

## EXECUTIVE SUMMARY

### A. Introduction

The National Book Development Board (NBDB) was created by Republic Act (RA) No. 8047, known as the Book Publishing Development Act, which was enacted on June 7, 1995.

It is mandated to formulate, adopt and implement a National Book Policy and National Book Development Plan that will serve as the basis for fostering the progressive growth and viability of the country's book industry.

Its mission is to promote the continuing development of the book publishing industry, with the active participation of the private sector, to ensure an adequate supply of affordable, quality-produced books for both domestic and foreign markets.

The Board is governed by eleven members currently headed by Chairperson Flor Marie Sta. Romana-Cruz. It has a permanent Secretariat under Executive Director Jerry G. Tizon, who is responsible for the day-to-day management and direction of the affairs and operations of the NBDB. As of December 31, 2017, the NBDB had a total personnel complement of 41, thirty-five (35) of which are of permanent status while six are under service contracts.

### B. Operational Highlights

The major accomplishments of the NBDB for Calendar Year (CY) 2017 against its set targets are shown below:

Programs/Projects/Activities	Targets	Actual Accomplishments	Percent of Accomplishment
<i>MFO 1. Technical Advisory Services</i>			
1. No. of technical advisory assignments undertaken	24	25	104
a. Literatour Bacolor Poetry Writing and Alternative Publishing Workshop	1	1	
b. Tax and duty-free exemption on the importation of raw materials of book publishing Studio Graphics	1	1	
c. Taipei International Book Exhibition	1	1	
d. Limbag Kapihan: Part 1	1	1	
e. Writing workshop for Women at Batis Center	0	1	
f. Tax and duty-free exemption on the importation of raw materials of book publishing - PBS (white directory paper), FEP Printing Corp. (newsprint), PBS (Bible paper), FEP Printing Corp. (coated board)	1	1	
g. Buwan ng Panitikan Event - Pinoy Bookstore Tour	1	1	
h. Buwan ng Panitikan Event - World Book Day	1	1	

<b>Programs/Projects/Activities</b>	<b>Targets</b>	<b>Actual Accomplishments</b>	<b>Percent of Accomplishment</b>
i. Buwan ng Panitikan Event - 7th Philippine International Literary Festival -20%	1	1	
j. Writing Workshop - PUP Multi-Genre Writing Workshop	1	1	
k. Read Aloud Session for Elderly and PWD	1	1	
l. Publishing Course - History of publishing and the book	1	1	
m. Editing and Publishing Workshop for Batis Center for Women- 100%	1	1	
n. Bookmaking Workshop	1	1	
o. Publishing Course - Introduction to publishing	1	1	
p. Publishing Course - Copyright	1	1	
q. Beijing International Book Fair	1	1	
r. Kontemporaryong Panulat, Palimbagan, at Pitong Halimaw sa Pagsusulat: Libro Ilokano 2016	1	1	
s. Rights Trading Forum at Manila International Book Fair	1	1	
t. Limbag Kapihan para sa 2016 Education Summit	1	1	
u. Registration and Accreditation of Authors and Other Stakeholders	1	1	
v. Frankfurt Book Fair	1	1	
w. Booklatan sa Bayan	1	1	
x. Read Aloud Session for Indigenous People	1	1	
y. Book fair for National Book Week at National Library of the Philippines	1	1	
2. Percent of stakeholders who rate service provided as good or better	90	92	102
3. Percent of advisory requests that are acted upon within seven days	100	100	100
<i>MFO 2. Market Development Services</i>			
1. Administration of National Children's Book Awards (NCBA)	4	7	175
2. Administration of National Book Awards (NBA)	22	26	118
3. Percent of stakeholders in 2015 who were able to complete the manuscripts within two (2) years (National Book Development Trust Fund)	100	100	100
4. Percent of awards distributed within 48 hours of award ceremony	100	100	100

