

PH-EITI 18th MSG MEETING
9:00 AM - 12:00 PM | November 7, 2014
Visayas Room, Department of Finance,
Roxas Blvd., Manila

Attendees:

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6		
7	Attendees:	
8		
9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Charmaine Bagacay	DOF
11	Dir. Anna Liza Bonagua	Bureau of Local Government Development - Department of the Interior and Local Government (BLGD-DILG)
12		
13	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
14		
15	Dir. Carmencita Delantar	Department of Budget and Management (DBM)
16	Nenito Jariel	Department of Energy (DOE)
17	Guillermo Ansay	DOE
18	Marilyn Posana	DOE
19	Mike Juan	Union of Local Authorities of the Philippines (ULAP)
20	Analynsia Alarde	Bureau of Internal Revenue (BIR)
21	Genilyn Minardo	Bureau of Customs (BOC)
22	Atty. Jonathan Adaci	National Commission on Indigenous Peoples (NCIP)
23	Atty. Jeanette Florita	NCIP
24	Dr. Cielo Magno	Bantay Kita
25	Prof. Jay L. Batongbacal	University of the Philippines, College of Law
26	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
27	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
28		
29	Starjoan Villanueva	Alternate Forum for Research in Mindanao, (AFRIM) Inc.
30	Vince Lazatin	Bantay Kita/Transparency & Accountability Network (TAN)
31	Nelia Halcon	Chamber of Mines of the Philippines (COMP)
32	Atty. Ronald Recidoro	COMP
33	Sebastian C. Quiniones, Jr.	Shell Philippines Exploration BV (SPEX)/ Petroleum Association of the Philippines (PAP)
34		
35	Erwin Riñon	SPEX/ PAP
36	Atty. Gay Alessandra V. Ordenes	Secretariat
37	Maria Meliza T. Tuba	Secretariat
38	Abigail D. Ocate	Secretariat
39	Liezel B. Empio	Secretariat
40	Grace A. Estacio	Secretariat

1 RESOURCE PERSONS:

2

3 Pocholo Domondon Isla Lipana & Co.

4 Feve Hisug Isla Lipana & Co.

5 Corina Molina Isla Lipana & Co.

6 Katty Delos Santos Isla Lipana & Co.

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8

9 **AGENDA:**

- 10 • Minutes of the 17th MSG meeting
- 11 • Matters arising from previous MSG meetings
- 12 • Presentation of final reconciliation report
- 13 • Proposed outline of EITI report
- 14 • Other matters

15

16

17 **1. Call to Order:**

18

19 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)

20 meeting was called to order at 9:15 AM.

21

22 1.2. The proposed agenda was presented and subsequently approved by the body.

23

24 **2. Minutes of the 17th MSG Meeting**

25

26 2.1. The Chair noted that the minutes of the meeting was circulated to the Multi-Stakeholder Group (MSG)

27 and no comments were received by the Secretariat.

28

29 2.2. The body approved the minutes of the 17th MSG meeting.

30

31 **3. Matters Arising from Previous MSG Meetings**

32

33 3.1. *Establishment and management of a revenue-linked database:* It was reported that the Terms of

34 Reference (TOR) of the programmers/web developers who will develop the Management Information

35 System (MIS) was already prepared by the Secretariat. The MIS will be implemented once the Multi-Donor

36 Trust Fund (MDTF) comes in.

37

1 3.2. The Secretariat then gave an update on the status of the MDTF. It was mentioned that the Secretariat is
2 waiting for Sec. Purisima to sign the withdrawal application. Upon signing, the withdrawal application will be
3 transmitted to the World Bank, after which a Special Release Allotment Order (SARO) will be requested from
4 the Department of Budget and Management (DBM).
5

6 3.3. One member of the MSG asked the Secretariat to clarify the timeline for the receipt of the MDTF.
7

8 3.4. The Secretariat reiterated that once the withdrawal application is signed, it will be transmitted to the
9 World Bank, which will not take more than a week to transfer the money to the Bangko Sentral ng Pilipinas
10 (BSP). Afterwards, the Bureau of Treasury (BTr) will inform DBM that the money is already available. It is
11 only then that the SARO can be issued. Unfortunately, the Secretariat shared that the office of Sec. Purisima
12 cannot give a firm date on when the withdrawal application will be signed.

13 3.5. The body was informed that the Secretariat already prepared a letter addressed to Sec. Abad, signed by
14 Sec. Purisima, so that DBM will expedite the issuance of the SARO. Assuming that there is no delay on the
15 part of the said government agencies, the MDTF will be available within the month of November.
16

17 *3.6. Offer of Timor Leste to conduct training for the PH-EITI MSG on the Petroleum Fund process:* The
18 Secretariat recalled that in previous meetings there were discussions among MSG members regarding the
19 possibility of creating a natural resource fund. There was previously an offer from Timor Leste to give
20 trainings or learning sessions on this so that the MSG can benefit from their experiences. But since there are
21 no available funds, the activity has not been conducted. However, the Secretariat informed the body that
22 according to the Manager of the Petroleum Fund of Timor Leste, they are still willing to offer any assistance
23 in case the MSG wants to pursue this activity.
24

25 3.7. According to the Secretariat, if the possibility of creating a natural resource fund will be one of the
26 recommendations of the EITI report, then the MSG needs to decide whether it wants to take an active role
27 in pushing for the creation of such fund, and proceed with this activity with Timor Leste.
28

29 *3.8. Bureau of Internal Revenue (BIR) waiver:* The Secretariat mentioned that the update on the BIR waiver is
30 included in the meeting kit. It was reported that Citinickel Mines and Development Corporation is the only
31 material mining company that has not submitted a waiver.
32

33 3.9. On the other hand, it was shared that CTP Construction and Mining Corp. informed the Secretariat that
34 although they already executed the waiver, their board does not want to execute the board resolution
35 because they have a pending tax case with the BIR.
36

37 3.10. As for the other payments, it was stated that CTP is willing to disclose these; however, they still have
38 not submitted their reporting template. Therefore, they will be treated as a non-participating entity.
39

40 3.11. It was recalled that the Secretariat was tasked to send letters to non-participating companies
41 requesting for formal written explanation regarding their non-participation. The body was informed that

1 3.12. Philodrill Corporation, Forum Pacific Inc., Oriental Petroleum and Minerals Corp. and Semirara Mining
2 Corporation have already submitted their letters. The Secretariat, however, is still waiting for the letters
3 from Forum Energy Philippines Corp., Alcorn Gold Resources Corp. and Citinickel Mines and Development
4 Corp.
5

