

## EXECUTIVE SUMMARY

### A. Introduction

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

Pursuant to EO No. 133 signed by President Corazon C. Aquino on February 27, 1987, PTTC's mandate, as stated under Section 13, sub-heading (g), page 12 of the Order, are as follows:

- 1) To develop training modules on export and import techniques and procedures;
- 2) To raise the level of awareness of Philippine businessmen on export opportunities and the availability of alternative sources of import products or diversified markets for export;
- 3) To offer specialized courses for specific industry groups directed at overcoming barriers to overseas market penetration; and
- 4) To conduct training programs in international trade practices, inspection techniques and exhibition mounting.

The Agency's main activities and critical processes revolves in Trade Business Management Training Program which includes the following:

- planning, policy formulation and provision of trade related research;
- development and implementation of training modules; and
- management and maintenance of facilities for training, exhibitions, conferences and other activities.

The vision of the Center is to be a world class training institution by the year 2022 that promotes and develops the Filipino business sector. It is committed to uplifting the quality of life for the Filipino people by providing the nation with timely, relevant, high quality professional service to enable the Philippine export industry to succeed in a rapidly-changing and highly competitive global marketplace.

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

The PTTC is headed by Mr. Nestor P. Palabyab, Executive Director, while the position of Deputy Executive Director is currently vacant and no other officer was designated to the said position. Under the approved Rationalization Plan, the Executive Director is assisted by Division Chiefs heading the four divisions, namely: (1) Business Management Training Services Division (BMTSD); (2) Facilities and Events Management Division (FEMD); (3) Planning and Programming Division (PPD); and (4) Administrative and Finance Management Division (AFMD).

The Center has 55 permanent plantilla positions and hired 25 Contract of Service as of December 31, 2018.

## B. Financial Highlights

The PTTC's financial position, performance and sources and application of funds as at December 31, 2018 compared to prior year, are as follows:

Particulars		2018		2017
<b>Financial Position</b>				
Assets	₱	83,557,147.41	₱	75,211,181.34
Liabilities		18,343,856.55		11,688,604.70
Net Assets/Equity		65,213,290.86		63,522,576.64
<b>Financial Performance</b>				
Revenue		34,660,826.99		35,676,301.99
Current Operating Expenses		83,444,362.38		83,544,909.36
Gains		0.00		11,687.21
Losses		(201,439.12)		(146,410.29)
Net Financial Assistance/Subsidy		61,999,973.03		57,624,477.61
Surplus/(Deficit) for the Period		13,014,998.52		9,621,147.16
<b>Sources and Application of Funds</b>				
Appropriations		66,613,000.00		58,071,000.00
Allotments		65,259,119.00		60,337,856.78
Total Obligations		64,950,768.59		58,807,486.62
Unobligated Balance	₱	308,350.41	₱	1,530,370.16

The total allotment of ₱65,259,119.00 consist of Agency Specific Budget, Automatic Appropriations and Special Purpose Fund amounting to ₱60,944,235.00, ₱2,582,000.00, ₱1,732,884.00, respectively.

## C. Scope and Objective of Audit

The audit covered the accounts, transactions and operations of the PTTC for CY 2018 and aimed to (a) ascertain the level of assurance that maybe placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with pertinent laws, rules and regulations; (c) recommend agency improvement opportunities to enhance operational processes/procedures; and (d) determine the extent of implementation of prior year's audit recommendations.

#### **D. Independent Auditor's Report**

An unqualified opinion was rendered on the financial statements of the PTTC as of December 31, 2018.

#### **E. Significant Observations and Recommendations**

1. Balances of fund transfer to PS-DBM and PITC amounting to ₱11.000 million and ₱2.716 million, respectively, for the procurement of various items remained undelivered as of the year-end. The non-delivery of the items requested delayed the use thereof in the operation of the agency. **(Observation No. 5)**

We recommended and Management agreed to exert extra effort in monitoring the status of the procurement and ensure the delivery of the goods and services needed for use thereof in the operation of the agency.

2. The Property, Plant and Equipment of the Center with a net book value of ₱37.444 million as of December 31, 2018 was insured inadequately with the Government Service Insurance System (GSIS). The policy obtained was for the period May 31, 2018 to May 31, 2019 covering the perils of fire and lightning but did not include other common perils such as typhoon, flood, earthquake and burglary/robbery. **(Observation No. 6)**

We recommended and Management agreed to insure its property not only on the perils of fire and lightning but also other common perils such as typhoon, flood, earthquake and burglary/robbery.

3. The copies of three government contracts amounting to ₱1.564 million and one contract amounting to ₱6.000 million, were not submitted within the prescribed period, with delays ranging from two to six days and 123 days, respectively, inconsistent with Item 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009 due to the delay of the concerned division-in-charge of the contract that prevented the audit team from reviewing the said contract within the prescribed period. **(Observation No. 13)**

We recommended and Management agreed to submit the copy of the contract and their supporting documents within the prescribed time from their execution.

4. The Center failed to submit the approved GAD Plan and Budget (GPB) and Accomplishment Report, within the prescribed period which prevented the audit team from validating the compliance of the agency with Section 30 of Republic Act (RA) No. 10964, also known as the General Appropriation Act (GAA) of CY 2018. **(Observation No. 14)**

We recommended and Management agreed to instruct the GAD Focal Person to submit the GPB and GAD Accomplishment Report within the prescribed period.

The observations and recommendations were discussed with concerned officials during the exit conference conducted on March 20, 2018. Their comments were incorporated in the report, where appropriate.

**F. Enforcement of Settlement of Accounts**

There was no outstanding suspension and disallowance as of December 31, 2018. However, there was an unsettled disallowance of ₱339,690.86 from the former PTTC Chief Accountant and former Division Chief of Trade Exhibition Division prior to the effectivity of the 2009 Rules and Regulations on Settlement of Accounts, wherein a civil case was filed and pending as to date.

**G. Implementation of Prior Year's Audit Recommendations**

Of the three audit recommendations contained in the 2017 Annual Audit Report, one was fully implemented and the other two remained partially implemented as at year-end, which were reiterated with modification in this report, where appropriate.