**SENATE ELECTORAL TRIBUNAL**

**Notes to Financial Statements**

**For the year ended December 31, 2016**

1. **General Information/Agency Profile**

The financial statements of Senate Electoral Tribunal (SET) were authorized for issue on February 1, 2017 as shown in the Statement of Management Responsibility for Financial Statements signed by Atty. Irene R. Guevarra, the Secretary of the Tribunal and Angelina L. Gabat, Officer in Charge, Accounting Service.

The SET was created under Section 17, Art. VI of the 1987 Constitution to be the sole judge of all contests relating to the election, returns and qualifications of members of the Senate of the Philippines. The Tribunal is composed of nine members, three of whom are justices of the Supreme Court designated by the Chief Justice while the remaining six are the members of the Senate chosen on the basis of proportional representation from the political parties represented therein.

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

The financial statements have been prepared in accordance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014.

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**

1. **Basis of accounting**

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

1. **Financial Instruments**
   1. **Financial Assets**

Financial assets within the scope of PPSAS 29 (Financial Instruments: Recognition and Measurement) are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The SET determines the classification of its financial assets at initial recognition.

* 1. **Financial Liabilities**

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The SET determines the classification of its financial liabilities at initial recognition.

1. **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. These are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and at bank, net of outstanding bank overdrafts, if any.

1. **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.

The costs of ending inventory of office supplies and materials and other inventory items are computed using the Moving Average Method. Supplies and materials purchased for inventory purposes are recorded using the Perpetual Inventory System.

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

1. **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 PPE 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 PPE are required to be replaced at intervals, the SET 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 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 is for the succeeding month.

***Depreciation Method***

The straight line method of depreciation is adopted unless another method is more appropriate for agency operation.

***Estimated Useful Life***

The SET uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The agency uses a residual value equivalent to at least five per cent of the cost of the PPE.

***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 SET 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.

1. **Lease**

SET as a lessee

***Operating Lease***

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the SET. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

1. **Intangible Assets**

***Recognition and Measurement***

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

1. **Changes in accounting policies and estimates**

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

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

The SET corrects 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.

1. **Revenue from Exchange transactions**

***Measurement of Revenue***

Revenue was measured at the fair value of the consideration received.

1. **Budget information**

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

The Statement of Comparison of Budget and Actual Amounts was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

1. **Employee benefits**

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

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

1. **Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| Petty Cash Fund | P 66,554.54 | P 80,000.00 |
| Cash in Bank – Local Currency, Current Account (LCCA) | 1,690,733.64 | 450,095.36 |
| **Total** | **P1,757,288.18** | **P530,095.36** |

*Petty Cash Fund* is maintained under the imprest system. This fund is being used for the non-recurring, emergency and petty expenses of the SET.

*Cash in Bank – LCCA* is maintained at the Philippine National Bank–COA Branch. This represents the deposits made by the Protestants and Protestees who are parties to electoral cases for expenses incidental to the adjudication of their cases, which are held-in-trust by the Tribunal.

The increase in the *Cash in Bank – LCCA* account is mainly due to deposits made by senatorial candidate Francis N. Tolentino amounting to P1,114,122.95 re: SET CASE No. 001-16 (Francis N. Tolentino vs. Leila M. de Lima).

Starting last year, the restoration of the cash equivalent of all unreleased checks was no longer taken-up in compliance with COA instruction that there is no need to make this adjustment.

1. **Other Receivables**

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** |  | **2016** | **2015** |
| **Other Accounts Receivable** |  |  |  |
| Current |  | P - | P 216.00 |
| Non-Current |  | 18,283.20 | 18,283.20 |
| **Total** |  | **P18,283.20** | **P18,499.20** |

The non-current accounts receivable amounting to P18,283.20 represents over payment of salaries, allowances, GSIS and PhilHealth contributions to Anakarina Cube, staff of Senator Paulo Benigno “Bam” Aquino IV due to late notice of her transfer to the Office of the President. A collection letter has been sent to her.

