

**PEOPLE’S TELEVISION NETWORK, INC.  
ANNUAL AUDIT REPORT FOR CY 2015**

**EXECUTIVE SUMMARY**

**Introduction**

The People’s Television Network, Inc. (PTNI), a corporate body engaged in television broadcasting in the Philippines, came into existence by virtue of Republic Act No. 7306 dated March 26, 1992. Its charter was subsequently amended by Republic Act No. 10390 which was approved by the President on March 14, 2013.

PTNI provides broadcast support to the government by providing a balanced programming of high quality news, public affairs, entertainment, educational, cultural and sports programming, and responding to information needs utilizing its modern broadcast technology. The Network is governed by a Board of Directors, who serves as its policy making body. Its members are appointed by the President of the Philippines and composed of the following:

- a. Two members from the Government sector;
- b. Two members from the private sector, one of whom shall have at least ten years of experience in the broadcast industry; and
- c. One member from the education sector.

The PTNI administration is headed by its Network General Manager, Mr. Albert D. Bocobo.

As of December 31, 2015, the Board Members are Ms. Maria Cristina C. Mariano (Chairperson), Ms. Veronica B. Jimenez (Vice-Chairperson), Mr. Josemaria E. Claro, Ms. Ma. Cindy Rachelle E. Igmtat.

The PTNI has provincial stations and transmitters in Davao, Zamboanga City, Dipolog, Cotabato, Palawan, Guimaras, Naga, Cebu, Dumaguete, Bacolod, Calbayog, Tacloban and Baguio. Affiliate stations are located in Legaspi City, Goa, Vigan and Sibugay.

As of December 31, 2015, the Network has a total work force of 496 employees consisting of the following:

Permanent	241
Temporary	1
Contractual	22
Contract of Service (Talents)	232
<u>Total</u>	<u>496</u>

## Financial Profile

	2015	2014
Assets	P1,784,626,401	P1,265,598,609
Liabilities	612,558,738	575,826,162
Equity	P1,172,067,663	689,772,447
Income	P168,848,941	P139,392,445
Subsidy	<u>583,682,886</u>	<u>466,639,155</u>
Expenses	261,929,063	289,638,248
Net Income	P490,602,764	P 316,393,352

## PTNI's Operational Performance

In 2015, the Network improved its audience share and received recognition for its quality programs such as:

- 1<sup>st</sup> Peace Awards for Radyobisyon as Best Public Service Program
- The Veronica Chronicles received the following:
  - Certificate of Appreciation from the Department of Communications, Miriam College
  - Certificate of Appreciation from the PUP College of Communications
  - Certificate of Recognition from the Media Gender Equality Commission and the Philippine Commission on Women
- 2015 Anak TV Seal Awards for:
  - ASEAN: We Are Many But One
  - Of Churches and Harmonies
  - The Veronica Chronicles
  - Biyaheng Langit
  - Kasangga Mo Ang Langit
  - Kahanga-hangang Pilipinas
  - GSIS Member's Hour
  - The Doctor is In
  - Oras ng Himala
  - Signs & Wonders

## Scope of Audit

The audit covered the operations of the PTNI for Calendar Year (CY) 2015. The audit involved performing procedures to obtain audit evidence about the amounts

and disclosures in the financial statements. The procedures selected depended on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

### **State Auditor's Report on the Financial Statements**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the PTNI for the year 2015.

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

Below is a summary of the significant findings and recommendations for CY 2015:

1. The Cash in Bank balance per books in the amount of P152.291 million as of December 31, 2015 could not be determined due to a) unreconciled amounts between the General Ledger (GL) and confirmed bank balances and b) unrecorded trust funds contrary to the provisions of Sections 74 of P.D. 1445.

We recommended that Management:

- a) investigate the reasons why the balances in the records of the bank and PTNI do not reconcile as required under Section 74 of P.D 1445;
  - b) record all adjustments with supporting documents to correct the GL balances; and
  - c) record the trust fund transactions with supporting documents to present the accurate balance thereof.
2. Management's inability to conduct a physical inventory of its Property Plant and Equipment (PPE) and consequently, its non-submission of Inventory Reports for CY 2015 as required in Commission on Audit (COA) Circular No. 80-124 dated January 18, 1980 resulted in the doubtful balances of PPE as at year-end.

We recommended Management to:

- a) conduct physical inventory of all its PPE and prepare a complete and accurate PPE Inventory Report in accordance with COA Circular No. 80-124 dated January 18, 1980; and
  - b) reconcile the results of the physical inventory with the Property Cards and PPE Ledger Cards maintained by the Property and Accounting Divisions, respectively.
3. PTNI properties valued at P1.998 billion were not insured with the General Insurance Fund of the Government Service Insurance System (GSIS) contrary to the provisions of Republic Act (RA) No. 656 dated June 16, 1961, Section 1 of Administrative Order (AO) No. 33 dated August 25, 1987 and Section 2 of

Presidential Decree (PD) 1445 resulting in inadequate protection of the Network's properties against damage or loss.

We recommended and Management agreed to:

- a) strictly comply with the provisions of Section 5 of RA 656 dated June 16, 1961, Section 1 of AO 33 dated August 25, 1987 and Section 2 of PD 1445 and insure all Network assets/insurable interests as required; and
  - b) require the Accounting Department to prepare and update if needed, a detailed and accurate list of assets/insurable interests concerned and reconcile these data with the records of the Property Department.
4. Management was unable to collect liquidated damages amounting to P77.479 million due to failure of contractors to comply within the delivery schedules for various procurement projects in CY 2015 contrary to Section 68 of the Implementing Rules and Regulations (IRR) of R.A. 9184.

We recommended that Management:

- a) require contractors/suppliers to strictly comply with the provisions of the contract and Section 68 of the IRR of R.A. 9184; and
  - b) demand the payment of liquidated damages from contractors in the amount of P77.479 million due to the delay in deliveries.
5. Contractors received 15 per cent advance payments amounting to P36.483 million for goods and services in CY 2015 contrary to Memorandum Order No. 15 dated May 9, 2011 resulting in irregular/unnecessary expenditures for the Network.

We recommended and Management agreed to strictly adhere to the provisions of Memorandum Order No. 15 dated May 9, 2011.

### **Status of Unsettled Audit Disallowances, Charges and Suspensions**

As of December 31, 2015, disallowances and suspensions amounting to P4.730 million and P4.465 million respectively, remained unsettled. Of the total unsettled disallowance, P0.732 million is under appeal with the Commission on Audit.

### **Status of Implementation of Prior Year's Audit Recommendations**

Of the 20 audit recommendations embodied in the previous year's Annual Audit Report, 10 were fully implemented, six were partially implemented and four were not implemented.