

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	No. of Recommendations	Percentage
Fully Implemented	58	57
Not Implemented	43	43
Total	101	100

Out of the audit recommendations that were not implemented in previous years, 17 were reiterated in Part II of this report. Below show the 58 audit recommendations that were implemented and 43 that were not implemented as at yearend, as shown in the results of the validation presented hereunder:

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>1. Unrecorded cash balance of Senior High School Voucher Program (SHS VP) bank account and Payroll Fund amounting to ₱5,742,681.02.</p> <p>We recommended that Management:</p> <p>a. provide the Audit Team with a copy of the legal basis for opening and maintaining the SHS VP bank account within five days from receipt hereof;</p> <p>b. determine the necessity of SHP VP account's continued existence and consider the immediate closure if no longer needed; and</p>	<p>AAR 2020 Par. 1.a, pages 40-43</p>	<p>On June 15, 2021, the Vice President for Administration and Finance (VPAF) ordered the Cash Services to commence the Application of closure of Land</p>	<p>Fully Implemented The bank account for SHS VP was closed and funds were transferred to the main Special Trust Fund (STF) bank account.</p> <p>Fully Implemented The bank account for SHS VP was closed and funds were transferred to the main STF bank account.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>c. prepare JEVs to adjust the misstatements of the accounts noted in the audit and furnish a copy to the Audit Team.</p>		<p>Bank of the Philippines (LBP) accounts.</p>	<p>Fully Implemented The Accounting Office submitted JEV No. GJ Local 21-03-014 dated March 31, 2021, adjusting the misstatements.</p>
<p>2. Erroneous recording and non-adjustment of prior years' misstatements of Due from NGAs – Department of Budget and Management-Procurement Service (DBM-PS) and understatement of Due from National Government Agencies (NGAs) – Commission on Higher Education (CHED) due to double recording and unrecorded school fees.</p> <p>We recommended that Management:</p> <p>a. prepare JEVs to adjust the misstatement in Due from NGAs account; and</p>	<p>AAR 2020 Par. 1.b, pages 43-47</p>	<p>The Due from NGAs account as of December 31, 2021, was zeroed out by the Accounting Unit due to full remittance of unutilized prepayments balances to the National Treasury as advised by DBM-PS.</p>	<p>Fully Implemented The Due from NGAs account as of December 31, 2021, was zeroed out with JEV Nos. GJ MOOE 21-12-070 and 2021-12-152.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
b. submit supporting documents for the recorded receivables amounting to ₱1,153,600.00 , otherwise prepare JEV to adjust the previously recorded accounting entry.			Fully Implemented The Accounting Office prepared GJ-Local 21-02-030 to adjust the misstatement.
3. Erroneous recording of the fund transfer from CHED as School Fees instead of Due to NGAs and double recording of Cash in Bank (Tulong Dunong Program). We recommended that Management prepare the JEV to correct and adjust the erroneous /double recording made.	AAR 2020 Par. 1.d, pages 48-49		Fully Implemented The Accounting Office submitted JEVs (GL-Local 21-02-003 up to 21-02-011), adjusting the misstatements.
4. Unrecorded fund transfer and double/erroneous recording of receipts of Tertiary Education Subsidy (TES) - Expanded Student Grants-in-Aid Program for Poverty Alleviation (ESGPPA) funds from CHED. We recommended that Management prepare JEVs to record the unrecognized funds received from CHED amounting to ₱3,563,800.00 and adjust the erroneous/double recording.	AAR 2020 Par. 1.e, pages 49-50		Fully Implemented The Accounting Office submitted JEVs to recognize the funds and adjust the erroneous/double recording.

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>5. Overstatement of Due to GSIS due to erroneous recording of transactions.</p> <p>We recommended that Management, thru the Accounting Office, prepare the JEV to adjust the misstatements and to record the government share in premiums remitted by DBM on behalf of PhilSCA.</p>	<p>AAR 2020 Par. 1.f, pages 50-52</p>		<p>Fully Implemented The Accounting Office prepared and submitted the JEVs to adjust the misstatements and to record the government share in premiums thru JEV Nos. GJ MOOE 21-01-016 to GJ MOOE 21-01-019 all dated April 30, 2021.</p>
<p>6. Prior years' expenses recorded as current year expenses (Liquidation of prior years' cash advances).</p> <p>We recommended that Management, thru the College Accountant, prepare the JEV to adjust/correct the misstatements.</p>	<p>AAR 2020 Par. 1.h, pages 55-57</p>		<p>Fully Implemented The Accounting Office submitted JEV GJ MOOE 21-05-026 dated May 31, 2021 to adjust the misstatements.</p>
<p>7. Erroneous recording of Hazard Pay.</p> <p>We recommended that Management, thru the Accounting Office, prepare and submit the JEV to adjust the misstatements.</p>	<p>AAR 2020 Par. 1.i, pages 55-57</p>		<p>Fully Implemented The Accounting Office adjusted the misstatement thru JEV GJ MOOE 21-05-026 dated May 31, 2021.</p>
<p>8. Non-restatement of the material Prior Period Adjustments (PPAs) in the CY 2020 FSs with a total</p>	<p>AAR 2020 Par. 2, pages 57-61</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>amount of ₱3,971,899.38 adversely affected the fair presentation of the comparative FSs, contrary to the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, and the International Public Sector Accounting Standards (IPSAS).</p> <p>We recommended that Management:</p> <ul style="list-style-type: none"> a. comply with the retrospective application of the PPAs by restating the 2019 FSs; b. use the prescribed format provided in Section 45, Chapter 19 of the GAM for NGAs, Volume I, for proper procedures and disclosures of Retrospective Restatement of Errors; and c. provide the supporting details of the prior period adjustments showing the specific accounts affected and present them in the Notes to FSs. 			<p>Fully Implemented The Accounting Office has restated the CY 2020 FSs.</p> <p>Fully Implemented The Accounting Office has restated the CY 2020 FSs.</p> <p>Fully Implemented The Accounting Office has restated the CY 2020 FSs.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>9. The Unified Accounts Code Structure (UACS) Codes in the Trial Balances, FSs and Notes to FSs, and Budget and Financial Accountability Reports (BFARs) were not in conformity with the Revised Chart of Accounts (RCA) (Updated 2019) as of December 31, 2020.