STATUS OF IMPLEMENTATION OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

Out of the 57 prior years’ audit recommendations, 25 were fully implemented, 20 were partially implemented and 12 were not implemented, details of which are presented below.

| **Observations and Recommendations** | Ref. | **Management’s Action/Reply** | **Result of Auditor’s Validation** |
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| 1. Out of the collected Special Trust Fund (STF) -Fiduciary Fees of ₱34,582,920.50, only ₱12,032,246.69 or equivalent to 35 percent was utilized, leaving an unutilized amount of ₱22,550,673.81 or 65 percent thereof; while of the total STF - Other Fees, collections of ₱22,474,052.00, only ₱10,367,640.63 or 46 percent was utilized, and the rest or a substantial amount of ₱12,106,411.37 or 65 percent was unutilized. Moreover, the balance of STF amounting to ₱271,668,774.83 as of December 31, 2016 was not included in the Special Budget Utilization. Thus, the paying students did not benefit much from the additional school charges imposed to them.   **We recommended that Management:**   1. **prepare a STF budget that will reflect the approximate collection as basis for utilization, and be efficient in spending thereof in accordance with existing laws and regulations;** 2. **support the Special Budget with the Schedule of Fiduciary Fees broken down as to college, campus, and fund showing the details of the fees collected in accordance with CMO No. 20 series of 2011;** 3. **implement programs and projects appropriately chargeable from the fiduciary funds to assure timely benefits to the paying students. If the funds are not yet needed, consider returning the same to the paying students or to stop imposing those fees to ease their financial burden; and** 4. **request approval from BOT on the budget for the use of income as provided under Section 22, Article 10 of CHED Memorandum Order No. 20 series of 2011 to use excess income for University priority projects.** | AAR 2016 par. 1 | Management commented that currently, they are taking steps to identify the breakdown of unused income to support the request for BOT approval on the use thereof. | *Not Implemented*  As of date, Management has not yet prepared the Detailed STF Budget  *Not Implemented*  No Schedule was submitted.  *Partially Implemented*  For CY 2017, expenses were charged from appropriated fiduciary fund.  *Partially Implemented*  The Agency is currently taking steps to identify the breakdown of unused income to support the request for BOT approval on the use thereof. |
| 1. Deficiencies in managing the Petty Cash Fund (PCF) were noted such as: a) PCF in excess by the amount of ₱294,261.19 based on the average monthly expenses incurred; b) PCF Record (PCFR) prescribed to monitor, control and report transactions was not maintained contrary to Section 35 and 37, Chapter 6 on Disbursements of the Government Accounting Manual; c) expenses were not adequately supported by documentary requirements contrary to COA Circular No. 2012-001 dated June 14, 2012; and d) meal expenses totalling to ₱26,870.40 incurred by various official and employees while on liaison within Metro Manila were charged to PCF which are not in conformity with Paragraph 4.1 of COA Circular No. 2012-003 dated October 29, 2012, thus, exposed the fund to risk of loss or probable misuse.   **We recommended that Management and the PCFCs:**   1. **reduce the amount of petty cash fund that should be sufficient for the recurring petty operating expenses of the office for one month;** 2. **abide by the rules and regulations in handling petty cash fund particularly on the use of the prescribed records and forms required in maintaining the Fund;** 3. **review required supporting documents for each transaction in accordance with laws, rules and regulations;** 4. **stop the practice of charging/reimbursing food expenses of various official and employees to PCF while on liaison within Metro Manila; and** 5. **submit to accounting unit all unreplenished PCVs for recording in the book of accounts.** | AAR 2016 par. 4 | Management commented that a memorandum was issued to PCFCs to stop the practice of charging food expenses while on liaison within Metro Manila. | *Fully Implemented*  On CY 2017 amounts of PCFs were adjusted.  *Fully Implemented*  PCFCs were using the prescribed records and forms.  *Fully Implemented*  Disbursements thru PCF were supported by necessary documentation*.*  *Fully Implemented*  The practice had been stopped.  *Fully Implemented*  As date all PCVs for CY 2017 were replenished/ liquidated. |
