

## EXECUTIVE SUMMARY

### A. Introduction

The Commission on Appointments (CA) was created pursuant to Section 18, Article VI of the 1987 Philippine Constitution and composed of the President of the Senate, as ex officio Chairman, 12 Senators, and 12 Members of the House of Representatives, elected by each House on the basis of proportional representation from the political parties and/or organizations registered under the party-list system. The Chairman of the CA shall not vote, except in case of a tie. The CA shall act on all appointments submitted to it within 30 session days of the Congress and rule by a majority vote of all its members.

The power of the CA vested under the Constitution to approve or disapprove appointments made by the President of the Philippines is discharged with impartiality, without partisan consideration and with only one impelling motive, which is to have harmonious and efficient government operations.

The ex-officio officials/members of the CA Proper are the following:

<b>Name of Officials</b>	<b>Designation</b>
Senate President Vicente C. Sotto II	Chairperson
Congressman Ronaldo B. Zamora	Vice Chairperson
Congressman Joel Mayo Z. Almario	Majority Floor Leader
Senator Joel Villanueva	Assistant Majority Floor Leader
Congressman Gavini 'Apol' C. Pancho	Assistant Majority Floor Leader
Senator Franklin M. Drilon	Minority Floor Leader
Congressman Alex 'AA' L. Advincula	Assistant Minority Floor Leader
Congressman Rico B. Geron	Assistant Minority Floor Leader

The CA Secretariat provides administrative and operational support to the Commission Proper during the confirmation process. It is headed by Atty. Hector A. Villacorta as CA Secretary, who is supported by the following senior officials:

<b>Name of Officials</b>	<b>Designation</b>
Atty. Joey C. Flaminiano	Deputy Secretary for Administration
Atty. Alfredo Alvin S. Cruz	Deputy Secretary for Legal Affairs
Atty. Arturo C. Paras	Deputy Secretary for Investigation and Appointments Review
Atty. Ronald O. Chua	Deputy Secretary for External Affairs
Retired Colonel Arthur G. Baybayan	Sergeant-At-Arms

The CA's personnel complement totaling 295 is distributed as follows:

<b>Nature of Appointment</b>	<b>Secretariat</b>	<b>Commission Proper</b>	<b>Total</b>
Permanent	113	-	113
Casual	48	-	48
Co-terminus	-	134	134
<b>Total</b>	<b>161</b>	<b>134</b>	<b>295</b>

## B. Financial Highlights

The financial position, financial performance and sources and application of funds for Calendar Year (CY) 2020 with corresponding figures for CY 2019 are summarized below:

<b>Particulars</b>	<b>2020</b>	<b>2019 (As Restated)</b>	<b>Increase/ (Decrease)</b>
	<i>(In Philippine Peso)</i>		
<b>A. Financial Position</b>			
Assets	45,060,587.14	31,685,698.84	13,374,888.30
Liabilities	14,595,568.43	36,617,324.96	(22,021,756.53)
Net Assets/Equity	30,465,018.71	(4,931,626.12)	35,396,644.83
<b>B. Results of Operation</b>			
Subsidy and Income	918,084,333.06	791,517,765.55	126,566,567.51
Expenses	883,443,088.49	817,297,891.62	66,145,196.87
Surplus/(Deficit)	34,641,244.57	(25,780,126.07)	60,421,370.64
<b>C. Sources and Application of Funds</b>			
Allotment Received	1,053,286,000.00	920,206,124.88	133,079,875.12
Obligations Incurred	900,432,002.05	818,349,315.80	82,082,686.25
Unexpended Balance	152,853,997.95	101,856,809.08	50,997,188.87

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) for CY 2020 is shown in **Appendix A**.

## C. Scope and Objectives of Audit

The audit covered the accounts of operations of the CA for CY 2020. The Audit was conducted to: a) verify the level of assurance that may be placed on Management's assertions on the financial statements; b) recommend agency's improvement opportunities; c) determine the propriety of transactions as well as the extent of compliance with pertinent laws, rules and regulations; and d) determine the extent of implementation of prior years' audit recommendations.

#### **D. Audit Methodology**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI) of which the Commission is a member. Procedures were performed to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement/s of the financial statements, whether due to fraud or error. The audit procedures included internal control review; examination of documents/records/reports; analysis, confirmation and inspection of selected accounts, transactions and projects, as necessary.

#### **E. Independent Auditor's Report on the Financial Statement**

The Auditor rendered an unmodified opinion on the fairness of presentation of the CA's financial statements for CY 2020.

#### **F. Summary of Significant Audit Observations and Recommendations**

Among the audit observations and corresponding recommendations discussed in Part II, the significant observations are summarized as follows:

1. The accuracy and reliability of the *Property, Plant and Equipment (PPE)* account balances totaling ₱38.299 million could not be ascertained due to unreconciled differences between the accounting and property records. in the amount of acquisition cost/unit value aggregating to ₱4.742 million. (*Observation No. 4*)

We recommended and Management agreed to require the Accounting Service (AS) and the Property and Procurement Section (PPS) to verify and reconcile the difference of PPE account balances, assign uniform property numbers to each item of PPE and make necessary adjustments in their respective books/records.

