

Republic of the Philippines  
**NATIONAL AVIATION ACADEMY OF THE PHILIPPINES**  
The National Professional Institution for Aviation  
(Formerly Philippine State College of Aeronautics)  
**OFFICE OF THE PRESIDENT**

13 February 2026

**ATTY. REYNALD I. ABELLA**  
OIC – Audit Team Leader (COA)  
National Aviation Academy of the Philippines

Sir:

Greetings.

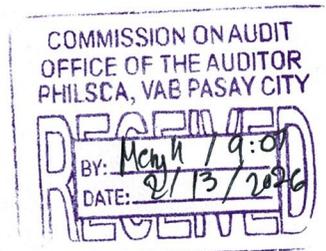
Respectfully submitted herewith is the updated **PhilSCA Agency Action Plan and Status of Implementation (AAPSI) for CY 2024 and prior years' audit observations and recommendations**. This report presents the current status of compliance and includes supplementary documentation, in continuation of our previous transmittal dated 28 August 2025.

We trust that this submission will provide the necessary information for your reference and audit purposes. May we kindly request acknowledgment of receipt.

Thank you.

Very truly yours,

  
**DR. MARIA SISA T. DELA CRUZ**  
Officer-in-Charge



Republic of the Philippines  
**NATIONAL AVIATION ACADEMY OF THE PHILIPPINES**  
The National Professional Institution for Aviation  
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**AUDIT COMPLIANCE COMMITTEE**

06 February 2026

**DR. MARIA SISA T. DELA CRUZ**

*Officer-in-Charge*

*National Aviation Academy of the Philippines*

Madam:

Greetings!

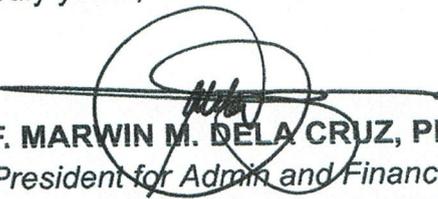
Respectfully submitted is the updated **PhilSCA Agency Action Plan and Status of Implementation (AAPSI) for CY 2024 and Prior Years' Audit Observations and Recommendations**. This document reflects progress made since our previous submission on August 28, 2025.

As of this update, the status of implementation is as follows:

<b>Status</b>	<b>Number</b>	<b>Percentage</b>
Fully Implemented	26	87%
Partially Implemented	4	13%
<b>TOTAL</b>	<b>30</b>	<b>100%</b>

We submit this for your perusal and for your approval to transmit these updates to the Commission on Audit (COA).

Very truly yours,

  
**PROF. MARWIN M. DELA CRUZ, Ph.D.**  
*Vice President for Admin and Finance*  
*National Aviation Academy of the Philippines*

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05 February 2026

**PROF. MARWIN M. DELA CRUZ, Ph.D.**  
*Vice President for Admin and Finance*  
*National Aviation Academy of the Philippines*

Dear Sir:

Respectfully forwarded herewith is the updated **Agency Action Plan and Status of Implementation (AAPSI) for CY 2024 and Prior Years' Audit Observations and Recommendations**, including all relevant supporting documents.

This submission serves as a follow-up and update to the initial AAPSI report transmitted on August 28, 2025. We request your review and evaluation of the updated implementation status, and your subsequent endorsement for official submission if found in order.

Thank you for your continued support.

  
**IMELDA F. NAVIGAR, CPA, MPA**  
*Chairperson, Audit Compliance Committee / CAO*

  
**DR. ESTRELLA E. YAGO**  
*Vice-Chairperson, Audit Compliance Committee / Director, Quality Assurance*

  
**CYNTHIA R. AUSAN**  
*Member, Audit Compliance Committee / Accountant II*

  
**FIVEY ANNE E. MUNCADA**  
*Member, Audit Compliance Committee / OIC, Budget Unit*

  
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*Member, Audit Compliance Committee / Admin Officer II, HRMSD*

  
**ENGR. JOHN ANGELO P. CONSUNJI**  
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**ADORRA MARIE R. PARATO**  
*Asst. Secretariat, Audit Compliance Committee / Admin Aide VI*

Philippine State College of Aeronautics  
**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION (AAPSI)**  
**AUDIT OBSERVATIONS AND RECOMMENDATIONS**  
 FY 2024 and Prior Years

