



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

ANNUAL AUDIT REPORT

on the

PUBLIC DEBT REPORTING (A Public Debt Management Audit)

**For the Year Ended December 2009
and June 30, 2010**

List of Abbreviations

| | |
|--------|---|
| AGDB | Authorized Government Depository Bank |
| APT | Asset Privatization Trust |
| ARC | Advance Release Calendar |
| AR | Annual Report |
| AS | Accounting Service |
| BCDA | Bases Conversion Development Authority |
| BIR | Bureau of Internal Revenue |
| BOC | Bureau of Customs |
| BSF | Bond Sinking Fund |
| BSP | Bangko Sentral ng Pilipinas |
| BTr | Bureau of the Treasury |
| CAG | Corporate Affairs Group |
| CB-BOL | Central Bank – Board of Liquidators |
| CBS | Consolidated Balance Sheet |
| CCD | Cash Custodial Division |
| CPSFP | Consolidated Public Sector Financial Position |
| CGS | Certificated Government Securities |
| COR | Cash Operations Report |
| CSIE | Consolidated Statement of Income and Expenses |
| DBCC | Development Budget Coordination Committee |
| DBM | Department of Budget and Management |
| DBP | Development Bank of the Philippines |
| DMAD | Debt Management Analysis Division |
| DOF | Department of Finance |
| DRMO | Debt and Risk Management Office |
| EO | Executive Order |
| FPAD | Fiscal Planning and Analysis Division |
| FPCs | Financial Public Corporations |
| FPPO | Fiscal Policy and Planning Office |
| FS | Financial Statements |
| FTD | Fund Transfer Division |
| GDP | Gross Domestic Product |
| GGs | General Government Sector |
| GFI | Government Financial Institutions |
| GFSM | Government Finance Statistics Manual |
| GOCCs | Government-Owned and/or Controlled Corporations |
| GS | Government Securities |
| HGC | Home Guaranty Corporation |
| IFG | International Finance Group |
| IMF | International Monetary Fund |
| ISDH | Intra-Sector Debt Holdings |
| JEVs | Journal Entry Vouchers |
| LGUs | Local Government Units |

| | |
|----------|--|
| LMS | Liability Management Service |
| MAAD | Miscellaneous Accounts Accounting Division |
| MDFO | Municipal Development Fund Office |
| MIAA | Manila International Airport Authority |
| MIS | Management Information System |
| MNFGCs | Monitored Non-Financial Government Corporations |
| NAIA | Ninoy Aquino International Authority |
| NCAD | National Cash Accounting Division |
| NEDA | National Economic Development Authority |
| NFPCs | Non Financial Public Corporations |
| NG | National Government |
| NGDAD | NG Debt Accounting Division |
| NSCB | National Statistical Coordination Board |
| OGS | Outstanding Government Securities |
| OP | Office of the President |
| OPSD | Outstanding Public Sector Debt |
| ORs | Official Receipts |
| PAGCOR | Philippine Amusement and Gaming Corporation |
| PCGG | Philippine Commission on Good Government |
| PD | Payments Division |
| PDM | Public Debt Management |
| PFDA | Philippine Fisheries Development Authority |
| PHIVIDEC | |
| PSBR | Public Sector Borrowing Requirements |
| PS | Public Sector |
| PSS | Philippine Statistical System |
| RIDD | Receipts, Investments and Disbursements Division |
| ROP | Republic of the Philippines |
| SDAD | Statistical Debt Analysis Division |
| SDDS | Special Data Dissemination Standards |
| SDS | System of Designated Statistics |
| SOA | Securities Origination Authority |
| SSF | Securities Stabilization Fund |
| SSIs | Social Security Institutions |
| TIDCORP | Trade and Investment Development Corporation |
| TLRC | Technology and Livelihood Resource Center |



**Commission on Audit
Transregional Public Debt Management Audit**

Public Debt Reporting

The GOP had observed the timeliness and periodicity requirements in the release of NG fiscal data for 2009 and 2010; and considered public sector debt data in the formulation of fiscal and budgetary policies.

On the overall, the debt data reported by the DOF/BTr for 2009 were generally adequate and fairly stated. Our recommendations intend to improve the consolidation of public sector data and to enhance the usefulness, completeness and reliability of reported data in order to meet the needs of Legislators, the DBCC and other users of the report.

April 2011

OVERALL REPORT



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Executive Summary

INTRODUCTION

Debt reports and statistics are being used among others, by the oversight agencies and the President in the decision making and fiscal policy formulation processes; the legislature in their oversight functions and for budget enactment purposes; the international and domestic lending institutions for compilation and analysis; and, students and the academe for research and evaluation purposes. Cognizant thereof, the audit was carried out to assist the debt management offices and stakeholders in ensuring the accuracy, completeness, reliability and timeliness of debt reports and statistics.

Legal and Institutional Environment

The Department of Finance (DOF), through the Fiscal Planning and Policy Office (FPPO) and the Bureau of the Treasury (BTr), collects, compiles and disseminates fiscal data for the public sector in the absence of a full and specific legal basis for all these activities. Executive Order (EO) 127 in general terms calls for the DOF to compile fiscal data (public sector). EO 236 mandates the DOF to collect and compile data on public financial and nonfinancial corporations. EO 449 implies that the BTr, as fiscal agency for the NG, collects and compiles fiscal data for NG (budgetary central government).¹ Among the relevant reports and data being published by the DOF-FPPO and the BTr are the Outstanding Public Sector Debt (OPSD) and the NG Outstanding Debt Stock (ODS) and debt-related reports and tables.

Total Public Sector Debt

As of December 2009, the outstanding public sector debt was reported at PhP5.7 trillion equivalent to 74.2% of Gross Domestic Product (GDP). The ratio increased from 71.1% of GDP as of December 2008. The PhP5.7 trillion debt represents an increase of 8.1%, equivalent to PhP429.1 billion, from the end of December 2008 debt of PhP5.3 trillion. Total public sector domestic debt increased by 15.6% or PhP2.7 trillion while total foreign debt increased by 2.2% to PhP3.0 trillion. The higher debt ratio was mainly due to increases in debt stocks of the 14 Monitored Non-Financial Government Corporations (MNFGCs) and the Bangko Sentral ng Pilipinas (BSP) by 0.5% and 12.5%, respectively.²

AUDIT OBJECTIVES

The audit was conducted pursuant to COA Office Order No. 2010-250 dated 19 April 2010 with the following objectives:

¹IMF Country Report No. 04/281 entitled "Philippines: Report on Observance of Standards and Codes

²DOF Press Release, 18 October 2010

1. To determine completeness and reliability of public debt data and the efficiency in the preparation of public debt reports;
2. To determine if debt reports meet the needs of Legislators (Congress); the DBCC; the major lending institutions; and other users of the debt reports;
3. To determine whether debt reports assist economic managers in the formulation and monitoring of fiscal and budgetary policies.

AUDIT SCOPE

The audit focused on the CY 2009 debt data and reports prepared and compiled by the DOF and BTr for submission to oversight agencies and publication to their official websites. Data from CYs 2008 to 30 June 2010 was also considered to ascertain the efficiency in their preparation and publication.

AUDIT CRITERIA

The audit was based on the following criteria:

1. Legal Framework and institutional arrangements for public debt management;
2. International Monetary Fund (IMF) Government Finance Statistics Manual (GFSM 2001);
3. IMF Dissemination Standards Bulletin Board (DSBB): Special Data Dissemination Standards (SDDS) and Data Quality Assessment Framework (DQAF);
4. National Statistical Coordination Board (NSCB) - Philippine Statistical System (PSS);
5. International Organization of Supreme Audit Institutions' (INTOSAI) Standards on Performance Audits and Public Debt Audits;
6. Fiscal and Economic Policy Assessment Reports and Studies published by the IMF/World Bank (WB), Asian Development Bank (ADB), Senate Economic Planning Office (SEPO), Congressional Planning and Budget Department (CPBD), and Freedom from Debt Coalition (FDC);
7. New Government Accounting System (NGAS) and generally accepted accounting standards;
8. Other internationally recognized best practices for public debt reporting.

AUDIT CONCLUSIONS

The timeliness and periodicity requirements in the release of NG fiscal data were observed. However, delays were incurred in the release of data for the public sector fiscal and debt data. Hence, we enjoin the DOF to improve on its consolidation efforts and processes by monitoring adequately the submission of relevant data from all sectors.

The public sector fiscal data is generally adequate and fairly stated. However, there is room for improvement in enhancing the reliability, completeness and usefulness of public sector debt and debt-related data and/or reports, among others:

1. Disclosure of relevant information on total NG contingent liabilities including fiscal risks associated with guarantees issued on Build-Operate-Transfer (BOT)/ Public-Private-Partnership (PPP) projects and the like, and those issued by Government-Owned and/or Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs);
2. Improved valuation/estimation and closer monitoring of contingent liabilities associated with BOT/PPP projects and their probable impact on the budget;
3. Adoption of a common definition for public debt, including its scope and coverage, to provide guidance and consistency in reporting total public debt; and,
4. Enhancement of the consolidation process for public sector debt data through adequate review and validation of data for a more accurate reporting of data.

As debt reporting is an integral part of public debt management in terms of accountability and transparency and is considered a process by which economic managers and legislators are assisted in the formulation of fiscal and budgetary policies, and other stakeholders in the analysis of fiscal data, the team recommended that immediate action be taken to address these concerns.

MANAGEMENT'S REACTION TO AUDIT OBSERVATIONS

The results of the audit were discussed with the DOF in an exit conference held on 28 November 2011. The DOF, among others, fully agreed with the Team's recommendation for the various compilers of the debt data from DOF and other concerned agencies to adopt corrective measures to improve its methodology. It also offered corrective measures on the issue of timeliness of release of data from the offices concerned and other plan of actions to address any deficiencies in the debt statistics report to include Contingent Liabilities from GOCCs and those arising from BOTs/PPPs. Its comments were incorporated in the report where appropriate.

PART I

The Public Debt Reporting System

INTRODUCTION

Reporting to oversight entities, the President, the legislature, and the public is an important and indispensable component of accountability and transparency. Section 62 of Presidential Decree 1177, a law that has become part of the Philippine Administrative Code of 1997, requires all heads of agencies and offices of the government to submit semi-annual reports of their accomplishments, both work and financial results, to monitor the efficiency and effectiveness with which budgeted funds are utilized. Reports that are regularly submitted to the different oversight agencies of the government as well as to the legislature and the executive compose the formal reporting system. It is assumed that these reports eventually reach the public.

In the Philippines as well as in other countries, formal mechanisms ensure accountability and promote fiscal discipline. The Development Budget Coordination Committee (DBCC) is one such mechanism. It is composed of the Department of Budget and Management (DBM), which sits as the chair of the Executive Technical Board, and the National Economic Development Authority (NEDA), the DOF, the BSP, and the Office of the President (OP) as members. The DBCC provides the linkage between planning and budgeting and establishes the aggregate targets for the annual government expenditure program and ceilings of government spending for the various sectors. An effective public accountability system promotes aggregate fiscal discipline.

Legal and Institutional Environment

Under the approved organizational arrangements for PDM in the Philippines, the DOF is responsible, under EOs 127, 127-A and 292, among others, for the following:

- a. Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government; and,
- b. Review, approval and management of public sector debt, domestic or foreign.

The BTr, which is under the supervision of the DOF, is responsible, among others, under EO 449, RA 1000, and DOF Memo Circular 1-91, for the following:

- a. Assist in the formulation of policies on borrowing, investment and capital market development;
- b. Assist in the preparation by government agencies concerned of an annual program for revenue and expenditure targets, borrowing levels and cash balances of the NG;
- c. Manage the cash resources, collect taxes made by NG and guarantee forward cover fees due the NG, control and service its public debt, both foreign or domestic;

- d. Issue, service, redeem government securities for the account of NG as may be authorized by the President pursuant to law;
- e. Administer the Securities Stabilization Fund (SSF) by purchase and sale in the open market of government bills and bonds to increase liquidity and stabilize the value of securities to promote private investment in government securities;
- f. Certify allowable debt and guarantee; and,
- g. Prepare and submit the following reports to the DOF – International Finance Group (IFG) and DOF – Corporate Affairs Group (CAG), viz:
 - Guarantee fees billed and collected;
 - GOCCs that have not been able to service the NG guaranteed borrowings.

The DOF, through FPPO and the BTr, collects, compiles and disseminates fiscal data for the public sector in the absence of a full and specific legal basis for all these activities. EO 127 in general terms calls for the DOF to compile fiscal data (interpreted by the FPPO as being for public sector). EO 236 mandates the DOF to collect and compile data on public financial and nonfinancial corporations. EO 449 implies that BTr, as fiscal agency for the NG, collect and compile fiscal data for budgetary central government.³

Among the reports and data being prepared or compiled by the DOF are the following:

| DMO | Type of Report | Frequency of Reporting | Date of Submission |
|-----|-----------------|------------------------|--|
| DOF | OPSD | Quarterly | W/in 45 days after each quarter for the 1 st three quarters & 180 days for annual release |
| | Annual Report | Annually | Before the end of March of each year |
| BTr | NG O/s Debt | Monthly | 10 weeks from reference period |
| | NG COR | Monthly | 3 weeks from reference period |
| | | Year-end | 2 months from reference period |
| | NG Debt Service | Monthly | 2 months from reference period |
| | Annual Report | Annually | Before the end of March of each year |

OPSD Reporting Framework

The OPSD is a consolidated report which comprises the general government sector (GGS), non-financial public corporations (NFPCs), and financial public corporations (FPCs), including the 14 MNFGCs after elimination of intra-sector debt holdings (ISDH) among these sectors. The coverage of debt data has been expanded to include the debt of local government units (LGUs) because these units are part of the GGS.

