

EXECUTIVE SUMMARY

A. Introduction

The National Youth Commission (NYC) is a government office created under Republic Act (RA) No. 8044, otherwise known as the “Youth in Nation Building Act of 1995”, shall be the policy-making coordinating body of all youth-related institutions, programs, projects and activities of the government.

NYC is the leader in the formulation of policies and in the setting of priorities and direction of all youth promotion and development programs and activities; encourage wide and active participation of the youth in all governmental and non-governmental programs, projects and activities; harness and develop the full potential of the youth as partners in nation-building; and supplement government with funds from other sources.

The Commission is headed by Chairperson and Chief Executive Officer Ronald Gian Carlo L. Cardema and five Commissioners, three of whom represent Luzon, Visayas, and Mindanao and two Commissioners-at-Large.

Area offices were established in five regional areas, namely: Baguio City in Cordillera Autonomous Region (CAR), Naga City in Region V, Cebu City in Region VII, Zamboanga City in Region IX and Cagayan de Oro (CDO) City in Region X. There are also satellite offices in Davao City and Iloilo City that were created in 2011 and 2016 for CDO and Cebu, respectively.

As of December 31, 2018, NYC has 4 Presidential appointees, 64 permanent employees, 8 staffs with co-terminus status, 18 Contracts of Service (COs) and 18 youth trainees under the Government Internship Program (GIP).

B. Operational Highlights

The following are the reported agency’s operational highlights and accomplishments for Calendar Year (CY) 2018:

Organizational Outcomes/ Performance Indicators	Physical Target	Physical Accomplishment	Percent of Accomplishment
Output Indicators			
1. Number of youth policy advisories and advocacies accomplished	16	17	106.25
2. Number of youth and youth-serving organizations provided with technical assistance	42,036 youths; 100 youth-serving organizations	163,292 youths; 209 youth-serving organizations	388.46; 209.00
3. Number of youth	600	3,563	593.83

Organizational Outcomes/ Performance Indicators	Physical Target	Physical Accomplishment	Percent of Accomplishment
organizations mobilized for various advocacies			

For the Sangguniang Kabataan (SK) Mandatory and Continuing Training Program Fund for CY 2018, out of 13 key activities, 7 were implemented, 1 partially implemented and 5 were not implemented.

C. Financial Highlights

The financial position, financial performance, and the sources and utilization of funds of NYC for CY 2018 with the corresponding figures for CY 2017 are as follows:

Particulars	2018	2017 (As restated)
Financial Position		
Assets	15,587,531.98	13,312,703.81
Liabilities	8,886,907.98	39,599,397.06
Net Assets/Equity	6,700,624.00	(26,286,693.25)
Financial Performance		
Revenue	74,813.88	5,000.00
Current Operating Expenses	135,918,999.61	149,893,437.21
Net Financial Assistance/Subsidy	171,113,138.11	117,283,738.47
Gains	-	12,968.88
Surplus/(Deficit) for the year	35,268,952.38	(32,591,729.86)
Sources and Utilization of Funds		
Appropriations	180,364,228.00	160,692,233.37
Allotments Received	180,364,228.00	151,543,671.00
Continuing Appropriations	-	9,148,562.37
Obligations Incurred	137,934,322.87	151,367,195.45
Disbursements	133,944,981.83	116,118,011.35
Unobligated Allotments	42,429,905.13	9,325,037.92

The Summary of Appropriations, Allotments, Obligations, Disbursements and Balances as of December 31, 2018 is shown in Annex A.

D. Scope of Audit

The audit covered the accounts and operations of the NYC for CY 2018. 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; and c) determine the extent of implications of prior year's audit recommendations. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs).

E. Auditor's Report on the Financial Statements

The Auditor rendered an unqualified opinion on the fairness of presentation of the financial statements of the NYC as at December 31, 2018.

F. Summary of Significant Observations and Recommendations

The following are the significant audit observations and the corresponding recommendations:

1. The leave credits balances of 67 employees appearing in leave cards were incorrect due to granting of non-commutable leave credits or compensatory time-off (CTO) totaling 371 days or ₱680,675.91 to several employees to offset the official travels undertaken on Saturdays/Sundays or on holidays, contrary to the provisions of CSC DBM Joint Circular No. 2 series of 2004.

We recommended and Management agreed to:

- a. deduct from their accumulated leave credits the availed CTOs/SDOs, if available, or salary deduction, if applicable;
 - b. require the HRMU to immediately cancel applications for availment of CTOs/SDOs in lieu of travels undertaken during Saturday/Sunday or on a holiday inasmuch as these were not considered as overtime rendered; and
 - c. discontinue the granting of non-commutable leave credits or CTOs/SDOs to officials and employees for official travels undertaken on Saturday/Sunday or on a holiday.
2. Out of the total payment of monetization of leave credits for CY 2018 to NYC employees totaling ₱865,035.07, ₱858,926.63 were not in accordance with Section 23 of the Omnibus Rules on Leave and Section 5.14 of COA Circular No. 2012-01 dated June 14, 2012 due to the reasons thereto for the monetization of 50 percent accumulated vacation/sick leave credits were not among the valid and justifiable reasons hence, the validity and correctness could not be ascertained.

We recommended and Management agreed to:

- a. require the Personnel Officer to enforce strictly Rule XVI of the Omnibus Rules Implementing Book V of Executive Order 292 and other applicable rules and regulations;

- b. to require the Chief Accountant to process only transactions with proper documentation; and
 - c. submit explanation/justification as to why monetization of vacation/sick leave credits were paid despite their reasons to avail the 50 percent were not among the valid and justifiable reasons as enumerated in the abovementioned laws, rules and regulations.
3. There were over estimation in the granting of cash advances for especial undertakings in the total amount of ₱2,978,793.32, only ₱1,570,813.11 was expended resulting in the non-usage of 47.27 percent or ₱1,407,980.21 which were remitted to the general fund after refund contrary to Section 4 of Presidential Decree (PD) No. 1445 and COA Circular No. 2012-001 dated June 14, 2012.

We recommended and Management agreed to require the concerned Division Chiefs to prepare a well-planned and a realistic budget for cash advances.

4. Excess claims of travel expenses totaling ₱129,718.66 as of September 30, 2018 was due to reimbursement of actual travel expenses granted to Officials and staff/regular employees is inconsistent with Section 4 of EO No. 298 dated March 23, 2004.

We recommended and Management agreed to:

- a. exercise judiciousness and prudence in the use of government funds in granting reimbursements for travel adhering to Section 4 of EO No. 298 dated March 23, 2004 for future claims; and
 - b. require concerned officers and employees to refund the excess claims based on the Notice of Disallowance under ND 2019-001(18) dated February 20, 2019.
5. The balance of the Due to BIR account of ₱1,538,232.24 as of year-end is still unreliable due to the uncorrected over-remittance of tax withheld from employees' compensation and purchase of goods and services totaling ₱120,803.08 representing ₱119,613.08 and ₱1,190.00 for the prior and current years, respectively.

We recommended and the Accountant agreed to:

- a. exert effort in locating the records/documents pertaining to the over remittances such as the alphabetical list of payees subjected to taxes;
 - b. verify the discrepancies noted with BIR; and
 - c. effect the corresponding adjustment/s to correct the balance of Due to BIR account.

G. Implementation of Prior Year's Audit Recommendations

Of the 10 audit recommendations embodied in the CY 2017 AAR, eight were implemented and two were not implemented. The details are presented in Part III of this report.