</p> <p>We recommended that Management:</p> <p>a. Accounting Office - use the RCA (Updated 2019) prescribed under COA Circular No. 2020-001 dated January 8, 2020 and update the affected accounts and UACS Codes thereof in the Calendar Year (CY) 2020 FSs including Notes to the FSs as soon as possible or within one month from receipt hereof; and</p> <p>b. Budget Office – use the budgetary accounts for Capital Outlays added in the List of Accounts, Chapter 2 of the RCA (Updated 2019), update the affected accounts and UACS Codes therefor in the BFARs as soon as possible or within one month from receipt hereof.</p>	<p>AAR 2020 Par. 3, pages 61-63</p>		<p>Fully Implemented The Management submitted the revised FSs compliant with RCA (Updated 2019).</p> <p>Fully Implemented The Budget Office updated the accounts based on Revised CY 2021 UACS.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>10. Non-preparation and non-submission of up-to-date Bank Reconciliation Statement (BRS) and absence of subsidiary records for the SHS VP bank account.</p> <p>We recommended that Management ensure that reconciling items are properly identified and promptly adjusted to reflect the correct balance of the Cash - LCCA account as of December 31, 2020.</p>	AAR 2020 Par. 4.a, pages 64-66		<p>Fully Implemented The Accounting Office identified the reconciling items and promptly prepared JEVs to adjust the balance of the Cash - LCCA account.</p>
<p>11. Unreliable balance of Accounts Receivable due to accumulation of dormant accounts and non-submission of the quarterly report on aging of dormant receivables.</p> <p>We recommended that Management:</p> <p>a. furnish the Audit Team with copies of the supporting documents/reports to validate the recorded transactions amounting to ₱10,097,843.56, otherwise adjust the recorded amount;</p> <p>b. ensure that the request for write-off is submitted with complete/ sufficient documentation as prescribed under COA</p>	<p>AAR 2020 Par. 4.b, pages 66-70</p> <p>AAR 2019, Par.2 (d)/ (e)/ (f)</p>	<p>The COA Office returned the request for write-off of Accounts Receivable in the</p>	<p>Not Implemented The Accounting Office submitted summary of Accounts Receivables per Campus, however, supporting documents such as the detailed list of students, amount due and other relevant details were not submitted.</p> <p>Not Implemented The COA Office returned the request for write-off of Accounts Receivable in the amount</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>Circular No. 2016-005 dated December 19, 2016;</p> <p>c. abide by COA Circular No. 93-404 dated October 18, 1993, in case of losses of documents evidencing financial transactions and/or records of accountabilities;</p> <p>d. enforce the right of the College, thru the concerned offices, to withhold the release or issuance of students' clearance until prior accountabilities are settled; and</p> <p>e. submit the schedule/aging of all receivables with complete details on a quarterly basis together with the pertinent supporting documents as prescribed under COA Circular No. 2016-005 dated December 19,</p>		<p>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>The Accounting Office coordinated with the proper authority on how to comply.</p>	<p>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>Fully Implemented The College properly keeps records/documents and abides by COA Circular No. 93-404 dated October 18, 1993.</p> <p>Fully Implemented The Accounting Office had coordinated with proper authorities to enforce the right of the College to withhold the release or issuance of students' clearance until prior accountabilities are settled.</p> <p>Not Implemented The Accounting Office does not regularly submit schedule/aging of all receivables with complete details on a quarterly basis together with the pertinent supporting documents. Moreover, the submitted</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
2016.			schedule/ aging was not completely accomplished.
<p>12. The audit of STF budget revealed a) inconsistencies in the budgeted amounts in the submitted Financial Accountability Reports (FARs) against the Fiscal Year (FY) 2020 Program of Receipts and Expenditures (PRE), with a difference of ₱24,206,555.60; and b) significant amount of unutilized budget of ₱132,842,757.77 or 39 percent of the total STF budget of ₱342,001,890.11, thus affected the efficiency and effectiveness of the College's operations that deferred the benefits of modernized facilities and equipment for the students.</p> <p>We recommended that Management:</p> <p>a. ensure that the Board of Trustees (BOT) Resolution approving the College's PRE indicates the amount of the approved budget;</p> <p>b. submit justification on the inconsistencies of the FY 2020 budget presented in the PRE and the FARs; and</p>	AAR 2020 Par. 5, pages 71-76	<p>The Management commented that PhilSCA follows the proper format of the BOT Resolutions.</p>	<p>Fully Implemented The College justified that they follow the proper format of the BOT Resolutions.</p> <p>Fully Implemented The Budget Office submitted justification on the inconsistencies of the FY 2020 budget presented in the PRE and the FARs.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>c. ensure the consistency of the disclosed budget between the approved PRE and the Statement of Approved Budget, Utilizations, Disbursements and Balances (SABUDB) (FAR No. 2)/ Summary of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures (SABUDBOE) (FAR No. 2-A) to ensure the reliability and validity of the submitted reports.</p>			<p>Fully Implemented The Budget Office has submitted FY 2021 PRE and SABUDB (FAR No. 2)/ SABUDBOE (FAR No. 2-A) for the FY 2021.</p>
<p>13. Out of the ₱3,000,000.00 fund transfer from CHED Regional Office – National Capital Region (CHEDRONCR) for the implementation of the Tulong Dunong Program (TDP), a total of ₱636,000.00 was not utilized/released to the student-grantees by PhilSCA, thereby adversely affecting the educational needs of the underprivileged yet qualified and deserving student-grantees, contrary to the Joint CHED-DBM issuances on the Program. Also, the copy of Memorandum of Agreement (MOA), as vital basis for the evaluation of Program implementation was not submitted to the Audit Team.</p>	<p>AAR 2020 Par. 6, pages 76-79</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that Management:</p> <p>a. furnish the Audit Team with the copy of the liquidation of the remaining unreleased TDP financial assistance amounting to ₱636,000.00.</p>			<p>Fully Implemented The TDP financial assistance of ₱636,000.00 has been released and liquidation report was submitted.</p>
