

EXECUTIVE SUMMARY

A. Introduction

The National Library of the Philippines (NLP) originated from the American Circulating Library, which was donated to the Philippines through the passage of Public Act No. 96 on March 5, 1901. On May 20, 1909, all libraries belonging to the Philippine Government were integrated into the Philippine Library. Since then, it has undergone various name changes, Philippine Library and Museum (1918), The National Library (1928 and again in 1964), and Bureau of Public Libraries (1947).

Currently, it is known as the NLP pursuant to Republic Act (RA) No. 10087 enacted on May 13, 2010. It is under the supervision of the National Commission for Culture and the Arts (NCCA).

The NLP functions as the national repository of printed and recorded cultural heritage and other intellectual, literacy and information sources. Its main objectives are: a) to acquire and preserve all Filipiniana materials; b) to provide information, reference and research resources to the public; c) to develop, in cooperation with the local government units, a system of public libraries and information centers throughout the country; d) to provide national bibliographic services and information network; e) to provide special services to the visually handicapped; and f) to promote, establish and maintain national and international standards in library and information services.

It is headed by a Director who is assisted by an Assistant Director and nine Division Chiefs who are in-charge of the following:

- a. Finance and Administrative Division (FAD);
- b. Filipiniana Division;
- c. Reference Division;
- d. Research Development and Publication Division;
- e. Catalogue Division;
- f. Public Libraries Division;
- g. Information Technology Division;
- h. Bibliographic Services Division; and
- i. Collection Development Division.

As of December 31, 2017, the NLP had a total workforce of 200 consisting of 127 permanent, 70 job order personnel and 3 consultants.

B. Operational Highlights

Most of the targeted projects/activities for the year were accomplished during the year.

Major Final Output	Accomplishment		
	Target	Actual	%
1. Library Services			
a. No. of library materials under management	1,921,298	2,015,220	105
b. Average percentage of published and archived library materials made available to the public during normal library hours	100%	849%	849
c. Percentage of library materials provided to the public within 30 minutes of request.	100%	425%	425

C. Financial Highlights

The financial position, financial performance and sources and utilization of funds of the NLP for Calendar Year (CY) 2017 with corresponding figures for CY 2016 are as follows:

Particulars	2017	2016
Financial Position		
Assets	469,894,300.52	428,500,836.13
Liabilities	18,002,018.23	14,348,471.53
Net Assets/Equity	451,892,282.29	414,152,364.60
Financial Performance		
Revenue	9,133,015.70	6,011,427.78
Current Operating Expenses	156,771,625.03	155,735,567.56
Net Financial Assistance/Subsidy	191,191,400.32	319,444,050.16
Surplus(Deficit)	43,552,790.99	169,719,910.38
Sources and Utilization of Funds		
Appropriations	283,509,687.00	280,958,752.00
Allotments	283,509,687.00	305,640,385.57
Obligations Incurred	278,943,863.24	192,137,005.35
Disbursements	145,442,247.54	174,805,698.82
Unobligated Allotments	4,565,823.76	113,503,380.22

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances for CY 2017 is shown in Annex A.

D. Scope of Audit

The audit 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 improvement opportunities; and d) determine the extent of implications of prior year's audit recommendations. Moreover, the audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs).

E. Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of NLP for CY 2017 due to the following audit observations:

1. Non-classification of completed project costing ₱269,695,786.84 from Construction in Progress (CIP) to Buildings account affected the balance of the specific Property, Plant and Equipment (PPE) account; and
2. Donated properties from the Office of the Vice President (OVP) consisting of PPE and semi-expendable items amounting to ₱420,156.07 and PPE as donations, thus understating the affected accounts in the FS.

F. Observations and Recommendations

The following are the other audit observations and corresponding recommendations, which were discussed with Management officials concerned, details of which are further discussed in the report. Management views and comments were also incorporated in the report where appropriate.

1. Fund Transfers to other agencies totaling ₱35,249,493.40 remained outstanding for over one to 10 years while a discrepancy of ₱21,266,997.79 was noted between the records of NLP and recipient agencies, thus affecting the validity of the Inter-Agency Receivables account balance. Moreover, the intended projects of the fund transfers have yet to be completed as at year-end.

