

EXECUTIVE SUMMARY

A. Introduction

The **National Statistics Office (NSO)** was first **Bureau of the Census (BCS)** when Commonwealth Act (C.A.) No. 591 was approved on **August 19, 1940**.

Executive Order No. 149 dated **December 28, 1993** was issued by the Office of the President entitled Streamlining of the Office of the President.” By virtue of this order, the NSO was placed again under the administrative supervision of the NEDA for effective policy and program coordination and integration.

The National Statistics Office (NSO) is the major statistical agency responsible in collecting, compiling, classifying publishing, and disseminating general-purpose statistics as provided for in Commonwealth Act No. 591.

NSO has also the responsibility of carrying out and administering the provision of the Civil Registry Law as provided for in Act 3753 dated February 1931. In particular, the agency prepares and issues relevant rules and regulations on civil registration for its proper implementation. As the central repository of documents on the civil status of individuals, the agency has developed and utilizes automated systems to facilitate storage and retrieval of documents, not to mention its safekeeping. The agency issues authorization to solemnizing officers in pursuant to Article 7 of the Family Code

B. Financial Highlights

	2005	2004	Increase (Decrease)
NCA Received	812,549,956.00	812,107,451.00	442,505.00
Allotment Received	799,910,516.00	859,289,199.00	(59,378,683.00)
Continuing Appropriation	134,217,847.52	169,272,227.16	(35,054,379.64)
Obligation Incurred	859,677,014.52	866,591,890.77	(6,914,876.25)
Unexpended Balance	74,451,349.00	161,969,535.39	(87,518,186.39)

C. Scope of Audit

The audit was focused on the examination through test check of transactions, accounts and reports; and ascertaining compliance with applicable laws, rules and regulations, as well as adherence to prescribed policies and procedures.

D. Auditor's Report

The auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the National Statistics Office as of December 31, 2005 due to the understatement of income and cash accounts by P1,203,701.46 that were not deposited promptly, doubtful balance of Property, Plant and Equipment account amounting to P180,163,430.56, obsolete and unserviceable properties amounting to P1,656,253.73 not disposed of and still recorded under PPE account, and incomplete/non-submission of financial documents for transaction amounting to P2,397,419.33.

E. Observations and Recommendations

The following observations and recommendations were discussed with the management officials and comments thereon are incorporated in this report where appropriate:

1. Understatement of Income and Cash accounts – P1,473,649.08

It is recommended that management should impose appropriate sanctions to the erring accountable officers and comply strictly with Section 21, Volume I of NGAS Manual.

2. Doubtful balance of Property, Plant and Equipment - P180,163,430.56

It is recommended that management submit Report on the Physical Count of Property, Plant and Equipment on time and in accordance with Sec. 66, Vol. II of NGAS Manual.

Likewise, management should comply strictly to Chapter 2, Sec. 4.1, Vol. I and Chapter 1 Sec. 42 Vol. II of the NGAS Manual (Maintenance of Property, Plant and Equipment Ledger Cards/Property Cards) and submit basis of the reclassification entry that was made.

3. Obsolete and unserviceable properties not disposed of and still recorded under PPE account – P1,656,253.73

It is recommended that for fair presentation of the financial statements, a journal voucher should be drawn to reclassify the unserviceable properties to Other Asset accounts (290). Instruct the Property Officer to prepare the Inventory and Inspection Report of Unserviceable Properties prior to disposal pursuant to Section 79 of PD 1445. Also, it is suggested that management should cause the immediate disposal of the obsolete and unserviceable properties so as not to incur unnecessary rent expense

4. Incomplete/Non-Submission of Financial Documents for transaction amounting to P2,397,419.33

It is recommended that management prepare and submit complete financial reports together with all supporting documents for audit purposes and prepare accounting journal entries to record the transactions.

5. Inclusion of stale checks in the list of outstanding checks – P240,856.50

It is recommended that management conduct a thorough examination of the concerned records and ascertain the reasons why these checks were not encashed and effect reconciliation of the records and the stale checks should be reverted to the National Treasury.

6. Non-preparation of Bank Reconciliation Statements

It is recommended that the Regional Directors concerned instruct the accountant to prepare monthly bank reconciliation statements to support the correctness of the cash balance at the end of the month in accordance with Section 74 of PD 1445.

7. Erroneous recording/charging of accounts

It is recommended that management should require the accountants concerned to record all the transactions in accordance with the NGAS chart of accounts.

8. Non-compliance with RA 9184 otherwise known as “The government Procurement Reform Act”

It is recommended that the Chief of the Property and Supply Section be directed/advised to comply strictly with R.A. 9184 to avail of the most advantageous price in its procurement

F. Status of Implementation of Prior Year’s Recommendations

Of the total eight (9) Prior Year’s audit recommendations, three (3) were fully implemented, three (3) were partially implemented and three (3) were not implemented.