Republic of the Philippines

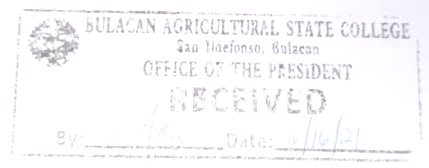
**COMMISSION ON AUDIT**

Regional Office No. III

City of San Fernando, Pampanga

Tel. Nos. (045) 455-42-69 to 73 \* Fax No. (045) 455-42-73 ∙ Website: www.coa.gov.ph

June 5, 2021

****

**Mr. JAMESON H. TAN, Ed. H.**

College President

Bulacan Agricultural State College

Pinaod, San Ildefonso, Bulacan

Dear **President Tan**:

We are pleased to transmit the Annual Audit Report on the Bulacan Agricultural State College for the Calendar Year 2020 in compliance with Section 43 of the Government Auditing Code of the Philippines (P.D. No. 1445).

The audit was conducted to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years’ audit recommendations.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided a reasonable basis for the audit results. We rendered a qualified opinion on the fairness of presentation of the financial statements of the College owing to the exceptions in the Independent Auditor’s Report in Part I of the report.

The significant audit observations and recommendations requiring immediate action are as follows:

1. The reported Cash in Bank account balance of ₱59,450,818.94 as of year-end was overstated by a net amount of ₱544,085.65 due to the erroneous recording of outstanding checks amounting to ₱661,839.42 and non-reversion of stale and cancelled checks of ₱117,753.77 to Cash in Bank account inconsistent with Sections 2 to 4 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume 1. ***(Observation No. 1)***

We recommended and the College President agreed to instruct the Accountant to (a) adopt the Adjusted Balance Method in the preparation of the monthly BRS to properly identify the source and nature of errors; and (b) draw the appropriate journal entry to take up all the identified reconciling items that require adjustment in the books of the College.

1. The non-maintenance of Biological Assets Property Cards (BAPC) and non-submission of the Quarterly Report of Biological Assets (QRBA), showing the periodic data on the birth of offspring and/or deaths and distribution of the biological assets, resulted in the (a) net overstatement of 70 heads of reported number of breeder stocks as compared to the actual physical count; and (b) non-recognition of different livestock totaling to ₱62,160.00 contrary to the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III. (***Observation No. 3)***

We recommended and the College President agreed to direct the: (a) Officer-in-Charge/Caretakers for each type of biological assets to: (i) prepare/maintain and update regularly the Biological Assets Property Card (BAPC); (ii) regularly submit the QRBA to the Accounting Office in accordance with the GAM for NGAs, Volume III; (b) Accountant to: (i) record the Livestock inventories from the Palayamanan showcase amounting to ₱62,160.00; and (ii) update from time to time the movement of Biological Assets account, specifically the Breeding Stocks and Livestock accounts upon receipt of QRBA from Officer-in-Charge/Caretakers.

1. The accuracy of the account balances of Inventories as of December 31, 2020 amounting to ₱27,175,979.13 remained doubtful due to (a) unreconciled difference of ₱703,905.83 between the accounting and property records; (b) incomplete inventory-taking; and (c) non-maintenance of Supplies Ledger Card (SLC) by the Accounting Unit contrary to pertinent sections of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and II. ***(Observation No. 4)***

We recommended and the College President agreed to undertake the following courses of action: (a) direct the Accounting and Supply Units to facilitate the reconciliation of their records and adjust the books of accounts and property records, as warranted, once the results of inventory have been established; (b) require the Committee on Inventory to conduct a complete physical count of inventories owned by the College; and (c) instruct the Accountant to prepare SLCs for each kind of supplies and materials as required under Section 17, Chapter 8 of GAM for NGAs, Volume I.