1. **Aging/Analysis of Receivables**

**As at December 31, 2016**

| **Account** | **Total** | **Not past due** | **Past due** | | |
| --- | --- | --- | --- | --- | --- |
| **< 30 days** | **30-60 days** | **> 60 days** |
| Accounts Receivable | P18,283.20 | - | - | - | P18,283.20 |

1. **Inter-Agency Receivables**

|  |  |  |
| --- | --- | --- |
| **Account** | **2016** | **2015** |
| **Due from National Government Agencies (NGAs)** |  |  |
| Current | P 190.89 | P - |
| Non-Current | 67,585.06 | 109,326.30 |
| **Total** | **P67,775.95** | **P109,326.30** |

The current *Due from NGAs* accountrepresents taxes withheld already deducted and remitted in advance to Bureau of Internal Revenue (BIR) in December 2016.

The non-current *Due from NGAs* account as reconciled with the agency, represents prepayments made to the Procurement Service (PS) for various office supplies:

|  |  |
| --- | --- |
| PS Depot UP - | P64,431.89 |
| PS Paco, Manila - | 3,153.17 |
| **Total** | **P67,585.06** |

1. **Inventories**

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| Inventory Held for Consumption |  |  |
| Carrying Amount, Beginning Balance | P751,025.16 | P805,310.58 |
| Additions/Acquisitions during the year | 151,274.27 | 144,269.26 |
| Expensed during the year except write-down | 345,026.90 | 198,554.68 |
| **Total Carrying Amount, Ending Balance** | **P557,272.53** | **P751,025.16** |

1. **Property, Plant and Equipment**

*PPE* account consist of the following**:**

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| Office Equipment | P1,857,034.54 | P1,670,008.22 |
| Information and Communication Technology |  |  |
| Equipment | 1,614,433.46 | 1,110,185.18 |
| Communication Equipment | - | 19,113.36 |
| Leased Assets Improvements, Building | 1,878,734.93 | 2,006,156.31 |
| Machinery and Equipment | 114,547.31 | 4,325.77 |
| Motor Vehicles | 3,582,652.00 | 1,101,980.00 |
| Furniture and Fixtures | 261,623.20 | 221,796.65 |
| Books | - | 136,615.29 |
| Other PPE | 17,100.08 | 45,631.34 |
| **Total** | **P9,326,125.52** | **P6,315,812.12** |

|  | **Office Equipment** | **Information and Communication Technology Equipment** | **Communi-cation Equipment** | **Leased Assets Improvements,**  **Buildings** | **Machinery and Equipment** |
| --- | --- | --- | --- | --- | --- |
| **Carrying Amount,  January 1, 2016** | **P1,670,008.22** | **P1,110,185.18** | **P19,113.36** | **P2,006,156.31** | **P 4,325.77** |
| Additions/Acquisitions | 1,408,115.11 | 1,028,809.00 | - | - | 118,090.01 |
| **Total** | **3,078,123.33** | **2,138,994.18** | **19,113.36** | **2,006,156.31** | **122,415.78** |
| Reclassed | (157,684.60) | (90,848.72) | (19,113.36) | (58,955.00) | (4,325.77) |
| Depreciation (As per Statement of Financial Performance) | (1,063,404.19) | (433,712.00) | - | (68,466.38) | (3,542.70) |
| **Carrying Amount, December 31, 2016 (As per Statement of Financial Position)** | **P1,857,034.54** | **P1,614,433.46** | **P -** | **P1,878,734.93** | **P114,547.31** |
|  |  |  |  |  |  |
| **Gross Cost (Asset AccountBalance perStatement of Financial Position***)* | **P4,580,483.61** | **P2,836,874.00** | **P -** | **P3,722,004.53** | **P118,090.01** |
| Less : Accumulated Depreciation | (2,723,449.07) | (1,222,440.54) | - | (1,843,269.60) | (3,542.70) |
| **Carrying Amount, December 31, 2016 (As per Statement of Financial Position)** | **P1,857,034.54** | **P1,614,433.46** | **P -** | **P1,878,734.93** | **P114,547.31** |

