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PART I - AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
COMMONWEALTH AVENUE, QUEZON CITY

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

National Irrigation Administration
NIA Complex, EDSA, Diliman, Quezon City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the **National Irrigation Administration (NIA)**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of financial performance, statements of changes in net assets/equity and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2023, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Bases for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the **NIA** as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

The faithful representation in the financial statements and verifiability of the balances as at December 31, 2023 of five (5) major asset accounts, i.e. Cash and cash equivalents, Receivables, Inventories, Property, plant and equipment (PPE), and Other assets (current); six (6) major liability accounts, i.e. Financial liabilities, Inter-agency payables, Intra-agency payables, Trust liabilities, Other payables, and Deferred credits/unearned revenue; and Accumulated surplus/(deficit) account could not be established, contrary to Paragraphs 3.10 and 3.26 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and Paragraph 27 of IPSAS 1, in view of the following:

- a. Variances in the amounts of P597.709 million, P70.140 million, and P1,250.405 million in the Receivables-Inter-agency receivables-Due from national government agencies (NGAs), Receivables-Inter-agency receivables-Due from other government corporations (GCs), and Inter-agency payables-Due to NGAs accounts between the balances per books in the amounts of P599.490 million, P70.140 million, and P1,699.723 million vis-à-vis confirmed balances by various debtors and creditors in the amounts of P1.781 million, zero and P449.318 million, respectively, which remained unreconciled as at year-end;

- b. Incomplete physical count of the properties/items under eight (8) PPE sub-accounts with total carrying amount of P8.114 billion, particularly the Water supply systems due to difficulty in identifying the costs as these were constructed from various funds and projects, thus, the existence thereof could not be established; unreconciled variance in the aggregate amount of P27.844 billion between the General Ledger (GL) balance vis-à-vis balances per Reports on the Physical Count of PPEs (RPCPPEs); and non-maintenance of complete PPE Ledger Cards (PPELCs) and Construction in Progress Ledger Cards (CIPLCs) for PPE sub-accounts with carrying amount of P17.375 billion;
- c. Seven (7) liability sub-accounts, i.e. Financial liabilities-Accounts payable, Financial liabilities-Due to officers and employees, Inter-agency payables-Due to NGAs, Inter-agency payables-Due to other GCs, Trust liabilities-Guaranty/security deposits payable, Trust liabilities-Trust liabilities, and Trust liabilities-Disallowances/charges in the aggregate amount of P3.135 billion were only supported with Subsidiary Ledgers (SLs) but with incomplete data/details;
- d. Presence of abnormal balances in the total amount of P161.204 million in seven (7) liability sub-accounts, i.e. Financial liabilities-Accounts payable and Due to officers and employees; Inter-agency payables-Due to other GCs, Due to GSIS, Due to Pag-IBIG, Due to PhilHealth; and Trust liabilities – Guaranty/security deposits payable;
- e. Inclusion of the balances of inactive 43 asset sub-accounts and 14 liability sub-accounts in the aggregate amounts of P20.455 billion and P49.619 million, respectively, without complete accounting records/documents and were only supported by trial balances of 73 inactive/ unidentified projects; and
- f. Recognition of Prior period adjustments and other adjustments covering calendar years (CYs) 2020 to 2023 in the total debits and credits amounting to P6.527 billion and P16.020 billion, respectively, without relevant documents to substantiate the adjustments made to restate various assets, liabilities, income and expense accounts in prior years due to errors, omissions and misstatements, arising from inability to use, or misuse of, reliable information.

We were unable to obtain sufficient appropriate audit evidence about the balances of the above-mentioned accounts, due to the inadequacy of accounting and property records, schedules and working papers. Consequently, we were not able to determine the possible cumulative effect on the financial statements and whether adjustments to these accounts were necessary.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the NIA in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the bases for our qualified opinion.

Other Matters

In our report dated July 17, 2023, we did not express an opinion on the financial statements of the NIA as at and for the years ended December 31, 2022 and 2021 because of the significance and pervasiveness of the matters noted in the audit of various accounts, particularly the faithful representation in the financial statements and verifiability of the balances of four (4) major asset accounts, i.e. Cash and cash equivalents, Receivables, Other current assets and PPE in the amounts of P19.220 billion, P1.870 billion, P2.804 billion and P300.892 billion, respectively; five (5) major liabilities accounts i.e. Financial liabilities, Inter-agency payables, Trust liabilities, Provisions and Other payables accounts in the amounts of P3.234 billion, P76.286 billion, P3.074 billion, P1.108 billion and P2.359 billion, respectively; and Accumulated surplus/(deficit) account in the amount of P228.230 billion, were not established in view of the following:

- a. Non-maintenance of complete SLs to support the GLs accounts on nine (9) assets and 10 liabilities accounts with balances in the aggregate amounts of P662.269 million and P1.606 billion, respectively; while SLs maintained for four (4) assets accounts in the aggregate amount of P312.140 million and 11 liabilities accounts in the total amount of P3.882 billion had no/incomplete data/details;
- b. Absence of complete accounting and property records/documents on PPE and Cash and cash equivalents accounts, such as: (i) PPELCs and CIPLCs for various PPE items in the total amount of P74.029 billion, while PPELCs/CIPLCs for PPE account in the total amount of P25.913 billion had incomplete data; and (ii) Bank Reconciliation Statements (BRSS) for Cash in banks in the total amount of P29.991 million;
- c. Unreconciled variances in the total absolute amount of P41.046 billion between the PPE balances per GLs vis-à-vis balances per RPCPPEs;
- d. Presence of abnormal balances in five (5) assets accounts and seven (7) liabilities accounts in the total amounts of P1.582 billion and P263.862 million, respectively; and
- e. Recognition of prior period adjustments and other adjustments covering CYs 2020 to 2022 in the total debits and credits amounting to P20.949 billion and P116.129 billion, respectively, without supporting documents to substantiate the adjustments made to restate various assets, liabilities, income and expense accounts in prior years due to errors, omissions and misstatements, arising from failure to use, or misuse of reliable information.

In CY 2023, NIA prepared/maintained various accounting and property records and documents, and analyzed and made necessary adjustments to restate various accounts, specifically:

- a. Prepared/maintained SLs to support the GLs of nine (9) assets and 10 liabilities accounts with aggregate amounts of P571.863 million and P1.590 billion, respectively, reducing by 86.35 per cent and 99.00 per cent the unsupported assets and liabilities in CY 2022, and provided complete data/details of the SLs

maintained for four (4) assets accounts in the aggregate amount of P312.140 million;

- b. Prepared/maintained PPELCs/CIPLCs for various PPE sub-accounts in the total amount of P56.654 billion, reducing by 76.53 per cent the PPE sub-accounts without PPELCs/CIPLCs in CY 2022, provided complete data of PPELCs/CIPLCs for various PPE items in the total amount of P25.913 billion, and prepared BRSs for the Cash in banks in the total amount of P29.991 million;
- c. Analyzed and reconciled variances between the GLs of the PPE account and the RPCPPEs, reducing by 32.16 per cent or P13.202 billion the unreconciled variances noted in CY 2022;
- d. Analyzed and adjusted the abnormal balances in five (5) assets accounts in the total amount of P1.582 billion and seven (7) liability accounts in the amount of P102.658 million; and
- e. Provided the supporting documents of Prior period adjustments in the total debits and credits amounting to P15.875 billion and P101.784 billion, respectively, reducing by 75.78 per cent and 87.65 per cent the unsupported debits and credits of Prior period adjustments covering CYs 2020 to 2022.

Accordingly, our present opinion on the restated financial statements as at and for the year ended December 31, 2022 is already qualified concerning these matters.

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

Management is responsible for the preparation of the financial statements in accordance with the IPSASs and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the NIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NIA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit observations, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The supplementary information in Note 40 to financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management of the NIA.

COMMISSION ON AUDIT

C.M. Lina

CARMENCITA P. MODINA

State Auditor IV

OIC-Supervising Auditor

Audit Group B-NIA

Cluster 5 - Agriculture and Natural Resources

Corporate Government Audit Sector

October 24, 2024



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL IRRIGATION ADMINISTRATION
CENTRAL OFFICE

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS**

The management of NATIONAL IRRIGATION ADMINISTRATION (NIA) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing NIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NIA or to cease operations, or has no realistic alternative to do so.

The NIA Management reviews and the NIA Board of Directors approves the financial statements, including the schedules therein, and submits the same to the stakeholders.

The Commission on Audit, through its authorized representative, has examined the financial statements of NIA pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and the auditor, in its report to the Board of Directors, and shall express its opinion on the fairness of presentation upon completion of such audit.


ATTY. JEFFREY GALLARDO

Chairman of the Board


ENGR. EDUARDO EDDIE G. GUILLEN

Vice - Chairman of the Board / Administrator


ROBERT VICTOR G. SEARES, JR.

Deputy Administrator
For Administrative and Finance Sector


MILCA B. CAYANGA, MBA, MPA

Manager
Financial Management Department

Signed this 19th day of September 2024

NATIONAL IRRIGATION ADMINISTRATION
STATEMENTS OF FINANCIAL POSITION
As at December 31, 2023 and 2022
(In Philippines Peso)

			2022	January 1, 2022
	Note	2023	(As restated)	(As restated)
ASSETS				
Current Assets				
Cash and cash equivalents	6	23,189,109,330	19,220,053,203	11,283,168,960
Receivables, net	7	3,057,244,541	3,109,915,038	5,738,610,548
Inventories, net	8	81,077,197	51,662,272	89,368,528
Other assets, net	9	3,477,750,166	2,883,819,500	4,469,614,527
Total Current Assets		29,805,181,234	25,265,450,013	21,580,762,563
Non-Current Assets				
Investment property	11	2,082,569	2,082,569	2,082,569
Property, plant and equipment, net	12	293,208,088,318	278,869,589,760	276,321,794,816
Intangible assets, net	13	206,645,080	104,698,885	51,928,839
Total Non-Current Assets		293,416,815,967	278,976,371,214	276,375,806,224
TOTAL ASSETS		323,221,997,201	304,241,821,227	297,956,568,787
LIABILITIES				
Current Liabilities				
Financial liabilities	14	2,681,299,558	3,293,609,662	5,364,319,352
Inter-agency payables	15	79,179,603,270	76,287,698,566	75,519,196,883
Intra-agency payables	16	-	-	56,042,939
Trust liabilities	17	2,934,824,985	3,074,955,489	3,020,494,273
Provisions	18	1,182,944,640	1,108,272,140	1,174,198,772
Other payables	19	2,231,026,179	2,357,396,045	3,237,005,509
Total Current Liabilities		88,209,698,632	86,121,931,902	88,371,257,728
Non-Current Liabilities				
Deferred credits/Unearned revenue	20	5,054,350,539	5,004,650,559	5,411,916,132
Total Non- Current Liabilities		5,054,350,539	5,004,650,559	5,411,916,132
TOTAL LIABILITIES		93,264,049,171	91,126,582,461	93,783,173,860
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)		229,957,948,030	213,115,238,766	204,173,394,927
NET ASSETS/EQUITY				
Government equity	21	5,559,191,865	5,559,191,865	5,559,191,865
Accumulated surplus/(deficit)	22	224,398,756,165	207,556,046,901	198,614,203,062
NET ASSETS/EQUITY		229,957,948,030	213,115,238,766	204,173,394,927

The Notes on pages 13 to 115 form part of these financial statements.

NATIONAL IRRIGATION ADMINISTRATION
STATEMENTS OF FINANCIAL PERFORMANCE
For the Years Ended December 31, 2023 and 2022
(In Philippines Peso)

			2022
	Note	2023	(As restated)
REVENUE			
Service and business income	23	1,333,643,539	1,914,159,858
Shares, grants and donations	24	16,291,212	2,847,606
TOTAL REVENUE		1,349,934,751	1,917,007,464
CURRENT OPERATING EXPENSES			
Personnel services	25	5,000,648,148	4,554,308,367
Maintenance and other operating expenses	26	5,771,048,517	5,768,143,418
Financial expenses	27	2,885,181,507	1,086,224,806
Non-cash expenses	28	8,790,922,752	16,584,243,462
TOTAL CURRENT OPERATING EXPENSES		22,447,800,924	27,992,920,053
DEFICIT FROM CURRENT OPERATIONS		(21,097,866,173)	(26,075,912,589)
Other non-operating income	29	81,512,165	85,118,554
Gains	30	4,703,805	10,413,829
Losses	31	(28,574,570)	(10,283,122)
DEFICIT BEFORE TAX		(21,040,224,773)	(25,990,663,328)
Less: Income tax expense	32	-	-
DEFICIT AFTER TAX		(21,040,224,773)	(25,990,663,328)
Assistance and subsidy	33	42,533,386,172	42,927,377,119
NET SURPLUS FOR THE PERIOD		21,493,161,399	16,936,713,791

The Notes on pages 13 to 115 form part of these financial statements.

NATIONAL IRRIGATION ADMINISTRATION
STATEMENTS OF CHANGES IN NET ASSETS/EQUITY
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Government equity (Note 21)	Accumulated surplus/(deficit) (Note 22)	Total
BALANCE AS AT DECEMBER 31, 2021	5,559,191,865	217,461,328,168	223,020,520,033
CHANGES IN EQUITY FOR 2021			
Changes in accounting policy		(64,303,983)	(64,303,983)
Prior period adjustments, as restated	-	(18,782,821,123)	(18,782,821,123)
RESTATED BALANCE AS AT DECEMBER 31, 2021	5,559,191,865	198,614,203,062	204,173,394,927
CHANGES IN EQUITY FOR 2022			
Surplus for the period, as restated	-	16,936,713,791	16,936,713,791
Other adjustments, as restated	-	(7,994,869,952)	(7,994,869,952)
RESTATED BALANCE AS AT DECEMBER 31, 2022	5,559,191,865	207,556,046,901	213,115,238,766
CHANGES IN EQUITY FOR 2023			
Surplus for the period	-	21,493,161,399	21,493,161,399
Other adjustments	-	(4,650,452,135)	(4,650,452,135)
BALANCE AS AT DECEMBER 31, 2023	5,559,191,865	224,398,756,165	229,957,948,030

The Notes on pages 13 to 115 form part of these financial statements.

NATIONAL IRRIGATION ADMINISTRATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows:			
Receipt of assistance/subsidy	34	40,789,383,690	40,743,743,764
Collection of income/revenue		545,535,583	591,531,925
Trust receipts		284,732,163	401,158,971
Receipt of intra-agency fund transfers		186,048,518	-
Collection of receivables		185,498,267	238,286,439
Receipt of inter-agency fund transfers		21,227,741	257,782,685
Proceeds from sales of goods and services		-	556,724
Other receipts		116,951,676	287,676,153
Other adjustments		623,388,733	837,761,149
Total cash inflows		42,752,766,371	43,358,497,810
Cash outflows:			
Payment of expenses		8,141,574,193	7,553,000,751
Remittance of personnel benefit contributions and mandatory deductions		2,369,611,094	2,320,258,212
Payment of accounts payable and other payables		1,162,295,337	1,004,721,454
Grant of cash advances		704,626,608	816,871,938
Other disbursements		248,569,890	507,655,992
Release of inter-agency fund transfers		148,919,058	273,829,024
Purchase of inventories		121,961,765	77,186,108
Refund of deposits		38,740,625	214,677,847
Prepayments		13,585,205	8,847,813
Release of intra-agency fund transfers		-	326,801,995
Other adjustments		568,809,422	212,520,792
Total cash outflows		13,518,693,197	13,316,371,926
Net cash provided by operating activities		29,234,073,174	30,042,125,884
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows:			
Receipt of interest earned		7,177,902	9,198,056
Proceeds from sale/disposal of property, plant and equipment		15,936	236,403
Proceeds from sale of other assets		-	96,083
Total cash inflows		7,193,838	9,530,542
Cash outflows:			
Purchase/construction of property, plant and equipment		25,230,260,422	21,867,931,191
Purchase of intangible assets		14,950,017	46,520,993
Purchase/construction of investment property		469,033	-
Purchase/acquisition of investments		-	303,649,312
Other adjustments		2,003,904	1,272,653
Total cash outflows		25,247,683,376	22,219,374,149
Net cash used in investing activities		(25,240,489,538)	(22,209,843,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows:			
Proceeds from domestic and foreign loans		-	133,307,408
Total cash inflows		-	133,307,408
Cash outflows			
Payment of long-term liabilities		-	27,148,917
Payment of foreign loans		-	8,775
Total cash outflows		-	27,157,692
Net cash provided by financing activities		-	106,149,716
Net increase in cash and cash equivalents		3,993,583,636	7,938,431,993
Effect of exchange rate changes on cash and cash equivalents		(24,527,509)	(1,547,750)
Cash and cash equivalents, January 1		19,220,053,203	11,283,168,960
Cash and cash equivalents, December 31	6	23,189,109,330	19,220,053,203

The Notes on pages 13 to 115 form part of these financial statements.

NATIONAL IRRIGATION ADMINISTRATION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended December 31, 2023
(In Philippine Peso)

		Budgeted amount		Actual amounts	Difference
	Note	Original	Final	on comparable basis	final budget and actual
RECEIPTS					
Service and business income		599,875,156	599,875,156	1,333,643,539	(733,768,383)
Shares, grants and donations		-	-	16,291,212	(16,291,212)
Other non-operating income		74,041,923	74,041,923	81,512,165	(7,470,242)
Gain on foreign exchange		-	-	3,984,425	(3,984,425)
Gain on sale of unserviceable property		-	-	698,393	(698,393)
Gain on sale of property, plant and equipment		-	-	20,987	(20,987)
Assistance and subsidy		45,988,313,609	45,988,313,609	42,533,386,172	3,454,927,437
Total Receipts		46,662,230,688	46,662,230,688	43,969,536,893	2,692,693,795
PAYMENTS					
Personnel services		5,411,303,000	5,658,941,614	5,000,648,148	658,293,466
Maintenance and other operating expenses		4,562,656,869	3,882,712,414	5,799,623,087	(1,916,910,673)
Capital outlay		36,688,270,819	36,688,270,819	25,245,679,472	11,442,591,347
Financial expenses		-	469,841	2,885,181,507	(2,884,711,666)
Total Payments		46,662,230,688	46,230,394,688	38,931,132,214	7,299,262,474
NET RECEIPTS / (PAYMENTS)	39	-	431,836,000	5,038,404,679	(4,606,568,679)

The Notes on pages 13 to 115 form part of these financial statements.

**NATIONAL IRRIGATION ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
ALL FUNDS**

(All amounts in Philippine Peso unless otherwise stated)

1. CORPORATE INFORMATION

The National Irrigation Administration (NIA) was formally created as a Government Owned and Controlled Corporation (GOCC) under Republic Act (RA) No. 3601 on June 22, 1963, with an authorized capital of P300 million. In calendar year (CY) 1974, under Presidential Decree (PD) No. 552, its capitalization was increased to P2 billion, and under PD No. 1702 dated July 17, 1980, it was further increased to P10 billion. The capital was to be subscribed and paid for entirely by the Philippine Government. Section 2, paragraph (b) of PD No. 552 provides the NIA's sources of operating capital.

The NIA was originally attached to both the Department of Public Works and Highways (DPWH) and the Department of Agriculture (DA), but was later transferred to the Office of the President (OP) of the Philippines, and subsequently attached to the DA under Administrative Order (AO) No. 17 dated October 14, 1992. On May 5, 2014, under Executive Order (EO) No. 165, Series of 2014, the NIA was transferred together with the National Food Authority, the Philippine Coconut Authority, and the Fertilizer and Pesticide Authority from the DA to the OP of the Philippines under the Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM). In view of the change in Administration in CY 2016, the OPAFSAM was abolished. Under EO No. 1, Series of 2016 dated June 30, 2016, the NIA was not included among the agencies listed under the supervision of the Cabinet Secretary. However, in a Memorandum dated November 3, 2016 of the former Executive Secretary, the Cabinet Secretary was designated as the Acting Chairperson of the NIA Board of Directors (BOD). Through EO No. 168, Series of 2022 dated April 25, 2022, the NIA was transferred back as an attached Agency under the DA. Currently, the NIA was transferred to the OP of the Philippines pursuant to EO No. 69 dated September 5, 2024. The NIA houses its Central Office (CO) at the NIA Complex, EDSA, Diliman, Quezon City.

