

EXECUTIVE SUMMARY

A. Introduction

The National Council on Disability Affairs (NCDA) is mandated to formulate policies and coordinate activities of all agencies, whether public or private, concerning disability issues and concerns.

The NCDA aims to enable all persons with disabilities to attain their fullest potential and to become active contributors and participants in nation building.

The Technical Staff/Secretariat provides the machine to coordinate functions, organize services and evaluate programs as may be required by the Board in the exercise of its functions. An Executive Director, assisted by a Deputy Executive Director, heads the Secretariat. Both are presidential appointees. It is composed of five divisions, namely: 1) Office of the Executive Director; 2) Programs Management Division (PMD); 3) Information, Education and Communication Division (IECD); 4) Technical Cooperation Center (TCC); and 5) Administrative Division (AD).

To carry out its functions, the Council, as at year-end, had a workforce of 61, composed of 48 plantilla positions and four workers covered with Memorandum of Agreement.

B. Operational Highlights

As the government's focal Agency on all disability concerns, the NCDA has consistently led in promoting "Disability Inclusive Development" through policy formulation and program development to upscale engagement of Filipinos with disabilities, especially to the vulnerable members of the society which are in line with the 10-Point Socioeconomic Agenda of Duterte's Administration in achieving their "Inclusive growth" supportive to the DSWD Strategic Goals. This is also in sync with the Key Results Area on "Poverty Reduction and Empowerment of the Poor and Vulnerable."

With the vision of having "Filipinos with disabilities live in an inclusive, enabling, barrier-free and rights-based community by 2030", the NCDA provides directions thru (a) policy formulation, program development, technical and resource augmentation services assistance, (b) coordination, consultation and partnership building, (c) advocacy and awareness raising, and (d) monitoring, research and evaluation.

Along the CY 2017 Thrusts/Priorities and Core Functions/Major Final Outputs, the Council has successfully implemented programs/projects/activities and services related to the concerns of Persons with Disabilities (PWDs) and was able to surpass their targets for CY 2017 by 128 percent under the Policy Advisory Services on Disability Affairs.

C. Financial Highlights

The Agency's financial position and financial performance for CY 2017 with comparative figures from CY 2016 are summarized as follows.

Particulars	CY 2017	CY 2016 (Restated)	Increase/ (Decrease)
Financial Condition			
Assets	₱34,082,562.40	₱36,530,640.42	₱ (2,448,078.02)
Liabilities	1,155,393.88	1,938,874.08	(783,480.20)
Net Assets/Equity	32,927,168.52	34,591,766.34	(1,664,597.82)
Financial Performance			
Revenue	0.00	0.00	0.00
Less: Current Operating Expenses			
Personnel Services	30,838,239.75	33,369,391.43	(2,531,151.68)
MOOE	14,392,585.05	16,648,324.24	(2,255,739.19)
Non-Cash Expenses	2,869,121.08	2,622,829.40	246,291.68
Surplus/(Deficit) from Current Operations	(48,099,945.88)	(52,640,545.07)	4,540,599.19
Net Financial Assistance/Subsidy	46,489,924.50	54,527,837.57	(8,037,913.07)
Gains	2,500.00	8,830.92	(6,330.92)
Surplus/(Deficit) for the Period	(₱1,607,521.38)	₱ 1,896,123.42	(₱3,503,644.80)

For CY 2017, the Agency has a total regular, automatic and special purpose fund appropriation of ₱46,724,799.00, ₱2,678,000.00 and ₱882,358.00, respectively, under RA No. 10924. The Agency received total allotments of ₱53,015,333.83 including continuing appropriation of ₱2,730,176.83, of which, total obligations incurred amounted to ₱47,876,185.31, thereby leaving a balance of ₱5,139,148.52.

Allotments, Obligations and Balances

Sources of Funds	Allotments	Obligations Incurred	Unobligated Balance
Current Year Appropriation			
Regular	₱ 46,724,799.00	₱ 42,476,281.15	₱ 4,248,517.85
Automatic	2,678,000.00	2,354,591.22	323,408.78
Special Purpose Fund	882,358.00	882,358.00	0.00
Continuing Appropriation			
Regular	2,730,176.83	2,162,954.94	567,221.89
Total	₱ 53,015,333.83	₱ 47,876,185.31	₱ 5,139,148.52

D. Scope of Audit

The audit covered the financial and compliance audits of the accounts and operations of NCDA for the year ended December 31, 2017. 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; and (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 year's audit recommendations.

E. Independent Auditor's Report on the Financial Statements

A qualified opinion was rendered on the financial statements of the NCDA as at December 31, 2017 for the misstatements in the *Inventories, Property, Plant and Equipment (PPE)* and *Other Assets* accounts by ₱12,240,992.55 or 35.92 percent of its total assets, resulting in over-/understatements of the affected accounts.

