



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

**INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF REGENTS**

Bulacan Agricultural State College  
San Ildefonso, Bulacan

***Report on the Audit of the Financial Statements***

**Opinion**

We have audited the financial statements of Bulacan Agricultural State College (BASC), which comprise the Statement of Financial Position as at December 31, 2023, 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 Opinion (*Qualified*) 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, 2023, 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 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) unreliable balances of the Property, Plant and Equipment (PPE) accounts with a total carrying amount of ₱649.704 million as of December 31, 2023 due to: (i) inclusion of unserviceable items with a total carrying amount of ₱39,435.10; and (ii) unreconciled difference between the accounting and property records aggregating to ₱12.424 million; (b) 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, 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; (c) year-end account balances of Inventories in the financial statements amounting to ₱44.080 million could not be ascertained due to: (i) inclusion of already-issued semi-expendable properties with a total carrying value of ₱38.915 million, thereby overstating the Semi-Expendable Inventories accounts by the same amount; and (ii) a discrepancy between the accounting and property records aggregating to ₱51.753 million which remained unreconciled as of year-end; and (d) the reliability of the reported balance of the Due to NGAs account as of December 31,

2023 amounting to ₱17.559 million remained uncertain due to: (i) receipts totaling ₱0.836 million which are incorrectly recognized as payables in the books, thus overstating the Due to Other NGAs and understating the Revenue/Accumulated Surplus accounts by the same amount; and (ii) unexpended fund balances of completed projects totaling ₱1.394 million which are yet to be returned to their sources.

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 BASC 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 and the Code of Ethics. 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 Opinion (*Qualified*) 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 a 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.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention on our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matters should not be communicated in the auditor's report because the adverse circumstances of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**COMMISSION ON AUDIT**

  
**TERESITA C. GUEVARRA**  
Supervising Auditor

April 5, 2024