

EXECUTIVE SUMMARY

A. Introduction

The National Book Development Board (NBDB) was created by Republic Act (RA) No. 8047, known as the Book Publishing Industry Development Act, which was enacted on June 7, 1995.

It is mandated to formulate, adopt and implement a National Book Policy and National Book Development Plan that will serve as the basis for fostering the progressive growth and viability of the country's book industry.

Its mission is to promote the continuing development of the book publishing industry, with the active participation of the private sector, to ensure an adequate supply of affordable, quality-produced books for both domestic and foreign markets.

The Board is governed by 14 members currently headed by Chairperson Dante Francis Mariano Ang II. It has a permanent Secretariat under Executive Director Jerry G. Tizon, who is responsible for the day-to-day management and direction of the affairs and operations of the NBDB. The Governing Board of NBDB is composed of the following officials:

Name	Position/Designation	Mother Unit/Agency	Remarks
1. Dante Francis Mariano Ang II	Chairman (December 2019)	Private Sector, Ex-officio	Appointed on December 3, 2019
2. Flor Marie Sta. Romana Cruz	Chairman (January - November 2019)	Private Sector, Ex-officio	Relieved on December 3, 2019
3. Nepomuceno Aclan Malaluan	Vice Chairman (January – April 2019)	Under Secretary of Department of Education (DepEd), Ex-officio	
4. Annalyn Macam Sevilla	Vice Chairman (May – December 2019)	Under Secretary of DepEd, Ex-officio	Appointed on April 23, 2019
5. Ronald Lapat Adamat	Member	Commissioner of Commission on Higher Education (CHED), Ex-officio	
6. Virgilio Senadrin Almario	Member	Chairman of National Commission for Culture and the Arts (NCCA), Ex-officio	
7. Josette Talamera Biyo	Member	Director of Department of Science and	

Name	Position/Designation	Mother Unit/Agency	Remarks
		Technology (DOST), Ex-officio	
8. Ceferino Samson Rodolfo	Member	Under Secretary of Department of Trade and Industry (DTI), Ex-officio	
9. Alfredo Cancio Ramos	Member	Private Sector, Ex-officio	
10. Ruel Salvador De Vera	Member	Private Sector, Ex-officio	
11. Maria Karina Africa Bolasco	Member	Private Sector, Ex-officio	
12. Ani Rosa Soriano Almario	Member (January – November 2019)	Private Sector, Ex-officio	Relieved on December 3, 2019
13. Teresita Quizo Adriano	Member (November – December 2019)	Private Sector, Ex-officio	Appointed on October 28, 2019
14. Jose Mirasol De Mesa	Member (December 2019)	Private Sector, Ex-officio	Appointed on December 3, 2019

As of December 31, 2019, the NBDB had a total personnel complement of 60, of which 36 have permanent status while 24 are under service contracts.

B. Operational Highlights

The major accomplishments of the NBDB for Calendar Year (CY) 2019 against its set targets are shown below:

Programs/Projects/Activities	Targets	Actual Accomplishments	Percentage
<i>Local Book Publishing Industry Development Program</i>			
Outcome Indicators			
1. Percentage increase in the number of manuscripts/titles by NBDB-registered authors/publishers	5	3	60
2. Percentage increase in the number of titles published by NBDB-registered authors/publishers	2	32	1600
3. Percentage increase in the gross revenue of NBDB-registered publishers	5	67	1340
Output Indicators (<i>see Annex A</i>)			
1. Number of capacity-building and trade promotion	34	39	115
2. Number of awards, grants and incentives given initiatives undertaken	25	27	108
3. Number of policies developed, researches conducted, information systems developed and/or managed, and information campaigns	13	14	108

Programs/Projects/Activities	Targets	Actual Accomplishments	Percentage
conducted:			
a. Booklatan Scoping in Davao		1	
b. Booklatan Scoping in Mindoro		1	
c. Read Aloud in Bulacan		1	
d. Read Aloud in Malabon		1	
e. Read Aloud in Navotas		1	
f. Read Aloud in Eastern Visayas		1	
g. Booklatan Scoping in La Union		1	
h. Booklatan Scoping in Cebu		1	
i. Industry Research and Data Gathering – Hong Kong Book Fair		1	
j. NBDB 2019 Annual Report		1	
k. Registration of Book Industry Stakeholders		1	
l. Scoping in Cagayan de Oro		1	
m. Industry Research and Data Gathering – BSB Information Dissemination of Readership Survey		1	
n. Industry Research and Data Gathering – FBF Information Dissemination of Readership Survey		1	

C. Financial Highlights

The NBDB has total adjusted appropriations of ₱70,917,869.00 under RA No. 11260, the General Appropriations Act (GAA) for Fiscal Year (FY) 2019. The same amount of allotments was received, of which ₱56,668,164.67 was obligated, thereby leaving an unobligated balance of ₱14,249,704.33, as shown below:

