

PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the outstanding prior year's audit recommendations as at January 1, 2022, 87 or 60 percent were fully implemented which included 15 recommendations that were considered closed as the same were either not implementable or overtaken by events. The other 59, or 40 percent recommendations remained not implemented, of which, 41 were reiterated/restated under Part II of this report. While 18 were not implemented. The details of the implemented and not implemented recommendations are presented hereunder:

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| CY 2021 AAR | | | |
| <p>1. Misstatement on Receivables account due to unrecorded interest income earned – P8,153.82.</p> <p>We recommended that Management:</p> <p>a. prepare the necessary entries to recognize the accrual of interest income earned; and</p> <p>b. coordinate with Philippine International Trading Corporation (PITC) on the remittance of the said interest income.</p> | <p>AAR 2021, Par.1. a, pages 46-47</p> | <p>The Accounting Office recorded the interest income earned.</p> <p>The Management coordinated with PITC on the remittance of interest income.</p> | <p>Implemented</p> <p>The interest income earned amounting to P10,336.95 was recorded in the books with Journal Entry Voucher (JEV) No. GJ 22-03-013 under Fund Cluster (FC) 01.</p> <p>Implemented</p> <p>The transaction was receipted under Official Receipt (OR) No. 0696170 dated February 16, 2022.</p> |
| <p>2. Misstatement on Inventories account due to: b.1) unrecorded issuances of Semi- Expendable Inventories - P457,243.00; and b.2) unrecorded deliveries of Inventories from Department of Budget and Management – Procurement Service (DBM-PS) - P529,481.10.</p> | <p>AAR 2021, Par.1. b, page 47</p> | | |

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| <p>We recommended that Management, thru the Accounting and Supply Offices, to effect the necessary adjustments to reflect the accurate balances of the affected Inventory accounts and Accumulated Surplus/ (Deficit) accounts.</p> | | <p>The Accounting and Property Office were instructed to effect the necessary adjustments to reflect the accurate balances of the affected Inventory accounts.</p> | <p>Implemented</p> <p>Deliveries amounting to P363,297.39 was recorded in the books per JEV No. GJ 22-01-001 under FC 05. While, adjustments made by the DBM-PS directly returning the funds to the Bureau of Treasury (BTr) in the amount of P626,284.61 was recorded in JEV No. GJ 21-12-152 under FC 05. The Due from National Government Agencies (NGAs) account balance of P76,656.32 as of December 31, 2022 is reconciled with the balance of DBM-PS records, as confirmed by the Audit Team.</p> |
| <p>3. Misstatement on Property, Plant and Equipment (PPE) account due to: c.1) unrecorded cost of completed building and gymnasium - P86,020,000.00; c.2) non-derecognition of transferred PPEs to the Philippine Air Force (PAF) - P6,165,355.19; c.3) unrecorded Impairment Loss on unserviceable properties - P1,273,648.94; and c.4) incorrect method of depreciation - P2,443,248.91</p> <p>We recommended that Management:</p> <p>I. instruct the Accounting Office to:</p> <p>a. recognize in the books the cost of completed building and other structures already transferred by Department of Public Works and Highways</p> | <p>AAR 2021, Par.1. c, pages 47-53</p> | <p>The Accounting Office recognized the buildings and other structures transferred by DPWH RO IV-A.</p> | <p>Implemented</p> <p>The school buildings and other structures (Gymnasium) transferred by DPWH RO IV-A was</p> |

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| <p>Regional Office (DPWH-RO) IV-A and provide depreciation thereon;</p> <p>b. record the impairment loss on unserviceable PPEs;</p> <p>c. record the adjustment on the incorrect computation of depreciation;</p> <p>d. adopt the straight-line method in computing the depreciation of PPEs;</p> <p>e. reclassify all items costing below the capitalization threshold of P15,000.00 to its appropriate semi-</p> | | <p>The Accountant followed up with the concerned personnel the submission of supporting documents to record the impairment loss of unserviceable properties at Fernando Air Base (FAB) Campus, Batangas.</p> <p>The Accounting Office recorded the adjustment on the incorrect computation of depreciation.</p> <p>The Accounting Office recorded the derecognition of issued tangible items</p> | <p>recorded in the books per GJ 22-07-023 and GJ 22-07-024 in the amount of P77,200,000.00 and P8,820,000.00, respectively.</p> <p>The prior years' depreciation for School Buildings and Other Structures was recorded in GJ 22-07-025 and GJ 22-07-026 amounting to P5,500,500.00 and P558,600.00, respectively.</p> <p>Not Implemented</p> <p>Impairment loss on unserviceable PPEs (Motor vehicles) was not recorded.</p> <p>Implemented</p> <p>Adjustment of the incorrect computation of prior years' depreciation was recorded in GJ 22-03-009 and GJ 22-03-010 amounting to P20,835,445.55 and P74,901.16.</p> <p>Implemented</p> <p>The Accounting Office adopts the straight-line method of depreciation.</p> <p>Implemented</p> <p>Tangible items below the P50,000.00 capitalization</p> |

