

**PERCEIVED LEVEL OF PCF/PFP UTILIZATION EFFICIENCY
AND DEGREE OF COA AUDITORS' PERFORMANCE IN
PANGASINAN PROVINCE, PHILIPPINES**

by

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September 2015

Thesis Presented to the Higher Degree Committee
of Ritsumeikan Asia Pacific University
in Partial Fulfillment of the Requirements for the Degree of
Master of Science in International Cooperation Policy

DECLARATION OF ORIGINALITY

I, **ARIOLA, Michelle De Guzman**, declare that this thesis is submitted for the degree of Master of Science in International Cooperation Policy. Apart from the authors cited, the main argument is my own work and has not been submitted in any form for other degree or diploma at any university or institute of tertiary education. Information derived from the published and unpublished work of other has been acknowledged and referenced appropriately.

ACKNOWLEDGMENTS

The researcher wishes to extend her deep and sincere gratitude to the following persons whose assistance and support contributed to the timely preparation and completion of this thesis:

VP Susumu Yamagami, her academic supervisor, for sharing his expertise and valuable insights and for his patience in guiding the researcher in this study;

VP Francisco P. Fellizar Jr. and Dean Robert Anthony C. Salazar, for their constructive criticisms and suggestions which greatly contributed to the enhancement of the thesis;

RCAPS Office, for granting me the field research subsidy twice, which enabled me to go further with my research and meet the committee's standard desired output;

JICE Kyushu staff and personnel, especially Ms. Kumiko Nakayama, for their remarkable kindness and support during the progression of my research work and thesis preparation;

Regional Director Lynn SF. Sicangco of COA Region I and Regional Vice President Elvira C. Ver of Philhealth RO I, for granting this researcher the permission to conduct this study;

Director Pelilia C. Veloso, Supervising Auditors of COA-LGS Pangasinan - Pedro F. Sison, Jr. and Atty. Romulo P. Rivera, Provincial Auditor Manuela S. Tamondong, Provincial Health Officer – Dr. Anna Ma. Teresa S. De Guzman, PALGA President Myrna U. Gonzales, Dr. Jesus Arturo P. De Vera, Dr. Ophelia T.

Rivera and Dr. Ma. Elena O. Orlino, for their extended help in facilitating the conduct of my survey;

The respondents, particularly the COA State Auditors, Local Government Accountants and Municipal Health Officers of Pangasinan Province, for their willingness and cooperation in answering the questionnaires which are essentially needed in this study;

APU Academic Office, especially Ms. Emiliya Koleva, for her assistance and support regarding graduate school academic matters;

Dr. Maricar M. Arzadon, Dr. Marlene Dulatre-Soliba, Dr. Josephine Q. Quiton, Ms. Marie Donna Antona, Mr. Chub Morillo and Mr. Raynon Ramos, for their kind support and assistance during my field research work at PHIC Region I;

The Urano Family, Sato Family, Fellizar Family, FFF Family, Atty. Maria Crisanta G. Cudiamat, Ms. Mayra Tulauan, Atty. Eric Anthony Dumpilo, Mr. Michael Santiago, Ms. Dulce Amor Fortunado, Mr. Christopher Zapanta, Ms. Korrakoon Silaphet, other co-JDS fellows and the Filipino community in Beppu City and Oita City, for sharing their valuable time in helping me out in any way which made my student life in Japan easier, worthwhile and fruitful;

The writer's husband, children, parents and siblings, for their encouragement, understanding and wholehearted support which inspired the researcher to carry on and complete this study;

The Lord Almighty and His Blessed Mother, for giving me the physical and moral strength and wisdom to finish this thesis.

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LIST OF ABBREVIATIONS

AGE	Acute Gastroenteritis
AOM	Audit Observation Memorandum
CGS	Corporate Government Sector
COA	Commission on Audit
CPA	Citizens Participatory Audit
DILG	Department of the Interior and Local Government
DSWD	Department of Social Welfare and Development
DVs	Disbursement Vouchers
FOs	Field Offices
GIFMIS	Government Integrated Financial Management Information System
H1	Hypothesis No. 1
H2	Hypothesis No. 2
H3	Hypothesis No. 3
HCDMD	Health Care Delivery Management Division
HCPs	Healthcare Providers
HO	Home Office
IEC	Information and Education Campaign
KP	Kalusugan Pangkalahatan
LCEs	Local Chief Executives
LGAs	Local Government Accountants
LGPMS	Local Governance Performance Management System
LGS	Local Government Sector
LGU's	Local Government Units
MHOs	Municipal Health Officers
ND	Notice of Disallowance
NGS	National Government Sector
NHIA	National Health Insurance Act
NHIP	National Health Insurance Program
NS	Notice of Suspension
OPB	Outpatient Consultation and Diagnostic Benefit
P.D.	Presidential Decree
PALGA	Pangasinan Association of Local Government Accountants
PCB	Primary Care Benefit
PCF	Philhealth Capitation Fund
PCFS	Philhealth Capitation Fund Scheme
PFP	Per Family Payment
PHIC	Philippine Health Insurance Corporation, commonly known as “Philhealth”
PHO	Provincial Health Officer
PRO 1	Philhealth Regional Office No. 1

R.A.	Republic Act
RHU	Rural Health Unit
SA	State Auditor
SGHK	Seal of Good Housekeeping
SGLG	Seal of Good Local Governance
SPSS	Statistical Package for Social Sciences
TF	Trust Fund
TSeKaP	Tamang Serbisyong Kalusugang Pampamilya
UHC	Universal Health Care
URTI	Upper Respiratory Tract Infection
UTI	Urinary Tract Infection

ABSTRACT

With the previously reported issues regarding the inefficient utilization of Philhealth Capitation Funds (PCF), currently known as Per Family Payment (PFP), greater challenge besets the Philippine government auditors in upholding the COA's mission and vision, particularly in fostering public accountability and transparency. This study sought to: a.) assess the perceived level of efficiency of PCF/PFP utilization in the entire Province of Pangasinan; b.) determine the perceived factors affecting the efficient utilization of the PCF/PFP; c.) assess the perceived degree of COA Auditors' performance in the audit of PCF/PFP; d.) determine the perceived factors affecting COA auditors' performance; e.) determine whether the perceived degree of COA Auditors' performance is related to the perceived level of efficiency of PCF/PFP utilization; f.) determine whether there are variations in the perceptions of the different respondents on the main aspects of the study; and g.) provide insights on how to improve the PCF/PFP utilization efficiency and performance of COA Auditors in the audit of PCF/PFP. As a result, this study finds that the PCF/PFP utilization by the LGUs in the Province of Pangasinan is perceived to be efficient, however certain issues need to be addressed. Likewise, the degree of COA Auditor's performance was perceived to be efficient but further improvement is also deemed necessary. All the 8 pre-determined factors were perceived to have a significant effect on the level of efficiency of PCF/PFP utilization. On the other hand, 12 out of the 21 pre-determined factors were perceived as major factors affecting the degree of COA Auditors' performance in the audit of the PCF/PFP while the remaining factors were also considered to be affecting the auditors' performance on a case to case

basis. This study also established a relationship between the level of efficiency of PCF/PFP utilization and degree of COA Auditors' performance in the audit of the PCF/PFP. Several recommendations were provided to help address all the issues uncovered in this study.

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Based on the national objective which calls for an economical, efficient and effective management of the country's resources, Section 2 of the State Audit Code of the Philippines, otherwise known as the Presidential Decree (P.D.) 1445, mandated that *“all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government”*.

Relative hereto, the Commission on Audit (COA) is empowered with the task of determining the attainment of this statutory requirement through an *“analytical and systematic examination and verification of financial transactions, operations, accounts and reports of any government agency for the purpose of determining their accuracy, integrity, authenticity and satisfying the requirements of laws, rules and regulations”*. (P.D. 1445, 1978)

Categorically, it is COA's mission to carry out its constitutional mandate with the highest degree of professionalism, competence, integrity, teamwork and organizational efficiency, and promote the people's trust in government by upholding public accountability. (COA, 2015)

The utilization of public funds, particularly the capitation funds, and the auditors' responsibility in ensuring efficiency and effectiveness in government's operations relative to such fund are covered in this study.

Article II, Section 15 of the 1987 Philippine Constitution declares that *"The State shall protect and promote the right to health of the people and instill health consciousness among them."* Pursuant thereto, the National Health Insurance Act (NHIA) of 1995, otherwise known as R.A. 7875 was signed into law by President Fidel V. Ramos on February 14, 1995. This law created the Philippine Health Insurance Corporation (PHIC, commonly known as PhilHealth), a government agency which is mandated to implement the National Health Insurance Program (NHIP); provide social health insurance coverage; and ensure affordable, acceptable, available and accessible healthcare services for all citizens of the Philippines. With the aim of improving the services to its members, PHIC has implemented the Outpatient Consultation and Diagnostic Benefit (OPB) Package in the year 2000 to 2012. This program has been launched to ensure the efficient delivery of healthcare services to the indigent-beneficiaries at the local level and to serve as a diagnostic, preventive and curative measure to minimize, if not avoid, unnecessary hospital confinements. (PHIC, 2000)

On March 16, 2012, the OPB package was enhanced to Primary Care Benefit 1 (PCB) package in support of the Aquino Health Agenda to provide Universal Health Care (UHC) for all Filipinos, also known as Kalusugan Pangkalahatan (KP). (PHIC, 2012)

Subsequently, PCB 1 was re-introduced under a new brand called Tamang Serbisyon Kalusugang Pampamilya (TSeKaP) on January 3, 2014. (PHIC, 2014)

The over-all objectives of the three (3) aforementioned healthcare benefit packages are as follows:

- a. To function as gatekeeper of health care spending in the sense that the accredited providers will be screening and determining who among the patients really need to be confined in a hospital;
- b. To provide access to services and drugs and laboratory examinations; and
- c. To ensure continuity of care.

Initially, the OPB package was carried out through the adoption of a new provider payment scheme called the Philhealth Capitation Fund Scheme (PCFS) wherein the PHIC releases the Philhealth Capitation Fund (PCF) to the Local Government Units (LGUs) which own and manage the accredited healthcare providers (HCPs) or Rural Health Units (RHUs) but with the responsibility of ensuring the continuous availability of medicines and quality medical services at the local level. However, along with the series of program re-branding, the term PCF was recently labelled as Per Family Payment (PFP). Nevertheless, the researcher considered both PCF and PFP as simply capitation funds, thus, the term PCF/PFP will be used often in this study. Such capitation fund or PCF/PFP is released on a quarterly basis subject, however, to submission of reports required

by PHIC. Eighty percent (80%) of said fund is prescribed to be allotted for specific operational costs, such as: purchase of drugs and medicines, reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), IT equipment, capacity building for staff, infrastructure or any other use related or necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility. The remaining 20% is mandatorily provided for administrative costs, particularly the honoraria of the physician, other health professional staff of the facility and non-health professionals/staff, including volunteers and community members of health teams. (PHIC, 2014)

The LGUs, being entrusted with the PCF/PFP, are among the government agencies under the audit jurisdiction of COA, the Supreme Audit Institution of the Philippines which is mandated to audit all accounts pertaining to all government revenues and expenditures/uses of government resources. Therefore, its financial transactions and operations, like any other government agencies, are governed by fundamental principles and/or policies on government fund disbursements and other auditing requirements. Moreover, the PCF/PFP, which is a government fund, specifically in the form of a Trust Fund (TF), is subject to audit to check whether such fund is properly, economically and efficiently utilized for its intended purposes.

Based on news articles and COA Audit Reports, issues concerning the improper, uneconomical and inefficient utilization of the PCF/PFP were previously uncovered, such as the following:

- a. Abuse in the use of the PCF/PFP due to misconception of some

local chief executives by treating the capitation fund as a discretionary fund; (Espejo, May 27, 2011)

- b. Non-preparation / Non-submission of PCF/PFP utilization reports due to failure of the PHIC to require the same, thus deterring the presence of transparency and giving rise to the problem on checking public accountability; (COA, 2012)
- c. The PHIC, which is the primary implementing agency, has limited oversight functions over the utilization of the PCF/PFP by the LGUs; (Espejo, May 27, 2011)
- d. Deprivation of the indigent-beneficiaries to avail of the healthcare benefits intended for them due to failure of the LGUs to utilize the PCF/PFP as mandated (Adlawan, November 9, 2010); and
- e. Unaccounted utilization of PCF/PFP released to government hospitals and chronic lack of medicines and medical supplies supposedly charged against the fund. (A culture of Secrecy, February 27, 2013)

It was noted though that the aforementioned reported issues concerning the inefficient utilization of the capitation funds were attributed only to some provinces in the Philippines. Does this mean that similar problems do not exist in other provinces? Did the COA Auditors in such other provinces encounter no significant findings on the utilization of the capitation funds despite the conduct of

regular audit? Or would it be possible that the PCF/PFP funds were not audited at all, thus no audit findings were uncovered and reported in those other local units? If the audit conducted was inefficient or if the account was truly not audited, then what are the underlying factors behind such circumstances? These questions have been the researcher's take-off ground in conducting this study.

The researcher emphasizes that lack of audit and inefficient audit are two different scenarios but both give an unquestionable impression of an inefficient auditing system. Likewise, it can be pointed out that having an audit finding about the utilization of the capitation fund seems alarming. And same is true with the instance wherein there is no audit finding at all because of the great possibility that such fund was actually not subjected to audit, thus probable issues regarding the fund utilization were not uncovered. Considering the significance of the amount of government funds involved, then problems on capitation fund utilization should not be taken for granted but rather taken as a great challenge on the COA Auditors' role in ensuring the efficiency and effectiveness in government's operations and in fostering public accountability in relation to the state's goal of good governance. It is noteworthy to mention, though, that auditing alone could not solve the problems regarding the disbursement of the PCF/PFP since it is just one of the many aspects that contribute to ensuring the efficient utilization of the capitation funds.

The researcher, being a State Auditor for sixteen (16) years, has personally known and observed some factors that affect the utilization of public funds as well as the performance of the auditors in the conduct of audit, as indicated in the

survey questionnaires. Informal discussions with superiors, peers and subordinates in COA as well as PHIC and LGU officials have also deepened the awareness on the problems encountered in the field which affect the fund utilization efficiency and performance efficiency and effectiveness of auditors in the conduct of audit.

It is on this account that the researcher finds it imperative to conduct this study to assess the level of efficiency of PCF/PFP utilization by the LGUs in the entire Province of Pangasinan and determine the factors affecting the same as perceived by government personnel who have direct knowledge on the capitation funds. Likewise, it was deemed necessary to assess the degree of COA Auditors' performance in the audit of the PCF/PFP and identify the factors affecting it as perceived by same respondents. Also, it is considered crucial to establish the correlation between the level of efficiency of PCF/PFP utilization and COA Auditors' degree of performance in the audit of the PCF/PFP and to provide insights on how to address the issues of concern for the improvement of both.

1.2 Research Problem

This study sought to answer two main research questions, as follows:

- a. What is the perception of the respondents on the level of PCF/PFP utilization efficiency, degree of COA Auditors' performance and the factors affecting the fund utilization efficiency and auditors' performance?

- b. Is the level of PCF/PFP utilization efficiency related to the degree of COA Auditors' performance as perceived by the respondents?

1.3 Specific Objectives

This study was conducted to achieve the following objectives:

- a. To assess the level of efficiency of PCF/PFP utilization as perceived by the COA Auditors assigned in the LGUs, Local Government Accountants (LGAs) and Municipal Health Officers (MHOs) in the entire Province of Pangasinan;
- b. To determine the perceived factors affecting the efficient utilization of PCF/PFP;
- c. To assess the degree of COA Auditors' performance in the audit of PCF/PFP based on the perception of above-mentioned respondents;
- d. To determine the perceived factors affecting the degree of COA Auditors' performance in the audit of PCF/PFP;
- e. To establish whether the degree of COA Auditors' performance in the audit of the PCF/PFP is related to the level of efficiency of PCF/PFP utilization as perceived by the 3 sets of respondents;
- f. To determine whether there are variations in the perceptions of the different respondents on the main aspects of the study; and

- g. To provide insights on how to improve the utilization of the capitation funds and the COA Auditors' performance in the audit of PCF/PFP.

1.4 The Research Model

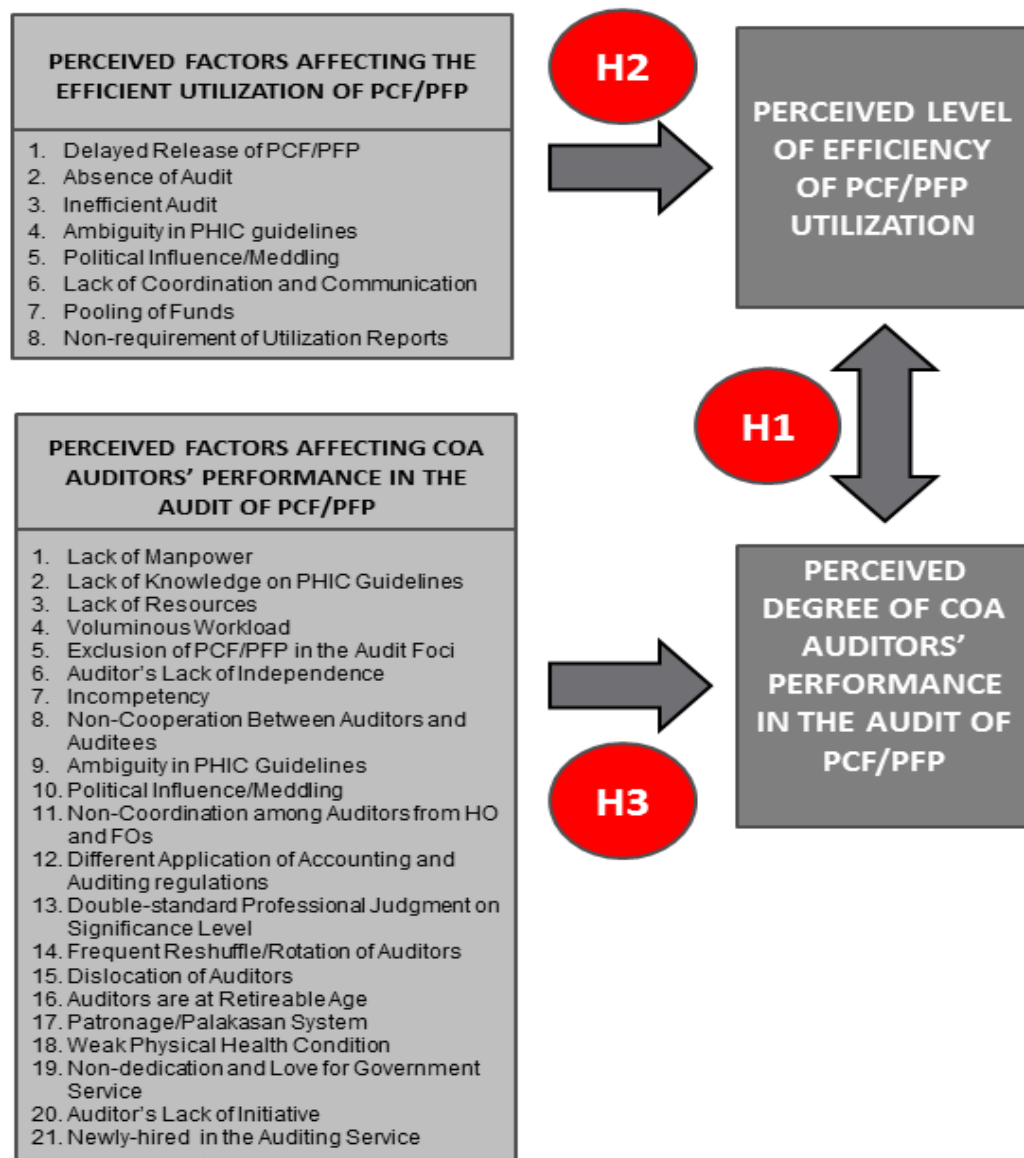


Figure 1.1
Model of Assessment of Level of Efficiency of PCF/PFP Utilization and Degree of COA Auditors' Performance in the Audit of PCF/PFP

Figure 1.1 illustrates the model of assessment on the level of efficiency of PCF/PFP utilization and degree of COA Auditors' Performance in the audit of the PCF/PFP.

The model shows that the perceived degree of COA Auditors' performance in the audit of the PCF/PFP is significantly related to the perceived level of efficiency of PCF/PFP utilization, which is stated as Hypothesis 1 (H1). It is also indicated in the model that there are 8 predetermined factors perceived as affecting the level of efficiency of PCF/PFP utilization, which is stated as Hypothesis 2 (H2). Likewise, the model presents that there are 21 predetermined factors perceived as affecting the degree of COA Auditors' performance in the audit of the PCF/PFP, which is stated as Hypothesis 3 (H3).

The perceived factors affecting the level of efficiency of PCF/PFP utilization and degree of COA Auditors' performance in the audit of the PCF/PFP were predetermined based on reports, researcher's personal observations and informal discussions and consultations with supervisors, peers and subordinates in COA as well as PHIC and LGU officials.

1.5 Hypotheses

The relationships that were tested in the model are presented in the following hypotheses:

H1: The level of efficiency of PCF/PFP utilization is significantly related to the degree of COA Auditors' performance in the audit of the PCF/PFP as perceived by the respondents.

H2: The following are the perceived factors affecting the efficient utilization of the PCF/PFP:

1. Delayed Release of PCF/PFP
2. Absence of Audit
3. Inefficient Audit
4. Ambiguity in PHIC guidelines
5. Political Influence/Meddling
6. Lack of Coordination and Communication
7. Pooling of Funds
8. Non-requirement of Utilization Reports

H3: The following are the perceived factors affecting COA Auditor's Performance in the audit of the PCF/PFP:

1. Lack of Manpower
2. Lack of Knowledge on PHIC Guidelines
3. Lack of Resources
4. Voluminous Workload
5. Exclusion of PCF/PFP in the Audit Foci
6. Auditor's Lack of Independence
7. Incompetency
8. Non-Cooperation Between Auditors and Auditees
9. Ambiguity in PHIC Guidelines
10. Political Influence/Meddling
11. Non-Coordination among Auditors from HO and FOs

12. Different Application of Accounting and Auditing regulations
13. Double-standard Professional Judgment on Significance Level
14. Frequent Reshuffle/Rotation of Auditors
15. Dislocation of Auditors
16. Auditors are at Retireable Age
17. Patronage/Palakasan System
18. Weak Physical Health Condition
19. Non-dedication and Love for Government Service
20. Auditor's Lack of Initiative
21. Newly-hired in the Auditing Service

1.6 Basic Assumptions

This study is founded on the following basic assumptions relative to the research objectives:

- a. The perceptions of the people involved in the utilization of the PCF/PFP, delivery of required medical services, recording and auditing of the PCF/PFP transactions, namely, the MHOs, LGAs and COA Auditors, can be used in assessing the level of efficiency of the fund utilization and in identifying the factors affecting the same.

- b. The perceptions of the people involved in the utilization of the PCF/PFP, delivery of required medical services, recording and auditing of the PCF/PFP transactions, namely, the MHOs, LGAs and COA Auditors, can be used in assessing the degree of COA Auditors' performance in the audit of PCF/PFP and in identifying the factors affecting the same.
- c. The perceptions of the indigent-beneficiaries on the availability of the necessary healthcare services at the local level can be used to validate the perceptions of the three main sets of respondents as to the level of efficiency of PCF/PFP utilization.
- d. The determination and reconciliation of all the perceived factors affecting the efficient utilization of the PCF/PFP and COA Auditor's performance will aid in the formulation of recommendations that will help resolve the issues concerning the PCF/PFP disbursement system and COA Auditing System.

1.7 Significance of the Study

The capitation funds allotted for the implementation of the outpatient benefit packages of the PHIC are intended for specific purposes hence strict compliance with the prescribed PHIC rules and regulations is required to ensure the efficient delivery of the necessary healthcare services to the indigent-beneficiaries at the local level with the goal of minimizing the incidence of unnecessary hospital confinements.

On the other hand, the COA auditors are assigned to different municipalities and are mandated to audit and settle all accounts pertaining to government revenues and expenditures, like the PCF/PFP. Moreover, they are considered as protectors of government coffers, hence they are expected to maintain the highest degree of integrity and competence in the performance of their duties and responsibilities. They are also expected to promote public accountability and transparency as well as good governance. Among the objectives of an auditor in conducting an audit is to ensure compliance with the prescribed rules and regulations for the proper, economical and efficient utilization of the government funds.

The problems on inefficient utilization of PCF/PFP, which were previously reported in COA Audit Reports and in some news articles, as well as, the significance of the amount of government funds involved pose a critical challenge on COA Auditors' role in ensuring the efficient disbursement of government funds and in fostering public accountability, transparency and good governance.

Consequently, there is an urgent call to assess the COA Auditors' performance in the audit of the PCF/PFP and to closely examine the underlying factors affecting the possible low standard performance of auditors.

The result of this study is significant as it provides an objective perception on the level of efficiency of PCF/PFP utilization, the degree of COA Auditors' performance and the underlying factors affecting both. Moreover, the study is deemed significant as it is geared towards providing a better understanding on the

correlation between the degree of COA Auditors' performance and the level of efficiency of PCF/PFP utilization.

Moreover, this study can be of great help in addressing the existing issues on inefficient utilization of the PCF/PFP by providing insights for the enhancement of the capitation fund disbursement and for the improvement of the COA Auditors' performance with the aim of ensuring the optimum use of the capitation funds for the benefit of the indigent-beneficiaries.

1.8 Scope and Limitations of the Study

This research work is focused on the utilization of the PCF/PFP by the LGUs in the entire Province of Pangasinan only, which consists of 48 municipalities. Other funds maintained by the LGUs were not included in this study.

Likewise, the performance of COA Auditors, who are assigned in the LGUs within the Province of Pangasinan, is given equal importance but only in the conduct of audit of the PCF/PFP during the period from CY 2011 to CY 2014. Audit of any other account and/or financial transactions of the LGUs were disregarded in this study.

This research work is limited to the assessment of the perceived level of efficiency of PCF/PFP utilization and perceived degree of COA Auditors' performance in the audit of the PCF/PFP. Nonetheless, it covered the identification of the underlying factors affecting both. Furthermore, the establishment of a correlation between the level of efficiency of PCF/PFP

utilization and degree of COA Auditors' performance in the audit of the PCF/PFP was focused upon as the centerfold of the study.

The assessment made was based on the perceptions of the respondents who were subdivided into three main groups, to wit:

- a. COA Auditors with the position of State Auditor I, II, III and IV and who are currently assigned at the Local Government Sector (LGS) in the Province of Pangasinan;
- b. Local Government Accountants (LGAs) in 48 municipalities of Pangasinan Province; and
- c. Municipal Health Officers (MHOs) in 48 municipalities of Pangasinan Province.

In order to maintain a balanced assessment, the perceptions of indigent-beneficiaries as to satisfaction on the availability of the necessary healthcare services at the RHUs were included since they are the actual recipients of the medical services offered by Philhealth's outpatient benefit programs. Relatively, they are the rightful people who can objectively validate, in one way or another, the level of efficiency of PCF/PFP utilization in their respective municipalities. However, only 100 indigent-beneficiaries were selected on a non-random basis. Also, only 14 out of the 48 municipalities in Pangasinan Province were visited for the conduct of the survey due to time constraints, long distance of travel from one municipality to another and financial burden on the part of the researcher. Also, due to lack of time, the researcher wasn't able to confirm among the indigent-

beneficiaries who have been confined in a hospital as per record of the PHIC on whether or not they have availed of the medical services at the RHUs prior to their hospital confinement.

In-depth personal interviews with concerned personnel of COA, PHIC and LGUs were no longer conducted due to time constraints and conflict of schedules.

There are only a few books and articles that generously tackle about the factors that affect the utilization of a capitation fund and the auditors' performance in the conduct of audit of the same, thus the researcher supplemented the needed data based on COA Audit Reports, news articles, personal observations and informal discussions with supervisors, peers and subordinates in COA as well as PHIC and LGU officials.

Nonetheless, this research is one of the first endeavors to establish the relationship between the perceived level of efficiency of PCF/PFP utilization and the perceived degree of COA Auditors' performance in the audit of the PCF/PFP and the above-mentioned limitations do not reduce the value of this research.

CHAPTER II

COMMISSION ON AUDIT

This chapter discusses about the COA organization, Organizational Structure, its vision, mission, COA's strategic plan and overview on COA – LGS, Pangasinan.

2.1 The Commission on Audit Organization

As embodied in the 1987 Philippine Constitution, the Commission on Audit (COA) is the Supreme Audit Institution of the Philippine government. It is composed of a Chairman and two Commissioners with the rationale that a three-man body is less susceptible to pressure than an office held by a single person. Such structure also worked as a built-in internal check within the Commission and encouraged opposing views to surface thereby resulting in earnest consultation and better deliberation.

