



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

## **ANNUAL AUDIT REPORT**

on the

## **BASES CONVERSION AND DEVELOPMENT AUTHORITY**

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



## EXECUTIVE SUMMARY

### INTRODUCTION

The Bases Conversion and Development Authority (BCDA) was created under Republic Act (RA) No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, which was approved on March 13, 1992. Section 8 of RA No. 7227, which pertains to the rates of distribution of the net proceeds from the sale of Metro Manila military camps, was later amended by the passage of RA No. 7917 on February 21, 1995.

RA No. 7227 vested BCDA with the mandate to accelerate the sound and balanced conversion into alternative productive uses of the Clark and Subic military reservations and extensions, to raise funds by the sale of portions of Metro Manila military camps, to apply said funds for the development and conversion to productive civilian use of the lands covered under the 1947 Military Bases Agreement, and to promote the economic and social development of Central Luzon in particular, and the country in general.

### FINANCIAL HIGHLIGHTS

#### *Comparative Financial Position*

	2024	2023 (As restated)	Increase (Decrease)
Assets	218,828,717,297	205,127,354,702	13,701,362,595
Liabilities	34,007,466,392	35,378,186,696	(1,370,720,304)
Equity	184,821,250,905	169,749,168,006	15,072,082,899

#### *Comparative Results of Operations*

	2024	2023 (As restated)	Increase (Decrease)
Operating Income	22,112,637,787	7,310,663,022	14,801,974,765
Operating Expenses	3,580,783,933	3,376,634,396	204,149,537
Income from Operations	18,531,853,854	3,934,028,626	14,597,825,228
Income Tax Expense	1,042,756,863	393,894,818	648,862,045
Net Subsidy Income/(Financial Assistance/Subsidy/Contribution)	912,867,604	454,520,368	458,347,236
Net Income	16,576,229,387	3,085,613,440	13,490,615,947

### SCOPE AND OBJECTIVES OF AUDIT

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

### INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered an unmodified opinion on the fairness of the presentation of BCDA's financial statements for the years 2024 and 2023.



## SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

Below are the significant observations and recommendations that are discussed in detail in Part II of this Report:

1. BCDA was not able to efficiently implement 27 infrastructure projects with a total contract cost of P26.830 billion due to: (a) poor procurement planning; (b) inadequate detailed engineering such as inefficient execution of surveys, unresolved road right-of-way (RROW) issues, lack or problem of access going to or within the project site, and issues on necessary permits/clearances, among others; and (c) insufficient monitoring and supervision, which are contrary to the pertinent provisions of the 2016 Revised Implementing Rules and Regulations (RIRR) of RA No. 9184. This resulted in delayed completion and suspension of projects, thereby depriving the intended beneficiaries of the immediate use of the projects.

We recommended that Management ensure timely implementation and completion of projects by strengthening project monitoring and thoroughly conducting detailed engineering studies to determine and address potential issues, such as RROW concerns, delayed site survey, modification and realignment of location/non-availability of project site location, and other related or common construction woes during the feasibility or preliminary engineering.

2. BCDA granted contractors' request for Extensions of Time (EOTs) even when some were due only to ordinary unfavorable weather conditions, and the requests were not communicated to BCDA prior to the expiration of the contract time and within 30 calendar days from the commencement of such work, or a delay of nine to 406 calendar days, which are all contrary to Item 11, Annex "E" of the 2016 RIRR of RA No. 9184. Moreover, it took BCDA two to 572 days to approve some of the requests for EOTs, which contributed to the delays in the implementation of projects, signifying inadequate project monitoring.

We recommended that Management:

- a. Submit explanations for the approval of certain requests for EOTs on the following circumstances:
  - i. The requests were submitted or communicated to Management beyond the prescribed period, and the reasons provided did not fall within the acceptable conditions for granting such requests, contrary to Item 11, Annex "E" of the 2016 RIRR of RA No. 9184; and
  - ii. The requests were not immediately acted upon or processed upon their submission to BCDA.
- b. Henceforth, ensure that all requests for EOT are approved in accordance with Item 11, Annex "E" of the 2016 RIRR of RA No. 9184, and are properly monitored, promptly evaluated, and timely processed.



3. BCDA did not impose liquidated damages against the defaulting contractors responsible for delays in implementing seven infrastructure projects with a total contract cost of P6.739 billion. Also, the performance securities were not forfeited even for contracts with significant delays that may have exceeded the allowable 10 percent of the specified contract time plus any approved extension, which is contrary to Item 9, Annex "E" of the 2016 RIRR of RA No. 9184.

We recommended that Management:

- a. Compute and impose the corresponding liquidated damages against the defaulting contractors by deducting it from either the progress billings/claims, retention money, or other securities imposed by the contractors, whichever is applicable;
  - b. Re-assess the validity of all the EOTs previously issued to the contractors if in accordance with Item 11, Annex "E" of the 2016 RIRR of RA No. 9184, compute and impose the corresponding liquidated damages, if warranted; and
  - c. Consider rescinding/terminating the contracts of the contractors at default which incurred delays that exceeded the allowable 10 percent of the specified contract time plus time extension; forfeit the performance security posted and take over the prosecution of the project or award the same to a qualified contractor through negotiated contract, pursuant to Item 9.4 of the 2016 RIRR of RA No. 9184, if warranted.
4. The condominium and parking units allocated to BCDA under several joint venture projects with MEGAWORLD Corporation were not adequately monitored by the former and not properly maintained by the latter, thereby exposing these assets to the risks of unauthorized use, compromised security, delayed disposition, and ineffective property management.

We recommended that Management require the Subsidiaries, Affiliates and Projects Monitoring Department to:

- a. Provide the Audit Team with the pertinent supporting documents and results of ongoing and upcoming validation on the:
  - i. 33 units in Newport City that were not inspected and reported by MEGAWORLD as sold in CY 2025;
  - ii. 16 parking units, which were not found or identified during the inspection in McKinley Hill;
  - iii. pre-termination of contract and sales reports showing Unit 27D as sold in 2023, and marked as available in 2024, along with a copy of confirmation from MEGAWORLD that the unit was already vacated;
  - iv. replacement of alternative parking slots in Newport City; and
  - v. 24 parking slots in McKinley Hill;
- b. Ensure that the BCDA allocated units are properly marked/labeled to prevent unauthorized use and to facilitate easy identification and location of the units;
- c. Implement measures to ensure that MEGAWORLD fulfills its responsibility and commitment to maintaining the units in a saleable condition;



- d. Follow-up with MEGAWORLD on their actions taken to address all the findings noted during the inspection;
  - e. Conduct more frequent inspections and detailed validation of Sales Reports against contracts and official receipts; and
  - f. Institute policies and procedures to strengthen controls over the proper recording, validation, strict monitoring, and timely reconciliation of records with the Accounting and Comptrollership Department (ACD) and MEGAWORLD for all units allocated to BCDA in JV projects.
5. BCDA did not execute Performance Agreements (PAs) with Clark Development Corporation (CDC) and Clark International Airport Corporation (CIAC), its subsidiaries, as required under the provisions of Executive Order No. 62, series of 1993, resulting in conflicts and ambiguities regarding the obligations, roles, and functions of BCDA as the owner and governing body.

We recommended that Management:

- a. Provide the Audit Team with copies of the PAs with CDC and CIAC and its Financial Policy upon execution, as well as regular updates on the actions taken by Management on the vetoed BCDA Charter amendment bill;
  - b. Consider developing an interim or scaled-down PA focused on policy alignment, non-financial performance indicators, and compliance with national development plans, which could be more acceptable to the subsidiaries and still fulfill part of BCDA's oversight function; and
  - c. Submit quarterly updates on the status of negotiations, legal consultations, and Management actions related to the execution of PAs.
6. The faithful representation of the balance of various Receivable accounts amounting to P21.635 billion as of December 31, 2024, was not established due to variances in the total amount of P46.874 million between the balance per books of accounts and the confirmed balances from various government agencies and private customers/clients of BCDA.

We recommended that Management require the ACD to:

- a. Reconcile records with various government and private customers/ clients of BCDA, ensure that all variances are promptly investigated, cleared, and reconciled, and prepare necessary adjusting journal entries, if warranted; and
- b. Confirm the balances with its debtors before the end of the calendar year, to establish the correctness of the receivables in the books of accounts.



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

As of December 31, 2024, no notices of suspensions, disallowances, or charges were issued during the year. The unsettled balance of audit suspensions/disallowances and charges amounted to P3.108 million, details of which are included in Part II of this report.

## **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the 75 audit recommendations embodied in the prior year's Annual Audit Report, 58 were implemented/reconsidered, and the remaining 17, which were not implemented by BCDA, are reiterated in Part II of this Report. Details are discussed in Part III of this Report.



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## **PART I**

# **AUDITED FINANCIAL STATEMENTS**





REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
CORPORATE GOVERNMENT AUDIT SECTOR  
CLUSTER 4 – INDUSTRIAL AND AREA  
DEVELOPMENT

Commonwealth Avenue, Quezon City, Philippines

**INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**

Bases Conversion and Development Authority  
2/F Bonifacio Technology Center  
31<sup>st</sup> Street corner 2<sup>nd</sup> Avenue  
Bonifacio Global City, Taguig City

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

**Unqualified Opinion**

We have audited the financial statements of the Bases Conversion and Development Authority (BCDA), which comprise the statements of financial position as at December 31, 2024 and 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BCDA as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

**Basis for Opinion**

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those 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 BCDA 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 in the Philippines, 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 opinion.

**Emphasis of Matter**

We draw attention to Note 39 to the financial statements, which describes the contingent liabilities for lawsuits or claims filed by third parties against BCDA that are pending either in courts or under negotiation and cases filed by BCDA against the Bureau of Internal Revenue and the Local Government of Taguig that are pending before the Supreme Court, Court of



required to draw attention to 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 BCDA 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 required under Revenue Regulation No. 15-2010 in Note 46 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### **COMMISSION ON AUDIT**

  
**Atty. CHERRY D. COLLADO-TABAG**  
OIC-Supervising Auditor

June 9, 2025



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Bases Conversion and Development Authority (BCDA) 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 framework 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 to fraud or error.

In preparing the financial statements, Management is responsible for assessing the BCDA'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 BCDA or to cease operations, or has no realistic alternative but to do so.


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

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

The Commission on Audit has examined the financial statements of the BCDA in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**HEDDA Y. RULONA**  
Senior Vice President - IFMG

09 June 2025  
Date Signed

  
**JOSHUA M. BINGCANG**  
President and CEO

09 June 2025  
Date Signed

  
**ATTY. HILARIO B. PAREDES**  
Chairperson

09 June 2025  
Date Signed



**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2024 and 2023  
(in Philippine Peso)

	Note	2024	2023 (As restated)	January 1, 2023 (As restated)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	6	8,126,579,428	6,859,648,090	9,249,750,228
Financial Assets	7	1,081,593,233	1,425,185,020	2,488,877,452
Other Investments	8	13,052,132,400	11,499,781,429	3,172,250,000
Receivables, net	9	3,919,331,473	6,177,199,735	6,079,289,467
Inventories	10	4,381,551,719	4,466,163,232	4,664,980,909
Other Current Assets	11	5,503,801,620	5,368,811,387	6,329,373,813
		<b>36,064,989,873</b>	<b>35,796,788,893</b>	<b>31,984,521,869</b>
<b>Non-Current Assets</b>				
Financial Assets	7	85,051,870	85,051,870	85,051,870
Investment in Joint Venture	12	469,199,932	469,199,932	469,199,932
Investment in Associates/Affiliates	13	13,447,028,748	13,447,028,748	13,447,028,748
Investment in Subsidiaries	14	3,416,831,250	3,416,831,250	3,416,831,250
Other Investments	8	17,972,449	17,972,449	17,972,449
Receivables, net	9	19,715,169,811	6,392,244,991	9,812,458,415
Investment Properties, net	15	69,627,097,609	69,599,502,947	69,632,761,754
Property and Equipment, net	16	27,924,696,269	26,020,310,693	24,809,168,985
Service Concession Assets, net	17	43,013,173,961	43,821,468,128	44,584,374,043
Intangible Assets, net	18	4,377,727	5,933,430	6,345,037
Deferred Tax Assets	34	3,508,581,515	4,495,869,867	4,792,373,134
Other Non-Current Assets	19	1,534,546,283	1,559,151,504	1,576,219,650
		<b>182,763,727,424</b>	<b>169,330,565,809</b>	<b>172,649,785,267</b>
<b>TOTAL ASSETS</b>		<b>218,828,717,297</b>	<b>205,127,354,702</b>	<b>204,634,307,136</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Financial Liabilities	20	1,422,145,421	1,616,696,066	2,275,653,831
Inter-Agency Payables	21	4,857,156,458	5,484,109,264	5,542,114,481
Trust Liabilities	22	1,975,354,259	1,714,912,273	1,232,623,386
Provisions	23	73,433,828	62,736,354	61,421,442
Other Payables	24	92,562,925	217,154,060	222,154,060
		<b>8,420,652,891</b>	<b>9,095,608,017</b>	<b>9,333,967,200</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities	25	11,199,153,485	12,735,148,494	14,321,466,497
Deferred Credits/Unearned Income	26	12,966,563,964	12,126,334,133	12,655,685,550
Other Payables	24	1,421,096,052	1,421,096,052	1,421,096,052
		<b>25,586,813,501</b>	<b>26,282,578,679</b>	<b>28,398,248,099</b>
<b>Equity</b>		<b>184,821,250,905</b>	<b>169,749,168,006</b>	<b>166,902,091,837</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>218,828,717,297</b>	<b>205,127,354,702</b>	<b>204,634,307,136</b>

The notes on pages 9 to 93 form part of these financial statements.

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
For the Years Ended December 31, 2024 and 2023  
(in Philippine Peso)

	Note	2024	2023 (As restated)
<b>REVENUE</b>			
Service and Business Income	27	7,336,629,681	6,418,896,345
Gains	27	14,764,360,617	876,342,154
Other Non-Operating Income	27	11,647,489	15,424,523
		<b>22,112,637,787</b>	<b>7,310,663,022</b>
<b>EXPENSES</b>			
Personnel Services	29	398,452,083	364,078,547
Maintenance and Other Operating Expenses	30	982,277,096	750,109,791
Financial Expenses	31	251,759,011	276,062,682
Direct Costs	32	82,568,017	218,465,576
Non-Cash Expenses	33	1,865,727,726	1,767,917,800
		<b>3,580,783,933</b>	<b>3,376,634,396</b>
<b>PROFIT BEFORE TAX</b>		<b>18,531,853,854</b>	<b>3,934,028,626</b>
<b>INCOME TAX EXPENSE</b>	34	<b>1,042,756,863</b>	<b>393,894,818</b>
<b>PROFIT AFTER TAX</b>		<b>17,489,096,991</b>	<b>3,540,133,808</b>
<b>NET SUBSIDY INCOME/(FINANCIAL ASSISTANCE/ SUBSIDY/CONTRIBUTION)</b>	35	<b>(912,867,604)</b>	<b>(454,520,368)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>16,576,229,387</b>	<b>3,085,613,440</b>

*The notes on pages 9 to 93 form part of these financial statements.*



**BASES CONVERSION AND DEVELOPMENT AUTHORITY**  
**STATEMENTS OF CHANGES IN EQUITY**  
For the years ended December 31, 2024 and 2023  
(In Philippine Peso)

	Note	Government Equity (Note 36)	Contributed Capital (Note 36)	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Equity
<b>Balance, December 31, 2022</b>		<b>100,000,000,000</b>	<b>9,838,398,055</b>	<b>51,447,076,237</b>	<b>6,000,000,000</b>	<b>167,285,474,292</b>
Correction of prior years' error/estimates	37			(407,457,099)		(407,457,099)
Adjustment on value of land located at Fort Bonifacio and Camp Claudio			119,883,680			119,883,680
Adjustment on conveyance of land			(402,294,690)			(402,294,690)
Adjustment on the share on asset disposition proceeds of BCDA			321,485,654			321,485,654
Reclassification of Investment in Poro Point Industrial Corp.			(15,000,000)			(15,000,000)
<b>Restated Balance, January 1, 2023</b>		<b>100,000,000,000</b>	<b>9,862,472,699</b>	<b>51,039,619,138</b>	<b>6,000,000,000</b>	<b>166,902,091,837</b>
Adjustment on the share on asset disposition proceeds of BCDA			129,236,067			129,236,067
Equity from National Government (NG) for the implementation of various projects			36,990,932			36,990,932
Net income for the year				3,085,613,440		3,085,613,440
Share on asset disposition proceeds thru sale of various properties			122,638,082			122,638,082
Dividend remittance to NG				(527,402,352)		(527,402,352)
<b>Balance, December 31, 2023, as restated</b>		<b>100,000,000,000</b>	<b>10,151,337,780</b>	<b>53,597,830,226</b>	<b>6,000,000,000</b>	<b>169,749,168,006</b>
<b>Changes in equity for 2024</b>						
Net income for the year				16,576,229,387		16,576,229,387
Appropriated retained earnings				(54,218,960,363)	54,218,960,363	0
Share on asset disposition proceeds thru sale of various properties			53,456,164			53,456,164
Dividend remittance to NG				(1,557,602,652)		(1,557,602,652)
<b>Balance, December 31, 2024</b>		<b>100,000,000,000</b>	<b>10,204,793,944</b>	<b>14,397,496,598</b>	<b>60,218,960,363</b>	<b>184,821,250,905</b>

The notes on pages 9 to 93 form part of these financial statements.

**BASES CONVERSION AND DEVELOPMENT AUTHORITY**

**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2024 and 2023

(In Philippine Peso)

	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows</b>			
Proceeds from joint venture projects		4,119,234,092	3,776,041,757
Proceeds from concession fee		3,231,755,495	2,308,078,715
Cash receipts from lessees		1,881,163,435	2,145,933,694
Receipt of funds from the Department of National Defense (DND) for the implementation of its projects		593,270,657	0
Proceeds from the disposition of transferred properties		154,801,816	361,686,818
Proceeds from disposition of Heritage Park Investment Certificates (HPICs)		66,369,045	0
Miscellaneous receipts		26,155,231	14,751,645
Collection of receivables		24,748,380	63,963,115
Collection of bid bonds/performance bonds		17,337,772	9,743,186
Collection of guarantee deposit/development control fees		14,000,000	484,990,404
Receipts from BCDA housing projects		1,759,915	627,876
Fund transfer from escrow account		0	896,726,083
Receipt of funds from the Department of Public Works and Highways for the implementation of its projects		0	45,724,322
<b>Total cash inflows</b>		<b>10,130,595,838</b>	<b>10,108,267,615</b>
<b>Cash Outflows</b>			
Remittance of beneficiaries' share to the Bureau of the Treasury (BTr)		4,187,792,986	3,551,400,663
Payment to suppliers/creditors/employees		693,531,552	637,713,548
Payment/remittance of taxes, duties and fees		384,756,251	362,214,822
Personnel services		324,259,931	307,581,780
Payment of expenses for the implementation of National Fiber Backbone Project of the Department of Information and Communications Technology		246,234,377	126,355,074
Fund transfer to escrow account and trust fund account		236,182,323	0
Estate management fees		204,784,498	174,462,712
Payment of expenses for the implementation of Relocation of Philippine Navy facilities of the DND		44,403,679	0
Payment of financial assistance to project-affected-people in New Clark City		9,778,095	35,348,511
Payment of expenses for the implementation of Poro Point Terminal Project of the Department of Transportation		0	3,649,938
Refund of funds from the sale of disposition of HPICs		0	116,776
<b>Total cash outflows</b>		<b>6,331,723,692</b>	<b>5,198,843,824</b>
<b>Net cash provided by operating activities</b>		<b>3,798,872,146</b>	<b>4,909,423,791</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash inflows</b>			
Proceeds from maturity of time deposits, treasury bills and bonds		155,002,086,086	82,439,461,662
Dividends received		1,074,166,667	705,000,000
Interest income from cash equivalents and short/long term investments		1,038,942,229	548,454,880
<b>Total cash inflows</b>		<b>157,115,194,982</b>	<b>83,692,916,542</b>
<b>Cash outflows</b>			
Purchase of treasury bills and placements of funds in time deposits		156,210,845,269	89,703,325,711
Acquisition of property and equipment, and payment for various infrastructure projects		3,100,298,707	4,259,731,485
Road-Right-of-Way acquisition		64,536,215	50,178,744
<b>Total cash outflows</b>		<b>159,375,680,191</b>	<b>94,013,235,940</b>
<b>Net cash used in investing activities</b>		<b>(2,260,485,209)</b>	<b>(10,320,319,398)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows</b>			
Subsidy income		2,227,571,579	4,411,240,674
27.50 per cent share of BCDA from asset disposition		58,717,930	137,191,552
Equity from National Government		0	36,990,932
<b>Total cash inflows</b>		<b>2,286,289,509</b>	<b>4,585,423,158</b>
<b>Cash outflows</b>			
Partial settlement of loan from Japan International Cooperation Agency		1,557,602,652	756,853,058
Dividends paid to the BTr		736,601,866	527,402,352
Payment of guarantee fees to the BTr		137,773,832	146,724,970
Payment of finance charges		125,928,831	133,638,853
<b>Total cash outflows</b>		<b>2,557,907,181</b>	<b>1,564,619,233</b>
<b>Net cash provided by (used in) financing activities</b>		<b>(271,617,672)</b>	<b>3,020,803,925</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>162,073</b>	<b>(10,456)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,266,931,338</b>	<b>(2,390,102,138)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>6,859,648,090</b>	<b>9,249,750,228</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	6	<b>8,126,579,428</b>	<b>6,859,648,090</b>

The notes on pages 9 to 93 form part of these financial statements.



## **BASES CONVERSION AND DEVELOPMENT AUTHORITY NOTES TO FINANCIAL STATEMENTS**

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### **1. CORPORATE INFORMATION**

The Bases Conversion and Development Authority (BCDA) was created under Republic Act (RA) No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, which was approved on March 13, 1992. Section 8 of RA No. 7227, which pertains to the rates of distribution of the net proceeds from the sale of Metro Manila military camps, was later amended by the passage of RA No. 7917 on February 21, 1995.

RA No. 7227 vested BCDA with the mandate to accelerate the sound and balanced conversion into alternative productive uses of the Clark and Subic military reservations and extensions, to raise funds by the sale of portions of Metro Manila military camps, to apply said funds for the development and conversion to productive civilian use of the lands covered under the 1947 Military Bases Agreement, and to promote the economic and social development of Central Luzon in particular, and the country in general.

BCDA is a Value Added Tax-registered entity. Its registered office and principal place of business are 2<sup>nd</sup> Floor, Bonifacio Technology Center, 31<sup>st</sup> Street, Crescent Parkwest, Bonifacio Global City, Taguig City.

The Board of Directors authorized the issuance of BCDA's financial statements as of December 31, 2024 and 2023 on June 9, 2025.

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### **2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION**

#### Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of BCDA were prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee and Standing Interpretations Committee as approved by the Financial and Sustainability Reporting Standards Council (FSRSC), and the Board of Accountancy.

#### Basis of Preparation and Presentation of Financial Statements

Unless otherwise indicated, the financial statements were prepared using historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, the most advantageous market is for an asset or liability.

The principal or the most advantageous market must be accessible by BCDA at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

BCDA uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, BCDA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved in valuing significant assets, such as investment property. The involvement of external valuers is decided upon annually. The current practice of BCDA is to involve external valuers every two to three years, depending on the circumstances, including market conditions and requirements. Selection criteria include market knowledge, reputation, independence, and whether professional standards are maintained. Management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, BCDA analyzes the movements in the values of assets and liabilities that must be remeasured or reassessed according to accounting policies.



For this analysis, BCDA verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

BCDA, in conjunction with the external valuers, also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, BCDA has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### Functional and Presentation Currency

The financial statements are presented in Philippine peso and all values/amounts are rounded off to the nearest peso, except when otherwise stated.

Functional currency is the currency of the primary economic environment in which BCDA operates.

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### **3. ADOPTION OF AMENDMENT TO PFRS**

#### **a. Effective in 2024 that are relevant to BCDA**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS, which BCDA adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements* - Classification of Liabilities as Current or Noncurrent – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.
- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in the earlier period, BCDA shall also apply Amendments to PAS 1, *Presentation of Financial Statements* - Classification of Liabilities as Current or Noncurrent for that period.



- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and gives rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right-of-use retained but to the right-of-use terminated. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instrument: Disclosures-Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements to assess the effects of supplier finance arrangements on liabilities, cash flows, and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to the financial statements, as applicable.

b. New and amended PFRS issued but not yet effective:

The new and amended PFRS, which are not yet effective for the year ended December 31, 2024, and have not been applied in preparing the financial statements are summarized below:

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes 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 recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.
- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, *Insurance Contracts*. 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. An amendment to the standard was issued to (i) reduce the costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease the transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter No. 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 1, *Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and non-life insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Deferred effectivity:

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investment in Associates and Joint Ventures-Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015, but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on BCDA's financial statements.

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#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these financial statements are summarized below. Unless otherwise stated, these policies have been constantly applied to all the years presented.

##### Current and Non-current classification

BCDA presents assets and liabilities in the statements of financial position based on current or non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities that do not fall under the above conditions are classified as non-current.

### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

### Financial Instruments

*Date of Recognition.* BCDA recognizes financial instruments in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognized immediately in profit or loss.

*"Day 1" Difference.* Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from the observable market, BCDA recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss, unless it qualifies for recognition as used in some other type of asset. In cases where data used as inputs in a valuation model are not observable, BCDA deems the transaction price as the best estimate of fair value and recognizes the difference in the statement of comprehensive income when the inputs become observable or when the instruments are derecognized. For each transaction, BCDA determines the appropriate method of recognizing the "Day 1" difference.



*Classification.* BCDA classifies its financial assets as financial assets at FVPL, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at amortized cost. BCDA classifies its financial liabilities as: financial liabilities at FVPL and other financial liabilities at amortized cost. The classification depends on the purpose for which the instruments were acquired or incurred and whether these are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Determination of Fair Value.* The fair value for financial instruments traded in active markets at the financial reporting date is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions) without any deduction for transaction costs. When current bids and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, their fair value is determined using appropriate valuation techniques, which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value, with net changes in fair value recognized in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments, which BCDA had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

BCDA did not have financial assets classified as FVPL as of December 31, 2024 and 2023.



*Financial assets at FVOCI (debt instruments).* BCDA measures debt instruments at FVOCI if both the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation, and impairment losses or reversals are recognized in the statement of comprehensive income and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income (OCI). Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

*Financial assets are designated at FVOCI (equity instruments).* Upon initial recognition, BCDA can elect to classify its equity investments irrevocably as equity instruments designated at FVOCI when they meet the definition of equity under PFRS 9, Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled into profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when BCDA benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

BCDA's investments in stocks as of December 31, 2024 and 2023 are included under this category (see Note 7).

*Financial assets at amortized cost (debt instruments).* BCDA measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

BCDA's financial assets at amortized cost include cash and cash equivalents, investment in bonds and treasury bills, and receivables as of December 31, 2024 and 2023.



*Financial Liabilities at fair value through profit or loss (FVPL).* Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by BCDA that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

BCDA did not have financial liabilities classified as FVPL as of December 31, 2024 and 2023.

*Financial liabilities at amortized cost.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

BCDA's financial liabilities at amortized cost include trade and other payables and bills/bonds/loans payables as of December 31, 2024 and 2023.

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable right to offset the recognized amounts and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized by BCDA when:

- the rights to receive cash flows from the asset expired;
- it retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- it has transferred its rights to receive cash flows from the asset and either (a) has transferred all the risks and rewards of the assets, or (b) substantially has neither transferred nor retained all the risks and rewards of the asset substantially, but has transferred control of the asset.

When BCDA has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of its continuing involvement in it. Continuing involvement that takes the form of a guarantee over the transferred asset is measured



at the lower of the original carrying amount of the asset and the maximum amount of consideration that BCDA could be required to repay.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, canceled, or has expired. 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 an 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.

*Impairment of Financial Assets.* BCDA recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that BCDA expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, BCDA applies a simplified approach to calculating ECLs. For debt securities that are considered impaired, lifetime ECL is recognized, and the effective interest rate is applied to the carrying value of the financial assets. BCDA does not track changes in credit risk but recognizes a loss allowance based on lifetime ECLs at each reporting date. BCDA has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

BCDA considers a financial asset in default when contractual payments are more than 90 days past due. In addition, accounts with contract payments that are more than 30 days past due are assessed to have a significant increase in credit risk. However, in some instances, BCDA may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by BCDA. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default, or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.



### Advances to related parties

Advances to related parties generally arise from transactions outside the usual operating activities of BCDA. These are made on terms equivalent to those that prevail in arm's length transactions. Collateral is not normally obtained. These are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method. These are presented as current assets unless payment is not due within 12 months after the reporting period. Outstanding balances at the year-end are unsecured and interest-free.

### Inventories

Inventories include inventories held for sale, inventories held for consumption, and semi-expendable office equipment. Inventories held for sale are initially measured at cost. Costs include purchase price and all incidental costs necessary to bring the inventory to its saleable condition. Subsequently, these are reported in the statement of financial position at the lower of cost and net realizable value. The net realizable value represents the estimated selling price minus all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventory is lower than the cost, BCDA recognizes an impairment loss for the decline in the value of the inventory. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value is recognized in profit or loss in the period in which the reversal occurs.

When inventories are sold, their carrying amount is recognized as an expense in the period in which the related revenue is recognized.

Inventories held for consumption and semi-expendable inventories are measured at cost less withdrawals and any impairment losses.

### Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. They are initially recorded as assets and measured at the amount paid. Subsequently, they are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the cost of goods or services related to the prepayments is expected to be incurred within one year or BCDA's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets. Prepayments include advances to contractors, prepaid insurance, withholding tax at source, and other prepayments.

Other current assets represent assets of BCDA that are expected to be realized or consumed within one year or within its normal operating cycle, whichever is longer. They are presented in the statement of financial position at cost. This account includes advances to officers and employees, deposits, and other assets.

Advances to officers and employees are those granted to special disbursing officers for authorized purposes.



Other assets represent deposits that are restricted to use and earn interest at prevailing bank deposit rates. The interest earned from these deposits benefits BCDA. It also includes unserviceable property and equipment that are subject to disposal.

#### Investments in Subsidiaries/Associates/Affiliates/Joint Ventures

Investments in subsidiaries/associates/affiliates/joint ventures are accounted for using the cost method. Under this method, investments are recorded at their acquisition cost, which is adjusted only when the recoverable amount of investments decreases. Dividends or other direct payments received from an associate or subsidiary are recognized as income when BCDA's right to receive payment has been established, it is probable that the economic benefits will flow to BCDA, and the amount of revenue can be measured reliably.

Investments of BCDA in its Subsidiaries are as follows (see Note 14):

	Percentage of Ownership
BCDA Management Holdings Inc. (BMHI)	100
Clark Development Corporation (CDC)	100
Clark International Airport Corporation (CIAC)	100
John Hay Management Corporation (JHMC)	100
North Luzon Railways Corporation (NORTHRAIL)	100
Poro Point Management Corporation (PPMC)	100

Investments in Joint Ventures/Associates/Affiliates are as follows (see Notes 12 and 13):

	Percentage of Equity
Philippine Japan Initiative for CGC, Inc. (PJIC)	48
Filinvest BCDA Clark, Inc. (FBCI)	45
Fort Bonifacio Development Corporation (FBDC)	45
Bonifacio Estate Services Corporation (BESC)	33
Bonifacio Communications Corporation (BCC)	25
New Clark Government Center Corporation (NCGCC)	10
Shin Clark Power Corporation (SCPC)	10

#### Fund Releases to Subsidiaries

BCDA provides funds for operating expenses (OPEX) and land-related costs for PPMC and JHMC pursuant to the Performance Agreement. OPEX fund releases are treated as estate management expenses by BCDA and income by the subsidiaries, while land-related costs are treated as an expense and/or asset by BCDA. Land-related costs are expenses related to the development of the estate, such as maintenance and safeguarding of property, capital expenditure (CAPEX) projects, and furniture, fixtures, and equipment.

BCDA records all development costs incurred by the subsidiaries as its assets including the related depreciation expenses.



### Investment Properties

Investment properties are properties held either to earn rental income, for capital appreciation, or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are measured at cost less accumulated depreciation and any impairment in value. Land is stated at cost less if there is any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation is calculated on a straight-line basis over the estimated useful lives ranging from 20 to 50 years.

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefit from investment properties.

Investment properties are derecognized when they have been disposed of or when they are permanently withdrawn from use, and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party, or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sale.

Investment properties of BCDA comprised parcels of land that were turned over and titled in the name of BCDA pursuant to RA No. 7227 and those that were acquired through transfer or donation but not yet transferred in the name of BCDA. It also includes the following:

- Buildings and structures such as the ASEAN Villas and Civil Aviation Complex Buildings in Clark, Pampanga;
- Log Homes and Manor Suites in Camp John Hay, Baguio City;
- Serendra retail units in Taguig City; and
- The undeveloped area at Heritage Park.

### Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- The purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;



- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the future cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which BCDA incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, items of property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Properties in the course of construction for production, rental, administrative, or other purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with BCDA's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

BCDA retains fully depreciated assets as part of property and equipment until their disposal. No further change in depreciation is made with respect to these assets.

The residual values and estimated useful lives of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that their carrying values may not be recoverable.

The assets or cash-generating units are written down to their recoverable amount if any such indication exists and where the carrying values exceed the estimated recoverable amount. The recoverable amount is the higher of fair value, less costs to sell, and value in use.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss is recognized in profit or loss.

An item of property and equipment, including the related accumulated depreciation, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.



Gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

Leasehold improvements are depreciated over their useful life of 10 to 30 years or, when shorter, the term of the relevant lease.

BCDA records assets with an acquisition value of less than P50,000, net of value-added tax (VAT), and an estimated useful life of more than one year, as semi-expendable property in accordance with COA Circular No. 2022-004 dated May 31, 2022. These items are recognized as expenses when issued to the end-users.

### Service Concession Assets and Deferred Service Concession Revenue

#### *Recognition and Measurement of Service Concession Revenue*

BCDA, as the grantor, recognizes an asset provided by the operator and an upgrade to an existing asset of the grantor as a service concession asset if:

- The grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- The grantor controls, through ownership, beneficial entitlement, or otherwise, any significant residual interest in the asset at the end of the term of the arrangement.

The initial measurement of the service concession asset was recognized by BCDA in the books of accounts at its fair value. Where an existing grantor's asset meets the conditions above, BCDA reclassifies the existing asset as a service concession asset.

After initial recognition or reclassification, service concession assets shall be accounted for as a separate class of assets. Subsequent capital expenditures made by the operator are recognized as assets and depreciated on a straight-line basis over the life of the asset or the term of the concession agreement, whichever is shorter.

#### *Recognition and Measurement of Liabilities (Deferred Service Concession Revenue)*

BCDA also recognizes a deferred concession revenue as a liability when it recognizes a service concession asset if the conditions above were met using the Grant of a Right to the Operator Model – where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the grantor shall account for the liability recognized as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator.

The liability is recognized initially at the same amount as the service concession asset, adjusted by the amount of any other consideration from the grantor to the operator or from the operator to the grantor.

Deferred concession revenue is amortized as income on a straight-line basis over the term of the concession assets.



Notes 17 and 26 present BCDA's service concession assets and deferred service concession revenue, respectively.

### Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. An asset meets the identifiability criterion in the definition of an intangible asset when:

- It is separable, meaning the asset is capable of being separated from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability.
- It arises from contractual or other legal rights, regardless of whether these rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized over an estimated useful life of five years using the straight-line method. If there is an indication that there has been a significant change in the amortization rate, useful life, or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

The cost of a separately acquired intangible asset comprises (i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and (ii) any directly attributable cost of preparing the asset for its intended use.

### Other Non-Current Assets

Other non-current assets include rent and guarantee deposits as required in the lease contract. Deposits are initially recognized at cost and can be refunded or applied to future billings depending on the restrictions as to their use or withdrawal mandated by the lease contract. Refundable deposits are carried at cost which is determined based on the amount stipulated in the contract. Other non-current assets are generally carried at historical cost and expected to be realized or applied over the period it will benefit BCDA.

BCDA's security deposit represents a deposit arising from the lease contract that will be refunded at the end of the contract. The security deposit is initially measured at fair value plus transaction cost. Subsequently, the refundable deposit is measured at amortized cost using the effective interest rate method.

### *Impairment of Non-Financial Assets Other than Inventories*

Assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset or cash-generating unit (CGU) is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels, for which there are separately identifiable cash flow CGUs.



If there was a subsequent reversion of impairment loss, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### *Derecognition of Non-Financial Assets*

Items of property and equipment, and intangible assets are derecognized when these assets are disposed of or when no future economic benefits are expected from these assets. Any difference between the carrying value of the asset derecognized and the net proceeds from derecognition is recognized in profit or loss.

#### Current Liabilities

Other current liabilities are the obligations incurred by BCDA that will be settled within the next 12 months, other than financial liabilities. This account includes payable to government agencies. Payable to government agencies is recognized in the period when a legally enforceable claim against BCDA is established. BCDA's government dues include withholding taxes, percentage tax, VAT, income tax payable to the Bureau of Internal Revenue, and remittances of mandatory contributions to the Government Service Insurance System, Social Security System, Home Development Mutual Fund, and Philippine Health Insurance Corporation. It also includes funds held in trust for other government agencies for the implementation of other government projects.

Other current liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest rate method.

#### Non-Current Liabilities

BCDA's other non-current liabilities include unearned tax subsidy, deferred service concession revenue, advance rental fees, and borrowings. These liabilities are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest rate method.

#### Related Parties

Related party relationships exist when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise or between and/or among the reporting enterprise and its key management personnel, directors, or shareholders.

When considering each possible related party relationship, attention is directed to its substance, not merely its legal form.

#### Revenue Recognition

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is

recognized over time if one of the following criteria is met: (i) the customer simultaneously receives and consumes the benefits as BCDA performs its obligations; (ii) the performance of BCDA creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the said performance does not create an asset with an alternative use to BCDA, and it has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

BCDA also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. BCDA has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

#### *Sale of Goods*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which all the following conditions are satisfied:

- BCDA has transferred to the buyer the significant risks and rewards of ownership of the goods;
- BCDA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to BCDA; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

#### *Rendering of Services*

Revenue from a contract to provide services is recognized as revenue in the accounting periods in which the services are rendered. Revenue from a contract to provide services is recognized when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to BCDA;
- The stage of completion of the transaction can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.



### *Interest Revenue*

Interest revenue is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### *Dividend Revenue*

Dividend revenue is recognized when BCDA's rights to receive payment have been established, provided that it is probable that economic benefits will flow to BCDA and the amount of income can be measured reliably.

### *Lease Revenue*

Revenue from leases is recognized in the statement of comprehensive income on a straight-line basis over the lease's term.

### *Finance Income*

Finance income comprises interest income on bank deposits and fund placements. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

### *Service Concession Revenue*

Service concession revenue is recognized when the right to receive concession fees is established, which normally coincides with the period the operator collects toll fees and revenues from airport operations.

### Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: (i) on the basis of a direct association between the costs incurred and the earning of specific items of income; (ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the function of the expense method. Costs of sales are expenses incurred that are associated with the goods sold. Operating expenses are costs attributable to BCDA's administrative, marketing, selling, and other business activities.

## Leases

BCDA assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *BCDA as Lessee*

BCDA applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. BCDA recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### *Right-of-Use Assets*

BCDA recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### *Lease liabilities*

At the commencement date of the lease, BCDA recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by BCDA and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, BCDA uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liabilities of BCDA are presented in Note 20.



### *Short-Term Leases and Leases of Low-Value Assets*

BCDA applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

#### *BCDA as Lessor*

Leases in which BCDA does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

BCDA has entered into commercial property leases on its property portfolio. BCDA has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

BCDA classifies a lease as a finance lease if any of the following conditions apply:

- The asset transfers to the lessee at the end of the lease term;
- The lessee has an option to purchase the asset from the lessor at below fair value;
- The lease term is for a significant part of the asset's economic life;
- The present value of future lease payments amounts to substantially all of the asset's fair value; or
- The leased asset is specialized in nature and may only suit the needs of the lease without major modification.

#### *BCDA as Lessee*

Lessees, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease.

Leases that transfer to BCDA substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability.



Finance costs are recognized in profit and loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Finance lease obligations, net of finance charges, are presented as "Finance Lease Obligation" accounts in the statement of financial position.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are added to the cost of the assets until they are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to prepare for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### Employee Benefits

#### *Short-term Benefits*

Liabilities for salaries and wages, including the non-monetary benefits and accumulating sick and vacation leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Short-term employee benefits are recognized as expense in the period the related service is provided.

Short-term employee benefits include salaries and wages, personnel economic relief allowance, representation and transportation allowance, year-end bonus, de minimis benefits, employer's share contributions, and other allowances and bonuses.

#### *Compensated Absences*

Accumulating sick and vacation leave credits are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. An obligation arises as employees render service that increases their entitlement to future paid absences. Accumulating sick and vacation leave benefits are measured on an undiscounted basis. These are recognized as an expense as the related service is provided based on the employee's monthly salary as at the end of the accounting period. Compensated absences are recognized as Terminal Leave Benefits by BCDA.

#### *Post-Employment Benefits*

BCDA contributes to the provident fund of its employees. Under the provident fund, the legal or constructive obligation of BCDA is limited to the amount that it agrees to



contribute to the fund. The employer's share in the provident fund is recorded as an expense in the period as the related service is provided. No actuarial computation was obtained since actuarial and investment risks are borne by the employees.

#### *Retirement Fund*

BCDA does not have a retirement benefit plan. Employees' retirement and insurance benefits are provided by the Government Service Insurance System (GSIS) in compliance with RA No. 8291, otherwise known as the GSIS Act of 1997.

#### Income Tax

Income tax expense represents the sum of the current tax and deferred tax expense.

#### *Current Tax*

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. BCDA's current tax liability is calculated using the 25 percent regular corporate income tax rate or the two percent minimum corporate income tax rate, whichever is higher.

#### *Deferred Tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which BCDA expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and Deferred Tax for the Year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity. In this case, the current and deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

### Foreign Currency Transactions and Translation

BCDA's accounting records are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates that approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortized cost are recognized in profit or loss.

### Events after the Reporting Date

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

### Government Equity

Government equity represents the equity of the National Government (NG) to BCDA and includes the 27.50 percent share of the net proceeds as prescribed by Section 1 (2) of RA No. 7917. The proceeds from sale transactions, after deducting all expenses related to the sale, are distributed as follows:

	Percentage of share
Armed Forces of the Philippines	35.00
Bases Conversion and Development Authority	27.50
National Shelter Program	12.00
Other Beneficiaries	25.50
	100.00

BCDA's 27.50 percent share of the net proceeds is recorded as equity from NG, while the shares of beneficiaries other than BCDA are booked as liabilities. Direct expenses related to the disposition are treated as expenses or assets, as the case may be.



### Contributed Capital

Contributed capital represents the equity of NG to BCDA in excess of the authorized capital.

### Retained Earnings

Retained earnings represent accumulated profit attributable to BCDA's equity holders after the dividends are deducted. Retained Earnings may also include the effect of changes in accounting policy as required by the standard's transitional provisions.

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

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires BCDA to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

### Judgments

In the process of applying BCDA's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

#### *Classification of Financial Instruments*

BCDA classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability, or an equity instrument.

The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

#### *Assessment of Impairment of Non-financial Assets*

BCDA determines whether there are indicators of impairment of its property and equipment, creditable withholding taxes, and prepaid expenses. Indicators of impairment include significant change in usage, decline in the asset's fair value, or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires BCDA to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on BCDA's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

## Estimates

### *Estimating Useful Lives of Property and Equipment*

BCDA estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

Land Improvements	10 to 20 years
Buildings and Structures	10 to 50 years
Leasehold Improvements	10 to 30 years
Furniture and Fixtures	5 to 10 years
Land Transportation Equipment	7 years
Machineries	7 years
Equipment	5 years

The carrying amounts of BCDA's Property and Equipment as of December 31, 2024 and 2023 are P27.925 billion and P26.020 billion, respectively. The depreciation cost charged to operations amounted to P825.302 million and P740.237 million in CYs 2024 and 2023, respectively (see Note 16).

## Provisions, Contingent Liabilities and Contingent Assets

### *Provisions*

Provisions are recognized when BCDA has a present obligation, either legal or constructive, as a result of a past event. It is probable that BCDA will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.



### *Contingent Liabilities and Assets*

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BCDA.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of BCDA.

Contingent assets are not recognized in the financial statements but should be disclosed where an inflow of economic benefits is probable. An asset is recognized when the realization of income is virtually certain.

### Tax Subsidy Availments

The income approach is used in the recognition of the tax subsidy availments by the contractors and consultants. Under the approach, the subsidy is recognized as deferred income and amortized over the useful life of the asset (Philippine Accounting Standard 20, paragraph 26). The amortization of subsidy income started in 2009 when the Subic-Clark-Tarlac Expressway (SCTEx) began its operation, computed based on the total amount of tax subsidy over 30 years, which is the estimated useful life of the SCTEx.

### Joint Venture Agreements (JVAs)

BCDA has entered into several JVAs with various companies. Evaluating whether these arrangements involve joint arrangements depends on the facts and circumstances of the contractual agreements. Joint arrangements are recognized when the terms of contractual agreements give the parties joint control over relevant activities such as decisions regarding the construction and development of the property, management and marketing of the developed property, hiring of key personnel, and selection of contractors, architects, and suppliers. If the agreements do not constitute joint arrangements under PFRS 11, such arrangements are accounted for in accordance with other applicable financial reporting standards.

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## **6. CASH AND CASH EQUIVALENTS**

This account consists of:

	<b>2024</b>	<b>2023</b>
Cash equivalents	<b>6,666,020,000</b>	3,930,946,045
Cash in banks	<b>1,460,557,368</b>	2,928,603,854
Cash on hand	<b>2,060</b>	98,191
	<b>8,126,579,428</b>	6,859,648,090

*Cash equivalents* are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Investments having an original maturity of three months or less from the date of acquisition are classified by BCDA as a cash equivalent. Interest earned from cash equivalents amounted to P318.760 million and P159.053 million in CYs 2024 and 2023, respectively (see Note 27).

*Cash in banks* are deposits maintained with the Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP), which earn interest at the prevailing bank deposit rates. Interest earned from cash in banks amounted to P0.793 million and P1.378 million in CYs 2024 and 2023, respectively (see Note 27).

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## **7. FINANCIAL ASSETS**

The current portion of this account pertains to the Treasury Bills purchased from the DBP and LBP, which are guaranteed by the Republic of the Philippines and its instrumentalities, amounting to P1.082 billion and P1.425 billion as of December 31, 2024 and 2023, respectively. Interest earned from these assets amounted to P18.703 million and P45.533 million in CYs 2024 and 2023, respectively (see Note 27). The treasury bills are classified as financial assets at amortized cost.

The non-current portion pertains to the investments in equity instruments or stocks not held for trading, consisting of 15 percent interest in Poro Point Industrial Corporation and 10 percent interest in Bonifacio Water Corporation, amounting to P15 million and P70.052 million, respectively. The carrying amounts of these investments as of year-end are the reasonable approximates of their fair values. There were no dividends received for CYs 2024 and 2023. These investments are classified as financial assets at fair value through other comprehensive income.

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## **8. OTHER INVESTMENTS**

The current portion of this account pertains to the investments in time deposits maintained by BCDA with LBP and DBP in the total amount of P13.052 billion and P11.500 billion as of December 31, 2024 and 2023, respectively, earning interest at a pre-determined competitive rate and having maturities of 91 days or more. The significant increase was due to the placement of larger funds from the collection of Fixed Annual Payment for the Bonifacio Capital District, amounting to P3.500 billion, and an increase in the collection of concession fees. The investments were made considering the higher interest rates and improved cash management for disbursements. Interest earned from time deposits amounted to P483.645 million and P461.062 million in CYs 2024 and 2023, respectively (see Note 27).



The non-current portion consists of the following:

	2024	2023 (As restated)
Value of 30 golf and country shares received by BCDA from Camp John Hay Development Corporation (CJHDevCo) as partial payment of the latter's outstanding obligations	12,000,000	12,000,000
Cost of 10 percent Cumulative Preferred shares of BCDA paid to MERALCO in connection with the application for the installation of electric facilities at Serendra Project, Districts 1 and 2 properties pursuant to the Subscription Agreement entered into by and between BCDA and MERALCO	5,947,649	5,947,649
Cost of stocks/securities of PLDT in connection with the installation of various lines at BCDA and miscellaneous investments	24,800	24,800
	<b>17,972,449</b>	<b>17,972,449</b>

## 9. RECEIVABLES - NET

This account consists of the following:

	2024	2023 (As restated)
Loans and receivables	17,621,758,858	6,662,825,683
Inter-agency receivables	3,678,591,689	3,943,741,855
Lease receivables	4,297,962,755	3,916,793,436
Other receivables	173,392,991	167,374,633
	<b>25,771,706,293</b>	<b>14,690,735,607</b>
Allowance for impairment	(2,137,205,009)	(2,121,290,881)
	<b>23,634,501,284</b>	<b>12,569,444,726</b>
Current portion	3,919,331,473	6,177,199,735
Non-current portion	19,715,169,811	6,392,244,991

- *Loans and receivables* consists of the following:

	2024	2023 (As restated)
Business projects		
Bonifacio Capital District	11,276,168,632	0
Bonifacio South Pointe	5,327,335,198	5,327,335,198
Newport City	341,799,332	219,365,423
Serendra	280,032	584,555
McKinley West	0	495,305,802
Concession fees	412,495,477	333,084,182
Interest receivable	185,809,466	221,356,953
Sale of Inventories	40,358,465	34,241,464

	2024	2023 (As restated)
Housing projects		
Rodriguez, Rizal Relocation	17,373,501	17,630,433
Pabahay 2000 in General Trias, Cavite	8,050,790	8,237,194
Pamayanang Diego Silang (PDS)	4,603,511	4,915,271
Dividends receivable	183,844	183,844
Others	7,300,610	585,364
	<b>17,621,758,858</b>	<b>6,662,825,683</b>

*Receivables from business projects* refer to the discounted cash flows of the Minimum Annual Secured Revenue Share and Fixed Annual Payment (FAP) arising from BCDA's JVAs with various joint venture partners. The receivables relative to the Bonifacio Capital District pertains to the discounted FAPs from the JVA with Robinsons Land Corporation. The increase in receivables pertaining to the Newport City project refers to the recognition of new sales of condominium and parking units. For the Bonifacio South Pointe project, there were no collections during the year due to the delay in the actual physical turnover of the area occupied by the Philippine Military Corps to SM Prime Holdings Inc.

*Receivables from concession fees* refer to the BCDA's 50 percent share of the gross toll revenues of Subic-Clark-Tarlac Expressway (SCTEx), amounting to P270.898 million and P231.941 million for CYs 2024 and 2023, respectively. This also includes the 18.25 percent share of BCDA in the gross revenue from the operation of Clark International Airport, amounting to P141.597 million and P101.143 million for CYs 2024 and 2023, respectively.

*Interest receivable* refers to the accrual of interest income from fund placements on cash equivalents, time deposits, and treasury bills.

*Receivables from the sale of inventories* refer to the Gross Floor Area totaling 6,198 square meters of the Institutional Area property of BCDA in Bonifacio Global City sold in CY 2023, in which the remaining receivable as of December 31, 2024 and 2023, both amounted to P34.213 million. This also includes the receivables from the sale of Heritage Park Investment Certificates - Angel's Touch Columbarium, amounting to P6.145 million and P28,504 as of December 31, 2024 and 2023, respectively.

*Receivables from housing projects* refer to amortization balances of housing units in PDS Village at Ususan, Taguig, and Pabahay 2000 units at General Trias, Cavite. These also include receivables arising from the relocation of qualified informal settler families affected by the development of the 34.5-hectare JUSMAG property based on a Memorandum of Agreement (MOA) entered into by and between BCDA and the National Housing Authority (NHA) on November 10, 2011. Based on the MOA, BCDA shall fund the cost of housing units, including the cost of community facilities and individual water and power connections of the relocatees, while NHA shall provide the necessary housing units and will serve as the collecting agent of BCDA. In CY 2012, 93 families were relocated to NHA's housing units at Kasiglahan Village, located in Rodriguez, Rizal and a total of P18.600 million was paid by BCDA to NHA.

*Dividends receivable* pertains to the remaining balance of dividends from Fort Bonifacio Development Corporation (FBDC).



*Others* mainly consist of receivables from the Philippine Long Distance Telephone Company, representing right-of-way access fees for the installation of fiber optic cables in SCTEx.

- *Inter-agency receivables* pertains to receivables from BCDA's subsidiaries/affiliates. These also include receivables of BCDA from National Government Agencies (NGAs), Local Government Units (LGUs), and Government-Owned or -Controlled Corporations (GOCCs).

	2024	2023 (As restated)
Subsidiaries/Affiliates	3,451,551,425	3,508,009,771
NGAs	225,328,869	435,122,885
GOCCs	1,127,827	406,631
LGUs	583,568	202,568
	<b>3,678,591,689</b>	<b>3,943,741,855</b>

*Receivables from subsidiaries/affiliates* are as follows:

	2024	2023 (As restated)
Clark International Airport Corporation (CIAC)	1,742,956,822	1,750,870,980
North Luzon Railways Corporation (NORTHRAIL)	1,661,831,254	1,661,831,254
Poro Point Management Corporation (PPMC)	19,875,919	67,511,935
John Hay Management Corporation (JHMC)	19,363,989	20,048,611
New Clark Government Center Corporation (NCGCC)	5,994,818	5,994,818
Bonifacio Estate Services Corporation (BESC)	1,500,000	1,500,000
Clark Development Corporation (CDC)	28,623	28,623
Fort Bonifacio Development Corporation (FBDC)	0	223,550
	<b>3,451,551,425</b>	<b>3,508,009,771</b>

*Receivable from CIAC* represents (a) the 15 percent importation cost of radar spare parts for the Terminal Radar Approach Control Project of P94.970 million, (b) result of the inter-company settlement of CDC-CIAC loans of P196.861 million pursuant to Executive Order (EO) No. 716 dated April 3, 2008, (c) progress billings for various infrastructure projects of P417.115 million, (d) deposit for future stock subscription of P832.248 million which pertains to the book value of the CIAC fixed assets transferred from the BCDA to CDC upon the merger of the CDC and CIAC in CY 2002 pursuant to the Implementing Plan of EO No. 716, and (e) amortization of Deutsche Bank loan of CIAC paid by CDC in behalf of BCDA with an accumulated amount of P201.763 million.

*Receivable from NORTHRAIL* represents advances of P1.412 billion and FBDC's investment in NORTHRAIL of P250 million, which was assigned by the latter to BCDA, pursuant to a Settlement Agreement dated April 16, 2003, by and among BCDA, Metro Pacific Corporation, FBDC, and Bonifacio Land Corporation. BCDA has provided an allowance for impairment of P1.662 billion in CY 2017. NORTHRAIL was already deactivated pursuant to GCG Memorandum Order No. 2019-05 dated August 20, 2019. Subsequently, the Office of the President, through its Memorandum Order No. 17 dated



October 19, 2023, directed the abolition of NORTHRAIL and has designated BCDA as the administrator and liquidator.

*Receivable from PPMC* represents funds released for capital expenses (CAPEX) and for the acquisition of all validated land claims within the Wallace area. These advances will be liquidated upon the turnover of projects and Transfer Certificates of Title of land by PPMC to BCDA.

*Receivable from JHMC* represents funds released for the construction of access roads and other CAPEX projects, amounting to P17.350 million. These funds will be liquidated upon completion and turnover of the projects to BCDA. The receivable also includes advances of P2.014 million, subject to reimbursement.

*Receivable from NCGCC*, formerly NGAC Phase 1 Joint Venture, pertains to the power consumption incurred at the Athletes' Village, Aquatic Center, Athletic Stadium, and Polyclinic in the National Government Administrative Center, initially advanced by BCDA.

*Receivables from NGAs, LGUs, and GOCCs* consist of receivables from the following:

	2024	2023 (As restated)
Senate of the Philippines	209,760,000	419,520,000
Department of Public Works and Highways (DPWH)	11,519,200	11,519,200
Department of Health (DOH)	2,268,193	2,268,193
Philippine Information Agency (PIA)	900,000	900,000
National Anti-Poverty Commission (NAPC)	593,626	593,626
Office of Civil Defense (OCD)	33,480	33,480
Municipality of Taguig	2,568	2,568
Municipality of Capas	0	200,000
National Housing Authority (NHA)	0	97,354
Various Agencies	1,963,197	597,663
	<b>227,040,264</b>	<b>435,732,084</b>

*The receivable from the Senate of the Philippines* pertains to the balance in connection with the sale of a portion of the Navy Village in Fort Bonifacio.

*Receivable from DPWH* pertains to the balance in connection with its acquisition of a 5,067.65 square meter-lot at Camp Atienza.

*Receivable from DOH* pertains to the remaining balance of the reimbursement for the cost incurred or advanced by BCDA for the salaries, allowances, hazard pay, and food of medical personnel assigned by DOH and/or hired by BCDA for Clark COVID-19 Quarantine and Medical Treatment Facilities (CCQ-MTFs) pursuant to the Memorandum of Agreement (MOA) entered by and among BCDA, DOH, and CDC on June 30, 2021. The MOA provides for the establishment, operation, management, and maintenance of temporary CCQ-MTFs to help alleviate the pressure on the healthcare system in the provinces of Pampanga and Tarlac.



*Receivable from PIA* pertains to the funds transferred to PIA as BCDA's implementing agency to showcase its big-ticket projects under the "Build Build Build" Program during the National Information Convention in February 2018.

*Receivable from NAPC* pertains to the remaining balance of funds transferred to NAPC for its conduct of census, mapping, and tagging of structures and informal settler families residing at the 24.6-hectare portion of the Bonifacio Housing and Information Technology Park in Fort Bonifacio, Taguig City.

*Receivable from OCD* pertains to the rent of the ASEAN Convention Center.

*Receivable from the Municipality of Taguig* pertains to the remaining balance of the funds provided by BCDA to finance the livelihood program of informal occupants relocated by BCDA to Centennial Village and Diego Silang Village.

*Receivables from various agencies* pertain to the share of the Board of Investments, Subic Bay Metropolitan Authority, Zamboanga City Special Economic Zone, Philippine Economic Zone Authority, Philippine Retirement Authority, and Mindanao Development Authority Tourism Promotions Board, among others, on various promotional activities of the Philippine Investment Promotions Plan.

- *Lease receivables* consists of the following:

	2024	2023 (As restated)
Operating lease receivables	4,076,344,002	3,676,432,762
Finance lease receivables	221,618,753	240,360,674
	<b>4,297,962,755</b>	<b>3,916,793,436</b>

*Operating lease receivables* pertains mostly to the unbilled portion of lease income from investment properties. Unbilled lease receivable constitutes a disparity between the contractual lease payments and rent income recognized on a straight-line basis in accordance with PFRS 16. It also includes receivables representing the actual amounts billed by BCDA to its lessees.

*Finance lease receivables* pertain to the lease of certain units of the ASEAN Summit Villas. These are classified and presented as current and non-current assets in the Statement of Financial Position, as applicable.

- *Other receivables* is composed mainly of the following:

	2024	2023 (As restated)
Due from Non-Government Organizations (NGOs)	9,097,040	9,097,040
Receivables- Disallowances	2,845,000	2,845,000
Due from other individuals	1,560,091	1,421,861
Due from officers and employees	538,983	772,903
Others	159,351,877	153,237,829
	<b>173,392,991</b>	<b>167,374,633</b>

*Due from NGOs* consists of receivables from (a) Lakas Ilaw Association, Inc. for the bridge loan financing of P1.569 million; (b) SAMASAMA Forever Primary Multi-Purpose Cooperative for livelihood fund of P414,617; (c) Samahang Kaisahan ng Sambayanan of P0.780 million; and (d) BCDA Employees Provident Fund, Inc., representing car loan facilities of P6.333 million availed by BCDA officers.

*Receivables – Disallowances* pertains to the Notice of Disallowance (ND) No. 09-001-01111 (2006-2008) dated October 22, 2009, on the payment of legal fees to private lawyers/consultants hired without written conformity and acquiescence from the Office of the Government Corporate Counsel and written concurrence of the Commission on Audit as required under COA Circular No. 95-011 and Office of the President Memorandum Circular No. 9. The ND was affirmed under COA Decision No. 2013-201 dated November 20, 2013, and finalized under Notice of Finality of Decision dated May 12, 2015. On January 5, 2015, a COA Order of Execution was issued to enforce the settlement of the ND.

*Others* mainly consists of the following:

- Receivables from various suppliers and contractors as advance payments for the purchase of goods that have yet to be delivered. This account also includes receivables from MEGAWORLD for the amount it retained as contingency funds from BCDA's annual minimum revenue share from the Newport City and McKinley Hill projects.
- Receivable from Fontana Development Corporation (FDC) in the amount of P127.053 million for the improvement of Fontana Convention Center, which was used during the ASEAN Summit in 2017. FDC shall reimburse BCDA for the costs of the said improvements.

## 10. INVENTORIES

This account consists of the following:

	2024	2023 (As restated)
Inventories held for sale	4,368,862,396	4,451,430,413
Inventories held for consumption	12,303,793	14,719,136
Semi-expendable office equipment	385,530	13,683
	<b>4,381,551,719</b>	<b>4,466,163,232</b>

*Inventories held for sale* pertains to the following:

- Unutilized Gross Floor Area (GFA) of 383,089 square meters (sqm) costing P3.833 billion pursuant to the Close-Out Agreement with Serendra Inc. The cost of the GFA was valued using the minimum bid value of the 116,662.41 sqm project lot at P50,799/sqm or P5.926 billion, less the present value of cash received by BCDA, amounting to P2.093 billion.



- Heritage Park Investment Certificates (HPICs) that entitle a buyer to the perpetual use of the purchased memorial products or lot upon full payment of the contract price. A total of 223 HPICs were sold in 2024, with remaining unsold 4,968 HPICs costing P291.757 million as of December 31, 2024.
- Condominium units and parking units allocated to BCDA in New Port City. In CY 2024, additional 41 condominium units and 128 parking units were recognized as a result of prior years' allocation. As of December 31, 2024, a total of 54 condominium units and 178 parking units costing P149.739 million and P92.698 million, respectively, remain unsold.
- Parking spaces at the Pacific Plaza Towers Condominium in Bonifacio Global City. As of December 31, 2024, a total of four parking spaces with a carrying value of P1.400 million remain unsold.
- Pabahay 2000 housing units of BCDA in General Trias, Cavite, which are part of the BCDA's resettlement and housing program that benefited residents affected by the conversion and disposition of the former base lands in Metro Manila. As of December 31, 2024, a total of five housing units valued at P120,000 per unit remain in the inventory.

*Inventories held for consumption* pertain to office supplies and materials held for daily use by BCDA, as well as linens, hardware, and accessories for the improvement, operation, and maintenance of the NGAC Sports Facilities - Athletes' Village.

*Semi-expendable office equipment* pertains to tangible items below the capitalization threshold of P50,000 with a useful life of more than a year. These items are recognized as expenses upon their issuance to the end-user through an Inventory Custodian Slip.

## 11. OTHER CURRENT ASSETS

This account consists of the following:

	2024	2023 (As restated)
Withholding tax at source	2,253,332,315	2,213,013,183
Input tax	1,497,321,114	1,746,110,512
Restricted funds	930,345,419	646,649,753
Advances to contractors	806,116,952	743,483,289
Other prepayments	12,761,231	15,391,937
Prepaid insurance	2,108,877	2,894,737
Others	1,815,712	1,267,976
	<b>5,503,801,620</b>	<b>5,368,811,387</b>

*Withholding tax at source* pertains to creditable withholding taxes from lease, concession, and joint venture transactions, which can be claimed as tax credits against income taxes due.

*Input tax* pertains to the value-added tax (VAT) incurred by BCDA on its purchases of goods and services from VAT-registered suppliers.



*Restricted funds* pertains to the following:

- Proceeds from the sale of Serendra condominium units and the Serendra Retail area maintained in escrow and trust accounts with the DBP amounting to P856.921 million and P576.422 million as of December 31, 2024 and 2023, respectively. Interest income earned amounted to P32.281 million and P29.948 million in CYs 2024 and 2023, respectively (see Note 27).
- Director's and Officer's Liability Fund (DOLF) which is being held, managed, and administered by LBP, the Trustee bank, to cover costs and expenses in relation to any demand, claim or action, suit, proceeding, whether threatened or pending against the Directors, Officers or Frontline employees of BCDA. The DOLF's initial fund is P24 million subject to an additional P19 million every year until it reaches the maximum amount of P100 million, depending on the availability of BCDA's fund. Within a period of five years, BCDA shall endeavor to maintain the amount of P80 million as the minimum reserve balance of the Fund. All earnings from LBP's management of the trust account shall form part of the Fund. The balance of DOLF as of December 31, 2024 and 2023 amounted to P73.424 million and P70.228 million, respectively. Interest income earned amounted to P3.196 million and P3.538 million in CYs 2024 and 2023, respectively (see Note 27).

*Advances to contractors* pertain to mobilization fees paid to contractors for various infrastructure projects. Mobilization fees are recouped from every progress billing/ payment depending on the percentage of accomplishment.

*Other Prepayments* pertain to advance payment of real property tax for certain properties in Pamayanang Diego Silang and Market Market, including the Iconic Lot located in Bonifacio Global City. It also includes preloaded Radio Frequency Identification credits for BCDA vehicles and unexpired portions of annual subscriptions for various software-as-a-service solutions.

*Prepaid insurance* pertains to the cost of insurance premiums for certain properties and equipment that have been paid in advance. It also includes the fidelity bond premiums of accountable officers and employees.

*Others* pertain to accounts held in trust, amounting to P1.231 million, where all refunds to buyers of HPICs shall be charged, advances to officers and employees amounting to P0.582 million, and guarantee deposits amounting to P3,000.