| 1. The three (3) parcels of land donated to PhilSCA in CYs 2013, 2014 and 2016 were not recognized in the books of accounts due to lack of appraisal value at the time of its donation, thus, understating the land account by the amount of its appraised value; the recorded property in Villamor Air Base amounting to ₱255 million, subject of swap arrangement with the Bases Conversion Development Authority (BCDA), is not covered by Transfer Certificate of Title in the name of PhilSCA due to non-execution of the basic documents of amended Memorandum of Agreement (MOA) and Deed of Absolute Sale (DOAS) needed for its transfer, thus, ownership of the property is still not registered in the name of PhilSCA.   **We recommended that the Management:**   1. **appraise and recognize in PhilSCA books the value of the three donated lands at its fair market value at the time of donation and work for on issuance of the TCT;** 2. **continuously follow-up with the CHED for the reviewed MOA and DOAS which are documents needed by the BCDA to facilitate the transfer of title of the property located at Piccio Garden, West Service Road, SLEX Vilamor Air Base, Pasay City in the name of PhilSCA; and** 3. **exhaust all efforts to have the properties titled in the name of PhilSCA.** | AAR 2016 par. 6 | The Management commented that they continuously follow-ups with the CHED for the reviewed MOA and DOAS which are documents needed by the BCDA to facilitate the transfer of title of the property. | *Not Implemented*  Three donated parcel of lands were not yet recognized in the books. This is reiterated in Finding No. 7 of the AAR.  *Partially Implemented*  The Agency continuously makes follow-ups with the CHED for the reviewed MOA and DOAS which are documents needed by the BCDA to facilitate the transfer of title of the property but no result came out.  *Partially Implemented*  The Agency had series of meeting with BCDA for the titling of land located at VAB Campus. |
| 1. The Rent/ Lease Income account with balance of ₱1,129,431.92 as of December 31, 2016 is doubtful due to: a) uncollected rent of ₱377,000.00 from consignees/ lessees not recognized in the books; b) unascertained completeness of the recorded collections of ₱105,902.92 due to lack of copy of contract on five lessees; c) lack of clear policies on the use/operation of dormitory (Guestel) of PhilSCA-VAB Campus which resulted to failure on charging guests of the amount of rental fee for their stay at the Guestel; and d) unrecorded adjustment in the amount of ₱266,123.00, thus overstating the Rent/Lease Income account by the same amount.   **We recommended that Management:**   1. **demand payment from the defaulting consignees, and impose penalty stipulated in the provisions of the Contract of Lease ;** 2. **furnish COA Office with copies of contracts between Philippine Vending Corporation and the four lessees from FAB and BAB Campuses respectively;** 3. **prepare clear policies and guidelines on the use of dormitory (Guestel); and make the necessary operational plan and maintenance of the Guestel to generate more income;** 4. **submit justification/ explanation why not all guests were charged with rental fee for the stay at the Guestel; and** 5. **properly classify accounts to rent/lease income and make appropriate adjustments to correct the books.** | AAR 2016 par. 7 |  | *Partially Implemented*  The Agency issued demand letters to the defaulting consignees.  *Partially Implemented*  Vending machine by Philippine Vending Corp. stopped operation at PhilSCA VAB Campus, however, contracts between Philippine Vending Corporation and PhilSCA were not yet submitted.  *Not Implemented*  No copies of policies and guidelines were given to COA Office.  *Not Implemented*  COA Office did not receive any justification/ explanation for not charging all guests for the stay at Guestel or proof of payment.  *Fully Implemented*  Adjusted by the Accountant per JEV No. GJ 2017-02-003. |
| 1. Various deficiencies were noted during the audit of the Fernando Air Base (FAB) Campus such as non-adherence to established controls in property management and operation of Income Generating Project (IGP) and pertinent rules and regulations under the Government Accounting Manuals which may expose the property to risk of loss or probable misuse*.*   **We recommended that Management require the concerned officials to comply with the provisions of pertinent laws, rules and regulations on property management and IGP operation for a more efficient Campus operation.** | AAR 2016 par. 8 |  | *Partially Implemented*  The officials concerned with IGP operations visited the FAB campus for more efficient operation, to draft/ prepare college policies and controls in property management and operation of Income Generating Project (IGP), however, as of date of this Report, no copy of policies is submitted yet. |
