

EXECUTIVE SUMMARY

INTRODUCTION

The Palacio del Gobernador Condominium Corporation (PDGCC) is a non-stock and non-profit condominium corporation created by virtue of the Master Deed with Declaration of Restrictions executed on August 30, 1976 pursuant to the provisions of Republic Act (RA) No. 4726, known as the Condominium Act, and Act No. 1459, known as the Corporation Law, as amended. The Articles of Incorporation of PDGCC was registered with the Securities and Exchange Commission on September 27, 1976 under Registration No. 69822. Its By-Laws and Amended By-Laws were registered on October 4, 1976 and May 14, 1982, respectively.

The PDGCC was formed and organized for the purpose of holding title to all the common areas in the Palacio del Gobernador Condominium Project. This project comprises the land and building which was regarded as historical landmark by the National Historical Commission of the Philippines.

The Corporation has operated as a private entity from Calendar Year (CY) 1976 to CY 2003. It became a Government Owned and Controlled Corporation (GOCC) on July 3, 2003, through Board Resolution No. 07-002 series of 2003, wherein the Board of Directors acknowledged and approved the findings/opinion of Office of the Government Corporate Counsel (OGCC) in its Opinion No. 029, series of 2003, dated March 5, 2003 that PDGCC is a GOCC subject to existing laws, rules, and regulations applicable to GOCCs.

Membership in the PDGCC is an appurtenance to the ownership of condominium unit. It is controlled by the Government of the Republic of the Philippines thru the Bureau of the Treasury (BTr), the Intramuros Administration (IA), and the Office of the President (OP). All the units of the eight-storey building project were apportioned and acquired by these agencies and corresponding Condominium Certificates of Title were issued, details as follows:

Agency	Floor	Area (in square meter)	Date of issuance	Amount
BTr	¼ of ground floor	745.07	August 19, 1981	4,612,500
BTr	2 nd	3,729.44	November 13, 1980	14,965,000
BTr	3 rd	3,710.60	November 13, 1980	14,965,000
BTr	4 th	3,710.60	November 13, 1980	14,965,000
BTr	6 th	3,710.60	December 20, 1988	30,000,000
IA	5 th	3,710.60	January 30, 1981	14,760,000
OP	¾ of ground floor	2,235.22	November 14, 1980	48,585,000
OP	7 th	3,710.60		
OP	8 th	3,644.04		

The PDGCC is governed by Board of Directors (BOD) composed of eight members representing the BTr, IA and OP. They also occupy the position of President, Vice President, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Legal Counsel, and Internal Auditor. The PDGCC is headed by President/Chairperson Rosalia V. De

Leon who is also the incumbent Treasurer of the Republic of the Philippines. In January 2006, an Administrative Committee was created, which is presently composed of a Chairman and four members.

The PDGCC generates fund from assessment dues collected from unit owner/members and tenants in the building. The fund is used by PDGCC to defray operating expenses necessary in the administration of the building.

As at December 31, 2022, PDGCC has five regular personnel. Its principal address is at General Luna corner Andres Soriano, Jr. Streets, Intramuros, Manila.

FINANCIAL HIGHLIGHTS

(In Philippine Peso)

I. Comparative Financial Position

Particulars	2022	2021	Increase/ (Decrease)
Assets	59,312,933	61,395,891	(2,082,958)
Liabilities	2,717,689	10,139,079	(7,421,390)
Equity	56,595,244	51,256,812	5,338,432

II. Comparative Results of Operations

Particulars	2022	2021	Increase/ (Decrease)
Revenues	31,957,820	30,006,512	1,951,308
Operating Expenses	27,307,035	19,440,452	7,866,583
Net Income	4,650,785	10,566,060	(5,915,275)

SCOPE OF AUDIT

Our audit covered the examination, on a test basis, of the accounts and transactions of the PDGCC for the period January 1 to December 31, 2022 in accordance with International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of presentation of the financial statements for the years ended December 31, 2022 and 2021. Also, we conducted our audit to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

AUDITOR'S OPINION

We rendered an unmodified opinion on the fairness of presentation of the financial statements of the PDGCC for the years 2022 and 2021 in accordance with Philippine Financial Reporting Standards for Small Entities.

SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. The PDGCC employees are still covered by Social Security System (SSS) membership, contrary to Government Service Insurance System (GSIS) Memorandum Circular (MC) No. 036, s. 2022, which requires the mandatory GSIS membership coverage of personnel of non-chartered GOCC depriving the employees of the appropriate benefits due them upon retirement.

We recommended and Management agreed to facilitate the transfer of the membership of the PDGCC employees from SSS to GSIS pursuant to the GSIS Policy and Procedural Guidelines No. 383-22 as supported by GSIS MC No. 036, s. 2022.

2. The employer's share of Pag-IBIG contribution was not calculated based on the required two per cent of the maximum monthly compensation limit of P5,000, as provided for under Section 1, Rule VI of the Implementing Rules and Regulations of RA No. 9679 resulting in over remittance totaling P313,171 for the CYs 2009 to 2022.

We recommended and the Management agreed to:

- a. Request the Pag-IBIG Fund to apply the over remittances to future remittances of monthly contributions; and
 - b. Restitute the over remittances totaling P313,170 from CYs 2009 to 2022, in case the request is not granted by the Pag-IBIG Fund.
3. The Chief Executive Officer and Appointive Directors of the PDGCC did not pass through the process of review and nomination of the Governance Commission for GOCCs (GCG) and approval of appointment by the President of the Philippines, contrary to Sections 15 and 16 of Chapter IV, RA No. 10149, resulting in the Corporation's inability to exercise check and balance.

We reiterated our prior year's recommendations and the Management agreed to:

- a. Submit a list of nominations for the chief executive officer and appointive directors of the PDGCC to the GCG in accordance with the provisions of RA No. 10149; and
- b. Bring to the attention of the BOD the amendment of the PDGCC's By-Laws effecting the provisions of Section 15, Chapter IV of RA No. 10149.

STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

There are no audit suspensions, disallowances and charges issued to PDGCC as at December 31, 2022.

Out of 32 audit recommendations embodied in the CY 2021 Annual Audit Report, 15 were implemented, four were reconsidered, and 13 were not implemented of which five recommendations were reiterated in Part II of this Report.

iv