### **C. Financial Highlights**

The NBDB has a total adjusted appropriations of ₱43,694,395.00 under RA No. 10924, the General Appropriations Act (GAA) for Fiscal Year (FY) 2017. The same amount of allotments was received, of which ₱41,171,802.77 was obligated, thereby leaving an unobligated balance of ₱2,522,592.23 as shown in the next page:

Particulars	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
<b>A. Current Year</b>				
<b>1. Agency Specific Budget</b>				
Personnel Services (PS)	18,142,000.00	*18,905,478.00	18,846,644.10	58,833.90
Maintenance and Other Operating Expenses (MOOE)	20,842,000.00	20,078,522.00	17,879,895.41	2,198,626.59
Capital Outlays (CO)	2,060,000.00	2,060,000.00	1,882,758.97	177,241.03
<b>Sub-total</b>	<b>41,044,000.00</b>	<b>41,044,000.00</b>	<b>38,609,298.48</b>	<b>2,434,701.52</b>
<b>2. Automatic Appropriations</b>				
Retirement and Life Insurance Premium				
PS	1,530,000.00	1,530,000.00	1,530,000.00	0.00
<b>Sub-total</b>	<b>1,530,000.00</b>	<b>1,530,000.00</b>	<b>1,530,000.00</b>	<b>0.00</b>
<b>3. Special Purpose Funds</b>				
Miscellaneous Personnel Benefits Fund				
PS	1,120,395.00	1,120,395.00	1,032,504.29	87,890.01
<b>Sub-total</b>	<b>1,120,395.00</b>	<b>1,120,395.00</b>	<b>1,032,504.29</b>	<b>87,890.01</b>
<b>Total</b>	<b>43,694,395.00</b>	<b>43,694,395.00</b>	<b>41,171,802.77</b>	<b>2,522,592.23</b>
<b>B. Prior Years</b>				
<b>1. Continuing Appropriation</b>				
Maintenance and Other Operating Expenses (MOOE)	3,106,283.75	3,106,283.75	2,943,734.96	162,548.79
Capital Outlays (CO)	6,502.12	6,502.12	5,809.44	692.68
<b>Total</b>	<b>3,112,785.87</b>	<b>3,112,785.87</b>	<b>2,949,544.40</b>	<b>163,241.47</b>
<b>Grand Total</b>	<b>46,807,180.87</b>	<b>46,807,180.87</b>	<b>44,121,347.17</b>	<b>2,685,833.70</b>

*\*This amount includes realignment in the amount of Seven Hundred Sixty-Three Thousand Four Hundred Seventy-Eight Pesos (₱763,478.00) from MOOE to PS to cover payment of FY 2017 Collective Negotiation Agreement (CNA) Incentive as authorized by DBM per SARO No. BMB-B-17-0025531 dated December 22, 2017.*

The NBDB's financial position and financial performance for CY 2017 with comparative figures for CY 2016 are presented below:

Particulars	2017	2016	Increase/(Decrease)
<b>Financial Position</b>			
Assets	192,156,209.38	189,819,636.68	2,336,572.70
Liabilities	1,506,485.88	6,517.69	1,499,968.19
<b>Net Asset/Equity</b>	<b>190,649,723.50</b>	<b>189,813,118.99</b>	<b>836,604.51</b>
<b>Financial Performance</b>			
Revenue	3,683,491.85	5,779,948.99	(2,096,457.14)
Less: Current Operating Expenses			-
PS	21,750,525.87	18,756,527.93	2,993,997.94
MOOE	19,259,545.74	16,861,663.02	2,397,882.72
Non-Cash Expenses	463,634.46	640,875.44	(177,240.98)
<b>Total</b>	<b>41,473,706.07</b>	<b>36,259,066.39</b>	<b>5,214,639.68</b>
<b>Surplus (Deficit) from Current Operating Expenses</b>	<b>(37,790,214.22)</b>	<b>(30,479,117.40)</b>	<b>(7,311,096.82)</b>
<b>Net Financial Assistance/Subsidy</b>	<b>40,155,555.26</b>	<b>34,475,326.15</b>	<b>5,680,229.11</b>
<b>Surplus (Deficit) for the period</b>	<b>2,365,341.04</b>	<b>3,996,208.75</b>	<b>(1,630,867.71)</b>

#### **D. Scope and Objectives of Audit**

The audit covered the review of the accounts and operations of the NBDB for the year ended December 31, 2017. The audit was conducted to: (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the extent of compliance with applicable laws, rules and regulation; (c) recommend agency improvement opportunities; and (d) determine the extent of implementations of prior year's audit recommendations.

