



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

ANNUAL AUDIT REPORT

on the

BUREAU OF CUSTOMS

For the Year Ended December 31, 2022

EXECUTIVE SUMMARY

A. Introduction

When the Ministry of Finance, now the Department of Finance (DOF), was reorganized under Executive Order (EO) No. 127 dated January 30, 1987, the Bureau of Customs (BOC), being one of the agencies under the DOF, also underwent reorganization. EO No. 46, signed on October 20, 2017, revived the Post Entry Audit Group in the BOC and renamed it as the Post-Clearance Audit Group.

The BOC is the second largest revenue-collecting agency of the government after the Bureau of Internal Revenue (BIR) and is mandated with the tri-mission of revenue collection, trade facilitation, and trade border protection. Section 202 of the Customs Modernization and Tariff Act (CMTA) mandated the BOC to perform, among others, the following functions:

- 1) Assess and collect lawful revenue;
- 2) Simplify and harmonize procedures to facilitate the movement of goods in international trade;
- 3) Border control to prevent the entry of smuggled goods;
- 4) Prevent and suppress smuggling and other frauds;
- 5) Facilitate and secure international trade and commerce through an informed compliance program; and
- 6) Enforce this Act and all other laws, rules, and regulations related to customs administration.

The BOC is headed by Customs Commissioner Bienvenido Y. Rubio and assisted by six Deputy Commissioners and one Assistant Commissioner who supervise the groups as follows: (1) Internal Administration; (2) Assessment and Operations Coordinating; (3) Revenue Collection Monitoring; (4) Intelligence; (5) Enforcement (6) Management Information System and Technology; and (7) Post-Clearance Audit; and has 17 Customs Collection Districts. As of December 31, 2022, it has 6,284 authorized plantilla positions, of which a total of 3,570 was filled up, and 823 Contract of Service personnel.

B. Financial Highlights

The financial position, financial performance, and the sources and application of funds of the BOC for Calendar Year (CY) 2022, with comparative figures for CY 2021, are summarized on the next page.

Particulars	2022	2021 (As Restated) (in ₱)	Increase/ (Decrease)
Financial Position			
Assets	23,645,248,837.94	28,019,165,773.46	(4,373,916,935.52)
Liabilities	8,867,006,507.68	15,198,353,015.46	(6,331,346,507.78)
Net Assets/Equity	14,778,242,330.26	12,820,812,758.00	1,957,429,572.26
Financial Performance			
Revenue	867,740,841,085.73	652,464,917,992.24	215,275,923,093.49
Net Subsidy	3,205,405,348.23	3,060,921,104.16	144,484,244.07
Non-Operating Income	245,256,637.99	433,882,928.34	(188,626,290.35)
Expenses	3,510,672,886.32	3,819,955,512.12	(309,282,625.80)
Surplus for the Period	867,680,830,185.63	652,139,766,512.62	215,541,063,673.01
Sources and Application of Funds			
Appropriations	3,729,089,050.00	3,458,208,175.72	270,880,874.28
Allotment Received	3,608,496,997.00	3,898,723,687.72	(290,226,690.72)
Obligations	3,489,810,239.63	3,604,069,608.60	(114,259,368.97)
Unobligated Balance	118,686,757.37	294,654,079.12	(175,967,321.75)

C. Scope and Objectives of Audit

The audit covered the financial accounts and operations of the BOC for the year ended December 31, 2022. The audit was conducted to: (a) verify the level of assurance that may be placed on Management's assertions on the financial statements (FSs); (b) determine the propriety of transactions, as well as the extent of compliance with pertinent laws, rules, and regulations; (c) recommend agency's improvement opportunities; and, (d) determine the extent of implementation of prior years' audit recommendations.

D. Audit Methodology

We adopted a risk-based audit approach in the audit of the BOC's FSs and in the review of compliance with laws, rules, and regulations. The Audit Team which carried out the audit, among others, (i) examined financial and accounting procedures adopted by the BOC and other relevant documentation; (ii) assessed internal controls regulating financial operations and carried out compliance testing for determining the extent of control in operation; (iii) conducted substantive testing of a representative sample of selected transactions; (iv) carried out review, on test check basis, of a number of contracts and transactions related to movements in balances of assets, liabilities, revenues and expenses; and (v) conducted interviews and held discussions with the concerned officials and staff in the BOC- Central and Regional Offices.

The results of the audit were communicated to the Head of the Agency and the concerned officials through the issuance of the Audit Observation Memoranda.

E. Independent Auditor's Report on the Financial Statements

The Auditor rendered an unmodified opinion on the fairness of the presentation of the BOC's FSs as at December 31, 2022.

F. Summary of Significant Audit Observations and Recommendations

The audit observations and corresponding recommendations discussed in *Part II* of this report are summarized as follows:

1. Various accounting errors/omissions in keeping the accounts of the BOC had affected the fair presentation of account balances reported in the FSs.

We recommended and Management agreed to instruct the Accountants to analyze the related transactions and prepare the necessary adjusting entries to correct the errors/omissions.

a. Erroneous recognition of remittances of collections

We recommended and Management agreed to direct the Chief, Revenue Accounting Division (RAD) to recognize remittances of collections, whether of prior or current year, under the appropriate *Cash-Treasury/Agency Deposit*.

b. Unrecognized interests and surcharges

We recommended and Management agreed to assign an office/division to: (a) monitor the collection of unpaid accounts after shipments were released and to compute interests and surcharges as applicable; and (b) coordinate with the RAD and provide the schedule of unpaid accounts including interests and surcharges.

2. The existence, completeness, and accuracy of the balances of several asset, and liability accounts were not ascertained due to non-maintenance of records/incomplete documentation on financial transactions for recognition in the books, dormant and negative account balances, and non-compliance with accounting standards and other relevant issuances.

We recommended and Management agreed to require the concerned offices/divisions to address the accounting deficiencies noted, in accordance with the relevant provisions of the Presidential Decree No. 1445 and Commission on Audit Circulars, and the Government Accounting Manual for National Government Agencies.

3. Delayed procurement of the Project Supervision and Quality Assurance (PSQA) Consultancy by 326 days hindered the implementation of other major components of the Philippine Customs Modernization Project.

We recommended and Management agreed to require the Project Management Unit (PMU) to: (a) continuously seek clear and direct guidance from the Office of the Solicitor General on how to move forward with the project given the Manila Regional Trial Court case; and (b) expedite the procurement of the PSQA to immediately implement the project.

4. Issuance of Bureau of Customs Official Receipt (BCORs) by the Land Bank of the Philippines (LBP) for collections and remittances of ₱7.871 billion for the period January 1 to December 31, 2022, and the incomplete submission of the BCORs with supporting documents (SDs), and the Report of Collection and Deposit precluded the Auditors examination of the details of the transactions and determination of the completeness and accuracy of the balance of *Cash-Collecting Officers* and related revenue accounts at year-end.

a. Issuance of BCORs by the LBP

We recommended and Management agreed to instruct the Chief, General Services Division to: (a) stop the issuance of blank BCORs to the LBP; and (b) retrieve unissued BCORs from the LBP.

b. Non-submission of BCOR and SDs, and periodic collection reports to the Audit Teams (ATs)

We recommended and Management agreed to require the in-house LBP to submit to the Port ATs the blue copies/quadruplicates of the issued remaining BCORs, with the SDs, and other reports supporting the recognized collections from the LBP in-house banks.

5. Lack of specific timelines in the disposition of abandoned/seized and forfeited goods/articles totaling ₱567.265 million resulted in the delayed disposal of the same by 3 days to 265 months, thus, exposing the goods/articles to the risks of further spoilage/deterioration and forgone government revenues.

We recommended and Management agreed to: (a) provide specific timelines for disposal of abandoned and forfeited goods/articles; and (b) require the ports to immediately dispose of the goods/articles subject to disposition to prevent further deterioration and decline of value.

6. Unresolved protest cases, for more than 1 to more than 12 years, filed before the BOC Central Office (CO), covered by cash bonds totaling ₱316.126 million

posted by importers deprived the government of the additional resources to fund its programs and projects or delayed the refund of cash bonds to importers.

We recommended and Management agreed to direct: (a) the Chief, Appellate Division to expedite the review and issuance of the draft resolution/decision on the protest cases filed before the BOC-CO, specifically those that were turned over by the Central Valuation Classification Review and Ruling Committee; and (b) the Chief, Human Resource Management Division to expedite the hiring of handling lawyers for the Appellate Division.

7. The inappropriate tagging in the electronic-to-mobile system of 48,093 consumption entries worth ₱42.068 billion affected the Bureau's efforts in fulfilling its revenue generation, border protection, and trade facilitation mandate.

- a. *Release of shipments, with assessed duties and taxes of ₱3.558 billion, without 100 percent physical inspection*

We recommended and Management agreed to require the Chief, Risk Management Office (RMO) to review the consumption entries totaling ₱3.558 billion, inappropriately tagged as "Green" "Yellow" or "Orange" and explain the non-compliance with the fixed criteria provided to the AT.

- b. *Shipments with assessed duties and taxes of ₱38.510 billion, unnecessarily subjected to inspection/scanning, and stringent process of cargo clearance procedures*

We recommended and Management agreed to direct the Chief, RMO to review the consumption entries inappropriately tagged as "Orange" and "Red" amounting to ₱38.510 billion and explain the non-compliance with the fixed criteria provided to the AT; and (b) provide the complete list of risk parameters used as the bases in the selectivity system.

- c. *Non-submission of the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion*

We recommended that Management require the Chief, RMO to submit the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion as the basis of the AT in conducting a complete, objective, and timely audit and examination of the risk management operations of the BOC.

- d. *Lack of manpower at the RMO*

We recommended and Management agreed to expedite the submission to the Department of Budget and Management of the proposed priority plantilla positions created to strengthen the staff capacity.

The aforementioned observations and the corresponding recommendations were discussed with concerned BOC officials and personnel in an exit conference on May 23, 2023. Management’s views and comments were incorporated in the report, where appropriate.

G. Status of Audit Suspensions, Disallowances and Charges

The balances of Notice of Suspensions (NSs), Disallowances (NDs) and Charges (NCs) as at December 31, 2022, are summarized as follows:

Particulars	Balance January 1, 2022	This Period (January to December 2022)		Balance December 31, 2022
		Issued	Settlement	
		(in ₱)		
NS	27,499,080,039.46	40,589.00	5,185,182,508.48	22,313,938,119.98
ND	432,711,409.10	4,482,271.00	726,152.31	436,467,527.79
NC	12,669,024,593.57	0.00	610,070.15	12,668,414,523.42
Total	40,600,816,042.13	4,522,860.00	5,186,518,730.94	35,418,820,171.19

H. Status of Implementation of Prior Years’ Audit Recommendation

Of the 80 prior years’ audit recommendations, 46 were fully implemented and 34 were not implemented, the details of which are presented in *Part III* of this report.

TABLE OF CONTENTS

PART	PARTICULARS	PAGE
I	Audited Financial Statements	
	Independent Auditor's Report	1
	Statement of Management's Responsibility for Financial Statements	4
	Statement of Financial Position	5
	Statement of Financial Performance	6
	Statement of Changes in Net Assets/Equity	7
	Statement of Cash Flows	8
	Statement of Comparison of Budget and Actual Amounts	10
	Notes to Financial Statements	11
II	Observations and Recommendations	48
III	Status of Implementation of Prior Years' Audit Recommendations	86
IV	Appendices	

PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

National Government Audit Sector
Cluster 2- Oversight and Public Debt Management Agencies

INDEPENDENT AUDITOR'S REPORT

The Commissioner
Bureau of Customs
Port Area, Manila

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the **Bureau of Customs (BOC)**, which comprise the statement of financial position as at December 31, 2022, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows, statement of comparison of budget and actual amounts for the year 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 the **BOC** as at December 31, 2022, and its financial performance, changes in net assets/equity, cash flows, comparison of budget and actual amounts for the year then ended, and notes to the financial statements, in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

We conducted our audit in accordance with the 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 agency 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.

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

Management is responsible for the preparation of the financial statements in accordance with the IPSASs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

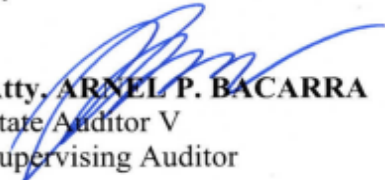
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 observations, 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.

COMMISSION ON AUDIT

By:



Atty. ARNEL P. BACARRA
State Auditor V
Supervising Auditor

May 23, 2023



**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
 FOR FINANCIAL STATEMENTS**

The management of the **Bureau of Customs (BOC)** is responsible for all information and representations contained in the accompanying Statement of Financial Position as at December 31, 2022, and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the International Public Sector Accounting Standards and generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

BIENVENIDO Y. RUBIO

Commissioner

February 14, 2023

Date Signed

MARLOU A. CABIGON

Collector / Concurrent Chief Accountant
 Accounting Division, FMO

February 14, 2023

Date Signed

EMILIO L. JACINTO

Chief, Revenue Accounting Division, FS

February 14, 2023

Date Signed

BUREAU OF CUSTOMS
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
AS AT DECEMBER 31,2022
(In Philippine Peso)

	<u>Note</u>	<u>2022</u>	<u>2021</u> (As Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	12,345,393,016.94	16,852,574,897.70
Receivables	6	693,887,645.05	825,257,084.18
Inventories	7	445,843,280.71	387,367,161.40
Other Current Assets	8	24,224,216.66	8,429,293.44
Total Current Assets		<u>13,509,348,159.36</u>	<u>18,073,628,436.72</u>
Non Current Assets			
Receivables	6	3,478,061,125.16	4,348,512,323.72
Property, Plant and Equipment	9	4,872,316,084.99	4,254,660,432.61
Intangible Assets	10	781,453,449.36	729,227,008.62
Other Non-Current Assets	11	1,004,070,019.07	613,137,571.79
Total Non-Current Assets		<u>10,135,900,678.58</u>	<u>9,945,537,336.74</u>
Total Assets		<u>23,645,248,837.94</u>	<u>28,019,165,773.46</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	12.1	725,581,799.91	1,952,823,308.95
Inter-Agency Payables	12.2	60,457,373.72	37,947,235.61
Trust Liabilities	12.3	1,295,771,157.07	5,724,584,640.82
Deferred Credits/Unearned Income	12.4	281,728.51	0.00
Other Payables	12.5	(3,442,856.58)	780,570.36
Total Current Liabilities		<u>2,078,649,202.63</u>	<u>7,716,135,755.74</u>
Non-Current Liabilities			
Financial Liabilities	12.1	2,853,147,801.82	3,001,366,683.41
Inter-Agency Payables	12.2	66,559,366.37	57,486,510.71
Trust Liabilities	12.3	3,868,650,136.86	4,423,364,065.60
Total Non-Current Liabilities		<u>6,788,357,305.05</u>	<u>7,482,217,259.72</u>
Total Liabilities		<u>8,867,006,507.68</u>	<u>15,198,353,015.46</u>
Total Assets Less Total Liabilities		<u>14,778,242,330.26</u>	<u>12,820,812,758.00</u>
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)		<u>14,778,242,330.26</u>	<u>12,820,812,758.00</u>
Total Net Assets/Equity		<u>14,778,242,330.26</u>	<u>12,820,812,758.00</u>

This statement should be read in conjunction with the accompanying notes.

BUREAU OF CUSTOMS
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Philippine Peso)

	<u>Note</u>	<u>2022</u>	<u>2021</u> (As Restated)
Revenue			
Tax Revenue	13	862,445,896,149.37	647,944,126,749.92
Service and Business Income	14	4,903,360,878.19	4,137,036,693.09
Non-Operating Income	15	391,584,058.17	383,754,549.23
Total Revenue		<u>867,740,841,085.73</u>	<u>652,464,917,992.24</u>
Less: Current Operating Expenses			
Personnel Services	16.1	1,893,164,823.95	1,878,105,185.87
Maintenance and Other Operating Expenses	16.2	1,189,566,107.84	1,569,242,711.36
Non-Cash Expenses	17	427,941,954.53	372,607,614.89
Total Current Operating Expenses		<u>3,510,672,886.32</u>	<u>3,819,955,512.12</u>
Surplus/(Deficit) from Current Operations		<u>864,230,168,199.41</u>	<u>648,644,962,480.12</u>
Net Assistance/Subsidy	18	3,205,405,348.23	3,060,921,104.16
Other Non-Operating Income	19	245,256,637.99	433,882,928.34
Surplus/(Deficit) for the Period		<u>867,680,830,185.63</u>	<u>652,139,766,512.62</u>

This statement should be read in conjunction with the accompanying notes.

BUREAU OF CUSTOMS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Philippine Peso)

	Accumulated Surplus/(Deficit)	
	<u>2022</u>	<u>2021</u> (As Restated)
Balance at January 1	12,820,812,758.00	11,644,997,043.47
Add/Deduct:		
Prior Period Adjustments/Unrecorded		
Income and Expenses	0.00	(1,348,532,345.56)
Other Adjustments	0.00	(1,367,600,000.00)
Restated Balance	<u>12,820,812,758.00</u>	<u>8,928,864,697.91</u>
Add/Deduct:		
Changes in Net Assets/Equity for Calendar Year		
Surplus/(Deficit) for the Period	867,680,830,185.63	652,139,766,512.62
Closing of Cash-Treasury/Agency Deposit - Regular	(857,889,140,996.89)	(644,189,773,080.28)
Closing of Cash-Constructive Income and Other Remittances	(1,087,666.28)	(9,250,278.45)
Closing of Cash-Constructive Disbursements	1,087,666.28	9,250,278.45
Closing of Cash-Tax Remittance Advice (BIR, BOC and BTr NG only)	(7,834,259,616.48)	(4,058,045,372.25)
Balance at December 31	<u>14,778,242,330.26</u>	<u>12,820,812,758.00</u>

BUREAU OF CUSTOMS
STATEMENT OF CASH FLOWS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Philippine Peso)

	<u>2022</u>	<u>2021</u> (As Restated)
Cash Flows From Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	19,832,210,610.95	13,845,045,141.23
Collection of Income/Revenues	867,594,315,317.75	652,557,093,731.79
Receipt of Inter-Agency Fund Transfers	0.00	400,000.00
Receipt of Intra-Agency Fund Transfers	6,353,694,851.44	1,768,179,711.01
Receipt of Trust liabilities	1,741,678,164.71	7,146,116,116.53
Other Receipts	1,914,591.68	13,540,518.17
Adjustments	886,934,797,301.55	688,493,512,200.15
Total Cash Inflows	<u>1,782,458,610,838.08</u>	<u>1,363,823,887,418.88</u>
Cash Outflows		
Remittance to National Treasury	866,876,302,462.30	657,652,964,783.03
Payment of operating expenses	2,337,170,644.75	2,436,482,323.08
Purchase of Inventories	47,727,211.34	13,371,755.27
Purchase of Semi-Expendable Machinery, Equipment, Furniture, Fixtures and Books	19,501,294.90	2,349,466.04
Grant of Cash Advances (Unliquidated During the Year)	21,339,664.49	17,786,773.00
Prepayments	5,012,945.15	18,401,078.54
Payment of Deposits	133,841,729.81	15,056,047.71
Payment of prior years' accounts payables for operating expenses	156,169,353.61	211,709,105.44
Payment from Trust Liabilities/Fund Transfer	4,789,722,675.73	7,339,275,355.56
Remittance of Personnel Benefit	565,534,790.82	445,378,808.78
Release of Inter-Agency Fund Transfers	112,539,525.04	76,311,226.72
Release of Intra-Agency fund transfers	6,352,174,851.44	1,577,660,286.43
Other Disbursements	6,426,339,048.48	1,373,383,990.86
Adjustments	898,131,040,547.42	685,298,721,872.21
Total Cash Outflows	<u>1,785,974,416,745.28</u>	<u>1,356,478,852,872.66</u>
Net Cash Provided by (Used in) Operating Activities	<u>(3,944,158,680.92)</u>	<u>7,345,034,546.22</u>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale/Disposal of Property, Plant and Equipment	120,000.00	0.00
Total Cash Inflows	<u>120,000.00</u>	<u>0.00</u>

	<u>2022</u>	<u>2021</u> (As Restated)
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	518,143,199.84	205,141,534.72
Purchase of Intangible Assets	45,000,000.00	52,718,500.00
Total Cash Outflows	<u>563,143,199.84</u>	<u>257,860,034.72</u>
Net Cash Provided by (Used in) Investing Activities	<u>(563,023,199.84)</u>	<u>(257,860,034.72)</u>
Increase(Decrease) in Cash and Cash Equivalents	<u>(4,507,181,880.76)</u>	<u>7,087,174,511.50</u>
Cash and Cash Equivalents, January 1	<u>16,852,574,897.70</u>	<u>9,765,400,386.20</u>
Cash and Cash Equivalents, December 31	<u>12,345,393,016.94</u>	<u>16,852,574,897.70</u>

BUREAU OF CUSTOMS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
ALL FUNDS
For the Year Ended December 31, 2022
(In Philippine Peso)

PARTICULARS	Notes	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Tax Revenue	13	663,218,000,000.00	663,218,000,000.00	862,445,896,149.37	(199,227,896,149.37)
Services and Business Income	14	15,514,961,000.00	15,514,961,000.00	4,903,360,878.19	10,611,600,121.81
Non-Operating Income	15	0.00	0.00	391,584,058.17	(391,584,058.17)
Gains	19	0.00	0.00	120,000.00	(120,000.00)
Others	19	1,279,037,000.00	1,279,037,000.00	245,136,637.99	1,033,900,362.01
Total Receipts		680,011,998,000.00	680,011,998,000.00	867,986,097,723.72	(187,974,099,723.72)
PAYMENTS					
Personnel Services	20	1,955,632,129.98	2,035,183,270.00	1,935,378,952.86	99,804,317.14
Maintenance and Other					
Operating Expenses	20	1,568,609,569.12	1,404,287,490.00	1,106,681,591.64	297,605,898.36
Capital Outlay	20	360,947,041.75	289,618,290.00	86,739,980.24	202,878,309.76
Total Payments		3,885,188,740.85	3,729,089,050.00	3,128,800,524.74	600,288,525.26
NET RECEIPTS/PAYMENTS		676,126,809,259.15	676,282,908,950.00	864,857,297,198.98	(187,373,811,198.46)

This statement should be read in conjunction with the accompanying notes.

BUREAU OF CUSTOMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. General Information/Agency Profile

The financial statements of the Bureau of Customs (BOC) were authorized for issue on February 14, 2023, as shown in the Statement of Management Responsibility for Financial Statements signed by Bienvenido Y. Rubio, Commissioner, Bureau of Customs.

The BOC is an agency created on February 6, 1902, upon the passage of Act No. 355. It was reorganized on July 1, 1947, by virtue of Executive Order (EO) No. 94 and Republic Act (RA) No. 51. It also underwent re-organization when the Ministry of Finance, now Department of Finance, was reorganized under EO No. 127 dated January 30, 1987.

The BOC operates primarily by means of the supervision of import and export operations, starting from the discharge of imported goods, storage, documentation, examination and appraisal, collections of duties and taxes, cargo movement, and export of products. Its service, also in part, meets the demands of airline passengers. The primary clients as well as beneficiaries are the importers, exporters, and brokers who, through their day-to-day transactions with the Bureau have to pay the corresponding duties and taxes levied on their cargoes and spend time and effort to have such cargoes cleared from Customs custody. The BOC provides them with assistance in bringing their goods in and out of the country.

2. Statement of Compliance and Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared in accordance with the Government Accounting Manual (GAM) for National Government Agencies (NGAs) and the Revised Chart of Accounts per Commission on Audit (COA) Circular No. 2020-001 dated January 8, 2020, and complies with the Philippine Public Sector Accounting Standards (PPSAS) per COA Resolution No. 2014-003 dated January 24, 2014, renamed to International Public Sector Accounting Standards (IPSAS) under COA Resolution No. 2020-001 dated January 9, 2020.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies

3.1 Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with the IPSAS.

3.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Petty Cash Fund (PCF) account is maintained under the Imprest System. All replenishments are directly charged to the expense account. The PCF is used for emergency purchases and not to purchase regular inventory items for stock.

3.3 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the BOC.

3.4 Property, Plant and Equipment

Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity 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.

Measurement After Recognition

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the BOC recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset.

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation starts on the succeeding month.

Depreciation Method

The straight-line method of depreciation is adopted.

Estimated Useful Life

The BOC uses the Schedule on the Estimated Useful Life of PPE by classification in accordance with COA Circular No. 2003-007 dated December 11, 2003.

Effective January 1, 2015, the residual value will be adjusted to at least five percent of the cost of the PPE. The corresponding depreciation will be adjusted accordingly.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

The BOC derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.5 Provisions

Provisions are recognized when the BOC has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the BOC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

Contingent Liabilities

The BOC does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent Assets

The BOC does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the BOC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.6 Changes in Accounting Policies and Estimates

The BOC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The BOC recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

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

- restating the comparative amounts for prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.7 Revenue from Non-Exchange Transactions

Recognition and Measurement of Assets from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:

- it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

Recognition Revenue from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As BOC satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

Measurement of Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds, including those that are measurable and legally collectible, are deducted from the recognized tax revenue.

Fees and Fines not Related to Taxes

The BOC recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Gifts and Donations

The BOC recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If goods in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced, and revenue recognized as the conditions are satisfied.

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value is ascertained by reference to quoted prices in an active and liquid market.

Transfers

The BOC recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

Services in-Kind

Services in-kind are not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities and the related assets are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the BOC and can be measured reliably.

3.8 Revenue from Exchange Transactions

Measurement of Revenue

Revenue shall be measured at the fair value of the consideration received or receivable.

Rendering of Services

The BOC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the BOC.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions are recognized when the BOC's right to receive payments is established.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Royalties

Royalties are recognized as they are earned in accordance with the substance of the relevant agreement.

3.9 Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

As a result of the adoption of the cash basis for budgeting purposes, a separate Statement of Comparison of Budget and Actual Amounts is presented showing the basis, timing or entity differences. Explanatory comments are provided in the notes to the annual financial statements; first, the reason for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

3.10 Employee Benefits

The employees of BOC are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The BOC recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The BOC recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that has accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

4. Prior Period Adjustments

Shown below is the calendar year (CY) 2022 Statement of Changes in Net Assets/Equity, prior to restatement:

Particulars	Amount (in ₱)
Balance as at January 1, 2022	14,353,497,244.72
Add/Deduct:	
Prior Period Adjustments/Unrecorded Income and Expense	(1,532,684,486.72)
Restated Balances (Pre-Closing Trial Balance)	12,820,812,758.00
Add/Deduct:	
Changes in Net Assets/Equity for CY 2022	
Adjustment of Net Revenue recognized directly in Net Assets/Equity	
Closing of <i>Cash-Treasury/Agency Deposit - Regular</i>	(857,889,140,996.89)
Closing of <i>Cash-Constructive Income and Other Remittances</i>	(1,087,666.28)
Closing of <i>Cash-Constructive Disbursements</i>	1,087,666.28
Closing of <i>Cash-Tax Remittance Advice</i>	(7,834,259,616.48)
Surplus/(Deficit) for the Period	867,680,830,185.63
Balance at December 31, 2022	14,778,242,330.26

Prior year adjustments and unrecorded revenue and expenses were recorded during the year. Affected balances due to the restatement are presented below:

4.1 Assets Accounts

The balances of the asset accounts were restated due to, among others, the recognition of prior year's collections and deposits made by National Collecting Officers (NCOs), recognition of prior year's sale of accountable forms, recognition of reconciling items and adjustments to correct the balances of cash accounts, recognition of prior year's disbursement of general fund, liquidation of prior year's cash advances, recognition of prior year's deliveries and issuances of supplies, materials and semi expendable properties, depreciation/amortization of PPE Items from prior years and recognition of Confiscated Assets/Properties of the Bureau.

Account	Balances in CY 2021	Adjustments (in ₱)	Balances in CY 2021 (As Restated)
<i>Cash and Cash Equivalents</i>	17,160,275,988.53	(307,701,090.83)	16,852,574,897.70
<i>Receivables</i>			
Current	1,003,017,339.23	(177,760,255.05)	825,257,084.18
Non-Current	4,419,461,998.07	(70,949,674.35)	4,348,512,323.72
<i>Inventories</i>	389,903,066.47	(2,535,905.07)	387,367,161.40
<i>Other Assets</i>			
Current	32,775,513.23	(24,346,219.79)	8,429,293.44
Non-Current	239,332,690.53	373,804,881.26	613,137,571.79
<i>Property, Plant and Equipment</i>	4,307,130,056.18	(52,469,623.57)	4,254,660,432.61
<i>Intangible Assets</i>	729,227,008.62	0.00	729,227,008.62
Total	28,281,123,660.86	(261,957,887.40)	28,019,165,773.46

4.2 Liability Accounts

Various liability accounts were restated due to, among others, the recognition of Tax Refunds Payable and remittance of withholding taxes using TRA relating to prior year's transactions.

Account	Balances in	Adjustments	Balances in
	CY 2021		CY 2021 (As Restated)
(in ₱)			
<i>Financial Liabilities</i>	3,631,947,462.19	1,322,242,530.17	4,954,189,992.36
<i>Inter-Agency Payables</i>	153,325,497.35	(57,891,751.03)	95,433,746.32
<i>Trust Liabilities</i>	10,142,343,667.64	5,605,038.78	10,147,948,706.42
<i>Other Payables</i>	9,788.96	770,781.40	780,570.36
Total	13,927,626,416.14	1,270,726,599.32	15,198,353,015.46

4.3 Revenue Accounts

The balances of various revenue accounts were restated due to the recognition in CY 2022 of unrecorded *Import Duties* from Post Entry Modifications, *Interest Income*, *Other Business Income* from the sale of accountable forms, *Miscellaneous Income* from the recognition of Confiscated Assets/Properties from prior years.

Account/ Particulars	Balances in	Adjustments	Balances in
	CY 2021		CY 2021 (As Restated)
(in ₱)			
<i>Tax Revenue</i>	647,829,338,249.97	114,788,499.95	647,944,126,749.92
<i>Service and Business Income</i>	4,131,571,804.36	5,464,888.73	4,137,036,693.09
Net Assistance/Subsidy	3,006,497,399.23	54,423,704.93	3,060,921,104.16
<i>Miscellaneous Income</i>	9,882,145.97	373,872,403.26	383,754,549.23
Total	654,977,289,599.53	548,549,496.87	655,525,839,096.40

4.4 Expense Accounts

Various Expense Accounts were restated due to the recognition in CY 2022 of transactions pertaining to prior years such as payment of salaries, PERA, other personnel benefits, issuance of supplies and materials and semi expendable properties, payment of other professional services, other maintenance and operating expenses and recognition of depreciation and amortization.