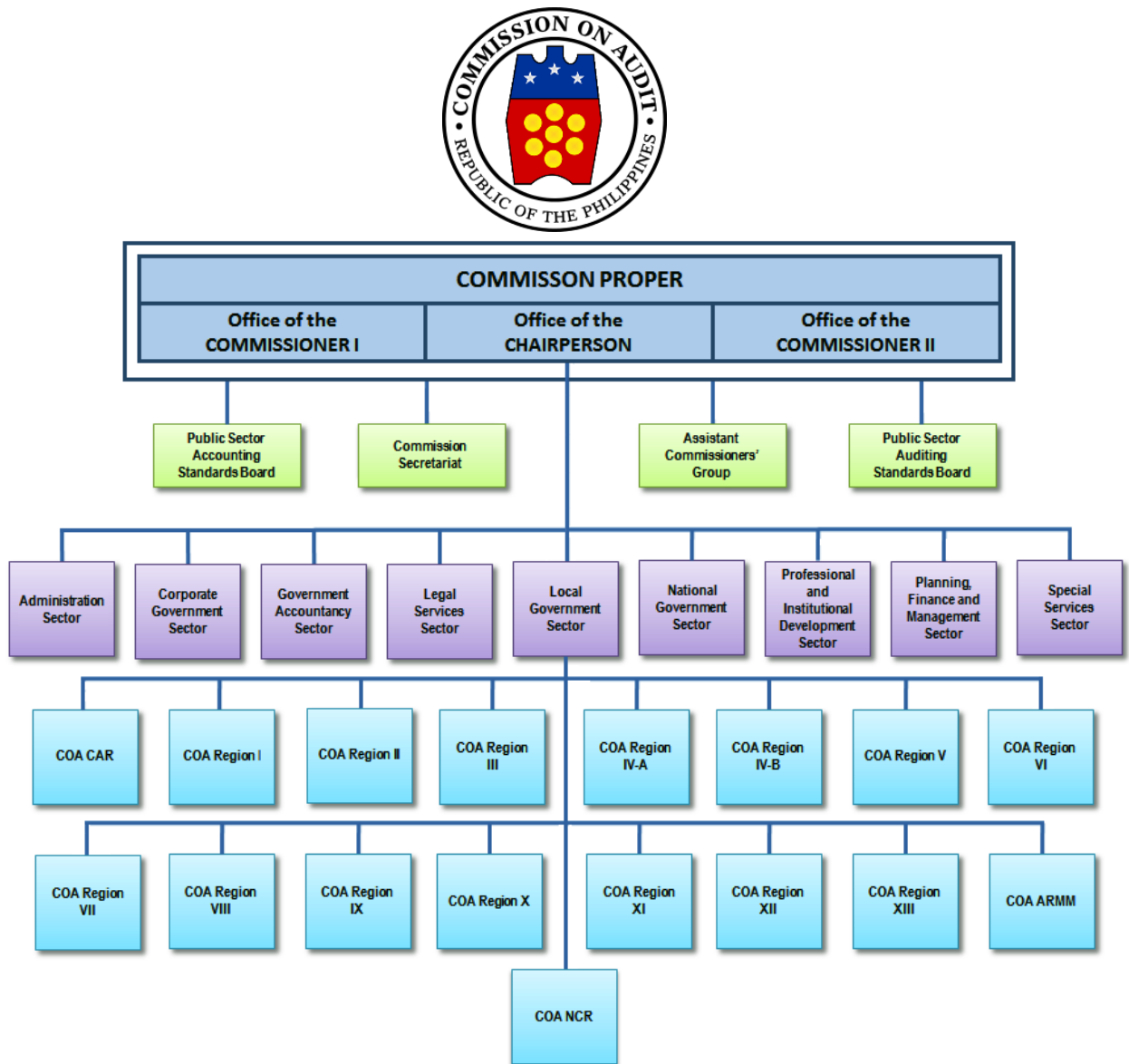
The COA is vested with the power, authority, and duty to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters. It may adopt measures which are deemed necessary and appropriate to correct the deficiencies in cases where the internal control system of the audited agencies is inadequate. It shall also keep the general accounts of the Government and, for such period as

may be provided by law, preserve the vouchers and other supporting papers pertaining thereto. Moreover, it has the exclusive authority to define the scope of its audit and establish the techniques and methods required therefor. Furthermore, it has the authority to promulgate accounting and auditing rules and regulations which include those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and unconscionable expenditures or uses of government funds and properties. It is also bound to submit an audit report to the President and Congress regarding the financial condition and operation of the Government, its subdivisions, agencies, and instrumentalities, including government-owned or controlled corporations, and non-governmental entities subject to its audit, and recommend measures necessary to improve their effectiveness and efficiency. (COA, 2015)

In the fulfillment of its mandate, the Commission upholds the core values of God Centeredness, Patriotism, Excellence, Integrity, Professionalism, Courtesy, Modesty and Humility, Respect for Authority and the Rule of Law. (COA, 2015)

Figure 2.1 presents the COA Organizational Structure.

Figure 2.1
COA Organizational Structure
Source: COA official website, retrieved March 2015



2.2 COA Vision

The COA envisions its organization as a credible, trustworthy and independent Supreme Audit Institution; a vibrant partner in nation-building; a bulwark of integrity and competence; an organization of professionals with a

culture of excellence; a respected member of international organizations of Supreme Audit Institutions. (COA, 2015)

2.3 COA Mission

The COA's mission is to carry out its constitutional mandate with the highest degree of professionalism, competence, integrity, teamwork and organizational efficiency, and promote the people's trust in government by upholding public accountability. (COA, 2015)

2.4 COA Strategic Plan

The COA sets up a Strategic Plan that prioritizes four (4) thrust areas to ensure successful achievement of its objectives and goals. It is noteworthy to mention that this research work is in line with some of the features of COA's Strategic Plan (COA, 2015). Such plan is illustrated in Table 2.1.

Table 2.1
COA Strategic Plan

PILLAR/ THRUST AREA	GOAL	OBJECTIVE
Integrity and Independence	To enhance the credibility, integrity and independence of the Commission on Audit in carrying its mandate	<ul style="list-style-type: none"> • Instill integrity as a way of life in COA • To develop and implement a more efficient and effective mechanism for objective handling of complaints against COA personnel • To strengthen fiscal autonomy

PILLAR/ THRUST AREA	GOAL	OBJECTIVE
Organizational efficiency	To establish an efficient and effective organization and management system in COA	<ul style="list-style-type: none"> • To strengthen the organizational capability of COA • To enhance the quality, timely delivery, and effectiveness of audits of COA • To upgrade existing infrastructure facilities and equipment
Professionalism and technical competence	To maintain a highly competent and professional human resource to ensure the efficient and effective delivery of mandated services	<ul style="list-style-type: none"> • To update / enhance and implement policies, guidelines, standards and strategies on recruitment, promotion, retention of competent staff • To provide needs-based professional staff development. • To actively participate in trainings, capacity building and knowledge sharing activities in international organizations (INTOSAI, ASOSAI, ASEANSAI and others)
Strategic partnerships/ linkages	To increase the public's awareness and enhance inter-agency relations as regards COA's role in ensuring transparency, accountability and good governance	<ul style="list-style-type: none"> • To enhance relations with the media, stakeholders and the public in general • To improve inter-agency relations of COA with regard to mutual assistance and exchange of complete, necessary and timely information with government agencies such as DBM, NEDA, BTr, AMLC, DOF and CSC • To strengthen COA's efficiency in documenting / gathering legal evidence to ensure successful prosecution of cases • To enhance citizen participation in the public audit process and institutionalize Citizens Participatory Audits (CPAs)

2.5 Overview on COA – LGS, Pangasinan, Region I

The researcher deemed it appropriate to provide an overview on the COA-LGS in the Province of Pangasinan as it is the target area of this study.

Pangasinan Province is located in the northern part of the Philippines, particularly in Region I. It is composed of 4 cities and 44 municipalities. Figure 2.2 presents the map of the Philippines and Pangasinan Province.

Figure 2.2
Map of the Philippines and Pangasinan Province



The Pangasinan COA Auditors are assigned to different sectors, namely: the Corporate Government Sector (CGS), National Government Sector (NGS) and Local Government Sector (LGS). Since this study is focused on the COA Auditors assigned at the LGS only, then it is deemed suitable to set aside the NGS and CGS Auditors for the succeeding discussions.

As of August 31, 2014, COA Pangasinan-LGS is divided into two audit groups:

- a. LGS-D Pangasinan I, - which consists of 8 audit teams, composed of 26 COA personnel, with audit jurisdiction covering the Provincial Government of Pangasinan and the municipalities of Agno, Bolinao, Anda, Bani, Burgos, Sual, Dasol, Infanta, Labrador, Bugallon, Lingayen, Binmaley, Alaminos City, Mabini, Aguilar, Urbiztondo, Mangatarem, Basista, Mapandan, Sta. Barbara, Malasiqui, Calasiao, San Carlos City and Bayambang.
- b. LGS-E Pangasinan II – which consists of 7 audit teams, composed of 23 COA personnel, with audit jurisdiction covering municipalities of Alcala, Villasis, Bautista, Sto. Tomas, Rosales, Balungao, Umingan, San Quintin, San Nicolas, Natividad, Sta. Maria, Tayug, Pozorrubio, San Manuel, Sison, Binalonan, Manaoag, Mangaldan, San Jacinto, Laoac, Dagupan City, San Fabian, Urdaneta City and Asingan.

CHAPTER III

REVIEW OF LITERATURE

This chapter includes the prescribed guidelines pertaining to the outpatient benefit packages of PHIC which served as a benchmark for assessing the level of efficiency of PCF/PFP utilization; pertinent provisions of P.D. 1445 and 2009 Revised Rules of Procedures of the COA relating to government auditing; general auditing standards; auditors' responsibilities; key audit services; and audit outputs.

COA Audit Reports and news articles relating to issues on inefficient utilization of the capitation funds were highlighted in this chapter. In addition, professional literature regarding public accountability and transparency and some factors affecting the performance efficiency of government employees were also discussed. Moreover, some features of the Re-entry Project of a PHIC employee relative to this study were also incorporated.

3.1 Prescribed Guidelines on Outpatient Benefit Packages of PHIC

PHIC (2012) prescribes the disposition and allocation of the PCF/PFP, as follows:

- a. Eighty percent (80%) of PCF/PFP is for operational cost and shall be divided as follows:
 - Minimum of forty percent (40%) for drugs and medicines (PNDF) including drugs and medicines for asthma, AGE and pneumonia; and

- Maximum of forty percent (40%) for reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), Information Technology equipment, capacity building for staff, infrastructure or any other use related, necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility.
- b. The remaining twenty percent (20%) shall be exclusively utilized for honoraria of the staff of the PCB facility and for the improvement of their capabilities as would enable them to provide better health services:
 - Ten percent (10%) for the physician;
 - Five percent (5%) for other health professional staff of the facility; and
 - Five percent (5%) for non-health professionals/staff, including volunteers and community members of health teams (e.g. Women's Health Team, Community Health Team).

It was also specifically mentioned that the PCB providers shall create and maintain a trust fund account per province / city / municipality for the PCF/PFP through an appropriate administrative issuance like the local ordinance or Sangguniang Bayan resolution.

Relatively, Rule II, Section 45 of the Implementing Rules and Regulations of the Republic Act 10606, as amended, otherwise known as The National Health Insurance Act of 2013, states that *“reimbursements paid to public facilities shall be retained by the individual facility in which services were rendered and for which payment was made. Such revenues shall be used to primarily defray operating costs other than salaries, to maintain or upgrade equipment, plant or facility, and to maintain or improve the quality of service in the public sector.”* (RA 7875, 2013)

Also, PHIC (2012) enumerates the services that should be provided by the healthcare providers to respond to the needs of the covered clientele, to wit:

a. Primary Preventive Services

- Consultation
- Visual inspection with acetic acid
- Regular BP measurements
- Breastfeeding program education
- Periodic clinical breast examinations
- Counselling for lifestyle modification
- Counselling for smoking cessation
- Body measurements
- Digital rectal examination

b. Diagnostic Examinations

- Complete Blood Count (CBC)
- Urinalysis

- Fecalysis
- Sputum microscopy
- Fasting Blood Sugar
- Lipid profile
- Chest X-ray

c. Drugs and Medicines

- Asthma including nebulization services
- Acute Gastroenteritis (AGE) with no or mild dehydration
- Upper Respiratory Tract Infection (URTI) / Pneumonia
(minimal and low risk)
- Urinary Tract Infection (UTI)

Moreover, it was expressly stated that the PCB providers should ensure that all diagnostic examinations mentioned above are available to their clientele, when needed. However, when diagnostic tests are not available in their facility, they may forge a Memorandum of Agreement with another healthcare facility which will provide the necessary diagnostic examinations.

It is also noteworthy to mention that during the implementation of the OPB package from its launching period up to CY 2013, there was no provision in the guidelines which relate to the requirement of capitation fund utilization reports. However, in CY 2014, PHIC issued PHIC Circular 015, s. 2014 which embodied a provision for the accomplishment of a PCF/PFP Disposition and Allocation Form by the LGUs on a quarterly basis. It was further prescribed that

such report should be reviewed by the local auditor and a copy of which should be provided for each PCB/TSeKaP provider.

On the submission of required reports, it has been expressly stated in the PHIC guidelines that delayed submission of the required reports may result to delay in the processing of the PCP/PFP. (PHIC, 2012)

Moreover, PHIC (2014) explicitly provides that the PFP, previously known as PCF, shall be released to the provider within thirty (30) days upon submission of the required reports during the prescribed period of submission and the failure to submit such reports within sixty (60) days from the last day of the applicable quarter shall result to non-payment of PFP for the said quarter.

3.2 Pertinent provisions of P.D. 1445 and 2009 Revised Rules of Procedures of the COA relating to Government Auditing; General Auditing Standards; Auditors' Responsibilities; Key Audit Services and Audit Outputs.

Government auditing is defined as the analytical and systematic examination and verification of financial transactions, operations, accounts, and reports of any government agency for the purpose of determining their accuracy, integrity, and authenticity, and satisfying the requirements of law, rules and regulations. (P.D. 1445, 1978)

COA Auditors are bound to exercise the powers and functions as may be authorized by the Commission in the examination, audit and settlement of the accounts, funds, financial transactions, and resources of the agencies under their

respective audit jurisdiction. They should possess adequate technical training and proficiency as auditors. They should maintain complete independence and exercise professional care and be guided by applicable laws, regulations and the generally accepted principles of auditing and accounting in the performance of the audit work as well as in the preparation of audit and financial reports. (COA, 2009a)

Moreover, Section 55 of P.D. 1445 explicitly provides the examination and evaluation standards, such as follows:

- (1) The audit work shall be adequately planned and assistants shall be properly supervised.
- (2) A review shall be made as to compliance with legal and regulatory requirements.
- (3) An evaluation shall be made on the system of internal control and related administrative practices to determine the extent with which they can be relied upon to ensure compliance with laws and regulations and to provide for efficient, economical and effective operations.
- (4) The auditor shall obtain through inspections, observation, inquiries, confirmation and other techniques, sufficient competent evidential matter to afford himself a reasonable basis for his opinions, judgments, conclusions, and recommendations.

One of the key audit services of COA is the conduct of regular audits which encompass the following types of audit:

- a. Financial and Compliance Audits - to determine (a) whether their financial operations are properly conducted; (b) whether their financial reports are fairly presented; and (c) whether they have complied with applicable laws, regulations, policies and procedures in handling operations. The primary objective of these audits is to express an opinion on the fairness with which the financial condition and results of operations are presented.
- b. Performance Audit- concerned with the review of management efficiency with the end in view of eliminating waste and promoting efficient use of public funds and resources and the ascertainment of the agency's effectiveness by determining whether desired results have been achieved and programs have accomplished their purposes and objectives.

In view of rendering the required audit services, the auditor has the responsibility to enforce submission of disbursement records with all paid vouchers and supporting documents; conduct the examination and audit of the records, reports and documents submitted covering transactions under the identified audit areas; and prepare, as a result of his examination and audit, the pertinent Notice of Suspension (NS) / Notice of Disallowance (ND) and Audit Observation Memorandum (AOM).

The auditor should issue an AOM for observations relating to financial/operational deficiencies such as accounting, internal control or property management which do not involve pecuniary loss. An AOM may also be issued for documentary or other information requirements to enable the auditor to make a decision in audit. Likewise, an NS is issued for transactions of doubtful legality/propriety/regularity which may result in pecuniary loss of the government, and which will be disallowed in audit if not satisfactorily explained or validly justified by the parties concerned. Also, an ND is issued for transactions which are irregular / unnecessary / excessive and extravagant as defined in COA Circular No. 85-55A as well as other COA issuances, and those which are illegal and unconscionable. (COA, 2009b)

It was expressly stated in COA (n.d.) that –

"a complete audit of a governmental program, function, activity or organization should include, among others, a review of efficiency and economy in the use of resources for the purpose of evaluating whether management operates with due regard to conserving its monetary, property and human resources." This concept was brought about in "recognition that accountability of government officials extends far beyond compliance with laws and regulations governing the use of public funds and other resources and reporting on how they were applied. It also includes constant concern with the avoidance of unnecessary or wasteful spending or uses of public funds and property and with the application of all appropriate measures to achieve the purpose for which those resources were made available."

It was further mentioned in COA (n.d.) that auditing for efficiency and economy is a matter of identifying specific ways of bringing about more efficient and less costly performance. Thus, the auditor should have knowledge of the

organization or activity to be audited so as to obtain the necessary background and other working information. He has to carefully study the assignment of responsibility for the activity being audited so as to ascertain what the activity is supposed to accomplish; what authority it has been given to carry out its operations; and what restrictions or limitations have been placed on it by law or regulation. Also, the Auditor has to review the system of internal management control by studying the policies established to govern the activity being examined and by noting important weaknesses found in the operating procedures. Moreover, reports on the results of audit work performed should be prepared and timely communicated to those officials concerned.

The Auditor should always bear in mind the purpose of economy and efficiency audit as they are made primarily to identify improvements needed in the operation of the program being audited. Such kind of audit further aimed to evaluate whether resources used in the program are adequately controlled and used in an efficient and economical manner. It also includes inquiry into whether, in carrying out its responsibilities, the audited activity considers the conservation of its resources. (COA, n.d.)

Geirt, as cited in COA (n.d.), mentioned in his edited book, entitled *State Audit: Developments in Public Accountability*, that the Auditor should be fair, objective and realistic in his judgement as to the standards for judging efficiency and economy in the absence of generally accepted standards of efficiency and economy. Nevertheless, per Comptroller General's Standards, as cited in the same handbook, economy and efficiency audits determine whether the activity's

resources are managed or utilized in an economical and efficient manner. It also determines the causes of any inefficiencies or uneconomical practices, including inadequacies in management information systems and administrative procedures.

Public expenditure, at the right level and proper mix, can have beneficial effects on the lives of people. A well-formulated set of expenditure policies, faithfully and capably implemented, can perform its proper fiscal role for development. In addition, expenditures are geared towards a solution of so-called developmental problems which obstruct development process. (Magtolis-Briones, 1983)

Efficiency audit refers to the relationship between goods or services produced and resources used to produce them. An efficient operation produces the maximum output for any given set of resource inputs, or it has minimum inputs for any given quantity and quality of service produced. The underlying management objective is increased productivity. An audit for efficiency will determine whether the audited agency is managing or utilizing its resources in an efficient manner. It also aids in identifying the cause of any inefficiencies including inadequacy in management information systems, administrative procedures or organizational structure. (Magtolis-Briones, 1983)

Likewise, comprehensive auditing is the review of managerial efficiency marked with elimination of waste and efficient use of public funds and resources. (COA, 1982)

3.3 COA Audit Reports and News Articles Regarding Issues on Inefficient Utilization of PCF/PFP

In the 2012 COA Annual Audit Report on PHIC, it was disclosed that the disposition of the PCF, now called PFP, by the LGUs could not be validated as to its conformity with the 80% and 20% operational and administrative allocations, respectively, due to absence of utilization reports. However, Philhealth justified that pursuant to Philhealth Circular 10, s. 2012 and its Manual of Procedures, the Corporation does not require fund utilization reports because the PCF/PFP is based on the number of PCB-entitled members who are enlisted and individually profiled by respective PCB providers. In view of this, the Corporation collects reports on the PCB-1 services rendered to the duly enlisted and profiled beneficiaries and not on how the funds were utilized. (COA, 2012)

This justification raised an issue on public accountability and transparency.

In the article, *“A culture of secrecy in a government of Daang Matuwid”* (Catanduanes Tribune, February 27, 2013), the problem on unaccounted utilization of PCF released to government hospitals and the chronic lack of medicines and medical supplies therein was disclosed. An issue pertaining to where the PCF was deposited, either in a trust fund or a general fund, was also raised. Further, it was mentioned that Philhealth restricted the release of relevant data pertaining to the actual amount of PCF paid to the government hospitals.

Moreover, Espejo (2011) revealed that there was an abuse in the PCF utilization because some local chief executives treat the capitation fund as a discretionary fund.

It was cited in the same article that a high ranking PHIC official acknowledged that once the capitation fund is released to the LGUs, PHIC has no oversight function over its utilization anymore. It was also stated that PHIC was prompted to issue an advisory in 2009 to enumerate the prescribed uses of the PCF in consideration of the questions raised as to the utilization of the fund. However, such guidelines did not deter the perpetrators from tampering with the rules.

Furthermore, Adlawan (2010) cited COA's audit finding on the failure of the Provincial Capitol of Cebu to use the PCF amounting to at least P14.6 million in CY 2009 for poor constituents enrolled in a Philhealth-sponsored program, thus deprived the indigent-beneficiaries of the healthcare benefits intended for them through the OPB Package.

3.4 Public Accountability, Transparency and Good Governance

Accountability is defined as *“holding responsible elected or appointed individuals and organisations charged with a public mandate to account for specific actions, activities or decisions to the public from whom they derive their authority”*. It encompasses the *“ability to account for the allocation, use and control, as well as, the establishment and enforcement of rules and regulations of governance”*. On the other hand, transparency is defined as *“public knowledge of the policies of government and confidence in its intentions”*. It involves *“making public accounts verifiable, providing for public participation in government policy-making and implementation, and allowing contestation over choices*

impacting on the lives of citizens. It also includes making available for public scrutiny accurate and timely information on economic and market conditions.”

(Agere, 2000)

Coffee (2006), as cited in Dubnick & Frederickson (2011), claimed that accountability plays two critical dimensions. One dimension is being either the cause and/or cure for the problems. To be considered as a causal factor, there must be absence or failure of effective accountability. Likewise, accountability is treated as curative in the sense that it plays a major role in dealing with specific failures and countering the conditions that caused such failures.

The other dimension treats accountability as either mechanism or setting. In this sense, mechanisms are designed as a form of control or guidance wherein the accountable personnel is bound to conform or else he will be held answerable, liable and legally obligated for any problems that may arise from defiance or non-compliance. In this connection, accountability is regarded as a “*manifestation of a normative condition of ‘being accountable’ – as something an agent is or ought to be*”. In this connection, accountability is associated with the concepts of integrity, trustworthiness, blameworthiness, and so forth. (Dubnick & Frederickson, 2011)

Table 3.1 presents the accountability’s discursive roles.

Table 3.1
Accountability's Discursive Roles

		FOCUS ON	
		Cause	Cure
P E R S P E C T I V E	Accountability-as-Mechanism (i.e., control)	Failure of Instrument	Reform, replace, repair the instrument
	Accountability-as-Setting (i.e., normative infrastructure)	Absence or collapse of norms, mores, standards	Reestablishing, rebuilding moral community based on effective norms/standards

Source: Dubnick M. & Frederickson, H.G. (2011) Accountable Governance: Problems and Promises. p. 287

These dimensions of accountability are very relevant, considering that this study tackled some deficiencies as to the requirement of utilization reports for the disbursement of the PCF/PFP, compliance to the prescribed PHIC guidelines on fund utilization and COA Auditors' performance in accordance with the auditing standards set.

David Heald, as cited by Pitrowski (2010), presented four directions of transparency: upward, downward, outward and inward. There is transparency upward when *“organizational hierarchical superiors can observe the behavior and conduct of their subordinates”*. On the other hand, there is transparency downward when *“the subordinates can gain information on the conduct of their superiors”*. Moreover, *“transparency outward is when individuals can observe what is taking place in the environment outside of the organization”* while

“transparency inward is when outsiders can observe what is happening inside an organization”.

The researcher believes that making these vertical and horizontal directions of transparency open will somehow contribute to the efficient utilization of the capitation funds at the local level inasmuch as the participation and involvement of the MHOs, COA Auditors, LG Accountants and indigent-beneficiaries will be encouraged.

Day & Klein (1987), as cited by Rist (1989), distinguished three dimensions to managerial accountability, to wit: fiscal/regularity accountability, process/efficiency accountability and program/effectiveness accountability. They also claimed that *“both auditing and evaluation are able to address these three dimensions of managerial accountability, thus contribute to the oversight activity”.*

Relative thereto, the Commission on Audit plays a major role in fostering public accountability and transparency and in promoting good governance. Auditees should consider COA Auditors as partners in nation-building rather than just watchdogs. (COA, 2015)

GIFMIS (Government Integrated Financial Management Information System) Committee (n.d.) formulated a roadmap towards improved accountability and transparency for CY 2011 to 2015 in support for the Philippine governance reform agenda. As stated in the Philippine Development Plan (PDP) for 2011 to 2016, the overall goal for reforming governance is as follows:

“Effective and honest governance will be promoted and practiced through four key strategies: (1) ensure

effective, efficient, transparent, accountable and economical delivery of public service; (2) curb corruption; (3) strengthen the rule of law; and (4) enhance citizens' access to information and participation in governance."

In relation to item 4, Citizens Participatory Audit (CPA) was one of the programs of COA wherein ordinary people have the power to exact transparency and accountability from their public servants. The CPA is part of COA's five-year Strategic Plan (2011-2016), which has identified transparency and openness to citizen participation as key facets of its priority reform agenda. (Citizens have power, 2013 November 4)

Pursuant to the DILG Memorandum Circular No.: 2014-39, Subject: 2014 Seal of Good Local Governance: *Pagkilala sa Katapatan at Kahusayan ng Pamahalaang Lokal*:

"The Department scales up the Seal of Good Housekeeping into the Seal of Good Local Governance (SGLG). Good governance promotes transparency and accountability in the use of public funds by delivering basic services that are responsive to people's needs. In this context, the SGLG is in recognition of good performance of provincial, city and municipal governments, not only in financial housekeeping, but also in other areas that directly benefit the people. It is a continuing challenge for local governments to perform better, and ultimately, achieve a desirable condition where local governments: (a) sustain the practice of transparency and accountability in the use of public funds; (c) demonstrate sensitivity to the needs of vulnerable and marginalized sectors of society; ...". (DILG, 2014)

Relatively, Arzadon (2014) cited Marson's (2013) quotation of Deloitte (2008) stating that *"Governments...must collaborate if they hope...to operate*

efficiently and effectively....” Proper coordination and collaboration between the PHIC and DILG should be enhanced for proper adoption of PhilHealth’s primary care benefit or TSeKaP and observance of efficient PFP utilization to achieve better governance thru the Local Governance Performance Management System - Seal of Good Local Governance (LGPMS-SGLG).

Aside from Accountability and Transparency, Agere (2000) revealed three other key elements of good governance, such as combating corruption, participatory governance and enabling legal/judicial framework. An example of poor governance and corruption mentioned by Agere is quoted below:

“diversion of resources from their intended purposes, thus distorting the formulation of the public policy. It was also emphasized that a pro-governance and pro-development legal and judicial system is one in which laws are clear and are uniformly applied through an objective and independent judiciary. It is also a system which provides the necessary sanctions to deter or penalize breach. It promotes rule of law, human rights and private capital flows.”

Moreover, it was stated that *“enforcement involves firm action against corrupt behavior at all levels”*. Furthermore, participation is defined as a *“process whereby stakeholders exercise influence over public policy decisions, and share control over resources and institutions that affect their lives, thereby providing a check on power of government.”*

There must be checks and balances in the exercise of power by many agencies of the government so that no part of the system has the absolute power. The system, structures, organization and staff should be made accountable for

their responsibilities, functions, tasks and behavior in the workplace to make the system of checks and balances work effectively (Agere, 2000, p. 41).

Sevilla (2005) mentioned that there are two main issues from the funding system, as follows: sufficiency of financial resources and quality of spending. The former applies to the comparison between the expenses needed to accomplish the programmed activities and the available financial resources while the latter concerns about legality and ensuring efficiency. Legality and efficiency in public spending should be observed by public managers and controlled and verified by control institutions like the Commission on Audit. Generally, expenditures related to any financial resource can be subjected to control standards performed by the management and audit structures at each level of government and by the supreme audit institution as it plays its role in fostering public accountability. It is worthwhile to mention though that lack of transparency, which is usually used as a political weapon by any level of government, blurs the main purpose of public accountability.

3.5 Factors Affecting Performance Efficiency of Government Employees

Among the factors affecting productivity as mentioned by Agere (2000), the following are deemed applicable in this study:

- Under-funding of a ministry or a public enterprise;
- Under-manning departments;
- Misallocation of human and financial resources;
- Absence of regular monitoring of performance;

- Corrupt practices, nepotism and favouritism;
- Absence of code of conduct and guidelines; and
- Low morale of employees.

Arens, Elder & Beasley (2012) mentioned that insofar as the auditors are concerned, audit risks are unavoidable because they gather evidence only on a test basis, except if the accounts and transactions were audited 100%. It was also emphasized that an auditor may fully comply with the auditing standards but still fail to uncover a major finding due to fraud. However, the question on whether the auditor has actually exercised due care in performing his duties and responsibilities or the possibility of committing negligence in the conduct of audit by the auditors could not be set aside.

