

### 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	52	37
Not Implemented	88	63
<b>Total</b>	<b>140</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. Total misstatements in seven accounts under the Assets. Liabilities and Expenses categories aggregating to ₱8,239,196.73, resulting from errors, omissions and improper accounting treatment of transactions as of December 31, 2019, exceeded the materiality threshold of ₱2,430,731.63, hence the accuracy, completeness, occurrence, cut-off, classification and existence of the said accounts could not be relied upon, thereby affecting the fair presentation of the FSs.</p> <p><b>We recommended that Management:</b></p> <p><b>a. comply with the provisions of the PD No. 1445, the COA Circulars and the GAM for NGAs in the recording/recognition of accounts; and</b></p>	AAR 2019, Par.1	<p>Management committed to comply with the provisions of the PD No. 1445 the COA Circulars and</p>	<p><b>Not Implemented</b></p> <p>The College committed to comply with the provisions of PD No. 1445, the COA Circulars and the GAM for NGAs</p>

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b. effect the necessary adjustments to correct/reclassify the affected financial accounts.		the GAM for NGAs in the recording/ recognition of accounts.	in the recording/ recognition of accounts.  <b>Not Implemented</b> The Accounting Department has yet to effect the necessary adjustments to correct/ reclassify some of the affected financial accounts identified.
<p>a) Understatement of Cash in Bank – Local Currency Current Account- ₱590,234.80</p> <p><b>We recommended that Management:</b></p> <p>a. identify and record in the books the reconciling items for unrecorded deposits, collections and credit or debit memos;</p> <p>b. prepare Journal Entry Voucher/s (JEV) to adjust the understatement of accounts noted in the audit.</p>	AAR 2019, Par.1 (a)		<p><b>Fully Implemented</b> The Accounting Office identified and recorded the reconciling items in the books.</p> <p><b>Fully Implemented</b> The Accounting Office prepared JEVs to record the identified reconciling items (JEV #s Local 20-01-001 to Local 20-01-009 all dated January 31, 2020 and Local 20-08-30 to Local 20-08-32 dated August 31, 2020).</p>
b) Unpaid/ Uncollected graduation fees of graduating class for AY 2017-2018 recorded as Other Receivables instead of Accounts Receivable - ₱222,600.00.	AAR 2019, Par.1 (b)		

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<p><b>We recommended that Management reclassify, thru the Accounting Office, the Other Receivable account to Accounts Receivable amounting to ₱222,600.00.</b></p>		<p>The College President instructed the Accounting Office to prepare JEV to reclassify the accounts.</p>	<p><b>Not Implemented</b> The Accounting Office has yet to furnish the COA Office the JEV to reclassify the identified account.</p>
<p>c) Misstatements in the recording/ recognition of Due from NGAs account for fund transfers, advance payments and deliveries - ₱776,098.17.</p> <p><b>a. We recommended that Management:</b> <b>reconcile the respective records/reports of the College Accountant and the Property Officer to establish the correct balance of the reported deliveries made by DBM-PS and adjust them accordingly;</b></p> <p><b>b. recognize/adjust the advance payments and deliveries and follow the timely and proper process of recording/ recognition affecting Due from NGAs account;</b></p> <p><b>c. make the necessary adjustments in the misstatements noted in the audit on Office Supplies and Other Supplies and Materials Expenses accounts;</b></p>	<p>AAR 2019, Par.1 (c)</p>	<p>The College President instructed the Accounting Office to prepare JEV to adjust the affected accounts.</p>	<p><b>Not Implemented</b> Ongoing reconciliation of the respective records/reports of the College Accountant and the Property Officer to establish the correct balance of the reported deliveries made by DBM-PS. The Accounting Office has yet to furnish the COA Office the JEV (reference) to record the adjustments made.</p> <p><b>Not Implemented</b> The Accounting Office has yet to furnish the COA Office the JEV (reference) to record the adjustments made.</p> <p><b>Not Implemented</b> The Accounting Office has yet to furnish the COA Office the JEV (reference) to record the adjustments made.</p>

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<p>d. reconcile the adjustment made by DBM-PS amounting to ₱626,284.61 with PhilSCA's records; and</p> <p>e. reconcile the Due from NGAs account balances in the books of accounts.</p>			<p><b>Not Implemented</b> No reconciliation with the DBM-PS records submitted by the Accounting Office and/or the Property Office.</p> <p><b>Not Implemented</b> No reconciliation on the Due from NGAs (DBM-PS) account submitted by the Accounting Office.</p>
<p>d) Erroneous recording of Advances to Officers and Employees/ Other Receivables - ₱75,000.00.</p> <p><b>We recommended that Management:</b></p> <p>a. effect the necessary adjustments to correct the over and under statements of the affected accounts; and</p> <p>b. enforce settlement by duly sending demand letter to the separated employee with outstanding CA and furnish copy to the Audit Team.</p>	<p>AAR 2019, Par.1 (d)</p>	<p>The College President directed the Accounting Office to prepare JEV to effect the necessary adjustments.</p>	<p><b>Fully Implemented</b> Recorded adjustment thru JEV (GJ Local 20-06-12 dated June 30, 2020)</p> <p><b>Not Implemented</b> The College has yet to furnish the COA Office proof of sending the demand letters to the separated employee.</p>
<p>e) Discrepancy in the balance of Inventory Held for Consumption account due to erroneous recording of Expense accounts- ₱908,142.20.</p> <p><b>We recommended that Management reconcile the</b></p>	<p>AAR 2019, Par.1 (e)</p>		<p><b>Not Implemented</b> No reconciliation and</p>

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discrepancy of the balances recorded in the JEVs and balances reported in the GL and the yearend FS and prepare the necessary adjusting entries.			necessary adjusting entries submitted by the Accounting Office.
<p>f) Erroneous recognition of major overhaul of Lycoming Engine of Tampico Trainer Aircraft under Repairs and Maintenance – Transportation Equipment account - ₱3,197,300.00</p> <p><b>We recommended that Management:</b></p> <p><b>a. effect the necessary adjustments to correct the misstatements pursuant to the pertinent provisions of the GAM for NGAS, Volume I; and</b></p> <p><b>b. furnish a copy of the prepared JEV to the Audit Team.</b></p>	AAR 2019, Par.1 (f)	<p>The Accounting Office effected the necessary adjustment to correct the misstatement.</p>	<p><b>Fully Implemented</b> The Accounting Office effected the necessary adjustment to correct the misstatement.</p> <p><b>Fully Implemented</b> The Accounting Office furnished a copy of the JEV (GJ MOOE 20-08-027 dated August 31, 2020).</p>
<p>g) Erroneous recording of the costs of two repainting and rehabilitation projects on Buildings and Other Structures at PhilSCA-VAB Campus - ₱6,098,483.10.</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. effect the necessary adjustments to correct the misstatements; and</b></p>	AAR 2019, Par.1 (g)	<p>The Accounting Office effected the necessary</p>	<p><b>Fully Implemented</b> The Accounting Office effected the necessary</p>

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<p>b. recognize the appropriate Asset account and Accounts Payable upon delivery/ completion of the projects pursuant to the provisions of Section 112 of PD No. 1445 and Chapter 19, GAM for NGAs, Volume I.</p>		<p>adjustment to correct the misstatement.</p>	<p>adjustment to correct the misstatement. (GJ Local 20-06-22)</p> <p><b>Fully Implemented</b> The affected accounts were recognized upon completion of the projects.</p>
<p>h) Erroneous recording of taxes withheld and remitted - ₱124,318.81</p> <p><b>We recommended that Management:</b></p> <p>a. ensure proper, accurate and correct recording of taxes withheld and remitted to avoid errors; and</p> <p>b. review, analyze and reconcile the discrepancies noted in the audit of the previous and current years; and prepare the necessary adjusting entries for the overstatement of the account balance.</p>	<p>AAR 2019, Par.1 (h)</p>	<p>The Accounting Office committed to ensure proper, accurate and correct recording of taxes withheld and remitted by maintaining a schedule/ ledger.</p>	<p><b>Not Implemented</b> The Accounting Office committed to ensure proper, accurate and correct recording of taxes withheld and remitted by maintaining a schedule/ ledger.</p> <p><b>Not Implemented</b> The Accounting Office has ongoing reconciliation and adjustment on the discrepancies.</p>
<p>i) Erroneous recording of Due to GSIS, Retirement and Life Insurance Premiums, and ECI Premiums accounts - ₱673,265.74.</p>	<p>AAR 2019, Par.1 (i)</p>		

