

The Social Security Commission Reviewed the Material Controls

Under Resolution No. 106 dated 26 February 2025, the Social Security Commission approved the assessment report of the SSS Internal Control System (ICS) and the accompanying recommendations as vetted in the SSC Audit Committee.

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; Handling of Non-Compliant Employers Account/Delinquent Employers Account; Handling of Civil, Criminal/ 	<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)	
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

Common Control Gaps/Deficiencies

- Control Environment
 - There are programs/processes implemented without the corresponding approved MOP or complete guidelines.
 - There are application systems deployed to production without full compliance to requirements:
 - Business requirements not completely considered in the system design
 - Undocumented systems tests and results
 - System/user’s manual are not updated
 - Post-implementation reviews not conducted after system deployment to production
- Risk Assessment
 - Not all operating units complied with the submission/updating of Risk and Control Self-Assessment (RCSA). There is a need to improve risk assessment process and establish accurate Risk Register.
- Control Activities
 - Lack of consolidated end-to-end monitoring system for tracking the status of a transaction from start up to the end of the process, output/outcome, resulting in lapses for timely or immediate action needed.
 - Ineffective controls and complicated reconciliation process to ensure that completeness and accuracy of transactions are reported on time. This likewise resulted in the non-recording of transactions.
 - Timely generation/issuance of communications/documents to subsequent concerned units/addressees is not strictly implemented and monitored, resulting to the slow progress of the process/activities.

- Prescribed timelines of collection programs/remedies are not strictly enforced.
- Monitoring and Evaluation
 - No periodic review of operations to ensure that they are compliant with policies, systems and procedures.
 - No system in place to accomplish the following required monitoring.
 - Ongoing monitoring which is ingrained in the daily operations and management of a unit.
 - Periodic evaluation of the controls’ effectiveness.
 - Combination of ongoing monitoring and periodic evaluation.

Assessment Results per Control Component

Control Component	Total Control Statements/ Attributes		Effective Controls		Control Deficiencies	
	No.	%	No.	%	No.	%
Control Environment	280	17	269	96	11	4
Risk Assessment	163	10	158	97	5	3
Control Activities	980	58	710	72	270	28
Information and Communication	162	10	157	97	5	3
Monitoring and Evaluation	93	5	59	63	34	37
Total	1,678	100	1,353	81	325	19

- Overall, the SSS’ Internal Control System is assessed as adequate since the five interrelated control components, namely: control environment, risk assessment, control activities, information and communication, and monitoring, are existing and functioning to establish the foundation for sound internal control to address and mitigate the significant risks.
- Controls in areas with identified gaps/deficiencies must be reinforced to ensure reasonable assurance that policies, systems, and procedures when taken together, facilitate the effectiveness and efficiency of operations.

Recommendations

1. Formulate and implement action plans to address the identified root causes of improperly implemented or unexecuted controls.
2. Ensure preparation and issuance, or regular updating of policy guidelines and/or Manual of Procedures, making sure that key controls are in place to address identified risks and deficiencies. Systems documentation for all application systems should also be prepared and regularly updated.
3. Implement monitoring mechanisms in various degrees and circumstances to ensure that controls are continuously and consistently applied at all levels across the organization. There should be a system in place to accomplish the required monitoring.
4. Enhancement of systems/modules.
5. Enhancement of risk assessment process.
6. Periodic submission of reports on the status of implementation of action plans by the Compliance Officer to the Audit Committee/Management.