We recommended that Management:

- a. instruct the Accountant to (i) verify the noted discrepancies and make appropriate adjusting entries; (ii) conduct periodic reconciliation of the accounts with the Implementing Agencies (IAs)/recipients for early detection of discrepancy; and (iii) ensure that fund transfers are liquidated within the prescribed period;
- b. require the IAs/recipients of fund transfers to accelerate the project implementation and to immediately submit the liquidation reports and/or refund the unutilized fund transfer;
- c. closely monitor the project implementation ensuring the timely completion so that the intended benefits could be achieved;
- d. request the Procurement Service-Department of Budget and Management (PS-DBM) to offset/apply the unused advances corresponding to the cost of undelivered supplies to NLP's succeeding purchases; and

- e. inquire about the status of the complaint filed against the Municipality of Rizal, Palawan with the Office of the Ombudsman so that appropriate legal action could be initiated.
2. Advance payment made to Global-V Builders Co. amounting to ₱20,745,000.00 was not fully recouped, having a balance of ₱6,099,318.62. Moreover, other relevant provisions in the Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 on the contract implementation were not observed while deficiencies were also noted in the related payments.

We recommended that Management:

- a. demand from Global-V Builders Co. the refund of the unrecouped advance payment of ₱6,099,318.62 or take appropriate legal remedies to recover said amount, in case of refusal to pay;
 - b. require the FAD and other concerned personnel to monitor the balance of advance payment to make sure that it is fully recouped before the final payment;
 - c. require the Accountant to (i) explain why VO Nos. 3 and 4 were paid even without the required Obligation Request and Status (ORs); and (ii) ensure the completeness of requirements and that the transaction is obligated before making any payment; and
 - d. ensure that the performance bond to be posted by the contractor is valid until the final acceptance of the works, and that there is an approved Variation Order (VO) before allowing the contractor to proceed with the additional works or those not covered in the original scope of contract.
3. Policies and guidelines on the hiring of Job Order (JO) personnel were not strictly followed resulting in duplication of function/work of regular employees and hiring of unnecessary personnel, contrary to CSC Resolution No. 020790 dated June 5, 2007.

We recommended that Management require the Chief, Human Management Section to:

- a. Revisit the existing plantilla positions, determine the number of personnel actually needed; and make representations with the DBM on the necessity of increasing the authorized plantilla positions of the agency, if necessary; and
 - b. Review current practices on hiring Contract of Service/JOs and ensure that the services to rendered are not those already performed by regular employees to

avoid duplication of work and limit contracts to intermittent jobs that will not persist for number of years, in compliance with CSC Resolution No. 020790.

4. The Head Librarian of the Sentro ng Karunungan Library (SKL) knowingly signed the Daily Time Record (DTR) of a personnel who did not render service to NLP, thereby committing dishonesty, an offense punishable under Rule XIV of the Philippine Civil Service Law with Omnibus Rules Implementing Book V of Executive Order No. 292 and Other Pertinent Civil Service Law.

We recommended that Management institute measures to prevent similar incident and require the Chief Administrative Officer to initiate administrative and criminal actions against the NLP officers who signed the DTR as well as the JO personnel who falsified the DTR.

5. Some JO personnel were allowed to travel and attend seminars, trainings and conferences and were granted advances contrary to CSC Resolution No. 020790 and Section 1.a.4 of COA Circular No. 2012-001 dated June 14, 2012.

We recommended that Management instruct the:

- a. Chief, HRM Section to conduct training needs analysis such that seminars/trainings are availed/attended by regular employees instead of JO personnel; and
 - b. Chief, FAD to stop processing cash advances of JO personnel for travel to attend seminars/trainings.
6. The failure of NLP to fill up vacant regular plantilla positions and the deployment of its regular employee to a library that is not under its administrative control and supervision contributed to the shortage of manpower to carry out the agency's mandated functions.

We recommended that Management require the Chief, HRM Section to study the current staffing pattern of the agency and make recommendations as to best option to resolve shortage of NLP manpower including filling vacant plantilla positions and reassigning the Librarian III from Kaban ng Hiyas Congressional Library (KHCL) to wherever she would be of better service to the agency.

7. NLP does not have adequate controls in the recording and monitoring of employee attendance prescribed under CSC MC No. 21, s. 1991.

We recommended that Management instruct the:

- a. Chief, Administrative Officer to require all personnel to register their time "out" and "in" during lunch breaks; and

- b. Division Chiefs to require all employees under their divisions to log their time “in” and “out” in the order of their arrival/departure and affix their signatures thereat. The logbooks for regular and JO personnel may be maintained separately.

G. Implementation of Prior Year’s Audit Recommendations

Of the 17 audit recommendations contained in the prior year’s Management Letter, 15 were fully implemented and two were partially implemented. The details are presented in Part III of this report.