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## 12. INVESTMENTS IN JOINT VENTURES

This account pertains to the investment with the Philippine Japan Initiative for CGC, Inc. (PJIC) in the amount of P469.200 million for both CYs 2024 and 2023. PJIC was incorporated in the Philippines on July 4, 2016, by virtue of a joint venture agreement executed on March 8, 2016, by and between BCDA and the Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development (JOIN), a corporation duly organized under the Act of Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development (Act No. 24 of April 18, 2014), to oversee the preparation of a detailed master plan for the materialization of the New Clark



City (NCC) Project. The primary objectives and purpose of the corporation include overseeing the preparation and completion of the detailed master plan within one year from the signing of the Agreement, conducting research and feasibility studies particularly focusing on the NCC Project and pertinent developmental projects, engaging experts and consultants to do the detailed master planning activities and doing all acts and such other things incidental to, necessary or desirable for the attainment of the mentioned objectives and purposes. The application for the extension of the corporate life of PJIC is being validated by the Securities and Exchange Commission (SEC).

### 13. INVESTMENTS IN ASSOCIATES/AFFILIATES

	2024	2023
Fort Bonifacio Development Corporation	<b>13,056,568,886</b>	13,056,568,886
Filinvest BCDA Clark, Inc.	<b>231,450,000</b>	231,450,000
Shin Clark Power Corporation	<b>74,976,529</b>	74,976,529
New Clark Government Center Corporation	<b>52,200,000</b>	52,200,000
Bonifacio Communication Corporation	<b>27,500,000</b>	27,500,000
Bonifacio Estate Services Corporation	<b>4,333,333</b>	4,333,333
	<b>13,447,028,748</b>	13,447,028,748

#### Fort Bonifacio Development Corporation (FBDC)

FBDC is engaged in the development of certain areas in Bonifacio Global City (BGC) for residential, commercial, and business mixed development. It is also leasing out certain buildings and areas in BGC.

#### Filinvest BCDA Clark, Inc. (FBCI)

FBCI was incorporated by virtue of a joint venture agreement (JVA) by and between BCDA and Filinvest Land Inc., primarily to undertake and implement the New Clark City (NCC) Project-Phase 1, including the holding, operation, management, and financing of the Project.

In CY 2019, BCDA recognized its share in the joint venture company (JVC) amounting to P231.450 million, equivalent to the value of the right to use and possess the land for use of the JVC over the NCC-Phase 1 property.

#### Shin Clark Power Corporation (SCPC)

SCPC's primary purpose is to develop, construct, operate, and maintain electric power distribution systems in NCC. BCDA contributed its Development and Usufructuary Rights (DUR) in CY 2022, worth P74.977 million or 10 percent of the corporation's authorized capital stock.

#### New Clark Government Center Corporation, formerly NGAC Phase 1 Joint Venture

On May 3, 2018, BCDA and MTD Capital Berhad entered into a JVA for the construction and development of the National Government Administrative Center (NGAC) within the NCC.

Under the JVA, BCDA shall contribute its DUR as equity capital to the joint venture over the 40-hectare project site for Phase 1A, equivalent to the value of 10 percent of the total project cost, amounting to P4.650 billion. BCDA's subscription of 51,200,000 shares has been paid through the contribution of DUR, which has an appraised value of P52.200 million as determined by the independent third-party appraiser.

#### Bonifacio Communications Corporation (BCC)

BCC's primary purpose is to construct, establish, maintain, lease, and otherwise operate, to the extent allowed by law, communication infrastructures and to provide related services, including but not limited to value-added services, within Fort Bonifacio Global City and in all other areas within Fort Bonifacio and the Villamor Air Base.

#### Bonifacio Estate Services Corporation (BESC)

BESC is engaged in the business of property and real estate management services for the development of BGC and other real estate development projects.

Dividends earned from investment in affiliates amounted to P1.074 billion in CY 2024 and P705 million in CY 2023 (see Note 27).

### **14. INVESTMENTS IN SUBSIDIARIES**

	<b>2024</b>	2023 (As restated)
Clark Development Corporation	<b>2,813,507,300</b>	2,813,507,300
John Hay Management Corporation	<b>277,241,455</b>	277,241,455
BCDA Management Holdings, Inc.	<b>256,688,775</b>	256,688,775
North Luzon Railways Corporation	<b>100,000,000</b>	100,000,000
Poro Point Management Corporation	<b>68,143,720</b>	68,143,720
Clark International Airport Corporation	<b>1,250,000</b>	1,250,000
	<b>3,516,831,250</b>	3,516,831,250
Allowance for impairment loss	<b>(100,000,000)</b>	(100,000,000)
	<b>3,416,831,250</b>	3,416,831,250

#### Clark Development Corporation (CDC)

The CDC was established under Executive Order (EO) No. 80 dated April 3, 1993, as the implementing arm of BCDA for the Clark Special Economic Zone.

#### John Hay Management Corporation (JHMC)

JHMC was established as the implementing arm of BCDA for the development and management of the 625-hectare Camp John Hay (CJH) Reservation located in Baguio City and the Municipality of Tuba, Province of Benguet. The primary purpose of JHMC is to convert, develop, and maintain the facilities and properties within and around CJH for tourism, commercial, industrial, residential, nature reserve, and human resource development center.



#### BCDA Management and Holdings, Inc. (BMHI)

BMHI was established to serve as a corporate vehicle for the development and eventual privatization of BCDA properties. However, on July 1, 2015, the Governance Commission for Government-Owned or Controlled Corporations (GCG) issued Memorandum Order No. 2015-06 to deactivate BMHI.

As part of the transitional plan to deactivate BMHI's current operation, GCG ordered BCDA to act as successor-in-interest of BMHI's obligations, assets, and liabilities; assume BMHI's functions; implement the plan of action for the affected employees of BMHI; and resolve all audit findings by the Commission on Audit against BMHI.

BMHI was deactivated effective August 1, 2016. All projects handled by BMHI were turned over to BCDA except for the collection of housing unit amortization, monthly dues, and/or common area lights and similar charges for the National Police Commission/Philippine National Police Housing Project, which was retained by BMHI. BCDA created a Management Team for BMHI to manage and supervise the disbursements, collection, legal cases, and other transactions pertaining to and retained by BMHI.

On September 13, 2023, the BCDA Board, under Resolution No. 2023-09-141, approved and authorized the Management Team to proceed with the implementation of the said dissolution and winding down of BMHI's activities.

#### North Luzon Railways Corporation (NORTHRAIL)

NORTHRAIL is a pre-operating, wholly-owned subsidiary of BCDA whose purpose is to develop, construct, operate, and manage a railroad system to serve Metro Manila, Central Luzon, and Northern Luzon; and to develop, construct, manage, own, lease, sublease, and operate establishments and facilities of all kinds related to the railroad system.

On August 20, 2019, the GCG issued Memorandum Order No. 2019-05 ordering the deactivation of NORTHRAIL. This order was subsequently adopted by the NORTHRAIL Board (composed of concurrent BCDA Board members as temporary members of the NORTHRAIL Board), and on January 28, 2021, the NORTHRAIL Board approved the deactivation plan with the exception of the matter of NORTHRAIL's successor-in-interest.

In view of its deactivation, suspension, and/or termination of work, BCDA recognized an allowance for the impairment of its investment in NORTHRAIL due to its going concern issues.

On November 23, 2021, the Board approved the Skeletal Transition Team tasked with assisting the Board of Directors in winding down NORTHRAIL's activities. All officers and employees not part of the team were separated on December 31, 2021. On October 19, 2023, the Office of the President, through Memorandum Order No. 17, directed the abolition of NORTHRAIL and designated BCDA as the administrator and liquidator.



On October 26, 2023, BCDA created a Liquidation Committee, tasked to:

- Conduct an inventory of all NORTHRAIL's assets and liabilities, formulate an action plan by which said assets and liabilities may be disposed of and settled;
- Settle NORTHRAIL liabilities;
- Undertake steps to liquidate NORTHRAIL's assets and assist in the winding-up of corporate affairs;
- Conduct inventory of programs and projects to be terminated and transferred to other agencies;
- Formulate a Change Management Plan for stakeholders;
- Conduct an inventory of all pending cases and formulate actions to resolve them, including the amount of contingent liabilities arising;
- Surrender to COA the original copies of the Corporate Books of Accounts and Financial Records;
- Transact with other agencies (i.e., SEC, BIR, SSS, etc.) for the filing of formal closure of NORTHRAIL, including preparing, completing, and submitting all documentary requirements; and
- All other acts necessary for the complete liquidation of NORTHRAIL.

On November 25, 2024, the NORTHRAIL Board approved the liquidation plan prepared by the Liquidation Committee, which contains the following:

- BCDA and NORTHRAIL will push for the collection of various receivables from the Department of Transportation (DOTr), Department of Public Works and Highways, Provincial Government of Tarlac, and beneficiaries of the Harmony Hills Relocation Project;
- For the fixed assets, serviceable assets will be turned over to other agencies;
- Right-of-way lots will be turned over to the DOTr for use by the North-South Commuter Railway Project. Housing units will be sold to occupants and other interested buyers; and
- The large tract of unutilized land in Bulacan will be disposed of to generate funds. Proceeds from the asset disposition will be used by BCDA and NORTHRAIL to settle its outstanding obligations, the majority of which is the pending claim of D.M. Consunji, Inc., Project Developers, Inc., through an arbitral award, and to the Bureau of the Treasury, amounting to P16.700 billion.

#### Poro Point Management Corporation (PPMC)

PPMC was established as the operating arm of BCDA to manage the Poro Point Freeport Zone. The responsibility of PPMC encompasses the former Wallace Air Station in Poro Point, La Union, home to Thunderbird Resorts, the San Fernando Airport, and the San Fernando International Seaport.

#### Clark International Airport Corporation (CIAC)

By virtue of Executive Order (EO) No.192 issued in 1994, CIAC was organized as a wholly-owned subsidiary of CDC mandated to develop, operate, manage, and maintain the Clark Civil Aviation Complex. The EO was repealed and amended by EO No. 360 in August 1996, making CIAC a wholly-owned subsidiary corporation of BCDA. Subsequently, EO No. 360 was repealed by EO No. 7 in March 2001, EO No. 186 in



March 2003, EO No. 193 in April 2003, and EO No. 716 in April 2008. Finally, EO No. 64 was issued in December 2011 making CIAC an agency attached to the Department of Transportation (DOTr), which shall exercise administrative control and supervision over CIAC.

On February 28, 2017, EO No. 14 was issued, restructuring CIAC from an attached agency of DOTr to a subsidiary of BCDA and further ordering DOTr to facilitate the transfer and conveyance of the shares currently owned by the National Government, as well as those shares held in the name of its nominee stockholders, in favor of BCDA and its nominees.

## 15. INVESTMENT PROPERTIES - NET

This account pertains to land assets located at Fort Bonifacio, Villamor Air Base, Poro Point in La Union, Clark Economic Zone (CEZ), Morong, Bataan, and Camp John Hay in Baguio City. It also includes buildings and structures located in Camp John Hay, the Association of Southeast Asian Nations (ASEAN) Villas in CEZ, the NGAC Sports Facilities located in NCC, and the 78,898.64-square-meter undeveloped area in Heritage Park.

The carrying amount of BCDA's investment properties is as follows:

	2024	2023 (As restated)
Land	68,253,680,867	68,178,715,014
Building	1,373,416,742	1,420,787,933
	<b>69,627,097,609</b>	<b>69,599,502,947</b>

The details of the carrying amount of the building are as follows:

	2024	2023 (As restated)
<b>COST</b>		
Balance, January 1	1,866,134,496	1,866,134,496
Additions	218,375	0
<b>Balance, December 31</b>	<b>1,866,352,871</b>	<b>1,866,134,496</b>
<b>ACCUMULATED DEPRECIATION</b>		
Balance, January 1	445,346,563	397,756,997
Depreciation	47,589,566	47,589,566
<b>Balance, December 31</b>	<b>492,936,129</b>	<b>445,346,563</b>
<b>Carrying Amount, December 31</b>	<b>1,373,416,742</b>	<b>1,420,787,933</b>

Lease revenues earned from investment properties amounted to P1.586 billion and P1.737 billion in CYs 2024 and 2023, respectively (see Note 27). Expenses incurred arising from investment properties are as follows:

	2024	2023 (As restated)
Estate management fee	<b>197,729,009</b>	174,126,948
Zone maintenance	<b>63,363,891</b>	45,857,432
Security services	<b>56,574,940</b>	61,737,351
	<b>317,667,840</b>	281,721,731

The aggregate fair value of BCDA's investment properties located in Clark, New Clark City, Camp John Hay, Pasay, Taguig, Bataan Technology Park (BTP), and Poro Point as of December 31, 2024 and 2023 amounted to P550.844 billion and P534.496 billion, respectively, determined by independent appraisers.

The fair values of the investment properties were determined using the Market Approach. The Market Approach is an appraisal technique in which the Market Value is reached primarily by comparing the subject with other properties that have been sold recently, plus current asking prices and offers, thereby establishing a measure of market reaction to the subject property. In the process of comparison, adjustments are usually made to the actual sale prices of properties to account for differences in the properties. Functional or economic divergences must be considered, as well as physical variations, and adjustments made accordingly.

BCDA entered into Deeds of Usufruct and/or Memoranda of Agreement for the use of its various properties in line with its mandate to promote economic and social development with the following entities:

- Department of National Defense, Armed Forces of the Philippines, and Philippine Navy (PN) – temporary use of approximately 100 hectares of BTP for the relocation and replication of the PN facilities;
- Department of Environment and Natural Resources (DENR) – use of a 33.74-hectare portion of Lot 15 of BCDA land located in Camp John Hay Air Station, presently occupied by the DENR-Cordillera Administrative Region's Ecosystems Research and Development Service (ERDS), for the actual, sole, and exclusive use of the ERDS in support of its mission to provide and generate technologies and scientific assistance in the research and development of technologies relevant to the sustainable use of Philippine ecosystems and natural resources;
- Department of Education-CAR Division of Baguio City – use of a 1,529-square meter (sqm) property within Barangay Country Club in Baguio City for establishing a school building;
- Reserve Officers Legion of the Philippines (RLOP) – 500-sqm area under TCT No. 28674 within the Community Center Area of the Housing Site II located at C-5 Road, Fort Bonifacio as the National Headquarters of the RLOP;



- Department of National Defense (DND) – use of the remaining one-hectare property at Camp Claudio as a housing site for PN personnel;
- Filipino War Veterans Foundation Inc. – use of a 5,000-sqm property within the commercial area of Pamayanang Diego Silang (PDS) as headquarters and livelihood training center for the veterans;
- Department of Education (DepEd)-NCR, Division of Taguig City and Pateros – construction of the Senator Renato Compañero Cayetano Memorial Science & Technology High School, Sports Complex and other facilities for education within the PDS Community Facilities Center with an area of 6,110 sqm;
- Manila Electric Railroad and Light Company – construction, erecting, building, operating and maintaining a substation to distribute electricity within Bonifacio Global City with an area of 1,620 sqm;
- DepEd – construction of a school building in Barangay Hillside, Camp John Hay with an area of 1,500 sqm;
- Department of Public Works and Highways – Sta. 00+000 to Sta.00+712.17, with an area of 51,720 sqm, in connection with the construction of the SCTEx-TPLEx interconnection project;
- Military Ordinariate of the Philippines – site for the Chapel of St. Therese within Villamor Air Base with a lot area of 6,244 sqm;
- Philippine Dental Association (PDA) – use of a 500-sqm area in Diego Silang Village for the establishment of the PDA Oral Health Research Center; and
- DND and AFP – right to use the 29.83-hectare portion of Camp John Hay for the establishment of the AFP Learning Center and other related purposes.

On May 29, 2014, then President Benigno Aquino III approved the Master Development Plan for New Clark City (NCC) involving a 9,450-hectare area of land within the Clark Special Economic Zone located 100 kilometers north of Manila.

In 2018, the 40-hectare National Government Center Phase 1 broke ground and now houses the Athletes' Village with a capacity of 1,000 athletes; The Residences, which can accommodate 1,000 employees; The Aquatic Center with a 2,000-seating capacity; the Integrated Disaster Response Operations Center as a back-up structure that can withstand an 8.9 magnitude earthquake; and The Athletics Stadium with a capacity of 20,000 and equipped with a 9-lane track and field oval and a 4-lane racetrack that meets the global standards of the International Association of Athletics Federation.

On June 9, 2020, Republic Act No. 11470 was enacted creating and establishing the National Academy of Sports and providing funds therefor which mandates BCDA to provide the land for the site by way of usufruct in perpetuity and be in charge of the construction of classrooms, dormitories, and other sports facilities and related amenities as may be determined by the Board of Trustees of the NCC Campus.

## 16. PROPERTY AND EQUIPMENT - NET

This account consists of the following:

	Land and Land Improvements	Building & Structures, Leasehold Improvements- Building	Office Equipment, Furniture & Fixtures and Books	Other Machinery & Equipment	Land Transport Equipment	Construction in Progress	Right-of- Use Asset & Others	Total
<b>2024</b>								
<b>COST</b>								
Balance,								
January 1, 2024	8,180,516,087	17,365,024,196	112,614,981	33,725,254	171,639,105	4,632,570,710	101,368,225	30,597,458,558
Additions	17,088,520	65,320,448	18,629,189	4,291,137	38,109,656	3,029,458,858	81,405,220	3,254,303,028
Reclassifications	0	0	0	0	0	(520,350,562)	(53,493,921)	(573,844,483)
Disposal	0	(4,140,254)	(5,292,996)	0	(7,203,370)	0	0	(16,636,620)
Balance,								
December 31, 2024	8,197,604,607	17,426,204,390	125,951,174	38,016,391	202,545,391	7,141,679,006	129,279,524	33,261,280,483
<b>ACCUMULATED DEPRECIATION</b>								
Balance,								
January 1, 2024	2,710,091,031	1,592,581,722	72,560,820	20,399,576	113,673,070	0	67,841,646	4,577,147,865
Depreciation	284,377,503	476,972,560	10,615,210	2,828,882	14,551,437	0	35,956,787	825,302,379
Adjustments	0	878,135	43,378	0	(920,893)	0	(52,026,321)	(52,025,701)
Disposal	0	(3,726,032)	(4,552,156)	0	(5,562,141)	0	0	(13,840,329)
Balance,								
December 31, 2024	2,994,468,534	2,066,706,385	78,667,252	23,228,458	121,741,473	0	51,772,112	5,336,584,214
Carrying Amount								
December 31, 2024	5,203,136,073	15,359,498,005	47,283,922	14,787,933	80,803,918	7,141,679,006	77,507,412	27,924,696,269
<b>2023</b>								
<b>COST</b>								
Balance,		14,688,402,777						
January 1, 2023	7,119,194,310		96,478,810	32,378,733	183,118,753	6,433,277,811	108,324,131	28,661,175,325
Additions	1,061,321,777	2,676,621,419	18,055,270	1,383,561	1,130,490	4,421,300,895	6,055,460	8,185,868,872
Reclassifications	0	0	166,498	3,211,560	0	(6,222,007,996)	(13,011,366)	(6,231,641,304)
Disposal	0	0	(2,085,597)	(3,248,600)	(12,610,138)	0	0	(17,944,335)
Balance,								
December 31, 2023								
As restated	8,180,516,087	17,365,024,196	112,614,981	33,725,254	171,639,105	4,632,570,710	101,368,225	30,597,458,558
<b>ACCUMULATED DEPRECIATION</b>								
Balance,								
January 1, 2023	2,437,261,789	1,185,823,323	62,623,637	17,642,905	111,928,566	0	36,726,120	3,852,006,340
Depreciation	272,829,242	406,758,399	11,617,019	2,468,851	12,697,071	0	33,866,629	740,237,211
Adjustments	0	0	0	3,211,560	0	0	(2,751,103)	460,457
Disposal	0	0	(1,679,836)	(2,923,740)	(10,952,567)	0	0	(15,556,143)
Balance,								
December 31, 2023								
As restated	2,710,091,031	1,592,581,722	72,560,820	20,399,576	113,673,070	0	67,841,646	4,577,147,865
Carrying Amount								
December 31, 2023								
As restated	5,470,425,056	15,772,442,474	40,054,161	13,325,678	57,966,035	4,632,570,710	33,526,579	26,020,310,693



Details of the Construction in Progress account are as follows:

Project	2024	2023 (As restated)
Various Structures and Facilities in BTP, Phase 1 – Package 2	1,671,847,120	1,186,278,996
Airport to New Clark City (NCC) Access Road Project – Phase 3	1,055,292,437	807,972,864
Various Structures and Facilities in BTP, Phase 1 – Package 3	873,946,935	658,338,312
Underground Corridor Connecting Road Package 1	655,480,565	563,405,425
Terminal Radar System at Clark International Airport	592,519,085	207,607,580
Civil Works, Construction of Roads, Utilities, and Preparatory works at Morong Discovery Park	532,611,191	0
Air Control Tower at Clark International Airport	259,932,718	146,658,064
Special and Technical Staff Building for Special Service Center/Division Administrative Command Center	225,754,757	193,027,009
Connector Road from MacArthur Highway to NCC Airport Road	202,730,307	108,179,102
Access Roads, Drainage and Earthworks at Morong Discovery Park	131,976,906	65,988,453
Detailed Engineering Design (DED) for the BCDA Iconic Building	125,460,552	125,460,552
Detailed Architectural and Engineering Design (DAED) for Replication of the Philippine Navy Facilities	106,701,975	96,031,777
Sewage Treatment Plant, Access Road and Freedom Park	94,910,081	94,910,081
DAED for NCC Projects (Remaining Roads and Utilities)	52,350,000	0
Construction of Baywalk with Events Center	47,636,018	0
Design and Construction of the Bonifacio South Main Boulevard Project	41,807,111	41,807,111
Lawton Avenue Widening	34,381,261	34,381,261
Construction Management and Supervision (CMS) for the Construction of Roads, Utilities, and Preparatory Works at Morong Discovery Park	31,222,498	2,099,828
Consulting Services for Advance Preliminary Works for Subic Clark Railway Project	29,446,427	29,446,427
Relocation of Powerhouse and Electrical Utilities at Fort Bonifacio, Taguig City	23,646,271	23,646,271
Consultancy Services for the DED of the Long-Term Solution of Pasig-Potrero Bridge	21,756,786	0
Design and Construction of Department of Energy's Water, Sewer and Drainage Connections in Bonifacio Global City	15,004,618	0
DED of Clark Green City (CGC) Mixed Income	13,453,000	13,453,000
NCC Non-Motorized Transport System to Clark Freeport Zone	12,160,300	12,160,300
Relocation and Functional Replication of the PAF Operational Facilities	10,521,741	10,521,741
Major Road Network/Site Office in CGC	8,829,364	8,829,364
South Luna Ramps - Project Design	5,356,955	5,356,955
Construction of Ferry Port Terminal at Poro Point Freeport Zone	4,676,409	0
San Fernando Airport Runway Slope Protection	4,646,942	4,646,942
Enhancement of Historical Core Phase 2	3,765,742	0
DED Streetlighting System and Pavement Markings Along McKinley Parkways	848,000	678,400
Construction of Restroom at Control Points 3 and 4 at the gates of Baguio Country Club and Voice of America	589,355	0
Consulting Services for Smart Street Lighting in the John Hay Special Economic Zone	261,652	0

Project	2024	2023 (As restated)
John Hay Management Corporation (JHMC) Office Building	0	33,942,256
San Fernando Airport Drainage System	0	6,090,570
Improvement of Guardhouse and Parking Area at JHMC Office Building	0	3,258,322
Enhancement of Historical Core Phase 1 - Liberty Park	0	386,680
Slope Protection at the JHMC Office Complex	0	1,439,777
Various infrastructure projects	250,153,927	143,938,266
	<b>7,141,679,006</b>	<b>4,632,570,710</b>

## 17. SERVICE CONCESSION ASSETS - NET

This account consists of the following:

	Subic-Clark-Tarlac Expressway (SCTEx)	Clark International Airport (CIA)	Total
<b>2024</b>			
<b>COST</b>			
Balance, January 1, 2024	34,386,089,128	17,260,785,943	51,646,875,071
Additions	140,127,457	9,067,935	149,195,392
Balance, December 31, 2024	<b>34,526,216,585</b>	<b>17,269,853,878</b>	<b>51,796,070,463</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, January 1, 2024	6,828,403,529	997,003,414	7,825,406,943
Depreciation	532,873,095	424,616,464	957,489,559
Balance, December 31, 2024	<b>7,361,276,624</b>	<b>1,421,619,878</b>	<b>8,782,896,502</b>
Carrying Amount, December 31, 2024	<b>27,164,939,961</b>	<b>15,848,234,000</b>	<b>43,013,173,961</b>
<b>2023</b>			
<b>COST</b>			
Balance, January 1, 2023	34,210,489,084	17,252,819,497	51,463,308,581
Additions	175,600,044	7,966,446	183,566,490
Balance, December 31, 2023	<b>34,386,089,128</b>	<b>17,260,785,943</b>	<b>51,646,875,071</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, January 1, 2023	6,286,734,979	592,199,559	6,878,934,538
Depreciation	541,668,550	404,803,855	946,472,405
Balance, December 31, 2023	<b>6,828,403,529</b>	<b>997,003,414</b>	<b>7,825,406,943</b>
Carrying Amount, December 31, 2023, As restated	<b>27,557,685,599</b>	<b>16,263,782,529</b>	<b>43,821,468,128</b>

- **Subic-Clark-Tarlac Expressway (SCTEx)**

On February 26, 2015, BCDA and Manila North Tollways Corporation (MNTC), now North Luzon Expressway (NLEX) Corporation, entered into a Business Agreement (BA) governing the assignment by the former to the latter of its rights and interests under the Toll Operating Agreement (TOA) relating to the management, operation, and maintenance of the SCTEx (which shall include the exclusive right to possess and use the SCTEx toll road and facilities and the right to collect toll). Subsequently, on May 25, 2015, the Supplemental Toll Operation Agreement (STOA) was executed by BCDA, NLEX Corporation, and the Toll Regulatory Board (TRB) and was approved by the Office



of the President on October 16, 2015. TRB issued the Toll Operation Certificate to NLEX Corporation on October 22, 2015, and NLEX Corporation officially took over the SCTEx toll facilities and commenced the management, operation, and maintenance of SCTEx on October 27, 2015.

#### Salient Features of the BA

BCDA assigned its rights, interests, and obligations under the original TOA to NLEX Corporation. Hence, from the effective date until October 30, 2043, NLEX Corporation shall have the exclusive right, responsibility, and obligation for the management, operation, and maintenance of SCTEx.

The contract term may be extended beyond October 30, 2043, subject to mutual agreement in writing by the parties, the relevant laws, rules, regulations, and required governmental approvals.

In consideration of the assignment, the following shall be paid by NLEX Corporation to BCDA:

- a. An Upfront cash of P3.5 billion, inclusive of VAT; and
- b. From the effective date to October 30, 2043, concession fees equal to 50 percent of the audited gross toll revenues of SCTEx for the relevant month on or before the 15<sup>th</sup> day of the succeeding month (Concession Fee Payment Date). If the Concession Fee Payment Date falls on a holiday or a day that is not a business day, then the same shall be adjusted to fall on the immediately succeeding business day. Any concession fee that is not paid on the relevant Concession Fee Payment Date shall earn interest/penalty equivalent to two percent per month of delay or a fraction thereof.

NLEX Corporation shall perform maintenance works/special/major emergency works, other additional works, enhancement, and/or improvement works (Maintenance Works) at its own cost. NLEX Corporation shall comply with the agreed Service Quality Levels (SQL) for the maintenance of SCTEx. NLEX Corporation shall submit to BCDA a status report on the maintenance works undertaken and completed for the relevant year not later than 20 business days before the end of each year. BCDA's review of the status report shall be based on the SQL and in accordance with the maintenance plans.

A performance security posted by NLEX Corporation in favor of BCDA covers the obligation to pay concession fees and perform maintenance works.

At the end of the Contract Term or upon the termination of the Agreement, the SCTEx, including all additional, enhancement and/or improvement works completed during the Contract Term and all applicable systems related to the operation and toll collection of the SCTEx and applicable technology related to toll collection (subject to then existing intellectual property laws) as well as the as-built plans, specifications and operation/repair/maintenance manuals relating to the same shall be turned over to BCDA or to its successor-in-interest conformably with law, and in all cases in accordance with and subject to the terms and conditions of the STOA.



**Termination Due to Default:**

1. If the BA is terminated due to a BCDA default, NLEX Corporation has the right to be indemnified for actual damages, including financial losses, incurred arising from BCDA default and the termination of the BA due to such default. NLEX Corporation shall retain the right to operate, maintain, and collect toll revenues or retain possession and control of SCTEx until BCDA has fully paid the damages aforementioned.
2. If the BA is terminated due to NLEX Corporation's default, BCDA has the right to automatically take over the SCTEx. BCDA may call on the Performance Security to the extent of NLEX Corporation's actual obligation falling due, provided, if the actual obligation is more than the face value of the security, NLEX Corporation will pay the difference. In addition, NLEX Corporation shall indemnify BCDA for actual damages, including financial losses incurred by BCDA, arising from the NLEX Corporation's default and from the termination of the BA due to such default.
3. In either instance, the non-defaulting party shall serve notice to the grantor of the termination of the STOA by reason of the termination of the BA. All rights and obligations of, and assignments made by, BCDA and NLEX Corporation under the BA shall be terminated. The banking arrangements of BCDA and NLEX Corporation shall also be terminated, and BCDA shall be entitled to all the toll revenues from the SCTEx.

Details of the concession assets relative to SCTEx are shown below:

	Provided by BCDA	Introduced by NLEX Corporation	Total
<b>2024</b>			
<b>COST</b>			
Balance, January 1, 2024	31,699,622,720	2,686,466,408	34,386,089,128
Additions	518,000	139,609,457	140,127,457
<b>Balance, December 31, 2024</b>	<b>31,700,140,720</b>	<b>2,826,075,865</b>	<b>34,526,216,585</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, January 1, 2024	6,277,424,008	550,979,521	6,828,403,529
Depreciation	419,701,373	113,171,722	532,873,095
<b>Balance, December 31, 2024</b>	<b>6,697,125,381</b>	<b>664,151,243</b>	<b>7,361,276,624</b>
<b>Carrying Amount, December 31, 2024</b>	<b>25,003,015,339</b>	<b>2,161,924,622</b>	<b>27,164,939,961</b>
<b>2023</b>			
<b>COST</b>			
Balance, January 1, 2023	31,687,778,944	2,522,710,140	34,210,489,084
Additions	11,843,776	163,756,268	175,600,044
<b>Balance, December 31, 2023</b>	<b>31,699,622,720</b>	<b>2,686,466,408</b>	<b>34,386,089,128</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance, January 1, 2023	5,849,368,634	437,366,345	6,286,734,979
Depreciation	428,055,374	113,613,176	541,668,550
<b>Balance, December 31, 2023</b>	<b>6,277,424,008</b>	<b>550,979,521</b>	<b>6,828,403,529</b>
<b>Carrying Amount, December 31, 2023</b>	<b>25,422,198,712</b>	<b>2,135,486,887</b>	<b>27,557,685,599</b>

*The assets provided by BCDA for SCTEx pertain to land owned by the BCDA and infrastructure constructed for its operation.*



*Assets introduced by NLEX Corporation* pertain to assets constructed/provided by the NLEX Corporation, such as toll fare structures at toll plazas, NLEX/SCTEX integration civil works/fixed operating equipment, pavement rehabilitation, rest stops, the Toll Operations Center Building (TOCB), roadway lighting, etc.

- **Clark International Airport (CIA)**

On January 21, 2019, BCDA entered into an Operations and Maintenance (O&M) Concession Agreement with the North Luzon Airport Consortium (NLAC), a consortium led by Filinvest Development Corporation (Filinvest) with JG Summit Holding, Inc., Changi Airports (Phils.) (I) Pte. Ltd. and Phil. Airport Ground Support Solutions, Inc., for the operations and maintenance of the CIA. The Agreement requires that a Special Purpose Company (SPC) be incorporated by NLAC for the purpose of implementing the O&M Concession Agreement. Hence, on February 19, 2019, NLAC incorporated the Luzon International Premier Airport Development Corporation (LIPAD) as the SPC.

Under the O&M Concession Agreement, BCDA shall construct the New Terminal Building of the Airport, while LIPAD shall reimburse BCDA the cost of construction for the next 20 years with a fixed payment of P500 million per year commencing on the first anniversary of the final acceptance date, effective July 31, 2023. In addition, the parties shall likewise share in the airport's gross revenues with 81.75 percent for LIPAD and 18.25 percent for BCDA. The ownership of the CIA will remain with BCDA during and after the end of the concession period.

Aside from handling the O&M of the new terminal and its existing facilities, the consortium is also set to develop the commercial assets, operate and maintain project facilities, and fit out the new terminal. The formal turnover of the operations and maintenance of the existing CIA to LIPAD was on August 16, 2019.

On October 5, 2023, BCDA issued a Reduced Decommissioning Certificate to LIPAD effective as of May 2, 2022, for the purpose of:

- Decommissioning the Old Passenger Terminal Building (PTB) as a Passenger Terminal Building; and
- Allowing LIPAD to use the Old PTB for other commercial activities other than a passenger terminal building.

BCDA's approval of the Reduced Commissioning of the Old PTB is contingent on LIPAD's compliance with the following:

- Submission of the Commercial/Business Plan for the redevelopment of the Old PTB;
- The commercial activity to be undertaken on the Old PTB should be consistent with the Master Development Plan for the Clark Civil Aviation Complex;
- Secure all necessary relevant consents from local and national regulatory agencies prior to the operation of the Old PTB as a commercial facility; and
- Turn over all movable assets, not usable for the intended commercial use of the Old PTB to the BCDA.



Details of the concession assets relative to CIA are shown below:

	Turned-over by CIAC	Introduced by LIPAD	Asset provided by BCDA	Total
<b>2024</b>				
<b>COST</b>				
Balance, January 1, 2024	3,066,121,256	3,312,268,006	10,882,396,681	17,260,785,943
Additions	0	9,067,935	0	9,067,935
Balance, December 31, 2024	3,066,121,256	3,321,335,941	10,882,396,681	17,269,853,878
<b>ACCUMULATED DEPRECIATION</b>				
Balance, January 1, 2024	355,118,297	253,962,734	387,922,383	997,003,414
Depreciation	48,257,051	133,910,930	242,448,483	424,616,464
Balance, December 31, 2024	403,375,348	387,873,664	630,370,866	1,421,619,878
Carrying Amount, December 31, 2024	2,662,745,908	2,933,462,277	10,252,025,815	15,848,234,000
<b>2023</b>				
<b>COST</b>				
Balance, January 1, 2023	3,066,121,256	3,304,301,560	10,882,396,681	17,252,819,497
Additions	0	7,966,446	0	7,966,446
Balance, December 31, 2023	3,066,121,256	3,312,268,006	10,882,396,681	17,260,785,943
<b>ACCUMULATED DEPRECIATION</b>				
Balance, January 1, 2023	256,211,455	123,209,107	212,778,997	592,199,559
Depreciation	98,906,842	130,753,627	175,143,386	404,803,855
Balance, December 31, 2023	355,118,297	253,962,734	387,922,383	997,003,414
Carrying Amount, December 31, 2023	2,711,002,959	3,058,305,272	10,494,474,298	16,263,782,529

*Assets turned over by CIAC pertain to assets assigned by Clark International Airport Corporation (CIAC) to BCDA in accordance with the O&M Concession Agreement for the operation and maintenance of the CIA. BCDA handed over these assets to NLAC pursuant to the Agreement. It also includes the horizontal infrastructure projects of the CIA New Terminal Building, amounting to P2.535 billion. The Department of Transportation (DOTr) shall transfer funds to CIAC for the procurement and implementation of the project. BCDA shall record the project upon completion pursuant to the Memorandum of Agreement among DOTr, CIAC, and BCDA dated May 23, 2022, and subsequently turn over to NLAC upon rectification of the noted defects and issuance of a Certificate of Completion by CIAC to the contractor.*

*Assets introduced by LIPAD refer to the construction and improvements to the CIA by LIPAD, a special-purpose company incorporated by NLAC to operate and maintain the CIA.*

*Assets provided by BCDA refer to the construction of the new passenger terminal building at the CIA.*

## 18. INTANGIBLE ASSETS - NET

*Intangible assets* pertains to computer software licenses recognized based on acquisition cost and any related costs in bringing up the software to use, which is being amortized over the expected useful life of five years. Costs associated with maintaining the said software are recognized as expenses when incurred. Amortization of intangible



assets amounted to P2.006 million and P4.133 million in CYs 2024 and 2023, respectively (see Note 33).

The carrying amount of BCDA's intangible assets is as follows:

	2024	2023 (As restated)
<b>COST</b>		
<b>Balance at the beginning of the year</b>	<b>40,481,100</b>	40,726,943
Additions	<b>40,179</b>	6,352,415
Reclassifications	<b>7,293,988</b>	(2,218,240)
Disposals/Write-off	<b>0</b>	(4,380,018)
<b>Balance at the end of the year</b>	<b>47,815,267</b>	40,481,100
<b>ACCUMULATED AMORTIZATION</b>		
<b>Balance at the beginning of the year</b>	<b>34,547,670</b>	34,792,564
Amortization	<b>2,006,540</b>	4,132,782
Adjustments	<b>6,883,330</b>	0
Disposals/Write-off	<b>0</b>	(4,377,676)
<b>Balance at the end of the year</b>	<b>43,437,540</b>	34,547,670
<b>Carrying Amount at the end of the year</b>	<b>4,377,727</b>	5,933,430

## 19. OTHER NON-CURRENT ASSETS

This account comprises the following:

	2024	2023 (As restated)
Restricted Fund	<b>1,422,359,252</b>	1,426,480,428
Prepayments	<b>31,482,728</b>	35,881,816
Deposits	<b>14,743,991</b>	14,338,874
Other Assets	<b>65,960,312</b>	82,450,386
	<b>1,534,546,283</b>	1,559,151,504

*Restricted Fund* pertains to the Camp John Hay Development Corporation (CJHDevCo) escrow account established in CY 2015 by BCDA, where the rentals required to be returned to CJHDevCo by virtue of the final award rendered in the arbitration under the Philippine Dispute Resolution Center Inc. (PDRCI), were deposited. Interest earned from the escrow account amounted to P53.488 million and P56.717 million for CYs 2024 and 2023, respectively (see Note 27).

*Prepayments* refers to cash deposited with the Clerk of Courts in relation to land expropriation cases for SCTEx. This also includes the Heritage Park Perpetual Care Fund, equivalent to 12 percent advanced to the Heritage Park Management Corporation, which will be decreased upon the sale of Heritage Park Investment Certificates.

*Deposits* pertain to the security deposits for the rent of BCDA's office in the Bonifacio Technology Center building and the housing facilities as temporary residence for the Philippine Navy Senior Officers, including the deposit for water and electricity.

*Other Assets* pertains to the remittance made to the AFP for its share in the proceeds from the advance rental of Altus San Nicolas for the 5,000-square-meter lot along Lawton Avenue from CYs 2015 to 2027.

## 20. CURRENT FINANCIAL LIABILITIES

This account consists of the following:

	2024	2023 (As restated)
Payables	722,198,328	867,569,684
Bills/Bonds/Loans Payable	699,947,093	749,126,382
	<b>1,422,145,421</b>	<b>1,616,696,066</b>

*Payables* consists of the following:

- Payables to various suppliers/contractors arising from BCDA's purchases of goods and services. This also includes tax refunds payable to BCDA officers and employees based on annualized tax computation.
- Operating lease payable arising from the lease of BCDA's office at Bonifacio Global City and temporary housing facilities of Philippine Navy Senior Officers, recognized and recorded in accordance with PFRS 16 (see Note 28).

*Bills/Bonds/Loans Payable* pertains to the current portion of the JICA loan related to the construction of the SCTEx Project.

## 21. INTER-AGENCY PAYABLES

This account consists of the following:

	2024	2023 (As restated)
Due to Bureau of the Treasury (BTr)	3,162,881,927	4,048,448,661
Due to National Government Agencies (NGAs)	1,189,582,668	913,272,083
Due to Bureau of Internal Revenue (BIR)	246,511,133	255,432,258
Due to Subsidiaries/Affiliates	239,834,727	253,515,192
Due to Government Corporations	9,599,272	5,016,132
Due to Local Government Unit (LGU)	8,390,605	8,300,473
Others	356,126	124,465
	<b>4,857,156,458</b>	<b>5,484,109,264</b>

- *Due to BTr* refers to the 72.50 percent share of the beneficiaries on asset disposition through the sale of portions of Villamor Air Base and Fort Bonifacio. It also includes



AFP's 50 percent share of the net proceeds from non-sale transactions, such as BCDA's share in joint venture projects, lease income, and the disposition of Heritage Park Investment Certificates. This also includes the balance of guarantee fees incurred in relation to the Japan International Cooperation Agency loan for the SCTEx Project.

- *Due to NGAs* consist mostly of funds transferred to BCDA by various agencies for the implementation of various projects. This account consists of the following:

	2024	2023 (As restated)
Department of National Defense (DND)	541,915,015	0
Department of Information and Communications Technology (DICT)	530,597,582	789,883,439
Department of Transportation (DOTr)	62,646,743	62,655,210
Department of Public Works and Highways (DPWH)	39,325,137	45,635,243
Department of Energy (DOE)	15,098,191	15,098,191
	<b>1,189,582,668</b>	<b>913,272,083</b>

Funds transferred by DND – relocation of Philippine Navy existing facilities located at Bonifacio Naval Station Lot 1, pursuant to the Memorandum of Agreement between BCDA and DND/Armed Forces of the Philippines-Philippine Navy dated May 30, 2023.

Funds transferred by DICT – design, supply, build, and delivery of the joint development project, National Fiber Backbone Project Phase 1, between BCDA and DICT pursuant to the Framework Agreement and Memorandum of Agreement executed on December 8, 2016, and December 29, 2020, respectively.

Funds transferred by DOTr – implementation of the Greenways Project and for the preliminary works for the Subic-Clark Railway Project.

Funds transferred by DPWH – replacement cost of the structures, improvements and relocation of facilities of BCDA affected by the constructed Bonifacio Global City to Ortigas Center Road Link (Sta. Monica-Lawton Bridge Project).

Funds transferred by DOE – procurement, design, and construction of the service connections with the water, sewer, and drainage systems in BGC at the DOE area.

- *Due to BIR* represents taxes withheld from payments to employees and suppliers/contractors. This also includes income and value-added tax payable.
- *Due to Subsidiaries/Affiliates* are composed of the following:

	2024	2023 (As restated)
Clark Development Corporation (CDC)	203,887,891	203,914,626
John Hay Management Corporation (JHMC)	23,051,087	27,599,457
Poro Point Management Corporation (PPMC)	10,656,562	17,966,043

	2024	2023 (As restated)
Clark International Airport Corporation (CIAC)	2,239,187	2,239,187
Fort Bonifacio Development Corporation (FBDC)	0	1,795,879
	<b>239,834,727</b>	<b>253,515,192</b>

Due to CDC – remaining balance of inter-company settlement of CDC-CIAC loans.

Due to JHMC – remaining estate management fee for CY 2023 and land-related costs in the John Hay Special Economic Zone advanced by JHMC.

Due to PPMC – land-related costs in the Poro Point Special Economic and Freeport Zone advanced by PPMC.

Due to CIAC – various expenses incurred for terminal operations advanced by CIAC for BCDA's account.

- *Due to Government Corporations*, this mainly consists of unremitted mandatory deductions from the salaries of employees payable to GSIS, PAG-IBIG, and PhilHealth.
- *Due to LGU* mainly pertains to the assessment fees per Land Registration Authority, payable to the Registry of Deeds, Taguig City for the conveyance by FBDC of the 7,275-sqm. North Central Business District Iconic lot to BCDA.
- *Others* consists of payable to the Philippine National Bank amounting to P236,200 and P46,153 in CYs 2024 and 2023, respectively, for the transfer fee and documentary stamp tax relative to the sale of heritage park lots. This also includes statutory remittances to government agencies pertaining to mandatory deductions amounting to P119,926 and P78,312 in CYs 2024 and 2023, respectively.

## 22. TRUST LIABILITIES

This account consists mainly of the following:

	2024	2023 (As restated)
Contractor's security deposits	1,100,568,245	865,878,503
Customer's deposit	874,786,014	849,033,770
	<b>1,975,354,259</b>	<b>1,714,912,273</b>

*Contractor's security deposits* represents bid bonds, performance and warranty security received from contractors and suppliers. This also includes the 10 percent retention money deducted from the gross billing of contractors and suppliers of goods and services.

*Customer's deposit* pertains to the amount held by BCDA, as lessor, throughout the rental agreement to pay for any damage caused by the lessee on the leased property until the end of the lease period.



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## 23. PROVISIONS

This account represents the undiscounted monetary value of accumulated employees' leave credits based on their basic salaries. The movement of this account is as follows:

	2024	2023
Beginning	62,736,354	61,421,442
Additions	18,727,650	16,627,566
Payments	(8,030,176)	(15,312,654)
	73,433,828	62,736,354

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## 24. OTHER PAYABLES

The current portion of this account pertains to the construction guarantee deposit for construction projects in Bonifacio Global City, amounting to P92.563 million and P217.154 million as of December 31, 2024 and 2023, respectively.

The non-current portion pertains to the amount payable to Camp John Hay Development Corporation, amounting to P1.421 billion, pursuant to the final award rendered in the arbitration under the Philippine Dispute Resolution Center Inc.

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## 25. NON-CURRENT FINANCIAL LIABILITIES

This account consists of the non-current portion of the JICA loan, amounting to P11.199 billion and P12.735 billion for CYs 2024 and 2023, respectively.

The loan payable to the JICA, formerly Japan Bank for International Cooperation (JBIC) pertains to the loan drawdown of P31.244 billion (¥48.769 billion) for the period January 2003 to December 2010 as part of the loan extended to BCDA in the amount of ¥58.138 billion (inclusive of a supplemental loan amounting to ¥17.106 billion in accordance with the amended Exchange of Notes). In CYs 2024 and 2023, payments were made amounting to P0.737 billion (¥1.906 billion) and P0.757 billion (¥1.906 billion), respectively. As of the reporting date, the unpaid balance amounted to ¥32.405 billion. This balance is translated based on the BSP foreign exchange rate of P0.3672 and P0.3930 for CYs 2024 and 2023, respectively.

The loan is for the construction of a direct, efficient, and nearly exclusive road connection between the major development areas of Central Luzon (Subic-Clark-Tarlac) to enhance the region's synergistic integrated development and alleviate the worsening traffic situation along the North-South axes. The Subic-Clark-Tarlac Expressway project will enhance the development of both the Subic and the Clark Economic Zones pursuant to the Subic-Clark Alliance Development Program.

## LOAN PROFILE:

Fund Source	: Japan International Cooperation Agency
Loan Agreement No	: PH-226
Loan Amount	: JPY 58,138,495,277
Terms	: 40 years (maturity period)
	: 10 years (grace period)
Repayment terms	: Semestral
Closing date	: December 17, 2010
Guarantor	: Republic of the Philippines
Interest Rate (%)	: 0.95% (Civil Works)
	: 0.75% (Consulting Services)
Guarantee Fee	: 1% per annum of outstanding balance

## 26. DEFERRED CREDITS

This account consists of the following:

	2024	2023 (As restated)
Deferred Credits	10,877,586,161	9,884,549,319
Unearned Revenue/Income	2,088,977,803	2,241,784,814
	12,966,563,964	12,126,334,133

Deferred credits consists of the following:

	2024	2023 (As restated)
Deferred Service Concession Revenue	7,328,818,117	7,519,570,195
Deferred Finance Lease Revenue	1,855,461,384	1,770,705,614
Other Deferred Credits	1,693,306,660	594,273,510
	10,877,586,161	9,884,549,319

*Deferred service concession revenue* pertains to the upfront cash from Manila North Tollways Corporation (MNTC), now North Luzon Expressway (NLEX) Corporation, amounting to P2.102 billion, and assets constructed by NLEX Corporation for SCTEx amounting to P2.342 billion. It also includes assets constructed, developed, and provided by LIPAD for the Clark International Airport Project, amounting to P2.885 billion.

*Deferred finance lease revenue* represents the advance rental received from various lessees of BCDA's properties.

*Other deferred credits* pertains to the book value of 61,761-sqm lot of BCDA amounting to P864.654 million, in connection with the JVA with Robinsons Land Corporation (see Note 41), payment of Manila International Airport Authority amounting to P498.777 million for the lease with option to purchase of BCDA's property wherein the Ninoy Aquino International Airport Terminal 3 is located, and the remaining balance of P309.760 million relative to the sale of the 18,320-sqm portion of Navy Village Fort



Bonifacio, which will be reclassified to Capital and Due to the Bureau of the Treasury upon collection to recognize the 27.5 percent and 72.5 percent BCDA's and beneficiaries' share, respectively. This also includes the 50 percent down payment of P11.519 million relative to the sale of DPWH Marikina Bypass Road, and deferred output taxes in the amount of P8.597 million.

Unearned Revenue/Income consists of the following:

	2024	2023 (As restated)
Unearned Tax Subsidy	1,868,471,365	2,006,027,539
Other Unearned Revenue/Income	165,506,438	180,739,060
Commitment Contribution	55,000,000	55,000,000
Unearned Revenue/Income-Investment Property	0	18,215
	<b>2,088,977,803</b>	<b>2,241,784,814</b>

*Unearned tax subsidy* pertains to the tax subsidy granted by the Department of Finance, as implemented by the Bureau of Internal Revenue, to pay for the taxes of the contractors, suppliers, and consultants involved in the construction of SCTEx. This is pursuant to the provisions of the Exchange of Notes between the Republic of the Philippines and the Government of Japan that state that no part of the loan proceeds from the JICA for the construction of the SCTEx project shall be used to pay for Philippine taxes. In relation to this, Revenue Regulation No. 17-2005, dated July 29, 2005, was issued prescribing the policies, guidelines, and procedures in the implementation of the tax subsidy granted by the Fiscal Incentive Review Board (FIRB) to BCDA.

For CYs 2005 to 2010, the amount of tax subsidy granted by the FIRB and availed by the consultants and contractors amounted to P4.138 billion, distributed as follows (in billion pesos):

Issued to	Amount of Subsidy	Amount of Utilization	Balance
Kajima Corporation, Obayashi Corporation, JFE Engineering Corporation, Mitsubishi Heavy Industries, Ltd. (KOJM)	8.414	2.452	5.962
Hazama Corporation, Taisei Corporation, Nippon Steel Corporation (HTN)	4.644	1.632	3.012
Pacific Consultant International – Katahira and Engineers International (PCI-KEI)	0.244	0.054	0.190
	<b>13.302</b>	<b>4.138</b>	<b>9.164</b>

The decrease of P137.556 million in CY 2024 was due to the amortization of deferred income on tax subsidy as a subsidy from the National Government.

## 27. INCOME

This consists of the following:

	2024	2023 (As restated)
Service Income		
Fees and commission income	17,064,555	10,578,245
Permit fees	10,577,305	402,959
Fines and Penalties – Service Income	1,000	18,194
Other Service Income	983,469	908,408
Business income		
Service Concession Revenue	3,440,511,577	2,554,057,578
Rent/Lease Income	1,586,130,051	1,737,435,415
Dividend Income	1,074,166,667	705,000,000
Interest Income	968,836,435	1,280,687,340
Sales Revenue	189,005,219	83,055,853
Landing and Parking Fees	4,768,087	5,415,801
Seaport System Fees	1,363,811	0
Fines and Penalties-Business Income	627,233	4,452,631
Income from Hostels/Dormitories and Other Like Facilities	121,946	122,489
Other Business Income	42,472,326	36,761,432
	7,336,629,681	6,418,896,345
Gains	14,764,360,617	876,342,154
Other Non-operating income	11,647,489	15,424,523
	22,112,637,787	7,310,663,022

*Fees and commission income* consists of commission earned from Bonifacio Gas Corporation for the gas distribution within BGC.

*Permit fees* pertains mainly to the right-of-way access fees for the installation of fiber optic cables in SCTEx, and permit fees for the construction of various structures within Bonifacio Global City, Taguig City.

*Service concession revenue* pertains to the 50 percent share of BCDA from the audited gross toll revenue of SCTEx, amounting to P2.307 billion and P1.946 billion in CYs 2024 and 2023, respectively, the amortized portion of NLEX Corporation's upfront cash payment, both amounting to P111.607 million for CYs 2024 and in 2023, and the amortization of concession assets introduced by NLEX Corporation in the amount of P79.968 million and P79.453 million in CYs 2024 and 2023, respectively. It also includes the gross revenue share from the operation of the Clark International Airport amounting to P293.769 million and P269.557 million in CYs 2024 and 2023, respectively, the first annual fixed payment of P500 million starting in CY 2024 or the first anniversary from the Final Acceptance date of July 31, 2023, and the amortization of concession assets introduced by LIPAD in the amount of P147.854 million and P147.414 million for CYs 2024 and 2023, respectively.



*Rent/Lease income* pertains to revenue arising from various lease agreements wherein parcels of land and structures/buildings are transferred and conveyed by way of lease to private entities.

*Dividend income* pertains to the cash dividends received from Fort Bonifacio Development Corporation amounting to P1.013 billion, P50 million from Bonifacio Communications Corporation, and P11.667 million from Bonifacio Estate Services Corporation.

*Interest income* consists of interest income from bank deposits, investments in treasury bills, finance leases, and unincorporated joint venture arrangements.

*Sales revenue* consists of the sale of the Heritage Park Investment Certificates, amounting to P62.351 million, and condominium and parking units in Newport City, amounting to P126.654 million.

*Other business income* mainly consists of the variable revenue from the Serendra Project. It also includes other income such as Pamayanang Diego Silang administration fee, receipt of sale of bid documents, Bonifacio Technology Park museum and shrine tour fee, electricity consumption fee of various entities at the National Government Administrative Center (NGAC), and earned portion of BCDA's Development Usufructuary Rights (DUR) in relation to BCDA's investment in Shin Clark Power Corporation and New Clark Government Center Corporation.

*Gains* consist of the difference amounting to P13.912 billion between the book value of land contributed by BCDA to the JVA with Robinsons Land Corporation and the present value of cash flows (upfront cash and fixed annual payments). This also includes realized and unrealized foreign exchange transactions amounting to P852.846 million.

*Other non-operating income* pertains to the reversal of impairment loss due to the collection of various receivables.

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## **28. LEASE AGREEMENTS**

### As a lessee

Except for short-term leases and leases of low-value assets, BCDA applies a single recognition and measurement approach for all leases. BCDA recognizes lease liabilities to make lease payments and right-of-use assets, representing the right to use the underlying assets.

The significant leases entered into by BCDA are as follows:

#### *Fort Bonifacio Development Corporation (FBDC)*

The BCDA leases its office in Bonifacio Global City (BGC) under a renewal lease agreement with FBDC. The lease has a term of three years, commencing on November 1, 2024, and ending on October 31, 2027, with renewal options, and includes an annual escalation rate of five percent per annum. In addition to the rental payment, BCDA

shares in all costs and expenses incurred or to be incurred in the repair and maintenance of the common areas at a monthly rate per square meter of the leasable area occupied by the leased premises.

The lease agreement with FBDC includes a provision for parking lots. Parking lot leases are low-value items; no right-of-use assets and lease liabilities are recognized for this lease.

#### *Housing Facilities*

BCDA also leases temporary housing facilities for the Philippine Navy Senior Officers whose housing units are affected by the construction of the Senate Building, including officers whose quarters are adjacent to the construction site. The lease agreements cover the lease of various residential and parking units in Taguig City with a term ranging from 28 to 36 months or from February 16, 2022, until February 15, 2025, with renewal options.

BCDA does not recognize right-of-use assets and lease liabilities for the lease of photocopying machines and transportation equipment. These leases are short-term and of low-value items.

## **29. PERSONNEL SERVICES**

This consists of the following:

	<b>2024</b>	<b>2023</b> (As restated)
Salaries and wages	<b>197,111,869</b>	155,284,047
Other compensation	<b>113,790,681</b>	125,079,511
Personnel benefit contributions	<b>64,824,321</b>	64,908,700
Other personnel benefits	<b>22,725,212</b>	18,806,289
	<b>398,452,083</b>	364,078,547

## **30. MAINTENANCE AND OTHER OPERATING EXPENSES**

This consists of the following:

	<b>2024</b>	<b>2023</b> As restated
General services	<b>312,671,361</b>	289,153,231
Professional services	<b>242,982,835</b>	214,805,889
Repairs and maintenance	<b>81,650,936</b>	18,677,878
Taxes, insurance premiums and other fees	<b>61,905,524</b>	7,529,601
Utilities	<b>44,981,381</b>	45,781,836
Traveling expenses	<b>27,138,550</b>	17,927,035
Rent expense	<b>27,027,283</b>	15,360,502
Supplies and materials	<b>24,261,427</b>	30,007,281
Printing, advertising and promotion	<b>17,384,408</b>	24,381,229



	2024	2023 As restated
Training and scholarship expenses	13,401,467	11,716,031
Representation expenses	9,867,535	8,364,253
Communication expenses	6,004,162	8,264,956
Survey expenses	660,938	764,079
Other maintenance and operating expenses	112,339,289	57,375,990
	<b>982,277,096</b>	<b>750,109,791</b>

The preventive maintenance of Communication Navigation and Surveillance equipment and facilities at Clark International Airport, and the repairs and maintenance of various access roads and sports facilities in New Clark City resulted in the significant increase of repairs and maintenance account.

The significant increase in taxes, insurance premiums and other fees pertains mainly to the payment of additional value-added tax as a result of the assessment of the Bureau of Internal Revenue for taxable year 2021.

The increase in other MOOE is mainly attributable to the purchase of subscription to various information and communications technology software such as integrated cloud backup, data security and analytics, and integrated security suite.

### 31. FINANCIAL EXPENSES

This consists of the following:

	2024	2023
Guarantee fees	125,725,028	138,990,415
Interest expenses	125,011,654	136,103,914
Management/Supervision/Trusteeship fees	943,389	946,078
Bank charges	78,940	22,275
	<b>251,759,011</b>	<b>276,062,682</b>

### 32. DIRECT COSTS

This account pertains to the cost of sale of condominium and parking units in Newport City in CYs 2024 and 2023, amounting to P62.342 million and 41.803 million, respectively (see Note 27), sale of HPICs in CYs 2024 and 2023 amounting to P20.226 million and P19,987, respectively, and sale of the Gross Floor Area totaling 6,198 square meters in the Institutional Area property of BCDA in Bonifacio Global City to provide an additional Floor Area Ratio to the development of Eastgate property in CY 2023 amounting to P176.643 million.

### 33. NON-CASH EXPENSES

This consists of the following:

	2024	2023 (As restated)
Depreciation	1,830,381,504	1,734,299,182
Impairment loss	29,271,924	29,063,778
Losses	4,067,758	422,058
Amortization	2,006,540	4,132,782
	<b>1,865,727,726</b>	<b>1,767,917,800</b>

*Impairment loss* pertains to the provision for expected credit losses on receivables and the carrying amount of the derecognized unserviceable properties.

*Losses* pertain to foreign exchange transactions due to the effect of foreign currency translation for the SCTEx project's special yen loan package (see Note 25 and 40) and bank deposits for dollar transactions. They also include loss on the sale of property and equipment.

### 34. INCOME TAX EXPENSE

On March 26, 2021, Republic Act (RA) No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), was signed into law by the President of the Philippines. The law took effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that have an impact on the operations of BCDA are as follows:

- Reduction of the Corporate Income Tax from 30 percent to 25 percent starting July 1, 2020;
- Reduction of the Minimum Corporate Income Tax (MCIT) from two percent to one percent starting July 1, 2020, until June 30, 2023;
- Reduction of the non-deductible interest expense from 33 percent to 20 percent of the gross interest income; and
- Imposition of the Improperly Accumulated Earnings Tax has been repealed.

The Bureau of Internal Revenue issued Revenue Memorandum Circular No. 69-2023, dated June 20, 2023, regarding the reversion of the minimum corporate income tax rate to two percent effective July 1, 2023.

Income tax expense for the years ended December 31 consists of the following:

	2024	2023
Current tax	368,347,047	103,743,870
Deferred tax	674,409,816	290,150,948
	<b>1,042,756,863</b>	<b>393,894,818</b>



The reconciliation of income tax expense/(benefit) computed at applicable statutory tax rates and income tax expense shown in the statement of comprehensive income follows:

	2024	2023
Statutory Income Tax	4,404,746,564	923,295,324
Income tax effects of:		
Non-taxable sale (Asset Disposition Program)	(3,477,878,658)	(98,810,268)
Non-taxable income (subsidy income and subsidy expense)	(591,281,938)	(1,138,470,977)
Income already subjected to final tax (interest income and dividend revenue)	(526,170,661)	(365,557,215)
Expiration of MCIT	59,472,019	39,796,047
Non-deductible expenses (interest expense, financial assistance representation, and taxes)	98,120,503	176,094,815
Expiration of Net operating loss carry over (NOLCO)	1,075,749,034	857,547,092
	<b>1,042,756,863</b>	<b>393,894,818</b>

An analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024	2023 (As restated)
Deferred tax assets		
NOLCO	2,367,753,906	2,676,628,934
Unearned service concession revenue	1,852,426,655	1,898,633,900
Accounts receivable from business agreements	1,180,816,229	1,226,700,247
Unearned lease revenue	477,615,346	453,113,199
Excess MCIT	177,759,596	181,763,104
Allowance for impairment	43,532,143	39,126,033
Accrued expenses	41,870,801	26,492,731
	<b>6,141,774,676</b>	<b>6,502,458,148</b>
Deferred tax liabilities		
Right-of-Use Asset	409,645	0
Unrealized forex loss	(432,413,699)	(223,371,225)
Unbilled accounts receivable	(927,342,382)	(484,769,016)
Service concession asset	(1,273,846,725)	(1,298,448,040)
	<b>(2,633,193,161)</b>	<b>(2,006,588,281)</b>
	<b>3,508,581,515</b>	<b>4,495,869,867</b>

The details of NOLCO which can be claimed as a deduction from future taxable income within three years from the year the loss was incurred, are as follows:

Year Incurred	Amount Incurred	Amount Expired	Remaining Balance	Year of Expiration
2024	766,874,006	0	766,874,006	2027
2023	793,599,269	0	793,599,269	2026
2022	807,280,631	0	807,280,631	2025
2021	1,075,749,034	1,075,749,034	0	2024
	<b>3,443,502,940</b>	<b>1,075,749,034</b>	<b>2,367,753,906</b>	

For the years ended December 31, 2024 and 2023, BCDA used 2 percent and 1.5 percent MCIT, respectively, pursuant to the tax regulations.

Year Incurred	Amount Incurred (As amended)	Amount Expired	Remaining Balance	Year of Expiration
2024	55,468,511	0	55,468,511	2027
2023	97,391,551	0	97,391,551	2026
2022	24,899,534	0	24,899,534	2025
2021	59,472,019	59,472,019	0	2024
	<b>237,231,615</b>	<b>59,472,019</b>	<b>177,759,596</b>	

### 35. FINANCIAL ASSISTANCE/SUBSIDY/CONTRIBUTION

This consists of the following:

	2024	2023 As restated
Subsidy from the National Government	<b>2,365,127,753</b>	4,548,796,848
Financial assistance to National Government Agencies (NGAs)	<b>(217,556,054)</b>	(589,815,290)
Contributions to AFP Modernization	<b>(3,038,839,331)</b>	(4,379,259,515)
Financial assistance/subsidy/contributions-others	<b>(21,599,972)</b>	(34,242,411)
	<b>(912,867,604)</b>	(454,520,368)

- *The subsidy from the National Government* mainly consists of the amortization of deferred income tax subsidy granted to BCDA during the construction of the Subic-Clark-Tarlac Expressway Project and funds received for the implementation of various road projects in New Clark City and replication of the facilities of the Armed Forces of the Philippines (AFP).
- *Financial assistance to NGAs* pertains to the turnover of completed structures/facilities for the design and build of the National Academy of Sports (NAS), Phase 1, pursuant to the deed of usufruct between BCDA and NAS in accordance with RA No. 11470.



- *Contributions to AFP Modernization* pertains to the 50 percent share of the AFP on the proceeds of leases, joint ventures, and all transactions other than sales entered into by BCDA involving portions of Metro Manila military camps pursuant to Executive Order No. 309 dated November 3, 2000, including the cost of replication of facilities affected by the development of various projects.
- *Financial assistance/subsidy/contributions-others* pertains to the compensation provided to project-affected people affected by the various developments in New Clark City and the Subic-Clark Railway Project.

### 36. CAPITAL STOCK AND CONTRIBUTED CAPITAL

BCDA has an authorized capital stock of P100 billion, as provided for in Section 6 of RA No. 7227. The Republic of the Philippines may fully subscribe to this, which shall either be paid up from the proceeds of the sales of land assets as provided for in Section 8 of the same Act or by transferring to BCDA properties valued at such amount.

Capital and contributed capital accounts of BCDA consist of the following:

	2024	2023 (As restated)
Value of the following transferred properties:		
Clark Main Zone	31,380,235,277	31,380,235,277
Villamor Air Base	23,642,492,701	23,642,492,701
Various Metro Manila Camps	11,648,462,430	11,648,462,430
Camp John Hay	9,184,166,072	9,184,166,072
San Fernando Airport	2,625,143,749	2,625,143,749
San Fernando Seaport	366,018,198	366,018,198
Heritage Park	267,858,499	267,858,499
Bataan Technology Park	126,547,170	126,547,170
Sacobia	14,875,042	14,875,042
	<b>79,255,799,138</b>	<b>79,255,799,138</b>
Value of the capitalized portion of Fort Bonifacio, which is equivalent to the 45 percent share in FBDC	19,769,006,975	19,769,006,975
Equity from the National Government (NG) for the implementation of various infrastructure projects	5,735,490,956	5,735,490,956
Net of proceeds from the disposition of transferred properties as provided under RA No. 7227, as amended	5,272,494,250	5,219,038,086
Proceeds of the portion of the Fort Bonifacio property sold to PNOC/DOE and the JUSMAG property sold to Victory Liner, Inc.	155,821,767	155,821,767
Initial cash equity of the NG	13,250,000	13,250,000
	<b>110,201,863,086</b>	<b>110,148,406,922</b>
Fund from Legislative-Executive Council	2,930,858	2,930,858
	<b>110,204,793,944</b>	<b>110,151,337,780</b>

*Contributed capital* pertains to the excess in the authorized capital brought by the appraised values of land, largely in the Clark Main Zone, as a result of the appraisal of BCDA assets in CY 2017.

