**STATUS OF IMPLEMENTATION OF PRIOR YEAR’S**

**AUDIT RECOMMENDATIONS**

Out of the 33 audit recommendations contained in the CY 2020 Annual Audit Report (AAR), 22 or 66.67% were fully implemented, eight or 24.24% were partially implemented while three or 9.09% were not implemented at all.

| **Observations and Recommendations** | **Reference** | **Management Comments/ Actions taken** | **Status of Implementation and Reason for Partial/Non-Implementation** |
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| 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.*     We recommended that the College President 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. | CY 2020 AAR | The College Accountant made the necessary adjustments in the books of accounts as evidenced by Journal Entry Voucher (JEV) Nos. 21-05-090 and 21-05-092, both dated May 31, 2021. They also adopted the Adjusted Balance Method in the preparation of the monthly BRS. In her letter dated July 13, 2021 to the Land Bank of the Philippines – San Ildefonso Branch, the College Accountant requested a certification and/or proof of reversal of the reconciling items in the bank account of BASC. | (a) Fully Implemented  (b) Fully Implemented |
| 1. *Recorded Receivables with a carrying value of* *₱5,193,035.16 as at year-end included long outstanding accounts from students’ unpaid loans and tuition fees totaling to ₱4,933,035.16 due to the failure of Management to institute effective measures of collection.*   We recommended that Management exert more diligent effort in collecting receivables and loans from defaulting students, farmers as well as from their co-makers without prejudice to imposing sanctions against them. | CY 2020 AAR | Management has consistently sent letters to the defaulting farmers and students to compel them to settle their unpaid loans and tuition fees. However, no replies were received from most of the grantees. | Partially Implemented  There were students whose locations/addresses remained unknown since the letters sent thru the post office were returned to the College for absence of recipients. For CY 2021, the College was able to collect a total amount of ₱20,000.00 only from some of the defaulting grantees, leaving an outstanding balance of ₱2,023,000.00. |
| 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 livestocks totaling to ₱62,160.00 contrary to the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume III.*   We recommended that the College President instruct the:   1. Officer-in-Charge/ Caretakers for each type of biological assets to:    1. Prepare/maintain and regularly update the Biological Assets Property Card (BAPC); and    2. Regularly submit the QRBA to the Accounting Office in accordance with the GAM for NGAs, Volume III; and 2. Accountant to: 3. Record the Livestock inventories from the Palayamanan showcase amounting to ₱62,160.00; and 4. Update from time to time the movement of Biological Assets account, specifically the Breeding Stocks and Livestock accounts upon receipt of QRBA from the Officer-in-Charge/Caretakers. | CY 2020 AAR | A meeting was conducted between the Supply Officer and all the leaders of various projects of the College requiring the latter to prepare, maintain and update the BAPC for all biological assets in their respective projects. Since then, the project leaders have been preparing the BAPC and regularly submitting the QRBA to the Accounting Office. As such, the Accountant has been able to update the records for the Biological Assets account.  Likewise, the Accountant has recognized the unrecorded Biological Assets in the books of accounts as per JEV Nos. 21-06-142 and 21-09-315 dated June 30, 2021 and September 30, 2021, respectively. | (a.i.) Fully Implemented  (a.ii.) Fully Implemented  (b.i.) Fully Implemented  (b.ii.) Fully Implemented |
| 1. *The accuracy of the account balances of Inventories as of December 31, 2020 amounting to ₱27,175,979.13 remained doubtful due to:*    * 1. *unreconciled difference of ₱703,905.83 between the accounting and property records;*      2. *incomplete inventory-taking; and*      3. *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.*   We recommended that Management undertake the following courses of action:   1. Direct the Accounting and Supply Unit 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; 2. Require the Committee on Inventory to conduct a complete physical count of inventories owned by the College; and 3. 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. | CY 2020 AAR | The Inventory Committee has completed the physical count of inventories owned by the College in CY 2021. To facilitate the preparation of SLCs, additional personnel were hired and assigned to the Accounting Office. | (a) Partially Implemented  There is an ongoing reconciliation between the records of the Accounting and Property and Supply Offices.  (b) Fully Implemented  (c) Partially Implemented  The Accounting Office was able to prepare SLCs for the supplies and materials procured by the College in CY 2021. However, the SLCs for those items procured in prior years are still being prepared. |
