

EXECUTIVE SUMMARY

A. Introduction

The Philippine Statistics Authority (PSA) was first called Bureau of Census and Statistics (BCS) under Commonwealth Act No. 591 approved on August 19, 1940.

Presidential Decree No. 418 issued on March 20, 1974 reconstituted the BCS into a new agency known as the National Census and Statistics Office (NCSO) under the administrative supervision of the National Economic and Development Authority (NEDA).

In 1987, by virtue of Executive Order (EO) No. 121 entitled “Reorganizing and Strengthening the Philippine Statistical System and for Other Purposes” the NCSO was renamed National Statistics Office (NSO) and was placed under the Office of the President.

On December 28, 1993, EO No. 149 entitled “Streamlining of the Office of the President” was issued by the Office of the President, which again placed the NSO under the administrative supervision of NEDA for effective policy and program coordination and integration.

Republic Act (RA) No. 10625, otherwise known as the Philippine Statistical Act of 2013, was signed into law on September 12, 2013. It merged the NSO, Bureau of Agricultural Statistics (BAS), National Statistical Coordination Board (NSCB) and Bureau of Labor and Employment Statistics (BLES) into one agency named PSA. Starting January 2015, PSA received funding from the Department of Budget and Management (DBM).

The PSA shall be primarily responsible for the implementation of the objectives and provisions of RA No. 10625. It shall plan, develop, prescribe, disseminate and enforce policies, rules and regulations and coordinate government-wide programs governing the production of official statistics, general purpose statistics and civil registration services. It shall take charge of all national censuses and surveys, sectoral statistics, consolidation of selected administrative recording systems and compilation of national accounts.

The PSA serves as the central statistical authority on primary data collection in the Philippines. It also conducts censuses on different sectors of the Philippine economy such as population, housing, agriculture, fisheries and business. It collects, compiles, analyzes and publishes statistical information on the economic, social, demographic, political and general affairs of the people of the Philippines. Likewise, it enforces the civil registration functions in the Philippines.

The PSA had 2,800 authorized plantilla positions, 1,935 of which was filled up as of December 31, 2015. It also had 6 co-terminus items, 467 job orders and 4,224 service contractors as of the same date.

B. Financial Highlights

The financial position, financial performance and the sources and application of funds for CY 2015 for the PSA are summarized below:

Particulars	Amount
Financial Position	
Assets	₱1,343,843,268.71
Liabilities	905,603,174.87
Net Assets/Equity	438,240,093.84
Financial Performance	
Revenues	₱5,798,909,334.12
Expenses	4,692,048,184.71
Surplus	1,106,861,149.41
Sources and Application of Funds	
Allotments Received	₱6,205,358,648.64
Obligations Incurred	5,005,526,201.44
Unexpended Balance	1,199,832,447.20
Disbursements	4,674,356,023.84

The agency's Consolidated Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) as of December 31, 2015 is shown in *Annex A*.

C. Operational Highlights

During the year, the PSA reported the following accomplishments:

- a. Released socio-economic indicators derived from the results of:
 - Quarterly labor force surveys
 - Daily/weekly/monthly Price Surveys
 - Monthly Integrated Survey of Selected Industries
 - Producer Price Survey
 - Quarterly Survey of Philippine Business and Industry;
- b. Produced statistics on Agriculture and Fisheries, International Merchandise Trade, Domestic Trade, Building Construction and Vital Events;

- c. Conducted the 2015 Census of Population wherein the enumeration started on August 10, 2015;
- d. Released final reports on the following locally-funded projects:
 - 2012 Census of Agriculture and Fisheries
 - 2013 Annual Survey of Philippine Business and Industry
 - 2014 Annual Poverty Indicators Survey
 - 2014 Survey on Overseas Filipinos
 - 2011 Survey on Children
 - 2013 Functional Literacy, Education and Mass Media Survey;
- e. Released a total of 15,522,585 applications for birth, marriage, and death certificates, Certificate of No Marriage (CENOMAR) and petitions decided were processed from various channels;
- f. Issued Memorandum Circulars on policies and procedures pertaining to Civil Registration Law and other pertinent laws; and
- g. Conducted the celebration of 26th National Statistics Month (NSM) and 9th National Convention for Solemnizing Officers.

D. Scope of Audit

The audit covered the accounts and operations of the PSA for Calendar Year 2015 except those pertaining to ROs IV-A, VIII, XI, and XII. It was aimed to ascertain the propriety of the financial transactions and determine the fairness of the presentation of the financial statements and to ascertain compliance with laws, rules, and regulations.

E. Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the PSA's financial statements as of December 31, 2015 due to the accounting errors and deficiencies presented below and discussed in detail under Part II of this Report.