Account	Balances in	Adjustments	Balances in
	CY 2021		CY 2021 (As Restated)
(in ₱)			
<i>Personnel Services</i>	1,804,258,097.84	73,828,338.00	1,878,086,435.84
<i>Salaries and Wages-Regular</i>	1,203,899,038.17	15,456,125.10	1,219,355,163.27
<i>Salaries and Wages-Casual/Contractual</i>	4,375,809.83	198,091.10	4,573,900.93
<i>Personal Economic Relief Allowance (PERA)</i>	82,901,219.59	735,738.94	83,636,958.53
<i>Representation Allowance (RA)</i>	11,568,327.19	328,750.00	11,897,077.19
<i>Transportation Allowance (TA)</i>	10,099,193.19	328,750.00	10,427,943.19
<i>Clothing/Uniform Allowance</i>	19,703,716.00	444,000.00	20,147,716.00

Account	Balances in CY 2021	Adjustments (in ₱)	Balances in CY 2021 (As Restated)
<i>Year-End Bonus</i>	98,208,825.05	1,055,835.10	99,264,660.15
<i>Cash Gift</i>	17,313,750.00	90,750.00	17,404,500.00
<i>Mid-Year Bonus</i>	92,559,487.13	2,462,972.00	95,022,459.13
<i>Other Bonuses and Allowances</i>	17,400,000.00	735,454.00	18,135,454.00
<i>Retirement and Life Insurance Premiums</i>	126,826,431.54	18,310,436.92	145,136,868.46
<i>Pag-IBIG Contributions</i>	3,771,297.03	403,539.18	4,174,836.21
<i>PhilHealth Contributions</i>	15,278,435.51	1,815,556.39	17,093,991.90
<i>Employees Compensation Insurance Premiums</i>	4,614,859.83	501,633.50	5,116,493.33
<i>Terminal Leave Benefits</i>	95,325,658.07	514,363.59	95,840,021.66
<i>Other Personnel Benefits</i>	412,049.71	30,446,342.18	30,858,391.89
<i>Maintenance and Other Operating Expenses</i>	1,431,609,746.05	137,402,955.79	1,569,012,701.84
<i>Traveling Expenses-Local</i>	6,895,531.08	724,043.58	7,619,574.66
<i>Training Expenses</i>	6,853,101.54	353,240.00	7,206,341.54
<i>Office Supplies Expenses</i>	40,623,805.72	1,231,722.96	41,855,528.68
<i>Accountable Forms Expenses</i>	6,543,636.00	37,441.15	6,581,077.15
<i>Non-Accountable Forms Expenses</i>	38,964,062.56	2,414,098.53	41,378,161.09
<i>Medical, Dental and Laboratory Supplies Expenses</i>	81,787.46	82,542.40	164,329.86
<i>Fuel, Oil and Lubricants Expenses</i>	22,415,328.07	2,019,696.01	24,435,024.08
<i>Semi-Expendable Machinery and Equipment Expenses</i>	6,460,124.16	139,589.59	6,599,713.75
<i>Semi-Expendable Furniture, Fixtures and Books Expenses</i>	15,375,523.89	173,936.00	15,549,459.89
<i>Other Supplies and Materials Expenses</i>	4,654,303.55	114,927.20	4,769,230.75
<i>Water Expenses</i>	14,851,447.20	1,160,673.98	16,012,121.18
<i>Electricity Expenses</i>	66,749,687.32	5,340,234.67	72,089,921.99
<i>Postage and Courier Expenses</i>	3,684,496.92	257,256.77	3,941,753.69
<i>Telephone Expenses</i>	8,692,558.93	574,032.57	9,266,591.50
<i>Internet Subscription Expenses</i>	39,691,255.64	10,070,827.98	49,762,083.62
<i>Cable, Satellite, Telegraph and Radio Expenses</i>	63,716.00	1,440.00	65,156.00
<i>Confidential Expenses</i>	52,125,000.00	17,375,000.00	69,500,000.00
<i>Extraordinary and Miscellaneous Expenses</i>	9,656,390.11	2,040,263.10	11,696,653.21
<i>Other Professional Services</i>	152,184,813.36	18,568,246.51	170,753,059.87
<i>Environment/Sanitary Services</i>	1,102,778.82	237,168.00	1,339,946.82
<i>Janitorial Services</i>	45,458,869.75	5,656,016.05	51,114,885.80
<i>Security Services</i>	3,007,618.07	648,464.30	3,656,082.37
<i>Other General Services</i>	15,625,805.88	2,840,463.68	18,466,269.56
<i>Repairs and Maintenance-Buildings and Other Structures</i>	46,365,062.53	7,795,455.20	54,160,517.73
<i>Repairs and Maintenance-Machinery and Equipment</i>	244,625,676.75	575,820.29	245,201,497.04
<i>Repairs and Maintenance-Transportation Equipment</i>	2,961,605.40	219,749.03	3,181,354.43
<i>Repairs and Maintenance-Furniture and Fixtures</i>	196,112.00	525.00	196,637.00
<i>Fidelity Bond Premiums</i>	2,911,312.50	368,951.25	3,280,263.75
<i>Insurance Expenses</i>	2,264,128.78	15,689.02	2,279,817.80
<i>Printing and Publication Expenses</i>	2,891,837.34	79,514.50	2,971,351.84
<i>Representation Expenses</i>	904,630.80	85,000.00	989,630.80
<i>Transportation and Delivery Expenses</i>	1,581,540.46	85,600.00	1,667,140.46
<i>Rent/Lease Expenses</i>	27,723,770.49	7,202,104.70	34,925,875.19
<i>Subscription Expenses</i>	74,342,538.77	45,051,789.82	119,394,328.59
<i>Bank Transaction Fee</i>	126,440.84	6,000.00	132,440.84
<i>Other Maintenance and Operating Expenses</i>	462,953,447.36	3,855,431.95	466,808,879.31
<i>Non-Cash Expenses</i>	321,103,184.98	18,316,273.55	339,419,458.53
<i>Depreciation-Buildings and Other Structures</i>	4,445,001.48	737,447.64	5,182,449.12
<i>Depreciation-Machinery and Equipment</i>	316,658,183.50	17,578,825.91	334,237,009.41

5. Cash and Cash Equivalents

Account	2022	2021
	(in ₱)	
<i>Cash on Hand</i>	5,453,292.82	(9,734,907.78)
<i>Cash in Bank-Local Currency</i>	917,642,605.32	816,692,126.16
<i>Treasury/Agency Cash Accounts</i>	11,422,297,118.80	16,045,617,679.32
Total	12,345,393,016.94	16,852,574,897.70

5.1 Cash on Hand

Account	2022	2021
	(in ₱)	
<i>Cash-Collecting Officers</i>	4,076,222.79	(10,601,390.53)
<i>Petty Cash</i>	1,377,070.03	866,482.75
Total	5,453,292.82	(9,734,907.78)

Cash on Hand includes *Cash-Collecting Officers* and *Petty Cash*. *Cash Collecting Officers* is used to recognize the amount of collections with the Collecting Officers while the *Petty Cash* is used to recognize the amount granted to duly designated Petty Cash Custodian for payment of authorized petty or miscellaneous expenses that cannot be conveniently paid through checks. The negative balance of the *Cash Collecting Officer* pertains to unreconciled prior-year balances due to unavailability of documents.

5.2 Cash in Bank-Local Currency

Cash in Bank-Local Currency, Current Account is used to recognize the release of funds to various ports/sub-ports for the implementation of programs and projects. The account is credited upon liquidation of fund transfers to ports and sub-ports thru submission of Reports of Checks Issued and Report of Disbursements. It also includes collections of Trust Liabilities deposited in banks maintained by the Bureau.

5.3 Treasury/Agency Cash Accounts

Account	2022	2021
	(in ₱)	
<i>Cash-Treasury/Agency Deposit, Special Account</i>	4,571,479,320.55	4,321,572,550.57
<i>Cash-Treasury/Agency Deposit, Trust</i>	6,850,817,798.25	11,724,045,128.75
Total	11,422,297,118.80	16,045,617,679.32

Treasury/Agency Cash Accounts includes *Cash-Treasury/Agency Deposit, Special Account* and *Cash - Treasury/Agency Deposit, Trust* which are used to recognize the amount of collections remitted to the Bureau of the Treasury (BTr) under the Special Account in the General Fund which refers to Container

Security Fees (CSFs) and Super Green Lane (SGL) and the amount of trust receipts/collections and trust funds remitted to the BTr respectively. The account is credited to recognize receipt of Notice of Cash Allocation (NCA).

6. Receivables

Account	2022		
	Current	Non-Current	Total
	(in ₱)		
<i>Loans and Receivable Accounts</i>	304,015,983.32	289,426,109.64	593,442,092.96
<i>Inter-Agency Receivables</i>	389,589,933.22	1,253,394,674.00	1,642,984,607.22
<i>Other Receivables</i>	281,728.51	1,935,240,341.52	1,935,522,070.03
Total	693,887,645.05	3,478,061,125.16	4,171,948,770.21

Account	2021 (As Restated)		
	Current	Non-Current	Total
	(in ₱)		
<i>Loans and Receivable Accounts</i>	521,094,953.72	72,347,139.24	593,442,092.96
<i>Inter-Agency Receivables</i>	304,154,630.46	2,340,908,235.13	2,645,062,865.59
<i>Other Receivables</i>	7,500.00	1,935,256,949.35	1,935,264,449.35
Total	825,257,084.18	4,348,512,323.72	5,173,769,407.90

6.1 Loans and Receivable Accounts

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
	(in ₱)			
<i>Accounts Receivable</i>	0.00	750,000.00	0.00	750,000.00
<i>Tax Receivable</i>	304,015,983.32	288,676,109.64	521,094,953.72	71,597,139.24
Total	304,015,983.32	289,426,109.64	521,094,953.72	72,347,139.24

Accounts Receivable consists of returned checks on June 25, 2003 issued by Fully Filipino Enterprises in the amount of ₱750,000.00.

Tax Receivable is used to recognize the receivable brought by the uncollected unpaid duties and taxes arising from Post Modification of SAD (PMS).

6.1.1 Aging of Loans and Receivable Accounts

Account	Amount	Less than	91 to 365 days	Over 1 year
		90 days		
	(in ₱)			
<i>Accounts Receivable</i>	750,000.00	0.00	0.00	750,000.00
<i>Tax Receivable</i>	592,692,092.96	0.00	304,015,983.32	288,676,109.64
Total	593,442,092.96	0.0	304,015,983.32	289,426,109.64

6.2 Inter-Agency Receivables

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
	(in ₱)			
<i>Due from National Government Agencies</i>	389,302,524.42	789,003,297.76	304,154,630.46	953,229,857.03
<i>Due from Government-Owned or Controlled Corporations</i>	287,408.80	464,391,376.24	0.00	1,387,678,378.10
Total	389,589,933.22	1,253,394,674.00	304,154,630.46	2,340,908,235.13

6.2.1 Aging of Inter-Agency Receivables

Account	Amount	Less than 90 days	91 to 365 days	Over 1 year
<i>Due from National Government Agencies</i>	1,178,305,822.18	13,740,556.01	375,561,968.41	789,003,297.76
<i>Due from Government-Owned and/or Controlled Corporations</i>	464,678,785.04	287,408.80	0.00	464,391,376.24
Total	1,642,984,607.22	14,027,964.81	375,561,968.41	1,253,394,674.00

6.2.2 Due from the National Government Agencies

Particulars	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
	(in ₱)			
Procurement Service	14,256,117.50	685,995,647.19	16,278,928.46	850,472,206.46
National Printing Office	0.00	250,000.00	250,000.00	0.00
Comprehensive Automotive Resurgence Strategy (CARS) Program	375,046,406.92	0.00	287,625,702	0.00
Others	0.00	102,757,650.57	0.00	102,757,650.57
Total	389,302,524.42	789,003,297.76	304,154,630.46	953,229,857.03

The *Due from the National Government Agencies* includes fund transfer to Procurement Service and National Printing Office in the total amount of ₱700,251,764.69 and ₱250,000.00, respectively, as at December 31, 2022.

6.2.2.1 Aging of Due from the National Government Agencies

Particulars	Amount	Less than 90 days	91 to 365 days	Over 1 year
Procurement Service	700,251,764.69	0.00	14,256,117.50	685,995,647.19
National Printing Office	250,000.00	0.00	0.00	250,000.00
CARS Program	375,046,406.92	13,740,556.01	361,305,850.91	0.00
Others	102,757,650.57	0.00	0.00	102,757,650.57
Total	1,178,305,822.18	13,740,556.01	375,561,968.41	789,003,297.76

6.2.3 Due from Government-Owned or Controlled Corporations

The *Due from Government-Owned or Controlled Corporations* represents transfer to Philippine International Trading Corporation (PITC) pertaining to unliquidated funds transferred as procurement agent of the Bureau to facilitate the purchase of various goods, services and infrastructure projects.

6.2.3.1 Aging of Due from the Government-Owned or Controlled Corporations

Particulars	Amount	Less than 90 days	91 to 365 days	Over 1 year
PITC	464,678,785.04	287,408.80	0.00	464,391,376.24

6.3 Other Receivables

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
	(in ₱)			
<i>Receivables- Disallowances/ Charges</i>	0.00	1,902,840,562.40	0.00	1,902,840,562.40
<i>Due from Officers and Employees</i>	281,728.51	10,051,503.49	7,500.00	10,068,111.32
<i>Other Receivables</i>	0.00	22,348,275.63	0.00	22,348,275.63
Total	281,728.51	1,935,240,341.52	7,500.00	1,935,256,949.35

Receivables-Disallowances/Charges is used to recognize the amount of disallowances/charges in audit due from public/private individuals/entities which have become final and executory.

Both the *Due from Officers and Employees* and *Other Receivables* are for request for write off. Beginning balance of accounts have been unmoving since CY 2002.

Other Receivables include accounts which are already over three years broken down as follows:

Particulars	Amount (in ₱)
Claims for Dishonored Checks (2002 and prior years)	7,668,681.20
Customs Management Committee (1973)	1,397,877.13
Balances from 2002 and prior years	13,241,717.30
Payment of Honoraria	40,000.00
Total	22,348,275.63

6.3.1 Aging of Other Receivables

Account	Amount	Less than 90 days	91 to 365 days	Over 1 year
		(in ₱)		
<i>Receivables</i>				
<i>Disallowances/ Charges</i>	1,902,840,562.40	0.00	0.00	1,902,840,562.40
<i>Due from Officers and Employees</i>	10,333,232.00	0.00	281,728.51	10,051,503.49
<i>Other Receivables</i>	22,348,275.63	0.00	0.00	22,348,275.63
Total	1,935,522,070.03	0.0	281,728.51	1,935,240,341.52

7. Inventories

Inventories consist of the following:

Account	2022	2021 (As Restated)
	(in ₱)	
<i>Inventory Held for Consumption</i>	402,426,076.01	363,371,595.94
<i>Office Supplies Inventory</i>	54,778,471.87	10,543,520.60
<i>Accountable Forms, Plates and Stickers Inventory</i>	270,657,565.51	271,565,269.51
<i>Non-Accountable Forms Inventory</i>	70,464,164.35	74,476,087.70
<i>Drugs and Medicines Inventory</i>	145,374.52	209,210.14
<i>Medical, Dental and Laboratory Supplies Inventory</i>	996,647.61	1,085,631.68
<i>Fuel, Oil and Lubricants Inventory</i>	4,534,716.27	4,534,716.27
<i>Other Supplies and Materials Inventory</i>	849,135.88	957,160.04
<i>Semi-Expendable Machinery and Equipment</i>	17,457,248.58	6,691,607.63
<i>Semi-Expendable Machinery</i>	36,000.00	36,000.00
<i>Semi-Expendable Office Equipment</i>	6,235,324.38	3,303,342.89
<i>Semi-Expendable Information and Communications Technology Equipment</i>	6,641,818.38	1,349,945.98
<i>Semi-Expendable Communications Equipment</i>	21,320.00	21,320.00
<i>Semi-Expendable Disaster Response and Rescue Equipment</i>	1,012,973.76	1,005,773.76
<i>Semi-Expendable Military, Police and Security Equipment</i>	3,354,062.06	876,425.00
<i>Semi-Expendable Other Equipment</i>	155,750.00	98,800.00
<i>Semi-Expendable Furniture, Fixtures and Books</i>	25,959,956.12	17,303,957.83
<i>Semi-Expendable Furniture and Fixtures</i>	25,763,556.12	17,248,457.83
<i>Semi-Expendable Books</i>	196,400.00	55,500.00
Total	445,843,280.71	387,367,161.40

Accountable Forms, Plates and Stickers Inventory consists of Form 38A (BCOR) and 51 (OR).

Non-Accountable Forms Inventory is composed of forms issued to accountable officers for sale, i.e. Form A - Certificate of Origin; Import Entry Declaration; Ninoy Aquino International Airport (NAIA) Gate Pass, Form 177 - Informal Import Declaration Entry.

Increases in the inventory accounts were due to purchase/acquisitions of various supplies being used in various offices of the BOC.

8. Other Current Assets

Other Current Assets consist of the following:

Account	2022	2021
	(in ₱)	
<i>Advances</i>	21,139,664.49	25,026.15
<i>Prepayments</i>	2,823,552.17	7,847,098.37
<i>Deposits</i>	261,000.00	557,168.92
Total	24,224,216.66	8,429,293.44

8.1 *Advances* consists of *Advances to Special Disbursing Officer* and *Advances to Officers and Employees* which includes unliquidated Confidential Fund for the fourth Quarter of CY 2022 which was already liquidated on January 6, 2023, and unliquidated cash advances for traveling expenses.

Account	2022	2021
	(in ₱)	
<i>Advances to Special Disbursing Officer</i>	20,347,134.25	25,026.15
<i>Advances to Officers and Employees</i>	792,530.24	0.00
Total	21,139,664.49	25,026.15

8.2 *Prepayments* includes *Advances to Contractors*, *Prepaid Rent* and *Prepaid Insurance*.

Account	2022	2021
	(in ₱)	
<i>Advances to Contractors</i>	918,061.90	5,963,063.30
<i>Prepaid Rent</i>	939,438.94	923,438.94
<i>Prepaid Insurance</i>	966,051.33	960,596.13
Total	2,823,552.17	7,847,098.37

8.3 *Deposits* are refundable deposits from Meralco and others.

Account	2022	2021 (As Restated)
	(in ₱)	
<i>Guaranty Deposits</i>	261,000.00	557,168.92

9. Property, Plant and Equipment

Property, Plant and Equipment is composed of the following:

Particulars	2022		
	<i>Buildings and Other Structures</i>	<i>Machinery and Equipment</i>	<i>Transportation Equipment</i>
(in ₱)			
Carrying Amount, January 1, 2022	298,280,954.77	3,680,073,937.93	90,231,514.98
Adjustment due to restatement	921,809.55	53,634,014.02	(2,086,200.00)
Additions/Acquisitions	0.00	881,867,547.15	2,086,200.00
Total	299,202,764.32	4,615,575,499.10	90,231,514.98
Adjustments	23,287,821.29	(33,075,156.89)	0.00
Disposals	0.00	(15,998,062.76)	0.00
Depreciation	(6,104,258.67)	(415,716,822.72)	(10,649,184.36)
Carrying Amount, December 31, 2022	316,386,326.94	4,150,785,456.73	79,582,330.62
Gross Cost	372,568,865.08	13,301,868,459.02	124,835,590.42
Less: Accumulated Depreciation	56,182,538.14	9,151,083,002.29	45,253,259.80
Carrying Amount, December 31, 2022	316,386,326.94	4,150,785,456.73	79,582,330.62

Particulars	2022			Total
	<i>Furniture, Fixtures and Books</i>	<i>Construction in Progress</i>	<i>Other Property, Plant and Equipment</i>	
(in ₱)				
Carrying Amount, January 1, 2022	162,782,256.14	23,287,821.29	3,947.50	4,254,660,432.61
Adjustment due to restatement	0.00	0.00	0.00	52,469,623.57
Additions/Acquisitions	0.00	163,730,059.76	0.00	1,047,683,806.91
Total	162,782,256.14	187,017,881.05	3,947.50	5,354,813,863.09
Adjustments	0.00	(23,287,821.29)	0.00	(33,075,156.89)
Disposals	0.00	0.00	0.00	(15,998,062.76)
Depreciation	(954,292.70)	0.00	0.00	(433,424,558.45)
Carrying Amount, December 31, 2022	161,827,963.44	163,730,059.76	3,947.50	4,872,316,084.99
Gross Cost	391,331,420.48	163,730,059.76	78,950.00	14,354,413,344.76
Less: Accumulated Depreciation	229,503,457.04	0.00	75,002.50	9,482,097,259.77
Carrying Amount, December 31, 2022	161,827,963.44	163,730,059.76	3,947.50	4,872,316,084.99

Particulars	2021 (As Restated)		
	<i>Buildings and Other Structures</i>	<i>Machinery and Equipment</i>	<i>Transportation Equipment</i>
(in ₱)			
Carrying Amount, January 1, 2021	303,647,765.80	3,192,358,236.80	98,794,499.34
Adjustment due to restatement	0.00	110,026,946.64	9,752,543.04
Additions/Acquisitions	0.00	864,085,113.65	0.00
Total	303,647,765.80	4,166,470,297.09	108,547,042.38
Adjustments	0.00	(94,324.97)	(472,410.80)
Depreciation	(5,366,811.03)	(486,302,034.19)	(17,843,116.60)
Carrying Amount, December 31, 2021	298,280,954.77	3,680,073,937.93	90,231,514.98
Gross Cost	349,281,043.79	12,461,825,911.87	124,835,590.42
Less: Accumulated Depreciation	51,000,089.02	8,781,751,973.94	34,604,075.44
Carrying Amount, December 31, 2021	298,280,954.77	3,680,073,937.93	90,231,514.98

Particulars	2021 (As Restated)			
	<i>Furniture, Fixtures and Books</i>	<i>Construction in Progress</i>	<i>Other Property, Plant and Equipment</i>	Total
	(in ₱)			
Carrying Amount, January 1, 2021	163,482,223.14	23,287,821.29	3,947.50	3,781,574,493.87
Adjustment due to restatement	81,450.63	0.00	0.00	119,860,940.31
Additions/Acquisitions	1,211,800.00	0.00	0.00	865,296,913.65
Total	164,775,473.77	23,287,821.29	3,947.50	4,766,732,347.83
Adjustments	0.00	0.00	0.00	(566,735.77)
Depreciation	(1,993,217.63)	0.00	0.00	(511,505,179.45)
Carrying Amount, December 31, 2021	162,782,256.14	23,287,821.29	3,947.50	4,254,660,432.61
Gross Cost	391,331,420.48	23,287,821.29	78,950.00	13,350,640,737.85
Less: Accumulated Depreciation	228,549,164.34	0.00	75,002.50	9,095,980,305.24
Carrying Amount, December 31, 2021	162,782,256.14	23,287,821.29	3,947.50	4,254,660,432.61

The adjustment due to restatement is comprised of adjustments for reclassification of accounts and recording of prior years' PPE and depreciation.

10. Intangible Assets

Intangible Assets consists of the BOC E- Manifest System, Formal Entry System and Selectivity and Warehousing System paid to Unisys Philippines. It also includes payment for Cyber Security Enhancement and Maintenance of E2M (Electronic to Mobile).

Account	2022	2021
	(in ₱)	
<i>Computer Software</i>	621,929,829.36	614,703,388.62
<i>Accumulated Amortization-Computer Software</i>	(55,005,880.00)	(55,005,880.00)
<i>Development in Progress-Computer Software</i>	214,529,500.00	169,529,500.00
Total	781,453,449.36	729,227,008.62

11. Other Non-Current Assets

Other Non-Current Assets consists of *Advances, Prepayments, Deposits, Other Assets* and *Contingent Assets*.

Account	2022	2021
	(As Restated) (in ₱)	
<i>Advances</i>	241,579.30	1,525,860.30
<i>Prepayments</i>	668,275.88	0.00
<i>Deposits</i>	2,231,764.65	1,674,595.73
<i>Other Assets</i>	1,000,928,399.24	609,937,115.76
Total	1,004,070,019.07	613,137,571.79

11.1 *Advances* includes *Advances for Operating Expenses* balances from prior years.

Account	2022	2021
	(in ₱)	
<i>Advances for Operating Expenses</i>	241,579.30	1,525,860.30

11.2 *Prepayments* includes *Advances to Contractors*.

Account	2022	2021
	(in ₱)	
<i>Advances to Contractors</i>	668,275.88	0.00

11.3 *Deposits* are refundable deposits from Meralco and others.

Account	2022	2021
	(in ₱)	
<i>Guaranty Deposits</i>	2,231,764.65	1,674,595.73

11.4 *Other Assets*

Account	2022	2021
	(in ₱)	
<i>Confiscated Property/Assets</i>	1,000,928,399.24	609,937,115.76

Confiscated Property/Assets is used to recognize appraised value of Roumeliotes Jewelry Collection and appraised value of various confiscated assets based on the submission of the list of abandoned/seized and forfeited articles by Assessment Coordination and Monitoring Division-Port Operations Service, Assessment and Operations Coordinating Group.

11.5 *Contingent Assets*

Contingent Assets consists of abandoned and seized cargoes in the process of auction and due and demandable bonds awaiting the decision of courts and Insurance Commission (IC).

11.5.1 Data on Overstaying Containers at the following ports:

Ports	No. of Overstaying Container	
	2022	2021
Port of Manila (POM)	249	293
Manila International Container Port (MICP)	1,289	480
Batangas	36	62
Subic	53	64

Ports	No. of Overstaying Container	
	2022	2021
Cebu	140	115
Davao	3	22
Cagayan de Oro	0	100
Total	1,770	1,136

11.5.2 Outstanding Due and Demandable Bonds per port:

Ports	Outstanding Due and Demandable Bonds	
	2022	2021
	(in ₱)	
POM	4,100,537,426.40	4,032,141,471.03
MICP	2,702,289,910.03	2,126,329,906.14
NAIA	523,351,786.87	521,591,786.87
Batangas	111,061,823.50	111,061,823.50
Cebu	68,460,750.74	0.00
San Fernando	0.00	4,226,433.00
Subic	0.00	0.00
Total	7,505,701,697.54	6,795,351,420.54

The consolidated report of due and demandable bonds as at December 31, 2022, is based on the report submitted by the Collection Districts/Ports which is subject to audit and reconciliation of account. The list reflects bonds that expired without deducting the actual action taken such as those placed under liquidation, receivership, conservatorship, with filed cases in court and with court resolution, bonds that are settled/paid duties and taxes abatement. The status of said due and demandable bonds as at December 31, 2022, is as follows:

Particulars	Amount (in ₱)
Total Bonds as at December 31, 2022	7,505,701,697.54
Less: With Filed Civil Cases in Court Liquidation Placed under Liquidation, Receivership, Conservatorship by the IC	2,261,952,059.75
Balance for further Liquidation	3,556,885,480.99

12. Liabilities

Total Liabilities consist of the following:

Account	2022	2021 (As Restated)
	(in ₱)	
<i>Financial Liabilities</i>	3,578,729,601.73	4,954,189,992.36
<i>Inter-Agency Payables</i>	127,016,740.09	95,433,746.32
<i>Trust Liabilities</i>	5,164,421,293.93	10,147,948,706.42
<i>Deferred Credits/Unearned Income</i>	281,728.51	0.00

Account	2022	2021 (As Restated)
	(in ₱)	
<i>Other Payables</i>	(3,442,856.58)	780,570.36
Total	8,867,006,507.68	15,198,353,015.46

12.1 *Financial Liabilities*

This account consists of the following:

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
(in ₱)				
<i>Accounts Payable</i>	0.00	112,405,584.12	0.00	167,248,275.27
<i>Due to Officers and Employees</i>	0.00	172,401.08	0.00	444,870.72
<i>Awards and Rewards Payable</i>	0.00	2,225,355,814.68	0.00	2,225,355,814.68
<i>Tax Refunds Payable</i>	725,581,799.91	515,214,001.94	1,952,823,308.95	608,317,722.74
Total	725,581,799.91	2,853,147,801.82	1,952,823,308.95	3,001,366,683.41

Accounts Payable consists of payables to various suppliers with valid claims as at December 31, 2022.

Due to Officers and Employees is used to recognize incurrence of liability to officers and employees for salaries and benefits.

Awards and Rewards Payable is used for the set-up of informers reward payable to identified importers. A total amount of ₱1,367,600,000.00 was from prior year to set-up the payment of the rewards and incentives of BOC employees for hitting the CY 2018 Collection Target. BOC also exceeds CY 2021 and CY 2022 Collection Target.

Tax Refunds Payable is used to recognize amount refundable to taxpayers for excess amount paid/withheld.

12.2 *Inter-Agency Payables*

This account consists of the following:

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
(in ₱)				
<i>Due to BIR</i>	51,197,010.96	0.00	26,963,310.90	0.00
<i>Due to GSIS</i>	1,442,531.82	62,402,750.48	7,067,249.58	53,168,465.65
<i>Due to Pag-IBIG</i>	799,394.63	1,900,169.18	2,815,759.27	1,951.94
<i>Due to PhilHealth</i>	2,667,434.43	525.00	641,091.49	986,822.91
<i>Due to National Government Agencies</i>	58,292.95	0.00	459,824.37	0.00

Account	2022		2021 (As Restated)	
	Current	Non-Current	Current	Non-Current
	(in ₱)			
<i>Due to Government Owned or Controlled Corporations</i>	4,292,708.93	2,255,921.71	0.00	3,329,270.21
Total	60,457,373.72	66,559,366.37	37,947,235.61	57,486,510.71

Due to BIR consists of taxes withheld from compensation of BOC personnel and payment to suppliers which was remitted on January 2023.

Due to GSIS is used to recognize the withholding of employees' premium payments and other payables for remittance to the GSIS. Balance are for preparation of Agency Remittance Advice. This also consists of prior year balances which are in the process of reconciliation.

Due to Pag-IBIG pertains to withheld employees' premium payments and other payables for remittance to the Home Development Mutual Fund (HDMF).

Due to PhilHealth represents the employees' premium payments and other payables for remittance to the Philippine Health Insurance Corporation.

12.2.1 *Due to National Government Agencies*

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Dangerous Drugs Board</i>	20,495.87	400,000.00
<i>UP-LRF</i>	37,797.08	59,824.37
Total	58,292.95	459,824.37

Due to National Government Agencies is used to recognize the receipt of funds for delivery of goods/services as authorized by law, fund transfers from NGAs, other than the Bureau of Internal Revenue, for implementation of specific programs or projects subject to liquidation and other inter-agency transactions. The decrease in *Due to National Government Agencies* was due to the procurement of heavy duty kennel for K-9 units.

Due to Government Owned or Controlled Corporations represents the amount deducted from the salary of personnel from remittance to National Home Mortgage Finance Corporation (NHMFC) and the Land Bank of the Philippines (LBP).

12.3 *Trust Liabilities*

This account consists of the following:

Account	2022		2021 (As Restated)	
	Current	Non- Current	Current	Non-Current
	(in ₱)			
<i>Trust Liabilities</i>	1,276,862,936.40	3,810,083,667.34	5,691,848,547.89	4,291,324,699.92
<i>Guaranty/Security Deposits Payable</i>	18,908,220.67	58,566,469.52	32,736,092.93	132,039,365.68
Total	1,295,771,157.07	3,868,650,136.86	5,724,584,640.82	4,423,364,065.60

12.3.1 *Trust Liabilities* pertains to the receipt of amount held in trust for specific purpose. This includes the following:

Particulars	2022	2021
		(As Restated)
Cash Bond	946,433,271.93	929,925,644.83
Auction	1,591,165,438.69	1,597,820,284.15
Confiscated Currencies	57,116,510.79	57,116,510.79
Extra Services	187,104,663.57	186,492,684.65
Bid Docs	17,111,990.16	16,637,490.16
Remuneration	49,353.64	49,353.64
Informers' Reward	645,478,576.51	620,930,800.62
Provision on Safeguard Duties	657,070,337.81	5,728,912,469.80
Fuel Marking Fee	952,900,193.96	813,930,843.49
Negotiated Sale	6,287,501.00	5,128,400.00
Others	26,228,765.68	26,228,765.68
Total	5,086,946,603.74	9,983,173,247.81

The significant decrease was due to the refund by various importers of provisional safeguard duty imposed on imported motor vehicles.

12.3.2 *Guaranty/Security Deposits Payable* represents the retention money from contractors. Retention money is released upon compliance of the requirements per COA Circular No. 2012-001 dated June 14, 2012.

12.4 *Deferred Credits/Unearned Income*

The *Other Deferred Credits* is used to set up the accountability of the accountable officer due to the loss of asset.

12.5 *Other Payables*

The *Other Payables* includes payables to BOC Provident Fund Inc, BOC-Employees Association, Inc, Samahang Nagkakaisang Pulis Aduana Inc, Private Insurances, Health Maintenance Organization, banks and others. The Accounting Division is on the process of analyzing prior year transactions to

determine causes of the negative balances and eventually prepare adjusting entries to correct the balance of the account.

Account	2022	2021
	(in ₱)	
<i>Other Payables - BOCPFI-Contributions</i>	(2,486,750.20)	(2,571,870.09)
<i>Other Payables - BOCPFI-Loan</i>	436,864.55	688,925.54
<i>Other Payables - BOCEA</i>	(925,382.05)	(178,507.05)
<i>Other Payables - TSNPA</i>	312,521.73	329,921.73
<i>Other Payables - Private Insurance</i>	(4,497,316.98)	(3,777,245.60)
<i>Other Payables - HMO</i>	(1,220,283.17)	(2,127,787.69)
<i>Other Payables - Banks</i>	(3,407,397.16)	(930,180.87)
<i>Other Payables - Cooperative</i>	595,671.96	2,003,056.38
<i>Other Payables - Interest</i>	131,437.03	120,796.66
<i>Other Payables - Others</i>	7,617,777.71	7,223,461.35
Total	(3,442,856.58)	780,570.36

13. Tax Revenue

Tax Revenue consists of the following income remitted to the BTr.

Account	2022	2021
	(in ₱)	
<i>Tax Revenue-Goods and Services</i>	861,694,655,837.63	647,179,306,156.81
<i>Import Duties</i>	98,002,756,093.84	78,322,117,539.08
<i>Excise Tax</i>	173,134,981,722.63	161,362,867,684.89
<i>Business Tax</i>	590,556,918,021.16	407,494,320,932.84
<i>Tax Revenue-Others</i>	581,373,950.54	595,439,798.00
<i>Documentary Stamp Tax</i>	581,373,950.54	595,439,798.00
<i>Tax Revenue-Fines and Penalties</i>	169,866,361.20	169,380,795.11
<i>Tax Revenue-Fines and Penalties-Taxes on Goods and Services</i>	169,866,361.20	169,380,795.11
Total	862,445,896,149.37	647,944,126,749.92

The BOC's positive revenue collection performance is attributed to the improved valuation and intensified collection efforts of all the ports, gradual improvement of importation volume and the government's effort in ensuring unhampered movement of goods domestically and internationally considering the pandemic situation.

