

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

Of the 35 prior year's audit recommendations, 15 were reiterated/restated in Part II of this Report. Of the remaining 20 recommendations, 13 were implemented while 7 were not implemented as at audit date, as presented hereunder:

Status of Implementation	No. of Recommendations	Percentage
Implemented	13	65
Not Implemented	7	35
<b>Total</b>	<b>20</b>	<b>100</b>

The results of validation by the Audit Team on the implementation of the 20 audit recommendations are as follows:

Observations and Recommendations	Ref.	Management's Action	Auditor's Results of Validation
<p>1. Lapses in cash management resulting in unreconciled amounts between the balances per bank and per book amounting to P2,526,678.52;</p> <p><b>We recommended and the Management agreed to reconcile the net difference of P2,526,678.52 between the balances per book and per bank and submit the BRSs for the LBP Account No. 3562-1003-25.</b></p>	<p>AAR <u>CY 2023</u> Par Nos. 2.4 to 2.10 Pages 51 to 52</p>	Ongoing reconciliation	<p><b>Not Implemented</b></p> <p>BRS is yet to be submitted. The Audit Team has made a follow-up on its resolution.</p>
<p>2. Lapses in inventory management resulting in:</p> <p>a) Improper recording of receipt, inspection, acceptance, and issuance of inventory items – P6,054,364.25;</p> <p>b) Non-submission of Report on Physical Count of Inventory (RPCI) and Report on Physical Count of Semi-expendable Properties (RPCSP);</p> <p>c) Non-moving balances of Inventory accounts; and</p> <p>d) Non-maintenance of the forms, registries, and reports.</p> <p><b>We recommended and the Management agreed to:</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 2.11 to 2.33 Pages 52 to 57</p>		

Observations and Recommendations	Ref.	Management's Action	Auditor's Results of Validation
<p>a) <b>Reconcile the noted difference amounting to P6,054,364.25;</b></p> <p>b) <b>Fast-track the preparation and submit the RPCI for CY 2023 and henceforth, prepare and submit the RPCI/ RPCSP not later than July 31 and January 31 of each year; and</b></p> <p>c) <b>Validate the existence and consequent issuances, if any of the inventories.</b></p>		<p>Reconciled the noted difference</p> <p>Submitted the RPCI and RPCSP for CY 2023</p> <p>The Inventory Committee has conducted the physical count last July 15, 2024.</p>	<p><b>Implemented</b></p> <p>Reconciliation made were found to be in order.</p> <p><b>Implemented</b></p> <p>Received the RPCI and RPCSP for CY 2023</p> <p><b>Implemented</b></p> <p>Validated the RPCI and RPCSP for CY 2023</p>
<p>3. Lapses in PPE management resulting in:</p> <p>a) Discrepancies in the balances between the FS and the PPELC and between the FS and the RPCPPE amounting to P6,786,703.75 and P16,161,753.07, respectively;</p> <p>b) Non-maintenance of Property Cards (PC);</p> <p>c) Noncompliance with COA Circular No. 2020-006 dated January 31, 2020, on the one-time cleansing of PPE accounts.</p> <p><b>We recommended and the Management agreed to:</b></p> <p>a) <b>Require the Accounting Department to reconcile the discrepancies noted between the PPE account balances per FS, and PPELC and per FS and RPCPPE;</b></p> <p>b) <b>Require the Supply Office to prepare and maintain the PCs and submit copies of the same to this Office; otherwise, suspend the payment of salaries of the personnel concerned until the latter has complied as provided in Section 122(2) of Presidential Decree No. 1445;</b></p>	<p><u>AAR</u> <u>CY 2023</u> Par. Nos. 2.34 to 2.49 Pages 58 to 62</p>	<p>Reconciled the discrepancies noted between the PPE account balances per FS, and PPELC and per FS and RPCPPE</p> <p>Submitted the PCs</p>	<p><b>Implemented</b></p> <p>Reconciliation made were found to be in order.</p> <p><b>Implemented</b></p> <p>Received and validated PCs submitted and found in order.</p>

