



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

# **ANNUAL AUDIT REPORT**

**on the**

**PHILIPPINE CROP INSURANCE  
CORPORATION (PCIC)**

**For the Years Ended December 31, 2024 and 2023**





## EXECUTIVE SUMMARY

### INTRODUCTION

The Philippine Crop Insurance Corporation (PCIC) was created as a socially-oriented agency under Presidential Decree (PD) No. 1467 dated June 11, 1978, as amended by PD No. 1733 dated October 21, 1980 and Executive Order (EO) No. 708 dated July 27, 1981 and further amended by Republic Act (RA) No. 8175 which was enacted on December 29, 1995. Its principal mandate is to provide insurance protection to the country's agricultural producers, particularly the subsistence farmers, against: (a) crop losses arising from natural calamities such as typhoons, floods, droughts, earthquakes and volcanic eruptions as well as plant diseases and pest infestations; and (b) non-crop agricultural asset losses due to perils for which the asset has been insured.

The PCIC's insurance programs consisted of regular and special insurance. Its regular insurance covers rice and corn crop insurance, high-value commercial crop insurance, and non-crop agricultural asset insurance. On the other hand, its special insurance program covers livestock insurance and term insurance power packages.

The PCIC is an agricultural insurer committed to help stabilize the income of agricultural producers and promote the flow of credit in the countryside by:

- a. Providing insurance protection to qualified farmers and other agricultural stakeholders against losses of their crops and produce, including their farm machinery and equipment, transport facilities, and related infrastructure arising from natural calamities, pests and diseases, and other perils beyond their effective control; and
- b. Extending innovative and client-responsive insurance packages and other services through people's organizations, including farmers' cooperatives, agricultural lenders, and service providers.

President Rodrigo Roa Duterte signed EO No. 148, dated September 14, 2021, transferring the PCIC from the Department of Agriculture (DA) to the Department of Finance (DOF) for policy and program coordination and general supervision. Subsequently, EO No. 60 dated May 13, 2024, was issued by President Ferdinand R. Marcos, Jr., to transfer the PCIC attachment from the DOF to the DA, and reorganize the PCIC Board of Directors (BOD), composed of the following:

- a. The President of the Land Bank of the Philippines (LBP);
- b. The President of the PCIC;
- c. The Executive Director of the Agricultural Credit Policy Council (ACPC);
- d. A representative from the private insurance industry to be nominated by the Secretary of Finance; and
- e. Three (3) representatives from the subsistence farmers' sector coming from Luzon, Visayas, and Mindanao.

The registered address of the PCIC is at 7<sup>th</sup> Floor, Building A, National Irrigation Administration Complex, EDSA, Diliman, Quezon City.

The PCIC has 13 Regional Offices (ROs) located nationwide and as of December 31, 2024, it had personnel complement of 198 regular employees; 1,320 under job order basis; and two (2) consultants.

## FINANCIAL HIGHLIGHTS (In Philippine Peso)

### I. Comparative Financial Position

	2024	2023 As restated	Increase/ (Decrease)
Assets	7,117,227,229	7,955,935,271	(838,708,042)
Liabilities	5,106,193,300	5,588,434,615	(482,241,315)
Equity	2,011,033,929	2,367,500,656	(356,466,727)

### II. Comparative Results of Operations

	2024	2023 As restated	Increase/ (Decrease)
Total income	2,002,263,976	1,725,899,464	276,364,512
Direct costs	5,048,929,348	4,774,149,312	274,780,036
Personnel services	244,202,269	230,854,616	13,347,653
Maintenance and other operating expenses	770,648,914	703,167,942	67,480,972
Financial expenses	121,000	196,454	(75,454)
Non-cash expenses	21,836,068	14,996,972	6,839,096
Total expenses	6,085,737,599	5,723,365,296	362,372,303
Loss before tax	(4,083,473,623)	(3,997,465,832)	86,007,791
Income tax expenses	-	-	-
Loss after tax	(4,083,473,623)	(3,997,465,832)	86,007,791
Net assistance/subsidy	4,500,000,000	4,500,000,000	-
Net income	416,526,377	502,534,168	(86,007,791)
Other comprehensive income	-	-	-
<b>Comprehensive income</b>	<b>416,526,377</b>	<b>502,534,168</b>	<b>(86,007,791)</b>

## SCOPE OF AUDIT

The audit covered the examination, on a test basis, of the accounts and financial transactions of the PCIC for the period January 1 to December 31, 2024 in accordance with the International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of the presentation of the financial statements for the years ended December 31, 2024 and 2023. Also, we conducted our audit to assess compliance with pertinent laws, rules and regulations, as well as, adherence to prescribed policies and procedures.



## AUDITOR'S OPINION

We rendered a qualified opinion on the fairness of the presentation of the financial statements of the PCIC as at and for the years ended December 31, 2024 and 2023 in view of the following:

1. The faithful representation in the combined financial statements and the verifiability of the balances as at December 31, 2024 of the six (6) major assets accounts consisting of 17 sub-accounts [Cash and cash equivalents (2), Investments (1), Receivables (4), Inventories (5), Other current assets (4), and Intangible assets (1) sub-accounts], and six (6) major liabilities accounts consisting of 17 sub-accounts [Financial liabilities (2), Inter-agency payables (4), Trust liabilities (2), Deferred credits/unearned income (4), Provisions (2) and Other payables (3) sub-accounts] could not be established due to material deficiencies noted in the keeping of these accounts, contrary to paragraph 15 of the Philippine Accounting Standard (PAS) 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the Conceptual Framework for Financial Reporting (CFFR), 2021 Edition, as follows:
  - a. Absolute variances in the amounts of P27.838 million and P25.973 million between the General Ledgers (GLs) and Subsidiary Ledgers (SLs) balances of eight (8) assets and 11 liabilities sub-accounts, respectively, which remained unreconciled at year-end;
  - b. Unaccounted transactions of the 11 assets and nine (9) liabilities sub-accounts with total balances in the aggregate amounts of P20.075 million and P3.655 million, respectively, as the SLs maintained were only labelled as "Others" with no details of the transactions as to date, particulars and reference, among others;
  - c. Abnormal/negative balances in the SLs of five (5) assets sub-accounts in the Head Office (HO) books amounting to P3.208 million; and
  - d. Non-maintenance of SLs to support the GLs balances of 10 assets sub-accounts and four (4) current liabilities sub-accounts amounting to P14.257 million and P10.050 million, respectively.
2. The faithful representation in the combined financial statements of the balance of the Property, Plant and Equipment (PPE) account as at December 31, 2024 with carrying amount of P125.090 million was not established due to:
  - (a) non-maintenance of PPE Ledger Cards (PPELCs) in HO and RO No. XI for PPE items costing P34.768 million; and
  - (b) variances between the: (i) balances in the Report on the Physical Count of PPE (RPCPPE) and the Accounting records of the HO and RO No. III-A in the absolute amount of P3.462 million; and (ii) books and Lapsing Schedule on the acquisition cost in the absolute amount of P2.017 million, and books and Lapsing Schedule on the Accumulated depreciation in the absolute amount of P2.676 million in the HO and RO No. V, contrary to paragraph 15 of the PAS 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the CFFR, 2021 edition.

For the above-mentioned observations which caused the issuance of a qualified opinion, we recommended that top Management:

1.1. Direct the:

- a. Finance Department in the HO and Regional Managers in the ROs to instruct the Accounting Division in HO and Administrative and Finance Division (AFD) in the ROs to:
  - a.1. Verify/analyze immediately the variances by examining records and source documents as basis for appropriate adjustments, for fair presentation of the assets and liabilities accounts in the financial statements;
  - a.2. Effect the necessary adjustments in the accounting records to correct the variances in affected GLs and SLs balances;
  - a.3. Exert utmost effort to account for the balances in the SLs recorded as "Others" in the assets and liabilities sub-accounts amounting to P20.075 million and P3.655 million, respectively, by tracing the transactions from available old records to establish the details of unaccounted/unsubstantiated account balances;
  - a.4. Exert utmost efforts to trace prior years' accounting entries which caused the abnormal/negative balances on the five (5) assets sub-accounts and make the necessary adjustments thereon; and
  - a.5. Religiously maintain/update complete SLs and schedules to support the balances of the GL controlling accounts and reconcile the schedules with the balances per GLs and SLs;
- b. Planning and Management Information Office (PMIO) and Accounting Division in the HO to coordinate in further enhancing the module of SL integration in the PCIC Financial Management System (PFMS) to ensure that the financial transactions are accurately recorded in the SLs with required details and balances and reconciled with the corresponding GL accounts every reporting period; and
- c. Internal Audit Service (IAS) to:
  - c.1. Review the existing internal control related to recording of transactions, reconciliation, and monitoring of accounting records; and
  - c.2. Work closely with the Finance Department in analyzing the underlying causes of abnormal balances, unaccounted transactions, and unreconciled items of affected assets and liabilities accounts.

2.1. Direct the Finance Department, Administrative Department and the Regional Managers in the ROs to instruct the Accounting Division and Property Management and General Services Division (PMGSD) in HO and the AFD in the ROs to:



- a. Maintain PPELC for each item of PPE, registries and reports to support the PPE account;
- b. Determine the causes of the variances between the RPCPPE vis-à-vis Accounting records and Lapsing Schedules and books on the acquisition cost and Accumulated depreciation of five (5) PPE sub-accounts, and effect the necessary corrections or adjustments on the affected records to arrive at reconciled balances at each reporting period;
- c. Moving forward, reconcile regularly the PPE balances among the books, Lapsing Schedule, RPCPPE, property records; and
- d. Consider availing the one-time cleansing of the PPE account balances in accordance with COA Circular No. 2020-006 dated January 31, 2020, to address the perennial issue on unreconciled balances between the accounting and property records and the RPCPPE.

## OTHER SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

The other significant audit observations and the corresponding recommendations that need immediate action are as follows:

3. The PCIC has not yet reverted the unutilized balance of the Special Revolving Trust Fund (SRTF) amounting to P321.676 million to the Bureau of the Treasury (BTr), contrary to Section 29(3), Article VI of the 1987 Philippine Constitution and Department of Finance (DOF)-Department of Budget and Management (DBM)-COA Permanent Committee Joint Circular (JC) No. 4-2012, dated September 11, 2012, re: *Rules and Regulations Implementing Executive Order No. 431 dated May 30, 2005, Directing the Reversion of All Dormant Accounts, Unnecessary Special and Trust Funds to the General Fund and for Other Purposes*. The transfer of the SRTF to the National Treasury would augment depleting funds of the National Government and facilitate the implementation of its programs and projects.
  - 3.1. We reiterated our prior years' audit recommendations that Management require the Finance Department to:
    - a. Facilitate coordination with the proper office in the BTr to gather the requirements and procedures of returning the SRTF to the National Government; and
    - b. Make the necessary reconciliation, consolidation, adjustment and closing of the books of accounts of SRTF in preparation for the return of the cash balance to the BTr.
4. In CY 2024, the PCIC was able to insure 2,347,472 farmers and fisherfolk, fully utilizing the allocated Government Premium Subsidy (GPS) in the amount of P4.500 billion for the Registry System for Basic Sectors in Agriculture (RSBSA) Program, surpassing the production target set in RA No. 11975, General



Appropriations Act (GAA) for Fiscal Year (FY) 2024 of 30.11 percent or 2,291,897 beneficiaries vis-à-vis actual total beneficiaries of 2,347,472 farmers and fisherfolk, equivalent to 30.84 percent or an additional production of 0.73 percent. However, some of the production outputs fell short of their respective targets, thus, an overall shortfall by P1.388 billion or 2.26 percent of the actual Amount of Insurance Coverage of P60.085 billion vis-à-vis the target of P61.473 billion; thus, the full attainment of the main objective of the RSBSA Program of providing insurance protection to farmers and fisherfolk against losses arising from natural calamities, plant diseases and pest infestations of their palay and corn crops as well as other crops was somewhat affected during the year, considering the following:

- a. Shortfall of 78,500 farmers and fisherfolk between the target of 1,775,730 and the actual number of farmers and fisherfolk insured for Rice, Livestock, Fisheries and Non-Crop insurance lines of 1,697,230;
- b. Negative variances on the utilization of allocated GPS in total amount of P58.699 million for insurance lines on Rice, Livestock, Fisheries and Non-Crop Insurance Line between the budget targets of P3.250 billion vis-à-vis the actual productions of P3.192 billion; and
- c. Shortfalls of P383.496 million; P1.399 billion; P99.452 million; and P157.912 million on Amount of Cover on Rice, Livestock, Fisheries and Non-Crop insurance lines between the production targets of P26.707 billion; P14.241 billion; P601.141 million; and P2.455 billion and actual accomplishments of P26.324 billion; P12.841 billion; P501.689 million; and P2.297 billion, respectively.

4.1. We commended the PCIC Management for achieving the approved production target in providing free agricultural insurance to 2,347,472 farmers and fisherfolk beneficiaries of the RSBSA Agricultural Insurance Program in FY 2024, equivalent to 30.84 percent surpassing the target set in the GAA of 30.11 percent or an additional production of 0.73 percent, thus achieving the provision of insurance protection to the intended beneficiaries in compliance with the goals and objectives of the PCIC charter.

4.2. On the other hand, we reiterated our prior years' recommendations and top Management agreed to direct the Regional Managers to:

- a. Instruct the Marketing and Sales Division (MSD) and the underwriters to:
  - (i) continuously promote insurance lines with under or low production to ensure attainment of the annual targets and continue its campaign to reach out to more farmers and fisherfolk through the utilization of various media of communication, such as online platforms and radio advertisements; and
  - (ii) continually coordinate with their counterpart in the Local Government Units (LGUs) for information dissemination; and
- b. Ensure that set production targets in terms of the number of farmers and fisherfolk for all insurance lines are met, if not surpassed, to fully attain the objective of the RSBSA Insurance Program of providing free insurance protection to the greatest number of subsistence farmers and fisherfolk.



## **UNSETTLED AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2024, the unsettled audit disallowances and suspensions amounted to P7.997 million and P0.645 million, respectively, the details and status are presented in Part IV, **Annex A** of this Report. There were no unsettled audit charges at year-end.

## **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the 54 audit recommendations embodied in the prior years' Annual Audit Reports, 15 were implemented, 34 were not implemented and 5 were closed. Details are presented in Part III of this Report.

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## **PART I - AUDITED FINANCIAL STATEMENTS**



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
COMMONWEALTH AVENUE, QUEZON CITY

## **INDEPENDENT AUDITOR'S REPORT**

### **THE BOARD OF DIRECTORS**

Philippine Crop Insurance Corporation  
7<sup>th</sup> Floor, Building A,  
National Irrigation Administration Complex  
EDSA, Diliman, Quezon City

### **Report on the Audit of the Financial Statements**

#### ***Qualified Opinion***

We have audited the financial statements of the **Philippine Crop Insurance Corporation (PCIC)**, which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy and information.

In our opinion, except for possible effects of the matters discussed in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the PCIC as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRSs).

#### ***Basis for Qualified Opinion***

The faithful representation in the combined financial statements and the verifiability of the balances as at December 31, 2024 of the six (6) major assets accounts consisting of 17 sub-accounts [Cash and cash equivalents (2), Investments (1), Receivables (4), Inventories (5), Other current assets (4), and Intangible assets (1) sub-accounts], and six (6) major liabilities accounts consisting of 17 sub-accounts [Financial liabilities (2), Inter-agency payables (4), Trust liabilities (2), Deferred credits/unearned income (4), Provisions (2) and Other payables (3) sub-accounts] could not be established due to material deficiencies noted in the keeping of these accounts, contrary to paragraph 15 of the Philippine Accounting Standard 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the Conceptual Framework for Financial Reporting, 2021 Edition, as follows:

- a. Absolute variances in the amounts of P27.838 million and P25.973 million between the General Ledgers (GLs) and Subsidiary Ledgers (SLs) balances of eight (8) assets and 11 liabilities sub-accounts, respectively, which remained unreconciled at year-end;



- b. Unaccounted transactions of the 11 assets and nine (9) liabilities sub-accounts with total balances in the aggregate amounts of P20.075 million and P3.655 million, respectively, as the SLs maintained were only labelled as "Others" with no details of the transactions as to date, particulars and reference, among others;
- c. Abnormal/negative balances in the SLs of five (5) assets sub-accounts in the Head Office (HO) books amounting to P3.208 million; and
- d. Non-maintenance of SLs to support the GLs balances of 10 assets sub-accounts and four (4) current liabilities sub-accounts amounting to P14.257 million and P10.050 million, respectively.

Likewise, the faithful representation in the combined financial statements of the balance of the Property, Plant and Equipment (PPE) account as at December 31, 2024 with carrying amount of P125.090 million was not established due to: (a) non-maintenance of PPE Ledger Cards (PPELCs) in HO and Regional Office (RO) No. XI for PPE items costing P34.768 million; and (b) variances between the: (i) balances in the Report on the Physical Count of PPE (RPCPPE) and the Accounting records of the HO and RO No. III-A in the absolute amount of P3.462 million; and (ii) books and Lapsing Schedule on the acquisition cost in the absolute amount of P2.017 million, and books and Lapsing Schedule on the Accumulated depreciation in the absolute amount of P2.676 million in the HO and RO No. V.

We were unable to obtain sufficient appropriate evidence about the assets and liabilities accounts due to the inadequacy of the accounting and property records. Consequently, we were not able to determine the possible cumulative effect on the financial statements and whether any adjustments to these accounts are necessary.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the PCIC in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the PCIC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either



intends to liquidate the PCIC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PCIC's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PCIC's internal control.
- Evaluate the appropriateness of accounting policies used in the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PCIC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PCIC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 40 to financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRSs. Such supplementary information is the responsibility of Management of the PCIC.

### **COMMISSION ON AUDIT**



**AMARYLLIS BARBARA A. ALMAZAN**  
State Auditor V  
Supervising Auditor  
Audit Group F – QUEDANCOR/PCIC  
Cluster 5 – Agriculture and Natural Resources  
Corporate Government Audit Sector

June 18, 2025



Republic of the Philippines  
**Department of Agriculture**  
**PHILIPPINE CROP INSURANCE CORPORATION**

## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

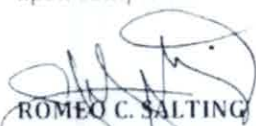
The Management of the Philippine Crop Insurance Corporation (PCIC) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, and 2023, in accordance with the prescribed financial reporting frameworks indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due from fraud or error.

In preparing the financial statements, Management is responsible for assessing the PCIC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the PCIC or to cease operations or has no realistic alternative to do so.


The Board of Directors is responsible for overseeing the PCIC's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stakeholders.

The Commission on Audit, through its authorized representative, has examined the financial statements of the PCIC pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**ROMEO C. SALTING**  
Chairman of the Board

  
**ATTY. JOVY C. BERNABE**  
President

  
**ALLAN E. RETAMAR**  
Vice President-SSG

Signed this 17<sup>th</sup> day of June 2025



Management System  
(S) 8881-2219





**PHILIPPINE CROP INSURANCE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**As at December 31, 2024 and 2023**  
*(In Philippine Peso)*

			2023
	Note	2024	As Restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	3,946,248,889	2,961,352,653
Investments	9	499,703,802	3,012,432,129
Receivables, net	10	1,408,039,111	39,443,643
Inventories	11	16,498,069	10,413,940
Other current assets	12	11,996,275	11,285,579
<b>Total current assets</b>		<b>5,882,486,146</b>	<b>6,034,927,944</b>
<b>Non-current assets</b>			
Investments	13	1,096,776,923	1,796,478,007
Receivables, net	14	11,418,096	15,642,454
Property, plant and equipment, net	15	125,090,494	107,631,358
Intangible assets	16	1,455,570	1,255,508
Other non-current assets	17	-	-
<b>Total non-current assets</b>		<b>1,234,741,083</b>	<b>1,921,007,327</b>
<b>TOTAL ASSETS</b>		<b>7,117,227,229</b>	<b>7,955,935,271</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Financial liabilities	18	25,638,380	64,313,519
Inter-agency payables	19	21,165,851	40,158,518
Trust liabilities	20	809,906,583	2,127,500,402
Deferred credits/unearned income	21	24,219,197	28,716,026
Provisions	22	86,646,778	81,816,645
Other payables	23	542,910,456	534,022,402
<b>Total current liabilities</b>		<b>1,510,487,245</b>	<b>2,876,527,512</b>
<b>Non-current Liabilities</b>			
Inter-agency payables	24	687,239	687,239
Trust liabilities	25	333,391,859	322,335,603
Provision for insurance contract liabilities	26	3,261,626,957	2,388,884,261
<b>Total non-current liabilities</b>		<b>3,595,706,055</b>	<b>2,711,907,103</b>
<b>TOTAL LIABILITIES</b>		<b>5,106,193,300</b>	<b>5,588,434,615</b>
<b>EQUITY</b>			
Contributed capital	27	1,500,000,073	1,500,000,073
Stockholders' equity	28	259,451,431	259,451,431
Retained earnings	29	251,582,425	608,049,152
<b>Total equity</b>		<b>2,011,033,929</b>	<b>2,367,500,656</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,117,227,229</b>	<b>7,955,935,271</b>

The notes on pages 10 to 69 form part of these financial statements.

**PHILIPPINE CROP INSURANCE CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the Years Ended December 31, 2024 and 2023  
(In Philippine Peso)

			2023
	Note	2024	As Restated
<b>INCOME</b>			
Service and business income	31	1,865,388,734	1,635,645,955
Other non-operating income	32	136,875,242	90,253,509
<b>TOTAL INCOME</b>		<b>2,002,263,976</b>	<b>1,725,899,464</b>
<b>EXPENSES</b>			
Direct costs	33	5,048,929,348	4,774,149,312
Personnel services	34	244,202,269	230,854,616
Maintenance and other operating expenses	35	770,648,914	703,167,942
Financial expenses	36	121,000	196,454
Non-cash expenses	37	21,836,068	14,996,972
<b>TOTAL EXPENSES</b>		<b>6,085,737,599</b>	<b>5,723,365,296</b>
<b>Loss before tax</b>		(4,083,473,623)	(3,997,465,832)
Income tax expenses		-	-
<b>Loss after tax</b>		(4,083,473,623)	(3,997,465,832)
Net assistance/subsidy	38	4,500,000,000	4,500,000,000
<b>Net income</b>		416,526,377	502,534,168
Other comprehensive income for the period		-	-
<b>COMPREHENSIVE INCOME</b>		<b>416,526,377</b>	<b>502,534,168</b>

*The notes on pages 10 to 69 form part of these financial statements.*



**PHILIPPINE CROP INSURANCE CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
For the Years Ended December 31, 2024 and 2023  
*(In Philippine Peso)*

	Contributed capital (Note 27)	Share capital (Note 28.1)	Share premium (Note 28.2)	Retained earnings (Note 29)	Total
<b>BALANCE AT JANUARY 1, 2023</b>	<b>1,500,000,073</b>	<b>100,000,000</b>	<b>159,451,431</b>	<b>219,247,171</b>	<b>1,978,698,675</b>
Adjustments:					
Prior period adjustments	-	-	-	(41,114,436)	(41,114,436)
<b>RESTATED BALANCE AT JANUARY 1, 2023</b>	<b>1,500,000,073</b>	<b>100,000,000</b>	<b>159,451,431</b>	<b>178,132,735</b>	<b>1,937,584,239</b>
<b>CHANGES IN EQUITY FOR 2023</b>					
Add/(Deduct):					
Comprehensive income for the year, as restated	-	-	-	502,534,168	502,534,168
Dividends (Note 30)	-	-	-	(72,617,751)	(72,617,751)
<b>RESTATED BALANCE AT DECEMBER 31, 2023</b>	<b>1,500,000,073</b>	<b>100,000,000</b>	<b>159,451,431</b>	<b>608,049,152</b>	<b>2,367,500,656</b>
<b>CHANGES IN EQUITY FOR 2024</b>					
Add/(Deduct):					
Comprehensive income for the year	-	-	-	416,526,377	416,526,377
Dividends (Note 30)	-	-	-	(772,993,104)	(772,993,104)
<b>BALANCE AT DECEMBER 31, 2024</b>	<b>1,500,000,073</b>	<b>100,000,000</b>	<b>159,451,431</b>	<b>251,582,425</b>	<b>2,011,033,929</b>

*The notes on pages 10 to 69 form part of these financial statements.*

**PHILIPPINE CROP INSURANCE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2024 and 2023  
(In Philippine Peso)

	Note	2024	2023 As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows</b>			
Receipt of intra-agency fund transfers		5,471,831,184	6,276,733,350
Receipt of assistance/subsidy		3,150,000,000	4,634,061,333
Trust receipts		312,174,623	411,973,195
Collection of income/revenue		150,502,349	183,515,201
Collection of receivables		946,131	930,562
Receipt of inter-agency fund transfers		500,000	26,500,000
Other receipts		23,743,761	36,699,577
Adjustments		2,708,699,565	513,159,558
<b>Total cash inflows</b>		<b>11,818,397,613</b>	<b>12,083,572,776</b>
<b>Cash outflows</b>			
Release of intra-agency fund transfers		5,471,586,789	6,289,188,208
Payment of underwriting expenses and insurance benefits/claims		4,160,089,374	4,994,054,401
Payment of expenses		1,019,649,061	1,109,546,505
Remittance of personnel benefit contributions and mandatory deductions		149,446,205	136,445,303
Purchase of inventories		32,310,788	27,619,622
Grant of cash advances		13,422,348	26,239,232
Refund of deposits		4,231,839	1,843,469
Prepayments		1,782,680	794,702
Release of inter-agency fund transfers		97,851	198,810
Payments of accounts payable		-	1,570,326
Other disbursements		3,336,716	2,130,110
Adjustments		405,162,154	349,237,074
<b>Total cash outflows</b>		<b>11,261,115,805</b>	<b>12,938,867,762</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>557,281,808</b>	<b>(855,294,986)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash inflows</b>			
Proceeds from matured investments/redemption of long-term investments		4,491,507,156	290,292,869
Receipt of interest earned		52,457,310	53,709,985
Proceeds from sale/disposal of property, plant and equipment		329,150	47,600
Adjustments due to cash equivalent erroneously classified as investment		16,202	6,048
<b>Total cash inflows</b>		<b>4,544,309,818</b>	<b>344,056,502</b>
<b>Cash outflows</b>			
Purchase/acquisition of investments		3,316,761,800	2,699,392,097
Purchase/construction of property, plant and equipment		26,931,647	17,434,567
Adjustments due to cash equivalent erroneously classified as investment		5,779	7,872
<b>Total cash outflows</b>		<b>3,343,699,226</b>	<b>2,716,834,536</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>1,200,610,592</b>	<b>(2,372,778,034)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash outflows</b>			
Payment of cash dividends to the Bureau of the Treasury		772,993,104	72,617,751
Payment of interest on loans and other financial charges		3,060	-
<b>Total cash outflows</b>		<b>772,996,164</b>	<b>72,617,751</b>
<b>Cash used in financing activities</b>		<b>(772,996,164)</b>	<b>(72,617,751)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>984,896,236</b>	<b>(3,300,690,771)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		<b>2,961,352,653</b>	<b>6,262,043,424</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>8</b>	<b>3,946,248,889</b>	<b>2,961,352,653</b>

*The notes on pages 10 to 69 form part of these financial statements.*



**PHILIPPINE CROP INSURANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2024 and 2023  
*(All amounts in Philippine Peso unless otherwise stated)*

**1. CORPORATE INFORMATION**

The Philippine Crop Insurance Corporation (PCIC or the Corporation) is a Government-Owned and/or Controlled Corporation (GOCC) formerly attached to the Department of Agriculture (DA) per Executive Order (EO) No. 74, s. 2002 dated February 28, 2002, but beginning September 14, 2021, former President Rodrigo Roa Duterte signed EO No. 148, transferring the PCIC from the DA to the Department of Finance (DOF) for "policy and program coordination, and general supervision."

Subsequently, on May 13, 2024, President Ferdinand R. Marcos Jr. signed EO No. 60, returning the PCIC under the supervision of the DA, citing the need for "a strong organizational link between the PCIC and the DA is necessary to enhance agricultural insurance protection program highly responsive to the needs of small farmers and fisherfolk and other agricultural stakeholders, with policies and programs aimed at ensuring food security and modernization of the agricultural sector."

The PCIC was created as a social-oriented Corporation under Presidential Decree (PD) No. 1467 on June 11, 1978, "prescribing its powers and activities, providing for its capitalization and for the required Government Premium Subsidy (GPS) and for other purposes". Under Section 16 of PD No. 1467, the PCIC has been granted a comprehensive tax exemption, covering a wide range of taxes and fees. This exemption is essential to PCIC's capacity to fulfill its mission of providing crop insurance, supporting the country's agricultural industry and ensuring the economic stability of its farmers.

Subsequently, PD No. 1467 was amended by PD No. 1733 dated October 21, 1980, by adding penal sanctions therein and EO No. 708 dated July 27, 1981. It was further amended by Republic Act (RA) No. 8175 enacted on December 20, 1995, or an Act further amending PD No. 1467, otherwise known as the Charter of the PCIC, in order to make the crop insurance system more stable and more beneficial to the farmers covered thereby and for the national economy.

The registered address of the PCIC is at 7<sup>th</sup> Floor, Building A, National Irrigation Administration Complex, EDSA, Diliman, Quezon City.

The powers of the Corporation shall be vested in and exercised by the Board of Directors (BOD) composed of seven (7) members, as follows:

- The President of the Land Bank of the Philippines (LBP);
- The President of the PCIC;
- The Executive Director of the Agricultural Credit Policy Council (ACPC);
- A representative from the private insurance industry to be nominated by the Secretary of Finance; and
- Three (3) representatives from the subsistence farmers' sector coming from Luzon, Visayas, and Mindanao.

The PCIC's mandate is to provide insurance protection to the country's agricultural producers, particularly the subsistence farmers, against losses of their crops and non-crop agricultural assets arising from natural calamities (such as typhoons, floods, droughts, earthquakes, and volcanic eruptions), plant pest and diseases, and/or other perils.

The PCIC is an agricultural insurer committed to help stabilize the income of agricultural producers and promote the flow of credit in the countryside by:

- a. Providing insurance protection to qualified farmers and other agricultural stakeholders against losses of their crops and produce, including their farm machinery and equipment, transport facilities, and related infrastructure arising from natural calamities, pests and diseases, and other perils beyond their effective control; and
- b. Extending innovative and client-responsive insurance packages and other services through people's organizations, including farmers' cooperatives, agricultural lenders, and service providers.

The PCIC has 13 Regional Offices (ROs) located nationwide and as of December 31, 2024, it had personnel complement of 198 regular employees, 1,320 under job order (JO) basis, and two (2) consultants, details are as follows:

Office/RO	Regular	JO	Consultant	Total
Head Office (HO)	54	20	2	76
I	10	95	-	105
II	11	164	-	175
III	12	61	-	73
III-A	9	53	-	62
IV	12	101	-	113
V	9	81	-	90
VI	12	105	-	117
VII	12	123	-	135
VIII	13	91	-	104
IX	11	80	-	91
X	11	114	-	125
XI	11	109	-	120
XII	11	123	-	134
	<b>198</b>	<b>1,320</b>	<b>2</b>	<b>1,520</b>

## **I. Regular Insurance Programs**

### **a. Palay and Corn Crop Insurance**

An insurance protection extended to farmers against losses on rice and corn crops due to natural calamities as well as plant pests and diseases.

### **b. High-Value Crop (HVC) Insurance**

An insurance protection extended to farmers against losses on high-value commercial crops due to natural calamities and other perils such as pests and diseases. High-value



commercial crops include abaca, ampalaya, asparagus, banana, cabbage, carrot, cassava, coconut, coffee, commercial trees, cotton, garlic, monggo, onion, papaya, peanut, pineapple, sugarcane, sweet potato, tobacco, tomato, white potato, and others.

c. Non-Crop Agricultural Asset Insurance

An insurance protection extended to farmers against loss of assets on non-crop agricultural assets like warehouses, rice mills, irrigation facilities, and other farm equipment due to perils, such as, fire and lightning, theft, and earthquake.

d. Livestock Insurance

An insurance protection for livestock raisers against loss of carabao, cattle, swine, goat, and poultry due to accidental death or diseases.

e. Credit and Life Term Insurance (CLTI)

An insurance protection that covers death, dismemberment, or disability of the borrower due to accident or natural causes.

Under the CLTI, the PCIC offers the following:

- Loan Repayment Protection Plan (LRPP) - is an insurance protection that guarantees the payment of the face value or the amount of the approved agricultural loan upon the death or total permanent disability of the insured borrower.
- Agricultural Producers Protection Plan (APPP) - is an insurance protection that covers the death of the insured due to accidents, natural causes, and murder or assault.
- Accident and Dismemberment Security Scheme (ADSS) - is an insurance protection that covers death or dismemberment or disablement of the insured due to an accident.

f. Fisheries Insurance

An insurance protection to fish farmers/fisherfolk/growers against losses in unharvested crops or stock in fisheries farms due to natural calamities and fortuitous events.

**II. Registry System for Basic Sectors in Agriculture (RSBSA) Program**

The RSBSA Program is a program of the PCIC wherein farmers and fisherfolk included in the RSBSA list are entitled to 100 percent free insurance from the PCIC. Under the Special Provision of RA No. 11975, the General Appropriations Act (GAA) for Fiscal Year (FY) 2024 dated December 25, 2023, pertaining to a subsidy to the PCIC, the amount of P4.500 billion shall be used for the full insurance premiums of subsistence farmers and fisherfolk to cover crop, livestock, fisheries, and non-crop agricultural assets. The PCIC shall ensure that the beneficiaries identified are registered under the RSBSA.

### **III. Other Insurance Programs**

The programs classified under the non-RSBSA pertain to insurance granted to subsistence farmers and fisherfolk under various programs of the Corporation, such as, PCIC Regular program, DA-Sikat Saka, Production Loan Easy Access (PLEA), Survival and Recovery (SURE) Loan Assistance, Agrarian Production Credit Program (APCP), DA Hybrid Rice Program, Planters Products, Inc. (PPI) and non-RSBSA as approved by the BOD through Board Resolutions (BRs), wherein PCIC assumes 55 to 100 percent of the insurance premiums.

The financial statements of the Corporation as at and for the year ended December 31, 2024 (including the comparative financial statements as at and for the year ended December 31, 2023) were authorized for issue by the BOD on June 17, 2025 as shown in the Statement of Management's Responsibility for the Financial Statements.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1. *Statement of Compliance with Philippine Financial Reporting Standards (PFRSs) and Commission on Audit (COA) Circular No. 2017-004***

The accompanying financial statements are prepared in compliance with the PFRSs and Philippine Accounting Standards (PASs) issued by the Philippine Financial Reporting Standards Council (PFRSC) and the COA Circular No. 2017-004. PFRSs are adopted by the PFRSC from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy. COA Circular No. 2017-004 was issued by the COA as guidelines on the preparation of financial statements and other financial reports and implementation of the PFRSs by Government Corporations (GCs) classified as Government Business Enterprises, now Commercial Public Sector Entities (CPSEs).

The financial statements have been prepared using the measurement bases specified by PFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

### **2.2. *Presentation of financial statements***

The financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements*. The Corporation presents all items of income and expenses in a single Statement of Comprehensive Income (SCI).

### **2.3. *Basis of consolidation***

The Corporation has no consolidated financial statements because it has no controlled subsidiaries and entities. Moreover, the Corporation has no debt or equity securities traded in an organized financial market and is not in the process of filing its financial statements with the Securities and Exchange Commission (SEC) or other regulatory organizations for the purpose of issuing any class of instruments in an organized financial market.



The financial statements presented include the combined financial statements and transactions of the HO and its ROs nationwide. All inter-branch transactions and balances have been eliminated and reconciled in the consolidation.

#### **2.4. *Accrual basis of accounting***

In accordance with PAS 1, the financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

#### **2.5. *Adoption of the COA Revised Chart of Accounts (RCA)***

In compliance with COA Circular No. 2020-002 dated January 28, 2020, the Corporation adopted the RCA in its Trial Balance for the years 2021 and 2020. General Ledger (GL) and Subsidiary Ledger (SL) of all accounts were carefully analyzed and manually mapped to the RCA.