14. Service and Business Income

Service and Business Income consists of the following:

Account	2022	2021
	(in ₱)	
<i>Service Income</i>	4,134,000,015.31	3,399,155,041.64
<i>Permit Fees</i>	23,622,600.00	14,491,250.00
<i>Registration Fees</i>	22,550,600.00	24,251,250.00
<i>Clearance and Certification Fees</i>	5,617,150.00	3,890,500.00
<i>Legal Fees</i>	9,292,540.00	13,619,380.00
<i>Inspection Fees</i>	0.00	241,181.45
<i>Verification and Authentication Fees</i>	5,631,300.00	21,597,800.00
<i>Processing Fees</i>	797,737,323.63	742,495,839.00
<i>Other Service Income</i>	3,269,548,501.68	2,578,567,841.19
<i>Business Income</i>	769,360,862.88	737,881,651.45
<i>Rent/Lease Income</i>	1,102,937.87	1,582,244.58
<i>Dividend Income</i>	0.00	27,971,725.57
<i>Interest Income</i>	357,001,975.41	317,611,981.68
<i>Fines and Penalties-Business Income</i>	282,866,100.89	278,701,741.86
<i>Other Business Income</i>	128,389,848.71	112,013,957.76
Total	4,903,360,878.19	4,137,036,693.09

All revenues collected were covered by a Customs Administrative Order (CAO) and Customs Memorandum Order as its legal basis based on the new Customs Modernization and Tariff Act (CMTA).

Legal Fees is anchored under CAO No. 2-2001 regarding Protest Cases.

Rent/Lease Income was generated through the rental from Globe Satellite, Offices of LBP and Philippine National Bank.

Dividend Income represents royalty payments remitted by importers to its suppliers abroad which are treated as adjustment to the transaction value as provided under Section 701 (e) of the CMTA.

For the Regular Agency Books, *Other Service Income* pertains to revenue generated from the collections of CSF and SGL while *Other Business Income* pertains to the sale of accountable forms.

15. Non-Operating Income

Non-Operating Income represents *Miscellaneous Income*.

Account	2022	2021
	(in ₱)	
<i>Miscellaneous Income</i>	391,584,058.17	383,754,549.23

Miscellaneous Income represents the liquidated damages of various suppliers arising from delays in the delivery of goods and services.

16. Current Operating Expenses

Current Operating Expenses consist of the following:

Account	2022	2021
	(in ₱)	
<i>Personnel Services</i>	1,893,164,823.95	1,878,105,185.87
<i>Maintenance and Other Operating Expenses</i>	1,189,566,107.84	1,569,242,711.36
<i>Non-Cash Expenses</i>	427,941,954.53	372,607,614.89
Total	3,510,672,886.32	3,819,955,512.12

16.1 Personnel Services

This consists of the following as shown below:

Account	2022	2021
	(in ₱)	
<i>Salaries and Wages</i>	1,253,847,568.89	1,223,929,064.20
<i>Other Compensation</i>	373,318,440.25	355,955,518.22
<i>Personnel Benefit Contributions</i>	154,049,753.22	171,522,189.90
<i>Other Personnel Benefits</i>	111,949,061.59	126,698,413.55
Total	1,893,164,823.95	1,878,105,185.87

16.1.1 Salaries and Wages

Account	2022	2021
	(in ₱)	
<i>Salaries and Wages-Regular</i>	1,248,536,842.93	1,219,355,163.27
<i>Salaries and Wages-Casual/Contractual</i>	5,310,725.96	4,573,900.93
Total	1,253,847,568.89	1,223,929,064.20

The BOC has a total of 3,549 filed plantilla of personnel as at December 31, 2022. The increase was due to hiring of 122 new employees and the promotion of 185 personnel as well as the implementation of the Salary Standardization Law Level V in CY 2022.

16.1.2 Other Compensation

Account	2022	2021
	(in ₱)	
<i>Personal Economic Relief Allowance (PERA)</i>	84,036,017.73	83,636,958.53
<i>Representation Allowance (RA)</i>	11,787,571.73	11,897,077.19
<i>Transportation Allowance (TA)</i>	10,270,022.72	10,427,943.19
<i>Clothing/Uniform Allowance</i>	20,460,412.00	20,147,716.00
<i>Subsistence Allowance</i>	0.00	16,500.00
<i>Laundry Allowance</i>	0.00	2,250.03
<i>Hazard Pay</i>	165,201.92	0.00
<i>Year-End Bonus</i>	102,989,407.15	99,264,660.15
<i>Cash Gift</i>	17,515,392.00	17,404,500.00
<i>Mid-Year Bonus</i>	100,185,415.00	95,022,459.13
<i>Other Bonuses and Allowances</i>	25,909,000.00	18,135,454.00
Total	373,318,440.25	355,955,518.22

16.1.3 Personnel Benefit Contributions

Account	2022	2021
	(in ₱)	
<i>Retirement and Life Insurance Premiums</i>	126,073,780.87	145,136,868.46
<i>Pag-IBIG Contributions</i>	3,713,819.18	4,174,836.21
<i>PhilHealth Contributions</i>	20,621,286.62	17,093,991.90
<i>Employees Compensation Insurance Premiums</i>	3,640,866.55	5,116,493.33
Total	154,049,753.22	171,522,189.90

Retirement and Life Insurance Premiums pertains to the remittances made to the GSIS for Retirement and Life Premium government's share and other payables.

Pag-IBIG Contributions represents remittances to the HDMF and Pag-IBIG premiums pertaining to government share.

PhilHealth Contributions represents payment of PhilHealth premium for government share.

Employees Compensation Insurance Premiums refers to the remittances made to recognize the government's share in premium contributions to the Employees' Compensation Commission.

16.1.4 Other Personnel Benefits

Account	2022	2021
	(in ₱)	
<i>Retirement Gratuity</i>	867,883.06	0.00
<i>Terminal Leave Benefits</i>	110,516,025.21	95,840,021.66
<i>Other Personnel Benefits</i>	565,153.32	30,858,391.89
Total	111,949,061.59	126,698,413.55

For CY 2021, no payment was made for *Retirement Gratuity* because no retirement claim was filed at BOC.

Decrease in *Other Personnel Benefits* can be attributed to the grant of Service Recognition Incentive under Administrative Order No. 1 series of 2022 which was not disbursed in the current year due to compliance on some requirements of the Department of Budget and Management (DBM). Hence, disbursement was made in January 2023.

16.2 Maintenance and Other Operating Expenses

Maintenance and Other Operating Expenses consists of the following:

Account	2022	2021
	(in ₱)	
<i>Traveling Expenses</i>	31,803,839.66	7,619,574.66
<i>Training and Scholarship Expenses</i>	12,097,176.47	7,206,341.54
<i>Supplies and Materials Expenses</i>	91,338,107.09	141,388,252.89
<i>Utility Expenses</i>	89,316,045.77	88,102,043.17
<i>Communication Expenses</i>	47,191,638.29	63,035,584.81
<i>Confidential, Intelligence and Extraordinary Expenses</i>	59,253,824.51	81,196,653.21
<i>Professional Services</i>	146,396,226.23	170,753,059.87
<i>General Services</i>	88,625,169.27	74,577,184.55
<i>Repairs and Maintenance</i>	280,234,967.57	302,740,006.20
<i>Taxes, Insurance Premiums and Other Fees</i>	5,561,675.87	5,669,208.23
<i>Other Maintenance and Operating Expenses</i>	337,747,437.11	626,954,802.23
Total	1,189,566,107.84	1,569,242,711.36

16.2.1 Traveling Expenses

Account	2022	2021
	(in ₱)	
<i>Traveling Expenses-Local</i>	20,449,021.81	7,619,574.66
<i>Traveling Expenses-Foreign</i>	11,354,817.85	0.00
Total	31,803,839.66	7,619,574.66

Traveling Expenses-Local includes airfare, travel per diems and other related traveling expenses of BOC officials and employees on official business to attend various activities within the country for the period January to December 2022 per EO No. 77.

Traveling Expenses-Foreign includes airfare, pre-travel allowance, accommodation and daily subsistence allowance of BOC officials and employees for their attendance to international conferences/seminars/membership/ representing Philippines in international customs organizations for CY 2022.

The increase in *Traveling Expenses* was due to the lifting travel restrictions brought by the Coronavirus Disease 2019 (COVID-19) pandemic.

16.2.2 *Training and Scholarship Expenses*

Training Expenses pertains to payment in BOC conduct of in-house trainings/workshops to fully equipped employees in the conduct of their duties and responsibilities. This also includes a three-month course for newly hired employees. The increase in *Training Expenses* can be attributed to the lifting of some restrictions brought by COVID-19. Face-to-face learning/training was made during CY 2022.

16.2.3 *Supplies and Materials Expenses*

Account	2022	2021
	(in ₱)	
<i>Office Supplies Expenses</i>	9,378,826.18	41,855,528.68
<i>Accountable Forms Expenses</i>	5,463,288.00	6,581,077.15
<i>Non-Accountable Forms Expenses</i>	37,271,998.15	41,378,161.09
<i>Drugs and Medicines Expenses</i>	63,835.62	55,727.64
<i>Medical, Dental and Laboratory Supplies Expenses</i>	94,984.07	164,329.86
<i>Fuel, Oil and Lubricants Expenses</i>	31,136,137.36	24,435,024.08
<i>Semi-Expendable Machinery and Equipment Expenses</i>	1,341,566.26	6,599,713.75
<i>Semi-Expendable Furniture, Fixtures and Books Expenses</i>	3,439,388.95	15,549,459.89
<i>Other Supplies and Materials Expenses</i>	3,148,082.50	4,769,230.75
Total	91,338,107.09	141,388,252.89

The decreases in the *Office Supplies Expenses* and *Semi-Expendable Expenses* were due to the untimely submission of various Collection Districts of their supplies and materials issuances for the year.

The increase in the *Fuel, Oil and Lubricants Expenses* was due to the increase in fuel prices experienced by the country for this year.

16.2.4 *Utility Expenses*

Account	2022	2021
	(in ₱)	
<i>Water Expenses</i>	14,992,416.65	16,012,121.18
<i>Electricity Expenses</i>	74,323,629.12	72,089,921.99
Total	89,316,045.77	88,102,043.17

Water Expenses is payments made to Maynilad Water Services, Inc. for the water consumption at the Office of the Commissioner (OCOM) and

Groups (Internal Administration Group, Revenue Collection Monitoring Group, Assessment and Operations Coordinating Group, Intelligence Group, Enforcement Group, Management Information System and Technology Group, and Post Clearance Audit Group). It also includes payment of various Collection Districts and sub-ports for water services.

Electricity Expenses is payments made to Manila Electric Company for the electricity consumption at the OCOM and Groups. This also includes payment to electric companies at the Collection Districts and sub-ports for their power consumption.

16.2.5 *Communication Expenses*

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Postage and Courier Expenses</i>	2,529,764.84	3,941,753.69
<i>Telephone Expenses</i>	7,232,156.86	9,266,591.50
<i>Internet Subscription Expenses</i>	37,370,146.59	49,762,083.62
<i>Cable, Satellite, Telegraph and Radio Expenses</i>	59,570.00	65,156.00
Total	47,191,638.29	63,035,584.81

Postage and Courier Expenses represents payment made to the Philippine Postal Corporation, for mailing services of various communications, door-to-door delivery of the BOC.

Telephone Expenses is payments made to the Philippine Long Distance Telephone Company (PLDT) for current charges of BOC Telephone lines. These also include mobile allowances given to authorized personnel.

Internet Subscription Expenses is payments made to Globe Telecommunications, Inc. and Smart Communications for the Wireless Internet Service with Wifi Technology for use of BOC and for wireless internet subscription of BOC OCOM and field offices.

16.2.6 *Confidential, Intelligence and Extraordinary Expenses*

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Confidential Expenses</i>	52,125,000.00	69,500,000.00
<i>Extraordinary and Miscellaneous Expenses</i>	7,128,824.51	11,696,653.21
Total	59,253,824.51	81,196,653.21

Confidential Expenses is payment for expenses related to surveillance activities that are intended to support the mandate or operations of the Bureau.

Extraordinary and Miscellaneous Expenses pertains to the annual extraordinary expenses of BOC officials based on the General Provisions of the General Appropriations Act (GAA) and letter from the DBM. This also includes payment for expenses incidental to the performance of official functions, such as meetings, seminars and conferences.

16.2.7 *Professional Services*

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Other Professional Services</i>	146,396,226.23	170,753,059.87

Other Professional Services pertains to payment to consultants for special projects and services contracted thru Contract of Services plus their five percent premium and gratuity.

16.2.8 *General Services*

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Environment/Sanitary Services</i>	782,353.13	1,339,946.82
<i>Janitorial Services</i>	61,547,464.33	51,114,885.80
<i>Security Services</i>	4,249,798.30	3,656,082.37
<i>Other General Services</i>	22,045,553.51	18,466,269.56
Total	88,625,169.27	74,577,184.55

Environment/Sanitary Services is payments for the disinfection of BOC offices and facilities, general pest control services and garbage fees. The decrease may be attributed to the restatement of PY disbursement in general fund recorded in CY 2022 amounting to ₱237,168.00 and the decrease in the payment for fumigation and disinfection from CYs 2021 to 2022.

Janitorial Services is payments made to Alert General Services for janitorial services rendered at BOC OCOM, POM, MICP and NAIA including ports/sub-ports payment of their utility worker. The increase pertains to overtime services of janitors in CY 2021 paid in 2022 and recorded as expense. This is already adjusted in CY 2023.

Security Services is expenses for the payment of security services provided to various ports.

Other General Services is expenses for payment of consultants, stripping/stuffing costs in the examination of goods and hauling services for confiscated goods.

16.2.9 Repairs and Maintenance

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Repairs and Maintenance-Buildings and Other Structures</i>	71,000,249.47	54,160,517.73
<i>Repairs and Maintenance-Machinery and Equipment</i>	206,309,244.08	245,201,497.04
<i>Repairs and Maintenance-Transportation Equipment</i>	2,658,950.02	3,181,354.43
<i>Repairs and Maintenance-Furniture and Fixtures</i>	266,524.00	196,637.00
Total	280,234,967.57	302,740,006.20

Repairs and Maintenance-Machinery and Equipment includes maintenance contract payment to NUCTECH under Fund 151.

16.2.10 Taxes, Insurance Premiums and Other Fees

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Taxes, Duties and Licenses</i>	86,578.14	109,126.68
<i>Fidelity Bond Premiums</i>	2,779,491.49	3,280,263.75
<i>Insurance Expenses</i>	2,695,606.24	2,279,817.80
Total	5,561,675.87	5,669,208.23

These expenditures pertain to payment of licenses, vehicle registration, bond premiums for accountable officers and GSIS premiums for insurable assets.

16.2.11 Other Maintenance and Operating Expenses

Account	2022	2021
	(As Restated)	
	(in ₱)	
<i>Advertising, Promotional and Marketing Expenses</i>	96,321.00	65,155.20
<i>Printing and Publication Expenses</i>	3,599,024.07	2,971,351.84
<i>Representation Expenses</i>	1,313,572.81	989,630.80
<i>Transportation and Delivery Expenses</i>	3,746,348.28	1,667,140.46
<i>Rent/Lease Expenses</i>	33,180,392.38	34,925,875.19

Account	2022	2021
	(in ₱)	
<i>Subscription Expenses</i>	136,210,328.38	119,394,328.59
<i>Bank Transaction Fee</i>	42,400.00	132,440.84
<i>Other Maintenance and Operating Expenses</i>	159,559,050.19	466,808,879.31
Total	337,747,437.11	626,954,802.23

Advertising Expenses pertains to the media relations to build positive image of the Bureau which includes printing of annual reports, publications, newsletter and other media coverage.

Printing and Publication Expenses consists of the costs of printing and binding of manuscripts/documents, forms, manuals, brochures, pamphlets, and the like.

Representation Expenses pertains to expenses incurred for official meetings/conferences and other official functions.

Subscription Expenses pertains to BOC subscription to index prices for reference value pertaining to rice, steel, motor vehicles and other commodities. This also includes subscription of Microsoft Azure Monetary Commitment, Office 365 Enterprise User and Power BI Pro. The increase was due to the Managed Network Services-Network Backhaul from PITC.

Other Maintenance and Operating Expenses is payments for various reimbursements like meals during cascading seminars and expenses on several occasions in the Bureau. Decrease was due to the Fuel Marking Program delivered by PS amounting to ₱139,533,721.94 only.

17. Non-Cash Expenses

Non-cash expenses consist of the following accounts:

Account	2022	2021
	(in ₱)	
<i>Depreciation-Buildings and Other Structures</i>	5,182,449.12	5,182,449.12
<i>Depreciation-Machinery and Equipment</i>	395,157,965.59	334,237,009.41
<i>Depreciation-Transportation Equipment</i>	10,649,184.36	10,649,184.36
<i>Depreciation-Furniture, Fixtures and Books</i>	954,292.70	1,911,767.00
<i>Amortization-Intangible Assets</i>	0.00	20,627,205.00
<i>Impairment Loss-Property, Plant and Equipment</i>	15,998,062.76	0.00
Total	427,941,954.53	372,607,614.89

All PPE were depreciated except PPE's for prior years that are still for verification.

No amortization was recorded for CY 2022 because the remaining intangible assets have an infinite useful life.

Impairment Loss-Property, Plant and Equipment is used to recognize the unserviceable X-ray machines dropped from the books.

18. Net Assistance/Subsidy

Account	2022	2021
	(in ₱)	
<i>Subsidy from National Government</i>	3,205,405,348.23	3,060,921,104.16
<i>Less: Assistance/Subsidy to NGAs, LGUs, GOCCs</i>	0.00	0.00
Net Assistance/Subsidy	3,205,405,348.23	3,060,921,104.16

19. Non-Operating Income/Gain

Account	2022	2021
	(in ₱)	
<i>Gain on Sale of Unserviceable Property</i>	120,000.00	0.00
<i>Sale of Garnished/ Confiscated/Abandoned/Seized Goods and Properties</i>	245,136,637.99	433,882,928.34
Total	245,256,637.99	433,882,928.34

The *Gain on Sale of Unserviceable Property* pertains to the gain on sale of unserviceable X-Ray Machines of the Bureau.

The *Sale of Garnished/Confiscated/Abandoned/Seized Goods and Properties* refers to increased effort to collect lawful revenues thru the non-traditional source like public auction of confiscated goods.

20. Statement of Comparison of Budget and Actual Amounts

The Original Budgeted amount refers to the authorized appropriations of the BOC as reflected in the GAA while the Final Budgeted amount pertains to Appropriations for Fiscal Year (FY) 2022, Special Allotment and Release Order releases FY 2022, Continuing Appropriation and Special Account in the General Fund. The Actual Amount on Comparable Basis refers to the current year disbursements based on the Statement of Appropriations, Allotments, Obligations and Disbursements and Balances. The difference between the Final Budgeted Amount and Actual disbursements represents the unobligated and unpaid obligations for the current year, as shown on the next page.

Particulars	2022	2021
	(in ₱)	
Personnel Services	99,804,317.14	91,282,871.25
MOOE	297,605,898.36	42,167,211.12
Capital Outlay	202,878,309.76	817,160,227.68
Total	600,288,525.26	950,610,310.05

PART II

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS

Financial Audit

Accounting errors/omissions

1. Various accounting errors/omissions in keeping the accounts of the BOC had affected the fair presentation of account balances reported in the FSs.

Section 15, Chapter 2, Volume I of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), requires the fair presentation of 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 by the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in the accounting standards.

Moreover, Section 111 of Presidential Decree (PD) No. 1445 requires the keeping of the accounts of the agency in such details as necessary to meet the needs of the agency and, at the same time, be adequate to furnish the information needed by the fiscal or control agencies of the government.

Review and verification of the accounts of the Bureau of Customs (BOC) disclosed various errors/omissions that affected the fair presentation of the year-end account balances reflected in the Agency's financial statements (FSs) for Calendar Year (CY) 2022, as summarized in *Table 1*.

Table 1 - Summary of Accounting Errors/Omissions

Nature of Errors	Affected Accounts	Amount (Overstatement)/ Understatement (in ₱)	Criteria
a. Unrecognized deposits	<i>Cash in Bank-Local Currency, Current Account</i>	4,482,871.03	Section 111 of PD No. 1445
	<i>Trust Liabilities</i>	4,482,871.03	
b. Unrecognized disbursements	<i>Cash in Bank-Local Currency, Current Account</i>	(36,742,441.25)	Section 111 of PD No. 1445
	<i>Due to BIR</i>	826,489.86	
	<i>Guaranty/Security Deposits Payable</i>	108,476.07	
	<i>Accumulated Surplus/(Deficit)</i>	(23,062,503.54)	
	<i>Office Supplies Inventory</i>	6,447,345.90	
	<i>Semi-Expendable Office Equipment</i>	119,169.00	

Nature of Errors	Affected Accounts	Amount (Overstatement)/ Understatement (in ₱)	Criteria
	<i>Semi-Expendable Information and Communications Technology</i>	120,254.01	
	<i>Semi-Expendable Furniture and Fixtures</i>	267,676.00	
	<i>Prepaid Insurance</i>	200,459.88	
	<i>Due to GSIS</i>	(3,495,265.71)	
	<i>Due to Pag-IBIG</i>	(750,032.04)	
	<i>Due to PhilHealth</i>	(376,532.36)	
	<i>Due to Government- Owned or Controlled Corporations</i>	(1,852,356.51)	
	<i>Trust Liabilities</i>	(132,211.72)	
	<i>Other Payables</i>	(853,600.52)	
c. Erroneous recognition of remittances of collections	<i>Cash-Treasury/ Agency Deposit, Regular Accumulated Surplus/ (Deficit)</i>	190,084,447.94 190,084,447.94	Item 1.A, Annex H of Volume I, GAM for NGAs
d. Unrecognized interests and surcharges	<i>Tax Receivable Tax Revenue Accumulated Surplus/(Deficit)</i>	92,928,974.01 7,882,196.21 85,046,777.80	Section 33 (c) of Chapter 2, and Section 2(e), 11, 16 and 24 of Chapter 5, Volume I, GAM for NGAs; Section 104 of Customs Modernization and Tariff Act (CMTA)
e. Erroneous recognition of accrued revenue	<i>Accumulated Surplus/(Deficit) Tax Revenue</i>	85,581,539.88 85,581,539.88	Volume III, Revised Chart of Accounts (RCA) (updated 2019), GAM for NGAs
Total		821,510,480.09	

We recommended and Management agreed to instruct the Accountants to analyze the related transactions and prepare the necessary adjusting entries to correct the aforementioned errors/omissions.

a. Erroneous recognition of remittances of collections

Item 1.A, Annex H, Volume I of the GAM for NGAs provides the illustrative entries for the collection and remittance of the Bureau through the Collecting Officers. On the other hand, the classification of the errors in the recognition,

presentation, or disclosure of the elements of the FSs were discussed in Section 42, Volume I of the GAM for NGAs. Further, Item (b) of the same section provides for the guidelines to correct material prior period errors retrospectively, as follows:

b. An entity shall correct the material prior period errors retrospectively in first set of FSs authorized for issue after their discovery by:

1. restating the comparative amounts for prior period(s) presented in which the error occurred; or
2. if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. (Par. 47, PPSAS 3)

The reported balance of the *Cash-Collecting Officers* as of December 31, 2022, totaled ₱4.076 million. Of these, the amount of ₱3.090 million pertains to the recognized balance of *Cash-Collecting Officers* in the National Government books.

Further, an examination of the records revealed that remittance in January 2022 for CY 2021 collection of ₱189.858 million and remittances totaling ₱226,216.15 for the settlement of Notice of Charges relative to Ninoy Aquino International Airport (NAIA) Audit Observation Memorandum No. 2018-013-101(17) on cash shortage discovered during cash examination were erroneously recognized as prior period adjustments totaling to ₱190.084 million. The Revenue Accounting Division (RAD) recognized the transactions with a debit to the *Accumulated Surplus/(Deficit)* and a credit to the *Cash-Collecting Officers*.

The GAM clearly provides that remittances made during the year, regardless of the year of collection, should be recognized with a debit to *Cash-Treasury/Agency Deposit, Regular* in accordance with the accrual basis of accounting, whereby the transactions and events are recognized in the FSs to which the period they relate. Further, adjustments recognized under *Accumulated Surplus/(Deficit)* should only pertain to prior period errors/mistakes. In this case, the remittance cannot be regarded as prior period adjustments since the deposits to the Bureau of the Treasury (BTr) were made during CY 2022.

Moreover, a comparison of the general ledger balance with the amount presented in the comparative Statement of Financial Position as at December 31, 2022 showed that the Accounting Division (AD) made a restatement on the December 31, 2021 balance of *Cash-Collecting Officers* of (₱12.300) million for the prior period adjustments.

The erroneous recognition of the current year's remittance as a prior period adjustment understated the recognized remittances under *Cash-Treasury/Agency Deposit-Regular* by ₱190.084 million. Likewise, the restated balance as of December 31, 2021, for the *Cash-Collecting Officers* is also understated by ₱190.084 million.

We recommended and Management agreed to direct the Chief, RAD to recognize remittances of collections, whether of prior or current year, under the appropriate *Cash-Treasury/Agency Deposit*.

b. Unrecognized interests and surcharges

The Tax Receivable is one of the additional accounts prescribed by Volume III, RCA (updated 2019) of the GAM for NGAs per COA Circular No. 2020-001 dated January 08, 2020 which was described as follows:

The account is debited to recognize the amount of receivables accruing to the agency that are legally collectible from the taxpayers who failed to pay the same within the time prescribed for its payment arising from a self-assessed tax, or a deficiency tax assessment issued by the Bureau of Internal Revenue, **plus penalties, interests and surcharges related thereto** in accordance with the National Internal Revenue Code of 1997, as amended. This includes income tax, business tax, excise tax, import duties, among others. This account is credited upon collection/settlement, levy/distrain/forfeiture of property, write-off, decision of proper authority/court against the tax due, prescription, insolvency of taxpayers, and other such cases which render the tax due legally uncollectible. (emphasis supplied)

Additionally, the CMTA provides the computation of interest and surcharges of unpaid duties and taxes, to wit:

Section 104. Unpaid duties, taxes and other charges, shall incur legal interest of twenty percent (20%) per annum computed from the date of final assessment under Section 429 of this Act, when payment becomes due and demandable. The legal interest shall likewise accrue on any fine or penalty imposed.

Section 1425. For failure to pay the duties, taxes and other charges of an assessment within fifteen (15) days from the date of final assessment, a surcharge of ten per cent (10%) of the total assessed amount or balance thereon shall be added and collected, which surcharge shall be increased to twenty-five per cent (25%) if the delinquency lasts for more than one (1) year.

The interests and surcharges which resulted from the unpaid duties and taxes for post-modified Single Administrative Documents (SADs) in CYs 2021-2022 totaling ₱92.929 million were not recognized in the books, as summarized in *Table 2*.

Table 2 - Schedule of Interests and Surcharges

Year	Interest (in ₱)	Surcharge (in ₱)	Total Interest and Surcharge (in ₱)
2021	59,158,592.74	25,888,185.06	85,046,777.80
2022	7,229,164.8	653,031.41	7,882,196.21
Total	66,387,757.54	26,541,216.47	92,928,974.01

Outstanding unpaid duties and taxes shall incur legal interests and surcharges until such time that these are paid by the importers. The Audit Team (AT) based the computation of interests and surcharges on the percentages provided under Sections 104 and 142 of the CMTA.

Inquiry with the Chief, RAD disclosed the following justifications for the non-recognition of the interests and surcharges:

- a) Interests and surcharges should be computed progressively either at the time of demand and/or upon settlement, otherwise, it will result in understatement of interests. For example, ₱5,000.00 interests is computed for the year ended, and it was only paid after 6 months. The importer will recognize the ₱5,000.00, leaving the 6-month interests uncollected.
- b) Based on past transactions, additional assessments, interest, and surcharges were contested or never paid by the importer, leaving the income account overstated and resulting in the erroneous reporting of income and BOC performance.

The RAD has reservations in computing and recognizing interests and surcharges based on the electronic-to-mobile (e2m) generated reports on overdue accounts arising from Post Modification of SAD (PMS) import entries. Computation of interests and surcharges is not within the mandate of RAD. However, any e2m generated reports are raw data that require validation/confirmation from Collection Districts, particularly for accounting purposes, that such balances are free from any of the following conditions, otherwise, resulting in inflated receivables and unrealizable revenues.

- a) Shipment already assessed but not released from Customs but automatically tag by e2m as abandoned;
- b) Relodged SAD resulting from the cancellation of the original Import Entries;
- c) Re-modified SAD or entries that have been previously modified; and
- d) PMS entries have already been paid but erroneously tagged/untagged as unpaid in the CASH SAD Module.

The Chief, RAD agreed that interests and surcharges should be recognized in the books of accounts, but the computation must come from a dedicated Office which will conduct updating of overdue accounts on a monthly basis including the cumulative interests and surcharges encoded in the payment system as part of the PMS and shall be the basis of the RAD in recognizing unpaid balances including interests and surcharges.

Management agreed that it will conduct a study regarding the creation of an office that will oversee the monitoring of unpaid accounts after shipments are released including the computation of interests and surcharges. This would address

the accumulation of unpaid and uncollected accounts and the timely recording of realized revenue including interests and surcharges at year-end in the books of accounts.

The absence of an office to monitor the collection of unpaid accounts after the shipments had been released and to determine interests and surcharges as applicable contributed in the delayed recognition of realized revenues and accumulation of unpaid and uncollected accounts.

We recommended and Management agreed to assign an office/division to: (a) monitor the collection of unpaid accounts after shipments were released and to compute interests and surcharges as applicable; and (b) coordinate with the RAD and provide the schedule of unpaid accounts including interests and surcharges.

Accounting Deficiencies

- 2. The existence, completeness, and accuracy of the balances of several asset and liability accounts were not ascertained due to non-maintenance of records/incomplete documentation on financial transactions for recognition in the books, dormant and negative account balances, and non-compliance with accounting standards and other relevant issuances.**

Paragraph (e), Section 6, Chapter 19, Volume I, GAM for NGAs on Qualitative Characteristics of Financial Reporting, requires an entity to present information, including accounting policies, in a manner that meets reliable information which is free from material error and bias and can be depended on by users to represent faithfully that which it purports to represent or could reasonably be expected to represent.

Audit of the accounts disclosed various accounting deficiencies that the AD had not rectified to establish the correct balances of the accounts at year-end, as enumerated in *Table 3*.

Table 3 - Summary of Accounting Deficiencies

Nature of Deficiency	Accounts Affected	Amount (in ₱)	Criteria
a. Undeposited collections from 2 months to 21 years	<i>Cash-Collecting Officers</i>	22,139,072.80	Section 69 of PD No. 1445 Paragraph D, Appendix 26, Volume II of GAM for NGAs

Nature of Deficiency	Accounts Affected	Amount (in ₱)	Criteria
b. Dormant and/or closed bank accounts without documentation	<i>Cash- Collecting Officers</i> <i>Cash in Bank-Local Currency, Current Account</i>	60,681.09 79,556.70	Section 111 of PD No. 1445 COA Circular No. 2015-001 dated January 29, 2015
• Dormant/Non-moving	<i>Other Receivables</i> <i>Cash in Bank-Local Currency, Current Account</i>	129,673,819.93 6,839,742.64	COA Circular No. 2016-005 dated December 19, 2016
• Accounts with no details	<i>Cash in Bank-Local Currency, Current Account</i>	172,153,859.12	
• Closed bank accounts	<i>Cash in Bank-Local Currency, Current Account</i>		
c. Accounts with negative balances	<i>Cash-Collecting Officer</i> <i>Cash in Bank-Local Currency, Current Account</i> <i>Other Payables</i> <i>Due to BIR</i> <i>Due to GSIS</i>	33,464,254.70 33,363,507.28 8,281,130.86 2,402,989.33 2,528,864.16	Section 111 of PD No. 1445
d. Non-conduct of physical count of Property, Plant and Equipment (PPE) in BOC-CO and the Port of Aparri Cagayan	<i>Property, Plant and Equipment</i>	Undetermined amounts	Section 38, Chapter 10, Volume I, GAM for NGAs
e. Incomplete/non-maintenance of Property Cards (PCs) in BOC-CO and Port of Iloilo	<i>Property, Plant and Equipment</i>	Undetermined amounts	Section 42 (d), Chapter 10, Volume I, GAM for NGAs
f. Undisposed unserviceable properties in Manila International Container Port (MICP) and Port of Dadiangas, General Santos City	<i>Property, Plant and Equipment</i>	Undetermined amounts	Section 79 of PD No. 1445
g. Uninsured PPE with the GSIS in Puerto Princesa Palawan and Port of Mariveles, Bataan and BOC-CO	<i>Property, Plant and Equipment</i>	Undetermined amounts	Section 5 of RA No. 656 COA Circular No. 2018-002 dated May 31, 2018
h. Non-conduct of appraisal of confiscated assets	<i>Confiscated Property/Assets</i>	Undetermined amounts	Chapter 3, Volume III RCA (2019), GAM for NGAs

Nature of Deficiency	Accounts Affected	Amount (in ₱)	Criteria
by the respective Ports Auction and Cargo Disposal Division			

We recommended and Management agreed to require the concerned offices/divisions to address the accounting deficiencies noted, in accordance with the relevant provisions of the PD No. 1445 and COA Circulars, and the GAM for NGAs.