<p>14. Lapses in the implementation of the TES-ESGPPA for AYs 2018-2019 and 2019-2020 were noted such as: a) non-compliance of the College with its responsibilities in the implementation of the Program; b) non-issuance of Official Receipts (ORs) for funds received from CHED totaling ₱3,563,800.00; and c) unreleased educational assistance to the student-grantees amounting to ₱4,781,800.00, contrary to CHED-Unified Student Financial Assistance System for Tertiary Education (UniFAST) Memorandum Circular No. 2018- 0001 dated March 26, 2018 and CHED-UniFAST-DBM Joint Memorandum Circular (JMC) No. 07, s. 2019 dated December 27, 2019, thus hampered the timely receipt of benefits that could have financially assisted the grantees.</p>	<p>AAR 2020 Par. 7, pages 79-83</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that Management issue ORs for the funds received from CHED totaling ₱3,563,800.00 and furnish the Audit Team copies of the ORs.</p>			<p>Fully Implemented Funds for TES program have been issued ORs.</p>
<p>15. Deficiencies in the granting and liquidation of cash advances (CAs) were noted such as: a) additional cash advances were granted to an employee without first liquidating the previous CAs; and b) liquidations totaling ₱4,796,033.15 were liquidated/refunded beyond the reglementary period, contrary to the pertinent provisions of Section 89 of PD No. 1445 and COA Circular No. 97-002 dated February 10, 1997, thus exposing the unused/excess cash to risk elements of loss, unreported expenses, unaccounted cash and probable misappropriation of funds.</p> <p>We recommended that Management:</p> <p>a. strictly comply with the provisions of Presidential Decree (PD) No. 1445 and COA Circular No. 97-002 dated February 10, 1997 in the granting, utilization and timely liquidation of cash</p>	<p>AAR 2020 Par. 8, pages 83-87</p>		<p>Fully Implemented The Accounting Office regularly monitors and submits report on unliquidated CAs.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>advances;</p> <p>b. refrain from liquidating the cash advances partially, the unused cash advances must be returned/refunded to the Collecting Officer/s immediately as prescribed under Section 5.7 of COA Circular No. 97- 002 dated February 10, 1997; and</p> <p>c. require the accountable officers (AOs) to liquidate the total outstanding cash advances totaling ₱622,522.14 as of yearend and refund immediately any unexpended amount within ten (10) days from receipt hereof to preclude the issuance of Notice of Suspension (NS) /Notice of Disallowance (ND).</p>			<p>Fully Implemented Unused/ unexpended cash advances are returned/refunded to the Collecting Officer/s immediately as prescribed under Section 5.7 of COA Circular No. 97- 002 dated February 10, 1997.</p> <p>Fully Implemented The AO liquidated the total outstanding cash advances totaling ₱622,522.14 as of December 31, 2021.</p>
<p>16. Copies of Purchase Orders (POs) and their supporting documents on purchases of various supplies and equipment made by the College in CYs 2019 to 2020 aggregating ₱16,158,995.15 were not submitted to the Auditor within the prescribed period of five (5) days from issuance thereof, contrary to the provision of Section 3.2</p>	<p>AAR 2020 Par. 9, pages 87-90</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>of COA Circular No. 2009-001 dated February 12, 2009 and COA Circular No. 96-010 dated August 15, 1996, thus precluding timely and objective review and evaluation of consummated transactions. Likewise, inspection of deliveries to determine completeness, nature and condition cannot be done due to the failure of the Agency to inform the Audit Team on the schedule of deliveries.</p> <p>We recommended that Management:</p> <p>a. thru the Supply Officer, submit copies of POs and the supporting documents forming part thereof to the Audit Team within five working days from issuance or execution to ensure timely and objective review of transactions;</p> <p>b. thru the official responsible for accepting deliveries of procured items within twenty-four (24) hours from acceptance, notify the Auditor of the time and date of the scheduled deliveries pursuant to COA Circular No. 96-010. In case of partial delivery of any item in the PO, the copy to be submitted shall indicate which items have been</p>			<p>Fully Implemented The Supply/Property Office regularly submits copies of POs and their supporting documents to the COA Office within the set timeline.</p> <p>Fully Implemented The Supply/ Property Office regularly notifies the COA Office of the deliveries of procured items.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>delivered, and which have not;</p> <p>c. thru the official responsible for accepting deliveries of procured items in Basa Air Base (BAB), Pampanga, prepare and accomplish the Inspection and Acceptance Report (IAR) for every delivery to be accepted.</p>			<p>Not Implemented</p> <p>The Audit Team is currently assessing the accomplishing of the IAR of the BAB Campus, Pampanga.</p>
<p>17. Unbooked donations amounting to ₱820,000.00 were included and presented in the Gender and Development (GAD) Accomplishment Report of PhilSCA for CY 2020, attributed as extension and technical assistance activities with no sufficient documentation on the receipt and utilization to ensure its accuracy, contrary to Section 31 of the General Provisions (GP) of General Appropriations Act (GAA) for FY 2020 and COA Circular No. 2014-002 dated April 15, 2014, thereby depriving the donors and other concerned stakeholders and the public, in general, of quality financial reports on the status of utilization of every donation.</p>	<p>AAR 2020 Par. 10, pages 90-94</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that Management:</p> <p>a. ensure that all donations, be in cash or in-kind, shall be recognized in the books of accounts and properly disclosed in the Notes to FSs;</p> <p>b. account for all other donations received by the College; and</p> <p>c. secure all the necessary documents supporting the receipt and utilization of all donations and submit to the Audit Team for audit.</p>		<p>The Management committed to ensure that all donations, be in cash or in-kind, shall be recognized and be recorded in the books of accounts; and shall be properly disclosed in the Notes to FSs.</p>	<p>Fully Implemented The Management committed to ensure that all donations, be in cash or in-kind, shall be recognized and be recorded in the books of accounts; and shall be properly disclosed in the Notes to FSs.</p> <p>Fully Implemented All donations received by the College were accounted.</p> <p>Fully Implemented All donations received by the College were properly accounted and documented, copy furnished the Audit Team.</p>