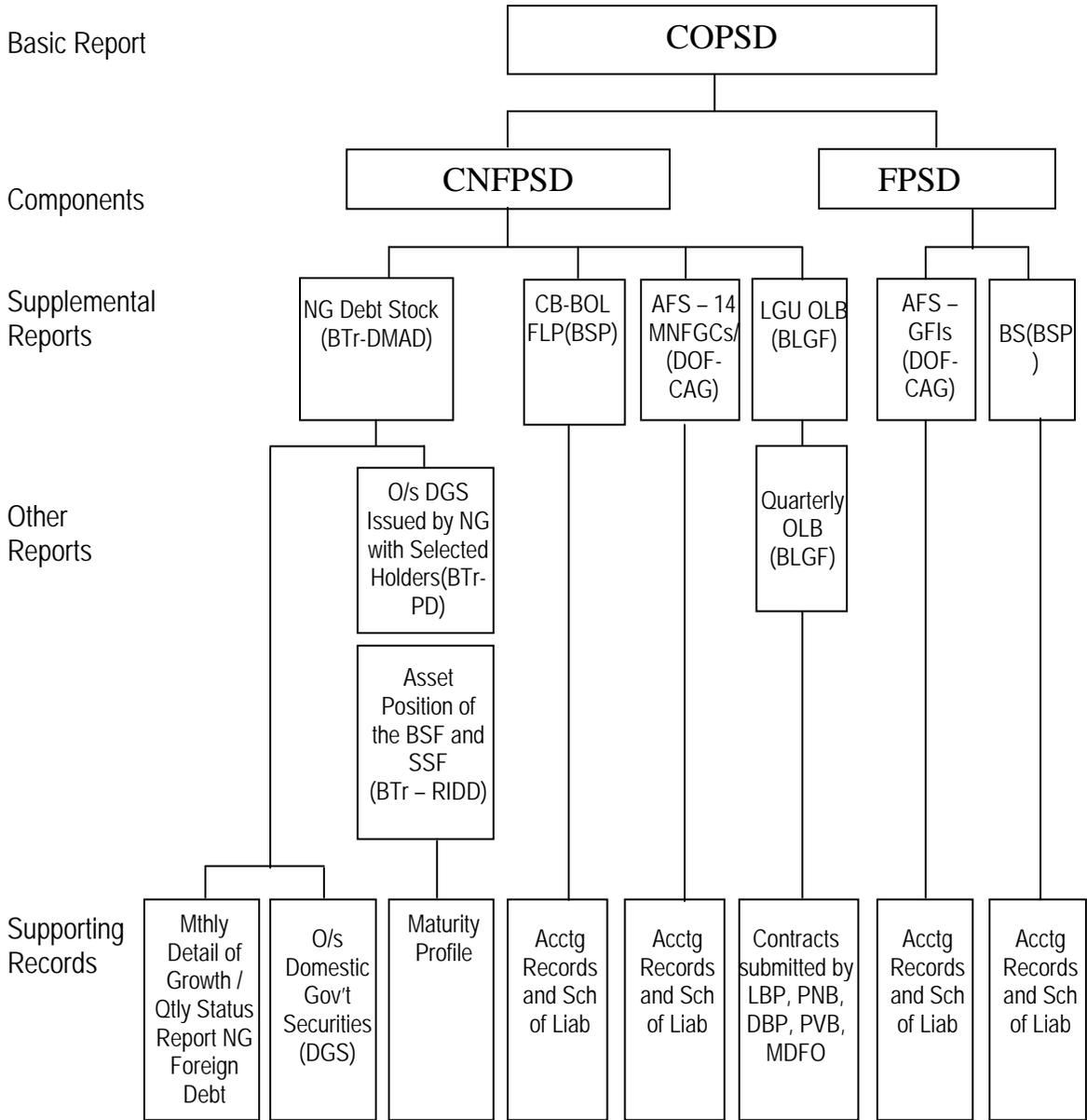
Among the changes made to the official debt data is the elimination of the ISDHs to avoid double-counting. Eliminations include bond sinking fund (BSF) holdings of NG

³IMF Country Report No. 04/281 entitled "Philippines: Report on Observance of Standards and Codes.

debt, NG debt held by social security institutions (SSIs), GOCCs, GFIs and LGUs, and GOCCs/GFIs debt held by the NG, among others.

The OPSD reporting framework is shown below.

OPSD Reporting Framework⁴



⁴Based on walkthrough of DOF-FPPO and BTr-DMAD/PD/RIDD data

Total Public Sector Debt

As of December 2009, the outstanding public sector debt was recorded at PhP5.7 trillion equivalent to 74.2% of GDP. The ratio increased from 71.1% of GDP as of December 2008. The PhP5.7 trillion debt represents an increase of 8.1%, equivalent to PhP429.1 billion, from the end of December 2008 debt of PhP5.3 trillion. Total domestic debt of the public sector increased by 15.6% totaling PhP2.7 trillion while total foreign debt increased by 2.2% to PhP3.0 trillion. The higher debt ratio was mainly due to the increases in the debt stocks of the 14 MNFGCs and the BSP by 0.5% and 12.5%, respectively. (Source: DOF Press Release 18 October 2010).

Table 1. Outstanding Debt – Consolidated Public Sector.

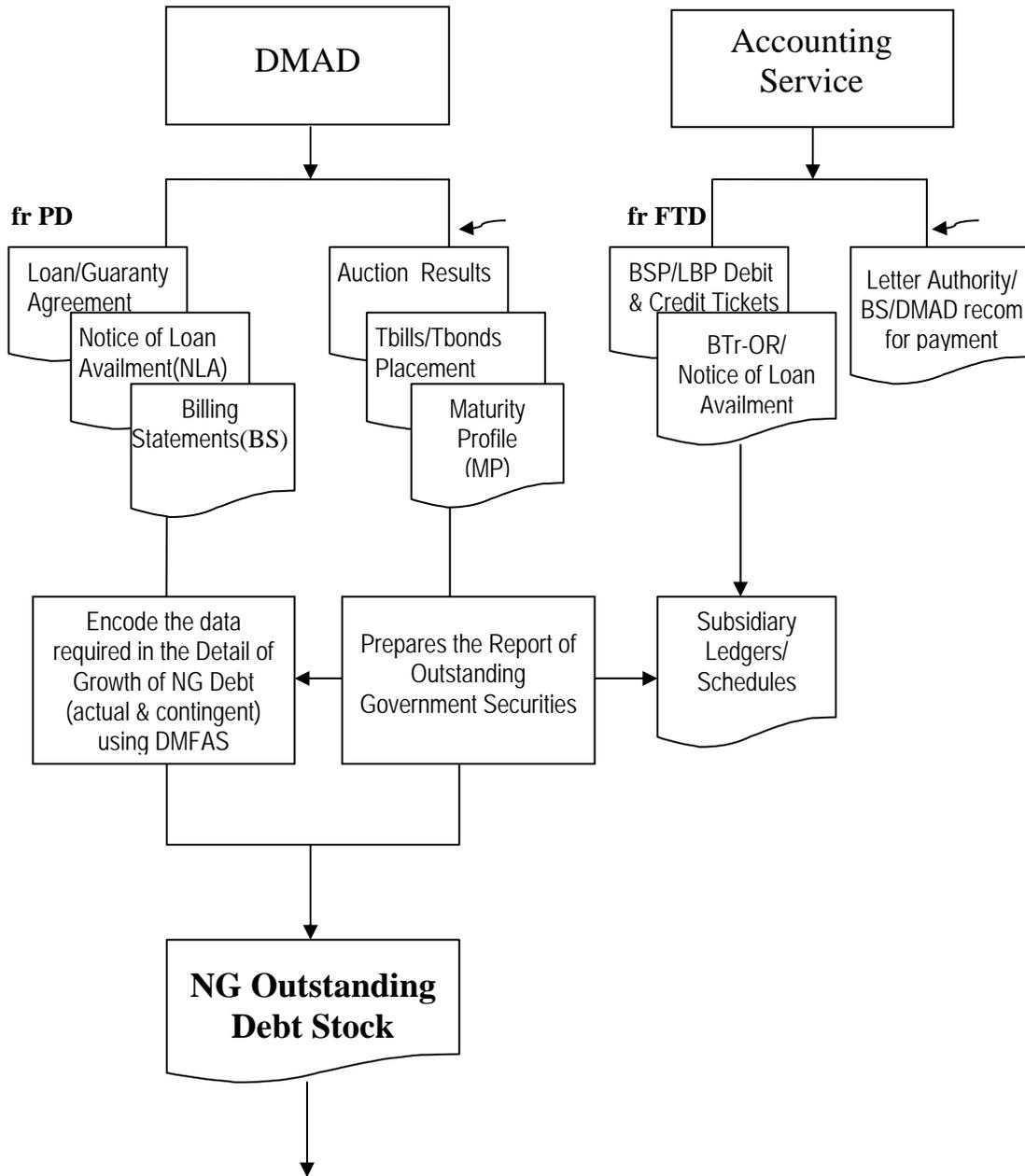
| Components | Amount (in Billion PhP) | | % to GDP | | % to Total PS Debt |
|-----------------------------|-------------------------|----------------|-------------|-------------|--------------------|
| | 2008 | 2009 | 2008 | 2009 | |
| 1. Consolidated NFPSD | <u>4,495.5</u> | <u>4,661.5</u> | <u>60.7</u> | <u>60.7</u> | <u>81.8</u> |
| Domestic | 1,867.0 | 1,922.2 | 25.2 | 25.0 | 33.7 |
| Foreign | 2,628.5 | 2,739.3 | 35.5 | 35.7 | 48.1 |
| 2. FPCs (BSP, 3 GFIs) | <u>1,980.8</u> | <u>2,204.4</u> | <u>26.7</u> | <u>28.7</u> | <u>38.7</u> |
| Domestic | 1,651.5 | 1,913.8 | 22.3 | 24.9 | 33.6 |
| Foreign | 329.3 | 290.6 | 4.4 | 3.8 | 5.1 |
| 3. Minus: ISDHs | <u>1,209.2</u> | <u>1,169.6</u> | <u>16.3</u> | <u>15.2</u> | <u>20.5</u> |
| Domestic | 1,186.5 | 1,140.2 | 16.0 | 14.8 | 20.0 |
| Foreign | 22.7 | 29.4 | 0.3 | 0.4 | 0.5 |
| 4. Consolidated PSD (1+2-3) | <u>5,267.1</u> | <u>5,696.2</u> | <u>71.1</u> | <u>74.2</u> | <u>100.0</u> |
| Domestic | 2,332.0 | 2,695.7 | 31.5 | 35.1 | 47.3 |
| Foreign | 2,935.1 | 3,000.5 | 39.6 | 39.1 | 52.7 |

Source: DOF-FPPO OPSD (excluding memorandum items)

NG Debt Stock

The report on NG Outstanding Debt being compiled by the BTr – Statistical Data Analysis Division (SDAD) for publication on the website as well as for the end-users is based on the consolidated report provided by the BTr – Debt Monitoring and Analysis Division (DMAD). The data is sourced from the reports on outstanding government securities (OGS) submitted by the Payments Division for domestic debt and the Debt Management Financial Analysis System (DMFAS)-generated reports (Detail of Growth of NG Debt) from the DMAD for foreign debts. The report is comprised of actual obligations for loans/bonds, both direct and assumed, and securities, both domestic and foreign; and contingent obligations consisting of NG Direct Guarantee on GOCC Loans and GFI Guarantee Assumed by NG per Proc. 50. The process flow is presented on the next page.

Flowchart in the Preparation of NG Outstanding Debt Stock



To the DOF-FPPO for consolidation and press release; & the DBCC for budgetary inputs to the BESF/NEP

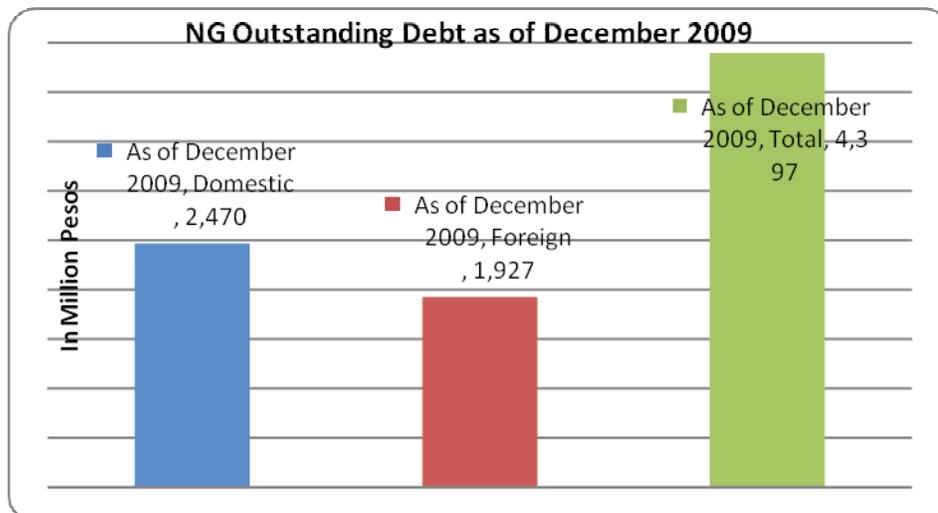
The NG outstanding debt stock as of 31 December 2009 is shown in *Table 2* on the next page.