6 3.13. *Selection of Non-COMP alternate representative:* The members of the MSG were informed that the
7 election of the non-members of Chamber of Mines of the Philippines (COMP) will be conducted after today's
8 meeting. It was mentioned that the Mines and Geosciences Bureau (MGB) will preside over the meeting.
9

10 3.14. *Reconciliation of figures:* The Secretariat shared that this matter will be discussed as part of the main
11 business of the meeting.
12

13 3.15. *Official list of mining companies granted permits by the DENR-ARMM:* It was reported that the official
14 list had been sent by Department of Environment and Natural Resources (DENR) of Autonomous Region in
15 Muslim Mindanao (ARMM). The said list is included in the in the meeting kit.
16

17 3.16. *Communications plan:* The Secretariat recalled that the workshop has been rescheduled in January
18 2015. It was pointed out that the agenda for the workshop is to come up with key messages from the PH-
19 EITI report. The workshop is scheduled on January 8, a day before the 20th MSG meeting.
20

21 3.17. *Publication of contracts:* It was shared that the mining as well as oil and gas contracts were already
22 sent to Open Data. The Secretariat mentioned that the coal contracts will also be uploaded.
23

24 3.18. According to the Secretariat, although they are still waiting for the written consent of MGB and
25 Department of Energy (DOE), it is prudent to already proceed with the uploading of the contracts since the
26 MSG already agreed and consented to the publication of contracts. The written consent from the said
27 government agencies is just for formality.
28

29 3.19. The body was informed that the legal department of DOE already drafted the letter, addressed to Sec.
30 Purisima, stating that the DOE is not objecting to the publication of the contracts. The DOE representative
31 stated that they will submit the letter next week.
32

33 3.20. A list of supporting MGB documents that need to be uploaded on the website was shard to the MSG. It
34 was recalled that the MSG previously agreed that all supporting documents will be uploaded. However,
35 because some of the documents are voluminous according to MGB, only copies of the contracts and the
36 annexes will be uploaded by December 2014.
37

38 3.21. A Civil Society Organization (CSO) representative cited that MGB has an Administrative Order requiring
39 mining companies to submit soft copies of their Social Development and Management Program (SDMP) to
40 MGB. Therefore, MGB should have existing soft copies of the SDMP which is one of the supporting
41 documents.

1 3.22. The MGB representative explained that since SDMPs are being approved by the regional offices, the
2 soft copies might also be submitted to them. However, the MGB representative still needs to confirm this
3 with the Mining Environment and Safety Division (MESD) of the central office.
4

5 3.23. The same CSO representative noted that the regional offices should be able to easily forward the soft
6 copies of the SDMP to the MGB Central Office.
7

8 3.24. The MGB representative responded that if the regional offices have the soft copies, they will be asked
9 to endorse these to the central office.
10

11 3.25. The timeline for uploading other supporting documents was then asked by the CSO representative.
12 Since there is only a month before December, the same representative mentioned that the MSG should
13 have a timeline for the next steps.
14

15 The CSO representative also asked for the logistical constraints in getting the supporting documents as well
16 as the strategy to address the constraints.
17

18 3.26. The Secretariat stated that the provision of additional assistance in digitizing the documents is included
19 in the scope of work that was sent to USAID. Based on the Secretariat's discussion with Open Data, it was
20 shared that the most feasible timeline is that all the supporting documents will be uploaded by September
21 2015. However, the Secretariat stressed that the uploading of documents can be done in phases. The
22 Secretariat asked the MSG for a list of documents that the group wants to prioritize.
23

24 3.27. With regard to the transmission of data from the regional offices to the central office, a CSO
25 representative suggested that a memo from the MGB director should be issued to ensure that the regional
26 offices will transmit all the data.
27

28 3.28. The Secretariat pointed out that the request to instruct different MGB offices to provide necessary
29 information for EITI was already included in the letter that the Chair sent to Dir. Jasareno.
30

31 3.29. The Chair asked when the MGB representative can give the copies of the SDMP.
32

33 The MSG responded that the MSG will be informed after a week.
34

35 3.30. According to the Secretariat, they should have the copies of the SMDP by November 13, 2014.
36

37 3.31. Going back to the transmission of data, the Secretariat reiterated the need to have a directive to the
38 regional offices of MGB.
39

40 3.32. A representative of the CSO clarified that the memo should not come from MGB only but should be
41 issued by the Secretary of DENR. This is because some of the supporting documents are with the other
42 bureaus of DENR like the Environment and Management Bureau (EMB).

1 3.33. Furthermore, it was mentioned that since USAID is willing to assist in the digitization of the documents,
2 the challenge is to make sure that all the documents from different MGB regional offices are in one place.

3
4 The same representative added that the most strategic way to encourage the regional offices of different
5 bureaus to transmit the documents is for the DENR Secretary to issue a memo instructing the regional
6 offices to send all the necessary materials.

7
8 3.34. A representative of the MGB clarified if all the mandatory requirements for the Declaration of Mining
9 Project Feasibility (DMPF) will also be scanned and uploaded by next year.

10
11 3.35. According to the Secretariat, the MSG agreed that all supporting documents will be scanned and
12 uploaded. To clarify, the Secretariat explained that the uploading of supporting documents will be done in
13 phases but the following documents will already be uploaded by December 2014.

- 14
15 • Annexes of Mineral Production Sharing Agreement (MPSA)/ Financial or Technical. Assistance
16 Agreement (FTAA) Contracts
17 ○ Corporate Secretary's Certification
18 ○ Location Map/sketch plan
19 ○ Exploration Work Program
20 ○ Environmental work program
21 • SDMP

22
23 3.36. As for oil and gas, a representative of the industry sector raised a concern regarding contract
24 publication. The industry representative explained that the Service Contracts (SCs) from Philippine Energy
25 Contracting Round (PECR) 4 onwards have templates, whereas the previous contracts including the
26 Malampaya contract (SC 38) were negotiated.

27
28 3.37. According to the same representative, if the negotiated SCs will be published in the website and the
29 potential investors of the upcoming PECR 5 would have access to these contracts, then it can potentially
30 affect the bidding of the new exploration blocks. This is because there are certain differences between the
31 negotiated contracts and the standard contract that is being presented to PECR 5 bidders.

32
33 3.38. The industry representative clarified that they have no issue about the disclosure of contracts within
34 the Philippines, but because there is an issue relating to competitiveness, the oil and gas companies would
35 want to discuss this matter further with the DOE.

36
37 3.39. A representative of the CSO shared that this same issue was raised during the oil and gas contract
38 seminar in Yangon. The same representative mentioned that during the seminar, it was pointed out that if
39 the government is willing to disclose the contract then the companies cannot do anything. On the other
40 hand, if the companies will be asked to do the disclosure then there will be some constraints because of the
41 concern regarding competitiveness.

