PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

We have followed up the actions by the Agency to implement the prior years’ audit recommendations and noted the following:

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| **Status of**  **Implementation** | **No. of Recommendations** | |
| **Quantity** | **Percentage** |
| Fully Implemented | 59 | 71 |
| Not Implemented | 24 | 29 |
| **Total** | **83** | **100** |

The results of the validation are as follows:

| **Observations and Recommendations** | Ref. | **Management’s Action/Reply** | **Status of Implementation and Results of Auditor’s Validation** |
| --- | --- | --- | --- |
| 1. Vacant positions for 52 faculty and 15 administrative personnel were not filled up instead, service contracts were entered into by PhilSCA, thus unobligated allotment for Personnel Services amounted to ₱15,929,467.81 as of year-end. Further, the Agency has unobligated amount of ₱3,140,373.18 on its Maintenance and Other Operating Expenses (MOOE) for training and scholarship grants while spending ₱1,859,785.17 from the Special Trust Fund (STF) for the same expenses which can be covered fully by the GAA thereby decreasing the programs and projects that can be funded from the STF. Also, Capital Outlay for FY 2017 amounting to ₱5,949,000.00 was not utilized which delayed the procurement and delivery of services that should have redounded to benefit the Agency.   **We recommended that the Management:**   1. **fill up the 67 vacant positions and give priority to qualified service contract faculty and administrative personnel of the Agency to maximize the Personnel Services funds;** 2. **pay personnel entitled to benefits allowed by RA No. 7305 on Magna Carta of Public Health Workers and include in the budget of personnel benefits;** 3. **utilize and maximize the use of the MOOE fund specifically for Training and Scholarship Grants; and** 4. **identify the funding source of congressional insertion for the unreleased allotments on Capital Outlays and see to it that items covered under conditional implementation are utilized within the budget year.** | Pages 36 – 40  AAR 2017 | Management constituted a Selection Board that handles the filling up of the vacant positions to maximize the Personnel Services Funds | Fully Implemented  PhilSCA filled up additional 20 permanent positions and in continuous process of hiring to fill up the vacant positions.  Not Implemented  No claim from the medical personnel was filed.  Fully Implemented  Management spent ₱2,878,841.54 for Training and Scholarship Grants from MOOE Fund and continually utilizing MOOE fund  Not Implemented |
| 1. Payments to OMNI Aviation Corporation for the hangarage services totaling ₱1,217,419.08 were not supported with the required Certificate of Availability of Funds and additional documentary requirements for rental contracts which casts doubt on the validity of the Service Agreement. Likewise, the Service Agreements entered into with OMNI Aviation Corporation did not undergo a competitive bidding, contrary to the provisions of the 2016 Revised Implementing Rules and Regulations (IRR) of RA No. 9184 on Alternative Mode of Procurement, thus casting doubt on the transparency and competitiveness in the procurement process.   We recommended that the Management:   1. submit the following documents in compliance with RA No. 9184 and COA Circular No. 2012-001, to wit:  * **Annual Procurement Plan (APP) for CYs 2016 and 2017;** * **approval of the Board of Trustees for the contract;** * **invitation or request for submission of price quotations;** * **Notice of Award to OMNI Aviation Corporation;** * **Certification from CIAC or CDC that OMNI Aviation Corporation is the only company in that area that can provide a hangar for the two aircrafts of PhilSCA;** * **Certificate of Availability of funds;** * **Complete copy of the building floor plans indicating in shaded colors the rentable space;** * **Certificate of Occupancy** * **Copy of Certificate of Occupancy of the building or appropriate approved documents showing the date the building was constructed or age of the building;** * **Complete description of the building as to type, kind and class including its component parts and equipment facilities such as, but not limited to, parking areas, airconditioning systems, firefighting equipment, etc.;** * **List of prevailing comparable property within vicinity;** * **Vicinity Map; and** * **Billing Statement.** | Pages 41 – 47 AAR 2017 | Management commented that:  “It is only OMNI that can provide the facilities needed by PhilSCA Flying School, i.e. hangar, runway, office space, rawland for fuel dump and etc.”  