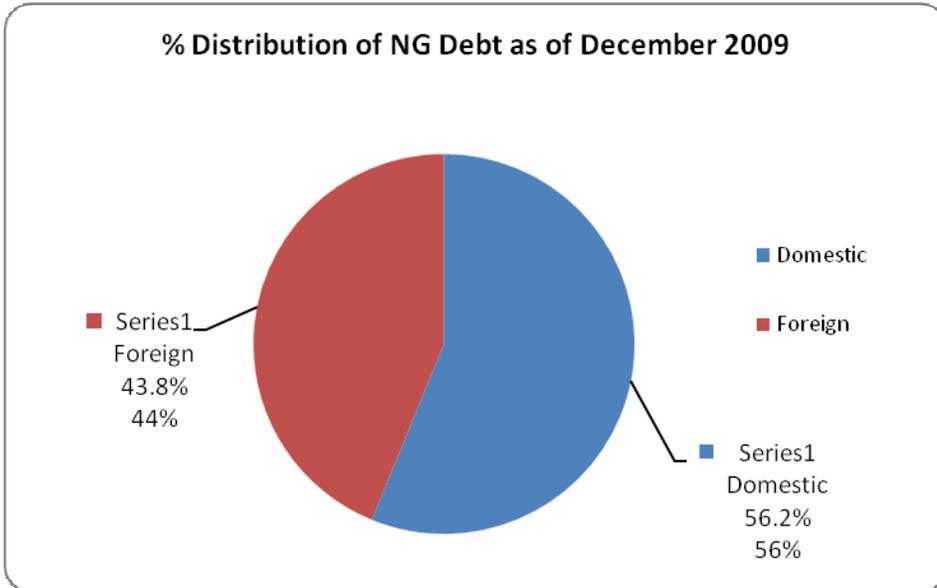
Table 2. NG Outstanding Debt (In Billion PhP)

| Particulars | Foreign | Domestic | Total |
|--|-----------------|-----------------|-----------------|
| Actual Obligations | <u>1,926.59</u> | <u>2,470.04</u> | <u>4,396.59</u> |
| I. Loans / Bonds | | | |
| A. Direct Loans | <u>826.71</u> | <u>9.25</u> | <u>835.96</u> |
| i. Availed by Agencies | 759.57 | 6.95 | 766.52 |
| ii. Relent to GOCCs | 67.10 | 0.00 | 67.10 |
| B. Assumed Loans/Bonds (GFI/GOCCS (Proc. 50)) | <u>0.04</u> | <u>2.30</u> | <u>2.34</u> |
| II. Securities | <u>1,099.88</u> | <u>2,460.79</u> | <u>3,560.67</u> |
| A. Domestic | <u>0.00</u> | <u>2,460.79</u> | 2,460.79 |
| i. Regular Issues | 0.00 | 2,236.22 | 2,236.22 |
| ii. Rehabilitation Issues | 0.00 | 224.57 | 224.57 |
| B. Foreign | <u>1,099.88</u> | <u>0.00</u> | <u>1,099.88</u> |
| i. US Dollar Bonds/Notes | 997.94 | 0.00 | 997.94 |
| ii. Japanese Yen Bonds | 25.29 | 0.00 | 25.29 |
| iii. Euro Bonds | 76.65 | 0.00 | 76.65 |
| Contingent Obligations | <u>534.61</u> | <u>79.52</u> | <u>614.13</u> |
| I. NG Direct Guarantee on GOCC Loans | 530.63 | 79.38 | 614.13 |
| II. GFI Guarantee Assumed by NG per Proc. 50 | 3.98 | 0.14 | 4.12 |
| Total (Actual + Contingent) | 2,461.21 | 2,549.56 | 5,010.77 |

Source: BTr/DMAD

A graphical presentation of the NG Actual Debt Stock as of 30 December 2009 by source is shown below and on the next page.

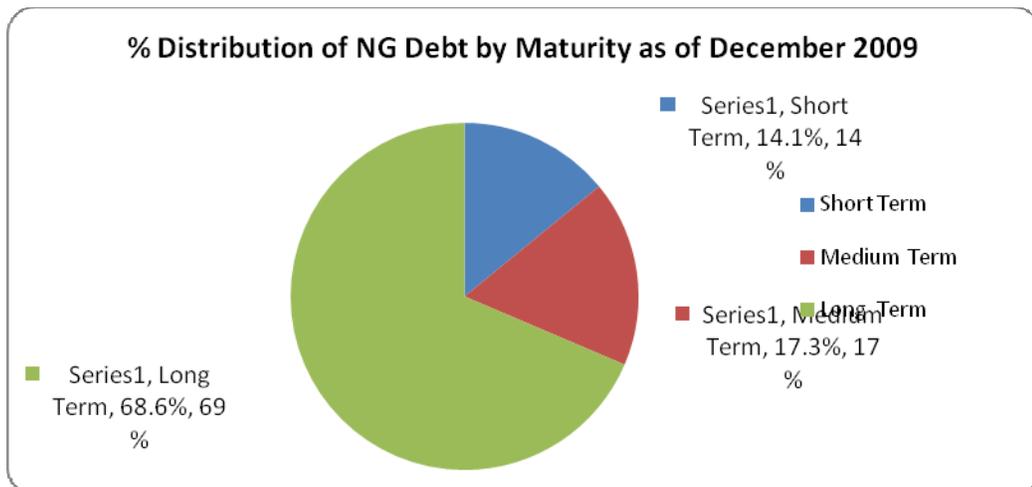




As to term, the BTr classifies foreign debt as short (payable within one year), medium (payable within one to five years), and long (payable beyond five years).

As of 30 December 2009, the maturity profile of NG Debt consists of: (a) PhP622.258 billion (short term); (b) PhP760.107 billion (medium); and (c) PhP3,014.275 billion (long term).

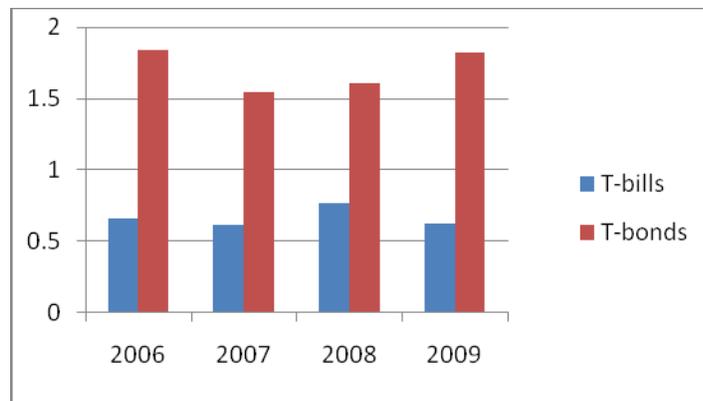
A graphical presentation of the distribution of NG Debt by Maturity is shown below.



Source: BTr Fiscal Planning and Assessment Division (FPAD)

The 2009 report on OGS, which is a component of the NG Outstanding Debt comprises of NG Issues (Treasury bills and bonds), which is presented by type of bond and tenor, and Government Corporate Issues [NG Guaranty and GFI Guaranty – Home Guaranty Corporation (HGC) PAGIBIG Housing bonds]. As of 30 December 2009, total OGS is PhP2,461 billion, comprising PhP0.622 billion and PhP1,839 billion in T-Bills and T-Bonds, respectively.

A comparative data on outstanding GS for CYs 2006 to 2009 is shown below.



Recording Process

Public debts may be contracted by the NG, GOCCs, GFIs or LGUs as the debtors. For NG debt, loan proceeds pass through the BSP/BTr account before it is transferred to the account of the implementing or executing agency with the authorized government depository bank (AGDB). These loans are booked up by the BTr-NG Debt Accounting Division (NGDAD).

The LGUs are also allowed under the Local Government Code to contract domestic and foreign loans. These loans are not being recorded at the BTr books but in their respective books of accounts. The NG also acquires foreign loans for relending to LGUs through the DOF – Municipal Development Fund Office (MDFO).

For GOCC/GFI – direct loans, whether guaranteed or not, loan proceeds are also not recorded in the BTr books and deposited directly to the account of the GOCC/GFI with the AGDB. The proceeds of loans are booked in the GOCC's/GFI's books of accounts. Guaranteed GOCC loans are presented in the BTr FS as notes. The NG also acquires foreign loans for relending to GOCCs/GFIs.⁵

Under the BTr organizational structure, several units are in charge of the recording of NG accounts and transactions as shown on the next page.

⁵MS Report No. 2004-04 on Sectoral Performance Audit of Public Debt Management

| Service/Division | Responsibility |
|---|--|
| Accounting Service (AS) | Directs and supervises accounting for all receipts and disbursements of the NG which include national collections and budgetary expenditures, foreign and domestic obligations, including backpay and emergency currency notes; computes guarantee fees and interest on advances and the prepares billings/collection statements; accounts for the liabilities transferred to NG; maintains SL accounts; prepares FS/reports for submission to proper authorities. |
| National Cash Accounting Division (NCAD) | Accounts for all receipts and disbursements of funds of the NG; reconciles cash accounts with the BSP and other AGDBs; prepares the corresponding Monthly Reconciliation Statements; prepares Daily Cash Statement (showing the cash position of NG), Monthly Trial Balance and other reports required by the fiscal authorities; prepares Notice of Fund Availability of proceeds of foreign loans and grants for submission to the DBM and to implementing agencies. |
| NG Debt Accounting Division (NGDAD) | Accounts for all receipts and disbursements pertaining to foreign obligations as well as liabilities transferred to NG and Bond Conversion transactions; accounts for all domestic security transactions (including expenses incurred by the Security Operations Group) and assumed liabilities of NG including redemption of Backpay, billing/collection of NG advances, and offsetting of accounts subsisting between and among government agencies/units. |
| Miscellaneous Accounts Accounting Division (MAAD) | Accounts for the receipts and disbursements of miscellaneous accounts such as (a) collections of guarantee fee, forex cover fee, grants/donations, interest on TOP deposit accounts, NG share in Duty Free Shops, NAIA, and PAGCOR, terminal fees, dividends, LBP remittances of land and loan amortizations of farmers-beneficiaries of CARP, proceeds from privatization of sale of military camps and sale of transferred/sequestered assets (APT/PCGG/BCDA remittances), fidelity bond premia, trust deposits for the acct of PCGG, and BSF/SSF/SGF investments and disbursements, and (b) releases to GOCCs/GFIs of NG i.e. subsidy, equity, and loans outlay; monitors the following accounts/ transactions; send billing letters to the concerned GOCCs/GFIs i.e. dividends, advances, interest on advances, and guarantee fee; prepares FSs for funds 104, 105,151,152,158,170 and 770 and reports on the above-mentioned transactions as well as on NG net lending to GOCCs/GFIs and collections of interest on advances. |

The NGDAD records the domestic GS transactions on the basis of the reports submitted by the Payments Division (PD) and the NCAD as shown below.

Summary of Documents Used in Recording Domestic GS Transactions.

| Transaction | Source Document | Originating Office |
|--|--|--------------------|
| a. Proceeds of bills and bonds issued | Weekly Over the Counter (OTC) Placement Report Summary of Auction Award | PD |
| | Credit Advice or Bank Statement | NCAD |
| b. Redemption of Matured bills and bonds | Report of bills and bonds maturities Coupon Payments of Bonds | PD |
| | Debit Advice or Bank Statement | NCAD |

At the end of each month, the NGDAD prepares the Schedule of Bonds and Loans Payable – Domestic accounts, which summarizes the transactions for the month based on the SL ending balances posted in the GL and reported in the BS.

On the other hand, the documents used by the NGDAD in recording and updating the *Loans Payable – Foreign, Direct and Relent* account are shown below.

List of Documents Used in Recording Foreign Loans Payable Transactions.

| Particulars | Documents | Source of Data |
|--------------------|---------------------------------------|------------------------|
| a. Loan availments | ADB/IBRD Monthly Disbursement Summary | DMAD |
| | Disbursement Notices | |
| | Credit Advices | BSP thru NCAD |
| b. Debt service | Letter Authority | Fund Transfer Division |
| | Debit Advices | BSP thru NCAD |

Audit Scope and Methodology

The audit focused on the CY 2009 debt data and reports prepared and compiled by the DOF and BTr for submission to oversight agencies and publication to their official websites. Data pertaining to prior years and as of 30 June 2010 was also considered to ascertain the efficiency in their preparation and publication.

The audit primarily covered: (a) review of the reporting process from preparation to submission and publication; (b) determination of efficiency in the preparation of reports and adequacy of disclosures; (c) documentation of the validation process being observed by oversight agencies in ensuring adequacy and reliability of information; and, (d) ascertaining the extent by which debt reports and debt-related tables are being used for fiscal policy formulation and their implication on the budget.

The audit was conducted in conformity with the INTOSAI Standards on Performance Auditing, INTOSAI Reporting Standards in Government Auditing, and the principles and procedures prescribed for the COA with respect to funds being handled and managed by the Government of the Philippines (GOP). The audit included such tests of the accounting records, internal controls and procedures considered essential for the audit.

The methodologies employed for obtaining audit evidence were: (a) Review of the legal framework for PDM; (b) Profiling and examination of debt and debt-related data and statistics reported/published by DMOs; review of compliance with the IMF DSBB/SDDS/DQAF, WB-Debt Reporting System (DRS), NSCB Advance Release Calendar (ARC) and the legal and regulatory framework; and, validation of current statistical publications thru site visit using cut-off dates; (c) Review of data reported in the OPSD and NG O/s Debt and COR and validation of the consolidation and preparation processes, respectively, as well as reconciliation with accounting records; (d) Review of debt reports and tables prepared by DMOs and published in the Budget of Expenditures and Sources of Financing (BESF); (e) Comparison of data from the BOT Cantered those published by the DBCC with the OPSD; (f) Confirmation and analysis of debt data reported by selected GOCCs and LGUs and comparison with OPSD; (g) Comparison of the existing practice in the disclosure of debt-related data with international best practice; (h) Gathering of data through questionnaires and follow up interviews with Congress (SEPO/CPBD), DBCC, DBM, DOF, and BSP officials on the extent of reliance placed on debt reports and data and whether the debt-related information meet their needs; and questionnaires to determine completeness of debt data consolidated by the DOF in the OPSD and presented by the BTr in the NG Debt Stock; (i) Downloading of press releases and publications of the FDC, SEPO, CPBD, ADB, IMF, and WB on debt data and statistics and their implication on fiscal and economic outlook; and, (j) Follow up and validation of the status of actions taken to implement the relevant recommendations in the Management Services (MS) 2004 Report, 2009 annual audit reports (AARs) of the BTr and other audit reports for national government agencies (NGAs), LGUs and GOCCs and the IMF Country Report and the WB-DRS on Report on Observance of Standards and Codes (ROSC) and the GFS.

There was limited data obtained from the DOF and the BTr on the status of actions taken in ensuring improvements in fiscal and debt reporting, as contained in the IMF ROSC and the GFS, hence the validation was confined to the information made available to the team.

PART II

Audit Observations and Recommendations

OBSERVATIONS AND RECOMMENDATIONS

A detailed discussion of the main findings and observations in connection with public sector debt reporting and the impact thereof on the assessment of fiscal data and in the formulation of fiscal and budgetary policies, together with the relevant recommendations, is presented hereunder. Also incorporated are responses from the parties concerned after consultations with them.

A. On Well-Defined Public Debt Components

Inconsistent treatment of liabilities of the different sectors and incomplete public debt data

The DBM defines public debt as the total indebtedness of the NG, LGUs and GOCCs or GFIs from industries, corporations or financial institutions whether private or government foreign or domestic, which are fully supported and guaranteed by the NG. Until today, it appears that there is no single agency that is legally responsible for the monitoring of the country's total public debt. However, DOF releases total public debt figure on quarterly basis by collecting data from concerned agencies.