1 3.40. The DOE representative further elaborated that their concern is that the potential investors of PERC 5
2 might question why the old contractors got negotiated SCs, and thus, the competitiveness of the Philippines
3 against other countries might be affected.
4

5 3.41. According to the Chair, what the MSG can do is to clarify in the report that the previous contracts were
6 different because these were made under a different political regime.
7

8 3.42. For the information of the body, a representative of the oil and gas industry stated that contracts that
9 were awarded after the SC 38 already have confidentiality clauses making it more difficult to get consent for
10 the disclosure of the contract.
11

12 3.43. The Secretariat clarified that the confidentiality clause is the reason why the DOE was asked to inform
13 the MSG that there is no objection from their end regarding disclosure. It was pointed out that if DOE give
14 its consent then the contracts can be disclosed.
15

16 3.44. The Chair asked how this issue is being tackled in other EITI compliant countries.
17

18 The Secretariat shared that some countries have partial disclosure while others opt to have full disclosure. It
19 was mentioned that contract disclosure is only encouraged. In countries where there are partial disclosures,
20 the MSG agrees which parts are confidential and which are not.
21

22 3.45. As a way forward, it was proposed that the MSG come to an agreement on what could be validly
23 considered as confidential given the considerations raised.
24

25 3.46. The industry representative asked whether the MSG can just disclose the template contract instead of
26 the negotiated contracts.
27

28 3.47. A CSO representative responded that the template contract is already publicly available. In terms of
29 the sections in the old SCs that are negotiated, the same representative stated that the MSG would need to
30 specify what would need to be confidential and would affect competitiveness.
31

32 3.48. In response, the industry representative shared that limited disclosure is something that the Petroleum
33 Association of the Philippines (PAP) is still discussing with DOE. In relation to this, the same representative
34 asked that PAP and DOE be given additional time to identify confidential sections before uploading the
35 negotiated contracts in the website.
36

37 3.49. A CSO representative commented that contract disclosure is an on-going debate at the international
38 level and CSOs support the disclosure of contracts because it is beneficial to the country. It was mentioned
39 that with contract disclosure, the country will be able to maximize its resources by comparing what it is
40 getting from what companies are giving to other countries.
41

1 3.50. In addition, the same representative explained that the industry sector has been opposed to contract
2 disclosure because companies want to maximize profit in every area that they get contracts. But as for
3 government, CSOs and the public, the same representative remarked that contracts are public information
4 and disclosing these will benefit the country.

5
6 3.51. A member of the MSG commented that the body needs to look into the payments or charges that
7 were in the negotiated contracts but not in the model contract because this is where competitiveness issues
8 may arise.

9
10 3.52. With regard to the competitiveness of the country, a representative of the industry sector noted that
11 there is hardly any upstream operation in the Philippines which suggests that due to the way business is
12 being done here, companies are not attracted to invest in the country.

13
14 3.53. The body was informed that at the moment, PAP and the DOE are discussing why Philippines does not
15 have any drilling activities when all the other neighboring countries are nearly energy sufficient. In relation
16 to contract disclosure, the same representative stated that disclosing the negotiated sections of the
17 contracts will not help in resolving the said issue.

18
19 3.54. The Chair stated that the general intention of the EITI is to help the country become more attractive to
20 investors by doing business in a more transparent manner. It was mentioned that the agreements of the
21 MSG will later affect other policies in the country moving forward.

22
23 3.55. The Chair then asked one representative from the CSO and industry sector to consult with DOE
24 regarding the disclosure of the negotiated contracts. The representatives were asked to inform the body in
25 the next MSG meeting on how to move forward with the disclosure, to make sure that disclosure of
26 contracts will be achieved while at the same time safeguarding the competitiveness of the country.

27
28 Representatives of the CSO, industry and DOE agreed.

29
30 3.56. The Chair also asked the said representatives to keep the Secretariat in the loop.

31
32 3.57. It was reiterated that the MSG should be advised on how to proceed with the disclosure of oil and gas
33 contracts on or before December 5. This is because the publication of the contracts has to coincide with the
34 publication of the PH-EITI report. The Secretariat mentioned that links to the Open Data website, where the
35 contracts are uploaded, will be provided in the report.

36 37 **4. Presentation of Final Reconciliation Report**

38
39 4.1. The IA shared that they have received reporting templates from 36 participating entities, 6 of which are
40 oil and gas companies.

1 In terms of percentage, the IA stated that there is a relative increase as compared from the last update in
2 October. For mining, the percentage scope increased from 91% to 94% as a result of the submission of SR
3 Metals. For oil and gas, the percentage increased to 97.8% because of the submission of Galoc Production
4 Company.

5
6 4.2. Overall, the IA reported a percentage scope of 85.5% and 78.3% of combined revenue and assets,
7 respectively.

8
9 4.3. The IA then presented the total payments disclosed by the entities and government agencies (the
10 presentation material is attached as Annex A).

11
12 4.4. The IA explained that they qualified the variances into three types: tested, unreconciled and
13 unconfirmed. The tested amount is the portion of the variance relating to those that have been examined
14 either through review of supporting documents or discussion with the company's management. On the
15 other hand, unreconciled variances refer to portions where the IA did not obtain the necessary documents
16 from the company. On the other hand, unconfirmed variances would refer to the portion to which a
17 government agency or a company did not provide their respective information.

18
19 4.5. Regarding unreconciled BIR payments, the IA reported that the most significant portion actually pertains
20 to entities that may already be dormant like Rapu-Rapu Minerals, as well as companies that submitted their
21 template towards the cut-off date.

22
23 4.6. A CSO representative noted that even though Rapu-Rapu Minerals is not operating, the company is still
24 required to have an office because they still have to conduct rehabilitation activities.

25
26 4.7. The representative of the MGB stated that Rapu-Rapu Minerals contracted the rehabilitation activities
27 but the company has a skeletal post including an accountant.

28
29 The same CSO representative asked whether Rapu-Rapu Minerals will be able to submit their 2012 data or
30 not.

31
32 4.8. To clarify, the IA stated that Rapu-Rapu Minerals submitted the reporting template. However, the
33 company had difficulties in terms of providing necessary supporting documents because their previous
34 finance and accounting personnel have already resigned due to the discontinuation of their operation.

35
36 4.9. An industry sector representative suggested that somebody from Rapu-Rapu Minerals be invited to
37 attend the next MSG meeting in order to shed light on the status of the company's operation. The same
38 representative volunteered to contact the said company.

39
40 The body agreed.