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| <p>expendable inventory account. For items that had been issued to end-users, debit appropriate Semi-Expendable Expenses account, if issued in the current year, or Accumulated Surplus/(Deficit) account, if issued in prior years;</p> <p>II. direct the Property/ Supply Office to:</p> <p>f. accomplish completely the Inventory and Inspection Report of Unserviceable Property (IIRUP) dated September 16, 2020, and submit supporting documents on the disposal of the unserviceable properties for reconciliation in the records of the Accounting; and</p> <p>g. accomplish Waste Material Report (WMR) to report the disposal of the semi-expendable properties totaling P13,310.00.</p> | | <p>below the new capitalization threshold of P50,000.00.</p> <p>The concerned Property/ Supply office is coordinating with the responsible college officials to accomplish and submit the IIRUP.</p> | <p>threshold are recorded under various Semi-Expendable accounts and Expenses accounts is recorded upon issuance to end-users.</p> <p>Not Implemented</p> <p>Properties below the P50,000.00 capitalization threshold were reclassified to Accumulated Surplus/(Deficit) account, however, the IIRUP for the motor vehicle costing P478,071.00 (net amount of P47,807.10) is still not submitted.</p> <p>Implemented</p> <p>Properties below the P50,000.00 capitalization threshold were reclassified to Accumulated Surplus/(Deficit) account.</p> |
| <p>4. Misstatement on Liabilities due to unreverted Accounts Payable - P3,722,897.37.</p> <p>We recommended that Management:</p> <p>a. verify and analyze the remaining outstanding A/P and revert to the unappropriated surplus of the General Fund those which are undocumented/</p> | <p>AAR 2021, Par.1. d., pages 53-55</p> | <p>The Accounting Office recorded the reversal of payables which were undocumented/ not supported with valid</p> | <p>Implemented</p> <p>Reversal of undocumented payables was recorded in GJ 21-12-151 (FC-05) and GJ 21-12-072 (FC-01)</p> |

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| <p>not supported with valid claims and those aged two years or more; and</p> <p>b. direct the Head of the Accounting and Budget Office to ensure that payables recognized as due and demandable on Financial Accountability Report (FAR) No. 3 are based on bills/statement or proofs of delivery/services rendered, completion and/or acceptance of the items or services, to prevent the occurrence of similar deficiencies in the ensuing years.</p> | | <p>claims.</p> <p>The heads of the Budget Office and Accounting Unit will ensure that payables are completely documented.</p> | <p>amounting to P47,888,327.31 and P12,733,000.00, respectively.</p> <p>Implemented</p> <p>The Budget and Accounting Offices are checking complete documentation of due and demandable payables.</p> |
| <p>5. Unreconciled balances in the Financial Statement (FSs) and source Journals totaling P89,846,827.82.</p> <p>We recommended that Management:</p> <p>a. reconcile the account balances with noted discrepancies and prepare adjusting entries, as necessary;</p> <p>b. ensure that all adjustments in the GJ and special journals are supported with a JEV; and</p> | <p>AAR 2021, Par..2 .a, pages 55-58</p> | <p>The Accounting Office was instructed to prepare journal entries to reconcile the noted discrepancies.</p> <p>The Accounting Office commented that they will ensure that recorded adjustments are supported with a JEV.</p> | <p>Implemented</p> <p>The Accounting Office recorded the reconciliation of the noted discrepancies in GJ 21-12-142 to GJ 21-12-149 and GJ 22-02-002 (FC-05).</p> <p>Implemented</p> <p>The adjustments recorded by the Accounting Office are supported with JEV and with attached supporting documents.</p> |

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| <p>c. henceforth, conduct a careful and thorough review of the accounts before closing the books to ensure the completeness and accuracy of the balances of the accounts presented in the FSs.</p> | | <p>The Accounting Office commented that they are checking and reviewing the accounts before preparation of Post-Closing Trial Balance (TB) shall be done at year-end.</p> | <p>Not Implemented</p> <p>Based on our evaluation the Accounting Office does not submit pre-closing trial balances, hence, review of the accounts before closing the books is not thoroughly done.</p> |
| <p>6. Non-maintenance of Subsidiary Ledgers (SLs) to support the accounts balance and c) Non-adherence to fund cluster accounting system in recording collections and maintenance of Journals.</p> <p>We recommended that Management:</p> <p>a. evaluate the performance of the Accounting Unit and determine the cause of these procedural deficiencies;</p> <p>b. suspend the salaries of the concerned officials or employees responsible for keeping the necessary records such as SL and General Ledger (GL), to be instituted by the Head of Agency/Accountant within ten (10) days from receipt hereof, until they have complied with the said requirements of the Presidential Decree (PD) and Commission on Audit (COA);</p> | <p>AAR 2021, Par..2 .b/c, pages 58-62</p> | <p>The Management commented that the deficiencies is due to lack of manpower and proper training as well as absence of electronic accounting system.</p> <p>The Management commented that it sees no need to suspend the salaries of personnel without justifiable reason since the Accounting Unit has been keeping and maintaining accounting ledgers, as they await the e-NGAS training from COA-Accounting Systems Development and Other Services Office (ASDOSO) to facilitate the maintenance of SLs.</p> | <p>Implemented</p> <p>The Management is in the continuous process of hiring additional personnel to augment the manpower of the Accounting Office.</p> <p>Not Implemented</p> <p>The Audit Team regularly follows up the submission of the necessary records such as the SLs an GLs, however, the Accounting Office has yet to submit these records to the Team.</p> |

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| <p>c. initiate the roll-out of the Electronic New Government Accounting System (eNGAS) to facilitate the maintenance of SLs and expedite the generation of financial reports;</p> <p>d. thru the Accounting Unit, exert extra effort to analyze and identify the unaccounted prior years' balances and maintain SL of the controlling accounts to establish the validity of the amounts in the Statement of Financial Position;</p> <p>e. thru the Accounting Unit, adhere to separate fund cluster accounting system and ensure all transactions are accounted for within the same fund clusters; and</p> <p>f. thru the Cash Unit, maintain separate OR series, Report of Collections and Deposits (RCD) and Cash Receipts Journal (CRJ) for the Regular Agency Fund (RAF).</p> | | <p>The Accounting Office has installed the equipment for the eNGAS and the training is scheduled to be conducted in Calendar Year (CY) 2023.</p> <p>The College Accountant committed to maintain SL of the controlling accounts.</p> <p>The Accounting Unit affirmed that they are already observing the fund cluster accounting system.</p> <p>The Cash Unit agreed on the immediate compliance regarding the maintenance of separate RCD and dedicated OR for FC 01 starting March 2022 and onwards.</p> | <p>Implemented</p> <p>The College has completed the minimum equipment requirements for the installation of e-NGAS and training is scheduled on CY 2023.</p> <p>Not Implemented</p> <p>The Accounting Office still does not prepare and submit the SLs to the Audit Team for the current year.</p> <p>Implemented</p> <p>The Accounting Office adheres to the separate fund cluster accounting system since March 2022.</p> <p>Implemented</p> <p>The Cash Unit have complied in the preparation of RCD per fund cluster starting March 2022.</p> |
| <p>7. The non-provision of depreciation on various PPEs received as donation from Megaworld and unresolved variance of P8,968,636.29 between FS/GL and PPE Ledger Card (PPELC) were noted which affected the reliability of the reported account balances of the FSs.</p> | <p>AAR 2021, Par.4, pages 64-66</p> | | |