|  | **Motor Vehicles** | **Furniture and Fixtures** | **Books** | **Other PPE** | **Total** |
| --- | --- | --- | --- | --- | --- |
| **Carrying Amount,**  **January 1, 2016** | **P1,101,980.00** | **P221,796.65** | **P136,615.29** | **P45,631.34** | **P 6,315,812.12** |
| Additions/Acquisitions | 2,750,000.00 | 268,800.00 | - | - | 5,573,814.12 |
| **Total** | **3,851,980.00** | **490,596.65** | **136,615.29** | **45,631.34** | **11,889,626.24** |
| Reclassed | - | (194,900.65) | (136,615.29) | (23,973.54) | (686,416.93) |
| Depreciation (As per Statement of Financial Performance) | (269,328.00) | (34,072.80) | - | (4,557.72) | (1,877,083.79) |
| **Carrying Amount, December 31, 2016 (As per Statement of Financial Position)** | **P3,582,652.00** | **P261,623.20** | **P** - | **P17,100.08** | **P 9,326,125.52** |
|  |  |  |  |  |  |
| **Gross Cost (Asset Account Balance per Statement of Financial Position***)* | **P5,207,200.00** | **P301,600.00** | **P** - | **P50,696.00** | **P 16,816,948.15** |
| Less : Accumulated Depreciation | (1,624,548.00) | (39,976.80) | - | (33,595.92) | (7,490,822.63) |
| **Carrying Amount, December 31, 2016 (As per Statement of Financial Position)** | **P3,582,652.00** | **P261,623.20** | **P** - | **P17,100.08** | **P 9,326,125.52** |

|  | **Office Equipment** | **Information and Communication Technology Equipment** | **Communi-cation Equipment** | **Leased Assets Improvements,**  **Buildings** | **Machinery and Equipment** |
| --- | --- | --- | --- | --- | --- |
| **Carrying Amount,  January 1, 2015** | **P1,917,655.40** | **P851,055.98** | **P25,848.42** | **P2,078,736.17** | **P5,462.47** |
| Additions/Acquisitions  Reclassed | 47,220.00  74,596.86 | 828,840.00  - | -  - | 41,000.00 | -  - |
| **Total** | **2,039,472.26** | **1,679,895.98** | **25,848.42** | **2,119,736.17** | **5,462.47** |
| Reclassed | (10,382.43) | (199,556.90) | (400.00) | (43,668.38) | - |
| Depreciation (As per Statement of Financial Performance) | (359,081.61) | (370,153.90) | (6,335.06) | (69,911.48) | (1,136.70) |
| **Carrying Amount, December 31, 2015 (As per Statement of Financial Position)** | **P 1,670,008.22** | **P 1,110,185.18** | **P 19,113.36** | **P 2,006,156.31** | **P 4,325.77** |
|  |  |  |  |  |  |
| **Gross Cost (Asset Account Balance perStatement of Financial Position*)*** | **P 3,527,308.84** | **P1,927,460.00** | **P 31,194.77** | **P 3,787,004.53** | **P 6,315.00** |
| Less : Accumulated Depreciation | (1,857,300.62) | (817,274.82) | (12,081.41) | (1,780,848.22) | (1,989.23) |
| **Carrying Amount, December 31, 2015 (As per Statement of Financial Position)** | **P 1,670,008.22** | **P1,110,185.18** | **P 19,113.36** | **P 2,006,156.31** | **P 4,325.77** |

