

EXECUTIVE SUMMARY

A. Introduction

The Office of Government Corporate Counsel (OGCC) was formerly the Corporate Counsel Division under the Department of Justice, created on December 2, 1935 by virtue of a Memorandum Order, until it was re-organized and became the OGCC under Executive Order (EO) No. 94 in October 1947. Several transformation, rulings and laws were issued to strengthen the agency such as EO No. 392, EO No. 400, RA No. 3838 which was amended by RA No. 2327, generally referred to as the Charter of OGCC, RA No. 6000, EO No. 878 and EO No. 292, otherwise known as the Revised Administrative Code of 1987.

EO No. 292 reinforced the unique role of the OGCC as statutory legal counsel of all government owned and controlled corporations (GOCCs), their subsidiaries, other corporate offspring, and government acquired asset corporations. OGCC is under the direct administration and supervision of the Department of Justice (DOJ).

At the top of the helm is Deputy Government Corporate Counsel Elpidio J. Vega, appointed Officer-in-Charge by the President of the Philippines. The 10 Assistant Government Corporate Counsels are assisting the Officer-in-Charge.

OGCC has 104 filled-up plantilla positions and three contractuels as of December 31, 2016.

B. Operational Highlights

The accomplishments of the OGCC who acts as the law firm of the government corporate sector renders the following services:

a. Opinions and Contract Reviews

	Opinions	Contract Reviews
Beginning Balance	14	29
Requests for 2016	319	487
Total	333	516
Acted Upon	333	516
Ending Balance	0	0
Disposition Rate	100%	100%

b. Litigation

Beginning balance	4,774
New cases	329
Terminated cases	90
Ending balance	5,013

At the beginning of the year 2016, OGCC was handling 4,774 cases, a carried over from the previous year. The OGCC has received 329 new cases for 2016 and 90 cases were terminated by virtue of Entries of Judgement issued by the Supreme Court. The rest of the cases remained pending in lower and/or appellate courts. In relation to handling litigation cases, the OGCC rendered legal services and the output of which were as follows:

Outgoing Letters	1,453
Outgoing Pleadings	1,779
Outgoing Order	169
Hearings Attended	1,270

C. Financial Highlights

The comparative statements of financial condition, financial performance and sources and applications of funds as of December 31, 2016 are as follows:

	2016	2015	Increase/ (Decrease)
Financial Condition			
Total Assets	₱20,680,625.27	₱21,389,856.28	₱ (709,231.01)
Total Liabilities	13,628,658.57	12,529,870.50	1,098,788.07
Equity	7,051,966.70	8,859,985.78	(1,808,019.08)
Financial Performance			
Total Revenue	-	-	(15,750.00)
Total Expenses	137,079,979.66	114,592,180.11	(22,487,799.55)
Subsidy from National Government	135,718,518.18	114,797,271.99	(20,921,246.19)
Excess of Expenses over Income	(1,361,461.48)	205,091.88	(1,156,369.60)

Sources and Application of Funds	2016	2015	Increase/ (Decrease)
Allotments Received	₱ 148,629,000.00	₱ 121,709,779.00	₱(26,919,221.00)
Obligations Incurred	136,337,473.80	115,162,263.09	(21,175,210.71)
Unexpended Balance	12,291,526.20	6,547,515.91	5,744,010.29

OGCC also received funds from client GOCCs as payment for allowances/reimbursement of expenses/honoraria and special assessment fees totaling ₱7,057,499.24 and deposited in a government depository bank.

D. Scope of Audit

The audit covered the transactions and operations of the OGCC for CY 2016.

E. Auditor's Report

The auditor rendered an unmodified opinion because the accompanying financial statement present fairly the financial position of the Office of Government Corporate Counsel (OGCC) as of December 31, 2016, and Cash Flows for the year then ended in conformity with generally accepted accounting principles.

F. Other Significant Audit Observations and Recommendations

1. Honorarium/Reimbursement of expenses and Special Assessments totaling ₱7,057,499.24 recorded under the Cash- Local Currency Savings Account (Trust Account) were not deposited to the Bureau of the Treasury (BTr), inconsistent with Executive Order No. 338 series of 1996, Section 7 of the General Provisions of GAA 2016 and Section 2.2 of Permanent Committee Joint Circular No. 4-2012 dated September 11, 2012. (Observation No. 1)

We recommended that management deposit or transfer the ₱7,057,499.24 to the BTr, consistent with Executive Order No. 338, s. 1996, Section 2.2 of Permanent Committee Joint Circular No. 4-2012 and Section 7 of General Provisions of GAA of 2016.

2. The Office Supplies Inventory account totaling ₱637,530.44 was unreliable due to the existence of unreconciled difference of ₱133,728.66 between the inventory records of Accounting and Property Sections caused by absence of periodic reconciliation between the Accounting and Property Sections contrary to Section 491, page 295 of GAAM Volume 1. (Observation No. 2)

We recommended management to (a) prioritize assignment of a full time staff to undertake the reconciliation of the Office Supplies Inventory account; and (b) require the Accountant and the Property Officer to reconcile the balances between RCPI with the Supplies Ledger Card (SLC) to detect variances and adjust immediately.

3. Unserviceable properties amounting to ₱529,550.56 were not disposed by the Agency contrary to Section 79 of P.D. 1445, thus, exposing them to further deterioration. (Observation No. 3)

We recommended the immediate disposal of the unserviceable properties to prevent further deterioration of the same, obtain a fair return in case of sale or donate the same and make available space for the agency.

4. Delayed submission of required accounting financial reports and Report on Physical Count of Property, Plant and Equipment (RPCPPE) within the reglementary period as provided for in Sections 7.2.1 (a) of COA Circular No. 2009-006 and Section 38, page 199, Volume I of the Government Accounting Manual (GAM), respectively, prevented the timely verification and evaluation of the affected account balances. (Observation No. 4)

We recommended that management promptly submit within the prescribed period to the Office of the Auditor the financial statements, reports and disbursement vouchers and their supporting documents to facilitate the complete review and analysis of the accounts.

5. Status of Implementation of Prior Year's Audit Recommendations

Of the 14 audit recommendations contained in the previous Annual Audit Reports, two were fully implemented, eight were partially implemented and four were not implemented. The details are shown in Part III of this report.