### 37. RETAINED EARNINGS

Retained Earnings at January 1, 2023 was restated for the following adjustments:

Recognition of lease receivable from prior years	135,969,759
Adjustment on deferred credits/unearned income	118,810,864
Adjustment on government equity	80,271,912
Adjustment on the merchandise inventory	63,692,191
Adjustment on trust liabilities	62,453,786
Adjustment on prior receivables	12,099,174
Adjustment on construction-in-progress	1,439,777
Adjustment on other payables	398,071
Adjustment on semi-expendable office equipment	2,991
Adjustment on long outstanding payables	(298,631)
Adjustment on Investments in JHMC	(14,698,951)
Adjustment on impairment of receivables	(17,942,649)
Adjustment on other assets	(83,950,617)
Adjustment on depreciation	(195,178,920)
Adjustment on inter-agency payables	(570,525,856)
	<b>(407,457,099)</b>

### 38. RELATED PARTY TRANSACTIONS

The summary of BCDA's related party transactions as of December 31, 2024 and 2023 are as follows:

Category	Note	Amount of Transactions/Outstanding Balances	
		2024	2023
Due from subsidiaries/affiliates	9	<b>3,451,551,425</b>	3,508,009,771
Investments in subsidiaries	14	<b>3,416,831,250</b>	3,416,831,250
Fund releases for project implementation	9	<b>524,039,074</b>	211,068,044
Due to subsidiaries/affiliates	21	<b>239,834,727</b>	253,515,192
Estate management fees	15	<b>199,289,580</b>	174,126,948
Zone maintenance	15	<b>61,103,932</b>	43,811,437
Security services	15	<b>40,974,671</b>	46,099,874
Key management personnel compensation	29	<b>34,328,555</b>	42,496,084

- a. BCDA Management and Holdings, Inc. (BMHI), a deactivated subsidiary of BCDA, is being managed by a team specifically created to administer the functions retained by BMHI.



- b. BCDA entered into a Performance Agreement (PA) with Poro Point Management Corporation (PPMC) in 2005 to ensure the continuous productive operation of the Poro Point Freeport Zone (PPFZ) and the development and economic enhancement of the property. The agreement was further revised and amended in 2013, 2018 and 2020.

Pursuant to the amended agreement, BCDA engaged PPMC as its Estate Manager for Poro Point, in addition to its role as the implementing arm of BCDA over the PPFZ. PPMC shall receive an Estate Management Fee equivalent to the Personnel Services (PS) and Maintenance and Other Operating Expenditures (MOOE) budget as approved by BCDA, or 50 percent of revenues to be generated from the property, whichever is higher. PPMC is likewise entitled to an additional incentive equivalent to 10 percent of the net revenues from the zone based on the computation stated in BCDA's Policy on Financial Oversight over Subsidiaries.

- c. BCDA entered into a PA with JHMC in 2005 to ensure the continuous productive operation, development, and economic enhancement of Camp John Hay and all the areas within the John Hay Special Economic Zone (JHSEZ). The agreement was further revised and amended in 2012, 2017, and 2021.

Pursuant to the amended agreement, BCDA engaged JHMC as its Estate Manager for Camp John Hay in addition to its role as the implementing arm of BCDA over the JHSEZ. JHMC shall receive an Estate Management Fee equivalent to the PS and MOOE budget as approved by BCDA, or 50 percent of revenues to be generated from the property, whichever is higher. JHMC is likewise entitled to an additional incentive equivalent to 10 percent of the net revenues from the zone based on the computation stated in BCDA's Policy on Financial Oversight over Subsidiaries.

- d. Advances to related parties are non-interest-bearing and subject to liquidation upon completion of the activity/project for which the advances were granted.
- e. Compensation of key management personnel is comprised of short-term employee benefits, which include salaries, allowances, and other benefits due to be settled within 12 months after the end of the period in which the employees render the related service.

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### **39. CONTINGENCIES**

BCDA is contingently liable for lawsuits or claims filed by third parties that are either pending in the courts or are under negotiation. These cases involve, among others, civil actions for reversion and cancellation of title, annulment of title, re-conveyance of title/properties, eminent domain, application for registration of property, recovery of possession, collection of a sum of money, and other land tenure problems. No provision for any liability that may result from these lawsuits or claims has been recognized in the financial statements since the outcome of these cases is not presently determinable.

Various cases were also filed by BCDA versus BIR and the Local Government Unit (LGU) of Taguig for the claim of refund of Creditable Withholding Tax, protest on the assessment and payment of Real Property Taxes, Documentary Stamp Taxes, and



Expanded Withholding Taxes in relation to BCDA's disposition of various properties. These cases are still pending with the Supreme Court, Court of Tax Appeals, and Local Board of Assessment Appeals of the LGU, where applicable. Cases filed by BCDA in the exercise of eminent domain are also pending decisions in their respective courts. In addition, various cases were filed by BCDA for the cancellation of the Title of the properties owned by BCDA. Contingent liability and/or assets from these claims were not recognized since they are still pending and the outcome is not presently determinable.

The Ad Hoc Arbitral Tribunal granted D.M. Consunji, Inc. Project Developers, Inc.'s (DMCI PDI) claim on February 21, 2020, for the return of its P300 million deposit for future subscription in the planned increase of NORTHRAIL's authorized capital stock, with legal interest of (i) P444.448 million from February 18, 2005 to February 21, 2020; and (ii) P44.667 million per annum, from February 22, 2020 to date of payment. On December 7, 2023, the Commission on Audit issued a Decision dismissing DMCI's Petition for Money Claim for being premature. On August 13, 2024, DMCI filed a Motion for Reconsideration before the COA which remains pending to date. On October 22, 2024, the Court of Appeals (CA) dismissed the appeals filed by BCDA and NORTHRAIL. On December 3, 2024, BCDA and NORTHRAIL filed their respective Motions for Reconsideration with the CA which likewise remains pending.

The Construction Industry Arbitration Commission awarded E.M. Cuerpo, Inc. a total amount of P23.891 million on October 18, 2021, for the payment of monetary judgment relative to the construction of 21 units of ASEAN Summit Villas. BCDA filed its answer on December 20, 2022. E.M. Cuerpo, Inc. filed a petition for a money claim with the Commission on Audit on March 7, 2023. No provision has been recognized on the claim since the outcome of the case is not presently determinable.

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#### **40. SUBIC-CLARK-TARLAC EXPRESSWAY (SCTEx) PROJECT**

The Subic-Clark-Tarlac Expressway (SCTEx) Project is a 93.77-kilometer, 4-lane highway under a special yen loan package amounting to ¥59.037 billion (inclusive of a supplemental loan amounting to ¥17.106 billion in accordance with the Amended Exchange of Notes) from JBIC, now the Japan International Cooperation Agency (JICA), to finance the detailed design, construction, supervision, and civil works of the SCTEx. The 40-year loan agreement includes a 10-year grace period starting in 2001 and ending in 2011 with an interest payment of 0.95 percent per annum for civil works and 0.75 percent per annum for consulting services. Based on the JICA Notice of Completion of Disbursement dated January 6, 2011, the final loan, which closed on December 17, 2010, went down from ¥59.037 billion to ¥58.138 billion due to the unutilized portion of the loan.

Payments for the principal loan amounted to P0.737 billion (¥1.906 billion) in CY 2024 and P0.757 billion (¥1.906 billion) in CY 2023, while interest payments totaled P0.123 billion (¥0.318 billion) in CY 2024 and P0.133 billion (¥0.335 billion) in CY 2023.

The SCTEx consists of two road sections or packages. Subic-Clark Section (Package 1) was awarded to Kajima-Obayashi-Mitsubishi Joint Venture Contractors, while Clark-Tarlac Section (Package 2) was awarded to Hazama-Taisei-Nippon Steel Joint Venture Contractors. Package 1, with a length of 50.5 kilometers, starts at Barangay Tipu in



Hermosa, Bataan, and ends at Clark Freeport Zone. Package 2, with a length of 43.27 kilometers, starts at Clark Freeport Zone and ends at Tarlac City. Package 1 is comprised of four interchanges and three major bridges, while Package 2 is built with eight interchanges and one major bridge. Construction of the project started in April 2005 and was completed in July 2009.

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#### 41. BUSINESS AGREEMENTS

a. *Joint Venture Agreement (JVA) with Meralco Marubeni Consortium*

On April 3, 2019, BCDA entered into a JVA for the financing, design and engineering, establishment, construction, development, operation, and maintenance of the electric power distribution system in New Clark City. Pursuant to the JVA, the sole contribution of BCDA shall be the assignment of the Development and Usufruct (DU) Franchise and the grant on a non-exclusive and "as is, where is" basis of BCDA Usufructuary Rights.

The Joint Venture Company (JVC) was incorporated on May 10, 2022. The capital structure of the JVC is composed of 90 percent of equity ownership to the Meralco Marubeni Consortium and 10 percent of equity to BCDA.

b. *JVA with the National Housing Authority (NHA) and Primelux Holdings Development, Inc., known as the Private Sector Partner (PSP)*

On December 17, 2018, BCDA entered into a JVA with NHA and Primelux Holdings Development, Inc., a subsidiary of Shanghai Nanjiang (Group) Co. Ltd., for the joint development of the 59.62-hectare property located along C-5 Road in Fort Bonifacio, Taguig City, known as the Bonifacio East Property. Pursuant to the JVA, BCDA and NHA shall contribute the Development and Usufructuary Rights (DUR) over the property to the joint venture. The PSP committed to invest a minimum of P137 billion in the project within the maximum development period of nine years.

BCDA and NHA shall receive an annual fixed payment of P454 million to commence on the 6th year anniversary of the signing date of the JVA, subject to a 10 percent escalation rate every five years after the first payment date. The PSP shall also pay BCDA and NHA a three percent annual variable fee on the gross revenue of the JV, as well as an additional 0.5 percent on gross revenue for every accumulated 10 percent tax incentive secured for the JV.

The PSP shall be responsible for all aspects of the project, which include, but are not limited to, financing, planning, design, construction and development, operation, and maintenance of the Bonifacio East Property, including the Informal Settler Families area.

c. *North-Luzon Expressway (NLEX)-SCTEx Integration Agreement*

To address the traffic congestion in the areas where NLEX and SCTEx interconnect, BCDA and MNTC, now North Luzon Expressway Corporation, signed the NLEX-SCTEx Integration Agreement on February 5, 2015. Under the Agreement, NLEX Corporation shall undertake Integration Works, which consist of upgrading the



SCTEx toll collection system through the adoption of NLEx's Toll Collection System (including the installation in SCTEx of the Electronic Toll Collection Dedicated Short Range Communication, or DSRC, and Radio Frequency Identification, or RFID, ready system), and all civil works necessary or essential to implement the project. The purpose of the integration project is to provide seamless travel to motorists using both NLEx and SCTEx. In the original separate systems, there were five stops from Balintawak to Subic and back, and four stops from Balintawak to Tarlac and back. Under the integrated system, the stops were reduced for motorists going from Balintawak to Subic and back, and from Balintawak to Tarlac and back.

Since NLEx is BCDA's Private Sector Partner (PSP) in SCTEx, NLEx shall assume all the project costs pertaining to SCTEx and will be responsible for maintaining the toll collection system for both NLEx and SCTEx.

d. *Agreement with Megaworld Corporation-JUSMAG Property*

On April 13, 2010, BCDA entered into a JVA with Megaworld Corporation (MEGAWORLD) for the privatization and development of the 34.5-hectare portion of the Joint US Military Advisory Group (JUSMAG) property along Lawton Avenue in Fort Bonifacio. Pursuant to the JVA, the subject property shall be developed into a mixed-use development featuring residential, office, and commercial uses. BCDA's sole contribution to the project is the land, while MEGAWORLD's investment commitment is a minimum of P22 billion within the maximum development timetable of 20 years from the commencement of development.

MEGAWORLD shall be the exclusive marketing and management agent for BCDA's allocated units for sale, and leasing and management agent for allocated units for lease, for which it shall be entitled to receive marketing and management fees of 12 percent based on the gross selling price, inclusive of VAT.

BCDA shall receive yearly guaranteed revenues, starting on April 12, 2011, until April 12, 2029, amounting to P873.400 million, representing its minimum share from the project based on the revised Project Implementation Plan dated February 15, 2014. Also, as required under the JVA, BCDA received from MEGAWORLD on April 13, 2010, an upfront cash of P1.500 billion as the former's advance revenue share, recoverable without interest against the net proceeds from the sale or lease of its allocated units in excess of its minimum annual secured revenue share.

The JVA also requires MEGAWORLD to replicate 106 housing units for the Armed Forces of the Philippines (AFP) affected by the development of the JUSMAG property. In 2014, BCDA turned over to the Department of National Defense (DND) all replicated housing units in JUSMAG, amounting to P700 million.

BCDA and MEGAWORLD signed a Dispute Resolution Agreement on August 5, 2021, whereby the parties agreed that the date of completion of BCDA's clearing obligation and actual turnover of vacant possession of the Property to MEGAWORLD shall be on December 31, 2012, which is one year and eight months from BCDA's original commitment date. From the cashflow perspective under the JVA, the payments remitted by MEGAWORLD prior to the Clearing Completion Date shall be credited in full and shall not be discounted at 10 percent. As a result, BCDA shall only receive yearly guaranteed revenues until April 2024.



e. *Agreement with Megaworld Corporation-North Bonifacio Lots Project*

On November 3, 2009, BCDA entered into a JVA for the privatization and development of the 8.38-hectare North Bonifacio lots in Bonifacio Global City. Pursuant to the JVA, BCDA shall contribute to the North Bonifacio lots, while MEGAWORLD shall provide financing and undertake the planning, construction, and development of the project. In return for their contributions, BCDA will receive 10 percent of the units in the project, while MEGAWORLD will receive 90 percent.

MEGAWORLD has committed to invest a minimum of P15,600 billion within the estimated development timetable of no more than 20 years from the signing of the JVA and to remit to BCDA an annual minimum revenue share of P306 million, which commenced in CY 2011.

In addition to the minimum investment, MEGAWORLD has also committed to providing the property with transportation facilities (Transportation Project) that require an investment of at least P500 million. The Transportation Project is expected to enhance the property's accessibility to Bonifacio Global City and other major points in Metro Manila.

f. *Agreement with Megaworld Corporation-Newport City Project*

On October 10, 2003, BCDA entered into a JVA with MEGAWORLD for the development of the remaining lots at the Villamor Gateway Center, to be known as the New Port City Project. Pursuant to the JVA, BCDA shall contribute lots with an aggregate land area of 174,841 square meters, while MEGAWORLD shall provide financing for the implementation of the project. The parties will receive their allocated units and/or net proceeds from sales in return for their contributions to the project.

MEGAWORLD has committed to investing a minimum of P200 million in the project within 12 years of clearing, relocation, and replication of the structures, in accordance with the investment schedule contained in its proposal.

The JVA also provides that MEGAWORLD, at its sole expense, shall assume and cause the relocation and replication of the Philippine Air Force (PAF) facilities and other community structures that are affected by the development of the project. As agreed by and between BCDA and PAF, the final relocation and replication cost of existing structures amounts to P889.331 million. As of December 31, 2019, completed facilities with a total cost of P773.823 million were already turned over by MEGAWORLD to BCDA.

g. *Agreement with Alliance Global Group, Inc. (AGGI) assigned to Megaworld Corporation-McKinley Hill Project*

On September 1, 2003, BCDA entered into a JVA, as amended on July 23, 2004, with Alliance Global Group, Inc. (AGGI) for the development of a parcel of land, referred to as the Lawton Parkway, predominantly for residential purposes. The project is known as the McKinley Hill Project. Pursuant to the JVA, BCDA shall contribute land with an aggregate land area of 24.6 hectares, while AGGI shall provide financing for the implementation of the project.



BCDA authorized AGGI to enter into a joint development agreement with third-party entities under which the latter may delegate to said third-party entities the performance of all of its obligations and functions in the development, marketing, and management of the project.

On July 17, 2003, AGGI entered into a Memorandum of Undertaking with MEGAWORLD, designating the latter as the Project Manager and exclusive marketing agent.

AGGI has committed to investing a minimum of P2.060 billion and remitting to BCDA an annual secured revenue share of P118.164 million for the 15 selling periods, commencing on the date AGGI begins to offer BCDA's allocated units for sale or lease to the public, which started in July 2004.

h. *Agreement with Ayala Land, Inc. (ALI)*

On April 15, 2003, BCDA entered into a Joint Development Agreement (JDA), as amended on February 13, 2004, with ALI for the development of Lot B at Bonifacio Global City, known as the Serendra project. Pursuant to the JDA, BCDA shall contribute to the 11.6-hectare lot, and ALI shall provide the necessary cash and expertise to undertake and complete the implementation of the residential development. The parties shall receive the whole finished units or cash proceeds from the sale of allocated units in different proportions depending on the type of development in return for their contributions.

ALI has committed to investing sufficient capital, estimated to be P12.419 billion, and remitting to BCDA an annual minimum revenue share of P175.758 million for the first selling period and P120.175 million for the subsequent selling periods up to CY 2012.

On September 17, 2021, a Close-Out Agreement was executed by and between BCDA and Serendra Inc. relative to the completion of the construction and development of the Project and the performance of each party's rights, interests, and obligations under the JVA. As part of the Close-Out Agreement, Serendra Inc. conveyed the unutilized gross floor area of the Serendra project and paid P1.120 billion to BCDA, representing the final, complete, and full compliance by Serendra Inc. of its financial obligations, commitments, and liabilities to BCDA.

i. *Agreement with SM Prime Holdings, Inc.*

On August 10, 2018, BCDA entered into a JVA with SM Prime Holdings, Inc. (SMPHI) to develop the 33.1-hectare Bonifacio South Pointe in Taguig City. Pursuant to the JVA, BCDA shall contribute all its rights, title, and interest in and to the Property, and SMPHI shall provide financing for and undertake the planning, construction, and development of the Project.

SMPHI has committed to invest a minimum of P30 billion within the maximum development timetable of 20 years from the commencement of development of the Project and to remit to the BCDA an upfront cash and advance Minimum Annual Secured Revenue Share (MASRS) of P2 billion each, the minimum revenue share of P3 billion for the first two years of the Project, P8 billion on the third year and P3 billion in the fourth and fifth years of the Project, and the remaining P6 billion for the



last two years will be remitted upon the physical turnover of the area of the Philippine Marine Corporation and the area occupied by the Philippine Navy.

j. *Agreement with a consortium led by Prime Water Infrastructure Corporation*

On December 17, 2018, BCDA entered into an agreement with the consortium of Prime Water Infrastructure Corporation, Prime Asset Ventures, Inc., MGS Construction, Inc., and TAHAL Consulting Engineers, Ltd. to develop, finance, design, construct, operate, and maintain the system of waterworks and wastewater facilities and provide water supply and wastewater services within the New Clark City.

On October 7, 2024, the JVA was mutually terminated by both parties pursuant to the Transition and Termination Framework Agreement executed by both parties, due to the effects of the pandemic that affected the forecast of the business. To ensure continued services, BCDA engaged Maynilad Water Services Inc., as its Interim Operator, to provide and supply water in New Clark City effective December 13, 2024.

k. *JVA with MTD Capital Berhad*

On February 22, 2018, BCDA entered into a JVA with MTD Capital Berhad for the development of the National Government Administrative Center (NGAC) Project in New Clark City. Phase 1A of the development covers 40 hectares for the construction of government buildings, sports facilities (i.e., Aquatic Center, Athletics Stadium, and Athletes' Village), government housing, support service facilities, and park development. Phase 1B of the development covers 20 hectares, which is subject to the completion of Phase 1A.

The Joint Venture Company (JVC) shall oversee the completion of the project and shall become the owner of the structures constructed. The percentage of ownership in the JVC will be ten percent for BCDA and ninety percent for MTD Capital Berhad. BCDA shall contribute its Development and Usufructuary Rights (DUR) over the project site, while MTD Capital Berhad shall contribute the agreed project cost of the sports facilities. This will be contributed as unencumbered advances to the JVC, as well as additional cash as equity capital to maintain its ninety percent stake.

Upon the completion of the structures, the JVC will be responsible for the property and commercial management. The JVC may enter into lease or sublease agreements for the buildings, infrastructures, facilities, and commercial spaces.

Under the JVA, BCDA acquires ownership of the sports facilities upon payment to MTD Capital Berhad five years from completion, with BCDA having the option to shorten the repayment period. Once BCDA acquires ownership of the sports facilities, it can procure the services of a third-party contractor to handle the property and commercial management of the facilities.

l. *Agreement with Robinsons Land Corporation*

On August 8, 2024, BCDA executed a Joint Venture Agreement with Robinsons Land Corporation (RLC), for the development of a 6.1-hectare mixed-use residential



and commercial development in Fort Bonifacio, Taguig City. The development includes Information Technology and Business Process Management/Business Process Outsourcing Offices and Grade A Office Towers, Retail Complex, Strip Mall, Big Bo Development, City Mall, Business Hotel, 5-Star Hotel, and Serviced Residences. On February 3, 2025, the Philippine Competition Commission rendered a decision clearing the proposed joint venture between BCDA and RLC; thus, the parties may proceed with its implementation.

Upon signing of the JVA, RLC shall remit to BCDA an upfront cash of P3.500 billion, a fixed annual payment amounting to P1.958 billion within five calendar days prior to the 1<sup>st</sup> anniversary of signing date and every year thereafter, until the 9<sup>th</sup> anniversary, and three percent annual variable payment on the commercial leases on the land beginning 10<sup>th</sup> year until the 25<sup>th</sup> year of the JV.

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## **42. NEW CLARK CITY**

The New Clark City (NCC) is a 9,450-hectare flagship project of the Government of the Republic of the Philippines envisioned as a modern metropolis with a mixture of residential, commercial, agro-industrial, institutional, and information technology development, as well as a community of residents, workers, and business establishments within a balanced, healthy, and disaster-resilient environment. NCC is one of the big-ticket projects under President Rodrigo R. Duterte's administration's Build-Build-Build Infrastructure Program.

### National Government Administrative Center (NGAC)

The NGAC is being developed through a Joint Venture (JV) between BCDA and MTD Capital Berhad, a Malaysian-based regional infrastructure group. The initial planning for the NGAC began as early as September 2017, with the ground-breaking ceremony held on January 23, 2018. Actual construction work began on March 15, 2018.

Phase 1 of the 200-hectare NGAC involves developing back-up offices for various government agencies to ensure continuous business operations and services for the people in case of disasters or natural calamities. Of the 200-hectare land, 60 hectares shall be developed through the JV, which shall comprise the project's first phase, with 40 hectares allotted for Phase 1A and another 20 hectares for Phase 1B.

Phase 1A of the development includes sports facilities consisting of an athletic stadium (20,000-seat capacity), an Aquatic Center (2,000-seat capacity), and an Athletes' Village, which were used as venues for the 2019 Southeast Asian Games hosted by the Philippines from November 30 to December 11, 2019.

Under Phase 1A, the development of the river park, government center, and government housing were also integrated. This includes structures that will house the future Integrated Operations Center, where the satellite offices of the Office of the President of the Philippines and Disaster and Risk Management agencies will be situated.

Phase 1B development is expected to commence in 2021, starting off with the construction of additional government facilities such as office buildings, government



housing units, and small-scale retail and support services facilities. To date, the Phase 1B has not yet started since the JV needs to fill up the Phase 1A with government locators first. The JV has not yet submitted a proposal on the Phase 1B due to the absence of locators in Phase 1A.

Aside from serving as a venue for the 2019 South East Asian Games, the Government Building and the Athletes' Village were used by the Government as mega-quarantine facilities during the COVID-19 pandemic. Thereafter, the NGAC served as venues for various events. In CY 2024, the following international events were conducted or held at the NGAC:

- Enhypen Fate World Tour Concert;
- Philippine Hot Air Balloon Fiesta;
- Asian Age Group Swimming Championships;
- 60th ISOCARP World Planning Congress; and
- First International Nuclear Science Olympiad.

NGAC also serves as hosts for activities conducted by various government agencies (i.e. team building, planning, sportsfest)

The JV is in various stages of negotiations with government agencies who are interested to establish offices in NGAC.

#### 288-Hectare Township Development

On January 8, 2016, BCDA signed a 50-year contract with Filinvest to develop the 288 hectares (710 acres) of land allocated for the project. BCDA also managed to make partnerships with foreign firms to develop Clark Green City, such as Japan Overseas Infrastructure Investment Corp., which plans to connect Clark Green City to Manila and surrounding cities by rail.

In August 2018, the BCDA Board also approved Filinvest Land Inc.'s conceptual development plan for a 288-hectare mixed-use industrial area. Filinvest will feature green components that will unify the following industries: business processing outsourcing (BPO), knowledge process outsourcing (KPO), light industries, residential, commercial, and educational spaces.

On February 28, 2024, FBCI turned over the first Ready Built Factory to their first locator, StB Giga Factory, Inc. On September 30, 2024, FBCI and StB Giga Factory Inc. conducted the inauguration ceremony of the Facility. After which, StB Giga Factory commenced its operation in New Clark City.

#### Utilities in New Clark City

On December 17, 2018, BCDA signed a JVA with the Consortium of Primewater Infrastructure Corporation, Tahal Consulting Engineers Ltd., Prime Asset Ventures Inc., and MGS Construction, Inc. for the implementation of the Water and Wastewater Infrastructure Project for NCC.

On April 3, 2019, BCDA signed a JVA with Meralco Marubeni Consortium to finance, design, engineer, establish, construct, develop, operate, and maintain NCC's electric power distribution system.

#### Golf Course Development

On October 25, 2019, BCDA signed a Contract of Lease with Hann Development Corporation for the development of a 450-hectare mixed-use recreational development, which includes the development of three 18-hole golf courses, luxury mountain resorts and villas, and other ancillary facilities.

On November 14, 2018, BCDA signed a Contract of Lease with the Consortium of JB Cresta Corporation, Posco Architects & Consultants Co., Ltd, and R&H Golf Architect for the construction and development of a 250-hectare golf course. The development also includes an 18-hole golf course, clubhouse, 5-hectare open space park development for Phase 1, and expansion of the golf course, improvements, and facilities under Phase 2.

#### Institutional Development

On January 15, 2021, BCDA signed a Contract of Lease with the Bangko Sentral ng Pilipinas for the construction and development of the BSP New Clark City Complex.

On July 1, 2022, BCDA signed a Contract of Lease with the Department of Science and Technology for the construction and development of the Virology and Vaccine Institute of the Philippines.

On October 22, 2024, BCDA signed a Contract of Lease with Philippine Space Agency for the construction and development of the Philippine Space Agency Office in New Clark City.

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### **43. SUBIC-CLARK RAILWAY PROJECT**

The Subic-Clark Railway Project (SCRP) is a 71.13-kilometer joint project of the Department of Transportation (DOTr) and BCDA that will provide initial freight service between the Subic Bay Freeport Zone and the Clark Freeport and Special Economic Zone, linking Subic Port with Clark International Airport and other major economic hubs in Central Luzon, especially New Clark City, and forming an integrated logistics hub for the development of Central Luzon as a new growth center to decongest Metro Manila.

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### **44. EVENTS AFTER THE REPORTING PERIOD**

- a. On January 3, 2025, the Regional Trial Court (RTC), Baguio City issued an Order denying Camp John Hay Development Corporation (CJHDevCo) Omnibus Motion to overturn its December 11, 2024 Order, and to issue a New Notice to Vacate. On January 6, 2025, the Office of the Clerk of Court of the RTC, Baguio City, thru the Ex-Officio Sheriff and her deputies, with the assistance from Philippine National



Police (PNP), commenced the enforcement of the reinstated Writ of Execution and Notice to Vacate.

The following key properties in Camp John Hay were initially recovered by BCDA:

- The Manor Hotel;
- The Forest Lodge;
- CJH Golf Course;
- CJHDevCo Office;
- CJHDevCo Security Office;
- CAP Trade Convention Center; and
- Commander's Estate.

On January 14 and 15, 2025, the Ex-Officio Sheriff and her deputies, again with assistance from PNP, continued the enforcement of the reinstated Writ of Execution and Notice to Vacate, successfully placing the remaining properties within CJHDevCo-leased area under custodia legis. The properties placed under custodial egis include:

- Manor and Forest Lodge Units without leaseback arrangements with CJHDevCo;
- Voice of America loghome units;
- Country Estate lots with structures;
- Forest Estate lots with structures;
- Golf Estate lots with structures; and
- Forest Cabins.

BCDA is in close coordination with the Ex-Officio Sheriff and her deputies in ensuring that all the properties within the CJHDevCo-leased area are properly accounted for and turned over to BCDA in accordance with the February 11, 2015 Final Award, as confirmed by the Supreme Court.

- b. On January 30, 2025, BCDA remitted a total of P30.224 million to the Bureau of the Treasury (BTr), representing guarantee fees relative to the loan facility with JICA for the construction of the Subic-Clark-Tarlac Expressway (SCTEx) Project covering the period of December 2024.
- c. On May 15, 2025, BCDA remitted a total of P3.132 billion to the BTr, representing the share of beneficiary agencies in the disposition proceeds received in CY 2024.
- d. On May 15, 2025, BCDA remitted P2.036 billion to the BTr, representing dividends to the National Government based on the CY 2024 Unaudited Financial Statements, as approved by the BCDA Board, through Resolution No. 2025-04-060.

## 45. RESTATEMENT AND RECLASSIFICATION OF ACCOUNTS

### Changes in accounting policies and estimates

BCDA recognizes the effects of changes in accounting policies retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impracticable.

BCDA recognized the effects of changes in accounting estimates prospectively by including in profit or loss.

BCDA corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restate the opening balances of assets, liabilities, and equity for the earliest prior period presented.

Certain restatements and adjustments were made in the financial statements for prior periods to effect the correction of certain transactions. Accordingly, line items were amended in the financial statements as well as in the related notes.

As a result of the restatements, affected accounts in the CY 2023 financial statements were restated as follows:

	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec.31, 2023 (As restated)
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>Current Receivables, net</b>	<b>6,090,126,379</b>	<b>87,073,356</b>	<b>6,177,199,735</b>
Adjustments on Accounts Receivable		88,781,355	
Reclassification of Finance Lease Receivable from Non-current Asset to Current Asset		22,496,157	
Adjustments on Due from Subsidiaries/Joint Ventures/Associates/Affiliates		685,072	
Adjustments on Other Receivables		316,009	
Adjustments on Operating Lease Receivable		103,157	
Adjustments on Due from Officers and Employees		44,952	
Adjustments on National Government Agencies		34,914	
Adjustments on Interests Receivable		(383,479)	
Adjustments on Due from Government Corporations		(591,050)	
Adjustments on Allowance on Impairment Loss		(24,413,731)	



	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec.31, 2023 (As restated)
<b>Inventories</b>	<b>4,436,463,496</b>	<b>29,699,736</b>	<b>4,466,163,232</b>
Adjustment on Inventory on Condominium Units and Parking Units in New Port City		29,696,745	
Adjustment on Semi-Expendable Office Equipment due to double recording		2,991	
<b>Other Current Assets</b>	<b>5,538,572,466</b>	<b>(169,761,079)</b>	<b>5,368,811,387</b>
Adjustment on Creditable Input Tax		(164,264,668)	
Adjustment on Restricted Fund due to the withdrawal of payments from Serendra Condo and Serendra Sequoia		(4,983,630)	
Adjustment on Advances to Officers and Employees		(517,078)	
Adjustment on Prepayments		4,297	
<b>Non-current Financial Assets</b>	<b>0</b>	<b>85,051,870</b>	<b>85,051,870</b>
Reclassification of Other Investments to Financial Assets at Fair Value through Other Comprehensive Income		85,051,870	
<b>Investment in Subsidiaries</b>	<b>3,462,838,438</b>	<b>(46,007,188)</b>	<b>3,416,831,250</b>
Adjustment in Investment in Subsidiaries - JHMC due to the recording of various assets and equipment leased out to CJH Devco.		(46,007,188)	
<b>Non-current Other Investments</b>	<b>103,024,319</b>	<b>(85,051,870)</b>	<b>17,972,449</b>
Reclassification of Other Investments to Financial Assets at Fair Value through Other Comprehensive Income		(85,051,870)	
<b>Non-current Receivables, net</b>	<b>6,244,548,049</b>	<b>147,696,942</b>	<b>6,392,244,991</b>
Adjustments on Operating Lease Receivable		170,193,099	
Reclassification of Finance Lease Receivable from Non-current Asset to Current Asset		(22,496,157)	
<b>Investment Properties, net</b>	<b>79,193,124,668</b>	<b>(9,593,621,721)</b>	<b>69,599,502,947</b>
Adjustment on Investment Property - Land due to the recording of 22,575 sqm of Camp Claudio Area		7,417,330	
Reclassification of delivery, supply and installation NGAC Sports Hub from Investment property to semi expendable property		(5,240,696)	
Reclassification of the book value of NGAC Sports Facilities from Investment Property to PE		(9,595,798,355)	

	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec.31, 2023 (As restated)
<b>Property and Equipment, net</b>	<b>16,462,169,416</b>	<b>9,558,141,277</b>	<b>26,020,310,693</b>
Reclassification of the book value of NGAC Sports Facilities from Investment Property to PE		9,595,798,355	
Adjustment on Input Tax on purchase of Property and Equipment		143,938,266	
Recognition of Power Supply System turned over by CJHDevCo		20,320,000	
Recognition of Water Supply System turned over by CJHDevCo		5,837,000	
Recognition of Communication Equipment turned over by CJHDevCo		4,066,000	
Adjustment on payments made for the Slope Protection at JHMC Office Complex		1,439,777	
Derecognition of CCTV System and X-Ray Machine due to the donation of dismantled quarantine facility to other government agency		1,414,161	
Recognition of Land Transport Equipment turned over by CJHDevCo		575,237	
Recognition of Other Property, Plant and Equipment turned over by CJHDevCo		510,000	
Recognition of 10 percent Residual Value of Various buildings and other structures		426,671	
Adjustment on accumulated depreciation of Buildings and Other Structures error in recalculation in depreciation expense in FA module		(6,369)	
Adjustments on accumulated depreciation of Road Networks for the depreciation of Energization of New Clark City Toll Plaza		(125,949)	
Recognition of Accumulated Depreciation and Recording of Depreciation Expense Other Property, Plant and Equipment turned over by CJHDevCo		(459,000)	
Recognition of Accumulated Depreciation of Land Transport Equipment turned over by CJHDevCo		(575,236)	
To record depreciation of JHMC office building and renovation of cottage 663 and 664		(577,430)	
Depreciation of Other Structures (PPMC San Fernando Drainage System, SCRP Storage Room)		(591,338)	
Derecognition of CCTV System and X-Ray Machine due to the donation of dismantled quarantine facility to other government agency		(3,666,343)	
Recognition of Accumulated Depreciation of Communication Equipment turned over by CJHDevCo		(4,065,998)	



	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec. 31, 2023 (As restated)
Recognition of Accumulated Depreciation and recording of Depreciation of Water Supply System turned over by CJHDevCo		(5,253,300)	
Reclassification of the consulting services of the site development plan and detailed architectural and engineering design as part of the total relocation cost and functional replication of ASCOM/SSC/DACC facilities		(15,744,901)	
Recognition of Accumulated Depreciation and Recording of Depreciation Expense of Power Supply System turned over by CJHDevCo		(18,288,000)	
Record of Depreciation of NCC to Airport Access Road Phase 1 Prior years		(166,830,326)	
<b>Intangible Assets</b>	<b>6,344,089</b>	<b>(410,659)</b>	<b>5,933,430</b>
Adjustments on Amortization		6,883,330	
Reclassification of Other Intangible Assets to Subscription Expenses		(7,293,989)	
<b>Deferred Tax Assets</b>	<b>4,453,851,814</b>	<b>42,018,053</b>	<b>4,495,869,867</b>
Adjustments on 2023 MCIT payable		42,018,053	
<b>Other Non-Current Assets</b>	<b>1,554,638,566</b>	<b>4,512,938</b>	<b>1,559,151,504</b>
Reclassification from Deferred Charges/Losses to Other Deferred Credits of Share of Beneficiary Agencies from disposition of Navy Village to the Senate of the Philippines - temporary housing		100,000,000	
Adjustment on Other Prepayments		(29,526,753)	
Adjustment in Deferred Charges/Losses for the amortization of Armed Forces of the Philippines Share from Altus San Nicolas		(65,960,309)	
<b>Total Restatement on Assets</b>		<b>59,341,655</b>	
<b>Financial Liabilities</b>	<b>1,607,988,151</b>	<b>8,707,915</b>	<b>1,616,696,066</b>
Adjustments on Other Financial Liabilities for the turnover of ASCOM facilities		13,394,519	
Adjustments on Tax Refunds Payable		690,584	
Adjustments on Due to Officers and Employees		(378,904)	
Adjustments on Other Financial Liabilities due to accrual of expenses		(1,679,030)	
Adjustments on Accounts Payable		(3,319,254)	

	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec. 31, 2023 (As restated)
<b>Inter-Agency Payables</b>	<b>4,609,908,514</b>	<b>874,200,750</b>	<b>5,484,109,264</b>
Adjustments on Due to Treasurer of the Philippines to record the share of BCDA from the proceeds on sale transactions, and interest income earned from the share of the beneficiary agencies		831,224,320	
Adjustments on Income Tax Payable		42,018,053	
Adjustments on Due to Subsidiaries/Joint Venture/Associates/Affiliates		2,799,076	
Adjustments on Due to Government Corporations to reflect payment adjustments to PSALM		(49,149)	
Adjustments on Due to NGAs in relation to return of unutilized balance of funds transferred by BCDA to DPWH		(89,078)	
Adjustments on Due to BIR		(561,061)	
Adjustments on VAT Payable		(1,141,411)	
<b>Trust Liabilities</b>	<b>1,776,998,434</b>	<b>(62,086,161)</b>	<b>1,714,912,273</b>
Guaranty/Security Deposits Payable		(9,039,757)	
Customers' Deposits Payable		(53,046,404)	
<b>Other Payables</b>	<b>217,494,631</b>	<b>(340,571)</b>	<b>217,154,060</b>
Other Payables		(340,571)	
<b>Deferred Credits/Unearned Income</b>	<b>12,419,654,985</b>	<b>(293,320,852)</b>	<b>12,126,334,133</b>
Adjustments on Deferred Finance Lease Revenue relative to the lease income recognition		13,252,818	
Adjustments on Deferred Service Concession Revenue to record the amortization of service concession asset		5,923,096	
Adjustments on Unearned Revenue/Income-Investment Property		(4,189,351)	
Adjustments on Deferred Interest Income - Heritage Park due to cancellation of sale of Heritage Park Lots		(4,644,135)	
Adjustments on Other Deferred Credits to record the share of BCDA from the proceeds on sale transactions		(303,663,280)	
<b>Total Restatement on Liabilities</b>		<b>527,161,081</b>	



	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec. 31, 2023 (As restated)
<b>STATEMENT OF CHANGES IN EQUITY</b>			
<b>Contributed Capital, beginning balance</b>	<b>9,838,398,055</b>	<b>24,074,644</b>	<b>9,862,472,699</b>
Adjustment on share on asset disposition proceeds of BCDA	0	129,236,067	129,236,067
Share on asset disposition proceeds thru sale of various properties	122,638,082	0	122,638,082
Equity from NG for the implementation of various projects	36,990,932	0	36,990,932
<b>Contributed Capital, ending balance</b>	<b>9,998,027,069</b>	<b>153,310,711</b>	<b>10,151,337,780</b>
<b>Unappropriated Retained Earnings, beginning balance</b>	<b>51,447,076,237</b>	<b>(407,457,099)</b>	<b>51,039,619,138</b>
Changes in the Statement of Comprehensive Income			
Revenues	7,404,342,525	(93,679,503)	7,310,663,022
Operating Expenses	(3,310,862,399)	(65,771,997)	(3,376,634,396)
Net Subsidy Income	(400,298,830)	(54,221,538)	(454,520,368)
Income Tax Benefit/(Expense)	(393,894,818)	0	(393,894,818)
Dividends	(527,402,352)	0	(527,402,352)
<b>Unappropriated Retained Earnings, ending balance</b>	<b>54,218,960,363</b>	<b>(621,130,137)</b>	<b>53,597,830,226</b>

#### STATEMENT OF COMPREHENSIVE INCOME

<b>Revenues</b>	<b>7,404,342,525</b>	<b>(93,679,503)</b>	<b>7,310,663,022</b>
Adjustments on Rent/Lease Income relative to the lease income recognition		112,945,724	
Adjustments on Reversal of Impairment Loss		15,424,523	
Adjustments on Forex Gain		1,061	
Adjustments on Permit Fees		(461,564)	
Adjustments on amortization of Service Concession Asset		(2,961,548)	
Adjustments on Interest Income		(7,000,200)	
Adjustments on Other Business Income		(9,518,914)	
Adjustments on Sales Revenue relative to the sale of Eastgate Property and Navy Village and sale of Newport Units		(202,108,585)	
<b>Operating Expense</b>	<b>(3,310,862,399)</b>	<b>(65,771,997)</b>	<b>(3,376,634,396)</b>
Adjustments on General Services		12,524,185	
Adjustments on Utility Expenses		2,938,384	
Adjustments on Other Personnel Benefits		66,752	
Adjustments on Salaries and Wages		181	
Adjustments on Representation Expenses		(5,583)	
Adjustments on Taxes and insurance expenses		(13,044)	
Adjustments on Training Expenses		(167,488)	
Adjustments on Communication Expenses		(203,909)	

	Dec. 31, 2023 (As previously reported)	Adjustments/ Restatements	Dec.31, 2023 (As restated)
Adjustments on Communication Expenses		(203,909)	
Adjustments on Survey Expenses		(232,612)	
Adjustments on Repairs and Maintenance		(550,127)	
Adjustments on Traveling Expenses		(649,158)	
Adjustments on Advertising, Promotional and Marketing Expenses		(671,176)	
Adjustments on Depreciation		(1,167,357)	
Adjustments on Professional Services		(1,678,583)	
Adjustments on Rent expense		(1,795,879)	
Adjustments on Other Maintenance and Operating Expenses		(4,484,380)	
Adjustments on Supplies and Materials		(5,984,011)	
Adjustments on Impairment Loss of Receivables		(21,895,603)	
Adjustments on Cost of Sales		(41,802,589)	
<b>Net Subsidy Income</b>	<b>(400,298,830)</b>	<b>(54,221,538)</b>	<b>(454,520,368)</b>
Adjustments on Financial Assistance to NGAs relative to the turn-over of completed structures/facilities to NAS		(21,986,560)	
Adjustments on Contribution to AFP Modernization to record consulting services relative to the replication of ASCOM/ SSC/ DACC facilities and amortization of AFP Share from Altus San Nicolas		(32,234,978)	

#### 46. SUPPLEMENTARY INFORMATION ON TAXES

In compliance with the requirements of BIR Revenue Regulation No. 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued during the taxable year:

BCDA is a VAT-registered company with VAT output tax declaration of P535.981 million based on the amount of sales receipts subject to VAT of P4.467 billion. The amount of VAT Input taxes claimed are broken down as follows:

	2024	2023 (As amended)
Beginning of the year	1,661,593,637	1,800,221,464
Goods other than for resale or manufacturing	28,515,526	9,170,606
Services lodged under other accounts	380,414,232	517,962,812
	2,070,469,395	2,327,354,882
Creditable VAT withheld	(13,106,549)	(46,523,527)
Input tax claimed	(660,602,247)	(627,418,849)
<b>End of the year</b>	<b>1,396,760,599</b>	<b>1,653,412,506</b>



The VAT returns for CY 2024 will be amended in July 2025 to reflect the adjustments made in BCDA books of accounts. Accordingly, the beginning balance of input VAT in CY 2024 amounting to P1.662 billion will be adjusted to reflect the correct amount upon filing of amended returns.

The amount of taxes, other than VAT, paid and accrued are as follows:

	2024	2023
Withholding taxes:		
Withholding tax on compensation	53,770,384	56,083,431
Expanded withholding tax	92,503,241	103,543,137
Withholding VAT	233,117,073	258,787,103
	<b>379,390,698</b>	<b>418,413,671</b>
Other taxes		
BIR Tax Assessment	36,584,375	0
Taxes and Licenses	12,107,227	8,478,321
	<b>48,691,602</b>	<b>8,478,321</b>
<b>Total</b>	<b>428,082,300</b>	<b>426,891,992</b>

## **PART II**

# **OBSERVATIONS AND RECOMMENDATIONS**



## OBSERVATIONS AND RECOMMENDATIONS

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### A. FINANCIAL AUDIT

1. **The faithful representation of the balance of various Receivable accounts amounting to P21.635 billion as of December 31, 2024, was not established due to variances in the total amount of P46.874 million between the balance per books of accounts and the confirmed balances from various government agencies and private customers/clients of BCDA.**
  - 1.1. This is a reiteration of the prior year's observation with updated information.
  - 1.2. The Conceptual Framework for the Preparation and Presentation of Financial Statements provides that a financial information 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.
  - 1.3. 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 in complete agreement, that a particular depiction is a faithful representation.
  - 1.4. Comparability is the qualitative characteristic that enables users to identify and understand similarities and differences among items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.
  - 1.5. As of December 31, 2024, the total current and non-current receivables of BCDA amounted to P21.635 billion. The Audit Team sent 102 confirmation letters (CL) to several government and private customers/clients of BCDA, to determine, on a test basis, the existence and completeness of the said balance.
  - 1.6. In preparing the CL and selecting customers/clients for confirmation, the Audit Team prioritized receivables with significant balances, addresses provided by BCDA, and those previously audited in the last calendar year.
  - 1.7. Of the 102 CLs sent, only 20 government and private customers/clients, or 19.61 percent, have responded. In comparison, 24 CLs, representing 23.53 percent, were returned to the Audit Team by the mail courier for reasons such as the addressee having moved out, an insufficient or unknown address, or the absence of a recipient. As for the remaining 58 CLs, no response has been received as of this writing.
  - 1.8. Of the 20 responses received, two reported balances matched BCDA's accounting records. Ten confirmed that the receivables of BCDA in their records show zero or no remaining balance. Additionally, four customers/clients confirmed balances lower than those recorded in BCDA's books, while four responded with balances higher than those recorded in the books of accounts. Details are as follows:

**Table 1. Variance on Receivables Confirmation**

Name of Customer	Balances		Variance (Absolute amount)
	Per books of accounts	Per confirmation	
<b>Confirmed balance matched with balance per books</b>			
1. Clark International Airport Authority	P 1,742,956,823	P 1,742,956,823	P 0
2. Sugar Regulatory Administration	0	0	0
<b>Confirmed balance is none or less than the balance per books</b>			
3. Department of Public Works and Highways (DPWH)	11,484,286	0	11,484,286
4. Department of Health (DOH) - Pampanga	2,268,193	0	2,268,193
5. BCDA Management and Holdings Inc. (BMHI)	348,058	0	348,058
6. Fort Bonifacio Development Corporation (FBDC)	183,844	0	183,844
7. Insurance Commission	106,950	0	106,950
8. Development Bank of the Philippines (DBP)	50,017	0	50,017
9. Mindanao Development Authority (MDA)	34,099	0	34,099
10. Tourism Promotions Board (TPB)	34,099	0	34,099
11. Real Form Furniture Shop	3,556	0	3,556
12. Municipality of Taguig	2,568	0	2,568
13. John Hay Management Corporation (JHMC)	19,363,989	192,915	19,171,074
14. Bonifacio Gas Corporation	1,897,399	1,810,810	86,589
15. Est. Burgerbar, Inc. (8 Cuts Burger Blends)	666,930	66,635	600,295
16. Tourism Infrastructure and Enterprise Zone Authority (TIEZA)	34,099	6	34,093
<b>Confirmed balance is more than the balance per books</b>			
17. NLEX Corporation	270,897,753	274,101,630	3,203,877
18. Francisco Saucedo	30,040,333	37,959,154	7,918,821
19. Equinet Support Incorporated - Cubao	86,532	1,346,899	1,260,367
20. Finix Corporation	63,369	146,273	82,904
			<b>P 46,873,690</b>

1.9. Further review of records disclosed the nature of the above receivables:

- Receivable from DPWH – pertains to the remaining balance in connection with its acquisition of a 5,067.65 square meter lot at Camp Atienza in December 2017.
- Receivable from DOH (Pampanga) – represents the remaining balance of the reimbursement for the cost incurred or advanced by BCDA for salaries, allowances, hazard pay, and food of medical personnel assigned by DOH and/or hired by BCDA for Clark COVID-19 Quarantine and Medical Treatment Facilities (CCQ-MTFs) under the Memorandum of Agreement (MOA) entered by and among BCDA, DOH, and Clark Development Corporation on June 30, 2021.
- Receivable from BMHI – refers to the salaries of DBP personnel from July to December 2024, deployed and assigned by BCDA at BMHI.
- Receivable from FBDC – pertains to the remaining balance of dividends as of December 2020.



- Receivable from Insurance Commission – represents the share in the publication of the Invitation to Bid in the procurement of property located at Lawton Avenue and meals during the pre-bid conference in March 2019.
  - Receivable from DBP – represents the balance of Subic-Clark-Tarlac Expressway (SCTEx) transactions in 2010 when the SCTEx project was completed.
  - Receivable from Real Form Furniture Shop – pertains to the value of returned equipment in December 2017.
  - Receivable from Municipality of Taguig – relates to the remaining balance of funds provided by BCDA to finance the livelihood program of informal occupants relocated by BCDA at Centennial Village and Diego Silang Village.
  - Receivable from JHMC – mainly represents the funds released for the construction of access roads and other capital expenditures (CAPEX) projects, which will be liquidated upon completion and turnover of the project to BCDA.
  - Receivable from Bonifacio Gas Corporation – pertains to the remaining balance of commission earned from the gas distribution within Bonifacio Global City in CYs 2017 to 2024.
  - Receivable from Est. Burgerbar, Inc. – pertains to the lease rental (Serendra Retail) and other charges from March 2020 to December 2024.
  - Receivable from MDA, TPB, and TIEZA – represents the share of various expenses incurred and paid for the promotional activities of the Philippine Investment Promotions Plan.
  - Receivable from NLEX Corporation – pertains to the remaining balance of the concession fee as of December 2024.
  - Receivable from Francisco Saucedo – pertains to the remaining balance of the finance lease as of December 2023.
  - Receivable from Equinet Support Incorporated (Cubao) – pertains to the utilities consumption at Bataan Technology Park from April to December 2024.
  - Receivable from Finix Corporation – pertains to lease rental (Serendra Retail) and other charges in January 2020.
- 1.10. Moreover, it can be recalled that the variances noted in previous year's audit have been identified and reconciled accordingly by Accounting and Comptrollership Department (ACD). However, it was pointed out that out of the 18 debtors with different balances vis-à-vis BCDA's records per confirmation in CY 2024, as presented in Table 1, three of which were also the same debtors identified in the CY 2023 audit – FBDC, JHMC, and Est. Burgerbar, Inc. (8 Cuts Burger Blends).



- 1.11. Thus, the reconciliation of records was not periodically undertaken in CY 2024 since variances in balances still exist as of year-end despite reconciling and establishing the correct balances as of the previous year.
- 1.12. It bears stressing that the periodic reconciliation of records between BCDA's accounting and its various government and private customers/clients, which involves verification of records/documents, if conducted regularly, would facilitate the accurate determination of the correctness and propriety of BCDA's claim.
- 1.13. **We reiterated our prior year's audit recommendation that Management require the Accounting and Comptrollership Department (ACD) to reconcile records with various government and private customers/clients of BCDA, ensure that all variances are promptly investigated, cleared, and reconciled, and prepare necessary adjusting journal entries if warranted.**
- 1.14. **We recommended further that Management require the ACD to confirm the balances with its debtors before the end of the calendar year, to establish the correctness of the receivables in the books of accounts.**
- 1.15. Management commented that they plan to undertake the following measures relative to Accounts Receivable (AR):
- Prioritize the reconciliation of the AR in the amount of P1 million and above;
  - Submit to the Audit Team a quarterly reconciliation report, 45 days after the ensuing quarter;
  - Undertake the reconciliation of the AR in the amount of P1 million and below upon hiring of additional personnel; and
  - If warranted, submit the adjusting journal entries after receipt of the signed reconciliation report from the concerned debtors.
- 1.16. Management committed that ACD, in coordination with the Treasury and Project Finance Department, shall institute a standard procedure related to issuing confirmation letters to the customers 30 days before the end of the calendar year. This initiative will be included in their year-end closing activities to ensure that discrepancies, if any, are identified and resolved in a timely manner.
- 1.17. The Audit Team will continuously monitor Management's compliance with the audit recommendations.
- 2. The verifiability of the Due to Subsidiaries/Joint Ventures/ Associates/Affiliates balance amounting to P239.835 million as at December 31, 2024, could not be established due to variances totaling P37.458 million between the balance per books and the amounts confirmed by creditors.**
- 2.1. This is a reiteration of the prior year's observation with updated information.
- 2.2. A review of the Due to Subsidiaries/Joint Ventures/Associates/Affiliates account disclosed a reported balance of P239.835 million as of December 31, 2024. To verify the completeness and existence of the amounts, the Audit Team sent confirmation letters to five subsidiaries/affiliates of BCDA. As of this writing, the Clark International Airport Corporation (CIAC), with a balance of P2.239 million, has yet to submit its



confirmation; while the confirmations received from the remaining four subsidiaries/affiliates revealed variances amounting to P37.699 million, computed as follows:

**Table 2. Results of Confirmation with Subsidiaries/Affiliates as of December 31, 2024**

Particulars	Balance		Variance
	Per Books	Per confirmation	(Absolute value)
John Hay Management Corporation (JHMC)	P 23,051,087	P 52,051,537	P 29,000,450
Poro Point Management Corporation (PPMC)	10,656,562	18,281,436	7,624,874
Fort Bonifacio Development Corporation (FBDC)	0	1,053,181	1,053,181
Clark Development Corporation (CDC)	203,887,891	203,867,423	20,468
	<b>P 237,595,540</b>	<b>P 275,253,577</b>	<b>P 37,698,973</b>

- 2.3. It can be recalled that the variances in the records of BCDA's subsidiaries/affiliates, as noted in previous year's audit, were already identified and reconciled accordingly by ACD. However, as provided in Table 2, variances in balances still exist despite reconciling and establishing the correct balance as of the previous year. Hence, it can be deduced that reconciliation of records was not periodically undertaken in CY 2024.
- 2.4. The Audit Team tried to determine the cause/s of the above-noted variances by comparing the subsidiary ledger (SL) for each of the subsidiaries/affiliates generated from the BCDA accounting system (ACUMATICA) vis-à-vis the SL attached by the subsidiaries/affiliates in their responses to the confirmation letters. However, we could not identify the reasons thereof because of the limited information in the description of the transactions as provided in the SLs maintained by both BCDA and the subsidiaries/affiliates, and even after a thorough review of the supporting documents attached to the disbursement vouchers of BCDA.
- 2.5. While we commended the ACD in reconciling the records and identifying the causes of variances in CY 2023 balances, consistent quarterly reconciliation could have expedited the investigation and identification of variances in CY 2024. This could have enabled the prompt issuance of necessary journal entries, resulting in adjusted and reconciled balances. Regular periodic reconciliation of records serves as a control mechanism to ensure the accuracy of balances and validate the propriety of BCDA's outstanding obligations.
- 2.6. **We reiterated our prior year's recommendation, with modification, that Management:**
  - a. **Require the Accounting and Comptrollership Department (ACD) to closely coordinate with its subsidiaries/affiliates to establish the reasons for the variances and reconcile records to ensure that all variances are promptly investigated and cleared, and prepare necessary adjusting journal entries if warranted; and**
  - b. **Fulfill its commitment to the quarterly reconciliation of accounts and records.**
- 2.7. Management submitted reconciliation reports for the noted variances, except for Clark Development Corporation, and committed to submit the adjusting journal entries on or before June 15, 2025. Management committed to submitting the quarterly reconciliation report to the Audit Team 45 days after the end of the ensuing quarter.



- 2.8. The Audit Team will continuously monitor Management's compliance with the audit recommendations.
3. **The verifiability of the Accounts Payable (AP) balance as of December 31, 2024, totaling P205.496 million, could not be ascertained due to variances amounting to P26.969 million between the balance per books of accounts and the confirmed balances from the suppliers/contractors of BCDA.**
- 3.1. The Conceptual Framework for the Preparation and Presentation of Financial Statements provides that a financial information 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.
- 3.2. 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 in complete agreement, that a particular depiction is a faithful representation.
- 3.3. Comparability is the qualitative characteristic that enables users to identify and understand similarities and differences among items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.
- 3.4. As of December 31, 2024, the AP account has a balance in the books of accounts amounting to P205.496 million. This account consists of payables to various suppliers/contractors/individuals arising from BCDA's purchases of goods and services.
- 3.5. Out of the said AP balance, P202.784 million underwent audit through confirmation letters (CL) sent to 22 suppliers/contractors of BCDA. This was done to determine, on a test basis, the existence and completeness of the balances in the books of accounts as of December 31, 2024. In preparing the CL and selecting suppliers/contractors for confirmation, the Audit Team prioritized payables with significant balances and addresses provided by BCDA.
- 3.6. Of the 22 CLs sent, only five suppliers/contractors, or 22.73 percent, have responded with either higher or lower balances than those recorded in the books of accounts. In comparison, the mail courier returned two CLs, representing 9.09 percent, to the Audit Team for reasons such as the addressee having moved out or an unknown address. As for the remaining 15 CLs, representing 68.18 percent, no response has been received as of this writing. Initially, this resulted in a variance of P33.322 million.
- 3.7. Upon receipt of the Audit Observation Memorandum (AOM) from the Audit Team, the ACD immediately reconciled its records with BCDA's suppliers/contractors. Accordingly, a total of P6.353 million reconciling items were identified and the appropriate journal entries were drawn to adjust the balances in the books of accounts as of December 31, 2024. As a result, the remaining variance amounted to P26.969 million, computed as follows:



**Table 3. Results of confirmation of Accounts Payable**

Agency	Balance		Variance
	Per books	Per confirmation	(Absolute value)
DBP Service Corporation	P 12,120,607	P 1,515,048	P 10,605,559
Foresight Development and Surveying Company	2,840,000	19,203,072	16,363,072
	<b>P 14,960,607</b>	<b>P 20,718,120</b>	<b>P 26,968,631</b>

- 3.8. The Audit Team could not determine the cause/s of the above variances since the details or schedules to support the balances confirmed, which are necessary to reconcile the same with the available accounting records of BCDA, were not attached by the suppliers/contractors to their replies.
- 3.9. Further verification of the variances noted above disclosed that the payable to DBP Service Corporation pertains to the salaries, per diem and salary differential under Wage Order No. 25 of DBP personnel assigned at the Military Replication Project Tarlac, Bataan Technology Park, Subic-Clark Railway Project, BCDA Clark and Bonifacio Technology Center, for the period July to December 2024. At the same time, the payment to Foresight Development and Surveying Company refers to the 2<sup>nd</sup> progress billing for the consulting services for the advanced preliminary works of the Subic-Clark Railway Project.
- 3.10. It is worth emphasizing that periodic reconciliation of records, in this case, between BCDA's accounting and suppliers'/contractors' records, involving verification of records/documents, if implemented regularly, would facilitate the determination of the correctness and propriety of the obligation of BCDA.
- 3.11. **We recommended that Management require the Accounting and Comptrollership Department (ACD) to reconcile records with suppliers/contractors of BCDA to ensure that all variances are promptly investigated, cleared, and reconciled, and prepare necessary adjusting journal entries, if warranted.**
- 3.12. Management commented that they plan to undertake the following courses of action relative to its Accounts Payable (AP):
- Prioritize the reconciliation of the AP in the amount of P1 million and above;
  - Submit to the Audit Team a quarterly reconciliation report, 45 days after the ensuing quarter;
  - Undertake the reconciliation of the AP in the amount of P1 million and below upon hiring of additional personnel; and
  - If warranted, submit the adjusting journal entries after receiving the signed reconciliation report from the concerned creditors.
- 3.13. The Audit Team will monitor Management's compliance with the audit recommendations.
4. **The Deferred Income from Leased Properties account was not adequately monitored, which resulted in the existence of abnormal/negative balances in its Subsidiary Ledgers amounting to P9.918 million, thereby affecting the faithful representation of the account in the financial statements, contrary to Philippine Accounting Standard (PAS 1).**

- 4.1. Paragraph 15 of PAS No. 1 on Presentation of Financial Statements provides the following:

*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 expense set out in the Conceptual Framework for Financial Reporting (Conceptual Framework). Xxx*

- 4.2. As of December 31, 2024, the Deferred Income from Leased Properties account has a balance of P1.736 billion. It represents the advance rentals received from various lessees of BCDA's properties.
- 4.3. However, a review of the subsidiary ledgers for the said account showed the existence of abnormal or negative balances totaling P35.676 million, which was communicated to Management through an AOM.
- 4.4. Upon receipt of the AOM, the ACD verified the negative amounts and prepared various adjusting journal entries in the aggregate amount of P25.760 million, thus leaving a total remaining negative balance of P9.917 million, computed as follows:

**Table 4. Lessees with abnormal/negative balances**

<b>Lessee</b>	<b>Amount</b>
Globe Telecom	P 4,145,459
IPI-Rustans	3,940,739
Treetop Adventure Philippines, Inc.	1,619,700
Smart – PPMC	204,367
Serendra Retail	6,044
Osio, Roselle	449
<b>Total</b>	<b>P 9,916,758</b>

- 4.5. Verification of transactions disclosed that the abnormal/negative balances were due to:
- Negative balances carried over from the previous system, uploaded in ACUMATICA;
  - Some lease payments not adequately accounted for;
  - Amortization entries made without proper accrual set-up; and
  - Adjustments or corrections inadequately documented.
- 4.6. The existence of negative balances also indicates an overstatement of income since more income has been recognized than the amounts received in advance, or this may result in an understatement of liabilities, casting doubt on the accuracy and validity of obligations of BCDA.
- 4.7. The inability to properly record deferred income could lead to premature revenue recognition or unearned revenue not being recorded, which is not in accordance with the accrual basis of accounting.



- 4.8. Furthermore, the presence of these negative balances suggests internal control weaknesses, showing lapses in financial controls and oversight, including:
- Weak reconciliation procedures - regular reviews of subsidiary ledgers could have identified these errors earlier;
  - Lack of proper documentation - missing or incomplete documentation for transactions can make it difficult to track and verify the accuracy of deferred income balances; and
  - System migration risks - negative balances carried over from the previous system indicate potential data integrity issues during system transitions.
- 4.9. **We recommended that Management instruct the Accounting and Comptrollership Department (ACD) to:**
- a. **Analyze and determine the cause of abnormal/negative balances of the Deferred Income from Leased Properties account, and effect necessary adjustments, if warranted; and**
  - b. **Henceforth, ensure the proper monitoring of the Deferred Income from Leased Properties account and establish control over the recording/posting of transactions in the accounting system/books of accounts.**
- 4.10. Management commented that they plan to undertake the following to improve the monitoring of the Deferred Income from Leased Properties account:
- a. ACD, in coordination with Subsidiaries, Affiliates, and Project Monitoring Department (SAPMD), shall develop a detailed schedule of each long-term lease contract;
  - b. ACD shall prepare a straight-line schedule of lease income for each long-term lease contract to track the recognition of income over the lease term; and
  - c. Submit a quarterly schedule of Deferred Income from Leased Properties to the Audit Team, 45 days after the ensuing quarter.
- 4.11. The Audit Team will continue to monitor Management's compliance with the audit recommendations, particularly their commitment to submitting the quarterly schedule for deferred income from leased properties.
- 5. The Investment Properties-Land account was not faithfully represented due to the unreconciled records among the concerned departments and the non-derecognition of disposed lots at Fort Bonifacio and Camp John Hay, with a total area of 1,136 sq. m. valued at P1.637 million, contrary to PAS No. 40 and the presentation requirements under PAS No. 1.**
- 5.1. This is a reiteration of the prior year's observation with updated information.



- 5.2. Paragraph 15 PAS No. 1 on Presentation of Financial Statements provides 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 definition and recognition criteria for assets, liabilities, income, and expenses set out in the Conceptual Framework for Financial Reporting.
- 5.3. The Conceptual Framework states that if information is to be useful, it must be relevant and faithfully represent what it purports to represent. Comparability and verifiability, among others, are the qualitative characteristics that enhance the usefulness of information that is both relevant and provides a faithful representation of what it purports to represent.
- 5.4. Internal Control, as defined by the International Organization of Supreme Audit Institutions Guidelines for Internal Control Standards for Public Sector (INTOSAI GOV 9100), is an integral process that is effected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission achieve the following general objectives: 1) execution of an orderly, ethical, economical, efficient and effective operations; 2) fulfilling accountability obligations; 3) complying with applicable laws and regulations; and 4) safeguarding resources against loss, misuse and damage.
- 5.5. Internal control is a dynamic integral process that is continuously adapting to the changes an organization is facing. Management and personnel at all levels have to be involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.
- 5.6. Based on Notes 4 and 15 to the Financial Statements of BCDA, the Investment Properties-Land account pertains to the parcels of land that were turned over and titled in the name of BCDA pursuant to Republic Act (RA) No. 7227,<sup>1</sup> located at Fort Bonifacio, Taguig City, Villamor Air Base, Poro Point in La Union, Clark Economic Zone (CEZ), Morong, Bataan, and Camp John Hay in Baguio City.
- 5.7. Among the responsibilities of the Accounting and Comptrollership Department (ACD) are to analyze, reconcile financial transactions, prepare financial statements periodically, and develop and implement internal control/s on accounting/financial transactions. Meanwhile, the Land and Assets Development Department (LADD) is responsible, among others, for determining the best strategic use of all BCDA land assets, undertaking the survey and titling of all BCDA lands, and generating all documentary requirements to establish ownership rights of BCDA over its properties.
- 5.8. During the audit, the ACD and LADD submitted to the Audit Team the Schedule of Investment Properties – Land and Inventory of BCDA's Land Assets as of December 31, 2024, respectively. A review of the submitted documents revealed the following:
- a. Sixty-eight (68) lots with an aggregate area of 224,071 sq. m., valued at P88.409 million per ACD records, were not found in the submitted LADD records.

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<sup>1</sup> The Bases Conversion and Development Act of 1992.