|  | **Motor Vehicles** | **Furniture and Fixtures** | **Books** | **Other PPE** | **Total** |
| --- | --- | --- | --- | --- | --- |
| **Carrying Amount,**  **January 1, 2015** | **P 1,185,140.00** | **P 325,734.75** | **P 227,051.76** | **P 128,357.07** | **P 6,745,042.02** |
| Additions/Acquisitions  Reclassed | -  - | -  - | -  - | 19,096.00  - | 936,156.00  74,596.86 |
| **Total** | **1,185,140.00** | **325,734.75** | **227,051.76** | **147,453.07** | **7,755,794.88** |
| Reclassed | - | (31,265.43) | (21,509.30) | (79,666.34) | (386,448.78) |
| Depreciation (As per Statement of Financial Performance) | (83,160.00) | (72,672.67) | (68,927.17) | (22,155.39) | (1,053,533.98) |
| **Carrying Amount, December 31, 2015 (As per Statement of Financial Position)** | **P 1,101,980.00** | **P 221,796.65** | **P 136,615.29** | **P 45,631.34** | **P 6,315,812.12** |
|  |  |  |  |  |  |
| **Gross Cost (Asset Account Balance perStatement of Financial Position*)*** | **P 2,457,200.00** | **P 443,862.40** | **P 332,886.88** | **P 93,717.21** | **P 12,606,949.63** |
| Less : Accumulated Depreciation | (1,355,220.00) | (222,065.75) | (196,271.59) | (48,085.87) | (6,291,137.51) |
| **Carrying Amount, December 31, 2015 (As per Statement of Financial Position)** | **P1,101,980.00** | **P221,796.65** | **P136,615.29** | **P45,631.34** | **P6,315,812.12** |

The list of the estimated useful life of each type of Property and Equipment is as follows:

|  |  |
| --- | --- |
|  | **Estimated Useful Life (in years)** |
| Office Equipment | 5 |
| Information and Communication Technology Equipment | 4 |
| Communication Equipment | 5 |
| Other Machinery and Equipment | 5 |
| Motor Vehicles | 10 |
| Furniture and Fixtures | 10 |
| Books | 5 |
| Leased Assets Improvements, Building | 25 |
| Other PPE | 5 |

The *Leased Assets Improvements, Building* account pertains to the cost of improvements made to the COA-NCR Building which is subject to a Lease Agreement with the Commission on Audit together with the House of Representatives Electoral Tribunal.

1. **Intangible Assets**

|  |  |  |
| --- | --- | --- |
|  | **Computer Software** | |
| **Particulars** | **2016** | **2015** |
| **Carrying Amount, Beginning Balance** | **P742,162.57** | P191,484.00 |
| Additions-Purchased/Acquired thru exchange on non-exchange transaction  Reclassed | 20,200.00  - | 631,683.08  3,056.62 |
| **Total** | **762,362.57** | **826,223.70** |
| Disposals | - | - |
| Amortization recognized | (163,327.26) | (84,061.13) |
| **Carrying Amount, Ending Balance (As per Statement of Financial Position)** | **P599,035.31** | **P742,162.57** |
|  |  |  |
| **Gross Cost (Balance per Statement of Financial Position)** | **P855,688.08** | P835,488.08 |
| Less : Accumulated Amortization (including accumulated impairment loss) | (256,652.77) | (93,325.51) |
| **Carrying Amount, Ending Balance (As per Statement of Financial Position)** | **P599,035.31** | **P742,162.57** |

1. **Other Non-Current Assets**

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| Guaranty Deposits | P161,847.54 | P 161,847.54 |
| Other Assets | 629,330.54 | 986,944.36 |
| **Total** | **P791,178.08** | **P1,148,791.90** |

The *Guaranty Deposits* account amounting to P161,847.54 consists of deposits for telephone lines (PLDT), P9,600.00 and Meralco, P152,247.54.

*Other Assets* amounting to P629,330.54 represents the ten per cent salvage value transferred from various *PPE* accounts.