Particulars	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
A. Current Year				
1. Agency-Specific Budget				
Personnel Services (PS)	₱ 23,828,584.00	₱ 23,828,584.00	₱ 23,783,020.70	₱ 45,563.30
Maintenance and Other Operating Expenses (MOOE)	44,279,416.00	44,279,416.00	30,179,843.83	14,099,572.17
Capital Outlays (CO)	429,000.00	429,000.00	400,091.18	28,908.82
Sub-total	68,537,000.00	68,537,000.00	54,362,955.71	14,174,044.29
2. Automatic Appropriations				
Retirement and Life Insurance Premium				
PS	2,039,197.00	2,039,197.00	2,028,118.30	11,078.70
Sub-total	2,039,197.00	2,039,197.00	2,028,118.30	11,078.70
3. Special Purpose Funds				
Miscellaneous Personnel Benefits Fund				
PS	279,481.00	279,481.00	214,900.00	64,581.00
Pension and Gratuity Fund				
PS	62,191.00	62,191.00	62,190.66	0.34
Sub-total	341,672.00	341,672.00	277,090.66	64,581.34

Particulars	Appropriations	Allotments	Obligations Incurred	Unobligated Balance
Grand Total	₱ 70,917,869.00	₱ 70,917,869.00	₱ 56,668,164.67	₱ 14,249,704.33

The NBDB's financial position and financial performance for CY 2019 with comparative figures for CY 2018 are presented below:

Particulars	2019	2018	Increase/(Decrease)
Financial Position			
Assets	₱ 138,160,661.10	₱ 193,070,940.19	₱ (54,910,279.09)
Liabilities	3,674,850.82	4,048,216.31	(373,365.49)
Net Asset/Equity	134,485,810.28	189,022,723.88	(54,536,913.60)
Financial Performance			
Revenue	5,537,307.29	4,005,012.61	1,532,294.68
Less: Current Operating Expenses			-
PS	27,204,862.48	23,112,882.89	4,091,979.59
MOOE	26,917,384.51	21,361,132.62	5,556,251.89
Non-Cash Expenses	701,039.36	612,555.88	88,483.48
Total	54,823,286.35	45,086,571.39	9,736,714.96
Surplus (Deficit) from Current Operating Expenses	(49,285,979.06)	(41,081,558.78)	(8,204,420.28)
Net Financial Assistance/Subsidy	56,771,480.70	43,621,667.50	13,149,813.20
Surplus (Deficit) for the period	₱ 7,485,501.64	₱ 2,540,108.72	₱ 4,945,392.92

D. Scope and Objectives of Audit

The audit covered the review of the accounts and operations of the NBDB for the year ended December 31, 2019. The audit was conducted to: (a) ascertain the level of assurance that may be placed on Management's assertions on the financial statements; (b) determine the extent of compliance with applicable laws, rules and regulation; and (c) determine the extent of implementations of prior year's audit recommendations.

E. Independent Auditor's Report on the Financial Statements

The Audit Team rendered an unqualified opinion on the fairness of the presentation of the financial statements of the NBDB for CY 2019.

F. Summary of Significant Audit Observations and Recommendations

Below are the significant audit observations with the corresponding recommendations which are discussed in detail in Part II of this report.

1. Contrary to National Budget Circular (NBC) No. 577 dated May 2, 2019, ₱14,249,704.33 or 20 percent of the ₱70,917,869.00 allotments of NBDB in 2019 was not obligated/utilized, and compared with that of the past two years, this year's utilization rate is the lowest, which could be attributed to the deficient programming of funds for the Local Book Publishing Industry Development Program. (Observation No. 2)

We recommended that Management plan and identify properly the activities intended to be undertaken and provide realistic budget estimates for its programs and projects to improve budget utilization rate, avoid excess allocation of funds and assure the efficient and effective apportionment of government resources.

2. Minimal disbursements of only ₱100,000.00 or 1.20 percent in favor of only two grantees in CY 2018 and none in CY 2019, out of the total interest income of ₱8,366,132.45 earned from the Trust Fund (TF) for CYs 2018 to 2019, indicate non-adherence to the purpose for the creation of the TF, which is specifically intended for grant awards for promoting the Filipino authorship and support to local publication, as provided in RA No. 9521 or the NBDTF Act. (Observation No. 3)

We recommended that, in order that the purpose of the establishment of the Fund in supporting and promoting Filipino authorship is attained, Management, as Fund Administrator of the NBDTF:

- a) **issue additional policies and guidelines for the effective and efficient implementation of the Fund as required under Rule IX, Section 1 of the IRR;**
- b) **exert efforts in contracting and completing the Advisory Committee members for each category;**
- c) **require the applicants to comply within the set deadline of the submission of manuscripts, and immediately provide any lacking documents to avoid further delay in the review of the proposals and awarding of grants; and**
- d) **submit to the Audit Team a copy of the Final Evaluation Report by the Advisory Committee on Ms. Prima Lou Imperial's submitted manuscript.**

The above audit observations and recommendations were communicated through Audit Observation Memoranda (AOM) and discussed with agency officials in a Virtual Exit Conference conducted on July 1, 2020. Their comments were considered in the Report, where appropriate.

G. Status of Settlement of Suspensions, Disallowances and Charges

Audit disallowances totaling ₱92,400.00 remained unsettled as at the end of the year.

H. Status of Implementation of Prior Years' Audit Recommendations

Of the eight prior years' audit recommendations embodied in the CY 2018 Annual Audit Report (AAR) of the NBDB, six were fully implemented and two were not implemented, the details of which are discussed in Part III of this Report.

Status of Implementation	Number of Recommendations	Percentage
Fully Implemented	6	75
Not Implemented	2	25
Total	8	100