

### 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:

Status of Implementation	No. of Recommendations	
	Quantity	Percentage
Fully Implemented	17	32
Not Implemented	36	68
<b>Total</b>	<b>53</b>	<b>100</b>

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
<p>1. Due from NGAs-CHED and School Fees accounts were both understated by ₱118,276,920.00 due to the non-submission/delayed submission of Billing Statement to CHED for the reimbursement of tuition and other related fees for the 1st Semester, Academic Year 2018-2019 which is not in accordance with Republic Act (RA) No. 10931, hence receivable from CHED was not recognized.</p> <p><b>We recommended that the Management:</b></p> <p><b>a. promptly prepare and submit Billing Statement to CHED for the 1st Semester of AY 2018-2019;</b></p>	2018 AAR Par. 2	<p>The AY 2018-2019 billing was submitted to CHED subject to some corrections noted by the UNIFAST. The billing for the 1st Semester was submitted last December 2018, through progress billing wherein ₱49,966,395.00 was released and received by the College on February 18, 2019, as certified by the LBP dated March 1, 2019. The second billing was submitted to the UNIFAST on January 24, 2019 in the amount of ₱51,149,442.00. To avoid cross-</p>	<p><b>Fully Implemented</b> The College prepared and submitted the Billing Statement to CHED for the 1st Semester of AY 2018-2019 and funds have been duly credited to</p>

<p><b>b. require the Accountant to prepare necessary entries for the recognition of receivables in the books; and</b></p> <p><b>c. submits an explanation as to why the balance of ₱112,800.00 for AY 2017-2018 was not reimbursed by the CHED.</b></p>		<p>over of billing, the College requested and which the BOT has approved, the change in the School Calendar from the traditional June-October (1st Semester) and November-March (2nd Semester) to become August-December (1st Semester) to January-May of the following year (2nd Semester) starting Academic Year 2019-2020.</p>	<p>the bank account of PhilSCA.</p> <p><b>Fully Implemented</b> The Accountant already made the necessary adjusting entries.</p> <p><b>Fully Implemented</b> The College submitted the explanation/justification.</p>
<p>2. Delivered Flight Simulator and its incidental costs were not recognized in the books, thus understated the Property, Plant and Equipment (PPE) account by ₱8,041,233.16. Moreover, the corresponding fund transfer to DBM-Procurement Service (PS) was not credited upon its delivery thereby overstating the Due from NGAs – DBM-PS account by ₱7,999,680.00</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) instruct the Accountant to recognize in the books the purchased Flight Simulator together with its incidental costs; and</b></p> <p><b>b.) adjust the accounts Due from NGAs – DBM-PS and</b></p>	<p>2018 AAR Par. 3</p>	<p>The Accounting Department has made the necessary adjustment</p>	<p><b>Fully Implemented</b> The Accountant has already made the recognition.</p> <p><b>Fully Implemented</b></p>

<b>Repairs and Maintenance – Building and Other Structures accordingly.</b>			The accounts were adjusted accordingly.
<p>3. Deficiencies were noted in the property accounts of PhilSCA-Basa Air Base (BAB) Campus amounting to ₱16,455,112.09 as per BAB Campus-Supply Office Report on the Physical Count of PPE (RPCPPE) due to: a) erroneous classification to the Building account of properties amounting to ₱306,202.00 which is not in accordance with the Revised Chart of Accounts (RCA), Chapter 3, Volume III of the GAM for NGAs; b) constructed perimeter fence by the Department of Public Works and Highways (DPWH) thru a fund transfer not recognized in the books in the amount of ₱1,000,000.00; c) unserviceable properties still carried in the books; and d) donated motor vehicle not recognized in the books due to transfer of ownership but still not completed which is not in accordance with Chapter 10, Volume I of GAM for NGAs, which affected the fair presentation of the account.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) require the Accountant to properly reclassify properties to appropriate accounts such as Other Land Improvements or other related account;</b></p>	2018 AAR Par. 4		<p><b>Not Implemented</b> The submitted PPELC from the Accounting Office does not include Other Land Improvements.</p>