#### **E. Auditor's Report on the Financial Statements**

The Audit Team rendered an unqualified opinion on the fairness of the presentation of the financial statements of the NBDB for CY 2017.

#### **F. Summary of Significant Audit Observations and Recommendations**

Below are the significant audit observations with the corresponding recommendations which are discussed in detail in Part II of this report.

1. Out of the NBDB's total allotments of ₱46,807,180.87 for CY 2017, only 5.74 percent or ₱2,685,833.70 was not utilized. Of this amount, ₱1,820,932.15 correspond to excess allotments/savings realized from the implementation of its planned programs/projects and the remaining ₱864,901.55 pertains to allotment for Market Interventions for the administration cost of the NBDTF Program which was not utilized due to the failure of the Governing Board to come up with an approved categories that merit the giving of a grant to applicant thereby, affecting the promotion of Filipino authorship especially in science and technology and in the subject areas wherein locally authored books are either few or non-existent. (Observation No. 1)

##### **We recommended that the Management:**

- a. consider as priority agenda for resolution by the Governing Board the issue on category for the granting of financial assistance to qualified applicants;**
  - b. intensify the public announcement for proposals and applications for wide selections of applicants; and**
  - c. ensure full implementation of the program to promote the continuing development of book publishing industry.**
2. The account Due from National Government Agencies has a zero balance in the books of NBDB on the fund transfers to Procurement Service-Department of Budget and Management (PS-DBM) which did not tally with the confirmed balance in the records of the latter with a negative balance of ₱44,460.73, the cause of the deficiency cannot be determined due to inadequate reconciliation

of accounts. Moreover, the account Due from National Government Agencies of ₱52,000.00 pertains to the unliquidated financial assistance to Polytechnic University of the Philippines-Center for Creative Writing (PUP-CCW), which remains outstanding to date despite the third extension granted by NBDB for the liquidation thereof until January 31, 2018. (Observation No. 2)

**We recommended that the Management require:**

- a. **the Accountant and Property Officer to regularly reconcile records with those of the PS-DBM, monitor the deliveries and fund transfers made and immediately inform the PS-DBM to avoid existence of discrepancy; and**
  - b. **the Accountant to send a final demand letter to PUP-CCW for the immediate liquidation of the transferred funds.**
3. The agency utilized only ₱137,441.96 out of its GAD budget allocation of ₱177,400.00, which was below the five percent threshold of its FY 2017 appropriations of ₱43,694,395.00 for Gender and Development (GAD) activities, contrary to pertinent provisions of the PCW-NEDA-DBM Joint Circular No. 2012-01 and Section 30, General Provisions of the GAA for the FY 2017. (Observation No. 4)

**We recommended that the Management comply strictly with the GAD annual budget allocation of at least five percent of the appropriation; and maximize the use of the budget allocated for GAD by identifying other gender related issues that may confront its employees and integrate the same in NBDB's regular activities and programs.**

The above audit observations and recommendations were communicated through Audit Observation Memoranda and discussed with agency officials in an Exit Conference conducted on March 23, 2017. Their comments were considered in the Report, where appropriate.

**G. Status of Settlement of Suspensions, Disallowances and Charges**

Audit disallowances with a total amount of ₱92,400.00 remained unsettled as at the end of the year.

**H. Status of Implementation of Prior Year's Audit Recommendations**

The nine recommendations of the prior year's audit embodied in the 2016 Annual Audit Report of the NBDB were fully implemented, the details of which are discussed in Part III of this Report.