| 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:* 2. *inclusion of semi-expendable items amounting to ₱1,911,353.33 with unit value below the capitalization threshold of ₱15,000.00;* 3. *unrecorded parcels of land of undetermined amount measuring 5,341,901 square meters (sqm);* 4. *non-derecognition of unserviceable PPEs aggregating to ₱399,075.41;* 5. *non-maintenance of PPE Ledger Cards (PPELCs) by the Accounting Unit; and* 6. *unfinished physical count of PPEs contrary to the provisions of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I.*   We recommended that Management undertake the following courses of action:   1. 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; 2. Determine the fair market value of the unrecorded parcels of land and thereafter recognize these tracts of land in the books of accounts; 3. 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; 4. 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 theAccountant are correct; and 5. Undertake proper planning to facilitate the completion of the physical count of all PPEs owned by the College. | CY 2020 AAR | The College President issued BASC Memorandum No. 05-03 dated May 5, 2021 instructing the Accountant and the Supply Officer to (a) reclassify recognized PPEs below the capitalization threshold of ₱15,000.00 in their respective records to semi-expendable properties; and (b) facilitate the immediate disposal of the unserviceable PPEs and undertake the completion of the physical count of all PPEs owned by the College.  The Supply Officer has coordinated with the Assessor’s Office to determine the market value of the land owned by BASC. The College sought the assistance of the Department of Agrarian Reform (DAR) to recover the land awarded to BASC under Proclamation No. 163 signed by then President Ramon Magsaysay on June 8, 1955.  For CY 2021, PPELCs were prepared by the Property and Supply Office. Likewise, the physical count of PPEs and semi-expendable items was already completed by the Inventory Committee headed by the Supply Officer. | (a) Partially Implemented  As mentioned in Part II of the CY 2021 AAR, there were some semi-expendable items still recorded under the Building account.  Reiterated the observation in Part II of the CY 2021 AAR.  (b) Fully Implemented  (c) Partially Implemented  The books of accounts still carried unserviceable PPEs as of December 31, 2021.  Reiterated the observation in Part II of the CY 2021 AAR.  (d) Fully Implemented  (e) Fully Implemented |
| 1. *The correctness of the reported balance of Other Payables account amounting to ₱6,633,148.92 as of December 31, 2020 cannot be fully verified in the absence of complete schedule/subsidiary ledgers comprising the account as prescribed by Section 111 of Presidential Decree (P.D.) No. 1445. Also, the year-end balance of the account included inappropriate credits of ₱1,831,953.99 due to (a) misclassification of various receipts amounting to ₱1,694,755.64 from selling activities of the different projects of the College, such as table egg and swine production, plant nursery and other projects; (b) misclassification of the reservation/rent deposit amounting to ₱95,597.27 and bidders’ bonds of ₱41,601.08 contrary to the account definitions stated in the Revised Chart of Accounts and provisions of Chapter 2 of the Government Accounting Manual (GAM) for National Government Agencies, Volume I.*   We recommended that Management require the Accountant to:   1. Conduct a review and analysis of all items included in the Other Payables account and thereafter prepare and maintain subsidiary ledgers comprising the account; and 2. Draw adjusting entries to reclassify all misclassified transactions to the appropriate accounts. | CY 2020 AAR | The Accountant has maintained a subsidiary ledger for the Other Payables account. After careful review and analysis, adjusting journal entries were drawn to reclassify all misclassified transactions to the appropriate accounts as evidenced by JEV Nos. 21-05-101 to 21-05-103, all dated May 31, 2021. | (a) Fully Implemented  (b) Partially Implemented  There were receipts of income still recorded under the Other Payables account as of year-end.  Reiterated the observation in Part II of the CY 2021 AAR. |
| 1. *Of the reported balance of the Due to National Government Agencies (NGAs) account totaling to ₱26,149,362.03 as of December 31, 2020, a sum of ₱427,486.82 of which pertained to income from donations and sales from income-generating projects that were erroneously recognized in the account inconsistent with the Revised Chart of Accounts (RCA) for NGAs; while ₱697,212.99 appertained to the remaining balances of inter-agency fund transfers awaiting liquidation and refund to its various agencies following the completion of the projects as prescribed by Section 4.9 of COA Circular No. 94-013 dated December 13, 1994.*   We recommended that Management require the Accountant to:   1. Make the necessary adjustments in the books of accounts for the Due to NGAs and Accumulated Surplus accounts; and 2. Initiate the immediate liquidation and return of funds of the completed projects to the source agencies. | CY 2020 AAR |  | (a) Not Implemented  Management failed to make the necessary adjustments in the books of accounts and return the funds of completed projects to the source agencies.  Reiterated the observations in Part II of the CY 2021 AAR.  (b) Not Implemented  Reiterated the observations in Part II of the CY 2021 AAR. |