1 4.10. The IA remarked that they aggregated the company payments for presentation purposes only. It was
2 mentioned that as agreed by the MSG, the report will reflect payments as disaggregated per sector and per
3 company.
4

5 4.11. On the other hand, the IA shared that they are thinking of annexing the payments of the different
6 companies in the report instead of including these in the body of the report,
7

8 4.12. The Secretariat clarified that the report should contain reconciliation of company data and
9 government data per stream.
10

11 4.13. A member of the MSG asked if the IA has data on other funds like the rehabilitation fund.
12

13 4.14. The IA explained that the amount presented under mining funds and expenditures is already a
14 consolidated amount of all the funds that were enumerated in the reporting template such as for SDMP and
15 Environmental Protection and Management Program (EPEP). The IA reiterated that they will disaggregate
16 the figures in the final report.
17

18 4.15. In relation to funds, the MGB representative shared that their MESD group is still checking the data
19 with the regional offices.
20

21 4.16. In terms of how the funds are being managed, the IA shared that based on their walkthroughs; certain
22 entities are not strictly following the pre-determined allocation for SDMP. According to the IA, they noticed
23 that the required percentages for each of the component of the SMDP, such as Social Development and
24 Management, Mining Technology and Geosciences Advancement as well as for Information, Education and
25 Communication are not being followed by the companies. Nonetheless, the total SDMP amount still adheres
26 to the required 1.5% of operating costs.
27

28 4.17. The IA also shared that certain SDMP projects are being deferred and may not necessarily be
29 implemented in the year that it was really intended. It was mentioned that SDMP is a 5-year program and
30 according to the IA, this could be the reason why there is flexibility in terms of the schedule of
31 implementation. Nonetheless, the IA reiterated that the required amount is still being maintained by the
32 companies even with the reallocation of funds for projects that were implemented for a different period.
33

34 4.18. A CSO representative asked if there is a clear documentation or at least an agreement between the
35 company and MGB with regard to deferring SDMP projects.
36

37 The same representative asked if there are official communications from the companies when there are
38 projects that are not implemented in a specific year. In addition, the CSO representative wants to be
39 clarified whether the companies need to get approval from the MGB before they can defer, or whether
40 deferment of projects is discretionary on the side of the company.

1 4.19. The IA responded that the only form of communication which they observed with regard to SDMP is
2 the submission of the annual accomplishment report of the companies to the MGB. But how the MGB will
3 respond to the submitted report is something that the IA did not include as part of its report.
4

5 The MGB representative explained that if the allocated amount for an SDMP project is Php 1 Million but the
6 accomplished activities only amounted to Php 750,000, then the remaining Php 250,000 will automatically
7 go to the projects for the following year. It was mentioned that MGB has records of these instances.
8

9 4.20. A representative of the CSO commented that delayed projects should be easily reconciled based on
10 the records of the MGB. The same representative asked where these records are.
11

12 4.21. According to the MGB representative, their records are actually the Multi-Partite Monitoring Team
13 (MMT) reports that are being submitted to the regional office. It was mentioned that a copy of these MMT
14 reports are being forwarded to the central office. However, not all MMT reports have been submitted by the
15 regional offices, which is why the MGB is calling their attention regarding this.
16

17 4.22. The Chair mentioned that the strict monitoring of reports could be one of the policy recommendations
18 for MGB.
19

20 4.23. The MGB representative shared that sometimes companies actually spend more than the required
21 SDMP amount. It was noted that companies may have included these additional SDMP expenditures in their
22 reporting template but these are actually not included in the report that they submit to MGB.
23

24 4.24. The Chair inquired whether a company that spends more than the committed SDMP amount will get
25 any credit.
26

27 4.25. The representative of the CSO commented that the companies will include the additional expenditures
28 for SDMP in their operating cost, thereby reducing their corporate income tax.
29

30 4.26. The Chair expressed concern regarding significant discrepancy on MGB funds. It was mentioned that
31 the variance will catch some attention since the entities reported an amount that is more than twice of what
32 the MGB declared.
33

34 4.27. The MGB representative expressed that they will try to get all the documents from the regional offices
35 in time for the final report to minimize the discrepancy.
36

37 4.28. With regard to timelines, the Secretariat reminded that the additional data from MGB should be
38 submitted as soon as possible if they want the data to be included in the narrative report of the IA. The
39 Secretariat stressed that the report of the IA is due on November 14.
40

41 4.29. A CSO representative asked the MGB to assure the body that the data will be provided within a week.
42 The same representative also asked if MGB needs any assistance from the MSG.

1 The MGB representative stated that they will really try to get all the necessary information.
2

3 4.30. An industry representative commented that there should be no significant variance between the SDMP
4 amount reported by companies and the MGB considering that there is an MMT that is monitoring this fund.
5 It was mentioned that the MMT together with the regional office submit the SDMP report to the MGB.
6

7 4.31. The MGB representative pointed out that the SMDP data presented by the IA is not yet complete since
8 this was just based on the data of the central office and there are still data that regional offices need to
9 transmit.
10

11 4.32. For the information of the body, the IA mentioned that National Commission on Indigenous Peoples
12 (NCIP) is slightly different from other reporting government agencies since the payments or the funds do not
13 go to NCIP, particularly the Indigenous Peoples (IP) royalty. It was clarified that royalties are directly paid to
14 IPs and these are not disbursements made to NCIP.
15

16 4.33. One member of the MSG asked the NCIP representative to provide copies of the Memorandum of
17 Agreement (MOA) between communities and companies since these will be included in the report. With
18 regard to Free, Prior and Informed Consent (FPIC) process, the same representative asked if NCIP will be
19 able to report the expenses for the FPIC process which were actually paid by the companies. The CSO
20 representative also asked NCIP to provide information on the budget for the FPIC process. It was mentioned
21 that NCIP would normally submit a budget to the companies for the FPIC process.
22

23 4.34. In addition, the same representative noted that though royalties are directly paid to IPs, it is the
24 function of the NCIP to monitor the payments. The NCIP representative was asked to update the body
25 regarding their system for monitoring royalty payments.
26

27 4.35. The NCIP representative responded that they can get the FPIC data from their regional offices. As for
28 royalty payments, the NCIP shared that there are new guidelines which is the Community Royalty
29 Development Plan requiring the IPs to come up with a plan or program on how to disburse their royalties.
30

31 The NCIP representative shared that they are cautious in monitoring royalties because they are sometimes
32 being accused of interfering with the funds of the IPs.
33

34 4.36. As for the MOA, the NCIP representative shared that there is an en banc resolution regarding the
35 confidentiality of these documents. It is because some mining companies that are engaged in exploration
36 activities were using the MOA to determine how much the IPs are getting and they will try to gain rights
37 over the mining area by promising bigger royalties.
38

39 4.37. A CSO representative explained that the IPs are entitled to know what are the best offers that can be
40 given to them. Therefore, the reason cited by the NCIP representative this cannot be used as a justification
41 for MOA confidentiality.