Reference	Audit Observations	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial / Delay / Non-Implementation , if applicable	Action Taken / Action to be Taken
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					From	To			
AAR 2024 pages 47-55	<p><b>A. Financial Audit</b></p> <p>1. Accounting Errors and Omissions</p> <p><i>Accounting Deficiencies</i></p> <p>2. Various accounting deficiencies, such as unreconciled and unaccounted balances resulting from the absence or inadequacy of records / schedules / documents, affected the reliability of the balances of several accounts as at December 31, 2024.</p> <p><b>CASH AND CASH EQUIVALENTS</b></p> <p>a. <i>Unreconciled year-end balance per bank and per books of the Cash in Bank -Local Currency Current Account (CiB – LCCA) of P3,372,884.68</i></p>	<p><b>We recommended and Management agreed to reconcile the noted discrepancy between the adjusted balance of the CiB – LCCA per BRS and the GL balance, and prepare the necessary adjusting entries to ensure the correctness of the reported year-end balance, if any.</b></p>		Accounting Unit	2025	2026	Fully Implemented		<p>The Accounting Unit has reconciled the discrepancy between the Cash in Bank – Local Currency Current Account (CiB–LCCA) balance per BRS and GL balance and the accuracy of the year-end balance. Certification from the Accountant has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.</p>

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	b. <i>Unreconciled Balances of General Ledger (GL) and its related Subsidiary Ledgers (SL) totaling P154,686.90;</i>	<b>We recommended and Management agreed to reconcile the balances of the GL and its related SLs and make the necessary corrections in the records.</b>		Accounting Unit	2025	2026	Fully Implemented		The Accounting Unit submitted the corrected copies of General Ledger and Subsidiary Ledgers for the Cash–Collecting Officer Account and the Petty Cash Account to the COA Audit Team on 21 March 2025 together with copies of Logbook entries. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.
	c. <i>Non-preparation and non-maintenance of separate SLs for the STF and Payroll fund accounts.</i>	<b>We reiterated our prior year’s recommendation with modifications, and Management agreed to prepare and regularly update the separate SLs for the STF and Payroll Fund accounts.</b>		Accounting Unit	2025	2026	Fully Implemented		The Accounting Unit maintains separate Subsidiary Ledgers (SLs) for the STF and Payroll Fund accounts effective starting in 2025.

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	<b>INVENTORIES</b> a. <i>Unreconciled balances of Report on Supplies and Materials Issued (RSMI) and General Ledger balances totaling P948,120.70;</i>  b. <i>Undocumented adjustments - P6,867,214.16;</i>  c. <i>Noncompliance with the use of Perpetual Inventory Method.</i>	<b>We recommended and Management agreed to require the Accountant and the Supply Officer to reconcile and update their records to reflect the correct year-end balances in the books.</b>  <b>We recommended and Management agreed to require the Accountant and the Supply Officer to submit the RSMI and RSPI, together with the RIS and ICS, to substantiate the adjustments made.</b>  <b>We reiterated our prior year's recommendation that the Management require the Accounting Unit to record the purchases and issuances of inventories using the Perpetual Inventory Method.</b>		Accounting and Supply Unit	2025	2026	Partially Implemented	<p>The Accounting Unit has reconciled two (2) out of three (3) accounts, namely the Office Supplies Inventory Account and the Fuel, Oil, and Lubricants Inventory Account. Reconciliation of the Accountable Forms, Plates, and Stickers Inventory Account is ongoing. The corrected General Ledger for the reconciled accounts has been submitted to the COA Audit Team.</p> <p>The Accounting Unit submitted the RSMI and RSPI, together with the RIS and ICS, to the COA Audit Team on 10 and 11 January 2025. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.</p> <p>The Accounting Unit has prepared Supply Ledger Cards for monitoring of inventories. However, the Perpetual Inventory Method is still to be implemented. The purchase and issuance dates of inventories are being reviewed individually. The Accounting Unit will continuously coordinate with the Supply Unit to to ensure accurate and complete recording of inventories. Please find attached <b>Annex "A"</b> for the Certification of Accounting and Supply Unit and the sample of the Supply Ledger Cards.</p>	
		Accounting and Supply Unit	2025	2026	Fully Implemented				
		Accounting and Supply Unit	2025	2026	Partially Implemented				