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<p><b>We recommended that Management effect the necessary adjustments of the errors made in recording.</b></p>			<p><b>Not Implemented</b> The Accounting Office has yet to furnish the COA Office the JEV to record the adjustments made.</p>
<p>j) Non-recording in the books of the payment of premiums on Due to Pag-IBIG account - ₱92,095.08.</p> <p><b>We recommended that Management record in the books of accounts the audited transactions and effect the necessary adjustments.</b></p>	<p>AAR 2019, Par.1 (j)</p>		<p><b>Not Implemented</b> The Accounting Office has yet to furnish the COA Office the JEV to record the adjustments made.</p>
<p>k) Recorded payments for housing loans during CY 2019 unsupported by Official Receipts (ORs) - ₱15,239.76.</p> <p><b>We recommended that Management duly transmit/present to the COA Office the ORs for the payment of the housing loans totaling ₱15,239.76.</b></p>	<p>AAR 2019, Par.1 (k)</p>	<p>The Management has duly presented the ORs.</p>	<p><b>Fully Implemented</b> The Management has duly presented the ORs.</p>
<p>l) Improper recognition of the receipt and release of CHED Tulong-Dunong Program (TDP) financial assistance for AY 2018-2019. Trust liability was not recognized - ₱414,000.00.</p> <p><b>We recommended that Management record, thru the Accounting Office, the necessary adjusting entries.</b></p>	<p>AAR 2019, Par.1 (l)</p>	<p>The HRMD has presented the required ORs to support the recording made by the Accounting Office.</p>	<p><b>Fully Implemented</b> The HRMD has presented the required ORs to support the recording made by the Accounting Office.</p>

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<p>l) Improper recognition of the receipt and release of CHED Tulong-Dunong Program (TDP) financial assistance for AY 2018-2019. Trust liability was not recognized - ₱414,000.00.</p> <p><b>We recommended that Management record, thru the Accounting Office, the necessary adjusting entries.</b></p>	AAR 2019, Par.1 (l)	The College President directed the Accounting Office to prepare JEV and make the necessary adjusting entry and create a separate Subsidiary Ledger for TDP and other scholarship program for proper monitoring.	<p><b>Fully Implemented</b> The Accounting Office recorded the adjusting entries and recognizes trust liability upon receipt of funds from CHEDROs.</p>
<p>m) Erroneous classification of Terminal Leave Benefits account for the payment of monetization of employees' leave credits - ₱2,132,926.37.</p> <p><b>We recommended that Management:</b></p> <p><b>a. effect the necessary adjustments to correct the over and under statements of the affected accounts; and</b></p> <p><b>b. comply and be guided with the pertinent provisions of GAM for NGAs and PPSAS No. 1- Presentation of Financial Statements.</b></p>	AAR 2019, Par.1 (m)	<p>The College President directed the Accounting Office to prepare JEV and make the necessary adjusting entry.</p> <p>The College will comply with the pertinent provisions of GAM for NGAs and PPSAS No. 1- Presentation of Financial Statements.</p>	<p><b>Fully Implemented</b> The Accounting Office effected the adjustment (GJ MOOE 20-08-028 dated August 31, 2020).</p> <p><b>Fully Implemented</b> The College complied with the pertinent provisions of GAM for NGAs and PPSAS No. 1- Presentation of Financial Statements.</p>
2. Unresolved variances and discrepancies between PhilSCA accounting records and the	AAR 2019, Par.2		



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<p>supporting schedules/documents and unsubstantiated balances in the amount of ₱924,047,468.24 were noted which affected the reliability of the Assets and Liabilities accounts as at December 31, 2019, contrary to Section 6.e, Chapter 19 of the GAM for NGAs, Volume I.</p> <p><b>We recommended that Management resolve the variances and/or discrepancies in the PhilSCA accounting records and provide supporting schedules in accordance with the aforementioned criteria.</b></p>			<p><b>Not Implemented</b></p> <p>The College has yet to resolve all the variances and/or discrepancies in their accounting records and, supporting schedules are not provided/submitted timely in accordance with the aforementioned criteria.</p>
<p>a) Non-preparation and non-submission of up-to-date BRS and absence of subsidiary records for each bank account.</p> <p><b>We recommended that Management:</b></p> <p><b>a. promptly prepare and submit, thru the Accountant, the monthly BRS of all Cash in Bank Accounts together with copies of original bank statements, paid checks, original copies of debit/ credit memos, JEVs for the reconciling items and all necessary documents needed to support the identified reconciling items within the period to the Audit Team as</b></p>	<p>AAR 2019, Par.2 (a)</p>	<p>The Accounting has complied with the preparation and submission of the monthly BRS together with other supporting documents.</p>	<p><b>Fully Implemented</b></p> <p>The Accounting has complied with the preparation and submission of the monthly BRS together with other supporting documents.</p>

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<p>prescribed under Chapter 21 of the GAM;</p> <p><b>b. coordinate with LBP to facilitate/provide the College with monthly bank statements to enable the Accountant to prepare BRS; and</b></p> <p><b>c. enroll in the We Access Institutional Internet Banking program of the LBP where bank statements can be downloaded from the LBP online banking system to facilitate the timely preparation and submission of the BRS.</b></p>		<p>The College has coordinated with the LBP to facilitate/provide the monthly bank statements needed for the preparation of BRS.</p> <p>The College is seeking the approval of BOT for the enrollment in WE Access.</p>	<p><b>Fully Implemented</b> The College has coordinated with the LBP to facilitate/provide the monthly bank statements needed for the preparation of BRS.</p> <p><b>Not Implemented</b> The COA Office has not yet been furnished a copy of BOT approval for the enrollment in We Access and/or has been provided proof of enrollment in the LBP We Access.</p>
<p>b) Dormant Accounts Receivable for the four Campuses of PhilSCA- for more than 10 to 20 years. (Unpaid tuition and other school fees from students of SY 2000-2010.) - ₱6,598,238.05; and</p> <p>c) Loans Receivables – Others-unpaid loans granted to the students-borrowers under the Student Assistance Fund for Education for a Strong Republic (SAFE- 4-SR) which remained outstanding for more than 10 years - ₱879,000.00.</p> <p><b>We recommended that Management to submit, thru the Accounting Office, the schedule or the list of students – borrowers to support the claim on loan receivables</b></p>	<p>AAR 2019, Par.2 (b)/(c)</p>	<p>The College submitted request for write-off of Accounts Receivable in the amount of ₱3,969,037.86.</p>	<p><b>Not Implemented</b> The COA Office has yet to receive the schedule or full list of student-borrowers. Also, the COA Office returned the request to write-off the</p>

