

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

Of the 31 prior year's audit recommendations, 12 were reiterated/restated in Part II of this Report. Of the remaining 19 recommendations, 12 were implemented while 7 were not implemented as at audit date, as presented hereunder:

Status of Implementation	No. of Recommendations	Percentage
Implemented	12	63.16
Not Implemented	7	36.84
Total	19	100.00

The results of validation by the Audit Team on the implementation of the 19 audit recommendations are as follows:

Observations and Recommendations	Ref.	Management's Action	Auditor's Results of Validation
1. <i>Lapses in the Cash and Cash Equivalents Accounts resulting in unreconciled Balances of General Ledger (GL) and its related Subsidiary Ledgers (SL) totaling P154,686.90.</i> We recommended and Management agreed to reconcile the balances of the GL and its related SLs and make the necessary corrections in the records.	AAR CY 2024 Par. Nos. 2.4 to 2.19 Pages 49 to 52	Submitted the corrected copies of GL and SLs.	Implemented The Audit Team has validated the submitted GL and SLs and found it in order.
2. <i>Lapses in the Inventory Accounts resulting in:</i> a.) Undocumented adjustments - P6,867,214.16; b.) Noncompliance with the use of Perpetual Inventory Method. We recommended and Management agreed to require the Accountant and	AAR CY 2024 Par. Nos. 2.20 to 2.40 Pages 52 to 56	The Accounting Unit submitted the	Implemented

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the Supply Officer to submit the RSMI and RSPI, together with the RIS and ICS, to substantiate the adjustments made. We reiterated our prior year's recommendation that the Management require the Accounting Unit to record the purchases and issuances of inventories using the Perpetual Inventory Method.		RSMI and RSPI, together with the RIS and ICS, to the COA Audit Team on January 10 and 11, 2025. The Accounting Unit uses the Perpetual Inventory Method to record the purchases and issuances of inventories. .	The RSMI and RSPI, together with the RIS and ICS, were submitted to the Audit Team. Implemented The Accounting Unit uses the Perpetual Inventory Method to record the purchases and issuances of inventories per verification.
<i>3. Utilization of Special Trust Fund:</i> a) Unutilized Budget for PS - P2,237,235.55; b) Unutilized Budget for MOOE - P172,810,574.04; c) Unutilized Budget for CO – P9,883,687.54. We recommended and the Management agreed to: a) align the use of the unutilized budget for PS with both of the PhilSCA's organizational goals and employees' needs by getting feedback from its personnel where the greatest impact can be made;	AAR CY 2024 Par. Nos. 4.1 to 4.19 Pages 59 to 63	Only line items with clear and approved guidelines for utilization and disbursement were included in the approved program of receipts.	Implemented The Audit Team has validated the approved program of receipts and found it in order.

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b) allocate the funds on the current needs of the PhilSCA and any ongoing challenges that it may be facing; and c) prioritize upgrading or purchasing essential equipment, technology, or infrastructure that aligns with its strategic goals, such as modernizing office facilities, acquiring more efficient machinery, or expanding information technology (IT) systems.		The unprogrammed and unutilized funds from FY 2024 were allocated to PAPs addressing the College's current needs and challenges. The Management has prioritized purchasing essential equipment, technology, or infrastructure that aligns with its strategic goals.	Implemented The unprogrammed and unutilized funds from FY 2024 was allocated to address the needs of the Academy. Implemented The Management has complied with the recommendation.
4. <i>Compliance with Pertinent Provisions of RA no. 9184 and its IRR and Other Issuances on Government Procurement:</i> The PhilSCA incurred delays in the issuance of the Notices of Award (NOA) ranging from 10 to 91 calendar days; and Notices to Proceed (NtP) ranging from 3 to 9 calendar days, contrary to Section 37 of RA 9184 and its Implementing Rules and Regulations (IRR). We recommended and the Management agreed to, henceforth, strictly comply with the prescribed rules and regulations in the notice and execution of award, which includes adhering to the	AAR CY 2024 Par. Nos. 6.1 to 6.5 Pages 66 to 67	The Management through the BAC has complied with the rules and regulations on the issuance and execution of	Implemented The Management through the BAC has complied with the rules and regulations on the

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deadlines set on the issuance of the NoA and the NtP.		awards.	issuance and execution of awards per validation.
5. <i>Non-compliance with the Use and Maintenance of the Prescribed Forms under GAM for NGAS, Volume I and COA Circular No. 2022-004 dated May 31, 2022:</i> The use and maintenance of the forms, registry, and reports prescribed under the pertinent provisions of GAM for NGAS, Volume I, and Section 4.7 of COA Circular No. 2022-004 dated May 31, 2022 were not complied with, thus, had compromised the effectiveness of internal controls over inventories and PPE, potentially leading to lapses in accountability, tracking, and asset management. We reiterated our prior year's audit recommendation and Management agreed to require the Accounting Unit and the Supply Unit to prepare and maintain the required forms, reports and registries as prescribed in the GAM for NGAs, Volume I, and the COA Circular No. 2022-004 dated May 31, 2022.	AAR CY 2024 Par. Nos. 10.1 to 10.3 Pages 74 to 75	The Accounting and Supply Units will prepare and maintain the required forms, reports, and registries as prescribed in the GAM for NGAs, Volume I, and the COA Circular No. 2022-004 dated May 31, 2022. Actual reports of RSMI and RSPI were submitted to the Audit Team as	Implemented The Accounting and Supply Unit had prepared and maintained the required forms, reports, and registries.

