

EXECUTIVE SUMMARY

A. Introduction

The Office of the Press Secretary (OPS) was renamed and reorganized as the Presidential Communications Operations Office (PCOO), pursuant to Executive Order (EO) No. 4, series of 2010, dated July 30, 2010.

Its mandate is to serve as the premier arm of the Executive Branch in engaging and involving the citizenry and the mass media in order to enrich the quality of public discourse on all matters of governance and build a national consensus thereon.

PCOO's mission is to serve as the primary vehicle for consciousness-raising, constituency-building, and social mobilization in support of the policies, programs and projects of the Presidency and a tool for informing, educating, enlightening the citizenry about matters of national importance for inspiring the citizenry to deepen their civic engagement.

PCOO is tasked to perform the following functions:

- a) Develop and implement necessary guidelines and mechanisms pertaining to the delivery and dissemination of information relating to the policies, programs, official activities and achievements of the President and the Executive Branch;
- b) Develop, manage and operate viable government-owned or controlled information dissemination structure/facilities to provide the Office of the President (OP) in particular, and the Executive Branch in general, access to the people as an alternative to the private mass media entities;
- c) Set up and maintain local and international field offices, where necessary, to ensure that accurate information from the President and the Executive Branch is promptly and efficiently relayed, delivered and disseminated to intended target audiences;
- d) Manage, control or supervise, as may be necessary, the various government agencies and offices involved in information gathering and dissemination;
- e) Coordinate and cultivate relations with private media; and
- f) Manage and administer the OP's Website and the Web Development Office.

The PCOO headed by Secretary Jose Ruperto Martin M. Andanar has 10 agencies under it, as follows:

1. PCOO/PCOO – Proper;
2. Philippine Information Agency
3. Bureau of Broadcast Services
4. Radio Television Malacañang (RTVM)
5. Bureau of Communication Services
6. National Printing Office
7. News and Information Bureau
8. People's Television Network, Inc. (PTNI) – Corporate Agency
9. Intercontinental Broadcasting Corporation (IBC) – Corporate Agency
10. APO Production Unit – Corporate Agency

PCOO has five Undersecretaries, nine Assistant Secretaries and four Directors. The agency had filled-up 57 plantilla positions as of December 31, 2017. To augment the agency work force, five casuals, one contractual and 302 contract of services (COS) were hired for the year, as follows:

Offices/Divisions	Presidenti al Appointee	Permanent	Co- Termi nous	Casual/ Contract ual	COS	Total
Office of the Secretary	3	2	7		19	31
Office of the Presidential Spokesperson	1	1			11	13
Usec for Admin and Finance	1				19	20
Admin and Finance		27		5	50	82
Philippine Administrative Network Project (PANP)					9	9
Bureau of Communications and Services (BCS)					4	4
News and Information Bureau (NIB)/IPC					18	18
Usec for Good Governance	1	4			5	10
Usec for Legal Affairs	2	1			6	9
SACO					2	2
Usec for New Media	1	1			3	5
Asec for Policy and Special Concerns	1	1			6	8
PTFOMS					2	2
Asec for Content & Messaging	2	1			15	18
Presidential News Desk					12	12
Asec for Information Technology/Chief Information Officer/Electronic Data Processing	1	3		1	12	17
ASEAN					13	13
Strategic Communications/ (STRATCOM)					17	17
Asec for Media Relations	1	2			1	4

Media Accreditation and Relations Office			1		18	19
Press Working Area					4	4
Asec for Operations and Legislative Affairs	1	2			4	7
Print/News Portal Division					32	32
Asec for Regional Concerns-PCOO Davao	1	1			11	13
Asec for Social Media	1	1			5	7
Asec for Brand Integration	1	1			1	3
Office		1			3	4
Total	18	49	8	6	302	383

B. Operational Highlights

PCOO organized, handled and executed the following out of the country engagements of President Rodrigo Roa Duterte:

- Official Visit of Prime Minister Shinzo Abe and Mrs. Akie Abe of Japan on January 12-13, 2017
- ASEAN 2017 Committee in Business and Investment Promotion Launch on January 24, 2017
- Departure for the State Visits of the Kingdom of Saudi Arabia, Bahrain and Qatar
- Visit to Russian Guided Missile Cruiser “VARYAG” The Pacific Fleet of the Russian Navy, 2017 Palarong Pambansa
- Visit to the Chinese People’s Liberation Army Navy Flagship-Destroyer Changchun
- Departure for the Official Visit to the Russian Federation
- Visit to the Japan Maritime Self Defense Force (JMFSDF) Escort Flotilla One, JS Izumo (DDH-183) and JS Sazanami (DD-13)
- Courtesy Call of Mr. Katsuyuki Kawai, Special Adviser to the Prime Minister and Member of the Japanese Delegation Js Izumo
- High level conference back to back with public symposium on ASEAN 50 and beyond
- Departure for the Official Visit to Japan

Also, the Office of the Secretary took part on the following events:

- Meeting with Ministry of Information Deputy for International Affairs for the Philippine-Russia Memorandum of Cooperation
- The Presidential visit to Moscow Russia last May 21-26, 2017
- The China invitational trip last May 3-12 together with other 11 delegates from PCOO’s attached agencies.
- Lead the group of media practitioners and officials during the China invitational training last June 25 - July 8, 2017.