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| <p>We recommended that Management instruct the Accountant to adjust and recognize the depreciation of the identified and reconciled PPE items donated by Megaworld.</p> | | <p>The Accounting Office affirmed that they have complied and prepared the necessary adjustments to recognize the depreciation.</p> | <p>Implemented</p> <p>Depreciation of the PPE items donated by Megaworld were recorded in JEV No. GJ 22-03-009.</p> |
| <p>8. The PhilSCA did not adhere to some of the provisions of Republic Act (RA) No. 9184 or the Government Procurement Reform Act and COA rules and regulations in the procurement of goods, services and infrastructure related projects as the following deficiencies were noted: a) lapses during the procurement activities; b) payment for progress and final billing were not supported with proper and complete documentation; c) disposal of properties was included as scope of work of the contract; d) discrepancy of 120 days in the target date of completion between the Contract and its Special Condition for Rehabilitation of Electrical Lines and Equipment; e) deficiencies in the request for extension of contract time; and f) delayed submission of perfected contracts and supporting documents. All these cast doubts on the propriety and regularity of the procurement processes, defeating the purpose of the law on transparency, competitiveness, and accountability.</p> <p>We recommended that Management:</p> | <p>AAR 2021, Par.6, pages 74-84</p> | | |

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| <p><u>On the Lapses during the Procurement Process:</u></p> <p>a. thru the Bids and Awards Committee (BAC), submit the lacking documents as required under the 2016 Revised Implementing Rules and Regulations (IRR) of RA No. 9184 and provide written justification on the noted deficiencies in the supporting documents;</p> <p>b. advise the BAC to coordinate with the College Website Administrator in posting the Invitation to Bid (ITB), Supplemental Bid Bulletin (SBB), and other required documents, make sure that the Notice of Award (NOA) can be viewed, and for future contracts, abide by the posting of requirements as prescribed in the IRR;</p> <p><u>On the Deficiencies on the Payment of Progress/Final Billing</u></p> <p>c. thru the Accountant, submit the lacking documents on the progress billings/ payments as required under COA Circular No. 2012-001 dated June 14, 2012 and submit written explanation on the noted deficiencies, to avoid suspension in audit;</p> | | <p>The Management instructed the BAC to submit the lacking documents as required.</p> <p>The BAC and the College Website Administrator will fully coordinate with the posting of all documents required under the revised IRR of RA No. 9184.</p> <p>The Management committed to submit the lacking documents as required.</p> | <p>Implemented</p> <p>The Audit Team issued Notice of Suspension (NS) No. 2022-004 and NS No. 2022-005 for the non-submission of the required documents.</p> <p>Implemented</p> <p>The ITB, SBB and other required documents are posted in the PhilSCA Website.</p> <p>Implemented</p> <p>The Audit Team issued NS No. 2022-004 and NS No. 2022-005 for the non-submission/ incomplete of the required documents.</p> |

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| <p>d. thru the Accountant, ensure to attach properly captioned photographs of infrastructure projects duly referenced with the related work performed/specific component of the project;</p> | | The Management affirmed the recommendation. | Implemented Properly captioned photographs of work performed/ specific component are attached in the vouchers. |
| <p>e. require the assigned inspectors to always prepare and submit a punch list, detailing the remaining works, work deficiencies for necessary corrections, and the specific duration/time to fully complete the project as required under Annex E of the Revised IRR of RA No. 9184; and</p> | | The Management replied that they shall require the Inspection Committee to prepare the punch list, detailing the remaining works, work deficiencies for necessary corrections, and the specific duration/time to fully complete the project. | Not Implemented The required punch list, detailing the remaining works, work deficiencies for necessary corrections, and the specific duration/ time to fully complete the project were not submitted by the BAC and/or Inspection Committee despite follow ups by the Audit Team. |
| <p>f. require the contractors to submit Program of Work (POW) (specifically the detailed work specifications), as required under Section 37.1.1 of the Revised IRR of RA No. 9184.</p> | | The Management instructed the BAC to submit the POW. | Implemented The Audit Team issued NS No. 2022-004 and NS No. 2022-005 for the incomplete/ non-submission of the required documents. |
| <p><u>On the Disposal of properties as scope of work of the contract:</u></p> | | | |
| <p>g. submit a justification on the inclusion of disposal/hauling of replaced/ removed materials among the scope of work and on the non-conformance with National Budget Circular (NBC) No. 425 or the Manual of Disposal of Government Property;</p> | | The Management submitted justification on the inclusion of disposal/hauling of replaced/ removed materials among the scope of work. | Implemented The Audit Team issued NS No. 2022-004 and NS No. 2022-005 for the incomplete/ non-submission/ of the required documents. |