The DOF reported a total of PhP5,267.0 and PhP5,696.2 billion public sector debt for CYs 2008 to 2009 as shown in *Table 3*.

Table 3. Outstanding Debt – Consolidated Public Sector.

| Agencies | Amount (in Billion PhP) | | Nature |
|----------|-------------------------|----------------|---|
| | 2008 | 2009 | |
| NG | <u>3,605.1</u> | <u>3,776.8</u> | Consists of: (a) real liab. – loans directly contracted by NG for use of NGAs or for relent to GOCCs and assumed real loans per Proc. 50; (b) contingent liab(guaranteed GOCC loans & assumed loans) net of BSF |
| Domestic | 1,801.4 | 1,854.1 | |
| Foreign | 1,803.7 | 1,922.7 | |
| CB-BOL | <u>1.7</u> | <u>1.2</u> | Liabilities including deposits of the defunct Central Bank of the Philippines. |
| Domestic | 0.0 | 0.0 | |
| Foreign | 1.7 | 1.2 | |
| SSIs | <u>0.00</u> | <u>0.00</u> | Liabilities of the GSIS, SSS and PHIC. |
| Domestic | 0.00 | 0.00 | |
| Foreign | 0.00 | 0.00 | |
| LGUs | <u>51.9</u> | <u>58.2</u> | Outstanding loans and borrowings of LGUs from different GFIs (LBP, PNB, DBP and PVB), including those financed through the MDFO. |
| Domestic | 51.9 | 58.2 | |
| Foreign | 0.0 | 0.0 | |

| Agencies | Amount (in Billion PhP) | | Nature |
|-----------------|-------------------------|-----------------------|---|
| | <u>2008</u> | <u>2009</u> | |
| Monitored GOCCs | <u>1,308.2</u> | <u>1,314.2</u> | Consists of total liabilities reflected in the FS of the 14 MNFGCs. |
| Domestic | 480.6 | 494.4 | |
| Foreign | 827.7 | 819.8 | |
| Bangko Sentral | <u>1,803.1</u> | <u>2,028.6</u> | Total Liabilities including currency issues, except for: allocation to SDRs and revaluation of international reserves. |
| Domestic | 1,640.4 | 1,906.0 | |
| Foreign | 162.7 | 122.59 | |
| GFI | <u>177.7</u> | <u>175.8</u> | Liabilities of the Development Bank of the Phils (DBP), Land Bank of the Phils (LBP) and TIDCORP. |
| Domestic | 11.1 | 7.8 | |
| Foreign | 166.6 | 168.0 | |
| Total | <u>7,037.7</u> | <u>7,354.8</u> | To avoid double counting, the intra-debt holdings are eliminated. Examples of such eliminations are the BSF holdings of NG debt, NG debt held by SSIs, GOCCs, LGUs and GFIs, and GOCCs/ GFIs debt held by the NG. |
| Minus: ISDHs | <u>1,680.7</u> | <u>1,658.6</u> | |
| Net | <u>5,267.0</u> | <u>5,696.2</u> | |
| Domestic | 2,332.0 | 2,695.7 | |
| Foreign | 2,935.1 | 3,000.5 | |

While significant efforts in collecting, processing and disseminating data and statistics from different sectors of government were made by the DOF over the years, such as those from LGUs and other GOCCs with substantial liabilities guaranteed by the NG, there is a need for the DOF to fully address the issue on consistency in the treatment and disclosure of liabilities of the different sectors. Apparently, clear guidelines defining debt components and methodology for gathering data is wanting.

For the NG, GFIs, CB-BOL and the LGUs, the DOF considers only the contracted loans and/or bonds issued by these sectors. However, in the case of GOCCs, all the liabilities reflected in the FSs of the 14 MNFGCs are accounted for as public debt. This means that all payables of the 14 MNFGCs, including liabilities for operating expenditures, such as unpaid salaries, payables to suppliers, unremitted withholding taxes, pensions and other miscellaneous liabilities are included.

The LGUs loans accounted for are only those reported by the GFIs (LBP and DBP), PFIs (PVB and PNB), and the MDFO, as summarized and reported by the BLGF. LGU loans from other sources and any repayments on loans were not considered in the BLGF report.

Partial results of validation of loans contracted and bonds issued by LGUs as of 31 December 2009 showed in three regions alone, the national capital region and regions 6 and 10, outstanding loans of PhP263.09 million from other sources were not considered in the OPSD.

Table 4. Summary of outstanding LGU loans not included in the OPSD.

| LGU | Lending Source | Loan Amount (in Million PhP) | | Remarks |
|------------------|------------------|------------------------------|---------------|---------------------|
| | | Principal | Outstanding | |
| <i>NCR</i> | | | | |
| Makati City | Bank of Commerce | 40.47 | 34.69 | Not Guaranteed (NG) |
| Pasig City | HDMF | 84.00 | 16.31 | -do- |
| <i>Region 6</i> | | | | |
| Aklan | TLRC | 1.00 | 1.00 | |
| Capiz | HDMF | 48.57 | 41.25 | |
| Maayon, Capiz | LGU | 3.10 | 2.80 | |
| Roxas, Capiz | OP | 1.00 | 1.00 | |
| Iloilo City | NHA | 58.07 | 49.35 | -do- |
| <i>Region 10</i> | | | | |
| Misamis Occ. | DILG | 24.80 | 24.80 | -do- |
| Ozamis City | One Network Bank | 20.00 | 20.00 | -do- |
| Tangub City | ADB-MBUSS | 76.59 | 69.55 | -do- |
| | DOST-Region 10 | 0.90 | 0.44 | -do- |
| Mun. of Aloran | UCPB | 2.10 | 1.90 | -do- |
| Total | | 360.60 | 263.09 | |

We recommended and the DOF agreed to adopt a common definition of what constitutes the public sector debt and provide guidance and consistency in reporting total public sector debt. The guidelines should also provide for the methodology for gathering data/information aimed at presenting a complete public sector debt data.

B. On the adequacy of debt and debt-related data

Inadequate disclosure of relevant information on contingent liabilities including fiscal risks associated with BOT/PPP projects

The users of debt and debt-related reports and data obtained from the BSP, DOF, DBM/DBCC and BTr considered the information as either: (i) quite reliable (SEPO);(ii) treated as primary sources and generally valid and accurate (CPBO), and, (iii) adequate and can be used in determining relevant debt indicators (BSP/DOF).

The SEPO and the CPBO both observed some deficiencies in the information contained in the debt reports prepared and/or published by the DOF and the BSP. The SEPO said that officials of the BSP/DOF/DBM/BTr are not able to provide complete and clear information on the nature and amount of debt stock being reported.

The CPBO said, among others, that to their knowledge, there is no single office which has overall responsibility for monitoring and analyzing the government's debt exposure and risk profile. Sorely lacking are information on government-guaranteed debts and BOT arrangements, particularly the magnitude of contingent liabilities and what could possibly trigger their call.

Despite these observations, both the SEPO and CPBD admitted there is neither a validation process nor a feedback mechanism that would inform the debt management offices (DMOs) of any observation relating to adequacy or deficiency in debt reporting.

Notably, the SEPO, CPBD, DOF and DBM are one in recommending inclusion of ***Contingent Liabilities either from GOCCs or those arising from the BOTS/PPPs*** among the additional debt information that would guide policy makers and legislators and make them better equipped in policy decision making and in determining and enacting necessary legislative measures, respectively. Specifically, the DBCC suggested that a ***Table or Information on Contingent Liabilities*** be considered.

The SEPO also recommended the inclusion of information on the following:

- i. umbrella guarantees for various types of loans (micro-enterprise, housing, agriculture)
- ii. direct guarantees on GOCCs' obligations;
- iii. tax credit certificates;
- iv. guarantees on currency risks of foreign loans of GOCCs including private utility companies whose liabilities arising from foreign currency fluctuations are passed on to the consuming public;
- v. potential liabilities of pension funds and all other sovereign guarantees;
- vi. borrowing plans and the projected debt service schedule with appropriate details/ breakdown (BSP)

Specifically, the SEPO deems it important to look into the contingent liabilities of the NG not only arising from direct guarantees on loans to GOCCs and GFIs but exposures under obligations from direct guarantees on various types of risks as aforesated. Because macro stability is dependent on effective management of fiscal risks, of which contingent liabilities is a major element, effective management of contingent liabilities will be vital.

The SEPO also believes that the DOF being the agency mandated to manage public debt has complete data on contingent liabilities, considering all foreign loan negotiations pass through them, including those of LGUs and GOCCs with sovereign guarantees. It agreed, however, that the lack of a coordinated debt management functions could be one of the causes for the lack of data; no single office tasked to collate the data, thus there is lack of accountability and transparency.

The DOF, on the other hand, commented that it is not privy to all negotiations, particularly for BOT projects as the implementing agencies do not include the DOF in the negotiating team.

Based on these premises, there is a need to adequately disclose the following information on Contingent Liabilities:

1. *Potential liability exposure of the NG on 81 BOT/PSP projects estimated at USD20,533.14 million.*

In general, a government budget is the financial plan of a government for a given period, usually for a fiscal year, which shows what its resources are, and how they will be generated and used over the fiscal period. The budget is the government's key instrument for promoting its socio-economic objectives. The government budget also refers to the income, expenditures and sources of borrowings of the NG that are used to achieve national objectives, strategies and programs.

Section 22, Article VII of the Constitution states that: "The President shall submit to the Congress within 30 days from the opening of every regular session, as the basis of the GAB, a BESF including receipts from existing and proposed revenue measures."

In our review of the debt and other debt-related tables in the BESF, we noted that a separate table for BOT Projects, consisting of four summary lists which are categorized into projects completed, operational, pipeline, and completed concessions, is provided. There is no clear indication on the use and relevance of this information in the preparation of the budget or in the assessment of fiscal risks.

Table 5 presents the status of BOT/PSP Projects completed, operational and awarded as of 31 December 2009.

Table 5. List of Completed, Operational & Awarded BOT/PSP projects as of Dec 2009.

| Project Name | Sector | Agency | Proponent | Scheme | Est Project Cost (In USD Million) |
|---------------------------------|----------------------|---------------------------|------------------------------|------------------------------|-----------------------------------|
| Completed Concessions | | | | | |
| 1. Various (24) | Power | NPC/ PNOC-EDC | Various | ROM/BOO/ROL/ BOT/BTO/ROMM | 2,240.50 |
| 2. Talisay City Hall Bldg Proj. | Property Development | Talisay City, Negros Occ. | Maybank/Silver Dragon Const. | BT | 4.00 |
| 3. Malabon City ICT Proj. | IT | Malabon City Gov't. | Geodata Systems, Inc. | BOT BTO | 0.46 0.96 |
| 4. Pampanga GIS Center | IT | Pampanga Prov'l Gov't. | Geodata Solutions, Inc. | | |
| Total | | | | | 2,345.92 |

| Project Name | Sector | Agency | Proponent | Scheme | Est Project Cost (In USD Million) |
|--|-------------------------|---------------------------------|---|------------------------|--------------------------------------|
| Under Concession/ Operational | | | | | |
| 1. Various (17) | Power | NPC/ PNOC-EDC | Various | BOO/BOT/ROM/ JV/BTO | 6,766.86 |
| 2. Various (4) | Transport | DOTC/PNCC/ TRB/DPWH/ PEA | MRTC/PNCC/ MNLTC/RBP | JV/CA/BOT | 1,575.00 |
| 3. Various (3) | IT | NSO/LTO/BI | UNISYS/STRAD -CON/ JSTC | BTO/BOO/BOT | 142.80 |
| 4. Various (5) | Water | MWSS/SBMA/ CDC/NIA | BENPRES/ AYALA/etc. | CAOM/JV/CA/ BOT | 7,839.40 |
| 5. Various (5) | Property Development | Mand. City/ CDO/QC Govt | Various | DOT/BT/BOT | 33.66 |
| 6. NKTi Hemo dialysis center | Social Infra/ Health | NKTi/DOH | Fresenius Medical Care | PSP-Lease Contract | 1.00 |
| 7. Others (2) | Others | DOT/PNR/ NHA/HUDCC | Various | JV | 415.00 |
| Total | | | | | 16,773.72 |
| Awarded/Under Construction | | | | | |
| 1. Various (5) | Transport | DPWH/LGU/C EZA/DPWH/ PNCC | Stradec (Phils.)/ API/Hopewell/ | BTO/BOT/JV | 696.40 |
| 2. Various (4) | IT | KCG/LRA/DFA PhilPost Corp | Stradec/FF Cruz BCA/Confac/ ROA Systems | BOT/BOO | 196.80 |
| 3. Various (5) | Property Dev't | Various LGUs | Various | BOT/BT | 18.08 |
| 4. Various (2) | Water | Puerto GaleraGovt/M WSS | --- | BT/BOT | 102.22 |
| 5. SPC PP | Power | NPC | SPCC (USA) | BOO | 400.00 |
| Total (solicited & unsolicited) | | | | | 1,413.50 |
| Grand totals | | | | | 20,533.14 |

Source: DTI-BOT Center

2. Outstanding guarantees issued by the GOCCs/GFIs

The audited FS of the HGC for CY 2009 disclosed that part of its Bonds Payable are HGC Debentures with a balance of PhP2.85 billion (Current – PhP1.02B and Non-current – PhP1.83B), which were issued by the Corporation in payment of call on its guaranty. Other non-current bonds payable are HGC zero-coupon bonds with a net balance of PhP12.41 billion. Its Notes to FS also disclosed that the HGC issued PhP3 billion special series of zero-coupon bonds to the GFIs in payment of call on guaranty.

Except for the PhP7 billion PAG-IBIG Bonds guaranteed by HGC, which was inadvertently reported by the BTr as NG Direct Guarantees on GOCC Loans in the NG Outstanding Debt and was captured also by the DOF in the OPSD, the foregoing outstanding guarantees were not adequately disclosed, despite the provisions of Section 18 (a and b) of RA 8763 (Home Guaranty Corporation Act) that the ROP fully and unconditionally guarantees the Corporation's borrowings and guaranty obligations both as to principal and interest subject to certain limitations. One such limitation is that the NG guarantee of HGC obligations is subject to excussion.

In view of these sovereign guarantees, both HGC's borrowings and guaranty obligations may eventually become NG's liabilities (after the benefit of excussion) in case of the Corporation's inability to pay its obligations and/or default/call on guaranty.

