



SSS Internal Control Procedures

The Internal Control System (ICS) is the safety net of a well-run organization. It ensures the smooth, efficient and legally compliant execution of business processes.

Five Components of the ICS. The five interrelated components define the minimum level of quality acceptable for internal controls and provide bases of evaluation:

1. **Control environment** – the foundation for all the other components of ICS, providing discipline and structure; has the overall influence on how strategies and objectives are established, and control activities are structured.
2. **Risk assessment** – the overall process of identifying, analyzing and evaluating relevant risks to the achievement of control objectives and determining the appropriate response.
3. **Control activities** - the mechanisms that management establishes to ensure that policies and guidelines are carried out in a manner that is efficient, effective, ethical and economical, including the processes identified to address the risks.
4. **Information and communication** – the free flow of relevant, accurate, and timely information up, down, across, inside and outside the organization, needed by officials and employees to do their jobs and understanding their roles and responsibilities.
5. **Monitoring and Evaluation** - the process that assesses the quality of the ICS' performance over time, to ensure that internal controls remain tuned to the changes in objectives, environment, resources and risks.

Control Objectives. In fulfilling its mission and mandate, an agency must achieve the separate but interrelated general objectives of internal controls, as follows:

- Comply with laws, rules, regulations and managerial policies (*Compliance Objective*)
- Ensure orderly, effective, efficient, ethical, and economical operations (*Operations Objective*)
- Fulfill accountability obligations (*Reporting or Accountability Objective*)
- Safeguard resources against loss, misuse and damage due to waste, abuse, mismanagement, errors, fraud, and irregularities (*Safeguarding of Assets or Resource Objective*)

Assessment of the Internal Control System

Evaluation of the ICS is undertaken by the Internal Audit Services Group

Objective. The objective of the assessment of the ICS is to determine whether internal controls are well designed and, whether ICS components are all present and functioning and properly implemented or operating as intended. The results provide management with an understanding of the current state of the ICS and identifying the gaps. They serve as a

foundation for developing strategies and action plans to improve, correct, or implement corrective measures to enhance the overall effectiveness of the ICS.

Conformance to Standards and Responsibilities. The assessment is conducted in accordance with the Internal Audit Standards for the Philippine Public Sector (IASPPS), the Revised Philippine Government Internal Audit Manual (RPGIAM) and other related standards and issuances.

The SSS management is directly responsible for installing, implementing, and monitoring a sound internal control system and for ensuring that all resources are managed and utilized lawfully, and safeguarded against loss or wastage to ensure the most effective, efficient, ethical, and economical operations of the SSS.

The IASG is responsible for reviewing and evaluating the risk management, control, and governance processes of the SSS and making recommendations for improvement to help achieve organizational objectives. The IASG is also responsible for the submission of annual and periodic reports including an assessment of the adequacy of risk management, control, and governance processes.

Scope of Assessment. For CY 2024, the IASG assessed the ICS of the following processes handled by the concerned operating units:

Processes (6)	Department/Branch/Offices/Units (39)	
Processes on Collection and Remittance and Review of Transactions of Selected Collecting Partners (CPs)	<ul style="list-style-type: none">• Accreditation Department• Cash Management Department/ Treasury Division	<ul style="list-style-type: none">• General Accounting Department
E-Collection System (eCS) for the Collections and Remittances of Contributions and Loan Payments by CPs	Information Systems Department III	
Management of Dishonored Checks	<ul style="list-style-type: none">• Cash Management Department• Butuan Branch• Cagayan de Oro Branch• Davao Branch• Dipolog Branch	<ul style="list-style-type: none">• General Santos Branch• Koronadal Branch• Toril Branch• Zamboanga Branch
Accounts Management Process – ER Delinquency for Luzon Operations Group	<ul style="list-style-type: none">• Luzon Large Account Department• Baguio Branch• Batangas Branch• Cauayan, Isabela Branch• Legazpi Branch	<ul style="list-style-type: none">• Naga Branch• Pampanga Branch• San Pablo Branch• Tarlac Branch
Accounts Management Process – ER Delinquency for Visayas and Mindanao Operations Group	<ul style="list-style-type: none">• Visayas and Mindanao Large Account Department• Bacolod Branch• Cagayan de Oro Branch• Davao Branch• General Santos Branch	<ul style="list-style-type: none">• Iloilo-Central Branch• Lapu-Lapu Branch• Tacloban Branch• Zamboanga Branch
Management of Other Investment Properties	ROPA and Acquired Assets Department	
Legal Case Management Processes - <ul style="list-style-type: none">• Handling of Administrative Referral/ Complaints;	<ul style="list-style-type: none">• Governance and Administrative Adjudication Department• Employer Delinquency Monitoring Department• NCR North Legal Department• Luzon Central Legal Department	<ul style="list-style-type: none">• Visayas Central Legal Department• Mindanao South Legal Department• Litigation Department

Processes (6)	Department/Branch/Offices/Units (39)	
<ul style="list-style-type: none">• Handling of Non-Compliant Employers Account/Delinquent Employers Account;• Handling of Civil, Criminal/ Fraudulent and Special Cases		

Assessment Criteria. The conditions supported by the audit evidence obtained were measured using the following set criteria to arrive at a conclusion:

- Internal policies and procedures
 - Manual of Procedures
 - Office Orders
 - Other pertinent issuances
- Statutory or regulatory requirements
 - Guidelines/Circulars issued by pertinent agencies like COA and DBM
- Applicable laws like Ease of Doing Business
- Applicable standards
 - ISO 9001:2015 QMS
 - Risk Management
- Other related policies and procedures

Methodology. The assessment was conducted in accordance with the guidelines set under the Internal Auditing Standards for the Philippine Public Sector (IASPPS) and the Revised Philippine Government Internal Audit Manual (RPGIAM), which include the following activities:

1. Identification of general and procedural controls
2. Development and administration of Internal Control Checklist (ICC)
3. Validation, assessment, and testing of controls
4. Identification of control gaps and breakdowns
5. Root Cause Analysis