



AGENCY BUDGET NOTES

For FY 2023

COMMISSION ON AUDIT



P13.17B

TOTAL NEW APPROPRIATIONS FOR 2023

COST STRUCTURE

P6,755.8M
(51.3%)

General Admin and Support Services

P281.8M
(2.1%)

Support to Operations

P6,130.4M
(46.6%)

Operations

BREAKDOWN OF OPERATIONS BUDGET



P5,901.1M (96.3%)

Government Auditing Program



P163.9M (2.7%)

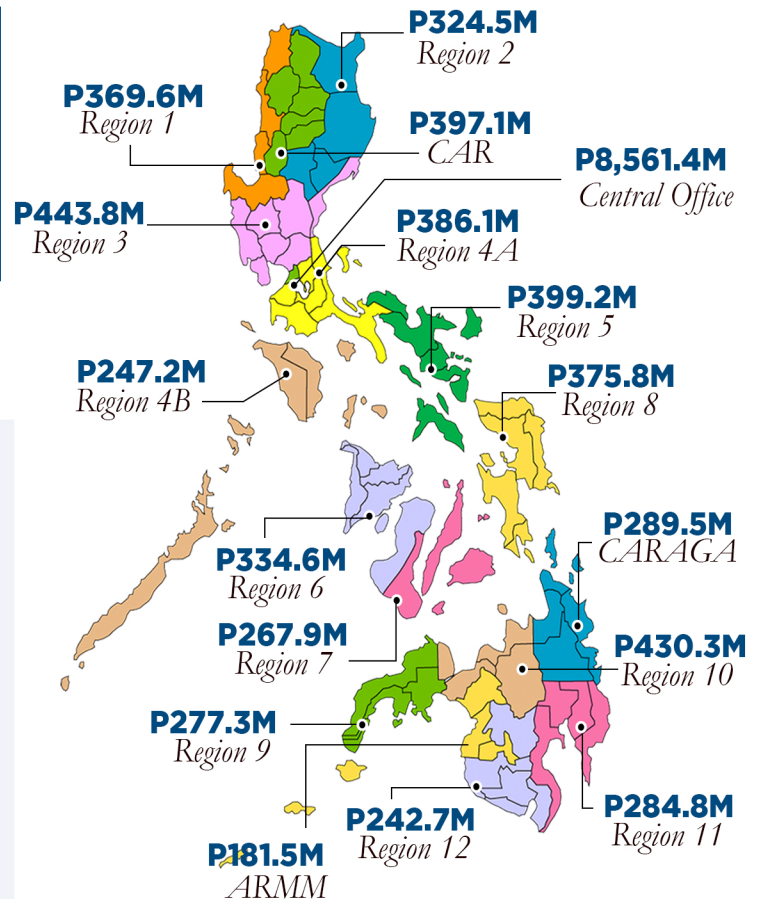
Government Financial Adjudication Program



P65.5M (1.1%)

Government Accountancy Program

REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P13,813.3M)