<p>b.) require the liquidation of the fund transfer for the construction of the perimeter fence, Phase I together with the necessary documentation as basis for recognition in the books;</p> <p>c.) instruct the Property Unit to prepare IIRUP for idle, unserviceable and fully depreciated PPEs; and</p> <p>d.) furnish the Audit Team a copy of the Memorandum of Donation and work out for the transfer of ownership of the Motor Vehicle acquired thru donation.</p>		<p>The Management commented that the fund transfer for the construction of the perimeter fence has been liquidated.</p> <p>The Management has commented that the processing of transfer of ownership and Memorandum of Donation is ongoing.</p>	<p><b>Fully Implemented</b> Fund transfer has been liquidated</p> <p><b>Not Implemented</b> The Inventory Committee are in the process of preparing the list of idle/unserviceable properties and IIRUP</p> <p><b>Not Implemented</b> The College has yet to furnish the COA office the copy of the Memorandum of Donation for the donated Motor Vehicle.</p>
<p>4. Refund of Tuition fees collected amounting to ₱21,286,780.00 were erroneously recognized as Other Maintenance and Operating Expenses (5-02-99-990-00) instead of adjustment/deduction from School Fees Account, thereby resulted in an overstatement of both accounts.</p> <p><b>We recommended that Management instruct the Accountant to make the necessary adjustments to correct the books for fair presentation of the FS.</b></p>	<p>2018 AAR Par. 5</p>	<p>The Accounting Department has made the necessary adjustment</p>	<p><b>Fully Implemented</b> The Accounting Department has made the necessary adjustment</p>

<p>5. Payments of honoraria amounting to ₱132,500.00 were recorded as Travelling Expenses (5-02-01-010-00) instead of Honoraria (5-01-02-100-01), thus overstating the Travelling Expenses and understating the Honoraria accounts by the same amount.</p> <p><b>We recommended that the Management instruct the Accountant to adjust affected accounts in accordance with the definitions and other events, and recognition criteria for assets, liabilities, revenue, and expenses set out in PPSAS and Chapter 3, Volume III of the GAM for NGAs.</b></p>	<p>2018 AAR Par. 6</p>	<p>The Accounting Department has made the necessary adjustment</p>	<p><b>Fully Implemented</b> The Accounting Department has made the necessary adjustment.</p>
<p>6. The Collecting Officer (CO) does not deposit intact all her collections with Authorized Government Depository Bank (AGDB) daily or not later than the next banking day which is not in conformity with laws and rules provided in the Revised Cash Examination Manual and may expose the collections to probable risk of loss.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) require the Accountable Officer (AO) to abide with laws and rules provided in the Revised Cash Examination Manual to deposit intact all their collections; and</b></p> <p><b>b.) justify why collections were not deposited intact.</b></p>	<p>2018 AAR Par. 7</p>		<p><b>Fully Implemented</b> The AO committed to abide with the rules provided in the Cash Examination Manual.</p> <p><b>Fully Implemented</b></p>

			The CO submitted justification on why collections were not deposited intact.
<p>7. The designate Personnel-in-Charge of the Collecting Office does not maintain Cashbook/Cash Receipts Record as required in Volume II of GAM for NGAs and was not able to produce/present the unused accountable forms (Official Receipts) upon demand which is not in conformity with laws and rules provided in the Revised Cash Examination Manual.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) require the Personnel-in-Charge, Collecting Office, AO to abide by the rules and regulations on the use of the prescribed records such as Cashbook/CRR required in maintaining the Fund;</b></p> <p><b>b.) properly designate a person that will be responsible for the safekeeping of records and is a regular employee of the agency; and</b></p> <p><b>c.) require the AO to submit a justification/explanation why it was the Contract of Service (COS) personnel who knows the combination of the vault.</b></p>	<p>2018 AAR Par. 8</p>	<p>The Management commented that they will abide by the rules and regulations on the use of the prescribed records such as Cashbook/CRR.</p>	<p><b>Not Implemented</b> Accountable Officers are still not maintaining Cashbook/CRR as included in Part 2 of CY 2019 AAR.</p> <p><b>Not Implemented</b> No person yet was designated for safekeeping of records.</p> <p><b>Not Implemented</b> No justification has been submitted by the concerned AO to the COA Office.</p>
<p>8. Of the cash advance granted to the two Special Disbursing Officers (SDOs) totaling ₱133,400.00,</p>	<p>2018 AAR Par. 9</p>		

