1. We recommended that Management:
- a. Require the refund of the CNAI and rice subsidy granted to the NFA officials and employees for the CYs 2020 and 2021, otherwise a Notice of Disallowance will be issued; and

- b. Moving forward:
 - b.1. Strictly comply with all the requirements of the laws, rules and regulations in the grant of CNAI;
 - b.2. Refrain from granting rice subsidy, other allowances, benefits, and incentives not authorized under the laws, rules and regulations and the GCG issuances; and
 - b.3. In granting additional allowances, benefits, and incentives, ensure that the same are approved by the President of the Philippines.

SUMMARY OF UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2023, the total unsettled audit suspensions, disallowances and charges amounted to P13.599 million, P173.707 million and P2.352 million, respectively, as summarized in Table 22, Part II of the Report and the details and status are presented in **Annex A**, Part IV of this Report.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 76 audit recommendations embodied in the prior years' Annual Audit Reports (AARs), 10 were implemented, 45 were not implemented, and 21 were closed as the recommendations are no longer doable, details are presented in Part III of the Report.

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PART I - AUDITED FINANCIAL STATEMENTS

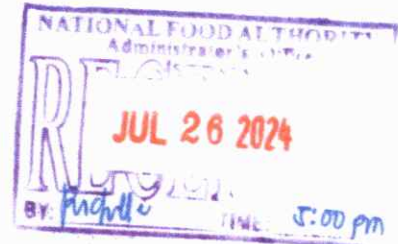


REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
COMMONWEALTH AVENUE, QUEZON CITY

INDEPENDENT AUDITOR'S REPORT

THE NATIONAL FOOD AUTHORITY COUNCIL

National Food Authority
NFA Compound, Visayas Avenue
Barangay VASRA, Diliman
Quezon City



Report on the Audit of the Financial Statements

Qualified Opinion

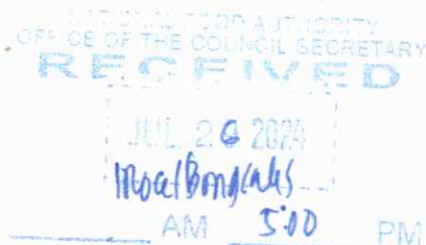
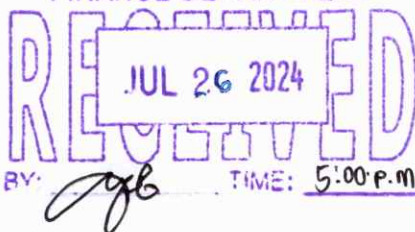
We have audited the accompanying financial statements of the **National Food Authority (NFA)**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2023, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters 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 **NFA**, as at December 31, 2023 and 2022, 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 existence in the financial statements as at December 31, 2023 of the accounts that do not meet the definition of assets and liabilities under Paragraph 7 of the IPSAS 1 and the recognition and measurement criteria under Chapters 5 and 6 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework), such as: (a) Intra-agency receivables and Intra-agency payables in the amounts of P14,095.354 million and P11,992.764 million, respectively, due to non-elimination at year-end of the Intra-agency accounts; and (b) the Inter-agency payables-Due to national government agencies (NGAs)-Due to Bureau of Customs (BOC) in the amount of P990.965 million representing customs duties on the importation of sugar and rice in prior years, but not recognized by the BOC as receivable from the NFA, resulted in the overstatement of the Intra-agency receivables, Inter-agency payables and Accumulated surplus/(deficit) accounts in the amounts of P2,102.590 million, P990.965 million, and P1,111.625 million, respectively,

NATIONAL FOOD AUTHORITY
FINANCE DEPARTMENT



Likewise, the faithful representation in the financial statements as at December 31, 2023, as well as the reliability and verifiability of the balance of the Receivables – Other receivables – Due from officers and employees account with carrying amount of P1.107 billion could not be established because the said account is composed mostly of Due from Stock Accountable Officers (SAOs) account representing stock shortages without stock examinations with carrying amount of P890.589 million, due to unavailability of documents needed in conducting the required stock examination and computation of tolerable allowance to determine the fair value of the account which is equivalent to the final accountabilities of the SAOs, contrary to Paragraphs 3.10, 3.26 and 6.8 of the Conceptual Framework and Paragraph 48 of IPSAS 29.

Further, the lack/inadequacy of the disclosures in the Notes to Financial Statements with regard to: (a) the nature of prior period restatements as required in Paragraph 54 of IPSAS 3; (b) the nature and status of significant increase/decrease of Accounts receivable-Retailer, Inter-agency payables-Due to local government units, and Financial expenses-Guarantee fees accounts as required in Paragraph 127.c of IPSAS 1; (c) extent of the changes in the Inventory held for sale account as required under Paragraph 48 of IPSAS 12; (d) reconciliation of the carrying amount of the Property, plant and equipment (PPE) sub-accounts at the beginning and end of period showing additions and disposals as required in Paragraph 88.e of IPSAS 17; and (e) title restrictions and fair values on PPE-Land account as required in Paragraphs 89.a and 94.d of IPSAS 17, deprived the intended users of the Financial Statements of relevant information in making economic decisions and not in conformity with Paragraphs 15 and 29 of IPSAS 1. Moreover, the Impairment losses on various Receivables sub-accounts in CY 2023 in the total amount of P222.375 million, as disclosed in Note 28.3 to Financial Statements did not tally with the increase in their Allowance for impairment in CY 2023 in the amount of P471.494 million, as disclosed in Note 9 to Financial Statements, contrary to Paragraph 128 of IPSAS 1, which states that each item on the face of the Statement of Financial Position be cross-referenced to any related information in the Notes.

We were unable to obtain sufficient appropriate evidence about the Receivables – Other receivables – Due from officers and employees account due to the inadequacy of the accounting records. Consequently, we were not able to determine the possible cumulative effect on the financial statements and whether any adjustments to this account are necessary.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under these 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 NFA in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, 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 qualified opinion.

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 determined 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 the NFA'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 NFA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NFA'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 ISSAIs 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 the NFA'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 the NFA'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 disclosure 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 NFA 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 communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, 2023 required by the Bureau of Internal Revenue as disclosed in Note 37 to 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 of the NFA.

COMMISSION ON AUDIT



RADITO G. CHING
Supervising Auditor
Audit Group A – NFA/Food Terminal, Inc.
Cluster 5 - Agriculture and Natural Resources
Corporate Government Audit Sector

July 22, 2024



NATIONAL FOOD AUTHORITY

Finance Department



Visayas Avenue, VASRA, Diliman, Quezon City 1128

finance@nfa.gov.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of the **National Food Authority (NFA)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, 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 NFA'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 NFA or to cease operations, or has no realistic alternative to do so.


The NFA Council is responsible for overseeing the NFA's financial reporting process.

The NFA Council reviews and approves the financial statements, including the schedules attached therein, and submits the same to the regulators, creditors and other users.

The Commission on Audit, through its authorized representative, has examined the financial statements of the NFA pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Accounting Standards of Supreme Audit Institutions and the auditor, in its report to the NFA Council, has expressed its opinion on the fairness of presentation upon completion of such audit.


FRANCISCO P. TIU LAUREL, JR.
Secretary
Department of Agriculture and
Chairperson, NFA Council


LARRY R. LACSON, Ph. D.
Acting Administrator, National Food Authority
and
Member, NFA Council


JACOBELYN D. ARIÑO
OIC, Department Manager,
Finance Department

Signed this 16th day of July, 2024



NATIONAL FOOD AUTHORITY
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 As restated
ASSETS			
Current assets			
Cash and cash equivalents	7	11,599,563,646	3,929,134,383
Financial assets	8	399,002,930	386,850,088
Receivables, net	9	3,043,775,294	3,187,772,223
Intra-agency receivables, net	10	2,102,589,926	3,890,238,779
Inventories, net	11	2,195,746,401	4,219,210,794
Other assets	12	171,402,846	135,338,521
Total current assets		19,512,081,043	15,748,544,788
Non-current assets			
Financial assets, net	13	516,705,094	516,705,094
Investment property, net	14	18,758,276	18,002,980
Property, plant and equipment, net	15	3,013,416,826	2,935,521,698
Intangible assets, net	16	11,128,498	3,372,973
Other assets, net	12	94,696,700	94,356,054
Total non-current assets		3,654,705,394	3,567,958,799
TOTAL ASSETS		23,166,786,437	19,316,503,587
LIABILITIES			
Current liabilities			
Financial liabilities	17	8,383,107,404	29,164,019,492
Inter-agency payables	18	121,001,790,427	108,016,697,291
Trust liabilities	19	831,789,791	749,426,193
Deferred credits/unearned income	20.1	7,405,918,692	927,703
Total current liabilities		137,622,606,314	137,931,070,679
Non-current liabilities			
Financial liabilities	17	611,374,326	3,503,330,237
Deferred credits/unearned income	20.2	111,678,342	103,874,554
Provisions	21	614,652,104	533,094,905
Total non-current liabilities		1,337,704,772	4,140,299,696
TOTAL LIABILITIES		138,960,311,086	142,071,370,375
EQUITY DEFICIENCY (Total Assets less Total Liabilities)		(115,793,524,649)	(122,754,866,788)
GOVERNMENT EQUITY			
Accumulated surplus/(deficit)	33	(120,793,524,978)	(127,754,867,117)
Contributed capital	34	5,000,000,329	5,000,000,329
EQUITY DEFICIENCY		(115,793,524,649)	(122,754,866,788)

The notes on pages 11 to 93 form part of these financial statements.

NATIONAL FOOD AUTHORITY
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 As restated
Revenue			
Service and business income	22	2,660,082,396	7,221,469,347
Shares, grants and donations	23	3,356,075	29,381,556
Total revenue		2,663,438,471	7,250,850,903
Current operating expenses			
Personnel services	24	1,524,090,708	1,475,046,161
Maintenance and other operating expenses	25	1,292,755,270	1,509,280,720
Financial expenses	26	1,915,642,098	2,060,479,317
Direct costs	27	3,613,532,512	9,617,523,308
Non-cash expenses	28	414,868,859	260,899,795
Total current operating expenses		8,760,889,447	14,923,229,301
Surplus/(Deficit) from current operations		(6,097,450,976)	(7,672,378,398)
Other non-operating income	29	56,312,340	96,789,858
Gains	30	5,380,896	18,563,733
Losses	31	(149,573,769)	(203,738,666)
Surplus/(Deficit) before tax		(6,185,331,509)	(7,760,763,473)
Income tax expenses		(52,128)	-
Surplus/(Deficit) after tax		(6,185,383,637)	(7,760,763,473)
Subsidy from national government	32	14,782,438,717	9,204,142,000
NET SURPLUS FOR THE PERIOD		8,597,055,080	1,443,378,527

The notes on pages 11 to 93 form part of these financial statements.

NATIONAL FOOD AUTHORITY
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Accumulated surplus/(deficit) Note 33	Contributed capital Note 34	Total
BALANCE AT JANUARY 1, 2022	(128,684,568,986)	5,000,000,329	(123,684,568,657)
ADJUSTMENTS			
Add/(Deduct):			
Changes in accounting policy	-	-	-
Prior period errors	(1,750,291,839)	-	(1,750,291,839)
Other adjustments	1,808,831,845	-	1,808,831,845
RESTATED BALANCE AT JANUARY 1, 2022	(128,626,028,980)	5,000,000,329	(123,626,028,651)
CHANGES IN NET ASSETS/EQUITY FOR CY 2022			
Add/(Deduct):			
Surplus for the period, as restated	1,443,378,527	-	1,443,378,527
Other adjustments	(572,216,664)	-	(572,216,664)
RESTATED BALANCE AT DECEMBER 31, 2022	(127,754,867,117)	5,000,000,329	(122,754,866,788)
CHANGES IN NET ASSETS/EQUITY FOR CY 2023			
Add/(Deduct):			
Surplus for the period	8,597,055,080	-	8,597,055,080
Other adjustments	(1,635,712,941)	-	(1,635,712,941)
BALANCE AT DECEMBER 31, 2023	(120,793,524,978)	5,000,000,329	(115,793,524,649)

The notes on pages 11 to 93 form part of these financial statements.

NATIONAL FOOD AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Receipt of intra-agency fund transfers		13,337,600,627	26,569,248,537
Other receipts		7,747,834,023	599,920,752
Receipt of assistance/subsidy	32	1,597,468,717	9,204,142,000
Trust receipts		1,470,691,315	478,858,626
Collection of income/revenues		1,400,323,517	6,716,315,313
Receipt of inter-agency fund transfers		155,615,834	43,405,000
Collection of receivables		107,088,120	219,728,256
Adjustments		16,659,319	32,399,194
Total cash inflows		25,833,281,472	43,864,017,678
Cash Outflows			
Release of intra-agency fund transfers		13,312,941,939	26,600,393,538
Payment of expenses		2,009,318,009	2,010,509,109
Purchase of inventories		1,518,463,739	4,799,438,019
Remittance of personnel benefit contributions and mandatory deductions		695,792,022	694,190,069
Payment of accounts payable		665,745,177	1,254,118,147
Grant of cash advances		550,592,187	1,481,120,128
Other disbursements		117,255,675	154,234,722
Release of inter-agency fund transfers		68,379,869	1,058,549
Refund of deposits		30,532,252	31,882,449
Prepayments		2,300,902	2,900,268
Adjustments		36,701,677	76,100,689
Total cash outflows		19,008,023,448	37,105,945,687
Net cash provided by operating activities		6,825,258,024	6,758,071,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds from sale/disposal of property, plant and equipment		478,080	3,618,184
Proceeds from sale of other assets		305,510	-
Receipt of interest earned		5,266	18,783
Proceeds from matured/return of investments		-	19,985,952
Total cash inflows		788,856	23,622,919
Cash Outflows			
Purchase/construction of property, plant and equipment		210,055,598	243,315,936
Grant of loans		-	164,000
Adjustments		-	479,725
Total cash outflows		210,055,598	243,959,661
Net cash used in investing activities		(209,266,742)	(220,336,742)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Proceeds from domestic and foreign loans		2,490,794,521	-
Total cash inflows		2,490,794,521	-
Cash Outflows			
Payment of interest on loans and other financial charges (BTr/NG debt)		1,435,621,051	1,479,761,308
Payment of long-term liabilities		-	3,913,601,096
Total cash outflows		1,435,621,051	5,393,362,404
Net cash provided by/(used in) investing activities		1,055,173,470	(5,393,362,404)
INCREASE IN CASH AND CASH EQUIVALENTS		7,671,164,752	1,144,372,845
Effects of exchange rate changes on cash and cash equivalents		(735,489)	8,908,892
CASH AND CASH EQUIVALENTS, JANUARY 1	7	3,929,134,383	2,775,852,646
CASH AND CASH EQUIVALENTS, DECEMBER 31	7	11,599,563,646	3,929,134,383

The notes on pages 11 to 93 form part of these financial statements.

NATIONAL FOOD AUTHORITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2023
(In Philippine Peso)

	Note	Budgeted amounts		Actual amounts on comparable basis	Difference final budget and actual
		Original	Final		
RECEIPTS					
Service and business income		6,925,678,000	6,925,678,000	2,660,082,396	4,265,595,604
Assistance and subsidy		9,000,000,000	9,000,000,000	9,000,000,000	-
Others		45,688,000,000	38,187,640,000	41,672,649,905	(3,485,009,905)
		61,613,678,000	54,113,318,000	53,332,732,301	780,585,699
PAYMENTS					
Personnel services		1,997,514,000	1,997,514,000	1,524,090,708	473,423,292
Maintenance and other operating expenses		3,259,666,000	3,129,279,000	1,292,755,270	1,836,523,730
Capital outlay		993,187,000	993,187,000	210,055,598	783,131,402
Financial expenses		471,748,000	471,748,000	1,915,642,098	(1,443,894,098)
Others - payment of obligations		45,273,663,000	37,773,303,000	39,189,602,140	(1,416,299,140)
Others - procurement costs		9,617,900,000	9,617,900,000	1,746,630,371	7,871,269,629
		61,613,678,000	53,982,931,000	45,878,776,185	8,104,154,815
NET RECEIPTS	36	-	130,387,000	7,453,956,116	(7,323,569,116)

The notes on pages 11 to 93 form part of these financial statements.

NATIONAL FOOD AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The National Food Authority (NFA or Agency) was originally created under the name of National Grains Authority (NGA) through Presidential Decree (PD) No. 4 dated September 26, 1972 and became the NFA through PD No. 1770 dated January 14, 1981 with the original mandate to promote the integrated growth and development of the grains industry; to provide food security in the staple cereals in times and places of calamity or emergency, both natural or man-made; and stabilize supplies and prices of staple cereals both at the farm gate and consumer levels.

On May 12, 1975, PD No. 699 mandated the Agency to perform other functions, such as the development, culture or production of grains, and the establishment, acquisition and/or operations of grains processing, handling storage and transport facilities.

On June 11, 1978, PD No. 1485 further amended certain provisions of the National Grains Industry Development Act. The law was known as the NGA Act.

On January 14, 1981, PD No. 1770 reconstituted the NGA into what is now the NFA. The decree widened the Agency's social responsibilities and commodity coverage to include other food items like raw or fresh fruits and vegetables and fish and marine manufactured, processed or packaged food products.

On May 31, 1985, Executive Order (EO) No. 1028 deregulated the NFA's non-grains marketing activities, that resulted in the termination of the NFA's non-grains trading activities. The feed/grains and wheat importation was returned to the private sector and the price controls/ceilings on rice and corn was lifted. At the end of Calendar Year (CY) 1986, all the Kasama sa Diwa (KADIWA) stores were closed.

On January 30, 1987, EO No. 116 detached the NFA from the Office of the President (OP) of the Philippines and was put under the Department of Agriculture (DA) to respond to policy changes.

Pursuant to EO No. 398 dated January 31, 1997, the NFA was mandated to procure sugar, if necessary. Furthermore, in September 1998, EO No. 22 authorized the NFA to include other basic food items in its operation.

On May 5, 2014, EO No. 165 transferred the NFA to the OP, under the oversight of the Office of Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM) of the OP.

On June 30, 2016, EO No. 1 reassigned the NFA to the Office of the Cabinet Secretary of the OP, then on September 17, 2018, EO No. 62 transferred the NFA back to the DA.

Prior to Republic Act (RA) No. 11203, the NFA was mandated to ensure food security and stability of supply and price of the staple food of the country.

On February 14, 2019, RA No. 11203 or The Rice Tariffication Law titled, *An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purposes* removed the quantitative restriction (QR) on rice imports and replaced it with a general tariff.

On March 5, 2019, under Rule 3.1 of the Implementing Rules and Regulations (IRR) of the Act, the NFA's regulation and importation functions were removed, while retaining its mandate of ensuring food security through buffer stocking to be sourced solely from local farmers in response to emergencies and in support of disaster relief programs of the government.

The IRR also provides that the NFA submit to the Governance Commission for Government-Owned or Controlled Corporations (GCG) a Restructuring or Reorganization Plan which is responsive to the requirement of the NFA to execute its key function of managing buffer stocks and ensuring its financial stability. Also, an organizational modification plan on the transfer of Food Development Center (FDC) from the NFA to the DA took effect on December 31, 2019.

On January 7, 2020, the Restructuring Plan of the NFA was approved, per GCG Memorandum No. 2019-13.

Previously, the NFA had 15 Regional Offices (ROs) and 86 Provincial Offices (POs). Under the GCG-approved NFA Restructuring/Reorganizational Plan, the 15 ROs have been maintained and the 86 POs have been reduced to 45 Branch Offices (BOs) with authorized plantilla positions of 2,644. As of December 31, 2023, there were 2,069 total numbers of employees in service, of whom 171 and 1,898 were assigned at Central Office (CO) and Field Offices (FOs), respectively.

The NFA-CO is located at NFA Compound, Visayas Avenue, Barangay VASRA, Diliman, Quezon City, Philippines.

The financial statements of NFA as at and for the years ended December 31, 2023 and 2022 were authorized for issue on July 18, 2024 as shown in the Statement of Management's Responsibility for Financial Statements.

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

The financial statements of the NFA have been prepared in compliance with the International Public Sector Accounting Standards (IPSASs) and the accounting policies have been consistently applied throughout the years presented.

New IPSAS issued but not adopted

Implementation of IPSAS 18 – Segment Reporting and its corresponding Philippine Application Guidance (PAG) through Commission on Audit (COA) Circular No. 2023-007 dated August 9, 2023:

During the reporting period, IPSAS 18-*Segment Reporting* was issued. However, the new standard is not applicable to the NFA due to the nature of its operations.

Management has assessed the applicability of the new IPSAS and determined that it does not have a material impact on the presentation of the financial statements. The NFA does not maintain segments as defined by the newly issued IPSAS on segment reporting. Therefore, the requirements outlined in the new Standard were not relevant to the financial reporting and IPSAS 18-*Segment Reporting* was not adopted by the NFA.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statements of Cash Flows have been prepared using the direct method.

The financial statements are presented in Philippine Peso, which is also the country's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Accounting

The financial statements have been prepared on an accrual basis in accordance with the 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 NFA determines the classification of its financial assets at initial recognition.

The NFA's financial assets include Cash and cash equivalents; Trade and Non-trade 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 and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

2. 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.

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the NFA has the 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/deficit.

iii. Derecognition

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

1. The contractual rights to the cash flows from the financial asset expired or waived; and
2. The NFA 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 NFA 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
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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 NFA determines the classification of its financial liabilities at initial recognition.

The NFA's financial liabilities include Accounts payable, Due to officers and employees, Notes payable, Interest payable, and Loans payable - domestic and foreign.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

1. 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 as 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 instruments 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. [IPSAS 29.10, IPSAS 41.45(a), IPSAS 41.101]

2. 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 as 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 is discharged or cancelled or expired. 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 Statements of Financial Position when, and only when, there is a currently enforceable legal right to offset the recognized amounts and there is an intention either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. (IPSAS 28.47)

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.

3.3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash deposits in banks. Cash on hand includes cash with collecting officers and petty cash. For the purpose of the Statements of Cash Flows, cash and cash equivalents consist of cash and short-term deposits with maturity period of 90 days or less.

3.4. Provision for Allowance for Impairment - Accounts Receivable

Allowance for impairment - Accounts receivable was set at a level adequate to provide for potential uncollectible amount of receivables derived from the computations based on percentages and aging of Accounts receivable as follows: 25 per cent for accounts aged one year to less than two years, 50 per cent for accounts aged two years to less than three years, 75 per cent for accounts aged three years but less than four years and 100 per cent for accounts aged four years and above.

3.5. Inventories

i. Initial recognition and measurement

The cost of inventories shall comprise all costs of purchase, costs of conversion (materials, labor and overhead) and other costs incurred in bringing the inventories to their present location and condition, excluding abnormal amounts of wasted materials, labor, other production and selling costs, administrative overheads that do not contribute to bringing inventories to their present location and condition. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase. (Paragraphs 18, 19 and 25, IPSAS 12)

Inventories held for consumption of the NFA are 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.

ii. Subsequent measurement

Inventories shall be measured at the lower of cost and net realizable value. However, where inventories are acquired through a non-exchange transaction, their costs shall be measured at their fair value as at the date of acquisition. (Paragraphs 15-16, IPSAS 12)

iii. Cost formulas

The weighted average method shall be used for costing inventories. This method calls for the re-calculation of the average cost of all items in stock after every purchase. Therefore, the weighted average cost is the total cost of all units subsequent to the latest purchase, divided by their total number of units available.

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

3.6. Investment Property

Investment properties are 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 properties are measured using the cost model and are depreciated over their estimated useful life. (No buildings were reclassified. Hence, no useful estimated useful life was used for subsequent measurement.)

Investment properties are derecognized either when they have been disposed of or when the investment property 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 NFA 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 PPE are as follows:

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

An item of 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.

b. Measurement at recognition

An item recognized as PPE is measured at cost.

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

The cost of PPE is the cash price equivalent or, for 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 items are stated at cost less accumulated depreciation and impairment losses.

When significant parts of the PPE are required to be replaced at intervals, the NFA 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 expense in surplus or deficit as incurred.

d. Depreciation

Each part of an item of 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 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.

iii. Estimated useful life

The NFA uses the Schedule on the estimated useful life of PPE by classification under the NFA Standard Operating Procedure (SOP) No. FSGP21 dated September 07, 2004, which is also within the prescribed schedule prepared by the COA.

iv. Residual value

The NFA uses a residual value equivalent to at least five per cent (5%) 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 service amount.

f. Derecognition

The NFA derecognizes items of 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 Assets

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. Development Costs

Development costs on an individual project are recognized as intangible assets when the NFA can demonstrate:

- i. the technical feasibility of completing the asset so that the asset will be available for use;
- ii. its intention to complete and its ability to use or sell the asset;

- iii. how the asset will generate future economic benefits or service potential;
- iv. the availability of resources to complete the asset; and
- v. the availability to measure reliably the expenditure during development.

3.9. Changes in Accounting Policies and Estimates

The NFA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

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

The NFA 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.

3.10. Foreign Currency Transactions

Foreign currency liabilities are booked up at peso equivalent at the time of availment. Payments are taken up at current foreign exchange (FOREX) rate. Gain or loss on FOREX is recognized and charged to current operations. Outstanding loan and dollar bank account balances at the end of the year are restated using the Bangko Sentral ng Pilipinas (BSP) closing rate at the last banking day of the year and any gain/loss is recorded accordingly.

3.11. 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 is recognized as an asset if the following criteria are met:

- i. it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- ii. 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 NFA 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. Gifts and donations

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

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were 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 value is ascertained by reference to quoted prices in an active and liquid market.

f. Transfers

The NFA 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.

g. Services in-kind

Services in-kind were 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.

h. Transfers from other government entities

Revenues from non-exchange transactions with other government entities and the related assets were 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 NFA and can be measured reliably.

3.12. 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 NFA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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

c. Fines and penalties

The NFA recognizes revenue from fines and penalties on the late deliveries of items purchased through local purchases when earned.

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 NFA's right to receive payments is established.

3.13. Budget Information

The annual budget is prepared on a cash basis and is published in the official website of the NFA.

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

The annual budget figures are those approved by the governing body both at the beginning and during the year following a period of consultation with the public.

3.14. Borrowing Costs

For loans borrowed directly by the NFA, the allowed alternative treatment is used.

3.15. Employees' Benefits

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

The NFA recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowances, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

3.16. Measurement of 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 revenues and expenses during the period. Items requiring the use of significant estimates include e.g., the useful life of capital assets, estimated employee benefits, rates for amortization, impairment of assets, liability for contaminated sites, etc. Estimates were based on the best information available at the time of preparation of the financial statements and were 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. CHANGES IN ACCOUNTING POLICIES

The NFA adopted the following new accounting policies:

Adoption of the Revised Chart of Accounts (RCA) for Government Corporations (GCs) formerly classified as Non-Government Business Enterprises (Non-GBEs), now Non-Commercial Public Sector Entities (Non-CPSEs), per COA Circular No. 2015-010 dated December 1, 2015.

The NFA is already adopting the use of the RCA for GCs classified as non-CPSEs with an eight-digit account coding structure.

The accounts were reclassified in conformity with the RCA prescribed under COA Circular No. 2015-010 dated December 01, 2015 and COA Circular No. 2016-006 dated December 29, 2016. The NFA has been using the RCA since CY 2017.

The accounts were also reclassified according to the Updated RCA for GCs (CY 2019) per COA Circular No. 2020-002 dated January 28, 2020.

For CY 2022, the NFA implemented the COA Circular No. 2022-004 dated May 31, 2022 relative to the increase in the capitalization threshold of tangible items from P15,000 to P50,000 as provided in Section 23 of the General Provisions of RA No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022.

5. RISK MANAGEMENT AND MAJOR ACCOMPLISHMENTS

Risk Management Framework presents information about the NFA's exposure to risks, and the NFA's objectives, policies, and processes for measuring and managing those risks.

5.1. Risk Management Framework

The NFA Council, through the Audit and Risk Management Committee, has the overall responsibility for the establishment and oversight of the NFA's risk management framework. Section 7 - Mandate and Responsibility for the NFA's Performance of NFA's Code of Corporate Governance sufficiently provides that the NFA Council is responsible for providing policy directions, monitoring, and overseeing Management actions, as articulated in its Charter per PD No. 4 and other relevant legislations, rules, and regulations.

In view of the foregoing and in accordance with GCG Memorandum Circular No. 2012-07 (Code of Corporate Governance and Section 16 of Code of Corporate Governance Resolution No. 75-2014-K), the NFA Council has created the NFA's Executive Committee; Audit and Risk Management Committee; and Governance, Nomination and Remunerations Committee, where each committee is composed of at least three members knowledgeable in audit, accounting and finance, while the Executive Committee is headed by the Administrator, plus three other members who shall serve on Ad-hoc basis (Resolution No. 77-2K3). The three members shall be called upon by the Chairman depending on the agenda where their line of interest and expertise are required.

The Audit and Risk Management Committee (with at least one member having a background in finance and investment) is specifically responsible for the following:

- a. Advise the NFA Council of the NFA's overall current and future risk appetite, oversee the NFA Management's adherence to the risk appetite statement, and report on the state of risk culture of the NFA.
- b. Oversee adherence to the NFA risk appetite. The Committee shall ensure that the current and emerging risk exposures are consistent with the strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.
- c. Ensure that the risk mitigating measures and strategies of the NFA are consistent with its social mandate of supporting sustainable agricultural development.
- d. Provide oversight over the NFA Management's activities in managing the following risks:
 - Credit;
 - Market;
 - Liquidity;

- Operational;
 - Legal;
 - Reputational; and
 - Other risks of the NFA.
- e. Oversee and ensure establishment of a Risk Management Framework to be used as a guidepost for decision-making and review of the NFA's controls/mitigating measure and risk management system. The Committee shall ensure that there is a periodic review of the effectiveness of the risk management systems and recovery plans.

Review, approve, and endorse to the NFA Council the Risk Management Policy, Framework, and Plan. Oversee implementation of the policy and plan, review and revise, as needed.

Oversee implementation of and ensure adherence to the Risk Management Policy as well as review and revise the policies by reviewing and evaluating the steps of the NFA Management has taken to monitor and control risk exposures to ensure its continued relevance, comprehensiveness, and effectiveness.

- f. Identify the risks and approve corresponding risk policy measures recommended by the NFA Management to avoid/mitigate/transfer risks associated with the exercise of the NFA's mandated function to maintain rice buffer stocks for emergency purposes.
- g. Oversee the NFA crisis management, which shall include receiving from Management periodic information on risk exposures and risk management activities.
- h. Endorse to the NFA Council and appropriate Committees concerned the selection/appointment, remuneration, and removal of a Chief Risk Officer (CRO) and "risk champions" for the NFA.
- i. Review and approve the performance evaluation of the CRO and "risk champions."

The selected CRO shall be generally responsible for the following:

1. Assist the Audit and Risk Management Committee in the:
 - Identification and evaluation of risks;
 - Establishment of a team of "risk champions" for the relevant risks identified for the organization; and
 - Development of a Risk Management Policy, Framework, and Plan to Mitigate and manage risks for NFA.
2. In coordination with the "risk champions", propose a Risk Management Policy, Framework, and Plan for the NFA.

- j. Ensure that the risk management function has adequate resources to effectively oversee the risk-taking activities of the NFA.
- k. Monitor and review of accomplishments relative to the risk management plans of the NFA.
- l. Provide quarterly reporting and updating the NFA Council on key risk management issues as well as Ad hoc operating and evaluation on investments proposals.

5.2. Material Risk Factors and Measures to Manage Risks

The financial risks of the NFA centers on the losses incurred in carrying out its mandate of buying in the farm level at a set price and distributing at a subsidized price. To minimize losses, action plans being proposed under the NFA Reform Agenda include the adoption of a new pricing policy, where the possibility of selling the NFA's rice at full costs or near market rates, are being considered. Ultimately, the NFA will push for the transfer of all its debts to the National Government through legislation.

Operational risks involve prioritizing the procurement of domestically produced palay for the NFA's buffer stocking/food security stocks. There is no move yet from the government to increase the present government support price considering that at its present level, the farmers are still receiving reasonable returns on their investment. The prevailing high farm prices are favorable to the Filipino farmers. Operational reforms consider procuring in top surplus/producing areas, including far-flung areas, where private traders have limited operational activity. This will, accordingly, augment the deficiency in buffer stocks.

Risks on stocks inventory maintained by the NFA are addressed through regular quality monitoring to maintain its good and consumable condition, applying sound inventory management, monitoring and control through adoption of an Information Technology (IT) System, and construction of climate change resilient warehouses, far from flood prone areas. The NFA also conducts semi-annual audit of stocks, adherence to documentation requirements, and accountabilities of warehouse officers, so that proper liquidations can be made.

5.3. NFA's Major Remarkable Accomplishments

a. Buffer Stock Management

The NFA:

- Maintained an average rice inventory of 71,486 Metric Tons (MT), good to last for about 2.10 days rice supply, based on the average daily consumption requirement (DCR) of 33,984 MT.
- Palay procurement levelled at 78,419 MT, representing 15.84 per cent actual accomplishment of the targeted palay procurement of 495,000 MT.

Specific to Palay Marketing Assistance Program for Legislators and Local Government Units (PALLGU), the NFA has procured a total of 26,438 MT

from 24 provinces with premium added ranging from P1.00 per kilogram (kg) to P6.00 per kg on top of the government's prevailing buying price of palay.

Similarly, the NFA's total palay procurement during the entire duration of the implementation of Palay Procurement with Buffer Stocking Incentive (BSI) from September 20 to December 31, 2023 was recorded at about 47,626 MT, which represents the 60.73 per cent of the total volume of palay procured at the national level for the entire year.

The prevailing national average farmgate prices of dry and wet palay in the local market remained higher than the government's support price of palay at P23.00 per kg for clean and dry and P19.00 per kg for wet palay. Stiff competition and aggressive procurement activities of private traders prevailed that resulted in low palay procurement accomplishment.

- The NFA's rice releases totaled 105,546 MT attaining 33.83 per cent accomplishment of the operational target of 312,000 MT. The biggest portion of the distribution at 42,802 MT or equivalent to 40.55 per cent of the total rice sales were released to the beneficiaries of the One-Time Grant of Rice Assistance to government employees, Job Orders and Contract of Service who were covered by the Contingent Fund that was provided by the Department of Budget and Management (DBM). Rice releases of about 20,947 MT were accounted for the relief giving government institutions to serve the rice requirements for calamity/relief responses.

The average ex-farm price of dry and clean palay in CY 2023 placed at P22.12 per kg, increased by P3.20 per kg as compared to CY 2022 level of P18.92 per kg.

The average prevailing national retail price of well-milled rice (WMR) in CY 2023 placed at P47.41 per kg, up by P3.64 per kg as compared to the previous year's price of P43.77 per kg. The upward trend of the price of WMR has been observed from January at an average retail price of P43.92 per kg to as high as P53.82 per kg in December 2023.

On the other hand, the average retail price of regular milled rice (RMR) reached P42.80 per kg, which is about P3.37 per kg higher than the national average retail price of RMR at P39.43 per kg at the national level recorded in the same period last year.

The 575 requests for rice releases during emergencies and calamities were done within the prescribed 48-hour turnaround time. This was accomplished through the vigilance and readiness to serve 24/7 of the Operations Centers in the affected areas and at the NFA CO.

About 99.997 per cent of the NFA stocks were maintained in good consumable condition as a result of the NFA's good warehouse keeping practices and adherence to "6-3 Protocol", which shortens the storage period to six months maximum storage for palay and three months critical storage for rice to keep the quality of the NFA's stocks in fresh/good condition.

b. Facility Management

To boost the Agency's buffer stock management program and palay procurement activities, the NFA undertook the following:

- The construction of one 100 Thousand Bags Capacity (TBC) warehouse with warehouse supervisor's office and site development in Region IV located in NAWACO Compound, San Roque II, San Jose, Occidental Mindoro had been completed.
- Acquired 16 units of 6TPB mechanical dryers with biomass furnace/diesel fired burner and constructed seven (7) units dryer shed including upgrading of power supply.

c. Finance and Administration

- The outstanding loans as of December 31, 2023 amounted to P126.218 billion.
- Government Subsidy is P9.000 billion for the exclusive purpose of purchasing palay from local farmers, of which 16.58 per cent or P1.492 billion was disbursed for the year.
- Collected rental income from leased office space from the new NFA building to other government agencies amounting to P36.285 million.

6. PRIOR PERIOD ADJUSTMENTS

Fundamental adjustments affecting nominal accounts in prior years were recognized using Accumulated surplus/(deficit) account. The NFA 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 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.

Thus, the financial statements as at and for the year ended December 31, 2022 were restated to this effect, as follows:

6.1. Restated Statement of Financial Position as at December 31, 2022

	2022 As previously reported)	Prior Years (PYs) Adjustments	2022 As restated	Note
ASSETS				
Current assets				
Cash and cash equivalents	3,976,700,285	(47,565,902)	3,929,134,383	7.1
Financial assets	386,850,088	-	386,850,088	
Receivables, net	3,865,283,269	(677,511,046)	3,187,772,223	9.1
Intra-agency receivables, net	1,552,262,362	2,337,976,417	3,890,238,779	10.3
Inventories, net	4,224,203,368	(4,992,574)	4,219,210,794	11.1
Other current assets	135,378,987	(40,466)	135,338,521	12.1
Total current assets	14,140,678,359	1,607,866,429	15,748,544,788	
Non-current assets				
Financial assets	516,740,224	(35,130)	516,705,094	13.1
Investment property	18,002,980	-	18,002,980	
PPE	2,934,525,630	996,068	2,935,521,698	15
Intangible assets	3,372,973	-	3,372,973	
Other non-current assets	1,145,480,828	(1,051,124,774)	94,356,054	12.1
Total non-current assets	4,618,122,635	(1,050,163,836)	3,567,958,799	
TOTAL ASSETS	18,758,800,994	557,702,593	19,316,503,587	
LIABILITIES				
Current liabilities				
Financial liabilities	29,068,622,722	95,396,770	29,164,019,492	17.1
Inter-agency payables	108,046,761,416	(30,064,125)	108,016,697,291	18.1
Trust liabilities	756,491,131	(7,064,938)	749,426,193	19.1
Deferred credits/unearned income	927,703	-	927,703	
Total current liabilities	137,872,802,972	58,267,707	137,931,070,679	
Non-current liabilities				
Financial liabilities	3,503,330,237	-	3,503,330,237	
Deferred credits/unearned income	108,914,827	(5,040,273)	103,874,554	20.2.1
Provisions	554,467,858	(21,372,953)	533,094,905	21.1
Total non-current liabilities	4,166,712,922	(26,413,226)	4,140,299,696	
TOTAL LIABILITIES	142,039,515,894	31,854,481	142,071,370,375	
Net assets (total assets less total liabilities)	(123,280,714,900)	525,848,112	(122,754,866,788)	
GOVERNMENT EQUITY				
Contributed capital	5,000,000,329	-	5,000,000,329	
Accumulated surplus/(deficit)	(128,280,715,229)	525,848,112	(127,754,867,117)	33
EQUITY DEFICIENCY	(123,280,714,900)	525,848,112	(122,754,866,788)	

6.2. Restated Statement of Financial Performance for the year ended December 31, 2022

	2022 (As previously reported)	PYs Adjustments	2022 As Restated	Note(s)
Revenue				
Service and business income	7,219,184,802	2,284,545	7,221,469,347	22.1
Shares, grants and donations	19,870,756	9,510,800	29,381,556	23.1
Total revenue	7,239,055,558	11,795,345	7,250,850,903	
Current operating expenses				
Personnel services	1,495,926,463	(20,880,302)	1,475,046,161	24.1
Maintenance and other operating expenses	1,520,433,757	(11,153,037)	1,509,280,720	25.1
Financial expenses	2,060,199,555	279,762	2,060,479,317	26.1
Direct costs	9,620,130,555	(2,607,247)	9,617,523,308	27.1
Non-cash expenses	285,731,795	(24,832,000)	260,899,795	28.1.1; 28.3.1
Total current operating expenses	14,982,422,125	(59,192,824)	14,923,229,301	
Surplus/(deficit) from current operations	(7,743,366,567)	70,988,169	(7,672,378,398)	
Other non-operating income	95,394,130	1,395,728	96,789,858	29.1
Gains	18,562,233	1,500	18,563,733	30.1
Losses	(174,247,355)	(29,491,311)	(203,738,666)	31.1
Subsidy from national government	9,204,142,000	-	9,204,142,000	
Net surplus/(deficit) for the period	1,400,484,441	42,894,086	1,443,378,527	

7. CASH AND CASH EQUIVALENTS

This account consists of the following:

	Note	2023	2022 As restated
Cash on hand	7.2	2,218,121	1,471,229
Cash in bank - local currency	7.3	11,491,644,538	3,820,799,721
Cash in bank - foreign currency	7.4	105,700,987	106,863,433
		11,599,563,646	3,929,134,383

The increase in Cash in bank-local currency-current account was due to underutilization of P9.000 billion cereal procurement fund Subsidy from national government.

7.1. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Cash and cash equivalents account as at December 31, 2022 was restated as follows:

Particulars	Amount
Cash and cash equivalents, December 31, 2022	3,976,700,285
Restatements:	
Cash on hand (See Note 7.2.a)	46,270
Cash in bank – local currency, current account (See Note 7.3.a)	(45,189,631)
Cash in bank – local currency, savings account (See Note 7.3.a)	(2,422,541)
Total restatements (See Note 6.1)	(47,565,902)
Cash and cash equivalents, December 31, 2022, as restated	3,929,134,383

7.2. Cash on Hand

This account represents the undeposited collection in the custody of Collecting Officer as of the last working day of the accounting period, December 31. This also includes petty cash fund balance for Maintenance and other operating expenses (MOOE) as at year-end.

7.2.a. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Cash on hand account as at December 31, 2022 was restated as follows:

Particulars	Amount
Cash on hand, December 31, 2022	1,424,959
Restatement	
Petty cash (See Note 7.1)	46,270
Cash on hand, December 31, 2022, as restated	1,471,229

7.3. Cash in Bank - Local Currency

This account includes current and savings accounts that are deposited in various banks of the NFA CO, ROs and BOs such as Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), Philippine National Bank (PNB), and One Network Bank (ONB). This account consists of General Operating Fund (GOF), Cereal Procurement Fund (CPF), Rice Collection Account (RCA), Miscellaneous Collection Account (MSC), trust accounts and e-Gov accounts.

The GOF account is used for general and regular transactions of the office, while CPF account is mainly used for palay procurement. For the RCA, it is where all sales of rice are deposited and transferred to the RCA of NFA CO.

7.3.a. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Cash in bank – local currency account as at December 31, 2022 was restated as follows:

Particulars	Amount
Cash in bank – local currency, December 31, 2022	3,868,411,893
Restatements:	
Cash in bank – local currency, current account (See Note 7.1)	(45,189,631)
Cash in bank – local currency, savings account (See Note 7.1)	(2,422,541)
Total restatements	(47,612,172)
Cash in bank – local currency, December 31, 2022, as restated	3,820,799,721

7.4. Cash in Bank – Foreign Currency

Cash in bank - Foreign currency is a dollar savings account deposited in LBP – NFA Branch. The foreign currency account amounting to \$1,908,993.80 is revaluated using the December 31, 2023 closing rate of P55.37:\$1.00 from the BSP. While the December 31, 2022 balance of \$1,916,660.98 was revaluated using December 31, 2022 closing rate of P55.775:\$1.00 from the same source.

8. FINANCIAL ASSETS - CURRENT

The reconciliation of the Current Investments is presented as follows:

	Time Deposits Note 8.1	Other Investments Note 8.2	Total
Balance, January 1, 2023	173,485,843	213,364,245	386,850,088
Increase due to discount/interest earned during the period	4,063,036	8,089,806	12,152,842
Withdrawal	-	-	-
Balance, December 31, 2023	177,548,879	221,454,051	399,002,930

8.1. Investment in Time Deposits

Investment in the amount of P177,548,879 is an investment in time deposit of Corn Development Fund (CDF) placed in DBP which consists of 91 days at 1.90 per cent in the amount of P16,515,754 and 365 days at 4.0 per cent in the amount of P161,033,125.

8.2. Other Investments

	2023	2022
LBP Trust - building	185,454,761	178,364,611
DBP Trust - building	35,999,290	34,999,634
	221,454,051	213,364,245

Other investments pertain to investments entered into with the LBP - Trust Banking Group (LBP-TBG) and DBP-TBG on June 20, 2016 for the exclusive use of construction of the NFA CO building. The trustees have discretionary authority to invest the maximum 83 per cent of fund in high yielding government securities and the 17 per cent of the fund shall serve as BSP reserves and non-interest bearing. The increase was due to interest earned.

9. RECEIVABLES

This account consists of the following:

	Note	2023	2022 As restated
Accounts receivable	9.2	8,537,889	51,407,429
Loans receivables	9.4	9,935,461	16,746,993
Lease receivables	9.5	444,415	347,957
Inter-agency receivables	9.6	740,249,371	893,362,395
Other receivables	9.7	2,284,608,158	2,225,907,449
		3,043,775,294	3,187,772,223

9.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Receivables accounts as at December 31, 2022 was restated as follows:

Particulars	Amount
Receivables, December 31, 2022	3,865,283,269
Restatements:	
Accounts receivable	14,457,358
Loans receivable-others (See Note 9.4.1)	(1,911,826)
Due from national government agencies (NGAs) (See Note 9.6.1.a)	(3,992,533)
Due from other GCs (See Note 9.6.1.c)	(19,039,002)
Receivables-disallowances/charges (See Note 9.7.b)	11,125,581
Due from officers and employees (See Note 9.7.a)	(385,370,913)
Other receivables (See Note 9.7.c)	(292,779,711)
Total restatements (See Note 6.1)	(677,511,046)
Receivables, December 31, 2022, as restated	3,187,772,223

9.2. Accounts Receivable

	2023	2022 As restated
NGAs	408,870,576	403,633,350
Local government units (LGUs)	122,045,765	121,715,919
Private corporations (PCs)	12,154,195	8,848,538
Farmers	4,843,638	4,843,638
Government owned and controlled corporations (GOCCs)	4,261,836	4,142,998
Employees	361,731	456,104
Retailer	426,386	3,960,121
Erap Sari-Sari Store (ESSS) operators	21,392	24,233
Total	552,985,519	547,624,901
Less: Allowance for impairment	(544,447,630)	(496,217,472)
	8,537,889	51,407,429

Accounts receivable account pertains to trade receivables representing rice releases on account to NGAs, LGUs, GOCCs, PCs, retailers, ESSS operators, employees, and farmers.

Accounts receivable account consists mainly of dormant accounts. Thus, the NFA provided an Allowance for impairment based on collectability of receivable balances and evaluation of factors such as aging of accounts and collection experiences.

9.3. Aging analysis of Receivables

	Total	Current		Past Due		
		Less than 90 days	91-365 days	Over 1 year	Over 2 years	Over 3 years
NGAs	408,870,576	19,350,432	-	-	-	389,520,144
LGUs	122,045,765	554,653	-	-	-	121,491,112
GOCCs	4,261,836	29,431	-	-	-	4,232,405
PCs	12,154,195	25,746	-	-	-	12,128,449
Retailer	426,386	-	-	-	-	426,386
ESSS Operators	21,392	-	-	-	-	21,392
Employees	361,731	-	-	-	-	361,731
Farmers	4,843,638	-	-	-	-	4,843,638
	552,985,519	19,960,262	-	-	-	533,025,257
Allowance for impairment	(544,447,630)	(11,422,373)	-	-	-	(533,025,257)
	8,537,889	8,537,889	-	-	-	-

9.4. Loans Receivables

	2023	2022 As restated
Japan International Cooperation Agency (JICA)	2,423,356	2,423,356
<i>Allowance for impairment</i>	<i>(1,600,739)</i>	<i>(598,457)</i>
	822,617	1,824,899
Private Sector Mechanization Scheme (PSMS)	6,794,634	6,794,634
<i>Allowance for impairment</i>	<i>(6,149,820)</i>	<i>(4,836,767)</i>
	644,814	1,957,867
Post-Harvest Facilities (PHF)	1,038,416	1,038,416
<i>Allowance for impairment</i>	<i>(881,793)</i>	<i>(881,793)</i>
	156,623	156,623
Farm Level Grains Center (FLGC)	19,316,428	19,630,453
<i>Allowance for impairment</i>	<i>(11,005,021)</i>	<i>(6,822,849)</i>
	8,311,407	12,807,604
Loans receivables - net	9,935,461	16,746,993

The JICA account pertains to assistance project availed by qualified farmers' organizations in the country for the purpose of making available post-harvest facilities. The NFA and the JICA aim to provide farmers' organizations with post-harvest facilities to reduce grains losses, post-harvest cost, and to shorten the time period for the various on-farm operations, thereby assisting farmers' organizations in venturing into profitable gains, marketing businesses, increasing the level of farm income and the living standards of the beneficiaries.

The PSMS was one of the projects of the then Agro-Processing and Marketing Project Office (APMPO), an NFA special project. Under this project, farmers from selected areas/provinces were given the opportunity to avail of a loan in the form of single pass rice mills, dryers, drying silos, and truck scales. The loan is payable in ten semi-annual amortizations for a period of five years secured by either real estate mortgage and/or chattel mortgage.