BUDGET UTILIZATION

OBLIGATIONS TO APPROPRIATIONS RATIO



UNUSED APPROPRIATIONS

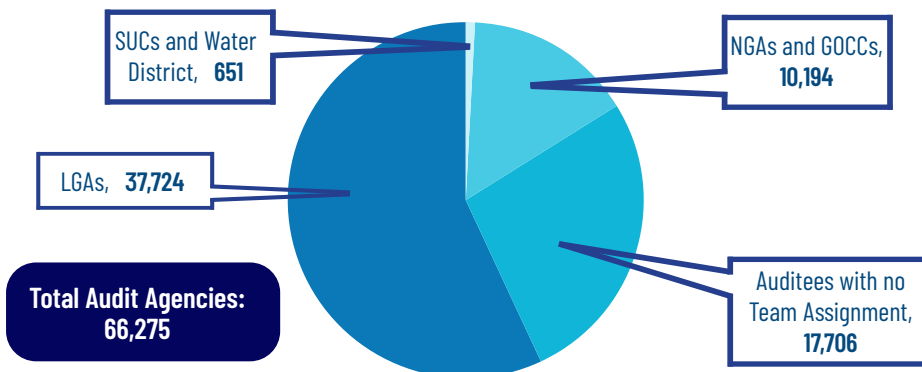


QUICK FACTS

KEY SECTOR INFORMATION

Number of Agencies under COA Audit

as of 30 June 2022



Source: Commission on Audit

COA Audit Opinions Issued

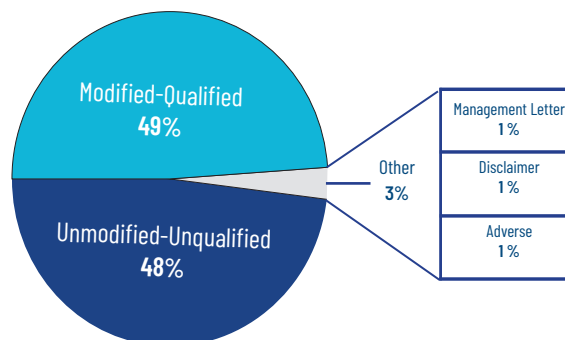
2015-2021

National Government Agencies and SUCs

Audit Options/Action	2015	2017	2019	2020	2021*
Unqualified	41	53	57	46	21
Unmodified	-	-	34	58	98
Qualified	217	230	186	180	91
Modified	-	-	9	8	23
Modified-Qualified	-	-	7	8	7
Adverse	25	10	17	4	1
Disclaimer	3	6	1	2	2
Management Letter	17	10	2	10	3
Not Available	6	2	-	-	-
Total	309	311	313	316	246

*AARs 2021 for 246 agencies/attached offices only, as of 13 July, 2022

Ratio of Clean Reports (as of 13 July 2022) = 48%



Implementation of COA Recommendations

2015-2021

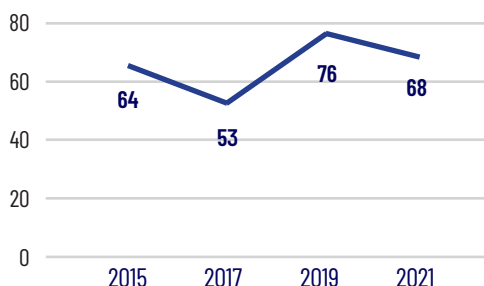
National Government Agencies and SUCs

Status of Audit Recommendations	2015	2017	2019	2020	2021*
Fully Implemented	3,498	4,676	6,951	3,999	5,126
Partially Implemented	3,538	4,448	1,951	1,212	1,308
Not Implemented	1,537	1,912	4,638	2,281	3,257
Reiterated, disallowed, closed	0	98	262	212	39
Total	8,573	11,134	13,802	7,704	9,730

FY 2021 AARs covering 246 agencies/attached offices only (as of 13 July 2022) | Source: www.COA.gov.ph

Open Budget Index

COA Reports: Relevance of Information



Extent of Audit Oversight

2015	92%
2017	83%
2019	89%
2021	89%

Scores 61 - 100 = adequate

Scores 0-20 scant; 21-40 minimal; 41-60 insufficient/limited; 61-80 sufficient/substantial; 81-100 extensive
Reference: <https://www.internationalbudget.org/open-budget-survey/country-results>

HIGHLIGHTS

- ❑ *Expenditure Program.* The total available appropriations for COA in 2023 amounts to P13.81 billion—of which P13.17 billion (95.3%) is for new appropriations while P645.2 million is automatic appropriations. Compared to the current year's level (P13.99 billion), the proposed new appropriations is lower by P823.4 million or 5.9%.

A sizeable portion of the annual budget (90.3%-91.3%) goes to Personal Services. It was noted that Capital Outlay (CO) gets a bigger slice of the COA budget (4.8%-5.4%) compared to Maintenance and Other Operating Expenses (MOOE) at 3.9%-4.7%.

More than half (62%) of the 2023 budget will go to Central Office; all other regions will receive less than 5% each. The COA Central Office will receive P8.56 billion, followed by Region 3 (3.2% or P443.8 million). It was noted that the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has almost always received the lowest share, except in 2022 due to the sudden decline in the allocation of Region 4B—from P275.8 million in 2021 to only P9.6 million the following year. For 2023, a budget of P247.2 million is set aside for Region 4B.

- ❑ *New Appropriations by Cost Structure.* General Administration and Support (GAS) will be allocated 51.3% (P6.76 billion) of the new appropriation in 2023. Operations and Support to Operations will receive P6.13 billion and P281.8 million, respectively.
- ❑ *Allocation by Major Programs.* At least 96% of the Operations budget in 2021-2023 goes to the Government Auditing Program. The budget for Government Financial Adjudication Program will increase by almost 40%--from P117.5 million to P163.9 million in 2023. Similarly, Government Accountancy Program will increase by 20.2%--from P54.4 million to P65.5 million.
- ❑ *Budget Utilization and Unused Appropriations.* It was noted that obligations-appropriations ratio (OAR) improved from 96.7% in 2019 to 98.1% in 2021. Consequently, unused appropriations declined from P429.3 million to P273.9 million during the same period. The ratio of disbursements to appropriations or simply disbursement rate improved from 95.1% in 2019 to 96.7% in 2021.
- ❑ *Compliance with Audit Recommendations.* The audit team assigned to COA reported that out of the 52 audit recommendations as of December 2021, nine (9) are yet to be implemented by COA.

