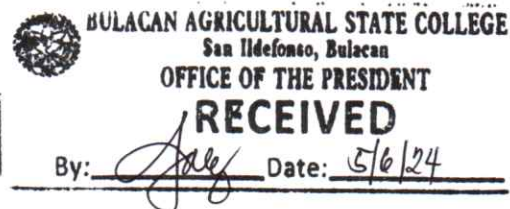




Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
STAND ALONE AUDIT GROUP
Maimpis, City of San Fernando, Pampanga

April 22, 2024

Dr. Jameson H. Tan, CESE
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 2023 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 of the balances of the Property, Plant and Equipment (PPE) accounts with a total carrying amount of ₱649.704 million as of December 31, 2023 remained unreliable due to: (a) inclusion of unserviceable items with a total carrying amount of ₱39,435.10; and (b) unreconciled difference between the accounting and property records aggregating to ₱12.424 million, contrary to the provisions of Section 79 of Presidential Decree No. 1445, Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I, and COA Circular No. 2022-004 dated May 31, 2022.

We recommended that Management undertake the following courses of action: (a) Instruct the Property Officer to facilitate the immediate disposal of idle, obsolete and unserviceable properties. Be guided by the provisions of COA-DBM Joint Circular No. 2024-1 dated January 30, 2024 or the Revised Manual on Disposal of Government Properties; (b) Direct the Accountant and the Property Officer to expedite the reconciliation of their records for PPE accounts and adjust the books of accounts and property records once the results have been established; (c) Direct the Property Officer to properly re-classify in the relevant records and reports the PPE items which are valued below the threshold of ₱50,000.00 to their respective Semi-Expendable Inventory accounts to reconcile the ₱0.677 million items as semi-expendable in both accounting and property records; and (d) Instruct the Accounting and

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2. Buildings and Other Structures being held for rent/lease with a total carrying value of ₱30.431 million were not recognized as Investment Property in the books, contrary to International Public Sector Accounting Standards (IPSAS) 16 and Chapter 9 of the Government Accounting Manual for National Government Agencies (GAM for NGAs), Volume I, thus, understating the Investment Property and Accumulated Depreciation – Investment Property accounts by ₱42.757 million and ₱12.326 million, respectively, and overstating the corresponding Property, Plant and Equipment (PPE) and Accumulated Depreciation accounts with the same amount.

We recommended that Management (a) require the Accountant to make the necessary adjusting entries for proper recognition of the assets intended for Income Generating Projects to Investment Property and Accumulated Depreciation – Investment Property, and accordingly reclassify the same from the affected Property, Plant and Equipment and Accumulated Depreciation accounts; and (b) ensure that all properties intended to earn revenue shall be recognized as Investment Property in adherence with International Public Sector Accounting Standards (IPSAS) 16 and Chapter 9 of the Government Accounting Manual for National Government Agencies (GAM for NGAs).

3. The accuracy of the year-end account balances of Inventories in the financial statements amounting to ₱44.080 million could not be ascertained due to: (a) inclusion of already-issued semi-expendable properties with a total carrying value of ₱38.915 million, contrary to Section 10, Chapter 8 of Government Accounting Manual for National Government Agencies (GAM for NGAs), Volume I, thereby overstating the Semi-Expendable Inventories accounts by the same amount; and (b) a discrepancy in the balances between the accounting and property records aggregating to ₱51.753 million which remained unreconciled as of year-end.

We recommended that Management: (a) Require the Accountant to draw the appropriate adjusting entries to recognize in the Accumulated Surplus account the carrying amounts of semi-expendable properties that were already issued to end-users; and (b) direct the Accountant and the Supply Unit to continue exerting efforts to reconcile the accounting and property records and to adjust the books of accounts and property records accordingly.

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 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 99 of the General Provisions of R.A. No. 11936 or the FY 2023 General Appropriations Act (GAA).

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

Very truly yours,

COMMISSION ON AUDIT

By:



OMAR S. ROQUE
Regional Director

cc: *President of the Republic of the Philippines*
Vice President of the Republic of the Philippines
President of the Senate
Speaker of the House of Representatives
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, NGAS, COA, Quezon City
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Republic of the Philippines
COMMISSION ON AUDIT
REGIONAL OFFICE NO. III
STAND ALONE AUDIT GROUP
Maimpis, City of San Fernando, Pampanga

April 22, 2024

Honorable Ronald L. Adamat
Chairperson, Board of Regents
Bulacan Agricultural State College
San Idefonso, Bulacan

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COMMISSION ON AUDIT

By:



OMAR S. ROQUE
Regional Director



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