| 1. PhilSCA accomplished minimal GAD activities. Seven out of the 20 targeted activities were accomplished with total amount of ₱500,811.87. However, ₱309,589.00 of the expenses incurred for GAD activities pertains to foreign travel of the GAD focal person for attending the 60th session of UN Commission on the Status of Women, where, the said travel and other GAD activities were not supported by other necessary documentary requirements as required under COA Circular No. 2012-001 dated June 14, 2012; hence accomplishment report of GAD may not be accurately or completely reported rendering the report doubtful.   **We recommended that Management require the GAD Focal Person to:**   1. **submit the required documents for travel abroad and for other transactions as stated in paragraph 10.8a and10.8.c; and** 2. **submit Plan and Report on the conduct of the re-echo training seminar to relay information gathered in attendance to the 60th session of UN Commission on the Status of Women.** | AAR 2016 par. 10 |  | *Not Implemented*  COA Office has no proof that the focal person submitted the required documents, hence, notice of suspension was issued.  *Not Implemented*  No Plan and Report on the conduct of the re-echo training- seminar to relay information gathered in the attendance to the 60th session of UN Commission on the Status of Women. |
| 1. The College implementation of the Expanded Students’ Grant-in-Aid Program for Poverty Alleviation (ESGP-PA) left much to be desired as for school year (SY) 2014-2015 the scholars were reduced from 20 to eight, while at the end of the current SY 2015-2016 only 33 out of the 35 grantees remained at end of school year due to failed grades, late releases of funds and inability of PhilSCA to institute bridging program by providing remedial/ mentoring program to cater to the special needs of the scholars required in the Joint Memo-randum Circular No. 2014-1 dated February 3, 2014-Guidelines on the Implementation of the ESGP-PA.   **We recommended that Management:**   1. **coordinate with the DSWD, CHED, DBM and DOLE, the other key players/ implementers of the Program to address the delay in the release of benefits, and other issues preventing the efficient and effective implementation of the program;** 2. **require the Accountant and the Scholarship Coordinator to have a database on scholarship to prevent occurrence of double charges from cash allocation, and revert back to BTr the excess cash allocation of ₱283,400.00; and** 3. **require the Budget Officer to be accurate in reporting of budgetary data.** | Pages 33 -36 of AAR 2015 | The University is in continuous coordination with the concerned agencies for the efficient and effective implementation of the program. | *Fully Implemented*  The University through the Admission Office coordinates with DSWD, CHED and DBM as verified by communication sent by the University to concerned agencies.  *Fully Implemented*  The Accounting Office maintains database on scholarship.  *Fully Implemented*  Report on budgetary data was prepared. |
| 1. The implementation of the Tulong Dunong Program incurred delays in the selection of scholars due to confusion on the actual allocation per legislator and absence of internal guidelines resulting to the non-utilization of the entire allotment of ₱324,000.00 as of December 31, 2015, hence depriving the scholars of the much needed financial assistance.   **We recommended that Management initiate action to come up with its own internal policy to implement the Tulong Dunong Scholarship Program effectively and efficiently; and make representation with the Office of the Legislators to promptly submit their list of scholars.** | Pages 36 – 39 AAR 2015 | The College drafted internal policy as guidelines for implementation of Tulong Dunong Program. | *Fully Implemented*  The College drafted internal policy as guidelines for implementation of Tulong Dunong Program. |
| 1. PhilSCA failed to substantially discharge its research services function as shown by the low rate of 19 percent utilization of its budget of ₱6,832,834.83, non-completion of the five BOT approved proposals, failure to undertake the budgeted activities, and the Research Council of the Agency was non-conveying since last year contrary to its mandated function and mission that could be a minus factor in the leveling of the College.   **We recommended and Management agreed to strengthen PhilSCA’s research services thru the RDC and the Research Council by assessing its research program strategy towards the efficient implementation of the planned research programs/projects/ activities and proposals. Prioritize the completion of the five approved research proposals if the outcome thereof will benefit PhilSCA and the aviation industry. Likewise, maximize the utilization of the budget as planned in accordance with existing rules and regulations.** | Pages 41 – 45 AAR 2015 | The Management commented that they assessed its research programs for the efficient implementation of the planned research programs/ projects/ activities and proposals. | *Partially Implemented*  Assessment of Research Program strategy and implementation of program were in process. Also, utilization of budget was maximized. |