1 The same CSO representative asked the commitment of the NCIP to transmit data on FPIC expenditure and
2 budget as well as copies of the MOA.

3
4 4.38. The NCIP representative noted that copies of MOA cannot be given to any individual except IPs and
5 investors as stated in Resolution 62. However, it was mentioned that NCIP can perhaps do some exception
6 for EITI.

7
8 4.39. The same CSO representative asked the NCIP to issue an official statement reflecting their old and new
9 process of monitoring royalty payments including challenges.

10
11 4.40. The Chair mentioned that the discrepancy on NCIP data is one of the biggest variances in terms of
12 percentage. Therefore, the Chair stressed the importance of providing a proper background in reporting the
13 data.

14
15 According to the Chair, the proper background should be treated as an objective recounting of the current
16 system including how NCIP will address the policy gaps that became apparent.

17
18 4.41. The NCIP representative assured the MSG members that they will do what they can to become
19 transparent.

20
21 4.42. A representative of the CSO explained that through the EITI process, the NCIP will be actively involved
22 in the disclosure of information. According to the same representative, this will benefit the NCIP since
23 people on the ground will have a more positive perception towards NCIP.

24
25 4.43. The same representative asked when the NCIP Resolution 62 was issued.

26
27 The NCIP representative shared that the resolution was issued in 2011.

28
29 4.44. For documentation purposes, the Secretariat asked the NCIP to submit a letter addressed to Sec.
30 Purisima explaining why certain information cannot be disclosed for EITI purposes. The Secretariat also
31 asked for a copy of Resolution 62.

32
33 4.45. Going back to the NCIP data that the IA presented, the body was informed that there were limitations
34 in terms of reporting the actual disbursement of royalty payments. The IA explained that some of the
35 companies only have an appropriation in their records and there is no actual cash disbursement, because
36 these companies are having difficulty in identifying the correct IP claimant.

37
38 4.46. A representative of the CSO shared that there are certain areas where the IP group who receives the
39 royalty is not the real claimant.

40
41 In relation to this, the NCIP representative cited two cases involving Philex Mining and Adnama Mining
42 Resources. According to the NCIP representative, Philex Mining reported Php 300 Million, but then the IP

1 can only account for Php 180 Million. Because of this, a group of IPs filed a case against the company. As
2 for Adnama Mining, it was shared that a group of Manobo barricaded the company since it is not giving the
3 right amount of royalty which is not less than 1% of the gross output. The NCIP representative mentioned
4 that these are some of the issues that constrain them from disclosing information. It was shared that there
5 are also instances wherein cases were filed against NCIP.

6
7 4.47. The IA mentioned that Philex Mining did not disclose any payments to IPs for 2012. It was mentioned
8 that Philex is one of the companies that has a legal case concerning royalty payments. According to the IA,
9 Philex did not disburse payments to IP and that is why they did not report any royalty payment in their
10 template.

11
12 It was clarified that companies have different practices. The IA explained that some entities included royalty
13 payments in their template even if it is only an appropriation, while some did not include it because there
14 were no actual payments made.

15
16 4.48. According to the IA, the only entities that disclosed payments to IPs in 2012 are Berong Nickel, Rio
17 Tuba, Marcventures and Carrascal.

18
19 4.49. One representative of the government inquired if the IA has a disaggregated data of how much of the
20 reported IP royalties pertains to the amount appropriated but not actually disbursed.

21
22 4.50. To clarify, the IA stated that the reconciled figure pertains to the amount that has been disbursed. But
23 for unreconciled amount, the IA explained that because the companies were not able to provide any
24 supporting documents, it is difficult to ascertain if there was an actual payment made or the amount
25 reported was just an appropriation.

26
27 4.51. Going back to the data that the MSG is requesting from the NCIP, the NCIP representative was asked to
28 identify the documents that they can disclose including the timeline when can they transmit the data to the
29 Secretariat.

30
31 4.52. As for data on FPIC fees, the NCIP representative responded that they will request these from their
32 regional offices. It was mentioned that NCIP will also try to provide the exact figures for royalty payments
33 including copies of the MOA.

34
35 4.53. The Chair asked if the IP royalty can be in a form of scholarship and other projects.

36
37 The NCIP representative explained that other benefits will be given in the form of livelihood projects in
38 addition to the required royalty amount.

39
40 4.54. In relation to the report of the IA that only 4 companies disclosed IP payments, the Chair asked the
41 NCIP representative to provide a list of all the companies operating in areas where there are IPs.

1 4.55. One member of the MSG commented that the country has a small population of IPs, and given the
2 amount of royalties that companies are reporting, the CSOs are asking why the IPs remain poor. It was
3 mentioned that this issue is already beyond EITI but this is a major challenge to NCIP.
4

5 The same representative mentioned that this is also a concern of the industry sector since companies want
6 to see whether their royalty payments really reach the intended beneficiary.
7

8 4.56. The NCIP representative explained that there were certain flaws and problems in the guidelines on
9 FPIC process as well as delineation and titling of ancestral domains that they previously crafted and this is
10 the reason why they issued the Community Royalty Development Plan. This plan may address the issue that
11 was raised regarding poor IPs within mining areas. It was mentioned that NCIP will not approve any
12 application if the community cannot come up with concrete plans or strategies on how to use the royalties
13 and other benefits that will be given by the company.
14

15 4.57. As a final note on the discussion, the Secretariat stated that they should have all the requested NCIP
16 data by Friday of the following week. According to the Secretariat, the information that the MSG wants to
17 see are enumerated on the reporting templates that the IA sent to NCIP.
18

19 It was explained that the said template should be submitted back to the IA on a per company basis. For
20 example, if there are 10 companies operating in an ancestral domain there should be 10 reporting
21 templates. On top of the template, the Secretariat noted that the MSG is also asking for copies of the MOA
22 and the budget for the FPIC process of the same companies.
23

24 The NCIP representative agreed.
25

26 4.58. For clarification, another NCIP representative emphasized that the amount relating to FPIC is being
27 used to cover the expenses that will be incurred for processing the FPIC application. With regard to royalties,
28 it was clarified that the companies directly pay the royalties to the IP communities and the money does not
29 go to the coffers of the government.
30

31 The same representative stated that the participation of the NCIP, as a party to the MOA, is to monitor
32 actual payments/receipts and disbursements made by the companies. The NCIP representative remarked
33 that this should be clarified in the report.
34

35 4.59. With regard to the amount received by the government through the NCIP for expenses in facilitating
36 the FPIC, the NCIP representative shared that this is fully liquidated by their regional offices. Regional
37 offices will become individually liable for failure to liquidate.
38

39 As for royalties received through the trust funds with NCIP as a signatory, it was mentioned that NCIP cannot
40 really ascertain if indeed there was full compliance with the provisions of the MOA.
41

1 4.60. According to a CSO representative, it is clear that NCIP only receives the fees for the processing of FPIC
2 while royalties go directly to the IPs. The same representative explained that that the MSG is assessing the
3 monitoring processes of NCIP because it is the mandate of NCIP to monitor and make sure that the IPs get
4 their fair share.

