

EXECUTIVE SUMMARY

A. Introduction

The Commission on the Filipino Language (CFL) is a government office under the Office of the President created under Republic Act (RA) No. 7104, signed on August 14, 1991 by former President Corazon C. Aquino. The CFL was formerly the Institute of Philippine Languages (IPL) which replaced the Institute of National Language (INL) by virtue of Executive Order (EO) No. 117 issued by President Corazon C. Aquino in January 1987. The INL was established in 1939 by Commonwealth Act No. 184 s. 1936 and was the first government agency to initiate the development of the national language of the Philippines.

The CFL is mandated to undertake, coordinate and promote researches for the development, propagation and preservation of Filipino and other Philippine languages.

CFL's vision is to make Filipino an instrument of national development. Its mission is to promote the continued development and use of Filipino as a national language while preserving indigenous languages of the Philippines towards greater understanding, unity and prosperity of the Filipino people.

The Commission is headed by Chairman Virgilio S. Almario who is assisted by two full-time Commissioners. As of December 31, 2018, the CFL had a total number of authorized plantilla positions of 65 of which 51 was filled up, and 15 Contract of Services.

B. Operational Highlights

In its "Taunang Ulat" for Calendar Year (CY) 2018, CFL reported the following highlights/accomplishments:

Key Programs/ Activities/ Projects (P/A/Ps) and Performance Indicators	Targets	Actual	Percentage (%) of Accomplishment
Filipino and Other Philippine Languages Development Program			
Percentage of endangered Philippine languages documented, translated, and validated	3	4	125
Percentage of LGUs and NGAs adopting Filipino in their official correspondence	1	2	200
Percentage of NGAs with citizen's charter translated into Filipino	1	2	200

Key Programs/ Activities/ Projects (P/A/Ps) and Performance Indicators	Targets	Actual	Percentage (%) of Accomplishment
Number of translations of historical works, cultural traditions, ethnolinguistic and government issuances	1,250 pages	1,770 pages	141.6
Percentage of policy advice on language and resolutions adopted by CHED, DepEd and other stakeholders	90	225	250
Number of incentives, grants, and awards provided for the writing and publication of works in Philippine languages	15	30	200

C. Financial Highlights

For the CY 2018, the agency's financial position, financial performance and sources and utilization of funds with corresponding figures for CY 2017 are as follows:

Particulars	2018	2017
Financial Position		
Assets	32,829,156.69	10,829,882.29
Liabilities	15,250,095.81	5,783,620.27
Equity	17,579,060.88	5,046,262.02
Financial Performance		
Revenue	3,484,160.88	3,247,727.18
Current Operating Expenses	84,326,812.94	73,692,464.85
Net Financial Subsidy	93,839,300.87	70,955,471.02
Other Non-Operating Income	2,393.12	1,500.00
Surplus	12,999,041.93	512,233.35
Sources and Utilization of Funds		
Appropriations	114,107,053.00	75,251,580.00
Allotment Received	114,107,053.00	75,251,580.00
Obligations Incurred	101,277,767.41	74,165,719.42
Disbursements	83,751,163.26	65,098,805.24
Unobligated Allotment	12,829,285.59	1,085,860.58

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) is shown in *Annex A*.

D. Scope of Audit

The audit covered the accounts and operations of CFL for CY 2018. It 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; c) recommend agency's improvement opportunities; and d) determine the extent of implications of prior years' audit recommendations. Moreover, 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 CFL as at December 31, 2018.

F. Summary of Significant Observations and Recommendations

The following are the significant audit observations and the corresponding recommendations, details of which are discussed in Part II of this report.

1. Fund transfers totaling ₱367,510.00 to National Government Agencies (NGAs) as Implementing Agencies (IAs) and NGOs/POs as implementing partners, for the assistance to Panrehiyong Sentro ng Wikang Filipino (PSWF), projects remained unliquidated/dormant for five to 14 years due to the inaction of Management to follow up submission of the liquidation reports, in violation of COA Circular No. 94-013 dated December 13, 1994, resulting in the difficulty of ascertaining the proper utilization of funds and casting doubt on the validity of the reported receivables which may affect the fair presentation of the financial statements.

We recommended and Management agreed to:

- a. Issue demand letters to require the IAs and the NGOs/POs to immediately comply to submit utilization/liquidation reports on the transferred funds; and
 - b. Identify the causes of delays in the submission of utilization/liquidation documents by the concerned IAs and the NGOs/POs so that immediate remedial measures can be instituted.
2. The balance of ₱2,276,186.43 of the Inventory Held for Sale-Merchandise Inventory account was misstated by undetermined amount representing the cost of printed materials for free distributions which should be recorded as Inventory Held for Distribution-Textbook and Instructional Materials for Distribution, due to the lack of a clear-cut internal policy/guidelines on the segregation of the number of printed materials for sale and for free distributions.

We recommended that Management issue a clear-cut internal policy/guidelines that would provide for the apportionment or fraction of how many copies to be sold and to be given for free and make the necessary adjustment to merchandise inventory account balances at year-end. Henceforth, recognize to the proper inventory account the receipt of printed documents.

G. Status of Implementation of Prior Years' Audit Recommendations

All of the 10 audit recommendations embodied in the CY 2017 Annual Audit Report were implemented. The details are presented in Part III of this report.