

EXECUTIVE SUMMARY

INTRODUCTION

The Philippine Information Agency (PIA) was created by virtue of Executive Order No. 100 issued on December 24, 1986. Its mandate is to provide the people with accurate, timely and relevant information that will help them to make better decision and identify opportunities to improve the quality of their life and enable them to participate meaningfully in democratic processes.

The Philippine Information Agency is one of the offices under the Office of the Press Secretary (OPS). It is administered by a Director General who was appointed by the President of the Philippines. It has fifteen (15) Regional Offices and fifty five (55) Information Centers. For CY 2005, the Agency has a total personnel complement of 600, composed of two (2) Presidential Appointees, five hundred fifty one (551) permanent and forty seven (47) casual/emergency employees.

FINANCIAL HIGHLIGHTS

Sources and application of funds of the Agency for the two year period were as follows:

	2005	2004	Increase/Decrease
Income	-	-	-
Allotment Received	P 222,488,591.00	P 193,338,464.00	P 29,150,127.00
Continuing Appropriation	2,201,485.00	-	2,201,485.00
Obligations Incurred	207,669,209.00	191,136,979.00	16,532,230.00
Balance	P 17,020,867.00	P 2,201,485.00	P 14,819,382.00

SCOPE OF AUDIT

The audit covered the review of the accounts of the PIA for CY 2005. It was conducted to ascertain the propriety of disbursements, the reliability of financial statements and adequacy of the books of accounts. The audit was made by the application of some audit techniques like interview / inquiry and recomputation.

AUDITOR'S REPORT

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to the Agency's failure to cause the settlement of cash advances totaling P 48,040,669.36 at the end of the year, the reconciliation of the balances of the Property, Plant and Equipment which showed a year-end balance of P 223,266,414.86 and the failure to establish the validity of the receivable account totaling P 9,839,387.45.

OBSERVATIONS AND RECOMMENDATIONS

The significant observations and the corresponding recommendations are summarized as follows:

1. Cash advances under the accounts Cash Disbursing Officers and Due from Officers and Employees totaling P 47,846,126.04 and P 194,543.32 respectively, remained unliquidated at the end of the year.

It is recommended that the Agency strictly complies with the provisions of COA Circular No. 97-002 dated February 10, 1997.

2. Receivable accounts totaling P 9, 839,387.45 remained in the books for several years now, although their propriety and validity could no longer be determined.

It is recommended that a thorough verification and analysis of the accounts be immediately effected to determine their validity and propriety for proper disposition.

3. The physical count of office supply inventories amounting to P 12,171,122.88 was not conducted, thus the required Report on the Physical Count of Inventories was not submitted contrary to the provision of Section 65 and Appendix 16 of the New Government Accounting System.

It is recommended that the Agency conduct the physical count of inventories to determine their authenticity and existence and submit the required report within the prescribed period.

4. The validity and propriety of the Property, Plant and Equipment (PPE) account totaling P 223,266,414.86 could not be ascertained due to the non-reconciliation of the book and physical inventory balances.

To correct the deficiency, it is recommended that the Agency complies with the provision of Section 491 of the Government Accounting and Auditing Manual, Volume I.

The Central Office as well as Regional Office Nos. X and XI were able to conduct the year-end inventory of its property, plant and equipment and submit the required report within the prescribed period.

The above observations and recommendations were discussed with concerned officials of the agency. Management's views and reactions were considered in the report, where appropriate.

IMPLEMENTATION OF PRIOR YEAR'S RECOMMENDATIONS

Out of the fifteen (15) prior year's audit recommendations, five (5) were implemented which enabled the Agency to submit the Physical Count on Property, Plant and Equipment, two (2) were not implemented while eight (8) were partially implemented , (3) of which were reiterated in finding numbers 3, 4 and 8.