The NIA no longer collects Irrigation Service Fee (ISF) from landowners with landholdings of eight (8) hectares and below. This is in consonance with RA No. 10969, otherwise known as the Free Irrigation Service Act of 2018, amending RA No. 3601, which was approved by the former President of the Philippines on February 2, 2018, implementing the scope of Free Irrigation Service and the Condonation and Writing Off of Loans, Past Due Accounts and Penalties of Farmers and Irrigators Associations (IAs) with landholdings of eight (8) hectares and below only.

The principal function of the NIA was initially to develop, maintain, operate, improve, and rehabilitate irrigation systems including communal and pump irrigation projects. However, with the reorganization of the government that occurred after the NIA's creation, it also assumed the irrigation activities of other government agencies, including those of the Irrigation Service Unit of the then Presidential Assistance on Community Development. Thereafter, with the passage of RA No. 6978 on January 24, 1991, otherwise known as "An Act to Promote Rural Development by providing for an Accelerated Program within a Ten-Year Period for the Construction of Irrigation Projects," the activities of the NIA were

significantly increased to cover the remaining 1.2 million unirrigated, but irrigable hectares of land nationwide.

In order to achieve its mandate, the NIA has the following objectives:

- a. Develop and maintain irrigation systems in support of the agricultural program of the government;
- b. Provide adequate level of irrigation service on a sustainable basis in partnership with the farmers and local government units (LGUs);
- c. Provide technical assistance to institutions in the development of water resources for irrigation; and
- d. Improve and sustain the operation of NIA as a viable Corporation and service-oriented Agency.

With these objectives, the NIA is tasked to:

- a. Investigate, study, and develop all available water resources in the country, primarily for irrigation purposes;
- b. Plan, design, construct, and/or improve all types of irrigation projects and appurtenant structures;
- c. Operate, maintain, and administer all national irrigation systems (NIS);
- d. Supervise the operation, maintenance, and repair, or otherwise, administer temporarily all communal and pump irrigation systems constructed, improved, and/or repaired wholly or partially with government funds;
- e. Delegate the partial or full management of NIS to duly organized cooperatives or associations; and
- f. Construct multiple-purpose water resources projects designed primarily for irrigation, and secondarily for hydraulic power development and/or other uses such as flood control, drainage, land reclamation, domestic water supply, roads and highway construction, and reforestation, among others, provided, that the plans, designs, and the construction thereof, shall be undertaken in coordination with the agencies concerned.

Vision

By 2023, NIA is an advanced and innovative irrigation agency enabling highly competitive and sustainable Philippine farming communities.

Mission

An efficient and well-managed government corporation developing and managing modern, resilient, and multipurpose irrigation systems to improve agricultural productivity and increase farmers' income.

Core Values

Integrity - Innovation - Commitment – Excellence

1.1. Personnel Profile and Organizational Structure

The NIA is headed by an Administrator, assisted by a Senior Deputy Administrator and supported by Deputy Administrator for Administrative and Finance, and Deputy Administrator for Engineering and Operations. The NIA had 10,077 and 9,933 personnel in CYs 2023 and 2022, respectively. The breakdown is as follows:

	2023	2022
Monthly Paid – Rationalized		
Permanent - Corporate Operating Budget (COB) charged filled	3,731	3,812
Casual/Daily Paid		
COB charged	3,315	3,247
Project charged	3,031	2,874
	10,077	9,933

The NIA is composed of the CO, seventeen (17) Regional Offices (ROs), including the Upper Pampanga River Integrated Irrigation System (UPRIIS) and the Magat River Integrated Irrigation System (MARIIS), 54 regular Irrigation Management Offices (IMOs), seven (7) Interim IMOs, six (6) Satellite Offices, and five (5) Project Management Offices (PMOs).

1.2. Projects and Operational Profile

The NIA implemented 118 irrigation programs for CY 2023 including carry-overs from previous years. Of the total number, 38 projects are located in Luzon, 24 in Visayas, 22 in Mindanao and 34 programs are implemented in selected provinces nationwide. Activities for the year include planning and development of irrigation projects, repair, rehabilitation and restoration projects of national and communal irrigation systems, organization and development of IAs, implementation and monitoring of Irrigation Management Transfer (IMT), and execution and monitoring of climate change adaptation works.

The CY 2023 program included the: generation of 15,194 hectares of newly irrigated areas; restoration of 20,919 hectares of non-operational areas; repair and rehabilitation works of 139.62 kilometers earth canal, 636.98 kilometers concrete-lined canal, 70.88 kilometers high-density polyethylene (HDPE) pipe, 106.85 kilometers concrete roads, 66.60 kilometers gravel roads and 2,317 units of canal structures.

As of December 2023, the Agency has Physical and Financial accomplishments of 63.86 per cent and 42.37 per cent, respectively. This is equivalent to the generation of a newly irrigated area of 4,274 hectares, restoration of 11,188 hectares, repair of a total of 176.59 kilometers of earth canals, 576.17 kilometers of concrete-lined canal, 50.99 kilometers of HDPE pipe, 113.44 kilometers of concrete roads, 48.08 kilometers gravel roads and 1,481 units of canal structures.

For carryover programs, the Agency accomplished a total of 18,292 hectares and 3,752 hectares for new and restored area, respectively, repair of 69.41 kilometers and 133.44 kilometers earth and lined canal, respectively, 4.29 kilometers HDPE, 70.74 kilometers concrete road, 388.93 kilometers gravel road and 1,268 units of canal structures.

The NIA operated and maintained 258 NISs with an aggregate service area of 941,885.06 hectares and firmed-up service area (FUSA) of 842,447.35 hectares at the beginning of the year. The irrigation-programmed service area for this crop year is 1,489,824.54 hectares. The actual irrigated area was 724,412.55 hectares during the dry season, and 779,280.52 hectares during the wet season, equivalent to a total of 1,549,788.62 hectares. The cropping intensity achieved was 183.96 per cent based on the FUSA.

There are 10,497 communal irrigation systems (CISs) at the beginning of the year with an aggregate service area of 722,926.04 hectares and a FUSA of 631,596.04 hectares. In Crop Years 2022-2023, the total irrigated area in the CISs was 990,255.89 hectares: 502,408.56 hectares during wet season, and 487,847.33 hectares during the dry season equivalent to a cropping intensity of 156.79 per cent based on FUSA.

As of December 31, 2023, the total service area developed was 2,088,449.84 hectares or 66.75 per cent of the total 3,128,631 hectares of estimated total irrigable area nationwide. The service area is distributed as follows: 990,559.15 hectares are under NISs, 744,023.45 hectares in CISs, 207,173.79 hectares in private irrigation system, and 146,693.45 hectares in other government agency assisted. The remaining irrigable area for development is 1,040,181.16 hectares, which comprises those rice and other croplands with up to three (3) per cent field slope.

1.3. Allotments/Cash Allocations - from National Government

Funding sources for the implementation of NIA Irrigation Development Program were appropriated under the General Appropriations Act (GAA) of Fiscal Year (FY) 2023, RA No. 11936 for NIA (Section XXXVI-Budgetary Support to Government Corporations, M.7. Other Executive Offices-NIA), summarized as follows:

	CY 2023 Irrigation Program (In Thousand Pesos)			
	Appropriation	Allotment	Release Cash/Non-Cash	Obligation
CY 2023 Irrigation Programs:				
General Administration and Support	8,606,400,000	8,606,400,000	8,606,400,000	6,731,799,054
Support to Operations	2,159,733,000	2,159,733,000	2,159,733,000	1,488,571,019
Operations	30,096,632,000	30,096,632,000	29,970,632,000	26,322,163,247
Total	40,862,765,000	40,862,765,000	40,736,765,000	34,542,533,320
Others:				
Unprogrammed Funds	-	104,955,004	104,955,004	104,955,004
Section 6 of the Special Provisions for NIA under GAA FY 2022	-	68,700,000	-	66,103,030
Grand Total	40,862,765,000	41,036,420,004	40,841,720,004	34,713,591,354

	Carry Over Funds (In Thousand Pesos)		
	Unobligated Balance CY 2021	Release Cash/ Non-Cash	Obligation
FY 2015 - 2022 GAA			
Various Projects	4,599,656,000	1,718,873,475	3,836,203,363
Other Sources:			
Integrated Resources and Environment Management Project - International Fund for Agricultural Development – Local Project	524,664,000	-	457,390,083
Section 7 of the Special Provisions for NIA under GAA 2021	95,000	-	(200,000)
Section 7 of the Special Provisions for NIA under GAA 2020	373,000	-	7,394
Section 9 of the Special Provisions for NIA under GAA 2021	609,000	-	-
National Disaster Risk Reduction Management Fund	244,000	-	28,046
	5,125,641,000	1,718,873,475	4,293,428,886

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of Compliance with International Public Sector Accounting Standards (IPSASs)

The financial statements have been prepared in compliance with the IPSASs prescribed for adoption by the Commission on Audit (COA) through various COA Resolutions. The COA has adopted 25 IPSASs with corresponding Philippine Application Guidance (PAG) that were referred to as Philippine Public Sector Accounting Standards (PPSASs) under COA Resolution No. 2014-003 dated January 24, 2014, which was updated through COA Resolution No. 2017-006 dated April 26, 2017, prescribing the adoption of six (6) additional PPSASs. The PPSAS was renamed as IPSAS with corresponding PAG under COA Resolution No. 2020-001 dated January 9, 2020. Further, the COA issued COA Resolution No. 2021-018 dated July 21, 2021, updating the adopted IPSASs based on the 2019 Edition of the Handbook of International Public Sector Accounting Pronouncements (HIPSAP). COA Resolution No. 2021-019 dated July 21, 2021 provides for the adoption of four (4) additional IPSASs contained in the 2019 Edition of the HIPSAP published by the International Federation of Accountants (IFAC). Another IPSAS adopted through COA Resolution No. 2021-019 dated July 21, 2021 is IPSAS 18-*Segment Reporting*, with an objective of establishing principles for reporting financial information by segments. Relative thereto, COA issued COA Circular No. 2023-007 dated August 9, 2023 to provide guidelines on the implementation of IPSAS 18-*Segment Reporting*.

New IPSAS issued but not adopted

Implementation of IPSAS 18 – Segment Reporting and its corresponding PAG through COA Circular No. 2023-007 dated August 9, 2023:

During the reporting period, IPSAS 18-*Segment Reporting* was issued. However, the new Standard is not applicable to the NIA due to the nature of its operations. Management has assessed the applicability of the new IPSAS and determined that it does not have a material impact on the presentation of the financial statements. The NIA does not maintain segments as defined by the newly issued IPSAS on segment reporting. Therefore, the requirements outlined in the new Standard were not relevant to the financial reporting and IPSAS 18-*Segment Reporting* was not adopted by the NIA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Accounting

The NIA's financial statements are prepared on an accrual basis in accordance with the IPSASs.

3.2. Presentation of Financial Statements

The financial statements consist of the financial reports of NIA CO and 17 ROs including the UPRIIS and the MARIIS, and five (5) PMOs in accordance with NIA's One Fund Accounting System Manual.

All significant intra-agency receivables/intra-agency payables transactions are eliminated in the preparation of the financial statements.

The financial statements reflect the assets, liabilities, revenue, and expenses of NIA CO, ROs including the UPRIS and the MARIIS, and PMOs.

3.2.1. Inactive Accounts

Financial statements of inactive accounts with total assets and total liabilities of P20.455 billion and P49.619 million, respectively, as at December 31, 2023, from ROs/PMOs are included in the preparation of the financial statements. These inactive accounts represent balances from completed projects in the Corporate and General Funds that were forwarded from previous years despite being turned over to their respective ROs/PMOs. Of the 73 inactive accounts reported since CY 2018, the following 23 accounts were already closed to Corporate Fund:

RO/PMO	Project or Program Title
Region 1	Fund 102
Region 2	Cagayan Integrated Agricultural Development Project
Region 2	Communal Irrigation Development Project
Region 2	Casencan Multi-Purpose Irrigation and Power Project (CMPIPP)
Region 2	El Niño
Region 2	Grain Sector Development Program
Region 2	Irrigation Operation Systems Project I
Region 2	102 - Water Resource Development Project
Region 3	Comprehensive Agrarian Reform Program - Irrigation Component
Region 3	Irrigation Operation Support Project I
Region 3	QUAKE Fund
Region 5	Irrigation Operation Support Project I
Region 5	102 - Communal Irrigation Development Project
Region 5	102 - Water Resource Development Project
Region 5	102 - Grain Sector Development Program
Region 5	102 - El Niño
Region 6	Alapasco Project
Region 9	102 - El Niño
Region 9	102 - Water Resource Development Project
Region 12	Water Resource Development Project
Region 12	Irrigation Operation Support Project
Region 12	Malitubog Maridagao Irrigation Project 1
Region 12	Irrigation Operation Support Project I

3.3. Financial Instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29, *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, and loans and receivables. The NIA determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the NIA commits to purchase or sell the asset.

The NIA's financial assets include: Cash and cash equivalents and Receivables accounts. (See *Notes 6 and 7*)

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification.

1. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position (SFP) at fair value with changes in fair value recognized in surplus or deficit.

2. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. (See *Note 7*)

3. Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the NIA has the positive intention and ability to hold it to maturity.

Held-to-maturity investments, which consist of government treasury bills, are initially measured at its selling price upon placement and as indicated on the Confirmation of Sale without Recourse. Upon termination of the treasury bills, any discount or premium on acquisition and fees/costs and taxes due are recognized in the surplus or deficit. In CY 2023, the NIA had no held-to-maturity investments. (See *Note 10*)

Derecognition

The NIA derecognizes a financial asset or where applicable, a part of a financial asset or part of similar financial assets of the NIA when:

1. The contractual rights to the cash flows from the financial asset expired or waived; and
2. The NIA has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive the cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions set forth in IPSAS 29, *Financial Instruments: Recognition and Measurement*; and either the entity has:
 - a. transferred substantially all the risks and rewards of ownership of the financial asset; or
 - b. neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset.

Impairment of financial assets

The NIA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. (See *Notes 7 and 10*)

Evidence of impairment may include the following indicators:

1. The debtors or a group of debtors are experiencing significant financial difficulty.
2. Default or delinquency in interest or principal payments.
3. The probability that debtors will enter bankruptcy or other financial reorganization.
4. Observable data indicate a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

b. Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The NIA's financial liabilities include Trade payables to suppliers, employees, and other contractors. (See *Note 14*)

Subsequent measurement

The measurement of financial liabilities depends on their classification.

1. Financial liabilities at fair value through surplus or deficit.

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

2. Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the SFP if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. (See *Note 6*)

3.5. Receivables

Receivables are recognized initially at transaction cost. These are subsequently measured at amortized cost less provision for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the NIA will not be able to collect the amounts due according to the original terms of settlement of the receivable accounts. (See *Note 7*)

Trade receivables are financial assets with fixed or determinable payment that are not quoted in an active market. They arise when the NIA provides money, goods, or services directly to a debtor/customer with no intention of trading receivables. Receivables are carried at cost or amortized cost in the SFP. Receivables are included in current assets if maturity is within 12 months of the financial reporting date while those with maturity beyond 12 months are identified as non-current assets.

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the NIA's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted if additional information received affects the amount estimated to be uncollectible.

Allowance for impairment of Accounts receivable

The policy under NIA Memorandum Circular (MC) No. 158, Series of 2022 prescribes the guidelines and procedures on the impairment of receivables.

Allowance for impairment of Accounts receivable was provided in the books specifically on the NIA fees. The allowance is based on the aging of receivables method of estimating uncollectible accounts. By this method, the accounts are classified according to age from one (1) day to over five (5) years and provisions for the Allowance for impairment of Accounts receivable shall be as follows:

a. Loans and receivables, Lease receivable and Other receivables

Aging of Accounts	Percentage
1 to 60 days	10
61 to 180 days	20
181 days to 1 year	30
Over 1 year to 2 years	50
Over 2 years to 3 years	60
Over 3 years to 5 years	70
Over 5 years to 10 years	100
Over 10 years	100
Accounts with legal constraints	100

b. Inter-agency receivables

Aging of Accounts	Percentage
1 year	30
Over 1 year to 3 years	50
Over 3 years to 5 years	70
Over 5 years	100
Accounts with legal constraints	100

Write-off of receivables

The policy under NIA MC No. 81, Series of 2017 includes that the following conditions must be present to support the request for authority from the COA to write-off receivables:

- a. Absence of records or documents to validate/support the claim and/or unreconciled receivable accounts;
- b. Death of the accountable officer/employee/debtor;
- c. Unknown whereabouts of the accountable officer/employee/debtor, and that he/she could not be located despite diligent efforts to find him/her;
- d. Incapacity to pay or insolvency;
- e. Exhaustion of all possible remedies by Management to collect the receivables and to demand liquidation of each advance and fund transfers; and
- f. No pending case in court involving the subject dormant accounts.

Write-off and condonation of ISF

With the passage of RA No. 10969 or the “Free Irrigation Service Act”, the NIA issued its Implementing Rules and Regulations (IRR) under NIA MC No. 108, Series of 2018 to set a policy for collection and write-off of receivables for ISF. The IRR states the following:

- a. Upon the effectivity of RA No. 10969, all farmers with landholdings of eight (8) hectares and below are exempted from paying ISF for water derived from NISs and CISs that were, or are to be, funded, constructed, maintained, and administered by the NIA and other government agencies, including those that have been turned over to the IAs.
- b. A registry of farmers and other irrigation system users shall also be prepared and maintained which shall contain the name of farmer/landowner, actual tiller, size, and location of the landholding, and Original Certificate of Title (OCT) number.
- c. Farmers with more than eight (8) hectares of land, corporate farms, and plantations drawing water for agricultural crop production, fishponds, and other persons, natural or juridical, drawing water for non-agricultural purposes from NISs and CISs, or using the irrigation systems as drainage facilities, shall continue to be subject to the payment of ISF.

- d. All unpaid ISF to the NIA and the corresponding penalties of farmers with eight (8) hectares and below, and all loans, past due accounts and the corresponding interests and penalties of the IAs to the NIA will be condoned and written-off from the books of accounts of the NIA. Upon completion of the Registry described in Rule 4.2 of the IRR, the NIA shall, in compliance with Article 1270 of the Civil Code, secure the written acceptance of each farmer or landowner whose debt is to be condoned considering that condonation or remission is essentially gratuitous. Furthermore, the condonation and write-off of indebtedness pursuant to Section 5 of the IRR shall be in accordance with all applicable accounting and auditing guidelines and procedures.

3.6. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is 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 cost of inventories comprised all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Subsequently, inventories are valued using the weighted average method. (See *Note 8*)

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

3.7. Investment Property

Investment property consists of properties held to earn rentals and/or capital appreciation. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the time of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model.

Investment property of the NIA is mainly composed of land.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is change in use. If an owner-occupied property becomes an investment property that will be carried at cost, an entity shall apply IPSAS 17 up to the date of change in use.

The NIA uses the cost model for the measurement of investment property after initial recognition. (See *Note 11*)

3.8. 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:

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

An item of PPE is recognized as an asset if:

- a. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- b. the cost or fair value of the item can be measured reliably; and
- c. the cost is at least P50,000.

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:

- a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b. expenditure that is directly attributable to the acquisition of the items; and
- c. 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 items are stated at cost less accumulated depreciation and impairment losses. (See Note 12)

When significant parts of PPE are required to be replaced at intervals, the NIA 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 PPE 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.

a. 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, depreciation shall be 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 shall be for the succeeding month.

b. Depreciation method

The straight-line method of depreciation is adopted unless another method is more appropriate for the NIA's operation.

c. Estimated useful life

The NIA uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience, as follows:

Account	Life in Years
Water supply systems	20 to 50 years
Land improvements	10 years
Buildings	30 years
Machinery and equipment	10 years
Motor vehicles	7 years
Furniture and fixtures	10 years
Office equipment	5 years
Information and communications technology equipment	5 years
Communications equipment	5 years
Sports equipment	10 years
Technical and scientific equipment	10 years
Other machinery and equipment	10 years
Other transportation equipment	7 years
Works of arts and archeological specimens	5 years
Road networks	10 years
Flood control systems	10 years
Power supply systems	10 years
Communications networks	10 years

d. Residual value

The NIA uses a residual value equivalent to at least five (5) 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 amount or recoverable service amount.