<p>₱7,171.47 remained Unliquidated per books as of December 31, 2018, even though the purpose has been served, which is not in conformity with COA Circular No. 2012-001 dated June 14, 2012 and resulted in the understatement of various expense accounts. Also, the SDO did not use Cash Disbursements Register (CDReg) as required in Volume II of GAM for NGAs and was not able to produce the cash advance balance of ₱7,171.47 upon demand which is not in conformity with laws and rules provided in the Revised Cash Examination Manual.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) instruct the SDO/AO to abide with the rules and regulations on the use of the prescribed records such as CDReg; and</b></p> <p><b>b.) submit justification/explanation why the AO transferred his cash advance or why he allowed his name to be used as AO.</b></p>			<p><b>Not Implemented</b> Accountable Officers are still not maintaining CDReg as included in Part 2 of CY 2019 AAR.</p> <p><b>Not Implemented</b> No justification has been submitted by the concerned AO to the COA Office</p>
<p>9. Deficiencies were noted on various disbursements for PhilSCA - Board of Trustees (BOT) meetings such as lack of sufficient and relevant documentation to properly evaluate the transaction and/or establish validity of claim as required under the General Requirements for All Types of Disbursements. COA Circular</p>	<p>2018 AAR Par. 10</p>		

<p>No. 2012-001 dated June 14, 2012, and erroneous classification of accounts which is not in accordance with the Revised Chart of Accounts, Chapter 3, Volume III of the GAM for NGAs and PPSAS No.1 - Presentation of Financial Statements.</p> <p><b>We recommended that the Management:</b></p> <p><b>a. Require the Board Secretary to submit relevant documents in relation to BOT meetings that affect the validity of the financial transactions as prescribed in 5.7.3 COA Circular No. 2012-001 on Honoraria, Governing Boards of Collegial Bodies;</b></p> <p><b>b. Require the Disbursing Officer/ concerned employees to submit necessary documents to support the liquidations.</b></p>		<p>The College already submitted the required documents</p>	<p><b>Fully Implemented</b> The College already submitted the required documents</p> <p><b>Fully Implemented</b> The College already submitted the required documents</p>
<p>10. Deficiencies were noted in the operation of the IGP:</p> <p>A. PhilSCA-Mactan Benito Ebuen Air Base (MBEAB) Campus such as:</p> <p>a) Income/collection from sale of items were not remitted to the Collecting Office but instead retained in the hands of the IGP Coordinator, thus, exposed funds to risk of loss or misuse;</p> <p>b) Reports on Summary</p>	<p>2018 AAR Par. 11</p>		



<p>of Income were not prepared;</p> <p>c) The IGP Coordinator was not bonded contrary to the provision of Treasury Circular No. 02- 2009 dated August 6, 2009;</p> <p>d) Inventory of items were not recorded in Stock Cards (SC), contrary to Appendix 58, Volume II of GAM for NGAs; and</p> <p>e) No collections were reported from rental for the usage of spaces of three canteens.</p> <p><b>B. PhilSCA-BAB Campus such as:</b></p> <p>a) rental fees charged to various lessees for the use of space had no standard rate or charges were not uniform resulting in lesser income to the college from favored lessees; and</p> <p>b) Revenue from rental of IGP were not properly monitored, thus the absence of updated contracts with lessees and income earned from rentals were not promptly collected.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) Furnish the COA a copy of the standard policies on: revenue generation involving</b></p>			
			<p><b>Not Implemented</b> On-going crafting of policy on income</p>