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account.			Accounts Receivable in the amount of ₱3,969,037.86 submitted by the College due to lacking and/or not complied documentation as required under COA Circular No. 2016-005 dated December 19, 2016.
<p>d) Minimal collection of Other Receivable account with outstanding balance of ₱1,148,907.75 for more than 10 to 30 years; e) Outstanding balance of Operating Lease Receivables amounting to ₱198,844.00 aging for more than one year; f) Non-preparation/ submission of quarterly reports of all Receivables.</p> <p><b>We recommended that Management:</b></p> <p><b>a. create a committee/action team to establish the details of the all receivables, monitor and enforce collections/settlement of thereof through demand letters/monthly summary of follow-ups;</b></p> <p><b>b. submit, thru the Accounting Office, the schedule or the list of students-borrowers to support the claim on loan receivables account;</b></p> <p><b>c. file the request for authority to write-off dormant</b></p>	AAR 2019, Par.2 (d)/ (e)/ (f)		<p><b>Fully Implemented</b> The College assigned the Accounting Office to monitor and enforce collections/ settlement of thereof through demand letters/ monthly summary of follow-ups.</p> <p><b>Not Implemented</b> No list of students-borrowers to support the claim on loan receivables account.</p> <p><b>Not Implemented</b> The COA Office</p>

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<p>receivable accounts with the COA Audit Team Leader and/or Supervising Auditor supported with the documents pursuant to Items 8.2 and 8.3 of COA Circular No. 2016-005 dated December 19, 2016; and</p> <p>d. prepare and submit the quarterly schedule of all receivables to the Audit Team, within a reasonable time of 30 days from receipt hereof, to preclude the withholding/suspension of salaries of the officials and employees concerned for the non-submission thereof, pursuant to Section 6.2 of COA Circular No. 2016-005 dated December 19, 2016 and Section 122 of PD No. 1445.</p>			<p>returned the request to write-off the Accounts Receivable in the amount of ₱3,969,037.86 submitted by the College due to lacking and/or not complied documentation as required under COA Circular No. 2016-005 dated December 19, 2016.</p> <p><b>Not Implemented</b> The Accounting Office does not submit the quarterly schedule of all receivables within a reasonable time of 30 days from receipt hereof, pursuant to Section 6.2 of COA Circular No. 2016-005 dated December 19, 2016 and Section 122 of PD No. 1445.</p>
<p>g) Unliquidated fund transfers for more than five to seven years and delayed/non- submission of the required quarterly reports for the schedule/ aging of the fund transfers.</p> <p><b>We recommended that Management:</b></p> <p>a. make representation with the DBM-PS for the return of the balance of the fund transfers for the fully delivered items;</p>	AAR 2019, Par.2 (g)		<p><b>Not Implemented</b> The COA Office has yet to be furnished copy of the representation with the DBM-PS for the</p>

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<p>b. evaluate the need of the PhilSCA for the undelivered equipment, otherwise, make representation with the DBM-PS for the change of purchase request 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; and</p> <p>c. submit on time the schedules of fund transfers on a quarterly basis.</p>			<p>return of the balance of the fund transfers for the fully delivered items.</p> <p><b>Not Implemented</b> The College has yet to submit their action on the undelivered equipment/fund transfers with DBM-PS.</p> <p><b>Fully Implemented</b> The Accounting Office submits the schedules of fund transfers quarterly.</p>
<p>h) Deficiencies in the Granting and Liquidation of Cash Advances -P3,785,969.94.</p> <p><b>We recommended that Management:</b></p> <p>a. prepare and submit, for approval, to the Board of Trustees the action plan/internal control measures (including the withholding of salaries) on the monitoring and compliance of the grant, utilization and timely liquidation of cash advances with the PD No. 1445 and COA Circular No. 97-002</p>	<p>AAR 2019, Par.2 (h)</p>		<p><b>Not Implemented</b> The College, through the Accounting Office, submits monthly schedule of unliquidated cash advances, however, no action plan/ internal control measures has been submitted for the monitoring and compliance of the grant, utilization and timely</p>

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<p><b>dated February 10, 1997;</b></p> <p><b>b. observe faithfully the provisions of COA Circular No. 97-002 and require all concerned officials and employees with outstanding cash advances to liquidate their cash advances; and</b></p> <p><b>c. hold liable the persons responsible for granting additional cash advance despite non-liquidation of the previously recorded cash advances.</b></p>			<p>liquidation of cash advances pursuant to PD No. 1445 and COA Circular No. 97-002 dated February 10, 1997.</p> <p><b>Not Implemented</b> Several cash advances remained outstanding and the College has yet to furnish the COA Office proof of sending the demand letters to concerned officials/ employees.</p> <p><b>Fully Implemented</b> The multiple cash advances have been liquidated by the person responsible.</p>
<p>(i) Practice of automatically recording the purchases of supplies as outright expenses upon payment; non-maintenance of Supplies Ledger Cards (SLCs) and Stock Cards (SCs) by the Accounting and the Supply Offices, respectively; non-conduct of the physical count of inventories to substantiate the accuracy of the reported balances; and non-preparation and submission of the Report of Physical Count of Inventories (RPCI).</p> <p><b>We recommend that Management:</b></p> <p><b>a. stop the practice of</b></p>	<p>AAR 2019, Par.2 (i)</p>		

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<p>recording the purchases of supplies as outright expenses;</p> <p>b. prepare and submit to the Accounting Office, the RIS and RSMI of the Supply Office using the GAM-prescribed form as basis for the JEV preparation in the recording of issuances;</p> <p>c. conduct periodic reconciliation of the inventory records of the Supply Officer and the Accountant to detect errors in recording and other reconciling items, and effect the necessary adjustments;</p> <p>d. maintain updated SCs and SLCs for all inventory items to ascertain the accuracy of the Inventory account balance; and</p> <p>e. undertake complete physical inventory every six months, and submit the GAM-prescribed RPCI to ascertain the correctness of the inventory balances and early detection of possible losses.</p>		<p>No action plan noted by Management.</p>	<p><b>Not Implemented</b> Some purchases of supplies are recorded as outright expenses based on some JEVs submitted to COA.</p> <p><b>Not Implemented</b> The Supply Office does not submit the RIS and RSMI as attachment to the submitted JEVs.</p> <p><b>Not Implemented</b> No action was taken by Management.</p> <p><b>Not Implemented</b> No action was taken by Management.</p> <p><b>Not Implemented</b> The Inventory Committee has conducted a physical count of inventory, however, no copy of RPCI has been furnished to the COA Office.</p>
<p>j) Discrepancies of PPE account balance.</p> <p><b>We recommend that</b></p>	<p>AAR 2019, Par.2 (j)</p>		

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<p><b>Management:</b></p> <p>a. reconcile regularly the respective PPE records and reports of the College Accountant and the Property Officer;</p> <p>b. maintain PPELCs in the Accounting Office according to Appendix 70 of GAM for NGAs, Volume II to present all the necessary details/information for a PPE item;</p> <p>c. maintain PCs in the Property Office to account for the receipt and disposition of PPE;</p> <p>d. reconstitute the Inventory Committee and come up with a strategic plan, which may involve support from other personnel to conduct the physical inventory taking of PPE for all campuses and require the submission of a complete and duly signed as certified and approved RPCPPE to the Audit Team; and</p> <p>e. observe timeliness in the recording of financial transactions and submission of Notes to FSs to the Audit Team and to concerned agency officials.</p>			<p><b>Not Implemented</b> No reconciliation of PPE records/ reports of Accountant and Property Officer furnished to the COA Office.</p> <p><b>Not Implemented</b> No action was taken by Management.</p> <p><b>Not Implemented</b> No action was taken by Management.</p> <p><b>Fully Implemented</b> The College has instituted the Inventory Committee to conduct the physical inventory of PPE for all campuses and submitted complete and duly signed as certified and approved RPCPPE to the Audit Team.</p> <p><b>Fully Implemented</b> The College committed to observe timeliness in the recording of financial transactions and submission of Notes to FSs to COA and</p>