The BTr agreed that disclosure of contingent liabilities of GOCCs and those arising from BOTs/PPPs in the NG Outstanding Debt would be useful to policy makers and end-users. However, a careful analysis is needed to fully understand the nature of BOTs/PPPs because these liabilities have corresponding assets that could mitigate their cost once the guarantee is called.

The BTr also commented that the DMAD has no access to data on BOTs, PPPs and other similar projects. Nevertheless, it clearly indicated in the NG Outstanding debt report and in the 2009 BTr Notes to the FS the components of the contingent obligations (NG Direct Guarantee on GOCC Loans and GFI Guarantee Assumed by NG per Proclamation 50). The 2009 Notes also disclosed that obligations arising from BOTs and PPPs and other similar projects are excluded.

The DOF, on the other hand, commented that efforts are being done along with other relevant agencies to address any deficiencies in the debt statistics report, including Contingent Liabilities from GOCCs and those arising from BOTs/PPPs. These include the following:

- i. Annual publication of Fiscal Risk Statement⁶;
- ii. Issuance of a Joint ICC-DBCC Resolution regarding the valuation and enhanced monitoring of contingent liabilities arising from BOT/PPP projects;
- iii. Adoption of a GIFMIS for liability management;

⁶**PPP arrangements generate a diverse, complex and often large array of fiscal risks.** The contingent liabilities associated with the performance undertakings issued for such risks as right-of-way, political/regulatory, change in law, currency convertibility, events of termination, events of force majeure, and take-or-pay arrangements, among others, have varying probabilities of becoming real and have varying impact on the budget. As an example, net NG advances for the Casecnan multipurpose irrigation and power BOT project amount to approximately PhP31.6 B from 2002 to 2008. For 2010, programmed NG advances to the GOCCs, which include the Casecnan project total to PhP15.0 B. Following the enactment of the EPIRA, several IPP contracts in the Power Sector were renegotiated to reduce the fiscal risks associated with these contracts. NG guarantees and performance undertakings on BOT/PPP projects also explicitly expose the budget to GOCC credit risk.

- iv. Inclusion of the DRMO in the DOF Rationalization Plan. As an interim measure, the DBM has approved the staffing of a DRM Division; and,
- v. Designation of point persons to ensure the timely submission of relevant data.

Considering the solid concern of the DMOs and other users of the debt report on the need for information on contingent liabilities to enable an effective management of fiscal risks, we recommended and the DOF agreed, among others, ensure the following:

- a. **Revisit its reporting policy specifically on the appropriateness of providing relevant information on total contingent liabilities of the NG not only on account of guarantees issued by the NG but also those guarantees issued by the GOCCs/GFIs and those arising from the BOTS/PPPs; and,**
- b. **Pursue the finalization and issuance of the Joint ICC-DBCC Resolution to improve the valuation and monitoring of contingent liabilities associated with BOT/PSP projects and their probable impact on the budget.**

C. On the relevance of fiscal data in the formulation of fiscal and budget policies

There is a need to ensure consistency in the presentation of public sector fiscal data and its components as these are being used by the DBCC in the formulation of fiscal and budget policies.

In accordance with the requirements of the Constitution, the President submits his proposed annual budget in the form of a BESF supported by a National Expenditure Program (NEP), which contains the details of proposed expenditures, and the President's Budget Message which summarizes the budget policy thrusts and priorities for the year.

Specifically, Section 14 of PD 1177 (*Budget Reform Act*), provides the form and content of the budget to be presented to the Legislative Branch, which includes, among others:

- a. budget message setting in brief the government's budgetary thrusts for the budget year, including their impact on developing goals, monetary and fiscal objectives, and generally on the implications of the revenue, expenditures and debt proposals; and,
- b. summary financial statements setting forth:
 - i. estimated expenditures and proposed appropriations necessary for the support of the Government for the ensuing fiscal year, including those financed from borrowings;

- ii. estimated receipts during the ensuing fiscal year under laws existing at the time the budget is transmitted and under the revenue proposals, if any, forming part of the year's financing program;
- iii. actual appropriations, expenditures, and receipts during the last completed fiscal year;
- iv. estimated expenditures and receipts and actual or proposed appropriations during the fiscal year in progress;
- v. statements of the condition of the National Treasury at end of last completed fiscal year, estimated condition at the end of the fiscal year in progress and the estimated condition at end of the ensuing fiscal year, taking into account the adoption of financial proposals contained in the budget and showing, at the same time, the unencumbered and unobligated cash resources; and,
- vi. essential facts regarding the bonded and other long-term obligations and indebtedness of the Government, both domestic and foreign, including identification of recipients of loan proceeds.

Section 16. *Budget Estimates.* xxx. The budget estimates of agencies shall include, among others, (a) Financial sources, reflecting all revenues, proceeds of foreign and domestic borrowings, and other sources, particularly those which accrue to the General Fund; and, (b) Contingent liabilities, including NG guarantees of obligations of GOCCs and their subsidiaries.

As part of the budget planning process, the DBCC requires the DOF and the BTr, among others, to submit a three-year data, reckoning from the budget year, on the following reports:

- a. Consolidated Public Sector Financial Position⁷ (Table A.2)
- b. NG Financing Program (Table D.1)
- c. Salient Features of Program Loans (Table D.2)
- d. NG Debt Service Expenditures (Table B.18)
- e. SF Provision for Retirement of Domestic Debt (Table B.20)
- f. Outstanding Debt of the NG, as of year-end (Table D.3)
- g. NG Cash Disbursements (Table B.24)
- h. Supporting Statistical Debt Tables

The team observed in the verification of the 2009 and 2010 appropriations act and related budget documents, such as the NEP and BESF, that the aforesaid debt reports and statistical tables were appended in the BESF that was submitted to the Legislature for enactment of the annual budget. Among others, the President's budget message made

⁷The CPSFP refers to the net deficit or surplus calculated after summing-up the budget balances of all government entities, namely the NG, NFGCs (usually includes only the 14 major GOCCs), GFIs, LGUs, the SSIs, OPSF, BSP, & CB-BOL. Through the CPSFP, the government is able to assure itself that all public resources are mobilized and used in magnitudes that are consistent with overall macroeconomic targets and the government's economic priorities.

reference to the sources of financing the projected budget deficit as shown in the CPSFP and in the NG Financing Program.⁸

The Fiscal Risk Statement issued by the DBCC also made use of these data, in addition to data from other oversight agencies, such as the NEDA, COA, and BSP, in its fiscal policy assessment.

The team observed that the NG Debt Service Expenditures for interest payments is useful as input to the NG Cash Disbursement and the Expenditure Tables for purposes of Expenditure Programming; and the principal amortization and contribution to the Bond Sinking Fund, as inputs to the NG Financing. The Debt Service Expenditures also serves as basis for the issuance of Special Allotment Release Orders to cover payments of principal amortization and interest payments. The other debt tables are useful as they provide the detailed source of information and reference to these tables.

The team looked into the reported three-year (2009 to 2011) data for debt service expenditures (interest payments and principal amortization) on foreign and domestic borrowings of the NG and related data that were reflected in Table D.1 - NG Financing and Table B.18 - NG Debt Service Expenditures and other related tables that were appended to the BESF for 2011 to check on the adequacy of the projections made for 2010 and 2011 and the accuracy of the actual data presented for 2009. The actual data were based on the BTr-COR (2009), which were sourced from the NGDAD records for bonds and loans payable and related expense accounts, while the data on the two-year projections (2010 & 2011) were sourced from the DMFAS-generated reports for foreign borrowings and reports of the Payments Division for domestic borrowings.

The team noted some reconciling issues between the COR and NGDAD reports for debt service expenditures amounting to approximately PhP5.960 billion, among others, due to the presentation of other data in the COR under the non budgetary accounts. As discussed in pages 33 to 35, there were also other reconciling issues between the COR and the Consolidated Statement of Income and Expenditures and between the DMAD and NGDAD records, which affected the accuracy of the actual data reported in the NG Outstanding Debt and which need to be addressed to ensure reliability and consistency in the use of relevant data for budgetary purposes.

On the overall, however, except for the noted discrepancies between the statistical debt tables and NGDAD records, the debt and debt-related tables are considered adequate and fairly stated.

Considering the relevance of NG debt data being provided by the DOF and the BTr for fiscal and budgetary policy formulation, endeavor to address the reconciliation issues to ensure reliability and consistency in the use of data.

⁸ The NG Financing Program summarizes the gross foreign and domestic borrowings less amortization and change in cash (budgetary and non budgetary) to come up with the total net financing requirement to fund the deficit. Data on borrowing projections for the program and project loans (foreign) are sourced from the DOF and the DBM, respectively, while the BTr provides the data for domestic borrowings.

On accuracy and reliability of reports

Deficiencies in the consolidation of public sector debt data

The OPSD is a consolidated report which comprises the GGS, NFPCs (comprising of the 14 MNFGCs), and FPCs, after elimination of intra-debt holdings among these sectors. The coverage of debt data has been expanded to include the debt of LGUs because these units are part of the GGS.

As of 31 December 2009, total GGS debt, which include NG net of BSF, the Central Bank-Board of Liquidators (CB-BOL), SSIs and LGUs, less ISDH, increased by 4.4% from the previous year's level of PhP3.4 trillion or 46.3% of GDP. The NFPS posted a total debt of PhP4.7 trillion equivalent to 60.7% of GDP. This amount represents a 3.7% increase from the previous year's PhP4.5 trillion figure.⁹The assessment was based on the data shown in *Table 6*.

Table 6. Consolidated Outstanding Public Sector Debt.

| Components | Amount (in Billion PhP) | | % to GDP | | % to Total PSD |
|-----------------------------------|-------------------------|----------------|----------|------|----------------|
| | 2008 | 2009 | 2008 | 2009 | |
| 1. National Government | <u>4,220.9</u> | <u>4,396.6</u> | | | |
| Domestic | 2,414.4 | 2,470.0 | | | |
| Foreign | 1,806.5 | 1,926.6 | | | |
| 2. Less: NG Debt held by BSF | <u>615.8</u> | <u>619.8</u> | | | |
| Domestic | 613.0 | 615.9 | | | |
| Foreign | 2.8 | 3.9 | | | |
| 3. National Government (1-2) | <u>3,605.1</u> | <u>3,776.8</u> | | | |
| Domestic | 1,801.4 | 1,854.1 | | | |
| Foreign | 1,803.7 | 1,922.7 | | | |
| 4. CB-BOL | <u>1.7</u> | <u>1.2</u> | | | |
| Domestic | 0.0 | 0.0 | | | |
| Foreign | 1.7 | 1.2 | | | |
| 5. SSIs (GSIS, SSS, PHIC) | <u>0.0</u> | <u>0.0</u> | | | |
| Domestic | 0.0 | 0.0 | | | |
| Foreign | 0.0 | 0.0 | | | |
| 6. Local Government Units | <u>51.9</u> | <u>58.2</u> | | | |
| Domestic | 51.9 | 58.2 | | | |
| Foreign | 0.0 | 0.0 | | | |
| 7. GG, unconsolidated (3+4+5+6) | <u>3,658.8</u> | <u>3,836.2</u> | | | |
| Domestic | 1,853.4 | 1,912.2 | | | |
| Foreign | 1,805.4 | 1,923.9 | | | |
| 8. Less: Intra-sector debt (dom.) | <u>248.6</u> | <u>277.2</u> | | | |
| NG debt held by SSIs | 248.6 | 277.2 | | | |

⁹DOF Press Release 18 October 2010.

| Components | Amount (in Billion PHP) | | % to GDP | | % to Total PSD |
|--|-------------------------|-----------------------|---------------------|---------------------|----------------------|
| | 2008 | 2009 | 2008 | 2009 | |
| 9. Total consolidated GG debt (7-8) | <u>3,410.2</u> | <u>3,559.0</u> | <u>46.0%</u> | <u>46.3%</u> | <u>62.5%</u> |
| Domestic | 1,604.8 | 1,635.1 | 21.7% | 21.3% | 28.7% |
| Foreign | 1,805.4 | 1,923.9 | 24.4% | 25.1% | 33.8% |
| 10. NFPCs (14 GOCCs) | <u>1,308.2</u> | <u>1,314.2</u> | | | |
| Domestic | 480.6 | 494.4 | | | |
| Foreign | 827.7 | 819.8 | | | |
| 11. NFPSD, unconsolidated (7+8) | <u>4,718.5</u> | <u>4,873.2</u> | | | |
| Domestic | 2,085.4 | 2,129.5 | | | |
| Foreign | 2,633.1 | 2,743.7 | | | |
| 12. Less: Intra-sector debt | <u>222.9</u> | <u>211.7</u> | | | |
| Domestic | 218.3 | 207.3 | | | |
| Foreign | 4.6 | 4.5 | | | |
| 13. Total Consolidated NFPSD (9-10) | <u>4,495.5</u> | <u>4,661.5</u> | <u>60.7%</u> | <u>60.7%</u> | <u>81.8%</u> |
| Domestic | 1,867.0 | 1,922.2 | 25.2% | 25.0% | 33.7% |
| Foreign | 2,628.5 | 2,739.3 | 35.5% | 35.7% | 48.1% |
| 14. FPCs (BSP, 3 GFIs) | <u>1,980.8</u> | <u>2,204.4</u> | <u>26.7%</u> | <u>28.7%</u> | <u>38.7%</u> |
| Domestic | 1,651.5 | 1,913.8 | 22.3% | 24.9% | 33.6% |
| Foreign | 329.3 | 290.6 | 4.4% | 3.8% | 5.1% |
| Bangko Sentral | <u>1,803.1</u> | <u>2,028.6</u> | | | |
| Domestic | 1,640.4 | 1,906.0 | | | |
| Foreign | 162.7 | 122.59 | | | |
| GFIs (DBP, LBP, TIDCORP) | <u>177.7</u> | <u>175.8</u> | | | |
| Domestic | 11.1 | 7.8 | | | |
| Foreign | 166.6 | 168.0 | | | |
| 15. Total PSD, unconsolidated (11+12) | <u>6,476.3</u> | <u>6,865.8</u> | | | |
| Domestic | 3,518.5 | 3,836.0 | | | |
| Foreign | 2,957.8 | 3,029.9 | | | |
| 16. Less: Intra-sector debt holdings | <u>1,209.2</u> | <u>1,169.6</u> | <u>16.3%</u> | <u>15.2%</u> | <u>20.5%</u> |
| Domestic | 1,186.5 | 1,140.2 | 16.0% | 14.8% | 20.0% |
| Foreign | 22.7 | 29.4 | 0.3% | 0.4% | 0.5% |
| Consolidated PSD (13-14) | <u>5,267.1</u> | <u>5,696.2</u> | <u>71.1%</u> | <u>74.2%</u> | <u>100.0%</u> |
| Domestic | 2,332.0 | 2,695.7 | 31.5% | 35.1% | 47.3% |
| Foreign | 2,935.1 | 3,000.5 | 39.6% | 39.1% | 52.7% |

Source: DOF-FPPO

In our review of the OPSD vis-a-vis the source data as of 31 December 2009 and validation of the process of consolidation, we observed some deficiencies that need to be addressed to enhance its accuracy and reliability.