Two kinds of negligence, among others, were also described by Arens, Elder & Beasley (2012), as follows:

- Ordinary negligence - when there is absence of reasonable care that can be expected of a person in a set of circumstances; and
- Gross negligence – when there is lack of even slight care, tantamount to reckless behavior that can be expected of a person.

3.6 Strategies for Improving Performance Efficiency

Agere (2000) discussed the key elements of good governance and the factors that affect productivity, as mentioned in Sections 3.4 and 3.5 of this study. Making these key elements present in a government system and properly

addressing the enumerated factors affecting performance will certainly bring about tremendous change not just in improving the performance efficiency of government employees but also in achieving the goals and objectives of any country for the benefit of all its citizenry.

Likewise, as cited by Brown, Gaudin and Moran (2013), Professor Anne Gregory featured, in her study, ten competencies and behaviours of senior communications practitioners, as follows:

- a. Understanding the bigger picture;
- b. Taking action;
- c. Consulting and involving;
- d. Presenting and communicating;
- e. Creating and innovating;
- f. Persuading and influencing;
- g. Upholding the reputation of the service;
- h. Building strong relationships;
- i. Managing under pressure; and
- j. Formulating strategies and concepts.

Furthermore, it has been revealed that *“building strong relationships and consulting were weighted heavily towards people and collaborative and consensual working”*. However, the researcher considers the applicability of all the enumerated competencies and behaviours in this study.

Again, the researcher would like to emphasize that Arzadon (2014) cited Marson's (2013) quotation of Deloitte (2008) stating that "*Governments...must collaborate if they hope...to operate efficiently and effectively....*" Proper coordination and collaboration between the PHIC and DILG should be enhanced for proper adoption of PhilHealth's primary care benefit or TSeKaP (Tamang Serbisayang Kalusugang Pampamilya) and observance of efficient PFP utilization to achieve better governance thru the LGPMS-SGLG.

In addition, Sevilla (2005) mentioned that strong co-ordination and co-operation is useful in any situation where public policies and programmes have to be implemented by several levels of government. It also helps to reduce, if not eliminate, various implementation problems, such as delays, misunderstandings, financial shortages and even political controversy.

Likewise, permanent and transparent reporting structures are deemed necessary for fiscal discipline and for accountability and control in decentralized public spending. Setting up adequate control structures is essential in any public spending environment. Reliable and co-operative control structures across levels of government are necessary to focus, simplify and improve control efficiency. Reliability comes from alignment with internationally recognized control standards. On the other hand, co-operation between control institutions concerns internal and external control at each level of government and between them. It also refers to co-operation between the Supreme Audit Institution and the regional or local audit authorities, when they exist, or with other entities in charge of external control. Relatively, clear rules establishing the scope of external audit

institutions and their relationship with managers and other controllers at each level of government are essential. The rules should be driven by the need to ensure accountability in the use of public resources, allowing total audit coverage of public spending by external independent control. (Sevilla, 2005)

Moreover, Sevilla (2005) stated that valuable and reliable information is essential for control. The existence of homogeneous statistics and accounting and reporting systems across levels of government can avoid most of the problems encountered when treating financial and non-financial information and it can help produce more accurate findings and recommendations.

3.7 Overview on Capitation

Republic Act 7875, as amended by RA 9241 and 10606 (2013), defines capitation as a –

“payment mechanism where a fixed rate, whether per person, family, household, or group, is negotiated with a health care provider who shall be responsible for delivering or arranging for the delivery of health services required by the covered person under the conditions of a health care provider contract”.

Moreover, Arzadon (2014) mentioned that –

“capitation is best understood as a payment mechanism similar to the Per Family Payment (PFP) system of TSeKaP, which elicits the tendency of health facilities to underprovide services in order to sustain the fund and at the same time motivate the provider to become cost-efficient. This is a balancing act that protects against risks of endless demand for health services by patients. Similarly, there is a need to balance fairness both from the part of the purchaser and the provider of healthcare services. PhilHealth, as the purchaser of service, has to give fair PFP in order to incentivize the

provider/LGU to deliver equitable healthcare. In more specific terms, capitation is a provider payment mechanism in fixed rate for a defined set of health services provided on a per-person basis for a fixed period of time, usually in an outpatient setting. Notably, capitation shifts the financial risk to providers by containing the cost of health services within the capitation amount but gaining for the unconsumed fund, for instance, when a member does not seek health service during the designated period. Like PFP, capitation influences the provider's behavior to under-provide services, tests and drugs, and exclude high-risk patients by referring them to specialists.”

The World Bank (2011), as cited in Arzadon (2014), mentioned that a strong incentive for capitation is for the provider to become more cost-efficient. Furthermore, Medicines Transparency Alliance Philippines (2010), as cited in Arzadon (2014), stated that –

“the capitation system for outpatients has been found to be more effective as a cost containment measure, while providing more acceptable levels and quality of service. There is, however, also a tendency for providers to limit services especially to those needing expensive care or to patients with chronic conditions”.

3.8 Evaluation Results on Philhealth's Outpatient Consultation and Diagnostic Benefit Package

Millavas (2004) assessed the implementation of the OPB Package in PhilHealth-accredited RHUs in Pangasinan as a basis for a municipal-based action plan and some of the noted findings which are deemed related to this study are

as follows:

- a. Low awareness of the beneficiaries regarding the OPB package;
- b. Non-availment of the 20% portion of the PCF/PFP for administrative cost as it was used for the salary of the Medical Technologist;
- c. Non-provision of preventive healthcare services because they were not yet introduced to the beneficiaries;
- d. Inadequate involvement of the public health workers in the information dissemination of the OPB package;
- e. Inadequate equipment and supplies in the laboratory;
- f. Insufficient medicines from the LGUs to sustain the program;
- g. Lack of training on visual acetic acid screening.
- h. No free outpatient benefit referral to Medical Specialist;
- i. Insufficiency of medicines for chronic diseases, such as diabetes and limited laboratory benefits with no platelet count, hematocrit and blood sugar examination.

3.9 Features of Re-entry Project Relative to the Study

It has been the role of Philhealth Regional Office No. 1 – Health Care Delivery Management Division (HCDMD) to ensure proper implementation of PhilHealth benefit programs in the region by all accredited healthcare providers, such as the “*Tamang Serbisyong Kalusugang Pampamilya*” or TSeKaP.

One of the performance gaps identified in the Re-entry Project of Arzadon (2014) which is related to this study is the low availment rate of Philhealth beneficiaries for the TSeKaP package. Such finding was evidenced by the report of PRO 1-HCDMD in 2013 showing that out of the 612,119 PhilHealth members assigned in the region, only 214,402 or 35% of the members and 190,082 or 31% of the members were enlisted and profiled, respectively. In the conduct of analysis, three major root causes were determined, as follows:

a. Lack of awareness among PHilHealth beneficiaries of their TSeKaP benefits

It was disclosed that a great number of beneficiaries have limited knowledge on the Philhealth benefits available at the local level despite the conduct of series of orientations per barangay regarding the OPB Package since 1999, thus giving an impression that the efforts were not sufficient to fully inform the beneficiaries of the PhilHealth's programs and benefits.

As cited in Arzadon (2014), a similar finding was also noted in Modol (2008) in an evaluation conducted on PhilHealth's OPB Package wherein the extremely low utilization of OPB-related services, particularly the preventive healthcare services, was correlated to the lack of awareness of the beneficiaries regarding the OPB.

If the indigent-beneficiaries know of all the healthcare services they are entitled to and they are assured of the

completeness and availability of such services at their respective RHUs, then they will be more encouraged to avail of the benefits.

b. Inability of TSeKaP providers to deliver complete TSeKaP benefits

It was further revealed in said Re-entry Project that some TSeKaP providers, such as the RHUs and outpatient clinics in government hospitals, were not able to deliver complete TSeKaP benefits due to insufficiency of funds for the purchase of medicines, laboratory supplies, and equipment. Such problem on insufficiency of fund was attributed to two main reasons:

- LGUs were not investing enough on healthcare service delivery due to internal problems between the LGU officials and RHU staff regarding the allocation of the PFP, thus affecting the availability of the required services as well as medicines.
- Delayed release of PFP due to incurrence of delays in the submission of reports by TSeKaP providers. It was disclosed, however, that such delay in the submission of required reports was caused by unclear PhilHealth guidelines and policies and the internal problems regarding the PFP allocation as mentioned in the given reason above. It was also emphasized that some RHUs

were discouraged from fully implementing the program since they do not receive the PFP.

c. Low compliance of TSeKaP providers on enlistment and profiling

Again, the low rate of compliance was brought about by the internal problem between the LGU officials and the RHU staff regarding the PFP allocation. The LGU officials alleged that the administrative cost of 20% of the PFP is considered as a double compensation for the RHU staff. On the other hand, some RHU staff claimed that some LGU officials have not been strictly following the prescribed regulations on PFP disbursement, but instead, they have been manipulating the capitation fund and disbursing it for other unintended purposes, thus preventing the former from receiving their PFP share. Such circumstance has disincentivized the healthcare providers to properly implement the Philhealth program.

Another reason mentioned for the low compliance rate is the fact that Philhealth is not facilitating enough of the PFP due to some organizational problems like lack of manpower, lack of systematized monitoring and coordination with providers on TSeKaP reporting and implementation, and poor PhilHealth systems.

Thirdly, it was attributed to low awareness of members and dependents of their TSeKaP benefits.

Lastly, such low rate of compliance was brought about by the ambiguity of the Philhealth guidelines, frequent revision of the same and insufficient dialogue between the PCB 1 providers and Philhealth.

In addition, it was mentioned in the said Re-entry Project that COA has not strictly monitored the LGU's utilization of the PFP. It was emphasized that Philhealth, as the payor of health services, should ensure that more responsive benefits are provided to its members and at the same time, safeguard its funds from utilization for unintended purposes. One way of achieving this alternative is to institute an agreement between COA and PhilHealth to include in COA's priority thrusts the review of PFP account and LGU's compliance with the prescribed regulations. (Arzadon, 2014)

Several recommendations were made in Arzadon (2014) and some of them were found to be applicable in this study, which are as follows:

- a. The LGUs and PhilHealth need to exert more efforts in conducting information and education campaign (IEC) regarding PhilHealth benefits including TSeKaP;
- b. Early resolution of the problem on the allocation of the PFP between the LGU officials and RHU staff is needed.

Three policy alternatives were presented in the said project,

to wit:

- The 20% administrative cost of the PFP to be disbursed as 5% for the physician, 10% for the other RHU staff, and 5% for the non-health professionals/staff ;
 - The 20% administrative cost to be disbursed as 7% for the physician, 8% for the other RHU staff, and 5% for the non-health professionals who assist in the provision of PCB 1 benefit; and
 - Status quo. The 20% administrative cost to be allocated as 10% for the physicians, 5% for the other health professional staff of the facility, and 5% for the non-health professionals/staff, including volunteers and community members of health teams.
- c. Improve awareness of the PhilHealth members and their dependents on their TSeKaP benefits especially on the availability of the required medical services;
- d. Proper Coordination between the PHIC and providers as well as systematic monitoring should be improved to minimize, if not avoid, delays in the submission of required reports which greatly contribute in the incurrence of delay in the processing and release of the capitation funds;

- e. Re-orientation on PCB guidelines should be conducted with the healthcare providers to clarify issues and concerns regarding the program;
- f. The proper implementation of PhilHealth's TSeKaP program and proper utilization of PFP should be included as one of the indicators of the LGPMS-SGLG;
- g. Proper coordination and collaboration between the PHIC and DILG should be enhanced for proper adoption and implementation of PhilHealth's primary care benefit or TSeKaP and for the observance of efficient PFP utilization to achieve better governance thru the LGPMS-SGLG; and
- h. Institute an agreement between COA and PhilHealth to include in COA's priority thrusts the review of PFP account and LGU's compliance with the regulations in the OPB implementation.

The aforecited reviewed studies and professional literatures are all related to this study as they have dealt relevant matters regarding the outpatient benefit package, utilization of the capitation funds, responsibilities of COA Auditors, performance of auditors, factors affecting performance of government employees, strategies for improving performance, applicable government rules and regulations and concepts on public accountability and transparency. They all have provided insights to the researcher regarding the COA Auditor's role in ensuring the efficient utilization of public funds and in fostering public accountability and

transparency. It also helped in establishing the relationship between the degree of COA Auditors' performance in the audit of the PCF/PFP and the level of efficiency of PCF/PFP utilization.

CHAPTER IV

RESEARCH METHODOLOGY

This chapter presents and discusses the sample plan, instrumentation and data collection, and the analytical procedures followed by the researcher in conducting this study.

4.1 Sampling and Respondents

The main respondents of this study are government personnel who are employed and/or assigned at the LGUs in the entire Province of Pangasinan, Region I. They are officially and directly involved in the utilization, recording, and auditing of the PCF/PFP as well as in the delivery of necessary healthcare services to the indigent-beneficiaries. These government personnel include the COA Auditors, Local Government Accountants and Municipal Health Officers. A number of indigent-beneficiaries were also included as supplementary respondents.

This researcher did not use any sampling procedures with regard to the three main sets of respondents, considering that the study required the involvement of all those who have direct knowledge on the utilization of the capitation funds in order to have a better assessment of the over-all perceptions on the different aspects of the study. Table 4.1 shows the composition of the main set of respondents.

Table 4.1
Composition of Three Main Respondents

RESPONDENTS	NO. OF POPULATION	NO. OF QUESTIONNAIRES SENT BY RESEARCHER	ACTUAL NO. OF RESPONDENTS
COA Auditors	42	42	36
Local Government Accountants	48	48	31
Municipal Health Officers	64	48	39
TOTAL	154	138	106

The profile of each set of main respondents is discussed below.

a. COA Auditors

The COA auditing force in the LGS of Province of Pangasinan is divided into two audit groups, namely: Audit Group D, otherwise known as Pangasinan I, and Audit Group E, also known as Pangasinan II. It can be inferred from Table 4.2 that a total of 15 audit teams were created and are manned by 49 COA personnel who were assigned at different municipalities of Pangasinan as of August 31, 2014. However, only 42 hold the positions of SA I, SA II, SA III and SA IV, hence were qualified as respondents to this study. Also, of the 42 COA Auditors, fifteen (15) were designated as Team Leaders while the remaining twenty-seven (27) were designated as Team Members.

Out of the 42 COA Auditors, only 36 or 85.71% have actually responded to the survey conducted.

Table 4.2

PROFILE OF COA RESPONDENTS										
As of August 31, 2014										
AUDIT GROUP	TEAM NO.	NO. OF PERSONNEL	NO. OF TL	NO. OF TM & STAFF	SA I	SA II	SA III	SA IV	TL	TM
AGD - LGS - PANGASINAN I	1	4	1	3	1	2		1	1	3
	2	3	1	2	1		1		1	1
	3	3	1	2	1	1		1	1	2
	4	3	1	2	1		2		1	2
	5	2	1	1	1			1	1	1
	6	2	1	1		1		1	1	1
	7	4	1	3	1	1		1	1	2
	8	5	1	4		2		1	1	2
AGE - LGS - PANGASINAN II	1	3	1	2		2		1	1	2
	2	4	1	3		2		1	1	2
	3	3	1	2	1	1		1	1	2
	4	2	1	1	1		1		1	1
	5	3	1	2		1	1		1	1
	6	5	1	4	1	1	1	1	1	3
	7	3	1	2		2		1	1	2
SUB-TOTALS		49	15	34	9	16	6	11	15	27
GRAND TOTALS			49		42				42	

b. Local Government Accountants

All of the forty-eight (48) Local Government Accountants were considered respondents to this study regardless of their status of designation or appointment. However, only 31 or 64.58% of the 48 LGAs have actually responded to the survey conducted.

c. Municipal Health Officers

All of the Municipal or City Health Officers in the Province of Pangasinan were considered respondents to this study since they play a major role in the implementation of the Outpatient Benefit Package. It can be inferred from Table 4.1, though, that the total number of Municipal Health Officers was not equal to the number of survey questionnaires sent by the researcher despite the 100% coverage of the population. This was due to the circumstance that some

municipalities or cities have more than one MHO. Nonetheless, only one MHO per municipality/city was designated as Chief MHO, thereby qualifying only 48 out of 64 MHOs. However, only 39 or 81.25% of the 48 MHOs have actually responded to the survey conducted.

A secondary set of respondents was composed of indigent-beneficiaries. Per records of PHIC RO I, there are 64,043 enrolled indigents in the Province of Pangasinan as of December 31, 2014. Due to time constraints, however, only one hundred (100) indigent-beneficiaries were selected as sample, on a non-random basis during visits to RHUs and local communities/villages where indigent-beneficiaries reside. The only basic criteria for selection of an indigent-respondent was the individual's confirmation that he/she is a bonafide PHIC indigent-beneficiary and has already availed of the medical services at the RHU. These criteria were set in as much as the researcher would like to assess the satisfaction of the indigent-beneficiaries on the extent of availment and use of the required medical services at the local level. Since they are the actual recipients of the medical services offered by Philhealth's outpatient programs, then they are the rightful people who can objectively validate, in one way or another, the level of efficiency of PCF/PFP utilization in their respective municipalities. However, due to limited time and resources, only fourteen (14) out of the forty-eight (48) municipalities were visited, namely: Binmaley, Bugallon, Calasiao, Dagupan City, Lingayen, Manaoag, Mangaldan, Rosales, San Fabian, San Jacinto, Sta. Barbara, Sual, Urdaneta and Villasis. The distribution of the indigent-respondents per municipality is summarized in Table 4.3.

Table 4.3
Distribution of the Indigent-Respondents per Municipality

Municipality	No. of Respondents
Binmaley	4
Bugallon	5
Calasiao	4
Dagupan City	8
Lingayen	5
Manaoag	5
Mangaldan	13
Rosales	6
San Fabian	22
San Jacinto	8
Sta. Barbara	6
Sual	4
Urdaneta	5
Villasis	5
Total	100

It can be observed from Table 4.3 that a significant number of respondents came from the municipalities of San Fabian and Mangaldan. Being a resident of San Fabian, the researcher is familiar with some areas where indigent-beneficiaries reside, hence she exerted more efforts to reach out and conduct the survey within the local communities/villages. On the other hand, during the conduct of survey in RHU-Mangaldan, a great number of indigent-beneficiaries were patiently queueing for their turn to be medically checked up, thus gave the researcher the opportunity to distribute as many questionnaires as possible.

The profile of indigent-respondents according to age and gender are also summarized in Table 4.4.

Table 4.4
Profile of Indigent-Respondents according to Age and Gender

Particulars		No. of Respondents	Total
Age Category	21-30	26	100
	31-40	29	
	41-50	21	
	51-60	9	
	61-70	15	
Gender	Male	11	100
	Female	89	

4.2 The Data Needed

The main data needed in this study were the respondents' perceptions on the following:

- a. Level of efficiency of PCF/PFP utilization;
- b. Degree of COA Auditors' performance in the audit of PCF/PFP;
- c. Factors affecting the efficient utilization of the PCF/PFP;
- d. Factors affecting the degree of COA Auditors' performance in the audit of PCF/PFP;
- e. Relationship between COA Auditors' degree of performance and level of efficiency of PCF/PFP utilization; and
- f. Other ways and means to improve the audit services rendered by COA Auditors as well as to enhance the utilization of the capitation funds.

The data on the perceptions of the indigent-beneficiaries as to their level of satisfaction on the availability of required healthcare services at their respective RHUs were likewise significant as they corroborate certain aspects of the main data.

The profile of the respondents was also required to ensure that only those personnel who have direct knowledge on the research area will be made subjects of this study and to enable the researcher to conduct further analysis on the personal responses of the respondents.

4.3 Instrumentation and Data Collection

A quantitative research approach, particularly the descriptive – correlational type of research was adopted. This method was chosen because this study is geared towards obtaining statistical data that summarize, describe and show relations between variables.

The data for analysis were mainly sourced from the conduct of survey through self-completion questionnaires and supplemented with review of COA Audit Reports, PHIC prescribed guidelines on the utilization of PCF/PFP, news articles, government circulars/issuances/publications and scholarly works published related to this research.

Two sets of survey questionnaires were formulated based on researcher's personal observations and initial review of pertinent documents which relate to the utilization of the capitation funds and conduct of audit by the auditors. Prior to the conduct of survey, the PHIC issued Philhealth Circular no. 015 s. 2014, re:

Primary Care Benefit 1 (PCB 1) Now Called “*TSeKaP*” Package Guidelines for CY 2014, hence the researcher was prompted to conduct an informal interview with concerned PHIC officials to clarify some matters that might affect the contents of the questionnaire. After effecting the necessary changes, the revised questionnaire was presented to the Academic Supervisor and sent to some co-workers in COA for comments and suggestions. Pilot-testing was also adopted to check whether the questionnaire is easy to accomplish or if there are any other comments and suggestions to improve the same. After collating all the comments and suggestions, the final revision of the questionnaires was done for better clarity and understanding of the respondents.

The first set of questionnaires was distributed to the main group of respondents which include the COA Auditors, Local Government Accountants and the Municipal Health Officers. The questionnaire consisted of sixty (60) close-ended questions and four (4) open-ended questions. Two of the open-ended questions asked for factors other than those pre-determined by the researcher, which the respondents perceive to have an effect on the efficient utilization of the PCF/PFP and on the COA Auditors’ degree of performance. The other two open-ended questions solicited for suggestions and recommendations on how to improve the efficiency of PCF/PFP utilization and COA Auditors’ performance in the audit of PCF/PFP. The questionnaire was divided into five (5) parts. Part I of the questionnaire obtained data based on the perceptions of respondents on the level of efficiency of utilization of PCF/PFP by the LGUs. Part II of the questionnaire obtained data based on perceptions of respondents as to the degree

of COA Auditor's performance in the audit of PCF/PFP. Part III of the questionnaire obtained data regarding the degree of impact of COA Auditors' performance on the level of efficiency of PCF/PFP utilization. Part IV and Part V obtained data through suggestions and recommendations of the respondents on how to improve the efficiency of PCF/PFP utilization and the COA Auditors' performance in the audit of PCF/PFP.

In the observance of protocol and to expedite the distribution of survey questionnaires to the main group of respondents, simultaneous coordination and requests for assistance from the concerned officials of COA were made. During personal visits to COA Local Offices, some respondents immediately handed the questionnaires to the researcher after accomplishing them. Others sent their responses electronically via E-mails. A number of respondents, however, requested to submit at a later date but never bothered to do so unless personal follow ups have been made.

In addition to the conduct of personal visits from one municipality to another, coordination with the President of the Pangasinan Association of Local Government Accountants (PALGA) was also done to facilitate the conduct of survey among the LGAs during their monthly meeting in Dagupan City. Likewise, close coordination with the Provincial Health Officer (PHO) and the MHOs of the municipalities of Calasiao, Mangaldan and Bani was also done to achieve a higher turnout of response.

The second set of questionnaires was devised for the indigent-beneficiaries. The questionnaire consisted of nine (9) close-ended questions and

one (1) open-ended question. It was divided into two (2) parts. Part I of the questionnaire obtained data based on the perceptions of the one hundred (100) respondents on their level of satisfaction as to the availability of required healthcare services at the local level. Part II of the questionnaire obtained data through suggestions and recommendations for the improvement of healthcare services rendered to the indigent-beneficiaries.

The questionnaires were distributed to the indigent-respondents during visits to RHUs and villages in certain municipalities where groups of indigent-beneficiaries reside. The questionnaires were immediately collected upon completion.

It was emphasized during the conduct of series of surveys that the confidentiality of the respondents' personality and responses will be strictly observed in order to let them feel free from any inhibitions in answering the questionnaires objectively.

All the accomplished questionnaires were collected over a period from August, 2014 to January, 2015. Out of 138 questionnaires distributed to the main respondents, only 106 were collected, thus yielding a turnout rate of 76.81%. On the other hand, 100% of the questionnaires distributed to 100 indigent-beneficiaries were collected. The turnout rates for the two sets of respondents were quite high due to the well-planned coordination with the concerned officials and employees of government agencies and organization, such as the COA, LGUs, PHO, PALGA and some MHOs.

4.4 Treatment of the Data

The survey data were coded into a numeric form, run into the Statistical Package for Social Sciences (SPSS) version 17.0 and analyzed.

With regard to the main research problem, the perceived degree of COA Auditors' performance in the audit of PCF/PFP was examined as an independent variable. Conversely, the perceived level of efficiency of PCF/PFP utilization was examined as a dependent variable.

The Likert Scale was adopted in measuring the variables used in this study.

The level of efficiency of PCF/PFP utilization was evaluated based on compliance to the prescribed PHIC guidelines on the utilization of the capitation funds; delivery of primary preventive services and conduct of diagnostic examinations. The measurement of the evaluation criteria used ranged from Strongly Agree, Moderately Agree, Moderately Disagree, Strongly Disagree and Don't Know with assigned values of 4, 3, 2, 1 and 999, respectively. Furthermore, the overall perception on the level of efficiency of PCF/PFP utilization was measured using the scale ranging from Very efficient, Moderately Efficient, Moderately Inefficient, Very Inefficient and Don't Know with corresponding values of 4, 3, 2, 1 and 999, respectively.

With regard to the factors affecting the efficient utilization of the PCF/PFP, the scale used in measuring the perceptions of the respondents on the 8 pre-determined factors ranged from Strongly Agree, Moderately Agree,

Moderately Disagree, Strongly Disagree and Don't Know with assigned values of 4, 3, 2, 1 and 999, correspondingly.

On the other hand, the degree of COA Auditors' performance in the audit of PCF/PFP was assessed using the performance indicators, such as the number of AOMs, NDs and NSs issued and the conduct of necessary audit procedures. These performance indicators were measured using several scales, as summarized in Table 4.5.

Table 4.5
Summary of Scales used for Measurement of Other Performance Indicators

Performance Indicator	Respondent's Perception	Assigned Value
Conduct of necessary audit procedures	Yes	1
	No	2
	Not Applicable	998
	Don't Know	999
Number of AOMs, NDs and NSs issued	No AOM / ND / NS	0
	1 AOM / ND / NS	1
	2 AOMs / NDs / NSs	2
	3 or more AOMs / NDs / NSs	3
	Not Applicable	998
	Don't Know	999

As to the factors affecting the degree of COA Auditors' performance in the audit of PCF/PFP, the scale used in measuring the perceptions of the respondents on the 21 pre-determined factors ranged from Strongly Agree, Moderately Agree, Moderately Disagree, Strongly Disagree and Don't Know with assigned values of 4, 3, 2, 1 and 999, respectively.

The over-all perception of the respondents on the degree of COA Auditors' performance in the audit of the PCF/PFP was measured using the scale

that ranged from Very Efficient, Moderately Efficient, Moderately Inefficient, Very Inefficient and Don't Know with assigned values of 4, 3, 2, 1 and 999, respectively.

Moreover, the perceptions of the respondents on the relationship between the COA Auditors' performance and level of efficiency of PCF/PFP utilization were measured using the 4-point Likert Scale which ranged from Strongly Agree, Moderately Agree, Moderately Disagree and Strongly Disagree with assigned values of 4, 3, 2 and 1, respectively.

Through the aid of SPSS, the researcher was able to use and execute Descriptive Statistics which provided the needed statistical data that were indispensable in answering the research problem and in achieving the specific objectives set forth in this study. Cross-tabulations of statistical data were also executed to derive the difference in perception among the main respondents on some aspects of the study. Likewise, Multiple Regression was used in determining the factors that greatly affect the efficient utilization of PCF/PFP and the COA Auditors' degree of performance in the audit of the same.

The raw data derived from a separate survey conducted among the indigent-beneficiaries were also coded and run into SPSS for the basic purpose of obtaining the frequency of replies as to the satisfaction of the indigent-beneficiaries on the availability of the medical services at their respective RHUs. The perceived level of satisfaction of the indigent-beneficiaries was measured by 8 items. The items were measured using both the 5-point Likert Scale which ranged from 1 (Very Poor) to 5 (Outstanding) and the 4-point Likert Scale which

ranged from 1 (Strongly Disagree) to 4 (Strongly Agree). The result of the analysis conducted was important because it corroborated the results obtained from the analysis of main respondents' perceptions on certain aspects of the study.

CHAPTER V

FINDINGS AND DISCUSSION

This chapter discusses the findings on the main aspects of the study which include the perceived level of efficiency of PCF/PFP utilization; the perceived factors affecting the efficient utilization of the PCF/PFP; the perceived degree of COA Auditors' performance in the audit of the PCF/PFP; and the perceived factors affecting the degree of COA Auditors' performance in the audit of the PCF/PFP. Relatively, it highlights the relationship between the degree of COA Auditors' performance in the audit of the PCF/PFP and the level of efficiency of PCF/PFP utilization. In addition, it describes how the perceptions of different types of respondents vary with regard to the certain aspects of the study. Lastly, it presents the suggestions and recommendations of the respondents on how to improve the utilization of the capitation funds as well as the performance of COA Auditors in their conduct of audit.

5.1 Perceived Level of Efficiency of PCF/PFP Utilization

Table 5.1 summarizes the respondents' over-all perception on the level of efficiency of PCF/PFP utilization.

Table 5.1
Frequency of Respondents' Over-all Perception on the Level of Efficiency of
PCF/PFP Utilization

Variable	Particulars	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
Perception on the level of efficiency of PCF/PFP utilization	No. of Respondents	28	64	5	1	8
	Percentage	26%	60%	5%	1%	8%

Generally, based on Table 5.1, the over-all fund utilization is considered efficient as evidenced by 86% of respondents who claimed as such. It is noteworthy to mention though that only 26% rated the utilization as “very efficient” while 60% gave a “moderately efficient” rating.

