

EXECUTIVE SUMMARY

A. *Introduction*

By virtue of Executive Order No. 133 issued on February 27, 1987, the Philippine Trade Training Center (PTTC), an attached agency of the Department of Trade and Industry (DTI), was created. It started operations in CY 1988 under the supervision of the DTI's International Trade Group.

The Center is mandated to develop programs and standards aimed at strengthening the Filipino exporters' skills and knowledge in the area of international trade and commerce. Specifically, it is directed to carry out the following tasks:

- To develop and implement training programs that empower the export industry to excel in the global trade;
- To advance Filipino products in the world market through the optimum use of the Center's facilities and assets; and
- To provide information resources relative to international trade.

The PTTC's vision is a world class training institution that promotes and develops the Filipino business sector. It is committed to uplifting the quality of life for the Filipino people by providing the nation with timely, relevant, high quality professional service to enable the Philippine export industry to succeed in a rapidly-changing and highly competitive global marketplace.

The Center's mission is to develop a thriving export industry to contribute to economic growth and development in the Philippines. In realizing this commitment, it strives to advance the Filipino export sector's competitive position in the world market by providing valuable problem-solving approaches through integrated continuing education services.

The PTTC is headed by Mr. Nestor P. Palabyab, Executive Director, and assisted by Ms. Elizabeth M. Manuel, OIC, Deputy Executive Director. Under the approved Rationalization Plan, the Executive Director is assisted by four divisions, namely: (1) Business Management Training Services Division (BMTSD); (2) Facilities and Events Management Division (FEMD); (3) Planning and Programming Division (PPD); and (4) Administrative and Finance Management Division (AFMD). As of December 31, 2015, the agency has 48 permanent personnel complement and 15 DBP Service Providers.

B. Financial Highlights

The PTTC's comparative financial position, performance and sources and application of funds as at December 31, 2015 are as follows:

Particulars	2015		2014
Financial Position			
Assets	₱ 90,827,088.67	₱	111,533,612.29
Liabilities	7,945,135.47		6,983,269.58
Net Assets/Equity	82,881,953.20		104,550,342.71
Financial Performance			
Revenue	32,381,229.00		29,446,547.47
Net Financial Assistance/Subsidy	43,698,987.96		50,302,854.52
Gains	26.06		
Other Losses	(749,485.51)		(672,366.82)
Total	75,330,757.51		79,077,035.17
Current Operating Expenses	84,507,987.65		69,551,657.32
Surplus/(Deficit) for the Period	(9,177,230.14)		9,525,377.85
Sources and Application of Funds			
Allotments	₱ 54,548,419.16	₱	40,987,757.20
Total Obligations	43,398,175.04		40,708,240.50
Unobligated Balance	₱ 11,150,244.12	₱	279,516.70

C. Scope and Objective of Audit

The audit covered the accounts and operations of the PTTC for CY 2015 and aimed to (a) ascertain the level of assurance that maybe placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with pertinent laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations. A Value for Money (VFM) audit was also conducted on the target activities relating to Business Management Training Services were fully achieved and budget fully utilized.

D. Independent Auditor's Report

A qualified opinion was rendered on the fairness of presentation of the financial statements of the PTTC as of December 31, 2015, due to non-inclusion in the Notes to Financial Statements of the Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit) which was discussed in detail in Part II of the report.

E. Other Significant Observations and Recommendations

Other significant audit observations and recommendations, which are discussed in detail in Part II, are as follows:

1. All of the target activities relating to Business Management Training Services for CY 2015 were implemented by the Center with a rating of 133 percent due to the concerted efforts exerted by the Business Management Training

Services Division (BMTSD) and all other personnel concerned. Likewise, the BMTSD utilized ₱617,786.00 out of the allocated budget of ₱617,800.00 or 99.99 percent. (**Observation No. 1**)

We recognized the efforts of the Center in accomplishing its target activities during CY 2015 and recommended to continue to endeavor in providing relevant and valuable training services and adequate facilities in support of MSMEs and export development and promotion.

2. The Center budgeted an amount of ₱1,990,222.50 for GAD Programs and Projects, which is only four percent instead of the required five percent of the approved budget of ₱47,237,000.00 for CY 2015, of which ₱1,899,000.00 was spent during the year for the activities identified in the approved 2015 Annual GAD Plan and Budget. (**Observation No. 3**)

We recommended and Management agreed to allocate at least five percent of the Center's approved budget to comply with the requirements of Section 34 of the General Provisions of the General Appropriations Act for CY 2015.

The observations and recommendations were discussed with the officials concerned in an exit conference conducted on March 10, 2016. Management views and reactions were incorporated in the report, where appropriate.

F. Enforcement of Settlement of Accounts

There are no suspensions, disallowances and charges issued during the year and prior years.

G. Implementation of Prior Year's Audit Recommendations

All of the ten prior year's audit recommendations were fully implemented as of the end of the year.