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COMMISSION ON AUDIT*

I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1 *Constitutional Mandate.* The Commission on Audit (COA), or the country's supreme audit institution, is vested by the Philippine Constitution with the power and duty to examine, audit, and settle all accounts pertaining to revenue and receipts of, and expenditures or use of funds and property owned or held in trust by or pertaining to the Government.
- 1.2 The jurisdiction of COA extends to all branches of government, its subdivisions, agencies, and instrumentalities, including government-owned and/or controlled corporations (GOCCs) with original charters, constitutional bodies, commissions and offices granted fiscal autonomy under the Constitution. It likewise extends to GOCCs and their subsidiaries and non-government institutions receiving subsidy or equity from the government, including autonomous state colleges and universities and foreign-based government agencies (FBGAs).
- 1.3 The organizational outcome adopted by COA is *public accountability upheld and efficiency, economy and effectiveness of government programs improved.* This is in line with the sectoral goals under the Philippine Development Plan (PDP), particularly:
 - ❑ *Improved effectiveness and efficiency in the use of public resources.* Audit processes will be opened to citizens and CSOs thru launching of the Citizen Participatory Audit (CPA) Program.
 - ❑ *Improved efficiency of government.* COA rules and regulations will be reviewed and simplified to be in sync with efficiency and improved public service delivery particularly on modern technology.
 - ❑ *Philippines–Open Government Partnerships (PH-OGP) Action Plans developed.* Existing participatory governance initiatives will be sustained at the local and international levels such as participatory budget partnerships, citizen participatory audit (CPA), and the Open Government Partnership (OGP) initiative.

* This document was prepared by Miguel Alfonso Garafil, as input to the deliberations of the House Committee on Appropriations on the FY 2023 proposed National Budget. The report benefitted from the inputs of Deputy Executive Director Dina de Jesus-Pasagui, and from the overall guidance of Director-General Romulo Emmanuel M. Miral, Jr., PhD. Layout/design of the infographics by Tommy Lagasca is acknowledged. The views, perspectives, and interpretations in this ABN do not necessarily reflect the positions of the House of Representatives as an institution or its individual Members. A copy of this publication is available at the CPBRD's website - cpbrd.congress.gov.ph.

II. SOURCES OF APPROPRIATIONS

- 2.1 The total available appropriations for COA in 2023 amounts to P13.81 billion—of which P13.17 billion (95.3%) is for new appropriations while P645.2 million is automatic appropriations (*Table 1*). Automatic appropriations refer to appropriations programmed annually or for some other period prescribed by law, by virtue of outstanding legislation which does not require periodic action by Congress.
- 2.2 Compared to the current year’s level (P13.99 billion), the proposed new appropriations is lower by P823.4 million or 5.9%. Similarly, automatic appropriations will decrease by P25.6 million next year (2023) from P670.8 million.

TABLE I
SOURCES OF FUNDS, 2021-2023
COMMISSION ON AUDIT

PARTICULARS	Amounts (in Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	13,415.2	13,991.4	13,168.0	93.1	94.8	95.3
Automatic Appropriations	652.4	670.8	645.2	4.5	4.5	4.7
Continuing Appropriations	349.5	100.9	–	2.4	0.7	–
Total Available Appropriations	14,417.0	14,763.2	13,813.3	100.0	100.0	100.0
Unused Appropriations	(273.9)	(100.9)	–	(1.9)	(0.7)	–
Total Obligations	14,143.1	14,662.3	13,813.3	98.1	99.3	

Source of basic data: FY 2023 National Expenditure Program

- 2.3 The National Expenditure Program (NEP) 2023 provides that the Commission shall assess government-owned-and controlled corporations or GOCCs for the cost of audit services rendered in accordance with EO 271, s. 1987. Proceeds from such assessments, including receipts derived from other sources authorized under the Government Auditing Code of the Philippines (PD 1445) shall be deposited with the National Treasury as income of the General Fund in accordance with the Administrative Code of 1987 (EO 292).¹
- 2.4 Likewise, NEP 2023 provides that COA is authorized to use savings to augment deficiencies in accordance with Sec. 25 (5), Article VI of the Constitution.²

III. EXPENDITURE PROGRAM

- 3.1 As shown in Table 2, the proposed expenditure program for 2023 is lower by 5.8% or P849 million compared to P14.66 billion budget this year. Actual spending in 2021 appears to be higher than the proposed budget—albeit lower than 2022 level – due to the inclusion of budgetary adjustments such as Miscellaneous Personnel Benefits Fund (MPBF), and Pension and Gratuity Fund (PGF).