The high percentage of respondents who believed that the utilization of the fund is moderately efficient implies that there might have been some problems previously encountered by such respondents, which need to be addressed. This was further supported by the percentage of respondents who rated the fund utilization as “moderately inefficient” and “very inefficient”, as revealed by 5% and 1%, respectively.

Specifically, the evaluation criteria used include compliance to the prescribed PHIC guidelines regarding the utilization of the capitation funds, delivery of primary preventive health services, and conduct of diagnostic examinations. Table 5.2 presents the respondents’ perceptions on the different variables or evaluation criteria used.

Table 5.2
Respondents’ Perceptions on the Utilization of PCF/PFP in accordance with PHIC rules and regulations and Availability of Required Medical Services

Variable / Particulars	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don’t Know
A. Utilization of 80% of PCF/PFP for operational costs	49%	41%	3%	0%	8%
B. Utilization of 20% of PCF/PFP for honoraria of medical officer and staff	52%	37%	5%	0%	7%
C. Utilization of PCF/PFP for unintended purposes	8%	18%	13%	42%	19%

Variable / Particulars	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
D. Unexpended PCF/PFP remained idle	11%	24 %	13%	29 %	22%
E. Delivery of Primary Preventive Health Services	26%	52%	4%	0%	19%
F. Conduct of Diagnostic Examinations	40%	37%	5%	1.9%	17%

It can be inferred from Table 5.2 that there is an apparent trend on the respondents' perceptions on the different criteria used. About 90% of the respondents claimed that the capitation funds were utilized efficiently for operational costs (A) and honoraria of medical officer and staff (B). Moreover, around 77% agreed that the primary preventive healthcare services were delivered (E) and the required diagnostic examinations were conducted (F). However, a low percentage of respondents totaling 26% and 35% respectively opined that the funds were utilized for unintended purposes (C) and that the unexpended portion of the PCF/PFP remained idle (D).

The following discussions present the detailed findings derived from the analysis conducted on the respondents' perceptions based on the six (6) evaluation criteria.

As to the utilization of the PCF/PFP for operational costs, it can be gleaned from Table 5.2 that 49% of the respondents strongly agreed that 80% of the PCF/PFP was utilized for operational costs, while 41% moderately agreed thereto. Moreover, 3% moderately disagreed and the remaining 8% admitted that they did not have knowledge on whether such portion of the capitation fund was

utilized for operational costs as prescribed under PHIC Circular No. 010, s. 2012, as follows:

- Minimum of 40% for drugs and medicines for asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection; and
- Maximum of 40% for reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), IT equipment, capacity building for staff, infrastructure or any other use related, necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility. (PHIC, 2012)

Considering the 49% of the respondents who strongly agreed on the criterion that 80% of PCF/PFP was strictly utilized for operational costs, we can say that such portion of the capitation fund was efficiently utilized. However, it cannot be set aside that 41% of the total respondents simply agreed moderately while 3 respondents moderately disagreed. These findings suggest that such respondents may have previously encountered some problems on the utilization of the fund, thus indicating the need for further improvement.

Regarding the utilization of the 20% PCF/PFP for honoraria of medical officer and staff, it was shown in Table 5.2 that 52% of the respondents strongly agreed that such portion of the fund was utilized accordingly, while 37% only moderately agreed. Furthermore, 5% moderately disagreed and the remaining 7% declared that they did not have knowledge on whether such portion of the

capitation fund was utilized in accordance with PHIC Circular No. 010, s. 2012, to wit:

- a. 10% for the physician;
- b. 5% for other health professional staff of the facility; and
- c. 5% for non-health professionals/staff, including volunteers and community members of health teams (e.g. Women's Health Team, Community Health Team). (PHIC, 2012)

With the 52% who strongly agreed on the criterion that 20% of PCF/PFP was strictly utilized for honoraria of medical officer and staff, we can say that such portion of the capitation fund was efficiently utilized. Nonetheless, the percentage of respondents who moderately agreed thereto totaled 37%, while 5% moderately disagreed. These other findings suggest that some problems on the utilization of the fund were previously noted by some respondents, hence implying that there is still a room for improvement.

Based on the replies of some respondents, it was noted that certain government employees, particularly the LGAs and DSWD Officers and staff, were given a share of the 20% PCF/PFP despite the notion that they are not entitled to such benefits in the sense that they do not take part in the actual delivery of the required medical services to the indigent-beneficiaries at the RHUs. This problem has been one of the issues conveyed during the conduct of survey and informal interviews with the respondents, which requires clarification from the PHIC regarding some gray areas on the prescribed guidelines. Such scenario was also noted by Arzadon (2014).

With respect to the utilization of the PCF/PFP for unintended purposes, it can be inferred from Table 5.2 that only 8% of the respondents strongly agreed that the funds were used for purposes other than those specifically mentioned in PHIC Circular No. 010, s. 2012, whereas 42% strongly disagreed.

Attention was drawn on the combined percentage of the respondents who strongly and moderately agreed that the capitation funds were also used for other purposes which were not specified in the PHIC guidelines. The researcher considered the percentage of 26 as a significant indicator of red flags in the utilization of the capitation funds. It was emphasized that PCF/PFP is a trust fund and was released to the LGUs for specific purposes embodied under PHIC Circular 010, s. 2012.

Relatively, there was a news article regarding abuses in the use of the PCF/PFP. It has been reported that the capitation funds were treated as a discretionary fund by some local chief executives, thus disclosed a non-strict compliance with the prescribed rules and regulations (Espejo, 2011). This problem on utilization of the capitation funds for unintended purposes was also mentioned by Arzadon (2014).

Agere (2000) mentioned that one example of poor governance and corruption is the *“diversion of resources from their intended purposes, thus distorting the formulation of the public policy”*.

As to the respondents' perceptions on the unexpended PCF/PFP, Table 5.2 shows that 11% of the respondents strongly agreed that the unexpended portion of the PCF/PFP remained idle, while 24% only moderately agreed.

The combined percentage of the respondents who strongly and moderately agreed that the unexpended PCF/PFP remained idle totaled 36%. Such percentage is substantial enough to deduce that the PCF/PFP released to the LGUs was not utilized at an optimum level. It is significant to note that non-utilization of a portion of the fund means non-maximization of the benefits derived from its use, either in the form of insufficiency of medicines or inadequacy of medical services rendered at the RHUs.

With regard to the perceptions of the respondents on the delivery of primary preventive health services, it was presented in Table 5.2 that 26% of the respondents strongly agreed that the RHUs have been delivering the required healthcare services, while 52% only moderately agreed.

Nonetheless, a high combined percentage of 77%, consisting of 82 respondents who strongly and moderately agreed that the required healthcare services were rendered to the indigent-beneficiaries, proved that the RHUs have basically complied with one of the necessary requirements of the outpatient benefit packages. However, allegations regarding dissatisfaction on the services rendered to some indigent-beneficiaries could not be set aside. These allegations were rebutted by some medical officers and staff by quoting the saying that “they cannot please everyone”.

As to the respondents’ perceptions on the conduct of diagnostic examinations, it was presented in Table 5.2 that 40% of the respondents strongly agreed that the RHUs have been conducting the prescribed diagnostic examinations, whereas 37% only moderately agreed.

Nevertheless, a significant combined percentage of 76%, consisting of 81 respondents who strongly and moderately agreed that the prescribed diagnostic examinations were conducted by RHUs, confirmed that one of the basic requirements of the outpatient benefit packages has been complied with. However, some indigent-beneficiaries were not satisfied with the services rendered, due to the fact that some diagnostic and laboratory facilities were not available at the RHUs.

It was expressly stated that the PCB providers shall ensure that all diagnostic examinations are available to their clientele, when needed and if ever some diagnostic tests are not available in their facility, they may forge a Memorandum of Agreement with another healthcare facility which will then provide the necessary diagnostic examinations. (PHIC, 2012)

Variations in perceptions of different respondents on each of the variables were noted and are deemed significant in this study. A separate discussion on the result of cross-tabulation and comparison of respondents' perceptions was made in Section 5.6.

In view of obtaining an objective validation on the level of efficiency of PCF/PFP utilization, a separate survey was conducted among the indigent-beneficiaries as to their satisfaction on the availability of required medical services in their respective municipalities through the RHUs. Table 5.3 shows the indigent-beneficiaries' satisfaction on the availability of required healthcare services at their respective RHUs.

Table 5.3
Indigent-Beneficiaries' Satisfaction on the Availability of Required Healthcare Services

VARIABLE	OUTSTANDING	VERY SATISFACTORY	SATISFACTORY	NOT SATISFACTORY	VERY POOR
A. Sufficiency of Drugs and Medicines	3%	17%	61%	11%	8%
B. Sufficiency of Reagents, Medical Supplies and Equipment	3%	14%	65%	11%	7%
C. Performance of Quality Healthcare services by Medical Staff	10%	34%	40%	10%	6%

Based on Table 5.3, we can basically say that there is a significant pattern showing a high level of satisfaction of indigent-beneficiaries on the availability of required healthcare services. On each of the three evaluation criteria used (A, B, and C), an aggregate of about 74% to 79% of the respondents gave the rating of “very satisfactory” and “satisfactory”. It is worthwhile to highlight that 10% of the respondents rated their satisfaction level on the performance of the medical staff in delivering quality healthcare services (C) as “outstanding”.

Though the over-all satisfaction level of the indigent-beneficiaries is deemed to be quite high, we cannot discount the significance of the percentage of respondents who only gave a “Satisfactory” rating on the three criteria used in assessing the availability of the required healthcare services. Such level of satisfaction implies that there has been inadequacies in the services rendered which might have been attributed to some problems on inefficient utilization of the fund, which needs to be addressed. Furthermore, a total of 6% to 11% of the

respondents gave a rating of “Not Satisfactory” and “Very Poor” based on the three criteria used, thus supporting the call for improvement.

The following table presents the indigent-beneficiaries’ perceptions on the delivery of required healthcare services and conduct of diagnostic examinations.

Table 5.4
Indigent-Beneficiaries’ Perceptions on the Delivery of Required Healthcare Services and Conduct of Diagnostic Examinations

VARIABLE	STRONGLY AGREE	MODERATELY AGREE	MODERATELY DISAGREE	STRONGLY DISAGREE
A. Delivery of required healthcare services	70%	30%	0%	0%
B. Conduct of diagnostic examinations	14%	20%	5%	61%

Essentially, Table 5.4 clearly shows that 100% of the respondents believed that the required healthcare services are delivered to the indigent-beneficiaries (A). However, with regard to the conduct of diagnostic examinations (B), only 34% agreed as compared with the high percentage of 66% who disagreed that such required services were conducted.

PHIC Circular No. 010, s. 2012 prescribes that primary preventive services should be provided at the RHUs as recommended by the physician, which are as follows: consultation, visual inspection with acetic acid, regular BP measurements, breastfeeding program education, periodic clinical breast examinations, counselling for lifestyle modification, counselling for smoking cessation, body measurements and digital rectal examination.

As presented in Table 5.4, 30% of the respondents only moderately agreed that the required healthcare services were rendered at the RHUs (A). In the scrutiny of the accomplished survey questionnaires, almost all of the respondents indicated that the usual services rendered were only consultation, regular BP measurements and body measurements. Per inquiry with some MHOs and staff, such circumstances were justified in the sense that not all the healthcare services mentioned above are necessarily to be performed on all the patients as they are required to be done only on a case to case basis and upon the recommendation of the physician. Based on the justification made and the fact that there was no single respondent who strongly and moderately disagreed, it can be said that the basic healthcare services mentioned above were rendered to the indigent-beneficiaries.

Furthermore, PHIC Circular No. 010, s. 2012 prescribes the conduct of diagnostic examinations, as per recommendation of the physician, which include the following: Complete Blood Count (CBC), Urinalysis, Fecalalysis, Sputum microscopy, Fasting Blood Sugar, Lipid profile and Chest X-ray.

As shown in Table 5.4, 20% of the respondents only moderately agreed that the required diagnostic examinations were conducted (B). On the other hand, a high percentage of respondents, as indicated by 61%, strongly disclaimed that such examinations were conducted and the remaining 5% moderately disagreed.

Close examination of the accomplished questionnaires revealed that the respondents marked the frequently conducted diagnostic examinations, such as Urinalysis, Sputum microscopy and Fasting Blood Sugar. Again, some MHOs

and staff justified by giving emphasis on the PHIC guideline that diagnostic examinations should be conducted on a case to case basis and only upon the recommendation of the physician.

Nevertheless, it is worthy to mention that some respondents indicated in the accomplished questionnaires that referrals were made by the physician whenever the required diagnostic or laboratory facility is not available in the RHU. This circumstance was also validated by some MHOs. It is sad to note, though, that the indigent-beneficiaries were required to shell out their meager funds to cover the necessary fees for diagnostic examinations conducted outside of RHUs despite the PHIC guideline that a MOA should be forged with another healthcare facility which will provide the necessary diagnostic examinations in case the laboratory tests are not available in the facility. (PHIC, 2012)

5.2 Perceived Factors Affecting the Efficient Utilization of the PCF/PFP

Table 5.5 presents the respondents' perceptions on the 8 pre-determined factors affecting the efficient utilization of the PCF/PFP.

Table 5.5
Perceived Factors Affecting the Efficient Utilization of the PCF/PFP

Variable / Factors	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
A. Delayed Release of PCF/PFP	35%	40%	9%	7%	10%
B. Absence of Audit	11%	35%	17%	25%	12%
C. Inefficient Audit	10%	23%	27%	26%	14%
D. Ambiguity in PHIC guidelines	21%	36%	15%	23%	6%
E. Political Influence/Meddling	21%	29%	12%	28%	9%
F. Lack of Coordination and Communication	11%	32%	17%	34%	6%
G. Pooling of Funds	12%	30%	21%	28%	9%
H. Non-requirement of Utilization Reports	20%	43%	14%	15%	8%

As presented in Table 5.5, there is basically an apparent trend indicating that the factor perceived to be affecting the efficient utilization of the PCF/PFP the most is the delayed release of the capitation funds (A) as supported by a total of 75% of respondents who strongly and moderately agreed thereto. Non-requirement of utilization reports (H) was also believed as one of the major factors by 63% of the respondents. With the obtained percentages of 57%, 50% and 46%, ambiguity in PHIC guidelines (D), political influence/meddling (E) and absence of audit (B), respectively, were also claimed to be among the main factors which affect the fund utilization efficiency.

As to the remaining three factors, such as inefficient audit (C), lack of coordination and communication (F) and pooling of funds (G), it is significant to note that about 33% to 43% of the respondents have considered them as factors, though, some 49% to 53% opined otherwise.

The succeeding paragraphs discuss in detail the respondents' perceptions on the eight (8) predetermined factors.

It can be gleaned from Table 5.5 that 35% of the respondents strongly agreed that the delay in the release of the PCF/PFP was one of the factors which affected the efficient utilization of the funds. Moreover, about 40% of the respondents moderately agreed thereto. This result coincides with the observations of some scholars and PHIC itself.

Arzadon (2014) revealed that one of the reasons that prevented the healthcare providers to deliver complete healthcare services was the delayed release of the PCF/PFP to the LGUs due to late submission of required reports by

the healthcare providers. It has been expressly stated in the PHIC guidelines that delayed submission of the required reports may result to delay in the processing of the PCP/PFP (PHIC, 2012). Another reason for delay in the release of capitation funds was attributed to the late release of PHIC's new implementing guidelines. In an informal interview with a concerned PHIC official, it was admitted that the release of PCF/PFP was put on hold pending the issuance of the newly prescribed guidelines in order to avoid any unnecessary complications.

Had the funds been released on time, then the benefits derived therefrom could have been maximized and enjoyed by the indigent-beneficiaries during the applicable years.

Based on Table 5.5, 11% of the respondents strongly agreed that absence of audit was also perceived as one of the factors affecting the efficient utilization of the capitation funds and 35% of respondents moderately agreed thereto. This finding implies that some auditors might have not audited the capitation funds, thus perceived to have contributed to the inefficient utilization of the PCF/PFP. Further discussion on this matter was made in the section covering the perceived degree of COA Auditors' performance in the audit of the PCF/PFP. On the other hand, 17% and 25% of the respondents have moderately and strongly disagreed to the perception that inefficient utilization of the capitation funds was influenced by the absence of audit. These percentages may illustrate that COA Auditors were believed to have performed the required audit activities on the capitation funds.

Auditing is an essential part of the check and balance system in a government to ensure that no agency has the absolute power. (Agere, 2000)

Absence of audit gives freedom to the auditees, to some extent, on how to utilize the funds, either in accordance with the prescribed regulations or not.

Likewise, inefficient audit was considered as one of the perceived factors of inefficient utilization of capitation funds by 10% and 23% of the respondents who have strongly and moderately agreed correspondingly. These figures suggest that audits were conducted but were not that efficient to safeguard the PCF/PFP against inefficient utilization. Conversely, some 27% and 26% of the respondents have moderately and strongly disagreed respectively. Such percentages indicate that more than half of the respondents believe that the audits conducted by some auditors are efficient enough to effect the efficient utilization of the funds. In the meantime, 14% of the respondents claimed that they have no knowledge.

As shown in Table 5.5, 21% of the respondents have strongly agreed and 36% have moderately agreed with ambiguity in PHIC guidelines as one of the factors influencing the efficient utilization of the fund. It was emphasized by some respondents that certain items in the guidelines need further clarification, as seen in the term “others” which was used in the prescribed guideline pertaining to the utilization of the 80% portion of the capitation fund and the term “non-health personnel” which was used in the guideline pertaining to the utilization of the 20% PCF/PFP. On the other hand, 15.1% and 22.6% of the respondents moderately disagreed and strongly disagreed thereto. These respondents may have considered that the prescribed guidelines are already clear to them.

But the erroneous interpretations made by some government officials have contributed to the inefficient utilization of the capitation funds. (Arzadon, 2014)

It has been emphasized by Magtolis-Briones (1983) that a well-formulated set of expenditure policies, faithfully and capably implemented, can perform its proper fiscal role for development. However, issues on ambiguity in the guidelines will certainly curtail its efficient and effective implementation, thus giving rise to some complications.

Political influence/meddling was also considered as a significant factor affecting the efficient utilization of the fund by 21% and 29% of the respondents who have strongly and moderately agreed. As reported in news articles, some politicians, particularly the LCEs, tend to abuse the utilization of the PCF/PFP for the reason that they treat the capitation fund as a discretionary fund. (Espejo, 2011)

As disclosed by Arzadon (2014), there has been an internal problem between some LGU officials and RHU staff regarding the 20% PCF/PFP allocation. Some RHU heads claimed that several LGU officials have not been strictly complying with the prescribed guidelines on capitation fund utilization, instead, have been manipulating the fund and disbursing it for unintended purposes, thus preventing the MHOs from receiving their allotted share.

However, it should also be noted that some 12% and 28% of the respondents have moderately and strongly disagreed that political influence/meddling is one of the factors affecting the efficient utilization of the fund. In an informal interview with one of the MHOs, it was learned that issues on political meddling were kept at a minimum due to the initial understanding with the Local Chief Executive that the capitation funds are intended for the

healthcare needs of the less fortunate ones and should not be used for any other unintended purposes.

As shown in Table 5.5, lack of coordination and communication was also perceived as one of the factors affecting the efficient utilization of the PCF/PFP by 11% and 32% of the respondents who have strongly and moderately agreed correspondingly. However, 17% and 34% of the respondents have moderately and strongly disagreed thereto.

This factor can be related to several aspects. First is the ambiguity in PHIC guidelines. Had there been proper coordination and communication among concerned government officials, erroneous interpretations and conflicts on fund allocation could have been avoided. Secondly, proper coordination and communication between the COA auditors in the Home Office and field offices could have facilitated the conduct of uniform audit of the capitation funds nationwide. Thirdly, problems on coordination and communication between the auditors and the auditees may have slowed down the process of resolving the existing issues on capitation fund utilization. Moreover, consultation between and among LGU officials and MHOs may have helped ensure the effective prioritization of healthcare needs of indigent-beneficiaries. Lastly, delayed release of PCF/PFP could have been minimized had there been close coordination and communication between the PHIC and healthcare providers regarding the submission of required reports. Arzadon (2014) cited Marson's (2013) quotation of Deloitte (2008) stating that *"Governments...must collaborate if they hope...to operate efficiently and effectively..."*

Pooling of funds was also perceived as one of the factors affecting the efficient utilization of the capitation funds by 12% and 30% of the respondents who have strongly and moderately agreed. On the other hand, 21% of the respondents moderately disagreed, while 28% of the respondents have strongly disagreed. In the meantime, 9% of the respondents claimed to have no knowledge.

In my experience as an Audit Team Member of COA-PHIC RO I, I have personally encountered a problem regarding the pooling of capitation funds in the Province of Pangasinan wherein a certain Congressman-sponsor had opted to pool the funds with the aim of procuring costly medical facilities like ambulances which will be distributed to the RHUs. Although the intention is noble, some LCEs have aired their concerns regarding the limitations in managing their supposed capitation funds. Such circumstance has consequently affected the availability of medicines, medical supplies and other required medical services.

Lastly, as presented in Table 5.5, 20% of the respondents strongly agreed with non-requirement of the utilization reports as one of the factors that influence the efficient utilization of the PCF/PFP. Likewise, a high percentage of 43% moderately agreed thereto. On the other hand, 14% and 15% of the respondents have moderately and strongly disagreed, while the remaining 8% claimed to have no knowledge.

From CY 2000 up to CY 2013, the requirement for submission of the PCF/PFP utilization reports was not incorporated in the prescribed guidelines, thus created a problem on public accountability and transparency. Instead,

monthly reports were required by PHIC regarding the number of patients attended, type of medical services rendered, and other related information. However, such information could not be used to fully account the actual expenditures incurred out of the capitation funds. This has been one of the audit issues raised by our Audit Team to PHIC RO I management during our incumbency. Late in the year 2014, PHIC Circular No. 015, s. 2014 was issued for the re-branding of the outpatient benefit package and for the integration of some guidelines which include the requirement of the utilization reports. Scrutiny of the prescribed utilization reports, though, revealed some flaws, which require some revisions on the reporting formats to make it more appropriate and useful not only for the PHIC, but for the MHOs and the COA Auditors. Public accountability encompasses the ability to account for the allocation, use and control as well as the establishment and enforcement of rules and regulations. On the other hand, transparency involves making public accounts verifiable, providing for public participation in government policy-making and implementation, and allowing contestation over choices impacting on the lives of citizens. (Agere, 2000)

Coffee (2006), as cited in Dubnick & Frederickson (2011), claimed that accountability plays two critical dimensions. One dimension is being either the cause and/or cure for the problems. When there is an absence or failure of effective accountability, problem arises. This scenario considers accountability as a causal factor. On the other hand, accountability is treated as curative in the

sense that it plays a major role in dealing with specific failures and countering the conditions that caused such failures.

David Heald, as cited by Pitrowski (2010), presented four directions of transparency: upward, downward, outward and inward. The researcher believes that making these vertical and horizontal directions of transparency open will somehow contribute to the efficient utilization of the capitation funds at the local level inasmuch as the participation and involvement of the MHOs, COA Auditors, LGAs and indigent-beneficiaries will be encouraged.

Based on the foregoing discussion, it can be said that all the 8 pre-determined factors substantially affect the efficient utilization of the PCF/PFP, thus proving H2.

In support to the above-noted findings, multiple regression analysis, through the aid of SPSS, was conducted taking into consideration the respondents' perceptions on the level of efficiency of PCF/PFP utilization as the dependent variable and the 8 perceived factors as independent variables. The result of the regression analysis was presented in Table 5.6.

Table 5.6
Result of Regression Analysis Showing a Correlation between the Respondents' Perceptions on the Level of Efficiency of PCF/PFP utilization and the Perceived Factors Affecting the Same

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614 ^a	.377	.325	217.095

a. Predictors: (Constant), F8 - Non-requirement of utilization reports, F2 - Absence of

Audit, F1 - Delayed release of PCF/PFP, F7 - Pooling of funds, F5 - Political Influence / Meddling, F6 - Lack of Coordination and Communication, F4 - Ambiguity in PHIC guidelines, F3 - Inefficient audit

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2762415.810	8	345301.976	7.327	.000 ^a
	Residual	4571634.841	97	47130.256		
	Total	7334050.651	105			

a. Predictors: (Constant), F8 - Non-requirement of utilization reports, F2 - Absence of Audit, F1 - Delayed release of PCF/PFP, F7 - Pooling of funds, F5 - Political Influence / Meddling, F6 - Lack of Coordination and Communication, F4 - Ambiguity in PHIC guidelines, F3 - Inefficient audit

b. Dependent Variable: Respondent's perception - level of efficiency of PCF/PFP utilization

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30.847	24.278		1.271	.207
	F1 - Delayed release of PCF/PFP	.067	.094	.077	.714	.477
	F2 - Absence of Audit	-.017	.124	-.021	-.134	.894
	F3 - Inefficient audit	-.030	.115	-.040	-.264	.792
	F4 - Ambiguity in PHIC guidelines	.345	.150	.302	2.293	.024
	F5 - Political Influence / Meddling	.017	.110	.019	.158	.875
	F6 - Lack of Coordination and Communication	.338	.147	.296	2.302	.023
	F7 - Pooling of funds	.045	.106	.048	.429	.669
	F8 - Non-requirement of utilization reports	.014	.101	.014	.133	.894

a. Dependent Variable: Respondent's perception - level of efficiency of PCF/PFP utilization

Based on the result of regression analysis presented in Table 5.6, the researcher finds that the level of efficiency of PCF/PFP utilization is strongly correlated with the 8 factors perceived to be affecting it, as evidenced by the R value of 0.614 which is slightly higher than the 0.60 value, which is conventionally considered as indicative of a “strong relationship” of the variables, and thus proved H2.

The significance level of 0.000 also indicates that the regression equation derived is statistically significant. It is important to note, though, that the R square value is only 0.377, which means that only 37.7% of variance in the level of efficiency of PCF/PFP utilization is accounted for by the 8 perceived factors. The table of regression coefficients shows how much R is contributed by each factor. With R values of 0.345 and 0.338, the ambiguity in PHIC guidelines and Lack of coordination and communication, respectively, significantly contributes to the change in the level of efficiency of PCF/PFP utilization.

Considering that only 37.7% of the variance was accounted for by the pre-determined factors, then it can be said that the remaining 62.3% is still unaccounted for or there are other unidentified factors affecting the efficient utilization of the fund.

In the survey questionnaire, the researcher asked the respondents to indicate the other factors that they perceive to be affecting the efficient utilization of the capitation funds but which were not pre-determined by the researcher.

Among the other perceived factors are as follows:

- a. Inefficiency of RHU Head;

- b. Lack of transparency in the utilization of the funds among the officials and employees concerned in the LGUs;
- c. No Notice of Advice was given by the LGAs to the MHOs as to the expendable amount of the PCF/PFP; and
- d. No program of activities or plan on how to utilize the funds efficiently.

5.3 Perceived Degree of COA Auditors' Performance in the audit of PCF/PFP

The over-all perception of the respondents on the degree of COA Auditor's performance was obtained, as summarized in Table 5.7.

Table 5.7
Respondents' Over-all Perception on the Degree of Auditors' Performance in the Audit of PCF/PFP

Variable	Particulars	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
Perception on auditor's degree of performance in the audit of PCF/PFP	No. of Respondents	8	45	13	9	31
	Percentage	7.5%	42.5%	12.3%	8.5%	29.2%

It can be inferred from Table 5.7 that only 50% of the respondents considered the auditors' performance as efficient. However, emphasis is given on the 42.5% of the respondents who rated the auditors' performance as "moderately efficient" as compared with the 7.5% who claimed the auditors' performance as "very efficient". With these figures, it can be said that the auditors have

efficiently undertaken the necessary audit activities but there seemed to be some problems in the auditing system that still need to be addressed. Such circumstance can be supported by the perception of some respondents who have claimed the auditors' performance as "moderately inefficient" and "very inefficient". In this regard, it seems worthwhile to recall that some scholars noted that COA has not strictly monitored the LGU's utilization of the capitation funds. (Arzadon, 2014).

The succeeding paragraphs discuss in detail the sets of criteria used in assessing the auditors' performance and the results derived from the data analysis conducted.

To have a better assessment of the degree of COA Auditors' performance in the audit of PCF/PFP, the researcher chose to set the tone by first asking whether the capitation funds were actually audited or not. Such data were presented in Table 5.8.

Table 5.8
Frequency of Replies as to Whether the PCF/PFP was Audited or Not

Variable	Particulars	Yes			No			Don't Know		
PCF/PFP was audited	No. of Respondents	59			24			23		
	Percentage	55.7%			22.6%			21.7%		
Cross-tabulation of Replies		COAns	LGAs	MHOs	COAns	LGAs	MHOs	COAns	LGAs	MHOs
		23	19	17	11	11	2	2	1	20

As shown in Table 5.8, 22.6% of the respondents claimed that the capitation funds were not audited by the COA Auditors. Non-audit of the capitation fund certainly precludes detection of any inefficiency or deficiency,

thus affecting the efficacy of the auditing system. In view of this, absence or lack of audit was automatically considered as one of the findings in this study and taken up as one of the factors affecting the degree of COA Auditors' performance. In Section 5.4 of this study, some of the reasons behind non-audit of the capitation funds were discussed.

