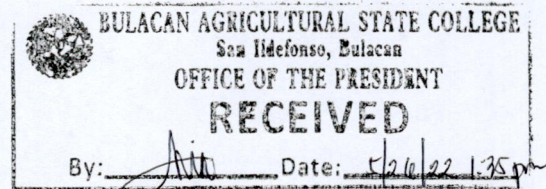




REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

May 17, 2022

**DR. JAMESON H. TAN**  
College President  
Bulacan Agricultural State College  
San Ildefonso, Bulacan



Dear **President Tan**,

We are pleased to transmit the Annual Audit Report on the audit of the Bulacan Agricultural State College (BASC) for Calendar Year 2021 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; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

We conducted our audit in accordance with 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 noted in the audit as stated 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 accuracy, completeness and existence of the Property, Plant and Equipment (PPE) accounts with a carrying amounts of ₱589,112,151.66 as of December 31, 2021 were not established due to (a) unreconciled difference between Accounting and Property records amounting to ₱904,976.22; (b) inclusion of semi-expendable items totaling ₱2,158,600.00 in the Building account; and (c) inclusion of unserviceable items with a total carrying value of ₱196,209.26, contrary to the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I and Section 79 of Presidential Decree (P.D.) No. 1445. (**Observation No. 1**)

We recommended that Management (a) direct the Accountant and the Property Officer to adjust the books of accounts and property records, as warranted, once the results of reconciliation have been established; (b) require the Accountant to draw the appropriate adjusting entries to properly recognize the office equipment and semi-expendable items misclassified under the Building and Other Structures accounts, as well as other affected

accounts, to ensure that the financial reports represent reliable information; and (c) initiate proper disposal procedures for the unserviceable PPEs and direct the Accountant to derecognize the same in the books based on the IIRUP prepared by the Property Officer.

2. The reliability of the reported balance of Due to NGAs account as of December 31, 2021 amounting to ₱50,647,752.58 was uncertain due to (a) incorrect recognition of transactions totaling ₱29,024,349.44, overstating the account contrary to the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III; and (b) inclusion of unexpended fund balances of completed projects totaling ₱427,369.08, which are yet to be liquidated and returned to the source agencies, inconsistent with Section 4.9 of COA Circular No. 94-013 dated December 13, 1994. (*Observation No. 4*)

We recommended that Management (a) direct the Accountant to draw a Journal Entry Voucher (JEV) reclassifying the amount of ₱29,024,349.44 to the proper accounts and derecognizing all items pertaining to the erroneous entries in the Due to NGAs account; and (2) cause the immediate return/liquidation of the unexpended fund balances of completed projects to the respective source agencies or the Bureau of Treasury.

3. The erroneous recognition of School Fees and other income as Other Payables instead of Revenues resulted in the overstatement of the Liabilities account by ₱8,805,377.10. Inversely, Revenues/Accumulated Surplus (Deficit) was understated by the same amount, inconsistent with the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volumes I and III, affecting the fair presentation of the Liabilities and Equity accounts in the year-end financial statements. (*Observation No. 5*)

We recommended that Management direct the College Accountant to (a) draw a Journal Entry Voucher (JEV) to correct the recording of various Revenue accounts from Other Payables to the respective Revenue accounts or Accumulated Surplus (Deficit), as the case may be; and (b) direct the Accounting personnel to properly recognize transactions by using the accounts prescribed under the GAM for NGAS, Volume III, thus, ensuring the reliability and accuracy of the reported balances in the financial statements.

4. The collection and remittance/deposit of school fees were not accurately recognized and reported in the books of accounts due to weak internal control in the handling of cash transactions, resulting in a cash shortage of ₱45,050.00, which is a departure from Section 105 of Presidential Decree (P.D.) No. 1445. (*Observation No. 6*)

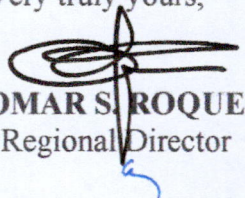
We recommended that Management (a) require the accountable officer (AO) to immediately reconstitute the cash shortage under her custody amounting to ₱45,050.00; (b) investigate the reason why the shortage occurred and impose appropriate sanctions against persons found liable thereto; (c) implement a more effective system of internal control in monitoring the collection and remittance/deposit of fees of the College to ensure that the reports generated by the Cashier and the Accounting Units embody accurate financial data; and (d) instruct the Accountant to draw the necessary adjusting entries in the books to recognize the Receivable account of the defaulting AO.

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 findings not yet or partially acted upon and included in Part III of the report, had been discussed with the officials and staff of the University.

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 91 of the General Provisions of the General Appropriations Act for FY 2021.

We appreciate the invaluable support and cooperation extended to our Audit Team by the officials and staff of the University.

Very truly yours,

  
**OMAR S. ROQUE**  
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*  
*National Library (soft copy)*  
*UP Law Center (soft copy)*  
*COA Commission Central Library (soft copy)*  
*The Board of Trustees*

Republic of the Philippines  
**BULACAN AGRICULTURAL STATE COLLEGE**  
San Ildefonso, Bulacan

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**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**  
Audit Observations and Recommendations  
For the Calendar Year 2021

Ref	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if Applicable	Action Taken/Action to be Taken
		Action Plan	Person/Department Responsible	Target Implementation Date				
				From	To			

Agency sign-off

\_\_\_\_\_  
Name and Position of Agency Officer

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



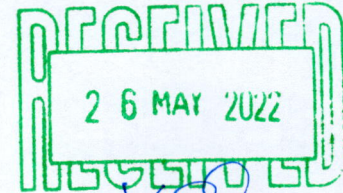
REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

May 17, 2022

**HON. J. PROSPERO E. DE VERA III, DPA**

**Chairperson**

Bulacan State University Board of Regents  
Commission on Higher Education  
Diliman, Quezon City



BEA T. VINCULADO

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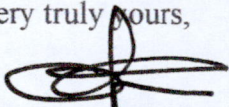
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**OMAR S. ROQUE**  
Regional Director

cc: *Chairperson-Senate Finance Committee*  
*Chairperson-Appropriations Committee*  
*Secretary of the Department of Budget and Management*  
*Presidential Management Staff, Office of the President*  
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*The Board of Trustees*