1. *Non elimination of the LGU liabilities as ISDH*

Among the changes made to the official debt data to improve the DOF statistics is the elimination of ISDH to avoid double-counting. Examples of such eliminations are the BSF holdings of NG debt, NG debt held by SSIs, GOCCs and LGUs, and GOCCs debt held by the NG.

The total LGUs' liabilities from the MDFO of PhP3.299 billion which is part of the PhP58.2 billion outstanding loans and borrowings of LGUs reported by the BLGF and reflected in the OPSD for 2009 already formed part of the total NG debt of PhP3,776.6 (net of BSF) shown in the CNFPSD. Verification of the ISDHs disclosed that the LGU outstanding loans from the MDFO were not considered among the ISDHs that were deducted from the total CNFPSD, thus overstating the OPSD by the principal amount of these LGUs' liabilities.

These deficiencies did not allow for an accurate and fair assessment of the debt stock of the GGS and NFPSD the OPSD, taken as a whole, because the base figures used were affected by the errors and/or omissions in the application of the ISDHs to prevent double counting.

The DOF informed it had recomputed the principal portion to be PhP2.821 billion which will be part of the CNFPSD.

2. *Inclusion of GOCCs other than the 14 MNFGCs in the ISDH*

The NFPC portion of the CNFPSD was reported to consist only of the 14 MNFGCs, however the ISDHs (On-lending from NG to GOCCs) included other GOCCs.

Verification of the ISDHs for relent loans to GOCCs (on-lending from NG to GOCCs) disclosed the inclusion of other GOCCs, such as the Manila International Airport Authority (MIAA), Philippine Fisheries Development Authority (PFDA), Philippine PHIVIDEC, and Technology and Livelihood Resource Center (TLRC).

3. *Contingent Domestic Liabilities of PhP79.4 billion was reported twice.*

Comparison with the NG Outstanding Debt prepared by the BTr showed total contingent liabilities of PhP79.5 billion only and not PhP158.9 billion as reported in the OPSD. Based on the confirmation with the BTr-DMAD and the verified schedule of GOCCs loans, comprising the NG Direct Guarantees on GOCC loans in the NG Debt Stock, and the Guaranteed Corporate Issues in the OPSD, which are both stated at PhP79.4 billion, the data are one and the same.

4. *Reporting of the asset portion of the BSF instead of the debt holdings*

The BSF of PhP619.81 billion that was deducted from NG outstanding debt includes both the debt holdings and the interests earned from investments of the BSF.

Aside from the NG Outstanding Debt being prepared and submitted regularly by the BTr to the DOF, it also prepares and submits separately the following reports, among others:

- i. Outstanding Domestic GS issued by the NG with Selected Holders [GOCCs, NG-BSF, LGUs, Tax Exempt Institutions (TEIs), SSIs and GFIs], which is one of the bases of the DOF-FPPO in the ISDHs component of the OPSD/CNFPSD;
- ii. Asset Position of the BSF and SSF prepared by the BTr-Receipts, Investments and Disbursements Division (RIDDD), which is the basis of the DOF-FPPO in the NG Debt held by the BSF component of the OPSD/CNFPSD report.

There is a discrepancy of approximately PhP110.9 billion in the NG domestic debt held by the BSF as reported in the OPSD and in the OGS issued by NG with Selected Holders and the OGS reports.

As shown in page 12, the report on NG Outstanding Debt is based on the consolidated report provided by the DMAD. The data is sourced from the reports (OGS) submitted by the Payments Division for domestic debt and the DMFAS-generated reports (Detail of Growth of NG Debt) from the DMAD for foreign debts.

Verification of the OGS report showed only PhP508.85 billion (BSF – PhP506.35 billion and SSF – PhP2.50 billion) was included in the NG Debt Stock as of 30 December 2009, although the Payments Division had inadvertently reported PhP476.88 billion in the OGS issued by NG with selected holders that was submitted to the DOF.

Nevertheless, the FPPO considered the report on Asset Position of the BSF and SSF which reflected a balance of PhP619.81 billion composed of: PhP617.31 billion (PhP613.44 billion – domestic and PhP3.87 billion- foreign); and PhP2.50 billion, respectively, as the amount deducted from the total NG outstanding debt. This may not be the proper figure to be used since the report includes not only the GS Holdings from the BSF but also the cash items comprising of interests earned from investments of the BSF. This, in effect, had understated the NG debt stock and ultimately the OPSD by approximately PhP110.9 billion.

We recommended and the DOF agreed and have started to take appropriate corrective actions as follows:

- a. **Observe consistency in reporting GOCC liabilities and related accounts. Otherwise, exceptions should be adequately disclosed;**
- b. **Ensure adequate review and validation of the information taken from the reports submitted for consolidation to avoid errors in reporting;**

- c. Determine which reports and data from various sectors should be considered in the OPSD/CNFPSD for consistency and accuracy; and,**
- d. Include as adjustments in the 2010 CNFPSD the recomputed principal portion of the LGUs liabilities of PhP2.821 billion.**

The DOF, as part of its consolidation process, also agreed to enhance its coordination with concerned agencies to validate the completeness and correctness of the figures reported.

Reconciliation issues between accounting and reporting of NG debt and related data

Sound public financial reporting practices enhance the accountability level of the government and reduce its fiscal vulnerability. These also result in recording credible, timely and reliable information on public debt and other economic data that could be used in assessing the actual financial condition of the country.

Adequate review and reconciliation of data for compilation, publication and/or reporting allows for a more reliable and accurate reporting.

In our review of the Cash Operations Report (COR) and the NG Debt Stock vis-a-vis the audited financial statements (FS) as of 31 December 2009 and validation of the process of preparation of these reports, we observed some deficiencies that need to be addressed to enhance their reliability and usefulness.

1. Discrepancy in reported data between COR and Audited FS – PhP48.443 billion

The COR is a statement containing cash receipts, cash disbursement, the resulting surplus or deficit, and the corresponding domestic and foreign financing to cover such surplus or deficit.¹⁰

The COR, which is prepared by the FPAD for publication in the BTr website and submission to the DBCC, includes data on: (i) Revenues (tax and non tax, including grants); (ii) Expenditures (Allocation to LGUs, Interest Payments, Tax Expenditures, Subsidy, Equity and Net Lending); (iii) Surplus/Deficit, which tally with the data presented in the Consolidated Public sector Fiscal Position (CPSFP)/Public Sector Borrowing Requirements (PSBR); (iv) Financing (External and Domestic less Amortization); and, (v) Change in Cash (Budgetary, Non Budgetary, and Collections from the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) subject to holding period).

¹⁰BESF 2011 definition. The BTr further defines COR as a report that provides the NG surplus/deficit level which give the NG's budgetary position for a given period, including the corresponding magnitude of borrowings, allowing policymakers the ability monitor the fiscal performance and make necessary corrective actions. The amount of the cash deficit is widely perceived as a measure of performance and fiscal discipline, a lower deficit denotes good performance and fiscal discipline.

The basis for the preparation of the COR are the journal entry vouchers (JEVs) and the Daily Cash Statements uploaded through the New Government Accounting System by the Accounting Service (AS), which is also in charge of recording NG transactions that goes into the Consolidated Statement of Income and Expenditures (CSIE).

There is net discrepancy in the reported revenues and expenditures between the COR and the Audited FS for 2009 and 2008 by approximately PhP48.443 billion and PhP46.003 billion, respectively, the bulk of which pertained to income from grants and donations and income reported by the BTr. The reported tax revenues of the BIR and the BOC of PhP750.288 billion and PhP220.306 billion for 2009 and PhP778.581 billion and PhP260.248 billion for 2008, which represent approximately 86.36% and 86.41%, respectively, of total NG revenues for CYs 2008 and 2009, tally.

The NG COR and supporting NG Revenues and NG Expenditures also reflects data by office and source, in the case of revenues, and by type of expenditure, in the case of expenditures, while the CSIE reflects data by account classification, thus there is difficulty in comparing data and in verifying the nature of the discrepancies.

The BTr commented that deficiencies were due to the reporting format and the lack or non-availability of supporting documents that would enable the Accounting Service to record the transactions; while some revenues and expenditures were classified as off-budget accounts.

The FPAD could not validate the data of the COR vis-a-vis the FS prepared by the AS due to time constraints as it has to release the year-end official data twelve days after the closing of the books in which case the FS may not be available yet.

We recommended and the BTr agreed to ensure the following:

- a. FPAD and the AS divisions maintain close coordination and ensure reconciliation of revenue and expenditure data reported in the COR and in the CSIE. Provide adequate disclosures in the COR, if warranted, for counterpart account descriptions not consistent with those adopted in the FSs; and,**
- b. Maintain adequate balance between accuracy and timeliness to ensure reliability of information.**

2. Mispostings of advances/repayments and debt service considered as advances

The COR shows the details of the actual net lending, which represents the net NG advances on debt service payments on NG-relent/guaranteed loans of GFIs/GOCCs. The actual advances presented in the COR's Breakdown of Net Lending are based on the advances recorded by the NG Debt Accounting Division (NGDAD), while the basis for the repayments are the ORs issued by the Cash Custodial Division to the

GFI/GOCCs for the repayment of the advances. Copies of the JEVs on advances, with the supporting documents, are obtained from NGDAD for use in the preparation of the COR.

There were errors in posting advances/repayments to the appropriate GFIs/GOCCs and debt service payments considered as advances. The NGDAD's practice of recording advances although payments had been received from the GFIs/GOCCs, also contributed to the errors under the net lending in the COR.

The FPAD commented that while the COR data on advances/repayments is based on the JEVs of transactions prepared by the AS, there are separate account codes for advances, repayments and the regular debt service transactions. Error in posting entries in the COR is due to time constraint in counter-checking the AS entries.

We recommended that FPAD and the AS review the previously issued CORs; identify all reconciling items as well as the cause/s for the discrepancies noted; and agree on the review strategies to be done by each division before any data is released to the FPAD. The FPAD, likewise, adopt review mechanisms to avoid recurrence of similar errors in future reporting.

3. *Net difference in recorded Loans Payable-Foreign, Direct and Relent - PhP2.481B¹¹*

The report on NG Outstanding Debt being compiled by the SDAD for publication on the BTr website is based on the consolidated report provided by the DMAD. The data is sourced from the OGS submitted by the Payments Division for domestic debt and the DMFAS-generated reports (Detail of Growth of NG Debt) from the DMAD for foreign debts. The report comprised of actual obligations for loans/bonds (direct and assumed) and securities (domestic and foreign); and contingent obligations consisting of NG Direct Guarantee on GOCC Loans and GFI Guarantee Assumed by the NG per Proclamation 50.

The DMAD is responsible in the generation of various periodic reports/statements on external and domestic debt such as monthly Consolidated NG Debt Burden, monthly Detail of Growth, Annually or Quarterly Status of Public Debt, yearly or medium-term Debt Service Estimates and monthly actual debt service for submission to higher planning, fiscal, monetary authorities, the Congress and COA for planning purposes, operational decisions and audit requirements; and maintains records/files of GS, individual loan agreement and other documents on public debt.

The NGDAD, on the other hand, accounts for all receipts and disbursements pertaining to foreign obligations as well as liabilities transferred to NG and Bond Conversion transactions; and all domestic security transactions (including expenses incurred by the Security Operations Group) and assumed liabilities of NG including

¹¹2009 BTr Audit Report

redemption of Backpay, billing/collection of NG advances, and offsetting of accounts subsisting between and among government agencies/units.

While same source documents were used in reporting and recording NG debt transactions, a net difference of PhP2.481 billion in the recorded Loans Payable-Foreign, Direct and Relent account as of 31 December 2009 was noted due to discrepancies between NGDAD records and DMAD status reports resulting, among others, in unbooked availments, fully paid loan accounts with outstanding book balances, loan accounts with negative balances and negative balances in original currencies and positive balances in peso equivalent.

The *COA MS Report 2004* also disclosed that the public debt data reported by the DMAD and NGDAD could not be relied upon as the two records reflected different amounts when recording was based on the same documents.

The NGDAD attributed the difference to documents that were either not available or obtained only after cut-off period where transactions will be booked and reported on the next reporting period. The DMAD effect adjustments due to late receipt of notices of availment (NA) from creditors *on value date*, not on date of receipt of NA, i.e., notice for January availment received in February is recorded in January. The adjustment is disclosed on the succeeding month's status report, thru a footnote, indicating the amount, value date and the date DMAD received the notices.

While there is no separate communication regarding the adjustments, the DOF is furnished the monthly NG Debt Stock Report together with the "Notes on NG Debt Stock", which explains in detail the causes of increase/decrease in the debt stock month on month.

To ensure the reliability of reported loan transactions and accounts, we recommended and the BTr agreed that the NGDAD secure from the Fund Transfer Division (FTD) and the DMAD copies of the billing statements and amortization schedules of loans before cut-off period; and, from the DMAD copy of the notes on NG Debt Stock for reference and reconciliation purposes.

The DMAD also provide NGDAD with Loan Agreements, revised amortization schedules and other relevant documents from creditors that will affect the outstanding loan accounts' balances and copy of the Notes on NG Debt Stock for their information and reference.