| 1. The total PPE accounts costing ₱410,872,059.87 is unreliable due to: a) difference of ₱1,291,895.00 between the General Ledger (GL) balance of ₱410,872,059.87 and the Schedules (serve as Subsidiary Ledgers) totaling ₱409,580,164.87; b) six buildings and parking facility constructed by a private corporation in 2010 not yet recorded in the books; c) incomplete physical inventory of PPE conducted in 2015, with no Report on the Physical Count of Property, Plant and Equipment (RPCPPE) rendered by Property and Supply Office on the existence and condition of the assets; and d) PPELC and Property Cards (PC) which should provide information on the acquisition/disposal for each PPE were incomplete or not updated, hence, unreliable references for reconciling balances of both records.   **We recommended that Management:**   1. **require the Accounting Section and Supply/Property Section to maintain an updated PPELC and Property Records to facilitate reconciliation of records;** 2. **engage the services of an independent appraiser to appraise the cost and structural integrity/ soundness of the buildings and structures as basis in the issuance of certificate of acceptance, recording in the books and other possible action of PhilSCA to correct any noted defects in the structural integrity of the buildings; and** 3. **expedite the completion of the inventory taking and accomplish completely the report thereon, ensure that the records of the Accounting Section and Supply/Property Section are regularly reconciled to come up with accurate property records and PPE balances and establish the integrity of property custodianship.** | Pages 46 – 50 AAR 2015 | Management conducted an inventory of PPE for CY 2016. | *Partially Implemented*  The Accounting and Property Office were updating their PPELC and Property Card.  *Not Implemented*  The Management has not yet engage the services of an independent appraiser to appraise the cost and structural integrity/soundness of the buildings and structures due to budget constraint.  *Partially Implemented*  Inventory of PPE for CY 2016 was submitted to COA Office, but properties were not grouped as to account classification. |
| 1. PhilSCA did not remit to the Bureau of the Treasury (BTr) the amount of ₱593,777.65 as of December 31, 2015 consisting of collections from performance bonds and bid documents contrary to the provisions of Section 6 of the General Provisions of FY 2015 General Appropriations Act (GAA).   **We recommended that Management remit to the BTr the total amount of ₱593,777.65 pursuant to Section 6 of the General Provisions of FY 2015 GAA.** | Pages 50 – 51 AAR 2015 | As per Accounting Office, collections from performance bonds and bid documents were remitted fully to BTr. | *Fully Implemented*  The amount of ₱293,777.65 was already remitted to the BTr while the remaining ₱300,000.00 was released to Prince Technologies Corporation per Check No. 66549 dated October 14, 2016. |
| 1. Since CY 2013, PhilSCA has opted to hire individuals as security guards on contract basis without employer-employee relationship incurring a total expenditures of ₱5,677,539.19 in CY 2015 charged from the STF instead of engaging a duly licensed security services agency, hence, may put at stake the security of the campus and stakeholders due to the absence of accountability provisions in the contract of service with individual guard. Moreover, the contract is not consistent with Sections 27 and 28 of the GAA for CY 2015 and previous GAAs.   **We recommended that Management strictly comply with the provisions of the GAA on the engaging of security services and hiring of contractual, taking into consideration their accountability in case safety of their people and properties are at risk during their tour of duty.** | Pages 51 – 53 AAR 2015 |  | *Fully Implemented*  The Agency justified the hiring of contractual security guards due to budget constraint in the Special Trust Fund where the payment for salaries will be taken. |