- b. Per LADD and ACD reports, 45 lots located at Fort Bonifacio and Camp John Hay, with a total area of 3,096 sq. m. amounting to P2.813 million, were already disposed of or transferred. However, these were still recorded in the books of accounts, contrary to PAS No. 40 – Investment Property, which requires that *an investment property shall be derecognized (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal*. Thus, the non-derecognition of lots already disposed of or transferred resulted in an overstatement of the investment properties-land account.
  - c. There were variances in the recorded lot areas between ACD and LADD reports, and the ACD records and corresponding Deed of Absolute Sale Agreements (DOAS) pertinent to the Road Right-of-Ways (RROWs) for the Subic Clark Railway Project (SCRCP).
  - d. Some transactions in the total amount of P29.918 million per ACD records lacked the corresponding TCT numbers, lot area, and/or any relevant information pertinent thereto; thus, the Audit Team could not verify or resolve titling issues with these lots against the LADD records.
  - e. Six lots already titled under BCDA per Land Titling and Segregation Project Management Team (LTS-PMT) report, and included per ACD record, but not included in the list of land assets being monitored by LADD.
- 5.9. The above observations are indications that the various concerned departments are not consistently or periodically reconciling their records, and the reports are not being thoroughly reviewed.
- 5.10. It bears stressing that the non-reconciliation of records still persists despite having already been raised in the previous year's audit. We emphasized that maintaining and reconciling proper records are essential internal controls that can mitigate errors and ensure the accuracy and completeness of financial information.
- 5.11. The foregoing audit observations were communicated to Management through an AOM. Upon receipt thereof, the ACD and LADD identified the inconsistencies/variances between their records and revised their respective reports/schedules containing relevant information pertinent to the land assets of BCDA. The copies of both reports were provided to the Audit Team. Additionally, ACD prepared the necessary adjusting journal entries based on the results of the reconciliation of records with LADD.
- 5.12. However, a review of the revised reports revealed inconsistencies in the composition of the 8,237-sq. m. lot area referred to as Various Scout Barrio Lots, located within the John Hay Special Economic Zone. According to ACD records, the 8,237-sq. m. lot is composed of 41 lots, which differs from the LADD report, as it only consists of 21 lots. Furthermore, four lots included in the 8,237-sq. m. lot area per LADD report were already included in the ACD records as part of the total Scout Barrio Retained Lots. Thus, the reports remain unreconciled.
- 5.13. On the other hand, out of the 45 lots with an aggregate area of 3,096 sq. m., amounting to P2.813 million, which were already transferred or disposed by BCDA, seven lots



with an aggregate area of 1,136 sq.m. valued at P1.637 million, were still not derecognized in the books of accounts, with details as follows:

**Table 5. Land already transferred/disposed of but still recorded in the book of BCDA**

No.	Date	Description	TCT No.	Lot area (sq.m.)	Amount
1	12/31/2010	Along Kalayaan Ave. ( <i>Fort Bonifacio</i> )	41227	171	P 287,007
2	12/31/2010	Along Kalayaan Ave. ( <i>Fort Bonifacio</i> )	41231	218	365,892
3	12/31/2010	Along Kalayaan Ave. ( <i>Fort Bonifacio</i> )	41233	224	375,962
4	12/31/2010	Lupang Katuparan ( <i>Fort Bonifacio</i> )	9145	36	21,604
5	12/31/2010	Lupang Katuparan ( <i>Fort Bonifacio</i> )	9138	77	46,209
6	12/31/2010	Lupang Katuparan ( <i>Fort Bonifacio</i> )	11225	66	39,608
7	12/31/2010	1-B ( <i>Camp John Hay</i> )	95878	344	500,669
<b>TOTAL</b>				<b>1,136</b>	<b>P 1,636,951</b>

- 5.14. We reiterated our prior year's audit recommendation, with modification, that Management require the Accounting and Comptrollership Department (ACD), Land and Assets Development Department (LADD) and other concerned departments/teams to closely coordinate and periodically reconcile their records to identify any inconsistencies, to ensure that all land assets of BCDA are correctly accounted for, and prepare the necessary adjusting journal entries, if warranted.
- 5.15. We recommended further that Management require the ACD and LADD to review and revise their reports/schedules containing all the relevant information pertinent to land assets of BCDA, and submit a copy to the Audit Team.
- 5.16. Management committed that ACD will adjust in CY 2025 the seven lots that were already transferred/disposed. They explained that BCDA is still in the process of securing a copy of the Notice of Award in favor of the beneficiaries for the four lots and is awaiting the transfer of title to the beneficiaries for the remaining three lots.
- 5.17. As an audit rejoinder, we maintain our audit recommendation that Management require the ACD and LADD to closely coordinate and reconcile their records, and subsequently submit a copy of the revised reports to the Audit Team.
- 5.18. The Audit Team will continuously monitor the compliance of Management with the audit recommendations.

## **B. OTHER OBSERVATIONS**

6. BCDA was not able to efficiently implement 27 infrastructure projects with a total contract cost of P26.830 billion due to: (a) poor procurement planning; (b) inadequate detailed engineering such as inefficient execution of surveys, unresolved road right-of-way (RROW) issues, lack or problem of access going to or within the project site, and issues on necessary permits/clearances, among others; and (c) insufficient monitoring and supervision, which are contrary to the pertinent provisions of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184. This resulted in delayed completion and suspension of projects, thereby depriving the intended beneficiaries of the immediate use of the projects.



- 6.1. Presidential Decree (PD) No. 1445 or the Government Auditing Code of the Philippines, states that it is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of the government. The responsibility to take care that such a policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.
- 6.2. The timely completion of the projects is the foremost consideration of the government in entering into a contract so that the intended benefits derived therefrom may be enjoyed by the intended users/beneficiaries. As such, the contracting parties are bound to adhere faithfully to the agreed terms and conditions of the contract.
- 6.3. RA No. 9184, otherwise known as the Government Procurement Reform Act, and its RIRR were issued in line with the commitment of the government to promote good governance and its effort to adhere to the principles of transparency, competitiveness, and accountability. One of the governing principles on government procurement is the public monitoring of the procurement process and the implementation of awarded contracts with the end view of guaranteeing that the contracts are awarded pursuant to the provisions under RA No. 9184 and its RIRR, and that all these contracts are performed strictly according to specifications.<sup>2</sup>
- 6.4. Aside from its mandate to raise funds through the disposition of its land assets, BCDA has been the partner of the national government in building various infrastructure projects in the country. Some of these projects are the New Clark International Airport, Airport-New Clark City Access Roads, New Clark City, and various replications of facilities of the Armed Forces of the Philippines.
- 6.5. Further, Section 17.6 of the 2016 RIRR of RA No. 9184 provides:

*17.6 Detailed Engineering for the Procurement of Infrastructure Project*

***No bidding and award of contract for Infrastructure Projects shall be made unless the detailed engineering investigations, surveys and designs, for the project have been sufficiently carried out and duly approved in accordance with the standards and specifications prescribed by the HoPE concerned or his duly authorized representative, pursuant to the recommendation of the end-user or implementing unit xxx. In case of projects with pending acquisition of right-of-way site or location, the procurement process may commence, but no award of contract shall be made until an authority or permit to enter is issued by the property owner; or a notarized deed of sale or deed of donation is executed in favor of the government; or a writ of possession is issued by a court of competent jurisdiction, as the case may be. Xxx (Emphasis supplied)***

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<sup>2</sup> Section 3 (e) of 2016 RIRR of RA No. 9184



- 6.6. Based on the above provision, as a general rule, detailed engineering investigations, surveys, and designs are performed and conducted by the Procuring Entity or its duly authorized representative. Thus, the Procuring Entity is mandated to complete the detailed engineering investigations, surveys, and designs prior to the conduct of the bidding.
- 6.7. Annex "A" of the 2016 RIRR of RA No. 9184 provides the pertinent procedures or guidelines for the detailed engineering for the procurement of infrastructure projects. Item 1 thereof provides that detailed engineering shall proceed only on the basis of the feasibility or preliminary engineering study made, which establishes the technical viability of the project and conformance to land use and zoning guidelines as prescribed by existing laws.
- 6.8. Item 2 of the same Annex "A" enumerates the detailed engineering activities which include, among others:
- Survey and site investigation;
  - Soils and foundation investigation;
  - Construction materials investigation
  - Preparation of design plans and technical specifications;
  - Preparation of site or right-of-way acquisition plans and resettlement action plans;
  - Preparation of utility relocation plans; and
  - Value engineering studies.
- 6.9. The Procuring Entity shall ensure the timely implementation of infrastructure projects by monitoring the performance of the contractors.<sup>3</sup>
- 6.10. Based on the Report on Program/Projects/Activities (PPAs) submitted by Management, we noted that several extensions of time (EOTs), ranging from one to six times, were issued and granted by BCDA on the implementation of its various infrastructure projects.
- 6.11. Our verification of pertinent records disclosed that the completion of 27 infrastructure projects, with a total contract cost of P26.830 billion, was delayed as a result of the issuance and granting of one to six EOTs, indicating that the projects were not efficiently implemented by BCDA. Details are as follows:

**Table 6. BCDA Contracts with Delayed Implementation**

Projects	No. of Contracts	Total Contract Cost	Causes of Extensions											
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
I. IT Infrastructure and Related Projects	1	P 1,087,594,118			✓	✓	✓	✓	✓	✓	✓	✓		
II. Clark Projects	19	19,345,551,377	✓	✓			✓	✓	✓		✓	✓	✓	✓
III. San Fernando, La Union	1	14,874,111						✓						
IV. Bonifacio Global City Project	2	431,663,045		✓						✓				
V. Morong, Bataan Projects	4	5,950,139,257	✓						✓					
<b>27</b>		<b>P 26,829,821,908</b>												

(a) Unfavorable weather condition; (b) RROW issue; (c) Delayed site survey; (d) Pending execution of specific agreement with different government agencies; (e) Pending issuance of permit/clearance from the LGUs and other agencies; (f) Modification of plans, design

<sup>3</sup> Item 8, Annex "E" of 2016 RIRR of RA No. 9184



and program of works; (g) Modification and realignment of location/non-availability of project site location; (h) Lack or problem of access going to or within the project site; (i) COVID19 Pandemic restrictions; (j) Delayed delivery/shipment of materials; (k) Issues with power and water supplies; (l) Delay in the establishment of As-Built Quantities.

- 6.12. Out of the aforesaid 27 projects, 14 were completed as of December 31, 2024; however, these were not completed within their original target completion dates due to the granting of several EOTs. Meanwhile, construction of the remaining 13 projects was still ongoing as of year-end, also attributable to the issuance of several EOTs.
- 6.13. Further verification of pertinent documents showed that the significant delays in the completion of BCDA's infrastructure projects were caused by the issuance of a number of time extensions, suspension orders, and variation orders due to several factors which should have been considered by Management and/or its consultants during the preliminary engineering study on the viability of the projects and implementation thereof, such as:
- Unfavorable weather conditions;
  - RROW issue;
  - Delayed site survey;
  - Pending execution of specific agreements with different government agencies;
  - Pending issuance of permit/clearance from the local government units and other agencies;
  - Modification of plans, design, and program of works;
  - Modification and realignment of location/non-availability of project site location;
  - Lack or problem of access to or within the project site;
  - COVID-19 Pandemic restrictions;
  - Delayed delivery/shipment of materials;
  - Issues with power and water supplies; and
  - Delay in the establishment of As-Built Quantities.
- 6.14. Except for the unfavorable weather condition and COVID-19 pandemic restriction, all of the issues enumerated above, as well as the necessity of coordination with the contractors and other agencies concerned, are factors which are unintentional but procedural and consequential issues that should have been considered or anticipated and resolved during the preliminary engineering study on the viability of the project and pre-construction activities. However, Management has not instituted appropriate remedial steps to effectively address the said issues prior to the finalization of the scope of works, which resulted in delays in the completion of projects.
- 6.15. It is worth stressing that before prosecuting any project, the necessary program of work shall be prepared and submitted for approval. No program of work for any project shall be approved without detailed engineering. The program of work shall include, among other things, estimates of the work, items, quantities, and costs, and a program evaluation and review technique (PERT)/critical path method (CPM) network of the project activities.<sup>4</sup>
- 6.16. Also, Volume 3 of the Manual of Procedures for Procurement of Infrastructure Projects issued by the Government Procurement Policy Board provides that the maximum allowable extension shall not exceed the original construction period. However, 13 out

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<sup>4</sup> Item 3 (i), Annex "A" of the 2016 RIRR of RA No. 9184



of the 27 contracts have doubled their original contract duration, ranging from 156 to 1,190 calendar days from the original target completion date.

- 6.17. As an example, the Project Design and Build of the New Eighteen-Storey Clark Air Traffic Control Tower at Clark International Airport, with a contract cost of P354.406 million, started on January 25, 2021, with an original completion date of January 24, 2022. However, six EOTs were granted and issued by BCDA, resulting in a revised completion date of December 22, 2024, surpassing its original contract duration by 1,062 calendar days. Some of the noted reasons for the extension were conditions or activities that should have been considered before the procurement of the project, such as: (1) the additional Civil Aviation Authority of the Philippines Space Operational Requirements and the Changes in the building envelope of the Control tower, (2) bad weather condition, (3) delayed shipment of the pre-fabricated structural steel which are necessary for the completion of the project, and (4) Cistern Tank Sheet piling due to excavation soil erosion and relocation of existing electrical duct bank from the base building area.
- 6.18. Similarly, six EOTs were issued on the implementation of the Construction of New Clark City (NCC) to Airport Access Road (Phase 3) with a contract cost of P1.755 billion, which started on March 17, 2020, with an original completion date of September 7, 2021. The revised completion date was December 11, 2024, which surpassed its original contract duration by 1,190 calendar days. The noted reasons for the extension were: (1) bad weather conditions, (2) issues on RROW, (3) suspension order, and (4) extra works due to variation order.
- 6.19. The above-noted deficiencies are indications of inadequate planning and monitoring of BCDA's projects and are contrary to the pertinent provisions of the 2016 RIRR of RA No. 9184, resulting in delayed implementation or completion of the projects. Thus, the respective intended users were deprived of enjoying the timely benefits that could have been derived from the said projects. These projects could further result in the wastage of government resources when the unfinished or uncompleted contracts are eventually terminated.
- 6.20. The absence of a coordination mechanism in place, which is among the vital parts of the feasibility and preliminary engineering study, hampered the immediate completion of the projects that resulted in inefficient implementation of the programs/projects, contrary to the afore-cited provisions of RA No. 9184.
- 6.21. **We recommended that Management ensure timely implementation and completion of projects by strengthening project monitoring and thoroughly conducting detailed engineering studies to determine and address potential issues, such as Road Right-of-Way (RROW) concerns, delayed site survey, modification and realignment of location/non-availability of project site location, and other related or common construction woes during the feasibility or preliminary engineering.**
- 6.22. Management acknowledged the significance of the timely completion of the infrastructure projects undertaken by BCDA and will ensure that future projects are implemented or completed in a timely manner by revisiting the causes of delays and coming up with sufficient and appropriate measures in project monitoring.



- 6.23. Additionally, Management commented that they recognized the challenges associated with procurement planning and project monitoring that have contributed to the delays in the implementation of infrastructure projects. Notwithstanding, they emphasized that BCDA adheres to all applicable standards, guidelines, and procedures for the conduct of site surveys and investigations (i.e., topographic survey, test pits, geotechnical investigation, among others) that are necessary in the preparation of detailed engineering designs.
- 6.24. However, despite rigorous assessments during the design phase, unforeseen circumstances may still arise during construction. These unanticipated factors, such as ground conditions differing from survey results, unexpected subsurface variations, environmental changes, or logistical constraints, can lead to deviations or discrepancies that were not initially identified.
- 6.25. A notable example is the construction of the Airport to New Clark City Access Road. During the design stage, tests indicated that the excavated materials would primarily consist of surplus common soil. However, during actual implementation, the excavation revealed hard rock formations, differing significantly from initial assessments. This unforeseen variation required adjustments in construction methods, equipment, and project timelines to accommodate the more challenging excavation conditions, which consequently led to variation orders and extensions of contract time.
- 6.26. Nonetheless, Management committed to addressing these challenges and implementing strategic solutions to ensure the timely and efficient execution of infrastructure projects.
- 6.27. The Audit Team will continuously monitor the actions undertaken by Management to comply with our audit recommendation.
7. **BCDA granted contractors' request for Extensions of Time (EOTs) even when some were due only to ordinary unfavorable weather conditions, and the requests were not communicated to BCDA prior to the expiration of the contract time and within 30 calendar days from the commencement of such work, or a delay of nine to 406 calendar days, which are all contrary to Item 11, Annex "E" of the 2016 RIRR of RA No. 9184. Moreover, it took BCDA two to 572 days to approve some of the requests for EOTs, which contributed to the delays in the implementation of projects, signifying inadequate project monitoring.**
  - 7.1. The Annex "E" of the 2016 RIRR of RA No. 9184 provides the contract implementation guidelines for the procurement of infrastructure projects. The pertinent provisions for the extension of contract time are as follows:
    - 11.1 *Should the amount of additional work of any kind or other special circumstances of any kind whatsoever occur such as to fairly entitle the contractor to an extension of contract time, **the procuring entity shall determine the amount of such extension; provided that the procuring entity is not bound to take into account any claim for an extension of time unless the contractor has, prior to the expiration of the contract time and within thirty (30) calendar days after such work has been commenced or after the circumstances***



***leading to such claim have arisen, delivered to the procuring entity notices in order that it could have investigated them at that time. Failure to provide such notice shall constitute a waiver by the contractor of any claim. Upon receipt of full and detailed particulars, the procuring entity shall examine the facts and extent of the delay and shall extend the contract time completing the contract work when, in the procuring entity's opinion, the findings of facts justify an extension.***

**11.2 No extension of contract time shall be granted the contractor due to (a) ordinary unfavorable weather conditions and (b) inexcusable failure or negligence of contractor to provide the required equipment, supplies or materials. (Emphasis supplied)**

- 7.2. As mentioned in the preceding audit observation, several EOTs were granted and issued by BCDA in the implementation of its infrastructure projects. A review of pertinent records revealed that the process for the issuance of such EOT starts upon the request from the contractors addressed to BCDA's Project Managers (PM), through the Consultant, if any. After evaluating the request and with the guidance and recommendation from the consultant, the PM shall issue an Internal Memo, endorsing the said request to BCDA's President and Chief Executive Officer (PCEO), to be submitted through the Subsidiaries, Affiliates, and Project Monitoring Department (SAPMD). Subsequently, the request shall be approved or rejected by PCEO, whichever is applicable, upon the evaluation of and as recommended by SAPMD.
- 7.3. As provided in Item 11.1, Annex "E" of the 2016 RIRR of RA No. 9184, a request for EOT must be submitted prior to the expiration of the contract. However, our audit disclosed that BCDA still granted EOT requests for seven infrastructure projects with a total contract cost of P6.739 billion, even if the requests were not submitted or communicated to Management before the expiration of contract or completion dates, or delays ranging from nine to 407 calendar days, and even after considering previously approved EOTs.
- 7.4. An example is the project on the Construction of NCC to Airport Access Road - Phase 1, with contract cost of P3.762 billion and an original completion date of February 20, 2020, the contractor filed EOT No. 3 only on January 8, 2021, which was already 21 calendar days after the expiration of the contract on December 18, 2020 under EOT No. 2. Despite the late submission, Management granted such request on September 17, 2021.
- 7.5. On the other hand, a review of the available records revealed that some of the requests for EOT filed by contractors were due to inclement weather conditions. To support this and to ascertain that the said condition was not ordinary, warranting the approval of the EOT as required under Item 11.5, Annex "E" of the 2016 RIRR of RA No. 9184, it was noted that the contractor attached a daily rainfall record or weather conditions data duly issued by the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA). However, we observed that some requests lacked the said essential document, signifying that the inclement weather conditions cited by the contractors were not substantiated by any official document; thus, such requests should not be granted. To reiterate, no extension of contract time shall be granted the



contractor due to ordinary unfavorable weather conditions and inexcusable failure or negligence of contractor to provide the required equipment, supplies or materials.

- 7.6. We wish to emphasize that during the conduct of detailed engineering, the agency shall make an estimate of the number of rainy/unworkable days considered unfavorable for the prosecution of the works at the site, based on the records of the PAGASA, and incorporate the same in the corrected determined actual number of working days, which shall be made the basis of the total contract time. The estimated number of rainy/unworkable days considered unfavorable for the prosecution of the works at the site shall be made known before the date of bidding, for the purpose of guiding the contractor in preparing his bid and as reference to both the government and winning contractors, taking action on the requests for time extensions. Without the estimated number of rainy/unworkable days established before the bidding date and made known to all participating bidders, the contract time is presumed to have excluded the unfavorable conditions.<sup>5</sup>

- 7.7. Item 11.4, Annex "E" of the 2016 RIRR of RA No. 9184 provides:

***No extension of contract time shall be granted when the reason given to support the request for extension was already considered in the determination of the original contract time during the conduct of detailed engineering and in the preparation of the contract documents as agreed upon by the parties before contract perfection. (Emphasis supplied)***

- 7.8. Moreover, aside from the unfavorable weather condition, we also noted other reasons in requesting and approving the EOTs such as delayed site survey, pending execution of specific agreement with different government agencies and pending issuance of permit or clearance from the local government units and other agencies, delayed delivery/shipment of materials. These factors should have been considered during the conduct of the detailed engineering for the project, and some appear to be due to the fault or negligence of the contractors. As such, no EOT should have been granted.

- 7.9. Meanwhile, we also noted that it took BCDA two to 572 calendar days to approve some requests for EOT submitted by the contractors, signifying inadequate monitoring of the projects.

- 7.10. These prolonged delays have disrupted schedules and raised concerns regarding project management effectiveness, adherence to approved timelines, and overall operational efficiency. Beyond the financial concerns, the delays have hindered the realization of key operational and economic benefits for Management.

- 7.11. **We recommended that Management:**

**a. Submit explanations for the approval of certain requests for Extensions of Time (EOTs) on the following circumstances:**

- i. The requests were submitted or communicated to Management beyond the prescribed period, and the reasons provided did not fall within the**

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<sup>5</sup> Item 3 (j), Annex "A" of the RIRR of RA No. 9184



**acceptable conditions for granting such requests, contrary to Item 11, Annex "E" of the 2016 RIRR of RA No. 9184; and**

**ii. The requests were not immediately acted upon or processed upon their submission to BCDA.**

**b. Henceforth, ensure that all requests for EOT are approved in accordance with Item 11, Annex "E" of the 2016 RIRR of RA No. 9184, and are properly monitored, promptly evaluated, and timely processed.**

- 7.12. Management commented that the contractors have communicated notices to BCDA within 30 days following the occurrence of events that may cause delays in project implementation. The contractors' requests for EOT underwent evaluation and review by BCDA's Construction, Management, and Supervision (CMS) Consultant. The Project Management Team (PMT) then validates and checks the requests before endorsing for approval of the BCDA Management, through proper channels (other departments/groups). The PMT ensures that all recommended EOTs submitted to BCDA Management for approval are properly evaluated, reviewed, processed, and approved in compliance with the guidelines stipulated under Item 11, Annex "E" of the 2016 RIRR of RA No. 9184.
- 7.13. In addition, the PMT, in coordination with the CMS Consultant, conducted regular technical coordination meetings and project site inspections to assess actual field conditions, during which the anticipated requests for EOT by the contractor were raised and discussed. Before submitting the written requests, contractors typically verbalize their intent to request an EOT within the prescribed 30-day period following the occurrence of events that may cause delays in project implementation.
- 7.14. Management further explained that with regard to the contractors' requests for EOT due to unfavorable weather conditions, the PAGASA weather report may not always accurately reflect the actual on-site conditions, especially for projects that are situated far from PAGASA weather stations. BCDA relied on weather charts signed by third parties, such as the military or the CMS and PMT, to verify and validate the existence of such claims. Moving forward, the submission of reports from the safety officer shall be required, attesting that the site is indeed unworkable and unsafe due to adverse weather, to further reinforce the evaluation process.
- 7.15. To streamline the process moving forward, BCDA shall establish specific timelines for each department involved in the review and approval of EOTs. This will help expedite processing and avoid unnecessary delays. Moreover, to strengthen documentation and streamline coordination, BCDA committed to adopting an effective and systematic process across all concerned project stakeholders that will enable timely communication with the contractors regarding the submission of supporting documents and/or justifications to formalize EOT requests.
- 7.16. Thus, in anticipation of foregoing circumstances, BCDA will establish internal guidelines for the evaluation and approval of EOTs, incorporating relevant and applicable provisions of RA No. 9184 and/or RA No. 12009 or the New Government Procurement Act, to facilitate a well-informed evaluation by the PMT and the CMS Consultant.



- 7.17. The Audit Team will monitor Management's compliance with the audit observation.
8. **BCDA did not impose liquidated damages against the defaulting contractors responsible for delays in implementing seven infrastructure projects with a total contract cost of P6.739 billion. Also, the performance securities were not forfeited even for contracts with significant delays that may have exceeded the allowable 10 percent of the specified contract time plus any approved extension, which is contrary to Item 9, Annex "E" of the 2016 RIRR of RA No. 9184.**
- 8.1. The pertinent provisions on liquidated damages relative to the contract implementation guidelines for the procurement of infrastructure projects were provided under Item 9 of Annex "E" of the 2016 RIRR of RA No. 9184, as follows:
- 9.1 ***Once the contract duration expires, including any time extension duly granted, and the contractor refuses or fails to satisfactorily complete the work, the Procuring Entity shall impose upon the contractor in default liquidated damages. Liquidated damage is an amount equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.***
- Xxx
- 9.4 *In case the total sum of liquidated damages reaches ten percent (10%) of the total contract price, the Procuring Entity has the following options:*
- 9.4.1 ***Terminate the contract pursuant to the Guidelines on Termination of Contract and forfeit the erring contractor's performance security. xxx; or***
- 9.4.2 *Allow the contractor to continue the works without prejudice to the continued imposition of liquidated damages until the works have been completed. This does not, however, preclude the Procuring Entity in resorting to Termination of Contract under Annex I of the 2016 RIRR of RA No. 9184. (Emphasis supplied)*
- 8.2. As discussed in Observation No. 7, some of the requests for extension of contract time were granted by BCDA even if these were submitted by contractors after the expiration of the revised completion date, after considering any EOTs previously issued. Such practice is not in accordance with the pertinent provisions on extension of contract time prescribed under Item 11, Annex "E" of the RIRR of RA No. 9184. Thus, a delay of nine to 407 calendar days from the target completion date to the filing of the requests for EOTs was already incurred by the contractors on the seven infrastructure projects with a total contract cost of P6.739 billion.
- 8.3. We inquired with the Subsidiaries, Affiliates, and Project Monitoring Department (SAPMD), which is responsible for monitoring the implementation of the contracts of BCDA, regarding the imposition of liquidated damages on defaulting contractors. According to SAPMD, they monitor and compute liquidated damages for projects with delays beyond the contract completion period. However, the final amount of liquidated



damages can only be determined upon Management's approval of the Final As-Built plans.

- 8.4. However, to reiterate, since the request for EOT was not timely submitted to BCDA, there was a delay in the implementation of the project. As such, liquidated damages should have been imposed by BCDA against the defaulting contractors pursuant to Item 9.1 of Annex "E" of the 2016 RIRR of RA No. 9184, reckoning from the original completion date and not the approval of EOTs, which were belatedly submitted to BCDA.
- 8.5. Meanwhile, it was also previously discussed that BCDA approved the request of the contractors for EOT even if the reason stated in the request was due to ordinary unfavorable weather conditions, which is contrary to Item 11.2, Annex "E" of the 2016 RIRR of RA No. 9184. Accordingly, it is our position that the said approved EOTs should be invalidated being contrary to pertinent provisions provided under the procurement law. Similarly, liquidated damages should have been imposed against the defaulting contractors in accordance with Item 9 thereof.
- 8.6. **We recommended that Management:**
  - a. **Compute and impose the corresponding liquidated damages against the defaulting contractors by deducting it from either the progress billings/claims, retention money, or other securities imposed by the contractors, whichever is applicable;**
  - b. **Re-assess the validity of all the Extensions of Time (EOTs) previously issued to the contractors if in accordance with Item 11, Annex "E" of the 2016 RIRR of RA No. 9184, compute and impose the corresponding liquidated damages, if warranted; and**
  - c. **Consider rescinding/terminating the contracts of the contractors at default which incurred delays that exceeded the allowable 10 percent of the specified contract time plus time extension; forfeit the performance security posted and take over the prosecution of the project or award the same to a qualified contractor through negotiated contract, pursuant to Item 9.4 of the 2016 RIRR of RA No. 9184, if warranted.**
- 8.7. BCDA committed to adhering to the provisions outlined under Item 9, Annex "E" of 2016 RIRR of RA No. 9184. In instances of contractor default, BCDA shall impose liquidated damages as stipulated by the regulations. A monitoring of the computation of the liquidated damages has been established and will be imposed against defaulting contractors, if warranted. BCDA will ensure compliance with Item 9.4 on the possible rescinding/terminating of contracts that incurred delays in their completion exceeding the allowable 10 percent of the specified contract time plus time extension.
- 8.8. The Audit Team will continuously monitor Management's compliance with the audit recommendations.



**9. The condominium and parking units allocated to BCDA under several joint venture projects with MEGAWORLD Corporation were not adequately monitored by the former and not properly maintained by the latter, thereby exposing these assets to the risks of unauthorized use, compromised security, delayed disposition, and ineffective property management.**

9.1. Pursuant to RA No. 7227, as amended, BCDA is mandated to raise funds through the sale of portions of Metro Manila military camps and to apply said funds for the development and conversion to productive civilian use of said military lands.

9.2. BCDA engages in public-private partnerships to push forward vital public infrastructure such as tollways, airports, seaports, and also major real estate developments. BCDA entered into various Joint Venture Agreements (JVAs) with MEGAWORLD Corporation ("MEGAWORLD") for the development of its land assets. These include several projects such as the Newport City, McKinley West, North Bonifacio, and McKinley Hill, with details as follows:

**A. Newport City – JVA dated October 10, 2003**

Development of the remaining lots at the Villamor Gateway Center, to be known as the New Port City Project. Pursuant to the JVA, BCDA shall contribute lots with an aggregate land area of 17.484 hectares, while MEGAWORLD shall finance the implementation of the project. The parties will receive their allocated units and/or net proceeds from sales in return for their contributions to the project.

**B. McKinley West – JVA dated April 13, 2010**

Privatization and development of the 34.5-hectare portion of the Joint US Military Advisory Group (JUSMAG) property along Lawton Avenue in Fort Bonifacio. Pursuant to the JVA, the subject property shall be developed into a mixed-use development featuring residential, office, and commercial uses. BCDA's sole contribution to the project is its land, while MEGAWORLD is committed to investing a minimum of P22 billion within the maximum development timetable of 20 years from the commencement of development.

**C. North Bonifacio – JVA dated November 3, 2009**

Privatization and development of the 8.38-hectare North Bonifacio lots in Bonifacio Global City. Pursuant to the JVA, BCDA shall contribute the North Bonifacio lots, while MEGAWORLD shall finance and undertake the planning, construction, and development of the project. In return for their contributions, BCDA will receive 10 percent of units in the project, while 90 percent for MEGAWORLD.

**D. McKinley Hill – JVA dated September 1, 2003, as amended on July 23, 2004, with Alliance Global Group, Inc. (AGGI)**

Development of a parcel of land, referred to as the Lawton Parkway, predominantly for residential purposes, to be known as the McKinley Hill Project. Pursuant to the JVA, BCDA shall contribute land with an aggregate area of 24.6 hectares, while AGGI shall provide financing for the implementation of the project.



- 9.3. Under the JVs, BCDA and MEGAWORLD shall partition their respective interests in and to the projects, and receive their respective allocated condominium and parking units, as a return for their contributions. Accordingly, BCDA appointed MEGAWORLD as the exclusive marketing, management, and leasing agent for the BCDA-allocated units, by executing a Special Power of Attorney for each project – Newport City, McKinley West, North Bonifacio, and McKinley Hill.
- 9.4. The Audit Team, together with the representatives from MEGAWORLD and its respective Project Property/Duty Managers, and BCDA's Subsidiaries, Affiliates, and Projects Monitoring Department (SAPMD), conducted inspections on various dates of the allocated condominium and parking units to BCDA.
- 9.5. The inspection was conducted to ascertain whether the assets actually exist, are well maintained, and are consistent with the inventory records of BCDA. The Audit Team was able to randomly inspect units in Newport City and McKinley West. However, for the North Bonifacio and McKinley Hill projects, the Audit Team did not participate in the inspection; instead, it was carried out by the concerned personnel from BCDA, who subsequently submitted the corresponding inspection reports to the Audit Team.
- 9.6. The results of our inspection are summarized below:

**Table 7. Summary of the Results of Inspection**

JV Project	Type	No. of Unsold Units per MEGAWORLD	No. of Unsold Units per Inspection by Audit Team and BCDA	Total Reference Value
Newport City	Residential	47	14 units were inspected. 33 were sold per MEGAWORLD and for BCDA's confirmation and validation.	P 228,176,300
	Parking	59	59 units were inspected.	37,000,000
	McKinley West	Residential	58	58 units were inspected.
North Bonifacio	Residential	6	Six units were inspected.	159,392,700
	Parking	1	The parking unit was not inspected.	875,000
McKinley Hill	Residential	7	Six were inspected. One unit was not inspected.	47,578,500
	Parking	54	38 were inspected.	27,000,000
			16 units were not found.	
	Total	232		P 1,752,760,100

- 9.7. The inspections revealed various deficiencies in monitoring, maintenance, and documentation, exposing BCDA to potential financial and operational risks, as follows:
- a. Lack of proper monitoring and inventory management**
- 9.8. The inadequate inventory management and lack of clear, reliable records within BCDA significantly hinder analysis and timely decisions related to the disposition or utilization of its assets. This inefficiency not only delays the realization of potential income but also impedes the strategic use of properties, thereby affecting BCDA's ability to generate revenue and implement its development plans.
- 9.9. Moreover, the absence of reliable data and physical verification undermines efforts in monitoring inventory, property maintenance, lease management, and compliance with legal and financial requirements. This can also affect BCDA's reputation and credibility with its stakeholders and partners.



33 condominium units in Newport City initially reported as unsold could not be inspected

- 9.10. Based on the report submitted by BCDA, a total of 47 residential units in Newport City were still unsold as of December 31, 2024. The said report submitted to the Audit Team was from the report provided by MEGAWORLD to BCDA. However, during the inspection dated March 13, 2025, 33 of these units could not be inspected as the corresponding keys were not in the custody of the Property Managers. This suggests that the units have already been sold and turned over to the respective occupants or buyers.
- 9.11. After the inspection, MEGAWORLD submitted the Sales Reports to BCDA showing that the said units were indeed already sold, contrary to the previously submitted reports.
- 9.12. In its letter dated May 26, 2025, Management informed the Audit Team that the 33 condominium units in Savoy Hotel, New Port City were sold only on February 28, 2025. Accordingly, these were included in MEGAWORLD'S Sales Report as of March 2025. During the validation conducted by SAPMD on April 30, 2025, various documents were presented by MEGAWORLD, such as the Request for Reservation and Offer to Purchase, Official Receipts, and Subsidiary Ledgers related to the sale. It was verified by SAPMD that these units were sold in bulk in CY 2025. Thus, the said units were still included in the inventory as of December 31, 2024.

16 parking units in McKinley Hill were not found or identified during inspection

- 9.13. During the inspection by the SAPMD, 16 parking units at McKinley Hill could not be physically located due to the absence of markings or identifiers, and none of the actual existing units matched the names/identification per BCDA's records, as follows:

**Table 8. Units not found in McKinley Hill**

No.	Location	Unit	Reference Value
1	Arabella (Basement 2)	1	500,000
2	Arabella (Basement 2)	5	500,000
3	Arabella (Basement 2)	10	500,000
4	Cossimo (Basement 2)	7	500,000
5	Cossimo (Basement 2)	11	500,000
6	Cossimo (Basement 2)	13	500,000
7	Elba (Basement 2)	1	500,000
8	Elba (Basement 2)	2	500,000
9	Elba (Basement 2)	5	500,000
10	Elba (Basement 2)	14	500,000
11	Fiorenze (Basement 1)	23	500,000
12	Fiorenze (Basement 1)	24	500,000
13	Fiorenze (Basement 1)	26	500,000
14	Fiorenze (Basement 1)	27	500,000
15	Fiorenze (Basement 1)	29	500,000
16	Cluster 7 (Basement 2)	32	500,000
<b>Total</b>			<b>8,000,000</b>

- 9.14. Management stated that there is an ongoing reconciliation between SAPMD and MEGAWORLD regarding the above parking slots. It was agreed that MEGAWORLD shall submit the final as-built plans for the Tuscany parking by June 2025. BCDA shall forward to the Audit Team the results of reconciliation with MEGAWORLD on or before the end of June 2025.

Unauthorized use of one condominium unit in North Bonifacio, eight parking units in Newport City, and 24 parking units in McKinley Hill

- 9.15. The Audit Team noted indications that there may be unauthorized use of BCDA-allocated condominium and parking units, as follows:

Table 9. Indications of unauthorized use			
No.	Location	Unit	Reference Value
<b>North Bonifacio</b>			
<i>With personal effects of the previous occupant inside the unit</i>			
1	Uptown Parksuites Tower 1	27D	P 5,716,500
<b>Newport City</b>			
<i>Used temporarily due to the rehabilitation of Septic Treatment Plant</i>			
1	101 Newport Boulevard - Basement 3	16	600,000
2	101 Newport Boulevard - Basement 3	28	600,000
3	101 Newport Boulevard - Basement 3	37	600,000
4	150 Newport Boulevard - Basement 1	63	650,000
<i>Vacant but not secured with proper signage to prevent unauthorized use</i>			
5	101 Newport Boulevard - Basement 3	5	600,000
6	101 Newport Boulevard - Basement 3	6	600,000
7	101 Newport Boulevard - Basement 3	31	600,000
8	101 Newport Boulevard - Basement 3	42	600,000
<b>Subtotal</b>			<b>P 4,850,000</b>
<b>McKinley Hill</b>			
<i>Occupied (parked with vehicle, with "exclusive use" signage)</i>			
1	Bianca (Basement 2)	8	500,000
2	Bianca (Basement 2)	22	500,000
3	Bianca (Basement 2)	26	500,000
4	Bianca (Basement 2)	33	500,000
5	Divo (Basement 2)	16	500,000
6	Divo (Basement 2)	17	500,000
7	Divo (Basement 2)	18	500,000
8	Divo (Basement 2)	20	500,000
9	Fiorenze (Basement 2)	1	500,000
10	Fiorenze (Basement 2)	8	500,000
11	Fiorenze (Basement 2)	21	500,000
12	Fiorenze (Basement 2)	25	500,000
13	Fiorenze (Basement 2)	26	500,000
14	Fiorenze (Basement 2)	32	500,000
15	Cluster 7 (Basement 1)	2	500,000
16	Cluster 7 (Basement 1)	12	500,000
17	Cluster 7 (Basement 1)	27	500,000
18	Cluster 7 (Basement 1)	31	500,000
19	Cluster 7 (Basement 1)	33	500,000
20	Cluster 7 (Basement 2)	1	500,000
21	Cluster 7 (Basement 2)	16	500,000
22	Cluster 7 (Basement 2)	21	500,000
23	Cluster 7 (Basement 2)	34	500,000
24	Cluster 7 (Basement 2)	38	500,000
<b>Subtotal</b>			<b>12,000,000</b>
<b>Total</b>			<b>P 22,566,500</b>



- 9.16. During the inspection conducted by SAPMD, it was noted that personal furniture, fixtures and appliance, such as glass table, chairs, abaca plant baskets, plant pot, microwave and carpet were left in Unit 27D at Uptown Parksuites Tower 1, North Bonifacio, signifying that the unit had been previously occupied and used.
- 9.17. Management clarified that the unit was originally sold in October 2023 and was occupied until September 2024. However, due to the buyer's inability to complete the full payment, the contract was pre-terminated in December 2024. Hence, the unit was tagged as "available" in the inventory as of December 31, 2024.
- 9.18. As regards the furniture, fixtures, and appliances left in the unit, it was explained that MEGAWORLD, through its Property Manager, had forcibly secured the unit after the buyer appeared to have abandoned it. This action followed after multiple Notices to Vacate were issued after the contract was pre-terminated due to non-payment. Moreover, MEGAWORLD confirmed that as of May 26, 2025, all remaining belongings of the buyer had been removed from the unit by MEGAWORLD.
- 9.19. For the four BCDA-allocated parking units in Newport City, it was noted that these were being used as temporary parking by other occupants due to unrelated utility issues, but without the formal arrangements or documentation showing the approval of BCDA allowing the use of its parking spaces. For instance, the Property/Duty Managers assigned to Units 101 and 150 at Newport Boulevard stated that they permitted other occupants to temporarily park their vehicles in said units of BCDA, since the parking units assigned to them could not be used due to a pipe leakage and affected by the ongoing rehabilitation of the building's Septic Treatment Plant.
- 9.20. Additionally, another set of four parking units in Newport City was also noted as vacant, but no proper signage or markers were placed to prevent unauthorized use/access.
- 9.21. The Audit Team was informed that SAPMD had already coordinated with MEGAWORLD, and the latter agreed in principle to replace the BCDA-allocated slots with any alternative parking slots of MEGAWORLD. Furthermore, the parking slots were temporarily occupied due to the ongoing repairs and maintenance of the owners' original parking slots, as confirmed by the respective Property Managers.
- 9.22. The Audit Team clarified if the replacement of alternative slots still needs the approval of BCDA and whether the said replacement is only temporary, or otherwise permanent, which necessitates the amendment of the original allocation agreement, or new agreements must be executed to reflect the said action. Management stated that the matter is still subject to verification and evaluation.
- 9.23. On the other hand, 24 reported unsold parking units of BCDA in McKinley Hill were found either with parked vehicles or with signage that states "*Reserved for the exclusive Use of XXX*".
- 9.24. Management commented that BCDA has coordinated with MEGAWORLD, and in a meeting held last May 22, 2025, MEGAWORLD confirmed that the 24 unsold parking units were already considered sold. SAPMD has yet to validate the documents related to the sold parking units in the 2nd quarter validation in July 2025.



**b. Maintenance and physical condition issues of condominium units in McKinley West**

Three condominium units were under renovation or with defects (e.g., cracked tiles, broken cabinets, wall cracks)

9.25. The following were observed during the inspection:

<b>Table 10. Units with maintenance and physical condition issues</b>				
<b>No.</b>	<b>Location</b>	<b>Unit</b>	<b>Reference Value</b>	<b>Observations</b>
1	Park McKinley West Tower A	A-5N	P 6,997,000	The unit is under renovation. Wall cracks were noted in the dining area.
2	Park McKinley West Tower B	B-3P	6,970,000	The unit is under renovation. Wall cracks were noted in the bedroom area.
3	81 Newport Boulevard	C4-3M	8,964,240	The unit is for renovation. Cracked tiles were noted in the kitchen and dining areas.
<b>Total</b>			<b>P 22,931,240</b>	

9.26. Management informed that the development and construction of Park McKinley West Towers A to D are still ongoing, with a reported accomplishment of 59.43 percent as of March 31, 2025. The punch listing is still ongoing, and the rectification of any defects on the physical condition of the units will be addressed prior to the turnover and subsequent sale of the units.

Ready-for-occupancy (RFO) units were not properly maintained, impacting marketability and potential revenue

9.27. The following condominium units were not properly maintained:

<b>Table 11. RFO Units with noted observations</b>				
<b>No.</b>	<b>Location</b>	<b>Unit</b>	<b>Reference Value</b>	<b>Observations</b>
1	Park McKinley West Tower D	D-2E	P 20,980,000	It has an unpleasant smell and is located near the sewerage facility.
2	St. Moritz Private Estate Cluster One	2H	14,525,600	The unit was found dirty, dusty, and with cobwebs, which may affect its marketability and salability.
3	St. Moritz Private Estate Cluster Two	2I	22,900,000	The unit was found dirty, dusty, and with cobwebs, which may affect its marketability and salability.
4	St. Moritz Private Estate Cluster Two	5G	23,300,000	The unit was found dirty, dusty, and with cobwebs, which may affect its marketability and salability.
<b>Total</b>			<b>P 81,705,600</b>	

9.28. As regards the units in St. Moritz Private Estate, Management commented that per MEGAWORLD, the noted actual physical condition of the units is attributable to their usual wear and tear. The responsibility for conducting repairs, maintenance, and general upkeep of the units and the Project as a whole falls within the scope of MEGAWORLD's obligation under the Joint Venture Agreement (JVA).



**c. Delayed and incomplete feedback from MEGAWORLD**

- 9.29. After the conduct of the inspection, BCDA urged MEGAWORLD to address all the findings noted. The Audit Team observed that MEGAWORLD failed to provide timely responses to BCDA's requests and inspection findings, particularly the McKinley Hill and North Bonifacio projects. To date, MEGAWORLD has not yet replied to the actions taken to address all the findings noted during the inspection.

**d. Various units in Newport City sold from 2019 to 2024 were not reported in the books of accounts**

- 9.30. Verification of records and inquiry with the ACD disclosed that the balance of Merchandise Inventory – Newport City had no movement since CY 2018.
- 9.31. Considering that no new sales were recorded since CY 2019, the balances of Merchandise Inventory, Accounts Receivable, and related Revenue accounts were consequently not updated. As such, inventories that were already sold after CY 2018 remained recorded as assets, while revenues and receivables were understated.
- 9.32. Based on the foregoing noted deficiencies, BCDA did not adequately monitor the allocated condominium and parking units, and the same were not properly maintained by MEGAWORLD. The lack of proper monitoring and management of these assets increases the risk of unauthorized use or utilization. As a result, this could diminish control over government-owned assets and may result in potential revenue loss for BCDA.
- 9.33. The foregoing lack of oversight highlights significant internal control weaknesses in property management and in ensuring that BCDA's JV partners comply with their responsibilities or obligations. As a result, BCDA is exposed to potential revenue losses. These shortcomings have far-reaching implications for BCDA's operational efficiency, financial accountability, and overall effectiveness in managing its property portfolio.
- 9.34. **We recommended that Management require the SAPMD to:**
- a. **Provide the Audit Team with the pertinent supporting documents and results of ongoing and upcoming validation on the:**
    - i. **33 units in Newport City that were not inspected and reported by MEGAWORLD as sold in CY 2025;**
    - ii. **16 parking units, which were not found or identified during the inspection in McKinley Hill;**
    - iii. **pre-termination of contract and sales reports showing Unit 27D as sold in 2023, and marked as available in 2024, along with a copy of confirmation from MEGAWORLD that the unit was already vacated;**
    - iv. **replacement of alternative parking slots in Newport City; and**
    - v. **24 parking slots in McKinley Hill;**
  - b. **Ensure that the BCDA allocated units are properly marked/labeled to prevent unauthorized use and to facilitate easy identification and location of the units;**



- c. **Implement measures to ensure that MEGAWORLD fulfills its responsibility and commitment to maintaining the units in a saleable condition;**
  - d. **Follow-up with MEGAWORLD on their actions taken to address all the findings noted during the inspection;**
  - e. **Conduct more frequent inspections and detailed validation of Sales Reports against contracts and official receipts; and**
  - f. **Institute policies and procedures to strengthen controls over the proper recording, validation, strict monitoring, and timely reconciliation of records with the ACD and MEGAWORLD for all units allocated to BCDA in JV projects.**
- 9.35. During the Exit Conference, Management committed to submit the requested documents pertaining to the units reportedly sold in CY 2025, as well as those concerning the replacement of alternative parking slots in Newport City. Management further assured that the allocated units will be properly marked/labeled.
- 9.36. On the units with physical condition issues, Management stated that BCDA, in partnering with real estate developers as part of its disposition strategy, capitalizes on the reputation and branding of the known and reputable developers in the country that will ultimately win the Projects' award. BCDA gains access not only to its partner's expertise in real estate development, operations and management but also to a recognized brand and its associated customer base and trust, thus reaping its return in the form of net proceeds generated from such arrangement.
- 9.37. While the Audit Team acknowledged that MEGAWORLD is contractually responsible for the maintenance, repairs, and general upkeep of the Project, it is imperative for BCDA to actively assert its rights under the JVA. Relying solely on the explanation of MEGAWORLD is not sufficient, since BCDA could have enforced proper maintenance of its allocated units to preserve the marketability and secure favorable selling prices.
- 9.38. The Audit Team maintained that the presence of defects in the structures or fixtures of the units can deter potential buyers, investors, or lessees, making it difficult to dispose of or lease the assets promptly or at favorable terms. Properties in poor or unpleasant conditions tend to stay longer in the inventory, and poor maintenance thereof accelerates the physical deterioration of the units, leading to depreciation beyond normal wear and tear. This may result in reduced appraised value of its properties and lower marketability, thereby affecting the sales revenue of BCDA.
- 9.39. On the delayed feedback from MEGAWORLD, Management commented that they are closely monitoring the actions to be taken by MEGAWORLD to address all other outstanding findings, not only during the inspection but also as a result of the validation activities done on the revenues. They added that SAPMD has already issued several letters regarding the matter, to wit:
- a. February 24, 2025 – Inventory of BCDA-Allocated Residential Units and Parking Slots Newport City Project;
  - b. March 18, 2025 – Results of Annual Validation North Bonifacio Project;



- c. March 24, 2025 – Results of Annual Validation Newport City Project;
  - d. March 25, 2025 – Conduct of Allocation Activity of Uptown Modern North Bonifacio Project;
  - e. April 21, 2025 – Conduct of Allocation Activity Parking Spaces PKW Towers A to D – McKinley West Project;
  - f. May 6, 2025 – Follow-up Conduct of Allocation Activity McKinley West and Uptown Bonifacio Projects; and
  - g. May 6, 2025 – Validation of Reported Physical Accomplishments McKinley West and North Bonifacio Projects.
- 9.40. The Audit Team acknowledged that several communications have already been sent to MEGAWORLD and that validations for the JV projects were conducted for the selling period as of 2024. However, the validation results submitted pertain only to inspections conducted in 2025. In this regard, the Audit Team requested the submission of validation reports for the selling periods of prior years. It was further noted that the validation was conducted by SAPMD annually, after each selling period. Had such validations been semi-annually or quarterly performed, the recorded status of allocated units would have been expected to more closely reflect their actual condition upon inspection.
- 9.41. Moreover, it is evident that MEGAWORLD still has numerous unresolved issues, despite repeated follow-ups and ongoing coordination with BCDA. This raises concerns about the effectiveness of existing communication and monitoring mechanisms. The continued lack of resolution suggests the need for strengthened correspondence protocols and more structured coordination, which can be embedded within enhanced validation procedures and stricter internal policies. These improvements should be aligned with the provisions of the Joint Venture Agreements (JVAs) and Special Power of Attorney (SPA), to ensure more accurate records and to help prevent the recurrence of similar issues in future transactions.
- 9.42. On the sold units in Newport City, the ACD and SAPMD immediately conducted reconciliation of records, and various adjusting journal entries were prepared to reflect the sold units from 2019 to 2024. The journal vouchers relative to the adjustments were submitted to the Audit Team on June 9, 2024.
- 9.43. The Audit Team will monitor Management's compliance with the audit recommendations.
- 10. The property of BCDA with an area of 1,110 square meter located at Pamayanang Diego Silang, covered by a Deed of Usufruct (DOU) with the Department of Education – National Capital Region, Division of Taguig City and Pateros, was utilized for the purpose other than that specified in the usufruct agreement constituting a violation and a valid ground for contract termination, preventing the use of the property for alternative purposes to pursue BCDA's mandate.**
- 10.1. Section 2 of Presidential Decree (PD) No. 1445 or the Government Auditing Code of the Philippines, states that it is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the



operations of the government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.

- 10.2. In line with its mandate to promote economic and social development, BCDA entered into various DOUs and/or Memoranda of Agreement (MOAs) for the use of its various properties by way of usufruct.<sup>6</sup> Thus, the Audit Team requested from the Subsidiaries, Affiliates, and Projects Monitoring Department (SAPMD), the submission of database/monitoring records of the DOUs and/or MOAs entered into by BCDA, along with copies of the said agreements.
- 10.3. The Audit Team also requested copies of the results of the inspections of BCDA's properties conducted by SAPMD to determine if the subject properties under the usufruct agreement are being monitored by BCDA.
- 10.4. Based on the pertinent documents submitted, it was noted that BCDA, as the owner and developer of a condominium project known as the Pamayanang Diego Silang (PDS) located along C5 Road, Barangay Ususan, Taguig City, and pursuant to government regulations on housing developments, particularly Presidential Decree No. 1216, allocated a block in PDS as open space and for community facilities such as schools and playgrounds (referred to as the Community Facilities Center).
- 10.5. In CY 2002, the DepEd-NCR, Division of Taguig City and Pateros, requested usufruct over a portion of the identified Community Facilities Center for the construction of the Taguig-Pateros Science and Technology High School, which will provide secondary education with advanced science and technology curriculum to the children of the residents of Taguig and Pateros.
- 10.6. A MOA was then executed allowing DepEd-NCR, Division of Taguig City and Pateros the use of the lot of BCDA within the PDS Community Facilities Center with an area of 5,000 sq. m. (referred to as "Lot 15-D"), for the construction of the school building. Subsequently, the Senator Renato "Campañero" Cayetano Memorial Science and Technology High School (SRCCMSTHS) building was constructed and began operations in CY 2005.
- 10.7. In CY 2014, the Principal of SRCCMSTHS requested BCDA for the grant of usufruct over a lot located also at PDS with an area of 1,110 sq. m. (referred to as "Lot 15-G"), to be used by the school for its Sports Complex. The request was subsequently approved/granted by the BCDA Board of Directors ("Board") during its regular meeting on December 6, 2016.
- 10.8. Accordingly, BCDA and DepEd-NCR, Division of Taguig City and Pateros entered into a DOU on July 29, 2021, granting the latter a usufructuary right over BCDA's Lots 15-G and 15-D with a total area of 6,100 sq. m. located in PDS. Section 2 of the DOU states the use of the subject property, to wit:

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<sup>6</sup> The Civil Code defines usufruct as the "right to enjoy the property of another with the obligation of preserving its form and substance, unless the title constituting it or the law otherwise provides" (Art. 562).



## *Section 2. Use of the Property*

2.1 *DepEd of Taguig City and Pateros shall use Property **solely for the construction and establishment of the SRCCMSTHS Building, Sports Complex, and other facilities exclusively dedicated for educational purposes.** The Property shall not be used for commercial, **industrial**, residential or entertainment purposes, except for those business and activities providing support services, and only to satisfy the needs and requirements of the School.*

2.2 ***The purpose and use of the Property shall not be modified, altered, or amended without prior written consent of BCDA.*** (Emphasis supplied)

- 10.9. The responsibilities of both BCDA and DepEd-NCR, Division of Taguig City, and Pateros under the DOU are as follows:

### *Section 3: Responsibilities of the Parties*

#### *3.1 BCDA*

3.1.1 *Grant the DepEd of Taguig City and Pateros the usufructuary right over the Property; and*

3.1.2 ***Unilaterally rescind this Deed in the event that the Property is used by DepEd of Taguig and Pateros for purposes other than those stated in Section 2.***

#### *3.2 DepEd of Taguig City and Pateros*

3.2.1 *Shall use the property only for the operation of SRCCMSTHS and other educational purposes relative thereto, **and use Lot 15-G particularly for the construction of the proposed SRCCMSTHS Sports Complex** which will be used by both the SRCCMSTHS's students and the community of PDS Village; xxx* (Emphasis supplied)

- 10.10. Verification of pertinent reports and documents submitted by SAPMD disclosed that the school building or the SRCCMSTHS was established or constructed accordingly at Lot 15-G in September 2005. However, the Sports Complex, which is supposed to be constructed at Lot 15-D, was not implemented. Instead, the property is currently being utilized for the Taguig Urban Farm.
- 10.11. According to SAPMD, it was verbally communicated to them during their site visit on December 19, 2023, that the Sports Complex was not constructed because there was no budget from the Local Government Unit or DepEd.
- 10.12. On May 5, 2025, the Audit Team, together with SAPMD personnel, conducted a site visit/inspection of the property. The inspection confirmed that the area is indeed being used as Taguig Urban Farm under the City Agricultural Office of Taguig. Various

vegetables such as Chinese cabbage (pechay), lettuce, mustard greens (mostaza), etc., were planted in the area.

- 10.13. During the site visit, the farm supervisor of the City Agricultural Office of Taguig, the person handling the farm, informed the Audit Team that the area covered by the farm is approximately 800 sq. m. The farm was established as early as February 2023 and subsequently launched in October 2023. Additionally, the harvested vegetables are used for feeding programs and distributed to senior citizens, breastfeeding mothers, and Bahay Pag-Asa, among others. The farm was also used to support/assist SRCCMSTHS students when they have activities regarding farming.
- 10.14. The Audit Team inquired with SAPMD whether BCDA Management was informed about the current use of the property as Taguig Urban Farm. However, we were informed that they became aware of the current condition of the said property only during their inspection on December 19, 2023. There was no prior written consent from BCDA, which is a clear violation of Section 2.2 of the DOU.
- 10.15. It bears stressing that the DOU explicitly states that the DepEd of Taguig City and Pateros shall use Lot 15-G, particularly for the construction of the SRCCMSTHS Sports Complex, which will be used by both the SRCCMSTHS's students and the community of PDS Village, and not for other purposes such as the establishment of a farm.
- 10.16. As to the actions taken by Management relative to the said matter, SAPMD disclosed that this was reported and discussed during the BCDA Management Committee (ManCom) meeting in February 2024. At the same time, SAPMD also communicated the said issue to the Land and Assets Development Department (LADD), as the department responsible for the management of BCDA's land assets. However, LADD did not provide a clear or definite response when asked about the actions they had taken concerning the issue.
- 10.17. We requested SAPMD to submit a copy of the February 2024 ManCom Minutes of Meeting, together with the pertinent documents informing/notifying LADD of the said issue. Accordingly, SAPMD submitted the said documents; however, verification disclosed that the issue tackled during the ManCom meeting was only on the DOU with the Filipino War Veterans Foundation Inc. and properties in Baguio. The issue of the use of the additional lot for the Taguig Urban Farm was neither mentioned nor addressed during the meeting.
- 10.18. The above-noted audit observations constitute valid grounds for the pre-termination of usufruct or for BCDA to rescind the DOU, as provided under Section 3 of the agreement relative to the responsibilities of both BCDA and DepEd of Taguig City and Pateros; and Section 4 on the term of usufruct, as follows:

#### *Section 4: Term of Usufruct*

Xxx

*4.3 The Parties **may pre-terminate the usufruct** on the following grounds:*

Xxx



**4.3.2 DepEd of Taguig City and Pateros violates any of the terms and conditions stated in this Deed.**

**4.4 BCDA has unilateral right to rescind this Deed through issuance of a Notice of Termination to DepEd of Taguig City and Pateros if the property is used for purposes other than stated herein. Xxx (Emphasis supplied)**

- 10.19. It is worth emphasizing that strict adherence to the terms and conditions outlined in the DOU is essential to upholding accountability, transparency, and integrity in the use of government resources. The DOU is a legally binding document that delineates the rights and obligations of the parties involved. The DepEd of Taguig City and Pateros has the obligation to abide by the conditions of the usufruct agreement, particularly on the use of the property. On the other hand, BCDA, as the owner of the lots, has the right to protect and enforce its rights under the DOU and may terminate the usufruct if the specific or indispensable conditions set forth therein are not met. As such, any deviation from the provisions or violation of the usufruct agreement, particularly those made without formal amendments or prior written consent, undermines the legal basis and integrity of the agreement.
- 10.20. However, BCDA has not instituted internal control measures over its land assets currently being used by other government or private persons/agencies by way of usufruct. Had there been a periodic inspection of properties under usufruct to determine if these were being utilized accordingly based on the agreement, violation thereof could have been acted upon immediately. In that way, BCDA may terminate the contract if warranted, and the property can be used by BCDA for other purposes in pursuing its mandate.
- 10.21. **We recommended that Management:**
- a. **Revisit the terms and conditions outlined in the DOU, considering that the current utilization of the property does not align with its intended purpose as specified in the agreement;**
  - b. **Conduct a legal review of the identified violation to determine whether to proceed with the rescission or pre-termination of the Deed of Usufruct (DOU) with DepEd-NCR, Division of Taguig City and Pateros, in accordance with Sections 3.1.2, 4.3, and 4.4 of the DOU, or consider amending the agreement;**
  - c. **Submit an explanation why the issue on the current utilization of the property as a farm was not discussed or reported during the ManCom;**
  - d. **Provide the Audit Team with an update or status regarding the actions undertaken upon learning about the current use of the property and why it was not acted upon immediately; and**
  - e. **Henceforth, conduct periodic inspections of BCDA's land assets under usufruct agreements to determine whether they are being utilized in accordance with their intended purpose. If any misuse is identified,**



**consider appropriate action, including the potential termination of the agreement.**

- 10.22. Management informed the Audit Team that there is an ongoing discussion among BCDA, DepEd of Taguig City, Pateros, and the City Government of Taguig, regarding the renewal/extension of the usufruct. The discussions currently feature the following terms and conditions: a) execution of a Tripartite Agreement among BCDA, DepEd of Taguig City, and Pateros, and the City Government of Taguig; and b) amendment of the use of the property under the contract.
- 10.23. Management added that they had already communicated with the DepEd of Taguig City and Pateros on its failure to submit a prior written notice relative to the urban farm constructed in the usufruct area, and requested to submit a report on such undertaking and its arrangement with the City of Taguig.
- 10.24. BCDA acknowledged the recommendations of the Audit Team and shall endeavor to undertake a semiannual site inspection and evaluation of all BCDA properties under usufruct.
- 10.25. For continuous monitoring of the Audit Team.
- 11. BCDA did not execute Performance Agreements (PAs) with Clark Development Corporation (CDC) and Clark International Airport Corporation (CIAC), its subsidiaries, as required under the provisions of Executive Order (EO) No. 62, series of 1993, resulting in conflicts and ambiguities regarding the obligations, roles, and functions of BCDA as the owner and governing body.**
- 11.1. This is a reiteration of the prior year's observation with updated information.
- 11.2. Section 3 of EO No. 62, series of 1993, prescribing policies and guidelines to implement Republic Act (RA) No. 7227, provides that:

*The BCDA shall have the power to form, establish, organize, and maintain subsidiary corporation(s) pursuant to Section 16 of the Act.*

*To perform its oversight function over subsidiaries, attached authorities and special economic zones declared under the Act, including SBMA, the BCDA shall adopt and implement an effective oversight mechanism to encourage the efficient utilization of scarce government resources and to ensure that plans and programs of subsidiaries, attached authorities and special economic zones are proceeding according to national goals and objectives.*

- 11.3. Section 3.3.6. of the said EO provides that:

*A **Performance Agreement** shall be entered into by and between the Chief Executive Officer of the subsidiary or attached authority with the BCDA embodying the performance criteria and target for the year and the desired goals of the succeeding years as worked out and agreed upon by the subsidiary or authority and the BCDA. (Emphasis ours)*



- 11.4. We requested from Management the submission of PAs entered into between BCDA and its subsidiaries, namely CDC, CIAC, John Hay Management Corporation (JHMC) and Poro Point Management Corporation (PPMC). Management was able to provide the Audit Team with copies of signed PAs for JHMC and PPMC. However, only draft PAs were submitted for CDC and CIAC.
- 11.5. In its letter dated October 13, 2023, Management stated that the execution of the PAs between BCDA and its two subsidiaries, CDC and CIAC, could not proceed because both the latter refused to sign.
- 11.6. CIAC formally expressed its objections through a letter dated March 3, 2021, on the following grounds:
- a. BCDA's entitlement to the five percent of CIAC's gross income as its share as the landowner is contrary to the Decision of the Office of the President in the case of CIAC vs BCDA, OP Case No. 15-K-312 rendered on May 31, 2016 in relation to EO No. 716, series of 2008. The Office of the President has ruled therein that CIAC has usufructuary rights over the Clark Civil Aviation Complex (CCAC) and that the proceeds from all contracts, leases, and business arrangements within the CCAC should pertain to CIAC alone.
  - b. Further, BCDA already collects revenues from the Operations and Maintenance privatization of the current Clark airport, which, in turn, deprived CIAC of 70 percent of its revenues despite CIAC having a clear usufructuary right over the CCAC.
  - c. The entitlement of BCDA to the 40 percent of the total amount of dividends to be declared by CIAC in addition to the 50 percent to be remitted to the Bureau of the Treasury (BTr) is contrary to the Implementing Rules and Regulations of RA No. 7656, which does not provide for a provision of shares in favor of the parent company. In addition, if 40 percent is remitted to BCDA, this will result in financially crippling the cash flow of CIAC for its operations to build up a working capital fund as it would have remitted all its cash to BCDA and the National Government.
  - d. BCDA's determination of the coverage of the area and function of CIAC is contrary to both EO No. 716, s. 2008, as well as EO No. 14, s. 2017, as both Executive Issuances clearly define the coverage of the area and function of CIAC.
  - e. BCDA's approval of CIAC's annual budget, plans, and programs is redundant to the functions of the CIAC Board of Directors. Considering that BCDA is duly represented on the CIAC Board of Directors, this redundant function of BCDA approval should no longer apply.
- 11.7. Meanwhile, the CDC conveyed its position through a letter dated November 15, 2021, accompanied by a Secretary's Certificate bearing the following regarding the current draft of the PA:



- a. Correct statement on October 5, 2021, BCDA letter stating that CDC has agreed to elevate the final version of the PA to the BCDA Board for approval;
  - b. Legal issues raised prohibiting the CDC from signing the draft PA:
    - CDC bearing a legal personality with the sole power to remit revenues and declare dividends;
    - Requirement of RA No. 7656 to remit the required dividend directly to the National Government;
    - Limitations set by EO No. 62 on the scope of PA within which BCDA can sign, as agreed upon by its subsidiaries, with regard to performance criteria and target for the year and the desired goals of the succeeding years;
  - c. Reiterate the CDC Board position that PA should only cover policy coordination and only ensure CDC's plans, programs, and strategies are aligned with the National Government's goals and objectives; and
  - d. Suggest that BCDA directly seek Department of Finance (DOF) approval to get five percent of CDC's total gross revenue from the CDC dividend being remitted directly to DOF.
- 11.8. During a meeting on April 1, 2024, Management informed the Audit Team that they were working on amending the BCDA charter. Once the revised charter is passed into law, the execution of the PAs will be prioritized as Management seeks the support of all the BCDA subsidiaries. Until then, no PAs shall be executed between BCDA and its two subsidiaries, CIAC and CDC.
- 11.9. The lack of PAs with CDC and CIAC could result in conflicts on the obligations, roles, and functions of BCDA as the owner and governing body and CIAC and CDC as Implementing Arms in the development and management of the CSEZ and CFZ unless defined explicitly in a PA.
- 11.10. We then recommended that Management execute Performance Agreements with CDC and CIAC and its Financial Policy, and provide the Audit Team with copies upon execution. Further, we recommended, and Management agreed to comply with the audit recommendation of providing the Audit Team with written management plans on the revision of the BCDA Charter, and to submit regular updates on any action taken by Management.
- 11.11. Management duly noted the Audit Team's comments and recommendations, and they committed to execute the PA with CIAC and CDC once the proposed amendments to RA No. 7227, the Bases Conversion and Development Act of 1992 (BCDA Charter), and its implementing rules and regulations have been promulgated.
- 11.12. Management submitted the work management plan for the revision of the BCDA Charter, and they committed to providing regular updates on any action taken by management to comply with the audit recommendations. The Work Management Plan outlined the steps of BCDA with regard to the amendments to RA No. 7227, the Bases Conversion and Development Act of 1992, and addresses the concerns raised by COA regarding the non-execution of Performance Agreements with CDC and CIAC.