The PHF program aims to help farmers' organizations acquire post-harvest facilities of their preferred brand, at reasonable prices and with easy payment terms. The provision of PHF is envisioned to reduce grains losses, lessen post-harvest cost, and shorten the time period for the various in-farm operations.

The FLGC is a soft loan designed for farmers' organizations who have shown or exhibited strong capability in palay trading activities and potential to integrate processing and marketing activities. The FLGC provides for the acquisition of post-harvest facilities such as storage (warehouse), rice mills, dryers, trucks and other auxiliary equipment, which are critical to the success of the business venture.

9.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Loans receivables account as at December 31, 2022 was restated as follows:

Particulars	Amount
Loans receivables – FLGC, December 31, 2022	18,658,819
Restatements	
Allowance for impairment – PSMS	(1,721,062)
FLGC	1,893,668
Allowance for impairment – FLGC	(2,084,432)
Total restatements (See Note 9.1)	(1,911,826)
Loans receivables, December 31, 2022, as restated	16,746,993

9.5. Lease Receivables

	2023	2022
Operating lease receivable	444,415	347,957
	444,415	347,957

9.6. Inter-Agency Receivables

	Note	2023	2022 As restated
Due from NGAs, net	9.6.1.a	570,646,332	690,926,041
Due from LGUs	9.6.1.b	6,232,420	14,641,948
Due from other GCs	9.6.1.c	163,370,619	187,794,406
		740,249,371	893,362,395

9.6.1. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Inter-agency receivables account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inter-agency receivables, December 31, 2022	916,393,930
Restatements:	
Due from NGAs, net	(3,992,533)
Due from other GCs	(19,039,002)
Total restatements	(23,031,535)
Inter-agency receivables, December 31, 2022, as restated	893,362,395

a. Due from NGAs account consists of the following:

	2023	2022 As restated
Department of Transportation (DOTr)	679,360,363	679,360,364
DA	10,906,610	10,669,408
Department of Social Welfare and Development (DSWD)	4,840,834	4,656,708
Department of Interior and Local Government (DILG)	854,030	854,030
DBM	401,854	823,215
Department of Education (DepEd)	24,525	22,650
Department of Finance (DOF)	16,278	17,470
Bureau of the Treasury (BTr)	185	126
Total	696,404,679	696,403,971
Less: Allowance for impairment	(125,758,347)	(5,477,930)
	570,646,332	690,926,041

Due from DOTr account includes receivable from DOTr-Philippine National Railways (PNR) pertaining to the sale of three parcels of land located at Meycauayan, Bulacan for the construction of North-South Railway Project. The total contract price was

P925,417,400; 50 per cent payment was made to NFA CO on August 16, 2021 per Official Receipt (OR) No. O-0492551 amounting to P444,295,736 - net of real property tax. Demand Letter dated October 28, 2022 was already sent to DOTr-PNR requesting for the payment of the remaining balance.

In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Due from NGAs account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due from NGAs-net, December 31, 2022	694,918,574
Restatements:	
DBM	97,432
DSWD	207,474
<i>Less: Allowance for impairment</i>	<i>(4,297,439)</i>
Total restatements (See Note 9.1)	<i>(3,992,533)</i>
Due from NGAS-net, December 31, 2022, as restated	690,926,041

b. Due from LGUs account consists of the following:

	2023	2022
Nueva Ecija	13,478,718	13,478,718
Pampanga	708,029	708,029
Aurora	400,000	400,000
Bukidnon	55,201	55,201
<i>Less: Allowance for impairment</i>	<i>(8,409,528)</i>	-
	6,232,420	14,641,948

Due from LGUs of Nueva Ecija and Bukidnon represent unliquidated balance from DA funded program for the Mechanical Dryer/Grains Procurement Enhancement Program (GPEP) Post-Harvest Facility Assistance Fund. Due from LGU Nueva Ecija also includes receivable arising from the sale of parcel of land in CY 1999.

Due from LGU Pampanga represents interest and penalty for late payment of rice loan. While the due from LGU Aurora account represents unliquidated project fund pertaining to the construction of warehouse in Dingalan, Aurora.

c. Due from other GCs consist of the following:

	2023	2022 As restated
GSIS	127,443,201	151,866,988
Quedan Guarantee Fund Board (QGFB)	35,571,645	35,571,645
Philippine International Trading Corporation (PITC)	355,773	355,773
	163,370,619	187,794,406

Due from GSIS account pertains to marine insurance, damaged in-warehouse stocks and property insurance claims of the NFA from government insurance agency.

Due from PITC account represents unclassified vessel surcharged pertaining to CY 2002 importation of 16,200 MT Indian long grain white rice which was unloaded in Cebu thru ex-vessel MV Chung Gin 2 in the amount of US\$7,034.85. A series of demand letters were made to collect the receivables.

Due from QGFB account represents loan granted by the NFA to finance the construction of FLGC 1 and the Dryer Assistance Fund. The account had been outstanding since CY 2000. The NFA sent demand letter to Quedan and they acknowledged their payable per their letter dated September 27, 2018. Accordingly, they could not settle the obligation since Quedan was abolished pursuant to Memorandum Order No. 13 dated June 28, 2017. The NFA requested updates on the liquidation plan on the settlement of obligations per letters dated October 18, 2018 and May 06, 2019.

In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Due from other GCs as at December 31, 2022 was restated as follows:

Particulars	Amount
Due from other GCs, December 31, 2022	206,833,408
Restatement:	
GSIS (See Note 9.1)	(19,039,002)
Due from other GCs, December 31, 2022 as restated	187,794,406

9.7. Other Receivables

	Note	2023	2022 As restated
Due from officers and employees	9.7.a	1,106,898,613	1,131,290,368
Receivables-disallowances/charges	9.7.b	59,094,979	72,419,149
Other receivables	9.7.c	1,118,614,566	1,022,197,932
		2,284,608,158	2,225,907,449

a. Due from Officers and Employees consists of the following:

	2023	2022 As restated
Due from Stock Accountable Officers (SAOs):		
Without stock examination - past (Title I)	1,158,380,728	1,134,378,418
Without stock examination - on-going (Title I)	21,570,237	53,172,616
With management examination (Title II)	45,808,051	28,137,176
With COA examination (Title III)	161,748,520	161,753,379
For Tolerable Allowance (TOLA) computation (Title IV)	136,296,847	130,300,065
Stocks with TOLA computation (Title V)	5,079,488	(1,283,323)
Stocks with unresolved appeal (Title VI)	117,409,269	116,106,687
Final shortages - still connected with NFA - grains (Title VII)	100,286,085	49,419,988
(MTS) (Title VII)	229,648	706,933
Final shortages - with resolved appeal - (Title VIII)	61,152	61,152
Cash shortage	18,404,446	17,841,031
KADIWA shortage	1,304,434	1,304,434
Refund of excess/overpayment of personnel services	659,349	(3,761,894)
Communications	45,703	46,310
Grainscor	27,032	27,032
Loss of fixed assets	26,769	29,839
Loss of supplies and materials	43,573	2,560
Educational Loan Assistance (EDL)	3,742,350	3,028,447
Special loan assistance	407,933	366,056
Special loan assistance P20,000	180,116	395,917
Special Vehicle Loan Fund (SVLF)	956,514	1,742,655
Calamity Loan	165,874	-
Total	1,772,834,118	1,693,775,478
Less: Allowance for impairment	(665,935,505)	(562,485,110)
	1,106,898,613	1,131,290,368

Due from officers and employees account represents different collectibles from officers and employees such as educational loan, special loan assistance, special vehicle loan and receivables arising from cash shortages and loss of assets. This account also includes receivables - stock shortages from SAOs. Those who are still in service are paying regularly but at an amount based on their capacity to pay and some settled their obligations by entering into a compromise agreement. Those who are no longer in the service were recommended for either filing of court action or write off if warranted.

Due from SAOs account are categorized into:

- Without Examination (Past Accountabilities) - Include cases with proper cut-off but not yet 100 per cent examined and/or pending for examination.
- Without Examination (On-going Accountabilities) - Include cases with no cut-off of accountability yet with or without shortages set-up.
- With Management Examination - Include cases/accountabilities already encoded in the New Computerized Stock Examination and TOLA Computation System which are 100 per cent completed, the required certifications are already submitted, the inventory of accountable forms is properly accounted for, the computer generated examination and reports are already final, verified by Branch Accountant and noted by the Branch Manager and forwarded or about to be forwarded to the concerned SAO for review and confirmation. Also, this includes accountabilities with final examination or 100 per cent completed and the results are either shortage but considered auto-offset, or overage (therefore, no TOLA is computed).
- For TOLA Computation - Include cases/accountabilities submitted by the BO to the RO for TOLA computation.
- With TOLA Computation - Include cases/accountabilities wherein the result of TOLA computation is for review of the SAO and is under the 30 working days prescribed period to appeal.
- Final Shortages With/Without Resolved Appeal - No Longer Connected - Include cases/accountabilities of SAO no longer connected with the NFA wherein TOLA computations (either with shortages or offset) were conducted either in the RO or CO and appeals resolved by the Regional Tolerable Allowance Committee (RTAC) or National Tolerable Allowance Committee (NTAC). It also includes cases with shortages net of TOLA without appeal and/or the 30 working days prescribed period had lapsed.

In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Due from officers and employees account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due from officers and employees, December 31, 2022	1,763,397,628
<i>Allowance for impairment, December 31, 2022</i>	<i>(246,736,347)</i>
Due from officers and employees-net, December 31, 2022	1,516,661,281
Restatements:	
Refund of excess/overpayment of personnel services	(4,315,079)
Communications	(18,485)
Loss of fixed assets	3,070
Due from SAOs - for TOLA computation (Title IV)	(17,020,760)
Due from SAOs - stocks with TOLA computation (Title V)	(5,691,187)
Due from SAOs - with management examination (Title II)	(221,907)
Due from SAOs - without stock examination - past (Title I)	(47,566,090)
Due from SAOs - without stock examination - on-going (Title I)	(1,723,725)
Due from SAOs - final shortages - still connected with NFA - grains (Title VII)	6,280,181
Due from SAOs - final shortages - still connected with NFA - MTS (Title VII)	650,345
Educational loan assistance	1,485
Special loan assistance P20,000	2
<i>Allowance for impairment</i>	<i>(315,748,763)</i>
Total restatements (See Note 9.1)	(385,370,913)
Due from officers and employees-net, December 31, 2022, as restated	1,131,290,368

b. Receivables-disallowances/charges account consists of the following:

	2023	2022 As restated
Food grocery incentive (FGI)	48,954,368	60,201,952
Allowances	1,707,282	1,903,835
Supplies and materials	1,598,514	1,622,218
Salaries and wages	456,807	460,614
Representation	434,568	434,568
Traveling	189,843	162,300
Hazard pay	14,000	52,000
Others	5,739,597	7,581,662
	59,094,979	72,419,149

Receivables-disallowances/charges account pertains to the audit disallowances/charges such as salaries and allowances, FGI, representation, supplies and materials, hazard pay, etc.

In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Receivables-disallowances/charges account as at December 31, 2022 was restated as follows:

Particulars	Amount
Receivables – disallowances/charges, December 31, 2022	61,293,568
Restatements:	
Allowances	40,000
Supplies and materials	(3,044)
FGI	10,555,582
Others	533,043
Total restatements (See Note 9.1)	11,125,581
Receivables-disallowances/charges, December 31, 2022, as restated	72,419,149

c. Other receivables account consists of the following:

	2023	2022 As restated
Final shortages - no longer connected with NFA (Title VIII)	1,635,296,238	1,595,542,452
Private institutions	210,056,093	(12,809,201)
NFA employees	57,591,598	57,439,516
Separated NFA employees	13,409,812	13,207,843
MTS receivable from other agencies/offices/organizations	2,514,992	2,858,195
Advances made by POs	1,867,837	1,872,124
COA personnel	1,013,267	1,013,267
Corn Marketing Assistance Program (CMAP)	-	4,719
Others	18,603,272	181,318
Total	1,940,353,109	1,659,310,233
<i>Less: Allowance for impairment</i>	<i>(821,738,543)</i>	<i>(637,112,301)</i>
	1,118,614,566	1,022,197,932

Other receivables account comprises non-trade receivables from private institutions, corporations and individuals. This account also includes receivables from employees who were separated from the service.

In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Other receivables account as at December 31, 2022 was restated as follows:

Particulars	Amount
Other receivables – December 31, 2022	1,858,631,186
<i>Allowance for impairment – December 31, 2022</i>	<i>(543,653,543)</i>
Other receivables – net, December 31, 2022	1,314,977,643
Restatements:	
MTS receivables from other agencies/offices/organizations	32,217
Private institutions	(199,299,346)
NFA employees	(68,021)
Advances made by POs	33,528
Final shortages - no longer connected with NFA (Title VIII)	(19,331)
<i>Allowance for impairment</i>	<i>(93,458,758)</i>
Total restatements (See Note 9.1)	(292,779,711)
Other receivables-net, December 31, 2022, as restated	1,022,197,932

10. INTRA-AGENCY RECEIVABLES

10.1. Intra-Agency Receivables

	2023	2022 As restated
Due from Operating Units (OUs)	6,557,658,638	10,592,874,929
Due from CO	4,839,520,750	5,020,640,822
Due from RO	2,698,175,028	2,793,048,834
	14,095,354,416	18,406,564,585

10.2. Intra-Agency Payables

	2023	2022 As restated
Due to OUs	2,199,182,397	4,051,999,339
Due to CO	6,750,071,338	7,008,833,352
Due to RO	3,043,510,755	3,455,493,115
	11,992,764,490	14,516,325,806
Intra-agency receivables, net	2,102,589,926	3,890,238,779

10.3. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Intra agency receivables and Payables accounts as at December 31, 2022 were restated as follows:

Particulars	Amount
Intra-agency receivables	17,838,191,362
<i>Intra-agency payables</i>	<i>(16,285,929,000)</i>
Intra-agency receivables-net, December 31, 2022	1,552,262,362
Restatements:	
Due from operating/field units	699,802,058
Due from central/home/head office	(7,201,399)
Due from ROs	(124,227,436)
Due to operating units/field units	1,656,798,994
Due to central/home/head office	(33,099,044)
Due to ROs	145,903,244
Total restatements (See Note 6.1)	2,337,976,417
Intra-agency receivables-net, December 31, 2022, as restated	3,890,238,779

Intra-agency receivables account represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in the NFA CO, ROs and BOs and are recorded as receivable (Due from) by the issuing office and payable (Due to) by the receiving office.

Intra-agency payables account represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in the NFA CO, ROs and BOs and are recorded as payable (Due to) by the receiving office and receivable (Due from) by the issuing office.

Reconciled intra-agency receivables/payables accounts are being closed/eliminated using Accumulated surplus/(deficit) account.

Decrease in intra-agency receivables/payables accounts is attributed to religious monthly and prioritization of reconciliation activities.

For the CY 2023 financial statements presentation, these Intra-agency accounts were offset with a net balance of P2.103 billion in the Intra-agency receivables. These balances are still in the process of reconciliation.

11. INVENTORIES

This account consists of:

	Note	2023	2022 As restated
Inventory held for sale, net	11.2	775,234,652	2,010,183,422
Inventory held for manufacturing, net	11.3	1,066,131,551	1,851,024,993
Inventory held for consumption	11.4	350,295,919	353,047,492
Semi-expendable machinery and equipment	11.5	3,525,837	4,490,822
Semi-expendable furniture and fixtures	11.6	558,442	464,065
		2,195,746,401	4,219,210,794

11.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inventories account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inventories, December 31, 2022	4,224,203,368
Restatements:	
Inventory held for sale (See Note 11.2.1)	(11,760,204)
Inventory held for manufacturing (See Note 11.3.1)	29,414,811
Inventory held for consumption (See Note 11.4.1)	(19,310,853)
Semi-expendable machinery and equipment (See Note 11.5.1)	(1,935,820)
Semi-expendable furniture and fixtures (See Note 11.6.1)	(1,400,508)
Total restatements (See Note 6.1)	(4,992,574)
Inventories, December 31, 2022, as restated	4,219,210,794

11.2. Inventory Held for Sale

	2023	2022 As restated
Merchandise inventory	779,198,407	2,014,438,571
Allowance for impairment	(3,963,755)	(4,255,149)
	775,234,652	2,010,183,422

Merchandise inventory account refers to rice inventory strategically and safely stored nationwide. This inventory is primarily intended as the country's buffer stocks and for emergency relief operations.

11.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inventory held for sale account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inventory held for sale-net, December 31, 2022	2,021,943,626
Restatement:	
Inventory held for sale (See Note 11.1)	(11,760,204)
Inventory held for sale-net, December 31, 2022, as restated	2,010,183,422

11.3. Inventory Held for Manufacturing

	2023	2022 As restated
Raw materials inventory	1,091,385,489	1,738,627,022
<i>Allowance for impairment</i>	<i>(27,358,830)</i>	<i>(7,465,977)</i>
Raw materials inventory, net	1,064,026,659	1,731,161,045
Work-in-process (WIP) inventory	2,104,892	119,863,948
	1,066,131,551	1,851,024,993

Raw materials inventory account pertains to palay procured from local farmers which are safely kept in various NFA warehouses.

WIP inventory account pertains to raw materials (palay) issued for milling which are still in-process as at the end of the accounting period.

The decrease in raw materials is due to decrease in procurement level and continuous milling operation for roll-over of inventory in response to emergency relief operations.

11.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inventory held for manufacturing account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inventory held for manufacturing-net, December 31, 2022	1,821,610,182
Restatements:	
Raw materials inventory	31,264,229
WIP inventory	(1,849,418)
Total restatements (See Note 11.1)	29,414,811
Inventory held for manufacturing-net, December 31, 2022, as restated	1,851,024,993

11.4. Inventory Held for Consumption

This account consists of supplies and materials which are used in the ordinary course of operations.

	Carrying amount, 01/01/2023, as restated	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/2023
Office supplies inventory	7,015,212	26,926,305	26,365,313	7,576,204
Accountable forms, plates and stickers inventory	21,257,901	961,889	971,682	21,248,108
Non-accountable forms	29,559	-	796	28,763
Drugs and medicine inventory	453,344	4,092	55,076	402,360
Medical, dental and laboratory supplies inventory	149,649	314,776	322,758	141,667
Fuel, oil and lubricants inventory	983,449	47,587,195	47,590,598	980,046
Agricultural and marine supplies inventory	43,466,430	14,559,526	16,226,595	41,799,361
Construction materials inventory	3,227,250	(2,842,269)	384,981	-
Linens and beddings	134,457	383,167	383,167	134,457
Electrical supplies and materials	143,113	1,680,732	1,678,917	144,928
Housekeeping/cleaning supplies	351,816	1,953,577	1,936,485	368,908
Other supplies inventory	275,835,312	9,238,669	7,602,864	277,471,117
	353,047,492	100,767,659	103,519,232	350,295,919

11.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inventory held for consumption account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inventory held for consumption, December 31, 2022	372,358,345
Restatements:	
Office supplies inventory	(1,333,177)
Accountable forms, plates, and stickers inventory	2,110
Drugs and medicine inventory	(26,828)
Medical, dental, and laboratory supplies inventory	(16,001)
Agricultural and marine supplies inventory	(1,077,569)
Linens and beddings	(17,738)
Electrical supplies and materials	(372,188)
Housekeeping/cleaning supplies	(2,189)
Other supplies inventory	(16,467,273)
Total restatements (See Note 11.1)	(19,310,853)
Inventory held for consumption, December 31, 2022, as restated	353,047,492

11.5. Semi-Expendable Machinery and Equipment

	Carrying amount, 01/01/2023, as restated	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/2023
Semi-expendable office equipment	1,596,537	6,986,020	6,935,346	1,647,211
Semi-expendable information and communication technology (ICT) equipment	1,561,839	6,153,679	6,775,985	939,533
Semi-expendable communication equipment	243,495	94,483	289,243	48,735
Semi-expendable disaster response and rescue equipment	41,400	100,951	100,951	41,400
Semi-expendable medical equipment	6,110	-	6,110	-
Semi-expendable sports equipment	-	59,214	44,418	14,796
Semi-expendable technical and scientific equipment	1,027,246	831,137	1,452,786	405,597
Semi-expendable kitchen equipment	14,195	402,890	404,612	12,473
Semi-expendable electrical equipment	-	211,580	211,580	-
Semi-expendable other machinery and equipment	-	3,334,036	2,917,944	416,092
	4,490,822	18,173,990	19,138,975	3,525,837

11.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Semi-expendable machinery and equipment account as at December 31, 2022 was restated as follows:

Particulars	Amount
Semi-expendable machinery and equipment, December 31, 2022	6,426,642
Restatements:	
Semi-expendable office equipment	(416,827)
Semi-expendable ICT equipment	(248,755)
Semi-expendable communication equipment	(106,395)
Semi-expendable disaster response and rescue equipment	(34,940)
Semi-expendable medical equipment	6,110
Semi-expendable sports equipment	(112,796)
Semi-expendable technical and scientific equipment	(397,668)
Semi-expendable other machinery and equipment	(624,549)
Total restatements	(1,935,820)
Semi-expendable machinery and equipment, December 31, 2022, as restated	4,490,822

11.6. Semi-Expendable Furniture and Fixtures

	Carrying amount, 01/01/2023, as restated	Additions/ acquisitions during the year	Expensed during the year except write-down	Carrying amount, 12/31/2023
Semi-expendable furniture and fixtures	464,065	9,833,235	9,738,858	558,442
	464,065	9,833,235	9,738,858	558,442

Semi-expendable inventories are tangible items which meet the definition and recognition criteria of PPE, but below the capitalization threshold of P50,000 (previously P15,000) pursuant to COA Circular No. 2022-001 issued on May 31, 2022. Expense is recognized upon issuance to the end-user.

11.6.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Semi-expendable furniture and fixtures account as at December 31, 2022 was restated as follows:

Particulars	Amount
Semi-expendable furniture and fixtures, December 31, 2022	1,864,573
Restatement:	
Semi-expendable furniture and fixtures (See Note 11.1)	(1,400,508)
Semi-expendable furniture and fixtures, December 31, 2022, as restated	464,065

12. OTHER ASSETS

	Note	2023		2022 As restated	
		Current	Non-current	Current	Non-current
Advances	12.2	3,302,394	-	4,125,769	-
Prepayments	12.3	21,742,890	-	12,226,906	-
Deposits	12.4	52,758,366	-	59,070,758	-
Other assets	12.5	93,599,196	94,696,700	59,915,088	94,356,054
		171,402,846	94,696,700	135,338,521	94,356,054

12.1. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Other assets (current and non-current) account as at December 31, 2022 was restated as follows:

Particulars	Current	Non-current
Other assets, December 31, 2022	135,378,987	1,145,480,828
Restatements:		
Advances	(20,000)	-
Prepayments	(2,080)	-
Deposits	(18,385)	-
Other assets	(1)	-
Other non-current assets	-	(1,051,124,774)
Total restatements (See Note 6.1)	(40,466)	(1,051,124,774)
Other assets, December 31, 2022, as restated	135,338,521	94,356,054

12.2. Advances

	2023	2022 As restated
Advances to SDOs	3,133,925	4,125,769
Advances to officers and employees	168,469	-
	3,302,394	4,125,769

Advances to SDOs account includes the amount granted to Accountable Officers (AOs) for special purpose/time-bound undertakings.

Advances to officers and employees account includes the amount granted to officers and employees for official travels to be liquidated within a specified period and/or within 30 calendar days upon arrival from travel.

12.3. Prepayments

	2023	2022 As restated
Advances to contractors/sub-contractors	8,022,572	2,725,461
Prepaid rent	3,752,580	3,924,477
Prepaid insurance	3,480,624	1,555,543
Withholding tax at source	5,586,003	3,266,778
Other prepayments	901,111	754,647
	21,742,890	12,226,906

Advances to contractors/sub-contractors account represents mobilization fee for construction and repairs of PPE.

Prepaid rent account represents rental to Amberland Corporation, Solid Triangle Sales Corporation and Sugar Regulatory Administration (SRA).

Prepaid insurance pertains to the unexpired portion of insurance premiums for buildings, motor vehicles and other properties with the GSIS.

Withholding tax at source account represents tax withheld arising from rental by the Department of Justice - Office for Alternative Dispute Resolution (DOJ-OADR), Anti-Red Tape Act (ARTA), DSWD, etc. and creditable expanded withholding tax amounting to P5,380,205 and creditable final Value-Added Tax (VAT) withholding amounting to P205,798 derived from office space rental from ARTA and DOJ-OADR, DSWD and various Land Transportation Office (LTO) registration fees and others.

Other prepayments account represents prepayment for Internet Security Gateway Appliance for Data Center.

12.4. Deposits

This account consists of deposits for the services of the following utilities and facilities:

	2023	2022 As restated
Containers	1,152,660	1,152,660
Light and water	3,640,022	3,640,022
Telephone installation	288,568	288,568
Facilities	46,133,628	52,441,020
Court cases	1,508,842	1,513,842
Lease equipment	34,646	34,646
	52,758,366	59,070,758

The security deposits with two corporation could not yet be refunded due to the pending case in court handled by the Office of the Government Corporate Counsel (OGCC).

12.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Deposits account as at December 31, 2022 was restated as follows:

Particulars	Amount
Deposits, December 31, 2022	59,089,143
Restatements:	
Light and water	(1,290)
Telephone installation	(17,094)
Facilities	(1)
Total restatements	(18,385)
Deposits, December 31, 2022, as restated	59,070,758

12.5. Other Assets

12.5.1. Other Assets - Current

	2023	2022 As restated
Other assets - items-in-transit	90,185,835	56,487,031
Other assets - miscellaneous inventory	2,088,644	2,092,445
Other assets - stock held-in trust	1,324,717	1,335,612
	93,599,196	59,915,088

Other assets - current account includes inventories such as stocks and empty sacks which are still in-transit as of the end of accounting period. It also includes miscellaneous inventories such as fertilizers and damaged grains and non-grains.

12.5.2. Other Assets – Non-current

	2023	2022 As restated
Junked assets	9,643,477	6,667,041
Non-performing assets	18,074,660	18,886,130
Equipment and implements	6,284,202	6,284,202
Other receivables	4,838,635	4,838,635
Other receivable – GOCCs	1,267	1,267
Other receivable - private institutions	672,791,685	691,382,683
Total	711,633,926	728,059,958
<i>Less: Allowance for impairment on</i>		
<i>Non-performing assets</i>	(587,314)	(587,314)
<i>Other receivable - private institutions</i>	(616,349,912)	(633,116,590)
Total	(616,937,226)	(633,703,904)
	94,696,700	94,356,054

Other assets – non-current account includes unserviceable/damaged/obsolete PPE waiting for disposal and other receivables of which collections are uncertain.

12.5.3. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other assets – non-current account as at December 31, 2022 was restated as follows:

Particulars	Amount
Other assets-non-current-net, December 31, 2022	1,145,480,828
Restatements:	
Junked assets	(2,307,419)
Other receivables	(415,700,765)
<i>Allowance for impairment</i>	(633,116,590)
Total restatements	(1,051,124,774)
Other assets-non-current-net, December 31, 2022, as restated	94,356,054

13. FINANCIAL ASSETS - NON-CURRENT

	Note	2023	2022 As restated
Investments in stocks, net	13.2	501,254,500	501,254,500
Other investments, net	13.3	15,450,594	15,450,594
		516,705,094	516,705,094

13.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial assets - non-current account as at December 31, 2022 was restated as follows:

Particulars	Amount
Financial assets - non-current, December 31, 2022	516,740,224
Restatement:	
Allowance for impairment - investment in stocks	(35,130)
Financial assets - non-current, December 31, 2022, as restated	516,705,094

13.2. Investment in Stocks

	2023	2022
Food Terminal, Inc. (FTI)	500,000,000	500,000,000
Gasifier and Equipment Manufacturing Corporation (GEMCOR)	1,242,000	1,242,000
Philippine Long Distance Telephone Company (PLDT)	63,657	63,657
Celebrity Sports Plaza (CSP)	35,000	35,000
Manila Electric Railroad and Light Company (MERALCO)	31,630	31,630
Total	501,372,287	501,372,287
Less: Allowance for impairment	(117,787)	(117,787)
	501,254,500	501,254,500

- a. Investment in stocks in the FTI in the amount of P500 million was recognized in the books of the NFA pursuant to Section 8 of PD No. 1770 dated January 14, 1981, which provided that the investments and loans as well as related obligations incurred by the Human Settlements Development Corporation (HSDC) in the FTI shall be transferred to the NFA. The FTI became a major subsidiary agency of the NFA.

The NFA and the FTI presented their financial statements separately, as preparation of consolidated financial statements is exempt under paragraph 5 of IPSAS 35. These acquired stocks are not intended for trading and the financial statements are available for public use and compliant with IPSASs.

The FTI is located at West Bicutan, Taguig City, Metro Manila, and their separate financial statements can be obtained or viewed at <http://www.fti.gov.ph/transparency>.

- b. The NFA owns 1,242 shares of stock of GEMCOR which was abolished in 1985. The sale and disposition of the said Corporation was handled by the DA under the then Asset Privatization Trust. The NFA issued demand letter in 1995, 2014, 2017 and 2018 to the DA for the refund of investment.
- c. The investment in PLDT represents shares of stock owned by NFA Regions I, III, VIII, XIII and CO. This account was subjected to impairment loss.
- d. The NFA owns one share of stock of CSP. This was subjected to auction in 2017 but was postponed indefinitely. This account was subjected to impairment loss.

13.3. Other Investments

	2023	2022
Center for International Trade Expositions and Missions (CITEM)	14,745,735	14,745,735
NFA Employees Association (NFAEA)	407,200	407,200
DBP Trust	179,159	179,159
Quezon City Sports Club, Inc.	70,000	70,000
Capitol City Sports Club	22,500	22,500
Philippine Columbian Association	16,000	16,000
KUTOWATO	10,000	10,000
	15,450,594	15,450,594

- a. The investment in the CITEM includes building, furniture, equipment and supplies carried over from Philippine Trade Exhibition Center (PTEC) books.
- b. Investment in NFAEA represents interest bearing loan and was recorded in 1985.
- c. The DBP Trust pertains to the balance of numerous roll-over transactions of money market placements from April 1993 to January 2007.
- d. The Quezon City Sports Club, Inc. represents membership with two shares of stock acquired at P35,000 per share.
- e. Capitol City Sports Club could no longer be located and license with Securities and Exchange Commission (SEC) was suspended on November 11, 1994.
- f. The NFA owns one share of stock of Philippine Columbian Association and is currently managed and used by the NFA National Capital Region (NCR).
- g. Investment in KUTOWATO was made in 1980 and represents 20 shares of stock at P5 par value.

14. INVESTMENT PROPERTY

	Note	2023	2022
Investment property - land	14.1	18,002,980	18,002,980
Investment property - building	14.2	755,296	-
		18,758,276	18,002,980

14.1. Investment Property – Land

	2023	2022
Balance, January 1	18,002,980	18,016,800
Other changes: reclassification from Investment property - land to PPE - land of Region VI	-	(13,820)
	18,002,980	18,002,980

14.1.1 Breakdown of Investment Property – Land

	2023	2022
Region I - Ilocos Region	12,662	12,662
Region IV - Southern Tagalog	741,373	741,373
Region VI - Western Visayas	197,380	197,380
Region IX - Western Mindanao	540,342	540,342
Region XI - Southern Mindanao	12,818,360	12,818,360
Region XII - Central Mindanao	1,825,083	1,825,083
Region XIII - NCR	1,867,780	1,867,780
	18,002,980	18,002,980

Investment property – land refers to the cost of land or part of land held by the NFA to earn rentals or for capital appreciation or both.

14.2. Investment Property – Building

	2023	2022
Investment property - building	3,136,652	-
Less: Accumulated depreciation	2,381,356	-
	755,296	-

Investment property - building account pertains to the FLGC Maragusan warehouse located at Maragusan, Davao de Oro under the NFA Davao del Norte BO, with a floor area of 330 sq.m., and was leased to a cooperative at P25,000 per month. It was reclassified as Investment property from PPE upon change in its use.

15. PROPERTY, PLANT AND EQUIPMENT

Details of PPE are presented in the table as follows:

CY 2023

Particulars	Land	Land improvements ¹	Building and other structures ²	Machinery, transportation equipment and other PPE ³	Construction in progress	Total
Restated carrying amount 01/01/2023	298,860,929	167,297,165	1,934,404,697	433,257,221	101,701,686	2,935,521,698
Add:						
Additions/ acquisitions/ adjustments/ reclassifications	3,580,575	23,433,945	124,872,589	20,236,832	(14,941,471)	157,182,470
Total	302,441,504	190,731,110	2,059,277,286	453,494,053	86,760,215	3,092,704,168
Less:						
Disposals/ adjustments/ reclassifications	-	2,937,805	5,057,968	96,249,042	-	104,244,815
Depreciation (Note 28.1)	-	(16,632,630)	(99,727,195)	(65,292,673)	-	(181,652,498)
Impairment loss	-	-	(17,951)	(1,861,708)	-	(1,879,659)
Carrying amount 12/31/2023	302,441,504	177,036,285	1,964,590,108	482,588,714	86,760,215	3,013,416,826

1 – Includes leased assets improvements - land

2 – Includes leased assets improvements - buildings and other structures

3 – Composed of machinery and equipment, transportation equipment, furniture, fixtures & books and other PPE

The following table shows the costs, accumulated depreciation, impairment loss and carrying amount of PPE as of December 31, 2023:

Particulars	Land	Land improvements ¹	Building and other structures ²	Machinery, transportation equipment and other PPE ³	Construction in progress	Total
Cost 12/31/2023	302,441,504	425,561,541	3,970,346,473	1,626,225,528	86,760,215	6,411,335,261
Accumulated depreciation	-	(248,501,576)	(2,005,751,006)	(1,141,372,279)	-	(3,395,624,861)
Allow. for Impairment	-	(23,680)	(5,359)	(2,264,535)	-	(2,293,574)
Carrying amount 12/31/2023	302,441,504	177,036,285	1,964,590,108	482,588,714	86,760,215	3,013,416,826

- a. Land account includes lot no. 54 occupied by the FDC with an area of 14,720 square meters (sq.m.) valued at P191,814,029. In relation to RA No. 11203, the said land was previously transferred to the DA in CY 2020, but later returned to the NFA in CY 2021.
- b. Construction in progress account includes remaining in-progress works on damaged warehouses and facilities nationwide due to previous calamities.

As at January 1, 2022 the balances of the PPE sub-accounts are restated to reflect the retrospective adjustments made attributable to the increase in the capitalization threshold of tangible items from below P15,000 to P50,000. This is pursuant to the provisions under COA Circular No. 2022-004.

CY 2022 (As restated)

Particulars	Land	Land improvements ¹	Building and other structures ²	Machinery, transportation equipment and other PPE ³	Construction in progress	Total
Carrying amount 01/01/2022	289,154,339	148,951,248	1,179,897,256	358,630,172	705,136,701	2,681,769,716
Add:						
Additions/acquisitions/adjustments/reclassifications	9,706,590	34,136,268	852,093,063	(109,449,554)	(603,435,015)	183,051,352
Total	298,860,929	183,087,516	2,031,990,319	249,180,618	101,701,686	2,864,821,068
Less:						
disposals/adjustments/reclassifications	-	(1,047,284)	(5,147,127)	242,810,295	-	236,615,884
Depreciation (Note 28.1)	-	(14,743,067)	(91,845,940)	(58,265,462)	-	(164,854,469)
Impairment loss	-	-	(592,555)	(468,230)	-	(1,060,785)
Restated carrying amount, 12/31/2022	298,860,929	167,297,165	1,934,404,697	433,257,221	101,701,686	2,935,521,698

1 – Includes leased assets improvements - land

2 – Includes leased assets improvements - buildings and other structures

3 – Composed of machinery and equipment, transportation equipment, furniture, fixtures & books and other PPE

The following table shows the costs, accumulated depreciation, Allowance for impairment and carrying amount of PPE sub-accounts as at December 31, 2022:

Particulars	Land	Land improvements ¹	Building and other structures ²	Machinery, transportation equipment and other PPE ³	Construction in progress	Total
Cost 12/31/2022	298,860,929	402,127,597	3,845,473,885	1,605,988,695	101,701,686	6,254,152,792
Accumulated depreciation	-	(234,830,432)	(1,911,063,829)	(1,172,218,435)	-	(3,318,112,696)
Allowance for impairment	-	-	(5,359)	(513,039)	-	(518,398)
Restated carrying amount, 12/31/2022	298,860,929	167,297,165	1,934,404,697	433,257,221	101,701,686	2,935,521,698

16. INTANGIBLE ASSETS

Particulars	2023			2022		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Carrying amount, 01/01	26,045	3,346,928	3,372,973	47,700	3,346,928	3,394,628
Additions/acquisitions	9,608,888	-	9,608,888	3,995	-	3,995
	9,634,933	3,346,928	12,981,861	51,695	3,346,928	3,398,623
Amortization	(1,853,363)	-	(1,853,363)	(25,650)	-	(25,650)
Carrying amount, 12/31	7,781,570	3,346,928	11,128,498	26,045	3,346,928	3,372,973

Particulars	2023			2022		
	Computer software	Other intangible assets	Total	Computer software	Other intangible assets	Total
Cost, 12/31	22,829,221	3,346,928	26,176,149	13,220,333	3,346,928	16,567,261
Accumulated amortization	(15,047,651)	-	(15,047,651)	(13,194,288)	-	(13,194,288)
Carrying amount, 12/31	7,781,570	3,346,928	11,128,498	26,045	3,346,928	3,372,973

- Computer software pertains to software such as Visual Studio Pro License, Security Appliance Firewall, Sirius Software, Software/Lotus FoxPro Virus Scan, Globodex Enterprise Document Management System and Crystal Report License XI Developer Upgrade.
- Other intangible assets refer to Electronic Integrated Financial and Operations Management Information System (e-IFOMIS). It is a web enabled on-line information system consisting of NFA operations and financial transactions, which are linked together accessing one database. This encompasses automated and manual processes, procedures, controls, data, hardware/software and support personnel dedicated to the operation and maintenance of the systems. The project also includes multiple applications that are integrated through a common data-based or are electronically interfaced as necessary to meet defined data and processing requirements.

17. FINANCIAL LIABILITIES

This account consists of the following:

	Note	2023		2022 As restated	
		Current	Non-current	Current	Non-current
Accounts payable	17.2	533,001,138	-	677,755,415	-
Due to officers and employees	17.3	177,507,048	-	387,963,365	-
Notes payable	17.4	4,000,000,000	-	25,304,706,780	-
Interest payable	17.5	961,960,912	-	622,296,824	-
Loans payable-domestic	17.6,17.8	2,700,000,000	600,736,020	2,160,000,000	3,480,736,020
Loans payable-foreign	17.7,17.9	10,638,306	10,638,306	11,297,108	22,594,217
		8,383,107,404	611,374,326	29,164,019,492	3,503,330,237

- In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial liabilities (current) account as at December 31, 2022 was restated as follows:

Particulars	Amount
Financial liabilities, December 31, 2022	26,068,622,722
Restatements:	
Accounts payable (See Note 17.2.1)	(22,992,803)
Due to officers and employees (See Note 17.3.1)	118,109,811
Interest payable (See Note 17.5.1)	279,762
Total restatements (See Note 6.1)	95,396,770
Financial liabilities, December 31, 2022, as restated	29,164,019,492

17.2. Accounts Payable

This account consists of the following:

	2023	2022 As restated
Farmers and farmer's organization	9,864,818	6,302,431
Supplier of goods and services	523,136,320	671,452,984
	533,001,138	677,755,415

17.2.1. In accordance with IPSAS 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*, Accounts payable account as at December 31, 2022 was restated as follows:

Particulars	Amount
Accounts payable, December 31, 2022	700,748,218
Restatements:	
Farmers and farmers' organizations	(473,023)
Supplier of goods and services	(22,519,780)
Total restatements (See Note 17.1)	(22,992,803)
Accounts payable, December 31, 2022, as restated	677,755,415

Accounts payable account includes accrued claims of farmers and farmers' organization and supplier of goods and services as at the end of accounting period. Accounts payable to farmers and farmers' organizations pertains to the supply and delivery of palay. While accounts payable to supplier of goods and services pertains to acquisition of goods and rendition of services on account such as utilities, general services, security services, handling, trucking, repairs and maintenance projects in connection with the agencies' operation/trade/business.

17.3. Due to Officers and Employees

This account consists of the following:

	2023	2022 As restated
Personnel services and MOOE	137,093,038	333,322,738
Provident fund (employer's share)	13,507,228	28,738,105
40 per cent cost of living allowance	16,965,400	16,973,508
Calamity loan assistance program	5,502,681	5,502,081
Payment of shortage/disallowance under protest	3,340,868	2,329,441
Hospitalization assistance program	650,360	650,020
Bereavement assistance program	263,728	263,728
Remuneration	183,745	183,744
	177,507,048	387,963,365

Due to officers and employees account includes accrued salaries and other personnel services and authorized reimbursable expenses to officers and employees as at year-end. Significant decrease on this account is attributed to the payment of the CY 2022 accrual of salaries adjustments pursuant to NFA Council Resolution No. 1034-2022-C dated March 23, 2022, approving the implementation of the Compensation and Position Classification System (CPCS) of the NFA under EO No. 150, series of 2021.

17.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to officers and employees account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to officers and employees, December 31, 2022	269,853,554
Restatements:	
Personnel services and MOOE	119,565,978
Provident fund (employer's share)	(1,456,165)
Payment of shortage/disallowance under protest	(1)
Remuneration	(1)
Total restatements (See Note 17.1)	118,109,811
Due to officers and employees, December 31, 2022, as restated	387,963,365

17.4. Notes Payable

This account consists of the following:

	2023	2022
DBP	3,000,000,000	15,799,984,821
LBP	1,000,000,000	9,504,721,959
	4,000,000,000	25,304,706,780

The Notes payable to DBP and LBP are short-term notes and repriced every 90 days and the quarterly interest rate ranging from 5.59 per cent to 6.11 per cent.

The decrease in account was due to payment of loan coursed through BTr-net lending amounting to P23,804,706,780 and additional loan availment in the amount of P2,500,000,000.

17.5. Interest Payable

This account consists of the following:

Particulars	2023	2022 As restated
DBP	31,122,907	86,146,091
LBP	12,291,240	73,166,307
BTr - net lending	918,275,489	462,552,312
1995 Japanese rice loan	271,276	432,114
	961,960,912	622,296,824

Interest payable represents accrued interest on loans owed by the NFA as of the end of accounting period. The increase in Interest payable was due to increase in interest rate averaging in CY 2022 at 2.3323 per cent to 6.232 per cent in CY 2023.

17.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Interest payable account as at December 31, 2022 was restated as follows:

Particulars	Amount
Interest payable, December 31, 2022	622,017,062
Restatements:	
BTr - net lending	279,763
1995 Japanese rice loan	(1)
Total restatements (See Note 17.1)	279,762
Interest payable, December 31, 2022, as restated	622,296,824

17.6. Current Loans Payable – Domestic

This account consists of the following:

Particulars	2023	2022
Ten-year notes/loans syndicated by DBP and LBP dated October 29, 2014; due date - October 29, 2024:		
LBP	1,350,000,000	1,080,000,000
DBP	1,350,000,000	1,080,000,000
	2,700,000,000	2,160,000,000

17.7. Current Loans Payable – Foreign

This account represents, viz.:

Particulars	2023	2022
1995 Japanese rice loan	10,638,306	11,297,108
	10,638,306	11,297,108

17.8. Non-current loans payable – domestic

This account consists of the following:

Particulars	2023	2022
Ten-year notes/loans syndicated by DBP and LBP dated October 29, 2014; due date - October 29, 2024:		
LBP		1,440,000,000
DBP		1,440,000,000
		2,880,000,000
DBP – Minprocor		
Acquired assets from Minprocor properties	91,200,000	91,200,000
HSDC - P553.824 million, payable in 25 years (quarterly payment)	509,093,711	509,093,711
Various banks c/o BTr	116,625	116,625
Agrarian Credit Line	205,000	205,000
Ministry of Agriculture and Food - interest of three per cent per annum payable every six months. Department of National Agricultural Productivity Program (NAPP) loan granted to the NFA for procurement operations	120,684	120,684
	600,736,020	3,480,736,020

Interest rate for the ten-year syndicated loan with the DBP and LBP was fixed on the first five (5) years at 3.9500% per annum and for repricing on the 6th year which is fixed at 4.5276% and will remain up to the maturity date. The principal is payable in equal/unequal semi-annual amortizations and interest shall be paid semi-annually. Original amount of each loan was at P4.500 billion.

17.9. Non-Current Loans Payable – Foreign

This account consists of:

Particulars	2023	2022
1995 Japanese rice loan	10,638,306	22,594,217
	10,638,306	22,594,217

Loans payable – foreign represents CY 1995 Japanese rice loan - ¥541.355 million dated August 16, 1995. The rate of interest was two (2) per cent per annum on the 1st to 10th year initial grace period and three (3) per cent per annum from 11th to 30th year. With 10 years grace period, the annual installments of ¥27.068 million started on July 31, 2006 to July 31, 2025; and overdue interest of 0.023 per cent per day for a period from the following date after the due date to the day of actual payment.

The balance of principal loan as at December 31, 2023 amounted to ¥54,135,462 with conversion rate of \$1 = P55.567/ ¥0.007073.

18. INTER-AGENCY PAYABLES

This account consists of the following:

	Note	2023	2022 As restated
Due to Bureau of Internal Revenue (BIR)	18.2	22,081,088	34,897,885
Due to GSIS	18.3	21,819,414	20,513,127
Due to Pag-IBIG	18.4	488,079	492,565
Due to PhilHealth	18.5	746,720	1,059,211
Due to NGAs	18.6	1,037,731,534	1,224,919,286
Due to other GCs	18.7	31,529,011	40,835,736
Due to LGUs	18.8	67,841,217	25,713,907
Due to treasurer of the Philippines	18.9	119,819,553,364	106,668,265,574
		121,001,790,427	108,016,697,291

18.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inter-agency payables account as at December 31, 2022 was restated as follows:

Particulars	Amount
Inter-agency payables, December 31, 2022	108,046,761,416
Restatements:	
Due to BIR (See Note 18.2.1)	718,161
Due to GSIS (See Note 18.3.1)	(955,955)
Due to Pag-IBIG (See Note 18.4.1)	4,964
Due to PhilHealth (See Note 18.5.1)	(279,101)
Due to NGAs (See Note 18.6.1)	(35,293,451)
Due to other GCs (See Note 18.7.1)	5,440,456
Due to LGUs (See Note 18.8.1)	300,801
Total restatements (See Note 6.1)	30,064,125
Inter-agency payables, December 31, 2022, as restated	108,016,697,291

18.2. Due to BIR

	2023	2022 As restated
Withholding tax on government money payments (GMP) - VAT	7,906,217	16,290,532
Expanded withholding tax	2,748,994	7,070,708
Withholding tax on compensation	8,961,515	7,095,825
Withholding tax on GMP - percentage tax	2,129,060	3,843,815
Final tax	231,060	401,819
Contractor's tax	77,966	170,152
Franchise tax	26,276	25,034
	22,081,088	34,897,885

The account represents the unremitted taxes withheld from officers and employees, and suppliers of goods and services as at the end of accounting period.

18.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to BIR account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to BIR, December 31, 2022	34,179,724
Restatements:	
Withholding tax on GMP - VAT	116,761
Expanded withholding tax	34,305
Withholding tax on compensation	479,540
Withholding tax on GMP - percentage tax	85,381
Final tax	2,174
Total restatements (See Note 18.1)	718,161
Due to BIR, December 31, 2022, as restated	34,897,885

18.3. Due to GSIS

	2023	2022 As restated
Life and retirement premium	9,020,849	8,407,720
Marine insurance	8,039,308	8,188,693
GSIS financial assistance loan	1,620,749	1,464,167
Multi-purpose loan	1,691,235	1,139,178
Conso loan	619,172	728,808
Enhanced salary loan	(255)	-
Computer loan	151,448	208,520
Emergency loan	166,066	160,236
Policy loan	13,559	45,561
Travel accident insurance	77,271	37,081
Optional insurance premium	34,211	33,675
Emergency loan assistance	21,504	23,791
Educational assistance	21,929	20,540
Policy loan (2nd policy)	18,771	15,160
Employees' Compensation Commission (ECC)	25,836	10,100
E-Card	2,905	5,289
Real estate loan	12,012	4,787
Hospital insurance plan	2,146	2,146
E-card cash advance	3,400	1,016
Unlimited optional insurance premium	542	542
Fire insurance premium	217,212	81,514
College educational insurance	263	479
Salary loan	59,281	(65,876)
	21,819,414	20,513,127

This account represents unremitted mandatory contributions and other deductions from officers and employee's salaries for the month of December. This account also includes accrued marine insurance policies applied to cover inter-regional and intra-regional stock transfers/shipments.