Compliance Issues

Delayed procurement of PSQA Consultancy

3. Delayed procurement of the PSQA Consultancy by 326 days hindered the implementation of other major components of the PCMP.

The Philippine Customs Modernization Project (PCMP) (LN 9171-PH) was declared effective on January 28, 2021, after a loan agreement between the Republic of the Philippines and the International Bank for Reconstruction and Development was signed on December 3, 2020. It supports the implementation of Republic Act (RA) No. 10863 or the CMTA which calls for simplifying and harmonizing customs procedures as key to trade facilitation.

The modernization project covers the entire Bureau, including the BOC Central Office (CO) and all its Collection Districts and Sub-ports, with total project costs of ₱5.449 billion or United States \$104.376 million. It will be funded through Official Development Assistance loan of ₱4.609 billion (85%), while the remaining ₱840.377 million (15%) will be financed through local funds.

One of the objectives of the said project is to improve the efficiency of the BOC and reduce trade costs by modernizing the Bureau's core Customs Processing System (CPS) and related technical infrastructure and internal capacity to manage and operate a sophisticated Information and Communications Technology. The major components of the project are: (1) modernization of customs operations; (2) organizational development; and (3) project management and implementation support. The current Investment Coordination Committee-approved PCMP project completion date is December 31, 2024, while its loan is scheduled to close by June 30, 2025.

Section I A.2 (c) of Schedule 2 of the loan agreement states that the BOC shall maintain a Project Supervision and Quality Assurance (PSQA) Contractor in terms of reference to provide quality assurance support for project implementation.

The engagement of a PSQA under Component 3 of the PCMP is a critical activity to which Components 1 and 2 are anchored as it will support BOC in managing the implementation of the project and subsequent procurement activities. Contract signing with the winning bidder was originally targeted to be completed by December 31, 2021.

However, a review of the PCMP revealed that it is still at its pre-implementation stage as of December 31, 2022, way behind its schedule. Based on the physical and financial performance of the PCMP submitted to the NEDA, the pre-implementation activities of the project (e.g., procurement) remain to be 84 percent against their target of 100 percent at the end of CY 2022, and no significant progress was made in other major project components.

Verification revealed that a 326-day delay was encountered in CY 2022 due to the legal issues on the merger acquisition of the prospective contractor and possible conflict arising from the pending resolution of a case with the Manila Regional Trial Court (RTC), declaring as illegal all similar projects that aim to replace BOC's current electronic system, such as the PCMP, in particular its CPS component. The issue on the merger only has been resolved per Special Bids and Awards Committee Resolution No. 2022-1 dated September 16, 2022. Further, BOC sent letters with Office of the Solicitor General (OSG) on August 8, 2022 and November 7, 2022 requesting for guidance on how to move forward given the Manila RTC case, but no reply was received.

Interview with the Project Management Unit (PMU) Secretariat, and review of quarterly accomplished data capture forms and monthly and physical updates for the PCMP in CY 2022 disclosed that delays in the procurement of PSQA consultancy hampered the drafting of the terms of reference of other PCMP components and subsequently prolonged its implementation period.

Considerably, the 326-day delay in the procurement of the PSQA Consultancy affected the implementation of other major components of the PCMP, and the achievement of the objectives of the PCMP.

We recommended and Management agreed to require the PMU to: (a) continuously seek clear and direct guidance from the OSG on how to move forward with the project given the Manila RTC case; and (b) expedite the procurement of the PSQA to immediately implement the project.

Issuance of BCORs by the LBP

- 4. Issuance of BCORs by the LBP for collections and remittances of ₱7.871 billion for the period January 1 to December 31, 2022, and the incomplete submission of the BCORs with SDs, and the RCD precluded the Auditors examination of the details of the transactions and determination of the completeness and**

accuracy of the balance of *Cash-Collecting Officers* and related revenue accounts at year-end.

The collections and remittances for the period January to December 31, 2022 from various in-house banks recognized in the books totaled ₱7.871 billion, details are shown in *Table 4*.

Table 4 - Collections and Remittances in CY 2022

In-house banks	Collection	Remittance
	(in ₱)	
Landbank Port of Manila (POM) - Harbor Center	36,521,843.69	36,521,843.69
Landbank POM - Masinloc	8,758,880.91	8,758,880.91
Landbank POM - South Harbor	247,490,867.58	247,490,867.58
Landbank MICP	2,033,339,917.53	2,033,339,918.53
Landbank NAIA	1,615,670,668.90	1,615,670,668.90
Landbank Batangas - Batangas	86,990,510.18	86,990,510.18
Landbank Cebu - Cebu	112,947,635.81	112,947,635.81
Landbank Cebu - Dumaguete	118,956,525.40	118,956,525.40
Landbank Cebu - Mactan	368,966.88	368,966.88
Landbank Limketkai - Cagayan De Oro	236,414,251.39	236,414,251.39
Landbank Limketkai - MCT	244,806,874.31	244,806,874.31
Landbank General Santos - Dadiangas	109,512,193.99	109,512,193.99
Landbank Subic	637,160,569.03	637,160,569.03
Landbank Clark	551,008,250.83	551,008,250.83
Landbank Limay - Balanga	1,646,253,045.49	1,646,253,045.49
Landbank Mariveles	184,585,913.11	184,585,913.11
Total	7,870,786,915.03	7,870,786,915.03

Review of the BOC's collection process through the in-house Authorized Government Depository Bank (AGDB), the Land Bank of the Philippines (LBP), disclosed the following deficiencies:

a. Issuance of the BCORs by the LBP

On June 4, 1996, a Memorandum of Agreement (MOA) was entered into between the BOC and LBP to efficiently carry out BOC's mandate for the collection of lawful revenues through duties and taxes for the Government of the Philippines.

In order to aim for an automated and cashless system of collection, the BOC authorized LBP to use its Teller System and to accept payment for the additional duties and taxes per Customs Administrative Order (CAO) No. 2-95 dated September 8, 1995. Further, the Bureau of Customs Official Receipt (BCORs) will no longer be issued by the Authorized Agent Banks (AABs) for duties and taxes collected. In lieu thereof, the amount of duties and taxes collected including other required information must be machine validated directly on the import documents and signed by the duly authorized bank official.

On May 15, 1996 and November 4, 1996, Customs Memorandum Order (CMO) Nos. 16-96 and 96B, respectively, were issued for the procedures to be

undertaken to cover all the transactions in the acceptance of payment for the additional duties and taxes of the MICP, and NAIA, respectively. Payments shall include additional duties, Value-Added Tax, Excise Taxes, other Bureau of Internal Revenue (BIR) taxes, and other charges/surcharges. The LBP shall issue BOC Form 38-A following the existing procedures. These receipts shall be requisitioned by the LBP from the BOC.

However, although the practice of issuing the BCORs by the AABs such as the LBP was in compliance with the CMO Nos. 16-96 and 96B, the same was not consistent with the provisions of CAO No. 2-95.

Interview with the Informal Entry Divisions (IEDs) of the National Capital Region (NCR) Ports disclosed that the in-house LBP, as authorized by the BOC, duly accepts payments for various types of duties, taxes, and other fees upon the submission by the Importer/Broker/Consignee of the Order of Payment and other documents, as may be required. A BCOR is issued to the payor as evidence of payment.

The idea of engaging in-house AGDBs originated with the objective of facilitating revenue collection and reducing or eliminating the risk of loss, theft, and misappropriation brought by collections through National Collecting Officers (NCOs).

Moreso, some of the provisions of the MOA from which the CAO and CMO were based, are already considered obsolete. Even the Chief of RAD acknowledged that the MOA, the CAO, and the CMO, related to in-house banks' issuance of BCORs, are outdated and should be updated.

The LBP is a government-owned and controlled corporation separate and distinct from the BOC. The issue of jurisdiction on the collections of the BOC and the issuance of the BCORs are unquestionably part of the operations of the Bureau, giving COA assigned there the power and authority to audit and examine the collections and remittances of the Bureau.

During clarification by the COA-MICP AT with the LBP-MICP Branch, the latter asserted that the bank has a separate COA Auditor, duly delegated and assigned, to audit the cash collections of the Bank, including the collections of duties and taxes for the BOC. Also worth mentioning is the condition of the LBP that before the AT can perform any confirmation/verification, the Bank requires that the Auditors seek first an endorsement letter from the District Collector of the specific Port.

The issue that the collections of the LBP for the Bureau do not fall under the authority of the AT precluded the auditors from examining the details of the transactions to ascertain the completeness and accuracy of the balance of *Cash-Collecting Officers* at year-end.

We recommended and Management agreed to instruct the Chief, General Services Division (GSD) to: (a) stop the issuance of blank BCORs to the LBP; and (b) retrieve unissued BCORs from the LBP.

Management Comment:

In coordination with the Management Information System and Technology Group (MISTG), the Chief, RAD confirmed that the upgraded e2m system has the capability to issue an electronic Official Receipt to acknowledge receipt of collection in accordance with Section 5.2.3.a of COA Circular No. 2021-014. Also, various memoranda were issued to the GSD, RAD, and LBP to comply with the recommendations.

b. Non-submission of BCOR and SDs, and periodic collection reports to the ATs

In recognition of the custodial function of COA, the BOC has issued CMO No. 05-2013 providing for the distribution of the BCORs as stated under Paragraph 3.3.5 and was duly reiterated under Paragraph 3, Section B of the Office of the Commissioner (OCOM) Memorandum No. 88-2022, to wit:

3. Duties, Responsibilities, Accountabilities and Reportorial Requirements of NCOs
 - 3.3 xxx The use of BCOR shall be subject to the following guidelines:
 - 3.3.5 The distribution of BCOR shall be strictly as follows:

Original	— Payor
Green copy	— File copy of the port
Yellow copy	— For attachment to DRCD, RAD copy
Blue copy	— For attachment to DRCD, COA copy
 - B. Additional Reportorial Requirements of Collecting Officers as prescribed in the New GAM
 3. Submit a Monthly Report of Collection and Deposit (RCD) xxx using the COA prescribed format xxx together with the following supporting documents (SDs):
 - 3.2. BCORs Blue (COA 's copy) with attached Orders of Payment, validated deposit slip, Bank or BTr xxx

Discussions with the IED of the NCR Ports disclosed that upon acceptance of payment by the in-house LBP, a BCOR, both the original (white copy) and the duplicate (green copy), were issued to the payor as evidence of payment. At the end of every month, the LBP submits the Summary and Detailed Daily Collections to the RAD together with the triplicates (yellow copies) of the BCORs, with the Order of Payment. An interview with RAD personnel disclosed that the foregoing reports and BCORs are the bases for recognizing and reconciling collections.

Examination of the JEVs on collections of duties, taxes, and other fees by the LBP revealed that the blue copies of the BCORs, collection reports, and other SDs were not submitted by the RAD to the BOC-CO AT. Instead, only a schedule or summary containing each in-house bank's monthly collections and remittances totaling ₱7.871 billion for the period January 1 to December 31, 2022, were submitted by the RAD to the BOC-CO AT. According to the RAD personnel, only the blue copies/quadruplicates of the BCORs are being submitted by the LBP directly to the NCR Port ATs.

Contrary to the allegation of the RAD, verification with the NCR Port ATs revealed that not all blue copies of the BCOR including the SDs were submitted. In the NAIA and MICP, blue copies of the BCORs were not submitted. On the other hand, in the POM, the LBP forwards the blue copies/quadruplicates of the BCORs in bulk and not every month-end. Further, the RCD, Daily Report of Collection and Report of Accountability for Accountable Forms were not attached when the BCORs were forwarded to the POM AT.

The non-submission of the BCORs and SDs, and periodic collection reports, such as the RCD had not facilitated the determination of completeness and accuracy of the balance of *Cash-Collecting Officers* and related revenue accounts at year-end.

We recommended and Management agreed to require the in-house LBP to submit to the Port ATs the blue copies/quadruplicates of the issued remaining BCORs, with the SDs, and other reports supporting the recognized collections from the LBP in-house banks.

Deficiencies in the handling of cash and cash advances

5. Various deficiencies in the handling of cash and cash advances exposed cash to the risks of misappropriation, loss or theft, among others.

It is the declared policy of the State that all resources of the government shall be managed, expended, or utilized in accordance with laws 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 has been faithfully adhered to rests directly with the chief or head of the government agency concerned.

Table 5 shows several deficiencies in the BOC's handling of cash and cash advances which are not in conformity with PD No. 1445, and other related issuances.

Table 5 - Deficiencies in the Handling of Cash and Cash Advances

Nature of Deficiency	Amount (in ₱)	Criteria
a. No secured vault – at Port of Isabel, Leyte, and NAIA	Undetermined amount	Section 123 and 124, PD No. 1445

Nature of Deficiency	Amount (in ₱)	Criteria
b. Issuance of pre-signed official receipt at NAIA and POM	Undetermined amount	Section 123 and 124, PD No. 1445
c. No proper turnover of accountable forms of outgoing to incoming accountable officers (AOs) at the Port of Basilan, Port of Surigao, Port of Nasipit, Butuan City and Sub-port of Jolo	Undetermined amount	Section 77 of PD No. 1445
d. Inadequate fidelity bond of AOs at NAIA, Port of La Union and Port of Batangas	Undetermined amount	Section 4 (4.10) and Section 7.2 of Treasury Circular No. 02-2009 dated August 6, 2009
e. Non- maintenance of Petty Cash Fund Record and Cash Disbursement Record at BOC CO	Undetermined amount	Section 17 and Section 37, Chapter 6, Volume I of GAM for NGAs
f. Unsubmitted SDs for the liquidation of Petty Cash Fund (PCF) at BOC-CO	199,992.75	Section 35(c), Chapter 6, Volume I of GAM for NGAs
g. Liquidation of cash advance not properly documented at BOC-CO	106,650.00	Paragraph 2.0 of COA Circular No. 2012-004 dated November 28, 2012
h. Irregular transfer of cash advances to other employees at BOC-CO	Undetermined amount	COA Circular No. 97-002 dated February 10, 1997 Section 75 of PD No. 1445
i. Excessive granting of PCF at BOC-CO	423,246.13	COA Circular No. 2012-001
j. Establishment of Field Operating Expenses (FOE) Fund for payment of traveling allowance of BOC personnel at BOC-CO	Undetermined amount	COA Circular No. 97-002
k. FOE Fund at BOC-CO were recognized under <i>Advances for Operating Expenses</i> but is maintained using an imprest system	Undetermined amount	Chapter 6 of GAM for NGAs

The deficiencies in *Table 5* were due to the lack of appropriate training and knowledge of the AOs in handling cash and cash advances, thereby exposing the

government funds and accountable forms to possible losses due to theft or misuse, among others.

We recommended and Management agreed to require the Petty Cash Custodians and AOs to address the deficiencies in the handling of cash and cash advances in accordance with the relevant provisions of PD No. 1445, COA and Treasury Circulars, and the GAM for NGAs.

Lack of timeline for disposal of abandoned/seized and forfeited goods/articles

- 6. Lack of specific timelines in the disposition of abandoned/seized and forfeited goods/articles totaling ₱567.265 million resulted in the delayed disposal of the same by 3 days to 265 months, thus, exposing the goods/articles to the risks of further spoilage/deterioration and forgone government revenues.**

Section 1139 of RA No. 10863, otherwise known as CMTA provides “the goods subject for disposition

- a) Abandoned goods;
- b) Goods entered under warehousing entry but not withdrawn, or those whose duties and taxes have not been paid within the period prescribed under Section 811 of this Act;
- c) Forfeited goods, other than prohibited, restricted, and regulated goods; after liability has been established by the proper administrative or judicial proceedings in conformity with the provisions of this Act; and
- d) Goods subject to a valid lien for customs duties, taxes, and other charges collectible by the Bureau, after the expiration of the period allowed for payment thereof.” (Underscoring supplied)

While Section 1141 provides that “[t]he goods subject to disposition may be donated to another government agency or declared for official use of the Bureau, after approval of the Secretary of Finance, or sold at a public auction within thirty (30) days after a ten (10)-day notice posted at a public place at the port where the goods are located and published electronically or in a newspaper of general circulation.”

Although there are timelines for seizure and forfeiture proceedings and disposal through condemnation under CAO No. 10-2020 and CMO No. 24-2021, there is no timeline for disposal of shipments abandoned and forfeited in favor of the government.

Likewise, the list of abandoned/seized and forfeited articles/goods from various ports shows that there are goods/articles which have not been disposed from 3 days to 265 months from the date of abandonment/seizure and forfeiture. Considering that some of these forfeited or abandoned goods are perishable, it is of

great consequence to dispose of these goods immediately. Details are shown in the table below:

Table 6 - Summary of Confiscated Abandoned/Seized and Forfeited Assets for Disposal

Port/ Subport	No. of Cases/ Shipments		Appraised Value	Delay in Disposal (No. of Months)
	Seized	Abandoned		
Aparri	2	0	0.00	18.83
Batangas	11	42	41,038,808.06	1.73 - 131.77
Cagayan De Oro	12	6	8,201,049.79	4.50 - 23.93
Cebu	0	90	65,575,832.03	1 - 61.77
Davao	10	28	24,310,587.75	Undetermined
Dumaguete	2	0	0.00	41.40 - 48.37
Iloilo	11	2	18,470,753.97	3.10 - 265.80
Legaspi	5	0	8,880,000.00	1.70 - 14.80
Limay	6	0	70,493,312.34	6.93 - 22.57
MICP	50	94	0.00	0.10 - 19.70
NAIA	148	90	1,647,909.50	0.87 - 24.17
Port of Manila	74	329	168,671,000.00	Undetermined
San Fernando	0	3	1,088,484.00	37.90 - 58.17
Subic	33	1	0.00	8.93 - 12.77
Surigao	2	0	3,497,082.00	4.60 - 198.73
Zamboanga	85	0	155,390,300.00	12.47 - 25.80
Total	451	685	567,265,119.44	

Of the goods/articles specified in *Table 6*, three entries totaling ₱1.088 million were already classified by the Port of San Fernando as junk or scrap.

The absence of timelines on disposition and the inability of the Ports to conduct the necessary disposal proceedings resulted in the loss of government revenues representing proceeds of disposal or collection of assessed duties and taxes due from these cargoes, possible loss through theft and deterioration, additional storage fees, foregone government revenues and further contributes to port congestion due to overstaying containers and cargoes.

We recommended and Management agreed to: (a) provide specific timelines for disposal of abandoned and forfeited goods/articles; and (b) require the ports to immediately dispose of the goods/articles subject to disposition to prevent further deterioration and decline of value.

Cases filed at the Legal Services remained unresolved for more than 12 years

- 7. Unresolved protest cases, for more than 1 to more than 12 years, filed before the BOC CO, covered by cash bonds totaling ₱316.126 million posted by importers deprived the government of the additional resources to fund its programs and projects or delayed the refund of cash bonds to importers.**

CAO No. 02-2020, signed and approved by the Secretary of Finance on January 14, 2020, prescribes the policies, guidelines, and procedures for dispute settlement and protest in the BOC pursuant to the provisions of the CMTA.

As clarified in a letter dated March 20, 2023 from the Legal Service, on July 9, 2021, the former Commissioner issued OCOM Memorandum No. 107-2021, which provided that “under the repealing clause of the afore-mentioned CAO, the Central Valuation and Classification Review and Ruling Committee (CVCRRRC) constituted under CMO No. 07-2006 and the Valuation and Classification Review Committee (VCRC) created under CMO No. 03-2000, are deemed abolished”. As a result, the Collection District will resolve all pending VCRC cases in accordance with CAO No. 02-2020 and OCOM Memo No. 110-2020. Further, the CVCRRRC turned over all case dockets of pending claims under protest before them to the Legal Service for review. Approximately 400 out of 480 dockets, comprising multiple entries, were referred for Resolution, that include docket cases transferred from the CVCRRRC to the Legal Services according to OCOM Memo No. 107-2021 and CAO No. 02-2020, the status of which, including the no. of cash bond, entries and amounts are shown in *Table 7*.

Table 7 - Summary of cases under protest

Status	No. of Cash Bond	No. of Entries	Amount of Cash Bond (in ₱)
Resolved	88	90	316,115,623.54
With Draft Decision	48	48	115,959,223.46
Under Review	128	151	200,166,328.22
Total	264	289	632,241,175.22

The list provided by the Legal Service as of December 31, 2022 showed 264 cash bonds for tentative release, with cases under protest filed before them, amounting to ₱632.241 million. Out of these, the Appellate Division has resolved various cases that covered 88 cash bonds amounting to ₱316.116 million. The handling lawyers have submitted draft decisions for approval by the Commissioner for the resolution of cases that covered 48 cash bonds totaling ₱115.959 million. The Division has pending cases that covered 128 cash bonds amounting to ₱200.166 million.

Further, using the entry number as the reference point as the report showed no date when the importer filed the cases, protest cases covered by 176 cash bonds, comprising 199 entries, amounting to ₱316.126 million, which were not yet fully resolved by the Bureau for more than one year to more than 12 years as of December 31, 2022, are as follows:

Table 8 - Aging of the Unresolved Protest Cases at the BOC-CO

Year of Entry	Qty. (entries)	More than 1 to 2 years	More than 2 to 5 years	More than 5 to more than 12 years	Total
<i>A. Under Review</i>					
2021 - Entries	10	24,004,118.79			24,004,118.79
2020 - Entries	83		146,737,967.48		146,737,967.48
2019 - Entries	33		22,146,775.00		22,146,775.00
2018 - Entries	8		793,167.00		793,167.00
2017 - Entries	10			598,313.00	598,313.00
2010 - Entries	4			1,796,697.00	1,796,697.00
Cannot be determined	3				4,089,289.95
Subtotal	151	24,004,118.79	169,677,909.48	2,395,010.00	200,166,328.22
<i>B. With Draft Decision</i>					
2021 - Entries	16	48,998,343.84			48,998,343.84
2020 - Entries	20		26,410,418.12		26,410,418.12
2019 - Entries	3		3,476,800.00		3,476,800.00
2017 - Entries	1			663,712.00	663,712.00
Cannot be determined	8				36,409,949.50
Subtotal	48	48,998,343.84	29,887,218.12	663,712.00	115,959,223.46
Total	199	73,002,462.63	199,565,127.60	3,058,722.00	316,125,551.68

Per the initial interview with the Appellate Division, Legal Service, protest cases with remarks “Submitted for Resolution” are those cases for which decisions have been drafted, pending review and approval of the: (1) Chief, Appellate Division, (2) Director, Legal Services, (3) Deputy Commissioner, Revenue Collection and Monitoring Group, and (4) BOC Commissioner. Meanwhile, those cases “under review” are those assigned to handling lawyers for review and drafting of resolution/decision.

Further, the Appellate Division explained that the delay in the forwarding of the docket cases and other pertinent documents from the District Ports where the importer filed these cases and other matters to resolve, such as appeals to the Order/Decree/Decision of abandonment and seizure of shipments, among others, affected the timely resolution of the protest cases. Also, the Appellate Division informed the AT that it has only five lawyers, of which three are full-time lawyers, while the remaining two are also Chiefs in other Offices.

The Master List of Permanent Employees from the Human Resource Management Division (HRMD) as of December 31, 2022 revealed 16 plantilla positions for lawyers assigned to the Appellate Division. However, only 5 positions are filled up, while 11 are vacant. Out of these unfilled items, six are for Attorney II, four are for Attorney III, and one is for Attorney IV plantilla positions.

The delay in resolving protest cases filed before the BOC-CO involving disputes in the assessment of duties and taxes deprived the government of additional

funds, from the forfeiture of these cash bonds to fund its programs and projects or the delay in the refund of the cash bonds to importers.

We recommended and Management agreed to direct: (a) the Chief, Appellate Division to expedite the review and issuance of the draft resolution/decision on the protest cases filed before the BOC-CO, specifically those that were turned over by the CVCRRRC; and (b) the Chief, HRMD to expedite the hiring of handling lawyers for the Appellate Division.

Overlapping and duplication of work by the PCAG and LBD

- 8. The continuous performance by the LBD of functions that should be performed and undertaken by the District Collectors as indicated per item 2 of Section 427 of the CMTA has resulted in the overlapping and duplication of work and functions with the PCAG.**

Title X of the CMTA are the provisions for Post Clearance Audit for the conduct audit and examination of records of the importers. Specifically, Section 1000 states that within three years from the date of final payment of duties and taxes or customs clearance, as the case may be, the Bureau may conduct an audit examination, inspection, verification, and investigation of records pertaining to any goods declaration, which shall include statements, declarations, documents, and electronically generated or machine-readable data, to ascertain the correctness of the goods declaration and determine the liability of the importer for duties, taxes and other charges, including any fine or penalty, to ensure compliance with the CMTA.

Nowhere in the CMTA can the continued existence of the Liquidation and Billing Division (LBD) at the ports be justified. To further validate our initial evaluation, inquiries were conducted with the Post Clearance Audit Group (PCAG), LBDs of the three NCR ports, and the Deputy Collectors for Assessment at the MICP and NAIA. Based on these interviews, the following relevant information were gathered:

- a) The function of the LBD is indirectly provided under the power of the District Collector as indicated in Item 2 of Section 427 of the CMTA;
- b) When Post Entry Audit Group (PEAG) was first created under EO No. 160, series of 2003, LBD was not made a Division under PEAG. However, CMO 24-2011 was issued in CY 2011, pilot-testing the idea of having a PEAG-controlled office in the ports. Accordingly, the LBDs in the Port of Manila and MICP were renamed Transaction Audit Division (TAD) 1 and TAD 2, respectively, and became under the control and supervision of the PEAG. Following the transfer of the PEAG functions to the Department of Finance (DOF) per Executive Order (EO) No. 155 s, 2013, TAD 1 and TAD 2 were reverted to the POM and MICP as the LBD through the issuance of CMO 25-2014;

- c) LBD reviews the valuation of the importation declared in the SAD through the verification of the pertinent SDs, such as the proof of money transfer from the importer to the seller, and the Contractual Agreement between the importer and supplier, among others, contrary to the statement of PCAG that the LBD only checks the freight, insurance and other charges of a goods declaration due to time constraint and limited information;
- d) Due to insufficient personnel assigned at the PCAG, random profiling is performed and only less than 5 percent of around 13,000 accredited importers were audited since CY 2019;
- e) The Liquidation and Billing System is not yet operational at the MICP and Port of NAIA; and
- f) A CMO on the absorption of the LBD and regionalization of the PCAG at the ports is currently being formulated, being one of the thrust areas of the present customs administration and said CMO is already with the Technical Working Group (TWG).

The EO No. 46, series of 2017 revived the post-clearance function of the BOC through the reactivation of the PCAG, formerly known as PEAG. The BOC circularized this through the issuance of CMO No. 32-2017 signed on December 20, 2017.

However, with the abolition of PEAG in CY 2014, CMO 25-2014 dated October 30, 2014, provides that TAD 1 and TAD 2 are reverted to the POM and MICP, respectively under its original nomenclature (original title) as LBD.

Relative thereto, Item 2 of Section 427 of the CMTA states that “Readjustment of appraisal, classification or return as finally passed upon and approved or modified by the District Collector, shall not be altered or modified in any manner, except within 15 days after such payment, upon request for reappraisal or reclassification addressed to the Commissioner by the District Collector, if the appraisal or classification is deemed to be low”. Thus clearly, the functions of LBD on audit and examination remain and can be acted upon only until and within 15 days.

There are similarities between the functions of the PCAG and LBD particularly in the audit of the goods declarations, wherein both offices review the valuation of the importation and other charges. The only difference lies in the timeline when the two offices can perform such tasks. The 15-day review period of the goods declarations, after the payment of duties and taxes, by the LBD is within the 3-year audit period of the PCAG.

However, during the interview with the PCAG, it was informed that there is an internal agreement between the two offices that the first 15-day jurisdiction is given to the LBD, and thereafter, the jurisdiction is passed on to the PCAG.

The continuous performance by the LBD of functions that should be performed and undertaken by the District Collector and PCAG as indicated under Item 2, Section 427 and 1000 of the CMTA has resulted in the overlapping and duplication of work and functions of the District Collector in terms of PMS and of the audit function of the PCAG.

We recommended and Management agreed to: (a) pursue continuously the absorption of the LBD and regionalization of the PCAG at the ports until these are realized; and (b) ensure that the CMO clearly and completely defines the scope, duties, and responsibilities of the regionalized PCAG at the ports.

Inappropriate tagging in the e2m system

9. The inappropriate tagging in the e2m system of 48,093 consumption entries worth ₱42.068 billion affected the Bureau’s efforts in fulfilling its revenue generation, border protection, and trade facilitation mandate.

Risk management is defined as the systematic application of management procedures and practices which provide Customs with the necessary information to address movements or consignments that present a risk. The World Customs Organization which developed the Revised Kyoto Convention (RKC) as the main trade facilitation Customs convention, aims to facilitate trade by harmonizing and simplifying Customs procedures and practices, entered into force on February 3, 2006. The RKC provides that Customs shall then use this risk analysis to determine which persons and goods, including means of transport, should be examined and the extent of the examination. The Customs shall adopt a compliance measurement strategy to support risk management.

Relative thereto, then President Gloria Macapagal-Arroyo EO No. 836 institutionalized the then Risk Management Group (RMG) and enhance its power and functions by transforming it into Risk Management Office (RMO) to make BOC at par with other customs administrations all over the world. Section 4 of the said EO provides the functions of the RMO, which includes the review and update parameters of the selectivity screen of the selectivity system of the BOC, among others.

The RMO uses the selectivity system module of the e2m system which contains the built-in set of parameters/criteria necessary to classify the processing of declarations and direct them to the appropriate processing channels, as follows:

Table 9- Selectivity Lane/Color in the e2m System

Selectivity Lane/Color	Action Required
Green	Released without further inspection
Yellow	Documentary check only
Orange	Non-intrusive examination (X-ray scanning) or if found to be suspicious, subject to physical examination

Selectivity Lane/Color	Action Required
Red	Non-intrusive examination (X-ray scanning) and physical examination

Interview with the RMO personnel disclosed that the tagging of color per shipment is classified by the selectivity system called Trade Engine, which functions as an artificial intelligence tool that enables risk and compliance prediction through memory-based reasoning to promote automation and lessen human intervention. The selectivity system functions according to the criteria, parameters, and other data elements encoded/conditions set by the RMO in the system that will determine the level of treatment to be applied to the goods declaration through automated channeling of goods.

The key functionalities of the enhanced cargo selectivity system include, but are not limited to the following, among others:

- a) allows the Bureau to allocate its scarce resources to high-risk areas while increasing the efficiency of the clearance process for low low-risk shipments; and
- b) performs shipment selectivity according to parameters set by the BOC-RMO.

The AT requested data on risk management operations and analyzed the e2m database on consumption entries provided by the MISTG against the submitted Inventory of Active Fixed Criteria as of April 3, 2023 by the RMO. The e2m system database showed a total of 950,327 lodged and registered consumption entries from January to December 2022 in BOC, as follows:

Table 10 - Statistics of Lodged Consumption Entries per Selectivity Lane/Color

Selectivity Lane/Color	Total No. of Entries	Total Final Assessed Duties and Taxes (in ₱)	Percentage as to No. of Entries
Green	160,212	314,396,239,955.35	17
Yellow	263,556	257,443,208,629.91	28
Orange	457,793	226,585,322,576.40	48
Red	68,766	30,627,427,938.57	7
Total	950,327	829,052,199,100.23	100

A review of the e2m database of consumption entries and the result of the conducted walkthrough and interview of the operations of the RMO revealed the following deficiencies:

- a. *Release of shipments, with assessed duties and taxes of ₱3.558 billion, without 100 percent physical inspection*

From the submitted requested data on risk management operations per letter dated March 29, 2023, the Management provided 67 fixed criteria and their

corresponding source/rules and regulations per advanced copy of Inventory of Active Fixed Criteria as of April 3, 2023.