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			concerned agency officials.
<p>k) Non-maintenance of subsidiary ledgers (SLs) for taxes withheld and remitted.</p> <p><b>We recommended that Management maintain SLs for the Due to BIR and other accounts related thereto.</b></p>	AAR 2019, Par.2 (k)		<p><b>Not Implemented</b> No action was taken by Management.</p>
<p>3. Deficiencies in the cash management and accountability during the conduct of cash examinations were noted such as:</p> <p>a) Cashbook/CRR or its equivalent was not properly maintained by the Collecting Officer to monitor accountabilities; b) The SDO has expired bond; c) The PCFCs and the SDOs have no functional/appropriate safe, vault, cash receptacles or a secured cabinet for proper safekeeping of the cash and cash items; and d) Non-maintenance of Cash Disbursement Record (CDR) by the SDOs.</p> <p><b>We recommended that Management:</b></p> <p><b>a. maintain a cashbook/CRR or its equivalent to record immediately and monitor all collections and deposits made;</b></p> <p><b>b. see to it that the fidelity bonds of all AOs are up to date always, thus avoiding their expiry and that the</b></p>	AAR 2019, Par.3		<p><b>Not Implemented</b> No cashbook/CRR or its equivalent is maintained to record and monitor all collections and deposits</p> <p><b>Fully Implemented</b> The College committed to regularly update the fidelity bonds of all</p>

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<p>recovery of losses arising from cash shortage, if any, are assured;</p> <p>c. provide all PCFCs and SDOs appropriate safe, vault, cash receptacles or secured cabinet to be used for proper safekeeping of the cash and cash items and related documents/records;</p> <p>d. instruct the SDO to maintain a CDR to record and monitor all CAs received and utilizations/disbursements made thereon; and</p> <p>e. thru the Accountant, maintain SLs to facilitate verification of the SL balances per AO and other affected account balances as required under Appendix 6, GAM for NGAs, Volume II.</p>			<p>accountable officers.</p> <p><b>Fully Implemented</b> The College has incorporated in their APP the procurement of safety vaults to be used for proper safekeeping of the cash and cash items by the PCFCs/SDOs.</p> <p><b>Not Implemented</b> The College committed to maintain the required CDR record and monitor the utilization/disbursements made thereon. (Ongoing assessment if CDR is maintained).</p> <p><b>Not Implemented</b> Ongoing assessment / review if SL balances per AO and other affected account balances are being maintained.</p>
<p>4. Deficiencies in managing the Petty Cash Fund (PCF) were noted such as: a) Replenishment of Petty Cash Fund (PCF) takes more than 68 days to 171 days; b) The PCFC does not maintain the prescribed Report on Paid Petty Cash Vouchers (RPPCV) and PCF Record (PCFR) to monitor, control and report transactions; and c) Petty Cash Vouchers (PCVs) were not duly</p>	<p>AAR 2019, Par.4</p>		

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<p>signed and accomplished.</p> <p><b>We recommended that Management:</b></p> <p><b>a. abide by the rules and regulations in handling petty cash fund particularly on the use of PCFR, the required forms and records in the monitoring and control of the PCF;</b></p> <p><b>b. give proper instructions on the duties and responsibilities of the PCFC;</b></p> <p><b>c. ensure that supporting documents necessary or required in each transaction are duly signed and accomplished; and</b></p> <p><b>d. review the amount of PCF that should be sufficient for the recurring petty operations of the Campus for one month.</b></p>			<p><b>Not Implemented</b> The PCFCs do not maintain PCFR for the monitoring and control of the PCFs.</p> <p><b>Fully Implemented</b> The Management instructed and reminded the PCF Custodian of their duties and responsibilities based on the Audit Team's Cash Examination.</p> <p><b>Not Implemented</b> Not all supporting documents are duly accomplished.</p> <p><b>Not Implemented</b> The Management did not submit to the Audit Team their evaluation on the amount of PCF sufficient for the monthly petty operations of the Campus.</p>
<p>5. Lapses in the programming of the Special Trust Fund (STF) budget and execution of the programmed projects and budget reporting of PhilSCA for CY 2019 were noted which include, among others a) deficiencies in</p>	<p>AAR 2019, Par.5</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>the submission of documents to support the budget proposal; b) non-compliance with the prescribed classification of funds; c) no supporting schedule/breakdown of fiduciary funds and other fiduciary funds; d) variance of ₱1,432,500.01 between the CY 2019 Programs of Receipts and Expenditures (PRE) and Financial Accountability Reports (FARs) 2 and 2-A, and e) unutilized STF budget totaling ₱64,596,904.66, contrary to the provisions of COA Circular No. 2000-002 dated April 4, 2000 and CMO No. 20, series of 2011, thus rendered the budget unreliable and caused the non-delivery of the much needed improvement of the College' facilities and equipment.</p> <p><b>We recommended that Management:</b></p> <p><b>a. comply with the provisions of COA Circular No. 2000-002 dated April 4, 2000 and CMO No. 20, series of 2011, on the use and disposition of internally generated funds accruing to the College;</b></p> <p><b>b. prepare and implement well-planned and realistic annual STF budget with the required and correct supporting documents/schedules to be presented to</b></p>			<p><b>Not Implemented</b> The Management committed to comply with the provisions of COA Circular No. 2000-002 dated April 4, 2000 and CMO No. 20, series of 2011.</p> <p><b>Not Implemented</b> The Management committed to prepare and implement well-planned and realistic annual STF budget.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>the BOT for approval; and</p> <p>c. identify the variance of ₱1,432,500.01 between the CY 2019 PRE and the SABUDB (FAR 2)/SABUDBOE (FAR 2-A).</p>			<p><b>Not Implemented</b></p> <p>The variance of ₱1,432,500.01 between the CY 2019 PRE and the SABUDB (FAR 2)/SABUDBOE (FAR 2-A) remained unidentified.</p>
<p>6. Deficiencies were noted in the implementation of the Tulong Dunong Program (TDP) of the College as shown by: a) delayed release of the financial assistance to TDP students-beneficiaries by 102 to 136 days; b) absence of Memorandum of Agreement (MOA) from CHEDROs; c) non-maintenance of a separate subsidiary records; and d) insufficient supporting documents, contrary to the provisions of CHED-DBM Joint Memorandum Circular (JMC) Nos. 2017-2 and 2017-3 both dated May 24, 2017, CHED-DBM JMC No. 2017-2A dated September 29, 2017 and COA Circular No. 94-013 dated December 13, 1994, thereby adversely affecting the educational needs of the underprivileged yet qualified and deserving students-grantees.</p> <p><b>We recommended that Management:</b></p> <p>a. prepare and submit for approval of the BOT written policies and guidelines on the</p>	<p>AAR 2019, Par.6</p>		<p><b>Not Implemented</b></p> <p>The College has not yet submitted to the COA</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>grant, utilization and liquidation of funds transferred (specifically to the Main and the Regional Campuses) for the implementation of the TDP and other scholarship/ financial assistance programs in accordance with COA Circular No. 94-013 dated December 13, 1994 and other pertinent laws/JCs/ Memorandum thereon;</p> <p>b. designate a Coordinator for the Regional Campuses to facilitate the timely release of financial/scholarship assistance to the students-beneficiaries and the consolidation of the required documentary requirements;</p> <p>c. submit to the COA Audit Team a status report on the unreleased financial assistance to the student of MBEAB Campus and its due release upon submission of the required documents;</p> <p>d. submit to the COA Audit Team a status report on the PhilSCA-BAB Campus, Pampanga's receipt of funds from CHEDRO III for the TDP and the release of financial assistance to</p>			<p>Office written policies and guidelines on the grant, utilization and liquidation of funds transferred for the implementation of the TDP and other scholarship/ financial assistance programs in accordance with COA Circular No. 94-013 dated December 13, 1994 and other pertinent laws.</p> <p><b>Fully Implemented</b> The College has assigned coordinator/s for the TDP (and other scholarship program) in the main and regional campuses.</p> <p><b>Not Implemented</b> The College has yet to transmit the status report on the unreleased financial assistance to the student of MBEAB Campus and its due release upon submission of the required documents.</p> <p><b>Fully Implemented</b> TDP funds for PhilSCA-BAB Campus had been received and released to the student-beneficiaries.</p>