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AAR 2024 pages 55-64	<p><b>B. OTHER AUDIT AREAS</b></p> <p><i>Utilization of Special Trust Fund</i></p> <p>4. Of the total approved budget for Special Trust Fund amounting to P462,234,940.40, the amount of P277,303,443.27 or 60 percent thereof was utilized by PhilSCA, leaving an unutilized budget of P184,931,497.13 or 40 percent which is largely attributed to unimplemented programs and projects, thereby, depriving the optimum benefits that could have been realized through the allotted budget.</p> <p>a.) <i>Unutilized Budget for PS -P2,237,235.55;</i></p>	<p><b>We recommended and the Management agreed to align the use of the unutilized budget for PS with both of the PhilSCA's organizational goals and employees' needs by getting feedback from its personnel where the greatest impact can be made.</b></p>		Budget Unit	2025	2026	Fully Implemented		<p>The Budget Office considered the audit recommendation in developing a more practical and responsive budget for FY 2025. For Personnel Services (PS), only line items with clear and approved guidelines for utilization and disbursement were included in the approved Program of Receipts and Expenditures (PRE).</p>

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	b.) <i>Unutilized Budget for MOOE - P172,810,574.04;</i>	<b>We recommended and the Management agreed to allocate the funds on the current needs of the PhilSCA and any ongoing challenges that it may be facing.</b>		Budget Unit	2025	2026	Fully Implemented		<p>For Maintenance and Other Operating Expenses (MOOE), the unprogrammed and unutilized funds from FY 2024 were allocated to programs, activities, and projects (PAPs) addressing the College's current needs and challenges. These PAPs include salary increases for Contract of Service (COS) personnel (administrative and faculty), rehabilitation of the main electrical lines of the FAB Campus main building, and the supply, delivery, and installation of solar panels and a fire detection and alarm system, among others.</p> <p>A copy of the 2025 PRE has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.</p>

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AAR 2024 pages 65-66	<p><i>Compliance with Pertinent Provisions of RA No. 9184 and its RIRR and Other Issuances on Government Procurement</i></p> <p>6. The PhilSCA incurred delays in the issuance of the Notices of Award (NOA) ranging from 10 to 91 calendar days; and Notices to Proceed (NtP) ranging from 3 to 9 calendar days, contrary to Section 37 of Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR).</p>	<p><b>We recommended and the Management agreed to, henceforth, strictly comply with the prescribed rules and regulations in the notice and execution of award, which includes adhering to the deadlines set on the issuance of the NoA and the NtP.</b></p>		Bids and Awards Committee / Management	2025		Fully Implemented	<p>The BAC Office provided explanations in its letter dated 05 June 2025, subject: Comments on AOM 2025-15-2024 dated 22 May 2025, with the corresponding Notices to Proceed (NtPs) attached. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.</p> <p>Moving forward, the BAC will strictly comply with the rules and regulations on the issuance and execution of awards, particularly the prescribed deadlines for the Notices of Award (NoA) and Notices to Proceed (NtP), pursuant to Section 37 of RA 9184 and its IRR.</p>	

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AAR 2024 pages 67-68	<i>Delay in the Submission of Contracts and Purchase Orders</i> 7. Non-submission of 17 POs and delayed submission of 11 contracts and 34 POs, with delays ranging from 2 to 23 days, and 1 to 67 days, respectively prevented the implementation of a systematic and effective review and evaluation process, thereby, hindering the generation of timely and relevant audit results that would aid Management in decision making.	<b>We recommended and the Management agreed to strictly comply with the deadline set for the submission of contracts and POs.</b>		Procurement Unit / Bids and Awards Committee / Management	2025	2026	Fully Implemented		The Procurement Unit submitted the 17 Purchase Orders, 11 contracts, and 34 Purchase Orders, together with the RIS and ICS, to the COA Audit Team on March 26, 2025. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.
AAR 2024 pages 68-70	<i>Transparency in Government Operations (Transparency Seal)</i> 8. The PhilSCA's Transparency Seal lacks postings and updates of the information as required under Section 103 of the GAA, FY 2024, thereby depriving the people of the right to information on matters of public concern.	<b>We recommended and the Management agreed to post and update the information as required under Section 103 of the General Provisions of the GAA, FY 2024 on the PhilSCA's Transparency Seal.</b>		Office of the President and MIS	2025	2026	Fully Implemented		The Transparency Seal has been updated and made complete as of August 2025, in compliance with Section 103 of the General Provisions of the GAA, FY 2024. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.