The AT selected 24 sample fixed criteria and analyzed the e2m database of lodged/registered consumption entries. Some of the provided fixed criteria prescribe that certain shipments should be subjected to physical inspection in consonance with policies, rules, and regulations as set by the BOC Risk Management Steering Committee or DOF, etc. The Selectivity Lane as presented in *Table 11*, prescribed by the BOC showed that certain shipments should be tagged as “Red” in the system and required to undergo physical inspection.

Verification disclosed that 2,416 consumption entries with assessed duties and taxes of ₱3.558 billion have been inappropriately tagged as “Green, Yellow or Orange” in the selectivity system and the goods were released without conducting the mandatory 100 percent physical inspection, inconsistent with the prescribed and fixed criteria, as follows:

Table 11 - Lodged/Registered Consumption Entries Inappropriately Tagged and Released without 100 Percent Physical Inspection

Audit Findings	Selectivity Lane/ Original Color	No. of Entries Involved	Amount of Assessed Duties and Taxes (in ₱)
Should be Red (subject to Physical Inspection)	Green	1,846	3,242,025,608.64
	Yellow	240	26,348,488.14
	Orange	330	289,706,364.90
Total		2,416	3,558,080,461.68

Based on the selectivity channel of the BOC, those tagged as “green” are released without further inspection and directly go to the assessment process, hence, not subjected to physical inspection. In addition, for importations tagged as “yellow”, the examiner only validates and checks the completeness of the submitted documentary requirements. These do not require a physical examination unless these importations were alerted or there was an assessed risk arising from the performed documentary examination. Moreover, those tagged as “orange” will only be subjected to physical inspection if the image is found to be suspicious upon x-ray scanning.

The reason why 100 percent physical inspection was required for importations as prescribed in the fixed criteria is that the same are considered high-risk. Subjecting these importations to 100 percent examination facilitates the process of evaluation and assessment and likewise validates that the nature, origin, condition, quantity, and value of the goods are in accordance with the details and specifications contained in the goods declarations.

Tagging the said importations under the “red” lane category is vital for the Bureau to monitor and perform the required inspection of goods to ensure that no prohibited importations were allowed to enter the country and that duties and taxes were paid correctly.

The release of shipments which should have been tagged as “Red” without 100 percent physical inspection poses the risks that misdeclaration/undervaluation of goods and importations of prohibited goods may not be detected thereby affecting the revenue generation and border protection functions of the Bureau to the disadvantage of the government.

We recommended and Management agreed to require the Chief, RMO to review the consumption entries totaling ₱3.558 billion, inappropriately tagged as “Green” “Yellow” or “Orange” and explain the non-compliance with the fixed criteria provided to the AT.

- b. *Shipments with assessed duties and taxes of ₱38.510 billion, unnecessarily subjected to inspection/scanning, and stringent process of cargo clearance procedures*

Analysis of the e2m database of consumption entries and validation of the application of the active fixed criteria also revealed that 45,677 consumption entries with assessed duties and taxes of ₱38.510 billion were found to have been inappropriately tagged, inconsistent with the prescribed and provided fixed criteria, as follows:

Table 12 - Consumption Entries Inappropriately Tagged and with Unnecessarily High Rate of Inspection and Stringent Process

Particulars	Selectivity Lane/Original Color	No. of Entries Involved	Amount of Assessed Duties and Taxes (in ₱)
1. Should be Green, unless qualified by other specific criteria provided to the AT	Yellow	5,646	11,207,866,019.28
	Orange	15,875	17,743,860,568.52
	Red	4,508	1,401,508,061.95
Subtotal		26,029	30,353,234,649.75
2. Should be Yellow, unless qualified by other specific criteria not provided to the AT	Orange	1,103	366,334,619.57
	Red	350	123,365,725.63
Subtotal		1,453	489,700,345.20
3. Should be Green/ Yellow, unless qualified by other specific criteria not provided to the AT	Orange	18,195	7,667,130,098.98
Subtotal		18,195	7,667,130,098.98
Total		45,677	38,510,065,094

The above table shows that these shipments were not categorized under any criteria that require physical inspection, x-ray scanning, or document examination but were tagged as “Yellow”, “Orange” or “Red”. Those tagged as “Red” or “Orange” require that those shipments be held at the port to undergo the stringent process of x-ray scanning and/or physical inspection. These shipments, unless qualified under specific criteria, should have been tagged as “Green”. As a result, importers may incur costs of time delays or arrastre, wharfage, and demurrage charges.

Further, analysis of the importations of 107 accredited non-regular importers disclosed that 8 were tagged as “Orange” and 75 were tagged as “Red”, inconsistent with the prescribed fixed criteria on shipments, which should be tagged as “Yellow” and subjected to documentary check only.

As some other criteria were used as the bases to tag these shipments other than “Green” or “Yellow”, the same cannot be validated as the provided list of specific criteria lack the information needed, as discussed in Observation No. 9, letter c.

Unnecessary inspection/scanning and stringent process of cargo clearance procedures for low risk shipments impedes the movement of cargoes and contributed to additional costs (e.g. arrastre, wharfage and demurrage charges) to importers due to time delays and does not support the achievement of BOC’s mandate on trade facilitation.

We recommended and Management agreed to direct the Chief, RMO to review the consumption entries inappropriately tagged as “Orange” and “Red” amounting to ₱38.510 billion and explain the non-compliance with the fixed criteria provided to the AT; and (b) provide the complete list of risk parameters used as the bases in the selectivity system.

c. Non-submission of the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion

Risk parameters on specific and other criteria used in the selectivity system is a crucial process in the revenue operations of the Bureau. Review of the submitted Inventory of Active Specific Criteria as of April 3, 2023 showed that Selectivity Lane/Color tagging per criterion was not included in the submitted fixed criteria. Thus, the fixed criteria is insufficient to analyze and validate the inconsistencies noted by the AT in the selectivity system based on the audit procedures performed.

The RMO informed it could provide the selectivity lane/color in each criterion used in the specific criteria through a letter request addressed to the Commissioner of Customs for approval. Thus, another letter dated April 25, 2023, requesting the specific criteria for tagging shipments but no reply has been received.

Thus, the non-submission of the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion precluded the Audit Team from further analyzing and validating the noted inappropriate tagging in the selectivity system. Likewise, Management has been denied the benefits of an impartial evaluation contributing to enhancing the processes and operations of the Bureau in fulfilling its mandate.

We recommended that Management require the Chief, RMO to submit the Inventory of Active Specific Criteria with the corresponding selectivity lane/color assigned per criterion as the basis of the AT in conducting a complete, objective, and timely audit and examination of the risk management operations of the BOC.

d. *Lack of manpower at the RMO*

Analysis of the current organizational structure of the RMO and inquiry with the Chief, HRMD, established that the office has limited staff capacity with only 10 plantilla positions, augmented by 12 Contract of Service (CoS) personnel, totaling 22 employees which are less than last year's manpower as shown in *Table 13*. A study done by the RMO suggests the need for manpower of about 50 employees which was proposed to the HRMD. According to the Chief, HRMD, the creation of priority plantilla positions was done, and already in the process of completing the required documentary requirements set by the Department of Budget and Management (DBM) before submission.

Table 13 - Personnel Complement – RMO

Year	Plantilla	CoS	Total Manpower
2022	11	17	28
2023	10	12	22
Decrease	1	5	6

The scarce resources of the Bureau, such as lack of manpower may affect the efficiency of the risk management processes and may hinder the BOC in fulfilling its mandate on revenue generation, border protection and trade facilitation.

We recommended and Management agreed to expedite the submission to the DBM of the proposed priority plantilla positions created to strengthen the staff capacity.

Non-submission of goods declarations and SDs

- 10. Non-submission by the LBD of the goods declarations and SDs for 761,346 importation entries totaling ₱315.710 billion for CYs 2021 to 2022 precluded the conduct by the AT of an objective examination/evaluation of the Bureau's revenue transactions and the communication to Management of any deficiencies thereon.**

Section 401 of the CMTA provides that unless otherwise provided for in this Act, all imported goods shall be subject to the lodgement of a goods declaration. A goods declaration may be for consumption, for customs bonded warehousing, for admission, for conditional importation, or for customs transit. As stated in Section 205 of the CMTA, the Bureau shall maintain electronic records of goods declaration and other documents supporting the declaration.

Paragraph 4 of Section 43 of PD No. 1445 provides, among others, that the auditors in all auditing units shall have the custody, be responsible for the safekeeping and preservation of paid expenses vouchers, journal vouchers, or checks, reports of collections and disbursements, together with their respective supporting papers, under regulations of the Commission.

For CYs 2021 and 2022, the total lodged goods declarations/entries and their SDs that were not submitted to the AT in the NCR and Port of Legaspi were for 761,346 importation entries of ₱315.710 billion. Details are presented in *Table 14*.

Table 14 - Unsubmitted Entries and SDs

CY	Port	Total Goods Declarations/ Entries		Total Unsubmitted Entries and SDs	
		Qty.	Amount (in ₱)	Qty.	Amount (in ₱)
2021	POM	66,554	45,244,066,282.64	63,332	36,481,229,830.66
2022	POM	123,659	67,574,327,605.00	123,659	67,574,327,605.00
	NAIA	167,489	37,456,250,891.00	166,123	35,364,923,010.52
	MICP*	462,334	194,103,674,515.13	408,169	174,478,659,123.81
	Port of Legaspi	63	1,810,525,690.81	63	1,810,525,690.81
Total		820,099	346,188,844,984.58	761,346	315,709,665,260.80

*Total amount of goods declaration/entries were estimated based on extracted data from e2m

In the POM, some of the goods declarations and SDs lodged during CY 2021, and all those lodged during CY 2022 remain unsubmitted to the AT. On the other hand, the MICP during the past years has allowed the goods declarations to be stored in the LBD premises since the AT does not have ample and secured storage for documents. Although the POM and MICP AT were both provided with secure storage space by the BOC as of January 2023, the goods declarations and SDs were still not submitted. In NAIA, some goods declarations lodged during CY 2022 remained unsubmitted since storage room was only provided in the warehouse of Philippine Airlines/Philippine Skylanders International Inc. Other warehouses are yet to provide storage areas.

Nevertheless, the ATs have been given access to the Customer Care Portal System (CCPS) of the BOC ticketing system. The said system allows the AT to access the soft copies of the goods declarations and the SDs.

Despite the provided access to the CCPS, the non-submission of all lodged import entries/goods declarations deprived the ATs from conducting an objective examination/evaluation of the Bureau's revenue transactions, determination of the authenticity of the documents and communication to Management of any deficiencies thereon. Moreover, the AT was not able to perform its duties as the custodial body of the Government tasked to preserve all documents under applicable regulations.

We recommended and Management agreed to require the Ports to submit regularly all goods declarations and the SDs to the AT for safekeeping and audit.

Compliance with Other Mandatory Accounts/Areas

11. COVID-19 Pandemic Response and Recovery Interventions

For CY 2022, the BOC had not received funds specifically for Coronavirus Disease 2019 (COVID-19) response and/or recovery but had utilized its budget for related expenses. The COVID-19 related expenses charged to Maintenance and Other Operating Expenses (MOOE) totaled ₱3.602 million. The results of the audit of these COVID-related transactions are as follows:

On the COVID-19 related MOOE

Section 1 of the Memorandum Circular (MC) No. 96 dated February 28, 2022, and issued by the Office of the President, provides that government agencies and instrumentalities shall remain fully operational regardless of the alert level of the area where they are located but subject to the following required on-site workforce as prescribed in the updated Alert System Guidelines. Items 5.3 of Civil Service Commission (CSC) MC No. 18 dated October 15, 2020, provides that: (a) disinfection should be part of the regular maintenance and upkeep of the agency; (b) conduct of health status survey to ensure that all those reporting to the office are in tip-top shape and that no one is exhibiting any of the symptoms of COVID-19 disease; and (c) modification of the workplace layout to ensure observance of physical distancing requirements of those who will be reporting to the office. Further, Item 5.5 of the same CSC MC provides that agencies shall implement minimum health standards protocol at all times such as wearing of face masks, face shields, taking of body temperature, and presence of sanitation stations and other appropriate personal protective equipment.

BOC issued Customs Personnel Order No. E-39-2022 organizing the BOC COVID-19 Vaccination Task Force and Vaccination Team composed of officers and staff from the Medical and Dental Division and other divisions of the Bureau. In collaboration with the Department of Health, the BOC conducted the COVID-19 First and Second Booster Vaccination Activities for a total of 774 employees under the OCOM, POM, MICP, and NAIA on June 17 and 23, 2022.

For CY 2022, the BOC spent ₱3.602 million, charged against MOOE and which comprised shuttle service expenses and procurement of various essential and critical supplies and materials to ensure compliance with health protocols. Continued shuttle service programs for the Agency's personnel increased gasoline, maintenance, and related expenses for the vehicles used. In addition, BOC purchased personal protective equipment and related supplies which include: (a) surgical face mask; (b) alcohol and sanitizers; (c) disinfectant sprays; and (d) thermal scanners. Examination of the submitted SDs showed that the Agency resorted to negotiated procurement in the purchase of the said supplies and materials, pursuant to Item 3.0 of COA and Government Procurement Policy Board (GPPB) Joint Memorandum Circular No. 1 dated March 26, 2020. Further, the audit revealed that the said expenses were

properly recognized under the appropriate accounts and substantiated by the required documents, as provided in Annex H, Appendix A of the 2016 Revised Implementing Rules and Regulations of RA No. 9184 and Item 9.2.5 of COA Circular No. 2012-001 dated June 14, 2012. *Table 15* shows the expenses incurred per port.

Ports/Sub-ports	Amount (in ₱)
Aparri	14,050.00
Batangas	257,585.00
Cagayan De Oro	7,500.00
Catbalogan	5,041.00
Cebu	48,195.00
Clark	88,767.50
Davao	653,950.00
Dumaguete	42,402.86
General Santos	68,840.00
Iligan	57,743.96
Iloilo	123,094.00
Isabel	12,148.00
Legaspi	78,291.60
Limay	10,096.65
Mactan	58,700.00
Mariveles	10,266.00
MICP	4,851.00
NAIA	588,723.71
Port of Manila	147,623.50
Pulupandan	13,618.68
San Fernando	57,100.60
Siain	16,798.25
Surigao	54,915.00
Tacloban	29,527.40
Zamboanga	232,800.00
BOC-CO	919,499.00
Total	3,602,128.71

Gender and Development (GAD)

- 12. Non-endorsement of the GPB of ₱206.034 million by the PCW, non-submission of the GAD AR with HGDG PIMME/FIMME Assessment to the PCW, and the utilization of only ₱1.052 million or 0.51 percent of the allotted budget had not provided the BOC the opportunity to be advised whether its GPB is compliant with GAD-related rules, including the use of the HGDG, and that the projects/activities therein address GAD gender issues, among others.**

Section 34 of the General Provisions of RA No. 11639 or General Appropriations Act (GAA) of Fiscal Year (FY) 2022 requires that all agencies of the government shall formulate a GAD Plan designed to address gender issues within their concerned sectors or mandate and implement the applicable provisions under RA No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the

Philippine Plan for Gender-Responsive Development (1995-2025) and the Philippine Development Plan (2017-2022).

The GAD Plan shall be integrated with the regular activities of the agencies, which shall be at least five percent (5%) of their budgets. For this purpose, activities currently being undertaken by agencies that relate to GAD or those that contribute to poverty alleviation, economic empowerment, especially of marginalized women, protection, promotion, and fulfillment of women's human rights, and practice of gender-responsive governance, are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

BOC allotted ₱206.034 million or 6.57 percent of its annual budget of ₱3.137 billion for the implementation of GAD programs, activities, and projects (PAPs) as summarized below:

Table 16 - Schedule of GAD Activities

PAP/s	Approved Budget (in ₱)	Remarks
Client-Focused Activities	644,500.00	6 Activities
Organizational-Focused Activities	4,312,200.00	14 Activities
Attributed Program	201,077,754.86	Revenue Collection Enhancement: Balikbayan Box Monitoring System
Total GAD Plan and Budget (GPB)	206,034,454.86	
Approved BOC Budget per FY 2021 GAA 2	3,137,017,000.00	
Percentage of BOC GPB to total Budget	6.57%	

Review of the GPB and GAD Accomplishment Report (AR) revealed the following:

a. Unendorsed GPB by the PCW

The BOC GPB was submitted to the Philippine Commission on Women (PCW) through Gender Mainstreaming Monitoring System and electronic mail on March 11, 2022, and a copy was provided to the Audit Team. However, the GPB was not endorsed by the PCW.

On the transmittal to the COA dated January 10, 2023, the Management disclosed that the Bureau did not receive the result of the review by the PCW despite the follow-up on April 7, 2022. Nevertheless, the Bureau implemented numerous GAD-related projects and activities in CY 2022 to further increase the awareness of gender issues and concerns among BOC personnel and stakeholders.

The GPB was analyzed and noted that the “Attributed Program” portion amounting to ₱201.078 million for Balikbayan Box Monitoring System was not

adequately justified, and due to non-preparation of Harmonized Gender and Development Guidelines (HGDG) assessment. According to the GAD Focal Point System (GFPS)-TWG member, this is one of the reasons for the non-endorsement of the GPB by the PCW and the GFPS did not have adequate training in undertaking such assessments.

With the unendorsed GPB or absence of the review by the PCW, the BOC was not provided the opportunity to be advised whether its GPB is compliant with GAD-related rules, including the use of the HGDG, and that the projects/activities therein address GAD gender issues.

We recommended and Management agreed to require the Chairperson, GFPS to attend the PCW GAD Budget Forum to be guided in the preparation of the GPB and the use of the HGDG Tool.

We recommend that Management direct the Chairperson, GFPS to comply with the requirements in the preparation of the GPB, particularly the use of the HGDG, to ensure its endorsement by the PCW.

b. Non-submission of GAD AR and HGDG PIMME/FIMME Assessment to the PCW

The PCW Memorandum Circular No. 2022-07 dated December 6, 2022 required the submission of the AR of Executive Departments and their attached agencies including the BOC on or before March 10, 2023. The circular also mandated the submission of accomplished 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.

Further, Collection Districts are directed to submit their respective Offices' Quarterly GAD ARs to the BOC-GFPS Secretariat through Interim Training and Development Division and/or HRMD 30 days after the end of each quarter per Internal Administration Group Memo 30-2021 dated August 13, 2021.

The AT was provided with a copy of the GAD AR of the BOC on March 29, 2029. However, it was not submitted to the PCW for review as required under PCW MC No. 2022-07. Moreover, the HGDG together with PIMME/FIMME was not also prepared and submitted.

As per the GFPS-TWG member, the AR is still incomplete since only seven ports have submitted their GAD accomplishments despite several follow-

ups. The Bureau is still trying to submit the GAD AR but the PCW system cannot be accessed.

With the non-submission of the BOC GAD AR and HGDG PIMME/FIMME Assessment to the PCW, the BOC was not provided the comments/observations, and recommendations or guidance in the implementation of its current GAD PAPs and for the preparation of succeeding GPB.

We recommended and Management agreed to: (a) instruct the Chairperson, GFPS in the Ports to submit the Port ARs 30 days after the end of each quarter; and (b) submit the succeeding GAD AR with the results of the HGDG PIMME/FIMME Assessment, if applicable, to the PCW on/ before the deadline.

c. Low utilization of ₱1.052 million or only 0.51 percent of the allotted budget

A review of the GAD AR provided to the AT revealed that only ₱1.052 million out of ₱206.034 million or 0.51 percent of the allotted GAD budget was utilized during CY 2022. Utilization has also decreased as compared to CY 2021 as presented below:

Table 17 - GAD Budget Utilization

GAD Activity	2022		2021	
	Approved Budget	Utilization	Approved Budget	Utilization
(in ₱)				
Client-Focused Activities	644,500.00	708,790.71	3,855,086.00	315,020.76
Organizational Focused Activities	4,312,200.00	343,582.01	9,031,670.00	2,259,300.00
Attributed Program	201,077,754.86	0.00	201,077,754.86	0.00
Total	206,034,454.86	1,052,372.72	213,964,510.86	2,574,320.76
Percentage	100	0.51	100	1.20

The GFPS-TWG member explained that the low utilization was attributable to the non-submission of ARs by the ports. The current GFPS did not have adequate training to effectively implement the GAD PAPs due to its reconstitution late in September 2022.

With the low percentage of accomplishment on the implementation of the proposed PAPs, there is the risks that gender issues included in the CY 2022 GPB may not have been fully addressed, thereby depriving the intended beneficiaries of the benefits that may be derived from the GAD PAPs, such as poverty alleviation, economic empowerment of women, protection, and promotion of human rights and resolution of other gender issues.

We recommended and Management agreed to direct the Chairperson, GFPS to: (a) plan efficiently activities that are doable and achievable within the timeframe and budget reasonably the cost of each activity; and (b) formulate an effective monitoring system/ process to ensure that all identified PAP/s for implementation will be fully and timely undertaken so that the beneficiaries will enjoy the benefits to be derived therefrom.

13. Senior Citizens (SCs) and Persons with Disability (PWDs), and Youth

Section 35, General Provisions, GAA for FY 2022 (RA No. 11639) requires that all agencies of the government shall formulate plans, programs, and projects intended to address the concerns of SCs and PWDs, insofar as it relates to their mandated functions and integrate the same in their regular activities.

Management had addressed the concerns of senior citizens by providing two batches of pre-retirement webinars for all retiring employees in CY 2022. A total of 84 employees attended the said webinars. Topics discussed include: (a) CMO No. 3-2013: rules, regulations, and procedures in the processing/payment of retirement benefits of BOC employees; (b) retirement modes under the Government Service Insurance System (GSIS); and (c) Financial Literacy and Investment options for retiring employees.

Moreover, with the outbreak of COVID-19 pandemic, the Bureau prioritized the SCs, PWDs and employees with comorbidities in the programs and mechanisms provided to employees to protect them from COVID-19 such as: (a) provision of shuttle service; (b) alternative work arrangement; and (c) shifting to online mode of trainings.

14. Tax Laws and Regulations, GSIS and Pag-IBIG Premium Contributions

For CY 2022, the BOC generally complied with the withholding and remittance of mandatory deductions, pursuant to the regulations issued by the BIR, GSIS, Home Development Mutual Fund (Pag-IBIG), and Philippine Health Insurance Corporation (PhilHealth), including loan amortizations, except for premiums withheld from employees, loans, government shares, totaling ₱20.334 million which remained unremitted to the GSIS. The summary of withholding and remittances as shown in *Table 18*.

Table 18 - Summary of Taxes Withheld/Deductions and Remittance

Account	Beginning Balance	Total Withholding/ Deductions	Total Remittances	Ending Balance	Remarks
					(in ₱)
<i>Due to BIR</i>	82,408,930.03	288,716,318.63	319,928,237.70	51,197,010.96	The balance at year-end pertains to taxes withheld in December 2022 which were remitted on January 3 to 14 2023.
<i>Due to Pag-IBIG</i>	2,833,111.49	31,098,525.43	31,232,073.11	2,699,563.81	
<i>Due to PhilHealth</i>	5,029,474.63	24,020,376.16	26,381,891.36	2,667,959.43	
<i>Due to GSIS</i>	59,245,797.57	188,131,790.30	183,532,305.57	63,845,282.30	The account still have a balance of ₱20.334 million for collections in prior years which remained unremitted as of March 2023.

Non-reconciliation of monthly exception reports among responsible officers resulted in an accumulated unremitted amount to the GSIS totaling ₱20.334 million exposing the employees to the risks of not being able to avail the services and benefits with the GSIS and the incurrence of additional interests or penalties on their loans.

Section 6 (b), RA No. 8291 provides that each employer shall remit directly to the GSIS the employees' and employers' contributions within the first 10 days of the calendar month following the month in which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of all obligations, except salaries and wages of its employees.

Consolidated unpaid premiums and loans from the GSIS Electronic Billing and Collection System (eBCS) extracted by the Electronic Remittance File (ERF) Handler were requested by the AT for verification. A sum of ₱20.334 million pertaining to premiums and loans totaling ₱12.981 million, and ₱7.352 million, respectively, appeared to be unpaid per GSIS records as of December 31, 2022, as shown on the next page:

Table 19 - Summary of Unpaid Premiums and Loans as of December 31, 2022

Year Due	Unpaid Personal Share (PS)	Unpaid Government Share (GS)	Unpaid Employee Compensation Insurance Premium (ECIP)	Total Unpaid Premiums
2012-2020	3,571,615.59	5,762,532.16	109,001.47	9,443,149.22
2021	401,017.06	546,503.67	7,300.00	954,820.73
2022	1,126,260.53	1,438,318.07	18,700.00	2,583,278.60
Total	5,098,893.18	7,747,353.90	135,001.47	12,981,248.55

Term End	Principal (In Arrears)	Interest	Redemption Insurance + Surcharge	Total Unpaid Loans
2007, 2010, 2012-2020	1,120,396.28	2,447,586.24	1,261,397.41	4,829,379.93
2021	31,446.28	3,929.31	1,459.17	36,834.76
2022	9,668.83	1,350.76	786.17	11,805.76
2023 and later	1,123,244.18	996,142.20	354,908.12	2,474,294.50
Total	2,284,755.57	3,449,008.51	1,618,550.87	7,352,314.95
Total Unpaid Premiums and Loans per GSIS records:	7,383,648.75	11,196,362.41	1,753,552.34	20,333,563.50

Recapitulation:

Total Unpaid Employees' Share/Contribution (Unpaid PS+Total Unpaid Loans)	12,451,208.13
Total Unpaid Government Share (Unpaid GS+Unpaid ECIP)	7,882,355.37
Total Unpaid Premiums and Loans per GSIS records:	20,333,563.50

The newly assigned ERF Handler informed that the eBCS no longer includes the unpaid premiums and loan amortizations in arrears in the monthly billing, especially the very old accounts. The monthly billing will be the basis of the deduction used by the payroll preparer so when the unpaid arrears are not billed, the deduction in the payroll will not be made. However, for instance, when the billed premiums and loan amortizations differ from the remitted amount, an exception report will be generated. Either the ERF Handler will identify the deficiencies for refund or remittance, or the Agency Authorized Officer (AAO) will have to update the employee profiles in the GSIS Database to resolve the exception reports. The non-reconciliation of the previous ERF Handler and AAO caused the non-deduction, non-remittance, and non-updating of employee profiles, which occurred as early as CY 2007, and ultimately resulted in the accumulation of unpaid contributions per GSIS record. The non-updating of employee profiles in the GSIS eBCS contributed to the errors.

The ERF Handler further disclosed that they are committed to the resolution of the unremitted amounts to the GSIS and are now conducting reconciliation of the monthly billing and remittances, prioritizing contributions of separated employees, those with leave without pay, and transferred employees to finalize the amounts to be remitted.

When left unresolved, the accumulation of unpaid premiums may expose the employees to the risk of not being able to avail of the services and benefits that may be availed during their retirement from government services while the unpaid loans will result in the burden of additional interest. Likewise, non-deduction and non-remittance of dues to GSIS deprive the government of the much-needed funds to finance its programs and projects.

We recommended and Management agreed to direct the ERF Handler and AAO at the Ports and the CO to : (a) prioritize the reconciliation of Agency remittances and billing by the GSIS to finalize the amount for remittance; (b) remit immediately the amount due to the GSIS as a result of the reconciliation; and (c) require the HRMD to issue a memorandum to those employees concerned that cause the delay in the uploading of data in the eBCS.

15. Hiring of casuals, JOs, contractual and consultants

Section 6.2.1 of COA-DBM Joint Circular (JC) No. 2, 2020 dated October 20, 2020, provides that the term of contract between the agency and the individual contractor shall be for a maximum period of one year, renewable at the option of the Head of the Procuring Entity but in no case shall exceed the term of the latter.

Further, Section 2 of the COA-DBM JC No. 2, s. 2022 dated November 10, 2022, provides that departments/agencies may engage the services of new CoS/ Job Order (JO) workers through individual contract and renew the individual contracts of their existing CoS/JO workers until December 31, 2024.

Section 4.6 of CMO No. 07-2021 dated January 22, 2021 states that no CoS/JO personnel shall assume duties without an approved/signed contract.

The Bureau has complied with Section 6.2.1 of JC No. 2, s. 2020 and Section 2 of JC No. 2, s. 2022. Verification of the submitted contracts of CoS/JO disclosed that BOC had hired a total of 21 casual personnel and 823 CoS as of December 31, 2022, of which 457 and 366 were assigned at CO and ports/sub-ports, respectively. The contract term is for a period of six months, from January to June 2022 and from July to December 2022. The CoS represents an additional workforce to provide administrative and technical assistance and other related functions. The Agency paid ₱5.311 million and ₱144.592 million for the services of the casual and CoS personnel, respectively, and were charged against MOOE.

Likewise, for CY 2022, the BOC has complied with Section 4.6 of CMO No. 07-2021. Validation of the journal entry vouchers (JEVs), and SDs revealed that all CoS/JO have approved contract before assumption to duty. The processing of the contracts of CoS personnel for renewal/approval was already started before its expiration.

16. Procurement of Common-Use Supplies, Materials and Equipment with the Procurement Service

Section 53 (3) of RA No. 9184, otherwise known as the Government Procurement Reform Act, provides that Negotiated Procurement shall be allowed, subject to the guidelines specified in the IRR, for purchases of goods from another agency of the government, such as the Procurement Service of the DBM, which is tasked with a centralized procurement of commonly used goods for the government. Further, Section 8.1.2 of the IRR of RA No. 9184 states, among others, that all procuring entities shall utilize the Philippine Government Electronic Procurement System (PhilGEPS) for the procurement of Common-Use Supplies and Equipment (CSE) in accordance with rules and procedures to be established by the GPPB.

Section 1 of the Administrative Order (AO) No. 17 s. 2011 dated July 28, 2011 also states that all government agencies shall procure their common-use supplies from the Procurement Service and use the PhilGEPS in all their procurement activities in accordance with RA No. 9184. Moreover, Section 4 of Annex A of GPBB Resolution No. 20-2018 provides that all agencies are mandated to fully use the PhilGEPS for the procurement of CSE through its Virtual Store feature in accordance with Section 8 of the revised IRR of RA No. 9184.

In compliance with the above requirements, the BOC has been procuring its CSE and computer software licenses using the Virtual Store feature of PhilGEPS since CY 2019. The common-use office supplies and computer software licenses totaling ₱61.861 million were delivered by the Procurement Service in CY 2022.

Review and verification of the Reports of Checks Issued, Reports of Supplies and Materials Issued/ Requisition and Issue Slip, and pertinent JEVS revealed that the purchase of office supplies and computer software licenses were properly recognized under the appropriate accounts in the correct amounts and supported with proper and complete documentations as required under COA Circular No. 2012-001 dated June 14, 2012.

17. Status of Suspensions/Disallowances/Charges

For CY 2022, Notices of Suspension (NSs), Notices of Disallowance (NDs) totaling ₱40,589.00 and ₱4.480 million, respectively, were issued. No Notice of Charge (NC) was issued for the year. Settlements made during the year for NSs, NDs

and NCs totaled ₱5.185 billion; ₱0.726 million, ₱0.610 million, respectively. The balances of NSs, NDs and NCs by port as of December 31, 2022, are presented in *Table 20*.