| 1. PhilSCA utilized ₱2,393,897.01 or 95 percent of its allocation with only three activities accomplished out of the 17 GAD activities in the GAD Plan and Budget (GPB). Hence identified gender issues and concerns in PhilSCA were not fully addressed. Moreover, foreign travel expenses of ₱308,033.50 not included in the approved GPB was incurred and GAD activities were held outside PhilSCA campus whereby PhilSCA incurred hotel accommodation of ₱297,000.00.   **We recommended that the Management:**   1. **require the Chair, GAD Focal Point System, to see to it that GAD planned activities were accomplished fully to address the identified gender issues and concerns in PhilSCA;** 2. **see that GAD allocated funds were spent as budgeted in accordance with laws, rules and regulations, and** 3. **plan and conduct GAD program and activities with prudence towards addressing the gender issues.** | Pages 53 – 59 AAR 2015 | For CY 2016, GAD activities addressed the identified gender issues and concerns in PhilSCA.  The GAD Focal person submitted GAD program and activities for 2016. | *Fully Implemented*  *Fully Implemented*  GAD expenses were supported by other documentary requirements.  *Fully Implemented*  GAD programs and activities involved gender issues. |
| 1. Only ₱3.568 million or 13.88 percent out of the ₱25.704 million STF budget for Capital Outlay was utilized resulting in failure to address the need of the College for a modern and improved facilities due to deficient planning, budgeting and execution of procurement activities which is evident further by the absence of time lines, mode of procurement and other required data in the Approved Procurement Plan and the frequent resorting to small value procurement/shopping methods for similar items which if procured in bulk may be more advantageous to the government.   **We recommended and Management agreed to:**   1. **be more meticulous and judicious in planning the procurement projects and ensure full implementation thereof as well as the efficient utilization of the budget in compliance with RA No. 9184;** 2. **prepare an APP that is sufficient in form and substance following the requirements of the same RA, and** 3. **justify why the college had adopted alternative modes of procurement through shopping and small value procurement instead of public bidding.** | Para. 10-15  Pages  33-37  AAR 2014  Para. 1-9  Pages  20-22  AAR 2013 | Complied with  CHED Memoran-dum and COA Circular in the preparation of the budget proposal for approval by the BOT.  Submitted APP for 2016 | *Partially implemented*  Certification by the Chief Accountant that sufficient cash is available to cover 2015 STF funding requirements was not yet submitted to COA.  *Fully Implemented*  Management submitted APP for 2016.  *Fully Implemented*  Management justified the adoption of alternative modes of procurement through shopping and small value procurement instead of public bidding for amount less than ₱100,000.00. |
| 1. The College overshot its approved budget for extension services of ₱400,000.00 by 108 percent or ₱433,299.18 due to: a) unreasonable number of at least 15 travelling personnel per training activity resulting to travelling expenses of ₱347,311.00, b) approving reimbursement of expenses as a common practice totaling ₱272,960.26; and c) incurrence of unnecessary expenses of ₱48,800.00 for snacks and meals thus, resulting to uneconomical spending of government resources.   **We recommended that Management:**   1. **submit the BOT post approval for the incurrence of expenditures beyond the budget as well as the accomplishment reports of those who have travelled;** 2. **submit valid justification for:**    1. **authorizing the travel of 15 -17 personnel in the same activity;**    2. **reimbursement of expenses; and**    3. **charging from the College Fund the food expenses incurred.** | Para. 16-23  Pages  33-37  AAR 2014  Para. 24-34  Pages  40-44  AAR 2014  Para. 24-32 Pages 27-30  AAR 2013 | Charging from the College Fund the food expenses incurred was stopped by PhilSCA Officials in CY 2017. | *Not Implemented*  No copy of approval was furnished to COA Office  *Partially Implemented*  In line with the AOM issued by COA in use of PCF for CY 2016, a memorandum was issued to stop the practice of charging food expenses of various official and employees while performing liaison activities. |
| 1. The Budget Officer did not fill up the line item data on MOOE and Capital outlay approved budget and unutilized budget but only the total per class of expenditure and also committed error in presenting the total capital outlay budget as approved by the BOT of ₱22,904,702.00 as ₱25,704,702.00 or a difference of ₱2,800,000.00 in the Statement of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures (FAR No. 2-A) under COA-DBM Joint Circular No. 2014-1 dated July 2, 2014, which rendered unreliable and incomplete the said budgetary report as well as the concealed information on the incurrence of overdrafts per object of expenditure.   **We recommended and Management agreed to revise the SABUDBOE to include the required data in the columns for approved budget and unutilized budget and to correct the misstatement in the total of the Capital Outlay account. Henceforth, observe complete-ness and transparency in the filling up of data in the budgetary report.** | Para. 43-47  Pages  47-49  AAR 2014 | Management commented that they observed the  completeness and transparency in the filling up of data in the budgetary report. | *Fully Implemented* |