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AAR 2024 pages 70-73	<i>Delay in the Submission of Financial and Budgetary Reports</i> 9. The agency incurred delays ranging from two to 292 days in the submission of financial and budgetary reports, including supporting schedules and other required documents, contrary to pertinent provisions of the GAM for NGAs, Volume I and Section 122 of PD No. 1445, which hindered the timely audit of the accounts, receipts, disbursements, and consequently, the prompt corrections of deficiencies, if any.	<b>We recommended and the Management agreed to, henceforth, submit the reports within the set deadlines to facilitate the audit of financial transactions.</b>		Accounting and Budget Unit	2025	2026	Fully Implemented		The Accounting and Budget Units will henceforth submit the required financial and budgetary reports, together with the necessary supporting documents, within the prescribed deadlines to facilitate timely audit of financial transactions. The compliance for CY 2025 has been attached on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025..
AAR 2024 pages 73-75	<i>Non-compliance with the Use and Maintenance of the Prescribed Forms under GAM for NGAS, Volume I and COA Circular No. 2022-004 dated May 31, 2022</i> 10. The use and maintenance of the forms, registry, and reports prescribed under the pertinent provisions of GAM for NGAS, Volume I, and Section 4.7 of COA Circular No. 2022-004 dated May 31, 2022 were not complied with, thus, had compromised the effectiveness of internal controls over inventories and PPE, potentially leading to lapses in accountability, tracking, and asset management.	<b>We reiterated our prior year's audit recommendation and Management agreed to require the Accounting Unit and the Supply Unit to prepare and maintain the required forms, reports and registries as prescribed in the GAM for NGAs, Volume I, and the COA Circular No. 2022-004 dated May 31, 2022.</b>		Accounting and Supply Unit	2025	2026	Fully Implemented		The Accounting and Supply Units will prepare and maintain the required forms, reports, and registries as prescribed in the GAM for NGAs, Volume I, and COA Circular No. 2022-004 dated 31 May 2022. Actual reports of RSMI and RSPI submitted to the Audit Team has been attached on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025 as proof of compliance in the use of prescribed forms and reports.

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AAR 2024 pages 75-76	<p><i>Granting of Additional Cash Advances (CA) Despite Non-liquidation of Prior CAs Given and Delay in the Liquidation of CAs Ranging from 12 to 273 Days</i></p> <p>11. Additional cash advances (CAs) were granted to three (33) Accountable Officers (AO) despite non-liquidation of the prior cash advances. Furthermore, delays in the liquidation of CAs, ranging from 15 to 287 days, as of year-end were noted, contrary to Section 89 of Presidential Decree (PD) No. 1445 and COA Circular No. 97-002.</p>	<p><b>We reiterated our prior year's audit recommendations and Management agreed to:</b></p> <p><b>a. refrain from granting additional cash advance to the same AO unless the previous CA/s had been settled or proper accounting had been made thereof;</b></p> <p><b>b. require the AOs to liquidate their CAs within the required period; and</b></p> <p><b>c. henceforth, strictly comply with the rules and regulations on the grant, utilization and liquidation of CAs.</b></p>		Accounting Unit	2025	2026	Fully Implemented	<p>The Head of the Accounting Unit committed to refrain from granting additional cash advances to the same Accountable Officer (AO) unless the previous CAs have been settled and properly accounted for.</p> <p>The Accounting Unit will continue issuing demand letters to AOs with outstanding balances. Copies of demand letters sent to AOs were attached on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025..</p> <p>The Accounting Unit will henceforth strictly comply with the rules and regulations on the granting, utilization, and liquidation of cash advances.</p>	
				Accounting Unit	2025	2026	Fully Implemented		
				Accounting Unit	2025	2026	Fully Implemented		