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<p><b>students upon submission of the required the documents;</b></p> <p><b>e. furnish/submit to the Audit Team copies of the MOA with the CHEDROs.</b></p>			<p><b>Not Implemented</b> No copy of MOA with the CHEDROs was furnished to the Audit Team.</p>
<p>7. Deficient implementation of RA No. 10931 or the "Universal Access to Quality Tertiary Education Act of 2017" was noted, such as: a) delay for a period of three to six months in the submission to CHED of billing of tuition and other school fees of actual qualified enrolled students for Academic Year (AY) 2019- 2020; b) no separate bank account maintained for funds received for FHE totaling ₱428,133,099.00 which are deposited in STF bank account; and c) improper recognition in the books of the funds received amounting to ₱99,366,381.00, contrary to CHED-UniFAST Memorandum No. 2018-02 dated August 8, 2018, which provides for the Guidelines on FHE in SUCs and CHED- Recognized Local Universities and Colleges (LUCs).</p> <p><b>We recommended that Management:</b></p> <p><b>a. formulate an action plan, for approval of the BOT, to resolve/prevent the incurrence of delay in the submission of the reports and the billing statements to</b></p>	<p>AAR 2019, Par.7</p>		<p><b>Fully Implemented</b> The College established the UniFAST Committee headed by the VPAA to fast-track the submission</p>

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<p><b>CHED-UniFAST;</b></p> <p><b>b. comply with the provision of CHED-UniFAST MC No. 2018-02 to open and maintain a separate bank account for the proper account management of the Free HE; and transfer the corresponding funds deposited with PhilSCA's STF bank account;</b></p> <p><b>c. reconcile the funds received for the implementation of Free HE with the disbursements made therefrom and deposit the remaining balance with a separate bank account for Free HE;</b></p> <p><b>d. seek clarification with the CHED-UniFAST on whether the tuition and other fees paid by students who opted-out and/or ineligible be deposited with the separate bank account for Free HE or be deposited with the STF bank account of the College; and</b></p> <p><b>e. observe proper accounting treatment of the funds received and adjust the accounting entry made, thru</b></p>			<p>of the reports and the billing statements to CHED-UniFAST.</p> <p><b>Not Implemented</b> The College has yet to open a separate bank account for proper account management of the Free Higher Education (HE), subject to the endorsement of BOT Finance Committee.</p> <p><b>Not Implemented</b> No reconciliation report submitted to the COA Office and funds received for the implementation of Free HE is yet to be deposited in separate bank account as prescribed under CHED-UniFAST MC No. 2018-02.</p> <p><b>Fully Implemented</b> All the students of PhilSCA have availed of the Free HE.</p> <p><b>Fully Implemented</b> The Accounting Office observes the proper accounting treatment of</p>



Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
the Accounting Office, to avoid errors or misstatements in the FSs.			the Free HE transactions and adjusted the accounting entry made. (GJ Local 2020-06-18, GJ Local 2020-06-19, GJ Local 2020-06-20 dated June 30, 2020).
<p>8. The simultaneous transfers of funds in 2017 and 2018 to the Philippine International Trading Center (PITC), for the two procurement of goods projects and two infrastructure projects, which to date are still in the process of procurement/implementation, resulted in the accumulation of unliquidated fund transfers of ₱89,300,000.00 and deferment of benefits to the agency and students, contrary to COA Circular 2016-002 dated May 31, 2016.</p> <p><b>We recommended that Management:</b></p> <p><b>a. explain/justify the transfer of funds for the four projects on the same dates;</b></p> <p><b>b. coordinate with PITC for the timely process of procurement and implementation of the projects.</b></p>	AAR 2019, Par.8		<p><b>Fully Implemented</b> The College noted that the funds for the four projects were transferred on the same date in order to commence the procurement process.</p> <p><b>Fully Implemented</b> The College regularly coordinates/ communicates with PITC on the status of the procurement of the four projects. Currently, the four projects are</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
			scheduled for pre-bid/ opening of bids.
<p>9. Management did not strictly monitor deductions from salaries and other benefits accruing to PhilSCA employees to comply with Section 52 of the GAA for 2019 which required the monthly take-home pay of an amount not lower than P5,000.00, thereby defeating the purpose of assuring an appropriate portion of take-home earnings to all government employees and might affect productivity and motivation towards work.</p> <p><b>We recommended that Management:</b></p> <p><b>a. strictly adhere to the provisions of GAA pertaining to take-home pay amount threshold of all its employees;</b></p> <p><b>b. closely monitor, thru the HRMO Director/Staff, the net take home pays of employees and not to allow deductions from salaries accruing to employees which shall reduce the employees' monthly net take home pays to an amount lower than the required minimum by observing the order of preference on loan deductions; and</b></p> <p><b>c. advice the HRMO Director, in the succeeding loan</b></p>	AAR 2019, Par.9		<p><b>Fully Implemented</b> Take-home pays of all employees are within the threshold amount per GAA provisions.</p> <p><b>Fully Implemented</b> The HRMD personnel had already observed the order of preference on deductions from salaries and wages of employees.</p> <p><b>Fully Implemented</b> Management only</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p><b>applications, to certify loan applications only of employees whose salaries would not result in reduction in the required take-home pay threshold set in the GAA.</b></p>			<p>certifies loan applications of employees whose salaries do not result in reduction in the required net take-home pay.</p>
<p>10. Employees' loans from private institutions and premiums for health maintenance organization (HMO) aggregating P4,584,264.58 were deducted from the gross amount of salaries of PhilSCA officers and employees with the College undertaking/doing the collection function and loan monitoring activities of the private lending institution and HMO, resulting in a loss of government time and resources which is contrary to Section 262 of the Government Accounting and Auditing Manual (GAAM) and Section 4(2) of PD No. 1445.</p> <p><b>We recommended that Management:</b></p> <p><b>a. attach Arrangement/ Servicing agreement or MOA or accreditation between PhilSCA and Manila Teachers Savings and Loan Association Inc.; and between PhilSCA and Value Care Health System Inc. and authority to bill/authority to deduct in the payroll, if any exists;</b></p> <p><b>b. stop immediately the</b></p>	<p>AAR 2019, Par.10</p>		<p><b>Not Implemented</b></p> <p>The VP for Administration and Finance is currently coordinating with the Manila Teachers Savings and Loan Association Inc.; and Value Care Health System Inc. for the arrangement of MOA with PhilSCA.</p> <p><b>Not Implemented</b></p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>practice of including the payments of loan amortizations and premium remittances to private lending institutions and HMOs as deduction from the payroll as well as performing the collection and monitoring activities of the private lending institutions and health maintenance organizations, if there is no agreement;</p> <p>c. request the staff involved to transact directly with the private institutions; and</p> <p>d. bill the lending institutions and HMOs to pay the cost of checks and other expenses paid relating to collections and remittance.</p>			<p>The College still continues the practice of including the payments of loan amortizations and premium remittances to private lending institutions and HMOs as deductions from the payroll.</p> <p><b>Not Implemented</b> The College still continues the practice of including the payments of loan amortizations and premium remittances to the private institutions.</p> <p><b>Not Implemented</b> The Management has not billed the lending institutions and HMOs for the payment of the cost of checks and other related expenses and copies of the requested MOAs were not forwarded/ presented to the Audit Team.</p>
<p>11. Expenses amounting to P71,739.00 incurred in the conduct of "Salamat- Mabuhay Program" were deemed unnecessary and irregular, as contemplated in COA Circular 2012-003 dated October 29, 2012 and was not in consonance with the Civil Service Commission</p>	<p>AAR 2019, Par.11</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>(CSC) Memorandum Circular No. 7, series of 1998, which cast doubts on the propriety and validity of the said disbursements.</p> <p><b>We recommended that Management hold the disbursing officer and the approving officials accountable for the unauthorized, irregular and extravagant disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectively.</b></p>			<p><b>Not Implemented</b> The Management has yet to furnish the Audit Team any action taken on the accountability of the concerned officials in the "Salamat Mabuhay Program."</p>
<p>12. Internal Audit Service was neither established nor organized to implement and monitor a sound system of internal control to safeguard PhilSCA's resources against loss, misuse, waste, abuse, mismanagement, errors, irregularities and fraud in disregard of the pertinent provisions of Administrative Order No. 278,s. 1992, Administrative Order No. 70, s. 2003, the Philippine Government Internal Audit Manual (PGIAM), and related issuances adopting the Internal Auditing Standards for the Philippine Public Sector (IASPPS) and Internal Control Standards for the Philippine Public Sector (ICSPPS) issued for all government agencies.</p> <p><b>We recommended that Management establish an Internal Audit Service in conformity with the following:</b></p>	AAR 2019, Par.12		<p><b>Not Implemented</b> No official/employee is currently assigned/ designated in the IAS Office.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<ul style="list-style-type: none"> <li>• <b>Administrative Order No. 278, s. 2002;</b></li> <li>• <b>Administrative Order No. 70, s. 2003;</b></li> <li>• <b>Internal Auditing Standards for the Philippine Public Sector (IASPPS);</b></li> <li>• <b>Internal Control Standards for the Philippine Public Sector (ICSPPS);</b></li> <li>• <b>Philippine Government Internal Audit Manual (PGIAM) and related pertinent rules and regulations.</b></li> </ul>			
<p>13. PhilSCA did not comply with the provisions on Transparency Seal in Section 106 of the General Provisions of the GAA of CY 2019 (RA No. 11260) and the National Budget Circular (NBC) No. 542 dated August 29, 2012 which promote transparency and full public disclosure of government transactions, thereby depriving the public of pertinent information necessary to enforce accountability on the officials of Agency.</p> <p><b>We recommended that Management:</b></p> <p><b>a. comply with the requirements on Transparency Seal as provided in Section 106 of the General Provisions of GAA FY 2019 (RA 11260) and NBC No. 542 dated August 29, 2012; and</b></p>	AAR 2019, Par.13		<p><b>Not Implemented</b></p> <p>The College is requesting an outsourced domain name and web host for the PhilSCA Website which will update/post information and disclosures as required on</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p><b>b. update regularly the postings of necessary information to the PhilSCA website.</b></p>			<p>Transparency Seal/ GAA provisions.</p> <p><b>Not Implemented</b> The College is requesting an outsourced domain name and web host for the PhilSCA Website which will update/post information and disclosures as required on Transparency Seal/ GAA provisions.</p>
<p>14. Payment of Terminal Leave Benefits to separated employees and monetization of Leave Credits with incomplete documentary requirements and unauthorized payment of Leave Benefits Monetization could result to audit suspensions unless the required documents are submitted to the Audit Team.</p> <p><b>We recommended that Management:</b></p> <p><b>a. submit explanation on why the payment of terminal leave benefits to employees who retired, voluntarily resigned and separated from the service and monetization were approved despite the absence of the required necessary documents; and</b></p> <p><b>b. justify the payment for monetization of leave credits in excess of the amount allowable under the</b></p>	<p>AAR 2019, Par.14</p>		<p><b>Fully Implemented</b> The concerned employees submitted the lacking supporting documents.</p> <p><b>Fully Implemented</b> The DRMD noted that the payment for monetization of leave</p>

