



Sigurado ang Bukas

The Social Security Commission Reviewed the Material Controls

ASSESSMENT REPORT OF THE SSS INTERNAL CONTROL SYSTEM AND THE ACCOMPANYING RECOMMENDATIONS

In its meeting on 26 February 2025, the Social Security Commission (SSC) reviewed the assessment report of the SSS Internal Control System and the accompanying recommendations as contained in the Memorandum of the Vice President, Internal Audit Service Division II and Concurrent Acting Head, Internal Audit Service Group, dated 21 January 2025, as vetted in the SSC Audit Committee.

Under Resolution No. 106 dated 26 February 2025, the SSC approved the assessment report of the SSS Internal Control System and the accompanying recommendations.

In presenting the result of the assessment for 2024 of the SSS Internal Control System (ICS) conducted by the Internal Audit Service Group, it was mentioned that SSS ICS is adequate. Using effective control attributes or control statements totaling 1,678, the assessment is 81% effective and 19% with control deficiencies. Since the five control components (control environment, risk assessment, control activities, information and communication and monitoring and evaluation) are present and working and existing and functioning, it is assessed as adequate. The key recommendation for a comprehensive monitoring system covering the entire transaction, from the beginning up to the end or until the finished product or output is completed was highlighted. The process handoffs between units as a frequent point of monitoring breakdown was identified. In the Audit Committee, the specific audit reports of each of the assessed processes and recommendations for the gaps in the processes were presented. The process owners will be the ones to formulate and implement the action plans, while the Compliance Officer for Management will see to it that the actions plans are done by the process owners.

A. 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.

B. 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.

Details Assessment of the ICS

A. Objectives

The IAS conducted an assessment of the ICS of SSS 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 assessment results provide management with a clear understanding of the current state of the ICS, highlighting its strengths and identifying weaknesses, if any. 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.

B. Statement of Conformance to Standards, and Responsibilities

The IASG conducted the assessments 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.

C. Scope of Assessment

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

Processes	Department/Branch/Offices/Units
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 ▪ General Accounting Department
E-Collection System (eCS) for the Collections and Remittances of Contributions and Loan Payments by CPs	<ul style="list-style-type: none"> ▪ 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 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 ▪ 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 ▪ Iloilo-Central Branch ▪ Lapu-Lapu Branch ▪ Tacloban Branch ▪ Zamboanga Branch
Management of Other Investment Properties	<ul style="list-style-type: none"> ▪ ROPA and Acquired Assets Department
Legal Case Management Process - <ul style="list-style-type: none"> • Handling of Administrative Referral/Complaints; • Handling of Non-Compliant Employers • Account/Delinquent Employers Account; • Handling of Civil, Criminal/ Fraudulent and Special Cases 	<ul style="list-style-type: none"> ▪ Governance and Administrative Adjudication Department ▪ Employer Delinquency Monitoring Department ▪ NCR North Legal Department ▪ Luzon Central Legal Department ▪ isayas Central Legal Department ▪ Mindanao South Legal Department ▪ Litigation Department

D. 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

E. 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:

- Identification of general and procedural controls
- Development and administration of Internal Control Checklist (ICC)
- Validation, assessment, and testing of controls
- Identification of control gaps and breakdowns
- Root Cause Analysis

ASSESSMENT REPORT OF THE SSS INTERNAL CONTROL SYSTEM AND THE ACCOMPANYING RECOMMENDATIONS

In its meeting on 11 February 2026, the Social the Social Security Commission reviewed the assessment report of the SSS Internal Control System and the accompanying recommendations as contained in the Memorandum of the Senior Vice President of the Internal Audit Service Group, dated 22 January 2026, and endorsed by the SSC Audit and Legal Committee.

Under Resolution No. 65 dated 11 February 2026, the Social Security Commission approved the assessment report of the SSS Internal Control System and the accompanying recommendations.

The 2025 assessment of the SSS Internal Control System shows an 85% adequacy rating, based on the five internal control components: (a) Control Environment; (b) Risk Assessment; (c) Control Activities; (d) Information and Communication; and (e) Monitoring and Evaluation. Risk Assessment received the highest score at 97%, while Information and Communication received the lowest at 69%. All findings are considered opportunities for improvement that can strengthen the system's efficiency, reliability, and governance.