| 1. *A total of 52 units of computer equipment amounting to ₱2,204,300.80 remained idle since October 2020 and unutilized as of year-end, thus, exposing them to deterioration and depreciation contrary to COA Circular No. 2012-003 dated October 29, 2012, prescribing the prevention of unnecessary expenditures.*     We recommended that Management render a written justification for the acquisition of the computer units in CY 2020 when there was no specific need for the equipment yet. | CY 2020 AAR | In a letter dated April 20, 2021, Management explained that the procurement was done in anticipation of the completion of the Education Building and resumption of the face to face classes. However, the construction of the Building was delayed due to the community quarantine restrictions during the pandemic. | Fully Implemented |
| 1. *The Bulacan Agricultural State College (BASC) failed to deduct the 10% Retention Money equivalent to ₱1,022,286.02 from the progress payments to the contractor for the Construction of Three-Storey Education Building (Phase 2) contrary to pertinent sections of Annex E of the Revised Implementing Rules and Regulations (RIRR) of the Republic Act (R.A.) No. 9184. Also, deficiencies were noted in the implementation of the construction project to the disadvantage of the College and inconsistent with the general conditions of the infrastructure contract.*   We recommended thatManagement undertake the following courses of action:   1. Ensure that the required 10% retention fee is deducted from the progress payments to be made to the contractor; 2. Strictly adhere to the terms and conditions of the contract without prejudice to the provisions of R.A. No. 9184 and its RIRR in the implementation of the infrastructure project; and 3. Formulate a standard procedure for determining the utilities consumed for this infrastructure project and appropriately bill the contractor. | CY 2020 AAR | In a letter dated March 8, 2021, Management explained that the contractor posted a performance or surety bond callable on demand but the Accounting Office failed to attach the document to the payment of its progress billing. To date, the document has already been submitted to the Audit Team.  Likewise, Management reminded its employees to strictly adhere to the provisions of R.A. No. 9184 and its RIRR via Memorandum No. 0207 dated February 26, 2021.  Additionally, Management has initiated the revision of the contracts for infrastructure projects to include a provision on the payment of liquidated damages in case of delays and the disposition on the utilities consumed during the period of construction. | (a) Fully Implemented  (b) Fully Implemented  (c) Fully Implemented |
| 1. *Procurement from a lone contractor of 11 civil works amounting to ₱4,573,109.27 lacked complete documentations prescribed by the Revised Implementing Rules and Regulations of R.A. No. 9184 and Section 4 (6) of P.D. No. 1445, thus, raising doubt on the regularity of the procurement processes and on the validity and propriety of the payments made. Also, liquidated damages were not imposed by the College in spite of the noted delays on the completion of the ten infrastructure projects ranging from five to 52 days inconsistent with Section 8, Annex E of the RIRR of R.A. No. 9184, thus, depriving the College of the immediate use of the facilities while concomitantly relieving the delinquent contractor from penalties.*   We recommended that Management undertake the following courses of action:   1. Direct the Accountant to prepare a checklist of the required documents and verify the completeness/correctness of the same before processing of claim/payment; 2. Ensure that contracts entered into contain the necessary provisions on liquidated damages; 3. Require the submission of the Statements of Time Elapsed to compute the liquidated damages and thereafter hold the contractor liable therefor; and 4. Strictly adhere to the provisions of R.A. No. 9184 and its IRR in the implementation of the contracts for infrastructure. | CY 2020 AAR | In a letter dated March 1, 2021, Management required the contractors to settle the liquidated damages in view of their failure to complete the projects within the agreed timeframe in the contract agreement. The contractor paid liquidated damages totaling ₱31,286.83.  As a current practice, the Accountant thoroughly reviews the disbursement vouchers and ensures that claims and payments of contractors for infrastructure projects are supported with sufficient documentation.  Moreover, Management has initiated the revision of the contracts for infrastructure projects to include a clause on the payment of liquidated damages in case of project delays and the disposition on the utilities consumed during its implementation. | (a) Fully Implemented  (b) Fully Implemented  (c) Fully Implemented  (d) Fully Implemented |