Derecognition

The NIA 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. (See *Note 12*)

3.9. Intangible Assets

a. Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; the entity has control over the asset; 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.

If payment for intangible assets is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in IPSAS 5, *Borrowing Costs*.

b. Subsequent expenditure on an acquired in-process research and development project

Subsequent expenditure on an in-process research or development project acquired separately or in an acquisition and recognized as intangible asset is:

- Recognized as an expense when incurred if it is research expenditure;
- Recognized as an expense when incurred if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- Added to the carrying amount of the acquired in-process research or development project if it is a development expenditure that satisfies the recognition criteria for intangible assets.

c. Intangible assets acquired through non-exchange transactions

The cost of intangible assets acquired in non-exchange transaction is their fair value at the date these are required.

d. Internally generated intangible assets

Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditures are incurred.

e. Recognition of an expense

Expenditure on an intangible item is recognized as expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

f. Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

An intangible asset with an indefinite useful life is not to be amortized. Intangible assets with indefinite useful lives or intangible asset not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

g. Research and development cost

The NIA recognized as expenses the research costs incurred. Development costs on an individual project are recognized as intangible assets when the NIA can demonstrate:

- The technical feasibility of completing the asset so that asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the assets begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. (See *Note 13*)

3.10. Leases

a. Operating lease - NIA as a lessor

Leases other than finance lease are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Rent received from an operating lease is recognized as income on a straight-line basis over the lease term.

Leases in which the NIA does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policies for PPE are applied to similar assets leased by the entity.

b. Operating lease - NIA as a lessee

The NIA adopts Lease Purchase Agreement (LPA) in acquiring motor vehicles in its ROs. Rental payments are recognized as Rent/Lease expense and PPE-donation is recognized upon full payment of the motor vehicle equivalent to its contract cost.

3.11. Provisions, Contingent Liabilities, and Contingent Assets

a. Provisions

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

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

The expense relating to any provision is presented in the Statement of Financial Performance (SFPer) net of any reimbursement.

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

a.1. Employee benefits

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

The NIA 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.

b. Contingent liabilities

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

c. Contingent assets

The NIA does not recognize a contingent asset, but discloses in the notes to financial statements details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NIA.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.12. Adjustments Due to Changes in Accounting Policies, Estimates, and Errors

The NIA has determined and restated accounts with the net effect in the financial statements due to change in accounting policy.

Changes in accounting estimates

The NIA recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

Prior period errors

Prior period errors are omissions from and misstatements in an entity's financial statements for one or more period arising from a failure to use or misuse of reliable information that was available and could reasonably be expected to have been obtained

and taken into account in preparing those statements. The NIA shall correct in accordance with material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

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

3.13. Revenue

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

Rendering of services

The NIA recognizes revenue from rendering of services based on the stage of completion when the outcome of the transaction can be measured reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours. (See *Note 23*)

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

Sale of goods

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

Interest income

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

Rental income

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

3.14. Shares, grants and donations

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

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

On initial recognition, gifts and donations including goods in-kind are measured at their fair value as at the date of acquisition, which are ascertained by reference to an active market, or by appraisal. (See *Note 24*)

3.15. Gains and losses

Gains and losses presented in the financial statements comprised of the following:

- a. Gains and losses on disposal of PPE; and
- b. Gains and losses from foreign currency transactions.

Disposal of PPE

Derecognition of PPE (IPSAS 17, paragraph 82)

The carrying amount of an item of PPE shall be derecognized:

- a. On disposal; or
- b. When no future economic benefits or service potential is expected from its use or disposal.

Recognition of Gains and Losses (IPSAS 17, paragraphs 83 and 86)

The gain or loss arising from the derecognition of an item of PPE shall be included in surplus or deficit when the item is derecognized.

The gain or loss arising from the derecognition of an item of PPE shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. (See *Notes 30 and 31*)

Foreign currency transactions

Initial Recognition (IPSAS 4, paragraph 24)

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Reporting at Subsequent Reporting Dates (IPSAS 4, paragraph 27)

At each reporting date:

- a. Foreign currency monetary items shall be translated using the closing rate;

- b. Nonmonetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
- c. Nonmonetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Recognition of Exchange Differences (IPSAS 4, paragraphs 32, 35 and 37)

- a. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in surplus or deficit in the period in which they arise;
- b. When a gain or loss on a nonmonetary item is recognized directly in net assets/equity, any exchange component of that gain or loss shall be recognized directly in net assets/equity. Conversely, when a gain or loss on a nonmonetary item is recognized in surplus or deficit, any exchange component of that gain or loss shall be recognized in surplus or deficit; and
- c. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognized in surplus or deficit in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a controlled entity), such exchange differences shall be recognized initially in a separate component of net assets/equity and recognized in surplus or deficit on disposal of the net investment.

3.16. Budget information

The annual budget is prepared on a cash basis and is published in the official website of the NIA.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in *Note 39*.

These budget figures are those approved by the governing body.

3.17. Related parties

The NIA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the NIA, or vice versa.

Members of key management are regarded as related parties and comprise of the Chairman, Members of the Governing Board, and the Principal Officers. (See *Note 37*)

3.18. Measurement uncertainty

The preparation of financial statements in conformity with IPSASs requires Management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of a capital asset, estimated employee benefits, impairment of assets, etc.

Estimates are based on the best information available at the time of the preparation of financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3.19. Events After the Reporting Date

Events after the reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two (2) types of events can be identified:

- a. Adjusting events after the reporting date - those that provide evidence of conditions that existed at the reporting date; and
- b. Non-adjusting events after the reporting date - those that are indicative of conditions that arose after the reporting date.

The reporting date is set every end of the calendar year while the date on which the financial statements are authorized for issue is the date when the Statement of Management's Responsibility for the Financial Statements is approved by the Chairman of the Board of Directors, the Administrator, and the Head of Finance Department. (See *Note 44*)

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information about the NIA's exposure to risks and the NIA's objectives, policies, and processes for measuring and managing risks.

The NIA has an overall responsibility for the establishment and oversight of the NIA's risk management framework. The NIA has established a committee and technical working group which is responsible for the preparation of outline of Disaster Risk Reduction and Management Plan (DRRMP).

The Committee's role is to design the framework which will help the NIA to develop and implement an effective and pro-active risk management plan in response to the circumstances the organization may face, perform risk assessment, and develop strategies to mitigate risks using the resources available. The NIA DRRMP 2019-2023 was covered by NIA MC No. 2019-035 dated May 10, 2019. The Plan is aligned with the objectives of the NDRRMP 2011-2028 that will address four areas of components such as: (a) Disaster Prevention and Mitigation, (b) Disaster Preparedness, (c) Disaster Response, and (d) Disaster Rehabilitation and Recovery.

4.1. Risk management framework

The Risk Management Team shall perform oversight function in ensuring that the established risk controls and related activities are consistently implemented; plan and coordinate effective and efficient use of risk control tools; and ensure that risk-related information are maintained and retained.

5. RESTATEMENTS OF FINANCIAL STATEMENTS

In CY 2023, Management adjusted the CY 2022 and prior period balances of some accounts due to prior period errors and adjustments, resulting in the retrospective restatement of comparative balances in the financial statements.

5.1. Statement of Financial Position as at December 31, 2022

	As restated (a)	As previously reported (b)	Restatement (a) - (b)	Note
ASSETS				
Current assets				
Cash and cash equivalents	19,220,053,203	19,220,053,203	-	6
Receivables - net	3,109,915,038	1,870,092,536	1,239,822,502	7
Inventories - net	51,662,272	48,603,365	3,058,907	8
Other current assets	2,883,819,500	2,803,514,414	80,305,086	9
Total current assets	25,265,450,013	23,942,263,518	1,323,186,495	
Non-current assets				
Investment property	2,082,569	-	2,082,569	11
Property, plant, and equipment – net	278,869,589,760	300,891,538,981	(22,021,949,221)	12
Intangible assets - net	104,698,885	101,822,450	2,876,435	13
Total non-current assets	278,976,371,214	300,993,361,431	(22,016,990,217)	
TOTAL ASSETS	304,241,821,227	324,935,624,949	(20,693,803,722)	
LIABILITIES				
Current liabilities				
Financial liabilities	3,293,609,662	3,233,635,405	59,974,257	14
Inter-agency payables	76,287,698,566	76,285,608,783	2,089,783	15
Trust liabilities	3,074,955,489	3,074,074,541	880,948	17
Provisions	1,108,272,140	1,107,580,445	691,695	18
Other payables	2,357,396,045	2,359,116,588	(1,720,543)	19
Total current liabilities	86,121,931,902	86,060,015,762	61,916,140	
Non-current liabilities				
Deferred credits/unearned revenue	5,004,650,559	5,085,940,142	(81,289,583)	20
Total non-current liabilities	5,004,650,559	5,085,940,142	(81,289,583)	
TOTAL LIABILITIES	91,126,582,461	91,145,955,904	(19,373,443)	
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)	213,115,238,766	233,789,669,045	(20,674,430,279)	
EQUITY				
Government equity	5,559,191,865	5,559,191,865	-	21
Accumulated surplus/(deficit)	207,556,046,901	228,230,477,180	(20,674,430,279)	22
NET ASSETS/EQUITY	213,115,238,766	233,789,669,045	(20,674,430,279)	

5.2. Statement of Financial Position as at January 1, 2022

	As restated (a)	As previously reported (b)	Restatement (a) - (b)	Note
ASSETS				
Current assets				
Cash and cash equivalents	11,283,168,960	11,283,168,960	-	6
Receivables – net	5,738,610,548	5,692,250,258	46,360,290	7
Inventories - net	89,368,528	87,858,939	1,509,589	8
Other current assets	4,469,614,527	4,474,937,825	(5,323,298)	9
Total current assets	21,580,762,563	21,538,215,982	42,546,581	
Non-current assets				
Investment property	2,082,569	-	2,082,569	11
Property, plant, and equipment – net	276,321,794,816	295,305,606,015	(18,983,811,199)	12
Intangible assets – net	51,928,839	46,346,504	5,582,335	13
Total non-current assets	276,375,806,224	295,351,952,519	(18,976,146,295)	
TOTAL ASSETS	297,956,568,787	316,890,168,501	(18,933,599,714)	
LIABILITIES				
Current liabilities				
Financial liabilities	5,364,319,352	5,375,666,602	(11,347,250)	14
Inter-agency payables	75,519,196,883	75,518,447,778	749,105	15
Intra-agency payables	56,042,939	56,042,939	-	16
Trust liabilities	3,020,494,273	3,019,508,736	985,537	17
Provisions	1,174,198,772	1,173,235,844	962,928	18
Other payables	3,237,005,509	3,235,882,272	1,123,237	19
Total current liabilities	88,371,257,728	88,378,784,171	(7,526,443)	
Non-current liabilities				
Deferred credits/unearned revenue	5,411,916,132	5,490,864,297	(78,948,165)	20
Total non-current liabilities	5,411,916,132	5,490,864,297	(78,948,165)	
TOTAL LIABILITIES	93,783,173,860	93,869,648,468	(86,474,608)	
NET ASSETS (TOTAL ASSETS LESS TOTAL LIABILITIES)	204,173,394,927	223,020,520,033	(18,847,125,106)	
EQUITY				
Government equity	5,559,191,865	5,559,191,865	-	21
Accumulated surplus/(deficit)	198,614,203,062	217,461,328,168	(18,847,125,106)	22
NET ASSETS/EQUITY	204,173,394,927	223,020,520,033	(18,847,125,106)	

5.3. Statement of Financial Performance for the Year Ended December 31, 2022

	As restated (a)	As previously reported (b)	Restatement (a) - (b)	Note
REVENUE				
Service and business income	1,914,159,858	814,547,571	1,099,612,287	23
Shares, grants, and donations	2,847,606	2,847,606	-	24
TOTAL REVENUE	1,917,007,464	817,395,177	1,099,612,287	
CURRENT OPERATING EXPENSES				
Personnel services	4,554,308,367	4,527,152,893	27,155,474	25
Maintenance and other operating expenses (MOOE)	5,768,143,418	4,881,518,943	886,624,475	26
Financial expenses	1,086,224,806	1,086,216,235	8,571	27
Non-cash expenses	16,584,243,462	14,094,229,996	2,490,013,466	28
TOTAL CURRENT OPERATING EXPENSES	27,992,920,053	24,589,118,067	3,403,801,986	
DEFICIT FROM CURRENT OPERATIONS	(26,075,912,589)	(23,771,722,890)	(2,304,189,699)	
Other non-operating income	85,118,554	566,015	84,552,539	29
Gains	10,413,829	9,847,814	566,015	30
Losses	(10,283,122)	(400,600,000)	390,316,878	31
DEFICIT BEFORE TAX	(25,990,663,328)	(24,161,909,061)	(1,828,754,267)	
Less: Income tax expense	-	-	-	32
DEFICIT AFTER TAX	(25,990,663,328)	(24,161,909,061)	(1,828,754,267)	
Less: Assistance and subsidy	42,927,377,119	42,925,928,025	1,449,094	33
NET SURPLUS FOR THE PERIOD	16,936,713,791	18,764,018,964	(1,827,305,173)	

6. CASH AND CASH EQUIVALENTS

This account includes the following:

	2023	2022	January 1, 2022
Cash on hand	7,725,015	9,216,815	8,363,617
Cash in bank-local currency (LC)	22,668,011,443	18,703,484,153	10,774,641,121
Cash in bank-foreign currency (FC)	854,606	854,606	4,070,817
Cash equivalents	512,518,266	506,471,683	496,067,459
Cash, treasury/agency deposit, regular (T/ADR)	-	25,946	25,946
	23,189,109,330	19,220,053,203	11,283,168,960

The Cash on hand consists of the following:

	2023	2022	January 1, 2022
Cash-collecting officers	5,037,449	5,634,748	4,562,425
Petty cash	2,687,566	3,582,067	3,801,192
	7,725,015	9,216,815	8,363,617

The Cash in bank-LC consists of the following:

	2023	2022	January 1, 2022
Cash in bank - LC, current account (CA)	22,609,298,796	18,653,727,579	10,731,654,653
Cash in bank - LC, savings account (SA)	58,712,647	49,756,574	42,986,468
	22,668,011,443	18,703,484,153	10,774,641,121

The Cash in bank-FC consists of the following:

	2023	2022	January 1, 2022
Cash in bank - FC, SA	854,606	854,606	4,070,817

The Cash equivalents consist of the following:

	2023	2022	January 1, 2022
Time deposits (TDs)-LC	467,767,275	461,313,826	455,243,242
TDs-FC	44,750,991	45,157,857	40,824,217
	512,518,266	506,471,683	496,067,459

Cash-collecting officers include equipment rental in NIA RO No. XII, amounting to P2.479 million collected on December 29, 2023, and remained in possession of the cashier at year-end. This was already remitted the following year.

Petty cash represents cash to be used for payment of authorized operating expenses consisting of small payments for MOOE which cannot conveniently or practically be paid by checks or are required to be paid immediately. This fund is replenished when disbursement reaches 75 per cent or as needed in accordance with NIA MC No. 156, Series of 2022.

Cash in bank-LC, CA includes the amount of cash maintained with authorized government depository banks by the CO, ROs, PMOs and IMOs.

Cash in bank-FC, SA represents amounts deposited with authorized government depository banks denominated in US dollars (\$). These constitute monies from foreign lending banks for the implementation of irrigation projects. The account represents US dollar deposit with the Land Bank of the Philippines (LBP). The year-end balance of the foreign currency deposit was translated using the Bangko Sentral ng Pilipinas (BSP) closing rate of P55.5670: US\$1.00 as at December 31, 2023.

Cash, T/ADR account represents the balance of “Due from national treasury” account before it was converted to conform with the Revised Chart of Accounts (RCA). The amount was reconciled and closed in CY 2023.

Included in the Cash in bank account are Trust Fund (TF) and Working Fund (WF) treated as restricted cash in compliance with the Operations and Maintenance (O&M) Agreements of the NIA with First Gen Hydro Power Corporation (FGHPC) and SN Aboitiz Power, Inc. (SNAPI)-Magat, Incorporated, dated November 13, 2006 and December 13, 2006, respectively, viz.:

	2023	2022
Cash in bank-LC, TDs		
SNAPI-Magat, Incorporated – TF	130,393,220	137,436,968
FGHPC – TF	140,019,150	127,992,581
	270,412,370	265,429,549
	2023	2022
Cash in bank - LC, CA		
SNAPI-Magat, Incorporated – WF	856,490,626	826,536,674
FGHPC – WF	127,131,668	156,869,097
	983,622,294	983,405,771

The O&M Agreements have term of 25 years. Under the said Agreements, the NIA will manage, operate, maintain, and rehabilitate the non-power components of Pantabangan-Masiway Hydroelectric Power Plants (PMHEPP) and Magat Power Plant Complex.

As provided under the Agreements, the FGHPC and the SNAPI-Magat, Incorporated are required to provide a TF amounting to P100 million, payable in 24 monthly payments from the date the Agreements were entered, which will be billed by the NIA in addition to service fee. Seventy (70) per cent of the amount available in the TF shall be allocated for self-insurance and 30 per cent shall be allocated for the performance security.

Furthermore, a WF shall be established wherein a portion of the service fee shall be deposited to the NIA’s bank account that will be made readily available to the NIA UPRIS-Dams and Reservoir Division and the NIA MARIIS to fund the O&M cost of PMHEPP and Magat Power Plant Complex, respectively.