#### **2.6. *Functional and presentation currency***

Items included in the financial statements of the Corporation are measured using the Philippine peso, the currency of the primary economic environment in which the Corporation operates (the "functional currency"). All information presented in the Philippine peso was rounded off to the nearest peso, except when otherwise specified.

#### **2.7. *Current versus Non-current Classifications***

The Corporation presents assets and liabilities in the Statement of Financial Position (SFP) based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Corporation classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3. ADOPTION OF NEW AND AMENDED PFRSs AND PASs

The Corporation adopted the following new and amended PFRSs and PASs and annual improvements to PFRSs and PASs, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

#### 3.1. Standards effective in Calendar Year (CY) 2024 that are relevant to the Corporation

- a. Amendments to PAS 1, *Classification of Liabilities as Current or Non-Current*

The amendments affect only the presentation of liabilities in the SFP not the amount or timing of recognition of any asset, liability, income, or expenses, or the information that entities disclose about those items. The amendments clarify that the classification of liabilities as current or non-current: (i) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of liability; (ii) is unaffected by expectations about whether an entity will exercise its right to defer settlement of liability; and (iii) settlement refers to the transfer to the counterparty of cash, equity instruments, and other assets or services. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2023, however, their effective date has been delayed to January 1, 2024.

- b. Amendments to PAS 1, *Non-current Liabilities with Covenants*.

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendments are effective for annual periods beginning on or after January 1, 2024.

- c. PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary



participation features issued. The amendments are effective for an annual period beginning on or after January 1, 2024.

**3.2. Standards effective in CY 2024 that are not relevant to the Corporation**

**a. Amendment to PFRS 16, *Leases-Lease Liability in a Sale and Leaseback***

PFRS 16 specifies how to recognize, measure, present, and disclose leases. The Standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from PAS 17 and the distinction between operating and finance leases is retained.

The amendment adds to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

**b. Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements***

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

An entity applies the amendments to PAS 7 for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted) and the amendments to PFRS 7 when it applies the amendments to PAS 7.

**3.3. New and amended Standards and Interpretations issued but not yet effective**

Pronouncements issued but not yet effective or are not mandatory for the annual reporting period ending on December 31, 2024, are listed below. These are classified into two: (1) standards relevant to the Corporation; and (2) standards irrelevant to the Corporation.

**a. Standards relevant to the Corporation**

**i. Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments***

Amendments to the Classification and Measurement of Financial Instruments was issued in May 2024 in response to feedback received as part of the post-implementation review of the classification and measurement requirements in PFRS 9, *Financial Instruments* and related requirements in PFRS 7, *Financial Instruments: Disclosures*.

The amendments specify:

- when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;
- how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and
- new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026, early application is possible unless otherwise noted.

ii. PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18, *Presentation and Disclosure in Financial Statements* was issued in April 2024 to replace PAS 1, *Presentation of Financial Statements*. PFRS 18 aims to improve financial reporting by: requiring additional defined subtotals in the statement of profit or loss; requiring disclosures about management-defined performance measures; and adding new principles for the aggregation and disaggregation of items. The IASB did not reconsider all aspects of PAS 1 when developing PFRS 18 but instead focused on the statement of profit or loss. The IASB retained some paragraphs from PAS 1 in PFRS 18 and moved some paragraphs from PAS 1 to PAS 8, *Basis of Preparation of Financial Statements* and PFRS 7, *Financial Instruments: Disclosures*.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2025.

**b. Standards that are not relevant to the Corporation**

i. PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

PFRS 19, *Subsidiaries without Public Accountability: Disclosures* was issued in May 2024. PFRS 19 permits some subsidiaries to apply PFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other PFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in PFRS 19.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2025.



ii. Amendments to PAS 21, *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to PFRS 1 which previously referred to, but did not define, exchangeability.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

An entity does not apply the amendments retrospectively. Instead, an entity recognises any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognises the cumulative amount of translation differences in equity.

#### **4. MATERIAL ACCOUNTING POLICY AND INFORMATION**

##### **4.1. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognized in the SFP when the Corporation becomes a party to the contractual provisions of the instrument. The Corporation determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation of each financial reporting date.

##### **a. Initial measurement of financial instruments**

Financial instruments are recognized initially at the fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVTPL), the initial measurement of financial instruments includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### **b. Subsequent measurement of financial instruments**

PFRS 9 divides all financial assets that are currently in the scope of PAS 39 into two classifications - those measured at fair value and those measured at amortized cost.

Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss or recognized in other comprehensive income, fair value through other

comprehensive income (FVOCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For debt instruments, the FVOCI classification is mandatory for certain assets unless the fair value option is elected. While for equity investments, the FVOCI classification is an election.

The classification of a financial asset is made at the time it is initially recognized when the entity becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

## **Financial Assets**

### **a. Financial assets at FVTPL**

Financial assets at FVTPL include those held for trading and those designated upon initial recognition as at FVTPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Changes in fair value relating to the held for trading positions are recognized in 'Gain from Changes in Fair Value of Financial Instruments'. Interest earned or incurred is recorded in 'Interest income' or 'Interest expense', respectively, while dividend income is recorded in 'Dividends' when the right to receive payment has been established. Included in this classification are debt and equity securities which have been acquired principally for the purpose of selling or repurchasing in the near term.

As at December 31, 2024, the PCIC has no financial assets at FVTPL.

### **b. Financial assets at amortized cost**

These instruments are financial assets with fixed or determinable payments and fixed maturities. It meets both of the following conditions and is not designated as at FVTPL:

- i. It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- ii. Its contractual terms give rise on specific dates to cash flows that are solely payments of the principal amount outstanding.

The PCIC has investment securities at an amortized cost amounting to P1.095 billion, non-current portion as at December 31, 2024. (See *Note 13*)

### **c. Financial assets at fair value through other comprehensive income**

Financial assets at FVOCI are non-derivative financial assets that are held within a business model whose objective is both to collect contractual cash flows and to



sell the financial assets. These assets have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest.

Changes in fair value of these financial assets are recognized in other comprehensive income (OCI), and are only reclassified to profit or loss when the financial asset is derecognized or reclassified. Interest income on debt instruments measured at FVOCI is recognized in profit or loss using the effective interest method, while dividend income from equity instruments is recognized in profit or loss when the right to receive payment is established.

As at December 31, 2024, the PCIC has P2.142 million other investment measured at FVOCI. (See *Note 13*)

d. **Loans and receivables, and Inter-agency receivables**

Loans and receivables and Inter-agency receivables are stated at the outstanding balance reduced by an allowance for credit losses. These are non-derivative financial assets with fixed and determinable payments that are non-quoted in an active market. These are classified as non-current assets except for those reclassified under the current portion. (See *Notes 10 and 14*)

### **Financial Liabilities**

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken, when the amount of change in fair value of financial liability designated as at FVTPL that is attributable to changes in credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch. (See *Note 18*)

### **Impairment of Financial Assets**

From January 1, 2024, the Corporation assesses its Expected Credit Losses (ECL) on a forward-looking basis associated with investments carried at amortized cost. Recognition of credit losses is no longer dependent on the Corporation's identification of a credit loss event. Instead, the Corporation considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Corporation applies the simplified approach in measuring ECL, which uses expected loss allowance for all trade and other receivables. To calculate the ECL, the Corporation uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision condition. The Corporation also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the years past due. The Corporation recognized a loss allowance for such losses at each reporting date.

To measure the ECL, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the years past due. The Corporation has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

## **Derecognition of Financial Assets and Liabilities**

### *Financial assets*

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and recognizes collateralized borrowing for the proceeds received.

On the derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognized in profit or loss.

### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

## **4.2. Cash and Cash Equivalents**

Cash and cash equivalents account includes cash on hand, cash in banks and high yield short-term placements. Cash in banks include savings and demand deposit or checking account and cash equivalents include any placements made with maturities equal to or less than 90 days from the date of acquisition and are unrestricted as to withdrawal. Cash equivalents are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value and have short maturities. Cash and cash equivalents are presented at face value. (See Note 8)

## **4.3. Inventories**

The Inventories account represents assets in the form of materials or supplies to be consumed in the rendering of services. The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to



their present location and condition. The Corporation uses the weighted average method in recording the cost of the inventory. (See *Note 11*)

#### **4.4. Property, Plant and Equipment (PPE)**

The Corporation's depreciable properties are stated at cost less accumulated depreciation. The initial cost of PPE consists of its purchase price, taxes, and any directly attributable costs of bringing the asset to its working condition and intended use as provided in PAS 1 and PAS 16. (See *Note 15*)

Subsequent costs incurred are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

Expenditures incurred after items of PPE have been put into operation, such as repairs and maintenance are charged against operation in the year in which the costs are incurred and recognized in the SCI, while major repairs/renovations are capitalized and depreciated over the remaining useful life of the related asset.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. This is computed at cost less residual value of 10 percent of acquisition cost over useful life. The estimated useful life of the respective assets are as follows:

<b>Account</b>	<b>Life in Years</b>
Building and other structures	10 - 30 years
Land improvements	10 - 30 years
Information technology and equipment software	5 – 15 years
Transportation equipment	7 - 10 years
Office equipment, furniture, and fixtures	5 - 10 years
Other property, plant and equipment	5 years

When PPE are retired or otherwise disposed of, the cost and the corresponding Accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the SCI.

In addition, pursuant to COA Circular No. 2022-004, tangible assets with an acquisition cost below P50,000 shall be accounted for as semi-expendable property.

Leasehold improvements are amortized over the shorter terms of the covering lease or the estimated useful lives of the improvements.

Leased assets - building – the Corporation leases some of its office spaces for more than one year. The contract price is capitalized and amortized over the duration of the contract.

#### **4.5. Intangible Assets**

The Corporation recognizes acquisition, development, and other related costs of computer software as Intangible assets in the SFP pursuant to COA Circular No. 2015-010. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of up to 10 years, as the lives of these intangible assets are considered finite in accordance with PAS 1 and PAS 38. (See *Note 16*)

#### **4.6. Prepaid Expenses**

Prepaid expenses are future expenses that have been paid in advance. The amount of Prepaid expenses that have not yet expired are recognized as an asset on the Corporation's SFP and the amount that expired is recognized as an expense in the SCI. (See *Note 12*)

#### **4.7. Claims Liabilities**

Claims liabilities refer to claims incurred but not yet paid as at the valuation date. These include claims due and unpaid, claims in the course of settlement, resisted claims, and those which are incurred but not reported at a designated level of confidence, as well as direct and indirect expenses related to settling all outstanding claims, whether reported or unreported, as of valuation date.

Claims liabilities include the following:

- a. Due and unpaid claims (Accrued benefits payable) refer to the estimated amounts of reported claims that have not been settled as of the valuation date (See *Note 26.1.a*);
- b. Incurred but not reported (IBNR) refers to the amount to be provided for claims in respect of claims events that have occurred but have not been reported to the Corporation as at the valuation date (See *Note 26.1.b*); and
- c. Provisions for claims handling expense refers to the estimated amount of expenses for settling all claims, whether reported or unreported, outstanding as at the valuation date. (See *Note 26.1.c*)

#### **4.8. Provisions**

##### *Terminal leave benefits*

This account pertains to the money value of the earned leave credits (vacation and sick leave) of PCIC regular employees. It increases based on the leave credits earned for the year and decreases by the amount of monetized leave credits and payment of terminal leave pay. (See *Note 22*)



#### *Provident fund*

This pertains to the provident benefit of regular employees which is the money value of contribution to the fund equivalent to 10 percent of the basic salaries of regular employees based on the approved Compensation and Position Classification System (CPCS). (See Note 22)

#### **4.9. Deferred Credits**

Deferred credits are cash received for premiums that are not yet recognized as income due to incomplete underwriting documents. (See Note 21)

#### **4.10. Premium Reserve Liabilities**

##### *Reserve for unearned premiums*

A reserve for unearned premiums is provided to cover premiums underwritten but not yet earned as of reporting date. As prescribed in Insurance Commission (IC) Circular No. 2018-18, the Unearned premium reserves were computed as the proportion of the remaining unexpired coverage period over the period covered by the premium, exact to days.

#### **4.11. Income Recognition**

Income is recognized when it is probable that the economic benefits will flow to the Corporation and the income can be reliably measured.

##### **a. Income from insurance operations**

Gross premiums are recorded for effective insurance policies underwritten. Premiums include any adjustments arising in the accounting period for Premiums receivable in respect of business written in the prior period. Premium discounts, returns, and cancellations are deducted from Gross premiums.

Premiums are recognized as revenue over the period of insurance contracts using the fixed percentage method for all lines except for palay and corn. For palay and corn, the Corporation uses the Eights (1/8) method. The portion of the premiums written that pertains to the unexpired portion of the policies as at reporting date is accounted for as a Reserve for unearned premiums and presented in the liability section of the SFP under the Deferred credits.

##### **b. Income from Investments**

Interests from short-term and long-term investments are recognized as the interest accrues. (See Notes 9 and 13)

#### **4.12. Expense Recognition**

Expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred.

#### **4.13. Leases**

##### **PCIC as a lessee**

For any new contracts entered into on or after January 1, 2024, the Corporation has assessed whether a contract contains a lease that conveys the right to use an identified asset for a period of time in exchange for consideration.

The Corporation assessed whether:

- The contract contains an identified asset that the Corporation has the right to use; or
- The Corporation has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use.

At the lease commencement date, the Corporation recognizes a leased asset and a lease liability on the SFP. The leased asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the leased assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the leased asset or the end of the lease term.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the leased asset, or profit and loss if the leased asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a leased asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the SFP, leased assets have been included in PPE and lease liabilities have been included in Accounts payable. (See *Notes 15 and 18*).

#### **4.14. Insurance Benefits**

Insurance benefits consist of total insurance benefits paid, unpaid, and/or unprocessed indemnity claims as accrued, plus provision for indemnity fluctuations for the year, if any. The claims recoveries from reinsurance are deducted from the total insurance benefits.



#### **Accrual of unpaid and/or unprocessed claims**

Unpaid and/or unprocessed indemnity claims for the year are accrued at year-end, which is based on the ultimate cost of all claims incurred but not yet settled at year-end. The unprocessed indemnity claims consist of Report on Approved Claims (RAC) without Disbursement Vouchers (DVs) but supported by approved Claims Settlement Sheet (CSS); and a listing of approved CSS without any covering RAC, indicating the names of the farmers and fisherfolk, Certificate of Insurance Cover (CIC) number, amount of cover, the area covered, cause of loss, percent of the damage, the amount claimed and computed indemnity. (See *Note 33*)

#### **4.15. *Equity***

Share capital represents the nominal value of shares that have been issued.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the SCI less any dividends declared. (See *Note 29*)

#### **4.16. *Prior Period Adjustments***

Prior period adjustments represent the corrections of errors in the financial statements that were reported for a prior period. The prior period adjustments are accounted by restating the prior period financial statements. This is done by adjusting the carrying amounts of any impacted assets or liabilities as of the first accounting period presented, with an offset to the beginning retained earnings balance in that same accounting period.

#### **4.17. *Events After the Reporting Date***

Post-year-end events that provide additional information about the Corporation's position at the reporting date (adjusting events) are reflected in the Corporation's financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to financial statements if material.

### **5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Corporation's financial statements requires Management to make judgments, estimates, and assumptions that affect the amounts reported in the Corporation's financial statements and accompanying notes.

Judgments are made by Management in the development, selection, and disclosure of the Corporation's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an ongoing basis. These are based on Management's evaluation of relevant facts and circumstances as at the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**a. Allowance for Impairment**

Allowance for impairment is provided at an amount determined after an evaluation of the estimated collectability of receivable balances considering, among others, the age of accounts. The Corporation's current practice is to provide an allowance of 10 percent after two years when the account becomes past due, and 100 percent depending on the years and possible collectability of the account, except for the guaranteed receivables.

**b. PPE**

PPE items are stated at cost less accumulated depreciation. A residual value equivalent to 10 percent of the acquisition cost is deducted before depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to 30 years. Depreciation is charged to operations on the month following the date of acquisition. (See *Note 15*)

**c. Contingencies**

The preparation of the financial statements in accordance with previous accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities. Future events may cause the assumptions and estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

**6. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The BOD has overall responsibility for the establishment and oversight of the Corporation's Risk Management Framework (RMF). The Board has established the Risk Management and Audit Committee (RMAC) which is responsible for developing and monitoring the Corporation's risk management policies.

The Committee is responsible for the following:

- a. Overseeing, monitoring, and evaluating the adequacy and effectiveness of the Corporation's internal control system, engage, and provide oversight of the PCIC's internal and external auditors, and coordinate with the COA.



- b. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational, and other risks of the PCIC, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities.
- c. Developing the Risk Management Policy of the PCIC, ensuring compliance with the same guarantee that the risk management process and compliance are embedded throughout the operations of the PCIC, especially at the Board and Management level providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

The RMAC may conduct meetings as may be deemed appropriate by the Committee Chairperson.

### **Managing insurance risk**

The risk under insurance is the possibility of the occurrence of perils and uncertainty of the amount and timing of the resulting indemnity claim. One way to manage this risk is to determine the absorptive capacity of the Corporation, how much risk it can take without going under, and how much of the risk is to be ceded to other insurance companies.

Also, spreading the risk by diversification of risk of loss to a large portfolio of insurance contracts, as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

## **7. PRIOR PERIOD ADJUSTMENTS**

In CY 2024, Management has adjusted the CY 2023 and prior period balances of some accounts due to prior period errors and adjustments, resulted in the net adjustment in the Retained earnings account in the total amount of negative P311.573 million as disclosed under *Note 29*.

## **8. CASH AND CASH EQUIVALENTS**

This account consists of the following:

	<b>2024</b>	<b>2023</b>
Cash on hand	903,179	457,825
Cash in bank-local currency	3,632,046,976	2,258,644,670
Cash equivalents	313,298,734	702,250,158
	<b>3,946,248,889</b>	<b>2,961,352,653</b>

The Cash in bank-local currency consists of the following:

	2024	2023
Fund under management by the Bureau of the Treasury (BTr)		
Bangko Sentral ng Pilipinas (BSP) – Treasury Operations System (TOP)-		
Treasury Single Account (TSA)	2,217,355,915	-
Current accounts:		
Claims fund	801,445,096	655,565,121
General and administrative fund	502,065,136	372,882,385
Special Revolving Trust Fund (SRTF) account	18,889,136	18,881,457
Mother account	17,175,720	24,950,466
PCIC-Agri-Agra fund	975,941	1,129,208,889
Investment fund	46,567	997,303
PCIC-GAA fund	30,007	30,007
Philippine Coconut Authority (PCA) – Coconut Farmers and Industry		
Trust Fund (CFITF)	-	-
	1,340,627,603	2,202,515,628
Savings account		
Savings account – one-way savings deposit account (OSDA)	74,063,458	56,129,042
	3,632,046,976	2,258,644,670

Cash equivalents consist of the following:

	2024	2023
Time deposit, local currency – SRTF	313,298,734	302,250,158
Time deposit, local currency – PCIC	-	400,000,000
	313,298,734	702,250,158

On June 21, 2022, the PCIC entered into a Memorandum of Agreement (MOA) with the BTr to establish the mechanism for the management of the PCIC Fund.

Under the MOA, the BTr is authorized to manage the Fund in accordance with the investment parameters issued by PCIC, subject to applicable laws, rules, and regulations. The MOA ensures that the Fund is managed prudently, with due consideration to liquidity, security, and return objectives.

As of December 31, 2024, the PCIC Fund is held in the BSP-TOP-TSA. The Fund is fully managed by the BTr under the said MOA.

The PCIC Fund is classified as part of Cash and cash equivalents in the SFP, given its high liquidity and short-term accessibility, in accordance with PCIC's accounting policies and relevant financial reporting standards.

Pursuant to the DOF's Circular No. 002-2022 dated May 16, 2022, on the Revised Guidelines on Authorized Depository Banks, wherein PCIC shall maintain separate bank accounts and records for the accounting of unutilized subsidies and transfer funds, including unutilized proceeds/collections from lending programs funded by subsidy or transfers, and their corresponding interest income and under no circumstances that these funds shall be co-mingled with other bank accounts, the BOD approved the opening of the following bank accounts under the name of the PCIC, as follows:



- a. PCIC-GAA Fund - for the subsidy releases from the National Government (NG), its receipts and disbursements;
- b. PCIC-Agri-Agra Fund - for the transfer funds from the BSP under RA No. 10000, its receipts, and disbursements; and
- c. CFITF - Under RA No. 11524 or the CFITF, the PCIC, as one of the implementing agencies of the CFITF, and in accordance with its mandate and functions, leads in the implementation of the CFITF-Crop Insurance Program (CIP), to provide support to the PCA in the disposition of the CFITF to its target beneficiaries for the development of the coconut industry in the country, specifically, in the provision of agricultural insurance coverage protection to coconut farms and other farm investments of qualified coconut farmers.

There shall be a direct transfer of funds from the BTr to the implementing agency's Modified Disbursement System (MDS) Trust Account by means of issuance of a Notice of Cash Allocation (NCA). For this purpose, implementing agencies like the PCIC, are required to open an MDS sub-account following the guidelines in the opening of bank accounts for receipts and MDS disbursements of National Government Agencies (NGAs).

## 9. INVESTMENTS - CURRENT

	2024	2023
Investments in bonds-long term-retail treasury bonds (RTB)	499,703,802	-
Investments in bonds-local short term	-	3,012,432,129
Investments in bonds-long term-fixed rate treasury notes (FXTN)	-	-
	<b>499,703,802</b>	<b>3,012,432,129</b>

The breakdown of the Investments in bonds – RTB is as follows:

Particulars	Amount	Term	Interest Rate	Maturity Date
<b>LBP-RTB:</b>				
RTB 5-13	449,703,802	3.85 yrs.	2.63%	08/12/2025
RTB 5-13	50,000,000	4.21 yrs.	2.63%	08/12/2025
	<b>499,703,802</b>			

## 10. RECEIVABLES – CURRENT

This account consists of the following:

	Note	2024	2023 As restated
Loans and receivable	10.1	1,404,769,485	36,807,220
Inter-agency receivables	10.2	2,661,154	2,028,045
Other receivables	10.3	608,472	608,378
		<b>1,408,039,111</b>	<b>39,443,643</b>

The bulk of the CY 2024 Loans and receivable account is the Interests receivable and Contributions and premiums receivable from the NG.

#### 10.1. Loans and receivable account consists of:

	2024	2023 As restated
Contributions and premiums receivable	1,363,219,088	15,690,345
Interests receivable	41,550,397	21,116,875
	<b>1,404,769,485</b>	<b>36,807,220</b>

Interests receivable includes interest from Investments in bonds and Time deposits.

Pursuant to COA Circular No. 2020-002 dated January 28, 2020 as well as PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Contributions and premiums receivable account as at December 31, 2023 was restated, as follows:

Particulars	Amount
Contributions and premiums receivable, December 31, 2023, unrestated	15,636,994
Deduct: Prior period adjustment (Note 29)	
Premium adjustment due to post planting inspection	53,351
Contributions and premiums receivable, December 31, 2023, as restated	<b>15,690,345</b>

#### 10.1.a. Contributions and premiums receivable from:

	2024	2023 As restated
NG	1,350,000,000	-
Farmers	13,239,179	15,720,399
Less: Allowance for impairment	(1,720,241)	(2,014,010)
	11,518,938	13,706,389
Lending Institutions (LIs)	1,700,150	1,983,956
	<b>1,363,219,088</b>	<b>15,690,345</b>

Contributions and premiums receivable-NG represents the amount of unreleased share of government in the total insurance premiums, pursuant to Section 5 of RA No. 8175. This account consists of unreleased balance of GPS for CY 2024 to be released in CY 2025 amounting to P1.350 billion.

The Contributions and premiums receivable from farmers and LIs represent the share of farmers and LIs in the premiums whose names are not included in the RSBSA list.

#### 10.2. Inter-agency receivables

This account consists of the following:

	2024	2023
Due from NGAs	2,653,665	2,020,556
Due from other government corporations	-	-
Due from other funds	7,489	7,489
	<b>2,661,154</b>	<b>2,028,045</b>



Due from NGAs account represents payment or deposit to the Department of Budget and Management (DBM) – Procurement Service (PS) for the plane tickets and office supplies of the PCIC.

### 10.3. Other receivables-current

	2024	2023 As restated
Due from officers and employees	213,174	608,378
Other receivables-others	396,405	-
Less: Allowance for impairment	(1,107)	-
	395,298	-
	<b>608,472</b>	<b>608,378</b>

The Corporation provides an Allowance for impairment of 10 percent after two (2) years when the account becomes past due. Accounts that are more than 20 years past due or those which the possibility of collection is almost zero are given a 100 percent Allowance for impairment.

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Due from officers and employees account as at December 31, 2023 was restated as follows:

Particulars	Amount
Due from officers and employees, December 31, 2023, unrestated	548,308
Add/(Deduct): Prior year adjustment (Note 29)	
Set up of receivable from employees representing double payment of mid-year and year-end bonuses	60,070
<b>Due from officers and employees, December 31, 2023, as restated</b>	<b>608,378</b>

## 11. INVENTORIES

This account consists of Inventory held for consumption, details as follows:

	2024		2023 (As restated)	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
<b>Office supplies inventory</b>				
Carrying amount, January 1	4,051,432	-	4,920,650	-
Additions/acquisitions during the year	12,161,890	-	17,292,792	-
Expensed during the year except for write-down	(11,828,268)	-	(26,653,413)	-
Other adjustments	(1,741,169)	-	8,491,403	-
<b>Carrying amount, December 31</b>	<b>2,643,885</b>	<b>-</b>	<b>4,051,432</b>	<b>-</b>
<b>Accountable forms, plates and stickers inventory</b>				
Carrying amount, January 1	5,675,801	-	5,313,570	-
Additions/acquisitions during the year	26,660,788	-	12,537,999	-
Expensed during the year except for write-down	(20,633,344)	-	(16,256,640)	-
Other adjustments	(1,591,022)	-	4,080,872	-
<b>Carrying amount, December 31</b>	<b>10,112,223</b>	<b>-</b>	<b>5,675,801</b>	<b>-</b>
<b>Inventory held for consumption, December 31</b>	<b>12,756,108</b>	<b>-</b>	<b>9,727,233</b>	<b>-</b>

	2024		2023 (As restated)	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
<b>Semi-expendable inventory</b>				
Carrying amount, January 1	686,707	-	2,588,475	-
Additions/acquisitions during the year	5,176,677	-	10,891,258	-
Expensed during the year except for write-down	(4,241,419)	-	(7,416,234)	-
Other adjustments	2,119,996	-	(5,376,792)	-
<b>Semi-expendable, December 31</b>	<b>3,741,961</b>	<b>-</b>	<b>686,707</b>	<b>-</b>
	<b>16,498,069</b>	<b>-</b>	<b>10,413,940</b>	<b>-</b>

Inventory held for consumption consists mainly of consumable materials and supplies.

Semi-expendables are tangible items below the capitalization threshold of P50,000 which are yet to be issued to end-users.

The supplies issuances to the COA were charged to the Auditing services account.

During the current year, the Corporation identified an error in the prior year's financial statements pertaining to the unrecorded issuance of inventory items, including office supplies, accountable forms, semi-expendable items, and other materials. These items were already issued and consumed in CY 2023, but the corresponding expenses were not recognized in that period. Instead, the balances remained in the Inventory Held for Consumption and Semi-expendable inventory accounts as at December 31, 2023, resulting in the overstatement of assets and understatement of expenses.

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Office supplies inventory, Accountable forms, plates, and stickers inventory, Semi-expendable inventory and Other supplies and materials inventory accounts as at December 31, 2023 was restated as follows:

	As at December 31, 2023 Unrestated	Prior period adjustments (Note 29)	As at December 31, 2023 As restated
<b>Particulars</b>			
Other supplies and materials inventory	6,342,181	(6,342,181)	-
Accountable forms, plates, and stickers inventory	-	5,675,801	5,675,801
Semi-expendable inventory	6,154,076	(5,467,369)	686,707
Office supplies inventory	4,449,811	(398,379)	4,051,432
<b>Inventories</b>	<b>16,946,068</b>	<b>(6,532,128)</b>	<b>10,413,940</b>

Particulars	Amount
Office supplies inventory, December 31, 2023, unrestated	4,449,811
Add/(Deduct): Prior year adjustment (Note 29)	
Unrecorded issuance of office supplies	(398,379)
<b>Office supplies inventory, December 31, 2023 as restated</b>	<b>4,051,432</b>



Particulars	Amount
Other supplies and materials inventory, December 31, 2023, unrestated	6,342,181
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification from Other supplies to Accountable forms, plates and stickers inventory	(6,342,181)
<b>Other supplies and materials inventory, December 31, 2023, as restated</b>	<b>-</b>

Particulars	Amount
Accountable forms, plates and stickers inventory, December 31, 2023, unrestated	-
Add/(Deduct): Prior year adjustments (Note 29)	
Reclassification from Other supplies to Accountable forms, plates and stickers inventory	6,342,181
Unrecorded issuance of Accountable forms, plates and stickers inventory	(666,380)
<b>Accountable forms, plates and stickers inventory, December 31, 2023, as restated</b>	<b>5,675,801</b>

Particulars	Amount
Semi-expendable inventory, December 31, 2023, unrestated	6,154,076
Add/(Deduct): Prior year adjustment (Note 29)	
Unrecorded issuance of Semi-expendable inventory	(5,467,369)
<b>Semi-expendable inventory, December 31, 2023, as restated</b>	<b>686,707</b>

## 12. OTHER CURRENT ASSETS

This account includes the following:

	Note	2024	2023 As restated
Deposits	12.1	7,394,308	6,182,883
Prepayments	12.2	3,045,656	2,793,144
Advances	12.3	172,486	794,055
Other assets	12.4	1,383,825	1,515,497
		<b>11,996,275</b>	<b>11,285,579</b>

### 12.1. Deposits

This account represents guarantee deposits on leased office premises.

During the current year, the Corporation identified an error in the prior-year financial statements related to the non-recognition of the use of the guaranty deposit as rental expense at the end of the lease term. The Corporation had previously recorded the guaranty deposit as an asset but did not recognize its application as rent in CY 2023, resulting in an overstatement of assets and an understatement of expenses.

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Deposits account as at December 31, 2023 was restated as follows:

Particulars	Amount
Deposits, December 31, 2023, unrestated	6,288,138
Add/(Deduct): Prior year adjustment (Note 29)	
Overstatement of Guaranty deposits	(105,255)
<b>Deposits, December 31, 2023, as restated</b>	<b>6,182,883</b>

## 12.2. Prepayments

This account includes the following:

	2024	2023 As restated
Prepaid rent	1,229,756	941,069
Prepaid insurance	850,278	691,702
Other prepayments	965,622	1,160,373
	<b>3,045,656</b>	<b>2,793,144</b>

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Prepayments account as at December 31, 2023 was restated as follows:

Particulars	Amount
Prepayments, December 31, 2023, unrestated	-
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification from Non-current to Current	2,793,144
<b>Prepayments, December 31, 2023, as restated</b>	<b>2,793,144</b>

## 12.3. Advances

	2024	2023
Advances to special disbursing officer	90,237	633,237
Advances to officers and employees	82,249	160,818
	<b>172,486</b>	<b>794,055</b>

## 12.4. Other Assets

This account consists of Other assets amounting to P1,383,825 and P1,515,497 as at December 31, 2024 and 2023, respectively.

## 13. INVESTMENTS – NON-CURRENT

This account consists of:

	Note	2024	2023
Investments in bonds-long term-FXTN		1,094,635,323	1,095,438,229
Investments in bonds-long term-RTB		-	698,898,178
		<b>1,094,635,323</b>	<b>1,794,336,407</b>
Other investments	13.1	2,141,600	2,141,600
		<b>1,096,776,923</b>	<b>1,796,478,007</b>

The breakdown of the Investments in bonds is as follows:

Particulars	Amount	Term	Interest Rate	Maturity Date
<b>LBP-FXTN:</b>				
FXTN 07-64	498,245,911	6.91 yrs.	3.63%	04/22/2028
FXTN 05-77	494,886,713	4.87 yrs.	3.38%	04/08/2026
FXTN 05-77	101,502,699	4.51 yrs.	3.38%	04/08/2026
	<b>1,094,635,323</b>			



### 13.1. Other Investments

This account represents investments in the following:

	2024	2023
Asia Pacific Rural and Agricultural Credit Association (APRACA) Trust Development Fund	1,500,000	1,500,000
Cooperative Insurance System of the Philippines (CISP) 3,000 shares @ P100 per share	300,000	300,000
Philippine Long Distance Telephone Company (PLDT) Club Filipino	199,100	199,100
	100,000	100,000
Pool of Livestock Insurers (PLIs)	40,000	40,000
Eastern Visayas Telephone Company, Inc. (EVTCl) 50 shares @ P50 per share	2,500	2,500
	<b>2,141,600</b>	<b>2,141,600</b>

The fair value of investments to APRACA Trust Development Fund, CISP, PLIs, and EVTCl are not available because these are not publicly listed companies.

### 14. RECEIVABLES - NON-CURRENT

This account consists of the following:

	Note	2024	2023 As restated
Loans and receivable		1,161	1,161
Less: Allowance for impairment		(1,161)	(1,161)
	14.1	-	-
Other receivables		119,002,880	124,514,070
Less: Allowance for impairment		(107,584,784)	(108,871,616)
	14.2	11,418,096	15,642,454
		<b>11,418,096</b>	<b>15,642,454</b>

#### 14.1. Loans and receivable

This account consists of the following:

	2024	2023
Reinsurance commission	1,161	1,161
Less: Allowance for impairment	(1,161)	(1,161)
	-	-

#### 14.2. Other receivables

This account consists of the following:

	2024	2023 As restated
Guarantee receivables	98,654,883	80,232,288
Receivables-disallowances/charges	11,358,244	12,456,615
Unremitted recoveries	2,152,334	2,152,334
Other receivables-others	6,837,419	29,672,833
	119,002,880	124,514,070
Less: Allowance for impairment	(107,584,784)	(108,871,616)
	<b>11,418,096</b>	<b>15,642,454</b>

The following disclosures pertain to Guarantee and Other receivables-others accounts:

- a. Guarantee receivables account refers to amounts due from banking institutions and lending conduits that extended production and production-related loans to small farmers.
- b. The Other receivables-others account consists of the following:
  - b.1. Special time deposit (STD) claims paid were governed by the PCIC Circular Letter No. 004 dated May 27, 1981. The PCIC pays 85 percent of the outstanding loan balances of farmers, while the LBP undertakes the collection to be remitted to the PCIC RO within 30 days from receipt.
  - b.2. Adjudicated claims account stemmed from the paid STD claims, where the LIs after five (5) years of collecting loans from farmers-borrowers applied for adjudication, thus resulting in the transfer of the collection function to the PCIC. This receivable represents claims from the Rural Bank of Nasipit in the year 1983.
  - b.3. One of the PCIC's business lines is Agricultural Guarantee. Under this program, the agricultural loans of farmers from the rural banks or LIs were guaranteed by the PCIC using the Agricultural Guarantee Fund (AGF).
  - b.4. Claims on the bank-unremitted recoveries represent recoveries on guarantee loans not yet remitted by LIs.
  - b.5. Due from banks represents excess payments made by the PCIC to LIs under the guarantee program.
- c. Receivable-disallowances/charges account represents the amount due from public/private individuals/entities for audit disallowances that have become final and executory.