1. The carrying amount of the Inventory accounts of ₱38,437,134.72 is unreliable due to (a) non-reconciliation of physical count with the accounting records in NCR and Regional Office (RO) VII; (b) recognition of purchases of inventories as outright expense in NCR and ROs IX and X; (c) non-updating and non-maintenance of Stock Ledger Cards (SLCs) and Stock Cards (SCs) in NCR, ROs VI, IX and XIII; (d) non-conduct of physical inventory taking and non-preparation/non-submission of Report on the Physical Count of Inventory

(RPCI) in ROs V, VI, VII and IX; (e) non-preparation of Requisition and Issue Slip (RIS) and Report of Supplies and Materials Issued (RSMI) in RO IX; and (f) non-recognition of accountable forms as Inventories in RO X.

We recommended and Management agreed that:

- a. NCR and RO VII reconcile physical count with the accounting records;
 - b. NCR, ROs IX and X recognize purchases as inventory instead of outright expenses;
 - c. NCR, ROs VI, IX, and XIII update and maintain SLCs and SCs;
 - d. ROs V, VI, VII and IX conduct physical inventories of supplies and prepare/submit RPCI;
 - e. RO IX support issuance of supplies with RIS and prepare/submit RSMI; and
 - f. RO X recognize purchases of accountable forms as Inventories.
2. The carrying amount of PPE of ₱731,236,468.28 is unreliable due to (a) erroneous computation of depreciation in the CO and NCR; (b) unrecognized PPE totaling ₱502,795.00 in CO, ROs I, II, III and V and the unrecognized transfer of PPE from CO in RO V; (c) lost/missing/unaccounted PPE of ₱130,709.00 in NCR; (d) non-preparation/erroneous preparation of the Report on the Physical Count of PPE (RPCPPE); and non-maintenance of PCs and PPE Ledger Cards (PPELCs) in NCR, ROs I, III, V, VI, VII, IX and X. Moreover, proper practices were not observed in the management and tracking of PPE.

We recommended that the Management of:

- a. CO capitalize the major expenses of repairs and maintenance, require the immediate return of the excess Motor Vehicles to the Property Custodian/Motorpool/General Services Division for general dispatch; request for the transfer of ownership of Motor Vehicle from the Department of Labor and Employment (DOLE) to PSA, or if not, return the vehicle to DOLE, and cause the inspection of the Motor Vehicle which was not presented for ocular inspection;
- b. CO and NCR require the Accountants to make the necessary adjustment on the depreciation expense and accumulated depreciation of Motor Vehicles, require the General Services Division to mark all government Motor Vehicles owned by PSA as “For Official Use Only”, and

maintain/complete the information in the Repair History Index Cards duly certified by the concerned official;

- c. CO, ROs I, II, III, and V recognize the unrecorded PPE in the books of accounts and the transferred PPE from the CO;
 - d. CO and RO X dispose obsolete and unserviceable PPE;
 - e. CO, NCR, ROs III and VII issue and renew PAR;
 - f. NCR request the Property Officers concerned to coordinate with the retired/separated officials for the return of equipment or hold them accountable for allowing these officials to retire without returning their property accountabilities;
 - g. NCR account the lost/missing/unaccounted PPE;
 - h. NCR, ROs I, III, V, VI, VII, IX and X prepare/submit properly accomplished RPCPPE and maintain PCs and PPELCs;
 - i. RO III insure the PPE with the General Insurance Fund of the GSIS; and
 - j. RO X adjust error in the recognition of Library Books.
3. Out of the balance of the *Due from GOCCs* account of ₱93,595,255.10 as of December 31, 2015, ₱86,859,771.37 pertains to the fund transferred to Philhealth, which remained unliquidated for over seven years now, thus, depriving the government and the public of the benefits of the project to which the fund had been released, contrary to the rules and regulations prescribed under COA Circular No. 94-013 dated December 13, 1994 and the Memorandum of Agreement (MOA).

We recommended that Management demand from Philhealth the immediate return of the money or remittance of the same to the BTr.

4. The balance of the Trust Liabilities account of ₱270,563,000.47 as of December 31, 2015 is unreliable due to (a) non-accrual of income to the Accumulated Surplus of the General Fund; (b) disbursements of Civil Registry System-Information Technology Project (CRS-ITP) government share and Office of the Civil Registrar General (OCRG) trust funds without authority from the Permanent Committee; (c) defects in the administration of the OCRG trust funds; and (d) non-recognition of expenses. Moreover, excess collections from sale of bid documents were not remitted to the BTr.