Table 20 - Balances of NSs/NDs/NCs as of December 31, 2022

Particulars	Balance January 1, 2022	This Period (January to December 2022)		Balance December 31, 2022
		Issued	Settlement	
(in ₱)				
NS				
BOC-CO	27,418,083,533.41	0.00	5,184,657,663.31	22,233,425,870.10
MICP	77,144,217.00	0.00	0.00	77,144,217.00
Port of Davao	490,806.55	0.00	490,806.55	0.00
Port of Aparri, Cagayan	0.00	18,943.00	13,045.62	5,897.38
Sub-port of Mactan	2,491,743.39	0.00	0.00	2,491,743.39
Sub-port of Bongao, Tawi- tawi	20,993.00	0.00	20,993.00	0.00
Sub-port Dadiangas, General Santos	848,746.11	21,646.00	0.00	870,392.11
Sub-Total	27,499,080,039.46	40,589.00	5,185,182,508.48	22,313,938,119.98
ND				
BOC-CO	418,488,058.71	0.00	0.00	418,488,058.71
POM	2,629,674.78	0.00	0.00	2,629,674.78
MICP	723,270.53	0.00	0.00	723,270.53
NAIA	3,489,896.75	0.00	0.00	3,489,896.75
Port of Legazpi	504,523.09	0.00	155,554.60	348,968.49
Sub-Port of Dadiangas, General Santos	463,000.00	0.00	463,000.00	0.00
Port of Davao	6,401,828.62	0.00	96,441.09	6,305,387.53
Port of Tacloban	2,596.62	0.00	2,596.62	0.00
Port of Batangas	0.00	4,482,271.00	0.00	4,482,271.00
Sub-port of ZIA	8,560.00	0.00	8,560.00	0.00
Sub-Total	432,711,409.10	4,482,271.00	726,152.31	436,467,527.79
NC				
BOC-CO	12,644,788,722.62	0.00	0.00	12,644,788,722.62
POM	22,789,950.14	0.00	0.00	22,789,950.14
MICP	2,095.00	0.00	0.00	2,095.00
NAIA	1,010,275.13	0.00	152,342.15	857,932.98
Port of Legazpi	433,550.68	0.00	457,728.00	(24,177.32)
Sub-Total	12,669,024,593.57	0.00	610,070.15	12,668,414,523.42
Total	40,600,816,042.13	4,522,860.00	5,186,518,730.94	35,418,820,171.19

The ND/NC/NS issued prior to the effectivity of the 2009 Rules and Regulations on Settlement of Accounts are not included in the reflected balances but are deemed disallowances/charges, which shall continue to be enforced in accordance with these Rules as provided under Section 28 thereof.

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

We made a follow-up on the actions taken by the **Bureau of Customs (BOC)** on the implementation of audit recommendations embodied in the Annual Audit Report (AAR) for Calendar Year (CY) 2022 and prior years' and noted the following:

Status of Recommendations	No. of Recommendations
Implemented	46
Not Implemented	34
Total	80

The results of our validation on the implementation of the audit recommendations are presented below:

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>1. Various accounting errors and deficiencies in keeping the accounts of the BOC had affected the fair presentation of account balances reported in the Financial Statements (FSs).</p> <p>Management agreed to instruct the Accountant to analyze the related transactions and prepare the necessary adjusting entries to correct the aforementioned errors; and henceforth, observe the proper/correct recording of accounts and transactions in accordance with the Government Accounting Manual (GAM) for National Government Agencies (NGAs) and other applicable rules and regulations.</p>	<p>2021 AAR Pages 39-41</p>	<p>Accounting Division (AD) prepared adjustments for the following:</p>	<p><i>Not Implemented</i></p>	<p>Adjustments of errors and omissions were made under various Journal Entry Vouchers (JEVs). However, various accounting errors remained unadjusted as of December 31, 2022.</p> <p><i>Reiterated in Part II of this report under Observation No. 1, pages 48 to 53.</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>a) Unrecognized reconciling items</p> <p>b) Unrecognized seized/confiscated assets from CYs 2019 to 2021</p> <p>c) Unrecognized Tax Credit Certificate (TCC)</p>		<p>The AD prepared 32 JEVs on various dates for the adjustments of the reconciling items.</p> <p>Unrecognized seized/confiscated assets from CYs 2019 to 2021 were adjusted under JEV No. 22-04-0275 dated April 26, 2022.</p> <p>The TCCs have already expired, thus, adjustments are not needed.</p>		<p><i>Not Implemented</i> Various JEVs were prepared for the recognition of cash reconciling items. However, a total of ₱17.431 million remained unadjusted.</p> <p><i>Implemented</i> The total confiscated assets of ₱826.539 million were recognized under JEV No. 22-04-0275 dated April 26, 2022.</p> <p><i>Implemented</i></p> <p>a. TCC No. 001246 of ₱6.457 million has already expired and included in the JEV No. 19-05-0545 in May 2019;</p> <p>b. TCC C-0027284 of ₱219,157.00 was properly recognized and do not need adjustment;</p> <p>c. TCC No. 001283 of ₱5.196 million has already expired and included in the JEV No. 22-12-1683 dated December 31, 2022; and</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
d) Unrecognized Tax Debit Memo (TDM)		Various JEVs were prepared to adjust the reversals not recognized in the books and the unutilized TDMs.		<p>d. TCC No. 2017TCC000000013 of ₱18,860.45 has already expired and included in the indorsement by AD for depletion in April 4, 2023.</p> <p><i>Implemented</i></p> <p>a. A total of ₱43.708 million was adjusted as follows:</p> <p>i. JEV 22-04-0296 dated April 30, 2022 – adjustment for the reversals not recognized in the books totaling ₱4.442 million; and</p> <p>ii. JEV No 22-01-0004 dated January 31, 2022 – adjustment for the unutilized TDMs totaling ₱39.265 million.</p> <p>b. A total of ₱16.504 million do not need adjustments, as follows:</p> <p>i. Expired TCCs totaling ₱1.162 million were</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p><i>Accounting Deficiencies</i></p> <p>Management agreed to require the AD to correct the accounting deficiencies noted, in accordance with the relevant provisions of the GAM for NGAs.</p> <p>a) Delayed and incomplete preparation of Bank Reconciliation Statements (BRSs)</p> <p>b) Dormant and/or closed bank accounts without documentation</p>		<p>The AD had evaluated the identified deficiencies. The updated schedule of reconciled bank accounts had been prepared, together with the adjustments made. For dormant and closed accounts, ports were already requested the copies of bank statements/ bank certification.</p> <p>Bank reconciliation is being done by port accountants and forwarded to their respective Commission on Audit (COA) Audit Team (AT).</p> <p>The AD is in continuous coordination with concerned ports to submit the corresponding bank statements or bank certifications for AD to make necessary</p>	<p><i>Not Implemented</i></p>	<p>included in the indorsement for depletion by the AD on April 4, 2023; and</p> <p>ii. Expired TCC of ₱15.342 million is already depleted and do not need adjustment.</p> <p>Not all accounting deficiencies were corrected by the AD.</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p> <p><i>Not Implemented</i> BRSs prepared by Port accountants were not completely submitted to the COA ATs.</p> <p><i>Not Implemented</i> Necessary adjustments for the dormant and closed bank accounts were not yet made as at year end due to port's</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>c) Accounts with negative balances</p> <p>d) Non-conduct of physical count of Property, Plant and Equipment (PPE) in BOC-Central Office (CO) and in Ports of Davao, Tawi-Tawi and Zamboanga International Airport</p> <p>e) Incomplete/non-PPE maintenance of Property Cards (PCs) in BOC-CO</p> <p>f) Undisposed Unserviceable Properties in Port of Puerto Princesa and Port of San Fernando, La Union</p> <p>g) Non-conduct of appraisal of the confiscated assets</p>		<p>adjustments in the books.</p> <p>AD have coordinated with ports. AD have already adjusted accounts with submitted documents.</p> <p>No action taken.</p> <p>No action taken.</p> <p>Disposal activity on the unserviceable properties will be conducted in the ensuing year.</p> <p>AD was already provided by Imports and Assessment Service (IAS) with the appraised value of the confiscated assets.</p>		<p>non-submission of supporting documents.</p> <p><i>Not Implemented</i> Reconciliations were ongoing to correct the said negative balances between ports and AD.</p> <p><i>Not Implemented</i> The conduct of physical count was not yet implemented in BOC-CO.</p> <p><i>Not Implemented</i> General Services Division (GSD) has incomplete PCs and the confiscated assets remained undisposed.</p> <p><i>Not Implemented</i> The unserviceable properties in the Port of Puerto Princesa and Port of San Fernando remained undisposed.</p> <p><i>Not Implemented</i> As of December 31, 2022, there were 345 cases/entries of abandoned/seized and forfeited goods/articles from various ports</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				without fair value due to non-appraisal of the confiscated assets.
<p>2. Lapses in the processing and monitoring of all imported items resulted in deficiencies in Customs Bonded Warehouse (CBW) Entries, thus defeating the purpose of the posting of the bond as a financial guarantee in case the importer fails to comply with CBW requirements provided under the Customs Modernization and Tariff Act (CMTA).</p> <p>Management agreed that the District Collector:</p> <p>a) Establish an adequate and effective internal control mechanism to ensure that all CBW importers posted sufficient bonds for all their importations lodged under warehousing entry to protect the interest of the government; and</p>	2021 AAR Pages 41-43	<p>Manila International Container Port (MICP) The Bonds Division has been implementing the General Warehousing Bond (GWB) through Automated Bond Management System (ABMS) which proved to be effective as the office is ensured that all the bonds posted by CBW are sufficient to cover their importations lodge under warehousing entry/entries. Moreover, monitoring of the bonds status has been expeditiously achieved from the time the same</p>	<i>Implemented</i>	<p>In the MICP and NAIA, ABMS has been implemented in September 2021 and March 2022, respectively. The system ensures that sufficient bonds are posted to cover importations lodged under the warehousing entry.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Recommend to the Commissioner thru the Legal Service, a course of action to ensure payment, such as filing a collection case and suspension/cancellation of the accreditation of the delinquent importer as provided per Custom Administrative Order (CAO) No. 01-2021, in case the CBW importer fails to perform his obligation.</p>		<p>were posted up to cancellation. More importantly, the system expedites the settlement or collection of all due and demandable bonds pursuant to Customs Memorandum Order (CMO) No. 17-2021.</p> <p>Ninoy Aquino International Airport (NAIA) Warehousing Bonds are monitored through ABMS.</p> <p>MICP The transmittal of letter of recommendation on forfeiture of surety bond to the Commissioner of Customs, through the Legal Service, is regularly performed. Submission of Quarterly Reports of Due and Demandable Bonds is being done religiously to ensure payments are done by the erring CBWs.</p> <p>NAIA If there are outstanding, matured and expired Warehousing Bonds, Bonds Division will recommend their forfeiture to the Commissioner through the Legal Service.</p>	<p><i>Implemented</i></p>	<p>MICP The Bonds Division at the MICP is regularly submitting the Quarterly Report of Due and Demandable Bonds to the Deputy Commissioner, Revenue Collection Monitoring Group (RCMG).</p> <p>NAIA Per Memo Letter dated April 29, 2022, the Bonds Division agreed with the COA recommendation. The forfeiture of bonds of two erring CBW importers, namely Philippine Air Asia Inc., and Air Philippines Corp. was recommended by</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				the Bonds Division through the Law Division. The Commissioner then issued an order of forfeiture and the filing of appropriate cases in court. The Authority to Transact Business as Surety of the involved Surety Company was also suspended.
<p>3. Non-submission of Cash in Bank Register (CBReg) and required supporting documents (SDs) by various ports to BOC-CO as the basis for reviewing and recording the disbursements totaling ₱738.880 million as of December 31, 2021, rendered the expense and other related accounts unreliable.</p> <p>Management agreed to:</p> <p>a) Comply with the GAM for NGAs on the recording of disbursements of various ports/sub-ports without complete set of books of accounts;</p>	2021 AAR Pages 43-44	A Memorandum dated February 28, 2022 signed by the Commissioner was issued to all concerned personnel in all ports/sub-ports.	<i>Implemented</i>	For the JEVs submitted to the AT by the AD for the month of August 2022, the certified true copy of CBReg of the ports/sub-ports and the original required SDs were the basis for recognition of the related disbursements in the books.

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Require all ports to submit the certified copy of the CReg together with the required SDs within five days after the end of each month to the AD for review and recording; and</p> <p>c) Refrain from recording the disbursements from various ports in the books of accounts without certified copy of the CReg and the required original SDs.</p>		<p>Disbursing Officers are required to submit to the AD the following as bases for recognition in the books of accounts:</p> <ul style="list-style-type: none"> •Certified copy of the CReg •Original disbursement vouchers (DVs) •Original complete documents •Scanned copy of the DVs and attachment <p>The AD recognized disbursements based on the submitted Report of Disbursements with attached CReg and SDs.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>Likewise, the submission of the CReg and SDs by ports/sub-ports to the AD were within five days after the end of each month.</p> <p>Unnumbered Memorandum of BOC Former Commissioner dated February 28, 2022 was issued to all district and sub-ports' Disbursing Officers and other concerned for the monthly submission of CReg, original DVs and SDs for all disbursements to the BOC AD, five days after each month.</p> <p>BOC AD currently recognizes the related disbursements in the books using the CReg of the ports/ sub-ports and required SDs.</p>
<p>4. Petty cash funds (PCFs), advances to special disbursing officers and advances for operating expenses were not replenished and liquidated at year-end, and liquidation reports were not supported with complete and necessary documents, thus, exposed</p>	<p>2021 AAR Pages 44-47</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>the government funds to risk of possible loss and misappropriation, and affected the propriety and validity of the PCF expenses.</p> <p><i>a. Non-liquidation of cash advances-₱19.339 million</i></p> <p>Management agreed to closely monitor the liquidation of cash advances to ensure that these are liquidated within the prescribed period.</p>		<p>The cash advances schedule is being monitored. Subsidiary Ledgers (SLs) are updated timely by the Accountable Officer (AO) or its liquidation. Copy of schedule is submitted to COA quarterly or as requested by the COA.</p> <p>In addition, AD issued demand letters to concerned AOs for their unliquidated cash advances.</p>	<p><i>Implemented</i></p>	<p>The Cash Advance Schedule is updated and demand letters were issued to five AOs with cash advance due for liquidation in CY 2022.</p>
<p><i>b. Non-replenishment of PCFs</i></p> <p>Management agreed to strictly monitor the replenishment of PCF Custodians and enforce supplementary issuance of memoranda in compliance with existing PCF directives.</p>		<p>The PCF account is consistently being monitored. Replenishments are recognized in the books upon submission of complete documentary requirements. Demand letters are issued to custodian for unliquidated balances at year end.</p>	<p><i>Implemented</i></p>	<p>PCF Schedule is updated as of December 31, 2022. Demand letters were issued to 19 PCF Custodians for their unliquidated balances.</p>
<p><i>c. Not properly supported liquidations/ replenishments</i></p>				

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>Management agreed to strictly comply with the documentary requirements of COA Circular No. 2012-001.</p>		<p>Documentary requirements of COA Circular 2012-001 is already being implemented/observed. The AD is now requiring a separate sheet for the Certification of Inspection and Acceptance instead of marking them in the invoices of official receipts. Likewise, a separate sheet for the Abstract of Canvass is being prepared.</p>	<p><i>Implemented</i></p>	<p>JEVs for liquidation of cash advances showed that Inspection and Acceptance Report, and Abstract of Quotations/ Canvass were duly prepared for each purchase.</p>
<p>5. Lack of specific timelines in the disposition of abandoned/seized and forfeited goods/articles resulted in their delayed disposal ranging from 1 to 310 months, thus exposing these goods/articles to the risk of further spoilage/deterioration and forgone government revenues.</p> <p>Management agreed to:</p> <p>a) Provide specific timelines for disposal of goods/articles subject to disposition under Section 1139 of the CMTA; and</p>	<p>2021 AAR Pages 47-49</p>	<p>COA is being provided with a weekly update on the Status of Disposal of overstaying containers from the Office of the Deputy Commissioner – Assessment and Operations Coordinating Group (AOCG), notwithstanding the submission of report by the concerned port to</p>	<p><i>Not Implemented</i></p>	<p>Required Monthly Reports of Abandoned and Forfeited goods by AOCG to District Collectors did not include details on specific timelines for the disposal of goods/articles.</p> <p><i>Reiterated in Part II of this report under Observation</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Require the ports to immediately dispose the goods/ articles subject to disposition to prevent further deterioration and loss of value.</p>		<p>their respective Audit Team Leaders.</p> <p>The AOCG had issued Memorandum to the Project Management Office (PMO) with the directive to draft regulation/s relative to the timeline on disposal of goods after being determined as abandoned or forfeited; and Memorandum to all ports reiterating the directive to immediately dispose goods subject to disposition. Prior to the receipt of the COA observation, several Memoranda have already been issued which are already in compliance to the recommendations contained in the AOM.</p>	<p><i>Not Implemented</i></p>	<p><i>No. 6, pages 62 to 63.</i></p> <p>As of December 31, 2022, abandoned/seized and forfeited goods/articles amounting to ₱567.265 million were not yet disposed.</p> <p><i>Reiterated in Part II of this report under Observation No. 6, pages 62 to 63.</i></p>
<p>6. The prior years' haphazard fund transfers to the Philippine International Trading Corporation (PITC) resulted in: (a) unremitted balances from discontinued projects, savings from completed projects, and unauthorized cancellation fee amounting to ₱207.840 million, ₱137.181 million, ₱2.209 million, respectively; and (b) unsubmitted documents for the liquidated damages and interest earned of ₱38,522.00 and ₱370,558.73 respectively, which ballooned the <i>Due</i></p>	<p>2021 AAR Pages 49-53</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p><i>from Government-Owned or Controlled Corporations to ₱1.396 billion as of December 31, 2021.</i></p> <p>Management agreed to:</p> <p>a) Require the GSD to coordinate with PITC relative to the remittance by the latter directly to the Bureau of the Treasury (BTr) of the following:</p> <ul style="list-style-type: none"> i. the unexpended balance from the discontinued projects; ii. the savings from completed projects; and iii. the unauthorized cancellation fee; 		<p>BOC coordinated with PITC for the remittance of the unexpended balances to the BTr.</p>	<p><i>Implemented</i></p>	<p>The Chief of GSD coordinated/ relayed the recommendations of COA to PITC last March 14, 2022.</p> <p>A total of ₱341.453 million, representing savings from completed projects and unexpended balances from discontinued projects were remitted to the BTr on March 7, 23 and June 27, 2022. Details of the unremitted ₱5.777 million were as follows: (a) ₱3.568 million pertains to the cancellation fee of the discontinued project that is allowed in accordance with the MOA of BOC and PITC dated January 18, 202; (b) the ₱2.209 million cancellation fee in CY 2021 was justified by PITC and BOC Legal Service under</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Submit to the AD documents related to recommendation (a) including the interest earned and liquidated damages, if any; and</p>		<p>PITC submitted copies of the liquidation report and SDs for interest and liquidated damages.</p>	<p><i>Implemented</i></p>	<p>Section 41; and (c) iii of the Revised Implementing Rules and Regulations of Republic Act No. 9184 that the termination of the project was covered by the Senate's instruction that the Procurement projects with the PITC not completed until December 31, 2021 must be cancelled.</p> <p>PITC provided BOC AD with copies of Project Completion Reports with the necessary SDs such as Liquidation Reports in CY 2022.</p> <p>The AD used the SDs provided by PITC in JEVs No. 22-01-0070 and 22-01-0071.</p>
<p>c) Recognize the interest earned and liquidated damages.</p>		<p>JEVs were prepared by AD to recognize the remittance of the unexpended balances to BTr and the interest earned and liquidated damages based on the documents provided by the PITC.</p>	<p><i>Implemented</i></p>	<p>The recognition of the accrual of interest earned for the 4th quarter of CY 2021, liquidated damages; and submission by the PITC of the related documents has been made under JEV No. 22-01-</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				0070 and 22-01-0071.
<p>7. Lack of reconciliation between the records of GSD and AD resulted in 9 unrecorded motor vehicles (MVs) without cost in the books and 29 unaccounted PPEs.</p> <p>Management agreed to require the AD and GSD to:</p> <p>a) Conduct reconciliation of their records to ensure that adjustments are immediately reflected in their respective records; and</p> <p>b) Conduct appraisal for the current market value of the MVs and prepare JEV to recognize the MVs with corresponding depreciation.</p> <p>Management agreed to direct the Property Officer and Accountant to comply with COA Circular No. 2020-006 dated January 31, 2020, or the one-time</p>	<p>2021 AAR Pages 53-54</p>	<p>The AD maintains PPE Ledger Cards for the current year and is still updating the prior years' records.</p> <p>Also, the GSD has not yet completed the conduct of annual physical count in CY 2022.</p> <p>The AD, prepared JEV No. 22-05-0357 to recognize the nine MVs found at station based on the Appraised Value provided by the IAS.</p> <p>An inventory Committee was created per Customs Special Order No. 162-2021 to conduct inventory-taking of all properties.</p>	<p><i>Not Implemented</i></p> <p><i>Implemented</i></p> <p><i>Not Implemented</i></p>	<p>No reconciliation has been made between the GSD and AD. The GSD is waiting for the submission of the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) from various ports.</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p> <p>JEV No. 22-05-0357 dated May 23, 2022 recognized nine MVs based on the appraised value determined by the BOC IAS.</p> <p>The BOC has not yet adopted COA Circular No. 2020-006 dated January 31, 2020 or the</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>cleansing of PPE accounts to come up with reliable PPE balances that are verifiable as to the existence, condition, and accountability.</p>		<p>However, physical count of PPE was conducted only in several ports and targeted to be accomplished in the 3rd and 4th quarter of CY 2023.</p>		<p>one-time cleaning of PPE accounts.</p>
<p>8. Absence of proper coordination and monitoring in the claims and utilization of TCCs and Value Added Tax (VAT) cash refund resulted in the: (a) non-submission of original documentary requirements such as import documents and certification from the Bureau of Internal Revenue (BIR); and (b) unwarranted issuance of a certificate of no outstanding obligations, thus, exposing the government funds from possible loss due to double payment and ineligible claim.</p> <p><i>a. Non-submission of the original documents and certification from the BIR</i></p> <p>Management agreed to:</p> <p>a) Prepare proper monitoring reports for all claimed TCC/VAT cash refund containing all claimed importations of each claimant to avoid duplication of payment;</p>	<p>2021 AAR Pages 55-60</p>	<p>The AD had prepared the Monitoring Reports and submitted to TCC Secretariat, to avoid duplicate payment.</p>	<p><i>Implemented</i></p>	<p>The Monitoring Reports for all claimed TCC/VAT cash refunds had been prepared and submitted to the TCC Secretariat by the AD.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Ensure that the subsequent claims are duly supported with complete documentation; and</p> <p>c) Strengthen coordination on all ports/divisions/offices involved in processing TCC and VAT cash refund and properly submit all the required original documents needed for the claim such as original Bureau of Customs Official Receipt (BCOR), bill of lading, commercial invoice, packing list, certificate of origin, and certification from the BIR of the processed TCC/VAT cash refund claims in CY 2021.</p> <p><i>b. Non-submission of the original documentary requirements through the issuance of TDM in CY 2021 totaling P1.082 billion</i></p> <p>Management agreed to submit all the documentary requirements of the processed TDM in CY 2021 and to prospectively submit all the SDs in every utilization of TCC thereof.</p>		<p>SDs are all submitted as forwarded by the BIR in compliance with CMO No. 25-2020.</p> <p>Coordination with ports and with the Legal Service is being done for the inclusion of the original documents aside from the scanned copy.</p> <p>TCCs/TDM fully utilized in CY 2021 were already submitted. All SDs and schedule in every utilization of TCC are submitted on a regular basis. One drive link is also provided to the AT for scanned copies of data.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>SDs for subsequent claims were complete.</p> <p>The submission of all the required original documents has been complied with in CY 2022.</p> <p>All the necessary SDs for the utilized TDM in CY 2021 were already submitted.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>c. <i>Certification of No Outstanding Obligations issued to the claimant with outstanding liabilities amounting to ₱10.515 million</i></p> <p>Management agreed to:</p> <p>a) Investigate further all the claimants/importers with approved TCC and VAT cash refund claims and make the necessary actions based on the result of the investigation, to correct and collect double payments and to prevent the occurrence in the future; and</p> <p>b) Require the Collection Service to coordinate with other BOC offices in the preparation of the Certification of No Outstanding Obligations to avoid issuing certification to the claimant with outstanding obligations in the Bureau.</p>		<p>The AD has been adapting measures to ensure that the instance of double claim/double payment will be avoided.</p> <p>Collection Service prepared a memorandum addressed to Revenue Accounting Division (RAD) to coordinate with the said office and requested access with Management Information Systems and Technology Group (MISTG) on “Pre-payments-Post-Entry Modification of Single Administrative Document (SAD)”.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>Monitoring reports submitted by AD showed that there were no double payment of TCC for CY 2022 transactions, hence no further investigation was made by AD.</p> <p>The Director of Collection Service, RCMG issued an unnumbered memorandum to the Collector V/ Chief Accountant, Financial Management Office dated April 27, 2022 to coordinate with RAD and MISTG regarding the submission of weekly updated reports on additional assessment of duties and taxes and other charges as reference in preparation of the Certification of No Outstanding Obligations.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>9. The goods declarations (GDs) and SDs for 438,679 importation entries amounting to ₱127.213 billion for CYs 2020 to 2021 were not submitted to the ATs due to lack of allocated/available and secured storage for all the lodged entries at the ports, thereby precluding them from conducting an objective examination/evaluation of the Bureau's revenue transactions.</p> <p>Management agreed to:</p> <p>a) Provide an appropriately safe and secure storage room exclusively accessible to COA personnel;</p>	<p>2021 AAR Pages 60-62</p>	<p>BOC provided storage room for Port of Manila (POM), MICP and NAIA ATs in CY 2022.</p>	<p><i>Not Implemented</i></p>	<p>POM and MICP ATs were both provided with secure storage by the BOC as of January 2023. On the other hand, NAIA AT, was provided with a storage room in the warehouse of Philippine Airlines/Philippine Skylanders International Inc. However, warehouses of DHL and Paircargo are yet to provide storage areas.</p> <p><i>Reiterated in Part II of this report under Observation No. 10, pages 73 to 75.</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Organize the submissions of GDs and the SDs by:</p> <p>i. providing view and download access on the ticketing system of the BOC Customer Care Portal System (CCPS) for the Auditors to access the soft copies of the GDs and SDs; and</p> <p>ii. ensuring that the list of the GDs submitted together with the sacks totally matches the stored entries found in them; and</p>		<p>MISTG provided CCPS access to the ATs of POM, NAIA and MICP.</p> <p>The submitted GDs in NAIA AT was organized per transmittal.</p>	<p><i>Implemented</i></p> <p><i>Not Implemented</i></p>	<p>For CY 2022, the POM, MICP and NAIA ATs were able to use the CCPS as an aid in audit through the access to the system provided by the MISTG.</p> <p>GDs transmitted in NAIA matched the transmittal per validation of AT. However, in CY 2022, no GDs were formally transmitted to the AT of the POM and MICP.</p> <p><i>Reiterated in Part II of this report under Observation No. 10, pages 73 to 75.</i></p>
<p>c) Henceforth, submit all the GDs and the SDs pursuant to Paragraph 4 of Section 43 of Presidential Decree (PD) No. 1445.</p>		<p>In POM, the Deputy Collector for Assessment has created the Ad Hoc Committee for proper monitoring of the transmittal of GDs and other reports.</p>	<p><i>Not Implemented</i></p>	<p>Not all the GDs are submitted to the ATs of various ports.</p> <p><i>Reiterated in Part II of this report under Observation No. 10, pages 73 to 75.</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>10. The delayed implementation of the full automation in the computation of the assessment of automobiles in the electronic-to-mobile (e2m) system has allowed the examiners and appraisers to manually compute and encode the excise/ad valorem tax resulting in a revenue loss estimated at ₱1.378 billion, based on sampled transactions in the POM and MICP.</p> <p>Management agreed to require the:</p> <p>a) MISTG to fully automate the e2m system and enable the automatic calculation of the excise/ad valorem tax for automobiles pursuant to Section 45 of the TRAIN Law, as amended, and pursuant to Sections 109 and 301 of the CMTA;</p> <p>b) MISTG to include the Collection Districts to actively participate and coordinate in the development and user acceptance testing in the full automation of the e2m system in the calculation of excise/ad valorem tax for automobiles;</p>	<p>2021 AAR Pages 62-67</p>	<p>MISTG already implemented the automatic calculation of the excise/ad valorem tax for automobiles last March 15, 2022.</p> <p>MISTG have coordinated with Port of Batangas' Formal Entry Division (FED) through the Site Manager, MISTG and IAS' Valuation and Classification Division for the checking and correctness of the computation last March 2022.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>MISTG fully automated the computation of ad valorem tax of automobiles by adding Manufacturer's Selling Price field in the SAD of e2m on March 15, 2022.</p> <p>Coordination between MISTG and FED in Port of Batangas was made.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>c) Office of the Commissioner/ Post Clearance Audit Group (PCAG) to send demand letters to the concerned importers of MICP and POM for the under-assessment of excise tax and VAT;</p>		<p>Audit Notification Letters for some subject entries were issued to importers.</p>	<p><i>Not Implemented</i></p>	<p>Audit of subject entries by the PCAG is ongoing, and no demand letters have been sent to concerned importers.</p>
<p>d) MICP and POM to make representation, coordinate and reconcile with BIR to determine the rationale for the discrepancies in the records of BOC and BIR for issued and processed Authority to Release Imported Good (ATRIG); and</p>		<p>POM has an ongoing reconciliation of discrepancies with BIR.</p>	<p><i>Not Implemented</i></p>	<p>Through the Excise Large Taxpayers Field Operations Division of the BIR, the BOC is coordinating with the said Division for the monitoring and reconciliation of the processed and issued ATRIG against the collection made by the BOC.</p>
<p>e) Examiners and appraisers to:</p> <ul style="list-style-type: none"> i. ensure that all importation of automobiles shall not be released from customs custody without payment of excise/ad valorem tax, and presentation of the original copy of the appropriate ATRIG duly issued by the BIR; and ii. strictly comply with CMO No. 25-2010 dated February 1, 2010, regarding the BOC Function-Specific 		<p>POM will strictly comply with CMO No. 25-2010</p>	<p><i>Not Implemented</i></p>	<p>The non-submission of hard copies of GDs in CY 2022 to the ATs of NCR ports precluded the further validation of the compliance by the Collection Districts with the recommendation.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p align="center">Code of Conduct in the performance of assessment functions.</p>				
<p>11. Duties and taxes for the importation of 765 commodities were understated by ₱105.108 million due to deficient computation of insurance, customs duty, VAT, and Container Security Fee, thus, resulting in possible loss of revenue.</p> <p>Management agreed to instruct the POM and MICP to issue demand letters to the concerned importers on the deficient amounts with appropriate legal interests and surcharges, and henceforth, to strictly comply with Sections 3.1 and 3.2 of CMO No. 22-007, CMO No. 7-2014, CAO No. 4-2007 and CMO No. 30-2019.</p>	<p>2021 AAR Pages 67-68</p>	<p>POM issued a memorandum addressed to the FED, directing the examiners and appraisers on strict adherence to Section 2.2 of CMO No. 22-2007 dated September 6, 2007 on the responsibility of Appraisers and Examiners of the Port's FED to check the accuracy and truthfulness of the declaration of insurance.</p> <p>While in MICP, initial reassessment made by the concerned Sections on some of the GDs mentioned resulted to findings of deficiency in duties and taxes with corresponding recommendation for the issuance of demand letters against the consignees.</p>	<p><i>Implemented</i></p>	<p>PCAG was tasked to conduct the transaction-based audit on the forwarded subject entries from the POM and MICP.</p> <p>Demand letters were correspondingly issued on the audited transactions/ entries.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>12. A total of 100,944 consumption entries with assessed duties and taxes of ₱122.146 billion had inconsistent and inappropriate tagging in the e2m system, contrary to the prescribed and provided fixed criteria, due to limited manpower and facility, thus affecting the BOC's efforts in fulfilling its mandate on revenue generation, border protection, and trade facilitation.</p> <p>Management agreed to:</p> <p>a) Review the inconsistencies noted amounting to ₱122.146 billion and provide risk parameters used as the basis in the selectivity system; and</p> <p>b) Coordinate with GSD on providing a secured and spacious facility with comprehensive dashboards to Risk Management Office (RMO).</p>	<p>2021 AAR Pages 68-74</p>	<p>RMO reviewed the inconsistencies noted by the COA and provided explanation per findings in the selectivity parameters and requested for COA's attendance to a guided walkthrough on selectivity tagging.</p> <p>The RMO prepared a disposition form and submitted to Deputy Commissioner, Internal Administration Group (IAG) dated April 21, 2022, reiterating the previous requests of office relative to provision of office space to RMO. Currently, the RMO was transferred to the National Printing Office (NPO) building (previously Interim Training and Development Division</p>	<p><i>Not Implemented</i></p> <p><i>Implemented</i></p>	<p>The RMO did not provide the risk parameters used in the inconsistencies noted.</p> <p><i>Reiterated in Part II of this report under Observation No. 9, pages 68 to 73.</i></p> <p>The RMO was transferred to a spacious facility in the NPO building in compliance with the recommendation.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
		(ITDD) Training Office) in conformity to the request of the office.		
<p>13. Lack of effective/strict monitoring and coordination in the process of accreditation of importers, which signifies lack of internal control, resulted in 974 importers who were not suspended/revoked appropriately by the BOC and were allowed to import 77,049 consumption entries with assessed duties and taxes amounting to ₱28.954 billion despite violations of laws, rules, and regulations.</p> <p>Management agreed to:</p> <p>a) Instruct the Collection Districts to ensure that Accounts Management Office (AMO) is furnished of all the Warrants of Seizure and Detention (WSD)/ Abandonment Cases or any other notice involving violation of the CMTA and other customs laws, rules or regulations at the ports;</p>	2021 AAR Pages 74-76	<p>The Acting Chief of the AMO has issued a Memorandum dated May 13, 2022, directing all Collection Districts to furnish AMO with WSD/Abandonment Cases or any other notices involving the violation of CMTA and other customs laws, rules, and regulations within 24 hours from the issuance thereof to evaluate and determine possible suspension, cancellation, or revocation of accreditation.</p>	<i>Implemented</i>	<p>Unnumbered Memorandum of AMO dated May 13, 2022, reiterating the provisions of CMO 12-2021 and requiring the Collection Districts to furnish the AMO with copy of WSDs.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Establish that all seizure/abandonment, smuggling cases and other violations are incorporated in the Offense Management System (OMS) to ensure that all offenses committed by importers are captured for proper monitoring;</p> <p>c) Provide AMO access to OMS as an aide in its monitoring of activities and compliance of importers/customs brokers; and</p> <p>d) Require AMO to:</p> <ul style="list-style-type: none"> i. maintain an organized and effective monitoring system of all violations of importers and ensure that proper actions are taken, as warranted; and ii. strengthen coordination among concerned BOC offices to ensure that activities of importers/brokers are duly and strictly monitored. 		<p>No action taken.</p> <p>A memorandum was issued to the RMO and MISTG, requesting access in the OMS for monitoring of erring Importers and Customs Brokers.</p> <p>Access in the OMS is a tool of the AMO for the maintenance of an organized and effective monitoring system of all violations of importers.</p>	<p><i>Not Implemented</i></p> <p><i>Implemented</i></p> <p><i>Not Implemented</i></p>	<p>Management did not provide the ATs with proof of compliance with the recommendation.</p> <p>Access to the OMS was provided to the AMO per approved request dated May 27, 2022.</p> <p>The list of importers with violations maintained by the AMO is still manually monitored and updated in the excel file because AMO was not aware that access to the OMS has already been granted to it, for the monitoring of the violations of the importers.</p>
<p>14. Importations of 553 regulated commodities costing ₱1.441 billion were processed and released despite the lack of import permits and other SDs required under Section 117 of the CMTA and other relevant laws,</p>	<p>2021 AAR Pages 76-77</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>rules and regulations implementing the CMTA, thus, defeating the purpose for which these rules and regulations were established.</p> <p>Management agreed to require the ports to strictly enforce compliance with Section 117 of the CMTA and other relevant laws, rules and regulations to ensure that all required permits/clearances/certifications and other necessary SDs are complete and submitted prior to assessment and release of the goods imported.</p>		<p>A Memorandum dated April 26, 2022, by Deputy Collector for Assessment, directing all POM examiners and appraisers to strictly comply with the CMTA, was issued.</p>	<p><i>Implemented</i></p>	<p>POM has issued a Memorandum to the concerned examiners and appraisers reiterating the strict compliance to the laws, rules and regulations on the submission by the importers of the required permits and clearances.</p>
<p>15. Outstanding due and demandable bonds had accumulated to ₱6.049 billion as at December 31, 2021 due to laxity of management to exhaust all appropriate actions on the collection/settlement, liquidation, cancellation and forfeiture of the importer's matured bonds, thus, depriving the government of additional revenue to finance government operations and projects.</p> <p>Management agreed to:</p> <p>a) Expedite the forfeiture of bonds of the Surety Companies recommended by the ports to the Legal Services;</p>	<p>2021 AAR Pages 77-78</p>	<p>POM POM issued a Memorandum dated August 12, 2022. The Chief, Bonds Division reiterated that SDs relative to the forfeited bonds should come from</p>	<p><i>Not Implemented</i></p>	<p><i>Not Implemented</i> POM There is no update/report/action on the forfeiture of the long overdue outstanding demandable bonds.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
		<p>the Legal Service as cited in Paragraph 8.6 entitled Forfeiture of Bonds of CAO 01-2021.</p> <p>The procedure in the Forfeiture of Bonds as provided in CMO No. 8-2007 dated April 10, 2007 is being strictly followed.</p> <p>NAIA Letter request dated March 04, 2022 was submitted to Legal Service for a status report of the recommended forfeiture of the bonds of 36 Surety Companies</p> <p>MICP The transmittal of recommendation to the Commissioner of Customs, through the Legal Service, is regularly performed. Submission of Quarterly Reports of Due and Demandable Bonds is being done religiously to ensure payments are done by the erring CBWs.</p> <p>The transmittal of notice of maturity of bonds to surety companies on their unpaid account/s one month prior to the</p>		<p><i>Implemented</i> NAIA A memorandum dated March 4, 2022, following up the status of recommendation for forfeiture of the accounts of 36 Surety Companies was forwarded to the Commissioner through the Director of Legal Service.</p> <p><i>Not Implemented</i> MICP The Bonds Division at MICP is regularly submitting the Quarterly Report of Due and Demandable Bonds to the Deputy Commissioner, RCMG. However, proof of expediency of bonds forfeiture were not provided to AT.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Take necessary actions to collect the amounts corresponding to the duties and taxes guaranteed by the securities;</p> <p>c) Make representations with the Insurance Commission (IC) for the status of the surety company;</p> <p>d) If found to be inactive or under Custodianship, Receivership and Liquidation (CRL), coordinate with IC for the collection of the said amounts; and</p> <p>e) If the status is active, issue demand letters to the surety companies for the unpaid accounts.</p>		<p>bond's maturity date/s pursuant to CAO No. 16-1999 is always being complied with.</p> <p>Quarterly submission of Reports of Due and Demandable Bonds is also being done.</p> <p>POM communicated with IC about the status of surety company subject of due and demandable bonds.</p> <p>POM communicated with IC about the status of surety company subject of due and demandable bonds.</p> <p>Demand letters to the surety companies for their unpaid account/s one month prior to the bond's maturity date/s pursuant to CAO No. 16-1999 is always being complied with.</p>	<p><i>Not Implemented</i></p> <p><i>Implemented</i></p> <p><i>Implemented</i></p> <p><i>Not Implemented</i></p>	<p>No proof of collection of due and demandable bonds was submitted to the ATs of NCR ports.</p> <p>POM IC provided POM with the Matrix of Status of the 18 Surety Companies placed under CRL.</p> <p>POM As a result of coordination with IC, POM was provided with the Matrix of Status of the 18 Surety Companies placed under CRL. The matrix/ schedule showed that the total outstanding due and demandable bonds decreased as compared to the previous year's outstanding balance.</p> <p>No copies of demand letters were provided to the ATs for verification.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>16. Collections from cash bonds for the tentative and regular release of shipments amounting to ₱183.221 million and ₱53.369 million, respectively, remained outstanding for one to more than 16 years as at December 31, 2021, due to lack of monitoring schedules of Valuation and Classification Review Committee cases and non-forfeiture proceedings conducted even after the lapse of the prescribed period, thus, depriving the government of needed revenue to fund its projects.</p> <p><i>a. Cash bonds for tentative release of shipment</i></p> <p>Management agreed to:</p> <p>a) Expedite the review of all cases with a tentative release in accordance with CMO No. 37-2001 dated December 7, 2001;</p> <p>b) Determine the posted cash bond with cases that are already decided in favor of the government and with no appeal from the importer to the</p>	<p>2021 AAR Pages 78-81</p>	<p>Of the ₱53.369 million collection of cash bond-regular, ₱33.839 million was requested by the MICP for transfer of funds from General Fund to Trust Fund. The AD had already prepared Certification and will request for BTr JEV for the reclassification of funds.</p> <p>The MICP is conducting an inventory of cash bonds to determine the status and related cases involved.</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>There are still pending cases based on the schedule submitted by Management for cash bond – tentative release.</p> <p><i>Reiterated in Part II of this report under Observation No. 7, pages 63 to 66.</i></p> <p>The inventory of posted cash bond is not yet submitted to the AT.</p> <p>Legal services submitted a</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>Commissioner within the prescribed period and transfer the corresponding amount to the General Fund of the BTr; and</p> <p>c) Inform concerned importers of the cases that were resolved in their favor for them to file for a refund of their posted cash bonds.</p> <p>b. <i>Non-forfeiture of expired cash bonds</i></p> <p>Management agreed to expedite the forfeiture proceedings for the cash bond for failure to comply within the prescribed period pursuant to Section 800 of the CMTA, and thereafter remit to the BTr the amount of cash bonds that had expired for six months.</p>		<p>The MICP is conducting an inventory of cash bonds to determine the status and related cases involved.</p> <p>MICP is conducting an inventory of cash bonds to determine the status and related cases involved.</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>schedule of pending cases but there are unresolved cases as of December 31, 2022.</p> <p>No documents/reports informing the importers of the cases resolved were submitted to the ATs.</p> <p>No documents/reports on the forfeiture proceedings for the cash bond was submitted to the AT for verification.</p>
<p>17. Non-submission of Post Clearance Documents precluded the examination and objective review of the estimated revenue of ₱13.990 billion for CY 2021.</p> <p>Management to:</p> <p>a) Instruct PCAG on the immediate submission of requested data to the AT; and</p>	<p>2021 AAR Pages 82-85</p>	<p>The requested data/monitoring report were continuously submitted semi-annually to the AT and RAD for proper recognition or disclosure in the FSs as deemed appropriate by</p>	<p><i>Implemented</i></p>	<p>The PCAG has submitted to the AT the requested documents/reports, such as the breakdown of audited deficiencies, report on risk profiling</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>b) Provide the AT and RAD on a semi-annual basis a monitoring report of those demand letters which have become final and executory and no pending protest to PCAG with their current status for proper recognition or disclosure in the FSs as deemed appropriate by RAD in accordance with IPSAS.</p>		<p>RAD in accordance with IPSAS 22 and 23.</p> <p>The required report was submitted to the RAD and the AT.</p>	<p><i>Implemented</i></p>	<p>and status and results of audit with motion for reconsideration.</p> <p>Data on the demand letters which have become final and executory and with no pending protest to the PCAG with their current status was provided to the RAD and AT upon request.</p>
<p>18. While the BOC allotted ₱189.182 million or 7.33 percent of its annual budget of ₱2.580 billion in implementing Gender and Development (GAD) for CY 2021, the lack of training of GFPS to implement the programs/activities/projects (PAPs) resulted in (a) the non-submission of Harmonized Gender and Development Guidelines (HGDDG) Project Implementation and Monitoring and Evaluation (PIMME)/ Facility Implementation, Management and Monitoring and Evaluation (FIMME) Assessment to Philippine Commission on Women (PCW), and (b) low utilization of ₱2.574 million or only 19.98</p>	<p>2021 AAR Pages 87-89</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>percent of the allotted budget.</p> <p><i>a. Non-submission of HGDG PIMME/FIMME Assessment to PCW</i></p> <p>Management agreed to instruct the GAD Focal Point System (GFPS) to:</p> <p>a) Submit the succeeding GAD Accomplishment Report (AR) with the results of the HGDG PIMME/FIMME Assessment, if applicable, to PCW on/or before the deadline; and</p> <p>b) Attend PCW GAD Budget Forum to be guided in the preparation of GPB and the use of HGDG Tool.</p>		<p>Copy of the GAD AR was provided to the AT.</p> <p>HR representatives attended the forum entitled "From GAD Plan Preparation to GAD Funds Audit".</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>The AT was provided with a copy of the GAD AR of the BOC. However, it was not submitted to the PCW for review. Moreover, the HGDG together with PIMME/ FIMME was not also prepared and submitted.</p> <p><i>Reiterated in Part II of this report under Observation No. 12, pages 76 to 80.</i></p> <p>Details and supporting documents evidencing attendance to the PCW GAD Budget Forum were not submitted to the AT.</p> <p><i>Reiterated in Part II of this report under Observation No. 12, pages 76 to 80.</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p><i>b. Low utilization of ₱2.574 million or only 19.98 percent of the allotted budget</i></p> <p>Management agreed to instruct the GFPS to:</p> <p>a) Efficiently plan activities that are doable and achievable within the timeframe and budget; and</p> <p>b) Formulate an effective monitoring system/process to ensure that all identified PAPs due for implementation are timely and fully undertaken so that the beneficiaries will enjoy the benefits to be derived therefrom.</p>		<p>GFPS conducted initial review of the Current GAD plan to improve the GAD Plan.</p> <p>No action plan.</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>GFPS failed to efficiently plan GAD activities as shown in the decreased utilization of the GAD allotted budget as compared to CY 2021.</p> <p><i>Reiterated in Part II of this report under Observation No. 12, pages 76 to 80.</i></p> <p>There was no monitoring system or process established to ensure that all PAPs are timely and fully undertaken.</p> <p><i>Reiterated in Part II of this report under Observation No. 12, pages 76 to 80.</i></p>
<p>19. Unremitted collections of ₱1.689 million due to failure to update the Agency Remittance Advice and lack of coordination between the Agency Authorized Officer (AAO) and the</p>	<p>2021 AAR Pages 90-91</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>Human Resource Management Division (HRMD), thus exposing the employees at risk for not being able to avail the services and benefits upon their retirement from government service.</p> <p>Management agreed to:</p> <p>a) Require the Electronic Remittance File (ERF) and AAO of CO/ports to coordinate with each other and address the exception reports pursuant to the Government Service Insurance System (GSIS) memorandum;</p> <p>b) Require the Human Resource Management to issue a memorandum to those employees concerned who cause the delay in uploading of data in the electronic Billing and Collection System (eBCS); and</p> <p>c) Remit immediately the amount due to GSIS upon implementation of recommendations (a) and (b).</p>		<p>The remittance of the unremitted <i>Due to GSIS</i> balances is already a priority. The AD has been consistent in its efforts to follow-up with the persons in-charge, to update the employee records.</p> <p>No action taken.</p> <p>An ongoing reconciliation of the monthly billing and remittances was being undertaken by the AD.</p> <p>A total of ₱3.087 million was remitted on April 25, 2023,</p>	<p><i>Implemented</i></p> <p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>	<p>The BOC ERF handler and AAO is coordinating with each other in the reconciliation of records of GSIS remittances.</p> <p>No memorandum issued to employees, causing delay in the uploading of data in the eBCS, was submitted to the AT for verification.</p> <p><i>Reiterated in Part II of this report under Observation No. 14, pages 80 to 83.</i></p> <p>As of December 31, 2022, accumulated unremitted amount to GSIS was ₱20.334 million, comprising of premiums and loans of ₱12.981 million and ₱7.352</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
		covering January 2020 to December 2022.		million, respectively. <i>Reiterated in Part II of this report under Observation No. 14, pages 80 to 83.</i>
<p>20. Unadjusted accounting errors amounting to ₱820.237 million, as well as unresolved accounting deficiencies, had materially affected the fair presentation of the FSs for CY 2020.</p> <p>Management agreed to require the Accounting Division to effect the necessary adjustments on the errors, duly supported with appropriate documents, and correct the accounting deficiencies noted, in accordance with the relevant provisions of the GAM for NGAs.</p>	2020 AAR Pages 42-44	The RAD prepared JEV recognizing various bank credits; NAIA's deposit of seized foreign currencies.	<i>Implemented</i>	The remaining accounting errors were adjusted. JEV No. 22-04-0676 dated April 30, 2022 was prepared by RAD to recognize the deposited seized foreign currencies of NAIA to the BTr amounting ₱4.430 million.
<p>21. The Bureau did not remit to the National Treasury trust receipts/collections of ₱1.044 billion and unexpended allocations amounting to ₱14.623 million as at December 31, 2020, thus depriving the government of the much-needed funds to finance government programs and projects.</p> <p>Management to strictly adhere to the provisions of Sections 4, 7, and 10 of the</p>	2020 AAR Pages 46-50	JEVs were already prepared and submitted to the COA.	<i>Not Implemented</i>	A total of ₱609.148 million were still unremitted to BTr