- 11.13. In the meantime, while the hearing for the proposed bill on the revision of the BCDA Charter is ongoing, BCDA communicated with CIAC and CDC to express its intent to resume negotiations on the PAs once the draft has been appropriately revised. They submitted the receiving copy of the transmittal letters for the draft PAs with CDC and CIAC to the Audit Team on September 25, 2024. They also resumed the negotiations with the CDC and CIAC by updating the draft performance agreement to address the subsidiaries' previous concerns and transmitting it for their comments and input.
- 11.14. However, our recommendation on the execution of PAs remained unimplemented as of December 31, 2024.
- 11.15. On January 13, 2025, Management submitted the following updates:
- a. Draft PAs – Through a letter dated July 22, 2024, they communicated with CIAC and CDC to convey their intent to resume negotiations on the PAs once the draft has been appropriately revised. The team in charge has drafted the revised PA and has requested various departments of BCDA for their inputs and comments. The team in charge has likewise secured the review of the BCDA Legal Services Department in December 2024. The draft PA is being reviewed for final vetting with the departments, particularly budget provisions, before transmitting to the CDC and CIAC.
  - b. Updates on the Amendments to RA No. 7227 – The Senate Bill No. 2647 has undergone 2<sup>nd</sup> Reading and has entered the period of interpellation on December 11, 2024, with the interpellation by Senate Minority Leader Koko Pimentel. Once the period of interpellation is terminated during the resumption of the session, the bill will undergo the period of amendments and 3<sup>rd</sup> reading in the Senate.
- 11.16. On April 26, 2025, a news release from the Presidential Communications Office stated that President Ferdinand R. Marcos, Jr. vetoed the bill seeking to amend the BCDA charter, citing concerns that it may conflict with existing laws and adversely impact the government's fiscal position.
- 11.17. It further stated that although the President recognized Congress' noble intention in crafting the bill, he said he could not ignore the concerns raised by the national agencies. In his veto message dated April 24 and transmitted to both Houses of Congress, the President noted several issues with the enrolled bill, including the proposed increase of PhP100 billion in authorized capital, which he said could affect the government's fiscal integrity. He said that the proposal to use the proceeds from the sale of the allocated lands from the ecozones to accrue mainly to the BCDA is inconsistent with the government's one-fund policy, limiting its fiscal flexibility in deciding fund utilization for more pressing concerns.
- 11.18. The President added that the bill antithetically grants to the BCDA the authority to determine alienable and disposable lands, which clearly falls under the mandate of the Department of Environment and Natural Resources. At the same time, he said the bill's language granting land ownership and authority to the BCDA in disposing of lands contradicts Republic v. Heirs of Bernabe, which provides that the state is the beneficial owner of the lands transferred to the BCDA by virtue of Republic Act No. 7227.



- 11.19. On April 28, 2025, BCDA published its statement on the proposed amendments to RA No. 7227. It said that the Authority welcomes the decision as an opportunity for an even stronger collaboration with Congress. Together, they will proactively refine and recalibrate their strategies, ensuring a greater and more impactful contribution to national development. The BCDA added that their unwavering dedication to serving the Filipino people and driving the country's growth fuels their resolve as they move forward with renewed purpose and determination to transform spaces that power the nation's progress.
- 11.20. The veto of Senate Bill No. 2647 by the President has significantly affected BCDA's timeline and strategy in executing Performance Agreements with its subsidiaries. The non-enactment of the proposed amendments to RA No. 7227 means that the current legal framework remains in place, including the limitations cited by CIAC and CDC in refusing to sign the draft PAs. Consequently, BCDA's intent to rely on an amended charter to provide legal clarity and resolve existing conflicts is no longer viable in the short term. This development underscores the need for BCDA to explore alternative legal or administrative avenues to address the concerns raised by its subsidiaries and ensure compliance with EO No. 62, s. 1993, or resume negotiations on the PAs with CIAC and CDC. Unless a revised version of the bill is refiled and enacted, the lack of a clear legal mandate may continue to hinder the execution of the required agreements and affect governance and coordination in the development and management of the CSEZ and CFZ.
- 11.21. **We reiterated our prior year's recommendation, with modification, that Management provide the Audit Team with copies of the Performance Agreements (PAs) with Clark Development Corporation (CDC) and Clark International Airport Corporation (CIAC) and its Financial Policy upon execution.**
- 11.22. **We recommended further that Management:**
- a. **Provide regular updates to the Audit Team on the actions taken by Management on the vetoed BCDA Charter amendment bill;**
  - b. **Consider developing an interim or scaled-down PA focused on policy alignment, non-financial performance indicators, and compliance with national development plans, which could be more acceptable to the subsidiaries and still fulfill part of BCDA's oversight function; and**
  - c. **Submit quarterly updates on the status of negotiations, legal consultations, and Management actions related to the execution of PAs.**
- 11.23. Management commented that they are currently looking into and studying the re-filing of the Bill with the Senate and Congress, taking into consideration the concerns raised by the President of the Philippines in his veto message.
- 11.24. They are now revising the PA to address the issues raised by its subsidiaries. Given that EO 62 contemplates the execution of a PA with the following components: setting of performance criteria, standards, and targets, and conducting periodic review and appraisal of performance, BCDA plans to draft a simplified PA. They will limit the provisions of the PA to the two components required by EO 62, which may already be



addressed by incorporating the subsidiaries' scorecard with the Governance Commission on GOCCs (GCG) into the PA. BCDA's oversight function shall be in determining, with the subsidiary's cooperation, and approving the subsidiaries' performance targets before it is endorsed to the GCG.

- 11.25. Management added that all other provisions of the old/previous PA shall be removed and addressed in other forms. BCDA may issue Policies, Rules, and Regulations to govern BCDA's relationship as the owner and mother agency to its subsidiaries. The issuance of such policies is pursuant to their own Charters. In relation to the provisions on financial matters (e.g. revenue sharing schemes, booking of revenues, compensation as Estate Managers, etc.), such shall be covered by the issuance of a financial policy which is also pursuant to OGCC Opinion No. 141, Series of 2022, which states that financial matters should not be included in the PA but separately issued through a financial policy. The other provisions of the old PA, which relate to the function of the subsidiaries as BCDA's Implementing Arm/Estate Manager, may also be included in an operational policy to be issued by BCDA. This policy issuance will define the roles and obligations of both BCDA, as the owner of the economic zones, and the subsidiaries as the estate managers over these properties.
- 11.26. With the issuance of these policies (e.g., financial and operational), BCDA may now exercise and enforce its rights as the mother agency over its subsidiaries.
- 11.27. Management also committed to submitting quarterly updates on the status of negotiations, legal consultations, and other actions related to the execution of PAs, and to provide the Audit Team with copies of the PAs with CDC and CIAC and its Financial Policy upon execution.
- 11.28. The Audit Team will monitor Management's compliance with the audit recommendations.
- 12. Private individuals were allowed to occupy ASEAN Villa Nos. 14 and 20 without a perfected lease agreement and no rental payments, resulting in a loss of income for the government of P16.874 million.**
- 12.1. This is a reiteration of the prior year's observation with updated information.
- 12.2. BCDA funded and implemented the construction of the 21-unit ASEAN villas located in Clark Freeport Zone, which were intended for use during the 2017 ASEAN Leaders' Summit. Eventually, BCDA announced that the ASEAN Villas would be privatized through long-term leases after their intended use.
- 12.3. Section 4 of PD No. 1445 provides the fundamental principles that shall govern the financial transactions and operation of any government agency:

*(2) Government funds or property shall be spent or used solely for public purposes.*

xxx

*(5) Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.*



- 12.4. Lease agreements provide lessees with the right to use the property and authorize the lessors to assess and collect regular payments over a specific period. They protect both parties and the leased property in the event of any issues, demonstrating adherence to fundamental principles stated in PD No. 1445.
- 12.5. A site visit and ocular inspection of BCDA projects and properties in Angeles, Pampanga conducted by the Audit Team on July 28, 2022, revealed that Villa No. 14 and 20 were occupied, preventing the team from entering and inspecting the units. Verification disclosed that no Contracts of Lease were executed for Villa Nos. 14 and 20 in CY 2022.
- 12.6. The Audit Team learned that the same individual leased both villas, initially occupying Villa 20 in early 2019, before transferring to Villa 14, citing that Villa 20 was uninhabitable. Negotiations between BCDA and the lessee followed. On October 28, 2022, a meeting was held with the occupant to finalize the Contract of Lease and to complete the payment of the down payment and security deposit. However, in a letter dated November 7, 2022, the occupant stated that she remained open to leasing Villa No. 20 if the necessary repairs were made, as discussed during the meeting. Otherwise, she requested the termination of the lease and a refund of her partial down payment amounting to P2.9 million. In another letter dated November 14, 2022, she stated that both units had substantial issues, such as plumbing and electrical problems. As a result, she expressed that she was no longer interested in staying in Villa 14, but reiterated her conditions for continuing to lease Villa No. 20. She also asked for a two-month period to move out of Villa No. 14.
- 12.7. It bears stressing that despite the lessee's possession of the subject villas, the monthly amortization rentals remained unpaid.
- 12.8. Following unsuccessful negotiations, Management issued on August 24, 2023, the Demand Letter and Notice to Vacate on the payment of outstanding arrearages and return of the subject property to BCDA in good and tenantable condition within 15 days from the receipt of the Notice. The total outstanding balance as of August 24, 2023, determined by BCDA, is as follows:

**Table 12. Total Outstanding Balance for Villa Nos. 14 and 20**

<b>Villa No. 14</b>	
Monthly Amortization Rate	202,567
No. of Months Used/Reserved (November 2019 to August 2023)	46
Total Computed Arrears	9,318,082
Less: Payments Made	(100,000)
<b>Total Outstanding Balance</b>	<b>P 9,218,082</b>
<b>Villa No. 20</b>	
Monthly Amortization Rate	203,192
No. of Months Used/Reserved (May 2019 to August 2023)	52
Total Computed Arrears	10,565,984
Less: Payments Made	(2,909,872)
<b>Total Outstanding Balance</b>	<b>7,656,112</b>
<b>Grand Total</b>	<b>P 16,874,194</b>

- 12.9. We then reiterated our CY 2022 audit recommendation that Management collect rental payments from the tenant starting from the date the unit was turned over/occupied by the private individual. Otherwise, a Notice of Charge will be issued.



- 12.10. Further, we recommended that Management provide the Audit Team:
- a. Inspection Report of the BCDA Property Management Department on the vacancy of Villa No. 14 and proof of turnover thereof by the tenant/s to BCDA; and
  - b. Updates/actions taken by Management to resolve the issues on Villa Nos. 14 and 20.
- 12.11. Management informed the Audit Team that upon inspection of the BCDA Property Management Department (PMD), Villa No. 14 has been vacated and returned to BCDA.
- 12.12. On November 14, 2024, the Audit Team also conducted inspection of the ASEAN Villas and it was noted that Villa Nos. 14 and 20 were unoccupied at that time.
- 12.13. Due to the absence of a contract of lease, the rights of both parties are not protected in case of disputes and litigation. Further, the subsisting uncollected rent income and forgone revenue had the units been offered to other interested lessees, would have resulted in a loss of income for the government.
- 12.14. Management assured the Audit Team that they would continue to work on the final resolution of the matter. They added that Villa No. 20 was recently leased out to a new lessee, and a certified true copy of the executed Certificate of Lease was submitted to the Audit Team. Similarly, BCDA is currently negotiating with potential lessees for the disposition of the remaining villas to ensure revenue generation from all units.
- 12.15. As of December 31, 2024, the lease receivable totaling P16.874 million remained uncollected, and Villa No. 14 is still available for lease. On June 28, 2024, Management submitted to the Audit Team the lease contract for Villa No. 20, with a notarization date of June 5, 2024.
- 12.16. On April 5, 2024, BCDA issued a Final Demand to the occupant for the collection of unpaid leases, but no response was received. The Makati Central Post Office later issued a Certification dated August 8, 2024, stating that, based on their records, the registered mail containing the final demand letter was returned to the sender on June 13, 2024, as it was "unclaimed".
- 12.17. Hence, on October 8, 2024, BCDA officially endorsed to the Office of the Government Corporate Counsel (OGCC) the immediate filing of collection cases against the former occupant with the proper court in order to protect the rights and interests of BCDA.
- 12.18. On December 3, 2024, the OGCC requested the submission of the following documents, in preparation for the filing of the cases:
- a. Any contract or documents signed by the occupant concerning the lease of Villa Nos. 14 and 20;
  - b. Updated Statements of Account for Villa Nos. 14 and 20;
  - c. Minutes of the Meeting conducted on October 28, 2022; and
  - d. Any additional documents relevant to the lease of the occupant for Villa Nos. 14 and 20, respectively.



- 12.19. In response, on December 26, 2024, BCDA submitted certified true copies of the letters addressed to the then lessee, occupant/representative, dated August 24, 2023, along with the related Official Receipts. A copy of the letter to the OGCC was likewise furnished to the Audit Team on January 13, 2025.
- 12.20. Through inquiry with Management, the Audit Team also learned that BCDA and OGCC held a meeting on January 16, 2025, to further discuss the collection case. Moreover, on April 29, 2025, BCDA issued the Statements of Account to the occupant and her representative, via registered mail, for the two Villas. As of this writing, BCDA is still awaiting the return card from the Post Office as proof of receipt, and the collection case has yet to be filed in court.
- 12.21. Nonetheless, the lease receivable amounting to P16.874 million remained uncollected as of December 31, 2024.
- 12.22. **We reiterated our prior year's audit recommendation that Management collect rental payments from the tenant starting from the date the unit was turned over/occupied by the private individual. Otherwise, a Notice of Charge will be issued.**
- 12.23. **We further recommended that Management:**
- a. **Submit regular updates to the Audit Team, with supporting documents, on the status and progress of the collection cases being pursued against the occupant; and**
  - b. **Strictly enforce the policy on execution and notarization of lease agreements entered into by BCDA.**
- 12.24. Management commented that the BCDA's external counsel, the OGCC, is already making the necessary preparations for the filing of the collection case, i.e., drafting the complaint and preparing the documentary and testimonial evidence required to be attached therein. The said filing of action is being pursued to recover the uncollected lease receivables totaling P16.874 million as of 31 December 2024.
- 12.25. The Audit Team will monitor Management's compliance with the audit recommendations.
13. **Eight-nine (89) parcels of land with an aggregate area of 226,070,648.26 sq. m., which were acquired by BCDA through purchase/transfer per Land and Assets Development Department (LADD) records, remained untitled in the name of BCDA. Thus, the ownership over these properties was not safeguarded against possible adverse third-party claims, unlawful occupants, or the like, exposing the cost of improvements to high risk, and government properties are at stake.**
- 13.1. This is a reiteration of the prior year's observation with updated information.
- 13.2. Rights and obligations is a basic assertion that all assets included in the financial statements belong to BCDA. It states that BCDA has ownership rights or the right to benefit from recognized assets in the financial statements.



- 13.3. Among the purposes of BCDA is to own, hold, and administer baselands and the portions of Metro Manila military camps transferred to it. However, possession of lands (baselands/military camps/economic zones) transferred to BCDA has its attendant problems like in the cases of claims of ancestral domain by indigenous people and other affected private individuals, the intricate processes in the turnover, application of special patent, and the consolidation or subdivision of lots, etc.
- 13.4. Thus, it is essential that BCDA affirm its ownership of these land assets with specific TCTs, safeguard these TCTs, and completely and accurately record transactions and events on land at their appropriate amounts in the books of accounts.
- 13.5. In the CY 2023 audit, we noted that 138 parcels of land with an aggregate area of 126,696,822.26 sq. m. per LADD records, which were acquired by BCDA through purchase/transfer, were not covered by TCTs under the name of BCDA, as follows:

**Table 13. Land Assets Not Covered by TCTs as of December 31, 2023**

Location	Lot Area (sqm)
Fort Bonifacio, Taguig City (Open Space/Road/Easement)	240,740
John Hay Special Economic Zone (Scout Barrio Lots/RROW)	158,192
Bataan Technology Park (Road/Expropriated/Others)	67,678
New Clark City – McArthur Access Road	118,376
McArthur – SCTEX	129,133
McArthur – SCTEX Assess Road	94,215
Clark Subzone (NCC/Sacobia Residual Lots/DND Occupied Lots/RROW/Easement/River)	125,888,488
	<b>126,696,822</b>

- 13.6. We then recommended that Management submit a status or updates on actions taken for all land assets that are still not covered by TCTs under the name of BCDA, and expedite the titling thereof in BCDA's name to establish rights and ownership over these properties.
- 13.7. Management committed to finishing the titling of the untitled lots with the end view of strengthening and asserting BCDA's ownership over the said lands in order to accelerate the conversion of the same into productive civilian uses pursuant to Republic Act (RA) No. 7227.
- 13.8. In its latest update submitted to the Audit Team on March 12, 2025, Management provided the following status of the untitled lots:

**Table 14. Status of the Untitled Lots**

Particulars	No. of Lots	Area (in sq. m.)	Remarks per LADD
Titling completed under BCDA's name	52	231,219	All lots were already titled to BCDA.
Cannot be titled to BCDA	13	15,636,054	<p>a) Three lots – Easement/river in the Clark Subzone</p> <p>b) Three lots – DND-occupied lots in Clark Subzone; and</p> <p>c) Eight lots – RROW in Camp John Hay (CJH).</p> <p>The eight lots identified as RROW in CJH and the two lots identified as easement/river in the Clark Subzone cannot be titled to BCDA,</p>

Particulars	No. of Lots	Area (in sq. m.)	Remarks per LADD
			<p>because these are properties of public dominion. Under the law, properties of public dominion are those intended for public use, such as roads, canals, rivers, torrents, ports and bridges constructed by the States, banks, shores, roadsteads, and others of similar character.</p> <p>The three lots identified as DND-occupied lots in the Clark Subzone cannot be titled to BCDA, because these will be swapped by BCDA to the Philippine Army, pursuant to a Land Swap Agreement in 2003. These will remain in BCDA's Land Inventory pending the approval of the amendment of Proclamation No. 163, which is currently pending with the Office of the Deputy Executive Secretary for General Administration (ODESGA).</p>
For delisting	11	216,089	<p>a) 10 lots – Road/easements in Fort Bonifacio; and</p> <p>b) one lot – NCC-McArthur Access Road.</p> <p>These are not BCDA properties, because since its creation, these lots are already public roads, e.g. C-5, and Kalayaan Avenue, among others.</p>
<b>Sub-total</b>	<b>76</b>	<b>16,083,362</b>	
<b>Lots remaining for titling:</b>			
In-progress (ROW acquisitions and Special Patents)	53	23,107,456	<p>a) 44 lots – ROW acquisitions, such as NCC-McArthur Access Road, McArthur-SCTEX, and McArthur-SCTEX Access Road (ANAR); and</p> <p>b) 9 lots – Special Patent application.</p>
With issues	9	87,539,871	<p>Issues such as:</p> <ul style="list-style-type: none"> <li>• With land claims by private persons;</li> <li>• Lots subject to verification survey by BCDA and DENR;</li> <li>• Lots are being occupied by Brgy. Hall of Southside, Makati, and Taguig City Center for Women and Children;</li> <li>• Ongoing expropriation case</li> <li>• With overlapped and indigenous people's claims.</li> </ul>
<b>Sub-total</b>	<b>62</b>	<b>110,647,327</b>	
<b>Total</b>	<b>138</b>	<b>126,730,689*</b>	

\* The 33,867 sqm difference is due to corrections of areas per approved survey plans.

- 13.9. It was noted that out of the reported 52 lots already titled under the name of BCDA, one lot with an area of 8,237 sq. m., described as Various Scout Barrio Lots located within the John Hay Special Economic Zone per LADD report, was not supported by a TCT. Accordingly, a copy of the said TCT was requested from the LADD.



- 13.10. On the other hand, there are 26 lots, based on ACD records, that were not included in the breakdown submitted by LADD. Hence, the reliability of the submitted documents cannot be established.
- 13.11. As a result, out of the untitled 138 lots presented in Table 14, 63 lots with an aggregate area of 110,655,564 sq. m. remained untitled to BCDA, as follows:

**Table 15. Summary of the remaining untitled lots**

Particulars	Number of lots	Lot Area (sqm)
Untitled lots per CY 2023 Audit (Table 14)	138	126,730,689
Less:		
Lots already titled under the name BCDA, with supporting TCTs	51	222,982
Cannot be titled to BCDA	13	15,636,054
Not owned by BCDA (Public Roads)	11	216,089
<b>Remaining untitled lots</b>	<b>63</b>	<b>110,655,564</b>

- 13.12. In the CY 2024 audit, a review of the Inventory of Land Assets of BCDA as of December 31, 2024, submitted by LADD disclosed that aside from the remaining 63 untitled lots per Table 15, there were 26 additional lots with a total area of 115,415,084 sq. m. that remained untitled. Thus, a total of 89 parcels of land with an aggregate area of 226,070,648 sq. m. as of December 31, 2024, were not covered by TCTs under the name of BCDA.
- 13.13. It was noted that pursuant to RA No. 7227, as amended, some of the land assets owned and being managed by BCDA are covered by a Proclamation – an act of the President reserving any tract/s of land of the public domain for government use or any of its branches or instrumentalities or of the inhabitants thereof, for public or quasi-public uses or purposes. As such, BCDA applied for a Special Patent over these properties, which is a public instrument issued by the government confirming the grant of the State of the ownership over a parcel of land in favor of the grantee by virtue of Law or a Proclamation by the President of the Philippines.<sup>7</sup> The applications thereof are being filed by BCDA to the Department of Environment and Natural Resources.
- 13.14. The TCT is an essential document to support the legal and absolute proof of ownership, which will protect BCDA's interest from adverse claims and possible encumbrances. Accordingly, if the land assets were covered and supported by TCTs, BCDA can immediately put to rest all claims of ownership from third parties, unlawful occupants, or the like.
- 13.15. **We reiterated our prior year's recommendation, with updated information, that Management:**
- Periodically submit status or updates on actions taken for all the land assets that are still not covered by the Transfer Certificate of Title under the name of BCDA; and**
  - Expedite the titling thereof in BCDA's name to establish rights and ownership over these properties.**

<sup>7</sup> DENR Administrative Order No. 2016-21 dated June 30, 2016.



- 13.16. Management submitted the following status of the 26 additional untitled lots to the Audit Team:

**Table 16. Additional Untitled Lots**

No.	Description	Area (in sqm)	BCDA's Comments/Remarks
<b>FORT BONIFACIO</b>			
1	Lot 2-B, JUSMAG	1,924	These properties are existing road lots or a public thoroughfare. Considering that roads are properties of public dominion, there is no need to apply for a special patent. Under the law, properties of public dominion are those intended for public use, such as roads, canals, rivers, torrents, ports and bridges constructed by States, banks, shores, roadsteads, and others of similar character.
2	Lot 2-C, JUSMAG	1,281	
3	Lot 2-C-2, JUSMAG	2,240	
4	Lot 2-D-1, JUSMAG	830	
5	Lot 2-D-2, JUSMAG	450	
<b>OTHER METRO MANILA CAMPS</b>			
6	Lot 1-A	18,704	These are the untitled properties in Camp Melchor and Atienza. The application is pending with DENR NCR because they requested DND to issue a certificate/letter of no objection, but up to date, the DND has not yet replied. Per the meeting with the DENR NCR last May 23, 2025, DENR NCR will re-endorse the application to DENR LMB even without the said letter from the DND, considering that the DENR NCR already wrote to the DND twice but to no avail.
7	Lot 1-B	738	
<b>JOHN HAY SPECIAL ECONOMIC ZONE</b>			
8	Lot 1	82,940	The Special Patent applications are already in Malacañang as early as September 4, 2023. However, Malacañang returned the applications to the DENR Secretary in a memo dated February 21, 2024, requesting additional documents. The DENR Cordillera Administrative Region (CAR) completed the additional documents and endorsed them to the DENR Land Management Bureau (LMB) last April 3, 2025. DENR LMB is currently reviewing the same.
9	Lot 3	681,812	
10	Lot 1	3,909	
11	Lot 3	256,823	
12	Lot 4	3,235	
13	Lot 8	10,567	
14	Lot 1	832,387	
15	Lot 2	78,844	
16	Lot 1	25,022	
17	Lot 3	142,164	
18	Lot 7	53,593	
19	Lot 9	16,314	
20	Lot 3	258,130	
21	Lot 4	141,874	
<b>CLARK SPECIAL ECONOMIC ZONE</b>			
22	Clark Green City Sub-Zone Lot 2	3,498,099	The Special Patent application was forwarded by DENR CO, together with Lots 4 and 5, to Malacañang. The only remaining issue is the correction of the location of the lots, and we have already requested the same with CENRO. CENRO will then endorse their CSW to DENR Region III, who, in turn, will endorse it to DENR LMB. DENR LMB will then revise the judicial form of the special patent for endorsement to the DENR Secretary. Once reviewed by all the concerned Undersecretaries, it will be endorsed back to Malacañang.
23	Clark - Sacobia Sub-Zone Lot 3	103,925,521	BCDA cannot apply for a Special Patent application, because the entire area is covered by the Sacobia CADT 025-A.
24	Clark - Sapangbato Area Sub-Zone Lot 11	5,176,640	BCDA cannot apply for a Special Patent application, because the entire area is overlapped by various titles in the name of private individuals/entities.
<b>PORO POINT FREEPORT AREA</b>			
25	Grand Land, Poro Pt	148,874	BCDA cannot apply for a Special Patent yet because these parcels have land registration or reversion cases and/or have overlapping tax declarations in the name of private individuals.
26	Base Port	52,169	
<b>115,415,084</b>			



13.17. Management reiterated its commitment to finishing the titling of all BCDA properties with the end view of strengthening and asserting BCDA's ownership over the said lands in order to accelerate the conversion of the same into productive civilian uses pursuant to RA No. 7227.

13.18. For continuous monitoring of the Audit Team.

**14. The pertinent provisions of Executive Order (EO) No. 77, series of 2019, were not strictly observed or complied with by BCDA; thus, some of the foreign travels of officers and employees appear to be unnecessary and excessive.**

14.1. As a declared policy of the state, all resources of the government should be managed, expended, or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy, and effectiveness in the operations of the government. The responsibility to take care of such policy rests directly with the chief or head of the government agency concerned.<sup>8</sup>

14.2. EO No. 77 was issued on March 15, 2019, prescribing the rules and regulations and rates of expenses and allowances for official local and foreign travels of government personnel. Section 3(a) pertinent to the authorized official travel provides:

*Official local or foreign travels and assignments under this Order shall cover only those which meet the following criteria: (i) it is **essential to the effective performance** of an official or employee's mandates or functions; (ii) it **is required to meet the needs** of the department, agency, bureau or office, or **there is substantial benefit to be derived by the State**; (iii) the presence of the official or employee is **critical to the outcome** of the meeting, conference, seminar, consultation or any official activity to be attended; and (iv) **the projected expenses are not excessive or involve minimum expenditure**. (Emphasis supplied)*

14.3. Meanwhile, BCDA issued Office Order No. 008 dated August 29, 2019, prescribing their internal guidelines for the implementation of EO No. 77, which is composed of: (1) Internal Guidelines for the Implementation of EO No. 77 and (2) Guidelines for the Entitlement of Travel Allowance for Non-Plantilla Personnel.<sup>9</sup>

14.4. For CY 2024, the total expenses incurred on the foreign travels of BCDA officials and employees, including its Board of Directors, amounted to P19.849 million, representing an increase of 68.47 percent or P8.067 million compared to the previous year.

<sup>8</sup> Section 2 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

<sup>9</sup> Section 21(a)(i) of EO No. 77, s. 2019 - (i) Department Secretaries and those equivalent rank shall cause the preparation and issuance of internal guidelines on local and foreign travels of personnel in NGAs, including SUCs, GOCCs, and GFIs under or attached to their respective departments/agencies, in order to (i.a) provide additional safeguards as are best suited to agency conditions, (i.b) address agency peculiarities, and (i.c) ensure the judicious use of public funds;



14.5. Our audit of the above foreign travels revealed the following:

a. **Several official foreign travels included as many as nine participants per trip, without clear justification for their individual roles.**

14.6. Section 9 of EO No. 77 states that foreign travels authorized under Section 3(a) thereof shall refer only to the following categories:

i. *International conferences or meetings to which the Philippine Government has commitments, or to undertake official missions/assignments which cannot be assigned to government officials posted abroad;*

ii. *Scholarships, fellowships, training, and studies abroad which are grant-funded or undertaken at minimal cost to NGA's, including SUCs, GOCCs, GFIs, and LGUs; and*

iii. *Invitations for speaking engagement or receiving of awards from foreign governments/institutions or international agencies/organizations as defined under international law, whether fully or partially funded by the government, **upon the endorsement of the DFA.***

*In case of trips involving delegations, the authorized approving authority shall ensure that **the number of participants is kept to the barest minimum and the role of each member in the delegation is clearly specified and justified** in the travel application or proposal.*  
(Emphasis ours)

14.7. Likewise, the same provisions were also incorporated in Sections 6(a) and 12 of BCDA Office Order No. 008.

14.8. BCDA engaged and collaborated with various international institutions by participating in various conferences, business missions, and training programs held abroad. These activities entailed significant financial resources, thereby necessitating strict compliance with the established criteria on official foreign travel.

14.9. Our audit noted that most foreign trips involved multiple participants, reaching up to nine individuals per trip.

14.10. A review of supporting documents, such as the internal memoranda requesting approval of attendance at international events and activities, revealed that only the names of participants and the general purpose of the travel are contained therein. The purposes of the travel were often generic and did not identify the specific roles, distinct contributions, or expected outputs of each attendee.

14.11. It must be stressed that Section 3(a) of EO No. 77 requires that foreign travels shall be authorized only if, upon evaluation, the activity for the said travels aligns with and is essential to each participant's official mandate and whether their presence is critical to the intended outcomes. Further, Section 9 specifically provides that each member's role must be clearly specified and justified in the travel application or proposal for



official foreign delegations, and the composition thereof must be kept to the barest minimum.

- 14.12. While some of these trips were made in response to invitations from external agencies or organizations, it is still necessary to assess the relevance of the attendees' roles and designations. Accordingly, the absence of a clear rationale for an individual's participation should have been sufficient grounds for denying the foreign travel request.
- 14.13. Consequently, the non-compliance with Sections 3(a) and 9 of EO No. 77 may result in unnecessary or excessive expenditures of government funds for travel-related costs such as airfare, accommodation, and the like. It also weakens accountability, as the absence of clear role definitions makes it difficult to evaluate the necessity and benefit of each participant's involvement, leading to inefficient use of public resources.
- b. Inadequate documentation of measurable benefits from official foreign travel due to generic post-travel reports and subsequent resignation/transfer of personnel.**
- 14.14. Section 3(a) of EO No. 77 requires that official travels must be essential to the effective performance of an official's or employee's mandates or functions, and is done to meet the needs of the department, agency, bureau, or office, or there is substantial benefit to be derived by the State.
- 14.15. Also, Section 23 on the reportorial requirements provides that within one calendar month after returning to the permanent official station, every personnel authorized to travel shall submit to the head of the agency a report with recommendations, if any, on the conference or seminar attended, examination or investigation conducted, or mission undertaken.
- 14.16. A review of pertinent records revealed that for all the foreign travel of BCDA's officials and employees, a single post-travel report was prepared and submitted by all of the participants, which is not in compliance with the aforesaid provisions of EO No. 77. It is worth emphasizing that a report should be submitted by each of the personnel authorized to travel, specifying the benefits derived from the said travel in relation to their designations/positions.
- 14.17. While the Audit Team recognized the significance of fostering international partnerships in advancing BCDA's objectives and growth, it is essential to track and document tangible and measurable outputs that are aligned with each of the participants' responsibilities as well as BCDA's needs and mandates. A general statement of objectives, without specifying the distinct and significant contributions of each participant, as well as clearly defined and achievable goals and outcomes, is insufficient for evaluating the effectiveness and relevance of such official travel.



- 14.18. On the other hand, we noted that the following employees who went on official foreign travel subsequently resigned or transferred to other agencies within the same year:

**Table 17. List of Resigned/Transferred employees with foreign travel within the year**

Name	Nature of Appointment	Destination	Purpose	Travel Dates	Effectivity Date of Resignation or Transfer
Employee A	Permanent	South Korea	Global Infrastructure Cooperation Conference 2024	September 8-14, 2024	December 26, 2024
Employee B	Permanent	Hong Kong	Participation in the 2024 Urban Land Institute Hong Kong Housing Conference	March 4-7, 2024	December 27, 2024
Employee C	Co-term with the Chairman	Japan	Messe Nagoya 2024 and PJIC Board Shareholders and Steering Committee Meetings	October 27 - November 2, 2024	October 28, 2024
Employee D	Permanent	Singapore	Attend the Singapore Airshow in Changi, Singapore	February 19-26, 2024	June 22, 2024

- 14.19. The above employees' subsequent resignation/transfer casts doubt on whether the knowledge and skills acquired during these trips provided the most and long-term benefits to BCDA.
- 14.20. Verification showed that the submitted documentary requirements were insufficient to determine whether these foreign travels complied with Section 3(a) of EO No. 77. The documentation failed to substantiate the participants' qualifications, demonstrate the specific benefits derived from the activity, or justify the economy and cost-efficiency of the expenses incurred.
- 14.21. The absence of adequate documentation, coupled with the subsequent resignation or transfer of participants, may reduce BCDA's ability to assess the long-term value and impact of official foreign travels. As a result, the expenditures incurred may be considered unnecessary, yielding minimal organizational benefit. Moreover, the opportunity could have been extended to other qualified personnel whose continued service would have ensured the application and dissemination of the knowledge gained from the foreign travel.
- c. Absence of the required Department of Foreign Affairs (DFA) endorsement for some award/engagement trips amounting to not less than P150,438.**
- 14.22. Our audit revealed that BCDA did not obtain the necessary endorsement from the DFA prior to the conduct of the following foreign travels related to acceptance of the award and speaking engagements:

**Table 18. Travels for award acceptance and speaking engagement**

Destination	Purpose
Turkey	To receive two Stevie Awards at the 21 <sup>st</sup> International Business Awards on October 11, 2024
Singapore	To serve as Resource Speaker in the Asia Infrastructure Forum 2024 on June 4-5, 2024
Switzerland*	To serve as Resource Speaker to the Smart Cities and Sports Summit 2024

\* Employee did not attend the event due to the delayed approval of the visa



- 14.23. While the Audit Team acknowledged the achievements received by BCDA and recognized the importance of the above engagements, compliance with the relevant requirements remains imperative.
- 14.24. The absence of DFA endorsement constitutes non-compliance with Section 9(c) of EO No. 77, which may render the trips unauthorized, potentially resulting in accountability issues and reputational risks. Moreover, it may undermine inter-agency coordination and the proper representation of the government in international engagements.
- d. Insufficient documentation for the transactions regarding excess baggage expenses amounting to P19,068.**
- 14.25. Section 3(a) of EO No. 77 requires that the projected expenses on official travels must not be excessive or involve minimum expenditure.
- 14.26. We noted two transactions pertaining to excess baggage expenses in the total amount of P19,068, which were paid through reimbursement and a direct payment to the travel agency. Although supported by official receipts from the airline, the disbursement lacked sufficient documentation, such as photographs or other justifications, to establish the necessity of the additional baggage.
- 14.27. Supporting documents are essential to prove that the expenditure was valid, necessary, and incurred for its intended purpose. This is important in determining whether the expenses for the excess baggage were directly related to participation in the conference or other official engagements, or may have been incurred personally by the participant.
- 14.28. These costs may be considered excessive and suggest a lack of prudent financial management, underscoring the need for stricter cost control measures and adherence to expenditure rules and policies.
- 14.29. **We recommended that Management:**
- a. Enhance the existing policy on foreign travel to include the following:**
- i. Reasonable number of participants and allowable positions for international engagements, along with clear, role-specific justifications for each participant;
  - ii. Guidelines on the tangible, participant-level expected outputs, aligned with their mandates, in the travel justifications;
  - iii. Submission of a post-travel report of every participant outlining specific learnings, benefits, and how these will be applied within their respective roles;
  - iv. Selection and prioritization of employees with roles most relevant to the activity, and preferably those with continued service to ensure effective dissemination and long-term application of acquired knowledge; and
  - v. Minimum service requirement to be rendered by attendees to ensure that they can apply or impart the knowledge and benefits gained from the travels.



- b. Strengthen the post-travel evaluation process to assess whether the anticipated benefits were realized, expenses were minimized, and strictly comply with the provisions of EO No. 77 and BCDA Office Order No. 008, series of 2019;**
- c. Ensure that the DFA endorsement is secured for foreign travels related to awards or speaking engagements; and**
- d. Examine all reimbursable expenses, such as excess baggage, and require supporting documentation justifying their necessity as part of official functions.**

14.30. Management clarified that the foreign travels undertaken by BCDA were strategic in nature and were meticulously aimed at advancing the government's broader economic and developmental agenda, as well as gathering key evidence to be utilized in further strengthening the Philippine Government's ownership rights and claims in its various properties. These trips were conducted in partnership with foreign governments, international organizations, institutions, and prospective investors, raking in tens of billions of pesos' worth of tangible and intangible investment commitments from these foreign entities and institutions, which include the following:

- a. Securing future investment commitments and expressions of interest in BCDA projects and initiatives, especially in New Clark City (NCC) in Tarlac, Camp John Hay in Baguio City, and Poro Point Freeport Zone in San Fernando, La Union, through the execution of various Memoranda of Understanding, Memoranda of Agreement and Lease Agreements garnering investments worth 27.4 Billion Pesos from foreign companies and institutions such as Kaizen ANZ PTY LTD, StB Capital Partners, and Korea Overseas Infrastructure and Urban Development Corporation (KIND);
- b. Strengthening bilateral and multilateral ties, thereby opening doors for sustained economic cooperation and technical collaboration with key stakeholders and future development partners;
- c. Showcasing the Philippine's investment climate in general and BCDA's development projects in particular, to select audiences, geared towards generating long-term interest and confidence among potential foreign investors;
- d. Establishing new channels for business matching/benchmarking and innovation exchange, which may translate into job generation, technology transfer, and improved services over time; and
- e. Securing key documents, maps, and official issuances from foreign governments to further strengthen and affirm the Philippine Government's rightful ownership of strategic landholdings, which are currently valued in the hundreds of billions.

14.31. Additionally, internal control measures will be instituted by Management to enhance documentation of travel justifications and to demonstrate with greater clarity how each participant contributes to the expected outcomes of the mission.



- 14.32. Management constituted a Committee, tasked with formulating the BCDA Foreign Travel Policy to incorporate the provisions recommended by the Audit Team. The Committee's responsibilities include, but are not limited to, the following:
- a. Review and analyze existing laws, rules, and regulations pertinent to official foreign travel of government personnel, particularly EO No. 77, COA Circulars, and GCG issuances;
  - b. Conduct a comprehensive study of BCDA's current practices and needs concerning official foreign travel;
  - c. Draft a comprehensive BCDA Foreign Travel Policy that is clear, concise, compliant with relevant laws and regulations, and responsive to the operational requirements of BCDA and its subsidiaries;
  - d. Ensure that the drafted policy promotes judicious spending, accountability, and transparency in all foreign travel expenditures; and
  - e. Submit the final draft of the BCDA Foreign Travel Policy to the Office of the President and Chief Executive Officer for approval.
- 14.33. On the other hand, Management commented that the single post-travel report submitted by each participant was done deliberately to ensure that the report remained concise, standardized, and uniform across participants to streamline the reporting process without compromising the quality and relevance of the information provided. The reports included comprehensive details on each participant's specific roles and responsibilities in relation to the foreign engagement/mission.
- 14.34. As to the noted resignations or transfers of employees within the same year of their official travel, BCDA mentioned that such movements were due to circumstances beyond their control. Management is taking steps to further enhance the documentation and evaluation of official foreign travels by integrating clearer linkages between travel objectives, individual outputs, and organizational benefits, while continuing to promote transparency, efficiency, and knowledge transfer within the agency.
- 14.35. Management recognized the importance of inter-agency coordination and proper representation in international fora. Management committed to ensuring stricter adherence to all documentary and procedural requirements in future official travels, including obtaining necessary endorsements from the DFA whenever applicable.
- 14.36. On the other hand, Management explained that the additional baggage charges were directly related to the official nature of the travel, which include voluminous records and reference materials that are essential to the conference or official engagements, as well as tokens of appreciation and goodwill for distribution to partner institutions, officials and representative of foreign agencies.
- 14.37. Management acknowledged the importance of complete supporting documentation, such that the nature and purpose of the baggage contents were directly tied to the official mandate of the trip.



- 14.38. Management is committed to ensuring that appropriate documentation, including photographic evidence or detailed itemization, is attached to similar transactions to support the necessity and propriety of such expenses in compliance with existing policies.
- 14.39. While the Audit Team acknowledged the foregoing comments and explanations of Management, we emphasized that they are still tied or obliged to continuously comply with pertinent provisions of EO No. 77.
- 14.40. We respectfully maintain that the effectiveness of post-travel evaluations lies not only in the uniformity of format but also in the clarity and specificity of the information provided, such as the measurable benefits from the official foreign travel of each participant. This ensures that participation in the said foreign travel was indeed beneficial to each participant and will ultimately redound to the benefit of BCDA in pursuit of its mandate.
- 14.41. Moreover, the Audit Team found that the post-travel reports did not sufficiently demonstrate measurable benefits derived from the travel in relation to each participant's specific role, designation, or organizational function. This lack of detailed linkage makes it difficult to assess the actual impact of the foreign engagements on BCDA's operations or strategic goals.
- 14.42. We also understand that employee movements such as resignations or transfers may be beyond Management's control. Nonetheless, these circumstances still affect the agency's ability to fully capitalize on the knowledge and skills gained from foreign travels. Thus, we reiterated our recommendation that Management consider instituting a minimum service requirement for personnel authorized to travel abroad. This would help ensure that the intended benefits of official foreign engagements are retained and effectively utilized within the agency.
- 14.43. It is also worth emphasizing the need to enhance the post-travel evaluation process by incorporating clear indicators of outcomes, cost-effectiveness, and alignment with organizational objectives, in accordance with EO No. 77 and BCDA Office Order No. 008.
- 14.44. The Audit Team will continuously monitor the compliance of Management with the recommendations.
- 15. The Implementing Guidelines for the Revised Salary Step Adjustment Scheme for BCDA, which was formulated and adopted by BCDA as a basis for the payment of salary differential for its incumbents in CY 2024, was not duly approved by the Governance Commission for Government-Owned and Controlled Corporations (GCG). Moreover, the progressions in the step increments provided in the said Guidelines are not in accordance with Sections 7 and 8 of Executive Order (EO) No. 150, s. 2021, and the related issuances by the GCG, resulting in overpayment of salaries to five employees in the total amount of P0.607 million. Additionally, the salary rate of an employee was not properly observed, resulting in the application of a higher salary and consequently, an overpayment of P12,090.**



- 15.1. On May 10, 2022, BCDA received from the GCG<sup>10</sup> its authorization to implement the CPCS under EO No. 150<sup>11</sup>, s. 2021, with retroactive application effective October 5, 2021, under Category 2, Tier 2, Salary Structure classification. Accordingly, the said authorization was adopted and implemented beginning June 1, 2022 payroll, as approved by the BCDA Board of Directors ("Board"), through Resolution No. 2022-05-065 on May 25, 2022.
- 15.2. However, in its letter to the GCG dated September 5, 2023, BCDA conveyed that the implementation of the CPCS had resulted in severe financial impact on the middle management and rank-and-file employees, and had unfortunately caused distortions in the BCDA's organizational structure and staffing pattern by merging salary grades (SG) into the same job grade (JG) (e.g., SG 25-27, all merged into JG 13), thereby unduly lumping together positions that have different qualification standards and levels of authority. Thus, BCDA proposed a salary step adjustment scheme and requested its approval from the GCG, in order to mitigate the apparent detrimental effects of the CPCS on BCDA officers and employees, as follows:

**Table 19. Salary Step Adjustment under the CPCS**

SG	Proposal	
	CPCS JG	Salary Step Range (JG)
28	14	5 to 8
27	13	5 to 8
26		5 to 8
25		1 to 8
24	12	5 to 8
22		1 to 8
20	11	5 to 8
18		1 to 8
17	10	5 to 8
15		1 to 8
12	8	5 to 8
11		1 to 8
10	7	5 to 8
9		1 to 8
6	5	5 to 8
4		1 to 8

- 15.3. Meanwhile, we noted that pending the response of the GCG on the said letter-proposal, the BCDA Board, in its Regular Board Meeting held on November 8, 2023, approved the proposed salary step adjustment in Table 19, to be applied effective October 5, 2021, through Resolution No. 2023-11-175. This was certified by the corporate secretary of BCDA per Secretary's Certificate dated November 15, 2023, and a copy of which was submitted to the GCG on May 6, 2024.
- 15.4. On June 18, 2024, the GCG, in its letter dated June 18, 2024, approved the request of BCDA for salary step adjustment, and endorsed the same to the Office of the President (OP) for confirmation.

<sup>10</sup> The GCG is mandated to develop a CPCS which shall apply to all officers and employees of GOCCs whether under the Salary Standardization Law or exempt therefrom, and shall consist of classes of positions grouped into such categories as the GCG may determine, subject to approval of the President, pursuant to Republic Act No. 10149 or the GOCC Governance Act of 2011.

<sup>11</sup> Approving the CPCS and Index of Occupational Services, Position Titles, and Job Grades for GOCCs Framework, repealing EO No. 203, s. 2016, and for Other Purposes, issued on October 1, 2021 by then President Rodrigo Duterte.

15.5. The OP, through the Memorandum from the Executive Secretary dated October 30, 2024, confirmed the said approval and endorsement from the GCG, subject to the following:

- a. Availability of funds and other pertinent budgetary, accounting and auditing laws, rules, and regulations; and
- b. The BCDA Governing Board is reminded to ensure that the implementation of the adjusted salary steps shall be in line with its Board Resolution No. 2023-11-175 **and applicable laws, regulations, issuances, and policies on the CPCS.**

15.6. Sections 7 and 8 of EO No. 150, s. 2021, pertinent to the adoption of the salary step adjustments of the CPCS, provide the following:

*Section 7. Application of Step Increment. All officers and employees shall automatically start at Step 1 of the prescribed Monthly Basis Salary Structures in the CPCS, unless otherwise provided therein. **The progressions in the step increments may be adjusted, subject to the implementing guidelines to be issued by the GCG.***

*Section 8. Implementing Agency. The GCG shall administer the implementation of the CPCS. The GCG shall also issue the implementing guidelines of the CPCS. **The GCG shall issue the implementing guidelines of the CPCS,** including those relating to affordability, step increments, hiring rates, overtime pay, night shift differential, merit increases, and separation pay programs, taking into consideration prevailing practices in the private sector and the guiding principles provided in the CPCS. (Emphasis supplied)*

15.7. The GCG issued CPCS Implementing Guidelines No. 2021-01 dated January 12, 2021, in accordance with Section 8 of EO No. 150 which directs the GCG to be the implementing agency of the CPCS. Under the Compensation System, Item I. Basic Salaries, including Step Increments, the following were provided relative to the rules for salary adjustment and step increments:

3. **RULES FOR SALARY ADJUSTMENT. - The adjustments in the salaries of GOCC personnel shall only be in accordance with the CPCS salary structure.**

3.1. *The salaries of incumbent personnel shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions as of the time of receipt of authorization to implement the CPCS from GCG.*

3.2. *If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 **falls between steps of the job grade allocation of the position, the salary shall be adjusted to the rate for the higher step in the applicable salary schedule.***



3.3. *If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 exceeds that of Step 8, there shall be no increase in monthly basic salary and no diminution in the salary currently being received.*

3.4. *If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 falls below Step 1 of the job grade allocation of the position, the salary shall be adjusted to Step 1 in accordance with Section 7 of E.O. No. 150.*

Xxx

5. *Step Increments – Incumbents may progress from Step 1 to Step 8 within a job grade in the salary structure under the CPCS. Generally, all positions will start at Step 1 unless the personnel is covered under Sections 3.1 to 3.3 of this Implementing Guidelines. Xxx (Emphasis supplied)*

15.8. In the CY 2024 audit, we noted that a total of P15.433 million was paid to and received by BCDA incumbents, which pertains to their salary differential covering the period October 5, 2021 to November 30, 2024, as a result of the approval and confirmation of their salary step adjustment from the GCG and OP, respectively.

15.9. A review of records disclosed that BCDA formulated an Implementing Guidelines for the Revised Salary Step Adjustment Scheme for BCDA ("Guidelines"), adopting the OP-confirmed revised salary adjustment under Board Resolution No. 2023-11-175. This was approved by the BCDA President and Chief Executive Officer (PCEO) on November 28, 2024, and was used as the basis for the payment of the said salary differential in December 2024.

15.10. A perusal of the said BCDA Guidelines shows that new salary steps were assigned for each SG/JG in Item 2 thereof, thus:

**Table 20. Assignment of salary steps for each SG/JG per BCDA Guidelines**

SG	JG	New Salary Step Assignments
28	14	<ul style="list-style-type: none"> <li>Incumbents who are at Salary Step 1 will be adjusted to Salary Step 5.</li> <li>Incumbents who are at Salary Step 2 will be adjusted to Step 6.</li> <li>Incumbents who are at Salary Step 3 will be adjusted to Step 7.</li> <li>Incumbents who are at Salary Steps 4 to 7 will be adjusted to Step 8.</li> <li>Incumbents who are already at Step 8, or whose salaries exceed that of Step 8, shall continue to receive the same salary.</li> <li>New hires shall start at Step 5.</li> </ul>
27	13	
26	13	
24	12	
20	11	
17	10	
12	8	
10	7	
6	5	

15.11. It is worth emphasizing that the above new salary step assignments were not approved by the GCG/OP. Only the revised salary step adjustment scheme provided in Table 19, under Board Resolution No. 2023-11-175, was included in the approval and confirmation from the GCG and OP, respectively.



- 15.12. Likewise, the said BCDA Guidelines was neither approved by the GCG. This is contrary to Sections 7 and 8 of EO No. 150, s. 2021, since the GCG is the responsible government agency in issuing the implementing guidelines on the implementation of the CPCS. Moreover, the progressions in step increments provided under Item 2 of the BCDA Guidelines are not in accordance with Items 3.1 to 3.4 on the Rules for Salary Adjustment of the CPCS Implementing Guidelines No. 2021-01 issued by the GCG. Additionally, we were informed by the concerned BCDA personnel that the said Guidelines was not approved by the BCDA Board as the policy-making body of BCDA.<sup>12</sup>
- 15.13. It is worthy to note that as a condition to the confirmation of the OP of the adjustments under Table 20, the BCDA Governing Board was reminded to ensure that the implementation of the adjusted salary steps shall be in line with its Board Resolution No. 2023-11-175 and applicable laws, regulations, issuances, and policies on the CPCS. However, the BCDA Guidelines, which was used as the basis for the payment of salary differential, was not in accordance with EO No. 150 and CPCS Implementing Guidelines No. 2021-01.
- 15.14. We noted further that the monthly basic salary of each employee used in the payment of the said salary differential was determined by BCDA by converting first the equivalent step assignment from their old salary rates (SG) to the original/first CPCS salary structure (JG) under EO No. 150 received on May 10, 2022<sup>13</sup>, before converting the same to the new equivalent salary step assignments based on the aforesaid BCDA Guidelines. For example, if the old salary of the employee under SG 24, Step 4 was P84,216 as of October 5, 2021, this will be converted to its equivalent which is JG 12, Step 2 or P86,169, based on the original/first CPCS salary structure, which is higher than the old salary. Subsequently, BCDA used the said step increment of Step 2 in converting the salary rate based on the Guidelines, which is Step 6, or a salary rate of P98,152.
- 15.15. We wish to emphasize that the old salary rates (SG) of the BCDA incumbents as of October 5, 2021, the retrospective date of application of the CPCS, should be the basis of the conversion of the OP-confirmed new salary rates. The retrospective application does not mean that BCDA should convert first the old salary (SG) to their original/first salary structure (JG) under the CPCS, then to the equivalent OP-confirmed new salary step adjustment scheme. Instead, it is the old salary rates (SG) as of October 5, 2021, which shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions under the OP-confirmed new salary step adjustment scheme.
- 15.16. Additionally, while the OP-confirmed revised salary step adjustment scheme provides that some of the conversion from SG to JG starts at Step 5, the actual monthly basic salary of an incumbent officer or employee as of October 5, 2021 should be the benchmark of BCDA in the conversion of salary rates. In other words, if the Step 5 rate per CPCS is higher than the salary of the employee as of October 5, 2021, then the Step 5 rate should be the converted salary of the said employee. Otherwise, if the old salary falls in between Steps 5 and 6 rate, then the salary shall be adjusted to the rate for the higher step in the applicable salary schedule, which is Step 6.

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<sup>12</sup> Page 20, Item 89, Administrative Matters, BCDA Manual of Approval dated November 22, 2017.

<sup>13</sup> Date of receipt of authorization to implement the CPCS under EO No. 150, s. 2021, with retrospective application on October 5, 2021.



- 15.17. For example, if the old salary of the employee under SG 28, Step 4 was P151,241 as of October 5, 2021, this should be converted to JG 14, Step 5 based on the OP-confirmed salary step adjustment scheme or salary of P153,041, which is higher than the old salary. However, this was converted by BCDA under JG 14, Step 8, with a salary rate of P166,110, based on the BCDA Guidelines. Thus, the step assignments provided in the BCDA Guidelines, that is, from Step 1, which will be automatically adjusted to Step 5, from Step 2 to Step 6, and so on, are not in accordance with Items 3.1 to 3.4 of the CPCS Implementing Guidelines.
- 15.18. The adoption of the BCDA Guidelines resulted in an increase of monthly salary rates for five employees, ranging from P731 to P13,069. Consequently, there was an overpayment to them in the total amount of P0.586 million, on the differential salaries covering the period October 5, 2021, to November 30, 2024, received by BCDA incumbents in December 2024.
- 15.19. Additionally, four out of the five employees also received the erroneous CPCS salary rates for the month of December 31, 2024, resulting in an overpayment of P21,247, computed as follows:

**Table 21. Computation of overpayment for the month of December 2024**

Employee	Old salary rated as of October 5, 2021		CPCS new salary rates				Over- payment
	SG-Step	Rate	JG-Step	Actual Rate	Should Be JG-Step	Rate	
1 Employee A	24-3	P 88,410	12-8	P 104,144	12-6	P 98,152	P 5,992
2 Employee B	28-4	151,241	14-8	166,110	14-6	157,398	8,712
3 Employee C	24-4	84,216	12-8	104,144	12-6	98,152	5,992
4 Employee D	6-4	20,086	5-8	21,530	5-6	20,799	731
<b>Total</b>							<b>P 21,427</b>

- 15.20. The remaining employee also received erroneous salary for the month of December 2024, including the overpayment from March 1, 2022 (date of step increment), due to the non-observance of BCDA on the proper conversion of salaries with step increment prior to the receipt of authorization to implement the CPCS.
- 15.21. As a result, the total overpayment of salaries amounted to P0.607 million, which may be considered an irregular expenditure<sup>14</sup> pursuant to COA Circular No. 2012-003<sup>15</sup> dated October 29, 2012.
- 15.22. Aside from the overpayment in salary, there may be also an overpayment for other allowances, bonuses and incentives (ABIs) received by BCDA employees such as, but not limited to, mid-year and year-end bonus, overtime pay and monetization of leave credits, in which the basis for computing the same is the salary rates. Thus, it is significant that the guidelines for adjusting the basic salary under the CPCS be properly applied to determine the correct amount of the ABIs to which the incumbents are entitled.

<sup>14</sup> The term "irregular expenditure" signifies an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular.

<sup>15</sup> Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures.



- 15.23. On the other hand, it was noted that on February 23, 2024, BCDA hired an Administrative Assistant III (AA III) under the Records Administration Division, under JG 7, Step 1, with salary rate of P24,247, pursuant to the authorization to implement the CPCS under EO No. 150 received by BCDA on May 10, 2022. Under the CPCS Job Evaluation Results for BCDA, which was issued together with the said authorization from the GCG, the old salary rate for AA III position was SG 9, which is equivalent to JG 7 based on the new CPCS.
- 15.24. It can be recalled that on October 30, 2024, the OP confirmed the revised salary step adjustment scheme for BCDA, under Board Resolution No. 2023-11-175, with retroactive application effective October 5, 2021 (see Table 19).
- 15.25. Review of records disclosed that the salary rate of the AA III was adjusted from JG 7, Step 1 to JG 7, Step 5 or at an amount of P25,899, which is not in accordance with the OP-confirmed revised salary step adjustment scheme. The equivalent salary for the said position, with the old salary rate of SG 9, should be JG 7, Step 1, particularly for new hire employees with a rate under JG 7.
- 15.26. Consequently, there was an overpayment of salary differential to the said AA III amounting to P10,438, covering the period May 23, 2024, to November 30, 2024; and P1,652 for December 2024, for a total overpayment of P12,090.
- 15.27. It bears reiterating that the OP, upon the approval and confirmation of the revised salary step adjustment scheme under Board Resolution No. 2023-11-175, **as a condition to its confirmation, reminded the BCDA Governing Board, to ensure that the implementation of the revised salary step adjustment scheme follows the applicable laws, regulations and existing issuances of the GCG on the CPCS.** Moreover, under the General Procedural Guidelines, Item 3 of the GCG Implementing Guidelines No. 2021-01, the compensation adjustment shall be subject to the usual accounting and auditing rules and regulations, and the appropriate re-adjustment if found not in order. The personnel concerned shall refund any overpayment received based on a finding thereof by the GOCC, the GCG, the COA, or any government agency sanctioned for that purpose.
- 15.28. **We recommended that Management:**
- a. **Strictly ensure compliance with the pertinent provisions of EO No. 150, s. 2021, and the CPCS Implementing Guidelines No. 2021-01 on the adoption of the OP-confirmed revised salary step scheme, and stop using the BCDA Implementing Guidelines, unless approved by the GCG; and**
  - b. **Cause the recovery/refund from the five BCDA incumbents for the overpayment of salaries for the period October 5, 2021 to December 31, 2024, and the overpayment to the Administrative Assistant for the period May 23, 2024 to December 31, 2024, and adjust their salary rates in accordance with the CPCS Implementing Guidelines No. 2021-01 and OP-confirmed revised salary step adjustment scheme for BCDA.**
- 15.29. Management commented that at the outset, they respectfully maintain that BCDA's Implementing Guidelines for the Revised Salary Step Adjustment Scheme, including the progressions in the step increments, is consistent with the spirit and intent of EO



150, s. 2021, and the relevant issuances. This was formulated in accordance with BCDA Board Resolution No. 2023-11-175, and the corresponding approvals of the GCG and the OP.

- 15.30. The primary purpose of BCDA's request for Salary Adjustment is to address the salary distortion that arose between positions with different levels of accountability and responsibility, which were clustered into one job grade under the CPCS. The implementation of the CPCS has resulted in distortions in the salary structure of BCDA, specifically with respect to its organizational hierarchy and staffing pattern. The integration of multiple SGs into single JGs has led to the undue consolidation of positions that differ significantly in qualification standards, functional responsibilities, and levels of authority. This has likewise blurred the distinctions between salary step increments earned by concerned employees, thereby undermining both the rationale of the step structure and the consistency of compensation progression across affected positions.
- 15.31. Management also mentioned that in order to rectify the said distortions and address any ancillary issues, the BCDA Board, through Resolution No. 2023-11-175, duly approved the proposed salary step adjustments, and subsequently sought the approval of the GCG and the OP.
- 15.32. The salary step progression (Steps 5 to 8) for each position under the Guidelines in question was determined by BCDA Management based on the actual lengths of service of its incumbent officers and employees, as approved by the OP. The application of specific step ranges to designated positions and the progression within these ranges shall be strictly governed by the respective actual lengths of service of the incumbent officers.
- 15.33. Accordingly, Management's position was that the subject Guidelines and their implementation fall within the scope of the Salary Step Adjustment approved by the BCDA Board, the GCG, and the OP, and well within the authority granted to the BCDA Management to carry out the intent behind the proposed adjustment and its approval. To interpret otherwise would render the corrective measure ineffective, frustrate its intended purpose, and perpetuate the very salary distortions that necessitated the BCDA's request for special salary step adjustments.
- 15.34. Nevertheless, the said Guidelines shall be submitted for the consideration and approval of our Board.
- 15.35. As an audit rejoinder, we respectfully maintain that the Implementing Guidelines for the Revised Salary Step Adjustment Scheme, which was formulated by BCDA to adopt the OP-confirmed salary adjustment under Board Resolution No. 2023-11-175, is contrary to Sections 7 and 8 of EO No. 150, s. 2021, **since the GCG is the responsible government agency in issuing the implementing guidelines on the implementation of the CPCS.**
- 15.36. We wish to emphasize that the OP, upon the approval and confirmation of the revised salary step adjustment scheme under Board Resolution No. 2023-11-175, **as a condition to its confirmation, reminded the BCDA Governing Board, to ensure that the implementation of the revised salary step adjustment scheme follows the applicable laws, regulations and existing issuances of the GCG on the CPCS.**



- 15.37. The Implementing Guidelines for the Revised Salary Step Adjustment Scheme, formulated by BCDA, was **not included** in the approval of the BCDA Board through Resolution No. 2023-11-175. Moreover, a review of the Minutes of the Meeting pertinent to the said approval of the BCDA Board revealed that the Guidelines was not discussed during the meeting on November 8, 2023. Only the proposed salary step adjustment under the CPCS was mentioned and approved by the BCDA Board during their meeting. In fact, the said BCDA Guidelines was only approved on November 28, 2024, by PCEO, a year after the said BCDA Board meeting.
- 15.38. The implementation/adoption of the salary step adjustment scheme shall be governed by the **existing CPCS Implementing Guidelines No. 2021-01 issued by the GCG, and not the BCDA Implementing Guidelines**, unless approved by the GCG. To reiterate, only the salary step range was adjusted or changed, as confirmed by the OP, that is, instead of starting from Step 1, some salary grades could automatically start at Step 5. For example, the previous SG 26 and 27 will be converted into JG 13, Step 5 instead of Step 1.
- 15.39. As mentioned, the progressions in step increments provided under the BCDA Guidelines are not in line with Items 3.1 to 3.4 on the Rules for Salary Adjustment of the CPCS Implementing Guidelines No. 2021-01 issued by the GCG. It bears stressing, without repetition, that **only the revised salary step adjustment scheme** was approved under BCDA Board Resolution No. 2023-11-175, **excluding the assignment of salary steps for each SG/JG per BCDA Guidelines**. Thus, the rules under the CPCS Implementing Guidelines on the Salary Adjustment should be strictly observed.
- 15.40. On the other hand, we respectfully disagree on the comment of Management that if the BCDA Implementing Guidelines were not formulated to implement the revised salary step adjustment scheme, the corrective measure to mitigate the detrimental effects of the CPCS on BCDA officers and employees would be ineffective, frustrate its intended purpose, and perpetuate the very salary distortions that necessitated BCDA's request for special salary step adjustments.
- 15.41. Even **without** the assignment of salary steps for each SG/JG per BCDA Guidelines, which was neither approved by GCG nor in accordance with CPCS Implementing Guidelines No. 2021-01, the sole adoption of the OP-confirmed **revised salary step adjustment scheme** resulted in salary increases to BCDA employees.
- 15.42. Granting for the sake of argument that if the BCDA Implementing Guidelines were not formulated to implement the revised salary step adjustment scheme, the corrective measure to mitigate the detrimental effects of the CPCS on BCDA officers and employees would be ineffective, as contended by Management, still the same could not hold water as the BCDA Implementing Guidelines, to reiterate, was not approved by the GCG as the implementing agency of the CPCS pursuant to the express provisions of Section 8 of EO No. 150 and not in accordance with CPCS Implementing Guidelines No. 2021-01.
- 15.43. Further, as already emphasized, the OP, in granting the request of BCDA for salary step adjustment, **made a condition** of the grant for the BCDA Governing Board to ensure that the implementation of the adjusted salary steps shall be in line with its Board Resolution No. 2023-11-175 and applicable laws, regulations, issuances, and



policies on the CPCS. As such, BCDA is bound by that condition in the implementation of its salary step adjustment.