1. **Financial Liabilities**

**12.1 Payables**

| **Accounts** | **2016** | | **2015** | |
| --- | --- | --- | --- | --- |
| **Current** | **Non-Current** | **Current** | **Non-Current** |
| Accounts Payable | P1,541,502.19 | P17,329.39 | P1,032,585.38 | P148,783.91 |
| Due to Officers and Employees | 138,420.32 | - | 1,545,085.33 | - |
| Other Payables | 1,267,489.95 | 373,645.78 | 30,000.00 | 373,645.78 |
| **Total** | **P2,947,412.46** | **P390,975.17** | **P2,607,670.71** | **P522,429.69** |

The *Accounts Payable* account represents obligations to various suppliers arising from the purchase of goods and services and other obligations in connection with the Tribunal’s operations. It also includes the tax refunds of various employees, salaries, allowances and 10 percent retention fee for re-wiring of the building. As of December 31, 2016, the balance of P1,541,502.19 represents various accruals made on services rendered which remained unpaid as of December 31, 2016 while the non-current payables balance amounting to P17,329.39 represents tax refund of one employee of the agency who resigned without filing clearance.

The *Due to Officers and Employees* account amounting to P138,420.32 composed of the additional allowances of members of the Tribunal, salaries and allowances of employees for December 2016 and refund of tax and GSIS loans.

The current balance of *Other Payables* account amounting to P1,267,489.95 pertains to the cash deposits made by various Protestants and Protestees for expenses to be incurred in connection with the adjudication of their cases filed with the Tribunal and bond posted by supplier. The non-current balance in the amount of P373,645.78 refers to the excess cash deposits by previous Protestants and Protestees.

1. **Revenue and Expenses**

As of December 31, 2016, *Revenue and Current Operating Expenses* recorded in the books amounted to P61,331.54 and P171,780,115.94, respectively or a deficit from Current Operations of P171,718,784.40. The *Net Financial Subsidy* received for the year amounted to P176,112,296.17. This resulted to a surplus for the CY 2016 amounting to P4,393,511.77.

Total Revenue consists of the following:

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| **Service Income** |  |  |
| Legal Fees | P50,000.00 | P - |
| Other Service Income | 7,650.00 | 69,036.00 |
| **Business Income** |  |  |
| Interest Income | 481.54 | 333.21 |
| Other Business Income | 3,200.00 | - |
| **Total** | **P61,331.54** | **P69,369.21** |

*Legal Fees* amounting to P50,000.00 pertains to Filing fee of Francis Tolentino for SET case “Francis Tolentino vs. Leila de Lima” and the *Other Service Income* in the amount of P7,650.00 pertains to photocopying services of manifesto and electoral protest documents.

*Interest Income* amounting to P481.54 pertains to the interest earned from the Savings Account maintained at the PNB-COA Branch.

*Other Business Income* refers to payment received from sale of bid documents (P3,000.00) and SET Rules Booklet (P200.00).

1. **Personnel Services**

*Personnel Services* account consist of the following:

|  |  |  |
| --- | --- | --- |
| **Accounts** | **2016** | **2015** |
| Salaries and Wages-Regular | P 46,786,212.49 | P44,642,847.87 |
| Salaries and Wages-Casual/Contractual | 228,924.00 | 222,588.00 |
| Other Compensation | 17,815,162.98 | 17,098,746.95 |
| Personnel Benefit Contributions | 17,205,432.22 | 5,986,105.95 |
| Other Personnel Benefits | 60,081,813.40 | 3,246,128.07 |
| **Total** | **P142,117,545.09** | **P71,196,416.84** |

**14.1 Salaries and Wages**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Salaries and Wages-Regular | P46,786,212.49 | P44,642,847.87 |
| Salaries and Wages-Casual/Contractual | 228,924.00 | 222,588.00 |
| **Total** | **P47,015,136.49** | **P44,865,435.87** |

**14.2 Other Compensation**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Personal Economic Relief Allowance (PERA) | P 2,445,067.35 | P 2,542,541.69 |
| Representation Allowance (RA) | 1,570,222.58 | 1,706,844.09 |
| Transportation Allowance (TA) | 1,436,554.06 | 1,572,772.39 |
| Clothing/Uniform Allowance | 420,000.00 | 465,000.00 |
| Productivity Incentive Allowance | - | 4,200,752.00 |
| Year End Bonus | 7,740,488.35 | 3,841,586.78 |
| Cash Gift | 494,750.00 | 549,250.00 |
| Other Bonuses and Allowances | 3,708,080.64 | 2,220,000.00 |
| **Total** | **P17,815,162.98** | **P 17,098,746.95** |

**14.3 Employees Future Benefits**

The employees of the SET are members of the GSIS, which provides life and retirement insurance coverage.