18.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to GSIS account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to GSIS, December 31, 2022	21,469,082
Restatements:	
Life and retirement premium	(1,047,426)
Marine insurance	(16,486)
Multi-purpose loan	6,972
Conso loan	42,462
Computer loan	1
Policy loan	7,300
Travel accident insurance	(200)
Emergency loan assistance	(29,226)
Educational assistance	(866)
Fire insurance premium	81,514
Total restatements (See Note 18.1)	(955,955)
Due to GSIS, December 31, 2022, as restated	20,513,127

Substantial increase in compulsory life insurance in the CY 2023 was brought about by the payment of government share of salary differential for CY 2022.

The NFA complied with Section 14.1 of RA No. 8291 which provides that each government agency shall remit directly to GSIS the employees' and the government agency's contributions within the first 10 days of the calendar month following the month to which the contributions apply. Below is the summary of remittances of employees' premium contributions and employer's share for CYs 2023 and 2022.

	2023		2022	
	Withheld	Remitted	Withheld	Remitted
Life and retirement premiums, employees' share	94,877,656	92,674,389	73,771,353	73,648,597
Government's share	-	104,890,863	-	94,487,163
	94,877,656	197,565,252	73,771,353	168,135,760

18.4. Due to PAG-IBIG

	2023	2022
		As restated
Premium	298,487	310,345
Multi-purpose loan	84,033	104,133
Real estate/housing loan	19,274	42,091
Calamity loan	11,185	21,926
Modified 2 premium savings	75,100	14,070
	488,079	492,565

The Due to Pag-IBIG account represents unremitted employees' premium payments and other payables to the Home Development Mutual Fund (HDMF) as of the end of accounting period.

18.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to Pag-IBIG account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to Pag-IBIG, December 31, 2022	487,601
Restatements:	
Premium	(455)
Multi-purpose loan	5,419
Total restatements (See Note 18.1)	4,964
Due to Pag-IBIG, December 31, 2022, as restated	492,565

18.5. Due to PhilHealth represents unremitted employees' premium payments to the Philippine Health Insurance Corporation (PHIC) as at the end of accounting period.

18.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to PhilHealth account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to PhilHealth, December 31, 2022	1,338,312
Restatement:	
Due to PhilHealth (See Note 18.1)	(279,101)
Due to PhilHealth, December 31, 2022, as restated	1,059,211

18.6. Due to NGAs

	2022	2023	As restated
Bureau of Customs (BOC)		990,964,663	1,176,687,236
DA		43,617,365	45,082,395
DSWD		2,408,410	387,335
DILG		386,046	386,046
DOJ		336,000	336,000
DOTr		14,250	2,035,324
Civil Service Commission (CSC)		4,800	-
Department of Science and Technology (DOST)		-	4,950
		1,037,731,534	1,224,919,286

- a. Due to BOC account represents customs' duties (set-up of tariff expenses) on the importation of sugar in CYs 1999 to 2002 and rice for CY 2018.
- b. Due to DA account represents receipt of funds from the DA for the implementation of programs or projects subject to liquidation. The breakdown of the account is as follows:

	2023	2022 As restated
Donated China Yellow Corn	11,078,611	11,078,611
DSWD Donated US Rice	10,726,027	10,726,027
Rapid Seed Supply Financing Project	8,766,631	8,761,942
Donated Vietnam Rice	5,758,668	5,758,668
Certified Seeds Program	2,016,519	2,016,519
Agri Credit Policy Council	165,836	1,261,020
Shallow Tube Well	1,221,563	1,221,263
National Agricultural and Fishery Council (NAFC)-Commercial Crop Program	734,063	734,063
Corn Block Farming	639,141	639,141
Rural Field Unit	612,166	612,166
DA	482,999	482,999
Presidential Social Fund	-	375,000
Grains Procurement and Enhancement Program	376,692	376,692
NAFC-PRPC	325,487	325,322
Ginintuang Masaganang Ani	257,305	257,305
Bureau of Postharvest Research and Extension (Naphire -SVLF)	184,135	184,135
NAFC-Consultative Fund	171,876	171,876
Corn Plus Program	57,475	57,475
Phil Rice Post Production	29,100	29,100
Farm Equipment Program	12,771	12,771
Agricultural Development Fund	300	300
	43,617,365	45,082,395

c. Due to DSWD account includes ASEAN Plus 3 Emergency Rice Reserve and Pamaskong Handog Program.

d. Due to DILG represents imported Australian Rice for DILG employees prior to CY 2005.

18.6.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to NGAs account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to NGAs, December 31, 2022	1,260,212,737
Restatements:	
BOC	(35,278,450)
DA	(15,000)
DSWD	(2,021,075)
DOTr	2,021,074
Total restatements (See Note 18.1)	(35,293,451)
Due to NGAs, December 31, 2022, as restated	1,224,919,286

18.7. Due to Other GCs

This account consists of the following:

	2023	2022 As restated
SRA	19,590,311	28,886,385
Grainscor	7,532,968	7,532,968
Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)	3,547,485	3,547,485
Philippine Amusement and Gaming Corporation (PAGCOR)	311,785	311,785
Philippine Charity Sweepstake Office (PCSO)	304,232	304,232
PITC	125,488	-
Philippine Ports Authority (PPA)	15,760	151,899
GSIS	53,025	53,025
Philippine Crop Insurance Corporation (PCIC)	37,371	37,371
Group Hospitalization Insurance Premium	6,500	6,500
National Home Mortgage Finance Corporation (NHMFC)	4,086	4,086
	31,529,011	40,835,736

- a. SRA account represents unpaid liens on sugar importation by the NFA Batangas in August to September 2001 which was accrued based on SRA Sugar Order No. 8 dated June 21, 2001. It also includes set-up of payables for the office space rental, water and electrical consumptions.
- b. NHMFC account represents set-up of payables for the housing loan of the NFA employees.
- c. PITC account represents set-up of payables to then PITC Pharma, Inc., now Philippine Pharma Procurement, Inc. for the purchase of assorted medicines. This account is subject for reconciliation.
- d. Grainscor account represents payable that was transferred to the NFA.
- e. PCIC and PCSO accounts existed prior to CY 2007 and had been dormant since then with no available documents to be found.

18.7.1 In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to other GCs account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to other GCs, December 31, 2022	35,395,280
Restatements:	
SRA	5,477,041
PITC	(125,488)
PPA	88,903
Total restatements (See Note 18.1)	5,440,456
Due to other GCs, December 31, 2022, as restated	40,835,736

18.8. Due to LGUs

This account consists of the following:

	2023	2022 As restated
Due to various LGUs	15,729,093	4,808,186
PALLGU	52,112,124	20,903,800
Utilities	-	1,921
	67,841,217	25,713,907

This account consists of real property tax due for real properties owned by the NFA and unexpended balance of PALLGU.

18.8.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to LGUs account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to LGUs, December 31, 2022	25,413,106
Restatement:	
Due to various LGUs	300,801
Due to LGUs, December 31, 2022, as restated	25,713,907

18.9. Due to Treasurer of the Philippines

This account consists of the following:

	2023	2022 As restated
Net lending	107,068,013,910	94,116,602,256
Guaranty fee	11,862,465,344	11,676,957,147
COA audit services	826,124,843	811,764,403
USPL 480 Iron Fortified Rice	46,223,010	46,223,010
USPL 480 Rice	9,534,832	-
USPL 480 Title 1	7,840,255	17,375,088
Countrywide Development Fund	881,581	881,581
Fidelity Fund	7,500	-
Priority Development Assistance Fund	40,000	40,000
China Rice I	37,940	37,940
Australian Rice	(1,615,851)	(1,615,851)
	119,819,553,364	106,668,265,574

- a. Net lending account pertains to net advances availed from the BTr in settlement of various maturing loan obligations of the NFA.
- b. Matured notes and loans payable from LBP and DBP amounting to P23,804,706,780 was settled through BTr-net lending. Conversion of National Government Advances into subsidy per Special Allotment Release Order (SARO)-Budget and Management Bureau (BMB)-C-23-00012787 dated January 30, 2023 amounting to P13,033,598,252 was effected.

- c. Guarantee fee account represents amount charged by the BTr on guarantees extended to the NFA to cover obligations contracted. It is equivalent to one (1) percent of the amount drawn from the loan.
- d. The COA account represents unpaid set-up of payables for the audit services rendered by the COA as follows:

Year Covered	Amount
2013	61,467,366
2014	61,569,794
2015	80,784,047
2017	118,765,489
2018	128,844,741
2019	30,209,105
2020	128,146,170
2021	131,820,045
2022	70,112,646
2023	14,405,440
Total COA cost of audit services	826,124,843

- e. Countrywide Development Fund account represents cash allotment given to various legislators for the purchase of rice for distribution to their assigned beneficiaries.
- f. USPL, Australian and China Rice accounts existed since CY 1988 and still for profiling of accounts.

18.9.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to treasurer of the Philippines account as at December 31, 2022 was restated as follows:

Particulars	Amount
Due to treasurer of the Philippines, December 31, 2022	106,668,265,574
Restatements:	
COA audit services	45,000
USPL 480 Rice	(9,534,832)
USPL 480 Title 1	9,534,833
Countrywide Development Fund	(1)
Fidelity Fund	(45,000)
Total restatements	-
Due to Treasurer of the Philippines, December 31, 2022, as restated	106,668,265,574

19. TRUST LIABILITIES

This account consists of the following:

	Note	2023	2022 As restated
Trust liabilities	19.2	334,805,051	317,106,418
Guaranty/security deposits payable	19.3	69,950,343	92,719,367
Customers' deposits payable	19.4	393,593,214	304,539,935
Trust liabilities-disallowance/charges	19.5	33,441,183	35,060,473
		831,789,791	749,426,193

19.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Trust liabilities account as at December 31, 2022 was restated as follows:

Particulars	Amount
Trust liabilities, December 31, 2022	756,491,131
Restatements:	
Trust liabilities (See Note 19.2.1)	(1,690,102)
Guaranty/security deposits payable (See Note 19.3.1)	(834,438)
Customers' deposits payable (See Note 19.4.1)	(1,697,814)
Trust liabilities-disallowances/charges (See Note 19.5.1)	(2,842,584)
Total restatements (See Note 6.1)	(7,064,938)
Trust liabilities, December 31, 2022, as restated	749,426,193

19.2. Trust liabilities account pertains to payables due to institutions and corporations. It also includes retention fees from various suppliers that were contracted by the office to perform services and/or for delivery of goods, as follows:

	2023	2022 As restated
CDF	191,482,771	187,431,661
Retention fees	28,870,197	35,072,755
NFA Provident Fund	25,891,865	3,275,819
Lingap Para sa Mahirap	22,944,568	22,944,568
Sugar liens	17,911,326	17,911,326
Mindanao El Niño victims	15,835,342	15,835,342
Vina Foods	12,148,398	12,141,833
Bids and Awards Committee (BAC)	2,118,109	3,391,058
Cooperative Development Incentive Fee	5,504,230	6,194,125
Proceeds from confiscated stocks	5,284,384	5,284,384
NFAEA	2,148,090	3,722,872
Rice subsidy program	926,667	926,667
NFA Multi-Purpose Cooperative	698,805	441,566
Employees real estate and character loan	492,206	297,267
Insurance proceeds	461,380	402,087
Consigned goods	314,150	314,150
Food and Agriculture Organization Grains Post Harvest	313,820	313,820
RPEP II - (Seeds)	221,296	221,296
FDC	206,373	206,373
Angat Pinoy Incentive Fee	189,033	189,033
United Rice Fortification	150,815	150,815
Group Term Life Insurance	112,878	311,386
Philippine Asia Group Accident Insurance Program	90,478	90,478
Farmer's coop incentives	84,993	(361,124)
Irrigated Rice Production Enhancement Project (IRPEP)	82,615	82,583
Post Productions Incentive Services	80,070	80,070
Korea Government - National Agri-Food Information System (NAIS)	67,069	67,069
Philippine Rice Maligaya - International Rice Research Institute (IRRI)	39,666	39,666
Grain and Feed Trade Association (GAFTA) Penalty	28,479	28,479
Philippine Food and Foodstuffs	26,932	26,932
Dispatch Held - in - Trust	22,618	22,618
Sterix	14,032	14,032
Emergency assistance package	12,988	12,988
Philippine Asia Group Hospitalization Insurance Program	16,284	10,300
Rice loan deposit	6,600	6,600
GEPFORA	5,000	5,000
NFA uniform committee	524	524
	334,805,051	317,106,418

19.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Trust liabilities account as at December 31, 2022 was restated as follows:

Particulars	Amount
Trust liabilities, December 31, 2022	318,796,520
Restatements:	
Retention fees	3,800
NFA Provident Fund	782,014
BAC	(3,942,075)
Cooperative Development Incentive Fee	(197,022)
NFAEA	2,046,277
NFA Multi-Purpose Cooperative (NFAMPC)	16,269
Employees real estate and character loan	52,611
Farmer's coop incentives	(451,976)
Total restatements (See Note 19.1)	(1,690,102)
Trust liabilities, December 31, 2022, as restated	317,106,418

- a. The CDF account was created through the issuance by the former President of the Philippines of the Memorandum Order (MO) No. 468 on March 17, 1998. The MO granted the NFA authority to import duty/tariff free 300,000 MT of corn to help ensure sufficient supply of corn in the face of the then projected corn shortage as a result of El Niño, and to provide relief to the hog and poultry industries. It also provides that any net proceeds accruing from the importation of corn will be held in trust by the NFA to be used for corn development projects.
- b. Employees real estate and character loan account pertains to deductions from the salary of employees for the account of banks and employees' association which granted real estate and character loan to employees.
- c. NFAEA, NFA Provident Fund, Inc. (NFAPFI) and NFAMPC accounts represent deductions from the salary of employees for loans and contributions. These trust accounts are remitted before month-end of the applicable billing period.
- d. Dispatch held in trust account represents set-up of payables for charges that the contractor/supplier pays to the cargo handler for extra use of its services. This account will be closed upon the accomplishment of the unloading of goods and distributed based on the percentage claim of the cargo handler and the NFA as stipulated in the contract (60 per cent cargo handler and 40 per cent NFA).
- e. Retention fee account represents the unrefunded amount due to the contractors that is deducted from the amount due and retained by the clients. The purpose of retention is to ensure that the contractors properly complete the activities required of them under the contract.
- f. Philippine Rice Maligaya – IRRI account represents fund remittance from NFA – Dumaguete Branch thru LBP-GOF dated June 14, 2006 to the NFA – CO for the unutilized balance of IRRI.

- g. The Lingap Para sa Mahihirap Program account represents unliquidated balance of this program. This has a total funding of P400 million as stated in the terminal report for the program. The fund was disbursed through programs classified as Unrestricted Funds for Legislators Identified Beneficiaries (LIBs) and the Restricted Funds for Priority Beneficiaries (PBs), in trust to the NFA.
 - h. FDC account includes unexpended fund balance of The Philippine Council Industrial Research & Development for the project entitled "Upgrading and Utilization of Mango for their Flavour and Fatty Acid Components".
 - i. The Mindanao El Niño Victims account represents fund for Mindanao El Niño Victims was from 1998 Calamity Fund under SARO No. D-98-2335 dated June 3, 1998 to cover funding requirements for intervening the effects of El Niño (Rice Procurement).
 - j. The BAC account represents receipts from bid documents less honorarium and other incidental expenses intended for Bids and Awards.
 - k. Vina Foods account represents fund remittances from different NFA FOs for the sale of Vietnam Damaged Stocks including bank interest earned.
 - l. The Korea Government – NAIS account represents fund from Korea for the project "Establishing Real-Time ASEAN Food Security Information System and Developing Human Resource in the Philippines (2nd Phase) mutually agreed upon between the NFA and the Korea Agency of Education, Promotion and Information service in Food, Agriculture, Forestry and Fisheries of the Republic of Korea dated April 17, 2018.
 - m. Philippine Food and Foodstuffs and Subsidy Program accounts existed prior to CY 2007 and had been dormant since then with no available documents to be found.
 - n. The IRPEP is a sub-programme of the Rapid Food Production Enhancement Programme (RAFPEP), a program of the national government toward rice self-sufficiency funded by a loan from the International Fund for Agricultural Development (IFAD) and a grant from the European Union (EU). The NFA's role in the IRPEP is to provide the target beneficiaries with marketing and post-harvest facilities. Under IRPEP, the NFA will implement Component 4-Provision of Post-Harvest and Marketing Facilities in Regions 8 and 10 and part of Component 5 through the conduct of two policy dialogues, namely: Grains Supply and Price Stabilization Policy and Food Subsidy Policy.
- 19.3.** Guaranty/security deposits payable account pertains to the liability arising from receipt of cash to assure the office that the winning bidder will enter the contract and the contractor will perform on the terms of the contract.
- 19.3.1.** In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Guaranty/security deposits payable account as at December 31, 2022 was restated as follows:

Particulars	Amount
Guaranty/security deposits payable, December 31, 2022	93,553,805
Restatement:	
Guaranty/security deposits payable (See Note 19.1)	(834,438)
Guaranty/security deposits payable, December 31, 2022, as restated	92,719,367

19.4. Customers' deposits payable account represents advance payment made by government agencies/offices and private individuals/organizations in exchange for goods to be delivered.

19.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Customers' deposits payable account as at December 31, 2022 was restated as follows:

Particulars	Amount
Customers' deposits payable, December 31, 2022	306,237,749
Restatement:	
Customers' deposits payable (See Note 19.1)	(1,697,814)
Customers' deposits payable, December 31, 2022, as restated	304,539,935

19.5. Disallowances/charges are the amount withheld from the Separation Incentive Package (SIP) of affected employees with Notices of Disallowance (NDs) – under appeal. The account includes traveling, allowances, food incentive, insurance, hospitalization, executive health care program, shortage under protest – grains and others.

19.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Disallowances/charges account as at December 31, 2022 was restated as follows:

Particulars	Amount
Disallowances/charges, December 31, 2022	37,903,057
Restatement:	
Disallowances/charges (See Note 19.1)	(2,842,584)
Disallowances/charges, December 31, 2022, as restated	35,060,473

20. DEFERRED CREDITS/UNEARNED INCOME

This account includes the following:

20.1. Deferred Credits/Unearned Income - Current

	2023	2022
Output tax	717,409	927,703
Other deferred credits-subsidy-buffer stock	7,405,201,283	-
	7,405,918,692	927,703

The Output tax account represents VAT levied on rental income derived from the ARTA and the DOJ-OADR.

Other deferred credits-subsidy-buffer stock account represents unutilized buffer stocking subsidy income amounting to P7,405,201,283.

20.2. Deferred Credits/Unearned Income – Non-current

	2023	2022 As restated
Overages - grains and empty sacks	70,983,276	70,945,466
Difference between replacement cost and book value	39,449,730	31,961,787
ESSS operator	434,273	419,632
Donated assets	(58,978)	310,990
FDC collections	109,960	109,960
Bank deposits	717,812	84,450
Price differential - special projects	21,985	21,985
Warehouse rentals	16,214	16,214
Registration and licensing	4,070	4,070
	111,678,342	103,874,554

20.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Deferred credits/unearned income - non-current account as at December 31, 2022 was restated as follows:

Particulars	Amount
Deferred credits/unearned income – non-current, December 31, 2022	108,914,827
Restatements:	
Overages - grains and empty sacks	(2,491,129)
Difference between replacement cost and book value	(2,443,634)
Donated assets	(105,510)
Total restatements (See Note 6.1)	(5,040,273)
Deferred credits/unearned income– non-current, December 31, 2022, as restated	103,874,554

Other deferred credits account represents income not yet earned such as overages of stocks and empty sacks arising from bag-to-bag physical inventory count, donations with conditions, price differentials and facilities and administrative service fees and other receipts.

21. PROVISIONS

	2023	2022 As restated
Leave benefits payable	614,652,104	533,094,905
	614,652,104	533,094,905

Leave benefits payable account represents the monetary equivalent of accumulated earned leave credits of employees as at the end of the year.

21.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Provisions account as at December 31, 2022 was restated as follows:

Particulars	Amount
Provisions, December 31, 2022	554,467,858
Restatement:	
Leave benefits payable (See Note 6.1)	(21,372,953)
Provisions, December 31, 2022, as restated	533,094,905

22. SERVICE AND BUSINESS INCOME

This account consists of the following:

	2023	2022 As restated
Service income		
Other service income	32,766,055	21,082,374
Fines and penalties-service income	269,624	89,161
Clearance and certification fees	-	26,980
	33,035,679	21,198,515
Business income		
Sales revenue	2,574,147,130	7,108,670,125
Rent/lease income	39,390,720	36,281,921
Interest income	12,423,120	4,596,547
Other business income	1,025,275	711,739
Fines and penalties-business income	60,472	10,500
Dividend income	-	50,000,000
	2,627,046,717	7,200,270,832
	2,660,082,396	7,221,469,347

Service and business income account is largely comprised of revenue from the sale of rice to various stakeholders such government agencies/offices and private entities primarily involved in disaster and relief operations. This also includes fees for the issuance of registration/clearance/certificate/license to individuals/organizations, fine and penalties, interest income from bank deposits, rent/lease income from the use of the NFA's properties/facilities and other service income.

Decrease in service and business income is mainly attributed to decrease in distribution volume and stripping of some the NFA's function pursuant to RA No. 11203 resulted to the cessation of service fees, permits, licenses and other similar in nature to importers, traders, warehouse operators, wholesalers, retailers, among others.

Significant increase in service income is attributed to the increase in the collection of warehouse/storage fees.

Significant increase in rental/lease income is attributed to the leased portion of the NFA's CO Building by the ARTA and DOJ-OADR. Leased areas of ARTA are the rear portion of the 4th floor with an area of 526.25 sq.m. and the whole 5th floor with an area of 1,366.63 sq.m. or an aggregate floor area of 1,892.88 sq.m. While the leased areas occupied by the DOJ-OADR is the front portion of the 4th floor with an area of 889.53 sq.m.

Dividend Income pertains to the cash dividend received from the FTI.

22.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Service and business income account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Service and business income, for the year ended December 31, 2022	7,219,184,802
Restatements:	
Clearance and certification fees	22,330
Rent/lease income	1,433,270
Sales revenue	902,710
Other service income	(73,048)
Interest income	(719)
Other business income	2
Total restatements (See Note 6.2)	2,284,545
Service and business income, for the year ended December 31, 2022, as restated	7,221,469,347

23. SHARES, GRANTS AND DONATIONS

	2023	2022 As restated
Donations in kind	3,356,075	29,381,556
	3,356,075	29,381,556

Donations in kind account in CY 2022 pertains to the 40,000 bags capacity warehouse located at Casiguran Complex donated to the NFA Nueva Ecija by a Congressman thru Department of Public Works and Highways (DPWH), while the Donations in kind account in CY 2023 represents lot donation with an area of 2,955 sq.m. from LGU of Ubay, Bohol.

23.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Shares, grants and donations account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Shares, grants and donations, for the year ended December 31, 2022	19,870,756
Restatement:	
Donations in kind (See Note 6.2)	9,510,800
Shares, grants and donations, for the year ended December 31, 2022, as restated	29,381,556

24. PERSONNEL SERVICES

This account includes the following:

	Note	2023	2022 As restated
Salaries and wages	24.2	870,983,672	852,950,551
Other compensation	24.3	305,286,979	322,162,302
Personnel benefit contributions	24.4	159,055,428	154,195,306
Other personnel benefits	24.5	188,764,629	145,738,002
		1,524,090,708	1,475,046,161

24.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Personnel services account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Personnel services, for the year ended December 31, 2022	1,495,926,463
Restatements:	
Salaries and wages (See Note 24.2.1)	494,623
Other compensation (See Note 24.3.1)	322,995
Personnel benefit contributions (See Note 24.4.1)	816,900
Other personnel benefits (See Note 24.5.1)	(22,514,820)
Total restatements (See Note 6.2)	(20,880,302)
Personnel services, for the year ended December 31, 2022, as restated	1,475,046,161

24.2. Salaries and Wages

	2023	2022 As restated
Salaries and wages-regular	870,983,672	852,950,551
	870,983,672	852,950,551

24.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Salaries and wages account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Salaries and wages, for the year ended December 31, 2022	852,455,928
Restatement:	
Salaries and wages (See Note 24.1)	494,623
Salaries and wages, for the year ended December 31, 2022, as restated	852,950,551

24.3. Other Compensation

	2023	2022 As restated
Year-end bonus	75,334,840	72,957,943
Mid-year bonus	68,465,954	72,116,260
Personnel economic relief allowance (PERA)	49,583,675	52,698,727
Overtime and night pay	20,290,411	19,961,767
Clothing/uniform allowance	12,443,518	13,154,696
Cash gift	10,293,000	10,884,500
Representation allowance (RA)	8,794,661	7,004,042
Transportation allowance (TA)	7,691,745	6,563,618
Hazard pay	253,245	2,288,868
Subsistence allowance	81,000	554,400
Laundry allowance	15,000	84,000
Longevity pay	13,140	763,028
Quarter allowance	11,350	-
Other bonuses and allowances	52,015,440	63,130,453
	305,286,979	322,162,302

24.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other compensation account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Other compensation, for the year ended December 31, 2022	321,839,307
Restatements:	
PERA	24,000
RA	(79,250)
TA	(79,250)
Clothing/uniform allowance	(2,423)
Longevity pay	(18,285)
Overtime and night pay	(548,854)
Year-end bonus	41,515
Cash gift	5,000
Mid-year bonus	(30,149)
Other bonuses and allowances	1,010,691
Total restatements (See Note 24.1)	322,995
Other compensation, for the year ended December 31, 2022, as restated	322,162,302

24.4. Personnel Benefit Contributions

	2023	2022 As restated
Retirement and life insurance contributions	104,572,764	100,576,832
Provident/welfare fund contributions	33,066,296	31,177,238
PhilHealth contributions	16,443,395	16,632,363
Pag-IBIG contributions	2,493,036	2,626,928
Employees compensation insurance premiums	2,479,937	3,181,945
	159,055,428	154,195,306

24.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Personnel benefit contributions account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Personnel benefit contributions, for the year ended December 31, 2022	153,378,406
Restatements:	
Retirement and life insurance contributions	(972,030)
Provident/welfare fund contributions	1,443,794
PhilHealth contributions	(157,166)
Pag-IBIG contributions	(15,714)
Employees compensation insurance premiums	518,016
Total restatements (See Note 24.1)	816,900
Personnel benefit contributions, for the year ended December 31, 2022, as restated	154,195,306

24.5. Other Personnel Benefits

	2023	2022 As restated
Terminal leave benefits	120,318,671	101,824,687
Other personnel benefits	65,571,133	43,863,315
Retirement gratuity	2,874,825	50,000
	188,764,629	145,738,002

24.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other personnel benefits account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Other personnel benefits, for the year ended December 31, 2022	168,252,822
Restatements:	
Terminal leave benefits	(23,355,067)
Other personnel benefits	810,247
Retirement gratuity	30,000
Total restatements (See Note 24.1)	(22,514,820)
Other personnel benefits, for the year ended December 31, 2022, as restated	145,738,002

Salaries and wages account refers to basic salaries for services rendered by officers and employees of the NFA. The rate of basic pay is based pursuant to the NFA Council Resolution No. 1034-2022-C dated March 23, 2022, approving the implementation of the CPCS of the NFA under EO No. 150, series of 2021.

Salaries of reappointed/promoted employees were adjusted beginning January 1, 2022 based on CPCS. While salaries of those parked employees or those who are not yet placed under the new structure is still based on Salary Standardization Law (SSL) 4 – 4th tranche.

Increase in total Personnel services account is attributed to the implementation of the CPCS.

25. MAINTENANCE AND OTHER OPERATING EXPENSES

This account includes the following:

	Note	2023	2022 As restated
Traveling expenses	25.2	75,773,160	61,120,815
Training and scholarship expenses	25.3	2,587,753	1,714,954
Supplies and materials expenses	25.4	132,470,223	151,208,241
Utility expenses	25.5	86,692,836	88,418,776
Communications expenses	25.6	15,213,369	12,493,801
Awards/rewards, prizes and indemnities	25.7	1,880,855	2,676,445
Survey, research, exploration and development expenses	25.8	544,038	49,000
Confidential, intelligence and extraordinary expenses	25.9	2,435,352	2,423,888
Professional services	25.10	95,789,366	103,734,149
General services	25.11	549,263,963	524,856,230
Repairs and maintenance	25.12	49,584,048	55,741,626
Taxes, insurance premiums and other fees	25.13	31,162,889	38,845,726
Other maintenance and operating expenses	25.14	249,357,418	465,997,069
		1,292,755,270	1,509,280,720

25.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Maintenance and other operating expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Note	Amount
Maintenance and other operating expenses, for the year ended December 31, 2022		1,520,433,757
Restatements:		
Traveling expenses	25.2.1	(50,464)
Training and scholarship expenses	25.3.1	8,500
Supplies and materials expenses	25.4.1	(308,592)
Utility expenses	25.5.1	59,018
Communications expenses	25.6.1	(57,294)
Awards/rewards, prizes and indemnities	25.7.1	15,750
Confidential, intelligence and extraordinary expenses	25.9.1	(33,600)
Professional services	25.10.1	(57,985)
General services	25.11.11	994,782
Repairs and maintenance	25.12.1	(245,737)
Taxes, insurance premiums and other fees	25.13.1	(385,610)
Other maintenance and operating expenses	25.14.1	(11,091,805)
Total restatements (See Note 6.2)		(11,153,037)
Maintenance and other operating expenses, for the year ended December 31, 2022, as restated		1,509,280,720

25.2. Traveling Expenses

	2023	2022 As restated
Traveling expenses-local	73,077,450	61,120,815
Traveling expenses-foreign	2,695,710	-
	75,773,160	61,120,815

Traveling expenses account includes expenses incurred by officers and employees for authorized local engagements.

In CY 2022, the travel restrictions/limitations imposed by Inter Agency Task Force (IATF) Resolutions as preventive measure to contain and avoid further spread of virus was gradually relaxed due to controlled or decreased COVID-19 cases.

25.2.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Traveling expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Traveling expenses, for the year ended December 31, 2022	61,171,279
Restatement:	
Traveling expenses-local (See Note 25.1)	(50,464)
Traveling expenses, for the year ended December 31, 2022, as restated	61,120,815

25.3. Training and Scholarship Expenses

	2023	2022 As restated
Training expenses	2,587,753	1,714,954
	2,587,753	1,714,954

Training expenses account includes expenses incurred for the participation/attendance in and conduct of trainings, seminars and workshops.

25.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Training expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Training expenses, for the year ended December 31, 2022	1,706,454
Restatement:	
Training expenses (See Note 25.1)	8,500
Training expenses, for the year ended December 31, 2022, as restated	1,714,954

25.4. Supplies and Materials Expenses

	2023	2022 As restated
Fuel, oil and lubricants expenses	47,590,598	57,793,530
Office supplies expenses	26,365,313	26,943,465
Semi-expendable machinery and equipment expenses	19,138,974	21,380,410
Agricultural and marine supplies expenses	16,226,595	19,579,708
Semi-expendable furniture, fixtures and books expenses	9,812,017	7,764,448
Other supplies and materials expenses	7,987,845	11,447,312
Housekeeping/cleaning supplies expenses	1,936,485	1,928,468
Electrical supplies and materials expenses	1,678,917	1,721,944
Accountable forms, plates and stickers expenses	971,682	1,725,493
Linens and beddings expenses	383,167	419,652
Medical, dental and laboratory supplies expenses	322,758	380,267
Drugs and medicine expenses	55,076	123,208
Non-accountable forms expenses	796	336
	132,470,223	151,208,241

Supplies and materials expenses account includes expenses on commonly used supplies and semi-expendable properties below the P50,000 thresholds.

25.4.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Supplies and materials expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Supplies and materials expenses, for the year ended December 31, 2022	151,516,833
Restatements:	
Fuel, oil and lubricants expenses	(38,253)
Office supplies expenses	242,760
Semi-expendable machinery and equipment expenses	(66,544)
Agricultural and marine supplies expenses	200,034
Semi-expendable furniture, fixtures and books expenses	(793,850)
Other supplies and materials expenses	102,629
Housekeeping/cleaning supplies expenses	(398)
Electrical supplies and materials expenses	(26,465)
Accountable forms, plates and stickers expenses	18,898
Linens and beddings expenses	38,430
Medical, dental and laboratory supplies expenses	14,167
Total restatements (See Note 25.1)	(308,592)
Supplies and material expense, for the year ended December 31, 2022, as restated	151,208,241

25.5. Utility Expenses

	2023	2022 As restated
Electricity expenses	76,199,500	78,705,615
Water expenses	10,463,402	9,687,150
Other utility expenses	29,934	26,011
	86,692,836	88,418,776

Utility expenses account includes expenses for water and electricity consumed by the NFA supplied by local distribution companies.

25.5.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Utility expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Utility expenses, for the year ended December 31, 2022	88,359,758
Restatements:	
Electricity expenses	76,864
Water expenses	(17,846)
Total restatements (See Note 25.1)	59,018
Utility expenses, for the year ended December 31, 2022, as restated	88,418,776

25.6. Communications Expenses

	2023	2022 As restated
Telephone expenses	8,287,617	7,219,656
Internet subscription expenses	5,703,606	4,080,372
Postage and courier services	758,255	713,503
Cable, satellite, telegraph and radio expenses	463,891	480,270
	15,213,369	12,493,801

Communications expenses account includes cost incurred for delivery/transmission of official messages, mails, records, documents and the like. This also includes telecommunication expenses incurred in the performance of service.

25.6.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Communications expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Communications expenses, for the year ended December 31, 2022	12,551,095
Restatements:	
Telephone expenses	(39,312)
Internet subscription expenses	(8,413)
Postage and courier services	(2,598)
Cable, satellite, telegraph and radio expenses	(6,971)
Total restatements (See Note 25.1)	(57,294)
Communications expenses, for the year ended December 31, 2022, as restated	12,493,801

25.7. Awards/Rewards, Prizes and Indemnities

	2023	2022 As restated
Awards/rewards expenses	1,344,355	1,919,125
Prizes	536,500	757,320
	1,880,855	2,676,445

Awards/rewards, prizes and indemnities account includes expenses in recognition of any civic or professional achievement and excellent performance. This also include expenses incurred for competitive activities. Increase in this account is attributed to the celebration of the golden anniversary of the NFA.

25.7.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Awards/rewards, prizes and indemnities account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Awards/rewards, prizes and indemnities, for the year ended December 31, 2022	2,660,695
Restatements:	
Awards/rewards expenses	13,750
Prizes	2,000
Total restatements (See Note 25.1)	15,750
Awards/rewards, prizes and indemnities, for the year ended December 31, 2022, as restated	2,676,445

25.8. Survey, Research, Exploration and Development Expenses

	2023	2022
Survey expenses	544,038	49,000
	544,038	49,000

25.9. Confidential, Intelligence and Extraordinary Expenses

	2023	2022 As restated
Extraordinary and miscellaneous expenses	2,435,352	2,423,888
	2,435,352	2,423,888

Extraordinary and miscellaneous expenses include expenses incurred incidental to the performance of official functions of officers of the Agency.

25.9.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Confidential, intelligence and extraordinary expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Confidential, intelligence and extraordinary expenses, for the year ended December 31, 2022	2,457,488
Restatement:	
Extraordinary and miscellaneous expenses (See Note 25.1)	(33,600)
Confidential, intelligence and extraordinary expenses, for the year ended December 31, 2022, as restated	2,423,888

25.10. Professional Services

	2023	2022 As restated
Auditing services	84,828,328	93,483,529
Consultancy services	7,466,797	4,712,976
Legal services	8,170	52,331
Other professional services	3,486,071	5,485,313
	95,789,366	103,734,149

Professional services account includes expenses incurred for authorized legal services, auditing services rendered by COA and professional services which are advisory in nature and requiring highly technical or special expertise.

25.10.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Professional services account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Professional services, for the year ended December 31, 2022	103,792,134
Restatements:	
Consultancy services	(13,877)
Other professional services	(44,108)
Total restatements (See Note 25.1)	(57,985)
Professional services, for the year ended December 31, 2022, as restated	103,749,149

25.11. General Services

	2023	2022 As restated
Security services	397,255,212	368,051,232
Janitorial services	17,842,328	16,420,934
Environment/sanitary services	37,358	39,715
Other general services	134,129,065	140,344,349
	549,263,963	524,856,230

General services account includes expenses incurred in keeping the NFA's premises clean and secure. This also includes expenses incurred for job order services.

Significant decrease in Other general services is attributed to decrease in job order services.

25.11.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, General services account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
General services, for the year ended December 31, 2022	523,861,448
Restatements:	
Security services	(838,941)
Other general services	1,821,743
Janitorial services	11,980
Total restatements (See Note 25.1)	994,782
General services, for the year ended December 31, 2022, as restated	524,856,230

25.12. Repairs and Maintenance

	2023	2022 As restated
Transportation equipment	22,065,112	23,008,701
Buildings and other structures	15,802,753	17,497,313
Machinery and equipment	8,614,760	10,928,620
Land improvements	1,229,520	2,325,772
Semi-expendable machinery and equipment	1,132,091	912,510
Leased assets improvements	352,987	220,370
Semi-expendable furniture, fixtures and books	189,003	159,836
Furniture and fixtures	145,111	431,616
Other PPE	52,711	256,888
	49,584,048	55,741,626

Repairs and maintenance account includes expenses incurred in maintaining or keeping the NFA's properties operating at their present conditions.

25.12.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Repairs and maintenance account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Repairs and maintenance, for the year ended December 31, 2022	55,987,363
Restatements:	
Transportation equipment	(55,746)
Buildings and other structures	(460,643)
Machinery and equipment	291,582
Semi-expendable machinery and equipment	(20,929)
Other PPE	(1)
Total restatements (See Note 25.1)	(245,737)
Repairs and maintenance, for the year ended December 31, 2022, as restated	55,741,626

25.13. Taxes, Insurance Premiums and Other Fees

	2023	2022 As restated
Insurance/reinsurance expenses	19,126,752	24,701,095
Fidelity bond premiums	7,527,221	6,940,464
Taxes, duties and licenses	4,508,916	7,204,167
	31,162,889	38,845,726

Taxes, insurance premiums and other fees account includes expense incurred such as annual registration fees, license fees and real estate taxes. This account also includes fidelity bond premiums of officers and employees and insurance premiums applied for the NFA's properties against fire, loss, calamities and the like.

Significant decrease in this account is attributed to decrease in the payment and recognition of real estate tax.

25.13.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Taxes, insurance premiums and other fees account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Taxes, insurance premiums and other fees, for the year ended December 31, 2022	39,231,336
Restatements:	
Insurance expenses	(8,122)
Fidelity bond premium	(39,518)
Taxes, duties and licenses	(337,970)
Total restatements (See Note 25.1)	(385,610)
Taxes, insurance premiums and other fees, for the year ended December 31, 2022, as restated	38,845,726

25.14. Other Maintenance and Operating Expenses

	2023	2022 As restated
Other maintenance and operating expenses	105,928,007	144,709,289
Documentary stamps expenses	88,032,150	267,810,299
Transportation and delivery expenses	20,777,118	16,407,565
Representation expense	18,324,972	11,592,495
Rent/lease expenses	9,390,364	16,018,176
Major events and conventions expenses	5,110,786	5,879,278
Subscription expenses	678,602	2,541,133
Printing and publication expenses	597,077	527,244
Membership dues and contributions to organizations	489,227	462,820
Advertising expenses	29,115	48,770
	249,357,418	465,997,069

Documentary stamps expenses account is a tax on documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, right or property incident thereto. It is usually collected at the time of registration with the concerned authority.

Other maintenance and operating expenses account includes cost incurred for advertisement, printing and publications of documents such printing of the NFA CO Building As-Build Plan, bookbinding and reproduction of documents and minutes of the meeting, subscription expenses for internet security gateway license for Sophos SG-550 for the NFA Data Center and Zoom Video Conferencing, representation expenses incurred for official meetings and functions, transportation and delivery expenses for transporting rice and palay in the ordinary course of business operations, rent/lease expenses for office/warehouse/equipment/land, expenses for major events and expenses related to distribution and maintenance of stocks such as remilling, handling and empty sacks.

Significant decrease in Other maintenance and operating expenses account is attributed to decrease in procurement and sales volume, trucking and handling services, rent/lease of warehouses, empty sacks and documentary stamp tax.

25.14.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other maintenance and operating expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Other maintenance and operating expenses, for the year ended December 31, 2022	477,088,874
Restatements:	
Other maintenance and operating expenses	(7,287,338)
Documentary stamps expenses	(534)
Transportation and delivery expenses	(3,341,494)
Representation expense	(425,064)
Rent/lease expenses	(22,681)
Major events and conventions expenses	(12,876)
Subscription expenses	(432)
Printing and publication expenses	(1,358)
Membership dues and contributions to organizations	(28)
Total restatements (See Note 25.1)	(11,091,805)
Other maintenance and operating expenses, for the year ended December 31, 2022, as restated	465,997,069

26. FINANCIAL EXPENSES

This account includes the following:

	2023	2022 As restated
Interest expenses	1,729,972,991	1,637,763,200
Guarantee fees	185,508,196	422,551,807
Bank charges	150,181	151,130
Other financial charges	10,730	13,180
	1,915,642,098	2,060,479,317

Financial expenses account includes interest incurred on the NFA's short-term and long-term loans from national government and various financial institutions and guarantee fees equivalent to one per cent charged by the BTr on guarantees extended to cover obligations contracted. This account also includes bank and other financial charges imposed by financial institutions for various services rendered.

26.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial expenses account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Financial expenses, for the year ended December 31, 2022	2,060,199,555
Restatement:	
Interest expenses (See Note 6.2)	279,762
Financial expenses, for the year ended December 31, 2022, as restated	2,060,479,317

27. DIRECT COSTS

Cost of sales for CY 2023:

	Quantity (nkg)	Unit Cost	Amount
Local rice, well milled	103,195,430	35.01	3,613,033,150
Damaged grains	14,069	35.49	499,362
	103,209,499		3,613,532,512

Cost of sales for CY 2022:

	Quantity (nkg)	Unit Cost	Amount As restated
Local rice, well milled	285,303,881	33.68	9,610,251,912
Damaged grains	237,831	30.57	7,271,396
	285,541,712		9,617,523,308

Cost of sales refers to the cost of rice sold during the period. Decrease in cost of sales is attributed to decrease in the number of quantity of rice sold to various stakeholders such as government agencies/offices and private entities involved in disaster and relief operations.

27.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Direct costs account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Direct costs, for the year ended December 31, 2022	9,620,130,555
Restatement:	
Cost of sales (See Note 6.2)	(2,607,247)
Direct costs, for the year ended December 31, 2022, as restated	9,617,523,308

28. NON-CASH EXPENSES

This account includes the following:

	Note	2023	2022 As restated
Depreciation	28.1	181,652,498	164,854,469
Amortization	28.2	1,853,364	25,650
Impairment loss	28.3	231,362,997	96,019,676
		414,868,859	260,899,795

28.1. Depreciation

	2023	2022 As restated
Buildings and other structures	99,667,958	91,779,575
Machinery and equipment	43,510,558	41,254,964
Transportation equipment	20,571,402	15,843,121
Land improvements	16,365,752	14,476,188
Furniture, fixtures and books	1,018,499	949,988
Leased assets improvement	326,115	333,243
Other PPE	192,214	217,390
	181,652,498	164,854,469

Depreciation account refers to periodic allocation of the cost of PPE for wear and tear over its estimated useful life.

28.1.1 In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Depreciation account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Depreciation, for the year ended December 31, 2022	163,681,836
Restatements:	
Buildings and other structures	680,573
Machinery and equipment	179,235
Transportation equipment	246,691
Land improvements	53,568
Furniture and fixtures	12,566
Total restatements (See Note 6.2)	1,172,633
Depreciation, for the year ended December 31, 2022, as restated	164,854,469

28.2. Amortization

	2023	2022
Intangible assets	1,853,364	25,650
	1,853,364	25,650

Amortization account refers to periodic allocation of the cost of intangible asset over its finite useful life.

28.3. Impairment Loss

	2023	2022
		As restated
Other receivables	187,233,065	102,324,601
Loans and receivables	35,142,376	11,841,030
Inventories	7,107,897	(19,369,600)
PPE	1,879,659	1,060,785
Investment in stocks	-	82,657
Other assets	-	80,203
	231,362,997	96,019,676

Impairment loss refers to the provision for impairment arising from non-collection of receivables and loss/obsolescence/damage of assets.

The significant increase in the Impairment loss of Other receivables is attributed to accounts which remained dormant for 15 to 45 years.

28.3.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Impairment loss account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Impairment loss, for the year ended December 31, 2022	122,024,309
Restatements:	
Other receivables	3,064,202
Loans and receivables	96,912
Inventories	(29,165,747)
Total restatements (See Note 6.2)	(26,004,633)
Impairment loss, for the year ended December 31, 2022, as restated	96,019,676

29. OTHER NON-OPERATING INCOME

	2023	2022 As restated
Proceeds from insurance and indemnities	-	4,627,975
Sale of assets	-	158,380
Miscellaneous income	56,312,340	92,003,503
	56,312,340	96,789,858

Other non-operating income account consists of proceeds from insurance claims with the GSIS and miscellaneous income such as income from the sale of by-products, empty sacks/containers, waste materials, bid documents, overages, non-refundable bidding fees, forfeiture of bond/retention fees, etc.

The significant decrease in Other non-operating income account is attributed to the decrease in the sale of by-products.

29.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other non – operating income account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Other non-operating income, for the year ended December 31, 2022	95,394,130
Restatements:	
Sale of assets	158,380
Miscellaneous income	1,237,348
Total restatements (See Note 6.2)	1,395,728
Other non-operating income, for the year ended December 31, 2022, as restated	96,789,858

30. GAINS

This account consists of the following:

	2023	2022 As restated
Gain on FOREX	2,002,695	12,006,221
Gain on sale of unserviceable property	1,878,413	3,703,856
Gain on sale of PPE	1,499,788	2,853,656
	5,380,896	18,563,733

Gain on FOREX account represents gain on valuation of dollar deposits based on BSP's exchange rate at the end of accounting period. Increase is attributed to the higher exchange rate as of December 31, 2022.

30.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Gains account for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Gains, for the year ended December 31, 2022	18,562,233
Restatement:	
Gain on sale of unserviceable property (See Note 6.2)	1,500
Gains, for the year ended December 31, 2022, as restated	18,563,733

31. LOSSES

This account consists of the following:

	2023	2022 As restated
Loss of assets	149,269,004	203,054,580
Loss on sale of assets	190,876	488,908
Loss on sale of PPE	77,601	36,997
Loss on sale of unserviceable property	36,288	158,181
	149,573,769	203,738,666

Loss of assets account refers to the loss suffered by the NFA such as loss due to transfers of stocks (palay and rice), shortages of accountable officers, physical inventory count, sale of damaged stocks, insurance claims, loss of PPE and other assets.

31.1. In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Losses sub-accounts for the year ended December 31, 2022 was restated as follows:

Particulars	Amount
Losses, for the year ended December 31, 2022	174,247,355
Restatement:	
Loss on sale of assets	29,491,311
Losses, for the year ended December 31, 2022, as restated	203,738,666

32. SUBSIDY FROM NATIONAL GOVERNMENT

This account consists of the following:

	2023	2022
Subsidy from national government for the implementation of the buffer stocking program:		
SARO-BMB-C-23-0012751	1,594,798,717	
SARO-BMB-C-22-0001509		7,000,000,000
Conversion of national government advances into subsidy:		
SARO-BMB-C-23-0012787	13,187,640,000	
SARO-BMB-C-22-0001510		2,204,142,000
	14,782,438,717	9,204,142,000

The SARO No. BMB-C-23-0012751 is intended for the Buffer Stocking Program with total allocation of P9.000 billion. In CY 2023, the actual utilization for the procurement of palay amounted to P1,594,798,717, which has been recognized as subsidy from national government for the year.

33. ACCUMULATED SURPLUS/(DEFICIT)

	Amount
Balance at January 1, 2022	(128,684,568,986)
Changes in accounting policy	
Prior period errors:	
PYS adjustments to revenue	11,027,669
PYS adjustments to expenses	(1,761,319,508)
<i>Total PYS adjustments</i>	<i>(1,750,291,839)</i>
<i>Other adjustments</i>	<i>1,808,831,845</i>
Restated balance at January 1, 2022	(128,626,028,980)
Changes in net assets/equity for CY 2022	
Surplus/(deficit) for CY 2022	1,400,484,442
Prior period errors (2022):	
Adjustments to revenue	13,192,572
Adjustments to expenses	29,701,513
<i>Restated surplus/(deficit) for CY 2022</i>	<i>1,443,378,527</i>
Other adjustments for CY 2022	(996,630,683)
Add/(deduct): other adjustments (CY 2022)	424,414,019
<i>Restated other adjustments for CY 2022</i>	<i>(572,216,664)</i>
Restated balance at December 31, 2022	(127,754,867,117)
Surplus/(deficit) for CY 2023	8,597,055,080
Other adjustments for CY 2023	(1,635,712,941)
Balance at December 31, 2023	(120,793,524,978)

Accumulated surplus/(deficit) account represents the cumulative results of normal and continuous operations of the NFA. This account also includes effects of changes in accounting policy and prior period adjustments.