- 15.44. To reiterate, the actual monthly basic salary of an incumbent officer or employee as of October 5, 2021, should be the benchmark of BCDA in the conversion of salary rates. If the Step 5 rate per CPCS is higher than the salary of the employee as of October 5, 2021, then the Step 5 rate should be the converted salary of the said employee. Otherwise, if the old salary falls between the Steps 5 and 6 rate, then the salary shall be adjusted to the rate for the higher step in the applicable salary schedule, which is Step 6.
- 15.45. During the exit conference, Management committed to submit its implementing guidelines to the BCDA for approval, and likewise, this will be subsequently submitted to the GCG and OP for approval or confirmation. Moreover, Management committed to reevaluating/verifying the correct salary and applying necessary changes to the salaries of the employee once verified.
- 15.46. The Audit Team will monitor Management's compliance with the recommendations.
16. **The retrospective application of the Compensation and Position Classification System (CPCS) under EO No. 150, s. 2021, effective October 5, 2021, was not considered and observed in determining the appropriate salary rates of 11 incumbents of BCDA upon earning their step increment, which is not in accordance with Section 3 of the said EO and the Rules on Salary Adjustment prescribed under CPCS Implementing Guidelines No. 2021-01 issued by the Governance Commission for Government-Owned and Controlled Corporations (GCG), resulting in an overpayment of salaries totaling P1.236 million and considered as an irregular expenditure.**
  - 16.1. This is a reiteration of the prior year's observation with updated information.
  - 16.2. Section 3 of EO No. 150 provides the effective date of the CPCS as follows:

***The monthly basic salary structure of a GOCC and its allowances, benefits, and incentives (ABIs) shall be effective upon issuance of the corresponding authorization from the GCG. The GCG En Banc may likewise set a uniform date of effectivity across GOCCs, which shall in no case be earlier than the date of effectivity of the EO.*** (Emphasis supplied)

- 16.3. Moreover, under the Compensation System, Section I. Basic Salaries, including Item Increments, of the GCG CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022, which prescribes the implementing guidelines of EO No. 150, provides:

***Retroactive Application. – Upon receipt of their respective authorization to adopt the CPCS, GOCCs with substantial compliance to the CPCS requirements upon the approval of the EO No. 150 shall retroactively apply the appropriate salary structures, and the allowances, benefits and incentives under the CPCS effective 05***



**October 2021**, in accordance with GCG En Banc Resolution No.2021-02. (Emphasis supplied)

- 16.4. In addition to the provisions under Items 3.1 to 3.4 of the CPCS Implementing Guidelines (see preceding observation), a one-step increment shall be granted to qualified personnel **for every three years of continuous satisfactory service in the present position**. Said length of service in the present position in the same agency may include the period/s rendered by the incumbent as follows:
- While on temporary or provisional status of appointment in the same position;
  - Before his/her present position was reclassified/upgraded/reallocated;** and
  - Period rendered by him/her prior to re-appointment to the same or comparable position with the same salary grade in a reorganized agency staffing pattern.
- 16.5. As mentioned, the authorization to implement the CPCS under EO No. 150, s. 2021, under Category 2, Tier 2, Salary Structure classification, was received by BCDA from the GCG on May 10, 2022. Accordingly, the said authorization was adopted and implemented beginning June 1, 2022, payroll, with retrospective application effective October 5, 2021, as approved by the BCDA Board on May 25, 2022, through Resolution No. 2022-05-065.
- 16.6. In the CY 2023 audit, we noted that a differential on salaries for the period October 5, 2021, to May 31, 2022, was paid and released to the BCDA incumbents in the total amount of P25.102 million. However, the retrospective application of the CPCS effective October 5, 2021, was not considered and observed in determining the appropriate salary rates of BCDA incumbents upon earning their step increment, which is not in accordance with Section 3 of EO No. 150 and CPCS Implementing Guidelines No. 2021-01.
- 16.7. It was observed that from October 5, 2021 (retrospective date of application of CPCS) to May 10, 2022 (actual receipt of authority to implement CPCS), there were 13 BCDA incumbents who earned a step increment for continuous satisfactory three years of service in their present position. However, our audit disclosed that BCDA determined first the equivalent salary rates of the said employees based on the old salary structure upon earning the step increment, then converted the said rate to the equivalent CPCS rates, as follows:

Table 22. Actual conversion of salary rates made by BCDA

Employee Name	Date of Step Increment	Rate as of October 5, 2021 (old salary structure)		Rate as of the date of step increment (old salary structure)		Conversion based on CPCS as of the date of step increment	
		SG-Step	Rate	SG-Step	Rate	JG-Step	Rate
1 Employee A	03/01/2022	4-4	P 18,274	4-5	P 20,359	5-5	P 20,434
2 Employee B	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
3 Employee C	01/01/2022	14-6	35,983	14-7	40,228	9-8	40,704
4 Employee D	01/01/2022	14-7	40,228	14-8	44,974	9-max	44,974
5 Employee E	03/15/2022	22-6	86,598	22-7	96,814	12-6	98,152
6 Employee F	02/01/2022	12-7	36,488	12-8	40,793	8-max	40,793
7 Employee G	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
8 Employee H	02/01/2022	24-4	84,216	24-5	94,152	12-5	95,156
9 Employee I	03/01/2022	6-4	20,086	6-5	22,384	5-max	22,384
10 Employee J	02/01/2022	24-7	117,678	24-8	131,561	12-max	131,561
11 Employee K	03/10/2022	20-4	50,702	20-5	56,684	11-3	59,335
12 Employee L	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
13 Employee M	02/01/2022	10-6	30,203	10-7	33,696	7-max	33,696



- 16.8. The above adjustment or conversion is not in accordance with Section 3 of EO No. 150 and the pertinent provisions of the GCG CPCS Implementing Guidelines No. 2021-01. Since there was a retrospective application of the CPCS, the equivalent salary structure (job grade and step) as of October 5, 2021, should have been considered as if it were applied by BCDA on such date.
- 16.9. Simply put, it is the current monthly basic salary of an incumbent personnel as of October 5, 2021, which shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions under the CPCS. Subsequently, if the BCDA incumbents earn step increments due to length of service, the equivalent CPCS salary structure under EO No. 150 should be applied, as follows:

**Table 23. Should be salary rates**

Employee Name	Date of Step Increment	Rate as of October 5, 2021 (old salary structure)		Rate as of October 5, 2021 based on CPCS		Rate as of date of step increment based on CPCS	
		SG-Step	Rate	JG-Step	Rate	JG-Step	Rate
1 Employee A	03/01/2022	4-4	P 18,274	5-1	P 18,974	5-2	P 19,339
2 Employee B	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
3 Employee C	01/01/2022	14-6	35,983	9-1	36,117	9-2	36,773
4 Employee D	01/01/2022	14-7	40,228	9-8	40,704	9-8	40,704
5 Employee E	03/15/2022	22-6	86,598	12-3	89,165	12-4	92,161
6 Employee F	02/01/2022	12-7	36,488	8-max	36,488	8-max	36,488
7 Employee G	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
8 Employee H	02/01/2022	24-4	84,216	12-2	86,169	12-3	89,165
9 Employee I	03/01/2022	6-4	20,086	5-5	20,434	5-6	20,799
10 Employee J	02/01/2022	24-7	117,678	12-max	117,678	12-max	117,678
11 Employee K	03/10/2022	20-4	50,702	11-1	50,935	11-2	55,135
12 Employee L	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
13 Employee M	02/01/2022	10-6	30,203	7-max	30,203	7-max	30,203

- 16.10. The above-noted erroneous application of appropriate salary rates upon earning their step increment resulted in an overpayment of P1.052 million.
- 16.11. We then recommended that Management immediately seek clarification from the GCG relative to the proper conversion of rates of employees with step increments earned from the retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS; and cause the recovery/refund from the BCDA incumbents for the overpayment of salaries and other ABIs of BCDA, if warranted.
- 16.12. In its letter dated September 24, 2024, Management apprised the Audit Team that a meeting was held with the GCG CPCS Secretariat on August 30, 2024, to discuss the proper conversion of rates of employees with step increments earned from retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS. The CPCS Secretariat then directed Management to refer to CPCS Implementing Guidelines No. 2021-01 for specific guidelines on salary adjustments and step increments, and was advised to submit a formal request to the GCG for clarification on the said matters.
- 16.13. Accordingly, Management wrote a letter to GCG dated September 13, 2024, requesting clarification regarding the rules on salary adjustment applicable to the salaries of the said 13 BCDA employees. The GCG acknowledged the said letter-request from BCDA through their letter dated September 20, 2024, to which copies of



both letters from BCDA and GCG were provided to the Audit Team on September 24, 2024.

- 16.14. Moreover, based on the submitted BCDA's Action Plan and Status of Implementation for CY 2023 and prior years as of February 28, 2025, we noted that there was still no response from the GCG on the clarification sought by BCDA.
- 16.15. In the CY 2024 audit, it was noted that the salary rates of the 11 out of the aforementioned 13 BCDA incumbents from CY 2023 observation (see Tables 22 and 23), who earned a step increment for continuous satisfactory three years of service from October 5, 2021 to May 10, 2022, were not affected by the OP-confirmed revised salary step adjustment scheme of positions and/or personnel in the BCDA on October 30, 2024.
- 16.16. The differential on salaries was computed/paid correctly for the period October 5, 2021, up to the effectivity date of the step increment since the appropriate CPCS salary rates were applied. However, since the CPCS rates were applied based on the old salary rates upon earning the step increment as shown in Table 22, there was an overpayment of differential on salaries for the said 11 employees, amounting to P119,133, computed from the date of their step increment up to May 31, 2022.
- 16.17. Additionally, the same 11 employees continuously received the erroneous CPCS salary rates for the period June 1, 2022, to December 31, 2024, which resulted in an overpayment of salaries in the total amount of P1.116 million, computed as follows:

**Table 24. Computation of overpayment for the period June 1, 2022 to December 31, 2024**

No.	Employee Name	CPCS Salary Rates			No. of Months	Over-Payment
		Actual	Should Be	Excess		
1	Employee A	P 20,434	P 19,339	P 1,095	31	P 33,945
2	Employee B	20,434	19,339	1,095	31	33,945
3	Employee C	40,704	36,773	3,931	31	121,861
4	Employee D	44,974	40,704	4,270	31	132,370
5	Employee E	98,152	92,161	5,991	31	185,721
6	Employee F	40,793	36,488	4,305	31	133,455
7	Employee G	20,434	19,339	1,095	31	33,945
8	Employee I	22,384	20,799	1,585	31	49,135
9	Employee J *	131,561	117,678	13,883	18	249,894
10	Employee L	20,434	19,339	1,095	31	33,945
11	Employee M	33,696	30,203	3,493	31	108,283
						<b>P 1,116,499</b>

*\*Promoted as Vice President of the Property and Procurement Management Department effective December 1, 2023 – JG 14, Step 5*

- 16.18. As a result, the total overpayment of salaries for the above 11 BCDA incumbents amounted to P1.116 million, which is considered an irregular expenditure<sup>16</sup> pursuant to COA Circular No. 2012-003 dated October 29, 2012.<sup>17</sup>
- 16.19. Likewise, this erroneous application of salary rates caused the overpayment for other allowances, bonuses, and incentives (ABIs) received by BCDA employees, such as,

<sup>16</sup> The term "irregular expenditure" signifies an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular.

<sup>17</sup> Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures.



but not limited to, mid-year and year-end bonuses, overtime pay, and monetization of leave credits, in which the basis for computing the same is the salary rates. Thus, it is significant that the guidelines for adjusting the basic salary under the CPCS be applied appropriately to determine the correct amount of the ABIs to which the incumbents are entitled.

- 16.20. On the other hand, two out of the aforesaid 13 employees from our CY 2023 observation were affected by the OP-confirmed revised salary step adjustment scheme of the CPCS. The overpayment of salary to the first employee is discussed in Observation No. 20, while the initial overpayment to the other one was already corrected on the differential salaries received as a result of the adoption of the new OP-confirmed rates.
- 16.21. **We reiterated our prior year's recommendation, with modification, that Management continuously follow-up with GCG and request for the expeditious resolution on the proper conversion of rates of employees with step increments earned from retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS; and cause the recovery/refund from the BCDA incumbents for the overpayment of salaries and other ABIs, if warranted.**
- 16.22. Management commented that the audit observation is for consultation with the GCG and will be discussed once the meeting with the Audit Team and BCDA has been scheduled.
17. **The salary rates used in the computation of the three-year Present Value (PV) for the 13 BCDA incumbents were not in accordance with CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022, issued by the GCG, resulting in an overpayment of discontinued ABIs such as Educational Subsidy, Mid-Year Economic Improvement Allowance, Gift Check, and Housing Provident Fund totaling P0.794 million for the three tranches payout, which can be considered an irregular expenditure.**
- 17.1. This is a reiteration of the prior year's observation with updated information.
- 17.2. On October 1, 2021, then President Rodrigo Duterte issued EO No. 150, approving the CPCS and Index of Occupational Services, Position Titles, and Job Grades for government-owned and controlled corporations (GOCCs) Framework, repealing EO No. 203, s. 2016, and for other purposes, effective October 5, 2021, upon its publication in a newspaper of general circulation.<sup>18</sup>
- 17.3. The GCG issued CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022, to implement EO No. 150, s. 2021. Item 4 thereof states that GOCCs shall implement the CPCS upon receipt of the CPCS authorization from the GCG, which shall contain the GOCC classification, job evaluation results, and tiering.
- 17.4. Item II under Compensation System of the CPCS Implementing Guidelines, on allowances, benefits, and incentives, provides that:

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<sup>18</sup> Chapter 1(1) of CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022.



***Upon receipt of their respective authorization to adopt the CPCS, all the allowances, benefits, and incentives (ABIs) of GOCC officers and employees, whether they are incumbents or new hires, shall be limited to those provided under the CPCS. The grant of ABIs outside those provided under the CPCS shall be discontinued.*** (Emphasis ours)

- 17.5. Further, Item II (E) of the same Guidelines states that incumbents of GOCCs whose authorized ABIs will be discontinued for being outside the CPCS shall be paid the three-year PV of the said ABIs.
- 17.6. On May 10, 2022, the authorization to implement (ATI) the said CPCS was received by BCDA from the GCG, with CPCS Category 2, Tier 2, Salary Structure classification. The said authorization also provides that BCDA may retroactively apply the appropriate salary structure and the ABIs under the CPCS effective October 5, 2021, in accordance with Chapter I (1) of the CPCS Implementing Guidelines, considering that BCDA had fully complied with the CPCS requirements upon the approval of EO No. 150.
- 17.7. On May 25, 2022, the BCDA Board of Directors, through Resolution No. 2022-05-065, approved the adoption and implementation of the CPCS beginning June 1, 2022, payroll, **with retrospective application effective October 5, 2021.**
- 17.8. Prior to the receipt of BCDA of its authorization to implement the CPCS, there were 15 ABIs outside the CPCS being received by BCDA incumbents, such as additional compensation allowance, meal allowance, anniversary bonus, educational subsidy allowance, Christmas bonus, mid-year economic improvement allowance, gift check, car plan, housing fund, group life/term insurance, medical reimbursement plan, optical/dental benefits, rice allowance, annual executive check-up, and health care benefits (HMO).
- 17.9. In CYs 2023 and 2022, BCDA paid its incumbents the two tranches payout<sup>19</sup> of the three-year PV of all 15 discontinued ABIs, in the total amount of P147.007 million.
- 17.10. Based on the old salary structure of BCDA before the CPCS, incumbents are entitled to receive the following discontinued ABIs, either equivalent to a one-month basic salary or P50,000, whichever is higher, as follows:

**Table 25. Discontinued ABIs**

<b>Particulars</b>	<b>Amount</b>
Educational Subsidy Allowance	One-month basic salary
Mid-Year Economic Improvement Allowance	P50,000 or one-month basic salary (net of tax), whichever is higher
Gift Check	P50,000 or one-month basic salary (net of tax), whichever is higher
Housing Provident Fund	Employer share: -17.5 percent of basic salary for SG 19 and below -15 percent for SG 20 and above

<sup>19</sup> Pursuant to Schedule of Payout under Item 7 of GCG CPCS Circular No. 2021-009 dated January 12, 2022 re: Grant of Three (3)-Year Present Value of Authorized Allowances, Benefits, And Incentives of GOCCs that will be Discontinued Under the CPCS.



- 17.11. Since the one-month basic salary is one of the considerations in determining the amount of the ABIs to which the incumbents are entitled, and as a basis for the computation of the three-year PV of said ABIs, it is significant that the guidelines governing basic salary adjustments under the CPCS be appropriately applied.
- 17.12. The CPCS Implementing Guidelines No. 2021-01, under Compensation System, specifically Items 3.1 to 3.4 of Section I. Basic Salaries, including Step Increments, provides the following rules for salary adjustment:
- 3.1. The salaries of incumbent personnel shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions as of the time of receipt of authorization to implement the CPCS from GCG.*
  - 3.2. If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 falls between steps of the job grade allocation of the position, the salary shall be adjusted to the rate for the higher step in the applicable salary schedule.*
  - 3.3. If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 exceeds that of Step 8, there shall be no increase in monthly basic salary and no diminution in the salary currently being received.*
  - 3.4. If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 falls below Step 1 of the job grade allocation of the position, the salary shall be adjusted to Step 1 in accordance with Section 7 of E.O. No. 150. xxx*
- 17.13. Moreover, one step increment shall be granted to qualified personnel for every three years of continuous satisfactory service in the present position. Said length of service in the present position in the same agency may include the period/s rendered by the incumbent as follows:
- a. While on temporary or provisional status of appointment in the same position;
  - b. **Before his/her present position was reclassified/upgraded/reallocated;** and
  - c. Period rendered by him/her prior to re-appointment to the same or comparable position with the same salary grade in a reorganized agency staffing pattern.
- 17.14. As mentioned earlier, the CPCS was adopted and implemented by BCDA on June 1, 2022, with retrospective application effective October 5, 2021. Thus, upon the conversion of the equivalent salary rates of BCDA employees from the old salary structure (Salary Grade) to the new CPCS (Job Grade) per ATI from the GCG, their current salary rates, including step increments, as of October 5, 2021 should have been the basis of such conversion. Moreover, any increase in the salary rates of the BCDA employees due to step increments after the said retrospective application should be based on the CPCS Category 2, Tier 2, Salary Structure classification.



- 17.15. In the CY 2023 audit, we noted that there was an erroneous interpretation and conversion from old salary rates to new CPCS who earned step increments from October 5, 2021, to the date of receipt of authority to implement the CPCS on May 10, 2022. The computation of the three-year PV for the 13 BCDA incumbents was not in accordance with CPCS Implementing Guidelines No. 2021-01, resulting in an overpayment of discontinued ABIs in Table 25 amounting to P0.562 million, since the basic salary is the basis in determining the amount of the aforesaid ABIs for the two tranche payouts, computed as follows:

**Table 26. Overpayment of discontinued ABIs for the 1st and 2nd Tranche payouts**

Two Tranches Payout of Discontinued ABIs at Present Value											
		Job Grade-Step	Salary Rate	Educational Subsidy Allowance	Mid-Year Economic Improvement Allowance	Gift Check	Housing Fund	Total	Actual Payment (Two Tranches)	Over-payment	
Employee Name											
1	Employee A	5-2	P19,339	P 37,833	P 122,270	P 122,270	P 79,450	P 361,822	P 384,765	P 22,943	
2	Employee B	5-2	19,339	37,833	122,270	122,270	79,450	361,822	384,765	22,943	
3	Employee C	9-2	36,773	71,940	130,421	130,421	151,073	483,854	507,694	23,840	
4	Employee D	9-8	40,704	79,630	130,421	130,421	167,223	507,694	533,590	25,896	
5	Employee E	12-4	92,161	180,296	257,565	257,565	324,532	1,019,959	1,086,262	66,303	
6	Employee F	8-max	36,488	71,382	130,421	130,421	149,902	482,126	508,234	26,108	
7	Employee G	5-2	19,339	37,833	122,270	122,270	79,450	361,822	384,765	22,943	
8	Employee H	12-3	89,165	174,435	249,192	249,192	313,982	986,802	1,053,105	66,303	
9	Employee I	5-6	20,799	40,689	122,270	122,270	85,448	370,676	396,591	25,915	
10	Employee J	12-max	117,678	230,215	328,879	328,879	414,387	1,302,359	1,456,004	153,645	
11	Employee K	11-2	55,135	107,861	143,815	143,815	194,150	589,642	634,559	44,917	
12	Employee L	5-2	19,339	37,833	122,270	122,270	79,450	361,822	384,765	22,943	
13	Employee M	7-max	30,203	59,087	122,270	122,270	124,082	427,707	465,194	37,486	
Total				P 1,166,867	P 2,104,334	P 2,104,334	P 2,242,579	P 7,618,107	P 8,180,293	P 562,185	

- 17.16. We then recommended that Management immediately seek clarification from the GCG relative to the proper conversion of rates of employees with step increments earned from the retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS; and cause the recovery/refund from the BCDA incumbents for the overpayment of discontinued ABIs, if warranted.
- 17.17. In its letter dated September 24, 2024, Management apprised the Audit Team that a meeting was held with the GCG CPCS Secretariat on August 30, 2024, to discuss the proper conversion of rates of employees with step increments earned from retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS. The CPCS Secretariat then directed Management to refer to CPCS Implementing Guidelines No. 2021-01 for specific guidelines on salary adjustments and step increments, and was advised to submit a formal request to the GCG for clarification on the said matters.
- 17.18. Accordingly, Management wrote a letter dated September 12, 2024, to GCG, requesting clarification on the proper rates of step increments in relation to discontinued ABIs. The GCG, in its letter dated September 20, 2024, acknowledged the said letter-request from BCDA. The copies of both letters from BCDA and GCG were provided to the Audit Team on September 24, 2024.
- 17.19. Moreover, based on the submitted BCDA's Action Plan and Status of Implementation for CY 2023 and prior years as of February 28, 2025, we noted that there was still no response from the GCG on the said clarification request sought by BCDA.
- 17.20. In the CY 2024 audit, it was noted that BCDA released to its incumbents the 3rd Tranche payout of the three-year PV of discontinued ABIs in the total amount of P65.287 million.



- 17.21. A review of records disclosed that BCDA still used the erroneous salary rates of the 13 BCDA incumbents who earned a step increment from October 5, 2021 (retrospective date of application of CPCS) to May 10, 2022 (actual receipt of authority to implement CPCS) for the payment of the four aforesaid discontinued ABIs which rates were either equivalent to one-month basic salary or P50,000, whichever is higher.
- 17.22. BCDA determined the equivalent salary rates of its incumbents based on the old salary structure upon earning the step increment, before converting the said rates to the equivalent CPCS rates, as follows:

**Table 27. BCDA Actual conversion of salary rates**

Actual conversion of salary rates made by BCDA							
Employee Name	Date of Step Increment	Rate as of October 5, 2021 (old salary structure)		Rate as of date of step increment (old salary structure)		Conversion based on CPCS as of date of step increment	
		SG-Step	Rate	SG-Step	Rate	JG-Step	Rate
1 Employee A	03/01/2022	4-4	P 18,274	4-5	P 20,359	5-5	P 20,434
2 Employee B	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
3 Employee C	01/01/2022	14-6	35,983	14-7	40,228	9-8	40,704
4 Employee D	01/01/2022	14-7	40,228	14-8	44,974	9-max	44,974
5 Employee E	03/15/2022	22-6	86,598	22-7	96,814	12-6	98,152
6 Employee F	02/01/2022	12-7	36,488	12-8	40,793	8-max	40,793
7 Employee G	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
8 Employee H	02/01/2022	24-4	84,216	24-5	94,152	12-5	95,156
9 Employee I	03/01/2022	6-4	20,086	6-5	22,384	5-max	22,384
10 Employee J	02/01/2022	24-7	117,678	24-8	131,561	12-max	131,561
11 Employee K	03/10/2022	20-4	50,702	20-5	56,684	11-3	59,335
12 Employee L	03/01/2022	4-4	18,274	4-5	20,359	5-5	20,434
13 Employee M	02/01/2022	10-6	30,203	10-7	33,696	7-max	33,696

- 17.23. We wish to reiterate that the above practice on the conversion of salary rates is not in accordance with the pertinent provisions of the CPCS Implementing Guidelines No. 2021-01. As mentioned, BCDA received the authorization to implement the CPCS from the GCG on May 10, 2022. The CPCS was adopted and implemented on June 1, 2022, with retrospective application on October 5, 2021. Since there was a retrospective application of the CPCS, the equivalent salary structure (job grade and step) as of October 5, 2021, should have been considered as if it were applied by BCDA on such date.
- 17.24. In other words, it is the current monthly basic salary of an incumbent personnel as of October 5, 2021, which shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions under the CPCS. Subsequently, if there are step increments earned by the BCDA incumbents due to length of service, the equivalent CPCS salary structure under EO No. 150 shall be applied, as follows:

**Table 28. Should be conversion of salary rates**

Should be salary rates							
Employee Name	Date of Step Increment	Rate as of October 5, 2021 (old salary structure)		Rate as of October 5, 2021, based on CPCS		Rate as of date of step increment based on CPCS	
		SG-Step	Rate	JG-Step	Rate	JG-Step	Rate
1 Employee A	03/01/2022	4-4	P 18,274	5-1	P 18,974	5-2	P 19,339
2 Employee B	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
3 Employee C	01/01/2022	14-6	35,983	9-1	36,117	9-2	36,773
4 Employee D	01/01/2022	14-7	40,228	9-8	40,704	9-8	40,704
5 Employee E	03/15/2022	22-6	86,598	12-3	89,165	12-4	92,161
6 Employee F	02/01/2022	12-7	36,488	8-max	36,488	8-max	36,488



Employee Name	Date of Step Increment	Should be salary rates					
		Rate as of October 5, 2021 (old salary structure)		Rate as of October 5, 2021, based on CPCS		Rate as of date of step increment based on CPCS	
		SG-Step	Rate	JG-Step	Rate	JG-Step	Rate
7 Employee G	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
8 Employee H	02/01/2022	24-4	84,216	12-2	86,169	12-3	89,165
9 Employee I	03/01/2022	6-4	20,086	5-5	20,434	5-6	20,799
10 Employee J	02/01/2022	24-7	117,678	12-max	117,678	12-max	117,678
11 Employee K	03/10/2022	20-4	50,702	11-1	50,935	11-2	55,135
12 Employee L	03/01/2022	4-4	18,274	5-1	18,974	5-2	19,339
13 Employee M	02/01/2022	10-6	30,203	7-max	30,203	7-max	30,203

- 17.25. Based on the foregoing, an overpayment of the discontinued Educational Subsidy, Mid-Year Economic Improvement Allowance, Gift Check, and Housing Provident Fund to the 13 BCDA incumbents was still noted during CY 2024, amounting to P232,185, computed as follows:

**Table 29. Overpayment of discontinued ABIs for the 3rd Tranche payout**

Third Tranche Payout of Discontinued ABIs at Present Value										
Employee Name	JG-Step	Salary Rate	Educational Subsidy Allowance	Mid-Year Economic Improvement Allowance	Gift Check	Housing Fund	Total	Actual Payment	Overpayment	
1 Employee A	5-2	P 19,339	P 18,917	P 61,135	P 61,135	P 39,725	P 180,911	P 184,231	P 3,320	
2 Employee B	5-2	19,339	18,917	61,135	61,135	39,725	180,911	184,231	3,320	
3 Employee C	9-2	36,773	35,970	65,210	65,210	75,536	241,927	253,847	11,920	
4 Employee D	9-8	40,704	39,815	65,210	65,210	83,611	253,847	266,795	12,948	
5 Employee E	12-4	92,161	90,148	128,783	128,783	162,266	509,979	543,131	33,152	
6 Employee F	8-max	36,488	35,691	65,210	65,210	74,951	241,063	254,117	13,054	
7 Employee G	5-2	19,339	18,917	61,135	61,135	39,725	180,911	184,231	3,320	
8 Employee H	12-3	89,165	87,217	124,596	124,596	156,991	493,401	526,553	33,152	
9 Employee I	5-6	20,799	20,345	61,135	61,135	42,724	185,338	190,144	4,806	
10 Employee J	12-max	117,678	115,108	164,439	164,439	207,194	651,180	728,002	76,823	
11 Employee K	11-2	55,135	53,931	71,908	71,908	97,075	294,821	317,279	22,458	
12 Employee L	5-2	19,339	18,917	61,135	61,135	39,725	180,911	184,231	3,320	
13 Employee M	7-max	30,203	29,543	61,135	61,135	62,041	213,854	224,445	10,592	
Total			P 583,436	P 1,052,166	P 1,052,166	P 1,121,289	P 3,809,054	P 4,041,237	P 232,185	

- 17.26. Thus, the total overpayment of salaries for the above personnel for CYs 2023 and 2024 amounted to P0.794 million, which can be considered an irregular expenditure pursuant to COA Circular No. 2012-003 dated October 29, 2012, computed as follows:

**Table 30. Total Overpayment of Discontinued ABIs**

Particulars	Amount
From Table 26	P 562,186.46
From Table 29	232,185.40
	<b>P 794,371.86</b>

- 17.27. It is worth emphasizing that the CPCS under EO No. 150, s. 2021, was designed and issued to provide GOCCs with adequate operational autonomy and flexibility toward ensuring efficient and effective implementation of a total compensation framework within the organization to ensure that the adoption of reasonable, justifiable and appropriate remuneration schemes prevents or deters the granting of unconscionable remuneration packages, hence, compliance with all the issuances relative to the said CPCS should be enforced and observed by BCDA.
- 17.28. Moreover, under the General Procedural Guidelines, Item 3 of the CPCS Implementing Guidelines No. 2021-01, the compensation adjustment shall be subject to the usual accounting and auditing rules and regulations and the appropriate re-



adjustment if found not in order. The personnel concerned shall refund any overpayment received based on a finding thereof by the GOCC, the GCG, the COA, or any government agency sanctioned for that purpose.

- 17.29. **We reiterated our prior year's recommendation, with modification, that Management continuously follow-up with the GCG and request for the expeditious resolution on the proper conversion of rates of employees with step increments earned from retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS; and cause the recovery/refund from the BCDA incumbents for the overpayment of discontinued ABIs, if warranted.**
- 17.30. Management commented that they consulted with the GCG to obtain clarification on the appropriate conversion of employee salary rates, specifically concerning step increments earned between the retrospective application date of the CPCS and the date of receipt of the authority to implement the CPCS.
- 17.31. During their meeting on May 16, 2025, the GCG provided clarification that the monthly basic salary of incumbent personnel upon receipt of the Authority to Implement the CPCS shall be the basis for the migration, in accordance with Chapter VI(A) (2.1) of the CPCS attached to Executive Order No. 150, series of 2021, and Item 3.1 of the CPCS Implementing Guidelines. Consequently, the salary rates employed in the computation of the three-year present value of the salaries of the 13 personnel identified in the aforementioned AOMs are deemed to be compliant.
- 17.32. A summary of the agreements reached at said meeting was submitted to the Audit Team on May 26, 2025.
- 17.33. However, the Audit Team could not ascertain if the clarificatory response of the GCG pertained to the audit observation, since there were no supporting documents attached thereto, such as a copy of the Minutes of Meeting. We could not determine if the facts or details presented by Management during its meeting with the GCG are the same as the issues or deficiencies noted by the Audit Team.
- 17.34. On the other hand, we agree with the GCG that the basis for the migration of monthly salary of incumbent personnel was the date of receipt of the Authority to Implement the CPCS, as provided under Chapter VI(A) (2.1) of the CPCS attached to EO No. 150, series of 2021, and Item 3.1 of the CPCS Implementing Guidelines. However, it is important to note that BCDA retroactively applied the CPCS effective October 5, 2021, considering that they had fully complied with the CPCS requirements upon the approval of EO No. 150. The Summary of Agreements between the BCDA and GCG did not elaborate on the proper conversion of rates of employees with step increments earned from the retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS. Thus, it is important to determine if the said retroactive application was discussed or presented by BCDA and considered by the GCG in its response to BCDA.
- 17.35. In line with this, Section I of the CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022, shall be the basis of BCDA in converting its salary rates from the old salary to the new CPCS rates upon the adoption of retroactive application.



- 17.36. Under the Compensation System, Item I of the CPCS Implementing Guidelines No. 2021-01, the rules for salary adjustment on retrospective application of the CPCS provides:

*3.2 If the actual monthly basic salary of an incumbent officer or employee as of 05 October 2021 falls between steps of the job grade allocation of the position, the salary shall be adjusted to the rate for the higher step in the applicable salary schedule.*

- 17.37. Hence, it is more appropriate to convert the salary rates of the employees as of October 5, 2021, pursuant to the above pertinent provision, rather than the date the authorization to implement was received, as agreed by BCDA and GCG.
- 17.38. In other words, the current monthly basic salary of an incumbent personnel as of October 5, 2021, shall be adjusted to the rates in the salary schedule corresponding to the designated job grade allocations of their positions under the CPCS. Subsequently, if the BCDA incumbent earns step increments due to length of service, the equivalent CPCS salary structure under EO No. 150 should be applied.
- 17.39. In view of the foregoing, we recommended that BCDA schedule a meeting with the GCG, together with the Audit Team, regarding the said observation, to which the Management agreed.
- 18. The actual dates of release of the 1st, 2nd and 3rd Tranche payouts of the discontinued ABIs were not used by BCDA as the reckoning period of the service obligation required to be rendered by incumbents who received the said payouts, which is contrary to Item 9 of the CPCS Circular No. 2021-009, resulting in net over-refund of payments of P237,437 from the nine employees who resigned/retired in CY 2023 and net under-refund of P160,853 from two employees in CY 2024.**
- 18.1. This is a reiteration of the prior year's observation with updated information.
- 18.2. On May 10, 2022, the authorization to implement the CPCS under EO No. 150, s. 2021, dated on even date, was received by BCDA from the GCG, with CPCS Category 2, Tier 2, Salary Structure classification. The said authorization also provides that BCDA may retroactively apply the appropriate salary structure and the ABIs under the CPCS effective October 5, 2021, in accordance with Chapter I (1) of the CPCS Implementing Guidelines, considering that BCDA had fully complied with the CPCS requirements upon the approval of EO No. 150.
- 18.3. On May 25, 2022, the BCDA Board of Directors, through Resolution No. 2022-05-065, approved the adoption and implementation of the authority to implement the CPCS on June 1, 2022, with retrospective application effective October 5, 2021.
- 18.4. Chapter VI(B)(5) of the CPCS under EO No. 150 provides that the authorized ABIs currently being received by incumbents of GOCCs that are implementing their own compensation framework shall be paid the three-year PV of the authorized ABIs that will be removed under the CPCS.



- 18.5. The GCG issued CPCS Circular No. 2021-009 dated January 12, 2022, prescribing the guidelines on the grant of the three-year PV of authorized ABIs that will be discontinued under the CPCS. Item 9 thereof provides that:

*Incumbents who will receive the 3-year present value **shall be required to render one (1) year of service in the GOCC or in the Government for each annual payout received, provided that those who will not be able to meet the required service obligation shall refund the amount received in proportion to the balance of the service obligation.***  
(Emphasis supplied)

- 18.6. Item 7 of the same Circular provides that GOCC shall payout the three-year PV of discontinued ABIs annually in three equal tranches, following this schedule:

**Table 31. Schedule of Payout of allowances, bonuses and incentives (ABIs)**

Tranche	Schedule of Payout
Tranche 1	Not earlier than January 15, 2022
Tranche 2	Not earlier than January 15, 2023
Tranche 3	Not earlier than January 15, 2024

- 18.7. A review of records disclosed that the payout for the two tranches of the three-year PV of the discontinued ABIs was paid/released to the BCDA incumbents in CYs 2022 to 2023 in the total amount of P147.007 million, with details as follows:

**Table 32. Payment of the Two Tranches: Payout of Discontinued ABIs**

Particulars	Check No.	Date	Amount
1st Batch of 1st Tranche	CV020354	07/14/2022	P 25,195,302
2nd Batch of 1st Tranche	CV021296	11/14/2022	9,963,953
Additional payment for the 1st Tranche*	CV000093	08/10/2023	28,588,776
			<b>63,748,031</b>
2nd Tranche	CV022889	01/19/2023	62,862,136
Additional payment for the 1 <sup>st</sup> and 2 <sup>nd</sup> Tranches**	CV001278	11/14/2023	20,396,366
			<b>P 147,006,533</b>

\*pertains to the erroneously deducted discontinued ABIs from the 1<sup>st</sup> batch of 1<sup>st</sup> payout.

\*\*pertains to differential payments due to application of CPCS salary rates.

- 18.8. In the CY 2023 audit, we noted that 11 employees who received the 1<sup>st</sup> and 2<sup>nd</sup> Tranche payouts were already separated from BCDA as of December 31, 2023, either by resignation or retirement. Hence, they were not able to complete the one-year service obligation requirement.
- 18.9. Out of the 11 employees, eight had already received their final pay from BCDA, with corresponding deductions pertaining to the value of prorated balance of the service obligation requirement not rendered for the 1<sup>st</sup> and 2<sup>nd</sup> payouts; while as of this writing, the three have not yet received their final pay due on December 31, 2023.
- 18.10. However, audit disclosed that BCDA's reckoning date for determining the balance of the said one-year service obligation for the 1<sup>st</sup> Tranche payout was on May 10, 2022, the date of receipt of the authority to implement the CPCS under EO No. 150, and May 10, 2023, for the 2<sup>nd</sup> Tranche payout, which is not in accordance with Item 9 of CPCS Circular No. 2021-009.



- 18.11. The actual dates of the 1<sup>st</sup> and 2<sup>nd</sup> Tranches payouts should have been used by BCDA in determining the starting date of the one-year service obligation for each payout (refer to Table 32). Thus, the incorrect application thereof resulted in underpayment of the refund of the discontinued ABIs from the four resigned/retired employees, amounting to P480,123, while there were over deductions from the last pay of the other four employees in the amount of P0.608 million, or net over-refund of payment/deductions of P127,389.
- 18.12. On the other hand, for the remaining three employees who have not yet received their final pay, a total of P0.575 million should be deducted therefrom, as an equivalent payment of the service obligation requirement not rendered, reckoning from the date of actual payout.
- 18.13. We then recommended that Management:
- a. Cause the recovery/refund from the four retired/resigned employees amounting to P480,123 representing the remaining correct prorated balance of the required service obligation; return to the four employees the over deductions made amounting to P0.608 million pertinent to the refund of discontinued ABIs, and ensure that the balance of service obligation totaling P0.575 million will be deducted from the final pay of the remaining three retired/resigned employees before releasing the payment to them; and
  - b. Henceforth, use the appropriate reckoning date of the service obligation requirement, which is from the actual date of payout pursuant to Item 9 of CPCS Circular No. 2021-009.
- 18.14. Management commented that in the interest of clarifying the proper interpretation and implementation of the service obligation requirement as provided for in CPCS Circular No. 2021-09, BCDA will be seeking the opinion of the GCG, being the central policy-making and regulatory body mandated to develop and implement the CPCS.
- 18.15. In its letter dated September 24, 2024, Management apprised the Audit Team that a meeting was held with the GCG CPCS Secretariat on August 30, 2024, to discuss the appropriate reckoning date of the service obligation requirement pursuant to Item 9 of the CPCS Circular No. 2021-09.
- 18.16. Accordingly, Management wrote a letter dated September 18, 2024, to GCG, requesting clarification on the proper reckoning date in computing the service obligation requirement. The GCG, in its letter dated September 20, 2024, acknowledged the said letter-request from BCDA, to which copies of both letters from BCDA and GCG were provided to the Audit Team on September 24, 2024.
- 18.17. BCDA, in its letter dated January 16, 2025, informed the Audit Team that Management will adopt the aforesaid audit recommendation, that is to use the actual date of payout of the discontinued ABIs in computing the appropriate deductions from the last pay of recently separated BCDA employees pending the response from the GCG. However, the date of the receipt of the authorization to implement the CPCS on May 10, 2022, will still be used by Management, if doing so will redound to the benefit of the BCDA and the government.



- 18.18. On the other hand, based on the submitted BCDA's Action Plan and Status of Implementation for CY 2023, and prior years as of February 28, 2025, we noted that there was still no response from the GCG on the clarification request sought by BCDA.
- 18.19. In the CY 2024 audit, we noted that the underpayment of refund of the discontinued ABIs from the four resigned/retired employees in CY 2023, totaling P480,123, remained unsettled as of December 31, 2024.
- 18.20. Additionally, the final pay of one employee, who resigned on October 21, 2023, was released on March 1, 2024. However, the amount deducted as payment of the remaining service obligation requirement was P209,997, instead of the previously computed and recommended by the Audit Team in the amount of P99,949, resulting in an over deduction of P110,049. Consequently, the updated net over-payment/ deductions from the last pay received by the resigned/retired nine employees in the previous year amounted to P237,437.
- 18.21. Meanwhile, we noted that the 3<sup>rd</sup> Tranche payout was released to the BCDA incumbents in CY 2024 in the total amount of P65.287 million.
- 18.22. A review of records disclosed that during CY 2024, an additional four employees who have not completed the one-year service obligation requirement from payout, have already resigned/retired from BCDA. The said payouts, which they received, pertain to the refund of the erroneous deduction of discontinued ABIs from the 1st batch of the 1st Tranche payout, the differential payments due to the application of the CPCS salary rate, and the 3<sup>rd</sup> Tranche payout.
- 18.23. As of December 31, 2024, two of the four employees received their final pay from BCDA, with corresponding total deductions of P0.810 million as payment/refund of the prorated balance of the service obligation requirement not rendered for the said payouts. While two of them have not yet received their final pay during the year.
- 18.24. However, audit disclosed that BCDA still used the date of the receipt of the authorization to implement the CPCS, which is May 10, 2022 for the 1<sup>st</sup> Tranche payout, then May 10, 2023 for the 2<sup>nd</sup> Tranche payout, and May 10, 2024 for the 3<sup>rd</sup> Tranche payout, as the reckoning dates in determining the value of the prorated balance of the required one-year service obligation, which is not in accordance with Item 9 of CPCS Circular No. 2021-009.
- 18.25. The continuous non-compliance of BCDA with CPCS Circular No. 2021-009 resulted in under-payment of refund/deductions of P232,098 from the last pay of the resigned employee, while over-deductions of P71,245 from the retired employee, or equivalent to a total net under-payment of refund/deductions of P160,853.
- 18.26. In summary, there was a net-overpayment of refund/deductions amounting to P237,437 from the nine resigned/retired employees in CY 2023, and a net-underpayment of refund amounting to P160,853 from the two resigned/retired employees in CY 2024, or a total net over-payment of refund amounting to P76,584 from all the 11 resigned/retired employees in both years who already received their final pay.



- 18.27. As mentioned, the remaining four resigned/retired employees during CYs 2024 and 2023 have not yet received their final pay. A total of P0.968 million should be deducted therefrom, as equivalent payment of the service obligation requirement not rendered, computed from the date of actual payout.
- 18.28. **We reiterated our prior year's recommendations, with modification that Management:**
- a. **Cause the recovery/refund from the five retired/resigned employees the amount of P0.712 million representing the remaining correct prorated balance of the required service obligation, return to the six employees the over deductions made amounting to P0.788 million pertinent to the refund of discontinued ABIs, and ensure that the balance of service obligation totaling P0.968 million will be deducted from the final pay of the remaining four retired/resigned employees before releasing the payment to them; and**
  - b. **Henceforth, use the appropriate reckoning date of the service obligation requirement, which is from the actual date of payout pursuant to Item 9 of GCG CPCS Circular No. 2021-009.**
- 18.29. **We recommended that Management continuously follow up with the GCG and request the expeditious resolution on the proper reckoning date to be applied in computing the service obligation requirement.**
- 18.30. Management commented that they consulted with the GCG to obtain clarification on the appropriate reckoning date of the Service Obligation requirement, pursuant to Item 9 of the GCG CPCS Circular No. 2021-09. During the meeting on May 16, 2025, the GCG clarified that the appropriate reckoning date for the Service Obligation requirement is based on the actual date of the payout and not on the date of receipt of CPCS authority to implement.
- 18.31. Relative hereto, the GCG CPCS Technical Team advised BCDA to elevate to the Commission its request for exemptions from the service obligations of the following:
- a. Exemption from service obligation in cases where the employee granted has been separated from service due to disability, death, or end of term.
  - b. Exemption from rendering additional service obligations for differentials received from the previous payout resulting from job Grade reconsiderations.
  - c. Rendering of service obligations for employees who transferred to other government agencies/government-owned and controlled corporations, regardless of whether the pay structure is under Executive Order No. 64 (Salary Standardization Law) or EO No. 150 (Compensation and Position Classification System).
- 18.32. Management committed to initiating the recovery/refund of service obligation payments from employees, except in cases where exemptions have been duly requested and approved, and to provide the Audit Team a copy of the decision of GCG once available.



18.33. The Audit Team will monitor Management's compliance with the audit recommendation.

**19. Payments for overtime services for CY 2024, amounting to P7.738 million, are not compliant with Civil Service Commission (CSC) and Department of Budget and Management (DBM) related issuances; thus, the validity and propriety of said payments were not established.**

19.1. The CSC and DBM Joint Circular (JC) No. 2 dated November 25, 2015, prescribes the policies and guidelines on the rendition of overtime services and the corresponding remuneration, either through Compensatory Time-Off (CTO)<sup>20</sup> or overtime pay, including the flexibility granted to agency heads to authorize overtime services and the payment thereof.

19.2. The Governance Commission for Government Owned or Controlled Corporations (GCG), in its Compensation and Position Classification System (CPCS) Implementing Guidelines No. 2021-01 dated January 12, 2022, on the implementation of Executive Order (EO) No. 150, s. 2021 requires that for chartered GOCCs, the grant of overtime pay shall be in accordance with CSC-DBM JC No. 2, s. 2015.

19.3. In CY 2024, the total overtime and night pay disbursed to BCDA employees amounted to P7.738 million. Our audit disclosed non-compliance with the said JC, as follows:

a. **The overtime (OT) services rendered by BCDA employees for the months of January to April 2024 were all remunerated through OT Pay instead of using the Compensatory Time-Off (CTO). Moreover, there was no documented justification or reason that the CTO would not be applied by the employees since it would adversely affect the operations of BCDA, thus, resorting to OT Pay, contrary to Items 3.2 and 3.3 of CSC-DBM Joint Circular (JC) No. 2, s. 2015.**

19.4. Items 3.2 and 3.3 of the CSC-DBM JC No. 2, s. 2015, provides:

**3.2 As a general rule, the remuneration for overtime service shall be through CTO, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A, s. 2005.**

**3.3 The payment in cash of overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.** (Emphasis supplied)

19.5. Our audit, on a test basis, revealed that the OT services rendered by BCDA employees for the months of January to April 2024 were remunerated or compensated through OT Pay or cash, instead of considering the CTO first as a rule. Moreover, verification of the supporting documents for the said OT payments revealed that there were no justifications/reasons attached or indicated in the approval by the authorized BCDA officials or employees, such that the application of CTO would adversely affect the operations of BCDA, which would authorize the resort to OT Pay instead of CTO.

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<sup>20</sup> As defined in Item 4.0 of CSC-DBM Joint Circular No. 2, s. 2004, CTO refers to the number of hours or days an employee is excused from reporting for work with full pay and benefits. It is a non-monetary benefit provided to an employee in lieu of overtime pay.



- 19.6. Inquiry with the concerned personnel of BCDA disclosed that the OT services were remunerated through cash payments and not through CTO because BCDA has enough budget for the year to cover the said expenses.
- 19.7. However, the said practice is contrary to the general policies on overtime services under Items 3.2 and 3.3 of CSC-DBM JC No. 2, s. 2015, where it explicitly states that the payment in cash of overtime services through OT Pay may be authorized only in exceptional cases. Additionally, even with enough budget, government agencies are directed to continually adopt and implement the austerity measures on the judicious and prudent use of government funds. These measures include the adoption of a scheme that will allow employees rendering overtime to be compensated through time/days off work in lieu of overtime pay, in accordance with guidelines jointly issued by the DBM and CSC.<sup>21</sup> Clearly, payment of OT services through cash is discouraged and is authorized only in exceptional cases.
- 19.8. We wish to emphasize that the CTO should have been applied first as a way of compensating the OT services of BCDA employees, before resorting to OT Pay. It is worth mentioning that the CSC-DBM JC No. 2, s. 2015, was issued to ensure that employees will be consistently and correctly compensated and minimize incidents of overtime abuse that could cause monetary loss to the government.
- b. **The policy of BCDA on allowing a guaranteed or absolute OT Pay of a maximum of four hours of overtime services rendered during workdays is not in accordance with Item 5.3 of CSC-DBM JC No. 2, s. 2015.**
- 19.9. Item 5.3 of the CSC-DBM JC No. 2, s. 2015, provides that agency heads are authorized to approve the rendition of overtime services and are granted the following flexibilities, subject to the conditions and limitations prescribed in the JC, to wit:
- Determination of the number of hours of overtime services and **the manner of compensating the same pursuant to items 3.2 and 3.3 hereof.** (Emphasis supplied)*
- 19.10. It was also provided under Item 13.1 of the same JC that agency heads shall formulate and adopt internal rules and procedures on the rendition of overtime services of their respective personnel, which shall be circumscribed within the policies and guidelines under the said JC.
- 19.11. We noted that when the Audit Team requested for a copy of the policy of BCDA in view of Item 13.1 of the JC, Management submitted BCDA issued Office Order (OO) No. 7, dated April 8, 2024, providing the guidelines on the limitation on overtime services and overtime pay pursuant to the CSC-DBM JC No. 2, for overtime services rendered starting May 2024.
- 19.12. The Audit Team inquired with the concerned personnel of BCDA if there was a related policy issued prior to April 2024, but we were informed that there was no policy formulated by BCDA prior to May 2024, even when CSC-DBM JC No. 2 immediately took effect upon its issuance on November 5, 2015.

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<sup>21</sup> Administrative Order (AO) No. 103 dated August 31, 2004, "Directing the Continued Adoption of Austerity Measures in the Government".



19.13. Nonetheless, it was noted that Item 3.6 of BCDA OO No. 7, s. 2024 provides:

***Only a maximum of four (4) hours of overtime services during weekdays shall be compensated through Overtime Pay. Any excess over 4 hours shall be compensated through CTO.*** (Emphasis supplied)

19.14. The above policy on compensating the OT services rendered by BCDA employees during workdays is not in accordance with Item 5.3 of the CSC-DBM JC No. 2.

19.15. Although BCDA is authorized to determine the appropriate compensation for OT services rendered by its employees, it must be emphasized that such determination shall still be pursuant to Items 3.2 and 3.3 of CSC-DBM JC No. 2 as clearly expressed in Item 5.3 thereof. Thus, as a general rule, the remuneration for overtime services shall be through CTO, and the payment in cash of overtime services through OT Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.

19.16. In other words, there should be no guaranteed number of hours to be remunerated or compensated through OT Pay since the JC provides that CTO shall be considered first before resorting to such OT Pay scheme, as discussed in the preceding observation.

19.17. A review of records disclosed that the Overtime Claim Form, which was duly accomplished by the employees and approved by their respective Department/Office Head, was attached to support the OT payments beginning May 2024 based on BCDA's policy. In the said form, employees are given the option on how to claim their compensation for OT work rendered for a given month, which is either through OT Pay or CTO. However, the said document did not provide a valid reason for determining OT pay as the more appropriate form of compensation than the CTO. It also did not cite instances/reasons why the application of CTO would adversely affect the operations of BCDA, as a condition for granting OT pay under Item 3.3 of CSC-DBM JC No. 2.

19.18. The foregoing audit observations are indications that BCDA did not strictly observe the pertinent provisions of the CSC-DBM JC No. 2, s. 2015, thus, casting doubt on the validity and propriety of OT payments. More so, BCDA was not able to adhere to the austerity measures in reducing the expenses of the government by adopting a scheme that will prioritize compensation to employees rendering overtime through time/days off or CTO over OT Pay.

19.19. **We recommended that Management:**

- a. **Henceforth, consider the application of CTO first as compensation for OT services rendered. Otherwise, ensure that a valid justification or reason shall be indicated in the approval of authorized BCDA officials or employees, citing why the CTO could not be applied, thus resorting to OT Pay; and**
- b. **Ensure that policy or guidelines prescribed under BCDA OO No. 7, s. 2025, relative to overtime services, is in line with the pertinent provisions of CSC-DBM JC No. 2, s. 2015, and consider its revision if warranted.**



- 19.20. Management asserted that the compensation for overtime services rendered by its personnel in the form of cash is consistent with the said JC. The said circular granted government agencies the prerogative to ascertain the appropriate mode of compensation for overtime services, whether through CTO or monetary remuneration, contingent upon prevailing operational exigencies.
- 19.21. Management commented that it is imperative to clarify that the payment of overtime in cash by BCDA does not constitute an automatic entitlement. The determination to grant either CTO or monetary compensation for overtime services is meticulously undertaken by the respective Department Heads, contingent upon a comprehensive assessment of critical factors, including, but not limited to, departmental deadlines, specific project requirements, overall workload, and the prevailing human resource complement. This judicious approach ensures that the chosen mode of compensation is both warranted and responsive to the immediate operational exigencies of BCDA.
- 19.22. For instance, given the limited human resource complement of departments and the existing personnel's absorptive capacity for the remaining workload, engaging relievers or temporary personnel was necessary to cover the functions of the absent employee. This resulted in compensating two individuals for the same position during the period of CTO, thereby contributing to increased operational costs.
- 19.23. The Audit Team agreed that the agency heads are given the authority and flexibility to determine the number of hours of overtime services and the manner of compensating the same, whether through CTO or OT Pay, as this is stated under Item 5.3 of CSC-DBM JC No. 2, s. 2015. **However, it is important to highlight that it was explicitly stated under Item 5.3 that such determination of compensation shall still be pursuant to Items 3.2 and 3.3 of CSC-DBM JC No. 2, s. 2015.**
- 19.24. Thus, we wish to reiterate that pursuant to Items 3.2 and 3.3 of the same JC, as a general rule, the remuneration for overtime service shall be through CTO, and the payment in cash of overtime services through OT Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.
- 19.25. The Audit Team observed that prior to the issuance of BCDA's guidelines on the limitation on overtime services and overtime pay in April 2024, it had been the practice of BCDA that upon the request of the employees to render overtime services, this would be automatically approved and compensated through OT pay. Thus, this connotes that it was already determined that the absence of the employees during the day/s on which they will choose to apply for their CTO would adversely affect the operations of BCDA, when in fact this has not yet been requested by the employees and approved by their respective Department Heads.
- 19.26. While Management explained why they compensated their employees through OT pay during the year, it is still required that the CTO shall be the primary option of BCDA in compensating the OT services rendered by the employees. Otherwise, an explanation or justification shall be attached to the disbursement vouchers for payment of OT Pay as proof that the chosen dates to apply or avail CTO of the employees would adversely affect the operations of BCDA, as required under Item 3.3 of the CSC-DBM JC No. 2, s. 2015.



- 19.27. As clearly provided in the wording of Item 3.3 of the JC, the payment in cash of overtime services through OT Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency. The OT Pay shall be resorted to only when application of purely CTO for all the overtime hours earned by the employee would adversely affect the operations of BCDA. This indeed supports the provisions of Item 2.2 of the JC that the general rule of remuneration for overtime service shall be through CTO or must first be through CTO.
- 19.28. Meanwhile, it is also worth mentioning that the frequent rendering of overtime services could be tantamount to the lack of manpower that must be addressed by Management; otherwise, this may result in an overload of work, which may affect the effective or efficient discharge of responsibilities and the delivery of essential outputs of employees. Moreover, it bears stressing that employees are entitled to 15 Vacation Leaves, 15 Sick Leaves, and Special Privilege Leaves a year, on top of their regular day offs (weekends), so that they could rest and have a work-life balance.
- 19.29. As an audit rejoinder, we maintain our audit recommendation that Management consider the application of CTO first, as compensation for OT services rendered. Otherwise, ensure that a valid justification or reason shall be indicated in the approval of authorized BCDA officials or employees, citing why the CTO could not be applied, thus resorting to OT Pay.
- 20. The total OT payments to 10 BCDA employees amounting to P1.561 million exceeded 50 percent of their annual basic salary, which is contrary to the limitation on payment of OT services set forth under Item 10 of CSC-DBM JC No. 2, s. 2015, resulting in overpayment totaling P385,030 during CY 2024.**
- 20.1. One of the limitations on OT services and its payment, as prescribed under Item 10 of CSC-DBM JC No. 2, s. 2015, provides:
- 10.6 The total Overtime Pay of an employee in a year shall not exceed 50% of his/her total basic salary for the year.*
- 20.2. The same provision was also adopted in the policy of BCDA under Item 3.8 of BCDA OO No. 7, series of 2024, signed by the President and Chief Executive Office on April 8, 2024, which took effect in May 2024.
- 20.3. A review of records revealed that the total OT payments to 10 BCDA employees in CY 2024 exceeded 50 percent of their annual basic salary, resulting in overpayment of P385,030.
- 20.4. We noted that the said employees are drivers and a utility foreman; thus, while we deal with the audit observation with empathy due to their low or minimal salaries, the rules on OT Pay provided under CSC-DBM JC No. 2, s. 2015, should be strictly observed.



- 20.5. While we acknowledge that the said employees rendered OT services because the nature of their work requires them to keep the same working hours as those officials or employees they work for, however, the payments thereof should not exceed 50 percent of their annual salary, as this was expressly prohibited under the JC. Even if the earned CTO could not be implemented or utilized immediately by the said employees due to the nature of their work, the explicit rules on limitations on OT Pay shall still be applied.
- 20.6. It was noted that some of the aforesaid employees availed various sick leaves (SL) and vacation leaves (VL) in CY 2024. Thus, if some of the OT services rendered had been remunerated through CTO, then these could have been utilized first instead of their SL or VL. In that way, the OT payments to them for the year, if properly monitored, may not have exceeded 50 percent of their annual salary.
- 20.7. **We recommended that Management:**
- a. **Consider deducting the equivalent hours of the excess OT payments from the Compensatory Time-Off (CTO) balance of the employees; and**
  - b. **Henceforth, strictly observe Item 10 of CSC-DBM JC No. 2, s. 2015, and BCDA guidelines relative to the limitations for the payment of overtime services, specifically the payment of not exceeding 50 percent of annual basic salary; and monitor the accumulated overtime pay of every personnel to facilitate compliance with existing pertinent rules and regulations.**
- 20.8. Management added that the drivers are required to render the same work hours as their immediate official. If BCDA were to grant them CTO instead of paying in cash for their overtime services rendered, it would be prejudicial to BCDA because they would have to look for a reliever to perform the work of the said driver. BCDA would have to pay for the salaries of the said reliever, resulting in compensating two individuals for the same position.
- 20.9. Furthermore, Management emphasized that the aforementioned drivers, whose overtime pay exceeded 50 percent of their annual salary, are mostly drivers of top management and members of the management committee (ManCom). It should be noted that top management and members of ManCom do not have regular working hours but exceed the same due to the numerous deadlines of their respective Departments or Groups. It is for this reason that their respective drivers' overtime pay may exceed 50 percent of their annual salary.
- 20.10. Likewise, top management and members of the ManCom need drivers whom they could trust since they attend online meetings and consultations that are sometimes confidential in nature (to expedite the resolution) of pressing issues en route to other meetings. A reliever driver provided by service providers would not satisfy this requirement.
- 20.11. Regarding the utility foreman, it is imperative to note that the nature of this role often necessitates work outside standard office hours. Activities such as the repair, adjustment, or maintenance of workstations and the general upkeep of facilities are frequently carried out during off-peak hours or weekends. This scheduling is primarily



implemented to minimize disruption to daily operations, ensure the continuity of work, and maintain a safe and conducive environment for all employees during regular business hours.

- 20.12. Management added that during periods when the premises are being cleared or while awaiting the appropriate time to commence disruptive tasks, the utility foreman remains actively engaged in other essential duties. These include, but are not limited to, overseeing overall facility upkeep, preparing for impending maintenance work, and providing support during meetings that may extend beyond typical office hours. The inherent responsibilities of this position, coupled with the operational requirement to perform specific tasks outside regular business operations, inevitably lead to the accumulation of overtime hours, which may, at times, exceed established limits. Such overtime is often an unavoidable operational necessity, driven by the specific demands of facility management and the strategic imperative to minimize disruption to core business functions.
- 20.13. Management noted that the observation of the Audit Team and acknowledged the need for further refinement of its internal policies. Accordingly, BCDA committed to updating its existing policy on the Rendition and Payment of Overtime Service. This update will include specific provisions requiring clear justification for instances where CTO cannot be applied, thereby enhancing transparency and accountability in overtime compensation practices.
- 20.14. The Audit Team emphasized that the excess payments to 10 BCDA employees are still contrary to the limitation on payment of OT services clearly set forth under item 10.6 of CSC-DBM JC No. 2, s. 2015, and BCDA Office Order No. 7, s. 2024, and should be strictly observed.
- 20.15. While we are cognizant that the said drivers rendered OT services because the nature of their work requires them to keep the same working hours as those officials or employees they work for, however, the payments thereof should not exceed 50 percent of their annual salary, as expressly prohibited under the JC. As stated in our Audit Observation Memorandum (AOM), even if the earned CTO could not be implemented or utilized immediately by the said employees due to the nature of their work, the explicit rules on limitations on OT Pay shall still be applied.
- 20.16. To reiterate, some of the aforesaid employees availed various SL and VL in CY 2024. Thus, if some of the OT services rendered had been remunerated through CTO, then these could have been utilized first instead of their SL or VL. In that way, the OT payments to them for the year, if properly monitored, may not have exceeded 50 percent of their annual salary.
- 20.17. On the other hand, the Audit Team will monitor BCDA's commitment to update its policy/guidelines for the rendition and payment of overtime service to provide clear rules citing instances where CTO could not be applied, but at the same time ensuring that OT Pay will not exceed the limitation on payment of OT services set forth under Item 10 of CSC-DBM JC No. 2, s. 2015.
- 20.18. Further, we wish to emphasize that under Items 13.0 and 13.1 of the CSC-DBM JC, it is the responsibility of the agency heads to formulate and adopt internal rules and procedures on the rendition of overtime services of their respective personnel which



shall be circumscribed within the policies and guidelines under the JC, and copies of these internal rules and regulations shall be submitted to the DBM and CSC.

20.19. As an audit rejoinder, we maintain our audit recommendation that Management strictly observe Item 10 of CSC-DBM JC No. 2, s. 2015 and BCDA guidelines, relative to the limitations for the payment of overtime services, specifically the payment of not more than 50 percent of annual basic salary; and monitor the accumulated overtime pay of every personnel to facilitate compliance with existing pertinent rules and regulations.

21. **The procurement of BCDA Information Technology (IT) equipment for CY 2024 – Lot 1 amounting to P4.798 million includes technical specifications or descriptions that were tailor-fitted to a particular brand and considered as reference to brand names, which is contrary to Section 18 of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184, defeating the principle of fairness and equal competition in the procurement process.**

21.1. Section 18 of the 2016 RIRR of RA No. 9184, otherwise known as the Government Procurement Act, states that:

*Specification for the procurement of Goods shall be based on relevant characteristics, functionality and/or performance requirements. **Reference to brand names shall not be allowed except for items or parts that are compatible with the existing fleet or equipment of the same make and brand, and to maintain the performance, functionality and useful life of the equipment.*** (Emphasis supplied)

21.2. The Government Procurement Policy Board (GPPB), in its Non-Policy Matter No. 126-2017 dated December 29, 2017, clarified the above provision, to wit:

*Xxx **reference to brand names shall not be allowed** and thus, specifications for the procurement of goods shall be based on relevant characteristics and/or performance requirements. **This mandate cannot be circumvented by setting specifications that point out to only one brand of goods or items, though without mentioning the name of the brand. What is prohibited directly is prohibited indirectly.***

*Xxx while Procuring Entities (PEs) can make technical specifications in their bid documents more detailed, **they cannot, however, “tailor fit” to a particular brand.** We further stated that the inclusion in the bidding documents of such detailed design and technical descriptions that leave the PE no other option but to procure from **a particular brand or supplier defeats the very essence and purpose of competitive bidding** xxx* (Emphasis supplied)



- 21.3. On September 20, 2024, BCDA entered into a contract agreement for the procurement and delivery of IT equipment for CY 2024 – Lot 1, amounting to P4.798 million, with details as follows:

**Table 33. BCDA IT Equipment for CY 2024 – Lot 1**

No.	Description	Qty	Unit Price	Total Price
1	Desktop – Lenovo TC M70q	7	P 71,188	P 498,316
2	Notebook – Lenovo ThinkPad E16	44	67,114	2,953,016
3	Notebook for Design – Apple MacBook Pro 16	1	176,162	176,162
4	Desktop for Design – Apple iMac 24	1	139,065	139,065
5	Workstation Desktop – Lenovo TS P5	3	148,111	444,333
6	Workstation Notebook – Lenovo P16s	1	106,380	106,380
7	Tablet – Apple iPad 256 GB	14	34,318	480,452
<b>Total</b>				<b>P 4,797,724</b>

- 21.4. Review of the bidding documents for the said procurement disclosed that the technical specifications or descriptions for the following equipment were tailor-fitted to a particular product or brand:

**Table 34. Technical Specifications**

No.	Qty	Description
3	1	<b>Notebook for Design</b> Processor: <b>M3 Pro Chip</b> with 12-core CPU, 18-core GPU or higher
4	1	<b>Desktop for Design</b> Processor: <b>M3 Chip</b> with 18-core CPU, 10-core GPU or higher
7	14	<b>Tablet</b> • Display size: 10.9" or higher • Display type: <b>Liquid Retina</b> display

- 21.5. It was noted that the “M3 Pro Chip”, “M3 Chip”, and “Liquid Retina display” are some of the features exclusive to the products of Apple Inc. Research revealed that M3 is a series of ARM-based system on a chip, designed and developed in-house by Apple exclusively for its devices, and was launched in October 2023.<sup>22</sup> Meanwhile, the Liquid Retina display is a branded series of Liquid Crystal Displays and Organic Light-Emitting Diode displays, which has a higher pixel density, and was also developed by and trademarked to Apple Inc.<sup>23</sup>
- 21.6. Records show that the aforementioned IT equipment were already delivered to BCDA in October 2024, and payment was made to the contractor in February 2025. The attached Inspection and Acceptance Reports disclosed the following:

**Table 35. Details of the Delivered Equipment**

IAR No.	Date Received	Date Inspected	Description	Qty	Unit Price	Amount
001105	10/9/2024	10/9/2024	Notebook/Laptop, <b>Apple</b> Notebook	1	P 176,162	P 176,162
			Tablet <b>Apple</b>	14	34,318	480,452
001136	10/28/2024	10/28/2024	Desktop Computer, <b>Apple</b>	1	139,065	139,065

<sup>22</sup> <https://www.apple.com/sg/newsroom/2023/10/apple-unveils-m3-m3-pro-and-m3-max-the-most-advanced-chips-for-a-personal-computer/>

<sup>23</sup> <https://www.apple.com/legal/intellectual-property/trademark/appletmlist.html>



- 21.7. Verily, it can be gleaned from the table above that the equipment delivered to BCDA were all Apple brands, since the procurement's technical descriptions or specifications can be found only in its products. While the name of the brand was not directly mentioned in the bidding documents, the said descriptions or specifications were inherent or built-in only to a particular brand; hence, these were tailor-fitted and tantamount to referencing a brand name, which is prohibited under Section 18 of the 2016 RIRR of RA No. 9184.
- 21.8. Further review of records disclosed that the notebook/laptop and desktop computer were already issued to various personnel of the Public Affairs Department (PAD) and Investment Promotions and Marketing Department (IPMD), respectively, while the 14 tablets were issued to the Office of the Corporate Board Secretary and Executive Offices of BCDA.
- 21.9. It is worth emphasizing that the Apple brand may be considered relatively expensive compared to other brands available in the market for normal office use. The purpose of the said equipment, in the performance of duties and responsibilities of the concerned employees, can also be attained by using other brands, which are cheaper but also at par with the performance of Apple products.
- 21.10. Moreover, although the end-users were responsible for the tailor-fitted technical specifications, the Bids and Awards Committee (BAC) is still responsible for ensuring that the technical specifications provided are in compliance with the procurement law, its implementing rules and regulations, and other related issuances.
- 21.11. The purchase of goods made with reference to brand names or with descriptions seemingly tailored for a particular brand/product is not in accordance with the 2016 RIRR of RA No. 9184, since this restricts the competitiveness of bids among the prospective bidders. A competitive bidding, which is one of the governing principles of government procurement, extends equal opportunity to enable contracting parties who are eligible and qualified to participate in the bidding. It aims to protect the public interest by giving the public the best possible advantages through open competition. Competition will encourage the bidders to offer more beneficial terms to the government.
- 21.12. Technical specifications or descriptions that were tailor-fitted for a particular brand of the items to be procured leave the Procuring Entity no other option but to procure from a particular brand or supplier, defeating the very essence of competition. This will limit the bidders who may want to join and prevent the other legally, technically, and financially capable suppliers from participating in said bidding or procurement.
- 21.13. The procurement of high-end or expensive models/brands of electronic gadgets with no regard to the adoption of austerity measures<sup>24</sup> may be considered as unnecessary and may be disallowed in an audit unless justified by circumstances.<sup>25</sup>

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<sup>24</sup> Administrative Order No. 6 dated September 9, 2017

<sup>25</sup> COA Circular No. 2012-003 dated October 29, 2012



21.14. **We recommended that Management:**

- a. **Require the BAC to submit a written explanation why the procurement of BCDA IT equipment for CY 2024 – Lot 1 was allowed even with the tailor-fitted descriptions or specifications for a particular brand; and**
- b. **Henceforth, strictly comply with Section 18 of the 2016 RIRR of RA No. 9184 by refraining from including reference to brand names or tailor-fitting to a particular brand/product in the technical specifications.**

21.15. Management explained the following:

- a. The Terms of Reference (TOR) of the IT Equipment for CY 2024 were developed based on end-user needs and carefully evaluated by the ICTD, considering specifications, user experience, and existing similar equipment to that which was procured. This is pursuant to Section 18 of the 2016 RIRR of RA No. 9184.
- b. BCDA has existing design application/software subscriptions, which were also considered in preparing the technical specifications to ensure full compatibility.
- c. The 2024 IT Equipment TOR bidding documents did not explicitly name a brand, but included technical specifications derived from a market study to meet end-user needs.
- d. The IT equipment, intended for demanding tasks like high-resolution graphic design, video editing, and marketing, was specified to ensure adequate performance.
- e. Also, both Apple Macintosh and Windows-based IT equipment are now comparable in pricing. The Standard Retail Price of comparable Windows laptops available in the market shows that Apple equipment is within the same price range or even less expensive.
- f. Moreover, Apple devices are not exclusively sold by a single supplier. Multiple vendors can provide them, ensuring competition.