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

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

**14.4 Personnel Benefit Contributions**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Retirement and Life Insurance Premiums | P 5,486,844.72 | P5,306,805.95 |
| Pag-ibig Contributions | 122,200.00 | 127,300.00 |
| PhilHealth Contributions | 412,387.50 | 424,600.00 |
| Employees Compensation Insurance Premiums | 122,600.00 | 127,400.00 |
| Provident/Welfare Fund Contributions | 11,061,400.00 | - |
| **Total** | **P17,205,432.22** | **P5,986,105.95** |

The increase in the *Personnel Benefit Contributions* is mainly due to the Provident/Welfare Fund Contributions amounting to P11,061,400.00 comprising of P1,000,000.00 originally given by SET as seed money plus P10,000,000.00 additional contribution and the monthly employer contribution from June to December 2016 totaling P61,400.00. The employee’s share of P100.00 per month was charged to the *Salaries and Wages* account. The SET Provident Fund was established under SET Resolution No. 08, Series of 2015 which commenced in June 2016. The establishment of the Fund has been recognized and authorized under Section 41 of the General Provisions of Republic Act No. 7180 and Executive Order No. 641 dated July 25, 2007, as implemented by Administrative Order No. 279 dated May 5, 1992 and Budget Circular No. 2008-3 dated June 20, 2008 respectively.

**14.5 Other Personnel Benefits**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Terminal Leave Benefits | P 3,601,732.65 | P3,041,128.07 |
| Other Personnel Benefits | 56,480,080.75 | 205,000.00 |
| **Total** | **P60,081,813.40** | **P3,246,128.07** |

The increase in the *Other Personnel Benefits* of P56,275,080.75 is due to the fact that in prior years until CY 2015, said benefits were being charged from savings of Maintenance and Other Operating Expenses(MOOE). However, for FY 2016 Budget, these benefits were already incorporated in the Personnel Services.

1. **Maintenance and Other Operating Expenses**

*MOOE* account is composed of the following:

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Traveling Expenses | P 16,309.00 | P 9,399.50 |
| Training and Scholarship Expenses | 1,767,710.46 | 1,522,894.64 |
| Supplies and Materials Expenses | 1,745,866.77 | 582,553.37 |
| Utility Expenses | 954,426.51 | 1,567,411.11 |
| Communication Expenses | 2,371,656.53 | 828,523.38 |
| Awards/Rewards and Prizes | 10,800.00 | 5,800.00 |
| Extraordinary and Miscellaneous Expenses | 4,326,007.94 | 3,968,668.47 |
| Professional Services | 2,619,843.39 | 1,566,138.97 |
| General Services | 2,916,724.44 | 2,739,194.67 |
| Repairs and Maintenance | 7,013,052.42 | 396,613.03 |
| Taxes, Insurance Premiums and Other Fees | 46,976.52 | 58,179.28 |
| Other Maintenance and Operating Expenses | 3,832,785.82 | 24,903,050.64 |
| **Total** | **P27,622,159.80** | **P38,148,427.06** |

**15.1 Traveling Expenses**

| **Account** | **2016** | **2015** |
| --- | --- | --- |
| Traveling Expenses-Local | P16,309.00 | P9,399.50 |

**15.2 Training and Scholarship Expenses**

| **Account** | **2016** | **2015** |
| --- | --- | --- |
| Training Expenses | P1,767,710.46 | P1,522,894.64 |

