

## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

The Credit Information Corporation (CIC) was established through Republic Act No. 9510 on October 31, 2008 with an authorized capital of P500 million divided into common and preferred shares. The National Government owns 60 per cent of the common shares and the balance of 40 per cent is owned by and held by qualified investors which are limited to industry associates of bank, quasi-banks and other credit-related associations including associations of consumers. The amount of P75 million was appropriated in the General Appropriations Act representing the government's 60 per cent equity share and the remaining 40 per cent or equivalent to P50 million was subscribed, P44 million of which was paid up by such qualified investors but in no case that each of the qualified investors represented by association of banks, quasi-banks and other credit-related association including the associations of consumers have more than ten per cent each of the total common shares issued by CIC.

The primary purpose of CIC is to receive and consolidate basic credit data and to act as central registry or central repository of credit information or credit history and financial condition of borrowers.

The powers and functions of CIC are exercised by the Board of Directors (BOD) composed of 15 members. The BOD is composed of the Chairman of the Securities and Exchange Commission serving as ex officio Chairman, seven appointed by the President of the Philippines including the President of the Corporation who is an ex officio member of the BOD, five elected from the nominees of the qualified private sector investors and two independent directors.

As at December 31, 2019, the CIC has a total personnel complement of 34, which is headed by the President.

### **SCOPE OF AUDIT**

Our audit covered the examination, on a test basis, of transactions and accounts of CIC for the period January 1 to December 31, 2019 in accordance with the International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of presentation of the financial statements for the years ended December 31, 2019 and 2018. Also, we conducted our audit to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

## FINANCIAL HIGHLIGHTS (In Philippine Peso)

### I. Comparative Financial Position

Particulars	2019	2018 (As restated)	Increase
Assets	162,416,002	133,572,793	28,843,209
Liabilities	29,468,736	18,952,751	10,515,985
Equity	132,947,266	114,620,042	18,327,224

### II. Comparative Financial Performance

Particulars	2019	2018 (As restated)	Increase
Revenue	6,742,124	5,435,677	1,306,447
Operating expenses	130,358,292	107,556,600	22,801,692
Net deficit from operations	(123,616,168)	(102,120,923)	21,495,245
Subsidy from National Government	142,024,019	67,971,000	74,053,019
Net surplus/(deficit) after tax	18,407,851	(34,149,923)	52,557,774

### III. Budget and actual expenditures for the year

Expenses	Corporate Operating Budget 2019	Actual Expenditures 2019
Personnel Services and Fringe Benefits	45,125,000	33,703,465
Maintenance and Other Operating Expenses	89,534,000	64,361,102
Capital Outlay	47,713,000	8,912,663
Total	182,372,000	106,977,230

## AUDITOR'S OPINION

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the CIC as at December 31, 2019 and 2018.

## SIGNIFICANT AUDIT OBSERVATION AND RECOMMENDATION

The delivery of a fully functional CIC Computerized Accounting System (CAS) – Enterprise Resource Planning (ERP) with a total contract cost of PHP4.800 million was not completed within the contract duration, contrary to the Terms of Reference (TOR),

hence, the objective of the accounting system was not attained on time, resulting in delayed recovery of investment.

We recommended Management to make available the needed inputs and assistance to the Provider for the completion of all deliverables and eventual operationalization of the CIC CAS-ERP.

### **SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES**

There were no balances of audit suspensions, disallowances and charges as at year end.

### **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATION**

All of the three audit recommendations embodied in the prior year's Annual Audit Report were fully implemented.