5
6 The CSO representative suggested that the NCIP should submit all the information it currently has, and
7 reflect on the gaps and challenges in monitoring the royalties.

8
9 4.61. With regard to pending cases in court concerning royalty payments, the NCIP representative stated
10 that they cannot monitor everything considering that some cases against companies were filed by individual
11 members of the community. If the complainant did not contact NCIP to ask for representation, then NCIP
12 will not know that there is a case filed.

13
14 4.62. The NCIP representative stated that they can provide information with regard to pending cases in so
15 far as royalties are concerned, but they cannot guarantee that what they have would account for all cases
16 filed against companies concerning royalty payments.

17
18 4.63. In addition to the documents that the MSG is requesting, the NCIP was also asked to provide the MSG
19 with a list of recognized IPs who are considered official claimants of royalty payments.

20
21 The NCIP representative responded that the MOA will already suffice as a reference in identifying to whom
22 the royalties should be paid.

23
24 4.64. Since NCIP does not know the total number all on-going cases concerning royalty, the Chair asked the
25 NCIP to give the MSG an idea on the prevalence of these cases.

26
27 4.65. According to the NCIP representative, based on their records, cases concerning royalty payments are
28 commonly filed in Cordillera, Region 13 and Region 11. The NCIP representative asked for the list of
29 companies that are covered by the EITI so that they can check their files and inform the MSG if there is a
30 pending case relating to royalty payments involving the said companies.

31
32 4.66. The Chair asked if the MSG can get all the data by next week.

33
34 The NCIP representative committed that they will submit all necessary data within the given period.

35
36 4.67. An industry representative shared a preliminary survey on the number of mining companies operating
37 in areas with IPs. The body was informed that 17 out of 42 operating companies from the list of MGB have
38 IPs in their mining area.

39
40 4.68. The NCIP representative explained that what they can do is to check if the companies in the list have
41 corresponding data and contract with NCIP.

1 4.69. In relation to the list that was shared by the industry representative, the IA mentioned that they will
2 try to look into the results of their individual walkthroughs with companies and see if the companies
3 explained why they did not pay royalties for 2012.

- 4
- 5 • Discussion on Data Presentation
- 6

7 4.70. The Secretariat requested that the MSG members discuss how they want the data to be presented in
8 the report because there are different approaches. The Secretariat explained that the EITI Standard has
9 certain requirements, like presenting the data by company and by revenue stream. However, it is better that
10 the MSG members could lay down their expectations on how they want the data to appear on the report.

11

12 4.71. The Secretariat noted that in the presentation of the IA, the unconfirmed, unreconciled and tested
13 amounts were segregated but the total of these 3 items pertains to the total variance. The Secretariat
14 shared that this is different from the way the results are presented in other countries. In other countries, the
15 tables usually contain columns on company payment, government payment, variance before reconciliation,
16 variance after reconciliation and explanation for the variance.

17

18 4.72. One member of the MSG suggested adopting the table format used by other countries to avoid
19 confusion if ever our data will be compared to the data of another EITI implementing country.

20

21 4.73. The Secretariat presented a table with the following columns:

- 22 • Types of payments
- 23 • Company figures
- 24 • Government figures
- 25 • Variance pre-reconciliation
- 26 • Variance post-reconciliation
- 27 • Reason for variance
- 28

29 4.74. The IA recalled that there was a previous discussion that if ever either of the party, the entity or the
30 government agency, did not provide the necessary information in their reporting template, such information
31 will be presented in a separate table and will not be reported as an unreconciled amount. The IA pointed
32 out that it will be unfair for one party to say that the amount was unreconciled when in fact the IA did not
33 proceed with the reconciliation process because information was not available.

34

35 4.75. The Secretariat asked how the MSG members want to treat the above scenario wherein the entity did
36 not provide any information at all. The Secretariat asked if the said amount should be considered as
37 unreconciled or whether it should be treated separately as “unconfirmed”

38

39 4.76. One member of the MSG suggested that the unreconciled and unconfirmed amount be aggregated
40 and the reason for the variance will be just indicated.

1 4.77. From the audit perspective, the IA explained that aggregating the unconfirmed amount with
 2 unreconciled defeats the definition of reconciliation because there is no information that could serve as
 3 basis for comparing the figures.

4
 5 4.78. An MSG member commented that it is acceptable to aggregate the unreconciled and unconfirmed
 6 amount. The same representative mentioned that for amounts that were previously identified as
 7 unconfirmed, the IA can indicate in the remarks column that the variance is due to the fact that the other
 8 party did not disclose any data.

9
 10 4.79. According to the IA, they are also considering the users of the report. The IA pointed out that some
 11 users of the report may just get the table without necessarily looking at the remarks column. Because of
 12 this, the IA suggested that unilateral disclosures wherein one party did not provide information, be
 13 presented as a separate table right below the main table.

14
 15 4.80. A CSO representative commented that the word unconfirmed is unclear. A representative of the
 16 government suggested that the IA use "no information provided" instead of "unconfirmed"

17
 18 4.81. The Secretariat commented that the phrase "no information provided" may raise a presumption that
 19 there was no payment made.

20
 21 4.82. The MSG members agreed to just aggregate the unconfirmed figures to the total variance. For each
 22 type of payment, what will be presented aside from the reported amount of the company and the
 23 government agency are the variances before and after reconciliation. The body also agreed to provide a
 24 column where the IA can state or explain the reason for the variance (please refer to table A below).

25
 26 4.83. A representative of the industry sector commented that a column on amount reconciled be added in
 27 the table. The same representative stated that another way of presenting the data is to focus on per
 28 government agency.

29
 30 4.84. Given the foregoing discussions, the body agreed to the present the data using the template below:

31
 32 Table A. Per Company

BIR	Company A Figures	BIR Figures	Variance Pre- Reconciliation	Reconciled Amount	Variance Post- Reconciliation	Reason For Variance
Income Tax						
(and so on...)						
Total						
MGB	Company A Figures	MGB Figures	Variance Pre- Reconciliation	Reconciled Amount	Variance Post- Reconciliation	Reason For Variance
Royalties						

[and so on...]						
Total						
[AND SO ON...]						