Other adjustments for CYs 2022 and 2021 and PYS pertain to reconciled intra-agency accounts between and among CO, ROs and BOs. This also includes adjustments to contingent capital such as shortages and disallowances.

34. CONTRIBUTED CAPITAL

From CYs 1980 to 2007, total capital contribution of the National Government to the NFA amounted to P5.000 billion. This account is already reconciled with the records of the BTr.

35. RELATED PARTY TRANSACTIONS

35.1. As of December 31, 2023, the NFA Council is composed of the following:

Position	Name	Position from Other Government Agencies
Chairperson	Mr. Francisco T. Laurel, Jr.	Secretary, DA
Vice-Chairperson	Mr. Roderico R. Bioco	Administrator, NFA
Member	Mr. Eli M. Remolona, Jr.	Governor, BSP
Alternate	Ms. Bernadette Fatima T. Romulo-Puyat	Deputy Governor, BSP
Second Alternate	Ms. Sittie Hannisha M. Butocan	Director, BSP
Member	Ms. Ma. Lynette V. Ortiz	President and Chief Executive Officer (CEO), LBP
Alternate	Mr. Elcid C. Pangilinan	Senior Vice President, LBP
Member	Mr. Benjamin E. Diokno, Ph.D.	Secretary, DOF
Alternate	Ms. Sharon P. Almanza	Deputy Treasurer, BTr
Second Alternate	Mr. Daren D. Cortez	Treasury Operations Officer IV, BTr
Member	Mr. Alfredo E. Pascual	Secretary, Department of Trade and Industry (DTI)
Alternate	Ms. Mary Jean T. Pacheco	Assistant Secretary and Officer-In-Charge, DTI
Member	Mr. Arsenio M. Balisacan, Ph.D.	Secretary, National Economic and Development Authority (NEDA)
Alternate	Ms. Rosemarie G. Edillion	Undersecretary, NEDA
Alternate	Ms. Nieva T. Natural	Secondary Representative, NEDA
Member	Mr. Lucas P. Bersamin	Executive Secretary, OP
Alternate	Atty. Naealla B. Aguinaldo	Deputy Executive Secretary for General Administration, OP
Alternate	Mr. Gabriel Lorenzo L. Ignacio	Assistant Executive Administration, OP
Member	Mr. Rex C. Gatchalian	Secretary, DSWD
Alternate	Dr. Diana Rose S. Cajipe	Undersecretary, DSWD
Second Alternate	Mr. Marlon A. Alagao	Assistant Secretary, DSWD

35.2. Key Management Personnel Remuneration and Compensation

For CYs 2023 and 2022, the NFA's key management personnel is composed of Administrator, Deputy Administrator, Assistant Administrator for Operations and Assistant Administrator for Finance and Administration.

Remuneration of key management personnel for CYs 2023 and 2022 are as follows:

	2023	2022
Salaries and wages	7,841,332	6,547,595
Allowances and other benefits	2,750,583	4,410,668
	10,591,915	10,958,263

36. BUDGET INFORMATION IN FINANCIAL STATEMENTS

The NFA's Corporate Operating Budget (COB) for FY 2023 per NFA Council Resolution No. 1038-2022-K dated November 15, 2022, submitted pursuant to Section 6 of EO No. 518, series of 1979 and Section 19, Chapter 3, Book VI of EO No. 292, series of 1987, was approved for a total amount of P54,113,318,000.

Service and business income account includes receipts from the sale of rice and other income. The difference between the final budget and actual amounts is attributed to calibrated distribution.

The difference in Personnel services account is attributed to vacant/unfilled positions due to on-going restructuring and resignation of employees.

The MOOE account includes regular MOOE, procurement costs and payment of obligations. The difference in MOOE is attributed to the decrease in some MOOE sub-accounts and unmet procurement target caused by price and environmental factors.

Difference in Capital outlay account is attributed to the deferral of multi-year projects.

37. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

37.1. Revenue Regulation (RR) No. 15-2010

RR No. 15-2010, amending RR No. 21-2002, provides, among others, that the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year, in addition to the disclosures mandated under the IPSASs, and such other standards and/or conventions as may be adopted.

RR No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying Income Tax Return (ITR) was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires inclusion in the Notes to Financial Statements, information on taxes, duties and license 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.

a. Taxes and Licenses

	2023	2022
Real estate tax	423,599	5,843,275
BIR registration	-	2,500
	423,599	5,845,775

b. Withholding Taxes

The amounts of withholding taxes withheld and remitted for the year amounted to:

	2023	2022
Tax withheld from suppliers of goods and services	139,714,448	213,756,194
Tax withheld from employees' compensation	87,083,133	54,392,753
	226,797,581	268,148,947

c. Documentary Stamps Tax

	2023	2022
Documentary stamps expenses	88,032,150	267,810,833
	88,032,150	267,810,833

d. Tax Cases

As of December 31, 2023, the NFA has the following real property tax cases filed against the LGUs involving claims for exemption from payment of real property taxes:

Status	2023		2022	
	No. of Cases	Amount	No. of Cases	Amount
With pending case	24	280,747,742	22	236,032,629
With granted and final	9	27,173,837	9	27,173,837
	33	307,921,579	31	263,206,466

37.2. RR No. 19-2011

RR No. 02-14 was issued to supersede RR No. 19-2011, prescribing the new BIR Forms to be used for Income Tax filing starting the taxable year ended December 31, 2013. In the case of corporations using BIR Form No. 1702-RT, the taxpayer is required to include as part of its notes to the audited financial statements, which will be attached to the ITR, the schedules and information on taxable income and deductions to be taken. The information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The amounts of revenue and income, deductible cost and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amount of revenue reflected in the Statement of Financial Performance for the year ended December 31, 2023. Moreover, the legal basis of tax relief/exemption of the NFA is expressly stated in PD Nos. 4 and 1770.

The following are the schedules prescribed under the existing revenue issuances applicable to the NFA as of December 31, 2023.

a. Sales

	Per financial statements	Per ITR
Sales	2,574,147,130	2,574,147,130

b. Cost of Sales

	Per financial statements	Per ITR
Cost of sales	3,613,532,512	3,613,532,512

c. Non-Operating and Taxable Other Income

	Per financial statements		Per ITR
Service income	33,035,679	Non-operating and taxable	133,180,561
Business income	2,627,046,717	Other income	-
Less: Sales	(2,574,147,130)		-
Interest income	(12,423,120)		-
Shares, grants and donations	3,356,075		-
Miscellaneous income	56,312,340		-
	133,180,561		133,180,561

d. Allowable Deductions

	Per financial statements		Per ITR
Amortization	1,853,364	Amortizations	1,853,364
Impairment loss -loans and receivables	35,142,376	Bad debts	222,375,441
Impairment loss -other receivables	187,233,065		-
	222,375,441		222,375,441
Depreciation	181,652,498	Depreciation	181,652,498
Confidential, intelligence and extraordinary expenses	2,435,352	Entertainment, amusement and recreation	2,435,352
Interest expenses	1,729,237,502	Interest	1,729,237,502
Impairment loss -Inventories	7,107,897	Losses	155,970,741
Impairment loss -PPE	1,879,659		-
Impairment loss -Investment in stocks	-		-
Impairment loss -Other assets	-		-
Net losses	146,983,185		-
	155,970,741		155,970,741
Rent/lease expenses	9,390,364	Rental	9,390,364
Salaries and wages	870,983,672	Salaries, wages and allowances	-
Other compensation	305,286,979		1,365,035,280
Other personnel benefits	188,764,629		-
	1,365,035,280		1,365,035,280
Personnel benefit contributions	159,055,429	Social Security System (SSS), GSIS, PhilHealth, HDMF and other contributions	159,055,429
Taxes, duties, and licenses	4,508,916	Taxes and licenses	12,036,137
Fidelity bond premium	7,527,221		-
	12,036,137		12,036,137
Transportation and delivery expenses	20,777,118	Transportation and travel	96,550,277
Traveling expenses	75,773,159		-
	96,550,277		96,550,277
Janitorial services	17,842,328	Janitorial services	17,842,328
Legal services	8,170	Professional services	88,322,569
Auditing services	84,828,328		-
Other professional services	3,486,071		-
	88,322,569		88,322,569
Security services	397,255,212	Security services	397,255,212
Utility expenses	86,692,836	Communication, light and	-
Communication expenses	15,213,369	Water	101,906,205
	101,906,205		101,906,205

	Per financial statements		Per ITR
Supplies and materials expenses	132,470,223	Office supplies	84,879,625
Less: fuel, oil and lubricants expenses	(47,590,598)		-
	84,879,625		84,879,625
Fuel, oil and lubricants expenses	47,590,598	Fuel and oil	47,590,598
Insurance expenses	19,126,752	Insurance	19,126,752
Consultancy services	7,466,797	Management and consultancy fees	7,466,797
Training and scholarship expenses	2,587,753	Others	593,622,160
Awards/rewards, prizes and indemnities	1,880,855		-
Survey, research, exploration and development expenses	544,038		-
Environment/sanitary services	37,358		-
Other general services	134,129,065		-
Repairs and maintenance	49,584,048		-
Advertising expenses	29,115		-
Printing and publication expenses	597,077		-
Representation expense	18,324,972		-
Membership dues and contributions to organizations	489,227		-
Subscription expenses	678,602		-
Documentary stamps expenses	88,032,150		-
Major events and conventions expenses	5,110,786		-
Other maintenance and operating expenses	105,928,007		-
Guarantee fees	185,508,196		-
Bank charges	150,181		-
Other financial charges	10,730		-
	593,622,160		593,622,160

**PART II - OBSERVATIONS AND
RECOMMENDATIONS**

PART II - OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL

1. The existence in the financial statements as at December 31, 2023 of the accounts that do not meet the definition of assets and liabilities under Paragraph 7 of the International Public Sector Accounting Standard (IPSAS) 1 and the recognition and measurement criteria under Chapters 5 and 6 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework), such as: (a) Intra-agency receivables and Intra-agency payables in the amounts of P14,095.354 million and P11,992.764 million, respectively, due to non-elimination at year-end of the Intra-agency accounts; and (b) the Inter-agency payables-Due to national government agencies (NGAs)-Due to Bureau of Customs (BOC) in the amount of P990.965 million representing customs duties on the importation of sugar and rice in prior years, but not recognized by the BOC as receivable from the National Food Authority (NFA), resulted in the overstatement of the Intra-agency receivables, Inter-agency payables and Accumulated surplus/(deficit) accounts in the amounts of P2,102.590 million, P990.965 million, and P1,111.625 million, respectively, as at December 31, 2023.
 - 1.1. This is a reiteration of prior years' observations as the corresponding recommendations to address the non-elimination of the Intra-agency accounts and the erroneous recognition of the payables due to the BOC, representing customs duties on the importation of sugar and rice in prior years were not yet fully implemented by Management.
 - 1.2. Paragraph 7 of IPSAS 1 – *Presentation of Financial Statements* defined Assets and Liabilities, viz.:

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.
 - 1.3. Likewise, Chapter 5 of the Conceptual Framework defines the elements used in financial statements and provides further explanation about those definitions, while Chapter 6 identifies the criteria that must be satisfied in order for an element to be recognized in the financial statements such that an item satisfies the definition of an element and it can be measured in a way that achieves the qualitative characteristics and takes account of constraints on information in General Purpose Financial Reports.

On the non-elimination of Intra-agency accounts

- 1.4. Annex C of COA Circular No. 2020-002 dated January 28, 2020, re: *Adoption of the Updated Revised Chart of Accounts (RCA) for Government Corporations (GCs)* provides descriptions of the Intra-agency Receivables and Payables accounts, as presented in Table 1.

Table 1 – Descriptions of Intra-agency Receivables and Payables Accounts

Intra-Agency Receivables	Intra-Agency Payables
<p><u>Due from Operating/Field Units</u> This account is debited to recognize receivables of central/home/head office from its operating/field units below regional/branch level. It also includes fund transfers to an operating unit from another operating unit of the same government corporation. This account is credited for receipt of payment, liquidation, write-off, and/or adjustments.</p>	<p><u>Due to Operating/Field Units</u> This account is credited to recognize payables of central/home/head office from its operating/field units below regional/branch level. It also includes fund transfers to an operating/field unit from another operating/field unit of the same government corporation, subject to liquidation and other intra-agency transactions. This account is debited for payment/liquidation of payable account, and/or adjustments.</p>
<p><u>Due from Central/Home/Head Office</u> This account is debited to recognize the amounts of receivables of regional/branch/field offices from their central/home/head office. This account is credited for receipt of payment, liquidation, write-off, and/or adjustments.</p>	<p><u>Due to Central/Home/Head Office</u> This account is credited to recognize the receipt of funds from the Central/Head/Home Office by Regional/Branch/Field Offices of government corporation for the implementation of specific programs or project subject to liquidation and other intra-agency transactions. This account is debited for liquidation of funds received, settlement of liabilities, and/or adjustments.</p>
<p><u>Due from Regional/Branch Offices</u> This account is debited to recognize the amount of receivables of central/home/head office from its regional/branch office. It also includes receivables to a regional/branch office from another regional/branch office of the same government corporation. This account is credited for receipt of payment, liquidation, write-off, and/or adjustments.</p>	<p><u>Due to Regional/Branch Offices</u> This account is credited to recognize payables of the Central/Head/Home Office to Regional/Branch Offices. This account is debited for liquidation of funds received, settlement of liabilities, and/or adjustments.</p>

- 1.5. Notes 10.1 and 10.2 to financial statements of the NFA disclosed the inclusion of the Intra-agency receivables and Intra-agency payables accounts in the amounts of P14,095.354 million and P11,992.764 million, respectively, or Intra-agency receivables in the net amount of P2,102.590 million in the Statement of Financial Position as at December 31, 2023. Further, Note 10.3 to financial statements disclosed the following:

Intra-agency receivables account represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO [Central Office], ROs [Regional Offices] and BOs [Branch Offices] and are recorded as receivable (Due from) by the issuing office and payable (Due to) by the receiving office.

Intra-agency payables account represents transfer of funds and other assets like supplies, inventories, equipment, etc. for use in NFA CO, ROs and BOs and are recorded as payable

(Due to) by the receiving office and receivable (Due From) by the issuing office.

Reconciled intra-agency receivables/payables accounts are being closed/eliminated using Accumulated Surplus/(Deficit) account.

- 1.6. The Intra-agency receivables and payables accounts balances as at December 31, 2023 were not yet fully eliminated/closed to Accumulated surplus/(deficit) account, notwithstanding the prior years' audit recommendations reiterating to Management to immediately reconcile and take up appropriate adjusting entries to eliminate these accounts.
- 1.7. Since these reciprocal accounts are used for the recognition of assets/liabilities or charging of income/expenses attributable from/to the different NFA offices; and for the liquidation, write-off, and/or adjustments, these intra-agency transactions should have been eliminated during the preparation of the combined year-end financial statements of the NFA.
- 1.8. In calendar year (CY) 2023, the Finance Department exerted efforts in the significant reduction of the balances of the Intra-agency receivables and payables accounts. Compared to CY 2022 year-end balances, the Intra-agency receivables and payables as at December 31, 2023 decreased by P4,311.210 million or 23.42 per cent and P2,523.561 million or 17.38 per cent, respectively, as presented in Table 2.

**Table 2 - Intra-agency Receivables and Payables Accounts
As at December 31, 2023 and 2022**

Account	Amount		Increase (Decrease)	
	2023	2022 (As restated)	Amount	Percentage
Intra-agency receivables				
Due from CO	P 4,839,520,750	P 5,020,640,822	P (181,120,072)	(3.61)
Due from ROs	2,698,175,028	2,793,048,834	(94,873,806)	(3.40)
Due from Operating Units (OUs)	6,557,658,638	10,592,874,929	(4,035,216,291)	(38.09)
	14,095,354,416	18,406,564,585	(4,311,210,169)	(23.42)
Intra-agency payables				
Due to CO	6,750,071,338	7,008,833,352	(258,762,014)	(3.69)
Due to ROs	3,043,510,755	3,455,493,115	(411,982,360)	(11.92)
Due to OUs	2,199,182,397	4,051,999,339	(1,852,816,942)	(45.73)
	11,992,764,490	14,516,325,806	(2,523,561,316)	(17.38)
Intra-agency receivables, net	P 2,102,589,926	P 3,890,238,779	P (1,787,648,853)	(45.95)

- 1.9. The NFA presented the net amount of P2,102.590 million between the balances of the Intra-agency receivables of P14,095.354 million and Intra-agency payables of P11,992.764 million as asset in the Statement of Financial Position as at December 31, 2023.
- 1.10. The non-elimination of these reciprocal accounts could be attributed mainly from prior periods' transactions that were not reconciled due to non-preparation and/or delayed preparation of supporting records and/or documents despite the issuance of the NFA Standard Operating Procedure

(SOP) Nos. FS-GP10: *Inter-Branch Accounting System* and FS-GP13: *Revised SOP on Interbranch Accounting System* on February 9, 1995 and April 21, 1997, respectively, that cover the simplification of the documentation, recording and accounting of inter-branch transactions. Consequently, supporting records and documents could not be located in recent years.

- 1.11. Further, analysis of these accounts revealed that old accounts prior to the issuance of the above-mentioned NFA SOPs in CYs 1995 and 1997 in the total amounts of P6.731 billion and P6.418 billion of Intra-agency receivables and Intra-agency payables accounts, respectively, were not reconciled/reclassified for more than 30 years now, contrary to Section E.3.2 of NFA SOP FS-GP13, which provides that "*The existing balances under the ROA-POA [RO Account-Provincial Office Account] and COCA-BOCA [CO Clearing Account-BO Clearing Account] shall likewise be reclassified to the new Account Codes. Any existing variances shall be reconciled.*"

On the existence of Inter-agency payables-Due to NGAs-Due to BOC account amounting to P990.965 million representing customs duties on the importation of sugar and rice in prior years, but not recognized as receivable by the BOC from the NFA

- 1.12. Prior to the enactment of Republic Act (RA) No. 11203, the NFA imports rice and sugar wherein the customs duties covering the importation were subsidized by the National Government through Tax Expenditure Subsidy (TES). The latest guidelines on importation embodied in NFA SOP No. FS-FA14: *Implementing Guidelines on the Accounting Recognition of Customs Duties as Tax Subsidy on Rice Importation* dated December 6, 2016, provides, among others, the following:

- 4.1. *Upon receipt of the stocks in the first warehouse, the Accounting Section will record in the books the cost of stocks, including capitalized expenses and customs duties due to the BOC. A copy of the Journal Entry Voucher (JEV) is provided by the Field Office to Accounting Services Department (ASD) for the reciprocal entry in Central Office books.*
- 4.2. *The Accounting Services Department (ASD) in Central Office will maintain a Supplier's account/s based on the Field Office recording in the books. Inter-branch accounting will, likewise, be observed in recording the stock receipts.*
- 4.3. *Upon receipt of SARO [Special Allotment Release Order] from DBM [Department of Budget and Management], the amount will be recognized as subsidy income in Central Office books, with the*

corresponding adjustments, if any, in the customs duties recorded in the Field Office books. ASD will provide a copy of the JEV to the Field Office as basis of the latter in recording the corresponding entry in the books.

- 1.13. The Inter-agency payables-Due to NGAs-Due to BOC account represents customs duties (set-up of tariff expenses) on the importation of sugar in CYs 1999 to 2002 and imported rice before the removal of importation functions of the NFA pursuant to RA No. 11203. The account had an outstanding balance in the amount of P990.965 million as at December 31, 2023 as disclosed in Note 18.6 to financial statements, with details presented in Table 3.

**Table 3 - Inter-Agency Payables-Due to NGAs-Due to BOC
As at December 31, 2023**

Particulars		BO	CO	Total
Customs duties	P	-	P181,195,200	P181,195,200
Customs duties (Prior to 2016)		727,409,535	-	727,409,535
Customs duties (2016 to Present)		82,359,928	-	82,359,928
		P809,769,463	P181,195,200	P990,964,663

- 1.14. As disclosed in the Annual Audit Report (AAR) on the NFA for the years ended December 31, 2022 and 2021, the Inter-agency payables-Due to NGAs-Due to BOC account was recognized in the NFA BOs' books with corresponding debit to Intra-agency receivables-Due from OUs in the NFA CO books. However, these accounts were not reconciled and eliminated at year-end despite of the receipt by the NFA CO of the SAROs from the DBM considering that the corresponding Subsidy income had already been recognized in the books of the NFA CO. The NFA CO did not inform the BOs concerned on the payments of customs duties through TES by providing copy of JEVs and SARO to the BOs concerned, thus, the Inter-agency payables-Due to NGAs-Due to BOC and the Intra-agency receivables-Due from OUs accounts were not closed/eliminated by both the BOs and CO in their books of accounts. It is worthy to mention that the BOC financial statements as at and for the year ended December 31, 2022 (published in the COA Website) did not show any Due from Government-Owned or Controlled Corporations (GOCCs) - NFA account.
- 1.15. In Region I - La Union BO, the Inter-agency payables-Due to NGAs-Due to BOC account had a balance in the amount of P93.927 million as at December 31, 2023. The account was only supported with Subsidiary Ledgers (SLs) showing the balances and particulars or description. Inquiry from BO Management disclosed that the payable remained non-moving for several years now and there are no sufficient documents to establish the accuracy, completeness and existence of the account. Confirmation from the BOC revealed that it has no outstanding receivables from the NFA RO I and its BOs. The Regional Audit Team referred the letter-replies to Management and the Accountant informed that they will make further verification with the concerned offices including the NFA CO for possible

payments made. The RO Management sent a letter on December 28, 2023 to the Finance Department of the NFA CO requesting for copies of JEVs and other pertinent documents relative to payments made to BOC, if any. The RO has not yet received a reply from the CO.

- 1.16. In Region IV - Batangas BO, the Inter-agency payables-Due to NGAs-Due to BOC account had a balance of P585.506 million which has been outstanding for more than 10 years. This represents customs duties on importations of rice and sugar that were unloaded in the Province of Batangas. Tax subsidies granted for customs duties of rice importation in CYs 2017 to 2019 were recorded accordingly as advised by the NFA CO, however, the adjustment, if any, on the recorded payable to BOC representing customs duties cannot be made due to lack of shipments documents.
- 1.17. In summary, the existence in the financial statements as at December 31, 2023 of the accounts that do not meet the definition of assets and liabilities under Paragraph 7 of IPSAS 1 and the recognition and measurement criteria under Chapters 5 and 6 of the Conceptual Framework, resulted in the overstatement of the Intra-agency receivables, Inter-agency payables and Accumulated surplus/(deficit) accounts in the amounts of P2,102.590 million, P990.965 million, and P1,111.625 million [P2,102.590 million – P990.965 million], respectively, as at December 31, 2023.
- 1.18. **We reiterated our prior years' audit recommendations that top Management direct the CO Finance Department and the ROs/BOs Finance Sections to:**
 - a. **Exert all efforts to fully eliminate the reciprocal accounts, Intra-agency receivables and payables, by conducting a nationwide reconciliation of the intra-agency transactions to come up with a reliable financial statements at year-end;**
 - b. **Strictly adhere to NFA SOP No. FS-GP13, especially on the regular preparation and submission of: (i) Schedule of inter-branch transactions, (ii) Reconciliation Statements, (iii) elimination and reconciling entries, and (iv) confirmation advices, as applicable, and to consistently coordinate with other offices to reconcile the intra-agency transactions;**
 - c. **Revisit and update, if necessary, the existing NFA SOPs on intra-agency transactions for uniformity in the application of the policies/guidelines by the CO, ROs and BOs due to NFA's structural changes under RA No. 11203 or the Rice Tariffication Law;**
 - d. **Make necessary representation with the COA Government Accountancy Sector (GAS) on how to eliminate/close the long outstanding Intra-agency accounts balances in the books of the NFA in the absence of documents;**

- e. **Fast track the validation and reconciliation of the Inter-agency payables-Due to NGAs-Due to BOC account between the NFA ROs/BOs books and the CO books; and**
 - f. **Effect the necessary adjustments in the books to present fairly the balance of the Inter-agency payables-Due to NGAs-Due to BOC account.**
- 1.19. **We also recommended that the NFA CO's Finance Department in coordination with the Operations Coordination Department (OCD) to locate the SAROs and its supporting documents and the JEVs for the payments of customs duties to the BOC, and furnish the ROs/BOs concerned with these documents to facilitate closing/elimination of the Inter-agency payables-Due to NGAs-Due to BOC in their books of accounts.**

1.20. Management provided the following comments:

On Intra-agency accounts -

- a. Reconciliation of Intra-agency accounts is always and has been one of the top priorities of CO Finance Department and the field offices' counterparts. However, due to unavailability of documents some intra-agency transactions remained unreconciled.
- b. All personnel concerned will be instructed to strictly adhere to the policies and guidelines on intra-agency transactions, as provided in NFA SOP No. FS-GP13, to reduce and eliminate the prior years' unreconciled transactions.
- c. The existing NFA SOPs on intra-agency transactions are being updated/revised for uniformity in the application of the policies/guidelines by the CO, ROs and BOs, especially the applicable provision/s. Also, coordination with the COA GAS will be made to have proper guidance in eliminating/closing the long outstanding Intra-agency accounts balances in the books of accounts of the NFA.

On the Inter-agency payables-Due to NGAs-Due to BOC account -

- d. In Region I - La Union BO, some of the documents relative to the Inter-agency payables-Due to NGAs-Due to BOC account amounting to P93.927 million were gathered and the same will be submitted to the Audit Team for verification. They will coordinate with the NFA CO as there are possibilities that these liabilities were paid in the CO.
- e. In Region IV - Batangas BO, efforts to analyze the account are being undertaken. Necessary adjustments as a result of the initial verification of the amount Due to BOC were made in March 2024.

1.21. As a rejoinder, the Audit Team appreciated the efforts exerted by Management in prioritizing the reconciliation of the reciprocal accounts and to comply with the audit recommendations. Their full compliance with the audit recommendations will be monitored in the succeeding audit.

2. The faithful representation in the financial statements as at December 31, 2023, as well as the reliability and verifiability of the balance of the Receivables – Other receivables – Due from officers and employees account with carrying amount of P1.107 billion could not be established because the said account is composed mostly of Due from Stock Accountable Officers (SAOs) account representing stock shortages without stock examinations with carrying amount of P890.589 million, due to unavailability of documents needed in conducting the required stock examination and computation of tolerable allowance (TOLA) to determine the fair value of the account which is equivalent to the final accountabilities of the SAOs, contrary to Paragraphs 3.10, 3.26 and 6.8 of the Conceptual Framework and Paragraph 48 of IPSAS 29.

2.1. This is a reiteration of prior years' observation as the recommendations to address the unavailability of documents needed in conducting the required stock examination and computation of the TOLA to determine the fair value of the Receivables-Other receivables-Due from officers and employees-Due from SAOs account was not yet fully implemented by the Management.

2.2. Paragraphs 3.10, 3.26 and 6.8 of the Conceptual Framework provide that:

3.10 To be useful in financial reporting, information must be a faithful representation of the economic and other phenomena that it purports to represent. Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error. Information that faithfully represents an economic or other phenomenon depicts the substance of the underlying transaction, other event, activity or circumstance-which is not necessarily always the same as its legal form.

3.26 Verifiability is the quality of information that helps assure users that information in GPFRs [General Purpose Financial Reports] faithfully represents the economic and other phenomena that it purports to represent. Supportability is sometimes used to describe this quality when applied in respect of explanatory information and prospective financial and non-financial quantitative information disclosed in GPFRs-that is, the quality of information that helps assure users that explanatory or prospective financial and non-financial quantitative information faithfully represents the economic and other phenomena that it purports to represent. Xxx.

6.8 *There may be uncertainty associated with the measurement of many amounts presented in the financial statements. The use of estimates is an essential part of the accrual basis of accounting. A decision about the relevance and faithful representativeness of measurement involves the consideration of techniques, such as using ranges of outcomes and point estimates, and whether additional evidence is available about economic circumstances that existed at the reporting date. Disclosures can provide useful information on estimation techniques employed. There may be rare instances in which the level of uncertainty in a single point estimate is so large that the relevance and faithful representativeness of the measure is questionable even if disclosures are provided to explain estimation techniques. Under these circumstances the item is not recognized.*

2.3. Paragraph 48 of IPSAS 29 provides, among others, that “[a]fter initial recognition, an entity shall measure financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal. Xxx.”

2.4. The NFA SOP No. GM-WH13 dated April 22, 2003, covers the policies and procedures for both past and on-going stock accountabilities of the SAOs. It provides that:

A. *Stock Examination – xxxx*

1. *The Provincial Office shall now be in charge and responsible for the conduct of grains and MTS [empty sacks] stock examination using the New Computerized Stock Examination System (for Grains & MTS) both for the past and on-going stock accountabilities of stock accountable officers. Since stock examination is a continuing activity for as long as the Provincial Office maintains warehouse/s, the Provincial Office shall form a stock examination (SE) working group which shall be under the supervision of the Provincial Accountant.*

Xxxx

c. *Primary documents, i.e., WSR [Warehouse Stock Receipt], WS/ [Warehouse Stock Issue], WTS [Weigher's Tally Sheet], ESR [Empty Sack Receipt] and ESI [Empty Sack Issue], preferably the accounting copies, shall be used as source documents in the examination. Xxx.*

If some or all of the abovesaid primary documents are no longer available, the xxx secondary documents may also be used.

c.1 Accounting records such as disbursement vouchers, journal vouchers (JVs), general journals (GJs), stock ledger cards and any other accounting books of accounts or records which can extract the stock transactions and determine the stock accountability of the stock accountable officers on a per warehouse, per cereal/MTS type and particular period of accountability.

c.2 Stock book of the stock accountable officer per warehouse showing the daily transactions per document indicating the MC, cereal type, variety, activity and quantity (in bags and gross/net kilograms) and complete as to the period of accountability. Also, for MTS daily transactions indicating the MTS type, condition, activity and quantity (in number of pieces) and complete as to period of accountability.

2.5. Based on the same NFA SOP, the BOs Stock Examination Group subject the SAO to stock examination to establish his/her accountability. Stock examination is conducted through the process of accounting the receipts and issues of the stocks handled by the SAO for a particular warehouse/buying station/mobile procurement and for a specific period of accountability. If the result is a shortage, wherein the total receipts including the beginning inventory is more than the total issues including its ending inventory, the stock examination report is forwarded to the Regional TOLA Working Group for computation of TOLA with corresponding accounting entry to recognize the stock shortage of the SAO by debiting the Receivables-Other receivables-Due from officers and employees-Due from SAOs account and crediting the Inventories account.

2.6. The TOLA is the permissible allowance that is granted to a SAO in consideration of the losses to his/her grains stocks and grains by-products accountabilities due to: (a) natural causes and other factors beyond his/her control during storage, such as, moisture content (MC) variation, insect/rodent/bird infestation; and (b) the allowable amount deducted from the shortage of the SAO to account for natural losses and other factors such as inefficiencies of post-harvest facilities and other equipment used in warehousing operation such as post-harvest losses in drying operations, spillages and other factors which are beyond the control of the SAO. The applicable TOLA factors and methodologies are embedded in the New Computerized TOLA Computation System. The BOs Finance Section

records in the books the result of stocks examination after TOLA computation with corresponding credit to Receivables-Other receivables-Due from officers and employees-Due from SAOs account and debit to Accumulated surplus/(deficit) account. The remaining balance of the former account will be the final accountability of the SAO.

- 2.7. Receivables - Other receivables - Due from officers and employees-Due from SAOs account is debited to recognize the amounts of claims from the officers and employees for overpayment (not covered by notice of disallowance), cash shortage, loss of assets and other bills issued by the NFA (not covered by notice of charge), and temporary stock shortages. Conversely, this account is credited for receipt of payment, write-off, approved request for relief from property accountability, allowable variance between books and volumetric count of merchandise inventory and the like, and adjustments.
- 2.8. As at December 31, 2023, the Receivables - Other receivables - Due from officers and employees account amounted to P1,772.834 million, with Allowance for impairment of P665.935 million or carrying amount of P1,106.899 million, the breakdown is shown in Table 4.

**Table 4 – Breakdown of Receivable - Other Receivables-Due from Officers and Employees Account
As at December 31, 2023**

Particulars	Gross Amount	Allowance for Impairment	Carrying Amount
NFA SAOs Accountabilities - Without Stock Examination - Past (Title I)	P1,158,380,728	P608,547,539	P 549,833,189
NFA SAOs Accountabilities - Without Stock Examination - On-Going (Title I)	21,570,237	-	21,570,237
NFA SAOs Accountabilities - With Management Examination (Title II)	45,808,051	1,403,781	44,404,270
NFA SAOs Accountabilities - With COA Examination (Title III)	161,748,520	23,160,090	138,588,430
NFA SAOs Accountabilities - For TOLA Computation (Title IV)	136,296,847	104,115	136,192,732
<i>Without TOLA Computation</i>	1,523,804,383	633,215,525	890,588,858
NFA SAOs Accountabilities - Stocks With TOLA Computation (Title V)	5,079,488	-	5,079,488
NFA SAOs Accountabilities - Stocks With Unresolved Appeal (Title VI)	117,409,269	-	117,409,269
Final Shortages - Still Connected With NFA - Grains (Tittle VII)	100,286,085	17,410,667	82,875,418
Final Shortages - Still Connected With NFA - MTS (Tittle VII)	229,648	-	229,648
Final Shortages - With Resolved Appeal - No Longer Connected With NFA (Title VIII)	61,152	-	61,152
<i>With TOLA Computation</i>	223,065,642	17,410,667	205,654,975
Others	25,964,093	15,309,313	10,654,780
Total	P1,772,834,118	P665,935,505	P1,106,898,613

- 2.9. As shown in Table 4, the Receivables - Other receivables-Due from officers and employees account includes Due from SAOs sub-account representing stocks shortages of the SAOs in the total amount of P1,523.804 million with carrying amount of P890.589 million. The stock shortages have not been subjected yet to stock examination and TOLA computation, due to unavailability of documents needed in conducting the required stock examination and computation of TOLA to determine the fair value of the account which is equivalent to the final accountabilities of the SAOs. Thus, affected the faithful representation in the financial statements of the balance of the Receivable - Other receivables-Due from officers and employees-Due from SAOs account as at December 31, 2023, as well as

its reliability and verifiability, contrary to Paragraphs 3.10, 3.26 and 6.8 of the Conceptual Framework and Paragraph 48 of IPSAS 29.

- 2.10. Review of the records and documents showed that the accumulation of shortages of SAOs' past accountabilities without TOLA computation, dating back up to five decades old, could be attributed to the leniency in the implementation of the NFA's policy and guidelines, such as, the non-conduct of regular and timely stock examination and absence of primary documents to facilitate the conduct of such examination. Moreover, the secondary documents could no longer be located and efforts to retrieve the SAOs' copies of documents could no longer be feasible since most of the SAOs concerned had already retired from the service and could not be contacted, while some were already deceased.
- 2.11. The existence of the long outstanding and significant amount of Receivables - Other receivables-Due from officers and employees-Due from SAOs account deprives the NFA of funds to finance its operations, considering its Deficit after tax in the amount of P6.185 billion for the year ended December 31, 2023.
- 2.12. **We reiterated our prior years' audit recommendations that top Management:**
 - a. **Direct the Regional/Branch Managers concerned to require the BOs:**
 - a.1. **Stock Examination Group and the ROs Regional TOLA Working Group to expedite the conduct of stock examination and TOLA computation on the stock shortages of the SAOs with available warehouse documents, to determine the final accountabilities of the SAOs recorded under Receivables-Other receivables-Due from officers and employees-Due from SAOs account; and**
 - a.2. **Finance Section to make necessary adjustments to recognize the fair values of the stock shortages of the SAOs recorded under Receivables-Other receivables-Due from officers and employees-Due from SAOs account based on the final TOLA computation;**
 - b. **Consider adopting a policy to address the perennial issue on the unavailability of relevant documents for the conduct of stock examination on the stock shortages of the SAOs by the BOs Stock Examination Group and TOLA computation by the ROs Regional TOLA Working Group;**
 - c. **Require the Finance Department to coordinate with the COA GAS to seek guidance on whether former SAOs' final stock shortages can be impaired considering the issue on accountability; and**

- d. **Impose strictly the penal provisions under NFA SOP No. GM-WH13 which states that violation of the provisions of the SOP shall subject the offender to penalties provided for under applicable and reasonable NFA and Civil Service Rules.**

2.13. Management provided the following comments/justifications:

- a. In Albay, Northern Samar, and Surigao del Sur BOs, the determination of the final accountabilities of the SAOs is on-going/prioritized to facilitate the collection from SAOs concerned to avoid the dormancy of the accounts.
- b. In Albay, Capiz, Iloilo, and Region XI BOs, extra efforts are exerted to retrieve the old records and to continue the stock examinations, particularly the stock shortages with available warehouse documents, despite the challenges due to long passage of time and lack of proper turnover.

2.14. As a rejoinder, the Audit Team appreciated Management's commitment to comply with the audit recommendations.

3. **The lack/inadequacy of the disclosures in the Notes to Financial Statements with regard to: (a) the nature of prior period restatements as required in Paragraph 54 of IPSAS 3; (b) the nature and status of significant increase/decrease of Accounts receivable-Retailer, Inter-agency payables-Due to local government units (LGUs), and Financial expenses-Guarantee fees accounts as required in Paragraph 127.c of IPSAS 1; (c) extent of the changes in the Inventory held for sale account as required under Paragraph 48 of IPSAS 12; (d) reconciliation of the carrying amount of the Property, plant and equipment (PPE) sub-accounts at the beginning and end of period showing additions and disposals as required in Paragraph 88.e of IPSAS 17; and (e) title restrictions and fair values on PPE-Land account as required in Paragraphs 89.a and 94.d of IPSAS 17, deprived the intended users of the Financial Statements of relevant information in making economic decisions and not in conformity with Paragraphs 15 and 29 of IPSAS 1. Moreover, the Impairment losses on various Receivables sub-accounts in CY 2023 in the total amount of P222.375 million, as disclosed in Note 28.3 to Financial Statements did not tally with the increase in their Allowance for impairment in CY 2023 in the amount of P471.494 million, as disclosed in Note 9 to Financial Statements, contrary to Paragraph 128 of IPSAS 1, which states that each item on the face of the Statement of Financial Position be cross-referenced to any related information in the Notes.**

- 3.1. This is a reiteration with updates of the CY 2021 audit observation as there were numerous and significant disclosures that were not provided in the Notes to Financial Statements for CY 2023.

3.2. Paragraphs 15 and 29 of IPSAS 1 provide:

15. *Financial statements are a structured representation of the financial position and financial performance of an entity. The objectives of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of the general purpose financial reporting in the public sector should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it xxx.*

29. *In virtually all circumstances, a fair presentation is achieved by compliance with applicable IPSASs. A fair presentation also requires an entity:*
 - (a) *To select and apply accounting policies in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors. Xxx.*

 - (b) *To present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.*

 - (c) *To provide additional disclosures when compliance with the specific requirements in IPSASs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the entity's financial position and financial performance.*

- 3.3. The NFA Management has the principal responsibility to ensure that the Financial Statements and the accompanying Notes are properly and fairly presented in accordance with relevant framework, i.e. IPSASs. The principle of full disclosure as an attribute of public accountability is shown when any important information that may impact the stakeholders' understanding of the entity's Financial Statements is disclosed in the Notes to Financial Statements.

Lack/inadequacy of the disclosures in the Notes to Financial Statements

- 3.4. Review of the NFA's Financial Statements and the accompanying Notes as at and for the years ended December 31, 2023 and 2022 revealed that numerous and significant information were not provided/disclosed in the Notes to Financial Statements as discussed in Table 5.

Table 5 – Observations on the Lack/Inadequacy of Disclosures in the Notes to Financial Statements vis-à-vis Suggested Enhancements

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
Note 6 - Prior Period Adjustments; Tables (a) Restated Statement of Financial Position as at December 31, 2022, and (b) Restated Statement of Financial Performance for the year ended December 31, 2022	The disclosure in Note 6 with regard to prior period adjustments only contains the amount of correction for each line item affected. However, the nature and extent of prior period errors/adjustments were not disclosed in the Notes, contrary to Paragraph 54 of IPSAS 3 on Disclosure of Prior Period Errors, which states that an entity correcting material prior period errors retrospectively shall disclose the nature of the prior period error.	To provide disclosure on the nature of material prior period errors for every line item of adjustment indicated in the restated Statement of Financial Position and Statement of Financial Performance.
Note 9.2 – Accounts receivable – retailer account	<p>In Note 9.2 it was noted that there was a significant decrease in Accounts receivable – retailer account by almost 89 per cent or from P3.960 million as at December 31, 2022 to only P426,386 as at December 31, 2023. However, the reasons for the significant decrease were not disclosed, contrary to Paragraph 127.c of IPSAS 1, which provides that:</p> <p>(c) Provide additional information that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity or cash flow statement, but that is relevant to an understanding of any of them.</p>	To provide disclosure on the reason(s) for the significant decrease in the amount of Accounts receivable - retailer account.
Note 18.8 – Inter-agency payables - Due to LGUs	In Note 18.8 it was noted that there was a significant increase in the amount of P42.127 million [P67.841 million (CY 2023) – P25.714 million (CY 2022)] or 164 per cent as at December 31, 2023 in the Inter-agency payables - Due to LGUs account, however, the reasons for the significant increase were not disclosed, contrary to Paragraph 127.c of IPSAS 1.	To disclose the reasons for the significant increase in the amount of Inter-agency payables - Due to LGUs account, duly supported by the related document references.
Note 26 – Financial expenses – Guarantee fees	In Note 26 it was noted that there was a significant decrease in the amount of P237.044 million [P185.508 million (CY 2023) – P422.552 million (CY 2022)] 56 per cent in the Financial expenses-Guarantee fees account. However, the reasons for the significant decrease were not disclosed, contrary to Paragraph 127.c of IPSAS 1.	To disclose the reasons for the significant decrease in the Financial expenses-Guarantee fees account, duly supported by the related document references.
Note 11.2 – Inventory held for sale	The disclosure in Note 11.2 was not in accordance with Paragraph 48 of IPSAS 12 which states, “[I]nformation about the carrying amounts held in different classifications of inventories and the extent of the changes in these assets is useful to financial statement users.”, and Item 9 of Annex K of the COA Circular No. 2017-004 dated December 13, 2012, prescribing the following format in disclosing the Inventories sub-accounts in the Notes:	To present in the Notes to Financial Statements the Inventory held for sale account in accordance with Paragraph 48 of IPSAS 12 and following the format in Item 9, Annex K of COA Circular No. 2017-004.

Reference (Statement/ Note)	Observations	Suggested Enhancements to NFA Management
	<i>Inventory held for sale</i>	
	<i>Carrying amount, January 1</i>	xxx
	<i>Additions/acquisitions during the year</i>	Xxx
	<i>Expensed during the year except write-down</i>	(xxx)
	<i>Write-down during the year</i>	(xxx)
	<i>Reversal of write-down during the year</i>	Xxx
	<i>Carrying amount, December 31</i>	Xxx
Note 15 – PPE	Lack of proper disclosures in Note 15 to Financial Statements, in view of the following:	
	<p>1. Each class of transactions such as additions/acquisitions, disposals, and adjustments were presented at net amounts instead of separate line items contrary to Paragraph 88.e of IPSAS 17, which states, viz.:</p> <p><i>88.e. A reconciliation of the carrying amount at the beginning and end of the period showing:</i> <i>(i) Additions; ii) Disposals; ... (ix) other changes.</i></p>	To disclose in the Notes to Financial Statements in separate line items the additions/acquisitions, disposals, and adjustments of the PPE sub-accounts.
	<p>2. Title restrictions on PPE-Land account were not disclosed in the Notes, contrary to Paragraph 89.a of IPSAS 17, which provides:</p> <p><i>89. The financial statements shall also disclose for each class of property, plant, and equipment recognized in the financial statements:</i></p> <p><i>(a) The existence and amounts of restrictions on title, and property, plant, and equipment pledged as securities for liabilities;</i></p>	To disclose in the Notes to Financial Statements the title restrictions on PPE-Land account.
	<p>3. The fair value of PPE-Land account is not disclosed in the Notes, contrary to Paragraph 94.d of IPSAS 17, which states that:</p> <p><i>94. Users of financial statements may also find the following information relevant to their needs:</i></p> <p><i>(d) When the cost model is used, the fair value of property, plant and equipment when this is materially different from the carrying amount.</i></p>	To disclose in the Notes to Financial Statements the fair value of PPE-Land account.

- 3.5. In view of the foregoing observations on the lack/inadequacy of disclosures in the Notes to Financial Statements to conform with the requirements of the IPSASs, the intended users of the Financial Statements were deprived of relevant information in making economic decisions.

Impairment losses on Receivables-Accounts receivable, Receivables-Loans receivables, and Receivables-Other receivables accounts in CY 2023 in the total amount of P222.375 million, as disclosed in Note 28.3 to Financial Statements did not tally with the increase in their Allowance for impairment in CY 2023 in the amount of P471.494 million, as disclosed in Note 9 to Financial Statements

3.6. Paragraph 128 of IPSAS 1, provides that:

128. Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity, and cash flow statement shall be cross-referenced to any related information in the notes.

3.7. Review of the Notes to Financial Statements revealed that Impairment losses on various Receivables sub-accounts in the total amount of P222.375 million as at December 31, 2023 does not tally with the increase in Allowances for impairment of Receivables sub-accounts in the total amount of P471.494 million, thus showing a variance of P249.119 million, as presented in Table 6, contrary to the above-stated provision of Paragraph 128 of IPSAS 1.

Table 6 - Comparison of Impairment Losses in CY 2023 vis-à-vis Increase in Allowance for Impairment of Receivables Sub Accounts from CY 2022 to CY 2023

Particulars	Note	Allowance for Impairment		
		CY 2023 (a)	CY 2022 (b)	Increase (c=a-b)
Accounts receivable	9.2	P 544,447,630	P 496,217,472	P 48,230,158
Loans receivables	9.4			
Japan International Cooperation Agency		1,600,739	598,457	1,002,282
Private Sector Mechanization Scheme		6,149,820	4,836,767	1,313,053
Post-Harvest Facilities		881,793	881,793	-
Farm Level Grains Center		11,005,021	6,822,849	4,182,172
		19,637,373	13,139,866	6,497,507
Inter-agency receivables				
Due from NGAs	9.6.a	125,758,347	5,477,930	120,280,417
Due from LGUs	9.6.b	8,409,528	-	8,409,528
		134,167,875	5,477,930	128,689,945
Other receivables				
Due from officers and employees	9.7.a	665,935,505	562,485,110	103,450,395
Other receivables	9.7.c	821,738,543	637,112,301	184,626,242
		1,487,674,048	1,199,597,411	288,076,637
Total		P2,185,926,926	P1,714,432,679	P 471,494,247
Impairment loss – Loans and Receivables/Other receivables				
[P35,142,376+P187,233,065]	28.3			222,375,441
Variance				P249,118,806

- 3.8. **We recommended that Management direct the Accounting Division to ensure that all relevant information is disclosed in the Notes to Financial Statements to conform with the requirements of the IPSASs so as to provide the users of the financial statements of information useful for decision making and to demonstrate the accountability of the Agency for the resources entrusted to it.**
- 3.9. **We likewise reiterated our previous year's recommendation that Management instruct the Accounting Division to follow the suggested enhancements in the preparation of the Notes to Financial Statements to align with the requirements of the Standards and for better understandability of the Financial Statements by the users and other stakeholders.**

B. NON-FINANCIAL

4. **In CY 2023, the NFA was not able to meet the national rice buffer stocking requirement of 300,000 metric tons (MT) equivalent to nine (9) days of the average Daily Consumption Requirement (DCR) at any given time, as the monthly average of the rice buffer stock was only 71,486 MT or equivalent to 2.10 days average DCR, despite the Agency's full receipt of the P9.000 billion subsidy from the National Government for the 495,000 MT targeted palay procurement considering that only 78,419 MT of palay were procured during the year or a shortfall of 84.16 per cent equivalent to 416,581 MT of palay. Thus, posing risk that the NFA might not be able to fulfill its mandate to ensure food security by maintaining optimal level of buffer stock of rice at all times to respond immediately and provide the needs of the beneficiaries all over the country during calamity and emergency situations.**
 - 4.1. This is a reiteration with updates of prior year's observation as the recommendations to address the inability of the Agency to meet the national rice buffer stocking requirement of 300,000 MT at any given time due to shortfall in palay procurement were not yet fully implemented by Management.
 - 4.2. With the passage of RA No. 11203 on February 14, 2019, the NFA shall continue to perform its role in ensuring food security by maintaining optimal level of buffer stock of rice at all times to respond immediately and provide the needs of the beneficiaries all over the country during calamity and emergency situations. The Agency is mandated to procure palay from local farmers strategically located across the country. It shall manage efficiently and effectively the acquisition, quality maintenance, and disposition of the buffer stock.
 - 4.3. Moreover, the same RA established the Rice Competitiveness Enhancement Fund (RCEF) to improve the competitiveness of rice farmers and increase their income amidst liberalization of the Philippine rice trade policy including, among others, the lifting of quantitative restriction on rice import and replacing it with tariff. The RCEF aims to complement and

supplement the existing Department of Agriculture - National Rice Program (DA-NRP).