Included in the Cash and cash equivalents account are the following inactive accounts balances:

	2023	2022
Cash in bank - LC, CA	49,004,834	47,196,421
Petty cash	425,343	425,343
Cash - T/ADR	-	25,946
Cash-collecting officers	7,550	7,550
Cash in bank - LC, SA	(4,890,670)	(4,890,670)
	44,547,057	42,764,590

7. RECEIVABLES

This account consists of the following:

	Note	2023	2022 As restated	January 1, 2022 As restated
Loans and receivable accounts	7.1	428,789,995	205,048,196	4,351,979,494
Inter-agency receivables	7.3	2,012,211,884	1,321,981,486	980,621,101
Intra-agency receivables	7.4	38,141,513	30,779,354	35,200
Lease receivables	7.2	-	276,660	568,200
Other receivables	7.5	578,101,149	1,551,829,342	405,406,553
		3,057,244,541	3,109,915,038	5,738,610,548

Included in the Receivables accounts are the following inactive account balances:

	2023	2022
Accounts receivable		
Accounts receivable – others	157,340	157,340
	157,340	157,340
Inter-agency receivables		
Due from LGUs	148,925	148,925
Due from national government agencies (NGAs)	71,210	45,264
Due from other government corporations (GCs)	1,423	1,423
	221,558	195,612
Intra-agency receivables		
Due from other funds	361,429	1,505,891
Due from ROs	17,000	17,000
Due from CO	200	200
	378,629	1,523,091
Other receivables		
Due from officers and employees	493,082	493,082
Receivables-disallowances/charges	350,721	350,721
Loans receivable	44,921	44,921
Other receivables	6,137,375	6,738,714
	7,026,099	7,627,438
	7,783,626	9,503,481

Aging of receivables:

	0 to 1 year	More than 1 year to 5 years	Over 5 years and onwards	Total
Accounts receivable	82,885,833	525,153,698	4,820,052,146	5,428,091,677
Interest receivables	2,349,338	-	-	2,349,338
Loans receivable	-	-	3,842,915	3,842,915
Due from NGAs	388,427	-	720,591,549	720,979,976
Due from LGUs	-	-	84,046,262	84,046,262
Due from other GCs	-	-	1,998,728,842	1,998,728,842
Receivables-disallowances/charges	30,396,613	33,804,837	32,920,552	97,122,002
Due from officers and employees	319,854	1,717,729	5,181,310	7,218,893
Other receivables	164,790,825	549,941,499	294,564,000	1,009,296,324
	281,130,890	1,110,617,763	7,959,927,576	9,351,676,229

Gross of Allowance for impairment of P6,332,573,201; excluding Intra-agency receivables of P38,141,513

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Receivables account-net as at December 31, 2022 and 2021 was restated as follows:

Particulars	Amount
Receivables-net, December 31, 2022	1,870,092,536
Add/(deduct): Prior period adjustments	
Net understatement of Due from other GCs due to unrecorded share in income earned from the operation of the CMPIPP in accordance with the revenue-expenses sharing of Power Sector Assets and Liabilities Management Corporation (PSALM) and NIA (60%-40%)	1,204,195,192
To set-up the other receivables account for New Kanlaon Construction after the favorable decision on the Ejectment Case (Civil Case No. 18-07044-SC) against them, realizing the compensation of P525,398 per month beginning March 2018 and Attorney's fee in the amount of P20,000	24,163,740
Overstatement of provision of Allowance for impairment - Other receivables account	96,013,130
Net understatement of Other receivables account due to over-recognition of MOOE, understatement of rent/lease/other income and other adjustments	13,271,302
Understatement of Due from NGAs due to non-recognition of unpaid billings of clients/customers/tenant/others and expenses already paid by NIA	549,494
Net understatement of Receivables-disallowances/charges due to unrecorded receivables from disallowed expenses with Notice of Finality of Decision (NFD)	344,433
Overstatement of Due from officers and employees account due to over-recognition of salaries, wages, allowances, other compensation, and other expenses	336,262
Understatement of prior year's interest income	21,226
Overstatement of Operating lease receivables due to over-recognition of rent/lease income	(360,000)
Understatement of provision of Allowance for impairment - Accounts receivable account	(12,311,112)
Reclassification of Other receivables account to Advances to contractors/sub-contractors account	(86,401,165)
<i>Net restatements</i>	1,239,822,502
Receivables-net, December 31, 2022, as restated	3,109,915,038

Particulars	Amount
Receivables-net, December 31, 2021	5,692,250,258
Add/(deduct): Prior period adjustments	
Understatement of Due from other GCs due to unrecorded prior years' income	29,351,443
To set-up the Other receivables account for New Kanlaon Construction after the favorable decision on the Ejectment Case (Civil Case No. 18-07044-SC) against them, realizing the compensation of P525,398 per month beginning March 2018 and Attorney's fee in the amount of P20,000	24,163,740
Net understatement of Other receivables account due to over-recognition of MOOE and understatement of Rent/lease and Other income	7,582,936
Setting up of receivables for disallowed expenses with NFD	325,019
Overstatement of provision of Allowance for impairment - Other receivables account	55,428
Setting up of Receivables-Due from officers and employees for overpayment of salaries, wages, allowances, and other compensation	52,618
Understatement of prior year's Interest income	3,594
Understatement of provision of Allowance for impairment - Accounts receivable account	(15,174,488)
<i>Net restatements</i>	46,360,290
Receivables-net, December 31, 2021, as restated	5,738,610,548

7.1. Loans and Receivable Accounts

	2023	2022 As restated	January 1, 2022 As restated
Accounts receivable-ISF-back account	4,674,647,136	4,597,982,950	3,687,166,225
Accounts receivable-pump/communal irrigation programs/CIS-non-current	518,315,214	522,179,208	940,546,789
Accounts receivable-ISF	159,790,680	219,327,913	307,464,258
Accounts receivable-others	53,316,518	53,987,443	53,512,530
Accounts receivable-pump/communal irrigation programs/CIS-current	22,022,129	23,488,662	446,507,146
Total Accounts receivable	5,428,091,677	5,416,966,176	5,435,196,948
Loans receivable	3,842,915	3,842,915	4,997,662
Interest receivables	2,349,338	249,970	181,287
Total Loans and receivable accounts	5,434,283,930	5,421,059,061	5,440,375,897
Less: Allowance for impairment – Accounts receivable	(5,001,695,941)	(5,212,212,871)	(1,086,178,632)
Less: Allowance for impairment - Loans receivable-others	(3,797,994)	(3,797,994)	(2,217,771)
	428,789,995	205,048,196	4,351,979,494

Accounts receivable account comprises trade/business receivables from ISF. NIA MC No. 26, Series of 1976, requires annual adjustment of the account in the books due to increase in the government support price for palay. Pursuant to NIA MC No. 62, Series of 1977 and NIA MC No. 62-A dated December 22, 1977, the NIA grants 10 per cent discount to farmers for payment of irrigation fees on or before due dates. The account also includes current installment receivables from amortization of irrigation pumps, communal irrigation projects, and CIS. NIA MC No. 54, Series of 2013 serves as a follow up to the Incentive Policy on the Payment of Back Accounts since previous related MCs had lapsed on December 31, 2009. This policy covers all irrigation users of the NISs with Bank Accounts in ISF.

The balance of the Accounts receivable-ISF decreased due to the implementation of RA No. 10969. Majority of the remaining balances include receivables from farmers with more than eight (8) hectares of land, corporate farms, and plantations drawing water for agricultural crop production, fishponds, and other persons, natural or juridical, drawing water for non-agricultural purposes from NISs and CISs, or using the irrigation systems as drainage facilities who shall continue to be subject to the payment of ISF pursuant to RA No.10969.

The amount of the Allowance for impairment is in accordance with MC Nos. 158, Series of 2022 and 56, Series of 2023 that prescribe the guidelines and procedures for the impairment of receivables in line with the IPSAS.

Interest receivables account refers to interest earned from current and savings accounts and placement of TDs with government depository banks. The impairment is in accordance with MC No. 158, Series of 2022 which prescribes the guidelines and procedures for the impairment of receivables in line with IPSAS.

7.2. Lease Receivables

	2023	2022 As restated	January 1, 2022 As restated
Operating lease receivables	-	569,000	568,200
Less: Allowance for impairment	-	(292,340)	-
	-	276,660	568,200

Operating lease receivables account represents receivables for the staff house rentals in NIA RO No. VI.

7.3. Inter-agency Receivables

	2023	2022 As restated	January 1, 2022 As restated
Due from NGAs	720,979,976	722,019,106	750,526,811
Due from other GCs	1,998,728,842	1,309,453,101	142,089,326
Due from LGUs	84,046,262	84,191,049	88,119,966
Total	2,803,755,080	2,115,663,256	980,736,103
Less: Allowance for impairment:			
Due from NGAs	(690,799,975)	(688,624,826)	-
Due from LGUs	(67,654,013)	(71,967,737)	-
Due from other GCs	(33,089,208)	(33,089,207)	(115,002)
	2,012,211,884	1,321,981,486	980,621,101

Due from other GCs account includes receivable from the National Power Corporation (NPC) relative to the sale of electrical energy generated by the CMPIPP including the monthly management fee per Power Purchase Agreement (PPA) dated June 30, 1995, and Supplemental Agreement dated September 25, 2003. In CY 2019, the NIA adjusted the amount of P13.290 billion which pertains purely to Energy Delivery Fee (excluding management fee). The amount recorded was already recognized by the NPC through the PSALM as payable to the Bureau of the Treasury (BTr), instead of payable to the NIA.

Due from NGAs account includes the amounts of unliquidated advances/fund transfers to the: (a) Department of Environment and Natural Resources (DENR) and Department of Health (DOH), as partners in the implementation of the irrigation component under the Environment and Health per loan package for Southern Philippines Irrigation Sector Project (SPISP) extended by the Asian Development Bank (ADB); (b) DPWH District Offices for the construction/rehabilitation of farm to market roads out of the National Development Company (NDC) loan proceeds; and (c) DPWH-Autonomous Region in Muslim Mindanao (ARMM), now Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and Philippine Rice Research Institute (PhilRice).

Due from LGUs account represents advances made as a result of Memoranda of Agreement (MOAs) between the NIA and the LGUs to implement repair and rehabilitation of irrigation facilities. Also, this account includes releases to LGUs out of the loan proceeds from the NDC, for the implementation of farm to market road projects. Some NIA ROs have issued demand letters for the LGUs to submit liquidation reports.

7.4. Intra-agency Receivables

	2023	2022	January 1, 2022
Due from other funds	38,141,513	30,779,354	-
Due from CO	-	-	35,200
	38,141,513	30,779,354	35,200

Due from CO is the reciprocal account of Due to ROs, which are both closed at year-end during the preparation of the financial statements. The balances of the reciprocal accounts were due to timing difference in recording the transactions, thus, reconciliation of the accounts shall be undertaken by both CO and concerned ROs.

Due from other funds is the effect of common fund scheme policy of the Department of Budget and Management (DBM) per National Budget Circular No. 583 dated January 4, 2021.

7.5. Other Receivables

	2023	2022	January 1, 2022
		As restated	As restated
Receivables-disallowances/charges	97,122,002	87,188,387	86,970,644
Due from officers and employees	7,218,893	8,103,254	7,673,894
Other receivables	1,009,296,324	1,863,705,389	389,940,521
Sub-total	1,113,637,219	1,958,997,030	484,585,059
Less:			
Allowance for impairment - due from officers and employees	(4,694,386)	(4,660,089)	(95,465)
Allowance for impairment - other receivables	(530,841,684)	(402,507,599)	(79,083,041)
Sub-total	(535,536,070)	(407,167,688)	(79,178,506)
	578,101,149	1,551,829,342	405,406,553

Receivables-disallowances/charges account is used to record the amounts of disallowances/charges in audit due from officers and employees and other persons liable that have become final and executory.

Due from officers and employees account refers to the balance of cash advances which remained unliquidated as at December 31, 2023.

Other receivables account comprises amounts due from debtors and other entities not falling under any of the specific receivable accounts. The Other receivables account includes advances to contractors for contracts which have been terminated.

The Other receivables account also includes SNAPI – Water Fee which represents unpaid water fees of SNAPI. There is a significant increase of this account this year due to the billed service fee adjustment for the period April 26, 2007 to April 25, 2021 amounting to P288.069 million and implementation of the New Service Fee Rate adjustment as per O&M Agreement Section 3.1.1 in their current billings. Also, additional billings for the discovered undeclared/additional volume used by SNAPI in their power generation amounting to P19.690 million and imposition of double rate on water used above Irrigation Diversion Requirement for the months of September to December 2022 caused the increase of this account.

8. INVENTORIES

	Note	2023	2022 As restated	January 1, 2022 As restated
Inventory held for distribution - Property and equipment for distribution, net	8.1	21,180,995	16,217,394	59,131,882
Inventory held for consumption, net	8.2	52,756,731	25,307,293	24,324,414
Semi-expendable inventory, net	8.3	7,139,471	10,137,585	5,912,232
		81,077,197	51,662,272	89,368,528

Included in the Inventories account are the following inactive accounts balances:

	2023	2022
Other supplies and materials inventory	106,065	106,065
Construction materials inventory	30,497	30,497
	136,562	136,562

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inventories account as at December 31, 2022 and 2021 was restated as follows:

Particulars	Amount
Inventories, December 31, 2022	48,603,365
Add/(deduct): Prior period adjustments	
PPE costing below P50,000 reclassified to Semi-expendable inventories	2,472,097
Net understatement of property and equipment for distribution due to over recognition of expense	640,863
Net overstatement of Inventory held for consumption due to under recognition of expense	(319)
Net overstatement of Semi-expendable inventory due to under recognition of expense	(53,734)
<i>Net restatements</i>	<i>3,058,907</i>
Inventories, December 31, 2022, as restated	51,662,272

Particulars	Amount
Inventories, December 31, 2021	87,858,939
Add/(deduct): Prior period adjustments	
PPE costing below P50,000 reclassified to Semi-expendable inventory	2,692,636
Net understatement of Semi-expendable inventory	260,578
Net overstatement of Inventory held for consumption due to under recognition of expense	(370,425)
Overstatement of Inventory held for distribution - Property and equipment for distribution	(1,073,200)
<i>Net restatements</i>	<i>1,509,589</i>
Inventories, December 31, 2021, as restated	89,368,528

8.1. Inventory held for distribution - Property and equipment for distribution, net

Particulars	2023		2022	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
Carrying amount at January 1	16,217,394	-	59,131,882	-
Purchases	26,183,928	-	35,848,093	-
Adjustment/capitalized to PPE	(770,939)	-	(49,707,401)	-
Expenses except write-down	(20,449,388)	-	(29,055,180)	-
Carrying amount	21,180,995	-	16,217,394	-
Total Donations (Note 26.12)	20,449,388	-	29,055,180	-

Inventory held for distribution - Property and equipment for distribution account pertains to pumps for distribution to farmer-beneficiaries.

8.2. Inventory held for consumption, net

Particulars	2023		2022	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
Construction materials inventory				
Carrying amount at January 1	14,694,761	-	15,574,030	-
Purchases	29,684,713	-	-	-
Adjustment/capitalized to PPE	(16,656,357)	-	(879,269)	-
Carrying amount at December 31	27,723,117	-	14,694,761	-
Office supplies inventory				
Carrying amount at January 1	8,159,973	-	6,391,779	-
Purchases	121,514,496	-	201,194,033	-
Expenses except write-down	(111,631,249)	-	(199,425,839)	-
Carrying amount at December 31	18,043,220	-	8,159,973	-
Fuel, oil, and lubricants inventory				
Carrying amount at January 1	1,808,300	-	1,981,463	-
Purchases	334,605,893	-	480,199,222	-
Expenses except write-down	(334,892,147)	-	(480,372,385)	-
Carrying amount at December 31	1,522,046	-	1,808,300	-
Medical, dental, and laboratory supplies				
Carrying amount at January 1	42,364	-	-	-
Purchases	3,967,577	-	8,474,641	-
Expenses except write-down	(3,922,781)	-	(8,432,277)	-
Carrying amount at December 31	87,160	-	42,364	-

Particulars	2023		2022	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
Non-accountable forms inventory				
Carrying amount at January 1	-	-	8,880	-
Purchases	-	-	6,600	-
Expenses except write-down	-	-	(15,480)	-
Carrying amount at December 31	-	-	-	-
Textbooks and instructional materials				
Carrying amount at January 1	18,534	-	-	-
Purchases	22,255	-	42,225	-
Expenses except write-down	(23,993)	-	(23,691)	-
Carrying amount at December 31	16,796	-	18,534	-
Other supplies and materials inventory				
Carrying amount at January 1	583,362	-	368,263	-
Purchases	88,535,701	-	161,167,098	-
Expenses except write-down	(83,754,671)	-	(160,952,000)	-
Carrying amount at December 31	5,364,392	-	583,361	-
Accountable forms, plates and stickers				
Carrying amount at January 1	-	-	-	-
Purchases	558,100	-	679,055	-
Expenses except write-down	(558,100)	-	(679,055)	-
Carrying amount at December 31	-	-	-	-
Food supplies inventory				
Carrying amount at January 1	-	-	-	-
Purchases	11,385	-	3,231	-
Expenses except write-down	(11,385)	-	(3,231)	-
Carrying amount at December 31	-	-	-	-
Drugs and medicines inventory				
Carrying amount at January 1	-	-	-	-
Purchases	4,862,383	-	6,782,739	-
Expenses except write-down	(4,862,383)	-	(6,782,739)	-
Carrying amount at December 31	-	-	-	-
Agricultural and marine supplies inventory				
Carrying amount at January 1	-	-	-	-
Purchases	6,095,372	-	978,420	-
Expenses except write-down	(6,095,372)	-	(978,420)	-
Carrying amount at December 31	-	-	-	-
Military, police and traffic supplies inventory				
Carrying amount at January 1	-	-	-	-
Purchases	175,726	-	40,790	-
Expenses except write-down	(175,726)	-	(40,790)	-
Carrying amount at December 31	-	-	-	-
Chemical and filtering supplies inventory				
Carrying amount at January 1	-	-	-	-
Purchases	95,740	-	649,950	-
Expenses except write-down	(95,740)	-	(649,950)	-
Carrying amount at December 31	-	-	-	-
Linens and beddings				
Carrying amount at January 1	-	-	-	-
Purchases	1,120	-	294,060	-
Expenses except write-down	(1,120)	-	(294,060)	-
Carrying amount at December 31	-	-	-	-

Particulars	2023	2022		
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
Electrical supplies and materials inventory				
Carrying amount at January 1	-	-	-	-
Purchases	1,553,118	-	1,492,203	-
Expenses except write-down	(1,553,118)	-	(1,492,203)	-
Carrying amount at December 31	-	-	-	-
Supplies and materials for water systems				
Carrying amount at January 1	-	-	-	-
Purchases	147,215	-	1,444,215	-
Expenses except write-down	(147,215)	-	(1,444,215)	-
Carrying amount at December 31	-	-	-	-
Housekeeping/Cleaning supplies				
Carrying amount at January 1	-	-	-	-
Purchases	2,264,443	-	2,242,291	-
Expenses except write-down	(2,264,443)	-	(2,242,291)	-
Carrying amount at December 31	-	-	-	-
Total inventory held for consumption	52,756,731	-	25,307,293	

Office supplies, fuel, oil and lubricants, spare parts and other supplies inventories are held for consumption.

8.3. Semi-expendable Inventory, net

	2023	2022 January 1, 2022	
		As restated	As restated
Semi-expendable information and communications technology equipment	3,041,957	4,647,134	2,660,750
Semi-expendable office equipment	1,056,319	1,176,505	1,170,059
Semi-expendable military, police and security equipment	327,520	687,933	155,713
Semi-expendable technical and scientific equipment	806,863	139,901	6,000
Semi-expendable medical equipment	-	22,450	27,240
Semi-expendable disaster response and rescue equipment	-	17,500	-
Semi-expendable communications equipment	368,909	396,901	540,018
Semi-expendable construction equipment	59,479	-	-
Semi-expendable electrical equipment	6,000	-	-
Semi-expendable other machinery and equipment	216,999	782,123	341,765
Sub-total semi-expendable - machinery and equipment	5,884,046	7,870,447	4,901,545
Semi-expendable furniture and fixtures	1,410,997	2,279,268	1,010,687
Semi-expendable books	-	16,000	-
Sub-total - Semi-expendable furniture and fixtures and books	1,410,997	2,295,268	1,010,687
Total Semi-expendable inventories	7,295,043	10,165,715	5,912,232
Less: Allowance for impairment-semi-expendable military, police and security equipment	(155,572)	-	-
Allowance for impairment-semi-expendable office equipment	-	(28,130)	-
	7,139,471	10,137,585	5,912,232

8.3.1. Semi-expendable inventory

	2023		2022	
	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell	Inventories carried at lower of cost and net realizable value	Inventories carried at fair value less cost to sell
Semi-expendable-machinery and equipment				
Carrying amount at January 1	7,842,317	-	4,901,545	-
Purchases	87,624,834	-	171,630,810	-
Expenses except write-down	(89,738,677)	-	(168,690,038)	-
Carrying amount at December 31	5,728,474	-	7,842,317	-
Semi-expendable-furniture, fixtures and books				
Carrying amount at January 1	2,295,268	-	1,010,687	-
Purchases	45,127,255	-	30,710,200	-
Expenses except write-down	(46,011,526)	-	(29,425,619)	-
Carrying amount at December 31	1,410,997	-	2,295,268	-
Total Semi-expendable inventory	7,139,471	-	10,137,585	-

Semi-expendable sub-accounts, such as Semi-expendable machinery and equipment, Semi-expendable office equipment, Semi-expendable information and communications technology equipment, and Semi-expendable furniture and fixtures, are used to recognize tangible items with cost below the capitalization threshold of P50,000.

Semi-expendable items remain as inventory and corresponding expense accounts shall be recognized upon their issuance to the end user. The remaining values of semi-expendable accounts are maintained by Property and Procurement Division/Sections of the NIA CO and ROs/PMOs/IMOs, respectively.