<p>the operation of Auxiliary services, land utilization and other physical assets of the Campuses; and operation and management of all income generating structures, facilities and equipment such as grounds, gym/covered court, building, cafeteria, guestel, stall/concessionaires, water, electricity, vehicles and other related structures, facilities and equipment, applicable for all Campuses.</p> <p>b.) establish standard guidelines on rental of space and facilities to serve as basis for preparation of contracts and to avoid doubts of questionable negotiations or arrangements with lessees;</p> <p>c.) for PhilSCA – MBEAB Campus:</p> <ul style="list-style-type: none"> <li>• require the IGP Coordinator to prepare and submit a true report on the actual inventories on hand as well as the amount due to the creditors at the time of assumption in order to arrive at the actual inventories, amount due to creditors, actual sales and income earned from the IGP operations at PhilSCA-MBEAB Campus;</li> <li>• require the IGP coordinator to remit the collections made from sale of various school</li> </ul>			<p>generating projects and programs. The COA Office has yet to be furnished of the standard policies of the IGP.</p> <p><b>Not Implemented</b> The COA Office has yet to be furnished with the guidelines on rental of space and facilities.</p> <p><b>Not Implemented</b> Submitted report on inventories and report on collections, however, the COA Office has yet to be furnished with copy of fidelity bond of the IGP coordinator – MBEAB Campus.</p>
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<p>paraphernalia to the collecting office;</p> <ul style="list-style-type: none"> <li>• insure the IGP coordinator with the Fidelity Bond;</li> <li>• require the IGP coordinator to maintain SC of the school's peripherals;</li> <li>• require the IGP coordinator to submit Reports on Summary of Income from sale of school peripherals, and regularly furnish a copy to the COA Office;</li> <li>• set up a Revolving Fund for the operation of the IGP program (sales of school peripherals);</li> <li>• require the Campus Director to submit the Report of Collections from rentals</li> </ul> <p>d.) for PhilSCA BAB Campus:</p> <ul style="list-style-type: none"> <li>• Submit copies of contracts of the two lessees;</li> <li>• Collect unpaid rent and electricity and water bills</li> </ul> <p>e.) Instruct the Accountant to prepare the necessary adjusting entries to correct the books on the collections</p>			<p><b>Not Implemented</b> The COA Office has yet to receive copies of contracts of the two lessees. Also no report on collection of unpaid rent and electricity and water bills has been forwarded to the COA Office.</p> <p><b>Not Implemented</b> The Accounting Office has yet to provide the</p>
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from electricity and water bills as deduction from expenses.			COA Office on the required adjusting entry.
<p>11. PhilSCA did not allocate budget for research programs, projects and activities, contrary to Section 8, Article III of the CHED Memorandum Order No. 20 series of 2011 dated August 4, 2011, which requires State Universities and Colleges (SUCs) to allocate ten percent (10%) of tuition fees after deducting allowance for college wide common administrative costs. Furthermore, ₱1,600,000.00 research funds approved by the BOT in CYs 2012 and 2013 remained idle for more than five to six years; hence, defeated the goals and objectives of the College to be the center for research and advanced studies in the field of aeronautics.</p> <p><b>We recommended that the Management:</b></p> <p><b>a.) allocate budget for research services in compliance with Section 8, Article III of the CHED Memorandum Order No. 20 series of 2011;</b></p> <p><b>b.) instruct the RDC for the implementation of the approved research proposals; and</b></p> <p><b>c.) require the RDC to coordinate with the Finance Office for the release of BOT-</b></p>	2018 AAR Par. 12	<p>Included in the PRE 2019/ SABUDB/SABU DBOE specific budget for Research. 2018-2019 - papers were presented through IHERF</p>	<p><b>Fully Implemented</b> The College allocates budget for research services</p> <p><b>Fully Implemented</b> The RDC has implemented approved research proposals</p> <p><b>Fully Implemented</b></p>

approved funds for implementation of the said research proposals based on the re-entry plan according to the Agency process on research funds.			The funds were released for the approved research proposals.
<p>12. The PhilSCA did not allocate from its approved budget nor prepare/formulate corresponding plans, program and projects to address the concerns of the Senior Citizens (SC) and Persons with Disability (PWDs) in the College, contrary to Section 31 of the General Provisions of RA No. 10964, the GAA for FY 2018.</p> <p><b>We recommended that the Management assign responsible unit and official to initiate the formulation and implementation of plans, program and projects to address the concerns of SCs and PWDs.</b></p>	2018 AAR Par. 14		<p><b>Fully Implemented</b></p> <p>The GAD Focal person was also assigned as responsible official for the formulation and implementation of plans, program and projects to address the concerns of SCs and PWDs.</p>
13. 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	Pages 36 – 40 AAR 2017		