4. *Unreconciled discrepancies between NG books and reports of the PD and DMAD for Bonds Payable and Loans Payable Domestic accounts – PhP25.798 billion*¹²

The 2009 report on OGS, which is a component of the NG Outstanding Debt Stock, comprises of NG Issues (Treasury bills and bonds), which is presented by type of

¹²2009 BTr Audit Report

bond and tenor, and Government Corporate Issues (NG Guaranty and GFI Guaranty – HGC PAGIBIG Housing bonds).

The NG Issues is prepared by Payments Division which documents and records all domestic obligations of the NG i.e., transactions in GS, the servicing, redemption, provision of sinking fund contributions on domestic debt issuances, and the management of domestic borrowings through monitoring and data analysis. It likewise provides back office or support operations for primary issuance of GS. On the other hand, the Guaranteed Corporate Issues portion is being provided by the DMAD using the DMFAS-generated Detail of Growth report.

Unreconciled discrepancies between NG books and reports of the Payments Division and DMAD for Bonds Payable-Domestic and Loans Payable-Domestic accounts, respectively, and discrepancy in outstanding balance of the Loans Payable-Domestic account per books and Status of Origination Authority were noted as follows:

| Accounts | Amount (in billion PhP) | | | Remarks |
|---------------|-------------------------|------------|------------|--|
| | Per Books | Per Report | Difference | |
| Bonds Payable | 1,823.759 | 1,823.758 | 0.001 | Unrecorded bonds & discrepancies in 3 sub-accts balances |
| Loans Payable | 657.066 | 631.270 | 25.796 | Unrecorded loans & discrepancies in 3 sub-accts balances |

The CY 2009 OGS prepared and submitted by the Payments Division and the DMAD for audit reference and the outstanding GS published in the BTr website tally.

We recommended and the NGDAD agreed to closely coordinate with the PD and DMAD for the analysis and reconciliation of the books, the PD and DMAD reports.

D. On timeliness and availability

Delays in the publication and release of public sector fiscal data

The Advance Release Calendar (ARC) is a mechanism designed to promote transparency, timeliness, and accessibility of government statistics by providing advanced information to the public as to what and when the statistics will become available. It gives the specific dates on when the various statistics will be released by government agencies for the benefit of the data users.

The NSCB-Philippine Statistical System (PSS) provides the list of agencies with ARC for the System of Designated Statistics (SDS) which is linked to the respective agency website. The BSP and the BTr are among the agencies linked to the PSS.

The NSCB-ARC for BTr key statistics and reports require the submission of the Monthly NG COR three weeks from reference period and for full year report two months from reference period; and the Monthly NG Outstanding Public Debt ten weeks from reference period.

On the other hand, the DBCC requires the submission of the OPSD within 45 days after each quarter for the first three quarters and 180 days for the annual release.

The NSCB ARC status of submission as of 08 March 2010 showed the BTr and BSP as among those that have complete submissions on fiscal sector data.

Results of the validation of the BTr statistical data vis-à-vis the ARC and the actual submission of the OPSD are shown below:

| Fiscal Report/ Reference Period | Publication | | No. of days delayed |
|--|--------------------|---------------------|--------------------------------|
| | Schedule | Release Date | |
| <i>Outstanding Public Sector Debt (OPSD)</i> | | | |
| Q2 2009 | August 15, 2009 | January 25, 2010 | 163 days |
| Q3 2009 | November 15, 2009 | June 28, 2010 | 225 |
| Annual Report 2009 | June 30, 2010 | October 18, 2010 | 110 |
| <i>NG Outstanding Debt</i> | | | |
| November 2009 | February 14, 2010 | February 12, 2010 | -0- |
| December 2010 | March 14, 2011 | March 11, 2011 | -0- |
| January 2011 | April 14, 2011 | April 12, 2011 | -0- |
| June 2011 | September 14, 2011 | September 12, 2011 | -0- |
| <i>Cash Operations Report</i> | | | |
| December 2009 | January 21, 2010 | January 21, 2010 | -0- |
| January 2010 | February 21, 2010 | February 22, 2010 | 1 |
| December 2010 | February 28, 2011 | February 28, 2011 | -0- |
| January 2011 | February 21, 2011 | March 04, 2011 | 11 |
| June 2011 | September 14, 2011 | September 12, 2011 | -0- |

In the IMF Annual Observance Report of the SDDS for 2009, it was noted that the Phils. exceeded the SDDS timeliness requirements for national accounts, central government

operations and central government debt and met the punctuality requirement for most data categories except, among others, for the general government or public sector operations (a short delay); and central government operations (data not disseminated for January).

The BTr - FPAD commented that the NG COR is regularly published in the BTr website after the official data has been released by the Secretary of Finance through a news briefing/conference at the DOF. Statistical tables on Outstanding Debts are posted in the BTr website one or two days after these are officially submitted to the Office of the Secretary of Finance.

There was no COR for January 2009 because the final COR for 2008 was released only on 18 March 2009. By that time, the data for February 2009 was already available so the BTr decided to release the COR as of February only which also included the January figures. For the 2009 COR, the January and February data were released on 25 March 2010. This was properly communicated with the NSCB and the end-users.

The ARC is updated every October of each year for the calendar of release in the succeeding year. Any deviation in the schedule is properly communicated to the NSCB.

The DOF-FPPO, on the other hand, admitted that the first three quarters of the OPSD are sometimes released or published after six months, and the annual release after eight months, which could be attributed to the delays in the submission of data from other sectors of government. The DOF informed, however, that efforts are ongoing to improve the timely release of reports. Specifically, it will enable to institute a process that will ensure timely submission of data from LGUs.

We recommended that the BTr continue to observe the timely release and publication in its website of fiscal and debt-related reports and the DOF agreed to improve on its consolidation efforts and processes by monitoring adequately the submission of relevant data from all sectors, thus ensure efficiency in the release of data.

The DOF believes that certain delays on the submission of data from the offices concerned will be avoided through a more pro-active coordination among agencies. Henceforth, it will assign a point person to ensure timely submission of relevant data.

E. On compliance with Government Finance Statistics Manual (GFSM) 2001

The DOF/BTr is still not fully compliant with GFSM 2001.

The IMF Statistics Department's GFSM 2001 updates the internationally recognized standards for the compilation of statistics required for fiscal analysis that were established by the 1996 GFSM. The revised standards have been harmonized with the corresponding

standards of other internationally recognized macroeconomic statistical systems to the extent consistent with the goal of supporting fiscal analysis.

The FPPO and the BTr, as the two units within the DOF in charge of compiling fiscal data, along with the National Statistics Office (NSO) for Consumer and Producer Price Indices and the BSP for Monetary Statistics, adopts the GFSM in the compilation of relevant data.

The IMF DQAF summary results for GFS indicated, among others, that the Philippines had provided available information on the methodology, sources, and reconciliation of data categories in the DQAF that would facilitate users to assess the quality of the data. For the revenue, expenditure, balance and composition of financing – General Government and Central Government, the international standards concerning concepts and definitions, scope, classification/sectorization, and basis for recording are either fully observed or largely observed.¹³

The DOF informed that the ongoing sectorization process of the GOCCs will result to revised coverage of the general government debt data.

1. On IMF observation on the DQAF results for GFS

The team validated the DOF Comments to the IMF Observations on the DQAF summary results for GFS, which categorized the assessment of data quality elements according to: (a) integrity; (b) methodological soundness; (c) accuracy and reliability; (d) serviceability; and, (e) accessibility. The results of our partial validation showed that the GOP, particularly the DOF and the BTr, is still not fully compliant with the *GFSM 2001*, particularly on the following areas of concern:¹⁴

1.1 Data sharing and coordination and submission in a reasonable time frame are not yet accomplished through an authorized and documented set of procedures. (Sec. 0.1.2 & 0.1.4)

The DOF commented that ad hoc arrangements are in place to document data sharing and coordination. To strengthen coordination, it proposed that a DOF order be issued instructing compliance with the timely submission of data requirements for GFS. No update, however, was obtained regarding this proposal.

1.2 Data on main aggregates of annual data do not fully conform to fully aggregated or consolidated data for PS operations. (Sec. 4.2.1)

The DOF commented that the fiscal sector agencies informed the IMF that they intend to improve the coverage of institutions as transactions of the PS.

¹³ Chapter IV, GFS (pp. 62 to 86), IMF Country Report No. 04/281 dated August 2004, entitled “Phils: Report on Observance of Standards and Codes – Data Module, Response by Authorities, and Detailed Assessments using DQAF.”

¹⁴The detailed results of validation is shown in Annex “A”

1.3 *The aggregates and details of accounts of the NG are not in full conformity with either GFSM 1996 or GFSM 2001. (Sec. 5.1.1)*

While Financing identify changes in cash balances, the total of the net financing and changes in cash balances do not match with the surplus/(deficit).

The Outstanding Debt covers both real and contingent but the category under contingent debt called “Assumed Liabilities” is still shown which, as commented by the IMF, is confusing insofar as such language would be presumed to refer to actual debt.

The subsequent CORs thru 2009 showed that the revenue and expenditures are netted out to arrive at the surplus or deficit less net financing (external and domestic) equals cash budgetary accounts excluding memorandum items, which is not aligned with the GFS framework. It was noted, however, that while only the major components of the cash operations are shown in the published CORs, the detailed breakdown showing the sources and nature of each component is available at the BTr-FPAD.

2. On consistency in format and presentation of the reports

The team noted some inconsistencies in the format and preparation of the COR in relation to the *GFSM1986*, which provides that grants are not part of revenue, and privatization receipts (part of lending minus repayments) are not part of revenue. The 2009 Annual Report (AR) of the BTr, under Table 2 - NG Cash Performance does not identify the analytical components of revenue and expenditures. Table 6 – NG Outstanding Debt, has some detail, but it identifies government securities in the direct loan category, inconsistent with international statistical convention.

The *GFSM 2001*, in Chapter 5 – Revenue, also prescribes the proper classification and recording of revenue. Among others, the elements are classified according to different characteristics depending on the type of revenue. The team observed that the BTr CORs for 2009 and 2008 contained same components which are not in conformity with the *GFSM 1986 and 2001*.

The COR published in the DOF and BTr websites, while not fully compliant with the *GFSM 2001*, had attempted to classify revenues according to source and nature although it still included privatization receipts among the enumerated non tax revenue sources.

There is also inconsistency in the presentation of *grants* under the *Revenues component* in the 2007 to 2009 CORs published by the BTr in its website and the BSP in its ARs. The COR presented in the BTr website presented grants separately from tax and non tax revenues, while the CORs in the BSP AR presented *grants* under the non tax revenues.

The FPAD commented that fiscal data classification in the BTr AR and in the COR is similar. The format is consistent with the way the fiscal programs are classified to make it comparable in assessing fiscal performance. Thus, revenues include grants received and proceeds of privatization. A parallel report, in compliance with the *GFSM 2001*, is prepared and submitted to the IMF on a monthly basis after the release of the COR. In the said report, privatization is excluded from revenues and classified as a financing item.

It further commented that the grants included in the COR only pertains to those with a corresponding NCA issued by the DBM. This policy was adopted as a result of the agreement reached during one of the DBCC meetings. The classification is also consistent with the way grants have been classified by the DOF in its revenue program.

We recommended that: (a) the DOF ensure faithful compliance with the GFS in compiling fiscal data; and, (b) the FPAD observe consistency with the *GFSM 2001* in classifying data in the COR; and ensure that reports published and/or released to other agencies are consistent with those published in the BTr website.

The BTr commented that the COR could not be fully consistent with the GFSM classification because it is on cash basis. The shift to accrual method of reporting as required by the *GFSM 2001* could only be done once the Philippines is on a full accrual method of accounting financial transactions. The IMF has prescribed a ten-year migration path to fully implement the *GFSM 2001*.

F. On enhancing the usefulness understandability of debt data

Provision of additional relevant information on debt-related schedules supporting the FS

Appropriate disclosures in the 2009 Notes to the FS of the BTr were made on the non inclusion in the recorded *Contingent Liabilities* for 2009 of the following contingent liabilities of the NG per NG outstanding debt:

- i. NG Direct Guarantee on GOCCs Loans of USD11.448 billion or Php530.636 billion;
- ii. GFIs Guarantee Assumed by the NG per Proclamation No. 50 of USD85.904 million or Php3.982 billion; and,
- iii. NG contingent liabilities under the BOT and/or BLT projects and the guarantees extended by the GFIs.

In our review of the 2009 Notes to the FS of the BTr, we observed that the presentation of debt-related schedules may still be improved as follows:

- i. The Schedules of Long-Term Domestic Borrowings (Bonds and Loans) and Foreign Borrowings in comparative form;

ii. The Schedule of domestic loans/borrowings (Treasury Bills and assumed loans from GFIs) by maturity dates in addition to the description of the nature of type of loan, such as bank (DBP) Assumed – Bills Payable – 9% Countryside, T-Notes, T- Bills, etc.; and,

iii. The Schedule of foreign loans/borrowings by creditor organization, such as multi-lateral or bilateral, etc., in addition to the presentation by creditor agency, in the case of direct and relent loans by the NG, and by debtor, in the case of assumed loans from GFIs.

The BTr - NGDAD which is in charge of the preparation of these schedules agreed to coordinate with the MIS Oracle programmer for the possibility of generating these reports using the NGAS program.

We recommended and BTr Management agreed to consider improvements in the presentation of debt-related schedules and information in the succeeding FS to enhance its usefulness and understandability.