It further commented that:  “xxx  all general aviation operators and flying schools are barred by CAAP rules from operating at the international runway of Clarkfield that is only at OMNI that our aircraft can operate.” | Fully Implemented  Submitted a Report on the Conduct of Inspection at the Clark Air Base (TMO No. 145 S., 2017) which states that only Omni Aviation Inc. can offer hangarage, office/training room and fuel storage.  Management also submitted the following:   * Certificate of Environment Compliance * Certificate of Registration and Tax Exemption; * Inspection Report issued by Clark Development Corporation (CDC); * Certificate of Annual Inspection issued by CDC; * Fire Safety Inspection Certificate; * Floor Plans of Leased Area; and * Vicinity Map |
| 1. Payments of Honoraria to the Officer-in-Charge (OIC), Director of Legal and Legislative Services of the Commission on Higher Education (CHED), as Chair of Technical Working Group (TWG)/Resource Speaker for meetings of TWG held at CHED Office totalling ₱12,500.00 in CY 2017 is of doubtful validity due to grant of monthly Honoraria for the period after six months from the time the TWG formally convened, contrary to the Board of Trustees (BOT) Referendum No. 02, series of 2012 dated October 8, 2012 which states that payment of Honoraria is allowed only for a period of six months from the time the aforementioned TWG formally convened; and payment of Honoraria not supported by an Office Order as required under COA Circular No. 2012-001.   We recommended that the Management:   1. **submit an Office Order/authority to collect Honorarium/BOT Resolution as document required for the payment of Honoraria to the OIC Director of Legal and Legislative Services of CHED; or** 2. **require the payee to refund the Honoraria received from the Agency, upon failure to submit the abovementioned requirements.** | Pages 47 – 49 AAR 2017 | Management commented that the College has furnished the AOM to the OIC Director of Legal and Legislative Services of CHED and that all legal matters are to be referred to the Office of the Solicitor General (OSG) | Not Implemented  Not Implemented |
| 1. Deficiencies were noted in the handling of Petty Cash Fund amounting to ₱55,492.01 as of December 31, 2017 due to: a) erroneous classification of accounts amounting to ₱200,000.00, which is not in accordance with the Revised Chart of Accounts of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III; and b) delayed replenishment of the PCF, thus, related expenses were not recorded in the books, contrary to Section 35, Chapter 6 of the GAM Volume I, and Petty Cash, Advances to Special Disbursing Officer and other related expense accounts were not presented fairly in the financial statements.   We recommended that the Management:   1. **require the Accountant to prepare the necessary adjusting entries to reclassify accounts covered by the PCF to their proper account; and** 2. **require the Accountant and the PCFC to adhere to the rules and regulations on PCF.** | Pages 49 – 53 AAR 2017 | Management commented that they will adjust the erroneously classified account. | Fully Implemented  The Accountant reclassified the PCF to Advances to Special Disbursing Officer.  Fully Implemented  The PCFC made timely replenishment of the PCF in accordance with the rules and regulations. |
| 1. Other Receivables amounting to ₱926,307.75 which remained dormant for more than nine to 17 years are of doubtful collectability and rendered the account balance unreliable, contrary to PPSAS No. 1 on the fair presentation of the Financial Statements. Moreover, only a minimal amount of ₱4,000.00 out of ₱883,000.00 Loans Receivables–Others was collected and the remaining amount of ₱879,000.00 remained outstanding for more than nine years.   We recommended that the Management:   1. **comply with the documentary requirements on write-off of dormant accounts as provided by COA Circular No. 2016-005;** 2. **exhaust all efforts to recover the cash shortage from former employee who incurred cash shortage;** 3. **request for write-off on the Other Receivables account arising from cash shortage of the deceased Collecting Officer;** 4. **send final demand letters to settle unliquidated cash advances made to concerned officials and submit a copy thereof to the Audit Team; and** 5. **send demand letters to the last known address of the grantees of (SAFE-4-SR) to enforce collection thereof.** | Pages 53 – 58 AAR 2017 | Management commented that: a) the Accounting Department will submit to the Audit Team the request for write-off of dormant accounts; and b) that they will send demand letters to the grantees of (SAFE-4-SR) to enforce collection thereof. | Not Implemented  Management submitted incomplete documentary requirements on their request for write off.  Not Implemented  Not Implemented  Not Implemented  Not Implemented |