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AAR 2024 pages 77-80	<p><i>Gender and Development (GAD)</i></p> <p>Out of the P444,266,000.00 total appropriations of the PhilSCA, the total amount of P46,457,500.00 or 10.45 percent was allocated for GAD-related programs and activities. However, the PhilSCA has not utilized the amount of P38,941,235.34 or 83.82 percent of its P46,457,500.00 GAD Agency Approved Budget, due to the non-implementation of seven proposed GAD activities, as well as incomplete budget utilization for four proposed GAD activities, thus, not fully addressing the identified gender issues.</p> <p>a.) <i>Non-implementation of 7 out of 10 proposed GAD client-focused and organizational-focused activities totaling P3,400,000.00</i></p>	<p><b>We recommended and the Management agreed to develop a comprehensive contingency and risk mitigation plans to ensure the uninterrupted implementation of GAD activities.</b></p>							
				GAD Focal Person	2025	2026	Fully Implemented		<p>The GAD Focal Person submitted an Accomplishment Report on the Mitigation / Catch Up Plan for the Unimplemented GAD Activities FY 2024.</p> <p>See <b>Annex "B"</b> for the Accomplishment Report on the Mitigation Plan.</p>

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	b.) <i>Failure to completely utilize its GAD Agency Approved Budget by P38,941,235.34;</i>	<b>We recommended and the Management agreed to establish a quarterly monitoring system to track GAD fund utilization, identify bottlenecks early, and implement corrective measures in a timely manner.</b>		GAD Focal Person	2025	2026	Fully Implemented	<p>The GAD Unit will continue to establish a quarterly monitoring system to track GAD fund utilization, identify bottlenecks early, and implement corrective measures in a timely manner.</p> <p>See <b>Annex "C"</b> for the GAD Plan and Budget Implementation Status as the Monitoring System.</p> <p>The GAD Focal Person has designated the chairperson of the GAD Secretariat to be the Documentation Officer who will be responsible for ensuring the completeness and timely submission of all required supporting documents accompanying the GAD AR to the PCW.</p> <p>Copy of PhilSCA Memorandum Circular has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025 for the composition of the GAD Focal Point System.</p>	
	c.) <i>Failure to submit the pertinent documents accompanying the GAD AR to the PCW</i>	<b>We recommended and the Management agreed to assign a designated GAD Documentation Officer which shall be responsible for ensuring the completeness and timely submission of all required supporting documents accompanying the GAD AR to the PCW.</b>		GAD Focal Person	2025	2026	Fully Implemented		

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AAR 2024 pages 80-81	<p><i>Senior Citizens (SCs) and Persons with Disabilities (PWDs)</i></p> <p>12. The Agency Action Plan as well as the Agency Implementation Report for CY 2024 for senior citizens (SC) and persons with disability (PWD) were not prepared contrary to Section 36 of the GP of RA No. 11975 and Department of Budget and Management (DBM) - Department of Social Welfare and Development (DSWD) -National Commission on Senior Citizens (NCSC) National Council on Disability Affairs (NCDA) Joint Memorandum Circular (JMC) No. 1, series of 2023.</p>	<p><b>We recommended and the Management agreed to, henceforth, strictly comply with the abovementioned regulations the preparation and submission of the Agency Plan of Action as well as the Agency Implementation Report to the agencies concerned.</b></p>		Committees on Senior Citizens and PWDs / HRMSD	2025	2026	Fully Implemented	<p>The Management has issued the Agency Action Plan and Policy for Senior Citizens (SCs). The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025. While the Accomplishment Report of the Senior Citizen Committee has been submitted to COA-PhilSCA VAB on 26 January 2026 and is hereby attached as <b>Annex "D"</b>.</p> <p>Meanwhile, the policy for Persons with Disabilities (PWDs) has been issued through the Memorandum Circular No. 1 Series of 2026 by the Management and is hereby attached as <b>Annex "E"</b>.</p>	
AAR 2024 pages 82-83	<p><i>Remittances to Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), PhilHealth and Pag-1BIG Funds</i></p> <p>13. The agency has substantially complied with the required withholding and remittance of dues/contributions to BIR, GSIS, PhilHealth, and Pag-IBIG in accordance with EO No. 651, and RA Nos. 8291, 7875, and 9679 respectively.</p>	<p><b>We commended the Management's continued compliance with the requirements of the law by consistently withholding and remitting the amounts due to BIR, the GSIS, the PhilHealth and the Pag-IBIG.</b></p>							