The SSC also focused on the presentation of the areas covered by the 2025 evaluation and the evaluation results (1,418 control attributes reviewed, 1,204 [85%]

found adequate, and 214 deficiencies noted and all deficiencies were communicated to process owners, and action plans have been submitted), the common control gaps, the three-year trend in ICS ratings (2023: 82%, 2024: 81%, 2025: 85%) and across all three years, common gaps include outdated policies, insufficient employee training on internal controls, and delayed issuance of communications, the key recommendations, and the details of the ICS assessment.

A. Assessment results per control component

Control Component	Total Control Statements/ Attributes		Effective Controls		Control Deficiencies	
	No.	%	No.	%	No.	%
Control Environment	217	15	185	85	32	15
Risk Assessment	146	10	141	97	5	3
Control Activities	777	55	669	86	108	14
Information and Communications	151	11	104	69	47	31
Monitoring and Evaluation	127	9	105	83	22	17
Total	1,418	100	1,204	85	214	15

Overall, the SSS' Internal Control System (ICS) is assessed as adequate, with the five key control components – control environment, risk assessment, control activities, information and communication, and monitoring and evaluation – functioning together to support sound internal controls and help manage significant risks.

B. Recommendations

1. Develop and update policies and procedures to ensure complete and clear guidance for all operational areas.
2. Conduct regular trainings to strengthen employee awareness and understanding of internal controls.
3. Establish and impose timelines for issuing communications and documents with monitoring mechanisms to ensure timely distribution.
4. Complete the Risk Appetite Framework, including defined tolerance levels and clear criteria for assessing risk severity.
5. Expand and standardize the risk identification process to ensure coverage of strategic, operational, financial, compliance and project-related risks.
6. Use standardized tools and guidelines to promote consistent risk identification among all risk owners.
7. Align risk ratings and control assessments through periodic reviews sessions.
8. Set clear criteria for risk closure requiring evidence that risks are mitigated or no longer pose a threat.
9. Strengthen enforcement of existing policies through monitoring, accountability and regular compliance checks.
10. Conduct periodic compliance reviews to ensure adherence to applicable laws and requirements.
11. Develop a consolidated monitoring system.
12. Improve control accuracy by introducing validation checks, process reviews and segregation of duties.
13. Reinforce adherence to the “No Taboy Policy”.
14. Issue updated documentation and reporting guidelines to ensure consistent and accurate recording of transactions and events.
15. Standardize procedures in handling of transactions across branches to promote consistency in practices and recording.
16. Provide guidance to help employees identify and address internal control weaknesses more effectively.

17. Periodic submission of reports on the status of implementation of action plans by the Compliance Officer to the Audit and Legal Committee/Management.

Details on the Internal Control System Assessment

A. Objectives

The Internal Audit Service (IAS) conducted an assessment of the SSS-ICS to determine whether internal controls are present, well-designed, functioning, properly implemented and operating effectively as intended through its regular and special audits. The results provide management with a comprehensive view of the current state of the ICS, highlighting key strengths and pinpointing areas requiring improvement. These insights serve as a foundation for developing strategies, action plans and corrective measures aimed at enhancing the overall efficiency, reliability and effectiveness of the ICS.

B. Statement of Conformance to Standards, and Responsibilities

The Internal Audit Service Group (IASG) conducted the assessments 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.

It should be emphasized that the SSS management holds primary responsibility for establishing, implementing and continuously monitoring a sound internal control system. This includes ensuring that all resources are lawfully managed, efficiently utilized and adequately safeguarded against loss, misuse, or wastage thereby promoting operations that are effective, efficient, ethical and economical in support of the organization's objectives.

The IASG on the other hand, is tasked with independently reviewing and evaluating the risk management, control and governance processes of the SSS. Its mandate includes providing actionable recommendations to strengthen these areas and support the achievement of organizational objectives. The output of IASG is submitted to the Board, Audit and Legal Committee for approval. In addition, the IASG is responsible for the submission of annual and periodic reports that include an assessment of the adequacy and effectiveness of risk management, control and governance frameworks.

