

EXECUTIVE SUMMARY

A. Introduction

The Philippine Racing Commission (PhilRaCom) is one of the agencies under the Office of the President created by virtue of Presidential Decree (PD) No. 420 dated March 20, 1974.

The PhilRaCom is tasked to promote and direct the accelerated development and continuous growth of horse racing, not only in the furtherance of the sports development program of the government, but also in order to insure the full exploitation of horse racing as a source of revenue and employment.

It has the exclusive jurisdiction and control over every aspect of the conduct of horse racing, including the framing and scheduling of races, the construction and safety of horse racing, the allocation of prizes and the security of racing.

The PhilRaCom is headed by a Chairman and five Commissioners who were all appointed by the President of the Philippines with a term of four years. It has 68 filled-up positions 13 contracts of service. As of December 31, 2024, PhilRaCom has a total workforce of 81.

B. Operational Highlights

The agency reported physical targets and accomplishments for CY 2024:

Organizational Outcomes (OOs)/ Performance Indicator (PIs)	Physical Targets	Actual Accomplish- ments	Percentage of Accomplish- ments
Horse Racing Incentive Program			
Output Indicators			
1. Number of races conducted as scheduled according to standards	45	45	100
2. Amount of prize money and percentage of paid within three days after the race	110,000,000.00	113,000,000.00	103
Horse Racing Regulatory Program			
Output Indicators			
1. Number of applicants for registration, permits and licenses acted upon within one month	4,000	4,029	100
2. Number of inspections and investigations taken	150	151	100
3. Percentage of enforcement actions undertaken and resolved as a percentage of the total number of violations	100	100	100

C. Financial Highlights

The financial position, financial performance and sources and utilization of funds of the PhilRaCom for CY 2024 with corresponding figures for CY 2023 are presented below:

Particulars	Amount (₱)	
	2024	2023 As Restated
Financial Position		
Assets	182,028,521.25	178,612,072.32
Liabilities	103,241,239.79	94,785,918.56
Net Assets/Equity	78,787,281.46	83,826,153.76
Financial Performance		
Revenue/Income/Subsidy	40,066,940.94	33,440,060.99
Current Operating Expenses	187,453,969.00	231,656,327.92
Gains	9,617.20	-
Net Financial Subsidy	182,641,537.89	248,548,890.23
Surplus/Deficit	35,264,127.03	50,332,623.30
Sources and Utilization of Funds		
Appropriations	191,697,076.00	245,070,910.00
Continuing Appropriations	8,475,826.52	23,251,666.87
Allotments	200,172,902.52	268,322,576.87
Obligations Incurred	187,124,576.53	239,226,855.67
Disbursements	180,372,033.64	233,344,905.57
Unobligated Allotments	13,048,325.99	29,095,721.20

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) for the period January 1 to December 31, 2024 is shown in *Annex A*.

D. Scope of Audit

The audit was conducted to: a) ascertain the level of assurance that may be placed on the Management's assertion on the financial statements; b) determine the propriety of transactions as well as extent of compliance on the applicable laws, rules and regulations; c) recommend agency's improvement opportunities; and d) determine the extent of implementation of prior year's audit recommendations. Moreover, the audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

E. Independent Auditor's Report on the Financial Statements

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of PhilRaCom as at December 31, 2024.

F. Summary of Significant Observations and Recommendations

The significant audit observations and corresponding recommendations were communicated with Management officials concerned through the issuance of Audit Observation Memoranda (AOM), and discussed during the exit conference on April 29, 2025, details of which are discussed in this report. Management views and comments were incorporated in the report, where appropriate.

1. The agency did not record its trust receipts from Metro Manila Turf Club, Inc. (MMTCI) as a receivable at the point when it is recognizable, instead, it was recorded upon actual remittance of the funds to the agency, not in accordance with the accrual basis of accounting, thus misstating the Other Receivable and Trust Liability accounts as of December 31, 2024 by ₱1,752,889.93.

We recommended and Management agreed to instruct the Chief Accountant to comply on the recording and adjustments in 2025.

2. The Trust Liabilities account derived from Breakages totaling ₱15,053,897.40 as at December 31, 2024 remained unutilized for its intended purpose, specifically for additional prizes and necessary capital outlay and expenditures relative to the horse breeding activities of the National Stud Farm, not in accordance with the provisions outlined in Section 8 (a) of RA No. 11505. This hindered the implementation of programs intended to support the development of the horse racing industry.

We recommended and Management agreed through the Executive Director to:

- a) diligently coordinate with the relevant agencies/departments to expedite the transfer of the National Stud Farm and its functions with the PhilRaCom; and
 - b) initiate consultations with relevant stakeholders, including industry experts, breeders, and local horse owners to identify and develop programs, projects, and activities that effectively address the most pressing needs and priorities for the use of allocated funds.
3. PhilRaCom remained to be without a mechanism to grant hazard pays to its two Chemists and Chemical Technician who were exposed to risk due to the

absence of internal guidelines to implement, thus not compliant with Section 50 of the IRR of RA No. 10657.

We reiterated our recommendation and Management agreed through the Office of the Executive Director to:

- a) establish an internal guideline on the proper implementation of IRR of RA No. 10657; and
 - b) ensure that qualified Chemists and Chemical Technicians are granted hazard pay, if warranted.
4. Deficiencies were noted in the operation of PhilRaCom's ELDC such as: a) inadequate safeguarding of PPE, b) undisposed expired chemicals, and c) Certificate of Authority to Operate (CATO) not obtained from the Board of Chemistry, not in accordance with supply and property management system and the Professional Chemistry Law.

We recommended and Management agreed that through the Chief of Studbook Division to:

- a) ensure that the PPE and samples at the ELDC are adequately safeguarded, and consider relocating them to a more secure locations if necessary;
- b) dispose the expired chemicals in accordance with the Ecological Solid Waste Management Act, RA No. 9275, Philippine Clean Water Act and RA No. 6969, and Toxic Substance and Hazardous and Nuclear Wastes Control Act; and
- c) obtain a CATO from the Board of Chemistry, otherwise a justification that the ELDC is not subject to the Chemistry Profession Law to support its continuous operation.

G. Implementation of Prior Year's Audit Recommendations

Of the 11 audit recommendations contained in the CY 2023 Annual Audit Report (AAR), 9 were implemented and 2 were not implemented. The details are presented in Part III of this Report.