1
2

1 Table B. Per Agency

BIR	EXCISE						INCOME TAX						[AND SO ON...]
	Total Governme	Total Reported	Variance Pre-	Variance Post-	Reconcile	Reason	Total Governme	Total Reported	Variance Pre-	Variance Post-	Reconcile	Reason	
Compa ny A													
land so													
Total													

2
3 4.85. With regard to LGU payments, The Secretariat suggested that the data be presented per province, per
4 municipality and per company following the same format for table A.

5
6 4.86. The Chair suggested that the LGU data be attached as annex to avoid having a thick EITI report.

7
8 4.87. For the information of the body, the representative of DBM shared that LGU shares for a particular
9 year is based on the collections from the previous year. It was mentioned that the only requirement for
10 DBM to process the share is the certification coming from the authorized collecting agencies.

11
12 4.88. The same representative also noted that DBM only accepts certification from the central office of the
13 collecting government agencies. It was also mentioned that the recipient LGUs provided to DBM are only up
14 to barangays and not sitios.

15
16 4.89. A government representative commented that the reconciliation of the LGU shares might be
17 problematic because as previously explained, the collection from the mining companies for a particular year
18 will be released to LGUs the succeeding year. Therefore, the LGU share that was released and the revenues
19 collected for a particular year will not match.

20
21 It was clarified that for 2012 LGU shares, the basis is 2011 collections from the mining companies.

22
23 4.90. Going back to the LGU template, the Secretariat suggested that there should be another table
24 comparing LGU transfers from the data reported by the LGUs and the data provided by DBM.

25
26 4.91. The CSO representative commented that in order for the LGUs to validate the amount that they
27 received as share in 2012, the 2011 collections which is the basis for computing 2012 shares should also be
28 provided.

1 4.92. The same representative suggested that DBM be asked to also disclose the 2011 collections which
2 were used in computing the 2012 LGU shares. It was mentioned that 2012 LGU shares will not match with
3 the 2012 collections reported by mining companies.
4

5 4.93. The DBM representative clarified that it is the responsibility of the authorized collecting agency to
6 submit certification to DBM with the following information:

- 7 • How much is the collection made?
- 8 • Who are the entitled LGUs?
- 9 • How much is the share of the entitled LGUs?

10
11 4.94. For clarification, it was mentioned that the MSG wants to know is if it is possible for DBM to provide
12 the basis for the 2012 LGU shares.
13

14 4.95. One member of the MSG commented that the certification from collecting government agencies will
15 already have the basis for the computation.
16

17 4.96. The Chair then asked the DBM representative if the information in the said certification can be made
18 available to EITI.
19

20 4.97. The DBM representative commented that they can provide 2 columns in their report; one is on the
21 amount certified by the collecting government agency and the other is on the released amount.
22

23 **5. Other Matters**

- 24
- 25 • **Updates on contextual information**
- 26

27 5.1. It mentioned that the Secretariat sent the following draft reports to the MSG members, for their
28 comments:

- 29 - Legal Framework
- 30 - Subnational Study
- 31 - Study on IP processes, licenses and State-Owned Enterprises

32
33 5.2. The Chair asked the MSG members to submit their comments on or before November 12. The Chair
34 remarked that if no comments were received by the Secretariat then the report will be considered
35 approved.
36

37 5.3. The Secretariat shared that some of the MSG members have already submitted their comments.
38

39 5.4. The Secretariat mentioned that the economic overview section of the contextual information is being
40 prepared by Dean Clarete.

1 5.5. The Secretariat reminded the group that the first draft of the report will be submitted on November 14
2 and the MSG will be given until November 24 to review the draft PH-EITI report.

3
4 • **Updates from International Secretariat and report on National Coordinator’s meeting**

5
6 5.6. The Secretariat shared that copies of the draft TOR for the Validator and CSO protocol were provided to
7 the members of the MSG. The body was informed that the International EITI Secretariat requests that the
8 MSG send their comments to these two documents by November 21.

9
10 5.7. The Secretariat noted that this document is an outcome of the EITI Board Meeting that was conducted
11 in Myanmar last month.

12
13 5.8. It was shared that a National Coordinator’s meeting was also conducted in Myanmar. The Secretariat
14 highlighted that during the event, it was emphasized that the report should be in open format. According to
15 the Secretariat, they already discussed this matter with the IA. In addition, the said meeting also stressed
16 the need to align the EITI work plan with on-going reforms in the country. The Secretariat mentioned that
17 the MSG needs to submit a revised work plan and this will be part of the agenda for the next MSG meeting.

18
19 • **Reminders on schedules and deadlines**

20
21 5.9. The body was informed that the Secretariat already sent a letter requesting the President to provide a
22 foreword for the report. In addition, it was mentioned that the Secretariat also requested Sec. Purisima to
23 provide a message.

24
25 5.10. On the messages from the different sector, the Secretariat mentioned that the deadline is on
26 November 15.

27
28 5.11. As for the review of 1st draft of report, the Secretariat reiterated that the MSG should submit their
29 comments by November 24. Afterwards, the IA and the writer will integrate all the comments and submit
30 the second draft on November 28..

31
32 5.12. The Secretariat noted that the final approval of the country report will be on December 5. It was
33 clarified that during the MSG meeting in December 5, the MSG will be approving not just the tables and the
34 figures but the entire narrative including the contextual information and the reconciliation report.

35
36 5.13. For the information of the body, the Secretariat shared that the PH-EITI report will have 2 volumes.
37 Volume 1 will be the contextual information while Volume 2 will be the reconciliation report. The Secretariat
38 shared that during the meeting of the writers, the feedback is that it is not feasible to limit the report to 100
39 pages. The suggestion was to have 100 pages for each volume.

40
41 The body agreed.

1 5.14. With regard to MSG recommendations on how to address the issues identified by the report, the
2 Secretariat shared that a suggested format is included in the meeting kit so that the members of the MSG
3 can easily discuss the recommendations. The Secretariat stressed that it is important for the sectors to meet
4 among themselves before the December 5 MSG meeting. It was mentioned that each sector will also be
5 asked to present their recommendations to the body.

6
7 5.15. The Secretariat reported the soft launch of the report with press conference, will be conducted on
8 December 10. It was mentioned that the MSG will also have a Christmas party on the said date.

9
10 5.16. The body was informed that the Secretariat invited Sec. Purisima to give the welcome remarks for the
11 soft launch and that the program will be sent to the MSG by next week.

12
13 5.17. The Secretariat shared that for next year, the MSG will have its 20th MSG meeting and planning on
14 January 9 and a communications workshop on January 8, 2015.