- 4.4. Buffer stock, as defined in the Implementing Rules and Regulations (IRR) of RA No. 11203, refers to the optimal level of rice inventory that shall be maintained at any given time to be used for emergency situations and to sustain the disaster relief programs of the government during natural or man-made calamities. The optimum level of national rice buffer stocks to be maintained by the NFA, as approved by the NFA Council in its Resolution No. 999-2021-B dated February 16, 2021, was fixed at 300,000 MT or equivalent to nine (9) days of nationwide DCR at any given time.
- 4.5. To supplement the budgetary requirements for the NFA's buffer stocking program, RA No. 11936, the General Appropriations Act (GAA) for Fiscal Year (FY) 2023, authorized the release of subsidy in the amount of P9.000 billion to the NFA under the Budgetary Support for Government Corporations.
- 4.6. As part of the NFA's commitment to meet the mandated buffer stocking requirement, the NFA Council sets the palay procurement target at 495,000 MT or 9,900,000 bags of palay for CY 2023 to maintain the required 300,000 MT rice buffer stock at any given time within the year. However, the Annual Report of the NFA for CY 2023 disclosed that the required buffer stock equivalent to nine (9) days of the average DCR of 33,983.5 MT was not achieved the whole year round. The levels of rice inventory ranging from 43,635 MT to 104,788 MT, which were only good for 1.28 to 3.08 days (Table 7), were below the required buffer stocks. The deficit stock level ranged from 195,212 MT to 256,365 MT or equivalent to 5.92 days to 7.72 days. On the monthly average, the NFA maintained rice inventory of 71,486 MT, good to last for about 2.10 days supply only.

Table 7 - Buffer Stock Levels of NFA in CY 2023

Month	Available Stock at Month-end		Required Buffer Stock		Deficit	
	MT	Equivalent No. of Days	MT	Equivalent No. of Days	MT	Equivalent No. of Days
January	104,788	3.08	300,000	9	195,212	5.92
February	103,072	3.03	300,000	9	196,928	5.97
March	99,051	2.91	300,000	9	200,949	6.09
April	100,117	2.95	300,000	9	199,883	6.05
May	85,102	2.50	300,000	9	214,898	6.50
June	60,844	1.79	300,000	9	239,156	7.21
July	50,948	1.50	300,000	9	249,052	7.50
August	43,635	1.28	300,000	9	256,365	7.72
September	44,240	1.30	300,000	9	255,760	7.70
October	60,226	1.77	300,000	9	239,774	7.23
November	57,129	1.68	300,000	9	242,871	7.32
December	48,676	1.43	300,000	9	251,324	7.57
Average	71,486	2.10	300,000	9	228,514	6.90

- 4.7. Despite implementing most of the audit recommendations contained in the AAR on the NFA for the years ended December 31, 2022 and 2021 to address the issue on the national rice buffer stocking requirement, to wit: (a) intensifying the information dissemination on NFA palay procurement activities in the producing regions at the start of cropping season; (b) strengthening the NFA's campaign on Palay Marketing Assistance Program for Legislators and Local Government Units (PALLGU) through meetings with the legislators and local chief executives to discuss the benefits thereof to their farmer-constituents to encourage them to participate in the program; (c) increasing the number of mobile procurement teams deployed in areas where harvesting is in progress; (d) evaluating the performance of the ROs and BOs with low palay procurement accomplishments to determine the necessary assistance and measures needed so that they can meet their targets on palay procurement; and (e) providing assistance and additional incentives to farmers to encourage them to sell their produce to the NFA, Management was still not able to maintain the required buffer stock in CY 2023, mainly due to the Agency's inability to procure the targeted 495,000 MT of palay.
- 4.8. Review of the NFA's Annual Accomplishment Report and the Budget and Financial Accountability Report for CY 2023 showed that despite the Agency's full receipt of the P9.000 billion government subsidy, only the amount of P1.492 billion was disbursed for the procurement of 1,568,379 bags (78,419 MT) of palay or 15.84 per cent of the targeted 9,900,000 bags of palay (495,000 MT) for CY 2023, as presented in Table 8.

Table 8 – NFA's Palay Procurement in CY 2023 (in 50-kilogram bags)

Month	Target [a]	Actual [b]	Shortfall/ (Surplus) = [a-b]	Percentage of Accomplishment
January	326,150	152,352	173,798	46.71
February	401,050	83,763	317,287	20.89
March	600,600	62,411	538,189	10.39
April	1,053,000	137,354	915,646	13.04
May	644,350	97,685	546,665	15.16
June	349,400	20,374	329,026	5.83
July	215,000	7,672	207,328	3.57
August	333,300	5,784	327,516	1.74
September	1,221,300	142,385	1,078,915	11.66
October	2,218,250	679,023	1,539,227	30.61
November	1,724,700	135,939	1,588,761	7.88
December	812,900	43,637	769,263	5.37
Total	9,900,000	1,568,379	8,331,621	15.84

- 4.9. The NFA Council approved the provision of Buffer Stock Incentive (BSI) through Memorandum AO-2023-09-014 dated September 18, 2023 to increase the NFA's palay buying price. The BSI amounting to P4.00 per kilogram for clean and dry palay and P3.00 per kilogram for fresh/wet palay was granted increasing the buying rate from P19 per kilogram to P23.00 per kilogram for clean and dry palay and, from P16 per kilogram to P19.00 per kilogram for fresh/wet palay. Despite the additional BSI, there

was still a shortfall in palay procurement equivalent to 8,331,621 bags (416,581 MT) or 84.16 per cent from the targeted palay procurement of 9,900,000 bags (495,000 MT). Likewise, the palay procurement in CY 2023 was 78.83 per cent [$5,992,960 \text{ bags (procured CY 2022)} - 1,568,379 \text{ bags (procured CY 2023)} = 4,424,581 \text{ bags} / 5,992,960 \text{ bags} \times 100\%$] lower than the palay procured in CY 2022.

- 4.10. Further, the NFA was only able to procure 78,419 MT of palay out of total palay production nationwide of 20,059,561 MT for CY 2023 or equivalent to 0.39 per cent as reported by the Philippine Rice Research Institute (<https://palaystat.philrice.gov.ph/statistics/>). As disclosed in the NFA's Annual Report for the CY 2023, the low procurement of palay was due to the following hindrances: (a) stiff competition and aggressive procurement activities of private traders; (b) quality issues as some palay harvests did not conform with the NFA's quality standards; (c) lack of post-harvest facility, the mechanical dryers/NFA drying capacity is limited at 31,000 MT only; and (d) high prevailing ex-farm palay prices brought by: (i) the tight supply of rice being traded in the international market; (ii) high demand of rice by major rice importing countries; and (3) the imposition of export ban in India for non-basmati rice.
- 4.11. The issue on the inability of the NFA to maintain the optimum level of national rice buffer stocking requirement of 300,000 MT at any given time as required under the NFA Council Resolution No. 999-2021-B dated February 16, 2021, if not promptly addressed, poses risk that the Agency might not be able to fulfill its mandated role to ensure food security by maintaining optimal level of buffer stock of rice at all times to respond immediately and provide the needs of the beneficiaries all over the country during calamity and emergency situations.
- 4.12. **We reiterated our prior year's recommendation that Management coordinate with the DA, Local Agricultural Offices, and other agencies implementing the RCEF and NRP to formulate a policy that would require the farmer-beneficiaries to reciprocate the assistance given to them by the Government, such as farm implements, seeds, fertilizers, free irrigation fees, crop insurance, among others, by selling a certain volume of palay to the NFA, considering that the source for the rice buffer stocking is from local palay production as provided in RA No. 11203.**
- 4.13. **We, likewise, recommended that Management direct the officials concerned to ensure that the optimum level of national rice buffer stocking requirement of 300,000 MT is maintained at any given time by employing innovative strategies and approaches to achieve the palay procurement targets.**

- 4.14. Management commented that they will comply with the recommendations and will continuously exert all efforts to be able to sufficiently maintain the required 300,000 MT rice buffer stock. Also, they commented the following:
- a. The NFA monitored the movement of ex-farm prices of palay for CY 2023 with national average of P22.12 per kilogram for dry and clean palay which are on the uptrend that is above the existing government buying price of palay of P19.00 per kilogram in January to August 2023. In addition, the average price of palay monitored for the period September to December 2023 was recorded at P24.52 per kilogram, which is relatively higher than the increased government buying price of P23.00 per kilogram. Thus, the Price Range Scheme (PRICERS) for the NFA's Palay Procurement Program was conceptualized.
 - b. The PRICERS was approved during the Special NFA Council Meeting on April 11, 2024 pursuant to Presidential Directive No. PBBM-2023-593-594 *re: Increasing Production to Ensure Sufficient Rice Supply*, directing the NFA to focus its efforts on procuring palay from local farmers at a competitive price. The effective buying price of palay per province shall be adjusted and approved up to P30.00 per kilogram on a weekly basis based on the prevailing ex-farm palay prices and other considerations as per *Approved Implementing Guidelines on PRICERS for the NFA's Palay Procurement Activity* dated April 18, 2024. The NFA had already procured a total of 3.3 million bags during its implementation that is 100 per cent achievement of the palay procurement target in January to June 2024.
 - c. Further, the NFA planned to collaborate with the National Irrigation Administration (NIA) on the implementation of the Rice Contract Farming Scheme with the Irrigators' Associations (IA), Federation of Irrigators Associations (FIA), and Irrigation Service Cooperatives (ISC), wherein the NIA may opt to sell portion of the palay harvest with the NFA and other institutional buyers. The NFA's possible participation for this program is to provide the NIA with the necessary logistics and a guaranteed market for farmers' produce to be able to increase the NFA's rice buffer stock to reach the optimal level.
 - d. Furthermore, the DA-NRP is in the process of crafting a Memorandum of Undertaking (MOU) with Farmer Cooperatives and Associations (FCAs) and Individual Farmers (IFs) that received grants from the Government.
- 4.15. As a rejoinder, the Audit Team acknowledged Management's initial efforts to address the issue on the rice buffer stocking and their commitment to implement the audit recommendations, which will be monitored in the succeeding audit.

5. Several deficiencies were noted in the disposal by the various NFA BOs of rice buffer stocks totaling 13,653,337 bags of 50-kilograms (kg.)/bag with total estimated inventory cost of P22.406 billion (approximately at P33.00/kg.) from CYs 2019 to 2023 to the former NFA accredited retailers and private traders/millers, in order to avoid the deterioration of rice stocks and to sustain the Agency's financial requirements, to wit:
- a. Almost all of the disposals were sold at P25.00/kg., which was the wholesale price for authorized retail outlets based on the NFA Selling Price Bulletins (SPBs) since October 2, 2019, despite the fact of the removal of the NFA's accreditation of retailers under Rule 3.2 of the IRR of RA No. 11203, otherwise known as the Rice Tariffication Law, in the absence of revised/new policy on the disposition of buffer stocks, specifically the modes and pricing of ageing rice buffer stocks of good quality, for disposal, as mandated under Rule 8.2 of the IRR of the said Act. Likewise, the disposal lacked authority from the NFA Council which is not in accordance with Item 5.b of the NFA Code of Corporate Governance dated November 17, 2014;
 - b. The disposal of the 13,653,337 bags of rice buffer stocks at P25.00/kg. amounted to P17.124 billion only, while the estimated inventory cost was at P22.406 billion or an unrecovered Inventory cost of rice in an estimated aggregate amount of P5.282 billion;
 - c. The disposal contributed to the non-attainment of the required level of the national buffer stocks at any given time of 488,895 MT for CY 2019; 496,448 MT for CY 2020; and 300,000 MT for CYs 2021-2023, or with shortfalls in rice buffer stocks of 15,398 MT for CY 2019; 167,779 MT for CY 2020; 65,488 MT for CY 2021; 159,646 MT for CY 2022; and 228,514 MT for CY 2023, contrary to Rule 8.3.1 of the IRR of RA No. 11203; and
 - d. There were non-compliance with the NFA's buffer stocking policy on rice disposal for quality stock management which cast doubt on the regularity and propriety of the transactions, such as: (i) some of the stocks aged one (1) day to six (6) months old and more than six (6) months old, which were considered of good quality and fit for human consumption were disposed of/sold in violation of the "9-6" and "6-3" protocols; (ii) in NFA Iloilo BO, the age and condition of the rice stocks, as indicated in the Statement of Weekly Stock Issues for the period and the result of the Laboratory Analysis Reports (LARs) could not be verified against the pile layout of Classifiers, as the pile layout reports were not submitted for audit, and the pile numbers were not indicated in the Authority to Issue (AIs); (iii) in NFA Nueva Ecija, Capiz, Davao del Sur and Davao Oriental BOs, some sales of rice to private traders/retailers were not supported with LARs; and (iv) former NFA accredited retailers in NFA Bulacan, Pampanga and Tarlac BOs were included in the list of active buyers despite they stopped from buying rice from NFA in the latter part of CY 2019.

- 5.1. As discussed in Paragraphs 4.2 and 4.4 hereof, the NFA shall manage efficiently and effectively the acquisition, quality maintenance, and disposition of the rice buffer stocks. The required buffer stocks to be maintained by the NFA is discussed in Paragraph 5.13 of this Report. While the NFA buffer stocking policy on disposition of stocks as necessary before the quality of rice deteriorates/become unacceptable/unsafe is the “9-6 protocol” which requires nine (9) months maximum storage for palay and six (6) months critical storage for rice which was revised to “6-3 protocol” starting January 25, 2022.
- 5.2. Rule 8.3.2. of the IRR of RA No. 11203, states that, “NFA shall maintain the optimal level of buffer stocks at all times, except to make releases in response to emergencies, in support of disaster relief programs of the government, or to dispose stocks, as necessary before the quality of rice deteriorates/become unacceptable/unsafe. Storage, sale, and distribution of stocks shall be done in accordance within existing guidelines, provided these guidelines are consistent with Rule 8.3.1.”
- 5.3. Examination by the Audit Teams assigned in the different NFA BOs nationwide of the various NFA Reports, such as, the Sales Reconciliation Reports, the Reports of Collections and Deposits, the Summary of Weekly Stocks and Empty Sacks (MTS) Reports, and the Statements of Weekly Stock Issues covering CYs 2019 to 2023 revealed that the NFA disposed of 13,653,337 bags of 50-kg. of rice buffer stocks to former NFA retailers and private traders/millers in the total amount of P17.124 billion, as summarized in Table 9.

Table 9 – Summary of Sales of NFA Rice Buffer Stocks by Various NFA BOs to Former NFA Retailers and Private Traders/Millers, for the Period CYs 2019 to 2023

Region	BO*	No. of Bags (in 50 kg.)	Sales Amount	Estimated Inventory Costs
I	Eastern Pangasinan, Ilocos Norte, La Union	1,953,966	P 2,426,591,212	P 3,110,809,837
II	Cagayan, Isabela, Nueva Viscaya	2,283,505	3,093,172,954	4,006,574,954
III	Bulacan, Nueva Ecija, Pampanga, Tarlac	4,899,111	6,106,106,225	8,065,750,625
IV	Batangas ¹ , Occidental Mindoro, Oriental Mindoro, Palawan	1,518,584	1,874,744,558	2,421,785,128
	Quezon ¹	1,863	2,328,750	3,073,950
V	Albay ¹ , Sorsogon ¹	8,300	10,375,000	14,742,750
VI	Iloilo, Capiz, Negros Occidental ¹	1,144,946	1,340,844,050	1,709,184,401
VII	Bohol ¹	4,716	5,912,173	7,798,573
VIII	Leyte ¹ , Northern Samar ¹	10,290	12,767,722	21,219,717
IX	Zamboanga City, Zamboanga del Sur	506,797	611,248,005	813,966,805
XI	Davao del Sur, Davao del Norte, Davao Oriental	163,593	208,671,400	264,753,726
XII	South Cotabato ¹ , Sultan Kudarat ¹	4,856	6,078,000	9,639,570
CARAGA	Agusan del Sur, Surigao del Sur	255,138	312,419,663	414,474,863
BARMM ⁴	Basilan ¹ , Lanao del Sur ¹ , Maguindanao ¹	19,133	23,915,613	31,568,813
NCR	Central District ²	717,579	893,531,300	1,250,928,348
	East District ³	160,960	195,039,331	259,423,331
Total		13,653,337	P17,123,745,956	P22,405,695,391

¹ CY 2023 data only

² excluding data on former North District Office (NDO) sales for CYs 2019-2020

³ CYs 2021 to 2022 data only

⁴ Bangsamoro Autonomous Region in Muslim Mindanao

- 5.4. Audit of the disposal of the rice buffer stocks from CYs 2019 to 2023 disclosed various deficiencies as discussed hereunder.

Almost all of the disposals were sold at P25.00/kg., which was the wholesale price for authorized retail outlets based on the NFA SPBs since October 2, 2019, despite the fact of the removal of the NFA's accreditation of retailers under Rule 3.2 of the IRR of RA No. 11203, otherwise known as the Rice Tariffication Law, in the absence of revised/new policy on the disposition of buffer stocks, as mandated under Rule 8.2 of the IRR of the said Act. Likewise, the disposal lacked authority from the NFA Council which is not in accordance with Item 5.b of the NFA Code of Corporate Governance dated November 17, 2014

- 5.5. Rule 8.2 and Rule 8.2.1 of the IRR of RA No. 11203 provide that:

Rule 8.2. The NFA Council shall promulgate rules, regulations and procedures involving the acquisition, maintenance and distribution of buffer stocks.

Rule 8.2.1 No later than December 31, 2019 or earlier, the NFA Council shall promulgate rules, and regulations, and procedures involving the acquisition, maintenance, and distribution of buffer stocks. NFA Council shall commission an independent study to inform and accordingly revise these rules, regulations, and procedures. The study shall cover, among others:

- The optimal level of rice inventory to be held as national buffer stocks;*
- The rules and procedures for procurement, composition, storage, processing, rotation or replenishment, and release of stocks;*
- The locations and amounts of prepositioned stocks in anticipation of emergency and disaster; and*
- The transaction flow and procedures for the release of rice stocks to government agencies as emergency response and disaster relief.*

- 5.6. Review of the series of communications/memoranda issued by the NFA officials concerned disclosed that from January 29, 2019 to April 29, 2019, the former Officer-in-Charge (OIC)-Administrator authorized the BOs to continue selling the NFA rice through existing accredited retailers until further notice pursuant to Cabinet Action No. 629-040119-06-35 dated April 1, 2019, which directed the retention of the current selling price of NFA

rice to help alleviate the plight of the poor. After the effectivity of RA No. 11203, or the Rice Tariffication Law, starting June 16, 2019, the former NFA Administrator authorized the Regional and Branch Managers to dispose the rice buffer stocks through direct selling and open/volume sales at SPB in order to avoid deterioration of the stocks, create a warehouse space, and sustain the Agency's financial requirements.

- 5.7. Records showed that the latest policies/guidelines approved by the NFA Council were Resolution No. 958-2020-B dated February 18, 2020 that covers only the approval of SPB (AO-2020-02-036), fixing the selling price of rice buffer stocks; and Resolution No. 1025-2022-A dated January 25, 2022 that adopted the "6-3 protocol" policy on disposition of stocks as necessary before the quality of rice deteriorates/become unacceptable/unsafe. However, these Resolutions did not specify the modes of disposal and selling price for good quality or ageing rice buffer stocks to private entities.
- 5.8. In CYs 2019 to 2023, the NFA disposed of the 13,653,337 bags of rice buffer stocks to former NFA accredited retailers and private traders/millers mostly at the price of P25.00 per kg. [P17,123,745,956/13,653,337 bags in Table 9] which was the same as the wholesale price for authorized retail outlets in the SPB since February 4, 2019, as shown in Table 10.

Table 10 - NFA SPBs Issued by the NFA Administrator, as Approved by the NFA Council, CYs 2018 to 2020

Memorandum No.	Effectivity Date	Variety	Authorized Retail Outlets		Government
			Wholesale Price/kg	Consumer Price/kg	Agencies/Private Institution* Price/kg.
AO-2K18-06-041	June 25, 2018	IMR 25% Well Milled (WM)	P 32.00	P 32.00	P 32.00
AO-2K19-B-02-006	February 4, 2019	IMR 25% WM	25.00	27.00	32.00
AO-2K19-06-002	June 7, 2019	IMR 25% WM (2019 Arrivals)			37.00
AO-2K19-06-016	June 19, 2019	IMR 25% WM (2018 Arrivals)			37.00
AO-2K19-I-014	September 11, 2019	IMR 25% WM	25.00	27.00	27.00
		Local Rice WM	25.00	27.00	27.00
AO-2019-J-007	October 2, 2019	IMR 25% WM	25.00	27.00	25.00
		Local Rice WM	25.00	27.00	25.00
AO-2019-10-010	October 28, 2019	IMR 25% WM	23.00	27.00	25.00
	November 27, 2019	Remilled IMR 25%	23.00	27.00	25.00
AO-2020-02-036	February 18, 2020	WD1	25.00	27.00	25.00
		WD2	23.00	25.00	23.00

* Non-governmental organizations rendering charity work, assistance during any disaster/calamity and other socio-civic activities

- 5.9. It was observed that the selling price of P25.00/kg. was based on the old rates where the NFA's mandate still included consumer price stabilization. The directive granted by the former NFA Administrator and the former OIC-Administrator to the NFA ROs and BOs to continuously sell the NFA rice buffer stocks at the SPB of P25.00/kg. (wholesale price for retail outlets) to former NFA accredited retailers and private traders/millers was due to the lack of NFA Council approved rules, regulations, and procedures on the disposition of buffer stocks as required under Rule 8.2 of the IRR of RA No. 11203.
- 5.10. Likewise, the dispositions to former NFA retailers and private traders/millers were made despite the removal of NFA accreditation of NFA retailer under Rule 3.2 of the IRR of RA No. 11203, which states that. "*All permits, licenses, registrations shall cease to be given by NFA to importers, traders, warehouse operators, wholesalers, retailers, among others, starting March 5, 2019 pursuant to Rule 3.1 of this IRR. Xxx*"
- 5.11. Further, one of the discretionary powers of the NFA Council which cannot be delegated, as provided under Item 5.b of the NFA Code of Corporate Governance dated November 17, 2014, is the "*Determination of buying prices of palay and corn and selling prices of rice, corn and other grains.*" However, verification of the available documents showed that the dispositions of 13,653,337 bags of buffer stocks at P25.00/kg. from CYs 2019-2023 were only authorized by the former Administrator of NFA.

Unrecovered Inventory cost on the disposal of the rice buffer stocks to the former NFA retailers and private traders/millers amounted to P5.282 billion

- 5.12. Based on the CYs 2019 to 2023 audited financial statements, the NFA disposed the rice buffer stocks at average price of P25.00/kg, while the cost of sales was estimated at P33.00/kg., or an estimated average loss of P8.00/kg (P33.00/kg.-P25.00/kg.) equivalent to the unrecovered inventory cost (inventory cost includes cost of palay, milling, transport and handling, and storage).
- 5.13. As discussed above, the NFA BOs disposed of 13,653,337 bags of rice buffer stocks to the NFA former accredited retailers at P25.00/kg. Out of the total 13,653,337 bags, only 5,522,114 bags had computation of the unrecovered cost of inventory in the aggregate amount of P2.029 billion. For the remaining 8,131,223 bags [13,653,337-5,522,114], applying the estimated average unrecovered inventory cost of P8.00/kg. the estimated unrecovered inventory cost would be in the amount P3.253 billion [8,131,223 bagsx50kgxP8.00/kg]. Thus, for the disposal of 13,653,337 bags of rice to the NFA former accredited retailers and private retailers/millers covering CYs 2019 to 2023, the estimated unrecovered inventory costs totaled to P5.282 billion, as presented in Table 11.

**Table 11 - Estimated Unrecovered Inventory Costs from Rice Buffer Stock Disposal
By Various NFA BOs to Former NFA Retailers and Private Traders/Millers
From CYs 2019 to 2023**

Region	Branch Office	No. of Bags (in 50 kg)	Unrecovered Inventory Costs		
			Audited	(Subject to Audit) Estimated	Total
I	Eastern Pangasinan, Ilocos Norte, La Union	1,953,966	P 684,218,625	P -	P 684,218,625
II	Cagayan, Isabela, Nueva Viscaya	2,283,505	-	913,402,000	913,402,000
III	Bulacan, Nueva Ecija, Pampanga, Tarlac	4,899,111	-	1,959,644,400	1,959,644,400
IV	Batangas ¹ , Occidental Mindoro, Oriental Mindoro, Palawan	1,518,584	547,040,570	-	547,040,570
	Quezon ¹	1,863	-	745,200	745,200
V	Albay ¹ , Sorsogon ¹	8,300	4,367,750	-	4,367,750
VI	Iloilo, Capiz, Negros Occidental ¹	1,144,946	368,340,351	-	368,340,351
VII	Bohol ¹	4,716	-	1,886,400	1,886,400
VIII	Leyte ¹ , Northern Samar ¹	10,290	8,451,995	-	8,451,995
IX	Zamboanga City, Zamboanga del Sur	506,797	-	202,718,800	202,718,800
XI	Davao del Sur, Davao del Norte, Davao Oriental	163,593	56,082,326	-	56,082,326
XII	South Cotabato ¹ , Sultan Kudarat ¹	4,856	3,561,570	-	3,561,570
CARAGA	Agusan del Sur, Surigao del Sur	255,138	-	102,055,200	102,055,200
BARMM	Basilan ¹ , Lanao del Sur ¹ , Maguindanao ¹	19,133	-	7,653,200	7,653,200
NCR	Central District ²	717,579	357,397,048	-	357,397,048
	East District ³	160,960	-	64,384,000	64,384,000
Total		13,653,337	P2,029,460,235	P3,252,489,200	P5,281,949,435

¹ CY 2023 data only

² excluding data on former North District Office (NDO) sales for CYs 2019-2020

³ CYs 2021 to 2022 data only

The disposal contributed to the non-attainment of the required level of the national buffer stocks at any given time of 488,895 MT for CY 2019; 496,448 MT for CY 2020; and 300,000 MT for CYs 2021-2023, or with shortfalls in rice buffer stocks of 15,398 MT for CY 2019; 167,779 MT for CY 2020; 65,488 MT for CY 2021; 159,646 MT for CY 2022; and 228,514 MT for CY 2023

5.14. Rule 8.3. and Rule 8.3.1 of the IRR of RA No. 11203 state that:

Rule 8.3. Prior to the approval and adoption by NFA Council of the results and recommendations of the independent study in Rule 8.2.1 by December 31, 2019 or earlier, the NFA shall implement the following rules, regulations, and procedures involving the acquisition, maintenance, and operations of buffer stocks:

Rule 8.3.1. NFA adopts an optimal level of rice inventory equivalent to 15 to 30 days of national rice consumption. NFA shall acquire the optimal level under its current palay procurement program sourced only from local farmers. Procurement shall be funded by its 2019 appropriations for palay procurement.

- 5.15. The optimum levels of national rice buffer stocks to be maintained by the NFA in CYs 2019 and 2020 were pegged at 488,895 MT and 496,448 MT, respectively, and 300,000 MT starting CY 2021 onwards.
- 5.16. As reported in the prior years' AARs and Observation No. 4 hereof, the NFA has not been able to meet the national rice buffer stocking requirements covering CYs 2019 to 2023, contrary to Rule 8.3.1 of the IRR of RA No. 11203. The average annual inventory of the rice buffer stocks covering CYs 2019 to 2023 with data on the shortfall each year is presented in Table 12.

Table 12 - Average Annual Inventory for CYs 2019 to 2023 in MT

Period	Required Buffer Stock	Average Stock Level	Shortfall
2019	488,895	473,497	15,398
2020	496,448	328,669	167,779
2021	300,000	234,512	65,488
2022	300,000	140,354	159,646
2023	300,000	71,486	228,514

- 5.17. The rice disposal to former NFA accredited retailers could have contributed to the non-attainment of the required level of the national buffer stocks at any given time. Thus, poses risk that the NFA might not be able to fulfill its mandate to ensure food security by maintaining the optimal level of buffer stock of rice at all times to respond immediately and provide the needs of the beneficiaries all over the country during calamity and emergency situations.

Non-compliance with the NFA's buffer stocking policy on rice disposal for quality stock management which cast doubt on the regularity and propriety of the transactions

- 5.18. Despite shortfalls in rice buffer stocks, as discussed in the preceding paragraphs, rice disposal persisted to avert stock deterioration. However, examination of warehouse documents such as AI, Warehouse Stock Issue (WSI), Pile Layouts, and LARs disclosed that some of the stocks aged one (1) day to six (6) months old and more than six (6) months old, which were considered of good quality and fit for human consumption, were also disposed of, contrary to the NFA's buffer stocking policy as discussed in Paragraphs 5.1, and Rule 8.3.2. of IRR of RA No. 11203, quoted in Paragraph 5.2 hereof.
- 5.19. Moreover, there were noted deficiencies in the rice disposal by other BOs to former NFA accredited retailers and private traders/millers, which cast doubt on the regularity of the transactions, such as:
- a. In Region VI – Iloilo BO, the age and condition of the rice stocks, as indicated in the Statement of Weekly Stock Issues for the period and the result of the LARs, could not be verified against the pile layout of

Classifiers, as the pile layout reports were not submitted to the Audit Team concerned for verification. Also, the pile numbers were not indicated in the AIs.

- b. In Region III - Nueva Ecija, Region VI - Capiz, and Region XI - Davao del Sur and Davao Oriental BOs, some sales of rice to private traders/retailers for quality stock management purposes were not supported with LARs.
- c. Inspection of the location of some former accredited retailers in Region III - Bulacan, Pampanga and Tarlac BOs, as well as interview with some individuals revealed that they ceased buying rice from the NFA before the onset of pandemic or in the latter part of CY 2019. Despite this information, the records of the BOs showed that these individuals were still included in the list as active buyers.

5.20. We recommended that top Management:

- a. **Hasten the formulation of the proposed rules, regulations, and procedures with specific guidelines on the mode and the pricing scheme relative to the disposal of good quality and ageing rice buffer stocks to private individuals/organizations that is most advantageous to the NFA in consonance with the IRR of RA No. 11203, and accordingly, submit the said proposed rules, regulations, and procedures to the NFA Council for approval;**
- b. **Ensure that all disposals must be approved by the NFA Council, as the Governing Body of the NFA, in the meantime that there is no approved policy on the rules, regulations and procedures for disposal of the ageing rice buffer stocks of good quality to private individuals/organizations and, hold responsible the persons who authorized the disposal of rice buffer stocks without the approval of the NFA Council, if warranted;**
- c. **Direct the Regional/Branch Managers to require the concerned NFA personnel to submit the following documents to the Audit Teams assigned in the ROs/BOs:**
 - c.1. **LARs and other supporting documents/authority used as basis in the disposal of ageing local rice stocks to private traders/millers; and**
 - c.2. **Pile lay-out reports and other relevant documents; and**
- d. **Conduct investigation and hold responsible the NFA officials and employees who authorized the disposal of buffer stocks aged one (1) day to six (6) months and more than six (6) months old which are considered of good quality and fit for human consumption.**

5.21. Management commented the following:

- a. After the enactment of RA No. 11203, the Office of the President issued a Cabinet directive per Cabinet Action No. 629-040119-06-35 dated April 1, 2019 directing the DA Secretary to retain the P27.00/kg. selling price of NFA rice, noting that it would help alleviate the plight of the poor. Accordingly, the NFA issued a letter dated April 11, 2019 to the Chairperson and members of the NFA Council headed by the former DA Secretary on the aforementioned directive to retain the selling price of NFA rice at P27.00/kg. On February 18, 2020, the NFA issued a SPB dated February 18, 2020 that sets the selling price of NFA rice to government agencies at P25.00/kg.
- b. On May 5, 2022, the NFA requested to increase the selling price of NFA rice on an annual phase to range from P27.00/kg. to P35.00/kg. from CYs 2022 to 2026. A similar request was also submitted to the NFA Council on December 14, 2023, requesting for the increase in the NFA rice at P36.00/kg. to enable the NFA to be a cost-efficient government institution.
- c. In the NFA Regular Council Meeting that was conducted on January 23, 2024, the request to increase the selling price of NFA rice was discussed. However, the NFA Council deferred the decision and directed the NFA Management to look at the legal framework to provide a different pricing mechanism for the establishment of the new selling price of milled rice and to request for the legal opinion of the Office of the Government Corporate Counsel (OGCC) on the scope of the trading function of the NFA.
- d. In the Special NFA Council Meeting that was held on April 11, 2024, the NFA Council approved the increase in the NFA Selling Price of local rice to be based on the 20 per cent price reduction for less than six months of existing rice stock inventory and 30 per cent price reduction for more than six months rice stock inventory of the last month's latest monitored average prevailing retail price of well milled rice (WMR) of Philippine Statistics Authority (PSA).
- e. On May 9, 2024, the OGCC rendered its opinion on the authority of the NFA to sell its rice stocks to traders, millers or other private entity for non-calamity purposes, where it was stressed that under RA No. 11203 and its IRR, the NFA is not prohibited to sell its deteriorating/ageing rice stocks to retailers, traders or private entities, as necessary, subject to the rules, regulations and procedures promulgated by the NFA Council.
- f. Further, the NFA has already crafted the "*Implementing Guidelines on the Disposition of Milled Rice Buffer Stocks and Pricing Mechanism*" which will be finalized and presented in the forthcoming NFA Council Meeting after all the inputs from the NFA Central/Field Offices have been incorporated. It shall cover the rules, regulations and procedures such as the qualification of buyers, applicable

competitive process, approving authority for the sale and pricing mechanism of NFA rice buffer stocks both for calamity and non-calamity purposes. It shall likewise include the determination of ageing milled rice stocks and identify the modes of disposition.

- g. The proposed selling prices for milled rice buffer stocks shall be based on the last month's prevailing national average wholesale price of WMR from the PSA data with percentage reduction per age bracket in accordance with NFA Council approval on April 11, 2024. It also covers the disposition of ageing rice stocks through auction to any interested buyers following the assessment of the estimated volume of ageing rice stocks. The RO may request for the disposition either through offered sale or auction. The SPB shall serve as the minimum bid price for prospective buyers.
- h. Furthermore, a communication addressed to the concerned ROs/BOs to submit the lacking documents and justification/explanation on the sale of ageing stocks directly to their respective Offices' Audit Team requiring thereof was already prepared.

5.22. As audit rejoinder, the Audit Teams appreciated the initial efforts exerted by the present NFA Management to comply with the audit recommendations. Their full compliance will be continuously monitored in the succeeding audits.

6. Several provisions of the NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification and good warehouse-keeping were still not strictly observed in CY 2023 at various NFA warehouses, which could result in environmental and health hazards and losses due to grain damage/deterioration in quality and value as well as theft/pilferage of stocks, as demonstrated by the following deficiencies noted, among others, during the ocular inspection of the various NFA BOs' warehouses in Regions I, II, III, IV, VI, VIII, XV and BARMM, viz.:

- a. **On Custody of Warehouse - laborers and allied services provided by the labor contractor were not wearing identification cards despite such requirement to prevent unauthorized access to the warehouse premises; the platform scales were not calibrated regularly; and one (1) Warehouse Supervisor (WS) is assigned to multiple warehouses.**
- b. **On Piling System - proper piling methods were not adopted, making it difficult to conduct reliable volumetric counts of the stocks and create opportunity for concealing losses; in two (2) warehouses, the pile height up to 28 rice bags exceeds the safe limit to adequately support the weight of the stocks without causing damage to the bottom bags; proper spacing of one meter was not maintained between piles, between piles and walls, and between piles and posts; piles had no bin cards; and First-in, First-Out (FIFO) policy on rice grains stocking was not strictly observed, thus, resulting in aged**

stocks, affecting their quality and may become unsafe for human consumption.

- c. **On storage Structure and Specification – poor or inadequate ventilation in warehouses or malfunctioning ventilation systems which could adversely affect both the quantity and quality of stored rice; doors or opening/vents were not installed with mesh screen; and a canopy was not repaired.**
 - d. **On Warehouse-keeping - presence of leaks and holes in the roofs, inside gutters and downspouts of multiple warehouses exposes the stored grains to potential damage or loss during periods of heavy rainfall; stocks became infested due to the presence of insects, webs, and dirt; and absence of functional Closed-Circuit Television (CCTVs) or malfunctioning ones compromises the ability to effectively monitor warehouse activities, leaving stocks vulnerable to potential theft or damage.**
- 6.1. This is a reiteration with updates of the prior year’s observations as the recommendations to address the deficiencies noted during the ocular inspection of the NFA BOs’ warehouses were not fully implemented.
- 6.2. NFA SOP No. GM-WH07 dated January 10, 1995 prescribes the warehousing policies and procedures, and covers the basic and accountability procedures, warehouse layout, warehouse maintenance, and standards and safety practices, among others. Pertinent provisions of the said NFA SOP are summarized in Table 13.

Table 13 – Pertinent Provisions of NFA SOP No. GM-WH07 on Warehousing Policies and Procedures to be Observed in NFA Warehouse

Area of Concern	Policies and Procedures
Custody of Warehouse	<ul style="list-style-type: none"> • There shall be one SGOO-WS assigned for every warehouse. However, duplex or triplex type warehouses shall be considered as one warehouse. • There shall also be one regular GOO II-Pest Control Officer (PCO) and calibrator for every Provincial (now Branch) Office to effect immediate pest control administration and timely/regular calibration of all utilized platform scales. • All laborers working and assigned in the warehouse shall be required to wear identification cards. The identification card shall be controlled by each Provincial Office.
Piling System/ Warehouse Layout	<ul style="list-style-type: none"> • The maximum allowable safe height of the pile of sacks must be determined so that the sack at the bottom of the pile should not be destroyed within a reasonable length of time. From warehouse experiences, 18 to 25 sacks of palay can be adequately supported by bottom bags without damage for at least 6 months or more. • A one-meter space shall be provided between piles, between piles and walls, between piles and posts to facilitate cleaning and application of pest control measures. • An updated bin card shall be attached to every pile. • The First In-First Out (FIFO) principle shall always be applied. Stocks earlier received shall be piled in such a way that it will be convenient to issue such stock first.

Area of Concern	Policies and Procedures
Storage Structure and Specifications	<ul style="list-style-type: none"> • The warehouse structure must be strong to withstand theft and typhoon. • The structure must be well ventilated under normal condition. It should be provided with air vents or windows so that there is a continuous flow of air inside the warehouse. • The flooring of the warehouse should be adequately strong. It should be free from cracks where moisture from the ground may affect the stored grains. Moisture sealing compound or asphalt should be provided to fill the floor cracks against moisture. • The warehouse structure should as much as possible be kept insect, rodent, and bird proof. <ul style="list-style-type: none"> - To make the structure rodent and bird proof, a ¼ inch opening mesh wire shall be provided on all openings or vents and in the space between the roof and the vents. If possible, the doors must be provided with screen doors aside from the regular warehouse door. This is to provide some security when warehousing activities are at its minimum.
Good Warehouse- keeping	<ul style="list-style-type: none"> • Warehouse Maintenance <ul style="list-style-type: none"> - Inspection of roofings for any holes, leakages, or damages must be regularly made. - Any sign of leak or damage shall be immediately reported in writing by the accountable officer for the necessary repair. - Structural defects like gutters/downspouts shall be properly and immediately repaired. - Cracks and crevices shall be properly filled up with cement plaster to remove places where dust, dirt, residue, etc. can accumulate and where insects can breed • Warehouse Hygiene and Sanitation <ul style="list-style-type: none"> - A weekly cleaning of the top and sides of piles should be done to remove dust and webs and to eliminate possible breeding place of rats, birds and insects. - After cleaning the sides and top of the pile, the pile must be covered with unserviceable MTS on top and at least half of the sides to protect the pile from direct mended attack of birds and insects. - If a separate building cannot be provided, sacks, pallets, pesticides, and unused machineries should be stored in a separate portion of the warehouse, grouped together and stocked neatly and orderly. • Stock Maintenance and Preservation Standards <ul style="list-style-type: none"> - If possible, warehouse temperature/humidity as well as grain temperature must be measured periodically. Warehouse atmosphere must be controlled in so far as possible by opening or closing windows/doors or installation of ventilation fans. • Warehouse Safety <ul style="list-style-type: none"> - Necessary fire extinguishers must be furnished and all necessary steps for fire prevention should be posted and taken up. - Color or signs to bring a personnel's attention to hazardous situations shall be adopted to prevent accidents. Signs shall be so designated to add to the overall appearance of the warehouse.

6.3. Notwithstanding the prescribed warehousing policies and procedures, ocular inspections made by the Audit Teams assigned in the different NFA ROs and BOs of some of the warehouses of the NFA revealed that certain

provisions and requirements under NFA SOP No. GM-HW07 were not strictly observed, as summarized in Table 14.

Table 14 - Results of Ocular Inspection of NFA Warehouses

ROs/BOs	Deficiencies Noted
<i>On Custody of Warehouse</i>	
Region VIII – Leyte, Samar XV – Surigao del Sur	Only one Warehouse Supervisor (WS) was assigned to multiple warehouses which could lead to ineffective management and supervision of the warehouses.
Region IV – Palawan Region VIII – Leyte, Samar	The platform scales were not calibrated regularly, these were calibrated only when needed. Further, the calibration of platform scales was not recorded for monitoring purposes.
Region VIII – Leyte, Samar XV - Surigao del Sur	Laborers and allied services provided by the labor contractor were not wearing identification cards as required to prevent unauthorized access to the warehouse premises.
<i>On Piling System</i>	
Region I – Eastern Pangasinan, La Union, Ilocos Norte	The FIFO policy on rice grains stocking was not strictly observed, thus, resulting in aged stocks, affecting their quality and might become unsafe for human consumption.
Region IV – Palawan	In the two warehouses, the pile height up to 28 rice bags exceeds the safe limit for adequately supporting the weight of the stocks without causing damage to the bottom bags. Furthermore, proper spacing of one meter was not maintained between piles, between piles and walls, and between piles and posts in one of the warehouses.
Region II – Cagayan Region VIII – Leyte, Samar	Proper piling methods were not adopted and irregularly stacked piles, making it difficult to conduct reliable volumetric counts of the stocks and create opportunity for concealing losses.
Region VIII – Leyte, Samar XV – Surigao del Sur	Piles had no bin cards and if ever there were bin cards attached, these were not updated and some were not in accordance with the prescribed form. This can adversely affect the timely and accurate recording of inventory data to ensure smooth and effective warehouse management.
<i>On Storage Structure and Specification</i>	
Region VIII – Leyte, Samar	The canopy was not repaired in one warehouse and the non-utilization of another canopy due to structural defects posed safety risks to personnel and goods as well as non-optimization of warehouse capacity.
Region I – Eastern Pangasinan, La Union Region IV - Palawan	Poorly ventilated warehouses/non-functional ventilation system which could affect the quantity and quality of the stored rice, resulting in losses due to moisture and infestations.
Region I – Eastern Pangasinan	The accumulation of spilled grains due to bird activity posed significant challenges, which might result in stock shortages if left unaddressed.
Region I - Ilocos Norte Region IV – Oriental Mindoro Region VIII –Leyte, Samar XV – Surigao del Sur	Doors or openings/vents of the warehouses were not installed with mesh screen and/or secondary screen doors or have damaged screen wires that rodents and birds could freely enter the warehouses, causing spillage, infestation and contamination of rice/palay stocks.

ROs/BOs	Deficiencies Noted
On Good Warehouse-keeping	
Region I – Eastern Pangasinan Region VIII – Leyte, Samar	The presence of leaks and holes in the roofs, inside gutters and downspouts of multiple warehouses exposed the stored grain to potential damage or loss during periods of heavy rainfall.
Region IV – Oriental Mindoro Region VIII – Leyte, Samar BARMM – Maguindanao	Cracks on the floors of the warehouses were not repaired exposing the stored rice to ground moisture which might affect or damage the stored rice.
Region I – La Union XV – Surigao del Sur	Stocks were infested due to the presence of insects, webs, and dirt, highlighting a significant sanitation issue, which compromised the quality and safety of the stored goods.
Region IV – Palawan	Majority of the piles were left uncovered with mended empty sacks, allowing visible droppings to accumulate on the surface of the rice bags. This would not only compromise the cleanliness and hygiene of the stored goods, but also increased the risk of contamination and pest infestation, potentially leading to quality degradation and financial losses.
Region I – Eastern Pangasinan Region IV – Oriental Mindoro Region IV – Palawan BARMM – Maguindanao XV – Surigao del Sur	New and second-hand empty sacks and pallets as well as some unserviceable equipment were stored near the pile of stocks inside the warehouse, thus a potential breeding grounds for rats, insects and pests.
Region I – Eastern Pangasinan	Warehouses lacked devices for measuring and monitoring temperature and humidity levels, thus not monitored, which could lead to stocks deterioration.
Region VIII – Northern Samar	No warning signs placed in the warehouses premises to caution danger.
Region I – Ilocos Norte Region IV – Palawan Region VIII – Leyte, Samar BARMM – Maguindanao	Fire extinguishers inside the warehouses were already expired or lacking in some warehouses which posed significant risks in terms of fire safety.
Region VIII – Leyte, Samar	The compound where one warehouse is located has no perimeter fence, exposing the rice stocks to theft and other possible untoward incidents.
Region I – Eastern Pangasinan, Ilocos Norte Region IV – Palawan Region VIII – Leyte, Samar BARMM – Maguindanao	Absence of functional CCTVs or malfunctioning ones which would compromise the ability to effectively monitor warehouse activities, leaving stocks vulnerable to potential theft or damage.

- 6.4. The non-adherence to NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification and good warehouse-keeping could result in environmental and health hazards and losses due to damage/deterioration in quality and value as well as theft/pilferage of palay/rice stocks.

6.5. **We reiterated our previous years' recommendations that top Management direct the:**

- a. **Branch Managers concerned to:**
 - a.1. **Address the deficiencies noted on warehouse custody, piling system, storage structure and specifications and good warehouse-keeping, and henceforth, require all concerned to comply strictly with the provisions of NFA SOP No. GM-WH07;**
 - a.2. **Facilitate the immediate repair of the warehouse defects particularly the cracks on the floors, leaks and holes on the roofs, to prevent further warehouse deterioration and damage to the stocks, which could result in losses to the NFA; and**
 - a.3. **Conduct regular inspection of warehouses to determine whether the warehouse personnel are complying with the good warehouse-keeping standards to avoid health hazards and losses due to deterioration of stocks and pilferages; and**
- b. **Regional Managers concerned to:**
 - b.1. **Ensure that the NFA's engineering team are regularly fielded to conduct inspection of all facilities for early detection of physical defects/damages so that appropriate measures can be undertaken; and**
 - b.2. **Consider installing CCTVs and the immediate repair or replacement of damaged ones to monitor activities inside the NFA warehouses.**

6.6. **Management provided the following comments/justifications:**

- a. **The NFA La Union, Oriental Mindoro, Palawan, Northern Samar, and Leyte BOs committed to strictly implement the provisions of NFA SOP No. GM-WH07.**
- b. **The NFA Leyte BO explained that the provision in the NFA SOP No. GM-WH07 requiring one WS for every warehouse is aligned with the old organizational structure of the NFA prior to the implementation of RA No. 11203. The said Act resulted in the downsizing of the Agency, reducing the number of WSs while the number of warehouses and other facilities remained the same. The ensuing reorganization of the NFA prescribed that a WS may handle and be responsible for one or multiple warehouses.**

- c. The NFA Cagayan BO committed to discuss the audit observation during the pre-procurement briefing scheduled before the onset of summer crop procurement activity in the Branch and to communicate the issue to its handling service provider.
 - d. In NFA Eastern Pangasinan, Palawan, Surigao del Sur, and Maguindanao BOs, necessary steps to repair the warehouse defects have been undertaken. MTS and pallets, which were stored alongside the grains stock due to lack of storage rooms, underwent residual spraying and fumigation procedures to avoid cross infestation to adjacent stocks.
 - e. In NFA Eastern Pangasinan, La Union, and Ilocos Norte BOs, the WSs were instructed to implement the FIFO policy. They further explained that the stocks of the same variety received are stored in the same pile to maximize the space of the warehouse; hence, it could not be avoided that older stocks are underneath. Further, the sale of newer stocks is due to rice distribution for the One Time Rice Allowance (OTRA) and sale for Kadiwa ng Pangulo.
 - f. In NFA Ilocos Norte, Palawan, Leyte, Samar, and Maguindanao BOs, the installation of the CCTVs will be included in the security service contract, while the defective CCTV in NFA Eastern Pangasinan BO has been repaired and functioning.
- 6.7. As audit rejoinder, the Audit Teams assigned in the BOs appreciated Management's commitment to comply with the audit recommendations which will be monitored in the succeeding audit.
- 6.8. As regards the comment of the NFA Leyte BO on the provision in the NFA SOP No. GM-WH07 requiring one (1) WS for every warehouse which is aligned with the old organizational structure of the NFA prior to the implementation of RA No. 11203, where said Act resulted in the downsizing of the Agency, reducing the number of WSs, while the number of warehouses remained the same, hence the ensuing reorganization of the NFA prescribed that a WS may handle and be responsible for one or multiple warehouses, it is worth mentioning, however, that the NFA has not issued yet a revised policy concerning this matter, thus, **we further recommended that the NFA top Management consider revising the NFA SOP No. GM-WH07 to align the provisions thereof to the mandate of the NFA under RA No. 11203.**
7. **The payments of the CYs 2020 and 2021 Collective Negotiation Agreement Incentive (CNAI) to NFA officials and employees in the total amount of P144.045 million were not in compliance with the pertinent provisions of the GAAs for FYs 2020 and 2021 and the DBM Budget Circular (BC) Nos. 2020-5 and 2021-3 dated November 4, 2020 and November 17, 2021, respectively. Likewise, the grant of the CYs 2020 and 2021 rice subsidy in the form of one bag 50-kg. premium rice per month per employee or in the equivalent amount of P87.126 million to the NFA officials and employees hired on July 1, 1989**

and thereafter is contrary to Section 6 of Presidential Decree (PD) No. 1597; Section 3 of Memorandum Order (MO) No. 20, series of 2001; Item 9 of Joint Resolution (JR) No. 4, series of 2009; and Section 9 of Executive Order (EO) No. 7, series of 2010. Thus, the disbursements for the payments of CNAI and grant of rice subsidy in the total amount of P231.171 million are deemed irregular expenditures, as defined in Item 3.1 of COA Circular No. 2012-003 dated October 29, 2012 re: *Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures*.