| 1. *The College has provided annual budget for Gender and Development (GAD) Programs, Projects and Activities (PAPs) amounting ₱9,963,182.00 or 4.995% of the total appropriation of ₱199,425,000.00 for CY 2020 pursuant to Section 6.1 of undated Philippine Commission on Women-National Economic Development Authority-Department of Budget and Management (PCW-NEDA-DBM) Joint Memo Circular (JMC) No. 2012-001; however, the utilization was minimal amounting to ₱2,408,986.24 only or 24.18% which may be due to the inadequate knowledge by the officials concerned on the process of attribution and use of the Harmonized Gender and Development Guidelines (HGDG) tool to identify and address real gender issues.*   We recommended that the College President require the GAD Focal Person to:   1. Consistently carry out the advocacy and commitment of the PCW-DBM-NEDA Joint Circular No. 2012-001 on gender and development through substantial implementation of GAD-responsive Programs/Activities/Projects under the approved Agency GAD Plan and Budget; 2. Carefully plan activities that are implementable and doable even in times of the present pandemic and other forthcoming calamities; and 3. Enhance the capability of concerned officials in the use and application of the Harmonized Gender and Development Guidelines (HGDG) and other available tools to effectively attribute to GAD the regular funds of the University for relevant PAPs. | CY 2020 AAR | Management endorsed a revised GAD Plan and Budget for CY 2020 to the PCW which was subsequently approved after using the Harmonized Gender and Development Guidelines (HGDG) tools.  Further, the GAD Office of BASC provided various trainings and webinars to its employees which aimed to increase their knowledge on gender mainstreaming and the application of the HGDG tool. | (a) Partially Implemented  BASC has not substantially accomplished the GAD PAPs based on the GPB in CY 2021.  (b) Not Implemented  Reiterated the observations in Part II of the CY 2021 AAR.  (c) Fully Implemented |
| 1. *The Bulacan Agricultural State College (BASC) obtained College Passing Rates (CPRs) higher than the National Passing Rates (NPRs) in the licensure examinations for Agriculture and Professional Teachers, both in Elementary and Secondary Education; nevertheless, the number of unsuccessful examinees significantly outnumbered the passers in the identified programs for the last five years, casting doubt on the capability of the College to produce professionals in the aforementioned fields. In addition, BASC has yet to obtain a Center of Excellence and/or Center of Development status from the Commission on Higher Education (CHED) for any of its programs since the university performance has been inadequate in the areas of instruction, research and publication, extension and linkages and institutional qualifications.*   We recommended that Management undertake the following courses of action:   1. Require the Vice President for Academic Affairs to revisit the programs with very low CPRs for the last five years and identify the causes of the poor performance in licensure examinations of its graduates, particularly in the field of education and agriculture; and 2. Conduct an evaluation on the programs offered by the University on its performance in the areas of instruction, research and publication, extension and linkages and institutional qualifications which are the general criteria of CHED for the grant of COE and COD status. | CY 2020 AAR | In a letter dated May 16, 2021, Management provided a list of possible causes of the poor performance in licensure examinations of its graduates. Some of the reasons cited by BASC are: (a) some students took the licensure examinations without enrolling themselves in review centers; and lack of financial means to access review materials.  A thorough evaluation and screening of freshmen applicants to various programs offered by BASC were undertaken by the Office of the Vice President for Academic Affairs together with the Deans and Directors.  Management crafted Project 3R (Revaluate, Review and Refresh for Licensure Examination for Teachers) which was approved by the Academic Council and Board of Regents on March 16, 2021. | (a) Fully Implemented  (b) Fully Implemented |
| *13. Disallowances of the BASC amounting to ₱2,117,944.19 were still outstanding as of December 31, 2020 contrary to Section 10.4 of the Rules and Regulations on Settlements of Accounts (RRSA).*  We recommended that the College President continue to require the settlement of individual disallowances on a much bigger and faster pace of payments. | CY 2020 AAR | The employees who retired from the College were required to settle their individual audit disallowances. | Partially Implemented  The audit disallowances of employees who are still connected with BASC remained unsettled as of year-end. |