- The office was involved in the PCO Net with SMMA in Dagupan, Baguio, CARAGA Region, Siquijor
- ASEAN Ministers Round-Table Discussion on Countering Fake News.

To have a unified form of messaging, as well as, to deliver precise and correct information to the public. This year, as the Philippines’ chair of the ASEAN, the office focused on supporting the National Organizing Council in different areas. Here are some of the accomplishments and supports given by the office from January to present:

1. ASEAN 2017 Thematic Messaging and Branding
2. Campaign and Promotion namely Collaterals, Videos and Shoots, Magazine, Pamphlet, Primer and etc.
3. Main Events, including 250 Side Events, Commemorative Activities and Meetings, including but not limited to:
 - Launch of the Philippines’ Chairmanship of ASEAN 2017
 - Launch of the ASEAN Socio-Cultural Community
 - 22nd Senior Officials Committee on ASCC (SOCA)
 - 17th ASEAN Socio-Cultural Community Council Meeting
 - ASEAN Ministerial Meeting
 - ASEAN-Labor Ministers
 - 50th ASEAN Ministerial Meeting and Post-Ministerial Conferences
 - 18th ASEAN Plus Three Foreign Meeting
 - 7th East Asia Summit Foreign Ministers Meeting in PICC from August 2-8
 - Special Celebration of ASEAN’s 50th Anniversary with the Leaders
 - Launch of the ASEAN Chief
 - Justices Association on November 14 held in Manila.

The Key Programs/Projects/Activities, Major Final Output, Targets and Accomplishments are shown in **Annex A**.

C. Financial Highlights

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

Particulars	2017	2016
Financial Position		
Assets	469,779,894.51	530,310,399.69
Liabilities	206,514,055.61	348,323,789.20

Particulars	2017	2016
Net Assets/Equity	263,265,838.90	181,986,610.49
Financial Performance		
Income/Revenue	9,200,954.88	10,017.30
Current Operating Expenses	1,373,243,724.00	211,123,553.04
Surplus (Deficit) from Current Operation	(1,364,042,769.12)	(211,113,535.74)
Net Financial Assistance/Subsidy	1,512,955,012.07	228,046,482.47
Gain/Loss	607.53	-
Surplus/Deficit	148,912,850.48	16,932,946.73
Sources and Utilization of Funds		
Appropriations	1,705,308,457.26	228,199,942.34
Allotments	1,705,308,457.26	228,106,151.00
Continuing Appropriations	3,374,411.26	93,791.34
Obligations Incurred	1,562,228,901.96	224,233,093.11
Disbursements	1,548,693,712.82	224,233,093.11
Unobligated Allotments	143,079,555.30	3,966,849.23

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) for CY 2017 is shown in **Annex B**.

D. Scope of Audit

The audit covered the accounts and operations of the PCOO for CY 2017. 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 year's 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 a qualified opinion on the fairness of presentation of the financial statements of PCOO as of December 31, 2017 in view of the unliquidated cash advances (CAs) of ₱28,198,430.00 and ₱688,259.62 that were beyond the prescribed dates of liquidation, granted to Special Disbursing Officers (SDOs) and to Officers and Employees, respectively at December 31, 2017.

F. Summary of Other Significant Observations and Recommendations

The following are the other significant audit observations and corresponding recommendations, details of which are discussed in Part II of this report. Management comments were incorporated in this report, where appropriate.

1. The Calendar Year (CY) 2016 corresponding figures presented in the CY 2017 Financial Statements (FS) were not restated to reflect prior year errors and adjustments, which is not in compliance with Sections 42 (b) and 43, Chapter 19 of the Government Accounting Manual (GAM), Volume I.

We recommended that Management require the Chief Accountant to properly present prior period errors and adjustments by restating the prior year balances of the affected accounts shown as corresponding figures for the current year FS in compliance with the requirements of Sections 42 (b) and 43, Chapter 19 of the GAM, Volume I.

2. Additional CAs aggregating ₱26,926,310.86 were granted despite non-liquidation of previous CAs, while cash accountability was in excess of the Maximum Cash Accountability (MCA) of Accountable Officers (AOs) totaling ₱11,654,658.42, contrary to Section 89 of PD No. 1445 and Section 7.5 of COA Circular No. 97-002, resulting in the accumulation of unliquidated CAs as of December 31, 2017.