<p>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.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) 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;</b></p> <p><b>b) 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.</b></p>			<p><b>Fully Implemented</b></p> <p>The College obligated and disbursed benefits allowed by RA No. 7305 on Magna Carta of Public Health Workers for FY 2019.</p> <p><b>Not Implemented</b></p> <p>The College has yet to identify the funding source of congressional insertion for the unreleased allotments on Capital Outlays.</p>
<p>14. 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</p>	<p>Pages 47 – 49 AAR 2017</p>		

<p>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.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) 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</b></p> <p><b>b) Require the payee to refund the Honoraria received from the Agency, upon failure to submit the abovementioned requirements.</b></p>		<p>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)</p>	<p><b>Not Implemented</b> The COA Office has yet to receive the required document for the payment of Honoraria.</p> <p><b>Not Implemented</b> The payee has yet to make the refund of the honoraria.</p>
<p>15. 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</p>	<p>Pages 53 – 58 AAR 2017</p>		

<p>collected and the remaining amount of ₱879,000.00 remained outstanding for more than nine years.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) Comply with the documentary requirements on write-off of dormant accounts as provided by COA Circular No. 2016-005;</b></p> <p><b>b) Exhaust all efforts to recover the cash shortage from former employee who incurred cash shortage;</b></p> <p><b>c) Request for write-off on the Other Receivables account arising from cash shortage of the deceased Collecting Officer;</b></p> <p><b>d) Send final demand letters to settle Unliquidated cash advances made to concerned officials and submit a copy thereof to the Audit Team; and</b></p> <p><b>e) Send demand letters to the last known address of the grantees of (SAFE-4-SR) to enforce collection thereof.</b></p>		<p>Management commented that: a) the Accounting Department/ VPAF 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.</p> <p>The Management commented that they continuously send demand letters to concerned officials and students.</p>	<p><b>Not Implemented</b> Management submitted incomplete documentary requirements on their request for write off, which were returned by the Audit Team.</p> <p><b>Not Implemented</b> The College has yet to submit actions taken to recover the cash shortage incurred from the former employee.</p> <p><b>Not Implemented</b> The College has not yet submitted the request for write-off on the Other Receivables account arising from cash shortage of the deceased Collecting Officer.</p> <p><b>Not Implemented</b> Copy of receipt of demand letters sent by Management has yet to be furnished to the COA Office.</p> <p><b>Not Implemented</b> Copy of receipt of demand letters sent by Management has yet to be furnished to the COA Office.</p>
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<p>16. 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.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) make representation with the DBM-PS for the return of the balance of the fund transfers for the fully delivered items;</b></p> <p><b>b) 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.</b></p>	<p>Pages 59 – 60 AAR 2017</p>		<p><b>Not Implemented</b> No report/communication for the return of the balance of the fund transfers for the fully delivered items was furnished to the COA Office.</p> <p><b>Not Implemented</b> The equipment have remained undelivered and the advance payments to DBM-PS remained unutilized.</p>
<p>17. The accuracy and completeness of the account Property, Plant and Equipment (PPE) amounting to ₱326,182,133.22 as of</p>	<p>Pages 60 – 63 AAR 2017</p>		

<p>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.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) 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;</b></p> <p><b>b) exhaust all efforts to have the properties titled in the name of PhilSCA; and</b></p>		<p>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.</p>	<p><b>Not Implemented</b> The documents on appraisal of land have not yet been submitted to the Audit Team.</p> <p><b>Not Implemented</b> PhilSCA is still in the process of having the land titled to the Agency.</p>
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<p>18. 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.</p> <p><b>We recommended that Management:</b></p> <p><b>a) 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.</b></p>	<p>AAR 2016 par. 1</p>		<p><b>Not Implemented</b> No Schedule of Fiduciary Fees for CY 2016 was submitted to the COA Office.</p>
<p>19. The three 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</p>	<p>AAR 2016 par. 6</p>		

<p>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.</p> <p><b>We recommended that the Management:</b></p> <p><b>a) Exhaust all efforts to have the properties titled in the name of PhilSCA.</b></p>			<p><b>Not Implemented</b> PhilSCA is still in the process of having the land titled to the Agency.</p>
<p>20. The Rent/ Lease Income account with balance of ₱1,129,431.92 as of December 31, 2016 is doubtful due to:</p> <p>a) uncollected rent of ₱377,000.00 from consignees/lessees not recognized in the books;</p> <p>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 in failure in 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</p>	<p>AAR 2016 par. 7</p>		