On the other hand, 55.7% of the respondents averred that the capitation fund account was audited. In assessing the degree of COA Auditors' performance, two sets of criteria were used, namely: the audit procedures conducted and the performance indicators, such as the number of AOMs, NDs and NSs produced or issued as a result of audit. Table 5.9 shows the respondents' perceptions on the audit activities conducted by the COA Auditors in the audit of the capitation funds.

Table 5.9
Respondents' Perceptions on the Audit Activities Conducted by Auditors in the
Audit of PCF/PFP

Variable/Particulars	Yes	No	Not Applicable	Don't Know
Post-audited DVs	44%	17%	7%	32%
Required submission of PCF/PFP Utilization Reports	24%	46%	7%	24%
Inspected deliveries of medicines and supplies	58%	15%	6%	21%
Validated the availability of medicines and medical services	35%	37%	6%	23%
Verified Trust Fund Account	45%	23%	6%	26%
Verified copy of LGU resolutions/ordinance	24%	41%	6%	29%

Analysis of data presented in Table 5.9 was focused only on the “Yes” and “No” replies due to the following reasons:

- a. As per instruction indicated in the survey questionnaire, the respondents were asked to answer with “Not Applicable” only if the Trust Fund Account for the PCF/PFP was not audited. It was already discussed in the preceding paragraphs that absence of audit was automatically considered as one of the factors that affect the efficient utilization of capitation funds. Therefore, the discussions made in this section mainly deal with the assessment of the efficiency of audit conducted by the COA Auditors.
- b. With regards to the “Don’t Know” answer, it was noted in the cross-tabulation results that a significant number of the MHOs claimed to have no knowledge with respect to the evaluation criteria used. This may be due to the circumstance that most of them are usually not informed of any audit activity conducted by the auditors nor notified of any audit findings noted. It was also noteworthy to mention that 6 COA auditors, particularly the Audit Team Members, have expressed their lack of knowledge. Moreover, due to the number of government agencies assigned per audit team and the actual bulk of audit work, division of labor is employed through delegation/assignment of agencies to the limited number of

team members, thus some, if not all, have inadequate knowledge on the findings of their co-auditors. In view of this, the researcher opted to set aside this type of response in the succeeding discussions.

Based on Table 5.9, much greater percentage of respondents perceived that auditors conducted inspection of deliveries of medicines and supplies; verification of the Trust Fund Account; and post-audit of disbursement vouchers (DVs), as compared with the percentage derived for the requirement of submission of PCF/PFP Utilization Reports; verification of copy of LGU resolutions/ordinance; and validation on the availability of medicines and medical services. Nonetheless, a significant percentage of 37% to 46% of the respondents claimed that some audit procedures were not performed, such as the requirement of submission of PCF/PFP utilization reports; validation as to the availability of medicines and medical services; and verification of copy of LGU resolution/ordinance pertinent to the utilization of the capitation funds, thus indicating an inefficiency in the auditors' performance.

In relation to the audit procedures/activities conducted, the auditors are required to document any finding or observation and communicate the noted deficiencies with the Agency Head or personnel concerned on a timely basis in order to help address the audit issues immediately. The performance indicators used are the number of audit observation memorandum / notice of disallowance / notice of suspension issued for the calendar years 2011 to 2014.

Table 5.10 shows the respondents' perceptions on the Audit Performance Indicators used in this study.

Table 5.10
Audit Performance Indicators

Variable	0	1	2	3 or more	Not Applicable	Don't Know
AOM issued – 2011	53%	1%	0%	2%	16%	28%
AOM issued – 2012	54%	1%	0%	2%	16%	27%
AOM issued – 2013	53%	6%	0%	2%	15%	24%
AOM issued – 2014	57%	1%	1%	1%	12%	28%
ND issued - 2011	58%	0%	1%	0%	16%	24%
ND issued - 2012	58%	0%	0%	0%	16%	26%
ND issued - 2013	56%	7%	0%	0%	15%	23%
ND issued - 2014	61%	2%	0%	0%	13%	24%
NS issued – 2011	58%	1%	0%	0%	18%	23%
NS issued – 2012	58%	1%	0%	0%	18%	23%
NS issued – 2013	60%	0%	0%	0%	20%	20%
NS issued – 2014	61%	0%	0%	0%	18%	21%

As shown in Table 5.10, a high percentage of 53% to 61% of the respondents claimed that no AOM, ND or NS has been issued by the COA Auditors regarding the utilization of the capitation funds for CY 2011 to CY 2014. On the other hand, an insignificant percentage of about 1% - 7% of the respondents declared that only one AOM/ND/NS was issued by COA Auditors during the 4-year coverage. Moreover, only 1% averred that 2 AOMs were issued during CY 2014 and 2 NDs were issued in CY 2011. Also, a percentage of 2% declared that 3 or more AOMs were issued during CY 2011 – CY 2013, while only 1 respondent claimed that 3 or more AOMs were issued during CY 2014.

Looking back at Table 5.8, cross-tabulation result indicates that 23 COA Auditors claimed to have audited the capitation funds during CY 2011 to CY 2014. Relatively, several audit activities were perceived to have been performed by the COA Auditors as presented in Table 5.9. Attention is also drawn back on Table 5.1 wherein it was observed that majority of the respondents gave an overall perception of “moderately efficient” on the level of efficiency of fund utilization – an indication that there might have been problems or deficiencies which were previously noted by some respondents. However, Table 5.10 shows that a significant number of respondents asserted that no AOM, ND or NS has been issued by the COA Auditors regarding the utilization of the capitation funds during the 4-year period. Does this mean that the PCF/PFP was efficiently utilized and that no significant finding has been noted? Or would it be that the audit was inefficient to uncover any misconduct or neglect in the utilization of the fund?

While it was mentioned by Arens, Elder and Beasley (2012) that audit risks are unavoidable because auditors gather evidence only on a test basis and that fraudulent transactions are sometimes hard to uncover, but still doubts as to whether the auditor has actually exercised due care in performing his duties and responsibilities could not be set aside.

The succeeding section discusses the factors affecting the COA Auditors’ performance in the audit of the PCF/PFP.

5.4 Perceived Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP

In the identification of the perceived factors affecting the degree of COA Auditors' performance in the audit of the PCF/PFP, 21 factors were pre-determined by the researcher in this study. Table 5.11 presents the respondents' perceptions on all the pre-determined factors.

Table 5.11
Perceived Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP

Variable	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
Lack of Manpower	41%	27%	8%	3%	22%
Lack of Knowledge on Guidelines	16%	30%	20%	13%	21%
Lack of Resources	11%	27%	22%	14 %	26%
Voluminous Workload	46%	23%	7%	4%	21%
Exclusion of PCF/PFP in the Audit Foci	24%	24%	16%	6%	30%
Auditor's Lack of Independence	5%	15%	26%	26 %	28%
Incompetency	8%	6%	27%	32%	27 %
Non-Cooperation Between Auditors and Auditees	7%	13%	24%	26 %	30%
Ambiguity in PHIC Guidelines	16%	29%	13%	17%	24%
Political Influence/Meddling	12%	21%	21%	20%	26%
Non-Coordination among Auditors from HO and FOs	10%	24%	17%	15%	33%
Different Application of Accounting and Auditing regulations	10%	26 %	18%	14%	31%
Double-standard Professional Judgment on Significance Level	8%	30%	18%	14%	29%
Frequent Reshuffle/Rotation of Auditors	20%	30%	18%	7%	26%
Dislocation of Auditors	18%	23%	20%	14%	26%
Auditors are at Retireable Age	9%	13%	32%	18%	27%
Patronage/Palakasan System	8%	18%	26%	24%	24%
Weak Physical Health Condition	6%	15%	30%	24%	26%
Non-dedication and Love for Government Service	7%	13%	29%	26%	24%
Auditor's Lack of Initiative	7%	16%	26%	24%	26%
Newly-hired in the Auditing Service	12%	16%	26%	20%	26%

As presented in Table 5.11, 46% of the respondents strongly agreed that voluminous workload was one of the key factors that affect the degree of COA Auditors' performance in the audit of the capitation funds. Likewise, 41% strongly agreed that lack of manpower was one of the main factors. In addition to these two factors, there are 10 other factors by which around half of the respondents moderately agreed to, such as follows: 1.) lack of knowledge on guidelines, 2.) lack of resources, 3.) exclusion of PCF/PFP in the audit foci, 4.) ambiguity in PHIC guidelines, 5.) political influence/meddling, 6.) non-coordination among auditors from HO and FOs, 7.) different application of accounting and auditing regulations, 8.) double-standard professional judgment on significance level, 9.) frequent reshuffle/rotation of auditors, and 10.) dislocation of auditors.

As mentioned by Agere (2000), some of the factors affecting productivity are under-manning; under-funding; low morale of employees; corrupt practices, nepotism and favouritism; absence of code of conduct and guidelines; and absence of regular monitoring of performance.

We recall that there are 48 municipalities in the Province of Pangasinan, however, there are only 42 COA State Auditors who are assigned to audit the operations and voluminous transactions of the LGUs therefore it is evident that there is a problem on lack of manpower. As a consequence, the auditors are bombarded with voluminous workload which may have eventually resulted to non-audit or conduct of inefficient audit. Moreover, if the auditors do not have adequate knowledge on the guidelines in the utilization of the capitation funds or

if they are also confused on the existing PHIC guidelines, then how can they efficiently and effectively audit the fund?

Another issue is the exclusion of the PCF/PFP in the audit thrusts of COA. Due to the auditee-agency's voluminous transactions, audit work of COA Auditors have become more difficult. In order to ease the auditors' burden and to ensure the delivery of quality audit services to the auditee-agencies, the COA HO usually provides the field auditors with list of accounts and transactions to be prioritized in audit and these are called audit thrusts/foci. Nevertheless, if the auditor believes that there are possible problems and risks associated in the disbursement of the capitation funds, then he has the option to conduct the audit on the PCF/PFP despite its non-inclusion in the audit foci. Likewise, since the amount of capitation funds vary from one LGU to another, then the auditors may consider auditing such fund depending on the significance of the amount involved. However, such exercise of professional judgment is subjective in the sense that a certain amount may be significant to one auditor but not that significant to another auditor.

Furthermore, the morale of the COA auditors is greatly affected by political influence/meddling; non-coordination among auditors from HO and FOs; frequent reshuffle/rotation of auditors and dislocation of auditors, thus affecting their efficiency at work.

On the other hand, more or less than half of the respondents have strongly and moderately disagreed on the other 10 pre-determined factors, namely: 1.) auditor's lack of independence, 2.) incompetency, 3.) non-cooperation between

auditors and auditees, 4.) political influence/meddling, 5.) auditors are at retireable age, 6.) patronage/palakasan system, 7.) weak physical health condition, 8.) non-dedication and love for government service, 9.) auditor's lack of initiative, and 10.) newly-hired in the auditing service. It should be emphasized, though, that political influence/meddling was also considered as one of the key factors affecting auditors' performance as discussed in the preceding paragraphs. Moreover, about 5% to 12 % of the respondents have strongly agreed that such 10 factors affect the auditors' performance and around 6% to 21% have moderately agreed thereto. Such finding suggests that the latter 10 factors are perceived to be affecting the auditors' performance on a case to case basis.

With regards to the "Don't Know" answer, it has been noted in the cross-tabulation that such perception was mostly seen in the MHOs. This was due to insufficient knowledge on matters affecting the COA Auditors, their functions as well as their performance. Moreover, as a personal observation, the communication lines between the COA Auditors and the MHOs have not been well-established for the reason that transactions/activities of RHUs were not audited regularly due to the bulk of COA Auditors' workload.

Multiple regression analysis was also conducted to establish the relationship between the degree of COA Auditors' performance in the audit of the PCF/PFP and the 21 factors perceived to be affecting the same. The result of the regression analysis showing a correlation between the variables is presented in Table 5.12.

Table 5.12
Result of Regression Analysis Showing a Correlation between the Perceived Degree of COA Auditors' Performance in the Audit of the PCF/PFP and the Perceived Factors Affecting the Same

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814 ^a	.663	.579	295.469

a. Predictors: (Constant), PF21 - New in the auditing service, PF10 - Political influence/meddling, PF5 - Exclusion of PCF/PFP from audit foci, PF11 - Non-coordination among auditors from Home Office and Field Offices, PF14 - Frequent reshuffle/rotation of auditors, PF3 - Lack of resources, PF12 - Different application of accounting and auditing regulations, PF8 - Non-cooperation between auditors and auditees, PF1 - Lack of manpower, PF9 - Ambiguity in PHIC guidelines, PF19 - Non-dedication and love for government service, PF7 - Incompetency , PF16 - Auditors are at retireable age , PF20 - Auditor's lack of initiative, PF2 - Lack of knowledge on guidelines, PF17 - Patronage or "palakasan" system, PF6 - Auditor's lack of independence, PF13 - Double-standard professional judgment on materiality level, PF4 - Voluminous workload, PF15 - Dislocation of auditors, PF18 - Weak physical health condition

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14438916.122	21	687567.434	7.876	.000 ^a
	Residual	7333376.415	84	87302.100		
	Total	21772292.538	105			

a. Predictors: (Constant), PF21 - New in the auditing service, PF10 - Political influence/meddling, PF5 - Exclusion of PCF/PFP from audit foci, PF11 - Non-coordination among auditors from Home Office and Field Offices, PF14 - Frequent reshuffle/rotation of auditors, PF3 - Lack of resources, PF12 - Different application of accounting and auditing regulations, PF8 - Non-cooperation between auditors and auditees, PF1 - Lack of manpower, PF9 - Ambiguity in PHIC guidelines, PF19 - Non-dedication and love for government service, PF7 - Incompetency , PF16 - Auditors are at retireable age , PF20 - Auditor's lack of initiative, PF2 - Lack of knowledge on guidelines, PF17 - Patronage or "palakasan" system, PF6 - Auditor's lack of independence, PF13 - Double-standard professional judgment on materiality level, PF4 - Voluminous workload, PF15 - Dislocation of auditors, PF18 - Weak physical health condition

b. Dependent Variable: Respondent's perception - auditor's degree of performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	88.037	39.146		2.249	.027
	PF1 - Lack of manpower	-.135	.286	-.122	-.472	.638
	PF2 - Lack of knowledge on guidelines	.934	.333	.832	2.800	.006
	PF3 - Lack of resources	-.239	.224	-.229	-1.066	.290
	PF4 - Voluminous workload	.369	.391	.329	.943	.348
	PF5 - Exclusion of PCF/PFP from audit foci	.046	.176	.046	.260	.795
	PF6 - Auditor's lack of independence	-.009	.262	-.009	-.034	.973
	PF7 - Incompetency	.183	.369	.180	.496	.621
	PF8 - Non-cooperation between auditors and auditees	-.098	.278	-.099	-.352	.726
	PF9 - Ambiguity in PHIC guidelines	.035	.182	.033	.194	.846
	PF10 - Political influence/meddling	-.161	.144	-.156	-1.120	.266
	PF11 - Non-coordination among auditors from Home Office and Field Offices	.235	.148	.243	1.588	.116
	PF12 - Different application of accounting and auditing regulations	.295	.185	.300	1.593	.115
	PF13 - Double-standard professional judgment on materiality level	.490	.269	.490	1.820	.072
	PF14 - Frequent reshuffle/rotation of auditors	-.080	.225	-.077	-.356	.723

PF15 - Dislocation of auditors	.559	.332	.535	1.682	.096
PF16 - Auditors are at retireable age	-.286	.245	-.280	-1.168	.246
PF17 - Patronage or "palakasan" system	-.155	.323	-.147	-.480	.632
PF18 - Weak physical health condition	1.059	.586	1.015	1.807	.074
PF19 - Non-dedication and love for government service	-1.566	.597	-1.483	-2.626	.010
PF20 - Auditor's lack of initiative	-.513	.292	-.497	-1.756	.083
PF21 - New in the auditing service	-.162	.380	-.157	-.425	.672

a. Dependent Variable: Respondent's perception - auditor's degree of performance

As shown in Table 5.12, the R value of 0.814 was considerably high, thus we can say that the relationship between the degree of COA Auditors' performance in the audit of the PCF/PFP and the 21 perceived factors is quite strong, thus proved H3. Furthermore, the significance level of 0.000 indicates that the regression equation derived from the regression analysis is statistically significant. Also, the R square value of 0.633 denotes that 63.3% of the variance in the degree of COA Auditors' performance is accounted for by the 21 perceived factors. The table of regression coefficients shows how much R is contributed by each factor. With the high R value of 0.934, Lack of Knowledge on the PHIC guidelines significantly contributes to the change in the degree of COA Auditors' performance. Other items which can be considered as major factors affecting the

COA Auditors' performance, based on the regression coefficients, are as follows:

a. Dislocation of auditors (0.559); b. Double-standard professional judgment on materiality level (0.490); and c. Voluminous workload (0.369).

Since only 63.3% of the variance was accounted for by the 21 pre-determined factors, then it can be said that the remaining 36.7% is still unaccounted for or there are other unidentified factors affecting the COA Auditors' degree of performance.

In view of the foregoing discussions, the researcher finds that only 12 out of the 21 factors were perceived as major factors affecting the auditors' degree of performance. However, on a case to case basis, the remaining factors were also perceived to have an influence over the auditors' performance.

5.5 Perceived Relationship Between the Level of Efficiency of PCF/PFP utilization and Degree of COA Auditors' Performance in the Audit of the PCF/PFP

Four (4) general statements indicating a correlation between the aforementioned variables were used as criteria in establishing the relationship between the perceived level of efficiency of PCF/PFP utilization and the perceived degree of COA Auditors' performance in the audit of PCF/PFP. Table 5.13 summarizes the respondents' perceptions on all the general statements showing the relationship between the two variables.

Table 5.13
Perceived Relationship between the Level of Efficiency of PCF/PFP Utilization
and Degree of COA Auditors' Performance in the audit of PCF/PFP

Variable	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree
If auditors conduct the audit properly, the auditees will exert more efforts to comply with the prescribed regulations.	63.2%	34.0%	0.9%	1.9%
If the auditors conduct the audit properly, the auditees will be discouraged to divert the use of funds for other purposes.	55.7%	34.0%	8.5%	1.9%
Early communication of noted deficiencies or inefficiencies will help address the audit issues immediately.	67.0%	30.2%	1.9%	0.9%
Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PCF/PFP utilization.	50.0%	40.6%	6.6%	2.8%

Majority of the respondents strongly agreed on all the 4 general statements indicating a relationship between the two variables. Moreover, the combined percentage of respondents who strongly and moderately agreed on the statements used, as compared with the combined percentage of those who strongly and moderately disagreed, implies a very strong correlation between the level of efficiency of PCF/PFP utilization and degree of COA Auditors' performance in the audit of the capitation funds.

To corroborate the established relationship between the two variables, a comparison between the respondents' over-all perceptions on the degree of COA Auditors' performance in the audit of PCF/PFP and level of efficiency of PCF/PFP Utilization was made. Table 5.14 shows the correlation based on comparison made between the two variables.

Table 5.14
Correlation based on Comparison between Respondents' Perceptions on the
Degree of COA Auditor's Performance in the audit of PCF/PFP and Level of
Efficiency of PCF/PFP Utilization

Variable	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
Perception on auditor's degree of performance in the audit of PCF/PFP (From Table 5.7)	8%	42%	12%	8%	29%
Perception on the level of efficiency of PCF/PFP utilization (From Table 5.1)	26%	60%	5%	1%	8%

As presented in Table 5.14, a remarkable percentage of respondents, as revealed by 42% and 60%, perceived both the degree of COA Auditors' performance in the audit of the PCF/PFP and level of efficiency of PCF/PFP utilization as "Moderately Efficient". While it is true that there is a variance of 18% between the percentages of respondents who moderately agreed on the two variables, however, if we set aside the effect of the percentage of those who gave a "Don't Know" response, then the newly computed percentages will certainly imply a correlation between the two variables. Moreover, manual tabulation of individual respondent's perceptions on both variables was done to determine the percentages of response which lie along the regression line, and the result of which is as follows: Very Efficient – 6%; Moderately Efficient – 33%; Moderately Inefficient – 2% and Very Inefficient – 1%.

Henceforth, on the basis of the perceptions of the respondents on the 4 general statements indicating a relationship between the two variables, together

with the supporting data presented in Table 5.14 and result of manual tabulation, it can be said that the level of efficiency of PCF/PFP utilization is greatly related to the degree of COA Auditors' performance in its audit, thus proved H1.

5.6 Variations in Respondents' Perceptions on the Main Aspects of the Study

Cross-tabulation and comparison of data was done to find out how the perceptions of different groups of respondents vary with respect to the main aspects of the study.

A. *Level of efficiency of PCF/PFP utilization*

Table 5.15
Cross-tabulation Results on Perceived Level of PCF/PFP Utilization Efficiency
by type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Level of Efficiency of PCF/PFP utilization	Very Efficient	2	18	8
	Moderately Efficient	25	19	20
	Moderately Inefficient	3	1	1
	Very Inefficient	1	0	0
	Don't Know	5	1	2
Total Number of Respondents		36	39	31
Percentage of respondents who rated the level of efficiency as "efficient"		27/36 or 75%	37/39 or 95%	28/31 or 90%

Generally, based on the figures on Table 5.15, the utilization of the PCF/PFP was assessed to be efficient by the three groups of respondents. By looking at the percentages of respondents who rated the level of efficiency as "efficient", it can be observed that more MHOs are inclined to give a positive

rating as indicated by the 95% of respondents as compared with the 90% and 75% of the LGAs and COA Auditors, respectively. It was also shown that about half of the MHOs perceived the efficiency level as “very efficient” and the other half gave an assessment of “moderately efficient”. On the other hand, 25 out of 36 COA Auditors believed that the level of efficiency of PCF/PFP utilization was only “moderate” and only 2 auditors gave a rating of “very efficient”. Likewise, 20 out of 31 LGAs claimed that the efficiency level is “moderate” and only 8 considered it as “very efficient”.

Having a closer look at the data presented, it can be said that the distribution of the three independent groups of respondents who considered the PCF/PFP utilization as moderately efficient seems to be more balanced than the distribution of the respondents who assessed the fund utilization as very efficient. Since the MHOs play a major role in the implementation of the outpatient benefit packages of Philhealth, knowing that they are directly involved in the delivery of the healthcare services, then it is expected that their assessment of the level of efficiency of PCF/PFP utilization has the tendency to be high for the reason that the result of the survey may affect the standing or reputation of their respective RHUs and municipalities. It is noteworthy to mention also that, generally speaking, any respondent is expected to provide a high rating for his own performance at work with the belief that he has given his best in undertaking the tasks assigned to him. Relatively, it can be said that the MHOs are the providers of the necessary healthcare services, thus they can objectively evaluate the level

of efficiency of PCF/PFP utilization. But the question still lingers on how reliable their self-evaluation might be, considering the existence of conflict of interest.

With respect to the perceptions of the COA Auditors and LGAs, it was shown in the table that 69% of the auditors perceived the PCF/PFP utilization efficiency level as moderate only. This finding suggests that the auditors might have had encountered some problems regarding the disbursement of the capitation funds. Similarly, 65 of the LGAs considered the fund utilization as moderately efficient. As mentioned in previous sections of this paper, some LGAs disclosed problems on the disbursement of the funds due to ambiguity in PHIC guidelines and political meddling.

Table 5.16 presents the result of cross-tabulation made on the perception of the respondents with respect to the set of criteria used in assessing the level of efficiency of PCF/PFP utilization.

Table 5.16
Cross-tabulation of Perceptions on the Set of Criteria Used in Assessing
the Level of Efficiency of PCF/PFP Utilization
by Type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
A. Utilization of 80% of PCF/PFP for operational costs	Strongly Agree	5	28	19
	Moderately Agree	25	9	9
	Moderately Disagree	0	2	1
	Strongly Disagree	0	0	0
	Don't Know	6	0	2
Percentage of respondents who strongly and moderately agreed		30/36 or 83%	37/39 or 95%	28/31 or 90%
B. Utilization of 20% of PCF/PFP for honoraria of medical officer and staff	Strongly Agree	6	33	16
	Moderately Agree	24	6	9
	Moderately Disagree	0	0	5
	Strongly Disagree	0	0	0
	Don't Know	6	0	1
Percentage of respondents who strongly and moderately agreed		30/36 or 83%	39/39 or 100%	25/31 or 81%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
C. Utilization of PCF/PFP for unintended purposes	Strongly Agree	2	5	2
	Moderately Agree	11	5	3
	Moderately Disagree	6	6	2
	Strongly Disagree	5	17	22
	Don't Know	12	6	2
Percentage of respondents who strongly and moderately agreed		13/36 or 36%	10/39 or 26%	5/31 or 16%
Percentage of respondents who strongly and moderately disagreed		11/36 or 31%	23/39 or 59%	24/31 or 77%
D. Unexpended PCF/ PFP remained idle	Strongly Agree	5	3	4
	Moderately Agree	8	7	11
	Moderately Disagree	4	5	5
	Strongly Disagree	7	14	10
	Don't Know	12	10	1
Percentage of respondents who strongly and moderately agreed		13/36 or 36%	10/39 or 26%	15/31 or 48%
Percentage of respondents who strongly and moderately disagreed		11/36 or 31%	19/39 or 49%	15/31 or 48%
E. Delivery of Primary Preventive Health Services	Strongly Agree	4	18	5
	Moderately Agree	20	21	14
	Moderately Disagree	3	0	1
	Strongly Disagree	0	0	0
	Don't Know	9	0	11
Percentage of respondents who strongly and moderately agreed		24/36 or 67%	39/39 or 100%	19/31 or 61%
E. Conduct of Diagnostic Examinations	Strongly Agree	7	26	9
	Moderately Agree	16	12	11
	Moderately Disagree	4	1	0
	Strongly Disagree	1	0	1
	Don't Know	8	0	10
Percentage of respondents who strongly and moderately agreed		23/36 or 64%	38/39 or 97%	20/31 or 65%

It can be gleaned from the table that a high percentage of each of the three types of respondents agreed on all the criteria used to assess the level of efficiency of PCF/PFP utilization, except for items C - Utilization of PCF/PFP for unintended purposes and D - Unexpended PCF/PFP remained idle. However, it

appears that the perceptions of the MHOs and the LGAs tend to be more positive than that of the COA Auditors as indicated by the number of MHOs and LGAs who strongly agreed on the criteria used. On the other hand, as regards to items C and D, it was noticed that more MHOs and LGAs disagreed as compared with that of the number of COA Auditors. Such response was expected since these two criteria indicate a negative implication on the auditees themselves if an affirmative response is derived from them. Nonetheless, the noted difference in perceptions may be attributed to the effect of self-evaluation as mentioned in the preceding discussion on the perceptions of respondents on the over-all level of efficiency of the PCF/PFP utilization.

B. Factors Affecting the Efficient Utilization of the PCF/PFP

Table 5.17
Cross-tabulation of Perceptions on the Factors Affecting the Efficient Utilization of the PCF/PFP by Type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
A. Delayed Release of PCF/PFP	Strongly Agree	11	20	6
	Moderately Agree	15	14	13
	Moderately Disagree	1	2	6
	Strongly Disagree	0	3	4
	Don't Know	9	0	2
Percentage of Respondents who strongly and moderately agreed		26/36	34/39	19/31
		72%	87%	61%
B. Absence of Audit	Strongly Agree	3	6	3
	Moderately Agree	16	14	7
	Moderately Disagree	6	4	8
	Strongly Disagree	6	10	10
	Don't Know	5	5	3
Percentage of Respondents who strongly and moderately agreed		19/36	20/39	10/31
		53%	51%	32%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
C. Inefficient Audit	Strongly Agree	2	5	4
	Moderately Agree	11	9	4
	Moderately Disagree	12	6	11
	Strongly Disagree	6	12	9
	Don't Know	5	7	3
Percentage of Respondents who strongly and moderately agreed		13/36	14/39	8/31
		36%	36%	26%
D. Ambiguity in PHIC guidelines	Strongly Agree	6	10	6
	Moderately Agree	21	10	7
	Moderately Disagree	1	8	7
	Strongly Disagree	5	9	10
	Don't Know	3	2	1
Percentage of Respondents who strongly and moderately agreed		27/36	20/39	13/31
		75%	51%	42%
E. Political Influence/ Meddling	Strongly Agree	9	10	3
	Moderately Agree	13	10	8
	Moderately Disagree	4	5	4
	Strongly Disagree	3	13	14
	Don't Know	7	1	2
Percentage of Respondents who strongly and moderately agreed		22/36	20/39	11/31
		61%	51%	35%
F. Lack of Coordination and Communication	Strongly Agree	5	5	2
	Moderately Agree	18	11	5
	Moderately Disagree	5	4	9
	Strongly Disagree	4	18	14
	Don't Know	4	1	1
Percentage of Respondents who strongly and moderately agreed		23/36	16/39	7/31
		64%	41%	23%
G. Pooling of Funds	Strongly Agree	5	4	4
	Moderately Agree	15	12	5
	Moderately Disagree	5	9	8
	Strongly Disagree	5	13	12
	Don't Know	6	1	2
Percentage of Respondents who strongly and moderately agreed		20/36	16/39	9/31
		56%	41%	29%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
H. Non-requirement of Utilization Reports	Strongly Agree	8	7	6
	Moderately Agree	16	14	16
	Moderately Disagree	7	2	6
	Strongly Disagree	2	11	3
	Don't Know	3	5	0
Percentage of Respondents who strongly and moderately agreed		24/36	21/39	22/31
		67%	54%	71%

In general, it can be inferred from Table 5.17 that a great number of MHOs are inclined to consider three (3) items as the key factors affecting the efficient utilization of the fund, namely: a) delayed release of PCF/PFP; b) absence of audit; and c) inefficient audit. On the other hand, a significant number of LGAs believe that non-requirement of the utilization reports is a major factor affecting the efficient disbursement of capitation funds. For the COA Auditors, it was observed that all the items were considered as main factors. However, regardless of the variances noted, it is evident that the three sets of respondents considered all the items to have an effect on the efficient utilization of the funds.