9. OTHER ASSETS - CURRENT

Other assets – current account consists of the following:

	Note	2023	2022 As restated	January 1, 2022 As restated
Prepayments	9.1	3,421,931,338	2,830,063,779	4,378,256,866
Advances	9.2	11,228,130	12,910,265	21,437,911
Deposits	9.3	39,995,656	35,875,124	29,266,087
Other assets	9.4	4,595,042	4,970,332	40,653,663
		3,477,750,166	2,883,819,500	4,469,614,527

Included in Other assets - current account are the following inactive accounts balances:

	2023	2022
Prepayments		
Advances to contractors/sub-contractors	11,828,620	11,828,620
Other prepayments	68,984	68,984
	11,897,604	11,897,604
Advances		
Advances to officers and employees	263,645	263,645
Advances to special disbursing officers	828,341	828,341
Advances for payroll	(199,823)	(199,823)
	892,163	892,163
Deposits		
Guaranty deposits	3,259	3,259
Deposit on letters of credit	2,700	2,700
	5,959	5,959
Other assets		
Other assets	2,222,740	2,222,740
	15,018,466	15,018,466

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other assets – current account as at December 31, 2022 and 2021 was restated as follows:

Particulars	Amount
Other assets - current, December 31, 2022	2,803,514,414
Add/(deduct): Prior period adjustments	
Reclassification of Other receivables account to Advances to contractors/sub-contractors	86,401,166
Recognition of net unexpired portion of prepaid insurance	949,126
Reversal of the derecognition of advances to contractors/sub-contractors that have been dormant for several years	792,401
Net overstatement of Other assets account due to the non-recording of disposed unserviceable property, prior years' depreciation, and recognition of unrecorded Other assets account	(194,311)
Overstatement of advances due to non-recording of prior years' liquidation of cash advances and other adjustments	(1,037,586)
Overstatement of advances to contractors/sub-contractors due to unrecorded liquidation of advances to contractors, erroneous Journal Entry Vouchers (JEVs) and other various adjustments	(6,605,710)
<i>Net restatements</i>	<i>80,305,086</i>
Other assets-current, December 31, 2022, as restated	2,883,819,500

Particulars	Amount
Other assets - current, December 31, 2021	4,474,937,825
Add/(deduct): Prior period adjustments	
Reversal of the derecognition of advances to contractors/sub-contractors that have been dormant for several years	353,062
Net overstatement of Other assets account due to the non-recording of disposed unserviceable property, prior years' depreciation, and recognition of unrecorded Other assets account	(194,311)
Overstatement of advances due to non-recording of prior years' liquidation of cash advances and other adjustments	(813,067)
Overstatement of advances to contractors/sub-contractors due to unrecorded liquidation of advances to contractors, erroneous JEVs and other various adjustments	(4,668,982)
<i>Net restatements</i>	<i>(5,323,298)</i>
Other assets-current, December 31, 2021, as restated	4,469,614,527

9.1. Prepayments

Prepayments account consists of the following:

	2023	2022 As restated	January 1, 2022 As restated
Advances to contractors	3,402,938,007	2,822,821,631	4,370,296,500
Prepaid insurance	1,935,606	1,671,756	-
Prepaid rent	-	45,960	-
Prepaid subscription	10,409,155	-	-
Other prepayments	6,648,570	5,524,432	7,960,366
	3,421,931,338	2,830,063,779	4,378,256,866

Advances to contractors account represents the 15 per cent mobilization fees for the implementation of projects subject to proportionate recoupment from the contractors' progress billings.

Prepaid insurance refers to insurance premiums paid by the NIA to the GSIS covering NIA's insurable properties.

Prepaid rent represents amount advanced/deposited for rentals of PPE.

Prepaid subscription represents amount for the subscription of more than one year for computer applications/software for office use.

Other prepayments account represents payments to the Procurement Service (PS) of the DBM and to Petron Philippines for the delivery of office supplies and gasoline, respectively. This is subject for further reconciliation.

9.2. Advances

Advances consist of the following:

	2023	2022 As restated	January 1, 2022 As restated
Advances to officers and employees	6,002,398	6,701,985	10,165,600
Advances for payroll	3,608,151	3,590,982	6,667,266
Advances to special disbursing officers	1,488,999	2,181,058	4,169,818
Advances for operating expenses	128,582	436,240	435,227
	11,228,130	12,910,265	21,437,911

Advances to officers and employees account includes amounts advanced to officers and employees for official travel.

Advances for payroll account includes amounts related to regular disbursing officers for payment of salaries, wages, honoraria, allowances and other personnel benefits. The balance as of December 31, 2023 has been returned in January and February 2024, and shall form part of the transactions for the said months.

Advances to special disbursing officers account represents amounts granted to Agency's accountable officers and employees for special purpose/time-bound undertaking. The balance as of December 31, 2023 has been returned in January and February 2024, and shall form part of the transactions for the said months.

Advances for operating expenses account represents amounts of advances granted to accountable officers for payment of operating expenses.

Aging of Advances as at December 31, 2023:

	0 to 1 year	More than 1 year to 10 years	Over 10 years and onwards	Total
Advances to officers and employees	418,433	128,368	5,455,597	6,002,398
Advances for payroll	177,797	-	3,430,354	3,608,151
Advances to special disbursing officers	387,011	-	1,101,988	1,488,999
Advances for operating expenses	2,729	-	125,853	128,582
	985,970	128,368	10,113,792	11,228,130

9.3. Deposits

Deposits consist of the following:

	2023	2022	January 1, 2022
Guaranty deposits	35,887,423	33,242,859	29,263,387
Other deposits	4,108,233	2,632,265	-
Deposit on the letters of credit	-	-	2,700
	39,995,656	35,875,124	29,266,087

Guaranty deposits account represents amounts deposited as guarantee in compliance with the terms of an agreement.

9.4. Other Assets

This account consists of the following:

	2023	2022 As restated	January 1, 2022 As restated
Other assets	46,698,837	47,584,340	84,379,201
Less: Allowance for impairment - other assets	(42,103,795)	(42,614,008)	(43,725,538)
	4,595,042	4,970,332	40,653,663

10. OTHER INVESTMENTS

This account consists of the following:

	2023	2022	January 1, 2022
Investments in stocks	1,225,000	1,225,000	1,225,000
Other investments – marketable securities	15,900	15,900	15,900
Total other investments	1,240,900	1,240,900	1,240,900
Less: Allowance for impairment-Investments in stocks	(1,225,000)	(1,225,000)	(1,225,000)
Less: Allowance for impairment-Other investments- marketable securities	(15,900)	(15,900)	(15,900)
	-	-	-

The Investments in stocks account includes investment in Gasifier and Equipment Manufacturing Corporation (GEMCOR) shares of stocks, 937 shares purchased in CY 1981 and another 250 shares acquired in CY 1984, both at P1,000 per share. In CY 1988, the GEMCOR privatization plan, which called for its dissolution, was approved. NIA's inquiry on the chance of recovering its investment remains unanswered. The account is subject for further verification and adjustment.

11. INVESTMENT PROPERTY

The Investment property account includes land under or held for lease located in EDSA, corner NIA Road, Diliman, Quezon City with a total area of 2,830 square meters (sq.m). A portion of the land with a total area of 2,508 sq.m is currently under lease to New Kanlaon Construction, Inc.

Area in sq.m	Book value per sq.m	Total book value	Status
2,508	P 735.89	P1,845,612	Under lease to New Kanlaon Construction, Inc.
322	735.89	239,957	Held for lease
2,830		P2,082,569	

12. PROPERTY, PLANT, AND EQUIPMENT

The analysis of this account as at December 31, 2023 is shown below:

	Land	Land improvements	Infrastructure assets	Buildings and other structures	Machinery, equipment, furniture and fixtures, and other PPE	Construction in progress (CIP)	Total
Carrying amount, Jan. 1, 2023, as restated	4,088,525,583	9,416,207,455	160,116,997,230	2,842,763,837	5,669,180,782	96,735,914,873	278,869,589,760
Additions/reclassification	182,476,281	779,240,793	27,836,403,335	506,707,399	1,810,681,073	8,868,374,656	39,983,883,537
Total	4,271,001,864	10,195,448,248	187,953,400,565	3,349,471,236	7,479,861,855	105,604,289,529	318,853,473,297
Less:							
Disposal/reclassification/adjustments	(136,531,972)	(1,061,031,265)	(3,563,303,142)	(28,415,271)	(212,333,419)	(12,148,744,115)	(17,150,359,184)
Depreciation (See Note 28)	-	(216,645,059)	(7,517,700,884)	(134,133,964)	(465,759,213)	-	(8,334,239,120)
Impairment loss (See Note 28)	-	-	(151,048,155)	(613,390)	(9,125,130)	-	(160,786,675)
Carrying amount, Dec. 31, 2023	4,134,469,892	8,917,771,924	176,721,348,384	3,186,308,611	6,792,644,093	93,455,545,414	293,208,088,318
Cost	4,134,469,892	24,282,755,978	232,733,490,892	4,561,707,764	10,685,801,152	93,455,545,414	369,853,771,092
Accumulated depreciation	-	(15,364,984,054)	(56,001,888,141)	(1,374,785,763)	(3,893,007,318)	-	(76,634,665,276)
Accumulated impairment losses	-	-	(10,254,367)	(613,390)	(149,741)	-	(11,017,498)
Carrying amount, Dec. 31, 2023	4,134,469,892	8,917,771,924	176,721,348,384	3,186,308,611	6,792,644,093	93,455,545,414	293,208,088,318

The carrying amounts of PPE sub-accounts as at December 31, 2023 are summarized below:

	Gross amount	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land				
Land	4,134,469,892	-	-	4,134,469,892
Sub-total	4,134,469,892	-	-	4,134,469,892
Land improvements				
Land improvements, aquaculture structures	2,137,816	(1,830,462)	-	307,354
Other land improvements	24,280,618,162	(15,363,153,592)	-	8,917,464,570
Sub-total	24,282,755,978	(15,364,984,054)	-	8,917,771,924
Infrastructure assets				
Water supply systems	225,950,434,114	(55,521,436,281)	(10,254,367)	170,418,743,466
Power supply systems	5,569,444,700	(337,223,524)	-	5,232,221,176
Communications networks	2,374,199	(451,098)	-	1,923,101
Road networks	854,362,488	(107,127,397)	-	747,235,091
Flood control systems	2,416,696	(2,295,861)	-	120,835
Other infrastructure assets	354,458,695	(33,353,980)	-	321,104,715
Sub-total	232,733,490,892	(56,001,888,141)	(10,254,367)	176,721,348,384
Buildings and other structures				
Buildings	4,050,058,441	(1,218,408,479)	(613,390)	2,831,036,572
Hostels and dormitories	1,137,020	-	-	1,137,020
Other structures	510,512,303	(156,377,284)	-	354,135,019
Sub-total	4,561,707,764	(1,374,785,763)	(613,390)	3,186,308,611
Machinery, equipment, furniture and fixtures, and other PPE				
Office equipment	487,192,850	(249,365,882)	(35,667)	237,791,301
Construction and heavy equipment	2,298,616,087	(876,276,405)	-	1,422,339,682
Agricultural and forestry equipment	521,024,335	(4,530,481)	-	516,493,854
Information and communications technology equipment	857,315,217	(432,947,929)	(114,074)	424,253,214
Technical and scientific equipment	983,540,380	(346,470,421)	-	637,069,959
Communications equipment	122,942,252	(52,276,276)	-	70,665,976
Military, police, and security equipment	3,719,222	(1,160,012)	-	2,559,210
Other machinery and equipment	1,118,808,994	(617,051,383)	-	501,757,611
Furniture and fixtures	182,442,001	(43,126,139)	-	139,315,862
Motor vehicles	895,719,947	(594,589,716)	-	301,130,231
Other transportation equipment	33,255,424	(25,000,834)	-	8,254,590
Disaster response and rescue equipment	5,279,144	(4,020,472)	-	1,258,672
Printing equipment	4,078,775	(1,928,826)	-	2,149,949
Sports equipment	2,177,812	(569,299)	-	1,608,513
Medical equipment	2,825,529	(1,823,512)	-	1,002,017
Electrical equipment	27,010,475	(7,275,785)	-	19,734,690
Watercrafts	3,259,690	(2,837,195)	-	422,495
Books	502,616	(469,971)	-	32,645
Works of arts and archeological specimens	169,000	-	-	169,000
Kitchen equipment	195,600	(37,164)	-	158,436
Other PPE	3,135,725,802	(631,249,616)	-	2,504,476,186
Sub-total	10,685,801,152	(3,893,007,318)	(149,741)	6,792,644,093
CIP				
CIP-infrastructure assets	92,857,586,356	-	-	92,857,586,356
CIP-buildings and other structures	516,674,911	-	-	516,674,911
CIP-land improvements	81,197,847	-	-	81,197,847
CIP-furniture and fixtures	86,300	-	-	86,300
Sub-total	93,455,545,414	-	-	93,455,545,414
	369,853,771,092	(76,634,665,276)	(11,017,498)	293,208,088,318

The analysis of this account as at December 31, 2022 is shown below:

	Land	Land improvements	Infrastructure assets	Buildings and other structures	Machinery, equipment, furniture and fixtures, and other PPE	CIP	Total
Carrying amount, Jan. 1, 2022, as restated	4,012,476,898	10,661,836,665	132,677,570,095	2,259,990,167	3,029,819,757	123,680,101,234	276,321,794,816
Additions/reclassification	76,048,685	60,000	44,474,871,603	844,391,853	3,175,050,617	3,751,102,797	52,321,525,555
Total	4,088,525,583	10,661,896,665	177,152,441,698	3,104,382,020	6,204,870,374	127,431,204,031	328,643,320,371
Less:							
Disposals/reclassification/adjustments	-	(1,025,494,980)	(5,585,729,175)	(65,434,874)	(71,084,208)	(30,695,289,158)	(37,443,032,395)
Depreciation (See Note 28)	-	(220,194,230)	(10,992,568,327)	(196,183,309)	(454,411,023)	-	(11,863,356,889)
Impairment loss (See Note 28)	-	-	(457,146,966)	-	(10,194,361)	-	(467,341,327)
Carrying amount, Dec. 31, 2022, as restated	4,088,525,583	9,416,207,455	160,116,997,230	2,842,763,837	5,669,180,782	96,735,914,873	278,869,589,760
Cost	4,088,525,583	25,258,669,385	207,009,055,649	4,083,275,680	9,147,265,820	96,735,914,873	346,322,706,990
Accumulated depreciation	-	(15,842,461,930)	(46,892,058,419)	(1,240,511,843)	(3,468,940,009)	-	(67,443,972,201)
Accumulated impairment losses	-	-	-	-	(9,145,029)	-	(9,145,029)
Carrying amount, Dec. 31, 2022, as restated	4,088,525,583	9,416,207,455	160,116,997,230	2,842,763,837	5,669,180,782	96,735,914,873	278,869,589,760

The carrying amounts of PPE sub-accounts as at December 31, 2022 are summarized below:

	Gross amount	Accumulated depreciation	Accumulated impairment losses	Carrying amount, December 31, 2022
Land				
Land	4,088,525,583	-	-	4,088,525,583
Sub-total	4,088,525,583	-	-	4,088,525,583
Land improvements				
Land improvements, aquaculture structures	2,197,816	(1,645,420)	-	552,396
Other land improvements	25,256,471,569	(15,840,816,510)	-	9,415,655,059
Sub-total	25,258,669,385	(15,842,461,930)	-	9,416,207,455
Infrastructure assets				
Water supply systems	200,588,080,952	(46,499,901,588)	-	154,088,179,364
Power supply systems	5,538,797,692	(263,432,974)	-	5,275,364,718
Communications networks	2,374,199	-	-	2,374,199
Road networks	455,829,541	(95,175,510)	-	360,654,031
Flood control systems	2,416,696	(2,295,861)	-	120,835
Other infrastructure assets	421,556,569	(31,252,486)	-	390,304,083
Sub-total	207,009,055,649	(46,892,058,419)	-	160,116,997,230
Buildings and other structures				
Buildings	3,631,181,306	(1,100,244,013)	-	2,530,937,293
Other structures	452,094,374	(140,267,830)	-	311,826,544
Sub-total	4,083,275,680	(1,240,511,843)	-	2,842,763,837
Machinery, equipment, furniture and fixtures, and other PPE				
Office equipment	423,147,204	(190,799,683)	(9,145,029)	223,202,492
Information and communications technology equipment	714,857,260	(338,864,605)	-	375,992,655
Agricultural and forestry equipment	527,360,655	(8,262,851)	-	519,097,804
Marine and fishery equipment	227,820	(156,143)	-	71,677
Communications equipment	81,644,006	(51,726,458)	-	29,917,548
Construction and heavy equipment	1,337,885,215	(760,065,934)	-	577,819,281
Disaster response and rescue equipment	5,692,278	(4,950,706)	-	741,572
Military, police, and security equipment	1,133,186	(490,052)	-	643,134
Medical equipment	2,747,904	(1,395,880)	-	1,352,024
Printing equipment	3,564,275	(1,105,275)	-	2,459,000

	Gross amount	Accumulated depreciation	Accumulated impairment losses	Carrying amount, December 31, 2022
Sports equipment	1,031,337	(331,873)	-	699,464
Technical and scientific equipment	800,652,583	(265,319,877)	-	535,332,706
Electrical equipment	15,194,600	(2,761,411)	-	12,433,189
Other machinery and equipment	1,024,746,653	(625,478,636)	-	399,268,017
Motor vehicles	862,297,896	(523,927,509)	-	338,370,387
Watercrafts	3,259,690	(2,732,334)	-	527,356
Other transportation equipment	33,364,066	(23,666,753)	-	9,697,313
Furniture and fixtures	155,043,562	(37,188,446)	-	117,855,116
Books	503,983	(469,971)	-	34,012
Leased assets, machinery, and equipment	383,480	(4,255)	-	379,225
Works of arts and archeological specimens	169,000	-	-	169,000
Other PPE	3,152,359,167	(629,241,357)	-	2,523,117,810
Sub-total	9,147,265,820	(3,468,940,009)	(9,145,029)	5,669,180,782
CIP				
CIP-infrastructure assets	96,123,421,992	-	-	96,123,421,992
CIP-buildings and other structures	573,080,614	-	-	573,080,614
CIP-land improvements	39,412,267	-	-	39,412,267
Sub-total	96,735,914,873	-	-	96,735,914,873
	346,322,706,990	(67,443,972,201)	(9,145,029)	278,869,589,760

Land and land improvements account includes cost of farm to market roads in various LGUs financed out of the P346 million proceeds of loan from NDC. Land account are lots/land currently occupied and registered under NIA's name.

Land improvements account refers to the total cost of completed irrigation projects which have generally rebounded to the benefit of the farmers in terms of service areas. This also includes those funded out of appropriations from the National Government through the DPWH and the DA in CYs 1990 to 1996.

NIA's shares on the non-power cost paid to the PSALM were reclassified and capitalized (CY 2018 and prior years) from Other investments account to PPE account by the NIA under Water supply systems account totaling P5.427 billion (40 per cent of total cost) based on the third-party property valuation of the project contracted by the PSALM.

The CIP account represents cost of projects implemented out of project funds directly released to the NIA by the DBM.

The capitalization threshold of P50,000 represents the minimum cost of an individual asset recognized as a PPE on the SFP. Tangible items which do not meet the PPE's criteria for recognition are recognized as Semi-expendable property.

The NIA reviewed the carrying amounts of PPEs for any impairment as at December 31, 2023. No PPE has been pledged as security for liabilities.