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| <p>h. require the contractor, thru the BAC, to submit the disposal/hauling report and to demand for the proceeds from sale if disposed thru sale. However, if the materials are still in the custody of PhilSCA, dispose the same in accordance with existing laws, rules and regulations;</p> | | <p>The BAC commented that no report of the disposed materials were prepared because it was during the COVID-19 pandemic.</p> | <p>Implemented</p> <p>The Audit Team issued NS No. 2022-004 and NS No. 2022-005 for the incomplete/ non-submission of the required documents.</p> |
| <p>i. formulate guidelines on the disposal of the removed and/or replaced materials in accordance with NBC No. 425 or the Manual on Disposal of Government Property;</p> <p><u>On the discrepancy of 120 days between the Contract and its Special Condition for Rehabilitation of Electrical Lines and Equipment:</u></p> | | <p>The Management furnished the COA Office a draft of the policies on the disposal of materials for approval of the Board of Trustees (BOT).</p> | <p>Not Implemented</p> <p>Draft policies on the disposal of materials were submitted to the Audit Team and still ongoing approval.</p> |
| <p>j. instruct the BAC Secretariat to be mindful of the periods/ dates of undertaking in the formulation of the contracts, special condition of the contract and in all other pertinent documents;</p> <p><u>On the Deficiencies in the Request for Extension of Contract Time – Rehabilitation of Electrical Lines and Equipment of Buildings A and B:</u></p> | | <p>Management has instructed BAC Secretary on this matter for future projects.</p> | <p>Implemented</p> <p>Period of the undertaking is included in the bidding documents/ terms of reference and contracts.</p> |
| <p>k. submit written explanation on the noted deficiencies and submit the lacking documents;</p> | | <p>The Management instructed the BAC for the submission of the lacking documents in the contracts.</p> | <p>Implemented</p> <p>The Audit Team issued NS No. 2022-004 and NS No. 2022-005 for the</p> |

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| <p>We recommended that Management:</p> <p>a. immediately require the contractor to rectify the noted defects or requests for a deductive variation, whichever is appropriate;</p> <p>b. submit justification on the reason for non-inclusion of the repainting or replacement of the rusty metal fixtures, old electrical outlets and tiles (in the cafeteria) among the scope of work for the project; and</p> <p>c. thru the BAC, submit the approved POWs and report on the disposal of materials.</p> | | <p>The BAC explained that the repainting or replacement of the rusty metal fixtures, old electrical outlets and tiles (in the cafeteria) were not included because it is included in another project.</p> <p>The Management instructed the BAC to submit the POWs and report on the disposal of materials.</p> | <p>Implemented</p> <p>The Audit Team issued NS No. 2022-004 for the incomplete /non-submission of the required documents.</p> <p>Implemented</p> <p>Justification letter was submitted to the Audit Team.</p> <p>Implemented</p> <p>The Audit Team issued NS No. 2022-004 for the non-submission/ incomplete of the required documents.</p> |
| <p>10. Cash advances (CAs) totaling P1,619,449.53 as of December 31, 2021 remained unliquidated beyond the prescribed period and despite the completion of the purpose for which these were granted, and the College has granted CA to: (a) accountable officers (AOs) despite the non-liquidation of the previous CA; (b) four Special Disbursing Officers (SDOs) in excess of their respective maximum cash accountability; and (c) accountable officers (AOs) who are not bonded, contrary to Section 89 of PD No. 1445; COA Circular No. 97-002 dated February 10, 1997; and Section 14 (d), Chapter 6, Volume I of</p> | <p>Par.8 pages 86-88</p> | | |

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| <p>the Government Accounting Manual for National Government Agencies (GAM for NGAs), thus exposing the funds to risk of loss and shortages either through misappropriation or negligence.</p> <p>We recommended that Management send demand letter to the accountable officer in Mactan Benito Ebuen Air Base (MBEAB) Campus to settle his account immediately;</p> | | <p>The Accounting Office sent demand letter AO to liquidate his outstanding cash advance amounting to P7,374.28 and the AO agreed to refund the amount through salary deduction.</p> | <p>Implemented</p> <p>The AO refunded the amount of P7,374.28 through deduction of his salary for the period June 16 to July 31, 2022.</p> |
| <p>11. The accuracy and existence of the reported Inventory and PPE accounts amounting to P2,386,788.75 and P453,900,362.31, respectively, as of December 31, 2021 could not be fully validated due to deficient control in the property and inventory accounting system such as: a) non-conduct of physical count and non-submission of Report on the Physical Count of Inventories (RPCI) and Report on the Physical Count of PPE (RPCPPE); b) non-maintenance of Supply Ledger Card (SLC), Stock Card (SC), Property Card (PC) and various source documents; c) use of Purchase Order (PO) as source document in recording the inventory account instead of the Inspection and Acceptance Report (IAR) and Delivery Receipt (DR); and d) purchases of common-use supplies through reimbursements, petty cash and cash advances instead of procurement from DBM-PS.</p> | <p>AAR 2021, Par.9 pages 88-97</p> | | |

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| <p>We recommended that Management:</p> <p>a. create an Inventory Committee (have at least one member each from the Accounting and Property/Supply Office) and conduct physical count of PPE and Inventory in accordance with the prescribed procedures and forms under COA Circular No. 2020-006 dated January 31, 2020 and GAM for NGAs to validate the existence of PPEs and Inventories and timely detection and recovery of possible property losses;</p> <p>b. require the Supply Office to prepare and maintain Report of Supplies and Materials Issued (RSMI) on a daily basis and per fund cluster;</p> <p>c. strengthen the internal controls by formulating guidelines and procedures in the receiving and issuance of inventory and PPE, including responsible offices, officials, and appropriate documentation for the inventory accounting system; and</p> | | <p>The Management issued an Office Order creating an Inventory Committee.</p> <p>Supply has been preparing RSMI submitted to Accounting.</p> <p>The Management issued Memorandum Order (MO) No. 04, series of 2022 dated August 4, 2022, to establish internal guidelines on the management of PhilSCA properties.</p> | <p>Implemented</p> <p>The Management issued an Office Order creating PhilSCA Inventory Committee comprising of members of the Accounting and Property/ Supply Office.</p> <p>Implemented</p> <p>The Supply Office forwards copies of RSMI to the Accounting Office. However, RSMI is not attached in journal entries recording the issuance of the inventory or semi-expendable items.</p> <p>Implemented</p> <p>Copy of the MO establishing the internal control guidelines on managing PhilSCA properties was furnished to the Audit Team.</p> |