| 1. Contrary to the Audit Team’s prior year’s recommendation to stop giving additional benefits without legal basis or DBM authority, PhilSCA continued granting Personnel Welfare & Benefits (PWB) in the form of “Best Organizational Unit Award” to all its personnel and extended 13th Month Pay in CY 2014 to personnel, student assistants, and security guards under job order/contractual basis without employee-employer relationship amounting to ₱8,554,353.16 charged from the STF resulting in audit disallowance totaling ₱27,235,653.16 (for CYs 2012, 2013 & 2014) due to violation of Civil Service Commission (CSC) Resolution No. 010112 dated January 10, 2001, RA 8292 and the Salary Standardization Law of 2009 (Joint Resolution No. 4 s. 2009 of the Senate and the House of the Representatives).   **We recommended that Management:**   1. **require the persons liable to refund based on the Notice of Disallowance.** | Para. 48-61  Pages  49-53  AAR 2014  Para. 10-23 Pages 22-27  AAR 2013 | Granting of PWB was stopped in CY 2015 and submitted appeal to the Commission Proper. | *Partially Implemented*  Management submitted their appeal to the Commission Proper and is waiting for final decision. |
| 1. PhilSCA has not yet addressed the recurring deficien-cies in property management as proven by the a) continued inadequacy of records in the Accounting and Property Sections both of which did not maintain the required Property, Plant and Equipment ledger card (PPELC) and the Property Cards; b) incomplete conduct of physical inventory taking wherein the latest is for CY 2013; and c) un-reliable inventory report showing an unreconciled difference of ₱36,056,560.72 as against the book balance of even date, thereby resulting in the high risk of loss of depreciable assets without detection and rendering their doubtful existence and validity of the book balance totaling ₱150,914,771.54 as of December 31, 2014.   **We recommended and Management agreed to:**   1. **give preferential attention on improving the internal control on property management by strictly complying with the aforesaid rules and regulations. In case of continued non-compliance thereof, enforce firmly the corresponding legal sanctions against the concerned personnel for neglect of duty;** 2. **conduct the required annual inventory taking, the result of which should be reported in a duly accomplished and timely submitted RPCPPE which should be reconciled with the records of the Accounting Section;** 3. **maintain PPELC and Property Cards which should be regularly updated and reconciled by the concerned offices; and** 4. **require the Property Officer to renew the ARE every three years or every time there is a change in accountability.** | Para. 63-69  Pages  53-69  AAR 2014 | Completed 2014  Physical Inventory in four PhilSCA campuses | *Partially Implemented*  Internal audit in charge was designated to study and recommend for proper management.  *Fully Implemented*  The Agency conducted annual inventory taking for the year 2016.  *Fully Implemented*  The Accounting and Property Office were updating their PPELC and Property Cards (PCs).  *Partially Implemented*  Property Acknowledgement Receipts (PARs) were issued only when there is a change of accountability. |
| 1. PhilSCA incurred total expenditures of ₱1,935,615.93 that is more than the approved budget of ₱1,850,000.00 although 13 approved activities with a budget of ₱980,000.00 were not undertaken, of which ₱374,667.38 was incurred for personnel’s training/seminars conducted at the resort, and the amount of ₱46,000.00 was spent on seminars for local/Barangay officials and their constituents, hence not within the concerned sector of the College.   **We recommended and Management agreed to:**   1. **submit justification for incurring expenditures in excess of the budget despite the non-implementation of the 13 activities.** | Para. 70-76  Pages  56-62  AAR 2014  Para.  78-87 Pages 46-51  AAR2013 |  | *Not Implemented*  As of date, Management has not yet submitted justification. |