Included in PPE account are the following inactive accounts balances:

	2023	2022
Water supply systems	9,792,819,919	9,792,819,919

	2023	2022
Other land improvements	4,349,985,854	4,458,595,282
Buildings	515,881,610	515,881,610
Agricultural and forestry equipment	514,220,366	514,220,366
Land	77,586,842	77,586,842
Other infrastructure assets	74,486,215	74,486,215
Machinery	-	61,430,199
Furniture and fixtures	47,873,998	47,873,998
Technical and scientific equipment	11,127,627	11,127,627
Office equipment	9,528,034	9,671,020
Information and communications technology equipment	7,392,123	7,385,398
Motor vehicles	3,055,826	3,040,969
Communications equipment	1,597,566	1,597,566
Disaster response and rescue equipment	317,500	317,500
Military, police, and security equipment	46,410	46,410
Books	7,909	7,909
Other machinery and equipment	112,895,403	53,604,346
Other PPE	120,900	7,215,680
CIP - infrastructure assets	4,868,449,200	4,851,512,195
CIP – land improvements	-	61,945
	20,387,393,302	20,488,482,996

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the PPE sub-accounts as at December 31, 2022 and 2021 were restated as follows:

Land

Particulars	December 31, 2022	January 1, 2022
Land, cost before restatements	4,076,093,828	4,000,719,167
Add/(deduct): Prior period adjustments/restatements		
Net understatement due to unrecorded located land/found in station and other adjustments	15,874,964	15,200,940
Reclassification of land to Investment property due to land under or held for lease located in EDSA, corner NIA Road, Diliman, Quezon City (See Note 11)	(2,082,569)	(2,082,569)
Derecognition of land	(1,360,640)	(1,360,640)
<i>Net restatements</i>	<i>12,431,755</i>	<i>11,757,731</i>
Land, as restated	4,088,525,583	4,012,476,898

Land improvements

Particulars	December 31, 2022	January 1, 2022
Land improvements, cost before restatements	25,469,703,745	26,495,290,925
Add/(deduct): Prior period adjustments		
Net overstatement of land improvement account due to non-recognition of unrecorded land improvement and reclassification of PPE	(210,965,360)	(210,965,360)
PPE costing below P50,000 reclassified to Semi-expendable expenses	(69,000)	(69,000)
<i>Net restatements</i>	<i>(211,034,360)</i>	<i>(211,034,360)</i>
Land improvements, cost, as restated	25,258,669,385	26,284,256,565
Accumulated depreciation, before restatements	16,040,808,691	15,822,692,800
Add/(deduct): Prior period adjustments		
Understatement of depreciation expense due to unrecorded PPE	(198,317,263)	(200,243,402)
Adjustment on accumulated depreciation due to PPE costing below P50,000 reclassified to Semi-expendable expenses	(29,498)	(29,498)
<i>Net restatements</i>	<i>(198,346,761)</i>	<i>(200,272,900)</i>
Accumulated depreciation, as restated	15,842,461,930	15,622,419,900
Carrying amount, as restated	9,416,207,455	10,661,836,665

Infrastructure assets

Particulars	December 31, 2022	January 1, 2022
Infrastructure assets, cost before restatements	226,234,037,342	184,678,858,660
Add/(deduct): Prior period adjustments		
Reclassification of Other PPE account to Other infrastructure asset account	14,867,039	-
Net understatement/(overstatement) of recorded Power supply systems account due to unrecorded balances/reclassification to proper PPE sub-accounts and other adjustments	3,537,445	(2,104,003)
Understatement of recorded Road networks due to unrecorded balances, reclassification to proper PPE sub-accounts and other adjustments	1,278,236	1,278,236
Net overstatement of recorded Water supply systems due to derecognition of dormant account balances, unrecorded balances/reclassification to proper PPE sub-accounts and other adjustments	(19,244,664,413)	(17,896,891,721)
<i>Net restatements</i>	(19,224,981,693)	(17,897,717,488)
Cost, as restated	207,009,055,649	166,781,141,172
Accumulated depreciation, before restatements	48,876,587,581	37,126,615,034
Add/(deduct): Prior period adjustments		
Net understatement/(overstatement) of recorded prior years' depreciation expense and accumulated depreciation - Road networks due to unaccounted cut-off balance of PPE/ reclassification to proper PPE sub-accounts/error in recording and other adjustments	33,280,094	(1,739,608)
Understatement of prior year's depreciation of Other infrastructure assets account	61,946	-
Overstatement of prior year's depreciation of Power supply systems account	(1,020,899)	(1,161,914)
Net overstatement of recorded prior years' Depreciation and Accumulated depreciation - Water supply systems account due to derecognition of dormant account balances, unaccounted cut-off balance of PPE/ reclassification to proper PPE sub-accounts/error in recording and other adjustments	(2,016,850,303)	(3,020,142,435)
<i>Net restatements</i>	(1,984,529,162)	(3,023,043,957)
Accumulated depreciation, as restated	46,892,058,419	34,103,571,077
Carrying amount, as restated	160,116,997,230	132,677,570,095

Buildings and other structures

Particulars	December 31, 2022	January 1, 2022
Buildings and other structures, cost before restatements	4,049,340,823	3,212,743,342
Add/(deduct): Prior period adjustments		
Understatement of Buildings account due to unrecorded properties located/identified during inventory/ reclassification of PPEs and other adjustments	39,666,327	36,722,868
Overstatement of Other structures account	(5,691,470)	(10,666,569)
PPE costing below P50,000 reclassified to semi-expendable expenses	(40,000)	(40,000)
<i>Net restatements</i>	33,934,857	26,016,299
Buildings and other structures, cost, as restated	4,083,275,680	3,238,759,641
Accumulated depreciation, before restatements	1,214,779,473	973,670,834
Add/(deduct): Prior period adjustments		
Understatement of recorded prior years' depreciation and accumulated depreciation under Buildings account	25,796,638	14,057,571
Understatement/(overstatement) of recorded prior years' depreciation and accumulated depreciation under other structures account	125,484	(8,769,179)
PPE costing below P50,000 reclassified to semi-expendable expenses	(189,752)	(189,752)
<i>Net restatements</i>	25,732,370	5,098,640
Accumulated depreciation, as restated	1,240,511,843	978,769,474
Carrying amount, as restated	2,842,763,837	2,259,990,167

Machinery, equipment, furniture and fixtures and books, and other PPE

Particulars	December 31, 2022	January 1, 2022
Machinery, equipment, furniture and fixtures and books and other PPE, cost, before restatements	9,274,186,710	6,260,406,740
Add/(deduct): Prior period adjustments		
<i>Machinery and equipment</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(89,151,461)	(76,240,679)
Net overstatement of machinery and equipment accounts	(22,130,829)	(10,636,192)
<i>Transportation equipment</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(2,802,804)	(2,792,009)
Net understatement of transportation equipment account due to unrecognized motor vehicles and other transportation equipment	13,766,202	13,850,110
<i>Furniture and fixtures and books</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(18,658,266)	(17,569,267)
Net overstatement of furniture and fixtures and books	(7,426,275)	(8,346,506)
<i>Other PPEs</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(86,223)	(72,270)
Net overstatement of other PPE accounts	(431,234)	(5,379,044)
<i>Net restatements</i>	<i>(126,920,890)</i>	<i>(107,185,857)</i>
Cost, as restated	9,147,265,820	6,153,220,883
Accumulated depreciation, before restatements	3,452,331,168	3,101,861,960
Add/(deduct): Prior period adjustments/restatements		
<i>Machinery and equipment</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(47,947,864)	(42,460,277)
Net understatement of prior year's depreciation of machinery and equipment	61,159,583	64,747,594
<i>Transportation equipment</i>		
PPE costing below P50,000 reclassified to Semi-expendable expenses	(1,364,967)	(1,364,967)
Net understatement of prior year's depreciation of motor vehicles and other transportation equipment	19,841,880	16,571,427
<i>Furniture and fixtures and books</i>		
PPE costing below P50,000 reclassified to semi-expendable expenses	(8,532,111)	(8,479,024)
Net overstatement of prior year's depreciation of furniture and fixtures and books	(7,550,403)	(8,366,593)
<i>Other PPEs</i>		
Net overstatement of prior year's depreciation of Other PPEs	1,002,723	802,774
<i>Net restatements</i>	<i>16,608,841</i>	<i>21,450,934</i>
Accumulated depreciation, as restated	3,468,940,009	3,123,312,894
Accumulated impairment losses	9,145,029	88,232
Carrying amount, as restated	5,669,180,782	3,029,819,757

CIP

Particulars	December 31, 2022	January 1, 2022
CIP, cost before restatements	101,381,828,475	127,682,516,041
Add/(deduct): Prior period adjustments		
PPE costing below P50,000 reclassified to semi expendable expenses	(22,992,545)	(22,935,337)
Derecognition of balances that have remained dormant for several years	(372,505,119)	(372,505,119)
Overstatement of CIP account due to non-reclassification to proper PPE sub-accounts of completed irrigation projects	(4,250,415,938)	(3,606,974,351)
<i>Net restatements</i>	<i>(4,645,913,602)</i>	<i>(4,002,414,807)</i>
Carrying amount, as restated	96,735,914,873	123,680,101,234

13. INTANGIBLE ASSETS

As at December 31, 2023:

Particulars	Amount
Carrying amount, January 1, 2023, as restated	104,698,885
Addition / CIP transferred to PPE sub-accounts/adjustments*	125,686,695
Total	230,385,580
Amortization recognized (See Note 28)	(23,740,500)
Carrying amount, December 31, 2023	206,645,080
Gross cost	248,796,075
Accumulated amortization (including Accumulated impairment losses)	(42,150,995)
Carrying amount, December 31, 2023	206,645,080

As at December 31, 2022:

Particulars	Amount
Carrying amount, January 1, 2022, as restated	51,928,839
Addition / CIP transferred to PPE sub-accounts/adjustments**	71,756,150
Total	123,684,989
Amortization recognized (See Note 28)	(18,986,104)
Carrying amount, December 31, 2022	104,698,885
Gross cost	126,717,169
Accumulated amortization (including Accumulated impairment losses)	(22,018,284)
Carrying amount, December 31, 2022	104,698,885

* Includes payment for procurement of Enhance Farmland Geographic Information System (eFGIS) amounting to P2,579,038 and reclassification of eFGIS and ArcGIS from Technical and scientific equipment account to Computer software account amounting to P118,196,807

** Includes payment for procurement of eFGIS amounting to P54,284,593

Included in this account are computer/information technology software and/or software licenses acquired by separate purchase or acquisition and is necessary for the operation of the NIA. These are amortized on a straight-line method for a period of two (2) to five (5) years depending on its useful life and expiration.

The account also includes procurement for eFGIS amounting to P212.674 million as of December 31, 2023. The software upgrades the NIA's existing parcellary maps. The system provides an updated parcellary maps and records created decades ago to address discrepancies between database and real farm size for effective planning and management. The system can also provide several analysis and reports with visual representation through Geographic Information System (GIS) by overlaying a series of data necessary for decision-making.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the Intangible assets account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Intangible assets, at cost	120,782,476	48,642,010
Add: Prior period adjustment		
Understatement of computer software	5,934,693	5,600,799
Intangible assets, at cost, as restated	126,717,169	54,242,809
Accumulated amortization	18,960,026	2,295,506
Add: Prior period adjustment		
Understatement of prior year's amortization	3,058,258	18,464
Accumulated amortization, as restated	22,018,284	2,313,970
Intangible assets- net, as restated	104,698,885	51,928,839

14. FINANCIAL LIABILITIES

This account consists of:

	2023	2022 As restated	January 1, 2022 As restated
Accounts payable	2,276,980,964	3,085,407,336	5,057,301,812
Due to officers and employees	404,318,594	208,202,326	307,017,540
	2,681,299,558	3,293,609,662	5,364,319,352

Accounts payable account pertains mostly to claims of contractors, who are either foreign or local, on their project accomplishments and claims of suppliers for the goods delivered. Also included in the account is the unpaid CY 2023 Annual Water Charges for RO Nos. I, IV-A, VII and VIII payable to the National Water Resources Board (NWRB), and the unpaid expenses for Rice subsidy allowance and gratuity pay for Job Order (JO) and Contract of Service (COS) personnel in accordance with NIA MC Nos. 143, Series of 2022 and 174, Series of 2023.

Due to officers and employees account consists of unpaid salaries, wages, allowances, other benefits, reimbursements for travel expenses and other claims of the NIA employees.

Included in Financial liabilities account are the following inactive accounts balances:

	2023	2022
Accounts payable	6,598,121	6,574,807
Due to officers and employees	282,475	282,475
	6,880,596	6,857,282

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial liabilities account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Financial liabilities	3,233,635,405	5,375,666,602
Add/(deduct): Prior period adjustments		
Recognition of Accounts payable for unbilled accomplishment of contractors	40,937,463	-
Net understatement of the accrual of Personnel services and other expenses under Due to officers and employees account	14,050,884	3,624,590
Net understatement/(overstatement) of the accrual of expenses and capital outlay under Accounts payable account	4,985,910	(14,971,840)
Net restatements	59,974,257	(11,347,250)
Financial liabilities, as restated	3,293,609,662	5,364,319,352

15. INTER-AGENCY PAYABLES

This account consists of:

	2023	2022 As restated	January 1, 2022 As restated
Due to Treasurer of the Philippines	75,311,041,417	72,412,496,358	71,637,310,225
Due to NGAs	3,312,409,527	3,349,567,087	3,372,981,129
Due to Bureau of Internal Revenue (BIR)	330,826,061	282,035,778	277,457,613
Due to other GCs	143,675,205	165,486,205	169,407,242
Due to GSIS	56,597,943	51,731,387	29,924,966
Due to PhilHealth	10,629,685	9,570,797	5,371,079
Due to Home Development Mutual Fund (HDMF) or Pag-IBIG	9,026,056	9,097,857	7,880,506
Due to LGUs	5,147,723	7,417,199	18,621,722
Due to Social Security System (SSS)	249,653	295,898	242,401
	79,179,603,270	76,287,698,566	75,519,196,883

Due to Treasurer of the Philippines account represents the total cash advances of the BTr for the account of the NIA for payment of water delivery fees and tax reimbursements to California Energy Casecan Water and Energy Company, Inc. (CECWECI). This also includes interest income earned from Cash in bank and liquidated damages subject for remittance to the BTr.

Due to NGAs account represents fund transfers received/trust receipts from NGAs, i.e. DA, Department of Agrarian Reform (DAR), National Agricultural and Fisheries Council (NAFC) and DPWH for the implementation of irrigation projects. In CY 2022, the NIA derecognized negative balances that have been dormant for many years on the account of the DA and the DPWH in the total amount of P1.264 billion.

Due to BIR account consists of taxes withheld from employees, suppliers, contractors, and other entities.

Due to other GCs account pertains to trust funds received to finance specific projects or to pay specific obligations.

Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth accounts represent employees' premium payments and other payables withheld for remittance to the concerned government agencies/institutions.

Included in Inter-agency payables account are the following inactive accounts balances:

	2023	2022
Due to NGAs	21,732,461	21,122,491
Due to BIR	5,005,215	3,997,176
Due to other GCs	2,130,401	2,126,998
Due to LGUs	540,932	509,564
Due to GSIS	260,288	238,594
Due to PhilHealth	155,893	153,641
Due to Pag-IBIG	95,214	77,758
Due to Treasurer of the Philippines	203	203
	29,920,607	28,226,425

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Inter-agency payables account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Inter-agency payables	76,285,608,783	75,518,447,778
Add/(deduct): prior period adjustments		
Net understatement of the accrual of government shares to GSIS, PhilHealth, and Pag-IBIG	3,039,481	281,978
Understatement of Due to Treasurer of the Philippines	1,875,090	1,874,492
Net understatement of Due to BIR account due to non-accrual of various expenses/purchases and other adjustments	312,830	265,607
Derecognition of accounts under Due to other GCs account that have remained dormant for several years	(15,553)	-
Non-recording of the BIR remittance thru Tax Remittance Advice (TRA)	(3,122,065)	(1,672,972)
Net restatements	2,089,783	749,105
Inter-agency payables, as restated	76,287,698,566	75,519,196,883

16. INTRA-AGENCY PAYABLES

This account consists of:

	2023	2022	January 1, 2022
Due to other funds	-	-	55,953,337
Due to CO	-	-	89,602
	-	-	56,042,939

Due to other funds account is the effect of common fund scheme of the DBM per National Budget Circular No. 583.

17. TRUST LIABILITIES

This account consists of:

	2023	2022 As restated	January 1, 2022 As restated
Guaranty/security deposits payable	2,856,913,155	2,994,728,369	2,993,808,697
Trust liabilities	61,277,271	47,136,363	22,794,991
Trust liabilities-disallowances/charges	16,634,559	33,090,757	3,890,585
	2,934,824,985	3,074,955,489	3,020,494,273

Guaranty/security deposits payable account represents “retention money” from claims of contractors who are implementing NIA’s projects. It is utilized to cover uncorrected discovered defects and third-party liabilities.

Trust liabilities account represents collections for bidding documents, proceeds from NIA housing, and trust fund for the Environmental and Social Measure established for livelihood programs of the affected farmers/landowners during the construction of Can-asujan Small Reservoir Irrigation System (SRIS) in Carcar, Cebu.

Trust liabilities-disallowances/charges account represents amounts collected from the disallowed benefits of the NIA employees with Notices of Disallowance from the COA.

Included in Trust liabilities account is the following inactive account balance:

	2023	2022
Guaranty/security deposits payable	487,080	487,080

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Trust liabilities account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Trust liabilities	3,074,074,541	3,019,508,736
Add/(deduct): Prior period adjustments		
Net understatement of Guaranty/security deposits payable due to reversal of erroneous recording of JEVs and other adjustments	837,142	930,297
Setting up of payables for disallowed expenses deducted from payroll	76,000	76,000
Overstatement of Trust liabilities	(32,194)	(20,760)
<i>Net restatements</i>	<i>880,948</i>	<i>985,537</i>
Trust liabilities, as restated	3,074,955,489	3,020,494,273

18. PROVISIONS

This account consists of:

	2023	2022 As restated	January 1, 2022 As restated
Leave benefits payable	965,190,150	1,057,746,149	1,134,722,009
Other provisions	217,754,490	50,525,991	39,476,763
	1,182,944,640	1,108,272,140	1,174,198,772

Leave benefits payable account is used to recognize accrual of the money value of cumulative earned leave credits of the NIA employees in compliance with IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Provisions account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Provisions	1,107,580,445	1,173,235,844
Add: Prior period adjustment:		
Understatement of Leave benefits payable	691,695	962,928
Provisions, as restated	1,108,272,140	1,174,198,772

18.1. Contingent liabilities/assets

A total of 153 pending cases were filed for and against the NIA as of December 31, 2023, (see attached **Exhibit 1**) for the Summary and Status of Outstanding Cases Pending Before the Courts as of December 31, 2023.

19. OTHER PAYABLES

This account consists of:

	2023	2022 As restated	January 1, 2022 As restated
Dividends payable	2,108,308,776	2,108,308,775	2,108,308,776
Other payables	122,717,403	249,087,270	1,128,696,733
	2,231,026,179	2,357,396,045	3,237,005,509

Dividends payable account represents unremitted dividends pertaining to CYs 2008 to 2009 and CYs 2012 to 2014. The NIA requested, thru a letter to the Department of Finance (DOF), for the availment of flexibility clause and/or zero dividend rate.

Other payables account includes liabilities to NIA Employees Association and Cooperatives for remittance of association dues, premiums, contributions, loans, and other fees withheld from the NIA employees' salaries and wages.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other payables account as at December 31, 2022 and 2021 was restated as follows:

Particulars	December 31, 2022	January 1, 2022
Other payables	2,359,116,588	3,235,882,272
Add/(deduct): Prior period adjustments		
Net adjustment due to the erroneous derecognition of Other payables account that have remained dormant for several years and other adjustments	1,400,782	2,860,593
Net overstatement of Other payables account due to over-recognition of various Personnel services and MOOE	(3,121,325)	(1,737,356)
Net restatements	(1,720,543)	1,123,237
Other payables, as restated	2,357,396,045	3,237,005,509

Included in Other payables account is the following inactive account balance:

	2023	2022
Other payables	12,251,944	12,251,944

20. DEFERRED CREDITS/UNEARNED REVENUE

This account includes the following:

	2023	2022 As restated	January 1, 2022 As restated
Deferred credits	5,054,345,739	5,004,650,559	5,411,913,732
Other unearned revenue	4,800	-	2,400
	5,054,350,539	5,004,650,559	5,411,916,132

Deferred credits account represents income to be realized upon collection of previously billed irrigation fees and unearned income on installment sales, equipment rentals, and CISs amortizations.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Deferred credits/unearned revenue account as at December 31, 2022 and 2021 was restated, as follows:

Particulars	December 31, 2022	January 1, 2022
Deferred credits/unearned revenue	5,085,940,142	5,490,864,297
Add/(deduct): Prior period adjustments		
Overstatement of ISF collections	50,000	-
Recognition of revenue from Deferred credits/unearned revenue	(81,339,583)	(78,948,165)
<i>Net restatements</i>	<i>(81,289,583)</i>	<i>(78,948,165)</i>
Deferred credits/unearned revenue, as restated	5,004,650,559	5,411,916,132

21. GOVERNMENT EQUITY

As provided under Section 3(a) of RA No. 3601 as amended by PD No. 1702, the authorized capital stock of the NIA shall be P10 billion which shall be subscribed and paid entirely by the Government of the Republic of the Philippines. The share capital amounted to P5.559 billion as at December 31, 2023.