- 7.1. On September 6, 2018, the NFA Management and the NFA Employees Association (NFAEA) represented by the former NFA Administrator and the former National President of NFAEA approved the Collective Negotiation Agreement (CNA). Pertinent provisions of the CNA are quoted below.

Article XXII - CNA Incentives, Section 1. In recognition of the joint efforts initiated by both the NFA and the Union in establishing a genuine service-oriented working environment that would enhance employees' welfare and ensure at all times cost-efficient agency operations affecting productive resource use, a CNA Incentive shall be granted to all employees in the NFA upon the effectivity of this Agreement. The amount of the CNA Incentive shall be the maximum amount allowed by law.

Article VI - Employees Benefits Program, Section 15. Rice Allowance - The NFA shall also grant one (1) bag of fifty (50) kilograms premium rice per month to all NFA officials and employees hired on July 1, 1989, and thereafter, similar to the benefit being enjoyed by NFA officials and employees hired before July 1, 1989, subject to usual accounting and auditing rules and regulations.

Article XXI - Effectivity, Section 1. This Agreement shall take effect only after it has been signed by the parties and ratified by the employees. It shall continue to remain in full force and effect for a period of three (3) years counted from its actual date of effectivity.

- 7.2. On December 3, 2018, the Civil Service Commission (CSC) issued Certificate of Registration No. 1530, providing, among others, that the CNA entered into by and between the NFA and the NFAEA shall be binding between the parties for the period effective from September 7, 2018 to September 6, 2021.
- 7.3. In CY 2023, based on the approved and CSC-registered CNA, the NFA granted to its officials and employees CNAI and rice subsidy in the form of one bag 50-kg premium rice/month in the amounts of P144.045 million and P87.126 million, respectively, or a total amount of P231.171 million covering the years 2020 and 2021.

Payments of the CYs 2020 and 2021 CNAI to NFA officials and employees were not in compliance with the pertinent provisions of the GAAs for FYs 2020 and 2021 and DBM BC Nos. 2020-5 and 2021-3

7.4. Administrative Order (AO) No. 135, series of 2005, authorizes the grant of the CNAI to government employees and directs the DBM to issue the necessary policy and procedural guidelines for the implementation thereof. Sections 71 and 73 of the General Provisions of the GAAs for FYs 2020 and 2021, respectively, provide the rules on the grant of the CNAI subject to the policies, rules, and regulations issued by the DBM. Accordingly, the DBM issued BC Nos. 2020-5 and 2021-3 dated November 4, 2020 and November 17, 2021, respectively, prescribing the policy guidelines on the grant of CNAI for FYs 2020 and 2021. The relevant provisions are as follows:

1.3. b. *The one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head.*

4.1.1.a. *There should be a valid and subsisting CNA executed between the representatives of the management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations with the management of a department, line bureau, attached agency, Constitutional Office, SUC, GOCC, LWD, or LGU.*

4.1.2.b. *GOCCs covered by RA No. 10149 should have accomplished, by September 30, 2020 [2021], at least an average of 70% of all the targets under their respective Performance Scorecard, as agreed upon between the Governance Commission for GOCCs (GCG) and the GOCC pursuant to GCG Memorandum Circular No. 2017-02 dated June 30, 2017.*

4.2.3. *In all cases, the CNA Incentive shall not exceed P25,000 per qualified employee.*

4.3.4. *The CNA Incentive shall be sourced solely from the allowable [Maintenance and Other Operating Expenses] MOOE allotments in FY 2020 [2021], as enumerated in Item 4.3.1 hereof, under their respective approved [Corporate Operating Budget] COBs, xxx;*

4.3.4.b. *Actual operating expenses as of September 30, 2020 [2021] are less than the DBM-approved level of operating expenses in the COB so as to generate sufficient source of funds for the payment of CNA Incentive; and*

4.4.3. *The CNA Incentive for the year shall be granted only during the validity of appropriations from which the available MOOE allotments shall be sourced.*

7.5. Records disclosed that in CY 2023 a total amount of P144.045 million was disbursed for the payments of the CYs 2020 and 2021 CNAI to the NFA officials and employees, breakdown shown in Table 15.

Table 15 – Breakdown of CYs 2020 and 2021 CNAI Paid in CY 2023

Office/Region	2020	2021	Total
CO	P 10,077,128	P 5,092,355	P 15,169,483
National Capital Region (NCR)	6,420,049	3,115,728	9,535,777
Region I	5,220,364	3,709,481	8,929,845
Region II	5,385,736	4,869,757	10,255,493
Region III	7,743,569	5,813,818	13,557,387
Region IV	8,435,897	5,970,769	14,406,666
Region V	5,075,722	3,711,699	8,787,421
Region VI	5,301,736	4,183,370	9,485,106
Region VII	3,835,780	2,827,824	6,663,604
Region VIII	4,293,407	2,679,186	6,972,593
Region IX	2,801,835	2,501,714	5,303,549
Region X	3,528,660	2,864,201	6,392,861
Region XI	3,428,372	2,275,809	5,704,181
Region XII	4,466,721	3,533,977	8,000,698
Region XIII	2,962,714	2,309,801	5,272,515
BARMM	5,899,237	3,708,266	9,607,503
Total	P 84,876,927	P 59,167,755	P 144,044,682

7.6. Examination of the documents on the payments of CNAI for CYs 2020 and 2021 disclosed several deficiencies as discussed below.

a. The CNA had already expired and no longer binding to the parties when the CYs 2020 and 2021 CNAI were paid in CY 2023 to the officials and employees of the NFA

7.7. As provided in Item 4.1.1(a) of both DBM BC Nos. 2020-5 and 2021-3, there should be a valid and subsisting CNA executed between the representatives of the management and the employees' organization accredited by the CSC as the sole and exclusive negotiating agent for the purpose of collective negotiations.

- 7.8. Also, Sections 71.b and 73.b of the General Provisions of the GAAs for FYs 2020 and 2021, both provide that the one-time annual payment of CNAI shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head.
- 7.9. As discussed in Paragraph 7.1 hereof, the CNA between the NFA Management and the NFAEA was approved on September 6, 2018. Section 1, Article XXI thereof provides that the Agreement shall take effect only after it was signed by the parties and ratified by the employees. It shall continue to remain in full force and effect for a period of three (3) years counted from its actual date of effectivity. Further, as stated in the Certificate of Registration No. 1530 issued by the CSC on December 3, 2018, the CNA shall be binding between the parties during the period of its effectivity or from September 7, 2018 to September 6, 2021. Moreover, in line with the Public Sector Labor Management Council (PSLMC) Resolution No. 1, series of 2014, promulgated on March 14, 2014, the CNA shall be renegotiated/renewed within six (6) months from its expiration.
- 7.10. Based on the foregoing, the CNA approved on September 6, 2018 by the NFA Management and the NFAEA had already expired and ceased to be valid when the NFA Management granted the CYs 2020 and 2021 CNAI to its officials and employees in CY 2023. The Management-Union Consultative Council (MUCC) Resolution Nos. 01 and 03, series of 2023, both approved on February 20, 2023, for the grant of the CYs 2020 and 2021 CNAI as required in Sections 71.b and 73.b of the General Provisions of the GAAs for FYs 2020 and 2021, respectively, have no force and effect as they are anchored on a CNA that is no longer subsisting. Therefore, the payment of the CYs 2020 and 2021 CNAI is bereft of legal basis.
- b. The NFA used performance ratings of 85 per cent for CY 2020 and 75 per cent for CY 2021 as basis for the grant of the CNAI which are not consistent with the GCG validated Performance Scorecards of the NFA showing ratings of 26.32 per cent and 43.96 per cent for CYs 2020 and 2021, respectively**
- 7.11. Item 4.1.2(b) of both DBM BC Nos. 2020-5 and 2021-3 requires that GOCCs covered by RA No. 10149 should have accomplished, by September 30, 2020 and 2021, at least an average of 70 per cent of all the targets under their respective Performance Scorecard, as agreed upon between the GCG and the GOCC pursuant to GCG Memorandum Circular (MC) No. 2017-02 dated June 30, 2017.
- 7.12. In a Memorandum dated February 16, 2023, addressed to the former Assistant Administrator for Finance and Administration and Chairperson of the MUCC, the former Acting Department Manager of the Corporate Planning and Management Services Department (CPMSD) certified that the NFA garnered performance scores of 85 per cent for CY 2020 and 75 per cent for CY 2021, which were higher than the 70 per cent

accomplishment required by the DBM for the grant of the CYs 2020 and 2021 CNAI.

- 7.13. On the other hand, in a letter dated March 21, 2022 from the GCG to former DA Secretary and former NFA Administrator, with the subject "Validation Result of 2020 Performance Scorecard of NFA" it was disclosed that the NFA obtained an over-all score of 26.32 per cent. Similarly, in a letter dated December 28, 2022 from the GCG to former DA Senior Undersecretary and former NFA Administrator, re: "Validation Result of 2021 Performance Scorecard of NFA", it was informed that the NFA obtained an overall score of 43.96 per cent. These scores were below the 70 per cent average score requirement under Section 4.1.2(b) of both DBM BC Nos. 2020-5 and 2021-3 to qualify for the grant of CNAI in CYs 2020 and 2021.
- 7.14. Although the Performance Scorecard cut-off date for the CYs 2020 and 2021 CNAI guidelines is as of September 30, the ratings for the said periods could not be higher than the validated GCG ratings of NFA as of December 31, 2020 and 2021. Accordingly, the NFA is not qualified to grant the CYs 2020 and 2021 CNAI to its officials and employees as the 70 per cent minimum average score requirement under Item 4.1.2(b) of both DBM BC Nos. 2020-5 and 2021-3 was not achieved.

c. The alleged savings on allowable components of MOOE, as source of the funds for the payments of the CYs 2020 and 2021 CNAI could not be validated due to variances in the NFA reported expenses in the Schedule of Savings *vis-à-vis* the audited Financial Statements of the NFA, as at and for the years ended December 31, 2020 and 2021, and non-submission of approved COB showing the itemized objects of expenditure on the selected MOOEs

- 7.15. As provided under Item 4.3.4 of DBM BC No. 2020-5, the CNAI shall be sourced solely from the allowable MOOE allotments in FY 2020, as enumerated in Item 4.3.1, i.e., Advertising Expenses; Communication Expenses; Printing and Publication Expenses; Repairs and Maintenance; Subscription Expenses; Supplies and Materials Expenses; Transportation and Delivery Expenses; Traveling Expenses; and Utility Expenses. While in Item 4.3.4 of DBM BC No 2021-3 the CNAI shall be sourced solely from the allowable MOOE allotments in FY 2021, as enumerated in Item 4.3.1 such as Communication Expenses; Repairs and Maintenance; Supplies and Materials Expenses; Transportation and Delivery Expenses; Traveling Expenses; and Utility Expenses.
- 7.16. The NFA Management provided the Audit Team copies of the Statements of Operating Expenses (Actual vs. Budget) for the Years Ended December 31, 2020 and 2021; Schedules of Savings for CNAI on selected MOOE (Actual vs. Budget) for the Years Ended December 31, 2020 and 2021; and

Certifications that the NFA has unencumbered savings in the amounts of P188.498 million and P254.932 million on selected MOOE as of December 31, 2020 and 2021, respectively, as a result of cost-cutting measures to pay incentives and other benefits in consonance with DBM BC Nos. 2020-5 and 2021-3.

- 7.17. However, the Audit Team's comparative analysis of the Schedules of Savings for CNAI on selected MOOE for CYs 2020 and 2021 indicated in the Certifications issued by the NFA on unencumbered savings as of December 31, 2020 and 2021 *vis-à-vis* Note 26 to Financial Statements of the NFA for CYs 2020 and 2021 (audited) revealed a variance of P431.312 million and P435.004 million, respectively (Table 16). The object/item of MOOE with significant variance was the Transportation and delivery expenses in the amounts of P478.033 million and P415.035 million for CYs 2020 and 2021, respectively. Further, the approved COB showing the itemized objects of expenditures on the selected MOOEs was not submitted to the Audit Team. As such, the alleged savings on allowable MOOE as of December 31, 2020 and 2021 indicated in the Certifications issued by the NFA as the source for the payments of the CYs 2020 and 2021 CNAI could not be validated, thus doubtful.

**Table 16 - Comparison of Selected MOOEs for the CYs 2020 and 2021 between the Audited Financial Statements and Schedule of Savings Provided by NFA
(In Thousand Pesos)**

Particulars	Per Audited Financial Statement (a)	Per Schedule of Savings Provided by the NFA (b)	Variance (c=a-b)
Schedule of Savings on Selected MOOE in FY 2020			
Advertising expenses, printing and publication expenses	671	671	-
Communication expenses	16,849	16,849	-
Repairs and maintenance	71,609	-	71,609
Subscription expenses	602	602	-
Supplies and materials expenses	122,663	134,916	(12,253)
Transportation and delivery expenses	71,368	549,401	(478,033)
Traveling expenses	48,576	48,588	(12)
Utility expenses	81,205	93,828	(12,623)
Total	413,543	844,855	(431,312)
Schedule of Savings on Selected MOOE in FY 2021			
Communication expenses	11,194	11,194	-
Repairs and maintenance	54,350	54,350	-
Supplies and materials expenses	131,090	133,746	(2,656)
Transportation and delivery expenses	117,700	532,735	(415,035)
Traveling expenses	38,995	39,113	(118)
Utility expenses	77,640	94,835	(17,195)
Total	430,969	865,973	(435,004)

- 7.18. It is worthy to mention that the NFA continuously incurred Deficit from its current operations. In CYs 2021 and 2020, the Deficits amounted to P9.808 billion and P15.839 billion (restated), respectively, as presented in Table 17.

**Table 17 - Deficits from Current Operations
For the Years Ended December 31, 2021 and 2020**

	2021 As restated	2020 As restated
Revenue		
Service and business income	P 10,441,537,794	P 14,596,536,464
Shares, grants and donations	-	2,277
	10,441,537,794	14,596,538,741
Current operating expenses		
Personnel services	1,418,823,596	3,863,426,253
MOOE	1,980,301,354	2,135,234,326
Financial expenses	2,765,759,565	3,959,633,481
Direct costs	13,835,389,722	19,635,337,419
Non-cash expenses	249,128,824	841,522,569
	20,249,403,061	30,435,154,048
Deficit from current operations	P(9,807,865,267)	P(15,838,615,307)

d. There was neither valid appropriation in the approved COB for CY 2023 nor supplemental budget for the grant of the CYs 2020 and 2021 CNAI approved by the NFA Council

- 7.19. Item 4.4.3 of both DBM BC Nos. 2020-5 and 2021-3 provides that the CNAI for the year shall be granted only during the validity of the appropriations from which the available MOOE allotments shall be sourced. In addition, Item 5.1.3 of both DBM BCs stated that, as provided under Section 71(d) and Section 73(d) of the General Provisions of the GAAs for FYs 2020 and 2021, respectively, the payment of the CNAI shall be subject to the approval of the Agency Head and made only during the validity of appropriations.
- 7.20. While the payments of the CYs 2020 and 2021 CNAI in CY 2023 were approved by the former NFA Administrator, such were not consistent with the conditions set forth under the laws, rules and regulations as the payments were not made during the validity of the appropriations.
- 7.21. Further, the COB of the NFA for CY 2023 did not show any appropriation or there was a supplemental budget for the grant of the CYs 2020 and 2021 CNAI duly approved by the NFA Council.
- 7.22. The Audit Team would like to emphasize the provisions of Section 10 of EO No. 518, issued on January 23, 1979, on *Establishing a Procedure for the Preparation and Approval of the Operating Budgets of Government Owned or Controlled Corporations*, to wit:

Sec. 10. Budget Flexibility. - Supplemental budgets may be proposed by corporations for approval, only when supported by adequate funding sources. The approval of supplemental budgets shall observe the same procedures as those established for the principal operating budget of the corporation: Provided, That in lieu of a system of

supplemental budgets, the President/Prime Minister may approve a flexible budget system for individual corporations, which would allow automatic changes in expenditure level to accompany changes in revenue, raw material or other direct expenses: Provided, Further, That the President/Prime Minister may delegate to the Governing Board, the authority to change allocations within limits and under such conditions as he may specify.

- 7.23. Also, the NFA Code of Corporate Governance, promulgated through NFA Council Resolution No. 753-2014-K dated November 17, 2014 provides, among others, the following:

Section 7. Mandate and Responsibility for NFA's Performance. – Although the day-to-day management of the affairs of NFA may be with the Management, the NFA Council is, however, responsible for providing policy directions, monitoring and overseeing Management actions, as articulated in its Charter per Presidential Decree No. 4 and other relevant legislation, rules and regulations.

These mandated functions and responsibilities include the following:

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- (f) Provide sound written policies and strategic guidelines on NFA's operating budget and major capital expenditures, and prepare the annual and supplemental budgets of NFA;**
- (g) Comply with all reportorial requirements, as required in the Charter, as well as applicable laws, rules and regulations;*
- (h) Formally adopt and conduct annually the mandated Performance Evaluation System (PES) and the Performance Scorecard and timely and accurately report the results to the GCG; and*

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- 7.24. Moreover, the payments of CNAI might not be supported by adequate funding sources considering that the NFA is not in good financial condition due to Equity deficiency of P122.755 billion (restated) as presented in its audited Financial Statements as at December 31, 2022, and it secured a loan in June and October 2023 in the total amount of P2.500 billion.

The grant of the CYs 2020 and 2021 rice subsidy in the form of one bag 50-kg. premium rice per month per employee or in the equivalent amount of P87.126 million to the NFA officials and employees hired on July 1, 1989 and thereafter is contrary to Section 6 of PD No. 1597; Section 3 of MO No. 20, series of 2001; Item 9 of JR No. 4, series of 2009; and Section 9 of EO No. 7, series of 2010

7.25. In March to July 2023, pursuant to the CNA approved and registered with the CSC in CY 2018, the representatives of the NFA Management and the NFAEA approved on February 17, 2023 both the MUCC Resolution Nos. 2 and 4, series of 2023, for the grant of the CYs 2020 and 2021 rice subsidy to NFA officials and employees hired on July 1, 1989 and thereafter. Subsequently, on February 20, 2023, both MUCC Resolution Nos. 2 and 4, series of 2023 were further approved by former NFA Administrator. The CYs 2020 and 2021 rice subsidy in the form of 50-kg. bag of premium rice per month per employee with total equivalent value of P87.126 million was granted in CY 2023, breakdown shown in Table 18.

Table 18 – CYs 2020 and 2021 Rice Subsidy Granted in CY 2023

Office/Region	2020	2021	Total
CO	P 4,047,449	P 4,047,449	P 8,094,898
NCR	2,990,803	2,587,789	5,578,592
Region I	3,683,354	2,625,368	6,308,722
Region II	3,539,365	3,074,888	6,614,253
Region III	3,766,250	2,935,000	6,701,250
Region IV	4,956,212	4,445,693	9,401,905
Region V	3,442,255	2,961,892	6,404,147
Region VI	3,433,108	3,226,504	6,659,612
Region VII	2,417,142	2,459,240	4,876,382
Region VIII	1,950,000	1,558,750	3,508,750
Region IX	1,915,337	1,802,946	3,718,283
Region X	1,471,682	1,478,227	2,949,909
Region XI	1,472,936	1,278,658	2,751,594
Region XII	2,366,002	2,221,732	4,587,734
Region XIII	2,133,952	1,795,139	3,929,091
BARMM	2,877,135	2,163,844	5,040,979
Total	P 46,462,982	P 40,663,119	P 87,126,101

7.26. Audit of the transactions on the grant of the CYs 2020 and 2021 rice subsidy to NFA officials and employees hired on July 1, 1989 and thereafter disclosed the following deficiencies:

- a. The MUCC Resolution Nos. 2 and 4 cited DBM Circular Letter No. 2008-9 dated November 26, 2008 entitled “Guidelines Implementing Administrative Order (AO) No. 228 and the President’s Directive dated May 31, 2008” as basis for the grant of the rice subsidy. However, upon review, said Circular Letter covers only National

Government Agencies, thus, the NFA, being a GOCC, is not authorized to grant rice subsidy to its employees;

- b. The rice subsidy granted by the NFA lacked legal basis as it is not consistent with the following:
 - b.1. Section 6 of PD No. 1597, series of 1978, which states that, *“agencies positions or groups of officials and employees of the national government, including government-owned or controlled corporations, who are hereafter exempted by law from OCPC coverage, shall observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits.”*
 - b.2. Section 3 of MO No. 20, series of 2001, which provides that, *“any increase in salary or compensation of GOCCs/[Government Financial Institutions] GFIs that are not in accordance with the [Salary Standardization Law] SSL shall be subject to the approval of the President.”*
 - b.3. Item 9 of JR No. 4, series of 2009, which states that, *“Government agencies which by specific provision/s of laws are authorized to have their own compensation and classification system shall not be entitled to the salary adjustments provided herein. Exempt entities shall be governed by their respective Compensation and Position Classification xxx Provided, further, That any increase in the existing salary rates, as well as the grant of new allowances, benefits and incentives, or an increase in the rates thereof shall be subject to the approval by the President, upon recommendation of the DBM xxx.”*
 - b.4. Section 9 of EO No. 7, series of 2010, which imposed a moratorium on increases in the rates of salaries, and the grant of new increases in the rates of allowances, incentives and other benefits until specifically authorized by the President.
 - b.5. Item VI.B.4 of EO No. 150, series of 2021, which requires that the grant of rice subsidy must be approved by the NFA Council, endorsed by the Secretary of the DA, recommended by the GCG, and approved by the President of the Philippines.
- 7.27. It is worthy to quote the pertinent provisions of RA No. 10149, otherwise known as the “GOCC Governance Act of 2011”, viz.:

CHAPTER II
THE GOVERNANCE COMMISSION FOR GOVERNMENT-
OWNED OR -CONTROLLED CORPORATIONS (GCG)

Sec. 5. Creation of the Governance Commission for Government-Owned or -Controlled Corporations.- Xxx. The GCG shall have the following powers and functions:

Xxxx

- (h) Conduct compensation studies, develop and recommend to the President a competitive compensation and remuneration system which shall attract and retain talent, at the same time allowing the GOCC to be financially sound and sustainable;*

CHAPTER III
COMPENSATION AND POSITION CLASSIFICATION
SYSTEM FOR GOCCs

Sec. 8. Coverage of the Compensation and Position Classification System. - The GCG, after conducting a compensation study, shall develop a Compensation and Position Classification System [CPCS] which shall apply to all officers and employees of the GOCCs whether under the Salary Standardization Law or exempt therefrom and shall consist of classes of positions grouped into such categories as the GCG may determine, subject to approval of the President.

Sec. 9. Position Titles and Salary Grades. - All positions in the Position Classification System, as determined by the GCG and as approved by the President, shall be allocated to their proper position titles and salary grades in accordance with an index of Occupational Services, Position Titles and Salary Grades of the Compensation and Position Classification System, which shall be prepared by the GCG and approved by the President.

- 7.28. As provided in RA No. 10149, the GCG has the mandate/authority to develop a CPCS which shall apply to all officers and employees of the GOCCs whether under the SSL or exempt therefrom.
- 7.29. Considering that the NFA did not secure the approval of the President of the Philippines prior to the grant of the rice subsidy to its officers and employees, the said grant in the form of one bag 50-kg. premium rice per month per employee or in the equivalent amount of P87.126 million has no legal basis.

- 7.30. Further verification disclosed that the payments of CNAI and rice subsidy were directly debited to Prior Year's Expense Account and credited to Due to Officers and Employees - Personnel Services. This indicates that the CNAI and rice subsidy were not obligated in CYs 2020 and 2021 due to non-recording thereof in the books of accounts for the said periods/years. Likewise, Management did not submit the NFA Council Resolution/s approving the payments/grant of the CYs 2020 and 2021 CNAI and rice subsidy in CY 2023 and the approved appropriations/supplemental budget to cover the disbursements made.
- 7.31. Furthermore, to emphasize, Item 7.0 of both DBM BC Nos. 2020-5 and 2021-3 provides that: *"Agency heads and accountable officers shall be responsible for the proper implementation of the provisions of this Circular in their respective offices. They shall be held administratively, civilly, and/or criminally liable, as the case may be, for any payment of the CNA Incentive not in accordance with the provisions of this Circular, without prejudice to refund by the employees concerned of any unauthorized or excess payment thereof."*
- 7.32. In summary, the payment in CY 2023 of the CYs 2020 and 2021 CNAI and the grant of the CYs 2020 and 2021 rice subsidy in the form of one bag 50-kg. premium rice per month per employee to the NFA officials and employees are deemed irregular expenditures as defined in Item 3.1 of COA Circular No. 2012-003, dated October 29, 2012, on the Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures, which states:

The term "irregular expenditure" signifies an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular.

- 7.33. Under Item 1.8 of Annex "A" - Cases that are considered "irregular" expenditures or uses of government funds and property of COA Circular No. 2012-003 the following is considered "irregular" expenditure:

Grant of food allowance, rice subsidy and health care allowance as there is no law authorizing the grant of such allowance (BFAR Employees Union, R.O. VII vs. COA, G.R. No. 169815 dated August 13, 2008 and Benguet State University vs. COA, G.R. No. 169637 dated June 8, 2007).

7.34. **We recommended that Management:**

- a. **Require the refund of the CNAI and rice subsidy granted to the NFA officials and employees for the CYs 2020 and 2021, otherwise a Notice of Disallowance will be issued; and**
- b. **Moving forward:**
 - b.1. **Strictly comply with all the requirements of the laws, rules and regulations in the grant of CNAI;**
 - b.2. **Refrain from granting rice subsidy, other allowances, benefits, and incentives not authorized under the laws, rules and regulations and the GCG issuances; and**
 - b.3. **In granting additional allowances, benefits, and incentives, ensure that the same are approved by the President of the Philippines.**

7.35. Management gave the following comments/justifications on the payments of the CNAI and rice subsidy for CYs 2020 and 2021:

- a. It is emphasized that in CYs 2020 and 2021, there was a valid CNA between the NFA Management and the NFAEA. However, due to the strained relations of the parties in the implementation of the GCG-approved Restructuring Plan there was no initiative from the former Management to convene and meet with the NFAEA and honor the provisions of the CNA. Pertinent communications between the parties are proofs that both parties tried to convene the MUCC for the eventual release of the CNAI, however, their irreconcilable differences prevailed. Pertinent Resolutions were only issued and approved in CY 2023 when the parties were able to convene and discuss the release of the CNAI, which the employees were deprived of in CYs 2020 and 2021.
- b. The amounts disbursed for the payment/grant of the CNAI and the rice subsidy were sourced from the COB. The NFA, being a GOCC, its Personnel Services (PS) and MOOE are sourced from corporate funds. Any savings or excess thereof is being carried in the succeeding year. Items 4.4.1 and 4.4.3 of DBM BC Nos. 2020-5 and 2021-3 are applicable only for the NGAs as the excess or remaining subsidy shall be returned to the General Fund or the Bureau of the Treasury, such that they are required to grant the release of the CNAI within the year.
- c. As regards the performance ratings, Item 4.1.2(b) of DBM Circular Nos. 2020-5 and 2021-3 only require that GOCCs should have accomplished by September 30, at least an average of 70 per cent of all the targets under their respective Performance Scorecard as it does not require or made mention of any validated performance scores as a prerequisite to the release of the CNAI. Should the

intention of the DBM Guidelines be applied in this case, the NFA definitely passed the required target and complied with the Circular as the NFA garnered scores of 85 per cent and 75 per cent as of September 30, 2020 and September 30, 2021, respectively.

- d. While the GCG-validated NFA Performance Scorecards which showed ratings of 26.32 per cent and 43.96 per cent for CYs 2020 and 2021, respectively, at the time of the payment of the CNAI, the said scores were subject of an Appeal before the GCG. However, as of this writing, the NFA's Appeal and/or request for reconsideration is yet to be resolved by the GCG, hence, it failed to attain its finality.
- e. With respect to the variance between the financial statements and the Schedule of Savings for CYs 2020 and 2021, it was due to the inclusion of the inventory cost in the Schedule of Savings and its capitalization in the financial statements. The financial statements only include the operating and administrative expenses amounts since the inventory cost was capitalized. On the other hand, the Schedule of Savings reflects the total amount found in the Schedule of Expenses, composed of operating expenses, administrative expenses, and inventory cost.
- f. The approved COB for CY 2023 has no appropriation for the payment of CNAI because as a rule, the same shall be sourced solely from savings or available balances of allowable MOOE components. Being a GOCC, the PS, MOOE, and expenses of the NFA are sourced from its corporate funds. Any savings or excess of corporate funds shall be carried over in the succeeding year. Further, the NFA, being a GOCC, has the flexibility to modify its utilization of budget within the DBM-approved budget level for the items funded out of corporate funds. Considering that the total amount of the CYs 2020 and 2021 CNAI is within the DBM-approved budget level for CY 2023 and that the NFA has enough savings, requesting the approval of a supplemental budget was no longer necessary.
- g. The grant of the CYs 2020 and 2021 CNAI and rice subsidy to the NFA employees is valid because it was derived from the savings of the Agency for the said years or generated during the life and/or validity of the CNA.

7.36. As audit rejoinders, the Audit Team would like to emphasize that:

- a. While the NFA has the flexibility to modify its utilization of budget, the NFA Council's approval in the form of supplemental budget is required particularly when the amounts are significant that could adversely affect the operations of the Agency. Likewise, the sources of funds have to be considered in the budget utilization considering that the NFA had a shortfall in its corporate receipts in the amount of P153.408 million to cover the PS and MOOE requirements for the CY 2023.

- b. Any unutilized inventory costs are presumably related to palay procurement fund which could not be considered as savings to be used for other purposes since the fund released by the DBM for palay procurement has a specific purpose. Furthermore, the accounting reports do not show the detailed items of expenditures for inventory costs to validate the reported savings.
- c. While DBM Circular Nos. 2020-5 and 2021-3 do not require or made mention of any validated performance scores as a prerequisite to the release of the CNAI, the Performance Scorecards as of September 30, 2020 and 2021 submitted to the GCG were not the same with the documents attached in the payments of the CNAI which renders the same doubtful in the absence of validation. Likewise, the ratings in December logically should have been higher than the ratings in September.
- d. Thus, the Audit Team maintains its observations and reiterates its audit recommendations.

8. The payments in CYs 2022 to 2023 of the Service Incentive Package (SIP) benefit in the total amount of P7.999 million to 23 retired NFA employees, who were affected by the NFA Restructuring Plan, in addition to their regular retirement pay, were not in accordance with the conditions and requirements set forth under the NFA Guidelines on the Implementation of the NFA Restructuring Plan pursuant to RA No. 11203 and its IRR, thus, deemed irregular expenditures as defined in COA Circular No. 2012-003 dated October 29, 2012.

- 8.1. Under RA No. 11203, the commercial functions and regulatory powers of the NFA were removed, only its emergency buffer stocking mandate has been retained. Relative thereto, Rule 3.4, Article III - Removal/Transfer of NFA's Regulatory Powers, of the Joint Memorandum Circular No. 01-2019, series of 2019, the IRR of RA No. 11203 issued by the DA, the National Economic and Development Authority (NEDA), and the DBM, provides the rules on the reorganization/restructuring of the NFA in order to perform its function under the said Act. The pertinent provisions of the said IRR of RA No. 11203, on the grant of SIP are as follows:

Rule 3.4.1. xxx The NFA's Restructuring or Reorganization Plan shall include the applicable retirement and separation benefits in accordance with existing laws, rules, and regulations.

Rule 3.4.1.1. The NFA shall propose to the GCG a new corporate structure of the NFA, including all positions in its plantilla, staffing pattern for its officers and employees in a way that is responsive to the requirements of the NFA to execute its key function of managing the buffer stocks and ensuring its financial stability.

Rule 3.4.1.2. The NFA's Reorganization Plan shall include the following: (i) a recommendation as to the compensation package for those employees who shall be considered redundant, xxx.

The compensation package under this Rule for affected officials and personnel of NFA is subject to the approval of the President. Affected officials and personnel of the NFA, whether regular or casual/contractual personnel, may avail of the following separation benefits in addition to retirement benefits allowed under existing laws:

Years in Service	Rates
<i>First 20 years</i>	<i>1.0 x MBS* x No. of Years</i>
<i>20 years and 1 day to 30 years</i>	<i>1.25 x MBS x No. of Years</i>
<i>30 years and 1 day and above</i>	<i>1.50 x MBS x No. of Years</i>

** Monthly Basic Salary*

Funding for the separation benefits of affected officials and personnel of the NFA shall be sourced from NFA's corporate funds and from the National Government (NG). Provided that, the use of NG funds for the purpose shall be the last resort.

- 8.2. The Restructuring Plan of the NFA was approved by the GCG under Memorandum Order No. 2019-13 dated January 7, 2020. The pertinent provisions are as follows:

*RESOLVED, the Restructuring Plan of NFA with 22 organizational units in its Central Office, 15 Regional Offices, and 45 Branch Offices, with a corresponding total number of 2,644 plantilla positions is hereby **APPROVED**, xxx.*

RESOLVED FURTHER, that the implementation of this order shall comply with the following conditions and guidelines:

Xxxx

- 3. The NFA Council, through the Administrator, shall be accountable for the payment of separation benefits to the affected officials and personnel, whether regular or casual/contractual, pursuant to existing laws;*
- 4. The implementation of the approved organizational structure and staffing pattern shall commence within two (2) months from the approval of NFA's Separation Incentive Package (SIP) by the Office of the President. Xxx; and*
- 5. The pertinent civil service, budgetary, accounting, auditing and other relevant laws, rules and regulations shall be complied with.*

- 8.3. In a Memorandum dated September 04, 2020, the Office of the President of the Philippines approved the grant of the SIP to the NFA employees, including personnel classified as coterminous to the incumbent, affected by the restructuring, and that the SIP shall be paid in addition to the regular retirement benefits allowed under existing laws, rules and regulations. The approved SIP rates are in accordance with those authorized under Rule 3.4.1.2 of the IRR of RA No. 11203.
- 8.4. Accordingly, on September 07, 2020, the former NFA Administrator approved the Guidelines on the Implementation of the NFA Restructuring Plan. The significant stipulations are the following:

V. *Definition of Terms*

Xxxx

- C. *Affected employee – an employee entitled to receive the SIP under any of the following conditions:*

Xxxx

2. *Central Office*

- 2.1 *Holders of positions that are abolished due to the removal of functions (i.e. ISD, Security Division – ISSD, FOD – GMOD, Commercial Stock Survey – MRSD - GMOD);*
- 2.2 *Holders of positions that are reduced in number due to merging or consolidation of Offices/Departments/Divisions. (e.g. TRSD & GMOD, GSD & HRMD, BTFMD & DAS) (The prospective employee to be retained and the affected employee shall be determined by the Employee Selection Committee/Personnel Selection Board);*
- 2.3 *Holders of positions whose functions are transferred to other Departments/Offices (i.e. PAD, Investigation Division - ISSD);*
- 2.4 *Holders of positions that are upgraded;*
- 2.5 *Holders of positions in the executive offices whose positions have been converted to CTI based on the GCG-approved Restructuring Plan. Holders of*

positions who opted to remain shall retain their permanent status; and

2.6 Holders of CTI positions under EO 366.

Xxxx

VI. Implementing Guidelines

A. The date of effectivity is upon approval by the President, which was on September 4, 2020, pursuant to the Memorandum from Executive Secretary Salvador C. Medialdea on the Approval of Service Incentive Package (SIP) for NFA Affected Employees dated September 4, 2020.

Xxxx

F. Processing of employees Who are Affected by the Restructuring after the Selection Process

1. Affected personnel shall be served with Notice of abolished position (Exhibit 1) and Reply Form (Exhibit 2).
2. Affected personnel shall be given a maximum of **seven (7) days** from the receipt of Notice of abolished position to decide whether to:
 - a. Avail of the Service Incentive Package (SIP).
 - b. Remain in the service
 - i. To be considered for possible placement at (office/ branch)
 - ii. Willing to be placed to a position with a lower salary grade
 - iii. Willing to be relocated to _____.
3. The Reply Form shall document the employee's option.
4. If the chosen option is to avail of the retirement/separation benefits, he/she shall be issued with Notice of Retirement (Exhibit 3) indicating its effectivity and an instruction to comply with all the requirements.

Xxxx

5. *The NFA Management shall endeavor to place the affected personnel who wants to remain in the government service within the NFA in the GCG-approved Restructuring Plan through:*
 - a. *The filling-up of vacant retained position; or*
 - b. *Matching of affected employees who opt to remain in the government service with retained employees who want to avail of the SIP.*

8.5. In CYs 2022 to 2023, the NFA paid a total amount of P7.999 million for the SIP benefit of 23 employees, summarized in Table 19.

Table 19 – SIP Benefit Paid to 23 Retirees in NFA in CYs 2022 to 2023

Year	No. of Retirees	Amount
2022	6	P 3,997,831
2023	17	4,000,766
Total	23	P 7,998,597

- 8.6. Examination of the Disbursement Vouchers (DVs) and supporting documents on the payments of the SIP disclosed the following:
- a. The retirees were among those employees affected by the NFA Restructuring Plan. They have received their Notices of abolished positions in September 2020 and have executed their Reply Forms, following the non-extendible seven-day period, with the decision to remain in the Agency for possible placement at the NFA offices. Paragraph 1 of the Reply Forms executed by the retirees, states that ***“Having been formally notified xxx I hereby submit my final and irreversible decision to remain in service.”*** Therefore, their decision to remain in service they previously made could not be undone, or the execution of another Reply Form could supersede their first executed replies.
 - b. The retirees signified their intentions to avail of the SIP only in CYs 2022 and 2023, contrary to Item VI.F of the NFA Guidelines which allows affected personnel only ***a maximum of seven days*** from the receipt of Notice of abolished position to decide whether to avail of the SIP or to remain in service. Consequently, they forfeited their right/option to avail of the SIP after the lapse of the seven-day period.
 - c. The timeline in the issuance of Notice of Retirement was set in Section VI.B of the Guidelines on the Implementation of the NFA Restructuring Plan which was from September 22 to 29, 2020. As provided in the Notice of abolished position, a Notice of Retirement shall be automatically issued in the absence of a Reply Form received within

the prescribed period of seven (7) days. However, the Notices of Retirement issued by NFA Management to the retirees were based on their letters informing of their resignation and their request to avail of the SIP and the memorandum, stating that after careful evaluation, the positions held by the employees were indeed abolished under the NFA Restructuring Plan, thus resulting in a significant delay in the issuance of Notice of Retirement from one month to two years and nine months.

- 8.7. The SIP is neither a benefit inherent to the position nor an ongoing entitlement for affected employees who opted to remain with the organization, but subsequently decided to retire or resign at a later date after the lapse of the prescribed period. The Guidelines on the Implementation of the NFA Restructuring Plan explicitly specified that the affected employee has only seven (7) days to submit the final and irreversible decision upon receipt of the Notice of abolished position. Thus, the grant of the SIP to the 23 retirees, in addition to their regular retirement plan, constitutes non-compliance with the provisions of the said NFA Guidelines.
- 8.8. Also, it is worth mentioning that the payment of the SIP to 23 retirees is not consistent with Item 5 of the CSC MC No. 3, s. 2014, dated February 6, 2014 entitled "*Clarification on the Guidelines on the Placement of Personnel Relative to the Implementation of Approved Rationalization Plans of Agencies*", which is one of the legal bases of the Guidelines on the Implementation of the NFA Restructuring Plan, as the CSC MC explicitly directs that:

5. *Affected Personnel have to decide within two (2) months from the date of approval of the Agency Rationalization Plan on any of the following options to take:*

5.1 *Retire with the applicable incentives;*

5.2 *Transfer to other agencies needing additional personnel, to be handled by the CSC, without reduction in salary; or*

5.3 *Remain in their respective mother agency and their positions shall be marked as coterminous with the incumbent (CTI), to be abolished once vacated xxx if they would not opt to retire/be separated.*

*Affected Personnel who would opt to **remain in government service but later decide to retire** after the expiration of the two-month deciding period would be allowed to **retire under any of the regular retirement schemes applicable.***
(Emphasis ours)

- 8.9. Based on the foregoing discussions, the SIP benefit paid to the 23 retirees are deemed irregular expenditures under COA Circular No. 2012-003, as defined in Paragraph 7.32 hereof.
- 8.10. **We recommended that Management:**
- a. **Stop the practice of paying SIP benefit to the NFA retiring or separating officers and employees beyond the period prescribed under the NFA Guidelines on the Implementation of the NFA Restructuring Plan; and**
 - b. **Require the 23 retirees to refund the SIP benefit granted to them to avoid the issuance of a Notice of Disallowance.**
- 8.11. Management commented that a Memorandum was already sent to the Administrative and General Services Department requesting the complete address and contact number(s) of the employees concerned so as to notify them to refund the SIP benefits granted to them.
- 8.12. As a rejoinder, the Audit Team appreciated Management's initial action to comply with the audit recommendations.

GENDER AND DEVELOPMENT (GAD)

9. **The GAD Plan and Budget (GPB) for FY 2023 of the NFA was not endorsed by the Philippine Commission on Women (PCW) as it was not fully compliant with the relevant guidelines on GAD Planning and Budgeting. Nevertheless, the NFA utilized the total amount of P1.472 billion or 67.25 per cent of its GPB in the amount of P2.189 billion for the implementation of the GAD programs, activities, and projects (PAPs). Likewise, the following deficiencies were noted in the implementation of the GAD Program:**
- a. **The activities conducted were not fully specified, the expenses were not detailed in the GAD Accomplishment Report (AR), and there was a variance in the amount of P150.881 million between the GAD AR and accounting reports; and**
 - b. **Absence of a systematic gender statistics and tool analysis as basis for planning, budgeting, programming, policy formulation, and monitoring of PAPs, such as the institutionalization of sex-disaggregated data and the use of the Harmonized Gender and Development Guidelines (HGDG) tool for NFA's major program evaluation and monitoring, contrary to PCW-NEDA-DBM Joint Circular (JC) No. 2012-01.**
- 9.1. RA No. 9710, known as the Magna Carta of Women (MCW), mandates all government offices, including GOCCs, to adopt gender mainstreaming as a strategy to promote women's human rights and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures. In this regard, all government departments, including their

attached agencies, offices, bureaus, state universities and colleges, GOCCs, LGUs, and other government instrumentalities, are required to formulate their annual GPBs within the context of their policies, programs, and projects. GAD Planning shall be integrated into the regular activities of the agencies, the cost of implementation of which shall be at least five (5) per cent of their total budgets. The computation and utilization shall be implemented in accordance with the specific guidelines provided therein.

- 9.2. PCW-NEDA-DBM JC No. 2012-01 provided the guidelines and procedures for the formulation, development, submission, implementation, monitoring, and evaluation of the results of the Agency's annual GPB and GAD AR. Section 4 of the JC provides the four (4) essential elements in GAD planning and budgeting for a more effective planning and implementation of the sectoral programs on GAD, namely: (a) Creation and/or Strengthening of the GAD Focal Point System (GFPS); (b) Capability Building on GAD; (c) Conduct of Gender Audit; and (d) Institutionalizing GAD Database/Sex-disaggregated Data.
- 9.3. For FY 2023, to ensure adherence to the MCW, the PCW issued MC No. 2022-003 dated August 31, 2022, on the Preparation and Online Submission of FY 2023 GPB, pertinent provisions with regard to the implementation of GAD PAPs are as follows:

1.2.2.2.1. Aside from implementing direct GAD PAPs to address organization- or client-focused gender issues or GAD mandates, agencies may attribute a portion or the whole budget of the agency's major program/s or project/s to the GAD budget using the HGDG tool. Assessing major program/project using the HGDG tool enables the agency to identify strengths and areas for improvement to gradually increase the gender-responsiveness of the program/project. Major programs/projects subjected to the HGDG assessment shall be reflected under the GPB section on "Attributed Programs."

1.2.5.1. PCW shall endorse the FY 2023 GPB if: (1) the minimum 5% GAD Budget requirement has been met, and (2) the entries in the GPB are compliant with the comments and/or recommendations of PCW following the provisions of the MCW and relevant guidelines on GAD Planning and Budgeting.

- 9.4. For FY 2023, the GPB of the NFA for the implementation of its GAD PAPs amounted to P2.189 billion or 14.93 per cent of the total budget of P14.662 billion. However, the GPB for FY 2023 was not endorsed by the PCW because it was not fully compliant with the relevant guidelines on GAD Planning and Budgeting. The PCW noted the following deficiencies: (a) some of the initial comments were not responded accordingly; (b) some

entries have to be revised to ensure horizontal and logical alignment; (c) supporting documents have to be attached/provided to justify proposed budget; and (d) rows 21 and 23 - are these flagship programs of the agency? If yes, kindly assess them using the Design Checklist of the HGDG.

- 9.5. The incomplete compliance that resulted in the non-endorsement of the NFA GPB for FY 2023 by the PCW could be attributed to: (a) absence of gender statistics and the institutionalization of sex-disaggregated data as a tool in planning, budgeting, programming, and policy formulation, and (b) the GAD Technical Working Group (TWG) did not use the HGDG tool to evaluate and monitor the effectiveness of the major/flagships PAPs of the Agency.
- 9.6. Despite the non-endorsement by the PCW of the NFA GPB for FY 2023, the Agency implemented the GAD PAPs indicated in the unendorsed GPB. Accordingly, a total amount of P1.472 billion or 67.25 per cent of NFA's GPB in the amount of P2.189 billion was utilized for the implementation of the GAD PAPs.

The activities conducted were not fully specified, the expenses were not detailed in the GAD AR, and there was a variance in the amount of P150.881 million between the GAD AR and accounting reports

- 9.7. Perusal by the PCW of the NFA GAD AR disclosed deficiencies in the implementation of the various GAD PAPs, as shown in Table 20.

Table 20 - GPB vis-à-vis GAD AR and Deficiencies Noted by PCW

GAD Mandate/Issues	GAD Activities	Actual Result	Deficiencies Noted by PCW	Amount
Non-integration of support services and infrastructure in the Agency that will enable men, especially women to balance their family obligations and work responsibilities	Integrate GAD in the Public Assistance and Complaint Desk of the Agency to address the concerns of the public against government employees or officials	One per region and one in the Central Office Help Desk Set-up	No breakdown of expenses	P 1,136,752
Lack of an effective mechanism to institutionalize GAD in the Agency	Mainstream the NFA information, education, and communication (IEC) materials to feature the GAD activities and related articles/topics	Printing of NFA official newsletter	No breakdown of expenses	375,360
Enhancing capabilities and understanding of members of the GFPS and TWG	Conduct of regular meetings/consultation with GFPS and TWG	12 TWG Meetings	No breakdown of expenses	8,795,868

GAD Mandate/Issues	GAD Activities	Actual Result	Deficiencies Noted by PCW	Amount
Sex-disaggregated database not integrated in all PAPs of the Agency	Update the sex-disaggregated database of the Agency's stakeholders and personnel complement	100% Completed	No breakdown of expenses	360,317
Lack of social infrastructures to strengthen the support system of the GAD coordinators/trainers, employees and stakeholders	Legal counseling/training discussion on violence against women and children, issues on annulment, separation, child abuse, alcoholism, etc.	Counseling Sessions Female - 143 Male - 100	Health and wellness are not directly chargeable to GAD	957,227
Lack of employees' awareness on how the economic, political and sociocultural environments influence gender roles and relationships	Conduct of GAD-related activities and Projects (in coordination with PCW) in participation to the National Women's Month Celebration	National Month Activities, Discovering a Women's Unique Design and Seminar on Gender-Fair Language and Right to Mental Health	No breakdown of expenses. The activities and number of activities attended are not specified	1,698,053
Lack of skill to institutionalize GAD in the assessment process of the Agency	Conduct of training on gender analysis tools (HGDC) and Gender Statistics	Seminar-Workshop on the GAD HGDC; Seminar on the Fundamentals of GAD and Gender Analysis; and Seminar on Gender Mainstreaming in the Different PAPs of the Branch	No breakdown of expenses; the trainings that were attended were not specified	416,625
Lack of awareness among employees on the government's advocacy programs that empower and protect women	Gender and user-friendly online materials will serve as a flexible space with a range of information of materials and resources regarding NFA programs, general information, health and wellness, current events, and other GAD-related programs which could be accessed by both men and women employees and stakeholders	GAD-related materials, activities, events, etc. quarterly or as the need arises, with contributions from the field offices One per region and one in the Central Office GAD Corners	No breakdown of expenses	842,091
Lack of awareness among employees on the government's advocacy programs that empower and protect women	Conduct of GAD and user-friendly online materials will serve as a flexible space with a range of information of materials and resources regarding NFA programs, general information, health and wellness, current events, and other GAD-related programs which could be accessed by both men and women employees and stakeholders	Activities on Violence Against Women and Children (VAWC)	No breakdown of expenses. The activities that are conducted are not specified	4,391,814

GAD Mandate/Issues	GAD Activities	Actual Result	Deficiencies Noted by PCW	Amount
	Capital outlay/infrastructure		Project Implementation, Management, and Monitoring and Evaluation (PIMME) was not attached; No breakdown/computation was reflected	32,002,875
	Palay procurement		PIMME/HGDG checklist was not attached; No breakdown/computation was reflected	1,420,650,586
Total				P 1,471,627,568

9.8. Further, review of the Accounting reports vis-à-vis GAD AR showed a variance in the aggregate amount of P150.881 million, as presented in Table 21.

