

Part I

Executive Summary

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BACKGROUND

The provision of free elementary education is one of the priority programs of the government identified in the Medium Term Philippine Development Plan for 2001-2004. The provision of school education by the government carries with it the responsibility to provide facilities by which education will be delivered.

The appropriation for school education in calendar years 2001-2002 for the implementation of the Department of Education (DepEd) is ₱169.385 billion, the highest among all agencies, representing 12.73% of the total government budget. Of the total budget, ₱1.609 Billion was allocated for the procurement of textbooks.

For school year 2001-2002, there were 11,927,480 elementary students enrolled throughout the country distributed in 16 regions. Of the total students, 237,552 were enrolled in 94 schools within the Division of Quezon City.

The adequacy of textbooks largely relating to quantity access has been a recurring issue for a number of years. Newspaper articles, budget debates and the July 23, 2001 State of the Nation Address (SONA) of President Gloria Macapagal-Arroyo highlighted the importance of the provision of education facilities including textbooks to improve the quality of education.

The access of students to textbooks has an impact both on the effectiveness of the education system and the educational opportunities available to students. The importance of textbooks as a tool in the learning process has been recognized by the government. For this reason, the provision of textbooks was included in Social Expenditure Management Project (SEMP) I of the government funded by the World Bank and implemented by the DepEd Main Office in coordination with the field offices (Region, Division and District Offices). Of the total loan amount of ₱2.963 B for the education component, ₱1.648 B was allocated for the procurement of textbooks. SEMP I was intended to be implemented from February 2000 to December 31, 2002.

SEMP I aims to produce 25,000,000 textbooks for elementary and high school students by the end of 2002 in order to achieve a 1:2 textbook-pupil ratio. The projected quantity of 25,000,000 to be procured out of the loan was computed by the DepEd based on an estimated cost of ₱70 to ₱80 per book. The books were

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however acquired at a lower cost of ₱30 to ₱40 resulting in procurement of more books than the targeted quantity.

The DepEd objective for SY 2001-2002 was to move to a textbook pupil ratio of 1:1 in 5 priority subjects (Science, Math, English, Filipino, Social Studies) for Grades I to IV. The textbook pupil ratio in SY 1999-2000 as reflected in the briefing materials for the proposed DepEd budget for calendar year 2001 was 1:5.

As of August 2002, 42,213,558 books for elementary and secondary students nationwide had been contracted by the DepEd to be funded under SEMP I of which 9,586,889 were allocated for elementary schools within the National Capital Region (NCR).

As the financing agency for SEMP I, the World Bank assesses the implementation and progress of the project on an on-going basis. In one of their Assessment Reports it was noted that, there has been a number of long standing problems in the distribution and utilization of textbooks under the program including the procurement and receipt, financial reporting, communication links between the Central and Regional Offices and links between planning and financial management functions. The absence of a reliable, integrated and timely information system was also reported to be a major weakness.

In addition to the loan secured to finance SEMP I, the Division Offices, including the Division of Quezon City, also procure textbooks from their own appropriations for Maintenance and Other Operating Expenses (MOOE).

In order to further ensure the delivery of education services, the Special Education Fund (SEF) under the Local Government Units (LGUs) was created under Republic Act No. 5447 enacted by the Philippine Congress in 1969, for the purpose of providing additional financial support for education facilities and services as provided by the Constitution. Among the activities to be undertaken through SEF is the procurement of textbooks.

Using SEF, the City Government of Quezon procure textbooks for the use of schools under its jurisdiction.

The funding of textbooks for the educational needs of the DepEd National Capital Region (NCR) is therefore being funded through three sources, SEMP I, the Divisional MOOE and the SEF. This sectoral audit focused on evaluating whether thru the implementation of these programs, the government's objective of attaining 1:1 textbook pupil ratio for Grades I to IV had been attained.

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In the process, the team assessed operations of the different agencies involved in meeting this objective by determining the textbook requirements and monitoring the progress of the program.

AUDIT OBJECTIVE

The audit objective was to assess whether the implementation of SEMP I and SEF have been effectively managed to contribute to the effective achievement of the government's objective of giving quality education through the provision of textbooks considering the determination of textbook requirements and distribution of available books.

AUDIT SCOPE AND METHODOLOGY

The audit covered the implementation of the textbook component of SEMP I and SEF programs of the government for elementary education from January 2001 to September 2002 intended for SY 2001-2002 considering the determination of textbook requirements and distribution of available books. The agencies included in the audit were the DepEd Main Office, DepEd NCR and the Division Offices and LGUs in the Cities of Quezon, Caloocan and Mandaluyong.

