

PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S 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.

Reference	Observations	Recommendations	Status of Implementation
CY 2023 AAR, Observation No. 1, page 36	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.	<p>We recommended that Management undertake the following courses of action:</p> <p>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;</p> <p>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;</p> <p>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-</p>	<p>a) Fully implemented.</p> <p>b) Fully Implemented.</p> <p>c) Fully Implemented.</p>

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		<p>Expendable Inventory accounts to reconcile the ₱0.677 million items as semi-expendable in both accounting and property records; and</p> <p>d) Instruct the Accounting and Property Offices to coordinate in the recording of acquisitions, adjustments and disposals of properties in order to reflect the correct account balances in their respective records.</p>	d) Fully implemented.
CY 2023 AAR, Observation No. 2, page 39	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.	<p>The Audit Team recommended that Management:</p> <p>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</p> <p>b) Ensure that all properties intended to earn revenue shall be recognized as Investment Property in</p>	<p>a) Fully implemented.</p> <p>b) Fully implemented.</p>

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		adherence with International Public Sector Accounting Standards (IPSAS) 16 and Chapter 9 of the Government Accounting Manual for National Government Agencies (GAM for NGAs).	
CY 2023 AAR, Observation No. 3, page 44	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.	<p>We recommended that Management:</p> <p>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</p> <p>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.</p>	<p>a) Fully implemented.</p> <p>b) Fully implemented.</p>
CY 2023 AAR, Observation No. 4, page 49	Receivables totaling ₱2.460 million remained dormant or non-moving in the books of accounts for 10 years or more as of December 31, 2023, casting doubt on the accuracy and reliability of the account balances totaling ₱3.295 million and affecting the fair	The Audit Team recommended that Management continue exhausting all possible action/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,	<p>Not Implemented.</p> <p>Implementation is ongoing.</p> <p>Reiterated in Observation No. 1 of this AAR.</p>

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	addition, cash advances of one AO was found in the custody of another AO, contrary to the same Circular.	<p>b) Direct the Accountant to attach the required supporting documents, particularly the Accountant's Certification, in its succeeding grant of cash advances;</p> <p>c) Stop the practice of transferring the cash advance from one AO to another; and</p> <p>d) Formulate internal guidelines in the proper accounting of unutilized/unliquidated balances in the possession of the AO in order to address the problem of overlapping cash advances.</p>	<p>b) Fully implemented.</p> <p>c) Fully implemented.</p> <p>d) Fully implemented.</p>
CY 2023 AAR, Observation No. 7, page 57	Liquidated damages were not imposed on 27 procurement contracts for goods and services with a total price of ₱1.221 million which were not delivered within the contract period, contrary to Section 68 and Section 3.1, Annex D of the Revised Implementing Rules and Regulations of Republic Act No. 9184.	<p>We recommended that Management:</p> <p>a) Direct the officials concerned to regularly monitor and supervise the timely delivery of goods and services; and</p> <p>b) Strictly impose sanctions and collect liquidated damages for delayed deliveries as specified in the terms and conditions of the contract, in compliance to the pertinent provisions of Republic Act No. 9184.</p>	<p>a) Fully implemented.</p> <p>b) Fully implemented.</p>
CY 2023 AAR, Observation No. 8, page 59	The Bulacan Agricultural State College (BASC) allocated ₱19.945 million or 7.98 per cent of the total agency budget of ₱249.870	We recommended that Management require the GAD Focal Person to:	