During the review of the Corporation's financial records, certain adjustments were identified relating to prior period transactions. These adjustments primarily involved the reclassification and correction of receivables and impairment allowances. Certain COA disallowances were also booked as Receivables-disallowances/charges. The corrections have been applied retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and the affected Other receivables balances as of December 31, 2023, were restated as follows:

Particulars	As at December 31, 2023	Prior period adjustments (Note 29)	As at December 31, 2023 As restated
Guarantee receivables	106,332,924	(26,100,636)	80,232,288
Receivable - disallowances/charges	10,966,399	1,490,216	12,456,615
Unremitted recoveries	352,639	1,799,695	2,152,334
Other receivables - others	4,021,305	25,651,528	29,672,833
	121,673,267	2,840,803	124,514,070
Less: Allowance for impairment	(109,322,810)	451,194	(108,871,616)
	<b>12,350,457</b>	<b>3,291,997</b>	<b>15,642,454</b>



## 15. PROPERTY, PLANT AND EQUIPMENT (PPE)

This account consists of the following:

CY 2024	Land	Land improvements	Building and other structures	Machinery and equipment	Transportation equipment	Furniture, fixtures and books	Leased assets and leased asset improvements	Other PPE	Total
<b>Cost:</b>									
Jan. 1, 2024, as restated	501,800	2,169,319	17,232,436	50,659,803	120,463,203	4,621,676	19,752,781	615,456	216,016,474
Add: Acquisitions	-	-	-	23,222,885	180,500	156,493	5,498,949	-	29,058,827
Less: Disposals	-	-	-	(730,105)	(4,492,794)	-	(327,894)	-	(5,550,793)
Add/(Deduct): Adjustments	-	-	-	(1,251,956)	621,575	(3,066,866)	13,986,927	-	10,289,680
<b>December 31, 2024</b>	<b>501,800</b>	<b>2,169,319</b>	<b>17,232,436</b>	<b>71,900,627</b>	<b>116,772,484</b>	<b>1,711,303</b>	<b>38,910,763</b>	<b>615,456</b>	<b>249,814,188</b>
<b>Accumulated Depreciation:</b>									
Jan. 1, 2024, as restated	-	1,243,358	3,489,397	26,879,860	62,064,426	2,375,361	11,968,453	364,261	108,385,116
Depreciation (Note 37)	-	1,345,955	516,973	7,300,205	9,822,068	249,004	2,313,928	-	21,548,133
Add/(Deduct): Adjustments	-	(1,150,716)	-	(528,224)	(3,432,435)	(1,720,123)	1,621,943	-	(5,209,555)
<b>December 31, 2024</b>	<b>-</b>	<b>1,438,597</b>	<b>4,006,370</b>	<b>33,651,841</b>	<b>68,454,059</b>	<b>904,242</b>	<b>15,904,324</b>	<b>364,261</b>	<b>124,723,694</b>
<b>Carrying amount, Dec. 31, 2024</b>	<b>501,800</b>	<b>730,722</b>	<b>13,226,066</b>	<b>38,248,786</b>	<b>48,318,425</b>	<b>807,061</b>	<b>23,006,439</b>	<b>251,195</b>	<b>125,090,494</b>

CY 2023	Land	Land improvements	Building and other structures	Machinery and equipment	Transportation equipment	Furniture, fixtures and books	Leased assets and leased asset improvements	Other PPE	Total
<b>Cost:</b>									
December 31, 2023	501,800	2,387,868	17,232,436	50,700,563	120,571,380	4,621,676	19,817,058	93,637	215,926,418
Add/(Deduct): Prior period adjustments (Note 29)	-	(218,549)	-	(40,760)	(108,177)	-	(64,277)	521,819	90,056
<b>December 31, 2023, as restated</b>	<b>501,800</b>	<b>2,169,319</b>	<b>17,232,436</b>	<b>50,659,803</b>	<b>120,463,203</b>	<b>4,621,676</b>	<b>19,752,781</b>	<b>615,456</b>	<b>216,016,474</b>
<b>Accumulated Depreciation:</b>									
December 31, 2023	-	1,348,670	3,489,397	26,748,639	62,082,662	2,386,585	10,527,416	84,273	106,667,642
Add/(Deduct): Prior period adjustments (Note 29)	-	(105,312)	-	131,221	(18,236)	(11,224)	1,441,037	279,988	1,717,474
<b>December 31, 2023, as restated</b>	<b>-</b>	<b>1,243,358</b>	<b>3,489,397</b>	<b>26,879,860</b>	<b>62,064,426</b>	<b>2,375,361</b>	<b>11,968,453</b>	<b>364,261</b>	<b>108,385,116</b>
<b>Carrying amount, December 31, 2023, as restated</b>	<b>501,800</b>	<b>925,961</b>	<b>13,743,039</b>	<b>23,779,943</b>	<b>58,398,777</b>	<b>2,246,315</b>	<b>7,784,328</b>	<b>251,195</b>	<b>107,631,358</b>

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PPE sub-accounts and corresponding Accumulated depreciation as at December 31, 2023 were restated as follows:

Particulars	Amount
Land improvements, December 31, 2023, unrestated	2,387,868
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification of account to semi-expendable	(218,549)
<b>Land improvements, December 31, 2023, as restated</b>	<b>2,169,319</b>

<b>Particulars</b>	<b>Amount</b>
Machinery and equipment, December 31, 2023, unrestated	50,700,563
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification of account to semi-expendable	(40,760)
<b>Machinery and equipment, December 31, 2023, as restated</b>	<b>50,659,803</b>
<b>Particulars</b>	<b>Amount</b>
Transportation equipment, December 31, 2023, unrestated	120,571,380
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification of account to semi-expendable	(108,177)
<b>Transportation equipment, December 31, 2023, as restated</b>	<b>120,463,203</b>
<b>Particulars</b>	<b>Amount</b>
Leased assets and leased asset improvements, December 31, 2023, unrestated	19,817,058
Add/(Deduct): Prior year adjustment (Note 29)	
Reclassification of account to semi-expendable	(64,277)
<b>Leased assets and leased asset improvements, December 31, 2023, as restated</b>	<b>19,752,781</b>
<b>Particulars</b>	<b>Amount</b>
Other PPE, December 31, 2023, unrestated	93,637
Add/(Deduct): Prior year adjustment (Note 29)	
Reversal of prior year's entry per COA's recommendation	521,819
<b>Other PPE, December 31, 2023, as restated</b>	<b>615,456</b>
<b>Particulars</b>	<b>Amount</b>
Accumulated depreciation-Land improvements, December 31, 2023, unrestated	1,348,670
Add/(Deduct): Prior year adjustment (Note 29)	
Adjustment on the Depreciation	(105,312)
<b>Accumulated depreciation-Land improvements, December 31, 2023, as restated</b>	<b>1,243,358</b>
<b>Particulars</b>	<b>Amount</b>
Accumulated depreciation-Machinery and equipment, December 31, 2023, unrestated	26,748,639
Add/(Deduct): Prior year adjustment (Note 29)	
Adjustment on the Depreciation	131,221
<b>Accumulated depreciation-Machinery and equipment, December 31, 2023, as restated</b>	<b>26,879,860</b>
<b>Particulars</b>	<b>Amount</b>
Accumulated depreciation-Transportation equipment, December 31, 2023, unrestated	62,082,662
Add/(Deduct): Prior year adjustment (Note 29)	
Adjustment on the Depreciation	(18,236)
<b>Accumulated depreciation-Transportation equipment, December 31, 2023, as restated</b>	<b>62,064,426</b>
<b>Particulars</b>	<b>Amount</b>
Accumulated depreciation-Furniture, fixtures and books, December 31, 2023, unrestated	2,386,585
Add/(Deduct): Prior year adjustment (Note 29)	
Adjustment on the Depreciation	(11,224)
<b>Accumulated depreciation-Furniture, fixtures and books, December 31, 2023, as restated</b>	<b>2,375,361</b>



Particulars	Amount
Accumulated depreciation-Leased assets and leased asset improvements, December 31, 2023, unrestated	10,527,416
Add/(Deduct): Prior year adjustment (Note 29)	
Adjustment on the Depreciation	1,441,037
<b>Accumulated depreciation- Leased assets and leased asset improvements, December 31, 2023, as restated</b>	<b>11,968,453</b>

Particulars	Amount
Accumulated depreciation-Other PPE, December 31, 2023	84,273
Add/(Deduct): Prior year adjustment (Note 29)	
Reversal of prior year's entry per COA's recommendation	279,988
<b>Accumulated depreciation-Other PPE, December 31, 2023, as restated</b>	<b>364,261</b>

## 16. INTANGIBLE ASSETS

This account represents the cost of developing the PCIC Automated Business System (PABS), which is being amortized for 10 years. It also includes Other computer software.

	2024	2023 As restated
Cost, beginning balance	7,316,149	7,589,218
Additions/Adjustments	459,400	(37,368)
	<b>7,775,549</b>	<b>7,551,850</b>
Accumulated amortization, beginning balance	6,296,342	6,194,638
Amortization (Note 37)	79,638	737,029
Adjustment	(56,001)	(635,325)
	<b>6,319,979</b>	<b>6,296,342</b>
<b>Carrying amount</b>	<b>1,455,570</b>	<b>1,255,508</b>

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Intangible assets account and the corresponding Accumulated amortization as at December 31, 2023, were restated as follows:

Particulars	Amount
Intangible assets, cost, December 31, 2023, unrestated	7,589,218
Add/(Deduct): Prior period adjustment (Note 29)	(37,368)
<b>Intangible assets, cost, December 31, 2023, as restated</b>	<b>7,551,850</b>
Accumulated amortization, December 31, 2023, unrestated	6,194,638
Add/(Deduct): Prior period adjustment (Note 29)	
Unrecorded amortization of computer software	101,704
<b>Accumulated amortization, December 31, 2023, as restated</b>	<b>6,296,342</b>
<b>Carrying amount, December 31, 2023, as restated</b>	<b>1,255,508</b>

## 17. OTHER NON-CURRENT ASSETS

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, accounts classified under Other non-current assets as at December 31, 2023 were reclassified from non-current to current account as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustment (Note 29)	As at December 31, 2023 As restated
Prepaid rent	941,069	(941,069)	-
Prepaid insurance	774,838	(774,838)	-
Other prepayments	1,032,536	(1,032,536)	-
	<b>2,748,443</b>	<b>(2,748,443)</b>	<b>-</b>

## 18. FINANCIAL LIABILITIES – CURRENT

This account consists of the following:

	2024	2023 As restated
Accounts payable	25,303,913	44,881,515
Due to officers and employees	334,467	19,432,004
	<b>25,638,380</b>	<b>64,313,519</b>

The Accounts payable account consists of the following:

	2024	2023 As restated
Creditors/others	11,392,103	40,374,675
Operating lease payable	12,611,810	2,116,840
Accrued death benefits payable	1,300,000	2,390,000
COA	-	-
	<b>25,303,913</b>	<b>44,881,515</b>

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Accounts payable account as at December 31, 2023 was restated/reclassified as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustment (Note 29)	As at December 31, 2023 As restated
Accounts payable-creditors and others	40,374,679	(4)	40,374,675
	<b>40,374,679</b>	<b>(4)</b>	<b>40,374,675</b>

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Accrued death benefits payable account as at December 31, 2023 was restated/reclassified as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustment (Note 29)	As at December 31, 2023 As restated
Accrued death benefits payable	1,130,000	1,260,000	2,390,000
	<b>1,130,000</b>	<b>1,260,000</b>	<b>2,390,000</b>



Performance-Based Bonus and Performance-Based Incentive for PCIC's officers and employees for the years 2021-2023 were booked as prior-year adjustments.

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to officers and employees account as at December 31, 2023 was restated/reclassified as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustment (Note 29)	As at December 31, 2023 As restated
Due to officers and employees	702,134	18,729,870	19,432,004
	<b>702,134</b>	<b>18,729,870</b>	<b>19,432,004</b>

## 19. INTER-AGENCY PAYABLES – CURRENT

This account consists of the following:

	2024	2023 As restated
Due to NGAs	13,959,121	27,465,568
Due to Bureau of Internal Revenue (BIR)	4,430,772	6,453,999
Due to Government Service Insurance System (GSIS)	1,380,691	4,703,118
Due to Philippine Health Insurance Corporation (PhilHealth)	438,328	524,669
Due to Local government units (LGUs)	368,391	368,391
Due to Social Security System (SSS)	323,900	372,185
Due to Home Mutual Development Fund (Pag-IBIG)	264,648	270,588
Due to other funds	-	-
	<b>21,165,851</b>	<b>40,158,518</b>

Due to NGAs account as at December 31, 2024 consists of premiums from LGUs, while the Due to LGUs account as at December 31, 2024 consists of local government taxes.

Due to BIR account consists of the following:

	2024	2023 As restated
Withholding taxes	2,814,762	4,951,139
Documentary stamps and other taxes	1,616,010	1,502,860
	<b>4,430,772</b>	<b>6,453,999</b>

During the current year, the Corporation identified certain adjustments related to prior period transactions, which have been retrospectively applied in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. These adjustments pertain to:

Due to BIR – The adjustment resulted from the reconciliation of the account, ensuring the accuracy of tax-related obligations.

Due to GSIS, PhilHealth, and Pag-IBIG – Adjustments were made to reflect the correct balances following the implementation of the CPCS.

Due to other funds – The amount previously classified as a current liability was reclassified to non-current liabilities to align with its intended use and financial reporting requirements.

The impact of these adjustments on the liabilities as of December 31, 2023, is summarized below:

Particulars	As at December 31, 2023, unrestated	Prior period adjustments (Note 29)	As at December 31, 2023 As restated
Due to NGAs	27,465,568	-	27,465,568
Due to BIR	6,539,836	(85,837)	6,453,999
Due to GSIS	4,424,760	278,358	4,703,118
Due to other funds	687,239	(687,239)	-
Due to PhilHealth	509,503	15,166	524,669
Due to SSS	372,185	-	372,185
Due to LGUs	368,391	-	368,391
Due to Pag-IBIG	274,840	(4,252)	270,588
	<b>40,642,322</b>	<b>(483,804)</b>	<b>40,158,518</b>

## 20. TRUST LIABILITIES - CURRENT

This account consists of the following:

	2024	2023 As restated
Trust liabilities – Agri-Agra	785,265,804	2,103,072,287
Trust liabilities – SRTF	1,005,512	723,148
Trust liabilities - DA/Philippine Council for Agriculture and Fisheries (PCAF)	61,023	412,784
Trust liabilities – others	23,574,244	23,292,183
	<b>809,906,583</b>	<b>2,127,500,402</b>

- 20.1.** In CY 2024, Trust liabilities account includes unutilized Agri-Agra funds received from the BSP amounting to P785.266 million, representing the PCIC's 45 percent share (50 percent of 90 percent) on the penalties collected by the BSP from lending/banking institutions due to the latter's non-compliance with the Agri-Agra Law (RA No. 10000), specifically Section 6 thereof.

The movement of the fund in CY 2024 is as follows:

Particulars	Amount
Balance, December 31, 2023	2,103,072,287
Add: Remittances from BSP for the year	945,841
Adjustments (Interest income and discount earned from BTr investment)	132,215,139
Available funds for the year	2,236,233,267
Less: Amount utilized for the year	(1,450,967,463)
<b>Balance, December 31, 2024</b>	<b>785,265,804</b>



The amount utilized for the year totaling P1,450,967,463 pertains to insurance granted to subsistence farmers and fisherfolk under various programs of the PCIC, such, as DA-Sikat-Saka, PLEA/SURE, APCP, DA HYBRID, PPI and Non-RSBSA, as approved by the BOD through BRs, wherein the PCIC assumes 100 percent of the insurance premiums. The PCIC regular programs also utilized the fund for its 55 percent share in premiums.

- 20.2.** Trust liabilities – others account consists of the insurance premiums deposited to the PCIC bank accounts awaiting submission of necessary documents before they can be treated as income.

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, accounts classified under Trust liabilities – current as at December 31, 2023 were restated/reclassified as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustment (Note 29)	As at December 31, 2023 As restated
Trust liabilities – Agri-Agra	2,103,072,287	-	2,103,072,287
Trust liabilities - SRTF	723,148	-	723,148
Trust liabilities - DA/PCAF	412,784	-	412,784
Trust liabilities - others	23,219,700	72,483	23,292,183
	<b>2,127,427,919</b>	<b>72,483</b>	<b>2,127,500,402</b>

## 21. DEFERRED CREDITS/UNEARNED INCOME – CURRENT

This account consists of the following:

	2024	2023 As restated
Deferred credits	24,219,197	28,716,026
	<b>24,219,197</b>	<b>28,716,026</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Deferred credits account as at December 31, 2023 was restated as follows:

Particulars	Amount
Deferred credits, December 31, 2023, unrestated	29,715,292
Add/(Deduct): Prior period adjustment (Note 29)	
Returns/cancellation of insurance premiums	(999,266)
<b>Deferred credits, December 31, 2023, as restated</b>	<b>28,716,026</b>

## 22. PROVISIONS – CURRENT

This account consists of the following:

	2024	2023 As restated
Leave benefits payable	86,055,334	79,924,343
Other provisions-Provident fund	591,444	1,892,302
	<b>86,646,778</b>	<b>81,816,645</b>

This account represents Leave benefits payable. Pursuant to PAS 19, *Employee Benefits*, the Corporation recognizes wages and other contributions as short-term employee benefits and termination benefits as post-employment benefits.

Pursuant to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Leave benefits payable and Other provisions – Provident fund accounts as at December 31, 2023 were restated as follows:

Particulars	Amount
Leave benefits payable, December 31, 2023, unrestated	79,542,747
Add/(Deduct): Prior period adjustment (Note 29)	
Adjustment on leave benefits due to CPCS implementation	381,596
<b>Leave benefits payable, December 31, 2023, as restated</b>	<b>79,924,343</b>

Particulars	Amount
Other provisions – Provident fund, December 31, 2023, unrestated	1,655,946
Add/(Deduct): Prior period adjustment (Note 29)	
Adjustment due to CPCS implementation	236,356
<b>Other provisions – Provident fund, December 31, 2023, as restated</b>	<b>1,892,302</b>

## 23. OTHER PAYABLES - CURRENT

This account consists of the following:

	2024	2023 As restated
Accrued expenses	38,813,368	17,188,934
Return premiums payable	173,934	277,814
Service fee payable	1,419,611	1,703,415
Others	502,503,543	514,852,239
	<b>542,910,456</b>	<b>534,022,402</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Other payables-current sub-accounts as at December 31, 2023 were restated/reclassified as follows:

Particulars	Amount
Accrued expenses, December 31, 2023, unrestated	16,036,619
Add/(Deduct): Prior period adjustment (Note 29)	
To set up unpaid Maintenance and other operating expenses (MOOE) accounts	1,152,315
<b>Accrued expenses, December 31, 2023, as restated</b>	<b>17,188,934</b>

Particulars	Amount
Return premiums payable, December 31, 2023, unrestated	2,805,728
Add/(Deduct): Prior period adjustment (Note 29)	
Closing of dormant return premiums payable to miscellaneous income	(2,527,914)
<b>Return premiums payable, December 31, 2023, as restated</b>	<b>277,814</b>

Particulars	Amount
Service fee payable, December 31, 2023, unrestated	1,164,088
Add/(Deduct): Prior period adjustment (Note 29)	
To set-up unpaid service fee	539,327
<b>Service fee payable, December 31, 2023, as restated</b>	<b>1,703,415</b>



Particulars	Amount
Others, December 31, 2023, unrestated	521,265,370
Add/(Deduct): Prior period adjustment (Note 29)	
Closing of dormant Other payables-others to Miscellaneous income	(6,413,131)
<b>Others, December 31, 2023, as restated</b>	<b>514,852,239</b>

## 24. INTER-AGENCY PAYABLES – NON-CURRENT

Due to other funds account consists of the following:

	2024	2023 As restated
ACPC	478,791	478,791
SRTF	112,097	112,097
Comprehensive Agricultural Loan Facility (CALF)	96,351	96,351
	<b>687,239</b>	<b>687,239</b>

The CALF is a temporary account lodged at the ROs, debited for cash receipts initially identifiable as for the CALF program, but the proper account to credit cannot yet be identified until supporting papers accompanying the remittance have been processed, after which entries against this account are reversed (credited).

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Due to other funds account as at December 31, 2023 were restated/reclassified from current to non-current account.

Particulars	Amount
Due to other funds, December 31, 2023	-
Add/(Deduct): Prior period adjustment (Note 29)	
Reclassification of Due to other funds from current to non-current	687,239
<b>Due to other funds, December 31, 2023, as restated</b>	<b>687,239</b>

## 25. TRUST LIABILITIES – NON-CURRENT

This account consists of the following:

	2024	2023
Trust liabilities – SRTF	332,187,870	321,131,614
Others	1,203,989	1,203,989
	<b>333,391,859</b>	<b>322,335,603</b>

The PCIC-SRTF was created under Letter of Instruction (LOI) No. 1242 dated May 21, 1982, *“Providing a Measure to Facilitate Guarantee Payments Under the Masagana 99 Program.”* Under this program, LIs, particularly the Philippine National Bank (PNB) and rural banks, may avail of special guarantee payments of up to 85 percent of the past due Masagana 99 loans, with the following conditions: (a) have been in arrears for three (3) years or more as of the date of effectivity of the LOI, and (b) were not the subject of previous advances/payments from the AGF.

The Fund was set up for the purpose of restoring the good credit standing of these banks with then Central Bank of the Philippines, now BSP, and also to enable them to regain their capability to render financial services to the rural communities through their continued participation in the supervised credit program.

A special guarantee payment scheme was developed wherein the PCIC, as Administrator of the fund, would pay up to 85 percent of the principal portion of these arrearages in three installments: (a) 25 percent of the eligible loan arrearages on the first year; (b) 30 percent on the second year; and (c) 30 percent on the third year.

The beneficiary LIs are required to restructure these past due loans and to remit back to the PCIC 85 percent of the principal portion of all collection on these accounts.

The NG appropriated P450 million for this purpose. The Corporation received P75 million in CY 1982, P345.780 million during the last quarter of CY 1984, and P29.220 million in CY 1985.

The remaining balance of the Trust Fund account of SRTF is included under Cash and cash equivalents – General and administrative fund and Time deposit, local currency, as disclosed in *Note 8*.

## 26. PROVISION FOR INSURANCE CONTRACT LIABILITIES

This account consists of the following:

	Note	2024	2023 As restated
Claims liability	26.1	1,916,378,601	1,101,162,512
Premium reserve liability	26.2	1,345,248,356	1,287,721,749
		<b>3,261,626,957</b>	<b>2,388,884,261</b>

### 26.1. Claims liability

This account consists of the following:

	Note	2024	2023 As restated
Due and unpaid claims	26.1.a	1,369,417,728	547,728,284
Incurred but not reported	26.1.b	405,259,865	491,258,110
Provision for claims handling expense	26.1.c	141,701,008	62,176,118
		<b>1,916,378,601</b>	<b>1,101,162,512</b>

This account pertains to claims incurred but not yet paid as of the valuation date. It includes Due and unpaid claims, IBNR, and Provision for claims handling expenses.

**26.1.a. Due and unpaid claims** refer to the estimated amounts of reported claims that have not been settled as of the valuation date and consist of the following:



	2024	2023 As restated
Rice	885,701,469	314,397,518
Corn	107,097,878	94,129,712
HVC	188,562,535	24,556,315
Livestock	132,696,603	101,418,109
Fisheries	29,561,726	2,130,707
Non-crop	17,781,677	2,337,710
CLTI	7,975,840	8,758,213
Death benefits	40,000	-
	<b>1,369,417,728</b>	<b>547,728,284</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Due and unpaid claims sub-accounts as at December 31, 2023 were restated as follows:

Particulars	As at December 31, 2023, unrestated	Prior period adjustments (Note 29)	As at December 31, 2023 As restated
Rice	169,724,924	144,672,594	314,397,518
Corn	42,665,437	51,464,275	94,129,712
HVC	9,691,114	14,865,201	24,556,315
Livestock	53,673,715	47,744,394	101,418,109
Fisheries	1,430,650	700,057	2,130,707
Non-crop	2,034,357	303,353	2,337,710
CLTI	6,723,167	2,035,046	8,758,213
	<b>285,943,364</b>	<b>261,784,920</b>	<b>547,728,284</b>

**26.1.b. IBNR** refers to the amount to be provided for claims in respect of claims events that have occurred but have not been reported to the Corporation as of the valuation date and consist of the following:

	2024	2023
Rice	260,381,166	306,218,156
Corn	66,146,780	123,182,844
HVC	32,599,530	27,237,971
Livestock	39,022,356	25,555,292
Fisheries	676,141	2,302,016
Non-crop	477,216	2,064,770
CLTI	5,956,676	4,697,061
	<b>405,259,865</b>	<b>491,258,110</b>

**26.1.c. Provision for claims handling expense** refers to the estimated amount of expenses for settling all claims, whether reported or unreported, outstanding as of the valuation date and consist of the following:

	2024	2023
Rice	91,686,611	38,075,447
Corn	13,859,573	13,267,862
HVC	17,692,965	2,954,327
Livestock	13,467,517	6,338,321
Fisheries	2,419,029	298,613
Non-crop	1,460,712	327,930
CLTI	1,114,601	913,618
	<b>141,701,008</b>	<b>62,176,118</b>

## 26.2. Premium reserve liability-non-current

This account represents the statutory legal reserve required for all unexpired risks of the PCIC, computed as the proportion of the remaining unexpired coverage period over the period covered by the premium, exact to days.

This account consists of the following:

	2024	2023 As restated
Rice	416,652,446	439,249,200
Corn	241,984,773	178,019,325
HVC	370,236,379	328,400,510
Livestock	243,269,266	274,046,033
Fisheries	4,944,217	7,592,303
Non-crop	28,727,253	28,446,520
CLTI	39,434,022	31,967,858
	<b>1,345,248,356</b>	<b>1,287,721,749</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Premium reserve liability-non-current account as at December 31, 2023 was restated as follows:

Particulars	Amount
Premium reserve liability, non-current, December 31, 2023, unrestated	1,255,522,118
Add/(Deduct): Prior period adjustment (Note 29)	
Under provision of premium reserve	32,199,631
<b>Premium reserve liability, non-current, December 31, 2023, as restated</b>	<b>1,287,721,749</b>

The Actuarial Research and Product Valuation Department (ARPVD), together with the Finance Department (FD), computed the actuarial valuation for the Provision for insurance contract liabilities for CYs 2024 and 2023 per IC Circular No. 2018-18.

As prescribed in IC Circular No. 2018-18, the Unearned Premium Reserves (UPR) as of valuation date, shall be computed as the proportion of the remaining unexpired coverage period over the period covered by the premium, exact to days.

Unearned Risk Reserves (URR) with Margin for Adverse Deviation (MfAD) and Expense Reserves are composed of the URR (UPR x Loss Ratio), the Expense Reserves (UPR x Expense Ratio), and the MfAD (URR x MfAD ratio).

The Premium reserves will be the higher between the UPR and URR with MfAD and Expense Reserves.

The Claims reserves on the other hand are composed of:

- a. Due and Unpaid or the accrued claims as of the valuation date.



- b. IBNR amount to be provided for claims in respect of claims events that have occurred but have not been reported to the PCIC as at the valuation date. A loss development triangle was formed considering the dates incurred and reported claims on a yearly basis. Loss Development Factors (LDF) are estimated as the weighted mean of individual development factors with the cumulative losses serving as weights. The resulting LDFs are correspondingly applied to the claims for the year. The difference is then set-up as the IBNR for the year. This method of computation was recommended by the actuary engaged by the PCIC in CY 2022.
- c. Provision for claims handling expense  $[(\text{Due and Unpaid} + \text{IBNR}) \times \text{Expense Ratio}]$ .

## 27. CONTRIBUTED CAPITAL

Under RA No. 8175, the authorized share capital of the PCIC increased from P750.000 million to P2.000 billion divided into 15 million common shares each with a par value of P100 for government subscription, and five million preferred shares also with a par value of P100 per share.

As at December 31, 2024, the Corporation's subscribed capital stock amounting to P1.500 billion was fully paid by the NG.

## 28. STOCKHOLDERS' EQUITY

This account consists of the following:

	Note	2024	2023
Share capital	28.1	100,000,000	100,000,000
Share premium	28.2	159,451,431	159,451,431
		<b>259,451,431</b>	<b>259,451,431</b>

### 28.1. Share capital

The total authorized preferred share is five million shares with par value of P100 per share. As at December 31, 2024, the Corporation's paid-up Share capital stood at P100.000 million subscribed and paid by the LBP.

### 28.2. Share premium

This represents the amount by which the assets (mostly receivables of the AGF net of valuation reserves) exceeded the P150.000 million initial contribution of the government to the capital of the Corporation.

## 29. RETAINED EARNINGS

	2024	2023 As restated
Balance, beginning of year	608,049,152	219,247,171
Add/(Deduct):		
Prior period adjustments	-	(41,114,436)
Dividends	(772,993,104)	(72,617,751)
Comprehensive income	416,526,377	502,534,168
	<b>251,582,425</b>	<b>608,049,152</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Retained earnings account as at December 31, 2023 was restated as follows:

### For the SCI:

Particulars	Note	Amount
<b>Retained earnings, January 1, 2023, unrestated</b>		<b>219,247,171</b>
Add/(Deduct) adjustments to beginning Retained earnings:		
Insurance/reinsurance premium - RSBSA - Rice		133,899
Insurance/reinsurance premium reserves		(36,472,899)
Miscellaneous income		7,086,063
Insurance benefit		3,383,676
Underwriting expenses		(37,967)
Personnel services		(12,959,673)
MOOE		(1,027,572)
Non-cash expenses		(1,219,963)
Prior year adjustments		(41,114,436)
<b>Retained earnings, January 1, 2023, as restated</b>		<b>178,132,735</b>
<b>Unrestated Net income CY 2023</b>		<b>772,993,104</b>
Add/(Deduct) adjustments to SCI:		
Reclassification from HVC to Livestock	31.1	(805,506)
Reclassification from Livestock to HVC		805,506
Insurance/reinsurance premium - Rice		(26,906)
Insurance/reinsurance premium - Corn		14,875
Insurance/reinsurance premium - CLTI		(5,562)
		(17,593)
Insurance premium reserve - Rice	31.2	3,815,614
Insurance premium reserve - Corn		43,925
Insurance premium reserve - HVC		342,608
Insurance premium reserve - Livestock		63,433
Insurance premium reserve - Non-crop		8,455,325
Insurance premium reserve - Fisheries		(8,079,273)
Insurance premium reserve - CLTI		(28,401)
		4,613,231
Gain from sale of PPE	32	44,600
Reclassification from Other miscellaneous income to Gain from sale of PPE		85,000
Reclassification from Other miscellaneous income to Gain from sale of PPE		(85,000)
Miscellaneous income		(86,930)
		(42,330)
<b>Paid insurance benefits:</b>	33.1	
Insurance benefits-Rice		22,611,143
Insurance benefits-Corn		27,291,896
Insurance benefits-Fisheries		(148,426)
Insurance benefits-HVC		3,113,201
Insurance benefits-CLTI		110,038
Insurance benefits-Livestock		22,908,055
Insurance benefits-Non-crop		178,215
<b>Unpaid insurance benefits:</b>	33.1	
Insurance benefits-Rice		123,571,099



Particulars	Note	Amount
Insurance benefits-Corn		24,130,161
Insurance benefits-Fisheries		834,718
Insurance benefits-HVC		11,752,000
Insurance benefits-CLTI		1,864,730
Insurance benefits-Livestock		22,707,792
Insurance benefits-Non-crop		156,638
Fees and commission expenses	33.2	108,685
Death benefits-Rice	33.3	1,500,000
Reinsurance premium	33.4	59,751
Salaries and wages	34	53,152
Mid-Year bonus		(12,014)
Year-end bonus		(24,028)
Retirement and life insurance premiums		283,312
PhilHealth contributions		24,666
Provident/welfare fund contributions		236,042
Terminal leave benefits		13,519
Other bonuses and allowances - Performance based bonus		6,080,531
Professional services	35	242,054
Traveling expenses		181,981
Supplies and materials expenses		4,784,009
Utility expenses		320,661
Communications expenses		56,775
General services		44,796
Repairs and maintenance		33,200
Other MOOE:		
Advertising, promotional and marketing expenses		450
Representation expenses		(258,006)
Rent/lease expenses		(8,019)
Subscription expenses		14,900
Other MOOE		(1,014)
Bank charges	36	(349)
Depreciation - Transportation equipment	37	(88,768)
Depreciation - Machinery and equipment		95,982
Depreciation - Leased assets improvements		192,844
Depreciation - Buildings and other structures		19,944
Depreciation - Land improvements		(19,669)
Depreciation - Other PPE		2,948
Amortization-Intangible assets		101,703
Impairment loss-PPE		(116,951)
Loss on sale of PPE		7,897
Total Prior year adjustments		(270,458,936)
Restated Net income, CY 2023		502,534,168
Less: Dividends paid		(72,617,751)
<b>Retained earnings, December 31, 2023, as restated</b>		<b>608,049,152</b>

#### For SFP:

Particulars	Note	Amount
Retained earnings, January 1, 2023, unrestated		219,247,171
Add/(Deduct): Overstated Net income		772,993,104
Prior period adjustments to SFP:		
Contributions and premiums receivable - NG - Others	10.1	53,351
Due from officers and employees	10.3	60,070
Office supplies inventory	11	(398,379)
Accountable forms, plates and stickers inventory		(666,380)
Semi-expendable office equipment		(788,351)
Semi-expendable information and communications technology equipment		(2,781,569)
Semi-expendable furniture and fixtures		(1,897,449)
Guaranty deposits	12.1	(105,255)

Particulars	Note	Amount	
Prepaid rent	12.2	941,069	
Prepaid insurance		691,702	
Other prepayments		1,160,373	2,793,144
Receivables-disallowances/charges	14.3	1,490,216	
Other receivables		1,350,587	
Allowance for impairment-Other receivables		451,194	3,291,997
Land improvements	15	(218,549)	
Accumulated depreciation-Land improvements		105,312	
Accumulated depreciation-Machinery and equipment		(131,221)	
Machinery and equipment		(40,760)	
Motor vehicles		(108,177)	
Accumulated depreciation-Motor vehicles		18,236	
Accumulated depreciation-Furniture and fixtures		11,224	
Leased assets improvements-Buildings		(64,277)	
Accumulated depreciation-Leased assets improvements-Buildings		(1,441,037)	
Other PPE		521,819	
Accumulated depreciation-Other PPE		(279,988)	(1,627,418)
Computer software	16	(37,368)	
Accumulated amortization-Computer software		(101,704)	(139,072)
Prepaid rent	17	(941,069)	
Prepaid insurance		(774,838)	
Other prepayments		(1,032,536)	(2,748,443)
Accounts payable	18	(4)	(4,953,754)
Due to officers and employees		18,729,870	
Accrued benefits payable (Death benefit)		1,260,000	19,989,866
Due to BIR	19	(85,837)	
Due to GSIS		278,358	
Due to other funds		(687,239)	
Due to PhilHealth		15,166	
Due to Pag-IBIG		(4,252)	(483,804)
Trust liabilities - others	20		72,483
Other deferred credits	21		(999,266)
Leave benefits payable	22	381,596	
Other provisions - Provident fund		236,356	617,952
Other payables-Accrued expenses	23	1,152,315	
Return premiums payable		(2,527,914)	
Other payables - service fee payable		539,327	
Other payables - others		(6,413,131)	(7,249,403)
Due to other funds	24		687,239
Accrued benefits payable-Rice	26.1.a	144,672,594	
Accrued benefits payable-Corn		51,464,275	
Accrued benefits payable-HVC		14,865,201	
Accrued benefits payable-Livestock		47,744,394	
Accrued benefits payable-Fisheries		700,057	
Accrued benefits payable-Non-crop		303,353	
Accrued benefits payable-CLTI		2,035,046	261,784,920
Reserve for unearned premiums-Rice	26.2	(3,460,777)	
Reserve for unearned premiums-Corn		(58,800)	
Reserve for unearned premiums-HVC		15,437,525	
Reserve for unearned premiums-Livestock		18,212,132	
Reserve for unearned premiums-Fisheries		96,653	
Reserve for unearned premiums-Non-crop		1,097,942	
Reserve for unearned premiums-CLTI		874,956	32,199,631
Total prior year adjustments in SFP net of the effect of the SCI accounts in 2023			(311,573,372)
<b>Retained earnings, December 31, 2023</b>			<b>680,666,903</b>
Less: Dividends paid			(72,617,751)
<b>Retained earnings, December 31, 2023, as restated</b>			<b>608,049,152</b>



### 30. DIVIDENDS TO THE NG

For Dividend Year (DY) 2024, the PCIC declared dividends to the NG amounting to P312.403 million, representing 75 percent of the year's net income.