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c) <b>Comply with the guidelines for the one-time cleansing of PPE account balances as provided under COA Circular No. 2020-006 dated January 31, 2020, to fully eliminate discrepancies between the accounting and property records.</b>		Ongoing reconciliation between the Supply and Accounting Units in coordination with the Inventory Committee	<b>Not Implemented</b>  The Audit Team has made a follow-up to get an update on the status of the ongoing reconciliation and was informed that it is still in progress.
<p>4. The overall compliance rate of PhilSCA with Sections 37 and 38 of RA No. 9184 and its RIRR is 48.33 percent. Further, various deficiencies were noted in the review of contracts such as: (a) delay in the approval of the ten (10) contracts by the Head of the Procuring Entity (HoPE) ranging from 11 to 97 days; (b) delay in the awarding of six (6) contracts ranging from 13 to 72 days; (c) excess in the determination of the bid validity period of two (2) contracts ranging from 25 to 26 days; (d) insufficient performance securities posted for two (2) contracts as to amount and validity period, two (2) contracts as to amount and three (3) contracts as to validity period; and (e) delay of fifteen (15) days in the issuance of the Notice to Proceed (NtP) for one (1) contract.</p> <p><b>We recommended and the Management agreed to discuss the herein issues and concerns on the delay in the procurement process with the governing board and propose measures to expedite its action on the phases of procurement that need board approval.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 5.1 to 5.8 Pages 69 to 73</p>	<p>Discussed the herein issues and concerns on the delay in the procurement process with the governing board and proposed measures to expedite its action on the phases of procurement that need board approval.</p>	<p><b>Implemented</b></p> <p>Communicated with Management on how to address the recurring issues and concerns on the delay in the procurement process</p>
5. The PhilSCA did not fully comply with the updated rules and regulations governing Contract of Service (COS) and Job Order (JO) workers in the government, such as: a) COS workers performed functions that are part of the job description of the agency's existing regular employees; and b) paid wages were not equivalent to the wage/salary of comparable positions in government, contrary to pertinent	<p>AAR <u>CY 2023</u> Par. Nos. 6.1 to 6.13 Pages 73 to 76</p>		

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<p>provisions of COA-DBM Joint Circular No. 2, s. 2020.</p> <p><b>We recommended and the Management agreed to:</b></p> <p>a) <b>strictly adhere to Section 7.3 of COA-DBM Joint Circular No. 2, s. 2020 and ensure that no overlapping of functions exists between its regular employees and COS workers.</b></p> <p>b) <b>strictly adhere to Section 11.5 of the COA-DBM Joint Circular No. 2, s. 2020 and ensure that COS workers shall be paid wages equivalent to the daily wage/ salary of comparable positions in government.</b></p>		<p>Reviewed the functions and duties of the COS personnel</p> <p>Prepared a proposal to increase the wages and premiums of COS personnel</p>	<p><b>Implemented</b></p> <p>Actions taken by the Management were found to be in order.</p> <p><b>Implemented</b></p> <p>Actions taken by the Management were found to be in order.</p>
<p>6. The reported yearend balance of the Advances to SDO and AOE accounts amounting to P1,440,494.77 and P709,663.59 respectively are unreliable due to unliquidated cash advances (CAs) amounting to P1,284,575.00 resulting in the overstatement of the said accounts and understatement of the related asset and/or expense accounts. Moreover, the PhilSCA failed to fully adhere to the rules and regulations on the grant, utilization and liquidation of CAs such as: a) grant of additional CAs to Accountable Officers (AOs) with prior unliquidated CAs; and b) delay in the liquidation of CAs ranging from 1 to 258 days, contrary to Section 89 of Presidential Decree No. 1445 (PD 1445) and COA Circular No. 97-002.</p> <p><b>We recommended and the Management agreed to require the immediate liquidation of the abovementioned CAs.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 7.1 to 7.14 Pages 76 to 79</p>	<p>Outstanding CAs have been liquidated.</p>	<p><b>Implemented</b></p> <p>Received Liquidation Reports on the noted outstanding CAs. For further evaluation.</p>

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<p>7. The PhilSCA failed to fully comply with the General Provisions of the GAA for FY 2023 relating to transparency and accountability in government operations, such as: i) non-maintenance of the Transparency Seal; and ii) non-posting of information and reports on the official PhilSCA website, contrary to Section 7, Article III of the 1987 Constitution, depriving the people of the right to information on matters of public concern.</p> <p><b>We recommended and the Management agreed to update the information and post the missing requirements on the PhilSCA's official website.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 9.1 to 9.6 Pages 83 to 86</p>	<p>The PhilSCA has updated the information and posted the missing requirements on the PhilSCA's official website.</p>	<p><b>Implemented</b></p> <p>Validated the posted information on the PhilSCA's official website</p>
<p>8. The PhilSCA currently does not have an Internal Audit Service (IAS) which could have assisted the Management to achieve an efficient and effective fiscal administration and performance of agency affairs and functions, contrary to RA No. 3456, AO No. 278, s. 1992, AO No. 70 s.2003, and other related issuances.</p> <p><b>We recommended and the Management agreed to intensify the filling up of plantilla positions for Internal Auditors through the publication of the vacant positions.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 10.1 to 10.8 Pages 87 to 88</p>	<p>The PhilSCA has successfully hired an Internal Auditor.</p>	<p><b>Implemented</b></p> <p>Confirmed the hiring of the Internal Auditor with the HR department</p>
<p>9. The PhilSCA had substantially complied with the laws and regulations on the deduction of premium contributions from its personnel and remittance of the same, including the government share, to the BIR, GSIS, Pag-IBIG, and PhilHealth.</p> <p><b>We recommended and the Management agreed to remit immediately the premiums deducted from the PhilSCA personnel in the current year and provide the audit team the proof of remittance for validation purposes.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 13.1 to 13.7 Pages 95 to 96</p>	<p>Remitted the premiums deducted from the PhilSCA personnel</p>	<p><b>Implemented</b></p> <p>Validated the JEVs evidencing remittance of the premiums</p>