**15.3 Supplies and Materials Expenses**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Office Supplies Expenses | P 531,539.02 | P276,071.56 |
| Drugs and Medicines Expenses | 24,065.25 | 5,659.00 |
| Medical, Dental and Laboratory  Supplies Expenses | 11,959.76 | 1,250.00 |
| Fuel, Oil and Lubricants Expenses | 167,105.03 | 188,198.55 |
| Semi-Expendable Machinery and  Equipment Expenses | 382,293.96 | - |
| Semi Expendable Furniture, Fixtures  and Books Expenses | 322,987.64 | - |
| Textbooks and Instructional Materials  Expenses | - | 957.00 |
| Other Supplies and Materials Expenses | 305,916.11 | 110,417.26 |
| **Total** | **P1,745,866.77** | **P582,553.37** |

The increase in the *Semi-Expendable Machinery and Equipment Expenses* and *Semi Expendable Furniture, Fixtures and Books Expenses* accounts is due to the reclassification of tangible assets below the capitalization threshold of P15,000, to be accounted as semi-expendable property.

**15.4 Utility Expenses**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Water Expenses | P172,452.37 | P 198,356.64 |
| Electricity Expenses | 781,974.14 | 1,369,054.47 |
| **Total** | **P954,426.51** | **P1,567,411.11** |

The decrease in the *Electricity Expenses* is due to the credited refund of charges by MERALCO from February 1994 to May 2003 during which period the MERALCO charges were being shared by SET and HRET equally.

**15.5 Communication Expenses**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Postage and Courier Services | P 906.00 | P 870.00 |
| Telephone Expenses | 2,233,206.40 | 665,145.38 |
| Internet Subscription Expenses | 133,084.13 | 149,128.00 |
| Cable, Satellite, Telegraph and Radio  Expenses | 4,460.00 | 13,380.00 |
| **Total** | **P2,371,656.53** | **P828,523.38** |

The increase in the *Telephone Expenses* of P1,568,061.02 is due to the additional allowable expenses of the members granted per Resolution No. 05, Series of 2013.

**15.6 Awards/Rewards and Prizes**

| **Account** | **2016** | **2015** |
| --- | --- | --- |
| Awards/Rewards Expenses | P10,800.00 | P5,800.00 |

**15.7 Confidential, Intelligence and Extraordinary Expenses**

| **Account** | **2016** | **2015** |
| --- | --- | --- |
| Extraordinary and Miscellaneous  Expenses | P4,326,007.94 | P3,968,668.47 |

**15.8 Professional Services**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Legal Services | P 150.00 | P 330.00 |
| Auditing Services | 3,428.00 | 792.00 |
| Consultancy Services | 1,978,225.81 | 1,100,000.00 |
| Other Professional Services | 638,039.58 | 465,016.97 |
| **Total** | **P2,619,843.39** | **P1,566,138.97** |

The increase in the *Consultancy Services* of P878,225.81 is due to the increase in the number of consultants of the Tribunal members.

**15.9 General Services**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Janitorial Services | P1,621,363.15 | P1,539,063.68 |
| Security Services | 1,295,361.29 | 1,200,130.99 |
| **Total** | **P2,916,724.44** | **P2,739,194.67** |

**15.10 Repairs and Maintenance**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Repairs and Maintenance-Machinery and  Equipment | P 121,741.00 | P 51,082.00 |
| Repairs and Maintenance-Transportation  Equipment | 109,116.52 | 108,531.07 |
| Repairs and Maintenance-Furniture and  Fixtures | 7,908.00 | 20,044.20 |
| Repairs and Maintenance-Leased Assets  Improvements | 6,765,266.90 | 206,352.01 |
| Repairs and Maintenance-Semi-Expendable  Machinery and Equipment | 9,020.00 | - |
| Repairs and Maintenance-Other PPE | - | 10,603.75 |
| **Total** | **P7,013,052.42** | **P396,613.03** |

The increase in the *Repairs and Maintenance-Leased Assets Improvements* of P6,558,914.89 is mainly due to the renovation-re-wiring of the electrical system of the SET Secretariat Offices as per recommendation of the Fire Disaster Management Bureau.