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| <p>d. suspend the salaries of the concerned officials or employees responsible for such deficiencies, within 10 days from receipt hereof, until they have complied with the said requirements of COA.</p> | | <p>Management commented that taking action to address the issues by continuously hiring additional personnel to augment the operations of the College.</p> | <p>Implemented</p> <p>The Audit Team observed the on-going hiring of personnel to augment the operations of PhilSCA.</p> |
| <p>12. The propriety and validity of the disbursements totaling P1,229,255.07 charged to the Petty Cash Fund (PCF) of a PCF Custodian for CY 2021 cannot be ascertained due to: (a) incomplete/improper documentation; and (b) unrelated and unidentified purposes and recipients, contrary to COA Circular Nos. 2012-001, 2004-006, and 2021-001 dated June 14, 2012, September 9, 2004, and dated June 14, 2021, respectively.</p> <p>We recommended that Management:</p> <p>a. thru the PCF Custodian, submit the required supporting documents to substantiate the validity and propriety of the petty expenses;</p> <p>b. submit justification/explanation on the observed deficiencies on the use of petty cash fund and non-conformance with established rules and regulations; and</p> | <p>AAR 2021, Par.1 0, pages 98-101</p> | <p>The concerned PCFC has submitted the required SDs in her response.</p> <p>Concerned PCFC has submitted the justification/explanation in her response.</p> | <p>Implemented</p> <p>The PCFC submitted additional documents to substantiate the validity and propriety of the transactions.</p> <p>Implemented</p> <p>The concerned PCFC submitted her justification. The PCFC is now compliant with her latest submitted liquidation reports (LRs).</p> |

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| <p>c. ensure that supporting documents are the latest prescribed format and that these provides the required minimum data in accordance with COA Circular No. 2004-006 dated September 9, 2004.</p> | | <p>PCFC has already complied.</p> | <p>Implemented</p> <p>The revised RER and CENRR forms are attached as supporting documents.</p> |
| <p>13. The propriety and validity of payment of telephone/communication allowance to 44 employees totaling P308,050.00 cannot be ascertained due non-submission of complete documentary requirements, contrary to COA Circular No. 2012-001 dated June 14, 2012 and were given to employees as a fixed monthly allowance instead of reimbursement, contrary to PhilSCA Memorandum Circular (MC) No. 04, s. 2019 dated August 23, 2019.</p> <p>We recommended that Management:</p> <p>a. strictly comply with the provisions of PhilSCA MC on the practice of treating the telephone/communication expenses as fixed monthly allowance/ regular payroll to avoid disallowance; and</p> <p>b. submit the required supporting documents provided in Section 4.B of the College MC to substantiate the validity and propriety of the telephone expenses.</p> | <p>AAR 2021, Par.1 1, pages 101-103</p> | <p>Management has complied with the audit observation to adhere with the provisions of PhilSCA MC.</p> <p>Required SDs already submitted.</p> | <p>Implemented</p> <p>The amount of claims are now within the limitations set forth under PhilSCA MC No. 04, s. 2019 dated August 23, 2019.</p> <p>Implemented</p> <p>Certification on the use of mobile load expenses used for official communication for the period covered January 1, 2021 to December 30, 2021 by the Finance Services Division were submitted.</p> |