| 1. Out of the aggregate amount of ₱20,300,050.00 transferred to the DBM-PS as of December 31, 2017, only the procured items amounting to ₱11,183,894.90 were delivered leaving a balance of ₱9,116,155.10 in the custody of the DBM-PS, thus, funds were not put to immediate use by PhilSCA caused by the non-monitoring and lack of follow-up on the deliveries which deprived the students of the benefit from the immediate use of the equipment.   We recommended that the Management:   1. **make representation with the DBM-PS for the return of the balance of the fund transfers for the fully delivered items;** 2. **evaluate the need of the PhilSCA for the undelivered equipment, otherwise*,* make representation with the DBM-PS for the change of purchase requests for the different items included in the Annual Procurement Plan of the Agency to be charged against the advance payments made to enable the PhilSCA to use the same in its operations;** 3. **follow-up with DBM-PS/ closely monitor the timely bidding of Flight Simulator Trainer; and** 4. **require the Accountant to record subsequent deliveries from DBM-PS to reflect the correct balance thereof.** | Pages 59 – 60 AAR 2017 |  | Not Implemented  No report/ communication for the return of the balance of the fund transfers for the fully delivered items was submitted  Not Implemented  Fully Implemented  The Flight Simulator was delivered on April 19, 2018.  Fully Implemented  Subsequent deliveries were recorded in the books. |
| 1. The accuracy and completeness of the account Property, Plant and Equipment (PPE) amounting to ₱326,182,133.22 as of December 31, 2017 are doubtful due to: a) unrecorded three parcels of land acquired through donation in CYs 2013, 2014, and 2016, contrary to Sections 5 and 13, Chapter 10 on PPE of the GAM for NGAs Volume 1; b) the recorded property in Villamor Air Base amounting to ₱255 million, subject of swap arrangement with the Bases Conversion Development Authority (BCDA), is still not covered by Transfer Certificate of Title in the name of PhilSCA; and c) non-reconciliation and non-maintenance of required Property Card (PC) and PPE Ledger Card (PPELC) under Section 42, Chapter 10 of the same Manual.   We recommended that the Management:   1. **comply with Sections 5 and 13, Chapter 10 on PPE, Volume 1 of the GAM for NGAs on recognition in the books of the fair market value of property acquired through donation and a liability account recognized for the PPE acquired with conditions or restrictions until these have been fulfilled;** 2. **exhaust all efforts to have the properties titled in the name of PhilSCA; and** 3. **instruct the Accounting Unit to maintain the PPELC for each category of PPE, likewise the Supply/Property Unit to maintain the PC for PPE; direct both Offices to conduct reconciliation of properties and require the Accounting Unit to submit a Schedule or List of PPE per group classification and the reason/justification for adjustment to support JEV No. GJ Local 17-07-10 dated July 31, 2017 and to submit a schedule of PPE or its equivalent as December 31, 2017.** | Pages 60 – 63 AAR 2017 | Management commented that the donated property in BAB Campus was appraised in CY 2016; that the titling for Medellin Campus is ongoing and the same with the donated property in FAB Campus. | Not Implemented  The document on appraisal of land have not yet been submitted to the Audit Team.  Not Implemented  Report on progress of titling not yet submitted.  Fully Implemented  The Accounting Department submitted PPELC on February 13, 2018. |
| 1. Deficiencies in the maintenance of the Motor Vehicles were noted such as: a) covered garage not provided, thus exposing vehicles to deterioration; b) absence of proper maintenance plan; c) delayed registration of motor vehicles with Land Transportation Office (LTO) that resulted in penalty fine of ₱4,240.00; and d) the Property and Accounting Offices did not maintain the required forms in accordance with Chapter 10 of the GAM for NGAs, Volume I.   We recommended that the Management:   1. **consider construction of garage to safeguard its motor vehicles from deterioration;** 2. **designate personnel in-charge for the overall maintenance and monitoring of the use and registration of motor vehicles;** 3. **require the Accounting Unit to maintain PPELC for motor vehicles, likewise, the Supply/Property Unit to maintain PC for motor vehicles; and** 4. **direct the Accounting Office to submit the schedule of motor vehicles per record.** | Pages 64 – 68 AAR 2017 | Management commented that they are planning to build a garage with an estimated budget of ₱3 million. | Fully Implemented  Management submitted the layout plan for the garage.  Fully Implemented  Personnel in-charge for the overall maintenance and monitoring of the use and registration of motor vehicles was designated.  Fully Implemented  The Accounting Department submitted the Schedule of PPE.  Fully Implemented  The Accounting Office submitted the schedule of Motor Vehicles. |