<p>18. Excess balances of the proceeds from the sale of bid documents after the authorized payment of honoraria to Bids and Awards Committee (BAC) members at the end of the year in the amount of ₱395,633.35 were not deposited to the National Treasury, contrary to Budget Circular (BC) No. 2004-5A and RA No. 9184, thereby depriving the government of the use of funds for other programs and projects.</p>	<p>AAR 2020 Par. 11, pages 94-96</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that Management:</p> <p>a. remit to the National Treasury the excess of the proceeds from sale of bid documents and from other sources over the actual payments for honoraria and overtime of BAC and other personnel involved in the Agency's procurement activities at the end of the year, as enumerated in Paragraph 6.1 of BC No. 2004-5A dated October 7, 2005; and</p> <p>b. use the BAC Fund solely for the honoraria and overtime pay as authorized under Republic Act (RA) No. 9184.</p>			<p>Not Implemented The College still has balances due for remittance to the National Treasury.</p> <p>Fully Implemented The receipt from sale of bidding documents were utilized solely for the honoraria and overtime pay as authorized under RA No. 9184.</p>
<p>19. Duplicate copies of 53 issued ORs totaling ₱233,352.50 were missing and not attached in the Report of Collections and Deposits (RCD) which was submitted to the Audit Team after 72 days from due date, thus rendered doubtful the validity and accuracy of the reported collections and deposits in the RCD, contrary to Section 64 of PD No. 1445 and pertinent provisions of Revised Rules and Regulations on the</p>	<p>AAR 2020 Par. 12, pages 96-100</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>Settlement of Accounts (RRSA) and GAM for NGAs.</p> <p>We recommended that Management:</p> <p>a. submit to the Audit Team the ORs to document the collections of ₱233,352.50 in the RCD within ten days from receipt hereof to preclude the issuance of a Notice of Suspension/Notice of Charge; and</p> <p>b. prepare the RCD immediately at the close of each business day and forward to the Accounting Office for recording and submission to the Audit Team within the first ten (10) days of the ensuing month.</p>		<p>The Collecting Office contacted the payees concerned and requested photocopies therefrom and subsequently submitted to the Audit Team the 37 missing issued ORs amounting to ₱223,312.50.</p>	<p>Not Implemented The Collecting Office has submitted to the Audit Team photocopies of the missing 37 issued ORs amounting to ₱223,312.50, while the duplicate copies of the remaining 16 missing ORs for collections amounting to ₱10,040.00 remained unrepresented.</p> <p>Fully Implemented The Accounting Office submits the RCD, however, delay in submission is still observed.</p>
<p>20. The propriety of payments of hazard pay amounting to ₱4,803,500.00 to the officials and employees of PhilSCA during the ECQ due to Corona Virus Disease 2019 (COVID-19) outbreak cannot be ascertained either due to improperly signed and accomplished Daily Time Records (DTRs) and Service Reports (SRs) or the absence thereof, contrary to the</p>	<p>AAR 2020 Par. 13, pages 100-105</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>provision of Section 5.8 of COA Circular No. 2012-001 dated June 14, 2012. Also, there was overpayment of hazard pay of ₱18,500.00</p> <p>We recommended that Management:</p> <p>a. substantiate, thru the Human Resource Management Department (HRMD) and the concerned employees, the claims with duly accomplished and signed DTRs/SRs, to preclude the issuance of Notice of Suspension (NS); and</p> <p>b. require the concerned employee to refund the overpayment of hazard pay to prevent the issuance of ND.</p>		<p>The HRMD had submitted DTRs and Service Reports for the period of corresponding claims.</p>	<p>Fully Implemented The Audit Team issued Notice of Suspension (NS) No. 2022-003 (2020) dated January 31, 2022 on the incomplete/ non-submission of required DTRs/SRs for hazard pay claimed amounting to ₱456,250.00.</p> <p>Fully Implemented The Audit Team issued NS No. 2022-003 (2020) dated January 31, 2022, on the incomplete/ non-submission of required DTRs/SRs for hazard pay claimed amounting to ₱456,250.00.</p>
<p>21. The minimal utilization of the budget for research program, project, or activity (PPAs) of only ₱34,285.48 or less than one percent of the ₱5,083,027.91 allocated budget, defeated the goals and objectives of the College to establish research culture by promoting and enhancing research awareness among</p>	<p>AAR 2020 Par. 14, pages 105-110</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>faculty members and students and to conduct relevant and high impact research in the fields of aeronautical education.</p> <p>We recommended that Management:</p> <p>a. activate the research function of the College thru the implementation of the budgeted and programmed research projects and activities in line with its objective of promoting and enhancing research awareness and developing high impact research in the fields of aeronautical education; and</p> <p>b. submit relevant supporting documents on the research related expenses amounting to ₱34,285.48 to preclude the issuance of NS/ND by COA.</p>		<p>The Officer-in-Charge (OIC) - Vice President for Academic Affairs requested the COA Office to write off per records the mentioned research projects since most proponents were no longer connected with the College.</p>	<p>Fully Implemented Proponents of the research projects were no longer connected with the College.</p> <p>Not Implemented No documentation submitted for ₱18,720.00 research related expenses.</p>
<p>22. Incurrence of interest/penalties totaling ₱453,128.63, caused by the delayed remittances of premiums due to Government Service Insurance System (GSIS), were paid out of Agency's fund instead of charging it to the accountable officers and employees</p>	<p>AAR 2020 Par. 18, pages 118-121</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>responsible for the delay, which resulted in unnecessary losses and wastage of College' funds.</p> <p>We recommended that Management</p> <p>a. submit justification for the delayed remittances for evaluation of the Audit Team to determine whether the issuance of ND is warranted.</p>		<p>The Director of HRMD provided a copy of justification to the Audit Team on the delayed of remittances dated May 6, 2021.</p>	<p>Fully Implemented The HRMD justified that the delayed remittances were due to the updating of the GSIS (software system) and that the notice on arrears incurred in the prior years were only transmitted in CY 2020.</p>