15
16 5.18. Furthermore, the Secretariat stated that the grand Launch of the EITI report will be conducted on
17 February 3, 2015.

18
19 5.19. The Secretariat noted that the deadline that was set by the International EITI Board for the submission
20 of the report is December 31. Therefore, if the MSG wants to fine tune the format of the report, they can
21 opt to submit by December 31.

22
23 However, the Chair mentioned that the content of the report that will be given to the press during the soft
24 launch on December 10 should be the same version that the MSG will submit to the International Board. If
25 ever there will be changes after December 10, these should only be on the format of the report.

26
27 5.20. On the other hand, it was mentioned that the Chair would prefer to have the final PH-EITI report by
28 December 10 instead of December 31.

29
30 5.21. To reiterate, the Secretariat again enumerated the deadlines relating to the publication of the report.
31 According to the Secretariat the first draft of the report will be sent to the MSG by November 14 and the
32 MSG members have until November 24 to review. After the MSG review, the comments will be incorporated
33 in the report and the report will be sent back to the MSG in November 28. The MSG will have until
34 December 5 to comment. The MSG will also approve the final report by December 5. If there are changes
35 that need to be made on the format and layout of the report, the final version will be available by December
36 10.

37
38 • **Financial statement**

39
40 5.22. According to the Secretariat, they have a remaining balance of Php 7.3 million however, it was noted
41 that a significant portion of this amount is already obligated and allocated.

1 **ADJOURNMENT**

2

3 There being no other matters to discuss, the meeting was adjourned at 11:48 AM.

Mirroring the truth
Extractive Industries
Transparency Initiative –
Progress update
November 2014

Reporting templates

As at 31 October 2014, we have received reporting templates from 36 participating entities, 6 of which are from the OG sector.

- Representation of these entities to total revenue and assets per industry is presented as follows:

	In scope (in P'000s)	% of material entities to total	% of entities with templates to total
Mining			
Revenue	71,911,161	96.3%	94.1%
Assets	156,459,575	93.0%	92.3%
OG			
Revenue	72,747,088	100.0%	97.8%
Assets	134,888,960	99.7%	75.6%
Coal			
Revenue	17,626,630	100%	0%
Assets	23,509,432	100%	0%

- In the overall, total reporting templates received account for 85.5% and 78.3% of combined revenue and assets, respectively.

BIR receipts

in PhP thousands		BIR receipts
Var (%)	Unconfirmed	233,936
	Unreconciled	386,869
	Tested	2,283,340
Agency		18,843,087
Entity		21,747,232

- Amount confirmed by BIR for income tax revenue stream is based on cash received as opposed to the tax due (i.e., cash basis as opposed to accrual basis of accounting).
- For withholding taxes, the amount confirmed by BIR represents the entire amount paid by the participating entity rather than specific revenue stream we have requested due to limitation of existing tax form.
- There is a change in RDO during the year (from RDO to LTD); hence the need to obtain complete information from both entities.
- Different tax form used by participating entity in its filing with the BIR.

BOC receipts

in PhP thousands		BOC receipts
Var (%)	Unconfirmed	-
	Unreconciled	99,509
	Tested	74,632
Agency		1,034,402
Entity		860,261

- Amounts confirmed by participating entities include other taxes and fees (e.g. Import Processing Fees, bank charges, etc.) not in-scope for reconciliation purposes.
- Misclassification of taxes and fees confirmed by the participating entities wherein VAT and customs duties are presented in lump, but aggregate balances do not disclose any differences.
- Timing differences.

PPA receipts

Disclosed amounts are inclusive of other fees that are not readily disaggregated.

in PhP thousands		PPA receipts
Var (%)	Unconfirmed	11,819
	Unreconciled	-10,698
	Tested	9,783
Agency		97,475
Entity		108,379

LGU receipts

in PhP thousands		LGU receipts
Var (%)	Unconfirmed	152,702
	Unreconciled	(16,325)
	Tested	(39,334)
Agency		400,431
Entity		497,474

- Reporting templates submitted by LGUs did not indicate the entities for which the taxes and fees pertain to.
- Incomplete government templates particularly for entities that are under the jurisdiction of more than one (1) LGU.
- Misclassification of real property taxes between basic and special education, but total likewise does not result in any variance.

MGB receipts

Variances only due to timing differences.

in PhP thousands		MGB receipts
Var (%)	Unconfirmed	-
	Unreconciled	(146,928)
	Tested	(33,221)
Agency		1,181,907
Entity		1,001,758

Mining funds and expenditures

in PhP thousands		Mining funds
Var (%)	Unconfirmed	2,408,954
	Unreconciled	79,516
	Tested	-
Agency		829,616
Entity		3,318,086

- Timeline disclosed in the annual SDMP report is not strictly adhered to; hence certain target projects are implemented at different periods.
- Actual disbursements are not aligned with the pre-determined allocation as required by the Administrative Order (e.g. Information, Education, and Communication).
- Unavailable supporting documents for each actual amount spent.
- Data maintained by the MGB Head Office is not complete; hence should enforce stringent timeline as to when data from Regional Offices be submitted to them for data consolidation and monitoring.

DOE receipts

- Monitoring is on a per project basis.

in PhP thousands		DOE receipts
Var (%)	Unconfirmed	-
	Unreconciled	-
	Tested	120,763
Agency		28,991,069
Entity		29,111,832

NCIP receipts

in PhP thousands		NCIP receipts
Var (%)	Unconfirmed	63,822
	Unreconciled	39,049
	Tested	165
Agency		1,454
Entity		104,490

- Lack of monitoring over payments by participating entities .
- Similar to MGB, certain information from regional offices are either not transmitted or submitted at later periods to the central office.
- Certain amounts confirmed by participating entities are not supported by actual disbursement documents, but only accruals or fund set up. Essentially, there were no payments made.

Summary receipts

in PhP thousands		Summary receipts	
Var (%)	Unconfirmed	462,279	16%
	Unreconciled	152,458	5%
	Tested	2,266,864	79%
Agency		50,549,426	
Entity		53,431,426	

Auditing procedures

Most information from participating entities is encompassed as part of the normal statutory audit, however subject to different degrees and extent of testing.

- Based on walkthrough, ascertained that material disclosures are subjected to audit procedures such as recalculation, examination, reasonableness test, etc.
- Notwithstanding, audit is still conducted within the context of materiality; hence certain payments may be considered nominal.
- Certain information may also be traced to separate FS disclosures as mandated by Revenue Regulation No. 15-2010.
- Reconfirmed that actual COA audits do not extend to receipts received by varying government agencies.

Questions?

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