



SSS Internal Control Procedures

The Internal Control System (ICS) consists of control features built into and made an integral part of an organization's processes to regulate and guide its operations to ensure that internal control objectives are attained.

a. Components of Internal Control System

1. Control environment
 - General framework serving as basis for the other 4 components of internal control.
2. Risk assessment
 - Overall process of identifying, analyzing, and evaluating relevant risks to the achievement of the control objectives and determining the appropriate response.
3. Control activities
 - Mechanisms that management establishes to ensure that their policies and guidelines are carried out, including the processes identified to address the risks.
4. Information and communication
 - Receiving or giving data and information needed by officials and employees to do their jobs and understanding their roles and responsibilities.
 - Free flow of relevant, complete, reliable, correct and timely information up, down, across, inside and outside the organization.
5. Monitoring and Evaluation
 - Process that assesses the quality of the internal control system's performance over time.
 - Necessary to ensure that internal controls remain tuned to the changes in objectives, environment, resources and risks.

b. Control Objectives

In fulfilling its mission and mandate, an agency must achieve the separate but interrelated general objectives of internal controls, namely, to:

- Comply with laws, policies, rules and regulations,
- Adhere to managerial policies,
- Ensure reliability and accuracy of accounting data,
- Carry out an effective, efficient, ethical and economical operations, and
- Safeguard assets

Assessment of Internal Control System

Separate evaluation of the ICS is undertaken by the Internal Audit Services Group

- To ascertain whether internal controls are:
 - Well-designated – all components of internal control system are present and functioning
 - Properly implemented – working and implemented as designed
- Provide management with information on the state of the existing ICS, its strength and weaknesses.
- Results can be used as bases in formulating strategies and plans for improvement, correction or corrective actions to strengthen the ICS.

a. Scope of Assessment

For 2023, the Internal Audit Service Groups conducted Assessment of Internal Control System on the following processes handled by the concerned operating units:

| Processes | Departments/Offices/Branches |
|---|---|
| 1. Branch Operations <ul style="list-style-type: none"> . Registration and Coverage . Contributions Collection . Loans . Medical Benefits . Non-Medical Benefits . Administrative Support Service | <ul style="list-style-type: none"> ▪ Cebu Branch ▪ Cebu Medical Evaluation Center ▪ Cebu Processing Center |
| 2. Utilization of Investment Properties | <ul style="list-style-type: none"> ▪ Investment Property Department ▪ ROPA and Acquired Assets Department |
| 3. Human Resource Management - Attendance and Leave Administration | <ul style="list-style-type: none"> ▪ Employee Services Department |
| 4. Human Resource Management - Employee Separation | |
| 5. IT Physical Security/ Environmental Controls and Data Center Operations | ▪ Data Center Operations Department |
| 6. Support Functions of BAC Secretariat Dept. (BACSD) to Bids and Awards Committee | ▪ BAC Secretariat Department |
| 7. Accounts Management Process – Employer Delinquency (NCR Branches) | <ul style="list-style-type: none"> ▪ NCR Large Account Department ▪ Cubao Branch ▪ Diliman Branch ▪ Makati Chino-Roces Branch ▪ Makati Gil-Puyat Branch ▪ Makati JP-Rizal Branch ▪ Manila Branch ▪ New Panaderos Branch ▪ Paranaque Branch ▪ Pasig-Pioneer Branch ▪ San Francisco Del Monte Branch |

| Processes | Departments/Offices/Branches |
|------------------------------------|---|
| 8. System Development Life Cycle | <ul style="list-style-type: none"> ▪ Information Systems Department (ISD) ▪ ISD III ▪ ISD IV |
| 9. Lease of Space for SSS Branches | <ul style="list-style-type: none"> ▪ Branch Expansion and Management Support Department |
| 10. Risk Management Process | <ul style="list-style-type: none"> ▪ Financial and Investment Risk Management Department ▪ Operational Risk Management Department |

b. Assessment Criteria

- Internal policies and procedures
 - Manual of Procedures
 - Office Orders
 - Othe pertinent issuances
- Statutory or regulatory requirements
 - Guidelines/Circulars issued by pertinent agencies like COA, DBM
 - Applicable laws like Ease of Doing Business and RA 9184 – Government Procurement Law
- International Standards
 - ISO 9001:2015 QMS
 - Risk Management
- Other related policies and procedures

c. Methodology

1. Identification of general and procedural controls
2. Development and administration of Interna Control Questionnaire (ICQ)
3. Validation/testing of controls
4. Identification of controls
5. Preparation of Assessment Report