**Table 21 - GAD AR vis-à-vis Accounting Records
FY 2023**

Particulars	Per GAD AR	Per Accounting Records		Variance
		As Utilized		
Operating Expenses – PS and MOOE	P 18,974,107	P 98,167,156		P 79,193,049
Capital Outlay/infrastructure	32,002,875	32,002,875		-
Procurement of 1,568,379 bags (79,419 MT) of palay	1,420,650,586	1,492,339,000		71,688,414
Total	P1,471,627,568	P1,622,509,031		P150,881,463

Absence of a systematic gender statistics and tool analysis as basis for planning, budgeting, programming, policy formulation, and monitoring of PAPs, such as the institutionalization of sex-disaggregated data and the use of the HGDG tool for NFA's major program evaluation and monitoring

9.9. PCW-NEDA-DBM JC No. 2012-01 provide, among others, the following:

4.4 Institutionalizing GAD Database/Sex-disaggregated Data: The agency shall develop or integrate in its existing database GAD information to include gender statistics and sex-disaggregated data that have been systematically produced or gathered as inputs or bases for planning, budgeting, programming, and policy formulation.

- 5.4. *Agencies shall administer the enhanced Gender Mainstreaming Evaluation Framework (GMEF) tool to periodically assess the level of their gender mainstreaming efforts. The agency shall also assess the gender-responsiveness of their major programs and projects using the Harmonized Gender and Development Guidelines (HGDG) tool. The results of the GMEF and the HGDG assessment will guide the agency in identifying areas for continued improvement and for attributing a portion of or the whole budget of the program or project to GAD.*
- 6.4 *Attributing agency major programs to the GAD budget. Attribution to the GAD budget of a portion or the whole of the budget of an agency's major programs is a means toward gradually increasing the gender responsiveness of government programs and budgets.*
- 6.4.1 *If an agency intends to attribute a portion or the whole budget of major programs during the GAD planning and budgeting phase, it may subject the program to gender analysis using the HGDG tool. If the agency is not yet trained on the use of the tool, it may include said training in its GPB and may seek the assistance of an expert on gender analysis using the HGDG.*
- 9.10. Sex-disaggregated data are information collected and analyzed separately on males and females which are essential in the formulation of the gender issues. Such data shall be stored and maintained in the Agency's GAD database, updated as needed, and used in policy and program development to address gender issues, particularly in the preparation of the annual GPB and GAD AR. The GAD database shall aid in gender analysis of the agency situation by surfacing gender gaps and differences among women and men in terms of their access to basic services and facilities, control of resources, enjoyment of rights and privileges, benefits, and rewards. Information resulting in gender analysis shall be considered and integrated into the GPB. While, the HGDG serves as a valuable tool to ensure that government programs and projects are gender-responsive.
- 9.11. Review of the records revealed that the NFA has no systematic gender statistics and tool analysis as basis for planning, budgeting, programming, policy formulation, and monitoring of PAPs, such as, the institutionalization of sex-disaggregated data and the use of the HGDG tool for its major program evaluation and monitoring.
- 9.12. Considering the foregoing deficiencies noted in the implementation of GAD by the NFA, the gender issues of the Agency might not have been fully identified and addressed and there was no assurance that the implemented GAD PAPs in CY 2023 were gender responsive.

9.13. **We recommended that Management direct the GFPS and the GAD TWG to, moving forward:**

- a. **Ensure that the annual GPB is compliant with the requirements of the PCW to obtain a favorable endorsement thereof from the PCW;**
- b. **Ensure that the GAD AR are prepared with complete details, including but not limited to specific activities conducted, breakdown of expenses, and duly supported with relevant documents;**
- c. **Gather systematically relevant sex disaggregated data and gender statistics to establish a comprehensive GAD database for effective planning, programming, and policy formulation and ensure the data are regularly updated; and**
- d. **Utilize the PCW prescribed tools for an effective monitoring and evaluation of the gender mainstreaming efforts and the implementation of the major programs/projects of the Agency.**

9.14. Management provided the following comments/justifications:

- a. The ongoing implementation of the NFA's restructuring resulted in the fast turnover/assignment/transfer of employees which makes it difficult to assign permanent focal persons. On top of that are the GAD tasks which are relatively new to them. Often times, this leads to the replacement of a significant number of members in the GFPS and in the GAD TWG. Moreover, due to the current lack of personnel, the designated members are simultaneously involved in other TWGs/committees which inhibit their ability to fully execute GAD-related PAPs and effectively address gender-related concerns.
- b. The GAD TWG will convene in the 3rd Quarter of CY 2024 to update the Agency's sex disaggregated data that reflects the new NFA structure. Moreover, the meeting will also serve as a reorientation workshop on the use of GAD tools (HGDG) for GAD mainstreaming activities. It will also involve the Finance Department, CO and RO GAD Focal persons/TWGs and Accountants to immediately address the audit recommendations.

9.15. As a rejoinder, the Audit Team will continuously monitor compliance by Management with GAD rules and regulations. Their full implementation of the recommendations will be monitored in the succeeding audit.

COMPLIANCE WITH TAX LAWS

10. The NFA withheld the required Percentage/Final, Expanded Withholding and Value Added Taxes from the purchase of goods and services and taxes on compensation income from salaries of officials and employees. The total taxes

withheld in CY 2023 amounting to P226.798 million were remitted to the Bureau of Internal Revenue within the prescribed period, thereby helping the National Government augment its depleting funds and facilitate the implementation of its programs and projects.

COMPLIANCE WITH RA NO. 8291, GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) LAW

11. The NFA substantially complied with Section 14.1 of the IRR 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 following the month of the calendar month to which the contributions apply.

COMPLIANCE WITH RA NO. 10606, NATIONAL HEALTH INSURANCE ACT

12. The NFA considerably complied with the requirements of RA No. 10606 in deducting and remitting the premium contributions (employees' and employer's shares) to the Philippine Health Insurance Corporation.

COMPLIANCE WITH RA NO. 9679 (Pag-IBIG)

13. In accordance with the requirements of RA No. 9679, the NFA properly deducted the Pag-IBIG Fund contributions and payment of loans from the salaries of the officials and employees. As of December 31, 2023, employees' premiums and other payables in the total amount of P488,079 were not yet remitted to the Home Mutual Development Fund.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

14. As of December 31, 2023, the total unsettled audit suspensions, disallowances and charges amounted to P13.599 million, P173.707 million and P2.352 million, respectively, as summarized in Table 22. The details and status are presented in **Annex A** of this Report.

Table 22 - Summary of Audit Suspensions, Disallowances and Charges For CY 2023

Particulars	Beginning	Adjustment	Adjusted	Issuance	Settlement	Ending
	Balance 01-01-23		Beginning Balance			Balance 12-31-23
Suspensions	P 29,626,038	P -	P29,626,038	P25,475,804	P41,502,559	P 13,599,283
Disallowances	184,029,218	(163,865)	183,865,353	1,962,807	12,121,285	173,706,875
Charges	2,352,402	-	2,352,402	-	-	2,352,402
	P216,007,658	P(163,865)	P215,843,793	P27,438,611	P53,623,844	P189,658,560

**PART III - STATUS OF IMPLEMENTATION
OF PRIOR YEARS' AUDIT
RECOMMENDATIONS**

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS'
AUDIT RECOMMENDATIONS**

Of the 76 audit recommendations embodied in the prior years' Annual Audit Reports (AARs), 10 were implemented, 45 were not implemented, and 21 were closed as the recommendations are no longer doable, details as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
<u>2022 AAR</u> FINANCIAL			
Audit Observation (AO) No. 1 Page 81	The existence in the financial statements of the Intra-agency receivables account in the amount of P1.552 billion which did not meet the definition of an asset under Paragraph 7 of International Public Sector Accounting Standard (IPSAS) 1, in view of the non-elimination at year-end of the Intra-agency receivables and payables accounts in the amounts of P17.838 billion and P16.286 billion, respectively, resulted in the overstatement of the total assets of P18.759 billion by P1.552 billion and Accumulated surplus/ (deficit) account by the same amount as at December 31, 2022. Likewise, the Receivables-Other receivables-Due from officers and employees account in the amount of P1.517 billion as at December 31, 2022 included stock shortages of Stock Accountable Officers (SAOs) with total carrying amount of P1.333 billion which were not presented at their fair	We reiterated our prior years' audit recommendations that top Management direct the CO Finance Department and the ROs/BOs Finance Sections to: a. Exert all efforts to fully eliminate the reciprocal accounts, Intra-agency receivables and payables, by conducting a nationwide reconciliation of the discrepancies to come up with a reliable financial statements at year-end; b. Ensure that all adjustments are duly supported with proper and complete documentations;	Updated and reiterated in Part II – Observation and Recommendation No. 1 of this Report. Not Implemented. Continuous efforts are being exerted by the Finance Department in the CO/Sections in the ROs/BOs to eliminate the reciprocal accounts since calendar year (CY) 2018 and up to present. However, the unreconciled balance of the reciprocal accounts still amounted to P2.103 billion. Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	values due to non-computation of the tolerable allowance (TOLA) to determine the final accountabilities of the SAOs, thus resulted in the overstatement of the said account and Accumulated surplus/(deficit) account by undetermined amount, contrary to Paragraph 48 of IPSAS 29. Moreover, the faithful representation in the financial statements and verifiability of the balances of the Receivables-Accounts receivable, Other receivables-Due from officers and employees, and Other receivables-other receivables accounts in the amounts of P36.950 million, P1.517 billion and P1.315 billion, respectively, as at December 31, 2022 were not established as these included accounts in the total amount of P454.096 million without supporting documents, contrary to Paragraphs 3.10 and 3.26 of the Conceptual Framework for General Purpose Financial Reporting (Conceptual Framework, for brevity).	<p>c. Strictly adhere to NFA SOP No. FS-GP13, especially on the regular preparation and submission of:</p> <p>(i) Schedule of inter-branch transactions,</p> <p>(ii) Reconciliation Statements,</p> <p>(iii) elimination and reconciling entries, and</p> <p>(iv) confirmation advices, as applicable, and to consistently coordinate with other offices to reconcile the discrepancies; and</p> <p>d. Revisit and update, if necessary, the existing NFA SOP on intra-agency transactions for uniformity in the application of the policies/guidelines by the CO, ROs and BOs due to NFA's structural changes under RA No. 11203 or the Rice Tariffication Law.</p> <p>Further, we recommended that Management make necessary representation with the COA GAS on how to eliminate/close the long outstanding Intra-agency accounts balances in the books of NFA in the absence of documents.</p>	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>
		<p><u>On Receivables-Other receivables-Due from officers and employees account</u></p> <p>We recommended that Management:</p>	<p>Updated and reiterated in Part II – Observation and Recommendation No. 2 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
a.	Instruct the Regional/Branch Managers concerned to direct the:		
a.1.	BOs' Stock Examination Group and the ROs' Regional TOLA Working Group to expedite the conduct of stock examination and TOLA computation on the stock shortages of the SAOs with available warehouse documents, to determine the final accountabilities of the SAOs recorded under Receivables-Other receivables-Due from officers and employees account; and		Not Implemented. Stock examinations and TOLA computations are being conducted on SAOs accountabilities in the BOs, but still delayed.
a.2.	BOs' Finance Section to make necessary adjustments to recognize the fair values of the stock shortages of the SAOs recorded under Receivables-Other receivables-Due from officers and employees account based on final TOLA computation;		Not Implemented. An Allowance for Impairment amounting to P608.548 million was provided for NFA SAOs Accountabilities - Without Stock Examination - Past (Title I) as of December 31, 2023.
b.	Consider adopting a policy to address the perennial issue on the unavailability of relevant documents for the		Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		conduct of stock examination on the stock shortages of the SAOs by the BOs Stock Examination Group and TOLA computation by the ROs Regional TOLA Working Group;	
		c. Coordinate with the COA GAS to seek guidance on whether former SAOs' final stock shortages can be impaired considering the issue on accountability; and	Not Implemented.
		d. Impose strictly the penal provisions under NFA SOP No. GM-WH13 which states that violation of the provisions of the SOP shall subject the offender to penalties provided for under applicable and reasonable NFA and Civil Service Rules.	Not Implemented.
		<p><u>On the faithful representation in the financial statements and verifiability of the balances of the Receivables-Accounts receivable, Other receivables-Due from officers and employees, and Other receivables-other receivables accounts</u></p>	
		<p>We recommended that top Management direct the Finance Department and the Regional/Branch Managers concerned to require the Accounting Division of the CO and Finance Sections of the ROs/BOs to:</p>	

Reference	Observations	Recommendations	Actions Taken/ Comments
		<p>a. Exert all efforts in locating relevant records and documents, such as, MOAs, SOAs and Billing Statements, Demand Letters, WSIs, and SLs, to substantiate the balances of the Receivables-Accounts receivable, Other receivables-Due from officers and employees and Other receivables-other receivables accounts;</p>	<p>Not Implemented. For CY 2023, the total amount of unsupported Receivables-Accounts receivable, Other receivables-Due from officers and employees, and Other receivables-other receivables accounts increased to P510.700 million.</p>
		<p>b. Fast track the reconciliation of the receivables accounts of the ROs/BOs against the records of the NFA CO;</p>	<p>Not Implemented.</p>
		<p>c. Assess the collectability of the dormant receivables, if collection is determined to be no longer feasible, provide Allowance for impairment; and</p>	<p>Not Implemented.</p>
		<p>d. Coordinate closely with the government offices concerned for possible reconciliation and/or collection of the outstanding receivables accounts.</p>	<p>Not Implemented.</p>
<p>NON-FINANCIAL AO No. 2 Page 97</p>	<p>In CY 2022, the NFA did not meet the optimum level of national rice buffer stocking requirement of 300,000 metric tons (MT) at any given time pursuant to NFA Council Resolution No. 999-2021-B dated</p>	<p>We recommended that top Management direct the officials concerned to ensure that the optimum level of national rice buffer stocking requirement of 300,000 MT is maintained at any given time by:</p>	<p>Updated and reiterated in Part II – Observation and Recommendation No. 4 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>February 16, 2021 issued in compliance with the IRR of RA No. 11203, despite the full receipt of the P7,000 billion government subsidy from the National Government, in view of, among others: (a) shortfall of 177,349 MT or 36.95 per cent of the targeted palay procurement of 480,000 MT; (b) inadequate information dissemination of the NFA's palay procurement program; (c) low number of palay buying stations and limited number of deployed mobile procurement teams to surplus producing areas during harvest seasons; and (d) revocation of various incentives to farmers, such as, the Cooperative Development Incentive Fund (CDIF), delivery fee, drying fee, and Buffer Stocking Incentive (BSI). The inability to maintain the required optimum level of national rice buffer stocking at any given time poses risk that NFA might not be able to effectively and immediately respond and provide the needs of the beneficiaries all over the country in times of emergency situations, and non-sustenance of the disaster relief programs of the government during natural or man-made calamities.</p>	<p>a. Intensifying the information dissemination on NFA palay procurement activities in the producing regions at the start of cropping season;</p> <p>b. Strengthening the NFA's campaign on PALLGU through meetings with the legislators and local chief executives to discuss the benefits thereof to their farmer-constituents to encourage them to participate in the program;</p> <p>c. Coordinating with the DA and its affiliated agencies in-charge of administering the RCEF and NRP on the feasibility of crafting a policy that would require the farmers to sell a certain volume of palay to the NFA, in conformity with the implementation of RA No. 11203;</p> <p>d. Increasing the number of mobile procurement teams deployed in areas where harvesting is in progress;</p> <p>e. Evaluating the performance of the ROs and BOs with low palay procurement accomplishments to determine the necessary assistance and measures needed so that they can meet their targets on palay procurement; and</p>	<p>Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p> <p>Implemented.</p> <p>Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 3 Page 102	<p>The NFA was not able to settle its obligations to the National Treasury in the aggregate amount of P106.668 billion as of December 31, 2022, composed of: (a) Net lending representing advances availed from the Bureau of the Treasury (BTr) in settlement of various maturing loan obligations of the NFA and the corresponding Guarantee fees in the amounts of P94.116 billion and P11.676 billion, respectively; and (b) cost of audit services of the COA from CYs 1996 to 2022 in the total amount of P811.719 million, as required under Section 24(2) of Presidential Decree (PD) No. 1445; Executive Order (EO) No. 19, Series of 1986, as amended by EO No. 271, Series of 1987; and COA-DBM Joint Circular (JC) No. 3 dated December 29, 2020, despite its inclusion in the Annual Corporate Operating Budget of the NFA, thus, depriving the National Government of the use of the funds to supplement its other priority goals, programs and projects.</p>	<p>f. Providing assistance and additional incentives to farmers to encourage them to sell their produce to the NFA.</p> <p>We recommended that Management:</p> <p>a. Make representation with the DOF and COA on the possibility of paying the liability through installment; and</p> <p>b. Fast track the implementation of the Asset Divestment Plan for FYs 2019 to 2023 to obtain funds for the payment of NFA's debts guaranteed by the National Government.</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>For CYs 2022 and 2023, based on the Special Allotment Release Orders (SAROs), the National Government Advances in settlement of maturing loans of the NFA were converted to Subsidy in the total amount of P15.932 billion. Further, the Costs of audit services for CYs 2022 and 2023 in the total amount of P178.002 million were paid.</p> <p>Closed.</p> <p>The NFA defer the implementation of the divestment plan pending implementation of the new directives on adapting Rice Processing Centers and increasing the buffer stocks to</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 4 Page 107	<p>Several provisions of the NFA's warehousing policies and procedures on warehouse custody, piling system, storage structure and specification and good warehouse-keeping were still not observed at various NFA warehouses, which could result in environmental and health hazards and losses due to grain damage/deterioration in quality and value as well as theft/pilferage of stocks, considering the following deficiencies noted during the ocular inspection of NFA warehouses in Regions I, II, III, VI, VIII and XIII:</p>	<p>We recommended that top Management direct the:</p> <p>a. Branch Managers concerned to:</p>	<p>about 30 days as part of the medium term plan.</p>
	<p>a. The floors with visible cracks were not filled with sealing compound or asphalt to prevent the accumulation of moist, dust, dirt, residue, and possible breeding area of insects, thus exposed the stored rice stocks to ground moisture and possible damage.</p>	<p>a.2. Instruct all Ws to immediately report in writing the defects on flooring, doors, windows, roofing and other parts of the warehouse;</p>	<p>Not Implemented.</p>
	<p>b. Doors or openings/vents of the warehouses were not installed with mesh wire and/ or secondary screen doors or have damaged screen wires</p>	<p>a.3. Facilitate the immediate repair of the warehouse defects particularly the cracks on the floors, leaks and holes on the roofs, to prevent further warehouse deterioration and damage to the stocks, which could</p>	<p>Implemented.</p>
			<p>Updated and reiterated in Part II – Observation and Recommendation No. 6 of this Report.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	that rodents and birds could freely enter the warehouses, causing spillage, infestation and contamination of rice/ palay stocks.	result in losses to NFA;	
	c. The roofs of several warehouses have leaks and holes, but in spite thereof, the areas are still being utilized.	a.4. Conduct regular inspection of warehouses to determine whether the warehouse personnel are complying with the good warehouse-keeping standards to avoid health hazards and losses due to deterioration of stocks and pilferages;	Not Implemented.
	d. Fire extinguishers inside the warehouses were already expired or lacking in some warehouses.	b. Regional Managers concerned to:	
	e. Closed-circuit televisions (CCTVs) were not installed in some warehouses and other structures such, as watch towers, bridges and safety nets/screens were not properly utilized to monitor activities inside the warehouses.	b.1. Ensure that the NFA's engineering team are regularly fielded to conduct inspection of all facilities for early detection of physical defects/damages so that appropriate measures can be undertaken; and	Not Implemented.
		b.2. Consider installing CCTVs and the immediate repair or replacement of damaged ones to monitor activities inside the NFA warehouses.	Not Implemented.
AO No. 5 Page 113	The GAD Plan and Budget (GPB) for CY 2022 of the NFA amounting to P351.133 million was duly endorsed by the Philippine Commission on		Updated and reiterated in Part II – Observation and Recommendation No. 9 of this Report.

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>Women (PCW) which is compliant with Section 8.2 of PCW-NEDA-DBM JC No. 2012-01 dated July 20, 2012. However, the following deficiencies were noted in the implementation of GAD:</p>	<p>We recommended that Management direct the:</p>	<p>Not Implemented.</p>
	<p>a. Only P263.447 million or 75.03 per cent of the approved GPB was utilized, an indication that the planned programs, activities and projects (PAPs) were not fully implemented, thus, the identified gender issues during the year were not sufficiently addressed; and</p>	<p>a. GFPS and its TWG to implement fully the GAD PAPs indicated in the PCW-endorsed GPB to ensure that all identified gender issues are duly addressed, moving forward; and</p>	
	<p>b. Variance of P173.480 million in GAD expenses between the accounting records amounting to P89.967 million and the reported amount of P263.447 million in the GAD AR due to non-assignment/creation of GAD RC Codes for GFPS, contrary to COA Circular No. 2021-008 dated September 6, 2021.</p>	<p>b. Finance Department to create/assign RC and RC Codes for GFPS to facilitate the generation of all reports pertaining to GAD-related expenses and other GAD-related financial transactions to properly account for GAD funds as required by COA Circular No. 2021-008.</p>	<p>Not Implemented.</p>
<p>2021 AAR FINANCIAL AO No. 3 Page 85</p>	<p>The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account with carrying amount of P2.844 billion as at</p>	<p>We recommended that Management require the:</p>	<p>Not Implemented.</p>
		<p>a. CO Accounting Division and ROs and BOs Accounting Section and General Services Division</p>	

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>December 31, 2021 could not be established due to unreconciled variance in absolute figure amounting to P51.572 million between the balances of several PPE sub-accounts per books vis-a-vis the Report on the Physical Count of PPE (RPCPPE), contrary to Paragraph 27 of IPSAS 1. Likewise, the PPE account was understated by an undetermined amount due to non-recognition of the fair values as at the date of acquisition of parcels of donated land located in: (a) United Nations (UN) Avenue, Paco, Manila used by and where the NFA-National Capital Region (NCR) RO is located; and (b) Rizal, Kalinga in Region II-Cagayan BO with estimated land area of 20,000 square meters, contrary to Paragraph 27 of IPSAS 17.</p>	<p>(GSD)/Section to conduct thorough verification and reconciliation of the property and accounting records on a regular basis to determine the other cause/s of discrepancies so that necessary corrections/adjustments can be effected in both records to arrive at the correct/reconciled balances of the PPE account;</p> <p>b. GSD: (i) in coordination with Legal Affairs Department to exert best effort to secure necessary documents such as Deed of Exchange/Donation relative to the land donated to NFA-NCR RO and facilitate the transfer of land title in favor of NFA to protect the rights and ownership of the Agency; and (ii) to determine the fair values of the donated parcels of land at the time of donation and record the same in the books of accounts; and</p> <p>c. Accounting Section of NCR RO and Cagayan BO to ensure proper recording of PPE and related accounts provided in NFA SOP No. GS-PS01, and prepare adjusting journal entries to record the fair values of the parcels of land at the date of acquisition.</p>	<p>Not Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 4 Page 91	<p>The faithful representation in the financial statements of the balances of the Inventory Held for Consumption (IHC) and Semi-Expendable (SE) Inventory accounts amounting to P368.711 million as at December 31, 2021 could not be established due to non-reconciliation and disparity of P25.245 million between the balance per books of P36.271 million in the CO, NCR-RO and NCR-EBDO vis-à-vis per inventory count in the sum of P11.026 million, which is not in accordance with Paragraph 27 of IPSAS 1. Also, the verifiability of the balances of the IHC and SE Inventory accounts in the amounts of P363.938 million and P4.773 million as at December 3, 2021 were doubtful due to, among others: (a) non-maintenance of Stock Ledger Cards (SLCs) and/or Stock Cards (SCs); (b) delayed/ non-preparation of the Report on the Physical Count of Inventory (RPCI) and Reports of Supplies and Materials Issued (RSMIs); (c) non-issuance of Requisition and Issue Slips (RISs) and/or Inventory Custodian Slips (ICSs), and (d) incomplete/non-conduct of physical inventory count, contrary to Paragraphs 3.26 and</p>	<p>We recommended that Management:</p> <ol style="list-style-type: none"> a. Devise a system-based inventory management system, preferably integrated into e-IFOMIS, to facilitate preparation and maintenance of complete inventory records, i.e. SLCs, SCs, RSMIs, ICSs, etc.; b. Require the Accounting Division/Section and Property Custodian to accomplish and maintain the prescribed SLCs and SCs, and such other required reports, in compliance with NFA SOP No. GS-PD25, to ensure better control and monitoring of the correct inventory balances; c. Instruct the GSD personnel to timely submit the RSMIs to the Accounting Division to minimize the need for reconciliation and eliminate timing variances; d. Direct the Inventory Committee to conduct the periodic semi-annual physical count of inventory and prepare the RPCI; and e. Require the Accounting Division and GSD to reconcile the balances per books with the RPCI, and henceforth, perform periodic reconciliations to effect the necessary 	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	3.27 of Chapter 3: Qualitative Characteristics of the CFGPFRPSE.	adjustments to come up with a reliable balance of IHC and SE Inventory accounts.	
AO No. 5 Page 96	The inadequacy of the required disclosures in the Notes to Financial Statements, such as, the nature and extent of prior period restatements, nature and status of significant increases/decreases of the accounts, and the Agency's asset rationalization and divestment plans, among others; and amounts of Impairment Loss in CYs 2020 and 2021 as disclosed in Note 29.3 to Financial Statements did not tally with the increase in the Allowance for Impairment Loss for both years as disclosed in Note 9 to Financial Statements, which are all not in conformity with the requirements of Paragraphs 15, 29, 127 and 128 of IPSAS 1, thereby deprived the intended users of the financial statements of relevant information in making economic decisions.	<p>We reiterated our prior years' audit recommendations that Management direct the Accounting Division to:</p> <ul style="list-style-type: none"> a. Rigorously fully comply with the relevant provisions of IPSASs and COA issuances in the preparation and presentation of the financial statements and the accompanying notes; and b. In consonance with the Agency's restructuring, formulate a system or structure that could provide a complete review and control in the adoption and implementation of the relevant IPSASs to enhance and eliminate misstatements in the presentation and disclosure of the financial statements. <p>Further, we recommended that the Accounting Division adopt the suggested enhancements in the financial statements presentation of the accounts as well as in the Notes to Financial Statements to align with the requirements of the Standards and for better understandability of the users</p>	<p>Updated and reiterated under Part II – Observation and Recommendation No. 3 of this Report.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
NON-FINANCIAL AO No. 6 Page 103	<p>The NFA was not able to obtain the most advantageous price in the procurement of 15 units 4x2 Pick-up Truck in view of some of the factors provided in the Government Procurement Policy Board (GPPB) Manual of Procedures (MOP) for the Procurement of Goods and Services were not considered and/or judiciously evaluated by the Bids and Awards Committee (BAC) Technical Working Group (TWG) in the determination of the Approved Budget for the Contract (ABC) of P21.890 million, thus resulted in higher contract cost by P72,400 per unit, or a total of P1.086 million for said procurement, than the Suggested Retail Price (SRP) for the same vehicle model published in the manufacturers' official website and dealers' advertisements. Further, the provisional safeguard duty of P123,200 per unit or the total amount of P1.848 million which was included in the contract price was not returned by the Supplier to the NFA, contrary to Custom Memorandum Order (CMO) No. 28-2021.</p>	<p>of the financial statements and other stakeholders.</p> <p>We recommended that Management instruct the BAC and its TWG to exercise due prudence in determining the ABC by comprehensively considering all the necessary factors provided in GPPB MOP so as to obtain the most advantageous price for the government, moving forward.</p>	<p>Closed.</p> <p>A Notice of Disallowance was issued on this transaction.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 7 Page 108	<p>Provision for profit margin in addition to Administrative Cost in the computation of the ABC for the "Procurement of Handling (and Allied) Services for Calendar Years 2020-2021" of NFA Cagayan Valley Region (CVR) is not in conformance with the Standard Computation prescribed in the Department of Labor and Employment (DOLE) Department Order (DO) No. 174, Series of 2017; thus, resulting in excessive contract price amounting to P34.866 million. Moreover, specific work to be undertaken by the Job Order (JO) workers for allied services was not expressly stated in the bidding documents and contract, instead, this was presented as per "move" same with the handling services; thus, the absence of reference to evaluate the actual accomplishments versus targets could be attributed to poor procurement planning.</p>	<p>We recommended that Management direct the NFA CVR BAC to:</p> <ol style="list-style-type: none"> a. Provide the legal basis in providing profit margin in addition to the administrative cost, and explain the sudden increase in the profit margin in CY 2021 to 15 per cent from prior year's rate of 10 per cent; and b. Review and revise the computation of the ABC for Allied Services taking into consideration the factors laid down in Section 2 of the MOP for the Procurement for Goods and Services and GPPB Resolution No. 07-2005. <p>We further recommended that the Corporate Planning Division revisit NFA SOP Nos. GM-G025 and GM-G026, and assess the need for revision, where necessary, in adherence with applicable laws, rules and regulations issued by oversight government agencies.</p>	<p>Closed.</p> <p>The Regional Audit Team shall monitor compliance of the recommendation.</p> <p>Closed.</p> <p>Closed.</p>
AO No. 8 Page 112	<p>Two hundred five (205) Purchase Orders (POs)/Job Orders (JOs) for various procurements with aggregate amount of P6.914 million were without "conforme" signatures by suppliers or if signed, dates were not indicated; thus, compliance by the</p>	<p>We recommended that Management require the GSD in the CO and General Services Section of the ROs/BOs to: (a) strictly adhere with COA Circular Nos. 2009-001 and 97-004, dated February 12, 2009 and July 1, 1997, respectively, on the submission of POs and JOs with complete supporting</p>	<p>Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>suppliers with the agreed delivery date is not verifiable. Also, POs/JOs for procurement aggregating P0.679 million were submitted beyond the reglementary period, contrary to the provisions of COA Circular Nos. 2009-001 and 97-004 dated February 12, 2009 and dated July 1, 1997, respectively, thereby, caused the delay in the conduct of audit/verification and timely communication of the deficiencies noted in the review, if any.</p>	<p>documents to the Auditor within the reglementary period; and (b) ensure that all the required information in the POs/JOs are duly filled out before submitting to the Audit Teams, such as, supplier's printed name, supplier's signature, and date of acceptance in the conforme section.</p>	
<p>AO No. 9 Page 114</p>	<p>The executive/managerial employees of NFA CO and NCR claimed transportation allowance (TA) totaling P1.373 million despite that government motor vehicles were assigned to their respective offices, contrary to Section 56, General Provisions of RA No. 11518, otherwise known as the General Appropriations Act (GAA) of Fiscal Year (FY) 2021, COA Circular No. 75-6 dated November 17, 1975, and Supreme Court Decision in the case of Aida Domingo vs. COA, G.R. No. 112371 dated October 7, 1998.</p>	<p>We recommended that Management discontinue the payment of transportation allowance to NFA officials with assigned government motor vehicles in compliance with the applicable GAA, COA Circular No. 75-6 and Supreme Court Decision in Domingo vs. COA, G.R. No. 112371 dated October 7, 1998.</p>	<p>Implemented.</p>
<p>2020 AAR AO No. 4 Page 100</p>	<p>Uncollected overdue receivables amounting to P255.832 million from various private and government companies/</p>	<p>We recommended that the FD and/or RO/Branch Accounting Sections to:</p>	

Reference	Observations	Recommendations	Actions Taken/ Comments
	<p>individuals and former NFA officials/employees who are already deceased and/or resigned/separated from the service remained dormant for 10 years and more due to lack of documentation and absence of updated information on collection. Non-implementation of existing guidelines and measures for dormant accounts pursuant to COA Circular No. 2016-005 and NFA SOP FS-FA13 affects the fair presentation of the balance of various Receivable accounts.</p>	<p>a. Continuously send demand letters to the last known addresses of debtors and employees/personnel who are no longer connected with NFA;</p> <p>b. Exhaust all possible legal remedies for the collection of long outstanding accounts, particularly those of private entities; and</p> <p>c. Consider the applicability of the guidelines and procedures prescribed under COA Circular No. 2016-005 on the writing-off of dormant accounts.</p>	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>
<p>AO No. 5 Page 103</p>	<p>The accuracy and reliability of the reported balance of the Customers' Deposits Payable account of the NFA CO as of December 31, 2020 amounting to P130.238 million cannot be ascertained due to incomplete documentation, discrepancy of P4.277 million between the balance per books and the result of confirmations, and the inclusion of unidentified deposits from various legislators amounting to P5.00 million which remained dormant for 20 years.</p>	<p>We recommended that Management:</p> <p>a. Require the FD to reconcile its records with that of the OPAPP and the DSWD-NRLMB;</p> <p>b. Instruct the GMOD, ROs, FOU, and the FD to coordinate regularly regarding the receipts of payment and issuance of rice stocks to ensure the proper accounting and documentation of customers' deposits;</p> <p>c. Coordinate with ROs IX and X in identifying the legislators and the reference SAROs. As an alternative action, obtain the necessary information from the DBM.</p>	<p>Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		Otherwise, return to the National Treasury all unutilized funds deposited by the legislators who are no longer in the service; and	
		d. Consider the applicability of the guidelines and procedures prescribed under COA Circular No. 99-004, EO Nos. 109 and 87, and DBM and COA Joint Circular No. 99-06 on the reversion of accounts payable.	Not Implemented.
2019 AAR Page 76	The maintenance and utilization of the Cereal Procurement Fund (CPF) in 12 POs such as: (a) underutilization of CPF and non-remittance of the unutilized CPF to the NFA-CO - P101.668 million; (b) incomplete documentation for CPF replenishment - P94.231 million; and (c) use of CPF for purposes other than palay procurement - P300,000 could hamper the agency's palay procurement activities and cause the management to fall short in achieving its objective of maintaining the required buffer stocks that will be used during disasters/calamities.	We recommended that Management:	
		a. Formulate more realizable estimates for budget requests based on duly assessed provincial procurement target to utilize CPF effectively and efficiently and be able to attain the required buffer stock needed for food security. In addition, intensify the procurement activities by encouraging farmer participation through information dissemination before the start of main crop season and deploying more procurement teams in the areas where harvesting season is on-going; and	Not Implemented.
		b. Return to NFA CO the unutilized CPF at the end of the procurement season/year in accord with the provisions of NFA SOP No. GM-PR33	Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
2018 AAR Page 74	An aggregate amount of P501.928 million investments did not reconcile with confirmed balances, were without supporting documents and no longer existing in the books of the investees as at December 31, 2018 due to the inability of the Management to strictly monitor its investments, thereby adversely affecting the reliability of the year-end balance of Non-Current Financial Assets account.	<p>and the directive issued by the NFA – Budget, Treasury and Fund Management Department Manager on December 19, 2019 which was communicated by the Regional Manager thru a wire message to all Provincial Managers on December 20, 2019.</p> <p>We recommended that Management require the ASD to:</p> <ol style="list-style-type: none"> a. Vigorously coordinate with the Asset Privatization Trust, Bureau of the Treasury (BTr), and Department of Agriculture (DA) for the return of NFA's investment in Gasifier and Equipment Manufacturing Corporation (GEMCOR); b. Coordinate with Food Terminal, Inc. (FTI), Manila Electric Company (MERALCO) and Development Bank of the Philippines (DBP) for the reconciliation of the Investment account balances; and c. For Philippine Long Distance Telephone Co., Kutowato, Capitol City Sports and Country Club, DBP-Trust, and NFA Employees Association, exert utmost efforts to retrieve/obtain documents to support the balances presented in the books, 	<p>Closed.</p> <p>For updating of the recommendation.</p> <p>Closed.</p> <p>For updating of the recommendation.</p> <p>Closed.</p> <p>For updating of the recommendation.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		and to reconcile with the investees the difference between the book and confirmed balances.	
2017 AAR Page 85	The existence of dormant/non-moving accounts for 20 to 32 years totaling P600.619 million and absence of necessary supporting documents rendered the Financial Liabilities-Payables-Loans Payable-Domestic account year-end balance of P82.122 billion unreliable. Further, recorded payments for the foreign loans amounting to P722.974 million for principal and P323.174 million for interest cannot be validated due to non-issuance of official receipts by the creditor.	We recommended that Management: a. Exert all efforts to secure the supporting documents to facilitate the review of the long outstanding loans payable, and prepare the necessary adjusting entries; b. Obtain copies of documents from the creditor evidencing payments on the loans and the corresponding interests; and c. Make necessary measures and arrangements for the settlement of the long outstanding loans accounts.	Closed. For updating of the recommendation. Closed. For updating of the recommendation. Closed. For updating of the recommendation.
Page 96	The lack of determination of NFA Management to undertake the necessary legal actions on the shortages of SAOs aggregating P184.198 million, recorded under Receivables-Other receivables-Due from officers and employees account, as required in NFA existing policies and guidelines had hampered the immediate recovery or settlement of the receivables, thereby, depriving the Agency of	We recommended that Management: a. Revisit the existing warehousing policies and procedures (SOPs) to identify the causes of the incurrence of shortages and strengthen the measures that will prevent and/or address the same; b. Set up the Agency level monitoring and evaluation of the implementation of the NFA SOPs and	Not Implemented. Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	additional funds to finance its operation.	guidelines on the settlement of shortages particularly on the issuance of demand letters to SAOs with established shortages within the prescribed period, filing of the appropriate administrative, criminal and civil cases, and collection of shortages;	
		c. Prioritize the liquidation of accountabilities of SAOs who are still in active service, especially those who are nearing retirement, and leverage on the role of Senior Accounts Specialist/ Accountant, to regularly deduct from all benefits and other resources accruing the SAO for the payment of shortages, in order to ensure NFA's welfare over the interest of SAOs; and	Not Implemented.
		d. Persistently follow-up the early resolution of the cases of accountable officers concerned to effect immediate collection of their shortages.	Not Implemented.

2016 AAR

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Trust liability accounts totaling P268.057 million in the books of HO have remained dormant for the past 10 years, rendering the existence of the obligation of NFA in the total amount of P558.916 million as of

We recommended that Management:

- a. Require the thorough verification of the nature or purposes of the projects, with long outstanding balances, and determine the status

Closed.

The amount of P191.334 million out of P252.678 million

Reference	Observations	Recommendations	Actions Taken/ Comments
	December 31, 2016 doubtful.	whether already completed, discontinued or abandoned;	Trust liabilities account at CO pertains to Corn Development Fund which was affected by the removal of several functions of the NFA under the RA No. 11203.
		b. Fast track the reconciliation of the balances against relevant records, determine the actual existence and proper valuation of accounts, ascertain and validate discrepancies between the recorded amounts and the actual existing balances;	Closed.
		c. Make the necessary adjustments in the books to determine actual balances and cause remittance to the concerned agencies;	Closed.
		d. Require the ASD and IASD to reconcile their records on Lingap Paras Mahihirap Project Fund, effect the necessary adjustments which are adequately documented in order to reflect the correct balance, and submit fund utilization report indicating the summary of expenses and status of the report of accomplishments certified by the Accountant; and	Closed.
		e. In coordination with SAs concerned request for COA's authority to	Closed.

Reference	Observations	Recommendations	Actions Taken/ Comments
Page 103	<p>The balance of Deferred Credits account of P598.940 million as at December 31, 2016 is unreliable as this still includes dormant balances of P16.827 million in HO and several FOs with stocks that remained unwithdrawn for five years and more, and overages of SAOs of P178.328 million whose final accountabilities have not been established.</p>	<p>write-off dormant accounts in accordance with COA Circular No. 2016-005.</p> <p>We recommended that Management prioritize the in-depth analysis to clear the long outstanding balances in the Deferred Credits account and instruct the HO departments/offices and ROs concerned to include, among others, the following:</p> <ul style="list-style-type: none"> a. Gather documents supporting the transactions pertaining to the advance payment of the legislator and on the conduct of stock examinations on SAOs with overages; b. Identify from the Deferred Credits subsidiary ledgers the warehouse accountable officers and their overages incurred per physical inventory count per year and take note of those who retired or were separated from service; and c. Obtain information and guidance on the following: <ul style="list-style-type: none"> c.1 Appropriate disposition of the advance payment made by the legislators since the stocks apparently have already been long withdrawn; 	<p>Closed.</p> <p>For updating of the recommendation.</p> <p>Closed.</p> <p>For updating of the recommendation.</p> <p>Closed.</p> <p>For updating of the recommendation.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
c.2	Status of accountability of the warehouse accountable officers; and		Closed. For updating of the recommendation.
c.3	Appropriate disposition of the long outstanding overages of retired/separated SAOs with or without final TOLA computation.		Closed. For updating of the recommendation.