21.16. The Audit Team emphasized that the procured BCDA laptops, desktops, and tablets are also **equipment** that are not necessary nor will maintain the performance and useful life of the existing similar equipment of BCDA, which is contrary to the said requirement of the procurement law. the application/software subscriptions are not tied to – or required for – maintaining the performance, functionality, or service life of the existing equipment.

21.17. Moreover, it bears stressing that at the outset, BCDA is not an advertisement-focused government agency, in which the employees need equipment with high-resolution graphic design, video editing, and marketing, to ensure adequate performance of duties. Various procurement projects have already been undertaken by BCDA, such as the Media Planning and Global Placement for Clark, and Production of Clark Campaign Video, which could be used in advertising and promoting the projects of BCDA, like the New Clark City.



- 21.18. The contention of Management that multiple vendors can provide Apple devices, ensuring competition, is misguided. Technical specifications or descriptions that were tailor-fitted for a particular brand of the items to be procured will limit the bidders who may want to join and prevent the other legally, technically, and financially capable suppliers from participating in said bidding or procurement.
- 21.19. A more detailed description could have been used that still meets the necessary specifications for the equipment, but does not limit the options of the procuring entity to purchase from a particular brand. Doing so would allow and encourage any qualified vendors, whether they offer Apple products or comparable brands, to offer more beneficial terms to the government and submit their proposal/bid, ensuring the very essence of competition.
- 21.20. In view of the foregoing, we maintain our recommendation that Management strictly comply with Section 18 of the 2016 RIRR of RA No. 9184, by refraining from including reference to brand names or tailor-fitting to a particular brand/product in the technical specifications.
- 21.21. During the exit conference, Management agreed with the recommendations of the Audit Team. Moving forward, they committed to ensuring that the technical specifications are based on relevant characteristics and/or performance requirements, and do not unduly restrict competition or "tailor fit" to a particular brand, in accordance with Section 18 of the 2016 RIRR of RA 9184. Any instance where a specific brand might be referenced will be strictly limited to the exception provided under the procurement law.
- 22. The ongoing disputes over legal ownership of the land of the Philippine Navy (PN), where BCDA is set to replicate their facilities, have delayed the completion of the 9-storey residential building at Fort Bonifacio under BCDA's project. This building is intended to serve as a permanent residence for displaced senior officers of PN; consequently, BCDA will incur additional rent expenses amounting to P14.771 million to provide temporary housing facilities for the affected officers.**
- 22.1. Presidential Decree No. 1445, also known as the Government Auditing Code of the Philippines, provides that it is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such a policy is faithfully adhered to rests directly with the chief or head of the government agency concerned. Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency.
- 22.2. One of the primary considerations of the government for entering into a contract is the timely completion of the infrastructure projects so that the intended benefits may be achieved. As such, the contracting parties are bound to adhere to the agreed terms and conditions of the contract.



- 22.3. On May 23, 2018, the Philippine Senate and BCDA executed a Contract to Sell for the disposition of the 1.8-hectare portion of the Navy Village owned by BCDA. This is pursuant to the Memorandum of Understanding (MOU) dated January 3, 2018, entered into by both parties, wherein the Senate is granted an option to buy said property of BCDA. The 1.8-hectare property will be used by the Senate for the immediate construction of their new and permanent building.
- 22.4. Thus, there was an urgent need to clear the said 1.8-hectare property to pave the way for the said construction. However, there were existing facilities owned by the PN located on the property where the Senate building will be constructed. As a result, 20 PN senior officers who were occupying the subject area were affected and displaced.
- 22.5. Pursuant to RA No. 7227, as amended, BCDA is mandated to provide temporary housing facilities for the said affected PN officers.
- 22.6. Accordingly, BCDA and the Department of National Defense (DND/Armed Forces of the Philippines (AFP))-PN entered into a Memorandum of Agreement (MOA) dated January 15, 2019, covering the general agreement on the provision of temporary housing facilities for the PN senior officers whose housing units are affected by the construction of the Senate Building. This was the interim measure agreed by both parties, which will be undertaken by BCDA until the turnover of the permanent facilities to the PN.
- 22.7. One of the obligations of BCDA is to pay the monthly rentals, inclusive of association dues and parking units. Also, Item 4 of the said MOA specifically provides that:
4. *Pursuant to Republic Act No. 7227 as amended and Executive Order No. 309, BCDA shall provide temporary housing facilities and pay the monthly rentals inclusive of the association dues **to be charged as direct expense of the disposition** of the approximately 1.8-hectare lot to the Senate xxx. (Emphasis supplied)*
- 22.8. The rent expense is a direct expense from the disposition proceeds of the Senate area,<sup>26</sup> and the payments thereof are charged against the corporate operating budget of BCDA.
- 22.9. BCDA entered into Lease Agreements with various lessors to accommodate the affected PN officers, with monthly rates ranging from P35,000 to P80,000 for the period covering February 15, 2019, to February 15, 2022, subject to extension and/or pre-termination as may be necessary.<sup>27</sup> These include townhouses and condominium units located at Acacia Estates, Taguig, as determined by the PN in accordance with the January 15, 2019, MOA.
- 22.10. In September 2019, BCDA undertook the immediate relocation of additional six PN senior officers because their existing quarters were adjacent to the Senate building construction site and located within the hazard zone. Accordingly, they were also

<sup>26</sup> Item 4.2 of Administrative Order No. 236 dated January 8, 1996, BCDA shall remit to the National Treasury, the proceeds from the sale, net of the expenses directly incurred in the sale of the land or property xxx. The direct expenses incurred shall pertain to those expenses that are directly attributable to the sale of the land or property such as the appraisal/valuation of the properties, marketing expenses and relocation/replication costs or those which would not have been incurred by BCDA and AFP if the decision to sell were not made, xxx.

<sup>27</sup> The lease was undertaken thru negotiated procurement after failure of competitive bidding, due to non-receipt of bids, as declared by the BAC per BAC Resolution No. BG 2018-016 dated July 5, 2018.



relocated to Acacia Estates, with the same agreed monthly rental rates for the condominium units for the period from September 15, 2019, to February 15, 2022.

- 22.11. Meanwhile, on August 5, 2021, BCDA and DND/AFP-PN entered into another MOA for the relocation and functional replication of PN facilities. The replication of the said facilities/structures and utilities involved the replacement and improvement of the facilities with the same specific purpose and functions employing modern design, technology and materials that are currently used in the market at the agreed relocation sites incorporating basic design requirements, such as safety, and other basic necessity, and turnover of the same to PN for occupancy.<sup>28</sup>
- 22.12. Pursuant to the same MOA, BCDA shall procure a contractor for the construction of the facilities to be replicated. The relocation site, in which the said facilities and structures will be replicated, shall be within the Bonifacio Naval Station (BNS) Lot 1 area, as determined and owned by the PN. Item 5.2 of the MOA pertinent to the obligations of the DND/AFP-PN provides:
- 5.2 DND/AFP/PN shall provide BCDA and/or its consultants, workers, and personnel free, **continuous, and uninterrupted access to, and from the approved relocation sites** subject to Camp Rules and Regulations. (Emphasis supplied)
- 22.13. On August 17, 2022, BCDA started the procurement process, through competitive bidding, for the Construction of a 9-storey Residential Building in Fort Bonifacio, Taguig City. Subsequently, the contract was awarded to Credibuild Development Corporation, as stated in the Notice of Award dated December 28, 2022, for a total contract price of P1.037 billion. The Contractor and BCDA entered into an Agreement dated February 7, 2023, relative to the said construction project, with a duration of 720 days from February 16, 2023, or the target completion date of February 5, 2025.
- 22.14. On the other hand, pending the construction of the 9-storey building and since the lease agreements pertinent to the temporary housing for the affected PN officers already expired on February 15, 2022, BCDA conducted a market study/cost benefit analysis to select the most reasonable property to be leased for the PN officers. Based on the results of the study/analysis and considering one of the requirements of the PN, which is the security of the said officers, Management renewed the lease agreements with the same 23 lessors, while three lease contracts are new, all in Acacia Estates, covering the period February 16, 2022 to February 15, 2025, with the same monthly rates as the previous agreements.
- 22.15. In the CY 2024 audit, based on the Report on Programs, Projects and Activities as of December 31, 2024, submitted by BCDA, we noted that the completion of the construction of the 9-storey building, the permanent residence of the PN officers, was still at 15.92 percent. This was way below the target completion rate of 90.08 percent, as indicated in the approved original construction schedule for the said project.
- 22.16. A review of records and inquiry with the concerned BCDA personnel revealed that the construction was suspended due to project site issues – a month after the start of the construction, the preliminary survey activities at the site were halted by a group of

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<sup>28</sup> Item 1.2 of the MOA dated August 5, 2021, between BCDA and DND/AFP-PN.



private individuals claiming ownership over the property. BCDA received letters from various members of the AFP Officers' Village Association Inc. (AFPOVAI) alleging that they are lot owners who are holders of individually-issued Orders of Awards, Deeds of Sale, Transfer Certificates of Title of the area within the AFPOVAI, which allegedly covers the construction project area.

- 22.17. As a result, the contractor was prevented from proceeding with the construction activities, thus affecting the overall schedule and target completion of the project. On April 20, 2023, BCDA issued Contract Time Suspension (CTS) Order No. 1, effective March 2, 2023, in view of the discussion between BCDA and DND/AFP-PN to address the issues and concerns pertaining to the ownership of the property where the project will be constructed.
- 22.18. On April 1, 2024, more than a year after the suspension order, BCDA issued Contract Time Resumption Order (CTSO) No. 1 to the contractor, lifting the said suspension effective April 15, 2024. This was after the PN issued a Construction Directive, through the guidance of the DND, in order for the contractor to commence the construction activities. Thus, the completion date for the construction of the 9-storey building was adjusted from February 5, 2025, to March 21, 2026, due to the suspension of 410 calendar days.
- 22.19. On October 28, 2024, BCDA received a letter from the contractor, requesting approval of Extension of Time (EOT No. 1) of 31 calendar days. We noted that pending the approval of EOT No. 1, BCDA issued an additional three CTS (Nos. 2, 3, and 4) to the contractor, based on the requests of the latter due to the unworkable days caused by inclement weather conditions during the period from July to October 2024. Thus, a total of 10 calendar days were approved by BCDA (per CTSO No. 1), resulting in a revised completion date of March 31, 2026.
- 22.20. On January 28, 2025, BCDA granted and issued EOT No. 1 to the contractor, approving an additional 24 calendar days, after considering CTS Nos. 2, 3, and 4, moving again the completion date from March 31, 2026, to April 24, 2026.
- 22.21. Based on the foregoing, it can be deduced that the main reason for the delay in the completion of construction of the 9-storey building was because the DND/AFP-PN did not fulfill one of its obligations in the MOA, which is to provide BCDA and/or its consultants, workers and personnel free, continuous, and uninterrupted access to, and from, the approved relocation sites.
- 22.22. It bears stressing that the land or relocation site of the PN facilities, where the 9-storey building will be constructed, is not owned by BCDA. This was identified and allocated by the PN, and in fact, they certified that the area of the project site is owned by them under a clean title, upon the issuance of a Certification of Availability and Readiness of Site, which is one of the requirements prior to the conduct of bidding.
- 22.23. Due to the delay in the construction of the said building, BCDA will continuously provide temporary housing facilities for the affected PN officers. Accordingly, the lease agreements, which expired on February 15, 2025, were renewed by Management, covering the period February 16, 2025, to February 15, 2028. However, the rates have increased from the previous agreement, resulting in monthly rent ranging from P38,000 to P88,000.



- 22.24. Consequently, BCDA will incur and pay additional rent expenses in the total amount of at least P14.771 million, computed from the original completion date of the construction of the 9-storey building on February 5, 2025, to the revised date of April 24, 2026. We wish to emphasize that the PN certified its ownership of the project site under a clean title. Had there been no disputes or issues on the legal ownership of the property of PN as the relocation site for the replication of their facilities within BNS Lot 1, the said additional rent expenses could have been avoided.
- 22.25. Further, the additional rentals to be incurred due to the delay in the construction will diminish the share of the beneficiaries/programs from the proceeds of sale of the 1.8-hectare portion of the Navy Village to the Senate, less the pertinent direct expenses. It is noted that RA No. 7227, as amended by RA No. 7917,<sup>29</sup> mandates that the proceeds from any sale, after deducting all expenses related to the sale of portions of Metro Manila military camps, shall be distributed accordingly to various entities and programs pursuant to the law and its amendments. Among the beneficiaries who share significant portions of the disposition proceeds are the AFP and BCDA.
- 22.26. Hence, as a consequence of the delay in the construction of the PN facilities, the additional rentals to be incurred for temporarily housing the affected PN officers shall be charged as additional direct expenses of the disposition proceeds of the Senate property. In other words, the additional rent expenses that would have been avoided will be deducted from the proceeds to be distributed to the beneficiaries or allotted to the programs. Consequently, the net share of said beneficiaries/programs will be effectively reduced or diminished. It must be stressed that the cause of the delay was due to the DND/AFP-PN's non-fulfillment of one of its obligations in the MOA, as discussed above. As such, the other beneficiaries, which include the BCDA, may not be held liable and carry the consequences of the delay that is not attributed to them.
- 22.27. **We recommended that Management:**
- a. **Consider making a representation to the Philippine Navy (PN) to shoulder or pay the rent expenses relative to the lease of temporary housing for their affected officers, as a result of the delay in the construction of their permanent residence due to the disputes or issues on legal ownership of their land/relocation site; and**
  - b. **Closely monitor the timely completion of the construction of the 9-storey residential building for the PN officers, to ensure that no additional expenses will be incurred by BCDA.**
- 22.28. Management explained that PN identified and provided the site to BCDA in good faith, that the property is available, and there are no claimants. PN provided a Certificate of Availability and Readiness of the site, signifying that the site is in their full possession and is available for the implementation of the project before the start of the procurement of the said Project.
- 22.29. Management informed the Audit Team that on March 16, 2023, a coordination meeting between BCDA and DND/AFP-PN was held to discuss the issues and concerns

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<sup>29</sup> An Act Amending Section 8 of Republic Act Numbered Seventy-two Hundred and Twenty-Seven, otherwise known as the Bases Conversion and Development Act of 1992, providing for the Distribution of Proceeds from the sale of portions of Metro Manila Military Camps, and for other Purposes



pertaining to the ownership of the property where the project will be constructed. The PN, in its letter dated March 20, 2023, provided the corresponding Transfer Certificate of Title, Presidential Proclamation No. 4612, and the Metes and Bounds of Naval Station San Jose Francisco (NSJF) to support their claim on the property, indicating various areas that are excluded from dispositions.

- 22.30. Additionally, Management explained that as the construction of the 9-storey residential building is still ongoing, it is still the responsibility of BCDA to provide the said housing units to the Senior Officers of the PN.
- 22.31. Hence, Management commented that they cannot implement the audit recommendation since the issues that occurred within the site were beyond the control of both BCDA and DND/AFP-PN.
- 22.32. The Audit Team reiterated that based on the MOA executed by BCDA and DND/AFP-PN, one of the obligations of the latter is to provide the former and/or its consultants, workers and personnel free, continuous, and uninterrupted access to, and from, the approved relocation sites subject to Camp Rules and Regulations. Had there been no disputes/issues over legal ownership of the land of PN, where their facilities will be replicated by BCDA, which resulted in a delay in the construction of their permanent residence, no additional rent expenses would have been incurred.
- 22.33. Accordingly, we maintain our recommendation that Management consider making a representation to the PN to shoulder or pay the rent expenses relative to the lease of temporary housing for their affected officers, as a result of the delay in the construction of their permanent residence due to the disputes or issues on legal ownership of their land/relocation site.
- 22.34. Management also committed that BCDA will closely monitor the construction of the 9-storey residential building for the PN Senior Officers to ensure that no additional expenses will be paid by BCDA for the provision of temporary housing unless there are unforeseen circumstances and necessary extensions of time beyond the control of BCDA which are allowable under the 2016 RIRR of RA No. 9184.
- 22.35. Accordingly, Management added that they will comply with the audit recommendation by writing a letter to the PN to discuss the audit observation.
- 22.36. The Audit Team will continuously monitor Management's compliance with the audit recommendations.
- 23. The seven BCDA-owned Headstone Lawn lots located at Church Terraces in Heritage Park (HP), with a total selling price of P2.800 million, were affected by encroachment but not timely reported by Heritage Park Management Corporation (HPMC) to BCDA, through Rosehills Memorial Management, Inc. (RMMI), hence, the required rework was not immediately performed, thereby affecting the marketability and salability of the memorial products.**
- 23.1. HPMC is a private non-stock, non-profit corporation organized and charged with the management and long-term maintenance of the HP pursuant to the Pool Formation Trust Agreement dated September 9, 1994, executed by and between the BCDA, the



Public Estates Authority (now Philippine Reclamation Authority), and the Philippine National Bank.

- 23.2. HPMC, in line with the objective of managing and maintaining the memorial park, which includes the maintenance of landscape, roads, and vertical structures, and the provision of other ancillary services, found the need to contract with an experienced entity and considered an expert in the memorial park business.
- 23.3. Meanwhile, RMMI desired to perform general cemetery management, maintenance, and other ancillary services for the HP. On January 3, 2020, during the organizational meeting of the Certificate holders of HP, HPMC approved and agreed to enter into a cemetery management and maintenance contract with RMMI. Hence, a Cemetery Maintenance and Cemetery Services Contract on Extra Work was executed between HPMC and RMMI on March 28, 2000.
- 23.4. Item Nos. 1 and 2, Article 4. B of the same Contract provides that:
1. *In the event that certain construction, horizontal, vertical and landscape works, already completed, installed, and/or erected in the Property, needs to be reworked, retrofitted, reconstructed, or needs extensive repair, Rosehills shall prepare and submit to Heritage Park a written report regarding the same. Said written report shall detail the extent of the work, construction and/or retrofitting that needs to be undertaken and the expenses that would be incurred to complete or accomplish the same.*
  2. *If, based on the written report, Heritage Park deems it necessary to undertake the work, construction or retrofitting, then Rosehills shall have the option to undertake the said works under a separate agreement between Rosehills and Heritage Park. (Underscoring ours)*
- 23.5. The Audit Team conducted an inspection of the HP on February 25, 2025. During the inspection, various areas were visited, including the seven Headstone Lawn lots located at the Church Terraces. The said lots were tagged in the HP Inventory as “hold, for replacement due to encroachment”, with details as follows:

**Table 36. Seven Headstone Lawn lots at the Church Terraces affected by encroachment**

ID Lot No.	Net Realizable Value	Selling Price (VAT Inclusive)	Remarks
10L00046	P 44,884	P 400,000	Hold, for replacement due to encroachment.
10L00047	44,884	400,000	Hold, for replacement due to encroachment.
10L00048	44,884	400,000	Hold, for replacement due to encroachment.
10L00049	44,884	400,000	Hold, for replacement due to encroachment.
10L00105	44,884	400,000	Hold, for replacement due to encroachment.
10L00106	44,884	400,000	Hold, for replacement due to encroachment.
10L00107	44,884	400,000	Hold, for replacement due to encroachment.
<b>Total</b>	<b>P 314,188</b>	<b>P 2,800,000</b>	

- 23.6. We observed that all the lots listed in the above table have been adversely affected by the construction of stairs attached to the adjacent concrete fence, which encroached



upon these lots and interfered with their intended use and preservation. According to personnel from RMMI, the encroachment was only discovered in CY 2024 during a survey conducted at the HP, following the commencement of the sale of memorial products.

- 23.7. The Audit Team requested a written report or any communication from RMMI to BCDA regarding the said encroachment. However, we were informed by the concerned RMMI personnel that the matter had only been discussed through a teleconference meeting with BCDA. The Business Development Department (BDD) added that RMMI invited the BCDA's Office of the Executive Vice President to the meeting to provide updates on the HPICs Inventory, as well as to communicate and address other related matters.
- 23.8. In a letter dated April 3, 2025, to BCDA, RMMI indicated that they had identified an alternative site for the relocation of the seven Headstone Lawn lots in close proximity to the original site, with no differences in lot type, dimensions, and the allowable number of burials and structures. This will ensure that the value of the relocated lots remains the same. RMMI further noted that the encroachment of the seven affected lots is situated on artificial structures, which can be dismantled and removed, thus maintaining BCDA's total inventory intact inside the HP.
- 23.9. Based on the foregoing, two options were presented to BCDA Management: either to replace the affected lots with those located at an alternative site or to proceed with the removal of the encroachment.
- 23.10. Nevertheless, it is important to note that, when asked to provide the written report to HPMC, as required in Item No. 1 of Article 4.B of the Cemetery Maintenance and Cemetery Services Contract on Extra Work, neither the BDD nor RMMI was able to furnish the document to the Audit Team, signifying that no such report was actually submitted.
- 23.11. It also appears that this matter was only acted upon in CY 2025, despite the encroachment already existing in CY 2024 or even in prior years. The requirements under Item Nos. 1 and 2 of Article 4.B of the contract with HPMC and RMMI were not promptly observed, as the relocation of the affected lots had yet to be completed. This delay has impacted the marketability and salability of the memorial products.
- 23.12. Moreover, the lack of timely action and documentation highlights deficiencies in project monitoring and coordination between RMMI and BCDA, resulting in contractual and financial risks, including potential loss of sales. It also indicates possible weaknesses in the enforcement of contract provisions. To date, no feedback has been received on the status of the relocation of the affected lots.
- 23.13. **We recommended that Management:**
  - a. **Require Heritage Park Management Corporation (HPMC) and Rosehills Memorial Management, Inc. (RMMI) to comply with Item Nos. 1 and 2 of Article 4.B of the Cemetery Maintenance and Cemetery Services Contract on Extra Work, and provide the Audit Team with updates on the status of the rework;**



- b. **Henceforth, require semestral joint inspections among BCDA, HPMC and RMMI to validate and determine the condition of the HP and prevent similar occurrences; and**
- c. **Inform the Audit Team of the chosen course of action whether to replace the affected lots or remove the encroachment.**

- 23.14. Management communicated with RMMI through a letter dated May 19, 2025, regarding the appropriate resolution on the encroachment issue. RMMI responded on May 23, 2025, confirming that the dismantling of the encroaching structure is the most viable solution to address the encroachment on the seven BCDA-owned Headstone Lawn lots at the HP. This option restores the affected lots to their original location, minimizes disruptions to existing lot mapping and identification, and avoids additional costs since the work will be undertaken by RMMI's in-house grounds and surveying teams. The dismantling is projected to take approximately three days, with an additional one to two weeks allotted for ground restoration.
- 23.15. On May 27, 2025, BCDA formally confirmed to RMMI its decision to proceed with the dismantling, subject to the submission of a detailed implementation plan and the official approval from the HPMC. BCDA is committed to transmitting updates to the Audit Team as soon as rework activities commence and reporting requirements are fulfilled.
- 23.16. Moreover, Management agreed to the conduct of joint inspections and will coordinate with HPMC and RMMI to establish a schedule of regular site assessments. In line with this, BCDA intended to institutionalize quarterly joint inspections of all BCDA-owned HPIC lots at the HP.
- 23.17. The Audit Team will continuously monitor Management's compliance with the audit recommendations.
- 24. The procedures in the reservation process for the sale of memorial products in the Heritage Park to BCDA employees and its contracted personnel were not adequately monitored, and the established terms and conditions were ambiguous, indicating internal control weaknesses that compromised the validity and reliability of pertinent information.**
- 24.1. Internal Control, as defined under the Internal Control Standards for the Philippine Public Sector (ICSPPS)<sup>30</sup>, refers to the integral process that is effected by an agency's management and personnel, and is designed to address risks and provide reasonable assurance that in pursuit of the agency's mission, the general objectives are being achieved.
- 24.2. Internal control is a dynamic integral process that is continuously adapting to the changes an organization is facing. Management and personnel at all levels have to be involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

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<sup>30</sup> COA Circular No. 2018-003 dated November 21, 2018



- 24.3. The BCDA Board, in its Resolution No. 2023-11-181 dated November 22, 2023, approved the following Terms of Sale and Price List for the disposition of the BCDA-owned HPICs:

**Table 37. Terms of sale for the HPIC**

Terms	General Public	BCDA Employees	BOD, COS, Consultants and Other Personnel Contracted by BCDA
Discount	None	25%	25%
Payment Terms	Via RMMI: Cash Basis Or 1-year to 5-year installment @ 12% Annual interest	Via BCDA: Cash Basis Or Via BEPF <sup>31</sup> 3-year to 5-year installment @ 3% Interest	BCDA Direct: Cash Basis
Maximum Number for Lawn Lots	-	One per employee on a first-come, first-served basis	One per person on a first-come, first-served basis.

*Offer is only up to January 31, 2024*

**Table 38. Available HPICs for Sale**

Area	Asset Description	Qty.	General Public Unit Price (Php)	BCDA Unit Price (Php)
Angel's Touch Columbarium	Companion Niche	90	74,000	51,000
Church Terraces	Companion Garden	216	611,000	243,750
	Headstone Lawn	220	312,933	202,050
	Private Memorial Estate	45	13,513,846	7,090,500
Estate Lots	Estate (12-Plots)	7	13,523,667	7,090,500
	Walled Estate Lot (2-Plots)	15	2,276,167	1,438,500
	Walled Estate Lot (4-Plots)	8	2,928,000	1,944,000
From FBDC under Global Settlement	Garden			
	Inner	185	2,761,000	1,793,625
	Road Side	18	2,876,000	1,923,000
Lawn Lots	Columbarium	146	50,233	33,000
	Lawn	27	308,933	197,550
	Small Plot	3,822	47,567	30,000
	Headstone	5	312,933	202,050
Pavilion Terraces	Companion Garden	178	611,000	243,750
	Family Garden	28	1,920,167	1,038,000

- 24.4. It must be noted that under BCDA Board Resolution No. 2023-11-181, the selling price for BCDA employees is based on the average of the two lowest appraisals conducted for each memorial product, less a 25 percent discount. For instance, Angel's Touch Columbarium, the average of the two lowest appraisals for this memorial product, as determined by Management, was P68,000. After deducting the 25 percent discount therefrom, the selling price is P51,000.
- 24.5. On December 12, 2023, BDD issued an advisory via email offering the sale of HPICs to the BCDA employees and its contracted personnel at a discounted price, from December 14, 2023, to January 31, 2024. The email outlined the terms and conditions as follows:

**Terms and Conditions:**

1. In view of limited inventory, the sale of Lawn lots is limited to only one (1) unit per BCDA employee / contracted personnel.

<sup>31</sup> BCDA Employee Provident Fund



2. *Purchase Agreement/s and Investment Certificate/s shall be in the name of the Purchaser - BCDA employee / contracted personnel only.*
3. ***Applications will be forfeited if no proof of payment is received by January 31, 2024.***
4. *Investment Certificates shall be issued within 180 days upon full payment.*  
(Emphasis ours)

- 24.6. However, our audit revealed that several HPICs were sold to BCDA employees and contracted personnel on a cash basis at the discounted price despite payments being made after the January 31, 2024, deadline. This resulted in potential revenue loss of P35.236 million, representing the price difference between the general public rate and the discounted rate, pertaining to HPICs sold in CY 2024. It was observed that some cash payments, also at the discounted rate, were even made in CY 2025, which is contrary to the above provisions.
- 24.7. The Audit Team sought clarification from BDD on the deadline set by their office. In response, BDD explained that the January 31, 2024, deadline referred strictly to the reservation period, and that all HPICs sold had been reserved on or before that date.
- 24.8. Regarding their advisory that applications will be forfeited if no proof of payment is received by January 31, 2024, BDD clarified that this deadline was intended to manage reservation tracking and encourage prompt payment. Payments made after January 31, 2024, were still accepted, provided the reservation was completed within the offer period. No payments were taken for unreserved lots. Management commented that this interpretation is formally clarified by the Corporate Secretary's Certification, which affirmed that transactions with reservations on or before the deadline remain eligible for the applicable discount, regardless of the payment date. In view of this, the amount of P35.236 million is not considered collectible, as no policy was violated and all applicable transactions were carried out and clarified.
- 24.9. To support this, BDD furnished the Audit Team with the email sent to RMMI on February 2, 2024, transmitting the remaining HPICs, excluding the units sold.
- 24.10. Additionally, BDD stated that while specific reservation dates were not documented, the processing dates of application forms might serve as a reference. However, the Audit Team examined the application forms provided by BDD and found that these records did not reflect reliable information to help identify the actual reservation dates, as the application processing dates ranged from December 14, 2023, to January 31, 2025, and many of the forms lacked application date entries. Thus, the available data submitted by Management failed to support whether the reservations were made within the offer period, which is essential in determining if the buyer is eligible to purchase the HPICs at discounted rates.
- 24.11. While we acknowledged Management's explanation regarding the interpretation of the set deadline, we respectfully maintained that the availment of discounts is based on the underlying premise that buyers must either incur specific costs (reservation costs) and/or comply with predefined time constraints (offer/discount period) to qualify for such incentives. These conditions serve as mechanisms to encourage timely payment, bulk purchasing, or other ways to promote sales.



- 24.12. Furthermore, the Audit Team observed inconsistencies between the terms and conditions in the aforementioned email advisory and those stated in a PowerPoint Presentation used by the BCDA Employees Provident Fund (BEPF) during its orientation on HPIC Disposition, which stated:

**Terms and Conditions:**

1. *The sale of Lawn lots is limited to only one (1) unit per BCDA employee/contracted personnel.*
2. *Purchase Agreement/s and Investment Certificate/s shall be in the name of the BCDA Employee (i.e. Purchaser).*
3. **Reservations will only be accepted until 31 January 2024, after which the non-discounted price for HPICs will prevail.**
4. *Investment Certificates shall be issued within 180 days upon full payment. (Emphasis ours)*

- 24.13. The inconsistencies between the two versions of the terms and conditions created ambiguity in the guidelines for availing of HPICs at the discounted rate. Nonetheless, it remains necessary to establish a definitive deadline for payment, as sales at discounted rates were noted to have been settled more than a year after the reservation. Aside from the payment deadline set in the email advisory, there are currently no clear payment guidelines in place, which may result in long outstanding receivables of BCDA.
- 24.14. The audit revealed lapses that primarily relate to weaknesses in internal controls, lack of clarity in policy enforcement, and inconsistencies in official communications. The above-noted deficiencies reflect a lack of effective monitoring and control mechanisms in information dissemination, as well as in the processing of reservations and sales applications. As a result, the Audit Team was unable to completely validate whether applicants complied with the prescribed terms and conditions.
- 24.15. **We recommended that Management:**
- a. **Ensure that all advisories, presentations, and materials related to Heritage Park Investment Certificates (HPIC) sales contain consistent terms and conditions to avoid ambiguity and misinterpretation; and**
  - b. **Henceforth, develop and implement clear guidelines and procedures to strengthen internal controls over the monitoring, documentation, and validation of reservation and payment processes related to the sale of memorial products to BCDA employees and contracted personnel.**
- 24.16. Management commented that BCDA is taking steps to ensure that all advisories, presentations, and marketing materials related to the sale of HPICs are consistent, accurate, and aligned with Board-approved terms. The Policy and Procedures Manual, currently being finalized by the BDD, is also intended to help support clarity and alignment in the issuance of such materials. These efforts are aimed at minimizing ambiguity and ensuring that all stakeholders receive clear and uniform information.
- 24.17. Moreover, Management added that they are enhancing their internal controls over the reservation and payment processes for the sale of HPICs. The Policy and Procedures Manual will establish clearer guidelines on reservation documentation, payment



timelines, and inventory validation protocols. These measures are intended to ensure greater accountability, accuracy, and transparency in all HPIC sales transactions.

24.18. The Audit Team will continuously monitor Management's compliance with the audit recommendations.

**25. The accountability over the properties of BCDA could not be determined or readily identified due to various deficiencies in the custodianship such as the: (a) non-issuance and non-renewal of Property Acknowledgement Report (PAR) for several properties issued to employees; (b) inconsistencies of information between the Record on Physical Count of Property, Plant and Equipment (RPCPPE) and the corresponding PARs; and (c) absence of signatures and reference number of issued PARs. Hence, the responsibility and liability of personnel for loss, damages, and/or deterioration of government properties may not be established and properly addressed.**

25.1. This is a reiteration of the prior year's observation with updated information.

25.2. Section 101 of Presidential Decree (PD) No. 1445, also known as the Government Auditing Code of the Philippines, states that every officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law. Section 105 (1) further provides that every officer accountable for government property shall be liable for its money value in case of improper or unauthorized use or misapplication thereof, by himself or any person for whose acts he may be responsible. He shall likewise be liable for all losses, damages, or deterioration occasioned by negligence in the keeping or use of the property, whether or not it be at the time in his actual custody.

25.3. Also, Section 104 provides that the head of government-owned and/or controlled corporations and subsidiaries shall exercise the diligence of a good father of a family in supervising accountable officers under his control to prevent the incurrence of loss of government property, otherwise he shall be jointly and solidarily liable with persons primarily accountable therefor.

25.4. Property custodianship refers to the guardianship of government property by the person accountable. This includes the receipt of supplies, materials, and equipment, the safekeeping, issuance, repair, and maintenance. Likewise, it includes the accountability, responsibility, and liability of accountable or responsible officers arising from loss, misuse, damage, or deterioration of government property due to fault or negligence in the safekeeping. It may be physical/actual or constructive.

25.5. An officer or employee who receives and is in actual possession or physical control of the property shall sign a PAR (previously Memorandum Receipt) for such property and shall be accountable therefor. Such PAR for property in the custody of an officer or employee shall be renewed every three years.<sup>32</sup>

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<sup>32</sup> COA Circular No. 80-124 dated January 18, 1980.



25.6. In the CY 2024 audit, copies of PARs, RPCPPE, and other supporting documents were submitted to the Audit Team. A review of the submitted documents revealed the following deficiencies:

- a. **Five properties costing P0.816 million were not supported by PAR, while PARs issued from CYs 2015 to 2021 for 36 properties totaling P2.173 million remained unrenewed.**

25.7. The following properties issued to employees remained unsupported by the required PARs:

Table 39. Properties with No PAR				
No.	Description	Asset Number	Cost	Remarks
1	MACHINERY, CAMBER ALIGNMENT (SET) - KUPER K1800 3D WHEEL ALIGNER; 4POST CAR LIFTER VERITEK	10006152	P 565,179	Date issued was not identified – PAR not yet submitted
2	DESKTOP WORKSTATION, DESKTOP, LENOVO THINKSTATION P340, SN SPC20NA1G	10003703	93,055	
3	LAPTOP, LENOVO THINKPAD X240 ULTRABOOK	17001858	51,513	
4	LAPTOP COMPUTER, ACER TRAVELMATE 6291	17001060	53,440	
	LAPTOP, LENOVO THINKPAD L13" GEN2, SN R913PJ7Y	10003766	53,204	
			<b>P 816,391</b>	

25.8. According to the monitoring report of PPMD, the above properties were marked as either “for validation” or “pending submission of the signed PAR”. It was noted that these items pertain to the transfer of property from the former users to new users/ assignees.

25.9. Based on the updated list of properties of BCDA as of December 31, 2024, 36 units costing P2.173 million, with PAR issued from CYs 2015 to 2021, were not renewed, as summarized below:

Table 40. Properties with PAR but not renewed			
Year	No. of Unit	Cost	
2015	2	P	117,438
2019	6		347,588
2020	1		61,088
2021	27		1,646,575
	<b>36</b>		<b>P 2,172,689</b>

25.10. The non-issuance and non-renewal of PAR are not in accordance with the pertinent provision of PD No. 1445. The PAR is the form to be issued to document accountability for the actual possession or physical control of issued property. This document serves as control in determining the proper government personnel who are accountable and responsible for any losses, damages, and/or unusual deterioration of any government property. Thus, the PAR is a vital document that must always be issued once a PE is assigned or issued to an employee and renewed thereafter.



- b. **The accountable person for 28 properties could not be established due to inconsistencies between the names of actual users/assignees indicated in the PAR and those reflected in the RPCPPE.**

- 25.11. The RPCPPE is the form used to report the results of the physical count of PPE owned by the agency. For BCDA, their RPCPPE includes the description, asset number, unit value per accounting records and property records, and the current assignee of the properties.
- 25.12. The Audit Team compared the details in the submitted PAR vis-à-vis the RPCPPE and identified differences in the names of assignees/actual users for 28 properties as reflected in the two records. Hence, the person who is properly accountable could not be determined or easily identified, as summarized below:

**Table 41. Properties with different assignees in RCPPE and PAR**

Type of Property	Cost	No. of Unit
Information Communication Technology Equipment	P 6,607,567	11
Office Equipment	1,118,856	17
	<b>P 7,726,423</b>	<b>28</b>

- 25.13. Inquiry with the concerned PMD personnel disclosed that the differences on the assignees were due to the transfer/turnover of the properties from one user to another, but without any advice or notice to the PMD. They admitted that it could also be the result of miscommunication between PMD, the Information and Communications Technology Department (ICTD), and the user/accountable officer.
- 25.14. For the ICT equipment, we were informed by the ICTD that in all instances, properties that need to be transferred/turned over from one user to another should be communicated and surrendered first to the PMD for checking and monitoring. The PMD, after their validation, will subsequently transfer the unit to the ICTD to update and check the unit before the reissuance/transfer to another user/accountable officer. For the office equipment, we were informed by PMD that one of the possible reasons could be the late return of PARs to them by the former user of the property; thus, they cannot immediately update the details in the PAR.
- 25.15. A sound internal control for properties dictates that the documents to support the accountability of the properties should be constantly updated every time there are changes in the necessary information, be it due to a transfer or resignation of employees.
- 25.16. It is worth noting that the physical count of the properties also provides visibility on the current status of the accountability of the properties. If there are differences on the accountability of properties or change in the custodianship/user of the property, which were determined during the conduct of physical count, the responsible personnel should immediately initiate the issuance of updated PAR. The issuance of an updated PAR will not only strengthen the establishment of accountability of end-users, but will also enable Management to adequately address issues in case of loss, damages, and/or deterioration of government properties.



- 25.17. On the other hand, we also noted that the cost indicated in PAR was different from the amount reflected in the RPCPPE/books of account of BCDA for the following properties:

**Table 42. Difference in cost between PAR and RPCPPE**

Description	Asset Number	Date issued	Cost per RPCPPE	Cost per PAR	Difference
MOTORCYCLE YAMAHA MODEL XTZ 125, BLUE	31000077	08/01/2024	P 79,388	P 70,883	P 8,506
PPMC - ATO WEATHER INSTRUMENT	32000216	05/13/2024	2,742,400	274,240	2,468,160
PPMC - ATO AIRPORT CRASH FIRE EQUIPMENT	32000217	05/13/2024	826,000	82,600	743,400

- 25.18. We inquired from the PMD regarding the above inconsistencies between the two records; however, no definite answer was provided to the Audit Team as of this writing. We noted that the amount recorded per PAR was the original acquisition cost of the equipment, while the amount per RPCPPE was based on the Procurement and Asset Management Systems, a cloud based management system for procurement and assets which covers the delivery, installation, testing, documentation, implementation, integration or data migration and support.

- c. **The validity and accuracy of the two PARs could not be ascertained due to the absence of complete signatories and the absence of a reference number in the PAR.**

- 25.19. A review of the submitted PARs disclosed the absence or incomplete signatories in the PARs, either the issuer or receiver, or have no reference number, as follows:

**Table 43. PAR with incomplete signatories and no reference number**

Description	Asset Number	Cost	Date Issued
PERSONAL COMPUTER, NOTEBOOK LENOVO X250 ULTRABOOK	17001948	P 57,423	06/09/2023
LAPTOP, APPLE MACBOOK AIR 13.3, 2019 8TH GEN, SN FVFZ8FN4LYWG	10002031	62,500	06/09/2023

- 25.20. In general, signatures act as a way to establish the identity of the persons in a certain document. They are important because they confirm or signify if the document's contents are accepted by the person signing, thereby establishing accountability.
- 25.21. In the case of PAR, the signature of the receiver signifies the acceptance of the actual property and the responsibilities and duties attached thereto. This includes liability for the value of such property in case of loss, damage, or deterioration resulting from negligence in the keeping, improper, unauthorized use, or misapplication. On the other hand, signatures of the issuer of the property denote that the content and details in the PAR are accounted for and that the issuance process was conducted properly.
- 25.22. Moreover, it is important to emphasize that the reference number is a unique identifier in a document to track and organize transactions and documents. This number serves as a reference point for easy monitoring, retrieval, and identification of specific records, especially when dealing with a large volume of maintained documents.



- 25.23. It must be noted that the foregoing observations are reiterations of previous years' audit findings, which highlight a weakness or concern on BCDA's proper management of its assets. Thus, corrective actions or procedures/policies adopted, if any, may not have been sufficient or effective to adequately address the Audit Team's observations.
- 25.24. **We reiterated our prior year's recommendation that Management:**
- a. **Require the PMD to ensure the accountability and custodianship of all properties of BCDA by preparing immediately the PAR upon issuance of property to an employee or transfer to another, complete with the necessary details and signatures, and observe the renewal thereof at least every three years; and**
  - b. **Instruct the PMD and Inventory Committee to reconcile their records, revise the PAR and/or RPCPPE, whichever is applicable, and submit the same to the Audit Team for verification.**
- 25.25. **We recommended further that Management identify the cause/s of the persistent issues herein raised by the Audit Team and undertake corrective actions to adequately address the same.**
- 25.26. Management commented that they will ensure compliance with the requirements on the immediate issuance of PAR to employees on newly procured and transferred properties, including those items whose PAR is due for renewal.
- 25.27. The PMD and Inventory Committee will update the list of properties for all BCDA Offices, if applicable, and ensure compliance with the procedures set forth under COA Circular No. 2020-006 in the conduct of the annual inventory count. Other deficiencies in the review of PARs, RPCPPE, and other supporting documents will be submitted to the Audit Team by the end of the 3rd quarter of 2025.
- 25.28. The Audit Team will continuously monitor Management's compliance with the audit recommendation.
26. **Copies of 170 contracts related to asset disposition/management, executed by BCDA from August 2023 to December 2024, were submitted to the Office of the Auditor beyond the required five working days from its execution, incurring delay of one to 103 working days, contrary to COA Circular No. 2009-001 dated February 12, 2009, and BCDA Office Order No. 012, series of 2024, dated May 20, 2024, thereby resulting in delayed auditorial and legal review of the contracts.**
- 26.1. COA Circular No. 2009-001 dated February 12, 2009, was issued by COA to restate the submission of a copy of government contracts, purchase orders, and their supporting documents entered into by any government agency, irrespective of the amount involved. Item 3.1.1 thereof requires that:

***Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents***



*forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. (Emphasis supplied)*

- 26.2. Pursuant to COA Circular No. 2009-001, BCDA issued Office Order No. 012, series of 2024, dated May 20, 2024, on the Submission of Contracts to COA. This measure was implemented in response to the Audit Team's previous observation regarding delays in the submission of procurement contracts.
- 26.3. The BCDA Office Order No. 012, which took effect immediately, together with its implementing guidelines, aimed to reinforce the timely submission of contracts with supporting documents and to standardize the process. The scope of the implementing guidelines extended to other contracts, such as Non-Disclosure Agreements (NDA), Memoranda of Agreement (MOAs), Facility Use Agreements (FUAs), Lease Contracts, Deed of Usufruct, and other contracts that do not go through public bidding.
- 26.4. The Audit Team verified Management's submissions of contracts related to asset disposition/management, that were executed between August 2023 to December 2024, and received as of December 31, 2024.
- 26.5. A review of the contract submissions revealed that a total of 143 contracts related to asset disposition/management were submitted beyond the prescribed deadline of five working days from the execution of a contract, incurring a delay of one to 100 working days. Of these, 49 contracts were submitted before the issuance of the BCDA Office Order No. 012, series of 2024. It bears stressing that despite such issuance, 94 contracts were still submitted late to the COA office, as detailed below:

**Table 44. Number contracts that were submitted late based on contract date**

Agreement	Number of late submissions		Total
	Prior to May 20, 2024	After May 20, 2024	
Contract of Lease (COL)	35	55	90
Supplemental Lease Agreement (SLA)	0	1	1
Facility Use Agreement	11	29	40
Memorandum of Understanding (MOU)	0	7	7
Agreement to Demolish and Remove Improvement	0	2	2
Contract Agreement	1	0	1
Amended MOA	1	0	1
Memorandum of Cooperation (MOC)	1	0	1
<b>Total</b>	<b>49</b>	<b>94</b>	<b>143</b>

- 26.6. Further verification disclosed that some contracts took one to 95 working days from the date of execution to be notarized, which may have contributed to the delay in submission.
- 26.7. Meanwhile, the date of the execution of 27 contracts was not indicated in the document; thus, the compliance with the required five-day submission could not be determined. Nonetheless, even if we used the notarial date as a reference, the following contracts were still not timely submitted, resulting in a delay of one to 103 working days:



**Table 45. Number of contracts that were submitted late based on notarial date**

Agreement	Number of late submissions		Total
	Prior to May 20, 2024	After May 20, 2024	
Contract of Lease (COL)	9	2	11
Facility Use Agreement (FUA)	1	1	2
Memorandum of Understanding (MOU)	3	2	5
Deed of Absolute Sale (DOAS)	0	3	3
Non-Disclosure Agreement (NDA)	1	3	4
Contract Agreement (Estate Management)	0	1	1
Service Agreement	0	1	1
<b>Total</b>	<b>14</b>	<b>13</b>	<b>27</b>

- 26.8. While we commended Management for implementing measures to reinforce the timely submission of contracts, continuous monitoring, efficient coordination, and further improvements are necessary to ensure full compliance with the prescribed deadline.
- 26.9. It is worth emphasizing that any unjustified failure of the officials and employees concerned to comply with the requirements prescribed under COA Circular No. 2009-001 shall be subject to appropriate penalties/action.<sup>33</sup>
- 26.10. The delay in submission of the contracts deterred the conduct of timely auditorial and legal review by the Audit Team to determine whether the contracts related to asset disposition/management executed by BCDA are in compliance with the Revised Guidelines on the Privatization and Disposition of BCDA Properties (through Sale, Lease, and Joint Venture), and relevant provisions of law, rules and regulations. Further, it hindered the conduct of appropriate procedures necessary to establish the propriety and validity of transactions.
- 26.11. **We recommended that Management:**
- a. **Ensure compliance with the timely submission of the copies of the contracts related to asset disposition/management and their supporting documentary requirements in accordance with COA Circular No. 2009-001; and**
  - b. **Implement internal guidelines to establish clear timelines for notarization of contracts within a specific period to prevent unnecessary delays.**
- 26.12. Management provided the following responses to the delays in the submission of contracts:
- a. **For Contract of Lease, Memorandum of Understanding, and Memorandum of Cooperation**  
Consolidation of supporting documents posed a challenge to third parties; thus, the contracts were submitted after signing. Contracts of Lease for stalls, with different signing dates, were notarized in batches.

<sup>33</sup> Item 4.1 of COA Circular No. 2009-001 dated February 12, 2009 - Any unjustified failure of the officials and employees concerned to comply with the requirements herein imposed shall be subject to the administrative disciplinary action provided in (a) Section 127 of Presidential Decree No. 1445; (b) Section 55, Title I-B, Book V of the Revised Administrative Code of 1987; and (c) Section 11 of Republic Act No. 6713.



**b. For FUAs**

- Event Organizers sent Letters of Intent (LOI) less than a week before the scheduled conduct of their events, thereby resulting in delayed approval of the FUA.
- While best efforts were exerted to have FUAs signed before the events, some clients held and returned the signed FUAs after the event. Weekends and holidays also reduced their processing time. This posed a challenge to complete the necessary arrangements and paperwork promptly.

**c. For contracts without signing dates**

- For DOAS covering units marketed by a third party, BCDA uses the standard COL template provided by the third party. This template does not include a provision for indicating the signing date.
- In some cases, the omission of the signing date was due to oversight. As a result, BCDA uses the notarization date as the presumed signing date for documents such as NDAs and MOUs.

26.13. To address the above-noted deficiencies, Management committed to undertake the following measures:

- a. Increase efforts in monitoring concerned end-users with regard to the submission of contracts to the Audit Team** – Management will intensify its monitoring of concerned end-users to ensure the timely submission of contracts and agreements to the Audit Team, adopting practices similar to those already in place for procurement-related contracts.
- b. Require third parties to submit all supporting documents prior to contract signing** – For COLs covering stalls, end-users shall ensure that all required documents, including LOIs, post-dated checks, valid identification cards, and registration documents, are submitted and complete before the execution of any contract.
- c. Include signing and effective dates in contracts** – Management committed to include a specific provision in all contracts and agreements to reflect the date of signing. Additionally, where applicable, the effective date of the contract will also be clearly indicated, especially when it differs from the date of signing.
- d. Enhance coordination with third parties** – To avoid delays in contract execution, Management will improve coordination with third parties. For contracts, especially those resulting from public bidding, winning bidders will be requested, whenever feasible, to sign the contracts at the BCDA office and bring all required supporting documents (e.g., Secretary's Certificate, valid government-issued IDs).
- e. Provide a Standard FUA Template** – The concerned department has requested the BCDA Legal Services Department to review and finalize a standard FUA template. This will standardize the terms and conditions of FUAs and expedite the approval and signing process, as BCDA aims to attract more sports and non-sports events to New Clark City.



- f. **Issue advance notice for renewal of contracts** – End-users will issue written notices at least three months prior to the expiration of renewable contracts (e.g., COLs) to prompt and inform the contracting parties to submit all necessary documents and requirements for renewal.
  - g. **Avoid Batch Notarization for Contracts with Varying Signing Dates** – In cases such as the COL for Pamayanang Diego Silang, end-users will consider the actual signing dates and avoid batch notarization of contracts with differing execution dates.
  - h. **Complete the notarization of local contracts/ agreements within two working days** – For domestic contracts and agreements, notarization must be completed within two working days from the date of signing. For contracts involving parties based abroad, BCDA will observe the appropriate consularization procedures as part of the execution process.
- 26.14. In addition, Management committed to improving internal processes of those end-user units that face challenges in complying with the timely submission of contracts/ agreements to the Audit Team. As they find it effective, BCDA will sustain close monitoring and regular coordination with the BAC Secretariat Division and concerned end-users. Furthermore, stricter implementation of Office Order No. 2024-012 will be enforced to reinforce compliance and institutional discipline in meeting submission timelines. BCDA also plans to review and streamline the internal signing process to facilitate the faster execution and submission of contracts and agreements.
- 26.15. The Audit Team observed some improvements in the submission of contracts for CY 2025 and will continue to monitor the implementation and effectiveness of the devised measures to ensure sustained compliance in the timely submission of contracts and their related supporting documents in subsequent periods.
27. **The copies of 91 Purchase Agreements (PAs) relative to the sale of Heritage Park Investment Certificates (HPICs) owned by BCDA amounting to P52.691 million were not submitted to the Office of the Auditor within the required five working days from its execution, resulting in delay ranging from one to 219 days, contrary to COA Circular No. 2009-001 dated February 12, 2009, thereby precluding the Audit Team from conducting the timely auditorial and legal review of the PAs.**
- 27.1. COA Circular No. 2009-001 dated February 12, 2009, was issued by COA to restate the submission of a copy of government contracts, purchase orders, and their supporting documents entered into by any government agency, irrespective of the amount involved. Item 3.1.1 thereof requires that:

***Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporation and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor concerned. (Emphasis supplied)***



- 27.2. BCDA owns and holds HPICs, which pertain to various types of memorial products in the Heritage Park (HP) located along Bayani Road, Fort Bonifacio, Taguig City, Metro Manila. The certificate represents the right of the holder to the perpetual use of the burial lot specified therein and the ownership of the improvements and the enjoyment of the common amenities, facilities, and services, and to the perpetual care and maintenance of the HP.
- 27.3. The BCDA Board of Directors ("Board"), through Resolution No. 2023-11-181 dated November 22, 2023, approved the disposition of the HPICs, as follows:
- General Public through a Non-Exclusive Marketing/Broker's Agreement with Rosehills Memorial Management, Inc. (RMMI), the current estate manager for HP;
  - BCDA employee;
  - BCDA Contract of Service (COS) Personnel; and
  - BCDA Consultants and other Personnel providing service for BCDA.
- 27.4. Each time an HPIC is sold, BCDA and the buyer enter and execute a Purchase Agreement (PA), specifying the contract price, the payment terms and conditions, rights of the buyer, and the obligations of BCDA, among others. As mentioned, the Certificate entitles the buyer to perpetual usufructuary rights over the interment lot, subject to the Rules and Regulations of the HP.
- 27.5. In the CY 2024 audit, we noted that 223 HPICs were sold by BCDA during the year, mostly to its employees, after it was offered to them at a discounted price, for a total amount of P71.543 million. Out of the 223 HPICs sold, 219 were paid in cash, amounting to P63.593 million, while the remaining four, amounting to P7.950 million, will be settled through installment.
- 27.6. Accordingly, a total of 91 PAs were executed and entered into by BCDA and the respective buyers of the HPICs. It was noted that some PA covers two or more HPICs since these were sold to the same buyer.
- 27.7. The copies of the 91 PAs were only submitted to the Audit Team upon request from the concerned BCDA personnel. The first submission was made in bulk, and the others were submitted on subsequent dates, as follows:

**Table 46. Submission of 91 PAs**

<b>No. of PA</b>	<b>Period covered (date notarized)</b>	<b>Date submitted</b>
30	February 13, 2024 to April 17, 2024	May 6, 2024
2	April 26, 2024	May 9, 2024
3	May 21, 2024 and May 23, 2024	June 3, 2024
3	June 3-4, 2024	June 7, 2024
10	June 3, 2024 and June 6, 2024	June 13, 2024
1	June 27, 2024	July 2, 2024
3	March 22, 2024, and June 25, 2024	July 8, 2024
2	July 2, 2024	July 10, 2024
1	July 15, 2024	July 17, 2024
2	July 15, 2024	July 26, 2024
1	July 11, 2024	July 31, 2024
1	July 22, 2024	August 2, 2024
4	August 2, 2024	August 5, 2024



No. of PA	Period covered (date notarized)	Date submitted
2	August 15, 2024 and August 19, 2024	August 19, 2024
2	September 6, 2024	September 10, 2024
4	September 19, 2024	September 23, 2024
2	September 20, 2024	September 26, 2024
3	October 14, 2024	October 17, 2024
1	October 18, 2024	October 28, 2024
1	October 21, 2024	October 29, 2024
3	October 21, 2024 and October 29, 2024	October 31, 2024
1	November 11, 2024	November 15, 2024
1	November 20, 2024	November 26, 2024
1	November 25, 2024	December 4, 2024
2	December 5, 2024	December 11, 2024
5	November 12, 2024 to January 8, 2025	March 5, 2025
<b>91</b>		

- 27.8. Our audit disclosed that out of the submitted 91 PAs, 53 were not submitted within the required five working days from their execution, reckoned from the notarization date since the PAs were undated, resulting in delays ranging from one to 219 days, which is contrary to COA Circular No. 2009-001.
- 27.9. On the other hand, based on the Marketing/Broker's Agreement entered into by BCDA with RMMI, the agent/broker for the sale of the BCDA-owned HPICs, it was provided that after full payment of the contract price of the certificate and other related fees, BCDA shall transfer and convey the Certificate to the lot owner, through RMMI. The Certificate shall be sent to RMMI, or if the buyer so desires, may be claimed directly within 180 days from BCDA's receipt of full payment.
- 27.10. However, it was noted that it took BCDA six to 299 days to process the notarization of PAs from the payment of HPICs, which resulted in the delay of submission of the copies thereof to the Audit Team, and consequently, delaying also the issuance of respective Certificates to the lot owners.
- 27.11. Inquiry with the concerned personnel from Treasury and Project Finance Department (TPFD) disclosed that after the authorized BCDA personnel signed the PAs, these were returned to either the agent from the RMMI or other BCDA personnel in charge of the PAs, whichever is applicable. RMMI is then responsible for notarizing the said document, as the related fees are included in the collection from the buyers. However, it took a while before the notarized agreements were returned by RMMI to BCDA.
- 27.12. Additionally, the PAs were not promptly executed after payment of the buyers due to incorrect or inconsistent amounts indicated in the application form, a lack of copies of the buyer's identification, incomplete data in the application forms, and incomplete submission of post-dated checks. Consequently, the Business Development Department (BDD) returned the PAs to the RMMI for correction or completion and to facilitate coordination with the buyers. As such, Management informed the Audit Team that there is no specific timeline being observed from the receipt of payment to the processing of the PAs.



- 27.13. The delay in submission of the PAs hindered the Audit Team's timely review, which is necessary to determine whether BCDA strictly complied with the processes related to the sale of the HPICs and whether the provisions in the PAs were observed by BCDA, RMML, and the buyer.
- 27.14. **We recommended that Management:**
- a. **Ensure compliance with the timely submission to the Audit Team of the copies of Purchase Agreements (PAs) and their supporting documentary requirements relative to the sale of Heritage Park Investment Certificates (HPICs), in accordance with COA Circular No. 2009-001; and**
  - b. **Consider formulating guidelines or establishing a timeframe for processing the sale of memorial products, covering the period from payment to the execution of PAs and the issuance of the corresponding Certificates.**
- 27.15. Management acknowledged the importance of the timely submission of executed PAs and supporting documents in accordance with COA Circular No. 2009-001. To help ensure consistent compliance, the BDD, in coordination with concerned offices, started an initiative to strengthen internal routing and transmittal procedures.
- 27.16. BCDA also recognized the importance of having clear guidelines and defined timeframes to support the efficient processing of HPIC transactions. In line with this, the BDD is in the process of consolidating relevant provisions of the Marketing Agreement into a comprehensive Policy and Procedures Manual, which will also include internal monitoring protocols. The manual will outline the HPIC sales process — reservation, payment confirmation, execution, and notarization of PAs, and the eventual issuance of certificates. The Policy and Procedures Manual, which will include these provisions and monitoring protocols, will be submitted to the Audit Team upon approval by BCDA's President and Chief Executive Officer.
- 27.17. The Audit Team will continuously monitor Management's compliance with the audit recommendations.
28. **The copies of eight contracts/Purchase Orders (POs) together with its supporting documents costing P969.315 million, executed by BCDA from May to November 2024, were submitted to the Office of the Auditor beyond the required five working days from its execution or a delay of four to 30 days, contrary to COA Circular No. 2009-001 dated February 12, 2009, and BCDA Office Order No. 012, series of 2024, dated May 20, 2024, thereby resulting in delayed auditorial and legal review of the contracts/POs.**
- 28.1. This is a reiteration of the prior year's observation with updated information.
- 28.2. COA Circular No. 2009-001 dated February 12, 2009, was issued by COA to restate the submission of a copy of government contracts, purchase orders, and their supporting documents entered into by any government agency, irrespective of the amount involved. Items 3.1.1 and 3.2.1 thereof require that:



3.1.1 **Within five (5) working days from the execution of a contract** by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, **a copy of said contract and each of all the documents forming part thereof** by reference or incorporation shall be furnished to the Auditor of the agency concerned.

3.2.1 **A copy of any purchase order irrespective of amount, and each and every supporting document**, shall, **within five (5) working days from issuance thereof**, be submitted to the Auditor concerned.  
Xxx (Emphasis supplied)

28.3. Item 3.1.2 further provides that the required copies of documents must be submitted together with the contracts/POs, such as the Bidding Documents, Bidders Technical and Financial Proposals, Minutes of Bid Opening, Abstract of Bids, Bids and Awards Committee (BAC) Resolution declaring winning bidder, BAC Resolution recommending approval, Notice of Award and to Proceed, and other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review and in the technical evaluation thereof.

28.4. The BCDA Office Order No. 012, series of 2024, dated May 20, 2024, together with its implementing guidelines, was issued to reiterate the timely submission of contracts with their supporting documents and to standardize the process. A Documented Information Checklist System was devised by Management pursuant to the said Office Order. The checklist system shall host master lists and electronic copies of the project files to ensure that applicable documentary requirements corresponding to procurement processes and business-related projects are organized, available and complete, in compliance with COA issuances and RA No. 9184. The user guide for the utilization of the said system was prescribed under BCDA Office Order No. 013, series of 2024, dated May 30, 2024.

28.5. Audit revealed that for CY 2024, the delay in the submission of contracts to the Audit Team still persists, despite the issuance of BCDA Office Order No. 012, series of 2024. While we commended Management for the substantial decrease in the delay in the submission of contracts in CY 2024 because of its commitment and continued efforts to comply with the audit recommendation, there were still minimal number of contracts which were not submitted to the Audit Team within the required five days from execution, as follows:

A. Infrastructure Contracts:

Table 47. Contracts with Delay in the Submission to the Audit Team

Project	Contractor	Contract Date	Transmittal Date	Amount	Delay (in days)*
1. Site Development of the 65-Hectare Relocation Site in New Clark City	RD Policarpio & Co. Inc.	09/11/2024	09/27/2024	P 618,988,390	7
2. Construction of Streetlights and Pavement Markings along McKinley Parkwest, BGC	LAK-K Builders Co.	11/26/2024	12/11/2024	20,495,235	6



Project	Contractor	Contract Date	Transmittal Date	Amount	Delay (in days)*
3. Construction of BCDA Records Office and Sports Facilities	Teodoro Construction Corporation	07/05/2024	07/19/2024	113,296,884	5
4. Rebidding Construction of PN Modular Facilities at BNS Lot 1	R.R. Ricafort Construction & Supplies	11/05/2024	11/15/2024	181,139,240	3
<b>Total</b>				<b>P 933,919,749</b>	

*\* From 5 working days after the contract date to transmittal to the Audit Team*

#### B. Infrastructure Contracts:

**Table 48. Contracts with Delay in the Submission to the Audit Team**

Project	Contractor	Contract Date	Transmittal Date	Amount	Delay (in days)*
1.6.1 Lease Addendum for the Parking Slots in One West Aeropark, Clark Global City, Pampanga	Aeropark Development Philippines, Inc.	05/30/2024	07/19/2024	Various	29
2.6.1 Amendment Contract of Lease for the Office Space in Bonifacio Technology Center, BGC, Taguig City	Fort Bonifacio Development Corporation	06/14/2024	07/19/2024	Various	19
3.6.1 Preventive Maintenance of All Elevators and Lifts at the NCC Sports Facilities	Sernta Elevator Philippines Inc.	07/08/2024	08/05/2024	480,000	13
4.6.1 Supply and Delivery of 21 Units Motor Vehicles	Toyota Pasong Tamo, Inc.	06/24/2024	07/15/2024	34,914,775	10
<b>Total</b>				<b>P 35,394,775</b>	

*\* From 5 working days after the contract date to transmittal to the Audit Team*

- 28.6. Meanwhile, the date on the execution of the contract on the Parking Slot Agreement for the Parking Slot in Bonifacio Technology Center, BGC, Taguig City, was not indicated in the said document, thus, the compliance with the required five-day submission could not be determined.
- 28.7. It is worth emphasizing that any unjustified failure of the officials and employees concerned to comply with the requirements prescribed under COA Circular No. 2009-001 shall be subject to appropriate penalties/action.
- 28.8. The delay in submission of the contracts deterred the conduct of timely auditorial and legal review by the Audit Team to determine if the processes and activities performed by BCDA for the procurement of the aforementioned projects are in compliance with the relevant provisions of RA No. 9184 and its Revised Implementing Rules and Regulations, as well as other applicable government procurement rules and regulations. Further, it hindered the conduct of appropriate procedures necessary to establish the propriety and validity of transactions.