<p>Income account by the same amount.</p> <p><b>We recommended that Management:</b></p> <p><b>a) 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;</b></p> <p><b>b) Submit justification/explanation why not all guests were charged with rental fee for the stay at the Guestel.</b></p>			<p><b>Not Implemented</b> No IGP policies and guidelines have been forwarded to the COA Office.</p> <p><b>Not Implemented</b> COA Office did not receive any justification/explanation for not charging all guests for the stay at Guestel or proof of payment.</p>
<p>21. 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 60<sup>th</sup> 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.</p>	<p>AAR 2016 par. 10</p>		

<p><b>We recommended that Management require the GAD Focal Person to:</b></p> <p><b>a) Submit Plan and Report on the conduct of the re-echo training seminar to relay information gathered in attendance to the 60<sup>th</sup> session of UN Commission on the Status of Women.</b></p>			<p><b>Not Implemented</b> No Plan and Report on the conduct of the re-echo training- seminar to relay information gathered in the attendance to the 60<sup>th</sup> session of UN Commission on the Status of Women.</p>
<p>22. 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 in 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.</p> <p><b>We recommended that Management:</b></p> <p><b>a) submit the BOT post approval for the incurrence of expenditures beyond the budget as well as the accomplishment reports of those who have travelled;</b></p>	<p>Para. 16-23 Pages 33-37 AAR 2014</p> <p>Para. 24-34 Pages 40-44 AAR 2014</p> <p>Para. 24-32 Pages 27-30 AAR 2013</p>	<p>Instruction was already issued to the Chief Administrative Officer.</p>	<p><b>Not Implemented</b> No copy of approval was furnished to the COA Office.</p>
<p>23. PhilSCA has not yet addressed the recurring deficiencies in property management as proven by the</p>	<p>Para. 63-69 Pages 53-69</p>		

<p>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.</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a) Require the Property Officer to renew the ARE every three years or every time there is a change in accountability.</b></p>	<p>AAR 2014</p>		<p><b>Not Implemented</b> Property Acknowledgement Receipts (PARs) were issued only when there is a change of accountability.</p>
<p>24. 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</p>	<p>Para. 42-55 Pages 32-37 AAR 2013</p> <p>Para. 1-17 Pages 18-23 AAR 2012</p>		

<p>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.</p> <p><b>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.</b></p>			
<p>25. 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</p>	<p>Para. 24-31 Pages 25-27 AAR 2012  AAR 2011  AAR 2007</p>	<p>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.</p>	<p><b>Not Implemented</b></p> <p>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.</p>



<p>to date, thus may result to loss of government funds.</p> <p><b>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.</b></p>			<p><b>Not Implemented</b></p> <p>The husband of the late Ms. Evangeline Daligdig partially settled the amount of ₱28,780.79, leaving a balance of ₱34,261.77</p>
<p>26. 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.</p> <p><b>In order for PhilSCA to attain fully its mandate, gain income, prevent incurrence of unnecessary expenditures</b></p>	<p>AAR 2010</p> <p>AAR 2011</p> <p>Para. 40-53</p> <p>Pages 29-33</p> <p>AAR 2012</p>		

<p>and maximize the utilization of its key Flight Personnel, we recommended that management</p> <p>a) Comply with the requirements of the CAAP by upgrading the airworthiness condition of the two Tampico trainer planes, if feasible.</p>		<p>Management requested CAAP for the issuance of CAD and already performed preliminary test flight of one of their trainer planes.</p>	<p><b>Not Implemented</b> Management requested CAAP for the issuance of CAD and already performed preliminary test flight of one of their trainer planes.</p>
<p>27. The need to enhance the collection efficiency of the College as receivables from:</p> <p>a) unpaid tuition fees of ₱ 1.15 million for SY 2011-2012;</p> <p>b) overdue lease/rentals of ₱76,500.00; and</p> <p>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.</p> <p><b>Recommendations:</b></p> <p>a) 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.</p>	<p>AAR 2011</p>	<p>The Management commented that they are helpless in enforcing collection of unpaid tuitions from students but are sending demand letters.</p>	<p><b>Not Implemented</b> Written policies and guidelines approved by the BOT have yet to be furnished to the COA Office.</p>