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<p>10. The PhilSCA failed to prepare and submit the required Property Inventory Form (PIF) which resulted in the: a) incorrect determination of the amounts of insurable assets; and b) noninsurance of its other insurable assets amounting to P76,526,686.77, thereby, denying the government adequate and reliable protection against any damage to or loss of its properties or assets and interests due to fire, earthquake, storm or other fortuitous events/casualty, <b>contrary to Republic Act No. 656 and COA Circular 2018-002.</b></p> <p><b>We recommended and the Management agreed to require the Supply Officer to prepare the PIF, listing all of the PhilSCA's insurable assets and showing its appraised valuations and other relevant information, as prescribed under COA Circular No. 2018-002 dated May 31, 2018.</b></p>	<p>AAR <u>CY 2023</u> Par. Nos. 14.1 to 14.12 Pages 96 to 100</p>	<p>Submitted the PIF</p>	<p><b>Implemented</b></p> <p>Validated the submitted PIF as to form and substance and found in order.</p>
<p>11. Deficiencies and lapses in the IGP operations of the PhilSCA-MBEAB Campus were still observed, despite the audit team's prior year's audit observations and recommendations, resulting in poor program implementation and a lack of program reporting and control mechanisms and exposing the College to the risk of not being indemnified or compensated in case of loss through theft or misappropriation.</p> <p><b>We recommended and the Management agreed to formulate comprehensive internal control policies and operating procedures that will govern the operational, accounting, reporting, and utilization guidelines to be followed by the personnel assigned to manage and operate the College's IGPs across all campuses.</b></p>	<p>AAR <u>CY 2022</u> Par. No. 10 Pages 86 to 88</p>	<p>A draft policy was submitted to the President on March 2023 for approval.</p>	<p><b>Not Implemented</b></p> <p>No approved internal control policy for the PhilSCA's IGP was submitted yet.</p>

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<p>12. 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><b>We recommended and the Management agreed to 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.</b></p>	<p>AAR <u>CY 2021</u> Par. No. 14 Pages 109 to 114</p>	<p>None</p>	<p><b>Not Implemented</b></p> <p>The PhilSCA still does not maintain separate bank account for the TES funds received from CHED, contrary to the IRR of RA 10931.</p>
<p>13. 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><b>We recommended that the Management hold the disbursing officer and the approving officials accountable for the unauthorized, irregular, and extravagant</b></p>	<p>AAR <u>CY 2019</u> Par. No. 11</p>	<p>The Director of HRMSD submitted justification to the PhilSCA COA Audit Team.</p>	<p><b>Not Implemented</b></p> <p>No concrete actions have been taken by the</p>

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<b>disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectively.</b>			Management.  For issuance of ND
<p>14. 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><b>We recommended and the Management agreed to exhaust all efforts to recover the cash shortage from former employees who incurred cash shortage.</b></p>	<p>AAR <u>CY 2017</u> Pages 53 to 58</p>	<p>The Management has sought the assistance of the Office of the Solicitor General (OSG) to make the final demand letter and/or to take appropriate legal action against the erring AO to recover the cash shortage.</p>	<p><b>Not Implemented</b></p> <p>No collection of cash shortage to date.</p> <p>The Management has sent demand letters and contacted former employees through social media platforms.</p>
<p>15. 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><b>We recommended that the Management initiate immediately legal remedies to recover the funds from the two former Cashiers and/or from their heirs to protect the interest of the government.</b></p>	<p>AAR <u>CY 2011</u></p> <p>AAR <u>CY 2007</u></p>	<p>The Management is still in the process of requesting the write-off for the relief of accountability of the late former Cashier and the preparation of a final</p>	<p><b>Not Implemented</b></p> <p>No settlement to date. The Management has sent a demand letter dated May 13, 2024, addressed to the former</p>



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		demand letter or appropriate legal action against the other Cashier.	Cashier for the settlement of the amount.  For issuance of ND