We recommended that Management:

- a. Deposit without delay to the National Treasury the trust receipts as soon as they are collected and the trust fund balance after settling all obligations with APC;
- b. Request authority from the Permanent Committee to use collections pertaining to OCRG and CRS funds and obtain its approval on the disbursements of ₱82,383,338.00 and ₱28,038,412.41 made from CRS-ITP and OCRG Trust Funds, respectively, recognize these expenses in the books of accounts and report in the agency's financial statements;
- c. Require all SCOs handling the OCRG transactions to undergo training/conference on the proper handling of funds and procedures for collections, deposits and custody;
- d. Require the Accountant to recognize OCRG forms as Accountable Forms, Plates and Stickers Inventory account and require the Accountable Officer to prepare monthly RAAF and semi-annual Report on the Physical Count of Inventory for verification and audit purposes; and
- e. Remit to the National Treasury excess collections from sale of bid documents.

F. Other Significant Observations and Recommendations

1. Unserviceable properties of ₱8,714,251.83 in the CO and ₱772,091.46 in RO I or a total of ₱9,486,343.79, out of the total ₱16,362,817.72 *Other Assets* account remained undisposed for several years now contrary to Section 79 of PD 1445 and Paragraph 82 of PPSAS 17.

We recommended that the Management of the CO and RO I require the Property Officer to:

- a. Conduct full inventory and inspection of all unserviceable property and include all necessary information in the Inventory and Inspection Report of Unserviceable Property (IIRUP); and
 - b. Cause the immediate disposal of all unserviceable properties and submit the complete documents to the Accountant as basis for recognition of disposed items in the books of accounts.
2. The financial/accounting reports with its supporting documents in the CO and in nine ROs were not submitted within the first ten days of the ensuing month in violation of Section 7 of COA Circular No. 2009-06, hence, hindering the

timely verification of accounts and early communication of any deficiency which could have been detected in audit.

We recommended that the National Statistician:

- a. Exercise supervisory control over the Accountants to observe the due dates of submission of the respective financial reports and documents as prescribed in the aforementioned Circular in order to assure that controls are operating effectively and provide remedial measures to correct the cause/s of delay; and
 - b. Make representation with the authorized depository bank for the release of bank statements after 5 days of the ensuing month for the timely preparation and submission of Bank Reconciliation Statement to support the verification of the cash accounts.
3. Nine PSA-ROs had deficiencies in documenting and accounting of financial transactions, thus, casting doubt on the validity of these transactions.

We recommended and Management of concerned ROs agreed to faithfully comply with the laws, rules and regulations governing the documentation and accounting of financial transactions.

4. The PSA-NCR and RO X did not purchase common-use supplies from the Procurement Service (PS); payment of goods and services not classified as petty in nature were charged against the Petty Cash Fund in RO X, expenses were paid on reimbursement basis and were not included in the Annual Procurement Plan (APP) in RO X; and in RO XIII, particularly Agusan del Sur Provincial Office, the APP was not submitted and availment of catering services was done through negotiated procurement and was not supported with complete documents.

We recommended that the Management of:

- a. NCR and RO X procure common-use supplies from the PS;
- b. RO X stop the practice of using petty cash fund for regular expenses, but instead pay the expenses through checks and improve the procurement planning; and
- c. RO XIII submit the APP together with the complete documents for the negotiated procurement of catering services.

5. The balance of the account *Due from LGUs* of ₱259,270.00 is unreliable due to inclusion of account amounting to ₱71,192.00 in RO III, which had been dormant for over two decades now due to the unavailability of pertinent records/documents.

We recommended and Management of RO III agreed to coordinate with the CO in order to assist them recover the needed supporting documents and if not available, request for the write-off of these dormant accounts pursuant to COA Circular No. 97-001.

6. In RO IV-B the accounts *Due from Operating Units* and *Due to Regional Office* were not reconciled, with a variance of ₱904,729.10, thus, the correctness of the balances of said accounts are doubtful.

We recommended and Management of RO IV-B agreed that they will require all POs to prepare and submit the Liquidation Reports for each project and consider cut-off date to at least minimize variances.

7. The unutilized trust funds of PSA-ROs III and IX from prior years and current year of ₱1,115,873.51 and ₱429,690.08, respectively, or a total of ₱1,545,563.59 remained unreverted to the General Fund as of December 31, 2015, contrary to Section 9 of the General Appropriations Act of 2015 and COA Circular No. 2015-001 dated January 29, 2015, thus, depriving the government of the money that could be used for other programs and projects.

We recommended that Management of PSA-ROs III and IX remit immediately the balance of the Trust Fund to the National Treasury.

The foregoing observations together with the corresponding recommendations were discussed with the concerned officials during the exit conference on May 12, 2016. Management views and comments were incorporated in the report, where appropriate.

G. Status of Implementation of Prior Year's Recommendations

Of the total 28 audit recommendations embodied in the 2014 Annual Audit Reports of PSA NSO, BAS, and NSCB, 24 were implemented and four were partially implemented. The details are discussed in Part III of this report.