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		<p><b>However, the year-end balances of the Due to BIR, Due to GSIS, Due to Pag IBIG, and Due to PhilHealth accounts are unreliable due to unaccounted amounts in prior years amounting to P1,345,521.36, P570,010.88, P728,395.67 and P15,512.36 respectively.</b></p> <p><b>We reiterated our prior years' audit recommendation and the Management agreed, to require the Accountant to reconcile the prior year's balances and effect necessary refund / remittances to ensure the reliability of the year-end balance of the Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth accounts.</b></p>		Accounting Unit / HRMSD	2025	2026	Partially Implemented	<p>Ongoing identification of prior years' discrepancies by the Accounting Unit (Due to BIR and GSIS)</p> <p>The HRMSD secured clearances from PhilHealth and the Pag-IBIG Fund, the results of which were coordinated with the Accounting Unit for proper recording and reconciliation. Considering that clearances have already been issued, the Accounting Unit will initially verbally request the dropping of the related PhilHealth and Pag-IBIG discrepancies. The supporting documents were submitted under AAPSI FY 2024 and Prior Years and transmitted to COA-PhilSCA VAB on 28 August 2025.</p> <p>Any identified prior years' discrepancies in the year-end balance of the Due to BIR account will be subject to appropriate corrective action and adjustment by the Accounting Unit. Likewise, any unremitted GSIS dues/contributions will be reconciled and corrected accordingly by the Accounting Unit.</p>	

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AAR 2024 pages 83-84	<p><i>Compliance with RA No. 656 – Property Insurance Law</i></p> <p>The PhilSCA has complied with the Property insurance Law by insuring against any insurable risk its properties, assets, and interests amounting to P707,002,316.16 with the General Insurance Fund, and payment of premiums amounting to P4,239,685.23. However, the PhilSCA has failed to appraise its insurable assets, thus, exposing itself to the risk of incorrectly valuating its properties, contrary to COA Circular 2018-002 dated May 31, 2018.</p>	<p><b>We commended the PhilSCA for complying with the Property Insurance Law by insuring against any insurable risk their properties, assets, and interests with the General Insurance Fund.</b></p> <p><b>However, we recommended and Management agreed to cause the appraisal of the insurable properties and other assets of the respective campuses as provided under COA Circular No. 2018-002.</b></p>		Supply Unit / IDPO	2025	2026	Fully Implemented		The proposal to hire a third-party appraiser will be included in the Project Procurement Management Plan (PPMP) for consideration in the FY 2026 Budget under Special Trust Fund.

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AAR 2024 pages 84-85	<p><i>Status of Audit Suspensions, Disallowances, and Charges</i></p> <p>Audit disallowances totaling P30,832,001.26 remained unsettled as of December 31, 2024, contrary to pertinent provisions of the 2009 Rules and Regulations on the Settlement of Accounts (RRSA) as prescribed by COA Circular No, 2009006 dated September 15, 2009.</p>	<p><b>We recommended and Management agreed to immediately cause the settlement of the noted disallowances with issued NFDs pursuant to the 2009 Rules and Regulations on the Settlement of Accounts of COA.</b></p>		Accounting Unit / Management	2025	2026	Partially Implemented	<p>Audit disallowances totalling Php 30,149,904.47 is still under appeal with the Commission Proper;</p> <p>While the remaining Php 682,096.79 with Notices of Finality of Decision, there is an <b>ongoing service of Demand Letters</b></p>	<p>Of the Php 682,096.79 total disallowances confirmed through the two issued Notices of Finality of Decision, a total amount of <b>Php 282,357.12 (41.40%)</b> has been settled, as evidenced by <b>Official Receipt Nos. 0805121 and 0805122</b> dated 22 May 2025; <b>OR No. 0810188</b> dated 30 July 2025; <b>OR No. 0825321</b> dated 28 January 2026; and <b>OR No. 0825596</b> dated 02 February 2026.</p> <p>A second demand letter for payment was sent to another former employee on 02 October 2025; However, the same was returned to the sender due to the addressee's absence at the stated address.</p> <p>The Accounting Unit will continue to exhaust administrative remedies to facilitate recovery of the long-outstanding receivables in accordance with applicable rules. Copies of the demand letters and the latest payment (<b>OR No. 0825321 and 0825596</b>) are attached as <b>Annex "F"</b>.</p>