| 1. Deficiencies were noted in the audit of the Salaries and Wages of employees, such as: a) overpayment to various personnel totaling ₱2,728.00; b) underpayment totaling ₱1,848.00 to one personnel; c) deductions from salaries of employees not in the order of preference contrary to Section 47 of the General Provisions of the GAA for Fiscal Year 2017; and d) net take home pay of employees below ₱4,000.00 a month was also not in accordance with the same section of the General Provisions of the same GAA.   We recommended that the Management:   1. **take appropriate action to recover from the concerned personnel the excess salaries received and sternly remind the payroll clerk to be more careful in preparation and computation of the claim;** 2. **submit evidence of payment of the discrepancy to the underpaid employee; and** 3. **adjust the authorized deductions in the order of preference as required in Section 47 of the General Provisions of the GAA for FY 2017 and properly monitor the net take home pay of the employees and submit justification for non-compliance with the General Provision of the same GAA.** | Pages 68 – 71 AAR 2017 | Management: a) deducted over-payment of salaries of various employees determined liable thru payroll; b) paid the employee for underpayment thru payroll; c) complied with the provision of Section 47 for the authorized deductions; and d) monitored the net take home pay of the employees in compliance with the General Provisions of the 2017 GAA effective payroll period September 2017*.* | Fully Implemented  Fully Implemented  Fully Implemented |
| 1. The teaching personnel of PhilSCA rendered only six hours per day or 30 hours a week, which was not in accordance with Sections 1 to 5, Rule XVII of the Omnibus Rules Implementing Book V of Executive Order No. 292 and of Civil Service Commission (CSC) Resolution No. 080096 dated January 28, 2008 that will affect the payment of salaries and wages.   We recommended that the Management:   1. **comply with existing laws, rules and regulations on office/working hours;** 2. **amend the rules and regulations of the College Code on office hours to conform with laws, rules and regulations; and/or** 3. **seek clarification with the CSC and CHED regarding office hours of teaching personnel to address and resolve the issue.** | Pages 71 – 74 AAR 2017 | Management commented that they a) will harmonize the College Code with the existing laws, rules and regulations on office/working hours; b) revisit the school policies and seek clarification with the CSC and CHED regarding office hours of teaching personnel. | Fully Implemented  The official work hours of faculty were adjusted as to recommendation*.*  Fully Implemented  Fully Implemented |
| 1. Correctness of the Proportional Vacation Pay (PVP) paid to regular teaching personnel for the School Year (SY)/Academic Year (AY) 2016-2017 totaling ₱5,229,809.00 could not be ascertained due to a) absence of supporting documents as basis for number of PVP days earned of each faculty pursuant to CSC Memorandum Circular No. 9 dated May 21, 2012; and b) the non-observance of the official working hours, contrary to Section 1, Article 64 of the PhilSCA College Code, CSC Memorandum Circular No. 9, s. 2012 and DepEd Memorandum No. 97, s. 2017.   We recommended that the Management:   * 1. **require the HRMO to: i) submit records of absences without pay or its equivalent per faculty member; and ii) computation of PVP days earned of each faculty in accordance with DepEd Memorandum No. 97, s. 2017 dated May 26, 2017;**   2. **submit basis for granting Teacher’s Leave to faculty members with administrative functions and the non-observance of the working hours and not reporting to work on a regular basis during summer;**   3. **submit updated official time of each faculty member for every semester of the SY/AY as basis for the recording of attendance, absences and undertimes, computation of salaries and wages, and honorarium; and**   4. **submit List of Faculty members who are assigned additional functions which are administrative in nature together with their official designation to determine the extent of their administrative functions.** | Pages 74 – 77 AAR 2017 | The Management deducted a total of ₱31,550.10 from the year-end bonus and cash gift of the employees who were granted full PVP but incurred absences during the academic year. | Fully Implemented  Management submitted the required documents. Also, the Audit Team verified the deductions made amounting to ₱31,550.10 per Payroll No. 20171102333.  Fully Implemented  Fully Implemented  Fully Implemented  Submitted List of Faculty members who are assigned additional functions which are administrative in nature. |