¹ *COA Special Provisions, NEP 2023 p. 712*

² *Ibid. p. 712*

TABLE 2
EXPENDITURE PROGRAM, 2021-2023
(AMOUNTS IN MILLION PESOS)

Year	Amount	Increase/ (Decrease)	Growth Rate (%)
2021 (Actual)	14,143.1	–	–
2022 (Program)	14,662.3	519.2	3.7
2023 (Proposed)	13,813.3	(849.0)	(5.8)

Source of basic data: BESF 2023

By Expense Class

- 3.2 A sizeable portion of the annual budget (90.3%-91.3%) goes to Personal Services (*Table 3*). This account includes salaries, wages, retirement gratuity, loyalty award, and other compensation of COA employees. For 2023, the proposed PS budget amounts to P12.47 billion which is P781.5 billion lower than the current year level (P13.25 billion).
- 3.3 It was noted that Capital Outlay (CO) gets a bigger slice of the COA budget (4.8%-5.4%) compared to Maintenance and Other Operating Expenses (MOOE) at 3.9%-4.7%. The CO account includes land, buildings, machinery and equipment, transportation equipment and the like. Meanwhile, the MOOE budget will be used for supplies and materials, repairs and maintenance of facilities, transportation and travel, training and scholarship, general services, and other necessary operating expenses.

TABLE 3
EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023
(AMOUNTS IN MILLION PESOS)

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
	Actual	Program	Proposed	Actual	Program	Proposed
PS	12,907.1	13,248.8	12,467.3	91.3	90.4	90.3
MOOE	557.1	619.8	643.2	3.9	4.2	4.7
CO	678.9	793.7	702.8	4.8	5.4	5.1
TOTAL	14,143.1	14,662.3	13,813.3	100.0	100.0	100.0

Sources of basic data: BESF 2023 & Select Updated BESF Tables based on the FY 2021 GAA

- 3.4 Table 4 indicates that the actual number of unfilled positions has been declining from 6,040 in 2019 to 5,824 in 2020 and further down to 5,420 in 2021. It was noted however that the ratio of unfilled positions to total authorized positions had been above 40% during the last three years (2019-2021) and is not expected to improve in 2022-2023 (40.8%).
- 3.5 It may be necessary to determine the implications of huge gap in personnel complement on the timeliness, efficiency, and effectiveness of the supreme audit institution's performance. As of the latest count, COA has presence in 66,275 agencies nationwide (*see attached Quick Facts*).

TABLE 4
UNFILLED PERMANENT POSITIONS, 2019-2023

Year	Authorized Positions	Number of Unfilled Positions	Unfilled to Authorized Positions (%)
2019	14,102	6,040	42.8
2020	14,102	5,824	41.3
2021	13,283	5,420	40.8
2022	13,283	5,421	40.8
2023	13,283	5,421	40.8

Sources of basic data: Staffing Summary 2021- 2023, DBM

By Regional Allocation

3.6 More than half (62%) of the 2023 budget will go to Central Office; all other regions will receive less than 5% each, similar to 2021 and 2022. It was noted that the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) has almost always received the lowest share, except in 2022 due to the sudden decline in the allocation of Region 4B—from P275.8 million in 2021 to only P9.6 million the following year. For 2023, a budget of P247.2 million is set aside for Region 4B.

TABLE 5
REGIONAL DISTRIBUTION OF THE (DEPT) BUDGET, 2021-2023
(AMOUNTS IN MILLION PESOS)

Region	2021 Actual		2022 Program		2023 Proposed	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Central Office	–	–	–	–	8,561.4	62.0
NCR	8,397.3	59.4	9,436.8	64.4	–	–
CAR	426.5	3.0	321.9	2.2	397.1	2.9
Region 1	388.3	2.7	342.1	2.3	369.6	2.7
Region 2	340.1	2.4	352.9	2.4	324.5	2.3
Region 3	490.7	3.5	487.9	3.3	443.8	3.2
Region 4A	414.1	2.9	608.4	4.1	386.1	2.8
Region 4B	275.8	2.0	9.6	0.1	247.2	1.8
Region 5	424.8	3.0	365.5	2.5	399.2	2.9
Region 6	368.0	2.6	328.4	2.2	334.6	2.4
Region 7	281.3	2.0	301.4	2.1	267.9	1.9
Region 8	437.9	3.1	390.7	2.7	375.8	2.7
Region 9	356.1	2.5	317.9	2.2	277.3	2.0
Region 10	397.0	2.8	377.4	2.6	430.3	3.1
Region 11	322.4	2.3	284.9	1.9	284.8	2.1
Region 12	257.4	1.8	231.3	1.6	242.7	1.8
CARAGA	318.9	2.3	296.3	2.0	289.5	2.1
BARMM	246.7	1.7	208.8	1.4	181.5	1.3
TOTAL	14,143.1	100.0	14,662.3	100.0	13,813.3	100.0

Source of basic data: BESF 2023

3.7 Among the regions, Region 4A will experience a significant drop in the allocated budget— from P608.4 million in 2022 to P386.1 million in 2023 or by 36.5%.