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| <p>14. Honoraria of a Guest Resource Speaker of the PhilSCA Gender and Development (GAD) Webinars for CY 2021 amounting to P139,230.00 (a) were paid in the absence of guidelines established by the College, as required in DBM Budget Circular No. 2007-1 dated April 23, 2007; and (b) were not supported with complete documentary requirements, contrary to COA Circular No. 2012-001 dated June 14, 2012, casting doubts on the validity and propriety of the said disbursements.</p> <p>We recommended that Management:</p> <p>a. establish guidelines on the payment of honoraria in compliance with DBM Budget Circular No. 2007-1;</p> <p>b. require the Resource Speaker to submit copy of the renewed partnership agreement with Philippine Commission on Women (PCW) effective July 1, 2021; and</p> <p>c. submit the required documents and ensure that payments for honoraria are fully supported with all the required documents, in compliance with Section 4 of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012.</p> | <p>AAR 2021, Par.1 2, pages 103-106</p> | <p>Has adopted the DBM policy on the grant of Honoraria for future engagements.</p> <p>The GAD Focal Person coordinated with the resource speaker and PCW for the copy of renewed partnership agreement.</p> <p>The GAD Coordinator submitted the required documents.</p> | <p>Implemented</p> <p>The issued policies on Honoraria issued by DBM is adopted by the College.</p> <p>Implemented</p> <p>The renewed partnership agreement was submitted on September 28, 2022 with effectivity period from September 30, 2021 to September 30, 2023.</p> <p>Implemented</p> <p>The Management submitted Training Design and Summarized Resource Person Evaluation Form (RPEF) in compliance to the recommendation.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>15. The non-posting of the Report on COA Findings and Recommendations and non-updating of the information in the Transparency Seal of the PhilSCA's official website during the year precluded the public in (a) assessing the PhilSCA's performance and its compliance with the audit recommendations outlined in the COA's Annual Audit Report; (b) monitoring the agency programs/activities; and (c) being apprised of the agency's procurement, as mandated under Sections 91, 95 and 96 of the General Provisions, GAA for Fiscal Year 2021 or RA No. 11518, RA No. 9184 and its Revised IRR.</p> <p>We recommended that Management:</p> <p>a. instruct the Web Administrator to update the Transparency Seal with the required information by coordinating with the concerned College officials and employees; and</p> <p>b. fully leverage the College's available information technology by ensuring that fiscal and operational information are disclosed in its official website on a regular basis to clearly demonstrate its commitment to transparency and accountability.</p> | <p>AAR 2021, Par.1 3, pages 106-109</p> | <p>Management commented that they are in the process of uploading updated information.</p> <p>Management commented that they are in the process of uploading updated information.</p> | <p>Not Implemented</p> <p>The transparency seal still needs to be updated with the required information as of year-end.</p> <p>Not Implemented</p> <p>Fiscal and operational information are uploaded in PhilSCA website are still incomplete.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>16. The College did not strictly adhere to the provisions of RA No. 10931 and its IRR and CHED-Unified Student Financial Assistance System for Tertiary Education (UniFAST)-DBM Joint Memorandum Circular (JMC) No. 04 S. 2020 as lapses in the implementation of Tertiary Education Subsidy (TES) program were observed such as: a) delayed issuance of ORs for every amount received from CHED Regional Office (CHEDRO); b) delayed release of funds, causing deferment of benefits to the student-grantees; c) inadequate submission of supporting documents for the liquidation of funds, affecting the timely evaluation of the propriety of fund utilization; d) non-utilization of the Administrative Support Cost (ASC), adding unnecessary expenses to the College; and e) non-maintenance of separate book for Trust Receipts.</p> <p>We recommended that Management:</p> <p>a. instruct the Program Coordinator, Cashier and Accounting Office to coordinate with each other for the immediate issuance of ORs and timely recognition of receipts from CHED in the books of accounts of the College;</p> <p>b. ensure immediate release of TES funds to student-grantees;</p> | <p>AAR 2021, Par.1 4, pages 109-114</p> | <p>Management has instructed these offices the immediate issuance of ORs upon receipt of fund transfer notice and bank certification.</p> <p>TES funds already released.</p> | <p>Implemented</p> <p>ORs were issued by the Cashier to recognize the receipt of funds (TES) and recorded by the Accounting Office.</p> <p>Implemented</p> <p>Receipted TES grants were released to the grantees.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>c. immediately distribute the unreleased TES funds of P41,200.00 to the qualified TES student-grantees;</p> <p>d. submit the required supporting documents on the liquidation of TES funds such as the Fund Utilization Report (FURs), TES billing statements and clear photocopies of school ID card of TES student-grantees with specimen signature duly certified and verified by the College Accountant/ responsible officials;</p> <p>e. instruct the College Accountant to ensure the completeness and propriety of the supporting documents for the liquidation of the TES funds;</p> <p>f. maximize the utilization of the ASC within the prescribed period; and</p> | | <p>The Accounting and the Scholarship Coordinator is verifying the release of the TES funds amounting to P41,200.00 with reference number 9900012142P covering Academic Year (AY) 2019-2020.</p> <p>The Management instructed the Scholarship Coordinator to ensure that LR's /Report of Disbursements (RODs) of the TES funds are supported with the required documents.</p> <p>Accountant has been reminded to ensure completeness and propriety of SDs.</p> <p>The Management commented that they will maximize ASC utilization for future activities and explained that previous ASC lapsed was due to late notice of fund transfer from CHED.</p> | <p>Not Implemented</p> <p>Inquiry with the Accounting Office and Scholarship Coordinator disclosed that they are in the process of verifying the status of the P41,200.00 TES funds and shall forward copy of the supporting documents of the liquidation.</p> <p>Implemented</p> <p>Supporting documents such as signed payrolls and photocopies of ID are attached with the LR's/RODs.</p> <p>Implemented</p> <p>LRs of TES funds are supported with signed payrolls and photocopy of student IDs.</p> <p>Implemented</p> <p>Utilization of the ASC by PhilSCA was observed during CY 2023.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>g. maintain a separate bank account with the Land Bank of the Philippines (LBP) and a separate book of accounts to properly and timely manage the receipt and distribution of the TES financial assistance funds transferred by CHED.</p> | | <p>The Management is contemplating the creation of new bank account for the TES funds received from CHED.</p> | <p>Not Implemented</p> <p>The College still does not maintain separate bank account for the TES funds received from CHED, contrary to the IRR of RA 10931.</p> |