For DY 2023, the PCIC declared dividends of P772.993 million, equivalent to 100 percent of the year's net income.

For DY 2022, dividends declared amounted to P72.618 million, representing 50 percent of the year's net income.

For DY 2021, the PCIC declared P154.856 million in dividends, equivalent to 50 percent of the year's net income, along with an additional P358.924 million corresponding to the restated net income for DY 2020.

For DY 2020, the PCIC declared P317.075 million in dividends and paid an additional P176.373 million, covering dividend adjustments for DYs 2014 to 2018 as recommended by the COA.

### 31. SERVICE AND BUSINESS INCOME

This account represents Insurance premiums underwritten for the year, net of Premium reserve, discounts, and cancellations.

	2024	2023 As restated
Rice	3,495,685,066	3,462,989,263
Corn	1,216,809,907	1,280,160,964
HVC	878,984,411	684,678,329
Livestock	634,608,414	685,483,835
CLTI	81,175,725	67,801,984
Non-crop	63,788,410	65,299,199
Fisheries	51,836,673	50,794,116
Total Insurance premiums	6,422,888,606	6,297,207,690
Less: Subsidy from NG	(4,500,000,000)	(4,500,000,000)
Insurance premiums, net of subsidy	1,922,888,606	1,797,207,690
Less: Changes in Premium reserve	(57,499,872)	(161,561,735)
Premium discounts	-	-
Returns and cancellations	-	-
	<b>1,865,388,734</b>	<b>1,635,645,955</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Insurance premiums account in CY 2023 was restated as follows:

Particulars	CY 2023, unrestated	Prior year adjustments (Note 29)	CY 2023 As restated
Rice	3,463,016,169	(26,906)	3,462,989,263
Corn	1,280,146,089	14,875	1,280,160,964
HVC	685,483,835	(805,506)	684,678,329
Livestock	684,678,329	805,506	685,483,835
CLTI	67,807,546	(5,562)	67,801,984
Non-crop	65,299,199	-	65,299,199
Fisheries	50,794,116	-	50,794,116
<b>Total Insurance premiums</b>	<b>6,297,225,283</b>	<b>(17,593)</b>	<b>6,297,207,690</b>

### 31.1. INSURANCE PREMIUMS, NET OF SUBSIDY

Insurance premiums are the amounts of money that the farmers and fisherfolk must pay for an insurance policy. The Insurance premiums are income for the PCIC, once these are earned, and also represent liabilities since the PCIC must provide coverage for claims being made against the policy. A breakdown of the sources of insurance premiums, net of subsidy is as follows:

	2024	2023 As restated
Agri-Agra funds from BSP	1,450,967,463	1,401,616,514
Farmers, fisherfolk, and LIs	171,921,143	195,591,176
PCIC funds and other sources	300,000,000	200,000,000
	<b>1,922,888,606</b>	<b>1,797,207,690</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Insurance premiums from Agri-Agra funds from BSP for CY 2023 were restated as follows:

Particulars	Amount
Insurance premiums from Agri-Agra funds from BSP, CY 2023, unrestated	1,401,627,605
Add/(Deduct): Prior period adjustments ( <i>Note 29</i> )	
Insurance premium-Rice	(25,966)
Insurance premium-Corn	14,875
<b>Insurance premiums from Agri-Agra funds from BSP, CY 2023, as restated</b>	<b>1,401,616,514</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Insurance premiums from farmers, fisherfolk, and LIs - net of subsidy for CY 2023 were restated as follows:

Particulars	Amount
Insurance premiums from farmers, fisherfolk, and LIs, CY 2023, unrestated	195,597,678
Add/(Deduct): Prior period adjustments ( <i>Note 29</i> )	
Insurance premium-Rice	(940)
Insurance premium-CLTI	(5,562)
<b>Insurance premiums from farmers, fisherfolk, and LIs, CY 2023, as restated</b>	<b>195,591,176</b>

Breakdown of sources of insurance premiums from farmers, fisherfolk, and LIs for CY 2024:

	Farmers/Fisherfolk	LIs	Total
Rice	24,020,447	-	24,020,447
Corn	18,042,954	-	18,042,954
HVC	4,986,763	-	4,986,763
Livestock	37,279,902	-	37,279,902
Non-crop	4,941,452	-	4,941,452
Fisheries	1,473,900	-	1,473,900
CLTI	81,175,725	-	81,175,725
	<b>171,921,143</b>	<b>-</b>	<b>171,921,143</b>



Pursuant to Section 5 of RA No. 8175 on the rate of premiums and its sharing, the rate of premium, as well as the allocated sharing thereof by the farmers, the LIs, the Government of the Republic of the Philippines (herein called the Government) and other parties, shall be determined by the BOD of the Corporation, subject to approval by the President of the Philippines and provided that the share of the Government in the premium cost, in the form of premium subsidy, shall be limited to the subsistence farmers.

### 31.2. PREMIUM RESERVE

This account is a contra account of the Insurance premiums and is used to increase or decrease the statutory legal reserve for unexpired risks of the PCIC or the Reserve for an unearned premium account in the SFP, depending on the required reserve for the period. When the balance of the reserve is more than the required for the period, the Premium reserve is credited, therefore, increasing the premiums earned, but when the balance of the reserve is less than the required, the Premium reserve is debited which decreases the premiums earned. The required reserve is based on the computation as the proportion of the remaining unexpired coverage period over the period covered by the premium, exact to days, as prescribed in IC Circular No. 2018-18.

Details of Premium reserve are as follows:

	2024	2023 As restated
Rice	22,623,489	(101,681,918)
Corn	(63,965,448)	(18,690,235)
HVC	(41,854,681)	47,881
Livestock	30,485,247	(38,795,597)
Non-crop	2,689,979	2,571,661
Fisheries	(263,250)	(5,512,270)
CLTI	(7,215,208)	498,743
	<b>(57,499,872)</b>	<b>(161,561,735)</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Premium reserve account for CY 2023 was restated as follows:

Particulars	CY 2023, unrestated	Prior period adjustments (Note 29)	CY 2023 As restated
Rice	(105,497,532)	3,815,614	(101,681,918)
Corn	(18,734,160)	43,925	(18,690,235)
HVC	(294,727)	342,608	47,881
Livestock	(38,859,030)	63,433	(38,795,597)
Non-crop	(5,883,664)	8,455,325	2,571,661
Fisheries	2,567,003	(8,079,273)	(5,512,270)
CLTI	527,144	(28,401)	498,743
	<b>(166,174,966)</b>	<b>4,613,231</b>	<b>(161,561,735)</b>

The adjustments are mainly due to the adoption of the PFRS 4 and are based on the analysis and valuation of the ARPVD and the FD.

### 31.3. PREMIUM DISCOUNTS

This account represents the amount of premium discount granted to assured farmers in accordance with the PCIC policy.

There are no premium discounts for CYs 2024 and 2023.

### 31.4. RETURNS AND CANCELLATIONS

This account represents premiums returned to assured farmers and/or LIs arising from insurance cancellations.

There are no returns and cancellations for CYs 2024 and 2023.

## 32. OTHER NON-OPERATING INCOME

This account consists of the following:

	2024	2023 As restated
Interest income	132,058,995	88,289,522
Gain from sale of PPE	145,150	129,600
Other miscellaneous income	4,671,097	1,834,387
	<b>136,875,242</b>	<b>90,253,509</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Gain from sale of PPE account for CY 2023 was restated as follows:

Particulars	Amount
Gain from sale of PPE, CY 2023	-
Add: Prior period adjustments ( <i>Note 29</i> )	
Reclassification from other miscellaneous income to gain from sale of PPE	85,000
Gain from sale of PPE	44,600
<b>Gain from sale of PPE, CY 2023, as restated</b>	<b>129,600</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Other miscellaneous income account for CY 2023 was restated as follows:

Particulars	Amount
Other miscellaneous income, CY 2023, unrestated	2,006,317
Add/(Deduct): Prior period adjustments ( <i>Note 29</i> )	
Reclassification from other miscellaneous income to gain from sale of PPE	(85,000)
Closing of dormant payables to Miscellaneous income	(86,930)
<b>Other miscellaneous income, CY 2023, as restated</b>	<b>1,834,387</b>



### 33. DIRECT COSTS

This account consists of the following:

	Note	2024	2023 As restated
Insurance benefits	33.1	5,024,172,631	4,747,331,844
Underwriting expenses:			
Death benefits	33.3	14,770,000	16,031,000
Commission expense	33.2	7,887,359	9,968,113
Reinsurance premiums ceded treaty/facultative	33.4	2,099,358	818,355
Honoraria and incentives	33.5	-	-
		<b>5,048,929,348</b>	<b>4,774,149,312</b>

#### 33.1. INSURANCE BENEFITS

This account represents losses/claims paid and accrued for the period, details as follows:

	2024	2023 As restated
Rice	3,113,876,586	2,997,967,741
Corn	854,799,312	1,131,184,552
Livestock	474,422,261	413,744,853
HVC	460,517,753	137,709,489
CLTI	44,316,911	46,182,002
Fisheries	42,942,055	11,968,223
Non-crop	33,297,753	8,574,982
	<b>5,024,172,631</b>	<b>4,747,331,844</b>

	2024	2023 As restated
Insurance benefits	3,661,268,257	4,307,673,218
Unpaid insurance benefits	1,369,377,728	470,960,503
IBNR claims benefit	(85,998,244)	6,316,841
Claims handling expense	79,524,890	(37,618,718)
	<b>5,024,172,631</b>	<b>4,747,331,844</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Insurance benefits sub-accounts for CY 2023 were restated as follows:

Particulars	CY 2023, unrestated	Prior period adjustments (Note 29)	CY 2023 As restated
Rice	2,851,785,499	146,182,242	2,997,967,741
Corn	1,079,762,495	51,422,057	1,131,184,552
Livestock	368,129,006	45,615,847	413,744,853
HVC	122,844,290	14,865,201	137,709,491
CLTI	44,207,234	1,974,768	46,182,002
Fisheries	11,281,931	686,292	11,968,223
Non-crop	8,240,129	334,853	8,574,982
	<b>4,486,250,584</b>	<b>261,081,260</b>	<b>4,747,331,844</b>

### 33.2. COMMISSION EXPENSE

This account represents commission, service fees, and incentives given to underwriters and/or solicitors.

	2024	2023 As restated
Commission expense	7,887,359	9,968,113
	<b>7,887,359</b>	<b>9,968,113</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Commission expense account for CY 2023 was restated as follows:

Particulars	Amount
Commission expense, CY 2023, unrestated	9,859,428
Add/(Deduct): Prior period adjustment (Note 29)	
Increase in Commission expense	108,685
<b>Commission expense, CY 2023, as restated</b>	<b>9,968,113</b>

### 33.3. DEATH BENEFITS

This is a built-in death benefit component of the insurance package for rice and corn assured farmers who may suffer death within the term of coverage provided said farmer is not more than 65 years of age at the inception of insurance.

	2024	2023 As restated
Death benefits	14,770,000	16,031,000
	<b>14,770,000</b>	<b>16,031,000</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Death benefits account for CY 2023 was restated as follows:

Particulars	Amount
Death benefits, CY 2023, unrestated	14,531,000
Add: Prior period adjustment (Note 29)	
Increase in Death benefits	1,500,000
<b>Death benefits, CY 2023, as restated</b>	<b>16,031,000</b>

### 33.4. REINSURANCE PREMIUMS CEDED TREATY/FACULTATIVE

This account represents premium on outward cessions under treaty/facultative agreement with reinsurers.

	2024	2023 As restated
Reinsurance premiums ceded treaty/facultative	2,099,358	818,355
	<b>2,099,358</b>	<b>818,355</b>



In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Reinsurance premiums ceded treaty/facultative account for CY 2023 was restated as follows:

Particulars	Amount
Reinsurance premiums ceded treaty/facultative, CY 2023, unrestated	758,604
Add: Prior period adjustment ( <i>Note 29</i> )	
Increase in reinsurance premium	59,751
<b>Reinsurance premiums ceded treaty/facultative, CY 2023, as restated</b>	<b>818,355</b>

### 33.5. HONORARIA AND INCENTIVES

This represents honoraria and incentives given to Agricultural Technicians and Agricultural Claims Adjusters.

There are no honoraria and incentives for CYs 2024 and 2023.

### 34. PERSONNEL SERVICES

This account consists of the following:

	2024	2023 As restated
Salaries and wages	129,534,100	127,257,047
Other compensation	43,143,827	42,783,324
Personnel benefits contribution	31,922,171	30,213,221
Other personnel benefits	39,185,171	30,205,024
Directors' fee and allowances	417,000	396,000
	<b>244,202,269</b>	<b>230,854,616</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Personnel services sub-accounts for CY 2023 was restated as follows:

Particulars	CY 2023, unrestated	Prior period adjustments ( <i>Note 29</i> )	CY 2023 As restated
Salaries and wages	127,203,895	53,152	127,257,047
Other compensation	42,819,366	(36,042)	42,783,324
Personnel benefit contributions	29,669,201	544,020	30,213,221
Other personnel benefits	24,110,974	6,094,050	30,205,024
Directors' fee and allowances	396,000	-	396,000
	<b>224,199,436</b>	<b>6,655,180</b>	<b>230,854,616</b>

Other compensation consists of the following:

	2024	2023 As restated
Year-end bonus	11,286,959	10,916,937
Mid-year bonus	10,770,179	10,013,916
Representation allowance (RA)	5,932,000	5,027,862
Transportation allowance (TA)	5,631,091	4,810,294
Personnel economic relief allowance (PERA)	4,366,151	4,423,528
Other bonuses and allowances	1,720,957	3,700,394
Clothing/uniform allowance	1,287,708	1,114,000
Cash gift	911,500	930,500
Overtime and night pay	764,733	924,117
Productivity incentive allowance	263,000	615,000
Longevity pay	113,549	144,958
Quarters allowance	96,000	161,818
	<b>43,143,827</b>	<b>42,783,324</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, accounts classified under Personnel services – Other compensation account for CY 2023 was restated as follows:

Particulars	Amount
Other compensation, CY 2023, unrestated	42,819,366
Add: Prior period adjustments (Note 29)	
Double payment of Mid-year bonus due to the implementation of CPCS	(12,014)
Double payment of Year-end bonus due to the implementation of CPCS	(24,028)
<b>Other compensation, CY 2023, as restated</b>	<b>42,783,324</b>

Personnel benefit contributions consist of the following:

	2024	2023 As restated
Retirement and life insurance premiums	15,487,238	15,091,922
Provident/welfare fund contributions	12,906,517	12,565,448
PhilHealth contributions	2,891,025	2,113,440
Pag-IBIG contributions	418,432	220,777
Employees compensation insurance premiums	218,959	221,634
	<b>31,922,171</b>	<b>30,213,221</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, accounts classified under Personnel benefits contribution account for CY 2023 were restated as follows:

Particulars	Amount
Personnel benefit contributions, CY 2023, unrestated	29,669,201
Add: Prior period adjustments (Note 29)	
Adjustments due to the implementation of CPCS:	
Retirement and life insurance premiums	283,312
PhilHealth contributions	24,666
Provident/welfare fund contributions	236,042
<b>Personnel benefit contributions, CY 2023, as restated</b>	<b>30,213,221</b>



Other personnel benefits consist of the following:

	2024	2023 As restated
Terminal leave benefits	24,732,736	17,950,799
Retirement gratuity	180,000	40,000
Other personnel benefits:		
Other bonuses and allowances – Performance-based bonus	6,224,936	6,080,531
Other bonuses and allowances – Collective negotiation agreement (CNA)	5,346,000	5,550,000
Other bonuses and allowances - Productivity enhancement incentive	527,000	-
Other bonuses and allowances - Loyalty	190,000	150,000
Other bonuses and allowances - Rice subsidy	79,688	141,521
Other bonuses and allowances - Performance based incentive	33,255	-
Other bonuses and allowances - Medical, dental, and hospitalization	24,903	243,602
Other bonuses and allowances - Meal	21,914	48,461
Other bonuses and allowances - Children	390	110
Other bonuses and allowances - Others	1,824,349	-
	<b>39,185,171</b>	<b>30,205,024</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Other personnel benefits - Terminal leave benefits and Other bonuses and allowances – Performance-based bonus sub-accounts for CY 2023 were restated as follows:

Particulars	Amount
Other personnel benefits, CY 2023, unrestated	24,110,974
Add/(Deduct): Prior period adjustments (Note 29)	
Terminal leave benefits adjustment due to CPCS implementation	13,519
Accrual of 2023 Performance-based bonus	6,080,531
<b>Other personnel benefits, CY 2023, as restated</b>	<b>30,205,024</b>

### 35. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

This account consists of the following:

	2024	2023 As restated
Professional services	452,802,321	410,317,917
Traveling expenses	73,376,433	69,415,427
Supplies and materials expenses	47,620,192	55,110,297
Taxes, insurance premiums and other fees	25,829,234	16,396,426
Utility expenses	32,315,783	31,152,080
Training and scholarship expenses	20,083,652	16,337,305
General services	15,995,959	14,566,632
Repairs and maintenance	12,060,807	11,423,476
Communication expenses	11,144,353	14,974,723
Confidential, intelligence and extraordinary expenses	2,237,627	2,155,936
Survey, research, exploration and development	1,210,000	-
Other MOOE	75,972,553	61,317,723
	<b>770,648,914</b>	<b>703,167,942</b>

Professional services consist of the following:

	2024	2023 As restated
Auditing services	26,555,735	24,760,871
Consultancy services	1,865,000	2,094,500
Other professional services	424,381,586	383,462,546
	<b>452,802,321</b>	<b>410,317,917</b>

Supplies and materials expenses consist of the following:

	2024	2023 As restated
Office supplies expense	24,598,585	26,713,206
Accountable forms expense	9,891,256	10,566,608
Semi-expendable machinery and equipment expenses	4,232,354	8,395,760
Semi-expendable furniture, fixtures and books	1,766,324	3,078,311
Other supplies and materials expenses	7,131,673	6,356,412
	<b>47,620,192</b>	<b>55,110,297</b>

Utility expenses consist of the following:

	2024	2023 As restated
Electricity expenses	18,954,601	19,003,321
Fuel, oil and lubricant expenses	11,230,923	10,312,752
Water expenses	1,428,514	1,274,923
Other utility expenses	701,745	561,084
	<b>32,315,783</b>	<b>31,152,080</b>

Training and scholarship expenses follows:

	2024	2023
Training expenses	20,083,652	16,337,305
	<b>20,083,652</b>	<b>16,337,305</b>

General services consist of the following:

	2024	2023 As restated
Security services	11,013,244	10,045,966
Janitorial services	4,981,315	4,505,408
Other general services	1,400	15,258
	<b>15,995,959</b>	<b>14,566,632</b>

Communications expenses consist of the following:

	2024	2023 As restated
Internet subscription expenses	7,876,309	10,391,581
Telephone expenses	1,648,112	3,000,768
Postage and courier services	1,607,032	1,566,924
Cable, satellite, telegraph and radio expenses	12,900	15,450
	<b>11,144,353</b>	<b>14,974,723</b>



Other MOOE consists of the following:

	2024	2023 As restated
Rent/lease expenses	50,494,963	45,136,424
Advertising, promotional and marketing expenses	11,427,406	9,116,111
Subscription expenses	7,999,116	602,730
Representation expenses	2,886,513	2,565,876
Transportation and delivery expenses	495,595	563,585
Membership dues and contributions to organizations	24,000	77,000
Printing and publication expenses	4,790	127,699
Other maintenance and operating expenses	2,640,170	3,128,298
	<b>75,972,553</b>	<b>61,317,723</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, accounts classified under MOOE for CY 2023 were restated as follows:

Particulars	CY 2023, unrestated	Prior year adjustments (Note 29)	2023 As restated
Professional services	410,075,863	242,054	410,317,917
Traveling expenses	69,233,446	181,981	69,415,427
Supplies and materials expenses	50,326,288	4,784,009	55,110,297
Taxes, insurance premiums and other fees	16,396,426	-	16,396,426
Utility expenses	30,831,419	320,661	31,152,080
Training and scholarship expenses	16,337,305	-	16,337,305
Repairs and maintenance	11,390,276	33,200	11,423,476
Communications expenses	14,917,948	56,775	14,974,723
General services	14,521,836	44,796	14,566,632
Confidential, intelligence and extraordinary expenses	2,155,936	-	2,155,936
Survey, research, exploration and development	-	-	-
Other MOOE	61,569,412	(251,689)	61,317,723
	<b>697,756,155</b>	<b>5,411,787</b>	<b>703,167,942</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Other MOOE sub-accounts for CY 2023 was restated as follows:

Particulars	Amount
Other MOOE, CY 2023, unrestated	61,569,412
Add/(Deduct): Prior period adjustments (Note 29)	
Advertising, promotional and marketing expenses	450
Representation expenses	(258,006)
Rent/lease expenses	(8,019)
Subscription expenses	14,900
Other MOOE	(1,014)
<b>Other MOOE, CY 2023, as restated</b>	<b>61,317,723</b>

### 36. FINANCIAL EXPENSES

This account consists of the following:

	2024	2023 As restated
Bank charges	39,895	33,546
Interest expenses	6,887	9,830
Other financial charges	74,218	153,078
	<b>121,000</b>	<b>196,454</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial expenses account for CY 2023 was restated as follows:

Particulars	Amount
Financial expenses, CY 2023, unrestated	196,803
Add/(Deduct): Prior period adjustment (Note 29)	
Double take up of bank charges	(349)
<b>Financial expenses, CY 2023, as restated</b>	<b>196,454</b>

### 37. NON-CASH EXPENSES

This account consists of the following:

	2024	2023 As restated
Depreciation - PPE (Note 15)	21,548,133	13,869,618
Losses	182,899	7,897
Amortization - Intangible assets (Note 16)	79,638	737,029
Impairment loss	25,398	382,428
	<b>21,836,068</b>	<b>14,996,972</b>

In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Depreciation, Amortization, Impairment loss-PPE, and Loss on sale of PPE accounts for CY 2023 were restated as follows:

Particulars	Amount
Non-cash expenses, CY 2023, unrestated	14,801,042
Add/(Deduct): Prior period adjustments (Note 29)	
Depreciation	203,281
Amortization-Intangible assets	101,703
Losses	7,897
Impairment loss - PPE	(116,951)
<b>Non-cash expenses, CY 2023, as restated</b>	<b>14,996,972</b>



<b>Particulars</b>	<b>CY 2023, unrestated</b>	<b>Prior period adjustments (Note 29)</b>	<b>CY 2023 As restated</b>
Depreciation - Transportation equipment	6,028,561	(88,768)	5,939,793
Depreciation - Machinery and equipment	5,504,185	95,982	5,600,167
Depreciation - Leased assets improvements	1,054,568	192,844	1,247,412
Depreciation - Buildings and other structures	516,973	19,944	536,917
Depreciation - Furniture, fixtures and books	339,303	-	339,303
Depreciation - Land improvements	214,908	(19,669)	195,239
Depreciation - Other PPE	7,839	2,948	10,787
<b>Depreciation</b>	<b>13,666,337</b>	<b>203,281</b>	<b>13,869,618</b>

<b>Particulars</b>	<b>Amount</b>
Amortization-Intangible assets, CY 2023, unrestated	635,326
Add/(Deduct): Prior period adjustment (Note 29)	
Additional amortization of computer software	101,703
<b>Amortization-Intangible assets, CY 2023, as restated</b>	<b>737,029</b>

<b>Particulars</b>	<b>Amount</b>
Impairment loss-PPE, CY 2023, unrestated	499,379
Add/(Deduct): Prior period adjustment (Note 29)	
Additional amortization of computer software	(116,951)
<b>Impairment loss-PPE, CY 2023, as restated</b>	<b>382,428</b>

<b>Particulars</b>	<b>Amount</b>
Loss on sale of PPE, CY 2023, unrestated	-
Add/(Deduct): Prior period adjustment (Note 29)	
Additional amortization of computer software	7,897
<b>Loss on sale of PPE, CY 2023, as restated</b>	<b>7,897</b>

### 38. NET ASSISTANCE/SUBSIDY

This account represents the share of the NG in the premiums in the form of GPS. Insurance premiums for palay and corn are being shared by the farmers, LIs, and the Government. The premium rating and the corresponding share of the Government were approved by the President of the Philippines.

For CY 2024, the approved GPS amounted to P4.500 billion representing 100 percent cost of insurance premiums of farmers and fisherfolk listed under the RSBSA for all the insurance programs of the PCIC under Special Allotment Release Order (SARO) No. SARO-BMB-C-24-0001307 dated March 19, 2024.

Aside from the P4.500 billion approved GPS for farmers and fisherfolk listed under the RSBSA, the PCIC also underwrites P1.923 billion worth of premium production. Below is the breakdown of Insurance premiums – Government share:

	<b>2024</b>	<b>2023</b>
Premiums from GPS for RSBSA listed farmers and fisherfolk	4,500,000,000	4,500,000,000
	<b>4,500,000,000</b>	<b>4,500,000,000</b>

### 39. RELATED PARTY TRANSACTIONS

Below are the key Management personnel compensation for the years ended December 31, 2024 and 2023.

	2024	2023
Short-term employee benefits	15,645,445	14,094,610
Post-employment benefits	1,094,429	954,634
	<b>16,739,874</b>	<b>15,049,244</b>

The Short-term employee benefits account include salaries and allowances received by the President, Senior Vice President, and Vice Presidents. These also include per diems and allowances received by the members of the BOD for the year.

The Post-employment benefits represent benefits received by the above personnel after their tenure at PCIC. This is the share of PCIC to their Provident Fund contribution.

	2024	2023
I. Basic salary	10,933,558	9,546,341
II. Allowances and other benefits		
PERA	120,000	106,903
CNA incentives	150,000	150,000
Honoraria	15,000	9,000
Per diem on board meetings attended	153,000	210,000
Clothing/uniform allowance	35,000	24,000
Meal allowance	12,912	12,912
Gasoline allowance	219,812	255,448
Medical allowance	14,672	14,672
RA	649,000	515,050
TA	351,364	300,891
Bonus - service recognition incentive	100,000	100,000
Other bonuses and allowances - anniversary bonus	-	1,410
Cash gift	25,000	25,000
Longevity pay	10,799	11,268
Extraordinary and miscellaneous expenses	736,522	668,076
<i>All other allowances and benefits</i>		
Rice subsidy	46,951	46,952
Performance-based bonus	-	268,853
Productivity enhancement incentive	25,000	25,000
Mid-year bonus	899,325	734,323
Year-end bonus	927,830	867,693
Cellphone allowance	214,700	195,818
Loyalty cash award	5,000	5,000
Sub-total	<b>4,711,887</b>	<b>4,548,269</b>
Total short-term employee benefits	<b>15,645,445</b>	<b>14,094,610</b>
<i>Indirect benefits</i>		
Provident fund - employer share	1,094,429	954,634
Total post-employment benefits	<b>1,094,429</b>	<b>954,634</b>
<b>Total remuneration of key Management personnel</b>	<b>16,739,874</b>	<b>15,049,244</b>



#### 40. COMPLIANCE WITH REVENUE REGULATIONS (RR) NO. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under the PFRSs and such other standards and/or conventions that may heretofore be adopted, in the notes to the financial statements, information on taxes, duties and license fees paid or accrued during the taxable year. In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued during the taxable year.

- a. The PCIC is a non-Value Added Tax (VAT) entity under Philippine tax laws per RR No. 9-2004. The PCIC is subject to percentage and other taxes presented as Taxes and Licenses in the SFP. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax. The PCIC was also designated by the BIR as a withholding tax agent under RR No. 17-2003 and RR No. 12-94, as amended.

In compliance, the PCIC pays the corresponding GRT on all items treated as gross income, and fringe benefit tax (FBT) on the benefits provided to its officers in accordance with the tax law and revenue regulation prescribing FBT. The PCIC withheld corresponding taxes on payments of compensation of employees, fees to directors and cost or purchase price to contractors and suppliers of goods.

- b. The documentary stamp taxes paid/accrued during the year totaled P2.237 million.
- c. The amount of withholding taxes paid for the year amounted to P25.955 million, as follows:

Particulars	Amount
Compensation and benefits	14,980,771
Final VAT and Other withholding taxes	5,213,729
Expanded withholding taxes	3,844,564
Percentage tax	1,915,796
	<b>25,954,860</b>

Final withholding taxes represent 20 percent final tax on interest on investments and interest on savings deposits which were deducted and remitted by the bank to the BIR.

- d. The Corporation has a pending tax assessment notice from the BIR for the taxable year 2013 dated October 23, 2018. According to the BIR assessment, the Corporation's tax remittances did not tally with the tax which should be remitted based on the CY 2013 PCIC's financial statements.

#### **41. STATUS OF LEGAL CASES**

In the two cases filed against the PCIC, the Corporation was held liable to pay the plaintiffs sum of money and damages. The judgments in both cases, one in the Supreme Court (SC) and the other in the Court of Appeals, have attained its finality. However, the exact amount the Corporation has to pay the plaintiffs cannot be determined until the execution of judgments, wherein the award plus accumulated interests will have to be computed.

The following are summaries of the two cases:

- a. Development Bank of the Philippines (DBP) vs. PCIC and Samahang Kabuhayan ng Iloilo sa Bulak (SKIB), Court of Appeals G.R. CV No. 05601 (Court of Appeals - Cebu) -

This case involves DBP's claim against PCIC for sum of money with damages. The Court of Appeals affirmed the decision of the Regional Trial Court (RTC) finding PCIC jointly and solidary liable with the SKIB to pay DBP's claim, in the amount of P1,256,244.44, plus legal interest of six (6) percent per annum counted from August 31, 1997, until fully paid. The PCIC has not received the Entry of Judgment from the Court of Appeals, nor any motion for execution from the DBP. The source of payment for this liability is the PCIC CALF Guarantee Fund.

- b. Rural Bank of Guimba, Nueva Ecija (RB Guimba) vs. PCIC, G.R. No. 201808 (SC) -

This case involves RB Guimba's claim against PCIC for sum of money with damages. The SC affirmed the decisions of the RTC and CA finding PCIC liable to pay RB Guimba's claim, in the amount of P4,656,729.85, plus legal interest of six (6) percent per annum counted from April 17, 2006, until fully paid, and P200,000.00 as attorney's fee. RB Guimba is currently undergoing receivership/liquidation proceedings by the Philippine Deposit Insurance Corporation (PDIC). The PCIC has not received the Entry of Judgment from the SC, nor any notice or motion from the PDIC. The source of payment for this liability is the SRTF, funded by the BSP and administered by the PCIC.

#### **42. COMPLIANCE WITH GSIS, Pag-IBIG AND PHILHEALTH LAWS**

In compliance with the requirements of RA No. 8291, the total remittances made by the PCIC to the GSIS for the CY 2024 corresponding to employer's share, employees' shares and employee compensation amounted to P14.990 million, P11.638 million, and P210,745, respectively.

The amount remitted to Pag-IBIG for the CY 2024 corresponding to employer's share and employees' shares (including JOs' remittances) amounted to P413,032 and P3.862 million, respectively.

The amount remitted to PhilHealth for the CY 2024 for employer's share and employees' shares (including JOs' remittances) amounted to P2.677 million and P6.478 million, respectively.



## **PART II - OBSERVATIONS AND RECOMMENDATIONS**

## PART II – OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL

1. The faithful representation in the combined financial statements and the verifiability of the balances as at December 31, 2024 of the six (6) major assets accounts consisting of 17 sub-accounts [Cash and cash equivalents (2), Investments (1), Receivables (4), Inventories (5), Other current assets (4), and Intangible assets (1) sub-accounts], and six (6) major liabilities accounts consisting of 17 sub-accounts [Financial liabilities (2), Inter-agency payables (4), Trust liabilities (2), Deferred credits/unearned income (4), Provisions (2) and Other payables (3) sub-accounts] could not be established due to material deficiencies noted in the keeping of these accounts, contrary to paragraph 15 of the Philippine Accounting Standard (PAS) 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the Conceptual Framework for Financial Reporting (CFFR), 2021 Edition, as follows:
  - a. Absolute variances in the amounts of P27.838 million and P25.973 million between the General Ledgers (GLs) and Subsidiary Ledgers (SLs) balances of eight (8) assets and 11 liabilities sub-accounts, respectively, which remained unreconciled at year-end;
  - b. Unaccounted transactions of the 11 assets and nine (9) liabilities sub-accounts with total balances in the aggregate amounts of P20.075 million and P3.655 million, respectively, as the SLs maintained were only labelled as “Others” with no details of the transactions as to date, particulars and reference, among others;
  - c. Abnormal/negative balances in the SLs of five (5) assets sub-accounts in the Head Office (HO) books amounting to P3.208 million; and
  - d. Non-maintenance of SLs to support the GLs balances of 10 assets sub-accounts and four (4) current liabilities sub-accounts amounting to P14.257 million and P10.050 million, respectively.
- 1.1. These deficiencies noted in the GLs and SLs of the assets and liabilities accounts of the Philippine Crop Insurance Corporation (PCIC) as of December 31, 2024, are reiterations with updates of the previous years’ audit observations as Management was not able to fully implement the recommendations to address the issues raised in the keeping of the accounts, thus continuously among the basis in the modifications of auditor’s opinion on the financial statements of the PCIC.
- 1.2. Paragraph 15 of PAS 1 (Revised), *Presentation of Financial Statements – General features on Fair Presentation and compliance with Philippine Financial Reporting Standards (PFRSs)* states that:

*Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair*



*presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Conceptual Framework for Financial Reporting (Conceptual Framework). The application of PFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.*

1.3. Chapter 2 - Qualitative characteristics of useful financial information of the CFFR, 2021 edition, provides the following:

2.4 *If financial information is to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable.*

2.13 *To be a perfectly faithful representation, a depiction would have three characteristics. It would be complete, neutral and free from error. Xxx.*

2.30. *Verifiability helps assure users that information faithfully represents the economic phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point estimate to be verifiable. A range of possible amounts and the related probabilities can also be verified.*

1.4. Sections 111 and 114 of Presidential Decree (PD) No. 1445 provide, as follows:

**SECTION 111. Keeping of accounts.** - (1) *The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.*

Xxxx

**SECTION 114. The general ledger.** - (1) *The government accounting system shall be on a double entry basis with a general ledger in which all financial transactions are recorded.*

(2) *Subsidiary records shall be kept where necessary.*

- 1.5. In addition, Section 124, Chapter 4 *Internal Control Systems* of PD No. 1445 provides that the head of the agency has the direct responsibility to install, implement, and monitor a sound system of internal control. Other parties within the agency who are responsible in maintaining effective internal controls include the governing board, internal auditors and employees.
- 1.6. The breakdown of the six (6) major assets accounts consisting of 17 sub-accounts [Cash and cash equivalents (2), Investments (1), Receivables (4), Inventories (5), Other current assets (4), and Intangible assets (1) sub-accounts], and six (6) major liabilities accounts consisting of 17 sub-accounts [Financial liabilities (2), Inter-agency payables (4), Trust liabilities (2), Deferred credits/unearned income (4), Provisions (2) and Other payables (3) sub-accounts], as at December 31, 2024 is presented in Table 1.

**Table 1 – Breakdown of Six (6) Major Assets Accounts and Six (6) Major Liabilities Accounts with Material Deficiencies As at December 31, 2024**

Accounts in the SFP	Amount in the SFP	Affected Accounts	
		No. of sub-accounts	Amount
<b>Asset:</b>			
Cash and cash equivalents	P 3,946,248,889	2	P 1,341,430,782
Investments	1,596,480,725	1	2,115,700
Receivables, net (current and non-current)	1,419,457,207	4	60,142,465
Inventories	16,498,069	5	16,498,069
Other current assets	11,996,275	4	9,175,480
Intangible assets, net	1,455,570	1	1,455,570
	<b>P 6,992,136,735</b>	<b>17</b>	<b>P 1,430,818,066</b>
<b>Liabilities:</b>			
Financial liabilities	P 25,638,380	2	P 11,726,570
Inter-agency payables, current	21,165,851	4	6,514,439
Trust liabilities, current	809,906,583	2	7,788,554
Deferred credits/unearned income, current	24,219,197	4	16,222,658
Provisions, current	86,646,778	2	86,646,778
Other payables	542,910,456	3	506,991,831
	<b>P 1,510,487,245</b>	<b>17</b>	<b>P 635,890,830</b>

*SFP – Statement of Financial Position*

- 1.7. Audit of the accounts presented in Table 1 disclosed several material deficiencies in the keeping thereof as discussed hereunder.