IV. NEW APPROPRIATIONS

By Cost Structure

- 4.1 As shown in Table 6, around 52% of COA’s new appropriations over the three-year period (2021-2023) goes to General Administration and Support (GAS). For 2023, GAS will get P6.76 billion which is P526.1 lower compared to 2022 level (P7.28 billion). By definition, GAS consists of the activities and projects dealing with provision of overall administrative management and operational support to the entire agency operations.
- 4.2 On the other hand, Operations gets 45-47% of new appropriations. The amount allocated for 2023 (P6.13 billion) is P113.1 less than the 2022 allocation (P6.24 billion). This cost component consists of programs and corresponding expenditures that relate to the main purpose for which an agency has been created. It involves direct production of goods or delivery of services or direct engagement in regulations.
- 4.3 The budget for Support to Operations (STO) will decline by almost 40% (P184.2 million) in 2023. STO consists of activities and projects which provide staff, technical, and/or substantial support but does not produce goods or deliver services directed at a target population or client group external to the agency. It includes expenditures that are indivisible across programs.

TABLE 6
NEW APPROPRIATIONS BY COST STRUCTURE, 2021-2023

Cost Structure	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
General Administration and Support	6,906.8	7,281.9	6,755.8	51.5	52.0	51.3
Support to Operations	452.3	466.0	281.8	3.4	3.3	2.1
Operations	6,056.1	6,243.5	6,130.4	45.1	44.6	46.6
TOTAL	13,415.2	13,991.4	13,168.0	100.0	100.0	100.0

Sources of basic data: NEP 2023

By Program

- 4.4 At least 96% of the Operations budget in 2021-2023 goes to the Government Auditing Program (*Table 7*). The P5.9 billion allocation for this program in 2023 will be distributed to five (5) sub-programs, namely: Local Government Auditing (P3.32 billion), National Government Auditing (P1.78 billion), Corporate Government Auditing (P574.7 million), Special Audit (P190.7 million), and Technical Services and Systems Audit (P35.3 million).

- 4.5 The National Government Auditing sub-program will increase by 70.2% (P763.1 million) whereas, the other three (3) sub-programs will receive lower budgets in 2023. Local Government Auditing, Technical Services and Systems Audit, and Corporate Government Auditing will receive less allocation by 20.2% (P718.7 million), 67.8% (P70.1 million) and 5.5% (P16.5 million), respectively.
- 4.6 The budget for Government Financial Adjudication Program will increase by almost 40%--from P117.5 million to P163.9 million in 2023. Similarly, Government Accountancy Program will increase by 20.2%--from P54.4 million to P65.5 million.

TABLE 7
SUMMARY OF PROGRAMS, 2021-2023
COMMISSION ON AUDIT

Programs	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2020	2023	
Government Auditing Program	5,887.8	6,071.7	5,901.1	97.2	97.2	96.3	(2.8)
Local Government Auditing	4,042.5	4,167.5	3,323.8	66.7	66.7	54.2	(20.2)
National Government Auditing	1,013.4	1,043.7	1,776.5	16.7	16.7	29.0	70.2
Corporate Government Auditing	591.2	608.4	574.7	9.8	9.7	9.4	(5.5)
Special Audit	135.2	142.2	190.7	2.2	2.3	3.1	34.1
Technical Services and Systems Audit	105.5	109.8	35.3	1.7	1.8	0.6	(67.8)
Government Financial Adjudication Program	115.5	117.5	163.9	1.9	1.9	2.7	39.6
Government Accountancy Program	62.8	54.4	65.5	0.9	0.9	1.1	20.2
TOTAL PROGRAMS	6,056.1	6,243.5	6,130.4	100.0	100.0	100.0	(1.8)

Source: GAA 2020-2021 and NEP 2023

V. PERFORMANCE REVIEW

Budget Utilization

- 51 Table 8 shows the trend in budget utilization (2019-2021) measured in terms of obligations-to-appropriations ratio (OAR) and the unused appropriations. These ratios and amounts measure the capacity of the agency to utilize its annual budget.

TABLE 8
OBLIGATION-APPROPRIATIONS RATIO
AND UNUSED APPROPRIATIONS, 2019-2021

Year	Obligations-Appropriations Ratio (%)	Unused Appropriations (in Million Pesos)
2019	96.7	429.3
2020	97.4	356.0
2021	98.1	273.9

Sources of basic data: NEP 2021-2023

- 52 It was noted that OAR improved from 96.7% in 2019 to 98.1% in 2021. Consequently, unused appropriations declined from P429.3 million to P273.9 million during the same period.

- 53 The unused funds in 2021 may be attributed to allotments which remained unobligated by year-end (P100.9 million) and appropriations which were not released by the Department of Budget and Management to COA (P173 million). Unused budgets could be interpreted as missed opportunities because the intended purpose for which the appropriations was approved by Congress may not have been fully served.