**15.11 Taxes, Insurance Premiums and Other Fees**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Taxes, Duties and Licenses | P11,796.24 | P13,711.24 |
| Fidelity Bond Premiums | 16,875.00 | 24,375.00 |
| Insurance Expenses | 18,305.28 | 20,093.04 |
| **Total** | **P46,976.52** | **P58,179.28** |

**15.12 Other Maintenance and Operating Expenses**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Advertising Expenses | P 25,401.60 | P 11,424.00 |
| Printing and Publication Expenses | 44,647.50 | 26,070.00 |
| Representation Expenses | 1,804,657.39 | 454,585.15 |
| Rent/Lease Expenses | 900,000.00 | 900,000.00 |
| Subscription Expenses | 150,056.16 | 44,668.00 |
| Donations | - | 109,725.10 |
| Other Maintenance and Operating Expenses | 908,023.17 | 23,356,578.39 |
| **Total** | **P3,832,785.82** | **P24,903,050.64** |

The increase in the *Representation Expenses* of P1,350,072.24 is due to additional allowable expenses of the members granted.

The decrease in the *Other Maintenance and Operating Expenses* of P22,448,555.22 is due to the fact that in prior years until CY 2015, the benefits given to employees were being charged from savings of MOOE. However, for FY 2016 Budget, these benefits were already incorporated in the Personnel Services.

1. **Non-Cash Expenses**

**16.1 Depreciation**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Depreciation-Machinery and Equipment | P1,500,658.89 | P 736,707.27 |
| Depreciation-Transportation Equipment | 269,328.00 | 83,160.00 |
| Depreciation-Furniture, Fixtures and  Books | 34,072.80 | 141,599.84 |
| Depreciation-Leased Assets Improvements | 68,466.38 | 69,911.48 |
| Depreciation-Other PPE | 4,557.72 | 22,155.39 |
| **Total** | **P1,877,083.79** | **P1,053,533.98** |

**16.2 Amortization**

| **Account** | **2016** | **2015** |
| --- | --- | --- |
| Amortization – Intangible Assets | P163,327.26 | P84,061.13 |

1. **Net Financial Assistance/Subsidy**

**Financial Assistance/Subsidy from NGAs, LGUs, GOCCs**

| **Accounts** | **2016** | **2015** |
| --- | --- | --- |
| Subsidy from National Government | P176,112,296.17 | P109,521,137.78 |

**The Net Subsidy from National Government consists of:**

| **Particulars** | **2016** | **2015** |
| --- | --- | --- |
| Notice of Cash Allocation (NCA) received from DBM | P224,648,210.00 | P110,956,023.00 |
| Tax Remittance Advice (TRA) issued to BIR | 25,168,935.30 | 12,035,031.55 |
| Reversions(Un-utilized NCA) | (73,704,849.13) | (13,469,916.77) |
| **Total** | **P176,112,296.17** | **P109,521,137.78** |

1. **Statement of Comparison of Budget and Actual Amount**

The difference in the original and budgeted amount is accounted for as follows (in thousand pesos):

**18.1 Personnel Services**

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Per GAA | P179,439 |
| Additional Special Allotment Release Order (SARO) for Salary Standardization Law (SSL) 4 – 1st Tranche | 5,372 |
| Additional SARO for Mid-Year Bonus | 4,112 |
| **Total** | **P188,923** |

**18.2 Automatic Appropriation**

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Per GAA | P5,517 |
| Additional SARO for SSL 4 – 1st Tranche | 593 |
| **Total** | **P6,110** |

**18.3 Maintenance and Other Operating Expenses**

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Per GAA | P57,815 |
| Continuing Appropriation | 6,641 |
| **Total** | **P64,456** |

**18.4 Capital Outlay**

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Per GAA | P6,799 |
| Continuing Appropriation | 42 |
| **Total** | **P6,841** |