*Absolute variances in the amounts of P27.838 million and P25.973 million between the GLs and SLs balances of eight (8) assets and 11 liabilities sub-accounts*

- 1.8. In the recording phase of an accounting cycle, the transactions in the source documents, such as disbursement vouchers (DVs), official receipts (ORs) and journal vouchers (JVs) are posted in the books of original entry, namely: disbursements journal, collection receipts journal or general journal. The transactions of each account in the general journal and special



journals are presented in detail in SL and summarized in the GL. Thus, the SL contains the detailed breakdown of the control accounts appearing in the GL. The GL serves as a book of final entry, summarizing all transactions by account. In the reporting phase, the balances of each account in the GL on a given period are summarized in the Trial Balance (TB), which serves as a tool for the Accounting Division in preparing the financial statements and reports.

- 1.9. The SL is an important record for the check and balance and aids in the analysis, verification and reconciliation of the account transactions.
- 1.10. However, comparison of the account balances between the GLs and SLs disclosed unreconciled absolute variances in eight (8) assets and 11 liabilities sub-accounts in the amounts of P27.838 million and P25.973 million, respectively, with details presented in Table 2.

**Table 2– Breakdown of the Unreconciled Variances in the GLs and SLs**

Sub-Account	Offices Involved	GLs Balances b	SLs Balances c	Absolute Variance e = b - c
<b>Assets</b>				
<u>Cash and cash equivalents</u>				
1 Cash-collecting officers	RO Nos. IV & XI	P -	P 3,241,515	P 3,241,515
2 Cash In Bank - local currency, current account	HO	484,084,361	461,755,148	22,329,213
<u>Receivables</u>				
3 Receivables-disallowances/ charges	RO No. III	409,720	-	409,720
4 Other receivables	RO No. IV	21,908	18,276	3,632
5 Other receivables - miscellaneous	RO No. III	317,321	78,294	239,027
<u>Other current assets</u>				
6 Advances to officers and employees	RO Nos. IV & XI	-	(235,322)	235,322
7 Other prepayments	RO No. XI	99,201	(39,317)	138,518
8 Guaranty deposits	RO Nos. XI & XII	2,321,569	1,080,371	1,241,198
				<b>P 27,838,145</b>
<b>Liabilities</b>				
<u>Financial liabilities</u>				
1 Accounts payable	RO No. XI	P 169,701	P 182,454	P 12,753
2 Due to officers and employees	RO No. XI	169,701	-	169,701
<u>Inter-agency payables</u>				
3 Due to BIR	RO No. XI	26,015	32,404	6,389
4 Due to GSIS	HO	134,752	(325,892)	460,644
5 Due to Pag-IBIG	HO	66,634	66,234	400
6 Due to PhilHealth	HO	158,143	155,587	2,556
<u>Trust liabilities</u>				
7 Trust liabilities	RO Nos. IV, VI & XI	996,602	(1,414,623)	2,411,225
<u>Deferred credits/unearned income</u>				
8 Other deferred credits	RO Nos. III & V	2,836,286	(10,692,846)	13,529,132
<u>Provisions</u>				
9 Leave benefits payable	RO Nos. IV & XI	9,269,708	6,522,553	2,747,155
10 Other provisions	HO, RO No. XI	98,527	85,696	12,831
<u>Other payables</u>				
11 Other payables	HO, RO Nos. IV, XI & XII	68,727,691	62,107,131	6,620,560
				<b>P 25,973,346</b>

BIR – Bureau of Internal Revenue

GSIS – Government Service Insurance System

Pag-IBIG – Home Development Mutual Fund

PhilHealth – Philippine Health Insurance Corporation

RO – Regional Office

- 1.11. As noted in the previous years' audit, the variances in balances between the GLs and SLs were caused by inaccurate carried forward balances from prior years, an indication of unaccounted and incorrect recording of transactions which were not prioritized for reconciliation and adjustments over the years due to non-maintenance of SLs and missing/incomplete/unavailable accounting records and supporting documents.
- 1.12. The Information Technology (IT) Officer III, Planning and Management Information Office (PMIO) at the PCIC HO informed the Audit Team that the PCIC Financial Management System (PFMS) was originally designed to support only the GL. The SL functionality was incorporated later into the system. All transactions encoded in the system are first initially posted to the GL before being posted to the corresponding SLs. The system includes a validation process intended to ensure that entries in the GL and SLs are reconciled. However, this validation process is limited only to checking whether the total amounts posted in the GL are equal to the corresponding SLs. A transaction is only considered complete and is saved in the PFMS by the Accounting Division once the validation on total amounts in the GLs and SLs are reconciled. Likewise, the system included a control feature accessible to the Accounting Division which automatically closes the previous year's balances, thereby preventing the recording of additional transactions for that period.
- 1.13. The integration of SLs in the PFMS, which commenced in the early months of CY 2023, reflects a positive step by Management towards enhancing transparency and accuracy in financial recording and reporting in partial compliance with previous years' audit recommendations.
- 1.14. However, review of the GLs and corresponding SLs generated in the PFMS disclosed that the system has no control features to enable checking whether the transactions were really posted to the corresponding SLs such as respective category or sub-account, payee, transaction type, or purpose.
- 1.15. Moreover, review by the Audit Teams at the HO and ROs of the SLs maintained for the Assets and Liabilities accounts of the PCIC revealed the following:

*On the GLs and SLs maintained by the Accounting Division in the HO:*

- a. SLs were not automatically linked to the respective GL control account;
- b. Some transactions appearing in the GLs were not posted in the SLs;



- c. The Accounting Division depended on the financial reports generated from the PFMS, since the SLs balances are not automatically carried forward to the GLs balances;
- d. The GL maintained for the Cash in Bank account is per bank account instead of recording all transactions of all bank accounts depending on the classification of the account, either current or savings account, thus based on these features the GL could serve as SLs. The SLs were maintained per payee;
- e. The SL for Other Prepayments account was likewise based on the name of the payee. However, the SL did not show the details of individual transactions, including dates, amounts, and descriptions to properly support the corresponding control accounts in the GL and to ensure that each prepayment is accurately tracked and systematically amortized over its applicable period; and
- f. The SLs maintained for Other Receivables account did not specify nor indicate the name of the person/company to which the receivable was due and were labelled only as Miscellaneous, Document Stamp, Premium Tax, Local Government Tax and Other Tax.

*GLs and SLs maintained by the Accounting and Finance Division (AFD) in ROs*

- g. Similar issues were observed in RO No. IV, where the variances between the GLs and SLs were noted and could be attributed to among others, inadequate monitoring and reconciliation of balances which further contributed to the variances; and
  - h. The SLs of Cash-Collecting Officers account comprised several accounts created per payee rather than being used exclusively to record and monitor the collections and deposits of the designated Collecting Officer.
- 1.16. According to the Accounting Division at HO, the current design of the PFMS does not fully meet their financial reporting needs. Although the system can generate a summary of transactions for a given period, discrepancies between the GLs and SLs balances continue to persist, thus the variances remain unresolved. They acknowledged that the limited functionality of the PFMS has hindered their ability to fully comply with their reporting requirements.
- 1.17. Considering that regular reconciliation of the GLs and SLs has not been performed by the Accounting Division in the HO and AFD in the ROs, it resulted in variances in eight (8) assets and 11 liabilities sub-accounts between the GLs and the SLs balances amounting to P27.838 million and P25.973 million, respectively, as at December 31, 2024.

*Unaccounted transactions of the 11 assets and nine (9) liabilities sub-accounts with total balances in the aggregate amounts of P20.075 million and P3.655 million, respectively, as the SLs maintained were only labelled as "Others" with no details of the transactions as to date, particulars and reference, among others*

- 1.18. As noted in previous years' audit, review of the SLs for assets and liabilities sub-accounts submitted by the PCIC HO still showed the specific SL code 50094 labelled as "Others" used as repository for any transactions and balances that could not be accounted for, which did not contain the necessary details of the SL as prescribed in Appendix 6 of the Government Accounting Manual (GAM), Volume II.
- 1.19. Significant portion of the GLs balances for 11 assets and nine (9) liabilities sub-accounts aggregating P20.075 million and P3.655 million, respectively, were recorded in this SL code 50094 "Others", without the transactions details as to date, particulars and reference, respectively, presented in Table 3.

**Table 3 – GLs of Assets and Liabilities Sub-Accounts with SLs labelled as "Others"**

<b>Sub-Account</b>	<b>Absolute Amount</b>
<b>Assets</b>	
1. Receivables - disallowances/charges	P 9,432,754
2. Interests receivable	8,167,908
3. Due from national government agencies (NGAs)	1,288,925
4. Other receivables - non-current	497,209
5. Semi-expendable - information and communication technology (ICT) equipment	313,595
6. Semi-expendable - office equipment	108,797
7. Semi-expendable - furniture and fixtures	106,280
8. Advances to special disbursing officer	72,237
9. Advances to officers and employees	69,613
10. Due from officers and employees	16,172
11. Reinsurance receivable	1,161
	<b>P 20,074,651</b>
<b>Liabilities</b>	
1. Due to BIR	P 1,553,807
2. Due to GSIS	460,612
3. Other provisions	155,974
4. Due to Pag-IBIG	81,311
5. Due to officers and employees	65,332
6. Due to PhilHealth	16,049
7. Other payables	10,500
8. Due to SSS	1,275
9. Others – Guaranty – security deposit payables	1,310,389
	<b>P 3,655,249</b>

SSS – Social Security System



- 1.20. Due to the inability of the Accounting Division in the HO to provide the details and supporting documents of the transactions in the GLs with SLs coded as "Others", the Audit Team in the HO could not perform other alternative procedures to verify the correctness of the GL balances of 11 assets and nine (9) liabilities sub-accounts amounting to P20.075 million and P3.655 million, respectively, thus remained unaccounted for and unreconciled as at end of the year.

*Abnormal/negative balances in the SLs of five (5) assets sub-accounts in the HO books amounting to P3.208 million*

- 1.21. Further, review of the GLs and SLs of five (5) assets sub-accounts revealed negative balances amounting to P3.208 million, as presented in Table 4.

**Table 4 – Assets Sub-Accounts with Negative SLs Balances**

<b>Sub-Account</b>	<b>Negative Balance Amount</b>
Interest receivable	P 2,625,000
Semi-expendable ICT equipment	244,425
Due from NGAs (PS, GFA-PAL and GFA-CEBPAC)	272,574
Receivables – disallowances/charges	64,070
Due from officers and employees	2,000
	<b>P 3,208,069</b>

PS – Procurement Service      GFA – Government Fares Agreement      PAL – Philippine Airlines  
CEBPAC – Cebu Pacific Airlines

- 1.22. Verification of the GLs, JVs and supporting documents disclosed that most of the abnormal/negative balances in the SLs of the affected accounts were primarily caused by the accumulation of unadjusted errors over the years and lack of regular monitoring of these accounts.

*Non-maintenance of SLs to support GLs balances of 10 assets sub-accounts and four (4) current liabilities sub-accounts amounting to P14.257 million and P10.050 million, respectively*

- 1.23. The provisions of Sections 111 and 114 of PD No. 1445, on the keeping of accounts are quoted in Paragraph 1.4, while the importance of the maintenance of SLs is discussed in Paragraph 1.9 hereof.
- 1.24. The Audit Team requested the Accounting Division to submit all SLs of assets and liabilities accounts. Nevertheless, the SLs for 10 assets sub-accounts and four (4) current liabilities sub-accounts with balances in the aggregate amounts of P14.257 million and P10.050 million, respectively, as at year-end were not submitted, as shown in Table 5.

**Table 5 – Assets and Liabilities Sub-Accounts without SLs**

<b>Sub-Account</b>	<b>Offices Involved</b>	<b>Absolute Amount</b>
<b>Assets</b>		
<i>Financial assets</i>		
1. Investment in stocks	HO	P 2,115,700
<i>Receivables</i>		
2. Due from NGAs- (GFA – PAL and GFA – CEBPAC)	RO No. XI	400,000
<i>Inventories</i>		
3. Office supplies inventory	RO No. XI	61,709
4. Accountable forms, plates and stickers inventory	RO No. XI	955,121
5. Semi-expendable - office equipment	RO No. XI	196,467
6. Semi-expendable – ICT equipment	RO No. XI	794,448
7. Semi-expendable - furniture and fixtures	RO No. XI	1,937,121
<i>Other current assets</i>		
8. Guaranty deposits	HO	548,059
9. Other assets	HO	1,135,642
<i>Intangible asset</i>		
10. Computer software (cost)	HO	6,113,183
		<b>P 14,257,450</b>
<b>Liabilities</b>		
<i>Inter-agency payables</i>		
1. Due to LGUs	HO	P 368,391
2. Due to GSIS	RO No. XI	111,615
<i>Trust liabilities</i>		
3. Trust liabilities	RO Nos. IV & XI	80,164
<i>Other payables</i>		
4. Other payables	HO	9,490,324
		<b>P 10,050,494</b>

LGUs – Local Government Units

- 1.25. The maintenance of SL is a basic requirement in accounting, which is essential in ensuring the proper checks and balances for each account recorded in the GL and accuracy and reliability of financial records. Without the corresponding SLs, balances in the GL control accounts are not substantiated, thereby precluding the verification of the correctness of the accounts affected and exposing the Corporation to risk of irregularities such as intentional misstatements.
- 1.26. Despite the SL integration in the PFMS, the SLs to support the GLs balances of 10 assets sub-accounts and four (4) current liabilities sub-accounts were not yet maintained, contrary to the provisions in Sections 111 and 114 of PD No. 1445.
- 1.27. In view of the foregoing material deficiencies in the keeping of various accounts, the faithful representation in the combined financial statements and verifiability of the balances as at December 31, 2024 of the six (6) major assets accounts consisting of 17 sub-accounts, and six (6) major liabilities accounts consisting of 17 sub-accounts amounting to



P1.431 billion and P635.891 million, respectively, could not be established, contrary to paragraph 15 of the PAS 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the CFFR, 2021 edition.

- 1.28. **We reiterated our previous years' audit recommendations that top Management direct the:**
- a. **Finance Department in the HO and Regional Managers in the ROs to instruct the Accounting Division in HO and AFD in the ROs to:**
    - a.1. **Verify/analyze immediately the variances by examining records and source documents as basis for appropriate adjustments, for fair presentation of the assets and liabilities accounts in the financial statements;**
    - a.2. **Effect the necessary adjustments in the accounting records to correct the variances in affected GLs and SLs balances;**
    - a.3. **Exert utmost effort to account for the balances in the SLs recorded as "Others" in the assets and liabilities sub-accounts amounting to P20.075 million and P3.655 million, respectively, by tracing the transactions from available old records to establish the details of unaccounted/unsubstantiated account balances;**
    - a.4. **Exert utmost efforts to trace prior years' accounting entries which caused the abnormal/negative balances on the five (5) assets sub-accounts and make the necessary adjustments thereon; and**
    - a.5. **Religiously maintain/update complete SLs and schedules to support the balances of the GL controlling accounts and reconcile the schedules with the balances per GLs and SLs.**
  - b. **PMIO and Accounting Division in the HO to coordinate in further enhancing the module of SL integration in the PFMS to ensure that the financial transactions are accurately recorded in the SLs with required details and balances and reconciled with the corresponding GL accounts every reporting period.**
- 1.29. **We also recommended that Management instruct the Internal Audit Service (IAS) to:**
- c. **Review the existing internal control related to recording of transactions, reconciliation, and monitoring of accounting records; and**

- d. **Work closely with the Finance Department in analyzing the underlying causes of abnormal balances, unaccounted transactions, and unreconciled items of affected assets and liabilities accounts.**

1.30. The following are the comments in the HO during the meeting on May 29, 2025 after the exit conference on May 28, 2025:

- a. The IT Officer III of the PMIO explained that the integration of the SL module into the PFMS was only required for Receivables and Liability accounts, following the audit recommendations of the COA. While the system permits SL recording for other accounts such as expenses and income, it is not necessarily required. He further explained that for Receivables and Liability accounts, with an embedded control ensuring entries are not saved unless GL and SLs are reconciled. However, it is more difficult to require the maintenance of SLs for other accounts due to many repetitive transactions which are similar in nature that will be encoded to separate SLs and then subsequently combined into the GL. To address these unreconciled variances in the GLs and SLs, the PMIO will further improve the PFMS in maintenance of SLs for all accounts, but it will take time due to absence of the beginning balances.
- b. The Acting Manager, Finance Department suggested that journal entries will not be saved unless SL encoding is completed.

1.31. As an audit rejoinder, the Audit Team would like to emphasize the importance of maintaining the SLs to support the GL controlling accounts to ensure accurate records and reliable financial reports.

2. **The faithful representation in the combined financial statements of the balance of the Property, Plant and Equipment (PPE) account as at December 31, 2024 with carrying amount of P125.090 million was not established due to: (a) non-maintenance of PPE Ledger Cards (PPELCs) in HO and RO No. XI for PPE items costing P34.768 million; and (b) variances between the: (i) balances in the Report on the Physical Count of PPE (RPCPPE) and the Accounting records of the HO and RO No. III-A in the absolute amount of P3.462 million; and (ii) books and Lapsing Schedule on the acquisition cost in the absolute amount of P2.017 million, and books and Lapsing Schedule on the Accumulated depreciation in the absolute amount of P2.676 million in the HO and RO No. V, contrary to paragraph 15 of the PAS 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the CFFR, 2021 edition.**

2.1. This is a reiteration with updates of the previous years' audit observations as the PCIC Management was not able to fully implement the recommendations to address the deficiencies noted on the PPE account.



2.2. The provisions of paragraph 15 of PAS 1 and paragraphs 2.4, 2.13 and 2.30 of Chapter 2 – Qualitative characteristics of useful financial information of the CFFR, 2021 edition are quoted in Paragraphs 1.2 and 1.3 hereof.

2.3. Section 6.3.2 of COA Circular No. 2020-006 dated January 31, 2020, provides that the Accounting Unit shall:

- a. *Take up the necessary accounting entries to recognize PPEs found at station and prepare/maintain corresponding PPELCs based on the List of PPEs Found at Station;*
- b. *Xxxx*
- c. *Work together with the Property Unit in reconciling the PPELCs/SLs with the PCs maintained by the Property Unit;*
- d. *Update the PPELCs as necessary in the course of reconciliation;*
- e. *Xxxx*
- f. *Ensure that the total balances of PPELCs/SLs tally with the balances of controlling PPE accounts in the General Ledger.*

2.4. Likewise, Section 5.12 of the same COA Circular provides that:

*Property records shall be updated based on the results of the physical inventory and reconciled with accounting records to come up with the reconciled balances of PPE accounts to be considered as the correct balance of the agency's PPEs.*

2.5. The PPE account in the combined financial statements of the PCIC as at December 31, 2024 had a carrying amount of P125.090 million, the composition of which are the cost amounting to P249.814 million and Accumulated depreciation in the aggregate amount of P124.724 million. Audit of the account disclosed deficiencies as discussed hereunder.

*Non-maintenance of PPELCs in HO and RO No. XI  
for PPE items costing P34.768 million*

2.6. The maintenance of records, such as the PPELCs and Property Cards (PCs), timely conduct of annual physical inventory, regular monitoring/updating/reconciliation of the RPCPPE with the records of the Accounting and Property Divisions/Units of the agency are among the necessary internal control activities to ensure the existence of the PPE items, completeness and accuracy of records and to establish the correctness of the PPE account balance.

- 2.7. The PPELC serves as the SL or subsidiary records for PPE account and reference for important information for each PPE item, such as acquisition date, useful life, residual value, and other relevant data. It is essential for ensuring accurate reporting, accountability, and reconciliation of PPE within the agency. Its maintenance substantiates the reported PPE balance and supports effective property management. Inability to update or maintain this Accounting record compromises the accuracy and verifiability of PPE account balance.
- 2.8. However, audit disclosed that the PPELCs for PPE items costing P34.768 million of five (5) PPE sub-accounts in HO and RO No. XI were not maintained, breakdown shown in Table 6.

**Table 6 – PPE Sub-Accounts without PPELCs**

PPE Sub-account	Offices Involved	Amount
Office equipment	HO & RO No. XI	P 5,264,187
ICT equipment	HO & RO No. XI	9,056,596
Motor vehicles	RO No. XI	10,635,667
Furniture and fixtures	HO	97,747
Leased asset improvements - buildings and other structures	HO & RO No. XI	9,713,680
		<b>P 34,767,877</b>

- 2.9. Thus, the absence of PPELCs for PPE items of five (5) PPE sub-accounts undermines the correctness of the balances of these PPE sub-accounts.
- 2.10. It is worthy to mention that the Accounting Division submitted to the Audit Team the PPELCs in excel file only on March 16, 2025, followed by the signed hard copy on April 2, 2025.

*Variance in the absolute amount of P3.462 million between the balances in the RPCPPE and Accounting records of the HO and RO No. III-A*

- 2.11. Comparison between the Accounting records and the RPCPPE in HO and RO No. III-A disclosed variances in the PPE account in the absolute amount of P3.462 million, as presented in Table 7.

**Table 7 – Variance between the PPE Account Balances per Books and RPCPPE**

Office	Per Books	RPCPPE	Absolute Variance
HO	P 35,341,463	P 32,066,694	P 3,274,769
RO No. III-A	2,178,288	2,365,162	186,874
			<b>P 3,461,643</b>

- 2.12. In the HO, the variance could be attributed to PPE items that were recorded in the books but not included in the RPCPPE, as well as items found at station but not recorded in the books, due to inadequate reconciliation between the books and the RPCPPE. Likewise, the non-maintenance of



the PPELCs over the years, along with the lack of relevant supporting documents and reports, hindered the verification and reconciliation of balance of the PPE account with the RPCPPE and Property and Management and General Service Division (PMGSD) records.

- 2.13. In RO No. III-A, the variance noted pertained to a property received from the HO that was not recorded in the books as of December 31, 2024. Inquiry with the concerned officials revealed that no supporting documents were transmitted by the HO at the time of the property transfer, except for the Receipt for Property.

*Variances between books and Lapsing Schedule on the acquisition cost in the absolute amount of P2.017 million, and books and Lapsing Schedule on the Accumulated depreciation in the absolute amount of P2.676 million in the HO and RO No. V*

- 2.14. Comparison of the acquisition cost and Accumulated depreciation of the PPE account between the books and Lapsing schedule disclosed variances in the absolute amounts of P2.017 million and P2.676 million, respectively, as shown in Table 8.

**Table 8 – Variances in the PPE Balances per Books and Per Lapsing Schedule Calendar Year (CY) 2024**

PPE Sub-account	Acquisition Cost			Accumulated Depreciation		
	Per Books	Per Lapsing Schedule	Absolute Variance	Per Books	Per Lapsing Schedule	Absolute Variance
Office equipment	P 3,604,956	P 3,226,956	P 378,000	P 3,314,406	P 3,172,755	P 141,651
ICT equipment	13,320,653	13,036,973	283,680	8,424,010	8,325,882	98,128
Transportation equipment	11,737,800	12,454,873	717,073	12,046,965	13,066,755	1,019,790
Furniture and fixtures	51,446	51,446	-	46,301	46,301	-
Leased assets improvements	6,626,607	5,988,017	638,590	5,435,014	4,018,599	1,416,415
	<b>P35,341,462</b>	<b>P34,758,265</b>	<b>P2,017,343</b>	<b>P29,266,696</b>	<b>P28,630,292</b>	<b>P2,675,984</b>

- 2.15. In RO No. V, the absolute variances in the acquisition cost of PPE sub-accounts and Lapsing Schedule were due to, among others, Office equipment and ICT equipment in the amounts of P378,000 and P283,680 were not recorded in the Lapsing Schedule and unrecorded acquisitions/transfer of PPE items in the Lapsing Schedule.
- 2.16. In the HO, the absolute variances between the books and the Lapsing Schedule for Accumulated depreciation were due to: higher beginning balances in the books compared to the Lapsing Schedule for Office equipment, ICT equipment, Transportation equipment, and Leased assets improvements; Accumulated depreciation of ICT equipment was recorded in the books but not in the Lapsing Schedule, misclassification of Office equipment and ICT equipment and the unrecorded Accumulated depreciation of a transferred Transportation equipment.

- 2.17. The existence of variances between the balances per books, Lapsing Schedule, and the RPCPPE has been a recurring audit observation that Management has yet to address. The inability to regularly update the schedules and records and perform regular and proper reconciliation resulted in the accumulation of unaccounted transactions, errors and inconsistencies in the financial records which were automatically carried forward to the accounts balances and remained uncorrected.
- 2.18. The following observations were also noted in PPE accounts:
- a. There were negative balances in the PPELCs maintained for Motor vehicles sub-account amounting to P1.833 million; and
  - b. Unreconciled variance in absolute amount of P0.837 million [P201,500 + P635,765] in HO, between GLs and PPELCs of ICT equipment and Motor vehicles sub-accounts.
- 2.19. In view of the foregoing deficiencies noted in the keeping of the account, the faithful representation in the combined financial statements of the balance of the PPE account as at December 31, 2024, with carrying amount of P125.090 million was not established, contrary to paragraph 15 of the PAS 1 (Revised) and paragraphs 2.4, 2.13 and 2.30 of the CFFR, 2021 edition.
- 2.20. **We reiterated our previous years' audit recommendations that top Management direct the Finance Department, Administrative Department and the Regional Managers in the ROs to instruct the Accounting Division and PMGSD in HO and the AFD in the ROs to:**
- a. **Maintain PPELC for each item of PPE, registries and reports to support the PPE account;**
  - b. **Determine the causes of the variances between the RPCPPE vis-à-vis Accounting records and Lapsing Schedules and books on the acquisition cost and Accumulated depreciation of five (5) PPE sub-accounts, and effect the necessary corrections or adjustments on the affected records to arrive at reconciled balances at each reporting period;**
  - c. **Moving forward, reconcile regularly the PPE balances among the books, Lapsing Schedule, RPCPPE, property records; and**
  - d. **Consider availing the one-time cleansing of the PPE account balances in accordance with COA Circular No. 2020-006 dated January 31, 2020, to address the perennial issue on unreconciled balances between the accounting and property records and the RPCPPE.**



2.21. Management provided the following comments:

- a. In the HO, the Accounting Division and the PMGSD committed to religiously review the variances noted in the PPE sub-accounts between books, RPCPPE and Lapsing Schedule, and to effect any adjustments necessary.
- b. In RO No. III-A, they informed that they already prepared a JV in March 2025 to adjust the books and correct the understatement of ICT equipment.

2.22. As an audit rejoinder, the Audit Teams will continuously monitor the full implementation by the PCIC Management of the audit recommendations in the subsequent audit.

**B. NON – FINANCIAL**

3. **The PCIC has not yet reverted the unutilized balance of the Special Revolving Trust Fund (SRTF) amounting to P321.676 million to the Bureau of the Treasury (BTr), contrary to Section 29(3), Article VI of the 1987 Philippine Constitution and Department of Finance (DOF)-Department of Budget and Management (DBM)-COA Permanent Committee Joint Circular (JC) No. 4-2012, dated September 11, 2012, re: *Rules and Regulations Implementing Executive Order No. 431 dated May 30, 2005, Directing the Reversion of All Dormant Accounts, Unnecessary Special and Trust Funds to the General Fund and for Other Purposes*. The transfer of the SRTF to the National Treasury would augment depleting funds of the National Government and facilitate the implementation of its programs and projects.**

3.1. This audit observation has been raised in the previous years' Annual Audit Reports (AARs) as the PCIC has not implemented the recommendation to revert to the BTr the unutilized balance of the SRTF.

3.2. Section 29(3) Article VI of the 1987 Philippine Constitution states that:

*All money collected on any tax levied for a special purpose shall be treated as a special fund and paid out for such purpose only. If the purpose for which a special fund was created has been fulfilled or abandoned, the balance, if any, shall be transferred to the general funds of the Government.*

3.3. Likewise, DOF-DBM-COA Permanent Committee JC No. 4-2012 prescribed the procedures and guidelines for the implementation of Executive Order (EO) No. 431, Series of 2005, *Reverting All Dormant Accounts, Unnecessary Special and Trust Funds to the General Fund and For Other Purposes*, as follows:

## SECTION 5.0. Procedural Guidelines

Xxxx

### 5.5 Permanent Committee shall:

5.5.1. *Require the immediate transfer to the National Treasury of the cash balances of the unauthorized accounts as defined in Item 3.3 maintained with the [Authorized Government Depository Banks] AGDBs and other banks. For those bank accounts which are authorized under existing laws including dormant accounts as defined under Item 3.2, the Permanent Committee shall evaluate their legal bases to determine if their continuing existence is still necessary and make a recommendation to the President for the purpose.*

3.4. Summary of the submitted SRTF financial statements is shown in Table 9.

**Table 9 - Financial Statements of SRTF  
As at and for the year ended December 31, 2024**

<b>Financial Statements</b>	<b>Amount</b>
<i>Statement of Financial Position</i>	
Assets	P 332,731,922.93
Liabilities	187,605,965.29
Trust Fund	145,125,957.64
<i>Statement of Comprehensive Income</i>	
Income	P 11,056,255.52
Expenses	-

3.5. As shown in Table 9, out of the total appropriations of P450 million, P332.732 million remained unutilized as of December 31, 2024. Majority of the asset of the SRTF are composed of Cash and Cash Equivalents amounting to P18.889 million, and Short-Term Investments – Time Deposit amounting to P313.298 million which are all invested in Land Bank of the Philippines (LBP) – High Yield Savings Account with a maturity period of 30 days and re-invested upon maturity. Further, the Claims Payable under Liabilities amounting to P187.537 million have been dormant since CY 2005.

3.6. For several years, the SRTF has remained dormant, with no significant transactions except for the monthly maturation of Short-Term Investment – Time Deposit and its corresponding Interest Income. The lack of transactions during this period suggests a diminishing need or relevance for the continued maintenance of the fund. It indicates that the original purpose of the SRTF may have been fulfilled. Therefore, the SRTF may now be returned to the BTr, in compliance with Section 3 of the EO No. 431, s. 2005 and DOF-DBM-COA Permanent Committee JC No. 4-2012.



- 3.7. It is also worth mentioning that related observations had already been reported in the AAR for CY 2015, where Management agreed to perform the recommended courses of action. However, despite the reiteration of this audit observation in the AAR for CY 2023, the audit recommendation on reversion to the BTr of the unutilized balance of the SRTF was not yet complied with by Management.
- 3.8. The inability of the PCIC to fast track the reversion of the dormant balance of the SRTF to the general fund of the National Government, as prescribed in Section 29(3), Article VI of the 1987 Philippine Constitution and DOF-DBM-COA Permanent Committee JC No. 4-2012, has further deprived the latter of additional funds to facilitate the implementation of its priority programs and projects.
- 3.9. **We reiterated our prior years' audit recommendations that Management require the Finance Department to:**
  - a. **Facilitate coordination with the proper office in the BTr to gather the requirements and procedures of returning the SRTF to the National Government; and**
  - b. **Make the necessary reconciliation, consolidation, adjustment and closing of the books of accounts of SRTF in preparation for the return of the cash balance to the BTr.**
- 3.10. According to the PCIC Management in the HO, they already received a response from the BTr, regarding the reversion of the SRTF to the General Fund of the National Government. In the response of the BTr, Chapter 5, Book VI of EO No. 292 (Administrative Code) and Section 11 of the General Provisions under the Fiscal Year (FY) 2025 General Appropriations Act (GAA), Republic Act (RA) No. 12116, was cited as the legal bases for the reversion. The PCIC was also advised that the amount due for reversion may be deposited to LBP Treasury Operations System Current Account.
- 3.11. Furthermore, the Finance Department in the HO will undertake the necessary reconciliation, consolidation and adjustment and closing of the SRTF books of account before the return of the cash balance to the BTr.
- 3.12. As an audit rejoinder, the Audit Team in the HO will monitor the procedures or actions taken by Management in the reversion of the SRTF to the BTr, in accordance with the rules and regulations prescribed in DOF-DBM-COA Permanent Committee JC No. 4-2012.
4. **In CY 2024, the PCIC was able to insure 2,347,472 farmers and fisherfolk, fully utilizing the allocated Government Premium Subsidy (GPS) in the amount of P4.500 billion for the Registry System for Basic Sectors in Agriculture (RSBSA) Program, surpassing the production target set in RA No. 11975, GAA for FY 2024 of 30.11 percent or 2,291,897 beneficiaries vis-à-vis actual total beneficiaries of 2,347,472 farmers and fisherfolk, equivalent to 30.84 percent or an additional production of 0.73 percent. However, some of the production outputs fell short of their respective**



targets, thus, an overall shortfall by P1.388 billion or 2.26 percent of the actual Amount of Insurance Coverage of P60.085 billion *vis-à-vis* the target of P61.473 billion; thus, the full attainment of the main objective of the RSBSA Program of providing insurance protection to farmers and fisherfolk against losses arising from natural calamities, plant diseases and pest infestations of their palay and corn crops as well as other crops was somewhat affected during the year, considering the following:

- a. Shortfall of 78,500 farmers and fisherfolk between the target of 1,775,730 and the actual number of farmers and fisherfolk insured for Rice, Livestock, Fisheries and Non-Crop insurance lines of 1,697,230;
  - b. Negative variances on the utilization of allocated GPS in total amount of P58.699 million for insurance lines on Rice, Livestock, Fisheries and Non-Crop Insurance Line between the budget targets of P3.250 billion *vis-à-vis* the actual productions of P3.192 billion; and
  - c. Shortfalls of P383.496 million; P1.399 billion; P99.452 million; and P157.912 million on Amount of Cover on Rice, Livestock, Fisheries and Non-Crop insurance lines between the production targets of P26.707 billion; P14.241 billion; P601.141 million; and P2.455 billion and actual accomplishments of P26.324 billion; P12.841 billion; P501.689 million; and P2.297 billion, respectively.
- 4.1. The primary mandate of the PCIC is to provide insurance protection to the country's agricultural producers, particularly the subsistence farmers, against losses of their crops and non-crop agricultural assets arising from natural calamities (such as typhoons, floods, droughts, earthquakes and volcanic eruptions), plant pests and diseases, and/or other perils.
  - 4.2. In the implementation of the Agricultural Insurance Program, the PCIC received in FY 2024 the amount of P4.500 billion from the National Government, based on Volume 1-B, XXXVII *Budgetary Support to Government Corporations*, of RA No. 11975, GAA FY 2024, which states, as follows:

*D. Department of Finance*

*D.1 Philippine Crop Insurance Corporation*

*Special Provision(s)*

1. ***Subsidy to the Philippine Crop Insurance Corporation.*** *The amount of Four Billion Five Hundred Million Pesos (P4,500,000,000) appropriated herein under the subsidy to the Philippine Crop Insurance Corporation (PCIC) shall be used for the full insurance premiums of subsistence farmers and fisherfolk to cover crops, livestock, fisheries and non-crop agricultural assets. The PCIC shall ensure that the beneficiaries identified are registered under the Registry System for Basic Sectors in Agriculture and are not insured for the same type of*



*insurance, with priority given to those in localities declared as critical geo-hazard areas or no build zones identified by the Mines and Geo-Sciences Bureau.*

*Release of funds shall be subject to the submission of the list of subsistence farmers and fisherfolk duly endorsed by the DA.*

**2. Special Provisions Applicable to All Government Corporations.** *In addition to the foregoing special provision, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations-Others shall be observed by the PCIC.*

- 4.3. The baseline and targets provided under the GAA FY 2024-Volume II and the 2024 accomplishments are presented in Table 10.

