

EXECUTIVE SUMMARY

A. Introduction

The Board of Investments (BOI) is an attached agency of the Department of Trade and Industry responsible for the regulation and promotion of investments in the Philippines pursuant to Executive Order No. 226, otherwise known as “The Omnibus Investments Code of 1987” as amended.

The mandate of the agency is to generate investments and promote the country as a viable investment destination and to pursue a planned economically feasible and practicable dispersal of globally competitive industries.

The BOI is governed by the Board of Governors composed of the DTI Secretary Gregory L. Domingo as Chairman, DTI Undersecretary for Industry Development and Trade Policy Group Adrian S. Cristobal as Vice Chairman and the Managing Head and three other Governors, namely, Governors Lucita P. Reyes, Oliver Mario O. Butalid and Pelagio T. Ricalde.

The BOI organization consists of four major groups, each headed by an Executive Director, as follows:

Group	Executive Director
National Investments Policy and Planning Service	Ma. Corazon H. Dichosa
Manufacturing Industries Service	
Resourced-Based Industries Service	
Infrastructure and Service Industries Service	
Incentives Administration Service	Efren V. Leaña
Legal and Investments Compliance Service	
Financial and Administrative Service	
Investments Assistance Service	Raul V. Angeles
Domestic Investments Promotion Service	Felicitas Agoncillo-Reyes

The BOI has 194 permanent employees, one co-terminus personnel, two consultants and 60 service providers. It has extension offices in Cebu, Davao and Cagayan de Oro, which were created under the modified organizational structure and staffing pattern pursuant to Memorandum Order No. 27, which was approved by the Department of Budget and Management (DBM) on November 24, 1995.

B. Financial Highlights

The agency's financial position, performance and sources and application of funds for the year ended December 31, 2015, compared with that of the previous year, are as follows:

Particulars	Amount	
	2015	2014
Financial Position		
Assets	₱ 71,855,165.08	₱ 127,880,575.54
Liabilities	19,670,077.36	24,575,022.98
Net Assets/Equity	52,185,087.72	103,305,552.56
Financial Performance		
Revenue	₱ 47,160,390.24	₱ 45,478,974.57
Current Operating Expenses	274,917,631.11	277,223,366.10
Net Financial Assistance/Subsidy	275,051,448.14	305,173,469.30
Surplus for the period	₱ 47,294,207.27	₱ 73,429,077.77
Sources and Application of Funds		
Appropriation	₱ 300,837,673.17	₱ 337,862,058.04
Allotments	300,837,673.17	337,862,058.04
Obligations Incurred	279,394,475.32	295,639,125.47
Balances	₱ 21,443,197.85	₱ 42,222,932.57

C. Scope and Objectives of Audit

The audit covered the CY 2015 transactions, accounts and operations. The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

D. Independent Auditor's Report

A qualified opinion was rendered on the fairness of presentation of the financial statements due to accounting errors and deficiencies, which are discussed in detail in Part II of the report.

E. Other Significant Observation and Recommendation

1. The submission of Report of Disbursements and return of unutilized fund, as stipulated conditions in the MOA between BOI and DTI for the implementation of APEC activities, were not complied with. (**Observation No. 10**)

We recommended that the Accountant to immediately submit the Report of Disbursements and refund the unutilized balance to DTI for the APEC completed activities.

The observations and recommendations were discussed with the officials concerned in an exit conference conducted on March 8, 2016. Management views and reactions were incorporated in the report, where appropriate.

F. Enforcement of Settlement of Accounts

Of the total suspensions and disallowances for CY 2015 and prior years amounting to ₱44,195,971.51 only ₱1,362,226.69 or 3.08 percent was settled and adjustments of ₱33,104.53, leaving a balance of ₱42,800,640.29 as of year-end.

G. Implementation of Prior Years' Recommendations

Of the 24 recommendations contained in the CY 2014, 11 in CY 2013, two in CY 2012 and five in CY 2011 Annual Audit Reports, 18 were fully implemented, 21 were partially implemented, and three were not implemented.