| 1. Deficiencies were noted in the audit of the Telephone Expenses account in CYs 2016 and 2017 amounting to ₱827,028.39 and ₱184,456.00, respectively, such as: a) payment by PhilSCA of usages in excess of the authorized postpaid plans of various officials and employees totalling ₱147,389.38; b) non-recognition of receivables in the books and weak monitoring resulted in uncollected balance of ₱105,634.94; c) doubtful validity of telephone bills paid amounting to ₱150,319.00 due to unknown users and physical existence of the equipment; and d) lack of documentation which included reimbursement of prepaid cellcards amounting to ₱91,834.00 of various officials and employees as required under Section 6.2 of the COA Circular No. 2012-001 dated June 14, 2012.   We recommended that the Management:   * 1. **stop the practice of advancing government funds to pay for usages for excess billings of the postpaid plans; and should require concerned personnel to immediately refund/pay the balance of the excess payments made by the Agency in full;**   2. **prepare and issue billing statements to concerned officials and employees for the excess usage of postpaid plan and prepare necessary entry to recognize the receivables. Henceforth, immediately deduct from the salaries of concerned personnel the full amount of excess usage on the next payroll;**   3. **locate the five units of internet/telephone and identify the users by inquiry from the PLDT to trace the users; In case of failure to locate, stop the payment on the telephone bills; make representations with the service provider on the details of the telephone services, i.e., telephone numbers. serviced and take appropriate action to protect the interest of the government and prepare a list of inventory of telephone and internet used by the College;**   4. **review supporting documents required or necessary in each transaction in accordance with laws, rules and regulations; and submit basis or guidelines on who are authorized/entitled to receive and be given prepaid cellcards or cellphone allowance; and**   5. **consider using prepaid cellcards or cellphone allowance instead of the postpaid plan considering the uncollected receivables and government funds being used other than for public purposes.** | Pages 77 – 81 AAR 2017 | Management commented that they already communicated with the postpaid service providers and taking studies to avoid the recurrence of the audit findings. Also, Management commented that prepaid cards or communication allowance instead of postpaid plans will be provided to entitled PhilSCA officials. | Fully Implemented  Management has already stopped the service for postpaid plans.  Fully Implemented  The Audit Team issued ND No. 18-01-01(2017) dated April 19, 2018 for the payment of excess usage of postpaid plan.  Fully Implemented  Fully Implemented  The Accounting Office thoroughly reviewed the supporting documents for each transaction and deficiencies had been minimized.  Fully Implemented  Payment of the postpaid plan has been stopped. |
| 1. Reimbursement of advances made by employees for petty expenses, travelling expenses and other expenses for special purpose activities amounted to ₱3,072,061.33 due to delayed processing of disbursement transactions affecting or hampering the efficiency of the operation of the Agency such as: a) no sufficient funds left from Petty Cash Fund (PCF) to pay for recurring petty operating expenses due to non-immediate replenishment of PCF; b) authorized travel of various officials and employees were not issued cash advances; c) special purpose activities were not also granted cash advances to authorized accountable officers; and d) the reimbursements of advances made by various employees ranging from ₱10,000.00 to more than ₱100,000.00 due to non-observance of the rules and regulations on Disbursements, Chapter 6 of the GAM for NGAs, Volume I.   