C. Scope of Assessment

For CY 2025, the IASG assessed the ICS of the following processes handled by the concerned operating units:

Regular Audit Projects —

Processes	Department/Branch/Offices/Units
1. Cyber Security and Access Rights	<ul style="list-style-type: none"> Information Systems Security Department (ISSD)
2. Performance of External Fund Managers and Implementation of Investment Management Agreements	<ul style="list-style-type: none"> Alternative Investments Division (AID) Investments Accounting Department (IAD)
3. Risk Management Process (Follow-up)	<ul style="list-style-type: none"> Financial and Investments Risk Management Department (FIRMD)
4. Freedom of Information (FOI)	<ul style="list-style-type: none"> Public Affairs and Special Events Division (PASED)

Processes	Department/Branch/Offices/Units
5. Enhanced Online Application for SS Number with Uploading of Supporting Documents and Web Registration	<ul style="list-style-type: none"> • Overseas Filipino Workers Management Department (OFWMD) • Member Electronic Services Department (MESD) • Technical Owner (TO) — Information Systems Department (ISD) I, ISD IV
6. Human Resource Requirement of the SSS Branches	<p>Luzon North I Division —</p> <ul style="list-style-type: none"> • Agoo • Baguio • Bangued • Bontoc • Candon • La Trinidad • La Union • Laoag • Vigan <p>NCR South Division —</p> <ul style="list-style-type: none"> • Alabang-Muntinlupa • Alabang-Zapote • Bicutan-Sun Valley Las Piñas • Makati-Chino Roces • Makati-Gil Puyat • Makati-Guadalupe • Makati-JP Rizal • Parañaque • Parañaque-Tambo • Taguig • Taguig-Gate 3 <p>Visayas Central I Division —</p> <ul style="list-style-type: none"> • Bogu • Cebu • Cebu-NRA • Danao • Lapu-Lapu Mandaue • Tagbilaran • Talisay • Toledo <p>Mindanao North Division —</p> <ul style="list-style-type: none"> • Butuan • Cagayan De Oro • CDO-Lapasan • Gingoog • Iligan • Oroquieta • Ozamiz • San Francisco, Agusan • Surigao • Tandag • Valencia

Processes	Department/Branch/Offices/Units
7. Membership - Member Data Change Request (MDCR) (Process and System)	SSS Branches - <ul style="list-style-type: none"> • Alabang Muntinlupa • Antipolo • Cubao • Diliman • Makati-Chino Roces • Makati-Gil Puyat • Manila • Pasay-CCP Complex • Pasig-Pioneer • San Francisco del Monte
	Processing Centers — <ul style="list-style-type: none"> • Diliman PC • Makati PC • Pasig PC
	Technical Owner (TO) ISD I

Special Audit Project —

Processes	Department/Branch/Offices/Units	Audit Rating
I. Process and Application System in Granting Unemployment Benefit	• Retirement, Death and Funeral Benefits Administration Department (RDFBAD)	• 79.48
	• ISD II	• 79.67

D. Assessment Criteria

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

- Internal policies and procedures
 - Manual of Procedures
 - Office Orders
 - Other pertinent issuances / guidelines
 - Statutory or regulatory requirements
 - SSS Law, Data Privacy Act, Ease of Doing Business, ARTA, etc.
 - E.O. No. 058, Adopting the National Cybersecurity Plan 2023-2028
 - Guidelines/Circulars issued by pertinent agencies like COA, DBM and DICT
- Applicable Standards/Guides
 - ISO 9001 :2015 Quality Management System
 - ISO 31000:2018 Risk Management Guidelines
 - ISO/IEC 27002:2022 Information Security, Cybersecurity and Privacy Protection • NIST Framework for Improving Critical Infrastructure Cybersecurity
 - GTAG — Assessing Cybersecurity Risk
 - Other related policies and procedures

E. 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:

- Identification of general and procedural controls
- Development and administration of Internal Control Checklist (ICC)
- Validation, assessment, and testing of controls
- Identification of control gaps and breakdowns
- Root Cause Analysis