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>General Provisions of the General Appropriations Act for Fiscal Year 2020; Executive Order (EO) No. 338, s. 1996; Permanent Committee Joint Circular No. 4-2012 dated September 11, 2012, implementing EO No. 431 dated May 30, 2005; and COA Circular No. 2015-001 dated January 29, 2015, on the closure and/or remittance of all unnecessary special and trust funds maintained by the agencies of the National Government.</p>		<p>The total balance of the <i>Cash in Bank-Local Currency, Current Account</i> under Trust Fund cannot be all remitted to the BTr as there are some exemptions given to the Bureau to maintain the said accounts. Copies of explanation/ justifications together with the SDs were provided to the COA.</p>		<p>as of December 31, 2022.</p> <p>The justifications provided to the COA did not specifically mention the legal basis of the BOC for the maintenance of trust receipt under <i>Cash in Bank-Local Currency, Current Account</i> such as Informer's Reward and Cash Bond.</p>
<p>22. Fund transfers to the Procurement Service (PS) totaling ₱59.036 million representing balances/savings from the procurement of non-common-used supplies remained idle for two to six years and were not returned/refunded by PS for eventual remittance to the BTr, thus depriving the government of the use of funds in the implementation of its projects/ programs.</p> <p>Management to require PS to refund/return the ₱59.036 million unused advances in compliance with Section 6.7 of COA Circular No. 94-013 and thereafter deposit the same to the BTr or remit the amounts directly to the BTr.</p>	<p>2020 AAR Pages 50-52</p>	<p>The BOC AD prepared JEV No. 22-09-1044 dated September 30, 2022 to recognize the adjustment.</p>	<p><i>Implemented</i></p>	<p>Of the total unused advances of ₱59.036 million, the remaining balance of ₱488,602.40 was remitted to the BTr and recognized under JEV No. 22-09-1044 dated September 30, 2022.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>23. The increase in Internal Revenue Documentary Stamp (IRS) Tax was not immediately implemented pursuant to Sections 61 and 87 of RA No. 10963, otherwise known as the TRAIN Law and Revenue Regulation No. 4-2018 which resulted in loss of revenue representing IRS estimated at ₱37.959 million.</p> <p>Management agreed to:</p> <p>a) Instruct the issuance of demand letters to concerned importers for the collection of deficient IRS taxes through the LBD and Collection Division, based on the following:</p> <ul style="list-style-type: none"> i. summarized list of importers with deficient IRS taxes on the National Collecting Officers (NCOs)' collections from the Reports of Collections and Deposits from January to November 2018; ii. summarized list of importers with deficient IRS taxes for Authorized Agent Banks (AAB) collections from consumption, warehousing export and transshipment entries based in 	<p>2020 AAR Pages 57-59</p>	<p>POM sent demand letters to concerned importers. The remaining unpaid IRS are of small value.</p>	<p><i>Implemented</i></p>	<p>Through the issuance of demand letters, the BOC was able to collect deficient IRS tax amounting to ₱29.138 million as of December 31, 2022.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>e2m from January to November 2018; and</p> <p>iii. consolidated list of importers with deficient IRS taxes from the NCOs and AAB collections from January to November 2018; and</p> <p>b) Require concerned port offices to submit to COA the documents/entries pertaining to transshipment and export to facilitate the review.</p>		<p>MISTG has provided the COA with daily refreshable files which includes access for transshipment and export entries.</p>	<p><i>Implemented</i></p>	<p>The COA uses the daily refreshable files in downloading the transshipment and export entries database.</p>
<p>24. Revenues amounting to ₱117.069 million were not realized due to non-compliance with various CMTA Regulations, thus causing undue disadvantage to the government in terms of foregone revenues.</p> <p>Management agreed to direct the concerned ports and offices to strictly comply with the pertinent provisions of the CMTA and guidelines issued for its implementation, specifically on assessment of entries, and auction/disposal of goods forfeited or seized.</p>	<p>2020 AAR Pages 62-63</p>	<p>In the MICP, the goods declaration in the list were mostly filed by Super Green Lane-accredited consignees under the Super Green Lane which allows immediate release of the shipments upon issuance of an online release advice and subject to post-release online submission of documentary requirements as the case may be.</p>	<p><i>Implemented</i></p>	<p>CY 2022 entries in POM and MICP showed compliance with the provisions of CMTA guidelines by the ports.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>25. Ninety-nine entries with tentative assessment subject to dispute settlement were released at POM and Harbour Center, despite the absence of sufficient posted security in the amount of ₱225.731 million, contrary to the provisions of Section 425 of the CMTA, thus the government's interest was not secured and protected, posing risk of non-recovery of duties and taxes due and possible loss of revenue to the disadvantage of the government.</p> <p>Management agreed to instruct the ports to:</p> <p>a) Strictly comply with the provisions of CMO No. 37-2001 dated December 7, 2001 on the release of entries under tentative assessment subject to dispute settlement in the absence of sufficient posted security; and</p> <p>b) Require the importers of the 99 entries to post the required security to cover the duties and taxes which is equivalent to the amount disputed and submit proof of compliance to the AT.</p>	<p>2020 AAR Pages 68-70</p>	<p>The list of entries/importations released under tentative assessment subject to dispute settlement at BOC-POM (Harbor Center and FED) with corresponding status and amount of posted security was submitted on July 28, 2021.</p> <p>Forty-one Notices to Post Bond to the concerned importers were prepared by the Deputy Collector for Assessment for the entries subject to dispute settlement with no/insufficient security.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>The schedule provided by POM shows that entries under tentative assessment subject to dispute have posted bonds in compliance with CMO No. 37-2001.</p> <p>The "Notices to Post Bond" were sent by POM to the concerned importers.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>26. SDs and reportorial requirements as attachment to the gate passes for the disposal of goods at POM, were not submitted on time, thus, risk controls necessary to ensure regularity of the condemnation process undertaken by the contractors were bypassed and not fully applied, pertinent provisions of CAO No. 03-2020 dated January 8, 2020 applied, which runs counter to:</p> <p><i>A total of 32 detailed Completion Reports for condemnations conducted were not prepared/attached to reports of disposal through condemnation submitted to the AT for review.</i></p> <p>Management agreed to ensure strict compliance with the provisions of CAO No. 03-2020 on the submission by the contractor and the Condemnation Committee of the completion reports indicating therein relevant details of the process.</p>	<p>2020 AAR Pages 72-74</p>	<p>The Completion Reports submitted by the waste disposal contractors were submitted.</p>	<p><i>Implemented</i></p>	<p>The BOC issued CMO No. 24-2021 dated August 5, 2021 which provides for the rules and regulations implementing for the strict compliance of CAO No. 03-2020 and further supplemented by CMO No. 28-2022 dated November 3, 2022 which provides that the signed Completion Report shall be submitted by the District Collector to the AOCG and that no</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				condemnation project shall be awarded to a facility unless a completion report of its latest activity has been submitted to the AOCG by the District Collector through the Auction and Cargo Disposal Division.
<p>27. The POM had not fully observed the procedures prescribed under CAO No. 03-2020 on the accreditation of Waste Disposal Contractors, thus exposing the Bureau to undue disadvantage, such as but not limited to: (a) risk that the Port will not be compensated accordingly for non-compliance of contractor, (b) capability of contractor to carry out the contract not ascertained, and (c) loss of additional income amounting to ₱20,530.00, representing accreditation fees and customs documentary stamps</p> <p><i>The Port granted accreditation to 12 Waste Disposal Contractors despite the non-posting of the annual performance bond of ₱500,000.00 as required under Section 9.7.16 of CAO No. 03-2020.</i></p>	2020 AAR Pages 75-76			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>Management require the concerned active contractors to immediately post the required performance bond.</p>		<p>Three accredited and active POM waste disposal contractors have posted bond.</p>	<p><i>Implemented</i></p>	<p>CMO No. 24-2021 dated August 5, 2021, implementing CAO No. 03-2020 provides that the accredited service contractors shall post an annual performance bond in the amount equivalent to ₱500,000.00 in the form of surety as a guarantee to secure performance of its obligations.</p>
<p>28. Non-submission of relevant documents to support the grant of the Coronavirus Disease 2019 (COVID-19) hazard pay to BOC officers and employees and Contract of Service (CoS) during the enhanced community quarantine in CY 2020, not in keeping with Section 4 (6) of PD No. 1445 and Section 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009, precluded the Audit Team in the audit of such compensation in accordance with the Department of Budget and Management Budget Circular 2020-001 dated March 24, 2020. Moreover, overpayment amounting to ₱124,750.00 was incurred and disallowed in audit.</p>	<p>2020 AAR Pages 90-92</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>Management agreed to require the concerned employees to refund the overpayment of COVID-19 hazard pay.</p>		<p>The concerned employees refunded the remaining ₱2,000.00 overpayment of COVID-19 hazard pay.</p>	<p><i>Implemented</i></p>	<p>The total remaining overpayment of COVID-19 hazard were refunded as follows:</p> <ul style="list-style-type: none"> a. ₱1,500.00 - refunded thru cash deposit on December 14 and 22, 2021; and b. ₱500.00 - deposited on July 26, 2022.
<p>29. Personnel hired under CoS assumed and performed their duties despite the absence of contracts duly approved/signed by the Commissioner which is inconsistent with CMO No. 03-2019, thus posing risks and uncertainty on the interests of both the personnel and the Bureau.</p> <p>Management agreed to formulate plans and guidelines to streamline contract renewal process; and strictly observe the provisions of Section 4.5 of CMO No. 03-2019 dated February 7, 2019 that each CoS personnel must have an approved CoS before assumption to work.</p>	<p>2020 AAR Pages 98-101</p>	<p>The BOC has been strictly complying with the provisions set under CMO No. 07-2021 dated January 22, 2021 with the subject: "Updated Guidelines on the Retention / Renewal of Job Order (JO) and/or CoS Personnel in the BOC to include the following: "No CoS/JO personnel shall assume duties without an approved/ signed contract."</p>	<p><i>Implemented</i></p>	<p>The IAG released guidelines on the renewal of JO and/or CoS months earlier before the expiration of the existing contracts to ensure that the subsequent contracts were timely executed. During CY 2022, IAG Memo No. 28-2022 dated May 26, 2022 was issued regarding the contract renewal of JO/CoS</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
		In addition, the foregoing provision is reiterated in the communication with the Offices concerned during the processing of new personnel under CoS.		for July to December 2022. The said memo requires the submission of documentary requirements for contract renewal on or before June 10, 2022.
<p>30. Non-compliance by the BOC with the maximum authorized monthly salary rate of several CoS personnel in violation of CMO No. 22-2019 dated April 24, 2019, thus may affect the budget of the Bureau to the disadvantage of the government or to the COS not receiving equitable compensation for work done.</p> <p>Management agreed to:</p> <p>a) Review regularly the salary matrix for CoS personnel and adjust the monthly wage/salary accordingly equivalent to the comparable positions in government and considering other relevant factors; and</p> <p>b) Henceforth, ensure that the prescribed monthly salary rates are strictly and uniformly applied among CoS occupying the same position.</p>	2020 AAR Pages 101- 102	<p>Issued CMO No. 07-2021 provides for the authorized maximum salary per position title in BOC.</p> <p>All CoS issued by the Bureau, after the subject finding was released, strictly complied with the provision under the existing CMO.</p>	<p><i>Implemented</i></p> <p><i>Implemented</i></p>	<p>CMO No. 07-2021, prescribing and ensuring the monthly salary rate of CoS are uniformly applied, was issued.</p> <p>CoS contracts in CY 2022 were compliant with CMO No. 07-2021.</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>31. A total of 26 GDs and their SDs were lost within the POM premises without proper investigation and necessary action undertaken by Management, thus accountability and liability of port officials and employees responsible for the lost have not been determined or established.</p> <p>Management conduct immediate investigation relative to the incident and institute appropriate actions against erring officials, if warranted.</p>	<p>2019 AAR Pages 67-69</p>	<p>The GDs have been referred to the PCAG for Transaction-Based Audit per Memorandum dated September 24, 2020 and reiterated under Memorandum dated February 16, 2022.</p>	<p><i>Implemented</i></p>	<p>The investigation report submitted by the Law Division disclosed that the employee concerned was held to be negligent in his duty in handling the custody of the said GDs. The report also stated that what was lost were merely copies of the GDs and not the GD itself which is electronically stored in the e2m. Further, the lost records were not accountable forms or duplicate copies of the original GDs but were merely print outs kept by the section for records purposes.</p> <p>The AT maintains, however, that the lost GDs included the original copies of the required SDs</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				which are an important attachment and forms part of the documents that must be submitted to the COA, the latter being the final custodian of the government records. To date, the reconstitution of the 26 GDs is handled by the PCAG.
<p>32. Existence of negative balances of ₱37.601 million and unidentified Cash-Collecting Officers (CCOs)/AOs' accounts in the CCO account of ₱279.253 million.</p> <p>Management agreed to direct the Accountant to:</p> <p>a) Analyze and conduct reconciliation of accounts of CCOs/AOs to ascertain validity of recorded balances; and</p> <p>b) Exert efforts to trace back and analyze all "unaccounted/for verification" balances in the CCOs'/AOs' accounts to identify the concerned AOs and to remit the balance to the National Treasury.</p>	<p>2018 AAR Pages 50-51</p>	<p>A copy of JEV No. 22-03-0511 or recent adjustments made to the <i>Cash-Collecting Officers</i> was submitted.</p> <p>The RAD prepared letter dated August 9, 2022, addressed to COA, requesting for copies of cash examinations conducted by previous ATs which might help to further evaluate and recommend appropriate actions.</p>	<p><i>Implemented</i></p> <p><i>Not Implemented</i></p>	<p>The AD analyzed and conducted reconciliation of the <i>Cash-Collecting Officers</i> and prepared JEV No. 22-03-0511 dated March 31, 2022.</p> <p>Only ₱473,027.46 or 0.156 percent of the total amount was adjusted under JEV No. 22-03-0511 dated March 31, 2022.</p> <p><i>Reiterated in Part II of this report under Observation</i></p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
				<i>No. 2, pages 53 to 55.</i>
<p>33. The accuracy and completeness of recorded balances of 10 accounts in the FSs amounting to ₱1.072 billion as at December 31, 2018 cannot be determined due to lack of SDs and absence of SLs to support the recorded balances and have been dormant for more than seven years.</p> <p>Management directed the Accountant to locate SDs and prepare SL for dormant controlling accounts in the FSs to facilitate review.</p>	<p>2018 AAR Pages 64-65</p>	<p>AD managed to reconstruct the SL of Dormant Accounts to reduce the balance to ₱129.673 million.</p>	<p><i>Not Implemented</i></p>	<p>The remaining dormant accounts as of December 31, 2022, were not provided with individual SLs to support the controlling general ledger account.</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p>
<p>34. Collections amounting to ₱49.139 million under the CCOs' account remained undeposited for a period ranging from one month to 25 years contrary to Section 69 of PD No. 1445 and Section 32, Chapter 2 of the Revised Cash Examination</p> <p>Management agreed to:</p> <p>a) Demand from the AOs the immediate deposit or remittance to the</p>	<p>2018 AAR Page 67</p>	<p>The unremitted collections under <i>Cash-Collecting</i></p>	<p><i>Not Implemented</i></p>	<p>The RAD and AD did not issue any demand letter</p>

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>National Treasury of the cash amounting to ₱49.139 million in the custody of CCOs/AOs; and</p> <p>b) Conduct investigation on non-compliance of responsible CCOs and file appropriate charges, if warranted.</p>		<p>Officers were reduced to ₱26.205 million as of December 31, 2022.</p> <p>A Memorandum dated August 9, 2022, signed by the Chief, RAD, was issued to the HRMD, requesting details of the employment status of concerned BOC personnel who have failed to deposit their collections during their tenure as AO.</p>	<p><i>Not Implemented</i></p>	<p>regarding the undeposited prior year collections in CY 2022.</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p> <p>Management has not yet commenced an investigation on the non-compliance of concerned CCOs. Out of the 135 Collecting Officers involved in the unremitted collections, there are still 27 Collecting Officers currently employed by the Bureau. However, the AD and RAD has not demanded their compliance yet nor file appropriate charges.</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p>
<p>35. The PPE, Inventories and Other Insurable Interests of the BOC totaling ₱11.436 billion, were not adequately insured with the General Insurance Fund (GIF) administered by the GSIS contrary to RA 656, as amended by PD No. 245, denying the</p>	<p>2018 AAR Pages 91-92</p>			

Observations and Recommendations	Ref.	Management Action	Status of Implementation	Results of Auditor's Validation
<p>government adequate and reliable protection against any damage to or loss of its properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty and also deprives the GSIS of substantial premium income that should have formed part of the GIF.</p> <p>Management agreed to include in their budget the premiums for all insurable assets, properties and interests of the BOC and thereafter, insure them with the GIF administered by the GSIS as required under RA 656 or the Property Insurance Law, as amended.</p>		<p>An ongoing review of the Insurable Assets and inclusion in the PPMP/APP of BOC properties and interests are being done by GSD.</p>	<p><i>Not Implemented</i></p>	<p>The budget for insurance premiums in CY 2022 were insufficient to cover the ₱4.709 billion insurable assets and properties of BOC</p> <p><i>Reiterated in Part II of this report under Observation No. 2, pages 53 to 55.</i></p>