| 1. Due to the absence of development and building/struc-ture plans, detailed construction cost per building/structure and other pertinent documents from the MEGA-WORLD, the agency has not yet issued the Certificate of Acceptance as basis to book up the assets in the books of accounts resulting in unreliable balance of the Office Buildings and School Building accounts, both with zero balance as of December 31, 2013. Moreover, the absence of the Certificate of Acceptance has delayed the process for the transfer of title of the Campus site in the name of PhilSCA pursuant to the land swapping arrangement among PhilSCA, BCDA and MEGA-WORLD covered by Memorandum of Agreement (MOA) dated June 10, 2010 which may affect their legal right of ownership.   **We recommended and Management agreed to closely coordinate with the BCDA to obtain the development and building/structure plans, detailed construction cost per building/structure and other pertinent documents from the MEGAWORLD; and ascertain the structural soundness of the buildings and structures and identify defects, if any, for Megaworld to rectify in order to fast track the issuance of Certificate of Acceptance by the Management.** | Para. 42-55 Pages 32-37  AAR 2013  Para. 1-17  Pages 18-23  AAR  2012 | PhilSCA management commented that they are coordinating with BCDA and Megaworld for the necessary documents for taking up in the books of accounts. | *Partially Implemented*  The Agency continuously makes follow ups with the CHED for the reviewed MOA and Dead of Absolute Sale (DOAS) which are documents needed by the BCDA to facilitate the transfer of title of the property but no result came out. |
| 1. There were 39 Petty Cash custodians during the year, of which: a) 18 have existing petty cash funds (PCF) of ₱112,716.35 as of December 31, 2013, ₱39,998.00 thereof belongs to two former employees who were already resigned or on AWOL whose PCFs were established six to 20 years ago; b) 34 have petty cash fund of ₱4,999.00 each to avoid the bonding requirement, majority or 29 of them, which included the Accountant and the Budget Officer, were not bonded and expenses incurred were mostly on meals for their office meetings; and c) three AO made payments out of their Petty Cash Fund for expenses that exceeded the ₱15,000.00 limit of each transaction or for payment of the payroll of laborer and travelling allowances/expenses contrary to existing regulations.   **We recommended and Management agreed:**   1. **limit to one PCF for each campus whose custodian should be properly bonded and knowledgeable on the proper procedures in the handling of PCF including the bookkeeping of transactions; and** 2. **reclassify the balance of PCF of the two former PhilSCA personnel from Petty Cash Fund account to Other Receivables account and exert best efforts for the return those balances.** | Para. 72-77 Pages 42-46  AAR 2013 | Management reduced the number of Petty Cash Custodians on CY 2016. | *Fully Implemented*  *Fully Implemented*  The PCF total amount of ₱39,998.00 belongs to two former employees who were already resigned or on AWOL and the said amount were reclassified to account Other Receivable. |
| 1. The accountabilities/cash shortages of the two former Cashiers of PhilSCA were not properly booked-up resulting in the overstatement of Cash- Collecting Officer account by ₱107,504.05, misstatement of Prior Year Adjustments Account by ₱51,477.27 and under-statement of the Other Receivables Account by ₱158,981.32, which represents the total accountability and which has not yet been settled to date, thus may result to loss of government funds.   **We recommended that management initiate immediately legal remedies to recover the funds from Ms. Palado and from the heirs of the late Ms. Daligdig to protect the interest of the government.** | Para. 24-31  Pages 25-27  AAR 2012  AAR 2011  AAR 2007 | The husband of the late Ms. Evangeline Daligdig partially settled the amount of ~~₱~~28,780.79 leaving a balance of ~~₱~~34,261.77 | *Partially Implemented*  Reiterated in Part II of this report on audit observations and recommendation on Other Receivable accounts. |
| 1. Two Tampico trainer planes of the College have remained grounded or unutilized since 2008 because of the failure of the management to secure from the Civil Aviation Authority of the Philippines (CAAP) the Certificate of Airworthiness Directive (CAD) and Aviation Training Organization Certificate (ATOC), as requirements to operate a Flying School, thus resulting in the non-achievement of the College’s mandate to provide advance level of instructions in the field of aeronautics, loss of income of ₱13.96 million for the training of eight qualified student pilots for Private and Commercial Pilot Courses that were outsourced from private flying school; continuous incurrence of unnecessary expenses for the planes maintenance of ₱2.17 million and underutilization of key personnel of the Flight and Ground Training Section.   **In order for PhilSCA to attain fully its mandate, gain income, prevent incurrence of unnecessary expenditures and maximize the utilization of its key Flight Personnel, we recommended that management:**   * 1. **secure Aviation Training Organization Certificate (ATOC) from CAAP; and**   2. **comply with the requirements of the CAAP by upgrading the airworthiness condition of the two Tampico trainer planes, if feasible.** | AAR 2010  AAR  2011  Para. 40-53  Pages 29-33  AAR 2012 | Management requested CAAP for the issuance of CAD and already performed preliminary test flight of one of their trainer planes. | *Fully Implemented*  ATOC from CAAP was secured by the Agency.  *Partially Implemented* |