PART IV - ANNEX

**DETAILS AND STATUS OF UNSETTLED AUDIT SUSPENSIONS,
DISALLOWANCES AND CHARGES
As of December 31, 2023**

I. Notices of Suspension (NSs)

NS No. /Date	Nature of Suspension	Person(s) Responsible	Amount	Status
Central Office (CO)			P416,787	
2019-002 (2018)/ 09/30/2019	Payment of Extraordinary and Miscellaneous Expenses (EME)	Various NFA personnel	89,405	For re-evaluation of the documents.
2018-001 (2017)/ 01/17/2019	Liquidation of fund transfer from Department of Agriculture - Bureau of Agriculture Research (DA – BAR)	-do-	327,382	-do-
Region IV-B			358,393	
Occidental Mindoro Branch (BO)				
2018-001-101- (16&17)/ 10/15/2018	Group Hospitalization Insurance Program (GHIP)	Various NFA personnel	271,195	With partial submission of documents.
2018-001-(16&17)/ 10/15/2018	-do-	-do-	87,198	-do-
Region VIII			12,824,103	
Regional Office (RO)				
2019-01-01-001/ 01/15/2019	Purchase of office supplies	Various NFA personnel	381,180	Unsettled.
2016-09-015/ 10/24/2016	-do-	-do-	20,443	-do-
2016-09-012/ 09/27/2016	Travelling expenses	-do-	14,445	-do-
2015-10-07(2015)/ 10/13/2015	Purchase of airline ticket	-do-	68,633	-do-
Northern Leyte BO				
2019-09-001/ 09/13/2019	Payment of 7% and final billing of the project Construction of 100TCC Warehouse with WSII office (warehouse 2) at NFA Alangalang	Various NFA personnel	11,571,615	Unsettled.
2017-10-006(2016)/ 10/24/2017	First and final payment for repair / rehabilitation of powerhouse at NFA, Palo, Leyte	-do-	456,743	-do-
2017-10-005(2016)/ 10/23/2017	Payment of 100% billing for concreting of driveway approach at entrance	-do-	89,148	-do-
2016-06-009(2016)/ 06/01/2016	Travelling expenses	-do-	4,050	-do-
2017-04-002/ 06/08/2017	Rehabilitation of NFA roofing and building	-do-	156,959	-do-
2016-07-010/ 07/14/2016	Reimbursement of supplies	-do-	2,400	-do-
2016-07-009/ 07/14/2016	Labor expenses	-do-	1,200	-do-

NS No. /Date	Nature of Suspension	Person(s) Responsible	Amount	Status
2016-06-006/ 06/21/2016	Reimbursement of supplies	Various NFA personnel	2,400	Unsettled.
2015-05-001/ 05/17/2016	Travelling expenses	-do-	1,280	-do-
Northern Samar BO				
2019-001 (18)/ 12/03/2019	Cash advance for Team Building	Various NFA personnel	15,600	Unsettled.
2019-018/ 12/03/2019	Cash advance for GAD Seminar	-do-	8,570	-do-
2018-001/ 10/19/2018	Guard house repair	-do-	9,844	-do-
2018-002/ 10/19/2018	LCD projector repair	-do-	6,094	-do-
2018-004/ 10/19/2018	Guard house repair	-do-	7,312	-do-
2018-010/ 10/19/2018	Aircon repair	-do-	6,187	-do-
Total			P 13,599,283	

II. Notices of Disallowance (NDs)

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
			P 20,692,119	
CO				
2023-001(2021)/ 12/07/2023	Payment for the supply and delivery of Motor Vehicles	Various NFA employees and NFA supplier	1,848,000	With Appeal.
10-02-101/ 05/17/2010	Payment of salaries and allowances	Various NFA Personnel	183,604	With Corporate Government Sector (CGS) Cluster 5 Decision No. 2018-041 with modification and this decision is final.
12-02-501 (11 & 12)/ 11/07/2012	Payment of honoraria for calendar year (CYs) 2011-2012	-do-	507,998	With CGS Cluster 5 Decision No. 2015-017, denying the Appeal.
14-01-501 (2012)/ 02/03/2014	Payment of Food and Grocery Incentives (FGI) CY 2012	-do-	13,275,000	Under Appeal with the Commission on Proper (CP). With partial settlement of P4,524,748.04 as of 12/31/2022 treated as Trust Liability.
18-004(11/12)/ 08/23/2018	Payment of honoraria CYs 2011-2012	-do-	25,633	Partially settled; With CGS Cluster 5 Decision No. 2015-004.
18-002 (2012- 2015)/ 01/17/2018	Reimbursement and liquidation of expenses under Irrigated Rice Production Enhancement Project (IRPEP)	-do-	10,634	With Notice of Finality of Decision (NFD) No. 18-001(2012-2015).
22-001(2020)/ 03/16/2022	Payment of GHIP/ Group Accident Insurance Program (GAIP) / Executive Health Care Program (EHCP) for CY 2020	Insurance provider, et al.	1,561,000	With Appeal.
18-003 (2016)/ 07/05/2018	Payment of GHIP, GAIP and EHCP	Various NFA personnel	2,373,280	With Appeal Corporate Government Audit Sector (CGAS) Cluster V Decision No. 2020-10 dated 03/05/2020. With partial settlement in the amount of P893,969.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
18-001 (14)/ 01/16/2018	Reimbursement of meal expenses	Various NFA personnel	417,771	With Appeal.
17-002(2015-2016)/ 11/29/2017	Travelling expenses of NFA- Employee Association (EA)	-do-	489,199	-do-
National Capital Region (NCR)			26,662,824	
RO				
2023-001 (2022/2021)/ 10/18/2023	Extraordinary and Miscellaneous Allowances	Various NFA personnel	111,308	Unsettled: No appeal filed as to date.
2022-003 (2021)/ 10/12/2022	Rice allowance	-do-	50,954	Unsettled: With CGS Cluster V Decision No. 2023-015 dated 04/19/ 2023 affirming the ND
2022-002 (2021)/ 10/12/2022	Registration of service vehicles	-do-	7,997	Partially Settled: Payment deducted from terminal leave pay of personnel concerned.
2022-001 (2021)/ 10/06/2022	TA	-do-	175,758	Unsettled: With CGS Cluster V Decision No. 2023-023 dated 07/10/ 2023 affirming the ND.
2018-01-2016/ 10/26/2018	GHIP and GAIP	-do-	1,678,013	Unsettled: with CGS Cluster V Decision No. 2020-025 dated 08/25/2020 affirming the ND.
2015-03-501(2010) NCR/CPO/ 01/27/2015	Payment of FGI CY 2010	-do-	2,170,000	Partially Settled.
2015-02-501(2011) NCR/CPO/ 01/27/2015	Payment of FGI CY 2011	-do-	2,395,000	-do-
2014-01-501(12)/ 01/24/2014	Payment of FGI CY 2012	-do-	2,255,000	-do-
Central District BO (CDBO)				
2022-01 (2018)/ 10/24/2022	Excess in rice allowance CY 2018	Various NFA personnel	1,793,706	Unsettled: with CGAS Cluster V Decision No. 2023-008 dated 03/07/2023 denying the appeal and affirming the ND
2022-02 (2019)/ 10/24/2022	Excess in rice allowance CY 2019	-do-	1,681,089	-do-
2022-03 (2018)/ 11/08/2022	Excess in rice allowance CY 2018	-do-	475,763	With CGAS Cluster V Decision No. 2023-016 dated 04/25/2023
2022-04 (2019)/ 11/08/2022	Excess in rice allowance CY 2019	-do-	426,041	-do-
2022-05 (2018)/ 11/14/2022	Excess in rice allowance CY 2018	-do-	303,554	-do-
2022-06 (2019)/ 11/14/2022	Excess in rice allowance CY 2019	-do-	256,613	-do-
2021-001(2019)/ 01/19/2021	-do-	-do-	81,878	With Appeal Memorandum.
2019-001/ 08/14/2019	Travel Expenses (NDO)	-do-	13,783	With CGAS Cluster V Decision No. 2023-036 dated 10/4/2023

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2016-02 (2008)/ 02/26/2016	Payment of FGI CY 2008	Various NFA personnel	1,310,000	Partially Settled: with CGS Cluster V Decision No. 2015-018 dated 12/09/2015 denying the appeal.
2016-01-(2010)/ 02/26/2016	Payment of FGI CY 2010	-do-	1,400,000	Partially Settled; with CGS Cluster V Decision No. 2016-053 dated 11/11/ 2016 affirming ND No. 2016-01 (2010).
2015-01-501(2010) BPU/ 01/28/2015	-do-	-do-	120,000	Partially Settled; with CGS Cluster V Decision No. 2016-004 dated 04/28/2016 affirming the ND.
2014-004 (2008)/ 12/18/2014	Payment of FGI CY 2008	-do-	1,575,000	Partially Settled: with CGS Cluster V Decision No. 2015-018 dated 12/09/2015 denying the appeal.
2014-003 (2011)/ 12/18/2014	Payment of FGI CY 2011	-do-	1,730,000	Partially Settled: with CGS Cluster V Decision No. 2015-018 dated 12/09/2015 denying the appeal.
2014-002 (2010)/ 12/18/2014	Payment of FGI CY 2010	-do-	1,780,000	-do-
14-01-788-03-(12)/ 02/06/2014	Payment of FGI CY 2012	-do-	214,523	Partially Settled; with COA Order of Execution No. 2017-002 dated 01/03/2017 and Supreme Court (SC) en Banc Notice of Finality Memo decision dated 10/03/2017.
2014-001 (2012)/ 02/20/2014	Payment of FGI CY 2012	-do-	1,640,000	Partially Settled: with Appeal Memorandum dated 05/20/2014.
East District BO (EDBO)				
14-01-001 (2012)/ 12/14/2014	Payment of FGI CY 2012	Various NFA personnel	384,766	Partially Settled. With NFDs and COEs.
2014-001-(2012)/ 05/05/2014	Payment of FGI CY 2011	-do-	583,369	-do-
14-01-002 (2010)/ 12/18/2014	Payment of FGI CY 2010	-do-	624,416	-do-
14-01-003 (2011)/ 12/18/2014	-do-	-do-	734,535	-do-
14-01-004 (2009)/ 12/18/2014	Payment of FGI CY 2011	-do-	674,173	-do-
2022-01 (2021)/ 10/26/2022	Rice allowance	-do-	15,585	With Appeal Memorandum.
Region I			10,646,158	
RO				
14-001-106(2012)/ 02/10/2014	Payment of FGI CY 2012	Various NFA personnel	610,000	With Petition for Certiorari at SC.
19-006-GOF-(19)/ 12/09/2019	CY 2019 GHIP	-do-	5,680	Unsettled, for issuance of COE.
20-001-GOF-(20)/ 10/01/2020	Payment of GAIP CY 2020	-do-	334,960	With CGS Cluster V Decision No. 2021-016 dated 05/18/2021.
15-003-106 (2014)/ 08/10/2015	Result of technical evaluation	-do-	69,857	Under Appeal in the Cluster level.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
16-001-106 (2015)/ 01/07/2016	Payment of CY 2015 GHIP	Insurance company	536,005	Under Appeal in the Cluster level.
16-003-106 (2015)/ 05/27/2016	Result of technical evaluation	Construction company	146,495	-do-
17-003-106 (2016)/ 01/25/2017	CY 2016 GHIP premiums	Various NFA personnel	47,010	With Petition for Review with the CP.
18-001-106 (2017)/ 01/08/2018	CY 2017 GHIP premiums	-do-	71,625	-do-
18-001-GOF (18)/ 05/16/2018	CY 2018 GHIP premiums	-do-	350,700	-do-
18-002-GOF (18)/ 10/08/2018	-do-	-do-	6,320	With CGAS Cluster V Decision No. 2020-041 dated 11/9/2020
19-004-GOF-(18)/ 05/22/2019	Payment of mechanical dryers	-do-	1,919,192	Under Appeal in the Cluster level.
19-005-GOF-(19)/ 05/08/2019	Payment of GHIP CY 2019	-do-	425,880	With CGAS Cluster V Decision No. 2020-043 dated 11/14/2020.
Eastern Pangasinan BO				
20-001-GOF-(19) to 20-020-GOF-(20)	Excess rice allowance	Various NFA personnel	110,066	With CGAS Cluster V Decision No. 2022-005 dated 03/04/2022.
2014-001(2012)/ 02/04/2014	Excess rice allowance	-do-	800,000	With CGAS Cluster V Decision No. 2014-012 dated 09/23/2014.
2014-001(2012)/ 2/05/2014	-do-	-do-	760,000	Under Petition for Certiorari at the SC.
2017-001(2016)/ 03/25/2017	CY 2016 GHIP premiums	-do-	68,518	-do-
2017-001(2016)/ 03/25/2017	-do-	-do-	83,458	-do-
20-001-GOF-(19) to 20-010-GOF-(19) / 11/18/2020	-do-	-do-	72,711	-do-
20-011-GOF-(20) to 20-020-GOF-(20) / 11/18/2020	-do-	-do-	53,898	-do-
20-013-GOF -(20) to 20-022-GOF-(20) / 11/18/2020	-do-	-do-	76,358	With CGAS Cluster V Decision No. 2022-005 dated 03/04/2022.
2002-2004	Drying and Milling	-do-	164,260	ND issued prior to the 2009 RRSA.
2002-2004	Travel Claims		12,109	-do-
La Union BO				
14-001-106(2012)/ 02/10/2014	Payment of FGI CY 2012	Various NFA personnel	620,000	NFD No. 2019-215.
BPO-14-01-(2013)/ 01/24/2014	-do-	-do-	480,000	With Notice of Finality under CP en banc resolution dated 05/30/2019.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2017-002-GOF-(16)/ 06/07/2017	CNAI CY 2016	Various NFA personnel	5,600	With COE No. 2018-07-096.
2011-001-RSFP-(10)/ 07/22/2011	Liquidated damages on the delivery of certified seeds	Multi-Purpose Cooperative	11,383	With issued COE.
17-001-106(2016)/ 02/10/2017	CY 2016 GHIP Premiums	-do-	81,996	With Petition for Review.
18-001-106(2017)/ 01/09/2018	CY 2017 GHIP Premiums	-do-	97,979	With CGAS Cluster V Decision No. 2020-042 dated 11/12/2020.
2021-01(19)/ 04/ 20/2021	Excess of rice allowance	-do-	34,660	With CGAS Cluster V Decision No. 2021-024 dated 07/28/2021.
2017-001-CF-(2016)/ 5/11/2017	Payment of GHIP CY 2016	Insurance company	44,069	With COA CAR Decision No. 2019-17.
2018-001-GOF-(17)/ 04/10/ 2018	GHIP CY 2017	-do-	55,089	With CGS Cluster 5 Decision No. 2021-009 .
20-001-GOF-(19)/ 11/12/2020	Excess of rice allowance	Various NFA personnel	7,450	With CGS Cluster V Decision No. 2021-033 affirming the disallowance.
20-002-GOF-(19)/ 11/12/2020	-do-	-do-	10,762	-do-
20-003-GOF-(19)/ 11/12/ 2020	-do-	-do-	19,840	-do-
20-004-GOF-(19)/ 11/12/ 2020	-do-	-do-	6,087	-do-
20-005-GOF-(19)/ 11/12/ 2020	-do-	-do-	6,763	-do-
20-006-GOF-(19)/ 11/12/ 2020	-do-	-do-	6,123	-do-
20-007-GOF-(19)/ 11/12/2020	-do-	-do-	6,803	-do-
20-008-GOF-(19)/ 11/12/2020	-do-	-do-	6,123	With CGS Cluster V Decision No. 2021-033 affirming the disallowance.
20-009-GOF-(19)/ 11/12/2020	-do-	-do-	6,803	-do-
20-010-GOF-(19)/ 11/12/2020	-do-	-do-	6,123	-do-
20-011-GOF-(19)/ 11/12/2020	-do-	-do-	6,803	-do-
20-012-GOF-(19)/ 11/12/2020	-do-	-do-	6,175	-do-
20-013-GOF-(19)/ 11/12/2020	-do-	-do-	6,861	With CGS Cluster V Decision No. 2022-021 affirming the disallowance.
20-014-GOF-(19)/ 11/12/2020	-do-	-do-	6,175	-do-
20-015-GOF-(19)/ 11/12/2020	-do-	-do-	6,861	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
20-016-GOF-(19)/ 11/12/2020	Excess of rice allowance	Various NFA personnel	6,175	With CGS Cluster V Decision No. 2021-033 affirming the disallowance.
20-017-GOF-(19)/ 11/12/2020	-do-	-do-	6,861	-do-
20-018-GOF-(19)/ 11/12/2020	-do-	-do-	18,524	-do-
20-019-GOF-(19)/ 11/12/2020	-do-	-do-	19,897	-do-
20-020-GOF-(20)/ 11/12/2020	-do-	-do-	12,686	-do-
20-021-GOF-(20)/ 11/12/2020	-do-	-do-	15,223	-do-
20-022-GOF-(20)/ 11/12/2020	-do-	-do-	5,024	-do-
20-023-GOF-(20)/ 11/12/2020	-do-	-do-	6,460	-do-
20-024-GOF-(20)/ 11/12/2020	-do-	-do-	5,640	-do-
20-025-GOF-(20)/ 11/12/2020	-do-	-do-	7,251	-do-
20-026-GOF-(20)/ 11/12/2020	-do-	-do-	5,983	-do-
20-027-GOF-(20)/ 11/12/2020	-do-	-do-	6,921	-do-
20-028-GOF-(20)/ 11/12/2020	-do-	-do-	5,463	-do-
20-029-GOF-(20)/ 11/12/2020	-do-	-do-	7,024	-do-
20-030-GOF-(20)/ 11/12/2020	-do-	-do-	5,386	-do-
20-031-GOF-(20)/ 11/12/2020	-do-	-do-	6,925	-do-
20-032-GOF-(20)/ 11/12/2020	-do-	-do-	5,308	-do-
20-033-GOF-(20)/ 11/12/2020	-do-	-do-	6,824	-do-
20-034-GOF-(20)/ 11/12/2020	-do-	-do-	5,571	-do-
20-035-GOF-(20)/ 11/12/2020	-do-	-do-	6,367	-do-
Ilocos Norte BO				
20-023-GOF (20)/ 12/18/2020	Travel allowance	Various NFA personnel	4,500	With CGAS Cluster V Decision No. 2023-037.
20-024-GOF-(20) / 12/18/2020	-do-	-do-	11,850	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
20-026-GOF-(20) / 12/18/2020	Travel allowance	Various NFA personnel	11,550	With CGAS Cluster V Decision No. 2022-021.
20-027-GOF-(20) / 12/18/2020	-do-	-do-	8,250	-do-
20-028-GOF-(20) / 12/18/2020	-do-	-do-	14,550	-do-
20-029-GOF-(20) / 12/18/2020	-do-	-do-	8,550	-do-
20-022-GOF-(20) / 12/18/2020	-do-	-do-	4,500	-do-
14-001-106 (2012)/ 02/10/2014	Payment of FGI CY 2012	-do-	720,000	With Petition for Certiorari with the SC.
14-001-106 (2012)/ 02/10/2014	-do-	-do-	580,000	-do-
14-001-106 (2012)/ 02/10/2014	-do-	-do-	260,000	With NFD No. 2019-208. Under Petition for Certiorari at the SC.
17-02-GOE(2016)/ 05/18/2017	Familiarization allowance	-do-	5,600	Under Petition for Review with the CP.
20-001 -010-GOF (19) and 20-011-GOF(20) - 20-019GOF (20)/ 11/10/2020	Excessive rice allowances	-do-	61,715	With CGS Cluster V Decision No. 2021-027.
20-001 to 019-GOF- (19) to GOF(20)/ 11/10/2020	-do-	-do-	105,150	With CGS Cluster V Decision No. 2021-032 dated 10/14/2021
17-04-GOE (17)/ 12/04/2017	Payment of GHIP	-do-	21,316	Under petition for review with the CP.
17-001-GOE-(16)/ 04/17/2017	-do-	-do-	59,147	-do-
17-002-GOE/ 12/6/2017	-do-	-do-	71,442	-do-
20-01 to 11-GOF (19) 20-12 to 21 GOF (19)	Excess of rice allowance	-do-	144,247	-do-
17-01-GOE(2016)/ 03/13/2017	Payment of GHIP	-do-	11,182	-do-
17-01-GOE(2016)/ 03/25/2017	-do-	-do-	44,072	-do-
17-04-GOE-(17)/ 12/04/2017	-do-	-do-	55,794	-do-
17-03-GOE/ 07/03/2017	Familiarization allowance	-do-	5,600	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
Region II			3,104,289	
RO				
2014-01-101(12)/ 04/10/2014	Payment of FGI CY 2012	Various NFA personnel	20,000	SC issued a decision dismissing the Petition for Certiorari and affirming the COA Decision. Total ND was P645,000 but with refund of P625,000 leaving unsettled amount of P20,000.
2018-001 (2018)/ 05/29/2015	Transportation Allowance (TA)	-do-	27,432	CGAS Cluster V issued Decision No. 2022-036 dated 12/21/2022 denying the appeal and affirming the ND.
2018-001 (2018)/ 05/29/2015	-do-	-do-	85,387	-do-
2018-002 (2018)/ 08/31/2018	TA	-do-	17,000	Unsettled.
2018-009 (2017)/ 05/29/2018	Payment of GHIP for CYs 2016 and 2017	-do-	1,558,253	With Appeal Memorandum.
Cagayan BO				
2014-01-101(12)/ 03/31/2014	Payment of FGI for CY 2012	Various NFA personnel	112,663	NFD No. 2019-131 dated 03/14/2019 was issued by the CP. Partially settled.
2014-01-101	-do-	-do-	234,136	NFD No. 2020-400 dated 12/01/2020 was issued by the CP. Partially settled.
2021-01-GOF (2020)/ 06/07/2021	Payment of fuel, oil and lubricants expenses	Various NFA personnel and supplier	6,597	COE was also issued by the Cluster Director (CD).
2021-02-GOF (2020)/ 06/07/2021	-do-	-do-	1,619	-do-
2021-03-GOF (2020)/ 06/07/2021	-do-	-do-	1,780	-do-
2014-01 101/ 03/31/2014	Payment of FGI for CY 2012	-do-	285,094	SC decision dated 12/01/ 2020 was issued dismissing the Petition for Certiorari. Partially settled.
2022-01-GOF (2020)/ 01/03/2022	Excess payment of handling services	Various NFA personnel and handling services contractor	5,035	Appeal was filed.
2022-02-GOF (2020)/ 01/03/2022	-do-	-do-	67,388	-do-
2022-03-GOF (2020)/ 01/03/2022	-do-	-do-	83,883	-do-
2022-04-GOF (2020)/ 01/03/2022	-do-	-do-	50,910	-do-
2022-05-GOF (2020)/ 01/03/2022	-do-	-do-	128,220	-do-
2022-06-GOF (2020)/ 01/03/2022	-do-	-do-	1,551	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2022-07-GOF (2020)/ 01/03/2022	Excess payment of handling services	Various NFA personnel and handling services contractor	55,037	Appeal was filed.
2022-08-GOF (2020)/ 01/03/2022	-do-	-do-	108,397	-do-
2022-09-GOF (2020)/ 01/03/2022	-do-	-do-	14,486	-do-
<u>Nueva Vizcaya BO</u>				
2014-01-101(12)/ 04/10/2014	Payment of FGI CY 2012	Various NFA personnel	30,459	Partially settled; With COA Decision No. 2020-181, petition for review was denied and affirmed the ND.
2014-01-101(12)/ 04/10/2014	-do-	-do-	73,712	Partially settled; With COA Decision No. 2020-125, petition for review was denied and affirmed the ND.
2021-001(2021)/ 11/16/2021	Hazard pay for CY 2020	Job Order Personnel	25,500	CGAS Cluster V Decision No. 2022- 029 denied the appeal and affirmed the ND. Partially settled.
2021-002(2021)/ 11/16/2021	-do-	-do-	10,500	-do-
2014-01-101/ 03/31/2014	Payment of FGI	Various NFA personnel	18,250	Management filed an appeal to the CP. Partially settled.
<u>Isabela BO</u>				
2014-01-101(12)/ 04/10/2014	Payment of FGI CY 2012	Various NFA personnel	81,000	Partially settled; Under Petition for Certiorari at the SC.
<u>Region III</u>			7,613,218	
<u>RO</u>				
2014-001(2012)/ 06/30/2014	Payment of FGI CY 2012	Various NFA personnel	780,153	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.
16-001-CPF-(15)/ 07/11/2016	Payment for procurement of palay	-do-	85,151	With Petition for Review.
16-002-CPF-(15)/ 07/11/2016	-do-	-do-	121,686	-do-
16-003-CPF-(15)/ 07/11/2016	-do-	-do-	155,228	-do-
<u>Pampanga BO</u>				
PBO 2014-001(2012)/ 05/16/2014	Payment of FGI CY 2012	Various NFA personnel	310,000	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.
ZPO 2014-001(2012)/ 05/16/2014	-do-	-do-	436,000	-do-
PPO 2014-001(2012)/ 05/16/2014	-do-	-do-	574,000	-do-
<u>Nueva Ecija BO</u>				
2014-001(2012) (Nueva Ecija)/ 06/30/2014	Payment of FGI CY 2012	Various NFA personnel	2,180,000	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2014-001 (2012) (Aurora)/ 06/30/2014	Payment of FGI CY 2012	Various NFA personnel	660,000	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.
Tarlac BO				
2014-001(2012)/ 05/16/2014	Payment of FGI CY 2012	Various NFA personnel	695,000	Partially settled. With consolidated Petition for Review.
2014-002(2012)/ 07/07/2014	-do-	-do-	695,000	-do-
Bulacan BO				
2014-001(2-12)/ 06/27/2014	Payment of FGI CY 2012	Various NFA personnel	921,000	Partially settled. With consolidated Petition for Review.
Region IV-A			20,182,511	
RO				
2011-01-(2010)/ 10/12/2011	Payment of FGI CY 2010	Various NFA personnel	179,500	With COE No. 2016-048 dated 06/20/ 2016. Demand letters were sent to the resigned/retired employees.
2012-01-(2011)/ 05/07/2012	Payment of FGI CY 2011	-do-	760,000	With CGAS Cluster V Decision No. 2015-018 dated 09/09/2015.
2013-01-(2012)/ 04/12/2013	Payment of FGI CY 2012	-do-	268,000	With Petition for Certiorari filed with the SC.
Laguna BO				
2011-005 (2010)/ 07/24/2011	Payment of FGI CY 2010	Various NFA personnel	700,000	With NFD No. 2019-171.
2011-001 (2009)/ 07/24/2011	Payment of FGI CY 2009	-do-	680,000	-do-
2013-003 (2012)/ 08/29/2013	Payment of FGI CY 2012	-do-	760,000	With NFD No. 2020-007.
2012-01-101(2011)/ 07/24/2012	Payment of FGI CY 2011	-do-	740,000	With NFD No. 2022-106.
2013-005(12)/ 08/29/2013	Payment of FGI CY 2012	-do-	360,000	With CGAS Decision No. 2015-018 dated 12/09/2015.
14-001-101(09)/ 09/10/2014	Payment of FGI CY 2009	-do-	400,000	Under evaluation by the Claims and Adjudication Office, Commission Proper Adjudication and Secretariat Support Services Sector.
14-002-101(10)/ 09/10/2014	Payment of FGI CY 2010	-do-	420,000	-do-
2015-001 (2008)/ 12/14/2015	Payment of FGI CY 2008	-do-	425,000	-do-
2015-002 (2011)/ 12/14/2015	Payment of FGI CY 2011	-do-	380,000	-do-
Batangas BO				
2010-01 (2008)/ 01/7/2010	Payment of FGI CY 2008	Various NFA personnel	490,000	With COA COE No. 2015-237 dated 10/27/ 2015.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2013-002 (2012)/ 04/12/2013	Payment of FGI CY 2012	Various NFA personnel	558,500	With NFD No. 2020-400 issued by the Office of the Commission Secretariat. Partially settled.
2015-001 (2010)/ 08/25/2015	Payment of FGI CY 2010	-do-	834,000	With NFD No. 2022-335 issued by the CP.
2015-002 (2011)/ 08/25/2015	-do-	-do-	872,000	-do-
09-002-101 (08)	Payment of FGI CY 2008	-do-	375,000	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.
12-001-016-101(09)	Payment of FGI CY 2009	-do-	320,000	-do-
12-017-101 (10)	Payment of FGI CY 2010	-do-	420,000	-do-
13-001-GOF(12)	Payment of FGI CY 2012	-do-	420,000	-do-
2020-001-GOF-(2019)	Payment of Collective Negotiation Agreement (CNA) CY 2019	-do-	521,592	With Petition for Review filed before the CP.
2008-022-101 (04)	Cost of Living Allowance (COLA) differential	-do-	740,870	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015
2009-002-101(06)	-do-	-do-	4,116,049	-do-
Quezon BO				
11-001-101-(10)/ 05/25/2011	Payment of FGI CY 2010	Various NFA personnel	212,000	With COE No. 2019-041.
10-001-101-(08)/ 03/02/2010	Payment of FGI CY 2008	-do-	290,000	With NFD No. 2019-153.
10-002-101-(09)/ 03/02/2010	Payment of FGI CY 2009	-do-	250,000	-do-
12-001(08)/ 07/17/2012	Payment of FGI CY 2008	-do-	615,000	With pending Petition for Certiorari filed before the SC.
12-002(09)/ 07/18/2012	Payment of FGI CY 2009	-do-	580,000	-do-
12-003(11)/ 07/19/2012	Payment of FGI CY 2011	-do-	640,000	-do-
13-001-(11)/ 01/09/2013	-do-	-do-	280,000	With CGAS Cluster V Decision No. 2015-018 dated 12/09/2015.
14-001-(12)/ 02/25/2014	Payment of FGI CY 2012	-do-	315,000	-do-
11-001(10)/ 08/02/2011	Payment of FGI CY 2010	-do-	620,000	The Petition is under evaluation of the Claims and Adjudication Office - Corporate per letter of the COA Commission Secretary.
2013-004(2012)/ 08/29/2013	Payment of FGI CY 2012	-do-	640,000	-do-
Region IV-B			9,821,413	
Palawan BO				
09-001-101 (09)/ 12/28/2009	Payment of FGI CY 2008	Various NFA personnel	225,570	Partially settled. NDs with Notice of Finality and COA Order of Execution.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2011-001 (2009)/ 09/06/2011	Payment of FGI CY 2009	Various NFA personnel	161,399	Partially settled. NDs with Notice of Finality and COA Order of Execution.
2011-002 (2010)/ 10/26/2011	Payment of FGI CY 2010	-do-	234,279	-do-
2012-001(2011)/ 01/18/2013	-do-	-do-	621,247	-do-
Occidental Mindoro BO				
2010-01-(2008)/ 01/07/2010	Payment of FGI CY 2008	Various NFA personnel	277,992	Unsettled.
11-001-GOF(10)/ 09/12/2011	Payment of FGI CY 2010	-do-	202,992	-do-
2009-002-101/ 01/07/2010	Payment of FGI CY 2009	-do-	525,667	With NFD.
12-001-GOF(11)/ 05/29/2012	Payment of FGI CY 2011	-do-	809,000	Under Appeal. Partially settled.
13-001-GOF(12)/ 03/22/2013	Payment of FGI CY 2012	-do-	540,311	-do-
15-001-GOF (09)/ 10/19/2015	Payment of FGI CY 2009	-do-	580,000	-do-
11-001-GOF-(10)/ 10/05/2011	Payment of FGI CY 2010	-do-	581,626	A Petition for Review was filed. Partially settled.
13-001-GOF-(12)/ 01/10/2013	Payment of FGI CY 2012	-do-	502,667	Under Appeal. Partially settled.
15-001-GOF (08)/ 09/15/2015	Payment of FGI CY 2008	-do-	575,000	-do-
15-002-GOF (11)/ 10/19/2015	Payment of FGI CY 2011	-do-	698,077	-do-
18-001-101-(15-17)/ 10/15/2018	Payment of 2015-2017 step increment	-do-	25,575	Under Appeal.
18-001-101 (15-17)/ 09/29/2018	-do-	-do-	35,011	Under Appeal. Partially settled.
Oriental Mindoro BO				
13-001-GOF(12)/ 10/25/2013	Payment of FGI CY 2012	Various NFA personnel	50,000	With NFD.
15-002- GOF (10)/ 10/22/2015	Payment of FGI CY 2010	-do-	820,000	-do-
2010-01 (2008)/ 01/02/2010	Payment of FGI CY 2008	-do-	820,000	With Petition for Review
15-001- GOF (09)/ 10/22/2015	Payment of FGI CY 2009	-do-	695,000	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
15-003- GOF (11)/ 10/22/2015	Payment of FGI CY 2011	Various NFA personnel	840,000	With Petition for Review.
Region V			5,614,921	
RO				
12-002-GOF(10)/ 11/26/2012	Payment of FGI CY 2010	Various NFA personnel	448,350	With COA CP Decision No. 2016-434 denying the motion for reconsideration. Partially settled.
12-002-GOF(11)/ 11/26/2012	Payment of FGI CY 2011	-do-	600,000	-do-
14-001-GOF(12)/ 09/05/2014	Payment of FGI CY 2012	-do-	605,000	-do-
Albay BO				
14-001-101-(12)/ 05/23/2014	Payment of FGI	Various NFA personnel	440,000	With COA CGS 5 Decision No. 2015-018 denying the appeal. Partially settled.
12-001-GOF-(11)/ 11/26/2012	-do-	-do-	900,000	-do-
12-002-GOF-(10)/ 11/26/2012	-do-	-do-	187,530	With COA CP Decision No. 2016-434 dated 12/27/2016 denying to motion for reconsideration and affirming the disallowance. Partially settled.
14-001-GOF-(12)/ 09/05/2014	-do-	-do-	930,000	-do-
Camarines Sur BO				
14-001-101-(12)/ 05/23/2014	Payment of FGI	Various NFA personnel	213,001	Partially settled.
2014-001-101(12)/ 05/23/2014	Payment of FGI CY 2012	-do-	95,600	Without Appeal, became final and executory.
2018-001-101(18)/ 09/19/2018	Grant of Representation and TA (RATA)	-do-	25,000	With Appeal.
Sorsogon BO				
No detail	No detail	Various NFA personnel	11,086	No records on file.
2014-09-001/ 09/11/2014	Payment of FGI	-do-	239,354	With COA Decision No. 2015-018 denying the appeal and affirming the disallowance.
2012-05-001(11)/ 05/21/2012	-do-	-do-	440,000	Petition for review filed with the CP.
14-001-101 (12)	FGI for CY 2011	-do-	480,000	With COA CP Decision No. 2016-434 denying the motion for reconsideration.
Region VI			28,131,119	
RO				
13-005-GOF (12)/ 01/04/2013	Housing allowance	Various NFA personnel	2,000	Appeal/ Motion for Reconsideration on COA Decision is filed.
13-003-GOF (10)/ 01/04/2013	Payment of FGI CY 2010	-do-	486,000	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
13-002-GOF (11)/ 01/04/2013	Payment of FGI CY 2011	Various NFA personnel	500,000	Appeal/ Motion for Reconsideration on COA Decision is filed.
12-004-GOF (12)/ 11/22/2013	Housing allowance	-do-	2,500	-do-
14-001- GOF(12)/ 09/09/2014	Payment of FGI CY 2012	-do-	445,000	-do-
Iloilo BO				
11-001-101-(09)/ 06/30/2011	Payment of FGI CY 2009	Various NFA personnel	580,000	Unsettled.
11-002-101-(10)/ 06/30/2011	Payment of FGI CY 2010	-do-	670,000	-do-
2012-001-101-(11)/ 12/13/2012	Payment of FGI CY 2011	-do-	700,000	-do-
2012-002-101-(12)/ 01/07/2013	-do-	-do-	20,000	-do-
2014-001-GOF-(12)/ 09/16/2014	Payment of FGI CY 2012	-do-	720,000	-do-
2018-001 GOF (2015/2016)/ 06/13/2018	Payment for security services	-do-	1,948,428	-do-
14-002-GOF- (2012)/ 09/09/2014	Payment of FGI CY 2012	-do-	1,440,000	Motion for Reconsideration filed before the CP.
14-001-GOF- (2011)/ 09/09/2014	-do-	-do-	1,460,000	-do-
18-001-GOF- (2015/2016)/ 04/17/2018	Payment for security services	-do-	7,834,195	Unsettled.
Capiz BO				
2012-001-GOF(10)/ 06/26/2012	Payment of FGI CY 2010	Various NFA personnel	505,000	With COA Decision No. 2021-415.
2012-002-GOF(11)/ 06/26/2012	Payment of FGI CY 2011	-do-	520,000	-do-
14-001-GOF-(2010)/ 09/09/2014	Payment of FGI CY 2010	-do-	880,000	With CGS 5 Decision No. 2015-018.
14-002-GOF-(2011)/ 09/09/2014	Payment of FGI CY 2011	-do-	920,000	-do-
14-003-GOF-(2012)/ 09/09/2014	Payment of FGI CY 2012	-do-	880,000	-do-
2018-001-GOF (2015/2016)/ 05/10/2018	-do-	-do-	3,053,902	Unsettled.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2019-001-GOF (2016-2018)/ 10/10/2019	Payment of GAIP CYs 2016-2018	Various NFA personnel	1,200	Unsettled.
2014-001-GOF-(12)/ 09/16/2014	Payment of FGI CY 2012	-do-	520,000	-do-
2018-001- GOF(2015/2016)/ 05/04/2018	Payment for security services	-do-	1,271,934	Under Appeal.
2019-001 GOF (2016-2018)/ 04/12/2019	Payment of GAIP CYs 2016-2018	-do-	960	-do-
<u>Negros Occidental BO</u>				
2014-001 (2010)/ 06/30/2014	Payment of FGI CY 2010	Various NFA personnel	910,000	With CGS 5 Decision No. 2015-018.
2014-001 (2011)/ 06/30/2014	Payment of FGI CY 2011	-do-	940,000	-do-
2014-001 (2012)/ 06/30/2014	Payment of FGI CY 2012	-do-	920,000	-do-
<u>Region VII</u>			3,325,575	
<u>RO</u>				
2014-001(12)/ 06/25/2014	Payment of FGI	Various NFA personnel	660,000	Unsettled.
2014-001(12)/ 06/25/2014	-do-	-do-	275,575	With partial settlement
<u>Cebu BO</u>				
2014-001(12)/ 06/25/2014	Payment of FGI	Various NFA personnel	1,530,000	With Petition for Review before the CP.
<u>Negros Oriental BO</u>				
2014-001(12)/ 06/25/2014	Payment of FGI	Various NFA personnel	540,000	With Petition for Review.
2014-001(12)/ 06/25/2014	-do-	-do-	320,000	-do-
<u>Region VIII</u>			11,466,237	
<u>RO</u>				
2019-08-03/ 08/13/2019	Travelling expenses	Various NFA personnel	4,600	Unsettled.
2019-08-02/ 08/09/2019	-do-	-do-	6,000	-do-
2019-08-01/ 08/09/2019	-do-	-do-	6,000	-do-
2016-08-007/ 08/31/2016	Payment for construction of 40,000 cc warehouse, NFA, Borongon City	-do-	253,401	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2015-10-01 (15)/ 10/13/2015	Driver's license renewal fee	Various NFA personnel	418	Unsettled.
2015-10-02 (15)/ 10/19/2015	Travelling expenses	-do-	800	-do-
2013-001-GOF (2012)/ 08/29/2013	Details not provided	-do-	680,000	With Appeal.
2012-001-GOF (10)/ 05/08/2012	-do-	-do-	610,000	-do-
2012-002-GOF (11)/ 06/05/2012	-do-	-do-	665,000	-do-
2012-001-GOF (12)/ 11/14/2012	-do-	-do-	240	-do-
2012-002-GOF (12)/ 11/14/2012	-do-	-do-	240	-do-
Leyte BO				
2020-07-007 (2019)/ 07/27/2020	RATA	Various NFA personnel	227	Unsettled.
2020-07-006 (2019)/ 07/27/2020	-do-	-do-	227	-do-
2020-07-005 (2019)/ 07/27/2020	-do-	-do-	455	-do-
2020-07-004 (2019)/ 07/27/2020	-do-	-do-	682	-do-
2020-07-003 (2019)/ 07/27/2020	-do-	-do-	227	-do-
2020-07-002 (2019)/ 07/27/2020	-do-	-do-	227	-do-
2020-07-001 (2019)/ 07/27/2020	-do-	-do-	909	-do-
2019-09-001 (2016)/ 09/25/2019	Last and final billing of project construction of 100 tcc warehouse with WSII office at San Pablo, Ormoc	-do-	266,689	-do-
2013-001-GOF (2012)/ 08/29/2013	Payment of FGI	-do-	995,000	Under Appeal.
2012-001-GOF(10)/ 09/2012	-do-	-do-	920,000	-do-
2012-002-GOF(11)/ 05/11/2012	-do-	-do-	960,000	-do-
2021-06-003 (2019)/ 06/11/2021	Travelling expenses	-do-	5,497	Unsettled.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2020-01-001 (2019)/ 01/30/2020	Purchase of cellphone case	Various NFA personnel	500	Unsettled.
2016-09-002/ 09/05/2016	Travelling expenses	-do-	3,520	-do-
2016-09-004 (2016)/ 09/05/2016	-do-	-do-	3,640	-do-
2016-09-006 (2016)/ 09/07/2016	-do-	-do-	3,640	-do-
2013-001-GOF (2012)/ 08/28/2013	Payment of FGI	-do-	560,000	With CGS Cluster 5 Decision No. 2014-012 dated 09/23/2014.
2012-005 to 032 (11)/ 08/17/2012	-do-	-do-	535,000	-do-
2017-01-001 (2016)/ 02/16/2017	Travelling expenses	-do-	1,200	With partial settlement.
2013-001 (GOF) 2012/ 08/28/2013	Payment of FGI	-do-	440,000	Under Appeal.
2012-001-COB(11)/ 05/31/2012	-do-	-do-	405,000	-do-
2012-001-COB(12)/ 05/31/2012	-do-	-do-	455,000	-do-
Northern Samar BO				
2012-001 (2011) / 04/25/2012	Payment of FGI	Various NFA personnel	640,000	Under Appeal.
2017-05-002 (2017)/ 08/28/2013	-do-	-do-	60,000	-do-
2020-001(2018)/ 09/11/2020	Travelling expenses	-do-	1,600	Unsettled.
2020-002(2018)/ 09/11/2020	-do-	-do-	800	-do-
2012-001 (2011)/ 05/2012	Payment of FGI	-do-	470,501	Under Appeal.
2013-001 (12) GOF/ 07/29/2013	-do-	-do-	530,000	With motion for consideration with the CP.
2012-001-101-(10)/ 02/01/2012	-do-	-do-	600,000	Under Appeal.
2012-002-101-(11)/ 02/06/2012	-do-	-do-	675,000	-do-
2013-001-GOF- (12)/ 8/29/2013	-do-	-do-	680,000	-do-
2014-02-GOF-(12)/ 12/29/2014	Travelling expenses	-do-	8,547	NS matured into ND.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2014-01-GOF-(12)/ 12/29/2014	Travelling expenses	Various NFA personnel	6,200	NS matured into ND.
2017-03-002 (2016)/ 03/29/2017	Trucking services	-do-	6,070	Unsettled.
2015-11-01 (2015)	Claims of travelling expenses	-do-	3,180	-do-
Region IX			7,991,859	
RO				
11-002-GOF (11)/ 09/01/2011	Payment of GHIP CY 2011	Various NFA personnel	473,357	Under Appeal.
17-001-13/ 06/08/2017	Payment of GHIA CY 2013	-do-	494,365	With Petition for Review before the CP.
17-002-14/ 06/08/2017	Payment of GHIA CY 2014	-do-	408,087	-do-
17-004-17/ 06/08/2017	Payment of GHIA CY 2016	-do-	220,629	-do-
17-003-15/ 06/08/2017	Payment of GHIA CY 2015	-do-	293,597	-do-
14-001-(12)/ 12/02/2014	Payment of FGI CY 2012	-do-	186,268	With NFD. Partially settled.
12-001(11)	Payment of FGI CY 2011	-do-	172,518	Unsettled.
11-003-GOF(10)/ 09/13/2011	Payment of FGI CY 2010	-do-	357,755	With partial settlement.
Zamboanga City BO				
ZCPO11-001- GOF(10)/ 10/03/2011	Payment of FGI CY 2010	Various NFA personnel	195,165	With NFD. With partial settlement.
ZCPO12-001-(11)/ 04/30/2012	Payment of FGI CY 2011	-do-	214,462	-do-
ZCPO14-001(12)/ 02/12/2014	Payment of FGI CY 2012	-do-	295,173	With partial settlement.
11-001-101 (10)/ 02/04/2011	Payment of FGI CY 2010	-do-	86,787	Unsettled.
11-002-101 (10)/ 02/07/2011	Payment of CNAI CY 2010	-do-	73,405	-do-
15-002-101(12)/ 07/07/2015	Payment of FGI CY 2011	-do-	122,567	With partial settlement.
15-001-101(13)/ 07/07/2015	Payment of FGI CY 2012	-do-	100,000	-do-
19-001-101(10)/ 10/03/2019	Travel expenses	-do-	6,649	Unsettled.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
19-001-102(10)/ 10/03/2019	Travel expenses	Various NFA personnel	9,423	Unsettled.
Zamboanga del Sur BO				
12-003-GOE 0912(09)/ 12/29/2011	Payment of FGI	Various NFA personnel	625,000	For automatic review by the CP.
12-001-GOE 1012(10)/ 12/21/2011	-do-	-do-	580,000	-do-
12-002-GOE 1112(11)/ 12/21/2011	-do-	-do-	640,000	-do-
15-001-101(12)/ 09/29/2015	-do-	-do-	399,200	With CGS-5 Decision No. 2016-057 dated 11/17/2016. With NFD issued by CP.
15-002-101(12)/ 09/29/2015	-do-	-do-	80,000	-do-
11-001-101(10)/ 02/04/2011	-do-	-do-	480,000	With NFD.
11-002-101 (10)/ 02/11/2011	CNA	-do-	259,487	With NFD. Partially settled.
12-005 GOE 1005(12)/ 05/15/2012	-do-	-do-	13,000	NFD issued and received by the persons liable.
12-004 GOE 1005(10)/ 05/28/2012	-do-	-do-	15,000	-do-
12-004 GOE 1012(10)/ 09/22/2012	Cash advance for travel	-do-	13,000	-do-
13-001 GOE 1212(12)/ 01/4/2013	Payment of FGI	-do-	46,000	Partially settled.
13-002 GOE 1212(12)/ 01/11/2013	-do-	-do-	570,000	-do-
2012-01-(2010-2011)/ 12/03/2012	-do-	-do-	560,965	With NFD. Partially settled.
Region X			5,918,142	
RO				
14-01-GOF-(2012)/ 06/30/2014	Payment for FGI	Various NFA personnel	480,000	With partial payment
12-002-GOF(10)/ 04/30/2012	-do-	-do-	400,000	-do-
12-001-GOF(11)/ 04/30/2012	-do-	-do-	806,418	-do-
11-004-GOF(10)/ 08/17/2011	Director's annual dues; EME without complete documentation	-do-	12,000	Unsettled.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
11-002-GOF(10)/ 07/07/2011	Cost of transportation incurred in the family visit of the Regional Director (RD) for the months of January-July 2010	Various NFA personnel	49,887	Under Appeal.
11-001-GOF(10)/ 05/15/2011	EME for CY 2010 exceeded the allowable budget of P94,000	-do-	8,983	Unsettled.
10-001-GOF(10)/ 10/18/2010	Travelling expenses of the farmers' representative of NFA	-do-	18,880	-do-
<u>Bukidnon BO</u>				
14-01-GOF(2012)/ 06/30/2014	Payment for FGI	Various NFA personnel	931,000	With NFD issued pursuant to SC decision with G.R. No. 237874. Partially settled.
<u>Misamis Oriental BO</u>				
14-01-GOF(2012)/ 06/30/2014	Payment for FGI	Various NFA personnel	640,000	Appeal elevated to the CP for automatic review.
12-10-001(11)/ 10/05/2012	-do-	-do-	700,000	Appeal reconstitution dated 02/13/2024 submitted to Legal Office.
16-01-GOF(2011)/ 12/04/2016	-do-	-do-	211,920	Appeal denied, COA-Region X-Decision No. 2023-015.
13-02-GOF(2012)/ 06/30/2014	-do-	-do-	220,000	Appeal elevated to the CP for automatic review.
<u>Lanao del Norte BO</u>				
2012-002/ 12/10/2012	Payment of GAIP	Various NFA personnel	1,680	With CGS Cluster V Decision No, 2021-022.
2012-001/ 12/10/2012	Payment of GHIP	-do-	61,712	Unsettled.
14-01-GOF (2012)/ 06/30/2014	Payment for FGI	-do-	340,000	With partial settlement.
16-001(16)/ 12/05/2016	Payment of step increment	-do-	7,690	Unsettled.
16-002(16)/ 12/05/2016	-do-	-do-	3,737	-do-
16-003(16)/ 12/05/2016	-do-	-do-	6,331	-do-
16-003 (15)4-01GOF (2012)/ 06/30/2014	Payment of FGI	-do-	580,000	-do-
2011-003-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-004-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-006-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
2011-007-101 (2010)/ 09/19/2011	Payment of FGI	Various NFA personnel	20,000	Unsettled.
2011-009-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-010-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-011-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-012-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-014-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-015-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-016-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-017-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-018-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-020-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-021-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-022-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-023-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-024-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-025-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
2011-026-101 (2010)/ 09/19/2011	-do-	-do-	20,000	-do-
16-001(15)/ 03/11/2016	-do-	-do-	630	-do-
16-002 (15)/ 03/11/2016	-do-	-do-	630	-do-
16-003 (15)/ 02/04/2016	Payment of TEV	-do-	3,753	-do-
16-004 (15)/ 03/11/2016	-do-	-do-	2,401	-do-

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
16-005 (15)/ 03/11/2016	Payment of overclaim of terminal leave	Various NFA personnel	15,086	Unsettled.
16-006 (15)/ 03/11/2016	-do-	-do-	7,310	-do-
15-001 (15)/ 07/20/2015	Payment of step increment	-do-	3,101	-do-
15-002 (15)/ 7/20/2015	-do-	-do-	2,129	-do-
15-003 (15)/ 07/20/2015	-do-	-do-	1,438	-do-
15-001 (14)/ 07/20/2015	-do-	-do-	1,426	-do-
<u>Region XI</u>			1,612,165	
<u>RO</u>				
2014-001 (2012)/ 09/10/2014	Grant of FGI CY 2012	Various NFA personnel	195,799	Active with installment payment.
<u>Davao del Norte BO</u>				
2014-001 (2012)/ 10/13/2014	Payment of FGI	Various NFA personnel	340,000	Active with installment payment.
<u>Davao Oriental BO</u>				
2014-001(2012)/ 09/10/2014	Grant of FGI CY 2012	Various NFA personnel	280,000	Retired/Separated Employees; Sent two (2) Demand Letters
<u>Davao del Sur BO</u>				
DDS 2014-001(2012)/ 09/11/2014	FGI CY 2012	Various NFA personnel	337,033	With NFD issued based on CP Decision.
2014-001 (2012)	-do-	-do-	459,333	-do-
<u>Region XII</u>			4,760,000	
<u>RO</u>				
2014-001-501(2012)/ 04/02/2014	Payment of FGI	Various NFA personnel	660,000	Unsettled.
<u>North Cotabato BO</u>				
2014-003-501(2012)/ 04/02/2014	Payment of FGI	Various NFA personnel	960,000	-do-
<u>South Cotabato BO</u>				
2014-004-501(2012)/ 04/02/2014	Payment of FGI CY 2012	Various NFA personnel	840,000	ND was affirmed per COA Decision No. 2022-422 dated 01/28/2022
2014-001 (2012)/ 09/01/2014	-do-	-do-	860,000	-do-
<u>Sultan Kudarat BO</u>				
2014-002-501(2012)/ 04/03/2014	Payment of FGI CY 2012	Various NFA personnel	1,440,000	Unsettled.

ND No./Date	Nature of Disallowance	Person(s) Liable	Amount	Status
CARAGA			5,287,325	
RO				
2014-01(12)/ 10/01/2014	Payment of FGI CY 2012	Various NFA personnel	500,000	Under Appeal.
Agusan del Norte BO				
2014-01(12)/ 02/06/2014	Payment of FGI CY 2012	Various NFA personnel	480,000	With NFD
Agusan del Sur BO				
2014-01(12)/ 02/06/2014	Payment of FGI CY 2012	Various NFA personnel	740,000	-do-
2012-01(11)	-do-	-do-	720,000	-do-
Surigao del Norte BO				
10-01-101(10)/ 06/13/2011	Payment of FGI CY 2009	Various NFA personnel	80,000	With NFD 2014-219. Partially settled.
12-001-GOF (11)	Payment of FGI CY 2011	-do-	500,000	With NFD No. 2019-020. Petition for Certiorari filed at SC.
Surigao del Sur BO				
11-001-111 GOF(09- 10)	Payment of FGI CYs 2009 and 2010	Various NFA personnel	407,325	Partially settled; With COA COE No. 2015-251.
12-001-111 GOF/ 04/10/2012	Payment of FGI CYs 2009 and 2010	-do-	380,000	With NFD dated 01/07/ 2015
2014-01(12)/ 02/06/2014	-do-	-do-	320,000	-do-
11-001-GOF(10)/ 06/13/2011	Payment of FGI CY 2010	-do-	580,000	On Appeal to the SC.
12-001-GOF (11)	Payment of FGI CY 2011	-do-	580,000	-do-
BARMM			877,000	
RO				
2014-01(2012)/ 12/02/2014	Details not provided	Various NFA personnel	877,000	Partially settled.
Total			P173,706,875	

III. Notices of Charge (NCs)

NC No./Date	Nature of Charge	Person(s) Liable	Amount	Status
With CGAS Cluster 5 Decision				
Region I			P 582,700	
La Union BO				
15-033-RCA (2015)/ 12/04/2015	Under- collection of rice sales CY 2014	Various NFA personnel and NFA retailers	147,100	With CGAS Cluster 5 Decision No. 2021-018 lifting the NC. Under automatic review with the CP.
15-036-RCA-(2015)/ 12/04/2015	Under-collection of rice sales	NFA retailer	29,800	With CGS Cluster V Decision No. 2021-019 lifting the NC. For issuance of Notice of Settlement of Suspension, Disallowance and Charge (NSSDC).

NC No./Date	Nature of Charge	Person(s) Liable	Amount	Status
15-034-RCA-(2015)/ 12/04/2015	Under-collection of rice sales	NFA Retailer	191,200	With CGS Cluster V Decision No. 2017-049 dated 11/23/2017.
15-035-RCA-(2015)/ 12/04/2015	-do-	-do-	80,300	With CGS Cluster V Decision No. 2021-018 dated 06/04/2021.
15-037-RCA-(2015)/ 12/04/2015	-do-	-do-	33,800	With CGS Cluster V Decision No. 2021-020 dated 06/17/2021 lifting the NC. For issuance of NSSDC.
15-038-RCA-(2015)/ 12/04/ 2015	-do-	-do-	100,500	With CGS Cluster 5 Decision No. 2018-020 dated 06/11/2018.
Sub-Total			582,700	
With Notice of Finality Decision (NFD)				
Region IV-A			27,055	
Batangas BO				
2000-001-02(99)/ 01/24/2000	Uncollected storage charges	Corporation	27,055	Partially settled; With NFD and COE.
Sub-Total			27,055	
Unsettled				
Region III			1,742,647	
Bulacan BO				
09-12-02/ 12/14/2009	Unremitted collections on registration and license fees	Former Registration and Licensing Officer	877,804	The person liable found guilty and meted the penalty of dismissal from the service per Admin Case No. 10-02-002.
09-12-02(A)/ 12/22/2009	-do-	-do-	864,843	-do-
Sub-Total			1,742,647	
Total			P2,352,402	