<p>23. Misstatements in the recording/ recognition of Due from NGAs account for fund transfers, advance payments and deliveries - ₱776,098.17.</p> <p>We recommended that Management:</p> <p>a. 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;</p>	<p>AAR CY 2019, Par.1 (c)</p>	<p>The Accounting Office coordinated with the DBM-PS for the reconciliation of records.</p>	<p>Fully Implemented The Due from NGAs account as at December 31, 2021 was zeroed out with JEV Nos. GJ MOOE 21-12-070 and 2021-12-152 per written advice of DBM-PS.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>b. recognize/adjust the advance payments and deliveries and follow the timely and proper process of recording/recognition affecting Due from NGAs account;</p> <p>c. make the necessary adjustments in the misstatements noted in the audit on Office Supplies and Other Supplies and Materials Expenses accounts;</p> <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>Fully Implemented The Due from NGAs account as at December 31, 2021 was zeroed out with JEV Nos. GJ MOOE 21-12-070 and 2021-12-152 per written advice of DBM-PS.</p> <p>Fully Implemented With the adjustments made as discussed above which zeroes out the said account.</p> <p>Fully Implemented With the adjustments made as discussed above which zeroes out the said account.</p> <p>Fully Implemented With the adjustments made as discussed above which zeroes out the said account.</p>
<p>24. Erroneous recording of Advances to Officers and Employees/ Other Receivables - ₱75,000.00.</p> <p>We recommended that Management 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 Accounting Office replied that the concerned employees can no longer be traced, and the demand letter cannot be delivered to them.</p>	<p>Not Implemented The Management noted that the separated employee cannot be located, however, proof of sending the demand letters and other action taken was not submitted to the COA Office.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>25. Erroneous recording of taxes withheld and remitted - ₱124,318.81</p> <p>We recommended that Management 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>Fully Implemented The Accounting Office made adjusting entries to correct the overstatement.</p>
<p>26. Non-preparation and non-submission of up-to-date BRS and absence of subsidiary records for each bank account.</p> <p>We recommended that Management enroll in the We Access 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.</p>	<p>AAR 2019, Par.2 (a)</p>	<p>The Management, through the Disbursing Office, coordinated with the LBP-VAB Extension Office on the requirements for We Access Internet Banking Program.</p>	<p>Fully Implemented The Cash Services Section and Disbursing Unit of PhilSCA was granted access to LBP's We Access on May 29, 2020 but was not operated and used until December 2021.</p>
<p>27. 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 c) Loans Receivables – Others- unpaid loans granted to the student-</p>	<p>AAR 2019, Par.2 (b)/(c)</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>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>We recommended that the Management submit, thru the Accounting Office, the schedule, or the list of student – borrowers to support the claim on loan receivables account.</p>			<p>Not Implemented The COA Office has yet to receive the schedule or full list of student-borrowers.</p>
<p>28. Minimal collection of Other Receivables 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 aged more than one year; f) Non-preparation/ submission of quarterly reports of all Receivables.</p> <p>We recommended that Management:</p> <p>a. submit, thru the Accounting Office, the schedule or the list of student-borrowers to support the claim on loan receivables account; and</p> <p>b. prepare and submit the quarterly schedule of all receivables to the Audit</p>	<p>AAR 2019, Par.2 (d)/ (e)/ (f)</p>		<p>Not Implemented List of student-borrowers and supporting documents were not submitted.</p> <p>Not Implemented The Accounting Office did not submit the</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>Team, 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>quarterly schedule of receivables.</p>
<p>29. 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>We recommended that Management:</p> <p>a. make representation with the DBM-PS for the return of the balance of the fund transfers for the fully delivered items; and</p> <p>b. evaluate the need of the PhilSCA for the undelivered equipment, otherwise, make representation with the</p>	<p>AAR 2019, Par.2 (g)</p>	<p>The Director for Finance provided copy of communication made by the Supply Officer for the return of balance of the fund transfers and the response letter by DBM-PS.</p>	<p>Fully Implemented The College submitted a request letter dated October 26, 2017 (received by DBM-PS on November 3, 2017) 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>Fully Implemented The College charged their procurement with DBM-PS against the advance payments.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>DBM-PS for the change of purchase request for the different items included in the Annual Procurement Plan (APP) of the Agency to be charged against the advance payments made to enable the PhilSCA to use the same in its operations.</p>			
<p>30. Deficiencies in the Granting and Liquidation of Cash Advances -₱3,785,969.94.</p> <p>We recommended that Management 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.</p>	<p>AAR 2019, Par.2 (h)</p>		<p>Fully Implemented The Accounting Office regularly monitors and submits monthly reports on unliquidated cash advances and liquidation.</p>
<p>31. 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 on the Physical Count of Inventories (RPCI).</p>	<p>AAR 2019, Par.2 (i)</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommend that Management 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>Fully Implemented The Supply Office prepares and submits the RIS and RSMI to the Accounting Office.</p>
<p>32. Deficiencies in the cash management and accountability during the conduct of cash examinations were noted such as: a) Cashbook/ Cash Receipts Record (CRR) or its equivalent was not properly maintained by the Collecting Officer to monitor accountabilities; b) The Special Disbursing Officer (SDO) has expired bond; c) The Petty Cash Fund Custodians (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 Disbursements Record (CDR) by the SDOs.</p> <p>We recommended that Management:</p> <p>a. maintain a cashbook/CRR or its equivalent to record immediately and</p>	<p>AAR 2019, Par.3</p>		<p>Not Implemented The Audit Team requested copies of cashbook/ CRR to</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>monitor all collections and deposits made; and</p> <p>b. instruct the SDO to maintain a CDR to record and monitor all CAs received.</p>			<p>evaluate the compliance with the recommendation.</p> <p>Not Implemented The Audit Team requested copies of CDR to evaluate the compliance with the recommendation.</p>