PART IV

ANNEXES

Reference	Particulars	Pages
A	Detailed Statement of Financial Position	1-4
B	Detailed Statement of Financial Performance	1-4
C	Detailed Statement of Cash Flows	1-3

BUREAU OF CUSTOMS
DETAILED STATEMENT OF FINANCIAL POSITION
ALL FUNDS
AS AT DECEMBER 31,2022
(In Philippine Peso)

	<u>2022</u>	<u>2021</u> (As Restated)
ASSETS		
Current Assets		
Cash and Cash Equivalent	12,345,393,016.94	16,852,574,897.70
Cash on Hand	5,453,292.82	(9,734,907.78)
Cash-Collecting Officers	4,076,222.79	(10,601,390.53)
Petty Cash	1,377,070.03	866,482.75
Cash in Bank - Local Currency	917,642,605.32	816,692,126.16
Cash in Bank-Local Currency, Current Account	917,642,605.32	816,692,126.16
Treasury/Agency Cash Accounts	11,422,297,118.80	16,045,617,679.32
Cash-Treasury/Agency Deposit, Special Account	4,571,479,320.55	4,321,572,550.57
Cash-Treasury/Agency Deposit, Trust	6,850,817,798.25	11,724,045,128.75
Receivables	693,887,645.05	825,257,084.18
Loans and Receivable Accounts	304,015,983.32	521,094,953.72
Tax Receivable	304,015,983.32	521,094,953.72
Inter-Agency Receivables	389,589,933.22	304,154,630.46
Due from National Government Agencies	389,302,524.42	304,154,630.46
Due from Government-Owned or Controlled Corporations	287,408.80	0.00
Other Receivables	281,728.51	7,500.00
Due from Officers and Employees	281,728.51	7,500.00
Inventories	445,843,280.71	387,367,161.40
Inventory Held for Consumption	402,426,076.01	363,371,595.94
Office Supplies Inventory	54,778,471.87	10,543,520.60
Accountable Forms, Plates and Stickers Inventory	270,657,565.51	271,565,269.51
Non-Accountable Forms Inventory	70,464,164.35	74,476,087.70
Drugs and Medicines Inventory	145,374.52	209,210.14
Medical, Dental and Laboratory Supplies Inventory	996,647.61	1,085,631.68
Fuel, Oil and Lubricants Inventory	4,534,716.27	4,534,716.27
Other Supplies and Materials Inventory	849,135.88	957,160.04
Semi-Expendable Machinery and Equipment	17,457,248.58	6,691,607.63
Semi-Expendable Machinery	36,000.00	36,000.00
Semi-Expendable Office Equipment	6,235,324.38	3,303,342.89
Semi-Expendable Information and Communications Technology Equipment	6,641,818.38	1,349,945.98
Semi-Expendable Communications Equipment	21,320.00	21,320.00
Semi-Expendable Disaster Response and Rescue Equipment	1,012,973.76	1,005,773.76
Semi-Expandable Military, Police and Security Equipment	3,354,062.06	876,425.00
Semi-Expendable Other Equipment	155,750.00	98,800.00
Semi-Expendable Furniture, Fixtures and Books	25,959,956.12	17,303,957.83
Semi-Expendable Furniture and Fixtures	25,763,556.12	17,248,457.83
Semi-Expendable Books	196,400.00	55,500.00

	<u>2022</u>	<u>2021</u> (As Restated)
Other Current Assets	24,224,216.66	8,429,293.44
Advances	21,139,664.49	25,026.15
Advances to Special Disbursing Officer	20,347,134.25	25,026.15
Advances to Officers and Employees	792,530.24	0.00
Prepayments	2,823,552.17	7,847,098.37
Advances to Contractors	918,061.90	5,963,063.30
Prepaid Rent	939,438.94	923,438.94
Prepaid Insurance	966,051.33	960,596.13
Deposits	261,000.00	557,168.92
Guaranty Deposits	261,000.00	557,168.92
Total Current Assets	13,509,348,159.36	18,073,628,436.72
Non Current Assets		
Receivables	3,478,061,125.16	4,348,512,323.72
Loans and Receivable Accounts	289,426,109.64	72,347,139.24
Accounts Receivable	750,000.00	750,000.00
Tax Receivable	288,676,109.64	71,597,139.24
Inter-Agency Receivables	1,253,394,674.00	2,340,908,235.13
Due from National Government Agencies	789,003,297.76	953,229,857.03
Due from Government-Owned and/or Controlled Corporations	464,391,376.24	1,387,678,378.10
Other Receivables	1,935,240,341.52	1,935,256,949.35
Receivables-Disallowances/Charges	1,902,840,562.40	1,902,840,562.40
Due from Officers and Employees	10,051,503.49	10,068,111.32
Other Receivables	22,348,275.63	22,348,275.63
Property, Plant and Equipment	4,872,316,084.99	4,254,660,432.61
Buildings and Other Structures	316,386,326.94	298,280,954.77
Buildings	367,124,378.10	343,836,556.81
Accumulated Depreciation-Buildings	(54,068,007.82)	(49,048,893.34)
<i>Net Value - Buildings</i>	313,056,370.28	294,787,663.47
Other Structures	5,444,486.98	5,444,486.98
Accumulated Depreciation-Other Structures	(2,114,530.32)	(1,951,195.68)
<i>Net Value - Other Structures</i>	3,329,956.66	3,493,291.30
Machinery and Equipment	4,150,785,456.73	3,680,073,937.93
Machinery	648,976,050.00	262,801,050.00
Accumulated Depreciation-Machinery	(110,683,757.32)	(115,881,059.08)
<i>Net Value - Machinery</i>	538,292,292.68	146,919,990.92
Office Equipment	170,918,525.46	168,941,026.46
Accumulated Depreciation-Office Equipment	(69,556,380.57)	(64,408,747.57)
<i>Net Value - Office Equipment</i>	101,362,144.89	104,532,278.89
Information and Communications Technology Equipment	1,424,050,721.41	1,321,475,908.41
Accumulated Depreciation-Information and Communications Technology Equipment	(737,230,372.45)	(646,618,326.87)
<i>Net Value - Information and Communications Technology Equipment</i>	686,820,348.96	674,857,581.54
Communications Equipment	7,118,232.95	7,118,232.95
Accumulated Depreciation-Communications Equipment	(1,413,086.64)	(1,408,288.38)
<i>Net Value - Communications Equipment</i>	5,705,146.31	5,709,944.57
Disaster Response and Rescue Equipment	2,995,172.44	2,995,172.44
Accumulated Depreciation-Disaster Response and Rescue Equipment	(1,330,327.53)	(1,330,327.53)

	<u>2022</u>	<u>2021</u> (As Restated)
<i>Net Value - Disaster Response and Rescue Equipment</i>	<u>1,664,844.91</u>	<u>1,664,844.91</u>
Military, Police and Security Equipment	<u>377,454,089.78</u>	<u>37,755,609.63</u>
Accumulated Depreciation-Military, Police and Security Equipment	<u>(34,529,046.03)</u>	<u>(8,555,904.05)</u>
<i>Net Value - Military, Police and Security Equipment</i>	<u>342,925,043.75</u>	<u>29,199,705.58</u>
Medical Equipment	<u>102,225.00</u>	<u>102,225.00</u>
Accumulated Depreciation-Medical Equipment	<u>(27,808.81)</u>	<u>(20,838.22)</u>
<i>Net Value - Medical Equipment</i>	<u>74,416.19</u>	<u>81,386.78</u>
Technical and Scientific Equipment	<u>45,292,667.98</u>	<u>45,292,667.98</u>
Accumulated Depreciation-Technical and Scientific Equipment	<u>(18,267,002.43)</u>	<u>(18,267,002.43)</u>
<i>Net Value - Technical and Scientific Equipment</i>	<u>27,025,665.55</u>	<u>27,025,665.55</u>
Other Equipment	<u>10,624,960,774.00</u>	<u>10,615,344,019.00</u>
Accumulated Depreciation-Other Equipment	<u>(8,178,045,220.51)</u>	<u>(7,925,261,479.81)</u>
<i>Net Value - Other Equipment</i>	<u>2,446,915,553.49</u>	<u>2,690,082,539.19</u>
Transportation Equipment	<u>79,582,330.62</u>	<u>90,231,514.98</u>
Motor Vehicles	<u>124,835,590.42</u>	<u>124,835,590.42</u>
Accumulated Depreciation-Motor Vehicles	<u>(45,253,259.80)</u>	<u>(34,604,075.44)</u>
<i>Net Value - Motor Vehicles</i>	<u>79,582,330.62</u>	<u>90,231,514.98</u>
Furniture, Fixtures and Books	<u>161,827,963.44</u>	<u>162,782,256.14</u>
Furniture and Fixtures	<u>388,863,757.33</u>	<u>388,863,757.33</u>
Accumulated Depreciation-Furniture and Fixtures	<u>(227,159,177.05)</u>	<u>(226,204,884.35)</u>
<i>Net Value - Furniture and Fixtures</i>	<u>161,704,580.28</u>	<u>162,658,872.98</u>
Books	<u>2,467,663.15</u>	<u>2,467,663.15</u>
Accumulated Depreciation - Books	<u>(2,344,279.99)</u>	<u>(2,344,279.99)</u>
<i>Net Value - Books</i>	<u>123,383.16</u>	<u>123,383.16</u>
Construction in Progress	<u>163,730,059.76</u>	<u>23,287,821.29</u>
Construction in Progress-Buildings and Other Structures	<u>163,730,059.76</u>	<u>23,287,821.29</u>
Other Property, Plant and Equipment	<u>3,947.50</u>	<u>3,947.50</u>
Other Property, Plant and Equipment	<u>78,950.00</u>	<u>78,950.00</u>
Accumulated Depreciation-Other Property, Plant and Equipment	<u>(75,002.50)</u>	<u>(75,002.50)</u>
<i>Net Value - Other Property, Plant and Equipment</i>	<u>3,947.50</u>	<u>3,947.50</u>
Intangible Assets	<u>781,453,449.36</u>	<u>729,227,008.62</u>
Intangible Assets	<u>566,923,949.36</u>	<u>559,697,508.62</u>
Computer Software	<u>621,929,829.36</u>	<u>614,703,388.62</u>
Accumulated Amortization-Computer Software	<u>(55,005,880.00)</u>	<u>(55,005,880.00)</u>
<i>Net Value - Computer Software</i>	<u>566,923,949.36</u>	<u>559,697,508.62</u>
Development in Progress	<u>214,529,500.00</u>	<u>169,529,500.00</u>
Development in Progress-Computer Software	<u>214,529,500.00</u>	<u>169,529,500.00</u>
Other Non-Current Assets	<u>1,004,070,019.07</u>	<u>613,137,571.79</u>
Advances	<u>241,579.30</u>	<u>1,525,860.30</u>
Advances for Operating Expenses	<u>241,579.30</u>	<u>1,525,860.30</u>
Prepayments	<u>668,275.88</u>	<u>0.00</u>
Advances to Contractors	<u>668,275.88</u>	<u>0.00</u>
Deposits	<u>2,231,764.65</u>	<u>1,674,595.73</u>
Guaranty Deposits	<u>2,231,764.65</u>	<u>1,674,595.73</u>
Other Assets	<u>1,000,928,399.24</u>	<u>609,937,115.76</u>
Confiscated Property/Assets	<u>1,000,928,399.24</u>	<u>609,937,115.76</u>
Total Non-Current Assets	<u>10,135,900,678.58</u>	<u>9,945,537,336.74</u>

	<u>2022</u>	<u>2021</u> (As Restated)
TOTAL ASSETS	<u><u>23,645,248,837.94</u></u>	<u><u>28,019,165,773.46</u></u>
LIABILITIES		
Current Liabilities		
Financial Liabilities	<u>725,581,799.91</u>	1,952,823,308.95
Tax Refunds Payable	725,581,799.91	1,952,823,308.95
Inter-Agency Payables	<u>60,457,373.72</u>	37,947,235.61
Due to BIR	51,197,010.96	26,963,310.90
Due to GSIS	1,442,531.82	7,067,249.58
Due to Pag-IBIG	799,394.63	2,815,759.27
Due to PhilHealth	2,667,434.43	641,091.49
Due to National Government Agencies	58,292.95	459,824.37
Due to Government Owned or Controlled Corporations	4,292,708.93	0.00
Trust Liabilities	<u>1,295,771,157.07</u>	5,724,584,640.82
Trust Liabilities	1,276,862,936.40	5,691,848,547.89
Guaranty/Security Deposits Payable	18,908,220.67	32,736,092.93
Deferred Credits/Unearned Income	<u>281,728.51</u>	0.00
Other Deferred Credits	281,728.51	0.00
Other Payables	<u>(3,442,856.58)</u>	780,570.36
Other Payables	(3,442,856.58)	780,570.36
Total Current Liabilities	<u><u>2,078,649,202.63</u></u>	<u><u>7,716,135,755.74</u></u>
Non-Current Liabilities		
Financial Liabilities	<u>2,853,147,801.82</u>	3,001,366,683.41
Accounts Payable	112,405,584.12	167,248,275.27
Due to Officers and Employees	172,401.08	444,870.72
Awards and Rewards Payable	2,225,355,814.68	2,225,355,814.68
Tax Refunds Payable	515,214,001.94	608,317,722.74
Inter-Agency Payables	<u>66,559,366.37</u>	57,486,510.71
Due to GSIS	62,402,750.48	53,168,465.65
Due to Pag-IBIG	1,900,169.18	1,951.94
Due to PhilHealth	525.00	986,822.91
Due to Government Owned or Controlled Corporations	2,255,921.71	3,329,270.21
Trust Liabilities	<u>3,868,650,136.86</u>	4,423,364,065.60
Trust Liabilities	3,810,083,667.34	4,291,324,699.92
Guaranty/Security Deposits Payable	58,566,469.52	132,039,365.68
Total Non-Current Liabilities	<u><u>6,788,357,305.05</u></u>	<u><u>7,482,217,259.72</u></u>
TOTAL LIABILITIES	<u><u>8,867,006,507.68</u></u>	<u><u>15,198,353,015.46</u></u>
Total Assets Less Total Liabilities	<u><u>14,778,242,330.26</u></u>	<u><u>12,820,812,758.00</u></u>
NET ASSETS/EQUITY		
Equity		
Government Equity	<u>14,778,242,330.26</u>	12,820,812,758.00
Accumulated Surplus/(Deficit)	14,778,242,330.26	12,820,812,758.00
TOTAL NET ASSETS/EQUITY	<u><u>14,778,242,330.26</u></u>	<u><u>12,820,812,758.00</u></u>

BUREAU OF CUSTOMS
DETAILED STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Philippine Peso)

	<u>2022</u>	<u>2021</u> (As Restated)
Revenue		
Tax Revenue		
Tax Revenue-Goods and Services		
Import Duties	98,002,756,093.84	78,322,117,539.08
Excise Tax	173,134,981,722.63	161,362,867,684.89
Business Tax	590,556,918,021.16	407,494,320,932.84
Tax Revenue-Others		
Documentary Stamp Tax	581,373,950.54	595,439,798.00
Tax Revenue-Fines and Penalties		
Tax Revenue-Fines and Penalties-Taxes on Goods and Services	<u>169,866,361.20</u>	<u>169,380,795.11</u>
Total Tax Revenue	<u>862,445,896,149.37</u>	<u>647,944,126,749.92</u>
Service and Business Income		
Service Income		
Permit Fees	23,622,600.00	14,491,250.00
Registration Fees	22,550,600.00	24,251,250.00
Clearance and Certification Fees	5,617,150.00	3,890,500.00
Legal Fees	9,292,540.00	13,619,380.00
Inspection Fees	0.00	241,181.45
Verification and Authentication Fees	5,631,300.00	21,597,800.00
Processing Fees	797,737,323.63	742,495,839.00
Other Service Income	3,269,548,501.68	2,578,567,841.19
Total Service Income	<u>4,134,000,015.31</u>	<u>3,399,155,041.64</u>
Business Income		
Rent/Lease Income	1,102,937.87	1,582,244.58
Dividend Income	0.00	27,971,725.57
Interest Income	357,001,975.41	317,611,981.68
Fines and Penalties-Business Income	282,866,100.89	278,701,741.86
Other Business Income	128,389,848.71	112,013,957.76
Total Business Income	<u>769,360,862.88</u>	<u>737,881,651.45</u>
Total Service and Business Income	<u>4,903,360,878.19</u>	<u>4,137,036,693.09</u>
Non-Operating Income		
Miscellaneous Income		
Miscellaneous Income	391,584,058.17	383,754,549.23
Total Miscellaneous Income	<u>391,584,058.17</u>	<u>383,754,549.23</u>
Total Revenue	<u>867,740,841,085.73</u>	<u>652,464,917,992.24</u>

	<u>2022</u>	<u>2021</u> (As Restated)
Current Operating Expenses		
Personnel Services		
Salaries and Wages		
Salaries and Wages-Regular	1,248,536,842.93	1,219,355,163.27
Salaries and Wages-Casual/Contractual	5,310,725.96	4,573,900.93
Total Salaries and Wages	<u>1,253,847,568.89</u>	<u>1,223,929,064.20</u>
Other Compensation		
Personal Economic Relief Allowance (PERA)	84,036,017.73	83,636,958.53
Representation Allowance (RA)	11,787,571.73	11,897,077.19
Transportation Allowance (TA)	10,270,022.72	10,427,943.19
Clothing/Uniform Allowance	20,460,412.00	20,147,716.00
Subsistence Allowance	0.00	16,500.00
Laundry Allowance	0.00	2,250.03
Hazard Pay	165,201.92	0.00
Year-End Bonus	102,989,407.15	99,264,660.15
Cash Gift	17,515,392.00	17,404,500.00
Mid-Year Bonus	100,185,415.00	95,022,459.13
Other Bonuses and Allowances	25,909,000.00	18,135,454.00
Total Other Compensation	<u>373,318,440.25</u>	<u>355,955,518.22</u>
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	126,073,780.87	145,136,868.46
Pag-IBIG Contributions	3,713,819.18	4,174,836.21
PhilHealth Contributions	20,621,286.62	17,093,991.90
Employees Compensation Insurance Premiums	3,640,866.55	5,116,493.33
Total Personnel Benefit Contributions	<u>154,049,753.22</u>	<u>171,522,189.90</u>
Other Personnel Benefits		
Retirement Gratuity	867,883.06	0.00
Terminal Leave Benefits	110,516,025.21	95,840,021.66
Other Personnel Benefits	565,153.32	30,858,391.89
Total Other Personnel Benefits	<u>111,949,061.59</u>	<u>126,698,413.55</u>
Total Personnel Services	<u>1,893,164,823.95</u>	<u>1,878,105,185.87</u>
Maintenance and Other Operating Expenses		
Traveling Expenses		
Traveling Expenses-Local	20,449,021.81	7,619,574.66
Traveling Expenses-Foreign	11,354,817.85	0.00
Total Traveling Expenses	<u>31,803,839.66</u>	<u>7,619,574.66</u>
Training and Scholarship Expenses		
Training Expenses	12,097,176.47	7,206,341.54
Total Training and Scholarship Expenses	<u>12,097,176.47</u>	<u>7,206,341.54</u>
Supplies and Materials Expenses		
Office Supplies Expenses	9,378,826.18	41,855,528.68
Accountable Forms Expenses	5,463,288.00	6,581,077.15
Non-Accountable Forms Expenses	37,271,998.15	41,378,161.09
Drugs and Medicines Expenses	63,835.62	55,727.64
Medical, Dental and Laboratory Supplies Expenses	94,984.07	164,329.86
Fuel, Oil and Lubricants Expenses	31,136,137.36	24,435,024.08
Semi-Expendable Machinery and Equipment Expenses	1,341,566.26	6,599,713.75

	<u>2022</u>	<u>2021</u> (As Restated)
Semi-Expendable Furniture, Fixtures and Books Expenses	3,439,388.95	15,549,459.89
Other Supplies and Materials Expenses	3,148,082.50	4,769,230.75
Total Supplies and Materials Expenses	91,338,107.09	141,388,252.89
Utility Expenses		
Water Expenses	14,992,416.65	16,012,121.18
Electricity Expenses	74,323,629.12	72,089,921.99
Total Utility Expenses	89,316,045.77	88,102,043.17
Communication Expenses		
Postage and Courier Expenses	2,529,764.84	3,941,753.69
Telephone Expenses	7,232,156.86	9,266,591.50
Internet Subscription Expenses	37,370,146.59	49,762,083.62
Cable, Satellite, Telegraph and Radio Expenses	59,570.00	65,156.00
Total Communication Expenses	47,191,638.29	63,035,584.81
Confidential, Intelligence and Extraordinary Expenses		
Confidential Expenses	52,125,000.00	69,500,000.00
Extraordinary and Miscellaneous Expenses	7,128,824.51	11,696,653.21
Total Confidential, Intelligence and Extraordinary Expenses	59,253,824.51	81,196,653.21
Professional Services		
Other Professional Services	146,396,226.23	170,753,059.87
Total Professional Services	146,396,226.23	170,753,059.87
General Services		
Environment/Sanitary Services	782,353.13	1,339,946.82
Janitorial Services	61,547,464.33	51,114,885.80
Security Services	4,249,798.30	3,656,082.37
Other General Services	22,045,553.51	18,466,269.56
Total General Services	88,625,169.27	74,577,184.55
Repairs and Maintenance		
Repairs and Maintenance-Buildings and Other Structures	71,000,249.47	54,160,517.73
Repairs and Maintenance-Machinery and Equipment	206,309,244.08	245,201,497.04
Repairs and Maintenance-Transportation Equipment	2,658,950.02	3,181,354.43
Repairs and Maintenance-Furniture and Fixtures	266,524.00	196,637.00
Total Repairs and Maintenance	280,234,967.57	302,740,006.20
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	86,578.14	109,126.68
Fidelity Bond Premiums	2,779,491.49	3,280,263.75
Insurance Expenses	2,695,606.24	2,279,817.80
Total Taxes, Insurance Premiums and Other Fees	5,561,675.87	5,669,208.23
Other Maintenance and Operating Expenses		
Advertising, Promotional and Marketing Expenses	96,321.00	65,155.20
Printing and Publication Expenses	3,599,024.07	2,971,351.84
Representation Expenses	1,313,572.81	989,630.80
Transportation and Delivery Expenses	3,746,348.28	1,667,140.46
Rent/Lease Expenses	33,180,392.38	34,925,875.19
Subscription Expenses	136,210,328.38	119,394,328.59
Bank Transaction Fee	42,400.00	132,440.84
Other Maintenance and Operating Expenses	159,559,050.19	466,808,879.31
Total Other Maintenance and Operating Expenses	337,747,437.11	626,954,802.23
Total Maintenance and Other Operating Expenses	1,189,566,107.84	1,569,242,711.36

	<u>2022</u>	<u>2021</u> (As Restated)
Non-Cash Expenses		
Depreciation		
Depreciation-Buildings and Other Structures	5,182,449.12	5,182,449.12
Depreciation-Machinery and Equipment	395,157,965.59	334,237,009.41
Depreciation-Transportation Equipment	10,649,184.36	10,649,184.36
Depreciation-Furniture, Fixtures and Books	954,292.70	1,911,767.00
Total Depreciation	<u>411,943,891.77</u>	<u>351,980,409.89</u>
Amortization		
Amortization-Intangible Assets	0.00	20,627,205.00
Impairment Loss		
Impairment Loss-Property, Plant and Equipment	15,998,062.76	0.00
Total Non-Cash Expenses	<u>427,941,954.53</u>	<u>372,607,614.89</u>
Current Operating Expenses	<u>3,510,672,886.32</u>	<u>3,819,955,512.12</u>
Surplus /(Deficit) from Current Operations	<u>864,230,168,199.41</u>	<u>648,644,962,480.12</u>
Assistance/Subsidy		
Assistance/Subsidy from NGAs, LGUs,GOCCs		
Subsidy from National Government	3,205,405,348.23	3,060,921,104.16
Total Assistance/Subsidy from NGAs,LGUs,GOCCs	<u>3,205,405,348.23</u>	<u>3,060,921,104.16</u>
Net Assistance/Subsidy	<u>3,205,405,348.23</u>	<u>3,060,921,104.16</u>
Other Non-Operating Income		
Sale of Assets		
Sale of Garnished/Confiscated/Abandoned/Seized Goods and Properties	245,136,637.99	433,882,928.34
Total Sale of Assets	<u>245,136,637.99</u>	<u>433,882,928.34</u>
Gains		
Gain on Sale of Unserviceable Property	120,000.00	0.00
Total Gains	<u>120,000.00</u>	<u>0.00</u>
Total Other Non-Operating Income	<u>245,256,637.99</u>	<u>433,882,928.34</u>
Surplus (Deficit) for the Period	<u>867,680,830,185.63</u>	<u>652,139,766,512.62</u>

BUREAU OF CUSTOMS
DETAILED STATEMENT OF CASH FLOWS
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Philippine Peso)

	<u>2022</u>	<u>2021</u> (As Restated)
Cash Flows From Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	19,832,210,610.95	13,845,045,141.23
Receipt of Notice of Cash Allocation	4,420,908,718.00	3,677,389,824.69
Receipt of NCA for Trust and Other Receipts	15,241,688,973.00	10,054,414,555.00
Constructive Receipt of NCA for TRA	169,612,919.95	113,240,761.54
Collection of Income/Revenues	867,594,315,317.75	652,557,093,731.79
Collection of tax revenue	862,445,896,149.37	647,829,338,249.97
Collection of service and business income	4,903,282,530.39	4,136,845,069.36
Collection of other income	245,136,637.99	433,882,928.34
Receipt of prior years' income	0.00	157,027,484.12
Receipt of Inter-Agency Fund Transfers	0.00	400,000.00
Receipt of funds for the implementation of projects from NGAs/LGUs/GOCCs	0.00	400,000.00
Receipt of Intra-Agency Fund Transfers	6,353,694,851.44	1,768,179,711.01
Receipt of funds from CO/Bureaus/ROs/OU for implementation of programs/projects	776,439,511.44	782,503,300.55
Receipt of funds for other intra-agency transactions	5,577,255,340.00	985,676,410.46
Trust Receipts	1,741,678,164.71	7,146,116,116.53
Collection of other trust receipts	1,741,678,164.71	7,146,116,116.53
Other Receipts	1,914,591.68	13,540,518.17
Receipt of refund of cash advances	1,530,877.99	3,658,372.20
Other miscellaneous receipts	383,713.69	9,882,145.97
Adjustments	886,934,797,301.55	688,493,512,200.15
Restoration of cash for cancelled/lost/stale checks/ADA	60,592,786.75	3,642,837.40
Remittance to BTr (Debit to Cash- Treasury/Agency Deposit accounts)	862,283,878,887.46	653,057,583,409.85
Reversal of unused NCA for Special Account and Trust	354,788,833.63	587,300,538.64
Other adjustments - inflow	24,235,536,793.71	34,844,985,414.26
Total Cash Inflows	1,782,458,610,838.08	1,363,823,887,418.88
Cash Outflows		
Remittance to National Treasury	866,876,302,462.30	657,652,964,783.03
Remittance of current year's income/revenue	866,751,242,063.49	651,811,340,052.04
Remittance of prior year's income/revenue	0.00	155,336,562.36
Remittance of trust receipts	123,151,792.35	5,657,823,846.28
Remittance of refunds, overpayments and disallowances and other receipts	1,908,606.46	28,464,322.35
Payment of operating expenses	2,337,170,644.75	2,436,482,323.08
Payment of personnel services	1,419,950,696.39	1,473,742,453.61
Payment of maintenance and other operating expenses	673,048,373.48	713,445,749.53
Replenishment of Petty Cash	1,643,543.52	2,753,303.45

	<u>2022</u>	<u>2021</u> (As Restated)
Liquidation of cash advances granted during the year	242,147,432.59	246,005,301.62
Liquidation of prior year's cash advances	380,598.77	535,514.87
Purchase of Inventories	47,727,211.34	13,371,755.27
Purchase of inventories for consumption	47,727,211.34	13,371,755.27
Purchase of Semi-Expendable Machinery, Equipment, Furniture, Fixtures and Books	19,501,294.90	2,349,466.04
Purchase of Semi-Expendable, Machinery and Equipment	8,820,044.13	1,223,905.00
Purchase of Semi-Expendable Furniture, Fixtures and Books	10,681,250.77	1,125,561.04
Grant of Cash Advances (Unliquidated During the Year)	21,339,664.49	17,786,773.00
Advances for operating expenses	200,000.00	3,100.00
Advances for special purpose/time-bound undertaking	20,347,134.25	17,783,673.00
Advances to officers and employees	792,530.24	0.00
Prepayments	5,012,945.15	18,401,078.54
Advances to Contractors (for Repairs and Maintenance of PPE - not capitalized)	2,266,544.68	6,955,089.70
Prepaid Rent	16,000.00	923,438.94
Prepaid Insurance	2,694,625.13	2,208,791.14
Prepaid subscription	35,775.34	8,313,758.76
Payment of Deposits	133,841,729.81	15,056,047.71
Payment of guaranty deposits	133,841,729.81	15,056,047.71
Payment of prior years' accounts payables for operating expenses	156,169,353.61	211,709,105.44
Payment of tax refunds payable	4,789,722,675.73	7,339,275,355.56
Remittance of Personnel Benefit Contributions and Mandatory Deductions	565,534,790.82	445,378,808.78
Remittance of taxes withheld covered by TRA	169,612,919.95	113,240,761.54
Remittance of taxes withheld not covered by TRA	69,067,730.54	35,177,125.01
Remittance of employees' premium contributions and other payables to GSIS/Pag-IBIG/PhilHealth	237,430,338.41	213,937,530.60
Remittance of other personnel benefits contributions and mandatory deductions	57,150,815.01	49,089,783.64
Remittance of Other Payables	32,272,986.91	33,933,607.99
Release of Inter-Agency Fund Transfers	112,539,525.04	76,311,226.72
Advances to Procurement Service	83,330,826.24	29,876,696.72
Advances to other NGAs/GOCCs/LGUs for purchase of goods/services as authorized by law	29,208,698.80	46,434,530.00
Release of intra-agency fund transfers	6,352,174,851.44	1,577,660,286.43
Issuance of funding checks by HO/CO/ROs to ROs/OUTs	776,439,511.44	782,503,300.55
Release of funds for other intra-agency transactions	5,575,735,340.00	795,156,985.88
Other Disbursements	6,426,339,048.48	1,373,383,990.86
Disbursements from trust liabilities	6,392,660,996.07	1,353,239,063.68
Refund of excess working fund/intra-agency fund transfers	33,671,236.16	20,025,230.54
Refund of cash advances	6,816.25	119,696.64
Adjustments	898,131,040,547.42	685,298,721,872.21
Reversion of unused NCA	4,611,973,555.70	2,626,692,778.03
Receipt of NCA for Trust and Special Account	16,198,452,489.00	10,838,547,742.00
Closing of Cash - Treasury/Agency Deposit Regular and Special Account (by Other NGAs)	857,889,140,996.89	643,994,678,141.07
Other adjustments - outflow	19,431,473,505.83	27,838,803,211.11
Total Cash Outflows	1,785,974,416,745.28	1,356,478,852,872.66
Net Cash Provided by (Used in) Operating Activities	(3,944,158,680.92)	7,345,034,546.22

	<u>2022</u>	<u>2021</u> (As Restated)
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale/Disposal of Property, Plant and Equipment	120,000.00	0.00
Total Cash Inflows	120,000.00	0.00
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	518,143,199.84	205,141,534.72
Purchase of machinery and equipment	491,799,676.02	203,929,734.72
Purchase of furniture, fixtures and books	0.00	1,211,800.00
Construction in progress	26,343,523.82	0.00
Purchase of Intangible Assets	45,000,000.00	52,718,500.00
Purchase of computer software	45,000,000.00	52,718,500.00
Total Cash Outflows	563,143,199.84	257,860,034.72
Net Cash Provided by (Used in) Investing Activities	(563,023,199.84)	(257,860,034.72)
Increase(Decrease) in Cash and Cash Equivalents	(4,507,181,880.76)	7,087,174,511.50
Cash and Cash Equivalents, January 1,	16,852,574,897.70	9,765,400,386.20
Cash and Cash Equivalents, December 31	12,345,393,016.94	16,852,574,897.70