| <p>17. As in previous years, lapses in the implementation of the Tulong Dunong Program (TDP) were observed such as: a) non-submission of the MOA by and between the CHEDROs and the PhilSCA Regional Campuses, thereby precluding the Audit Team to properly evaluate the compliance of the Regional Campuses with the project reporting and control mechanisms; b) delayed release of funds by 27 to 1,156 days or more than three years, causing deferment of educational support benefits for the underprivileged student-grantees of PhilSCA; and c) inadequate submission of supporting documents for the liquidation of funds, affecting the timely evaluation of the propriety of fund utilization, contrary to the CHED-DBM issuances and COA Circular No. 94-013 dated December 13, 1994.</p> <p>We recommended that Management:</p> <p>a. furnish the Audit Team copies of issued ORs for the funds transferred by CHEDRO VII;</p> | <p>AAR 2021, Par.1 5, pages 115-118</p> | <p>The Management furnished copies of issued ORs to the Audit Team.</p> | <p>Implemented</p> <p>Copies of ORs were included in the ROCD submitted by the Accounting Office to the COA Office.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>b. prepare and accomplish the TDP payroll based on the prescribed format and provide the required information by the CHEDROs;</p> <p>c. instruct the Accountant to send demand letters to the AO responsible for release of financial assistance to MBEAB Campus amounting to P97,500.00; and</p> | | <p>The Management commented that the prescribed TDP payrolls have been accomplished and submitted to CHEDROs.</p> <p>The Management instructed the immediate release of the P97,500.00 TDP funds.</p> | <p>Implemented</p> <p>The TDP payrolls submitted to CHEDROs are now compliant with the prescribed format.</p> <p>Implemented</p> <p>The Audit Team received the copy of LR for the release of the P97,500.00 financial assistance under Check No. 98037 dated December 16, 2021.</p> |
| CY 2020 AAR | | | |
| <p>18. Copies of POs and their supporting documents on purchases of various supplies and equipment made by the College in CYs 2019 to 2020 aggregating P16,158,995.15 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 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, thru the official responsible for accepting deliveries of procured items in Basa Air Base (BAB), Pampanga, prepare and</p> | <p>AAR 2020 Par. 9, pages 87-90</p> | | <p>Implemented</p> <p>The Inspection and Acceptance Committee of BAB Campus already prepares and accomplishes</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| accomplish the IAR for every delivery to be accepted. | | | IAR for every delivery accepted by them in the Campus. |
| <p>19. Excess balances of the proceeds from the sale of bid documents after the authorized payment of honoraria to BAC members at the end of the year in the amount of P395,633.35 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>We recommended that Management remit to the BTr 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.</p> | AAR 2020 Par. 11, pages 94-96 | | <p>Implemented</p> <p>The College remitted the excess of proceeds from the sale of bid documents amounting to P395,633.35 under Check No.110432 dated December 22, 2022.</p> |
| 20. Duplicate copies of 53 issued ORs totaling P233,352.50 were missing and not attached in the 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 Settlement of Accounts (RRSA) and GAM for NGAs. | AAR 2020 Par. 12, pages 96-100 | | |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| We recommended that Management submit to the Audit Team the ORs to document the collections of p233,352.50 in the RCD within ten days from receipt hereof to preclude the issuance of a Notice of Suspension/Notice of Charge. | | The Collecting Office contacted the payees concerned and requested photocopies therefrom and subsequently submitted to the Audit Team the missing issued ORs. | Implemented Copies of certificate of payment signed by the Collecting officer and certified by the College Accountant and a copy of generated information printed in the ORs were submitted. |
| <p>21. The minimal utilization of the budget for research program, project, or activity (PPAs) of only P34,285.48 or less than one percent of the P5,083,027.91 allocated budget, defeated the goals and objectives of the College to establish research culture by promoting and enhancing research awareness among faculty members and students and to conduct relevant and high impact research in the fields of Aeronautical education.</p> <p>We recommended that Management submit relevant supporting documents on the research related expenses amounting to P34,285.48 to preclude the issuance of NS/ND by COA.</p> | AAR 2020 Par. 14, pages 105-110 | Submit relevant supporting documents on the research related expenses amounting to P34,285.48. | Implemented The required documents to validate the transactions were submitted. |
| CY 2019 AAR | | | |
| <p>22. Erroneous recording of Advances to Officers and Employees/ Other Receivables - P75,000.00.</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> | AAR 2019, Par.1 (d) | The College send demand letter to the separated employee with outstanding CA and furnish copy to the Audit Team. | Implemented The Audit Team received a copy of the printed copy of email and messenger communication to the separated employee acknowledging receipt of a |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| | | | document was submitted. The Audit Team is monitoring the settlement of receivables accounts. |
| <p>23. 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 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 Disbursements Record (CDR) by the SDOs.</p> <p>We recommended that Management maintain a cashbook/CRR or its equivalent to record immediately and monitor all collections and deposits made.</p> | AAR 2019, Par.3 | | <p>Implemented</p> <p>CRR maintained in VAB Campus, Pasay is compliant with the required form/information.</p> |
| <p>24. Deficiencies in managing the 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> | AAR 2019, Par.4 | | |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>a. ensure that supporting documents necessary or required in each transaction are duly signed and accomplished; and</p> <p>b. review the amount of PCF that should be sufficient for the recurring petty operations of the Campus for one month.</p> | | <p>The Management approved the amount of PCF sufficient for the monthly operation of the Campus as per evaluation and recommendation made by the former Vice President for Administration and Finance (VPAF).</p> | <p>Implemented</p> <p>Supporting documents are completely signed and accomplished.</p> <p>Implemented</p> <p>The management submitted a letter recommending the increase/upgrade of bond of SDOs and PCFCs.</p> |
| <p>25. 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 P428,133,099.00, which are deposited in STF bank account; and c) improper recognition in the books of the funds received amounting to P99,366,381.00, contrary to CHED-UniFAST MC 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>We recommended that Management reconcile the funds received for the supporting documents</p> | <p>AAR 2019, Par. 7</p> | | <p>Implemented</p> <p>Disbursements of expenses are reported under</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>necessary or required in each transaction are duly signed and accomplished implementation of FHE with the disbursements made therefrom and deposit the remaining balance with a separate bank account for FHE.</p> | | | <p>Statement of Approved Budget, Utilization, Disbursements and Balances (FAR-2) and Statement of Approved Budget, Utilization, Disbursements and Balances by Object of Expenditure (FAR 2-A), while funds received for FHE are issued with ORs and SARO/NCA.</p> |
| <p>26. 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 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</p> | <p>AAR 2019, Par.1 0</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>Implemented</p> <p>The Human Resource Management Services Department (HRMSD) submitted the copies of MOAs with Manila Teachers Savings and Loan Association Inc. and Value Care Health System Inc.,</p> <p>Implemented</p> <p>Relative to the abovementioned compliance by the</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>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>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 Head of the HRMSD commented that one percent rebate/ service fee is deducted in the remittance of the premiums.</p> | <p>HRMSD.</p> <p>Implemented</p> <p>One percent rebate/ service fee is deducted in the remittances as processing fee.</p> <p>Implemented</p> <p>One percent rebate/ service fee is deducted in the payments as processing fee. The Accounting Office records the fees as miscellaneous income.</p> |
