

EXECUTIVE SUMMARY

A. Introduction

The Bulacan Agricultural State College (BASC) was established in 1952. It started as the Community Agricultural School in Bintog, Plaridel, Bulacan with about 100 students. The succeeding years saw an increase in the number of students. Unlike before, students came not only from the local community but also from elsewhere in the province. With this, the School was aptly named the Bulacan Provincial High School.

In 1955, with a growing population and a need to accommodate the same, Presidential Proclamation No. 163 was issued allocating 200 hectares of land for the school in Pinaod, San Ildefonso, Bulacan. Not long after, Republic Act (R.A.) No. 948 was issued changing the School's name to Bulacan National Agricultural School (BuNAS).

In 1960, tertiary education was offered in BuNAS with a two-year Associate in Agriculture Program, which eventually led to the offering of the Bachelor of Science in Agriculture Degree with majors in Agronomy and Animal Husbandry.

Cognizant of a broad-based agricultural education and training needs of the Bulakeños, Hon. Ricardo C. Silverio, and then Representative of District II of the Province of Bulacan authored House Bill No. 2389 which moved for an expanded educational program for BuNAS. With bilateral approval of both Houses, President Fidel V. Ramos signed R.A. No. 8548, officially converting the BuNAS into a chartered state college known as the Bulacan National Agricultural State College on February 24, 1998. Its name was changed to Bulacan Agricultural State College by virtue of R.A. No. 9249 signed by Her Excellency Gloria Macapagal Arroyo on February 19, 2004.

As mandated by its charter, BASC shall provide higher professional, technical, and special instructions for special purposes and promote research and extension services and advanced studies in agriculture, arts and science programs and other allied courses. It shall also offer short-term technical and vocational non-degree courses within its area of specialization to meet the needs of its constituents.

BASC Main Campus is situated in Pinaod, San Ildefonso, Bulacan. It has three extension campuses – Doña Remedios Trinidad Campus; Balagtas Technical Vocational School Campus; and Fortunato Halili National Agricultural School.

The BASC Board of Trustees is the policy-making body of the College composed of the following:

Chairperson:	Chairperson, Commission on Higher Education
Vice-Chairperson:	President, Bulacan Agricultural State College
Members:	Chairperson, Senate Committee on Higher and Technical Education
	Chairperson, House Committee on Higher and

Technical Education
 Director, NEDA Region III
 Director, DA Region III
 Director, DOST Region III
 President, BASC Alumni Association
 Faculty Trustee
 Student Trustee
 Prominent Citizen

The College is headed by its President, Dr. Jameson H. Tan, and assisted by Dr. Cecilia S. Santiago, Vice President for Academic Affairs; Dr. Ronald Reagan T. Alonzo, Vice President for Administration, Finance and Business Affairs; and Dr. Honeylet J. Nicolas, Vice President for Research, Extension, Production and Development.

As of year-end, 2022, 194 out of the 207 authorized plantilla positions of BASC were filled up. In addition, the College has a total of 149 non-organic personnel consisting of one part-timer, 55 contract of service and 93 job order personnel.

B. Financial Highlights

The following comparative data show the financial condition and results of operations of the College for the years 2022 and 2021:

Particulars	2022	2021	Increase (Decrease)	%
Financial Condition				
Total Assets	₱782,352,311.31	₱728,333,260.20	₱54,019,051.11	7.42
Total Liabilities	55,832,132.52	68,598,879.11	(12,766,746.59)	(18.61)
Total Equity	₱726,520,178.79	₱659,734,381.09	₱66,785,797.70	(10.12)
Results of Operations				
Total Revenue	₱ 85,229,751.39	₱205,799,162.69	(₱120,569,411.30)	(58.59)
Total Expenses	288,166,616.97	220,300,217.34	67,866,399.63	30.81
Subsidy Income from National Government	261,305,876.08	243,252,071.14	18,053,804.94	7.42
Gains/(Loss)	5,411,779.03	566,804.77	4,844,974.26	854.79
Surplus/(Deficit)	₱ 63,780,789.53	₱229,317,821.26	(₱165,537,031.73)	(72.19)

Particulars	As at Year-End		Increase (Decrease)
	2022	2021	
Regular Agency Fund			
Allotments	₱ 305,748,585.00	₱ 235,962,881.00	₱ 69,785,704.00
Obligations	275,537,862.80	226,022,743.97	49,515,118.83
Balances	30,210,722.20	9,940,137.03	20,270,585.17
Internally Generated Funds			
Budgeted Revenue	₱ 115,876,176.25	₱ 72,848,181.99	₱ 43,027,994.26
Utilizations	85,038,358.32	42,081,424.70	42,956,933.62
Balances	₱ 30,837,817.93	₱ 30,766,757.29	₱ 71,060.64

C. Scope of Audit

The audit covered the accounts and operations of the BASC for CY 2022. It was conducted to a) ascertain the level of assurance that may be placed on Management's assertion on the financial statements; b) determine the propriety of transactions as well as extent of compliance on applicable laws, rules and regulations; c) recommend agency's improvement opportunities; d) determine the extent of implications of prior year's audit recommendations. Moreover, the audit was conducted in accordance with International Standard of Supreme Audit Institutions (ISSAIs). The thrust areas identified in the audit instructions were audited on a sampling basis and the findings are incorporated in Part II of this report, as follows:

1. Financial Audit

- a. Cash and Cash Equivalents
- b. Receivables
- c. Inventories
- d. Other Assets
- e. Property, Plant and Equipment
- f. Intangible Assets
- g. Biological Assets
- h. Financial Liabilities
- i. Inter-Agency Payables
- j. Trust Liabilities
- k. Deferred Credits
- l. Other Payables
- m. Net Assets/Equity
- n. Revenues
- o. Net Assistance / Subsidy
- p. Expenses