C. Degree of COA Auditors' Performance in the audit of PCF/PFP

Table 5.18
Cross-tabulation on Perceived Degree of Auditors' Performance in the Audit of
PCF/PFP by type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Degree of COA Auditors' Performance in the Audit of the PCF/PFP	Very Efficient	0	5	3
	Moderately Efficient	19	12	14
	Moderately Inefficient	8	3	2
	Very Inefficient	6	1	2
	Don't Know	3	18	10
Total Number of Respondents		36	39	31
Percentage of respondents who rated the level of efficiency as "efficient"		19/36 or 53%	17/39 or 44%	17/31 or 55%

It can be gleaned from Table 5.18 that 55% of the LGAs considered the auditors' performance as generally efficient as compared with the 53% and 44% of the COA Auditors and MHOs, respectively. It is ironic that no auditor has claimed the degree of performance in the audit of the PCF/PFP as "very efficient" while 5 MHOs and 3 LGAs believed as such. On the other hand, more auditors rated the auditors' performance as "inefficient" as compared with the small number of 4 MHOs and 4 LGAs who considered as such. Attention was also drawn on the 46% of the MHOs and 32% of the LGAs who gave a "Don't Know" response. This was due to the alleged circumstance that the auditees have no much knowledge on the audit activities conducted by the auditors in the audit of the capitation funds.

With respect to the set of criteria used in assessing the degree of COA Auditors' performance, Table 5.19 presents the result of cross-tabulations

conducted on the perceptions of the respondents as to whether or not the PCF/PFP was audited.

Table 5.19
Cross-tabulation of Perceptions as to Whether or Not the PCF/PFP was Audited

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Whether the PCF was audited or not	YES	23	17	19
	NO	11	2	11
	Don't Know	2	20	1
Total Number of Respondents		36	39	31
Percentage of respondents who claimed that the capitation funds were audited		23/36 or 64%	17/39 or 44%	19/31 or 61%

Based on Table 5.19, more auditors, with a percentage of 64%, claimed that the capitation funds were audited as compared with the percentage of the LGAs and MHOs who gave a “Yes” answer. It can also be observed from the table that same number of COA Auditors and LGAs believed that the PCF/PFP was not audited. On the basis of the aforementioned figures, it can be said that the response acquired from the COA Auditors and the LGAs do not vary significantly. This was due to the fact that the local accountants and the auditors usually communicate with each other about matters concerning the disbursement, accounting and auditing of the capitation funds. On the other hand, 20 out of 39 MHOs expressed their lack of knowledge whether or not the funds were audited. This was justified by the allegation that several MHOs were not informed of any audit activity conducted relative to the PCF/PFP account.

Relatively, another criterion was used to aid the respondents in providing a perception on the degree of auditors' performance based on the audit activities conducted. The respondents' perceptions were cross-tabulated in Table 5.20.

Table 5.20
Cross-tabulation of Perceptions on the Audit Activities Conducted by Auditors in the Audit of PCF/PFP

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
a. Post-audited DVs	YES	16	13	18
	NO	13	3	2
	Not Applicable	4	0	3
	Don't Know	3	23	8
Percentage of respondents who replied "Yes"		16/36 or 44%	13/39 or 33%	18/31 or 58%
b. Required submission of PCF/PFP Utilization Reports	YES	8	11	6
	NO	22	8	19
	Not Applicable	4	1	2
	Don't Know	2	19	4
Percentage of respondents who replied "Yes"		8/36 or 22%	11/39 or 28%	6/31 or 19%
c. Inspected deliveries of medicines and supplies	YES	18	24	20
	NO	11	1	4
	Not Applicable	5	0	1
	Don't Know	2	14	6
Percentage of respondents who replied "Yes"		18/36 or 50%	24/39 or 62%	20/31 or 65%
d. Validated the availability of medicines and medical services	YES	3	20	14
	NO	24	5	10
	Not Applicable	5	0	1
	Don't Know	4	14	6
Percentage of respondents who replied "Yes"		3/36 or 8%	20/39 or 51%	14/31 or 45%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
e. Verified Trust Fund Account	YES	19	16	13
	NO	10	1	13
	Not Applicable	5	0	1
	Don't Know	2	22	4
Percentage of respondents who replied "Yes"		19/36 or 53%	16/39 or 41%	13/31 or 42%
f. Verified copy of LGU resolutions/ordinance	YES	7	13	6
	NO	23	5	15
	Not Applicable	4	1	1
	Don't Know	2	20	9
Percentage of respondents who replied "Yes"		7/36 or 19%	13/39 or 33%	6/31 or 19%

Based on the figures presented in Table 5.20, around 3% to 15% variance can be derived from the comparison between the percentage of COA Auditors and LGAs who perceived that all the activities enumerated in the table above were conducted by the auditors, except for item D wherein the variance derived was 37%. It is also worthwhile mention that a considerable number of MHOs, as compared with the number of the COA Auditors and LGAs, have claimed to have no knowledge whether or not the enumerated audit activities were being conducted. The reason behind such response was already disclosed in preceding sections of this paper.

D. Perceived Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP

Table 5.21

Cross-tabulation of Perceptions on the Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP by Type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Lack of Manpower	Strongly Agree	26	5	12
	Moderately Agree	10	10	9
	Moderately Disagree	0	5	3
	Strongly Disagree	0	3	0
	Don't Know	0	16	7
Percentage of respondents who strongly and moderately agreed		36/36 or 100%	15/39 or 38%	21/31 or 68%
Lack of Knowledge on Guidelines	Strongly Agree	9	3	5
	Moderately Agree	16	8	8
	Moderately Disagree	5	9	7
	Strongly Disagree	6	5	3
	Don't Know	0	14	8
Percentage of respondents who strongly and moderately agreed		25/36 or 69%	11/39 or 28%	13/31 or 42%
Lack of Resources	Strongly Agree	7	2	3
	Moderately Agree	16	6	7
	Moderately Disagree	7	10	6
	Strongly Disagree	6	5	4
	Don't Know	0	16	11
Percentage of respondents who strongly and moderately agreed		23/36 or 64%	8/39 or 21%	10/31 or 32%
Voluminous Workload	Strongly Agree	30	5	14
	Moderately Agree	6	8	10
	Moderately Disagree	0	6	1
	Strongly Disagree	0	4	0
	Don't Know	0	16	6
Percentage of respondents who strongly and moderately agreed		36/36 or 100%	13/39 or 33%	24/31 or 77%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Exclusion of PCF/PFP in the Audit Foci	Strongly Agree	19	2	4
	Moderately Agree	12	7	7
	Moderately Disagree	4	6	7
	Strongly Disagree	1	5	0
	Don't Know	0	19	13
Percentage of respondents who strongly and moderately agreed		31/36 or 86%	9/39 or 23%	11/31 or 35%
Auditor's Lack of Independence	Strongly Agree	1	2	2
	Moderately Agree	6	9	1
	Moderately Disagree	14	5	8
	Strongly Disagree	14	6	8
	Don't Know	1	17	12
Percentage of respondents who strongly and moderately agreed		7/36 or 19%	11/39 or 28%	3/31 or 10%
Incompetency	Strongly Agree	3	4	1
	Moderately Agree	2	3	1
	Moderately Disagree	15	7	7
	Strongly Disagree	16	7	11
	Don't Know	0	18	11
Percentage of respondents who strongly and moderately agreed		5/36 or 14%	7/39 or 18%	2/31 or 6%
Non-Cooperation Between Auditors and Auditees	Strongly Agree	2	4	1
	Moderately Agree	10	3	1
	Moderately Disagree	11	5	9
	Strongly Disagree	11	7	10
	Don't Know	2	20	10
Percentage of respondents who strongly and moderately agreed		12/36 or 33%	7/39 or 18%	2/31 or 6%
Ambiguity in PHIC Guidelines	Strongly Agree	9	4	4
	Moderately Agree	18	8	5
	Moderately Disagree	3	5	6
	Strongly Disagree	5	7	6
	Don't Know	1	15	10
Percentage of respondents who strongly and moderately agreed		27/36 or 75%	12/39 or 31%	9/31 or 29%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Political Influence/Meddling	Strongly Agree	7	4	2
	Moderately Agree	11	6	5
	Moderately Disagree	11	4	7
	Strongly Disagree	4	9	8
	Don't Know	3	16	9
Percentage of respondents who strongly and moderately agreed		18/36 or 50%	10/39 or 26%	7/31 or 23%
Non-Coordination among Auditors from HO and FOs	Strongly Agree	7	2	2
	Moderately Agree	18	5	3
	Moderately Disagree	3	7	8
	Strongly Disagree	5	6	5
	Don't Know	3	19	13
Percentage of respondents who strongly and moderately agreed		25/36 or 69%	7/39 or 18%	5/31 or 16%
Different Application of Accounting and Auditing regulations	Strongly Agree	4	4	3
	Moderately Agree	15	5	8
	Moderately Disagree	8	4	7
	Strongly Disagree	8	4	3
	Don't Know	1	22	10
Percentage of respondents who strongly and moderately agreed		19/36 or 53%	9/39 or 23%	11/31 or 35%
Double-standard Professional Judgment on Significance Level	Strongly Agree	5	3	1
	Moderately Agree	17	7	8
	Moderately Disagree	8	5	6
	Strongly Disagree	5	4	6
	Don't Know	1	20	10
Percentage of respondents who strongly and moderately agreed		22/36 or 61%	10/39 or 26%	9/31 or 29%
Frequent Reshuffle/Rotation of Auditors	Strongly Agree	12	4	5
	Moderately Agree	13	8	11
	Moderately Disagree	7	5	7
	Strongly Disagree	4	2	1
	Don't Know	0	20	7
Percentage of respondents who strongly and moderately agreed		25/36 or 69%	12/39 or 31%	16/31 or 52%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Dislocation of Auditors	Strongly Agree	12	4	3
	Moderately Agree	10	5	9
	Moderately Disagree	8	6	7
	Strongly Disagree	6	6	3
	Don't Know	0	18	9
Percentage of respondents who strongly and moderately agreed		22/36 or 61%	9/39 or 23%	12/31 or 39%
Auditors are at Retireable Age	Strongly Agree	8	2	0
	Moderately Agree	6	2	6
	Moderately Disagree	13	9	12
	Strongly Disagree	8	7	4
	Don't Know	1	19	9
Percentage of respondents who strongly and moderately agreed		14/36 or 39%	4/39 or 10%	6/31 or 19%
Patronage/Palakasan System	Strongly Agree	6	2	0
	Moderately Agree	7	8	4
	Moderately Disagree	15	4	8
	Strongly Disagree	8	9	9
	Don't Know	0	16	10
Percentage of respondents who strongly and moderately agreed		13/36 or 36%	10/39 or 26%	4/31 or 13%
Weak Physical Health Condition	Strongly Agree	4	2	0
	Moderately Agree	10	2	4
	Moderately Disagree	13	8	11
	Strongly Disagree	8	11	6
	Don't Know	1	16	10
Percentage of respondents who strongly and moderately agreed		14/36 or 39%	4/39 or 10%	4/31 or 13%
Non-dedication and Love for Government Service	Strongly Agree	4	3	0
	Moderately Agree	5	4	5
	Moderately Disagree	17	5	9
	Strongly Disagree	9	11	8
	Don't Know	1	16	9
Percentage of respondents who strongly and moderately agreed		9/36 or 25%	7/39 or 18%	5/31 or 16%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
Auditor's Lack of Initiative	Strongly Agree	3	3	1
	Moderately Agree	11	4	2
	Moderately Disagree	13	6	9
	Strongly Disagree	9	8	9
	Don't Know	0	18	10
Percentage of respondents who strongly and moderately agreed		14/36 or 39%	7/39 or 18%	3/31 or 10%
Newly-hired in the Auditing Service	Strongly Agree	7	4	2
	Moderately Agree	9	4	4
	Moderately Disagree	12	7	8
	Strongly Disagree	7	7	7
	Don't Know	1	17	10
Percentage of respondents who strongly and moderately agreed		16/36 or 44%	8/39 or 21%	6/31 or 19%

Analysis conducted on the percentages of respondents who strongly and moderately agreed on the pre-determined factors as presented in Table 5.21 revealed that a significant number of COA auditors considered almost all of the enumerated factors as having effect on the auditors' performance efficiency, except for the following items wherein only about 14% to 44% of the respondent-auditors have agreed thereto, to wit:

- a. Auditor's Lack of Independence (19%);
- b. Incompetency (14%);
- c. Auditors are at Retireable Age (39%);
- d. Patronage / Palakasan System (36%);
- e. Weak Physical Health Condition (39%);
- f. Non-dedication and Love for Government Service (25%);

- g. Auditor's Lack of Initiative (39%); and
- h. Newly-hired in the Auditing Service (44%).

In so far as the LGAs are concerned, it can be observed that only two factors were believed to have a major effect on the auditors' performance, as evidenced by a considerable number of LGA respondents, namely: Voluminous Workload (77%) and Frequent Reshuffle/Rotation of Auditors (52%).

On the other hand, it can be also gleaned from the data presented that more or less half of the MHO-respondents have expressed their lack of knowledge on all the pre-determined factors and such circumstance can be attributed to the reasons aforementioned in the preceding sections of this paper.

E. Relationship Between the Level of Efficiency of PCF/PFP utilization and Degree of COA Auditors' Performance in the Audit of the PCF/PFP

Table 5.22
Cross-tabulation on Perceived Relationship between the Level of Efficiency of PCF/PFP Utilization and Degree of COA Auditors' Performance in the audit of PCF/PFP by Type of Respondent

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
1. If the auditors conduct the audit properly, the auditees will exert more efforts to comply with the prescribed regulations.	Strongly Agree	23	22	22
	Moderately Agree	13	15	8
	Moderately Disagree	0	0	1
	Strongly Disagree	0	2	0
Percentage of respondents who strongly and moderately agreed		36/36 or 100%	37/39 or 95%	30/31 or 97%

Variable / Particulars	Perception	COA Auditors	Municipal Health Officers	Local Government Accountants
2. If the auditors conduct the audit properly, the auditees will be discouraged to divert the use of funds for other purposes.	Strongly Agree	20	18	21
	Moderately Agree	11	17	8
	Moderately Disagree	5	2	2
	Strongly Disagree	0	2	0
Percentage of respondents who strongly and moderately agreed		31/36 or 86%	35/39 or 90%	29/31 or 94%
3. Early communication of noted deficiencies or inefficiencies will help address the audit issues immediately.	Strongly Agree	27	19	25
	Moderately Agree	8	18	6
	Moderately Disagree	1	1	0
	Strongly Disagree	0	1	0
Percentage of respondents who strongly and moderately agreed		35/36 or 97%	37/39 or 95%	31/31 or 100%
4. Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PCF/PFP utilization.	Strongly Agree	21	17	15
	Moderately Agree	12	18	13
	Moderately Disagree	3	1	3
	Strongly Disagree	0	3	0
Percentage of respondents who strongly and moderately agreed		33/36 or 92%	35/39 or 90%	28/31 or 90%

Based on the Table 5.22, an insignificant variance of about 2-5% can be observed regarding the perceptions of the respondents on the first, third and fourth general statements given. With regard to the second statement, the table shows that as compared with the number of MHOs and COA Auditors, more LGAs believe that if the auditors conduct the audit properly, the auditees will be discouraged to divert the use of funds for other purposes.

5.7 Respondents' Suggestions and Recommendations on How to Improve the Utilization of the PCF/PFP and the Performance of COA Auditors

To enable the researcher to incorporate in this study all the possible ways to help improve the utilization of the PCF/PFP and the performance of the COA Auditors, the respondents were enjoined to give their suggestions and recommendations. As a result, several suggestions and recommendations were gathered and categorized as follows:

Communication & Coordination Enhancement

1. Information dissemination through conduct of joint trainings/seminars and/or dialogues regarding the PCF/PFP utilization between and among PHIC officials concerned, COA Auditors and LGU officials such as the LCEs, Sangguniang Bayan members, Municipal Health Officers, department heads and other employees concerned;
2. Timely release and dissemination of circulars, memoranda or resolutions relative to PCF/PFP utilization by PHIC to COA Auditors, LGUs and RHUs ;
3. Notification to COA Auditors by the PHIC of the PCF/PFP releases made to their respective auditees;
4. Issuance of more specific and clearer guidelines on PCF/PFP utilization, particularly on the terms such as “others” and “non-health personnel”. It was mentioned that some non-health personnel like the DSWD and Finance Heads and staff were given a share of the 20% capitation fund in

some municipalities, although they were not physically involved in the delivery of the medical services;

5. Consultation with the MHOs regarding the utilization of the fund inasmuch as they are the personnel in-charge of prioritizing the healthcare services to be provided for the indigent-beneficiaries;
6. Open and transparent communication lines between the auditors and the auditees;
7. Non-meddling of the LCEs on the utilization of the fund; and
8. Timely release of PCF/PFP.

Public Accountability and Transparency

9. Maintenance of separate books of account and adoption of a uniform application of accounting entries on the receipt and utilization of capitation funds;
10. Strict compliance with the prescribed guidelines on PCF/PFP utilization;
11. Requirement of submission of PCF/PFP utilization reports on a timely basis; and
12. Notification of MHOs regarding the receipt, expenditure and unexpended balances of the PCF/PFP.

Monitoring & Evaluation

13. Conduct of surprise inspections or validations by PHIC employees concerned and COA Auditors as to availability of the medical services at the RHUs;
14. Preparation of a separate inventory of medicines and supplies purchased out of the capitation funds for validation and monitoring purposes; and
15. Strict monitoring on compliance with the prescribed guidelines by PHIC and COA.

Improving Auditing System

16. Inclusion of the capitation fund in the audit thrusts of COA;
17. Issuance of audit instructions/guidelines or audit program in the audit of the PCF/PFP and prescribe audit working paper format for uniformity purposes;
18. Conduct of regular audit by the COA and early communication of the audit findings noted;
19. Verification and certification as to the correctness of PCF/PFP Utilization Reports by COA Auditors;
20. Spot inspections on the availability of medicines and medical services by COA auditors;
21. Additional manpower in the COA-LGS;
22. Reshuffle of auditors every after 3 years of assignment in an agency;
23. Assignment of auditors in agencies near their place of residence;

Re-evaluation of PHIC prescribed guidelines

- 24. Re-evaluation of the distribution of the 20% PCF/PFP in such a way that a bigger portion should be allotted for the health personnel; and
- 25. Direct release of the capitation funds to the MHOs/RHUs.

Improving Reporting System

- 26. Preparation of a formula matrix to facilitate the accomplishment of the utilization reports by the LGUs/RHUs as well as monitoring by PHIC and COA.

Proper Planning

- 27. Preparation of program and project plan for the utilization of the capitation funds.

Others

- 28. No patronage or “palakasan” system; and
- 29. Direct release of the capitation funds to the MHOs/RHUs.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

6.1.1. Perceived Level of Efficiency of PCF/PFP Utilization

The PCF/PFP utilization in the Province of Pangasinan was generally perceived to be quite efficient in terms of utilization of 80% of PCF/PFP for operational costs; utilization of 20% of PCF/PFP for honoraria of medical officer and staff; delivery of primary preventive health services; conduct of diagnostic examinations; utilization of PCF/PFP for intended purposes; and non-idleness of unexpended PCF/PFP. However, based on a considerable number of respondents who gave a rating of “moderately efficient” as to the over-all level of PCF/PFP utilization, it can be deduced that there might have been some problems previously encountered by such respondents, which still need to be addressed.

Specifically, strict compliance with the rules and regulations could not be enforced due to several reasons like ambiguity in the PHIC guidelines, political meddling, lack of facilities and other circumstances discussed in this paper.

It can be also recalled that the internal problem between the LGU officials and RHU staff regarding the distribution of the capitation funds was one of the identified causes of inefficient utilization of the fund. Such problem needs immediate attention by PHIC and COA, most especially in bringing clarity to the prescribed rules and regulations and in enforcing strict compliance therewith. (Arzadon, 2014)

It was emphasized that that PCF/PFP is a trust fund and is released to the LGUs for specific purposes only, hence the perceptions of some respondents that a portion of the fund was allotted for other purposes which were not specified in the PHIC guidelines can be used as significant indicators of red flags in the utilization of the capitation funds. Such scenario validates the incidence of reported abuses in the use of the PCF/PFP due to the reason that the capitation funds were treated as a discretionary fund by some local chief executives. Agere (2000) mentioned that one example of poor governance and corruption is the *“diversion of resources from their intended purposes, thus distorting the formulation of the public policy”*.

As to the idleness of the unexpended portion of the PCF/PFP, it can be concluded from the perceptions of some respondents that PCF/PFP released to the LGUs was not utilized at an optimum level. It is important to note that non-utilization of a portion of the fund means non-maximization of the benefits derived from its use, either in the form of insufficiency of medicines or inadequacy of medical services rendered at the RHUs.

Relatively, the aforementioned conclusions were supported by a “Satisfactory” rating given by the majority of the one hundred (100) indigent-beneficiaries based on their satisfaction on the sufficiency of drugs and medicines; sufficiency of reagents, medical supplies and equipment; and performance of quality healthcare services by the medical staff. With such level of satisfaction, we can conclude that there has been some inadequacies in the services rendered

which may be attributed to some problems on inefficient utilization of the fund, thus needing further improvement.

It should be remembered that a significant number of indigent-respondents claimed that not all of the prescribed medical services and diagnostic examinations are conducted or provided by the RHUs due to non-availability of the services in the facility.

Such perceptions of the indigent-respondents corroborated the rationality of the over-all perception of the main respondents as to the level of PCF/PFP utilization – which is only quite efficient.

6.1.2. Perceived Factors Affecting the Efficient Utilization of the PCF/PFP

H2 was proven in the sense that all the 8 pre-determined factors were perceived to be substantially affecting the efficient utilization of the PCF/PFP, as described in the succeeding discussions.

The delayed release of the PCF/PFP has prevented the healthcare providers to deliver complete healthcare services to the indigent-beneficiaries. Had the funds been released on time, then the benefits derived therefrom could have been maximized and enjoyed by the indigent-beneficiaries during the applicable years. However, it is important to note that such delayed release of the capitation funds was due to the late submission of the required reports and late release of the newly prescribed guidelines on fund utilization. Henceforth, there is a great need to address these problems first in order to minimize the incurrence of delays in the release of the capitation funds to the LGUs.

Auditing is an essential part of the check and balance system to ensure that no agency has the absolute power (Agere, 2000). In view hereof, absence of audit provides an opportunity for the auditees to utilize the funds, either in accordance with the prescribed regulations or not, thus considered as one of the contributory factors of inefficient utilization of the capitation funds..

Inefficient audit was also perceived as one of the factors of inefficient utilization of the capitation funds by some respondents who have strongly and moderately agreed thereto. Based on their perceptions, it can be concluded that audits were actually conducted but not that efficient to safeguard the PCF/PFP against inefficient utilization.

Ambiguity in PHIC guidelines was also considered as a factor influencing the efficiency of fund utilization due to existence of some unclear provisions, specifically the terms “others” and “non-health personnel” that were used in the guidelines relating to the utilization of the 80% and 20% portion of the capitation fund. As mentioned by Arzadon (2014), such ambiguity has brought about erroneous interpretations made by some government officials concerned, thus causing problems on the efficient utilization of the capitation funds.

Political influence/meddling was also considered as a significant factor inasmuch as some politicians, particularly the LCEs, tend to abuse the utilization of the PCF/PFP for the reason that they treat the capitation fund as a discretionary fund. This scenario was also mentioned by Espejo (2011). Moreover, there has been an internal problem between LGU officials and RHU staff regarding the 20% PCF/PFP allocation. Some RHU heads claimed that some LGU officials

have not been strictly following the prescribed guidelines on capitation fund utilization, but instead, they have been manipulating the fund and disbursing it for unintended purposes, thus preventing the former from receiving their allotted share. This problem was also disclosed by Arzadon (2014) in her paper.

Likewise, lack of coordination and communication was perceived to be among the significant factors affecting efficient utilization of the fund. Proper coordination and communication among concerned government officials will certainly provide benefits, as follows:

- a. Reduce, if not avoid, erroneous interpretations and conflicts on fund allocation;
- b. Resolve the existing issues on capitation fund utilization between the auditors and the auditees;
- c. Help ensure the effective prioritization of healthcare needs of indigent-beneficiaries through consultation between and among LGU officials and MHOs;
- d. Minimize, if not avoid, the delay in the release of the PCF/PFP due to late submission of required reports.

It is therefore concluded that collaboration is really needed for the agencies to operate efficiently and effectively. (Marson's quotation of Deloitte, as cited in Arzadon, 2014)

Moreover, pooling of funds, by the sponsoring sectors for the purchase of costly medical facilities like ambulance, has caused restrictions for the LGUs to manage their supposed PCF/PFP. Such scheme affected the availability of

medicines, medical supplies and other required medical services, thus considered as a substantial factor affecting the utilization of the capitation funds.

Non-requirement of submission of PCF/PFP utilization reports is perceived to be one of the major factors in the sense that it prevented the proper accountability of the capitation funds from CY 2000 up to first semester of CY 2014. This has contributed to the loophole on the check and balance system. It should be emphasized that public accountability encompasses the ability to account for the allocation, use and control as well as the establishment and enforcement of rules and regulations (Agere, 2000). While the PCF/PFP utilization reports are being required starting on the latter part of CY 2014, the researcher believes that necessary revisions should be proposed to make it more appropriate and useful for all the users of the report.

The abovementioned conclusions have been supported by the result of the multiple regression analysis which proved that the level of efficiency of PCF/PFP utilization is strongly correlated with the 8 factors affecting it. Nonetheless, only 37.7% of the variance in the level of efficiency of PCF/PFP utilization is accounted for by these 8 perceived factors, thus there are still other unidentified factors which can explain the 62.3% change in the dependent variable.

6.1.3. Perceived Degree of COA Auditors' Performance in the audit of PCF/PFP

Generally, it can be concluded that the COA auditors' performance in the audit of the PCF/PFP in the Province of Pangasinan is perceived to be efficient. Moreover, in consideration of a significant percentage of respondents who rated the auditors' performance as "moderately efficient", "moderately inefficient" and "very inefficient", it can be deduced that there seemed to be some problems in the auditing system that still need to be addressed such as, but not limited to, lack of manpower, prioritization of accounts to be audited, inefficiency and attitude of auditors, system of coordination and communication and non-uniformity in the conduct of audit. In this regard, it seems worthwhile to recall that some scholars noted that COA has not strictly monitored the LGU's utilization of the capitation funds. (Arzadon,2014).

Specifically, based on the findings noted on the perceptions of respondents on the audit activities conducted by the auditors, we can conclude that the auditors have conducted the necessary audit procedures in the audit of the capitation funds, such as: post-audit of DVs and the supporting documents of PCF/PFP transactions; requirement of submission of PCF/PFP utilization reports; inspection of deliveries of medicines and supplies; validation as to availability of medicines and medical services; verification of the Trust Fund Account; and verification of copy of LGU resolution/ordinance pertinent to the utilization of the capitation funds. However, the perception that no AOM, ND or NS has been issued by the COA Auditors for any inefficiency regarding the utilization of the capitation

funds for CY 2011 to CY 2014 as claimed by more than 50% of the respondents raised an issue on inefficiency of the auditor's performance. Again, we recall that the level of efficiency of PCF/PFP utilization was only moderately efficient as perceived by the respondents. With this perception, it is expected that problems on inefficient utilization exist. But then, no AOMs, NDs, or NSs were issued as claimed by more than half of the respondents. In view of this, we can conclude that the audit conducted by some auditors might not have been efficient enough to uncover any flaws or problems. Another conclusion can be derived from the finding that 11 out of 36 respondent-auditors admitted to have not audited the PCF/PFP. It should be emphasized that non-audit of the capitation funds certainly precludes detection of any inefficiency or deficiency, thus affecting the efficacy of the auditing system.

6.1.4. Perceived Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP

H3 was partly proven in the sense that 12 out of the 21 pre-determined factors were perceived by the respondents to have a significant influence over the COA Auditors' degree of performance in the audit of the PCF/PFP. Nonetheless, it should be noted that the remaining factors were also perceived to have an influence on the auditors' performance on a case to case basis.

The factors perceived to be significantly affecting the performance of the auditors are as follows: lack of manpower, voluminous workload, exclusion of PCF/PFP from the audit foci, double-standard professional judgment on the

significance level of the amount of PCF/PFP, lack of adequate knowledge on the existing PHIC guidelines and frequent reshuffling of auditors.

Considering that there are only forty-two (42) COA State Auditors who are assigned to audit the operations and transactions of 48 local government agencies, it is expected that tremendous overload of audit work beset the auditors which may therefore result to possible non-audit or conduct of inefficient audit.