2. The accuracy of balances of *Office Supplies, Drugs and Medicines, and Other Supplies and Materials Inventory* accounts as of December 31, 2020 amounting to ₱424,726.79, ₱157,300.00 and ₱75,362.80, respectively, cannot be assured due to the unreconciled discrepancy of ₱226,641.38 in the balances of accounts and 11,130 in the quantity of items between the Accounting records and the Report on Physical Count of Inventory (RPCI). (*Observation No. 3*)

We recommended and Management agreed to require the: (a) AS and PPS to reconcile the difference of ₱226,641.38 in the balances of inventory accounts and 11,130 in the quantity of items between the Accounting records and RPCI; and (b) Inventory Committee to regularly conduct physical count/inventory

and prepare the RPCI semi-annually and, any discrepancy noted, should be immediately investigated and reconciled with the records maintained by the AS and PPS, as required in Appendix 66, of the GAM, Vol II.

3. Cash advances totaling ₱330,597.09 for the accounts Advances for Payroll and Advances to Special Disbursing Officer (SDO) remained unliquidated as at December 31, 2020 as Accountable Officers (AOs) were not able to immediately refund the excess/unexpended balance of cash advances at the end of the year when the purposes for which they were granted have been served thus, making it susceptible to possible loss or probable misuse. (*Observation No. 1*)

We recommended and Management agreed to require the Accountable Officers to fully liquidate their cash advances as soon as the purposes for which they were granted have been served through the submission of the liquidation documents and the corresponding official receipts evidencing refund of the unexpended/excess balances at the end of each year.

4. Cash advances granted for the operational requirements of the Offices of the CA Members were recorded as *Advances to SDO* account instead of *Advances for Operating Expenses*, thus affecting the accuracy of the *Advances to SDO* and *Advances for Operating Expenses* accounts at any given time during CY 2020 or prior to the liquidation of the advances. (*Observation No. 2*)

We recommended and Management agreed to require the Accountant to record properly the granting of cash advances for the operational requirements of the Offices of the CA Members as *Advances for Operating Expenses* account instead of *Advances to SDO*, in accordance with the provisions of Chapter 3 of the GAM, Vol. III.

5. The *Due to Officers and Employees* and *Other Payables* accounts balances of ₱5.992 million and ₱38,427.49, respectively, as at December 31, 2020 included payables that have remained outstanding for two years or more amounting to ₱21,138.50 and ₱2,265.40, respectively, which were not reverted to the Accumulated Surplus or Deficit. (*Observation No. 5*)

We recommended and Management agreed to require the Accountant to revert the *Due to Officers and Employees* and *Other Payables* aged two years or more to Accumulated Surplus or Deficit account in accordance with EO No. 87 dated August 13, 2019.

6. The CA was still not able to enforce Commission on Audit (COA) Order of Execution (COE) dated November 2, 2011 on the settlement of unliquidated cash advances totaling ₱3.496 million which remained outstanding for more than 20 years as of December 31, 2020. (*Observation No. 6*)

We recommended that Management: (a) Require the Deputy Secretary for Administration and the Chief, Accounting Service to explain why the CA did not immediately act for the implementation of the COE issued on November 2, 2011; and (b) Consider to enforce the COE issued by the COA General Counsel against identified concerned responsible official/employee for the unliquidated cash advances totaling ₱3,496,199.99.

7. Copies of Purchase Orders (POs)/Contracts issued/perfected for the procurement of supplies, goods, property, services and other items were not submitted thus, precluding the Auditor from the timely review of these documents and the prompt communication of results to Management. (*Observation No. 7*)

We recommended and Management agreed to require the Chief, General Service Office and other concerned offices to submit to the Auditor the POs/contracts and the corresponding supporting documents within five working days from the conformity/acceptance of the supplier/perfection of the contract in compliance with COA Circular No. 2009-001.

Other equally significant audit observations and recommendations were also noted and discussed in detail under Part II of this report.

The above findings and recommendations contained in the report were discussed with the concerned officials of the agency through meetings held on February 16, 2021 and March 23, 2021 and via phone calls during the implementation of Enhanced Community Quarantine (ECQ) from March 29 to April 8, 2021. Management's views and reactions were considered in the report, where appropriate.

#### **G. Status of Audit Suspensions, Disallowances and Charges**

The CA has no audit suspensions, disallowances and charges as of December 31, 2020.

#### **H. Status of Implementation of Prior Year's Audit Recommendations**

Of the 18 prior years' audit recommendations, eight were implemented and 10 were not implemented as of December 31, 2020.