28.9. **We reiterated our prior year's recommendation that Management ensure compliance with the timely submission of the copies of the contracts/POs and their supporting documentary requirements in accordance with COA Circular No. 2009-001.**

28.10. Management committed to taking the following measures to address the observation:

- a. Close monitoring and regular coordination among the BAC Secretariat Division, the concerned Ad Hoc BAC Secretariat, and the concerned end-users with regard to the submission of contracts to COA to anticipate and meet the schedule of submission of documentary requirements; and
- b. Sustain implementation/enforce Office Order Nos. 2024-012 and 2024-013 to further improve our resolve for a timely submission of contracts to COA. We will also review our routing and signing process to improve overall operational efficiency.

28.11. For continuous monitoring of the Audit Team.

**29. The gender mainstreaming in BCDA may not be accelerated due to non-compliance of the GAD Focal Point System (GFPS) with the relevant GAD rules and issuances, resulting in non-assurance that women's empowerment and gender equality were attained.**

29.1. Pursuant to Section 36, Chapter VI of RA No. 9710, otherwise known as the Magna Carta of Women (MCW), all government agencies are mandated to adopt gender mainstreaming as a strategy to promote women's human rights and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures.

29.2. Gender mainstreaming is the main strategy to implement the MCW. It is pursued by integrating the gender perspective in government policies, plans, programs, activities, and projects (PAPs) to carry out the law's procedural, policy, and sectoral program requirements. It is also mandatory in all government agencies.

29.3. The MCW further mandates the establishment and/or strengthening of a GFPS as an institutional mechanism to catalyze and accelerate gender mainstreaming. The GFPS is an interacting and interdependent group of people in all government instrumentalities tasked to catalyze and accelerate gender mainstreaming. It is a mechanism established to ensure and advocate for, guide, coordinate, and monitor the development, implementation, review, and updating of their GAD plans and GAD-related programs, activities, and projects (PAPs).<sup>34</sup>

29.4. The GFPS shall take the lead in mainstreaming gender in the agency PAPs. As such, they shall coordinate the preparation of the GAD Plans and Budgets (GPB), monitor its implementation and report on the results through the GAD Accomplishment Report (AR). They shall provide technical assistance on gender mainstreaming to offices or units within their agency.<sup>35</sup>

<sup>34</sup> Item 3.5, PCW MC No. 2011-01 dated October 21, 2011

<sup>35</sup> Item 3.5, PCW-NEDA-DBM Joint Memorandum Circular No. 2022-01 dated December 28, 2022



- 29.5. However, the audit disclosed the following non-compliance of the GFPS with the relevant issuances on GAD:
- a. **The GAD Agenda for the years 2023 to 2028, which shall be the basis for the annual formulation of GAD programs, activities and projects, was not timely prepared by the GFPS and not submitted to the Philippine Commission on Women (PCW), contrary to PCW Memorandum Circular No. 2018-04 dated September 19, 2018.**
- 29.6. The Agencies shall formulate their GAD Agenda, which is their strategic framework and plan on gender mainstreaming and achieving gender equality and women's empowerment (GEWE).<sup>36</sup>
- 29.7. The GAD agenda shall be the basis for the annual formulation of programs, activities, and projects to be included in the GPBs of agencies. It will provide agencies with direction in setting and monitoring their GAD initiatives towards the achievement of their GEWE goals.
- 29.8. The PCW issued Memorandum Circular (MC) No. 2018-04 dated September 19, 2018, which outlines the guidelines and procedures in the formulation, implementation, monitoring, and evaluation of the multi-year GAD Agenda. Item 3 thereof provides that the GAD Agenda shall:
- a. Serve as a basis in identifying programs, activities, and projects to be undertaken to achieve the GAD goals and outcomes;
- b. Provide the monitoring and evaluation (M&E) framework for assessing GAD results and outcomes that shall be the basis for strengthening the mainstreaming of a GAD perspective in the agency's operations and programs; and
- c. Be formulated in a participatory, consultative, and inclusive process. It shall consider the results from consultations with women target beneficiaries as well as women's groups/organizations working in the sector and other concerned stakeholders, and the identified gaps resulting from gender analysis.
- 29.9. Moreover, the requirements in the preparation, approval, and submission of the GAD Agenda were also provided under the same MC, as follows:

#### *4. Content and Timeframe of the GAD Agenda*

***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 the GAD Agenda is six years.*

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<sup>36</sup> *Ibid.*, Item 5.1



6.1 ***The head of agency shall approve the GAD Agenda and issue a policy ensuring its implementation by the agency's sub-units.***

8. ***The GAD Agenda, progress and end-term reports shall be submitted by agencies to PCW for the purpose of monitoring, evaluation, reporting of GEWE results and as necessary, provision of technical assistance on its implementation. (Emphasis supplied)***

29.10. Annex B of PCW MC No. 2018-04 prescribes the following steps in formulating the GAD Agenda:

➤ Part I. GADSF

- Step 1: Organizing the Planning Team
- Step 2: Conducting Gender Analysis
- Step 3: Setting the Agency's GAD Vision and Mission
- Step 4: Formulating the GAD Goals

➤ Part II. GADSP

- Step 5: Prioritizing Gender Issues and/or GAD Mandates per GAD Goal
- Step 6: Outlining the GAD Outcomes, Indicators, Baseline Data, and Targets per GAD Goal
- Step 7: Translating the GAD Outcomes into GAD Programs, Projects, and/or Activities

29.11. On November 6, 2024, the GFPS initially submitted to the Audit Team a copy of the GAD Agenda for BCDA for the years 2023 to 2028. However, a review of the submitted Agenda disclosed that it was not duly signed or approved by the head of the agency and was also not submitted to PCW.

29.12. Moreover, we noted that the GAD Agenda was incomplete as Part I thereof or the GADSF, containing the agency's mandate, GAD vision and mission, and GAD goals, was not included in the said submission. We requested the submission of Part I from the concerned GFPS member; however, only the GAD vision was submitted to the Audit Team on April 8, 2025. We were informed that they are still collating the other parts of the framework, such as the GAD mission, mandate, goals, etc., since different departments in BCDA are handling it.

29.13. Finally, after the series of clarifications from the concerned GFPS member, the complete set of GAD Agenda was submitted accordingly to the Audit Team on April 21, 2025, and the head of the agency duly signed this.

29.14. However, the aforementioned audit observations raise concerns if the GPB for year 2024 prepared by the GFPS could fully address the gender issues and accelerate the gender mainstreaming in BCDA since the GAD Agenda for the years 2023 to 2028 was not thoroughly formulated beforehand nor this was approved by the head of the agency, and not submitted to the PCW, contrary to PCW MC No. 2018-04.

29.15. It bears stressing that the GAD Agenda is not a mere document to be prepared to comply with the requirements of the PCW, on the contrary, this is the guide of the GFPS in identifying the GAD mandates it will implement for BCDA, as well as priority



gender issues to be addressed within the GAD Agenda's timeframe. Thus, this is essential in guiding the agency's efforts to effectively address the gender-related issues in BCDA to achieve women's empowerment and gender equality.

29.16. Further, the desired outcomes and goals embodied in the GAD agenda will serve as the agency's guide or framework in preparing its GAD Plan and Budget, to ensure that gender mainstreaming is integrated into the agency.

**b. The GFPS Functionality Assessment Tool was not utilized for the periodic evaluation of the functionality level of the GFPS, contrary to PCW MC No. 2022-02 dated March 8, 2022.**

29.17. The PCW issued MC No. 2022-02 dated March 8, 2022, enjoining the national government agencies (NGAs) to use the GFPS Functionality Assessment Tool in periodically assessing the level of functionality of their GFPS.

29.18. The PCW developed the said tool to provide GFPS members from NGAs the means to examine their performance and level of compliance based on the parameters set forth in the MCW and the PCW MC No. 2011-01.<sup>37</sup> This is to ensure that NGAs have a functional mechanism to mainstream the gender and development perspective in their policy-making, planning, programming, budgeting, implementation, and monitoring and evaluation processes. It is intended for all GFPS members of NGAs, state universities and colleges, government-owned and controlled corporations, and local water districts at the central and regional offices.

29.19. The self-assessment tool consists of three areas: structure and composition of the GFPS; fulfillment of GFPS roles and functions based on structure; and GAD-related competencies of GFPS members, which will help them identify its strengths and areas for improvement, including underlying causes of gaps in the performance of its mandates. Each functionality assessment criterion has a corresponding point, with a total score of 100.

29.20. The Audit Team inquired from the concerned GFPS member if they are using the Functionality Assessment Tool; however, we were informed that they have not yet used the tool since there were no trainings/seminars conducted.

29.21. It is worth emphasizing that the aforesaid tool was designed to assess and determine the performance and level of compliance of the agency's GFPS and identify the gaps and weaknesses where it should focus to strengthen its functionality. This will also enable the GFPS to document its good practices on gender mainstreaming.

**c. The enhanced Gender Mainstreaming Evaluation Framework (GMEF), which serves as a tool to assist the GFPS in evaluating the level of effectiveness of their gender mainstreaming efforts, was not yet administered in BCDA, contrary to PCW MC No. 2016-03 dated May 27, 2016.**

29.22. The GMEF is a self-assessment tool that is useful for the GFPS members in measuring the agency's performance in gender mainstreaming (i.e., gains and successes) and

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<sup>37</sup> Item 3, PCW MC No. 2022-02.



pinpointing areas for improvement in how they mainstream the GAD perspective in their respective organizations.

- 29.23. To track the government agencies' performance and progress of their gender mainstreaming efforts in line with the provisions of the MCW and to have a holistic view of the national agencies' gender mainstreaming implementation, the PCW updated and enhanced the GMEF tool, which was originally developed in 2001.
- 29.24. The use of the tool was promulgated under PCW MC No. 2016-03 dated May 27, 2016, and supplemented through the issuance of an Advisory dated March 8, 2024, from the Officer-In-Charge of the PCW. As provided in the same MC, all government agencies are enjoined to use the enhanced GMEF to periodically assess the level of their gender mainstreaming performance, which is recommended at least once every two years.
- 29.25. Additionally, Item 5.4 of the Joint Memorandum Circular (JMC) No. 2022-01 dated December 28, 2022, issued by the PCW, National Economic and Development Authority (NEDA), and Department of Budget and Management (DBM), requires that:

***Agencies shall administer the enhanced Gender Mainstreaming Evaluation Framework (GMEF) tool to periodically assess the level of their gender mainstreaming efforts. The agency shall assess the gender-responsiveness of their major programs and projects using Harmonized Gender and Development Guidelines (HGDG) tool. The results of the GMEF and the HGDG assessment will guide the agency in identifying areas for continued improvement and for attributing a portion of or the whole budget of the program or project to GAD. (Emphasis supplied)***

- 29.26. Review of records showed that various GFPS members attended the training on using and utilizing the GMEF on July 7, 2023. Thus, the Audit Team inquired from the concerned GFPS member whether they had already administered the GMEF tool. However, we were informed that this was not done because they had only attended the introductory workshop relative to the GMEF tool. They need a more in-depth session to be able to administer the said tool.
- 29.27. Chapter 4 of the enhanced GMEF handbook and toolkit provides that in case the GFPS members need capacity-building on administering the GMEF assessment (for first time users), assistance from PCW or a GAD consultant may be sought.
- 29.28. Regular use of the tool will provide a systematic and comprehensive evaluation of the Authority's gender mainstreaming efforts. This proactive approach will ensure consistency in the assessment process and help identify areas that require improvement, thereby strengthening the overall implementation of gender mainstreaming initiatives.
- 29.29. The above-noted deficiencies are manifestations that the GFPS could not ensure that the gender mainstreaming in BCDA was accelerated, resulting in non-assurance that women's empowerment and gender equality were attained as mandated under the MCW and pertinent rules and issuances. The GFPS is required to observe and comply



with said law and all related issuances relative to GAD. The thorough and systematic formulation of the GAD Agenda and the utilization of the Functionality Assessment Tool and GMEF are some of the functions and responsibilities of the GFPS. It is worth emphasizing that ensuring that plans, processes, and reports are complete and in compliance with all relevant laws and regulations is an inherent responsibility of the GFPS and reflects its commitment to achieving gender equality and women's empowerment in the agency.

**29.30. We recommended that Management require the GFPS to:**

- a. Strictly ensure that the preparation and submission of the GAD Agenda is in accordance with PCW MC No. 2018-04 dated September 19, 2018, and submit to the Audit Team a proof of submission to PCW;**
- b. Utilize the Functionality Assessment Tool, which will help the GFPS in ensuring effective gender mainstreaming in BCDA, in accordance with PCW MC No. 2022-02 dated March 8, 2022; and**
- c. Administer the enhanced Gender Mainstreaming Evaluation Framework tool to periodically assess the level of their gender mainstreaming efforts, in compliance with PCW MC No. 2016-dated May 27, 2016, and PCW-NEDA-DBM JMC No. 2022-01 dated December 28, 2022.**

29.31. BCDA GFPS acknowledged the delay in submitting the GAD Agenda for 2023-2028 to the PCW. This was primarily due to several organizational transitions and revisions in the composition of the GFPS throughout the years.

29.32. Management committed to institutionalizing gender-responsive governance and ensuring full compliance with all PCW directives. BCDA views the GAD Agenda as a compliance document and a strategic roadmap in advancing gender equality and women's empowerment across all its operations. Accordingly, a copy of the GAD Agenda for 2023-2028 was submitted to the PCW on April 30, 2025.

29.33. Management also commented that while the GFPS Functionality Assessment Tool has not been formally utilized in the past, BCDA emphasized that the core elements of the tool have long been embedded in the actual practices of the BCDA GFPS. Moving forward, they will ensure the periodic use and documentation of the tool.

29.34. Furthermore, Management clarified that the GFPS has utilized the enhanced GMEF and effectively applied it during the annual GPB planning workshops. A copy of the GMEF score sheet and various assessment questionnaires were submitted to the Audit Team.

29.35. The Audit Team will monitor Management's compliance with the recommendations.

**30. The BCDA GAD Plan and Budget (GBP), duly endorsed by the PCW, was not submitted to the Audit Team within five working days from its endorsement, resulting in a delay of 136 working days, contrary to PCW MC No. 2023-02 dated September 11, 2023.**



- 30.1. The GPB is a systematic set of PAPs with corresponding budgets, designed to address gender issues and concerns, promote gender mainstreaming, women's empowerment, and gender equality within government agencies. The GPB must be submitted to PCW for review and endorsement, in compliance with the requirements of RA No. 9710 or the MCW.
- 30.2. The PCW issued MC No. 2023-02 dated September 11, 2023, to prescribe the guidelines on preparing and submitting the FY 2024 GPB of all government agencies. Item 1.2.5.4 thereof requires that:

***Agencies shall also furnish their respective Commission on Audit (COA) Audit Team a copy of their signed GPB within five working days from its endorsement or the specific period prescribed by the COA. (Emphasis supplied)***

- 30.3. Our audit disclosed that the PCW endorsed the CY 2024 GPB of BCDA on March 4, 2024. However, the copy of the signed and endorsed GPB was only submitted to the Audit Team on October 10, 2024, 141 working days after the endorsement from the PCW, or a delay of 136 working days, contrary to the above requirement of the MC.
- 30.4. While we commend the efforts of the GFPS in ensuring that the GAD budget comply with the minimum allocation of at least five percent of the total corporate operating budget of BCDA, which resulted in the endorsement of the CY 2024 GPB by the PCW, it is worth mentioning that timely submission thereof will enable the Audit Team to conduct the timely review and monitoring of the effective implementation of the GPB.
- 30.5. **We recommended that Management require the GFPS to ensure the timely submission to the Audit Team of a copy of the duly signed and endorsed GPB for the year, in compliance with the related issuances from the PCW.**
- 30.6. Management acknowledged the delay in the submission of the GPB to the Audit Team within the prescribed five working days from the date of endorsement by the PCW, and committed to ensuring that the duly signed PCW-endorsed GPB for each year is submitted to the Audit Team within the stipulated period, as outlined in PCW Memorandum Circular.
- 30.7. The Audit Team will monitor Management's compliance with the recommendations.
31. **The validity of the accomplishments under Attributed Programs, as reported in the CY 2024 GAD Accomplishment Report (AR), could not be determined due to the absence of the required necessary details or justifications in the said accomplishments, inconsistencies in information/data, and incomplete supporting documents.**
- 31.1. This is a reiteration of the prior year's observation with updated information.
- 31.2. Pursuant to Section 36 of RA No. 9710 or the MCW, the utilization and outcome of the GAD budget shall be annually monitored and evaluated in terms of its success in influencing the gender-responsive implementation of agency programs. As such, government-owned and/or controlled corporations shall submit their consolidated GAD ARs to PCW through the Gender Mainstreaming Monitoring System (GMMS).



31.3. Attribution to the GAD budget of the whole or portion of the budget of an agency's major programs or projects is a means toward gradually increasing the gender responsiveness of government programs and projects.<sup>38</sup>

31.4. The PCW issued MC No. 2024-05 dated December 10, 2024, to provide guidelines on preparing and submitting the FY 2024 GAD AR, reviewing the same by the PCW, and generating and disseminating the PCW-reviewed AR. The following were provided under the same MC:

**1.7 To attribute the expenditure of a major agency program/project to GAD in FY 2024 GAD AR, agencies shall accomplish the Harmonized Gender and Development Guidelines (HGDG) Project Implementation and Management, and Monitoring and Evaluation (PIMME) checklist (HGDG Boxes 16 & 17) or the Facility Implementation, Management, and Monitoring and Evaluation (FIMME) checklist (HGDG Box F2), whichever is applicable, to assess the gender responsiveness of the implementation of the program/project. Xxx**

**1.7.1 In accomplishing the HGDG PIMME or FIMME checklist, agencies shall provide the justification in the Remarks column of the HGDG checklist for items in which the agency answered "yes" or "partly yes" and provide the relevant means of verification (MOV) to facilitate the validation of the HGDG score.**

**1.7.2 Copies of the results of the assessment using the HGDG PIMME or FIMME checklist and relevant supporting documents or means of verification (e.g., the program/project brief and accomplishment report, details of expenditures, activity reports, monitoring and evaluation reports, and list of sex-disaggregated data or gender statistics that were used and/or collected, among others) shall be attached to the agency's GAD AR submission.** (Emphasis supplied)

31.5. In the CY 2024 GAD audit, the GFPS submitted to the Audit Team on March 3, 2025, a copy of its initial submission of the CY 2024 GAD AR to PCW, through the GMMS, as summarized below:

**Table 49. CY 2024 GAD AR**

<b>Type of Activity</b>	<b>GAD Budget</b>	<b>Actual Expenditure</b>
Client-Focused	P 360,000	P 684,888
Organization-Focused	3,562,253	3,347,700
Attributed Program	1,167,066,802	626,733,918
<b>Total</b>	<b>P 1,170,989,055</b>	<b>P 630,766,506</b>

31.6. It can be gleaned from the table above that 99.36 percent of the actual expenditure/utilization pertains to the Attributed Program. However, the audit disclosed the following deficiencies:

<sup>38</sup> Item 6.3.1 of PCW-NEDA-DBM JMC No. 2022-01.



- a. The HGDG ratings/scores reflected in the GAD AR are inconsistent with the supporting PIMME checklist. Additionally, Box 17 of the HGDG PIMME checklist for one attributed program was not submitted, precluding the Audit Team from verifying its scores.

31.7. Item 1.7.3 of PCW MC No. 2024-05 provides that:

*The score in the HGDG assessment shall be the basis for determining the actual cost/expenditure that can be attributed to GAD and reflected in the GAD AR. The percentage score of the program/project in the HGDG PIMME/FIMME assessment shall correspond to the percentage of the actual expenditure (not the budget) of the agency's major program/projects that may be attributed to GAD xxx. (Emphasis supplied)*

31.8. The formula for computation shall be as follows:

$$\frac{\text{HGDG PIMME/FIMME Score}}{\text{Total HGDG Points}} \times 100\% = \text{\% of annual program expenditure attributable to GAD}$$

$$(\text{\% of annual program expenditure attributable to GAD}) \times (\text{annual program expenditure}) = \text{Attributable amount to GAD in the AR}$$

- 31.9. The HGDG PIMME checklist consists of two boxes, Boxes 16 and 17. Box 16 contains four core elements for gender-responsive project management and implementation, while Box 17 presents the checklist for project monitoring and evaluation. The scores for both boxes will be added to come up with the total rating for the project implementation, which will be used to determine the attributable amount to GAD AR.
- 31.10. Review of the CY 2024 GAD AR disclosed that three projects of BCDA were included and reported as implemented under the Attributed Program, namely: 1) NCC Connecting Road Package 2; 2) PMC Replication at BTP Phase 1 Package 2; and 3) PMC Replication at BTP Phase 1 Package 3.
- 31.11. However, it was noted that only Box 16 was attached as a supporting document to the NCC Connecting Road Package 2 project. Moreover, there were inconsistencies in the HGDG ratings/scores as reflected in the GAD AR vis-à-vis the supporting PIMME checklist submitted by the GFPS, which prevented the Audit Team from verifying the scores and validity of the GAD AR. Details are as follows:

Table 50. Attributed Program

Name of Project	HGDG Score per attached PIMME checklist (a)	HGDG Score per GAD AR (b)	Variance (a-b)
1 NCC Connecting Road Package 2	Incomplete checklist	92%	Incomplete checklist
2 PMC Replication at BTP Phase 1 Package 2	78.75%	80.85%	-2.10%
3 PMC Replication at BTP Phase 1 Package 3	78.75%	80.85%	-2.10%

- 31.12. Furthermore, the Audit Team could not compute or verify the correct amount that may be attributed to the GAD AR based on the actual program/project expenditures due to



a lack of supporting documents, such as the CY 2024 schedule of actual expenditures relative to the projects.

- b. **Absence of justifications in the Remarks column of the submitted HGDG PIMME checklist and the relevant supporting documents or MOVs, undermines the validation of the reported expenditures under the Attributed Program in the GAD AR, contrary to Items 1.7.1 and 1.7.2 of the PCW MC No. 2024-05.**
- 31.13. As presented in Table No. 49, a significant portion of the reported accomplishments pertains to the expenditures under the Attributed Program of BCDA. However, we noted that the required justification was still not indicated in the Remarks column of the HGDG PIMME checklist despite the prior year's observation of the Audit Team. Moreover, the relevant supporting documents or MOVs to support and validate the self-rated scores were also not included or attached to the submitted GAD AR, which does not comply with Items 1.7.1 and 1.7.2 of the PCW MC No. 2024-05.
- 31.14. Inquiry with the assigned GFPS member disclosed that the PIMME checklists were prepared by various GFPS members, who are engineers. It was explained that the assigned GFPS member was not fully aware of last year's audit observation, and added that they are still awaiting the comments from the PCW relative to their initial submission of the CY 2024 GAD AR.
- 31.15. We emphasized that the PCW comments are not requirements before the GFPS could provide justifications in the Remarks column and the relevant MOVs or submission of supporting documents. These requirements are clearly provided in the PCW MC No. 2024-05, upon accomplishing the HGDG PIMME checklist, and to support the reported accomplishments under the Attributed Program.
- 31.16. It bears stressing that this observation persists despite the previous year's audit. This indicates that the GFPS did not effectively monitor or review the preparation of the GAD AR. Additionally, the implementation of the PAPs under the Attributed Program may not have been properly monitored.
- 31.17. Consequently, the absence of justifications in the Remarks column and the relevant MOVs or supporting documents precluded the Audit Team from determining the validity of the reported expenditures or accomplishments under the Attributed Program in the CY 2024 GAD AR.
- 31.18. **We reiterated our prior year's recommendation, with modification, that Management require the GFPS to revise the HGDG PIMME checklist by adding justifications in the Remarks column, provide relevant MOVs, and ensure completeness of supporting documents, in accordance with PCW MC No. 2024-05.**
- 31.19. **We recommended further that Management require the GFPS to:**
- a. **Identify the cause/s of inconsistencies in the HGDG ratings/scores as reflected in the GAD AR vis-à-vis the supporting HGDG PIMME checklist;**
  - b. **Submit to the Audit Team the revised CY 2024 GAD AR after implementing the preceding recommendations, together with complete supporting**



documents, including the Box 17 of HGDG PIMME checklist for the attribute program pertaining to NCC Connecting Road Package 2; and

- c. **Ensure that the GAD AR is cautiously prepared and thoroughly reviewed by the GFPS, and completely supported by necessary documents, before submitting the same to the PCW; and strictly comply with all applicable laws, rules, and regulations in preparing the GAD AR.**

31.20. Management acknowledged the noted absence of justifications in the Remarks column of the submitted HGDG PIMME checklist, Box 17, for one attributed program, as well as the lack of relevant supporting documents or MOVs necessary to validate reported expenditures under the Attributed Programs in the GAD AR. BCDA clarified that the situation arose primarily due to the unforeseen resignation of key engineers who served as project point persons under the GFPS. Their departure created temporary gaps in the documentation processes, which led to the delayed collation and submission of complete MOVs.

31.21. Accordingly, Management submitted an updated Box 16 and Box 17 of the HGDG PIMME for the projects under the attributed program, which includes a Remarks column indicating the relevant MOVs and attaching the appropriate supporting documents or MOVs.

31.22. The Audit Team will monitor the submission of the final CY 2024 GAD AR of BCDA, as reviewed by the PCW.

**32. The amount appropriated for GAD PAPs in CY 2024 was not fully utilized, leaving an unused balance of P540.223 million or 46.13 percent of the GAD Budget at year-end. Moreover, some of the identified PAPs that were completely implemented exceeded the corresponding allocated budget, casting doubt on the efficient and effective planning or preparation of the GPB and the judicious utilization of the budget, resulting in no assurance that women's empowerment and gender equality were attained.**

32.1. This is a reiteration of the prior year's observation with updated information.

32.2. Section 36(a) of the MCW states that GAD programs addressing gender issues and concerns shall be designed and implemented based on the mandate of government agencies. The cost of implementing GAD programs shall be the agency's GAD budget, which shall be at least five percent of the agency's total budget appropriations.

32.3. The GAD Budget shall be drawn from the agency's maintenance and operating expenses (MOOE), capital outlay (CO), and personnel services (PS).<sup>39</sup> For GOCCs, the GAD budget shall be drawn from their Corporate Operating Budget (COB).<sup>40</sup>

32.4. The agency GFPS shall take the lead in mainstreaming gender in the agency PAPs. As such, they shall coordinate the preparation of the agency's GBP, monitor its

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<sup>39</sup> Item 6.1 of PCW-NEDA-DBM JMC No. 2022-01 (Note: The total agency budget appropriation should be adjusted on the actual funds released, as basis of the GAD AR).

<sup>40</sup> Item 6.2 of PCW-NEDA-DBM JMC No. 2022-01.



implementation, and report on the results through GAD AR. They shall provide technical assistance on gender mainstreaming to offices or units within their agency.<sup>41</sup>

- 32.5. For CY 2024, the total GAD budget amounted to P1.171 billion or 13.35 percent of the CY 2024 approved COB of P8.775 billion. However, review of the GAD AR disclosed that only P630.767 million or **53.87 percent** of the budget was utilized for implementing the GAD PAPs, leaving an **unused balance of P540.223 million or 46.13 percent**. Details are as follows:

Table 51. Utilization and Balance of the GAD AR

Type of activity	No. of PAPs	GAD Budget	Utilization/Actual Expenditures		Balance	
			Amount	%	Amount	%
Client-focused	13	P 360,000	P 684,887	190	P (324,887)	-90
Organization-focused	9	3,562,253	3,347,700	94	214,553	6
Attributed Program	3	1,167,066,802	626,733,918	54	540,332,884	43
	<b>25</b>	<b>P 1,170,989,055</b>	<b>P 630,766,505</b>	<b>54</b>	<b>P 540,222,550</b>	<b>46</b>

- 32.6. Further review of the GAD AR disclosed the following under the Client-focused activities:
- All 13 PAPs under the client-focused activities were implemented. Out of the 13 implemented PAPs, there were no actual expenditures reported in the implementation of five PAPs with a total budget of P130,000. The unutilized budget could have been used for other GAD PAPs that directly respond to BCDA's mandates and other gender issues and concerns arising within the Management.
  - The budgets for implementing three PAPs were not fully utilized, leaving a balance of P57,652, while four PAPs exceeded their corresponding budgets.
- 32.7. Under the organization-focused activities, all nine PAPs were implemented; however, the budgets for the implementation of seven PAPs were underutilized, leaving a balance of P0.665 million, and two PAPs were overutilized.
- 32.8. The above-noted observations cast doubt on the efficient and effective planning or preparation of the GPB and the judicious utilization and monitoring of the budget by the GFPS, considering that the percentage of utilization of GAD budget in CY 2024 is lower compared to the utilization in prior year – **from 84.50 percent to 53.87 percent**. Hence, the attainment of the envisioned women's empowerment and gender equality in BCDA was not fully attained.
- 32.9. **We reiterated our prior year's recommendation that Management require the GFPS to regularly monitor the GAD budget to ensure that it is spent for what is intended, and that the GAD PAPs were effectively and efficiently implemented by judiciously utilizing the GAD budget.**
- 32.10. **We recommended further that the GFPS effectively plan the preparation or allocation of its budget per identified GAD PAPs, to minimize or avoid the over/under utilization of budget.**

<sup>41</sup> Item 3.5 of PCW-NEDA-DBM JMC No. 2022-01.



- 32.11. Management acknowledged the Audit Team's observations regarding the partial utilization of the 2024 GAD budget and the variances noted between the approved budget and the actual expenditures for certain activities.
- 32.12. Management explained that the partial utilization of the budget is largely attributable to the delay of the major attributed program, which had a significant bearing on the overall utilization rate.
- 32.13. For PAPs with no actual expenditures, Management explained that no additional expenses were incurred because there was no operational or logistical need that required funding at the time. In such cases, the only actual expenditures pertained to PS Attributions of staff involved in its implementation. Accordingly, BCDA intended to update the expenses for those activities to reflect the accurate inclusion of PS attributions, ensuring a more complete and transparent GAD budget utilization.
- 32.14. Furthermore, regarding the identified PAPs that exceeded their initial budget allocation, BCDA commented that such expenditures were strategically directed toward enhancing the programs' quality, responsiveness, and reach. The necessary adjustments ensured that emerging needs were met and that program outcomes were optimized, and every peso was spent in alignment with its mandate to deliver transformative gender and development outcomes.
- 32.15. Moving forward, Management is committed to further refining its internal planning, forecasting, and monitoring systems to more precisely anticipate risks and ensure optimal budget utilization, while preserving BCDA's ability to respond to the dynamic needs of its stakeholders. The agency values the feedback of oversight bodies such as COA and will incorporate these recommendations to elevate its GAD programming further, ensuring that all public resources are leveraged toward meaningful, inclusive, and sustainable impact.
- 32.16. The Audit Team will monitor Management's compliance with the recommendations.

### **33. Compliance with Tax Laws**

- 33.1. For CY 2024, BCDA has remitted the taxes withheld amounting to P339.055 million while leaving an outstanding withholding tax payable of P40.336 million to be remitted in CY 2025.

### **34. Compliance with Rules on Government Mandatory Deductions and Remittances**

- 34.1. For CY 2024, the appropriate premium contributions and loan amortizations were deducted from the salaries of the employees of BCDA. Employees' share, together with the employer's share, as well as loan amortizations, were remitted to the Government Service Insurance System (GSIS), Social Security System, Home Development Mutual Fund (HDMF), and Philippine Health Insurance Corporation (PHIC) within the prescribed period.



34.2. The remittances for CY 2024 are as follows:

**Table 52. Remittances of Government Mandatory Deductions**

Particulars	Amount
GSIS contribution and loans	P 44,453,158
PHIC contribution	7,534,904
HDMF contribution	1,113,600
HDMF loan amortization	1,128,601
	<b>P 54,230,263</b>

**35. Status of Notice of Suspensions, Disallowances, and Charges**

35.1. As of year-end, the status of audit suspensions, disallowances, and charges issued is as follows:

**Table 53. Audit suspensions, disallowances, and charges**

Audit Action	Beginning Balance			Ending Balance
	January 1, 2024	Issued	Settled	December 31, 2024
Suspensions	P 0	P 0	P 0	P 0
Disallowances	3,108,000	0	0	3,108,000
Charges	0	0	0	0
	<b>P 3,108,000</b>	<b>P 0</b>	<b>P 0</b>	<b>P 3,108,000</b>

35.2. The disallowance of P3.108 million as of December 31, 2024, pertains to:

- a. The payment of legal fees to private lawyers/consultants amounting to P2.845 million under Notice of Disallowance (ND) No. 09-0014-01111 (2006-2008) dated October 22, 2009, affirmed under COA Decision No. 2013-201 dated November 20, 2013. This was covered by the COA Order of Execution (COE) dated January 5, 2015. BCDA sent Statements of Account to persons liable.

The Manager of the Budget Department of BCDA, who was excluded from persons liable under COA Decision No. 2014-235 dated September 11, 2014. One of the persons liable in the said ND passed away on September 19, 2016.

On June 6, 2018, BCDA transmitted a letter to the General Counsel endorsing the said COE together with all the documents to the Office of the Solicitor General for appropriate collection.

- b. The amount of P0.263 million represents the unsettled balance of the disallowed payment of the Christmas Package/annual gift check to the members of the Board of Directors and the consultant in CYs 2003 to 2007. This is due from two payees who are no longer connected with BCDA. An Appeal dated January 13, 2010, was filed at the Office of the then Cluster B Director, CGS, which was received on February 23, 2010, under Order Docket No. (CGS-B) 2010-005, dated February 26, 2010.



- 35.3. The P3.108 million disallowance does not include the Notices of Disallowance, Notices of Charge, and Notices of Suspension issued before the effectivity of the Rules and Regulations on the Settlement of Accounts issued by the COA.



## **PART III**

### **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**



## **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the 75 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 58 were implemented/reconsidered, and the remaining 17 which were not implemented by the Bases Conversion and Development Authority (BCDA) are reiterated in Part II of this Report. Details are presented below:

<b>Reference</b>	<b>Audit Observations</b>	<b>Recommendations</b>	<b>Status of Implementation</b>
AAR 2023 Observation No. 1, page 90	The faithful representation of the balance of various Receivable accounts amounting to P14.432 billion as of December 31, 2023, was not established due to variances in the total amount of P57.766 million between the balance per books of accounts and the confirmed balances from various government agencies and private customers/clients of BCDA.	Require the Accounting and Comptrollership Department (ACD) to reconcile records with various government and private customers/clients of BCDA, ensure that all variances are promptly investigated, cleared, and reconciled, and prepare necessary adjusting journal entries if warranted.	Not implemented.  Reiterated with modification/update in Part II, No. 1 of this report.
AAR 2023 Observation No. 2, page 92	The lack of monitoring and proper maintenance of the Guaranty/Security Deposits Payable account resulted in outstanding balances remaining dormant or non-moving for five to 14 years, totaling P19.195 million; thereby, its validity could not be ascertained.	a. Instruct the ACD and Subsidiaries, Affiliates and Projects Monitoring Department or other concerned departments to determine the validity of the dormant accounts relative to the retention money and facilitate its prompt release to the contractors or derecognize the same in the books if already forfeited in favor of BCDA, whichever is applicable; and	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		b. Henceforth, require the ACD to ensure the proper monitoring and maintenance of the Guaranty/Security Deposit Payable account and establish compensating or additional control in the recording/posting of transactions in the accounting system/books of accounts.	Implemented.
AAR 2023 Observation No. 3, page 94	The verifiability of the balance of the Due to Subsidiaries/Joint Ventures/ Associates/Affiliates account amounting to P250.716 million was not established due to variances amounting to P18.784 million between the balance per books and the amount confirmed by creditors.	a. Require the ACD to reconcile records with its subsidiaries and affiliates to ensure that all variances are promptly investigated and cleared, and prepare necessary adjusting journal entries if warranted; and	Not implemented.  Reiterated with modification/ update in Part II, No. 2 of this report.
		b. Instruct the ACD to fulfill its commitment on the quarterly reconciliation of accounts and records.	Not implemented.  Reiterated with modification/ update in Part II, No. 2 of this report.
AAR 2023 Observation No. 4, page 96	The non-reversal of the Output Value-Added Tax (VAT) from the monthly collections on the lease of Association of Southeast Asian Nations (ASEAN) Villas for the calendar years (CYs) 2021 to 2023 resulted in the overstatement of the	a. Properly and timely recognize in the books of accounts the output taxes from monthly lease payments on the lease of ASEAN Villas upon receipt of cash from lessees; and	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	Other Deferred Credits-Deferred Output Tax-ASEAN Villas account by P23.584 million.	b. Submit the documents showing the correct filing of Output VAT from the lease of ASEAN Villas in the VAT Returns from CY 2018 to 2020;	Implemented.
		c. Prepare the necessary adjusting journal entries to bring the following accounts to their correct balances as of December 31, 2023: <ul style="list-style-type: none"> <li>• Other Deferred Credits - Deferred Output Tax (2050104000)</li> <li>• Other Deferred Credits - Deferred Output Tax - ASEAN Villas (2050104010)</li> <li>• Output Tax (2050103000)</li> </ul>	Implemented.
		d. Use the appropriate accounts to record the transactions as a sound internal control.	Implemented.
AAR 2023 Observation No. 5, page 99	The faithful representation of the balance of the Investment Properties account could not be ascertained due to the following: <p>a. unreconciled records between ACD and Land and Assets Development Department (LADD)</p>	Require the ACD and LADD to continuously reconcile their records to identify any inconsistencies, to ensure that all land assets of BCDA are correctly accounted for, and to prepare the necessary adjusting journal entries, if warranted.	Not implemented.  Reiterated with modification/ update in Part II, No. 5 of this report.



Reference	Audit Observations	Recommendations	Status of Implementation
	<p>where the three parcels of lots amounting to P6.624 million per ACD records were not found in LADD record; and</p> <p>b. one lot amounting to P1.022 million per ACD records lacks the corresponding Transfer Certificate of Title number or any relevant information, precluding the Audit Team from establishing the ownership and validity of these lots.</p>		
AAR 2023 Observation No. 6, page 101	The breakdown and basis of the Approved Budget of the Contract (ABC), Terms of Reference (TOR), and manpower requirements for the Operations and Maintenance (O&M) Services for the New Clark City (NCC) Sports Complex were not adequately documented and clearly defined, which is not in compliance with the Manual of Procedures for the Procurement of Goods and Services and indicates lack of proper planning.	a. Submit the breakdown and basis of amounts for the ABC for the O&M; and	Implemented.
		b. Perform proper planning and improve the TOR for subsequent biddings for the Operations and Maintenance of the New Clark City Sports Complex to adequately substantiate the ABC; provide the appropriate manpower requirements for the contract; and distinguish other services that would be outsourced or performed by contractual employees.	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		c. Explain why the Athletes' Village was not yet turned over to Philjaya despite its inclusion in the contract for the O&M Services for the NCC Sports Complex.	Implemented.
AAR 2023 Observation No. 7, page 107	Payments amounting to P12.831 million for Maintenance Services not outsourced by Philjaya were not adequately substantiated and may result in overpayments by the government.	a. Review previous billings paid by BCDA and require Philjaya to provide additional supporting documents to justify the cost of Maintenance Services/Contracts that were not outsourced, such as the submission of proof that Philjaya actually augmented their personnel or incurred expenses for supplies other than those listed in the Maintenance Supplies component of the ABC; and	Implemented.
		b. Improve validation procedures for the billing of the O&M of the NCC Sports Complex, and submit the validation documents such as Inspection Reports and worksheets, to the Audit Team for evaluation and verification.	Implemented.
		c. Consider formulating a policy regarding validation procedures for	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		reviewing outputs and billings provided by service providers like Philjaya. If this policy already exists, submit it to the Audit Team for review.	
AAR 2023 Observation No. 8, page 110	The total revenue earned from the NCC Sports Facilities in the amount of P28.695 million was less than the costs incurred for its operation and maintenance, amounting to P34.462 million, resulting in a loss of P5.767 million.	a. Conduct a study to determine the expected recoupment period for the investment property; and	Reconsidered.
		b. Strictly monitor the activities undertaken in pursuance of the Marketing Plan and copy furnish the Audit Team of the periodic reviews conducted therein.	Implemented.
AAR 2023 Observation No. 9, page 117	Private individuals were allowed to occupy ASEAN Villa Nos. 14 and 20 without a perfected lease agreement and no rental payments, resulting in a loss of income for the government of P16.875 million.	a. Collect rental payments from the tenant starting from the date the unit was turned over/occupied by the private individual. Otherwise, a Notice of Charge will be issued;	Not implemented.  Reiterated with modification/ update in Part II, No. 12 of this report.
		b. Provide the Audit Team with the Inspection Report by the BCDA Property Management Department on the vacancy of Villa No. 14 and proof of turnover thereof by the tenant/s to BCDA; and	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		c. Provide the Audit Team with the updates/actions taken by Management to resolve the issues on Villa Nos. 14 and 20.	Implemented.
AAR 2023 Observation No. 10, page 121	The dividend declared by BCDA for CY 2023 was erroneously computed based on the Net Earnings per unaudited financial statements (FS) instead of the amount per annual income tax return (AITR), which is not in compliance with Section 3.i of the 2016 Revised Implementing Rules and Regulations of Republic Act (RA) No. 7656, resulting in under declaration and under-remittance of dividend to the Bureau of the Treasury (BTr) amounting to P647.831 million.	a. File an amended AITR and recompute the dividend due to the National Government based on the AITR and remit the deficiency, if there is an increase in Net Earnings based on the audited FS; and	Implemented.
		b. Submit the final computation and supporting documents for the dividend due for Dividend Year 2023 to the Audit Team.	Implemented.
AAR 2023 Observation No. 11, page 125	The retrospective application of the Compensation and Position Classification System (CPCS) under Executive Order (EO) No. 150, s. 2021, effective October 5, 2021, was not considered and observed in determining the appropriate salary rates of 13 incumbents of BCDA upon earning their step increment, which is not in accordance with Section 3 of the said EO and the	Immediately seek clarification from the GCG relative to the proper conversion of rates of employees with step increments earned from the retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS and cause the recovery/refund from the BCDA incumbents for the overpayment of salaries and other allowances, benefits, and incentives (ABIs) of	Not implemented.  Reiterated with modification/ update in Part II, No. 16 of this report.



Reference	Audit Observations	Recommendations	Status of Implementation
	Rules on Salary Adjustment prescribed under CPCS Implementing Guidelines No. 2021-01 issued by the Governance Commission for Government-Owned and Controlled Corporations (GCG), resulting in an overpayment of salaries amounting to P1.052 million which might be considered possible irregular expenditure.	BCDA, if warranted.	
AAR 2023 Observation No. 12, page 129	The salary rates used in the computation of the three-year present value for the 13 BCDA incumbents were not in accordance with CPCS Implementing Guidelines No. 2021-01 dated January 12, 2022, issued by the GCG, resulting in an overpayment of discontinued ABIs such as Educational Subsidy, Mid-Year Economic Improvement Allowance, Gift Check, and Housing Provident Fund in the total amount of P0.562 million for the two tranches payout, which can be considered an irregular expenditure.	Immediately seek clarification from the GCG relative to the proper conversion of rates of employees with step increments earned from the retrospective date of application of the CPCS to the date of receipt of the authority to implement the CPCS and cause the recovery/refund from the BCDA incumbents for the overpayment of discontinued ABIs, if warranted.	Not implemented.  Reiterated with modification/ update in Part II, No. 17 of this report.
AAR 2023 Observation No. 13, page 132	The reckoning period used by BCDA on the service obligation required to be rendered by incumbents who received the 1st and 2nd	a. Cause the recovery/refund from the four retired/resigned employees the amount amounting to	Not implemented.  Reiterated with modification/ update in Part II, No. 18 of this



Reference	Audit Observations	Recommendations	Status of Implementation
	Tranches payout of the discontinued ABIs was the date of receipt of the authority to implement the CPCS on May 10, 2022, and a year thereafter, respectively, instead of the actual date of payout, which is not in accordance with Item 9 of CPCS Circular No. 2021-009, resulting in net over-refund of payments from eight employees who resigned/retired in the total amount of P127,389.	P480,123 representing the remaining correct prorated balance of the required service obligation, return to the four employees the over deductions made amounting to P0.608 million pertinent to the refund of discontinued ABIs, and ensure that the balance of service obligation amounting to P0.575 million will be deducted from the final pay of the remaining three retired/resigned employees before releasing the payment to them; and	report.
		b. Henceforth, use the appropriate reckoning date of the service obligation requirement, which is from the actual date of payout pursuant to Item 9 of GCG CPCS Circular No. 2021-009.	Not implemented.  Reiterated with modification/ update in Part II, No. 18 of this report.
AAR 2023 Observation No. 14, page 134	The monthly limit of P20,000 for the total allowable representation and transportation allowance for each of the members of the BCDA Board of Directors (BOD) set forth under Financial Policy No. 303-1 issued by BCDA to implement EO No. 24 dated	Cause the recovery/refund from the Director who was paid in excess of the P20,000 limit per month for representation and transportation allowance and henceforth, strictly observe the pertinent provisions of the BCDA Revised Policy and Guidelines on the Reimbursable Expenses	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	February 10, 2011, and GCG Memorandum Circular No. 2012-02, was not strictly enforced resulting in excess allowance received by one Director in the total amount of P12,171 for CYs 2022 and 2023, which is deemed irregular pursuant COA Circular No. 2012-003 dated October 29, 2012.	of the BOD, EO No. 24 dated February 10, 2011, and relevant issuances by the GCG.	
AAR 2023 Observation No. 15, page 137	BCDA did not execute Performance Agreements (PAs) with Clark Development Corporation (CDC) and Clark International Airport Corporation (CIAC), its subsidiaries, as required under the provisions of EO No. 62, series of 1993, which could result in conflicts on the obligations, roles, and functions of BCDA as the owner and governing body while CIAC and CDC as Implementing Arms in the development of Clark Special Economic Zone and Clark Freeport Zone.	a. Execute PAs with CDC and CIAC and its Financial Policy; and provide the Audit Team with copies upon execution.	Not implemented.  Reiterated with modification/ update in Part II, No. 11 of this report.
		b. Provide the Audit Team the written management plans on the revision of the BCDA Charter; and	Implemented.
		c. Provide the Audit Team with the regular updates on any action taken by Management to comply with the audit recommendations.	Implemented.
AAR 2023 Observation No. 16, page 142	The General Services Division (GSD) did not regularly monitor and document the repairs and maintenance of BCDA's motor vehicles. Thus, the required report on each vehicle's history of repair was not timely prepared and submitted to the Audit Team, which is not in	Require the GSD to regularly monitor and maintain a repair and maintenance record/history for each of the vehicles owned by BCDA by ensuring the timely preparation and submission of the Repair History Report and attaching the same to the Purchase Orders, in	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	compliance with Item 9.1.3.4 of COA Circular No. 2012-001 dated June 14, 2012.	accordance with COA Circular No. 2012-001 dated June 14, 2012.	
AAR 2023 Observation No. 17, page 143	The total expenses incurred for the repairs of the three old and fully depreciated vehicles for the past five years, as reported by the GSD, exceeded the 30 percent allowable cost of repair based on the Current Market Value, which is deemed excessive pursuant to COA Circular No. 2012-003.	a. Instruct the GSD to determine the vehicles which exceeded already the required threshold of 30 percent for the cost of repairs and maintenance pursuant to COA Circular No. 2012-003; and	Implemented.
		b. Conduct cost-benefit analysis for repairs and maintenance of vehicles and consider the disposal of properties in accordance with COA-DBM JC No. 2024-1 dated January 30, 2024.	Implemented.
AAR 2023 Observation No. 18, page 145	The Fidelity Bond of several Accountable Officers (AOs) of BCDA is insufficient to cover their accountabilities due to non-observance of the revised schedule of premium rates prescribed by the Bureau of Treasury (BTr) under Treasury Circular (TC) No. 02-2019 dated April 25, 2019, as supplemented by TC No. 01-2022 dated May 30, 2022. Thus, the amount that may be recovered due to possible theft and loss	a. Identify the maximum accountability of all BCDA accountable officers and increase their fidelity bond with the BTr if warranted; and	Implemented.
		b. Henceforth, ensure that the accountable officers are properly and sufficiently bonded with the BTr in accordance with BTr TC 02-2019, as supplemented by TC No. 01-2022.	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	of cash and properties is not maximized.		
AAR 2023 Observation No. 19, page 150	a. BCDA did not strictly observe the submission of the Memorandum of Agreement (MOA) executed with the Land Bank of the Philippines (LBP) relative to Electronic Collection (e-Collection) and Electronic Payment (e-Payment) for government transactions, prescribed under COA Circular No. 2021-014 dated December 22, 2021.	a. Observe the deadline for the submission of a copy of the contract relative to e-Collection or e-Payment, prescribed under Item 5.1.1 of COA Circular No. 2021-014;	Implemented.
	b. The required Management Representation Letter (MRL) was not prepared and submitted to the Audit Team, contrary to Item 5.1.4 of COA Circular No. 2021-014 dated December 22, 2021.	b. Prepare the MRL and ensure timely submission of the same to the Audit Team on or before March 31 of each year;	Implemented.
	c. There was no provision for the Auditability Clause in the MOA with LBP, contrary to Item 5.1.6 of COA Circular No. 2021-014 dated December 22, 2021.	c. Consider revising the MOA with Land Bank of the Philippines to include the Auditability Clause and provide access to the Audit Team relative to the system used in e-Collection and e-Payment, to view, generate, download, and print any data/reports, as	Implemented.

Reference	Audit Observations	Recommendations	Status of Implementation
		necessary, as required under Items 5.1.4 and 5.1.6 of COA Circular No. 2021-014; and henceforth ensure that the Auditability Clause be included in the succeeding contracts; and	
	d. Non-preparation and submission of the Report of Daily Collection Directly Deposited to the Agency's Bank Account, and Daily Report of e-Payments from Agency Account, for e-Collections and e-Payments, respectively.	d. Require the Collecting Officer and Disbursing Officer of BCDA to prepare the Report of Daily Collection Directly Deposited to the Agency's Bank Account and Daily Report of e-Payments from the Agency Account and submit to the Audit Team in accordance with Items 5.2.3 (d) and 5.3.5 (b) of COA Circular No. 2021-014, respectively.	Implemented.
AAR 2023 Observation No. 20, page 155	Additional cash advances amounting to P1.977 million were granted to officers and employees despite having outstanding unliquidated cash advances worth P1.021 million, which is not in accordance with Section 89 of Presidential Decree (PD) No. 1445 and Item 4.1.2 of COA Circular No. 1997-002 dated February 10, 1997.	a. Ensure that no additional funding/cash advances are granted to officers and employees unless their previous cash advances have been liquidated and accounted for in the books in compliance with Section 89 of PD No. 1445 and Item 4.1.2 of COA Circular No. 1997-002;	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		b. Require the Accounting and Comptrollership Department (ACD) to use the prescribed format of Certification from the accountant as stipulated in Section 1.1.4.2 of the COA Circular No. 2012-001; and	Implemented.
		c. Ensure that all check vouchers and its attachments for the grant and liquidation of cash advances on foreign travel comply with the documentary requirements stated in COA Circular No. 2012-001.	Implemented.
AAR 2023 Observation No. 21, page 158	Nine BCDA officers and employees were allowed to go on foreign travels with government funding even though they have not yet liquidated their expenses for previous government-funded travels abroad, which is not in compliance with Section 22.c of Executive Order (EO) No. 77 and Section 25.c Part I of BCDA Internal Guidelines for the implementation of EO No. 77.	a. Submit justification as to why the officers and employees with unliquidated expenses for previous government-funded travels abroad were still authorized and allowed to go on foreign travels with government funding; and	Implemented.
		b. Refrain from authorizing officers and employees to go on foreign travels with government funding if they have not yet liquidated their expenses for previous government-funded travels abroad, as	Implemented.

Reference	Audit Observations	Recommendations	Status of Implementation
		provided for in Section 22.c of EO No. 77 and Section 25.c Part I of BCDA Internal Guidelines for the implementation of EO No. 77 on government-funded foreign travel.	
AAR 2023 Observation No. 22, page 159	Liquidation of cash advances for foreign travel amounting to P2.438 million was delayed by seven to 44 days, which is not in compliance with the reglementary period prescribed in Sections 22.a and 25.a of EO No. 77 and BCDA Guidelines.	a. Require the ACD to closely monitor the liquidation of cash advances by reminding officers and employees to liquidate within the reglementary period set forth under EO No. 77 and BCDA Internal Guidelines; and	Implemented.
		b. Require the AOs to submit their liquidation reports with complete supporting documents and within the prescribed period in adherence to the provisions of EO No. 77 and BCDA Internal Guidelines.	Implemented.
AAR 2023 Observation No. 23, page 161	A provision of BCDA Office Order (OO) No. 008, series of 2019, on the internal guidelines for implementing EO No. 77 and for the entitlement of travel allowance for non-plantilla personnel was inconsistent with the implementing rules and regulations on local and	Revisit the BCDA OO No. 008, series of 2019, and make the necessary amendments on the provisions to conform with EO No. 77.	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	foreign travels per EO No. 77.		
AAR 2023 Observation No. 24, page 162	The procurement of various goods through Direct Contracting amounting to P5.877 million were not covered with warranty security, either in the form of retention money or special bank guarantee, in an amount equivalent to one percent but not to exceed five percent of every progress payment or total contract price, which is not in compliance with Section 62.1 of the 2016 Revised Implementing Rules and Regulations (RIRR) of RA No. 9184. Hence, there is no guarantee that BCDA may recover from the contractor the possible financial loss in case of defects or other deficiencies that may arise after acceptance.	a. Submit an explanation relative to the non-compliance with the posting of the required warranty security from the contractors, and determine the concerned personnel who will be responsible for the expenses that will be incurred if there are defects on the projects/goods delivered, if any; and	Implemented.
		b. Henceforth, require the Bids and Awards Committee to adhere to the provisions prescribed in the 2016 RIRR of RA No. 9184 relative to warranty security by instructing the ACD to deduct the retention money from the payments to the contractors or require a special bank guarantee from the contractors.	Implemented.
AAR 2023 Observation No. 25, page 166	The Requests for Quotation for the procurement of goods through Small Value Procurement (SVP) and Lease of Real Property and Venue amounting to P1.223 million and P292,250, respectively, were not timely posted in	Instruct the BAC to ensure that the required invitation or request for submission of price quotations/proposals and the related NOA, Contract/PO, and NTP are timely posted in the websites of both the PhilGEPS and BCDA, in	Implemented.

Reference	Audit Observations	Recommendations	Status of Implementation
	the BCDA website. Likewise, the related Notices of Award (NOA), Contracts or Purchase Orders (PO), and Notices to Proceed (NTP) were posted in the websites of both the Philippine Government Electronic Procurement System (PhilGEPS) and BCDA but beyond the reglementary period set forth under the 2016 RIRR of RA No. 9184, thus, defeating the purpose of improving transparency in government procurements.	compliance with the pertinent provisions of RA No. 9184 and its 2016 RIRR.	
AAR 2023 Observation No. 26, page 168	The payments for the goods procured through SVP and the Lease of Real Property and Venue amounting to P0.927 million were not supported with Mayor's/Business permit, PhilGEPS registration number, Income/Business tax return or Omnibus Sworn Statement as required under Appendix A, Annex H of the 2016 RIRR of RA No. 9184, and PD No. 1445, thereby the validity and propriety of the said payments could not be ascertained. Likewise, the PO and the said documents were not submitted to the Audit Team, which is not in compliance with COA Circular No. 2009-001.	a. Submit to the Audit Team the lacking documents for the procured goods pursuant to Appendix A, Annex H of the 2016 Revised IRR of RA No. 9184;	Implemented.
		b. Henceforth, ensure that payments to the contractors/suppliers are supported by complete documents by devising a checklist thereof and attaching the same to the disbursement vouchers in compliance with PD No. 1445; and	Implemented.
		c. Ensure that all issued POs and related documents are submitted to the Audit	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		Team in accordance with COA Circular No. 2009-001.	
AAR 2023 Observation No. 27, page 170	Due to the incorrect information and amount per tax returns filed by BCDA before the Bureau of Internal Revenue (BIR), a Preliminary Assessment Notice was issued by BIR for deficiency taxes assessed for the taxable year 2018 in the amount of P84.592 million, which was paid by BCDA in calendar year (CY) 2022. Moreover, the related interest and penalties in the total amount of P28.843 million were incurred and paid by BCDA. Hence, it was deprived of funds that could have been made available for the discharge of its functions.	a. Determine the persons responsible and duty-bound to deduct, withhold, and remit taxes in accordance with the National Internal Revenue Code, as amended, and other tax law rules and regulations, relative to the payment of deficiency taxes, including the related interests and penalties; and institute appropriate legal action, if warranted;	Reconsidered.
		b. Submit a justification why the payment of interest and penalties for the assessed deficiency taxes amounting to P28.843 million should not be disallowed in audit; and	Implemented.
		c. Henceforth, ensure that the Chief Accountant and other responsible personnel to withhold, deduct and remit on time the exact and accurate amount of taxes due to the BIR to avoid any interest and penalty.	Implemented.

Reference	Audit Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 28, page 175	One hundred thirty-eight (138) parcels of land with an aggregate area of 126,696,822.26 sqm per Land and Assets Development Department records acquired by BCDA through purchase/transfer remained untitled in the name of BCDA. Thus, ownership over these properties was not safeguarded against possible adverse third-party claims, unlawful occupants, or the like, exposed the cost of improvements to high-risk, and government properties are at stake.	a. Submit status or updates on actions taken for all the land assets that are still not covered by Transfer Certificate of Titles under the name of BCDA; and	Not implemented.  Reiterated with modification/ update in Part II, No. 13 of this report.
		b. Expedite the titling thereof in BCDA's name to establish rights and ownership over these properties.	Not implemented.  Reiterated with modification/ update in Part II, No. 13 of this report.
AAR 2023 Observation No. 29, page 177	The non-coordination between the ACD and other concerned departments of BCDA and the lack of monitoring and analysis of the Construction in Progress (CIP) account resulted in the late reclassification of completed projects from CIP accounts to their proper asset accounts, which is not in compliance with COA Circular No. 2020-002 dated January 28, 2020.	Consider formulating a policy setting forth procedures and guidelines for issuance of the Certificate of Completion, reclassification of CIP to a proper asset account, and proper basis of the capitalization date to be used in depreciating the asset, in accordance with accounting standards and existing rules and regulations.	Implemented.
AAR 2023 Observation No. 30, page 179	The accountability over the properties of BCDA could not be determined or readily identified due to various deficiencies in the custodianship such as the non-issuance and non-renewal of Property	a. Require the Property Management Department (PMD) to ensure the accountability and custodianship of all properties of BCDA by preparing	Not Implemented.  Reiterated with modification/ update in Part II, No. 25 of this report.



Reference	Audit Observations	Recommendations	Status of Implementation
	<p>Acknowledgement Report (PAR) for several properties issued to employees; inconsistencies of information between the Record on Physical Count of Property, Plant and Equipment (RPCPPE) and the corresponding PARs; a number of properties were assigned to resigned or current workers under Contract of Service (COS); and absence of signatures and reference number of issued PARs. Hence, the responsibility and liability of personnel for loss, damages, and/or deterioration of government properties may not be established and properly addressed.</p>	<p>immediately the PAR upon issuance of property to an employee or transfer to another, and/or observe the renewal thereof at least every three years; and complete the necessary details in the PAR with complete signatories.</p>	
		<p>b. Instruct the PMD and Inventory Committee to reconcile their records and revise accordingly the PAR and/or RPCPPE, whichever is applicable, and submit the same to the Audit Team for verification; and</p>	<p>Not implemented.</p> <p>Reiterated with modification/ update in Part II, No. 25 of this report.</p>
		<p>c. Consider formulating a policy setting out the guidelines on property custodianship and accountability, including the procedures to be undertaken for the issuance and renewal of PAR and the properties being used by contractual employees.</p>	<p>Implemented.</p>
AAR 2023 Observation No. 31, page 185	<p>The properties and equipment (PE) of BCDA that were physically counted by the Inventory Committee in CY 2023 were not tagged with the new identification stickers</p>	<p>Ensure compliance with the procedures set forth under COA Circular No. 2020-006 in conducting the annual physical count of properties by tagging properties using the prescribed new</p>	<p>Implemented.</p>

Reference	Audit Observations	Recommendations	Status of Implementation
	prescribed under COA Circular No. 2020-006. Thus, the vital information on the PE items could not be easily identified.	property sticker.	
AAR 2023 Observation No. 32, page 187	The copies of contracts and supporting documents for three infrastructure projects of BCDA for CY 2023 with total contract cost of P1.477 billion were not yet submitted to the Office of the Auditor, and three contracts amounting to P2.029 billion were submitted beyond the required five working days from its execution or a delay of 17 to 155 days, which are not in compliance with COA Circular No. 2009-001, resulting in delayed auditorial and legal review of the contracts.	Submit the certified true copies of the contracts and other documentary requirements and, henceforth, ensure compliance with the timely submission thereof in accordance with COA Circular No. 2009-001.	Not implemented.  Reiterated with modification/ update in Part II, No. 28 of this report.
AAR 2023 Observation No. 33, page 190	Due to the Human Resource Management Department's (HRMD) lack of monitoring of Leave Cards, an employee was able to monetize leave credits more than her earned Vacation Leave (VL) balance at the time of monetization, which is not in compliance with Section 22 of the Omnibus Rules on Leaves (ORL), as amended.	a. Submit an explanation why an employee was allowed to monetize even if the balance retained after the monetization is below the required five days retention of VL credits and determine the personnel responsible for the erroneous balance of leave credits per approved Application for Leave relative to the said monetization;	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
		b. Submit to the Audit Team the necessary documents/justifiable reasons set forth under COA Circular No. 2012-001 and Section 23 of the ORL for the monetization of 50 percent or more leave credits; and	Implemented.
		c. Henceforth, ensure strict compliance with the ORL, as amended and issued by the Civil Service Commission, as well as other related rules and regulations pertinent to leave of employees.	Implemented.
AAR 2023 Observation No. 34, page 192	Payments of salaries and gratuity pay to eight COS Personnel for CY 2023 amounting to P5.394 million were not supported with Accomplishment Reports, which is not in compliance with Section 4(6) of PD 1445 and Item 4.1.3 of COA Circular No. 2012-001.	a. Require the HRMD to include the submission of Accomplishment Reports in the Individual Contracts of Service and henceforth monitor the submission of accomplishment reports duly certified by the end-user department before the processing of payment of salaries of the COS personnel;	Implemented.
		b. Require the COS personnel to submit their individual accomplishment reports for CY 2023 verified and duly certified by the end-user department to	Implemented.

Reference	Audit Observations	Recommendations	Status of Implementation
		HRMD for proper evaluation; and	
		c. Consider creating a policy on the performance evaluation of the COS personnel.	Implemented.
AAR 2023 Observation No. 35, page 194	<p>The validity of the reported accomplishments and utilization of the Gender and Development (GAD) Budget of BCDA for CY 2023 under the Attributed Programs amounting to P1.134 billion could not be determined due to:</p> <p>a. Absence of the Remarks column in the Harmonized Gender Development Guidelines (HGDG) checklist submitted by the BCDA GAD Focal Point System (GFPS) and the relevant means of verification (MOV), which are necessary to support and validate the reported expenditures under the Attributed Programs in the GAD Accomplishment Report (AR), which is contrary to Items 1.6.1 and 1.6.3 of the Philippine Commission on Women (PCW) Memorandum Circular (MC) No.</p>	<p>a. Revise the HGDG Project Implementation and Management, and Monitoring and Evaluation (PIMME) checklist by adding a Remarks column and indicate the relevant MOVs in accordance with PCW MC No. 2023-05 and in compliance with the initial comments/observations of the PCW on the CY 2023 GAD AR;</p>	Not implemented.
		b. Recompute the attributable amount to GAD in the AR for attributed programs based on the actual expenditure for each project pursuant to Item 1.6.2 of PCW MC No. 2023-05; and	Implemented.
		c. After implementing the preceding recommendations, submit the revised CY 2023 GAD AR to the Audit Team together with complete supporting documents.	Implemented.



Reference	Audit Observations	Recommendations	Status of Implementation
	<p>2023-05; and</p> <p>b. GFPS erroneously computed the attributed GAD expenditures based on the GAD budget instead of the actual annual major program/project expenditure, which was attributed to GAD, which is not in conformity with Item 1.6.2 of PCW MC No. 2023-05.</p>		
AAR 2023 Observation No. 36, page 197	<p>The amount appropriated for GAD programs, activities, and projects (PAPs) in CY 2023 was not fully utilized, leaving an unused total balance of P208.947 million or 15.50 percent of the GAD budget at year-end. Moreover, some of the identified PAPs that were completely implemented exceeded the corresponding allocated budget, casting doubt on the efficient planning/preparation of the GAD plans and the judicious utilization of the budget, resulting in no assurance that women's empowerment and gender equality were attained.</p>	<p>Require the GFPS to monitor the GAD budget regularly to ensure that it is spent for its intended purpose and that the GAD PAPs were effectively and efficiently implemented by judiciously utilizing the GAD budget.</p>	<p>Not Implemented.</p> <p>Reiterated with modification/ update in Part II, No. 32 of this report.</p>