We recommended that the Management:   1. **prepare policy guidelines on the disbursement system of PhilSCA particularly on the availability of funds to finance its operations without need for its employees to resort to make personal advances for MOOE/authorized expenses to finance the operations of the Agency;** 2. **comply with the documentary requirements of each transaction as prescribed under COA Circular No. 2012-001 and not to require additional unnecessary documents to minimize process of claim and streamline its operations;** 3. **make it a standard operating procedure to maintain logbook to record receipt/release of claim for proper pinpointing of responsibility; and** 4. **require the PCFC to timely replenish their PCF.** | Pages 81 – 84 AAR 2017 |  | Fully Implemented  Replenishment of Petty Cash Fund is on time and funds is available for petty expenses needed by employees to finance the operations of their offices.  Fully Implemented  The Accounting Office is complying with the documentary requirements of each transaction as prescribed under COA Circular No. 2012-001.  Fully Implemented  Logbook is maintained.  Fully Implemented  PCFC replenished his/her PCF as soon as 75% had been disbursed. |
| 1. Documents such as Purchase Requests and Contracts of Service were not processed and completed within a reasonable time from the preparation to approval due to multiple numbers of required signatories from the College, contrary to Section 5 (c) of RA No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees and Administrative Manual of PhilSCA. Moreover, other documents such as Requisition and Issue Slip and Certificate of Emergency Purchase were required for all purchases even for stocks not carried by the Supply Office and for purchases already included in the Agency Procurement Plan (APP) which further hampers the expeditious process of documents and papers.   We recommended that the Management:   1. **streamline the operations and provide specific guidelines on the number of required signatories on PRs and Contracts of Service to minimize bureaucratic red tape and avoid duplication of functions for a more efficient delivery of government service; and** 2. **require the use of the RIS only for supplies/goods/ equipment/property carried on stock by the Supply and/or Property Division/ Unit.** | Pages 84 – 87 AAR 2017 |  | Fully Implemented  Signatories have been minimized.  Fully Implemented  Management abides with the rules and regulations. |
| 1. The non-submission of the required Agency Action Plan and Status of Implementation (AAPSI) on the audit observations and recommendations contained in the Annual Audit Report (AAR) of CY 2016 as well as prior years precludes the validation and monitoring of compliance of the recommendations contained therein, contrary to Section 96 of the General Provisions of the General Appropriations Act (GAA) of FY 2016 and COA Memorandum No. 2014-002 dated March 18, 2014.   We recommended that the Head of the Agency ensure that the required AAPSI on the audit observations and recommendations contained in the CY 2016 AAR is submitted to COA within the prescribed period pursuant to the provisions in the GAA and COA Memorandum No. 2014-002. | Pages 87 – 89 AAR 2017 |  | Fully Implemented  Submitted on September 3, 2018. |
| 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 | For 2018, the Administration presented the STF/PRE to the BOT on a meeting held on December 3, 2017 and it was approved on January 30, 2018 compliant to CMO No. 20, s. 2011 | Fully Implemented  Submitted Program of Receipt and Expenditures for CY 2018  Not Implemented  No Schedule of Fiduciary Fees was submitted.  Fully Implemented  For CY 2017, expenses were charged from appropriated fiduciary fund.  Fully Implemented  The Agency requested for BOT approval on the use thereof. |
| 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 | Submitted to COA on August 8, 2018 the Resolution of the BOT (BOT Meeting of July 23, 2018) specifically seeking approval of the submission of the BCDA the required documents to issue certificate of acceptance. | Fully Implemented  Reiterated in Observation and Recommendation No. 7  Fully Implemented  Submitted letter and documents showing follow-up and compliance with the documents needed for the transfer of title  Not Implemented  PhilSCA is still in the process of having the land titled to the Agency. |
| 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 |  | Fully Implemented  The Management sent Demand Letters to the defaulting consignees on August 6, 2018.  Contract not yet submitted.  Fully Implemented  Vending machine by Philippine Vending Corp. stopped operation at PhilSCA VAB Campus.  Not Implemented  The IGP Director showed a draft of policies on Guestel but the same was not yet officially submitted to COA.  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 |  | Fully 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). |