<p>33. Deficiencies in managing the Petty Cash Fund (PCF) were noted such as: a) Replenishment of 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 signed and accomplished.</p> <p>We recommended that Management:</p> <p>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;</p> <p>b. ensure that supporting documents necessary or required in each</p>	<p>AAR 2019, Par.4</p>		<p>Not Implemented The Audit Team requested copies of PCFRs of PCFs to evaluate the compliance with the recommendation.</p> <p>Not Implemented Supporting documents are not completely</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>transaction are duly signed and accomplished; and</p> <p>c. review the amount of PCF that should be sufficient for the recurring petty operations of the Campus for one month.</p>			<p>signed/accomplished.</p> <p>Not Implemented The Management did not submit their evaluation on the amount of PCF sufficient for the monthly petty operations of the Campus.</p>
<p>34. Lapses in the programming of the 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 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 PRE and FAR Nos. 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's facilities and equipment.</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>We recommended that Management:</p> <p>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; and</p> <p>b. identify the variance of ₱1,432,500.01 between the CY 2019 PRE and the SABUDB (FAR 2)/SABUDBOE (FAR 2-A).</p>		<p>Submitted copy of justification from the Budget Office dated May 7, 2021.</p>	<p>Fully Implemented 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>Fully Implemented The Budget Office justified that the variance is due to the revision of PRE.</p>
<p>35. Deficiencies were noted in the implementation of the TDP of the College as shown by: a) delayed release of the financial assistance to TDP student-beneficiaries by 102 to 136 days; b) absence of MOA from CHEDROs; c) non-maintenance of separate subsidiary records; and d) insufficient supporting documents, contrary to the provisions of CHED-DBM 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</p>	<p>AAR 2019, Par.6</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>needs of the underprivileged yet qualified and deserving student-grantees.</p> <p>We recommended that Management submit to the COA Audit Team a status report on the unreleased financial assistance to the students of Mactan Benito Ebuen Air Base (MBEAB) Campus and its due release upon submission of the required documents.</p>			<p>Fully Implemented TDP financial assistance to MBEAB Campus has been released to the student-beneficiaries.</p>
<p>36. 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 AY 2019-2020; b) no separate bank account maintained for funds received for Free Higher Education Program (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 Circular (MC) No. 2018-02 dated August 8, 2018, which provides for the Guidelines on FHE in SUCs and CHED-Recognized Local</p>	<p>AAR 2019, Par. 7</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>Universities and Colleges (LUCs).</p> <p>We recommended that Management:</p> <p>a. 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 FHE; and transfer the corresponding funds deposited with PhilSCA's STF bank account; and</p> <p>b. reconcile the funds received for the implementation of FHE with the disbursements made therefrom and deposit the remaining balance with a separate bank account for FHE.</p>			<p>Not Implemented The College has yet to open a separate bank account for proper account management of the FHE, subject to the endorsement of BOT Finance Committee.</p> <p>Not Implemented Reconciliation of the funds received and disbursed for the FHE program was followed up by the Audit Team, however, reconciliation report remains unsubmitted.</p>
<p>37. Employees' loans from private institutions and premiums for health maintenance organization (HMO) aggregating ₱4,584,264.58 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</p>	<p>AAR 2019, Par.10</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>and HMO, resulting in a loss of government time and resources, which is contrary to Section 4(2) of PD No. 1445.</p> <p>We recommended that Management:</p> <p>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;</p> <p>b. stop immediately the practice of including the payments of loan amortizations and premium remittances to private lending institutions and HMOs as deductions 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>The VPAF was instructed to coordinate with the private institution and comply with the requirements based on the PhilSCA COA Audit Team's recommendations.</p>	<p>Not Implemented The Audit Team followed up the submission of MOAs with the Manila Teachers Savings and Loan Association Inc.; and Value Care Health System Inc., however, the documents remained unsubmitted.</p> <p>Not Implemented The College 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>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<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>Not Implemented The College continues the practice of including the payments of loan amortizations and premium remittances to the private institutions.</p> <p>Not Implemented Management has yet to act, and no copy of billings were furnished to the Audit Team.</p>
<p>38. Expenses amounting to ₱71,739.00 incurred in the conduct of "Salamat-Mabuhay Program" were deemed unnecessary and irregular, as contemplated in COA Circular 2012-003 dated October 29, 2012, and was not in consonance with the Civil Service Commission (CSC) Memorandum Circular No. 7, series of 1998, which cast doubts on the propriety and validity of the said disbursements.</p> <p>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</p>	<p>AAR 2019, Par.11</p>	<p>The Director of HRMD submitted justification to the PhilSCA COA Audit Team on this audit observation.</p>	<p>Not Implemented The Audit Team followed up with the Management on their action taken to refund the expenses incurred in the "Salamat Mabuhay Program." For further analysis of transaction and issuance of ND.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
amounts paid and received, respectively.			