**Table 10 – Accomplishments of GAA Targets for FY 2024**

ORGANIZATIONAL OUTCOMES (OOs) / PERFORMANCE INDICATORS (PIs)	Baseline	2024 Targets	2024 Accomplishments
Financial risk protection for agricultural producers increased			
<b>CROP INSURANCE PROGRAM</b>			
Outcome Indicators			
1. Percentage increase in the number of subsistence farmers and fisherfolk provided with agricultural insurance over total number of RSBSA-listed subsistence farmers and fisherfolk	17.41%	30.11%	30.84%
2. Level of insurance coverage on crops and non-crop agricultural assets (in Million Pesos)	50,853.798	78,688.311	60,084.682
Output Indicators			
1. Number of RSBSA-listed subsistence farmers/fisherfolk covered/insured	1,753,144	2,291,897	2,347,472
2. Percentage of available government premium subsidy (GPS) applied/used up	100%	100%	100%
3. Percentage of claims with complete documents settled the prescribed period	100%	100%	*

\*Delay in the settlement of claims was observed in RO Nos. I, II, III, III-A, IV, V and VII

- 4.4. The RSBSA Program is an intervention measure designed to protect the investments made by subsistence farmers and fisherfolk in agricultural production. The RSBSA Program shall provide 100 percent or full premium which covers six (6) of the seven (7) insurance lines being administered by the PCIC, namely, Rice Crop, Corn Crop, High Value Crop (HVC), Livestock, Fisheries, and Non-Crop agricultural asset for those farmers and fisherfolk listed in the RSBSA.



- 4.5. The Guidelines for the Implementation of the "Agricultural Insurance for Farmers and Fisherfolk under the RSBSA" for FY 2023, mentioned that cleanup of the list yielded the total identified beneficiaries of 10.900 million. The list was further cleaned by the PCIC in CY 2024 to exclude the laborers who have no insurable interests and arrived at 7.612 million RSBA beneficiaries. Of the 7.612 million, 2.347 million or 30.84 percent of the farmers and fisherfolk were provided with agricultural insurance in CY 2024, thus exceeding the target set by 0.73 percent [2024 Accomplishment of 30.84 percent vis-à-vis Target of 30.11].
- 4.6. The PCIC Actuarial Research and Product Valuation Department (ARPVD) provided the Audit Team with the RSBSA Implementing Guidelines and insurance production target. On the other hand, PCIC PMIO provided the Consolidated Premium Register (CPR) which contains the actual production for FY 2024 and Highlights of Regional Operations (HRO) under the RSBSA Program, as summarized in Table 11.

**Table 11 - Comparison of RSBSA Insurance Production Targets vis-à-vis Production Outputs, CY 2024**

Insurance Lines	Production Target			Actual Production			Over/(Under)					
	No. of Farmers and Fisherfolk	Amount of Cover In millions	GPS In millions	No. of Farmers and Fisherfolk	Amount of Cover In millions	GPS In millions	No. of Farmers and Fisherfolk	Percentage	Amount of Cover In millions	Percentage	GPS In millions	Percentage
	(a)	(b)	(c)	(d)	(e)	(f)	(g=d-a)	(h=g/a x 100)	(i= e-b)	(j=i/b x 100)	(k=f-c)	(l=k/cx100)
Rice	1,314,605	P26,707.179	P2,670.718	1,276,931	P26,323.683	P2,632.368	(37,674)	(2.87)	P (383.496)	(1.44)	P(38.350)	(1.44)
Livestock	382,612	14,240.622	490.040	347,123	12,841.444	478.896	(35,489)	(9.28)	(1,399.178)	(9.83)	(11.144)	(2.27)
Fisheries	20,504	601.141	40.093	16,233	501.689	35.118	(4,271)	(20.83)	(99.452)	(16.54)	(4.975)	(12.41)
Non-Crop	58,009	2,455.005	49.613	56,943	2,297.093	45.383	(1,066)	(1.84)	(157.912)	(6.43)	(4.230)	(8.53)
	<b>1,775,730</b>	<b>44,003.947</b>	<b>3,250.464</b>	<b>1,697,230</b>	<b>41,963.909</b>	<b>3,191.765</b>	<b>(78,500)</b>	<b>(4.42)</b>	<b>(2,040.038)</b>	<b>(4.64)</b>	<b>(58.699)</b>	<b>(1.81)</b>
Corn	343,534	8,404.681	840.468	352,768	8,581.969	858.197	9,234	2.69	177.288	2.11	17.729	2.11
HVC	277,311	9,064.400	409.068	297,474	9,538.804	450.158	20,163	7.27	474.404	5.23	41.090	10.04
	<b>2,396,575</b>	<b>P61,473.028</b>	<b>P4,500.000</b>	<b>2,347,472</b>	<b>P60,084.682</b>	<b>P4,500.120</b>	<b>(49,103)</b>	<b>(2.05)</b>	<b>P(1,388.346)</b>	<b>(2.26)</b>	<b>P 0.120</b>	<b>(0.00)</b>

- 4.7. In the HRO submitted to the Audit Team, it was noted that the excess production of GPS in the amount of P120,000 covered insurance production under the Agri-Agra Program. On the other hand, comparisons of the targets set, as presented in Tables 10 and 11, revealed that there were differences in the number of farmers and fisherfolk and level of insurance coverage. The Officer-in-Charge (OIC) - ARPVD explained that they have re-aligned the GAA targets based on the capacity of the ROs in providing insurance with the farmers/fisherfolk beneficiaries using the bottom-top approach.
- 4.8. As shown in Table 11, the number of farmers insured under the Corn and HVC insurance lines exceeded the target set compared to the production target with corresponding over utilization of GPS in the amounts of P17.729 million or 2.11 percent and P41.090 million or 10.04 percent, respectively. Moreover, for HVC Insurance Line, the target number of beneficiaries was achieved with actual insured beneficiaries over by 20,163 farmers/fisherfolk. Despite the over production, the target beneficiaries for Rice, Livestock, Fisheries and Non-Crop were not met.



- 4.9. Furthermore, the overall production target with respect to the insurance coverage was lower by P1.388 billion or 2.26 percent (columns i and j of Table 11) as compared to the set target. Only the Amounts of Cover for Corn and HVC were achieved, while the insurance lines for Rice, Livestock, Fisheries and Non-Crop had negative variances of P383.496 million; P1.399 billion; P99.452 million; and P157.912 million, respectively.
- 4.10. The ARPVD and ROs Management disclosed that the shortfalls in the attainment of production targets based on the number of insured farmers and fisherfolk, area/heads/policies and GPS was due to the following:
- a. Rice and Corn - delayed planting in RO No. III during the dry season and floodings cause by typhoons in the 4<sup>th</sup> quarter of CY 2024 adversely affecting the planting calendar for Rice. In addition, farmers opted to plant HVC instead of Rice and Corn since they yield more income from HVC during the year. Likewise, in RO No. V, the areas devoted to corn were reduced.
  - b. HVC - some farmers in RO No. I were unable to plant crops due to numerous typhoons and any newly planted crops that were damaged were left uninsured, as typhoons struck before the insurance applications could be submitted.
  - c. Livestock - mainly due to African Swine Flu (ASF), wherein particular areas in RO No. I were declared by the Department of Agriculture (DA) as red/infected zone, which resulted in denying the insurance application of farmers from the areas affected.
  - d. Fisheries - difficulty in penetrating the fishery sector. To address this, PCIC has coordinated with the Bureau of Fisheries and Aquatic Resources, and they are optimistic that this will result in reaching out and providing insurance with the fisherfolk. Likewise, in RO No. V, they have issues in the municipal registration of bancas.
  - e. Non-Crop - the attainment of the target for Non-Crop agricultural asset was affected by their difficulty in penetrating the fisheries sector as previously mentioned.
- 4.11. It is worth mentioning that the comparison of the RSBSA actual production for FYs 2024 and 2023 disclosed the increase in beneficiaries of 10,720 farmers and fisherfolk, as presented in Table 12.

**Table 12 - Comparison of RSBSA Actual Production  
FY 2023 vis-a-vis FY 2024**

Insurance Lines	FY 2023		FY 2024		Increase/(Decrease)			
	No. of Farmers and Fisherfolk	GPS In millions	No. of Farmers and Fisherfolk	GPS In millions	No. of Farmers and Fisherfolk	Percentage	GPS In millions	Percentage
(a)	(b)	(c)	(d)	(e)	(f=d-b)	$g=(f/b \times 100)$	(h=e-c)	$(i=h/c \times 100)$
Rice	1,224,987	P 2,639.144	1,276,931	P 2,632.368	51,944	4.24	P (6.776)	(0.257)
Corn	350,457	875.574	352,768	858.197	2,311	0.66	(17.377)	(1.985)
HVC	285,995	390.876	297,474	450.158	11,479	4.01	59.282	15.166
Livestock	396,400	506.316	347,123	478.896	(49,277)	(12.43)	(27.420)	(5.416)
Fisheries	15,582	34.467	16,233	35.118	651	4.18	0.651	1.889
Non-Crop	63,331	53.625	56,943	45.383	(6,388)	(10.09)	(8.242)	(15.370)
	<b>2,336,752</b>	<b>P 4,500.002</b>	<b>2,347,472</b>	<b>P 4,500.120</b>	<b>10,720</b>	<b>0.46</b>	<b>P 0.118</b>	<b>0.003</b>

- 4.12. In summary, the PCIC had fully utilized the GPS in FY 2024 in the amount of P4.500 billion in providing free insurance to 2,347,472 farmers and fisherfolk beneficiaries of the RSBSA Agricultural Insurance Program. The number of beneficiaries insured had exceeded the GAA target of 2,291,897 farmers and fisherfolk or an over production on number of farmers and fisherfolk insured by 55,575. Nonetheless, the targets on four insurance lines, i.e., Rice, Livestock, Fisheries and Non-Crop, were not achieved despite the overproduction, thus, deprived eligible recipient farmers and fisherfolk of the opportunity for free agricultural insurance and protect their investments in case of loss or damage.
- 4.13. **We commended the PCIC Management for achieving the approved production target in providing free agricultural insurance to 2,347,472 farmers and fisherfolk beneficiaries of the RSBSA Agricultural Insurance Program in FY 2024, equivalent to 30.84 percent surpassing the target set in the GAA of 30.11 percent or an additional production of 0.73 percent, thus achieving the provision of insurance protection to the intended beneficiaries in compliance with the goals and objectives of the PCIC charter.**
- 4.14. On the other hand, we reiterated our prior years' recommendations and top Management agreed to direct the Regional Managers to:
- Instruct the Marketing and Sales Division (MSD) and the underwriters to: (i) continuously promote insurance lines with under or low production to ensure attainment of the annual targets and continue its campaign to reach out to more farmers and fisherfolk through the utilization of various media of communication, such as online platforms and radio advertisements; and (ii) continually coordinate with their counterpart in the LGUs for information dissemination; and
  - Ensure that set production targets in terms of the number of farmers and fisherfolk for all insurance lines are met, if not surpassed, to fully attain the objective of the RSBSA Insurance



**Program of providing free insurance protection to the greatest number of subsistence farmers and fisherfolk.**

- 4.15. Management committed to increase outreach initiatives and improve the mobilization of the MSD in conducting the information and marketing campaigns for all types of agricultural producers. By employing various information dissemination and communication methods, they aim to ensure that the set production targets for the number of farmers and fisherfolk for all insurance lines are met, thereby providing free insurance protection to the maximum number of subsistence farmers and fisherfolk. Moreover, they pointed out that RSBSA has significant flexibility measure whereby it allows the Regional Managers to allocate the GPS from a low-demand insurance line, after all marketing and promotion measures have been exhausted, especially towards the end of the fiscal year. Their top concern is ensuring that the GPS allocation for the year is fully utilized.

**Other Observation:**

*In RO Nos. I, III, VII, VIII and X, there were 184 RSBSA and Coconut Farmers and Industry Trust Fund (CFITF) registered farmers-beneficiaries who had availed of both insurance cover under the RSBSA and other non-RSBSA program with GPS in the aggregate amount of P4.803 million, resulting in opportunity loss for other qualified subsistence farmers to avail of agricultural insurance in case of damage to crops or agricultural assets*

- 4.16. Section III.A.4.d of the 2024 Guidelines for the Implementation of the "Agricultural Insurance for Farmers and Fisherfolk under the RSBSA" as provided for in RA No. 11975, or the FY 2024 GAA (*Implementing Guidelines of RSBSA for FY 2024*), provides the following:

**III. GUIDELINES**

**A. General Underwriting Policies**

**4. Conditions and Limitations:**

- d. The farm investments/properties of RSBSA farmers and fisherfolk shall not be insured for the same type of insurance;*

Xxxx

- 4.17. Under Section 2.A.4, Part 3 of the PCIC Operating Manual (POM) for Rice and Corn and Section 2.A.5, Part 2 of POM for HVC insurance line, there is a double insurance when:

- a. The assured is the same;
- b. The subject matter/object of insurance is the same;
- c. The subject matter is separately insured two or more times;
- d. The interest of the assured is the same; and
- e. The risk or peril insured is likewise the same.

- 4.18. Moreover, Chapter 6.1.2, Crop Insurance Program of the Philippine Coconut Farmers and Industry Development Plan (CFIDP) states:

*Coconut farmer-beneficiaries under the CFITF Crop Insurance Program [CIP] who own more than 1.0 hectare shall not be allowed by PCIC to insure their additional coconut hectarage in the Registry System for Basic Sectors in Agriculture (RSBSA) Agricultural Insurance Program because of PCIC's current policy that beneficiaries registered under the RSBSA should not be insured for the same type of insurance.*

- 4.19. In RO No. III, review of the Certificate of Insurance Cover (CIC) revealed that **31 farmers** who were registered under the RSBSA Program also availed of the free insurance under the non-RSBSA Insurance Programs. The total GPS involving the double insurance in RO No. III amounted to P4.566 million. Likewise, a total of **147 coconut farmers** in RO Nos. I, VII, VIII and X, were identified to have insured the same coconut farms under the RSBSA Program through the HVC Insurance Line – Coconut and the CFITF CIP, with corresponding GPS of P125,157 and P101,683, respectively. Moreover, there were **six (6) coconut farmers** from RO No. VIII who were registered under the CFITF CIP were also given free insurance under the Agri-Agra Program involving GPS of P4,500 and P6,000, respectively. Data are summarized in Table 13.

**Table 13 – Amount of Government Share on the Insurance Premium of Farmers with Double Insurance**

Insurance Program	GPS							Grand Total
	RSBSA					CFITF		
	RO No. I	RO No. III	RO No. VII	RO No. VIII	RO No. X	Total	RO No. VIII	
RSBSA	P 9,660	P 1,026,400	P 39,630	P 58,425	P 17,442	P1,151,557	P -	P1,151,557
CFITF	11,250	-	20,003	56,625	13,305	101,183	4,500	105,683
Agri-Agra - Others	-	-	-	-	-	-	6,000	6,000
APCP	-	2,134,140	-	-	-	2,134,140	-	2,134,140
ACEF Program	-	811,930	-	-	-	811,930	-	811,930
RCEF Program	-	50,000	-	-	-	50,000	-	50,000
AGRISENSO Program	-	60,000	-	-	-	60,000	-	60,000
OTHER - LBP	-	-	-	-	-	-	-	-
ACP	-	378,300	-	-	-	378,300	-	378,300
OTHER - LI LC	-	105,000	-	-	-	105,000	-	105,000
	P 20,910	P 4,565,770	P 59,633	P 115,050	P 30,747	P4,792,110	P10,500	P4,802,610

APCP – Agrarian Production Credit Program

ACEF – Agricultural Competitiveness Enhancement Fund

RCEF – Rice Competitiveness Enhancement Fund

LI LC – Lending Institution or Lending Conduits

LBP ACP – Land Bank of the Philippines – Agricultural Credit Programs

AGRISENSO – Agricultural Growth and Resources Integration through Strategic and Enhanced Delivery of Support and Opportunities



- 4.20. The identified causes of the double insurance are as follows:
- a. In RO No. I, the farmer with one (1) hectare coconut farm that was planted with more than 100 coconut trees was insured under the CFITF CIP, while the excess of 100 trees was insured under the RSBSA Program. The PCIC RO No. I Management confirmed that this arrangement was allowed by the PCIC HO.
  - b. In RO No. III, the occurrence of double insurance was merely overlooked by the Insurance Underwriter who processed and validate the insurance applications.
  - c. In RO No. VII, it was noted that the PABS lacks validation features to detect if a farm already has existing insurance coverage under CFITF CIP.
  - d. In RO No. VIII, there was an error in encoding and lack of proper checking of existing insurance during encoding and processing due to voluminous transactions.
  - e. In RO No. X, the issue primarily stemmed from the auto-renewal feature of the CFITF CIP. In addition, the encoder inadvertently processed the application under RSBSA, even though the farmer availed free insurance for the same farm through CFITF CIP.
- 4.21. In a meeting with PCIC Management at the HO on April 2, 2025, the IT Officer III reasoned that validation controls to detect instances of double insurance between RSBSA and Agri-Agra Programs are in place. However, he also admitted that the PABS cannot detect double insurance coverage between RSBSA Program and CFITF CIP, as well as between CFITF CIP and Agri-Agra Insurance Programs. Furthermore, in order to prevent double insurance for RSBSA HVC Insurance Line, the Senior Vice-President informed that the Implementing Guidelines of RSBSA for FY 2025 will include a provision that coconut crops will no longer be insured or eligible for coverage under the RSBSA Program – HVC Insurance Line - Coconut.
- 4.22. In RO No. III, inquiry with the users of PABS revealed that during the encoding of Application for Crop Insurance (ACI), the system still had no built-in validation controls to detect the names of farmers who have already availed of the free insurance coverage in other insurance programs, hence the double-insurance to 31 farmer-beneficiaries.
- 4.23. The double insurance could have been minimized, if not eliminated, if the embedded controls within the PABS are continually being checked and improved, such that the system has the command prompt or non-acceptance of entries if certain limits were breached.
- 4.24. The utilization of GPS for the RSBSA and CFITF Program for FY 2024 in the amount of P4.803 million, was not in accordance with Section III, A.4.d of the *Guidelines for the Implementation of the Agricultural Insurance for*

*Farmers and Fisherfolk under the RSBSA Program for FY 2024 and Section 2.A.4, Part 3 of the POM for Rice and Corn and Section 2.A.5, Part 2 of POM for HVC insurance line. This condition also resulted in opportunity loss for other qualified subsistence farmers to avail of agricultural insurance in case of damage to their crops or agricultural assets.*

- 4.25. We reiterated our prior years' audit recommendations that top Management direct the:**
- a. Officers concerned at the PMIO to immediately address the recurring issues on the absence of embedded controls in the PABS to detect/eliminate immediately double insurance given to the same farmer-beneficiary;**
  - b. Regional Managers to instruct the:**
    - b.1. Officers and employees concerned in the ROs to exercise due diligence in handling and encoding of data;**
    - b.2. Insurance Underwriters to:**
      - i. Verify if the farmers applying for subsidized insurance are not yet covered by another subsidized insurance for the same period before processing the CIC; and**
      - ii. Adhere strictly with the existing rules and regulations on the grant of subsidized insurance premium to targeted beneficiaries to ensure that no double insurance is granted to the same farmer-beneficiary to safeguard the funds of the government.**
- 4.26. We also recommended that top Management require the IAS to perform regular assessment of the PABS to ensure that embedded controls are in place, updated and aligned with the Implementing Guidelines issued for each FY.**
- 4.27. RO No. III Management commented that they conducted a thorough review and checking of underwriting documents of the farmers enlisted with double insurance which revealed encoding errors overlooked by encoders due to high volume of transactions during planting season. The underwriting records with double insurance were identified, and these records were already deleted. Out of 31 farmer-beneficiaries, only one was not deleted, since the farmer had already submitted claim for indemnity for both RSBSA and ACEF insurance Programs. Nevertheless, the claim for ACEF was denied and only compensated under the RSBSA Program.**



5. **The PCIC was able to insure 492,329 coconut farmers fully utilizing the allotted budget of P300.000 million for the implementation of the CFITF CIP for FY 2024. However, in view of absence of written guidelines on the implementation of the auto-renewal process in granting insurance coverage to coconut farmers-beneficiaries, 955 coconut farmers with GPS of P0.613 million were granted with insurance coverage more than the allowed limit of P50,000 per one (1) hectare per farmer in RO Nos. I, IV, V,VI, VII, VIII, X, and XI, contrary to Chapter 6.1.2 of the CFIDP and Section IV.B.6 of the PCIC guidelines, thus, opportunity loss for other qualified coconut farmers to avail of agricultural insurance in case of damage to their coconut trees.**
- 5.1. RA No. 11524, otherwise known as the CFITF Act, was signed into law on February 26, 2021 by former President Rodrigo Roa Duterte and declared as the policy of the state to consolidate the benefits due to coconut farmers, particularly the poor and marginalized, to attain increased incomes for coconut farmers, alleviate poverty, and achieve social equality.
- 5.2. The CFITF CIP is designed to protect the coconut farmers from financial losses, reverse the risk-averse nature of coconut farmers, and encourage them to invest more in new technologies that would help increase coconut productivity. This aligns with the PCIC's role as the government's sole agricultural insurance provider to protect the country's agricultural producers, particularly the subsistence farmers, against crops losses arising from natural calamities such as typhoons, flood, drought, earthquakes, tornado, volcanic eruption as well as plant pests and diseases and non-crop agricultural asset losses due to perils for which the asset has been insured against. The CFITF CIP covers coconut trees as the only insurable commodity. The Coconut Tree Mortality Insurance Product Package shall be implemented during the early years of the Program implementation until the Yield Insurance Product Package is fully developed.
- 5.3. The beneficiaries of the CFITF CIP shall be the National Coconut Farmers Registry System (NCFRS)-registered coconut farmers who are either landowners, tenants, or owner-operators operating five (5) hectares and below whose coconut farms are in areas prone to natural calamities as identified by the Philippine Coconut Authority. The eligible coconut farm area per farmer shall be a maximum of one (1) hectare.
- 5.4. The PCIC is mandated to implement the CFITF CIP which is part of the CFIDP's Social Protection component. Based on the CFIDP, the PCIC has an allocation of four (4) percent of the annual CFITF budget, as presented in Table 14.

**Table 14 – CFIDP Budget and Targets for the PCIC CFITF CIP**

	No. of Farmers	Area (hectares)	Amount of Cover*	Annual Budget Allocation (Premium)**
Year 1: 2022	200,000	200,000	P 10.000 billion	P 200.000 million
Year 2: 2023	200,000	200,000	10.000 billion	200.000 million
Year 3: 2024	240,000	240,000	12.000 billion	240.000 million
Year 4: 2025	280,000	280,000	14.000 billion	280.000 million
Year 5: 2026	400,000	400,000	20.000 billion	400.000 million
	<b>1,320,000</b>	<b>1,320,000</b>	<b>P 66.000 billion</b>	<b>P1,320.000 million</b>

\*Amount of Cover computed at P50,000 per hectare

\*\*Premium Rate at 2%

- 5.5. For FY 2024, the PCIC received an allotment of P300.000 million. Out of the funds received, the Corporation was able to insure 492,329 coconut farmers fully utilizing the allotted budget in the implementation of the CFITF CIP.
- 5.6. However, audit of the CFITF CIP revealed several observations as discussed hereunder.
- 5.7. During the previous year's audit, there were inconsistencies noted on the implementation of CFIDP and PCIC's Implementing Guidelines for CFITF CIP, specifically, in the computation of the Amount of Cover and the corresponding GPS due to, among others, on the computation of Amount of Cover and GPS using the number of trees instead of the land area of the farm.
- 5.8. The provision of Chapter 6.1.2 of the CFIDP was quoted in Paragraph 4.18 of this Report.
- 5.9. Further the PCIC Implementing Guidelines of CFITF CIP provides, viz:

**B. UNDERWRITING POLICIES**

1. Xxx
  6. Maximum Area – shall be maximum of one (1) hectare.
- 5.10. Part 2, Section 7- Term Insurance of the POM for HVC Insurance states that:  
  
*The insurance coverage shall be on an annual basis for annual, biennial and perennial crops; xxxx*
  - 5.11. Review of the CPR disclosed that there were 955 coconut farmers with GPS in the amount of P0.613 million who were insured above the maximum area limitation set of one (1) hectare and the maximum Amount of Cover of P50,000 per farmer as prescribed in Chapter 6.1.2 of the CFIDP and Section IV.B.6 of the PCIC guidelines, as summarized in Table 15.



**Table 15 – CFITF CIP Insurance Coverage Above Limitation**

RO No.	No. of Coconut Farmers	Area (in hectare)	Range of Excess		Excess Amount	
			Amount of Cover	GPS	Amount of Cover	GPS
I	3	1.40 to 2.0	P70,000 to P100,000	P1,050 to P1,500	P 95,000	P 1,425
IV	98	1.30 to 2.0	52,500 to 100,000	788 to 1,500	4,518,500	67,778
V	20	1.05 to 2.0	65,000 to 100,000	975 to 1,500	815,000	12,225
VI	107	1.01 to 2.0	<b>50,500</b> to 100,000	<b>758</b> to 1,500	3,285,000	49,275
VII	72	1.05 to 2.0	52,500 to 100,000	788 to 1,500	2,163,000	32,445
VIII	518	1.20 to 3.0	60,000 to <b>150,000</b>	900 to <b>2,250</b>	24,761,500	371,422
X	113	1.05 to 2.0	52,500 to 100,000	788 to 1,500	4,164,000	62,415
XI	24	1.25 to 2.0	62,500 to 100,000	938 to 1,500	1,097,500	16,463
	<b>955</b>	<b>1.01 to 3.0</b>	<b>P50,500 to P150,000</b>	<b>P758 to P2,250</b>	<b>P 40,899,500</b>	<b>P 613,448</b>

5.12. The coconut tree classified as an HVC is included among the perennial crops, thus, should have an insurance term of one (1) year. However, further verification of insurance records in the CPR revealed that the 955 coconut farmers were granted insurance coverage before the expiration of their existing policy.

5.13. In the meeting with the PCIC Management, they informed that among the causes of granting insurance above the maximum limit was the implementation of PABS auto-renewal process for CFITF CIP in CY 2024. Further, they explained that the PABS auto-renewal process for CFITF CIP was implemented to ensure continuous insurance coverage of coconut farmers whose policies expired in CY 2023, rather than restricting the coverage solely to newly registered coconut farmers. They further explained the following regarding the process of auto-renewal:

- a. The insurance auto-renewal process is system-driven, meaning PABS automatically filters and processes policies based on the specified qualifications. Only IT personnel in the ROs with the instructions from Regional Managers are authorized to run the auto-renewal process.
- b. The qualifications of the insurance policies subjected to auto-renewal process are the following:
  - i. insurance policies of CFITF productions that have already expired as of December 31, 2023.
  - ii. no claims shall have been filed by the coconut farmers.
  - iii. no insurance policies shall be automatically renewed once the maximum limit of one (1) hectare has been reached.
- c. The initial CFITF CIP auto-renewal was processed at the HO. However, the subsequent renewals were managed by the IT personnel in the ROs, with the IT-HO Team assisting when needed. It was also mentioned that IT-HO no longer monitors when the ROs carried-out the auto-renewal process. Likewise, the IT Officer I confirmed that the auto-renewal process of insurance policies relies

only on the automated processing without proper review and validation by concerned personnel in the ROs.

- d. The auto-renewal process has not been included in the revised Implementing Guidelines of CFITF CIP for CY 2024 and early CY 2025. However, the PCIC plans to issue a supplemental Implementing Guidelines to formally integrate the auto-renewal process for CY 2025.

5.14. In view of lack of established guidelines, the implementation of auto-renewal resulted in 955 insured coconut farmers with insurance coverage above limitation with GPS in the amount of P0.613 million, thus, depriving other eligible coconut farmer-beneficiaries to insure their coconut trees.

5.15. The following were also noted in the implementation of auto-renewal process for CFITF CIP:

- a. There were 413 coconut farmers with duplicated insurance records with GPS of P270,968 in RO Nos. II, III, IV, V, VI, VII, VIII, IX, X, XI and XII. These coconut farmers were found to have two (2) existing policies covering the same details such as land area, farm name, province, municipality, barangay, location coordinates (north, east, west, south), and same amount of Amount of Cover and GPS, which raised concerns on potential duplication of records in the CPR which could lead to double insurance coverage. The summary of 413 coconut farmers with identical details is shown in Table 16.

**Table 16 - Duplicate Insurance Records/Double Insurance within CFITF CIP**

RO No.	No. of Farmers	Insurance Records	Amount of Cover	GPS
II	1	2	P 50,000	P 750
III	1	2	50,000	750
IV	19	38	787,500	11,813
V	2	4	100,000	1,500
VI	14	28	530,000	7,950
VII	77	162	2,700,000	40,500
VIII	35	70	1,596,000	23,940
IX	207	420	9,611,000	144,165
X	23	50	1,075,000	16,125
XI	7	14	310,000	4,650
XII	27	54	1,255,000	18,825
	<b>413</b>	<b>844</b>	<b>P 18,064,500</b>	<b>P 270,968</b>

- b. In RO No. XI, duplicate Insurance Records of 373 coconut farmers whose names, including first and last name and middle initial, matched those farmers from RO No. XII, with corresponding GPS in the amount of P0.553 million. Likewise, their registered locations (province, municipality, barangay and location coordinates) were identical, yet they were categorized under different regions. The summary of 373 coconut farmers is presented in Table 17.



**Table 17 – Duplicate Insurance Records of Coconut Farmers in RO Nos. XI and XII**

RO No.	No. of Farmers	Province	Amount of Cover	GPS
XI	368	Sarangani	P18,073,500	P271,103
XII		Sarangani	18,365,000	274,475
XI	5	South Cotabato	215,000	3,225
XII		South Cotabato	235,000	3,525
	373		P36,888,500	P553,328

- 5.16. The PCIC Management explained that between April to May 2024, the jurisdiction over coconut farmers from the provinces of South Cotabato and Sarangani, previously under RO No. XI, was transferred to RO No. XII. The mixed-up in farmer classification further contributed to the duplicate insurance records for these 373 coconut farmers. The duplicate records across ROs cannot be detected in the PABS since the system is not centralized. Therefore, the verification cannot be made until the Consolidated CPR is generated and reviewed in the HO.
- 5.17. In view of the foregoing deficiencies, the reliability, accuracy and integrity of insurance data lead to inefficient utilization of government resources, which is not in accordance with the CFIDP and PCIC Implementing Guidelines for CFITF CIP, thereby opportunity loss for other qualified coconut farmers to avail of agricultural insurance in case of damage to their coconut trees.
- 5.18. **We reiterated our prior years' audit recommendation that top Management ensure compliance with the provision of CFIDP and PCIC's Implementing Guidelines on CFITF CIP and instruct the Head of PMIO in the HO to direct the concerned programmers to review the existing validation controls specifically on the coconut farmers insured under the CFITF CIP and install/embed additional validation controls, as warranted, to avoid provision of insurance coverage more than the allowed limit.**
- 5.19. **We also recommended that top Management strengthen the processes and manner/form of dissemination of guidelines and policies to ensure uniform understanding and implementation of the CFITF CIP by:**
- a. Including in the existing guidelines the procedures on the auto-renewal for underwriting insurance policies for coconut farmers;
  - b. Requiring the PMIO in the HO and Regional Managers in the ROs to determine the underlying causes of:
    - b.1. Excess in the insurance coverage above the maximum area of one (1) hectare and the maximum Amount of Cover of P50,000 per coconut farmer; and

- b.2. Duplication of insurance records of the coconut farmers that raises concern of the potential double insurance; and**
- c. Directing the PMIO to address the lapses in the PABS and strengthen the embedded controls to: (i) avoid duplication of insurance records; (ii) detect pre-existing policy prior to granting of another insurance coverage; and (iii) ensure that each farmer has a single, accurate profile in PABS.**

5.20. The following are the responses from Management:

- a. In RO No. I, the Division Chief of MSD commented that a one-time cleansing of data in PABS as well as assignment of personnel to monitor and verify farmer's data uploaded in PABS will be conducted.
- b. In RO No. VIII, they explained that due to the high volume of insurance applications and limited time available to meet daily encoding targets, thorough cross-checking is sometimes overlooked, thus, inadvertent errors in recording the same farmer more than once. This issue arises because some farmers qualify for multiple insurance coverages, since the eligible farmers own different agricultural commodities.

**6. In RO Nos. I, II, III, III-A, IV, V and VII, the settlement of the indemnity claims in the total amount of P1.364 billion of the 152,756 subsistence farmers and fisherfolk insured under the various insurance programs/lines of the PCIC were delayed, contrary to prescribed period of settlements under the PCIC's Operations Manuals on different insurance lines, thus, defeating the purpose of providing speedy/timely assistance to farmers and fisherfolk in the restoration of their farmlands, farm properties as well as non-crop agricultural assets after occurrence of loss or damage due to natural calamities, plant diseases and pest infestations of their palay, corn crops and other non-crop agricultural assets.**

- 6.1. This is a reiteration with updates of the audit observation raised in the AARs on the PCIC for several years as Management was not able to fully implement the recommendations to address the issues on the delayed settlements of indemnity claims of subsistence farmers and fisherfolk.
- 6.2. The PCIC Operations Manuals on Rice and Corn Insurance, HVC Insurance, Fisheries Insurance, Livestock Insurance, Non-Crop Insurance and Credit and Life Term Insurance (CLTI) packages provide the period for settlement of insurance claims, as presented in Table 18.



**Table 18 - Policies on Settlement of Insurance Claims**

<b>Insurance Line</b>	<b>Reference under Operations Manual</b>	<b>Settlement Policy</b>
<i>Rice and Corn</i>	<i>Section 11.4, Part II- Master Policy Contract Terms and Conditions</i>	<i>Settlement of claims shall be made not later than twenty (20) working days from receipt of complete claims documents.</i>
<i>HVC</i>	<i>Section 20.1, Part 2- Implementing Rules and Regulations (IRR)</i>	<i>Claims shall be settled within twenty (20) working days from the receipt of a completely filled-out Claim Indemnity.</i>
<i>Fisheries</i>	<i>Section 12, Part 2-IRR</i>	<i>A claim shall be settled expeditiously, but not later than twenty (20) working days from submission of complete claims documents by the assured to the PCIC.</i>
<i>Livestock</i>	<i>Section 24.1, Part 2 - IRR</i>	<i>A claim shall be settled within fifteen (15) working days from submission of complete set of claims documents by the assured to the concerned PCIC RO/PCIC Extension Office (PEO).</i>
<i>Non-Crop Agricultural Asset</i>	<i>Section 2.17, Part 3- IRR</i>	<i>The amount of any loss or damage shall be paid within twenty (20) working days after the proof of loss and other supporting documents are received by the PCIC and the loss or damage had been ascertained, but if the loss or damage had not been ascertained within sixty (60) calendar days after the proof of loss and other supporting documents had been received, then the application for the payment of claims shall be considered as approved.</i>
<i>Term insurance packages</i>	<i>Section 11.1, Part 2- Master Policy Contract</i>	<i>A claim shall be settled not later than twenty (20) working days after the beneficiary or their representative has submitted the necessary documents to the PCIC RO or its underwriting agent. Any deficiency noted on the documents shall put the processing of the claims on hold, until the said deficiency has been submitted/complied with.</i>

- 6.3. In addition, Section 11.4, Part II - Master Policy Contract Terms and Conditions of the Rice and Corn Crop Insurance Operations Manual, provides:

*Any claim not acted upon within sixty (60) calendar days from submission of complete claims documents by the affected farmer to the concerned PCIC RO shall be considered approved.*

- 6.4. The afore-cited provision was also included under Section 20.2, Part 2- IRR on HVC Insurance Operations Manual; Section 12.2, Part 2 - IRR on Fisheries Insurance Operations Manual; and Section 24.4, Part 2- IRR on Livestock Insurance Operations Manual.
- 6.5. Initial processing of indemnity claims is being undertaken by the Claims and Adjustment Division (CAD) in coordination with the MSD in the ROs. Evaluation of insurance records from the MSD is made upon submission of the Application for Claim/Notice of Loss by the farmers and fisherfolk to the CAD, before assigning an Adjuster to inspect the insured interests of

farmers/fisherfolk. After evaluation by the Adjuster, the claim for indemnity is forwarded to the AFD for checking of completeness of the supporting documents and preparation of a Report on Approved Claims (RAC) and disbursement voucher (DV), then the RAC and DV will be forwarded to the Regional Manager for final review and approval. Upon approval, the Teller will prepare the checks for signature of the Chief CAD and the Regional Manager.

