



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

INDEPENDENT AUDITOR'S REPORT

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

Chairperson

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

Qualified Opinion

We have audited the financial statements of Bulacan Agricultural State College (BASC), which comprise the Statement of Financial Position as at December 31, 2022, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly in all material respects, the Financial Position of the Bulacan Agricultural State College (BASC) as at December 31, 2022, and its Financial Performance, its Cash Flows, and its Statement of Comparison of Budget and Actual Amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

As discussed in Part II of this report, there were material accounting errors and omissions that affected the fairness of presentation of the accounts in the financial statements 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 Revenue, resulting in the overstatement of Due to NGAs by ₱1,002,892.07 and understatement of Accumulated Surplus by the same amount.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Except for the matters described in the Bases for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant of the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of financial statements.

COMMISSION ON AUDIT

By:



MARK C. SILLORIQUEZ
OIC - Supervising Auditor
March 15, 2023