On the other hand, non-inclusion of the capitation fund account in the audit thrusts permits the auditors from not conducting the necessary audit, especially when they deem that the amount involved is not that substantial.

Likewise, lack of adequate knowledge on the existing guidelines in the utilization of the capitation funds certainly brings about inefficiency in the audit performance.

Lastly, frequent reshuffle of auditors affects their performance in the sense that it takes time for them to get familiarized with the operations of the LGUs especially when the auditor was previously assigned in the NGS and CGS only.

In support to the drawn conclusions, the high R value of 0.814, which was derived from the conduct of multiple regression analysis, definitely indicates a quite strong relationship between the degree of COA Auditors' performance in the audit of the PCF/PFP and the 21 perceived factors. However, as denoted by the R square value of .6333, only 63.3% of the variance in the COA Auditors' degree of performance is accounted for by the 21 perceived factors, thus, there are still other unidentified factors affecting the COA Auditors' degree of performance which can explain the 36.7% change in said variable.

The 21 perceived factors were grouped into three (3) categories, namely:
a.) personal factors; b.) organizational factors and c.) resultant factors, as presented in Table 6.1.

Table 6.1
**Categories of Perceived Factors Affecting the Degree of COA Auditors’
Performance in the Audit of the PCF/PFP**

Personal Factors	Organizational Factors	Resultant Factors
Lack of knowledge on guidelines	Lack of manpower	Voluminous workload
Auditor’s Lack of Independence	Lack of Resources	
Incompetency	Exclusion of PCF/PFP in the Audit Foci	
Political Influence/Meddling	Non-Cooperation Between Auditors and Auditees	
Different Application of Accounting and Auditing regulations	Ambiguity in PHIC Guidelines	
Double-standard Professional Judgment on Significance Level	Non-Coordination among Auditors from HO and FOs	
Dislocation of Auditors	Frequent Reshuffle/Rotation of Auditors	
Auditors are at Retireable Age		
Patronage/Palakasan System		
Weak Physical Health Condition		
Non-dedication and Love for Government Service		
Auditor’s Lack of Initiative		
Newly-hired in the Auditing Service		

6.1.5. Perceived Relationship Between the Level of Efficiency of PCF/PFP utilization and Degree of COA Auditors’ Performance in the Audit of the PCF/PFP

H1 was proven through the perception of majority of the respondents who strongly agreed on all the four (4) general statements indicating that there is a relationship between the perceived level of efficiency of PCF/PFP utilization and

perceived degree of COA Auditors' performance in the audit of PCF/PFP, as follows:

- a. If auditors conduct the audit properly, the auditees will exert more efforts to comply with the prescribed regulations.
- b. If the auditors conduct the audit properly, the auditees will be discouraged to divert the use of funds for other purposes.
- c. Early communication of noted deficiencies or inefficiencies will help address the audit issues immediately.
- d. Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PCF/PFP utilization.

Moreover, the combined percentage of respondents who strongly and moderately agreed on the statements used, as compared with the combined percentage of those who strongly and moderately disagreed, implies a very strong correlation between the two variables.

Furthermore, the remarkable percentage of respondents who perceived both the degree of COA Auditors' performance and level of efficiency of PCF/PFP utilization as both "Moderately efficient" certainly corroborates the established relationship.

Based on the foregoing, it can be concluded that the level of efficiency of PCF/PFP utilization is greatly related to the degree of COA Auditors' performance in the audit of the PCF/PFP. In other words, the COA Auditors certainly have a major role to play for the efficient utilization of the capitation funds and in fostering public accountability.

It is noteworthy to mention, though, that auditing alone could not solve the problems regarding the disbursement of the PCF/PFP since it is just one of the many aspects that contribute to ensuring the efficient utilization of the capitation funds. In view hereof, several recommendations were proposed for the key agencies involved in the utilization of the capitation funds and in the implementation of the OPB/TSeKaP package.

6.1.6. Variations in Respondents' Perceptions on the Main Aspects of the Study

A. Perceived Level of efficiency of PCF/PFP utilization

The utilization of the PCF/PFP was generally perceived to be efficient by the three groups of respondents. However, it was observed that more MHOs are inclined to give a positive rating than the LGAs and COA Auditors. This has been so since the MHOs play a major role in the implementation of the outpatient benefit packages of Philhealth, in a way that they are directly involved in the delivery of the healthcare services, hence it is expected that their assessment of the level of efficiency of PCF/PFP utilization has the tendency to be high for the reason that the result of the survey may affect the standing or reputation of their respective RHUs and municipalities. Normally, any respondent is expected to provide a high rating for his own performance at work with the belief that he has given his best in undertaking the tasks assigned to him. Relatively, it can also be said that the MHOs are the providers of the necessary healthcare services, thus they can objectively evaluate the level of efficiency of PCF/PFP utilization.

Nonetheless, the reliability of the result of the self-evaluation can be questioned due to existence of conflict of interest.

With respect to the perceptions of the COA Auditors and LGAs, it was noticed that a considerable number of respondents believed that the fund utilization efficiency is only moderate. This may be due to some problems which have been encountered regarding the disbursement of the capitation funds. It can be recalled that several LGAs disclosed problems on the disbursement of the funds due to ambiguity in PHIC guidelines and political meddling.

With regard to the criteria used to assess the level of efficiency of PCF/PFP utilization, it was evident that the three sets of respondents agreed on all the variables used except for item C - Utilization of PCF/PFP for unintended purposes and item D - Unexpended PCF/PFP remained idle. But then, it appeared that the perceptions of the MHOs and the LGAs tend to be more positive than that of the COA Auditors as indicated by the number of MHOs and LGAs who strongly agreed on the criteria used. On the other hand, as regards to items C and D, again it was noticed that more MHOs and LGAs disagreed as compared with that of the number of COA Auditors. Such response was expected since these two criteria indicate a negative implication on the auditees themselves if an affirmative response is derived from them.

Based on the foregoing, it can be concluded that noted differences in perceptions may be attributed partly to the effect of self-evaluation wherein conflict of interest could not be ruled out.

B. Perceived Factors Affecting the Efficient Utilization of the PCF/PFP

Basically, it can be concluded that the three sets of respondents considered all the predetermined factors to have an effect on the utilization of the funds. However, based on the detailed examination of the cross-tabulation results, it can be deduced that there is a significant difference in the respondents' perceptions in the sense that a great number of MHOs are inclined to consider three (3) items as the key factors affecting the efficient utilization of the fund, namely: a) delayed release of PCF/PFP; b) absence of audit; and c) inefficient audit while a significant number of LGAs believed that non-requirement of the utilization reports is a major factor affecting the efficient disbursement of capitation funds. For the COA Auditors, though, it was noted that all the items were considered as main factors.

C. Perceived Degree of COA Auditors' Performance in the audit of PCF/PFP

Based on the result of the cross-tabulation analysis conducted, insignificant variances were noted on the perceptions of the three sets of respondents as they considered the auditors' performance as generally efficient. It was also noticed that no auditor has claimed that the degree of performance in the audit of the PCF/PFP is "very efficient", but 5 MHOs and 3 LGAs believed as such. On the other hand, more auditors rated the auditors' performance as "inefficient" as compared with the small number of 4 MHOs and 4 LGAs who considered as such. Moreover, a quite significant percentage of MHOs and LGAs gave a "Don't Know" response. This may be due to the alleged circumstance that

the auditees, particularly the MHOs, have no much knowledge on the audit activities conducted by the auditors in the audit of the capitation funds.

With respect to the set of criteria used in assessing the degree of COA Auditors' performance, there is no significant variance noted between the perceptions of the COA Auditors and the LGAs. This was due to the fact that the local accountants and the auditors usually communicate with each other about matters concerning the disbursement, accounting and auditing of the capitation funds.

On the other hand, it is also worthwhile mention that a considerable number of MHOs, as compared with the number of the COA Auditors and LGAs, have claimed to have no knowledge on evaluation criteria used. This may be due to the allegation that several MHOs were not informed of any audit activities conducted by the auditors relative to the PCFF/PFP account.

D. Perceived Factors Affecting the Degree of COA Auditors' Performance in the Audit of the PCF/PFP

Based on the result of cross-tabulation conducted, it can be concluded that there is a significant variance between and among the perceptions of the three types of respondents. It was revealed that a significant number of COA auditors considered almost all of the enumerated factors as having a major effect on the auditors' performance efficiency, except for the following items wherein a lesser percentage of auditors agreed thereto, namely: Auditor's Lack of Independence; Incompetency; Auditors are at Retireable Age; Patronage / Palakasan System;

Weak Physical Health Condition; Non-dedication and Love for Government Service; Auditor's Lack of Initiative; and Newly-hired in the Auditing Service.

In so far as the LGAs are concerned, it was noticed that only two factors were believed to have a major effect on the auditors' performance, as evidenced by a considerable number of LGA respondents, namely: Voluminous Workload and Frequent Reshuffle/Rotation of Auditors.

On the other hand, more or less half of the MHO-respondents have expressed their lack of knowledge on all the pre-determined factors and such circumstance may be attributed to the allegation that several MHOs were not informed of any audit activity or audit issues relative to the disbursement of the PCF/PFP.

E. Relationship Between the Level of Efficiency of PCF/PFP utilization and Degree of COA Auditors' Performance in the Audit of the PCF/PFP

An insignificant variance was observed regarding the perceptions of the respondents on the first, third and fourth general statements used as indicators of a relationship between the level of efficiency of PCF/PFP utilization and degree of COA Auditors' performance in the audit of the PCF/PFP.

With regard to the second general statement, though, it can be concluded that more LGAs, as compared with the number of MHOs and COA Auditors, believed that if the auditors conduct the audit properly, the auditees will be discouraged to divert the use of funds for other purposes.

6.2 Recommendations

6.2.1 Recommendations for the Improvement of PCF/PFP Utilization Efficiency and COA Auditors' Performance

Several recommendations on how to improve the level of efficiency of utilization of the PCF/PFP and degree of COA Auditors' performance in the audit of the capitation funds were formulated based on the results of the study. As discussed in Chapter V - Findings and Discussions, the recommendations were grouped into several major categories. In this section, however, the recommendations were classified according to such categories and key agency-players involved, namely: COA, LGUs and PHIC, as presented in the Table 6.2.

Table 6.2
Matrix of Recommendations for the Improvement of the Level of PCF/PFP Utilization Efficiency and Degree of COA Auditors' Performance

CATEGORY	COA	LGU	PHIC
Communication and Coordination Enhancement	Information dissemination through electronic/systematic circulation of circulars, memoranda or resolutions of PHIC and conduct of joint seminars and/or dialogues regarding the PCF/PFP utilization between and among PHIC officials concerned, COA Auditors and LGU officials such as the LCEs, Sangguniang Bayan members, department heads and other employees concerned should be intensified to clarify some gray areas on the PHIC guidelines and to ensure efficient utilization of the capitation funds, as well as, promote the outpatient benefit packages.		
	Communication lines between and among the COA Auditors, PHIC officers, LGU Officials and MHOs should be made open and transparent in order to build a strong partnership in fostering public accountability and transparency and in achieving the objectives of the OPB/TSeKap package.		

CATEGORY	COA	LGU	PHIC
Communication and Coordination Enhancement		In order to minimize or avoid the issue on political meddling, proper coordination and consultation should be done with the MHOs as to the utilization of the capitation funds since they are the ones tasked to prioritize the healthcare needs of the indigent-beneficiaries and that they are directly involved in the implementation of the OPB/TSeKap package.	In order to help ease the problem on delayed release of PCF/PFP, proper communication and coordination with the MHOs is greatly needed to ensure the submission of reports which are required prior to the release of the capitation funds.
			More specific and clear guidelines on PCF/PFP utilization should be issued, particularly on the terms such as “others” and “non-health personnel” to avoid erroneous interpretation by government officials concerned.
			Proper coordination and collaboration with DILG should be enhanced to achieve better governance by including among the indicators of the Local Governance Performance Management System-Seal of Good Local Governance (LGPMS-SGLG) the proper implementation of PhilHealth’s TSeKaP program and efficient utilization of PFP. (Arzadon, 2014)

CATEGORY	COA	LGU	PHIC
Communication and Coordination Enhancement			Proper coordination and partnership with COA for the inclusion of the PCF/PFP among its audit thrusts should be fostered. (Arzadon, 2014)
Promotion of Public Accountability and Transparency	Regular submission of the Monthly Report on the Receipt and Utilization of the PCF/PFP should be required to facilitate the audit and monitoring of the fund account and LGUs/RHUs' compliance with the guidelines.	The Monthly Report on the Receipt and Utilization of the PCF/PFP should be submitted regularly and on a timely basis.	
		The MHOs should be notified regarding the receipt, expenditure and unexpended balances of the PCF/PFP for transparency purposes.	COA Auditors should be notified on the PCF/PFP released to their respective auditees to facilitate the confirmation of the actual amount of capitation funds received by the LGUs.
Promotion of Public Accountability and Transparency		A separate inventory of medicines and supplies purchased out of the capitation funds should be prepared to facilitate the conduct of validation and inspection by COA Auditors and concerned PHIC personnel.	

CATEGORY	COA	LGU	PHIC
Promotion of Public Accountability and Transparency		Strict compliance with the prescribed guidelines on PCF/PFP utilization should be observed.	
		Separate books of account should be maintained in compliance with the prescribed rules.	
		Imposition of sanctions to erring government officials to deter or penalize breach or non-compliance with the rules and regulations pertinent of the implementation of the OPB/TseKap package. (Agere, 2000)	
Improving Monitoring and Evaluation System	Strict monitoring should be made to ensure compliance with the prescribed PHIC guidelines.	A separate inventory of medicines and supplies purchased out of the capitation funds should be prepared to facilitate the conduct of validation and inspection by COA Auditors and concerned PHIC personnel and to check the availability or sufficiency of medicines.	Strict monitoring and surprise inspections as to availability of required medical services at the RHUs should be done to validate compliance with PHIC regulations and to check whether the OPB/TSeKaP package is being implemented properly and effectively.
Improving Auditing System	The PCF/PFP account should be included in the COA's audit thrusts to ensure its regular audit.		

CATEGORY	COA	LGU	PHIC
Improving Auditing System	Additional manning requirements in the COA-LGS should be given considerable attention inasmuch as the bulk of audit work was one of the main factors affecting the auditors' performance.		
	Audit instructions or audit programs in the audit of the PCF/PFP, together with the prescribed format of audit working papers, should be issued by the Supervising Auditors for the uniform audit of the capitation funds.		
	Spot inspections on the availability of medicines and medical services should be conducted to verify compliance with the PHIC guidelines and to check whether the outpatient benefit program is being implemented properly, efficiently and effectively.		

CATEGORY	COA	LGU	PHIC
Improving Auditing System	Verification and certification as to the correctness of PCF/PFP Utilization Reports should be made in order to make the auditors accountable for the kind of audit conducted on the fund account.		
	Communication lines with the auditees should be made open and transparent. Early communication of audit findings should be done for the immediate resolution of any deficiency noted.		
	Frequent rotation/reshuffle of auditors should be avoided in order to allow the auditors to familiarize themselves with the operations and transactions of their auditee-agencies, except for unavoidable circumstances.		

CATEGORY	COA	LGU	PHIC
Improving Auditing System	As much as possible, the auditors should be assigned to agencies near their place of residence to boost their morale and to effectively utilize their vitality for audit work and not on tiresome travel.		
	Citizen's participatory audit or citizen's participation should be enjoined in validating the efficient utilization of the capitation funds through their satisfaction on the availability of the required healthcare services at the local level. (Citizens have power, 2013 November 4)		
	Capacity building and values/standards indoctrination for auditors through trainings, workshops and conferences should be regularly held to ensure the efficient delivery of audit services to the auditee-agencies.		

CATEGORY	COA	LGU	PHIC
Improving Auditing System	Imposition of sanctions to erring/ negligent auditors in the conduct of their duties and responsibilities. Likewise, recommendation for the imposition of appropriate sanctions to erring LGU officials should be made to deter or penalize any breach or non-compliance to the prescribed rules and regulations. (Agere, 2000)		
Re-evaluation of PHIC Prescribed Guidelines			The distribution of the 20% PCF/PFP should be re-evaluated to attain an equitable sharing among the concerned personnel.
Improving Reporting System			A formula matrix should be prepared and prescribed to facilitate the accomplishment of the utilization reports by the LGUs/RHUs, as well as, monitoring by PHIC and COA.

CATEGORY	COA	LGU	PHIC
Proper Planning		A Program and Project Plan for the utilization of the capitation funds should be prepared to ensure that the use of the funds will be maximized and in accordance with the prescribed guidelines.	
Others	Patronage or “palakasan” system should be discouraged or stopped to guarantee that the capitation funds are audited accordingly.	There should be no patronage or “palakasan” system to ensure that the 20% PCF/PFP is properly and equitably distributed to the rightful personnel as prescribed in the PHIC guidelines.	Patronage or “palakasan” system should be discouraged or stopped to ensure that all LGUs and healthcare providers be subjected to strict compliance with the prescribed regulations.

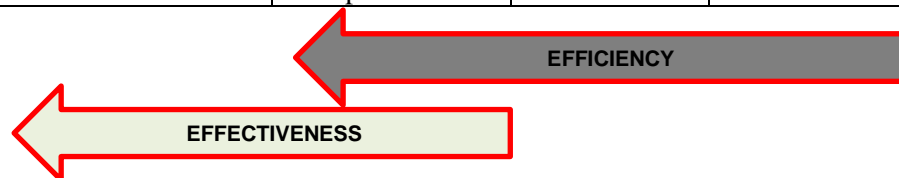
6.2.2. Recommendations for Further Research

The researcher recommends two (2) areas for future study. Firstly, it is proposed that a follow up study be conducted three (3) years after the adoption of the aforementioned recommendations to validate the findings and outcome of this research.

Secondly, the rationale behind the implementation of the outpatient benefit packages, through the capitation system, is to ensure the availability of the required medical services at the local level in order to minimize government expenditures on hospital confinements of indigent-beneficiaries. Table 6.3 presents the Program Theory Matrix or the Logical Framework on the outpatient benefit package of Philhealth.

Table 6.3
Program Theory Matrix on Philhealth's Outpatient Benefit Package

END OUTCOME	INTERMEDIATE OUTCOME	OUTPUT	ACTIVITY	INPUT
To reduce government expenditures on subsidy for hospitalization expenses	To ensure the availability of the necessary healthcare services at the local level to minimize confinement of indigent-beneficiaries Target Group: Indigent-beneficiaries within the entire Province of Pangasinan	Availability of medicines and medical supplies	Procurement of medicines & medical supplies	Philhealth Capitation Funds / Per Family Payment PHIC Guidelines Philippine Health Insurance Corporation (PHIC) Local Government Units
		Medical Services Rendered / Laboratory Test Results	Provide medical services to indigent-members	
			Conduct Laboratory Examinations	
		Utilization & Accountability Reports	Accounting and Recording of PCF/PFP	
		Logbook or Accomplishment Reports on medical services performed on indigent-member patients	Monitoring of compliance to prescribed PHIC rules and regulations	



Based on the results of this study, the over-all satisfaction rating given by the majority of the indigent-respondents as to the availability of required healthcare services under the outpatient benefit packages or TSeKap is only “Satisfactory”. In view of this, the researcher strongly believes that it is significant to evaluate the over-all effectiveness of Philhealth's outpatient benefit packages in terms of achieving the program's goals and objectives.

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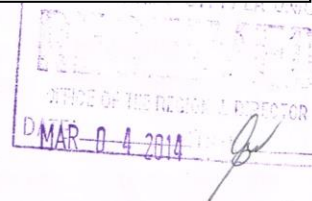
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APPENDIX 1



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union



March 4, 2014

The REGIONAL DIRECTOR
COA Regional Office No. I
City of San Fernando, La Union

Subject: Request for Authority to Conduct Initial Data Gathering, Interview and Survey with concerned COA Auditors and Officials & Staff of Philhealth Region I, Local Government Units and Rural Health Units, and indigent-beneficiaries relative to the Utilization and Monitoring of Philhealth Capitation Funds

Madam:

Per COA Office Order No. 2013-482 dated July 9, 2013, the undersigned was authorized to attend the two-year Master's Degree Program in Japan under the Support of Good Governance Program of the Japanese Grant Aid for Human Resource Development Scholarship (JDS) Project sponsored by the Japanese Government through the Japan International Cooperation Agency. Currently, I am enrolled at Ritsumeikan Asia Pacific University (RAPU), Beppu City, Oita, Japan under the Division of International Public Administration, Major in International Cooperation Policy.

One of the requirements in the fulfillment of the JDS Project is the completion of a Master's Degree Thesis. Since problems concerning the improper, uneconomical & inefficient utilization and ineffective monitoring of Philhealth Capitation Funds (PCF) exist, as embodied in prior years' COA Audit Reports, then I find it noteworthy to focus on the study re: "Fostering Public Accountability and Transparency to Enhance the Economical and Efficient Utilization and Effective Monitoring of Philhealth Capitation Funds Released to Local Government Units (LGUs)".

To be able to fully understand the entire system on the release, utilization and monitoring of the PCF, I need to conduct initial data gathering and walkthrough. An in-depth analysis should also be made on the data gathered for the formulation of relevant questions needed for the conduct of formal interview and survey with concerned officials

of the Commission on Audit (COA), Philippine Health Insurance Corporation (PHIC), Local Government Units (LGUs), Rural Health Units (RHUs) and indigent-beneficiaries in the succeeding overseas research travels.

In view hereof, the undersigned respectfully requests authority to undertake the following activities, within the 2-year period allotted for the completion of the scholarship grant, which are deemed essential in carrying out the research:

- a. Conduct of initial data gathering;
- b. Conduct of interviews and surveys with concerned officials and staff of the aforementioned government offices, as well as, the indigents;
- c. Access to all other related documents which are indispensable in the fulfillment of the research work.

Your utmost consideration and approval on my request is highly sought and prayed for.

Very truly yours,

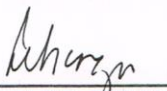

MICHELLE DG. ARIOLA
State Auditor III
Grantee

APPROVED



DISAPPROVED



 3/4/2014
LYNN SF. SICANGCO
Regional Director



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union

APPENDIX 2

August 29, 2014

The REGIONAL DIRECTOR
COA Regional Office No. I
City of San Fernando, La Union

Subject: **Request for Assistance and Endorsement in the Dissemination of Survey Questionnaires and Accomplishment thereof among State Auditors I, II, III and IV of COA Region I**

Madam:

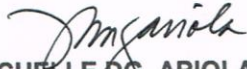
In view of the research being conducted on the utilization of Per Family Payment Rate (PFPR) and/or Philhealth Capitation Funds (PCF), as well as the performance of auditors in the audit of the same, the undersigned chose the survey questionnaire as a tool in gathering the needed data from the respondent auditors within the Province of Pangasinan with the position of State Auditor I, II, III and IV, irrespective of the government sector they are assigned to due to the recent reshuffle of auditors.

However, due to time constraints as brought about by my limited stay for overseas research travel and wide area of coverage related to my study, I might not be able to get a 100% response from the auditor-respondents, hence I am humbly requesting the assistance of your office, with the aid of the Office of ICTC RO I, to facilitate the dissemination, accomplishment and submission of the needed replies.

Attached herewith are the covering letter and the survey questionnaire.

Your utmost consideration and approval on my request is highly sought and prayed for.

Very truly yours,

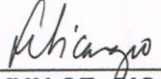

MICHELLE DG. ARIOLA
State Auditor III

APPROVED



DISAPPROVED

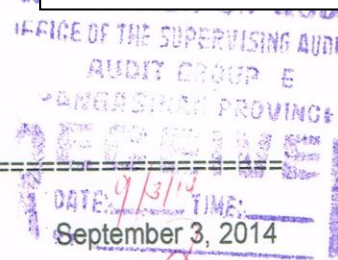



LYNN SF. SICANGCO
Regional Director



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union

APPENDIX 3



The Supervising Auditor
Commission on Audit
LGS – D Pangasinan I

Subject: Request for Assistance and Endorsement in the Dissemination of Survey Questionnaires and Accomplishment thereof among COA Auditors in the Province of Pangasinan

Sir:

In view of the research being conducted on the utilization of the Philhealth Per Family Payment (PPFP) and/or Philhealth Capitation Funds (PCF) at the local level, as well as, the performance of auditors in the audit of the same, the undersigned chose the survey questionnaire as a tool in gathering the needed data from the respondents which include the COA auditors, Local Government Accountants and Municipal / City Health Officers in the Province of Pangasinan.

However, due to time constraints as brought about by my limited stay for overseas research travel and wide area of coverage related to my study, I might not be able to get an acceptable percentage of response from the selected respondents, particularly the COA Auditors, hence I am humbly requesting the assistance of your office to facilitate the dissemination and accomplishment of said questionnaires.

Attached herewith are the covering letter and the survey questionnaire.

Thank you in advance for the time and cooperation that you may extend to the researcher. I am looking forward to a stronger partnership with your office in fostering public accountability and transparency for better governance.

Very truly yours,

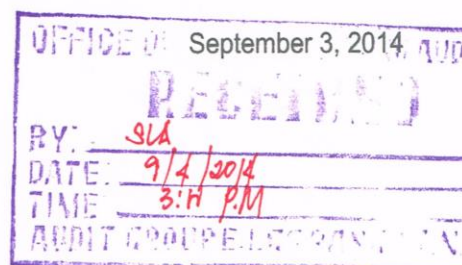

MICHELLE DG. ARIOLA
State Auditor III / Researcher

APPENDIX 4



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union

The Supervising Auditor
Commission on Audit
LGS-E Pangasinan II



Subject: Request for Assistance and Endorsement in the Dissemination of Survey Questionnaires and Accomplishment thereof among COA Auditors in the Province of Pangasinan

Madam:

In view of the research being conducted on the utilization of the Philhealth Per Family Payment (PPFP) and/or Philhealth Capitation Funds (PCF) at the local level, as well as, the performance of auditors in the audit of the same, the undersigned chose the survey questionnaire as a tool in gathering the needed data from the respondents which include the COA auditors, Local Government Accountants and Municipal / City Health Officers in the Province of Pangasinan.

However, due to time constraints as brought about by my limited stay for overseas research travel and wide area of coverage related to my study, I might not be able to get an acceptable percentage of response from the selected respondents, particularly the COA Auditors, hence I am humbly requesting the assistance of your office to facilitate the dissemination and accomplishment of said questionnaires.

Attached herewith are the covering letter and the survey questionnaire.

Thank you in advance for the time and cooperation that you may extend to the researcher.

Very truly yours,

MICHELLE D.G. ARIOLA
State Auditor III / Researcher



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union

APPENDIX 5

September 3, 2014

The Provincial Health Officer
Pangasinan Provincial Health Office
Lingayen, Pangasinan

Subject: **Request for Assistance and Endorsement in the Dissemination of Survey Questionnaires and Accomplishment thereof among Municipal / City Health Officers in the Province of Pangasinan**

Madam:

In view of the research being conducted on the utilization of the Philhealth Per Family Payment (PPFP) and/or Philhealth Capitation Funds (PCF) at the local level, as well as, the performance of auditors in the audit of the same, the undersigned chose the survey questionnaire as a tool in gathering the needed data from the respondents which include the COA auditors, Local Government Accountants and Municipal / City Health Officers in the Province of Pangasinan.

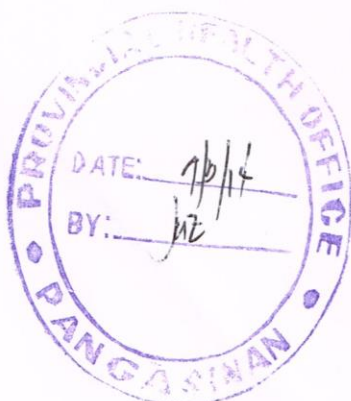
However, due to time constraints as brought about by my limited stay for overseas research travel and wide area of coverage related to my study, I might not be able to get an acceptable percentage of response from the selected respondents, particularly the Municipal / City Health Officers, hence I am humbly requesting the assistance of your office to facilitate the dissemination and accomplishment of said questionnaires.

Attached herewith are the covering letter and the survey questionnaire.

Thank you in advance for the time and cooperation that you may extend to the researcher. I am looking forward to a stronger partnership with your office in fostering public accountability and transparency for better governance.

Very truly yours,


MICHELLE DG. ARIOLA
State Auditor III / Researcher





Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
City of San Fernando, La Union

APPENDIX 6

September 3, 2014

The President

Pangasinan Association of Local Government Accountants

Subject: Request for Assistance and Endorsement in the Dissemination of Survey Questionnaires and Accomplishment thereof among Local Government Accountants in the Province of Pangasinan

Madam:

In view of the research being conducted on the utilization of the Philhealth Per Family Payment (PPFP) and/or Philhealth Capitation Funds (PCF) at the local level, as well as, the performance of auditors in the audit of the same, the undersigned chose the survey questionnaire as a tool in gathering the needed data from the respondents which include the COA auditors, Local Government Accountants and Municipal / City Health Officers in the Province of Pangasinan.

However, due to time constraints as brought about by my limited stay for overseas research travel and wide area of coverage related to my study, I might not be able to get an acceptable percentage of response from the selected respondents, particularly the Local Government Accountants, hence I am humbly requesting the assistance of your office/association to facilitate the dissemination and accomplishment of said questionnaires.