<p>39. Internal Audit Service (IAS) 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 (AO) No. 278, s. 1992, AO 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>We recommended that Management establish an IAS in conformity with the abovementioned AOs, Standards and related pertinent rules and regulations.</p>	AAR 2019, Par.12		<p>Not Implemented</p> <p>The Audit Team discussed with the Management the designation of employee/official in the IAS Office, however, no employee has been assigned.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>40. 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>We recommended that Management strictly comply with the provisions of law to address the concerns of the SCs and PWDs/Differently-abled Persons of the College.</p>	AAR 2019, Par.18		<p>Fully Implemented Programs and projects implemented by the College considers the concerns and needs of SCs and PWDs/ Differently-abled Persons.</p>
<p>41. 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 therein, contrary to Section 93 of the GP of the GAA of</p>	AAR 2019, Par.19		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>FY 2018 and COA Memorandum 2014-002 dated March 18, 2014.</p> <p>We recommended and Management agreed to:</p> <p>a. submit the required AAPSI on the audit observations and recommendations contained in CY 2018 AAR and prior years as well; and</p> <p>b. 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.</p>		<p>The Office of the President submitted the AAPSI.</p>	<p>Fully Implemented The College was able to submit the AAPSI for the current and prior years.</p> <p>Not Implemented The Audit Team followed up the action by Management and/or Office Order establishing the committee, however, there is still no committee created to be in-charge in preparing and consolidating replies on the audit observations.</p>
<p>42. Non-presentation/ non-submission of OR for the recorded payment of premium in arrears to GSIS casts doubts on the validity of payments totaling ₱316,379.89.</p> <p>We recommended that Management duly present to the Audit Team the ORs for the payment of premium in arrears.</p>	<p>AAR 2019, Par.23</p>	<p>The Director for HRMDS provided a copy of justification on the settlement of all the due premiums</p>	<p>Fully Implemented The premium in arrears were duly paid by the College.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
		remittances and interest to the GSIS.	
<p>43. Deficiencies were noted in the property accounts of PhilSCA-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 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>We recommended that the Management:</p> <p>a. require the Accountant to properly reclassify properties to</p>	2018 AAR Par. 4		<p>Not Implemented Properties are not reclassified to Other</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>appropriate accounts such as Other Land Improvements or other related account;</p> <p>b. instruct the Property Unit to prepare Inventory and Inspection Report of Unserviceable Property (IIRUP) for idle, unserviceable and fully depreciated PPEs; and</p> <p>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.</p>		<p>The Inventory Committee is in the process of preparing the list of idle/ unserviceable properties and IIRUP.</p>	<p>Land Improvement accounts (FC-05).</p> <p>Not Implemented No list of idle/ unserviceable properties and IIRUP for BAB-Campus was submitted.</p> <p>Fully Implemented Copy of Memorandum of Donation was furnished.</p>
<p>44. The designated Personnel- in-Charge of the Collecting Office does not maintain Cashbook/ CRR as required in Volume II of GAM for NGAs and was not able to produce/present the unused accountable forms (ORs) upon demand which is not in conformity with laws and rules provided in the Revised Cash Examination Manual.</p> <p>We recommended that the Management require the Personnel-in-Charge, Collecting Office, AO to abide by the rules and regulations on the use of the</p>	<p>2018 AAR Par. 8</p>	<p>The accountable Collecting Officer had informed that they are already maintaining CRRs.</p>	<p>Not Implemented No Cashbook/CRR was submitted despite the follow-up made.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
prescribed records such as Cashbook/CRR required in maintaining the Fund.			
<p>45. Of the cash advance granted to the two 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>We recommended that the Management:</p> <p>a. instruct the SDO/AO to abide by the rules and regulations on the use of the prescribed records such as CDReg; and</p>	2018 AAR Par. 9	The accountable Regular Disbursing Officer had informed that she was already maintaining CDR/Cash Book	Not Implemented No CDReg was submitted despite the follow-up made.

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>b. submit justification/explanation why the AO transferred his cash advance or why he allowed his name to be used as AO.</p>		<p>The AO submitted justification citing that he solicited the help of his superior officer in gathering and compiling documents.</p>	<p>Fully Implemented The AO has submitted justification letter explaining that he asked for the assistance of his co-employee in the liquidation of the cash advances.</p>
<p>46. Deficiencies were noted in the operation of the Income Generating Projects (IGP):</p> <p>A. PhilSCA-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 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 SC, contrary to Appendix 58, Volume II of GAM for NGAs; and</p>	<p>2018 AAR Par. 11</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>e) No collections were reported from rental for the usage of spaces of three canteens.</p> <p>B. PhilSCA-BAB Campus such as:</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>We recommended that the Management:</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</p>			<p>Not Implemented Guidelines on the IGP was included in the Administrative and Finance Manual, however, the updated guidelines were not submitted.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>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 BAB Campus:</p> <ul style="list-style-type: none"> • Submit copies of contracts of the two lessees; and • Collect unpaid rent and electricity and water bills 		<p>The IGP Coordinator of PhilSCA BAB Campus submitted to the previous PhilSCA COA Audit Team the copies of the contracts of the two lessees in her letter dated November 29, 2018. The collection of rent, electricity and water bills were likewise reported and included in that report.</p>	<p>Not Implemented Guidelines on the IGP was included in the Administrative and Finance Manual, however, the updated guidelines were not submitted.</p> <p>Not Implemented The College submitted a letter stating 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 for the payment of the due bills.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>47. Payments of Honoraria to the OIC, Director of Legal and Legislative Services of the CHED, as Chair of Technical Working Group (TWG)/ Resource Speaker for meetings of TWG held at CHED Office totaling ₱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 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>We recommended that the Management:</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</p>	<p>AAR 2017, pages 47 – 49</p>		<p>Not Implemented The Audit Team followed up the submission of the required document for the payment of Honoraria which remains unsubmitted.</p> <p>Not Implemented The payee has not yet refunded the Honoraria.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
Agency, upon failure to submit the abovementioned requirement.			