TABLE 9
DISBURSEMENT RATE, 2019-2021
(AMOUNTS IN MILLION PESOS)

Particulars	2019	2020	2021
Appropriations	12,829.1	13,582.2	14,417.0
Disbursements	12,200.5	13,030.0	13,947.7
Disbursement Rate (%)	95.1	95.9	96.7

a/ Disbursement rate – ratio of disbursements to appropriations
Source: SAAODB 2019-2021, DBM

- 54 The ratio of disbursements-to-appropriations or simply disbursement rate is another budget utilization measure. As shown in Table 9, disbursement rate improved from 95.1% in 2019 to 96.7% in 2021.
- 55 Table 10 presents the OARs and disbursement rates of COA programs and sub-programs in 2021 based on the Financial Accountability Report 1 (FAR 1) posted on the Transparency Seal on the agency website. Note that the *Special Audit sub-program under the Government Auditing Program* posted the lowest OAR at 97.8%. Taken together, the OAR in 2021 is 99.8%
- 56 Despite a relatively small budget, the *Operating Standards in LGUs* sub-program registered the lowest disbursement rate at 84.0%.

TABLE 10
BUDGET UTILIZATION BY MAJOR PROGRAM, 2021
(AMOUNTS IN MILLION PESOS)

Program	Appropriations	Obligations	Disbursements	Obligation Rate (%)	Disbursement Rate (%)
Government Auditing Program	5,841.5	5,831.3	5,787.1	99.8	99.1
National Government Auditing	671.0	670.7	666.2	99.9	99.3
Operating Standards in NGAs	140.9	140.9	137.1	100.0	97.2
Corporate Government Auditing	495.8	492.7	487.5	99.4	98.3
Operating Standards in Corporate	93.4	93.4	88.6	100.0	95.0
Local Government Auditing	4,065.8	4,063.6	4,055.2	99.9	99.7
Operating Standards in LGUs	32.9	32.6	27.7	98.9	84.0
Special Audit	175.9	172.1	165.8	97.8	94.2
Technical Services and Systems Audit	165.7	165.4	159.0	99.8	96.0
Government Financial Adjudication Program	94.2	94.2	88.5	100.0	93.9
Government Accountancy Program	69.1	69.1	60.7	100.0	87.9
Total	6,004.8	5,994.6	5,936.3	99.8	98.9

a/ Obligation rate – ratio of obligations to appropriations

b/ Disbursement rate – ratio of disbursements to appropriations

Source: SAAODB 2021 (FAR No. 1 in Transparency Seal)

Performance Indicators of Major Programs, 2021-2023

- 57 Table 11 presents select 2021 accomplishments and the 2022-2023 targets of COA programs and sub-programs. More details are provided in the Annex of this report.
- 58 “Outcome indicators” refer to any change, effect, or result brought by an agency’s program or strategies upon individuals, social structures, or physical environment. Meanwhile, “output indicators” refer to any good or service that an agency delivers to a target population or client group external to the agency.

TABLE I I
SELECT PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023

Program	2021		2022	2023
	Target	Actual	Target	Target
Government Auditing Program				
National Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
% of audit recommendations implemented by agencies	50%	51%	50%	60%
<i>Output Indicators</i>				
No. of Government Audit Reports transmitted within the reglementary period	195	195	322	327
No. of transmitted Annual Audit Reports (AARs) published in the COA website	189	189	311	317
Corporate Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
% of audit recommendations implemented by agencies	50%	64.5%	50%	60%
<i>Output Indicators</i>				
No. of Government Audit Reports transmitted within the reglementary period	128	114	577	577
No. of transmitted AARs published in the COA website	128	113	577	574
Local Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
% of audit recommendations implemented by agencies	50%	55%	47%	60%
No. of Government Audit Reports transmitted within the reglementary period	1,736	1,693	1,742	1,737
No. of transmitted AARs published in the COA website	1,736	1,685	1,742	1,737
Special Audit Sub-Program				
<i>Outcome Indicators</i>				
% of audit recommendations implemented by agencies	30%	46.6%	N/A	N/A
<i>Output Indicators</i>				
No. of Fraud/Special/Performance Audit Reports released to audited agencies	22	20	21	21
No. of Performance Audit Reports published in the COA website	2	1	3	3
Technical Services and Systems Audit				
<i>Outcome Indicators</i>				
% of Information System (IS)/Information Technology (IT)/Internal Control (IC) audit/evaluation recommendations accepted and implemented by the auditees	100%	50%	50%	50%
Government Accountancy Program				
<i>Outcome Indicators</i>				
% of increase in the number of agencies using COA-developed computerized applications on government accounting and financial management	20%	1.8%	5%	8%
<i>Output Indicators</i>				
No. of agency users trained and assisted on the use of the COA-developed computerized systems on government accounting and financial management	2,500	4,327	2,070	2,240
% of agencies which implemented COA-developed computerized systems on government and financial management	28%	8.5%	70%	60%
Government Financial Adjudication Program				
<i>Outcome Indicators</i>				
% of COA Decisions appealed before the Supreme Court	12%	45%	12%	N/A
% of COA Decisions affirmed by the Supreme Court	90%	275%	90%	50%