1. The reliability of the reported balances of Property, Plant and Equipment (PPE) accounts totaling to ₱467,578,191.74 as of December 31, 2020 was not ascertained due to (a) inclusion of semi-expendable items amounting to ₱1,911,353.33 with unit value below the capitalization threshold of ₱15,000.00; (b) unrecorded parcels of land of undetermined amount measuring 5,341,901 square meters (sqm); (c) non-derecognition of unserviceable PPEs aggregating to ₱399,075.41; (d) non-maintenance of PPE Ledger Cards (PPELCs) by the Accounting Unit; and (e) unfinished physical count of PPEs contrary to the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I. ***(Observation No. 5)***

We recommended and the College President agreed to undertake the following courses of action: (a) instruct the Accountant and the Supply Unit to reclassify PPEs recorded below the capitalization threshold of ₱15,000.00 to semi-expendable properties to reflect the correct balances of the PPE accounts; (b) determine the fair market value of the unrecorded parcels of land and thereafter recognize these tracts of land in the books of accounts; (c) require the Accountant to derecognize the unserviceable PPEs as prescribed under Section 40, Chapter 10 of the GAM for NGAs, Volume I, and immediately dispose of the unserviceable properties to prevent further deterioration and/or reduction in value; (d) strictly follow the instructions of the GAM in accomplishing the PPELC to ensure that the balances of the PPE presented in the reports submitted by the Accountant are correct; and (e) undertake proper planning to facilitate the completion of the physical count of all PPEs owned by the College.

The other audit observations, together with the recommended courses of action, are discussed in detail in Part II of the report. These along with the prior year’s recommendations not yet or partially acted upon and included in Part III of the report, were discussed with the officials and staff of that College.

We request that the recommended measures be implemented and we would appreciate receiving an action plan and status report, thru accomplishing the attached **Agency Action Plan and Status of Implementation (AAPSI)** form, to be submitted to the Audit Team within 60 days from receipt of this report, pursuant to Section 89 of the General Provision of the General Appropriations Act for FY 2020.

We appreciate the support and cooperation that the Management extended to the Audit Team, thus, facilitating the completion of the report.

Very truly yours,



**MA. CORAZON S. GOMEZ**

Regional Director

*cc: Chairperson-Senate Finance Committee*

*Chairperson-Appropriations Committee*

*Secretary of the Department of Budget and Management*

*Presidential Management Staff, Office of the President*

*The Assistant Commissioner, NGS, COA, Quezon City*

*The Commission Proper, COA Quezon City*

*National Library (soft copy)*

*UP Law Center (soft copy)*

*COA Commission Central Library (soft copy)*

*The Board of Trustees, BASC, San Ildefonso, Bulacan*

Republic of the Philippines

**BULACAN STATE AGRICULTURAL COLLEGE**

San Ildefonso, Bulacan

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**

Audit Observations and Recommendations

For the Calendar Year 2020

As of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_



Agency sign-off:

Name and Position of Agency Officer Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) On-going, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

Republic of the Philippines

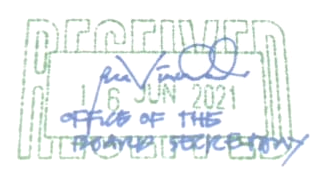
**COMMISSION ON AUDIT**

Regional Office No. III

City of San Fernando, Pampanga

Tel. Nos. (045) 455-42-69 to 73 \* Fax No. (045) 455-42-73 ∙ Website: www.coa.gov.ph

June 5, 2021

****

**HON. RONALD L. ADAMAT, PhD**

Chairman, Board of Regents

Bulacan Agricultural State College

Pinaod, San Ildefonso, Bulacan

Dear **Chairman Adamat:**

We are pleased to transmit the Annual Audit Report on the audit of the Bulacan Agricultural State College for the Calendar Year 2020 in compliance with Section 43 of the Government Auditing Code of the Philippines (P.D. No. 1445).

The audit was conducted to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years’ audit recommendations.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided a reasonable basis for the audit results. We rendered a qualified opinion on the fairness of presentation of the financial statements of the College owing to the exceptions in the Independent Auditor’s Report in Part I of the report.

The significant audit observations and recommendations requiring immediate action are as follows:

1. The reported Cash in Bank account balance of ₱59,450,818.94 as of year-end was overstated by a net amount of ₱544,085.65 due to the erroneous recording of outstanding checks amounting to ₱661,839.42 and non-reversion of stale and cancelled checks totaling to ₱117,753.77 back to Cash in Bank account inconsistent with Sections 2 to 4 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume 1. ***(Observation No. 1)***

We recommended and the College President agreed to instruct the Accountant to (1) adopt the Adjusted Balance Method in the preparation of the monthly BRS to properly identify the source and nature of errors; and (2) draw the appropriate journal entry to take up all the identified reconciling items that require adjustment in the books of the College.