We recommended that Management:

- a. Stop granting additional CAs unless the previous CA given is first settled or proper accounting thereof is made in accordance to section 89 of PD No. 1445;
 - b. Advise the Accountant to monitor the CAs of each AO to avoid exceeding the MCA;
 - c. Develop methods/procedures to minimize deviations from laws, rules and regulations on cash advances when confronted with emergencies; and
 - d. Henceforth, strictly adhere to laws, rules and regulations on the grant, utilization and liquidation of cash advances as dictated by PD No. 1445 and COA Circular 97-002, to avoid imposition of penalty.
3. The agency's failure to monitor the fund transferred to various NGAs totaling ₱349,823,883.66 resulted in their non-liquidation for a long of 13 years contrary to Section 6, Chapter 19, Volume I of the GAM.

We recommended that Management require the Chief Accountant to:

- a. Verify the claim of PTNI and PIA that the fund transfer of ₱83,641,301.90 and ₱64,247.87, respectively were already liquidated and recorded per their books; and request for the submission of the liquidation documents for adjustment in the PCOO books;
 - b. Demand the liquidation of the ₱8,700,000.00 from PTNI for the purchase of Satellite Camera Connection in Tacloban City to avoid from becoming dormant;
 - c. Follow-up the status of the funds transferred to PIA and PBS-BBS amounting to ₱48,000,000.00 and ₱30,000,000.00, respectively; and
 - d. Henceforth, regularly monitor the status of fund transfers.
4. Disbursement Vouchers (DVs) and the related financial reports and statements were not submitted to the Office of the Auditor within the prescribed period, contrary to the rules and regulations pertaining thereto; thus, preventing their timely evaluation for an early detection and immediate communication to management of deficiencies, if any, and the corresponding corrective actions to be undertaken.

We recommended that Management impose the suspension of payment of salaries of the Accountable Officers (AOs) who repeatedly failed to submit on time the documents and reports mentioned above, as mandated in Sections 122 of PD No. 1445 and also be cognizant that as stated in Sections 127 of PD No. 1445, unjustified failure of a public officer to comply with any of the provision of PD No. 1445 shall constitute neglect of duty and shall be a ground for administrative disciplinary action against said public officer.

We further recommended that management should take advantage of relevant information that would aid in their decision-making, resulting from the timely submission by the Chief Accountant and the AOs of the required financial reports for the Auditor's judicious review and audit.

5. Out of the audited ₱219.24 million ASEAN fund, 17.70 percent or a total of ₱38,807,125.40 was found deficient due to: (a) rental/lease of IT Equipment for ₱4,039,140.00 was found more expensive than the selling price by ₱964,872.00; (b) POs/payments amounting to ₱27,503,535.40 and ₱7,264,450.00 for various goods/services and rental/lease of passenger vans, respectively were split wherein similar items were purchased/leased on the same date or at about the same time, from same and/or different suppliers, in violation of COA Circular No. 76-41 and contrary to the provisions of PD No. 1445. Moreover, POs totaling ₱2,488,620.00 were awarded to suppliers without adherence to the provisions of the Revised Implementing Rules and Regulation of RA No. 9184.

We recommended that management:

- a) Explain why a request/proposal for the realignment of funds from MOOE to Capital Outlay, showing savings that could be generated was not submitted to DBM and/or;
- b) Submit documentations to show that the lease/rental of the IT equipment was more beneficial to the government than purchasing them; thus, in conformity with the above-quoted Section 2 of PD No. 1445;
- c) Investigate and/or submit explanations/justifications on the splitting of POs and payments;
- d) Henceforth, strictly enforce and adhere to COA Circular No. 76-41, and the provisions of RA No. 9184 and PD No. 1445 to prevent or prohibit splitting in any form or all forms for the protection and interest of the government;
- e) Investigate the award of contracts to suppliers without adherence to the provisions of the Revised Implementing Rules and Regulation of RA No. 9184;
- f) File the appropriate charges against any erring officials, as prescribed under Section 65.1 of the Revised IRR of RA No. 9184, for taking particular action that favored a particular supplier/s, when necessary;
- g) Periodically monitor its employees to check errors, deception and fraudulent acts; and
- h) Strengthen control measures to ensure that all resources of the government shall be safeguarded against loss or wastage through illegal or improper disposition.

The above observations and recommendations were discussed with Management officials concerned in the exit conference held on April 27, 2018.

G. Implementation of Prior Year's Audit Recommendations

Of the 22 audit recommendations embodied in the CY 2016 Annual Audit Report, 10 were implemented, seven were partially implemented and five were not implemented. Details of which were discussed in Part III of this report.