Source of basic data: NEP 2023

- 59 *Government Auditing Program.* Performance under this program is measured by *percent (%) of audit recommendations implemented by National, Local and Government Corporate agencies.* It was noted that the target was set at 50% which could imply low expectations from agencies under audit. Note also that the target implementation of Special Audit recommendations was even lower at 30%.
- 510 On the other hand, targets for 2022-2023 in terms of *audit reports transmitted within the reglementary period* were increased significantly in two (2) sub-programs i.e. National, and Corporate Auditing.
- 511 It was observed that the target for *percent (%) of Info System/Info Technology/Internal Control audit/evaluation recommendations accepted and implemented by auditees* was reduced from 100% in 2021 to only 50% in 2022-2023.
- 512 *Government Accountancy Program.* With over 4,300 users *trained and assisted on the use of COA-developed computerized systems on government accounting and financial management,* agencies were not keen on its adoption as COA only saw a 1.8% increase in usage as opposed to 20% target.
- 513 Likewise, only an 8.5% increase in the *percentage of agencies which implemented COA-developed computerized systems on government and financial management* was recorded (compared to target of 28%). Despite low performance in 2021, the output indicator was even set higher at 70% and 60% for 2022 and 2023, respectively.
- 514 *Government Financial Adjudication Program.* The target set in 2021 (12%) for *percentage of COA decisions appealed before the Supreme Court* was surpassed (45%). Similarly, the actual turn-out (275%) far exceeded the target set in 2021 (90%) in terms of *percentage of COA decisions affirmed by the Supreme Court.*

VI. COA FINDINGS AND RECOMMENDATIONS

- 6.1 The Philippine Constitution mandates the Commission on Audit (COA) to ensure the integrity of fiscal and financial transactions of government. Results of audit are reported in the Annual Audit Report (AAR) for each audited agency, including the COA itself.
- 6.2 The audit team assigned to COA reported that out of the 52 audit recommendations as of December 2021, nine (9) are yet to be implemented by COA (*Table 12*).

TABLE 12
STATUS OF PRIOR-YEAR RECOMMENDATIONS

Particulars	Number	Ratio to total (%)
Implemented	43	82.7
Not Implemented	9	17.3
Total	52	100.0

Source of data: COA AAR 2021

6.3 For 2021, the audit team rendered a Qualified Opinion due to the following observations:

Accounting Deficiencies

- ❑ Unreconciled balance of cash in bank accounts – P3 million;
- ❑ Unadjusted reconciling items in the BRS – P57.8 thousand;
- ❑ Unreconciled variance of PPE – P44 million;
- ❑ No physical count of property plant and equipment – P276.1 million

Accounting errors and omissions

- ❑ Unrecorded service income – as P1.2 million;
- ❑ Non-capitalization of repairs expenditures on buildings and other structures – P2.7 million;
- ❑ Non-adjustment of unserviceable/non-existing/transferred properties – P7.8 million

6.2 Accounts due from 34 government owned-and controlled corporations (GOCCs) totaling P1.56 billion had been outstanding for 10 years and beyond (with no movement). Request for authority to write-off of long standing accounts was not made either. Additionally, P3.82 billion due from 17 Water Districts were shown to be outstanding and non-moving.

REFERENCES:

Annual Audit Report 2021, COA
Annual Financial Reports (FAR 1), COA as of December 2021
COA Transparency Seal
Budget of Expenditures and Sources of Financing, 2023
General Appropriations Act, 2019-2021
National Expenditure Program, 2023
Select Updated BESF Tables based on 2021 GAA
Staffing Summary 2023, DBM
Statement of Appropriations, Allotment, Obligations, Disbursements and Balances 2019-2021, DBM