- 6.6. Based on the policies on the settlements of indemnity claims as presented in Table 18, validation of the sampled claims by the Audit Teams in the ROs disclosed that the settlements of the indemnity claims of the 152,756 subsistence farmers and fisherfolk in the total amount of P1.364 billion under various insurance programs/lines of the PCIC were delayed, as presented in Table 19.

**Table 19 – Summary of Delayed Settlements of Indemnity Claims**

Office	No. of Days Delay	No. of Farmers/ Fisherfolk	Amount
RO No. I	1-173 days	37,988	P 310,814,317
RO No. II	1-110 days	14,649	90,907,936
RO No. III	1-198 days	13,209	158,745,278
RO No. III-A	1-43 days	45	357,070
RO No. IV	1-188 days	39,245	535,143,587
RO No. V	1-143 days	10,984	89,989,976
RO No. VII	1-90 days	36,636	177,905,995
		<b>152,756</b>	<b>P 1,363,864,159</b>

- 6.7. Inquiry with ROs Management relative to the delay in the settlement of the indemnity claims of the farmers and fisherfolk revealed that the primary causes of the delays in the settlement of insurance claims are as follows:
- Various typhoons and/or heavy rainfall in the provinces of RO Nos. I, III, III-A, IV and V, resulted in high influx of indemnity claims, limit in the access of the affected areas caused by damaged infrastructure that prevented Claims Adjusters from conducting timely assessments, disruption of signal of all internet service providers that significantly affect the processing of claims. Likewise, the occurrences of drought, pest infestations, and diseases in RO No. VII caused the simultaneous submission of a large volume of claims from LGUs to the PEOs;
  - Inadequate manpower in the PEOs or in RO Nos. I, II, III and IV to encode, retrieve, verify and transmit claim documents considering the volume of claims being processed;



- c. In RO No. I, lack of insurance coverage in PABS was due to delay in processing and posting of insurance applications by the MSD. As a result, CAD could not process the claims until MSD completed the processing of insurance applications;
  - d. Geographical and logistic challenges encountered by the Insurance Adjusters in RO Nos. III and IV;
  - e. Technical problems in the receipt of Notice of Loss (NL) through electronic mail (e-mail)/messenger experienced by RO No. III-A. The NL was erroneously sent to RO No. III which was not immediately forwarded to RO No. III-A. Likewise, the names of farmers in the NL have discrepancies;
  - f. In RO Nos. V and VII, farmers/fisherfolk claimants were previously denied and reconsidered;
  - g. Delayed submission of required documents, various deficiencies in the submitted documents from the claimants in RO Nos. V and VII;
  - h. Erroneous encoding of data in the PABS, manual processing in RO No. V; and
  - i. In RO No. VII, the contributing factors are system validation issues and cases requiring intervention from the PMIO at PCIC HO for editing or unlocking.
- 6.8. Comparison with the CY 2023 observation showed that Management efforts to address the issue on the delayed settlement of indemnity claims was reduced from 314 days in CY 2023 to 198 days in CY 2024. This demonstrates Management's commitment to streamline the processes to improve their efficiency in the settlement of indemnity claims of the farmers/fisherfolk beneficiaries, thus, enabling the latter to recoup their losses on their crops, livestock, or investments in Non-crop agricultural asset.
- 6.9. On the other hand, it was noted that 64,558 checks in the aggregate amount of P373.489 million were not distributed to the beneficiaries as of December 31, 2024.
- 6.10. In view of the delays incurred by the ROs in the settlement of indemnity claims of 152,756 subsistence farmers and fisherfolk and the distribution of checks, the objective of providing speedy/timely assistance to farmers and fisherfolk in the restoration of their farmlands, farm properties as well as non-crop agricultural assets after occurrence of loss or damage due to natural calamities, plant diseases and pest infestations was defeated.

6.11. **We reiterated our previous years' recommendations that Management direct the Regional Managers to:**

- a. **Require the CAD to prioritize the processing of the indemnity claims, and the AFD to expedite the release of payments to farmers and fisherfolk within the prescribed periods specified under the PCIC's Operations Manuals on different insurance lines, by designating personnel from other divisions/units especially during massive influx of indemnity claims;**
- b. **Address the inefficiency in the processing of indemnity claims to minimize delays in the settlement thereof to the farmers and fisherfolk;**
- c. **Require the PEOs to devise a monitoring policy related to the submission of documentary deficiency/ies to ensure timely transmittal and receipt of required claims documents; and**
- d. **Identify bottlenecks and formulate strategies to streamline the processing of indemnity claims of farmers and fisherfolk, and to mitigate the occurrence of undue delays in the future.**

6.12. **We also recommended that Management direct the Regional Managers to continue formulating plans/remedies and to improve/update the processing of indemnity claims of farmers and fisherfolk to lessen the occurrence of undue delays in the future.**

6.13. **The PCIC Management's responses are as follows:**

- a. **They committed to adhere to the recommendations, conduct a review and analyze the claims processing to facilitate timely settlement of indemnity claims and will ensure that the necessary actions are taken to address the observation.**
- b. **In RO No. I, the OIC-CAD explained that delays in claims processing were primarily due to shortage of manpower and the series of typhoons that battered Northern Luzon during the third and fourth quarters of CY 2024. Continuous monsoon rains following the typhoons made it difficult to immediately inspect the damage crops. The submission of incomplete documents also contributed to the delay in settlement of livestock claims. They committed that encoding of claims documents will be assigned to RO personnel instead of being encoded in PEOs and Satellite Offices since based on experience, this is a more efficient approach in their process.**
- c. **In RO II, Management explained that despite the efforts to hire additional personnel to manage the volume of transactions, delays still occurred due to the need for extensive review of work performed by less experienced staff affecting all levels of the claims process. The significant portion of claims settled beyond the prescribed period in CY 2024, took place from October to December when multiple**



typhoons and flooding struck the Region, that resulted in work suspensions hence significantly hampered the settlement activities. They acknowledged the challenges on delayed settlement of claims for some farmers, and expressed their commitment to implement measures to improve the efficiency of their claims processing procedures.

- d. In RO III, they justified that some delays were due to the reconsideration of previously denied claims wherein after denial, a re-application process is initiated, followed by validation. However, PABS continues to count the claims during this reconsideration process. Moreover, incomplete documentation from claimants, insufficient number of personnel and high volume of transactions due to consecutive typhoons contributed to the delay in the settlement of insurance claims.
- e. In RO No. III-A, they commented that they are mandated based on the PCIC Operations Manual to timely settle the crop damage claims to ensure that farmers are compensated as quickly as possible. They implemented strategies/initiatives aimed to ensure timely settlement of claims such as: (i) first-in, first-out strategy; (ii) hiring of additional manpower to facilitate the timely deployment of Insurance Adjuster; (iii) prudent handling of NL by processors; (iv) task switching or cross training of staff; and (v) installation of additional feature of the PABS to monitor reconsidered, suspended/deficient claims. They committed to strictly adhere with the provisions under the Revised PCIC Manual and ensure that services are delivered promptly to farmers and fisherfolk.
- f. In RO No. IV, they have undertaken actions to address the concern on delayed claims settlement such as transferring of personnel to fill up critical positions; strict compliance with the proper utilization of tablets; continuous training of all RO personnel in the field, underwriting and claims; identified and minimized bottlenecks in claims processing and created an adjuster/processor team from all divisions to act as support during the widespread calamities. They also informed that the increase in the number of days delay in the settlement of claims was mainly due to the increase in the volume of claims processed and paid. They also attributed the delay to the deficiency of documentation from claimants or other parties.
- g. In RO No. V, they admitted the considerable delays incurred in the settlement of claims during the 4<sup>th</sup> quarter of CY 2024.
- h. In RO No. VII, they justified that they are actively monitoring and computing the claims turnaround time directly generated from the PABS. The monthly cut-off date, which falls on the 25th of each month should also be considered in the computation. Claims that are approved after the 25th day are not considered in the calculation of the Claims Settlement Response Time (CSRT).



- 6.14. As an audit rejoinder, the Audit Teams acknowledged Management's efforts in improving the processing of claims and, their commitment in resolving the issues by introducing measures to enhance the efficiency of future claims processing is appreciated. The Audit Teams in the ROs will continuously monitor the full implementation by the PCIC Management of the audit recommendations.

## **GENDER AND DEVELOPMENT**

7. The provisions of the Philippine Commission on Women (PCW)-National Economic and Development Authority (NEDA)-DBM Joint Memorandum Circular (JMC) No. 2022-01 dated December 28, 2022, on the Revised Guidelines for the Preparation of Annual Gender and Development (GAD) Plans and Budgets (GPB) and GAD Accomplishment Reports (AR) to Implement the Magna Carta of Women (MCW) were not fully complied with, in view of the following observations:
- a. The PCIC was able to allocate the amount of P1.767 billion or 27.58 percent of its duly approved Fiscal Year (FY) 2024 Corporate Operating Budget (COB) for its FY 2024 GPB to integrate gender-related programs, activities and projects (PAPs), in compliance with Section 3.4 of the PCW-NEDA-DBM JMC No. 2022-01 dated December 28, 2022. However, the PCIC submitted to the PCW its revised GPB for FY 2024, incorporating the general comments of the PCW on the results of its review of the proposed FY 2024 GPB, only on January 29, 2024 or 27 calendar days (cds) beyond the given reconsideration period of 15 cds, contrary to Section 7.2 of the PCW-NEDA-DBM JMC No. 2022-01 dated December 28, 2022; thus, the PCIC FY 2024 GPB was no longer endorsed by the PCW;
  - b. The GAD Agenda, which serves as the PCIC's strategic framework and plan for gender mainstreaming and achieving gender equality and women's empowerment (GEWE) was already prepared, but has not been finalized yet, which is not consistent with Section 5.1 of PCW-DBM-NEDA JMC No. 2022-01; and
  - c. The PCIC GAD Database and Sex-Disaggregated Data (SDD) have not been fully institutionalized for use in the gender analysis and as inputs for GAD planning, budgeting, programming, and policy formulation, as required under Section 4.4 of PCW-DBM-NEDA JMC No. 2022-01.

*PCIC FY 2024 GPB was not endorsed by the PCW*

- 7.1. Section 3.4 *General Guidelines on GAD Planning and Budgeting* of the PCW-NEDA-DBM JMC No. 2022-01 dated December 28, 2022 provides that:

*The GAD budget, which is the cost of implementing the GAD plan, shall form part of, and is not in addition to the agency's approved annual budget. As provided under the MCW, "the*



*cost of implementing GAD programs shall be the agency's or the local government unit's GAD budget which shall be at least five percent (5%) of the agency's xxx total budget appropriations."*

- 7.2. Likewise, Section 7.2 of the same JMC states that:

*PCW shall review GPBs submitted within the prescribed period as provided in the annual GAD budget call and inform the agency of its comments or action on GAD plans within the review period stated in the annual GAD budget call. The agency shall respond within the period prescribed by the PCW if there are revisions to be made, or if there are questions about the submission. The PCW shall inform the agency of the status of its GPB endorsement or non-endorsement upon receipt of the revised GPB, or before the end of the review period, whichever comes first.*

- 7.3. The 1<sup>st</sup> draft of the PCIC GPB for FY 2024 was submitted to the PCW through the Gender Mainstreaming Monitoring System (GMMS) on November 6, 2023 just in time with the deadline set under Section 4.0 of the PCW Memorandum Circular (MC) No. 2023-02 dated September 11, 2023 on the *Preparation and Online Submission of FY 2024 Gender and Development (GAD) Plans and Budgets*. However, the said GPB was returned by the PCW to the PCIC on December 19, 2023 for revision with the following general comments, among others:

- a. Some entries have to be revised to ensure logical alignment;
- b. Breakdown of the proposed budgets have to be provided (including salary attribution);
- c. Accomplished Design Checklists and Means of Verification (MOVs)/supporting documents have to be attached/provided for validation;
- d. The GPB could not be endorsed as it is only partially compliant to the provisions of Section 1.2.5 of the PCW MC No. 2023-02;
- e. The PCIC may request for reconsideration to resubmit the GPB within 15 cds upon the return of the unendorsed GPB; and
- f. Requests for reconsideration, beyond the 15 cds from the date that the GPB was returned, will not be entertained and the GPB will be deemed unendorsed.

- 7.4. The screen capture from the GMMS as of March 25, 2025 disclosed the information with regard to the status on the submission and review of the PCIC GPB for FY 2024, as presented in Table 20.

**Table 20 – Details of the Screenshot Captured from the PCW GMMS on the Status of the Submission and Review of the PCIC GPB for FY 2024**

Date	Submitted by	Submitted to	Status	Action Required
11/06/2023	PCIC-GFPS	PCW Reviewer	Transmittal of 1 <sup>st</sup> Draft	For review
12/19/2023	PCW Reviewer	PCIC-GFPS	Transmittal of Reviewed 1 <sup>st</sup> Draft	For revision
01/29/2024	PCIC-GFPS	PCW Reviewer	Transmittal of Revised draft	For review
07/10/2024	PCIC-GFPS	PCW Reviewer	Transmittal of Revised draft	For review
03/25/2025	PCIC-GFPS	PCW Reviewer	Transmittal of Revised draft	For review

- 7.5. As presented in Table 20, it was observed that the revised draft of the PCIC GPB for FY 2024 was submitted, thru the GMMS, by the GAD Focal Point System (GFPS) to the PCW only on January 29, 2024, which is 27 cds delayed [date of return of the unendorsed GPB (December 19, 2023) to the date of resubmission (January 29, 2024) = 42 cds less 15 cds allowed by the PCW]. Thus, the FY 2024 GPB is deemed unendorsed in view of the explicit condition of the PCW in its general comments to the 1<sup>st</sup> draft of PCIC FY 2024 GPB that, *"Requests for reconsideration, beyond the 15 cds from the date that the GPB was returned, will not be entertained and the GPB will be deemed unendorsed."*
- 7.6. Nevertheless, review of the revised GPB for FY 2024 revealed that the PCIC allocated GAD budget in the total amount of P1.767 billion, or 27.58 percent of its approved COB in the total amount of P6.407 billion, for the implementation of 14 GAD PAPs.
- 7.7. Further, despite the absence of a PCW-endorsed GPB for FY 2024, the PCIC still implemented the GAD PAPs indicated in its unendorsed GPB for FY 2024 and submitted to the PCW, through the GMMS, its GAD AR for FY 2024 on February 18, 2025, which was seven (7) days ahead of the February 25, 2025 deadline set forth under Section 1.1 of PCW MC No. 2024-05 dated December 10, 2024 relative to the *Submission of FY 2024 Gender and Development (GAD) Accomplishment Report (AR)*.
- 7.8. Perusal of the GAD AR revealed that the total expenditure incurred in the implementation of the 14 GAD PAPs amounted to P2.185 billion, as presented in Table 21. The said expenditure was 34.10 percent of the PCIC's approved COB [P2.185 billion / P6.407 billion].

**Table 21 – AR on GAD Budget Allocation and Expenditures for CY 2024**

GAD Activity	Actual Result	Responsible Unit/Office	Total Agency Approved Budget	Actual Cost/ Expenditures	Remarks
Purposive information dissemination of PCIC insurance programs and services including gender-sensitive trainings, conducted by 13 ROs and 56	14,110 participants (5,745 males, 8,365 females) attended the orientation/information dissemination caravan conducted by the RO and PEO	ROs and PEOs concerned	P 4,258,184	P 1,761,526	Completed



GAD Activity	Actual Result	Responsible Unit/Office	Total Agency Approved Budget	Actual Cost/ Expenditures	Remarks
Provincial Extension Offices (PEOs)					
Updating and posting of GAD-related activities and reading materials in GAD corner and bulletin board (continuing activity)	78 GAD-related activities and reading materials posted in GAD corner and bulletin board	HO and ROs concerned	95,000	574,982	Completed
Distribution of GAD advocacy materials to walk-in clients (continuing activity)	107,760 advocacy materials distributed to walk-in clients in the ROs	HO and ROs concerned	655,000	924,557	Completed
Maintenance of 14 existing GAD corners (HO and 13 ROs)	Continuous maintenance of GAD corners in the ROs, with 45 total updates posted	HO and RO Nos. I-XII	1,050,000	414,007	Completed
Provision of discounted rate for Agricultural Dismemberment Security Scheme (ADSS) & Agricultural Producer Protection Plan (AP3) to farmers/fisherfolk and their family members, especially women senior citizens and marginalized women	56,633 beneficiaries (26,579 males, 30,054 females) covered with discounted rates of ADSS and AP3	RO Nos. VI, VII, VIII, & XI	64,246,600	2,020,340	Completed
Provision of free insurance coverage to women farmers/fisherfolk certified by the Department of Agriculture, but not listed in the RSBSA (ALL LINES)	381,525 beneficiaries (185,529 males, 195,996 females) covered with free insurance coverage	RO Nos. VI, VIII, & X	100,532,625	49,387,582	Completed
Provide one (1) lactation station in PCIC RO No. VIII	-	RO No. VIII	300,000	-	Not completed
Conduct of GAD trainings, seminars and/or workshops among GFPS members, i.e. discussion on Gender Mainstreaming Evaluation	PCIC GFPS in HO and ROs attended the "Training on the Preparation of Annual GAD Reports Using the Harmonized Gender and Development Guidelines (HGDG) Tool"	HO and ROs concerned	325,669	718,063	Completed

GAD Activity	Actual Result	Responsible Unit/Office	Total Agency Approved Budget	Actual Cost/ Expenditures	Remarks
Framework (GMEF) & refresher course on preparation of GPB reports (continuing activity)	conducted on March 25-26, April 10, 2024, RO GFPS also attended various capacity-building activities to enhance their skills and knowledge on GAD				
Conduct of retooling on gender sensitivity, gender responsiveness and gender mainstreaming (continuing activity)	14 training-seminars conducted by the HO and RO on gender-related topics, with the 100% participation of PCIC employees	HO and ROs concerned	7,512,886	5,819,486	Completed
Conduct of activities in observance of the 18-day Campaign to End Violence Against Women and Children (VAWC)	HO and RO participated in the Campaign for VAWC spearheaded by the PCW by conducting gender-related activities and joined other events organized by other agencies, with the 100% participation of PCIC employees	HO and ROs concerned	3,473,123	2,705,142	Completed
Conduct of annual year-end GAD seminar-workshop for the planning, budgeting, monitoring and evaluation of GAD programs with the participation of GFPS members (13 from HO & 39 from ROs)	PCIC conducted the "Seminar on Gender and Development and Public Service Values and Ethics" on December 4-6, 2024 in Region IV with the participation of 409 employees from the HO and ROs	HO and ROs concerned	4,233,432	5,378,869	Completed
Participation in GAD advocacy activities	HO and RO participated in the National Women's Month Celebration spearheaded by the PCW by conducting gender-related activities and joined other events organized by other agencies, with the 100% participation of PCIC employees	HO and ROs concerned	5,097,414	3,937,874	Completed
Extended rice crop insurance coverage to 1,259,450 farmer clients nationwide	-	ROs concerned	1,199,944,011	1,569,108,960	-



GAD Activity	Actual Result	Responsible Unit/Office	Total Agency Approved Budget	Actual Cost/ Expenditures	Remarks
Extended corn crop insurance coverage to 339,734 farmer clients nationwide	-	ROs concerned	375,120,519	541,842,684	-
<b>Total</b>			<b>P 1,766,844,463</b>	<b>P 2,184,594,072</b>	
<b>Utilization of GAD Budget</b>				<b>124%</b>	

- 7.9. Considering that the GPB of the PCIC for FY 2024 was not endorsed by the PCW, there is no assurance that the identified GAD PAPs for the year have addressed all the gender issues or concerns in accordance with the Corporation's mandate.

*The six year-GAD Agenda, as the PCIC's strategic framework and plan on gender mainstreaming and achieving GEWE, was already prepared, however, it was not finalized and submitted yet for review by the PCW*

- 7.10. Sections 5.1 and 5.2 of PCW-DBM-NEDA JMC No. 2022-01 provide that government agencies shall formulate a GAD Agenda, which will serve as the agency's reference in developing the annual GPB, to wit:

5.1 *Agencies shall formulate their GAD Agenda, which is their strategic framework and strategic plan on gender mainstreaming and achieving women's empowerment and gender equality. The GAD Agenda shall serve as the agency's reference in developing the annual GPB, particularly in identifying programs, activities, and projects to be undertaken to achieve the GAD goals and outcomes; and provide the monitoring and evaluation (M&E) framework for assessing GAD results that shall be the basis for strengthening the mainstreaming of GAD perspective in the agency's operations and programs.*

5.2 *Based on the GAD agenda, the agency shall identify the GAD mandates it will implement, as well as priority gender issues to be addressed within the GAD Agenda's timeframe. GAD mandates and gender issues may be client-focused or organization-focused. Client-focused GAD mandate or gender issue refers to those that pertain to the unequal status of women and men stakeholders of the agency including the extent of their disparity over benefits from and contribution to a policy/program and/or project of the agency. On the other hand, an organization-focused GAD mandate or gender issue points to the gap/s in the capacity of the*

*organization to integrate a gender dimension in its programs, systems or structure.*

- 7.11. Likewise, Section 4 of PCW MC No. 2018-04 provides that the GAD Agenda is a two-part document consisting of the GAD Strategic Framework (GADSF) and the GAD Strategic Plan (GADSP). The GADSF outlines the Agency's GAD Vision, Mission and Goals anchored on the mandate of the Agency, while GADSP defines the strategic interventions, indicators, and targets to be pursued to achieve GAD goals over a period of time. The timeframe of GAD Agenda is six (6) years.
- 7.12. The six-year GAD Agenda of an agency serves as basis for the preparation of its annual GPB, thus, the activities in the GPB supports the GAD plans and programs to address the gender issues and achieve the GAD goals identified in the GAD Agenda.
- 7.13. The PCIC Management submitted an unsigned excel file of the draft GAD Agenda sent through email on January 28, 2025, and informed the Audit Team that this is still under review and being recalibrated.
- 7.14. In the absence of a six-year GAD Agenda, existing priority gender-issues and/or specific GAD mandates and targets of the PCIC may not have been completely identified and addressed.

*GAD Database and SDD have not been fully institutionalized for use in the gender analysis and as inputs for planning, budgeting, programming, and policy formulation*

- 7.15. This is a reiteration with updates of the audit observation in prior years as the PCIC Management was not able to fully implement the recommendations to address the issue on GAD Database and SDD.
- 7.16. Section 4.4 of the PCW-NEDA-DBM JMC No. 2022-001 provides, viz.:
  - 4.4 *Institutionalizing GAD Database/Sex-disaggregated Data: The agency shall generate and analyze GAD information to include gender statistics and sex-disaggregated data as inputs or bases for planning, budgeting, programming, and policy formulation.*
- 7.17. In HO, the GAD Focal Person provided a report such as the RSBSA Insurance Production Targets for CY 2024 by gender. However, upon evaluation, this report merely listed the number of male and female beneficiaries/clients of the PCIC without providing deeper insights on gender statistics and SDD. The SDD for the organization was likewise presented by gender.



- 7.18. Inquiry with the GAD Focal Person revealed that they were not fully familiar with the process of establishing the GAD database/SDD, thus, the gender analysis could not be properly performed, thereby affecting the proper identification and prioritization of gender gaps and issues and corresponding responsive PAPs for both male and female employees, as well as beneficiaries/clients of the PCIC.
- 7.19. It is emphasized that a critical component of GAD planning and budgeting is the development and upkeep of a GAD Database, incorporating SDD. The availability of accurate and updated gender-related data serves as a critical foundation for evidence-based policymaking, program development, and resource allocation. Without a comprehensive GAD Database, agencies may not be able to effectively identify, analyze, and address gender disparities within their respective mandates.
- 7.20. **We reiterated our prior years' audit recommendations that Management require the GFPS to:**
- a. **Expedite the formulation of the PCIC's six-year GAD Agenda in compliance with Section 5.1 of PCW-DBM-NEDA JMC No. 2022-01 and seek the guidance of the PCW in the finalization thereof;**
  - b. **Moving forward, prepare and submit for review and endorsement by the PCW the Corporation's annual GPB pursuant to Section 3.2 of PCW-DBM-NEDA JMC No. 2022-01; and**
  - c. **Develop/maintain a database of GAD information to include gender statistics and SDD that have been systematically produced or gathered, in accordance with Section 4.4 of PCW-DBM-NEDA JMC No. 2022-01, to serve as a bases for gender-responsive planning, programming, and policy formulation.**
- 7.21. **We also recommended that Management require the GFPS to assess the training needs and conduct regular capacity-building sessions for the GAD Focal Person and GFPS members to enhance their understanding of GAD guidelines and compliance requirements.**
- 7.22. Management committed to comply with the audit recommendations, e.g., to update the PCIC GAD Agenda to cover a six-year term from CY 2025 to 2030, while the Human Resource Management Division (HRMD) plans to include the attendance to seminars and training sessions for the GFPS in its annual learning and development plan to enhance their understanding of GAD guidelines and compliance requirements.
- 7.23. As an audit rejoinder, the Audit Team will continuously monitor the full implementation by the PCIC of the audit recommendations.

## COMPLIANCE WITH TAX LAWS

8. For the period January to December 2024, the taxes withheld and remitted to the BIR by the PCIC amounted to P29.970 million and P25.666 million, respectively, breakdown shown in Table 22.

**Table 22 - Taxes Withheld and Remitted to the BIR in CY 2024**

Particulars	Withheld	Remitted	Balance
Taxes on compensation and employee benefits	P 15,579,962	P 13,315,098	P 2,264,864
Percentage taxes	4,218,841	3,786,508	432,333
Expanded withholding taxes	3,928,806	3,316,920	611,886
Value added taxes	3,322,338	2,729,649	592,689
Other percentage taxes	1,685,391	1,373,493	311,898
Documentary stamp tax	965,669	900,772	64,897
Premium tax	268,782	244,044	24,738
<b>Total</b>	<b>P 29,969,789</b>	<b>P 25,666,484</b>	<b>P 4,303,305</b>

- 8.1. The amount of P339,142 withheld in prior years were remitted only in CY 2024. The amounts of P4,264 and P4,597,576 were refunded to the resigned employee and remitted to the BIR in January 2025, respectively; while the remaining amount of P40,607 is still subject for reconciliation.
- 8.2. **We reiterated our previous years' recommendation that top Management require the Finance Department in the HO and Regional Managers in the ROs to direct the Accounting Division and the AFD, respectively, to perform monthly reconciliation, verification, review and monitoring of transactions on taxes to ensure correctness of the amounts withheld and remitted to the BIR.**

## COMPLIANCE WITH GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH), AND HOME DEVELOPMENT MUTUAL FUND (Pag-IBIG) LAWS/REGULATIONS

9. The pertinent provisions of Section 6 of RA No. 8291, otherwise known as the GSIS Act of 1997; Section 20 of Rule III, Title III of the revised Implementing Rules and Regulation (IRR) of the National Health Insurance Act of 1995 or RA No. 7875, as amended by RA No. 9241; and RA No. 7742, or an Act amending PD No. 1752, known as the Pag-IBIG Fund Law were duly complied with. For CY 2024, the PCIC premium contributions withheld and remitted to the GSIS, PhilHealth and Pag-IBIG is presented in Table 23.

**Table 23 – GSIS, PhilHealth, and Pag-IBIG Contributions Withheld and Remitted in CY 2024**

Particulars	Withheld	Remitted	Balance
GSIS	P 21,885,454	P 21,652,400	P 233,054
PhilHealth	6,720,090	6,660,832	59,258
Pag-IBIG	1,866,164	1,849,764	16,400
<b>Total</b>	<b>P 30,471,708</b>	<b>P 30,162,996</b>	<b>P 308,712</b>



- 9.1. The contributions in the amounts of P230,129, P48,428 and P16,300 for GSIS, PhilHealth and Pag-IBIG, respectively, were remitted in the subsequent year.
- 9.2. **We reiterated our previous years' audit recommendation that Management require the Accounting Division in the HO and the AFD of the ROs to determine the causes of the under remittance noted in the subsequent year by verifying the amounts shown in the remittance forms against the amounts withheld and recorded in the books of accounts, and remit the balance, if any.**

## COMPLIANCE WITH PROPERTY INSURANCE LAW

10. In CY 2024, the PCIC insured its properties with the GSIS and paid premiums amounting to P1.237 million in compliance with Republic Act (RA) No. 656, also known as the "Property Insurance Law," as amended by PD No. 245. However, various insurable properties in RO Nos. VIII and XI amounting to P0.595 million and P7.226 million, respectively, were not insured with the General Insurance Fund (GIF) of the GSIS due to non-preparation of the Property Inventory Form (PIF) as prescribed by COA Circular No. 2018-002 dated May 31, 2018, thus exposing the PCIC to the risk of non-indemnification in the event of damage or loss of uninsured properties due to calamities or other unforeseen events.

- 10.1. Section 5 of RA No. 656, otherwise known as the "Property Insurance Law" dated June 16, 1951, as amended by PD No. 245 dated July 13, 1973, provides:

Xxxx

*Section 5. Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies: Provided, however, That the System reserves the right to disapprove the whole or a portion of the amount of insurance applied for: Provided, further, That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company.*

- 10.2. COA Circular No. 2018-002 dated May 31, 2018 was issued to assist the GSIS in the implementation of the provisions of RA No. 656. It prescribes the guidelines on the submission of PIF as basis for the assessment of general insurance coverage over all insurable assets, properties and interests of the government with the GIF of GSIS. The relevant guidelines of the COA Circular are as follows:

*5.1 Heads of government agencies shall direct the pertinent official under his/her supervision to:*

- a. Secure directly from the GSIS GIF, all insurances or bonds covering properties, contracts, rights of action, and other insurable risks of their respective offices;
- b. Prepare the Property Inventory Form (PIF) listing of all the insurable properties and other assets showing their latest appraised values/valuation, appraisal date, location, and other information xxx;
- c. Extract from the Report on the Physical Count of Property, Plant and Equipment, as well as from the Report on the Physical Count of Inventories, prepared in accordance with the provisions of the Government Accounting Manual, the data for the PIF pertaining to the insurable assets and interest of the government (excluding impaired properties for disposal);
- d. Cause the appraisal of the insurable properties and other assets of their respective offices. For this purpose, an in-house appraisal shall be sufficient if the property or insurable interest has a value of P10 million and below. Otherwise, an independent appraisal shall be necessary;
- e. Submit the consolidated PIF to the Supervising Auditor/Audit Team Leader and the GIF, GSIS, not later than April 30 of each year;
- f. Include in the agency annual budget the amount of premiums for the general insurance covering all insurable properties and other assets and ensure its payment to the GSIS; and

Xxxx

- 10.3. In CY 2024, the PCIC insured its insurable assets as required under RA No. 656, otherwise known as the "Property Insurance Law", as amended by PD No. 245 dated July 13, 1973, the breakdown is shown in Table 24.

**Table 24 – Insurable Assets vis-à-vis GSIS Premiums Paid in CY 2024**

Particulars	Sum Insured	Premiums Paid
Buildings, machinery, equipment and furniture and fixtures	P 72,329,559	P 446,782
Transportation equipment	137,122,012	790,429
<b>Total</b>	<b>P 209,451,571</b>	<b>P 1,237,211</b>



- 10.4. However, in RO No. VIII, properties amounting to P0.595 million including a serviceable Risograph Machine acquired in CY 2015 and the newly procured desktop computers in December 2024, were not included in the list of insured assets with the GSIS as of year-end.
- 10.5. In RO No. XI, assets totaling P7.226 million were not insured with the GSIS GIF due to non-preparation of the required PIF, contrary to the pertinent provision of COA Circular No. 2018-002. The Property Officer explained that he is not aware of the provisions of the said Circular, hence he submitted an Analysis of PPE Schedule to GSIS instead of the PIF.
- 10.6. The preparation of the PIF, which lists all insurable properties along with their latest appraised values, appraisal dates, locations, and other relevant details, is essential for the proper determination and assessment of insurance coverage by the GIF of the GSIS.
- 10.7. In view of the non-preparation of the PIF by RO Nos. VIII and XII, insurable assets were not covered by insurance, hence exposing the PCIC to the risk of non-indemnification in the event of damage or loss of uninsured properties due to calamities or other unforeseen events.
- 10.8. **We recommended that top Management direct the Regional Managers of RO Nos. VIII and XI to require the Property Officer/AFD to prepare and submit to the GSIS the PIF covering all insurable properties and interest of the PCIC in compliance with COA Circular No. 2018-002 dated May 31, 2018 and RA No. 656.**

## **DIVIDENDS DUE TO THE NATIONAL GOVERNMENT**

11. For CY 2024, pursuant to RA No. 7656 or *An Act Requiring Government-Owned or Controlled Corporations to Declare Dividends Under Certain Conditions to the National Government, and for Other Purposes*, the PCIC declared dividends in the amounts of P208.269 million and P104.134 million or in the aggregate amount of P312.403 million representing 75 percent of the CY 2024 net income (unaudited) in the amount of P416.537 million under the PCIC Board Resolution Nos. 2025-8 and 2025-9 dated April 28, 2025 and May 30, 2025, respectively. The dividends were remitted to the BTr on May 21, 2025 and May 30, 2025.

## **SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

12. As of December 31, 2024, the unsettled audit suspensions and disallowances amounted to P0.645 million and P7.988 million, respectively, as summarized in Table 25, with details and status presented in **Annex A**, Part IV of this Report. There were no unsettled audit charges as at year-end.

**Table 25 – Summary of Audit Suspensions, Disallowances and Charges  
As of December 31, 2024**

<b>Particulars</b>	<b>Beginning Balance</b>	<b>Adjustments</b>	<b>Adjusted Beginning Balance</b>	<b>Issuances</b>	<b>Settlements</b>	<b>Ending Balance</b>
Suspensions	P -	P -	P -	P 645,279	P -	P 645,279
Disallowances	8,367,653	-	8,367,653	510,866	890,292	7,988,227
Charges	14,575	-	14,575	-	14,575	-
<b>Total</b>	<b>P 8,382,228</b>	<b>P -</b>	<b>P 8,382,228</b>	<b>P 1,156,145</b>	<b>P 904,867</b>	<b>P 8,633,506</b>

- 12.1. **We reiterated our previous years' recommendation that Management vigorously enforce the settlement/collection of the outstanding disallowances especially those that have become final and executory by regularly sending demand letters to persons liable.**



**PART III - STATUS OF IMPLEMENTATION  
OF PRIOR YEARS' AUDIT  
RECOMMENDATIONS**

### PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 54 audit recommendations embodied in the prior years' Annual Audit Reports (AARs), 15 were implemented, 34 were not implemented and 5 were closed, details are as follows:

Reference	Observations	Recommendations	Actions Taken/ Comments
<b>2023 AAR FINANCIAL Audit Observation (AO) No. 1 Page 64</b>	The faithful representation in the financial statements and the verifiability of the balances as at December 31, 2023 of the Receivables-current and non-current (net), Liabilities-current, and Trust liabilities-non-current accounts in the amounts of P51.681 million, P2.865 billion, and P322.336 million, respectively, were not established, due to missing/unavailable supporting documents, inability to regularly monitor the accounts and to maintain the Subsidiary Ledgers (SLs), and incomplete accounting records over the years, contrary to Paragraph 15 of the Philippine Accounting Standard (PAS) 1 and Paragraphs 2.4, 2.13 and 2.30 of the Conceptual Framework for Financial Reporting (CFFR), 2021 edition. Consequently, the following deficiencies were noted in the keeping of the Receivables and Liabilities accounts:	We reiterated our previous years' audit recommendations that Management direct the Acting Finance Manager and the Regional Managers to instruct the Accounting Division in HO and the AFD in ROs to:	Updated and reiterated in Part II - Observation and Recommendation No. 1 of this Report.
		a. Religiously maintain/update complete SLs and schedules to support the balances of the GL controlling accounts and reconcile the schedules with the balances per GLs and SLs; and	Not Implemented.
		b. Verify/analyze immediately the variances by examining records and source documents as basis for appropriate adjustments, for fair presentation of the Receivables and Liabilities accounts in the financial statements.	Not Implemented.
		We also recommended that Management require the:	
	a. Unreconciled absolute variances	a. PMIO and Accounting Division in the HO to coordinate in further enhancing the module of SL integration in the PFMS to ensure that the financial transactions are accurately recorded in the SLs with required details and balances which shall	Not Implemented.