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		proof of compliance.	
6. Granting of Additional Cash Advances (CA) Despite Non-liquidation of Prior CAs Given and Delay in the Liquidation of CAs Ranging from 12 to 273 Days. a.) We reiterated our prior year's audit recommendations and Management agreed to refrain from granting additional cash advance to the same AO unless the previous CA/s had been settled or proper accounting had been made thereof; b.) require the AOs to liquidate their CAs within the required period; and c.) henceforth, strictly comply with the rules and regulations on the grant, utilization and liquidation of CAs.	AAR CY 2024 Par. Nos. 11.1 to 11.9 Pages 76 to 77	The Management committed to refrain from granting additional cash advances to the same AO unless the previous CAs have been settled and properly accounted for. Further, it agreed to strictly comply with the applicable rules and regulations.	Not Implemented Per validation, the noted conditions still persist. Not Implemented Per validation, delay still exists in the liquidation of CAs. Not Implemented Per validation, the noted conditions still persist.
7. Gender and Development (GAD) a.) Non-implementation of 7 out of 11 proposed GAD client-focused and organizational-focused activities totaling P3,400,000.00;	AAR CY 2024 Par. Nos. 12.1 to 12.18 Pages 77 to 81		

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b.) Failure to completely utilize its GAD Agency Approved Budget by P38,941,235.34; and c.) Failure to submit the pertinent documents accompanying the GAD AR to the PCW. We recommended and the Management agreed to: a.) develop a comprehensive contingency and risk mitigation plans to ensure the uninterrupted implementation of GAD activities; b.) establish a quarterly monitoring system to track GAD fund utilization, identify bottlenecks early, and implement corrective measures in a timely manner; and c.) assign a designated GAD Documentation Officer which shall be responsible for ensuring the completeness and timely submission of all required supporting documents		The GAD Focal Person submitted a comprehensive mitigation plan for unimplemented GAD Activities. The GAD Unit has established quarterly monitoring system to track GAD fund utilization, identify bottlenecks early, and implement corrective measures in a timely manner. The GAD Focal Person has designated the chairperson of the GAD Secretariat to be the Documentation	Implemented The Audit Team has validated the submitted comprehensive mitigation plan for unimplemented GAD Activities and found it sufficient. Implemented Per validation, the GAD Unit has established quarterly monitoring system to track GAD fund utilization. Implemented A designated GAD Documentation Officer has been assigned.

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accompanying the GAD AR to the PCW.		Officer.	
8. 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. 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.	AAR CY 2022 Par. No. 10 Pages 86 to 88	The Auxiliary Services Unit has initiated the formulation of comprehensive internal control policies and operating procedures to manage and operate the PhilSCA's IGPs across all campuses.	Not Implemented While policies and procedures to manage and operate the College's IGPs were provided, there were no specific policies or procedures addressing accounting, reporting, and utilization guidelines.
9. 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)	AAR CY 2021 Par. No. 14 Pages 109 to 114		

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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. We recommended and the Management agreed to maintain a separate bank account with the 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.		A separate bank account for TES fund transfers from CHED has been established.	Implemented The Audit Team confirmed the creation of a separate bank account for TES fund transfers from CHED.
10. Expenses amounting to P71,739.00 incurred in the conduct of "Salamat - Mabuhay Program" were deemed unnecessary and irregular, as	AAR CY 2019 Par. No. 11		

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contemplated in COA Circular No. 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. We recommended that the Management hold the disbursing officer and the approving officials accountable for the unauthorized, irregular, and extravagant disbursements of government funds by having them and the payees refund the corresponding amounts paid and received, respectively.		The committee has initiated coordination with the retiree for the refund of the amount equivalent to the token he received during his retirement under the "Salamat-Mabuhay Program."	Not Implemented To date, the amounts due from the former employees and the payees have not been refunded.
11. 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 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. We recommended and the Management agreed to exhaust all efforts to recover	AAR CY 2017 Pages 53 to 58	The Management has sought the assistance of the	Not Implemented

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from former employees who incurred cash shortage.		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.	To date, the cash shortage balance from two (2) former employees amounting to P127,211.33 is yet to be recovered.
12. 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. 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.	AAR CY 2011 AAR CY 2007	Demand letters were sent regularly to the surviving spouse of the former deceased employee, for the settlement of the outstanding receivables. Meanwhile, the cashier is being continuously reminded to settle the remaining balance.	Not Implemented To date, the cash shortage balance from the two former employees amounting to P127,211.33 is yet to be recovered.

Observations and Recommendations	Ref.	Management's Action	Auditor's Results of Validation
		The Accounting and Legal Units will continue to exhaust all legal and administrative remedies to facilitate recovery of the long-outstanding receivables in accordance with applicable rules.	