Part III

Annexes

Table 4. Philippines – Data Quality Assessment Framework: Summary of Results for GFS (Compiling Agency: Philippine DOF)

| Key to Symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; NO = Practice Not Observed; SDDS = Complies with SDDS Criteria | | | | | | | | |
|--|----|------------|----|-----|----|--|---|--|
| Element | NA | Assessment | | | | IMF Observations | DOF Comments | Partial COA Validation |
| | | O | LO | LNO | NO | | | |
| 0. Prerequisites of Quality | | | | | | | | |
| 0.1 Legal and institutional environment | | | x | | | No clear legal mandate for data collection and coordination. | <p><i>Authority of DOF to compile GFS data (Sec. 0.1.1)</i> – The legal mandates of the DOF and the BTr do not have any specific provision about the function of data compilation. However, as the IMF report also recognizes the DOF, through the FPPO and the BTr, “collects, compiles, and disseminates fiscal data for the public sector.” The IMF also recognizes that significant dissemination of fiscal data occurs as a public service.</p> <p><i>Data sharing and coordination in conformity with GFSM 1986 and GFSM 2001, and submission in a reasonable time frame is not yet accomplished through an authorized and documented set of procedures, (Sec. 0.1.2 and 0.1.4)</i> – Ad hoc arrangements are in place to document data sharing and coordination. To strengthen coordination, we propose that a DOF order be issued instructing compliance with the timely submission of data requirements for GFS. The BTr has been tasked to draft the order.</p> | The DOF asked the BTr to provide an update, however, no update was obtained to date. |
| 0.2 Resources | | | x | | | Computer system not used for automatic statistics compilation. | <p><i>Existing computer system has not been authorized to, or been able to, automatically generate GFS from existing records, (Sec. 0.2.1)</i> – Automation will follow as soon as the New Government Accounting System (NGAS) is fully operationalized. Pilot tests on automation are being undertaken by BTr to thresh out bugs in the system.</p> | The preparation of the COR by the BTr – FPAD is based on the JEVs generated by the NGDAD, NCAD and MAAD, through the NGAS, while the NG Outstanding Debt being consolidated by the DMAD is based on reports from the Payments Division and the DMFAS-generated |

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| | | O | LO | LNO | NO | | | |
| | | | | | | | <i>Compiling in the most efficient manner (Sec. 0.2.2)</i> – We agree with the report's observations that the existing automated system can be improved in order to more efficiently compile GFS, than the present manual system. In this instance we may find the need to request technical assistance from the IMF. | reports from the DMAD in the case of the domestic and foreign debts, respectively. There is an ongoing project at the BTr to enable the domestic debt data to be generated by the DMFAS to facilitate the preparation of the NG Debt Stock. |
| 0.3 Quality awareness | | | x | | | No procedures to guide and ensure quality. | <i>Undocumented processes to ensure quality of data collection, existence of plans for emerging GFS needs (Sec. 0.3.1 to 0.3.3)</i> – The proposed DOF order can substantially mitigate these concerns. Current compilation practices have been followed for several years as without being documented into a standard manual of procedures. The proposed DOF order will document procedures and specify reportorial requirements. | The DOF asked the BTr to provide an update, however, no update was obtained to date. |
| 1. Integrity | | | | | | | | |
| 1.1 Professionalism | | x | | | | Lack of review of somewhat overlapping data (BTr/FPPO); Little evidence of analytical work or staff publication of methodological papers. | <i>Evidence of analytical work or staff publications of methodological papers (Sec. 1.1.1)</i> – This will have to form part of future programs. We propose that technical assistance be requested from the IMF to guide the technical staff. | |
| 1.2 Transparency | | | x | | | No advance notice for changes in data sources. | <i>Notice of change in series not indicated (Sec. 1.2.4)</i> – The staff agrees with this observation and will henceforth change reportorial procedures for future statistical updates. | For update comment of the DOF. |
| 1.3 Ethical standards | | x | | | | | <i>Not being aware of Act Establishing Code of Conduct and Ethical Standards for Public Officials and Employees (Sec. 1.3.1)</i> – The IMF report stated very specifically at the beginning of this section that "The staff behaviour is consistent with high ethical standards." It ended with the observations that ... "there is evidence | The IMF report elaborated on the observation that "Not all DOF officials compiling fiscal data were aware of the Act Establishing Code of Conduct and Ethical Standards for Public Officials and Employees. No known sanctions have been applied that |

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|------------------------------------|----|------------|----|-----|----|--|--|---|
| | | O | LO | LNO | NO | | | |
| | | | | | | | that the experienced staff compiling fiscal data has high ethical standards." | imply adherence to the code of conduct where the code is breached." |
| 2. Methodological soundness | | | | | | | | |
| 2.1 Concepts and definitions | | | x | | | Insufficient details and no documented plans for migrating to <i>GFSM 2001</i> . | | The DOF informed that efforts are ongoing to adopt GFSM 2001. |
| 2.2 Scope | | | x | | | GFS not available for central and general government. | | |
| 2.3 Classification/sectorization | | x | | | | | <i>Non compliance with GFSM 2001 (Sec 2.3.1, Sec. 2.4.2, Sec. 3.1.1, Sec. 3.1.2) – The GOP is still not fully compliant with GFSM 2001. The implementation of the NGAS will be critical in ensuring compliance with the data compilation requirements of GFSM 2001, specifically in the shift of reporting from cash transactions to accrual system.</i> | Even with the implementation of the NGAS, the same observations were noted: <i>On Sec 2.3.1 -</i> a. Reporting of revenue is not according to economic classifications and including grants and privatization receipts; expenditure including net lending in the BTr Annual Report for 2009; The COR published in the BTr website presents, generally the revenues according to economic classifications. b. The NG O/s Debt has some details on foreign and domestic debt but gov't securities are still in the direct loan category which, according to the IMF report, is inconsistent with international statistical convention; c. The consolidated OPSD data contains the major components of the consolidated nonfinancial PS debt for the gen. gov't and nonfinancial public corps and for the financial public corps, net of intra-sector debt holdings. |
| 2.4 Basis for recording | | x | | | | | | |
| 3. Accuracy and reliability | | | | | | | | |
| 3.1 Source data | | | x | | | No procedures to ensure use of audits or best data sources. | | |

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| | | O | LO | LNO | NO | | | |
| | | | | | | | | The proposed Fiscal Responsibility Bill, however, has explicitly defined the composition of the Consolidated Non-Financial PS Debt to include total indebtedness, whether foreign or domestic, of the NG, LG, MNFGCs, SSIs, as well as the cost of restructuring the defunct CB, except those incurred by GFIs; and the CPS Deficit to include the combined deficit of the NG, LGs, MNFGCs and FIs, SSIs, as well as the cost of restructuring the defunct CB, and the financial position of the present BSP. |
| 3.2 Statistical techniques | | | x | | | Subpar for local governments and nonfinancial corps. | <i>Reporting of annual data of LGUs (Sec. 3.2.1)</i> – The reporting of data for LGUs will be enhanced with the implementation of the Manual on the Statement of Income and Expenditures for LGUs. The manual took effect in 2003. | The DOF commented it will institute a process that will ensure timely submission of data for LGUs. |
| 3.3 Assessment and validation of source data | | | x | | | Problem of missing data for general government not addressed. | <i>Assessment and validation of source data (Sec. 3.3.1)</i> – The main source for the questions on the validity of source data stems from the cash reporting of transactions by the BTr and the accrual system of the COA. These problems will be resolved when the NGAS is implemented by all government entities. | Even with the implementation of the NGAS, the same observations relating to cash and claims on GOCCs remain as a result of unreconciled discrepancies between book and bank records (cash) and SL and book balances (Due from GOCCs) in prior years. |
| 3.4 Assessment and validation of intermediate data & statistical outputs | | | x | | | No review or comparison of GFS with monetary data. | <i>Reconciliation of data between fiscal sector and other macroeconomic statistical areas (Sec. 3.4.1)</i> – In the final meeting between the IMF and the GOP, the NEDA and the BSP clarified that they use BTr data for NG fiscal transactions. | Appropriate links to the BTr website for relevant NG data being released by the BTr is indicated in both the BSP and DOF Statistical Bulletin/ Websites, where applicable. |

| Element | NA | Assessment | | | | IMF Observations | DOF Comments | Partial COA Validation |
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| | | O | LO | LNO | NO | | | |
| | | | | | | | <i>Reconciliation of GFS financing data and corresponding data with financial institutions (Sec. 3.4.3) – BTr is scheduling a meeting with BSP so that there will be a reconciled report.</i> | For update comment of the BTr. |
| 3.5 Revision studies | | | x | | | Reviewed but no evidence of recent documented studies. | <i>Documentation for data revisions (Sec. 3.5.1) – The GOP technical staff resolved to do this much more consistently in future reports. Future updates of the DOF Statistical Bulletin will indicate data series revisions in the explanatory notes.</i> | The DOF commented that disclosures were made for the revisions to conform with the international standards, as recommended by the GFSM 2001. |
| 4. Serviceability | | | | | | | | |
| 4.1 Relevance | | | x | | | Insufficient details in monthly releases and long lags in the publication of <i>Statistical Bulletin</i> . | <i>Available statistical reporting of annual data, while good in certain areas, is not comprehensive and consolidated for transactions or stocks of the central government, the general government, or the public sector (PS). (Sec. 4.1.1) – This concern will be addressed by the implementation of the NGAS.</i> | The DOF commented that the consolidated report was made available in the DOF website. |
| 4.2 Timeliness and periodicity | | x | | | | | <i>Data on main aggregates of annual data do not fully conform to fully aggregated or consolidated data for PS operations. (Sec. 4.2.1) - The fiscal sector agencies informed the IMF that they intend to improve the coverage of institutions as transactions of the PS.</i> | The DOF commented that efforts are ongoing to improve timely release of reports. |
| 4.3 Consistency | | | x | | | No match of deficit with financing in public sector operations. | | The Philippines Fiscal Update (NG) published in the DOF Website covers 2001 up to Oct 2010. The data on deficit and financing still did not match. |

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| | | O | LO | LNO | NO | | | |
| | | | | | | | <p><i>Explanation of statistical breaks not evident (Sec. 4.3.2) – This recommendation will be implemented in subsequent updates of statistical reports.</i></p> <p><i>Harmonization of fiscal accounts with related national income accounts (Sect. 4.3.3) – The authorities during the final meeting have indicated that steps are to be taken to help ensure that fiscal data are consistent and reconcilable with the national account, monetary and financial, and balance of payments statistics.</i></p> | <p>As stated, the authorities during the mission indicated they soon plan to improve the coverage of institutions as well as transactions of the public sector.</p> <p>For inquiry with the IMF or review of update reports in future.</p> |
| 4.4 Revision policy and practice | | | x | | | Revision studies not made public. | <p><i>No routine focus on coherence between preliminary and final data to ascertain if preliminary data can be used with confidence for policy determination and analysis. (Sec 4.4.2 and 4.4.3) – This is intended to be part of future improvements of the reportorial system.</i></p> | For update comment of the DOF and the BTr on improvements in the reportorial system. |
| 5. Accessibility | | | | | | | | |
| 5.1 Data accessibility | | x | | | | | <p><i>The aggregates and details of accounts of the NG are not in full conformity with either GSFM 1986 or GSFM 2001. (Sec. 5.1.1) – As mentioned earlier, the implementation of the NGAS and the shift to accrual accounting will enable GFS accounts to conform to GSFM 2001.</i></p> | <p>The aggregates and details on NG accounts still do not conform with either the GSFM 1986 or GSFM 2001:</p> <p>a. While Financing identify changes in cash balances the total of the net financing and changes in cash balances do not match with the surplus/(deficit);</p> <p>b. O/s Debt – covers both real and contingent, but the category under contingent debt called "Assumed Liabilities" is still shown which, as</p> |

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| | | | | | | | | <p>commented by the IMF, is confusing insofar as such language would be presumed to refer to actual debt.</p> <p>The proposed Fiscal Responsibility Bill has defined Contingent Liabilities to refer to either of the ff:</p> <ul style="list-style-type: none"> i. Possible obligations that arise from past GOCC and BOT operations whose existence will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or ii. Present obligations that arise from past events but are recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Ex. Future projects of actuarial deficiencies of the government and SSIs. c. The subsequent years' CORs thru 2009 showed that the revenue and expenditures are netted out to arrive at the surplus or deficit less net financing (external and domestic) |

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|----------------------------|----|------------|----|-----|----|--|---|------------------------|
| | | O | LO | LNO | NO | | | |
| | | | | | | | <p><i>Cash Operations Report not publicly disseminated (Sec. 5.1.2) – On the contrary, the COR is disseminated via the BTr website and also through hard copies.</i></p> <p>equals cash budgetary accounts excluding memorandum items, which is not aligned with the GFS framework.</p> <p>While the COR that was published in the DOF and BTr websites presents only the major components of the cash operations, the detailed breakdown showing the sources and nature of each component is available at the BTr - FPAD based on the information provided by the NGDAD.</p> | |
| 5.2 Metadata accessibility | | | x | | | Limited metadata, and inexistence of a note comparing data to <i>GFSM 1986</i> . | <p><i>Concepts, sources, methods (C, S, & M) are not significantly documented in reports. The information provided is not sufficient to allow users to understand fully the framework under which the statistics are produced (Sec. 5.2.1 & 5.2.2) – We intend to request the IMF for technical assistance in order for the technical staff to improve the reporting of C, S, & M information.</i></p> <p>The DOF commented it will pursue request for a technical assistance from the IMF.</p> | |
| 5.3 Assistance to users | | | x | | | No catalogues on publications and other data information. | <p><i>Contact persons and catalogue of statistical products and services are not provided in publications. (Sec. 5.3.2) – The 2003 DOF Annual Report as well as the Statistical Bulletin will include contact persons and a list of statistical products.</i></p> <p>The 2008 Annual Report (AR) of the DOF included, on pp. 30-40, photos of its officials (Secretary to its Directors and Heads of Attached Corps), as well as a directory of the offices/group and attached agencies and bureaus with contact nos. and official websites. The 2009 AR of the BTr also contained this information.</p> <p>The Stat page of the DOF web-site also included statistical products,</p> | |

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|---------|----|------------|----|-----|----|------------------|--------------|---|
| | | O | LO | LNO | NO | | | |
| | | | | | | | | <p>namely: Fiscal Update, Revenue Performance, NG Debt, NG Financing, CPSFP, GOCC-FS, OPSD, NG Revenue Program, RVAT Update, NG Cash Budget, NG Revenue and Tax Effort, & Programs and Project Loans, as well as the contact no. and website of the FPPO, in case of queries.</p> <p>However, the data for Programs & Project Loans, though adequately described, does not contain any data; Stat data for NG Debt is inappropriately described "NG Debt Ratio" with available data ref. 1990-2007 (yearly) & Jan-Feb (monthly), when actual data published covers o/s debt for 2000-2009 (yearly) & Jan to Feb 2004 (monthly). Notably, the CPSFP data time series (date & time of publication) is indicated on the face of the report. The latest available AR is for 2008.</p> <p>The DOF commented that the 2009 AR is available already and has been disseminated.</p> |

Source: Chapter IV – GFS (pp. 62 to 86), August 2004 IMF Country Report No. 04/281 entitled "Phils: Report on the Observance of Standards and codes – Data Module, Response by Authorities, and Detailed Assessments Using DQAF.