1. The non-maintenance of Biological Assets Property Cards (BAPC) and non-submission of the Quarterly Report of Biological Assets (QRBA), showing the periodic data on the birth of offspring and/or deaths and distribution of the biological assets resulted in the (a) net overstatement of 70 heads of reported number of breeder stocks compared to the actual physical count; and (b) non-recognition of different livestock totaling to ₱62,160.00 contrary to the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III. (***Observation No. 3)***

We recommended and the College President agreed to direct the: (a) Officer-in-Charge/Caretakers for each type of biological assets to: (i) prepare/maintain and update regularly the Biological Assets Property Card (BAPC); (ii) regularly submit the QRBA to the Accounting Office in accordance with the GAM for NGAs, Volume III; (b) Accountant to: (i) record the Livestock inventories from the Palayamanan showcase amounting to ₱62,160.00; and (ii) update from time to time the movement of Biological Assets account, specifically the Breeding Stocks and Livestock accounts upon receipt of QRBA from Officer-in-Charge/Caretakers.

1. The accuracy of the account balances of Inventories as of December 31, 2020 amounting to ₱27,175,979.13 remained doubtful due to (a) unreconciled difference of ₱703,905.83 between the accounting and property records; (b) incomplete inventory-taking; and (c) non-maintenance of Supplies Ledger Card (SLC) by the Accounting Unit contrary to pertinent sections of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and II. ***(Observation No. 4)***

We recommended and the College President agreed to undertake the following courses of action: (a) direct the Accounting and Supply Units to facilitate the reconciliation of their records and adjust the books of accounts and property records, as warranted, once the results of inventory have been established; (b) require the Committee on Inventory to conduct a complete physical count of inventories owned by the College; and (c) instruct the Accountant to prepare SLCs for each kind of supplies and materials as required under Section 17, Chapter 8 of GAM for NGAs, Volume I.

1. The reliability of the reported balances of Property, Plant and Equipment (PPE) accounts totaling to ₱467,578,191.74 as of December 31, 2020 was not ascertained due to (a) inclusion of semi-expendable items amounting to ₱1,911,353.33 with unit value below the capitalization threshold of ₱15,000.00; (b) unrecorded parcels of land of undetermined amount with an area of 5,341,901 square meters (sqm); (c) non-derecognition of unserviceable PPEs aggregating to ₱399,075.41; (d) non-maintenance of PPE Ledger Cards (PPELCs) by the Accounting Unit; and (e) unfinished physical count of PPEs contrary to the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I. ***(Observation No. 5)***

We recommended, and the College President agreed to undertake the following courses of action: (a) instruct the Accountant and the Supply Unit to reclassify PPEs recorded below the capitalization threshold of ₱15,000.00 as semi-expendable properties to reflect the correct balances of the PPE accounts; (b) determine the fair market value of the unrecorded parcels of land and thereafter recognize these tracts of land in the books of accounts; (c) require the Accountant to derecognize the unserviceable PPEs as prescribed under Section 40, Chapter 10 of the GAM for NGAs, Volume I, and immediately dispose the unserviceable properties to prevent further deterioration and/or reduction in value; (d) strictly follow the instructions of the GAM in accomplishing the PPELC to ensure that the balances of the PPE presented in the reports submitted by the Accountant are correct; and (e) undertake proper planning to facilitate the completion of the physical count of all PPEs owned by the College.

The other audit observations, together with the recommended courses of action, are discussed in detail in Part II of the report. These along with the prior year’s recommendations not yet or partially acted upon and included in Part III of the report, were discussed with the officials and staff of that College.

We appreciate the support and cooperation that the Management extended to the Audit Team, thus, facilitating the completion of the report.

Very truly yours,



**MA. CORAZON S. GOMEZ**

Regional Director

*cc: Chairperson-Senate Finance Committee*

*Chairperson-Appropriations Committee*

*Secretary of the Department of Budget and Management*

*Presidential Management Staff, Office of the President*

*The Assistant Commissioner, NGS, COA, Quezon City*

*The Commission Proper, COA Quezon City*

*National Library (soft copy)*

*UP Law Center (soft copy)*

*COA Commission Central Library (soft copy)*

*The Board of Trustees, BASC, San Ildefonso, Bulacan*