Attached herewith are the covering letter and the survey questionnaire.

Thank you in advance for the time and cooperation that you may extend to the researcher. I am looking forward to a stronger partnership with your office/association in fostering public accountability and transparency for better governance.

Very truly yours,

MICHELLE DG. ARIOLA
State Auditor III / Researcher

APPENDIX 7



Ritsumeikan
Asia Pacific University

1-1 Jumonjibaru, Beppu City, Oita, Japan

Dear Sir/Madam:

The undersigned COA State Auditor has been chosen as one of the recipients of the Japanese Grant Aid for Human Resource Development Scholarship (JDS) and is presently studying in the Graduate School of Asia Pacific Studies, under the International Public Administration Division, Major in International Cooperation Policy, at Ritsumeikan Asia Pacific University located in Beppu City, Oita, Japan.

She is currently gathering data for analysis for her thesis writing. The topic of her research is **“Fostering Public Accountability and Transparency: COA Auditors’ Challenge Against Inefficient Utilization of Philhealth Capitation Funds (PCF) and/or Per Family Payment (PFP)”**.

The topic was selected due to the significance of the amount of government funds released to the Local Government Units to ensure the availability of medicines and healthcare services at the local level and to minimize hospital confinements of enrolled indigent members and their beneficiaries. Moreover, there has been existing problems on the inefficient utilization of PCF/PFP in some areas within the Philippines which pose a critical challenge on the role of COA Auditors in protecting the Philippine Government’s coffers and in fostering public accountability & transparency and good governance.

Considering this great challenge, the researcher aims to **assess the perception of the COA auditors, as well as, the auditees, particularly the local government accountants and the municipal or city health officers, on the level of efficiency of utilization of the PCF/PFP and to determine the factors affecting the same**. She also believes that there is an urgent call to **assess the degree of COA Auditors’ performance in the audit of PCF/PFP and to determine the underlying factors affecting the efficiency of auditors in the conduct of audit of such fund**. Furthermore, **this research is aimed at providing insights on how to improve the audit services rendered by the COA Auditors to enable them to better foster public accountability and transparency**.

As a highlight of this study, the relationship/correlation between the perceived level of efficiency of utilization of PCF/PFP and the perceived degree of COA auditor’s performance in the audit of the capitation fund is intended to be established.

In view hereof, the undersigned humbly requests a few minutes of your valuable time to answer objectively and honestly the attached survey questionnaire which will be collected as soon as you have fully accomplished the same. Rest assured that any information that you will provide through this survey questionnaire will be kept confidential.

For any inquiry, please contact the researcher on the e-mail address and/or phone numbers indicated below.

Thank you in advance for the time and cooperation that you may extend to the researcher.

Sincerely yours,

MICHELLE DG. ARIOLA
State Auditor III / Researcher

E-mail address: mvg_coa@yahoo.com
Contact nos.: +63-922-812-9792 / 075-511-2794

APPENDIX 7.1

Control #: _____

(For COA Personnel)

PROFILE OF RESPONDENT:

Please check the appropriate item.

Position	Designation
_____ SA I	_____ ATL
_____ SA II	_____ ATM
_____ SA III	
_____ SA IV	

QUESTIONNAIRE

PART I. PERCEPTION ON THE EFFICIENCY OF UTILIZATION OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF) BY THE LOCAL GOVERNMENT UNITS

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
1.	80% of the PFP and/or PCF was utilized for specific operational costs, as follows: a. 40% for drugs and medicines Drugs and medicines for asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection; and b. 40% for reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), IT equipment, capacity building for staff, infrastructure or any other use related, necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility.					
2.	20% of the PFP and/or PCF was exclusively used for the honoraria of the following: a. 10% for the physician; b. 5% for other health professional staff of the facility; and c. 5% for non-health professionals/staff, including volunteers and community members of health teams (e.g. Women's Health Team, Community Health Team).					

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
3.	Are the following primary preventive services provided as recommended by the physician? a. Consultation b. Visual inspection with acetic acid c. Regular BP measurements d. Breastfeeding program education e. Periodic clinical breast examinations f. Counselling for lifestyle modification g. Counselling for smoking cessation h. Body measurements i. Digital Rectal Examination					
NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
4.	Are the following diagnostic examinations conducted as recommended by the physician? a. Complete Blood Count (CBC) b. Urinalysis c. Fecalalysis d. Sputum microscopy e. Fasting Blood Sugar f. Lipid profile g. Chest X-ray					
5.	Was there a portion of the capitation fund which is used for other purposes not intended for?					
6.	Was there an unexpended portion of the fund which remained idle?					
NO.	Perceived level of efficiency of utilization of PFP and/or PCF	Very efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
7.	Based on your answers in item nos. 1-6, what is your perception on the level of efficiency of utilization of the PFP and/or PCF at the local level?					
NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
8.	Delayed release of PFP and/or PCF					
9.	Absence of audit					
10.	Inefficient audit					
11.	Ambiguity in the Philhealth's guidelines on the utilization of PFP and/or PCF					
12.	Political influence / meddling					
13.	Lack of coordination and communication between and among the concerned LGU personnel regarding the receipt and disposition of the capitation fund					

NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
14.	Pooling of funds for the purchase of expensive medical equipment					
15.	Non-requirement of the utilization reports as to the disposition of the PFP and/or PCF prior to July 2014					
16.	Others (Please specify)					

PART II. EVALUATION OF AUDITORS' PERFORMANCE IN THE AUDIT OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF)

Put a check mark on the box that corresponds to the answer to each of the question or statement. "NA" stands for "Not Applicable". It is only appropriate to put a check mark on the "NA" box if the answer in item no. 17 is "NO".

NO.	Audit of PPFP and/or PCF	YES				NO	Don't Know
17.	Was the Trust Fund account for the PFP and/or PCF audited by the COA Auditor?						
NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
18.	No. of Audit Observation Memoranda (AOM) issued pertaining to the utilization of PFP and/or PCF for CY 2011						
19.	No. of Audit Observation Memoranda (AOM) issued pertaining to the utilization of PFP and/or PCF for CY 2012						
20.	No. of Audit Observation Memoranda (AOM) issued pertaining to the utilization of PFP and/or PCF for CY2013						
21.	No. of Audit Observation Memoranda (AOM) issued pertaining to the utilization of PFP and/or PCF for the period January – June 2014						
22.	No. of Notice of Disallowance (ND) issued pertaining to PFP and/or PCF utilization for CY 2011						
23.	No. of Notice of Disallowance (ND) issued pertaining to PFP and/or PCF utilization for CY 2012						
24.	No. of Notice of Disallowance (ND) issued pertaining to PFP and/or PCF utilization for CY 2013						
25.	No. of Notice of Disallowance (ND) issued pertaining to PFP and/or PCF utilization for the period January – June 2014						
26.	No. of Notice of Suspension (NS) issued pertaining to PFP and/or PCF utilization for CY 2011						

NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
27.	No. of Notice of Suspension (NS) issued pertaining to PFP and/or PCF utilization for CY 2012						
28.	No. of Notice of Suspension (NS) issued pertaining to PFP and/or PCF utilization for CY 2013						
29.	No. of Notice of Suspension (NS) issued pertaining to PFP and/or PCF utilization for the period January – June 2014						
NO.	Audit Procedures Conducted by COA Auditors	YES	NO	NA	Don't Know		
30.	Post-audit of the PFP and/or PCF disbursement vouchers was regularly done.						
31.	Submission of the PFP and/or PCF Utilization Reports was required.						
32.	Inspections of deliveries of medicines and other medical supplies purchased out of the PFP and/or PCF were conducted.						
33.	Validation as to the availability of medicines, medical supplies and other medical services at the Rural Health Unit / Healthcare Provider was conducted.						
34.	Verification was made to check whether a separate Trust Fund account for the PFP and/or PCF was created by the Local Government Unit						
35.	Verification as to the availability of the copy of LGU resolution or ordinance regarding the guidelines on PFP and/or PCF disposition.						
NO.	Perceived degree of COA Auditors' Performance in the Audit of PFP and/or PCF	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know	
36.	Based on your answers in item nos. 17-35, what is your perception on the auditors' degree of performance in the audit of PFP and/or PCF?						
NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know	
37.	Lack of manpower						
38.	Lack of knowledge on the guidelines on PFP and/or PCF utilization						
39.	Lack of resources such as IT equipment, funds, etc						
40.	Voluminous workload						
41.	Exclusion of PFP and/or PCF in the audit thrusts or foci						
42.	Auditor's lack of independence / Partiality in the conduct of audit						
43.	Incompetency of Auditors						
44.	Non-cooperation between the auditors and auditee-agency personnel						
45.	Ambiguity in the Philhealth's guidelines on PFP and/or PCF utilization						

NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
46.	Political influence / meddling					
47.	Non-coordination between and among concerned auditors from Head Office and the Field Offices					
48.	Different application of accounting and auditing rules and regulations by auditors					
49.	Double-standard professional judgment on materiality level of the PFP and/or PCF account					
50.	Frequent reshuffle / rotation of auditors (every 3 years or less)					
51.	Dislocation of auditors which hampers them to stay longer at work (The auditor's area of assignment is far from his/her place of residence)					
52.	The auditors are at their retireable age.					
53.	Patronage or "palakasan" system					
54.	Weak physical health condition					
55.	Non-dedication and love for government service					
56.	Auditor's lack of initiative					
57.	The auditor is new in the auditing service.					
58.	Others (Please specify)					

PART III. IMPACT OF AUDITORS' PERFORMANCE ON THE LEVEL OF EFFICIENCY OF UTILIZATION OF PFP AND/OR PCF

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Perceived Impact of Auditors' Performance on Efficiency of Utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree
59.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will exert more efforts to comply with the prescribed rules and regulations in order to avoid audit findings.				
60.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will be discouraged to divert the use of funds for other purposes which were not intended for.				
61.	Early communication of noted deficiencies or inefficiencies in the utilization of PFP and/or PCF will help address the audit issue immediately.				
62.	Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PFP and/or PCF utilization.				

**PART IV. SUGGESTIONS OR RECOMMENDATIONS TO ENSURE THE
PROPER AND EFFICIENT UTILIZATION OF PFP AND/OR PCF AT
THE LOCAL LEVEL**

**PART V. SUGGESTIONS OR RECOMMENDATIONS FOR THE
IMPROVEMENT OF AUDITOR'S PERFORMANCE IN THE AUDIT OF
PFP AND/OR PCF TO ENSURE A HIGHER LEVEL OF EFFICIENCY
IN THE UTILIZATION OF SUCH FUND**

THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND COOPERATION.

APPENDIX 7.2

Control #: _____

(For Municipal / City Health Officers)

PROFILE OF RESPONDENT:

Please check the appropriate item.

Position
<input type="checkbox"/> Municipal Health Officer
<input type="checkbox"/> City Health Officer

QUESTIONNAIRE

PART I. PERCEPTION ON THE EFFICIENCY OF UTILIZATION OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF) BY THE LOCAL GOVERNMENT UNITS

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
1.	80% of the PFP and/or PCF was utilized for specific operational costs, as follows: c. 40% for drugs and medicines Drugs and medicines for asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection; and d. 40% for reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), IT equipment, capacity building for staff, infrastructure or any other use related, necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility.					
2.	20% of the PFP and/or PCF was exclusively used for the honoraria of the following: d. 10% for the physician; e. 5% for other health professional staff of the facility; and f. 5% for non-health professionals/staff, including volunteers and community members of health teams (e.g. Women's Health Team, Community Health Team).					

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
3.	Are the following primary preventive services provided as recommended by the physician? j. Consultation k. Visual inspection with acetic acid l. Regular BP measurements m. Breastfeeding program education n. Periodic clinical breast examinations o. Counselling for lifestyle modification p. Counselling for smoking cessation q. Body measurements r. Digital Rectal Examination					
NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
4.	Are the following diagnostic examinations conducted as recommended by the physician? h. Complete Blood Count (CBC) i. Urinalysis j. Fecalalysis k. Sputum microscopy l. Fasting Blood Sugar m. Lipid profile n. Chest X-ray					
5.	Was there a portion of the capitation fund which is used for other purposes not intended for?					
6.	Was there an unexpended portion of the fund which remained idle?					
NO.	Perceived level of efficiency of utilization of PFP and/or PCF	Very efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
7.	Based on your answers in item nos. 1-6, what is your perception on the level of efficiency of utilization of the PFP and/or PCF at the local level?					
NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
8.	Delayed release of PFP and/or PCF					
9.	Absence of audit					
10.	Inefficient audit					
11.	Ambiguity in the Philhealth's guidelines on the utilization of PFP and/or PCF					
12.	Political influence / meddling					
13.	Lack of coordination and communication between and among the concerned LGU personnel regarding the receipt and disposition of the capitation fund					
14.	Pooling of funds for the purchase of expensive medical equipment					

NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
15.	Non-requirement of the utilization reports as to the disposition of the PFP and/or PCF prior to July 2014					
16.	Others (Please specify)					

PART II. EVALUATION OF AUDITORS' PERFORMANCE IN THE AUDIT OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF)

Put a check mark on the box that corresponds to the answer to each of the question or statement. "NA" stands for "Not Applicable". It is only appropriate to put a check mark on the "NA" box if the answer in item no. 17 is "NO".

NO.	Audit of PFP and/or PCF	YES				NO	Don't Know
17.	Was the Trust Fund account for the PFP and/or PCF audited by the COA Auditor?						
NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
18.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY 2011						
19.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY 2012						
20.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY2013						
21.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for the period January – June 2014						
22.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2011						
23.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2012						
24.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2013						
25.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for the period January – June 2014						
26.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2011						

NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
27.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2012						
28.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2013						
29.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for the period January – June 2014						
NO.	Audit Procedures Conducted by COA Auditors	YES	NO	NA	Don't Know		
30.	Post-audit of the PFP and/or PCF disbursement vouchers was regularly done.						
31.	Submission of the PFP and/or PCF Utilization Reports was required.						
32.	Inspections of deliveries of medicines and other medical supplies purchased out of the PFP and/or PCF were conducted.						
33.	Validation as to the availability of medicines, medical supplies and other medical services at the Rural Health Unit / Healthcare Provider was conducted.						
34.	Verification was made to check whether a separate Trust Fund account for the PFP and/or PCF was created by the Local Government Unit						
35.	Verification as to the availability of the copy of LGU resolution or ordinance regarding the guidelines on PFP and/or PCF disposition.						
NO.	Perceived degree of COA Auditors' Performance in the Audit of PFP and/or PCF	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know	
36.	Based on your answers in item nos. 17-35, what is your perception on the auditors' degree of performance in the audit of PFP and/or PCF?						
NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know	
37.	Lack of manpower						
38.	Lack of knowledge on the guidelines on PFP and/or PCF utilization						
39.	Lack of resources such as IT equipment, funds, etc.						
40.	Voluminous workload						
41.	Exclusion of PFP and/or PCF in the audit thrusts or foci						
42.	Auditor's lack of independence / Partiality in the conduct of audit						
43.	Incompetency of Auditors						
44.	Non-cooperation between the auditors and auditee-agency personnel						
45.	Ambiguity in the Philhealth's guidelines on PFP and/or PCF utilization						

NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
46.	Political influence / meddling					
47.	Non-coordination between and among concerned auditors from Head Office and the Field Offices					
48.	Different application of accounting and auditing rules and regulations by auditors					
49.	Double-standard professional judgment on materiality level of the PFP and/or PCF account					
50.	Frequent reshuffle / rotation of auditors (every 3 years or less)					
51.	Dislocation of auditors which hampers them to stay longer at work (The auditor's area of assignment is far from his/her place of residence)					
52.	The auditors are at their retireable age.					
53.	Patronage or "palakasan" system					
54.	Weak physical health condition					
55.	Non-dedication and love for government service					
56.	Auditor's lack of initiative					
57.	The auditor is new in the auditing service.					
58.	Others (Please specify)					

PART III. IMPACT OF AUDITORS' PERFORMANCE ON THE LEVEL OF EFFICIENCY OF UTILIZATION OF PFP AND/OR PCF

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Perceived Impact of Auditors' Performance on Efficiency of Utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree
59.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will exert more efforts to comply with the prescribed rules and regulations in order to avoid audit findings.				
60.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will be discouraged to divert the use of funds for other purposes which were not intended for.				
61.	Early communication of noted deficiencies or inefficiencies in the utilization of PFP and/or PCF will help address the audit issue immediately.				
62.	Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PFP and/or PCF utilization.				

**PART IV. SUGGESTIONS OR RECOMMENDATIONS TO ENSURE THE
PROPER AND EFFICIENT UTILIZATION OF PFP AND/OR PCF AT
THE LOCAL LEVEL**

**PART V. SUGGESTIONS OR RECOMMENDATIONS FOR THE
IMPROVEMENT OF AUDITOR'S PERFORMANCE IN THE AUDIT OF
PFP AND/OR PCF TO ENSURE A HIGHER LEVEL OF EFFICIENCY
IN THE UTILIZATION OF SUCH FUND**

THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND COOPERATION.

Control #: _____

(For Local Government Accountants)

APPENDIX 7.3

PROFILE OF RESPONDENT:

Please check the appropriate item.

Position
_____ Municipal Accountant
_____ City Accountant

QUESTIONNAIRE

PART I. PERCEPTION ON THE EFFICIENCY OF UTILIZATION OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF) BY THE LOCAL GOVERNMENT UNITS

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
1.	80% of the PFP and/or PCF was utilized for specific operational costs, as follows: e. 40% for drugs and medicines Drugs and medicines for asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection; and f. 40% for reagents, medical supplies, equipment (ambulance, ambubag, stretcher, etc.), IT equipment, capacity building for staff, infrastructure or any other use related, necessary for the delivery of required services including referral fees for diagnostic services if not available in the facility.					
2.	20% of the PFP and/or PCF was exclusively used for the honoraria of the following: g. 10% for the physician; h. 5% for other health professional staff of the facility; and i. 5% for non-health professionals/staff, including volunteers and community members of health teams (e.g. Women's Health Team, Community Health Team).					

NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
3.	Are the following primary preventive services provided as recommended by the physician? s. Consultation t. Visual inspection with acetic acid u. Regular BP measurements v. Breastfeeding program education w. Periodic clinical breast examinations x. Counselling for lifestyle modification y. Counselling for smoking cessation z. Body measurements aa. Digital Rectal Examination					
NO.	Was the PFP and/or PCF utilized for the intended purposes at an optimum level?	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
4.	Are the following diagnostic examinations conducted as recommended by the physician? o. Complete Blood Count (CBC) p. Urinalysis q. Fecalalysis r. Sputum microscopy s. Fasting Blood Sugar t. Lipid profile u. Chest X-ray					
5.	Was there a portion of the capitation fund which is used for other purposes not intended for?					
6.	Was there an unexpended portion of the fund which remained idle?					
NO.	Perceived level of efficiency of utilization of PFP and/or PCF	Very efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know
7.	Based on your answers in item nos. 1-6, what is your perception on the level of efficiency of utilization of the PFP and/or PCF at the local level?					
NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
8.	Delayed release of PFP and/or PCF					
9.	Absence of audit					
10.	Inefficient audit					
11.	Ambiguity in the Philhealth's guidelines on the utilization of PFP and/or PCF					
12.	Political influence / meddling					
13.	Lack of coordination and communication between and among the concerned LGU personnel regarding the receipt and disposition of the capitation fund					

NO.	Perceived factors affecting the efficient utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
14.	Pooling of funds for the purchase of expensive medical equipment					
15.	Non-requirement of the utilization reports as to the disposition of the PFP and/or PCF prior to July 2014					
16.	Others (Please specify)					

PART II. EVALUATION OF AUDITORS' PERFORMANCE IN THE AUDIT OF THE PER FAMILY PAYMENT (PFP) AND/OR PHILHEALTH CAPITATION FUNDS (PCF)

Put a check mark on the box that corresponds to the answer to each of the question or statement. "NA" stands for "Not Applicable". It is only appropriate to put a check mark on the "NA" box if the answer in item no. 17 is "NO".

NO.	Audit of PPFP and/or PCF	YES				NO	Don't Know
17.	Was the Trust Fund account for the PFP and/or PCF audited by the COA Auditor?						
NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
18.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY 2011						
19.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY 2012						
20.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for CY2013						
21.	No. of Audit Observation Memoranda (AOM) received pertaining to the utilization of PFP and/or PCF for the period January – June 2014						
22.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2011						
23.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2012						
24.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for CY 2013						
25.	No. of Notice of Disallowance (ND) received pertaining to PFP and/or PCF utilization for the period January – June 2014						
26.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2011						

NO.	Auditor's Performance Indicators	0	1	2	3 or more	NA	Don't Know
27.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2012						
28.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for CY 2013						
29.	No. of Notice of Suspension (NS) received pertaining to PFP and/or PCF utilization for the period January – June 2014						
NO.	Audit Procedures Conducted by COA Auditors	YES	NO	NA	Don't Know		
30.	Post-audit of the PFP and/or PCF disbursement vouchers was regularly done.						
31.	Submission of the PFP and/or PCF Utilization Reports was required.						
32.	Inspections of deliveries of medicines and other medical supplies purchased out of the PFP and/or PCF were conducted.						
33.	Validation as to the availability of medicines, medical supplies and other medical services at the Rural Health Unit / Healthcare Provider was conducted.						
34.	Verification was made to check whether a separate Trust Fund account for the PFP and/or PCF was created by the Local Government Unit						
35.	Verification as to the availability of the copy of LGU resolution or ordinance regarding the guidelines on PFP and/or PCF disposition.						
NO.	Perceived degree of COA Auditors' Performance in the Audit of PFP and/or PCF	Very Efficient	Moderately Efficient	Moderately Inefficient	Very Inefficient	Don't Know	
36.	Based on your answers in item nos. 17-35, what is your perception on the auditors' degree of performance in the audit of PFP and/or PCF?						
NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know	
37.	Lack of manpower						
38.	Lack of knowledge on the guidelines on PFP and/or PCF utilization						
39.	Lack of resources such as IT equipment, funds, etc.						
40.	Voluminous workload						
41.	Exclusion of PFP and/or PCF in the audit thrusts or foci						
42.	Auditor's lack of independence / Partiality in the conduct of audit						
43.	Incompetency of Auditors						
44.	Non-cooperation between the auditors and auditee-agency personnel						
45.	Ambiguity in the Philhealth's guidelines on PFP and/or PCF utilization						

NO.	Perceived factors affecting COA Auditors' Performance in the Audit of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree	Don't Know
46.	Political influence / meddling					
47.	Non-coordination between and among concerned auditors from Head Office and the Field Offices					
48.	Different application of accounting and auditing rules and regulations by auditors					
49.	Double-standard professional judgment on materiality level of the PFP and/or PCF account					
50.	Frequent reshuffle / rotation of auditors (every 3 years or less)					
51.	Dislocation of auditors which hampers them to stay longer at work (The auditor's area of assignment is far from his/her place of residence)					
52.	The auditors are at their retireable age.					
53.	Patronage or "palakasan" system					
54.	Weak physical health condition					
55.	Non-dedication and love for government service					
56.	Auditor's lack of initiative					
57.	The auditor is new in the auditing service.					
58.	Others (Please specify)					

PART III. IMPACT OF AUDITORS' PERFORMANCE ON THE LEVEL OF EFFICIENCY OF UTILIZATION OF PFP AND/OR PCF

Put a check mark on the box that corresponds to the answer to each of the question or statement.

NO.	Perceived Impact of Auditors' Performance on Efficiency of Utilization of PFP and/or PCF	Strongly Agree	Moderately Agree	Moderately Disagree	Strongly Disagree
59.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will exert more efforts to comply with the prescribed rules and regulations in order to avoid audit findings.				
60.	If the auditors conduct the audit of PFP and/or PCF properly, the auditees will be discouraged to divert the use of funds for other purposes which were not intended for.				
61.	Early communication of noted deficiencies or inefficiencies in the utilization of PFP and/or PCF will help address the audit issue immediately.				
62.	Lack of audit and/or inefficient audit contributes to the increase in the level of inefficiency in the PFP and/or PCF utilization.				

**PART IV. SUGGESTIONS OR RECOMMENDATIONS TO ENSURE THE
PROPER AND EFFICIENT UTILIZATION OF PFP AND/OR PCF AT
THE LOCAL LEVEL**

**PART V. SUGGESTIONS OR RECOMMENDATIONS FOR THE
IMPROVEMENT OF AUDITOR'S PERFORMANCE IN THE AUDIT OF
PFP AND/OR PCF TO ENSURE A HIGHER LEVEL OF EFFICIENCY
IN THE UTILIZATION OF SUCH FUND**

THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND COOPERATION.

APPENDIX 8

Control #: _____

(For Philhealth Indigent - Beneficiaries)

PROFILE OF RESPONDENT:

Please fill in the required information. (Pakipunan po ng mga kaukulang impormasyon.)

Municipality (Munisipyo) _____

Village (Barangay) _____

Age (Edad) _____

Gender (Kasarian)

☐ Male (Lalaki)

☐ Female (Babae)

QUESTIONNAIRE

PART I. SATISFACTION AS TO THE AVAILABILITY OF REQUIRED HEALTHCARE SERVICES AT THE LOCAL LEVEL (KASIYAHAN SA BENEPISYONG MEDIKAL SA LOKAL NA ANTAS)

NO.	AVAILMENT / RECEIPT OF MEDICAL BENEFITS (PAGTANGGAP NG BENEPISYONG MEDIKAL)	Yes (Oo)		No (Hindi)		
1	Have you ever availed / received any medical benefits from the Municipal Health Office (MHO) or Rural Health Unit (RHU)? (Nakatanggap ka na ba ng benepisyong medikal mula sa Municipal Health Office (MHO) o Rural Health Unit (RHU)?					
NO.	INDIGENT-BENEFICIARIES' SATISFACTION RATING AS TO THE FOLLOWING CONDITIONS/ CIRCUMSTANCES: (KASIYAHAN O SATISPAKSYON NG MGA MARALITANG BENEPISARYO SA MGA SUMUSUNOD NA KONDISYON O PANGYAYARI)	Outstanding (Katangi-tangi)	Very Satisfactory (Napaka-Kasiya-siya)	Satisfactory (Kasiya-siya)	Not Satisfactory (Hindi Kasiya-siya)	Very Poor (Dahop)
2	Sufficiency of drugs and medicines for asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection (Kasapatan ng gamot at medisina para sa sakit na asthma, acute gastroenteritis, upper respiratory tract infection/ pneumonia and urinary tract infection)					
3	Sufficiency of reagents, medical supplies, equipment like ambulance, ambubag, stretcher, etc. (Kasapatan ng mga gamit para sa paghatid ng serbisyong medikal gaya ng ambulansya, ambubag, stretcher, at iba pa)					
4	Delivery of medical benefits by the physician and the medical staff (Paghahatid ng serbisyong medikal ng doktor at ng mga tauhan ng MHO / RHU)					

NO.	INDIGENT-BENEFICIARIES' OPINION AS TO THE FOLLOWING CONDITIONS/ CIRCUMSTANCES: (OPINYON NG MGA MARALITANG BENEFISARYO SA MGA SUMUSUNOD NA KONDISYON/ PANGYAYARI)	Strongly Agree (Matinding Pag-sang-ayon)	Moderately Agree (Katamtamang Pag-sang-ayon)	Moderately Disagree (Katamtamang Hindi Pag-sang-ayon)	Strongly Disagree (Matinding Hindi Pag-sang-ayon)
5	Payment of fees for the medical services received (Pagbayad para sa serbisyong medikal na natanggap)				
6	Giving of donations to MHO or RHU in return for the medical services rendered (Pagbigay ng donasyon sa MHO o RHU kapalit ng serbisyong medikal na natanggap)				
7	Delivery of the following healthcare services (Paghatid ng mga sumusunod na serbisyong medikal) :				
	a. Consultation (Konsultasyon)				
	b. Visual Inspection with Acetic Acid				
	c. Regular BP measurements				
	d. Breastfeeding program education				
	e. Periodic clinical breast examinations				
	f. Counseling for lifestyle modification				
	g. Counseling for smoking cessation				
	h. Body measurements				
8	i. Digital Rectal Examination				
	Conduct of necessary diagnostic examinations (Pagsasagawa ng mga kinakailangang dayagnostikong eksaminasyon):				
	a. Complete Blood Count (CBC)				
	b. Urinalysis				
	c. Fecalysis				
	d. Sputum microscopy				
	e. Fasting Blood Sugar				
	f. Lipid profile				
9	g. Chest X-ray				
	Necessity for hospitalization due to inefficient delivery of healthcare services at the MHO or RHU (Pagpapaospital ng pasyente dahil sa kakulangan ng serbisyong medikal na hatid ng MHO o RHU)				

PART II. SUGGESTIONS AND/OR RECOMMENDATIONS FOR THE IMPROVEMENT OF HEALTHCARE SERVICES RENDERED TO THE PHILHEALTH INDIGENT-BENEFICIARIES (MGA MUNGKAHI AT REKOMENDASYON PARA SA MAS MAAYOS NA PAGHAHATID NG SERBISYONG MEDIKAL PARA SA MGA MARALITANG BENEFISARYO NG PHILHEALTH)

THANK YOU VERY MUCH FOR YOUR COOPERATION.
(MARAMING SALAMAT PO SA INYONG KOOPERASYON.)