| 1. The need to enhance the collection efficiency of the College as receivables from: a) unpaid tuition fees of ~~₱~~ 1.15 million for SY 2011-2012; b) overdue lease/rentals of ₱76,500; and c) disallowances of ₱299,407.25 remained uncollected for 61 days to 365 days which may adversely affect its operational budget under the special trust fund and may incur losses from bad debts.   **Recommendations:**   1. **prepare and submit for approval to the Board of Trustees written policies and guidelines on minimizing or eliminating outstanding balances of tuition fees of delinquent students and to lessen uncollected leases/ ental with emphasis on billing, collecting, monitoring, accounting and reporting; and** 2. **adopt strict collection written policies/measures such as imposition of penalty and interest on delinquent students and lessees.** | AAR 2011 | The Management commented that they are helpless in enforcing collection of unpaid tuitions from students but are sending demand letters. | *Partially Implemented*  The Management admitted that they were helpless in enforcing the collection of unpaid tuition fees since students were allowed to take their examinations even with outstanding obligations due to CHED policy not to prevent any student to take final examination.  *Partially Implemented*  The Management included in the lease contract agreement the imposition of penalty and interest in case of delayed payment. |
| 1. The College failure to integrate in its regular activities, plans, programs and projects intended to address the concerns of senior citizens, provide facilities for the differently-abled persons and to allocate funds of at least one percent or ₱615,581.00 of its ₱61.56 million budget was inconsistent with Sections 32 and 34 of the General Appropriations Act (GAA) of 2011 or R.A. 10147, thus, defeating its purpose to address the needs of the intended beneficiaries.   **Recommendations:**   1. **comply strictly with Sections 32 and 34 of the general provisions of the General Appropriations Act of 2011; and** 2. **give priority to the implementation of the programs/projects related to senior citizens and the differently-abled persons and provide facilities for them that shall enhance their mobility, safety and welfare.** | AAR 2011 |  | *Fully Implemented*  The Agency provided/ implemented various projects on compliance for laws senior citizens.  *Fully Implemented*  Various facilities were provided to senior citizens and the differently-abled persons for their mobility, safety and welfare. |
| 1. Deficiencies were noted in the implementation of the rental of spaces/stalls operation that contributed to their failure to collect unpaid rentals of ₱382,500.00, ₱230,000.00 of them are prior years from various stallholders which, if not immediately addressed properly, may weaken the viability of the College to sustain and augment its financial undertakings.   **Recommendations:**   1. **prepare written policies on Income Generating Projects to be reviewed and approved by the Board of Trustees for proper implementation of the concerned unit/division; and** 2. **require the Accounting Office to prepare and issue billing statements for all stall lessees/owners to monitor easily the collection of rental income. Demand and exert all efforts to collect the rental from the V. Diaz; M. Astudillpo; S. Orbon, Marita Quidato; JRM Foodstand; V. Prescilla; G. Manaog; M. Dela Cruz; R. Vital; N. Tabalno; C. Macapanas and other food stall owners.** | AAR 2010 | Management commented that the Resource Generation Development Committee was tasked to draft policies on Income Generating Projects. | *Partially Implemented*  Resource Generation Development Committee was tasked to draft policies on Income Generating Projects.  *Not Implemented*  The Auxiliary/ Resource Generation Services (Income Generating Office) or Accounting Office did not furnished COA Office of the updates of the detailed breakdown of the rental receivable and copies of Demand Letters/Billing Statements sent to the defaulting stall lessees prior to CY 2016. |