<p>48. 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 International Public Sector Accounting Standards (IPSAS) No. 1 on the fair presentation of the FSs. Moreover, only a minimal amount of ₱4,000.00 out of ₱883,000.00 Loans Receivables–Others was collected and the remaining amount of ₱879,000.00 remained outstanding for more than nine years.</p> <p>We recommended that the Management:</p> <p>a. exhaust all efforts to recover the cash shortage from former employee who incurred cash shortage;</p>	AAR 2017, pages 53 – 58	<p>The Management sought legal assistance of the OSG to make the final demand letter to Ms. Palado and/or to take appropriate legal action against her to recover the cash shortage she incurred.</p>	<p>Not Implemented</p> <p>The Audit Team followed up the documentation of actions taken by Management to recover the cash shortage incurred from the former employee.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>b. send final demand letters to settle Unliquidated cash advances made to concerned officials and submit a copy thereof to the Audit Team; and</p> <p>c. send demand letters to the last known address of the grantees of (SAFE-4-SR) to enforce collection thereof.</p>		<p>The Management, thru the Accounting Office, is still in the process of completing all the needed requirements.</p>	<p>Not Implemented Copy of receipt of demand letters sent by Management has yet to be furnished to the Audit Team despite follow-up.</p> <p>Not Implemented Submission of copies of demand letters and other actions taken by Management to settle the outstanding accounts was followed up by the Audit Team.</p>
<p>49. 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>We recommended that the Management evaluate the need of the PhilSCA for the undelivered equipment, otherwise, make representation with the</p>	<p>AAR 2017, pages 59 – 60</p>		<p>Fully Implemented The College charged their procurement with DBM-PS against the advance payments.</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>DBM-PS for the change of purchase requests for the different items included in the APP of the Agency to be charged against the advance payments made to enable the PhilSCA to use the same in its operations.</p>			
<p>50. The accuracy and completeness of the account 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 VAB Campus 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 PC and PPELC under Section 42, Chapter 10 of the same Manual.</p>	<p>AAR 2017, pages 60 – 63</p> <p>AAR 2016 par. 6</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that the Management:</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 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. exhaust all efforts to have the properties titled in the name of PhilSCA.</p>			<p>Not Implemented Submission of the documents on appraisal of land was followed up by the Audit Team but remains unsubmitted.</p> <p>Not Implemented PhilSCA is still in the process of having the land titled to the Agency.</p>
<p>51. 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 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 in uneconomical spending of government resources.</p>	<p>AAR 2014, Par. 16-34, pages 33-44</p> <p>AAR 2013, Par. 24-32, pages 27-30</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended that Management submit the BOT post approval for the incurrence of expenditures beyond the budget as well as the accomplishment reports of those who have traveled.</p>		<p>The Director for Finance provided the PhilSCA COA Audit Team explanation on expenses incurred with copies of Accomplishment Reports submitted from the campuses involved.</p>	<p>Not Implemented Aforementioned copies of Accomplishment Reports were not attached as supporting documents and/or the required BOT post approval was not submitted.</p>
<p>52. 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 PPELC and the PCs; 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>AAR 2014, Par. 63-69, pages 53-69</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>We recommended and Management agreed to require the Property Officer to renew the ARE every three years or every time there is a change in accountability.</p>		<p>The Property Officer is already issuing Property Acknowledgement Receipts (PARs) not only when there is change of accountability.</p>	<p>Not Implemented The Audit Team requested the Property Office copies of PARs to evaluate whether PARs were regularly renewed every three years or every time there is a change in accountability but they remain unsubmitted.</p>
<p>53. 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 MOA dated June 10, 2010 which may affect their legal right of ownership.</p>	<p>AAR 2013, Par. 42-55, pages 32-37</p> <p>AAR 2012, Par. 1-17, pages 18-23</p>		

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>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 to fast-track the issuance of Certificate of Acceptance by the Management.</p>		<p>The Management is still in the process of preparing the needed documents to facilitate the transfer of title of the property.</p>	<p>Not Implemented To date, there was no Certificate of Acceptance issued.</p>
<p>54. 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 in loss of government funds.</p> <p>We recommended that Management initiate immediately legal remedies to recover the funds from Ms. Palado and from the</p>	<p>AAR 2012, Par. 24-31, pages 25-27</p> <p>AAR 2011</p> <p>AAR 2007</p>	<p>The Management is still in the process of requesting the write-off for the relief of</p>	<p>Not Implemented The husband of the late Ms. Evangeline Daligdig partially settled the amount of ₱28,780.79,</p>

Observations and Recommendations	Ref.	Management's Action/Reply	Status of Implementation and Results of Auditor's Validation
<p>heirs of the late Ms. Daligdig to protect the interest of the government.</p>		<p>accountability of the late Ms. Daligdig, and preparation of final demand letter or appropriate legal action against Ms. Palado.</p>	<p>leaving a balance of ₱34,261.77.</p>
<p>55. The need to enhance the collection efficiency of the College as receivables from: a) unpaid tuition fees of ₱1.15 million for SY 2011-2012; b) overdue lease/rentals of ₱76,500.00; and c) disallowances of ₱299,407.25 remained uncollected for 61 days to 365 days which may adversely affect its operational budget under the special trust fund and may incur losses from bad debts.</p> <p>We recommended that Management prepare and submit for approval to the BOT 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 PhilSCA COA Audit Team was provided a copy of written policy and guidelines from the CHED regarding this matter as adopted and followed by the PhilSCA Management since then.</p>	<p>Fully Implemented The PhilSCA COA Audit Team was provided a copy of written policy and guidelines from the CHED regarding this matter as adopted and followed by the PhilSCA Management since then.</p>