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<b>PRIOR YEARS</b>									
<b>AAR CY 2023</b>									
AAR Par Nos. 2.4 to 2.10 Pages 51 to 52	Lapses in cash management resulting in unreconciled amounts between the balances per bank and per book amounting to P2,526,678.52; and	<b>We recommended and the Management agreed to reconcile the net difference of P2,526,678.52 between the balances per book and per bank and submit the BRSSs for the LBP Account No. 3562-1003-25.</b>		Accounting Unit	2025	2026	Fully Implemented		The Accounting Unit has submitted the Bank Reconciliation Statement (BRS) as per certification made by the Chief Accountant. The attachment has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.
AAR Par. Nos. 2.34 to 2.49 Pages 58 to 62	Lapses in PPE Management resulting in:  Noncompliance with COA Circular No. 2020-006 dated 31, 2020, on the one-time cleansing of PPE accounts.	<b>We recommended and the Management agreed to:</b>  <b>c) Comply with the guidelines for the one-time cleansing of PPE account balances as provided under COA Circular No. 2020-006 dated January 31, 2020, to fully eliminate discrepancies between the accounting and property records</b>		Accounting / Supply / Inventory and Disposal Committees	2025	2026	Fully Implemented		A Physical Inventory Plan (PIP) will be prepared, outlining the activities for the one-time cleansing of PPE account balances. The plan will involve the Accounting, Inventory, Supply, and Disposal Committees in compliance with COA Circular No. 2020-006 dated 31 January 2020.

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<b>AAR CY 2022</b>									
AAR Par. No. 10 Pages 86 to 88	Deficiencies and lapses in the IGP operations of the PhilSCA-MBEAB Campus were still observed, despite the audit observations and recommendations, resulting in poor program implementation and a lack of program reporting and control mechanisms and exposing the College to the risk of not being indemnified or compensated in case of loss through theft or misappropriation.	<b>We recommended and Management agreed to formulate comprehensive internal control policies and operating procedures that will govern the operational, accounting, reporting, and utilization guidelines to be followed by the personnel assigned to manage and operate the College's IGPs across all campuses.</b>		Management / Auxiliary Services Unit	2025	2026	Fully Implemented		The Auxiliary Services Unit has initiated the formulation of comprehensive internal control policies and operating procedures to manage and operate the College's IGPs across all campuses. Copies of said BOT-approved IGP policies has been submitted on AAPSI FY 2024 and Prior Years transmitted to COA-PhilSCA VAB on 28 August 2025.
<b>AAR CY 2021</b>									
AAR Par. No. 14 Pages 109 to 114	The College did not strictly adhere to the provisions of RA No. 10931 and its IRR and CHED-Unified Student Financial Assistance System for Tertiary Education (UniFAST)-DBM Joint Memorandum Circular (JMC) No. 04 s. 2020 as lapses in the implementation of Tertiary Education Subsidy (TES) program were observed such as: 1) delayed issuance of Ors for every amount received from CHED Regional Office (CHEDRO); b) delayed release of funds; causing deferment of benefits to the student-grantees; c) inadequate submission of supporting documents for the liquidation of funds, affecting the timely evaluation of the propriety of fund utilization; d) non-utilization of the Administrative Support Cost (ASC), adding unnecessary expenses to the College; and e) non-maintenance of separate book for Trust Receipts.	<b>We recommended and the Management agreed to maintain a separate bank account with the Land Bank of the Philippines (LBP) and a separate book of accounts to properly and timely manage the receipt and distribution of the TES financial assistance funds transferred by CHED.</b>		Accounting/ Management / Admission / Cashier	2025	2026	Fully Implemented		The BOT, in its 40th Special Meeting on 20 August 2025 has approved the Accounting Unit's request for the opening of a separate Land Bank account dedicated solely to the receipt and disbursement of TES fund transfers from CHED, in compliance with audit recommendations and the requirements of the AAR CY 2021. A copy of the BOT Resolution, the Secretary's Certificate, and the Request to Change the Name of the Bank Accounts of NAAP is hereby attached as <b>Annex "G"</b> .  A separate book of accounts will likewise be maintained to ensure the proper monitoring, reporting, and liquidation of TES-related transactions.