| <p>27. 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 (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</p> | <p>AAR 2019, Par.1 1</p> | <p>The Director of HRMSD submitted justification to the PhilSCA COA Audit</p> | <p>Not Implemented</p> <p>The Audit Team followed up with the Management on their action taken to refund</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| extravagant disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectively. | | Team. | the expenses incurred in the "Salamat Mabuhay Program." For further analysis of transaction and issuance of ND. |
| <p>28. 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.1 2 | | <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 and the office is inactive.</p> |
| 29. 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 | AAR 2019, Par.1 9 | | |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>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 FY 2018 and COA Memorandum 2014-002 dated March 18, 2014.</p> <p>We recommended and Management agreed to 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 Management issued Special Order No. 98, series 2021 to assign three PhilSCA personnel in charge to submit the replies.</p> | <p>Implemented</p> <p>The Audit Team receive a copy of Special-Order No. 98, series 2021 assigning three PhilSCA personnel to handle compliances to COA Audit Observation and Memoranda.</p> |
| <p>30. Deficiencies were noted in the property accounts of PhilSCA-BAB Campus amounting to P16,455,112.09 as per BAB Campus Supply Office Report on the RPCPPE due to: a) erroneous classification to the Building account of properties amounting to P306,202.00 which is not in accordance with the RCA, Chapter 3, Volume III of the GAM for NGAs; b) constructed perimeter fence by the DPWH thru a fund transfer not recognized in the books in the amount of P1,000,000.00; 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>2018 AAR Par. 4</p> | | |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>We recommended that the Management:</p> <p>a. require the Accountant to properly reclassify properties to appropriate accounts such as Other Land Improvements or other related account; and</p> <p>b. instruct the Property Unit to prepare IIRUP for idle, unserviceable, and fully depreciated PPEs.</p> | | <p>The Accounting Office was instructed to reclassify the properties.</p> <p>The Inventory Committee conducted physical count of PPEs, including unserviceable properties.</p> | <p>Implemented</p> <p>Reclassification of the properties from Buildings account to Other Land Improvement account was recorded in GJ 22-01-004 (FC-01).</p> <p>Implemented</p> <p>The list of unserviceable properties per Campus was submitted this March 2023.</p> |
| <p>31. 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 prescribed records such as Cashbook/CRR required in maintaining the Fund.</p> | <p>2018 AAR Par. 8</p> | <p>The accountable Collecting Officer had informed that they are already maintaining CRRs.</p> | <p>Implemented</p> <p>CRR maintained by the Cashier/Collecting Officer in BAB Campus, Pampanga is compliant with the required form/information prescribed in GAM for NGAs.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>32. Payments of Honoraria to the Officer-in-Charge (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 P12,500.00 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 Agency, upon failure to submit the abovementioned requirement.</p> | <p>AAR 2017, pages 47 – 49</p> | <p>The Management has submitted a copy of the Board Resolution which served as the authority to collect Honorarium with attached letter request from the former College President.</p> | <p>Implemented</p> <p>The submitted documents were not responsive to the recommendation. For issuance of ND.</p> <p>Implemented</p> <p>No refund was made by the responsible person despite the non-submission of required authority/office order for the payment of honorarium. For issuance of ND.</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| <p>33. Other Receivables amounting to P926,307.75 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 P4,000.00 out of P883,000.00 Loans Receivables–Others was collected and the remaining amount of P879,000.00 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> <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>AAR 2017, pages 53 – 58</p> | <p>The Management sought legal assistance of the Office of the Solicitor General (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>The Management, thru the Accounting Office, is still in the process of completing all the needed</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> <p>Not Implemented</p> <p>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</p> <p>Submission of copies of demand letters and other actions taken by</p> |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
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| | | requirements. | Management to settle the outstanding accounts was followed up by the Audit Team since they remain unsubmitted. |
| <p>34. The College overshoot its approved budget for extension services of P400,000.00 by 108 percent or P433,299.18 due to: a) unreasonable number of at least 15 personnel per training activity resulting in travelling expenses of P347,311.00; b) approving reimbursement of expenses as a common practice totaling P272,960.26; and c) incurrence of unnecessary expenses of P48,800.00 for snacks and meals, thus resulting in uneconomical spending of government resources.</p> <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>AAR 2014, Par. 16-34, pages 33-44</p> <p>AAR 2013, Par. 24-32, pages 27-30</p> | <p>The required BOT approval has already been submitted to the former COA Audit Team.</p> | <p>Implemented</p> <p>Copy of post BOT approval for the incurrence of expenditures beyond the budget was requested by the Audit Team. For issuance of NS.</p> |
| <p>35. 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</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 | Auditor's Results of Validation |
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| <p>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, Bases Conversion and Development Authority (BCDA) and Megaworld covered by MOA dated June 10, 2010 which may affect their legal right of ownership.</p> <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</p> <p>The Audit Team continuously follows up the submission of the documents and actions taken by the Management in coordinating with the BCDA.</p> |
| <p>36. 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 P107,504.05, misstatement of Prior Year Adjustments Account by P51,477.27 and understatement of the Other Receivables Account by P158,981.32, which represents the total accountability, and which has not yet been settled to date, thus may result in loss of government funds.</p> | <p>AAR 2012, Par. 24-31, pages 25-27</p> <p>AAR 2011</p> <p>AAR 2007</p> | | |

| Observations and Recommendations | Ref. | Management's Action | Auditor's Results of Validation |
|--|------|---|---|
| <p>We recommended that Management initiate immediately legal remedies to recover the funds from Ms. Palado and from the heirs of the late Ms. Daligdig to protect the interest of the government.</p> | | <p>The Management is still in the process of requesting the write-off for the relief of accountability of the late Ms. Daligdig, and preparation of final demand letter or appropriate legal action against Ms. Palado.</p> | <p>Not Implemented</p> <p>The husband of the late Ms. Evangeline Daligdig partially settled the amount of P28,780.79, leaving a balance of P34,261.77. The Audit Team requested supporting documents on the legal remedies/action taken by the Management to recover the cash shortages.</p> |