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	million for Calendar Year (CY) 2023 for projects and activities related to Gender and Development (GAD). Actual GAD expenditures and attributions as per GAD Accomplishment Report amounted to ₱24.735, or 124.02 per cent of the budgeted amounts in the proposed GAD Plan and Budget (GPB), in accordance with the provisions of Executive Order No. 273 and PCW/NEDA/DBM Joint Circular No. 2012-01.	<p>a) Maintain substantial compliance with the GAD mechanisms and processes in accordance with the pertinent provisions of Executive Order No. 273 and PCW/NEDA/DBM Joint Circular No. 2012-01 on the proper attribution and implementation of GAD-responsive Programs/Activities/Projects (PAPs) as embodied in the approved GAD Plan and Budget; and</p> <p>b) Continue to carefully plan and develop PPAs which are doable and attainable even in circumstances that hamper the attainment of plans and goals.</p>	<p>a) Fully Implemented.</p> <p>b) Fully Implemented.</p>
CY 2023 AAR, Observation No. 9, page 59	Only ₱86.730 million or 13.84 per cent of the total insurable Property, Plant and Equipment in the aggregate amount of ₱626.758 million were covered with insurance as required under Sections 2, 4 and 5 of Republic Act No. 656; thereby exposing the College to the risk of not being indemnified or compensated for any damage to, or loss of its property in case of destruction thereof through fire, flood or other force majeure for insurable properties not covered by insurance.	<p>We recommended that Management instruct the Property and Supply Office to:</p> <p>a) Coordinate with the Accounting Unit to facilitate the identification of insurable properties which are not yet covered by insurance; and</p> <p>b) Prepare and submit the updated Property Inventory Form along with the required supporting documents to the GSIS so that the necessary</p>	<p>a) Fully Implemented.</p> <p>b) Fully Implemented.</p>

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		insurance coverage can be obtained from the GSIS property insurance fund.	
CY 2023 AAR, Observation No. 10, page 64	The Bulacan Agricultural State College (BASC) substantially complied with the Bureau of Internal Revenue (BIR) Regulations on the withholding of taxes and the remittance thereof within the prescribed period in conformity with Revenue Regulations (RR) No. 2-98 dated April 17, 1998.	We recommended and Management agreed to continue to be compliant with Revenue Regulations No. 2-98 on the withholding of the appropriate taxes from its payment of transactions and ensure remittance thereof within the prescribed period.	Fully Implemented.
CY 2023 AAR, Observation No. 11, page 66	The Bulacan Agricultural State College (BASC) judiciously complied with the regulations on the remittances of mandatory contributions due to the Government Service Insurance System (GSIS), in accordance with the stipulations of Republic Act No. 8291 or the GSIS Law.	We recommended and Management agreed to continue to comply with the requirements of R.A. No. 8291 on the withholding and timely remittance of monthly contributions and loan payments to the GSIS.	Fully Implemented.
CY 2023 AAR, Observation No. 12, page 67	The Bulacan Agricultural State College (BASC) substantially complied with the withholding and remittances of amount withheld to PhilHealth pursuant to Paragraphs (a), (b), and (e) of Section 18 of the Revised Implementing Rules and Regulations of Republic Act No. 7875. On the other hand, remittance to Pag-IBIG Fund of monthly Home Development Mutual Fund (HDMF) contributions was done in a timely manner, pursuant to Section 3(a) of Rule VII of Republic Act No. 9679.	We recommended and Management agreed to direct the College Accountant to continue to be compliant with the remittance of mandatory contributions due to PhilHealth, and Pag-IBIG Fund.	Fully Implemented.

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CY 2023 AAR, Observation No. 13, page 70	As of December 31, 2023, the total audit disallowances amounting to ₱1.390 million remained unsettled contrary to Section 7.1. of the Revised Rules on the Settlement of Accounts (RRSA).	We recommended that Management: (a) require the immediate settlement of the disallowances that have been final and executory; and (b) instruct the officials involved in the processing of claims to be exercise diligence and ensure that succeeding transactions comply with the existing regulations to avoid suspensions and disallowances in audit.	a) Not Implemented. As of September 30, 2024 SASDC, the balance of unsettled disallowances remained at ₱1,389,859.39. b) Fully Implemented. Reiterated in Observation No. 12 of this AAR.
CY 2023 AAR, Observation No. 14, page 71	The Bulacan Agricultural State College (BASC) failed to submit the required financial reports and related financial documents on a timely basis to the Office of the Auditor which is not in accordance with COA Circular No. 2009-006 dated September 15, 2009 and COA Circular No. 95-006 dated May 18, 1995, resulting in the delay in the conduct of auditorial function of the Audit Team.	We recommended that Management: a) Instruct the Accountant to immediately submit to the Audit Team all the financial reports and documents which are already due for submission; b) Ensure compliance with the timely submission of financial reports and documents in accordance with COA Circular No. 2009-006; and c) Revisit its existing internal control system in monitoring and custody of all records and establish additional compensating controls, if necessary for the timely submission of all reports and related documents.	a) Fully Implemented. b) Fully Implemented. c) Fully Implemented.