F. Summary of Other Significant Audit Observations and Recommendations

The other significant observations and corresponding recommendations discussed in Part II of this report, are as follows:

Deficiencies in Accounting and Office Supplies and Property Controls

1. Non-maintenance of Subsidiary Ledger Card (SLC) by the Accounting Unit. (*Paragraphs 26-29*)

We recommended and Management agreed to require the:

- a) **Property/Supply Officer and Accountant to prepare and maintain SCs and SLCs for each kind of supplies and materials as required under Section 17, Chapter 8 of the GAM, Volume I; and**
 - b) **Property/Supply Officer to (i) carefully review and tally data from the RIS with the RSMI before submitting to the Accounting Unit for recording; and (ii) prepare/effect an adjustment to exclude the 175 units assistive devices for distribution in the RPCI since they were already issued to the RPC.**
2. Non-submission of Delivery Receipts (DRs) on inventories as basis for recording by the Accountant. (*Paragraphs 30-33*)

We recommended and Management agreed to require the Property/Supply Officer to furnish the Accountant copies of the DRs and other supporting documents like the IARs as basis for complete and accurate recording in the books of accounts.

3. Non-maintenance of Property Cards (PCs) and PPE Ledger Cards (PPELCs). *(Paragraphs 34-38)*

We recommended and Management agreed to direct the Accounting and Property/Supply Units to prepare and maintain PPELCs and PCs for all PPEs as required under Section 42, Chapter 10 of the GAM, Volume I.

Value for Money

4. The Agency's project for the development of NCDA National Disability Data Collection System (NDDCS) amounting to ₱634,670.00 was not completed within the timeline provided in the MOA due to delayed approval of the Terms of Reference. As of December 31, 2017, only 70 percent of the project was completed. *(Paragraphs 41-51)*

We recommended and Management agreed to require the:

- a) **PUP-ICTO to submit justification on the delayed completion of the project within the timeline provided in the MOA; and submit the catch-up plan for the completion of the project;**
 - b) **Bids and Award Committee (BAC) to strictly comply with the guidelines and procedures in the agency to agency procurement as prescribed in Item 5, Annex H of the Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184; and**
 - c) **concerned NCDA officials and BAC to fast track the completion of the contract to maximize the benefits to be derived from the project.**
5. NCDA successfully implemented its PPAs and services related to the concerns of PWDs and was able to surpass its performance targets for CY 2017 by 128 percent. *(Paragraphs 52-60)*

We commended Management for their continuous commitment in formulating policies and programs pursuant to their mandate as a result of their constant collaboration and engagement with various stakeholders in the government and the private sector concerning disability issues and concerns.

6. Allocations for the procurement of Philippine Disability Portal and furniture and fixtures amounting to ₱600,000.00 and ₱200,000.00, respectively, were not utilized, resulting in low utilization of funds in CY 2017, thereby, indicating gaps in Management's budget execution. *(Paragraphs 61-67)*

We recommended and Management agreed to require the BAC and/or Supply/Property Unit to fast track the procurement of the PPE to maximize utilization of its yearly budget.

Compliance Audit

7. The validity of the *Due from NGAs, NGOs/POs, and LGUs, Guaranty Deposits and Other Assets* accounts totaling ₱2,414,024.18 could not be established due to absence and/or lack of supporting records/documents and dormancy of the accounts for over five (5) years. (Paragraphs 68-73)

We reiterated our recommendations and Management agreed to require the:

- a) **Accountant to review the propriety of the other accounts that have been dormant for over five (5) years and request for the possible write-off of the accounts in accordance with COA Circular Nos. 97-001 and 2016-005; and**
- b) **Property/Supply Officer to exert efforts to locate the whereabouts of the recorded unserviceable PPE to ascertain its existence and condition. If efforts proved futile, request relief from accountability with the COA for possible dropping of the accounts from the Agency books of accounts.**

We likewise recommended and Management agreed to refile the request for write-off for the *Guaranty Deposit* account to the Cluster Director; provided, that the basis for denial has been satisfactorily complied with.

The above findings and recommendations were discussed with the concerned officials of the NCDA in an exit conference conducted on March 12, 2017. Management’s views and comments were also considered in the Report, where appropriate.

G. Status of Settlement of Audit Disallowances, Suspensions, and Charges

The balances of notice of disallowances, suspensions and charges as of year-end, as summarized as follows.

Nature	Balance as of Dec. 31, 2016	Issued in CY 2017	Settlement	Balance Dec. 31, 2017	Remarks
Recorded in the books					
Disallowance	₱85,915.67	450.00	450.00	₱85,915.67	Audit disallowances in prior years of NCDA employees/staff that are no longer connected with the Agency.
Suspension	-	589,691.25	589,691.25	-	
Charges	-	-	-	-	
Total	₱85,915.67	590,141.25	590,141.25	₱85,915.67	
Unrecorded Disallowance					
ND No. 13-001-101(13)	₱ 28,125.00	-	-	₱ 28,125.00	With NGS-6 Decision No. 2014-010 dated September

					25, 2014, subject to automatic review by the Commission Proper.
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H. Status of Implementation of Prior Year’s Audit Recommendations

Of the 29 prior years’ audit recommendations, 13 were fully implemented, 14 were partially implemented and two (2) were not implemented which are reiterated with modification in Part II of this report. The details are presented in Part III of this Report.

We enjoin Management to ensure full implementation of all audit recommendations to improve the financial and operational efficiency of the Agency.