| 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 accurate or complete, 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 |  | Fully Implemented  The GAD Focal Person submitted documents to COA Office.  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. 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-answering 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. | Fully Implemented  Assessment of Research Program strategy and implementation of program are 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.  Coordination was made with BCDA and they have provided a copy of the Stress Test conducted by an independent appraiser.  The Management has not yet engaged the services of an independent appraiser to appraise the cost and structural integrity/ soundness of the buildings and structures due to budget constraint. | Fully Implemented  The Accounting and Property Office were updating their PPELC and PC.  FullyImplemented  Submitted to COA on August 8, 2018 for approval of the Stress Test conducted by an independent appraiser.  Fully Implemented  Inventory of PPE for CY 2016 was submitted to COA Office. |
| 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 Memorandum and COA Circular in the preparation of the budget proposal for approval by the BOT | Fully Implemented  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 amounts 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 | Instruction was already issued to the Chief Administrative Officer. | Not Implemented  No copy of approval was furnished to the COA Office.  Fully Implemented  In line with the AOM issued by COA on the 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. 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 No. 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 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 appeal was submitted to the Commission Proper. | Fully Implemented  Management submitted their appeal to the Commission Proper and is waiting for final decision. |
| 1. PhilSCA has not yet addressed the recurring deficiencies 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) unreliable 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. **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 | Fully Implemented  Internal audit in-charge was designated to study and recommend for proper management.  Not Implemented  Property Acknowledgement Receipts (PARs) were issued only when there is a change of accountability. |
| 1. Due to the absence of development and building/structure plans, detailed construction cost per building/structure and other pertinent documents from the MEGAWORLD, 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 MEGAWORLD 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 | The Agency continuously makes follow-ups with the CHED for the reviewed MOA and Deed of Absolute Sale (DOAS), which are documents needed by the BCDA to facilitate the transfer of title of the property. | Not Implemented  Submitted to COA on August 8, 2018 the Resolution of the BOT (BOT Meeting of July 20, 2018) specifically seeking approval of the submission to the BCDA of the required documents needed for the issuance of the Certificate of Acceptance. |
| 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 understatement 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 |  | Not Implemented  The husband of the late Ms. Evangeline Daligdig partially settled the amount of ~~₱~~28,780.79, leaving a balance of ~~₱~~34,261.77 |
| 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 under-utilization 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.  Not Implemented  Management requested CAAP for the issuance of CAD and already performed preliminary test flight of one of their trainer planes. |
| 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 ₱76,500.00; 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/rental 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. | Not Implemented  Fully Implemented  The Management included in the lease contract agreement the imposition of penalty and interest in case of delayed payment. |
| 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 and ₱230,000.00, which pertains to 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. | Fully Implemented  Resource Generation Development Committee was tasked to draft policies on Income Generating Projects.  Fully Implemented  The Auxiliary/ Resource Generation Services (Income Generating Office) or Accounting Office furnished COA Office copies of Demand Letters/Billing Statements sent to the defaulting stall lessees prior to CY 2016. |