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<p><b>pertinent rules and regulations set forth under Section 22 of Omnibus Rules on Leave, Rule XVI of the Omnibus Rules Implementing Book V of EO No. 292, otherwise, any excess payment may be subject to disallowance.</b></p>			<p>credits in excess of the allowable amount was due to erroneous computation made by the HRMD processor and committed that future application for monetization will be supported by required documents.</p>
<p>15. For CY 2019, PhilSCA was able to insure its buildings, equipment/aircrafts, supplies and materials as well as its service vehicles in the amount of ₱497,712,958.82 as required under COA Circular No. 92-390 dated November 17, 1992 and RA No. 656, as amended by PD No. 245 dated July 13, 1973. However, the insurance premium paid amounting to ₱3,338,272.87 for the College properties is doubtful of its accuracy on the existing coverage due to non-submission of Property Inventory Form (PIF) which is used as a basis for the assessment of general insurance coverage, contrary to COA Circular No. 2018-002 dated May 31, 2018.</p> <p><b>We recommended that Management prepare and submit the PIF as required under COA Circular No. 2018-002 dated May 31, 2018 in order to determine the accuracy of the insurance coverage of all PhilSCA properties. The concerned officials are likewise reminded</b></p>	<p>AAR 2019, Par.15</p>		<p><b>Fully Implemented</b> The College has prepared and submitted the Property Insurance Form (PIF) as required under COA Circular No. 2018-002 dated May 31, 2018.</p>



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<b>to observe the provisions of Sections 5.5 of the said Circular and RA No. 656 to preclude the automatic suspension of their salaries until they shall have complied therewith.</b>			
<p>16. PhilSCA's GAD Plan and Budget (GPB) for CY 2019 amounting to P3,365,000.00 was only 1.82 percent of the total appropriation of the College, instead of at least five percent or P9,232,000.00 as required under item Nos. 2.3 and 6.1 of DBM, NEDA and PCW JC No. 2012-01 and Section 32 of General Provisions of the FY 2019 GAA, due to non-mainstreaming of the GAD in the different functions of the College and the attribution of its appropriations, of which only P737,500.00 was actually spent and just five out of 24 targeted outputs, were fully accomplished, thus identified gender issues were not fully addressed. Likewise, GPB was not reviewed and endorsed by the Philippine Commission on Women (PCW) contrary to Section 8 of the same JC, thus the propriety and validity of the total expenditures contained in the GAD Accomplishment Report (AR) could not be fully assured. Moreover, GPB and GAD AR were not submitted to the Audit Team within the period prescribed under Item V of COA Circular No. 2014-001 dated March 18, 2014.</p>	AAR 2019, Par.16		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p><b>We recommended that Management:</b></p> <p><b>a. comply with the provisions of the JC 2012-01 and the General Provisions of FY 2019 GAA for GAD budget allocation at least five percent of the total agency appropriations, the mainstreaming of gender perspective, policies, program and projects as well as the attribution of budget to GAD;</b></p> <p><b>b. implement all GAD related activities in the approved GPB, thru the Chair of the GFPS, and develop more GAD related projects/activities that will promote gender equality among its employees and students; and</b></p> <p><b>c. prepare and submit the GPB, thru the GFPS, for review of the PCW and for endorsement to DBM; and submit the reviewed and endorsed GPB and the corresponding AR to the Audit Team within the prescribed period in compliance with COA Circular No. 2014-001 dated March 18, 2014.</b></p>		<p>The College President commented that an Office Order was issued to establish GAD Committee for GAD activities. He also commented that the 5% budget for GAD was attributed in the budget, among others, the rehabilitation of the Guestel wherein a meeting room for GAD is to be established.</p>	<p><b>Fully Implemented</b> The College President commented that an Office Order is issued to establish GAD committee for GAD activities. He also commented that the 5% budget for GAD was attributed in the budget, among others, the rehabilitation of the Guestel wherein a meeting room for GAD is to be established.</p> <p><b>Fully Implemented</b> The College was not able to implement all GAD related activities in the approved GPB Due to the implementation of community quarantines due to COVID-19.</p> <p><b>Fully Implemented</b> The College President and the GAD Focal Person commented that they have submitted their GPB to CHED-NCR for review and endorsement, and it is CHED-NCR/ Central Office which will forward it to PCW for review and endorsement.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>17. GAD Database was not established nor maintained to serve as basis for gender-responsive planning, programming and policy formulation, contrary to Section 37 (D), Rule VI-Institutional Mechanisms of the IRR of RA No. 9710 or the Magna Carta of Women and Section 4.4 of PCW-NEDA-DBM JC 2012-01.</p> <p><b>We recommended that Management:</b></p> <p><b>a. establish, thru the GFPS, the GAD database with adequate and systematically gathered sex-disaggregated data (SDD) which will provide the bases for gender analysis, planning, programming and policy formulation; and</b></p> <p><b>b. undertake gender analysis to identify and confirm existing gender-related issues/information and track the results thereof; and</b></p> <p><b>c. ensure that the programs, projects and activities are</b></p>	<p>AAR 2019, Par.17</p>		<p><b>Not Implemented</b> The GAD Focal Person noted that the College has existing basic sex-disaggregated data (SDD), however, it is currently not updated. The GAD is finalizing the survey instrument to establish updated and comprehensive SDD of the faculty and employees of the College.</p> <p><b>Not Implemented</b> The GAD is currently finalizing the survey instrument to undertake gender analysis to identify and confirm existing gender-related issues/ information and track the results thereof.</p> <p><b>Fully Implemented</b> The College ensured</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>responsive to the said issues.</b>			that GAD programs, projects and activities are responsive to the identified issues.
<p>18. PhilSCA did not allocate funds from its approved budget nor formulate plans and programs that will address concerns of SCs and PWDs, contrary to Section 33 of the General Provisions of the GAA for FY 2019, thus concerns such as mobility, safety and welfare of SCs and PWDs were not properly addressed.</p> <p><b>We recommended that Management strictly comply with the provisions of law to address the concerns of the senior citizens and persons with disabilities/differently-abled persons of the College.</b></p>	AAR 2019, Par.18		<p><b>Not Implemented</b></p> <p>The Management has not yet formulated plans and programs to address concerns of SCs and PWDs. However, buildings of PhilSCA Campuses have ramps for the safe mobility of the SCs and PWDs.</p>
<p>19. The continued delay and incomplete submission to the Audit Team of the required Agency Action Plan and Status of Implementation (AAPSI) on the audit observations and recommendations contained in the CY 2018 Annual Audit Report (AAR) as well as prior years' AARs, despite repeated requests, hampered the timely validation and monitoring of compliance and precluded the urgent need of the public to keep abreast of what are being done to implement the audit recommendations contained</p>	AAR 2019, Par.19		

