

EXECUTIVE SUMMARY

A. Introduction

The Toll Regulatory Board (TRB) was created on March 31, 1977 by virtue of Presidential Decree (PD) No. 1112 otherwise known as the “Toll Operation Decree”. The mandate of the Board is to perform close supervision, monitoring and regulation of the construction, operation and maintenance of toll facilities and the regulation of toll fees as well as the rate that may be charged for the use of these facilities.

The TRB’s mission is to establish viable toll roads and facilities built and managed by the private sector, regulated and supervised by the government, in pursuit of sustainable economic development.

It is attached to the Department of Transportation and Communications (DOTC) pursuant to Executive Order (EO) No. 686 dated December 19, 2007. It is governed by a Board composed of the DOTC Secretary as Chairman and Members from Department of Public Works and Highways (DPWH), Department of Finance, National Economic and Development Authority (NEDA) and a representative from private sector. The management of the Board is vested in the Executive Director who is a presidential appointee.

As of December 2015, the Board has a total personnel complement of 45 broken down as follows:

Nature of Appointment	Number of Employees
<i>Personnel Services (PS)</i>	
Third Level/Presidential Appointee	1
Permanent/Regular Positions	24
Co-Terminus Positions	1
<i>Maintenance and Other Operating Expenses (MOOE)</i>	
Consultancy Services	3
Other Professional Services	7
Janitorial Services	2
Security Services	1
Other General Services	6
Total Personnel	45

B. Financial Highlights

For CY 2015, the TRB has a regular appropriation of P26,522,000.00 under Republic Act (RA) No. 10651, the General Appropriations Act of FY 2015. It also received automatic appropriation of P1,139,000.00, and other releases of P1,696,746.00 or total appropriations of P29,357,746.00. The Agency received total allotments of

P29,357,746.00 of which the amount of P27,343,707.17 was obligated, leaving a balance of P2,014,038.83. The details of receipt and utilization of the appropriation is shown below:

Allotments, Obligations and Balances

Sources of Funds	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
	(in Php)			
A. Current Year				
1. Regular	26,522,000.00	26,522,000.00	24,603,084.77	1,918,915.23
2. Automatic	1,139,000.00	1,139,000.00	1,057,230.58	81,769.42
3. Other Releases	1,696,746.00	1,696,746.00	1,683,391.82	13,354.18
B. Continuing Appropriations	-	-	-	-
Total	29,357,746.00	29,357,746.00	27,343,707.17	2,014,038.83

The agency's financial position and financial performance for the years 2015 and 2014, are presented as follows:

Particulars	2015	2014 (Restated)
	(in Php)	
Financial Position		
Assets	7,453,770.27	8,396,656.66
Liabilities	556,655.67	725,258.61
Net Assets/Equity	6,897,114.60	7,671,398.05
Financial Performance		
Revenue	1,132,832,059.27	1,012,425,970.81
Current Operating Expenses	25,464,003.22	24,910,808.54
Surplus/(Deficit) from Current Operations	1,107,368,056.05	987,515,162.27
Net Financial Assistance/Subsidy	25,385,224.47	25,049,282.59
Surplus/(Deficit) for the period	1,132,753,280.52	1,012,564,444.86

C. Operational Highlights

The Agency's reported targets and actual accomplishments measured in terms of its major final outputs (MFOs) are as follows:

Performance Indicators	Targets	Actual Accomplishments	Percentage of Accomplishments
MFO 1 – Tollway Regulatory Services			
PI 1 –Monitoring			
<i>Quantity</i>			
1. Number of complaints acted upon	40	40	100
2. Number of inspection conducted	12	118	983

Performance Indicators	Targets	Actual Accomplishments	Percentage of Accomplishments
3. Increased kilometer-length of tollroad	108	125	116
<i>Quality</i>			
4. % of non-compliance with the O&M Manual/Performance Standards by the toll operators	50%	26%	52
<i>Timeliness</i>			
5. % of notices issued to the toll operators for non-compliance with the O&M Manual/Performance Standards within seven working days after inspection	70%	82%	117
PI 2 – Enforcement			
<i>Quantity</i>			
1. Number of traffic violations detected/recorded	576	1,571	273
<i>Quality</i>			
2. % of traffic violations detected by TRB against the total number of apprehensions recorded by Toll Operators	50%	47%	94
<i>Timeliness</i>			
3. % of notices issued to toll operators for non-apprehension of motorists' traffic violations within 7 working days after validation of the report	70%	100%	143

D. Scope of Audit

The audit covered the accounts and operations of TRB for the year ended December 31, 2015. The audit was conducted to (a) verify the level of reliance that may be placed on management's assertions on the financial statements; (b) determine the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

E. Independent Auditor's Report

The Auditor rendered an unqualified opinion on the fairness of presentation of the financial statements of TRB.

F. Summary of Significant Observations and Recommendations

The following is a summary of significant audit observations and corresponding recommendations, the details of which are discussed in Part II of this Report:

1. Despite last year's audit recommendation, the TRB had not required the transfer of the remaining items of still undetermined quantity of property/equipment from the Philippine National Construction Corporation (PNCC) as provided for in the Toll Operation Agreement (TOA) but instead requested PNCC to include the items in its disposal of its property, which is not proper. Moreover, of the previously transferred property, three motor vehicles were recorded by TRB in its books at P1.00 each instead of their fair values as prescribed under Philippine Public Sector Accounting Standards (PPSAS) 17. **(Observation No. 1)**

We recommended that Management determine the exact quantity of assets that should be transferred still by PNCC and subsequently make the necessary transfer by recording the same in its books before processing the disposal.

We further recommended and the Accountant agreed to make the necessary adjustments to book up/record the fair values of the transferred motor vehicles.

2. Unserviceable assets, with a net book value of P1,176,949.07 remained not disposed of as of year-end contrary to Section 79 of Presidential Decree (PD) No. 1445. **(Observation No. 2)**

We recommended and Management agreed to expedite the disposal of the unserviceable properties to maximize the realizable value therefrom.

The above observations and recommendations were discussed with concerned management officials in an exit conference conducted on May 3, 2016 and their comments were incorporated in this Report, where appropriate.

G. Summary of Total Suspension, Disallowances and Charges as of year-end

There were no audit suspensions, disallowances and charges issued in the audit of various transactions of the TRB for CY 2015. The disallowances and charges amounting to P321,759.23 disclosed in the Notes to Financial Statements pertains to those issued before the issuance of the 2009 Revised Rules on Settlement of Accounts (RRSA) for which the records and addresses of the persons liable thereof can no longer be found.

H. Status of Implementation of Prior Years' Audit Recommendations

Of the 12 audit recommendations embodied in the prior years' Annual Audit Report of TRB, four or 33.33% were fully implemented, four or 33.33% were partially implemented, and four or 33.33% were not implemented. The details are presented in Part III of this Report.