ANNEX

PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2020-2022

Program	2021		2022	2023
	Target	Actual	Target	Target
Government Auditing Program				
National Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
1. Percentage of the number of prepared audit reports transmitted to auditees, Congress, and other oversight agencies within the deadline set by the Commission.	100%	100%	100%	100%
2. Percentage of audit recommendations implemented by agencies	50%	51%	50%	60%
<i>Output Indicators</i>				
1. Number of Government Audit Reports transmitted within the reglementary period	195	195	322	327
2. Number of transmitted Annual Audit Reports (AARs) published in the COA website	189	189	311	317
Corporate Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
1. Percentage of the number of prepared audit reports transmitted to auditees, Congress, and other oversight agencies within the deadline set by the Commission.	100%	92.4%	100%	100%
2. Percentage of audit recommendations implemented by agencies	50%	64.5%	50%	60%
<i>Output Indicators</i>				
1. Number of Government Audit Reports transmitted within the reglementary period	128	114	577	577
2. Number of transmitted Annual Audit Reports (AARs) published in the COA website	128	113	577	574
Local Government Auditing Sub-Program				
<i>Outcome Indicators</i>				
1. Percentage of the number of prepared audit reports transmitted to auditees, Congress, and other oversight agencies within the deadline set by the Commission.	100%	100%	100%	100%
2. Percentage of audit recommendations implemented by agencies	50%	55%	47%	60%
<i>Output Indicators</i>				
1. Number of Government Audit Reports transmitted within the reglementary period	1,736	1,693	1,742	1,737
2. Number of transmitted Annual Audit Reports (AARs) published in the COA website	1,736	1,693	1,742	1,737
Special Audit Sub-Program				
<i>Outcome Indicators</i>				
1. Percentage of settlement of over/under remittance in the collection of levies	10%	120%	10%	10%
2. Percentage of audit recommendations implemented by agencies	30%	46.6%	N/A	N/A
3. Percentage of complaints/requests for audit acted upon vs. complaints/requests received	N/A	N/A	N/A	80%
<i>Output Indicators</i>				
1. Number of Fraud Case Evaluation Reports (FCER) submitted by teams from FAO	120	217	160	160
2. Number of Fraud/Special Audit Reports released to audited agencies	22	20	21	21
3. Number of Notices of Disallowance (NDs)/Notices of Charge (NCs) issued to agencies	184	354	304	308
4. Number of Performance Audit Reports published in the COA website	2	1	3	3

Program	2021		2022	2023
	Target	Actual	Target	Target
Technical Services and Systems Audit				
<i>Outcome Indicators</i>				
1. Percentage of Technical Evaluation/Inspection/Appraisal Reports recommendations accepted by the auditor	100%	147%	N/A	100%
2. Percentage of Information System (IS)/Information Technology (IT)/Internal Control (IC) audit/evaluation recommendations accepted and implemented by the auditees	100%	50%	50%	50%
<i>Output Indicators</i>				
1. Number of Technical Evaluation Reports rendered	9,051	11,774	7,665	7,666
2. Number of Inspection Reports rendered	11,112	9,782	7,364	6,676
3. Number of Appraisal Reports rendered	914	1,085	761	763
4. Number of IS/IT/IC audits/evaluation conducted	10	18	12	12
5. Number of Pre-Assessment Reports issued to internal audit unit/services of government agencies	N/A	N/A	N/A	4
Government Accountancy Program				
<i>Outcome Indicators</i>				
1. Annual Financial Reports (AFRs) for National Government, Local Government, and GOCCs; and Annual Report on Appropriations, Allotments, Obligations and Disbursements (ARAAOD) submitted/transmitted to the office of the President and Congress on or before September 30 and April 30, respectively.	100%	100%	100%	100%
2. Percentage of implementation of accounting standards developed/promulgated/disseminated	90%	73%	90%	90%
3. Percentage of increase in the number of agencies using COA-developed computerized applications on government accounting and financial management which submitted their financial statements and other reports for external audit within three to six months of the end of the year.	20%	1.8%	5%	8%
<i>Output Indicators</i>				
1. Number of Annual Financial Reports (AFRs) and Annual Report on Appropriations, Allotments, Obligations and Disbursements (ARAAOD) submitted to the President and Congress on or before September 30 and April 30, respectively.	4	4	4	4
2. Number of agency users trained and assisted on the use of the COA-developed computerized systems on government accounting and financial management.	2,500	4,327	2,070	2,240
3. Number of government accounting standards, policies, rules and regulations formulated and developed for implementation in government agencies.	7	9	5	5
4. Percentage of agencies which implemented COA-developed computerized systems on government and financial management	28%	8.5%	70%	60%
Government Financial Adjudication Program				
<i>Outcome Indicators</i>				
1. Percentage of COA Decisions appealed before the Supreme Court	12%	45%	12%	N/A
2. Percentage of COA Decisions affirmed by the Supreme Court	90%	275%	90%	50%
3. Percentage of cases decided at the Cluster/Regional level vis-à-vis total cases outstanding	N/A	N/A	N/A	30%
4. Percentage of COA Orders of Execution (COEs) issued	10%	18.6%	10%	2.5%
5. Percentage of Notice of Finality of Decisions with COE issued at the level of Cluster Director and Auditor	N/A	N/A	N/A	100%
<i>Output Indicators</i>				
1. Number of cases decided	1,882	1,744	1,517	625
2. Number of COA Orders of Execution (COEs) issued	82	139	55	40
3. Number of COA Comments/Pleadings to Certiorari petitions prepared	4	21	4	16