2. Other Audit Areas

- a. Procurement Planning
- b. Contract Implementation
- c. Implementation of GAD Plan & Budget
- d. Compliance with CSC-COA-DBM Joint Circular (JC) No. 1 series of 2017, as amended by CSC-COA-DBM JC No. 1 series of 2018, on the Rules and Regulations Governing Contract of Service (COS) and Job Order (JO) Workers in the Government
- e. Enforcement of COA Disallowances and Charges as prescribed in COA Memorandum No. 2009-084 dated November 16, 2009
- f. Expanded Students' Grants-in-Aid Program for Alleviation (ESGP-PA) and Tulong Dunong Program (For SUCs)
- g. CHED United Financial Assistance System for Tertiary Education (For SUCs)

D. Independent Auditor's Report

The Auditor rendered a qualified opinion on the fairness of presentation of different accounts in the financial statements because of the following accounting errors and omissions such as (a) inclusion of issued semi-expendable properties with a total carrying value of ₱66,582,224.11, causing the overstatement of the Accumulated Surplus, Semi-Expendable Property and the corresponding Allowance for Impairment Loss accounts by ₱66,582,224.11, ₱79,220,909.67 and ₱12,638,685.56, respectively; (b) overstated balances of Property, Plant and Equipment accounts due to inclusion of semi-expendable properties totaling ₱1,098,373.92 and unserviceable items with a total carrying amount of ₱39,435.10; and (c) incorrect recording of funds for loan assistance and interest income as Payables instead of Revenues, resulting in the overstatement of Due to NGAs by ₱1,002,892.07 and understatement of Accumulated Surplus by the same amount.

In view of the foregoing, we recommended and Management agreed to undertake the following courses of action:

- *On Semi-Expendable Properties accounts*

Require the Accountant to draw the appropriate adjusting entries to properly charge the carrying amounts of semi-expendable properties that were issued to end-users to the Accumulated Surplus accounts.

- *On Property, Plant and Equipment accounts*

Require the Accountant to draw the appropriate adjusting entries to properly recognize the equipment donated to the College, charge the carrying amounts of the semi-expendable properties that were issued to end-users from PPE accounts to the Accumulated Surplus accounts, as well as to drop the unserviceable items lodged in the PPE accounts, to ensure that financial reports represent reliable information.

- *On Due to NGAs and Accumulated Surplus accounts*

Direct the College Accountant to:

(a) Draw adjusting entries to derecognize subsidy received from DA RFO III and CHED for loan assistance to farmers and the Interest Income from loan payments of farmers from Due to NGAs to Revenue/Accumulated Surplus;

(b) Properly recognize loan payments and interest earned from loans to farmers as Loans Receivable – Others and Interest Income; and

(c) Maintain individual subsidiary ledgers to monitor the transactions of each loan assistance program.

E. Summary of Other Significant Audit Observations and Recommendations

Summarized below are the other significant audit observations with their recommendations, the details of which are presented in Part II of this report.

1. Overtime pay totaling ₱340,043.75 to some Job Order workers of the BASC from January 1 to December 31, 2022 showed non-compliance with the payment terms as stipulated in the contracts, resulting to irregular disbursement of government funds. **(Observation No. 4)**

We recommended that Management: (a) Cease the payment of overtime services to JO workers whose contracts do not include stipulations on the rendering and payment of overtime, owing to lack of legal basis; and (b) Cause the review of payment terms stipulated in the contracts prior to effecting payments to JOs.

2. Due to Management's gaps in instituting effective collection measures, the accounts of student beneficiaries under the Student Financial Assistance Program (StuFAP) and Student Assistance Fund for Education (SAFE) Loan Program of the Commission on Higher Education (CHED) amounting to ₱531,500.00 and ₱2,008,000.00, respectively, remained outstanding for more than 18 years. **(Observation No. 5)**

We recommended that Management: (a) Exert extra effort and formulate new strategies in identifying the whereabouts of the student-borrowers with outstanding loans; (b) Develop an effective collection scheme to increase the rate of recovery of the unpaid loans by exhausting the remedies as provided in the Rules of Procedure for Small Claims Cases; and (c) Evaluate the collectability of the loan receivables and determine whether the accounts may be requested for write-off under the terms and guidelines set forth in COA Circular No. 2016-005 dated December 19, 2016.

3. Additional cash advances were released to one Accountable Officer (AO) despite the non-liquidation of the previous grants, contrary to the provisions of Presidential Decree (P.D.) No. 1445, COA Circular No. 97-002 dated February 10, 1997, COA Circular No. 2012-001 dated June 14, 2012 and Section 14, Chapter 6 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I. **(Observation No. 6)**

We recommended that Management: (a) Designate another AO and properly bond the same to ease the bulk of the transactions under the accountability of the current AO; or (b) Consider reducing the volume of cash advances being handled by the Acting Cashier by courting the payments to regular employees and wages of contractual and job order workers through ATM; (c) Ensure that there is a Certification from the Accountant that previous cash advances have been liquidated or accounted for in the books before authorizing the release of grants to AOs; and (d) Craft its own policies that will monitor and ensure that the grant, utilization, and liquidation of the cash advances are done in a timely manner in accordance with existing rules and regulations

F. Summary of Total Suspensions, Disallowances and Charges as of year-end

As of December 31, 2022, the College had unsettled audit disallowances totaling ₱1,389,859.39.

G. Status of Implementation of Prior Year's Audit Recommendations

Out of the 20 audit recommendations contained in the CY 2021 Annual Audit Report (AAR), 13 or 65% were fully implemented, two or 10% were partially implemented while five or 25% were not implemented.