

EXECUTIVE SUMMARY

1. INTRODUCTION

The Bulacan Agricultural State College (BASC) was established in 1952. It was formerly known as Bulacan National Agricultural School (BuNAS) by virtue of Republic Act (R.A.) No. 948. Cognizant to 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 BASC by virtue of R.A. No. 9249 signed by Her Excellency Gloria Macapagal Arroyo on February 19, 2004.

2. FINANCIAL HIGHLIGHTS

The following comparative data show the financial condition and results of operations of the College for the years 2024 and 2023:

<i>Comparative Financial Position</i>		Increase (Decrease)	
	2024	2023	Amount
Assets	₱783,883,513.87	₱780,198,512.70	₱ 3,685,001.17
Liabilities	20,623,192.61	24,715,353.95	(4,092,161.34)
Net Assets/Equity	₱763,260,321.26	₱755,483,158.75	₱ 7,777,162.51

<i>Comparative Financial Performance</i>			
Revenue and Net Subsidy	₱381,902,295.45	₱376,838,321.93	₱ 5,063,973.52
Expenses	355,932,310.46	317,167,019.24	38,765,291.22
Gains and Losses	0.00	1,562,209.00	(1,562,209.00)
Surplus/(Deficit)	₱ 25,969,984.99	₱ 61,233,511.69	₱ (35,263,526.70)

<i>Comparative Allotment, Obligations and Balances</i>			
Total Allotments	₱395,053,268.11	₱381,250,949.39	₱ 13,802,318.72
Total Obligations	342,686,832.98	338,923,669.96	3,763,163.02
Balances	₱ 52,366,435.13	₱ 42,327,279.43	₱ 10,039,155.70

3. SCOPE OF AUDIT

The audit covered the accounts and operations of the BASC for Calendar Year (CY) 2024. We conducted our audit in accordance with the International Standard of Supreme Audit Institutions (ISSAIs) and we believe that they provided a reasonable basis for the audit results. The objectives of the audit were to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

The thrust areas identified in the audit instructions were audited on a sampling basis and the significant findings are incorporated in Part II of the report as follows:

a. Financial Audit

- Cash
- Receivables
- Inventories
- Property, Plant and Equipment
- Liabilities
- Revenues
- Expenses

b. Other Financial-Related Issues

- Payment of Honoraria for Extra Teaching Load (ETL)
- Compliance with BIR Rules and Regulations
- Compliance with R.A. No. 8291 (GSIS)
- Compliance with R.A. No. 9679 (Pag-IBIG Fund Law)
- Compliance with R.A. No. 7875 (National Health Insurance Act)
- Gender and Development (GAD)
- Agency's compliance with Republic Act No. 10931 (Universal Access to Quality Tertiary Education)

4. INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

We rendered an unmodified opinion on the fairness of presentation of the consolidated financial statements of the BASC as of December 31, 2024.

5. SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

Summarized below are the significant audit observations with their recommendations, the details of which are presented in Part II of this report. Management views and comments, including those offered during the exit conference were incorporated in the report, where appropriate:

1. The accuracy and reliability of the balances of Accounts Receivable and Loans Receivable - Others accounts amounting to: ₱262,141.37 and ₱2.980 million, respectively, as of December 31, 2024 remains doubtful due to (a) inclusion in the books of various dormant or non-moving accounts for 10 years or more; and (b) discrepancies noted between Accounting records and the computerized system being used by the College, thus, affecting the fair presentation of the financial statements as at year-end.

We recommended that Management take the following courses of action: (a) The Accounting Office, in coordination with the Management Information Systems (MIS) Office, identify the records of students with incorrect balances in the College's database and reconcile the same with Accounting records in order to establish the correct amount

of receivables to be recovered and draw adjusting entries in the books, if necessary; and (b) Management continue to exhaust all possible action or remedies to collect the dormant receivables. Otherwise, facilitate the request for write off, if warranted, in accordance with COA Circular No. 2016-005 dated December 19, 2016 and submit relevant documents to the Audit Team for validation.

2. Discrepancies between accounting and property records aggregating to ₱74.028 million remained unreconciled as of year-end due to unrecognized issuances of supplies, materials and semi-expendable equipment, contrary to the guidelines set forth by Chapter 8 of the Government Accounting Manual for National Government Agencies (GAM for NGAs), Volume I and COA Circular 2022-004 dated May 31, 2022; thus, affecting the accuracy, reliability and completeness of the reported balances of Inventories as of December 31, 2024 amounting to ₱25.410 million.

We recommended that Management take the following courses of action: (a) The Property/Supply Office to continue exerting efforts to locate the Requisition Issue Slips (RIS) or Inventory Custodian Slips (ICS), as the case may be, in order to determine the whereabouts of the noted variances, and prepare the reports therefrom for submission to the Accounting Office; (b) The Property/Supply and Accounting Offices to properly reconcile the property records with the accounting records in order to establish the correct balances of Inventory accounts; and (c) The Accounting Office to subsequently draw adjusting journal entries, if warranted, based on the result of the reconciliation.

3. Depreciation Expense as of December 31, 2024 totaling ₱31.664 million and its related Accumulated Depreciation are deemed unreliable due to (a) the failure of the Accounting Office to apply depreciation to the set of Property, Plant and Equipment (PPEs) valued at ₱8.751 million acquired during the year, contrary to the relevant provisions under Chapter 10 of the Government Accounting Manual for National Government Agencies (GAM for NGAs), Volume 1; and (2) the computation of depreciation for all PPEs is calculated based on the date of payment instead of the acquisition date, contrary to the accrual basis of accounting as promulgated by Chapter 2, Sections 2, 6(b) and 27(c) of the GAM for NGAs, Volume 1.

We recommended that Management take the following courses of action: (a) The Accounting Office to recognize the depreciation expense and corresponding accumulated depreciation on the set of laboratory equipment purchased in CY 2024; (b) Adopt the correct computation of depreciation based on the date when the PPE is available for use instead of the date of payment, as prescribed by Section 27(c) of the GAM for NGAs, Volume I; (c) Establish control procedures and mechanisms for the timely recognition of depreciation of PPEs; and (d) Exercise more diligence in adhering to the rules and regulations governing the proper recognition of Property, Plant, and Equipment.

6. SUMMARY OF TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES AT YEAR-END

As of December 31, 2024, the College had unsettled audit disallowances totaling ₱1,389,859.39.

7. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 30 audit recommendations embodied in the prior year's Annual Audit Report (AAR), 28 were fully implemented and two were not implemented.