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<b>AAR CY 2019</b>									
AAR Par. No.11	Expenses amounting to P71,739.00 incurred in the conduct of "salamat – Mabuhay Program" were deemed unnecessary and irregular, as contemplated in COA Circular 2012-003 dated October 29, 2012, and was not in consonance with the Civil Service Commission (CSC) Memorandum Circular No.7, series of 1998, which cash doubts on the propriety and validity of the said disbursements.	<b>We recommended that Management hold the disbursing officer and the approving officials accountable for the unauthorized, irregular, and extravagant disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectively.</b>		HRMSD / Management	2025	2026	Fully Implemented		The Management, through the Director for Quality Assurance, has initiated coordination with the retiree for the refund of the amount equivalent to the token he received during his retirement under the "Salamat-Mabuhay Program."

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<b>AAR CY 2017</b>									
AAR Pages 53 to 58	Other Receivables amounting to P926,307.75 which remained dormant for more than nine to 17 years are of the account balance unreliable, contrary to International Public Sector Accounting Standards (IPSAS) No. 1 on the fair presentation of the FSs. Moreover, only a minimal amount of P4,000.00 out of P883,000.00 Loans Receivables – others was collected and the remaining amount of P879,000.00 remained outstanding for more than nine years.	<b>We recommended and the management agreed to exhaust all efforts to recover the cash shortage from former employees who incurred cash shortage.</b>		Accounting Unit	2025	2026	Fully Implemented		<p>Demand letters were sent regularly to the surviving spouse of the former deceased employee, for the settlement of the outstanding receivable. See <b>Annex "H"</b> for reference of the forwarded demand letter with the subject "Third and Final Demand Letter for Payment of Cash Shortage" dated 21 November 2025.</p> <p>Meanwhile, one former cashier made a last payment on January 2025 (OR No. 0789210). Of the Cash Accountability totalling Php 123,949.55, a sum of <b>Php 31,000.00 has been paid in total (25.01%)</b>. Follow-ups are being continuously made, through a relative employed in PhilSCA, to settle the remaining balance. The Demand Letter attached as <b>Annex "I"</b> was received by the relative on 23 January 2026.</p> <p>The Accounting Unit will continue to exhaust administrative remedies to facilitate recovery of the long-outstanding receivables in accordance with applicable rules.</p>

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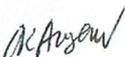
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<b>AAR CY 2011 and 2007</b>									
AAR CY 2011  AAR CY 2007	The accountabilities/ cash shortages of the two former Cashiers of PhilSCA were not properly booked up resulting in the overstatement of Cash – Collection Officer account by P107,504.05, misstatement of Prior Year Adjustments Account by P15,477.27 and understatement of the other Receivables Account by P51,981.32 which represents the total accountability, and which has not yet been settled to date, thus may result in loss of government funds.	<b>We recommended that Management initiate immediately legal remedies to recover the funds from the two former Cashiers and/or from their heirs to protect the interest of the government.</b>		Accounting Unit	2025	2026	Fully Implemented		<p>Demand letters were sent regularly to the surviving spouse of the former deceased employee, for the settlement of the outstanding receivable. See <b>Annex "H"</b> for reference of the forwarded demand letter with the subject "Third and Final Demand Letter for Payment of Cash Shortage" dated 21 November 2025.</p> <p>Meanwhile, one former cashier made a last payment on January 2025 (OR No. 0789210). Of the Cash Accountability totalling Php 123,949.55, a sum of <b>Php 31,000.00 has been paid in total (25.01%)</b>. Follow-ups are being continuously made, through a relative employed in PhilSCA, to settle the remaining balance. The Demand Letter attached as <b>Annex "I"</b> was received by the relative on 23 January 2026.</p> <p>The Accounting Unit will continue to exhaust administrative remedies to facilitate recovery of the long-outstanding receivables in accordance with applicable rules.</p>

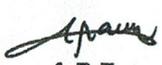
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Prepared by:

**Audit Compliance Committee**

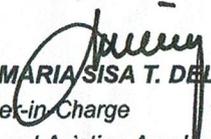
  
**I.F.N.**  
  
**E.E.Y.**  
  
**C.R.A.**  
  
**J.A.C.**

  
**P.A.M.**  
  
**R.M.S.**  
  
**A.R.E.**

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