Reference	Observations	Recommendations	Actions Taken/ Comments
	between the General Ledger (GL) and SLs of three (3) Receivables and 12 Liabilities accounts in the Head Office (HO) and Regional Offices (ROs) in the amounts of P215.315 million and P44.385 million, respectively;	be reconciled with the corresponding GL accounts every reporting period; and b. Finance Department in the HO and AFD in the ROs to:	
	b. Non-maintenance of SLs to support the GL balances of three (3) Receivables accounts in the total amount of P11.148 million and 15 Liabilities-current accounts in the aggregate amount of P128.269 million and one (1) Trust liability – non-current account in the total amount P1.551 million; and	b.1. Effect the necessary adjustments in the accounting records to correct the variances in affected GL and SL balances; and b.2. Exert utmost effort to account for the balances in the SLs recorded as "Others" in the Receivables and Liabilities accounts amounting to P1.315 million and P7.316 million, respectively, including the SLs on "Receivables-Disallowances/Charges" and "Miscellaneous", by tracing the transactions from available old records to establish the details of unaccounted/unsubstantiated account balances.	Not Implemented.  Not Implemented.
	c. Unaccounted transactions in three (3) Receivables GL accounts amounting to P1.315 million and 24 Liabilities GL accounts amounting to P7.316 million, net of abnormal (negative) balances.		
<b>Other Observations:</b>			
	• Existence of abnormal/negative balances in the total amounts of P3,419 and P1.113 million in Receivables and	We reiterated our previous years' audit recommendation that Management direct the Acting Finance Manager and the Regional Managers concerned to instruct the Accounting Division in HO and	Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
	Liabilities accounts, respectively	<p>the AFD in RO Nos. III and VIII to exert utmost efforts to trace prior years' accounting entries which caused the abnormal/negative balances on the Receivables and Liabilities accounts and make the necessary adjustments thereon.</p> <p>We also recommended that Management require the Finance Department in the HO to:</p> <p>a. Evaluate the SL per employee maintained for the Due from NGAs account to address the possible limitation in monitoring and tracking of utilization of fund per NGA; and</p> <p>b. Adjust the understatement of Due to GSIS - Life and Retirement Premium, Due to PhilHealth - Contribution, and Other Provision - Provident Fund and affected expense accounts due to erroneous entry in JEV No. 2023-12-130.</p>	<p>Not Implemented.</p> <p>Implemented.</p>
	<ul style="list-style-type: none"> <li>Dormant receivables in the aggregate amount of P119.720 million remained in the books of HO and RO Nos. I, II, III, III-A, IV, V, VI, VII, VIII, IX, X and XII for more than 10 years due to the absence of supporting documents</li> </ul>	<p>We reiterated our previous years' audit recommendations that Management direct the Acting Finance Manager and the Regional Managers concerned to instruct the Accounting Division in HO and the AFD in RO Nos. I, II, III, III-A, IV, V, VI, VII, VIII, IX, X and XII to:</p> <p>a. Intensify collection efforts on all outstanding receivables by regularly</p>	<p>Not Implemented.</p>



Reference	Observations	Recommendations	Actions Taken/ Comments
		sending demand letters to all debtors/clients;	
		b. File request for write-off of dormant receivables aged 10 years or more which collectability is already remote or nil, following the procedures under COA Circular No. 2023-008; and	Not Implemented.
		c. Obtain the written confirmation on closed Lending Institutions (LIs) and cooperatives from the PDIC and CDA, respectively, as additional documents of repeated demand letters sent by the PCIC without responses from various LIs and cooperatives to support the request for write-off of dormant Receivables accounts, if warranted.	Not Implemented.
AO No. 2 Page 77	Errors in the reversion of unreleased checks amounting to P15.697 million in RO Nos. XI and XII despite the release of checks to payees at year-end and non-reversion of unreleased checks in the aggregate amount of P349,200 to the Cash in Bank account at year-end in RO Nos. III-A and V resulted in the net overstatement of the Cash and cash equivalents account by P15.348 million and corresponding liability account by the same amount, contrary to Paragraph 15 of PAS 1 and Paragraphs 2.4 and	We reiterated our previous years' recommendations that Management direct the:  a. Regional Managers of RO Nos. III-A and V to instruct the AFD to adhere strictly to the relevant guidelines on financial reporting of unreleased and stale checks prescribed in the GAM, Volume I and prepare the necessary adjusting entries at the end of each year to revert the unreleased checks and stale checks to fairly present the Cash and cash equivalents account and corresponding liability accounts in the financial statements; and	Implemented.





Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 3 Page 81	<p>The fair presentation of the balance of the Property, Plant and Equipment (PPE) account in the financial statements as at December 31, 2023 in the carrying amount of P109.259 million was not established due to variances in: (a) absolute amount of P7.776 million between the balances in the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and in the accounting records of the HO and RO Nos. III and VI; and (b) absolute amount of P3.651 million and P3.190 million in the acquisition cost and Accumulated depreciation, respectively, and variance of P208,124 in the Depreciation expense between the books of accounts and the Lapsing Schedule in the HO, contrary to Paragraph 15 of PAS 1 and Paragraphs 2.4, 2.13 and 2.30 of the CFFR, 2021 edition.</p> <p><b>Other observations on PPE account:</b></p> <ul style="list-style-type: none"> <li>• Non-maintenance of PPELCs in the HO and ROs and PCs in ROs/updated PCs in the HO</li> <li>• Unserviceable properties with a total acquisition cost of P6.239 million in the</li> </ul>	<p>We reiterated our previous years' audit recommendations that Management direct the:</p> <p>a. Acting Finance Department Manager, Administrative Department Manager and the Regional Managers to instruct the Accounting Division and PMGSD in HO and the AFD in the ROs to:</p> <p>a.1. Determine the causes of the variances noted in the PPE accounts between books, RPCPPE and Lapsing Schedule and effect the necessary corrections/adjustments on the affected records to arrive at reconciled balances at each reporting period. Henceforth, reconcile regularly the PPE sub-accounts balances with the Lapsing Schedule, RPCPPE, and property records;</p> <p>a.2. Prepare the complete set of PPELCs, PCs, registries and reports to support the PPE account; and</p> <p>a.3. Consider availing the one-time cleansing of the PPE account balances in accordance with COA Circular</p>	<p>Updated and reiterated in Part II - Observation and Recommendation No. 2 of this Report.</p> <p>Not Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	HO and RO Nos. I, III, V, VII, IX and XII were not yet disposed of contrary to Section 79 of PD No. 1445	No. 2020-006 dated January 31, 2020, to address the perennial issue on unreconciled balances between the accounting and property records and the RPCPPE.	
		b. Direct the Administrative Department Manager and Regional Managers concerned to expedite the disposal of all the unserviceable properties to avoid further deterioration and decline in value and to generate additional funds for the PCIC, in consonance with Section 79 of PD No. 1445, NBC No. 425 and Revised Manual on the Disposal of Government Properties prescribed under COA-DBM JC No. 2024-1; and	Not Implemented.
		c. PMIO Manager to instruct the Information Technology Officer to consider integrating in the PFMS the maintenance of PPELCs and PCs for PPE sub-accounts.	Not Implemented.
<b>NON-FINANCIAL</b> AO No. 4 Page 89	The PCIC has not yet reverted the unutilized balance of the Special Revolving Trust Fund (SRTF) to the Bureau of the Treasury (BTr) amounting to P321.676 million, contrary to Section 29(3), Article VI of the Philippine Constitution and Department of Finance (DOF)-DBM-COA	We reiterated our prior years' audit recommendations that Management require:  a. Concerned Department to review and evaluate whether the purpose for which the SRTF has been established is already accomplished and if the	Updated and reiterated in Part II - Observation and Recommendation No. 3 of this Report.  Not Implemented.



Reference	Observations	Recommendations	Actions Taken/ Comments
	Permanent Committee Joint Circular (JC) No. 4-2012, dated September 11, 2012, re: <i>Rules and Regulations Implementing Executive Order No. 431 dated May 30, 2005, Directing the Reversion of All Dormant Accounts, Unnecessary Special and Trust Funds to the General Fund and for Other Purposes</i> . The transfer of the SRTF to the National Treasury would augment depleting funds of the National Government, and facilitate the implementation of its programs and projects.	<p>Fund is no longer needed, and return the remaining cash to the National Government pursuant to Section 29(3) Article VI of the Philippine Constitution and DOF-DBM-COA Permanent Committee JC No. 4-2012;</p> <p>b. Finance Department to make the necessary reconciliation, consolidation, adjustment and closing of the books of accounts of SRTF when the same is no longer needed; and</p> <p>c. Coordinate with the BTr on the requirements and procedures of returning the SRTF to the National Government.</p>	<p>Not Implemented.</p> <p>Implemented.</p>
AO No. 5 Page 92	In CY 2023, the PCIC was able to insure 2,336,752 farmers and fisherfolk, exceeding its target of 2,323,504 farmers and fisherfolk by 13,248 out of the allocated Government Premium Subsidy (GPS) of P4.500 billion for the Registry System for Basic Sectors in Agriculture (RSBSA) Program. However, some of the production outputs were below the respective targets, resulting in overall shortfall by 190,132.33 or 5.35 per cent of the actual number of area/head/policies of 3,361,782.67 <i>vis-à-vis</i> the target of 3,551,915 thus, the full attainment of	<p>We commended Management for achieving the approved production target in providing free agricultural insurance to 2,336,752 farmers and fisherfolk beneficiaries of the RSBSA Insurance Program in FY 2023, equivalent to 21.44 per cent, surpassing the target set in the GAA for FY 2023 of 21.03 per cent for FY 2023, and efficiently provided insurance protection to the intended beneficiaries in compliance with the goals and objectives of the PCIC charter.</p> <p>On the other hand, we reiterated our prior year's recommendations and Management agreed to direct the Regional Managers to:</p>	Updated and reiterated in Part II - Observation and Recommendation No. 4 of this Report.

Reference	Observations	Recommendations	Actions Taken/ Comments
	the main objective of the RSBSA Program of providing insurance protection to farmers and fisherfolk against losses arising from natural calamities, plant diseases and pest infestations of their palay and corn crops as well as other crops was somewhat affected during the year, considering the following:	a. Instruct the Marketing and Sales Division (MSD) and the underwriters to continuously promote insurance lines with under or low production to ensure attainment of the annual targets and continue its campaign to reach out to more farmers and fisherfolk through the utilization of various media of communication, such as online platforms and radio advertisements and continually coordinate with its counterpart in the LGUs for information dissemination; and	Implemented.
	a. Shortfall of 45,757 farmers and fisherfolk between the target of 1,682,726 and the actual number of farmers and fisherfolk insured for Rice, Livestock and Fisheries insurance lines of 1,636,969;	b. Ensure that set production targets in terms of the number of farmers and fisherfolk for all insurance lines are met, if not surpassed, to fully attain the objective of the RSBSA Insurance Program of providing free insurance protection to the greatest number of subsistence farmers and fisherfolk.	Implemented.
	b. Negative variances on the utilization of allocated GPS in total amount of P50.409 million for insurance lines on Rice, High Value Crop (HVC), Livestock and Fisheries between the budget targets of P3,621.212 million vis-à-vis the actual productions of P3,570.803 million; and		
	c. Shortfalls of 4,771; 33,050; 171,991; 5,438; and 7,025 on area/head/policies on Rice, HVC, Livestock, Fisheries		



Reference	Observations	Recommendations	Actions Taken/ Comments
	and Non-Crop insurance lines between the production targets of 1,327,372; 255,687; 1,529,246; 8,228; and 16,426 and actual accomplishments of 1,322,601; 222,637; 1,357,255; 2,790; and 9,401, respectively.		
	<b>Other Observations:</b>		
	<ul style="list-style-type: none"> <li>There were 25 and 1,242 farmer-beneficiaries in RO Nos. III and VII availed of insurance cover under the RSBSA and non-RSBSA program involving government share of P254,147 and P3.307 million, respectively, or in total amount of P3.561 million</li> <li>Excess in the allowed limits on Amount of Cover amounting to P37.481 million for Rice, Corn and HVC of 3,723 beneficiaries/ insurance production</li> </ul>	<p>We recommended and Management agreed to:</p> <p>a. Direct the concerned programmers assigned at PMIO to immediately address the recurring issues on the absence of embedded controls in the PABS to generate reliable records and reports specifically by installing further validation controls in the PABS to:</p> <p>a.1. Ensure that the check date uploaded from the PFMS is not earlier than the date of occurrence and approval date of indemnity claims; and</p> <p>a.2. Detect/eliminate immediately double insurance granted to the same farmer-beneficiary;</p> <p>b. Instruct the officers and employees concerned in the ROs responsible in the underwriting process to</p>	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
		exercise due diligence in handling and encoding of data, as well as review of the encoded data to ensure that generated records and reports are complete and free from errors;	
		c. Regional Managers to:	
		c.1. Monitor regularly the insurance production/cover encoded in the PABS and Premium Registers to ensure correctness of data, and rates are in accordance with the updated Implementing Guidelines and correctness of Insurance Premium account; and	Not Implemented.
		c.2. Instruct the Insurance Underwriters to:	
		i. Verify if the farmers applying for subsidized insurance are not yet covered by another subsidized insurance for the same period before processing the CIC; and	Not Implemented.
		ii. Adhere strictly with the existing rules and regulations on the grant of subsidized insurance premium to targeted beneficiaries to ensure that no double insurance is incurred, and to	Not Implemented.



Reference	Observations	Recommendations	Actions Taken/ Comments
		safeguard the funds of the government.	
AO No. 6 Page 103	In RO Nos. I, II, III, III-A, IV, V, XI and XII, the settlements of the indemnity claims of the 135,837 subsistence farmers and fisherfolk insured under the various insurance programs/lines in the total amount of P1.162 billion were delayed, contrary to prescribed period of settlements under the PCIC's Operations Manuals on different insurance lines, thus defeating the purpose of providing speedy/timely assistance to farmers and fisherfolk in the restoration of their farmlands, farm properties as well as non-crop agricultural assets after occurrence of loss or damage arising from natural calamities, plant diseases and pest infestations of their palay, corn crops and other non-crop agricultural assets. Likewise, validation of indemnity claims amounting to P4.873 million to 680 farmers conducted by the Insurance Adjusters in RO Nos. III-A and IX after harvest time was not in accordance with Section 24, Part 3 of PCIC Operations Manual for Rice and Corn Insurance, thus casted doubt on the	<p>We reiterated our previous years' recommendations that Management direct the Regional Managers to:</p> <p>a. Require the CAD to prioritize the processing of the indemnity claims, and the AFD to expedite the release of payments to farmers and fisherfolk within the prescribed periods specified under the PCIC's Operations Manuals on different insurance lines, by designating personnel from other divisions/units especially during massive influx of indemnity claims; and</p> <p>b. Address the inadequacy in the number of personnel involve in the processing of indemnity claims to minimize delays in the settlement thereof to the farmers and fisherfolk.</p> <p>We also recommended that Management direct the Regional Managers to:</p> <p>a. Require the PEOs to devise a monitoring policy relative to the submission of documentary deficiency/ies to ensure timely transmittal and receipt of required claims documents;</p>	<p>Updated and reiterated in Part II - Observation and Recommendation No. 6 of this Report.</p> <p>Not Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p>

Reference	Observations	Recommendations	Actions Taken/ Comments
	reliability and accuracy of assessment made.	<p>b. Identify bottlenecks and formulate strategies to streamline the processing of indemnity claims of farmers and fisherfolk, and to mitigate the occurrence of undue delays in the future;</p> <p>c. Adhere strictly to Sections 24 and 16(c), Part 3 of PCIC's Operations Manual on Rice and Corn Insurance to ensure the fairness and reliability of the results of claims validation and loss assessment; and</p> <p>d. Ensure that the claims validation be conducted by two insurance adjusters to establish proper control in the assessment process, and to come-up with a more reliable CAVR.</p> <p>We further recommended that Management revisit Section 24, Part 3 of the PCIC Operations Manual for Rice and Corn Insurance and provide further clarification and/or guidelines, as warranted, to ensure consistency of compliance by all ROs in conducting claims validation, considering that RO No. III-A Management justified that "such procedure is not mandatory for claims as it served as checking for doubtful claims already verified, assessed and adjusted by Insurance Adjuster and performed before harvest and settlement of claims."</p>	<p>Implemented.</p> <p>Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p>



Reference	Observations	Recommendations	Actions Taken/ Comments
AO No. 7 Page 110	The PCIC had fully utilized the allotted budget in the amount of P200 million for the implementation of the Coconut Farmers and Industry Trust Fund - Crop Insurance Program (CFITF-CIP) for FY 2023. However, the implementation of the CIP was not in accordance with the Coconut Farmers and Industry Development Plan (CFIDP) and PCIC Implementing Guidelines because 121 coconut farmers were provided with Amount of Cover above the maximum area of one hectare per farmer, ranging from 1.05 to 2 hectares, resulting in excess in Amount of Cover ranging from P52,500 to P100,000, vis-à-vis the requirement under Chapter 6.1.2 of the CFIDP and Section IV.B.6 of the PCIC Implementing Guidelines which set the maximum area of one (1) hectare with a population density of 100 trees or P500 per tree with premium rate at two (2) per cent of the Amount of Cover.	We recommended that Management ensure compliance with the provisions of CFIDP and PCIC's Implementing Guidelines on CFITF-CIP and instruct the:	Updated and reiterated in Part II - Observation and Recommendation No. 5 of this Report.
		a. Head of PMIO in the HO to direct the concerned programmers to review the existing validation controls specifically on the coconut farmers insured under the CFITF-CIP and install/embed additional validation controls, as warranted, to avoid provision of insurance coverage more than the allowed limit;	Not Implemented.
		b. PMIO, ARPVD and Regional Managers in RO Nos. IV, VI, VII, VIII, IX, X, XI, and XII to investigate the 121 coconut farmers who were provided with insurance coverages more than the allowed limit, identify the lapses, and addressed these lapses by corrective actions; and	Implemented.
		c. Regional Manager of RO No. IV to require the personnel concerned in-charge with the underwriting process to exercise due diligence in handling and encoding of data, as well as, authorized officer to conduct judicious review to avoid the manual errors in encoding in the PABS.	Not Implemented.
		We also recommended that Management consider strengthening the	Not Implemented.

Reference	Observations	Recommendations	Actions Taken/ Comments
		implementing guidelines to promote uniformity of interpretation and implementation of the CFITF-CIP particularly in the computation of Amount of Cover across all ROs.	
AO No. 8 Page 115	The PCIC submitted to the Philippine Commission on Women (PCW) thru the Gender Mainstreaming Monitoring System (GMMS) its GAD Plan and Budget (GPB) for FY 2023 and attributed 27.11 per cent or the amount of P1.569 billion out of the P5.788 billion FY 2023 Corporate Operating Budget (COB) in compliance with the PCW-National Economic and Development Authority (NEDA)-DBM JC No. 2012-01. However, the FY 2023 GPB was not endorsed by the PCW. Likewise, existing rules and regulations relative to GAD were not fully complied with, in view of the following:	<p>We recommended that Management require the Chairperson of the GFPS to:</p> <p>a. Ensure that the Annual GPB of the PCIC be endorsed by the PCW, moving forward;</p> <p>b. Formulate the six-year GAD Agenda in accordance with PCW MC No. 2018-04, duly signed by the PCIC President and submit the same to the PCW for review; and</p> <p>c. Furnish the COA Audit Team with the advance copy of the GAD AR submitted to the PCW, in compliance with Section 10.2 of PCW-NEDA-DBM JC No. 2022-01.</p> <p>We also reiterated our prior years' audit recommendations that Management require the:</p> <p>a. Finance Department to establish responsibility accounting by creating or assigning RC and RC codes for GFPS in compliance with COA Circular No. 2021-008; and</p>	<p>Updated and reiterated in Part II - Observation and Recommendation No. 7 of this Report.</p> <p>Implemented.</p> <p>Not Implemented.</p> <p>Implemented.</p> <p>Not Implemented.</p>
	<p>a. Absence of a six-year GAD Agenda as required under PCW Memorandum Circular (MC) No. 2018-04 dated September 19, 2018;</p> <p>b. Inadequate gathering of GAD data base such as</p>		



Reference	Observations	Recommendations	Actions Taken/ Comments
	sex-disaggregated data (SDD) and other gender-related information for use in gender analysis;	b. GFPS to systematically gather relevant SDD and gender statistics to establish a comprehensive GAD database for effective planning, programming, and policy formulation and ensure the data are regularly updated.	Not Implemented.
	c. The CY 2023 GAD Accomplishment Report (AR) was not furnished to the Audit Team within the prescribed period; and		
	d. Non-assignment of Responsibility Center (RC) and RC Codes for the GAD Focal Point System (GFPS) to account for the GAD expenses and other GAD-related financial transactions, contrary to COA Circular No. 2021-008 dated September 6, 2021.		
<b>2022 AAR FINANCIAL AO No. 3 Page 76</b>	The correctness of the balance of Inventories - semi-expendable property account in carrying amount of P6.816 million as at December 31, 2022 could not be ascertained due to variance in absolute amount of P12.012 million between the balances per books and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) in the absence of the Report on the Physical Count of Semi-Expendable	We recommended and Management agreed to direct the Finance Manager and the Regional Managers concerned to instruct the Accounting Division in the HO and AFD in RO Nos. II and VI to verify/analyze the variance by examining the list of items in the RPCPPE, JEVs and relevant documents to properly identify items with acquisition cost below the P50,000 capitalization threshold and, make necessary corrections/adjustments in the records affected to fairly present the balance of the Inventories-semi-expendable properties	Not Implemented.  Related discussion in Part II - Observation and Recommendation No. 1 of this Report.

Reference	Observations	Recommendations	Actions Taken/ Comments
	Property (RPCSP), which could be attributed to errors in identification and reclassification of tangible items with acquisition cost below P50,000 from Property, Plant and Equipment (PPE) account to Inventories-semi-expendable property account.	account in the financial statements.	
<b>NON-FINANCIAL</b> AO No. 6 Page 94	The settlements by all PCIC ROs of indemnity claims in the total amount of P2.966 billion to 475,436 farmers and fisherfolk insured under the various insurance programs/lines were delayed based on the prescribed period of settlement under the PCIC's Operations Manual, thereby, defeating the purpose of providing speedy/timely assistance to farmers and fisherfolk in the restoration of their farmlands, farm properties as well as non-crop agricultural assets after occurrence of loss or damage arising from natural calamities, plant diseases and pest infestations of their palay, corn crops and other non-crop agricultural assets.	We reiterated our previous years' recommendations that Management direct the Regional Managers to:  a. Require the CAD to prioritize the processing of the indemnity claims, and the AFD to expedite the release of payments to farmers and fisherfolk within the prescribed period under the PCIC's Operations Manual, by designating personnel from other divisions/units especially during massive influx of indemnity claims; and  b. Address the inadequacy in the number of personnel involve in the processing of indemnity claims to minimize delays in the settlement thereof to the farmers and fisherfolk.	Updated and reiterated in Part II - Observation and Recommendation No. 6 of this Report.  Not Implemented.  Not Implemented.
<b>2021 AAR FINANCIAL</b> AO No. 3 Page 77	The reliability of the Direct Cost – Insurance Benefits account of P4.211 billion for the year 2021 could not be established due to unreconciled variance of	We reiterated our prior year's audit recommendation that Management require the CAD and Regional Managers (RMs) to review thoroughly the data encoded in PABS, including the	Closed.  Related discussion in Part II - Observation and



Reference	Observations	Recommendations	Actions Taken/ Comments
	P21.471 million between the total Insurance Benefits paid during the year of P2,848.800 million per books vis-a-vis the claims paid of P2,870.271 million as reported in the Consolidated Claims Register (CCR) generated by the PCIC Automated Business System (PABS), contrary to Paragraph 15 of PAS 1 and Paragraph 2.13 of the CFFR.	supporting documents, prior to on-line approval, to ensure completeness and prevent occurrence of error in encoding.	Recommendation No. 4 of this Report.
<b>2020 AAR</b> AO No. 6 Page 74	The late submission of underwriting documents in RO Nos. IV and VI by the Underwriting Agents (UA) within 15 calendar days prescribed in the Operations Manual on Rice and Corn Insurance, resulted in the understatement of Insurance Premium account in the Statement of Comprehensive Income and overstatement of Other Deferred Credits account in the Statement of Financial Position by P8.057 million.	<p>We recommended that Management require the:</p> <p>a. Officer-in-Charge (OIC)-RM in RO No. VI to send to UAs the final notice on the submission of underwriting documents and to inform them that all unconfirmed OSDA remittances will be recognized as income;</p> <p>b. OIC-RMs in RO Nos. IV and VI to strictly monitor compliance by the OIC-Chief, MSD with the PCIC Operations Manual on Rice and Corn Insurance; and</p> <p>c. Administrative and Finance Division (AFD) of RO Nos. IV and VI to adjust the Insurance/Reinsurance Premium account, as warranted to recognize the income earned for the period.</p>	<p>Closed.</p> <p>Closed.</p> <p>Closed.</p>

## **PART IV - ANNEX**



**DETAILS AND STATUS OF UNSETTLED AUDIT DISALLOWANCES AND  
SUSPENSIONS  
As of December 31, 2024**

**I. NOTICES OF DISALLOWANCE (NDs)**

ND No./Date	Person(s) Liable	Nature	Amount	Status
<b>A. NDs within the Reglementary Period to file Appeal - [5 NDs]</b>				
<b>RO No. VI</b>				
24-36-GAF-(22)/ 09/10/2024	Former Board of Director (BOD) Member and PCIC officers and employees	Van rental and cellphone load expense – irregular expenditure	P 13,000.00	According to Management, the disallowed amount was deducted by the PCIC Regional Office (RO) No. VI from the reimbursements of the former BOD in calendar year (CY) 2024. Documents subject for evaluation before issuance of Notice of Settlement of Suspension, Disallowance and Charge (NSSDC).
24-37-GAF-(22)/ 09/10/2024	-do-	-do-	17,000.00	-do-
24-38-GAF-(22)/ 09/10/2024	-do-	-do-	15,000.00	-do-
24-39-GAF-(22)/ 09/10/2024	-do-	-do-	12,800.00	-do-
24-40-GAF-(22)/ 09/10/2024	-do-	Cellphone load expense - Irregular expenditure	3,000.00	-do-
<b>Sub-total</b>			<b>60,800.00</b>	
<b>B. NDs with Notices of Finality of Decision (NFDs)/Attained Finality - [12 NDs]</b>				
<b>RO No. III</b>				
2021-001 (2019)/ 11/29/2021	PCIC officers and employees	Christmas Tokens	P 97,500.00	With unnumbered NFD dated December 13, 2022. For issuance of COA Order of Execution (COE).  The total amount disallowed was P418,000.00 with partial settlement in the amount of P320,500.00.

ND No./Date	Person(s) Liable	Nature	Amount	Status
<b>RO No. III-A</b>				
PCIC-2021-001(2019)/12/14/ 2021	PCIC officers and employees	Payment of Christmas Tokens in the form of groceries for CY 2019	30,000.00	With NFD No. 2023-001 dated January 4, 2023, and COE No. COE-CCD5-2024-004 (AG-F) dated July 16, 2024.  The total amount disallowed was P282,500.00 with partial settlement in the amount of P252,500.00.
<b>RO No. V</b>				
2021-001 GAF (19)/12/06/2021	PCIC officers and employees	Christmas Token-no specific legal authority	27,000.00	With NFD No. 2023-01 dated January 3, 2023. For issuance of COE.  The total amount disallowed was P413,000.00 with partial settlement in the amount of P386,000.00.
<b>RO No. VIII</b>				
2021-08-001 (19)/09/08/2021	PCIC officers and employees	Christmas Grocery	58,000.00	For issuance of NFD and COE.  The total amount disallowed was P449,000 with partial settlement in the amount of P391,000.00.
2020-11-001 (2015)/05/11/2020	PCIC officers and employees	Supplies	3,204.32	For issuance of NFD and COE.
2018-06-004(2017)/07/19/2018	PCIC officers and employees	Advertising expense	711.34	With NFD No. 2020-001 dated October 2, 2020 and RO No. VIII COE No. 2021-003 dated January 6, 2021.  The total amount disallowed was P2,134 with partial settlement in the amount of P1,422.66.
2018-06-003(2017)/07/19/2018	PCIC officers and employees	Advertising expense	533.33	With NFD No. 2020-002 dated October 2, 2020 and RO No. VIII COE No. 2021-002 dated January 6, 2021.  The total amount disallowed was P1,600 with partial settlement in the amount of P1,066.67.



ND No./Date	Person(s) Liable	Nature	Amount	Status
2018-06-002(2017)/ 07/19/2018	PCIC officers and employees	Funeral wreath	500.00	With NFD No. 2020-003 dated October 2, 2020 and RO No. VIII COE No. 2021-001 dated January 6, 2021.  The total amount disallowed was P1,500.00 with partial settlement in the amount of P1,000.00.
2015-001-CF (2014)/ 01/07/2015	PCIC officers and employees	Overpayment/excessive claim for insurance indemnity for palay crop damage, double insurance/ double payment of insurance claims	79,799.59	With unnumbered NFD dated September 29, 2017 and COE No. 2020- 364 dated November 10, 2020.  The total amount disallowed was P125,123.11 with partial settlement in the amount of P45,323.52.
2014-001 (2010)/ 02/25/2014	PCIC officers and employees	Anniversary incentives CY 2010	70,800.00	For issuance of NFD and COE.  The total amount disallowed was P140,000 with partial settlement in the amount of P69,200.00.
<b>RO No. X</b>				
2021-05-020 GF (2019)/ 12/02/2021	PCIC Employees and Job Orders	Payment of Christmas Tokens without specific legal authority	108,500.00	For issuance of NFD and COE. On-going payroll deduction.  The total amount disallowed was P585,005 with partial settlement in the amount of P476,505.00.
<b>RO No. XI</b>				
21-001-10102020- 01-(19)/ 12/07/2021	PCIC officers and employees	Payment of Christmas Tokens without specific legal authority	50,680.00	With NFD dated April 1, 2024.  The total amount disallowed was P299,640 with partial settlement in the amount of P248,960.
<b>Sub-total</b>			<b>527,228.58</b>	

ND No./Date	Person(s) Liable	Nature	Amount	Status
<b>C. NDs with Petition for Review before the Commission Proper (CP) - [5 NDs]</b>				
<b>HO</b>				
014-003-889(10)/ 02/25/2014	PCIC officers and employees	Overpayment of Anniversary Bonus	490,000.00	Corporate Government Sector (CGS)-5 Decision No. 2016-019 dated August 11, 2016 under Petition for Review.
16-001-738(15)/ 05/23/2016	PCIC officials	No appropriation for medical allowances	387,182.22	CGS Cluster V Decision No. 2017-048 dated November 22, 2017 under Petition for Review.
16-007-889(2015)/ 09/30/2016	PCIC officers and employees	Grant of Gift Check without legal authority	3,100,000.00	CGS Cluster V Decision No. 2019-014 dated May 27, 2019 under Petition for Review.
16-008-766(2014)/ 09/30/2016	PCIC officers and employees	Grant of Gift Check without legal authority	2,520,000.00	CGS Cluster V Decision No. 2019-018 dated June 17, 2019 under Petition for Review.
21-001-10102020- 01-(19)/ 09/06/ 2021	PCIC officers and employees	Payment of Christmas Tokens without specific legal authority	462,000.00	Corporate Government Audit Sector (CGAS) Cluster V Decision No. 2024-021 dated June 18, 2024 under Petition for Review.
<b>Sub-total</b>			<b>6,959,182.22</b>	
<b>D. NDs Under Appeal Before the CGAS Cluster 5 Director - [33 NDs]</b>				
<b>RO No. VI</b>				
24-01-GAF-(22)/ 03/26/2024	Former BOD Member and PCIC officers and employees	Gasoline expenses - Irregular expenditure	18,000.00	With Appeal Memorandum.
24-02-GAF-(22)/ 03/26/2024	-do-	-do-	22,000.00	-do-
24-03-GAF-(22)/ 03/26/2024	-do-	-do-	19,000.00	-do-
24-04-GAF-(22)/ 03/26/2024	-do-	-do-	22,000.00	-do-
24-05-GAF-(22)/ 03/26/2024	-do-	Gasoline and cellphone load expenses - Irregular expenditure	22,000.00	-do-
24-06-GAF-(22)/ 03/26/2024	-do-	-do-	19,474.00	-do-
24-07-GAF-(22)/ 03/26/2024	-do-	-do-	15,774.11	-do-
24-08-GAF-(22)/ 03/26/2024	-do-	-do-	19,100.35	-do-



ND No./Date	Person(s) Liable	Nature	Amount	Status
24-09-GAF-(22)/ 03/26/2024	Former BOD Member and PCIC officers and employees	Gasoline and cellphone load expenses - Irregular expenditure	15,636.00	With Appeal Memorandum.
24-10-GAF-(22)/ 03/26/2024	-do-	-do-	13,271.33	-do-
24-11-GAF-(22)/ 03/26/2024	-do-	Van rental and cellphone load expenses - Irregular expenditure	10,000.00	-do-
24-12-GAF-(22)/ 03/26/2024	-do-	Salary of Driver - Irregular and unnecessary expenditure	9,900.00	-do-
24-13-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-14-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-15-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-16-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-17-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-18-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-19-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-20-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-21-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-22-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-23-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-24-GAF-(22)/ 03/26/2024	-do-	-do-	23,760.00	-do-
24-25-GAF-(22)/ 03/26/2024	-do-	-do-	5,000.00	-do-
24-26-GAF-(22)/ 03/26/2024	-do-	-do-	8,100.00	-do-
24-27-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-28-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-

ND No./Date	Person(s) Liable	Nature	Amount	Status
24-29-GAF-(22)/ 03/26/2024	Former BOD Member and PCIC officers and employees	Salary of Driver - Irregular and unnecessary expenditure	9,900.00	With Appeal Memorandum.
24-30-GAF-(22)/ 03/26/2024			19,800.00	
24-31-GAF-(22)/ 03/26/2024	-do-	-do-	19,800.00	-do-
24-32-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
24-33-GAF-(22)/ 03/26/2024	-do-	-do-	9,900.00	-do-
<b>Sub-total</b>			<b>441,015.79</b>	
<b>Total NDs</b>			<b>P 7,988,226.59</b>	

## II. NOTICES OF SUSPENSIONS (NSs)

NS No./Date	Person(s) Liable	Nature	Amount	Status
<b>RO No. VI - [20 NSs]</b>				
24-01-GAF-(22)/ 03/27/2024	Staff of Former BOD Member and PCIC officers and employees	Lacking supporting documents, such as, Travel Order, Itinerary of Travel, Certificate of Appearance and Certificate of Travel Completed, Daily Time Record	P 9,900.00	With partial compliance, subject to further evaluation of the Audit Team.
24-02-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-03-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-04-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-05-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-06-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-07-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-08-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-09-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-10-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-11-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-12-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-



NS No./Date	Person(s) Liable	Nature	Amount	Status
24-13-GAF-(22)/ 03/27/2024	Staff of Former BOD Member and PCIC officers and employees	Lacking supporting documents, such as, Travel Order, Itinerary of Travel, Certificate of Appearance and Certificate of Travel Completed, Daily Time Record	P 9,900.00	With partial compliance, subject to further evaluation of the Audit Team.
24-14-GAF-(22)/ 03/27/2024	-do-	-do-	9,900.00	-do-
24-15-GAF-(22)/ 03/27/2024	-do-	-do-	27,720.00	-do-
24-16-GAF-(22)/ 03/27/2024	-do-	-do-	5,000.00	-do-
24-17-GAF-(22)/ 03/27/2024	Travel Agency and PCIC officers and employees	Lack of supporting documents	71,522.88	With partial compliance, additional documents are still required by the Audit Team.
24-18-GAF-(22)/ 03/27/2024	Former BOD Member and PCIC officers and employees	-do-	33,547.68	-do-
24-19-GAF-(22)/ 03/27/2024	Travel Agency and PCIC officers and employees	-do-	142,672.43	-do-
24-20-GAF-(22)/ 03/27/2024	-do-	-do-	226,216.09	-do-
<b>Total - NSs</b>			<b>P 645,279.08</b>	