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<p>therein, contrary to Section 93 of the General Provisions of the GAA of FY 2018 and COA Memorandum 2014- 002 dated March 18, 2014.</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. submit the required AAPSI on the audit observations and recommendations contained in CY 2018 AAR and prior years as well;</b></p> <p><b>b. ensure the timely submission thereafter, pursuant to the General Provisions of GAA and COA Memorandum No. 2014-002 dated March 18, 2014; and</b></p> <p><b>c. create a committee who will be in charge to prepare and submit reply/replies on the Audit Team's audit observations and recommendations and will be responsible for the subsequent action plans and make updates on the status and target dates of implementation.</b></p>			<p><b>Not Implemented</b> The College submitted their AAPSI for CY 2019/2018 on December 29, 2020. However, action plan on the audit recommendations in AARs for CYs 2017 and below remained unsubmitted.</p> <p><b>Fully Implemented</b> The College timely submitted their AAPSI for CY 2019 audit.</p> <p><b>Not Implemented</b> There was no committee created to be in-charge in preparing and consolidating replies on the audit observations.</p>
<p>20. The delayed/non-submission of financial reports and documents, contrary to existing laws and COA rules and regulations precluded the prompt</p>	<p>AAR 2019, Par.20</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>audit of accounts and financial transactions, early detection and correction of errors/deficiencies; proper evaluation and determination of the regularity, validity, completeness and accuracy of the recorded transactions; and the timely reporting of the audit results to the Management.</p> <p><b>We recommended that Management:</b></p> <p><b>a. submit to the Audit Team, thru the concerned Accounting and Budget officials and employees, the monthly, quarterly and yearly financial and budgetary reports and the pertinent supporting documents within the prescribed period to facilitate timely review and correction of errors/ deficiencies noted in the audit;</b></p> <p><b>b. submit an explanation for the delayed/non-submission of the required financial and budgetary reports within the reglementary period; and</b></p> <p><b>c. withhold the salaries of concerned officials until the submission of financial and budgetary reports has been</b></p>			<p><b>Fully Implemented</b> The College has submitted the required monthly, quarterly and yearly financial and budgetary reports and the pertinent supporting documents for FY 2019.</p> <p><b>Fully Implemented</b> The College has submitted the required monthly, quarterly and yearly financial and budgetary reports and the pertinent supporting documents for FY 2019.</p> <p><b>Fully Implemented</b> The College has submitted the required monthly, quarterly and</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>complied with pursuant to Chapter 3, Section 122 of PD No. 1445.</b>			yearly financial and budgetary reports and the pertinent supporting documents for FY 2019.
<p>21. Non-presentation/ non-submission of Official Receipt (OR) for the recorded payment of premium in arrears to GSIS casts doubts on the validity of payments totaling ₱316,379.89.</p> <p><b>We recommended that Management duly present to the Audit Team the ORs for the payment of premium in arrears.</b></p>	AAR 2019, Par.23		<p><b>Not Implemented</b></p> <p>The required ORs to validate the recorded payment of premium in arrears to GSIS remained unsubmitted.</p>
<p>22. Audit suspensions and disallowances totaling ₱5,652,043.11 and ₱30,202,460.26, respectively, remained unsettled as of December 31, 2019, contrary to COA Circular No. 2009-006 dated September 15, 2009 which prescribes the rules and regulations in the settlement of accounts.</p> <p><b>We recommended that the Management require the concerned persons determined liable to immediately settle their suspensions and disallowances in accordance with the Revised RRSA.</b></p>	AAR 2019, Par.24		<p><b>Not Implemented</b></p> <p>The Management instructed the Accountant to send Demand Letters to the responsible officials/employees to settle their obligations to the College. However, several Notices of Suspension (NS) remained unsettled.</p>
23. Deficiencies were noted in	2018		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>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> <p><b>b.) instruct the Property Unit to prepare IIRUP for idle,</b></p>	AAR Par. 4		<p><b>Not Implemented</b> The properties of PhilSCA-BAB Campus were reclassified as Other Land Improvements for CY 2021.</p> <p><b>Not Implemented</b> The Inventory</p>



Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p><b>unserviceable and fully depreciated PPEs; and</b></p> <p><b>c.) 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.</b></p>			<p>Committee is in the process of preparing the list of idle/ unserviceable properties and IIRUP.</p> <p><b>Not Implemented</b> The Campus Director of PhilSCA-BAB is still in the process of transferring the ownership of the motor vehicle and the preparation of the Memorandum of Donation is ongoing.</p>
<p>24. 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</b></p>	<p>2018 AAR Par. 8</p>		<p><b>Not Implemented</b> The Personnel-in-Charge, Collecting Office/AO committed to abide by the use of the prescribed records such as Cashbook/CRR.</p> <p><b>Fully Implemented</b> The College designated a Records Custodians thru</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>regular employee of the agency; and</p> <p>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.</p>			<p>Special Order No. 51 series of 2020 dated 9/11/2020.</p> <p><b>Fully Implemented</b> The submitted explanation/ justification by the concerned AO is acceptable to the Audit Team.</p>
<p>25. Of the cash advance granted to the two Special Disbursing Officers (SDOs) totaling ₱133,400.00, ₱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>a.) instruct the SDO/AO to abide with the rules and regulations on the use of the prescribed records such as CDReg; and</p>	<p>2018 AAR Par. 9</p>		<p><b>Not Implemented</b> Accountable officers are still not maintaining CDReg.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>b.) submit justification/ explanation why the AO transferred his cash advance or why he allowed his name to be used as AO.</b>			<b>Not Implemented</b> No justification has been submitted by the concerned AO to the Audit Team.
<p>26. Deficiencies were noted in the operation of the IGP:</p> <p>A. PhilSCA-Mactan Benito Ebuena Air Base (MBEAB) Campus such as:</p> <ul style="list-style-type: none"> <li>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;</li> <li>b) Reports on Summary of Income were not prepared;</li> <li>c) The IGP Coordinator was not bonded contrary to the provision of Treasury Circular No. 02- 2009 dated August 6, 2009;</li> <li>d) Inventory of items were not recorded in Stock Cards (SC), contrary to Appendix 58, Volume II of GAM for NGAs; and</li> <li>e) No collections were reported from rental for the usage of spaces of three canteens.</li> </ul> <p>PhilSCA-BAB Campus such as:</p>	2018 AAR Par. 11		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<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>a.) Furnish the COA a copy of the standard policies on: revenue generation involving 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</p>			<p><b>Not Implemented</b> The College has not yet furnished the Audit Team with the standard policies in revenue generation.</p> <p><b>Not Implemented</b> The College has not yet furnished the standard policies on rental of</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>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 paraphernalia to the collecting office;</li> <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> </ul>			<p>space.</p> <p><b>Fully Implemented</b></p> <p>The Campus has submitted the Report on Inventories and Report on Collections. The IGP Coordinator was relieved of her duties.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<ul style="list-style-type: none"> <li>• set up a <b>Revolving Fund</b> for the operation of the IGP program (sales of school peripherals);</li> <li>• require the <b>Campus Director</b> to submit the <b>Report of Collections</b> from rentals</li> </ul> <p><b>d.) for PhilSCA BAB Campus:</b></p> <ul style="list-style-type: none"> <li>• <b>Submit copies of contracts</b> of the two lessees;</li> <li>• <b>Collect unpaid rent and electricity and water bills</b></li> </ul> <p><b>e.) Instruct the Accountant to prepare the necessary adjusting entries to correct the books on the collections from electricity and water bills as deduction from expenses.</b></p>			<p><b>Not Implemented</b></p> <p>The College submitted a letter stating the compliance on the submission of the contract and the collection of unpaid rent, electricity and water bills, however, no supporting documents were attached and/or reference of the OR issued by the collecting office.</p> <p><b>Not Implemented</b></p> <p>No adjusting entry was made by the Accounting Office.</p>
<p>27. 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</p>	<p>Pages 36 – 40 AAR 2017</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>₱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.</p> <p><b>a) 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> The College has submitted documentation on the funding source of Congressional insertion for the unreleased allotments on Capital Outlays (CO).</p>
<p>28. 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</p>	<p>Pages 47 – 49 AAR 2017</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>(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>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</p> <p>b) Require the payee to refund the Honoraria received from the Agency, upon failure to submit the abovementioned requirements.</p>			<p><b>Not Implemented</b> The Audit Team has yet to receive the required document for the payment of Honoraria.</p> <p><b>Not Implemented</b> The payee has not yet refunded the Honoraria.</p>
<p>29. 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>		



Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<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>a) <b>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>c) <b>Request for write-off on the Other Receivables account arising from cash shortage of the deceased Collecting Officer;</b></p> <p>d) <b>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>e) <b>Send demand letters to the last known address of the</b></p>		<p>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></p> <p>Management submitted incomplete documentary requirements on their request for write-off, which were returned by the Audit Team.</p> <p><b>Not Implemented</b></p> <p>The College has yet to submit actions taken to recover the cash shortage incurred from the former employee.</p> <p><b>Fully Implemented</b></p> <p>The audit recommendation is not doable considering that the receivable originates from cash shortage, which is not an eligible subject of write-off.</p> <p><b>Not Implemented</b></p> <p>Copy of receipt of demand letters sent by Management has yet to be furnished to the Audit Team.</p> <p><b>Not Implemented</b></p> <p>Copy of receipt of</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>grantees of (SAFE-4-SR) to enforce collection thereof.</b>			demand letters sent by Management has yet to be furnished the Audit Team.
<p>30. 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</b></p>	<p>Pages 59 – 60 AAR 2017</p>		<p><b>Fully Implemented</b> The College submitted a request letter dated October 26, 2017 (<i>received by DBM-PS on November 3, 2017</i>) for the refund of the unliquidated balances, however, the funds were not refunded by DBM-PS but were reverted to the National Treasury.</p> <p><b>Not Implemented</b> The equipment has remained undelivered and the advance payments to DBM-PS</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
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.			remained unutilized.
<p>31. 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.</p> <p><b>We recommended that the Management:</b></p> <p>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</p>	<p>Pages 60 – 63 AAR 2017</p> <p>AAR 2016 par. 6</p>		<p><b>Not Implemented</b> The documents on appraisal of land have not yet been submitted to the Audit Team.</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>value of property acquired through donation and a liability account recognized for the PPE acquired with conditions or restrictions until these have been fulfilled; and</p> <p><b>b) 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>32. 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</b></p>	AAR 2016 par. 1		<p><b>Fully Implemented</b> The Management submitted the Schedule of Fiduciary Fees for CY</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>details of the fees collected in accordance with CMO No. 20 series of 2011.</b>			2016.
<p>33. 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 Income account by the same amount.</p> <p><b>We recommended that Management:</b></p> <p>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;</p> <p>b) Submit justification/ explanation why not all guests were charged with rental fee for the stay at the</p>	AAR 2016 par. 7		<p><b>Not Implemented</b> No updated IGP policies and guidelines for the use of Guestel and operational plan have been forwarded to the COA Office.</p> <p><b>Fully Implemented</b> Management submitted an explanation stating that PhilSCA sponsored</p>

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<b>Guestel.</b>			the stay of the guests ( <i>accrediting body from the AACUP</i> ).
<p>34. 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><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>	AAR 2016 par. 10		<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>
35. The College overshoot its approved budget for extension services of ₱400,000.00 by 108	Para. 16-34 Pages 33-44		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>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>AAR 2014</p> <p>Para. 24-32 Pages 27-30 AAR 2013</p>		<p><b>Not Implemented</b> No copy of approval was furnished to the COA Office.</p>
<p>36. 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,</p>	<p>Para. 63-69 Pages 53-69 AAR 2014</p>		

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>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><b>Not Implemented</b> The Property Officer does not issue a Property Acknowledgement Receipt (PAR) to responsible persons every three years.</p>
<p>37. 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</p>	<p>Para. 42-55 Pages 32-37 AAR 2013</p> <p>Para. 1-17 Pages 18-23 AAR 2012</p>		



Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<p>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><b>Not Implemented</b> To date, there was no Certificate of Acceptance issued.</p>
<p>38. 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.</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</b></p>	<p>Para. 24-31 Pages 25-27 AAR 2012</p> <p>AAR 2011</p> <p>AAR 2007</p>		<p><b>Not Implemented</b> The husband of the late Ms. Evangeline Daligdig partially settled the amount of ₱28,780.79, leaving a balance of</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>the interest of the government.</b>			₱34,261.77.
<p>39. 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 and maximize the utilization of its key Flight Personnel, we recommended that Management:</b></p> <p>a) <b>Comply with the requirements of the CAAP by upgrading the</b></p>	<p>AAR 2010</p> <p>AAR 2011</p> <p>Para. 40-53 Pages 29-33 AAR 2012</p>		<p><b>Fully Implemented</b> The Management submitted documents for</p>

Observations and Recommendations	Ref.	Management's Action/ Reply	Status of Implementation and Results of Auditor's Validation
<b>airworthiness condition of the two Tampico trainer planes, if feasible.</b>			the airworthiness condition of the two Tampico trainer planes.
<p>40. 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 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><b>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.</b></p>	AAR 2011		<p><b>Not Implemented</b></p> <p>Written policies and guidelines approved by the BOT have yet to be furnished to the Audit Team.</p>