22. ACCUMULATED SURPLUS/(DEFICIT)

The NIA's Accumulated surplus/(deficit) account amounted to P224.399 billion and P207.556 billion as at December 31, 2023 and 2022, respectively.

23. SERVICE AND BUSINESS INCOME

This account comprises the following:

	2023	2022 As restated
<i>Service Income</i>		
Fines and penalties-service income	2,260,996	3,107,150
Inspection fees	1,754,000	743,250
Clearance and certification fees	1,398,700	7,772,905
Other service income	837,710	1,237,375
Verification and authentication fees	567,250	-
Processing fees	53,500	-
Permit fees	2,000	-
	6,874,156	12,860,680
<i>Business Income</i>		
Power supply system revenue	689,613,404	1,174,854,723
Waterworks system fees - Water delivery fees	470,999,428	572,838,484
Rent/lease income	65,256,940	55,391,241
Waterworks system fees - ISF, Communal Irrigation Projects/CISs/River Irrigation Systems (RISs) and pump amortization and equity	35,473,549	37,663,614
Management fees	32,725,500	23,292,956
Income from hostels/dormitories and other like facilities	23,506,630	28,307,313
Interest income	9,174,603	8,943,049
Fines and penalties-business income	19,329	1,798
Landing and parking fees	-	6,000
	1,326,769,383	1,901,299,178
Total	1,333,643,539	1,914,159,858

Interest income account includes interest earned from high yield savings account with the Development Bank of the Philippines (DBP) and LBP.

Fines and penalties account represents income earned from the imposition of penalties/fines due to late deliveries of supplies purchased, equipment, etc., from contractors/suppliers, and surcharges due to late payment of rentals from tenants.

23.1. Waterworks system fees - ISF/Communal Irrigation Projects/CISs/RISs and pump amortization and equity

Included in this account are the Communal Irrigation Projects/CISs/RISs/Pump Amortization and Equity and ISF charge or levy being imposed upon users of irrigation water and services provided by an irrigation systems. The ISF includes collections from farmers with more than eight (8) hectares of land, corporate farms, and plantations drawing water for agricultural crop production, fishponds, and other persons, natural or juridical, drawing water for non-agricultural purposes from NISs and CISs, or using the irrigation systems as drainage facilities who shall continue to be subject to the payment of ISF pursuant to RA No. 10969.

23.2. Waterworks system fees - water delivery fees

Included in Water delivery fees are fees collected for the services rendered or performed by the NIA for the operation, maintenance, and rehabilitation of the Non-power Components and other appurtenant structures in 360 mega watts (MW) Magat Hydro Electric Power Plant and 112 MW Pantabangan-Masiway Hydro Electric Power Plant in accordance with the O&M Agreements entered into by and between the:

- a. NIA and SNAPI for the Magat Electric Power Plant dated December 13, 2006; and
- b. NIA and FGHPC for the Pantabangan-Masiway Hydro Electric Power Plant dated November 13, 2006.

The service fees are collected on a monthly basis per cubic meter of water used for power generation. The NIA exclusively uses the service fees collected to fulfill its obligations and discharge its responsibilities as provided in the Agreements.

23.3. Power supply system revenue

Included in this account is the income earned from the operation of the Casecnan Hydro Electric Power Plant starting December 11, 2021, in accordance with the Revenue - Expenses sharing of PSALM and NIA (60%-40%) provided under Section 5 of the MOA. (See *Note 44.1*)

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Service and business income account for CY 2022 was restated as follows:

Particulars	Amount
Service and business income, CY 2022	814,547,571
Add/(deduct): Prior period adjustments	
Understatement of the recorded power supply system revenue	1,174,854,723
Net understatement of recorded rent/lease income	4,964,569
Net understatement of recorded waterworks system fees	2,341,418
Understatement of income from hostels/dormitories and other like facilities	697,772
Net understatement of interest income	17,633
Understatement of service income	614,848
To recognize income from liquidated damages	179
Reclassification of other miscellaneous income from service and business income to non-operating income	(83,878,855)
<i>Net restatements</i>	<i>1,099,612,287</i>
Service and business income, CY 2022, as restated	1,914,159,858

24. SHARES, GRANTS AND DONATIONS

This amount reflects the donated vehicles and land to the NIA. The donated assets are as follows:

Office/RO	Donor	Donated Asset	No. of Units	Value
CY 2023				
CO	NWRB	2005 Toyota Innova	1	133,308
IV-B	NIA RO No. IV Employees Multi-Purpose Cooperative (NEMCO)	2018 Toyota Fortuner 2.8L 4x4 V DSL AT	1	1,050,507
IV-B	NEMCO	2018 Toyota HILUX 2.8L 4x4 Pick-up	1	928,320
IV-B	NEMCO	2018 Toyota HILUX 2.8L 4x4 Pick-up	1	815,837
XII	RCL Construction and Equipment Rental	2017 ISUZU MU-X 4x4 LS-AA	1	1,087,000
XII	RCL Construction and Equipment Rental	2017 ISUZU DMAX 4x4 LS Pick-up	8	8,000,000
XII	RCL Construction and Equipment Rental	2018 Toyota HIACE GL Grande Van	1	1,243,000
XII	RCL Construction and Equipment Rental	2018 Toyota HILUX 2.8L 4x4 Pick-up	1	1,103,000
XII	RCL Construction and Equipment Rental	2018 Toyota HILUX 2.8L 4x4 Pick-up	2	1,893,700
CRIPP	LGU – Tuao, Cagayan	Land		36,540
				16,291,212

Office/RO	Donor	Donated Asset	No. of Units	Value
CY 2022				
XII	RCL Construction and Equipment Rental	2018 YAMAHA Motorcycle	30	2,847,606

25. PERSONNEL SERVICES

This account consists of the following:

	Note	2023	2022 As restated
Salaries and wages	25.1	2,967,813,462	2,771,420,531
Other compensation	25.2	1,486,271,729	1,299,272,093
Personnel benefit contributions	25.3	441,292,307	402,200,253
Other personnel benefits	25.4	105,270,650	81,415,490
		5,000,648,148	4,554,308,367

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Personnel services account for CY 2022 was restated as follows:

Particulars	Amount
Personnel services, CY 2022	4,527,152,893
Add/(deduct): Prior period adjustments	
Net understatement of prior year's salaries and wages	17,744,145
Net understatement of prior year's recorded other compensation	13,866,352
Net understatement of personnel benefit contributions	2,837,273
Net overstatement of recorded other personnel benefits	(7,292,296)
<i>Net restatements</i>	<i>27,155,474</i>
Personnel services, CY 2022, as restated	4,554,308,367

25.1. Salaries and wages

	2022
	As restated
Salaries and wages-regular	1,475,425,057
Salaries and wages-casual/contractual	1,492,388,405
	2,967,813,462
	2,771,420,531

Salaries and wages account represents payment of services rendered by the NIA employees.

25.2. Other compensation

	2022
	As restated
Year-end bonus	247,177,899
Mid-year bonus	250,416,260
Personnel economic relief allowance	206,519,400
Representation allowance	66,580,292
Transportation allowance	64,298,400
Cash gift	54,606,064
Clothing/uniform allowance	51,417,250
Overtime and night pay	16,574,336
Longevity pay	6,597,500
Honoraria	2,352,959
Directors and committee members' fee	198,000
Subsistence allowance	55,590
Laundry allowance	-
Hazard pay	10,560
Other bonuses and allowances	519,467,219
	1,486,271,729
	1,299,272,093

Hazard pay account represents additional pay or compensation for registered chemist and registered chemical technician, NIA employees performing work under hazardous or dangerous conditions in accordance with NIA MC No. 73, Series of 2023.

25.3. Personnel benefit contributions

This account represents NIA's share in premium contributions, i.e., GSIS, Pag-IBIG and PhilHealth.

	2023	2022 As restated
Retirement and life insurance premiums	357,493,534	328,899,206
Pag-IBIG contributions	10,892,428	10,752,699
PhilHealth contributions	62,007,663	52,228,231
Employees compensation insurance premiums	10,898,682	10,320,117
	441,292,307	402,200,253

25.4. Other personnel benefits

	2023	2022 As restated
Terminal leave benefits	101,613,120	80,275,135
Retirement gratuity	1,390,719	-
Other personnel benefits	2,266,811	1,140,355
	105,270,650	81,415,490

26. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	Note	2023	2022 As restated
Repairs and maintenance	26.1	2,235,271,077	1,551,934,387
Supplies and materials expenses	26.2	685,739,644	1,061,944,284
Utility expenses	26.3	398,672,348	414,782,623
Labor and wages		310,483,044	320,526,552
Training and scholarship expenses	26.4	304,559,137	432,939,381
Traveling expenses	26.5	263,845,251	221,486,447
Taxes, insurance premiums and other fees	26.6	135,241,100	66,813,632
Professional services	26.7	106,684,341	153,617,638
Survey, research, exploration and development expenses	26.8	104,574,912	106,911,308
Communications expenses	26.9	40,472,558	34,431,317
General services	26.10	23,545,929	25,909,126
Awards/rewards, prizes and indemnities	26.11	10,163,253	6,472,763
Confidential, intelligence and extraordinary expenses		387,626	425,949
Generation, transmission, and distribution expenses		9,100	96,101
Assistance/subsidies/contribution-others		-	77,281
Other maintenance and operating expenses	26.12	1,151,399,197	1,369,774,629
		5,771,048,517	5,768,143,418

The Generation, transmission, and distribution expenses account reflected in CY 2022 refers to the deferred accounting adjustment on the general rate adjustment mechanism refunded to the NIA UPRIS under the Notice of Collection dated November 14, 2022.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, MOOE account for CY 2022 was restated, as follows:

Particulars	Amount
MOOE, CY 2022	4,881,518,943
Add/(deduct): Prior period adjustments	
Net understatement of supplies and materials expenses	364,581,586
Understatement of other maintenance and operating expenses	274,795,177
Net understatement of training and scholarship expenses	122,421,556
Understatement of survey, research, exploration and development expenses	100,077,469
Net understatement of traveling expenses-local	70,504,606
Net understatement of labor and wages	14,179,512
Net understatement of utility expenses	1,830,609
Net understatement of communication expenses	1,124,713
Understatement of professional expenses	367,011
Understatement of extraordinary and miscellaneous expenses	4,510
Overstatement of janitorial services	(58,544)
Overstatement of taxes, insurance premiums, and other fees	(650,502)
Overstatement of repairs and maintenance	(62,553,228)
<i>Net restatements</i>	<i>886,624,475</i>
Maintenance and other operating expenses, CY 2022, as restated	5,768,143,418

26.1. Repairs and maintenance

	2023	2022 As restated
Repairs and maintenance – infrastructure assets	1,978,970,122	1,043,071,802
Repairs and maintenance – transportation equipment	118,080,691	118,999,440
Repairs and maintenance – machinery and equipment	71,051,841	105,396,007
Repairs and maintenance – buildings and other structures	45,869,634	266,318,235
Repairs and maintenance – land improvements	2,410,030	1,395,811
Repairs and maintenance – semi-expendable machinery and equipment	1,174,586	580,184
Repairs and maintenance – furniture and fixtures	956,505	1,228,451
Repairs and maintenance – semi-expendable furniture, fixtures and books	180,643	43,929
Repairs and maintenance – leased assets improvements	-	587,278
Repairs and maintenance – other PPE	16,577,025	14,313,250
	2,235,271,077	1,551,934,387

26.2. Supplies and materials expenses

	2023	2022 As restated
Fuel, oil and lubricants expenses	334,892,147	480,372,385
Office supplies expenses	111,631,249	199,425,839
Semi-expendable-machinery and equipment expenses	89,738,677	168,690,038
Semi-expendable furniture, fixtures and books expenses	46,011,526	29,425,619
Agricultural and marine supplies expenses	6,095,372	978,420
Drugs and medicines expenses	4,862,383	6,782,739
Medical, dental and laboratory supplies expenses	3,922,781	8,432,277
Housekeeping/cleaning supplies expenses	2,264,442	2,242,291
Electrical supplies and materials expenses	1,553,118	1,492,203
Accountable forms expenses	558,100	679,055
Military, police and traffic supplies expenses	175,726	40,790
Supplies and materials for water systems operations expense	147,215	1,444,215
Chemical and filtering supplies expenses	95,740	649,950
Textbooks and instructional materials expenses	23,993	23,691
Food supplies expenses	11,385	3,231
Linens and beddings expenses	1,120	294,060
Non-accountable forms expenses	-	15,480
Other supplies and materials expenses	83,754,670	160,952,001
	685,739,644	1,061,944,284

Supplies and materials expenses account represents cost of supplies and materials used and/or consumed by the NIA.

26.3. Utility expenses

	2023	2022 As restated
Electricity expenses	384,868,428	402,504,682
Water expenses	13,733,329	12,172,020
Gas / heating expenses	3,142	2,725
Other utility expenses	67,449	103,196
	398,672,348	414,782,623

26.4. Training and scholarship expenses

	2023	2022 As restated
Training expenses	304,559,137	432,939,381

This account represents expenses incurred in attending various trainings to expand knowledge and skills required.

26.5. Traveling expenses

	2023	2022 As restated
Traveling expenses - local	262,101,895	216,743,615
Traveling expenses - foreign	1,743,356	4,742,832
	263,845,251	221,486,447

This account represents expenses for traveling and related expenses incurred in the course of official travel and performance of official functions.

26.6. Taxes, insurance premiums and other fees

	2023	2022 As restated
Insurance expenses	40,607,542	33,863,786
Taxes, duties and licenses	83,038,208	21,923,435
Fidelity bond premiums	11,595,350	11,026,411
	135,241,100	66,813,632

26.7. Professional services

	2023	2022 As restated
Auditing services	96,903,520	110,480,302
Consultancy services	526,690	30,194,464
Legal services	618,252	1,479,125
Other professional services	8,635,879	11,463,747
	106,684,341	153,617,638

These accounts represent expenses for services subscribed and/or incurred by the NIA from third-party providers for their professional expertise. The accounts also include the cost of audit services rendered by the COA to the NIA.

26.8. Survey, research, exploration and development expenses

	2023	2022 As restated
Research, exploration and development expenses	103,743,124	106,666,749
Survey expenses	831,788	244,559
	104,574,912	106,911,308

26.9. Communications expenses

	2023	2022 As restated
Internet subscription expenses	19,902,217	16,160,808
Telephone expenses	17,402,048	15,074,930
Postage and courier services	2,669,631	2,619,003
Cable, satellite, telegraph, and radio expenses	498,662	576,576
	40,472,558	34,431,317

26.10. General services

	2023	2022 As restated
Janitorial services	15,482,666	16,475,637
Security services	5,817,359	7,366,290
Environment/sanitary services	-	46,500
Other general services	2,245,904	2,020,699
	23,545,929	25,909,126

26.11. Awards/rewards, prizes and indemnities

	2023	2022
Awards/rewards expenses	9,374,235	6,193,213
Prizes	789,018	279,550
	10,163,253	6,472,763

26.12. Other maintenance and operating expenses

	2023	2022 As restated
Representation expenses	186,338,355	96,874,439
Rent/Lease expenses	51,660,775	163,025,963
Subscription expenses	22,478,075	14,247,863
Donations	20,449,388	29,055,180
Major events and conventions expenses	20,733,685	5,170,081
Printing and publication expenses	7,324,091	4,909,203
Litigation/acquired assets expenses	6,947,658	-
Transportation and delivery expenses	2,553,207	1,863,359
Advertising, promotional and marketing expenses	971,250	1,355,697
Documentary stamps expenses	853,034	285,297
Membership dues and contributions to organizations	142,493	128,429
Legal defense expense	25,300	-
Other maintenance and operating expenses	830,921,886	1,052,859,118
	1,151,399,197	1,369,774,629

Representation expenses account pertains to expenses incurred for official meetings or conferences.

Donations mostly represent the cost of pumps donated to qualified IAs.

Printing and publication expenses are the costs of printing and binding of documents, forms, manuals, brochures, and pamphlets used in the organization.

Other maintenance and operating expenses account is further broken down as follows:

	2023	2022
COVID-19 expenses	202,988,550	6,450,430
Job order	167,962,488	153,024,910
Contractual services	146,775,396	105,840,583
IAs remuneration for operations	134,664,075	206,216,604
Meals and snacks	43,311,683	68,174,790
Annual physical exam	31,179,050	9,850,613
Contribution to civic/charitable institutions	11,744,641	2,458,800
IAs remuneration for maintenance	11,085,380	162,207,816
Laboratory analysis of soil and water sample	9,705,799	187,010
Gratuity pay	306,776	36,079,797
Rice subsidy allowance	96,912	-
Motorcycle allowance	-	103,137
Sports	-	7,720,887
Other miscellaneous expenses-various expenses	1,718,155	126,665,630
Other maintenance and operating expenses	69,382,981	167,878,111
	830,921,886	1,052,859,118

27. FINANCIAL EXPENSES

This account consists of the following:

	2023	2022
		As restated
Interest expenses	2,884,874,747	1,085,925,147
Bank charges	306,760	231,532
Other financial charges	-	68,127
	2,885,181,507	1,086,224,806

The majority of Interest expenses account pertains to those paid for by the National Government through the BTr in behalf of the NIA for its PPA with the CECWECI.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Financial expenses account for CY 2022 was restated as follows:

Particulars	Amount
Financial expenses, CY 2022	1,086,216,235
Add(deduct): Prior period adjustments	
Understatement of other financial charges	8,066
Payment of penalty for late remittance of PhilHealth insurance contribution	505
<i>Net restatements</i>	<i>8,571</i>
Financial expenses, CY 2022, as restated	1,086,224,806

28. NON-CASH EXPENSES

Non-cash expenses account represents the following: (a) depreciation recognized for PPE; (b) amortization recognized for the computer/information technology software used; (c) impairment loss of other receivables and PPE; and (d) loss on sale of PPE. This account consists of:

	2023	2022 As restated
Depreciation-infrastructure assets	7,517,700,884	10,992,568,327
Depreciation-machinery and equipment	388,068,503	379,324,275
Depreciation-land improvements	216,645,059	220,194,230
Depreciation-buildings and other structures	134,133,964	196,183,309
Depreciation-transportation equipment	65,917,388	65,468,220
Depreciation-furniture, fixtures and books	9,038,479	6,793,311
Depreciation-leased assets	-	511
Depreciation- Other PPE	2,734,843	2,824,706
	8,334,239,120	11,863,356,889
Impairment loss-loans and receivables	128,236,095	-
Impairment loss-lease receivables	-	3,124,599,792
Impairment loss-other receivables	143,855,033	1,109,261,674
Impairment loss-PPE	160,786,675	467,341,327
Impairment loss-other investments	375	-
Impairment loss-other assets	64,954	697,676
	432,943,132	4,701,900,469
Amortization - intangible assets (See Note 13)	23,740,500	18,986,104
	8,790,922,752	16,584,243,462

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Non-cash expenses account for CY 2022 was restated as follows:

Particulars	Amount
Non-cash expenses, CY 2022	14,094,229,996
Add/(deduct): prior period adjustments	
Net understatement of depreciation - infrastructure assets	2,536,773,328
Net understatement of depreciation - buildings and other structures	18,016,264
Net understatement of depreciation - machinery and equipment	27,551,214
Net understatement of depreciation - transportation equipment	2,835,259
Net understatement of depreciation - furniture, fixtures and books	143,479
Net understatement of depreciation - other PPE	223,883
Net understatement of amortization – intangible assets	3,370,394
Adjustments of prior year's depreciation - land improvements	(79,277)
Over-recognition of impairment loss- loans and receivables	(2,863,377)
Over-recognition of impairment loss-other receivables	(95,957,701)
Net restatements	2,490,013,466
Non-cash expenses, CY 2022, as restated	16,584,243,462

29. OTHER NON-OPERATING INCOME

This account consists of:

	2023	2022 As restated
Bid documents	27,439,330	19,084,174
Laboratory analysis - soil and water sample/ material testing	4,792,235	138,275
Drainage fee	1,999,870	2,010,556
Sale of goods and materials	1,696,718	15,760
Scrap of fixed assets	1,326,723	8,341,601
Contract price adjustment / liquidated damages	730,897	457,258
Land development/irrigation development cost	483,314	650,269
Income from NIA housing	252,475	219,100
Printing/xerox/radio	116,334	95,036
Hauling/milling/drying	13,869	9,775
Payment for lost items	5,713	12,804
Disallowance	-	64,518
Other miscellaneous income	42,654,687	54,019,428
	81,512,165	85,118,554

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Other non-operating income account for CY 2022 was restated as follows:

Particulars	Amount
Other non-operating income, CY 2022	566,015
Add/(deduct): Prior period adjustments	
Reclassification of Other miscellaneous income from Service and business income to non-operating income	83,878,855
Net understatement of Other miscellaneous income	1,239,699
Reclassification of sale of unserviceable property to gain on sale of unserviceable property	(566,015)
<i>Net restatements</i>	<i>84,552,539</i>
Other non-operating income, CY 2022, as restated	85,118,554

30. GAINS

This account consists of the following:

	2023	2022 As restated
Gain on foreign exchange	3,984,425	8,709,609
Gain on sale of unserviceable property	698,393	566,015
Gain on sale of PPE	20,987	1,138,205
	4,703,805	10,413,829

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Gains account for CY 2022 was restated as follows:

Particulars	Amount
Gains, CY 2022	9,847,814
Add: Prior period adjustment:	
Reclassification of sale of unserviceable property from Other non-operating income to Gains	566,015
Gains, CY 2022, as restated	10,413,829

31. LOSSES

This account consists of the following:

	2023	2022 As restated
Loss on foreign exchange	28,511,935	10,218,620
Loss of assets	62,635	20,618
Loss on sale of unserviceable property	-	40,698
Loss on sale of assets	-	3,186
	28,574,570	10,283,122

This account also includes the result of change from the conversion of foreign currency TD certificates of the NIA and the decrease in foreign currency conversion rate applied for payment of Foreign Assisted Projects.