As of audit date, the total textbook allocation for elementary students from SEMP I for the Division of Quezon City was 690,414 books. Procurement of textbooks by the Division Office from January 2001 to September 2002 amounted to ₱3,516,201.90 while procurement by the City Government out of SEF for the same period amounted to P17,811,957.30. The City Government also purchased textbooks from the General Fund amounting to ₱3,841,764.80.

The performance of the Division Office was assessed using the following criteria:

- a. Established Policies and Guidelines;
- b. Sound Risk Management Process;
- c. Appropriate Manpower Resourcing;
- d. Comprehensive Performance Monitoring Framework; and
- e. Effective Relationship/Coordination of Government Offices.

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During the audit, the team performed the following procedures, among others:

- a. Reviewed existing policies and guidelines on the determination of textbook requirements and distribution of available textbooks;
- b. Interviewed personnel involved in the implementation of SEMP I and SEF;
- c. Reviewed accomplishment/annual reports, work plans and other relevant reports pertaining to the implementation of SEMP I and SEF;
- d. Assessed the Risk Management Process in place;
- e. Reviewed and evaluated the roles and responsibilities of agencies involved in the implementation of SEMP I and SEF;
- f. Inspected selected schools and assessed the sufficiency of textbooks provided to the students;
- g. Analyzed the existing textbook condition based on available records;
- h. Determined if the actions taken by the different agencies involved in the implementation of SEMP I and SEF are coordinated;
- i. Assessed the adequacy of trainings/seminars and performance/ accomplishments of personnel involved in the implementation of SEMP I and SEF; and
- j. Assessed the extent of the implementation of SEMP I and SEF against program objectives.

The audit was conducted from July 18 to October 31, 2002 pursuant to COA Assignment Order No.2002-023 dated July 18, 2002. The results of the audit were discussed with the City Mayor, other City Government officials and a representative from the Division Office of Quezon City on November 5, 2002.

AUDIT CONCLUSION

The DepEd, thru the Division Office and the City Government of Quezon have not effectively managed the implementation of SEMP I and SEF through the determination of textbook requirements and the distribution of available books contributing in a failure to attain the government's objective of achieving a 1:1 textbook pupil ratio in 5 priority subjects for Grades I to IV.

At the time of audit, only 6 subjects for Grades I to IV within the Division of Quezon City have sufficient textbooks. The available books in these subjects even exceeded the textbook requirements by 25,785 as the Division Office was not able to determine the actual needs per subject and grade. The excess books will still increase to 163,185 upon receipt of the forthcoming deliveries from

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IMCS of additional allocation for the Division Office. On the other hand books in other subjects are short by 179,643. The insufficiency of books reduces the effectiveness of the education services provided to students thru the provision of sufficient books in all subjects, grades, sections and schools and wasted limited and valuable government resources.

The excess books were among those procured by the Instructional Material Council Secretariat (IMCS) under SEMP I, by the Division Office out of MOOE and by the City Government of Quezon out of SEF.

At the time of audit, while there were excess books in some subjects, some schools did not have sufficient books for these subjects due to inequitable distribution of textbooks among schools. The purpose of providing textbooks then which is to enhance and strengthen the student's capacity to learn was defeated and rendered such books worthless.

The audit concluded that the shortcomings in the implementation of SEMP I thru the Division Office and SEF programs discussed above were caused by the following:

- a. Inadequate guidelines in the determination of textbooks requirements, distribution and effective utilization of available books;
- b. The Division's failure to monitor the sufficiency of textbooks available to the students within the Division;
- c. Lack of coordination of agencies involved in the implementation of SEMP I and SEF; and
- d. Inadequate planning to manage the risks in the implementation of SEMP I and SEF that led to procurement of books in excess of the actual requirements and inequitable distribution of books.

The audit covered the implementation of the textbook component under SEMP I and procurement under SEF from January 2001 to September 2002. The textbook program is again included in SEMP II to be implemented from September 2002 to December 2005 to complete the on-going reforms started in SEMP I. The Division Office and City Government are also continuously addressing the textbook needs of students. Therefore, for a more effective implementation of SEMP II and SEF and to avoid the recurrence of the problems discussed above, the Division Office and the City Government should seriously consider addressing these concerns.

MANAGEMENT'S REACTION TO AUDIT OBSERVATIONS

The results of the audit were discussed with the City Mayor, other City Government officials and a representative from the Division Office in an exit conference conducted on November 5, 2002. Overall, the Division Office and the City Government acknowledge the team's observations. The Division Superintendent assured the team that all recommendations shall be considered and that implementation shall follow. On the other hand, the City Government did not provide any written comments.