In accordance with IPSAS 3 - *Accounting Policies, Changes in Accounting Estimates and Errors*, Losses account for CY 2022 was restated as follows:

Particulars	Amount
Losses, CY 2022	400,600,000
Add/(deduct): Prior period adjustments	
Understatement on the recognized loss on sale of assets	3,186
Reversal of the derecognition of damaged portion of water supply systems	(390,320,064)
<i>Net restatements</i>	<i>(390,316,878)</i>
Losses, CY 2022, as restated	10,283,122

32. INCOME TAX EXPENSE

The NIA incurred a net operating loss before subsidy. As a result, no income tax expense was paid during the year.

33. ASSISTANCE AND SUBSIDY

The NIA received subsidy from National Government in the total amounts of P42.533 billion and P42.927 billion in CYs 2023 and 2022, respectively.

34. EXPLANATION OF DIRECT CASH FLOWS

The analysis of the variance between the Notice of Cash Allocation (NCA) per record versus the NCA received is shown below:

Subsidy received from National Government based on SFPer	42,533,386,172
Less:	
Loan proceeds - non-cash	
Fund 102 Chico River Pump Irrigation Project (CRPIP)	529,232,397
Fund 102 Jalaur River Multi-Purpose Project (JRMP)	1,216,188,389
Tax Remittance Advice	
Fund 101 Modified Disbursement System (MDS)	1,834,569
Fund 102 JRMP	47,649
Add: Assistance from other GCs	3,300,522
Subsidy received from National Government based on Statements of Cash Flows (SCFs)	40,789,383,690

35. EXPLANATION ON THE RESTATEMENT OF NET SURPLUS FOR CY 2022

Particulars	Amount
Net surplus for CY 2022 as shown in the audited SFP for the year ended December 31, 2022	18,764,018,964
Less: Adjustments made under the following funds for various income and expenses	
Fund 501 Regular	12,881,377
Fund 102 Integrated National Resources and Environment Management Project (INREMP)	(6,903)
Fund 102 CRPIP	(260,025)
Fund 102 JRMP	(6,639,040)
Fund 102 Participatory Irrigation Development Project (PIDP)	(15,101,414)
Fund 102 National Irrigation Sector Rehabilitation and Improvement Project (NISRIIP)	(24,948,006)
Fund 102 Regular	(36,254,443)
Fund 158	(54,486,828)
Fund 101	(276,879,191)
Fund 501 Locally Funded Projects (LFPs)	(1,425,610,700)
Net surplus for CY 2022 as shown in the audited SFP for the year ended December 31, 2022, as restated	16,936,713,791

36. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS / (DEFICIT)

	2023	2022 As restated
Surplus for the year	21,493,161,399	16,936,713,791
Non-cash (income/expenses):		
Depreciation (Note 28)	8,334,239,120	11,863,356,889
Impairment loss (Note 28)	432,943,132	4,701,900,469
Amortization (Note 28)	23,740,500	18,986,104
Loss on foreign exchange (Note 31)	28,511,935	10,218,620
Loss of assets (Note 31)	62,635	20,618
Loss on sale of unserviceable property (Note 31)	-	40,698
Shares, grants and donations (Note 24)	(16,291,212)	(2,847,606)
Gain on foreign exchange (Note 30)	(3,984,425)	(8,709,609)
Gain on sale of PPE (Note 30)	(20,987)	(1,138,205)
Gain on sale of unserviceable property (Note 30)	(698,393)	(566,015)
(Increase)/decrease in current assets: (based on SFPs):		
Loans and receivable	(223,741,799)	4,146,931,298
Lease receivables	276,660	291,540
Inter-agency receivables	(690,230,398)	(341,360,385)
Intra-agency receivables	(7,362,159)	(30,744,154)
Other receivables	973,728,193	(1,146,422,789)
Inventory held for distribution	(4,963,601)	42,914,488
Inventory held for consumption	(27,449,438)	(982,879)
Semi-expendable machinery and equipment	2,113,843	(2,940,772)
Semi-expendable furniture, fixtures and books	884,271	(1,284,581)
Advances	1,682,135	8,527,646
Prepayments	(591,867,559)	1,548,193,087
Deposits	(4,120,532)	(6,609,037)
Other assets	375,290	35,683,331
Increase/(decrease) in current liabilities: (based on SFPs):		
Financial liabilities	(612,310,104)	(2,070,709,690)
Inter-agency payables	2,891,904,704	768,501,683
Intra-agency payables	-	(56,042,939)
Trust liabilities	(140,130,504)	54,461,216
Provisions	74,672,500	(65,926,632)
Other payables	(126,369,866)	(879,609,464)
Adjustments	(2,574,682,166)	(5,478,720,837)
Net cash provided by operating activities	29,234,073,174	30,042,125,884

Adjustments in the indirect cashflows are due to the following:

	2023
Prior period adjustments affecting current assets and current liabilities	4,876,524,607
Payment of retention fee to contractors charged as capital outlay (classified under investing activity in SCF)	655,986,413
Advances to contractors charged as capital outlay (classified under investing activity in SCF)	588,452,362
Remittance of Due to BIR charged as capital outlay (classified under investing activity in SCF)	521,127,285
Payment of payables charged as capital outlay (classified under investing activity in SCF)	259,480,512
Reclassification/adjustment to PPE	62,228,904
Increase /decrease in deferred credits	49,699,979
Reversal of impairment loss on current assets	11,589,502
Reclassification from CIP to expense account	11,292,695
Reclassification from non-current assets to current assets	5,398,750
Impairment loss on current assets	(1,472,136)
Reclassification from expense account to CIP	(1,795,003)
Receipt of interest earned classified under investing activity in SCF	(6,279,989)
Property transfer of non-current assets charged to prior year's subsidy	(7,411,765)
Payment of capital outlay made to other funds	(41,550,180)
Non-cash subsidy income used for capital outlay	(53,964,203)
Issuance of construction materials inventory to CIP	(88,991,088)
Liquidation of cash advances capitalized as CIP	(133,717,765)
Property transfer of non-current assets charged to subsidy of current year	(175,471,020)
Setting up of payables for capital outlay at year-end	(345,763,103)
Prior period adjustments affecting non-current assets and non-current liabilities	(647,532,165)
Difference between purchase cost of capital outlay and its cash payment (due to deductions such as withholding tax, guaranty deposits, etc.)	(2,369,499,080)
Transfer of PPE from other funds	(5,405,364,470)
Other adjustments	(337,651,208)
Grand total	(2,574,682,166)

37. RELATED PARTY TRANSACTIONS

37.1. Related party transactions

The NIA does not have control or significant influence over other parties in making financial or operating decisions, nor dealings with related parties involving transfer of resources and obligations between the NIA and other parties.

37.2. Key management personnel

The key management personnel of the NIA are the Administrator, Senior Deputy Administrator, and two Deputy Administrators. The NIA Board consists of the Chairman, Vice Chairman, and the four board members, representing the DPWH, NPC, National Economic and Development Authority (NEDA) and one from the private sector who are all appointed by the President of the Philippines. The Secretary of the DA or his authorized representative acts as ex-officio Chairman of the Board and is not remunerated by the NIA.

37.3. Key management personnel compensation

The aggregate remuneration of the members of the governing body and the key management are shown below:

	2023	2022
Basic salary	9,331,991	8,379,919
Allowances and other benefits	2,798,304	2,657,094
Extraordinary and miscellaneous expenses	308,896	364,784
Per diem	-	225,000
	12,439,191	11,626,797

**Based on the Report on Salaries and Allowances (ROSA) including Extraordinary and Miscellaneous Expenses by Principal Officers and Members of Governing Board*

38. CAPITAL MANAGEMENT

The primary objective of the NIA's capital management is to ensure that resources of the NIA is geared towards the attainment of its mandate and the implementation of its objectives through the programs to be undertaken for the promotion and advancement of the irrigation development with the participation of the private sector and for the improvement of the working conditions of the farmers. The NIA manages its net assets/equity by establishing controls in collection of fees and other sources of revenues, monitoring status of projects and periodic reporting of funds and disbursements while maintaining compliance with rules, regulations, and other legal requirements.

39. BUDGET INFORMATION

The proposed NIA COB for FY 2023 in the amount of P46.662 billion was approved by the NIA Board on February 27, 2023 and submitted to the DBM for review/evaluation. The COB was approved by DBM on May 10, 2023 amounting to P46.230 billion. Changes between the original and final budget was due to DBM's approved level of Personnel Services, MOOE and Capital Outlay broken down as follows:

	COB		
	Proposed	Approved	Variance
Personnel services	5,411,303,000	5,658,941,614	(247,638,614)
MOOE	4,562,656,869	3,883,182,255	679,474,614
Capital outlay	36,688,270,819	36,688,270,819	-
	46,662,230,688	46,230,394,688	431,836,000

The COB was sourced from the Internally Generated Income of the NIA and the subsidy from National Government. The allocation covers the NIA's operating requirements, contractual obligations and for the implementation of infrastructure projects.

Material differences between the actual expenses as against the budget as presented in the SCBAA are also noted particularly on the following:

	Original Budget	DBM Variance	CNA Allocation	Final Budget
Receipts/Sources				
Service and business income	599,875,156	-	-	599,875,156
Other non-operating income	74,041,923	-	-	74,041,923
Assistance and subsidy	45,988,313,609	-	-	45,988,313,609
	46,662,230,688	-	-	46,662,230,688
Payments/Uses				
Personnel services	5,411,303,000	-	247,638,614	5,658,941,614
MOOE	4,562,656,869	(431,836,000)	(247,638,614)	3,883,182,255
Capital outlay	36,688,270,819	-	-	36,688,270,819
	46,662,230,688	(431,836,000)	-	46,230,394,688
	-	431,836,000	-	431,836,000

39.1. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Per Final Budget	Actual Amounts	Variance
Receipts/Sources			
Service and business income	599,875,156	1,333,643,539	(733,768,383)
Shares, grants, and donation	-	16,291,212	(16,291,212)
Other non-operating income	74,041,923	81,512,165	(7,470,242)
Gain on foreign exchange	-	3,984,425	(3,984,425)
Gain on sale of unserviceable property	-	698,393	(698,393)
Gain on sale of PPE	-	20,987	(20,987)
Assistance and subsidy	45,988,313,609	42,533,386,172	3,454,927,437
	46,662,230,688	43,969,536,893	2,692,693,795
Payments / Uses			
Personnel services			
Salaries and wages	3,178,793,412	2,967,813,462	210,979,950
Other compensation	1,675,651,559	1,486,271,729	189,379,830
Personnel benefit contributions	474,790,436	441,292,307	33,498,129
Other personnel benefits	329,706,207	105,270,650	224,435,557
	5,658,941,614	5,000,648,148	658,293,466
MOOE			
Supplies and materials expenses	249,194,582	685,739,644	(436,545,062)
Professional services	777,229,289	106,684,341	670,544,948
General services	43,822,000	23,545,929	20,276,071
Traveling expenses	99,907,827	263,845,251	(163,937,424)
Training and scholarship expenses	61,326,302	304,559,137	(243,232,835)
Utility expenses	136,606,002	398,672,348	(262,066,346)
Repairs and maintenance	706,889,525	2,235,271,077	(1,528,381,552)
Communications expenses	30,213,860	40,472,558	(10,258,698)
Awards/rewards, prizes and indemnities	2,610,000	10,163,253	(7,553,253)
Taxes, insurance premiums and other fees	63,295,148	135,241,100	(71,945,952)
Confidential, intelligence and extraordinary expenses	548,000	387,626	160,374
Survey, research, exploration and development expenses	-	104,574,912	(104,574,912)
Generation, transmission, and distribution expenses	-	9,100	(9,100)
Labor and wages	-	310,483,044	(310,483,044)
Assistance/subsidies/contribution-others	394,797,534	1,151,399,197	(756,601,663)
Other maintenance and operating expenses	375,943,710	-	375,943,710
Other MOOE from GAA Projects	940,328,635	-	940,328,635
Loss on foreign exchange	-	28,511,934	(28,511,934)
Other losses	-	62,636	(62,636)
	3,882,712,414	5,799,623,087	(1,916,910,673)
Capital outlay	36,688,270,819	25,245,679,472	11,442,591,347
Financial expenses	469,841	2,885,181,507	(2,884,711,666)
Total	46,230,394,688	38,931,132,214	7,299,262,474
Net receipts/(payments)		5,038,404,679	(4,606,568,679)

The explanations for the significant variances are as follows:

1. **Service Business Income:** The negative variance or increase in this category was due to the recognition of Power System Revenue from the operation of the Casecnan Hydro Electric Power Plant for the CY 2023.
2. **Supplies and Materials Expenses:** The negative variance was a result of reclassifying items from the PPE account to Semi-expendable expenses to comply with the capitalization threshold.
3. **Repairs and Maintenance Expenses:** This variance was due to several factors:
 - Recognition of payment for expenses that were previously obligated under the GAAs of FYs 2021 and 2022.
 - Inclusion of indirect costs that are not directly attributable to specific projects but are recognized as expenses.
 - Repairs that were budgeted under capital outlay but recorded as expenses in accordance with accounting standards.
4. **Taxes, Insurance Premiums, and Other Fees:** The negative variance in this category is due to setting up a payable for the NWRB's Annual Fees amounting to P57.220 million.
5. **Survey, Research, Exploration, and Development Expenses:** The variance pertains to expenses for a Feasibility Study that was budgeted under Capital Outlay but recorded under MOOE in line with accounting standards.
6. **IA Operation and Maintenance:** The actual expenses under this category were recorded under the Other MOOE account.
7. **Other MOOE from GAA Projects:** The actual expenses were recorded under various MOOE expenses, including training, capacity workshops, repairs and maintenance of NISs, pump irrigation systems, and labor and wages.

40. **DISCLOSURES REQUIRED BY BIR UNDER REVENUE REGULATIONS (RR) NO. 15-2010**

In compliance with BIR RR No. 15-2010, amending BIR RR No. 21-2002, "[I]n addition to the disclosures mandated under the xxx, and such other standards and/or conventions as may heretofore be adopted, the Notes to Financial Statements shall include information on taxes, duties, and license fees paid or accrued during the taxable year."

The NIA has been regularly deducting taxes from salaries and other benefits due from its employees as well as from cost of goods and services procured. Likewise, the amounts withheld from the same were remitted to the BIR within the prescribed deadlines.

Taxes and licenses

Taxes, insurance premiums and others fees for local and national, under “Operating expenses” for CY 2023, include licenses and permit fees in the total amount of P83.038 million.

Withholding taxes

The amounts of withholding taxes paid/accrued for CYs 2023 and 2022 by the NIA are as follows:

	2023	2022
Creditable withholding taxes	1,804,074,820	1,333,011,752
Withholding taxes on compensation and benefits	127,057,037	143,284,228
Others	375,443	3,824,083
	1,931,507,300	1,480,120,063

As at year end, the breakdown of creditable withholding taxes for CYs 2023 and 2022 is as follows:

Percentage		2023	2022
5	Withholding Value-Added Tax (VAT)	1,178,035,649	846,145,128
2	Income payments made by NIA to suppliers of services	376,078,743	312,352,257
1	Income payments made by NIA to suppliers of goods	99,238,094	76,569,327
5	Withholding tax on professionals	91,728,917	45,140,032
3	Withholding percentage tax	44,104,159	43,089,443
10	Withholding tax on professionals	1,278,648	2,872,394
	Others	13,610,610	6,843,171
		1,804,074,820	1,333,011,752

41. COMPLIANCE WITH GSIS LAW, RA NO. 8291

The NIA has been regularly deducting premiums from its employees and remitting the total amount withheld as well as the government share to the GSIS. The employees’ and employer’s shares remitted to the GSIS for CYs 2023 and 2022 are as follows:

	2023	2022
Employer’s share	316,335,947	288,439,574
Employees’ share	352,417,634	327,505,748
	668,753,581	615,945,322

42. COMPLIANCE WITH HDMF or PAG-IBIG LAW AND HDMF CIRCULAR NO. 275

The NIA has been regularly deducting monthly contributions and remitting the total amount withheld as well as the government share to the nearest Pag-IBIG branch or its authorized collecting banks, together with the duly accomplished Membership Contribution Remittance Form, in accordance with HDMF Circular No. 275. The employees’ and employer’s shares remitted for CYs 2023 and 2022 are as follows:

	2023	2022
Employees’ share	65,361,771	57,288,112

Employer's share	11,598,228	11,404,469
	76,959,999	68,692,581

43. COMPLIANCE WITH PHILHEALTH CIRCULAR NO. 0001, S. 2014

The NIA has been regularly deducting premiums from its employees and remitting the total amount withheld as well as the government share to the PhilHealth. The employees' and employer's shares remitted to PhilHealth for CYs 2023 and 2022 are as follows:

	2023	2022
Employees' share	67,076,223	56,402,932
Employer's share	59,633,493	51,988,911
	126,709,716	108,391,843

44. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

44.1. Privatization of the Casecnan Hydro Electric Power Plant

On November 13, 1994, the NIA and the CECWECI executed a Build, Operate, Transfer (BOT) Agreement to construct the CMPIPP. The BOT Agreement was amended under a June 26, 1995 Amended and Restated Casecnan Project Agreement and a September 29, 2003 Supplemental Agreement to the Amended and Restated Casecnan Project Agreement.

Under the BOT Agreement, as amended, the CMPIPP shall be transferred to the NIA at the end of the cooperation period.

On June 30, 1995, the NIA and the NPC executed a PPA for the sale of the CMPIPP's energy output. Under Article 16 of the PPA, the NIA shall transfer 60 per cent of its ownership over the CMPIPP to the NPC.

In 2001, RA No. 9136 or the *"Electric Power Industry Reform Act of 2001"* (EPIRA) was passed into law, mandating the PSALM to take over ownership of "all existing NPC generation assets, liabilities, Independent Power Producer (IPP) contracts, real estate and all other disposable assets, including the PPA with the NIA.

On September 21, 2021, the NIA and the PSALM Executed a Deed of Conveyance whereby the NIA transferred 60 per cent of its ownership over the CMPIPP to PSALM effective December 11, 2021.

On December 6, 2021, the PSALM and the NIA entered into a "First MOA" to identify their respective rights and responsibilities concerning the CMPIPP beginning December 11, 2021. Further, under the First MOA, the PSALM and the NIA agreed that PSALM will pursue the privatization of the Power component of the CMPIPP.

Section 5 of the First MOA (Sharing of the Net Revenue and Expenses) also states that PSALM and NIA agree to share all the net Revenue and Expenses, as defined therein,